

## BLACKSTONE PRIVATE CREDIT FUND ("BCRED" OR THE "FUND")

# Portfolio Commentary

Private credit market growth continues and BCRED has been leading many multi-billion dollar large-scale private debt transactions.

## Portfolio Update

(All data as of September 30, 2021, unless otherwise noted)

For the month ended September 30, 2021, the Fund's net asset value ("NAV") per share for Class I increased to \$25.90, representing an increase of \$0.90 YTD<sup>1</sup>. This was primarily driven by increases in the value of the Fund's assets. The Fund declared a monthly dividend of \$0.1740, resulting in an annualized dividend yield of 8.1% based on prior month NAV (Class I)<sup>2</sup>. The Fund has built an investment portfolio of \$17.7 billion<sup>3</sup> with a debt-to-equity leverage ratio of approximately 1.04 times. As of September 30, 2021, the Fund has \$14.0 billion in committed debt capacity, with 85% in secured floating rate leverage and 15% in unsecured fixed rate leverage based on drawn amount. The Fund's leverage sources are in the forms of a corporate revolver (5%), asset-based credit facilities (60%), unsecured bonds (24%), secured short term indebtedness (3%) and CLO notes (8%), based on drawn amount. From a sector standpoint, the Adviser continues to seek to invest thematically in "good neighborhoods," or leading businesses in what the Adviser believes are attractive sectors with favorable tailwinds. The top sectors that the Fund is currently invested in are software, healthcare, professional services, diversified consumer services and insurance. The Adviser continues to win deals for the Fund as a lender of choice with differentiated and flexible capital, leading many large-scale multi-billion dollar private transactions. The Adviser believes that these transactions continue to demonstrate the increase in scale of the private lending space and our ability to lead the shift of large opportunities into the private credit markets from public alternatives.

## Market Trends

The Adviser maintains an optimistic outlook on the overall market opportunity. With high yield bond yields at 4.5% and leveraged loan 3-year yields at 4.8% at the end of September, private credit remains an attractive alternative as investors continue to seek for yield globally.<sup>4</sup>

On the deal activity front, 2021 has become the biggest year for global M&A, with the U.S. alone representing close to \$2 trillion in deals on a year-to-date basis.<sup>5</sup> Sponsor-related M&A activity continues to be elevated. The combined take-private and secondary leveraged buyout volumes of \$421 billion have already exceeded every year since the 2006/2007 peak.<sup>6</sup> The market continues to show strong appetite for large deals, with the average size of take-private transactions at \$2.5 billion and a record setting median leveraged buyout deal value of \$1.1 billion.<sup>6</sup> The availability of dry powder (uncalled capital commitments) in the private debt and private equity markets reflects a continuation of this active environment for deal activities.

Finally, this year's total default volume is on pace to be the lowest since 2007 with only two defaults in 3Q21.<sup>4</sup>

## Highlights

**\$25.90**

NAV per share<sup>7</sup>

**\$17.7B**

total investments at fair value<sup>3</sup>

**98%**

senior secured

**99%**

floating rate

(1) BCRED's Class I NAV per share increased from \$25.00 to \$25.90, BCRED's Class S NAV per share increased from \$25.00 to \$25.90 and BCRED's Class D NAV per share increased from \$25.59 to \$25.90.

(2) BCRED declared monthly dividends of \$0.1740 for Class I, \$0.1557 for Class S and \$0.1686 for Class D resulting in an annualized dividend yield of 8.1% for Class I, 7.2% for Class S and 7.8% for Class D based on prior month NAV.

(3) At fair market value.

(4) Source: J.P. Morgan as of September 2021.

(5) Source: Refinitiv as of September 30, 2021.

(6) Source: Goldman Sachs, Credit Strategy Research. As of September 30, 2021.

(7) No Class D Common Shares were outstanding as of April 30, 2021. Class D Common Shares were issued on May 1, 2021 at \$25.59 per share.

## KEY BCRED STATISTICS

### NAV per Share

	Jan 8-21	Jan 31-21	Feb 28-21	Mar 31-21	Apr 30-21	May 31-21	Jun 30-21	Jul 31-21	Aug 31-21	Sept 30-21
NAV/Share <sup>7</sup>	\$25.00	\$25.25	\$25.36	\$25.49	\$25.59	\$25.80	\$25.81	\$25.80	\$25.84	\$25.90

### Distributions<sup>8</sup>

		Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sept 2021	YTD
Class I	Monthly	\$0.12	\$0.14	\$0.15	\$0.15	\$0.16	\$0.17	\$0.17	\$0.17	\$0.17	\$1.40
	Special	-	-	-	-	-	\$0.12	-	-	-	\$0.12
Class S	Monthly	\$0.10	\$0.13	\$0.13	\$0.13	\$0.14	\$0.15	\$0.16	\$0.16	\$0.16	\$1.24
	Special	-	-	-	-	-	\$0.12	-	-	-	\$0.12
Class D <sup>7</sup>	Monthly	-	-	-	-	\$0.15	\$0.16	\$0.17	\$0.17	\$0.17	\$0.82
	Special	-	-	-	-	-	\$0.12	-	-	-	\$0.12

### Total Returns (Unannualized)<sup>9</sup>

Share Class	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sept 2021	YTD
Class I	1.46%	1.00%	1.09%	0.98%	1.43%	1.16%	0.64%	0.83%	0.91%	9.91%
Class S	1.40%	0.93%	1.02%	0.91%	1.36%	1.09%	0.56%	0.76%	0.83%	9.23%
Class D <sup>7</sup>	-	-	-	-	1.41%	1.14%	0.61%	0.81%	0.88%	4.95%

Monthly portfolio updates are available on [www.BCRED.com](http://www.BCRED.com).

Certain information contained in this communication constitutes "forward-looking statements" within the meaning of the federal securities laws and the Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by the use of forward-looking terminology, such as "outlook," "indicator," "believes," "expects," "potential," "continues," "may," "can," "will," "should," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates," "confident," "conviction," "identified" or the negative versions of these words or other comparable words thereof. These may include financial projections and estimates and their underlying assumptions, statements about plans, objectives and expectations with respect to future operations, statements regarding future performance, statements regarding economic and market trends and statements regarding identified but not yet closed investments. 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. BCRED believes these factors also include but are not limited to those described under the section entitled "Risk Factors" in its prospectus, and any such updated factors included in its periodic filings with the Securities and Exchange Commission (the "SEC"), which are accessible on the SEC's website at [www.sec.gov](http://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 this document (or BCRED's prospectus and other filings). Except as otherwise required by federal securities laws, BCRED undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise. The words "we," "us," and "our" refer to BCRED, unless the context requires otherwise. Opinions expressed reflect the current opinions of Blackstone as of the date appearing in the Materials only and are based on Blackstone's opinions of the current market environment, which is subject to change. Certain information contained in the Materials discusses general market activity, industry or sector trends, or other broad-based economic, market or political conditions and should not be construed as research or investment advice.

(8) Distributions are not guaranteed. Past performance is not necessarily indicative of future results. Distributions may be funded through sources other than cash flow. See BCRED's prospectus. Please visit BCRED's website for notices regarding distributions subject to Section 19(a). Amounts may not sum due to rounding.

(9) Total return (not annualized) is calculated as the change in NAV per share during the period, plus distributions per share (assuming dividends and distributions are reinvested in accordance with the Company's dividend reinvestment plan) divided by the beginning NAV per share, each as disclosed in BCRED's reports on Form 8-K and website, as applicable, for each period. **Past performance is not necessarily indicative of future results, and there can be no assurance that any Blackstone fund or investment will achieve its objectives or avoid substantial losses.**