



Stacy Chitty  
Managing Partner



Luke Schmidt  
Sr. Financial Analyst



Maria Smorgonskaya  
Sr. Financial Analyst



James Sprow  
Sr. V.P. - Research



## Educational Series

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# Blue Vault

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Our goal is to provide the most in-depth and thorough research available on alternative investments, including nontraded REITs, BDCs, and Closed-End Funds, Interval Funds and Private Offerings to help educate financial advisors and help protect investors.

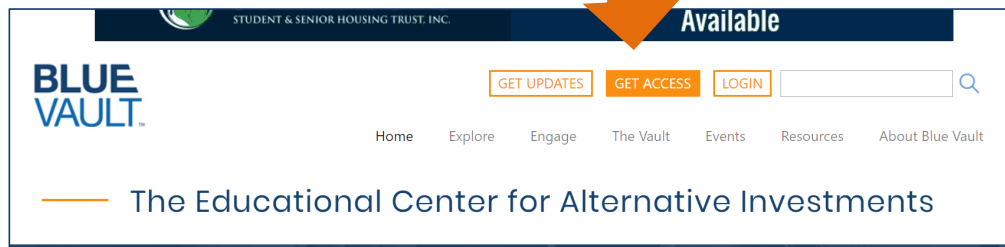
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# Polling Question

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## 1. Which best describes why you use alternatives?

- Income
- Diversification
- Total Return
- Market non-correlation

# Interval Fund Reporting Disclaimer

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DIFFICULT COMPARISONS



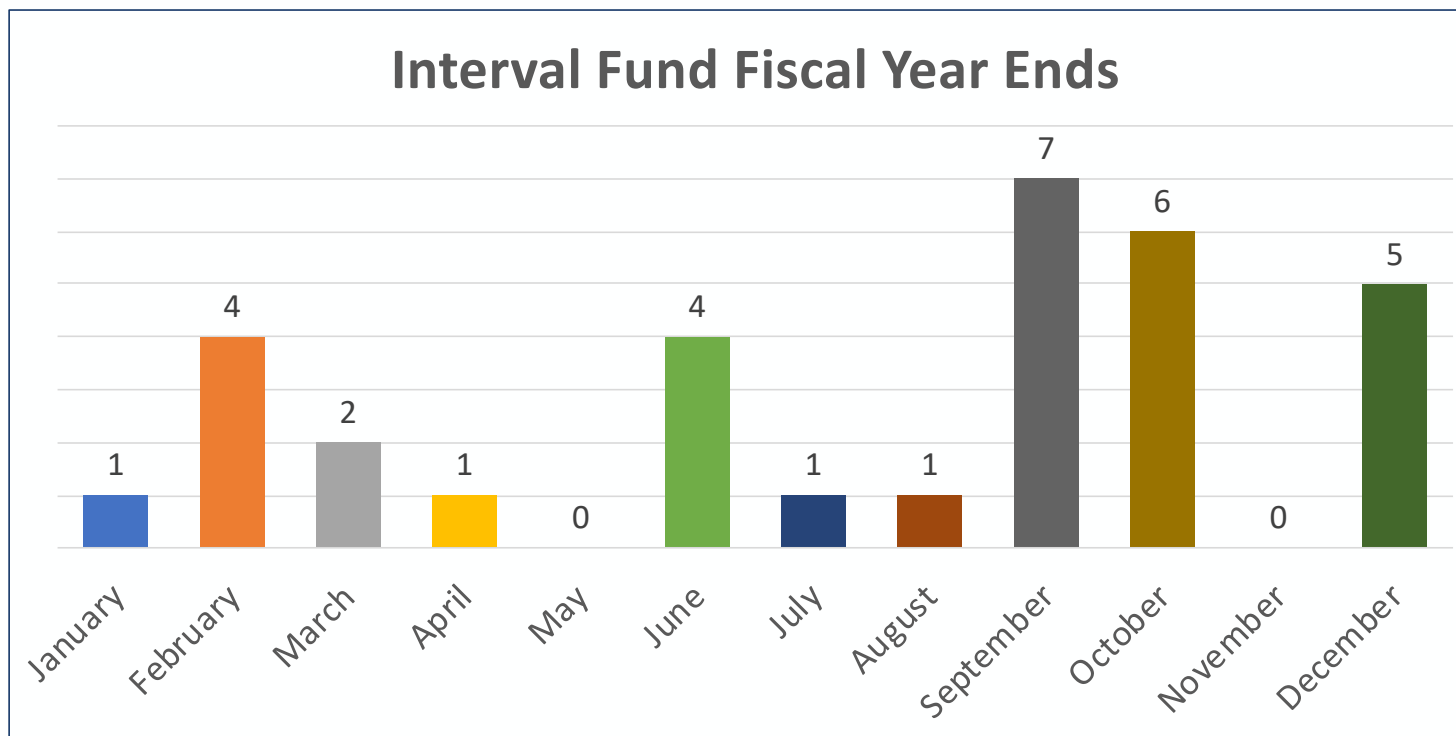
INFORMATION IS CURRENT THROUGH  
APRIL 30, 2019



# Interval Fund Reporting Disclaimer

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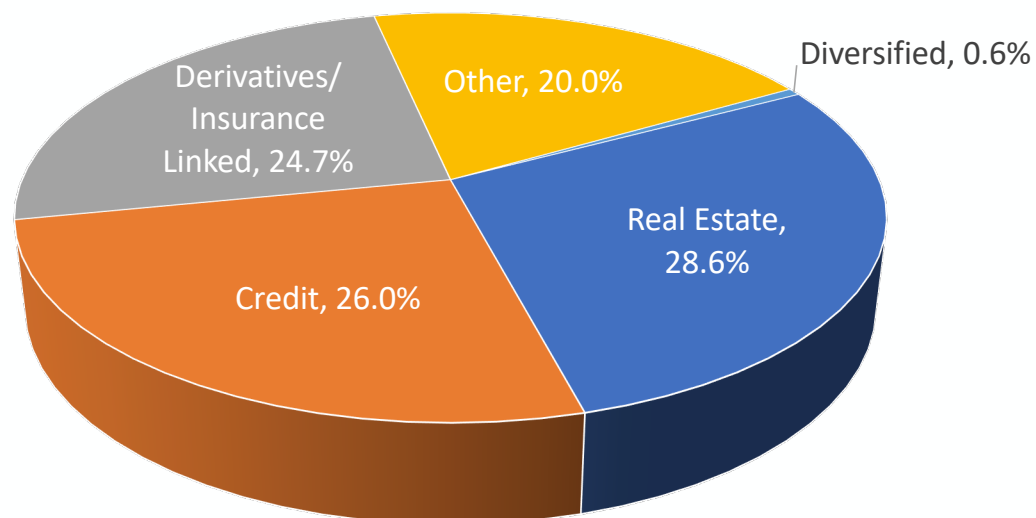
- Difficult Comparisons
  - Differing Time Periods
  - Six-Month Intervals
  - Differing Investment Strategies
  - Differing Asset Classes
- Information is current through April 30, 2019
  - Annual and Semi-Annual Reports
  - Quarterly Schedule of Portfolio Holdings



## Interval Fund Fiscal Years



## Interval Fund Types by Total Assets



## Interval Fund Types by Asset Focus

## Interval Fund Features

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- Ability to invest in private and illiquid securities
- Pricing Transparency
- Ongoing Offerings
- Periodic Liquidity
- Low Investment Minimums

## Pricing Transparency

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- Daily NAVs announced by fund
- Purchase price is NAV per share as of purchase date plus upfront fees (if applicable)
- Repurchase price is NAV per share as of repurchase date

## Periodic Liquidity

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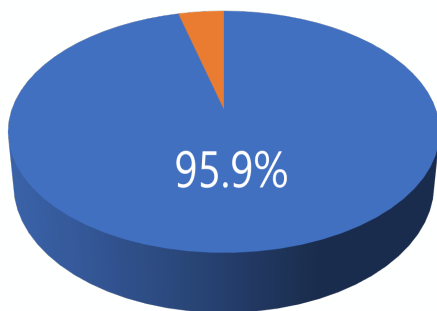
- Quarterly redemption offers
- Typically up to 5% of outstanding shares per quarter may be repurchased
- Priced at NAV as of repurchase date

# Blue Vault Interval Fund Coverage

32 Interval Funds Covered by Blue Vault

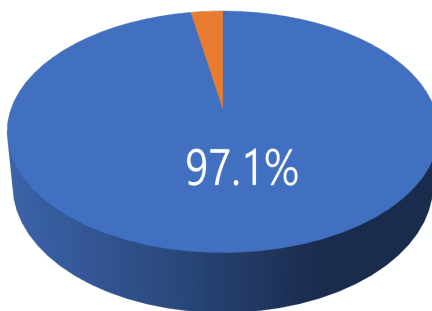
24 Interval Funds with < \$50 million in Total Assets or < 1 year of operations

\$34.6 billion in Total Assets



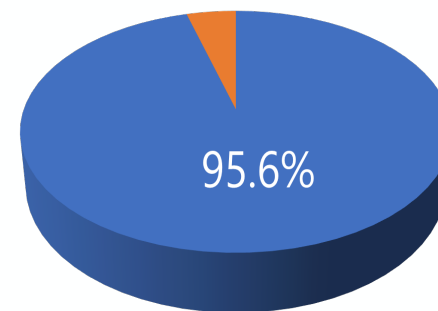
■ Industry Total Assets

\$28.9 billion in Net Assets

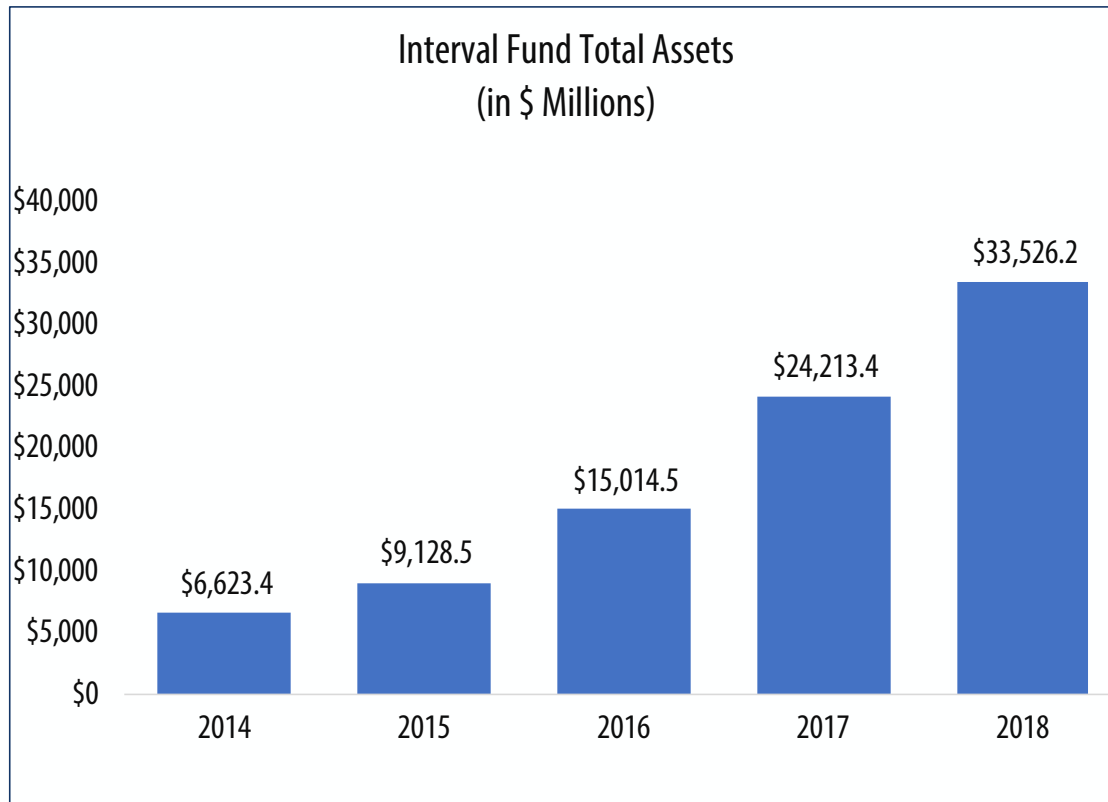


■ Industry Net Assets

\$7.6 billion in Net Offering Proceeds in Calendar 2018



■ Net Offering Proceeds

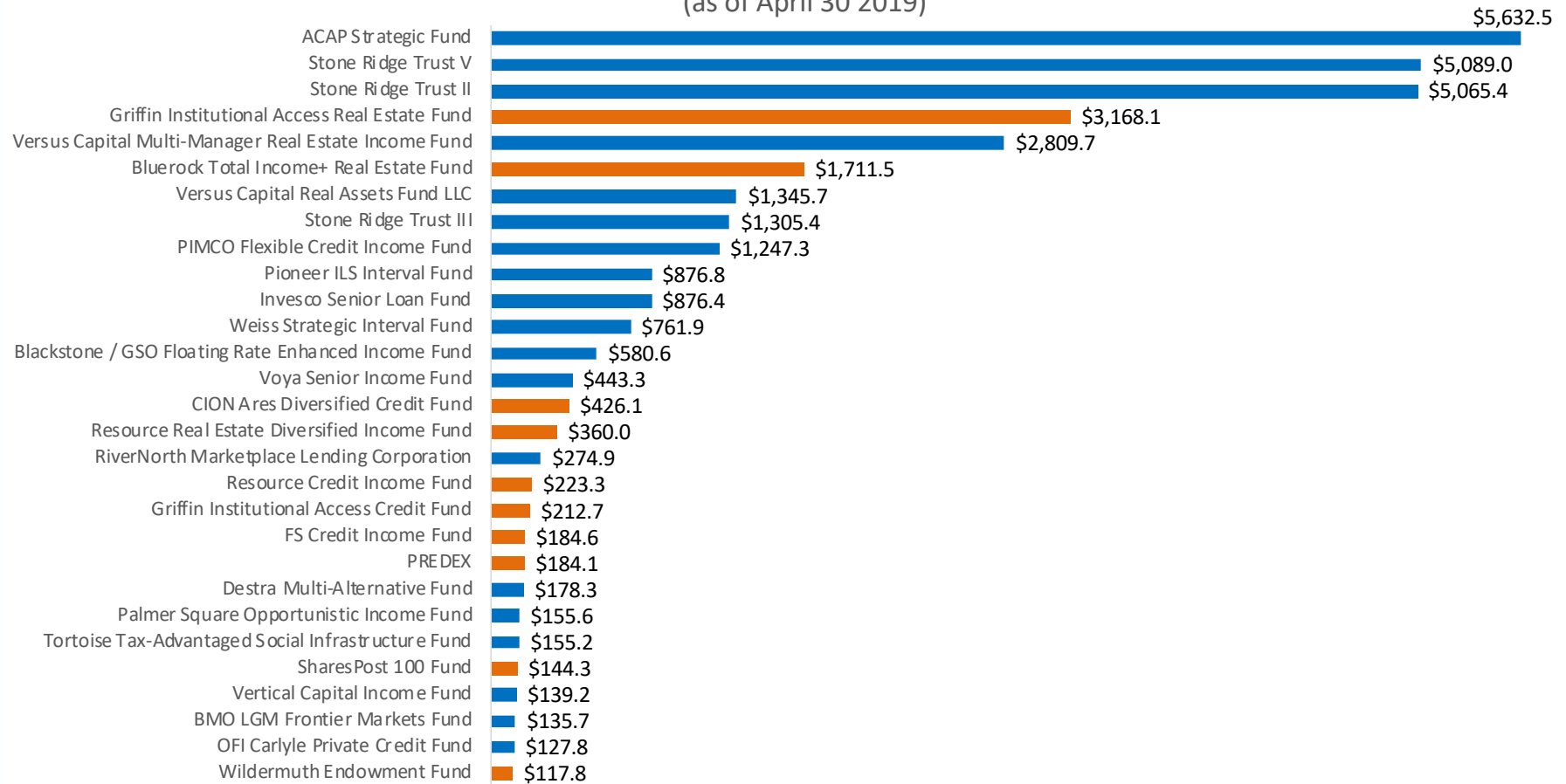


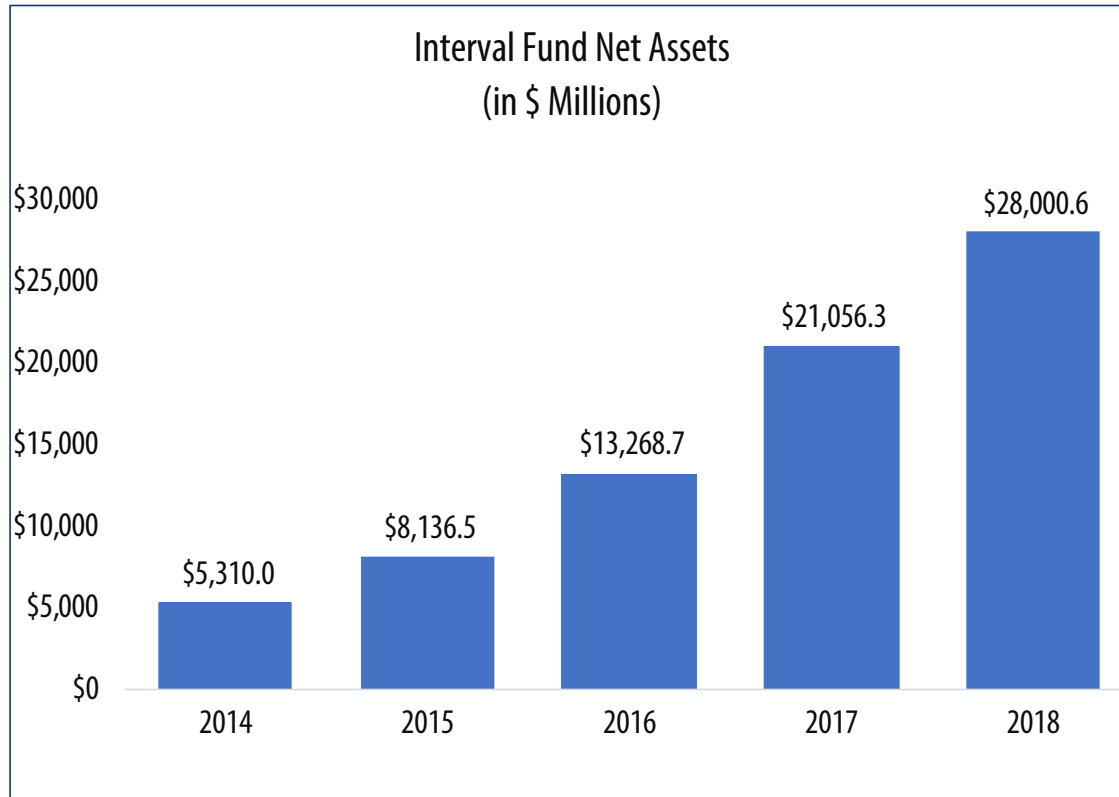
# Annual Total Assets

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## Total Assets, by Interval Fund (in \$ Millions)

(as of April 30 2019)



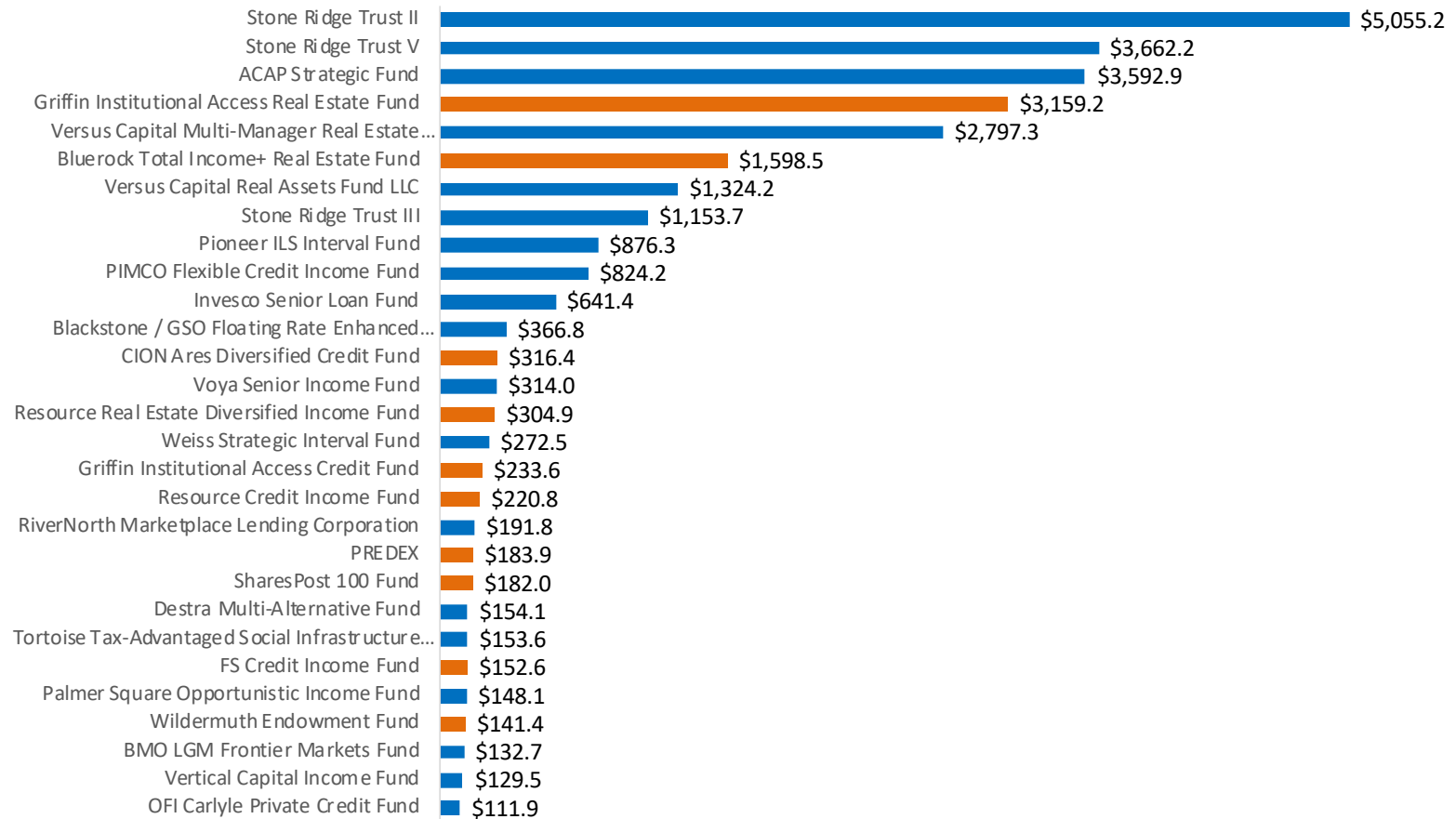


# Annual Net Assets

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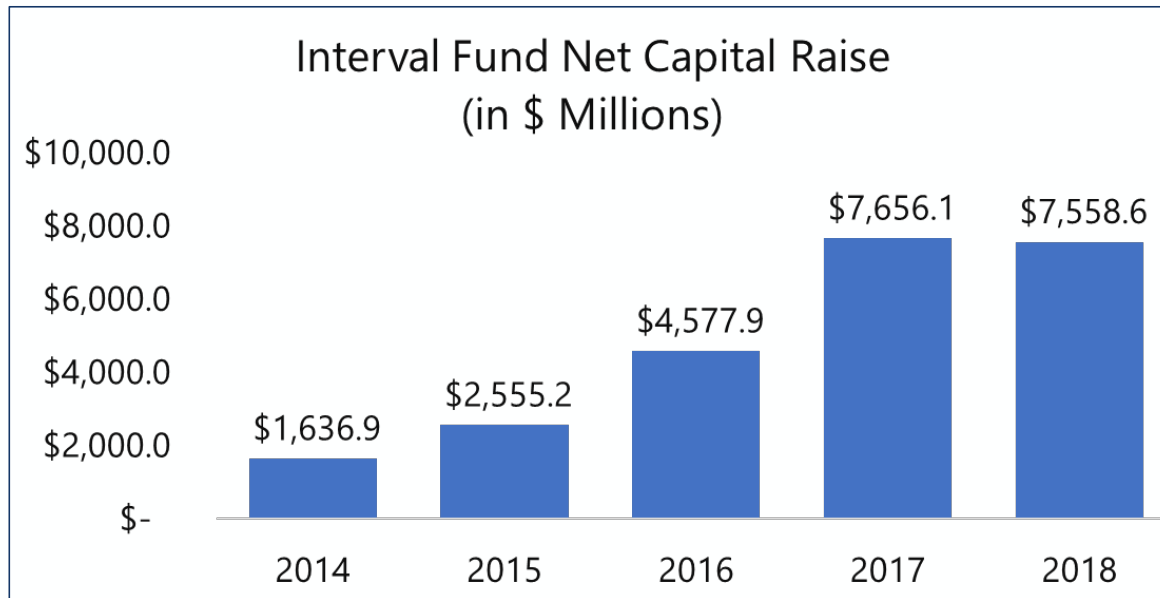


**Net Assets, by Interval Fund (in \$ Millions)**  
(as of April 30, 2019)

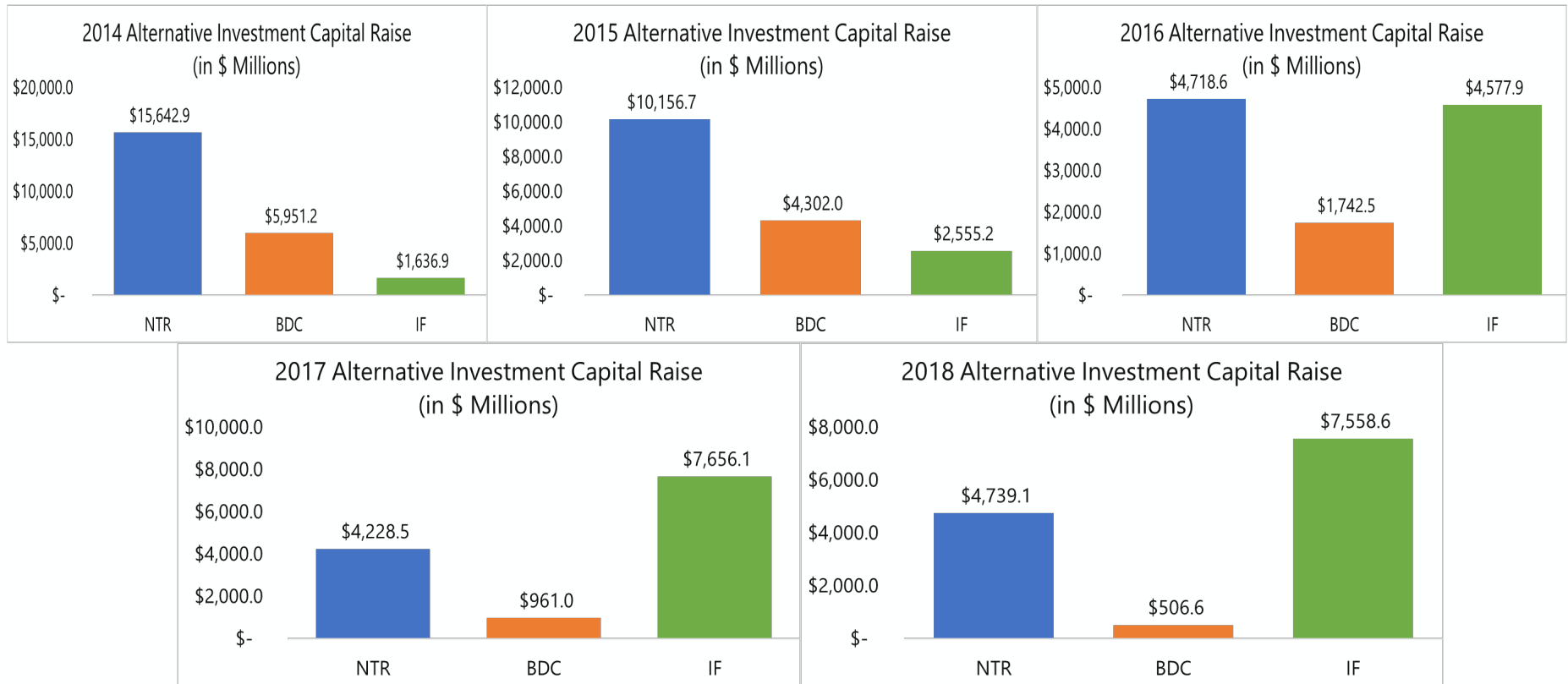


# Annual Net Capital Raise

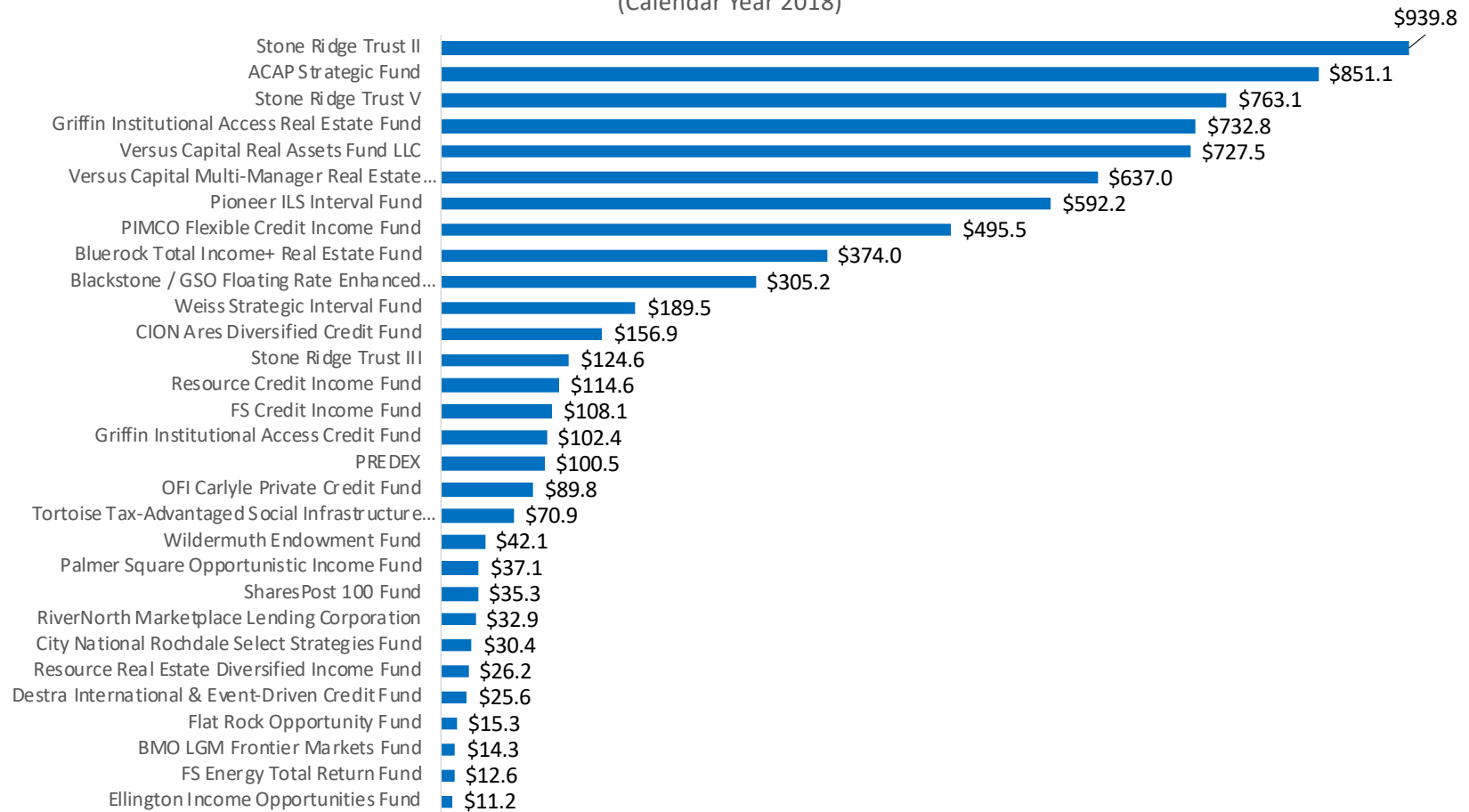
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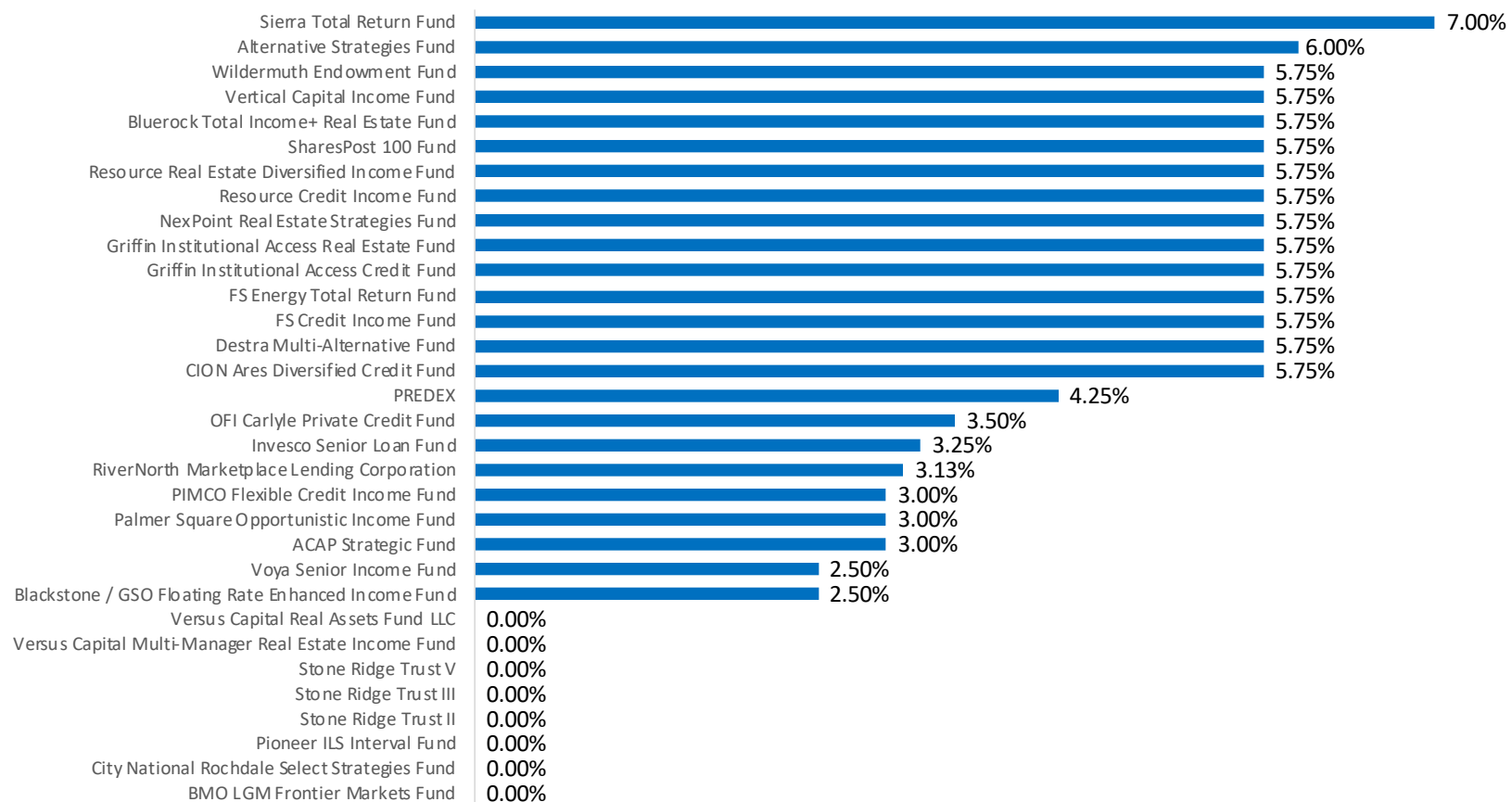
# Alternative Investment Capital Raise



**Net Offering Proceeds, by Interval Fund (in \$ Millions)**  
(Calendar Year 2018)

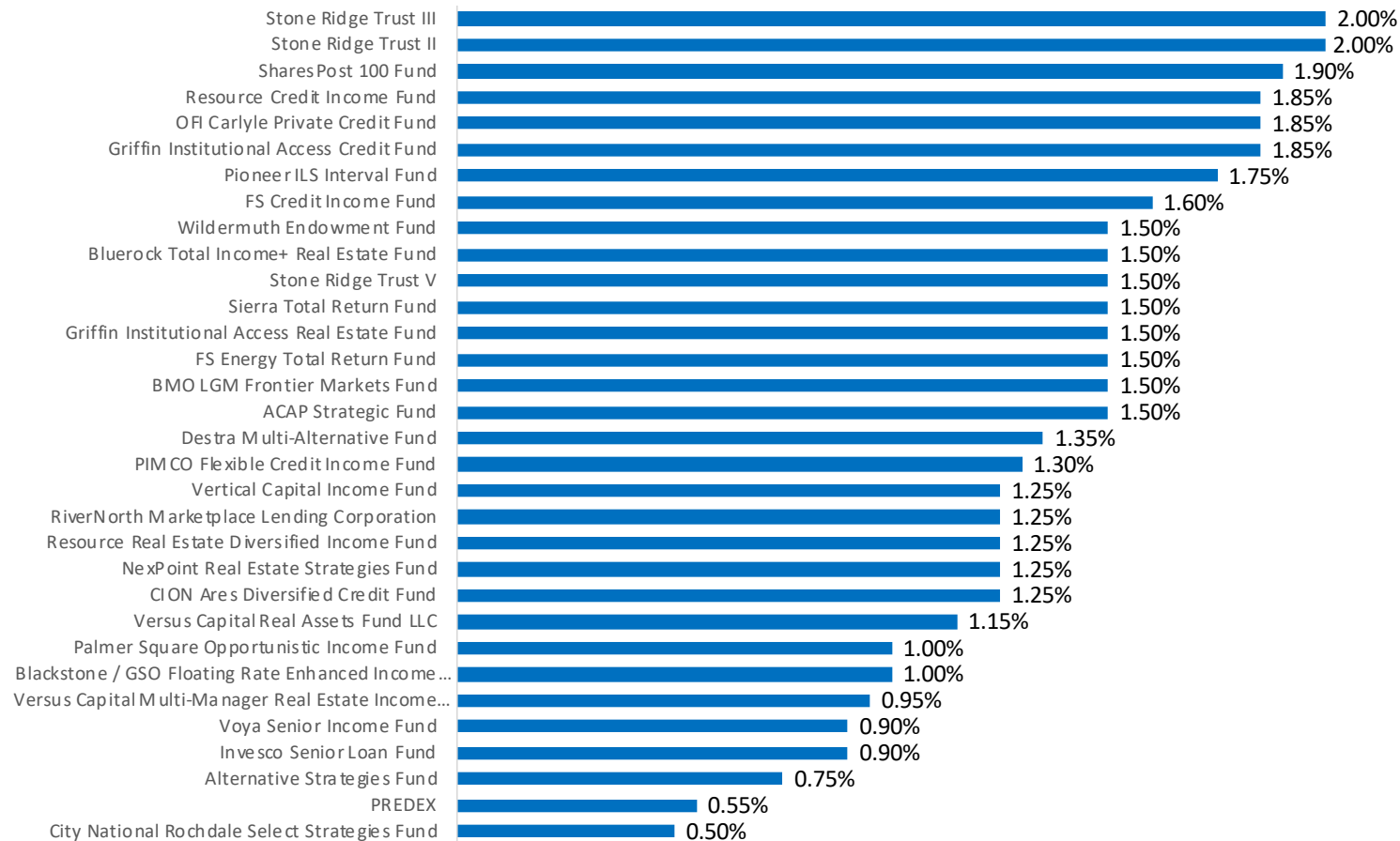


### Maximum Sales Load, by Interval Fund (As of April 30, 2019)



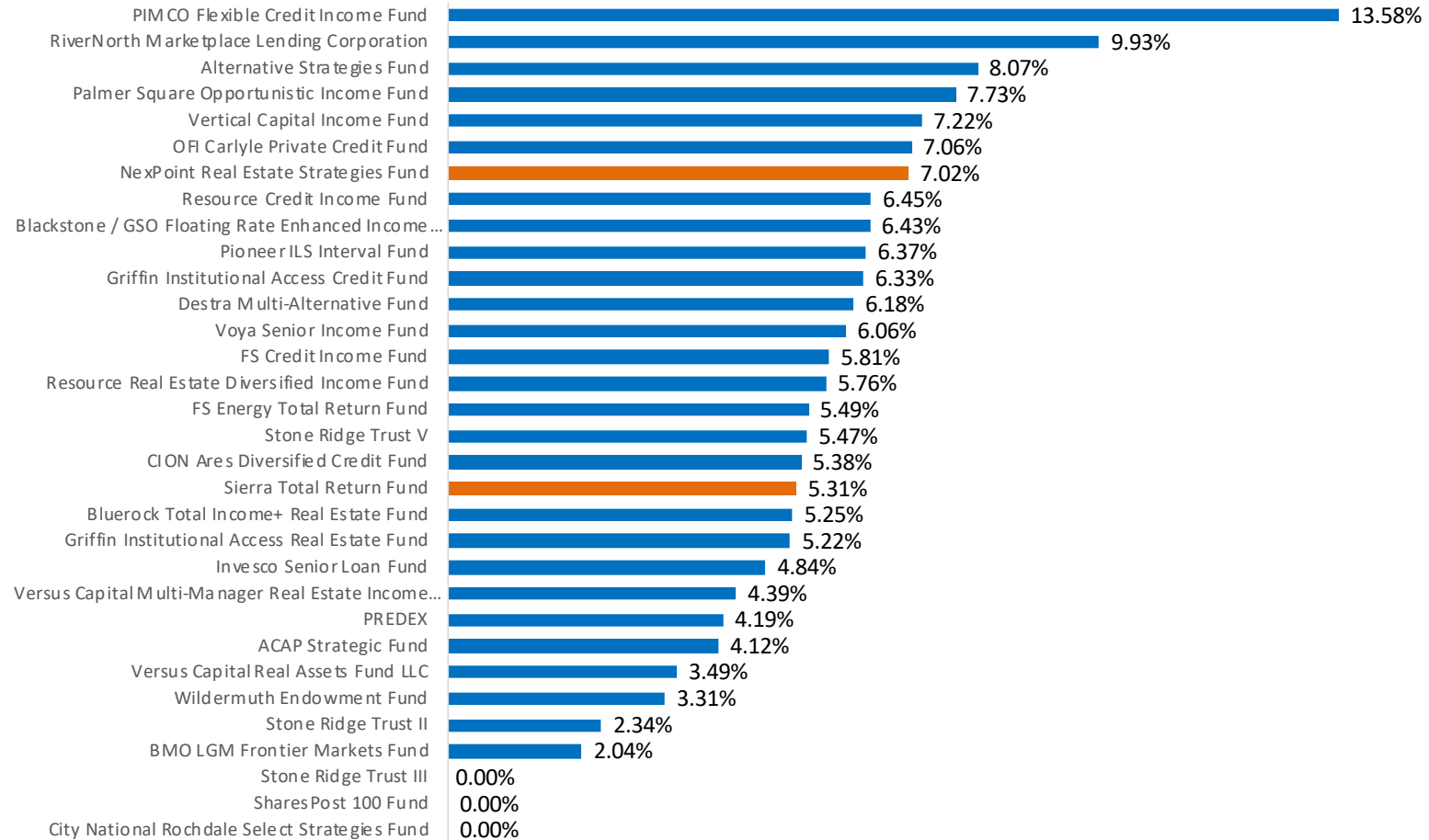
## Annual Management Fee, by Interval Fund

(As of April 30, 2019)

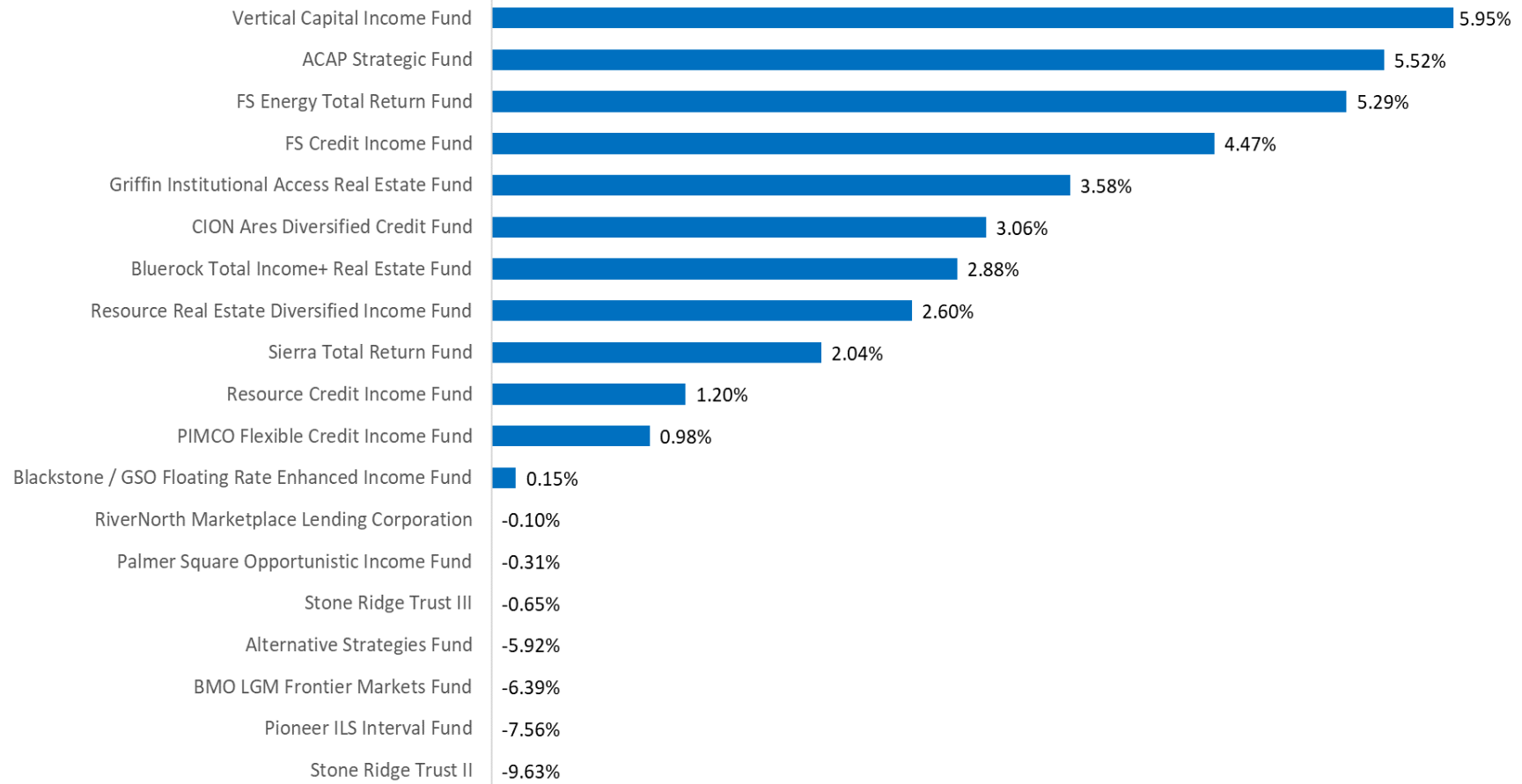


## Distribution Yields by Interval Fund (in \$ Millions)

(As of April 30, 2019)

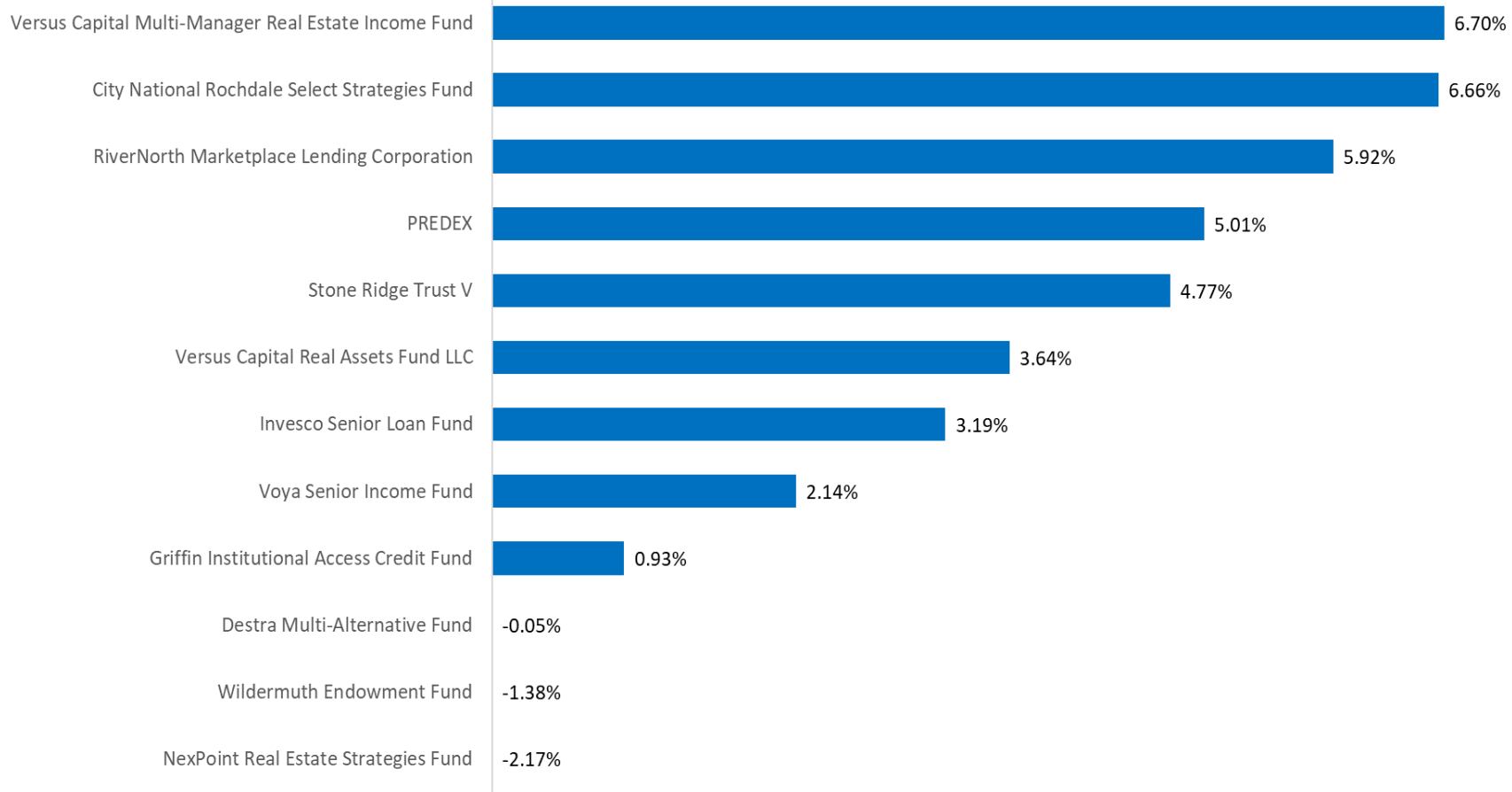


Semi-Annual Returns, by Interval Fund (in \$ Millions)  
 (As of April 30, 2019)





Annual Returns, by Interval Fund (in \$ Millions)  
(As of April 30, 2019)



# Polling Question

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## 2. Which best describes your current alts strategy

- I will increase my use of alts
- I will decrease my use of alts
- I will maintain my use of alts

## Measuring Risk and Return for Interval Funds

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### MEASURING PRICING (NAV) VOLATILITY

#### Standard Deviation

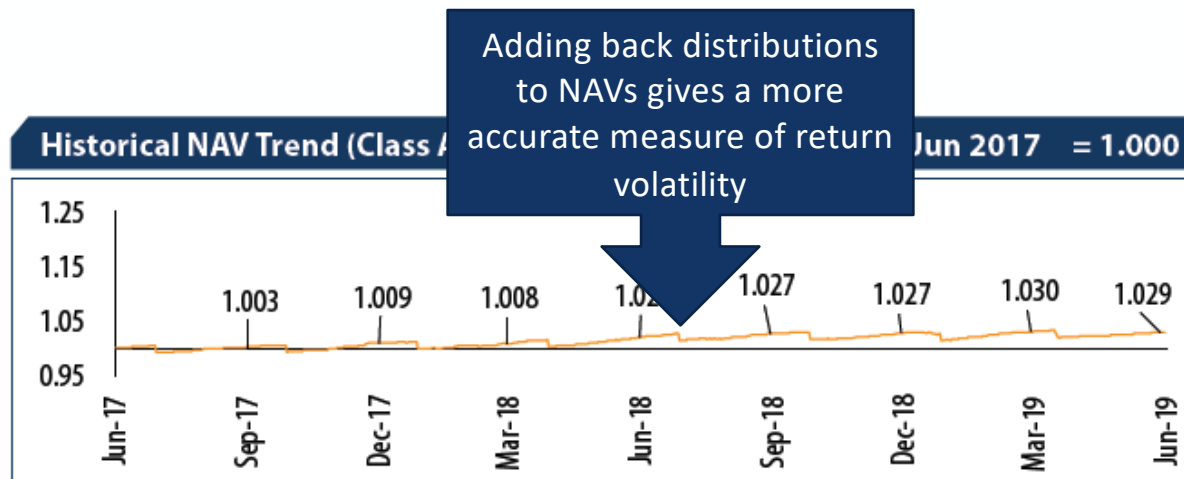
- Measures how much the NAVs of the funds vary around their averages over a given time period
- A lower standard deviation indicates lower risk
- Distributions will reduce the NAVs and are added back to give a more accurate measure of variations in total returns

### MEASURING TOTAL RETURN VS. VOLATILITY

#### Sharpe Ratio

- Uses a measure of “excess return” which is the total return less a “risk-free rate” such as the yield on Treasuries
- Compares the excess return to the volatility of returns measured by the standard deviation
- Higher Sharpe Ratios indicate a better trade-off between return and risk

# From a Blue Vault Interval Fund Report



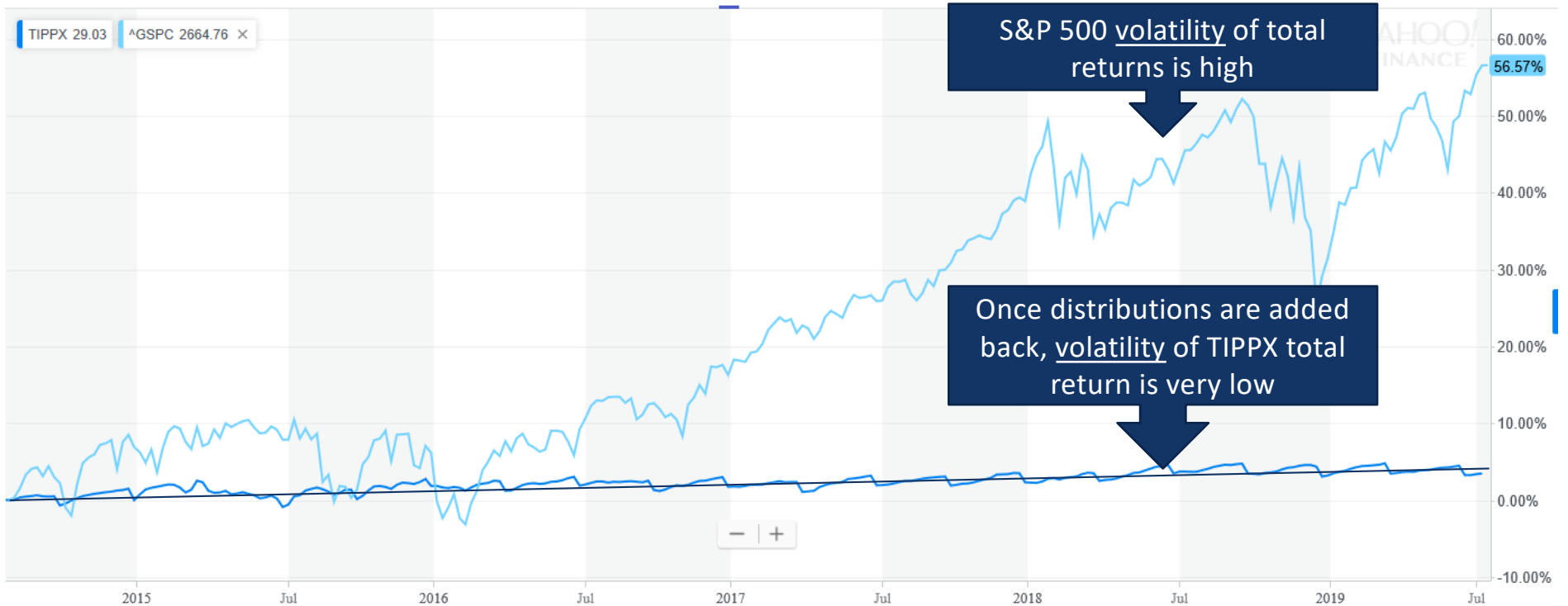
Risk Measures (Class A)

	TTM H1 F19	TTM H1 F18	TTM H1 F17
Standard Deviation	0.68%	0.72%	0.81%
Sharpe Ratio	6.6	7.2	5.0
Correlation with S&P 500	0.44	0.39	0.16

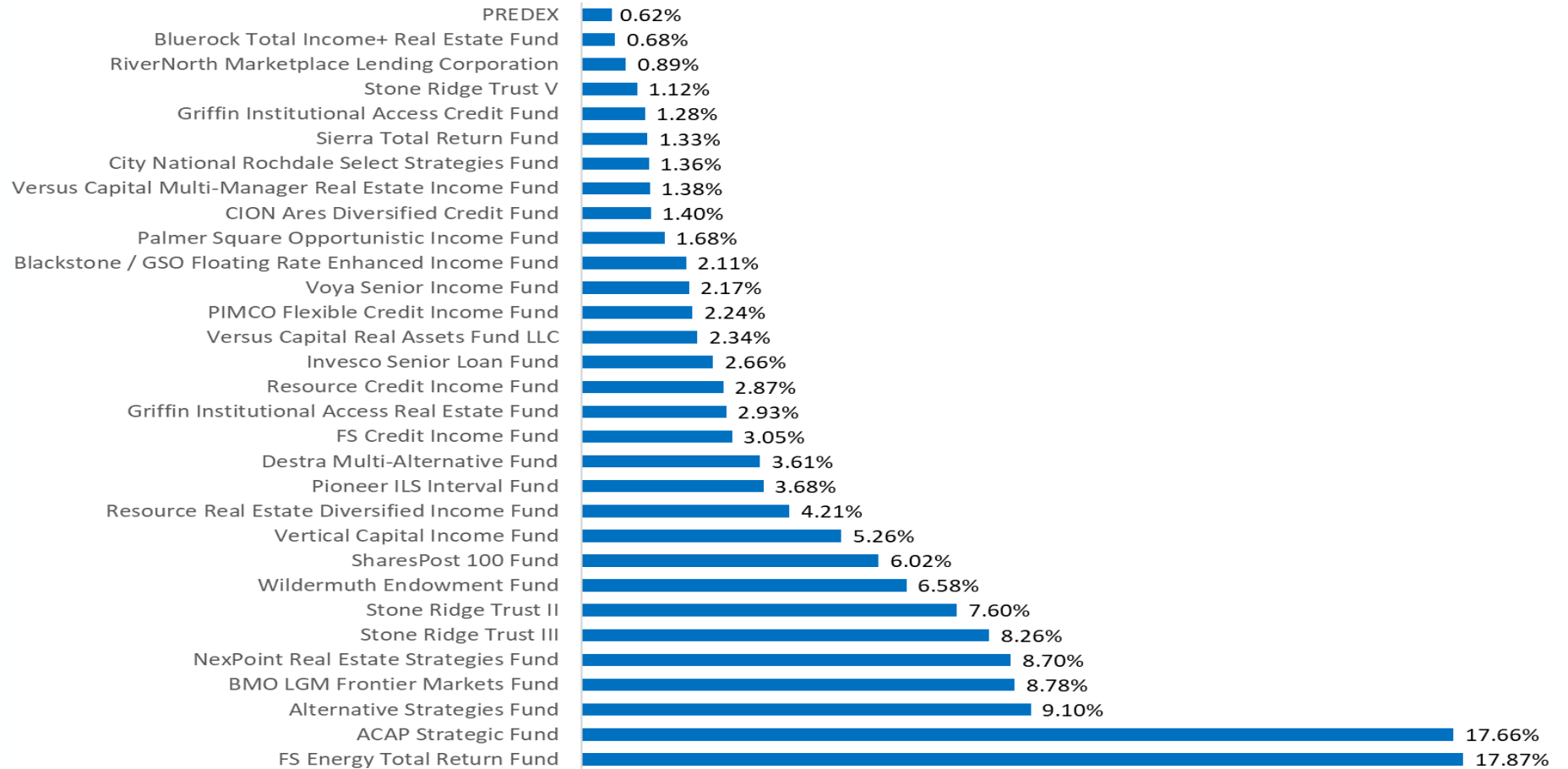
Higher Sharpe Ratios show better risk-adjusted returns

Lower correlations with other assets reduces investor portfolio volatility

# Bluerock Total Income+ Total Return Fund (TIPPX) 5-Year NAV Trend



Standard Deviation, by Interval Fund (in \$ Millions)  
(TTM As of April 30, 2019)



# Sharpe Ratio

## Definition

Measures risk-adjusted returns by calculating the excess return above the risk-free rate (e.g. return on Treasury securities) per unit of risk (standard deviation). The higher the ratio, the better the risk-adjusted returns.

## Why it's useful

- Easy to calculate
- Standardizes relationship between risk and return

## Limitations

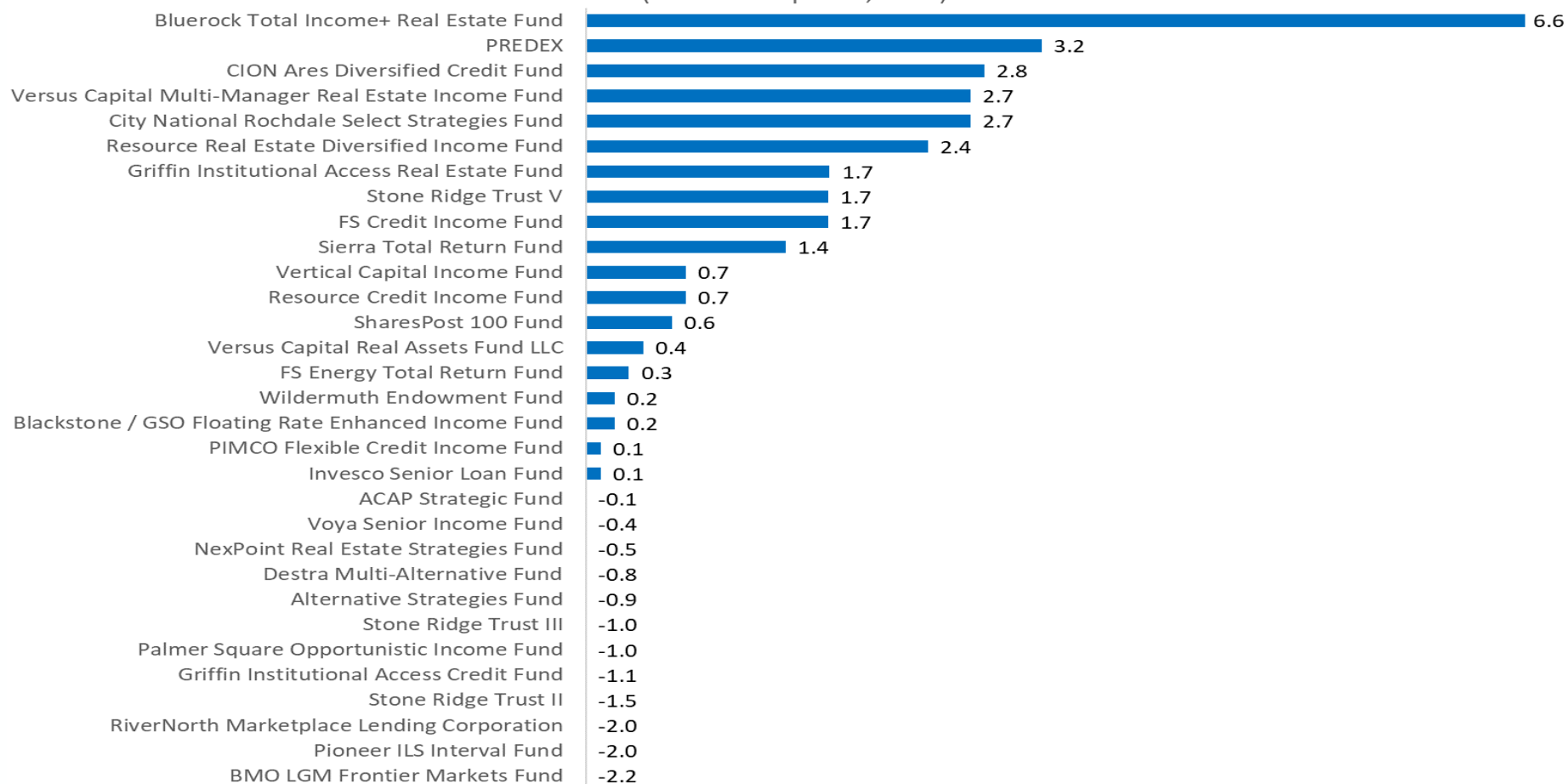
- Illiquid assets lower the overall portfolio's standard deviation, impacting the Sharpe Ratio
- The Sharpe Ratio accounts for historical returns and volatility, but gives no indication of future risks/returns
- Comparisons reveal very little unless compared to other Sharpe Ratios of similar investments for same time period
- Reliance on standard deviation as measurement of risk

$$\text{Sharpe Ratio} = \frac{\text{Average Daily IF Total Return} - \text{Average Daily Treasury Bond Return}}{\text{Standard Deviation of IF Daily Return}}$$

$$\text{Sharpe Ratio} = \frac{R_{IF} - RT}{\sigma_{IF}}$$



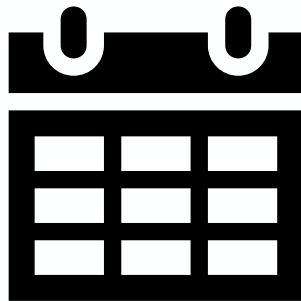
Sharpe Ratio, by Interval Fund (in \$ Millions)  
(TTM As of April 30, 2019)



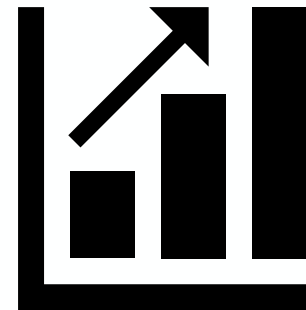
# Blue Vault's Interval Fund Reporting

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UPDATED REPORTS EVERY SIX  
MONTHS



FULL ANALYSIS OF INTERVAL FUND  
PERFORMANCE



# Blue Vault's Interval Fund Reports

Regularly updated reports on all active Interval Funds with over \$50 million in assets and at least one year of operating history.

Interval Fund



## Interval Fund and Nontraded Closed-End Fund Review

Period Ending: March 31, 2019

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### Resource Credit Income Fund

[Click here for DEFINITIONS](#)

**Total Assets** \$228.3 Million

**Investments** \$209.3 Million

**Cash & Cash Equivalents** \$1.7 Million

**Other** \$10.3 Million



Share Details:	Class A	Class C	Class W	Class I	Class L
Public Offering Price	\$11.52	\$10.98	\$10.85	\$10.88	\$11.33
Current NAV Per Share	\$10.86	\$10.98	\$10.85	\$10.88	\$10.85
Current Distribution Yield	6.43%	5.83%	6.43%	6.43%	6.27%
Effective Date	4/20/15	4/20/15	4/20/15	4/20/15	7/28/17
Ticker	RCIX	RCIC	RCIW	RCIL	RCILX

**Cash & Cash Equivalents to Total Assets Ratio** 1.7%

**Fund Type** Interval Fund

**Asset Type** Credit

**Sponsor/Advisor** Resource Alternative Advis, LLC

**Sub-Advisor** N/A

**Fiscal Year Ending** September 30

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**Investment Strategy**

The fund's investment objective is to produce current income and achieve long-term capital appreciation with low to moderate volatility and low to moderate correlation to the broader markets. The fund pursues its investment objective by investing in the debt of small- to middle-market companies with a focus on transactions sourced for the fund by its Advisor, including in fixed-income oriented funds.

**Historical NAV Trend (Class A)**



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**Risk Measures (Class A)**

	TTM H1 F19	TTM H1 F18	TTM H1 F17
Standard Deviation	2.87%	1.06%	3.14%
Sharpe Ratio	0.66	1.30	7.38
Correlation with S&P 500	0.54	0.36	0.42

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**Net Offering Proceeds (\$ Million)**



**Historical Distributions**



**Distributions and Earnings**



**Portfolio Yields**



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**Portfolio by Asset Type**



**Portfolio Composition**

Top Portfolio Holdings	%	\$ MIL
Tree Line Credit Strategies LP	7.6%	\$15.9
CVI European Midmarket Solutions Fund	5.7%	\$11.9
Goldtree Credit Opportunities Fund	4.6%	\$9.7
BlackRock Global Credit Opportunities Fund, LP	4.5%	\$9.5
Ares Capital Corp.	3.7%	\$7.8

**Total Returns (Net of Fees, Excludes Sales Charges)**

	H1 F19	H1 F18	H1 F17
Class A	-1.20%	2.08%	12.37%
Class C	-0.75%	1.71%	12.10%
Class W	-1.11%	2.08%	12.25%
Class I	1.24%	2.21%	12.54%
Class L	0.98%	1.95%	

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**Share Repurchases**



**Key Statistics**

Fund Operating Expense Ratio (Gross)	2.84%
Fund Operating Expense Ratio (Net)	2.69%
Annual Management Fee	1.85%
Leverage Ratio	0.00%
GAAP Earnings Payout Ratio	233.46%
Waivers as % of Distributions	2.16%

**Contact Information**

www.ResourceNts.com

Resource Alternative Advis, LLC  
717 Fifth Avenue, 14th Floor  
New York, NY 10022

866-773-4120

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## Interval Fund and Nontraded Closed-End Fund Review

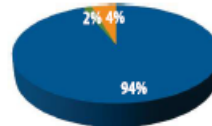
Period Ending: March 31, 2019



## Resource Credit Income Fund

[Click here for DEFINITIONS](#)

Total Assets	\$223.3 Million
Investments	\$209.3 Million
Cash & Cash Equivalents	\$3.7 Million
Other	\$10.3 Million



Cash & Cash Equivalents to Total Assets Ratio	1.7%
Fund Type	Interval Fund
Asset Type	Credit
Sponsor/Advisor	Resource Alternative Advisor, LLC
Sub-Advisor	N/A
Fiscal Year Ending	September 30

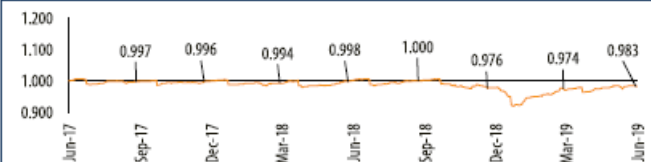
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Current NAV Per Share	\$10.86	\$10.98	\$10.85	\$10.88	\$10.85
Current Distribution Yield	6.45%	5.65%	6.45%	6.62%	6.27%
Effective Date	4/20/15	4/20/15	4/20/15	4/20/15	7/28/17
Ticker	RCIAX	RCICX	RCIWX	RCIIX	RCILX

## Historical NAV Trend (Class A)

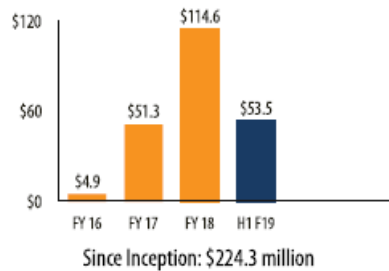
Jun 2017 = 1.000



## Risk Measures (Class A)

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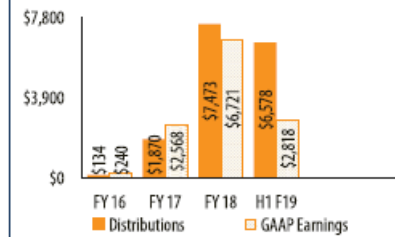
### Net Offering Proceeds (\$ Millions)



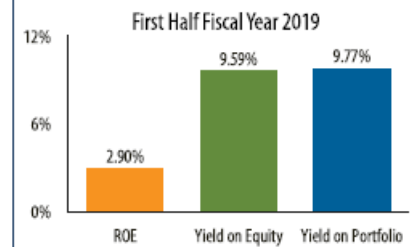
### Historical Distributions

	A	C	W	I	L
Q1 F18	\$0.18	\$0.16	\$0.18	\$0.18	\$0.17
Q2 F18	\$0.18	\$0.16	\$0.18	\$0.18	\$0.17
Q3 F18	\$0.18	\$0.16	\$0.18	\$0.18	\$0.17
Q4 F18	\$0.18	\$0.16	\$0.18	\$0.18	\$0.17
Q1 F19	\$0.18	\$0.16	\$0.18	\$0.18	\$0.17
Q2 F19	\$0.18	\$0.16	\$0.18	\$0.18	\$0.17

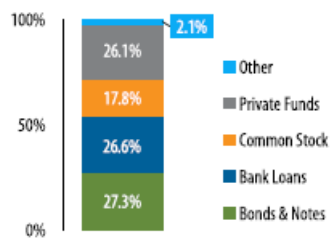
### Distributions and Earnings



### Portfolio Yields



### Portfolio by Asset Type



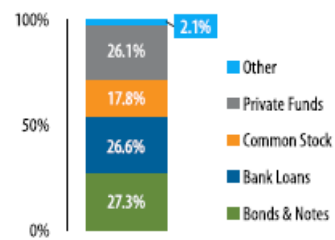
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### Total Return (Net of Fees, Excludes Sales Charges)

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### Portfolio by Asset Type



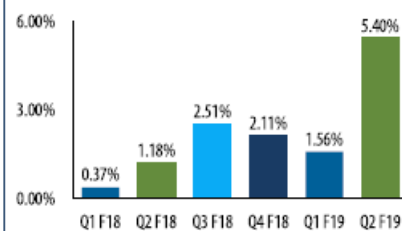
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Class I	1.24%	2.21%	12.54%
Class L	0.98%	1.95%	

### Share Repurchases



As a percent of average net assets for the period.

### Key Statistics

Fund Operating Expense Ratio (Gross)	2.84%
Fund Operating Expense Ratio (Net)	2.69%
Annual Management Fee	1.85%
Leverage Ratio	0.00%
GAAP Earnings Payout Ratio	233.46%
Waivers as % of Distributions	2.16%

### Contact Information

[www.ResourceAlts.com](http://www.ResourceAlts.com)

Resource Alternative Advisor, LLC  
717 Fifth Avenue, 14th Floor  
New York, NY 10022

866-773-4120

# Conclusions

Interval Funds provide access for individual investors to a variety of alternative asset types.

Daily NAV reporting and quarterly repurchases provide both improved transparency and liquidity.

Semi-annual reporting periods and varied fiscal years make direct performance comparisons across Interval Funds problematic.

Since 2016, capital raised by Interval Funds has eclipsed nontraded REITs and continues to increase with over 56 active funds.

Daily NAVs and frequent distributions make it possible to cautiously apply common risk measures to Interval Fund returns, with widely varying results.

- ACAP Strategic Fund
- Alternative Strategies Fund
- Blackstone / GSO Floating Rate Enhanced Income Fund
- Bluerock Total Income+ Real Estate Fund
- BMO LGM Frontier Markets Fund
- CION Ares Diversified Credit Fund
- City National Rochdale Select Strategies Fund
- Destra Multi-Alternative Fund
- FS Credit Income Fund
- FS Energy Total Return Fund
- Griffin Institutional Access Credit Fund
- Griffin Institutional Access Real Estate Fund
- Invesco Senior Loan Fund
- NexPoint Real Estate Strategies Fund
- OFI Carlyle Private Credit Fund
- Palmer Square Opportunistic Income Fund
- Pioneer ILS Interval Fund
- PIMCO Flexible Credit Income Fund
- PREDEX
- Resource Credit Income Fund
- Resource Real Estate Diversified Income Fund
- RiverNorth Marketplace Lending Corporation
- SharesPost 100 Fund
- Sierra Total Return Fund
- Stone Ridge II
- Stone Ridge III
- Stone Ridge IV
- Versus Capital Multi-Manager Real Estate Income Fund
- Versus Capital Real Assets Fund
- Vertical Capital Income Fund
- Voya Senior Income Fund
- Wildermuth Endowment Fund

## Interval Funds Covered by Blue Vault



## Upcoming Webinars:

Educational Series Webinar:  
Why Private Offerings  
Are So Critical for Your  
Clients

July 18 at 2:00 pm EDT

Performance Series Webinar:  
A Deeper Look at  
Black Creek Group  
and Resource

July 24 at 2:00 pm EDT

Performance Series Webinar:  
A Deeper Look at  
Carter Validus and  
Griffin Capital

August 6 at 2:00 pm EDT

For information and registration links, go to  
[www.bluevaultpartners.com/event-calendar](http://www.bluevaultpartners.com/event-calendar)

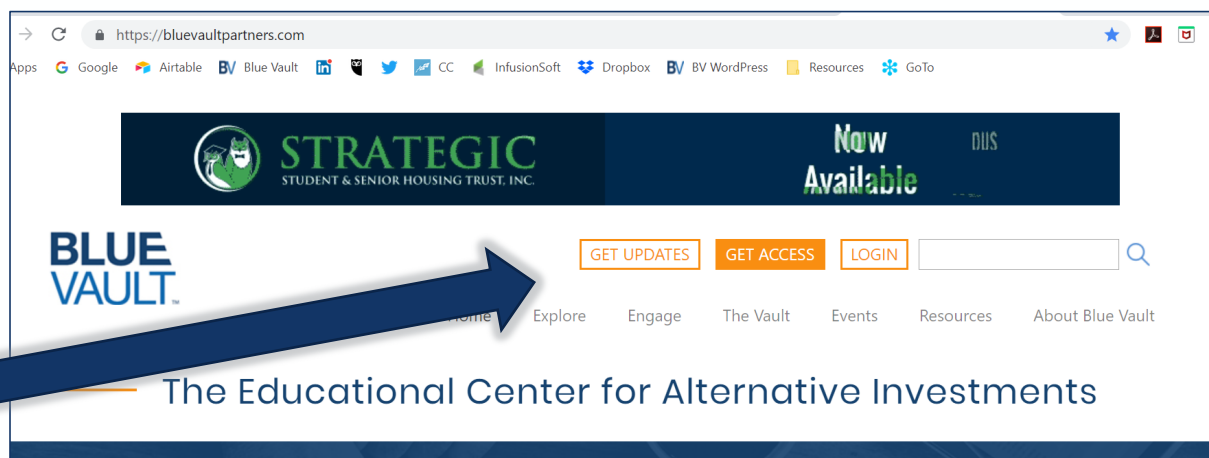
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Get the most relevant alternative investment industry content, including nontraded REITs, BDCs, and Closed-End Funds, Interval Funds and Private Offerings, delivered right to your inbox.





# Questions

# Thank You!

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To download the Q1 2019 Blue Vault Nontraded REIT Industry Review, BDC Industry Review, and Interval Funds please visit our Blue Vault website at:

[www.bluevaultpartners.com](http://www.bluevaultpartners.com)