

# Private Debt Characteristics

## Pros

- High Expected Net Returns (10-11% on average)
  - Substantially higher gross returns (a combination of yield, fees, OID, and call premiums) than comparable public market securities (high yield bonds, tradable bank loans, asset-backed securities, CMBS)
  - Low loss history in underlying portfolios
- Primarily Floating Rate
  - Approximately 80% of ASRS's ongoing private debt commitments are expected to be floating rate investments
- Full Due Diligence by Managers
- Customized Covenants and Credit Monitoring

## Cons

- Illiquid
- Delayed Deployment of Capital