Blackstone Credit

CREDIT INSIGHTS: JANUARY 2023

Credit Markets Rebound in Risk-On Rally

Performance Overview

A risk-on rally underpinned a strong start to the year as performance returned to positive territory across global credit markets after last year's negative returns. Yields and spreads compressed amid signs that inflation has peaked and a perceived decline in recession risk.

Investment grade outperformed the rest of credit in January and lower-rated assets led the non-investment grade rally in a reversal of last year's dominant theme.

The Fed and ECB raised rates by the expected 25bp and 50bp respectively, in early February.[1] Both central banks reiterated the need for additional increases in the face of labor market resilience, although the Fed's more dovish rhetoric about inflation pressures and decision to slow the pace of hikes contrasted with a more hawkish ECB stance.[2]

Equities outperformed all other markets, ending the month up over 6%. Despite some volatility, treasury yields compressed overall, leaving the 10Y 36bp tighter at 3.51% and the 2Y 22bp tighter at 4.21% at month end.[3]

In Europe, energy tail risk dissipated due to the milder winter and high gas storage levels. The more bullish outlook bolstered the Euro, as well as debt and equity markets, and pushed the iTraxx Crossover Index, a gauge of risk, to its tightest level in nine months.[4]

- **Technicals, hopes for Fed pivot fuel credit rebound**
- **CCCs lead markets higher in reversal of 2022 quality dispersion theme**
- **Central banks tighten inflation screws with more hikes**
- **Defaults rise after clean run through Q422**

A supportive technical was also at play with the seasonal January effect in full force. Primary issuance ticked up across loans, high yield and CLOs, but demand proved even stronger. Inflows into high yield funds resumed early in the month adding to cash balances, while demand from CLO buyers, moderating retail outflows and a pick-up in repayments supported loan prices.[5]

Last-twelve-month default rates for US HY and loans increased to 1.83% and 1.82%, respectively.[6] January's five defaults totaling $5.4 billion follow zero defaults in 4Q22 and are the most since October 2020.[7] In Europe, JP Morgan reduced its 2023 default rate forecast to 2% from 3%, while keeping its 2024 forecast at 2.5%.[8]

Market Stats (as of January 31, 2023)[9]

	January	QTD	YTD
Morningstar LSTA US Leveraged Loan Index	2.73%	2.73%	2.73%
Bloomberg U.S. Corporate Investment Grade Index	4.01%	4.01%	4.01%
Bloomberg U.S. High Yield Index	3.81%	3.81%	3.81%
Credit Suisse Western European Leveraged Loan Index	2.73%	2.73%	2.73%
Credit Suisse Western European High Yield Index	3.14%	3.14%	3.14%
S&P 500	6.28%	6.28%	6.28%
Euro Stoxx 50	9.94%	9.94%	9.94%

	Spread			Yield			Price		
	Level	ΔMTD	ΔYTD	Level	ΔMTD	ΔYTD	Level	ΔMTD	ΔYTD
U.S. Loans	508	(51)	(51)	9.87%	-0.12%	-0.12%	$ 94.23	$ 1.79	$ 1.79
U.S. HY	438	(51)	(51)	8.14%	-0.85%	-0.85%	$ 89.28	$ 3.06	$ 3.06
EU Loans	581	(80)	(80)	7.04%	0.22%	0.22%	€ 93.61	€ 2.05	€ 2.05
EU HY	488	(49)	(49)	7.61%	-0.68%	-0.68%	€ 88.58	€ 2.37	€ 2.37

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

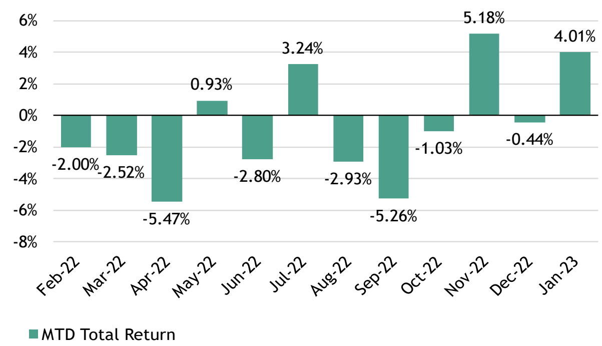
US Investment Grade Market

Investment grade outperformed other credit markets in January amid the rate move and lower-than-expected supply. Performance rounded out the month at 4.01%, although late month volatility reduced this from a high of 4.45% mid-month.[10] Yields and spreads tightened to 4.96% and 117bp, levels last seen in April 2022, vs. year-end levels of 5.42% and 130bp.[11]

At $140 billion January supply was the second busiest on record. Demand was stronger leading to oversubscriptions and a drop in new issue concessions to under 2bp.[12 13] US investment grade funds gained inflows of over $10 billon with demand especially visible at the 30-year end of the curve.[14]

By rating, longer-dated Crossover and BBBs outperformed higher-rated, but shorter-dated single and double-As. By sector, Media, Cable and Energy, Oil outperformed.[15]

IG Performance Moves Back into Positive Territory[16]



US Loan and High Yield Markets

Strong technicals enabled US high yield and loans to record their strongest January performance since 2019 and 2009, at 2.73% and 3.81% respectively.[17 18]

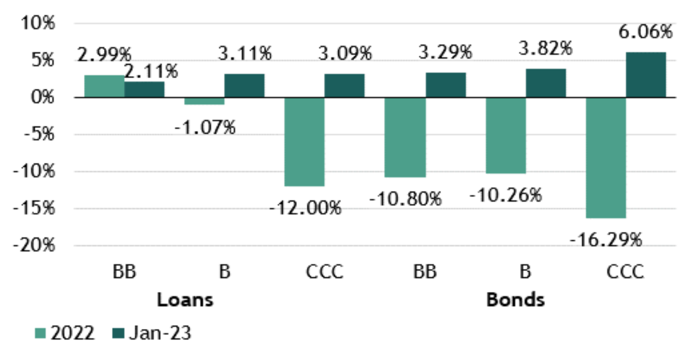
High yield spreads and yields compressed by 66bps and 85bp over the month,[19] while in loans, 54% of the index was quoted above $98 at month-end.[20] Lower-rated assets outperformed in both markets.[21 22]

Refinancings dominated primary issuance in high yield while amend and extends dominated in loans as banks addressed some of last year's supply overhang. Strong demand for the few new LBO financings enabled tight pricing and a strong secondary performance.

Downgrades increased in January and 14.4% of the loan index is now rated B3 or lower, a high since November 2021.[23]

That said, rising prices reduced the distressed universe of bonds and loans to 7.9% of leveraged credit outstanding in January.[29]

Single-B Loans, CCC HY Outperform in January[30]



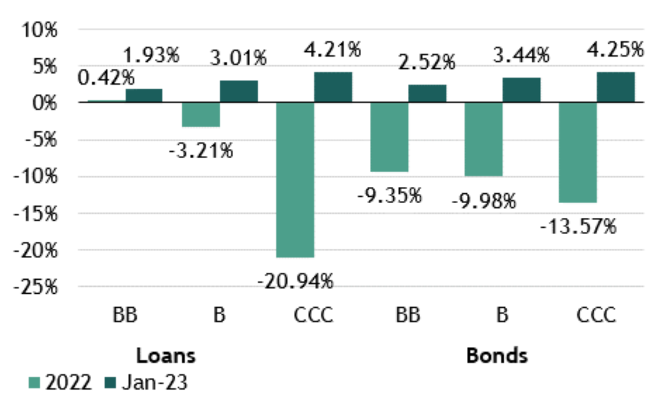
European Loan and High Yield Markets

European loan performance improved through January to end at 2.73%, underpinned by a strengthening CLO bid and amid limited new money primary supply.[24]

Technicals and the rate rally ensured a robust performance for high yield, which posted a 3.14% return for January.[25] High cash balances and retail fund inflows supported demand for secondary bonds.[26]

Prices across lower-rated credits rose in both markets providing managers an opportunity to reduce portfolio beta. In primary, high yield recorded its strongest issuance month in a year.[27] Loan supply was slower and focused on maturity extension exercises. Improving macroeconomic data caused some research analysts to revise spread forecasts lower,[28] although there is ongoing vigilance over the potential for slower growth and higher rates to impact corporate performance later in the year.

Lower-rated European Loan/HY Assets Lead Rally Higher[31]



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

US and European CLO Markets

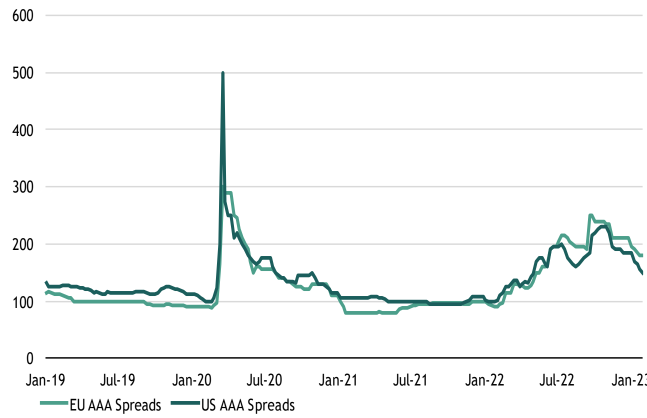
In January, the CLOIE index returned +1.63% and lower-rated tranches outperformed higher-rated tranches, mirroring the trend across other asset classes.[32]

Primary and secondary spreads in both regions have compressed significantly. US/European secondary CLO AAAs are now at 150/180bp (from 185/210bp respectively in December).[33] The up-in-quality theme has translated to price tiering between Tier 1 vs. other managers.

Supply started stronger than expected as managers took advantage of tighter liability spreads and renewed demand from accounts with fresh budgets to clear warehouses.[34] Global issuance is running 55% ahead of the same time last year.[35] Still, the limited availability of new assets and run up in secondary loan prices could drag on new CLO creation going forward.

Loan downgrades outnumbered upgrades in US BSL CLOs for a ninth consecutive month in January.[36] The share of CCCs for US CLOs in reinvestment period rose to 6% in January, up 2 points over the past 6 months. The default rate within US CLOs also increased but at a lesser rate and to a considerably lower level of 0.4%.[37]

Secondary CLO AAA Spreads Compress in US, Europe as Demand Returns[38]



Market Outlook: Proceed with Caution?

January's seasonal rally has extended into February as demand continues to outstrip supply, and as hopes that rates are close to peaking sustains the risk-on sentiment.

Absent a marked change in the technical environment, or a macroeconomic/geopolitical shock, it may be the Fed pivot narrative that directs markets over the near-term. Having barely flinched at the latest round of rate hikes and tech earnings misses at the start of February, bonds and stocks sold off as strong US jobs data revived concerns that the Fed may keep rates higher-for-longer. The view from our Investment Strategy team is that a Fed pivot is unlikely this year given the significant tightness in the labor market.[39]

Still, the yield and spread compression across loans and bonds in 2023 has been impressive, and the more optimistic outlook that has accompanied the rebound in performance[40] makes a welcome break from last year's pessimism.

The improved sentiment has also thawed primary markets. Banks have progressed in whittling down last year's overhang, while corporate issuers continue to push out maturities on existing debt. Robust demand for the small number of new money deals that have passed through the market (evidenced by oversubscriptions, reverse-flexes and strong secondary market performance) may encourage banks considering new buyout underwrites in the syndicated debt markets. In the meantime, we expect sponsors to continue to rely on the private credit market to do the heavy LBO lifting.[41]

Margin Squeeze

Lower credit spreads point to potentially reduced default expectations, at least for now. Flat corporate profits[42] and strong labor markets may allow any global slowdown to be mild and less immediate.[43]

Recession risk hasn't disappeared, however, and slower growth combined with higher rates and consumer headwinds are expected to squeeze corporate margins and lead to a deterioration in credit fundamentals as the year progresses. En vogue lower-quality credits with smaller financial cushions are likely to be the first to get into trouble during a prolonged period of tighter monetary policy,[44] and in our view rising credit stress could leave spreads vulnerable to renewed widening. Rather than take on more risk the recent outperformance of lower-rated assets in our view has provided the opportunity to de-risk into strength.

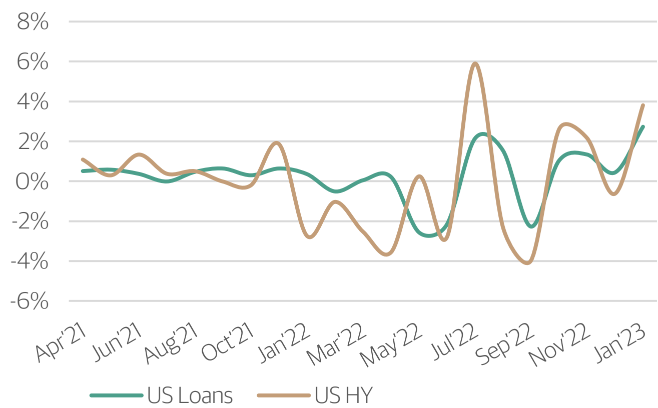
We believe our ability to provide flexible capital combined with active portfolio management will be crucial in an environment with increasing performance dispersion. We will maintain our bias for higher-quality assets, while selectivity will guide our thematic investment strategy in the months ahead.

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

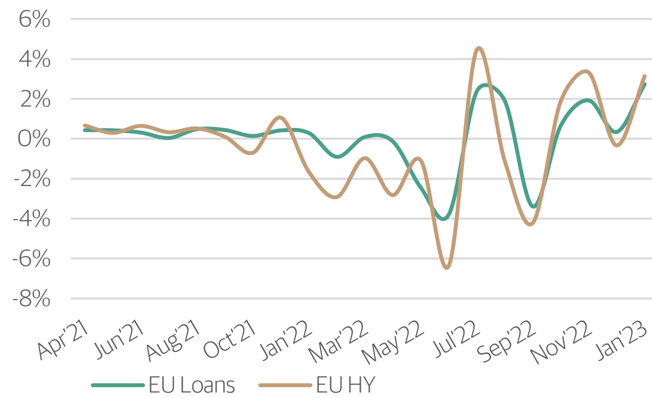
Market Snapshot

(As of January 31, 2023)[45]

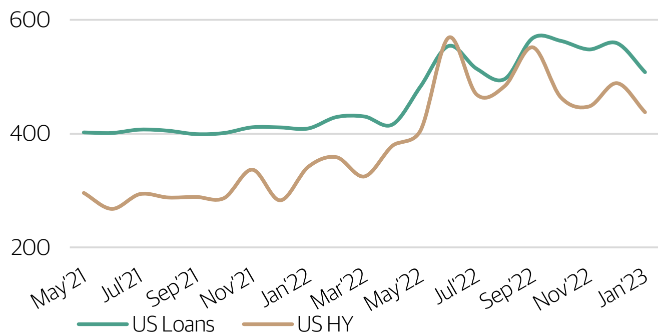
US Credit Monthly Return



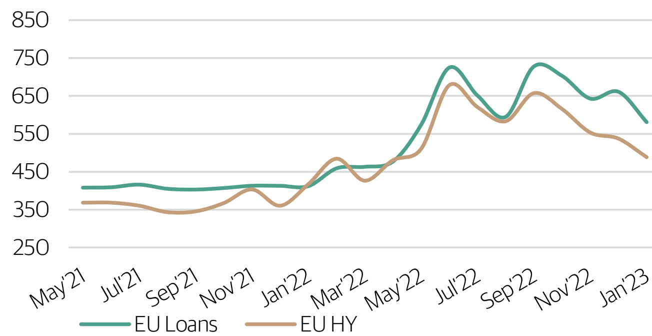
EU Credit Monthly Return



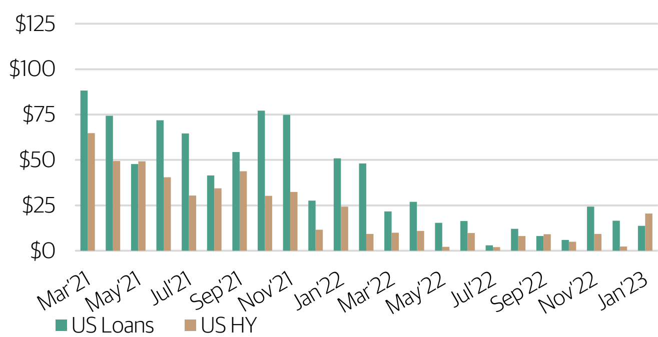
US Credit Spreads (in bp)



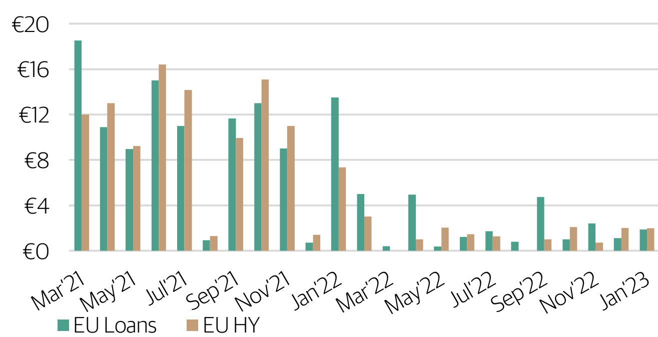
EU Credit Spreads (in bp)



US Credit Issuance ($ in billions)



EU Credit Issuance (€ in billions)



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

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 adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital

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

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 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

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

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=L3PDlTnbE2hOR6yw-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.

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.

BXC202302206S

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

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.

Endnotes

[1] Bloomberg, February 1, 2, 2023.
[2] Bloomberg News, Fed Slows Rate Hikes Even as Powell Says There's More Work to Do, February 1, 2023.
[3] Bloomberg, January 31, 2023.
[4] Bloomberg, January 31, 2023.
[5] JP Morgan Research, Lipper, as of January 11, 2023. (HY Inflows increased to $2.3B for the week ended January 10, 2023)
[6] JP Morgan Default Monitor, February 1, 2023. (Includes distressed exchanges.)
[7] JP Morgan Default Monitor, February 1, 2023. (Includes distressed exchanges.)
[8] JP Morgan, High Yield Talking Points, February 7, 2023.
[9] The volatility and risk profile of the indices presented is likely to be materially different from that of a Fund. In additio n, the indices employ different investment guidelines and criteria than a Fund and do not employ leverage; as a result, the holdin gs 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).

[10] Bloomberg US Corporate Index, January 31, 2023.
[11] Bloomberg US Corporate Index, December 30, 2022.
[12] CS Credit Strategy Daily, February 3, 2023.
[13] Blackstone Credit Systematic Strategy, January 2023.
[14] Blackstone Credit Trading Desk, January 31, 2023.
[15] Barclays Credit Research, US Investment Grade Corporate Update, January 2023, February 1, 2023.
[16] Bloomberg US BBB and BB Corporate Index, January 31, 2023.

[17] JPM High-Yield and Leveraged Loan Morning Intelligence, as of January 11, 2023.
[18] Pitchbook LCD, January Wrap: Leveraged loans jump 2.73% in strongest start to year since 2009, February 1, 2022.
[19] Bloomberg US High Yield Index, January 31, 2023.
[20] Pitchbook LCD, January Wrap: Leveraged loans jump 2.73% in strongest start to year since 2009, February 1, 2022.
[21] JPM High-Yield and Leveraged Loan Morning Intelligence, as of January 11, 2023. (CCCs (+3.36%) outperform Single B rated bonds (+2.78%) and BB bonds (+2.49%.)
[22] Morningstar LSTA Leveraged Loan Index (US Loans), Bloomberg High Yield Bond Index, January 31, 2023.
[23] JPM High-Yield and Leveraged Loan Morning Intelligence, February 1, 2023.
[24] Credit Suisse WELLI, December 31, 2022.
[25] Bloomberg US High Yield Index, January 31, 2023.
[26] JP Morgan, Lipper, January 31, 2023.
[27] Pitchbook LCD, LCD European Monthly Playbook, February 1, 2023.
[28] JP Morgan, European Credit Weekly, Eroding the European Premium, as of January 6, 2023. Also DB, Pitchbook LCD Daily Wrap, January 30, 2023.
[29] JP Morgan Distressed Universe (i.e., bonds trading 1000bp+ and loans sub-$80) TJTJT
[30] Morningstar LSTA Leveraged Loan Index (US Loans), Bloomberg High Yield Bond Index (US High Yield), as of January 31, 2022.
[31] CS European High Yield Bond Index (EU HY), CS European Loan Index (EU Loans), as of January 31, 2022
[32] JP Morgan CLOIE, February 1, 2023.
[33] BofA CLO Weekly Update. February 3, 2023.
[34] Pitchbook LCD, Global CLO Roundup, January 31, 2023.
[35] Pitchbook LCD, Global CLO Roundup, January 31, 2023.
[36] S&P Corporate Rating Actions Tracker 2023, January 27, 2023.
[37] BofA CLO Weekly Update. February 3, 2023.
[38] BofA Global Research, Markit, ICE Data Indices, LLC, S&P LCD, February 3, 2023.

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

[39] Byron Wien, Vice Chairman of Private Wealth Solutions, A Good Start to the Year, Though Risks Remain, January 31, 2023.
[40] Bank analysts (BofA, Barclays, JPM, MS) predict positive returns across credit markets in 2023
[41] Slide 8, 2022 Blackstone Credit Limited Partner Advisory Committee Meeting, November 2022.
[42] I/B/E/S data from Refinitiv, S&P Global, and Macrobond, February 7, 2023.
[43] FactSet, January 27, 2023, Refinitiv, February 2, 2023.
[44] JPM Research, Interest(ing) coverage scenarios for leveraged loans in a rising rate environment, as of April 19, 2022. Blackstone Credit Investment Team, January 2023.
[45] Morningstar 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 January 31, 2023.