



From left to right:
BRUCE KARSH
President
HOWARD MARKS
Chairman
JOHN FRANK
Managing Principal

DEAR FELLOW UNITHOLDERS,

2013 witnessed Oaktree's strongest financial performance, with records set in annual segment revenues, distributable earnings and distributions to unitholders. More importantly, we continued to generate the superior risk-adjusted returns for our clients that are the hallmark of our value-driven, risk-controlled investment approach.

Nearly two decades after we founded Oaktree—and almost three decades after our founders started managing alternative assets together—three things are clear: excellence in investing is achievable; our business model works over the full course of business cycles; and product innovation is a driver of significant growth for our firm.

Investing success drives our firm's overall success. That's why we have always followed a simple, if unconventional, maxim: focus

on long-term investing superiority, even at the occasional cost of short-term growth or profitability. In practice, this can mean sizing funds to the opportunity set rather than automatically accepting all the capital we can raise, or being patient and incurring start-up losses to incubate a promising new investment strategy. Marrying that growth discipline with our enduring investment philosophy, expertise in specialized markets and skilled investment team has produced a much-admired investment record.

Excellence in Investing (since-inception returns, as of December 31, 2013)

- Our closed-end funds have produced an aggregate gross IRR of 19.9% on over \$62 billion of drawn capital.
- All 50 of our closed-end funds more than a year old have a positive gross IRR.
- Our U.S. high yield bond and U.S. convertible strategies have outperformed their benchmarks on a gross annualized basis by 110 and 180 basis points, respectively, over more than a quarter-century.

How do we consistently achieve superior returns? Foremost is our time-tested investment philosophy based on the primacy of risk control. We have always believed that the key to long-term success is avoiding problem investments, giving the winner a chance to emerge. Moreover, we rely in many of our strategies upon what we call the “power of credit.” Debt, in contrast to equities, offers downside protection through interest payments and the promised repayment of principal. Even when the promise to repay is broken, we often profit through the debt-to-equity restructurings that ensue.

Excellence in Investing Results in an Enduring Business Model

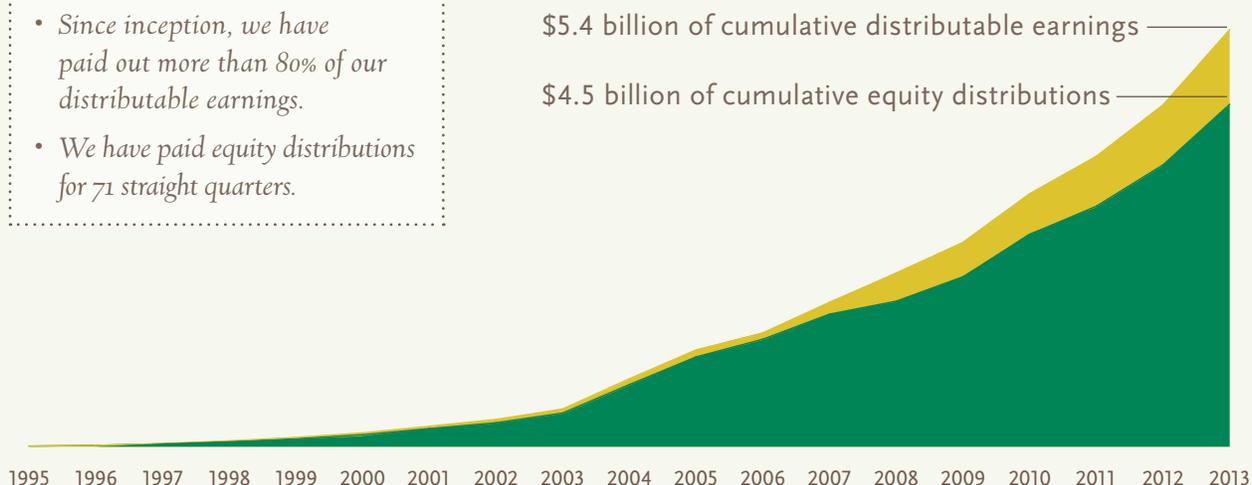
Oaktree’s investment performance drives client loyalty and asset growth. Over the years we have broadened our client base to include many of the world’s most significant institutional investors, with the past year featuring the attainment of new milestones:

- At \$12.5 billion, 2013 marked our seventh consecutive year of raising gross capital of roughly \$10 billion or more.
- 75% of our assets under management (“AUM”) is from clients invested in multiple strategies.
- AUM from clients outside the U.S. has tripled over the past seven years, to \$25 billion.
- AUM managed for mutual funds and high-net-worth investors has quadrupled over the past seven years, to \$10.5 billion.
- Management fee-generating AUM reached a record \$72 billion at year-end 2013, even as our closed-end funds distributed \$12 billion.

Oaktree’s business model works throughout market cycles as our disciplined approach to managing growth and our diversified mix of strategies have produced strong earnings and cash flow, even during the global financial crisis of 2008-09. We’ve now generated positive adjusted net income for 18 consecutive years and paid quarterly distributions for 71 straight quarters.

STRONG EARNINGS AND CASH DISTRIBUTIONS

- Since inception, we have paid out more than 80% of our distributable earnings.
- We have paid equity distributions for 71 straight quarters.



The distributable earnings and equity distributions shown above are at the Oaktree operating group level, and therefore, before taxes and other costs borne by the Class A unitholders.

Product Innovation Is a Strength of Our Franchise

Oaktree continues to expand its product offerings organically through disciplined step-outs that allow us to apply our proven expertise to opportunities in adjacent market niches. Approximately 40% of the

\$12.5 billion of gross capital we raised in 2013 was committed to strategies that we didn't offer three years ago. We expect to continue to grow these strategies, and add new ones, in the months ahead.

EXISTING STRATEGY

SENIOR LOANS
DISTRESSED DEBT
PPIP & REAL ESTATE
EMERGING MARKETS ABSOLUTE RETURN
EUROPEAN PRINCIPAL

RECENT STEP-OUT

ENHANCED INCOME
EMERGING MARKETS OPPORTUNITIES
STRATEGIC CREDIT
REAL ESTATE DEBT
EMERGING MARKETS EQUITIES
EUROPEAN PRIVATE DEBT

LOOKING FORWARD

We are proud of the extraordinary performance of our team, which in 2013 delivered strong returns for our clients and solid growth for our unitholders.

While not every year can see new earnings records set—especially given the variability of things like asset prices, realization opportunities and where funds stand in their life cycles—we will continue to pursue the same disciplined approach that got us to where we are today: right-sizing our funds, focusing on selective product development in our proven areas of expertise, and building on our reputation as the dependable purveyor of asset management in our asset classes.

In 2014, we will continue to follow the mantra that has guided us the last two and a half years: “move forward, but with caution.” We believe this posture is particularly appropriate for today’s markets and economies, and it represents the best way to continue to deliver strong returns while protecting our clients’ capital.

We thank our clients and unitholders for their confidence in us, our Board for its guidance, and the people of Oaktree for upholding our commitment to clients each and every day.

Sincerely,



HOWARD MARKS
Chairman



BRUCE KARSH
President



JOHN FRANK
Managing Principal

Legal Notice

This letter contains forward-looking statements within the meaning of the U.S. securities laws, which reflect the current views of Oaktree Capital Group, LLC (“Oaktree”) with respect to, among other things, future investment opportunities. Forward-looking statements contained in this letter speak only as of the date of this letter. Except as required by law, Oaktree does not undertake any obligation to publicly update or review any forward-looking statement. The factors listed under “Risk Factors” in Oaktree’s Annual Report on Form 10-K for the year ended December 31, 2013 filed with the SEC on February 28, 2014 (“Annual Report”), which is accessible on the SEC’s website at www.sec.gov, provide examples of risks, uncertainties and events that may cause Oaktree’s actual results to differ materially from the expectations described in its forward-looking statements. In addition, Oaktree discloses in this letter certain financial measures, including segment revenues, adjusted net income and distributable earnings, that are calculated and presented on the basis of methodologies other than in accordance with generally accepted accounting principles in the United States (“non-GAAP”). These non-GAAP financial measures are discussed more fully in, and the reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are included under, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Annual Report and are accessible on the SEC’s website at the following link: <http://services.corporate-ir.net/SEC.Enhanced/SecCapsule.aspx?c=212597&fid=9302096>