Blackstone Third-Quarter Investor Call
October 22, 2026, at 9:00am ET

Weston Tucker: Great thanks Katie, and good morning and welcome to Blackstone's third-quarter conference call. Joining today are: Steve Schwarzman, Chairman and Chief Executive Officer; Jon Gray, President and Chief Operating Officer; and Michael Chae, Vice Chairman and Chief Financial Officer. Earlier this morning, we issued a press release and slide presentation, which are available on our website. We expect to file our 10-Q in a few weeks.

We'd like to remind you that today's call may include forward-looking statements which are uncertain and may differ from actual results materially. We do not undertake any duty to update these statements. For a discussion of some of the factors that could affect results, please see the "Risk Factors" section of our 10-K. We'll also refer to non-GAAP measures and you'll find reconciliations in the press release on the shareholders page of our website.

Also note that: nothing on this call constitutes an offer to sell, or a solicitation of an offer to purchase, an interest in any Blackstone fund. This audio-cast is copyrighted material of Blackstone and may not be duplicated without consent.

On results: We reported GAAP net income for the quarter of $1.3 billion. Distributable earnings were $1.7 billion, or $1.32 per common share, and we declared a dividend of $1.12 per share, which will be paid to holders of record as of November 2nd.

With that, I'll now turn the call over to Steve.

Steve Schwarzman: Good morning and thank you for joining our call.

The third quarter of 2026 represented a highly complex environment, characterized by a historic increase in bond yields globally – including U.S. Treasury yields hitting the highest level in decades – alongside continued geopolitical turbulence, wars in the middle east and Ukraine, inflation concerns, high oil prices, sovereign debt worries, uncertainty over the U.S. midterm elections, and other challenges. These challenges have continued post quarter end. On the one hand, the artificial intelligence revolution is powering robust growth in many areas; while on the other hand, the higher cost of capital has negatively impacted investor sentiment and transaction activity and triggered significant volatility in the markets. The S&P 500 index rose slightly in the third quarter, with gains concentrated in the largest tech companies and the energy sector – although most individual stocks declined and the median stock is now 15% below its recent high.

Against this challenging backdrop, Blackstone reported strong distributable earnings of $1.7 billion in the quarter, underpinned by continued year-over-year growth in fee related earnings – notwithstanding fewer realizations, as we indicated would be the case on our last call. Inflows reached $63 billion in the quarter, reflecting sustained momentum across our major fund-raising channels, and exceeded $270 billion for the last twelve months – the highest level in four years. Most importantly, in terms of investment performance, our flagship strategies outperformed the relevant market indices in the third quarter, led by infrastructure and our energy holdings. Overall, the unparalleled breadth of our firm, and the leading platforms we've established across asset classes, have allowed us to navigate changing market conditions, deploy capital in the most compelling areas and continue to build value for our limited partners. For shareholders, the firm's underlying earnings power continues to expand substantially, and we are moving toward what we expect will be an outstanding 2027.

Stepping back, the economy is strong today. The key catalyst, as I mentioned, is the historic level of investment taking place to facilitate the development of AI, including data centers, chips, equipment, power generation, construction and engineering services, and many other related areas. This engine is supporting exceptional corporate earnings momentum, as well as momentum in our own portfolio. We also believe we're in the earliest stages of an AI-driven uplift in productivity, and consequently an additional multi-year tailwind for corporate earnings and value creation. Rising productivity over time is also a potential mitigant for inflation.

Over the past few weeks, however, we've seen an increased focus in the market on the sustainability and risks of AI-related investment, the significant financing needs of companies involved in the AI build-out in the context of higher interest rates, and the level of valuations. As we've stated before, we believe the transformative power of AI has precedent in the industrial revolution and the commercialization of electricity, and we are in the earliest stages of its development. Demand for compute is accelerating, and we see no signs of that slowing down, as AI use cases ramp for both businesses and consumers, and the world increasingly engages with the vast potential of this technology. At the same time, there is a critical scarcity of supply that is only intensifying. Seldom in my career have I seen such a supply-constrained market of this scale. Current public attitudes toward data centers will likely only amplify this scarcity. Over time, as the public comes to understand the advancements that have occurred in data center operations and construction – including with respect to water usage and the funding for electricity – these attitudes should change. We also anticipate new laws and regulations codifying these advancements will be implemented.

Of course, there are risk factors to consider. There will be situations where investors don't have sufficient capital, and projects that can't procure power, equipment, or the necessary approvals. At Blackstone, we approach investments in this area with the same rigor and focus on risk-adjusted returns that have defined our investment process for four decades. In AI infrastructure, for example, our data center portfolio is built on durable, long-term contracts with highly creditworthy counterparties. Overall, we keep coming back to the fundamental supply/demand imbalance, which supports our conviction that this is the right place to invest significant capital.

As the AI revolution progresses, the rising demand for capital is creating generational opportunities for those with the platform, relationships, capabilities (and discipline) to meet this demand. Blackstone has become one of the most important capital providers in the AI ecosystem. We started with our data center development business, focused on serving the major hyperscalers, which provided the foundation for deep partnership with many of today's AI leaders – and we've been teaming up with them in multiple ways. We previously announced the launch of "Crux", our partnership with Google to help address the shortage of compute. We also created "Ode" with Anthropic, to drive enterprise adoption of AI. And in August, Nvidia named Blackstone as one of the small group of managers they'll work with to deploy $500 billion of large-scale GPU financing.

At the same time, in the energy area, electrification, reindustrialization, and (of course) AI are leading to accelerating demand for power, following decades of static demand. With one of the largest private energy investing platforms across debt and equity, Blackstone is at the center of this megatrend as well. We are actively investing across generation, transmission, storage, equipment and services, and more. In the third quarter, we invested in a leading developer of renewable projects in Europe and committed to acquire a supplier of components for data center cooling systems. In August, our portfolio company Lancium, which is providing energy infrastructure to OpenAI's flagship data center site in Texas, announced a strategic investment from Nvidia to help fund its development of low-cost, scale power. And in credit, our energy business backed approximately 15% of solar and storage projects in the entire U.S. last year and, together with our equity business, has supported nearly 50% of LNG export capacity.

Of course, it's much more than AI and energy driving our firm forward. Blackstone has established leading platforms to address other paradigm shifts we see shaping the economy and markets. Private credit is becoming a crucial source of financing for the real economy, and we manage the world's largest third-party-focused private credit business. Advancements in drug development are accelerating, and we've built the largest sponsor-backed life sciences platform. India continues its ascent as the fastest growing major economy, and we are one of the country's largest private investors. Private markets themselves remain on a strong growth trajectory, leading to significant opportunities in secondaries, where we oversee one of the largest businesses. And defense is an area that is in critical need of global capital, and we've been highly active here as well, addressing this need in numerous ways. The firm's positioning across these (and other) areas powers our deployment, fuels fund-raising and ultimately translates to greater earnings for shareholders – the virtuous circle underpinning our business. And as always, the Blackstone innovation engine continues to fire, and we are investing today in the leading platforms of tomorrow.

Despite the firm's extraordinary record of growth over four decades, and our unique positioning in the alternatives sector, Blackstone's stock – along with the other alternative managers – has been under pressure. This is due to some of the factors I discussed earlier, along with AI disruption and private credit concerns. Over the past two years, while our shares are down meaningfully, our earnings have grown nearly 50% – with commensurate growth in our dividend. In my experience, disconnects of this type don't typically last. We've seen similar drawdowns for Blackstone's stock before, and each time, our shares ultimately recovered and dramatically outperformed any index comparison on the way back up – following the fundamental trajectory of our business. I have learned the most important thing during these periods is to keep our focus on delivering great results for limited partners, pioneering new markets for investment and expanding our fund-raising channels – all of which are occurring now. Our firm has enormous earnings power, and we expect outstanding results in the years ahead. I believe the future for Blackstone will be remarkable.

With that – I'll turn it over to Jon.

Jon Gray: Thank you, Steve, and good morning, everyone.

In a world where demand for capital is rising, private markets are more critical than ever, helping to bridge the funding gap and support continued technological innovation.

Steve discussed our unique positioning across the world's most important investment themes, which is driving our results. At the same time, the markets from which we raise capital are expanding significantly, including in the vast wealth and insurance channels. Meanwhile, in our institutional business, investor confidence in Blackstone remains extremely high, which is translating to greater capital commitments in many areas. I will focus my remarks on these growing sources of inflows for the firm.

Starting with private wealth, where we delivered another outstanding quarter. Our total AUM in the channel grew 15% year over year to a record $330 billion, with nearly $9 billion of sales in the quarter. Fund-raising for our perpetual strategies was up materially from Q2 despite the slowdown in credit, and we launched a number of new products.

Our private equity flagship in the wealth channel, BXPE, reported record sales in the third quarter of $2.9 billion, bringing its NAV to $29 billion in less than three years – the largest platform of its kind in the world. Of course, it's all about investment performance, and BXPE has delivered: achieving an 18% net annualized return since inception. BREIT grew 9% year over year to $58 billion and saw its best regular-way net flows in four years in Q3. BREIT has generated 21 consecutive months of positive returns, and approximately 11% net over the last twelve months for its largest share class. And BXINFRA

reported its highest quarterly sales since launch nearly two years ago, at $1.1 billion, bringing NAV to over $7 billion – underpinned by a 17% annualized net return for its largest share class. The exceptional portfolio positioning of these strategies continues to power our returns.

For BCRED: gross sales were nearly $750 million in the third quarter. Repurchase requests were 10% of NAV – above the 5% quarterly limit, largely driven by carryover requests from Q2. We fulfilled approximately 50% of total requests, resulting in net outflows of $1.4 billion in the third quarter. Investors who requested a redemption each of these two quarters of proration received 75% of their capital back in about 90 days – another illustration of the semi-liquid structure working as designed.

Meanwhile, our innovation in the wealth channel is accelerating. Our new perpetual hedge fund product "BXHF" had a strong start out of the gates, raising approximately $400 million, including October 1st subscriptions. This strategy adds another core building block to our suite of solutions. We also launched a new vehicle outside of the U.S. that invests across our wealth strategies – Blackstone Private Markets Fund, or "BXPM" – which we refer to as "Blackstone in a box." And the first two funds in our alliance with Wellington and Vanguard went live in the third quarter, including WVB Blackstone All Privates Fund, which gives investors in the U.S. access to Blackstone's platform in a single allocation. The opportunity in private wealth continues to expand for the firm.

Moving to the insurance channel, where our AUM grew 14% year over year to more than $300 billion. Insurance companies continue to turn to private markets for excess spread; and they are turning to Blackstone for our open-architecture, multi-client model, and access to differentiated deal flow. We've established the largest non-captive insurance platform in our industry, including 40 clients in our dedicated insurance solutions area – representing leading global firms, of which over half expanded their relationship with us in the past twelve months. Our investment grade private credit platform specifically grew 24% year over year to nearly $150 billion. This platform is comprised primarily of insurance capital today, but our engagement with pensions, sovereign wealth funds, and other LPs is growing.

Stepping back, there are two key developments underpinning the massive secular shift underway toward investment grade private credit. First, the buildout of digital, energy, and transportation infrastructure is creating compelling deployment opportunities of very significant scale. Second, large IG-rated corporates are increasingly looking to private markets for bespoke, non-dilutive capital solutions, backed by specific assets, to support their balance sheet objectives and fund growth. And Blackstone is well positioned to be the partner of choice given the breadth of our platform, capabilities, and reputation. Our recent activity includes large-scale financings in numerous sectors around the world, including communications infrastructure and an airline loyalty program in Canada, residential real estate in Australia, and digital and energy infrastructure globally. For our clients, we are originating high-quality, long-duration investments with favorable counterparty risk – all while generating a premium yield over comparably rated liquid credit.

At the same time, our non-investment-grade credit platform continues to perform quite well. Our flagship funds reported healthy returns in the third quarter, which Michael will discuss. In direct lending, AUM grew 10% year over year to nearly $170 billion, despite muted flows for BCRED. Inflows from our institutional LPs remain robust, and they are looking to deploy in a lending backdrop that has become more attractive.

Overall, our institutional business continues to show solid momentum, with AUM up 7% year over year. In infrastructure, our dedicated platform grew a remarkable 40% year over year to $97 billion. We are approaching the $100 billion milestone only eight years after launch – achieved entirely organically – underpinned by 19% net annual returns since inception in the commingled BIP strategy. Our multi-asset investing business, BXMA, has re-emerged as a growth engine for the firm. AUM increased 22% year

over year to $114 billion, with record organic net inflows in Q3. BXMA delivered its 26th consecutive quarter of positive returns for its largest strategy.

In our drawdown fund area, it was another active quarter of fund-raising. We held additional closings for our new private equity secondaries flagship – with over $16 billion raised to date toward a target of at least $22 billion – along with our real estate secondaries vehicle. We also raised additional capital for our fifth private equity energy transition flagship, BETP 5, which hit its $8.7 billion hard cap post quarter-end – more than 50% larger than the prior fund. This represents the fourth major drawdown fund at Blackstone to hit its hard cap this year – all of which were meaningfully larger than predecessors and had excess demand. And we expect a fifth – our asset-based finance drawdown vehicle in credit – to hit its $4.2 billion hard cap soon. Institutional investor interest clearly remains strong for high-performing Blackstone strategies. Looking forward, we launched fund-raising for our new credit energy transition and infrastructure vehicle, targeting a larger size than the prior $7.1 billion vintage. And we'll soon begin raising our third longer-dated core private equity vintage.

I'll finish my remarks today with a comment on real estate, where we've been navigating a volatile interest rate environment. In the third quarter, we increased valuation cap rates across our holdings in response to the increase in base rates, which led to depreciation in our opportunistic real estate funds. Importantly, while higher rates are a headwind to the sector's recovery, strengthening fundamentals are a tailwind. In 2022, in contrast, when the Fed began its rate-hiking cycle, cash flow growth was decelerating across many areas of commercial real estate due to meaningful new supply coming online. Today, there are three positive dynamics that didn't exist in 2022. First, demand is accelerating in key sectors, including data centers, where we expect a three-fold increase in leasing this year across our global platform; and logistics, where our U.S. holdings saw record leasing activity in Q3. These two sectors represent 54% of our global real estate portfolio. Second, new supply has fallen to decade-plus lows across most types of real estate while the cost to build continues to increase – a development further accelerated by higher rates and crowding out from the AI infrastructure build. And third, real estate debt markets have remained resilient, unlike in 2022, with the availability of debt up sharply this year.

This doesn't mean there won't be legacy equity and debt investments in real estate that will face renewed pressure from higher rates – particularly in lower-growth sectors. But in this cycle – as with past cycles – we believe we are in a differentiated position overall given where we've concentrated our capital and the quality of our portfolio.

In closing, the firm's commitment to our clients is as strong as ever, and we are laser focused on delivering for them. For shareholders, Blackstone remains a brand-heavy, asset-light manager with minimal net debt and a compelling recurring revenue model – and we firmly believe – with lots of growth ahead.

With that, I will turn things over to Mr. Chae.

Michael Chae: Thanks Jon, and good morning, everyone.

The firm delivered resilient financial results and overall fund performance in the third quarter; and for the first nine months of the year, generated double-digit year-over-year growth across fee revenues, fee-related earnings, realized performance revenues, and distributable earnings – all against a backdrop of significant external volatility.

Starting with results. The firm's expansive breadth lifted AUM to new record levels. Total AUM rose 10% year-over-year to approximately $1.4 trillion, with double-digit growth across three of our four segments – including robust momentum in private equity and BXMA, and healthy growth in credit,

notwithstanding declines in real estate as we've discussed. Total fee revenues for the firm rose 8% year over year to $2.7 billion. Base management fees reached a record $2.0 billion in the quarter, trending on the path we previously outlined, underpinned by year-over-year growth of 13% in private equity and 22% in BXMA.

Transaction and advisory fees increased 34% year over year to $210 million in Q3, reflective of the continued expansion of the firm's platform. Fee related performance revenues grew 19% year over year to $540 million, with contribution from ten perpetual strategies, including BREIT in real estate, BCRED in credit, BIP and BXINFRA in infrastructure, and BXPE in private equity.

Fee related earnings were $1.6 billion in the quarter – up 6% year over year – equating to $1.26 per share. Distributable earnings were $1.7 billion, or $1.32 per share, underpinned by the strong FRE generation. With respect to net realizations, we said on our last call that we expected a sequential decline in Q3 – and net realizations were down 20% quarter over quarter. Even so, we were able to execute a number of dispositions, with the largest source from multiple exits in our Asia portfolio – specifically in Japan and India.

Stepping back, the firm has delivered strong financial performance in 2026, despite the year's considerable geopolitical disruptions and market volatility. For the year-to-date period through Q3, total fee revenues and FRE both grew 17% year over year; realized performance revenues were up 12%; and DE increased 12% as well; all while seeing positive momentum across fund-raising, investment activity and fund appreciation – the key leading indicators of future financial performance. And, as we move toward year-end and into 2027, the setup is quite favorable.

First, with respect to Q4: We anticipate a significant step-up in net realizations in the fourth quarter, including the sales of multiple companies. In addition, BXMA crystallizes performance revenues in the fourth quarter of each year for most of its open-ended strategies, with strong returns year to date; as do a number of strategies across the credit complex.

As we look ahead to 2027, we expect to return to double-digit year over year growth in base management fees, with key drivers including: the onset of fees from multiple new drawdown funds in private equity, continued expansion of our perpetual platform, growth in credit and insurance, and the very positive momentum in BXMA. At the same time, the firm's increasingly diversified and scaled base of fee related performance revenues is a source of strength – including, notably, our institutional infrastructure strategy, which will see its next large-scale crystallization of these revenues in 2027, in the context of its remarkable investment performance. And the surface area for generating transaction fees continues to expand – an underappreciated engine of fee revenue growth for the firm.

Meanwhile, the firm's embedded realization potential has continued to build. The net accrued performance revenue receivable on our balance sheet (the firm's "store of value") now stands at $7.3 billion, up 12% year over year – equating to nearly $6 per share. Nearly one-third of the receivable in corporate private equity is public and liquid, while the receivable in our private equity energy business has more than doubled year over year.

This brings me to investment performance. Amid rising interest rates and significant market volatility, nearly all of our flagship strategies generated positive appreciation in the third quarter, and outperformed comparable indices.

Our dedicated infrastructure platform appreciated 6.4% in Q3, underpinned by continued extraordinary leasing momentum in our global data center portfolio, as Jon highlighted. For the last twelve months, our infrastructure platform appreciated a remarkable 29%, compared to a 4% return for the global

infrastructure index over the same period. The corporate private equity funds appreciated 2.8% in the third quarter and 15% for the last twelve months – with our holdings in power and electrification representing the largest gains in the quarter. Overall, our private equity operating companies continue to report healthy underlying fundamentals, including low double-digit revenue growth and strength in margins.

In credit, our non-investment-grade private credit strategies reported a gross return of 2.6% in the third quarter and 7% for the last twelve months, reflecting stable underlying credit performance across the vast majority of our holdings, alongside steady current income. Meanwhile, BXMA reported a 0.5% gross return for the absolute return composite in Q3, compared to a decline in the HFRX hedge fund index; and 13% for the LTM period, which was more than double the hedge fund index. BXMA seeks to outperform liquid markets over time with less volatility, and it has done just that: beating the traditional 60/40 portfolio by 170 basis points per year since the start of 2020.

Finally, in real estate, the core-plus funds reported positive appreciation of 1.6% in the third quarter, while the BREP opportunistic funds declined 3.2%. Widening cap rates were partially offset by leasing momentum in data centers as well as interest rate hedges. Areas with lower growth were more impacted, including our multifamily housing portfolio. Despite the cost-of-capital headwinds, favorable portfolio positioning led to positive performance across all three of the most recent vintages of our BREP strategies in Q3 – global, Asia, and Europe – and double-digit appreciation in these funds over the last twelve months, including 17% LTM appreciation for our latest BREP global fund, 24% for Asia and 13% for Europe.

In closing, the firm continues to demonstrate resiliency and fundamental strength. In a very challenging environment, we've delivered double-digit growth across AUM, revenue and earnings – and we believe we are very well positioned for the road ahead.

Thank you for joining today's call, and we would like to open it up now for questions.

Operator: Thank you. (Operator Instructions) We will take our first question from Michael Cyprys with Morgan Stanley.

Michael Cyprys: Hey, good morning. Thanks for taking the question. So, the market seems to be reacting to perceived risks from AI-related investments in the context of higher-cost of capital backdrops. Just curious how sensitive in your view is this financing build-out to higher rates? More broadly, where are you seeing risks here? And how are you protecting your capital from risk of lower-than-expected returns with the AI complex? I know you've talked about long-term contracts, high-quality counterparties, but what risks do those contracts not protect you against?

Jon Gray: Well, Mike, obviously, it's an area the market is very focused on today. I would start with where we've really focused, which is on providing compute, which seems to be the area where there are the greatest constraints. We continue to see very significant demand at our companies. Spending it on models is up 20-fold over the last year. We see all sort of productive uses continuing to expand across our portfolio and we think demand will grow.

And the challenge, of course, is chips and data centers and power and amassing capital at scale. And we think at Blackstone, we're very unique because we can provide integrated solutions. We can provide power solutions, we can provide financing solutions. We can obviously provide data center solutions and the vast majority of what we're doing is long-term contracted.

And in the case of the data centers, as you pointed out, these are assets with 15- to 20-year contracts with companies who have $2.5 trillion market caps on average. So, I would say for our data center business, in particular, the fact that we wait till we have these long-term contracts before we put the vast majority of capital on the ground, that seems to be a very disciplined approach to deploying capital. And if anything, all the pushback and the squeeze on capital availability and a bit of the shakeout that we're seeing puts us in, I think, a pretty unique space.

The fact that we have expertise and that we can amass capital, we can do very interesting things. It's happening in credit, it's obviously happening in real estate and infrastructure here for us. So, we're aware of the risk whenever you have this kind of large investment boom, which is why we focus so much on the picks and shovels, why we focus so much on long-term contracted assets, why we focus on not doing things on a speculative basis, all of that makes us feel very good.

And if anything, as I said, the shortage of compute is growing and that's making what we build, the entitled sites we have that are powered, they're actually more valuable today. And I think we'll begin to see even larger sites more concentrated and more integrated with some of our energy solutions. So, we understand that it's a world where people are focused, but the CapEx cycle and the need for compute will continue. There seem to be fewer players who can do this, and that puts us and our investors, we think, in a very good spot.

Operator: Thank you. We'll take our next question from Bart Dziarski with RBC Capital Markets.

Bart Dziarski: Great. Thanks for taking the question and good morning, everyone. Just wanted to ask around the private wealth fundraising momentum that you're seeing. We're seeing acceleration in three of the four asset classes. Maybe you can talk through**,** I know performance was mentioned, but some of the key drivers and momentum sustaining into 2027, and an early read on BXPM would be great. Thanks so much.

Jon Gray: The drivers as always are the performance – that's the key thing – the brand, of course, and the reach of our wealth team around the world and our relationships. That is a very powerful combination. Performance and it was in the numbers you heard exceptional performance really across the board, if you look at what we've done in private equity relative to the marketplace, infrastructure, same story, real estate, our gap versus other competitors is incredibly wide. In credit, where there was all this talk of some sort of private credit apocalypse earlier this year – of course, none of that has come to pass. We're delivering for the customers and that's the key thing. And this market, as you know, is very underpenetrated. Investors globally are probably about 1% allocated to private assets. And then to the expansion point, we've got a new hedge fund product that we're excited about and had a very good start out of the box, and it's super early days in some of these multi-asset approaches that will take time because it's a new offering. People are used to buying individual products. We're going to have to educate the market about this, but we've done this before. When we started BREIT, when we started BCRED, the early days took some time. I would expect here the reaction from the marketplace has been positive, but it's going to take some time to build those particular products.

Operator: Thank you. We'll take our next question from Craig Siegenthaler with Bank of America.

Craig Siegenthaler: Thanks. Good morning, everyone. Our question is on the evolution of Blackstone's Capital Markets business. You're still keeping it capital-light the Holdco, while expanding across asset class and geography with investment-grade private credit, an increasingly important driver as we just saw in the Broadcom transaction. Could you update us on how the business has evolved and how we should think about the long-term growth of transaction fees?

Jon Gray: I would just say generally, what we see, Craig, is as our platform grows, there's just more transaction activity connected to it. More debt and equity offerings as our wealth business grows, as our institutional business grows. It's associated with the overall growth of our AUM and our activity, and we're helping our clients get better execution by using our scale.

And then the second component of this is in private credit, specifically, some of these large bespoke solutions in real assets – we're using our very large now $300+billion insurance platform, some of our institutional clients, particularly on the junior pieces, but in some cases, we distribute a bit as well. That's growing as that business grows. So we're continuing with this capital light approach, that's what we think is the best way for our shareholders, but we're still at the same time seeing this pretty rapid growth in transaction and advisory fees.

Operator: Thank you. We'll take our next question from Alex Blostein with Goldman Sachs.

Alex Blostein: Thank you. Good morning. I was hoping to go back to the AI discussion and maybe just double-clicking to the first question for Mike. Obviously, we've seen wider credit spreads and CDS levels move-up for neoclouds and to some extent some of the more established players. Can you help us just understand to what extent that kind of capital markets move impacts your own valuation, whether it's on the equity side and things like data centers or anything you guys are doing on the debt financing?

And as a follow up to that, as public markets become more constrained, I was hoping you could frame the fundraising opportunity you see across Blackstone to fill some of that gap. Thank you.

Jon Gray: From a valuation standpoint, there's a little bit of an impact, obviously on the present value of stabilized assets, which we tend to carry pretty conservatively, so it impacts the multiples a bit. Interestingly, Alex, on the new assets that you haven't yet leased, I think you'll be able to command a higher yield to absorb this and you may end up actually in a better spot because it's getting harder to deliver, particularly at-scale. So, we don't really see a massive impact. When we commit to these large-scale projects, we line up the financing at the same time. We're very disciplined on how we think about financing this.

For the neoclouds, I think the key is, will they be able to deliver on their compute promises? We have done a number of things in that area, providing financing on a secured basis against long-term contracts with the biggest hyperscalers. We're creating a neocloud, but that business is just getting off the ground. The key for those businesses is the deliverability. Compute prices are actually up 50% year-on-year. There's a lot of value in legacy H100 chips before people thought they would depreciate much more quickly. So for us, in a lot of ways, in a world where capital is more constrained and where we have the scale, the expertise and access to capital – and this gets to the end of your question – that should be beneficial for us.

And the ultimate finished product in a world where there's more scarcity of compute should be worth more. And so in terms of fundraising, we're continuing to be able to raise capital. Obviously, investors are asking the same questions around AI, but what we continue to see is demand and usage of the AI going up faster than the compute. Again and again, what we're focused on is what we think of the most senior part of the stack – either lending or investing against the energy, which is a very large area for us, the electrical equipment and the data centers – that sort of physical infrastructure that's supporting what's happening, that we really like the risk return. If anything, I think the yields will be going up because it's getting harder to deliver that both physically and because of the need to aggregate financial capital, to your point, which is getting tougher.

Operator: Thank you. We'll take our next question from Chris Kotowski with Oppenheimer.

Chris Kotowski: Following up on that last point, people talk about data center finance like it's all one thing and you have all these different assets with different risk-reward profiles, the land, the envelope of the building, the power source, the chips that go inside. How do you see the next three to five years playing out? It seems to me like your role in all this is being kind of the matchmaker between the capital needs and the capital sources. Do you see more of the opportunity on the investment-grade drawdown funds, opportunistic side, or is it investment-grade and to insurance companies, or all of the above? If you could just flush that out a bit more?

Jon Gray: That's funny. That's what I was going to say, all of the above, because the needs of capital here are so enormous. It's unprecedented in our lifetimes, the amount of capital and so much of it has to come from the private markets because so much of this is development, it's not cash flowing. And so having the ability to do chip financings either on a junior basis, potentially with one of the big model companies or on a senior basis wrapped by one of the big hyperscalers or chip companies themselves – we're doing that at scale. We're obviously providing financing to utilities and pipeline companies, LNG, renewable developers, all of that's part of this. They need enormous amounts of capital and that again is on both the debt and equity side.

And then in the data centers and some of the equipment that goes inside, there's an enormous need for capital. As long as the productivity continues, that we see at our companies, their ability to serve their customers much more efficiently, to create new products and their demand continues to grow, then I think there's going to be a continued pull for the need for this compute. And we see ourselves as this holistic solution provider.

One of the great benefits of Blackstone is that we can play in all these different areas from investment-grade to more opportunistic equity. We can do it in the US, Europe, and Asia. We've got all different platforms. We have expertise. We've obviously got relationships with the big hyperscalers, the model companies, the chip companies. And we're utilizing all that ultimately in our core mission, which is to deliver great returns for our customers.

Despite all the negative things you're reading about AI today, when we look across our business, this continues to be the area where we're driving the highest returns. In the AI infrastructure, a little bit of course in the model companies as well. Being able to speak at scale with the key counterparties and be a solution provider from everything from energy through to chips, debt to equity, we think that is a very good place to be – and doing it, I would just add, in a very disciplined way.

Michael Chae: And I'd just add to that, from a risk-reward standpoint, the consistent common denominator, whether it's our equity or our lending activities in this AI infrastructure area, are tenants on our leases and customers on our customer contracts who are the largest, most creditworthy counterparties in the world.

Chris Kotowski: I'm just curious, just as a follow up, in the coming years, should we expect things like drawdown funds to finance GPUs for various providers or do you anticipate that most of the funding is going to come in kind of within the traditional real estate, infrastructure, private equity kind of fund structures and be co-mingled with other kinds of investments?

Jon Gray: It's possible here we'll have a bit of both. I would say in the credit area, we're doing things on a senior basis on investment-grade counterparties. That''s being done with a range of insurance companies and pension funds. Those are obviously highly rated underlying securities. And then we're taking a little more risk on the junior side of some of these transactions.

In some cases, there are separate SMAs and you could see us have something focused, for instance, in chip financing specifically. But again, the breadth of what we have in credit – $500+ billion that enables us to do a lot. I think you could see some dedicated products, but at the same time, customers also want some diversification. We spend a lot of time obviously talking about AI in this infrastructure. If you look across our trillion-four of assets today between debt and equity, it's about 7% of our total, which is still a very large number given our scale, but our clients also want other things. They want exposure to defense, they want exposure to life sciences. They want exposure to India and Japan. They want exposure to sports, warehouses, hotels, and travel. We've got to be mindful of delivering everything there will be in some cases makes sense to have dedicated vehicles, but in many cases, it will be in broader commingled vehicles.

Operator: We'll take our next question from Glenn Schorr with Evercore.

Glenn Schorr: Hi, there. You definitely partially just answered this, but I'm going to ask it anyway because I think there's a little more color to have. So recognizing this amazing AI CapEx super cycle might be once in a lifetime and huge demand for compute and the capital. I am curious on as you pursue going all-in on this**,** how you balance the potential of technological obsolescence and then concentration limits for both the fund level and the firm. I'm just curious how that comes up in your LP conversations because when you say 7% of $1.4 trillion, I'm like, "no big deal." Anyway, thanks.

Jon Gray: Yeah. We spent a lot of time, Glenn, thinking about that. I do think to emphasize the importance of our focus on the physical infrastructure and the focus on long-term contracted assets. So the vast majority of that 7% is in data centers that have 15- to 20-year lease terms at initiation with 96% investment-grade counterparties with an average market cap of $2.5 trillion.

So when we think about risk, that doesn't feel particularly risky to us. There are things we do with model companies. Some of what we're doing in our BXNI area with application software companies and what we've done in our private equity vehicle for individual investors has involved some exposure to the underlying technology. Now, to date that has worked out incredibly well, but we recognize there are risks. But we're playing across this entire space. And at the same time, we have a huge push into energy, which is benefiting from the data centers, it will benefit from robotics, autonomous vehicles, but also just from this large reindustrialization we're seeing and really the electrification of everything. And again, lots of

what we do there is long-term contracted – building power plants off our utilities, the financings that we're doing for energy companies, for LNG companies. I would say this is a place that focuses a ton on risk, on downside. Steve has always stressed the importance of not losing capital. We are very wide-eyed about what we're doing here and the way we''re deploying capital, the contracted nature of most of what we're doing, and the scale and credit worthiness of the counterparties – all of that gives us a lot of comfort.

Glenn Schorr: Thank you.

Operator: We'll take our next question from Bill Katz with TD Cowen.

Bill Katz: Great. Thank you very much. Loved hearing the substantial increase in realizations into the fourth quarter and the affirmation of the double-digit base management fee growth for next year. Maybe unpack or click into that maybe one more level – where do you see the opportunity in the realizations?

And then, Michael, as you think about the double-digit growth, is there any way to sort of frame that range out a little bit and/or which segments you really see the greatest opportunity when you look across the businesses? Thank you.

Michael Chae: Sure. Thank you, Bill. On the realization part, just to flesh that out a bit more, as we mentioned, let's take the fourth quarter first. We're in the middle of the quarter now. We have high visibility into a significant step-up in net realizations in the quarter. That's driven by closings on a number of previously announced sales, primarily in private equity.

I would say that what we have under contract that is expected to close in terms of carry realizations alone in the fourth quarter is expected to surpass the total net realization levels for the firm from the third quarter. So that's a positive. And then as you know, we have the scheduled year-end crystallizations in BXMA in the context of very strong year-to-date performance as well as a number of year-end crystallizations in our credit drawdown funds. So that's a very constructive outlook for the fourth quarter, and we see that as well for 2027.

I would just step back and say broadly whether it's the fourth quarter or next year, in an exit environment that's not been easy for the broader industry, we feel like we really do benefit from how we position the portfolio around areas the market wants. Whether it's energy, as we've talked about, power electrification, our energy private equity NAPR balance more than doubling year over year as we mentioned, life sciences, Japan, India, and Europe actually will see a pretty robust slate of exits this year recently in the leisure and gaming area.

And then from a public market standpoint, in an IPO market that's been open but highly selective, we completed nine IPOs since the summer 2025, five this year, the pipeline remains strong, and that's allowed us to liquify a good portion of our carry receivables, especially in private equity. And to be able to be opportunistic going forward, we find windows in the market with particular securities to monetize our position. So that's a bit of the backdrop.

There's obviously an inherent lumpiness with realizations quarter to quarter as you're seeing and you'll be seeing throughout this year. But overall, the underlying realization potential we think remains

substantial. And just stepping back further versus other firms, the evolution of our firm towards more perpetual capital means about half of or nearly half of our invested performance revenue eligible AUM is in perpetual vehicles, which is generating incentive fees without requiring asset sales. That we think is a fundamental advantage for our model.

On base management fees, I would just step back and say that, in terms of the path ahead, there are a handful of key drivers and I hit those in my remarks. There is a full-year benefit next year, private equity drawdowns, the third Asia fund was activated in September, the fifth energy fund hit its hard cap just after the end of the third quarter. We're finishing the SP 10 fundraise. So we expect the contribution of management fees from these new funds to build through the first half next year as fee holidays conclude and remaining fundraises progress in areas like SP. That's number one.

Second, this powerful expansion of perpetual strategies, our infra AUM is up 40% year over year. Our BXPE NAV is up nearly double year over year. BXINFRA NAV 2.5 times year over year, and strong events have been BXMA, fee AUM there up 24% year over year, record organic net flows in Q3.

Strong growth in credit and insurance across the institutional insurance channels alongside an inevitable and eventual stabilization of retail flows in the BDC area. And then the fifth piece is ultimately a stabilization in real estate. So I think when you take those pieces together, those are the building blocks and that's why we feel like we're well positioned in terms of the path ahead.

Bill Katz: Thank you.

Operator: We'll take our next question from Dan Fannon with Jefferies.

Dan Fannon: Thanks. I wanted to follow up on your comments around the real estate environment, obviously higher rates. So curious just a little bit more detail around the fundamentals and what you're seeing in that asset class?

Jon Gray: So there really are some cross currents underway here. Obviously, rates went up and that has an impact, particularly on slower growing assets – multifamily in the U.S., some of the assets in Europe. But at the same time, we're seeing accelerating fundamentals. So the sharp drop-off in supply that started, call it three years ago, is now beginning to show up. And when that limited new supply of real estate meets a very healthy economy, so strong demand, you're seeing cash flows growing nicely.

In logistics, we had a 45% increase in leasing in our US platform, which is quite large. It's our largest holding in our real estate business. Hotels nationally, same-store sales, are up 6% this year. The industry was flat last year. Obviously, data center leasing very strong across our various platforms. We're going to do six gigawatts this year, we think, which is triple what we did last year. And those three categories, when you look at Blackstone real estate, that's over 60% of our exposures are in those three asset classes. So, that is very helpful there.

At the same time, the debt market, which three years ago was facing a lot of challenges in real estate has been healthier. There are legacy deals that may be challenged, of course, and as I said, slower growth assets will be more hit by the rise in rates. But overall, the underlying fundamentals mean there is going to be a recovery here overtime. That's really the key thing. And so that's why I think the REIT market,

despite the rise in rates, is still up double-digit in the public REIT market. So, as I said, cross currents, but accelerating fundamentals.

Operator: Thank you. We"ll take our next question from Devin Ryan with Citizens Bank.

Devin Ryan: Thank you. Good morning. A question on the Vanguard and Wellington products now that they've launched, I appreciate [that] it's small today, but curious how to think about these partnerships and how to think about kind of the expansion for Blackstone into kind of new markets and new customers and kind of making sure that it's incremental versus kind of cannibalistic. But one thing kind of thinking about is whether this could meaningfully increase exposure into retirement and other advised assets that have historically been pretty difficult for private markets to reach. So I'm just curious about the bigger picture of kind of where partnerships like this could be going. Thanks.

Jon Gray: Well, I think it's very incremental. Because in many cases, we're trying to get to customers we haven't accessed. Some of it is structural. So a number of our products, to give them maximal flexibility in investing are QP, qualified purchaser, limited and therefore, accredited investors can't access them.

When you put these in a vehicle with a third party, in this case Wellington, sitting on top, you have a broader universe of investors you can sell to. And that's obviously helpful. There are some advisers and we think underlying customers who want to be able to push an easy button to not have to subscribe to four different funds or different funds plus different liquid products. So we're trying to access that market.

And then you point out in retirement, being able to give holistic integrated solutions with best-in-class products, we think that is very helpful. Now the administrative process is still going through in DC. We do think when we get some clarity on that, that will help the retirement space. Again, that's going to be a bit of a journey. But being able to make it easier to access alternatives is a path we've really been on for a quarter century with individual investors. And 10 years ago, it took a step function up when we created these perpetual products. We've been moving globally now and we have a lot of strength in places like Canada, Australia, Japan, Hong Kong, Singapore, the Middle East, even Europe. Now this is another sort of leg on that journey. We're expanding the products. We're making them easier to access this sort of one-stop shop. So I think this is just another step on that journey. It's still early days, but we do think there's a lot of expansion potential here.

Operator: Thank you. We'll take our next question from Dan Fannon with Wells Fargo.

Dan Fannon: Hi, good morning. The insurance segment is running mid-teens and you mentioned today more than 20 clients have expanded their relationship in the past 12 months. Could you talk about the competitive backdrop and the ability to sustain this growth? And then also maybe touch on the fee rate of the incremental mandate in insurance versus the existing portfolio? Thanks.

Jon Gray: Sure. I'll let you handle the fee part, Michael. On the competitive dynamic in the market overall, we really like our position in the insurance market because we are independent and we're not insurance companies ourselves selling products against others. And our focus is on being a third-party investment manager. It gives us a pretty big universe to serve. And what we're seeing with our clients is they're starting in one area with a separately managed account and then broadening. We're continuing to get more and more exposure.

And it really started with sort of the big four strategic accounts, what's growing the fastest today are the rest of the clients who are getting more and more exposure. And what they're finding is that as capital intensity is going up in the economy, the ability to access these investments from someone like us – an independent third-party manager who has expertise in underwriting data centers or energy infrastructure or all sorts of companies and hard assets and the fact that we can aggregate that at-scale and deliver them call it 150 basis point premium for comparably rated public credit – they're finding that highly attractive.

And I would say the openness to what we're doing with insurance clients, not just in the U.S. but in Europe and Asia increasingly, that is really growing. So we think that scale in this market is important. It's hard to enter because you've got to have the ability to write multi-billion dollar checks. We have that ability with our model and we're doing it, as you know, on an asset-light basis.

And so I just think this is – it's something that the insurance market from a competitive standpoint is now recognizing that they need to have this capability. When they're looking for third-party managers, there's not a big universe of people doing this at scale. And the other alternative managers who have different models who own insurance companies, they're obviously very capable, they're competitors in this field. But it's a pretty limited universe of who can write checks and underwrite these transactions.

And so, we would expect we'll continue to see growth in this insurance space and continue to see a lot of growth around asset-based financing. And by the way, one other thing I'd add is the fact that we have such robust institutional business for the junior piece of these transactions is a very helpful component when we're out there competing.

Michael Chae: On the fee rate part, there's a range, of course and it's client specific and its strategy specific. And we have IMAs and SMAs, as you know, and as well as sort of what the scale of the relationship is. Overall, I would say it averages in a range of 40 to 50 basis points. But again, there's variability there. The margins are attractive and it is very scalable. We talked about crossing the $300 billion AUM mark. And more importantly, our ability to originate and deliver excess spread to our clients scales as well.

Dan Fannon: Thank you.

Operator: Thank you. We'll take our next question from Brian Bedell with Deutsche Bank.

Brian Bedell: Great. Thanks. Good morning, folks. Thanks for taking my question. Maybe, Michael, just to go back to following up on Bill's question on the base management fee growth, in particular, the double-digit range. Just in terms of you laid out all the different conditions that are going to contribute to that, which is great.

One, a couple I wanted to touch on were the dry powder and credit, which has expanded pretty substantially, the potential for deployment to contribute to that fee growth. And then what would hold it back from getting into, say, the mid-teens, on a year-over-year basis?

And then just to the extent that you are able to generate solid double-digit base management fee growth, how do you view scaling the FRE margin? Probably earlier in this decade, obviously, that we saw a very

robust margin expansion along with really strong base management fee growth. So would you expect to see a better scaling in the next one to two years versus the prior two to three years?

Michael Chae: Brian, a few parts to that. In terms of credit and deployment, you mentioned the dry powder balance, it is substantial. It's $87 billion just for the BXCI portion. If you include BREDS, it's $96 billion. And I think you're seeing particularly in the infrastructure and asset-based credit area, which overlaps heavily with private investment grade. That deployment – and we talked about the qualitative drivers behind that – really is a robust environment. We do see acceleration there.

The AUM in our IABC area was up 31% year over year and that will come more and more into fee earning AUM as invested. The opportunity set is broad and obviously, we continue to fundraise there. So I think that's how to think about the dynamics in credit. I think in terms of what could sort of constrain it one way or the other, I think it's fair to say the – a bunch of that is embedded. Obviously, those drawdown funds that are going to have full-year fees next year. Those are more in the private equity segment in particular. Those are more or less built-in.

The big portion that perpetual fund fee growth, that tremendous built-in NAV growth, broader base entering 2027, but one variable at the margin one way or the other is obviously somewhat market dependent around performance and flows in the course of the year.

And then finally, a factor is clearly the sort of stabilization and inflection point around the real estate segment as it relates to base management fees and also the BDC portion of credit. So, the timing of that, we know what we believe we know what the end game is, which is stabilization and inflection, but the timing of that is a variable as well. And then I just think on scalability and margins, we see it as scalable with the operating leverage built into that that we've seen across our firm over the long term.

Brian Bedell: That's great color. Thank you.

Operator: We'll take our next question from Brennan Hawken with BMO Capital Markets.

Brennan Hawken: Good morning. Thanks for taking my question. Michael, have another follow-up on that. So, you just activated your secondaries flagship, you spoke to robust fundraising that you expect through next year. So that's going to contribute some catch-up fees. Is the low double-digit expectation on a core basis or would that include the catch-up fees?

And then also, earlier in the year, you guys spoke to 4Q potentially benefiting from some of these great things that you had highlighted in driving that. How will 4Q bridge us as we get into 2027? Last quarter, you had given a lot of clarity on this quarter. So, should we see a step-up and what kind of order of magnitude would that be? Thanks.

Michael Chae: Sure. On the second part in terms of Q4, I think that we expect to see, I would call it modest sequential growth quarter over quarter before this acceleration into 2027. And I think I mentioned earlier, especially as these drawdown funds start to season in, you'll see in the middle of the year, that step-up even further.

And then in terms of your first question. That's a simple answer, which is when we talk about low-double digits, we're talking about the full-year of base management fees over the full year in 2026.

Brennan Hawken: Okay. So inclusive of all of-the above. Got it. Thank you.

Michael Chae: Yes.

Operator: We will take our next question from Mike Brown with UBS.

Mike Brown: Great. Good morning. Thanks for taking my question. Can you just talk a little bit more about the retail channel right now? Just what are you kind of seeing in terms of demand across the platform? And as we think about this higher-rate backdrop, what are you observing in terms of asset allocation shifts in terms of new dollars being put to work?

And then on some of these newer perpetual products, any view into how these could scale relative to some of your other successful products like BXPE and BXINFRA? Thank you.

Jon Gray: What we've seen overall has been more resilience than I think market participants expected. We had all this noise around private credit you know the flows into that area obviously slowed in response. And yet we raised $9 billion in wealth in the third quarter. There was also a lot of volatility on the screen and our AUM in this space is up 15% year on year. So, to me, that says there's a lot of desire for the type of products we're offering with the structure and the performance we're delivering. But you know, if markets go down a lot, that can impact things, if headlines are tough. But what we've been watching here is steady growth and we expect this growth to continue. We think it will be more-and-more global. It will be through the wirehouses and the RIAs and it will be new products.

I think the hedge fund product is particularly exciting. Again, it speaks to the scale and breadth of Blackstone that we're the leader in that space globally, for institutions, now we can offer something very targeted for individual investors. And again, what we have to do is deliver strong performance and, in that case, limited volatility. And if we do that, that can scale and grow to be a large product. And I think there's more we can do over time. This platform we have is remarkable and the strength of the Blackstone brand is remarkable.

And it's what enabled us to run a business on a capital-light basis since we started. Since Steve created this firm, we use very limited capital for what we do and we rely on our expertise, our people, our track record, and delivering strong performance. And in the wealth channel, I think we've done that exceptionally well across asset classes and that bodes well both for the existing products and for new products we'll create.

Michael Chae: I might just also add to put a fine point on that. BXINFRA, I would say its "quote" – only $7 billion. Our distribution strategy around that has been intentional and selective globally. And so, the performance has been terrific. The asset class is obviously so large on a global basis. So, I think we see a lot of runway on that to scale. Jon mentioned the hedge fund area, where I would just add, the hedge fund area, I think broadly has come back into favor with a lot of investors. I think that's been driven particularly by multi-strategy strategies that have shown you can deliver double-digit absolute returns with less correlation, more market neutrality. And a lot of what we're doing are our version of that,

leveraging our platform and I think very compelling fees and liquidity provision. And that's an area that's been hard to access in terms of that performance. So we're very bullish about that.

As Jon said, there's other white space. There are things in the lab around new flagship strategies. And then this multi-asset space – that is a long-term game, but ultimately very scalable.

Mike Brown: Thank you both.

Operator: Thank you. We'll take our next question from Benjamin Budish with Barclays Capital.

Benjamin Budish: Hi, good morning, and thanks for taking my question. I wanted to follow up on, I think this was Glenn's question from earlier. I think he had asked about Blackstone's concentration. I'm curious if you could talk about how your insurance LPs are thinking about concentration in AI-related debt. It seems like the press and some of the kind of industry data out there, which suggest it's small but growing very rapidly. So as AI CapEx infrastructure finance financing is picking up, how much like incremental appetite is there from your insurance clients? And to the extent that they may start to get tapped out, is this where the sort of third-party kind of traditional institutional IG credit narrative comes into play or how else do you think about placing all of those assets? Thank you.

Jon Gray: Well, it's an important question. For our insurance clients, their exposure, as you would imagine, are to the biggest hyperscalers. What we're seeing them do in a number of cases is potentially sell liquid corporate bonds in exchange for some of the asset backed. So, you have exposure to Microsoft or Meta or so forth and they're thinking about their exposure to an individual name. And when they look at what we're doing in asset-based financing and the additional spread they can earn for the same underlying credit as well as the support of the physical asset, they think about that as an attractive trait. So, we're seeing some of that.

But yes, they're mindful of their exposure. One thing that I think will evolve over time is an understanding that the compute itself has value. When you look at the airline business, you know, lending against aircraft is an investment-grade business, not because Spirit Airlines or an emerging market airline has great credit themselves, but it's because of the shortage of commercial aviation in the world.

Today, when it comes to compute, be it data centers or chips, people are not putting much value on the underlying assets. They're solely looking at the credit of the counterparties. I think that will evolve over time, which will expand some of the capacity these insurance companies have. But I do think it's fair to say today, right now, there is focus on that. I do think that means a broadening of markets. I do think for us, it means pension funds and wealth funds starting to look at the excess spread in the private investment-grade market. I think over time, obviously, there'll be more ownership by mutual funds than others as well. So I think this does need to broaden. But I do think the most positive thing here is the underlying asset class has a lot of value and we haven't yet tapped into that. There's really just focus on the underlying name without any credit for the actual assets themselves.

Benjamin Budish: Okay. Thanks, Jon. Very helpful.

Operator: We will take our next question from Ken Worthington with JP Morgan.

Ken Worthington: Hi, good morning and thanks for taking the question. Multi-asset, strong inflows in 3Q, I think by far a record. Can you give us more color on the sales success you had for the quarter? And then what does the organic growth look like as we think about 2027? And can you expand the fee rate from here? Thanks.

Jon Gray: Yeah. This is really exciting for us. Our absolute return, our hedge fund business, BXMA, had been pretty flat for a long time. And under Joe Dowling, new leadership there, not so new anymore, six-plus years. He has done an extraordinary job turning around performance. The fact that we've beaten 60-40 over that period of time by nearly 200 basis points annually and doing it without any down quarters in the flagship strategy is extraordinary.

And clients are responding to that. And we're seeing that growth, to your question in sort of the general absolute return business that we have there. We're seeing strong performance in the multi-strat business. We've begun to build a very high-end wealth business there for a select group of clients that's also performing incredibly well.

And then we have a liquid business, Harvest, focused on MLPs and energy infrastructure, that's doing exceptionally well. And now we have a new engine here with BXHF. And so, when we look at this aggregately, this feels like a business that should continue to grow. I dont know what the right number is. Is it 20-plus percent a year? It's obviously a function of what happens inside of the business in terms of returns, but strong returns with less in the way of net outflows, more in inflows.

All of that makes us feel like this is a business that is on a path again to really start to scale.

Michael Chae: And I'd just add, Ken, you asked about sort of fee rate and pricing, as Jon mentioned, different component businesses and what you see in aggregate is a blend, but it's a very positive picture at the individual division level. In our absolute return area, you have seen versus historical trends, the stabilization of average fee rate, that's both because the commingled portion of that has, I think, resurged in popularity at a higher blended fee relative to customized. In the multi-strat area, we're seeing flows growth there and performance growth and that is given the nature of the strategy at a higher-fee rate.

And then you have things like our total portfolio management wealth area, which on average comes obviously at a lower fee rate with very good growth. So, the output of that I think is a positive and a positive versus sort of what the dynamics were around fees and pricing a number of years ago.

Ken Worthington: Wonderful. Thank you very much.

Operator: We will take our next question from Arnaud Giblat with BNP Paribas.

Arnaud Giblat: Good morning. A quick housekeeping question for me. You've got a number of funds coming up to the 10, 11, 12-year anniversaries, which is usually the end of their investment period. Should we expect some step-downs in the coming quarters? Thank you.

Michael Chae: Yeah. Arnaud, that it's obviously sort of that's been built into our results for many years. You saw actually in this quarter in the BREP area that last quarter, in the middle of the quarter BREP 8 reached the end of its fund life. So, there's a termination that actually we had a full quarter of that – this

quarter, which actually was the biggest factor in sort of the management fee quarter-over-quarter dynamics, then there's other dynamics around that across the suite of older legacy funds in our business. But that would be the most notable one, but that will occur as it has been for years in our business. But when there are meaningful developments like the one I just mentioned, we'll expect to call it out for you.

Operator: Thank you. We'll take our next question from Patrick Davitt with Autonomous Research.

Patrick Davitt: Hey, good morning, everyone. My question is on direct lending dynamics. You mentioned institutions leaning into what looks like a better deployment opportunity, but broader deployment data we can see remains pretty constrained. So, could you give a bit more specifics on how direct lending pipelines are looking and to what extent the improved spread in terms many players have been talking about has continued and/or improved through today? Thank you.

Jon Gray: So, Patrick, what I'd say is as transaction activity slowed in the third quarter with the volatility, obviously that had a direct impact on direct lending activity. So, I don't think that is a surprise. And on the pricing, I think what's been beneficial has been the rise in base rates in both the U.S. and Europe. We haven't seen a lot of spread widening. Spreads have hung in there pretty well and it's tied to the fact that underlying portfolios are really strong. I mean, we saw in our BCRED portfolio double-digit EBITDA growth for our borrowers. Debt service coverage ratios are 2.3x. There is a tale of some of the legacy older deals, but that's a small minority. Overall, we're seeing pretty good credit health out there. And on new deals, it is competitive. I'd say it's balanced in terms of capital. So, benefit from higher base rates, but spreads, I'd say, pretty constant.

Patrick Davitt: And seeing any improvement in pipelines?

Jon Gray: I wouldn't say as of now, I mean, I think again, all the volatility has slowed the deal business, but there is a desire, I think, for a lot of transaction activity. And as we've talked about, companies are performing really well. I mean, if you look across the Blackstone portfolio, double-digit revenue growth. So, I think as soon as we get a little bit of terra firma in the overall sort of geopolitical world, I think you will see a step function increase in transaction activity.

Operator: Thank you. We'll take our final question from Crispin Love with Piper Sandler.

Crispin Love: Thank you. Good morning. Can you dig into the real estate management fee trajectory? FPAUM the quarter was flat there, but management fees were down and I appreciate that the transaction and other fees was a driver of total fees. But what's the outlook for the base management fees in that segment? What needs to happen for those to stabilize and turn positive? Just curious on some of the puts and takes there. Thank you.

Michael Chae: Yeah, I think actually, in terms of the third quarter and sequentially on the dynamics there. I think with Arnaud's question that the biggest factor there was this fund termination of BREP 8 late in the second quarter, which we had a full quarter effect of this quarter. We've mentioned before with, I think to a lesser extent this quarter BPP where there have been headwinds there around lower NAV and certain fee incentives to encourage duration of capital. So those are some of the dynamics there.

I think in terms of the outlook, we'd expect real estate base management fees to remain broadly stable through the year end and into 2027 and then and sort of the structural dynamics, as you know, are we're currently in a period between major drawdown fundraises, which has its effect on that sequential growth and then the core-plus institutional headwinds I mentioned, but offsetting that BREIT being back in growth mode with improving flows and obviously strong performance. So, I go back to in terms of the outlook, we see from here sequential stability in the coming quarters.

Operator: Thank you. That will conclude our question-and-answer session. At this time, I'd like to turn the call back over to Weston Tucker for any additional or closing remarks.

Weston Tucker: Great. Thank you, everyone, for joining us today and we look forward to speaking after the call. Take care.