Blackstone Fourth-Quarter and Full-Year 2024 Investor Call
January 30, 2025, at 9:00am ET

Weston Tucker: Good morning and welcome to Blackstone's fourth-quarter conference call. Joining today are Steve Schwarzman, Chairman and CEO; 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-K report later next month.

I'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.

Quickly, on results: We reported GAAP net income for the quarter of $1.3 billion. Distributable earnings were $2.2 billion, or $1.69 per common share, and we declared a dividend of $1.44, which will be paid to holders of record as of February 10th.

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

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

Blackstone just reported one of the best quarters in our history. Distributable earnings increased 56% year over year to $2.2 billion, as Weston mentioned, underpinned by record FRE.
Our limited partners entrusted us with $57 billion of inflows just in Q4 and $171 billion for the year, reflecting strong momentum across the institutional, insurance and private wealth channels. Of particular note, we raised $28 billion in private wealth in 2024, including $23 billion in the perpetual strategies – nearly double – I'll repeat that, nearly double what we raised from individuals in these strategies in the prior year. And all signs point to further acceleration in 2025. After quarter end, in January, we raised an additional $3.7 billion for our private wealth perpetuals, including the launch of our new infrastructure vehicle, representing a powerful affirmation of our unique position in this channel. We believe our $260 billion private wealth business is multiples of the size of our next-largest competitor.

The largest single contributor to the firm's financial results in the fourth quarter was our dedicated infrastructure strategy, BIP, which generated $1.2 billion dollars of fee revenues.
BIP has delivered remarkable investment performance since inception only six years ago, including 17% net returns annually for the commingled strategy. This performance has fueled exceptional growth, with AUM today of $55 billion, up 34% just in the past year alone.
BIP anchors a broader infrastructure platform at the firm that exceeds $120 billion across equity,

credit and secondaries. In a relatively short period of time, we've established one of the world's largest infrastructure businesses.

Our success in this area is a powerful illustration of how we build an enduring, leading business at Blackstone. It reflects the same blueprint for how we've been able to grow from $400,000 in start-up capital in 1985 to more than $1.1 trillion of AUM today – the largest alternative asset manager in the world – and why I believe we will continue to achieve strong growth in the future. It starts with innovation as a core competency of the firm, as we are always working to identify the next paradigm shift in the market. We evaluate whether we can create something truly differentiated for our LPs; whether the opportunity can be scaled significantly; and if we have the right team to lead it, drawing upon the firm's deep well of talent. Importantly, any new area must also add to the firm's intellectual capital and create synergies with our other businesses to make the rest of the firm better.

We had carefully considered infrastructure as a standalone business for a number of years. We'd been investing successfully in energy infrastructure projects for over a decade in both our private equity and credit funds which, along with our extraordinary real estate franchise, made infrastructure a natural extension as a new business line. In 2017, we saw a historic investment opportunity emerging in the US and around the world, and made the decision to launch a dedicated strategy. We identified a talented individual in our PE energy area, our partner Sean Klimczak, to lead the new business. And we began raising capital in 2018, supported by an anchor commitment from an important limited partner.

Today, with $55 billion and outstanding investment performance, BIP has exceeded our initial and predictably very high expectations. The team has done an exceptional job of portfolio construction, focused on compelling thematic areas including digital infrastructure, energy and power, and critical transportation infrastructure. And we see enormous runway ahead. Massive funding needs for projects globally mean there are more opportunities than available capital. We envision a growth path for our infrastructure business that parallels that of our real estate business, including geographic expansion, new client channels, and moving across the capital structure and risk/return spectrum. We started raising a European infrastructure perpetual vehicle last fall; and earlier this month, as I mentioned, launched a vehicle designed to give individual investors access to the full breadth of our infrastructure platform. Over time, we also see opportunities in Asia and the potential for sector-specific strategies.

The growth of our infrastructure business was greatly helped by the other businesses at Blackstone, and the firm's resources around the globe. These advantages included sourcing opportunities from, and investing alongside, our other funds. For example, BIP joined our real estate team in 2021 to privatize the QTS data center business, which has become the largest and fastest growing data center platform in the world. And now our leadership position in data centers is creating additional synergies across the firm, enabling us to address many new opportunities. And as BIP has continued to scale, it has, in turn, enhanced the firm's intellectual capital, relationships and deal-flow, supporting our growth in other areas, including our $90 billion infrastructure and asset-based credit platform, our infrastructure secondaries business, and our dedicated energy and energy-transition focused funds.

What I'm outlining this morning is just one compelling proof-point of the power of the Blackstone platform. We designed the firm from the beginning to work this way - with each business making the others stronger. This "network effect" sets Blackstone apart in the asset management area and underpins the strength of our brand. It acts as an accelerant for the firm's overall growth. When our clients have a positive experience in one area, they are much more likely to invest in additional Blackstone products and support our expansion. Building things organically from the ground up is challenging; it takes time and involves up-front costs. However, we think our approach ultimately creates a stronger, more integrated firm, as well as significant economic benefits, as compared to a strategy of bolt-on acquisitions. And it preserves and perpetuates our unique culture – which is foundational to the firm's success.

As we head into the new year, we are moving into an environment where we see consequential tailwinds for our overall business. Market participants have been focused recently on volatility in the US Treasury yields, reflecting persistent inflation concerns in the context of resilient US economic growth, as well as policy uncertainty. With respect to inflation, what we see, based on our expansive portfolio and our proprietary data, is that the US is continuing on a path of disinflation, albeit at a more moderate pace than before. On policy, while there are different factors to consider, I believe the direction of travel fundamentally is toward policies that are pro-growth and pro-deregulation, which ultimately should be quite positive for our business.

In closing, the power of Blackstone's platform will continue to drive us forward. Our positioning has never been stronger, nor our prospects brighter. I couldn't be prouder of our people and their dedication to serving our investors.

With that – I'll throw the ball over to Jon.

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

This was an outstanding quarter for Blackstone. Steve highlighted the power of our platform, and I'll take you through three areas where that power was on full display: (1) our large-scale deployment; (2) our continued momentum in credit and insurance; and (3) the acceleration in our fund-raising, including both private wealth and the institutional channel.

Starting with deployment. Over the past twelve months, we've been talking about a strengthening transaction environment, and our desire to invest significant capital in anticipation of improving markets. We're pleased to say that we deployed $134 billion in 2024 – up 81% year over year – planting the seeds of future value at what we believe is a favorable time. The combination of a healthy US economy, historically tight financing spreads, greater debt availability, the prospects of a more business-friendly regulatory climate and, importantly, accelerating technological innovations, have given us confidence to deploy capital at scale.

We invested or committed $62 billion in Q4 – our most active pace in two-and-a-half years. New commitments in the quarter included fast-growing franchise business (and very tasty) Jersey Mike's; the privatization of a grocery-anchored retail REIT – our third take-private in real estate in 2024; and a luxury mixed-use complex in Tokyo, representing the largest-ever real estate transaction in the country by a non-Japanese investor.

In credit, we reported record deployment for both the quarter and full year, including a $3.5 billion financing for EQT Corp – one of the largest natural gas producers in the US. This venture is an excellent illustration of the scale of what we're doing today in the investment grade private credit space, and our position as a trusted solutions provider to many of the world's leading corporations. We leveraged the full breadth of our platform to design a custom solution across the capital structure for the borrower, secured by the long-term contractual cash flows of their critical pipeline infrastructure. For our clients, we provided access to a high-quality, directly originated investment. And we executed the transaction, as always, without taking on balance sheet risk. We see a significant opportunity for more corporate partnerships over time, given the scale of our platform and our reputation.

Stepping back, our credit and insurance business continues to see huge momentum, following a remarkable 2024. We've built a private credit juggernaut, and the largest third-party business of its kind in the world, with over $450 billion of total assets across corporate and real estate credit. Inflows for the combined platform exceeded $100 billion in 2024, comprising 60% of the firm's total inflows. Our non-investment grade private credit and real estate credit drawdown strategies appreciated 16% and 18%, respectively, for the year. These are extraordinary results for performing credit, underpinning robust investor interest in these areas. We're also seeing strong traction for our investment grade private credit offerings as I noted, and now manage over $100 billion in that area, up nearly 40% year over year – virtually all on behalf of insurance clients, but we are now seeing receptivity from pensions and other LPs as well.

In the insurance channel specifically, our business has reached nearly $230 billion, up 19% year over year, invested across IG private credit, liquid credit and other strategies. Today, we have 23 SMA clients in addition to our four large strategic relationships. We placed or originated $46 billion of A-minus rated credits on average for our private-IG focused clients in 2024 – up 38% year over year – which generated nearly 200 basis points of excess spread over comparably rated liquid credits. We've achieved these results while remaining true to our capital-light, brand-heavy, open architecture model, designed to serve a multitude of insurance clients without taking on any liabilities.

Resolution Life, one of our four strategic relationships, is a perfect validation of our model. Last month, Nippon Life – the largest Japanese life insurer and an existing Resolution shareholder – announced it would acquire the remainder of the company it didn't already own, at a $10.6 billion valuation. Blackstone had taken a small 6% stake in Resolution in 2023 alongside other LPs, in connection with becoming the company's asset manager for private and structured credit. Nippon's investment will monetize our stake, deliver an attractive gain to our LPs and the firm, all while positioning Resolution to accelerate growth under an extremely well-capitalized and capable parent. Importantly, we will remain Resolution's investment manager going forward, and we are excited to partner with Nippon on this next stage of the company's development.

Turning to private wealth, where our momentum accelerated significantly in 2024. 2025 is off to a terrific start. We are uniquely positioned in the wealth channel given the breadth of our product line-up, our performance and the power of our brand. Sales in the channel exceeded $28 billion in 2024, as Steve noted. BCRED led the way, raising over $12 billion for the year, driving 36%

year-over-year growth in NAV. Our private equity strategy, BXPE, has already grown to over $8 billion in its first year, including January sales. And for BREIT, flows trended favorably, with net repurchase requests in December down 97% from the peak.

We raised an additional $3.7 billion for the private wealth perpetuals in January, as Steve highlighted, marking their best month of fund-raising from individuals in over two-and-a-half years. This included more than $1 billion each from BCRED, BXPE and our new infrastructure strategy. The launch of the infrastructure strategy marked the largest-ever first close for a vehicle of its kind and was five-to-six times the size of competitors' product launches. To give you a sense of the strength of our brand in this channel – over 90% of advisors who allocated to this strategy had previously allocated to another Blackstone perpetual vehicle; and over 50% allocated to all four of our perpetual flagships. BREIT's exceptional performance – 9.5% net annual returns since inception for its largest share class through a real estate superstorm – has helped us here a lot. We're now in the process of launching our multi-asset credit product as discussed previously, targeting the first half of this year. We see enormous opportunity ahead in the $85 trillion private wealth market.

Our drawdown fund area is also benefiting from robust client engagement today, with the tenor of discussions feeling far better than it has in several years. We held major closings in Q4 for our real estate credit flagship, bringing it to $7.1 billion so far; European real estate, which has raised $9.5 billion to date; and our private equity energy transition strategy, which has raised $5.2 billion – all of which will soon complete fund-raising. We raised additional capital for our credit opportunistic strategy, bringing it to over $4 billion, and held initial closings of $1.6 billion for our new life sciences flagship, targeting at least the size of the prior $5 billion fund. We will also soon begin raising the new vintages of a number of other highly successful strategies, including private equity Asia – for which we expect very significant closings in the coming months – along with private equity secondaries, GP stakes and tactical opportunities. Overall, the fund-raising outlook is quite positive for the firm.

Investor affinity for Blackstone is as high today as ever, and it all ties back to investment performance. As you'll hear from Michael in a moment, we again reported strong returns across nearly every area of the firm in the fourth quarter. Our LPs have benefitted significantly from the way we've positioned the firm and their capital, including building the largest third-party credit complex; the largest data center business; one of the largest energy infrastructure platforms; a leading life sciences business; and what we believe is the largest alternatives platform in India. These areas have continued to outperform, and we believe will drive outstanding future results for our clients as well.

In real estate, however, our equity-oriented funds were down in the fourth quarter as the portfolio absorbed the 80-basis point increase in the 10-year Treasury yield, and our non-US holdings were also impacted by the stronger US dollar. We wouldn't expect to see a move of this magnitude in Treasury yields going forward, given the underlying inflation data. And while disappointing in the near term, our portfolio is in excellent shape, with cash flows growing solidly overall, across virtually all our real estate strategies.

One year ago, we said that real estate values were bottoming, but that the recovery would take time and was unlikely to be "V-shaped." That's exactly what happened. We remain firm believers that a sustained commercial real estate recovery is underway. Debt markets have vastly improved, as borrowing spreads tightened by approximately 50% from the 2023 wides, and CMBS issuance was up nearly three-fold in 2024. At the same time, new construction starts are down dramatically for virtually all types of real estate, including by two-thirds from 2022 levels in US logistics and apartments – our largest sectors. Meanwhile, demand is resilient, with the potential for acceleration in the context of a stronger US economy. Given our conviction, we deployed $25 billion in real estate in 2024, up nearly 70% year over year – and we expect to continue to deploy at scale. Real estate is a cyclical asset class that has been through a cyclical downturn – and we believe Blackstone is the best positioned firm in the world to benefit from the recovery.

In closing – the firm is in terrific shape by any measure. We expect to achieve great things on behalf of all our investors.

With that, I'll turn things over to Michael Chae.

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

Our fourth-quarter results represented an exceptional finish to an outstanding year, and we enter 2025 in a position of significant strength. I'll first review financial results and will then discuss investment performance and the outlook.

Starting with results. We reported the best quarter of fee-related earnings in the firm's history, and one of the two best quarters of distributable earnings. We saw the full benefit of multiple drawdown funds that were activated throughout the year; key perpetual strategies continued to scale significantly, including the very notable contribution from the BIP infrastructure business; and we believe net realizations have begun to move off cyclical lows.

First, with respect to fee-related earnings. In the fourth quarter, FRE grew a remarkable 76% year over year to a record $1.8 billion, or $1.50 per share. Management fees rose 12% to a record $1.9 billion, including the 60th straight quarter of year-over-year base management fee growth at the firm. We activated the investment periods for multiple major drawdown funds in 2024, which contributed full fees in Q4. Alongside that, key perpetual strategies BIP, BCRED and BXPE continued to grow in scale and contribution to the firm's financials, with their combined NAV up nearly 50% year over year. Fee-related performance revenues increased more than eight-fold year over year in Q4 to $1.4 billion, driven by: BIP's major scheduled crystallization event, with respect to three years of substantial accrued gains; BXPE's first significant crystallization event, with respect to full-year 2024 gains; and the steadily growing contribution from BCRED and our direct lending platform overall, with a 47% year-over-year increase in these revenues for the credit and insurance segment.

In terms of distributable earnings: DE grew 56% year over year to $2.2 billion in the fourth quarter, or $1.69 per common share. In addition to the strong growth in FRE, net realizations increased 42% year over year to $601 million – the highest level in ten quarters. We executed a number of realizations across both the public and private portfolios in the quarter, concentrated in corporate private equity. These included the sale of public energy positions, along with the IPO and sale of a portion of our stock in an India-based company at a multiple of invested capital of over five times, with the stock trading up further since then.

In addition, our multi-asset investing segment, BXMA, generated outstanding investment performance in 2024, including the best year for the absolute return composite in 15 years. BXMA crystallizes incentive fees for most of its open-ended strategies annually in Q4, and the segment's performance revenues increased 144% year over year to $338 million.

Now, turning to the full year. The firm delivered strong results amid a complex external environment in 2024, with robust growth across all key financial and operating metrics. Distributable earnings grew 18% to $6.0 billion. Fee-related earnings increased 21% to a full-year record of $5.3 billion. Net realizations rose 12% to $1.4 billion, supported by the strong performance in BXMA – and yet another example of the benefits of our diverse business mix. The firm's expansive breadth of growth engines lifted total AUM up 8% to more than $1.1 trillion – another record – with $171 billion of inflows for the year. Inflows, deployment and overall fund appreciation all accelerated meaningfully in 2024, expanding the foundation of future value. We achieved these results against a backdrop where the market for large-scale realizations was very challenged for much of the year, and the significant underlying earnings power of our real estate business has yet to reemerge – reflecting the breadth and "power of our platform," that Steve and Jon described.

Moving to investment performance. The firm delivered strong returns in almost every area in the fourth quarter. In corporate private equity, the funds appreciated 4.9% and 17% for the full year. Our operating companies overall reported stable, mid-single digit year-over-year revenue growth in the quarter along with continued notable margin strength. Our infrastructure business reported 4.8% appreciation in the fourth quarter and 21% for the year.

In credit, our non-investment grade private credit strategies generated a gross return of 3.1% in the fourth quarter and 16% for 2024. We continue to see resilient fundamentals across the credit portfolio, and the LTM default rate across our 2,000-plus non-investment grade credits remained under 50 basis points. BXMA reported a 3.7% gross return for the absolute return composite – the 19th consecutive quarter of positive performance – and 13% for the year. BXMA has generated compelling, all-weather returns in liquid markets, helping to insulate our LPs from the volatility of the past several years. Indeed, since the start of 2021, BXMA's cumulative absolute return composite, net of fees, is 34%, or nearly double the traditional 60/40 portfolio.

In real estate, the opportunistic funds declined 5.1% in the fourth quarter and 4% for the full year; while the core-plus funds declined 0.8% in the quarter and were stable for the year. As Jon discussed, the fourth quarter was impacted by the sharp increase in Treasury yields and the stronger US dollar.

Outside of our major reported business lines, the growth and performance of other key strategies further highlight the firm's ability to innovate and build businesses. Our dedicated life sciences platform delivered standout performance in 2024, with the funds appreciating 11.3% in the fourth quarter and 33% for the full year, driven by the achievement of positive milestones for multiple treatments under development. Our real estate credit high-yield drawdown funds appreciated 4.4% in Q4 and 18% for the year, underpinned by resilient credit performance in its real estate loan portfolio. And our GP stakes business appreciated 4.1% in the fourth quarter and 28% for the year, reflecting its focus on top-performing managers in private markets. The resiliency and strength of the firm's investment performance continues to power our growth.

Turning to the outlook. The firm is advancing with strong momentum across multiple drivers. First, in our drawdown fund area, in 2025 we will see the full-year benefit from funds that were activated throughout 2024. Second, our platform of perpetual strategies has continued to expand overall – now comprising 46% of the firm's fee-earning AUM – setting a higher baseline for management fees as we enter 2025. In addition, BXPE is now eligible to generate fee-related performance revenues on a quarterly basis; and our infrastructure strategy for individual investors, in its first year, will be eligible in Q4 of 2025 with respect to full-year 2025 gains. And while BIP's significant Q4 crystallization event will not recur in 2025, we do expect smaller crystallizations periodically starting in the second quarter of this year. Third, there is significant underlying momentum in our credit and insurance business, as you've heard this morning. The segment's FRE and DE grew 26% and 24%, respectively, in 2024; and with robust inflows and record deployment, the business is exceptionally well positioned to deliver strong financial performance again in 2025.

Finally, with respect to realizations. We see a much more constructive environment for realizations in 2025. In the near term, we would expect disposition activity to be concentrated in our private equity strategies, as real estate exit markets strengthen over time; and for overall activity levels to be meaningfully higher in the second half of the year. Meanwhile, net accrued performance revenue on the firm's balance sheet stood at $6.3 billion at year-end, or $5.14 per share; and performance revenue eligible AUM in the ground reached a record $561 billion. These are strong indicators of our future realization potential.

In closing, we are highly confident in the multi-year picture of growth at Blackstone. The power of our platform has driven extraordinary results for our investors, and we believe it will continue to do so in the future.

With that, we thank you for joining the call and would like to open it up now for questions.

Moderator: Thank you. As a reminder, please press star one to ask a question. We ask you limit yourself to one question to allow as many callers to join the queue as possible. We'll take our first question from Dan Fannon with Jefferies.

Dan Fannon: Thanks. Good morning. Jon, was hoping you could expand on some of the fundamentals you're seeing in the real estate market that gives you the confidence on the recovery. And while the recovery has been slow, as you highlighted, in 2024, how do you see that ramping in terms of 2025?

Jon Gray: Good question. I would say when we think about the conditions for a real estate recovery, you look for a number of things. First, you obviously want demand, which is tied to economic growth. And we've got a pretty healthy US economy, which leads to demand for logistics, and apartments and hotels. So, I think if the economy accelerates further, that's certainly a positive. Then, of course, supply, which I think is the key element here. We've seen a decline from 3+% new supply – starts back in 2022 in logistics and rental housing, our biggest areas. That's declined now to 1%, so a two-thirds decline, which is very helpful. So, we think cash flows, you know, as we move over time will be pretty good. They actually have been strong throughout this challenging period the last few years. What's really hit real estate, of course, has been the cost of capital. And there, what we see is spreads have tightened quite a bit. Overall borrowing costs have gone from, say, 9% to 6%. That's obviously helpful. And the availability of capital has improved.

So, CMBS last year was up three-fold. And that's obviously very important for transaction activity. In the near term, that 80-basis point move, as you saw in our numbers, obviously had a negative impact. But that's now been absorbed by the market. And so, I think the combination of favorable cash flows, and probably a more stable rate environment going forward, gets us on this path. Ultimately, hard assets have to revert to replacement costs. And with a growing economy, you need more real estate. And so, rents, and ultimately values, have to grow. So, the path of travel is clear. The slope may be a little different. But the reason we're leaning in is because we see that we're firmly on this recovery path for real estate.

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

Craig Siegenthaler: Good morning, Steve and Jon, hope you're both doing well. We wanted to circle back on Michael's monetization commentary and the expected ramp in transaction activity. Blackstone is still a net buyer of assets, but given the macro set up with the high stock market valuations and anticipated rise in IPOs, when do you expect to inflect and be a net seller of assets in Corporate Private Equity? And then on Michael's prepared comments again, how far behind is the real estate cycle relative to private equity?

Jon Gray: So, Craig, I think a few things. The environment is clearly here getting better. Again, the strength of the economy, the health of the equity market, the S&P being up 60%. The IPO market, the pipeline for IPOs now is double where it was a year ago. Those are very constructive facts. We think large profitable companies can go public. The debt markets improving certainly helpful. Both investment grade and high yield spreads are basically at record tights. Base rates are still a bit elevated, but the debt market is very constructive. We've got a regulatory climate for M&A that is far better for us. Strategics can now start to buy again – and some of those dialogs are picking up. And then you do have this sort of, you know, desire for people to get transactions after three years being on the sidelines. So, we sort of see the ingredients for a very positive M&A cycle coming together. We did see a little bit of a slowdown in the fourth quarter given the election and some volatility around rates, but I think it's going to build during the year. To your question and Michael's comment, private equity is definitely going to be stronger.
I think there we have a number of things where we will see realizations earlier on. Real estate, you know, we need this recovery to take a little more time. So, we see that as more back-half of the year, certainly not the beginning of the year. Just given the nature of that market sort of healing over time. So overall, I think a better environment certainly in 2025 than 2024, but more back-end weighted and first-half of the year, definitely more private equity focused.

Craig Siegenthaler: Thank you.

Moderator: We'll take our next question from Michael Cyprys with Morgan Stanley.

Michael Cyprys: Great. Thanks so much. Good morning. Just a question on AI and data centers. Just curious how you're thinking about the evolving investment opportunity around AI, particularly in the infrastructure layer with data centers? And how are we seeing a lot of capital flow in to the space, and you guys, at Blackstone, have been quite active in the space in particular, but just given some of the recent developments, for example, like with DeepSeek over the weekend, that suggests that AI models, maybe, could be a bit less capital and energy intensive. Just curious, how attractive do you see the infrastructure layer here moving forward? How much more capital investment do you guys see needed across the industry and how are you thinking about potential shifts for investment opportunities across into the application layer?

Jon Gray: So, Mike, we've obviously been spending a lot of time the last week looking at the impact of DeepSeek. I'd start with our data center business, which is the largest in the world. We have $80 billion of leased data centers. The good news in that business is these are long-term leased data centers with some of the biggest companies in the world. And we do not build data centers speculatively anywhere in the world. So, we have a very prudent approach when we think about data centers.

The real question, and the heart of your question, is what is demand going forward? And on that front, we would echo what you're hearing, I think, from a lot of commentators, which is the cost of compute is coming down pretty dramatically. But at the same time, that's going to lead to more usage, to more adoption. And so, what does that mean for the physical infrastructure side? I'd go to the calls last night for both Meta and Microsoft. They talked about the importance of physical infrastructure. Mark Zuckerberg said that he thought it was a strategic advantage for them, but they did acknowledge that some of this may need to be more fungible. Maybe there's a little less training that's done as a result of the less intensity. But at the same time, there's more inference. Maybe there's more cloud, maybe there's more to do with enterprise. So, we have a sense, and in talking to our clients also, that there's a belief as usage goes up significantly, there's still a vital need for data centers. The form of that use may change. And related to that, power usage, we think, will continue because our lives are migrating online. And all these questions – there'll be even more questions coming – even if the amount of power used on an individual question goes down. So, we still think there's a vital need for physical infrastructure, data centers and power. Some of it may change. And the good news for our investors is we're not doing things speculatively. It's based on the demand signals from our tenants. That's when we go out and spend the big dollars to build these things. So, we still think it's a very important segment and there's a way to run. But obviously, we're watching what's happening very closely.

Michael Cyprys: Great. Thank you.

Moderator: We'll take our next question from Kyle Voigt with KBW.

Kyle Voigt: Good morning, everyone. Maybe a question on BXPE. The last few quarters have been in a healthy $1 to $2 billion zone in terms of quarterly fundraising. I guess first, can you remind us where you're at in terms of distribution of the product, whether that's number of platforms or international breadth, and what the runway looks like to expand that? Now, with respect to the $1 to $2 billion quarterly inflow range. Is that the pace that you are really comfortable growing this type of product? Or now with having some investment track record and entering the second year of product, is there comfort in ramping the flows above that $1 to $2 billion quarterly pace if there is demand?

Jon Gray: Well, we've been steadily building out our partnerships with distributors on BXPE. This is always the way you start – with a smaller number as you work your way through the first two or three years, you steadily expand within the United States. And geographically, you know, we're sort of on that path. I don't know if we quote exactly how many distributors we use, but the number continues to grow. We've had some good success in places like Canada recently. The key for these products is investment performance. And BXPE did a terrific job. The first year, and the first year is the hardest year because you're just getting the product started, you don't have existing assets. You're sort of going from a standing start. We delivered very strong performance, and it really speaks to, I think, the unique scale we have. We have, obviously, large-scale corporate private equity. We do it in the US, Europe and Asia. We've got core private equity, tactical opportunities, we've got growth, we've got life sciences, we've got secondaries. The breadth of that platform has allowed us to deploy the capital in real time. In terms of where we go from here, we had a terrific month in terms of fundraising for BXPE in January. But, you know, I think it will be driven by performance. We have the capabilities to deploy more at scale. I feel great confidence in that. I just think it's: we deliver performance, we deliver for the clients, they're going to get more and more comfortable, we're going to open with more distributors, and the product will continue to grow. We've done this in the past with both BREIT and BCRED. We think this is a similar model. But again, we've got to deliver for the customers. We've got to deploy the capital. I've got a lot of confidence in those areas and given our strength in the channel and our brand strength, it's really powerful. I mean, the fact that 50% of our financial advisors who invested in BXINFRA are invested in all four of our products just speaks to that powerful network effect. And financial advisors, and their underlying clients, know and trust the Blackstone name. And that is so important. And so, we're dedicated to delivering for them if we do that, this can grow a lot just like our other products in the space.

Kyle Voigt: Great. Thank you.

Moderator: We'll go next to Bill Katz with TD Cowen.

Bill Katz: Okay. Thank you very much for the commentary. You didn't talk at all about retirement. I know it's an area that the whole industry is sort of incrementally focused on, but you did sort of mention the, perhaps, more favorable regulatory backdrop. How do you sort of see the evolution of the commentary coming out of your conversations with the regulators as that sort of takes shape into 2025 under the Trump administration? What should we be looking for that opportunity set to potentially open up from a real estate perspective?

Jon Gray: Well, I guess where we start is the way the defined contributions and retirement business has evolved. And I do think it's created a bit of a sort of "haves/ have not" environment. So, if you think about it, wealthy individuals are able to access our products through financial advisors and get the benefit of strong long-term returns and compounding. If you were an employee at a major corporate sort of pre-2005, you probably have the benefit of a pension fund where people are working hard every day to deliver these returns – allocating to alternatives. If you work at a state pension fund today, you also are getting that same benefit. But for the vast majority of private sector workers in the United States, they are given a 401(k) plan, where because of the litigation environment, they basically focus on the lowest fees. And it's not about long-term performance. And it would seem highly logical to us that at some point in, for instance, target date funds, with the right gatekeepers and controls picking the right managers, that you would put private assets into this marketplace. So, individual investors, all individual investors, could get the benefit for retirement. And when you think about who should be in a position to do that, if the regulation changes, Blackstone, given our brand, our performance, the breadth of what we've done and the range of perpetual products we've created, we seem to be uniquely positioned. So, I think this will happen. It's a question of when. And when it does, as I said, I think we'll be in a good spot. It certainly seems logical, given the way the market's developed over time, and we really want to democratize access to these products and to higher returns so people can generate more for their retirement.

Moderator: Thank you. We'll take our next question from Glenn Schorr with Evercore ISI.

Gleen Schorr: Hi, this is Kai Chung in for Glenn Schorr. Some of the insurance companies seem to be looking to do more on their own in private markets. Just curious what you're seeing and your expectations for the growth of your insurance partnerships. And also, heard you comment about Nippon Life. I just want to get more thoughts on the growth opportunities for insurance and credit in Asia and what else you're doing in that region.

Jon Gray: Well, I think the biggest change that we've seen in the insurance industry over the last few years is that, you know, moving beyond just commercial mortgages into broader private investment grade credit, has gone from something people saw as a novelty to a necessity. And so, I think now if you're competing in the annuity space, certainly in the life space, even the P&C companies now are looking at this, that if you can get comparably rated A-minus credit and get 200 basis points higher spread, that makes you more competitive with your sales organization. And what we're seeing sort of across the landscape is an embracing of this model, where they move a greater percentage of their assets into private investment grade credit. And you know, for us, the reason we're up nearly 20%, we're at $230 billion in insurance, is because of this dynamic. And I would say the number of conversations, the scale of the conversations, it seems to be accelerating. And the other comment I would make is the fact that we have an open architecture model. We are not an insurance company ourselves with hundreds of billions of liabilities. We are not out there selling these products. We're just the third-party manager. The way the liquid managers used to manage liquid credit, and still do on behalf of insurers, they see us as an attractive place to allocate capital. We're trusted. And the scale is really important because no insurer wants too much concentration, given their important risk aversion, they need diversification. So, what we're finding is there's desire to talk to us on a larger strategic basis. We've got four of those clients. We now have 23 SMA clients, which is up three from where we were at the end of last quarter. This feels like it's going to continue to grow. It's obviously started in the US. You referenced Nippon Life, which is a terrific company. We're seeing Asian insurers who are also open to this idea. So, I think there's opportunity there. There's select opportunity in Europe as well. The key again is: do we deliver performance? Can we deliver them higher returns at the same or lower risk? We believe we can. And as we continue to scale up with our origination capabilities, being able to speak for larger transactions like we did this $3.5 billion EQT transaction in the midstream space, that's going to put us in a better and better spot. So, I think you will see this business continue to grow in a material way. And as an aside, as I mentioned in the prepared remarks, we're also seeing interest in investment grade private credit now from some of our pension and sovereign wealth funds. It's very early days, but it feels like that's going to grow in momentum. But overall, insurance feels like an area where we're going to see a lot of growth in the years ahead, particularly at Blackstone.

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

Alex Blostein: Good morning, everybody. Thank you for the question. Staying on credit for a second, really strong fundraising across the platform, and it was really well balanced, which is obviously great to see as well. Can you give us a sense of the amount of capital that's sitting on the platform now that's not earning fees yet that will turn on upon deployment? And I guess in that context, can you talk a little bit about your expectations for credit deployment over the next 12 months or so? And including maybe some of the partnerships, Jon, that you highlighted earlier? I think you said that you've expanded, or are trying to expand, more corporate partnerships in that part of the business.

Jon Gray: Well, as the business grows and broadens, as you know, we continue to move beyond, you know, it started, as you know, more opportunistic direct lending, but as we move into this asset-based area, where the penetration from us and the industry is very small, we think this is going to grow a lot. And I think you'll see us partnering more and more with banks, oftentimes sort of on a white label basis, where there may not be a big announcement, but they want to move some things off their balance sheet as they want to try to drive higher ROE. We just see a lot of these sort of corporate solution transactions like EQT. I think we'll see more and more of those. You know, I see, investment pace growing basically with the capital that's coming in. And it's different than direct lending or opportunistic, which is obviously very tied to transaction activity. What's nice about the private investment grade and the ABF, it's really just tied to the basic economy. It's tied to things like consumer finance, and railcar finance, and a bunch of fundamental things, and in commercial residential real estate that are just the essence, you know, the nuts and bolts of the US economy. So, as capital comes in, I see this continuing to ramp up. We're not going to put a percentage number, but I would expect that it'll keep up with the inflows. Michael, you have the specifics.

Michael Chae: Alex, it's Michael. Out of our AUM base: $375 billion in BXCI total AUM, $265 billion in fee-earning AUM. About $40 billion is eligible for management fees and not yet earning it, to put it in perspective. And there's another $9 billion or so in the BREDS business within Real Estate.

Moderator: We'll take your next question from Brian Bedell with Deutsche Bank.

Brian Bedell: Great. Thanks. Good morning, folks. Thanks for taking my question. Maybe, just to Michael, on the FRE margin outlook for 2025, just, you know, you're highly likely to get back to your solid double-digit base fee growth, not even considering FRPR. Just wondering what your outlook for the FRE margin might be in 2025, even, just not even considering the fee-related performance revenue. And then I guess on top of that, I mean, I can certainly create, you know, a lot of delta to the margin given the compensation on fee-related performance revenue but then, I guess, if that creates a lot of uncertainty into that outlook, to what extent is that compensation fungible across the firm, so that you can therefore scale that margin and improve it this year versus last year?

Michael Chae: Yeah, Brian. So, I'll just step back on the question of margins. You've heard me remind you this before, but I'll say it again, it's early in the year, so, we don't want to get too granular. And as always, we encourage you to look at it on a full-year basis. We did throughout the year last year, and I think that, you know, I think that approach hopefully was validated when you looked at the full-year performance. There are different variables to consider. You've touched on at least one, but I just start by saying we continue to feel really good about our margin position fundamentally. And again, the idea of margin stability as a starting point at the beginning of the year. You know, a few items I'll just note in terms of those variables: first, and you hit this, on management fees and OpEx in terms of the baseline. So, on management fees, we have this embedded ramp, the full-year benefit in 2025 of flagship vehicles activated in 2024. That lifted our base management fees in the fourth quarter to 10% percent year-over-year after more like single-digit growth throughout the course of the year. And we consider that growth rate a reasonable starting point as we enter 2025. And at the same time, on the OpEx side, and I think we talked about this in prior quarters, and we talked about, I think, in the third quarter how we saw in the fourth quarter it would come in, in that low double-digit area and that was a sort of the better run rate. We came in at 11% in the fourth quarter. And again, I would say that is a good starting point as we enter 2025. So, to your point, you know, that relationship between management fee growth stepping up from 2024, and the OpEx growth, I think is a good thing.

Second, as we have said before, there is a level of sensitivity to fee-related performance revenues as Core Plus and BREIT FRPRs, as we call them, generally carry higher incremental margin, as does our direct lending platform. So, that is of note. To your question, we do manage compensation, ultimately, holistically across the firm. So, that's in play. But I think it is worth noting that sensitivity.

And then, third, as you heard this morning, you know, we continue to build out a number of really significant new initiatives which are in investment mode today, but will be meaningfully additive over time. So, we are investing to grow and scale these new products and these new platforms to very significant ultimate profitability. But we are investing to do that in real time. So, I just say those are some of the ultimate pillars around this. But again, stepping back, we've got a robust underlying margin position, multiple engines of growth and ultimately a high degree of control, we feel, over our cost structure. And this ability to scale products is the key over time. So, whether it's in the private wealth space or any other space, being subscale does not lead to, I think, compelling profitability, but we approach it a little differently.

Brian Bedell: Thank you.

Moderator: We'll take our next question from Mike Brown with Wells Fargo Securities.

Mike Brown: Okay, great. Good morning, everyone. Wanted to ask on the new multi-asset credit fund that is set to launch, I think you said, in the first half of this year. Hoping to compare and contrast that fund versus BCRED. So, the new fund will invest across a variety of credit strategies. It sounds like it's kind of like a broad exposure to your credit business. I'm curious how that will kind of be marketed? Just to ensure it doesn't cannibalize BCRED. Then, given it's an interval fund, does that mean it has potential to be kind of distributed differently – into a wider array of distributers?

Jon Gray: Well, I'm looking at my general counsel on how I can answer this question. You know, what I would say is, you know, the product will have the breadth of what we do in credit, as opposed to just direct lending. And it will have a piece of that, but a bunch of other things we obviously do at this firm, you know, related to asset-backed finance and real estate finance and things on a global basis. And it will be in a different structure that we believe will be more accessible to investors. But I don't think there's much more I can say about this.

Mike Brown: Okay. Well, thank you for that color.

Weston Tucker: Thanks, Mike.

Moderator: We'll take our next question from Brennan Hawken with UBS.

Brennan Hawken: Good morning. Thanks for taking my question. I have a couple questions on FRPR, specifically within credit. One on the fourth quarter and then one more forward looking. So, a nice uplift here in the quarter. Is it possible to quantify what impact you saw from spread tightening working through the FRPR line here this quarter? And then how should we think about, on a forward-looking basis, how should we think about the impact of lower base rates and tighter spreads on excess return, and therefore FRPR generation going forward?

Jon Gray: I would just say, I'll leave Michael some of the technical answers here. I would just say that there has been some of the excess spread coming out of the credit business really over the last 18 months. You know, you've seen it broadly across investment grade and non-investment grade credit. Spreads have been tightening. We've seen base rates come down. But our vehicles, as you've seen in the numbers, have continued to produce very strong results. And I think the key thing to remember for investors is, yes, you know, they may not be able to produce mid-teens returns in private credit on a go-forward basis, but the relative returns and the spread premium to fixed income, to liquid fixed income, is continuing to endure. And so, that's what gives us a lot of confidence that we'll continue to generate favorable returns for our customers. This farm-to-table model we have where we bring investors right up to borrowers and avoid those origination, distribution, securitization costs, that's going to continue. And that's why we think this private credit area has so much room to run, both non-investment grade and investment grade. But yes, the overall level of yields are coming down as spreads are tightening. But I think this bigger trend is really the key to the growth of that business.

Michael Chae: And Brennan, on the math, I'll just say that approximate math is across our current BCRED platform, that a 50-basis point decline in base rates impacts our fee-related performance revenues on a run-rate basis by about 4%. It's like a low singledigit number.
And we obviously absorbed that and more in the last 12 months. And FRPRs overall in BCRED grade grew at 18%. So, through the NAV appreciation, through the growth in inflows, that's been the net of that.

Brennan Hawken: Right, and spread tightening. Did that have an impact in 4Q?

Jon Gray: Spread tightening, I mean, most of what we have is floating rate. So, spread tightening generally doesn't – credit quality is frankly more important because you don't have a lot that trades above par. So, I don't think spread tightening was a big driver of what you're seeing.

Brennan Hawken: Great. Thanks for taking my questions.

Moderator: We'll take our next question from Ken Worthington with J.P. Morgan.

Ken Worthington: Hi, good morning. I wanted to dig a bit deeper into the big four insurance relationships, if I could. So, maybe setting the stage, of the $230 billion you called out a couple of times in insurance assets, about how much come from the big four? As we think about 2025, what are the contractual commitment obligations expected from the big four? And then lastly, given the acquisition of Resolution by Nippon Life, you mentioned I think that the IMA remains intact. Does the transaction impact the remainder of the $60 billion of Resolution flows expected over the next few years?

Michael Chae: Great, Ken. I'll start with your first question on the numbers. At the end of 2024 across the big four, we had $156 billion of AUM.

Jon Gray: And what I would say is, I think in virtually every one of our situations, we've been allocated more capital than what was in there, faster than what was in there contractually, that our partners here are extremely pleased with what we've been doing. So, the relationship with Corebridge is rock solid, with Resolution, with Fidelity Guarantee, and with Everlake, the former Allstate Life and Retirement business. And what I think is interesting is by making these vehicles more competitive with our work, they're going to continue to grow. And I think having Resolution now owned by Nippon, with their capital and their expertise, this I think will be a very good development in terms of the future. So, we view these partnerships and our model as very powerful, as you're seeing in Resolution, we'll return that capital. I think it's a good example of what we're doing. We use capital at the beginning of these partnerships. We did back with Fidelity Guarantee, we ultimately recycle that capital and we continue to stay with these partners long term as they grow their asset bases and we make them more competitive. And so, we think the strategic partnership model is working extremely well. We see a bright future for it. We will continue to be the dedicated asset manager for these folks. And as we've talked about before, we're not going to do it by taking on insurance liabilities and everything that comes with this. For us, our partners are greatly appreciative of what we're doing, and I actually see accelerating growth with our strategic partners given what we're delivering for them and their ambitions.

Ken Worthington: Okay, great. Thank you.

Moderator: We'll take our next question from Steven Chubak with Wolfe Research.

Steven Chubak: Hi, good morning. So, I wanted to ask a question on BREIT. The second derivative on BREIT gross and net flows appears to be improving. That being said, given stickier rates at the long end, I just want to better understand the catalyst for retail allocations into BREIT to increase from here, what the feedback has been from retail partners, and how do you see BREIT flows evolving over the medium term relative to history given your outlook?

Jon Gray: Look, it's all tied to performance. I think we did an excellent job navigating the difficult period for real estate, providing liquidity to customers. We've been providing now full liquidity the last 11 months. We've seen this 97% decline in net redemptions. And I think the key to your question is: when does this turn on and become a growth vehicle? And I would tie it to performance. Once BREIT starts showing good performance, the customers have had a good experience. And so, what they're waiting to see is a few months of positive NAV growth in a meaningful direction. And I think if that happens, then we'll begin to see it. It may take a little bit of time, but we think it will build. And when you look at what BREIT owns, the fact that it has got this terrific rental housing portfolio, where there's a structural shortage in the US, it's got a terrific exposure to logistics, where, of course, the movement to e-commerce continues. And now there's a reshoring underway. And then the data centers, which have been very important in the last few years in terms of adding value to BREIT, all of that and the geography in the south and southwest of the United States, all of that gives us confidence. But I think from the investor's standpoint, they want to see, you know, a steady number of months of solid performance.
We believe that as we get rates to settle in here, and we see the continued growth in cash flow. Interestingly, BREIT last year was up 4% in same-store NOI. As cash flow continues to grow, rates settle out, there's this lack of new supply, we think BREIT will again, at some point here, become a growth vehicle. And we've got to remember the customers have had a very good experience here. They have a lot of confidence in Blackstone and Blackstone Real Estate. But I do think you're going to need to see that before you really start to see an acceleration.

Moderator: Thank you. We'll take our next question from Ben Budish with Barclays.

Ben Budish: Hi, good morning. And thank you for taking the question. I was wondering if you could talk a little bit more about the trajectory, or the potential trajectory, for BIP FRPR?
You know, I understand you said that, I think, they should start to pick up in Q2. But as we sort of look back over the last several years, there's been a, you know, not insubstantial amount of fundraising quarterly, since the beginning of 2022. Just curious if there's anything else you can share in terms of, you know, what the shape of FRPR looks like just given, you know, the size of that fundraising and the performance, and any other nuances we should be aware of around the FRPR margin side. It seemed like that came in maybe a little better than expected, but some of that may have to do perhaps with the timing of BXPE, and wondering if we could see something like that this year in Q4? Thank you very much.

Jon Gray: I would just say, and then hand it to Michael, that the momentum in our BIP, our infrastructure business, is extraordinary. When you deliver 17% net in an open-ended format, where the capital's invested in the ground, and you build up the kind of portfolio they have in digital infrastructure, in power and energy and in transportation, you have a lot of happy customers. And so, the fundraising momentum there continues to be quite strong. Exactly as Steve laid out in his remarks. Michael, I'll hand it to you.

Michael Chae: And then, on sort of the sequencing of incentive fees from here, as I mentioned, my remarks, in Q2, we will realize a more modest, but a material amount of incentive fees. And so, you can expect in the next four quarters, in 2025, you won't see infrastructure incentive fees and FRPRs in the first and fourth quarters. You'll see a modest amount in the second and third quarter. As we talked about margins on that, we sort of gave this forward look last year, that given the development mode we're in on that, the effective FRPR margin for Infrastructure would be a bit lower than the overall firm. And that that was the case, obviously on very big dollars. So, that was a happy event. And I think in terms of, you know, looking ahead to Q4 this year versus Q4 last year, and what was or wasn't anticipated, not a lot of color to add on.

Ben Budish: Understood. Thank you very much.

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

Patrick Davitt: Hey, good morning, everyone. Thank you. I know there's still a lot of uncertainty on the direction of the new administration's policies, but sure you guys have been running different scenarios internally like others have said they are. So, through that lens, curious if you have any initial thoughts on how the in-ground portfolio could be impacted, either positively or negatively, by more significant tariffs or a trade war. And within that theme, more specifically, give us an update on the invested capital exposure to Europe, Asia and then specifically China. Thank you.

Jon Gray: So, what I'd say at the headline level, Patrick, is we don't have a lot of businesses who export physical goods at scale to the United States. So, I think that's obviously the area at most risk. You know, the other thing I would say is, you know, I think we've got to wait and see where this settles. Clearly, tariffs are going to be higher. But, you know, we don't know which countries, which industries and what the level is. And there seems to be a lot of negotiation. This tariff diplomacy, as we saw in Colombia a week ago, can move pretty dramatically in a short period of time. So, I think we have to wait and watch. The good news overall for us is very few of our businesses are really reliant on exporting goods into the United States, the physical goods. And so, we just don't see it either in Europe and Asia having a major impact on our business.

Michael Chae: And then just on the geographic dimension, Patrick, if you step back at the whole firm, so, these are sort of gross numbers, but we have heavy, you know, concentration as international and global as we are in the US, about three quarters of our portfolio is in the US, and that's a pretty historical level. About 15 or so percent in Europe, and then a quite modest single-digit amount in Asia. So, we're a global firm, but the nature of our business is that sort of more, I think, manageable exposure to non-US markets.

Weston Tucker: Thanks, Patrick.

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

Crispin Love: Thank you, and good morning, everyone. Can you just discuss your outlook on interest rates? As Steve stated, you are seeing disinflation based on your data, but there are some worries more broadly on inflation just shown by Treasury yields recently. Would you expect more rate cuts than currently priced in, or perhaps a rally in rates? And just curious on how that could impact PE activity and real estate performance in 2025 based on your in-house views? Thank you.

Jon Gray: Always dangerous to predict interest rates, but what I would say is our confidence comes from our portfolio on the inflation data. So, we're obviously a very major owner of rental housing and shelter is the biggest component of CPI. It's 36% today. The Fed's data is 4.6%. We would say what we're seeing is closer to 1% in that area. And what we've seen steadily is the government data is catching up to what's happening sort of on the ground in the real world. And so, if you take a 36% weighting and you slowly bring that down, I think that's going to give the Fed some air cover. The other thing we'd say right now is in the labor market, we survey our CEOs, and they would say basically it's the easiest to hire that it's been since the post-COVID period. Wages for hourly workers are at the lowest level, 3.7%. Now, it's possible things could change if we get a resurgence in economic activity. But right now, the labor market seems to be in balance. And so, that should be helpful as well. As to what the Fed's going to do, I think they have the luxury of being patient. I think the fact that the economy is so strong, they want to see what kind of policies are coming from this administration. I think they're going to wait and see. But I do think the inflation data will generally be supportive. It is showing us inflation continues to come down, although the pace of that disinflation is slower.

Moderator: Thank you. We will take our final question from Arnaud Giblat with BNP Paribas.

Arnaud Giblat: Yeah, good morning. If we look at the perpetual products, if we look five years out from now, and assuming a continued acceleration of flows in these products in the US and in the global private wealth channels, I'm just wondering how we might see your distribution evolve. In other words, how much AUM are you currently set up to distribute today? And do you require a lot of investment in distribution over the next two, three, five years? I'm just wondering about the shape. Thank you.

Jon Gray: Well, it's clearly an area where we have a significant amount of optimism. I think you could see this grow quite substantially. The good news is we've made an enormous investment in this area ahead of others. We really started on this now almost 15 years ago. We have teams around the globe, more than 300 people dedicated to our private wealth area. We've built these products with track records, which is pretty differentiated. We think the opportunity to distribute these more broadly in different formats is going to grow. And this is really where the power of the Blackstone brand is so important. Sometimes it's hard to quantify when you're doing financial models, but our ability to launch new products, to sell to different distribution partners, the fact that, you know, we have a differentiated brand that allows us to sell more, to expand on a capital light basis. All of that is very favorable for our shareholders. We think it's early days in this. You know, if you think about the big picture, we think there's close to $90 trillion of wealth. People who have more than $1 million in savings around the world, and we think it's allocated around 1% to private assets. If you think about our institutional partners, they're 30% allocated. And so, we've come out of a difficult period the last, you know, two or three years with this cost of capital shock. People are reemerging, risk appetites are going up. You know, short-term rates are going down. So, people are starting to think about moving out of deposits into other assets. And at Blackstone, given the breadth of what we've got and the track record and the investment we've made in people, we think we're really well positioned. So, I wouldn't be surprised if this is far larger than it is today five years from now.

Moderator: Thank you. With no additional questions in queue, I'd like to turn the call back over to Mr. Tucker, Weston for any additional or closing remarks.

Weston Tucker: Thanks so much for joining us today and look forward to following up after the call.