NOYACK

Investment Report

Blackstone Private Credit Fund

Private Credit

SCORE

★★★★☆

CLASS
S

MANAGED BY
Blackstone Credit BDC Advisors LLC

RELEASE DATE
12/31/23

Net Asset Value
$26.2B

Max. Offering Size
$36.5B

Investment Style
Core

HQ Location
New York, NY

Eligibility
Accredited or Non-Accredited subject to income/networth requirements.

Legal Construction
DST operating as a Business Development Company ("BDC")

Asset Class
Private Credit

Inception
January, 2021

Min. Investment
$2,500

Annualized Distribution Rate
9.6%

Net Total Return
7.5%

Distributions
Monthly

Incentive Fee
12.5% of net investment income (subject to 5% hurdle rate and catch up) paid quarterly
12.5% of realized gains net of realized and unrealized losses

Management Fee
1.25%

Holding Period
Permanent Capital

Sponsor
Blackstone Credit

Deal Manager
Blackstone Securities Partners L.P

Auditor
Deloitte & Touche LLP

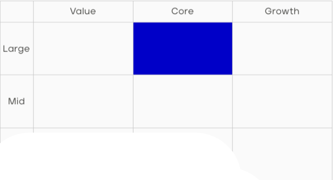
Counsel
Simpson Thacher & Bartlett LLP

Strategy

The Blackstone Private Credit Fund has an Investment strategy aimed at generating high-quality income for its investors. This objective is achieved by concentrating on privately originated loans with favorable terms. The fund emphasizes senior secured positions in the capital structure, providing an added layer of safety and priority in the event of defaults or financial distress. Additionally, the inclusion of structural protections and covenants in its investment approach further fortifies the fund's risk management strategy.

The fund's affiliation with Blackstone Credit, a distinguished institutional credit platform, is a pivotal factor in its ability to execute this strategy effectively. Blackstone Credit offers a vast scale and extensive experience in the credit market, granting the fund access to a diverse array of investment opportunities. This access, coupled with Blackstone Credit's expertise, allows the fund to conduct thorough due diligence and risk assessment on potential investments, ensuring that each aligns with its income-generation objectives and stringent criteria.

Style



In essence, the Blackstone Private Credit Fund offers investors a well-defined approach to income generation, prioritizing risk mitigation and capital preservation.

Fit Check

ELIGIBILITY

Investors must have either:
- a gross annual income of at least $70,000 and a net worth of at least $70,000, or
- a net worth of at least $250,000.

Additional state wise restrictions may apply.

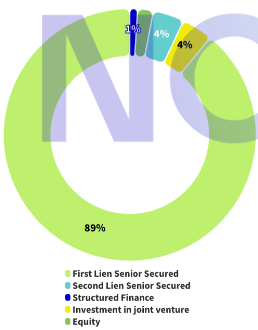
SUITABILITY

This Fund is suitable for investors with a long-term investment horizon and a moderate to high risk tolerance. The fund's primary focus on generating current income through interest payments and other income-generating assets, while seeking long-term capital appreciation as a secondary objective, makes it an attractive choice for those looking to balance income generation and potential growth.

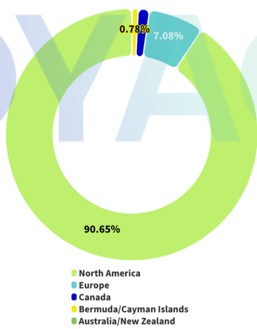
Portfolio Snapshot

As of September 30, 2023

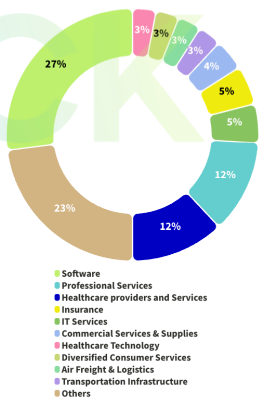
Investment Vehicle



Investment Geography



Top 10 Industries



Score Breakdown

BULLS SAY

- **Attractive yield -** This fund provides attractive monthly distributions to its investors. Compared to other similar private credit funds, Blackstone Private Credit Income Fund has a relatively high annualized distribution rate.
- **High Allocation to Senior Secured Debt -** 79% of this fund is invested in first Senior Secured debt, which sits on top of the liquidity tranches and is a relatively secure source of investment.
- **Deep resources -** Blackstone is a well-established investment firm known for its expertise in due diligence in the alternative investment space. They hire the best in the industry experts to allow them to source more deals and research more opportunities versus their competitors.

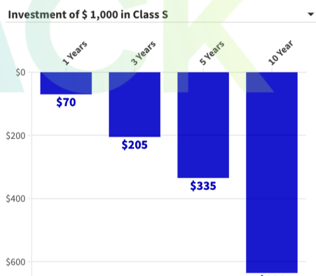
BEARS SAY

- **High Incentive fee -** Two layers of performance fees are paid to managers of the fund, one for net investment income and one for capital gains, which is on the higher side and may be disadvantageous to the investor.
- **Relatively new fund -** The fund was established in January 2021, so has only a few years of performance history. Considering the fact that yields were high in this period, all credit funds have given decent performance (due to high floating rate exposure).
- **Comparatively High Sales Loads -** For Class S through different distribution network maximum sales load of 3.5% which is on the higher side.

Fees

Fees & Expenses	Class S	Class D	Class I
Minimum initial investment	$2,500	$2,500	$1,000,000
Availability	Through transactional / brokerage accounts	Through fee-based (wrap) programs, registered investment advisers and other institutional and fiduciary accounts	Through fee-based (wrap) programs, registered investment advisers and other institutional and fiduciary accounts
Sales charge on purchases	3.50%	1.50%	None
Management fee	1.25%	1.25%	1.25%
Distribution and servicing fee	0.85%	0.25%	None
Interest Expense	4.75%	4.75%	4.75%
Other Expenses	0.19%	0.19%	0.19%
Total Annual Fund Expenses	**10.54%**	**7.94%**	**6.19%**

To help you compare the cost of investing in this offering with other offerings, **the fund has** provided an example of the projected dollar amount of total expenses that would be incurred over various periods with respect to a hypothetical investment for each class of common stock assuming investors do not redeem any shares.



Disclaimer

In calculating the projections above, we made a few assumptions:

(1) A hypothetical 5.0% annual return, as required by regulation of the SEC and applicable to all registered investment companies. The assumed return is not a prediction of, and does not represent, the projected or actual performance of the Fund. Performance will vary and may result in a return greater or less than 5.0%

(2) Annual operating expenses and offering expenses remain at the levels set forth in the Price Tag table above.They should not be considered a representation of future expenses. Actual expenses may be greater or less than those shown.

(3) Net return after payment of fees and expenses is distributed to shareholders and reinvested at NAV.

Managers

Brad Marshall, Co-CEO and Global Head of Private Credit Strategies at Blackstone

Industry Experience 20+ years.

Career highlights Mr. Marshall is Co-CEO of both BCRED and BXSL. Mr. Marshall also sits on the various investment committees of Blackstone Credit. Prior to joining Blackstone Credit in 2005, Mr. Marshall worked in various roles at RBC, including fixed income research and business development within RBC's private equity funds effort. Prior to RBC, Mr. Marshall helped develop a private equity funds business for TAL Global,a Canadian asset management division of CIBC, and prior to that, he co-founded a microchip verification software company where he served as Chief Financial Officer.

Education B.A.in Economics from Queen's University, Canada and M.B.A from McGill University.

Robert Zable; PM, Senior Managing Director, Global Head of Liquid Credit Strategies

Industry Experience 30+ years.

Career highlights Mr. Zable is the Global Head of Blackstone's Liquid Credit Strategies (LCS) and a Senior Managing Director, overseeing the firm's LCS, including bonds, senior loans, multi-asset credit. CLO management and investing, and investment grade and high yield bonds. He is a member of Blackstone Credit's Executive Management Committee and sits on various investment committees across the liquid credit business. Prior to joining Blackstone Credit in 2007, Mr. Zable began his career at JP Morgan Securities Inc., where he focused on leveraged finance in New York and London.

Education BS from Cornell University and MBA in Finance from The Wharton School at UPenn.

Michael Zawadzki, PM, Senior Managing Director and Global CIO of Blackstone Credit

Industry Experience 20+ years.

Career highlights Michael Zawadzki is the Global Chief Investment Officer of Blackstone Credit, Portfolio Manager of the Fund and a Senior Managing Director with Blackstone. As CIO, Mr. Zawadzki oversees the investment and portfolio management activities across the business. Mr. Zawadzki sits on the various investment committees of Blackstone Credit. Before joining Blackstone Credit in 2006, Mr. Zawadzki was with Citigroup Private Equity and previously worked in the investment banking division of Salomon Smith Barney. Mr. Zawadzki serves on the board of directors of various companies, including Elevation Midstream, Sequel Energy Group, and Targa Badlands LLC.

Education B.S. in Economics from the Wharton School at UPenn

Teddy Desloge, PM, CFO of the Fund and Managing Director

Industry Experience 10+ years.

Career highlights Mr. Desloge is involved with investment management for Blackstone Credit's various direct lending vehicles. Since joining Blackstone Credit in 2015, Mr. Desloge has focused on origination, research, and execution of private and opportunistic credit investments across industries, and supporting Blackstone Credit's Private Credit Strategies. Before joining Blackstone Credit in 2015, Mr. Desloge was an Associate at Gefinor Capital where he focused on origination, research and execution of private credit and equity investments. Mr. Desloge started his career in the Leveraged Finance Group at Jefferies. Mr. Desloge also serves as the Chief Financial Officer of BXSL.

Education B.A in economics from Hobart & William Smith Colleges.

Full Review

ALIGNMENT

AVERAGE

The Fund has **high fees**. Class S shareholders may be charged a sales load up to 3.5% of the transaction price.

There are **two layers of performance fees paid**, one for net investment income and one for capital gains. The performance fee on investment income equals 100% of income between 1.25% - 1.43% and 12.50% of returns greater than the 1.43% upper level breakpoint. This means that once the income from the fund has surpassed the upper level breakpoint of 1.43% in a quarterly, **managers collect 12.5% of every dollar from income paid above the 5% annual hurdle rate**. A hurdle rate refers to the minimum rate of return that investors expect to receive before the fund manager can start earning a share of the profits. No performance fee is charged before the initial 5% return in a year.There is also a **catch-up** fee. When the net investment income is between 1.25% quarterly preferred return and the 1.43% upper level breakpoint per quarter, the investment manager collects 100% of investment income. This is **not a shareholder friendly fee structure**. With a catch-up fee, the fund manager receives a larger share of profits.

Brad Marshall, in conjunction with fellow portfolio managers and select board trustees, has made personal capital investments in the fund, demonstrating a tangible commitment and a clear alignment of interests with investors. This **"skin in the game" approach** reinforces their dedication to the fund's success and its potential benefits for all stakeholders.

The table below shows the dollar range of Common Shares owned by the portfolio managers as of December 31, 2022:

Name of Portfolio Manager	Dollar Range of Equity Securities in the Fund[1]
Brad Marshall	over $1,000,000
Robert Zable	$100,001-$500,000
Michael Zawadzki	$100,001-$500,000

PERFORMANCE

AVERAGE

Class S performance as of 9/30/2023:

YTD	1- Year	ITD	Distribution Yield
6.2%	8.4%	7.5%	9.6%

The fund has demonstrated strong performance across various time horizons. **Year-to-date (YTD), it has delivered a 6.2% return, while over the past year, the fund has generated an 8.4% return.** These returns are in line with the fund's objective to generate income, as evidenced by its good distribution yield of 7.5%. Moreover, the fund's net asset value (NAV) of $26.2 billion, combined with its high concentration in senior secured debt (97%) and a diversified portfolio across 51 industries with 506 positions, reflects a robust and well-managed investment strategy.

Additionally, the significant **allocation to floating rate debt (96%) indicates an alignment with a potentially rising interest rate environment, which can further enhance income potential.**

MARKET RISK

AVERAGE

The current market environment of possibly prolonged periods of higher interest rates exerts downward pressure on the valuation of fixed income securities. In such an environment, the prices of existing bonds may decrease as newer issues with higher yields become available, potentially impacting the fund's net asset value.

Recession risk is another concern. Economic downturns can lead to credit quality deterioration within the fund's holdings, potentially resulting in higher default rates and lower recovery rates, thereby impacting overall performance. Rising, Geopolitical tensions introduce additional uncertainty in the market as well.

BUSINESS RISK

LOW

The fund exhibits a relatively low level of business risk due to its well-crafted investment strategy and robust risk management practices. With a significant allocation of 97% to senior secured debt, the fund enjoys a strong position in the debt hierarchy, offering greater protection in the event of defaults and reducing the potential for substantial losses. This emphasizes the fund's commitment to preserving investor capital.

Diversification across various industries further bolsters risk mitigation. By spreading investments across multiple sectors, the fund minimizes concentration risk and guards against sector-specific challenges that could pose a substantial threat. This diversification enhances the fund's resilience and ability to weather adverse market conditions.

The fund maintains an average loan-to-value ratio of 43%. This ratio represents a conservative -moderate approach to leverage and signifies an average level of business risk, as it indicates a relatively lower exposure to debt in the fund's investment portfolio.

Additionally, the fund's allocation of 96% to floating rate debt positions it favorably in anticipation of higher interest rates, allowing it to generate increased income as rates rise. Lastly, the rigorous due diligence conducted by Blackstone's experienced team on each Portfolio Company adds an extra layer of protection by identifying and mitigating potential credit risks. Collectively, these factors create a low business risk profile for the fund, reflecting a prudent and well-managed investment approach.

LIQUIDITY RISK

AVERAGE

The fund operates as an interval fund, offering quarterly repurchases of up to 5% of outstanding shares (2% haircut deducted for repurchase requests before a year of investment) subject to the approval of the Board. Overall, the Fund is illiquid, meaning investors cannot easily sell their shares.

During the three months ended June 30, 2023 and 2022, approximately 48,450,063 and 11,488,257 shares were repurchased, representing 5.20% and 1.66% Outstanding Shares Repurchased.

TRANSPARENCY

AVERAGE

The fund's comprehensive website, which includes offering terms, performance metrics, prospectus, and summary sheets, demonstrates a commitment to transparency and assisting prospective investors with due diligence. The provision of web education, news, and access to the SEC Portal further fosters transparency by enabling subscribers to stay informed, learn about the fund, and gain valuable insights into business financing. This transparency, supported by accessible and informative online resources, serves to provide investors with the necessary information to make well-informed decisions, promoting trust and confidence in the fund's operations.

Check out the NOYACK scoring methodology.
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Peer Group

	Blackstone	PIMCO	APOLLO
Vehicle name	Blackstone Private Credit Fund	PIMCO Flexible Credit Income Fund	Apollo Debt Solutions BDC
Minimum investment	$2,500	$2,500	$2,500
Holding period	Permanent Capital	Permanent Capital	Permanent Capital
Annual management fee	1.25%	2.10%	1.25%
Distribution and Servicing Fee	0.85% (Class S)	None	0.85%
Sales Load	3.5% (class S)*	0%	3.50%
Inception Date	January, 2021	February, 2017	February, 2022
1-Year Net Returns	8.40%	0.18%	6.35%
Net Returns Since Inception (Annualized)	7.50%	3.16%	8.30%
Annualized Distribution Rate	9.60%	9.00%	8.86%
NOYACK® Score	★★★★☆	★★★☆☆	★★★★☆

Disclaimer