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# EDITED TRANSCRIPT

Q3 2018 Oaktree Capital Group LLC Earnings Call

EVENT DATE/TIME: OCTOBER 25, 2018 / 3:00PM GMT



## CORPORATE PARTICIPANTS

**Andrea Williams** *Oaktree Capital Group, LLC - MD, Head of Corporate Communications and IR*

**Jay Wintrob** *Oaktree Capital Group, LLC - CEO*

**Dan Levin** *Oaktree Capital Group, LLC - MD and CFO*

## CONFERENCE CALL PARTICIPANTS

**Gerald O'Hara** *Jefferies LLC - Analyst*

**Mike Needham** *BofA Merrill Lynch - Analyst*

**Daniel Jacoby** *Goldman Sachs - Analyst*

**Michael Cyprys** *Morgan Stanley - Analyst*

**Chris Harris** *Wells Fargo Securities, LLC - Analyst*

## PRESENTATION

### Operator

Welcome, and thank you for joining the Oaktree Capital Group third quarter 2018 conference call. Today's conference call is being recorded. (Operator Instructions).

Now I would like to introduce Andrea Williams, Oaktree's Head of Corporate Communications and Investor Relations, who will be hosting today's conference call. Ms. Williams, you may begin.

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### **Andrea Williams** *Oaktree Capital Group, LLC - MD, Head of Corporate Communications and IR*

Thank you, Laura, and welcome to all of you who have joined us for today's call to discuss Oaktree's third quarter 2018 financial results. Our earnings release issued this morning detailing these results may be accessed through the Unitholders section of our website.

Our speakers today are Oaktree's Chief Executive Officer, Jay Wintrob; and Chief Financial Officer, Dan Levin. We will be happy to take your questions following their prepared remarks.

Before we begin, I want to remind you that our comments today will include forward-looking statements reflecting our current views with respect to, among other things, our operations and financial performance. Important factors could cause actual results to differ, possibly materially, from those indicated in these statements. Please refer to our SEC filings for a discussion of these factors. We undertake no duty to update or revise any forward-looking statements.

I'd also like to remind you that nothing on this call constitutes an offer to sell or a solicitation of an offer to purchase any interest in any Oaktree fund. Investors and others should note that Oaktree uses the Unitholders section of its corporate website to announce material information. Accordingly, Oaktree encourages the investors, the media, and others to review the information that it shares on its corporate website at [ir.oaktreecapital.com](http://ir.oaktreecapital.com).

During our call today we will be making reference to certain non-GAAP financial measures. For a reconciliation of each non-GAAP financial measure to its most directly comparable GAAP financial measure, please refer to our earnings press release, which was furnished to the SEC today on Form 8-K, and may be accessed through the Unitholders section of our website.

Today we announced a quarterly distribution of \$0.70 per Class A unit, payable on November 13 to holders of record as of the close of business on November 5. Finally, we plan to issue our third quarter Form 10-Q next week.

With that, I'd now like to turn the call over to Jay Wintrob.

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### **Jay Wintrob** *Oaktree Capital Group, LLC - CEO*

Thank you, Andrea, and good morning, everyone, from Los Angeles. Strong market performance in the third quarter stands in stark contrast to the downdrafts and increased volatility we've seen so far this month. In the third quarter, the S&P 500 surged 8%, posting its largest quarterly increase since the fourth quarter of 2013. As of this morning, the S&P 500 gains last quarter have largely evaporated.



Below-investment-grade credit markets also showed continued strength in the third quarter. And U.S. high yield bond spreads reached a decade low in September. The volatility in the equity markets this month has not directly translated to similar volatility in the high yield or senior loan markets as of this time.

At Oaktree, we're focused primarily on producing strong, risk-adjusted investment performance, improving the credit quality of our various portfolios, and deploying capital in a disciplined and cautious manner. Importantly, we've continued to take advantage of opportunities to sell assets out of our closed-end funds at favorable prices.

For the third quarter, we had gross realizations in our closed-end funds of \$2.4 billion, bringing the trailing 12-month total to \$12 billion and the total for the last 24 months to \$24 billion.

Looking at third quarter investment performance, Oaktree's closed-end funds generated an aggregate gross return of 3%, bringing the return for the last 12 months to a solid 14%. Driving the quarterly results were positive gross returns for Distressed Debt at 3%; Real Estate Opportunities at 5%; and European Principal funds at 9%. This performance, coupled with strong gross returns for our evergreen funds -- such as 5% for Value Opportunities Fund and 9% for Value Equities -- highlights the power of our incentive creating platform.

In the third quarter, we created net incentives of \$59 million, resulting in a total net accrued incentives balance of \$915 million, signaling favorable prospects for future distributable earnings.

For some time, the challenge has been defined as sufficient supply of attractive investment opportunities, and investors have been forced to take on additional credit and duration risk to achieve yield targets. Yet, the levels of dry powder across private equity and private credit have continued to grow. Howard Marks's latest memo entitled "The Seven Worst Words in the Investment World, Too Much Money Chasing Too Few Deals," chronicles this challenge perfectly.

So, where are we seeing opportunity at Oaktree? As Bruce Karsh mentioned last quarter, our bargain hunting has continued to uncover opportunities to put capital to work in non-U.S. credit markets. Many emerging markets now exhibit the characteristics of late cycle behavior, namely large and excessive debt loads after a period of easy money; GDP contractions; balance of payment problems; the loss of confidence in local currencies because fiscal deficits are perceived as no longer supportable; and in some cases, inflationary price spikes.

We also remain cognizant of the macroeconomic risks on the horizon in Europe, with the threat of a global trade war, uncertainties in Italy, Brexit, and the near-term potential for a slowdown in economic growth. And were these conditions not tricky enough, central banks in developed market countries, led by the Federal Reserve here in the U.S., are tightening monetary policy and reversing the quantitative easing programs which in the past had supplied abundant liquidity to borrowers.

As we've all seen this year, volatility has risen, and it's risen sharply in October, as evidenced by the VIX Index more than doubling since the beginning of the month, a complete reversal compared to the 25% decline observed in the third quarter. Interest rates are also trending upward, and the Treasury yield has increased about 70 basis points in 2018. These trends, should they continue, augur well for an increase in the supply of distressed debt as well as special situations private equity opportunities.

While the credit cycle ages and moves closer to its next down leg, it may take some time before a broader dislocation arises. Today, our distressed debt pipeline remains focused largely on private deals in Europe and Asia, and a few dislocated industries in the U.S., such as retail. Not surprisingly, our Emerging Markets Opportunities funds are now finding more interesting opportunities to consider.

While we've been seeing more interesting opportunities in non-U.S. markets, we remain very focused on realizing and harvesting assets at attractive prices across our closed-end funds. The elevated realization cycle over the past 12 months has accelerated funds such as Opps VIII and Power III to the point where they've given investors their capital and preferred return back, and therefore are now paying incentives.

With respect to fundraising, gross capital raised in the third quarter was a healthy \$3.4 billion, bringing this figure to \$10.2 billion for the last 12 months. Of the \$3.4 billion raised in the quarter, \$2.2 billion was closed-end capital, including commitments of \$700 million for our Middle Market Direct Lending strategy, \$500 million for Special Situations Fund II, and \$400 million for our Emerging Markets Debt strategy.

Turning to open-end funds, we experienced net outflows of roughly \$900 million in the quarter. More specifically, and similar to last quarter, net outflows in High Yield Bond and Convertibles funds were somewhat offset by net inflows to Emerging Markets Equities and the Global Credit Fund.

Looking forward over the next few quarters, closed-end and evergreen funds that will continue to be in the market include Transportation Infrastructure, Power Fund V, Special Situations Fund II, Middle Market Direct Lending, Emerging Market Opportunities, Emerging Market Debt Total Return, Strategic Credit, and Real Estate Income Fund. And looking ahead to next year, we're enthusiastic about the prospects for several follow-on funds, such as Real Estate Opportunities Fund VIII, Mezzanine Fund V, European Principal Fund V, and European Capital Solutions Fund II.

To sum it up, we're pleased with our performance to date in 2018. Investment performance remains strong and we continue to show discipline, patience, and selectivity as we uncover value by leveraging our global investment teams' capabilities. Healthy closed-end fundraising, high levels of dry powder, and our ample balance sheet liquidity all position us for future opportunities to deploy capital and to take advantage of strategic investments to support the growth of our business.

And now I'm delighted to turn the call over to Dan, after which we'll take your questions.

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**Dan Levin *Oaktree Capital Group, LLC - MD and CFO***

Thank you, Jay, and good morning. Before I walk through our financial results and to reinforce Jay's comments, I'd like to highlight some important numbers from the third quarter.

First, as a result of solid closed-end fundraising, our shadow AUM increased to \$15.4 billion, up from \$14.1 billion as of June 30.

Second, through positive investment performance and elevated realization activity, our net accrued incentives balance grew to \$915 million. Importantly, 36% of that balance is in funds that are currently paying incentives, up from 24% as of June 30.

And third, we continue to be well positioned for future investment opportunities with over \$21 billion of dry powder in our funds, and over \$1 billion of cash on our balance sheet.

Moving to earnings for the third quarter, management fees were \$197 million, down \$6 million or 3% compared to the same period a year ago. As you've heard for the last year, significant realizations in our closed-end funds continue to put pressure on our management fee basis, resulting in a decline in closed-end management fees of \$17 million or 13% over the last 12 months. The decline has been partially offset by fees from the BDC acquisition a year ago, as well as continued growth at DoubleLine Capital.

On the expense side, third quarter compensation and benefits increased \$5 million compared to the same period last year, largely a result of expenses I've mentioned before related to the Highstar infrastructure team. G&A expenses increased by \$9 million due to expenses related to Highstar as well as placement fees from this quarter's fundraising and professional fees. We continue to take a long-term approach to expense management, and are highly focused on prudently managing our costs while still investing in the growth of our business.

Primarily as a result of lower closed-end management fees and increased expenses, fee-related earnings in the third quarter declined to \$56 million. Incentive income totaled \$74 million in the third quarter, up 37% from the same period last year.

This increase reflects favorable realization and distribution activity from our Distressed Debt and Emerging Market Debt funds, partially offset by lower realizations from Real Estate funds. Investment income was also strong in the third quarter, increasing 4% over the year

ago period to \$49 million, reflecting the continued solid investment performance Jay mentioned.

Turning to DoubleLine, the company continues to report excellent fund performance and AUM growth. DoubleLine AUM reached \$123 billion in the third quarter, rising 3% since June 30, and 7% over the last year.

In terms of financial impact, DoubleLine has contributed \$74 million to our distributable earnings over the last year.

Adding it all up, for the third quarter we generated \$138 million in adjusted net income or \$0.78 per Class A unit, and \$148 million in distributable earnings or \$0.88 per Class A unit. We declared a distribution of \$0.70 per Class A unit, which brings our distribution over the last 12 months to \$2.97.

Now let's focus on future sources of value for Oaktree. We raised \$2.2 billion of capital in our closed-end funds in the third quarter, bringing our shadow AUM to \$15.4 billion, an increase of 9% over the quarter and 24% over the last year. Shadow AUM refers to committed capital not yet generating management fees, and therefore is a strong indicator of future management fee potential. As of September 30, potential future management fees related to our shadow AUM amount to over \$200 million on an annual run rate basis.

The strength of our funds' investment performance across asset classes has resulted in a large, diverse pool of accrued incentives. We created \$230 million of incentives, net of compensation expense, over the last 12 months, growing our net accrued incentives balance to \$915 million or \$5.82 per operating group unit. 37% of our net accrued incentives are represented by distressed debt strategies; 36% by private equity; and 20% by real assets. Of our net accrued incentives balance, approximately 36% resides in closed-end and evergreen funds that are currently paying incentives.

In the third quarter, we issued our second perpetual non-cumulative preferred units at a distribution rate of 6.55%. Our aggregate net proceeds from the two preferred issuances this year are about \$400 million, giving us ample liquidity and dry powder at the corporate level to invest in the growth of the business.

In terms of the outlook, we reiterate our comments from prior quarters, that we do not expect significant growth in management fees until the start of Opps Xb's investment period, which we still expect to occur in the latter half of 2019.

With respect to the fourth quarter of 2018, at this point, our known fund-related investment income proceeds are \$4 million and we have \$12 million of known net incentive income thus far.

Additionally, we expect to benefit from this year's strong performance in our evergreen funds, which typically pay incentives at the end of the year. As of the end of the third quarter, we had \$21 million of net accrued incentives in evergreen funds that pay incentives in the fourth quarter.

In summary, the healthy fundraising, strong investment performance, and elevated realization activity in the first nine months of 2018 benefited our shadow AUM, dry powder, and accrued incentives, boding well for future distributable earnings. We are well positioned to capitalize, if recent volatility persists, but are also poised to benefit if markets are favorable and we continue to realize investments at an elevated pace in our incentive-paying funds.

With that, we are delighted to take your questions. So Laura, please open up the lines.

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## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions). Gerald O'Hara, Jefferies.

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**Gerald O'Hara Jefferies LLC - Analyst**

I guess the first is with respect to the shadow AUM number, and ex-Opps Xb capital there. And this may be kind of difficult to forecast. But can you perhaps give any color or sense of how we should think about that coming online or coming into the fee-paying FRE number in the future, whether it be pace or perhaps out of -- what vehicles tend to get invested and committed ahead of others?

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**Dan Levin Oaktree Capital Group, LLC - MD and CFO**

Yes, thanks, Jerry. So as you mentioned, we have \$15.4 billion of shadow AUM. 65% of that pays on committed capital. Of that, the biggest portion, as you mentioned, a little bit over \$8 billion, relates to Opps Xb. And I mentioned that that is likely to start its investment period and paying on committed capital in the latter half of 2019.

We do have other funds, such as our Special Situations Fund II and Transportation Fund, in that number. We don't expect those funds to start their investment period this year, but as we get into 2019 we do expect those to come online.

The other fund that I just mentioned which did have a close this quarter is our Power Fund V, which also pays fees on committed capital. So that's not in the shadow AUM number, but that we expect to start paying fees on committed capital early in 2019 as well.

The remaining 35% pay on invested capital. And so that will be dependent on when we see investment opportunities, but you can assume that that will start paying fees over the next couple years.

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**Gerald O'Hara Jefferies LLC - Analyst**

Okay, thanks. And then just one follow-up. You mentioned \$1 billion of cash on the balance sheet. Can you perhaps give some sense of how you are thinking about capital management -- whether the balance between potential share buybacks, M&A, or perhaps even just remaining somewhat defensive in the current environment? It'd be helpful. Thank you.

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**Dan Levin Oaktree Capital Group, LLC - MD and CFO**

Yes. So, as I mentioned, we've raised \$400 million of capital this year, and it's really focused on putting us in position to invest for growth. And that can take a couple different -- can look a couple different ways. So we can -- which we will do -- we can seed new strategies, we can support the organic growth of our strategies. And if our balance sheet can drive accelerated growth, we'll certainly do that.

The other areas we can look at are strategic investments and acquisitions. As we remarked on prior calls, the environment for corporate acquisitions is similar to the environment for investments in our funds. There's a lot of capital. There's a lot of demand for assets. So we're going to be cautious and disciplined as we pursue those things.

But in this environment, we do think there could be some interesting opportunities, like we saw a year ago when did the BDC acquisition. And certainly if the environments changed, more interesting opportunities could arise.

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**Gerald O'Hara Jefferies LLC - Analyst**

Great. Thank you.

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**Operator**

Michael Carrier, Bank of America Merrill Lynch.

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**Mike Needham BofA Merrill Lynch - Analyst**

This is Mike Needham in for Mike Carrier. Kind of a related question on your incentive-generating AUM. The percent of assets that are now generating picked up nicely in the quarter. Was that driven by Opps VIII? As you keep selling things, are there other funds like that that could cross over soon? And then if I could just sneak in an update on Global Credit AUM. Thanks.



**Dan Levin *Oaktree Capital Group, LLC - MD and CFO***

So, I'll take the first part of that question. So, in terms of the growth, the 36%, you're right. Opps VIII, which is 15% of our net accrued incentives, that crossed over this quarter. And so that really drove the growth.

As I look forward, there are some smaller funds, such as Mezz III or Emerging Market Debt Fund, that are likely to cross over over the next year or so. In terms of the other big drivers of accrued incentives, the next funds that I'd point to are Real Estate Fund VI and European Principal Fund III, but those are a little bit further away. We're nearing the point where we've returned all of the principal in those funds, but they do need to return all of the preferred.

So I would describe those as making the outlook over the intermediate-term quite promising, but those are going to take some time to get to the point where they'd start paying.

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**Jay Wintrob *Oaktree Capital Group, LLC - CEO***

And Mike, in terms of the development of the Global Credit strategy, that continues to go quite well. The strategy AUM totaled about \$1.2 billion. Most importantly, the performance continues to be very encouraging at about 120 basis points over its benchmark of half loans/half bonds for the first 20 months of its existence. And the client reaction has been good.

We continue to expect to be able to raise significant capital for the strategy, taking it on carefully over time. In many cases, especially in the intermediary channels, people that we're in contact with are looking for strong three-year track records, and we recognize that. And so we just need to continue to deliver good performance for a longer period of time.

And we're also optimistic about the fact that in this year, which has been tougher for some of the liquid credit strategies that comprise Global Credit, that because of the diversity of the portfolio and our active relative value allocation/reallocation, we had some very good performance from the structured credit component, the Real Estate Debt component, and the Emerging Market Debt component, which has helped to offset some of the challenges that some other parts of the credit market have experienced. And I think that both the security selection and the asset allocation has helped deliver that strong performance.

So, that's a bit of an update on Global Credit.

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**Mike Needham *BofA Merrill Lynch - Analyst***

Okay, great. Thank you very much.

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**Operator**

Alex Blostein, Goldman Sachs.

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**Daniel Jacoby *Goldman Sachs - Analyst***

This is Daniel Jacoby filling in for Alex. Thanks for taking our question. Can you please provide a little bit more color for us on expenses, particularly as it relates to where 3Q levels of expenses are versus what run rate expenses are?

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**Dan Levin *Oaktree Capital Group, LLC - MD and CFO***

Sure. So, as you think about expenses, the thing I'd always encourage is to -- that the year-to-date levels are the most reflective and generally the most helpful. And there's a couple reasons for that. First of all, our expenses can vary, quarter to quarter. In terms of compensation, we set compensation on an annual basis. And so we make accruals every quarter.

As you get later into the year, we can true up or true down the accruals, depending on what our latest estimates are. So as you think about comp and ben, I would just say, look at the year-to-date numbers and that's representative of run rate.

In terms of G&A, our G&A expenses have been reasonably flat each quarter of this year. The components of them have differed. For example, this quarter we had higher placement fees. Last quarter, we had higher product development costs. But as a general matter, I would say that the expenses this quarter in G&A are a reasonable run rate, noting that placement fees will vary quarter to quarter.



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**Daniel Jacoby *Goldman Sachs - Analyst***

Got it. That's helpful. Thank you very much.

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**Operator**

Michael Cyprys, Morgan Stanley.

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**Michael Cyprys *Morgan Stanley - Analyst***

Just curious to talk about some of the insurance initiatives that you guys are working on and thinking about. We've certainly seen some moves across the peer group, with others getting a little bit more involved closer to insurance. And I think one of your portfolio companies is buying a business from Generali, so you could talk about that as well? Thank you.

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**Jay Wintrob *Oaktree Capital Group, LLC - CEO***

Good morning, Mike. So, yes, first of all, in terms of our portfolio activity, we have invested through various funds in various parts of the insurance business for many years. And there is currently the Distressed Debt group in Europe has been active with the situation. I'm not prepared to talk about the specifics of that. And we will continue to look for those opportunities like we do across all industries, across the different fund strategies.

In terms of Oaktree corporately, we continue to monitor and watch carefully what's going on in terms of asset managers and insurance companies. As I've said before, it's worth repeating, raising client AUM from some of the leading insurance companies in the world has been part of Oaktree's marketing and client development strategy from the beginning.

About 10% of our client AUM is from insurance companies. That's up a little bit in the last few years. And we continue to see bright prospects for that on the horizon, as we again bring to them products and strategies that make sense for their portfolios.

But in terms of the corporate M&A side, we watch. We monitor. But at this point in time, there is nothing specific to report on that.

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**Michael Cyprys *Morgan Stanley - Analyst***

Okay. And then just a follow-up question. You guys have certainly been net sellers of assets, been active on the monetization side. But just with volatility picking up in the markets in recent weeks, just curious how you see that potentially impacting your monetization outlook from here.

And how do you think about -- whether it's shifting from IPOs to more sales to strategics? And then just maybe a little bit more bigger picture, with central banks drawing liquidity from the system and rates rising, broadly speaking as we go forward from here, how do you think about that broader macro backdrop impacting the monetization outlook?

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**Jay Wintrob *Oaktree Capital Group, LLC - CEO***

So, as I mentioned in my opening remarks, the volatility that the equity markets have experienced early in the fourth quarter -- we haven't seen that carry over to the credit markets, maybe ex-emerging markets, thus far. And so, I think most of the conditions remain in place for continued strong monetization opportunities. If our portfolio managers choose to act on them, there's ample supply of credit, ample supply of dry powder in the credit market.

Through the third quarter we've seen very strong levels of -- in terms of rates -- pardon me, spreads -- reaching lows in the high yield market. So, at the moment, I'm not willing to sit here and extrapolate out the first 24 or 25 days of the month and say everything's changed.

And as far as the split between IPOs versus strategics, I guess all I would say is we'll look for the best opportunities, and we're agnostic as to that. And it's not as though the work that's done to assess monetization opportunities at the company level changes whether the opportunity is to a strategic buyer or through the public markets.





And as far as your comment on central banks, that's one of the clear-cut headwinds in the market. You see it most directly impacting investment grade debt strategies, of which that is not Oaktree's business. We haven't seen a lot of it carry over into the non-investment grade debt strategies.

The question obviously is how far and how fast? And as we've spoken again about in the past, the amount of debt outstanding around the globe issued by corporations is essentially at record highs. So, higher rates as a general matter probably have an impact. But it's really a question of how far, how fast. And so we monitor that closely.

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**Michael Cyprys Morgan Stanley - Analyst**

Great. Thank you.

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**Operator**

Chris Harris, Wells Fargo.

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**Chris Harris Wells Fargo Securities, LLC - Analyst**

Just want to follow up on that last point there. The fact that there's no real stress in the credit markets yet, at least not in the U.S., what do you guys think that means based on your experience? And I guess what I'm getting at is, aren't downturns typically led by the credit markets? And if that's generally true, should we perhaps not be overly concerned as to what we're seeing in the equity market?

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**Jay Wintrob Oaktree Capital Group, LLC - CEO**

Yes, broad question. So as you know, at Oaktree we spend a lot of time thinking about cycles. And, in fact, Howard's out with his new book "Mastering the Market Cycle: Getting the Odds on Your Side." And in there he talks about many things, including the fact that while history doesn't repeat, it often rhymes. And one of the ways it rhymes is the nature of cyclical events and cycles. And as we've been saying for some time now, we think we're moving into the later innings of the credit cycle, and we watch that closely.

I do think that one of the hallmarks of the next part of this credit cycle will be going from lower quality issuance -- which we've seen for some time in terms of covenants, in terms of debt as a percentage of capital structures, and in terms of very low rates -- to probably an increased incidence of default.

I want to be clear: we have not seen that yet. Default rates in both the high yield and senior loan markets remain strongly below 2%, well below their historic averages. And so at this point in time, we don't see the debt markets signaling a big downturn.

Having said all that, we remain concerned about a lot of things, not just the volatility in the equity markets. There's a lot of headwinds for us. And as I mentioned, the hardest thing is finding good investment opportunities. So asset prices still remain pretty high; prospective returns, pretty low. Rates are going up, as you mentioned. Debt levels are very high. Debt service costs are rising. And there's still a lot of complacency, in our view, in the market.

Having said that, we continue to deploy capital, and I want to emphasize that. In fact, our deployment in the quarter is up about 50% over the prior quarter, and the prior quarter last year. We're finding a lot of opportunities outside of the United States. We continue to work our way through our existing roster of funds. And that's why I mentioned a number of the funds that we're looking forward to raising the next generation, next year.

So there are opportunities. But our mode is to be pretty patient, pretty disciplined, and have a lot of dry powder, and a lot of liquidity at Oaktree corporate to take advantage of opportunities going forward.

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**Chris Harris Wells Fargo Securities, LLC - Analyst**

And on those opportunities, Jay, is Opps Xb able to capitalize on those opportunities outside the U.S.? Or is that primarily a U.S.-focused strategy?

**Jay Wintrob *Oaktree Capital Group, LLC - CEO***

No, Opps Xb is most certainly a global fund. As we sit here today, Opps Xb is about 9% invested and about 10% drawn. Interestingly, the two largest investments this quarter in Opps Xb where both non-U.S. investments: one in China, one in India. The Distressed Debt team is larger outside of the United States than inside.

And that's been an area of investment for the firm, and continues to be, because we think the conditions are in place for strong and accelerating opportunities outside of the U.S. At the same time, the team here in the U.S. is strong. I think thus far, about half the capital has been invested U.S., and half outside.

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**Chris Harris *Wells Fargo Securities, LLC - Analyst***

Great, thank you.

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**Operator**

(Operator Instructions). And this concludes our question-and-answer session. I would like to turn the conference back over to Andrea Williams for any closing remarks.

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**Andrea Williams *Oaktree Capital Group, LLC - MD, Head of Corporate Communications and IR***

Thank you again for joining us for our third quarter 2018 earnings conference call. A replay will be available for 30 days on Oaktree's website in the Unitholders section, or by dialing 877-344-7529 in the U.S. or 1-412-317-0088 outside of the U.S. The replay access code is 10124801. That replay will begin approximately one hour after this broadcast. Thank you. Talk to you next quarter.

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**Operator**

The conference is now concluded. Thank you for attending today's presentation. You may now disconnect.

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