

OAKTREE CAPITAL MANAGEMENT, L.P.



BAML Future of Financial Services Conference

November 2017

Forward-Looking Statements & Safe Harbor

This presentation contains forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933 (the “Securities Act”) and Section 21E of the U.S. Securities Exchange Act of 1934, each as amended, which reflect the current views of Oaktree Capital Group, LLC (the “Company” or “OCG”), with respect to, among other things, its future results of operations and financial performance. In some cases, you can identify forward-looking statements by words such as “anticipate,” “approximately,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “outlook,” “plan,” “potential,” “predict,” “seek,” “should,” “will” and “would” or the negative version of these words or other comparable or similar words. These statements identify prospective information. Important factors could cause actual results to differ, possibly materially, from those indicated in these statements. Forward-looking statements are based on the Company’s beliefs, assumptions and expectations of its future performance, taking into account all information currently available to the Company. Such forward-looking statements are subject to risks and uncertainties and assumptions relating to the Company’s operations, financial results, financial condition, business prospects, growth strategy and liquidity, including, but not limited to, changes in the Company’s anticipated revenue and income, which are inherently volatile; changes in the value of the Company’s investments; the pace of raising new funds; changes in assets under management; the timing and receipt of, and impact of taxes on, carried interest; distributions from and liquidation of the Company’s existing funds; the amount and timing of distributions on the Company’s Class A units; changes in the Company’s operating or other expenses; the degree to which the Company encounters competition; and general political, economic and market conditions. The factors listed in the section captioned “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2016, filed with the U.S. Securities and Exchange Commission (“SEC”) on March 1, 2017, which is accessible on the SEC’s website at www.sec.gov, provide examples of risks, uncertainties and events that may cause the Company’s actual results to differ materially from the expectations described in its forward-looking statements. Forward-looking statements speak only as of the date the statements are made. Except as required by law, the Company does not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

Certain information contained herein concerning economic trends and performance is based on or derived from information provided by independent third-party sources. Oaktree believes that such information is accurate and that the sources from which it has been obtained are reliable; however, Oaktree cannot guarantee the accuracy of such information and has not independently verified the accuracy or completeness of such information or the assumptions on which such information is based. Moreover, independent third-party sources cited herein are not making any representations or warranties regarding any information attributed to them and shall have no liability in connection with the use of such information herein.

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The Company discloses certain non-GAAP financial measures in this presentation, including adjusted net income (“ANI”), distributable earnings (“DE”), fee-related earnings (“FRE”) and economic net income (“ENI”). Reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with accounting principles generally accepted in the United States of America (“GAAP”) are presented in the Appendix. Capitalized terms in the Appendix, including in the footnotes, that are not otherwise defined shall have the meanings ascribed to them in the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, filed with the SEC on November 3, 2017, which is accessible on the SEC’s website at www.sec.gov.

Unless otherwise indicated, all data in this presentation is on a non-GAAP basis for Oaktree Capital Group, LLC and is as of September 30, 2017.

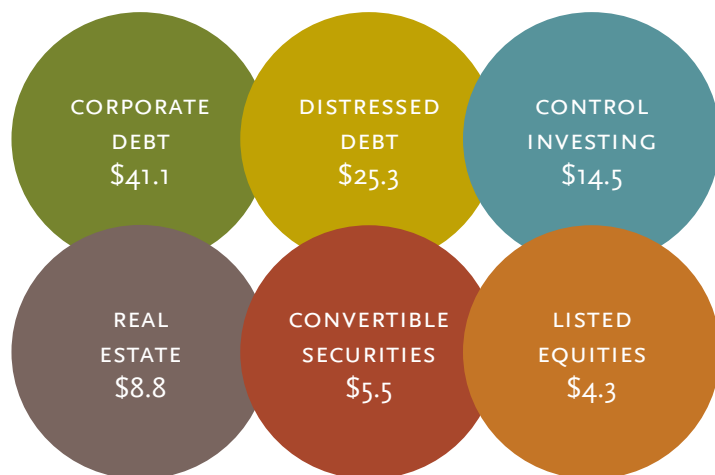
Oaktree: A Leading Global Alternative Asset Manager

OVERVIEW

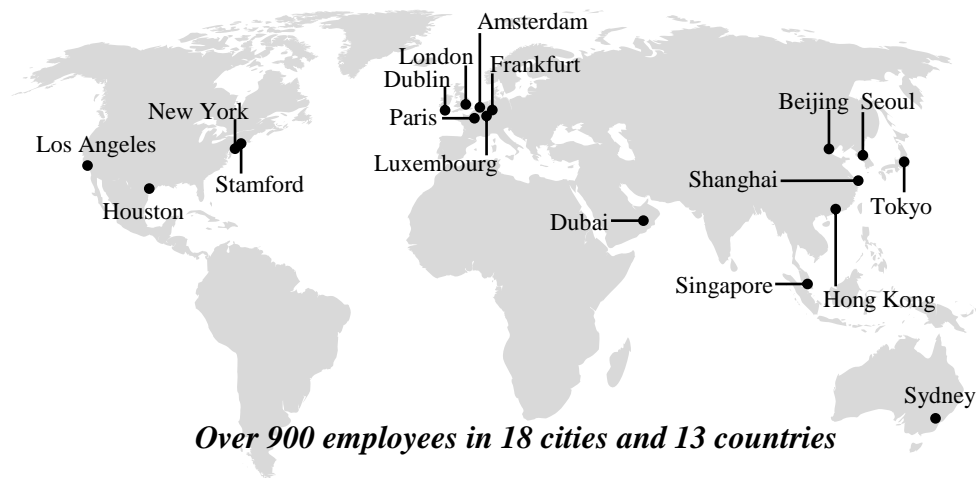
- A leader and pioneer in alternative asset management with \$100 billion of AUM
- Diversified mix of pro- and counter-cyclical strategies
- Strong, risk-adjusted investment performance
- A loyal, blue-chip institutional client base
- Attractive growth prospects for new and established strategies

INVESTMENT AREAS

Assets Under Management (\$ in billions)

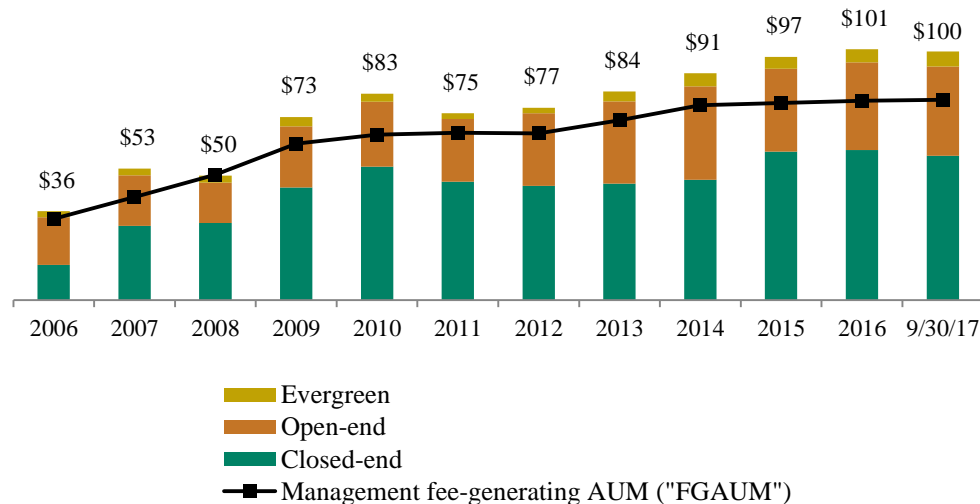


GLOBAL FOOTPRINT ¹



HISTORICAL ASSETS UNDER MANAGEMENT

As of December 31, unless otherwise indicated (\$ in billions)



¹ Includes offices of affiliates of Oaktree-managed funds. Oaktree headquarters is based in Los Angeles.

Highlights of the Past Year

STRONG INVESTMENT PERFORMANCE

SIGNIFICANT REALIZATION ACTIVITY IN CLOSED-END FUNDS

DIVERSE CONTRIBUTIONS TO INCENTIVES

EXPANSION OF DIRECT LENDING BUSINESS
AND LAUNCH OF GLOBAL CREDIT

CONTINUED GROWTH FOR DOUBLELINE

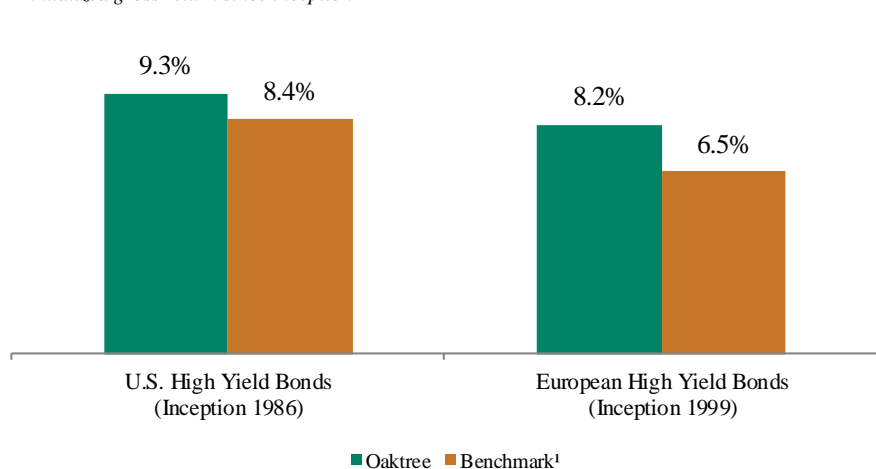
INTERNATIONAL FUNDRAISING GROWTH

AMPLE DRY POWDER LEAVING US WELL-POSITIONED
FOR FUTURE INVESTMENT OPPORTUNITIES

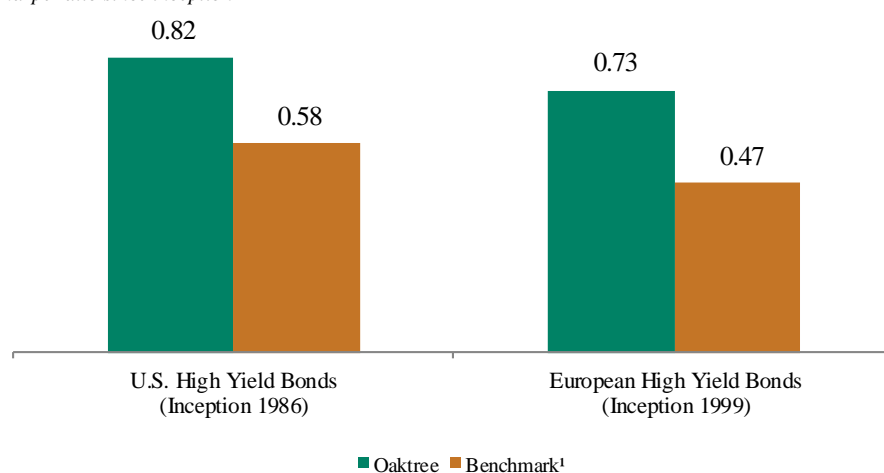
History of Exceptional Investment Performance

SUPERIOR RETURNS, BOTH GROSS AND RISK-ADJUSTED, IN OUR OPEN-END FUNDS

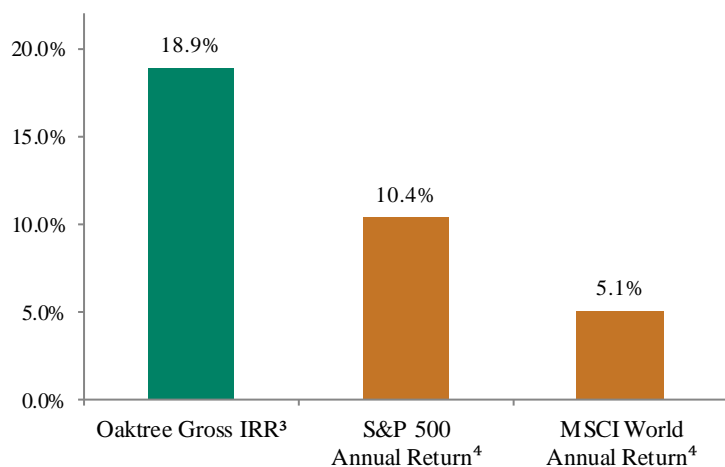
Annualized gross return since inception



Sharpe ratio since inception²



OUTSTANDING TRACK RECORD IN OUR CLOSED-END FUNDS



Aggregate closed-end gross IRR since inception	18.9% ³
LTM aggregate gross closed-end return	16.3% ⁵
Drawn capital since inception	\$77 billion ³
% of funds more than 18 months old with positive gross and net IRRs since inception	98%

¹ Detail on benchmarks is presented in the Appendix.

² The Sharpe Ratio is a metric used to calculate risk-adjusted return. It is the ratio of excess return to volatility, with excess return defined as the return above that of a riskless asset (three-month T-bill) divided by the standard deviation of such returns. The higher the Sharpe Ratio, the greater the return for a given level of risk compared to the risk-free rate.

³ Since oldest strategy inception in October 1988. Excludes closed-end Senior Loan funds, CLOs, Oaktree Asia Special Situations Fund, Asia Principal Opportunities Fund, certain separate accounts and co-investments.

⁴ Represents annualized time-weighted return since October 1988.

⁵ Represents time-weighted rate of return for the twelve months ended 9/30/2017. Excludes closed-end Senior Loan funds, CLOs, Oaktree Asia Special Situations Fund, Asia Principal Opportunities Fund, certain separate accounts and co-investments.

Significant Realization Activity in Closed-End Funds

\$10.4BN OF CLOSED-END FUND DISTRIBUTIONS OVER THE LTM, UP FROM \$6.6BN FOR THE PRIOR LTM



Sale for \$4.2 billion to Tyson Foods



Sale for \$3.9 billion to Sinclair Broadcast Group*



Multiple secondary offerings in 2017



Multiple secondary offerings in 2017

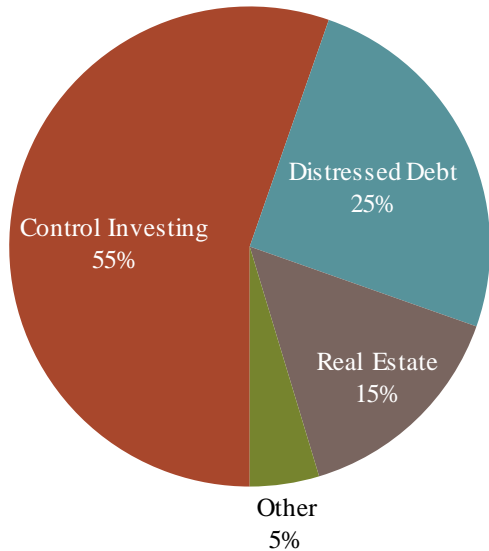


Sale for \$430 million to PSP and ASUR

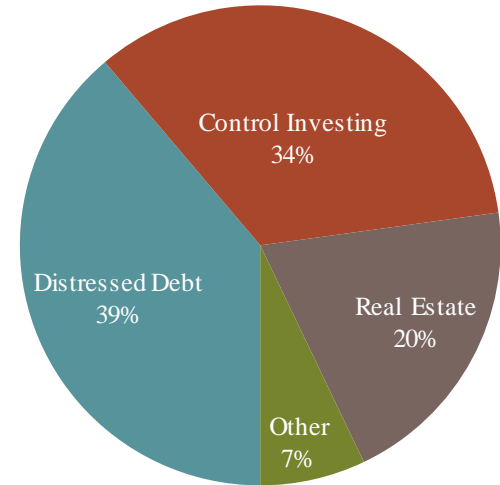
**Announced but not closed*

Diverse Contributions to Incentives

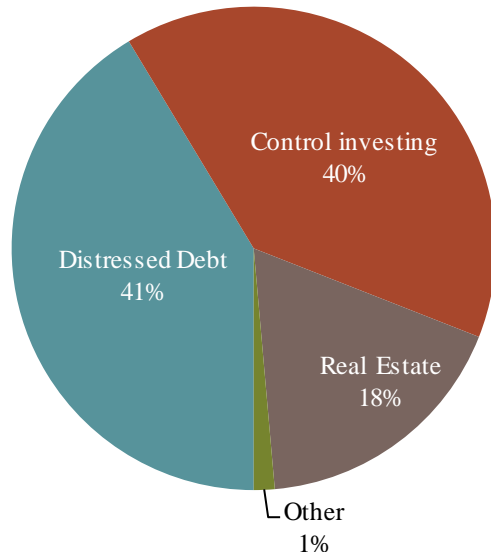
LTM NET INCENTIVE INCOME \$323 MILLION



NET ACCRUED INCENTIVES \$900 MILLION



3-YEAR TOTAL NET INCENTIVE INCOME \$625 MILLION



Net accrued incentives increased 3% year-over-year to \$900 million (\$5.76 per unit¹), despite recognizing greater net incentive income over the last twelve months than in the two prior year periods combined

Expansion of Direct Lending Business & Launch of Global Credit

Direct Lending

Organic

- Launched first institutional Middle Market Direct Lending fund in 2017, leveraging our mezzanine debt platform with an over 15-year track record

M&A

- In October 2017, Oaktree closed on a transaction to become the investment adviser of two BDCs with combined fee-generating AUM of \$2.4bn*

Global Credit

Organic

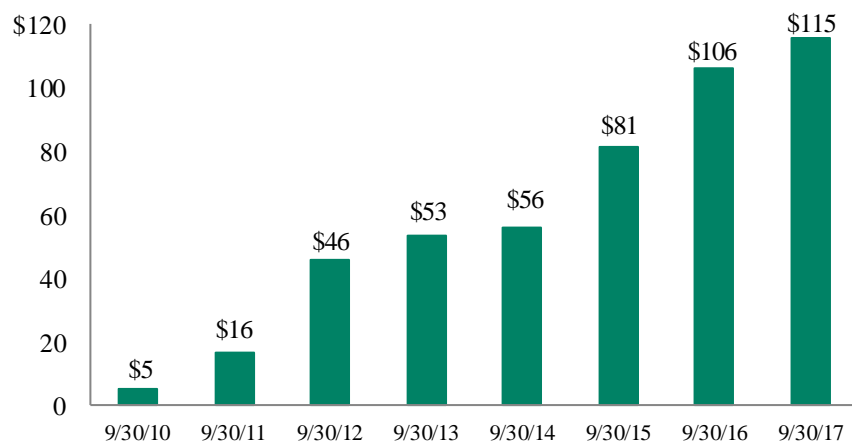
- Launched a new multi-strategy product combining the full breadth of Oaktree's more liquid credit strategies
- Currently manage over \$650 million in the strategy (up from \$300 million last quarter), with some sizable commitments still in negotiation

*Per the latest publicly filed data as of 6/30/2017

Continued Growth for DoubleLine

ASSETS UNDER MANAGEMENT

(\$ in billions)

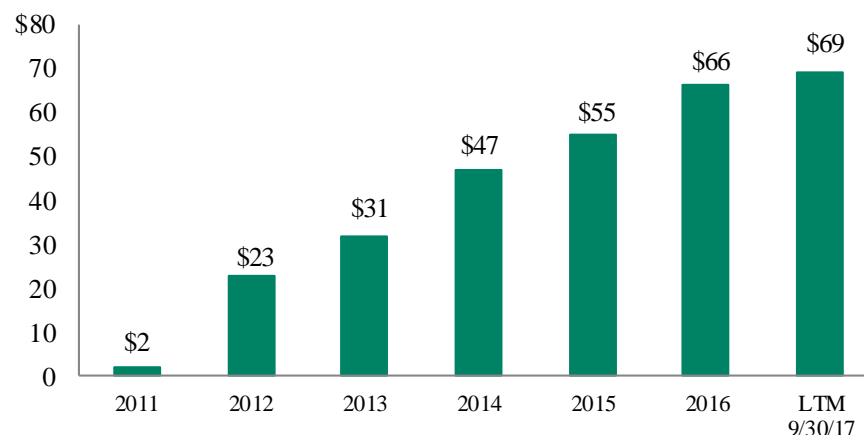


Returns:

- Total Return Bond Fund (\$53.6bn) – Top 1% in the Morningstar Intermediate Term Bond Category Since Inception (4/6/10-9/30/17)
- Core Fixed Income Fund (\$9.5bn) – Top 1% in the Morningstar Intermediate Term Bond Category Since Inception (6/1/10-9/30/17)
- Shiller Enhanced CAPE (\$4.6bn) – Top 1% in the Morningstar Large Value Category Since Inception (10/31/13-9/30/17)
- As of September 2017, DoubleLine Funds had seven mutual funds in the top quartile since inception in the Funds' respective Morningstar Categories.

CONTRIBUTION TO OAKTREE'S INVESTMENT INCOME

(\$ in millions)



AUM and Flows:

- DoubleLine Core Fixed Income Fund managed \$9.5 billion as of 9/30/17, up 26% year-over-year
- DoubleLine Shiller Enhanced CAPE fund had \$4.6 billion in assets as of the end of 3Q2017, up 12% year-over-year
- DoubleLine Emerging Markets Fixed Income Fund managed \$1.2 billion as of 9/30/17, up 30% year-over-year

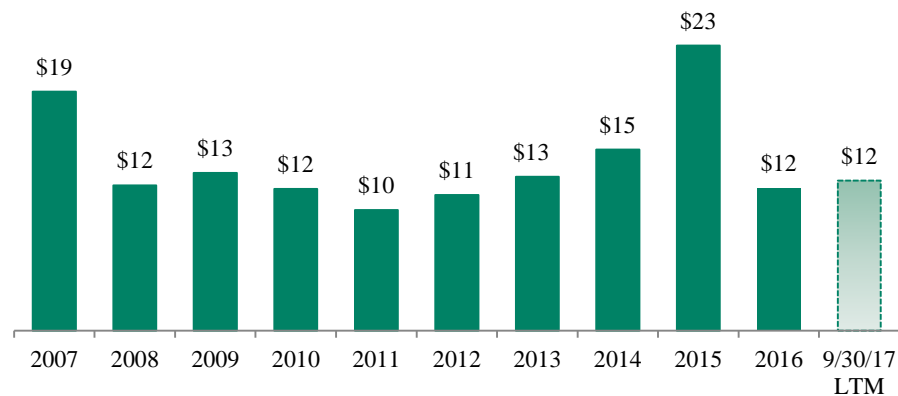
International Fundraising Growth

SIGNIFICANT BLUE-CHIP CLIENTELE

100 largest U.S. pension funds	75
States	38
Corporations	423
Colleges, Universities, Endowments & Foundations	367
Sovereign wealth funds	16

GROSS CAPITAL RAISED

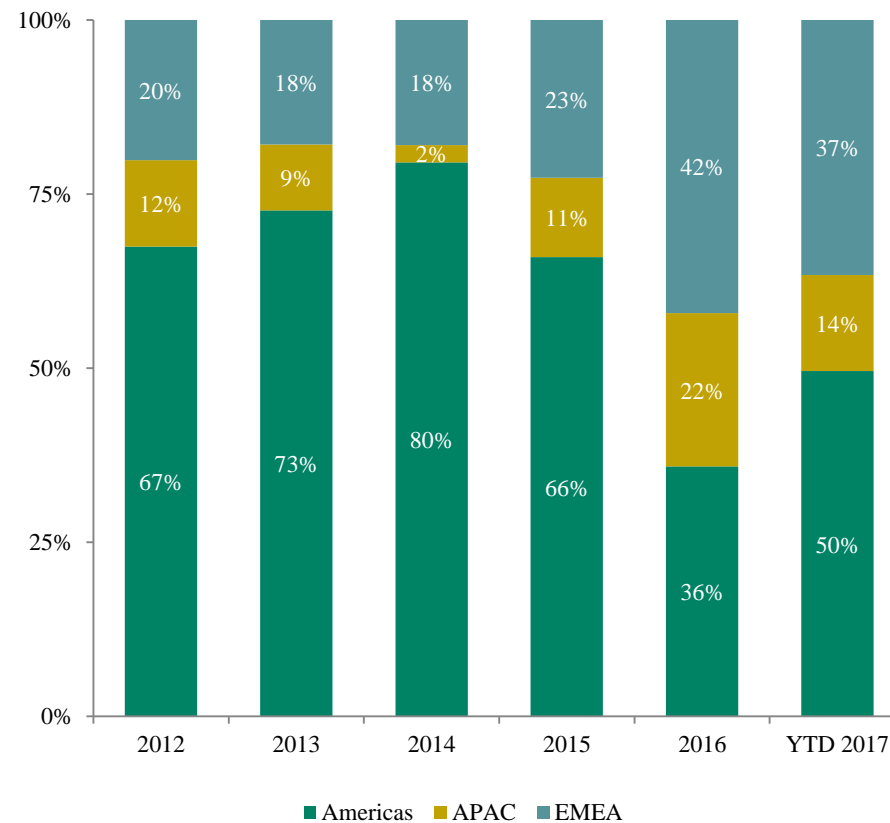
For the year ended December 31, unless otherwise noted (\$ in billions)



GROWING FUNDRAISING OUTSIDE OF THE AMERICAS

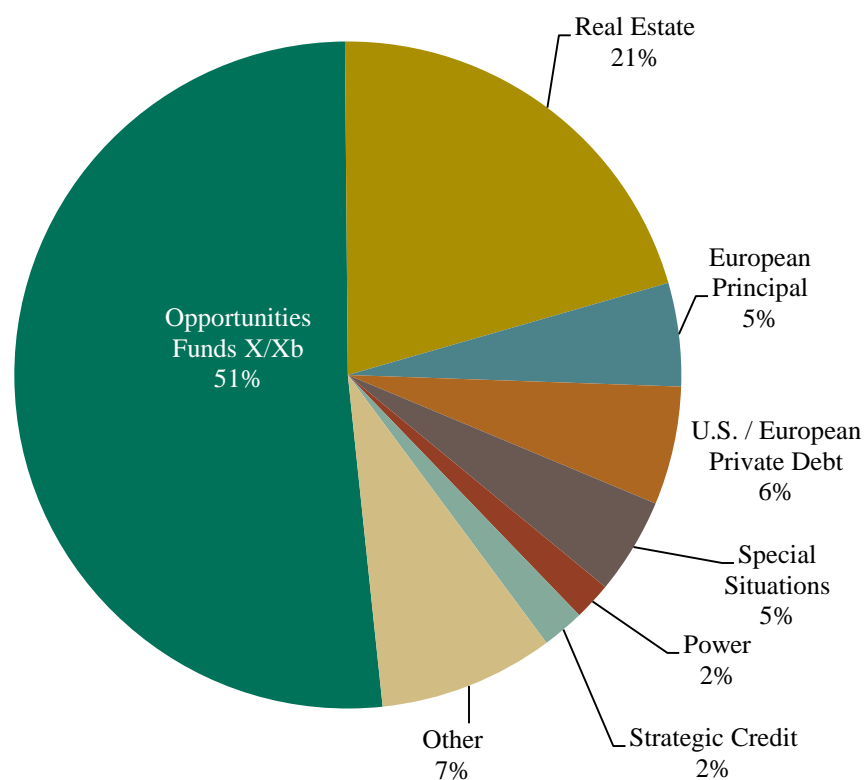
EX-AMERICAS FUNDRAISING CONTRIBUTION

- 2012-2016 AVERAGE: 37%
- 2016: 64%
- YTD 2017: 50%



Well-Positioned for Future Investment Opportunities

NEAR-RECORD DRY POWDER OF \$21 BILLION ¹



CONTINUED STRENGTH IN FUNDRAISING

- Continued fundraising in established strategies, including Real Estate Debt Fund II (“REDF II”) – successor to the first Real Estate Debt Fund, a \$1 billion fund
- **New product development in 2017** has included the Global Credit Fund, two separate Infrastructure fund vehicles focused on transportation and energy, Middle-Market Direct Lending, and Real Estate Income
- **Fundraising pipeline for 2018** includes several follow-on funds such as Emerging Markets Opportunities Fund II, Special Situations Fund II, Power Opportunities Fund V and raises for Evergreen vehicles such as Value Equities Fund

While maintaining our focus on risk control and discipline in deploying dry powder

¹ Includes \$12.4 billion which was not yet generating management fees (“shadow AUM”) as of 9/30/2017.

Attractive, Risk Controlled Business Model

CHARACTERISTIC

DIVERSIFIED RANGE OF STRATEGIES

BULK OF MANAGEMENT FEES FROM
LOCKED-UP FUNDS

SIGNIFICANT AMOUNT OF COMMITTED
CAPITAL NOT YET PAYING FEES

FRE-LIKE INCOME FROM
DOUBLELINE STAKE

MEASURED APPROACH TO
GROWTH IN SIZE & PRODUCTS

EXPERTISE IN
DISTRESSED INVESTING

STRONG BALANCE SHEET



BENEFIT

- Ability to capitalize on wide array of markets

- Steady, predictable management fee stream with limited redemption risk

- Visibility on future management fees

- Adds predictable earnings and cash flow

- Lower risk growth strategy

- Counter-cyclical fundraising during economic downturns

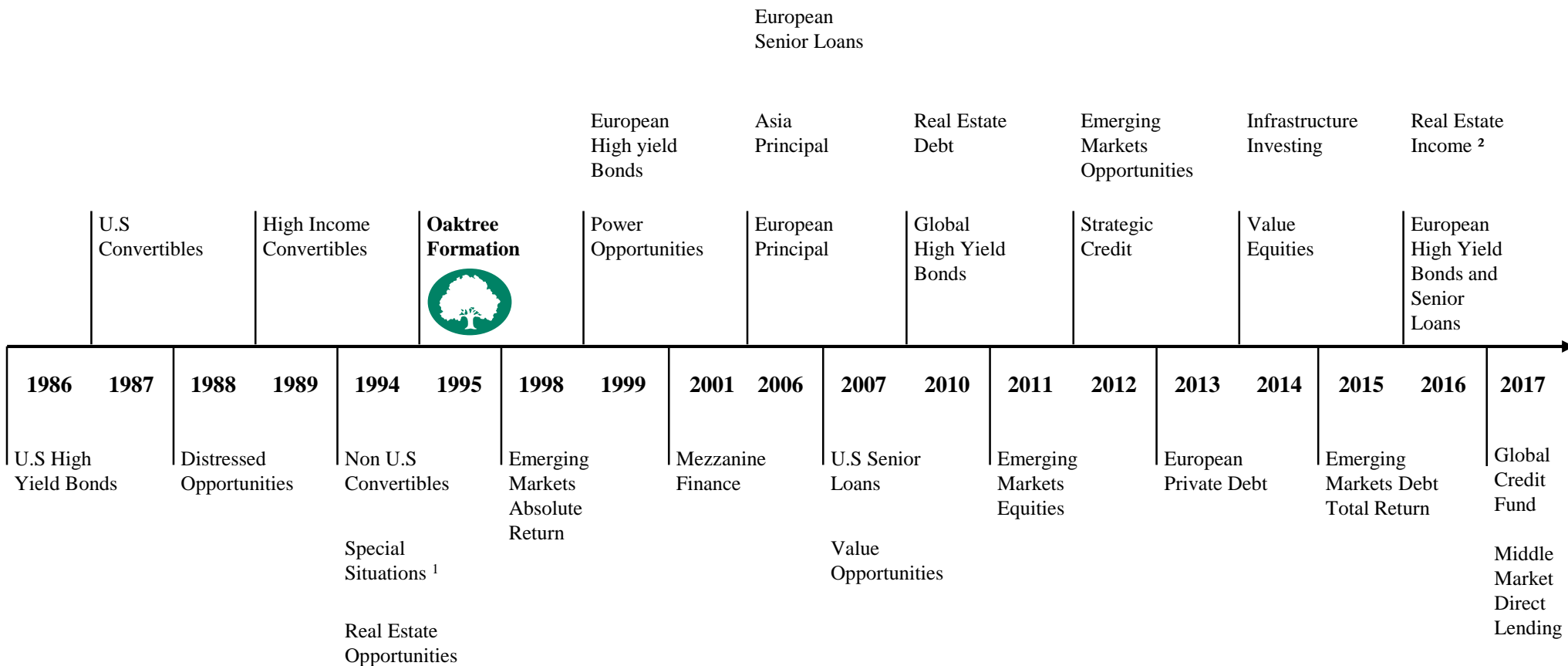
- Allows us to fund growth of our current investment strategies along with strategic or opportunistic corporate development initiatives

Appendix



OAKTREE

Strategy Initiation



¹ Effective November 2016, the Global Principal strategy was renamed Special Situations.

² Effective August 2017, the Real Estate Value-Add strategy was renamed Real Estate Income.

Reconciliations of Non-GAAP Metrics

For the year ended December 31, unless otherwise noted (\$ in thousands)

	2011	2012	2013	2014	2015	2016	3Q2017 LTM
Reconciliation of Net Income (Loss) Attributable to Oaktree Capital Group, LLC to ANI to DE:							
Net income (loss) attributable to Oaktree Capital Group, LLC.....	\$ (95,972)	\$ 107,810	\$ 221,998	\$ 126,283	\$ 71,349	\$ 194,705	\$ 277,363
Incentive income ¹	-	-	(64,460)	28,813	(19,002)	(1,407)	3,480
Incentive income compensation ¹	-	-	46,334	(10,677)	19,009	1,407	(3,480)
Investment income ²	-	-	-	-	-	(21,814)	(26,711)
Equity-based compensation ³	948,746	36,024	24,613	21,657	16,475	13,626	7,916
Foreign-currency hedging ⁴	-	-	-	(2,003)	2,619	1,496	(10,301)
Acquisition-related items ⁵	-	-	-	2,442	5,251	(924)	(629)
Income taxes ⁶	21,088	30,858	26,232	18,536	17,549	42,519	44,401
Non-Operating Group other income ⁷	-	(6,260)	-	-	-	-	-
Non-Operating Group expenses ⁷	768	553	1,195	1,645	2,097	1,176	1,078
Non-controlling interests ⁷	<u>(446,246)</u>	<u>548,265</u>	<u>824,795</u>	<u>386,398</u>	<u>192,968</u>	<u>341,590</u>	<u>451,511</u>
Adjusted Net Income.....	428,384	717,250	1,080,707	573,094	308,315	572,374	744,629
Investment income ⁸	(23,763)	(202,392)	(258,654)	(117,662)	(48,253)	(221,377)	(271,091)
Receipts of investment income from funds ⁹	88,693	129,621	128,896	81,438	101,296	66,390	116,017
Receipts of investment income from companies.....	1,496	33,838	35,664	49,546	48,067	63,700	64,330
Equity-based compensation ¹⁰	-	-	3,828	19,738	37,906	50,098	52,877
Operating Group income taxes.....	<u>(6,275)</u>	<u>(6,136)</u>	<u>(6,175)</u>	<u>(18)</u>	<u>(3,374)</u>	<u>(4,635)</u>	<u>(7,994)</u>
Distributable Earnings.....	<u>\$ 488,535</u>	<u>\$ 672,181</u>	<u>\$ 984,266</u>	<u>\$ 606,136</u>	<u>\$ 443,957</u>	<u>\$ 526,550</u>	<u>\$ 698,767</u>

¹ This adjustment adds back the effect of timing differences associated with the recognition of incentive income and incentive income compensation expense between adjusted net income and net income attributable to OCG.

² This adjustment adds back the effect of differences in the recognition of investment income related to corporate investments in CLOs which under GAAP are marked-to-market but for adjusted net income are accounted for at amortized cost, subject to impairment.

³ This adjustment adds back the effect of equity-based compensation expense related to unit grants made before our initial public offering, which is excluded from adjusted net income because it does not affect our financial position and from distributable earnings because it is non-cash in nature and does not impact our ability to fund operations.

⁴ This adjustment adds back the effect of timing differences associated with the recognition of unrealized gains and losses related to foreign-currency hedging between adjusted net income and net income attributable to OCG.

⁵ This adjustment adds back the effect of acquisition-related items associated with the amortization of intangibles and changes in the contingent consideration liability.

⁶ Because adjusted net income and distributable earnings are pre-tax measures, this adjustment adds back the effect of income tax expense.

⁷ Because adjusted net income and distributable earnings are calculated at the Operating Group level, this adjustment adds back the effect of items applicable to OCG, its Intermediate Holding Companies or non-controlling interests.

⁸ This adjustment eliminates investment income, which with respect to investments in funds is initially largely non-cash in nature and is thus not available to fund our operations.

⁹ This adjustment characterizes the portion of the distributions received from funds as receipts of investment income or loss. In general, the income or loss component of a distribution from a fund is calculated by multiplying the amount of the distribution by the ratio of our investment's undistributed income or loss to our remaining investment balance. In addition, if the distribution is made during the investment period, it is generally not reflected in distributable earnings until after the investment period ends.

¹⁰ This adjustment eliminates the effect of equity-based compensation charges related to unit grants made after our initial public offering, which is excluded from distributable earnings because it is non-cash in nature and does not impact our ability to fund our operations.

Reconciliations of Non-GAAP Metrics

For the year ended December 31, unless otherwise noted (\$ in thousands)

	2011	2012	2013	2014	2015	2016	3Q2017 LTM
Reconciliation of Fee-Related Earnings (FRE) to ANI to ENI:							
FRE ¹	\$ 314,968	\$ 307,617	\$ 260,115	\$ 248,260	\$ 214,943	\$ 255,863	\$ 230,573
Incentive income.....	303,963	461,116	1,030,195	491,402	263,806	355,152	729,553
Incentive income compensation	(179,234)	(222,594)	(436,217)	(231,871)	(141,822)	(169,683)	(406,629)
Investment income.....	23,763	202,392	258,654	117,662	48,253	221,377	271,091
Equity-based compensation ²	-	(318)	(3,828)	(19,738)	(37,906)	(50,098)	(52,877)
Interest expense, net of interest income.....	(33,867)	(31,730)	(28,621)	(30,190)	(35,032)	(31,845)	(27,182)
Other income (expense), net.....	<u>(1,209)</u>	<u>767</u>	<u>409</u>	<u>(2,431)</u>	<u>(3,927)</u>	<u>(8,392)</u>	<u>99</u>
ANI.....	428,384	717,250	1,080,707	573,094	308,315	572,374	744,628
Change in accrued incentives (fund level), net of associated incentive income compensation ³	<u>(138,872)</u>	<u>254,483</u>	<u>(46,968)</u>	<u>(235,303)</u>	<u>(188,383)</u>	<u>135,002</u>	<u>27,175</u>
ENI.....	<u>\$ 289,512</u>	<u>\$ 971,733</u>	<u>\$ 1,033,739</u>	<u>\$ 337,791</u>	<u>\$ 119,932</u>	<u>\$ 707,376</u>	<u>\$ 771,803</u>
Reconciliation of Consolidated Management fees to Non-GAAP							
Management fees:							
Management fees - Consolidated.....	\$ 140,715	\$ 134,568	\$ 192,605	\$ 192,055	\$ 195,308	\$ 774,587	\$ 732,313
Adjustments ⁴	<u>583,606</u>	<u>612,872</u>	<u>557,296</u>	<u>570,768</u>	<u>558,497</u>	<u>11,086</u>	<u>18,785</u>
Management fees - Non-GAAP.....	<u>\$ 724,321</u>	<u>\$ 747,440</u>	<u>\$ 749,901</u>	<u>\$ 762,823</u>	<u>\$ 753,805</u>	<u>\$ 785,673</u>	<u>\$ 751,098</u>

¹ Fee-related earnings is a component of adjusted net income and is comprised of management fees less operating expenses other than incentive income compensation expense and non-cash equity-based compensation expense related to unit grants made after our initial public offering.

² This adjustment adds back the effect of equity-based compensation expense related to unit grants made after our initial public offering, which is excluded from fee-related earnings because it is non-cash in nature and does not impact our ability to fund our operations.

³ The change in accrued incentives (fund level), net of associated incentive income compensation expense, represents the difference between (a) our recognition of net incentive income and (b) the incentive income generated by the funds during the period that would be due to us if the funds were liquidated at their reported values as of that date, net of associated incentive income compensation expense.

⁴ This adjustment primarily represents the elimination of amounts attributable to the Company's consolidated funds, the reclassification of net gains or losses related to foreign-currency related hedging activities to general and administrative expense, and the elimination of non-controlling interests from adjusted revenues.

Benchmark Disclosures

BENCHMARK DETAIL

U.S. High Yield Bonds:

Citigroup U.S. High Yield Cash-Pay Capped Index

European High Yield Bonds:

BofA Merrill Lynch Global Non-Financial High Yield European Issuers excluding Russia 3% Constrained Index (USD Hedged)