



**BLUEROCK**  
**High Income**  
**Institutional Credit Fund™**

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[BLUEROCKFUNDS.COM](http://BLUEROCKFUNDS.COM)



## ■ Investment Objective

The Bluerock High Income Institutional Credit Fund (the “Fund”) is a public, closed-end interval fund that provides individual investors access to a rapidly growing institutional asset class. **The Fund’s primary investment objective is to generate high current income, while secondarily seeking attractive, long-term risk-adjusted returns, with low correlation to the broader markets.**

## ■ Investment Strategy

The Fund seeks to accomplish its objectives by investing, directly and indirectly, in private credit through actively managed pools of diversified Senior Secured Loans known as Collateralized Loan Obligations (CLOs). An investment in the Fund seeks to provide investors with the following potential benefits across various market cycles:



**High current income**  
with attractive risk-adjusted returns



**Highly Diversified Senior Secured Loan**  
exposure across industries, issuers and investment managers



**Lower correlation**  
to the broader market



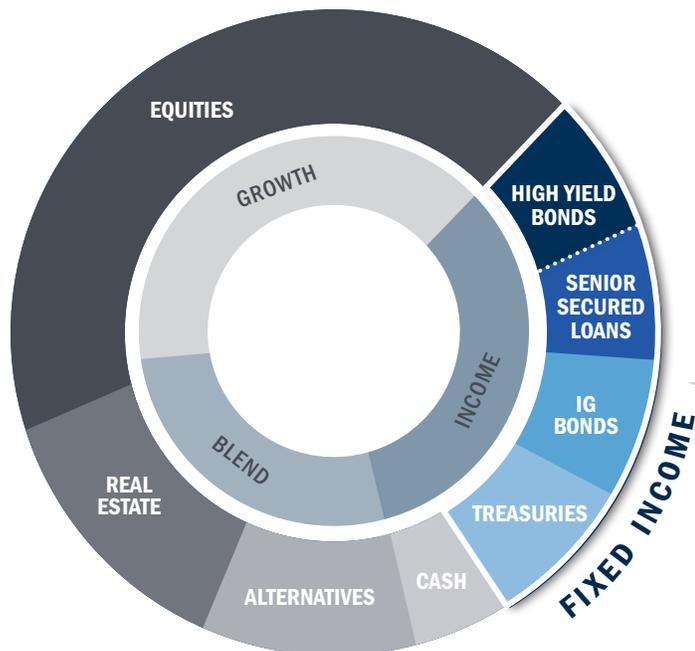
**Access to an Institutional Asset Class**  
unavailable to individual investors

*There can be no assurance that any investment strategy will achieve its objectives, generate profits or avoid losses.*

## ■ Senior Secured Loans: Potential Portfolio Enhancement

Where do Senior Secured Loans fit in a portfolio?

Senior Secured Loans have been a resilient, multiple market cycle-tested asset class delivering both high current income and defensive characteristics, while fitting within a broadly diversified fixed income strategy.



### Why Senior Secured Loans:

The opportunity to gain exposure to a robust and growing asset class for important portfolio and income source diversification.

#### Seeks to Provide:

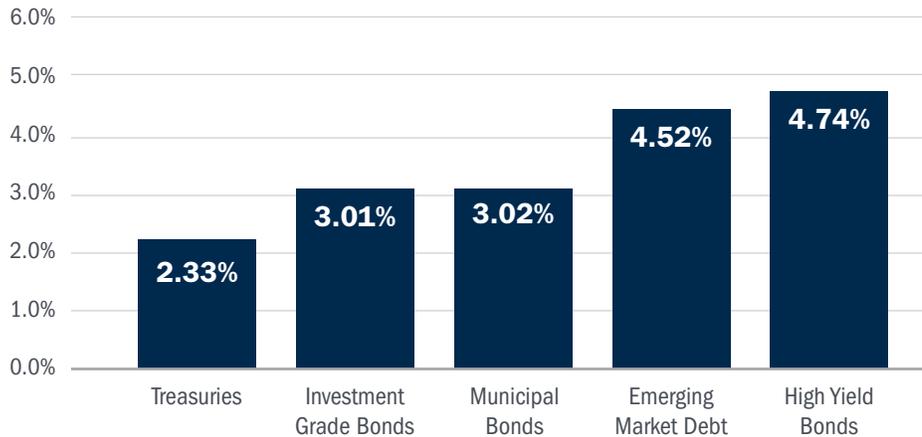
- Enhanced income potential
- Complement to traditional equity and fixed income
- Low correlation to other income-oriented investments
- Low historical default rates with high recovery rates
- Highest position in company’s capital stack

## ■ Addressing Challenges in the Current Market

Yields on traditional income investments have been declining for over a decade. This requires individual investors to adapt their income strategy to today's low yield environment through alternative sources.

### Select Historical Index Yields

(Current Yields as of 3.31.2022)



Index yields reflects the yield from the most recent quarter end date based on index pricing on that date, annualized. They reflect forward 12 month yields based on a hypothetical purchase on that date.

**Sources:** finance.yahoo.com, FRED.stlouisfed.org, S&P Dow Jones Indices, FTSE Russell. Treasuries: 10-year US Treasury Bond; Investment Grade Bonds: ICE BofA AAA US Corporate Bond Index; Municipal Bonds: S&P Municipal Bond Investment Grade Index; High Yield Bonds: ICE BofA BB US High Yield Corporate Bond Index; Emerging Market Debt: FTSE Emerging Markets Broad Bond Index. You cannot invest directly in an index and unmanaged indices do not reflect fees, expenses or sale charges.

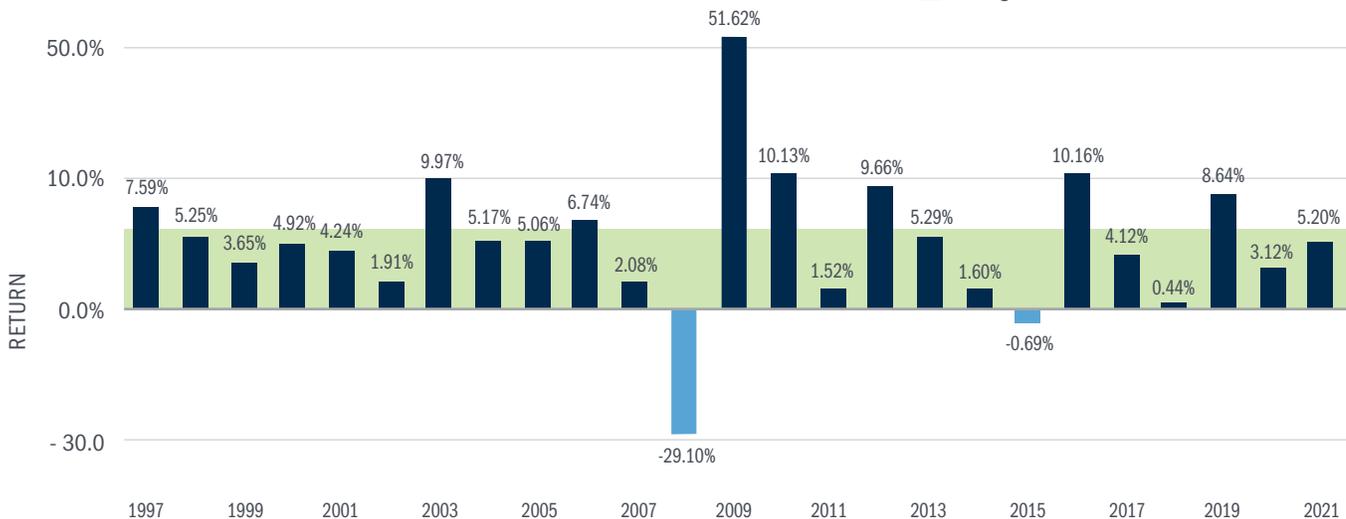
**Past performance is not a guarantee of future results.**

## ■ Senior Secured Loans Have Delivered Positive Returns in 23 of 25 Years (92%)

### S&P/LSTA Lev Loan Index

(1997 - 2021)

Average Annual Return: 5.53%



**Source:** S&P/Loan Syndications and Trading Association (LSTA) - Leveraged Loan Index, as of 12.31.21.

**Past Performance is not indicative of, or a guarantee of, future performance.**

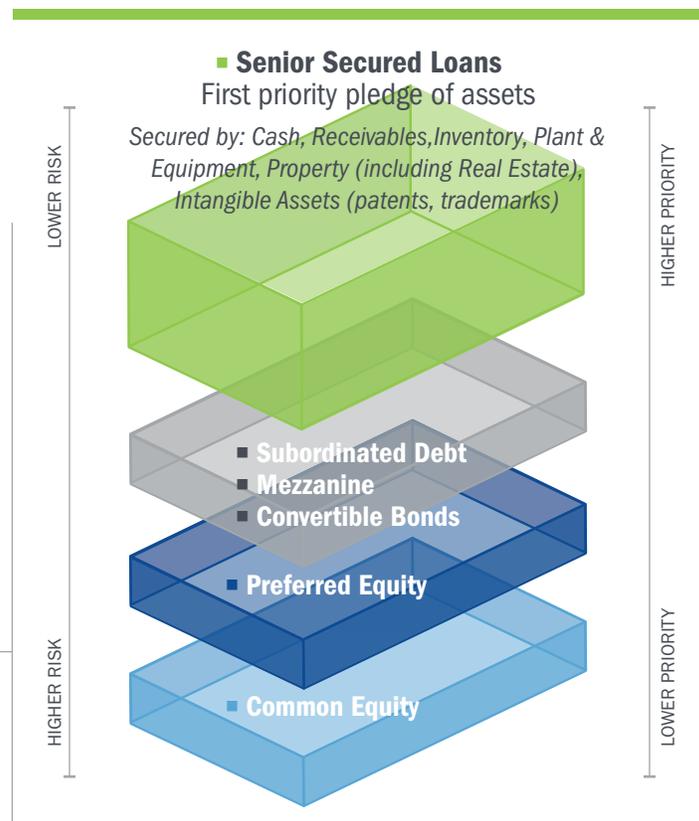
## ■ Accessing Senior Secured Loans through Collateralized Loan Obligations (CLOs)

Senior Secured Loans offer direct exposure at the top of the company capital stack, with a secured first right to assets and highest priority to cash flows.

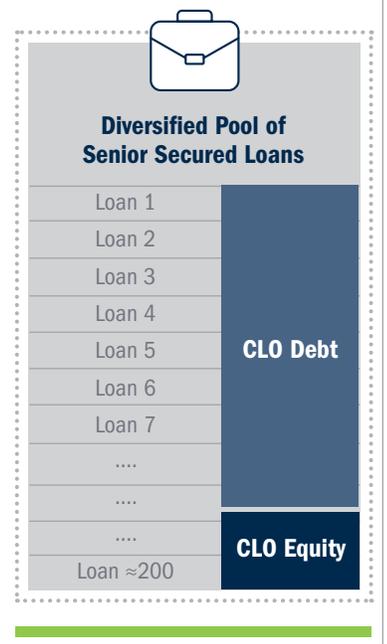
### Features & Potential Benefits

- **Attractive Income Stream**
- **Senior Position**  
in a company's capital structure and first right to a company's cash flow and assets
- **Floating Rate**  
may provide interest rate protection and inflation hedge
- **Low to Moderate Correlation**  
to other asset classes
- **Historically Low Loss Rates**  
across multiple market cycles<sup>1</sup>

### Capital Stack



### A Simple CLO Structure



## ■ Senior Secured Loans are Issued by Large, Well-Known Companies with Stable Market Demand

Senior Secured Loans typically provide financing for business needs, mergers and acquisitions related transactions or capital expenditures.

### Sample Underlying Issuers

 Fund Percent: 0.17%	 Fund Percent: 0.23%	 Fund Percent: 0.41%
 Fund Percent: 0.39%	 Fund Percent: 0.56%	 Fund Percent: 0.30%
 Fund Percent: 0.10%	 Fund Percent: 0.17%	 Fund Percent: 0.24%
 Fund Percent: 0.18%	 Fund Percent: 0.44%	 Fund Percent: 0.17%

### Who are the Institutional Investors in the Senior Secured Loan Market?

They Include:

- Institutional Asset Managers
  - CLOs
  - Loan Mutual funds
  - Separately Managed Accounts and Comingled Funds
- Banks
- Insurance/Finance Companies
- Hedge Funds
- Pension Funds and Endowments
- Sovereign and Private Wealth Funds
- Family Offices

Source: Morgan Stanley and Citi Research as of 12.31.2019

<sup>1</sup> See US CLO loss rates chart on page 5. A loss rate represents the loan default rate multiplied by the loan recovery rate and is not indicative of the market value or total return of an asset class or security.

Listed above are some of the companies, and the respective percentage of the Fund's underlying holdings, that have loans in CLOs that are included in the underlying holdings of the Fund. These companies account for only a few of the approximate 676 unique issuers included in the Fund. Source: Citi Research as of 3.31.2019 and Dell 10-Q as of 3.31.2021.

## ■ Features and Potential Benefits of CLOs

Managers can gain exposure to Senior Secured Loans through the strategic investment in CLOs. CLOs are actively managed vehicles where the structure provides opportunities to accretively reinvest cash flows and benefit from volatility in the loan market.

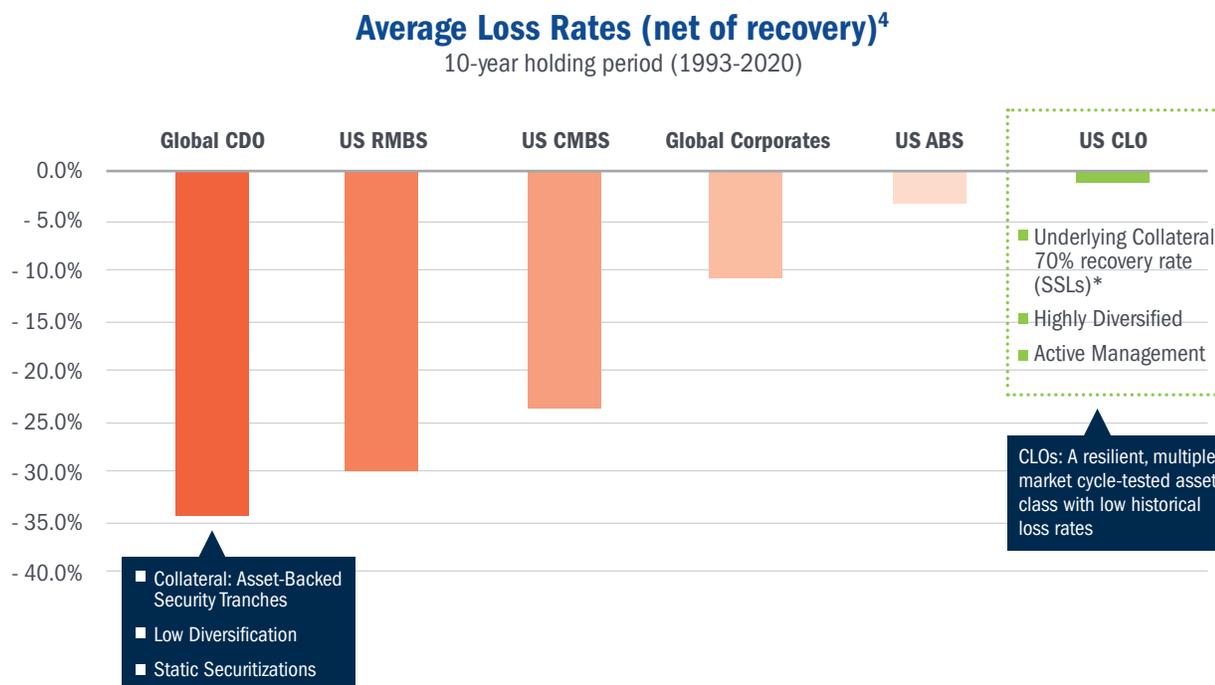
Attractive Yield	CLO Equity has delivered approximately 15% average annualized distributions over the last two decades <sup>2</sup>
Diversified Loan Pool	Actively managed, diversified pools of senior secured loans issued to large, mature companies across a multiple industries
Performance Thru Economic Cycle	Active investment management with non-recourse debt financing contributes to attractive performance across the economic cycle
Lower Interest Rate Risk	Floating interest rates on underlying loans, coupled with minimum interest rate floors, may help diminish negative impact of rising interest rates
Attractive Structure	Low cost, long-term, non-recourse financing, with no forced sales



### The CLO Structure

The CLO structure has multiple on-going, built-in safeguards, self-correction mechanisms, and required collateral quality tests intended to optimize risk-adjusted returns.<sup>3</sup>

## ■ CLOs have demonstrated long-term historical low loss rates as compared to similarly rated corporate debt



**Source:** <sup>2</sup> CLO Equity (or CLO equity tranche): The tranche within a CLO that is paid any excess spread. The equity tranche payment is prioritized after all the debt and subordinated tranches. Source: Kanerai, Intex, Markit, Barclays Research, includes CLO 1.0 and 2.0 broadly syndicated loans. Yields do not include return of principal. Represents period from 2003-2021 with average annualized yields of 14.8%, as of 6.30.2021. Does not represent total return experienced by investor. **Past performance is not a guaranty of future performance.**

<sup>3</sup> CLOs are subject to mandatory on-going required testing including, but not limited to, collateral concentration limitations, interest coverage tests to ensure cash flows exceed debt tranche payments by predetermined amounts, diversification requirements on issuers, industry, and credit, and collateral quality tests which requires principal value of a CLO's underlying loan pool to exceed the value of CLO debt, that together, are intended to place additional mechanisms and restrictions on how CLOs are managed.

<sup>4</sup> Source: Moody's Investors Service Annual Default Study 2020. Multi-year loss rates are average losses over all 10-year periods between 1993 and 2020. Data represents average losses from all known issuances of the individual categories. **Past Performance is not a guaranty of future performance.** See definitions on back page.

## ■ Why Bluerock High Income Institutional Credit Fund?

### Income

targeting high income generation

### First Claim on Assets

of nationally recognized issuers through underlying senior secured loans

### Diversified Exposure

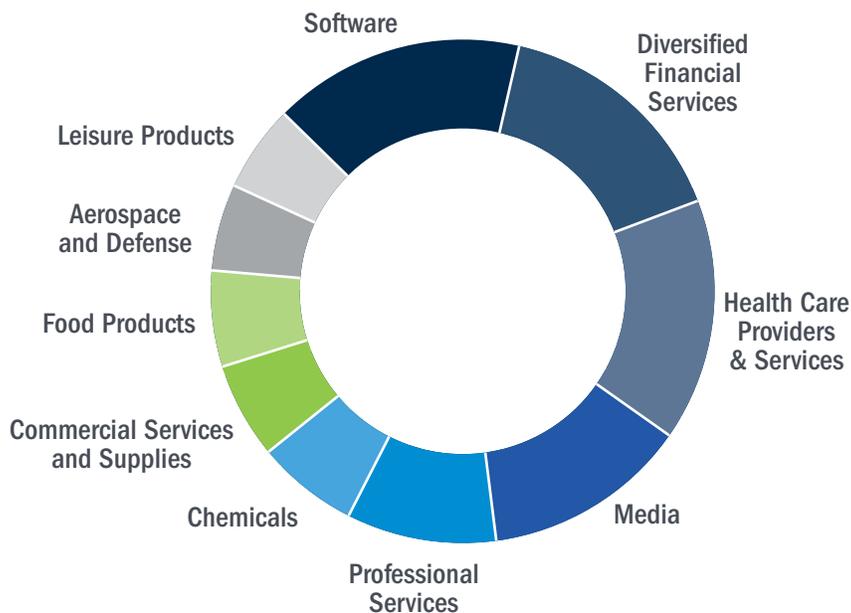
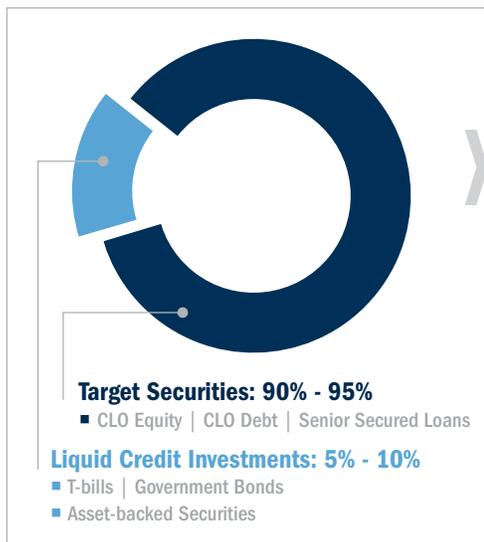
across all major industries through multiple CLO Managers

### Targeting Alpha

generation through active management



## Sample Underlying Portfolio Industry Exposure



## ■ Potential Benefits of Interval Fund Structure

- ✓ **Transparency:** Daily pricing with no premium/discount to NAV

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- ✓ **Sustainability:** Ability to continuously offer shares

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- ✓ **Access:** Access to private investment assets

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- ✓ **Limited Liquidity\*:** Quarterly liquidity by direct redemption (repurchase) at NAV

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- ✓ **Tax Reporting:** Simple 1099 Format

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Underlying portfolio subject to change at any time and should not be considered investment advice. Underlying data as of 12.31.2021. Diversification neither assures a profit nor guarantees against loss in a declining market.

\*The Fund is a closed-end interval fund, the shares have no history of public trading, nor is it intended that the shares will be listed on a public exchange at this time. No secondary market is expected to develop for the Fund's shares. Limited liquidity is provided to shareholders only through the Fund's quarterly repurchase offers for no less than 5% of the Fund's shares outstanding at net asset value and there is no guarantee that an investor will be able to sell all the shares that the investor desires to sell in the repurchase offer. The Fund is suitable only for investors who can bear the risks associated with the limited liquidity of the Fund and should be viewed as a long-term investment.

## ■ Advisor and Sub-Advisor

Providing individual investors access to institutional investment strategies to assist in accomplishing their long-term financial and investment goals.

### ADVISOR



A leading institutional alternative asset manager headquartered in New York - offices throughout the U.S.

#### Founded in 2002 | \$14+ Billion in AUM

- Extensive experience creating and operating private and public investment company platforms
- Principals with 130+ years Combined Experience across multiple market cycles
- \$100 Million invested in Bluerock programs by Senior Management



### SUB-ADVISOR



A leader in Senior Secured Loans and CLOs headquartered in Dallas, Texas

#### Founded in 2006

#### \$40 Billion in CLOs Issued Since 2001<sup>5</sup>

- Structured credit arm of leading private equity firm, **Clearlake Capital Group** founded in 2006 with over **\$72B** Combined AUM
- Significant Experience across all industries
- **WhiteStar Investment Experience:**
  - \$13B across 14 CLO vehicles currently
  - \$12B US & European Secondary CLOs traded since 2016<sup>6</sup>

## ■ Competitive Advantages

WHITESTAR		Access to Institutional Credit Managers with a Proven Track Record of Success
<p><b>EXPERIENCE INVESTING ACROSS VARIOUS CREDIT CYCLES</b></p>	<ul style="list-style-type: none"> <li>■ Senior Investment Team with long history and deep understanding of structured credit investments with more than <b>175 years combined direct structured credit investment experience</b></li> <li>■ Highly experienced in origination, structuring, underwriting of portfolios of structured finance and corporate credit securities</li> </ul>	
<p><b>DIFFERENTIATED SOURCING RELATIONSHIPS</b></p>	<ul style="list-style-type: none"> <li>■ <b>Expansive network</b> within the CLO community; including CLO managers, Investment Bank underwriting teams, and Brokers</li> <li>■ <b>Broad access</b> to both primary and secondary issues and credit analysts</li> <li>■ <b>Special access</b> and early looks in deal flow that other investors may not be able to access - 90% of purchases are in off-market, out-of-competition situations</li> </ul>	
<p><b>EXPERIENCE EVALUATING COMPLEX ASSETS</b></p>	<ul style="list-style-type: none"> <li>■ <b>Scalable and repeatable investment process</b> with a focus on relative value opportunities supported by proprietary analytical tools</li> <li>■ <b>Proprietary analysis</b> including the WAR<sup>®</sup> score, which determines loan risk without relying on rating agencies or market pricing</li> </ul>	
		<ul style="list-style-type: none"> <li>■ Deep sector experience across all economic sectors</li> <li>■ Robust underwriting process generates individual risk-return rankings at the loan level and <b>“alpha by avoidance and selection”</b></li> <li>■ Ongoing robust monitoring and risk-mitigation</li> </ul>

## ■ Investment Process



<sup>5</sup> The team's CLO issuance activity includes time when the team was employed by a different investment manager.

<sup>6</sup> The team's CLO tranche trading activity includes time when the team was employed by a different investment manager. As of 12.31.21.

## Risk Disclosures

Not FDIC Insured | No Bank Guarantee | May Lose Value

**Investing in the Fund involves risks, including the risk that you may receive little or no return on your investment, and that you may lose part or all of your investment. This is neither an offer to sell nor a solicitation to purchase any security.**

**Investors should carefully consider the investment objectives, risks, sales charges and expenses of the Bluerock High Income Institutional Credit Fund (the “Fund”). This and other important information about the Fund is contained in the prospectus, which can be obtained by visiting [bluerockfunds.com](http://bluerockfunds.com). The prospectus should be read carefully before investing.**

**Past performance is not a guarantee of future results.** The ability of the Fund to achieve its investment objective depends, in part, on the ability of the Advisor and Sub-Advisor to allocate effectively the assets of the Fund among the various available investment opportunities. There can be no assurance that the actual allocations will be effective in achieving the Fund’s investment objective or delivering positive returns. There is no guarantee that the Fund’s investment strategies will work under all market conditions. Statements relating to the performance of the Fund contained herein are historical and the Fund’s performance subsequent to the date as of which such statements were made may differ materially. Updated performance data for the Fund is available at [bluerockfunds.com/performance](http://bluerockfunds.com/performance).

Please note that the performance data relating to various indices included herein is for informational purposes only. You cannot invest directly in an index. Index performance does not represent actual fund or portfolio performance. Performance of a fund or portfolio may differ significantly from the performance of index holding the same securities. Index performance assumes reinvestment of dividends but does not reflect any management fees, transaction costs or other expenses that would be incurred by a fund or portfolio, or brokerage commissions on transactions in fund shares. Such fees, expenses, and commissions would likely reduce returns.

The Fund is a closed-end interval fund, the shares have no history of public trading, nor is it intended that the shares will be listed on a public exchange at this time. No secondary market is expected to develop for the Fund’s shares. Limited liquidity is provided to shareholders only through the Fund’s quarterly repurchase offers for no less than 5% of the Fund’s shares outstanding at net asset value. There is no guarantee that shareholders will be able to sell all of the shares they desire in a quarterly repurchase offer. Quarterly repurchases by the Fund of its shares typically will be funded from available cash or sales of portfolio securities. The sale of securities to fund repurchases could reduce the market price of those securities, which in turn would reduce the Fund’s net asset value. The Fund is suitable only for investors who can bear the risks associated with the limited liquidity of the Fund and should be viewed as a long-term investment.

Investors in the Fund should understand that the net asset value (“NAV”) of the Fund will fluctuate, which means the value of your shares at any point in time may be worth less than the value of your original investment, even after taking into account any reinvestment of dividends and distributions. An investment in shares represents an indirect investment in the securities owned by the Fund. The value of these securities, like other market investments, may move up or down, sometimes rapidly and unpredictably. The Fund is “non-diversified” under the Investment Company Act of 1940 and therefore may invest more than 5% of its total assets in the securities of one or more issuers. As such, changes in the financial condition or market value of a single issuer may cause a greater fluctuation in the Fund’s net asset value than in a “diversified” fund. The Fund is not intended to be a complete investment program.

Because the Fund invests primarily in debt-anchored instruments and securities, the value of your investment in the Fund may fluctuate with changes in interest rates. The Fund may invest in senior secured debt and CLOs. Substantial increases in interest rates may cause an increase in loan defaults and the value of the Fund’s assets may also be affected by other uncertainties such as economic developments affecting the market for senior secured term loans or uncertainties affecting borrowers generally. There is a risk that the borrowers under the Senior Secured Loans may not make scheduled interest and/or principal payments on their loans and/or debt securities, which may result in losses or reduced cash flow to the Fund, either or both of which may cause the NAV of, or the distributions by, the Fund to decrease. CLOs carry additional risks, including but not limited to (i) the possibility that distributions from collateral will not be adequate to make interest or other payments; (ii) the quality of the collateral may decline in value or default; (iii) the possibility that the Fund’s investments in CLOs are subordinate to other classes or tranches thereof; and (iv) the complex structure of the CLO investment may not be fully understood at the time of investment and may produce disputes with the issuer, holders of senior tranches or other unexpected investment results. In addition, the nature of the Fund’s investment strategy also subjects it to various risks, including credit risk (the debtor may default), liquidity risk (the investment may not be able to be sold at an advantageous time or price) and prepayment risk (the debtor may pay its obligation early, reducing the amount of interest payments). All potential investors should read the Risk Factors section of the prospectus for additional information related to the risks associated with an investment in the Fund.

The Fund’s distribution policy is to make quarterly distributions to shareholders. The level of quarterly distributions (including any return of capital) is not fixed, but is expected to represent an annual rate of approximately 8.0% of the Fund’s current net asset value per share. Such distributions are accrued daily and paid quarterly and this distribution policy is subject to change. Shareholders receiving periodic payments from the Fund may be under the impression that they are receiving net profits. However, all or a portion of a distribution may consist of a return of capital. Shareholders should not assume that the source of a distribution from the Fund is net profit. A return of capital is not taxable to a shareholder unless it exceeds a shareholder’s tax basis in the shares. Returns of capital reduce a shareholder’s tax cost (or “tax basis”). Once a shareholder’s tax basis is reduced to zero, any further return of capital would be taxable. Shareholders should note that return of capital will reduce the tax basis of their shares and potentially increase the taxable gain, if any, upon disposition of their shares.

The Bluerock High Income Institutional Credit Fund is distributed by ALPS Distributors, Inc (ALPS). Bluerock Credit Fund Advisor, LLC is not affiliated with ALPS, or WhiteStar Asset Management.

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## Definitions

**Alpha:** A measure of performance on a risk-adjusted basis. Alpha takes the volatility (price risk) of a mutual fund and compares its risk-adjusted performance to a benchmark index. The excess return of the fund relative to the return of the benchmark index is a fund’s alpha.

**Asset Backed Securities (ABS):** Pools of familiar asset types that represent that security’s contractual obligation to pay a distribution.

**CLO Equity (or CLO equity tranche):** The tranche within a CLO that is paid any excess spread. The equity tranche payment is prioritized after all the debt and subordinated tranches.

**Collateralized Loan Obligations (CLOs):** A form of securitization where payments from multiple business loans (most typically senior secured corporate loans) are pooled together and passed on to different classes of owners in various tranches.

**Commercial Mortgage-Backed Securities (CMBS):** An asset backed security that’s backed by mortgages on commercial properties.

**Correlation:** This indicates the strength and direction of a linear relationship between two random variables. The value will range between -1 and 1.

**Diversification:** Diversification is a strategy used to manage risk. It cannot ensure a profit or protect against loss in a declining market.

**Emerging Market Debt (EM Debt):** Bonds issued by countries with developing economies as well by corporations within these developing countries.

**Global Collateralized Debt Obligation (CDO):** A synthetic investment product that represents different loans originated in numerous different countries bundled together and sold by the lender in the market.

**Global Corporates:** Corporate debt represented by bonds issued by companies operating internationally.

**High Yield Bonds (HY Bonds):** Bonds that are believed to have a higher risk of default and receive low ratings by credit rating agencies namely bonds rated Ba (by Moody’s) or BB (by S&P and Fitch) or below. These bonds typically are issued at a higher yield than more creditworthy bonds, reflecting the perceived higher risk to investors.

**Investment Grade Bonds:** Bonds that are believed to have a lower risk of default and receive higher ratings by the credit rating agencies namely bonds rated Baa (by Moody’s) or BBB (by S&P and Fitch) or above. These bonds tend to be issued at lower yields than less creditworthy bonds.

**Municipal Bonds (Munis):** Debt securities issued by states, cities, counties and other governmental entities to fund day-to-day obligations and to finance capital projects. Generally, the interest on municipal bonds is exempt from federal income tax.

**Private credit:** All credit instruments that are non-traditional and are not publicly traded.

**Senior Secured Loans (SSLs):** Debt obligations issued by corporations that are typically backed (“secured”) by a company’s assets. SSLs sit at the top of the company’s capital structure and have the highest priority claim on the borrower’s assets.

**S&P/LSTA Leveraged Loan Index:** The index measures the performance of 100 loan facilities drawn from the S&P/LSTA (Loan Syndications and Trading Association) Leveraged Loan Index (LLI). Standard & Poor’s chooses these based on market weightings, spreads, and interest payments of the largest facilities in the leveraged loan market.

**Treasuries:** Generally denominated by the 10-year U.S. Treasury Bond, which are debt securities issued by the United States Government.

**US Residential Mortgage-Backed Securities (RMBS):** An asset backed security that’s backed by mortgages on residential properties and is located in the United States.