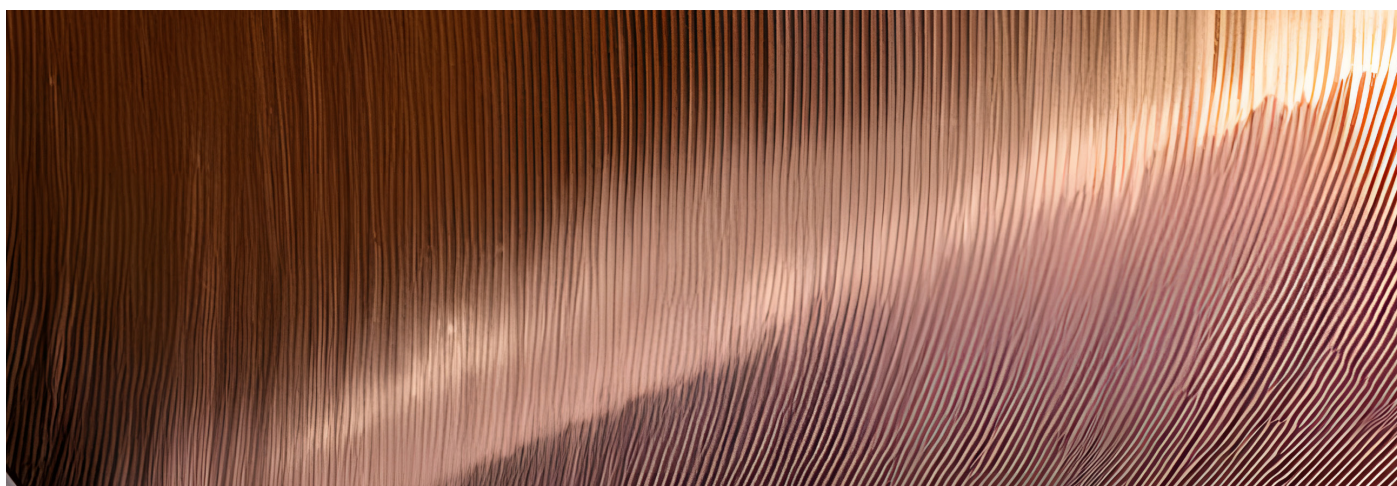


Private Markets

Learn how assets such as private real estate, credit, and equity can fit into investment portfolios



Blackstone

Private
Equity

Private
Credit

Private
Real Estate

Need to Know

01 Larger Opportunity Set

Private markets can offer differentiated investment opportunities that are less correlated to public market assets.¹

02 Long-Term Outperformance

Private markets have delivered attractive risk-adjusted returns relative to public market assets.²

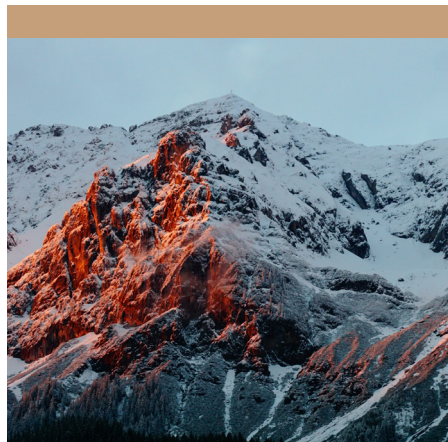
03 Diversification Benefits

Private market assets may provide more portfolio diversification and lower volatility than publicly listed securities.

Private Markets – An Explainer



Private equity funds invest in non-publicly traded companies, ranging from startups to large private enterprises. Most companies do not trade publicly on an exchange.³



Private credit funds issue corporate loans and other credit instruments that don't involve a traditional bank and are not publicly traded.



Private real estate funds invest directly in privately held property, including a broad array of sectors, such as logistics, rental housing and data centers.



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1. Morningstar, as of December 31, 2023.
 2. See Exhibit 1 on page 2.
 3. Capital IQ, November 2023. Represents the share of companies based on the total number of public and private companies in North America, Europe, and Asia that have reported 2023, 2022, or 2021 fiscal year revenues greater than \$250 million per Capital IQ's company database.

Why Private Markets?

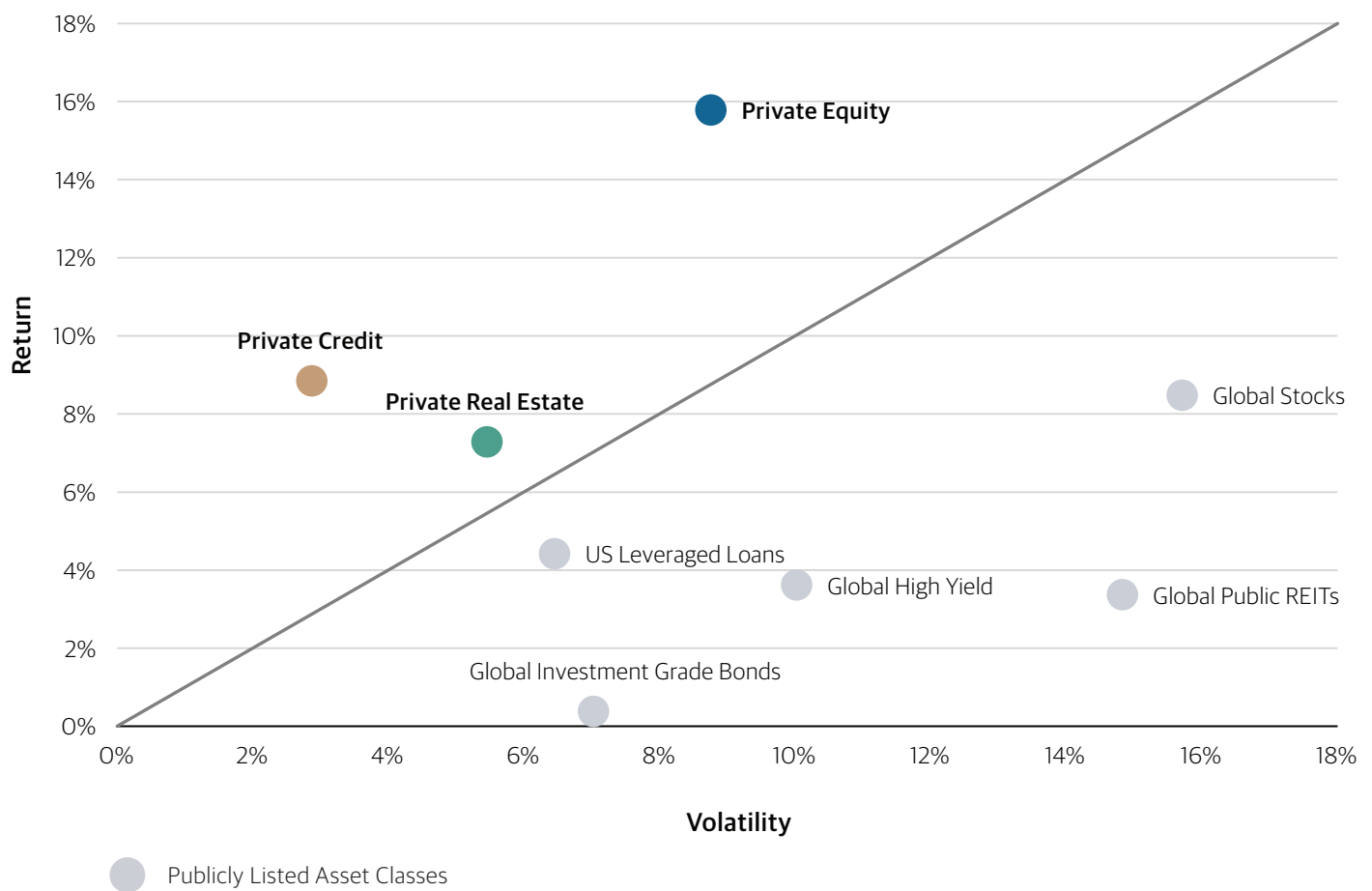
For many years, private market investments have been widely used in institutional portfolios with the aim to reduce volatility and seek to deliver consistent, long-term performance.

The democratization of private markets in recent years has allowed more eligible individuals to invest in private assets and take advantage of these potential benefits.

Exhibit 1 shows that private markets have stood out for their attractive risk-return profile vs. many publicly listed asset classes.⁴

EXHIBIT 1: Risk>Returns of Select Asset Classes

2014-2023



Past performance does not predict future returns. There can be no assurance any alternative asset classes will achieve their objectives or avoid significant losses. These indices have been selected as generally well-known and widely recognized indices and not as a benchmark for any specific fund. Past events and trends do not imply, predict or guarantee, and are not necessarily indicative of, future events or results. Equity indices include reinvestment of dividends. A summary of the investment guidelines for the indices is available upon request. Any investment involves a high degree of risk and you may not get back the amount originally invested.

4. Source: Morningstar, over the 10-year period from January 1, 2014 to December 31, 2023. Return and Volatility are based on quarterly returns. Volatility is represented by the standard deviation. The returns and volatility of the asset classes presented are based on the following indices: Private Equity: Cambridge Associates US Private Equity Index. Global Public REITs: MSCI World Real Estate Index. Global Investment Grade Bonds: Bloomberg Global Aggregate Bond Index. Private Real Estate: NFI-ODCE Index. Global High Yield: Bloomberg Global High Yield Bond Index. Private Credit: Cliffwater Direct Lending Index. Global Stocks: MSCI ACWI Index.

Traditionally, stocks and bonds have been regarded as the core building blocks of a diversified portfolio, often split 60% and 40%, respectively, to capture the growth upside of stocks and the yield and price stability of fixed income. Yet this traditional allocation approach may not provide investors with enough diversification to mitigate volatility and deliver investment returns across the economic cycle. The correlation of stocks and bonds has been unreliable over time, meaning each asset class can act as a hedge against the other only part of the time, and the timing of shifts has been difficult to predict (Exhibit 2).⁵

As an alternative, private market assets may provide diversification not typically available through publicly listed securities.

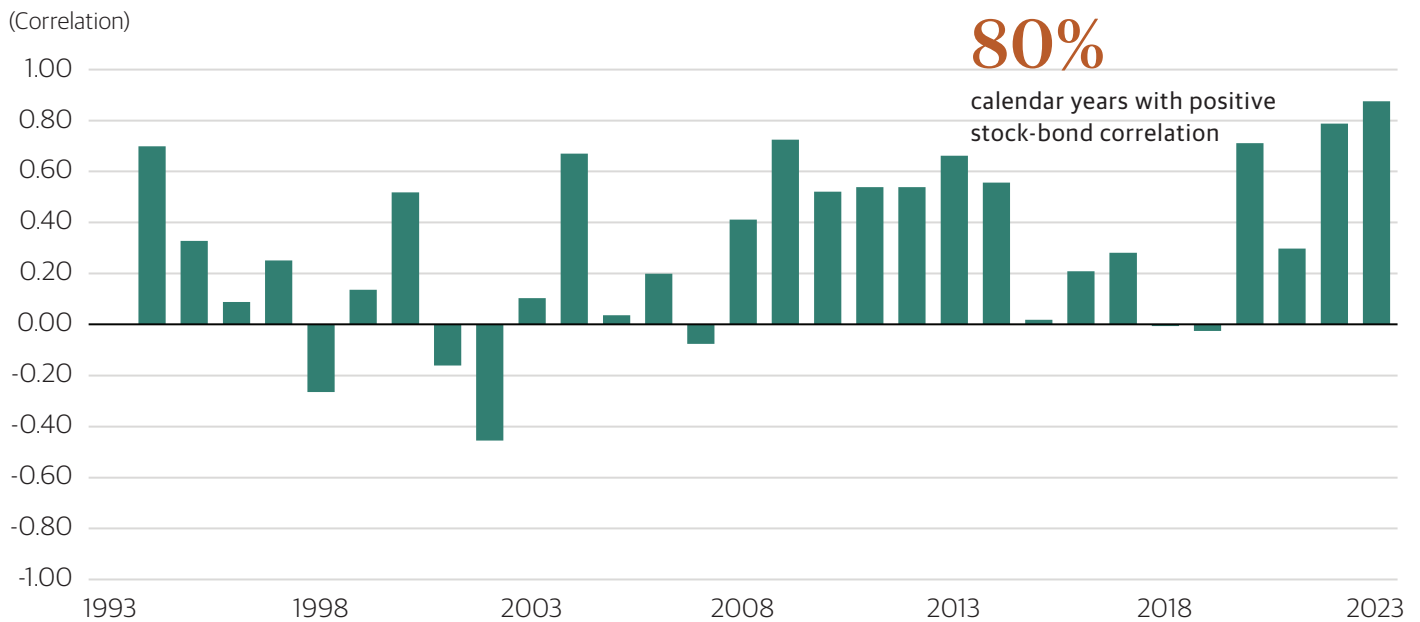
Private equity firms, for instance, work with the management of their portfolio companies as they seek to add value to the businesses that they invest in over several years.

Private real estate has historically shown itself to be an effective hedge against inflation.⁶ Unlike traditional fixed income, which generates fixed cash flows, income from real estate can rise over time⁷ because leases adjust to account for inflation and/or are subject to regular rent reviews.

The same can be true of **private credit**. Key characteristics of private credit include seniority in the capital structure, which secures repayment priority in case of default, and the income potential from floating rate loans. In addition, the ability to negotiate terms directly with borrowers can ensure better structural protection, making for more defensive investments vs. traditional fixed income.

These characteristics of private market assets have the potential to create the kind of uncorrelated performance vs. publicly listed securities that aid portfolio diversification and reduce volatility (Exhibit 3).

EXHIBIT 2: Stock-Bond Diversification Potential Has Been Unreliable over Time⁵



There can be no assurances that any of the trends described herein will continue or will not reverse. **Past events and trends do not imply, predict or guarantee, and are not necessarily indicative of future events or results.** Diversification does not ensure a profit or protect against losses. There is no guarantee that any product will effectively hedge inflation. Protections mentioned seek to mitigate risk but do not reduce or eliminate risk and do not protect against losses.

5. Source: Morningstar, as of December 31, 2023. Stocks are represented by the MSCI ACWI Index. Bonds are represented by the Bloomberg Global Aggregate Bond Index. Annual stock-bond correlation for 1994 was 0.70; 1995, 0.33; 1996, 0.09; 1997, 0.25; 1998, -0.27; 1999, 0.14; 2000, 0.52; 2001, -0.16; 2002, -0.46; 2003, 0.10; 2004, 0.67; 2005, 0.04; 2006, 0.20; 2007, -0.08; 2008, 0.41; 2009, 0.73; 2010, 0.52; 2011, 0.54; 2012, 0.54; 2013, 0.67; 2014, 0.56; 2015, 0.02; 2016, 0.21; 2017, 0.28; 2018, -0.01; 2019, -0.03; 2020, 0.71; 2021, 0.30; 2022, 0.79; 2023, 0.88.

6. Green Street Advisors, as of December 31, 2023. 2023 NOI growth represents year-end estimate as of April 02, 2024. US CPI reflects Bureau of Labor Statistics data, as of December 31, 2023. NOI growth represents the average NOI growth by year across the equal-weighted average of the asset-weighted average of the multifamily, industrial, mall, office and shopping center sectors. Multifamily refers to apartment; shopping center refers to strip retail. The Consumer Price Index (CPI) measures changes in the prices paid by urban consumers for a representative basket of goods and services. NOI may not be correlated to or continue to keep pace with inflation.

7. Income from real estate investments can also go down.

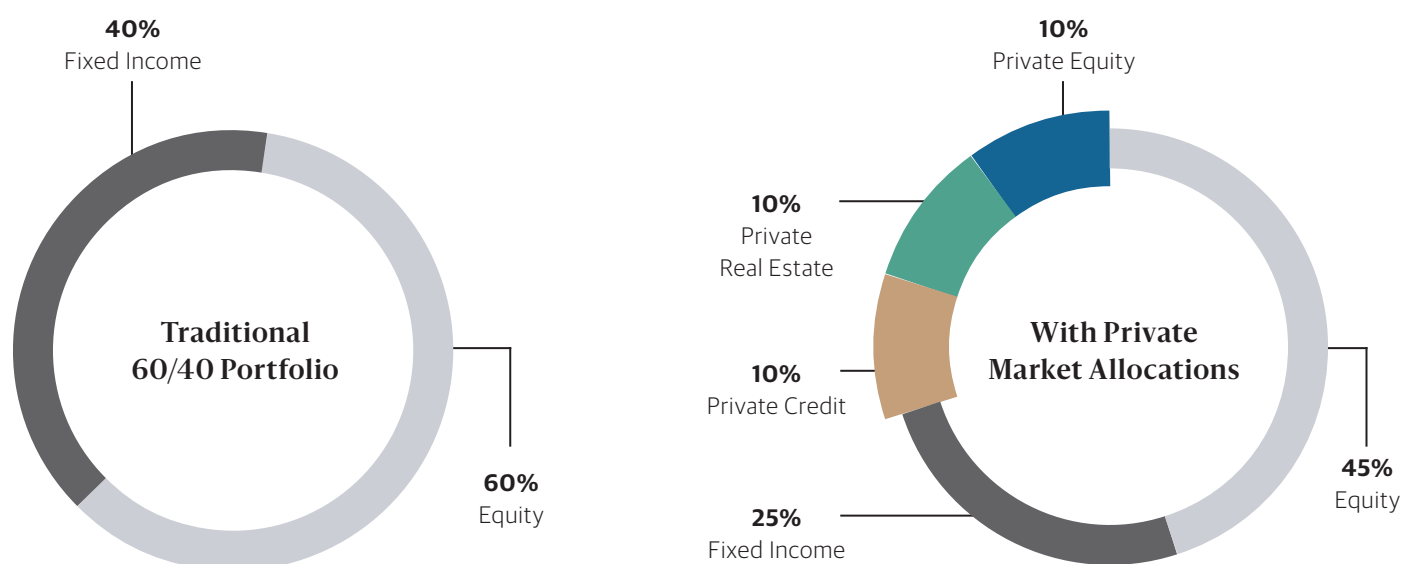
And yet, individual investors' portfolios contain a small allocation to private market assets compared to (for instance) pension funds, which often have a ~25% allocation to private markets, or endowments, which may have a ~50% allocation.⁸

Part of this may come down to unfamiliarity and comfort with selecting the right private market investment manager—a critical decision, given the broader dispersion of returns for alternatives compared to public markets. Key criteria to consider include **track record, scale,** and evidence of **long-term value creation.** But just as important may be how skilled managers are at meeting the needs of individual investors, which can be different from institutions.

EXHIBIT 3: Allocating to Private Markets | An Illustration

2014-2023

	60/40 Portfolio	Portfolio with Private Market Allocations
Annualized Return	5.4%	7.4%
Annualized Volatility	11.2%	8.8%
Current Yield	2.3%	3.5%



Source: Bloomberg, Morningstar, Cambridge Associates, NCREIF, Cliffwater, as of December 31, 2023. As commonly used in the industry, the 60/40 portfolio is 60% allocated to the MSCI ACWI and 40% is allocated to the Bloomberg Global Aggregate Bond index. Private Credit is represented by the Cliffwater Direct Lending Index. Private Real Estate is represented by the NFI-ODCE Index. Private Equity is represented by the Cambridge Associates US Private Equity Index. Annualized returns and volatility are calculated based on the quarterly returns over the 10-year period ended December 31, 2023. The yield on the portfolio with a private market alternative allocation was calculated using the annualized MSCI ACWI Dividend Yield, the annualized Bloomberg Global Aggregate Bond Yield, annualized Cliffwater Direct Lending Index quarterly income, and the annualized NFI-ODCE quarterly income. There is no yield from the private equity allocation, so private equity did not contribute to the annualized yield calculation. **Past performance does not predict future returns.**

There is no guarantee that any product or strategy will achieve its aims or objectives or avoid substantial losses.

8. Thinking Ahead Institute, "Global Pension Assets Study," 2023; National Association of College and University Business Officers, "2023 NACUBO-TIAA Study of Endowments," 2023; Cerrulli, "U.S. Intermediary Distribution 2022," 2022. For Endowments, the alternative asset allocation is for the Public College, University or System only and represented by allocations to Alternative Strategies (includes marketable alternatives (hedge funds), private equity, private venture capital, and real assets). Averages provided are dollar-weighted. For Individual Investors, the alternative asset allocation includes "Alternatives" (e.g., liquid alternatives, real estate, hedge funds) and "Other" as defined as UITs, listed and unlisted closed-ended funds and private funds. Responses are weighted based on the average asset allocation of a moderate client. Percentages represents each investor type's average allocation to alternative investments.

Private Market Access

Perpetual funds have emerged as a middle path between the long-term commitments of traditional drawdown funds and the daily liquidity of structures that primarily focus on public markets. Perpetual funds have attributes that may be appealing to individual investors:

- Capital is fully invested from the date of subscription, meaning there is no deployment lag
- Investors can periodically subscribe and redeem at the fund's net asset value (NAV), subject to limits, so investors buy and sell at a valuation that is reflective of the fund's current portfolio

Tradeoffs and challenges can include the illiquidity of underlying assets, the possibility of redemption limits, less transparency vs. public markets, and a wider range of possible outcomes compared to public markets.

EXHIBIT 4: An Illustrative Comparison of Structures⁹

	Liquid / Mutual Funds	Private Market Funds for Individuals	Illiquid Private Funds
Illiquid Asset Exposure	<15%	✓	✓
Immediate Funding of Investments	✓	✓	Over time
Investment Availability	Daily	Recurring (e.g., monthly)	Episodic
Liquidity	Daily	Periodic (e.g., monthly or quarterly, subject to limits)	Typically, none
Performance Reporting	Daily	Monthly	Quarterly
Fund Life	Continuous	Continuous	Typically, 7-10+ Years

Note: **Past performance does not predict future returns.** The information herein is provided for educational purposes only and should not be construed as financial or investment advice, nor should any information in this document be relied on when making an investment decision. Recipients should consult their own financial advisers regarding the information herein. There can be no assurance that an allocation to alternatives would yield returns or protect capital. The information presented represents what is typically seen for these fund types but variations and/or exceptions do exist. If applicable, redemptions are set forth by the general partners of the fund and are subject to other limitations (including caps) as outlined in offering materials. In exceptional circumstances, modifications, suspensions and termination of the redemption program may be implemented if deemed to be in the best interest of the fund and the fund's investors.

9. This table presents an illustrative comparison of fund types; however, other fund types exist and structure, minimum investment, liquidity, capital deployment, eligibility and spread are all ultimately set by the specific managers of each fund. This is, therefore, an overview and not a comprehensive summary.

A Core Allocation

As the rise of perpetual funds makes clear, asset classes such as private real estate, private credit and private equity are not just for institutions. Individual investors can, and increasingly do, deploy these assets in their investment approach, including as core portfolio building blocks.¹⁰

“Blackstone has long believed that alternative investments could serve as foundational building blocks for both institutional and private wealth portfolios.”



Joan Solotar, Head of Blackstone Private Wealth Solutions

Manager Selection Matters

Selecting the right manager is critical to ensuring the right outcome. Key manager attributes would include scale, staying power and a long track record. As results are never guaranteed, a focus on manager selection can increase the probability of achieving intended goals, and decrease the possibility of selecting an inexperienced manager or a strategy that does not fit the objectives.

However, education is also essential. Greater availability of private market investments requires a fuller understanding of their benefits and risks, which can include their tendency to invest in illiquid assets, their greater complexity, lower transparency vs. public markets, and a wider range of potential outcomes. The right long-term partner must commit to broadening investors' understanding of private markets and what they can bring to the overall investment strategy.

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10. "Wealthy investors pile into private equity to escape stock volatility". Wall Street Journal, May 26, 2022.

Index Definitions

Bloomberg Global Aggregate Bond Index

The index measures the performance of global investment grade fixed-rate debt markets, including the US Aggregate, the Pan-European Aggregate, the Asian-Pacific Aggregate, Global Treasury, Eurodollar, Euro-Yen, Canadian, and Investment Grade 144A index-eligible securities.

Bloomberg Global High Yield Index

The index measures the performance of the global high-yield fixed income markets. It represents the union of the US High-Yield, Pan-European High-Yield, US Emerging Markets High-Yield, and Pan-European Emerging Market High-Yield Indices. The index is a component of the Multiverse Index, along with the Global Aggregate Index.

Cambridge Associates US Private Equity Index

The Cambridge Associates US Private Equity index is a horizon calculation based on data compiled from US buyout and growth equity funds, formed between 1986 and 2023.

Cliffwater Direct Lending Index

The Cliffwater Direct Lending Index ("CDLI") seeks to measure the unlevered, gross of fee performance of US middle market corporate loans, as represented by the asset-weighted performance of the underlying assets of Business Development Companies ("BDCs"), including both exchange-traded and unlisted BDCs, subject to certain eligibility requirements.

Morningstar LSTA US Leveraged Loan Index

The Morningstar LSTA US Leveraged Loan Index is designed to deliver comprehensive, precise coverage of the US leveraged loan market. Underpinned by PitchBook | LCD data, the index brings transparency to the performance, activity, and key characteristics of the market.

MSCI ACWI Index

MSCI ACWI Index represents all global public equity markets. The MSCI ACWI ex US Index excludes the US equity market. "ACWI" is an acronym for All Country World Index.

MSCI World Real Estate Index

The index measures the performance of the large and mid cap real estate (industry group) segments of world equity securities. It is constructed using GICS-Global Industry Classification Standard.

NFI-ODCE Index

The National Council of Real Estate Investment Fiduciaries Fund Index - Open End Diversified Core Equity, is the first of the NCREIF Fund Database products and is an index of investment returns reporting on both a historical and current basis the results of 38 funds pursuing a core investment strategy, some of which have performance histories dating back to the 1970s. The NFI-ODCE Index is capitalization-weighted and is reported gross of fees. Measurement is time-weighted. NCREIF will calculate the overall aggregated Index return.

Glossary

The following are explanations of terms you may come across in this presentation. These definitions are not exhaustive and are intended as a guide only.

Alternatives (Asset Class)	Category of assets comprising alternative investments such as real estate, private equity and private debt
Annualized Return	The return on an investment expressed as a percentage that is rescaled to represent the 1-year return of that investment
Annualized Volatility	Typically measured by "standard deviation", annualized volatility is the magnitude of fluctuation of an investment return. Just like annualized return, annualized volatility is expressed as a percentage that is rescaled to represent the 1-year volatility of an investment
Assets	Anything that has a commercial or exchange value that is owned by a business
Business Development Companies (BDC)	A type of investment company that is subject to certain restrictions under the 1940 Act. As a BDC at least 70% of assets must be certain "qualifying" assets which are generally privately-offered securities issued by US private companies
Buyout	The acquisition of a controlling interest in a company. Also known as acquisition
Capital Deployment	When an investor's committed capital is allocated / deployed to an investment
Current Yield	The income an investor would expect to receive if they were to buy a security that produces a yield (e.g., a bond) and hold it for a year
Deployment Lag	The delay between an investor committing money and the allocation / deployment of that capital to investments
Direct Lending	Loans made by non-bank lenders directly to a corporate issuer, lenders generally hold these loans to maturity or refinancing. They're typically senior secured in the capital structure and offer floating rate coupons
Diversification	The practice of investing in a variety of investments. A Diversified portfolio can be a risk management technique and contains a mix of distinct assets and investments to offset losses from any single asset class, thereby lessening the impact on the overall portfolio
Dividend Yield	A financial ratio (dividend/price) that shows how much a company pays out in dividends each year relative to its stock price
Drawdown Funds / Structure	A closed-end fund structure in which capital is committed and called upon during the investment cycle of the fund, typically over multiple years
Endowments	A managed fund dedicated to supporting an organization, typically non-profit in nature and often a college or university
Equity / Stock	Shares of ownership in a company which are listed on an exchange
Fixed Income / Bonds	A type of investment security that pays out a set level of cash flows to investors, typically in the form of fixed interest or dividends until its maturity date. At maturity, investors are typically repaid the principal amount they had invested
Fixed-Rate	Where the interest rate on a loan remains the same for the life of the loan
Floating Rate Loans	A loan or a mortgage, which has a variable interest rate for the entire term or a specified part of its term
Growth Equity	A type of investment opportunity in high-growth companies that are going through some form of transformational event in their life cycle
Hedging Inflation	Using investments or financial instruments to mitigate a decrease in the purchasing power of money, inflation being the general increase in prices and fall in the purchasing value of money
High Yield Bonds	Bonds that are rated below investment grade, so have a higher risk of default or other adverse credit events. They offer higher yields than investment grade bonds to compensate for the increased risk

Glossary (Cont'd)

Illiquid Funds	A fund which cannot be easily or readily sold or exchanged for cash
Inflation	General increase in prices and fall in the purchasing value of money
Interest Rate	The amount a lender charges a borrower and is a percentage of the principal
Investment Grade Bonds	Bonds with a high-quality credit rating, meaning they generally have a relatively low risk of default
Large & Mid Cap	Historically large-cap corporations are defined as those with a market value of US \$10 billion and greater whilst mid-cap are those with a value between US \$2 billion and US \$10 billion
Limited Partner (LP)	LPs are generally institutional investors often who commit their capital to a fund and have no discretion over the choice of investments.
Liquid Fund	A fund that can be easily converted into cash in a short amount of time, often daily
Liquidity	Ability for fund investors to subscribe and redeem units in a fund. The more liquid a fund, means the greater ease to subscribe and redeem units.
Net Asset Value ("NAV")	Represents the value of the Fund's assets, minus the Fund's liabilities as well as expenses attributable to certain share classes, such as servicing fees, in all cases as described in the Prospectus and determined in accordance with the Valuation Policy
Perpetual Fund	A fund which offers partial liquidity in terms of an investor's ability to sell or exchange his/her position for cash
Public REITs	A listed company that owns, operates or finances income-generating real estate
Real Assets	Physical assets that have an intrinsic worth due to their substance and properties
Risk-Return Profile	Describes the relationships between investment risk and investment return
Senior-Secured Loans	Loans made to borrowers that are secured by the assets or cashflows of the borrower and which sit high up / are senior in the capital structure. This means that they have the highest priority claim on the collateral. Of the senior secured debt holders, first lien senior secured debt holders are paid first in the event the borrower fails to pay back the loan
Small Cap	A company whose total market value is circa \$250 million to \$2 billion
Special Situations	Aims to generate attractive risk-adjusted returns by investing in stressed, distressed and new-money financing opportunities
Spread	The difference in yield between two debt securities of the same maturity but different credit quality
Treasuries / Treasury Bonds	Treasury Bonds are government debt issued by the US Federal Government. The rate refers to the yield received for investing in a US government treasury bond
Unrealized Value	Unrealized gain or loss that exists on paper, resulting from an investment that has not yet been sold for cash
Venture Capital	A type of equity financing that investors provide to startup companies and small businesses
Volatility	A statistical measure of the dispersion of returns for a given security or market index
Yield	Refers to the earnings generated and realized on an investment over a particular period of time

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

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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.

Images. The Materials contain select images of certain investments that are provided for illustrative purposes only and may not be representative of an entire asset or portfolio or of a fund's entire portfolio. Such images may be digital renderings of investments rather than actual photos.

Index Comparison. The volatility and risk profile of the indices presented in this document is likely to be materially different from that of the Fund. In addition, the indices employ different investment guidelines and criteria than the Fund and do not employ leverage; as a result, the holdings in the Fund and the liquidity of such holdings may differ significantly from the securities that comprise the indices. The indices are not subject to fees or expenses and it may not be possible to invest in the indices. A summary of the investment guidelines for the indices presented are available upon request. In the case of equity indices, performance of the indices reflects the reinvestment of dividends.

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 invested in the investment, which may adversely affect the returns of such Fund. In the case of borrowings used in advance of or in lieu of receiving investors' capital contributions, such use will result in higher or lower reported returns than if investors' capital had been contributed at the inception of an investment because calculations of returns to investors are based on the payment date of investors' capital contributions. In addition, because a Fund will pay all expenses, including interest, associated with the use of leverage or borrowings, investors will indirectly bear such costs.

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. 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.

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Realized and Unrealized Returns. Realized or partially realized returns represent both (i) proceeds from investments that are realized and have been disposed of and (ii) realized proceeds from unrealized investments, such as current income, financing proceeds, or partial sale proceeds. The unrealized value is based on a fair market value ascribed by Blackstone, which is verified as being reasonable by a third party to approximate the cash flow that would have been generated had the asset been disposed of as of the Reporting Date. Actual realized value of the applicable fund's currently unrealized investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, legal and contractual restrictions, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which the current unrealized values are based. Accordingly, the actual realized values of unrealized and partially realized investments may differ materially from the values presented herein. While we currently believe that the assumptions used to arrive at unrealized value are reasonable under the circumstances, there is no guarantee that the conditions on which such assumptions are based will materialize or otherwise be applicable to the investments. Please let us know if you would like to see returns based on assumptions other than those which we have used.

Recent Market Events Risk. Local, regional, or global events such as war (e.g., Russia / Ukraine), acts of terrorism, public health issues like pandemics or epidemics (e.g., COVID-19), recessions, or other economic, political and global macro factors and events could lead to a substantial economic downturn or recession in the US and global economies and have a significant impact on the Fund and its investments. The recovery from such downturns is uncertain and may last for an extended period of time or result in significant

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PWS202409149R



