

Blackstone Fourth-Quarter and Full-Year Investor Call January 29, 2026, at 9:00am ET

Weston Tucker: Great. Thank you, and 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 solicitation of offer to purchase an interest in any Blackstone fund. This audiocast is copyrighted material of Blackstone and may not be duplicated without consent.

Just quickly on results: We reported GAAP net income for the quarter of \$2 billion. Distributable earnings were \$2.2 billion or \$1.75 per common share, and we declared a dividend of \$1.49 per share, which will be paid to holders of record as of February 9.

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

Steve Schwarzman: Good morning and thank you for joining our call. Blackstone just reported the best results in our 40-year history, with distributable earnings of \$1.75 a share, as Weston mentioned. This capped a record year for the firm, in which DE increased 20% to \$5.57 per share or \$7.1 billion, powered by strong growth in fee-related earnings and a significant acceleration in net realizations. Inflows reached a stunning \$71 billion, just in the fourth quarter – the highest level in 3.5 years – and approximately \$240 billion for the full year, reflecting robust momentum across the institutional, private wealth, and insurance channels. Of particular note, our fundraising and private wealth increased 53% year-over-year in 2025 to \$43 billion, and we expect strong inflows again in 2026 given our performance and continuous innovation. According to recent analyst research, Blackstone has an estimated 50% share of all private wealth revenue across the major alternative firms. In total, the firm's fundraising success lifted assets under management 13% year-over-year to a new industry record of nearly \$1.3 trillion.

Most importantly, we generated outstanding investment performance overall for our limited partners again in 2025, highlighted by notable strength in infrastructure, corporate private equity and our multi-asset investing business, BXMA. We achieved these results amid the turbulent year for markets, which was impacted by tariff uncertainty, geopolitical instability, and the longest government shutdown in US history. Federal Reserve officials likened this backdrop to driving in a fog. For Blackstone, a key advantage of our leading scale with a portfolio spanning more than 270 companies, nearly 13,000 assets in real estate, and one of the largest credit platforms is the expansive array of proprietary data it produces. This data provides deep insight into what's happening in the global economy, helping us see-through the fog and chart the path forward.

What we saw in the data was a fundamentally strong economy underpinned by the ongoing technology and AI-driven investment boom. We were also encouraged by what we were seeing on-the-ground in terms of moderating inflation in the context of limited input and labor cost growth at our companies, as well as our real-time understanding of shelter costs given our unique position in real estate. We shared these perspectives with you throughout the year, which did not always align with the consensus viewpoint. Today, there continues to be a range of geopolitical uncertainties that are impacting markets, but we remain anchored by the strong operating and capital market fundamentals we see through our portfolio. Our views on the economy and inflation have informed our investment approach. They also led to our conviction that the deal cycle would accelerate, including a resurgence in capital markets activity.

First, in terms of our investments, our data gave us the confidence to lean into key thematic areas such as digital infrastructure—including data centers, power, and electrification—private credit, life sciences, and from a regional perspective, India and Japan. These areas have been among the largest drivers of appreciation in our funds. We also took advantage of volatility in markets to sign or close eight privatizations during the year in private equity and real estate, including in the fourth quarter, medical technology company Hologic for \$18 billion. And in credit, we saw record deployment in 2025, including the emergence of an important new source of direct origination, customized, long-duration capital solutions for investment-grade corporates. We've executed multiple of these to date, and we expect to do more over time. In total, we invested \$138 billion across the firm in 2025, the highest level in four years, planting the seeds of future value.

Stepping back, the historic pace of investment taking place in the US to facilitate the development of artificial intelligence, including the design and manufacture of semiconductors, data center construction and the expansion of power generation, is the key driver of economic growth today and is creating an enormous need for capital solutions. The US has long occupied a unique position in the world in terms of its innovation and economic leadership and the investment megacycle underway in AI and power and the expected future boost in AI-related productivity should propel US economic growth for years to come. Blackstone is extremely well-positioned to benefit against this backdrop given our scale and expertise in these areas, including our ownership of the world's largest datacenter platform as well as our position as a major investor in the modernization and growth of the US electric grid.

Turning to the acceleration in the deal cycle and capital market activity, we regularly spoke about this dynamic last year and we're now seeing it start to materialize. IPO and M&A activity are accelerating, deal sizes are increasing, and sponsor activity is picking up. In the fourth quarter, global IPO issuance rose 40% year-over-year, including a 2.5-fold increase in the United States, notwithstanding the government shutdown. Blackstone was a major contributor with the \$7.2 billion IPO of medical supply company Medline, the largest IPO since 2021 and the largest sponsor-backed IPO in history. The offering was extremely well received with shares trading up over 40% on the first day.

Medline is a perfect illustration of the power of Blackstone's private equity model at work and our ability to generate attractive returns on large-scale control deals across vintages. This 2021 transaction represented the largest healthcare buyout in history, which we completed in partnership with the company's founding family, key limited partners, and two other financial sponsors. During

our ownership, we accelerated the company's growth, implemented multiple initiatives to drive value, and executed accretive acquisitions to expand the company's product suite and end-markets. Today, Medline is a category-leading public company that is exceptionally well-positioned for continued success. Medline was Blackstone's fourth IPO globally since last summer and our momentum continues to build. We have one of the largest IPO pipelines in our history, reflecting a diverse mix of sectors and geographies.

Looking forward, the structural tailwinds driving the alternatives sector, and in particular Blackstone, are accelerating. More investors are discovering the benefits of private market solutions, including in the vast private wealth and insurance channels. At the same time, we continue to deepen our relationship with institutional limited partners across multiple areas. These tailwinds, alongside the cyclical recovery underway in transaction activity, are a powerful combination for our firm and our shareholders.

In closing, I couldn't have more confidence in the firm and our prospects for continued growth. Our business performed exceptionally well through the high cost of capital backdrop of the past several years, and we believe we're now moving into a more supportive environment. With a portfolio concentrated in compelling sectors and nearly \$200 billion of dry powder to take advantage of opportunities, we are extremely well-positioned for the road ahead.

And with that, I'll turn it over to Jon.

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

This is an exciting time for Blackstone with three powerful dynamics coming together. First, the deal environment has reached escape velocity on the back of moderating cost-of-capital. Secondly, the AI revolution is creating generational opportunities to invest private capital at scale, both debt and equity, while creating attractive gains across multiple sectors. And third, adoption of private markets continues to deepen across all three of our major customer channels: institutions, insurance, and individual investors. These dynamics are translating to outstanding results across the firm.

Starting with our institutional business, which makes up over half of our AUM and comprised over half of 2025 inflows. We are seeing strong demand today across numerous open-ended and drawdown fund strategies. In infrastructure, our dedicated platform grew a remarkable 40% year-over-year to \$77 billion, including over \$4 billion raised in the fourth quarter, underpinned by exceptional investment performance. The co-mingled BIP strategy has generated 18% net returns annually since inception seven years ago, and 2025 was one of the best years yet with broad-based gains across digital, energy, and transportation infrastructure. Our QTS datacenter business was again the largest single driver of returns for BIP as well as in real estate.

Sticking with our open-ended strategies, BXMA reported excellent results again in Q4. The composite gross return for BXMA's largest strategy has been positive for 23 straight quarters and exceeded 13% for the year in both 2025 and 2024, the best since 2009. Investors are responding favorably with \$6.3 billion of net inflows for BXMA in 2025, representing the highest net fundraising in nearly 15 years and lifting AUM 14% year-over-year to a record \$96 billion.

Meanwhile, in our institutional drawdown area, our business is accelerating with a new fundraising cycle underway. We've held initial closings of \$5 billion for our new PE Secondaries flagship, targeting at least the size of the prior \$22 billion vintage with another major close expected in the coming weeks. Our secondaries platform saw a record year of deployment in 2025, and we see strong growth ahead fueled by the ongoing expansion of private markets. In corporate private equity, we've raised over \$10 billion to date for our next Asia flagship, compared to approximately \$6 billion for the previous vintage, and expect to reach over \$12 billion. We also launched fundraising for our fifth private equity energy transition vehicle, which we expect to be meaningfully larger than the prior vintage of approximately \$5.5 billion with a first close anticipated this spring. Rising demand in the power and electrification ecosystem is creating enormous deal flow in this area and our currently investing vintage is approximately 80% committed only a year and a half after launch. In Q4, we also held closings for the new vintages of our tactical opportunities, GP stakes, and life sciences vehicles. And in credit, we raised an additional capital for our fifth opportunistic strategy, bringing it to over \$7 billion with a target of \$10 billion. There's no question that institutional investors remain the bedrock of our firm.

Diving deeper into credit specifically, our platform overall continues to see extraordinary momentum. We now manage \$520 billion of total assets across corporate and real estate credit, up 15% year-over-year. Inflows exceeded \$140 billion in 2025 with strong fundraising across the institutional, insurance, and private wealth channels. Underpinning this demand again is investment performance. Our non-investment grade strategies in private credit and real estate credit delivered gross performance of 11% and 17%, respectively, for the year. Since inception 20 years ago, our non-investment-grade private credit strategies have generated 10% net returns annually, double the return of the leveraged loan market with minimal losses. Despite the external noise today in private credit, facts do matter, and our portfolio overall is in excellent shape, including high single-digit EBITDA growth on average for our direct lending borrowers for the most recent annual period. The backdrop remains favorable with corporate profits growing, short-term rates declining, and transaction activity increasing.

At the same time, we're benefiting from the massive secular shift underway towards investment-grade private credit, which we believe is in the earliest stages. We now manage \$130 billion in this area, up 30% year-over-year. Our farm-to-table approach, which brings clients directly to borrowers and is designed to create a structural premium to liquid fixed income is really resonating. Why is investment-grade private credit growing so quickly? Two main reasons. First, corporate investment-grade bond spreads are at their tightest level since 1998, and we've been seeing insurers, and now some pensions and sovereign wealth funds, looking to earn materially higher spreads at the same or lower risk levels. Second, the build-out of AI infrastructure requires a massive amount of private debt capital for the construction of fabs, energy supply and data centers.

Turning to the insurance channel specifically, our AUM grew 18% year-over-year to \$271 billion. This remarkable growth is happening without taking on any insurance liabilities. Investors are responding particularly well to our open architecture model and the value we deliver. We placed or originated \$50 billion of credits for our private IG-focused clients in 2025, which generated approximately 180 basis points of incremental spread versus comparably rated liquid credits. These results are more important than ever in an environment of tightening yields.

Moving to the individual investor channel, where we are uniquely positioned given the breadth of our product lineup, our performance, and the power of our brand. Our AUM and private wealth grew 16% year-over-year to more than \$300 billion and is up threefold in the past five years. In Q4, our total sales in the channel exceeded \$11 billion, up 50% year-over-year. BCRED led the way with gross sales of \$3.3 billion, while net inflows were \$1.2 billion. For the full year, BCRED reported record gross sales of over \$14 billion, powered by investment performance with 10% net returns annually since inception five years ago, almost entirely comprised of current income.

Our private equity flagship in this channel, BXPE, has also generated outstanding performance, achieving an annualized net return of 17% since inception. BXPE has grown to \$18 billion in only two years with its broad-based approach to our expansive private equity platform. Our infrastructure strategy in private wealth, BXINFRA, is approximately \$4 billion only one year after launch with strong performance out of the gates. And BREIT delivered terrific results in 2025, underpinned by a net return of 8.1% for its largest share class, nearly three times the public REIT index. BREIT's portfolio position continues to drive returns, including its significant exposure to data centers.

In private wealth, as with the rest of Blackstone, our relentless focus on investment performance gives us the license to innovate. And our innovation is accelerating. We expect 2026 to be our busiest year yet in terms of product launches, as we stated previously. Blackstone has led the evolution of the private wealth market to date, and we expect to lead it in the future.

Turning to real estate, where we've been navigating the early stages of the sector's recovery. We said the cycle was bottoming two years ago, but that the recovery wouldn't be a straight line. Since then, US private real estate values have been slowly improving. However, since the interest-rate cycle began approximately four years ago, real estate values are still down 16% compared to an increase of 75% for the S&P 500. We think real estate has plenty of room to run. We've taken advantage of choppy investor sentiment to lean into deployment, investing or committing over \$50 billion in real estate since the cycle trough two years ago, including our commitment in Q4 to privatize Alexander & Baldwin, an owner of high-quality grocery-anchored shopping centers and warehouses in Hawaii.

The gradual pace of the recovery to date has meant our real estate funds in aggregate saw limited appreciation in 2025, notwithstanding BREIT's strong performance. That said, we do see a number of positive signs which point to a better year ahead. These include the sharp decline in construction starts, which have fallen to the lowest level in more than 12 years in the US in both logistics and multifamily, our two largest sectors in real estate. Continued growth in debt availability and declines in the cost of debt, a pickup in transaction activity and now an improvement in logistics demand with our US platform reporting record leasing activity in Q4. At the same time, our exposure to data centers continues to be a source of strength, as does real estate credit. We remain highly optimistic about the direction of travel for our real estate business.

In closing, we enter 2026 with tremendous momentum. Our clients are growing their commitments to us across channels. We are actively investing that capital in compelling,

thematic areas, and realizations have begun to accelerate. Blackstone's performance-driven capital-light, brand-heavy model continues to deliver for shareholders.

And with that, I will turn things over to Michael.

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

The firm's fourth quarter results represented an outstanding finish to a record year. I'll first review financial results and will then discuss investment performance and the forward outlook.

Starting with results. The fourth quarter represented the best quarter of distributable earnings per share in the firm's history, as Steve highlighted, and one of the three best quarters of fee-related earnings. First, in terms of FRE, which reached \$1.5 billion in Q4 or \$1.25 per share. Management fees increased 11% year-over-year to a record \$2.1 billion, underpinned by 10% growth in base management fees and a 27% increase in transaction and advisory fees. Base management fees were three of the firm's four segments, private equity, credit insurance, and multi-asset investing on a combined basis grew 17% year-over-year in Q4, while in real estate, base management fees declined moderately. Fee-related performance revenues for the firm totaled \$606 million in the fourth quarter, generated by a broad range of perpetual strategies led by BREIT as well as BCRED and BXPE. The year-over-year comparison reflected the crystallization of over \$1 billion of these revenues in our institutional infrastructure business in last year's fourth quarter, related to three years of accrued gains. Excluding this from the prior period, fee-related performance revenues grew significantly year-over-year, and FRE overall grew 24%.

In terms of distributable earnings, we reported \$2.2 billion of DE in the fourth quarter of 2025 or \$1.75 per common share. Alongside robust FRE, net realizations increased 59% year-over-year to \$957 million, the highest level in 3.5 years. Gross performance revenues exceeded \$1 billion in the quarter, driven by a number of net realizations across the firm, including: the sale of a portion of our stock in Energy Solutions company Legence, the sale of a stake in the CityCenter complex on the Las Vegas strip, the monetization of certain royalty interests in our life sciences portfolio and, importantly, year-end crystallizations in BXMA and certain credit vehicles with respect to full-year 2025 performance. BXMA specifically reported record performance revenues in Q4 of \$465 million, up 38% year-over-year. We also closed the sale of the firm's 6% stake in Resolution Life in the fourth quarter in connection with the company's sale to Nippon Life, with the realized gain reacted in principal investment income.

Turning to the full year. Despite numerous challenges in the external operating environment in 2025, Blackstone delivered record full-year results across distributable earnings, fee-related earnings, management fees, and assets under management, all of which have approximately doubled or more than doubled in the past five years. Distributable earnings grew nearly 20% to \$7.1 billion. Fee-related earnings increased 9% to \$5.7 billion. Management fees rose 12% to \$8 billion, while FRE margin expanded over 100 basis points to the highest level ever for a full-year period. And net realizations grew dramatically in 2025, up 50% to \$2.1 billion. Meanwhile, the firm's extraordinary breadth lifted AUM up 13% year-over-year to \$1,275 billion. At the same time, all of our key operating metrics accelerated in 2025 – inflows, capital deployed, total fund appreciation and realizations. Net accrued performance revenues on the balance sheet, or

store of value, increased 7% in 2025 to \$6.7 billion. The foundation of future value for the firm continued to expand even as the pace of monetization has increased. And all of this during a period where the significant underlying earnings power of our real estate business has yet to reemerge.

The fundamental driver of this positive momentum is, of course, investment performance. Our funds overall delivered strong returns in the fourth quarter and in 2025. Infrastructure led the way with 8.4% appreciation in the quarter and a remarkable 24% for the full year. The corporate private equity funds appreciated 5% in the fourth quarter, with particular strength in the public portfolio, and 14% for the year, supported by high single-digit revenue growth in our operating companies and resilient margins.

BXMA reported a 4.3% gross return for the absolute return composite in the fourth quarter and 13% for 2025. BXMA has delivered positive composite returns for the last 23 quarters, as Jon noted and in each of the past 33 months, which is driving strong inflows and the segment's fifth consecutive quarter of double-digit year-over-year AUM growth in the fourth quarter. In credit, our non-investment-grade private credit strategies reported a gross return of 2.4% in the fourth quarter and 11% for the full-year, reflecting stable underlying credit performance. In our \$160 billion-plus global direct lending portfolio specifically, realized losses were only 11 basis points over the last 12 months.

In real estate, overall values appreciated approximately 1% in the fourth quarter and 1.5% for 2025. In Q4, continued significant strength in data centers was partly offset by headwinds in certain areas such as life sciences office and UK student housing. In total, our real estate portfolio remains well-positioned with 75% of our global equity holdings concentrated in data centers, logistics and rental housing—three sectors supported by very positive long-term fundamentals as Jon discussed. At the same time, our real estate credit business continues to report outstanding performance with our non-investment-grade funds appreciating 17% for the full year, including 2.8% in the fourth quarter.

Moving to the outlook. The firm is advancing with significant momentum across multiple drivers. We expect management fees to continue on a strong positive trajectory in 2026, underpinned by robust growth in the private equity, credit and insurance and multi-asset investing segments, with real estate management fees consistent with Q4 levels in the near term, along with a strong contribution from our capital markets business in 2026. Meanwhile, the continued expansion of our platform and perpetual capital strategies overall is widening the aperture for generating fee-related performance revenues. In terms of net realizations, the backdrop has become much more constructive as you've heard this morning. While we will not have the one-time benefit of the sale of our Resolution Life stake and our software platform Bistro, we expect a strong year ahead, particularly with respect to our drawdown fund business with activity building as we move through the year. Overall, our embedded value and realization potential are significant, and we are very optimistic in the multiyear outlook for the full year.

So, in closing, in 2025, the firm delivered robust financial performance in the face of a complex external environment. And as we look forward with powerful structural tailwinds and multiple engines of growth, we strongly believe the best is yet to come.

Thank you for joining today's call. We'd 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 will take our first question from Craig Siegenthaler with Bank of America.

Craig Siegenthaler: Good morning, Steve, Jon, Michael. Hope everyone's doing well. Our question is on the record IPO pipeline. So, what sectors and industries will you be leaning into? Will some of that spill over into real estate or is it too early? And as you hand limited partners cash back at a blended MOIC of 2 times, can you talk about the second order effect it will have on fundraising as LP liquidity profiles rebound?

Jon Gray: Thanks, Craig. I would say it will be mostly concentrated in the corporate space just because obviously, the fundamentals there are strong, the market is open. I think it will be broad-based, but obviously, there is a lot of focus around energy and electricity and some of the picks and shovels around that. But in general, as we saw with Medline, high-quality companies are getting a good reception. I do think it will be more US-focused, but I think we'll do a number of things in India and that's a place where we'll see probably more real estate activity as well just because of the underlying health of that economy and that IPO market. Europe is slower, but it feels broad-based to us and getting better. And as I said on TV a little earlier, it feels like 2013/14 where you had that four, five-year hibernation period, the markets reopened and we took a bunch of companies public. And that's the way it feels today. And the fact that Medline and Legence and a couple of companies we've taken out have performed so well for shareholders, I think that's a very good sign. So, we do have a lot of confidence.

In terms of what it means for our customers, yes, as they get capital back, as they get gains back, it makes it easier for them to allocate more capital to us. It does get that flywheel going again. This is a very positive sign. I think we forget sometimes that the last four years have been in an abnormal period that M&A and IPO activity have been well below historic levels and we're moving back towards more historic level of activity and that is a very positive sign for our business. It helps obviously with transaction fees. It delivers returns. Generally, we're taking these things out at higher levels than carrying value, and it gives the investors more capital in their pockets to redeploy. So, it's a very good virtuous cycle for us and we're excited to see the IPO market coming back like it is.

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

Michael Cyprys: Hey, good morning. Thanks for taking the question. I just wanted to ask about AI. You guys are obviously big investors in data centers and AI infrastructure, but just curious how you're deploying AI across your portfolio companies, what learnings you've had all along the way, what sort of impact you're seeing from this deployment? And how do you see this evolving over the next 12 to 24 months?

Jon Gray: Well, it's still early days, but we are starting to see some real impact. I'd say at the Blackstone level, it's been with our software engineers. That's where we've seen the biggest impact day one in terms of making our folks twice as efficient when they're coding. We're

beginning to use it for cyber monitoring, which is giving us a productivity boost. We invested in a company called Norm AI to help us on the legal side, particularly marketing compliance. And then I would say data summarization is super helpful. We have 270 companies, 13,000 pieces of real estate, and the ability to get that real time, and to use that information to make us better investors, to me, that is hugely important.

At our portfolio companies, I would say customer engagement, we have a number of companies who are doing that. Content creation, certainly with the media-focused companies there, rules-based businesses, again, legal accounting, transaction processing. We're working with some of the LLM companies on how to accelerate this. And so, it feels to us like real productivity gains will come. It's not happening immediately, but we're seeing early test cases that are quite positive. And this is one reason I'm optimistic about what can happen to earnings overall in the stock market and certainly across our portfolio companies. So, we want to be really leaders in this space. We hired Rodney Zempel, who ran AI at McKinsey, to help with this, and it is a huge focus for our firm.

Moderator: Thank you. We'll take our next question from Bill Katz with TD Cowen.

Bill Katz: Great. Thank you. Good morning. Just so curious, just coming back to the retail opportunity, certainly appreciate the big picture and your market share. One of the biggest pushbacks is as rates continue to work their way lower, the relative appeal of income-oriented vehicles is going down. So, I was wondering, what are you hearing on the evolution in the wealth market? And how would you be positioned if that trend were to continue, and maybe you could break that down in terms of maybe fleshing out your activity level you mentioned in your prepared remarks for '26 and what it might mean for products, geography or incremental distribution opportunities. Thank you.

Jon Gray: Thanks, Bill. I think the place to start, of course, is the breadth of offerings we have. So, one of the great things about our firm is we obviously have income, we have products that are income & growth, and we have growth-oriented products. So, the fact that we have a very large-scale private equity vehicle, we've got this just starting-out infrastructure vehicle. We have real estate, obviously, we have credit as well. That's powerful if investors start to shift a little bit. But I think it's worth noting that I think the appeal of, let's say, private credit is not just about absolute returns. It's also very much around relative returns and the return premium we can generate.

So, in the fourth quarter, our institutional investors in credit, we had record fundraising with them because of that premium, both in non-investment grade and investment-grade. And if you think about when we started, for instance, BCRED, base rates were close to zero at that point, and yet we had significant flows. So, the key to us, and if you look at what we've done in direct lending, let's say over 20 years, we've consistently outperformed what the leveraged loan and high-yield market offers. That's why I think these products can continue to do quite well. Yes, there may be a little less demand for these at the margin because of lower absolute rates in the wealth channel, although the institutional clients are actually leaning more into the space now. And at the same time, obviously, equity-oriented products benefit in a meaningful way with lower rates. And I think one of the great things about our firm is we have the ability to capture that benefit across a wide range of equity products and things we own, both on the individual

investor side and the institutional side.

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

Alex Blostein: Hey, good morning, guys. Thank you for the question. Jon, I was hoping you could unpack a little bit what's going on in direct lending, both on the wealth side and the institutional side. On the one hand, obviously, we saw redemptions pick-up, not surprisingly, last quarter, gross sales on Jan 1 looks like they slowed down a little bit in BCRED still. So, what's the sentiment from advisors? How long do you think this will continue on the wealth side of things? And then importantly, it looks like on the institutional, it's been almost the opposite where your fundraising dynamics on direct lending and the direct lending side are quite strong. So, help us understand both of those markets as we stand today.

Jon Gray: Well, Alex, you characterized it well. On the institutional side, where they're looking at the fundamentals and it's not the headlines and some of the noise here is not as impactful. Their confidence in what we're doing and their need in many ways is going up. So, if you think about it on the insurance side, the fact that investment-grade credit is at 71 basis-points—corporate investment-grade credit—which is the tightest level since 1998. The fact that we can bring our insurance clients an extra 180 basis points, which is what we did in 2025, obviously motivates them in this area. And similarly, as rates come down on the non-investment grade side, they still see the benefit of the incremental yield because of our farm-to-table model that we can bring them as investors directly up to borrowers without all the origination, securitization, financing friction. And so that's helpful.

On BCRED and wealth specifically, the numbers are, as you know, we raised \$14 billion in BCRED last year in the fourth quarter, it was \$3.3 billion despite the noise. We did see this uptick in redemptions, which is not a surprise given all the headlines out there. Although, of course, it's very different than what we're seeing on the ground in reality. Yes, there will be losses in non-investment grade credit. The key, of course, is: is your portfolio healthy?

Last year, we saw actually high single-digit growth in the EBITDA of our borrowers. The loan-to-values are sub-45% and rates are coming down. So, the credit metrics are healthy. The key remains: can we deliver a durable premium to what you can get in liquid credit and that we feel very confident. In terms of sort of outlook, we'll have to wait and see on the redemption front over time, but I think performance will be a key driver here on that. And on inflows, I think it's notable that the last two months, despite all of this, we've had \$800 million of gross inflows each of the last two months in excess of that. So, we have a lot of confidence in the portfolio and the outlook over time despite these headlines.

Moderator: Thank you. We'll go next to Glenn Schorr with Evercore.

Glenn Schorr: Hi, there. So maybe a little more of a...no, you know what, I'm going to go with the management fee question instead, sorry. So, I think we in consensus have that flattish near-term management fee growth that you talked about, but we also have a ramp in '26 and ramps up even more in '27. So, I guess I'm looking for you to talk to when abouts you see the ramp and the why, meaning how much - and when do you - is it about the deployment of all the dry powder? How much do you see fee holiday running off and helping over the next couple of quarters?

Thanks very much.

Michael Chae: Sure. Well, look, overall, I think as I outlined in my remarks, you have this picture of overall strength. And in the private equity, credit, and BXMA segments, 17% base management fee growth in the fourth quarter year-over-year. You have that really entering the year with significant momentum in those areas.

To put a little more context around that, and sort of the shape of the year in the period ahead that you said. First, we have talked about our new drawdown fundraising cycle that is underway. We're actively fundraising for five PE drawdowns, among others. We're targeting over \$50 billion for those in aggregate, where we expect it will be materially larger than their respective predecessors in aggregate. And following what we expect to be the commencement of their respective investment periods in the first half of the year and then fee holidays of different lengths, we expect all five to be fee-earning by year-end. Second, I'd say you have the continued seasoning and expansion of perpetual strategies overall, our perpetual capital is 48% of our fee-earning AUM. That's up 18% year-over-year. You have this quite impressive scaling in BXPE. You have BXINFRA just entering its second year coming off holiday. You, obviously, have our BIP area, new products coming.

And then overall, from a business line standpoint, this strong momentum in credit and insurance across channels and really broadening diversity fee-earning AUM in that area, up 19%, and I talked about real estate in my remarks. So, fundamentally, we're on this upward trajectory. We feel really good about our positioning. I just commented on sort of the shape of some of these major new drawdowns and the timing of fundraising closes, launches and fee holidays. And so, you will see that upward ramp in contribution in the course of the year and then full-year contribution next year. And I would note in this year, you also will have full-year contribution of a couple of newer drawdown funds like the second growth fund and the life sciences fund. And so, you have those embedded components around the overall picture.

Moderator: Thank you. We'll take our next question from Dan Fannon with Jefferies.

Dan Fannon: Thanks. Good morning. So, Michael, maybe just a follow-up on that in the context of all that growth, how you're thinking about FRE margin and the potential for expansion in 2026.

Michael Chae: Sure. Look, I think if this past year illustrated, we think our margin position is fundamentally strong. They expanded over 100 basis points to a fiscal year record in the context of record FRE, and we do always sort of advise people to look at the full year. And as it relates to 2026, in terms of drivers to note, as we said before, there's a level of sensitivity to FRPRs and transaction fees. And we think the setup for both of those are quite strong entering the year. On operating expenses, we had previously outlined a path of a decelerating rate of growth for 2025, and that is what happened. And we feel good about the continuation of that trend over time. All of this in the context of quite healthy expected top-line revenue. So, at this stage in the year, you've heard me say it before, we would view the starting point again as margin stability with the potential for upside. So, that's what I would sort of leave you with here in January.

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

Brian Bedell: Great. Thanks very much. Those last two questions were similar to mine. Maybe, if I can extend it to '27, just because the ramp up happens more in the back-half of the year, especially with the turn-on of the various private equity funds and fee holidays. So, looking at base management fee growth of probably 11%, similar in '26 to '25 again, just because the ramp is happening in the back half. But as we get into '27, does that portend an inflection point upward back to base management fee growth rates that are closer to what we saw in the 2020-2022 cycle versus the low double-digit side? And then also if I can layer in the FRE margin question for '27, is it fair to assume that if you have that accelerating revenue growth - obviously, it depends on FRPRs - but can you continue to scale that for FRE margin improvement in '27? And is there any ceiling you're thinking about for FRE margin in that context?

Michael Chae: Thanks, Brian. I would say overall, as you're hearing, we feel quite good about 2026, and we feel really good about 2027. Just overall across the business from a fee-related earnings standpoint, as part of that fee-related performance revenues with obviously the infrastructure every-three-year large incentive fee happening late that year, with transaction fees over the next couple of years, around net realizations, certainly, if this sort of market cycle we see continues and with margins as well. So, without getting too granular, certainly for a couple of years from now, that's the overall picture. And structurally, and in terms of the kind of timing of those new fundraises I mentioned and the fact that they'll contribute full-year fees in 2027 and the other factors. And yes, around operating leverage. We feel quite good about it.

Moderator: Thank you. We'll go next to Mike Brown with UBS.

Mike Brown: Great. Hi, good morning. So, in light of the DOL's proposed rules facilitating the Alts in 401(k) plans last week, I just wanted to check-in and see if you had kind of updated view on how the market could start to open up and if you're expecting anything in 2026? And then just on a related note, where does the alliance with Vanguard and Wellington sit today? Is there any new developments to share on that front?

Jon Gray: So, on the 401k front, we obviously have to wait and see what the administration puts out. There's a rulemaking process. So, I would expect '26 is a year of sort of building and, hopefully, the rules coming out. And I think you'll begin to see capital raising more in '27 on the 401(k) side. I do think that if we get a favorable outcome here that allows private assets to move into an American worker savings program, I do think long term, it has a very significant potential. And obviously, for us, as the largest player with the biggest products, it positions us quite well and obviously, the strength of our brand also. So, it's something we're very focused on. We have an excellent team and leadership group on it, but it's something that's going to build and I see this as sort of a foundational year.

On the Vanguard Wellington front, there's not a lot I can say. I do think that we will hopefully be launching products this year in the first half of the year. I'm not sure I can go much beyond that. But to me, it speaks to just what's happening to alternatives and the fact that in the wealth channel, they continue to spread out. And we're hopeful that we can reach a broader audience beyond the very top end of potential clients and wealth advisers. And there are a lot of people, I think, interested in these products, particularly if we can make them easier to access. And so, I would just say overall in wealth and individual investors, that the firm's brand and the

performance we've delivered is pretty extraordinary. And that this is an area where I think there is, overall, lots and lots of opportunity. We've been at it for many years. We did our first drawdown product going back to 2002. We did our first semi-liquid perpetual nine-plus years ago with BREIT and we built up a lot of goodwill in this channel. And I think you will continue to see new products come online. We filed something in the hedge fund area as well, recently. I think you'll see us continue to deliver for these customers and continue to expand. And what's nice about this AUM, as you know, is it's in this perpetual format. It tends to stick for long periods of time and compound. So, we have a lot of optimism and it's on multiple fronts within this wealth and retirement area.

Moderator: Thank you. We'll take our next question from Brennan Hawken with BMO.

Brennan Hawken: Good morning. Thanks for taking my question. In the professional wealth management strategies, what does the AUM base look like across geographies? Particularly interested in what the exposure is as far as Asia goes, Asian investors, and it would be great if you could give that a breakdown by asset class? Thanks.

Jon Gray: Yeah. I don't know if we have that handy. What I would say is the vast majority of the capital comes from the US. Within Asia, I think the next biggest market for us globally is Japan, which is a market that obviously has long-term stickiness. And then we've had recent great success in Canada. We do have an investment base in Hong Kong and Singapore and we're spreading out around the globe, but it continues to be a US-dominated business with Japan now a strong number two for us.

Moderator: We'll take our next question from Brian McKenna with Citizens.

Brian McKenna: Great. Thanks. So just a bigger-picture question for me. As Blackstone has become bigger and bigger over the years, I mean, there's been some questions from time to time around your ability to keep generating strong outperformance. But if you look at your results over the past year, I think you could argue that fundamentals are only accelerating here and then performance across most of the businesses is only getting better. I think this is a great example of why scale is so important in the industry. But as the company continues to grow from here, how do you make sure you continue to deliver for your investors and then also make sure you're preserving your culture across the firm?

Jon Gray: It's a great question. I would say we have a fair strive at this place that starts with Steve at the top and a desire to deliver for our customers. The reason we've grown so much over 40 years is because we haven't lost sight of true north, which is delivering returns for our customers. And so, for us, what we're utilizing is the enormous scale advantages in terms of insights coming from our companies, our real estate and infrastructure, and translating that into deployment of capital. And so, you've seen this thematic push into AI infrastructure, both digital and energy infrastructure. You see this geographically, the big focus we've had in India, probably as the leading foreign investor there in private equity and real estate, our push into Japan as well, which has paid off for us so well, and in Asia overall. Our focus on secondaries and GP stakes, and our knowledge of alternatives using that to translate into terrific returns. Obviously, our enormous scale in real estate, which is a competitive advantage. And in credit, doing this on an asset-light basis just based on our relationships with clients and the ability to

write these very large checks allows us in our minds, and in the numbers, to outperform.

So, I know everyone is always like, oh, larger is worse. I think in this environment, having more scale and more data is a meaningful moat. And we are trying to capitalize that for our investors each and every day. There is very much of an entrepreneurial spirit in this place. There is a fair sense of urgency and desire and will to win, and none of that is going away. And so, I think the key thing to look at is we raised \$71 billion of inflows in a quarter, \$239 billion in the year, in what has still been a pretty tough environment, real estate lagging, the M&A and IPO market is not quite open yet, and look at what we're doing. So, we think the future as the world normalizes, cost-of-capital comes down, you have what's happening in the AI world, economy growing faster, productivity picking up, and us investing in sectors we really like, we think that will really get this flywheel going, which is why you hear this optimism on the call.

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

Ben Budish: Hi, good morning and thank you for taking the question. I wanted to follow up on some of the discussion on the exit environment. I hear the optimism around the IPO opportunity in particular, but I'm just curious if you could comment a little bit on what you're seeing regarding financial and strategic sponsor-backed M&A. What does that mean for the near-term pipeline? I think your commentary about the ramp is more predicated on the IPO cycle just taking some time despite the growing pipeline. But how are you thinking about other types of M&A, what should we expect maybe in the next couple of quarters? How should we be thinking about that? Thank you.

Jon Gray: Well, the strength in the stock market is certainly helping. We announced a defense contracting business that we sold in the fourth quarter, which was, maybe it was early this year, maybe in the last couple of weeks, ARKA that we sold, and that was from a strategic. We do see strategics now given the strength of their stocks and the fact that the regulatory environment is much more conducive for M&A. There's more confidence as we've sort of normalized the approach in terms of evaluating antitrust issues, that's been very helpful. So, I would expect a mix. IPOs are obviously helpful for a number of these companies, but I think we will see strategics. There was an announcement this week on the stake side where a large manager bought a smaller credit manager that we had a stake in. Again, that reflects an M&A environment that's improving. So, I think it's fair to say it's on both sides.

And then on real estate specifically, we did see a 21% increase in overall M&A activity in real estate. We talked about the strength in logistics. We've seen some of the stocks on the screen start to pick up. I would not be surprised as you start to get momentum in that space, particularly as you move towards the latter half of the year, you'll see a pickup there as well. So, we did lean a lot into the IPO story, but I do think M&A and strategic sales will be there and they'll continue to be financial buyers for some assets as well.

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

Steven Chubak: Hi, good morning and thanks for taking my questions. I wanted to ask on the outlook for ECRED flows. You cited the \$700 million of equity raise in 4Q. Those flows appear to be accelerating. I was hoping you could speak to what the reception has been for the product,

how you're approaching marketing the offering given just a more complex regulatory apparatus in Europe. And as you think about your north star, whether BCRED is a reasonable paradigm to anchor to as you think about how much this could scale over a longer horizon.

Jon Gray: Well, we're excited about the ECRED product. Direct lending in Europe is a compelling area. The spreads are wider, the loan-to-values are lower. We've had a product that has delivered 10% inception-to-date returns in a lower rate economy in Europe. It is a harder place to distribute product because of the regulatory matrix that exists in Europe, but we are beginning to get more and more traction. Some of the new structures that have come out in the UK and on continental Europe, we believe will make it easier, and the fact that we've delivered this consistent performance. So, I think this is a product that could scale. It's not the size of the US market. So, I wouldn't have those kind of expectations. But certainly, it's gone from raising single-digit dollars or euros, now, as you pointed out, \$700 million in a quarter and we have real positive momentum there. So, it's an example again of the strength of our platform and the way it's globalizing and the growing receptivity to private assets, not only in the US, but around the world. And so, this is one where we're going to just keep focusing on it, keep delivering strong returns, and I think it can consistently grow.

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

Ken Worthington: Hi, good morning. Thanks for taking the question. Curious how you see the deployment opportunities developing in real estate this year, particularly core versus opportunistic and you've got plenty of capital still in the latest flagship BREP funds. How does the deployment pipeline look for those funds this year?

Jon Gray: Well, I'd say it's been a little bit lumpy. We've done some big things. We said here, we've deployed across the whole real estate platform in the last two years, \$50 billion. But sellers generally are a bit reluctant because people obviously want to see higher prices, want to see the sector recover. I think you'll continue to see us find some big things to do. I think we'll continue to invest in AI infrastructure and data centers in this space. I think we'll continue to look for privatizations because certain parts of the public real estate market are lagging. And then as values start to move up again and sellers become more motivated, I think we'll see transaction activity pick up. It's still very low relative to historic levels. And again, this is an asset class that's not going away. Real estate has fallen pretty far out of favor and yet hard assets, apartments, logistics, beachfront hotels, they're definitely going to have long-term demand. I would say, I think the focus for us initially will be more on the opportunistic side. But over time here, I think you'll see more and more transaction activity.

Moderator: We'll take our next question from Arnaud Giblat with BNP.

Arnaud Giblat: Yeah, good morning. I was wondering if you could carry on the real estate side. Could you talk a bit more about the outlook for performance in multifamily? I mean, I heard what you said with regards to the very low levels of new starts and potential from rate cap improvements bleeding into performance. But I was just wondering if you could develop a bit more, what are the drivers you see that could help the performance in multifamily? Thank you.

Jon Gray: What we've seen in multifamily in the US has been pretty slow growth, in some

cases, modestly negative, but pretty flat the last couple of years as the absorption of construction and slower job growth just basically led to a relatively flat market. I think the good news sign goes back to the supply dynamic, which is the starts are now down two-thirds from their peak. That takes a while to work through the system, but when you stop building new supply, that should be supportive of rental values over time. And again, this is a sector, so long as the population continues to grow, there's some aging of existing stock, there should be incremental demand and better fundamentals. We have seen an improvement over what we saw versus six months ago, 12 months ago. And again, the cost to own remains pretty high, which is pushing people into the rental area. So, I would say, overall, logistics is clearly in a better position today, which is our biggest asset class. Multifamily in the US, our second-biggest area, is beginning to show some better signs, but that lack of new supply combined with a healthy economy should create a favorable dynamic as we work through this year.

Moderator: Our next question comes from Patrick Davitt with Autonomous Research.

Patrick Davitt: Hey, good morning, everyone. You talked about the increased demand for IG private credit, but mostly from institutional pools, as it seems like retail demand for those strategies has been slow to develop just looking at BMAX and similar products from other managers. Do you think the relative yields or returns are too low relative to other products on the market or is it something else? And then I guess looking forward, given your discussions and education process with the distributors, do you see a path to a meaningful uptick there as that process plays out? Thank you.

Jon Gray: So, what I would say on the individual investor side, there clearly is more attraction to higher-yielding products in credit relative to the institution, who are just looking at a pure fixed-income replacement. But I do think over time, these things will evolve. I mean, if you think about the evolution of alternatives, they really started at the highest level with private equity and real estate private equity. And over time with institutions have also migrated into infrastructure and real estate and performing credit, non-investment grade, now investment-grade. I would guess as alternatives mature over time and they're more and more accepted, you'll see a similar path. It may not happen overnight, but they won't just think about: I'm going to do an alternative just because I'm going to get a double-digit return. I think people will begin to recognize the benefit of a premium return over what I can get in liquid markets. But as it relates to fixed-income, investment-grade fixed-income today, it's not there yet.

Moderator: Thank you. We will take our final question from Crispin Love with Piper Sandler.

Crispin Love: Thank you. Good morning, everyone. You announced the BREIT bonus shares early in the quarter. It's not huge, but first, how is the uptake on that special so far? And then was that driven by your opportunity to deploy capital in real estate? And then where are you most focused in that area for deployment? And then also just separately, how are your institutional investors viewing real estate? Is the interest improving, noticing a shift in sentiment? Thank you.

Jon Gray: Well, I definitely say that the institutional owners are much more open to hearing about real estate than they were, let's say, two years ago. That sentiment is starting to shift and getting better. On the individual side, we have seen some uptick in BREIT over the last year, but it's been modest. The motivation for the bonus shares was really about attracting more capital to

invest into what we think will be a very favorable environment. We did have in December the best net flows in BREIT that we've seen in more than three years. And so—but at this point, I think it's still too early to see what the reaction is going to be. I think the key thing with BREIT, as with all these products, will be performance. So, the fact that we posted something at 8.1% last year, which was well better than the public markets, well better than other private REITs is important. We've got to continue to consistently deliver strong performance. I believe if we do that, we'll begin to see the flows pick up in BREIT over time.

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

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