

Blackstone Systematic Credit UCITS Funds

We are sharing illustrative example of our default probability model for information purposes only on a non-reliance basis as part of your due diligence in respect of the Blackstone Systematic Credit Umbrella Fund plc. To the extent this communication is construed as “investment research”, it has not been prepared in accordance with legal requirements designed to promote the independence of investment research so is not subject to any prohibition on dealing ahead of the dissemination of investment research and is considered to be a marketing communication. PRIVATE PLACEMENT. FOR PROFESSIONAL INVESTORS/QUALIFIED INVESTORS USE ONLY. NOT FOR DISTRIBUTION TO RETAIL OR UNQUALIFIED INVESTORS.

One of the world’s largest alternative credit managers⁽¹⁾

\$280B

AUM Across Blackstone
Credit & Insurance

>3,100

corporate issuers covered⁽²⁾

518

employees

260

Investment professionals

Private Credit

Direct lending, sustainable resources, mezzanine, and opportunistic strategies



\$146B

AUM

Liquid Credit

Loans, CLOs, IG bonds, HY bonds, and multi-asset credit strategies



\$100B

AUM

Other Credit and Insurance Strategies

Asset-based finance, MLP funds, and insurance solutions



\$34B

AUM

Past performance is not necessarily indicative of future results. There can be no assurance that any Blackstone fund or investment will achieve its objectives or avoid substantial losses.

Note: All figures presented above are as of December 31, 2022. Other Credit and Insurance AUM is a combined figure inclusive of Blackstone Credit, Harvest Fund Advisors LLC, Asset Based Finance, and Blackstone Insurance Solutions businesses. Please see Footnotes to “AUM Overview” for further details. (1) Source: Based on Blackstone Credit analysis of company earnings presentations and calls, as of December 31, 2022 or latest available publicly available data. (2) Reflects unique corporate issuers across funds and accounts managed by Liquid Credit Strategies and Private Credit Strategies.

Daily dealing, liquid UCITS Fund offerings

	High Yield	Investment Grade	Multi-Sector	Emerging Market	Absolute Return
Fund	BX Low Carbon High Yield Corporate Bond Fund (UCITS)	BX Low Carbon Global IG Corporate Bond Fund (UCITS)	BX Enhanced Global Systematic Credit Fund (UCITS)	BX Emerging Market Systematic Corporate Fund (UCITS)	BX Market Neutral Systematic Credit Fund (UCITS)
Strategy	Beta 1 exposure (aim of delivering the credit and rate beta of the index)				Zero Beta exposure
Returns (live & backtest) (net p.a.)	Index + 50-100+ bps (net)	Index + 50+ bps (net)	Index + 100+ bps (net)	Index + 50+ bps (net)	7-10% bps (net)
Index	ICE US HY Constrained Index (HUC0)	Bloomberg Global Aggregate Corporate	Custom IG & HY Blended Index	JPM CEMBI Broad Diversified	ICE 0-3 Month US Treasury Bill Index
Liquidity	Daily dealing, 5-day notice (redemptions)	Daily dealing	Daily dealing	Daily dealing, 5-day notice (redemptions)	Daily dealing, 5-day notice (redemptions)
Fund AUM	\$194M	\$438M	\$67M	\$63M	\$6M
Strategy AUM	\$1.7B	\$3.3B	\$1.3B	\$63M	\$153M
ESG ⁽¹⁾	Low Carbon (aims to outperform the index with 50%+ lower carbon exposure) SFDR ⁽¹⁾ Article 8 (ESG / SRI Exclusions)		SFDR ⁽¹⁾ Article 8 (ESG / SRI Exclusions)		
Currency	USD, EUR, GBP, CHF, NOK, SEK, JPY, SGD, etc. (aim of insulating investors from exchange rate fluctuations with hedged currency share classes)				
Vehicle	UCITS V compliant fund				

Systematic strategies can offer investors...



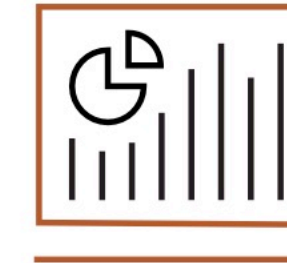
Safer beta 1 exposure

- Aim to have less exposure to high default risk firms
- Proprietary default probabilities provide early warning of credit deterioration and improvement



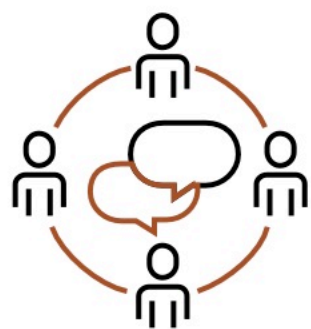
Uncorrelated alpha

- Excess returns (alpha) historically uncorrelated to indices, factors, and peers
- Can be highly additive to investor portfolios



Long volatility return profile

- Aim to produce higher returns in higher volatile markets
- Alpha has historically been higher, in higher credit spread environments



Highly transparent & customized solutions

Ability to tailor portfolios to meet investor needs

- Our investment approach can be applied across various credit strategies to create a full range of bespoke solutions
- Integrate SRI in all strategies and will customize based on investor needs
- Low carbon solution aims to outperform the index with 50%+ lower carbon exposure

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Note: See Important Disclosure Information, including SFDR. For illustrative purposes only.

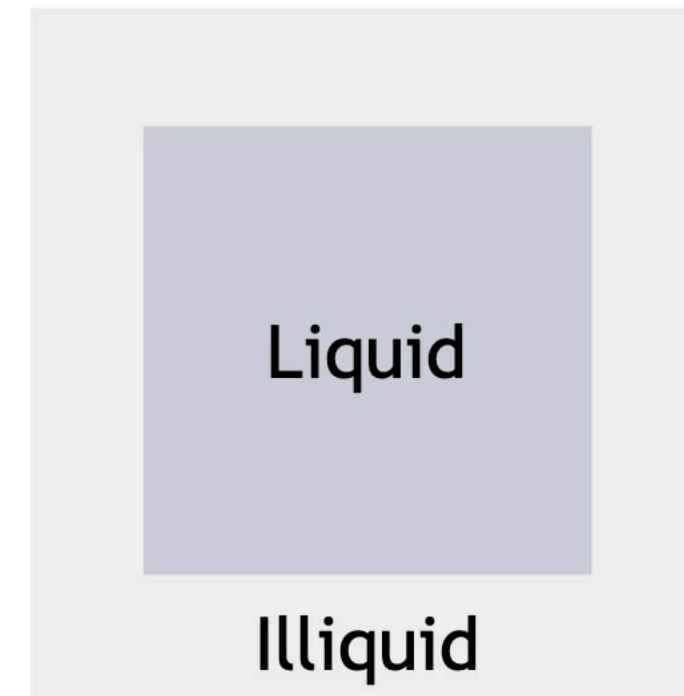
Proprietary, fundamental default probability model...

Applied systematically with the goal of exploiting credit market inefficiencies

1. Define universe



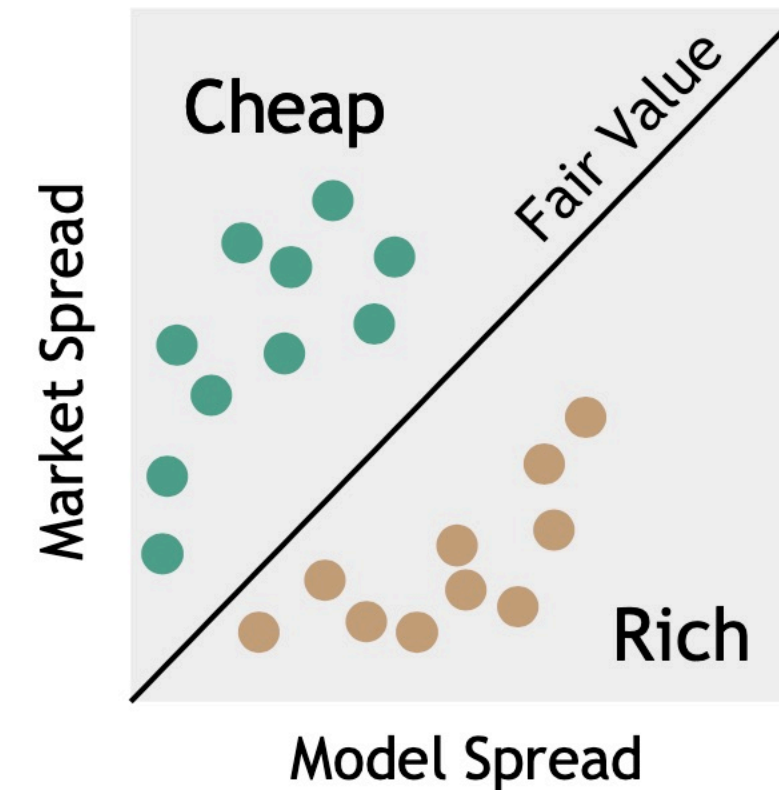
2. Filter on liquidity



- No out of Index bets

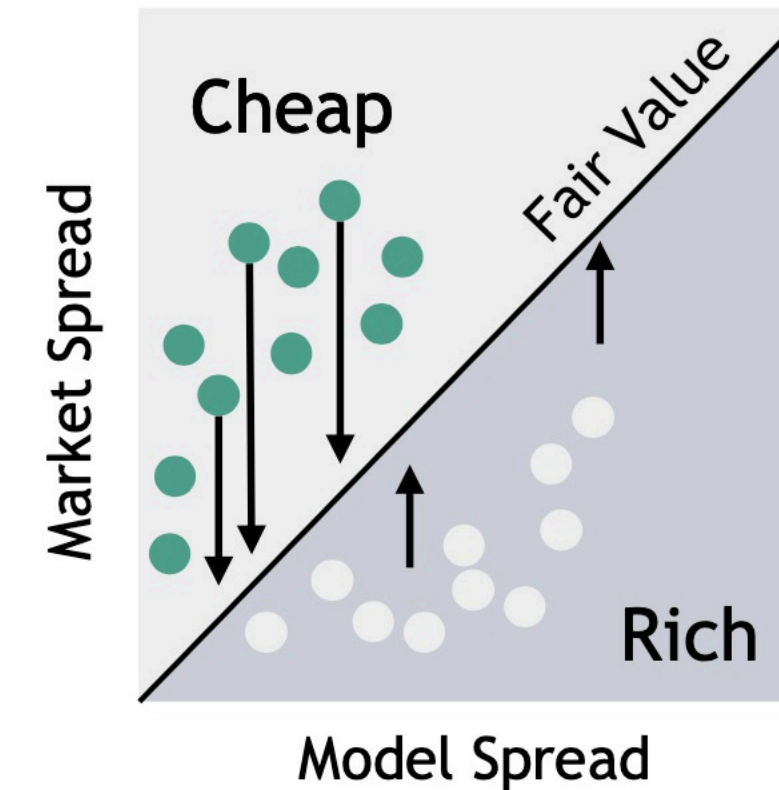
- Filter out the least liquid issuers

3. Identify mispricing



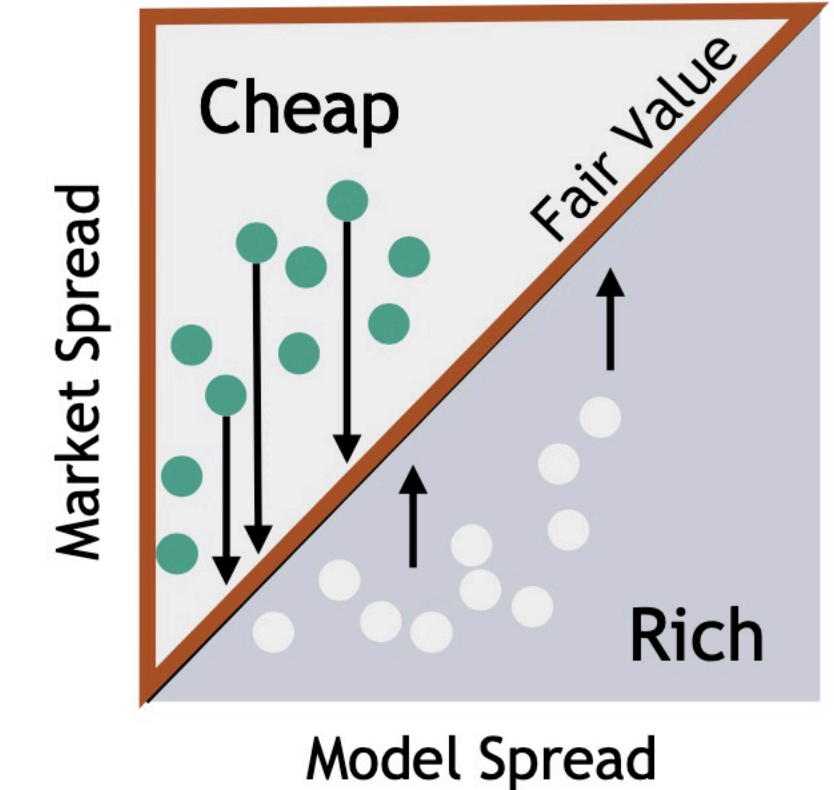
- Identifying potential mispriced issuers

4. Alpha weight



- Over time, the cheap issuers (market spread > model spread) tend to tighten and rich names (market spread < model spread) tend to widen

5. Risk match

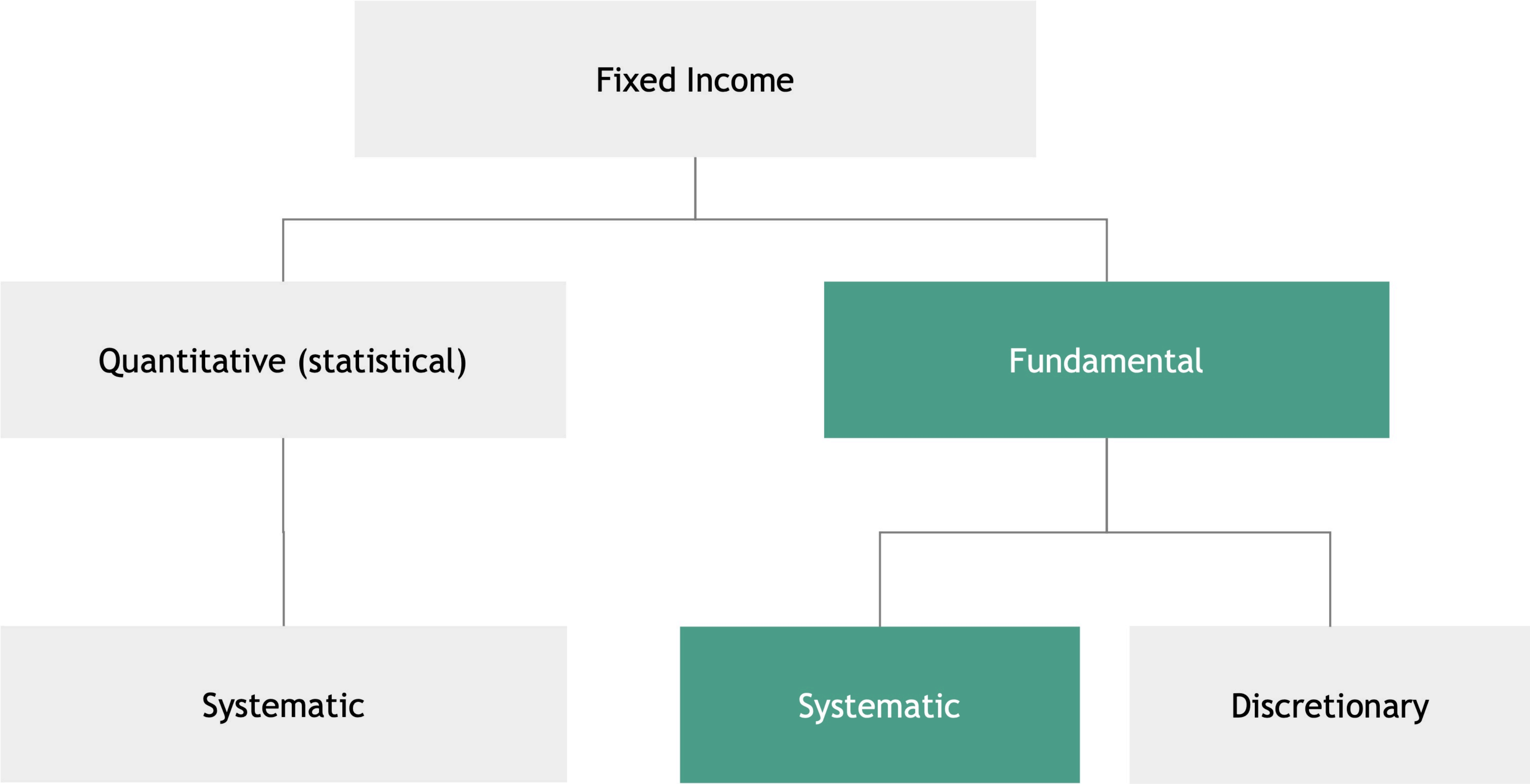


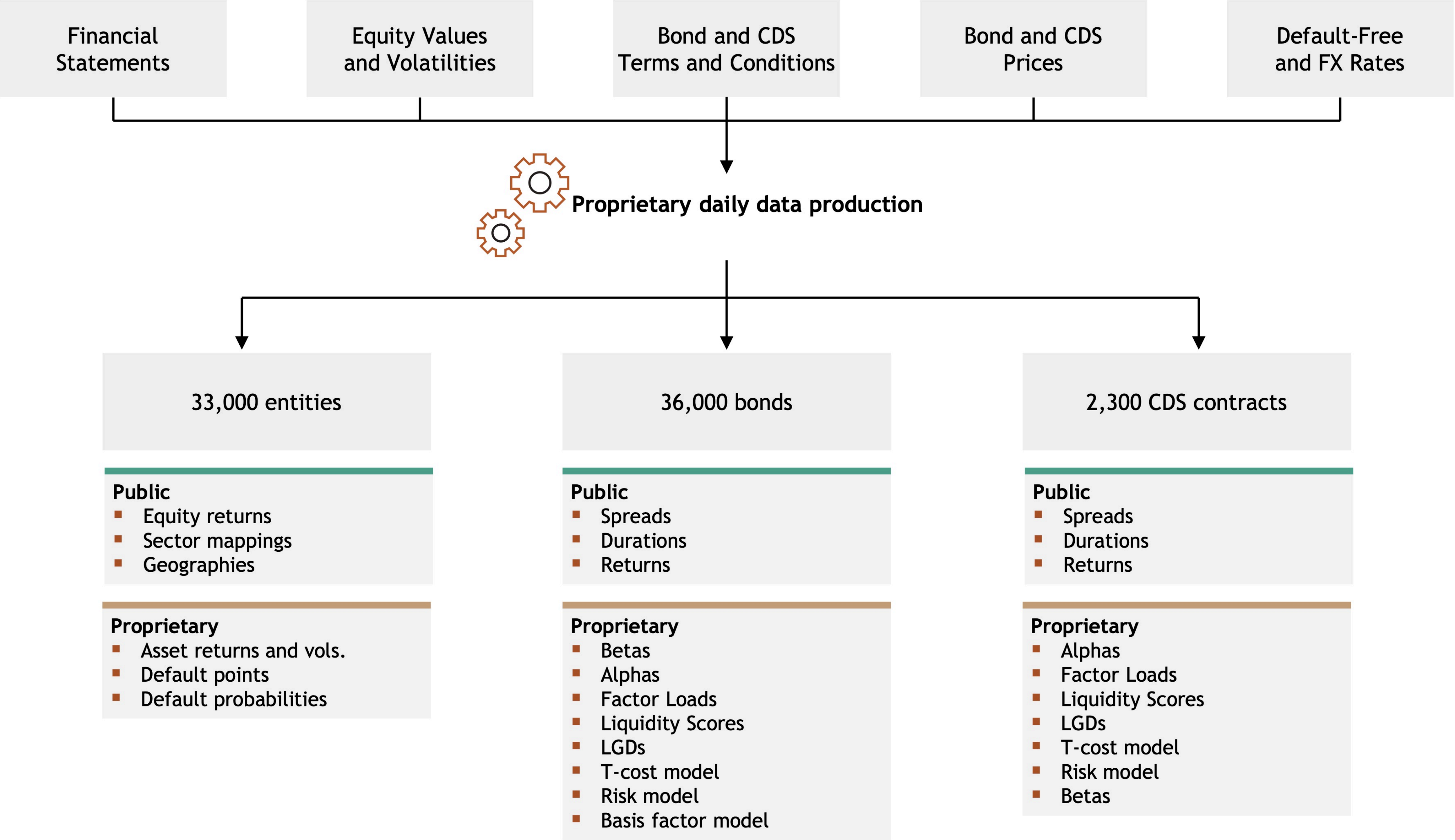
- Match credit and rate beta of Index
- Limit Sector Exposure
- Optional: The strategy targets at least 50% lower carbon weighted intensity than the Index

... aim to capture uncorrelated alpha from individual credit mispricing

There can be no assurance that any other account will achieve comparable results, will reach its target returns, achieve its investment objectives or be able to implement its investment strategy

Fundamental credit investing, systematic implementation

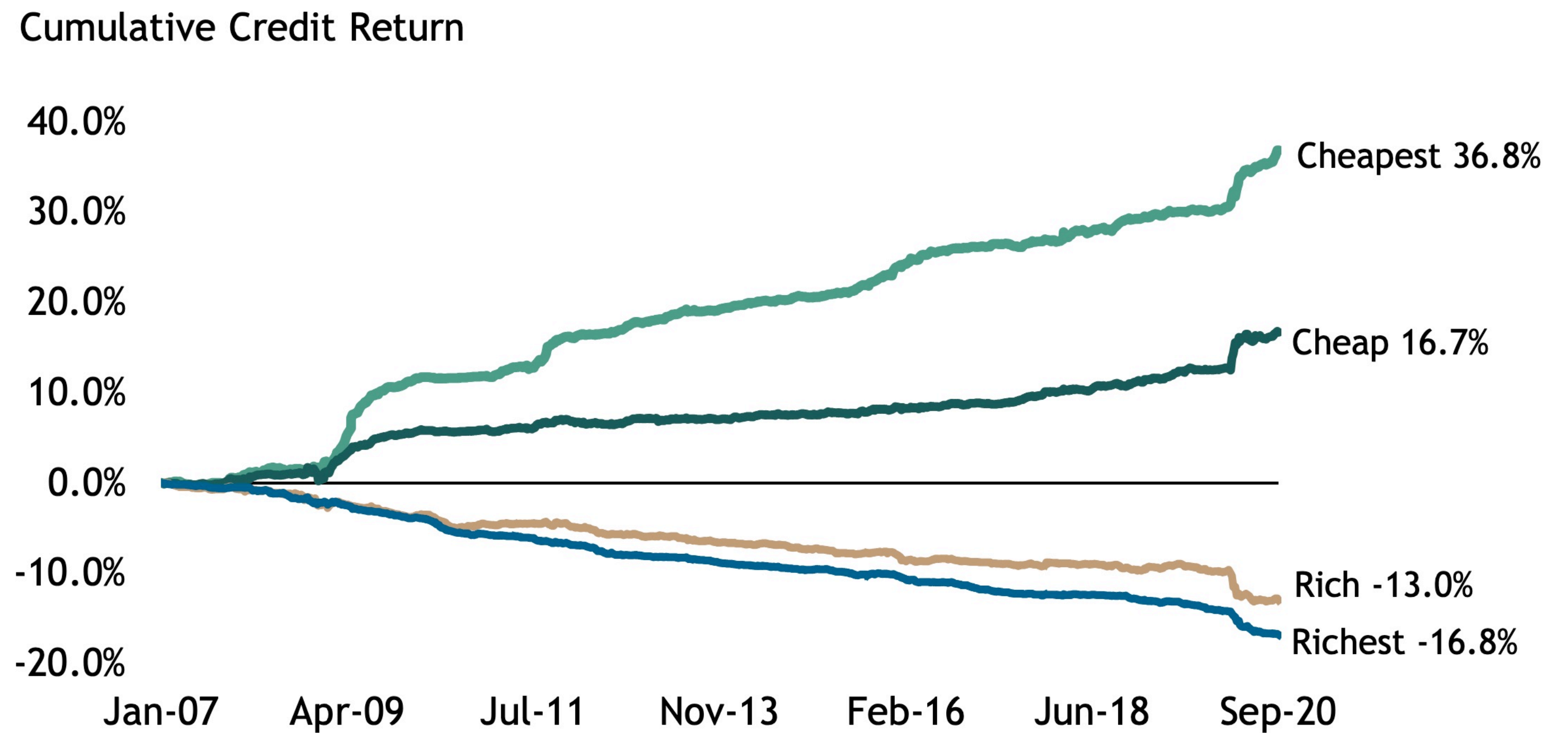
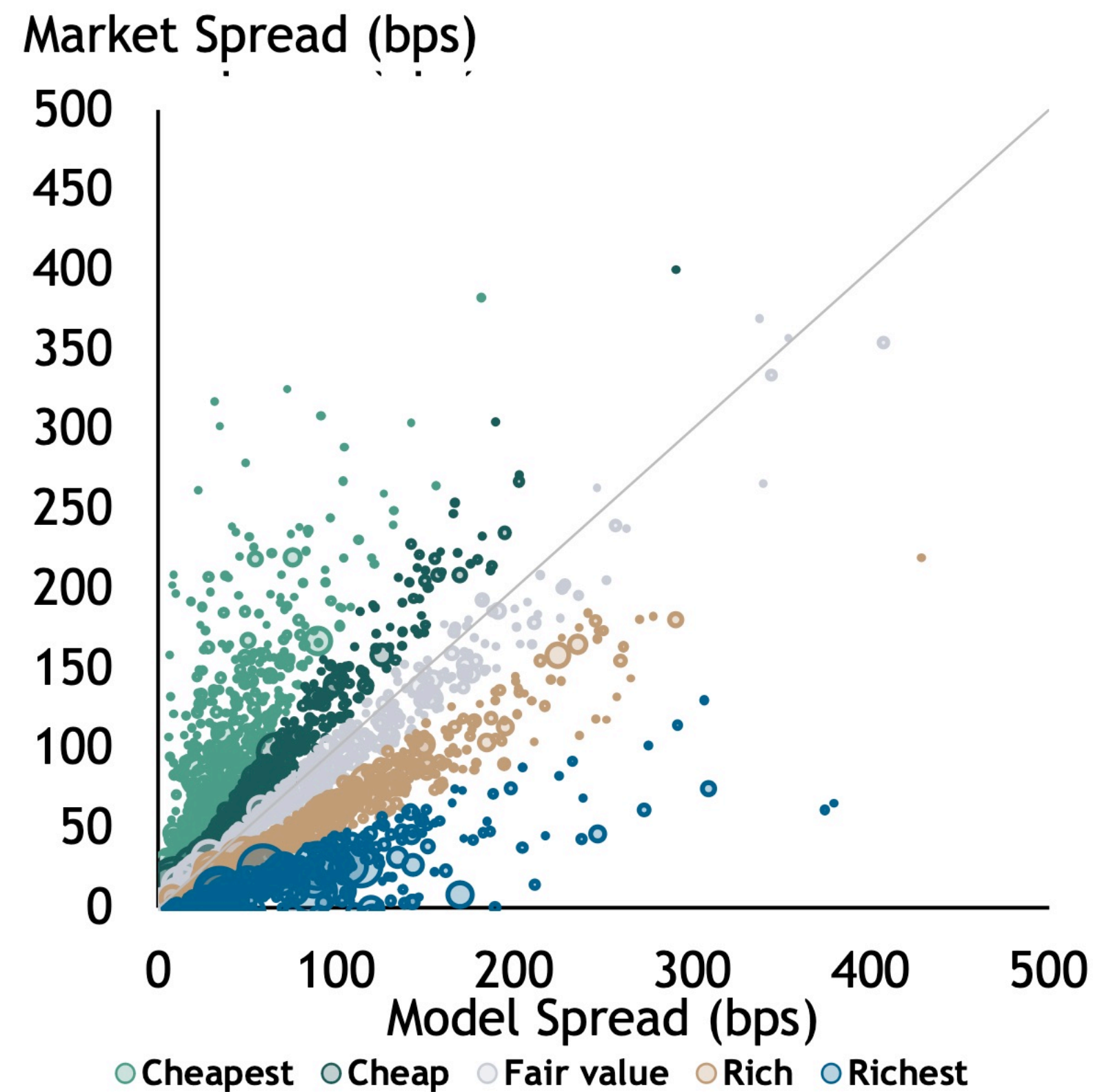




There can be no assurance that any Blackstone strategy or product will achieve their objectives or avoid significant losses.

Note: For illustrative purposes.

Mispricing differentials can translate into excess return due to convergence over time



- Positively mispriced (cheap) credits have historically converged producing positive alpha
 - Conversely, negative mispriced (rich) credits have historically converged producing negative alpha
- When spreads and volatility are elevated, the alpha potential is also elevated
- The amount of alpha potential is constantly replenished as mispricing in some exposures is replaced with mispricing in others

Past performance is not necessarily indicative of future results. There can be no assurance that any Blackstone fund or investment will achieve its objectives. There is no guarantee that the trends depicted herein will continue or will not reverse. For illustrative purposes only. Return differentials and universe based on the Bloomberg US IG Corporate Bond Index. Data and annualized return as of December 2021. Please see Important Disclosure Information.

Source: Blackstone. Note: Please see Key Risk Factors and Important Disclosure Information - Index Comparison. For illustrative purposes only.

One alpha model, various implementations, available in low carbon

		AUM	Blackstone Credit Systematic Strategies
Fixed Income Core	Investment Grade Corporate	\$3.4B	<ul style="list-style-type: none"> US & Global Investment Grade Systematic Corporate US Intermediate Investment Grade Systematic Corporate
Solutions	Insurance Solutions	\$18.4B	<ul style="list-style-type: none"> US & Global Investment Grade Systematic Corporate US & Global High Yield Systematic Corporate
	Multi-Sector Credit	\$1.3B	<ul style="list-style-type: none"> Global Systematic Credit Enhanced Global Systematic Credit Short Duration Systematic Income
	Multi-Asset Credit	\$527M	<ul style="list-style-type: none"> Bank Loans & High Yield Systematic Corporate
	Long-Duration Corporate	\$1.5B	<ul style="list-style-type: none"> Long Duration Systematic Corporate
Fixed Income Specialties	High Yield Corporate	\$1.7B	<ul style="list-style-type: none"> US High Yield Systematic Corporate Global High Yield Systematic Corporate⁽¹⁾ EUR High Yield Systematic Corporate⁽¹⁾
	Emerging Market Corporate	\$63M	<ul style="list-style-type: none"> Emerging Market Systematic Corporate
Alternatives	Absolute Return Credit	\$135M	<ul style="list-style-type: none"> Market Neutral Systematic Credit Absolute Return Systematic Credit Short Systematic Credit⁽¹⁾
Total AUM		\$27.0B	

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Note: For illustrative purposes only. Not all strategies are currently funded. AUM are estimated as of February 28, 2023. Final amounts will not be available until a later date. The difference between the preliminary and the final amounts could be material. AUM may not total due to rounding. (1) Available upon request.