Blackstone

BXCI Insights

Embracing a Systematic Approach to Corporate Bonds

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Overview

We believe the substantial growth in systemic credit investing in the liquid corporate bond market over the past two decades, is set to accelerate, as market forces act as tailwinds to further expansion.

The result is a distinct and likely generational convergence between the supply and demand for systematic credit. We have seen investors increasingly drawn to the ability to generate excess return via a systematic approach. This is particularly relevant in an environment where historically tight credit spreads have reduced the potential for both active and passive managers to keep up with benchmarks. Low correlation with traditional strategies is another draw, as is the ability to access systematic strategies in a bespoke and scalable manner.

Other forces have encouraged the emergence of new systematic managers who have built on the success of pioneering managers, like Blackstone, to both raise the profile of the industry and increase access. These include structural changes in the corporate bond markets such as the increase in liquidity, transparency, and electronic market-making, allowing for more scalable and efficient execution. As well, an explosion in the availability of data, coupled with advances in modeling techniques, have made both model inputs more diverse and models more sophisticated.

This growing popularity has inevitably piqued interest about the nature of systematic investing and how it can be applied to credit markets. In this latest piece in the BXCI Insights series, we address three questions:

1 **What is systematic credit investing?**

2 **Why is there an opportunity in systematic credit now?**

3 **How is Blackstone a differentiated systematic credit manager?**

See the “Risk and Reward Disclosure” on page 10 for an important summary of the rewards mentioned herein and associated risks of an investment.

Past performance does not predict future returns. There can be no assurance that any Blackstone strategy or product will achieve their objectives or avoid significant losses. Capital is at risk and investors may not get back the amount originally invested.

What is Systematic Credit Investing?

Systematic credit investing applies a data-driven and rules-based approach to asset selection and portfolio management.

Attractive bonds are selected using a model that evaluates value and risk, replacing analyst recommendations and portfolio manager credit selection. The automated nature of the systematic process facilitates the re-underwriting of thousands of issuers and bonds each day based on the most recent market information.

A target or model portfolio anchors the process and serves as a reference point to construct, manage, and trade the client's portfolio. Every morning, a new model portfolio is created, incorporating the latest information on risk, pricing, account flows, and other relevant portfolio attributes. Despite the value that models provide, effective credit portfolio management still requires human input. However, the systematic portfolio manager's time is typically invested in managing, vetting, and curating the latest target portfolio rather than developing trade ideas.

It is important to emphasize that using a systematic model does not equate to an opaque, black box approach. Instead, the best systematic managers prioritize transparency and consistency, where performance can be attributed to specific drivers. As a result, we believe that systematic is often more transparent than a purely discretionary approach, providing clarity on why a trade is executed, how it is performing, and the evolution of the investment thesis.

Within systematic, there are various approaches. Quantitative-based systematic strategies may target individual drivers or "factors" of return such as momentum, value, size, quality, volatility, or carry. Generic factor approaches may yield limited differential spread returns, but we believe they generally do not work effectively in credit.

Alternatively, a fundamental-based systematic approach bases credit selection on fundamental drivers, which has empirically demonstrated a more consistent and uncorrelated source of excess returns. Fundamental-based systematic approaches often rely on investment criteria that mirror traditional credit underwriting principles. However, unlike the subjective assessments and qualitative judgments of a discretionary investing approach, systematic investing relies on the rigor of quantitative metrics and portfolio construction models.

Systematic credit investing is also highly customizable for a wide range of institutional investors including insurance companies, public and corporate pensions, and sovereign wealth funds. It can incorporate strategy and client-specific investment guidelines such as risk constraints, portfolio turnover controls, and alpha targets directly into the model portfolios. It often uses a portfolio optimization process, which aims to maximize alpha subject to investment guidelines, and which applies a transaction cost model to help ensure any excess return is not eroded by costs associated with excessive portfolio turnover.

Market Perceptions[1]	Blackstone's Approach
Black-box, complex, and opaque	Transparent, consistent, and process-oriented
Disconnected from credit fundamentals	Fundamental-based credit models
No human input	Portfolio manager oversight
Unproven, with limited track record	Nearly 20-year track record

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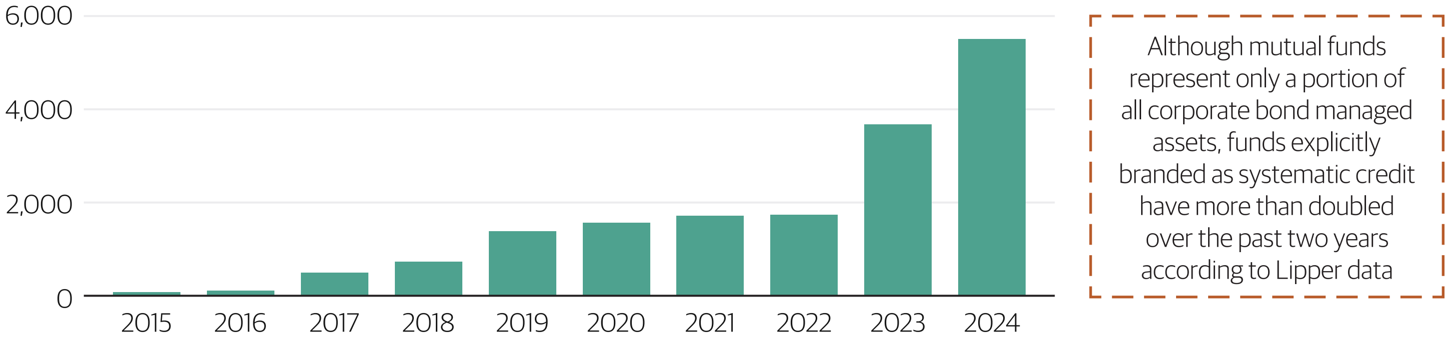
Why is There an Opportunity in Systematic Credit Now?

Market estimates suggest that systematically managed credit portfolios currently account for around 1%–2% of the US corporate credit market[2] — a very small share compared to systematic equity and global macro strategies which became mainstream roughly 25 years ago. Having witnessed the evolution of systematic credit from its early days, Blackstone believes that systematic credit investing is at a crucial juncture, poised to become a meaningful part of the credit market over the next decade.

Systematic AUM – Small but Growing Quickly[3]

Mutual Fund AUM Branded as Systematic Credit ($ in millions)



Structural changes in the credit markets, such as enhanced liquidity, improved transparency, and lower transaction costs, have made the corporate bond market increasingly conducive to systematic approaches. The days when corporate bond sourcing was limited to new issue allocations or voice-based orders through brokers, one bond at a time, are gone. Instead, better data availability and pricing transparency make model implementation more feasible. Related, the growing adoption of portfolio trading and advancements in electronic trading facilitate access to a much broader set of bonds at lower cost, while the rise of credit ETFs has helped improve liquidity in the bond market.

These structural changes have made systematic investing highly scalable and cost effective due to its algorithmic nature compared to traditional discretionary approaches. Efficient and scalable investment platforms are critical in a world of increasing fee compression and investor demand for net excess returns.

Furthermore, the increasing size and heterogeneity of the corporate bond markets align well with systematic modeling approaches. We believe that is because one of the keys to the success of systematic strategies lies in the breadth of opportunity — the ability to spread active risk exposures among a large number of small positions. It is a significant challenge for discretionary analysts to closely track the over 3,500 issuers and nearly 20,000 bonds in the global investment grade and high-yield universes.[4] By contrast, well-designed systematic models can efficiently process new information on the entire investment universe daily.

Improved Market Structure Can Support Rise of Systematic Investing

Enhanced liquidity	The rise of credit ETFs can improve liquidity in the bond market
Lower transaction costs	Growing adoption of portfolio and electronic trading in bonds can lower transaction costs
Scalable and efficient	Systematic models can process new information on the entire bond investment universe efficiently
Further transparency	Better data availability and pricing transparency make model implementation more feasible

Artificial Intelligence ("AI") is also making systematic strategies increasingly relevant and appealing to investors. Advanced analytics that can help interpret large data sets to better inform and support investment theses have many potential uses within systematic credit strategies. For example, Blackstone's corporate bond research team has used AI to develop cross-sector relationships in public and private firms to seek to identify alpha generating opportunities in credit.

We believe these developments have encouraged institutional investors to increasingly allocate to systematic strategies. They are attracted by their potential to generate excess returns which typically exhibit low correlation to traditional discretionary managers, and which can make them additive to clients' existing fixed income portfolios.

How is Blackstone a Differentiated Systematic Credit Manager?[5]

Blackstone's systematic credit team, now known as Blackstone Corporate Bond Strategies ("BCBS"), has been managing client portfolios for nearly 20 years. This business is a core offering within Blackstone's Liquid Credit Strategies platform and has grown to over $30 billion in assets under management,[6] fueled by allocations from pensions and insurance companies and other institutions looking to maximize value in their corporate bond portfolios.

Many pensions are using intermediate- and long-duration systematic credit strategies to gain manager diversification within their existing investment programs. High-yield focused clients strive to beat indices through systematic offerings, and insurance clients seek lower default risk, buy-and-maintain strategies leveraging our systematic framework.

We believe these investors have been drawn to our differentiated corporate bond offering, backed by a proprietary systematic approach which has demonstrated strong historical performance. Our flagship high-yield and global investment grade strategies rank in the top decile and top quartile, respectively, compared to peers since inception.[7]

There can be no assurance that the trends depicted herein will continue or will not reverse.

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Blackstone's Key Differentiators

Alpha Generation

BCBS has historically generated alpha with high information ratios across diverse market environments, including the 2008 financial crisis and the recent COVID-19 recession. Our dynamic systematic approach has contributed to generating excess returns with low correlations to traditional discretionary managers and market indices[8] which we believe makes our corporate bond strategies a valuable, diversifying addition to existing fixed income portfolios.

Blackstone's Historical Performance[8]

1st	0.1	0
Decile on returns and information ratio for HY / 1st quartile for IG	**Avg. excess return correlations vs. discretionary peers and indices**	**Defaults in HY / 95% of fallen angels avoided in IG**

Purpose-built Credit Data Set and Systematic Investing Platform

A long history of reliable data is critical to the effectiveness of systematic credit investing. We believe Blackstone's sophisticated database that we have developed over 20 years provides us with a powerful advantage that cannot be easily replicated. Our premier technology platform includes proprietary analytics, advanced models, and robust risk management tools that we have developed, refined, and continuously innovate and improve.

Timeline of Blackstone's Systematic Credit Enhancements

2004

Creation and implementation of proprietary Default Probability Model to live credit portfolios

Late 2000s

Substantially enhanced models with option-implied volatility, and improved spread estimations and term structuring

Early-mid 2010s

Improved models with new risk premium estimations, introduced geography-specific mispricing estimations, and added mean-variance optimization and formal transaction costs, turnover, and risk controls

Late 2010s

Added additional alpha signals for multiple levers of alpha

2020-2025

Continue to innovate in systematic credit research and implementation, including dynamic volatility predictions, direct-to-portfolio trading enhancements, and introduction of Private Firm Model

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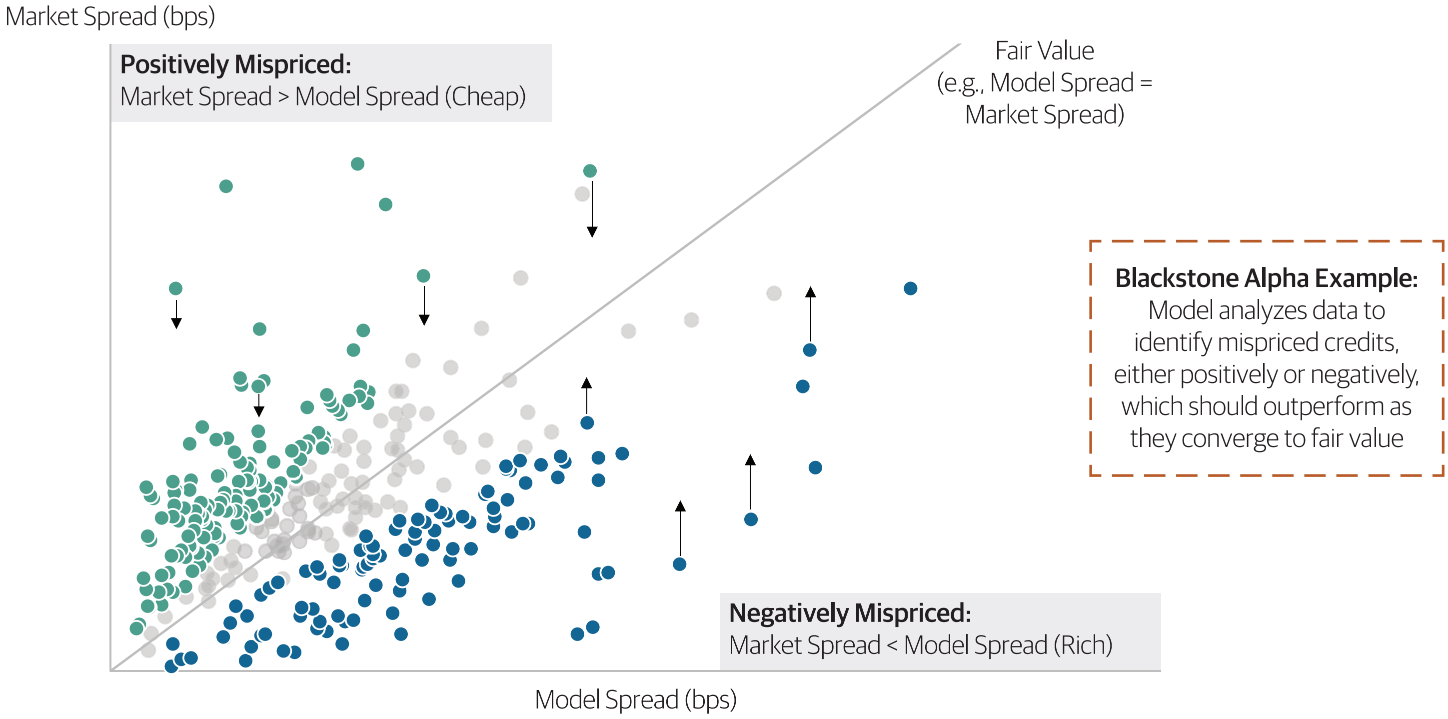
Proprietary Credit Alpha and Mispricing Models

Blackstone's approach to systematic credit is anchored in market-implied default probabilities. This approach offers a proprietary view of default likelihood, which we combine with market catalysts and firm fundamentals to create a robust, empirically validated predictive model.

Our asset selection models are based on fundamentals such as enterprise value, leverage, and asset volatility — sensible drivers aligned with our investment approach. Inputs including real-time equity, credit, and other market information drive our alpha and mispricing models. Our focus is on delivering uncorrelated excess returns for our investors by investing in what our models identify as attractively priced, high-quality firms while avoiding richly priced firms.

Example of Blackstone's Proprietary Alpha Signals[9]



Robust Portfolio Construction, Optimization, and Calibration

Our research-driven approach to portfolio construction, optimization, and calibration is grounded in years of experience managing real-life trade-offs within corporate bond portfolios.

Through a dynamic portfolio optimization process we take the alpha return forecasts from our proprietary models and calibrate them to generate what we believe is the best expected return profile subject to liquidity, risk, transaction costs, and portfolio constraints. Because the process is systematic, it can incorporate a high degree of customization, such as geographic exposures, dialing up or down alpha targets, duration hedging, curating the index universe, and other client-specific requests.

Hands-On Portfolio Management

While models offer significant value, effective credit portfolio management still relies on human expertise. Systematic portfolio managers at Blackstone play an essential role in vetting model drivers and collaborating with the trading desk to prioritize and refine trade lists suggested by the model portfolio. Additionally, the models must be continually monitored and improved by the model management team to ensure they remain effective.

Given their nearly two decades of experience managing live systematic credit portfolios, Blackstone's portfolio managers understand the importance of integrating human-driven risk controls within the systematic framework to help ensure effective delivery of client portfolios.

Scale and Breadth of the Power of Blackstone

At Blackstone we benefit from a market-leading credit business and the scale and resources that come from belonging to the world's largest alternative asset management firm.[10] This includes key differentiators — such as our centralized trading desk, dedicated sector analysts, legal, and restructuring teams — which significantly enhances our market-leading systematic platform.

The BCBS team leverages the power of the Blackstone platform to develop compelling insights that fuel its proprietary research and drive innovation in systematic credit. Some examples of these innovations include Blackstone's proprietary Private Firm Default Model which aims to more accurately predict private firm defaults, Multi-Asset Credit systematic models and asset allocation signals, Insurance Buy-and-Maintain Downgrade model, and the application of Artificial Intelligence to systematic credit investing.

Systematic strategies are a growing segment of the investment grade and high-yield markets that can add value for institutional investors engaged across corporate credit. We believe Blackstone's differentiated offering and extensive experience as pioneers in the industry positions us as a highly effective partner for investors looking to allocate to systematic credit.

Key Characteristics of Blackstone's Systematic Credit Approach

Alpha Generation

Low Correlations

Tightly Risk-controlled

High Information Ratio

Diversifying and Complementary

Scalable and Customizable

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Glossary

TERM	DEFINITION
Alpha	The excess return generated by an investment above its benchmark, after accounting for risk.
AUM (Assets Under Management)	The total market value of assets that an investment manager oversees on behalf of clients and investors.
Asset Volatility	A measure of how much the value of an asset fluctuates over time, indicating the level of investment risk.
Bonds	Debt securities issued by companies, governments, or other organizations to raise capital. Bondholders lend money to the issuer and receive periodic interest payments and repayment of principal at maturity.
Credit Spreads	The difference in yield between a corporate bond and a comparable government bond, reflecting the credit risk of the issuer.
Enterprise Value	A measure of a company's total value, calculated as market capitalization plus debt minus cash and cash equivalents.
ETFs (Exchange-Traded Funds)	Investment funds that hold a basket of securities and trade on an exchange like a stock.
Fallen Angels	Bonds issued by companies that were originally rated investment grade but have been downgraded to high yield.
Global Macro Strategies	Investment strategies that seek to profit from macroeconomic trends and events across global markets.
Insurance Buy-and-Maintain Downgrade Model	Blackstone's proprietary quantitative model designed to help identify corporate bonds that may face an elevated risk of downgrade. Such models can support insurance investors that typically seek long-term exposure to bonds while minimizing downgrade risk.
Issuers	Entities such as corporations or institutions that issue securities to investors in order to raise capital.
Leverage	The use of borrowed capital to increase the potential return of an investment, while also increasing potential risk.
Mispriced / Mispricing	A situation in which a security's market price differs from its estimated fair value based on underlying fundamentals and market information. Mispricing may create investment opportunities if prices eventually move toward fair value.
Mispricing Models	Quantitative or analytical models used to identify securities that may be overvalued or undervalued relative to their fundamentals.
Multi-Asset Credit	An investment approach that allocates across multiple credit-related asset classes, such as corporate bonds, loans, securitized products, and other forms of credit exposure.
Mutual Funds	Professionally managed pooled investment vehicles that invest in diversified portfolios of securities.
Portfolio Management	The process of constructing and managing a portfolio of investments to achieve specific financial goals, balancing risk and return.
Private Firm Default Model	Blackstone's proprietary model used to estimate the probability that a privately held company will default on its obligations.
Proprietary	Information, data, research, models, or technology developed and owned by an organization that is not publicly available.
Proprietary Credit Alpha	Excess investment return generated through unique, internally developed credit research, analytics, or investment strategies.

Glossary (Cont’d)

TERM	DEFINITION
Proprietary Default Probability Model	Blackstone’s in-house model used to estimate the likelihood that a borrower or issuer will default on its debt obligations.
Re-Underwriting	The process of reassessing or reevaluating the risk and pricing of an investment, often due to changing market conditions or updated financial information.
Sovereign Wealth Funds	State-owned investment funds that invest national savings, foreign exchange reserves, or commodity-related revenues on behalf of a country's government and citizens.
Systematic Equity	An investment strategy that uses quantitative models, data analysis, and rules-based processes to select and manage equity investments.

End Notes

1. Based on Blackstone's views and beliefs, as of March 2025.
2. Barclays, as of December 31, 2024.
3. Barclays, US Credit Alpha research report, as of May 2024 (data updated by Barclays through December 2024). AUM ($M) of funds with either "Systematic" or "Quant" and either "Corporate", "Credit", "Bond", or "Fixed Income" in the name. Mutual funds only. Hedge funds, which are key participants in the systematic credit market, typically do not report their holdings to Lipper. Source: LSEG Lipper.
4. This is a Blackstone estimate based on index universe.
5. See "Important Disclosure Information," including "Opinions".
6. AUM is estimated, as of December 31, 2024. Final amounts will not be available until a later date. The difference between the preliminary and the final amounts could be material.
7. Based on the Blackstone High Yield Corporate Bond Strategy and the Blackstone Global Investment Grade Corporate Bond Strategy relative to the peers in their respective eVestment universes since inception of each respective strategy (July 1, 2016 and January 1, 2017), respectively, to December 31, 2024.
8. 1st decile on returns and information ratio for the Blackstone High Yield Corporate Bond Strategy and 1st quartile on returns and information ratio for the Blackstone Global Investment Grade Corporate Bond Strategy relative to the peers in their respective eVestment universes since inception of each respective strategy (July 1, 2016 and January 1, 2017), respectively, to December 31, 2024. Average excess return correlations against the ICE US High Yield Constrained Index (HUC0) for the Blackstone High Yield Corporate Bond Strategy and the Bloomberg Global Aggregate Corporate Bond Index (hedged USD) for the Blackstone Global Investment Grade Corporate Bond Strategy since inception of each respective strategy. Peer list represents largest High-Yield managers in eVestment and Global Investment Grade managers with over $1.5B in AUM, who are similar in nature as determined by Blackstone, and who manage to the Bloomberg Global Aggregate Corporate Bond Index. The list does not include benchmark agnostic strategies or strategies that manage to benchmarks other than the Bloomberg Global Aggregate Corporate Bond Index. Average excess return correlations against indices include the Bloomberg US IG Corp. Bond Index, ICE US HY Constrained Index (HUC0), S&P 500, Bloomberg Treasury Index (10yr–20yr), and Oil Prices. HY: Default data from the Blackstone High Yield Corporate Bond Strategy inception through December 31, 2024. IG: fallen angels data from the Blackstone Global Investment Grade Corporate Bond Strategy inception through December 31, 2024. Performance is subject to change. Please see Important Disclosure Information, including eVestment, Index Comparison and Index Definitions.
9. Blackstone analysis. For illustrative purposes only. **Past performance does not predict future returns.** There can be no assurance that any Blackstone product or investment will achieve its objectives or avoid substantial losses.
10. Based on Blackstone analysis of company earnings presentations and calls, as of March 31, 2026, or latest publicly available data.

Key Risk Factors

Set out below is a summary of the rewards and associated risks of an investment in the Blackstone Corporate Bond Strategies ("the Strategies", and each, a "Strategy"). This summary does not purport to be a comprehensive statement of all such rewards and risks and investors should refer to the private placement memorandum of the Strategy before making a final investment decision. Please see the "Important Disclosure Information" section.

REWARDS	RISKS
Awards. This document refers to awards and rankings issued to Blackstone, our investments and/or our investment professionals.	**Awards.** Any awards or rankings referred to are provided solely for informational purposes and should not be construed as or relied upon as an indication of future performance or activity.
Blackstone's Breadth, Edge, Scale and Expertise. Blackstone's brand, dedicated expertise and position in the market as a leading alternative asset manager with a strong network in the alternatives industry means that it is well positioned to capitalize on opportunities through market cycles to aim to enhance value for our investors and portfolio companies.	**Blackstone's Breadth, Edge, Scale and Expertise.** There is no assurance that any Blackstone product, investment or portfolio company will achieve their objectives or avoid significant losses. Sharing of expertise is subject to Blackstone's policies and procedures regarding the management of conflicts of interest and information walls. The activity of identifying, completing and realizing attractive investments is highly competitive and uncertain.
Blackstone's Differentiated Insights. Blackstone's proprietary insights enhance our due diligence and underwriting.	**Blackstone's Differentiated Insights.** Information gained from Blackstone proprietary data is subject to change and reflects Blackstone's opinions as to whether the amount, nature and quality of the data is sufficient for the applicable conclusion, and no representations are made as to the accuracy or completeness thereof.
Systematic Investment Process and Portfolio Construction. The Strategy seeks to achieve its investments objective by investing in a portfolio of exposures to the credit risk of companies with equity listed on Recognised Exchanges, applying a quantitatively driven approach to asset selection and portfolio constitution.	**Systematic Investment Process and Portfolio Construction.** There is no assurance that current expectations for the portfolio will hold, that the Fund or any of its investments will meet their objectives or avoid substantial losses. Future investments are inherently uncertain and transactions, whether committed or pending, may not successfully close as expected or at all.
Diversification, Dynamic Allocation and Risk Management. Our dynamic allocation across strategies and asset classes aims to achieve diversification, which has the potential to mitigate risk, and result in higher returns. Blackstone takes an active approach to risk management, and applies extensive credit and sector analysis, focusing on the underlying credit fundamentals and assessing downside risk.	**Diversification, Dynamic Allocation and Risk Management.** The number of investments that a Strategy makes may be limited, which would cause the Strategy's investments to be more susceptible to fluctuations in value resulting from adverse economic or business conditions with respect thereto. Diversification does not ensure a profit or protect against losses. There can be no assurance that the risk management program will be successful. Risk management seeks to mitigate risk but does not reduce or eliminate. **Capital is at risk.**
Estimates / Forward-Looking Statements. This material contains certain forward-looking statements and their underlying assumptions and analysis, in order to offer BXCI's expectations for future developments and events.	**Estimates / Forward-Looking Statements.** Estimates and other forward-looking information are based on assumptions that Blackstone believes to be reasonable as of the date hereof. Future results are inherently uncertain and subject to many important factors.
Key Personnel. Blackstone has a strong global investment team with experience across asset classes, strategies and various investment styles.	**Key Personnel.** Certain professionals are not dedicated to the Strategy and will perform work for other Blackstone business units or are not employed by Blackstone. There is no assurance that such professionals will continue to be associated with the Fund throughout its life.
Returns and Past Performance. The Strategies have delivered strong net returns since inception, driven by identifying fundamentally mispriced credits and exploiting market inefficiencies. Excess returns have had low correlations to markets and peers.	**Returns and Past Performance. Past performance does not predict future returns.** There can be no assurance that any Blackstone fund or investment will achieve its objectives or avoid substantial losses.
Themes and Trends. For Blackstone, recognizing significant market trends and good neighbourhoods supported by secular tailwinds is essential to finding quality investment opportunities and achieving strong performance.	**Themes and Trends.** There is no assurance that the Strategy will find or close on any opportunities relating to themes or current market trends identified herein or that future initiatives will occur as expected or at all. Trends may not continue and may reverse.

Key Risk Factors (Cont'd)

A detailed summary of the risks to which each Strategy is subject is available in applicable governing documents of the relevant Strategy. Capitalized terms used herein but not otherwise defined have the meanings set forth in the "Important Disclosure Information" section or in the Strategy's Offering Documents.

Conflicts of Interest. There may be occasions when the Strategy's investment advisor, and their affiliates will encounter potential conflicts of interest in connection with the Strategy's activities including, without limitation, the allocation of investment opportunities, relationships with Blackstone's and its affiliates' investment banking and advisory clients, and the diverse interests of such Fund's limited partner group.

Exchange Rate. Currency fluctuations may have an adverse effect on the value, price, income or costs of the product which may increase or decrease as a result of changes in exchange rates.

Inflation and Supply Chain Risk. Economic activity has continued to accelerate across sectors and regions. Nevertheless, due to global supply chain issues, a rise in energy prices, strong consumer demand as economies continue to reopen and other factors, inflation has accelerated in the U.S. and globally. We believe inflation is likely to continue in the near to medium-term, particularly in the U.S., with the possibility that monetary policy may tighten in response. Persistent inflationary pressures and supply chain issues could affect our portfolio companies profit margins. In addition, the inflation-adjusted value of the principal on our loan investments could decrease.

Material, Non-Public Information. In connection with other activities of Blackstone, certain Blackstone personnel may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities, including on a Strategy's behalf. As such, a Strategy may not be able to initiate a transaction or sell an investment. In addition, policies and procedures maintained by Blackstone to deter the inappropriate sharing of material non-public information may limit the ability of Blackstone personnel to share information with personnel in Blackstone's other business groups, which may ultimately reduce the positive synergies expected to be realized by a Strategy as part of the broader Blackstone investment platform.

No Assurance of Investment Return. An investment through a Strategy is speculative and involves a high degree of risk. There can be no assurance that a Strategy will achieve comparable results, implement its investment strategy, achieve its objectives, or avoid substantial losses, or that any expected returns will be met (or that the returns will be commensurate with the risks of investing in the type of transactions described herein). The portfolio companies in which a Strategy may invest (directly or indirectly) are speculative investments and will be subject to significant business and financial risks. A Strategy's performance may be volatile. An investment should only be considered by sophisticated investors who can afford to lose all or a substantial amount of their investment. A Strategy will incur costs which will impact the return throughout the life of such Fund. Costs may include, for example: fund management; fund administration and servicing; legal; compliance; record-keeping; certain kinds of distribution charges; and other operating costs. A Strategy's fees and expenses may offset or exceed its profits. A more detailed description of relevant costs and expenses is included in a Strategy's governing documents.

Recent Market Events Risk. Local, regional, or global events such as war (e.g., Russia/Ukraine), acts of terrorism, public health issues like pandemics or epidemics (e.g., COVID-19), recessions, or other economic, political and global macro factors and events could lead to a substantial economic downturn or recession in the U.S. and global economies and have a significant impact on the Strategy and its investments.

Important Disclosure Information

Blackstone Corporate Bond Strategies was formerly known as Blackstone Systematic Strategies. This document (together with any attachments, appendices, and related materials, the "Materials") is provided on a confidential basis for informational due diligence purposes only and is not, and may not be relied on in any manner as legal, tax, investment, accounting or other advice or as an offer to sell, or a solicitation of an offer to buy, any security or instrument in or to participate in any trading strategy with any Blackstone fund, account or other investment vehicle (each a "Fund"), nor shall it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision. If such offer is made, it will only be made by means of an offering memorandum (collectively with additional offering documents, the "Offering Documents"), which would contain material information (including certain risks of investing in such Fund) not contained in the Materials and which would supersede and qualify in its entirety the information set forth in the Materials. Any decision to invest in a Fund should be made after reviewing the Offering Documents of such Fund, conducting such investigations as the investor deems necessary and consulting the investor's own legal, accounting and tax advisers to make an independent determination of the suitability and consequences of an investment in such Fund. In the event that the descriptions or terms described herein are inconsistent with or contrary to the descriptions in or terms of the Offering Documents, the Offering Documents shall control. None of Blackstone, its funds, nor any of their affiliates makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein and nothing contained herein should be relied upon as a promise or representation as to past or future performance of a Fund or any other entity, transaction, or investment. All information is as of January 31, 2025 (the "Reporting Date"), unless otherwise indicated and may change materially in the future. Capitalized terms used herein but not otherwise defined have the meanings set forth in the Offering Documents.

The Materials contain highly confidential information regarding Blackstone and a Fund's investments, strategy and organization. Your acceptance of the Materials constitutes your agreement that the Materials are designated as "trade secret" and "highly confidential" by Blackstone and are neither publicly available nor do they constitute a public record and that you shall (i) keep confidential all the information contained in the Materials, as well as any information derived by you from the information contained in the Materials (collectively, "Confidential Information") and not disclose any such Confidential Information to any other person (including in response to any Freedom of Information Act, public records statute, or similar request), (ii) not use any of the Confidential Information for any purpose other than to evaluate or monitor investments in a Fund, (iii) not use the Confidential Information for purposes of trading securities, including, without limitation, securities of Blackstone or its portfolio companies, (iv) not copy the Materials without the prior consent of Blackstone, and (v) promptly return any or all of the Materials and copies hereof to Blackstone upon Blackstone's request, in each case subject to the confidentiality provisions more fully set forth in a Fund's Offering Documents and any other written agreement(s) between the recipient and Blackstone, a current or potential portfolio company, or a third-party service provider engaged by Blackstone in connection with evaluation of a potential investment opportunity.

Blackstone Proprietary Data. Certain information and data provided herein is based on Blackstone proprietary knowledge and data. While Blackstone currently believes that such information is reliable for purposes used herein, it is subject to change, and reflects Blackstone's opinion as to whether the amount, nature and quality of the data is sufficient for the applicable conclusion, and no representations are made as to the accuracy or completeness thereof.

Default Probability. Any default probability example is indicative of Blackstone's analysis regarding potential default probabilities of a specific borrower and does not provide an indication as to the borrower's future ability to meet its obligations. It is presented solely to provide the reader with insights into anticipated risk reward characteristics. It is based on Blackstone's current view of a borrower's default probability and various estimations. While Blackstone believes that assumptions used are reasonable under the circumstances, there is no guarantee that the default probabilities depicted herein are indicative of a borrower's future ability to meet its obligations, and unpredictable general economic conditions and other factors may cause actual default probabilities to vary materially from Blackstone's estimates.

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