Blackstone

Uneven Reopening Ahead

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Last quarter, we highlighted that the U.S. economy was gearing up for a period of robust, synchronized growth. The animal spirits have been unleashed. U.S. real GDP is less than 1% away from its prior high and will have surged well past it in 2Q21. Households are in remarkably strong shape, with consumer spending at record highs and surpassing its pre-COVID growth path. All of this is while households still have trillions of dollars of excess savings left on their balance sheets. U.S. businesses are also demonstrating remarkable signs of growth, with after-tax corporate profits at record highs and consensus estimates for S&P 500 earnings in 2021 showing nearly 20% growth vs. 2019—an estimate we consider to be on the conservative side. That the economy has recovered so quickly is thanks to the unprecedented coordination of fiscal and monetary policies. The size of the federal deficit and the Federal Reserve's balance sheet expansion equate to over one quarter of total economic output, a level exceeded only during the height of World War II.

It was always going to be impossible to forecast exactly how the economy would respond to being woken up after its sudden, forced lethargy last spring. But one thing has become clear: the breakneck pace of growth has brought its own challenges with it. Labor markets remain extraordinarily tight, with record-high job openings—despite millions still out of work—and record voluntary quit rates. Many firms are having trouble meeting pent-up demand without the workers they need. As a result, wages are rising, as are prices. Other drivers of inflation include the supply chain issues that are plaguing many companies. As the economy ramps up, demand has outpaced supply for many goods and services, leading to record backlogs and delays and record-low inventories. Much of the current inflationary impulse can be attributed to "reopening" sectors of the economy and those related to supply chain issues, recreation services, and transportation, respectively. These will be resolved as more capacity comes online. But the bottlenecks will also take some time to work through, which is one reason we are concerned that inflation could be more persistent than some expect. More importantly, we are watching shelter price and wage growth, which tend to be "sticky" components of inflation.

We maintain our strong conviction in the strength of this recovery, but we are also clear-eyed about the potential risks. First, we are more concerned than consensus about the potential for higher inflation on a sustained basis. Second, we think "peak liquidity" is fast approaching, with elevated rates of federal deficit spending on the decline and the Fed beginning discussions in the coming months to end quantitative easing. A third risk, related to the first two, is that the 10-year Treasury yield could go as high as 2.5%-3.0% in the coming quarters if higher inflation and tighter monetary policy are realized, and real rates could turn positive. These are likely to lead to a challenging operating environment for many kinds of companies, which is the fourth risk, although cyclicals, financials, and companies with pricing power can perform well amid such a background. As the economy exits its early recovery stage and settles into the next new normal, we expect a transition from policy to fundamentals. In this presentation, we hope to arm you with the tools to understand what can outperform in this post-"peak liquidity" world.

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Note: As detailed in the "Disclaimers" section, the above and all subsequent commentary in this presentation reflect the personal views of Joseph Zidle, Managing Director and Byron Wien, Vice Chairman in the Private Wealth Solutions Group, and do not necessarily reflect the view of Blackstone.

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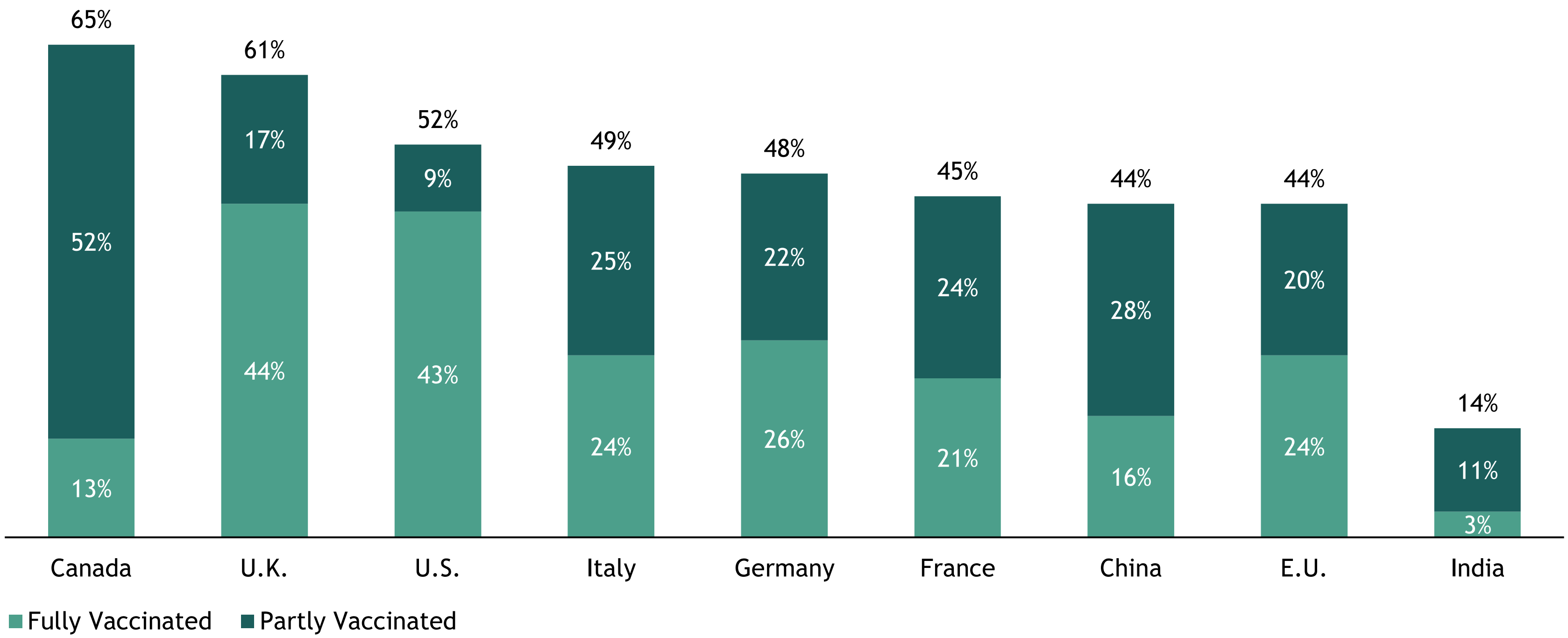
I. Economic Growth

Canada leads in share of total population at least partially vaccinated; U.K. and U.S. lead in share fully vaccinated

Share of Total Population Vaccinated Against COVID-19

(select major economies)

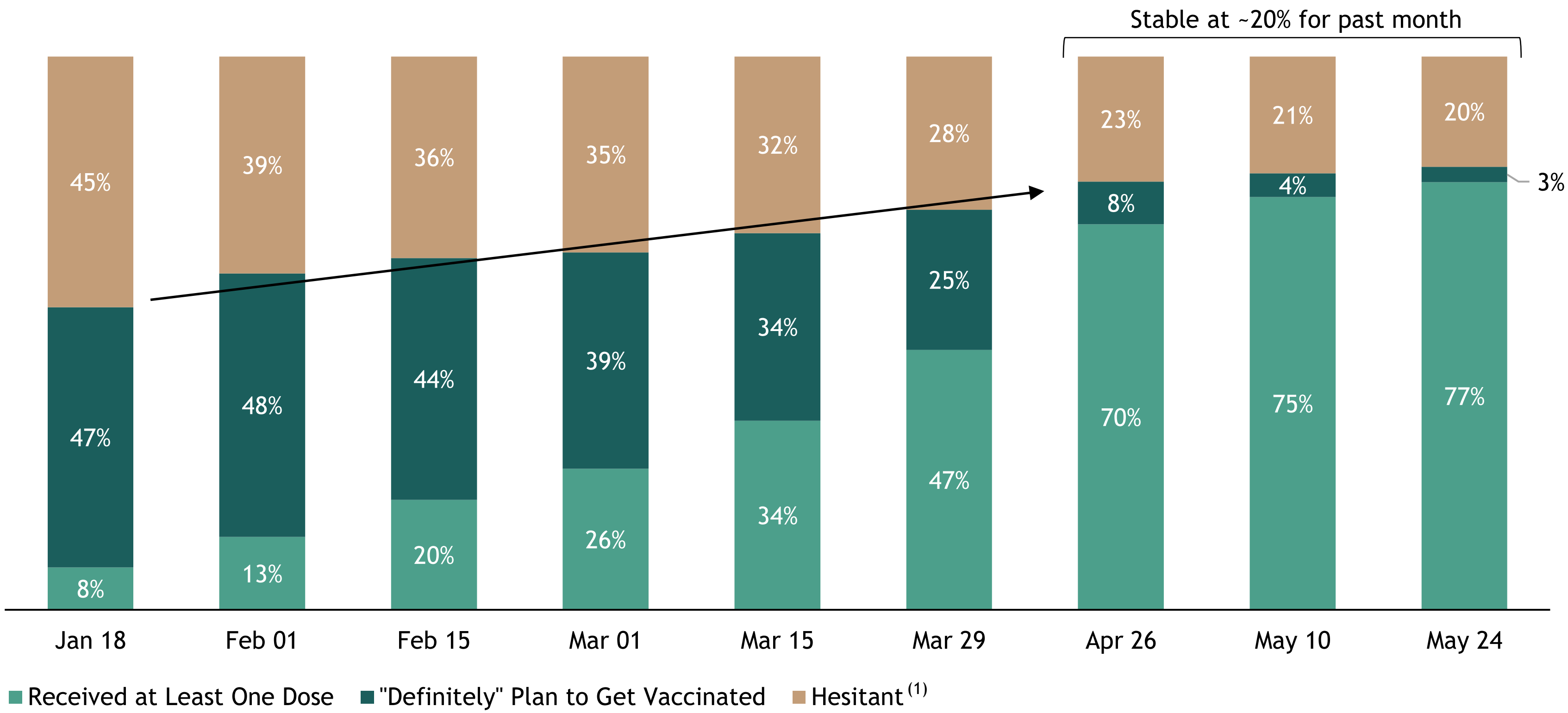


Source: Our World in Data, as of June 15, 2021. This data is only available for countries that report the breakdown of doses administered by first and second dose. Numbers may not sum due to rounding.

Share of vaccine-hesitant U.S. adults declined significantly in early 2021, but has remained stable in recent surveys

Estimated Share of U.S. Adults Vaccinated, Planning to Get Vaccinated, and Hesitant[1]

(2021 YTD)



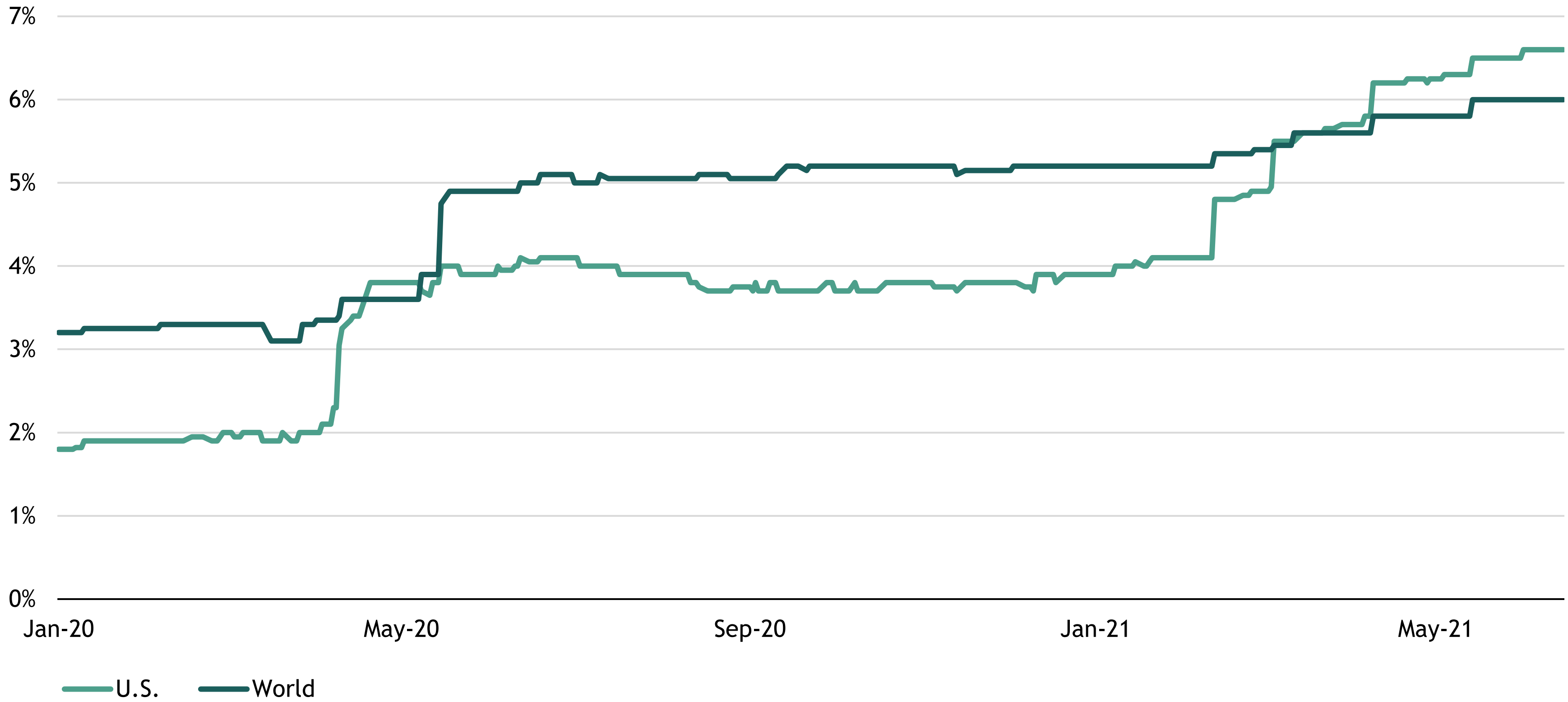
Source: Census Bureau Household Pulse Survey COVID-19 Vaccination Tracker, as of June 2, 2021. Numbers may not sum to 100 due to rounding. Survey has a margin of error of +/- 0.5% at 90% confidence level. Estimates are representative of the civilian noninstitutionalized population aged 18 and over. The estimates in the tracker are based on survey self-reports from a specific time period and may not align with published counts generated from other sources.

(1) "Hesitant" is defined as the sum of the share of respondents who select one of the following answer options: "Probably, Unsure, Probably NOT, or Definitely NOT."

Consensus estimates for U.S. and global growth have risen substantially over the past twelve months

Median Consensus Estimate for 2021 Real GDP Growth

(YoY change)

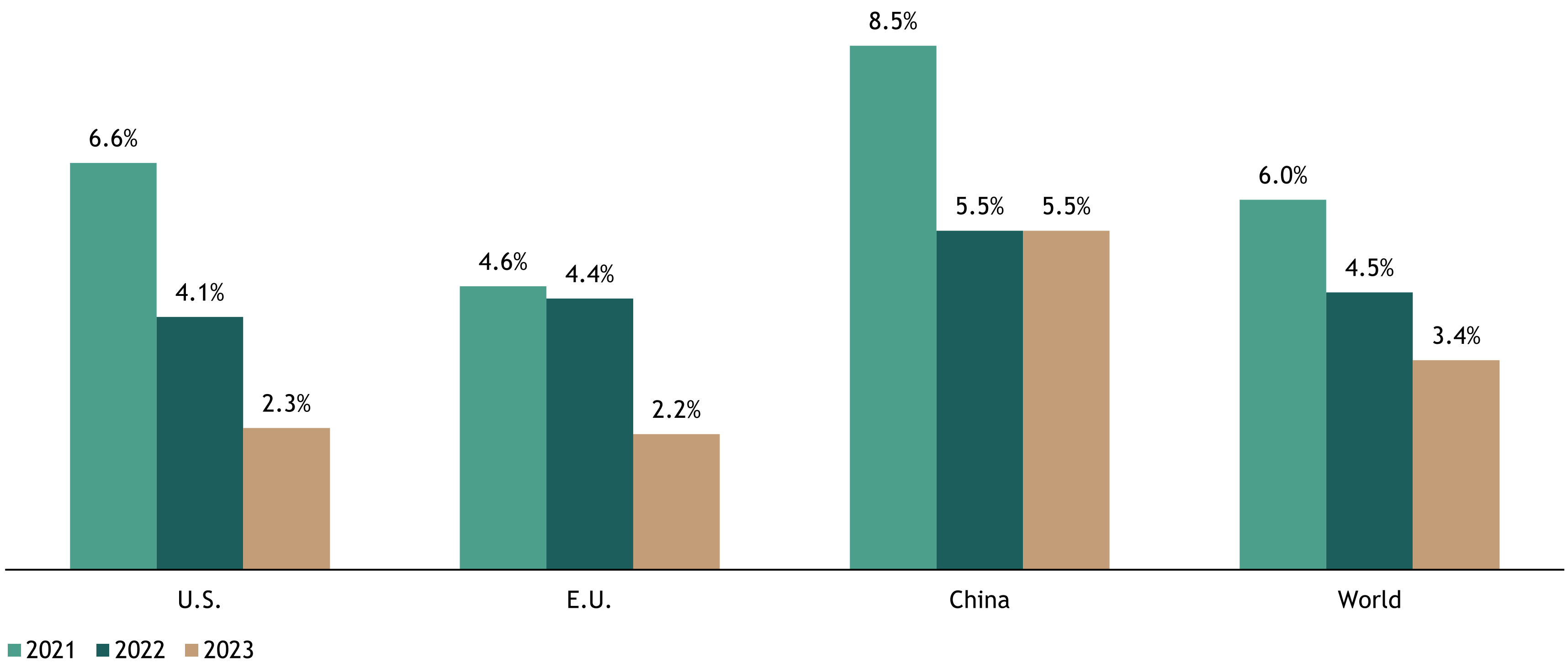


Source: Bloomberg, as of May 31, 2021.

Estimates for GDP growth show that the recovery will be uneven across the world's economies

Real GDP Growth Estimates

(YoY change)



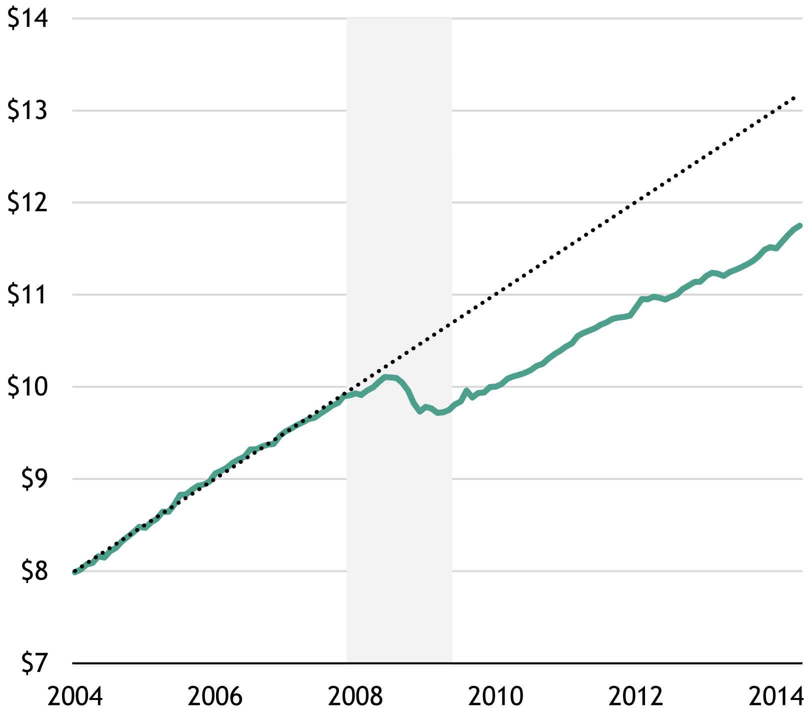
Source: Bloomberg consensus forecasts, as of June 30, 2021.

II. Consumers and Households

PCE has already surpassed its pre-COVID trend, in contrast to consistent undershooting after the GFC

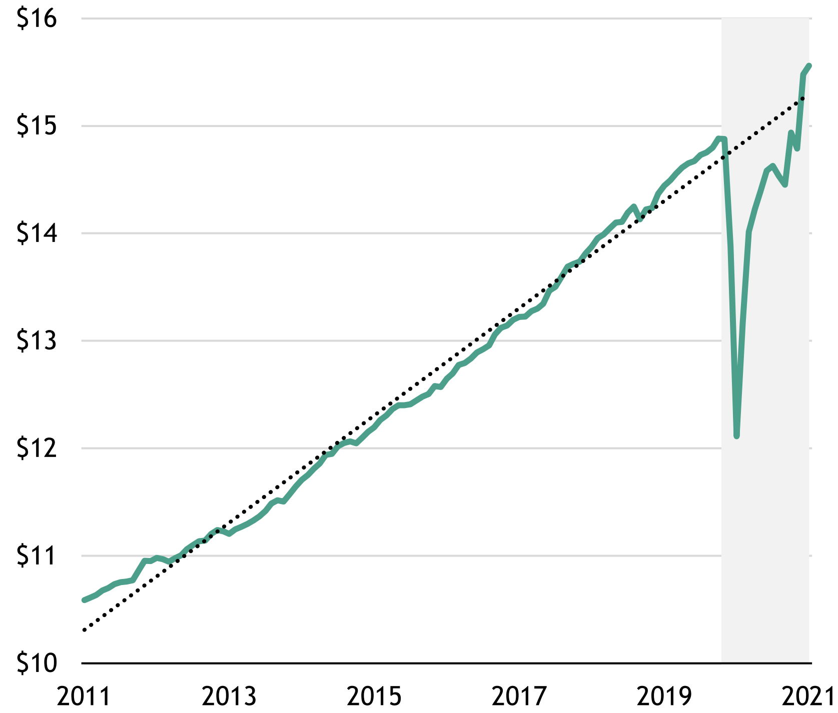
Personal Consumption Expenditures: Global Financial Crisis

(US$ in trillions, seasonally adjusted annual rate)



Personal Consumption Expenditures: COVID-19 Crisis

(US$ in trillions, seasonally adjusted annual rate)

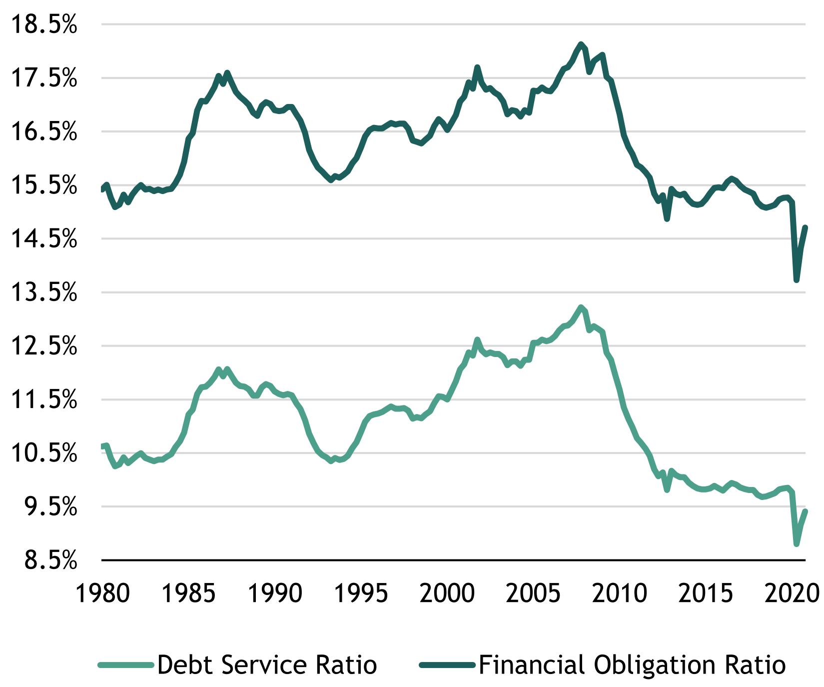


Source: Bureau of Labor Statistics and Blackstone Investment Strategy, as of April 30, 2021. Dotted lines represent the trend from the beginning of the time period shown until the beginning of the recession in question.

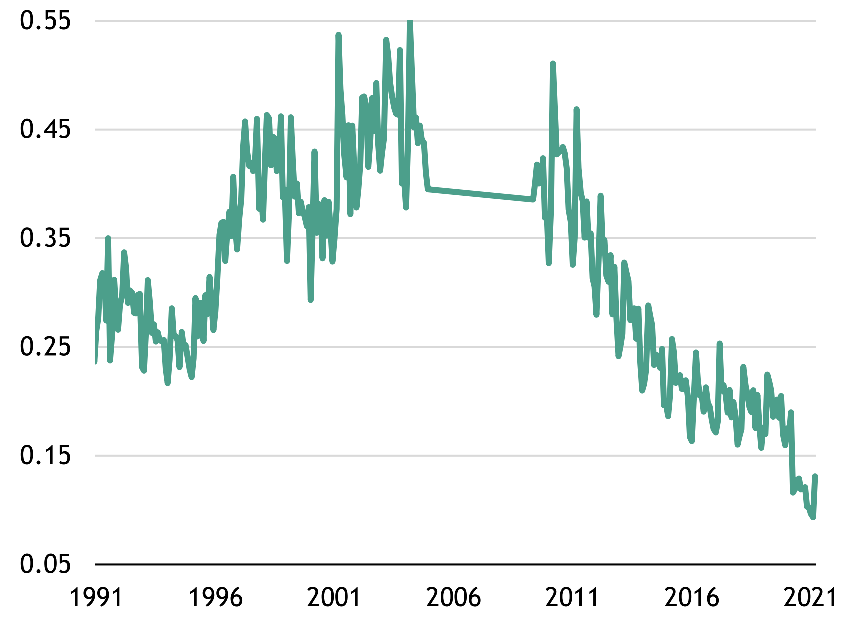
Share of household income going to debt obligations and nonbusiness bankruptcy filings are at historic lows

Household Debt-Service and Financial Obligations Ratios(1)

(percentage of disposable personal income)



Nonbusiness Bankruptcy Filings Per 1,000 People(2)



Source: Federal Reserve, Administrative Office of the United States Courts, and Haver Analytics. Household debt-service ratios are as of December 31, 2020. Bankruptcy filings are based on bankruptcy data as of March 31, 2021, and monthly population estimates are as of December 31, 2020.

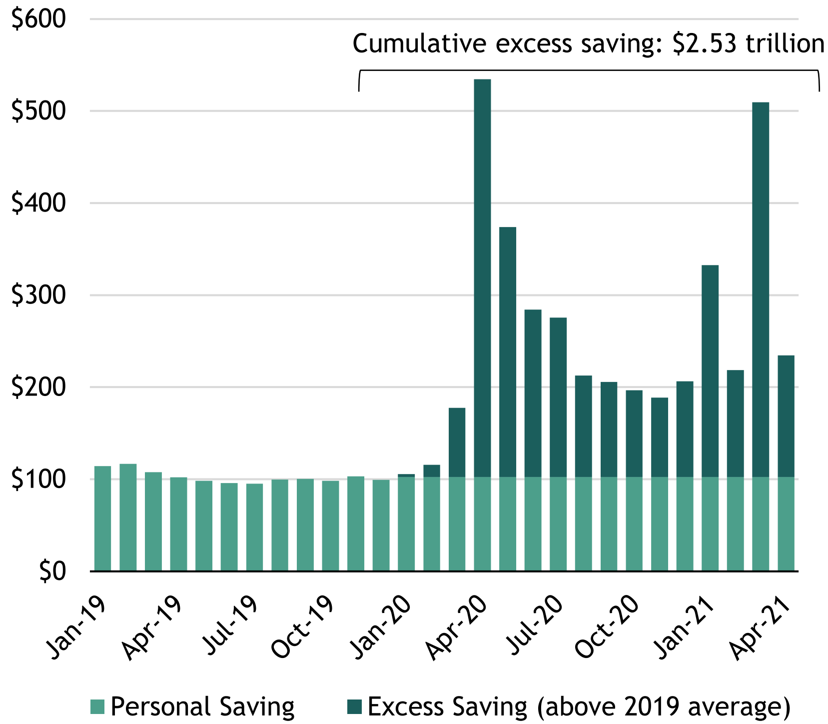
(1) The financial obligations ratio includes automobile lease payments, rental payments on tenant-occupied property, homeowners' insurance, and property tax payments.

(2) Bankruptcy data from 2005 to 2009 excluded to control for distortions from the Bankruptcy Abuse Prevention and Consumer Protection Act (BAPCPA) of 2005.

Consumers have accumulated record excess savings, which will boost expenditures as it is spent down

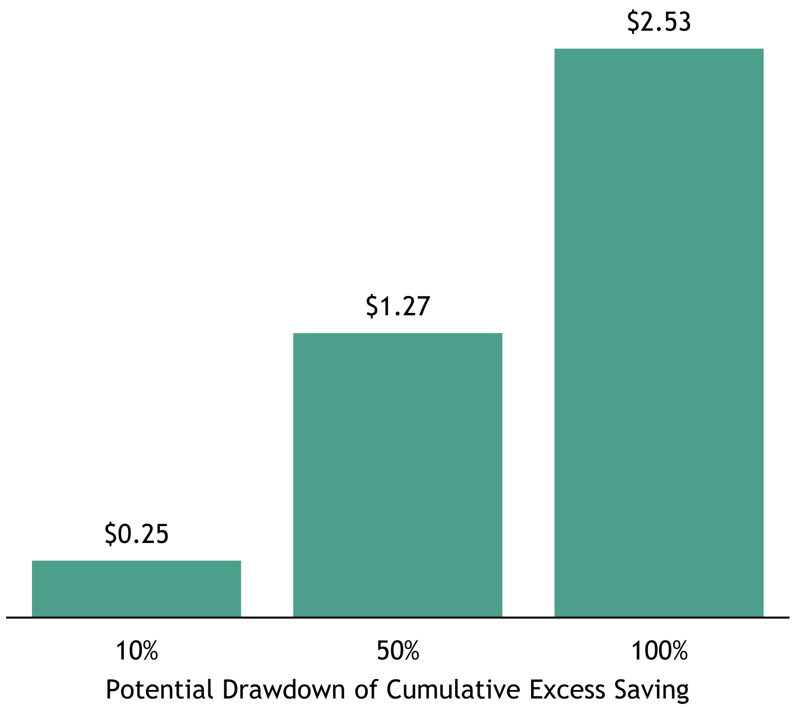
Personal and "Excess" Saving

(US$ in billions, seasonally adjusted)



Implied Increase in Expenditures from Excess Saving Drawdown(1)

(US$ in trillions, seasonally adjusted)



Source: Bureau of Economic Analysis and Blackstone Investment Strategy, as of April 30, 2021.

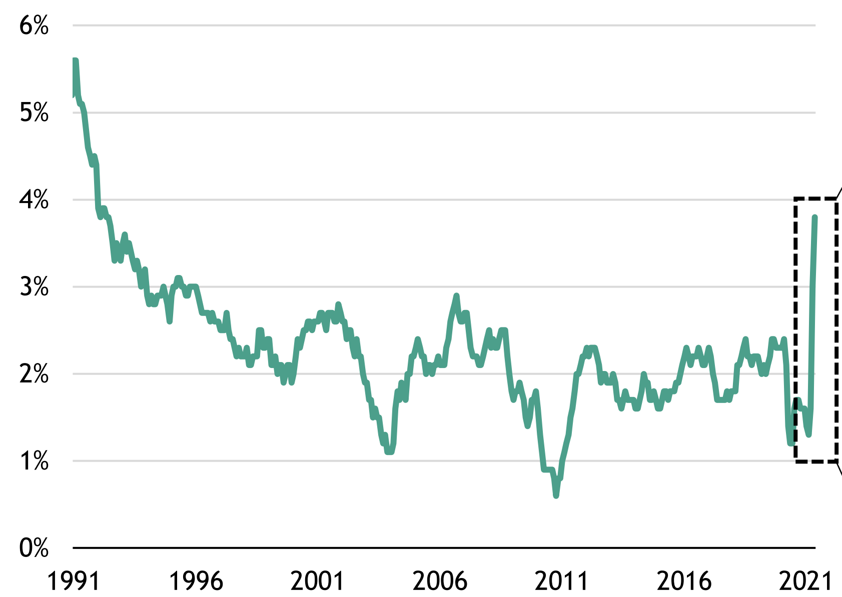
(1) Assumes a one-to-one relationship between dollars saved and spent. "Cumulative Excess Saving" is the sum of personal saving in excess of the 2019 average level from January 2020 to April 2021 and implicitly assumes that no excess saving has yet been spent down.

III. Inflation

Goods and services related to the reopening of the economy comprise more than half of core CPI growth

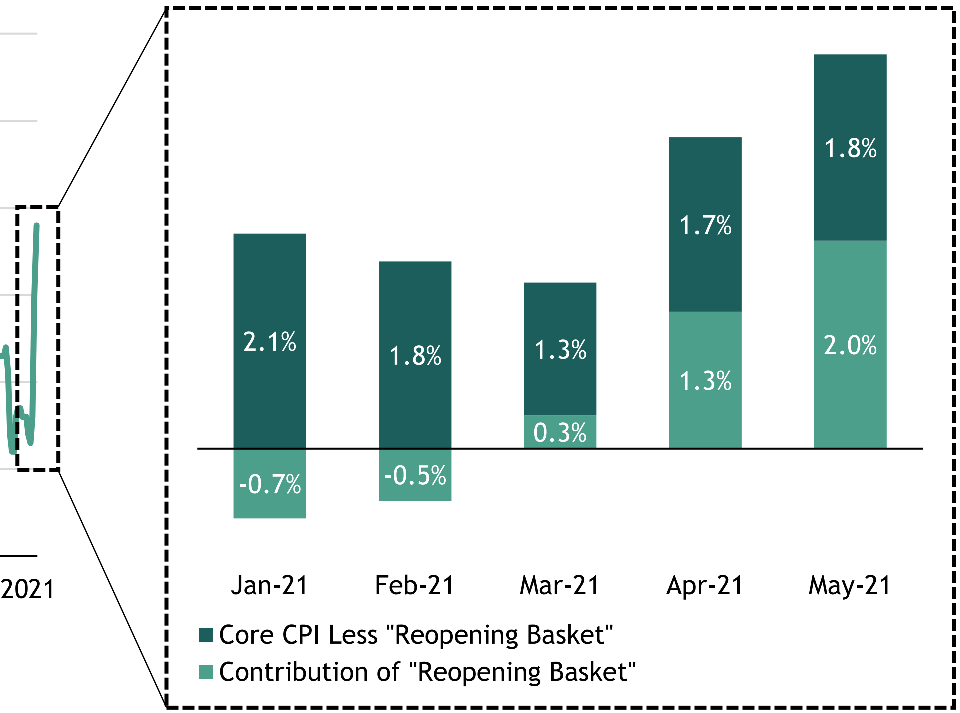
Core CPI Growth (All Items Less Food and Energy)

(YoY change)



Core CPI Growth and Contribution by the "Reopening Basket" of Goods / Services[1]

(YoY change)



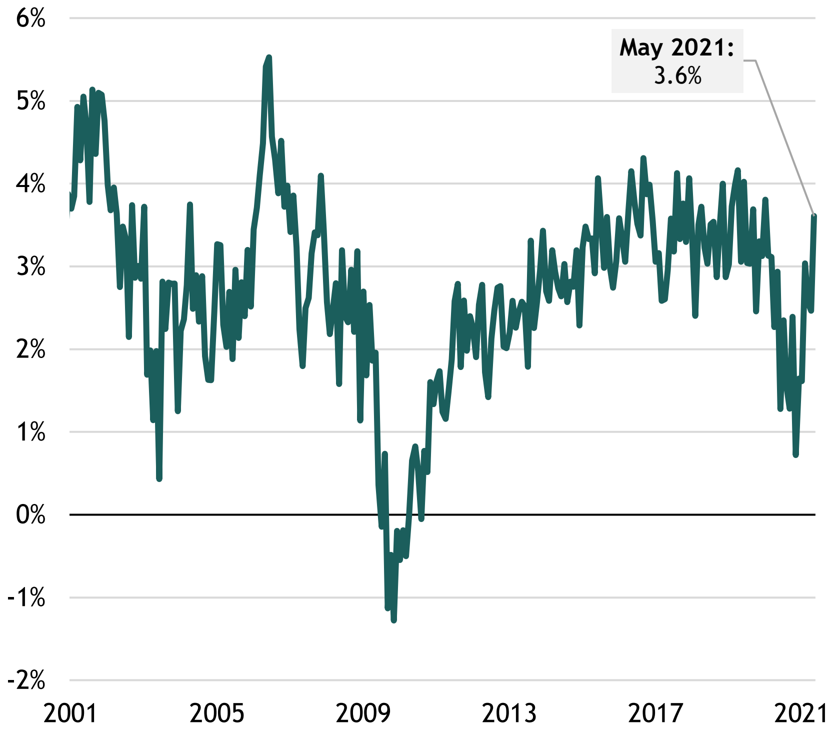
Source: Blackstone Investment Strategy calculations, Bureau of Labor Statistics, and Haver Analytics, as of May 31, 2021.

(1) "Reopening Basket" is calculated using the weighted average growth of the following components of the Consumer Price Index, adjusted for the relative importance of each component to the overall index, as defined by the BLS: "Transportation Services, Recreation Services, Personal Care Services, Apparel, New Vehicles, and Used Cars and Trucks."

Rent and wage growth have turned higher, will be instrumental in determining this cycle's level of inflation

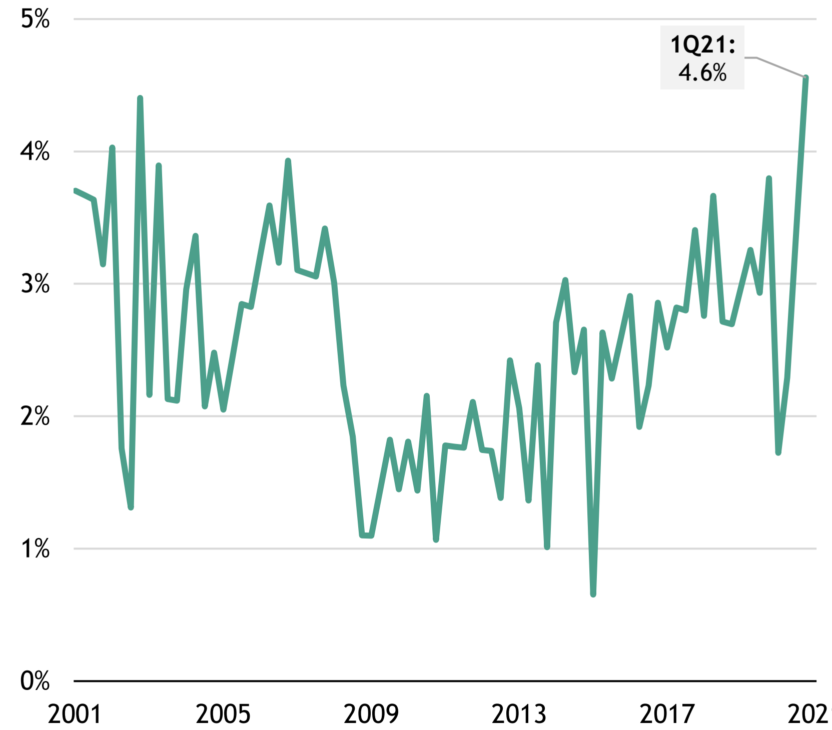
Rent Components of Headline CPI(1)

(seasonally adjusted, compounded annual rate of change)



Employment Cost Index(2)

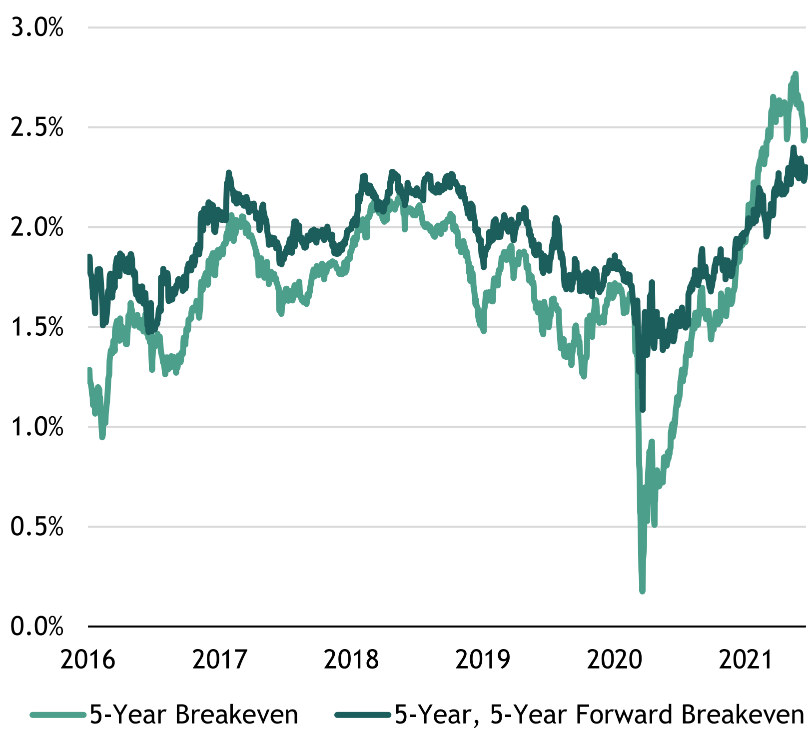
(seasonally adjusted, compounded annual rate of change)



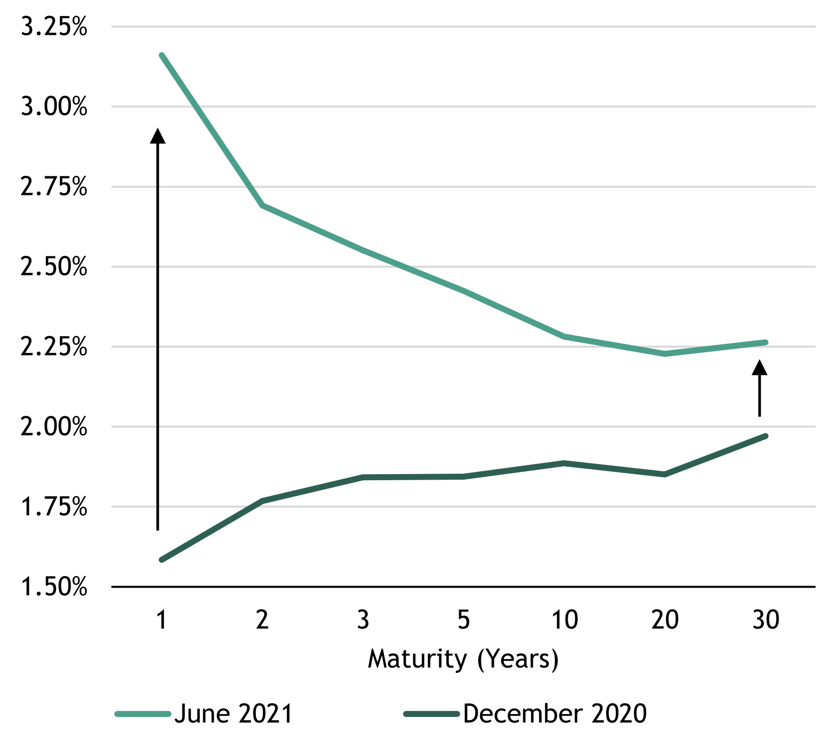
(1) Source: Bureau of Labor Statistics, as of May 31, 2021. "Rent Components of Headline CPI" are Owners' Equivalent Rent and Rent of Primary Residence in the Consumer Price Index for All Urban Consumers, U.S. City Average. The two components' average is weighted by their relative importance in the CPI basket.
(2) Source: Bureau of Labor Statistics, as of March 31, 2021. Measures changes in employee wages and salaries for private industry workers.

Near-term inflation expectations have soared thanks to strong price data, remain muted over the longer term

U.S. Treasury Yield Breakevens[1]



U.S. Treasury Yield Breakeven Curve[2]



Source: Bloomberg, as of June 15, 2021. Breakevens are calculated by subtracting the real yield of the inflation-linked maturity curve from the yield of the closest nominal Treasury maturity. The result is the implied inflation rate for the term of the stated maturity.

(1) "5-Year, 5-Year Forward Breakevens" are estimates of inflation expectations for the five-year period that begins five years from the present.

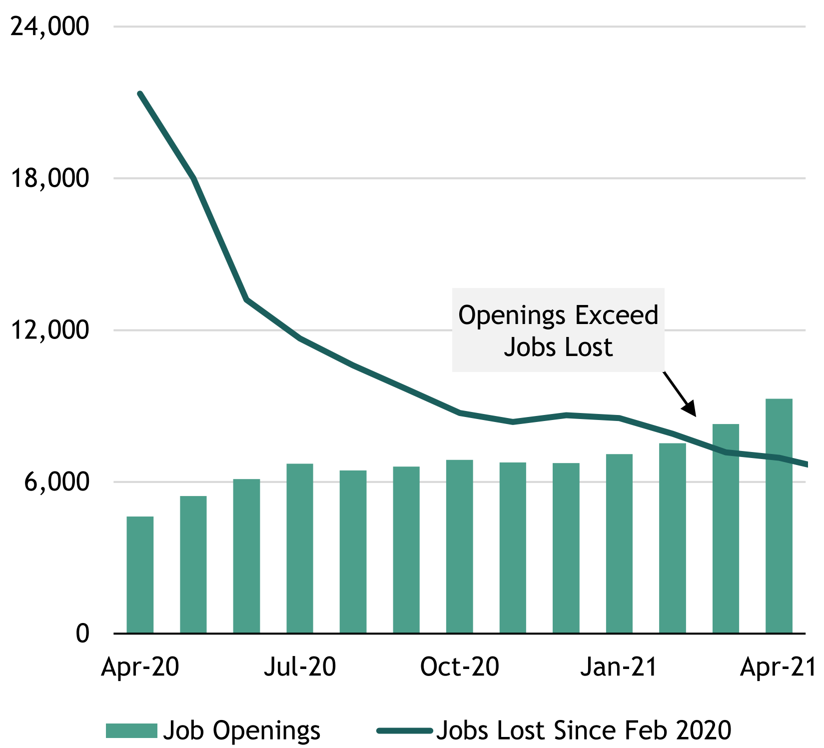
(2) "June 2021" is as of June 21, 2021. "December 2020" is as of December 10, 2020, the publication date of the November 2020 CPI report.

A. Labor Markets

Job openings exceed the level of jobs lost since Feb 2020, while voluntary quits are the highest in decades

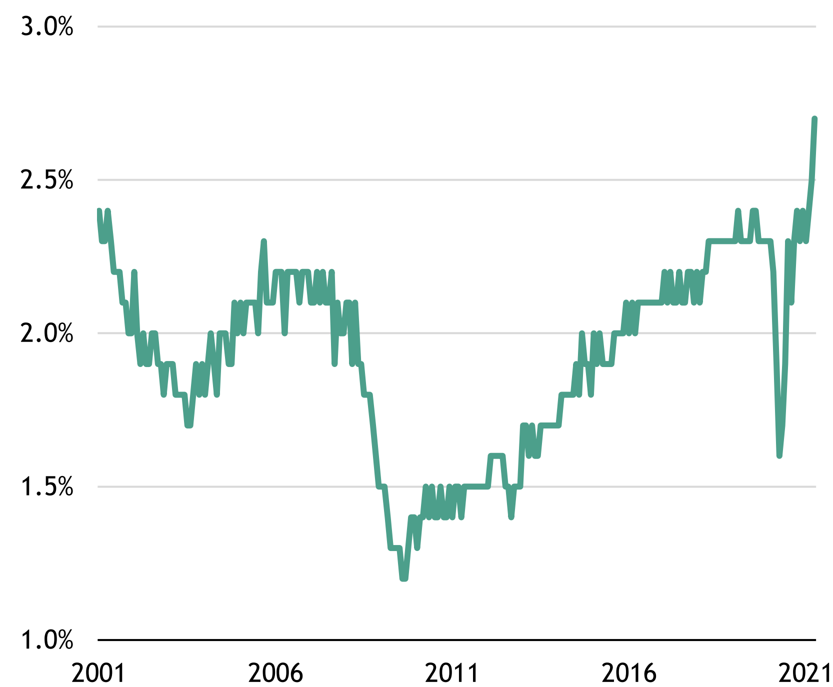
Job Openings vs. Jobs Lost Since Feb 2020

(in thousands)



Rate of Voluntary Quits

(number of quits divided by total employment plus number of quits)

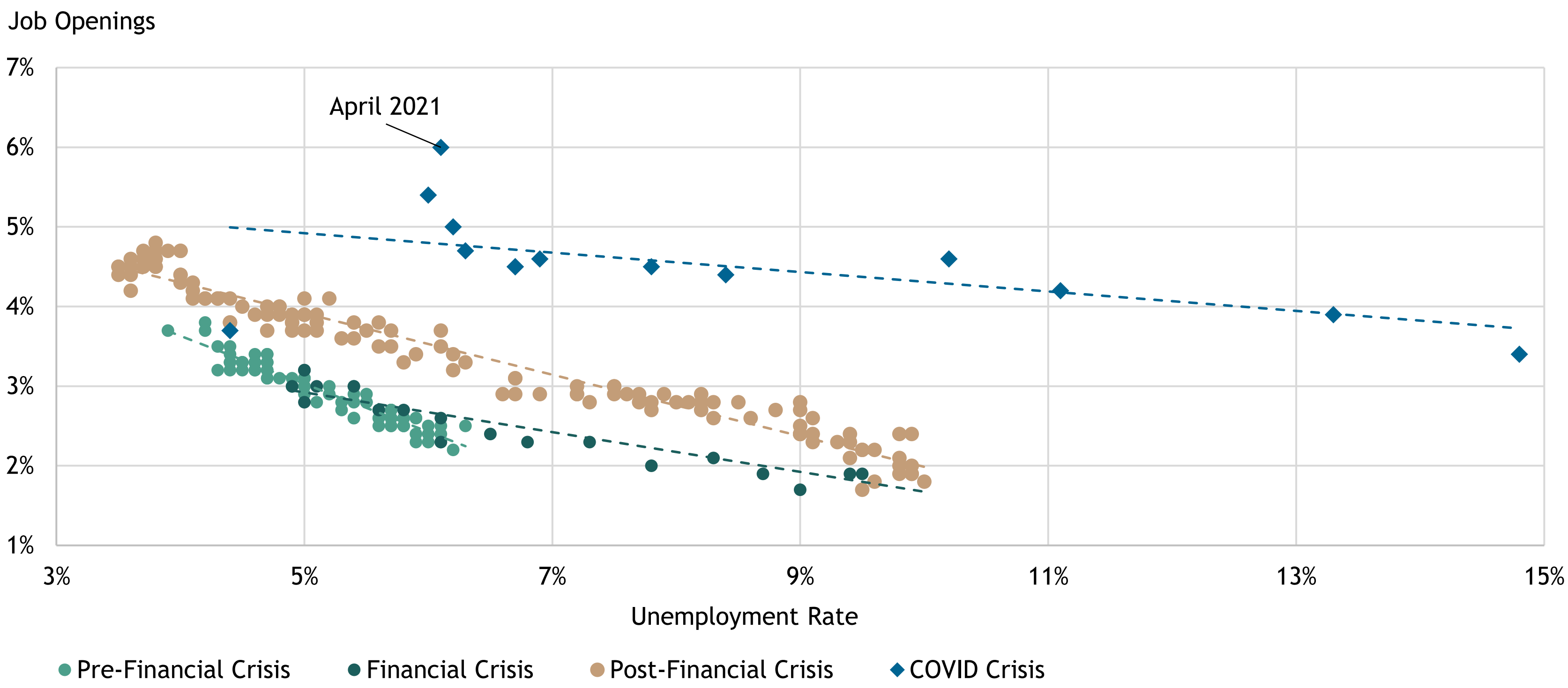


Source: Bureau of Labor Statistics and Haver Analytics, as of April 30, 2021. Represents jobs lost on nonfarm payrolls and total job openings/quits as reported by the BLS JOLTS report (data back to 2001).

COVID unemployment remains elevated despite high job openings, indicating labor supply-demand mismatch

Job Openings and U.S. Unemployment Rate

(monthly, seasonally adjusted)

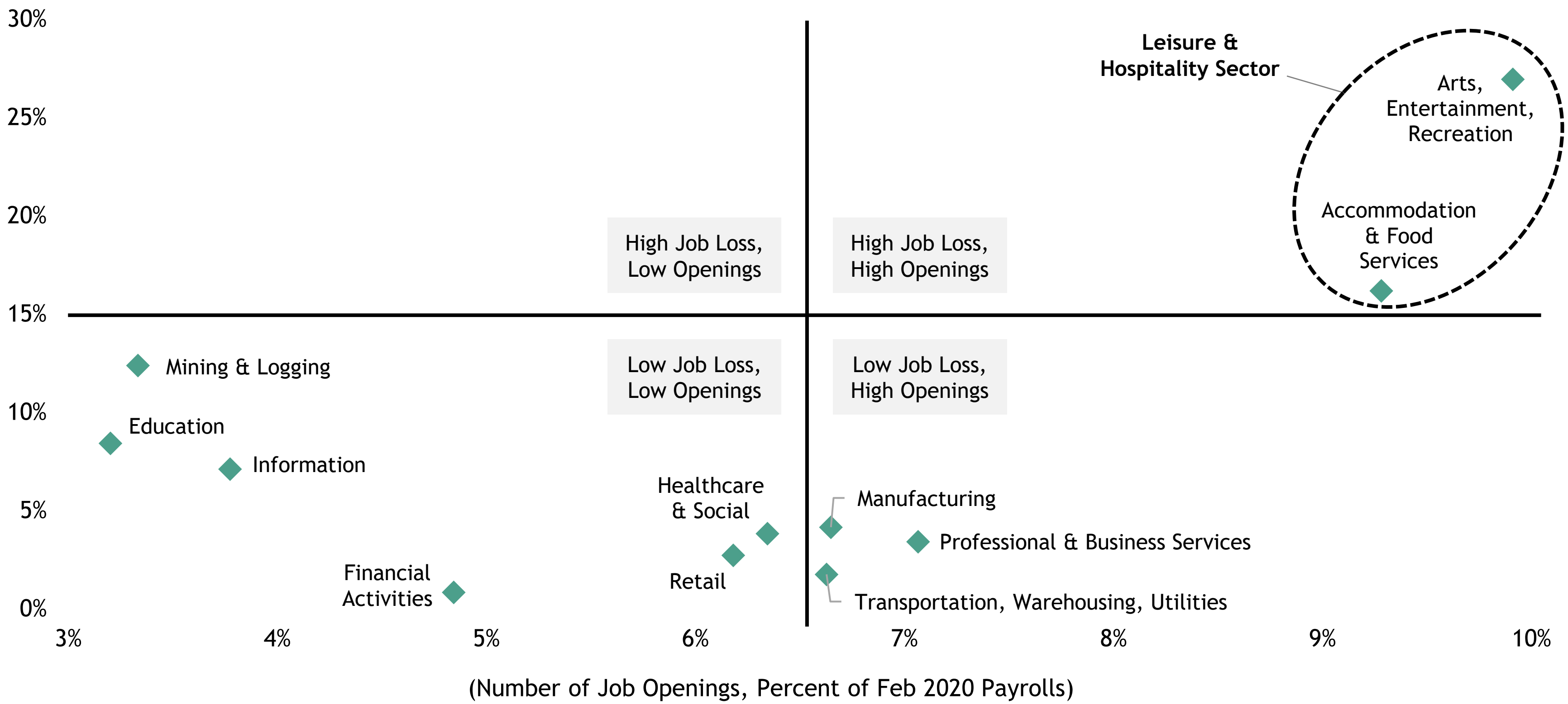


Source: Bureau of Labor Statistics, as of April 30, 2021. “Pre-Financial Crisis” is December 2000 to November 2007; “Financial Crisis” is December 2007 to November 2009; “Post-Financial Crisis” is December 2009 to February 2020; “COVID Crisis” is March 2020 to April 2021.

Wide variation among sectors in terms of number of job openings relative to number of jobs lost

Jobs Lost and Job Openings, By Sector

(number of jobs lost, percentage of February 2020 payrolls)

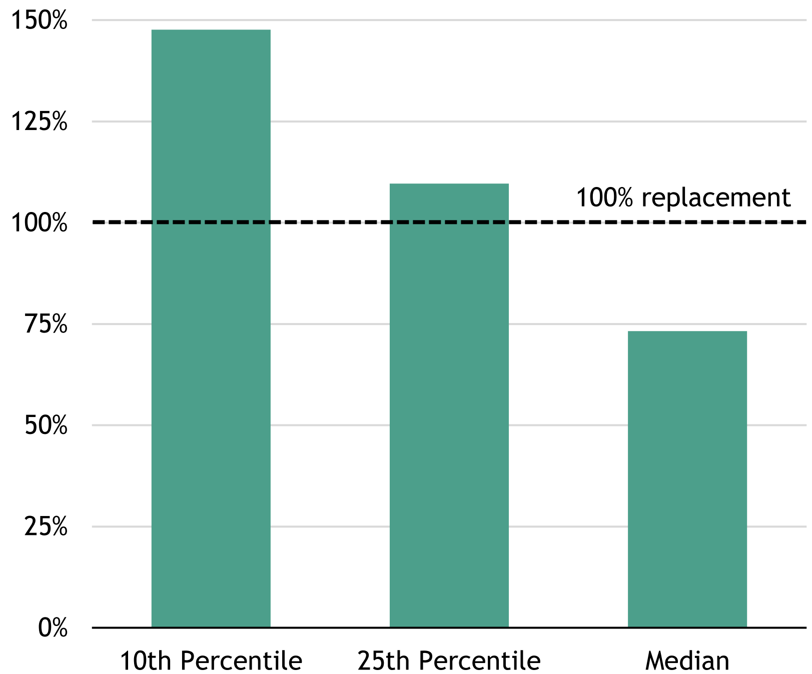


Source: Bureau of Labor Statistics, as of April 30, 2021. Select sectors / sub-sectors displayed.

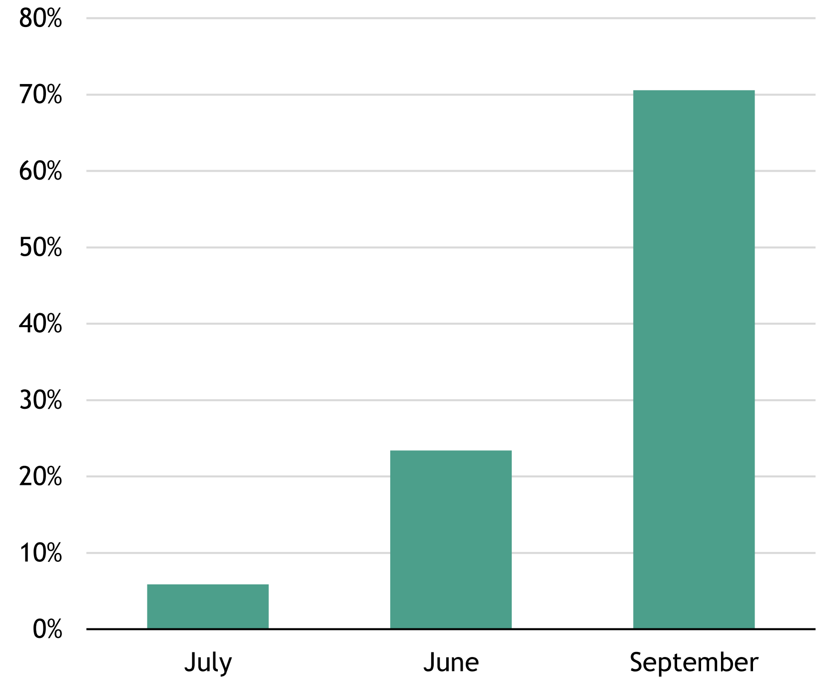
Benefits replace >100% of wages for at least one in four workers; most recipients receiving benefits through Sept

Income Replacement from Unemployment Insurance Benefits, Including Federal[1]

(relative to 2019 usual weekly earnings, post-payroll tax)



Share of Unemployment Recipients by Federal Benefit Expiration Date

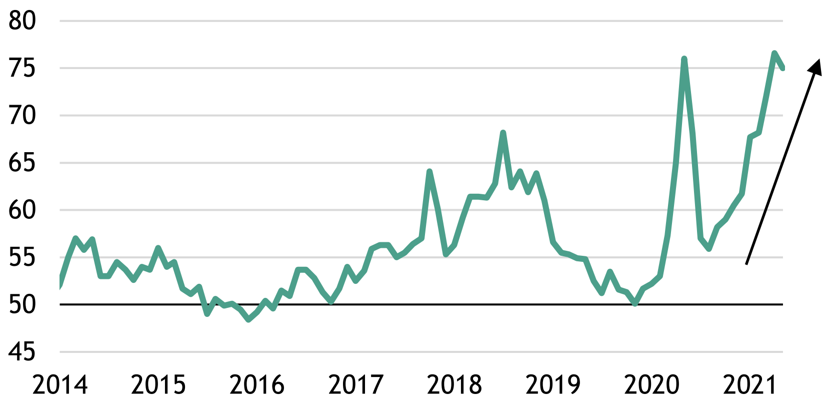


(1) Source: Blackstone Investment Strategy calculations, Department of Labor, Bureau of Labor Statistics, and Haver Analytics. "Unemployment Insurance Benefits, Including Federal" are calculated using the average weekly benefit amount from regular unemployment insurance for calendar year 2020, plus the supplemental $300 per week in federal unemployment insurance benefits from the American Rescue Plan. "Income replacement" calculated using the usual weekly earnings for full-time wage and salary workers (16 years and over) for calendar year 2019, after payroll tax.
(2) Source: Morgan Stanley Research, as of June 30, 2021.

B. Supply Chains

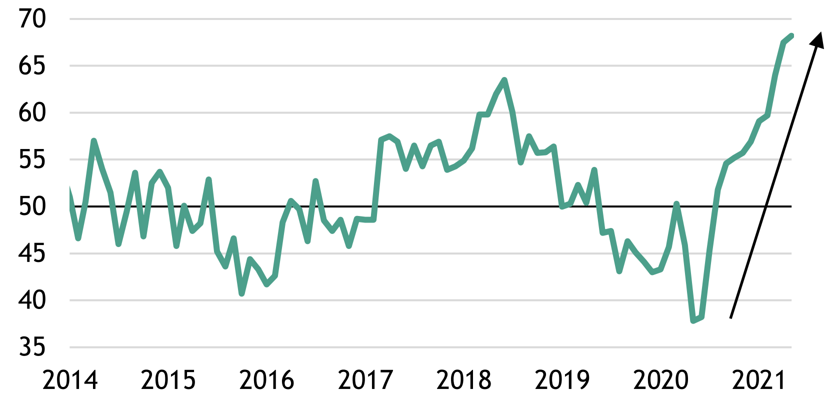
ISM Manufacturing: Delivery Delays

(above 50 = delivery times slowing)



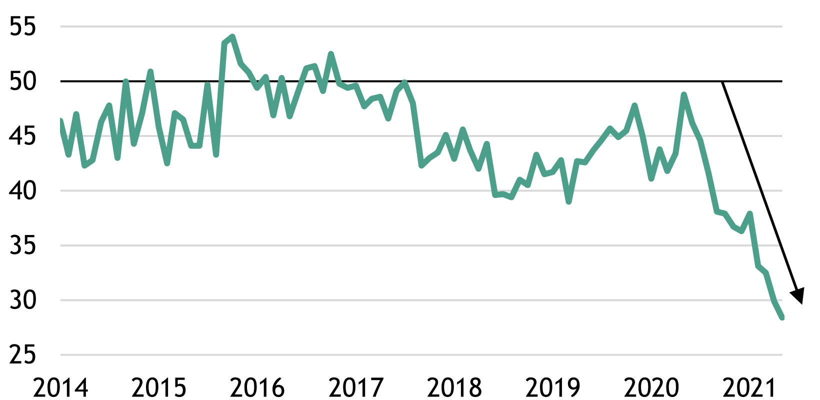
ISM Manufacturing: Backlog of Orders

(above 50 = greater backlog)



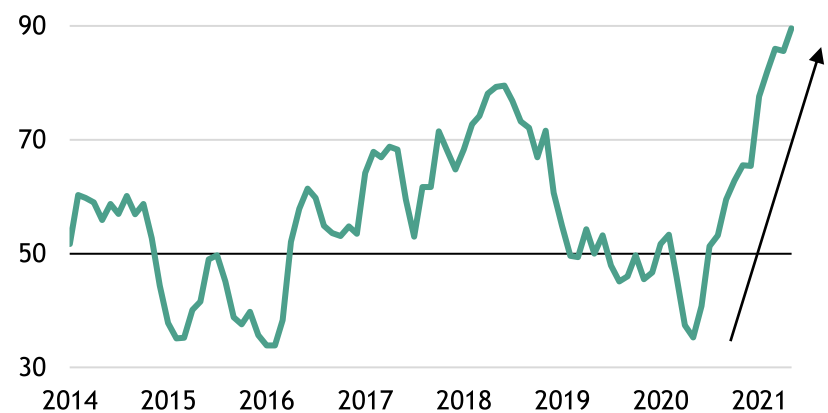
ISM Manufacturing: Customer Inventories

(below 50 = contracting inventories)



ISM Manufacturing Prices Index

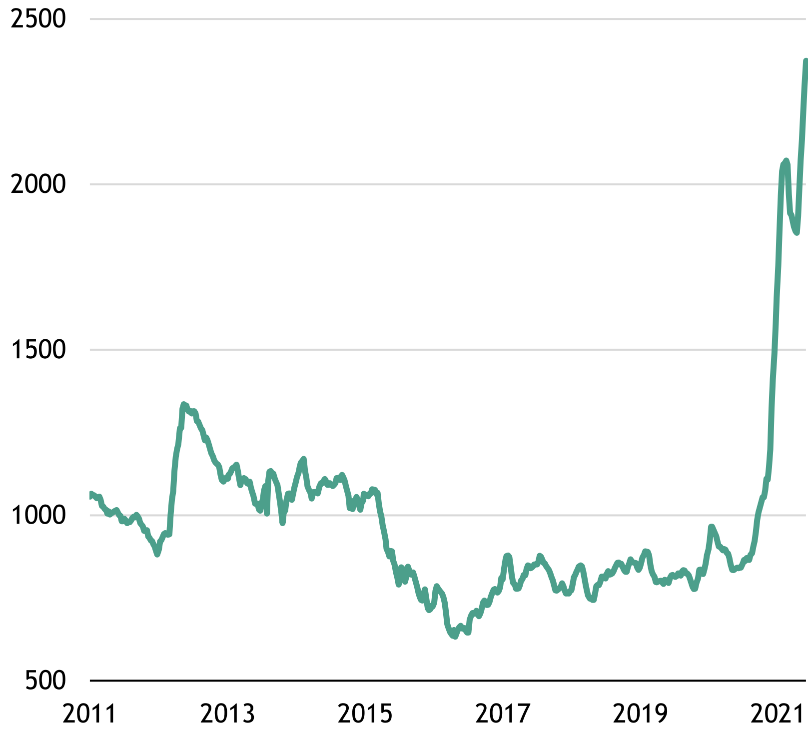
(above 50 = rising prices)



Source: Institute for Supply Management (ISM), Bloomberg, and Blackstone Investment Strategy, as of April 30, 2021.

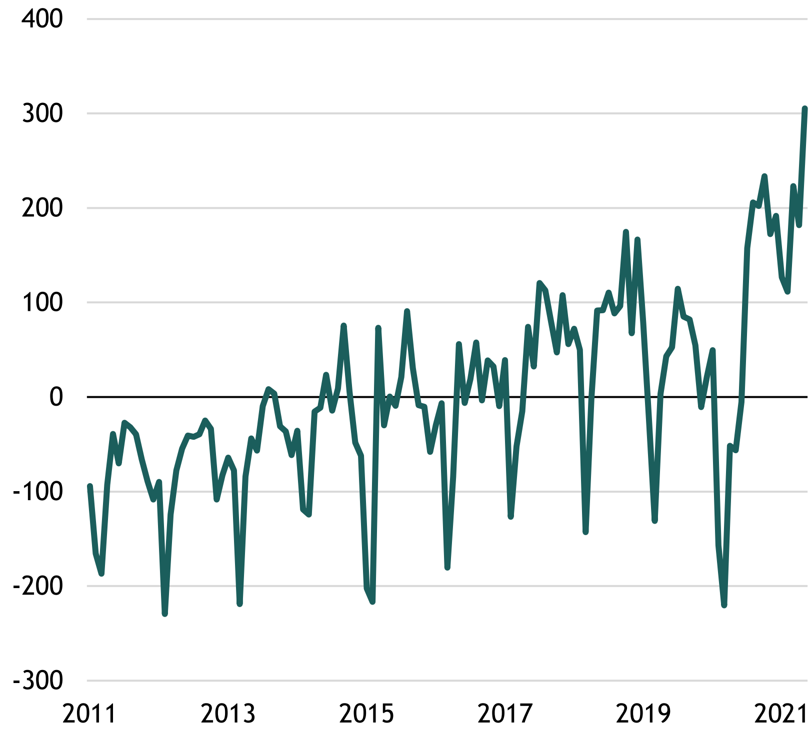
Shipping volumes remain at historically high levels as global manufacturing attempts to meet renewed demand

China Export Containerized Freight Index[1]



Inbound Loaded Containers at U.S. Ports[2]

(deviation from historical average, thousands of TEUs)

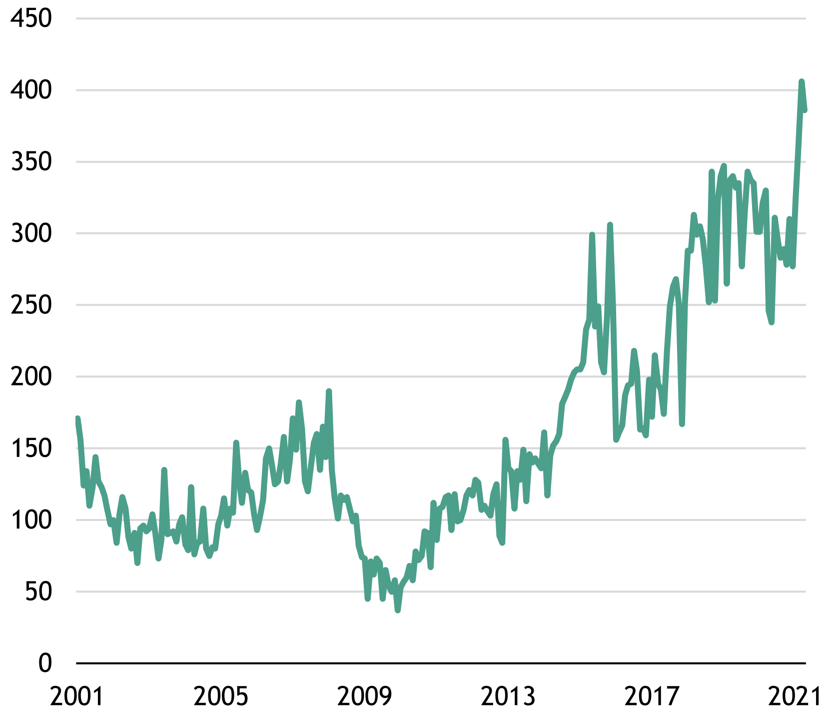


(1) Source: Shanghai Shipping Exchange, as of June 4, 2021. Represents sea freight rates from a selection of trade lines across shipping lanes and Chinese ports of departure.
(2) Source: Ports of Los Angeles and Long Beach, as of May 31, 2021. Shows the deviation of the sum of loaded containers inbound at the Ports of Los Angeles and Long Beach from the historical average across January 2011 to May 2021. “TEUs” are twenty-foot equivalent units, a standardized maritime industry measurement used when counting cargo containers.

Transportation firms are struggling to hire back sufficient workers to handle high shipping volumes

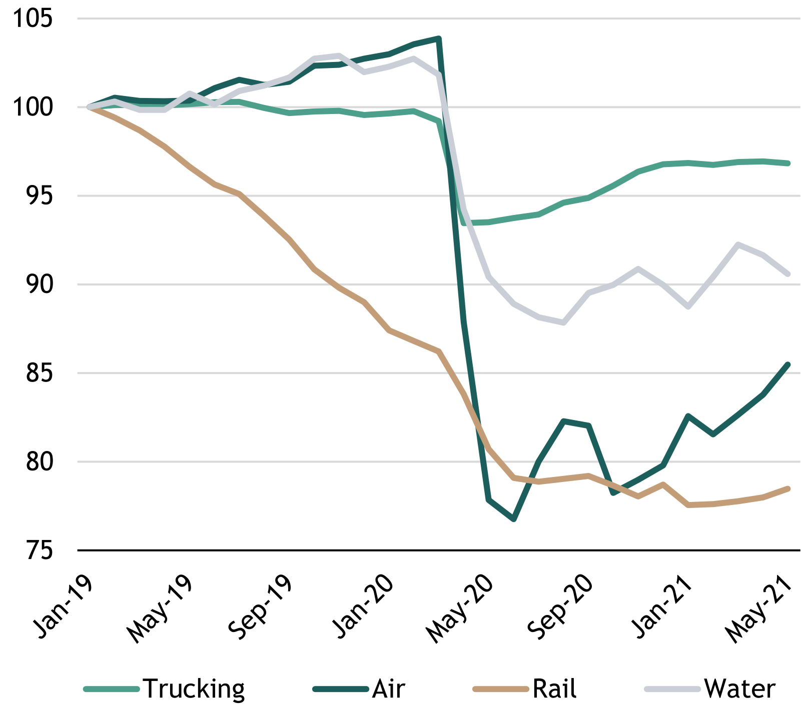
Job Openings in Trade, Transportation, and Utilities Sector

(thousands of job openings, seasonally adjusted)



Number of Employees on Payrolls by Transportation Sub-Sector

(indexed to 100 as of January 2019, seasonally adjusted)

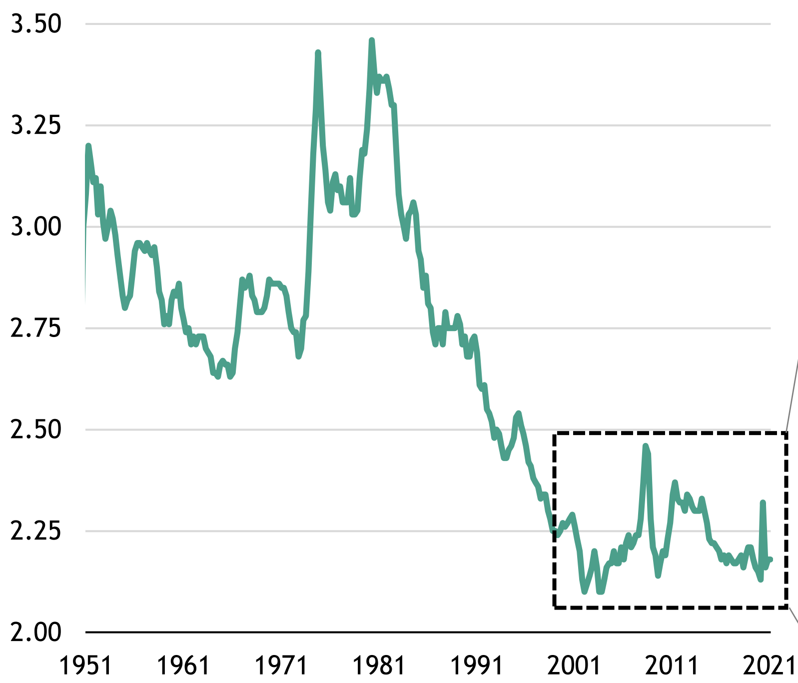


Source: Bureau of Labor Statistics, as of April 30, 2021 (job openings) and May 31, 2021 (payrolls).

Inventories to sales ratio has been in secular decline as supply chains globalized, but is approaching record lows

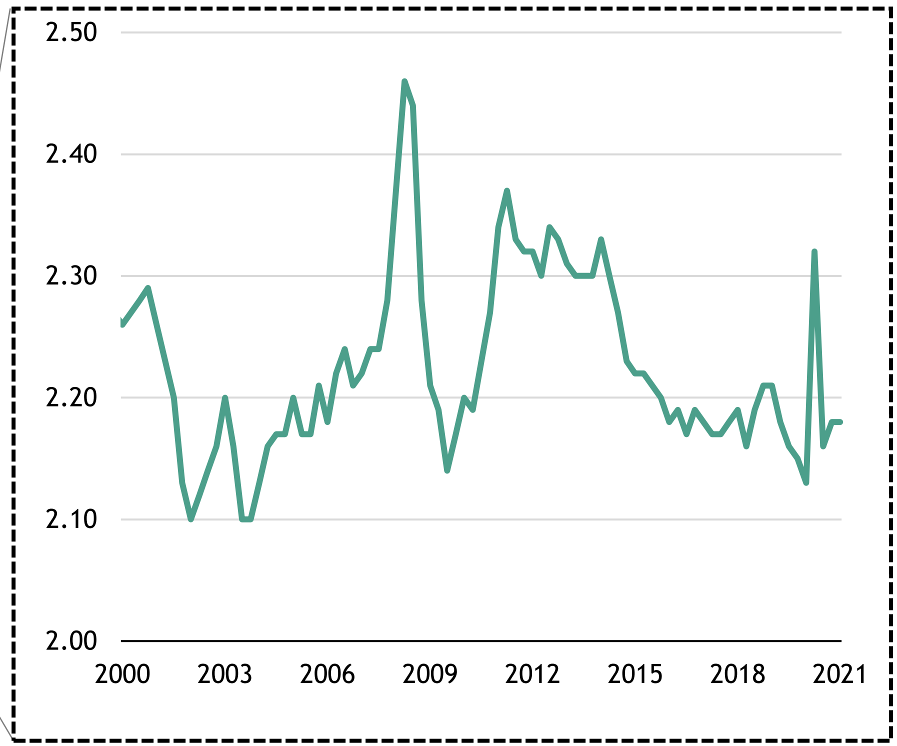
Ratio of Nonfarm Inventories to Final Sales of Domestic Business

(full history)



Ratio of Nonfarm Inventories to Final Sales of Domestic Business

(2000-present)

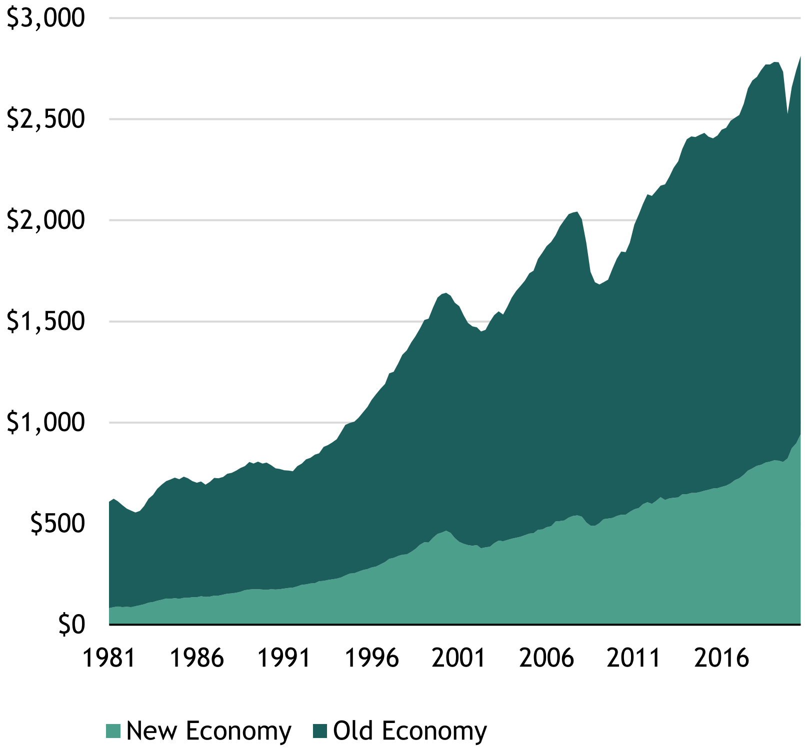


Source: Bureau of Economic Analysis, as of March 31, 2021.

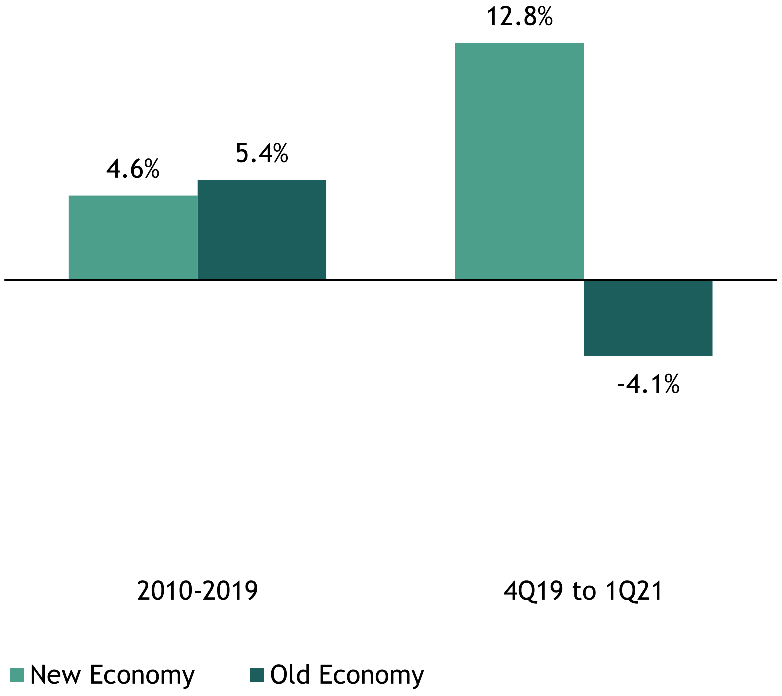
Business investment accelerating in "New Economy" CapEx (information processing equipment and software)

Private Nonresidential Fixed Investment

(US$ in billions, seasonally adjusted annual rate)



Compound Annual Growth Rate



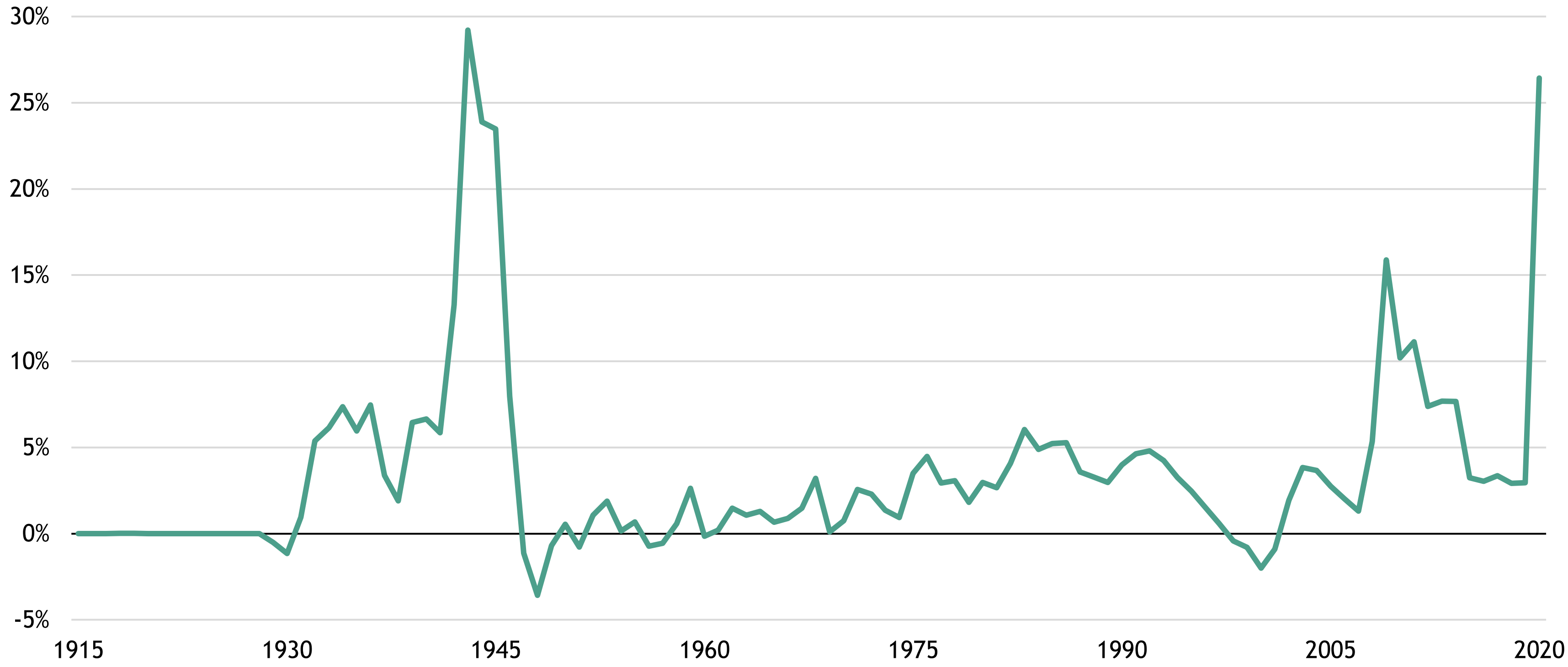
Source: Bureau of Economic Analysis and Haver Analytics, as of March 31, 2021. Represents real private nonresidential fixed investment, in billions of chained 2012 dollars, at seasonally adjusted annual rate. "New Economy" represents information processing equipment and the software component of intellectual property products. "Old Economy" represents all other components of real private nonresidential fixed investment.

IV. Policy Outlook

The COVID crisis resulted in the most synchronized fiscal and monetary response in the U.S. since WWII

U.S. Federal Deficit Plus Federal Reserve Balance Sheet Expansion

(percentage of nominal GDP)

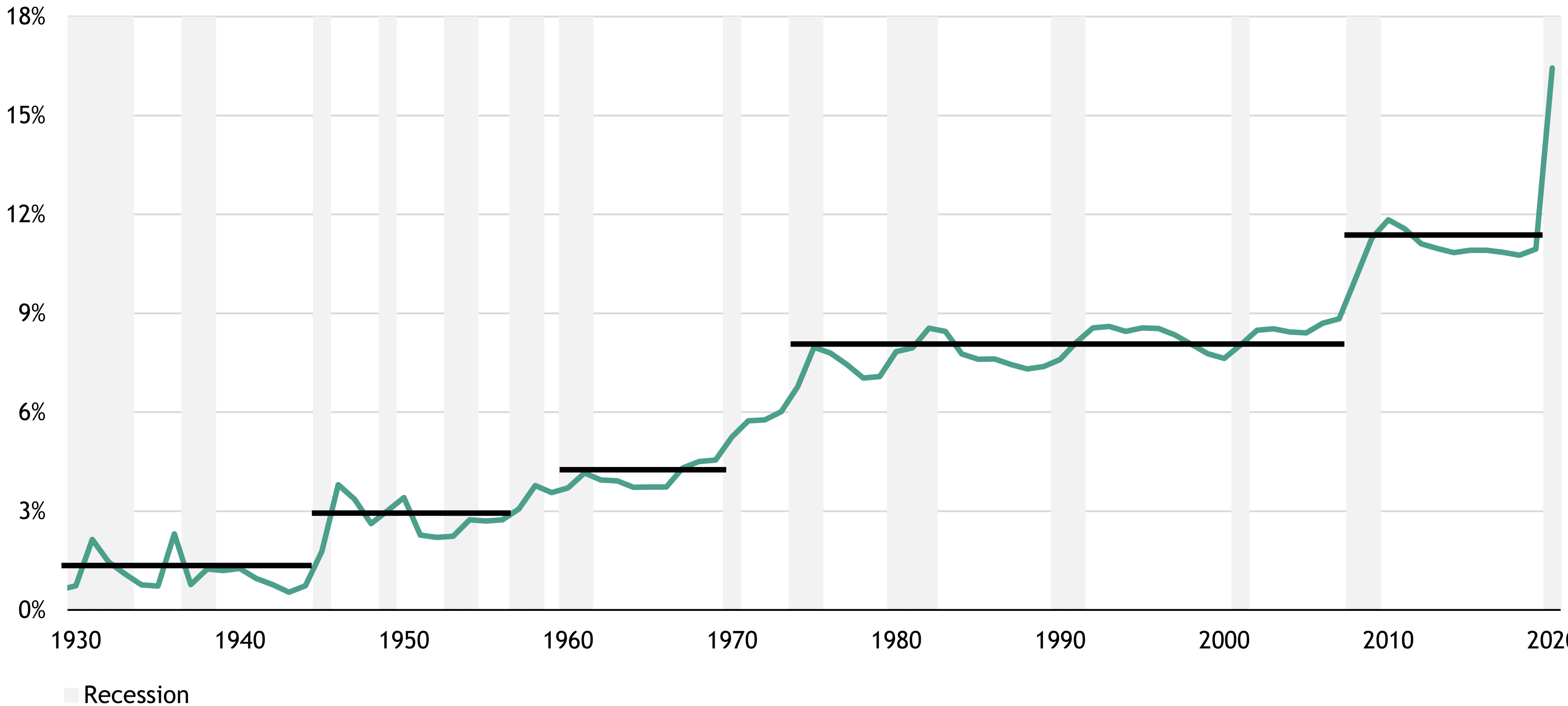


Source: Office of Management and Budget, Federal Reserve Bank of St. Louis, Center for Financial Stability, Federal Reserve, Bureau of Economic Analysis, and Blackstone Investment Strategy, as of December 31, 2020.

Increases in federal government transfers have proven persistent over time

U.S. Federal Government Transfer Payments

(percentage of GDP)

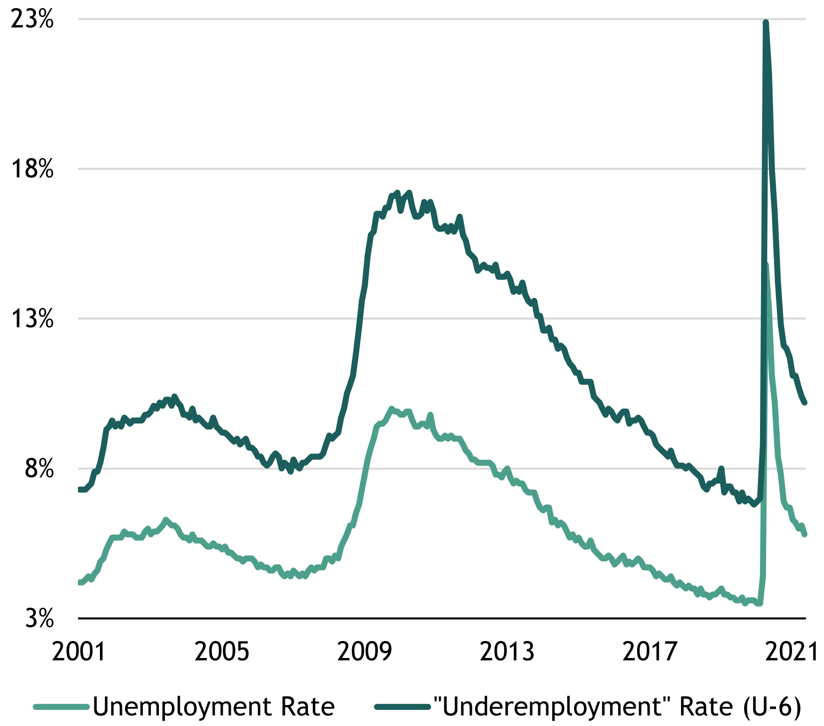


Source: Bureau of Economic Analysis, as of December 31, 2020.

Despite lower headline unemployment, the labor market has not achieved the inclusive recovery sought by the Fed

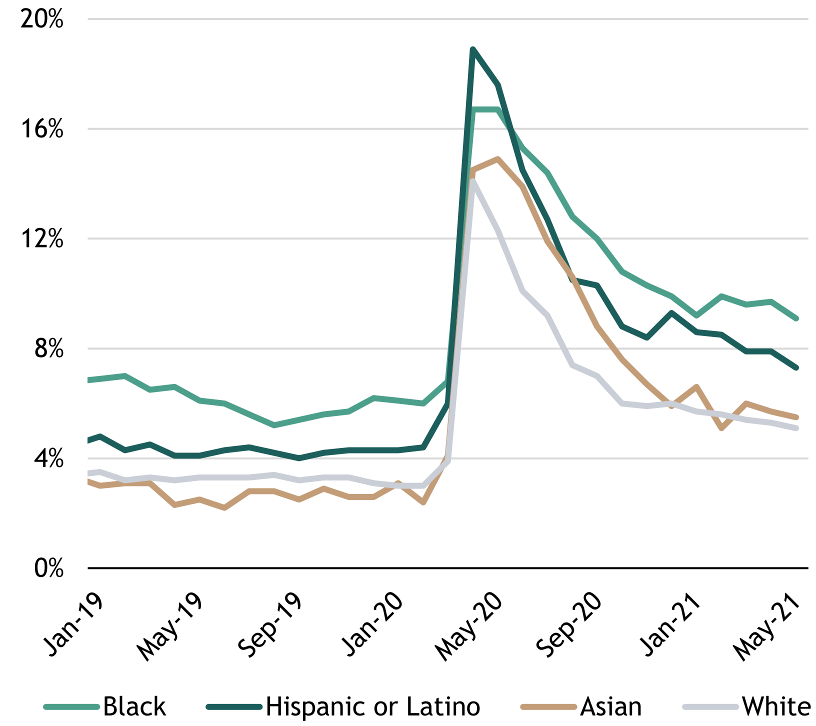
Measures of Unemployment[1]

(seasonally adjusted)



Unemployment Rate by Race

(seasonally adjusted)

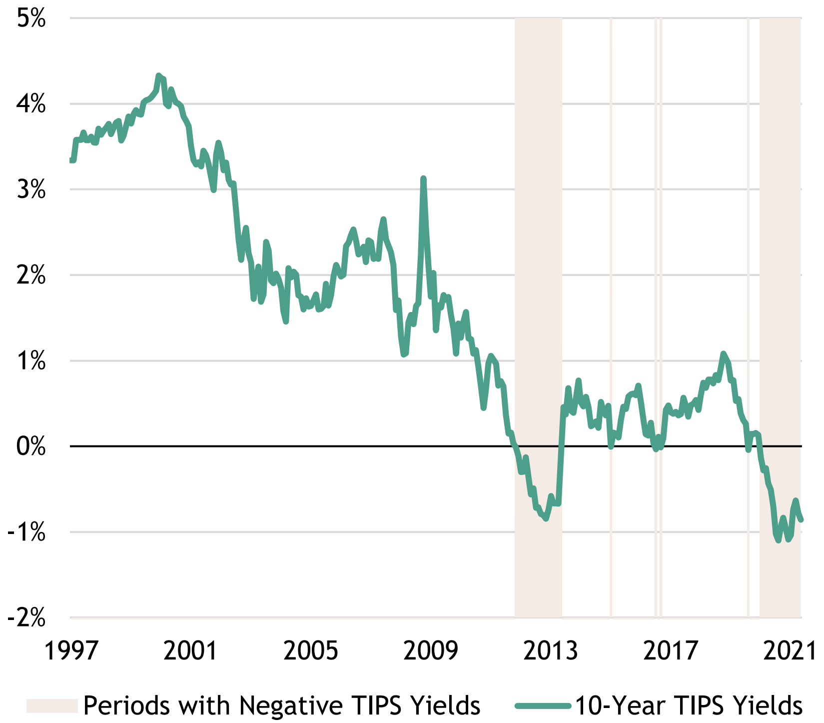


Source: Bureau of Labor Statistics, as of May 31, 2021.

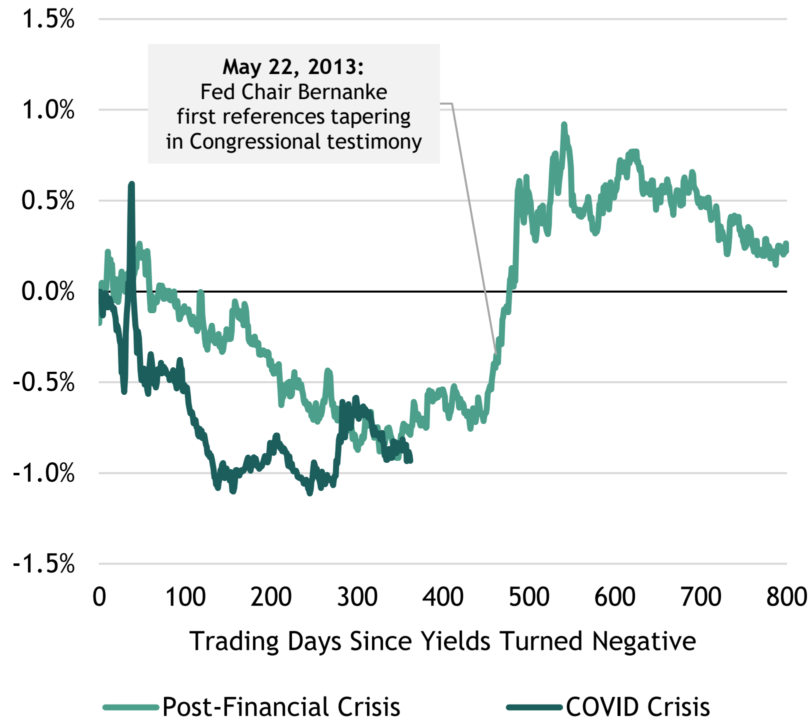
(1) "Unemployment Rate" is the number of unemployed persons as a percentage of the labor force. "Underemployment Rate" is unemployed persons, plus those marginally attached to the labor force, plus those employed part time for economic reasons, as a percentage of the civilian labor force plus those marginally attached to the labor force.

U.S. real yields remain historically negative but may gain ground as the Fed announces a tapering decision

10-Year U.S. TIPS Yields



Periods with Negative 10-Year U.S. TIPS Yields



Source: Bloomberg, as of June 16, 2021. TIPS are Treasury Inflation-Protected Securities.

V. Corporate Profits

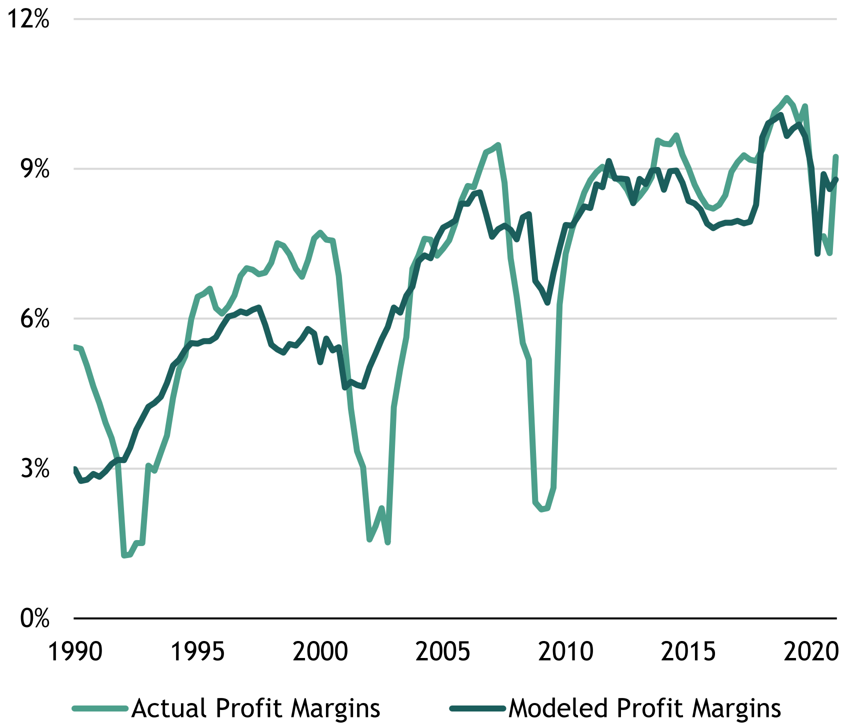
The tailwinds that have driven profit margins higher for several decades will be headwinds in this cycle

Profit Margin Driver	Historical Contribution to Margins (1970-2020)	Change from 1970 to 2020	Forward Contribution to Margins (2021 onward)
U.S. Corporate Tax Rate	▲	Decreased from 48% to 21%	▼
Globalization (Trade % of Global GDP)	▲	Increased from 18% to 44%	▼ / ▶
Labor Share of Output (Labor Compensation % of U.S. GDP)	▲	Decreased from 58% to 53%	▼
Interest Rates (AAA-rated IG Bond Yield)	▲	Decreased from 8% to 2% (peak of 16% in 1981)	▼

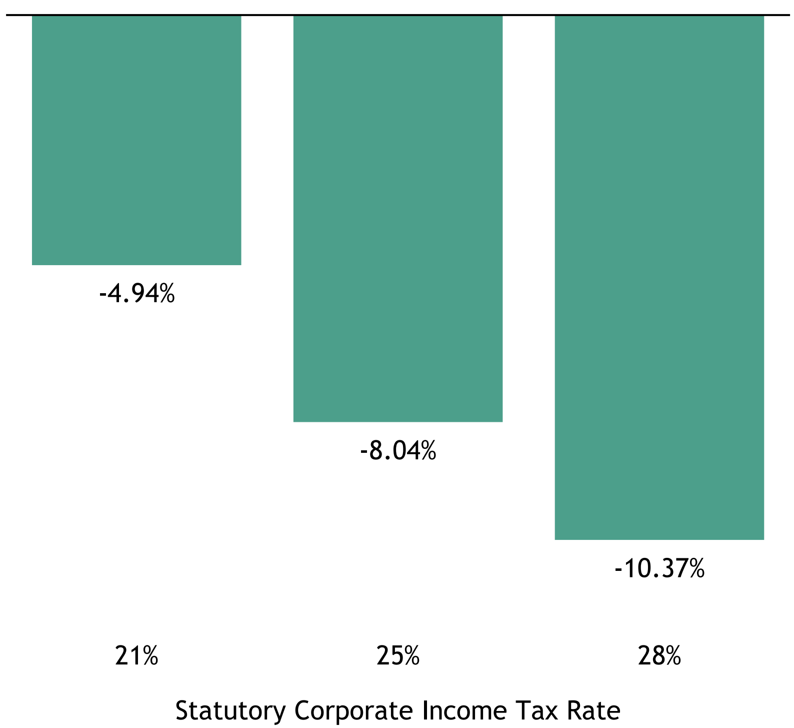
Source: Haver Analytics, World Bank, UC Davis, and Moody's, as of December 31, 2020.

Reversal of four secular corporate tailwinds, including higher corporate tax rate, could weigh on profit margins

Impact of Four Corporate Tailwinds on S&P 500 Profit Margins[(1)]



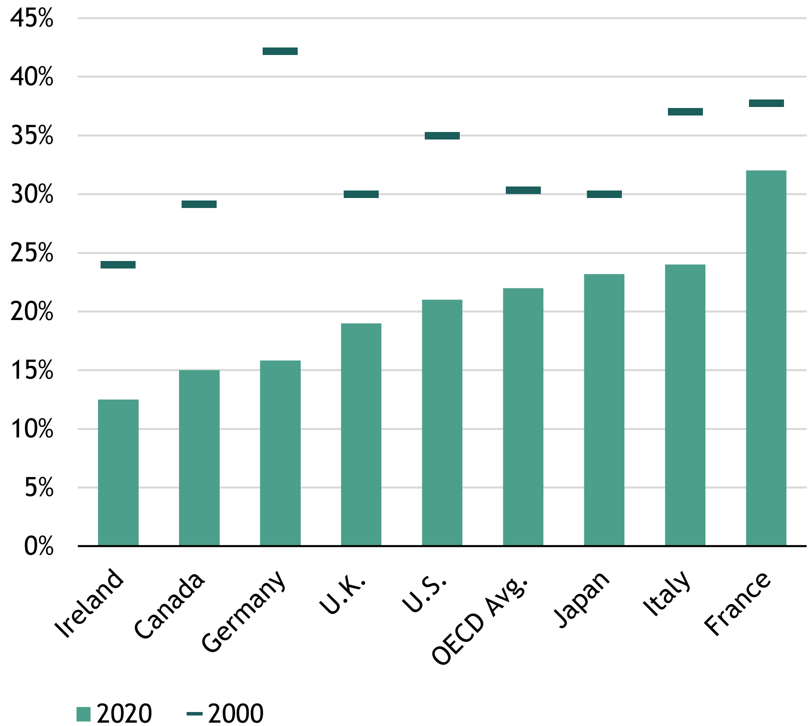
Modeled Change from 1Q21 S&P 500 Profit Margins by Corporate Tax Rate[(2)]



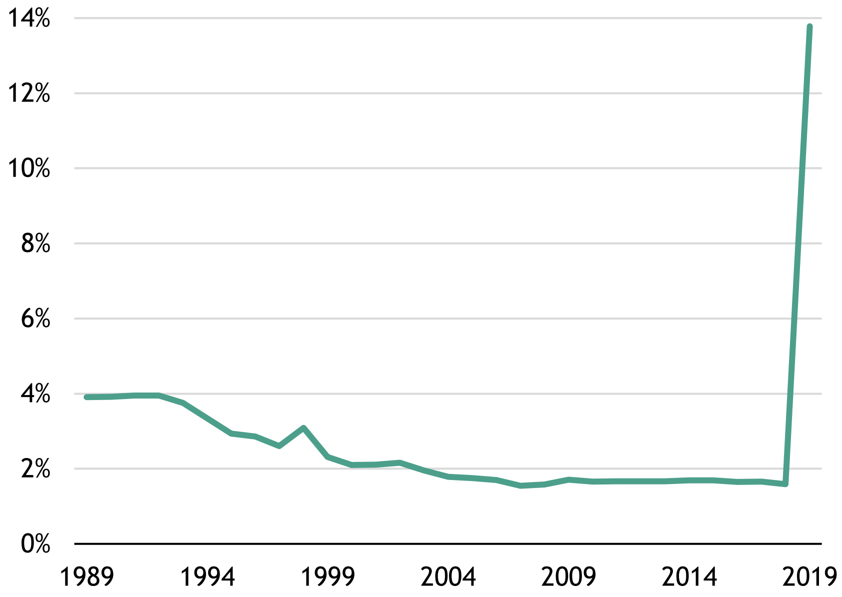
Source: Bureau of Economic Analysis, Federal Reserve, Bloomberg, Haver Analytics, and Blackstone Investment Strategy, as of March 31, 2021.
(1) "Corporate Tailwinds" are defined as labor compensation as share of GDP, imports of goods and services as share of GDP, implied interest rates on corporate debt (nonfinancial corporate net interest divided by business debt), and the U.S. statutory corporate income tax rate. "Modeled Profit Margins" represents the linear decomposition of quarterly S&P 500 profit margins on these tailwinds.
(2) Projections use the coefficients derived from the linear decomposition described above and assume that labor compensation, imports, and implied interest rates maintain their level as of 1Q21.

Corporate tax rates fell globally since 2000; U.S. tariff rates declined for ~30 years before rising sharply in 2018

Central Government Statutory Corporate Income Tax Rate: 2000 vs. 2020



U.S. Tariff Rate: Weighted Mean of All Products

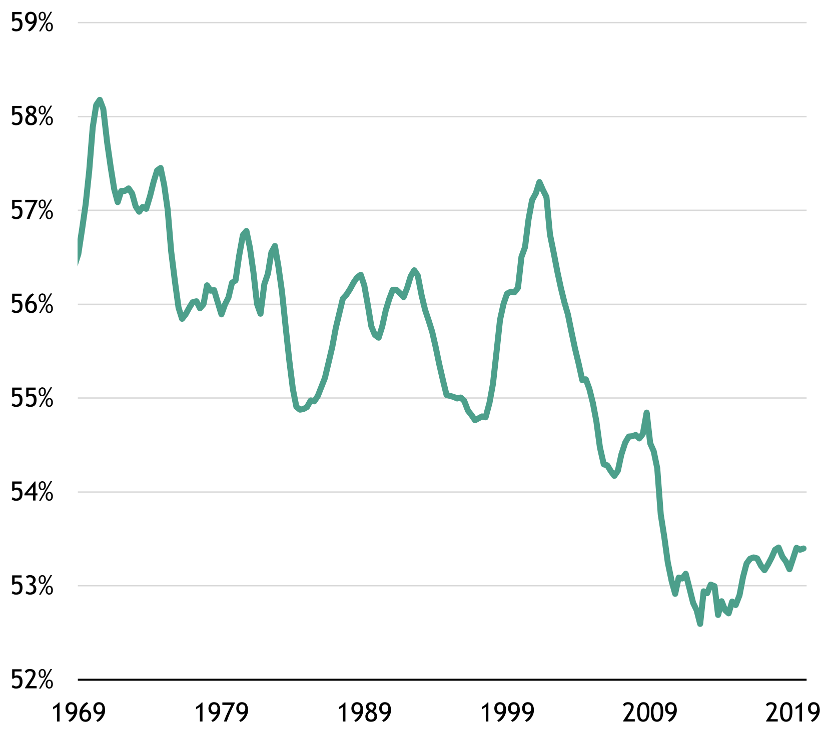


Source: Organisation for Economic Co-operation and Development, World Bank, and Haver Analytics. Tax rates are as of December 31, 2020; tariff data are as of December 31, 2019. Tariff data unavailable for 1994.

Labor share of output and corporate debt service paid have declined in tandem for decades

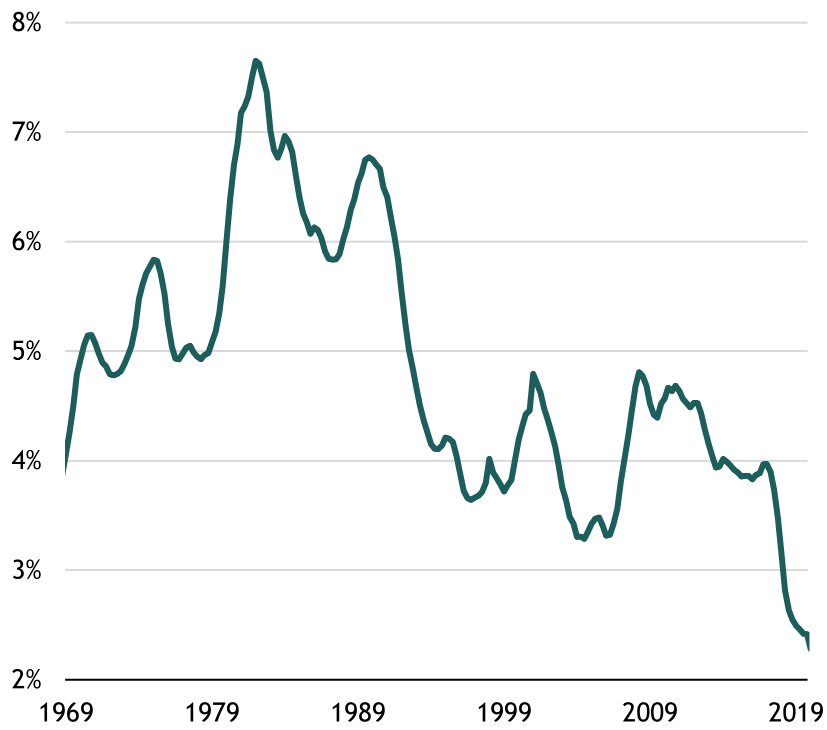
Labor Compensation: Share of U.S. GDP

(4-quarter moving average)



Implied Interest Rates: U.S. Corporate Debt

(aggregate debt service paid as % of outstanding corporate debt)

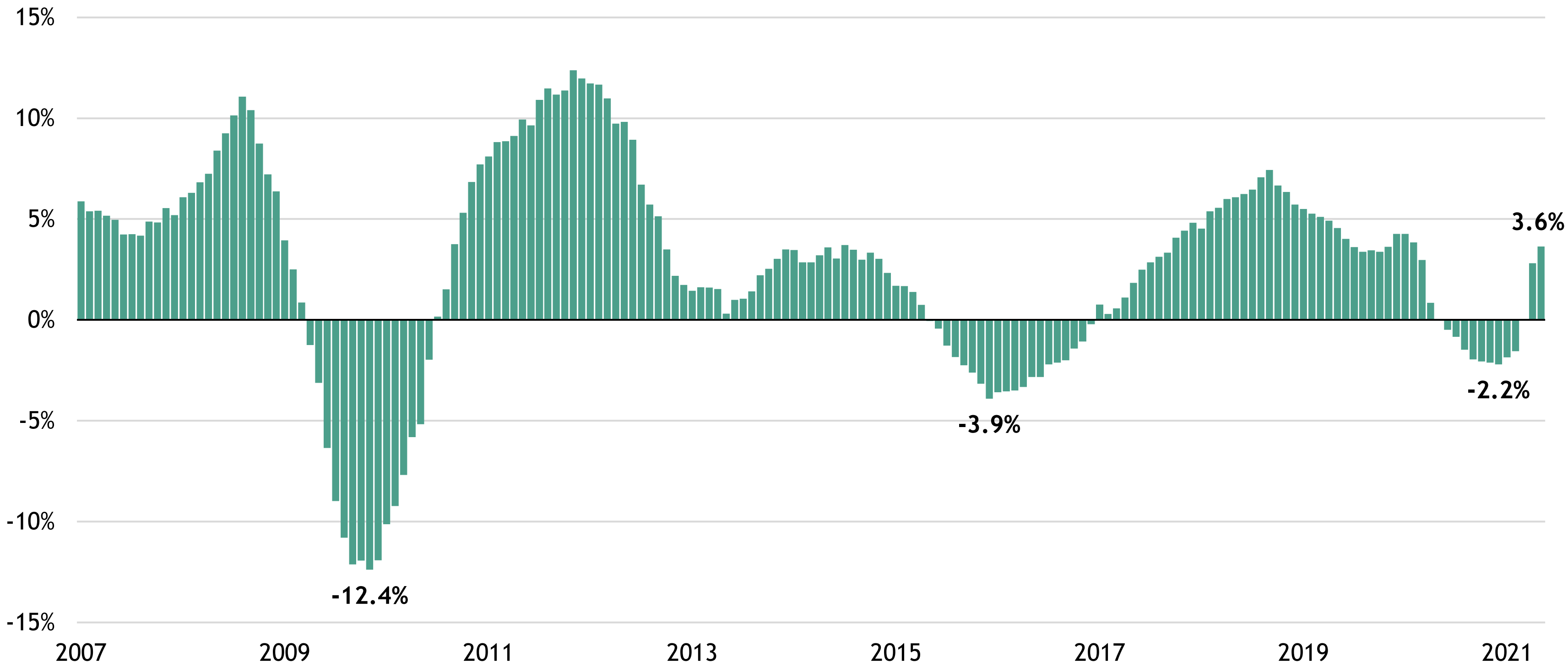


Source: Bureau of Economic Analysis, Federal Reserve, and Haver Analytics, as of December 31, 2019.

S&P 500 company costs are rising, which may begin to slow margin expansion over the coming quarters

S&P 500 Aggregate Index Company Costs[1]

(YoY change)



Source: Strategas, as of May 31, 2021.

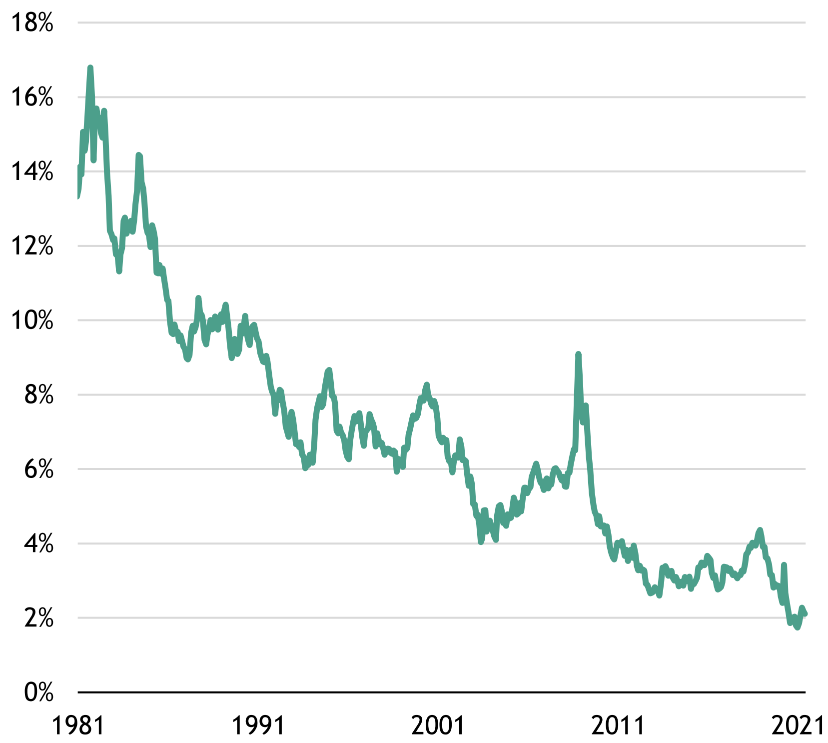
(1) "Company Costs" are the direct costs attributable to the production of goods sold by a company. This includes the cost of the materials used in creating the goods along with the direct labor costs used in production.

VI. Credit Markets

Low corporate bond yields have driven record issuance, with value of bonds outstanding continuing to rise

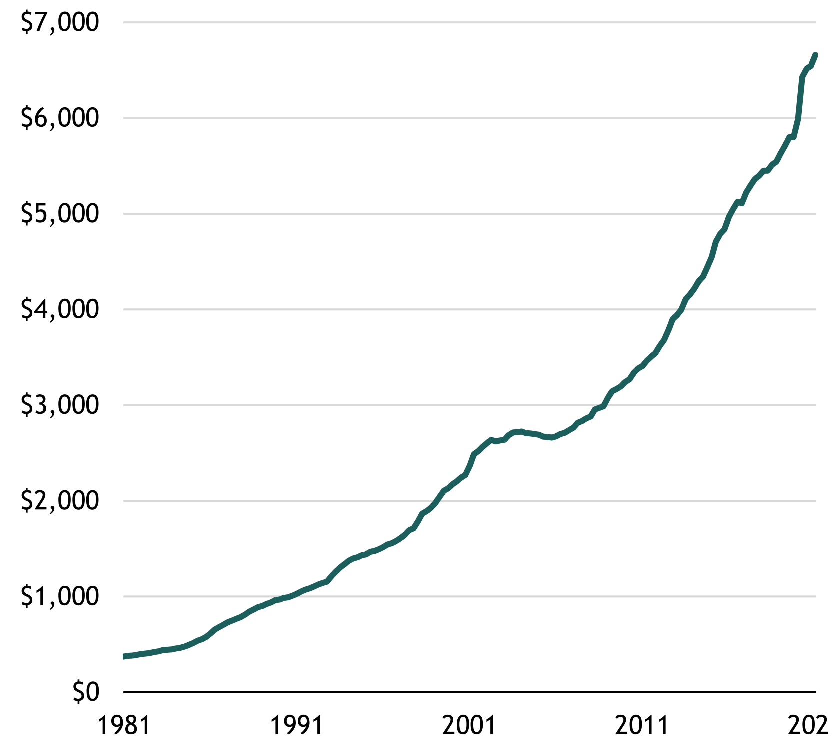
Investment Grade Corporate Bond Yields

(index yield to worst)



Nonfinancial Corporate Bonds Outstanding

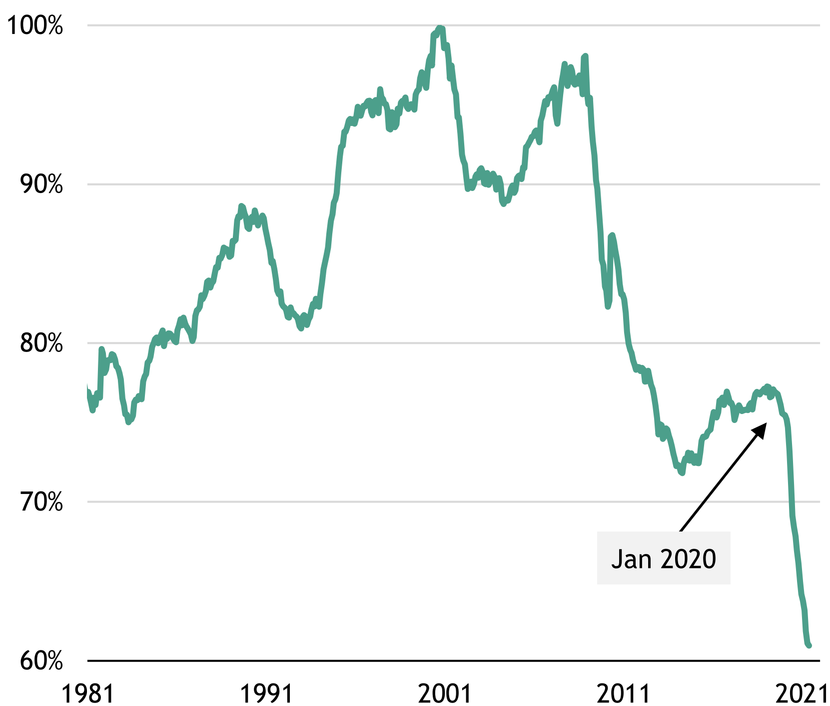
(US$ in billions)



Source: Federal Reserve, Bloomberg, and Haver Analytics, as of May 31, 2021 (bond yields) and March 31, 2021 (bonds outstanding). “Investment Grade Corporate Bond Yields” represented by the yield to worst for the Bloomberg Barclays U.S. Corporate Bond Index.

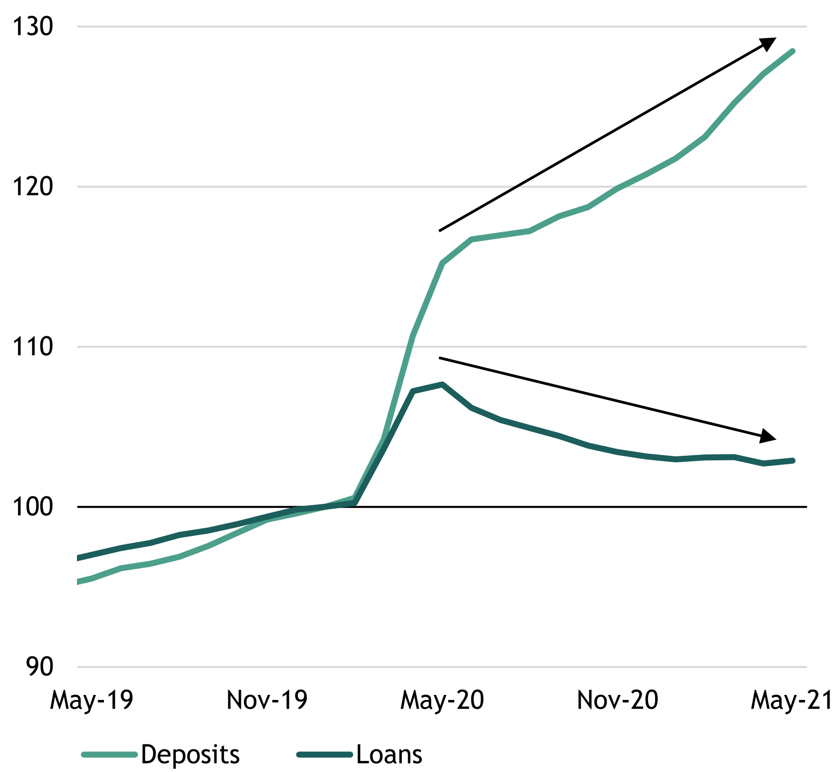
Bank loan-to-deposit ratio at historic low as excess cash flooded the system with deposits

Commercial Bank Loan-to-Deposit Ratio



Commercial Bank Deposits and Loans

(indexed to 100 as of January 2020)

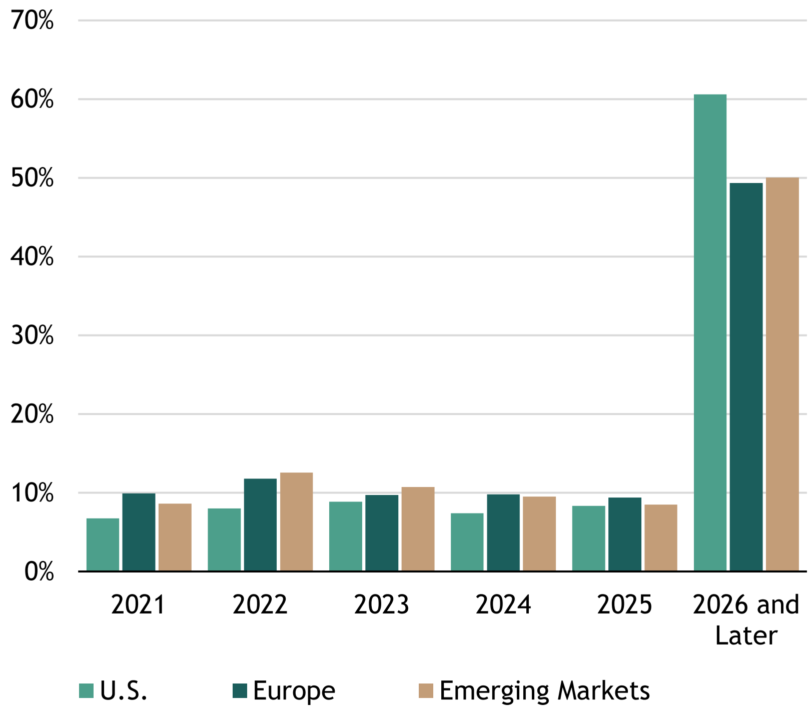


Source: Federal Reserve and Haver Analytics, as of May 31, 2021. Represents data for all commercial banks in the U.S. Loans include all loans and leases in bank credit.

Duration of global debt has been extended, poses risk that mass refinancing could occur in higher-rate world

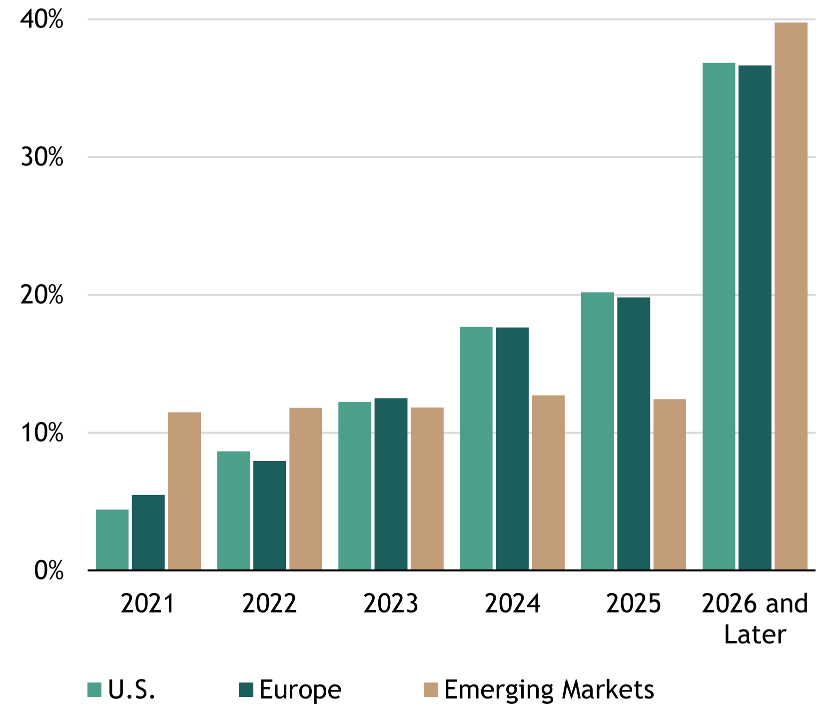
Nonfinancial Corporate Maturity Wall: Investment-Grade

(share of total regional nonfinancial investment-grade debt)



Nonfinancial Corporate Maturity Wall: Speculative-Grade

(share of total regional nonfinancial speculative-grade debt)

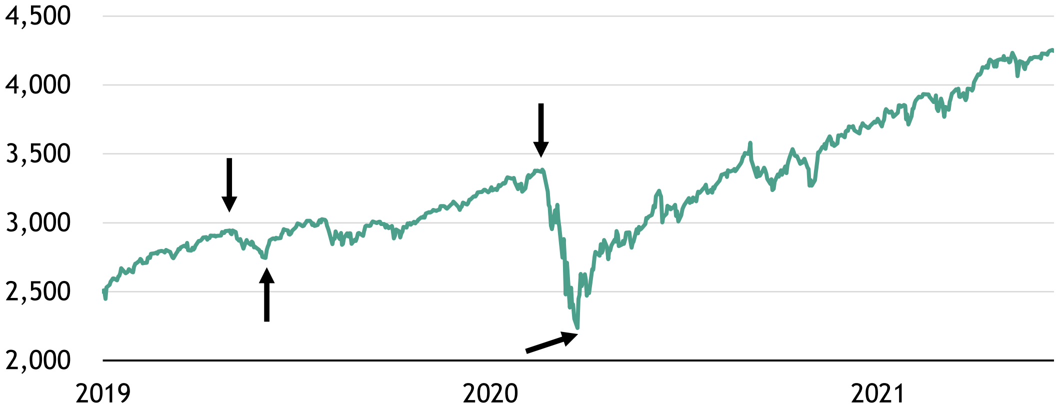


Source: S&P 500 Global Ratings Research, as of January 1, 2021. Includes bonds, loans, and revolving credit facilities that are rated by S&P Global Ratings. Total regional investment-grade (i.e., rated 'BBB-' and higher) and speculative-grade (i.e., rated 'BB+' and lower) debt is as of October 1, 2020.

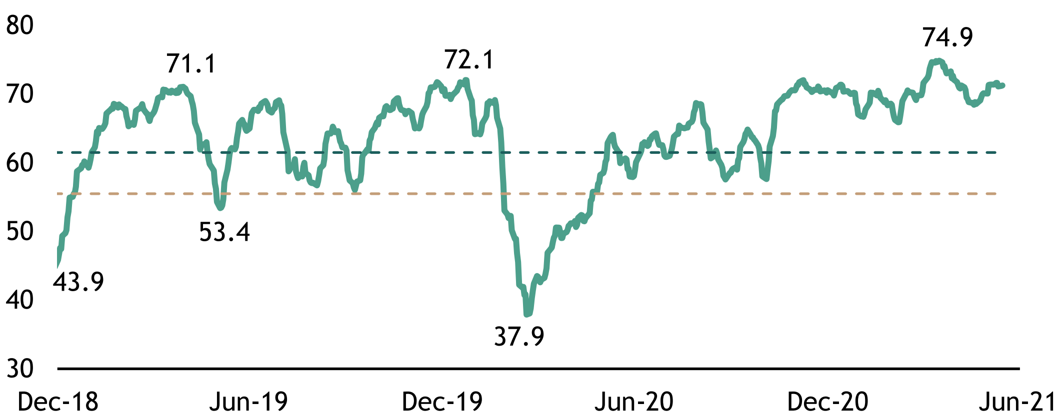
VII. Equity Markets

Market sentiment at optimistic extreme in recent months

S&P 500 Composite Index



NDR Crowd Sentiment Poll



S&P 500 Index Performance[1]
Full History: 12/1/1995-6/15/2020

NDR Crowd Sentiment Poll is:	% Gain / Annum	% of Time
Above 66.0	-0.8	27
57.0 - 66.0 from Above	1.9	18
57.0 - 66.0 from Below	22.3	19
Below 57.0	11.1	35
Buy / Hold = 7.6% Gain / Annum		

Historical average value of Crowd Sentiment Poll at:[2]

- Optimistic extremes (down arrows) = 68.7
- Pessimistic extremes (up arrows) = 46.8
- Average spread between extremes = 21.9

Extremes generated when sentiment reading:[3]

- Rises above 61.5 = Extreme Optimism
- Declines below 55.5 = Extreme Pessimism

Source: Ned Davis Research, as of June 15, 2020.
(1) Totals may not sum due to rounding.
(2) Arrows represent extremes in optimism and pessimism. They do not represent buy and sell signals and can only be known for certain (and added to the chart) in hindsight.
(3) Sentiment must reverse by 10 percentage points to signal an extreme, in addition to reaching the above extreme levels.

Historically low rates distort the traditional relationship between interest rates and equities

S&P 500 Dividend Discount Model(1)

10-Year Treasury Yield

Trailing Twelve-Month EPS	1.00%	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%	3.00%	3.25%	3.50%
$220	8,024	6,591	5,592	4,856	4,292	3,845	3,482	3,182	2,929	2,714	2,528
$222	8,097	6,651	5,643	4,901	4,331	3,880	3,514	3,211	2,956	2,739	2,551
$224	8,170	6,711	5,694	4,945	4,370	3,915	3,545	3,240	2,983	2,763	2,574
$226	8,243	6,771	5,745	4,989	4,409	3,950	3,577	3,269	3,009	2,788	2,597
$228	8,316	6,831	5,796	5,033	4,448	3,985	3,609	3,298	3,036	2,813	2,620
$230	8,388	6,891	5,847	5,077	4,487	4,019	3,640	3,326	3,062	2,837	2,643
$232	8,461	6,950	5,897	5,121	4,526	4,054	3,672	3,355	3,089	2,862	2,666
$234	8,534	7,010	5,948	5,166	4,565	4,089	3,704	3,384	3,116	2,887	2,689
$236	8,607	7,070	5,999	5,210	4,604	4,124	3,735	3,413	3,142	2,911	2,712
$238	8,680	7,130	6,050	5,254	4,643	4,159	3,767	3,442	3,169	2,936	2,735
$240	8,753	7,190	6,101	5,298	4,682	4,194	3,799	3,471	3,196	2,961	2,758
$242	8,826	7,250	6,152	5,342	4,721	4,229	3,830	3,500	3,222	2,985	2,781
$244	8,899	7,310	6,202	5,386	4,760	4,264	3,862	3,529	3,249	3,010	2,804
$246	8,972	7,370	6,253	5,430	4,799	4,299	3,894	3,558	3,275	3,035	2,827
$248	9,045	7,430	6,304	5,475	4,838	4,334	3,925	3,587	3,302	3,059	2,850
$250	9,118	7,490	6,355	5,519	4,877	4,369	3,957	3,616	3,329	3,084	2,873

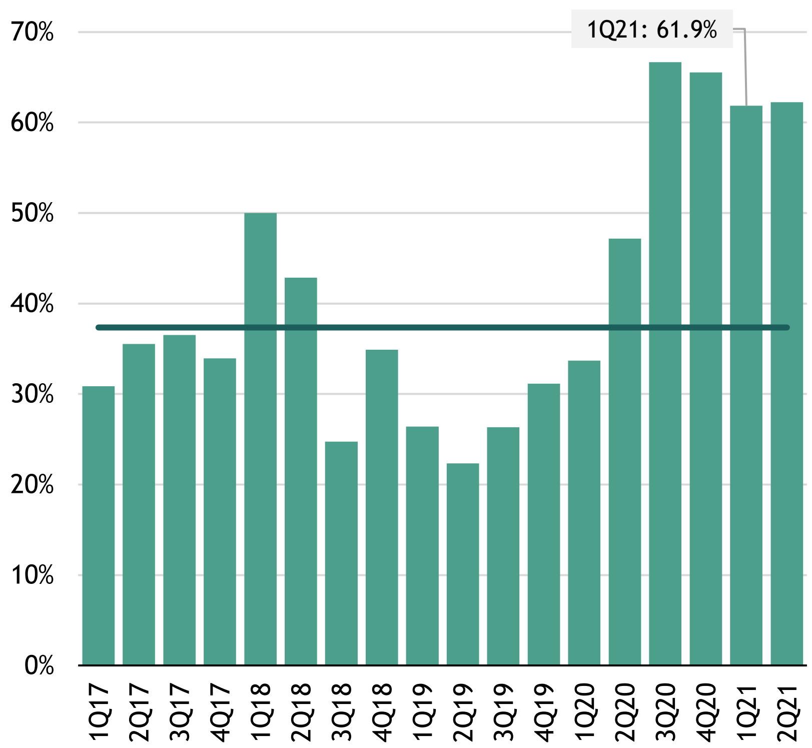
Source: Blackstone Investment Strategy, as of June 24, 2021.

(1) Assumes starting S&P 500 Earnings Per Share of $140.55, and that EPS start the period increasing / decreasing to level indicated in first column, before increasing / decreasing linearly over 2 years to a 4% nominal growth rate and remaining there in perpetuity. Further assumes dividend payout ratio remains at prior year's level of 41.94% and equity risk premium is a constant 4.15%.

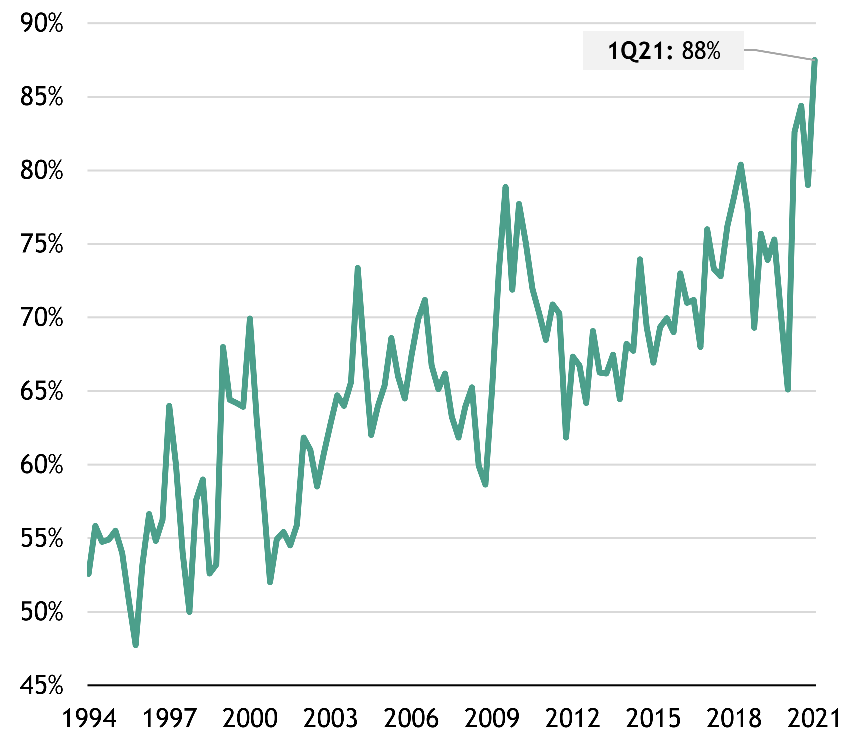
Even with high positive guidance, a record share of S&P 500 companies beat earnings estimates in 1Q21

Positive S&P 500 Company Guidance

(share of total guidance)



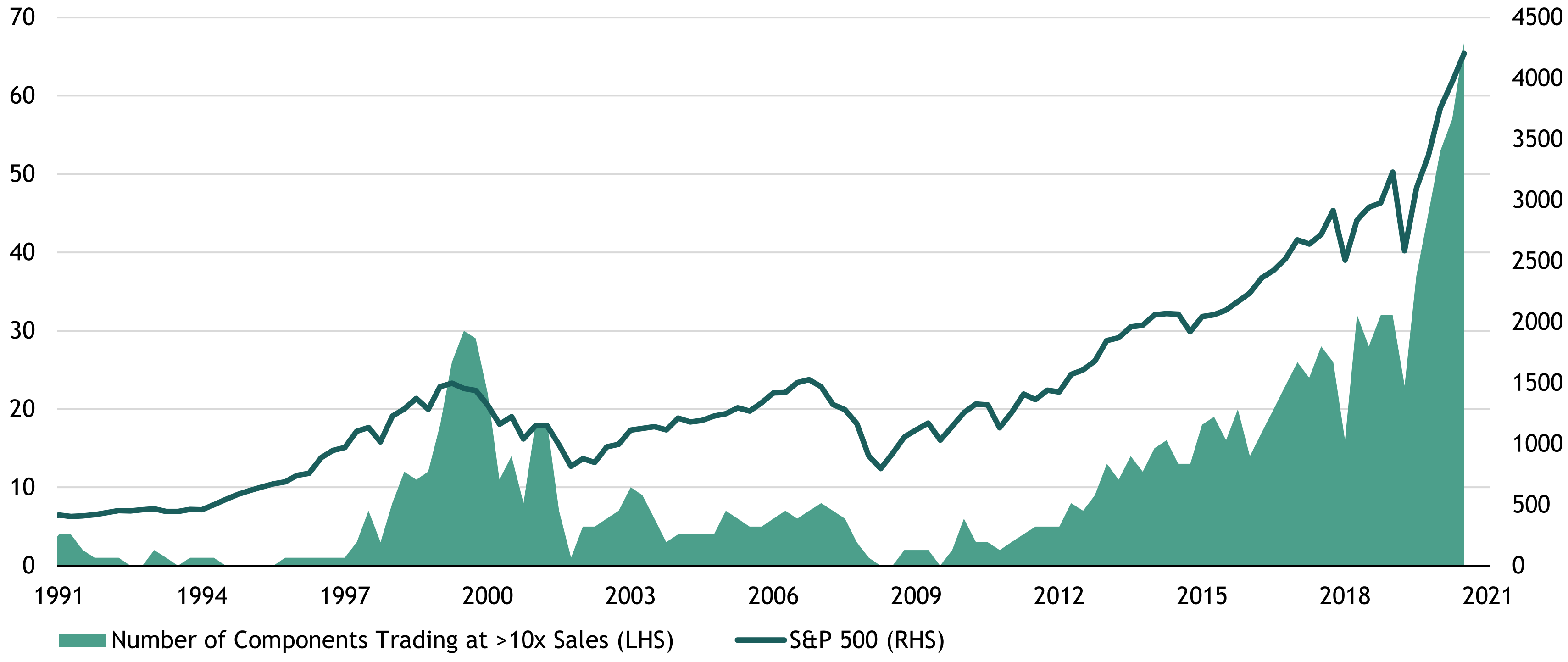
Share of S&P 500 Companies Beating Earnings Estimates



Source: Strategas, as of June 22, 2021.

67 component stocks in the S&P 500 are valued at more than 10x their sales, a record high

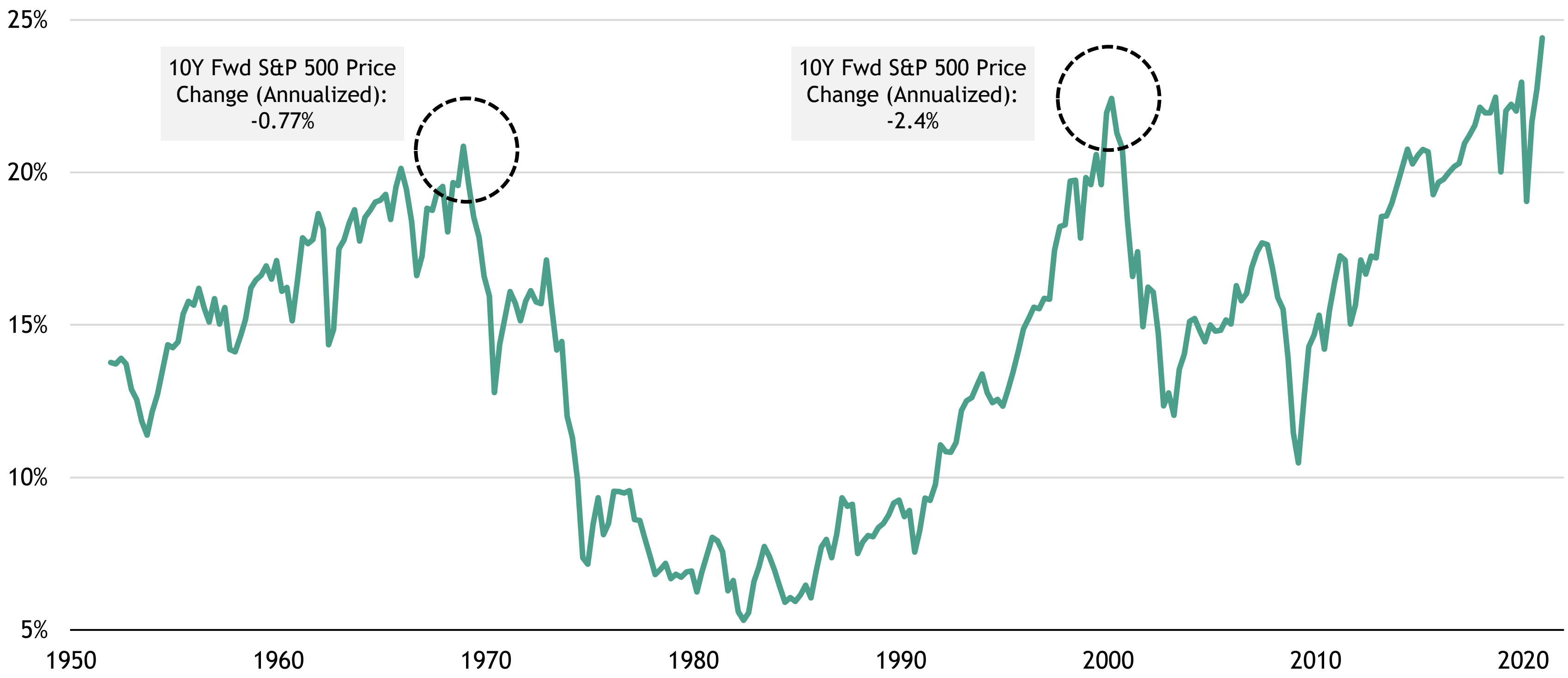
S&P 500 Index and Component Stocks Trading Above 10x Sales



Source: Bloomberg and Blackstone Investment Strategy. Observations are quarterly, except for the final data point, which is as of June 1, 2021.

Household equity exposure is at a record high, signaling the hunt for yield and a potential risk to market stability

U.S. Household Equity Assets as Percentage of Total Assets



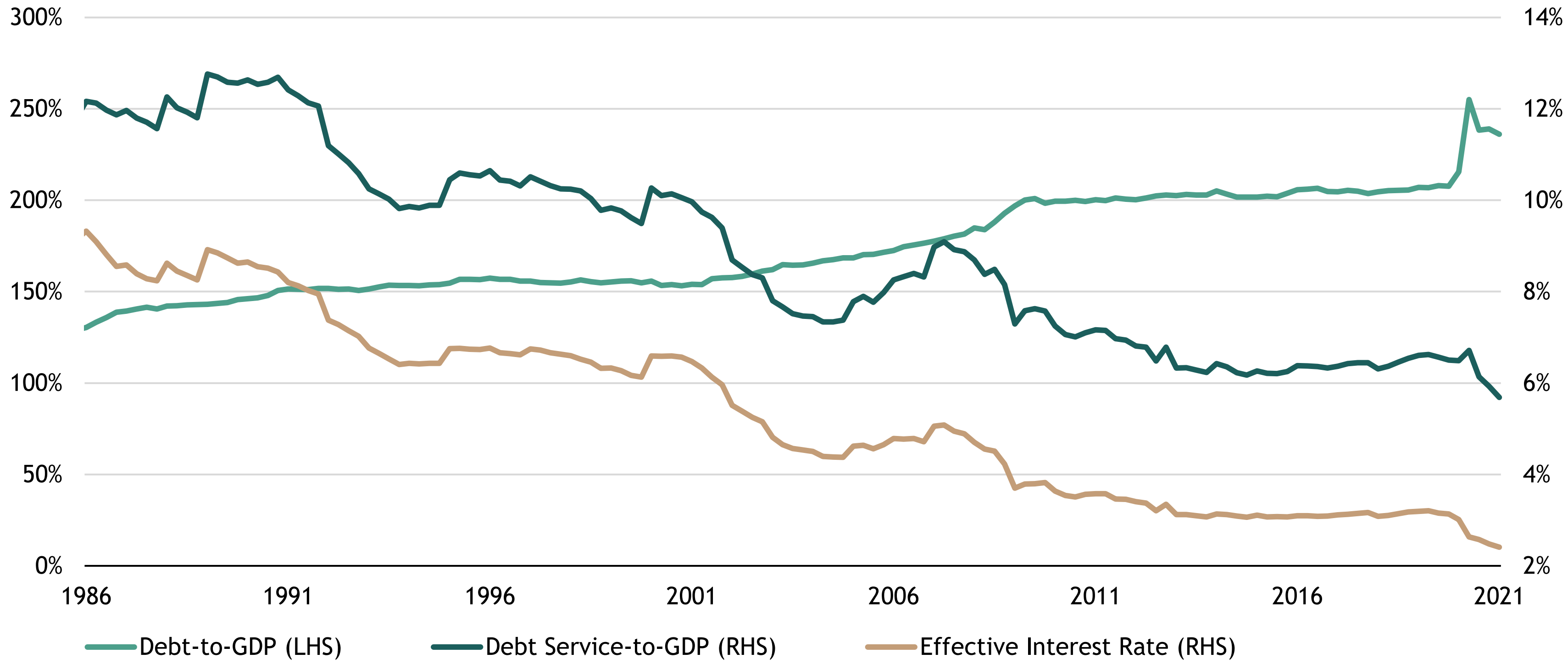
Source: Federal Reserve and Bloomberg, as of December 31, 2020. “Equity Assets” include corporate equities at market value and mutual fund shares. “Total Assets” include both financial and nonfinancial assets.

VIII. Long-Term Trends

Debt-to-GDP has almost doubled since 1986, while the effective interest rate has fallen from 9.3% to 2.4%

U.S. Total Nonfinancial Debt and Debt Service

(seasonally adjusted)

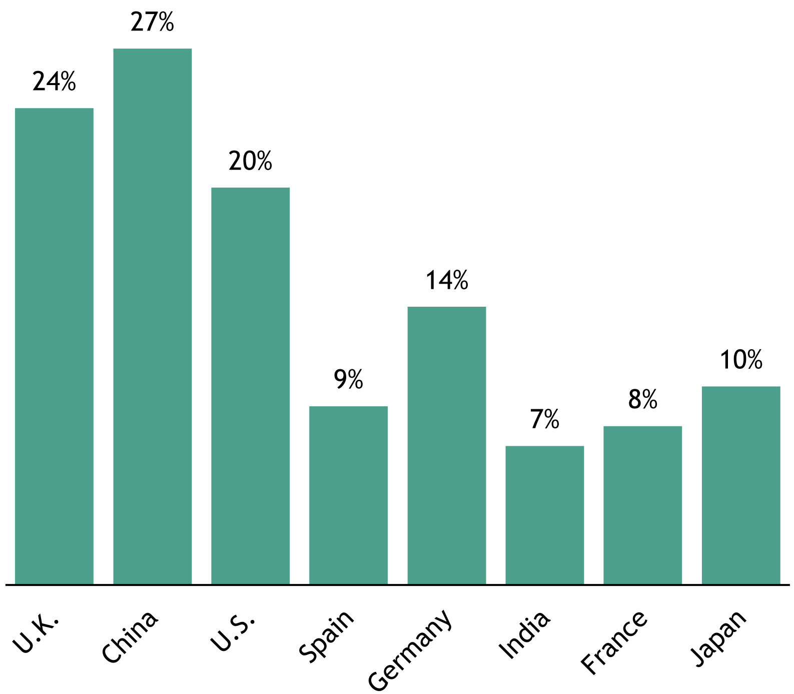


Source: Federal Reserve, Bureau of Economic Analysis, and Blackstone Investment Strategy, as of March 31, 2021. "Nonfinancial" includes the federal government, nonfinancial corporations, and household and nonprofit organizations.

COVID accelerated the secular shift toward e-commerce in retail, a tailwind for logistics firms and properties

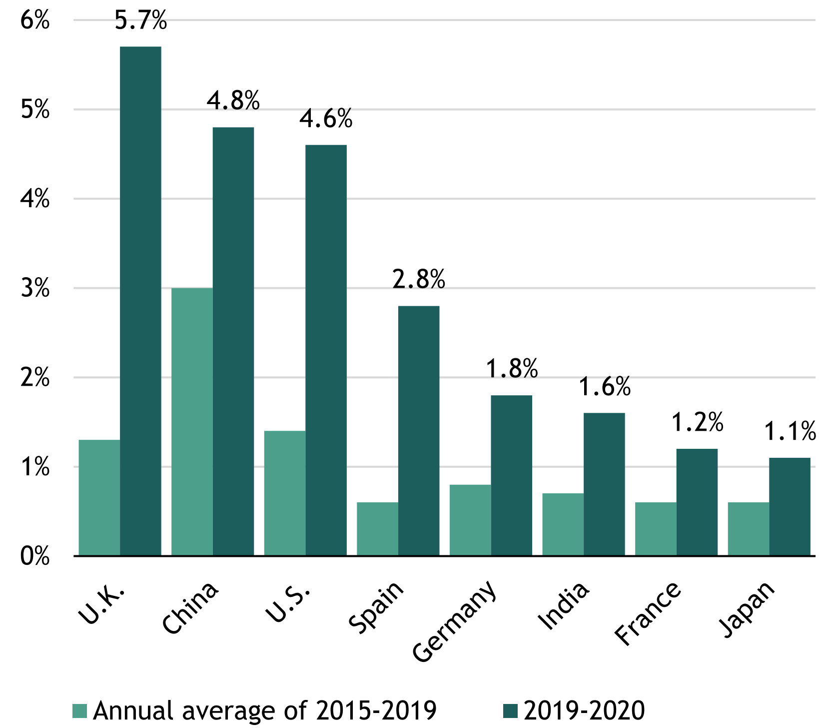
2020 E-Commerce Sales

(share of total retail sales)



E-Commerce Sales Growth

(YoY share of total retail sales)

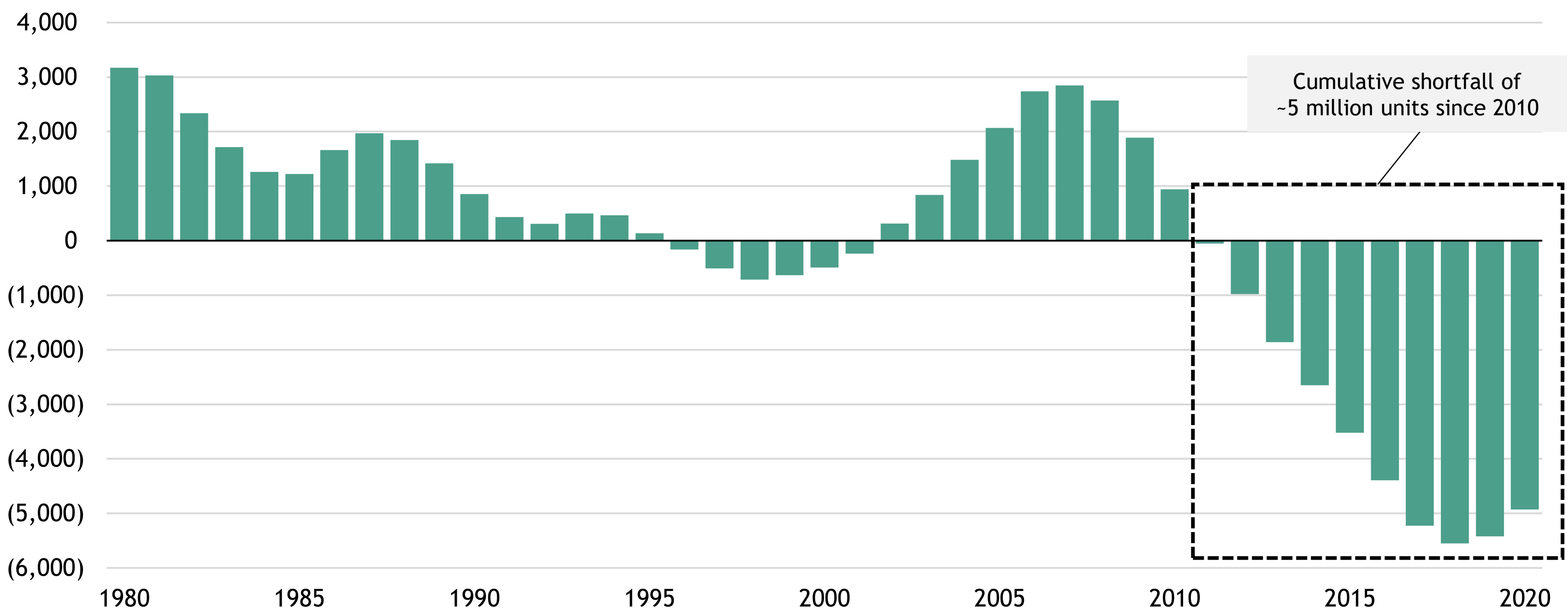


Source: Euromonitor International Retailing 2021 Edition; McKinsey Global Institute analysis.

House construction has lagged consistently since the GFC bubble, setting up a new housing "super-cycle"

Surplus (Shortfall) of Home Completions, Relative to Historical Average

(thousands of units, rolling 10-year sum)



Source: U.S. Census Bureau, U.S. Department of Urban Housing and Development, and Blackstone Investment Strategy, as of May 31, 2021. "Housing Completions" is the number of total new privately owned housing units completed in each calendar year, calculated as the average of monthly units completed at a seasonally adjusted annual rate. The "historical average" is the average of annual housing completions from 1968 to 2020.

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