

Given the comments, I wanted to post actual returns. These are feeder funds through the Merrill Lynch feeder fund program. They are similar to/the same as feeder funds in the wealth management space. The institutional funds are the exact same except they don't have the Merrill Lynch fee.

As you can see, they are not that great. When I sent these to Merrill, they immediately referred me to Sidley Austin who told me that Merrill was taking the allegations to heart and if there was wrong-doing, that Merrill wanted to pay back the clients. Sidley Austin started a study about a year ago.

The Private Equity claim is they get higher returns than the S&P. It is simply not true. I have only seen the returns for about 30-40 funds and you can see the returns below.

A friend of mine who is a PE specialist at one of the large wealth management firms told me that "you can't say Private Equity beats the market"- all you can say is they are a good way to diversify. He has seen over 300 funds for over 10 years.

Some of the comments against the SEC proposal say that there is no "market breakdown" and the SEC is creating a solution for a problem that doesn't exist. That is untrue. There is a huge problem. The Private equity industry is promising high returns and not delivering.

They do this by using a number called "IRR". IRR has to have a confidence factor next to it. If I told you the average passing average last weekend in Texas football was 1,000 yards a game, you would know that is a meaningless statement.

Was that a 9th grade quarterback?

Was it a freshman at Texas A&M?

Was it a quarterback at Katy High School (one of the best football high schools in Texas) ?

Was it a 4th year pro-quarterback for the Cowboys?

If you see the chart below, I divide it up with a confidence factor.

The only number an investor gets paid on is the 4th year pro. Everything else is totally meaningless. You would never draft a fantasy football league based on a high school passing average. Yet, that is just what you are asked to do with Private Equity.

There is no such thing as an "average" IRR, just like there is no such thing as an "average passing average". You can only draft one quarterback for your fantasy football league. Each fund has to be looked at over 12 years on a monthly basis vs. the relevant public market index and taking into account the credit line. You can't compare a 9th grade quarterback with a 2nd year pro. It is totally meaningless. Yet, this is how the PE industry reports. They need to include a confidence factor.

I believe most of the people running the investments for the pension funds are scared to publish month by month because it will expose the fact that they are sticking you in expensive, "meh" performing investments because they are complicated. If they are complicated, your "chief investment officer" can justify a high salary. If he shows you month by month, you will get rid of him.

If you are a teacher or a fireman or a policeman, you are being told the passing average without knowing if it is meaningful or not. In most cases, your returns are MUCH worse than you think. You need to demand that your returns are given month by month, each fund individually. Only then can you evaluate if you are doing better or worse than the S&P. The end investors (teachers and firemen) are being represented by “managers and consultants.” Those managers and consultants are conflicted. If they show month by month numbers in a way that a 4th grade teacher can understand, the 4th grade teacher will fire them.

Why does private equity get a free pass not to show returns on a granular level? Why can't the fireman and the teachers see what they are getting?

To speak in the language of the street. The retirees and public servants are getting **smoked** by the PE industry and by their own consultants. If they got to see the funds on a month by month level, they could see how the fees eat away at returns and how bad the returns are.

The private equity business has changed from a return business to a fee business. If anyone thinks I am wrong, I dare you to publish your returns monthly and spell out how the fees are taken. Why the big secret?

The Blackstone wholesalers know that 5 million limit for a QP is a joke. They know that the 5-15 million crowd is not sophisticated. Blackstone is the leader in selling PE to retail and they have a 50 person team. I am using them as an example. The QP limit should go to 20 million. Congress would be doing the biggest favor to investors. Any great deal isn't getting to retail in any meaningful way and the returns are “eh” at best.

If any consumer advocacy groups want to be in touch. Andrew Park at Americans for Financial reform knows how to reach me.

I hope you will all demand that the PE industry/wealth management industry/ pension funds publish on a month by month basis in a meaningful way. Where is the “morningstar” for PE funds.

The emperor simply has no clothes.

| Name of Fund | IRR Confidence factor during year of fund | | | S&P at highlighted date | Secondary Market Bid |
|--|---|----------|-------------|-------------------------|----------------------|
| | | Date | IRR | | |
| Blackstone Total Alternative Solutions 8/21/14- (started funding in 2015) | Goal is 13-15% NET of feeder fund fees | | | | |
| | | Date | IRR | | |
| 1 | HS-Freshman | 8/15/14 | 0.00% | | |
| 2 | HS-Sophomore | 12/30/15 | 1.31% | | |
| 3 | HS-Junior | 6/30/16 | 5.76% | | |
| 3 | HS-Junior | 12/30/16 | 9.09% | | |
| 4 | HS-Senior | 6/30/17 | 7.80% | | |
| 4 | HS-Senior | 12/31/17 | 10.82% | | |
| 5 | C-Freshman | 6/29/18 | 10.06% | | |
| 5 | C-Freshman | 12/30/18 | 9.67% | | |
| 6 | C-Sophomore | 6/30/19 | 7.87% | | |
| 6 | C-Sophomore | 12/31/19 | 6.78% | | |
| 7 | C-Junior | 6/30/20 | 4.39% | | 65% |
| 7 | C-Junior | 12/31/20 | 4.87% | | 65% |
| 8 | C-SEnio | 3/31/21 | 4.79% | | 65% |
| 8 | C-Senior | 4/30/21 | 4.27% | | 65% |
| 8 | C-Senior | 5/31/21 | 5.35% | | 65% |
| 8 | C-Senior | 6/30/21 | 5.18% | 14.28 S&P | 65% |
| 8 | C-Senior / 1.22 multiple | 9/31/21 | 5.42 | | 65% |
| 8 | C-Senior | 10/30/21 | 5.43 | | 65% |
| 8 | C-Senior //1.23 multiple | 12/31/21 | 5.52 | 12.39% | 65% |
| 9 | Rookie | | | | |
| 9 | Rookie | | | | |
| 9 | Rookie | | | | |
| 9 | Rookie | | | | |
| 10 | 2nd Year Pro | | | | |
| 10 | 2nd Year Pro | | | | |

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|----|-------------------------------|------------------------|-------------|--------|--------|
| 4 | HS-Senior | 3/31/2019 | 10.90% | | |
| 4 | HS-Senior | 6/31/19 | 10.60% | | |
| 4 | HS-Senior | 9/31/19 | 10.60% | | |
| 4 | HS-Senior | 12/31/2019 | 9.80% | | |
| 5 | C-Freshman | 3/31/2020 | 9.00% | | |
| 5 | C-Freshman | 6/31/20 | 4.70% | | |
| 5 | C-Freshman | 9/31/20 | 5.80% | | 65-75% |
| 5 | C-Freshman | 12/31/2020 | 6.50% | | 65-75% |
| 6 | C-Sophomore | 2/21/2021 | 6.30% | | 65-75% |
| 6 | C-Sophomore | 3/31/21 | 6.32% | | 65-75% |
| 6 | C-Sophomore | 4/31/21 | 6.32% | | 65-75% |
| 6 | C-Sophomore | 5/21/21 | 7.48 | | 65-75% |
| 6 | C-Sophomore | 6/30/21 | 7.16 | 17.89 | 65-75% |
| 6 | C-Sophomore | 7/30/21 | 7.16 | | 65-75% |
| 6 | C-Sophomore | 8/30/21 | 8.09 | | 65-75% |
| 6 | C-Sophomore/ 1.33 multiple | 9/30/21 | 8.09 | 16.52 | 65-75% |
| | C-Sophomore | | | | 65-75% |
| 6 | C-Sophomore | 12/31/21 | 8.80% | | 65-75% |
| 7 | C-Junior /// 1.39 multiple | 1/31/21 | 8.8 | 13.24% | |
| 7 | C-Junior | 3/31/22 (MOIC 1.39) | 8.55 | | |
| 7 | C-Junior | | | | |
| 7 | C-Junior | | | | |
| 8 | C-Senior | | | | |
| 8 | C-Senior | | | | |
| 8 | C-Senior | | | | |
| 8 | C-Senior | | | | |
| 9 | Rookie | | | | |
| 9 | Rookie | | | | |
| 9 | Rookie | | | | |
| 9 | Rookie | | | | |
| 10 | 2nd Year Pro | | | | |
| 10 | 2nd Year Pro | | | | |
| 10 | 2nd Year Pro | | | | |
| 10 | 2nd Year Pro | | | | |

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|----|----------------------|------------|--------|-------|-----|
| 2 | HS-Sophomore | 12/31/2017 | 36.00% | | |
| 3 | HS-Junior | 3/30/2018 | 22.00% | | |
| 3 | HS-Junior | 6/30/2018 | 27.00% | | |
| 3 | HS-Junior | 9/30/2018 | 26.00% | | |
| 3 | HS-Junior | 12/31/2018 | 26.00% | | |
| 4 | HS-SEnior | 3/31/2019 | 26.00% | | |
| 4 | HS-SEnior | 6/31/19 | 18.00% | | |
| 4 | HS-SEnior | 9/31/19 | 15.00% | | |
| 4 | HS-SEnior | 12/31/2019 | 15.50% | | |
| 5 | C-Freshman | 3/31/2020 | 14.70% | | |
| 5 | C-Freshman | 6/31/20 | 15.90% | | |
| 5 | C-Freshman | 9/31/20 | 15.40% | | |
| 5 | C-Freshman | 12/31/2020 | 6.40% | | |
| 6 | C-Sophomore | 2/21/2021 | 8.80% | | 80% |
| 6 | C-Sophomore | 3/31/21 | 8.49% | | 80% |
| 6 | C-Sophomore | 4/21/21 | 8.32% | | 80% |
| 6 | C-Sophomore | 5/31/21 | 8.15% | 16.81 | 80% |
| 6 | C-Sophomore | 6/31/21 | 15.08% | | 80% |
| 6 | C-Sophomore | 7/30/21 | 14.25 | | 80% |
| 6 | C-Sophomore | 8/30/21 | 13.99 | | 80% |
| 6 | C-Sophomore 1.5 MOIC | 9/30/21 | 13.99 | | 80% |
| 7 | C-Junior | | | | |
| 7 | C-Junior | | | | |
| 7 | C-Junior | | | | |
| 7 | C-Junior | | | | |
| 8 | C-Senior | | | | |
| 8 | C-Senior | | | | |
| 8 | C-Senior | | | | |
| 8 | C-Senior | | | | |
| 9 | Rookie | | | | |
| 9 | Rookie | | | | |
| 9 | Rookie | | | | |
| 9 | Rookie | | | | |
| 10 | 2nd Year Pro | | | | |
| 10 | 2nd Year Pro | | | | |
| 10 | 2nd Year Pro | | | | |

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|----|----------------------|---------------------|--------|-------|-----|
| 5 | C-Freshman | 2/21/2021 | -2.30% | | |
| 5 | C-Freshman | 3/31/21 | -2.17% | | |
| 5 | C-Freshman | 4/30/21 | 0.23% | | |
| 5 | C-Freshman | 5/31/21 | 6.98% | | |
| 5 | C-Freshman | 6/30/21 | 6.31% | 16.73 | 65% |
| 5 | C-Freshman | 7/30/21 | 6.31 | | |
| 5 | C-Freshman | 8/30/21 | 7.75 | | |
| 5 | C-Freshman | 9/30/21 | 7.75 | 17.12 | |
| 5 | C-Freshman | 12/31/21 | 7.3 | | |
| 6 | C-Sophomore 1.2 MOIC | 1/31/22 | 7.3 | | |
| 6 | C-Sophomore | 3/31/22 (MOIC 1.20) | 6.82 | | |
| 6 | C-Sophomore | | | | |
| 6 | C-Sophomore | | | | |
| 7 | C-Junior | | | | |
| 7 | C-Junior | | | | |
| 7 | C-Junior | | | | |
| 7 | C-Junior | | | | |
| 8 | C-Senior | | | | |
| 8 | C-Senior | | | | |
| 8 | C-Senior | | | | |
| 8 | C-Senior | | | | |
| 9 | Rookie | | | | |
| 9 | Rookie | | | | |
| 9 | Rookie | | | | |
| 9 | Rookie | | | | |
| 10 | 2nd Year Pro | | | | |
| 10 | 2nd Year Pro | | | | |
| 10 | 2nd Year Pro | | | | |
| 10 | 2nd Year Pro | | | | |
| 11 | 3rd Year Pro | | | | |
| 11 | 3rd Year Pro | | | | |
| 11 | 3rd Year Pro | | | | |
| 11 | 3rd Year Pro | | | | |
| 12 | 4th Year Pro | | | | |
| 12 | 4th Year Pro | | | | |

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|--|--|------------|---|-----|
| 12 | 4th Year Pro | | | |
| 12 | 4th Year Pro | | | |
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| BREP REG Global (Blackstone flagship real estate) 2012 | Goal is high teens -maybe 20% net of feeder fund fees | | | |
| year of fund | | 3/31/2020 | | S&P |
| 1 | HS-Freshman | 12/31/2012 | started around here | |
| 3 | HS-Sophomore | 12/31/2014 | statements changed around here, not as clear- no IRR before this | |
| 4 | HS-Senior | 3/31/2015 | | |
| 4 | HS-Senior | 6/30/2015 | 18.46% | |
| 4 | HS-Senior | 9/30/2015 | 18.40% | |
| 4 | HS-Senior | 12/31/2015 | 20.05% | |
| 5 | C-Freshman | 3/31/2016 | 16.88% | |
| 5 | C-Freshman | 6/31/16 | 15.46% | |
| 5 | C-Freshman | 9/30/2016 | 14.76% | |
| 5 | C-Freshman | 12/31/2016 | 14.40% | |
| 6 | C-Sophomore | 3/31/2017 | 13.46% | |
| 6 | C-Sophomore | 6/30/2017 | 13.51% | |
| 6 | C-Sophomore | 9/30/2017 | 13.11% | |
| 6 | C-Sophomore | 12/31/2017 | 13.79% | |
| 7 | C-Junior | 3/30/2018 | 14.71% | |
| 7 | C-Junior | 6/30/2018 | 14.00% | |
| 7 | C-Junior | 9/30/2018 | 13.95% | |
| 7 | C-Junior | 12/31/2018 | 13.55% | |
| 8 | C-Senior | 3/31/2019 | 12.74% | |
| 8 | C-Senior | 6/31/19 | 12.74% | |
| 8 | C-Senior | 9/31/19 | 12.66% | |
| 8 | C-Senior | 12/31/2019 | 12.71% | |
| 9 | Rookie | 3/31/2020 | 12.33% | |
| 9 | Rookie | 6/31/20 | 11.33% | |
| 9 | Rookie | 9/31/20 | 10.54% | |
| 9 | Rookie | 12/31/2020 | 10.45% | |

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|----|--------------|------------|--|-------|--|
| 2 | HS-Sophomore | 1/1/13 | | | |
| 3 | HS-Junior | 3/31/2014 | | | |
| 3 | HS-Junior | 6/30/2014 | | | |
| 3 | HS-Junior | 9/31/2014 | statements before this don't show IRR | | |
| 3 | HS-Junior | 12/31/2014 | 23.30% | | |
| 4 | HS-Senior | 3/31/2015 | 23.30% | | |
| 4 | HS-Senior | 6/30/2015 | 16.36% | | |
| 4 | HS-Senior | 9/30/2015 | | | |
| 4 | HS-Senior | 12/31/2015 | 14.40% | | |
| 5 | C-Freshman | 3/31/2016 | 14.40% | | |
| 5 | C-Freshman | 6/31/16 | 8.43% | | |
| 5 | C-Freshman | 9/30/2016 | 9.69% | | |
| 5 | C-Freshman | 12/31/2016 | 10.91% | | |
| 6 | C-Sophomore | 3/31/2017 | 9.55% | | |
| 6 | C-Sophomore | 6/30/2017 | 9.82% | | |
| 6 | C-Sophomore | 9/30/2017 | 9.56% | | |
| 6 | C-Sophomore | 12/31/2017 | 9.88% | | |
| 7 | C-Junior | 3/30/2018 | 9.41% | | |
| 7 | C-Junior | 6/30/2018 | 10.07% | | |
| 7 | C-Junior | 9/30/2018 | 10.47% | | |
| 7 | C-Junior | 12/31/2018 | 9.68% | | |
| 8 | C-Senior | 3/31/2019 | 9.68% | | |
| 8 | C-Senior | 6/31/19 | 9.04% | | |
| 8 | C-Senior | 9/31/19 | 8.90% | | |
| 8 | C-Senior | 12/31/2019 | 8.44% | | |
| 9 | Rookie | 3/31/2020 | 8.44% | | |
| 9 | Rookie | | 6.01% | | |
| 9 | Rookie | | 6.14% | | |
| 9 | Rookie | 12/31/2020 | 6.49% | | |
| 10 | 2nd Year Pro | 2/26/2021 | 6.36% | 15.32 | |
| 10 | 2nd Year Pro | | | | |
| 10 | 2nd Year Pro | | | | |
| 10 | 2nd Year Pro | | | | |
| 11 | 3rd Year Pro | | | | |
| 11 | 3rd Year Pro | | | | |
| 11 | 3rd Year Pro | | | | |

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|----------|--------------------|---------------------------|---------------|-------|
| 4 | HS-Senior | 3/31/20 | -15.00% | |
| 4 | HS-Senior | 6/31/20 | -13.25% | |
| 4 | HS-Senior | 9/31/20 | -19.75% | |
| 4 | HS-Senior | 12/31/20 | -18.20% | |
| 5 | C-Freshman | 2/28/21 | -17.20% | |
| 5 | C-Freshman | 4/31/21 | -15.98% | |
| 5 | C-Freshman | 5/31/21 | -14.87% | |
| 5 | C-Freshman | 6/30/21 | -13.94% | 16.17 |
| | C-Freshman | | -13.94 | |
| 5 | C-Freshman | 8/30/21 | -12.8 | |
| 5 | C-Freshman | 9/30/21 | -12.8 | |
| 5 | C-Freshman | 12/31/21 | -11.59 | |
| 6 | C-Sophomore | 1/31/22 .80 MOIC | -11.59 | |
| 6 | C-Sophomore | 3/31/22 (MOIC .77) | -13.35 | |
| 6 | C-Sophomore | | | |
| 6 | C-Sophomore | | | |
| 7 | C-Junior | | | |
| 7 | C-Junior | | | |
| 7 | C-Junior | | | |
| 7 | C-Junior | | | |
| 8 | C-Senior | | | |
| 8 | C-Senior | | | |
| 8 | C-Senior | | | |
| 8 | C-Senior | | | |
| 9 | Rookie | | | |
| 9 | Rookie | | | |
| 9 | Rookie | | | |
| 9 | Rookie | | | |
| 10 | 2nd Year Pro | | | |
| 10 | 2nd Year Pro | | | |
| 10 | 2nd Year Pro | | | |
| 10 | 2nd Year Pro | | | |
| 11 | 3rd Year Pro | | | |
| 11 | 3rd Year Pro | | | |
| 11 | 3rd Year Pro | | | |

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| 11 | 3rd Year Pro | | | | |
| 12 | 4th Year Pro | | | | |
| 12 | 4th Year Pro | | | | |
| 12 | 4th Year Pro | | | | |
| 12 | 4th Year Pro | | | | |
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| | | | | | |
| | | LS real estate | | | |
| | | IV- 2015 | | | |
| | | | | | |
| 1 | HS-Freshman | 12/31/2015 | 0.00% | | |
| 2 | HS-Sophomore | 3/31/2016 | -11.84% | | |
| 2 | HS-Sophomore | 6/31/16 | -12.53% | | |
| 2 | HS-Sophomore | 9/30/2016 | -2.58% | | |
| 2 | HS-Sophomore | 12/31/2016 | 3.13% | | |
| 3 | HS-Junior | 3/31/2017 | 6.64% | | |
| 3 | HS-Junior | 6/30/2017 | 10.26% | | |
| 3 | HS-Junior | 9/30/2017 | 14.39% | | |
| 3 | HS-Junior | 12/31/2017 | 14.30% | | |
| 4 | HS-Senior | 3/30/2018 | 13.99% | | |
| 4 | HS-Senior | 6/30/2018 | 14.83% | | |
| 4 | HS-Senior | 9/30/2018 | 15.78% | | |
| 4 | HS-Senior | 12/31/2018 | 15.87% | | |
| 5 | C-Freshman | 3/31/2019 | 15.48% | | |
| 5 | C-Freshman | 6/31/19 | 15.55% | | |
| 5 | C-Freshman | 9/31/19 | 15.05% | | |
| 5 | C-Freshman | 12/31/2019 | 14.81% | | |
| 6 | C-Sophomore | 3/31/2020 | 13.88% | | |
| 6 | C-Sophomore | 6/31/20 | 10.52% | | |
| 6 | C-Sophomore | 9/31/20 | 10.46 | | |
| 6 | C-Sophomore | 12/31/2020 | 10.46% | | |
| 7 | C-Junior | 2/26/2021 | 11.00% | | |
| 7 | C-Junior | 5/28/21 | 10.76 | 15.82 | |
| 8 | C-Senior | | | | |
| 8 | C-Senior | | | | |
| 8 | C-Senior | | | | |
| 8 | C-Senior | | | | |

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|----|--------------|--|--|--|--|
| 9 | Rookie | | | | |
| 9 | Rookie | | | | |
| 9 | Rookie | | | | |
| 9 | Rookie | | | | |
| 10 | 2nd Year Pro | | | | |
| 10 | 2nd Year Pro | | | | |
| 10 | 2nd Year Pro | | | | |
| 10 | 2nd Year Pro | | | | |
| 11 | 3rd Year Pro | | | | |
| 11 | 3rd Year Pro | | | | |
| 11 | 3rd Year Pro | | | | |
| 11 | 3rd Year Pro | | | | |
| 12 | 4th Year Pro | | | | |
| 12 | 4th Year Pro | | | | |
| 12 | 4th Year Pro | | | | |
| 12 | 4th Year Pro | | | | |

This is 28 funds at a point in time with a confidence factor vs. the S&P. Because the money is invested at several intervals and I measured the S&P from inception, it is not perfect. But if it was so good, the industry would publish it. A friend in the industry asked his team to run the comparison as the money was invested, but his team was taking a long time and he never called me with the results.

| Start Date | Name of Deal | IRR after feeder fund fees Pricing is as of 9/30/20- | IRR target- (net of all fees) | S&P with dividends (first day of month of inception till 9/30/20)- | End Date if different from 9/30/20 |
|------------|--|--|-------------------------------|--|------------------------------------|
| | Blackstone Total Alternative Solutions | | | | |
| 8/14 | BTAS 2014 (Blackstone Total Alternative solution)- started investing 1/15 | 5.35% | 13-15%- net of ALL Fees | 14.75% | 5/31/21 |
| 6/2015 | BTAS 2015(Blackstone Total Alternative | 7.52% | 13-15%- net of ALL Fees | 16.91% | 6/30/21 |

| | | | | | |
|-----------------|--|----------------------------|---|---------------|----------|
| | solution)/ started investing 1/16 | | | | |
| 6/1/2016 | BTAS 2016 - started invested 1/1/2017 (Blackstone Total Alternative solution) | 5.5% (Blackstone has 5.6%) | 13-15%- net of ALL Fees | 13.30% | |
| 6/1/2017 | BTAS 4 (Blackstone Total Alternative solution)- Investment started 1/1/18 | 6.4% (Blackstone has 6.6%) | 13-15%- net of ALL Fees | 11.70% | |
| 6/1/2018 | BTAS 5 (Blackstone Total Alternative solution)- investment started 1/1/19 | 8% (Blackstone has 9.6%) | 13-15%- net of ALL Fees | 9.69% | |
| | BTAS 6 (started 1/1/20) | NA | 13-15%- net of ALL Fees | | |
| | BTAS 7 (started 1/1/21) | NA | 13-15%- net of ALL Fees | | |
| | BTAS 8 (will start 1/1/22) | NA | 13-15%- net of ALL Fees | | |
| | | | | | |
| | Other Blackstone Summary | | | | |
| 12/11 | GSO-Blackstone company | 6.36% | low to mid teens | 15.45% | 2/21/21 |
| 5/14 | Blackstone Secondaries 2014 VIntage- SP6 | 10.67% | 17% or more, net of all fees. | 12.90% | 12/31/20 |
| 5/16 | Blackstone SEcondaries 2016 Vintage- SP7 | 8.49% | 17% or more, net of all fees. | 16.21% | 3/31/21 |
| 4/17 | Blackstone TAC OPPS | -2.17% | low to mid teens/ maybe lo to double digits | 15.80% | 3/31/21 |
| 7/20 | Blackstone Life Sciences -funding pharma 3 phara trials | | | | |
| | | | | | |
| | | | | | |
| | Blackstone Real Estate | | | | |
| | | | | | |
| 10/30/2012 | BREP REG Global (Blackstone flagship real | 10.29% | High teens or more | 15.82% | 5/31/21 |

| | | | | | |
|------------|--|---------|---|--------|---------|
| | estate) | | | | |
| 10/15/2013 | BREP EUROPE 4 (Blackstone real estate) | 10.30% | high teens or more | 11.80% | 5/28/21 |
| 6/15/2015 | BREP EUROPE 2015-Blackstone Real Estate | -12.80% | 15% or more | 11.57% | |
| 6/15/2015 | BREP Global 2015 (mostly US) Blackstone Real Estate | 10.12% | 15% or More | 14.50% | 3/31/21 |
| 5/20 | BREP Europe 6 | | 15% net | | |
| | | | | | |
| | Non-Blackstone Deals | | | | |
| | | | | | |
| 4/8 | Carlyle Distressed Opportunities 2 (Growth Equity/Special Situations is how they describe it) | 9.25% | Mid teens | 10.40% | 12/31 |
| 6/13 | LS VIII Recovery Trust | 5.66% | high teens | 14.76% | |
| 6/13 | Czech Lending, Greenwich, CT https://www.czechamp.com/ | 5.50% | high single digits, -no leverage 8-10% IRR | 12.80% | |
| 8/15 | Energy fund (I don't want to name them, they had a rough time) | -1.22% | low to mid teens | 14.48% | 3/31/21 |
| 9/15 | KKR Special Situations | 1.42% | low double digits but it gets money back fast | 16.43% | 5/28/21 |
| | | | | | |
| 10/15 | LS Recovery 2015 (Lone Star) | 10.76% | high teens | 15.82% | 5/28/21 |
| 12/15 | Carlyle US Equity OPP II Access Trust | 2.62% | high teens | 17.89% | 6/31/21 |
| 6/16 | Czech Lending- Greenwich, CT https://www.czechamp.com/ | 4.40% | high single digits, -no leverage 8-10% IRR | 14.12% | |
| 6/17 | Lonestar Real Estate Recovery Trust 5 https://www.lonestarfunds.com/ | -16.85% | High Teens | 10.69% | |
| 6/2013 | Lonestar Recovery 2013 | 5.80% | High Teens | 12.82% | |

This is a confusing chart but I wanted to include it. It does not include all of the Portfolio company fees that the SEC is complaining about. That would make the numbers worse. [The PE business is not a “return” business. The PE business is a “fee” business.](#) Produce average returns, take a ton of fees. Repeat. I ran this by a few industry people who agreed that it was roughly accurate and made sense. However, it does not have the same credibility as the numbers above which came directly from ML/statement, etc.

| Probability of getting this level of profit: | Probable -but no one is aiming for 6ish % | "Reasonable"-- investor returns are actually below this level- this is a 13.63% master fund level return | Doug Flutie throws "Hail Mary" to beat Miami- unlikely, but Hail Mary's happens | USA beats Russia in Hockey in 1980- Miracle on Ice |
|---|--|--|--|---|
| Effect of Fees on Private Equity- see row 14 which is the profit in the fund- this is the structure from Blackstone Total Alternatives Solutions- I am not including the "J" curve years as I wanted to show less fees, in case someone says I messed up on the waterfall | Probable to hit a 12% master fund IRR over time- investor gets 7.15% (past funds seem to be 6-8% net to investor) | 8.32% IRR to client- so far, even this hasn't happened. | Hard to hit this- master fund IRR 17+ in a diversified fund- Investor gets 11.5% | really really hard to get a 22.40% profit in a diversified fund- this is Blackstone's stated return- investor gets 14.78% |
| Blackstone Fees | 1.50% | 1.50% | 1.50% | 1.50% |
| Feeder fund fees (includes 1.1 admin fee and 25 basis point expenses) | 1.35% | 1.35% | 1.35% | 1.35% |
| 25 basis points expenses on 100,000,000 is \$250,000/ Blackstone says 300,000- other funds may be 150,000- once again, all of this comes out in the monthly IRR | | | | |
| Total Annual fees on invested capital- this understates the fees during the 10 year life as during the investment period, which can be 3-4 years (40% | 2.85% | 2.85% | 2.85% | 2.85% |

| | | | | |
|---|---------------------|---------------------|---------------------|---------------------|
| of the fund life) , the fees are on committed capital- | | | | |
| Total annual fees in \$ | \$2,850,000 | \$2,850,000 | \$2,850,000 | \$2,850,000 |
| Amount of Funds remaining in Fund | \$100,000,000 | \$100,000,000 | \$100,000,000 | \$100,000,000 |
| Amount of the 100,000,000 that is profit- I am changing this in each scenario and looking at the investor IRR | \$10,000,000 | \$12,000,000 | \$15,000,000 | \$18,000,000 |
| Amount of Investors Capital | \$90,000,000 | \$88,000,000 | \$85,000,000 | \$82,000,000 |
| % of money in deal that is the investor profit, not the original investor capital | 11.11% | 13.64% | 17.65% | 21.95% |
| Total deal Profit after 3% management fees | \$8,000,000 | \$9,150,000 | \$12,150,000 | \$15,150,000 |
| Incentive fee | 20% | 20% | 20% | 20% |
| Incentive fee in \$ | \$1,600,000 | \$1,830,000 | \$2,430,000 | \$3,030,000 |
| Investor Profit after 20% incentive fee (assuming Blackstone hit the hurdle) | \$6,400,000 | \$7,320,000 | \$9,720,000 | \$12,120,000 |
| Return on investors capital | 7.11% | 8.32% | 11.44% | 14.78% |
| % of investor profits that go to fixed managment fees and are paid regardless of investor profit (these are like the electric bill, they are paid every month regardless of profits or losses) | 28.50% | 23.75% | 19.00% | 15.83% |

| | | | | |
|--|---------------|---------------|---------------|---------------|
| | | | | |
| Incentive Fee paid to Blackstone- (this number isn't perfect and overstates the incentive fees when the returns are below 8%--- as there is no incentive fee under a 6.25% and then there is a catch up- but I didn't include the excess fees during the early years on committed capital)- so it probably works out - but at the IRR's they are targeting, I think it understates the fees | 20% | 20% | 20% | 20% |
| | | | | |
| | | | | |
| | | | | |
| Total \$ to Blackstone and Feeder Fund | \$4,450,000 | \$4,680,000 | \$5,280,000 | \$5,880,000 |
| Total \$ to investor | \$5,550,000 | \$7,320,000 | \$9,720,000 | \$12,120,000 |
| | | | | |
| % of profit to Blackstone/Feeder Fund | 44.50% | 39.00% | 35.20% | 32.67% |