

Quarterly Commentary

For purchase by qualified clients only

First Quarter 2020

Strategy Overview

The Fund seeks to generate long-term total return, with an emphasis on current income, by primarily investing in a broad range of real estate debt investments. At least 80% of the Fund’s Managed Assets will be invested in liquid investments in public and private real estate debt, including, but not limited to, commercial mortgage-backed securities (“CMBS”), mortgages, loans, mezzanine and other forms of debt (including residential mortgage-backed securities and other residential credit) and equity interests in collateralized debt obligation vehicles, collateralized loan obligation vehicles, real estate investment trusts, listed vehicles and other entities that invest in real estate debt as one of their core businesses.¹

Fund & Market Commentary²

During the first quarter of 2020 (the “Quarter”), market participants were primarily focused on central bank policy, the U.S.-China trade conflict, and the U.S. Presidential election. Over the course of the Quarter, this focus shifted to the economic and health-related impacts of COVID-19. Investor fears about the implications put pressure on risk assets of all kinds and the S&P 500 fell 19.6% during the Quarter.³ The stress was also apparent in credit markets and interest-hedged high yield bonds produced a total return of -15.4% during the Quarter, while corporate term loan total returns were -14.5%.⁴ Signals of economic and capital markets deterioration precipitated a swift monetary policy response and the Federal Reserve cut rates from a targeted upper bound of 1.75% at the end of 2019 to 0.25% at the end of the Quarter.³ Additionally, 10-year Treasury yields rallied 125 basis points to 0.67%.⁵

The CMBS market experienced radically divergent performance during the Quarter, characterized by stable spreads and prices before the development of COVID-19, followed by severe dislocation as concerns about the economic impact of the pandemic accelerated in late February through March. AAA spreads on new issue CMBS deals tightened to 74 basis points in the first half of the Quarter from a high of 98 basis points in the fourth quarter of last year, helping to drive \$29.7 billion in CMBS issuance through February, a 58.3% increase over the same period last year.⁶ At the end of February, new issue AAA and BBB spreads were 90 basis points and 285 basis points, respectively, which is 10 basis points and 45 basis points wider than where they began the year, respectively.⁶ Interest-hedged high yield and corporate term loan total returns were -1.1% and -0.9% through February, respectively.⁷

The market dynamic shifted materially later in the Quarter. The first signs of distress were evident in the new issue CMBS market, where several deals were unable to clear, effectively closing the market and leaving banks with risk that was intended to be distributed to bond investors. Outflows that began in equities and corporate credit spread more broadly, creating a forced-selling dynamic from market participants and pushing prices lower. Consequently, margin calls for levered investments accelerated, which necessitated more selling as a means to generate liquidity and further depressing prices. This technical dynamic was paired with significant uncertainty about the fundamental implications of a COVID-19-related economic slowdown. This uncertainty impacted all risk assets including real estate-related debt. The hospitality and retail sectors have been particularly impacted, but all asset classes require renewed scrutiny. These outcomes will become clearer as information about asset performance becomes available to public market investors over the coming months.

In late March and early April, the Federal Reserve intervened by announcing its intention to purchase investment-grade corporate securities, corporate securities initially rated investment-grade but have since fallen to junk bond status, and high yield ETFs, as well as certain structured products including conduit CMBS AAAs. While this action contributed to a modest stabilization of markets, there was also significant outperformance of high yield credit relative to BBB-CMBS as non-AAA rated CMBS was excluded from the Fed’s action. After posting modest outperformance in the first two months of the Quarter, the CMBX BBB-.9 index ended March at 884 basis points, 572 basis points wider than where it began the year, representing an underperformance of 194 basis points relative to High Yield CDX.^{8,9}

AUM & Performance

BREIF Fund Complex AUM:¹⁰ \$587M

	Performance Metrics				Additional Performance Metrics	
	QTD Return	YTD Return	1 Yr Return	ITD Return ¹¹	Volatility	Sharpe Ratio
BREIF ¹²	-24.72%	-24.72%	-20.80%	0.08%	10.75%	0.07
Barclays U.S. Agg Bond	3.15%	3.15%	8.93%	3.74%	3.04%	1.02
SOLHY Interest Hedged	-17.55%	-17.55%	-15.48%	-0.92%	8.04%	-0.16
Barclays CMBS BBB	-15.07%	-15.07%	-9.33%	2.75%	8.71%	0.23

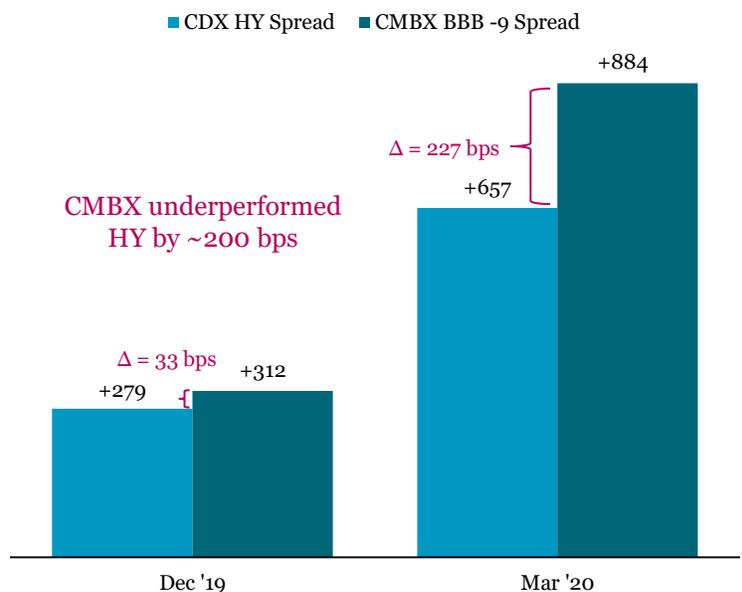
Note: As of March 31, 2020. Past performance is not necessarily indicative of future results.

Performance Drivers: Q1 2020

Contributors	Detractors
<ul style="list-style-type: none"> Credit hedges Limited new issue supply 	<ul style="list-style-type: none"> Macro volatility Interest rate volatility

Theme of the Quarter^{8,9}

CMBX vs. High Yield Underperformance (Basis Points)



Note: All figures as of March 31, 2020 unless otherwise indicated. Opinions expressed herein represent Blackstone’s view of the current market environment as of the date appearing in this material only and should not be construed as research or investment advice. There can be no assurance that the Fund will achieve its objectives or avoid substantial losses. Please see additional disclosures at the back of this document.

Portfolio Construction: The Fund entered March with 9.5% of total assets held in cash, its largest cash allocation in more than three years and continued to reduce exposure to risk assets during the period. Net asset sales and repayments totaled \$280 million during the Quarter, \$147 million of which occurred during March. Notably, the Fund received a full repayment of a large Spanish RMBS position during February, which contributed to a reduction in the Fund's RMBS exposure from 17.6% to 8.9% at the end of the Quarter. Other sales during March were concentrated in Agency CMBS, Single-Asset Single-Borrower CMBS and Real Estate Corporate Debt. Going forward, we will continue to focus on the dual goals of maintaining fund liquidity and actively asset managing the portfolio as we adjust to the changing fundamental landscape. This approach will allow us to identify segments of the portfolio where it is prudent to reduce risk while maintaining the ability to retain assets we believe offer attractive return potential, particularly from these depressed prices.

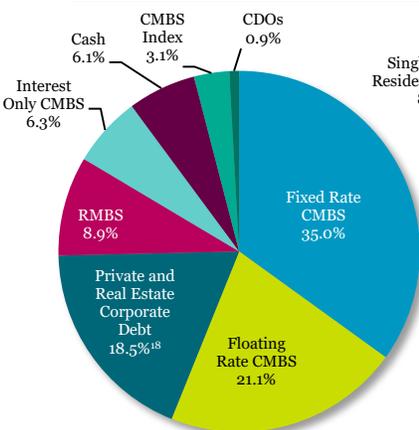
Fund Update: Investors should be aware of several key fund updates, which have been previously communicated. First, the Fund satisfied first quarter 2020 repurchase requests, which were paid in April. Second, the Fund did not declare a dividend during the Quarter and did not offer to repurchase shares in the second quarter of 2020. These decisions reflect our desire to maintain liquidity in the Fund as we navigate this challenging environment and will be reevaluated on a quarterly basis while taking into account similar considerations.

Portfolio Snapshot¹

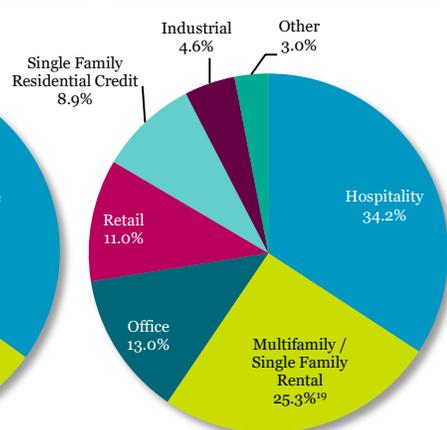
Data as of March 31, 2020

Avg Price	\$77.49	Repurchase Agreement Leverage ¹³	28.3%
Avg Coupon	4.5%	1940 Act Leverage ¹⁴	0.0%
Avg Loan to Value	62.2%	Total Investments	261
Hedged Duration ¹⁵	-0.3 years	Top 10 Holdings %	33.3%
Avg Maturity	4.9 years	Non-U.S. Holdings %	9.9%
Derivatives % ¹⁶	15.9%		

Portfolio Allocation¹⁷



Property Types¹⁷



Historical Performance¹²

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2014	NA	NA	NA	0.45%	0.23%	1.24%	-0.33%	-0.54%	-0.15%	0.22%	0.47%	0.45%	2.04%
2015	0.95%	1.85%	1.20%	0.70%	0.57%	-0.54%	0.66%	-0.76%	-0.22%	0.17%	0.40%	-0.46%	4.57%
2016	-3.55%	-3.36%	2.41%	1.67%	-0.17%	0.17%	1.97%	0.56%	0.06%	1.01%	-0.09%	0.73%	1.23%
2017	1.59%	0.73%	0.43%	1.94%	0.76%	0.89%	0.52%	0.34%	0.14%	0.44%	0.21%	0.10%	8.39%
2018	1.00%	0.29%	0.46%	0.82%	1.27%	0.39%	0.75%	0.40%	0.94%	-0.26%	-0.68%	-2.35%	3.02%
2019	3.01%	1.55%	0.56%	1.19%	0.68%	1.08%	0.39%	0.17%	0.65%	0.24%	0.34%	0.37%	10.67%
2020	0.30%	-0.36%	-24.67%										-24.72%

Note: Past performance is not necessarily indicative of future results. There can be no assurance that the Fund will achieve its objectives or avoid substantial losses. Performance is net of management fees, accrued incentive fees and expenses. Please see the additional disclosures below.

Endnotes

- Glossary of Terms and description of referenced indices provided below.
- All data and commentary relates to the first quarter of 2020 unless otherwise noted.
- Bloomberg as of March 31, 2020.
- JP Morgan High-Yield Daily Update as of March 31, 2020.
- Bloomberg 10-Year Treasury Notes as of March 31, 2020.
- JP Morgan Research as of March 31, 2020.
- JP Morgan High-Yield Daily Update as of February 29, 2020.
- Markit as of March 31, 2020.
- Bloomberg Markit CDX North America 5 Year High-Yield Index as of March 31, 2020.
- Includes the net asset value of BRIEF and Blackstone Real Estate Income Fund II ("BREIF II" and together, the "Funds"). The Funds are "feeder" funds in a "master-feeder" structure with Blackstone Real Estate Income Master Fund (the "Master Fund"). The Master Fund has the same investment objective as the Funds.
- "ITD Return" reflects annualized performance of BREIF and the indices from the inception of BREIF on April 1, 2014 to the end of the time period shown.
- Reflects performance of BREIF. The returns presented are based on pricing information provided by pricing vendors, dealer quotes and other secondary price inputs. This performance information is unaudited and is subject to change. Performance is net of management fees, accrued incentive fees, distribution and servicing fees and expenses. Performance does not include a deduction of the maximum sales charge (up to 3.00%), which would lower the performance shown.
- Represents leverage incurred by the Master Fund through the use of reverse repurchase agreements over the Fund's total assets. Please refer to footnote 14 for further information.
- The Master Fund incurs leverage, primarily through the use of reverse repurchase agreements and also the use of derivative instruments, as part of its investment strategy. 1940 Act Leverage is calculated in a manner consistent with the Investment Company Act of 1940, as amended (the "1940 Act"), as follows: (x) "senior securities" under the 1940 Act over (y) the Fund's total assets, less liabilities and indebtedness not represented by "senior securities." "Senior securities" generally consist of (i) traditional borrowings such as loans or notes and (ii) effective forms of leverage such as reverse repurchase agreements or derivatives to the extent not offset or covered by segregated cash or liquid assets in accordance with applicable SEC guidance. As of March 31, 2020, the Master Fund had \$112 million of segregated cash and liquid assets in excess of reverse repurchase agreements, derivatives and the amount of other leverage required to be covered, resulting in a 1940 Act senior securities balance of zero, or 0.0% of total assets. For more information, please see "Important Information and Disclosures - Glossary of Terms - 1940 Act Leverage" and " - Reverse Repurchase Agreements Risk."
- For more information, please see "Important Information and Disclosures - Glossary of Terms - Hedged Duration".
- For more information, please see "Important Information and Disclosures - Glossary of Terms - Derivatives".
- Totals may not sum to 100% due to rounding.
- Includes Real Estate Corporate Debt (18.5%) and Private Debt (0.0%).
- Includes multifamily (22.8%), single family rental (1.6%), and manufactured housing (0.9%).

Important Disclosure Information

Glossary of Terms

1940 Act Leverage: The Master Fund uses leverage through borrowings (collectively, “Borrowings”), which may include loans from certain financial institutions, the issuance of debt securities, reverse repurchase agreements, securities lending arrangements, and derivatives, including, but not limited to, interest rate swaps, total return swaps, and credit default swaps (collectively, “effective leverage”) in an aggregate amount of up to 33½% of the Master Fund’s total assets immediately after giving effect to such leverage. Only forms of effective leverage that are considered senior securities under the 1940 Act will be considered leverage for the Master Fund’s leverage limits. The Master Fund incurs leverage, primarily through the use of reverse repurchase agreements, as part of its investment strategy; such form of leverage is considered senior securities under the 1940 Act to the extent not covered by segregated cash or liquid securities in accordance with applicable SEC guidance. The Master Fund covers its cash-settled total return swap positions for purposes of determining whether such positions are considered senior securities under the 1940 Act by maintaining an amount of cash or liquid securities in a segregated account equal to the mark-to-market value of such positions instead of the notional amount of such positions. Although it has no current intention to do so, the Master Fund may use leverage through the issuance of preferred shares in an aggregate amount of up to 50% of the Master Fund’s total assets immediately after such issuance. There can be no assurance that any leveraging strategy the Master Fund employs will be successful during any period in which it is employed.

Agency CMBS / RMBS: CMBS / RMBS backed by a pool of multifamily mortgages and issued by Government-sponsored enterprises.

Average Coupon: The weighted average interest rate of the investments in the portfolio.

Barclays CMBS BBB: The Barclays CMBS BBB Index measures the market of conduit and fusion CMBS deals with a minimum current deal size of \$300 million and a credit rating of BBB (using the middle rating of Moody’s, S&P, and Fitch).

Barclays US Aggregate Bond Index: Provides a measure of the performance of the U.S. investment grade bonds market. This includes investment grade U.S. Government bonds, investment grade corporate bonds, mortgage pass-through securities and asset-backed securities that are publicly offered for sale in the United States.

Beta: a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole.

Collateralized Debt Obligations (“CDO”): A trust typically collateralized by a pool of loans, which may include, among others, auto loans, credit card debt, mortgages or corporate debt, including loans that may be rated below investment grade or equivalent unrated loans.

CDS Index (“CDX”): A credit default swap index used to hedge credit risk or to take a position on a basket of credit entities. CDX indices contain North American and Emerging Market companies.

CMBS Index (“CMBX”): An index designed to reflect the creditworthiness of CMBS. CMBX is made up of 25 equally weighted tranches of CMBS reference obligations originated in a particular year, each with different credit ratings.

Collateralized Loan Obligations (“CLO”): A trust typically collateralized by a pool of loans, which may include, among others, domestic and foreign senior secured loans, senior unsecured loans and subordinate corporate loans, including loans that may be rated below investment grade or equivalent unrated loans.

Commercial Mortgage-Backed Securities (“CMBS”): In a typical multi-issuer CMBS issuance, one or more mortgage loans of varying size, asset type (including, but not limited to, office, retail, multifamily, hospitality, industrial and single family rental), and geography are pooled and transferred to a trust. The trust then issues a series of bonds that vary in duration, payment priority, and yield. Then rating agencies (such as Standard & Poor’s, Moody’s or Fitch) assign credit ratings to the various bond classes ranging from investment grade to below investment grade.

Commercial Real Estate (“CRE”): Any non-residential property used for commercial profit-making purposes.

Conduit CMBS: CMBS backed by a pool of commercial real estate mortgages.

Credit Spread: The spread between a U.S. Federal Treasury security or other benchmark and another instrument that is identical in all respects except for quality rating.

Derivatives: The Master Fund invests in derivatives and may invest up to 30% of its Managed Assets in derivatives. The Master Fund uses derivatives for investment and hedging purposes and as a form of effective leverage. The Master Fund’s principal investments in derivative instruments include investments in interest rate swaps, total return swaps, credit default swaps and credit default swap indices, but the Master Fund may also invest in futures transactions, options or options on futures as well as certain currency instruments. For purposes of calculating the Master Fund’s total return swap exposure towards its 30% of Managed Assets cap on derivatives, the Master Fund values total return swaps on a mark-to-market basis instead of on a notional basis. If the Master Fund valued total return swaps on a notional basis, its derivatives would have a greater impact on such cap.

Duration: The measurement of the interest rate risk of a portfolio quoted in years. Generally, for every 1% increase or decrease in interest rates, a bond’s price will change approximately 1% in the opposite direction for every year of duration.

Earnings Per Share (“EPS”): The portion of a company’s profit allocated to each share of common stock.

Exchange-Traded Fund (“ETF”): A basket of securities bought or sold through a brokerage firm on a stock exchange.

Hedged Duration: Represents the Duration of a portfolio when such portfolio is hedged with fixed income instruments, such as Treasury futures or interest rate swaps, to limit the sensitivity of the portfolio to a change in interest rates.

High Yield: Bonds with corporate credit ratings lower than investment-grade.

Interest-Only CMBS: A security holding a claim to excess interest in a CMBS securitization which is only entitled to receive interest payments until the reference pool has been reduced to zero.

Legacy CMBS: CMBS securities originally issued prior to 2010.

Liquid: According to the Securities and Exchange Commission’s (the “SEC”), standard applicable to registered investment companies, securities that can be disposed of within seven days in the ordinary course of business at approximately the value at which the Master Fund has valued the securities.

Loan to Value (“LTV”): Calculated by summing the balance of a loan and all debt with a senior claim on the loan’s collateral, and dividing the result by the value of the loan’s collateral.

Managed Assets: Net assets, plus the amount of leverage for investment purposes.

Mezzanine Loan: A mezzanine loan may take the form of a subordinated loan secured by a pledge of the ownership interests of either the entity owning the real property or an entity that owns (directly or indirectly) the interest in the entity owning the real property. This type of investment may involve a higher degree of risk than mortgage lending because the investment may become unsecured as a result of foreclosure by the senior lender.

Mortgage Bankers Association U.S. Refinancing Index: The MBA Refinance Index is a weekly measurement put together by the Mortgage Bankers Association, a national real estate finance industry association. The index helps to predict mortgage activity and loan prepayments based on the number of mortgage refinance applications submitted.

Net Operating Income (“NOI”) Debt Yields: The annual NOI of the asset at the time of acquisition divided by the total loan amount at the time of acquisition.

Non-Qualified Mortgage: A home mortgage loan that does not comply with the Consumer Financial Protection Bureau’s rules on Qualified Mortgage (“QM”). A QM is a home mortgage loan that meets the standards set forth by the Federal Government which were designed to create safe loans by prohibiting or limiting certain high-risk products and features.

Non-U.S. Holdings %: Market value of the non-U.S. positions of the Master Fund divided by the total market value of the assets of the fund. Excludes credit hedges, interest rate hedges, and currency hedges.

Organization of Oil Producing Countries (“OPEC”): An intergovernmental organization of 14 nations, founded in 1960 to coordinate and unify the petroleum policies of its member countries and ensure the stabilization of oil markets.

Private and Real Estate Corporate Debt: Includes commercial real estate Mezzanine Loans (both securitized and unsecuritized) and Real Estate Corporate Debt.

Qualified Client: Has the meaning set forth in Rule 205-3(d)(1) under the Investment Advisers Act of 1940, as amended. An individual will generally be considered a Qualified Client if, immediately prior to their subscription, they have at least (i) \$1 million under the management of the Manager or (ii) \$2.1 million net worth.

Rate Risk: Duration calculated on an interest rate hedged basis.

Real Estate Corporate Debt: Secured and unsecured obligations issued by REITs or other companies whose primary business is the ownership, management or development of real estate.

Real Estate Investment Trust (“REIT”): Typically a publicly traded corporation or trust that invests in residential or commercial real estate or real estate-related assets (e.g., debt).

Residential Mortgage-Backed Securities (“RMBS”): In a typical RMBS issuance, residential mortgages of varying size and geographic location are pooled and transferred to a trust. The trust then issues a series of bonds that vary in duration, payment priority, and yield. Then rating agencies (such as Standard & Poor’s, Moody’s, or Fitch) assign credit ratings to the various bond classes ranging from investment grade to below investment grade.

Important Disclosure Information (Continued)

Glossary of Terms (Continued)

Reverse Repurchase Agreements Risk: The Master Fund uses reverse repurchase agreements as a form of leverage, as the proceeds from reverse repurchase agreements generally will be invested in additional securities. There is a risk that the market value of the securities acquired from the proceeds received in connection with a reverse repurchase agreement may decline below the price of the securities underlying the reverse repurchase agreement that the Master Fund has sold but remains obligated to repurchase. Reverse repurchase agreements also involve the risk that the counterparty liquidates the securities delivered to it by the Master Fund under the reverse repurchase agreements following the occurrence of an event of default under the applicable master repurchase agreement by the Master Fund. The buyer or lender of securities under a reverse repurchase agreement has broad discretion in determining the value of the repurchased securities. In addition, the market value of the securities subject to the repurchase agreement will decline from time to time. If the buyer of securities under a reverse repurchase agreement were to file for bankruptcy or experiences insolvency, the Master Fund may be adversely affected. Furthermore, the Master Fund's counterparties will, from time to time and based on the value determined by the lender, require the Master Fund to provide additional margin in the form of cash, securities or other forms of collateral under the terms of the master repurchase agreement. The Master Fund does get margin called, and gets margin called more frequently during periods of market volatility, such as the events resulting from the outbreak of the novel coronavirus. If the Master Fund is unable to provide such margin, the counterparties may sell the securities the Master Fund delivered and such sales may be at inopportune times or otherwise result in loss to the Master Fund. Also, in entering into reverse repurchase agreements, the Master Fund would bear the risk of loss to the extent that the proceeds of the reverse repurchase agreement are less than the value of the underlying securities. In addition, due to the interest costs associated with reverse repurchase agreements transactions, the Master Fund's net asset value may decline, and, in some cases, the Master Fund may be worse off than if it had not used such instruments. The use of reverse repurchase agreements also increases the Master Fund's Managed Assets, which in turn increases the management fee payable to the Investment Manager.

Sharpe Ratio: A risk-adjusted measure calculated by using standard deviation and excess return to derive the reward per unit of risk. The higher an investment's Sharpe ratio, the more favorable the investment's historical risk-adjusted performance is.

Single Asset Single Borrower ("SASB"): The collateral for a SASB security is one loan to a single borrower backed by one or multiple properties that are generally cross-collateralized and cross-defaulted.

S&P 500: An American stock market index based on the market capitalizations of 500 large companies having common stock listed on the NYSE or NASDAQ.

Solactive High Yield Corporate Bond Interest Rate Hedged Index ("SOLHY"): This index is a rule based index that tracks the performance of a basket of U.S. dollar denominated high yield liquid corporate bonds. The treasury rate exposure of the U.S. dollar denominated high yield liquid corporate bonds is hedged by a duration-matched short position in U.S. Treasury bonds. This index was formerly provided by DBIQ.

Top 10 Holdings %: Market value of the top 10 positions of the Master Fund divided by the total market value of the assets of the fund. Excludes credit hedges, interest rate hedges, and currency hedges.

Total Assets: Total assets under U.S. Generally Accepted Accounting Principles.

Yield to Maturity ("YTM"): The total return anticipated on a bond if the bond is held until the end of its lifetime.

VIX: The Chicago Board of Options Exchange's Volatility Index ("VIX"), a measure of implied volatility in index options.

Volatility: A statistical measure of the uncertainty or risk in the size of changes in an investment's value.

Additional Disclosures

Investment Products: Are not FDIC insured, are not guaranteed and may lose value.

All potential shareholders should consider the investment objective, risks, charges and expenses of BREIF and BREIF II. The Funds' Prospectuses contain this and other information about the Funds. You can obtain a Prospectus from your financial professional. All potential shareholders are urged to carefully read the Prospectuses in their entirety before investing. Performance data quoted represents past performance and is no guarantee of future results. There is no assurance the Funds will achieve their investment objectives. This is not an offer to sell, or the solicitation of an offer to buy, the Funds' securities and is not soliciting an offer to buy the Fund's securities in any state where the offer or sale is not permitted. Any offer of the securities will be made only by means of each Fund's Prospectus. Blackstone Advisory Partners L.P. ("BAP"), a FINRA member, is acting as principal underwriter for sales of shares of the Funds ("Shares"). BAP is an affiliate of Blackstone Real Estate Income Advisors L.L.C. (the "Manager"), the Funds' investment manager, which is controlled by the Blackstone Real Estate Debt Strategies group ("BREDS").

A shareholder's Shares, if repurchased in a tender offer, may be worth more or less than original cost. Current performance may be higher or lower than performance data quoted. Performance is net of management fees, accrued incentive fees, distribution and service fees and expenses. For BREIF, performance does not include a deduction of the maximum sales charge (up to 3.00%), which would lower the performance presented. Diversification does not assure a profit or protection against losses. Financial data is estimated and unaudited.

The following list of risk factors is not a complete summary or explanation of the various risks involved in an investment in the Funds and should be read together with the Funds' Prospectuses. There can be no assurance that the Funds will be able to achieve their investment objectives, and investment results may vary substantially depending on when a shareholder purchased his or her Shares. Instances of "we," "us," or "our" that appear in these materials refer to the Manager, and opinions reflected in the presentation are of the Manager as of the date of this document. An investment in the Funds should be considered a speculative investment that entails substantial risks, including, but not limited to:

- Loss of capital.
- The Shares are not listed on any securities exchange and it is not anticipated that a secondary market for the Shares will develop.
- The Shares are subject to substantial restrictions on transferability and resale and may not be transferred or resold except as permitted in the Funds' Amended and Restated Agreement and Declaration of Trust and as further discussed in the Funds' Prospectuses.
- Although the Funds may offer to repurchase Shares (or a portion thereof) from time to time, no assurance can be given that repurchases will occur or that any Shares properly tendered will be repurchased by the Funds.
- Shares will not be redeemable at a shareholder's option. As a result, a shareholder may not be able to sell or otherwise liquidate his or her Shares.
- The Shares are appropriate only for shareholders who can tolerate a high degree of risk and do not require a liquid investment.
- Investment in the Shares is speculative and there is no guarantee that the Fund will achieve its investment objective.

COVID-19: Certain countries have been susceptible to epidemics which may be designated as pandemics by world health authorities, most recently COVID-19. The outbreak of such epidemics, together with any resulting restrictions on travel or quarantines imposed, has had and will continue to have a negative impact on the economy and business activity globally (including in the countries in which the Fund invests), and thereby is expected to adversely affect the performance of the Fund's investments. Furthermore, the rapid development of epidemics could preclude prediction as to their ultimate adverse impact on economic and market conditions, and, as a result, presents material uncertainty and risk with respect to the Fund and the performance of its investments.

Important Disclosure Information (Continued)

Additional Disclosures (Continued)

Certain additional principal risks of an investment in the Funds include: **CMBS and RMBS Risks** – Investments in CMBS and RMBS are subject to various risks and uncertainties, including credit, market, interest rate, structural and legal risks. These risks may be magnified by the continued volatility in the credit and commercial real estate markets. **Leverage Risk** – The Master Fund, into which the Funds invest substantially all of their assets, uses leverage, which magnifies investment, market and certain other risks. Since the Funds generally may not withdraw from the Master Fund, the Funds' level of implicit leverage from their indirect investment in the Master Fund cannot be controlled. **Non-Investment Grade Debt Risk** – Investments in Non-Investment Grade Debt typically entail greater price volatility and principal and income risk, including the possibility of issuer default and bankruptcy. In addition, analysis of the creditworthiness of issuers of Non-Investment Grade Debt may be more complex than for issuers of higher quality securities. **Liquidity Risks** – Shares will not be traded on any securities exchange or other market and will be subject to substantial restrictions on transfer. Although the Funds may offer to repurchase shares from time to time, no assurance can be given that these offers or repurchases will occur. Shares will not be redeemable at a shareholder's option. As a result, a shareholder may not be able to sell or otherwise liquidate his or her Shares. **Derivatives Risks** – The Master Fund enters into derivatives transactions which may include, without limitation, options contracts, futures contracts, options on futures contracts, forward contracts, interest rate swaps, total return swaps, credit default swaps and other swap agreements for investment, hedging or leverage purposes. The Master Fund's use of derivative instruments may be particularly speculative and involves investment risks and transaction costs to which the Master Fund would not be subject absent the use of these instruments, and use of derivatives generally involves leverage in the sense that the investment exposure created by the derivatives may be significantly greater than the Master Fund's initial investment in the derivative. Thus, the use of derivatives may result in losses in excess of principal and greater than if they had not been used.

Market Indices. Indices are unmanaged and investors cannot invest in an index. The volatility of the indices presented may be materially different from that of the performance of the Funds. In addition the indices employ different investment guidelines and criteria than the Funds; as a result, the holdings in the Funds may differ significantly from the securities that comprise the indices. The performance of the indices has not been selected to represent an appropriate benchmark to compare to the performance of the Funds, but rather is disclosed to allow for comparison of the Funds' performance to that of well-known and widely recognized 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.

*This material may include statements that constitute "forward-looking statements" under the U.S. securities laws, which can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "project," "estimate," "intend," or "believe" or the negatives thereof or other variations thereon or comparable terminology. Forward-looking statements include, among other things, projections, estimates, and information about possible or future results related to the Fund, market or regulatory developments. The views expressed herein are not guarantees of future performance or economic results and involve certain risks, uncertainties and assumptions that could cause actual outcomes and results to differ materially from the views expressed herein. The views expressed herein are subject to change at any time based upon economic, market, or other conditions and the Manager undertakes no obligation to update the views expressed herein. While the Manager has gathered this information from sources believed to be reliable, the Manager cannot guarantee the accuracy of the information provided. Securities and indices discussed are not recommendations and are presented as examples of issue selection or portfolio management processes. They have been picked for comparison or illustration purposes only. The Manager reserves the right to change its investment perspective and outlook without notice as market conditions dictate or as additional information becomes available.