

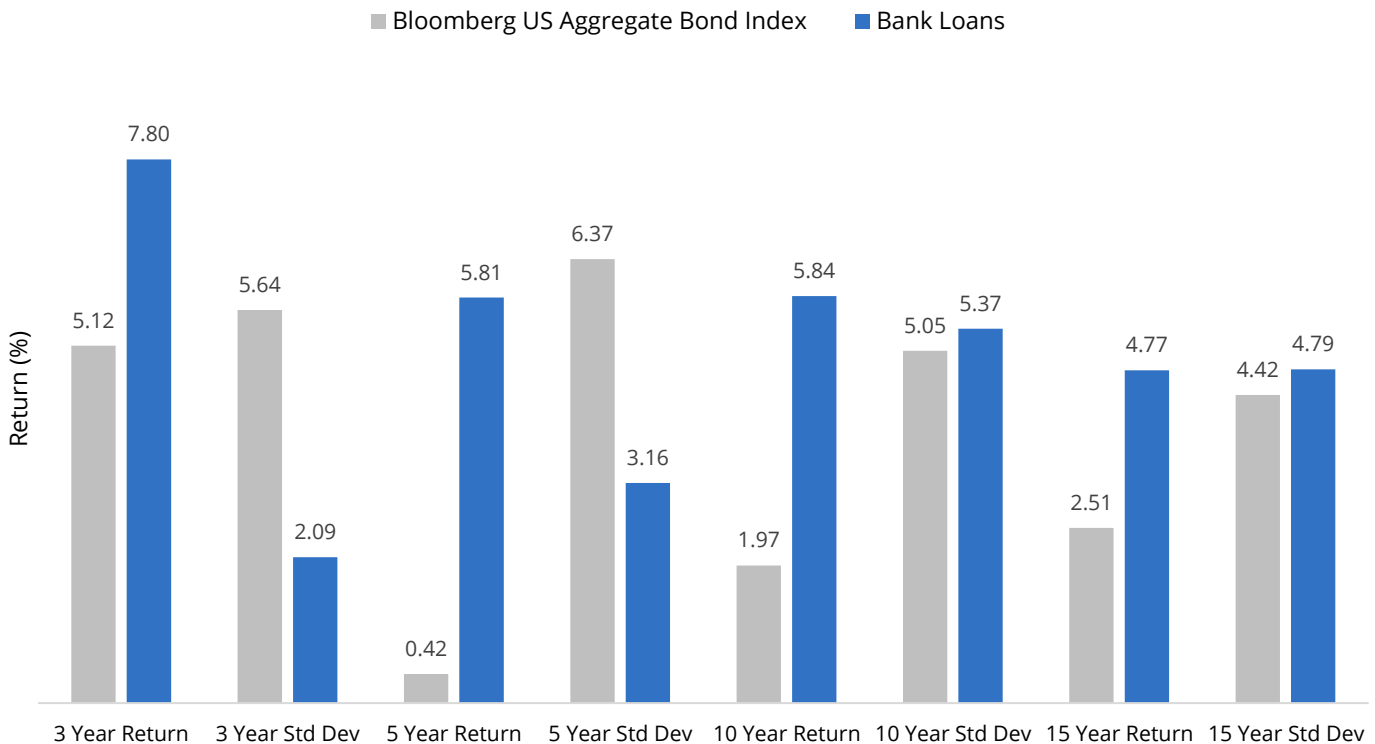
BANK LOANS: DELIVERED ACROSS MARKET CYCLES

Late in a market cycle, concerns about credit quality can lead investors to consider shifting from bank loans to traditional bonds. However, the data suggests that bank loans have historically offered a compelling alternative.

Across multiple time horizons—from three to 15 years—bank loans have delivered meaningfully higher returns than investment-grade bonds, as represented by the Bloomberg U.S. Aggregate Bond Index. At the same time, they have demonstrated favorable risk characteristics, with significantly lower volatility over shorter periods and only modestly higher volatility over longer horizons.

For example, over the past three years, bank loans generated a return of 7.8%, outperforming the broad fixed-income index by 268 basis points, while exhibiting 355 basis points less volatility. This combination of higher returns and attractive consistency underscores the strong risk-adjusted profile of bank loans.

Banks Loans Demonstrate Attractive Risk-Adjusted Returns Across Market Cycles



Past performance does not guarantee future results. Investing involves risk, including loss of principal. Source: Morningstar as of 3/31/2026. The Bloomberg US Aggregate Bond Index broadly tracks the performance of the U.S. investment-grade bond market. Bank loans (or floating-rate loans) are financial instruments that pay a variable or floating interest rate.