Blackstone Second Quarter 2026 Investor Call
July 23, 2026, at 9:00am ET

Weston Tucker: Thank you, Katie, and good morning, and welcome to Blackstone's second 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-Q report in a few weeks.

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

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

On results: We reported GAAP net income for the quarter of $2.4 billion. Distributable earnings were $2.0 billion, or $1.52 per common share, and we declared a dividend of $1.29 per share, which will be paid to holders of record as of August 3rd.

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

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

Blackstone reported outstanding second quarter results, with distributable earnings up 26% year over year to $2 billion, as Weston mentioned — approximately the same rate of earnings growth we delivered in Q1. Fee related earnings grew 22% year over year in the second quarter, while net realizations rose 27% despite the geopolitical volatility. Total inflows reached nearly $70 billion in the quarter and over $260 billion for the last twelve months, lifting assets under management 11% year over year to a record $1.35 trillion. The most significant driver of these strong results continues to be the large-scale investments we've made in artificial intelligence-related areas, including data centers, energy and power, and the frontier AI companies themselves. These investments are leading to standout results in numerous strategies across the firm, and are supporting our momentum in fund-raising, deployment and — as we start to monetize some of the substantial gains we've been building in these areas — in performance revenues.

Over the past several years, we've been regularly sharing our views on the transformative potential of AI, and how we've been positioning the firm to benefit from the paradigm shift that is underway. Blackstone has become one of the largest private capital providers in the AI ecosystem — a position that gives our investors unique access to the remarkable opportunities emerging in this area and allows them to share directly in the extraordinary potential upside. Many of these opportunities, of course, can't be replicated in the public markets. We built the largest data center development business in the world, and demand for compute is accelerating; we became one of the most active private investors in power and utilities, and energy demand is significantly rising; and we invested directly in some of the fastest-growing private companies in the world, including Anthropic, OpenAI and SpaceX. We're now creating new companies and platforms that we believe will play a critical role in the advancement of AI — including four in the second quarter alone.

First, we teamed with Google to build a new AI cloud provider powered by their TPU chips, investing up to $5 billion initially. We think this business has the potential to scale quite significantly over time, as the first neocloud for TPUs. Second, we partnered with Anthropic to form a company focused on driving enterprise adoption of their AI-powered solutions, helping firms to realize the vast potential of this technology. Third, we joined Broadcom and another manager to create a financing platform in support of Broadcom's deployment of large-scale AI compute for their end customers. The platform provided $35 billion initially to deliver one gigawatt of compute — representing the largest private credit investment in history — with much more to come. And fourth, alongside these partnerships with leading AI companies, we launched a Blackstone-managed REIT known as "BXDC" — something public market investors can access directly — to acquire stabilized, newly constructed data centers. The $2 billion offering represented the largest blind pool REIT IPO in history — a testament to our leadership position in this sector. The market for long-term ownership of stabilized data centers is nascent today, and we think it can grow to one trillion dollars over time, and beyond — representing massive potential for BXDC.

In addition to these new ventures, we are seeing extraordinary momentum in our data center platform, which has grown to $185 billion of total value (including facilities under construction) — up from $130 billion at the start of just this year. We expect to lease over three times more capacity this year than any other year in our history. If we execute on our pipeline, our data center platform could double over the next few years. Growth of this type, underpinned by long duration leases with some of the highest-quality and most creditworthy customers in the world, is a compelling illustration of what can be created in private markets. And while it's still early in the life cycle of our data center investments, as one indication of their significant embedded value, we recently sold our stake in a collection of fully leased assets that are still under construction, at a multibillion-dollar gain.

Meanwhile, in energy, we continue to actively invest to help meet rising global demand, including in utilities, utility services, renewables, pipelines, LNG and electrical equipment — across both equity and debt. We've generated highly differentiated returns for LPs in these areas as well, as highlighted by the performance of our energy-focused strategies. Last week, in credit, we announced a $5.3 billion investment for leading energy infrastructure company Williams to support multiple development projects to power data centers. This investment provides yet another example of Fortune 500 companies looking to private markets for customized, long-duration capital solutions.

I am sharing these examples to highlight the remarkable scale of capital needed for the AI buildout, and the unprecedented opportunities it is creating for Blackstone and our investors. At the same time, there are investment risks and uncertainties that accompany the rapid growth of AI, along with important societal considerations. In terms of risks: we are mindful of the potential for excessive exuberance in this area, and we've carefully chosen our spots, leveraging our scale and knowledge advantage to build conviction. We've focused on identifying compelling risk-adjusted returns, with outsized upside potential and, in many cases, meaningful downside protection.

On the societal implications of AI: I have been extensively engaged on this topic, since I made a major donation in 2018 to MIT, establishing the Schwarzman College of Computing, and this includes a focus on AI safety. I've been spending time with leaders in the industry and various policy makers thinking about how to address this critical issue, while also preserving the advancement of America's AI leadership. In addition, the firm is working closely with our portfolio companies, including our data center businesses, to address the workforce, environmental and community implications of development. Through the creation of union jobs, workforce training, water-free cooling systems, expanded power generation and significant local economic investment — our goal is for these projects to contribute to the success of the communities we serve.

Overall, I believe the potential change from AI has precedent in the industrial revolution and the commercialization of electricity. Each time in history there's been this type of dramatic change, economies have adjusted and the standard of living for virtually everyone in society is improved over time. We believe the future impact of AI will echo these previous periods, but with more rapid implementation and complexity. Major change of this type also creates anxiety due to the uncertainties of how the technology will evolve and its ultimate impact. We will need to monitor these developments as a society and course-correct when necessary.

In closing, we are in the early days of what I believe will be the most consequential transformation in industry and markets in a generation. Private capital will play a vital role in these advancements, and Blackstone is the leading firm. I have great optimism for what is in store for our investors. And for shareholders — our stock is on sale today and we believe it represents one of the most inexpensive ways to participate in this extraordinary megatrend.

With that — I'll turn it over to Jon.

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

The seed planting we've been doing across the firm, around AI and AI infrastructure, is generating outstanding returns. A relentless focus on investment performance remains our true north.

Our clients are responding with robust inflows across all of our major fund-raising channels — institutions, insurance companies and individual investors (the "3 I's"). At the same time, the IPO market is strengthening, setting the foundation for greater realizations and performance revenues over time. I'll speak about each of these dynamics in detail.

Starting with our institutional business, which remains the core engine of our firm. Investor affinity for Blackstone is as strong as ever, and we're seeing our momentum accelerate across numerous areas.

In infrastructure, we launched our dedicated platform eight years ago, and today it is a rocket ship — with AUM growing a remarkable 40% year over year to $90 billion. AI is powering our investments in digital and energy infrastructure in particular — leading to 18% net annual returns since inception for the commingled BIP strategy. Meanwhile, our multi-asset investing business, BXMA, is experiencing a renaissance. We originally entered the hedge fund of funds business in 1990 and effectively relaunched this platform in 2021 when we brought on Joe Dowling to lead it. BXMA has now delivered 25 consecutive quarters of positive returns for its largest strategy, with Q2 representing the best returns in six years. AUM reached a record $109 billion — up 21% year over year, representing its fastest organic growth in nearly fifteen years, when the segment was less than half of its current size. Post quarter end, on July 1st, BXMA reported an additional $4.8 billion of monthly inflows — its best single month of fund-raising in history.

Turning to our institutional drawdown area — which is accelerating. We are raising a new cycle of funds across a number of highly differentiated strategies. Three of these funds hit their hard caps so far in 2026, with excess demand — in opportunistic private credit, life sciences and Asia private equity — and we expect our new private equity energy transition flagship to hit its hard cap soon as well. Taken together, these four strategies represent nearly $40 billion. Our Asia PE flagship held its final close in the second quarter, raising $13.1 billion — more than double the previous vintage — on the back of a 27% net annual return in the prior fund since inception. Our decision to focus on India — where we believe we have the largest alternatives business — and Japan has been a key driver of this performance. Our fifth PE energy transition flagship closed on nearly $6 billion in Q2 — already equal in size to the prior vintage — on its way to an expected $8.7 billion. In secondaries, we've raised over $14 billion to date for our new buyout flagship, with a target of at least $22 billion. And in credit, we held closings for new drawdown vehicles in direct lending and asset-based finance. Overall, our institutional business has extraordinary forward momentum.

Stepping back for a moment on credit, where our combined platform has grown to nearly $550 billion across corporate and real estate credit, up 13% year over year. Inflows were $33 billion in the second quarter, or nearly 50% of the firm's total. We're seeing continued strong engagement with institutions across our non-investment grade strategies, despite the market noise earlier in the year. At the same time, we're benefitting significantly from the massive secular shift underway toward investment grade private credit. A new "direct-to-customer" model has taken hold, which brings clients right up to borrowers, leading to a better experience for both.

In the insurance channel specifically, this model is resonating, as is our open architecture approach. Our insurance AUM reached $290 billion in the second quarter — up 15% year over year — representing the largest third party-focused platform in our sector. We announced a new partnership with Japan's largest life insurer, Nippon Life, in which we'll deploy approximately $10 billion in private credit over the next several years, and also invest in their domestic real estate portfolio. This builds on our existing relationship with Nippon Life through their investments in Corebridge and Resolution Life — both of which are major partners of ours. In total, we now have 40 clients in our dedicated insurance solutions area, a number which has nearly doubled in the past two years — and we continue to add more on a global basis. We're building something highly differentiated in this channel and have established a massive scale advantage with the combined strength of 40 of the leading insurers in the world — all without taking on insurance liabilities.

Moving to private wealth. Performance and brand are the ultimate determinants of success in the wealth channel — and Blackstone is a leader in both. Despite the geopolitical turbulence and muted flows in credit, our AUM in the channel grew 16% year over year in the second quarter to a record $324 billion. Total sales were $8.6 billion in the quarter, with a slower pace in April and May when sentiment related to the Iran conflict was most negative, but a strong recovery in June. This momentum has continued so far in Q3.

BXPE led the way again in the second quarter, with $2.4 billion raised, bringing its NAV to over $25 billion in only ten quarters. June represented the best month of sales since launch at $1.2 billion. BXPE has achieved a remarkable 20% net annualized return since inception for its largest share class, including approximately 8% net in Q2, powered by its outstanding portfolio positioning. Our infrastructure vehicle in private wealth, BXINFRA, raised approximately $900 million in the second quarter, bringing its NAV to $6 billion in just six quarters — underpinned by a 16% annualized net return in its largest share class.

BREIT raised $1.2 billion in the second quarter, while repurchases continued to decline sharply, falling 42% year over year, and down 33% sequentially from Q1 — resulting in the best regular-way net flows in nearly four years. The vehicle has generated a 9.4% net return for its largest share class since inception nine-and-a-half years ago — approximately 40% above the public REIT index — including 10.3% net for the last twelve months. BREIT's investment in data centers, which now comprise 27% of the portfolio, has been particularly helpful. NAV increased 7% year over year to $57 billion. BREIT is clearly back in growth mode.

Finally, BCRED's gross sales were $1.0 billion in the second quarter. Repurchase requests remained elevated and exceeded the 5% limit, with approximately 50% fulfilled, resulting in net outflows of $1.2 billion. The semiliquid structure of BCRED and our other private wealth perpetuals is designed to provide greater liquidity than traditional drawdown funds, while protecting performance. We've been here before with BREIT. And while it's early in the third quarter, redemption requests are down materially.

Looking forward, our performance supports innovation. Yesterday, the first two funds in our alliance with Wellington and Vanguard officially launched — "WVB All Markets" and "WVB Blackstone All Privates" — with inflows expected to start later this quarter. These funds provide individuals with simplified access to three world-class asset management firms, including the full breadth of the Blackstone platform. Together, the alliance is actively exploring additional strategies, including for the retirement market. And later this summer, the firm expects to accept our first subscriptions to BXHF, our new perpetual multi-strategy hedge fund product targeting more liquid exposures. Adoption of private markets in the wealth channel remains on a structurally positive trajectory, and Blackstone continues to lead the way.

Finally — turning to the IPO market, which has strengthened considerably. At the start of the year, we predicted that 2026 would be "the year of the IPO," and that is what's playing out. In the first six months of this year, US IPO activity increased six-fold compared to the same time last year, while global issuance rose more than three-and-a-half fold. Against this backdrop, Blackstone has executed three IPOs since May: a mobile advertising business in the US; an office REIT in India; and the firm's stabilized data center REIT, BXDC. This week, we launched another significant IPO in the US. In total, we have eight IPOs on file globally from a diverse range of sectors and geographies. While geopolitical developments will continue to impact markets, we are optimistic on the direction of travel, with our IPO activity providing the foundation for greater realizations over time.

In closing, our highly diversified, capital-light, performance-driven model continues to deliver. I am extremely confident about the future.

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

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

The firm's continued evolution, and the expanding scope of our activity, have fundamentally transformed our earnings power — both in terms of the magnitude, as well as the breadth of sources of earnings. In the second quarter, we again delivered over 20% year over year growth across total revenues, fee revenues, fee related earnings, net realizations and distributable earnings — following a similar trajectory for these metrics in Q1. Meanwhile, our funds reported strong overall investment performance against a backdrop of significant geopolitical uncertainty, highlighted by notable strength in our AI-related portfolio, as you've heard this morning.

Starting with results. Distributable earnings increased 26% year over year to $2.0 billion in the second quarter, or $1.52 per share — underpinned by one of the three best quarters of fee related earnings in our history, along with robust growth in net realizations.

First, with respect to FRE, which increased 22% year over year to $1.8 billion, or $1.43 per share. Fee revenues also rose 22%, to $3.0 billion, with double-digit year-over-year growth in all four of our segments: 32% growth in private equity, 21% in real estate, 18% in BXMA and 11% in credit. In terms of the underlying drivers of fee revenue growth: transaction and advisory fees for the firm nearly doubled in the second quarter to a record $321 million and were up 52% sequentially from Q1. The expansion of our platform, and overall levels of financing and investment activity, has led to a material step up in these revenues — representing an important and underappreciated engine of fee revenue generation.

Further, fee-related performance revenues increased 68% year over year to $793 million in the second quarter, powered by the scaling and strong overall investment performance of our platform of perpetual strategies. These revenues increased nearly threefold for both BXPE and BREIT, alongside contributions from BCRED, BIP, BXINFRA and other vehicles. Base management fees for the firm grew at a mid-single digit rate year over year, in line with the trajectory we previously outlined. We saw strong double-digit growth in base fees in private equity and BXMA; some deceleration in year-over-year growth in credit related to the BDC area; and a decline in real estate due to harvesting activity in the BREP opportunistic funds and headwinds in our institutional core-plus business, as I mentioned last quarter. We continue to expect similar year-over-year base management fee growth for the firm in the third quarter as in Q2 – with a return to double-digit growth in base management fees in 2027.

Turning to net realizations: we reported $414 million in the second quarter — up 27% year over year. Gross performance revenues grew 32% year over year to $731 million, underpinned by a 20% increase in private equity; while real estate performance revenues rose nearly five-fold to the highest level in four years. We noted last quarter that geopolitical volatility had pushed out exit pipelines and slowed realization activity in the near term. Even so, we were able to execute a number of dispositions across the firm, including the data center sale that Steve discussed, along with multiple realizations in the energy portfolio. These included a manufacturer of engineered structures for electric transmission, a natural gas pipeline, a Europe-based environmental services firm, and the public stock of an energy solutions company.

Overall, the firm's embedded realization potential is significant. The net accrued performance revenue on our balance sheet (our "store of value") now stands at $7.5 billion, or $6.00 per share — the highest level in four years — up 13% year over year, and up 7% sequentially from Q1. And while we do expect a sequential deceleration in net realizations in the third quarter, we anticipate a robust fourth quarter and 2027.

That brings me to investment performance which, as Steve mentioned, was highlighted by outstanding returns in numerous strategies, driven in significant part by our AI-related portfolio. This was illustrated in our returns in infrastructure, our dedicated energy strategies, BXPE, BREIT and the most recent vintages of our corporate private equity and real estate opportunistic funds, which have favorable exposure to this area. BXMA's strong overall returns also benefited from its positioning in the AI area. For the firm overall, AI-related holdings comprised nine of the ten largest mark-ups in the second quarter.

Our dedicated infrastructure platform appreciated 7.2% in the quarter and an exceptional 29% for the last twelve months. Our US- and Europe-focused data center business, QTS, was once again the largest single driver of appreciation in infrastructure, real estate, and for the firm overall in Q2, driven by continued extraordinary leasing momentum. We also saw significant gains across other data center investments in the US and Asia.

The corporate private equity funds appreciated 3.7% in the second quarter and 14% for the last twelve months. Our holdings in power and electrification, both private and public — along with strong performance in Asia — were the largest drivers of Q2 returns. The most recent vintages of our corporate private equity strategies were the best performing, powered by these areas — including appreciation of 6.1% in the quarter for our latest global flagship; 8.8% for Asia; and 23.6% for our most recent fully invested energy fund. Overall, our private equity operating companies continue to report healthy underlying fundamentals, including revenue growth of 11% year over year.

BXMA reported a 5.8% gross return for the absolute return composite in the second quarter, and over 15% for the LTM period. BXMA has delivered positive composite returns in each of the last 25 quarters as Jon noted, and in 38 of the past 39 months — a remarkable achievement notwithstanding the significant volatility in public markets over this period. Strong investment performance across the BXMA platform in Q2 led to the segment's highest dollar fund appreciation in history and is supporting robust inflows and continued double-digit year-over-year growth in AUM. In credit, our non-investment-grade private credit strategies reported a gross return of 1% in the second quarter and 7% for the last twelve months, reflecting stable underlying credit performance across the vast majority of our holdings, with strong current income providing ballast to returns. Here too, our energy funds outperformed — with our most recent, BGREEN 3, reporting a 4.5% gross return in the quarter.

Finally, in real estate, overall values appreciated modestly in the second quarter led by strength in data centers, partly offset by declines in life sciences office and certain other areas. While the recovery in commercial real estate has been impacted by the increase in base rates, our platform remains well positioned, with data centers, logistics and rental housing now comprising nearly 80% of the global equity portfolio. In logistics, our largest exposure in real estate, we're seeing US leasing activity meaningfully re-accelerate. And for data centers, it's hard to overstate their importance and impact. The most recent vintages of our BREP global and Asia strategies — which appreciated 7% and 3.7% in the second quarter, respectively — along with our BPP US institutional core-plus vehicle and, of course, BREIT — are benefitting significantly from their growing exposure to data centers.

Overall — AI is helping to drive investment performance across the firm, particularly in the latest vintages of our funds.

In closing, we're in a time of massive demand for capital to fuel historic growth in the most critical areas — and private markets are the solution. For Blackstone, the breadth, scale and reach of the business we built over four decades have put us in a unique position to be the leader in providing these solutions. Thank you for joining today's call, and we would like to open it up now for questions.

Operator: Thank you. We will take our first question from Glenn Schorr with Evercore.

Glenn Schorr: Hi, thanks so much. Maybe we'll pick up where you just left off, Michael. I respect all the 20%+ growth numbers that you all ran through. Got a lot of capital raising, ton of dry powder and all the seed planting. So, the question on base management fees, I heard you on third quarter, but let's just go out to next year where we and the rest of the world are expecting more of a double-digit pickup. Could you possibly talk through some of the building blocks and the pieces that get us there? If that happens, deployment, the fee holiday roll-offs, credit stabilizing, things like that would be helpful. Appreciate it.

Michael Chae: Sure, Glenn, thanks. And as you heard from my remarks, we have that expectation too about double-digit growth next year. We feel very good about the foundation being put in place in terms of the building blocks you mentioned, there are a number of fundamental and very positive drivers that support our view and really are about the embedded growth we see going into next year.

So first, the full-year benefit of the private equity segment drawdowns that we've activated or will activate this year. So that's our SPX fund, our Asia III fund in BCP, our energy transition fund. So, second, I'd say the seasoning and expansion of perpetual strategies, particularly across our flagship private wealth vehicles and our infrastructure platform.

So, as you know, as Jon said, our BXPE NAV, $25 billion, that's up two times year over year. Our infrastructure business, up 40% year over year, BXINFRA, new product introductions.

So that is a very positive picture. And I would add to that in BXMA, in a similarly NAV-based business, by and large, AUM is up 21% and performance and net flow activity remain exceptionally strong. And then in credit, we see underlying positive growth in credit and insurance across the institutional insurance channels. We look to an eventual stabilization in retail flows. AUM, as you know, for the whole business is up 15% year over year. Inflows are healthy. The IABC portion of that business — really private investment-grade — is up in the 20% AUM area year over year.

The insurance business, AUM up 15% year over year. Importantly, and you referenced dry powder, our credit business overall ended the quarter with $84 billion of dry powder which, as you know, largely earns fees as it's invested. That dry powder balance is over double where it was at the beginning of 2024 and almost a third larger than just the beginning of this year. So that's really this built-in coiled spring as it relates to expanding management fee growth.

And then finally, importantly, we see stabilization in the real estate base fee trends next year. So if you take those pieces together, we think we're well-positioned for a very strong 2027. I would just add finally, in the meantime, as you know, beyond base management fees, the firm today really benefits from a significantly broader fee-generating platform.

And as the results in this quarter demonstrated, that includes the growing scale and contribution from transaction fees and fee-related performance revenues. So in the first half of the year, total fee revenues were up 21%. So we think that's a very positive picture about 2027. In the meantime, the overall fee revenue base showing strong momentum.

Glenn Schorr: Thanks so much for that.

Operator: We will take our next question from Alex Blostein with Goldman Sachs.

Alex Blostein: Hi, good morning. Thank you for taking the questions. Well, I would love to double-click on what you guys are seeing in the wealth channel. Jon, a couple of positive remarks I think you mentioned as far as the third quarter goes, so maybe what you're hearing on the ground on BCRED performance year-to-date, I think is a little challenged still, but it sounds like you've seen some improvement in redemptions. So I would love to get into that a little more and then ultimately also on the new products that you launched with Wellington and Vanguard, would love to get your perspective on how you're planning to scale these products and flow through the management fees ultimately for Blackstone from them.

Jon Gray: Thanks, Alex. The wealth platform is in really terrific shape. AUM, as we mentioned, up 16% year on year to $324 billion. We saw a recovery in flows. Certainly, towards the end of the quarter — which we talked about — in the heart of both the credit and the war, we did see a little bit of a deceleration and we're now back to the levels we were in the first quarter on a monthly basis. The mix has changed, obviously, with a lot of strength, as you heard in BXPE, BXINFRA, BREIT has much more momentum, but more muted inflows on BCRED, which given the volume of noise is to us not a surprise. I would reaffirm what I said, which is it's early in the quarter, but the redemptions in BCRED are down materially, which is positive.

So I think you've got to look at this overall platform and think about it holistically. The strength of our brand, the strength of our distribution team, our global reach, the performance we've provided, the confidence we built with financial advisers and clients. This is a very special thing that's been built and we think the potential for it to grow is quite enormous with those initial four flagships, but then with new product launches, the hedge fund products we talked about.

And then, to your point, Wellington and Vanguard, these are two amazing firms who have long-storied histories who are focused on investment performance, as we are, and the idea of creating products that are one-stop shopping, integrated — where you have all the Blackstone privates together, or the Blackstone privates along with actives, passives, equity, fixed-income. Putting that together and making it easier for investors to access these products. There are also different standards in terms of where they sit because of the structures here with Wellington as managers as opposed to what we have today. A number of our products are limited to qualified purchasers.

Here there's a larger universe of potential buyers and there are folks who want a simpler, easier solution. We're excited. It will take time, like everything, to build these things, but it's a couple more engines we're adding. I think we do offer something that is really unique. And again, performance is so important. If you look at BREIT relative to real estate products, if you look at how BCRED has performed since its inception, if you look at BXPE and BXINFRA over the last couple of years. That is remarkable, which is why we think we have built so much loyalty with the customers.

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

Michael Cyprys: Hey, good morning. Thanks for taking the questions. Just want to ask about AI. If AI compute increasingly becomes a scarce economic resource, could we eventually see compute capacity, in your view, emerge as a standalone investable asset class similar to what we see in real estate, infrastructure or energy? Can you talk about how you're positioning for that and maybe that dovetails with the new REIT BXDC where you mentioned a massive opportunity to get to $1 trillion. Maybe you could just unpack some of the building blocks and how you see some of the near-term versus medium-term milestones to make progress and sort of hit that over time. Thank you.

Jon Gray: It's a great question, Mike. We definitely see today a global shortage of compute. There's obviously a lot of dollars being invested, but the dollars are not keeping up with the demand, and we see that on a lot of fronts today. When we talk to our hyperscaler friends, the large language model companies, our friends there, they all would want more capacity. And so, as we have this energy shortage in places, there's now some community pushback. We obviously have chip shortages today in memory. It is making it harder to keep up with the pace of demand. And I do think ultimately that what that means is those things that are built and operating are worth more. Data centers are a great example of that.

We've seen benefits obviously for the neoclouds, which can deliver compute more real-time. I do think what this is going to mean is a market will grow to be very large in the real estate world. We saw this in the mobile tower business. I think we'll see this here. I think BXDC has the potential to grow significantly because there's not just data centers that are owned by the developers and investors like us, there's also an enormous amount of data centers on the balance sheets of the big hyperscalers. So as they need more capital, I think you'll see some of these things sold.

And then the energy assets also, I think, become increasingly valuable as well, and the infrastructure around that. We've done a lot of investments in the midstream space, pipelines, LNG, that becomes more valuable. So I do believe the components of compute because of the shortage of compute will increase in value and we've positioned us, particularly in infrastructure where Sean Klimczak and his team have done just a terrific job, but also in real estate and our energy transition business, we've got a bunch of places where we're exposed to what's happening here. And I do think it points to, at least in the near term, a continued shortage and therefore value is going up.

Michael Chae: Mike, it's Michael. I'd just add that basically almost every business at the firm that we've built over decades is now in position, and has acted on this, to be a capital solutions provider to this whole ecosystem. So whether it's credit, infrastructure, real estate, energy, private equity, hybrid capital in Tac Opps or BXPE vehicle or BXMA area as it relates to more liquid parts of the market, just this breadth, diversity and scale of the business we've built puts us in a position to basically have a capital pool that can be a solution for every need in this area and the needs are massive.

You mentioned a single pool of capital. I would just say, we can keep innovating — you mentioned BXDC — around the existing platform of businesses in a really, I think, exciting way.

Michael Cyprys: Great, thank you.

Operator: We will take our next question from Craig Siegenthaler with Bank of America.

Craig Siegenthaler: Hey, good morning, everyone. My question is on real estate. And I know this hasn't happened in more than four years, but public REIT stocks are outperforming the S&P 500, year-to-date. And as you know, very few asset classes have been able to keep pace with US large caps. Now despite this, private real estate returns and opportunistic drawdowns in CorePlus have still lagged publics. So I'm wondering, do you have any line of sight into private returns and also how this could translate into demand for private real estate across your LP base.

Jon Gray: Well, Craig, I'd start with what's happening on the ground with fundamentals. There has certainly been a headwind last year with Liberation Day and now this year with the war that have kept rates elevated. But sort of underneath the covers, there are a number of positive things happening, which is why I think the public REIT market has moved.

And you see that at times that the public markets are more forward-looking. And what's happening is there's been a sharp reduction in new supply and that is starting to have an impact. The area where it's moving first is in logistics, in the warehouse business, which is our biggest asset class. We saw very strong leasing in the first half of the year at our Link Logistics platform in the US, which is up 26% in leasing volume. We're seeing occupancy now and rents start to increase.

And investors are seeing this. We're now seeing some large-scale M&A in the public markets with Prologis' what looks to be likely a successful takeover of a $25 billion logistics company in the UK and Segro. I think these are good signs. I think this will be the first asset class that really starts to emerge in real estate and that is good for us over time.

But yes, the public market anticipates this. We've also seen strength in hotels last year. We saw negative same-store RevPAR this year nationally in the US, it's plus 5%. That's a very positive sign. We've leaned in in places like San Francisco, again, a bit AI derivative. We bought three hotels in the last six months. We feel very good about that.

And interestingly, in the office market, which has been in a tough spot for a number of years. In a place like New York, vacancies fallen from 21.5% to 14.5%, which is a very good sign. We're also seeing, you mentioned the public REIT market, which is strong, but the public debt market to CMBS market volumes are up 23%.

So I would say near-term headwinds slowing things down because of rates moving up. But I think once we get past the war and we see that start to settle down, the underlying strength in fundamentals and investors' desire to invest in hard assets in a world where there's a lot of uncertainty. I think you'll begin to see this real estate recovery in the private sector pick up pace.

Craig Siegenthaler: Thanks, Jon.

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

Bill Katz: Great, thank you very much for taking the question. Maybe just a big-picture question to change topics for a second. So, I was listening to Steve's comments about Blackstone being a cheap way to play the opportunity in AI and infrastructure and we would agree wholeheartedly with that. How does that inform your views on capital return from here? Stock is down significantly from its highs, obviously bouncing a bit, say, which is great to see. You have a big payout. Any thoughts of maybe rejiggering the payout rate, stepping in on buyback a little bit versus de novo growth? And maybe how you're just thinking about capital allocation from here? Thank you.

Michael Chae: Hey, Bill, thanks. It's Michael. Look, I think we've been committed to our capital policy for a long time, which as you know is basically returning 100% over time of our cash earnings back in the form of our dividend, which I think today is at like four times the S&P yield, on a yield basis. And then also a more moderate but consistent buyback program, all to add up to that sort of total return of our cash earnings.

So we think over the long run, that's been a sound policy for us. It does reflect sort of our business model and the relative capital-light orientation of it. We certainly have scope to look at that over time and we're opportunistic on use of capital as it relates to the stock. But we try to be consistent and committed to our policy, and that's kind of where we are today on that.

Bill Katz: Thank you.

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

Brian Bedell: Great. Thanks. Good morning. Thanks for taking my question. Maybe just to go back to the really strong momentum in fundraising. It looks like you're now on pace to potentially match or exceed your record year in 2021. So maybe just talk about the confidence of that. I know there's different timing, of course, with the drawdown funds. But as you think about it more broadly, just thinking about that growth momentum across private wealth, credit, obviously, the whole AI and data center theme and increasing inflows in insurance. Are you expecting that fundraising pace even after potentially a really strong year this year to actually continue to grow into '27 and longer term beyond?

Jon Gray: Brian, it's a good question. It's hard to put your finger on it. What we can point to is that we've been in a world of pretty high volatility. And I think it speaks to the resilience and breadth of this franchise. And we managed to raise obviously very significant amounts of money and we're doing it across all three of these channels. So, you heard about it on the institutional side, where we have a number of funds that are exceeding their hard cap in terms of demand.

We talked about our BXMA business, which has really renewed momentum, our infrastructure business, which I think will continue to grow at a really breathtaking pace. It is a bit slower in real estate, but remarkably that business despite its slowness in fundraising, we're still producing these very strong results. So when we get to the other side on real estate, that gives me a lot of confidence with the firm overall and where fundraising can move to.

On the insurance side, we continue to see clients responding. I mean, we were up 15% to $290 billion in insurance. Those clients really appreciate the premium return we can deliver over comparably rated investment-grade credit. And to Michael's point, we're doing these large corporate solutions that are so needed in the energy space, in the digital infrastructure space. And I think we'll continue to gain clients in that area as well.

And then wealth, despite all the negative headlines, everything again up 16% year on year to $324 billion, a range of existing products that have delivered and then new products coming online. And I think the thing about Blackstone is just the strength of the brand we've built. It is recognized globally by investors. They trust the firm, they trust us across multiple channels and that is enabling us to continue to grow without having to borrow money or utilize capital at scale. And we really like where we are. We do think, in terms of outlook, we get a more settled landscape, war ending, inflation, rates coming down, that will be very helpful for the business. So, we've got a lot of confidence on the fundraising outlook over time.

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

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

Dan Fannon: Thanks. Good morning. I guess, based on the outlook you gave for management fees for the second half and next year, how should we think about margins in that context, particularly as we think about next year, given the growth rates that are expected from the management fee side?

Michael Chae: Dan, it's Michael. It's early around margins for next year. But as I said, we're pretty confident about the top line and we're also confident about our ability to manage expenses and deliver over time operating leverage. So I think we're not going to give a specific viewpoint on that other than to reiterate structurally, we like our margin position.

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

Bart Dziarski: Great. Thanks for taking the question and good morning, everyone. I wanted to dive into the transaction fees. Very strong quarter, looked broad-based across private equity, real estate, credit. Are there any lumpy items to call out there? And then, Michael, you talked about this fee stream being underappreciated. Maybe unpack that a little bit for us and what we should be expecting going forward? Thanks.

Michael Chae: Yeah, I think that it's really stepping back about the scaling of the firm, the broadening of the firm, the surface area for transaction activity, financings, advisory services that can generate these revenues. That led to this record quarter and a record first half, and that probably in recent years has been underappreciated, but it's obviously coming to the fore now. And in terms of lumpiness for the quarter, I think in particular, what's emerged as a really new avenue for this area are these customized capital solutions, these corporate solutions, private investment grade in the credit insurance area, there's a substantial opportunity for investment grade rated corporates where we've become a trusted solutions provider.

As it relates to transactions in those areas, those can lead to attractive revenues in this area. And there'll be some variability to that occurring from time to time, but that's a newer strategic area that will continue to grow. So I'd just say while there will be quarter-to-quarter variability in this revenue stream, we do have a considerable pipeline in place for the second half of the year and the underlying baseline just continues to grow and our trajectory has been upward.

And it's really about the expansion of the ecosystem across areas like private credit, infrastructure and so forth.

Jon Gray: I would just say to Michael's point, as the asset base grows, there's just more activity around that asset base. You can see that areas like digital infrastructure, energy, there's just more and more capital needs and it's really tied directly to our AUM in a lot of ways. So, I do think you're beginning to see this really structural step-up in earnings from this area.

Bart Dziarski: Okay. Great. Very helpful. Thanks so much.

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

Brennan Hawken: Good morning. Thanks for taking my question. I would love to drill down a little bit on realizations. So, we've been waiting for recovery in realizations for some time and you added some color about that ramping in 4Q and into 2027. But could you maybe help us contextualize that expectation? Are there any historical periods that you would point to as a proxy? And how reliant is it on market conditions, which has sort of been part of the trouble with trying to nail down timing on this cycle?

Jon Gray: Well, I'll just comment on the history. If you recall, obviously in '08, '09, we had very little in the way of realizations and the engine didn't really ramp back up that time. It was probably 2013 and then over that ensuing period, we had very significant realizations. Here, we've now been in a period of basically four years with some similarities, maybe not as sharp a downturn, but this sort of long period of recovery. But short rates have come down. Obviously, the IPO market has started to reopen and it felt earlier in the year, pre-war, that this was going to really accelerate. Now it's been delayed a bit. But ultimately, I think we know where this is heading, so I think we do have confidence as we look out towards the end of the year and into '27 that we are going to see a pickup.

Michael Chae: And I'd just add on to that broadly that this has been an uneven recovery in terms of the realization environment. It is one we think will continue to strengthen. A few particular areas where we're seeing particular momentum. First, I'd say, obviously, and as Jon talked about, the IPO market strengthened considerably. We've made additional IPOs on file. We've been very active and that's going to provide a foundation for greater realizations over time as these companies seize them. In the corporate private equity complex, about a third of its receivable balance, its NAPR balance, is publicly traded and it's growing.

So, as we do more IPOs, that will create more public market cap in our portfolio and that will continue to grow that public NAPR, which is obviously liquid and more easy to translate into net realization. Second, I'd say within energy transition, there the receivable balance has roughly doubled in a year and that really reflects the portfolio we've built around the AI and power ecosystem. And there is in that area, the active M&A market. There's active private sales both to strategics and other sponsors. We announced something yesterday on this front.

That is a sector that I think is very fertile right now. And then third, BXMA. We have a scheduled as usual year-end crystallization in BXMA. It's performing very well year-to-date as you've heard, and so that is scheduled for the fourth quarter. Where we sit today, that should be quite robust. Overall, if you step back, as I mentioned in my remarks, despite the choppiness and the capital markets' volatility, the NAPR overall for the firm has grown to its highest level in four years. We like the position we're in, but as always, we're going to pick the right time to translate this into realizations and sales over time.

Brennan Hawken: Thanks for that color.

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

Mike Brown: Great. Good morning. Thanks for taking my question. Jon, I wanted to dive in a little bit more to BCRED. You made the comments about the withdrawals are slowing here and we're in the early stages of 3Q. So curious if you think that some of these withdrawals will continue to ease as you move into the onshore redemption window? Maybe just unpack a little bit about what you're hearing from advisors, what do you think is driving that reduction in the withdrawals? Has it been that performance has actually held up quite well? We haven't really seen much in terms of credit issues come through? Or has it been some of the dialogue and education that you've been having with the advisor channel that has really helped ease some of that redemption pressure that we've observed in the prior couple of quarters? Thank you.

Jon Gray: I think it's an important question. I would say as much as anything, it's the level of noise has come down. I think a lot of people were calling for this massive calamity. And when the calamity did not occur, I think sort of the press, what you see on TV or Twitter or in newspapers, that has calmed, which before obviously was getting clients understandably nervous and pick up the newspaper and say private credit faces this massive problem and they would call their financial advisor and that did create a dynamic. I think the key here is what happens in the fullness of time and do you protect investor capital, do you deliver positive returns despite all this noise. And I think that's what is going to actually happen. I would attribute to that, yes, we've done a ton of investor outreach calls, meetings with investors, financial advisors around the world, and yes, I think some of it's the reality. I think this is just natural when these sort of things occur.

We went through this with BREIT in the past, we're obviously today in a very different place. We're going to go through this with BCRED. I'm sure at some point here, we're going to be in a very different place. What financial advisors and their clients are going to realize, these are long-term products and if they're in the hands of responsible managers who understand valuation and liquidity, they can deliver premium returns. That's been the key to BCRED over time, as it is with all of our products. The short answer is the level of noise coming down has definitely been helpful, and I think the facts on the ground are also helpful. I think we will work our way through this. There's obviously some carryover from unfulfilled redemptions last quarter, but we will work through that over time, and I feel when I look out into the future, I think BCRED will continue to be a very strong product for us.

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

Devin Ryan: Thanks. Good morning. A follow-up question on the data center opportunity. The scarcity dynamics that you described would seem very supportive of the value that's already in the portfolio and what you already own. As you think about deploying the next dollar, do you see the prospective returns being as attractive as what's already in the portfolio? Essentially just trying to think about obviously higher exit prices, greater competition, potentially eating into that a little bit, versus the flip side of that would just be the supply-demand dynamics you talked about. Maybe it's just too early to start thinking about this, but would love just some sense on how you're thinking about return opportunity going forward there with the dollars coming in. Thanks.

Jon Gray: It's a very different dynamic than typical investment cycles like this where something generates very high returns, and then you get an enormous supply shock coming back the other way, which drives down returns. In this case, because building the compute is so difficult, it's very hard to get the chips today. It's very hard to get the power. It's very hard to get the entitlements. That is meaning that the supply is not matching.

The other thing worth noting is because these are very customized and very large, you don't get that sort of Miami condo effect, prices go up and people go out and spec build. These are all long-term contracted for the most part. So, you're seeing at this point, the shortage is does somebody have an entitled and powered site. The fact that we've been doing this now for a long time, not just in the United States, but in Europe and Asia, we're beginning to see data center demand really start to pick up, that's going to make a difference. Today, we have 15 gigawatts of sites globally that can support $200 billion of data centers where we have the entitlements and we have the access to power. That today is really the scarce commodity, and that's why the pricing for building these things and the returns has not changed.

I don't really see much going forward that's going to change that dynamic. It's why we've made such an enormous investment globally in this area and why we think it will continue to deliver very favorable returns. We've expanded our capabilities with some of the investments we've made in neoclouds around the globe as well, so we're playing this in a number of different ways, but at the end of the day, there is a global shortage of compute. If you can deliver that, you can earn attractive returns on capital.

Devin Ryan: Thank you.

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

Steven Chubak: Hi, good morning, thanks for taking my question. I was hoping to drill down into the insurance opportunity. I was hoping to get an update on what you're seeing in terms of flow momentum, new partnerships you're clearly seeing really strong growth this year in the mid-teens range. I wanted to just gauge, based on the constructive outlook that you provided, whether the expectation is for that to be sustained or whether you envisage a potential acceleration as we look out to over the next couple of years?

Jon Gray: I would say as a baseline, what we're seeing now in insurers and obviously, it started in the life annuity space, but it's starting to spread out to the P&C area as well, is a recognition that you need these tools to compete in the marketplace. Private investment grade credit can deliver to you higher returns at the same or higher ratings levels.

That is very attractive, and these clients have the ability to absorb illiquidity for a portion of their portfolio. That is the underlying precept that is supporting what's happening here, and we're seeing more and more clients move in this direction. As we form these SMAs, we typically start in one area and then we start to do it in different areas. In terms of the rate of growth, that will be a function of both the continued growth of the platform, which we have a lot of momentum in, but then also when we get these new strategic partnerships, those can give you a step-function increase.

But I would say just as a general matter, spending a lot of time with these insurance clients, they like what's happening here. This is something they want to do. It's something they need for competitive purposes. They like the fact that they can actually reduce their risk level because if you're just dependent on liquid fixed income, you've got to migrate down to BBB or BBB minus, you've got to take more risk there, and then you've got to with your small alternatives or equity portfolio, take maximum risk because liquid fixed income today, everything there that's investment grade is basically sub 100 over. The fact that we can produce things with meaningful premiums to that, and in many cases better ratings, that is attractive. This is a structural trend. Then as you know, we do this with the open architecture model. We're not out there competing against them. We're serving them the way long-only fixed income managers have done for insurance companies for a long time.

The other thing I would just add, the reason why I think we're scaling, is you need scale, particularly in the world we're going into. You need to be able to write large checks. Today, it's really us and some of our other private equity firms, we've got a bit of a different model, who are out there competing in this arena. I think it's going to continue. I think the momentum will grow. It's hard to put a finger on exactly what the growth rates will be.

Operator: Thank you. We'll take our next question from Ken Worthington with JP Morgan.

Ken Worthington: Hi, good morning. Maybe just following up on that, you announced a strategic partnership with Nippon Life, you've got 40 insurance partnerships. As you look to these existing insurance partnerships, what is the opportunity to take them beyond the initial scope of the agreements? Can you build on it? And does this play out sort of formally or is it informally over time?

Jon Gray: It's a good question, Ken. I don't have the numbers in front of me, but I would guess that the majority of the growth that you see today certainly comes from the big strategics and then some of the original SMAs. So the propensity to want to do more is high. We typically start with, call it, $500 million. A number of these partnerships have started to grow into the multiple billions because once they see and get comfortable with the risk return, there's always a little bit of like, 'hey, what are you doing here?' And a sense of 'I want to understand this' and we spend more and more time.

Nippon Life is a great example of that. We've been building this partnership with them over five-plus years. We've worked closely with them at Corebridge and at Resolution. They see the way we operate. They see the various asset classes, our capabilities in residential, consumer finance, commercial lending, digital, energy, traditional infrastructure. They see what we're doing and they're comfortable with the approach — our underwriting approach. And I would say another advantage of our business is because we have such a large equity investing business, we have great insights on the credit side. We also generate a lot of flow because we see things have access to things, given our positioning in the marketplace.

So I think what you'll see is growth in the existing relationships certainly, and every time we get a new client on, the path is to continue to serve them in a good way and expand the products they touch with us. So that's why this has become an area where we think we can do more. And we're also seeing more and more interest from them in some of our traditional drawdown funds as well. They become bigger buyers of that. As we build this relationship, we spend more time with the key investment professionals and the CIOs. The key is to deliver returns and of course, because it's investment grade, not have losses.

Ken Worthington: Thank you.

Operator: We will take our next question from Benjamin Budish with Barclays Capital.

Benjamin Budish: Hi, good morning, and thanks for taking the question. You addressed this a little bit earlier in the discussion around realizations, but I'm curious if you could unpack a little bit more what you're seeing specifically in terms of sponsor and strategic backed M&A. You've been quite bullish on IPOs, but it feels like this is part of the market that's been a little slower to come back, especially on the sponsor-backed side. There's also implications for the direct lending business in your credit segment. So just curious if you could talk about what's going on there, what does the near-term outlook look like for specifically middle-market M&A? Thank you.

Jon Gray: I'd say it's sort of a tale of maybe three cities. There's those companies in the AI area electrical equipment, utility services, some of the energy businesses in and around natural gas, renewables, obviously the data centers, all of that, the suppliers into that chain. They're both in the

IPO, the M&A market, private equity. The bids are strong, the pricing is good, and you've begun to see from us some sales. Michael referenced a $7 billion battery storage business we sold just yesterday. I think that's one part of the world.

The second would be sort of the AI-unaffected businesses. So there, let's call that fast food chains, things in the medical supply area, things that are generally pretty unaffected by what's going on. And there I would say the bid is pretty strong, both in the IPO market and again in the private market. Not as strong as the first category, but an area where there is liquidity in the debt and equity market.

I think the exception today is when you get into these sort of white-collar services, professional, information services, enterprise software. Even if the businesses are performing well — we have a number of businesses in that area that are performing well — there's just a sort of high quotient of uncertainty and it's making buyers more cautious. And that's where you've seen less liquidity. That's where you're seeing the part of the private equity market where you won't see a ton of DPI. And I think that's going to be there for a while. And I think what you'll see is multiples have come down and people's expectations will have to come down. And I think people are going to have to understand better: can some of these companies survive and thrive? Some of them certainly will and then they may get re-rated higher. But that's the part of the market which has definitely slowed down.

Benjamin Budish: Okay. Thank you for that, Jon.

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

Arnaud Giblat: Thank you. Good morning. Actually, my question might follow on this one. I was wondering if you could unpack the value creation private equity infrastructure for us. I assume that mix been strong in Q2 or perhaps it's following these three buckets?

Jon Gray: Well, I think the value creation story at our companies today is obviously about making them as AI forward as possible. We announced this new company we created with Anthropic called Ode to accelerate deployment at our companies and ultimately service other companies as well. The idea here is 'how can we transform these businesses?'. In the case of some of the businesses, certainly the software companies, it's something that impacts the entire business. We've seen some really powerful examples. We own a software company called Energy Exemplar that helps utilities manage electricity traffic and simulate. That used to be a product that would take a week and the customer almost needed a PhD, it was very complex. The AI is creating a much more simplified, faster, now it's something that takes basically hours and the user can utilize this in a much more simple way.

So it's a good example of what we're doing. We're bringing it to customer service and things like Great Wolf Resorts. We're innovating new products in our garage door opening business, Chamberlain, our digital doorman business that's been created, that's now a $40 million business from scratch they think can grow 10 or 15 times over the next five years. I would say the value creation is 'how do you incorporate this?'. And then for the businesses that are less affected, how can they serve their customers better, how can they operate more efficiently? And so we're fortunate to have a really terrific portfolio operations team led by Rodney Zemmel, who used to run AI at McKinsey. This is a key focus for us. So it's not just in the investing side of the business, it's also adding value to our portfolio companies.

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

Patrick Davitt: Hey, good morning, everyone. Jon, maybe this was blasted out of context, but I see a headline on the screen from, I think a TV interview saying "Deals from non-AI firms will be muted for a while." Would you unpack that comment and in particular add any color on what asset classes and/or strategies you expect to be most muted? Thank you.

Jon Gray: We should correct that because what I said, I think it was on a Bloomberg interview this morning was, I walked through that same sort of three different cities thing, which is the AI companies, the AI-unaffected companies where there's a lot of interest in buying those. Then I talked about sort of the white-collar world. That is where I said there's less activity — the professional, information services and the software companies. That's the area where I said there'd be less activity. That's probably 30% to 40% of the overall private equity market. Software for us as a firm is around 6% of our exposures across the firm, but that's where I said there would be less activity just because of the uncertainty that exists.

Patrick Davitt: Okay, makes sense. Thank you.

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

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