# The Timing of the Next Recession

# 4th Quarter 2019

**Joseph Zidle**
Managing Director and Chief Investment Strategist

**Byron R. Wien**
Vice Chairman, Private Wealth Solutions

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# Introduction

## *Intellectual Diversity Is a Core Value*

- Here at Blackstone, diversity of thought is prized as an indispensable strength. Views that are unpopular or otherwise out of consensus are welcomed, not discouraged. The rigorous exchange of ideas shapes every decision at Blackstone, and it's no different for us as the firm's strategists. We constantly discuss and challenge one another's interpretation of the world; we are stronger for it as thinkers, and the firm and our clients benefit from the continuous refinement of our views.
- This quarter, we are going to try something different by giving you a look behind the scenes. We will highlight the elements of the macroeconomic outlook in which we have differing opinions, especially on the timing of the next recession, and will lay out arguments for each side. We hope it stretches your thinking, and that you'll come away enriched from the discussion. Let the debate begin.

**Joseph Zidle,** Chief Investment Strategist
**Byron R. Wien,** Vice Chairman, Private Wealth Solutions

## *Topics We Will Discuss*

- Timing of next recession
- Yield curve inversion
- Inflation
- Interest rates
- Equity returns over the next decade
- Top questions from our clients, including on Brexit and the 2020 election

Note: As detailed in the "Disclaimers" section, the above reflects the personal views of Joseph Zidle, Managing Director and Byron Wien, Vice Chairman in the Private Wealth Solutions Group, and does not necessarily reflect the view of Blackstone itself.

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# I. Ten Surprises and "Radical" Asset Allocation

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# The Ten Surprises of 2019

**These surprises were announced Thursday, January 3, 2019. The definition of a surprise is an event that the average investment professional would assign a one out of three chance of taking place, but which I believe is probable, having a better than 50% chance of happening**

1. The weakening world economy encourages the Federal Reserve to stop raising the federal funds rate during the year. Inflation remains subdued and the 10-year Treasury yield stays below 3.5%. The yield curve remains positive.

2. Partly because of no further rate increases by the Federal Reserve and more attractive valuations as a result of the market decline at the end of 2018, the S&P 500 gains 15% for the year. Rallies and corrections occur but improved earnings enable equities to move higher in a reasonably benign interest rate environment.

3. Traditional drivers of GDP growth, capital spending and housing, make only modest gains in 2019. The expansion continues, however, because of consumer and government spending. A recession before 2021 seems unlikely.

4. The better tone in the financial markets discourages precious metal investors. Gold drops to $1,000 as the equity markets in the United States and elsewhere improve.

5. The profit outlook for emerging markets brightens and investor interest intensifies because the price earnings ratio is attractive compared to developed markets and historical levels. Continuous expansion of the middle class in the emerging markets provides the consumer buying thrust for earnings growth. China leads and the Shanghai composite rises 25%. The Brazil equity market also comes to life under the country's new conservative leadership.

# The Ten Surprises of 2019 (Cont'd)

6. March 29 comes and goes and there is no Brexit deal. Parliament fails to approve one and Theresa May, arguing that a change in leadership won't help the situation, remains in office. A second referendum is held and the U.K. votes to remain.

7. The dollar stabilizes at year-end 2018 levels and stays there throughout the year. Because of concern about the economy, the Federal Reserve stops shrinking its balance sheet, which is interpreted negatively by currency traders. The flow of foreign capital into United States assets slows because of a softer monetary policy and a lack of need for new capital for business expansion.

8. The Mueller investigation results in indictments against members of the Trump Organization closest to the president but the evidence doesn't support any direct action against Trump himself. Nevertheless, an exodus of Trump's most trusted advisors results in a crisis in confidence that the administration has the people and the process to accomplish important goals.

9. Congress, however, with a Democratic majority, gets more done than expected, particularly on trade policy. Progress is made in preserving important parts of the Affordable Care Act and immigration policy. A federal infrastructure program to be implemented in 2020 is announced.

10. Growth stocks continue to provide leadership in the U.S. equity market. Technology and biotech do well as a result of continued strong earnings. Value stocks other than energy-related businesses disappoint because of the slowing economy.

# "Radical" Asset Allocation

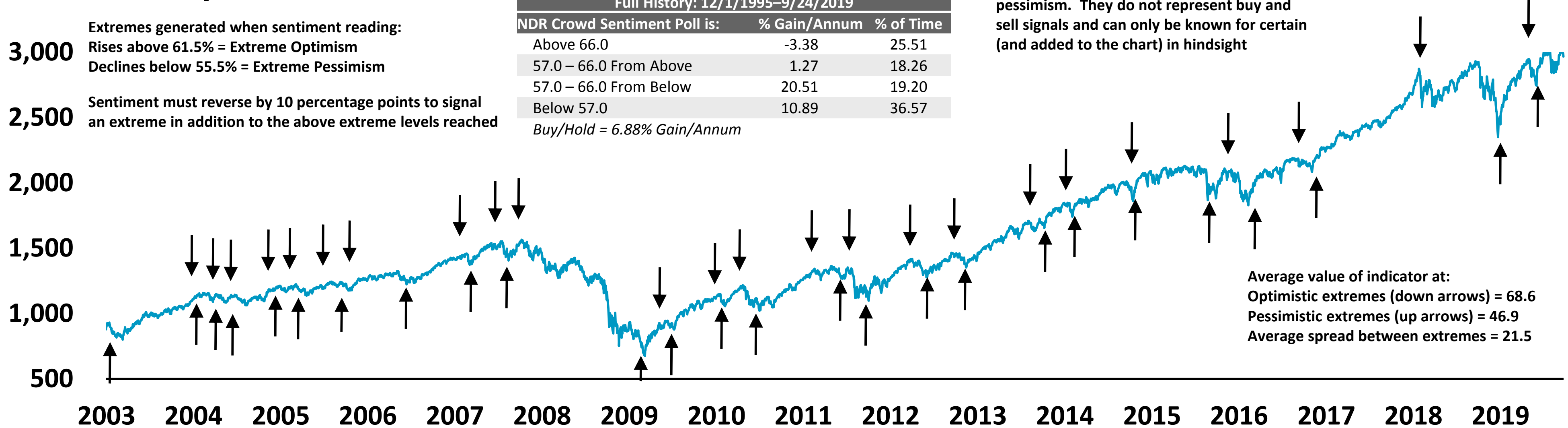
## Decrease US allocation by 5%, increase cash allocation by 5%

| Asset Class | Allocation | Note |
|---|---|---|
| Global Large Cap Multinationals | 5% | Fair value in terms of yield and multiple |
| Other US Long Only | 10% | Growing downside risk |
| European Long Only | 5% | Slowing growth |
| Emerging Market Equities | 10% | Relative growth attractive, dollar stabilizes |
| Japanese Equities | 5% | Better opportunities elsewhere |
| Hedge Funds (all strategies) | 10% | Selected strategies attractive |
| Private Equity | 10% | Competition intense for deals |
| Real Estate | 10% | Still finding opportunities |
| Gold | 0% | No change |
| Natural Resources and Agricultural Commodities | 5% | World standard of living rising |
| Non-conventional High Yield Fixed Income (Mezzanine, Leveraged Loans, Emerging Market Debt) | 15% | Still some value in selective categories, willing to take credit risk over duration risk |
| Cash | 15% | Increasing cash for tactical opportunities |
| **Total** | **100%** | |

Note: As detailed in the "Disclaimers" section, the above reflects the personal views of Joseph Zidle, Managing Director and Byron Wien, Vice Chairman in the Private Wealth Solutions Group, and does not necessarily reflect the view of Blackstone itself.

# NDR Crowd Sentiment Poll (7/31/2002 – 9/24/2019)

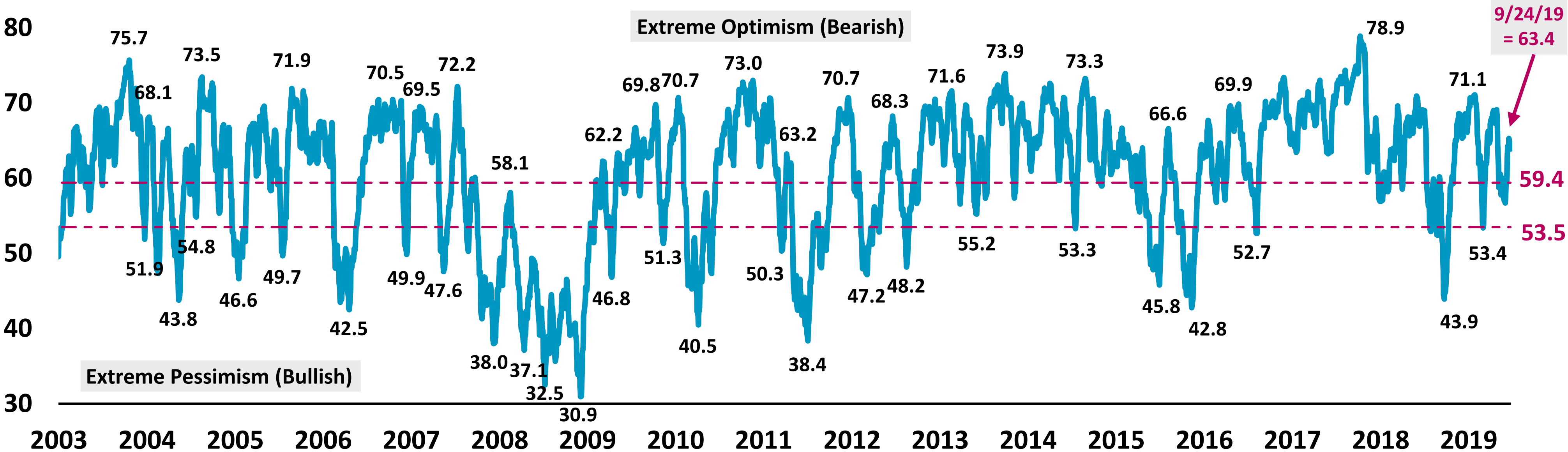
## S&P 500 Composite Index




| S&P 500 Index Performance<br>Full History: 12/1/1995–9/24/2019 | | |
|---|---|---|
| NDR Crowd Sentiment Poll is: | % Gain/Annum | % of Time |
| Above 66.0 | -3.38 | 25.51 |
| 57.0 – 66.0 From Above | 1.27 | 18.26 |
| 57.0 – 66.0 From Below | 20.51 | 19.20 |
| Below 57.0 | 10.89 | 36.57 |

*Buy/Hold = 6.88% Gain/Annum*

## NDR Crowd Sentiment Poll




Source: Ned Davis Research, as of 9/24/19.

# II. US Growth Rolled Over

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# Recession Checklist Monitor

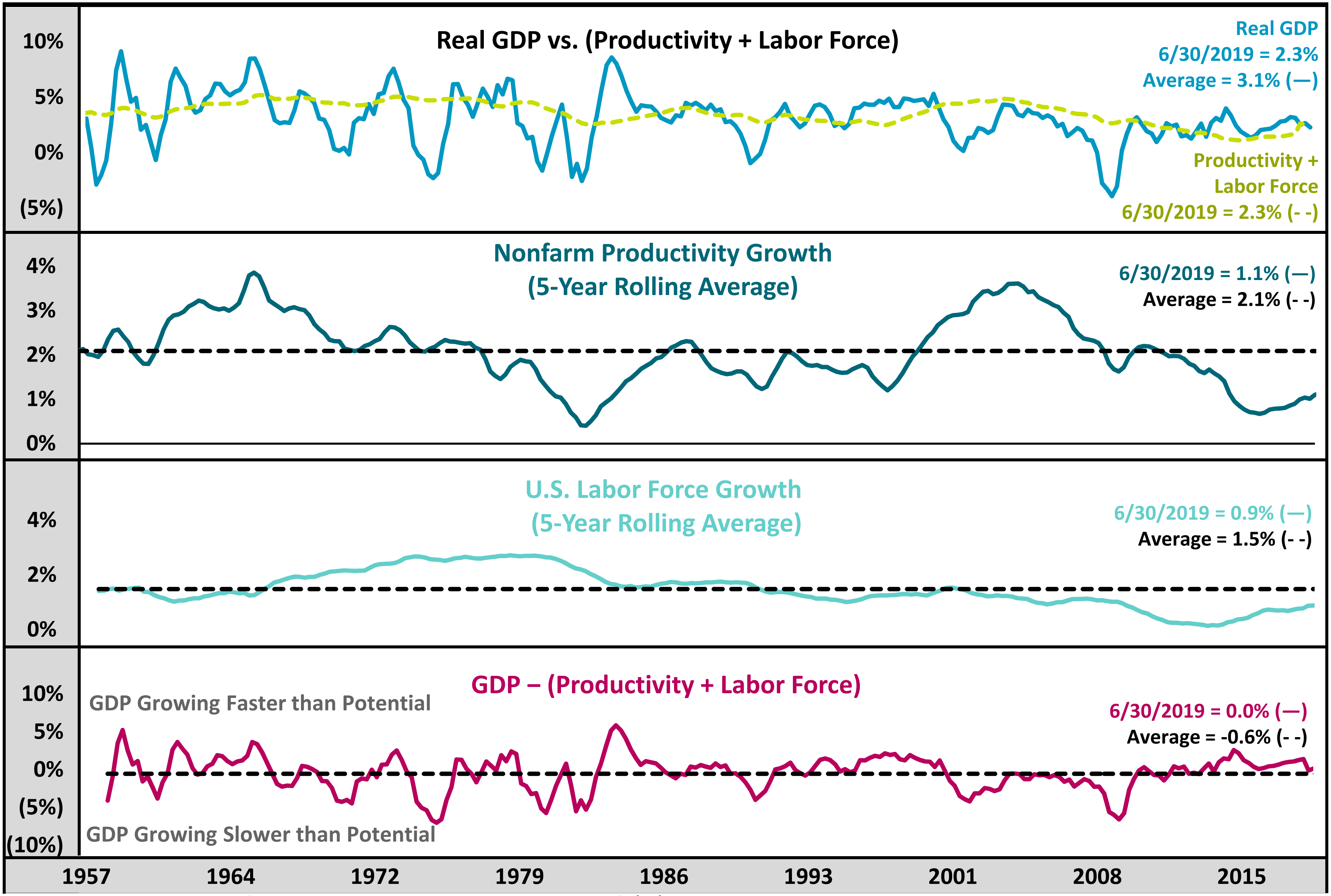
## Primary and secondary recession indicators are mixed

| | Indicator | Note | Tech Bubble | Housing Bubble | Current |
|---|---|---|---|---|---|
| Primary Indicators (Signals) | **Average Hourly Earnings Growth** | ▶ Wage growth of +4% y/o/y creates inflation concern<br>▶ Currently 3.5% growth and growing slowly(1) | ✓ | ✓ | ✗ |
| Primary Indicators (Signals) | **Leading Economic Indicators (LEIs)** | ▶ Negative LEI growth precedes economic contraction<br>▶ LEIs rolled over; growth remains positive but is declining(2) | ✓ | ✓ | ✓ |
| Primary Indicators (Signals) | **Yield Curve: 10Y/2Y Spread** | ▶ 10Y/2Y spread inverted on closing basis on August 26th<br>▶ **Inversion of 10Y/2Y precedes recession by avg. of 20 months**<br>▶ Other parts of the curve, including 10Y/3M spread, have been inverted by significant amount and for significant period of time | ✓ | ✓ | ✓ |

| | Indicator | Note | Tech Bubble | Housing Bubble | Current |
|---|---|---|---|---|---|
| Secondary Indicators (Necessary Conditions) | **Investor Sentiment** | ▶ Euphoric sentiment leads to speculative buying<br>▶ Reflected by wild price swings or extreme investor bullishness<br>▶ Investors are currently skewed towards optimism, but not euphoric(3) | ✓ | ✓ | ✗ |
| Secondary Indicators (Necessary Conditions) | **Consumer Confidence** | ▶ The Conference Board Consumer Confidence Expectations Index less the Present Situations Index reaches a cyclical trough before recessions<br>▶ Indicates consumers are less confident about future growth prospects<br>▶ Indicator appears to have hit cyclical trough in early 2019(4) | ✓ | ✓ | ✓ |
| Secondary Indicators (Necessary Conditions) | **Unemployment** | ▶ There has never been a recession with jobless claims falling<br>▶ Claims trough on average 15 months before recession(5)<br>▶ On average, claims rise by 66,000 by start of recession | ✓ | ✓ | ✗ |
| Secondary Indicators (Necessary Conditions) | **Corporate Earnings** | ▶ Never a recession with corporate profits rising<br>▶ Corporate profits have been flat for two quarters, at risk of contraction(6)<br>▶ Earnings recessions (negative for at least 2 consecutive quarters) coincide with economic recessions 57% of the time | ✓ | ✓ | ✗ |

Source: Blackstone Investment Strategy and Strategas Research Partners, as of 9/30/19.
(1) Federal Reserve, as of 8/31/19. Average hourly earnings for production and nonsupervisory employees. (2) Conference Board US Leading Index, as of 8/31/19. (3) NDR Crowd Sentiment Poll, as of 9/24/19. (4) Conference Board, as of 8/31/19. (5) Bureau of Labor Statistics, based on four-week moving average of initial claims, seasonally adjusted. Represents the period 1/1/67 through 9/30/19. (6) I/B/E/S data from Refinitiv, based on estimates for the S&P 500, as of 9/10/19.

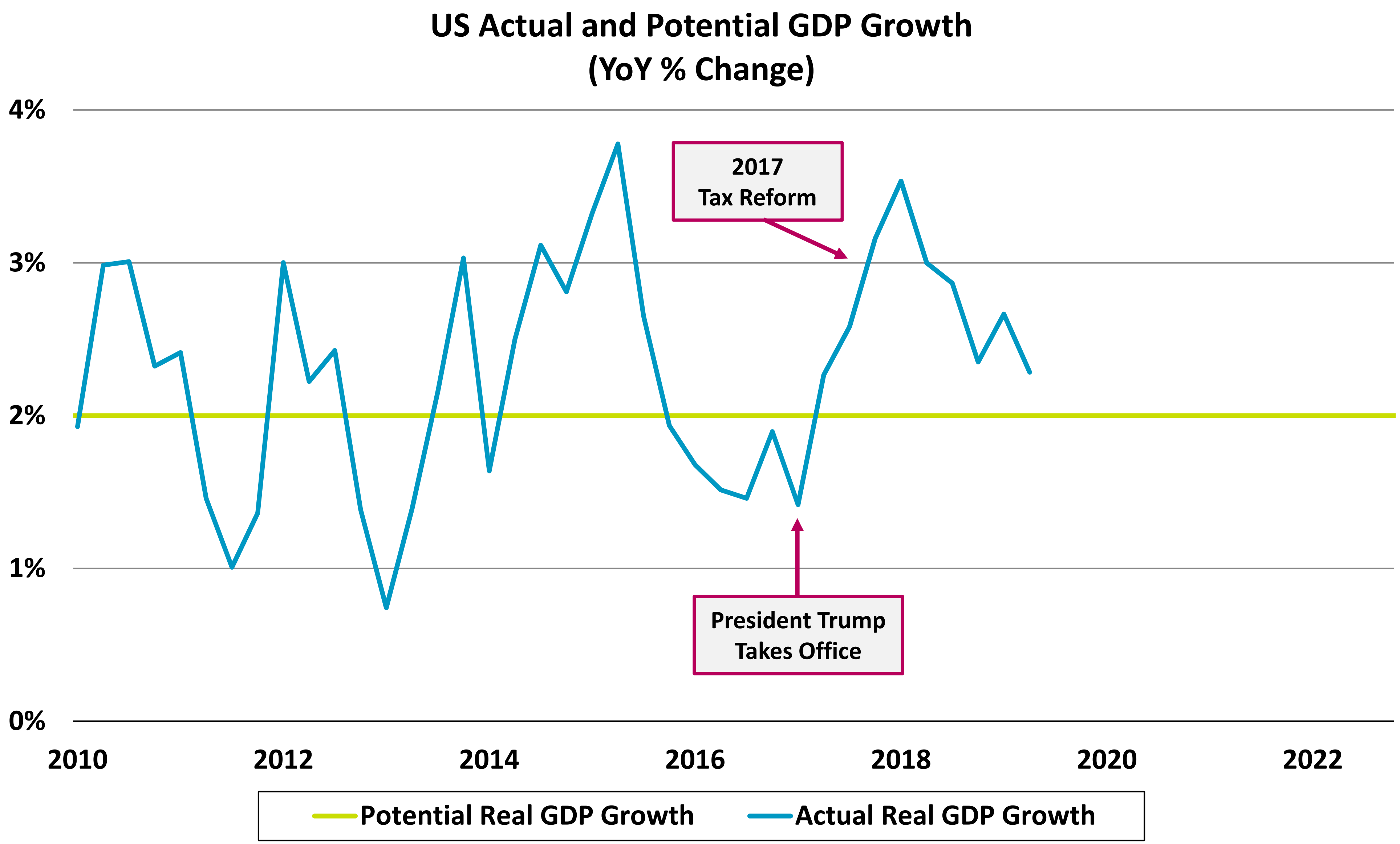
# GDP Growth Is the Sum of Growth in Productivity and Labor Force




Source: Ned Davis Research, Bureau of Labor Statistics and Blackstone Investment Strategy, as of 6/30/19. All percentages are year-over-year growth rates.

# US Potential Growth Is 2%

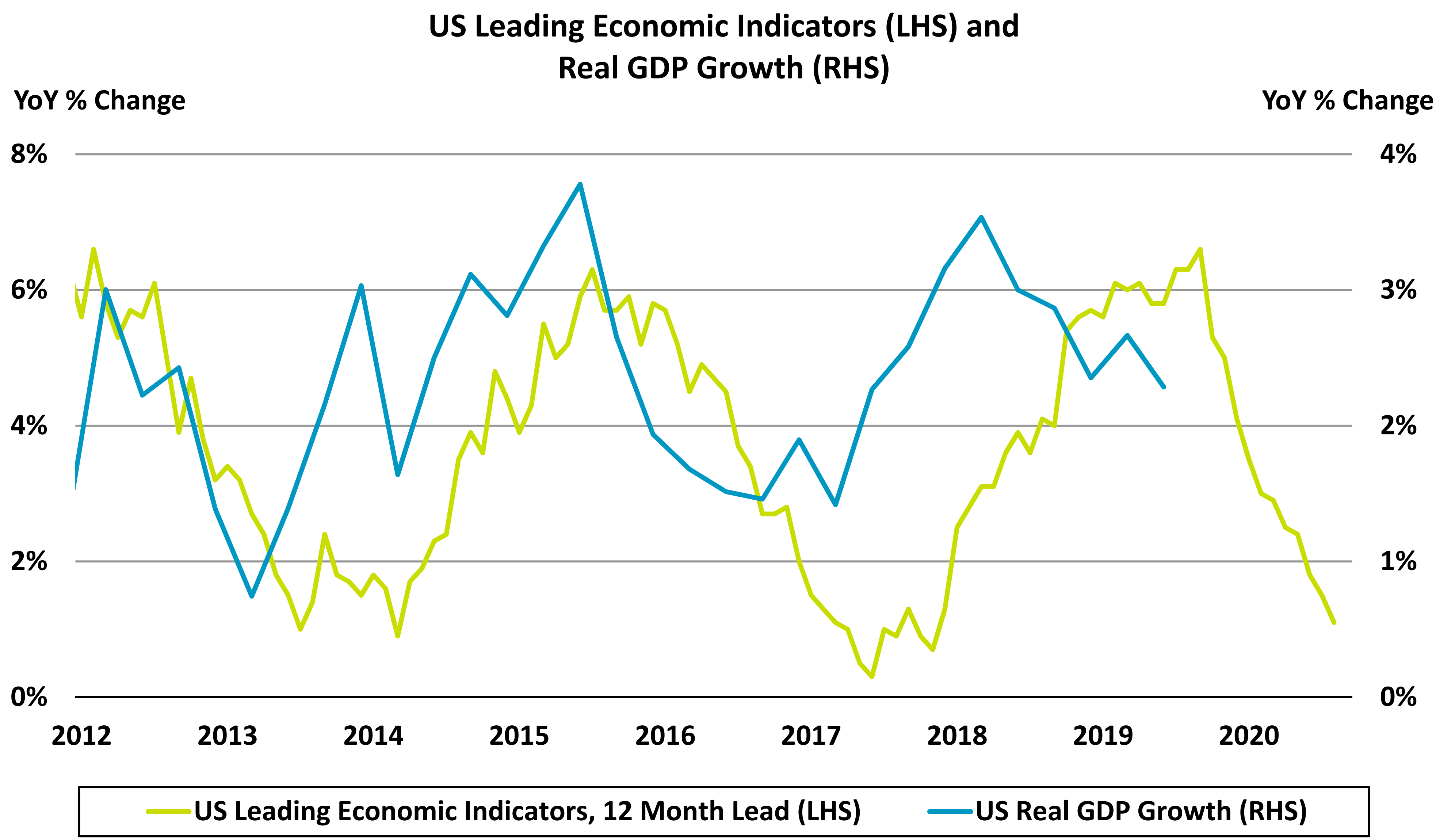
## Growth slowing to potential, as effects of the 2017 tax reform wear off




Source: CBO and Federal Reserve, as of 6/30/19. Data after this date represent estimates. Real potential GDP is the CBO's estimate of the output the economy would produce with a high rate of use of its capital and labor resources. Real potential GDP of 2% is the average of CBO's estimates from 2002-2022.

# Leading Indicators Point to Further Slowing

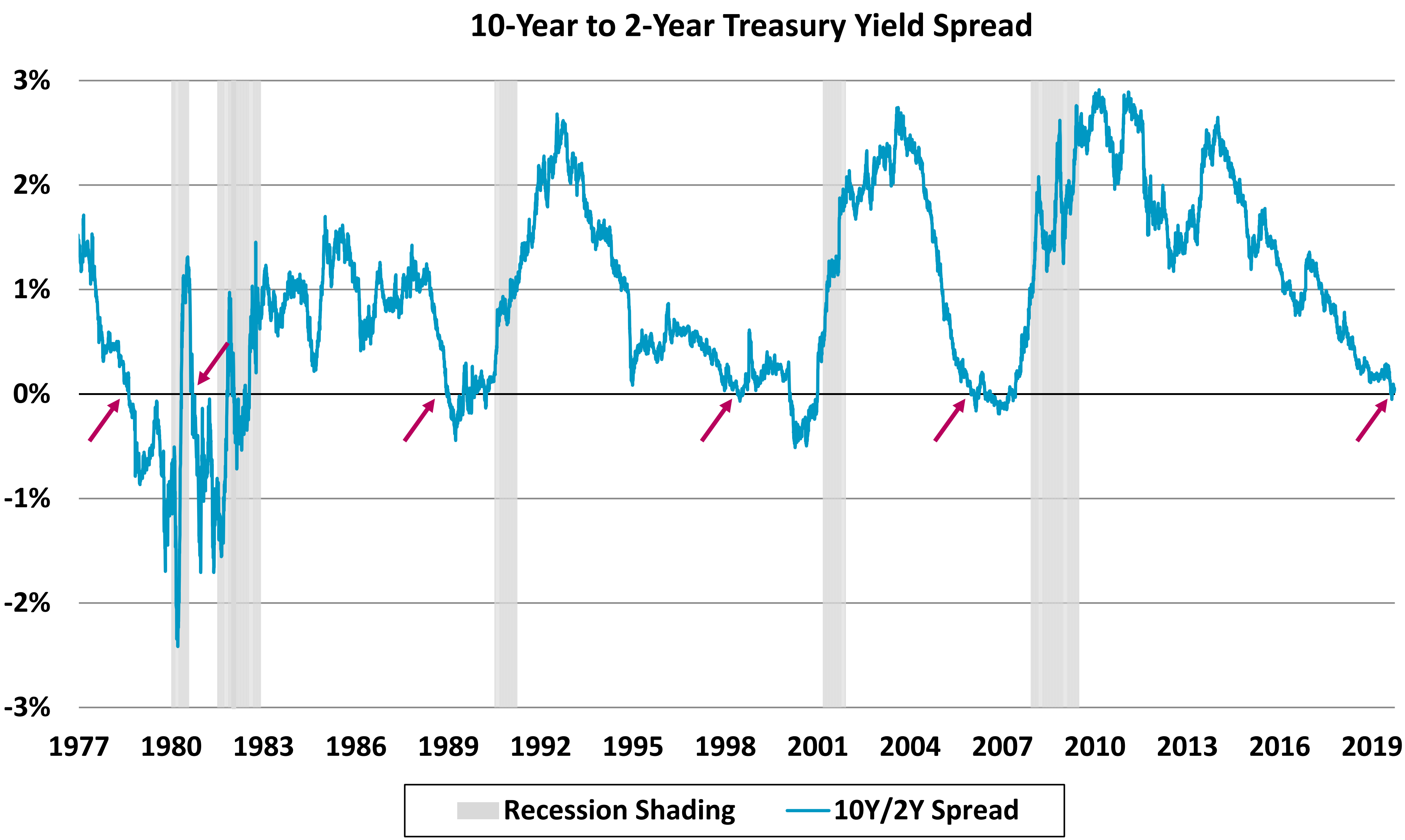
## US leading economic indicators continue to decline




Source: Bureau of Economic Analysis, Conference Board and Bloomberg. Leading economic indicator data are monthly as of 8/31/19 (lead by 12 months); GDP data are quarterly as of 6/30/19.

## Most Reliable Recession Signal Is Flashing

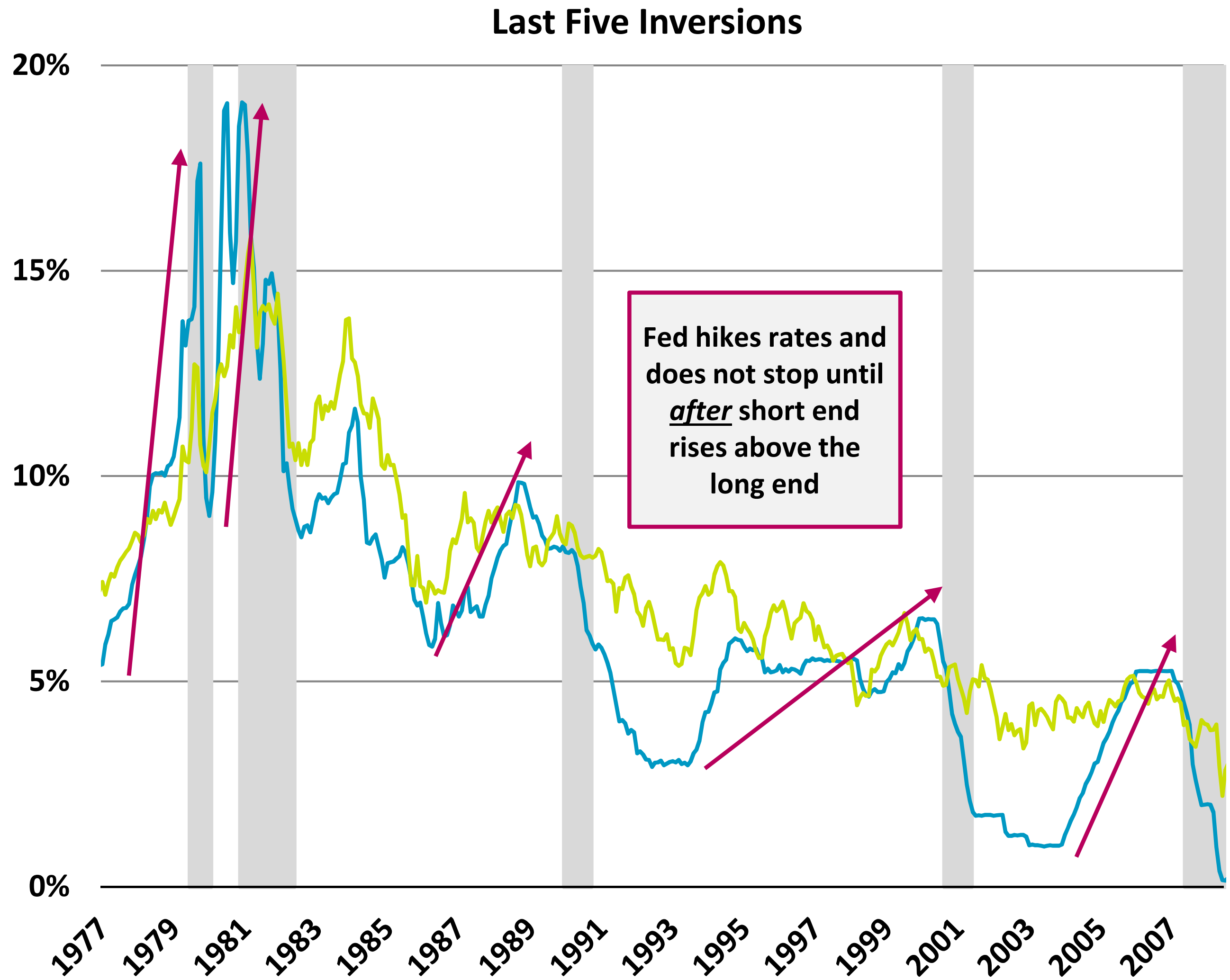
# 10Y/2Y spread inverted before each of the past five recessions

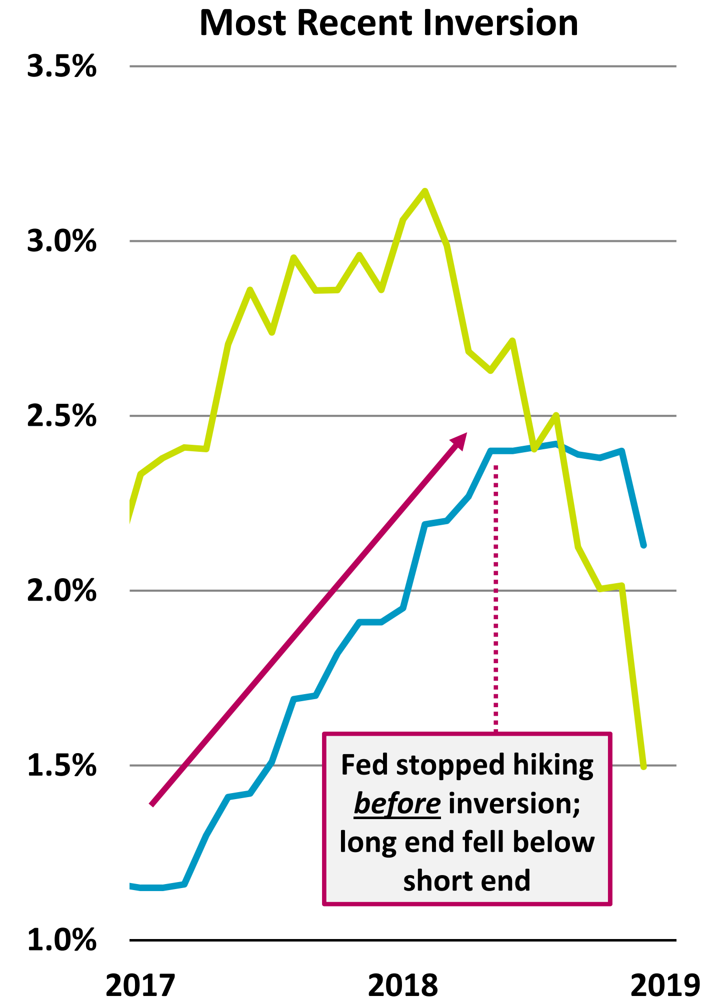



Source: Federal Reserve, as of 9/30/19.

# But the Way It Inverted Is "Different This Time"

## Most recent inversion caused by long end falling, not short end rising



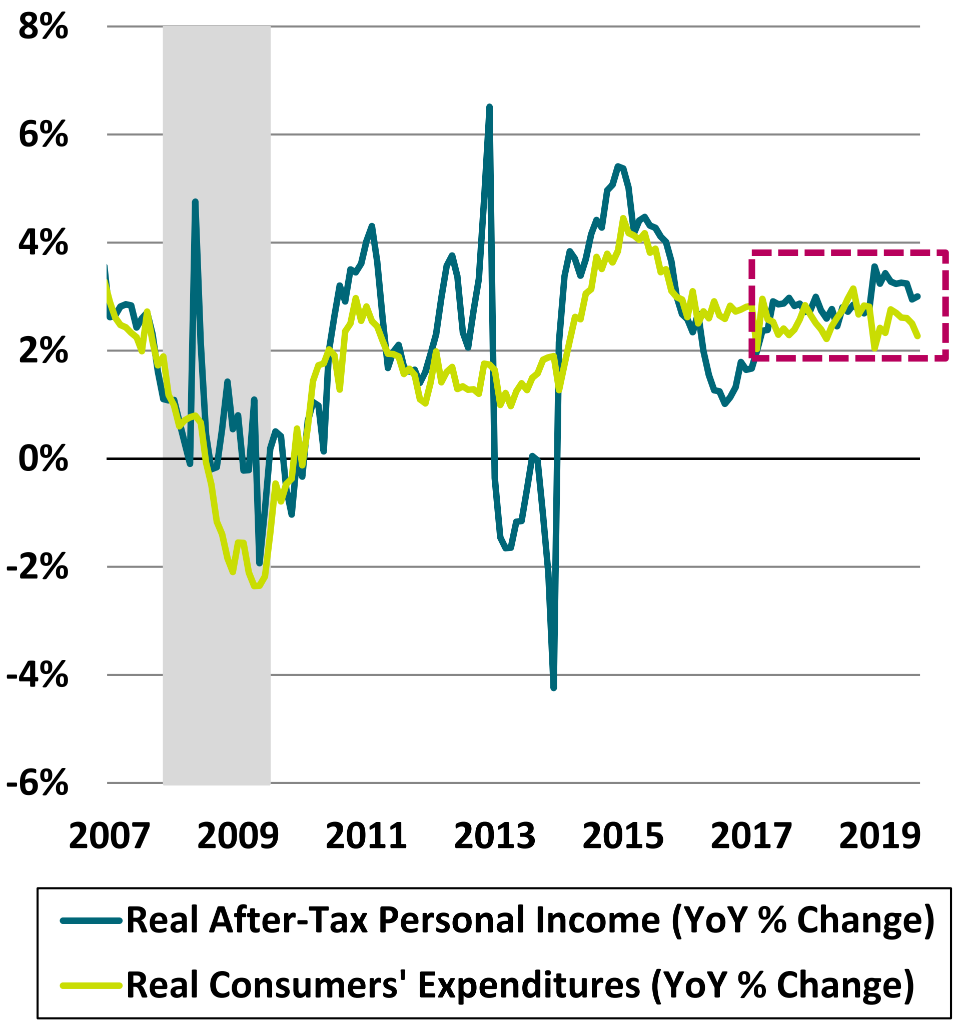

Fed Funds Rate — 10 Year Yield

Source: Federal Reserve, as of 8/31/19.

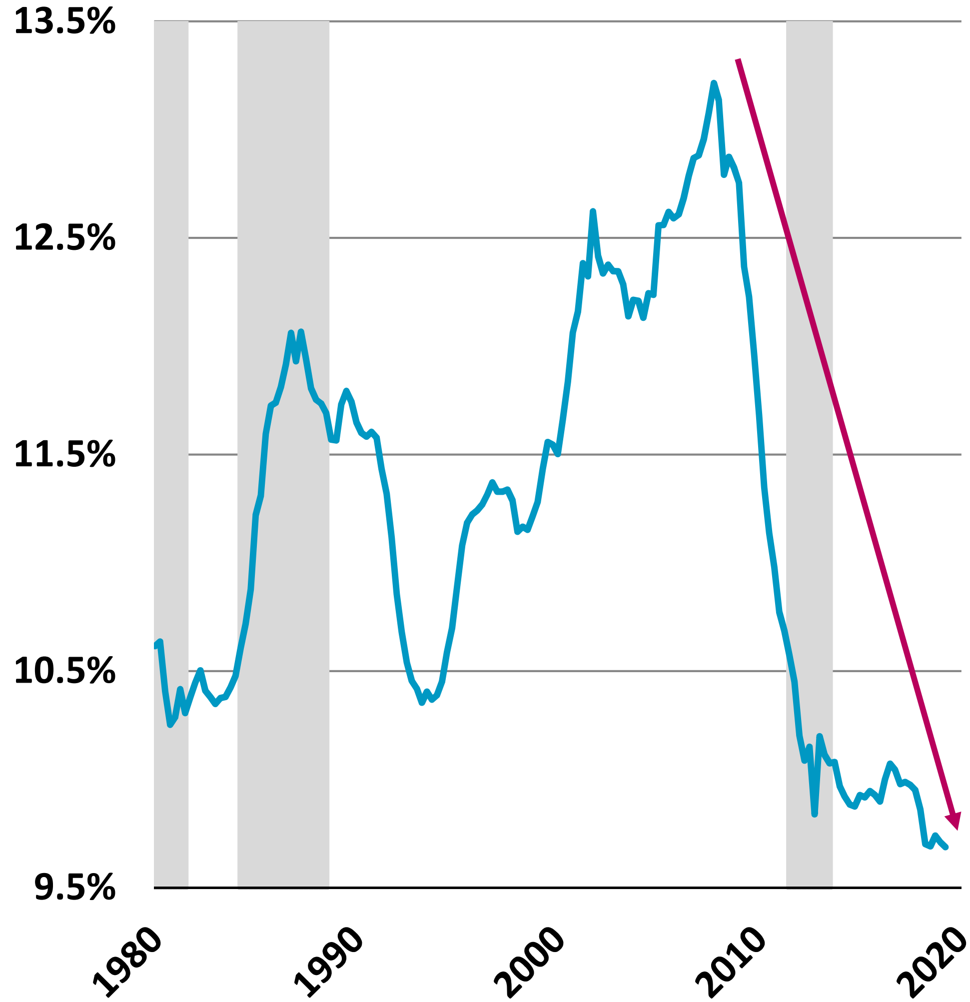
# Consumers Comprise 70% of the US Economy

## Consumer income and spending continue to grow, as debt burden remains low

### Real Consumer Income and Expenditures[1]



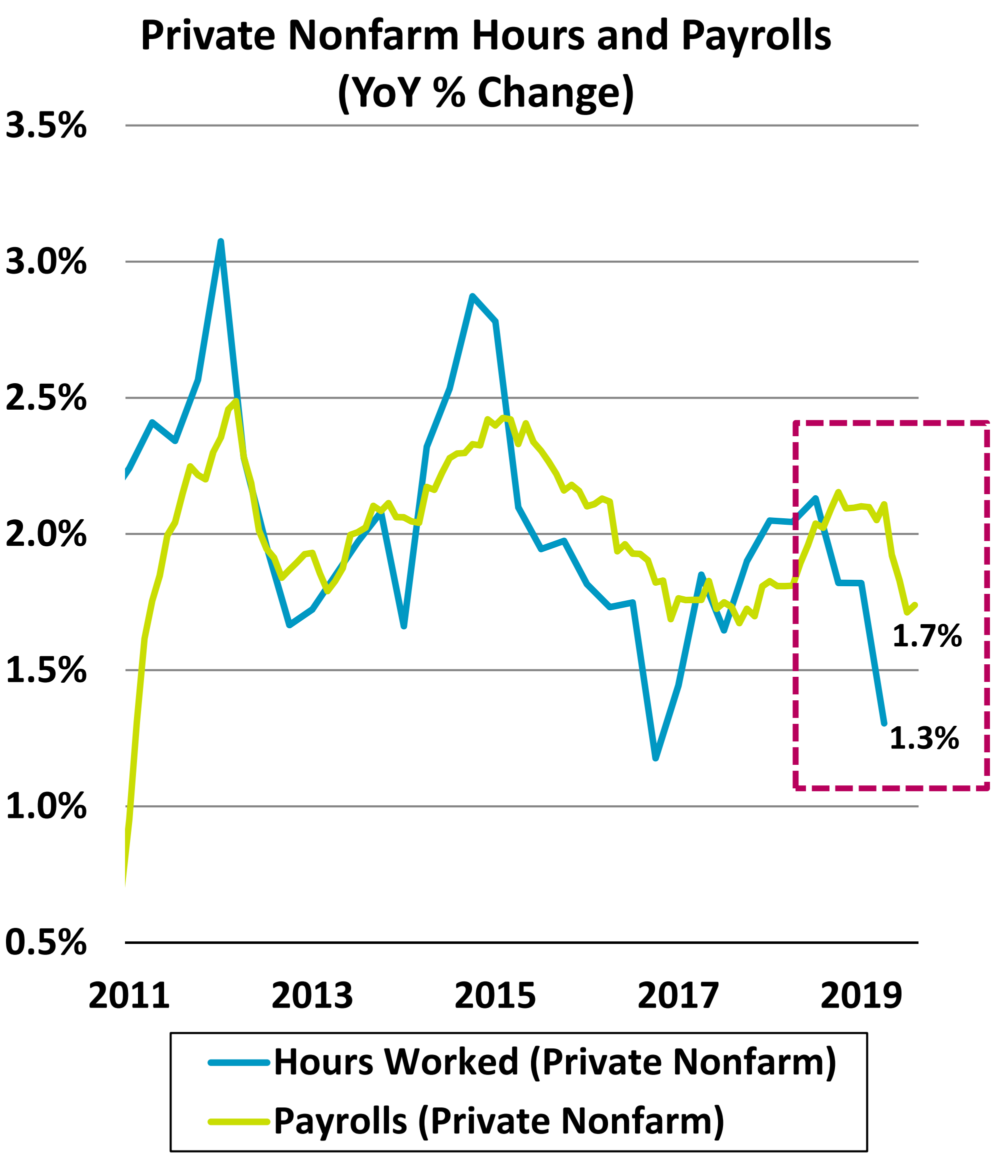

### Household Debt Payments as % of Disposable Personal Income[2]

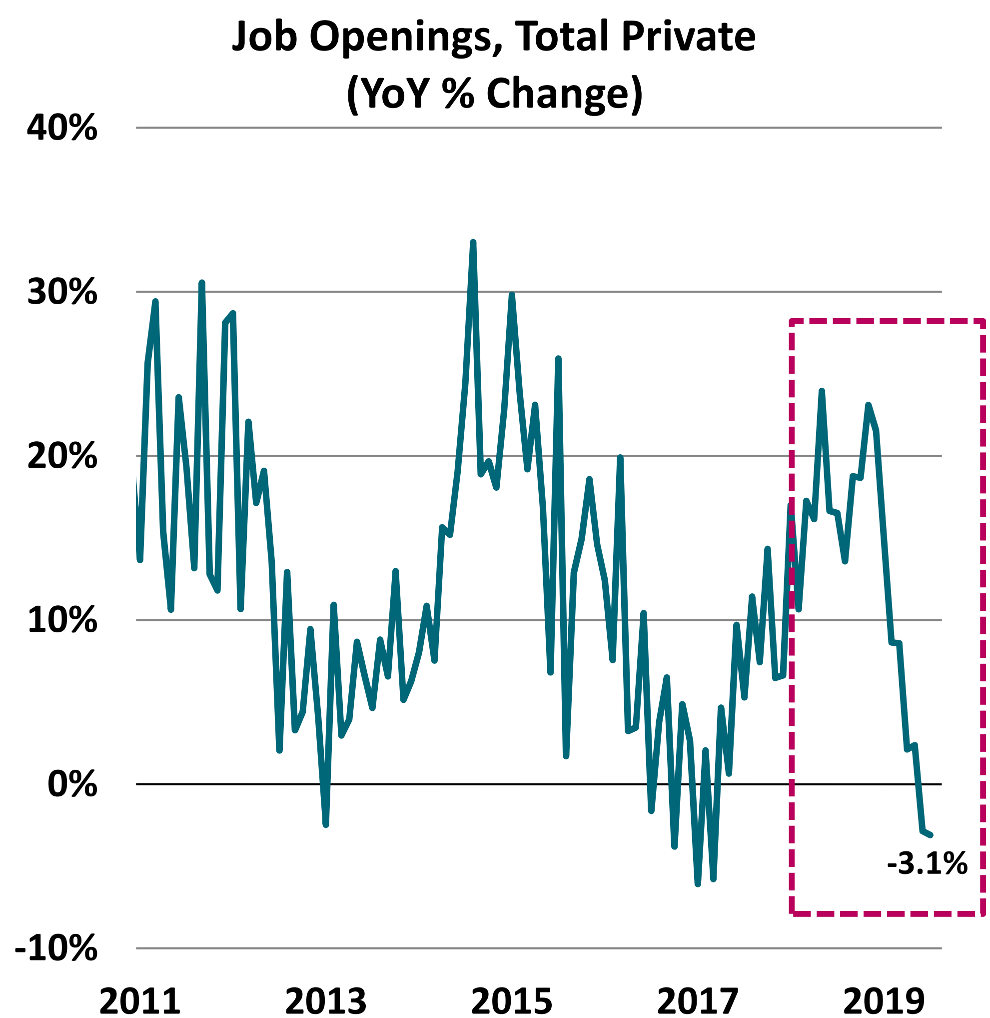



Source: Federal Reserve.
(1) As of 8/31/19.
(2) As of 6/30/19.

## But Cracks Starting to Show

# Growth in hours worked, payrolls, and job openings are all trending down

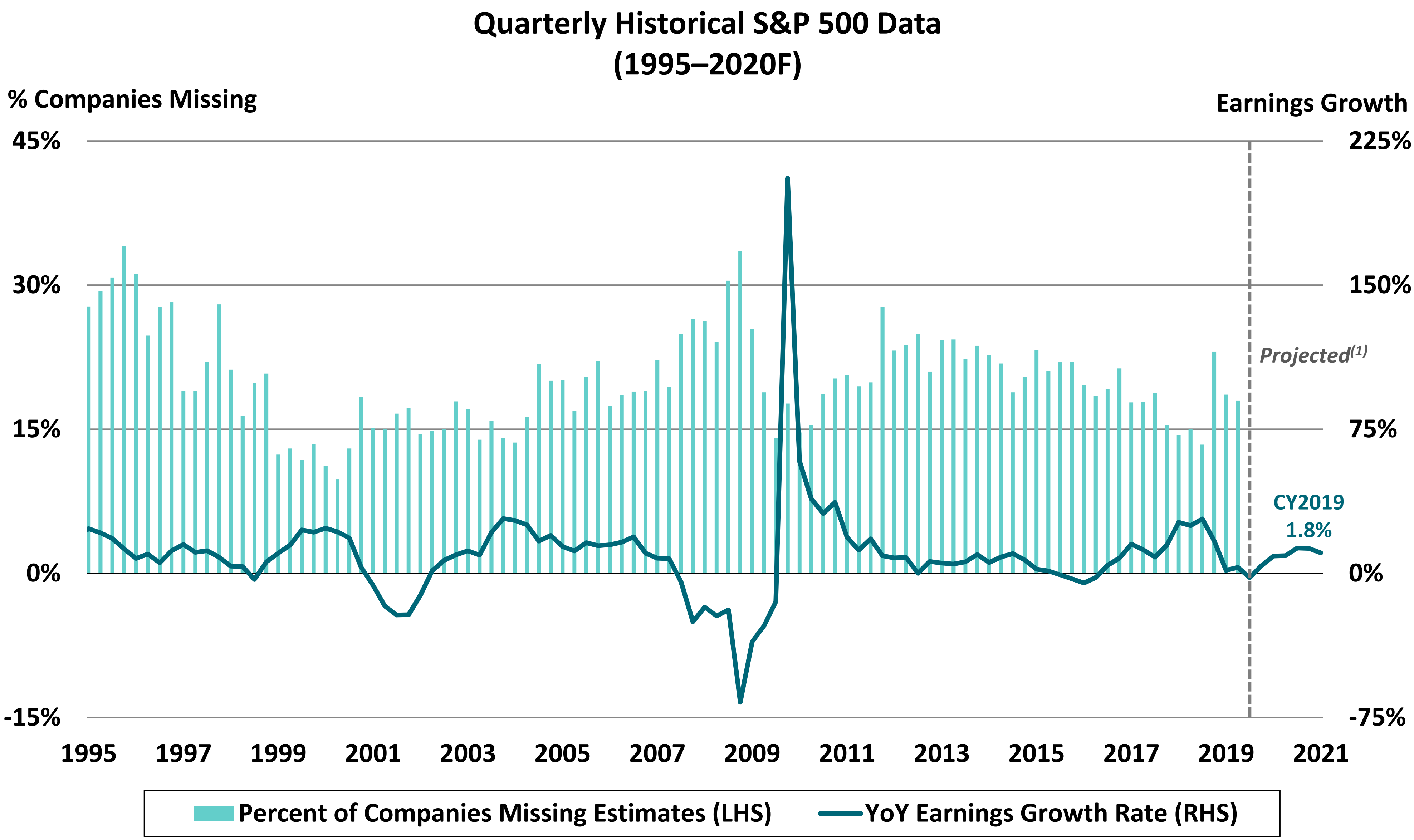



Source: Bureau of Labor Statistics. Hours worked as of 6/30/19, job openings as of 7/31/19, payrolls as of 8/31/19.

# S&P 500 Earnings Expectations

## Narrowly avoided an earnings recession in 2019, poised to rebound in 2020




Source: I/B/E/S data from Refinitiv and Blackstone Investment Strategy, as of 9/30/19.

(1) All data for 3Q'19 and after are forecasts.

# Dividend Discount Model(1)

| 1-Year EPS($) | 10 Year Treasury Yield | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1.00% | 1.25% | 1.50% | 1.75% | 2.00% | 2.25% | 2.50% | 2.75% | 3.00% | 3.25% | 3.50% | 3.75% | 4.00% |
| **152** | 7,340 | 5,409 | 4,282 | 3,544 | 3,023 | 2,635 | 2,336 | 2,097 | 1,903 | 1,742 | 1,606 | 1,489 | 1,389 |
| **154** | 7,437 | 5,480 | 4,338 | 3,590 | 3,062 | 2,670 | 2,366 | 2,125 | 1,928 | 1,765 | 1,627 | 1,509 | 1,407 |
| **156** | 7,534 | 5,551 | 4,395 | 3,637 | 3,102 | 2,704 | 2,397 | 2,152 | 1,953 | 1,788 | 1,648 | 1,529 | 1,425 |
| **158** | 7,630 | 5,622 | 4,451 | 3,684 | 3,142 | 2,739 | 2,428 | 2,180 | 1,978 | 1,811 | 1,669 | 1,548 | 1,444 |
| **160** | 7,727 | 5,693 | 4,507 | 3,730 | 3,182 | 2,774 | 2,459 | 2,208 | 2,003 | 1,833 | 1,690 | 1,568 | 1,462 |
| **162** | 7,823 | 5,765 | 4,564 | 3,777 | 3,221 | 2,808 | 2,489 | 2,235 | 2,028 | 1,856 | 1,711 | 1,587 | 1,480 |
| **164** | 7,920 | 5,836 | 4,620 | 3,823 | 3,261 | 2,843 | 2,520 | 2,263 | 2,053 | 1,879 | 1,732 | 1,607 | 1,498 |
| **166** | 8,017 | 5,907 | 4,676 | 3,870 | 3,301 | 2,878 | 2,551 | 2,290 | 2,078 | 1,902 | 1,754 | 1,627 | 1,517 |
| **168** | 8,113 | 5,978 | 4,733 | 3,917 | 3,341 | 2,912 | 2,581 | 2,318 | 2,103 | 1,925 | 1,775 | 1,646 | 1,535 |
| **170** | 8,210 | 6,049 | 4,789 | 3,963 | 3,380 | 2,947 | 2,612 | 2,346 | 2,128 | 1,948 | 1,796 | 1,666 | 1,553 |
| **172** | 8,306 | 6,120 | 4,845 | 4,010 | 3,420 | 2,982 | 2,643 | 2,373 | 2,153 | 1,971 | 1,817 | 1,685 | 1,571 |
| **174** | 8,403 | 6,192 | 4,902 | 4,057 | 3,460 | 3,016 | 2,674 | 2,401 | 2,179 | 1,994 | 1,838 | 1,705 | 1,590 |
| **176** | 8,499 | 6,263 | 4,958 | 4,103 | 3,500 | 3,051 | 2,704 | 2,428 | 2,204 | 2,017 | 1,859 | 1,725 | 1,608 |
| **178** | 8,596 | 6,334 | 5,014 | 4,150 | 3,540 | 3,086 | 2,735 | 2,456 | 2,229 | 2,040 | 1,880 | 1,744 | 1,626 |
| **180** | 8,693 | 6,405 | 5,071 | 4,196 | 3,579 | 3,120 | 2,766 | 2,484 | 2,254 | 2,063 | 1,902 | 1,764 | 1,645 |
| **182** | 8,789 | 6,476 | 5,127 | 4,243 | 3,619 | 3,155 | 2,797 | 2,511 | 2,279 | 2,086 | 1,923 | 1,783 | 1,663 |

Source: Blackstone Investment Strategy, as of 9/30/19.

(1) Note: Assumes that S&P 500 Earnings Per Share 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 34% and equity risk premium is a constant 3.7%.

# III. Inflation and Implications for Fed Actions

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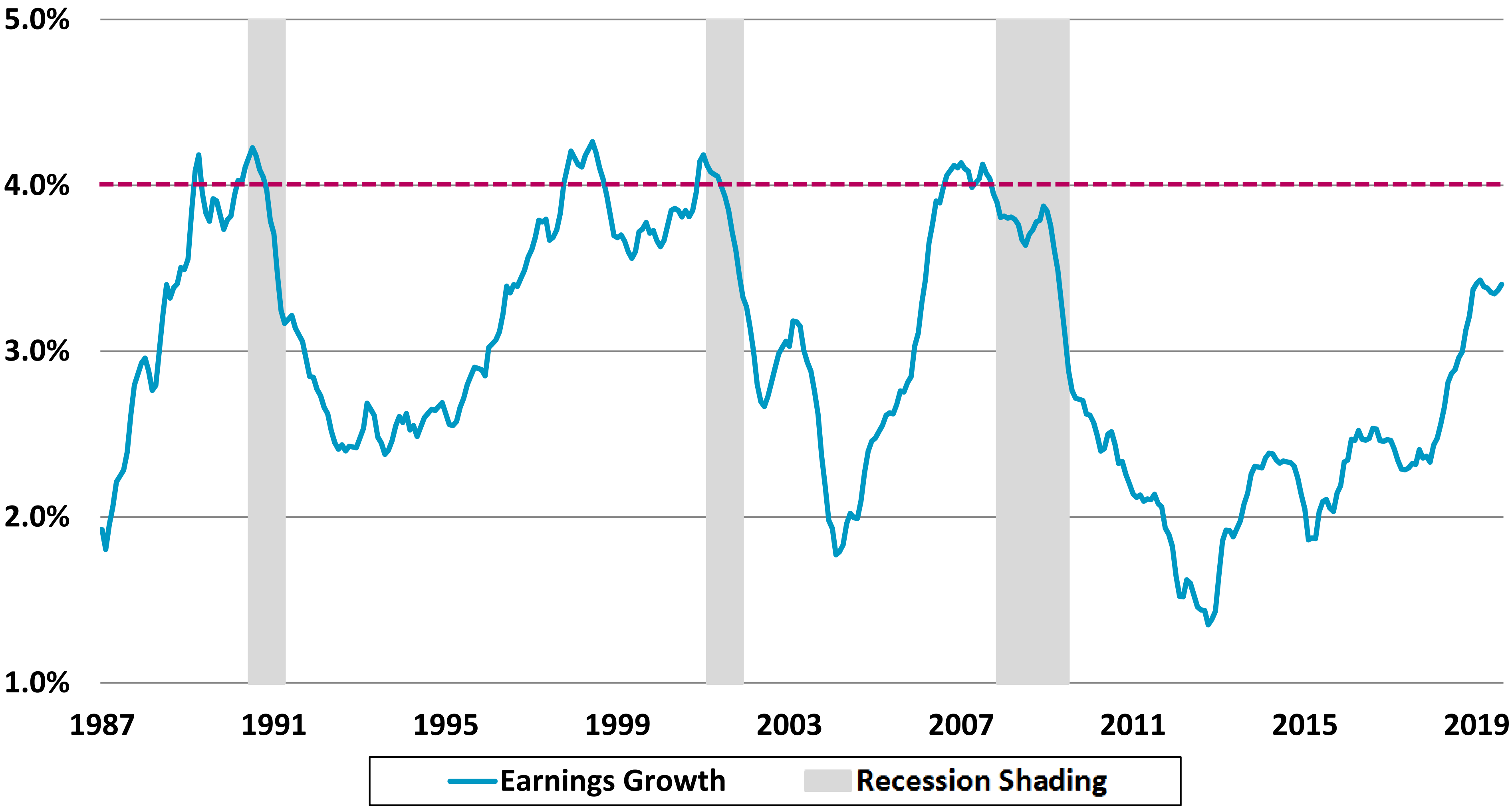
# Wages Growing at Fastest Levels since 2009

## Strong labor markets should lead to further gains in wage growth

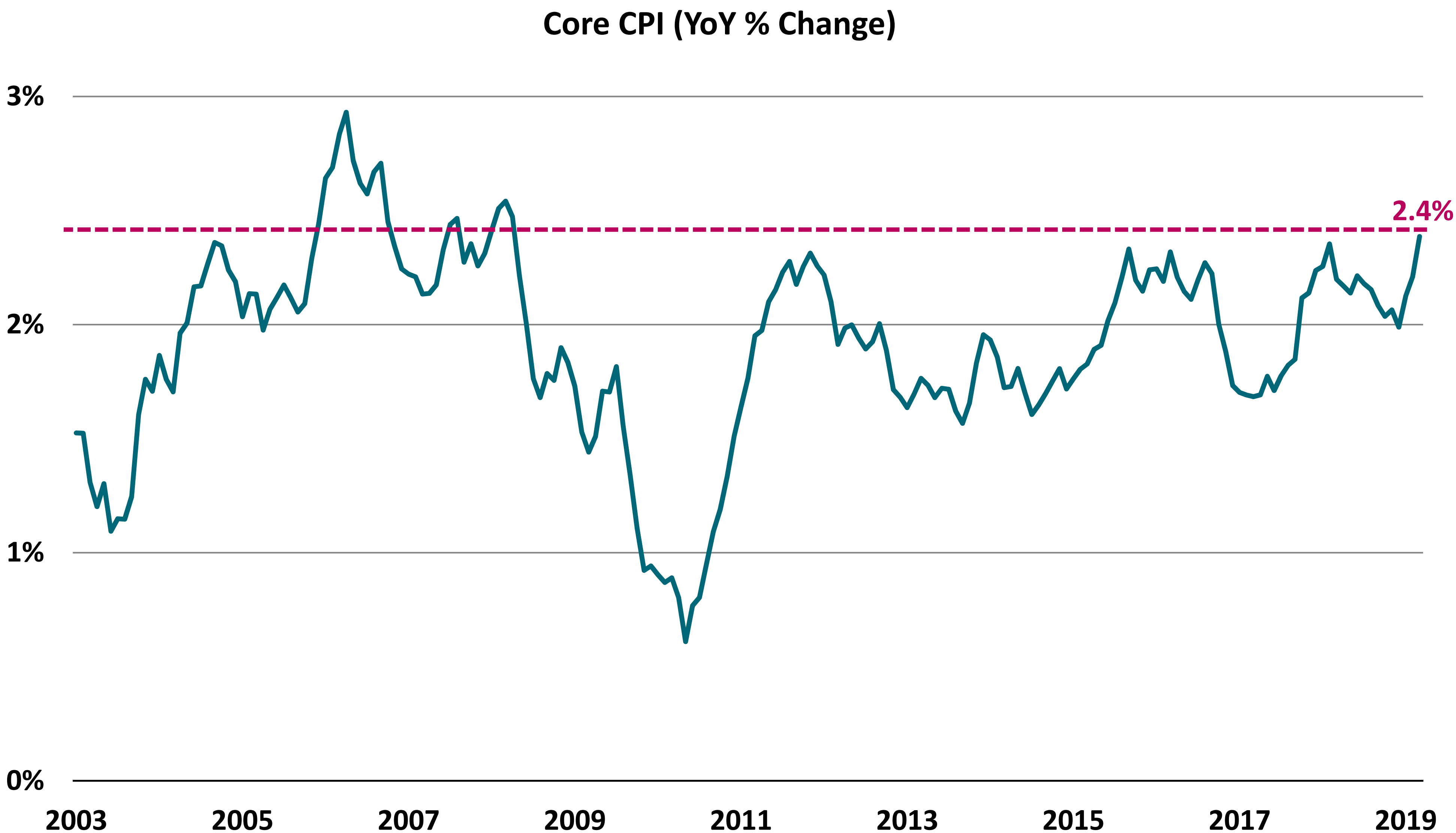
### Average Hourly Earnings Growth(1) (YoY % Change, 3 Mo Avg.)




Source: Bureau of Labor Statistics, as of 8/31/19.
(1) Average hourly earnings growth represents 3-month average of year-over-year growth for total private production and nonsupervisory employees.

# Core Inflation Surprised to the Upside

## Core inflation grew by the most this cycle, highest since 2008

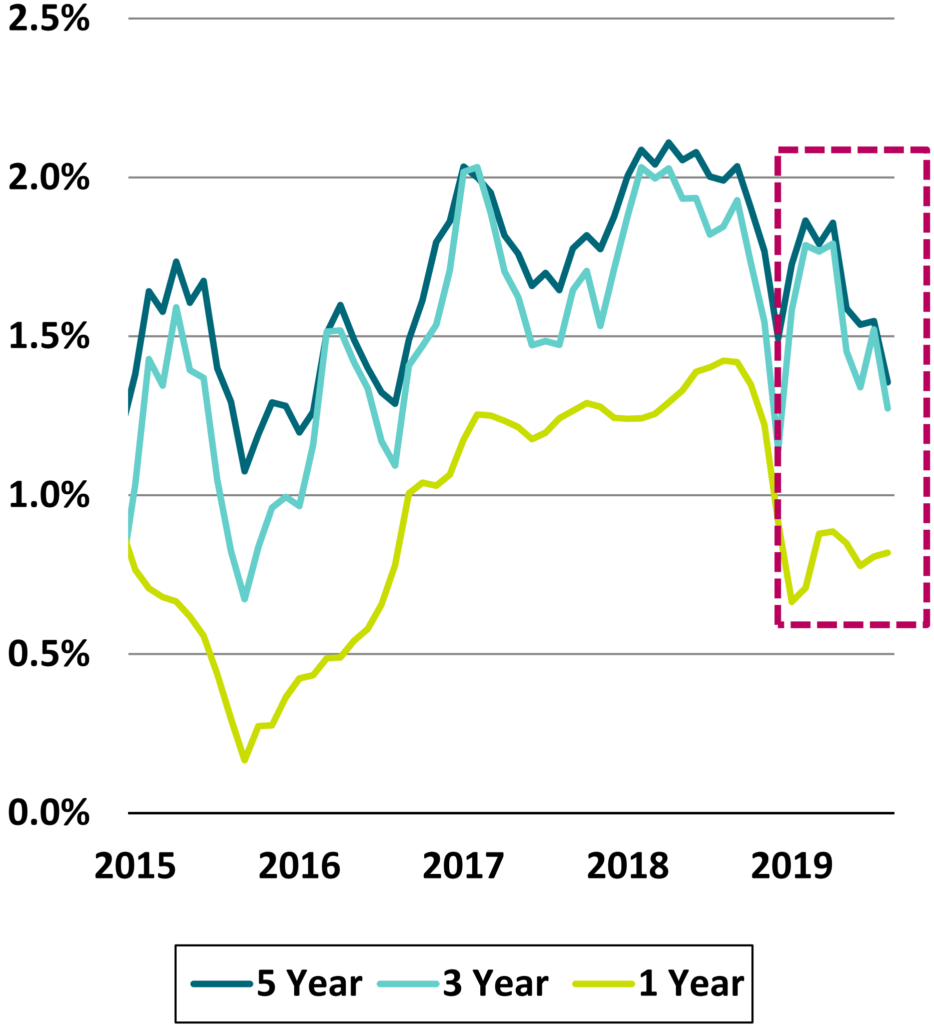



Source: Bureau of Labor Statistics, as of 8/31/19. Represents Consumer Price Index for All Urban Consumers: All Items Less Food and Energy.

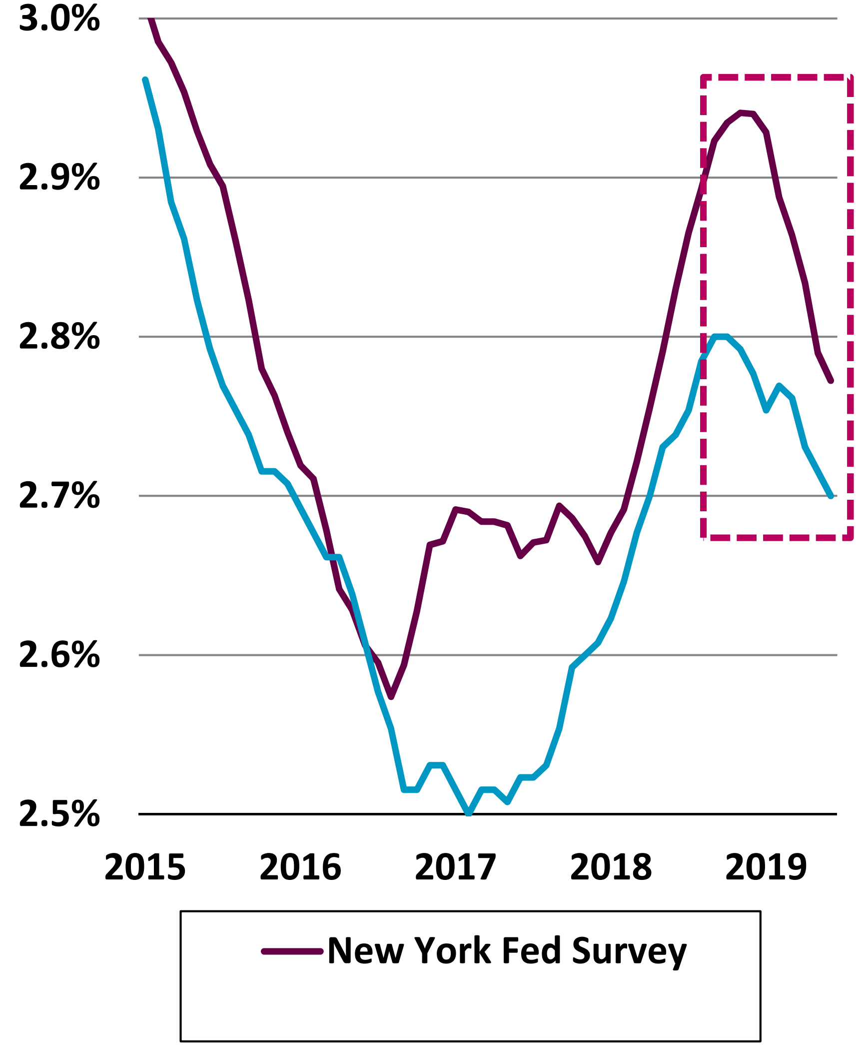
## But Inflation Gains May Be Temporary

# Markets and consumers think that US inflation growth will slow

**Breakeven Inflation Rates (as Implied by TIPS)**[(1)]




**Consumer Inflation Expectations over the Next Year**[(2)]

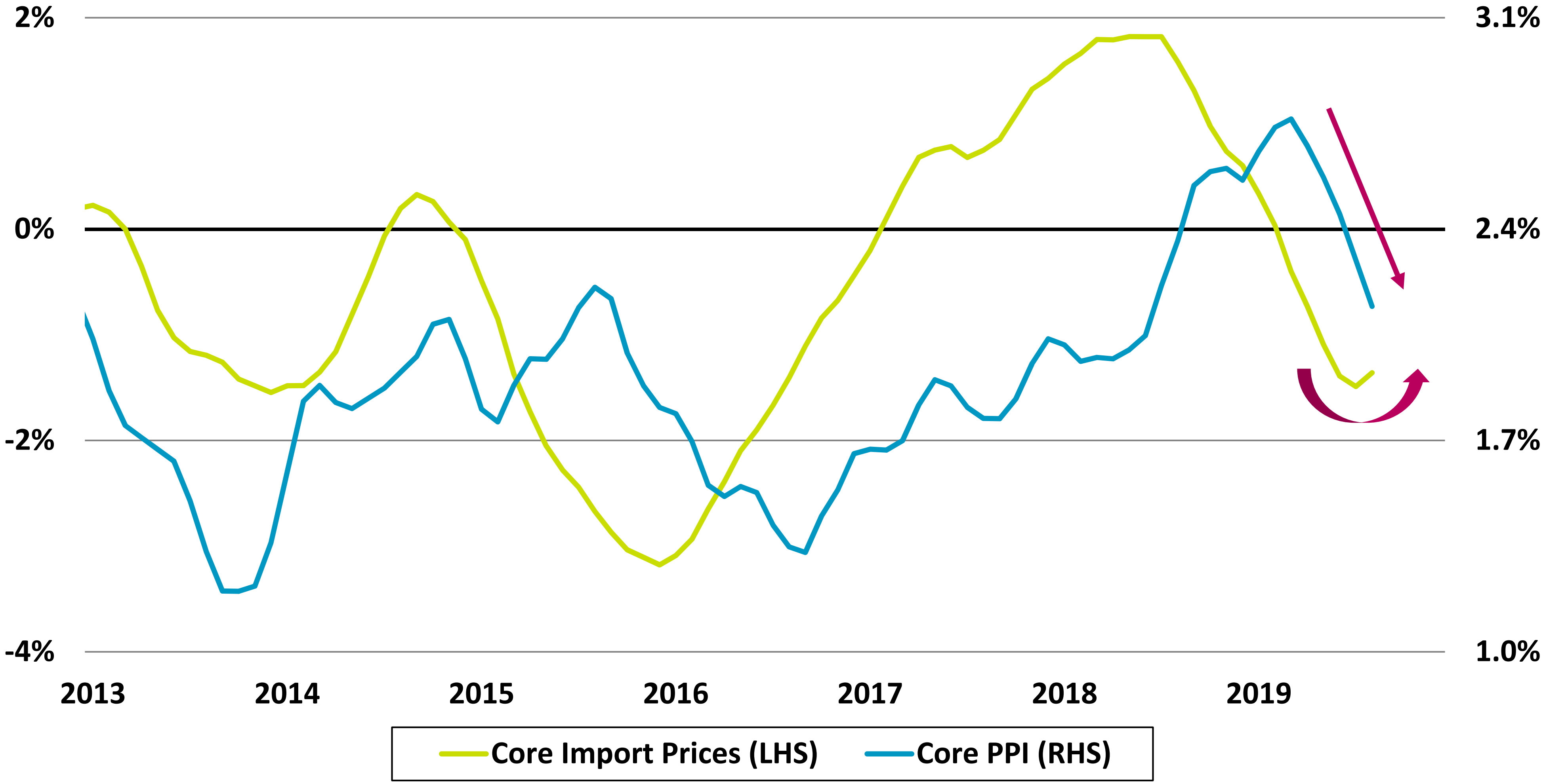



(1) Source: Bloomberg, as of 8/31/19. The 1 Year breakeven represents 12 month rolling average for smoothing.
(2) Source: University of Michigan and New York Federal Reserve, as of 8/31/19. Represents 12 month rolling average.

# Other Key Measures of Inflation Are Negative

## Core price measures are declining; import prices may have troughed

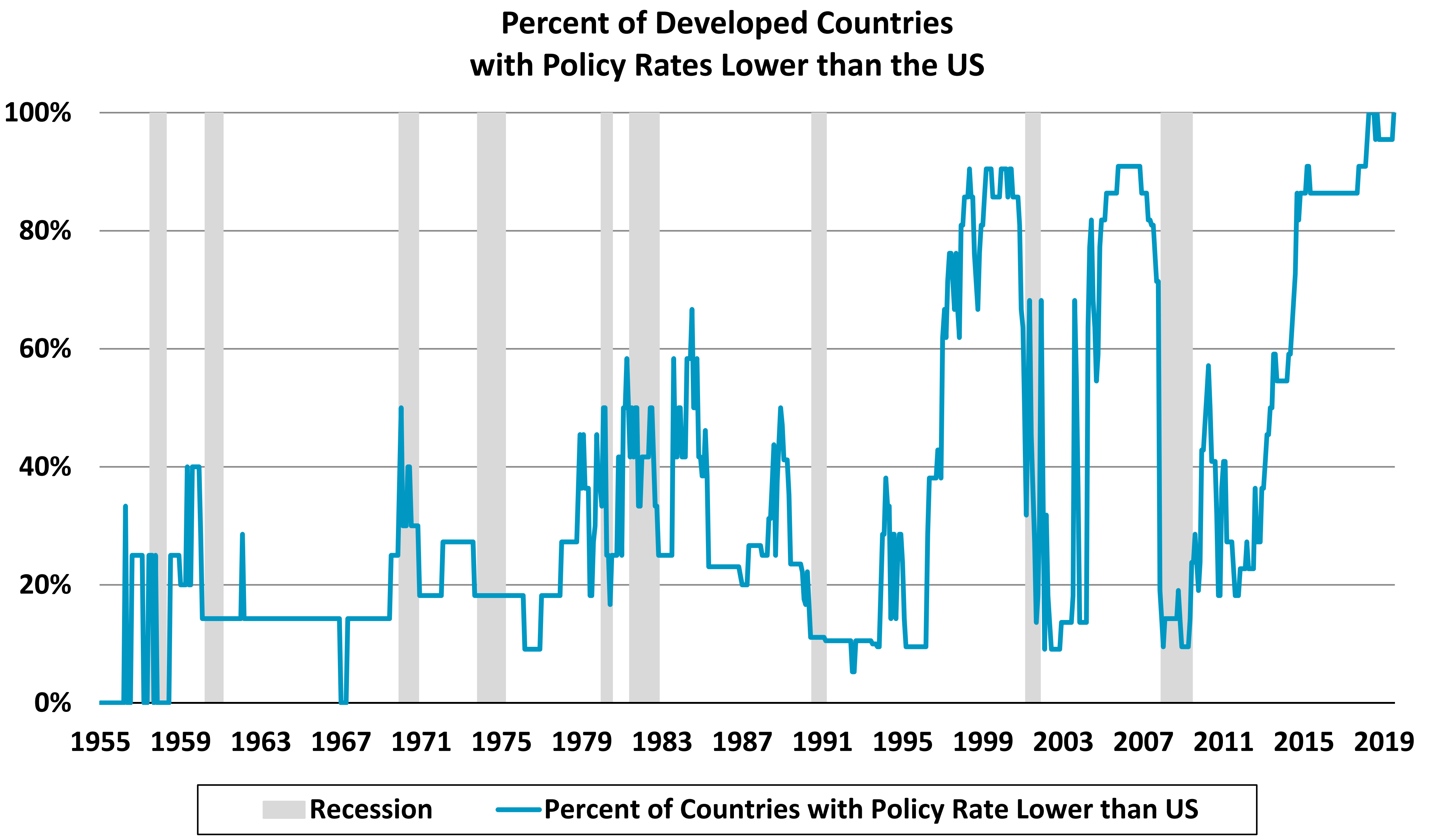
### Core Import Price Index and Core Producer Price Index
### (YoY % Change, 3M Average)




Source: Bureau of Labor Statistics, as of 8/31/19. Represents the Import Price Index (End Use): All Imports Excluding Food and Fuels, and the Producer Price Index by Commodity for Final Demand: Finished Goods Less Foods and Energy.

# US Rates a Global Outlier

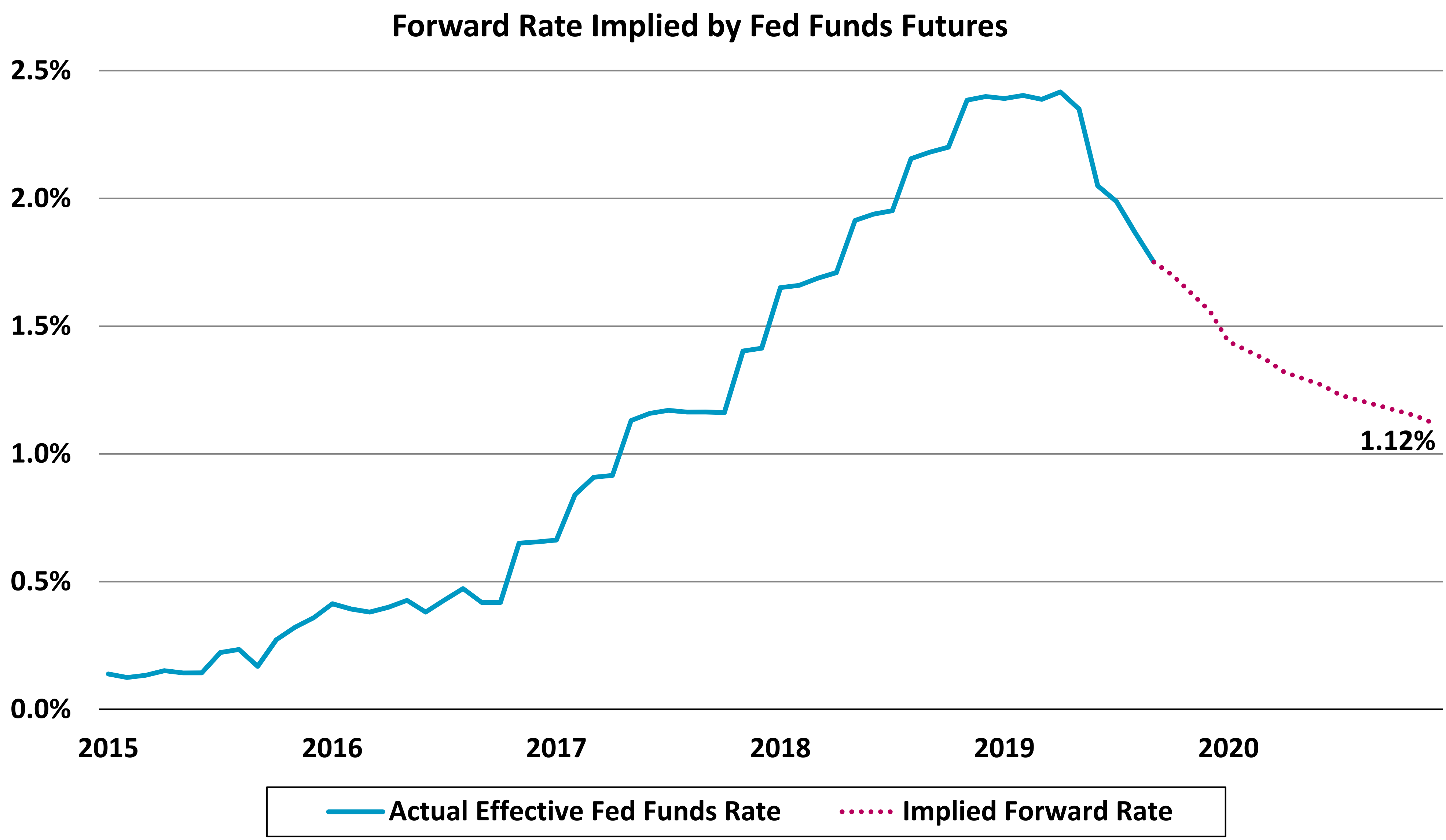
## US rates are highest in the world – markets are saying they are too high




Source: Bank of International Settlements and Bianco Research, as of 7/31/19.

# Markets Have High Expectations for Fed Cuts

## Markets pricing in at least two more rate cuts through the end of 2020




Source: Bloomberg, as of 9/30/19. Based on the forward rate as implied by USD Fed Funds Futures overnight index swaps.

# IV. Global Economic Outlook is Dimming

# Near-Term Global Growth Slowing

## Growth forecasts for 2019 and 2020 have been further revised down

### Real GDP Growth (YoY % Change)

| | Actual | Forecast | | | Actual | Forecast | |
|---|---|---|---|---|---|---|---|
| | 2018 | 2019 | 2020 | | 2018 | 2019 | 2020 |
| World | 3.6 | 2.9 ▼ | 3.0 ▼ | G20 | 3.8 | 3.1 ▼ | 3.2 ▼ |
| Australia | 2.7 | 1.7 ▼ | 2.0 ▼ | Argentina | -2.5 | -2.7 ▼ | -1.8 ▼ |
| Canada | 1.9 | 1.5 ▲ | 1.6 ▼ | Brazil | 1.1 | 0.8 ▼ | 1.7 ▼ |
| Euro Area | 1.9 | 1.1 ▼ | 1.0 ▼ | China | 6.6 | 6.1 ▼ | 5.7 ▼ |
| Germany | 1.5 | 0.5 ▼ | 0.6 ▼ | India | 6.8 | 5.9 ▼ | 6.3 ▼ |
| France | 1.7 | 1.3 ▶ | 1.2 ▼ | Indonesia | 5.2 | 5.0 ▼ | 5.0 ▼ |
| Italy | 0.7 | 0.0 ▶ | 0.4 ▼ | Mexico | 2.0 | 0.5 ▼ | 1.5 ▼ |
| Japan | 0.8 | 1.0 ▲ | 0.6 ▶ | Russia | 2.3 | 0.9 ▼ | 1.6 ▼ |
| South Korea | 2.7 | 2.1 ▼ | 2.3 ▼ | Saudi Arabia | 2.2 | 1.5 ▼ | 1.5 ▼ |
| UK | 1.4 | 1.0 ▼ | 0.9 ▼ | South Africa | 0.8 | 0.5 ▼ | 1.1 ▼ |
| US | 2.9 | 2.4 ▼ | 2.0 ▼ | Turkey | 2.8 | -0.3 ▲ | 1.6 ▶ |

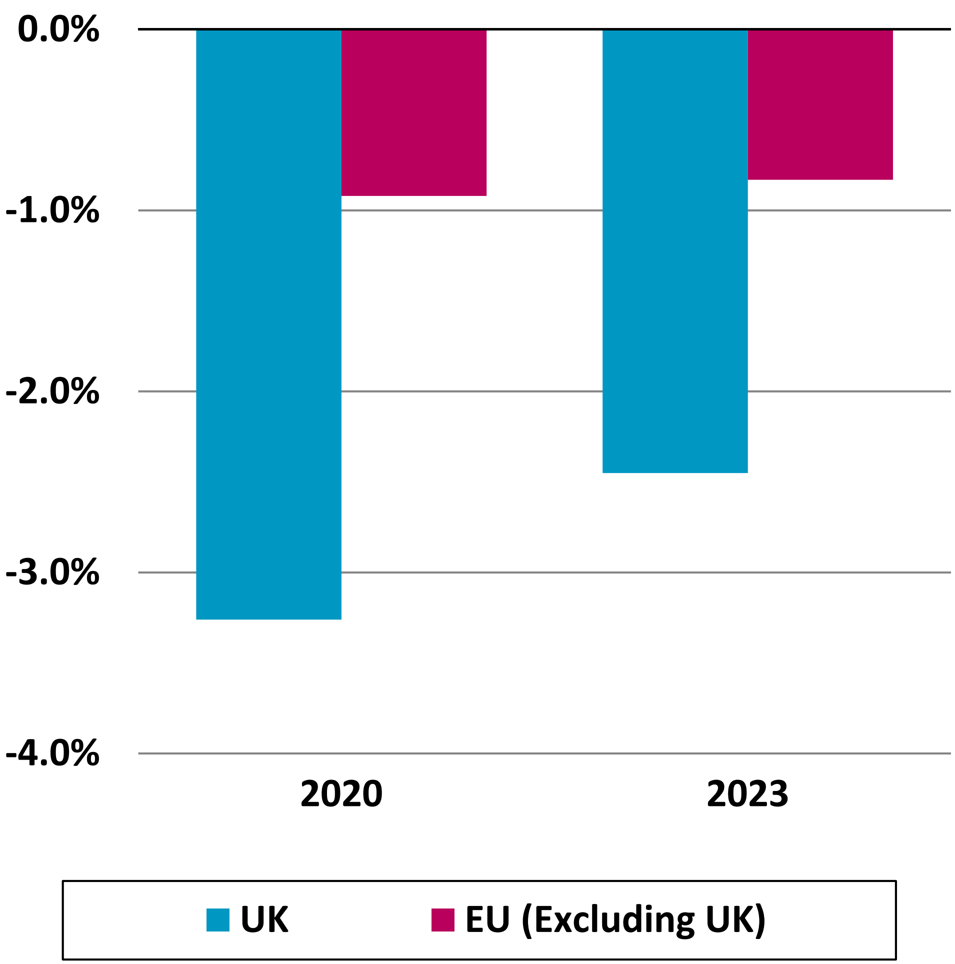
**Arrows indicate direction of revisions since May 2019:**
**▼ Downward ▲ Upward ▶ No revision**

Source: OECD Interim Economic Outlook projections, as of 9/19/19.

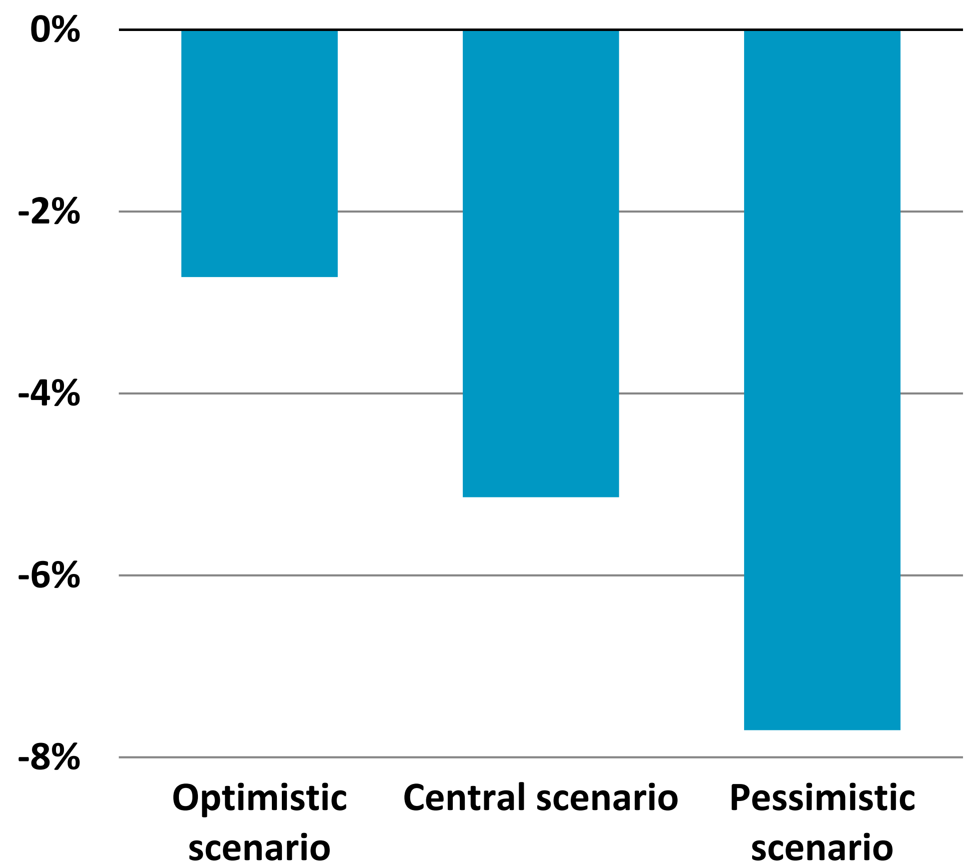
# No-Deal Brexit Would Be Costly

## Without an agreement, UK GDP growth would be 2.5% lower through 2023

### Impact on UK and EU Real GDP (% Difference from Baseline)




### Impact on UK Real GDP through 2030[1] (% Difference from Baseline)




Source: OECD calculations.
(1) For the methodology and description of various scenarios, see OECD Economic Policy Paper, April 2016, No. 16.

# VII. Long-Term Trends to Consider

# President Trump Needs a Deal Politically

## For the past 100 years, no President has lost reelection if economy expanding

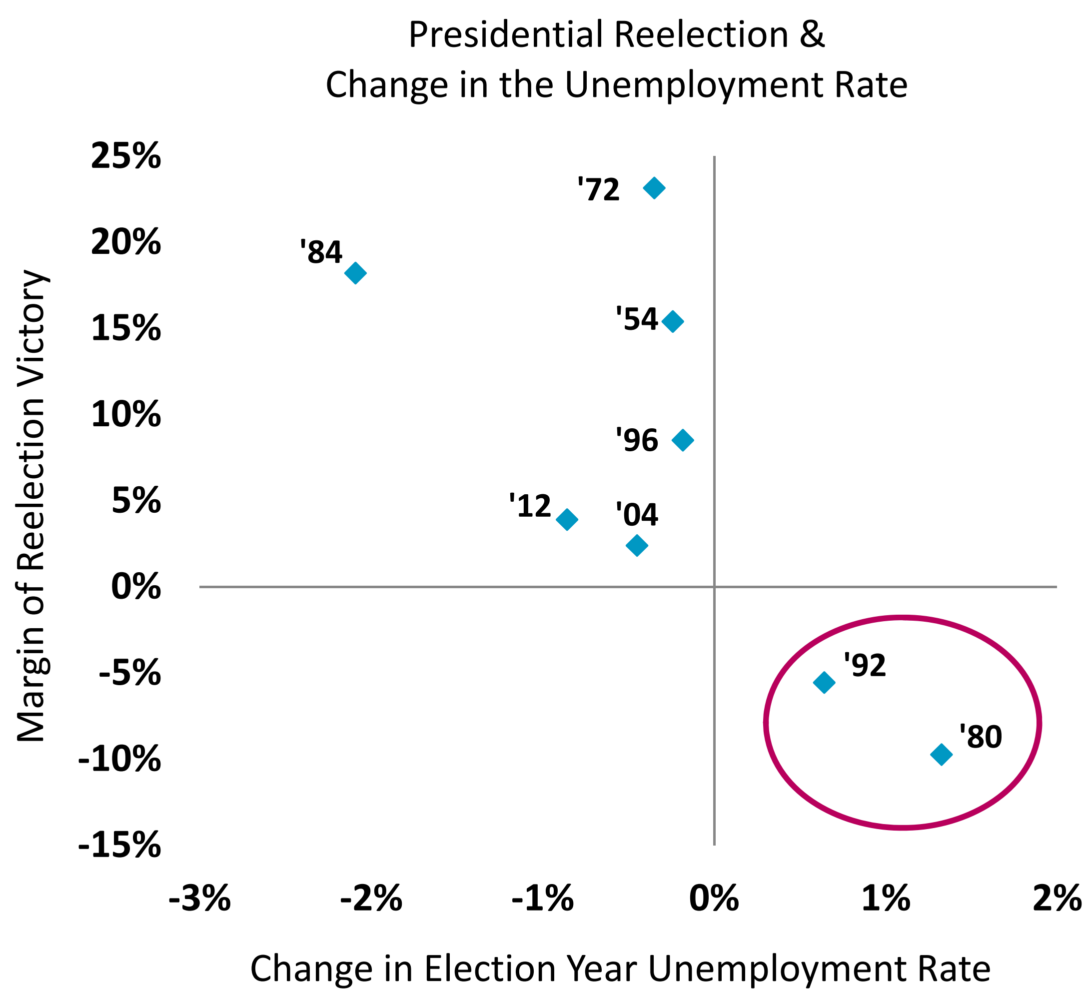
### No Recession Two Years before Re-Election

| President | Recession? | Re-Elected? |
|---|---|---|
| Obama | No | Yes |
| Bush II | No | Yes |
| Clinton | No | Yes |
| Reagan | No | Yes |
| Nixon | No | Yes |
| LBJ | No | Yes |
| Eisenhower | No | Yes |
| Truman | No | Yes |
| FDR | No | Yes |
| FDR | No | Yes |
| FDR | No | Yes |
| Wilson | No | Yes |

### Recession Two Years before Re-Election

| President | Recession? | Re-Elected? |
|---|---|---|
| Bush I | Yes | No |
| Carter | Yes | No |
| Ford | Yes | No |
| Hoover | Yes | No |
| Coolidge | Yes | Yes |
| Taft | Yes | No |

### Since WWII, Only Presidents with Rising Unemployment Rates Lose Reelection

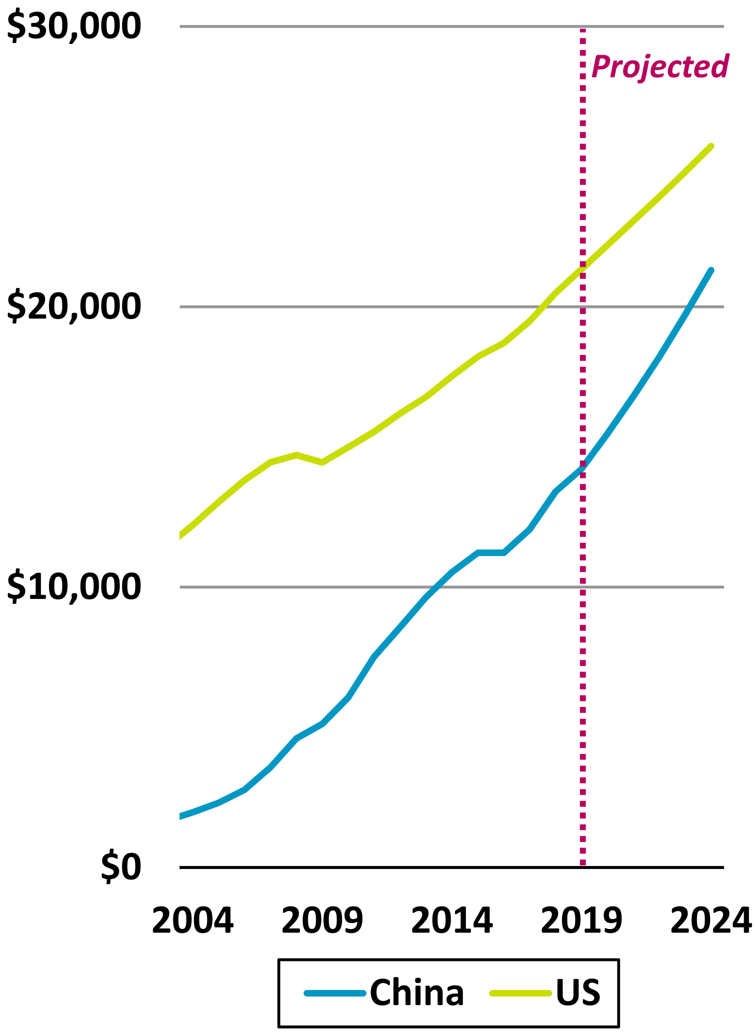



Source: Strategas Research Partners, as of 7/9/19.

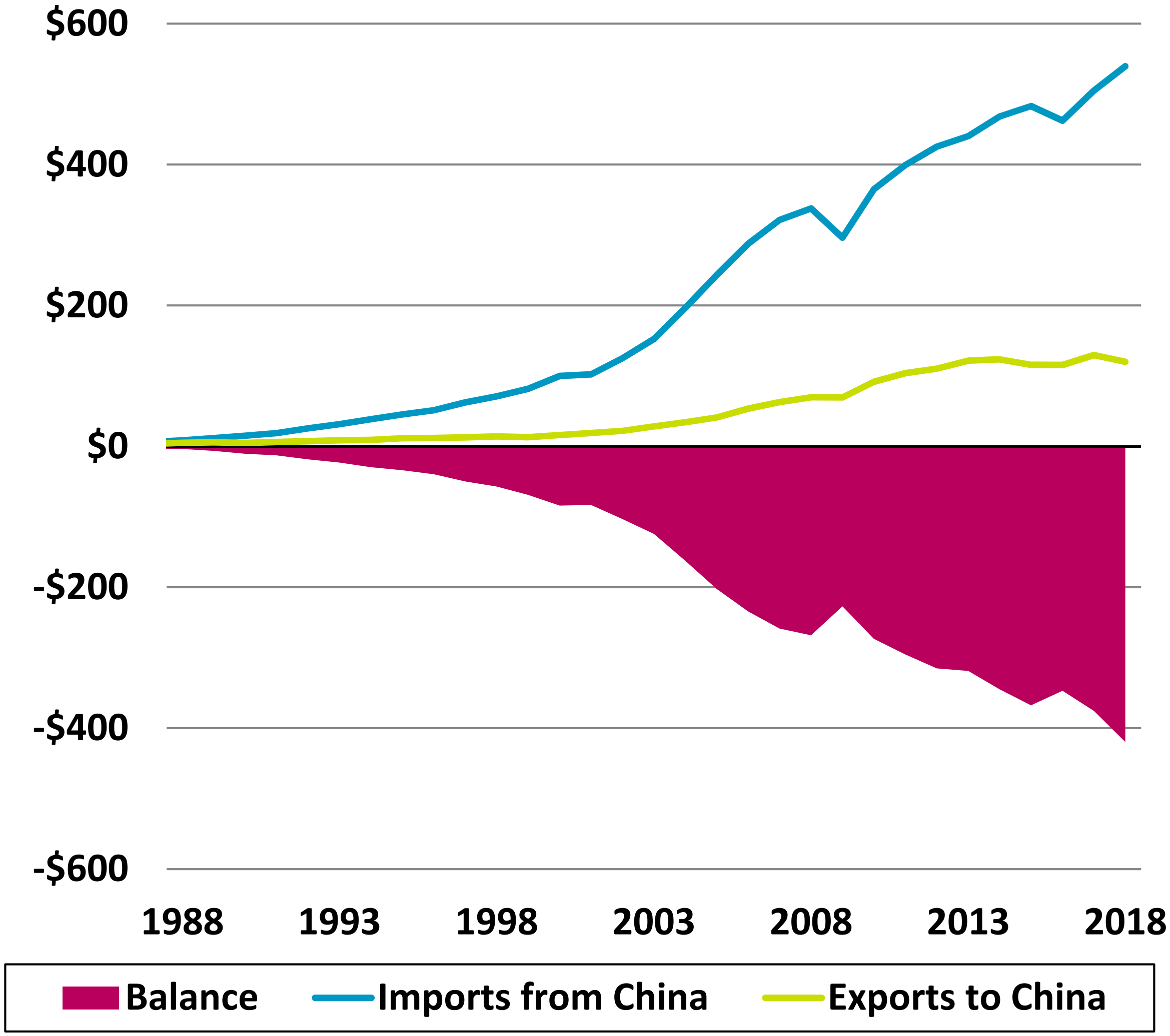
# Trade War with China

## China's growth has been largely fueled by trade with the US

### Real GDP (Current Prices, $ in Billions)(1)




### US Trade with China ($ in Billions)(2)

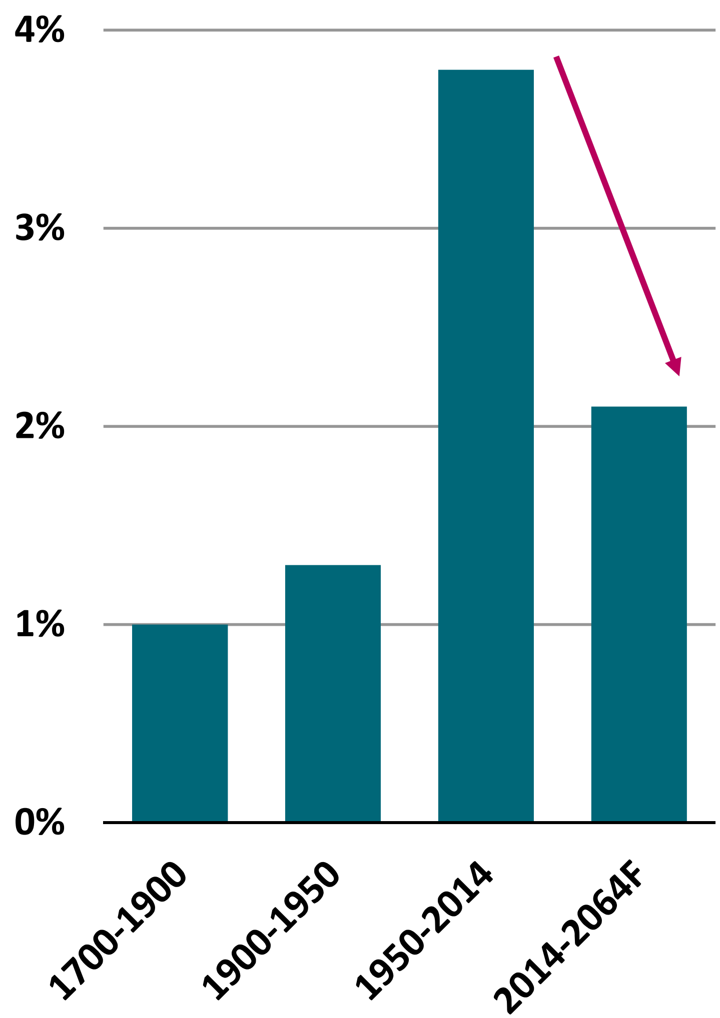



(1) Source: IMF, as of July 2019. Data for 2019 and beyond are projections.
(2) Source: US Census Bureau, as of 12/31/18. Represents US dollars at nominal value, not seasonally adjusted.

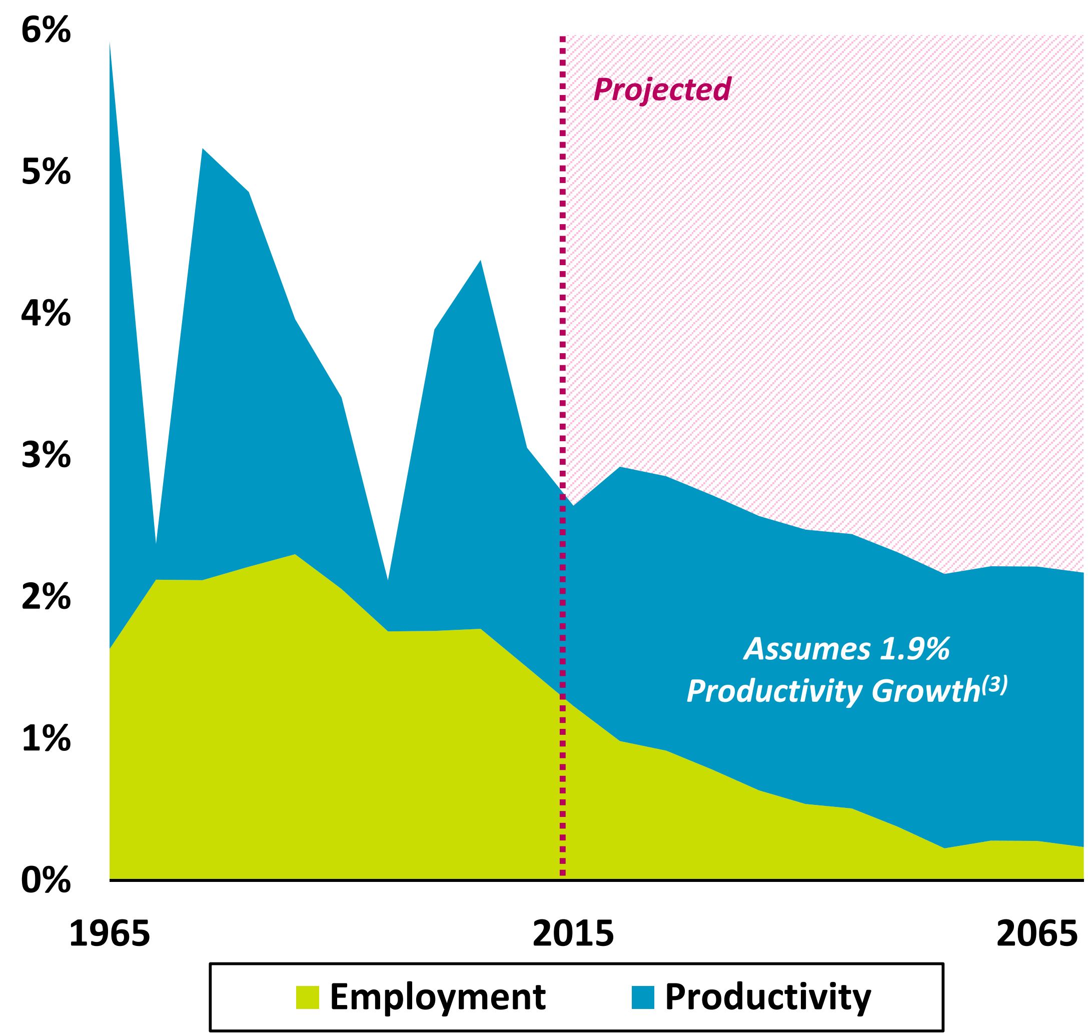
# Secular, Long-Term Slowdown in Global Growth

## With labor force declining, productivity must pick up the slack

### Global GDP Growth(1)




### Global GDP Growth Components(2)

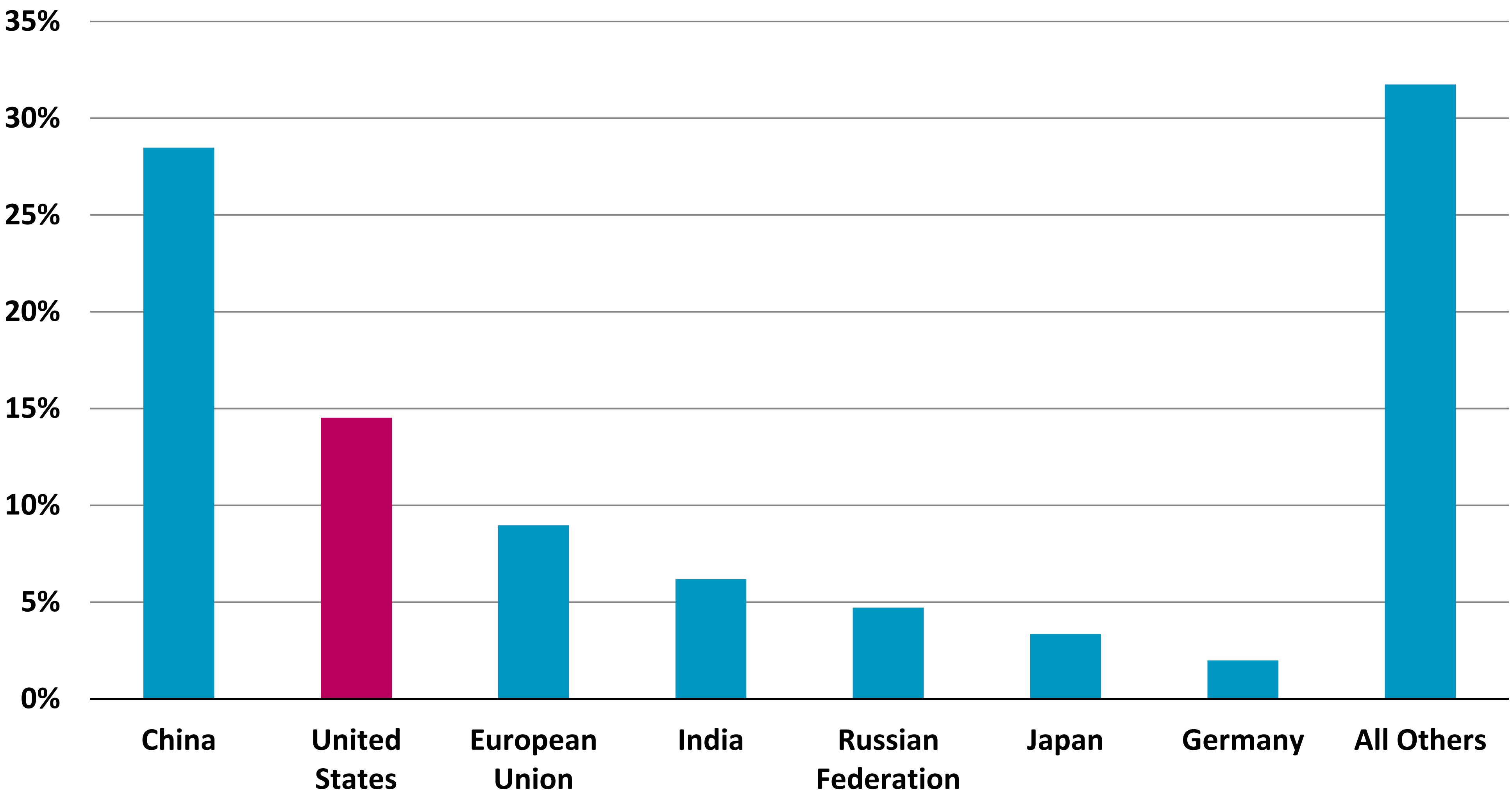



(1) Source: McKinsey Global Institute, as of January 2015. GDP growth represents compound annual growth rates (CAGR).
(2) Source: Blackstone analysis of data from The Conference Board and United Nations Population Division, as of April 2019 and August 2019, respectively. "Employment" represents growth in working age population. "Productivity" represents growth in labor productivity per hour worked. Based on CAGR at 5-year intervals from 1960-2015.
(3) Estimates for 2015-2065 assume 1.9% productivity growth (the average from 1965-2015). Credit for chart concept to McKinsey Global Institute.

# US Accounts for Nearly 15% of Global $CO^2$ Emissions

## Even if the US eliminated all $CO^2$ emissions – it would remain a problem

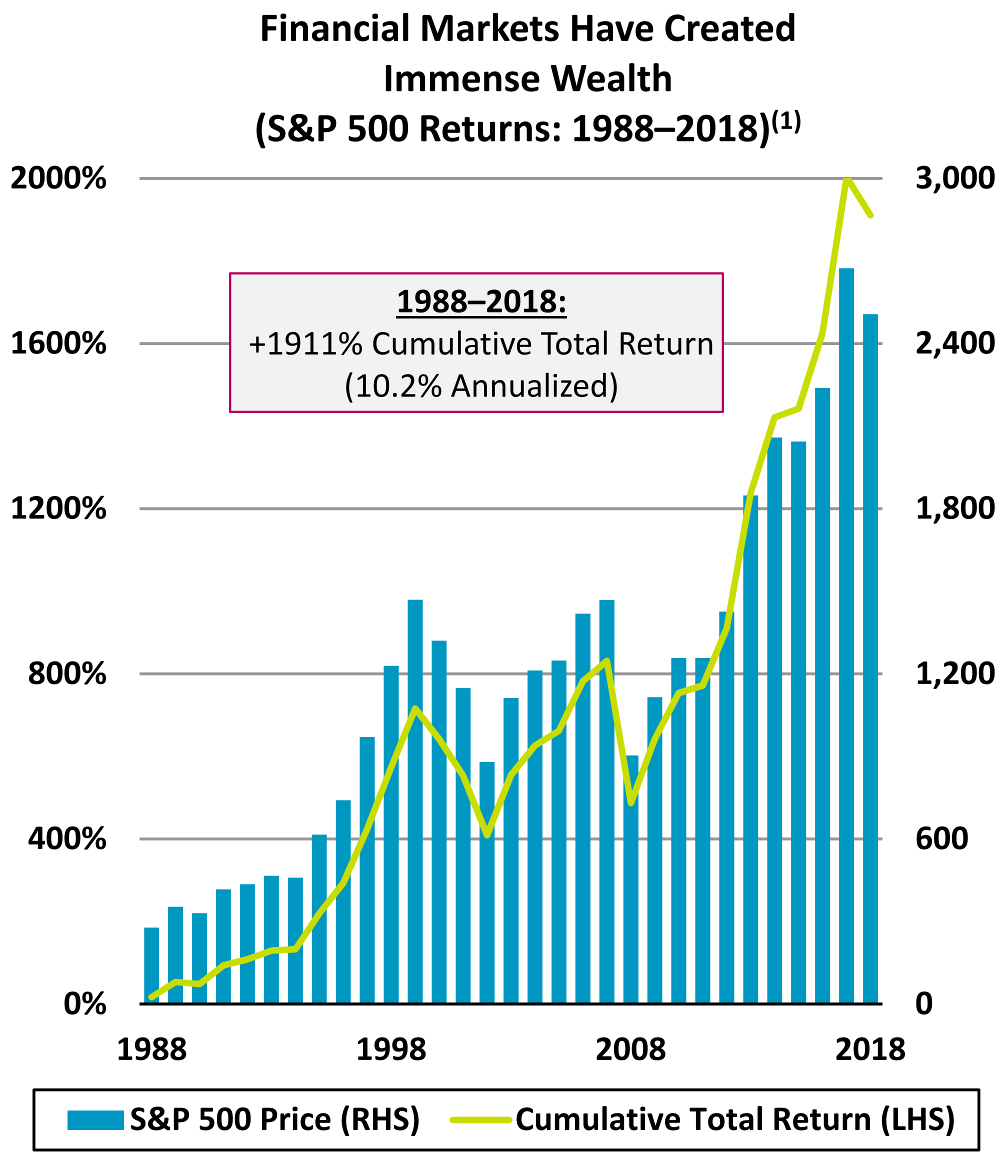
Share of World $CO^2$ Emissions by Country

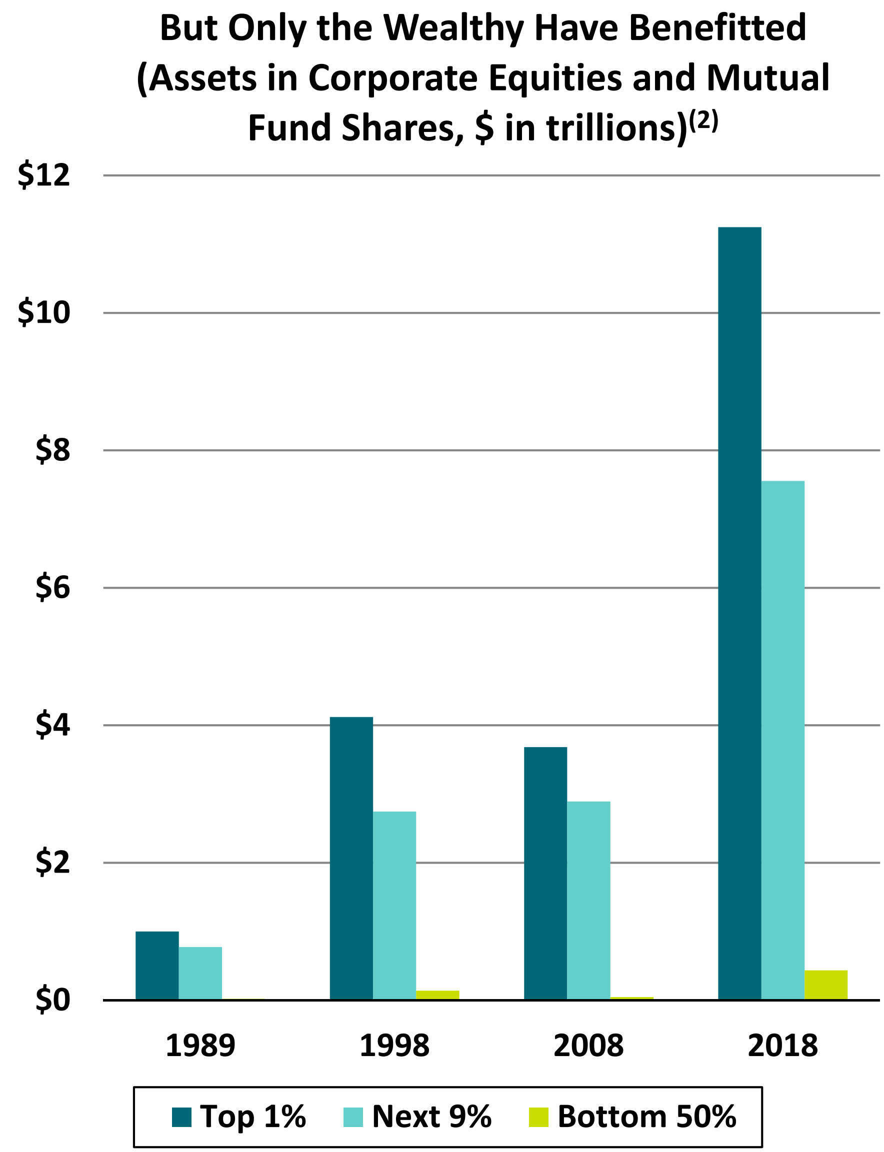



Source: World Bank, as of 2014.

# Wealth Inequality Has Gotten Worse

## Financial market gains have mostly accrued to the top 10%

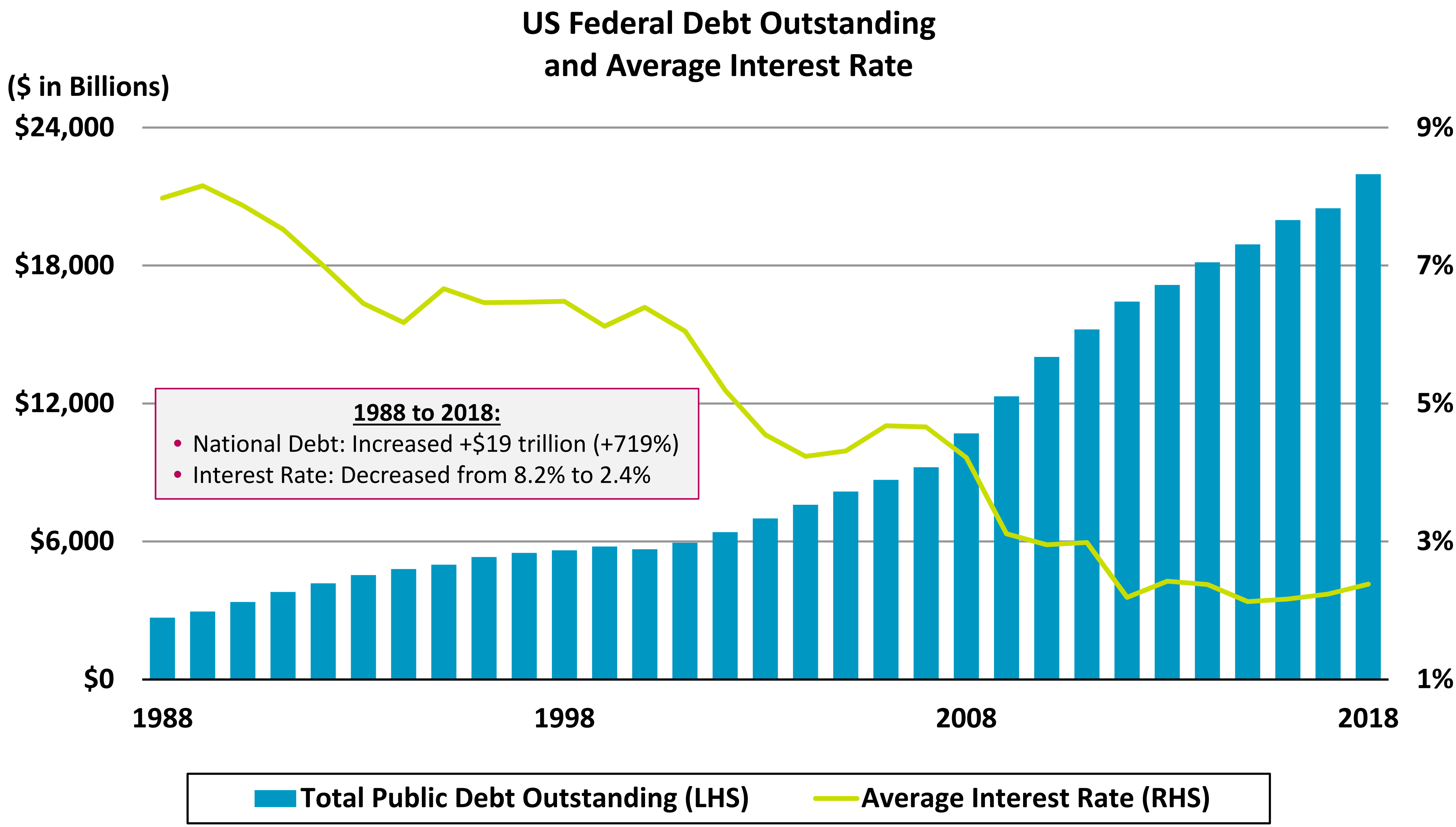



(1) Source: Bloomberg, represents total return index gross dividends for the period 1/1/1988 through 12/31/2018.
(2) Source: Federal Reserve Survey of Consumer Finances and Financial Accounts of the United States, as of 12/31/18. Percentiles represent wealth percentile groups.

# Debt Hasn't Been a Problem Because of Declining Interest Rates

## Debt increased $19 trillion from 1988 to 2018 while rates fell from 8.2% to 2.4%




Source: US Treasury, as of 12/31/18. Average interest rate represents the total interest expense on the debt outstanding, divided by total public debt, as of each fiscal year end.

# VIII. Byron's Life's Lessons

# Byron's Life's Lessons

**Here are some of the lessons I have learned in my first 80 years. I hope to continue to practice them in the next 80**

1. Concentrate on finding a big idea that will make an impact on the people you want to influence. The Ten Surprises, which I started doing in 1986, has been a defining product. People all over the world are aware of it and identify me with it. What they seem to like about it is that I put myself at risk by going on record with these events which I believe are probable and hold myself accountable at year-end. If you want to be successful and live a long, stimulating life, keep yourself at risk intellectually all the time.
2. Network intensely. Luck plays a big role in life, and there is no better way to increase your luck than by knowing as many people as possible. Nurture your network by sending articles, books and emails to people to show you're thinking about them. Write op-eds and thought pieces for major publications. Organize discussion groups to bring your thoughtful friends together.
3. When you meet someone new, treat that person as a friend. Assume he or she is a winner and will become a positive force in your life. Most people wait for others to prove their value. Give them the benefit of the doubt from the start. Occasionally you will be disappointed, but your network will broaden rapidly if you follow this path.
4. Read all the time. Don't just do it because you're curious about something, read actively. Have a point of view before you start a book or article and see if what you think is confirmed or refuted by the author. If you do that, you will read faster and comprehend more.
5. Get enough sleep. Seven hours will do until you're sixty, eight from sixty to seventy, nine thereafter, which might include eight hours at night and a one-hour afternoon nap.
6. Evolve. Try to think of your life in phases so you can avoid a burn-out. Do the numbers crunching in the early phase of your career. Try developing concepts later on. Stay at risk throughout the process.

# Byron's Life's Lessons (Cont'd)

7. Travel extensively. Try to get everywhere before you wear out. Attempt to meet local interesting people where you travel and keep in contact with them throughout your life. See them when you return to a place.
8. When meeting someone new, try to find out what formative experience occurred in their lives before they were seventeen. It is my belief that some important event in everyone's youth has an influence on everything that occurs afterwards.
9. On philanthropy my approach is to try to relieve pain rather than spread joy. Music, theatre and art museums have many affluent supporters, give the best parties and can add to your social luster in a community. They don't need you. Social services, hospitals and educational institutions can make the world a better place and help the disadvantaged make their way toward the American dream.
10. Younger people are naturally insecure and tend to overplay their accomplishments. Most people don't become comfortable with who they are until they're in their 40's. By that time they can underplay their achievements and become a nicer, more likeable person. Try to get to that point as soon as you can.
11. Take the time to give those who work for you a pat on the back when they do good work. Most people are so focused on the next challenge that they fail to thank the people who support them. It is important to do this. It motivates and inspires people and encourages them to perform at a higher level.
12. When someone extends a kindness to you write them a handwritten note, not an e-mail. Handwritten notes make an impact and are not quickly forgotten.
13. At the beginning of every year think of ways you can do your job better than you have ever done it before. Write them down and look at what you have set out for yourself when the year is over.
14. The hard way is always the right way. Never take shortcuts, except when driving home from the Hamptons. Short-cuts can be construed as sloppiness, a career killer.

# Byron's Life's Lessons (Cont'd)

15. Don't try to be better than your competitors, try to be different. There is always going to be someone smarter than you, but there may not be someone who is more imaginative.
16. When seeking a career as you come out of school or making a job change, always take the job that looks like it will be the most enjoyable. If it pays the most, you're lucky. If it doesn't, take it anyway. I took a severe pay cut to take each of the two best jobs I've ever had, and they both turned out to be exceptionally rewarding financially.
17. There is a perfect job out there for everyone. Most people never find it. Keep looking. The goal of life is to be a happy person and the right job is essential to that.
18. When your children are grown or if you have no children, always find someone younger to mentor. It is very satisfying to help someone steer through life's obstacles, and you'll be surprised at how much you will learn in the process.
19. Every year try doing something you have never done before that is totally out of your comfort zone. It could be running a marathon, attending a conference that interests you on an off-beat subject that will be populated by people very different from your usual circle of associates and friends or traveling to an obscure destination alone. This will add to the essential process of self-discovery.
20. Never retire. If you work forever, you can live forever. I know there is an abundance of biological evidence against this theory, but I'm going with it anyway.

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