



PORTFOLIO  
ADVISORS LLC

FS INVESTMENTS\*

# Alternatives access for all.

We are a global alternative asset manager dedicated to delivering superior performance and innovative investment solutions for a wide range of clients, including institutional investors, financial advisors and individual investors.

## Key facts As of March 31, 2023

**\$75B+**  
Total AUM<sup>1</sup>

**10**  
Global offices  
(Headquartered in  
Philadelphia)

**580+**  
Professionals  
worldwide

**28+**  
Years of experience  
investing on behalf  
of institutional clients

**22**  
Private and public  
market offerings

Access to a broad suite of alternative asset classes and strategies through our best-in-class investment teams and partners:

### Credit expertise

Private credit  
Credit secondaries  
Multi-sector credit  
Special situations credit

PORTFOLIO  
ADVISORS LLC

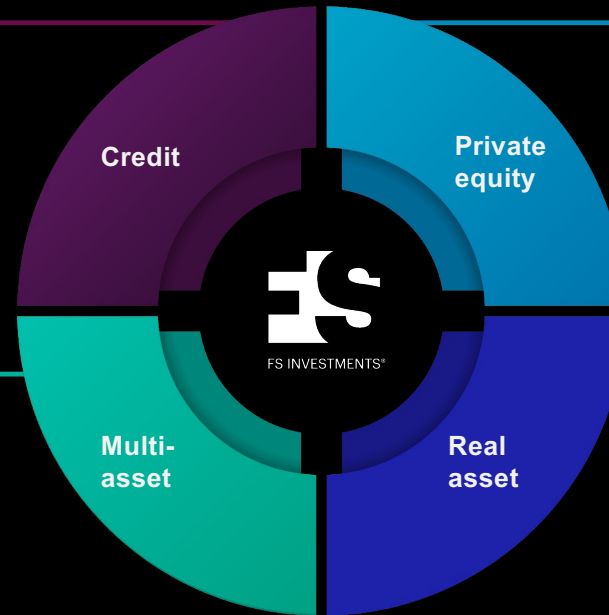
KKR



### Multi-asset expertise

Global allocation  
Multi-strategy  
Bitcoin access

Wilshire



### Private equity expertise

Direct co-investment  
Secondaries (LP + GP-led)  
Primaries

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### Real asset expertise

Real estate credit  
Real estate secondaries

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# Where are we headed?

## Key factors impacting returns

- 1 Tightening monetary conditions**

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- 2 Interest rate risk**

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- 3 Elevated inflation**

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- 4 Regionalization**

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- 5 Equity market concentration risk**

# The Galactic Mean Reversion is Destiny (while admittedly has been on Holiday in '23 so far)!

Indexed to 100 (1990–March 31, 2023)

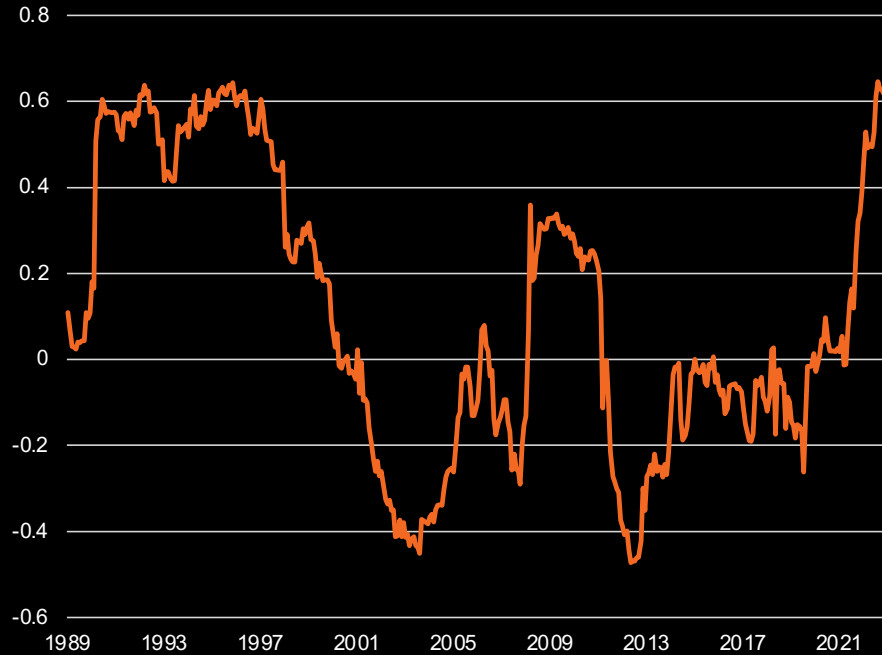


Source: S&P500, M2, Real GDP, and Median wages rebased to 1990. Federal Reserve, S&P Dow Jones Indices, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Macrobond FS Investments, as of March 31, 2023.

# Building diversified portfolios is no easy task

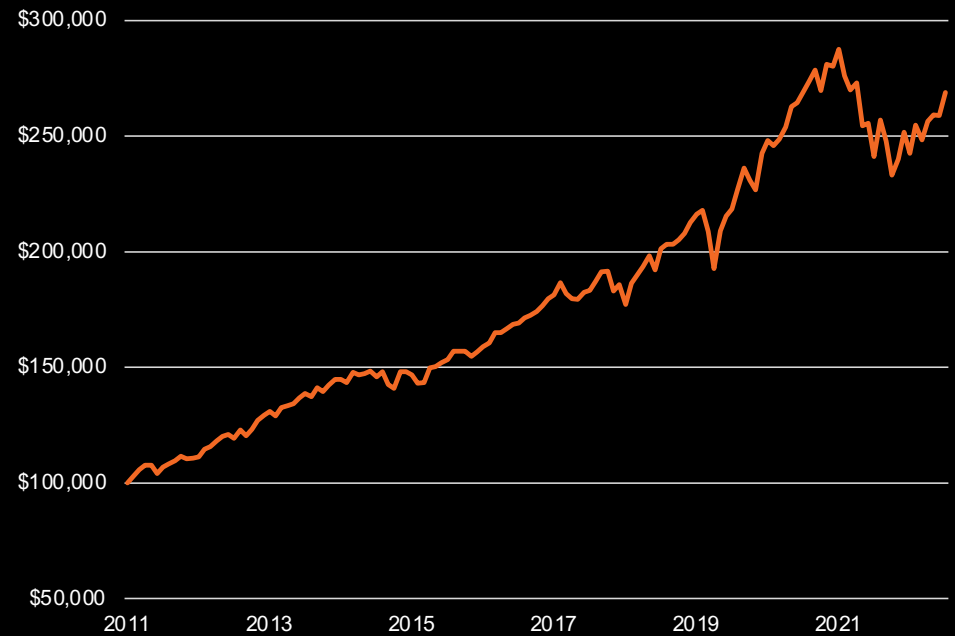
Stocks and bonds are correlated again

Rolling 3-year stock/bond correlation<sup>1</sup> (August 31, 1989 – June 30, 2023)



The traditional 60/40 has hit a wall

Growth of \$100,000 (December 31, 2011 – June 30, 2023)<sup>2</sup>



1. Source: Bloomberg Finance LP, FS Investments. Rolling 36-month correlation between S&P 500 and Bloomberg Aggregate Bond Index. August 31, 1989–June 30, 2023.

2. Source: Bloomberg Finance LP, FS Investments. 60/40 portfolio comprised of 60% S&P 500, 40% Bloomberg Aggregate Bond Index. Measured from December 31, 2011–June 30, 2023. Diversification does not ensure a profit or guarantee against a loss.

# Diversification

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FS INVESTMENTS®

Class I  
FSMSX

Class A  
FSMMX

# FS Multi-Strategy Alternatives Fund

A differentiated solution for today's challenging markets

Overall Morningstar Rating™



based on the risk-adjusted returns for Class I out of 126 funds in the Morningstar Multistrategy category as of 7/31/2023

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Diversification does not ensure a profit or guarantee against a loss. Not all share classes are available at all firms.



# FS Multi-Strategy Alternatives Fund

A timely solution providing differentiated:

## Expertise

A solution to outsource your core alternative allocation

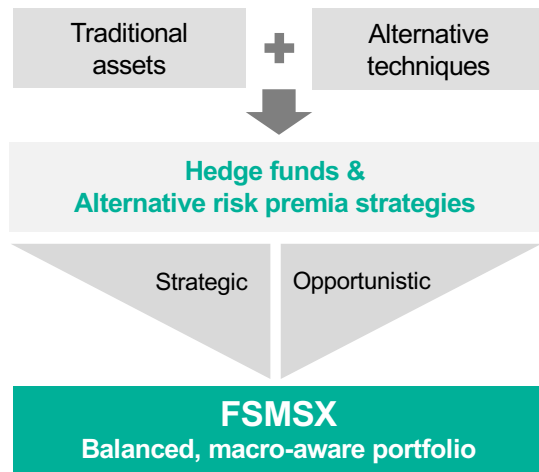


**Wilshire**



## Approach

Multi-strategy portfolio using a broad toolkit to target specific drivers of return and risk



## Results

Seeks returns independent of broad market performance to potentially increase a portfolio's risk-adjusted returns

**Beta**

**0.10**

S&P 500<sup>1</sup>

**Correlation**

**0.47**

S&P 500<sup>1</sup>

**0.14**

Agg<sup>1</sup>

**Sharpe ratio**

**17th percentile**

in Morningstar category<sup>2</sup>

**Downside capture**

**5.71%**

vs. S&P 500<sup>3</sup>

Morningstar Percentile Ranking for Sharpe ratio since inception for Class I is out of 131 funds in the Morningstar Multistrategy category as of 7/31/2023.

**Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be higher or lower. For additional performance and information, please see slide 21.** All FSMSX portfolio data is as of July 31, 2023. Diversification does not ensure a profit or guarantee against a loss.

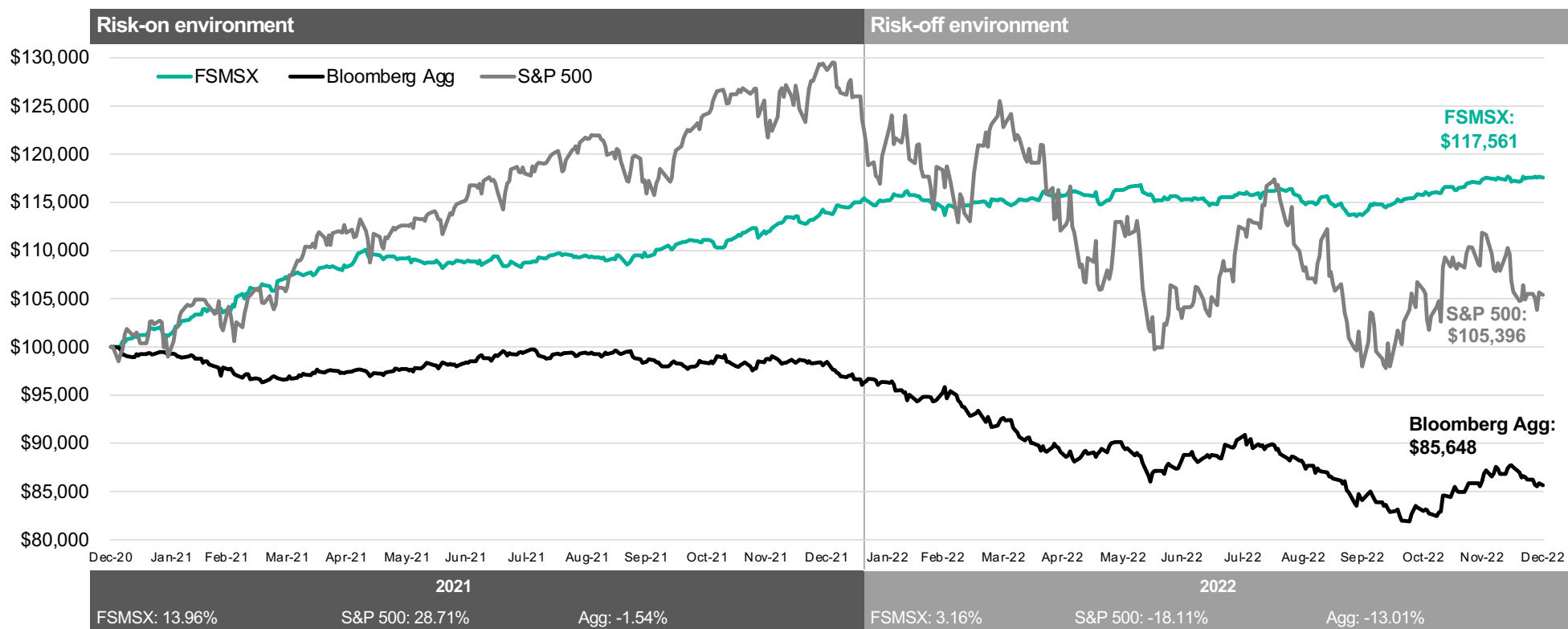
1. Bloomberg, as of July 31, 2023. Based on Class I shares.

2. Morningstar Percentile Rankings for Sharpe ratio is relative to all the funds in the same Morningstar category, where 1 is the highest and 100 is the lowest percentile rank. Ratings and rankings are one measure of performance. Past performance is no guarantee of future results. The FS Multi-Strategy Alternatives Fund Class I was rated against the following numbers of U.S.-domiciled Multistrategy funds for Sharpe ratio over the following periods ending 7/31/2023: 37th percentile among 128 funds in the one-year period, 6th percentile among 110 funds in the five-year period.

3. Bloomberg. Data reflects period from May 16, 2017, to June 30, 2023. Based on Class I shares. Down months include February 2018, March 2018, October 2018, December 2018, May 2019, August 2019, January 2020, February 2020, March 2020, September 2020, October 2020, January 2021, September 2021, November 2021, January 2022, February 2022, April 2022, June 2022, August 2022, September 2022 and December 2022.

# Case study: FSMSX performance vs equities and bonds

Growth of \$100,000 from January 1, 2021 – December 31, 2022



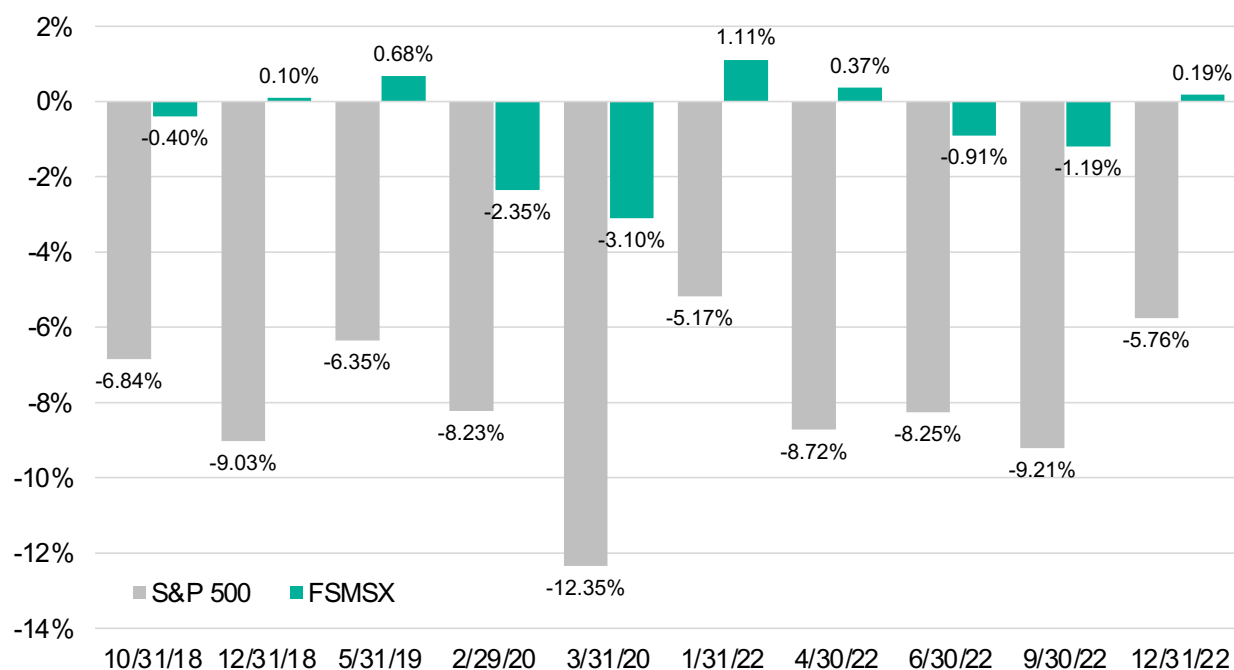
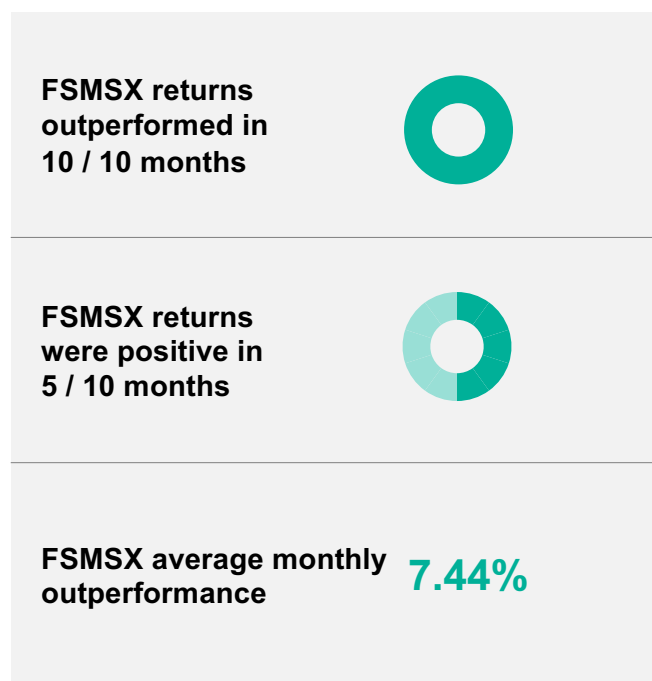
**Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be higher or lower. For additional performance and information, please see slide 21.** The benchmarks shown are for illustrative purposes only. An investment cannot be made directly in an index. The Fund's actual investments and performance may differ substantially from those of the index presented.

Source: Bloomberg Finance L.P., as of December 31, 2022



# Capital preservation vs. equities

FSMSX performance during 10 worst months for the S&P 500 since inception

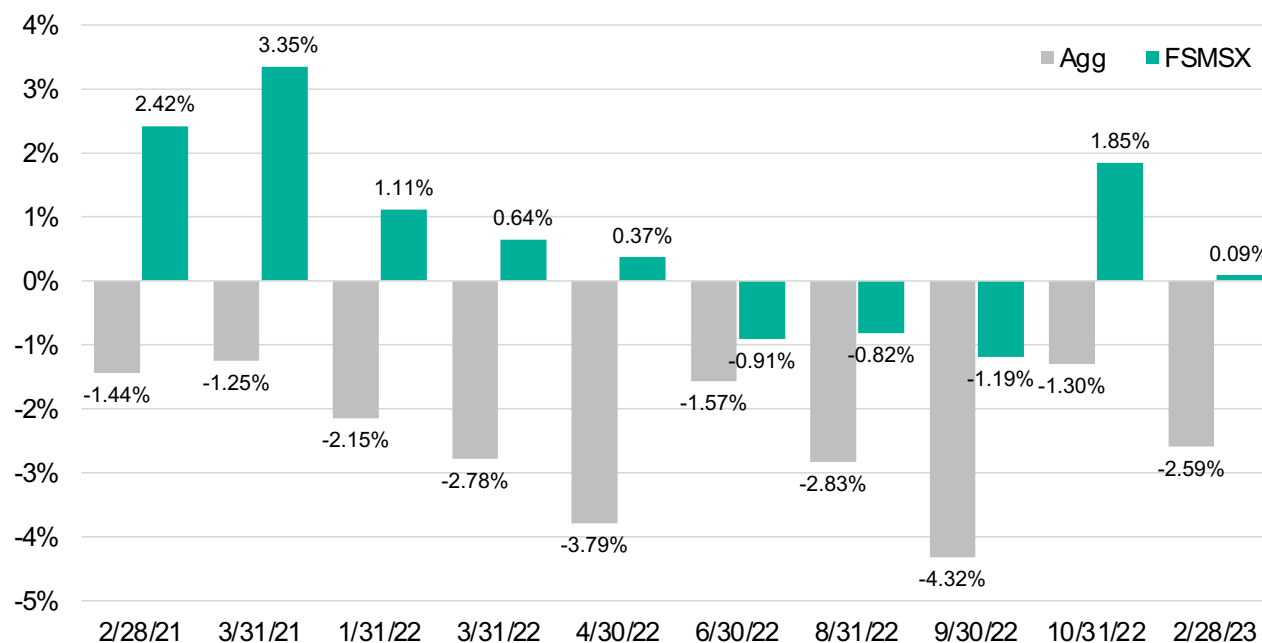
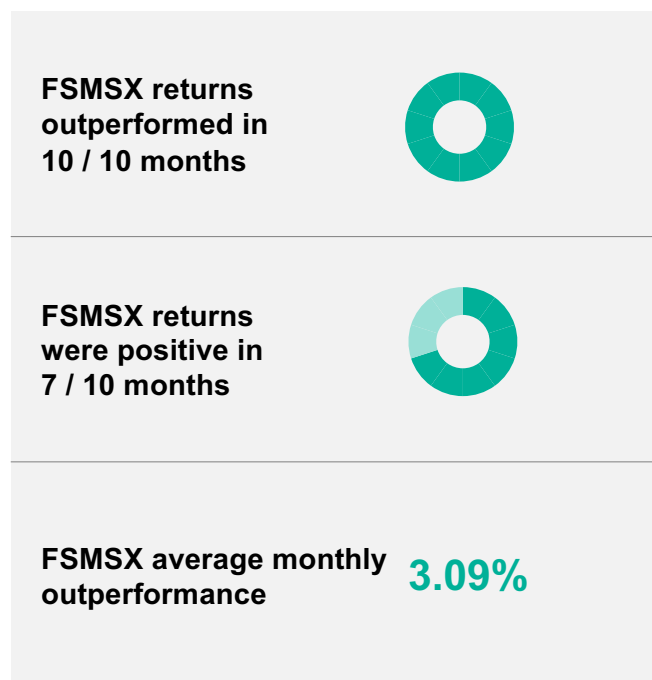


Source: Bloomberg. As of July 31, 2023.

Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be higher or lower. For additional performance and information, please see slide 21. The benchmarks shown are for illustrative purposes only. An investment cannot be made directly in an index. The Fund's actual investments and performance may differ substantially from those of the index presented.

# Capital preservation vs. fixed income

FSMSX performance during 10 worst months for the Agg since inception

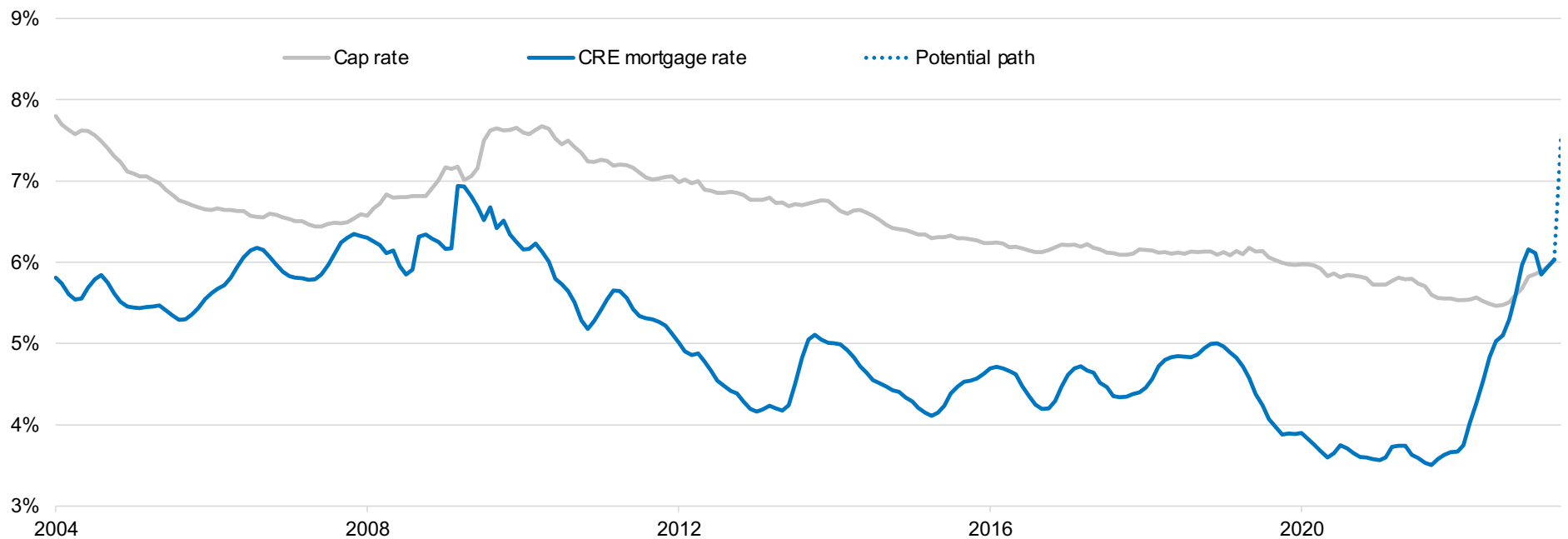


Source: Bloomberg. As of July 31, 2023.

**Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be higher or lower. For additional performance and information, please see slide 21.** The benchmarks shown are for illustrative purposes only. An investment cannot be made directly in an index. The Fund's actual investments and performance may differ substantially from those of the index presented.

# Mortgage rates exceed cap rates – Roll up the capital structure

Rising mortgage costs may benefit lenders



Source: MSCI Real Capital Analytics, Bankrate.com, as of May 31, 2023.

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# Performance disclosures

1. Returns (shown with and without sales charge) are the total returns an investor received for the highlighted period taking into account all distributions paid during such period. Returns are net of all FS Credit REIT expenses, including general and administrative expenses, transaction-related expenses, management fees, performance participation allocation, and share class-specific fees. The calculation is net of any ongoing stockholder servicing fees, as applicable, and assumes that the investor purchased shares at NAV, as applicable, at the beginning of the applicable period and reinvested all cash distributions pursuant to FS Credit REIT's distribution reinvestment plan ("DRP"). Valuation as of the end of each period is the NAV on such date. Class S stockholder returns (without sales charge) do not include selling commissions, which could total up to 3.50% of the transaction price. Had such selling commissions been included, performance would be lower. Class S stockholder returns (with sales charge) assume payment of the maximum upfront sales charge of 3.50% at the beginning of the applicable period.
2. The annualized distribution rate shown is expressed as a percentage equal to the projected annualized distribution amount per share (which is calculated by annualizing the most recent monthly cash distribution per share as of the date indicated, without compounding), divided by the NAV per share. For the three months ended March 31, 2023, 100% of FS Credit REIT's distributions were funded through net investment income. The determination of the tax attributes of distributions is made annually at the end of the fiscal year, and a determination made on an interim basis may not be representative of the actual tax attributes of distributions for a full year. The actual tax characteristics of distributions to stockholders are reported to stockholders annually on Form 1099-DIV. The payment of distributions on FS Credit REIT's of common stock is subject to the discretion of FS Credit REIT's board of directors and applicable legal restrictions and, therefore, there can be no assurance as to the amount or timing of any such distributions. FS Credit REIT currently intends to pay ordinary cash distributions monthly.
3. Represents the monthly NAV per share as of the close of business on April 30, 2023. NAV is determined by FS Real Estate Advisor in accordance with FS Credit REIT's valuation guidelines. There is no rule, regulation or industry practice that requires the NAV be calculated in a certain way, and FS Credit REIT's board of directors may adopt changes to the valuation guidelines. NAV is a non-GAAP financial measure and there is no rule, regulation or industry practice that requires that NAV be calculated in a certain way. The closest GAAP financial measure to NAV is stockholders' equity. NAV is stockholders' equity. As of April 30, 2023, the reconciliation of stockholders' equity to NAV (in thousands) was: stockholders' equity under GAAP of \$2,593,293 adjusted for accrued stockholder servicing fees of \$112,129 results in NAV of \$2,705,422, and the stockholders' equity per share was \$24.71.

# Glossary

**Beta** is a measure of an asset's or a portfolio's volatility, or systematic risk, in comparison to a benchmark or the market as a whole, reflecting the tendency of returns to respond to market swings.

**Correlation** is a statistical measure of the extent to which two securities move in relation to each other, often expressed via a coefficient ranging from +1 to -1.

**Duration** is a measure of how sensitive a fixed income investment's price is to a change in interest rates and is expressed as a number of years.

**Max drawdown or max loss statistic** is an indicator of the risk of a portfolio chosen based on a certain strategy that measures the largest single drop from peak to bottom in the value of a portfolio (before a new peak is achieved).

A **mortgage-backed security (MBS)** is a type of asset-backed security that is secured by a mortgage or collection of mortgages.

**Sharpe ratio** is an asset's excess return (the amount over the risk-free rate) divided by the standard deviation of excess returns. A higher value generally signifies a more attractive risk-adjusted return.

**Standard deviation** is a statistical measure of the dispersion of an asset's rate of return relative to its mean and is typically used to assess its historical volatility.

**Upside/downside capture ratio** shows whether and to what extent an investment has outperformed a broad benchmark during periods of market strength and weakness. An upside capture ratio over 100 means it usually gained more than the benchmark when benchmark returns were positive. A downside capture ratio less than 100 means it lost less than the benchmark when benchmark returns were negative.

# Index definitions

**Bloomberg U.S. Aggregate Bond Index (the Agg)** is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency).

**ICE BofAML U.S. 3-Month Treasury Bill Index** is composed of a single issue purchased at the beginning of the month and held for a full month. At the end of the month, that issue is sold and rolled into a newly selected issue.

**S&P 500 Index** is a market capitalization-weighted index of the 500 largest U.S. publicly traded companies by market value.

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# Disclosures

Morningstar ratings are specific metrics of performance and do not represent absolute performance of any fund. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance, placing more emphasis on downward variations and rewarding consistent performance. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating metrics. The Fund's other share classes may have different performance characteristics.

Total AUM estimated as of March 31, 2023. References to "assets under management" or "AUM" represent the assets managed by FS Investments or its strategic partners as to which FS Investments is entitled to receive a fee or carried interest (either currently or upon deployment of capital) and general partner capital. FS Investments calculates the amount of AUM as of any date as the sum of: (i) the fair value of the investments of FS Investments' investment funds; (ii) uncalled capital commitments from these funds, including uncalled capital commitments from which FS Investments is currently not earning management fees or carried interest; (iii) the value of outstanding CLOs (excluding CLOs wholly-owned by FS Investments); (iv) the fair value of FSK JV assets and FSEP JV assets; and (v) the fair value of other assets managed by FS Investments. FS Investments' calculation of AUM may differ from the calculations of other asset managers and, as a result, FS Investments' measurements of its AUM may not be comparable to similar measures presented by other asset managers. FS Investments' definition of AUM is not based on any definition of AUM that may be set forth in agreements governing the investment funds, vehicles or accounts that it manages and is not calculated pursuant to any regulatory definitions.

# Disclosures

FS Multi-Strategy Alternatives Fund is distributed by SEI Investments Distribution Co. (SIDCO), 1 Freedom Valley Drive, Oaks, PA 19456. SIDCO is not affiliated with FS Investment Solutions, LLC, Wilshire Advisors LLC, MidOcean Partners, Crabel Capital Mgmt., Mariner Investment Group, LLC., Electron Capital Partners, LLC, and Waterfall Asset Management, LLC.

**To determine if the Fund is an appropriate investment for you, carefully consider the Fund's investment objectives, risk, charges and expenses. This and other information can be found in the Fund (full and summary) prospectus, which can be obtained by calling 877-924-4766 or by visiting [www.fsinvestments.com](http://www.fsinvestments.com). Please read the prospectus carefully before investing.**

## RISK FACTORS

Investing in the Fund involves risk, including the risk that a shareholder may receive little or no return on their investment or that a shareholder may lose part or all of their investment. The strategies used by the Adviser, Underlying Managers, and Alternative Beta Providers may not be successful on an ongoing basis or could contain errors, omissions, imperfections, or malfunctions. These errors may result in, among other things, execution and allocation failures and failures to properly gather and organize large amounts of data from third parties and other external sources. The Fund may invest in derivatives, which are often more volatile than other investments and may magnify the Fund's gains or losses. The stability and liquidity of many derivative transactions depend in large part on the creditworthiness of the parties to the transactions. If a counterparty to such a transaction defaults, exercising contractual rights may involve delays or costs for the Fund. The Fund may seek to profit from the occurrence of specific corporate or other events. A delay in the timing of these events, or the failure of these events to occur at all, may have a significant negative effect on the Fund's performance. A short sale of a security involves the theoretical risk of unlimited loss because of increases in the market price of the security sold short. The Fund's use of short sales, in certain circumstances, can result in significant losses. If there is a perception that a proposed merger, exchange offer, or cash tender offer transaction will not be consummated or will be delayed, the market price of the security may decline sharply negatively affecting the fund. In addition to the normal risks associated with investing, international and emerging markets may involve the risk of capital loss from unfavorable fluctuations in currency values, differences in generally accepted accounting principles, or social, economic, or political instability in other nations. The Fund is subject to interest rate risk and will decline in value as interest rates rise. Mortgage Backed Securities may experience significantly greater price and yield volatility than traditional debt securities. Including the potential for a complete loss of expected future cash flow based on the prepayment behavior of underlying borrowers. Investments in commodities are subject to higher volatility than more traditional investments. The Fund may engage in leveraging and other speculative investment practices that may increase the risk of loss of investment, and accelerate the velocity of potential losses. The Fund is classified as a "non-diversified" investment company, which means that the percentage of its assets that may be invested in the securities of a single issuer is not limited by the 1940 Act.

There is no assurance that the investment process will consistently lead to successful investing. Diversification does not eliminate the risk of experiencing investment losses.

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