

PRIVATE EQUITY

Diversifying Investor Portfolios

Private equity has been a cornerstone of institutional investor portfolios for decades, historically providing enhanced returns with lower volatility, diversification,⁽¹⁾ and downside mitigation. With nearly 90% of companies privately held,⁽²⁾ private equity offers access to a vast opportunity set. Private equity emphasizes long-term value creation through operational improvements and strategic growth initiatives, which can make it a powerful tool for all environments, including when navigating uncertainty. With recent structural innovations making private equity more accessible to individual investors, it can now serve as a core building block in portfolios.

Historically, private equity has offered:

01

Public Market Outperformance

02

Portfolio Diversification

03

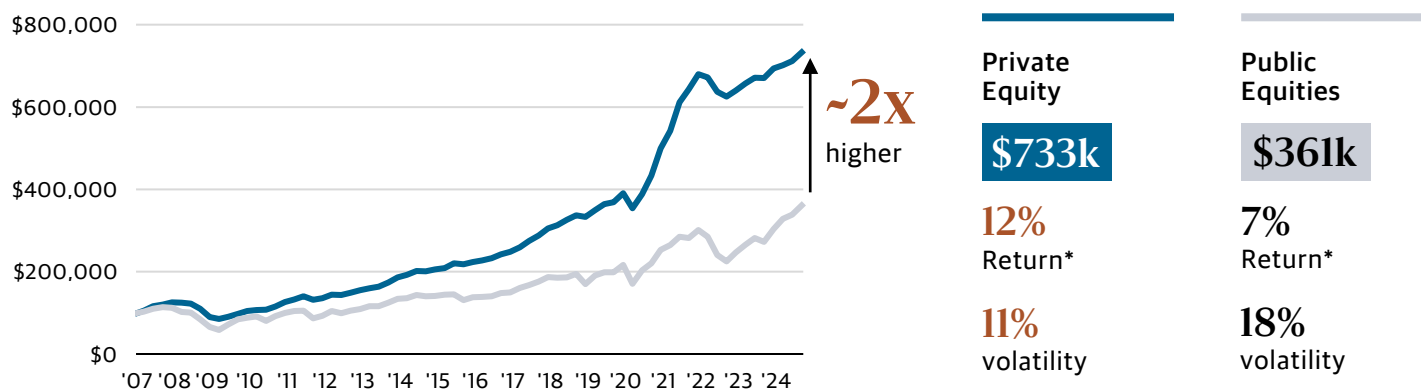
Long-Term Value Creation

In today's volatile market environment, investors may wish to consider private equity for their own portfolios.

Outperformance

Historically, private equity has delivered higher returns with lower volatility than public equities.

Growth of \$100k Investment*



* Cambridge Associates, as of September 30, 2024. Growth of \$100,000 based on cumulative returns from January 1, 2004, to September 30, 2024, based on earliest common inception date. **Past performance does not predict future returns.** "Private Equity" is represented by the pooled returns of the Cambridge US Private Equity Index, which is comprised of 2042 PE funds, including fully liquidated partnerships, formed between 2004 and 2024. "Public Equities" are represented by the Cambridge Modified Public Market Equivalent ("PME") analysis of the MSCI ACWI Index. Comparisons of private equity performance to public equity performance is therefore based on the difference in performance between Cambridge US Private Equity Index IRR and the hypothetical PME return of the MSCI ACWI Index. Hypothetical PME index performance may differ materially from the performance of such index during the same time period on account of the adjustments made for the timing of cash flows as per the PME analysis. Returns shown above have been compounded quarter over quarter to show comparison over time and may not be representative of actual historical returns experienced by investors in either private equity or public equities. See Endnote 3 on page 3 for additional information on the PME calculation methodology. Private equity assets are expected to face risks different than those faced by public equities, including significantly less liquidity, as private equity assets generally do not have liquid markets and greater risk of default and related risk of loss of principal. Additionally, investments in private equity are speculative and often include a higher degree of risk. Indices are provided for illustrative purposes only, and there are significant risks and limitations to relying on comparisons to an index, including the PME adjustments. See "Important Disclosure Information" including "Index Comparison" and "Index Definitions." These indices have been selected as generally well-known and widely recognized indices and not as a benchmark for any specific fund. Additionally, investments in private infrastructure are speculative and often include a higher degree of risk.

Portfolio Diversification

Private equity can potentially provide diversification⁽¹⁾ from public equities, with the potential for outperformance. It has also shown resilience and downside mitigation during market downturns, such as 2018 and 2022.

Public vs. Private Equity: Annual Returns of Key Indices Ranked in Order of Performance⁽⁴⁾

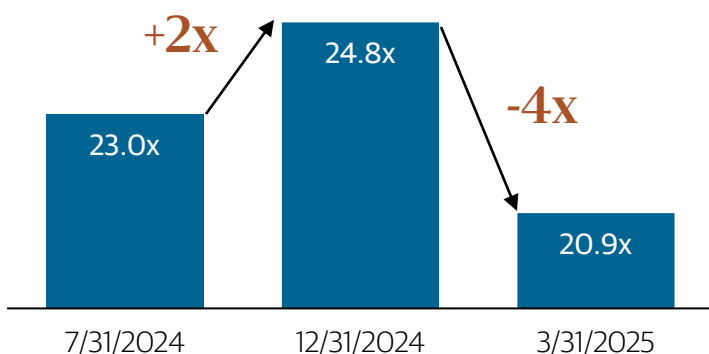
10 Years (2014-2023)

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total Return*
13.8% US Private Equity	10.3% US Private Equity	21.3% US Small Cap Equities	24.6% Global Equities	12.3% US Private Equity	31.5% US Large Cap Equities	29.1% US Private Equity	41.8% US Private Equity	-4.2% US Private Equity	26.3% US Large Cap Equities	15.8% Private Equity
13.7% US Large Cap Equities	1.4% US Large Cap Equities	12.3% US Private Equity	21.8% US Large Cap Equities	-4.4% US Large Cap Equities	27.3% Global Equities	20.0% US Small Cap Equities	28.7% US Large Cap Equities	-18.0% Global Equities	22.8% Global Equities	12.0% US Large Cap Equities
4.9% US Small Cap Equities	-1.8% Global Equities	12.0% US Large Cap Equities	20.5% US Private Equity	-8.9% Global Equities	25.5% US Small Cap Equities	18.4% US Large Cap Equities	19.0% Global Equities	-18.1% US Large Cap Equities	16.9% US Small Cap Equities	8.5% Global Equities
4.7% Global Equities	-4.4% US Small Cap Equities	8.5% Global Equities	14.6% US Small Cap Equities	-11.0% US Small Cap Equities	18.5% US Private Equity	16.8% Global Equities	14.8% US Small Cap Equities	-20.4% US Small Cap Equities	9.3% US Private Equity	7.2% US Small Cap Equities

Long-Term Value Creation

- Public equities can experience heightened volatility driven by rapid expansions and contractions in price-to-earnings (P/E) multiples
- In contrast, the private equity model focuses on driving earnings growth through strategic transformations, such as growing revenue by introducing new products or services, expanding into new markets, or managing costs through improving operational efficiency and optimizing supply chains
- We believe earnings growth can offer a more reliable and consistent source of returns than multiple expansion, underpinning private equity's outperformance over time

S&P 500 12-month Forward P/E⁽⁵⁾



Illustrative Drivers of Private Equity Returns



* Total return is calculated over the period January 1, 2014 to December 31, 2023. Morningstar computes total return using the trailing quarterly returns for the appropriate time period. See Endnotes and "Important Disclosure Information" including "Index Comparisons," "Opinions," and "Trends."

Considerations Before Allocating

Ultimately, private market investing means active ownership of less liquid assets, as value creation takes time. Liquidity needs at the total portfolio level are one important consideration before allocating to private equity. In addition, manager selection may be of particular importance given the wider dispersion of returns compared to public markets. Key manager attributes include scale, staying power and a long track record.

Endnotes

- (1) Diversification does not ensure a profit or protect against losses.
- (2) Capital IQ, November 2023. Represents the share of companies based on the total number of public and private companies in North America, Europe, and Asia that have reported revenues 2023, 2022, or 2021 fiscal year revenues greater than \$250M per Capital IQ's company database.
- (3) PME data contained herein was generated by Cambridge Associates' PME tool as of September, 2024, and was not calculated by Blackstone. PME methodology replicates the date and amount of cash flows from Cambridge Private Equity Index capital calls or distributions in a public market index (i.e., MSCI ACWI). There are multiple PME calculation methodologies that can be used to compare private and public markets, and the use of a different PME calculation methodology may result in a different outcome than the one shown here. Cambridge Associates' Private Investments Database is a collection of private fund performance including the performance of buyout, growth equity, private equity energy and subordinated capital funds. The private fund and investment-level performance information is drawn from the quarterly and audited annual financial statements of the fund managers and each manager's reported performance numbers are independently recreated from the financial statements and verified by Cambridge Associates.
- (4) Source: Morningstar, Cambridge Associates. Represents the annual returns for the respective calendar year, ranked in order of performance as of 2023. The asset classes presented are based on the following indices: Cambridge Associates US Private Equity Index for US Private Equity. MSCI ACWI Index for Global Equities. S&P 500 Index for US Large Cap Equities. Russell 2000 Index for US Small Cap Equities. 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 "Important Disclaimer Information," including "Index Comparison."
- (5) Source: Bloomberg. Represents S&P 500 12-month forward PE returns as of March 31, 2025.

Important Disclosure Information

This document (together with any related materials or links, the "Materials") does not constitute an offer to sell, or a solicitation of an offer to buy, any security or instrument, or a solicitation of interest in any Blackstone vehicle, account or strategy. If any such offer is made, it will only be by means of an offering memorandum or prospectus, which would contain material information including certain risks of investing including, but not limited to, loss of all or a significant portion of the investment due to leveraging, short-selling, or other speculative practices, lack of liquidity and volatility of returns. Nothing herein constitutes investment advice or recommendations and should not be relied upon as a basis for making an investment decision.

This material is not to be reproduced or distributed to any other persons (other than professional advisors of the persons receiving this material) and is intended solely for the use of the persons to whom it has been delivered.

This material is provided for informational and educational purposes only and is not an advertisement for purposes of the US Investment Advisers Act of 1940.

Alternative investments often are speculative, typically have higher fees than traditional investments, often include a high degree of risk and are appropriate only for eligible, long-term investors who are willing to forgo liquidity and put capital at risk for an indefinite period of time. They may be highly illiquid and can engage in leverage and other speculative practices that may increase volatility and risk of loss.

Blackstone Proprietary Data. Certain information and data provided herein is based on Blackstone proprietary knowledge and data. Portfolio companies may provide proprietary market data to Blackstone, including about local market supply and demand conditions, current market rents and operating expenses, capital expenditures, and valuations for multiple assets. Such proprietary market data is used by Blackstone to evaluate market trends as well as to underwrite potential and existing investments. 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.

Conflicts of Interest. There may be occasions when a Fund's general partner and/or the investment advisor, and their affiliates will encounter potential conflicts of interest in connection with such Fund'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. There can be no assurance that Blackstone will identify, mitigate, or resolve all conflicts of interest in a manner that is favorable to the Fund.

Important Disclosure Information (Cont'd)

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.

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 or the negatives thereof. These may include statements about plans, objectives and expectations with respect to future operations. 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 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 is likely to be materially different from that of a Fund. In addition, the indices employ different investment guidelines and criteria than a Fund and do not employ leverage; as a result, the holdings in a 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. The performance of the indices has not been selected to represent an appropriate benchmark to compare to a Fund's performance, but rather is disclosed to allow for comparison of a Fund's performance to that of well-known and widely recognized 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.

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 (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 Fund may invest (directly or indirectly) are speculative investments and will be subject to significant business and financial risks. 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. Further, opinions expressed herein may differ from the opinions expressed by a Dealer and/or other businesses / affiliates of a Dealer. This is not a "research report" as defined by FINRA Rule 2241 or a "debt research report" as defined by FINRA Rule 2242 and was not prepared by the Research Departments of a Dealer or its affiliates.

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 US and global economies and have a significant impact on the Fund and its investments. The recovery from such downturns is uncertain and may last for an extended period of time or result in significant volatility, and many of the risks discussed herein associated with an investment in the Fund may be increased.

Third-Party Information. Certain information contained in this material has been obtained from sources outside Blackstone, which in certain cases have not been updated through the date hereof. While such information is believed to be reliable for purposes used herein, no representations are made as to the accuracy or completeness thereof and none of Blackstone, its funds, nor any of their affiliates takes any responsibility for, and has not independently verified, any such information.

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

Cambridge Associates US Private Equity Index: This index is a horizon calculation based on data compiled from US buyout and growth equity funds, formed between 1986 and 2023.

MSCI ACWI Index: MSCI ACWI Index represents all global public equity markets. The MSCI ACWI ex US Index excludes the US equity market. "ACWI" is an acronym for All Country World Index.

S&P 500 Index: The index measures the performance of 500 widely held stocks in the US equity market. Standard and Poor's chooses member companies for the index based on market size, liquidity and industry group representation. Included are the stocks of industrial, financial, utility, and transportation companies. Since mid-1989, this composition has been more flexible and the number of issues in each sector has varied. It is market capitalization weighted.

Russell 2000 Index: The Russell 2000 Index is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. The Russell 2000 Index measures the performance of the small-cap segment of the US equity universe.