Blackstone

MAY 2025

PRIVATE CREDIT: DIRECT LENDING

Diversifying Investor Portfolios

Direct lending has historically delivered relative outperformance, driven by defensive income, across market environments.*[1] We believe the following structural attributes can offer stability to portfolios across the market cycle, and particularly in times of market turbulence:

01 Premium Return[1]

02 Low Correlation[2]

03 Consistent Income[3]

04 Senior Secured

In today's volatile market, investors can consider an allocation to private credit in their own portfolios.

Historically Stable Returns, at a Premium to Public Fixed Income

Annual Returns of Key Indices Ranked in Order of Performance (2016–2024)*[1]

2016	2017	2018	2019	2020	2021	2022	2023	2024	Total Return*
17.1% High Yield Bonds	**8.6%** Direct Lending	**8.1%** Direct Lending	**14.3%** High Yield Bonds	**7.5%** Investment Grade Bonds	**12.8%** Direct Lending	**6.3%** Direct Lending	**13.4%** High Yield Bonds	**11.3%** Direct Lending	**9.4%** Direct Lending
11.2% Direct Lending	**7.5%** High Yield Bonds	**1.8%** 1-3 Month T-Bill	**9.0%** Direct Lending	**7.1%** High Yield Bonds	**5.3%** High Yield Bonds	**1.5%** 1-3 Month T-Bill	**13.3%** Leveraged Loans	**9.0%** Leveraged Loans	**6.3%** High Yield Bonds
10.2% Leveraged Loans	**4.1%** Leveraged Loans	**1.4%** Treasuries	**8.7%** Investment Grade Bonds	**5.8%** Treasuries	**5.2%** Leveraged Loans	**-0.8%** Leveraged Loans	**12.1%** Direct Lending	**8.2%** High Yield Bonds	**5.8%** Leveraged Loans
2.6% Investment Grade Bonds	**3.5%** Investment Grade Bonds	**0.4%** Leveraged Loans	**8.6%** Leveraged Loans	**5.5%** Direct Lending	**0.0%** 1-3 Month T-Bill	**-7.8%** Treasuries	**5.5%** Investment Grade Bonds	**5.3%** 1-3 Month T-Bill	**1.9%** 1-3 Month T-Bill
1.1% Treasuries	**1.1%** Treasuries	**0.0%** Investment Grade Bonds	**5.2%** Treasuries	**3.1%** Leveraged Loans	**-1.5%** Investment Grade Bonds	**-11.2%** High Yield Bonds	**5.1%** 1-3 Month T-Bill	**2.4%** Treasuries	**1.4%** Investment Grade Bonds
0.3% 1-3 Month T-Bill	**0.8%** 1-3 Month T-Bill	**-2.1%** High Yield Bonds	**2.2%** 1-3 Month T-Bill	**0.5%** 1-3 Month T-Bill	**-1.7%** Treasuries	**-13.0%** Investment Grade Bonds	**4.3%** Treasuries	**1.3%** Investment Grade Bonds	**1.2%** Treasuries

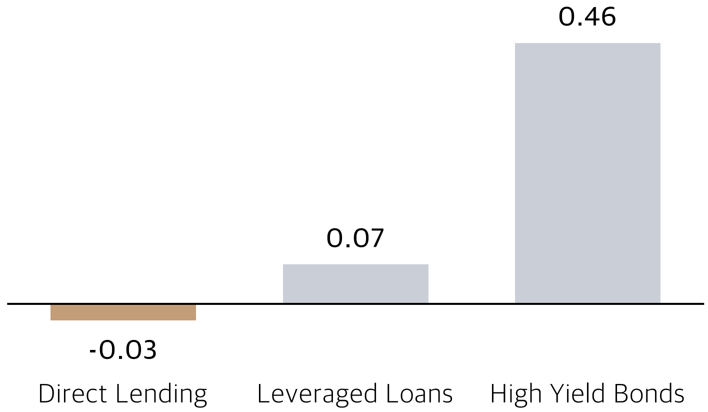
* Source: Morningstar, Cliffwater, as of December 31, 2024. Represents the annual returns for the respective calendar year, ranked in order of performance. The asset classes presented are based on the following indices: Clifffwater Direct Lending Index for Private Credit, Bloomberg US Corporate High Yield Index for High Yield Bonds, Bloomberg US Aggregate Bond Index for Investment Grade Bonds, Morningstar LSTA US Leveraged Loan Index for Leveraged Loans, Bloomberg US Intermediate Treasury Index for Treasuries, Bloomberg US Treasury Bill 1-3 Month Index for 1-3 Month T-Bill. Total return is calculated over the period January 1, 2016 (earliest common inception) to December 31, 2024. Please see Endnotes on page 3 and Important Disclosures for more information.

Drivers of Direct Lending's Outperformance Over Market Cycles

Low Correlation

- Direct lending can potentially serve as an effective portfolio diversifier given its low correlation to the US Agg, particularly relative to liquid credit[4]
- We believe this low correlation has helped to drive private credit's lower relative volatility

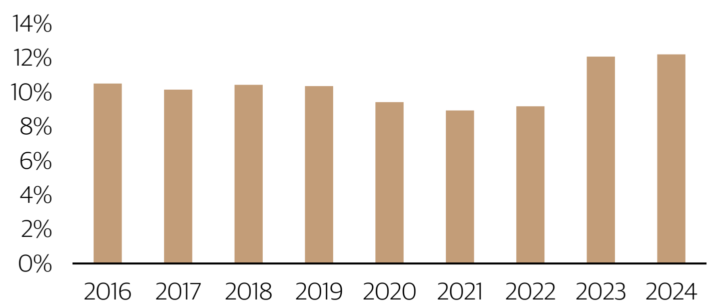
Correlation to the US Aggregate Bond Index[2]



Consistent Income

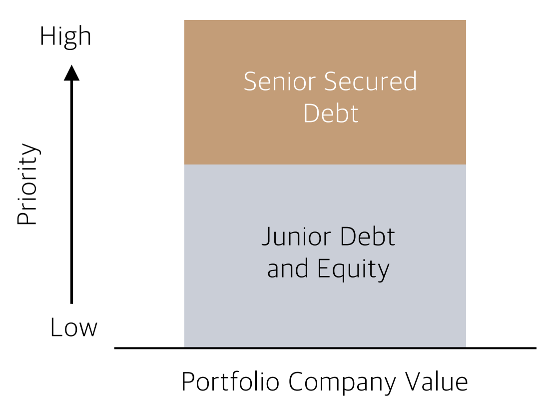
- Direct lending returns are primarily driven by income, which has been historically consistent across environments
- We believe this has driven outperformance, particularly during periods of economic uncertainty

Income Returns*[5]



Senior Secured

- Senior secured loans have the highest repayment priority in the event of a default, offering principal preservation
- In moments of economic weakness, the most junior part of the capital structure is most vulnerable and, conversely, the most senior part is the least



* Source: Cliffwater Direct Lending Index as of December 31, 2024, which is the latest data available. Represents the income return for the respective calendar year.
The above reflects Blackstone's views and beliefs as of the date appearing on this material only, which is subject to change. **Past performance does not predict future returns.** The information herein is provided for educational purposes only and should not be construed as financial or investment advice, nor should any information in this document be relied on when making an investment decision. Recipients should consult their own financial advisers regarding the information herein. Please see Endnotes on page 3 and Important Disclosures for more information.

Considerations Before Allocating

Manager selection can be important when allocating to private credit. Investors should be aware of considerations such as credit selection and the acumen of the managers conducting borrower due diligence. Liquidity and time horizons can also be key considerations. The compounding power of private credit returns typically requires a medium- to long-term investment horizon. Investors should carefully consider their liquidity needs within the context of their overall portfolio to determine whether and how much to commit to private credit.

Endnotes

Note: Data is as of March 31, 2025, unless otherwise indicated. Returns for periods greater than one year are annualized. Past performance does not predict future returns. There can be no assurance that any fund or alternative asset class will achieve results comparable to those of any of Blackstone's funds or be able to implement its strategy or achieve its investment objectives, including due to an inability to access sufficient investment opportunities, avoid substantial losses, or that any expected returns will be met.

(1) **Past performance does not predict future returns.** There can be no assurance any alternative asset classes will achieve their objectives or avoid significant losses. The volatility and risk profile of the indices is likely materially different from that of a fund. The indices employ different investment guidelines / criteria than a fund and do not employ leverage; a fund's holdings and the liquidity of such holdings may differ significantly from securities comprising the indices. The indices aren't subject to fees / expenses and it may not be possible to invest in the indices. The indices' performance has not been selected to represent an appropriate benchmark to compare to a fund's performance, but rather is disclosed to allow for comparison to that of well-known and widely recognized indices. A summary of the investment guidelines for the indices are available upon request. In the case of equity indices, performance of the indices reflects the reinvestment of dividends. The indices are not necessarily the top performing indices in the given asset class and recipients should consider this when comparing the performance of any fund or investment to that of the indices. See "Index Comparison" for more information.

(2) Source: Morningstar, Cliffwater, over the 8-year period (earliest common inception) ending December 31, 2024. Diversification does not assure a profit or protect against a loss in a declining market. Indices are meant to illustrate general market performance. Comparisons shown are for informational purposes only, do not represent specific investments and are not a portfolio allocation recommendation. Correlation measures how one investment performs in relation to another, with a coefficient of +1 being a perfect, positive correlation and a coefficient of -1 being a perfect, negative correlation. When two asset classes have a correlation of +1, they will both move up or down by the same amount in the same direction. Conversely, a correlation of -1 indicates that when one asset class moves up or down, the other moves in the opposite direction by the same amount. In general, asset classes with a correlation of less than 0.70 or greater than -0.70 are considered to have relatively low correlation. Direct Lending is represented by the Cliffwater CDLI Index. Leveraged Loans is represented by the Morningstar LSTA US LL Index. High Yield Bonds is represented by the Bloomberg US Corporate High Yield Index. The US Agg is the Bloomberg US Aggregate Bond Index. Municipal bonds are represented by the Bloomberg US Municipal Index. See "Important Disclosure Information–Trends".

(3) There can be no assurance that any Blackstone fund or investment will achieve its objectives or avoid substantial losses.

(4) Diversification does not ensure a profit or protect against losses.

(5) The volatility and risk profile of the indices is likely materially different from that of a fund. The indices employ different investment guidelines / criteria than a fund and do not employ leverage; a fund's holdings and the liquidity of such holdings may differ significantly from securities comprising the indices. The indices aren't subject to fees / expenses and it may not be possible to invest in the indices. The indices' performance has not been selected to represent an appropriate benchmark to compare to a fund's performance, but rather is disclosed to allow for comparison to that of well-known and widely recognized indices. A summary of the investment guidelines for the indices are available upon request. The indices are not necessarily the top performing indices in the given asset class and recipients should consider this when comparing the performance of any fund or investment to that of the indices. See "Important Disclosure Information," including "Index Comparison".

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Prospective investors should bear in mind that **past performance does not predict future returns** and there can be no assurance that a Fund will achieve comparable results, implement its investment strategy, achieve its objectives or avoid substantial losses or that any expected returns will be met.

Diversification; Potential Lack Thereof. Diversification is not a guarantee of either a return or protection against loss in declining markets. The number of investments which a Fund makes may be limited, which would cause the Fund's investments to be more susceptible to fluctuations in value resulting from adverse economic or business conditions with respect thereto. There is no assurance that any of the Fund's investments will perform well or even return capital; if certain investments perform unfavorably, for the Fund to achieve above-average returns, one or a few of its investments must perform very well. There is no assurance that this will be the case. In addition, certain geographic regions and/or industries in which the Fund is heavily invested may be more adversely affected from economic pressures when compared to other geographic regions and/or industries.

Important Disclosure Information (Cont'd)

ERISA Fiduciary Disclosure. The foregoing information has not been provided in a fiduciary capacity under ERISA, and it is not intended to be, and should not be considered as, impartial investment advice.

Forward-Looking Statements. Certain information contained in the Materials constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "anticipate," "estimate," "believe," "continue" or other similar words, or the negatives thereof. These may include financial predictions estimates and their underlying assumptions, statements about plans, objectives and expectations with respect to future operations, and statements regarding future performance. Such forward-looking statements are inherently uncertain and there are or may be important factors that could cause actual outcomes or results to differ materially from those indicated in such statements. Blackstone believes these factors include but are not limited to those described under the section entitled "Risk Factors" in its Annual Report on Form 10-K for the most recent fiscal year ended December 31 of that year, and any such updated factors included in its periodic filings with the Securities and Exchange Commission, which are accessible on the SEC's website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in the Materials and in the filings. Blackstone undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

Index Comparison. The volatility and risk profile of the indices presented in this document is likely to be materially different from that of the Fund. In addition, the indices employ different investment guidelines and criteria than the Fund and do not employ leverage; as a result, the holdings in the Fund and the liquidity of such holdings may differ significantly from the securities that comprise the indices. The indices are not subject to fees or expenses and it may not be possible to invest in the indices. A summary of the investment guidelines for the indices presented are available upon request. In the case of equity indices, performance of the indices reflects the reinvestment of dividends.

Leverage; Borrowings Under a Subscription Facility. A Fund may use leverage, and a Fund may utilize borrowings from Blackstone Inc. or under its subscription-based credit facility in advance of or in lieu of receiving investors' capital contributions. The use of leverage or borrowings magnifies investment, market and certain other risks and may be significant. A Fund's performance will be affected by the availability and terms of any leverage as such leverage will enhance returns from investments to the extent such returns exceed the costs of borrowings by such Fund. The leveraged capital structure of such assets will increase their exposure to certain factors such as rising interest rates, downturns in the economy, or deterioration in the financial condition of such assets or industry. In the event an investment cannot generate adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital invested in the investment, which may adversely affect the returns of such Fund. In the case of borrowings used in advance of or in lieu of receiving investors' capital contributions, such use will result in higher or lower reported returns than if investors' capital had been contributed at the inception of an investment because calculations of returns to investors are based on the payment date of investors' capital contributions. In addition, because a Fund will pay all expenses, including interest, associated with the use of leverage or borrowings, investors will indirectly bear such costs.

No Assurance of Investment Return. Prospective investors should be aware that an investment in a Fund is speculative and involves a high degree of risk. There can be no assurance that a Fund will achieve comparable results, implement its investment strategy, achieve its objectives or avoid substantial losses or that any expected returns will be met. A Fund'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 Fund's fees and expenses may offset or exceed its profits.

Opinions. Opinions expressed reflect the current opinions of Blackstone as of the date appearing in the Materials only and are based on Blackstone's opinions of the current market environment, which is subject to change. Certain information contained in the Materials discusses general market activity, industry or sector trends, or other broad-based economic, market or political conditions and should not be construed as research or investment advice.

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Trends. There can be no assurances that any of the trends described herein will continue or will not reverse. Past events and trends do not imply, predict or guarantee, and are not necessarily indicative of, future events or results.

Index Definitions

Cliffwater Direct Lending Index (CDLI) seeks to measure the unlevered, gross of fee performance of US middle market corporate loans, as represented by the asset-weighted performance of the underlying assets of Business Development Companies (BDCs), including both exchange-traded and unlisted BDCs, subject to certain eligibility requirements.

Morningstar LSTA US Leveraged Loan Index is a market value-weighted index designed to measure the performance of the US leveraged loan market based upon market weightings, spreads and interest payments.

Bloomberg US Corporate High Yield Index measures the USD-denominated, High Yield Bonds, fixed-rate corporate bond market. Securities are classified as High Yield Bonds if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below.

Bloomberg US Intermediate Treasury Index measures the performance of public obligations of the US Treasury with maturities of 1-10 years, including securities roll up to the US Aggregate, US Universal, and Global Aggregate Indices.

Bloomberg US Aggregate Bond Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the US investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

Bloomberg US 1-3 Month Treasury Bill measures the performance of public obligations of the US Treasury with maturities of 1-3 months, including securities roll up to the US Aggregate, US Universal, and Global Aggregate Indices.