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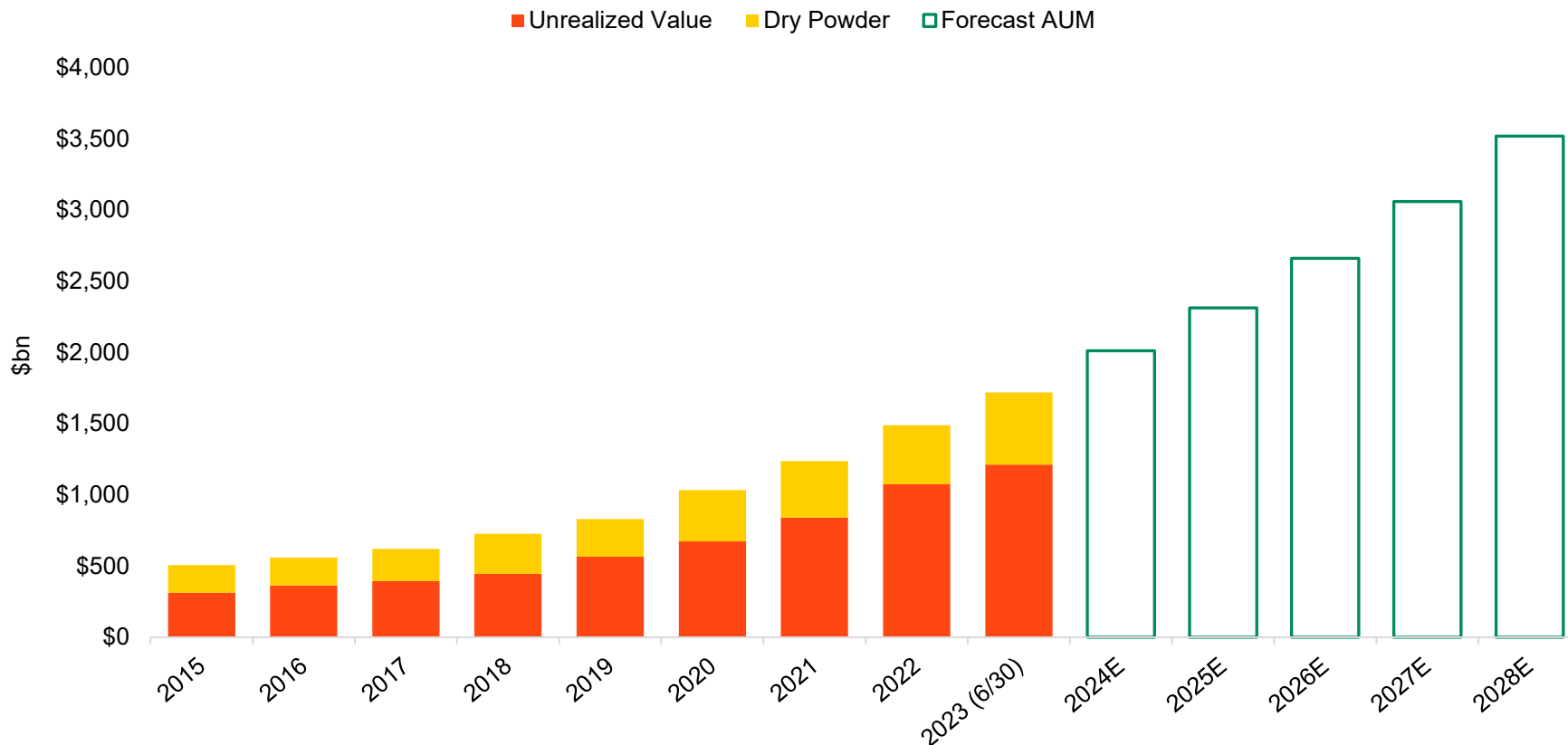
The Brookings Institution, April 4, 2024

BlackRock[®]

Private Debt

We see scope for continued growth in private debt AUM

We expect \$3.5 trillion in global private debt assets under management by year - end 2028
 Private debt global assets under management (\$bn)

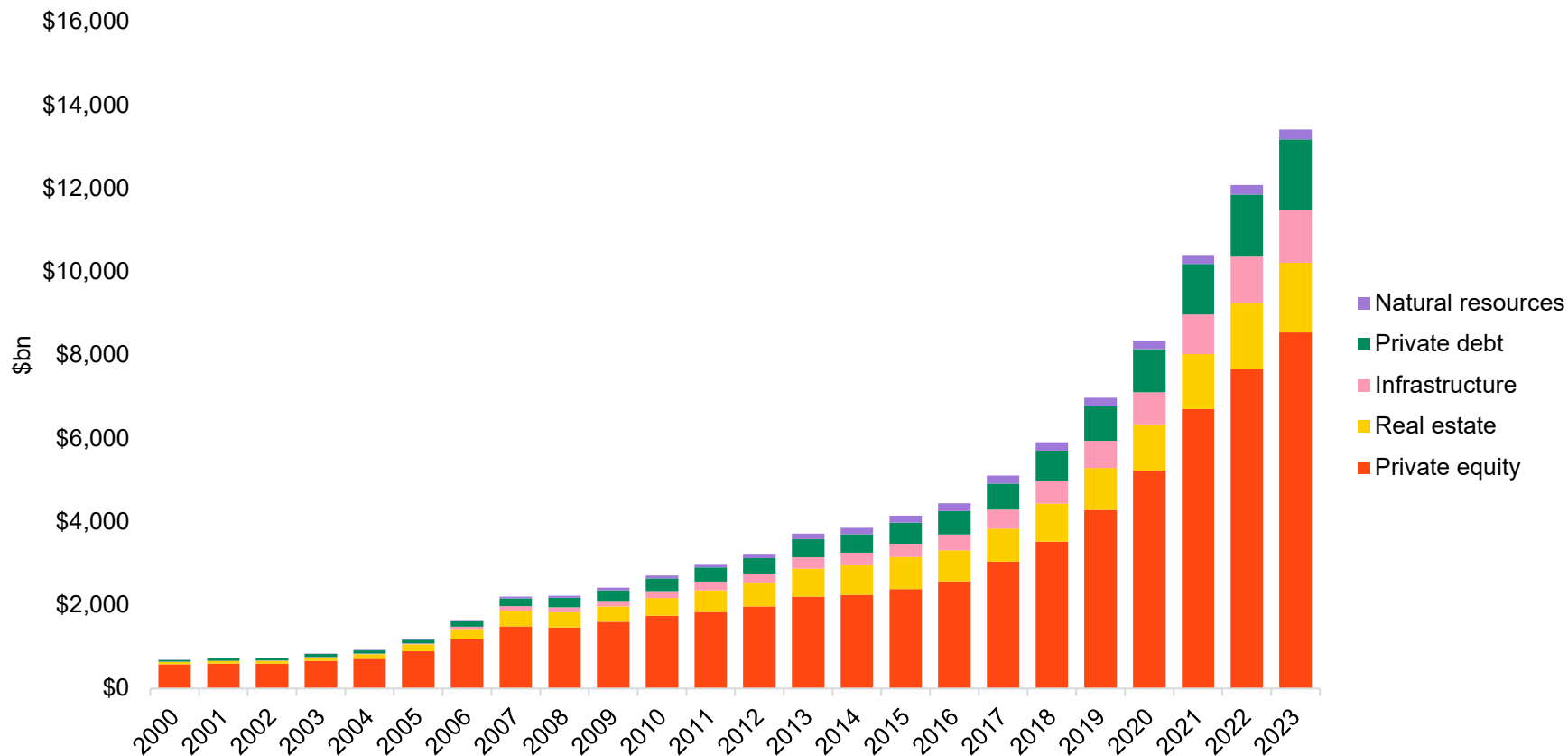


Source: BlackRock, Preqin. Historical (actual) data from Preqin, as of each calendar year-end from 2015 – 2022, and through June 30, 2023. 2024E to 2028E are BlackRock estimates. Private debt excludes Real Estate and Infrastructure.

Placing private debt's size in context

Private debt represents 13% of the \$13.4 trillion alternatives universe

Global alternative assets under management (unrealized value and dry powder) across asset classes

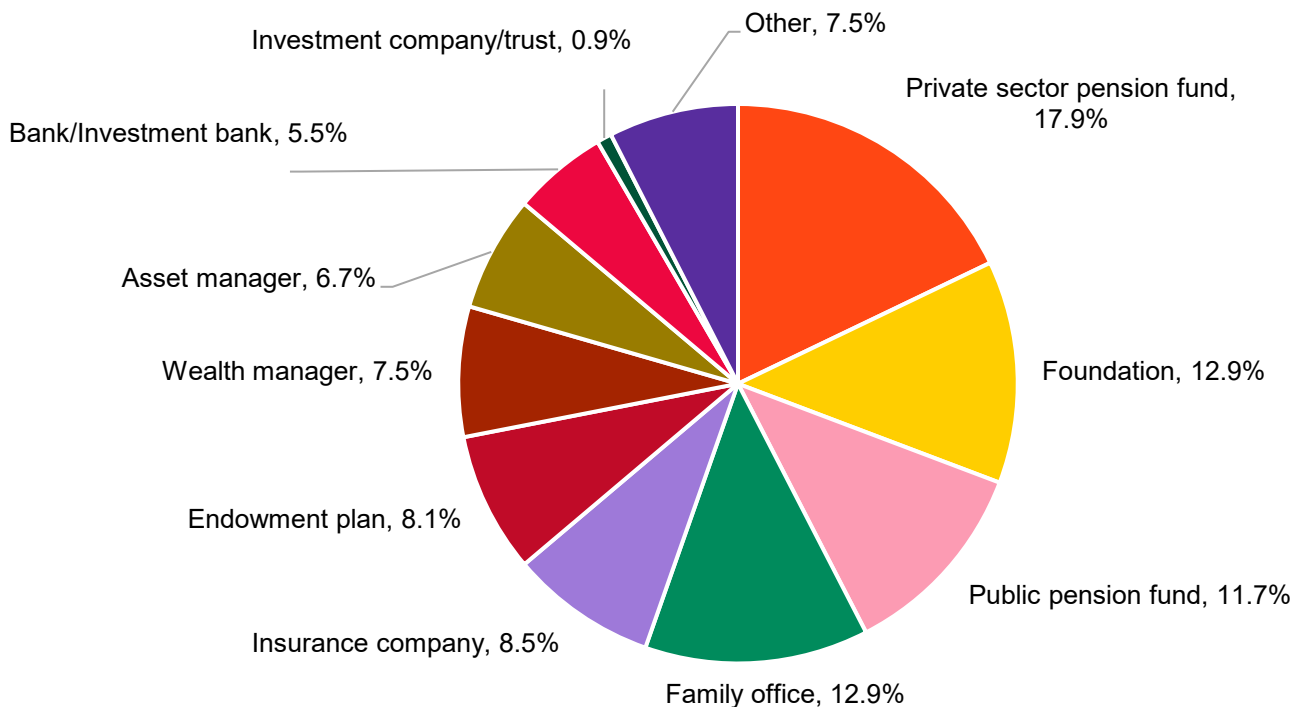


Source: BlackRock, Preqin. As of each calendar year-end. 2023 is as of June 2023 (most recent available). To avoid double counting of available capital and unrealized value, fund of funds and secondaries are excluded.

A long-term, “buy-and-hold” investor base

The private debt ownership base: largely long-term, and “buy-and-hold” focused

Ownership of global private debt assets under management, by investor type

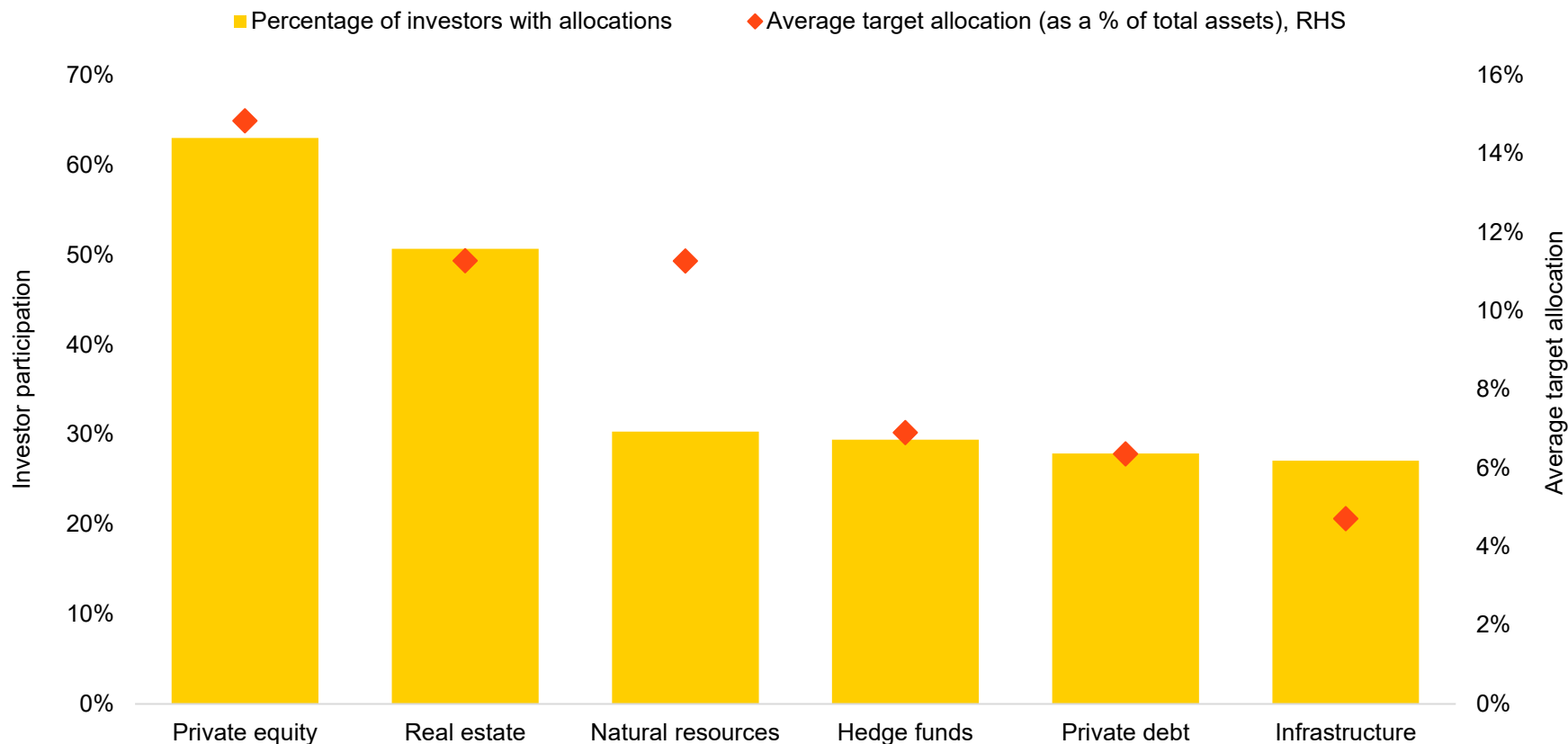


Source: BlackRock, Preqin. As of year-end 2022 (latest available). The “Other” category includes Corporate Investor, Government Agency, Sovereign Wealth Fund, and Superannuation Scheme.

Room for growth in private debt allocations

We see scope for private debt investor participation and allocations to grow

Percentage of Prequin investor survey respondents allocating to each alternative asset class and the average target allocation, as a percentage of total assets (RHS)

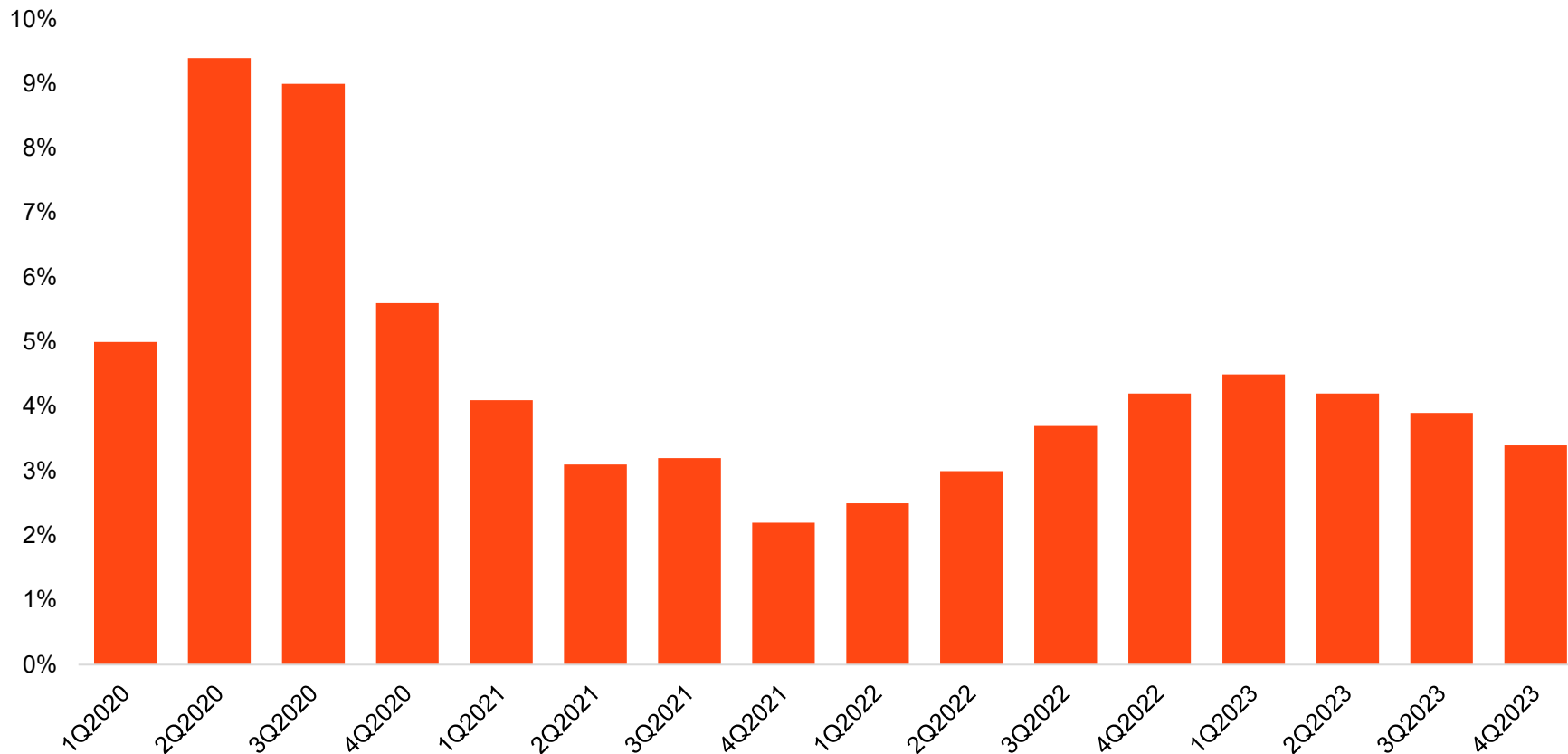


Source: BlackRock, Prequin June 2023 Investor Survey of retail and institutional investors. Venture capital is included in private equity.

Private debt covenant defaults have been declining

The private debt covenant default rate declined again in 4Q2023

Covenant default rate (size-weighted) for the U.S. operating companies in the Lincoln International Proprietary Private Markets Database

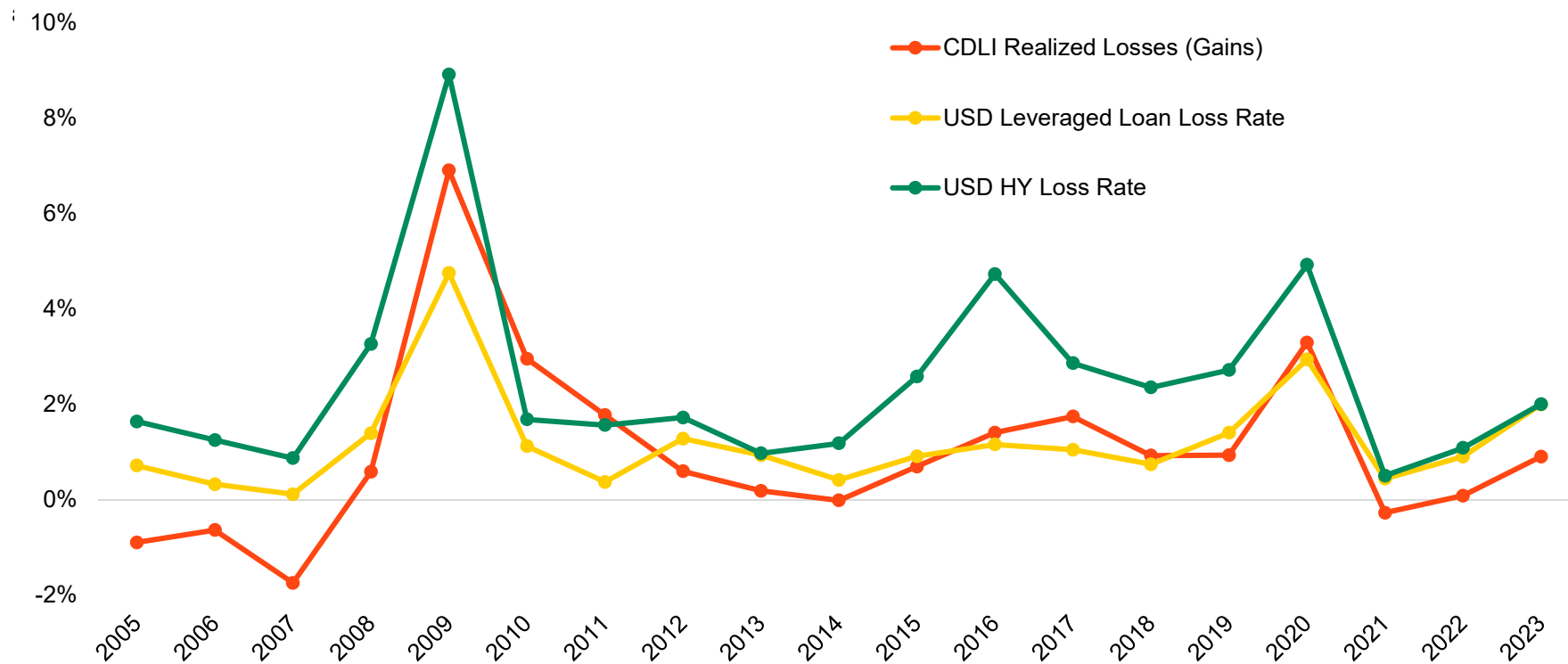


Source: BlackRock, Lincoln International Valuations & Opinions Group Proprietary Private Markets Database. As of 4Q2023. Note: A default is defined as a covenant default and not a monetary default. The analysis was performed based on a size-weighted approach, which considered the total net debt balance for each of the portfolio companies that had a defaulting security in the respective quarter.

Comparing private debt loss rates to public markets

U.S. direct lending loss rates have generally compared favorably to high yield (HY) bonds and leveraged loans

Historical realized loss rates (%) for the Cliffwater Direct Lending Index (CDLI), and the universes of USD HY bonds



Source: BlackRock, Moody's, Cliffwater. Annual data shown for 2005 – 2022. 2023 is trailing 12-month as of 3Q2023 (most recent for CDLI). We assume a 40% recovery rate for HY and 60% for leveraged loans, to arrive at estimated loss rates given Moody's issuer-weighted, trailing 12-month default data. **The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results.** Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index. Realized gains can be driven by equity stubs, warrants, and gains on exited investments (more common in 2005-2007, when second lien and mezzanine loans were a greater portion of the CDLI).

Important notes

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