

Investing before the All-Clear

As the world's largest private equity platform,⁽¹⁾ Blackstone has access to a deep reservoir of data and intellectual capital.⁽²⁾ We believe this access helps us identify trends early as we believe other investors tend to wait for the "all-clear" sign to invest.



Christopher James
COO of Blackstone
Tactical Opportunities,
Chairperson of BXPE

Economic Regime Change in 2024

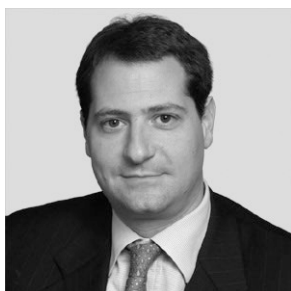
- We anticipated cooling inflation and resilient growth, and we believe we have positioned ourselves to take advantage of a more active M&A environment where we can utilize the variety of advantages we believe we have to help us source and execute attractive investment opportunities across our diverse platform.
- These opportunities can include high-quality public companies trading below inherent value and private equity-owned companies looking for liquidity. We plan to lean in and invest in great businesses at attractive prices before the proverbial "all-clear" sign — all the while focusing on Blackstone's high conviction themes, such as the energy transition, generative AI, life sciences, travel and leisure, and the digital revolution.



Joe Baratta
Global Head of Private Equity

Corporate Private Equity: Trusted Relationships Help Create Opportunities

- We believe we have been able to capitalize on public-market dislocation recently, particularly through corporate carveouts and public-to-private transactions.⁽³⁾
- Our long-standing, trusted relationships with larger companies help us source transactions directly with management, which we believe can result in better terms and valuations in comparison to competitive bidding.



David Blitzler
Global Head of Tactical
Opportunities

Tactical Opportunities: Flexible Solutions Provider

- Today, we believe the demand for capital outstrips supply, fueling the need for solutions-oriented, hybrid capital to help companies, sponsors, entrepreneurs, and families achieve specific goals and/or fuel continued growth.
- We believe the ability to flexibly invest across the broad space between private equity and private credit, combined with our deep asset-class and sector expertise, allows us to adapt our focus to favorable market dynamics to help extract the best risk-adjusted return.

Note: Certain information contained in the presentation discusses general market activity, industry or sector view, or other broad-based economic, market or political conditions and should not be construed as research or investment advice. See "Important Disclosure Information" including "Opinions" and "Trends."



Verdun Perry

Global Head of Blackstone
Strategic Partners

Secondaries: Providing Liquidity to an Illiquid Asset Class

- Last year marked the second-largest level of transaction volume for secondaries, reaching \$114B.⁽⁴⁾ Amid slowing exit activity and decreased distributions, we believe investors and sponsors turned to the secondary market for bespoke liquidity solutions.
- We believe this trend is accelerating in 2024, due to the confluence of growing private market AUM, a more diverse global investor base, expanding addressable markets, and sponsors seeking to access portfolio company liquidity.



Nick Galakatos

Global Head of Life Sciences

Life Sciences: Innovation Drives Demand for Capital

- We believe innovation in the life sciences industry is accelerating, along with the costs of development. The supply of R&D capital falls far short of demand—a \$172 billion annual funding gap by our estimation.⁽⁵⁾
- At the same time, large pharmaceutical and medtech companies need to replenish a \$340 billion revenue loss by 2030 due to patent expirations and Medicare pricing pressures,⁽⁶⁾ requiring an expansive investment in R&D. We believe these trends present opportunities for investing in more capital-intensive but less risky late stages of development.



Jon Korngold

Global Head of
Blackstone Growth

Growth: Value-Added Partner to Help Create Winners

- We expect to see a more active deal environment in 2024. As the market stabilizes, we believe quality companies will look to capitalize on weakened competition through M&A and other expansion initiatives.
- We believe entrepreneurs recognize the value of support from a hands-on partner like Blackstone, with its global scale, expansive operational resources, and deep network of relationships that can help companies pursue transformational growth and minimize execution risk associated with fast-growing environments.^(2,7)

End Notes

- 1) Private Equity International, as of March 2023, based on capital raised.
- 2) Subject to Blackstone's policies and procedures regarding information walls and the management of conflicts of interest.
- 3) These examples may not be representative of all investments and it should not be assumed that Blackstone will make comparable investments in the future.
- 4) Evercore, FY 2023 Secondary Market Survey Results, January 2024.
- 5) The annual funding gap is Blackstone Life Sciences' estimate of the gap between the annual spread between the demand for medicine and device development capital and the supply of development capital from Biopharma and MedTech companies through R&D budgets. Data sources are Evaluate Pharma and Blackstone Proprietary Data. January 2024.
- 6) Refers to \$240B in loss of exclusivity. Blackstone Proprietary Data. January 2024. ~\$100B in loss of revenue due to price negotiations. McKinsey, The Inflation Reduction Act: Here's what's in it. October 24, 2022. A Blackstone investment in any portfolio company is no guarantee of future commercial opportunities for such company, and none of Blackstone funds, or their affiliates makes any representation or warranty regarding such opportunities for any portfolio company.

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Important Disclosure Information

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