CREDIT INSIGHTS

April 2022 Market Commentary

- **Fixed-rate assets tumble amid rate volatility**
- **Fed hikes rates by 50bp, highest increase in 20 years**
- **Rising rates, slower growth may increase credit risk**
- **CLO managers buy cheap high yield assets to build par**

Performance Overview

The flow of negative headlines in April stirred up more volatility, piling the pressure on global credit markets already weighed down by rising rates. Recession concerns have now joined inflation worries following the IMF's downward revisions to global growth forecasts, and still rising CPI numbers in the US and Europe. Further afield, Chinese lockdowns, Russia's continued war in Ukraine and decision to halt gas supplies to Poland and Bulgaria, along with the Indonesian palm oil export ban, added to ongoing supply chain disruption and served to weaken sentiment further.

Inflation remained front and center of investor concerns and as the Fed accelerated plans to reduce its balance sheet, the market priced in four consecutive 50bp rate hikes, the first of which took place in early May. Government bond yields rose, and the 10-year Treasury yield climbed 60bp to approach 3% for the first time since 2018.[1]

Markets are also betting on an earlier liftoff for European rates, potentially as early as the third quarter, as the ECB turned more hawkish.

The rate fallout was felt across credit markets, with interest rate volatility putting additional pressure on investment grade and high yield fixed-income markets. Both experienced their worst monthly performance since March 2020 amid volatility that pushed the MOVE Index up 20% to finish the month at 128, while the VIX Index spiked 62% to 33.[2]

The ongoing resilience of floating rate loans enabled both the US and European loan market to recover further from March's selloff to outperform other credit markets for a fourth consecutive month. Macro weakness in the final week of the month took some of the shine off overall performance, but loans remain the standout best performing credit asset class this year.[3]

Loan and high yield default rates decreased in April in the US, even as the percentage of bonds and loans trading at what would typically be considered distressed levels has risen 58% to a post December 2020 high.[4] The price drop in high yield has been largely rate driven rather than credit driven, and the overall credit quality of the high yield market remains strong with large numbers of rising star candidates expected to be upgraded.

In loans, expectations for interest coverage ratios to come under pressure as rates rise led JP Morgan to increase its 2023 leveraged loan default forecast by 50bp to 1.75%, while maintaining its high yield default rate at 1.25% for 2023.[5]

Finally, the first quarter earnings season is now in full swing. Aside from some high-profile misses, most companies reporting so far have been resilient in the face of higher costs, with profit margins holding up relatively well. There is increased focus on forward guidance in light of the lower growth forecasts, and margin pressure is expected to increase.

Market Stats (as of April 29, 2022)[6]

	April	QTD	YTD
S&P / LSTA U.S. Leveraged Loan Index	0.21%	0.21%	0.10%
Bloomberg U.S. Corporate Investment Grade Index	-5.47%	-5.47%	-12.73%
Bloomberg U.S. High Yield Index	-3.56%	-3.56%	-8.22%
Credit Suisse Western European Leveraged Loan Index	-0.13%	-0.13%	-0.66%
Credit Suisse Western European High Yield Index	-2.82%	-2.82%	-8.11%
S&P 500	-8.80%	-8.80%	-13.31%
Euro Stoxx 50	-2.55%	-2.55%	-11.53%

Past performance is not necessarily indicative of future results.

Market Stats (cont'd) (as of April 29, 2022)

	Spread			Yield/Yield w. Forward Rates			Price		
	Level	ΔMTD	ΔYTD	Level	ΔMTD	ΔYTD	Level	ΔMTD	ΔYTD
U.S. Loans	416	(14)	5	4.83%/ 7.00%	0.24%/ 0.23%	0.62%/ 1.81%	$ 97.48	$ (0.12)	$ (1.16)
U.S. HY	379	54	96	7.05%	0.85%	2.19%	$ 93.06	$ (3.98)	$ (10.50)
EU Loans	477	14	64	4.12%/ 5.04%	0.11%/ 0.43%	0.31%/ 1.51%	€ 96.80	€ (0.41)	€ (1.91)
EU HY	480	54	120	5.88%	0.86%	2.12%	€ 92.71	€ (1.42)	€ (7.52)

US Investment Grade Market

Rate volatility, outflows and continued inflation fears drove further weakness in investment grade cash in April. A fifth straight month of negative returns left the index's -5.47% return the worst since March 2020, bringing the year-to-date loss to -12.73%.[7]

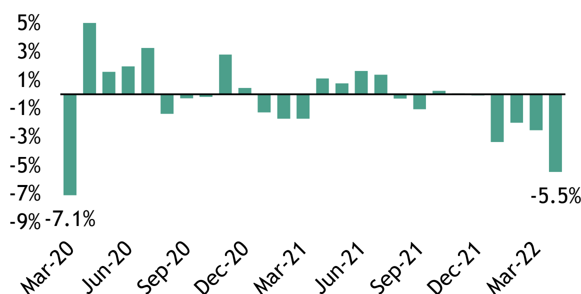
Average prices dropped to $94.4 pushing the yield-to-worst to 4.31% at the end of April from 3.6% at the end of March.[8] Spreads widened month-on-month to 143.8bp from 122.2bp.[9] Higher quality bonds and those from the Energy and Metals sector continued to outperform in April while supply-chain challenged sectors like Autos and Retail continue to underperform this year.[10]

April is historically a light month on the new issue front, but investment grade issuance remained heavy as borrowers pulled forward deals ahead of further rate hikes. Financials dominated supply, which at $554 billion year to date is 4.3% ahead of the same period last year.[11]

Tepid demand, coupled with the busy primary market, forced borrowers to pay greater new issue concessions of between 10-20bp to clear deals, repricing the secondary market. The average new-issue yield at pricing for April's deals jumped to 4.18%, well above the early pandemic onset high of 3.56% in March 2020.[12]

On the demand side domestic retail funds experienced further outflows of $9.9 billion, despite ETF inflows, in response to the market's poor performance this year. There was better demand from Asian investors in April due to the relative value of dollar investment grade yields.[13]

US IG Posted its Worst Monthly Returns Since March 2020[14]



US Loan and High Yield Markets

It was another tough month for high yield which logged total performance of -3.56%, the worst monthly return since the March 2020 pandemic as Treasury yields continued to rise. Longer duration BBs have been hit particularly hard with year-to-date total returns of roughly -9% compared with -8.22% for the overall market.[15] Increasing recessionary concerns dragged CCC bonds lower in April by -3.7% compared with -1.04% in March.[16]

Average high yield prices have fallen almost $10 year-to-date to $93.08 at the end of April[17] and just 20% of the high yield index and 23% of BBs are currently priced above par, compared to 80% of the high yield index at the beginning of 2022.[18] Spreads remained relatively stable for most of the month before gapping out in the final week to 411bp at the end of April, 45bp wider month-on-month, and almost 100bp wider on the year.[19]

Market technicals in the high yield market remain relatively well balanced. The $4.7 billion of outflows over the month were more manageable[20] against a backdrop of issuance running 74% behind last year,[21] elevated upgrade to downgrade activity and high cash balances.

In contrast to fixed rate credit assets, US loans recovered further in April from March's steep selloff. Macro weakness in the final week did erase some gains made earlier in the month, but the market's resilience secured returns of 0.22% for April. That brought this year's overall total return back into positive territory at 0.10%.[22]

Average new issue spreads decreased by 60bp from March to S+393 in April for borrowers rated B/B+.[23] Average prices rose as high as $98.02 before easing back to $97.48 in the final week.[24]

Higher-quality credits continue to outperform lower-rated amid concerns about companies' ability to maintain performance amid rising rates and slowing growth. Inflation and commodity related credits came under the most pressure, with chemical and building products names moving lower in the final week.[25]

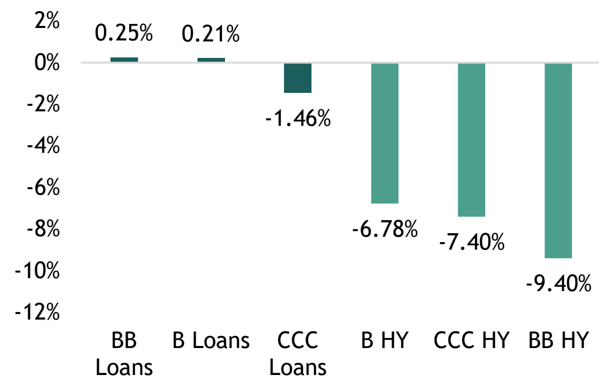
Past performance is not necessarily indicative of future results.

On a total return basis, double-B and single-B sub-indices were up 0.42% and 0.19%, respectively, while CCCs lost 0.50%.[26] The CCC cohort underperformance could suggest deteriorating investor appetite for riskier credits.[27]

Institutional loan issuance doubled month-on-month to $37 billion in April as confidence returned to borrowers and lenders, although supply still lags 2021 by 37% amid a thin pipeline.[28] As of April 29, 9.73% of the JPMorgan first-lien loan index was SOFR linked.[29] On the demand side repayments and new CLO formation increased in April and another $4.5 billion flowed into retail funds.[30]

Barclays revised its 2022 full year supply estimates to $240-260 billion for high yield and $425-450 billion for leveraged loans (ex-repricings), from $400-420 billion for HY and $480-500 billion previously.[31]

Higher Quality Loans, Bonds Outperform in April (%)[32]



European Loan and High Yield Markets

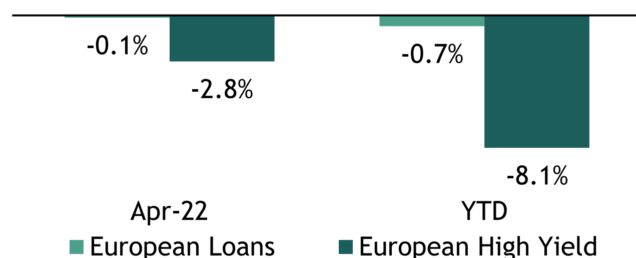
European loans performed well through much of April, despite a slowdown in CLO creation and amid thin liquidity. Pressure in the final week took the shine off month to date returns which lost 0.13% in April pushing year-to-date returns to -0.66%.[33]

Having held relatively steady all month, the average price of European loans dropped to €96.91 in the final week amid thin liquidity, a level not touched since November 2020.[34]

Secondary market liquidity was thin for much of the holiday-interrupted month, but managers rotated out of higher-rated, lower coupon loans into lower-priced deals with higher coupons, as well as cheaper bonds in the same capital structure. Prices in lower-quality names gapped lower due to increased downgrade risk.[35]

European loans continue to significantly outperform high yield which has lost 8.11% this year[36] after experiencing the worst monthly performance in April since March 2020.

European Loan and High Yield Returns (%)[37]



Another record high inflation print stirred a more hawkish stance from the ECB which has accelerated its QE purchases. It is now expected to hike European rates by 25bp in the third quarter and the ensuing rate volatility pushed the 10-year Bund 36bp higher to 0.90%, while average bond prices fell to €92.71 from €94.13 at the end of March.[38]

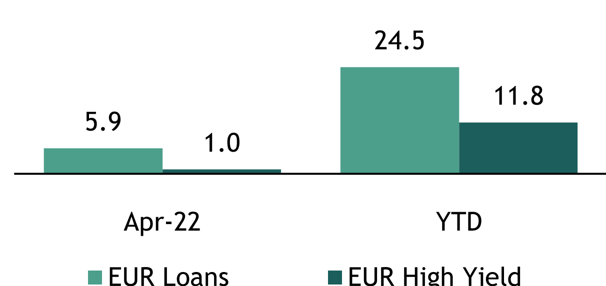
Growth concerns following tighter Covid restrictions in China and Russia's decision to halt gas deliveries to Poland and Bulgaria, weighed on sentiment in the second half. The iTraxx Crossover index, a key measure of risk, rose above 400bp in the final week of April.[39]

Issuance ticked up after a slow March with €6.81 billion priced across European loans and bonds in April.[40] Aside from the first high yield new issue to price since February, the rest of the total came from loan issuers. European loan supply is now running 53% behind last year with high yield supply 77% behind.[41]

On the demand side, CLO supply eased considerably in April as conditions grew tougher reducing current appetite for loan transactions. In high yield, ongoing ETF outflows contributed to the weakening cash prices.

With the emerging first quarter earnings came a keen focus on inflationary and commodity exposed sectors. So far, most companies have been resilient in the face of higher costs, but margin pressures are increasing and the impact to the consumer may not be visible until later in the year.[42]

European Loan and High Yield Issuance (%)[43]



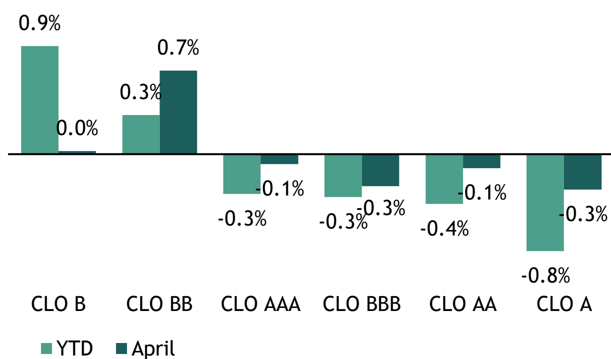
Past performance is not necessarily indicative of future results.

US and European CLO Markets

CLOs continued to underperform loans in April amid the macro and geopolitical volatility. The JP Morgan CLOIE index returned -0.06% in April compared with -0.03% in March.[44] Returns across lower-rated US CLO tranches remained positive while returns through US investment grade rated tranches were negative. [45]

CLOs have outperformed relative to other corporate credit investments. CLO all-in yields hovered at around 4.5% for AAAs and 10% for BBs and continue to offer attractive carry in the rising rate environment.[46]

U.S. CLO Performance (bp)[47]

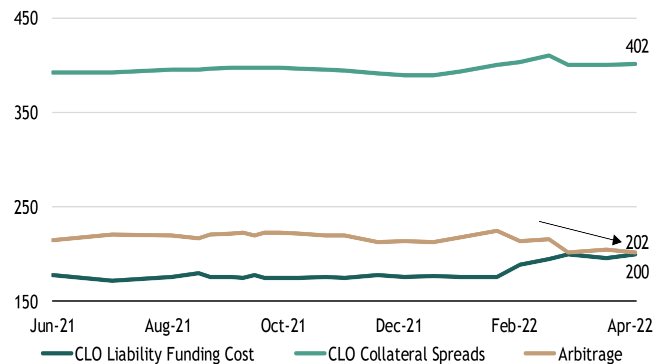


Despite widening spreads new issue supply in US CLOs ramped up in April with issuers pricing $13.5 billion, up $2 billion from March. Issuance at $44 billion year-to-date is running 17% behind last year through the end of April.[48]

Analysts predicted that this year's supply would ease from last year's record volumes, and while some have left their forecasts unchanged, the slowdown prompted both Barclays and Citi to revise their full year US new issue forecast lower in early May. Barclays now expects $135-145 billion of gross combined BSL/MML new issuance (from $153-165 billion),[49] while Citi has forecast $140 billion of new deals, down from $164 billion previously.[50]

Spreads on CLO AAA-rated tranches widened 9bp to 147bp over term SOFR for April, while CLO BB tranches bucked the overall trend and narrowed by 22bp over the month as the higher spreads attracted yield hungry investors.[51] Increased CLO funding costs, together with lower loan new issue spreads in April, have stretched the US CLO equity arbitrage, chilling new issuance and refinancing activity.[52]

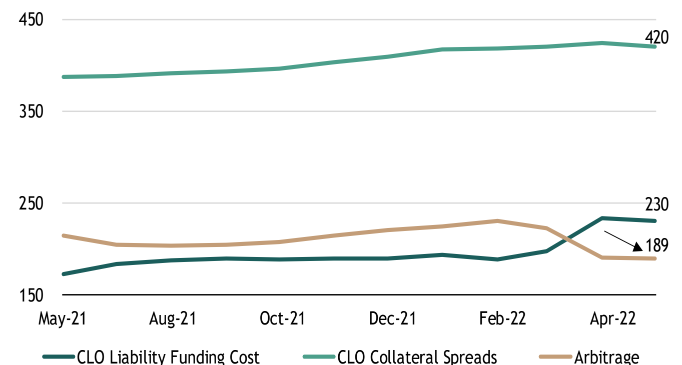
U.S. CLO Arbitrage (bp)[53]



By contrast, after pushing out deals in March, European issuers stood back in April leaving the month's €1.2 billion supply 75% behind March. At just under €11 billion through the end of April new CLO supply is just ahead of the same period last year.[54]

Spreads on new issue AAA-rated tranches remained broadly unchanged month-on-month but narrowed through the rest of the capital stack in Europe in April, pointing to an overall contraction in CLO funding costs over the month.[55] (Note, this data is based on limited new issue supply.)

European CLO Arbitrage (bp) [56]



CLO managers are taking advantage of the selloff in high yield bonds to build par, mitigate any potential loan tail risk, and diversify portfolios[57] after the war in Ukraine and rising input costs put some sectors off limits. In the US this trend has led to a 1-2% increase in the percentage of high yield bonds in some managers' portfolios.[58] Some European managers are increasing their fixed rate allocation to 15% from 10%.[59]

Past performance is not necessarily indicative of future results.

Market Outlook

Market headwinds are mounting and many of the challenges facing credit markets across the globe may not be easily or quickly resolved. We have moved into a new chapter of the credit cycle or, as Byron Wien, Vice Chairman of Blackstone's Private Wealth Solutions group puts it in his April essay, we are entering 'the New Normal'.

The speed at which financial market conditions have changed have certainly been surprising. When our strategists, Joe Zidle and Byron Wien, predicted at the start of the year that the 10-year Treasury could touch 2.75% this year, this particular 'surprise' was certainly well out of consensus. Less than halfway through 2022, the 10-year has already reached 3.0%.

Meanwhile both the Fed and ECB have had to turn increasingly hawkish, tightening monetary policy at more aggressive rates, to try and get on the front foot and tamp down persistently high inflation without triggering a recession. It's an unenviable position given the IMF's recent forecasts for a slowdown in global growth.

We believe the risk of recession in the US in the next 12 months remains low in part because two key preconditions for a recession have yet to materialize, namely higher unemployment and a decline in corporate profits. In his April essay Blackstone's Wien notes that the fundamentals of the US economy remain strong, and we remain more optimistic than the consensus on the prospects for US growth and expect positive real GDP growth in 2022 and 2023. We think growth in Europe will slow to near zero while in China, GDP is likely to decline below its announced growth target of 5.5% for 2022.

No doubt the risks are growing, and with two more 50bp Fed rate hikes already priced in each for June and July, this year's rocky ride is set to continue as we navigate this new normal. Analysts may have predicted more volatile markets in 2022 as the Fed moved to raise rates, but the war in Ukraine caught many off guard and has intensified the fear, volatility, supply chain disruption and macro weakness. We expect inflation to stay more elevated and for longer than the consensus thinks.

Fast evolving macro conditions bring both challenges and opportunities. The impact of the intense volatility on fixed-rate investment grade and high yield bond performance has been significant with losses now in double-digit territory for the year. In contrast, senior secured loans remain this year's market stalwart, continuing to outperform the rest of fixed-income.

We were early in shifting our strategy to seek to preserve performance.[60] We rotated into higher quality assets in defensive sectors, reducing exposure to credits likely to be impacted by sanctions, rising commodity prices and weaker discretionary spend. In Europe, we have been actively repositioning portfolios to get ahead of any potential ratings pressure.

We continue to favor shorter duration floating rate assets, including senior secured loans and CLOs, as each additional hike will add more income for investors in these assets as the overall coupon increases. Loans now account for 40% of outstanding floating rate asset classes by AUM, and 70% by yield[61] and retail investors have poured $25 billion into the asset class through the end of April.[62]

But we recognize there's need for caution given expectations for greater performance dispersion among loan issuers going forward. As higher rates push up interest costs, more highly-levered borrowers could come under increased pressure, especially in a lower-growth environment, increasing credit risk.

The universe of B-minus rated loans is the largest it's been since the inception of the S&P/LSTA Index,[63] and aside from price pressure, any increase in downgrades could put pressure on CLO portfolio tests, for example. But the loan market has so far experienced positive rating migration with those credits on negative rating outlook/watch seemingly concentrated less in the single-Bs cohort, and more so in the CCC and BB-rated spaces.[64]

Meanwhile, the significant selloff across high yield bonds has created an opportunity for loan managers, including CLOs, to switch small portions of loan portfolios into cheaper senior secured bonds to build par and diversify portfolios.[65]

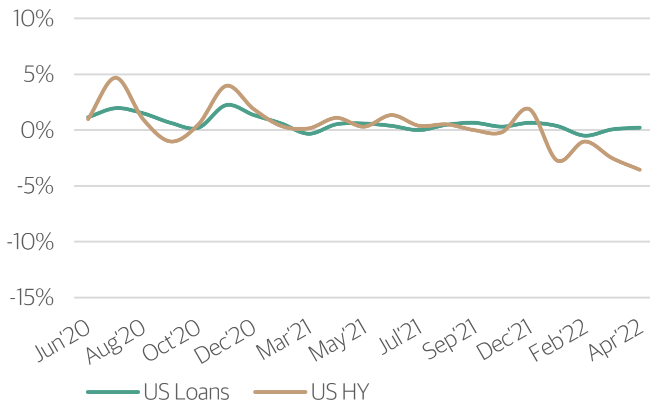
On a final note, we think experience counts for a great deal when navigating volatile markets. We rely on the expertise of our investment professionals to maximize performance and minimize loss through these uncertain times. Ultimately, we have moved into a credit picker's market, where preserving return and outperforming our peers will be as much about the assets we don't own as those we do.

Past performance is not necessarily indicative of future results.

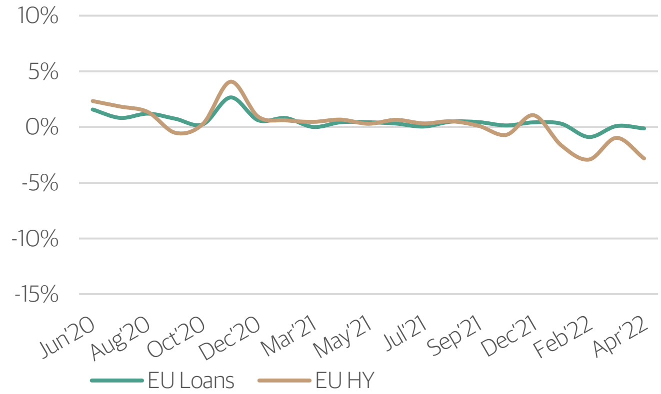
Market Snapshot

(As of April 29, 2022)[66]

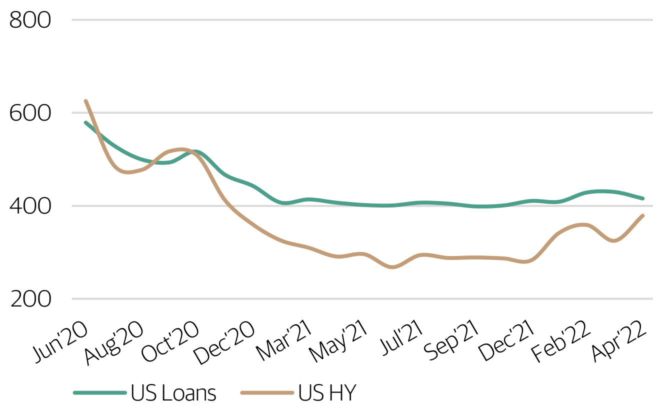
US Credit Monthly Return



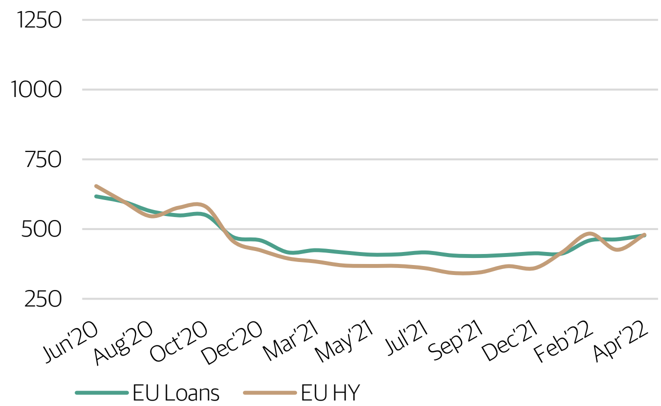
EU Credit Monthly Return



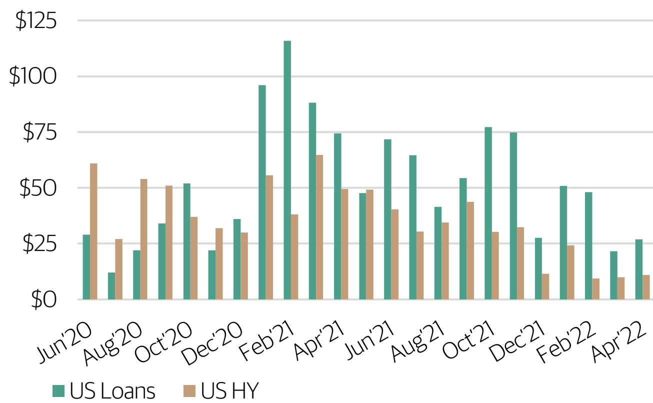
US Credit Spreads (in bp)



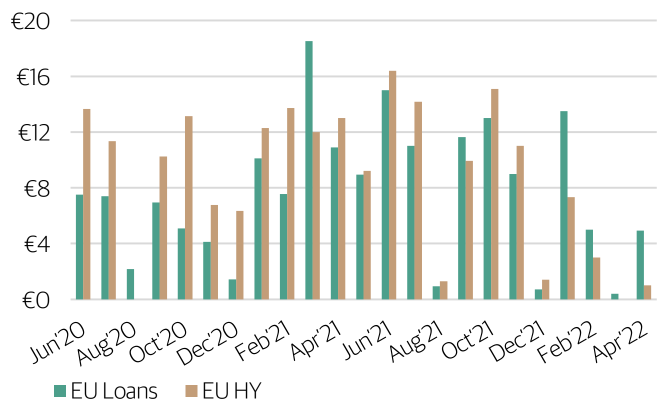
EU Credit Spreads (in bp)



US Credit Issuance ($ in billions)



EU Credit Issuance (€ in billions)



Past performance is not necessarily indicative of future results.

Key Risk Factors

In considering any investment performance information contained in the Materials, **prospective investors should bear in mind that past or estimated performance is not necessarily indicative of future results** 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.

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

COVID-19. Certain countries have been susceptible to epidemics which may be designated as pandemics by world health authorities, most recently COVID-19. The outbreak of such epidemics, together with any resulting restrictions on travel or quarantines imposed, has had and will continue to have a negative impact on the economy and business activity globally (including in the countries in which the Funds invest), and thereby is expected to adversely affect the performance of the Funds' Investments. Furthermore, the rapid development of epidemics could preclude prediction as to their ultimate adverse impact on economic and market conditions, and, as a result, presents material uncertainty and risk with respect to the Funds and the performance of their Investments.

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.

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 financial 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 fiscal year ended December 31, 2020, 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.

Illiquidity and Variable Valuation. There is no organized secondary market for investors' interests in any Fund nor is there an organized market for which to sell a Fund's underlying investments, and none is expected to develop. Withdrawal and transfer of interests in a Fund are subject to various restrictions, and similar restrictions will apply in respect of the Fund's underlying investments. Further, the valuation of a Fund's investments will be difficult, may be based on imperfect information and is subject to inherent uncertainties, and the resulting values may differ from values that would have been determined had a ready market existed for such investments, from values placed on such investments by other investors and from prices at which such investments may ultimately be sold.

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

Past performance is not necessarily indicative of future results.

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.

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 Fund's behalf. As such, a Fund 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 Fund as part of the broader Blackstone investment platform.

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.

Reliance on Key Management Personnel. The success of a Fund will depend, in large part, upon the skill and expertise of certain Blackstone professionals. In the event of the death, disability or departure of any key Blackstone professionals, the business and the performance of a Fund may be adversely affected. Some Blackstone professionals may have other responsibilities, including senior management responsibilities, throughout Blackstone and, therefore, conflicts are expected to arise in the allocation of such personnel's time (including as a result of such personnel deriving financial benefit from these other activities, including fees and performance-based compensation).

Russian Invasion of Ukraine. On February 24, 2022, Russian troops began a full-scale invasion of Ukraine and, as of the date of this Material, the countries remain in active armed conflict. Around the same time, the United States, the United Kingdom, the European Union, and several other nations announced a broad array of new or expanded sanctions, export controls, and other measures against Russia, Russia-backed separatist regions in Ukraine, and certain banks, companies, government officials, and other individuals in Russia and Belarus. The ongoing conflict and the rapidly evolving measures in response could be expected to have a negative impact on the economy and business activity globally (including in the countries in which the Fund invests), and therefore could adversely affect the performance of the Fund's investments. The severity and duration of the conflict and its impact on global economic and market conditions are impossible to predict, and as a result, could present material uncertainty and risk with respect to the Fund and the performance of its investments and operations, and the ability of the Fund to achieve its investment objectives. Similar risks will exist to the extent that any portfolio entities, service providers, vendors or certain other parties have material operations or assets in Russia, Ukraine, Belarus, or the immediate surrounding areas.

Important Disclosure Information

This document has been prepared for informational purposes only about Blackstone's credit focused business group (together with its affiliates, "Blackstone Credit") and it does not constitute an offer to sell, or a solicitation of an offer to buy, any investment in, or to participate in any trading strategy with Blackstone Credit or any fund or account managed, advised or sponsored by Blackstone Credit (each, a "Fund"). Any offering would only be made to qualifying investors through a separate investment management agreement for a Fund as it may be amended or supplemented from time to time and the governing and operating documents for a Fund (together, the "Operative Documents"). The Operative Documents contain material information (including a discussion of potential conflicts of interest) not contained in this document and supersedes and qualifies in its entirety the information set forth herein. Any decision to invest in, or withdraw from, a Fund should be made after reviewing the appropriate Operative Documents, conducting such investigations as the investor deems necessary and consulting the investor's own legal, accounting and tax advisors in order to make an independent determination of the suitability and consequences of the investment. Risks associated with investment in a Fund include, without limitation, illiquidity of an investment, risk of default of the underlying debt instrument and risk of loss of principal.

This document is based on information, which is otherwise publicly available and, whilst Blackstone Credit uses reasonable efforts to ensure the information is accurate and up to date, no representations or warranties are given as to the reliability, accuracy or completeness of the information. While such information is believed to be reliable for the purpose used herein, Blackstone Credit does not accept any liability for any loss or damage which may arise directly or indirectly from any use of or reliance on such information. The information presented herein is as of the date of preparation unless otherwise indicated and Blackstone Credit is under no obligation to, and shall not, provide updates to the information contained herein.

Certain information contained in this document constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "target," "intend," "continue" or "believe," or the negatives thereof or other variations

Past performance is not necessarily indicative of future results.

thereon or comparable terminology. Due to various risks and uncertainties, actual events or results described herein may differ materially from those reflected or contemplated in such forward-looking statements.

This document is for informational purposes only and does not constitute a financial promotion, investment advice or an inducement or incitement to participate in any product, offering or investment. It does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe or purchase any investment nor shall it or the fact of its distribution form the basis of, or be relied on in connection with, any contract. No representation, warranty or undertaking, express or implied, is given as to the accuracy or completeness of the information or opinions contained in this document by Blackstone Credit, Blackstone, any Fund, or any of their respective directors, officers, managers, shareholders, partners, members or employees and no liability is accepted by such persons for the accuracy or completeness of any such information or opinions. Tax considerations, margin requirements, commissions and other transaction costs may significantly affect the economic consequences of any transaction concepts referenced in this commentary and should be reviewed carefully with one's investment and tax advisors. Blackstone and others associated with it may have positions in and effect transactions in securities of companies mentioned or indirectly referenced in this commentary and may also perform or seek to perform services for those companies. Investment concepts mentioned in this commentary may be unsuitable for investors depending on their specific investment objectives and financial position.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY SOLELY ON THEIR OWN EXAMINATION OF THE RELEVANT FUND AND THE TERMS OF THE APPLICABLE OPERATIVE DOCUMENTS, INCLUDING THE MERITS AND RISKS INVOLVED, AND NOT ON ANY INFORMATION OR REPRESENTATION MADE OR ALLEGED TO HAVE BEEN MADE HEREIN OR OTHERWISE.

To the extent that this document contains third-party data or information (including, without limitation S&P Credit Ratings) (collectively "Content"), neither Blackstone nor the applicable third-party content provider(s) ("Blackstone Parties") guarantee the accuracy, completeness, timeliness or availability of any Content, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the access or use of such Content. In no event shall the Blackstone Parties be liable for any damages, costs, expenses, legal fees or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content. Please read the complete disclaimer with respect to S&P Credit Ratings: http://www.standardandpoors.com/en_U.S./web/guest/regulatory/legal-disclaimers.

The views expressed herein are the personal views of the authors, and do not necessarily reflect the views of Blackstone (as herein defined) or Blackstone Credit (as herein defined). The views expressed reflect the current views of the authors as of the date hereof and the authors Blackstone, and Blackstone Credit each undertake no responsibility to advise you of any changes in the views expressed herein.

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.

For more information about how Blackstone collects, uses, stores and processes your personal information, please see our Privacy Policy here: http://go.pardot.com/e/213192/privacy/68f9x/182811975?h=L3PDlTnbE2h0R6yw-jpiXWquHwiOdKAOzy99H3DK9f8.

Blackstone Securities Partners L.P. ("BSP") is a broker-dealer whose purpose is to distribute Blackstone managed or affiliated products. BSP provides services to its Blackstone affiliates, not to investors in its funds, strategies or other products. BSP does not make any recommendation regarding, and will not monitor, any investment. As such, when BSP presents an investment strategy or product to an investor, BSP does not collect the information necessary to determine—and BSP does not engage in a determination regarding—whether an investment in the strategy or product is in the best interests of, or is suitable for, the investor. You should exercise your own judgment and/or consult with a professional advisor to determine whether it is advisable for you to invest in any Blackstone strategy or product. Please note that BSP may not provide the kinds of financial services that you might expect from another financial intermediary, such as overseeing any brokerage or similar account. For financial advice relating to an investment in any Blackstone strategy or product, contact your own professional advisor.

EEA & UK. Issued by The Blackstone Group International Partners LLP ("BGIP"), which is authorised and regulated by the Financial Conduct Authority (firm reference number 520839) in the United Kingdom. This communication is directed only at persons: (a) who are "Professional Clients" as defined in the Glossary to the UK Financial Conduct Authority Handbook; or (b) to whom it may otherwise lawfully be communicated. It is intended only for the person to whom it has been sent and must not be distributed onward.

So far as relevant, the only clients of BGIP are its affiliates. No investor or prospective investor is a client of BGIP and BGIP is not responsible for providing them with the protections afforded to clients. Investors and prospective investors should take their own independent investment, tax and legal advice as they think fit. No person representing BGIP is entitled to lead investors to believe otherwise.

If communicated in Belgium, Denmark, Finland, the Republic of Ireland, Lichtenstein or Norway, to per se Professional Clients or Eligible Counterparties for the purposes of the European Union Markets in Financial Instruments Directive (Directive 2014/65/EU), this communication is made by The Blackstone Group International Partners LLP ("BGIP") of 40 Berkeley Square, London, W1J 5AL (registration number OC352581), which is authorised and regulated by the Financial Conduct Authority (firm reference number 520839) in the United Kingdom and which maintains appropriate licences in other relevant jurisdictions.

If communicated in any other state of the European Economic Area or to elective Professional Clients for the purposes of the European Union Markets in Financial Instruments Directive (Directive 2014/65/EU), this communication is made by Blackstone Europe Fund Management S.à r.l. ("BEFM") of 2-4 Rue Eugène Ruppert, L-2453, Luxembourg (registration number B212124), which is authorized by the Luxembourg Commission de Surveillance du Secteur Financier (reference number A00001974).

This communication is exclusively for use by persons identified above and must not be distributed to retail clients. It is intended only for the person to whom it has been sent and must not be distributed onward.

Past performance is not necessarily indicative of future results.

This communication does not constitute a solicitation to buy any security or instrument, or a solicitation of interest in any Blackstone fund, account or strategy. The content of this communication should not be construed as legal, tax or investment advice.

Switzerland. Issued by The Blackstone Group International Partners LLP ("BGIP"), which is authorised and regulated by the Financial Conduct Authority (firm reference number 520839) in the United Kingdom. This communication is exclusively directed at Qualified Investors as defined in article 10 3 of the Swiss Federal Act on Collective Investment Schemes CISA.

BXC202205246S

Approved for professional and qualified investors in: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden, Jersey, UK, Switzerland.

---

[1] Bloomberg, April 2022.
[2] Bloomberg, April 2022.
[3] CS Credit Strategy Daily, May 4, 2022.
[4] JP Morgan Default Monitor, May 2, 2022.
[5] JP Morgan Default Monitor, May 2, 2022.
[6] 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. Loan YTM (Forward Libor/SOFR) reflects spread to maturity (S&P/LCD) plus 3 year swap to 3-month USD Libor/SOFR (Bloomberg).
[7] Bloomberg Corporate Index, May 2, 2022.
[8] Bloomberg Corporate Index, May 2, 2022.
[9] Bloomberg US Corporate Index, May 2, 2022.
[10] CS Credit Strategy Daily, May 4, 2022.
[11] LCD Data, May 2, 2022.
[12] LCD Data, May 2, 2022.
[13] CS Credit Strategy Daily, May 4, 2022.
[14] LCD Data, March 31, 2022.
[15] Barclays Credit Research, April 29, 2022.
[16] Barclays Credit Research, May 5, 2022.
[17] Barclays Credit Research, April 29, 2022.
[18] Barclays Credit Research, April 29, 2022.
[19] Barclays Credit Research, April 29, 2022.
[20] Lipper data, May 2, 2022.
[21] LCD data, May 2, 2022.
[22] S&P/LSTA US Leveraged Loan Index, April 30, 2022.
[23] LCD Data, April 30, 2022.
[24] S&P/LSTA US Leveraged Loan Index, April 30, 2022.
[25] Blackstone Credit, April 29, 2022.
[26] S&P/LSTA US Leveraged Loan Index, April 30, 2022.
[27] CS Credit Strategy Daily, May 4, 2022.
[28] LCD Data, April 30, 2022.
[29] JP Morgan SOFR Loan Index, April 29, 2022.
[30] JP Morgan/Lipper data, May 2, 2022.
[31] Barclays Credit Strategy, April 22, 2022.
[32] S&P/LSTA Loan Index, Bloomberg High Yield Corporate Index, May 9, 2022.
[33] Credit Suisse Western European Loan Index, April 29, 2022.
[34] Credit Suisse Western European Loan Index, April 29, 2022.
[35] Blackstone Credit, April 2022.
[36] CS Western European High Yield and Loan Indices, April 30, 2022.
[37] CS Western European High Yield and Loan Indices, April 30, 2022.
[38] Credit Suisse Western European High Yield Index, May 3, 2022.
[39] Blackstone Credit, April 30, 2022.
[40] LCD data, May 4, 2022.
[41] LCD data, May 4, 2022.
[42] Blackstone Credit, April 30, 2022.
[43] LCD, April 30, 2022.
[44] JP Morgan CLOIE Index, May 2, 20.
[45] JP Morgan CLOIE Index, May 2, 20.
[46] Barclays Credit Research, May 6, 2022.
[47] J.P. Morgan, April 30, 2022.
[48] LCD data, May 2, 2022.
[49] Barclays Credit Strategy, May 6, 2022.
[50] Citi Research, Q2'22 Global CLO Market Update, May 5, 2022.

Past performance is not necessarily indicative of future results.

[51] Barclays Credit, CLO and Leveraged Loan Update, May 2, 2022.
[52] Barclays Credit, CLO and Leveraged Loan Update, May 6, 2022.
[53] Morgan Stanley, April 30, 2022.
[54] LCD data, May 2, 2022.
[55] Barclays Credit, CLO and Leveraged Loan Update, May 2, 2022.
[56] Morgan Stanley, April 30, 2022.
[57] Products are subject to the risk of capital loss and investors may not get back the amount originally invested, Diversification does not ensure a profit.
[58] Blackstone Credit, May 3, 2022.
[59] LCD, Global CLO Roundup, May 10, 2022.
[60] Products are subject to the risk of capital loss and investors may not get back the amount originally invested.
[61] Citi Research, April 18, 2022.
[62] Lipper, May 4, 2022.
[63] LCD News, May 6, 2022.
[64] CS Credit Daily Strategy, May 6, 2022.
[65] Diversification does not ensure a profit.
[66] S&P/LSTA Leveraged Loan Index (represented by spread to maturity and yield to maturity), Bloomberg US High Yield Index (represented by OAS and yield to maturity), Credit Suisse Western European Leveraged Loan Index (represented by 3-year discount margin and current yield), and Credit Suisse Western European High Yield Index (represented by spread to worst and yield to worst), as of April 29, 2022.

Past performance is not necessarily indicative of future results.