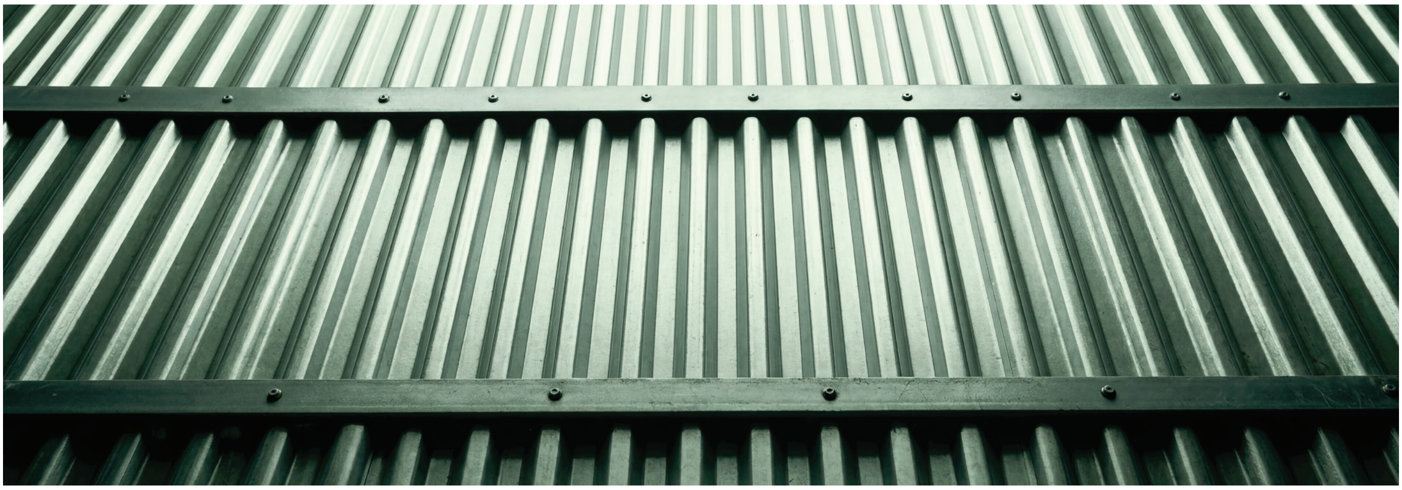
Blackstone University | Essentials

Hedge Funds

Hedge funds seek to generate consistent returns across markets, enhance portfolio diversification, and reduce risk.



Blackstone

Alternatives

Need to Know

Consistent Return Potential

Multi-strategy hedge funds seek to generate attractive returns across market environments by combining diversified, uncorrelated strategies. Their ability to adapt exposures over time aims to deliver more consistent outcomes compared to traditional assets.

Diversification Benefits[1]

Multi-strategy hedge funds can improve portfolio balance by targeting low correlation to traditional stocks and bonds. Diversification across asset classes, strategies, and time horizons helps prevent any single risk factor from dominating outcomes.

Risk Mitigation Focus

Risk management is central to hedge fund investing. **Multi-strategy hedge funds aim to deliver downside mitigation** through prudent position sizing, active portfolio management, hedging overlays, and real-time portfolio monitoring.

What are Hedge Funds?

Hedge funds invest primarily in liquid public markets, using fundamental and trading-oriented strategies that seek to generate alpha independent of market direction. They typically take both long and short positions, dynamically adjust exposures, and actively manage risk. Multi-strategy hedge funds combine multiple approaches within a single portfolio, reallocating capital as opportunities and market conditions change.

Hedge funds seek to offer:

Strong Returns

Potential for attractive returns on a standalone basis

Consistency

Typically positive regardless of market conditions

Diversification

Aim to add balance and offset weakness when other assets struggle

Low Drawdowns

Seek to exhibit limited downside in periods of market stress

Uncorrelated Returns

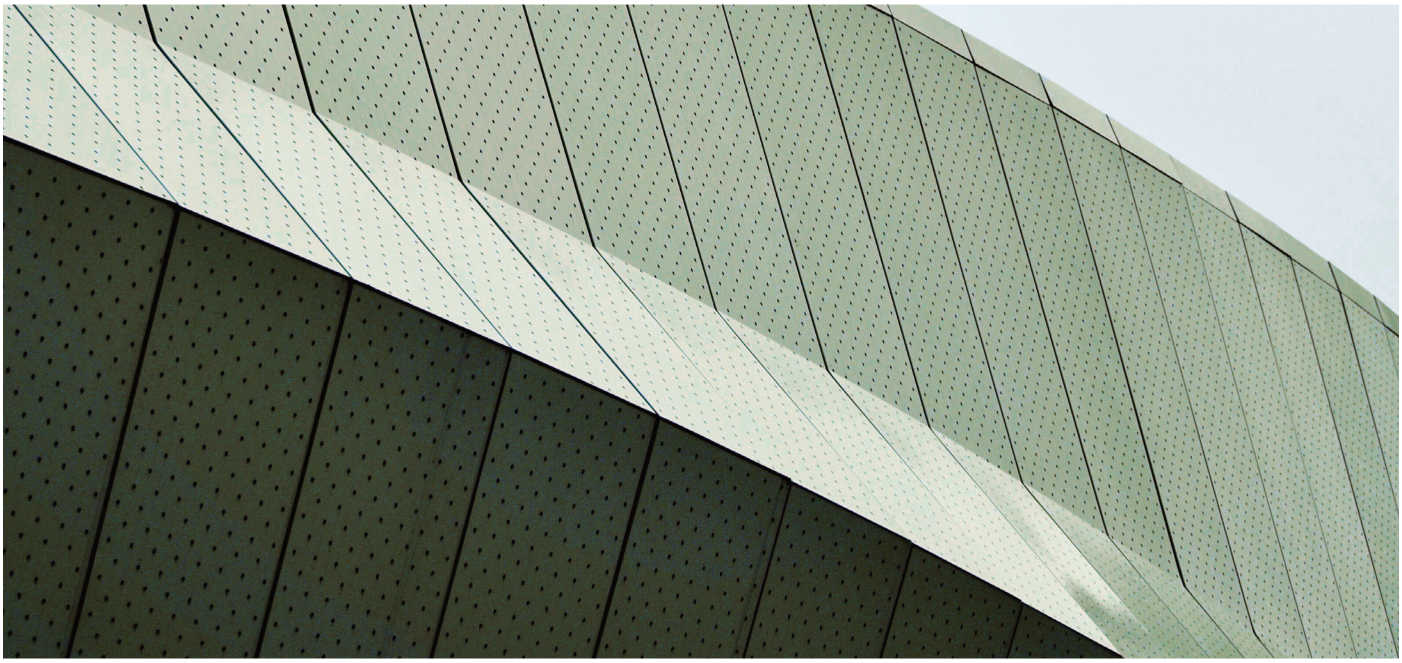
May offer return sources that are independent of broader markets

Note: **Past performance does not predict future returns.** There can be no assurance that any alternative asset class investment will achieve its objectives or avoid significant losses. Any investment involves a high degree of risk. See "Important Disclosure Information," including "Opinions" and "Trends." Diversification does not guarantee positive performance or protect against losses.

1. Diversification does not ensure a profit or protect against losses.

Common Hedge Fund Strategies

Equity Long / Short	Fundamental stock selection focused on business quality, valuation, and variant perception, with the goal of capturing alpha while actively managing market risk.
Credit Strategies	Opportunistic investing across public and structured credit with a focus on income generation and capital preservation across credit cycles.
Global Macro	Relative value and directional trading in rates, currencies, commodities, and broader macro themes across emerging and developed markets.
Quantitative Trading	Systematic, data-driven investing across alpha horizons and asset classes, with the goal of capitalizing on short-term inefficiencies.
Special Situations	Specialized event-driven and idiosyncratic opportunities emphasizing asymmetric payoff profiles that may not be closely tied to broader markets.



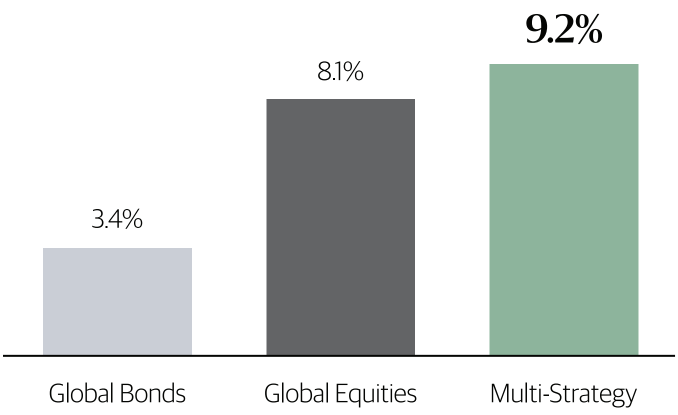
Note: Based on Blackstone's beliefs and market observations and subject to change. Diversification does not ensure a profit or protect against loss. There can be no assurance that any investment will be able to effectively enhance returns, increase income, provide diversification, hedge inflation, provide tax advantages, implement its investment strategy, achieve its investment objectives or avoid substantial losses. Please see Important Disclosure Information.

Compelling Return Potential

Multi-strategy hedge funds have demonstrated the potential to enhance returns and reduce risk, improving long-term portfolio compounding. We believe their strong historical performance, consistency across market environments, and resilience during downturns may position them as a compelling, all-weather investment strategy for qualified investors.

EXHIBIT 1: Multi-Strategy Funds Have Delivered Attractive Historical Returns with Lower Volatility

Attractive Returns
(Annualized — Jan 1998 to Dec 2025)[1, 2, 3]



Lower Volatility
(Realized — Jan 1998 to Dec 2025)[1, 2, 3]

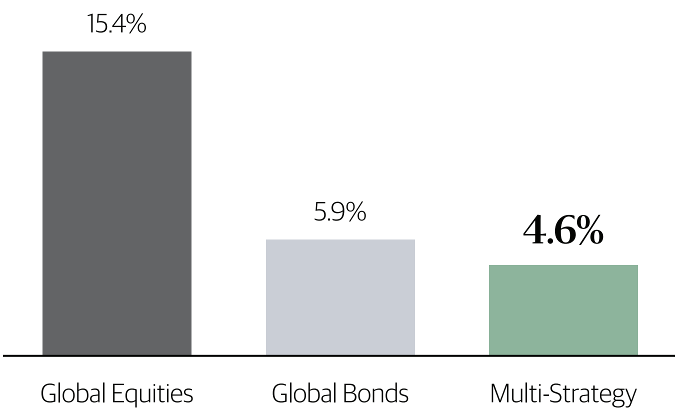
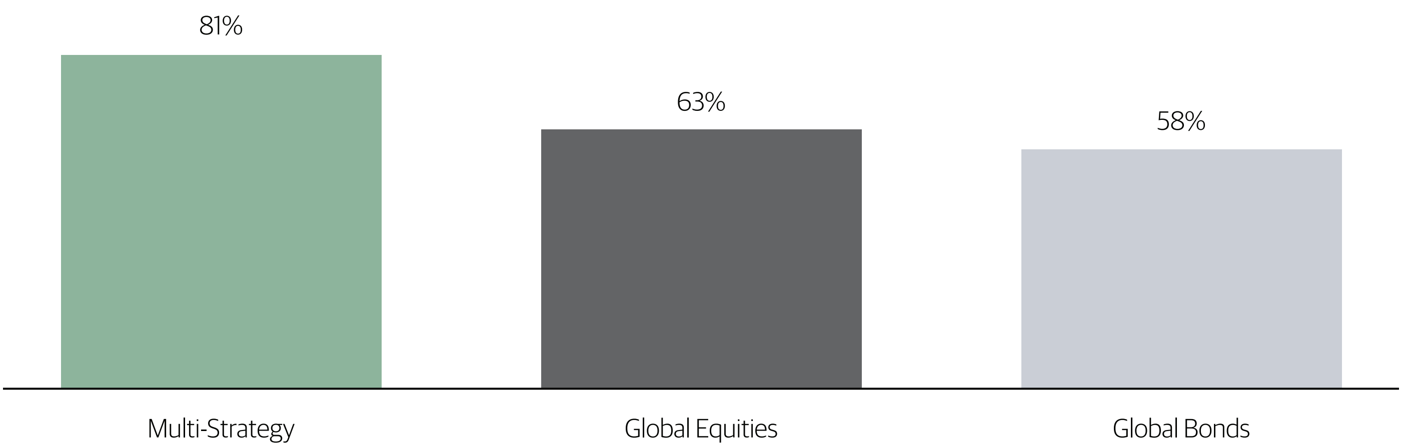


EXHIBIT 2: Multi-Strategy Funds Have Generated Consistent Returns Across Market Environments

Percentage Positive Months 1998–2025 (Earliest Common Available Data)[1, 2, 3]



Note: **Past performance does not predict future returns.** There can be no assurance that any alternative asset class investment will achieve its objectives or avoid significant losses. There is no assurance trends will continue. See "Important Disclosure Information," including "Index Selection," "Opinions," and "Trends." Diversification does not guarantee positive performance or protect against losses.

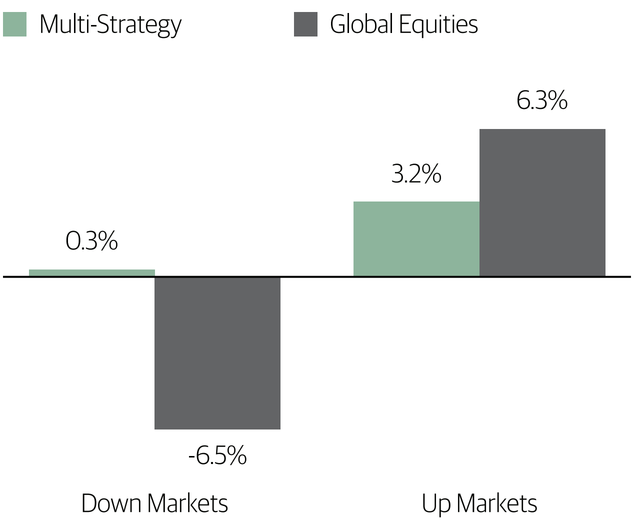
1. Global Equities is represented by MSCI World TR Index, Global Bonds is represented by Bloomberg Global Aggregate TR Index, and Multi-Strategy Index is represented by PivotalPath Multi-Strategy Index.
2. The above analysis is shown beginning in January 1998, which is the earliest date the PivotalPath Multi-Strategy Index is available.
3. Indices are provided for illustrative purposes only. They have not been selected to represent appropriate benchmarks or targets for any strategy or portfolio.

Downside Mitigation

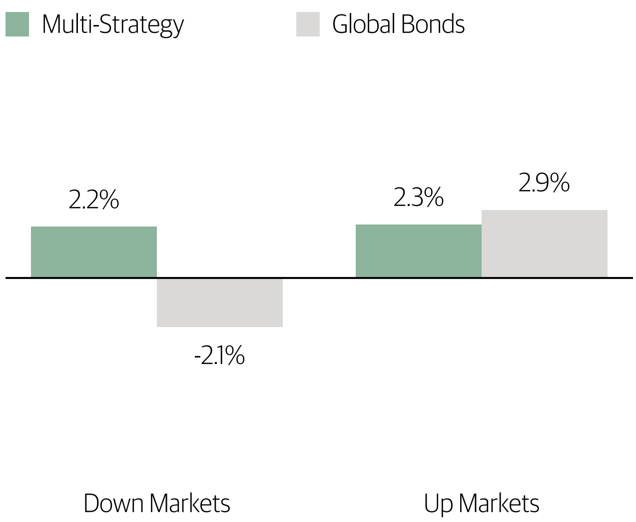
Historically, multi-strategy hedge funds have demonstrated resilience during equity and bond market drawdowns while participating in rising markets. By combining multiple strategies with distinct return drivers, multi-strategy hedge funds can enhance portfolio resilience in challenging environments while still participating in positive market environments. The key takeaway is that hedge fund investing is not just about return potential, but also about reducing volatility and preserving capital, making it a complement to traditional equity and fixed income allocations.

EXHIBIT 3: Multi-Strategy Hedge Funds Have Offered Diversification vs. Traditional Assets Across Market Cycles

Performance in Up / Down Equity Markets[1,2,3,4]
(Jan 1998 to Dec 2025)



Performance in Up / Down Bond Markets[1,2,3,4]
(Jan 1998 to Dec 2025)



Note: **Past performance does not predict future returns.** There can be no assurance that any alternative asset class investment will achieve its objectives or avoid significant losses. There is no assurance trends will continue. Diversification does not ensure a profit or protect against losses. See "Important Disclosure Information," including "Index Selection" and "Trends."

1. Up / down markets refers to rolling 3-month quarterly periods when MSCI World TR Index / Bloomberg Global Aggregate TR Index produced a negative or positive return.
2. Global Equities is represented by MSCI World TR Index, Global Bonds is represented by Bloomberg Global Aggregate TR Index, and Multi-Strategy Index is represented by PivotalPath Multi-Strategy Index.
3. The above analysis is shown beginning in January 1998, which is the earliest date the PivotalPath Multi-Strategy Index is available.
4. Indices are provided for illustrative purposes only. They have not been selected to represent appropriate benchmarks or targets for any strategy or portfolio.

The Role of Hedge Funds in Portfolios

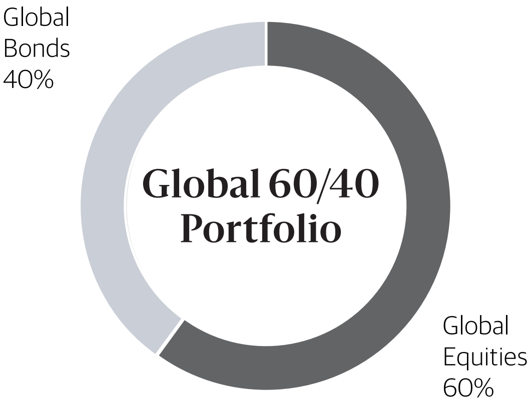
Multi-strategy hedge funds are often used as a core alternative allocation within diversified portfolios. Their focus on absolute returns, diversification, and downside risk mitigation can complement traditional stock-and-bond allocations. Multi-strategy hedge funds can help mitigate challenges such as elevated equity valuations, shifting stock-bond correlations, and heightened macroeconomic uncertainty, with the potential to enhance portfolio returns over time.

EXHIBIT 4: Hedge Funds Enhance Portfolio Outcomes Across Key Metrics[1, 2, 3]

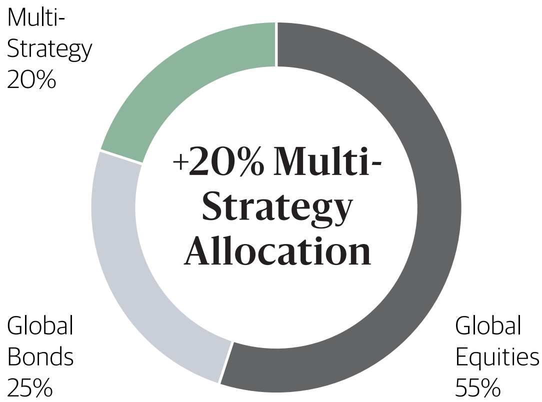
Jan 1998 to Dec 2025

Characteristic	Global 60/40 Portfolio	Multi-Strategy Hedge Funds	Impact of Hedge Funds
Annualized Return	6.5%	9.2%	+
Annualized Volatility	10.3%	4.6%	+
Sharpe	0.4	1.5	+
Max Drawdown	-36.1%	-15.0%	+
Beta (MSCI World)	0.7	0.2	+
PnL on a $1M investment[4]	$4.8M	$10.7M	+

EXHIBIT 5: Illustrative Portfolio Impact — Adding a Dedicated Multi-Strategy Allocation Aims to Improve Returns With Less Risk[1, 2, 3]



Annualized Return	6.5%
Annualized Volatility	10.3%



Annualized Return	**7.4%**
Annualized Volatility	**9.6%**

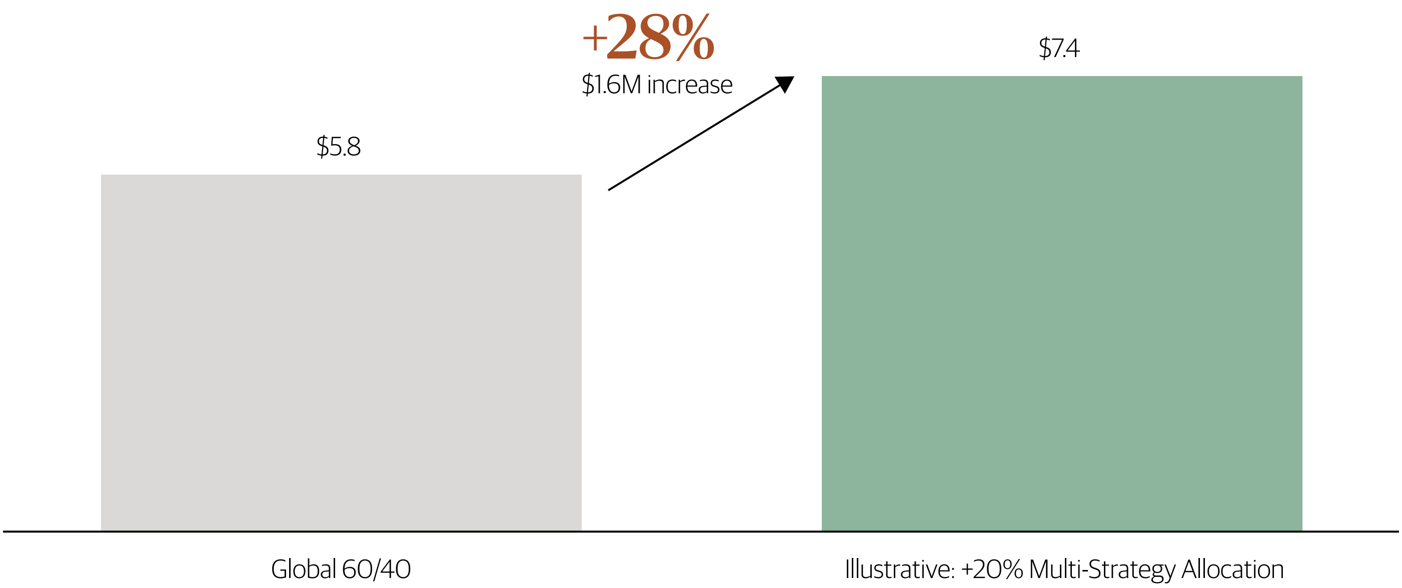
Note: **Past performance does not predict future returns.** There can be no assurance that any alternative asset class investment will achieve its objectives or avoid significant losses. There can be no assurances that any of the trends described herein will continue or will not reverse. See "Important Disclosure Information," including "Index Selection," "Opinions," and "Trends."

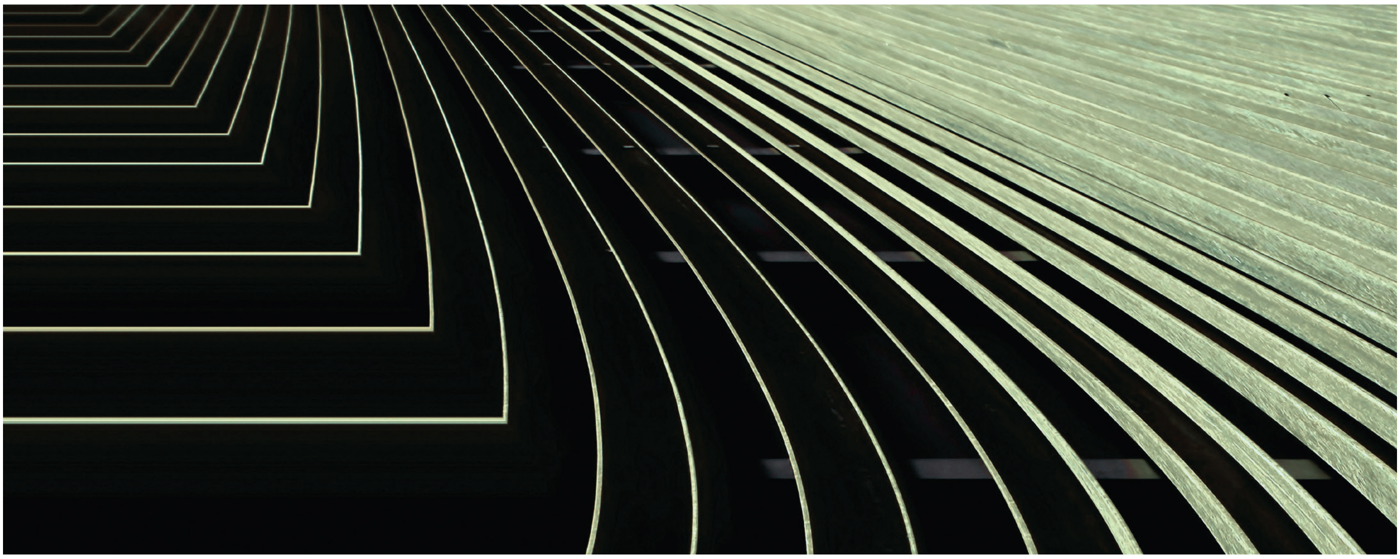
1. Global 60/40 represents weighted historical cumulative returns using 60% MSCI World TR Index and 40% Bloomberg Global Aggregate TR Index. Multi-Strategy Hedge Funds represents the PivotalPath Multi-Strategy Index. +20% Multi-Strategy represents weighted historical cumulative returns using 55.0% MSCI World TR Index, 25.0% Bloomberg Global Aggregate TR Index, and 20.0% PivotalPath Multi-Strategy Index. These results are hypothetical as the indices are not investible products. There are fees and expenses to investing that are not reflected in an index comparison. Annualized returns and volatility are calculated from the blended return stream of each weighted index portfolio and do not include additional fees and expenses, which are typically borne by the investor. Actual returns achieved by a fund or product investing in any asset class presented herein may be materially lower.
2. The above analysis is shown beginning in January 1998, which is the earliest date the PivotalPath Multi-Strategy Index is available.
3. Indices are provided for illustrative purposes only. The indices and benchmarks reflected herein are not representative of all investments and the performance of such indices and benchmarks in periods other than the period from January 1998 to December 2025 shown herein may differ materially, and it should not be assumed that any trends shown will continue.
4. If $1 million were invested into a Global 60/40 portfolio on January 1, 1998, the investment would be worth $5.8 million on December 31, 2025. If $1 million were invested into the PivotalPath Multi-Strategy Index on January 1, 1998, the investment would be worth $11.7 million on December 31, 2025.

Portfolio Impact

EXHIBIT 6: Illustrative Portfolio — Higher Returns with Less Risk Leads to Long-Term Compounding

Growth of $1M Portfolio[1] (Jan 1998 to Dec 2025)[2, 3]





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1. Global 60/40 represents weighted historical cumulative returns using 60% MSCI World TR Index and 40% Bloomberg Global Aggregate TR Index. +20% Multi-Strategy represents weighted historical cumulative returns using 55.0% MSCI World TR Index, 25.0% Bloomberg Global Aggregate TR Index, and 20% PivotalPath Multi-Strategy Index. These results are hypothetical as the indices are not investible products. Annualized returns and volatility are calculated from the blended return stream of each weighted index portfolio and do not include additional fees and expenses, which are typically borne by the investor. Actual returns achieved by a fund or product investing in any asset class presented herein may be materially lower.
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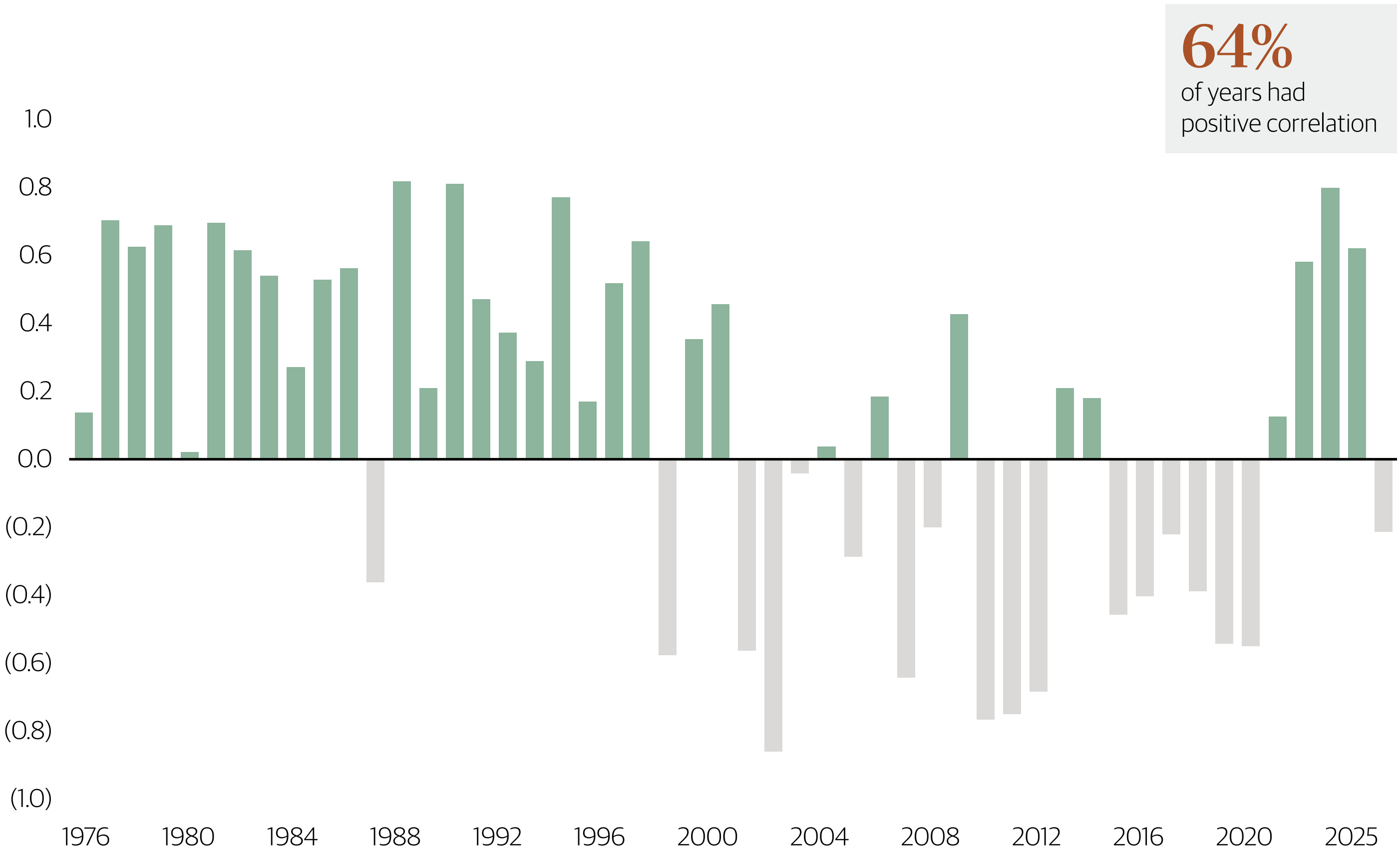
Why Now?

For decades, investors relied on a combination of stocks and bonds to drive returns and manage risk, based on the assumption that bonds would reliably diversify equity exposure.[1] Historically, however, stock-bond correlations have been positive more often than not, making that diversification benefit inconsistent over time.

EXHIBIT 7: Historically, Bonds Have Not Been a Reliable Diversifier to Stocks

US Stock-Bond Correlation Over Last 50 Years (1976 to 2025)[2]



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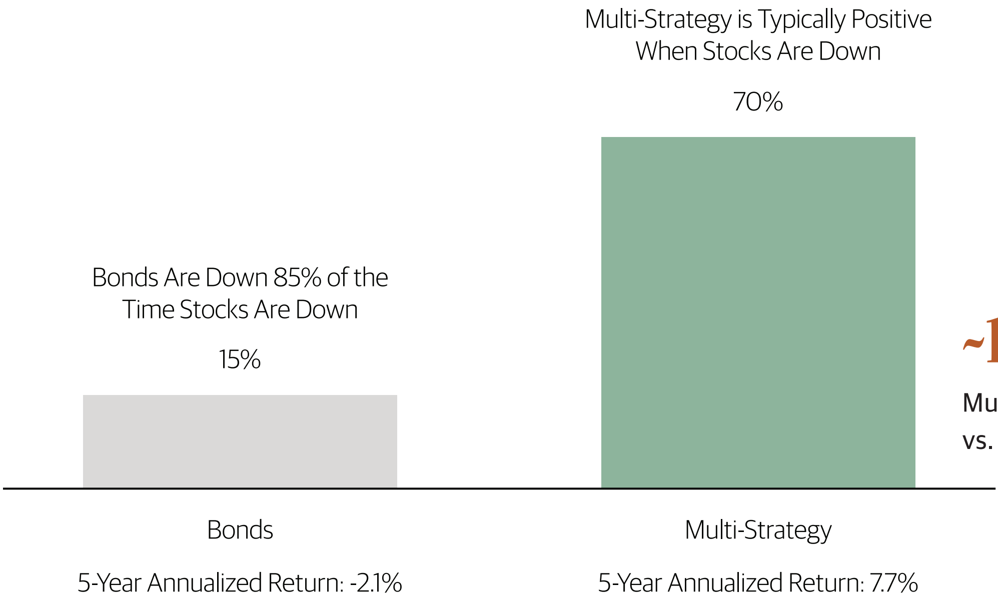
1. Diversification does not ensure a profit or protect against losses.
2. Source: Bloomberg, from the period January 1, 1976 through December 31, 2025. Based on monthly returns between the S&P 500 TR Index (stocks) and Bloomberg US Treasury TR Index (bonds).

In recent years, this challenge has become more pronounced. Inflation volatility, rising rates, tighter monetary policy, and shifting correlations have reduced the effectiveness of bonds during equity sell-offs, contributing to higher volatility and deeper drawdowns for traditional portfolios.[1] When equities decline, the key question is not just how much returns fall, but what holds up?

Multi-strategy hedge funds have historically demonstrated the ability to generate positive returns during equity drawdowns. This reflects their focus on diversification, alpha generation, and active risk management. For investors, this kind of return profile can help improve outcomes during periods of market stress.

EXHIBIT 8: In Recent Periods, Bonds Have Been Less Diversifying

Percentage of Months Up When Stocks Were Down[2] (Last Five Years, Jan 2021 to Dec 2025)



~10%

Multi-Strategy annual outperformance vs. bonds over the period[2]

Looking ahead, we believe investors face a complex and uncertain investment landscape. Elevated equity valuations, tight credit spreads, geopolitical risk, inflation uncertainty, and shifting policy dynamics all contribute to a more fragile market environment. At the same time, crowded trades and higher correlations across traditional assets reduce the margin for error.

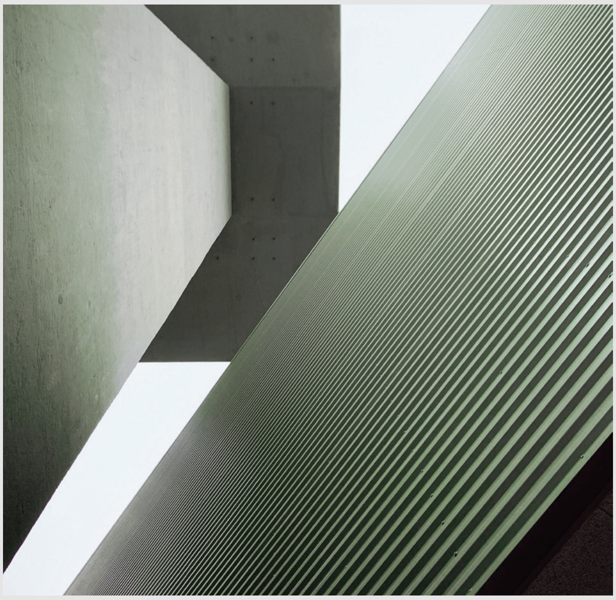
Against this backdrop, multi-strategy hedge funds may offer an attractive approach — seeking to navigate uncertainty through diversification across strategies, dynamic allocation, and disciplined risk management, rather than relying on a single and directional investment approach. All of this reinforces why hedge funds can play a meaningful role as a core allocation within investor portfolios today. However, hedge funds involve risk, may experience losses, and there can be no assurance that these approaches will be successful or achieve their intended objectives. For some investors, hedge funds may serve as a complementary portfolio allocation alongside traditional assets.

Note: **Past performance does not predict future returns.** There can be no assurance that any alternative asset class investment will achieve its objectives or avoid significant losses. There can be no assurances that any of the trends described herein will continue or will not reverse. See "Important Disclosure Information," including "Index Selection & Index Definitions," "Opinions," and "Trends."

Diversification does not ensure a profit or protect against losses. Risk Management seeks to mitigate risk but does not reduce or eliminate risk and does not protect against losses.

1. Source: Bloomberg, as of December 31, 2025. Based on monthly returns between the MSCI World TR Index (stocks) and Bloomberg Global Aggregate TR Index (bonds).
2. Based on monthly returns between the PivotalPath Multi-Strategy Index and Bloomberg Global Aggregate TR Index.

Manager Selection is Critical



Successful multi-strategy investing requires specialized expertise across the entire investment lifecycle. We believe investors should evaluate a manager's abilities across several areas, including:

- **Strategy Allocation:** Informed by a cross-asset perspective and global market insights to dynamically position the portfolio as conditions evolve.
- **Capital Deployment:** Leverages strategic themes, a vast sourcing network, and robust execution capabilities to pursue differentiated, high-conviction investments across markets.
- **Investment Underwriting:** Combines proprietary data, strategy/sector expertise, and deep fundamental analysis to rigorously assess risk and return potential.
- **Portfolio and Risk Management:** Applies an institutional risk framework supported by robust operations and technology infrastructure to actively manage and monitor exposures.

Key Considerations

We believe a balanced portfolio should include a dedicated hedge fund allocation, but where you invest and whom you invest with matters — especially in times of increasing market volatility, macroeconomic uncertainty, and geopolitical instability. Multi-strategy hedge funds aim to provide investors with a broad range of return sources within a single portfolio, offering the potential for attractive absolute returns, improved diversification, and greater portfolio resilience across market cycles.

Private fund returns may rely on monthly NAVs or less frequent pricing vs. continuously traded public equities. Investors should consult their own legal, accounting, tax, and financial advisers to evaluate whether hedge fund allocations, if any, are appropriate for overall portfolio objectives, risk tolerance, liquidity needs, and tax circumstances.

Our Insights page consists of timely articles, educational publications and market views.

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Note: Based on Blackstone's beliefs and market observations and subject to change. Diversification does not ensure a profit or protect against loss. Please see Important Disclosure Information.

Index Definitions

The following are explanations of terms you may come across in this presentation. These definitions are not exhaustive and are intended as a guide only.

Bloomberg Global Aggregate TR Index	Flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.
Global 60/40	Represents weighted historical returns using 60% MSCI World Index and 40% Bloomberg Global Agg Index.
MSCI World TR Index	Market capitalization weighted index designed to provide a broad measure of large and mid-cap equity performance across 23 developed markets countries.
PivotalPath Multi-Strategy Index (P2MSTI)	Constructed as an equal-weighted measure of constituent funds which are fixed at the start of each calendar year and must have a minimum (i) 18-month track record and (ii) fund AUM of $50M+. The index tracks monthly net performance (in USD).

Glossary

The following are explanations of terms you may come across in this presentation. These definitions are not exhaustive and are intended as a guide only.

Absolute Return	A strategy that seeks to generate positive returns regardless of overall market direction.
Alpha	A risk-adjusted performance measure that represents the average return on a portfolio over and above that predicted by the capital asset pricing model (CAPM), given the portfolio's beta and the average market return.
Asset Allocation	The process of allocating capital across different asset classes or strategies to achieve a desired risk and return profile.
Assets Under Management ("AUM")	The total market value of assets that an investment firm or fund manages on behalf of clients.
Beta	A measure of an asset's sensitivity to movements in a broader market benchmark.
Capital Deployment	The process of investing capital into specific investments or strategies.
Correlation	A measure of how two assets move in relation to one another; positive correlation means they move together, while negative correlation means they move in opposite directions.
Diversification	The practice of spreading investments across different assets, sectors, or strategies to reduce overall portfolio risk.
Drawdown (Max Drawdown)	The peak to trough decline in the value of an investment over a given period; max drawdown is the largest such drop over a period.
Dynamic Allocation	Adjusting portfolio allocations over time in response to market conditions, risk levels, or opportunities.
Equity Long/Short	An investment strategy that involves buying (long) stocks expected to rise and selling (short) stocks expected to fall.
Global Macro	An investment strategy that takes positions across asset classes based on macroeconomic trends such as interest rates, inflation, or geopolitics.
Hedge Fund	An investment vehicle that typically invests in mostly liquid public markets using flexible strategies with the goal of generating alpha and managing risk.
Investment Underwriting	The process of analyzing and evaluating an investment opportunity, including its risks, return potential, underlying fundamentals, structure, and terms.
Leverage	The use of borrowed capital or derivatives to increase investment exposure, which can amplify both gains and losses.
Liquidity	The ease with which an asset can be bought or sold in the market without significantly affecting its price or a defined time period in which an investor can request to withdraw capital from an investment.
Multi Strategy Hedge Fund	A hedge fund that invests across multiple strategies within a single portfolio to maximize risk adjusted returns.
Portfolio Construction	The process of selecting investments and determining their weights in a portfolio to achieve desired risk return objectives.

Glossary (Cont'd)

The following are explanations of terms you may come across in this presentation. These definitions are not exhaustive and are intended as a guide only.

Portfolio & Risk Management	The ongoing process of monitoring investments, managing exposures, and controlling risk within a portfolio.
Quantitative Trading	A strategy that uses systematic models, algorithms, and large datasets to identify and exploit short-term market opportunities.
Relative Value	A strategy that seeks to profit from pricing differences between related securities or markets.
Return Consistency	The ability of an investment strategy to generate positive or stable returns across different market environments.
Risk Adjusted Returns	Investment returns evaluated relative to the amount of risk taken, often measured using metrics such as Sharpe ratio.
Sharpe Ratio	A measure of risk adjusted return that compares excess return to the volatility of returns.
Special Situations	Investments in opportunistic or event driven opportunities, such as restructurings, dislocations, or other idiosyncratic events.
Strategy Allocation	The decision of how much capital to allocate to each investment strategy within a portfolio.
Systematic Strategy	An investment approach driven by rules based models rather than discretionary decision making.
Trading Strategy	An investment approach focused on actively buying and selling securities to capture opportunities rather than holding long-term positions.
Volatility	A measure of how much an investment's returns fluctuate over time; higher volatility indicates greater variability in returns.
60/40 Portfolio	A traditional portfolio allocation consisting of 60% equities and 40% bonds, often used as a benchmark for diversified investing.

Important Disclosure Information

This document (together with any attachments, appendices, and related materials, the "Materials") is provided on a confidential basis for informational 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 business of Blackstone Inc. (together with its affiliates, "Blackstone"), or any fund or separately managed account currently or to be sponsored, managed, advised or sub-advised or pursued by Blackstone (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. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon the merits of the investments described herein and any representation to the contrary is an offense. All information is as of December 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.

In considering any investment performance information contained in the Materials, prospective and current 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.

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 Credit will identify, mitigate, or resolve all conflicts of interest in a manner that is favorable to the Fund.

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 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 10K 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.

Highly Competitive Market for Investment Opportunities. The activity of identifying, completing and realizing attractive investments is highly competitive, and involves a high degree of uncertainty. There can be no assurance that a Fund will be able to locate, consummate and exit investments that satisfy its objectives or realize upon their values or that a Fund will be able to fully invest its committed capital. There is no guarantee that investment opportunities will be allocated to a Fund and/or that the activities of Blackstone's other funds will not adversely affect the interests of such Fund.

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