

Blackstone

Uneven Recovery Ahead

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INTRODUCTION

The U.S. is gearing up for its strongest growth in decades. With record levels of coordinated fiscal and monetary policy, all segments of the U.S. economy—households, corporations, and government—are synchronized for growth in a manner that is unusual this early in an economic cycle. However, the global recovery will be uneven, as we discuss in the first section of this presentation. While aggregate global economic activity is likely to return to pre-COVID-19 highs this year, the economies of Japan, the U.K., and the Euro area are likely to remain below their pre-pandemic levels until at least 2022. Meanwhile, China is capitalizing on its highly efficient handling of the pandemic and its status as the sole major economy to have grown last year. In its 14th 5-Year Plan, it unveiled plans to double down on investments in R&D and technology, with major implications for its competitiveness on the world stage.

With vaccines, too, both access and distribution are proving to be unequal around the world. The U.K. and U.S. lead developed markets in vaccinating their populations, while Europe lags far behind. For emerging markets, access to vaccines will prove particularly difficult, as industrialized nations have swallowed up much of the early vaccine supply and initiatives such as COVAX face challenges in procuring the doses needed to ensure equitable distribution globally.

For businesses and investors, the ability to navigate this uneven recovery will also create winners and losers. As we highlight in the “Labor Market and Supply Chain Constraints” section, shortages of labor and limited supply-side capacity are already creating nascent price pressures. In our [*Ten Surprises of 2021*](#), we posited a view—contrarian, at the time—that the 10-year Treasury yield would reach 2% this year. Indeed, it’s already surpassed 1.7% and shows no sign of having found a ceiling. In addition, four secular tailwinds for corporate profits during the last cycle—lower corporate taxes, lower regulation, lower rates, and higher globalization—are all in the process of reversing or have already done so. These dynamics will pressure the profit margins of many firms, but particularly those that cannot pass through price increases, cannot fill job openings, or have relied on low cost of capital for their survival.

In this uneven recovery, avoiding complacency will be critical. We think that active managers who engage in high-conviction, thematic investing will be better positioned for outperformance. This presentation lays out the ideas and themes we think investors should keep top of mind, and we hope it stretches your thinking.

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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.

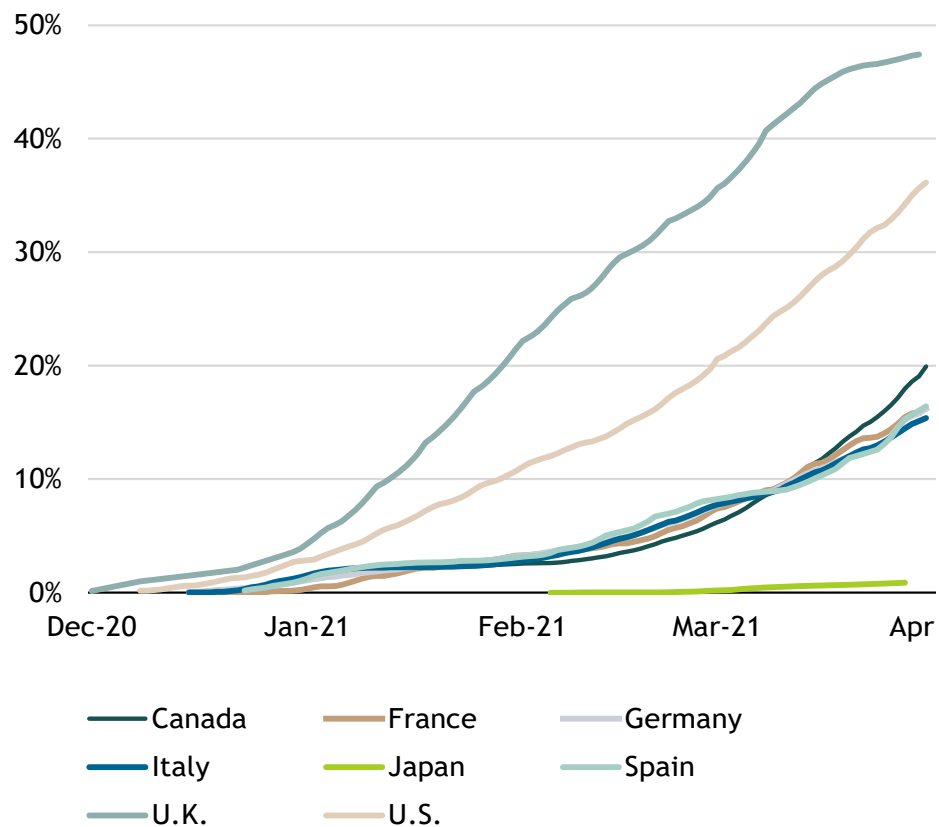
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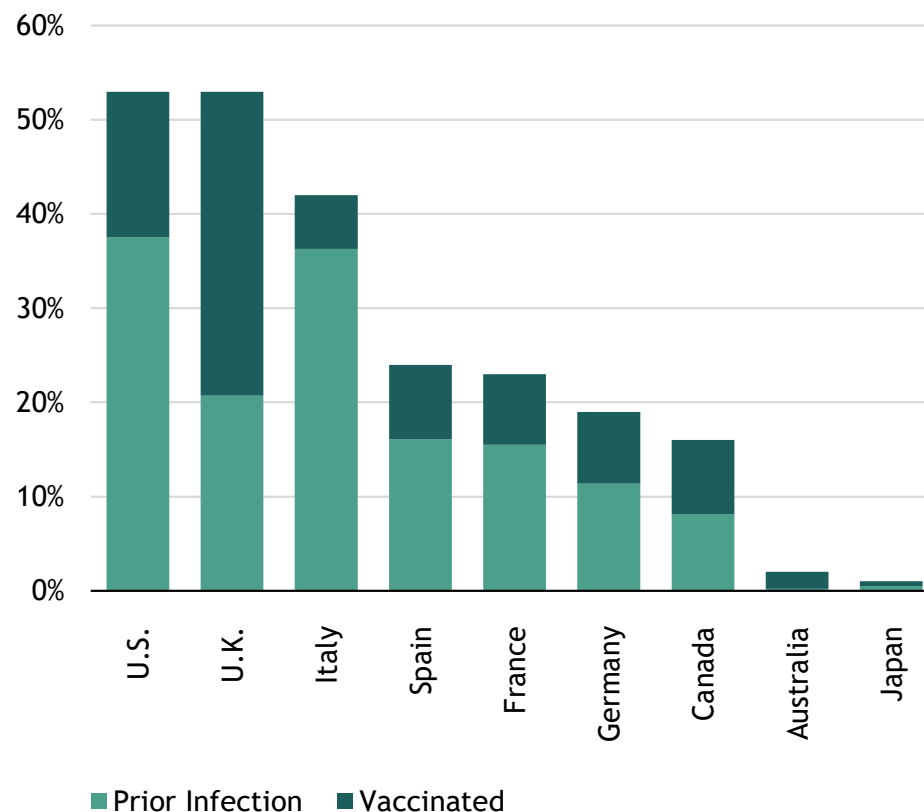
I. Global View of the Recovery

U.K. and U.S. lead developed markets in vaccinations, with >50% in each country estimated to have some immunity

Percent of Population Having Received at Least One Vaccine Dose⁽¹⁾



Estimated Percent of Population Having Been Infected or Received a Vaccine⁽²⁾



Source: Our World in Data and Goldman Sachs Global Investment Research estimates, as of April 13, 2021 (LHS) and March 23, 2021 (RHS).

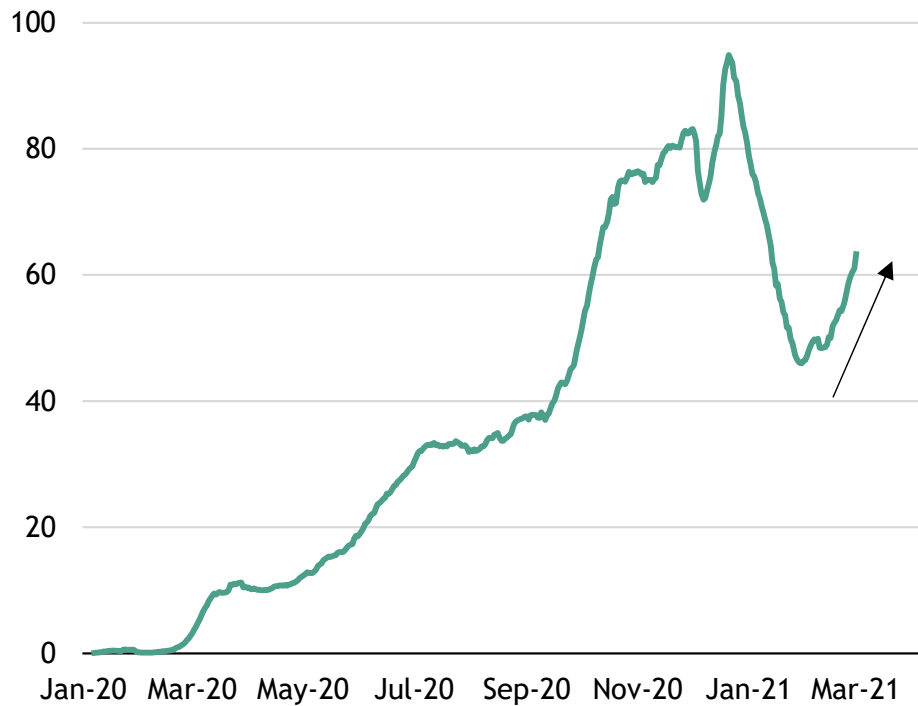
(1) Note: Represents share of the total population that received at least one vaccine dose. This may not equal the share that are fully vaccinated if the vaccine requires two doses.

(2) "Natural immunity" estimated using domestic antibody surveys and fatality data for the U.S. and the U.K. For other countries, estimates are based on data from comparable countries.

COVID-19 status is unequal globally; many regions have yet to contain the current wave of new COVID-19 cases

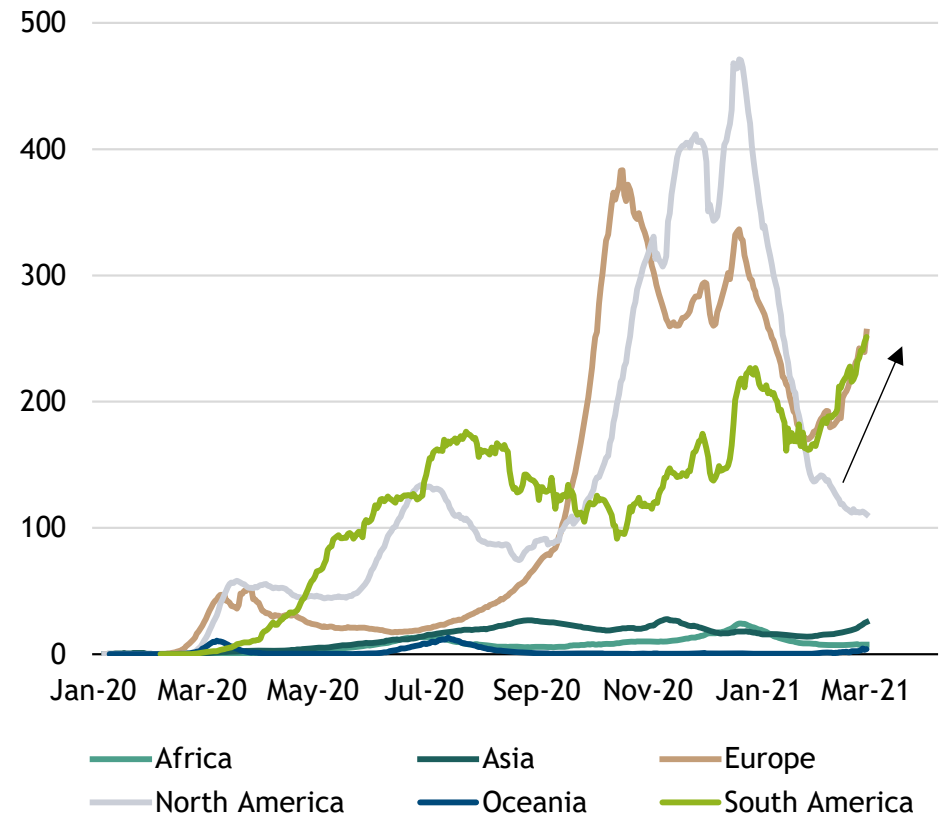
New Confirmed COVID-19 Cases: World

(per million, smoothed)



New Confirmed Cases: By Region

(per million, smoothed)

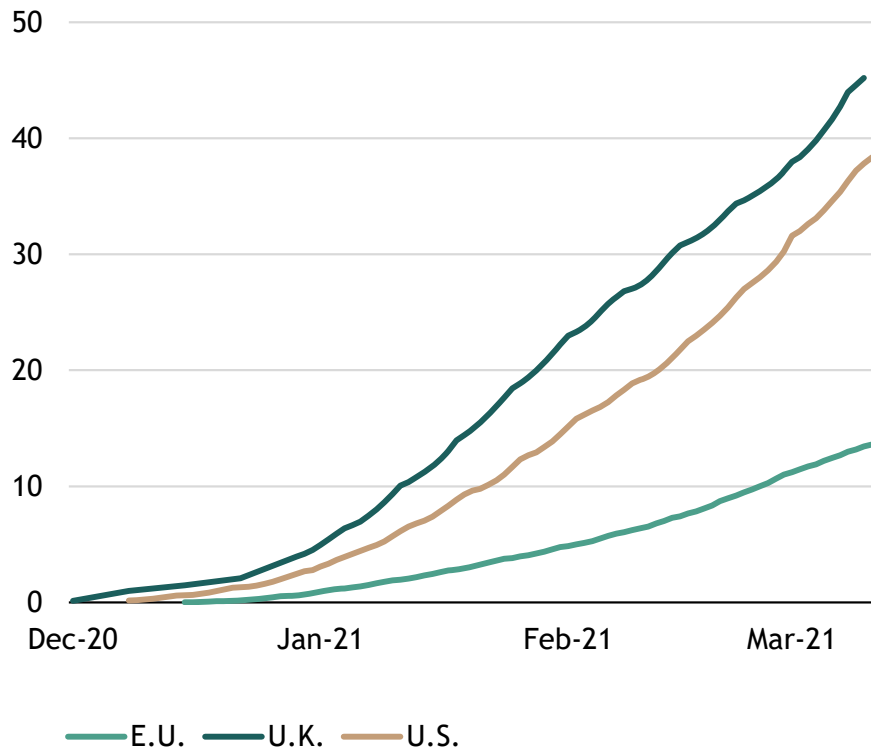


Source: Our World in Data, as of March 23, 2021.

E.U. vaccine rollout severely lags that of U.K. and U.S., with significant implications for ability to reopen

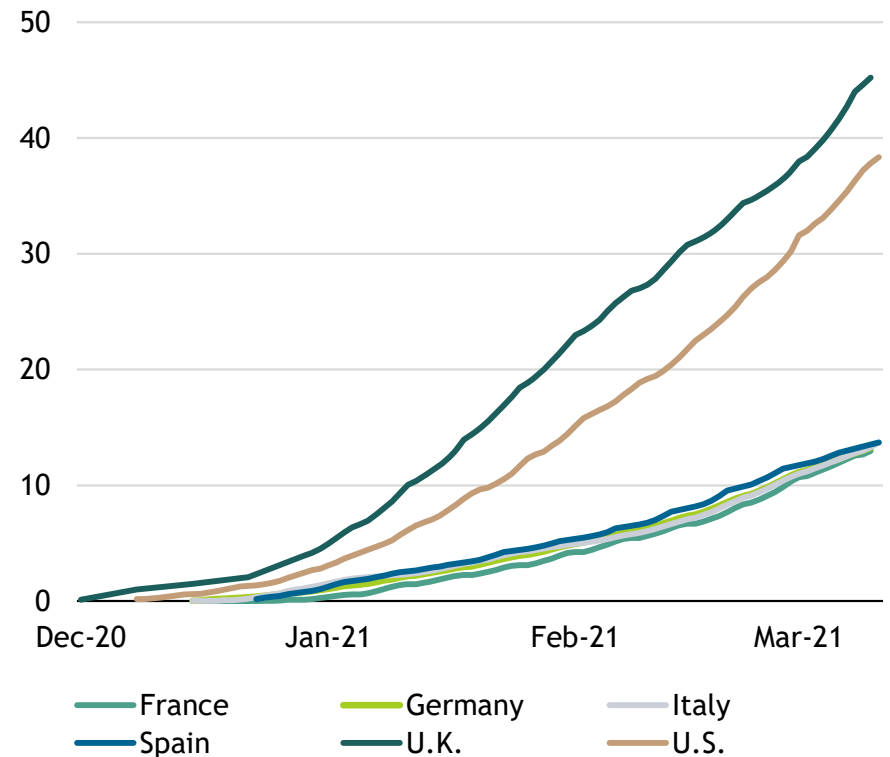
**Total Vaccine Doses Administered:
U.K., U.S., and E.U.**

(total vaccine doses per hundred people)



**Total Vaccine Doses Administered:
U.K., U.S., and Select European Countries**

(total vaccine doses per hundred people)

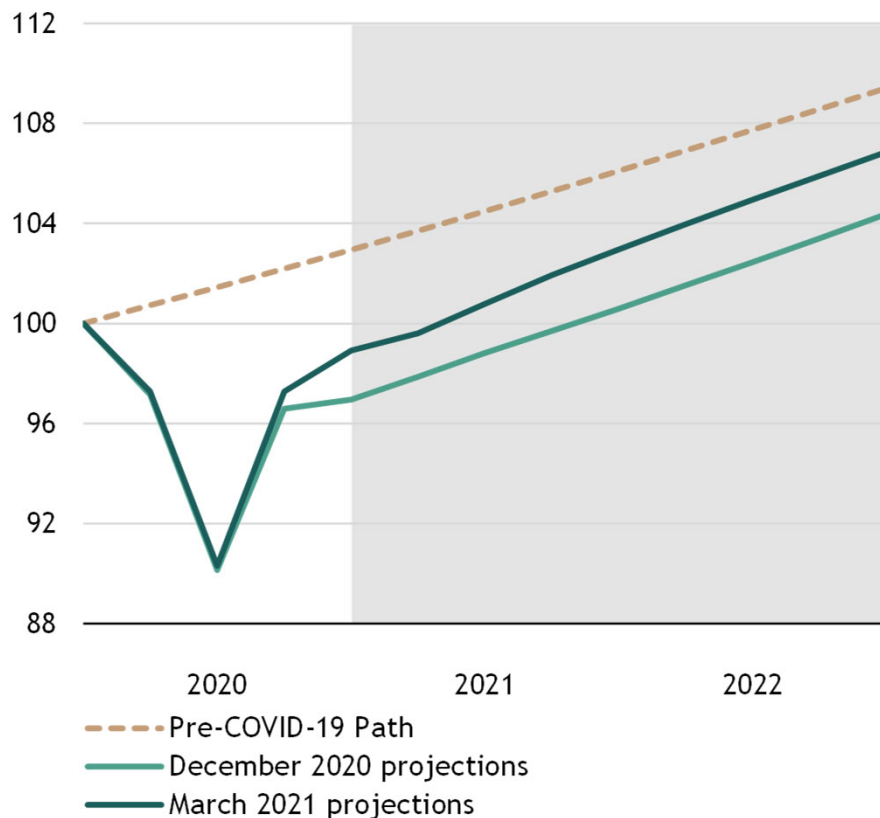


Source: Our World in Data, as of March 23, 2021. Note: Represents total vaccine doses administered, not the number of people vaccinated, given multi-dose vaccines.

Global GDP growth estimates have been revised upward for 2021, led by growth in India, China, and the U.S.

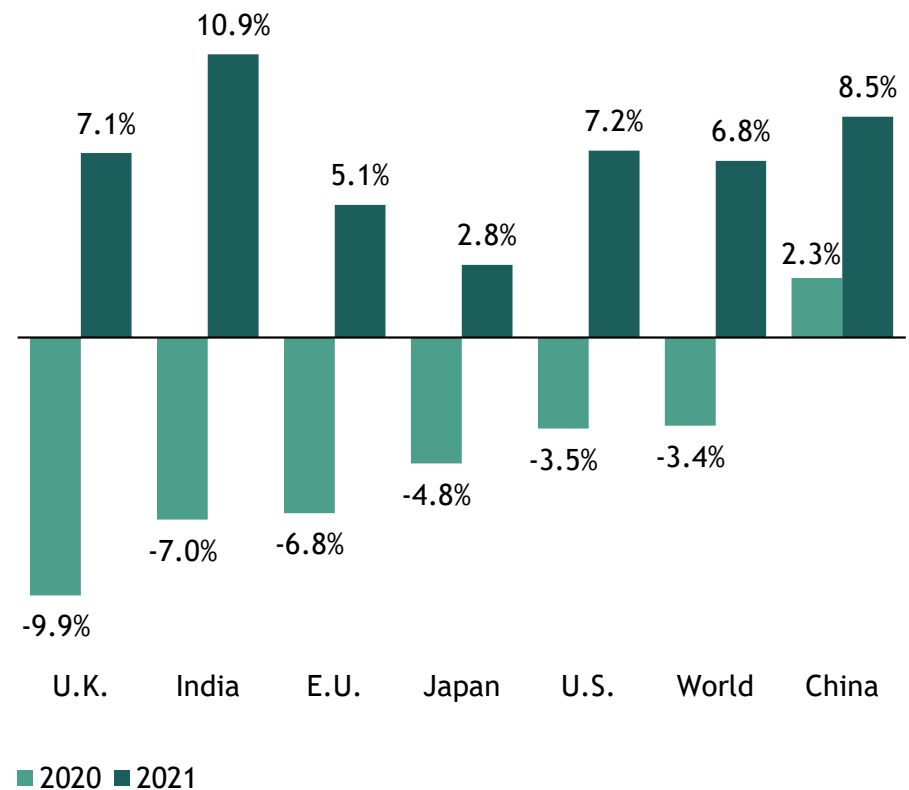
World GDP Growth Path Estimates

(indexed to 100 as of 4Q19)



2020 and 2021 Real GDP Growth⁽¹⁾

YoY Change



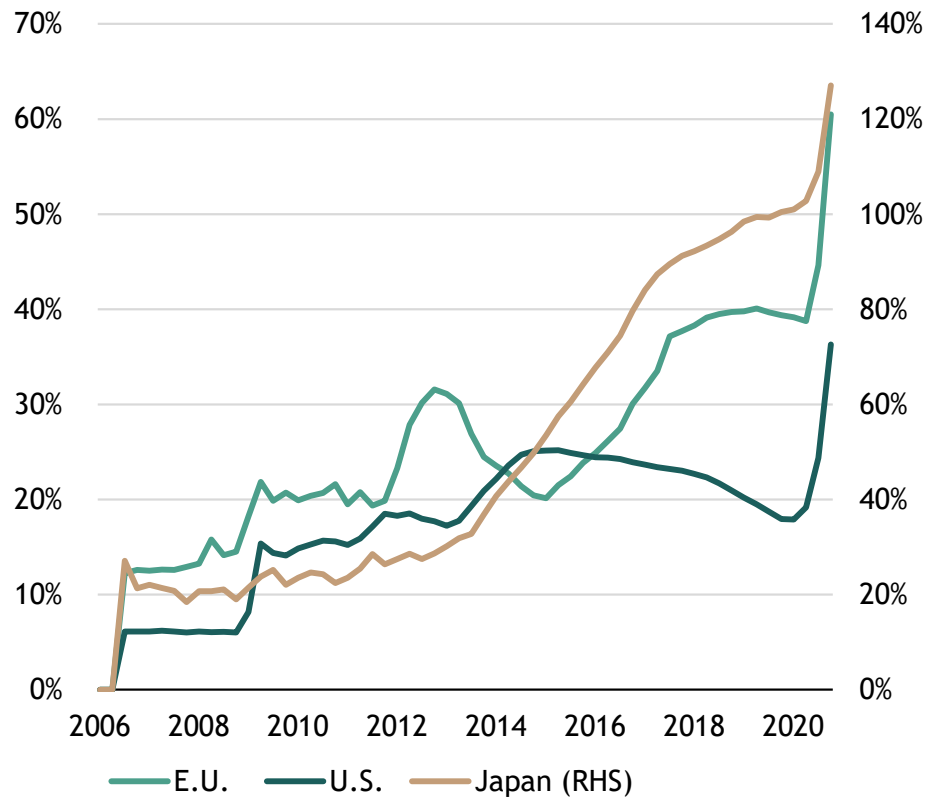
Source: OECD estimates, as of March 9, 2021.

(1) World growth uses nominal GDP weights at purchasing power parities. India estimates based on fiscal years, starting in April.

Central bank assets have swelled to record levels, with the Fed's balance sheet growing 83% since Feb 2020

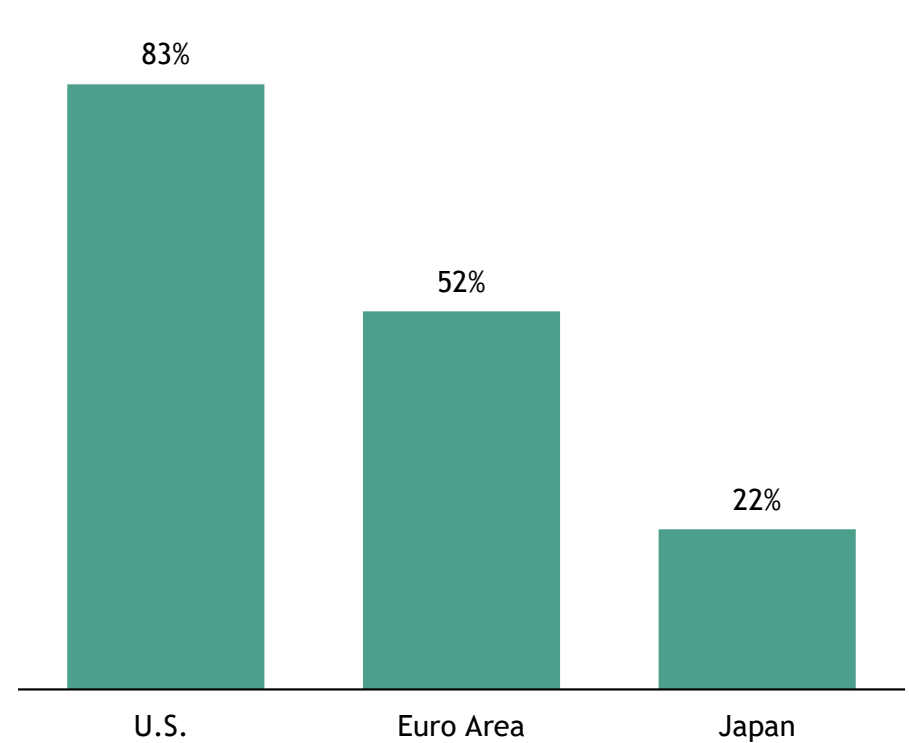
Central Bank Balance Sheet Assets

(percent of respective country's GDP)



Central Bank Balance Sheet Assets Change

Feb 2020 to Feb 2021



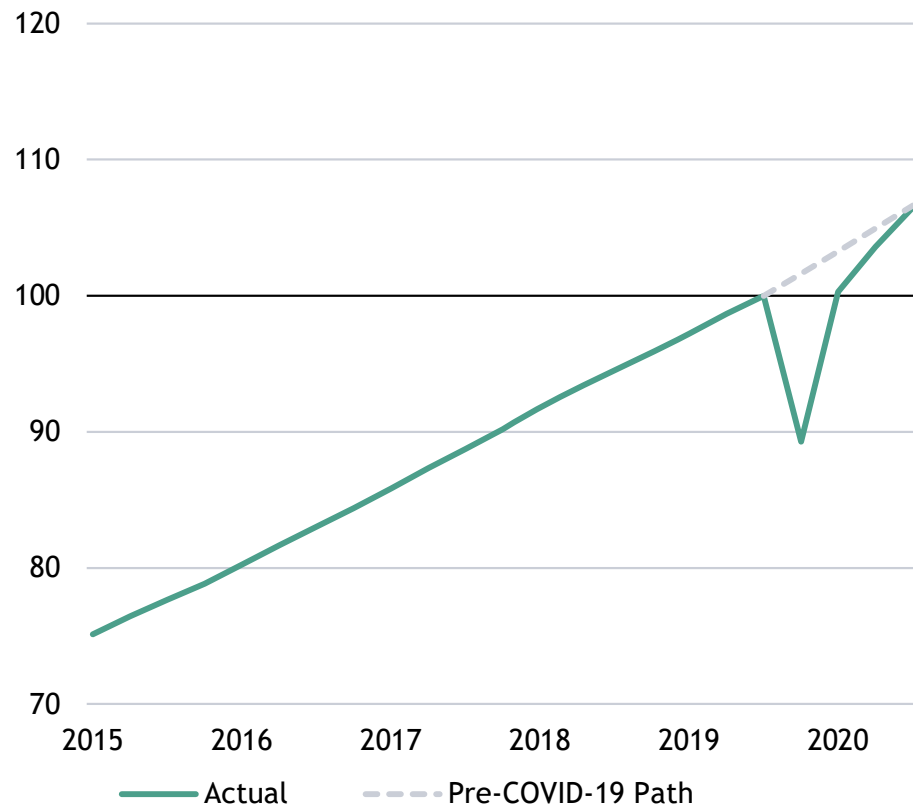
Source: Haver Analytics, as of December 31, 2020 (percent of GDP) and February 28, 2021 (change in balance sheet assets).

A. China's 14th 5-Year Plan

China returned to growth in 2020, with both GDP and industrial production now above pre-COVID-19 trends

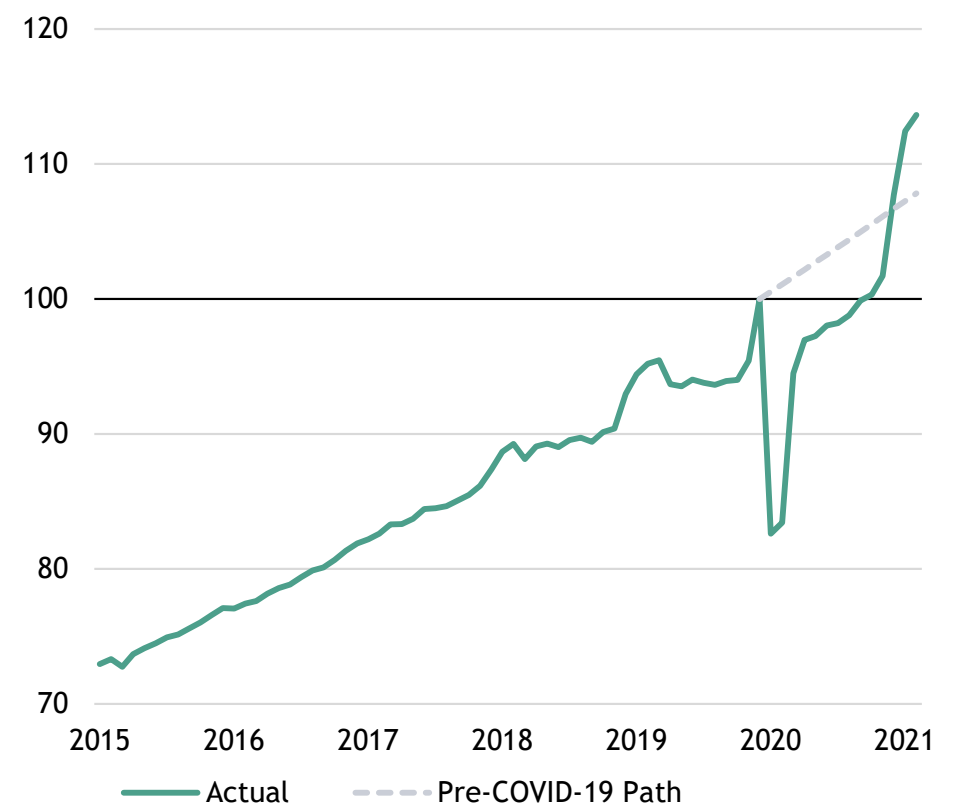
China Real GDP

(indexed to 100 as of 12/31/19)



China Industrial Production

(indexed to 100 as of 12/31/19)

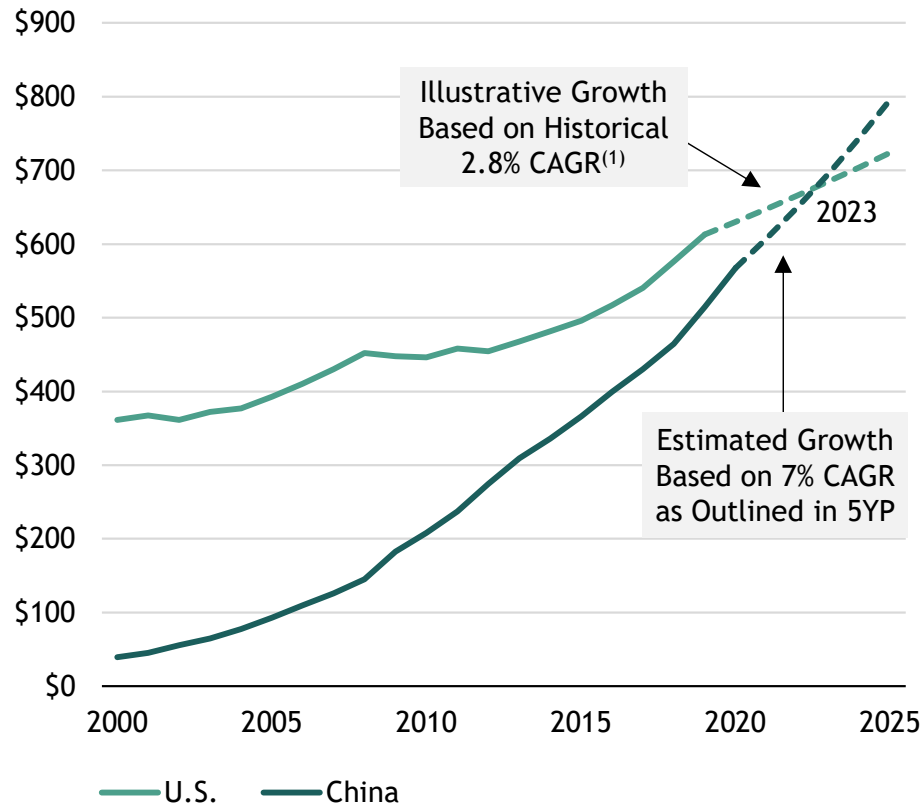


Source: National Bureau of Statistics and Haver Analytics, as of December 31, 2020 (GDP) and February 28, 2021 (industrial production). Gross domestic product data are quarterly, excluding stats discrepancy, seasonally adjusted. "Pre-COVID-19 path" represents the average growth rate of the last five years, projected through the end of 2020.

China's 14th 5-Year Plan (5YP) unveiled a target for R&D expenditure growth of 7%+ per year, with no GDP target

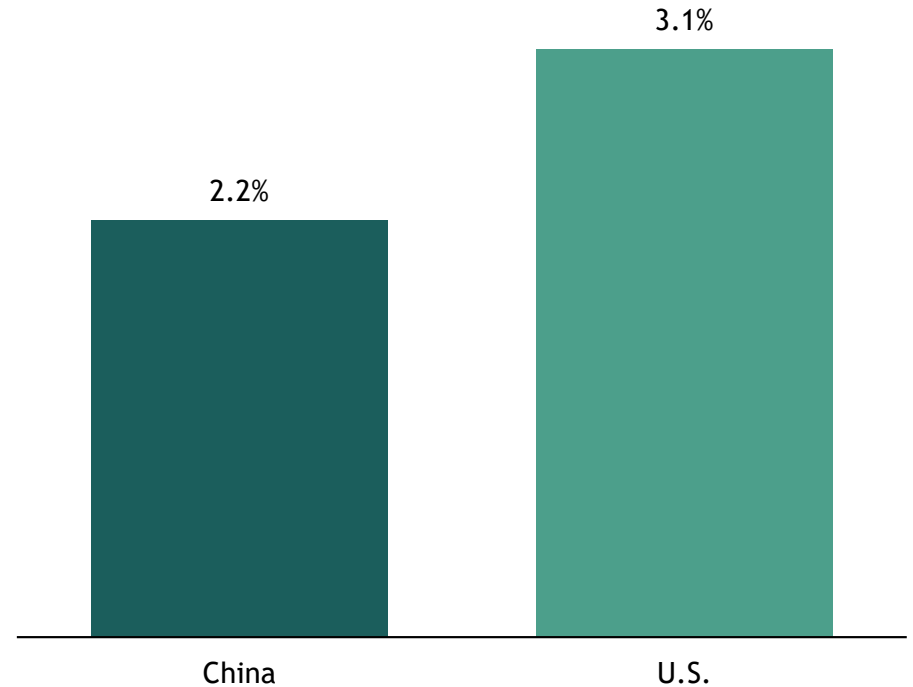
Gross Domestic Spending on R&D

(purchasing power parity in constant 2010 US\$)



Gross Domestic Spending on R&D

(percent of 2019 GDP)



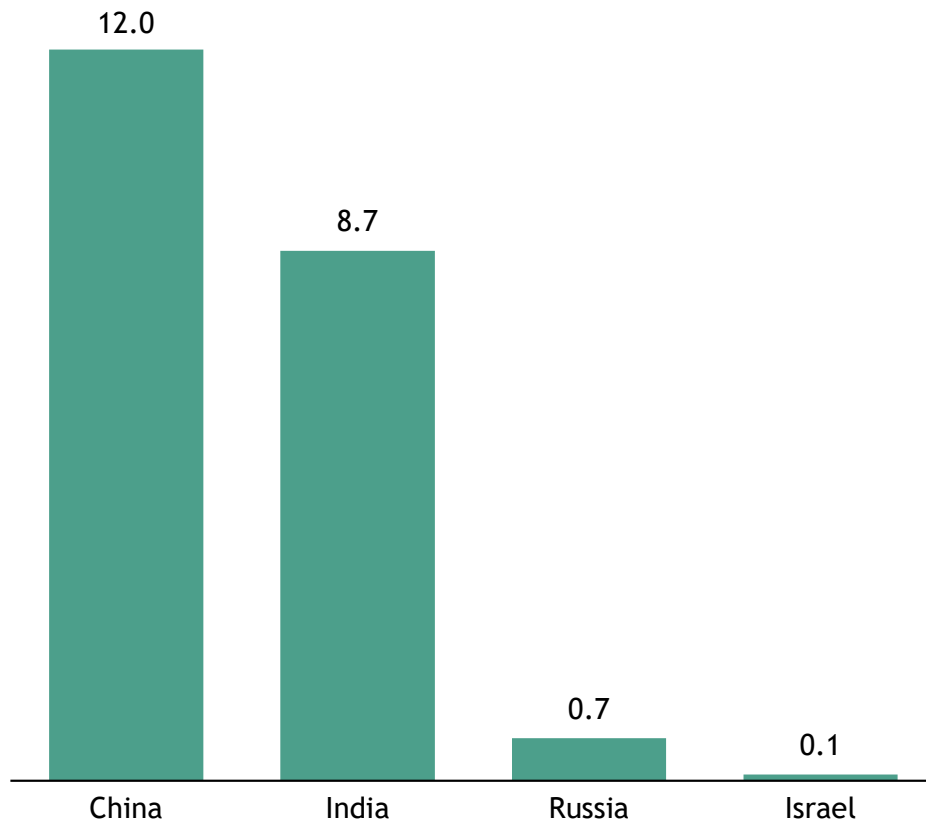
Source: OECD, China National Bureau of Statistics, and Blackstone Investment Strategy calculations. Actual data for U.S. as of 2019; preliminary actual data for China as of 2020.

(1) "Illustrative Growth" for the U.S. represents the historical (2000-2019) CAGR in gross domestic spending on R&D, projected forward through 2025.

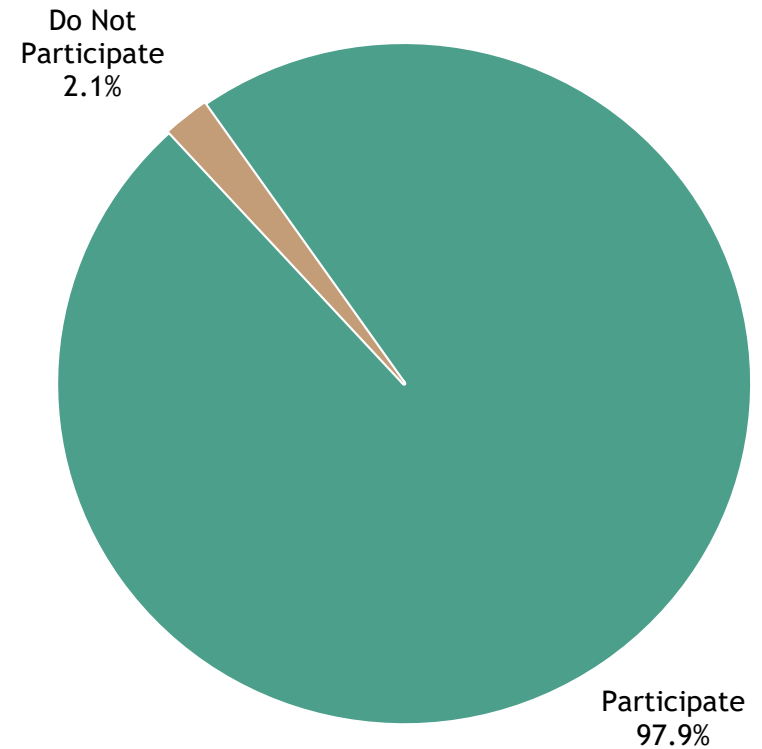
While developed markets have declined to share COVID-19 vaccine doses, China is donating 12M doses

Significant Vaccine Donations by Country⁽¹⁾

(number of doses, in millions)



Of Countries China Has Donated to, 98% Participate in the Belt & Road Initiative



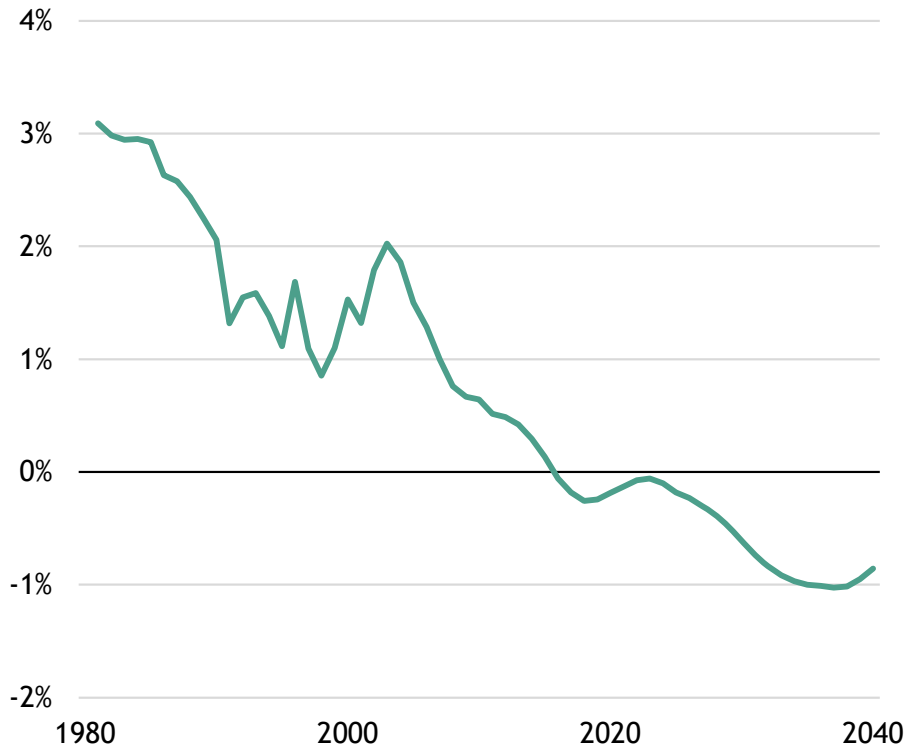
Source: Think Global Health and Council on Foreign Relations, as of March 25, 2021.

(1) Note: Represents the four countries that have donated vaccines to at least ten countries on three continents or more, as categorized by Think Global Health.

China's future growth will be challenged by its significant demographic headwinds

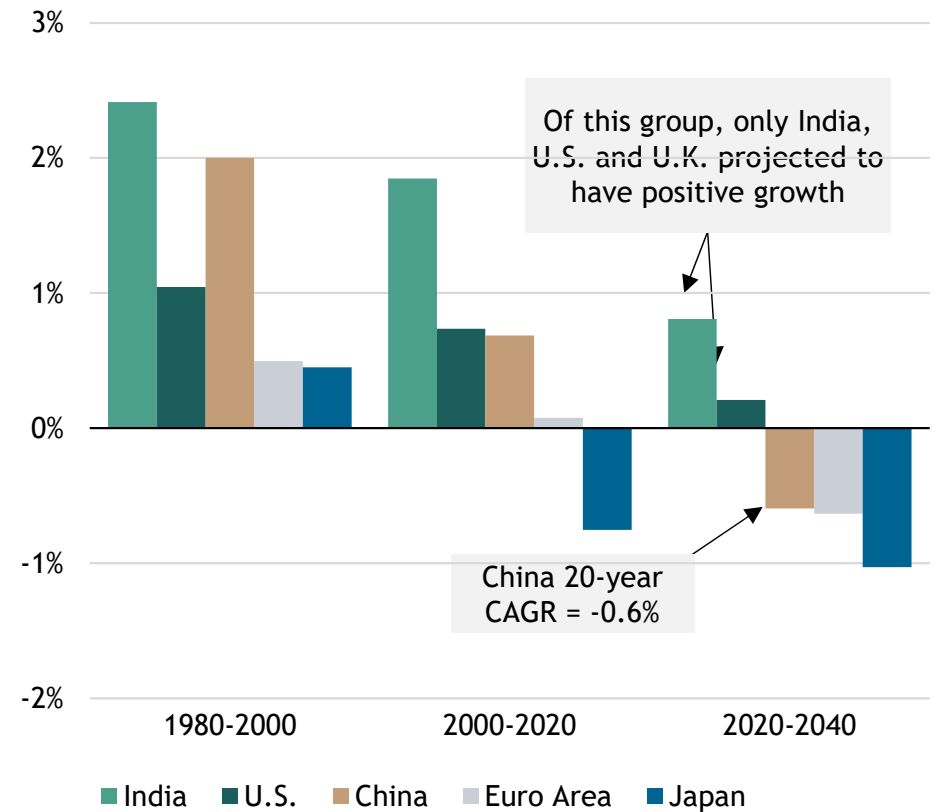
China Labor Force Growth

YoY Change in Working Age Population



Comparison of Labor Force Growth

20-year CAGRs in Working Age Population



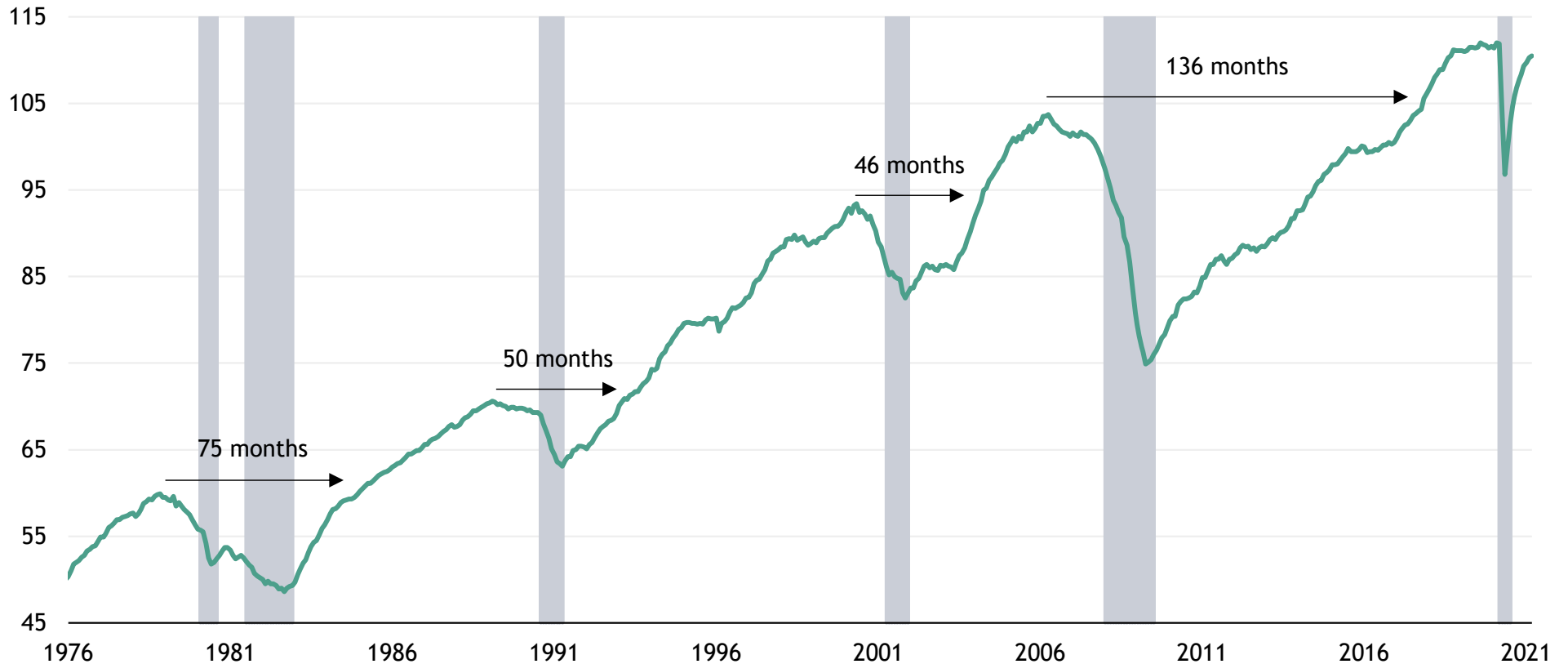
Source: UN World Population Prospects 2019 and Haver Analytics. Working age population is represented by all persons aged 15-64.

II. Synchronized Start to the U.S. Recovery

U.S. LEI index on track to have its fastest recovery ever, reflecting rapid recovery in economic activity

U.S. Leading Economic Indicator Index

(indexed to 100 as of Jan 2016)

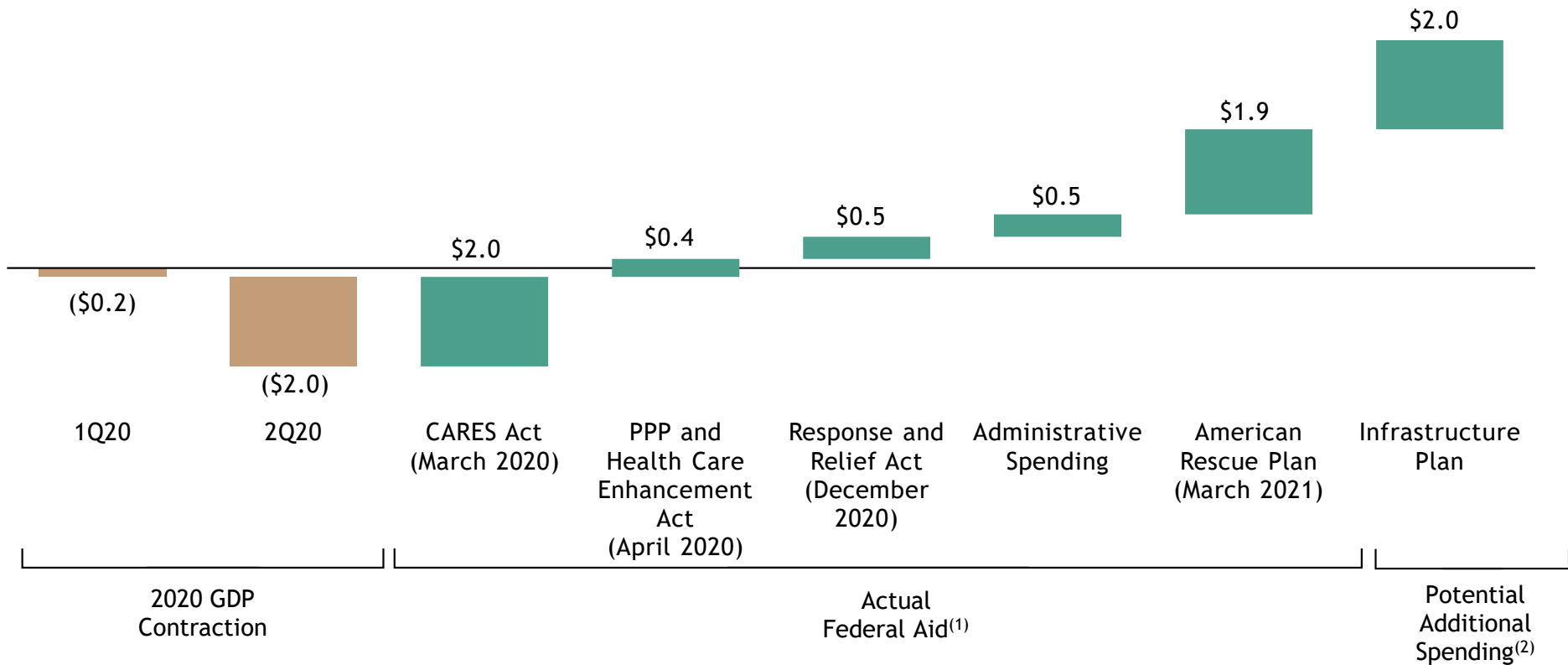


Source: Bloomberg and Conference Board, as of February 28, 2021. Credit for chart concept to Evercore ISI.

Fiscal relief totals about \$5.3T as of March 2021, compared to \$2.2T GDP shortfall in 2020

U.S. GDP Contraction in 2020 and Federal Aid Response

(US\$ in trillions)



Source: Bureau of Economic Analysis, Committee for a Responsible Federal Budget, and Strategas Research Partners estimates, as of March 31, 2021.

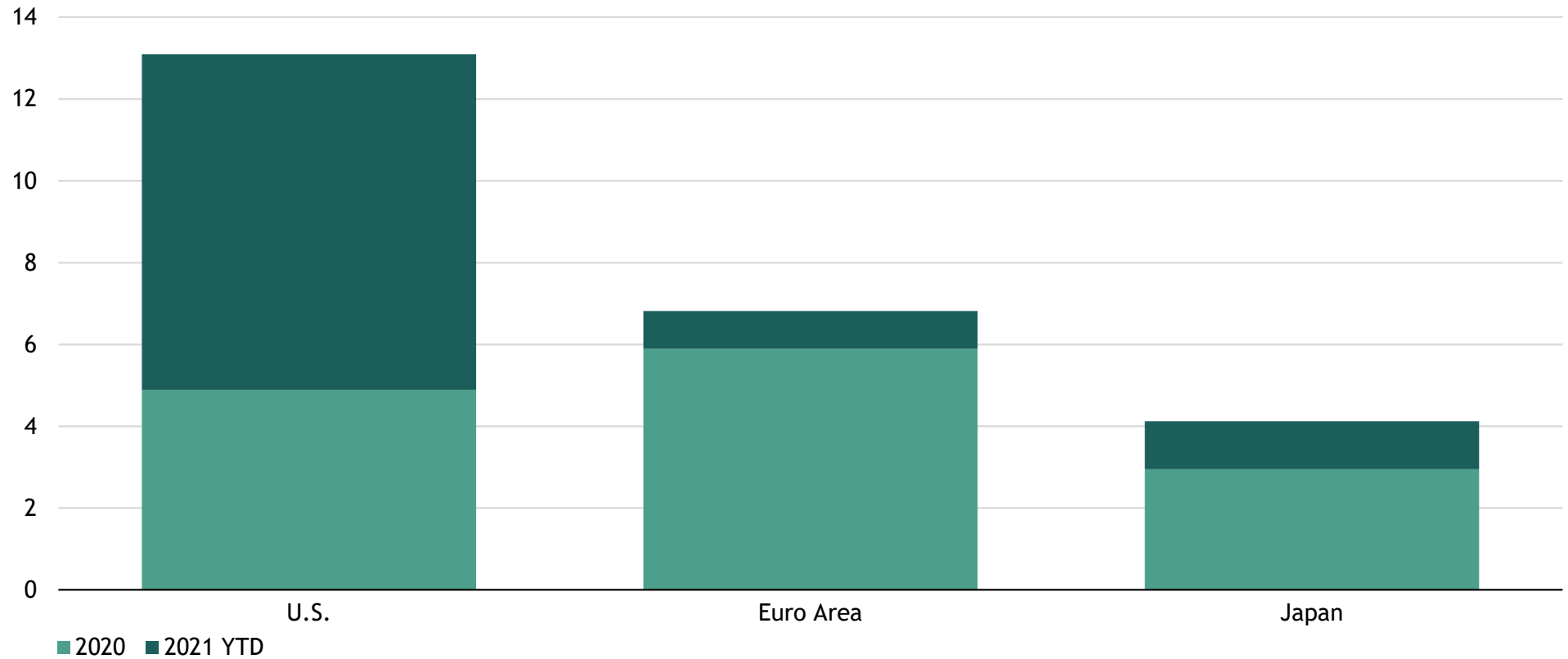
(1) Represents amount committed / disbursed, except for the American Rescue Plan, whose value represents the total spending allowed by the bill.

(2) Represents estimates for additional proposed spending under the American Jobs Plan. Note: Spending likely to be distributed over 5-10 years.

Fiscal stimulus efforts vary globally, with the U.S. far outpacing advanced economies like the Euro area, Japan

Cumulative Fiscal Stimulus

(percent of GDP)

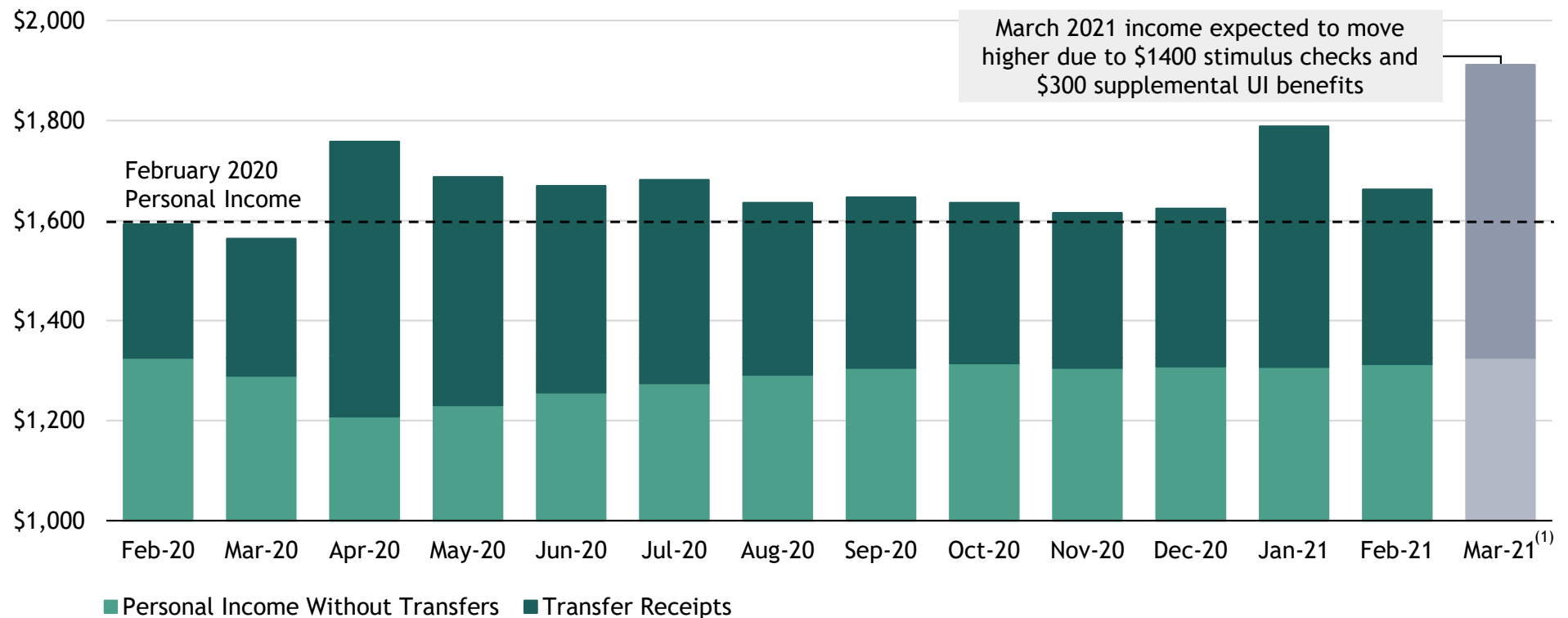


Source: OECD, as of March 9, 2021. Fiscal support is measured as the change in net government lending as a share of GDP. Data reflects December 2020 OECD Economic Outlook projections and has been updated to reflect fiscal measures announced until February 2021.

Personal income has topped its pre-COVID level in every month since April 2020 due to government transfers

Personal Income and Transfer Receipts

(US\$ in billions, seasonally adjusted, non-annualized)



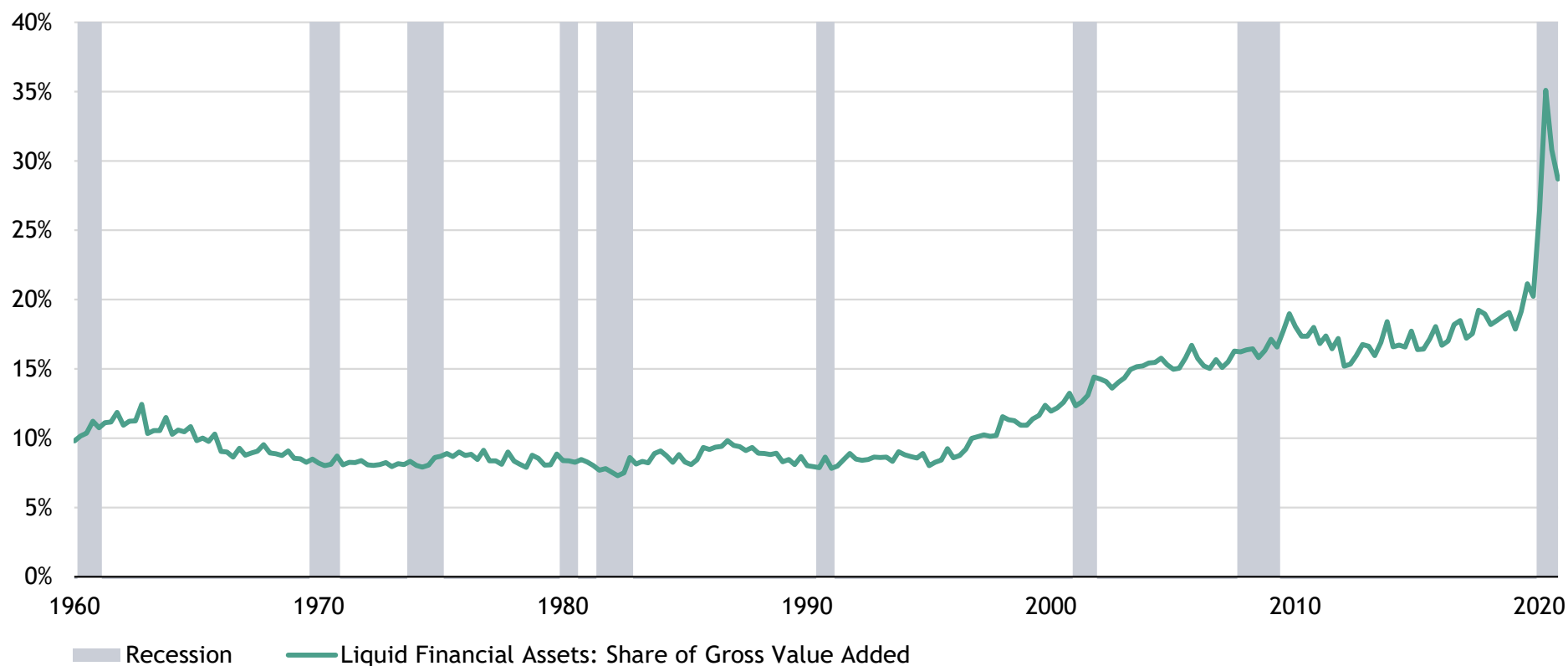
Source: Bureau of Economic Analysis and Blackstone Investment Strategy, actual data as of February 28, 2021. "Personal Income Without Transfers" is the sum of employee compensation, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, and personal income receipts on assets less government social insurance. "Transfer Receipts" is the sum of government social benefits and net current transfer receipts from businesses.

(1) March 2021 estimate assumes personal income without transfers equals its February 2020 level and incorporates Morgan Stanley estimates for total income, as of March 26, 2021.

Nonfinancial corporate cash balances have skyrocketed to record highs as liquidity flooded markets in 2020

U.S. Nonfinancial Corporate Liquid Financial Assets

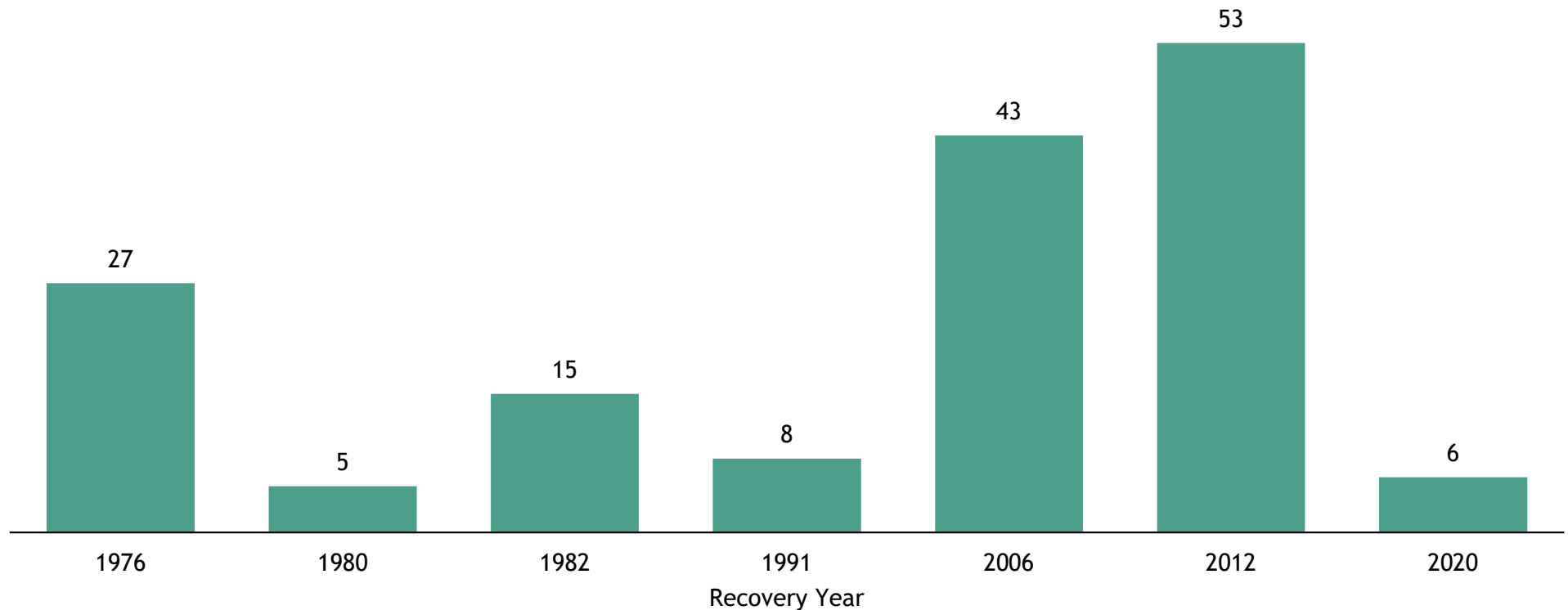
(quarterly)



Source: Federal Reserve, Bureau of Economic Analysis, and National Bureau of Economic Research, as of December 31, 2020. “Liquid financial assets” includes checkable deposits and currency, total time and savings deposits, private foreign deposits, and money market fund shares. “Gross value added” is gross output minus intermediate inputs and represents a company’s contribution to GDP.

2020 was the second-fastest recovery for equity total returns after a recession since 1970

Months to Recovery for S&P 500 Total Returns

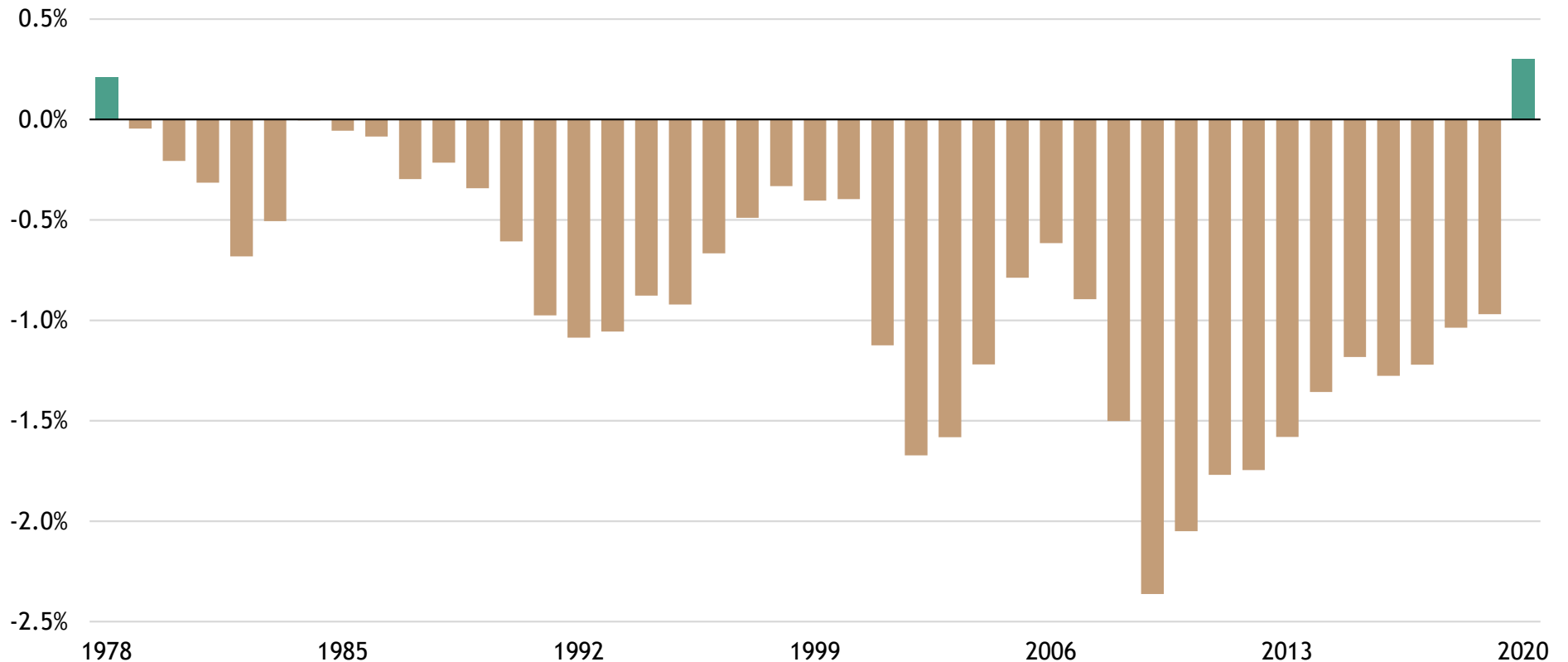


Source: Bloomberg, as of March 26, 2021. "Equity Total Returns" is the total return gross of dividends for the S&P 500 index. "Months to recovery" represents the number of months before total returns regained their previous high after a recession. Recession periods are defined by the National Bureau of Economic Research.

In 2020, state and local governments produced their first budget surplus since 1978

State and Local Government Budget Surplus (Deficit) Including Federal Aid

(percent of GDP)



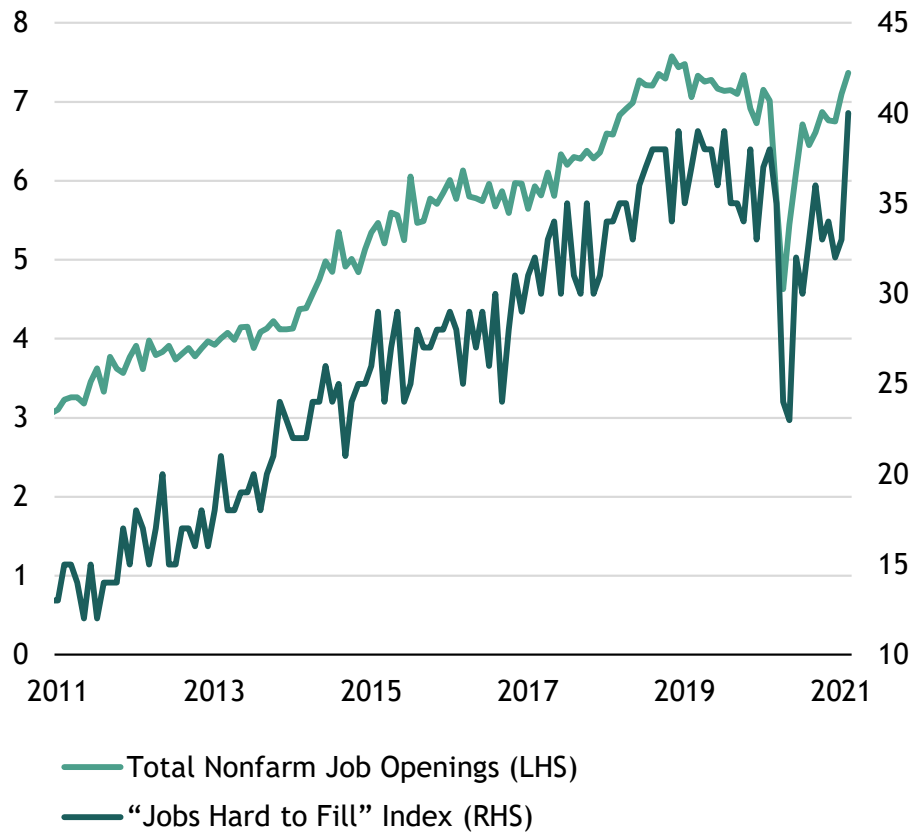
Source: Strategas Research Partners and Bureau of Economic Analysis, as of December 31, 2020.

III. Labor Market and Supply Chain Constraints

Job openings and small businesses saying “jobs hard to fill” are both soaring, despite millions out of work

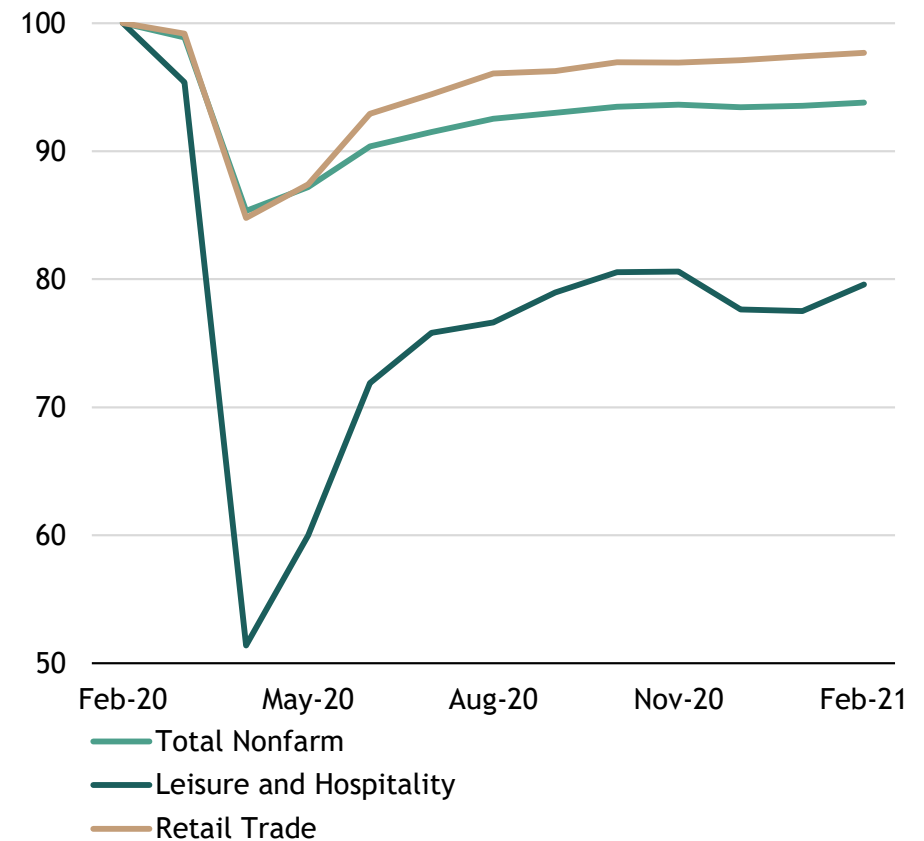
Job Openings and “Hard to Fill” Index⁽¹⁾

(monthly, millions of job openings)



Nonfarm Employees⁽²⁾

(indexed to 100 as of Feb 2020, seasonally adjusted)



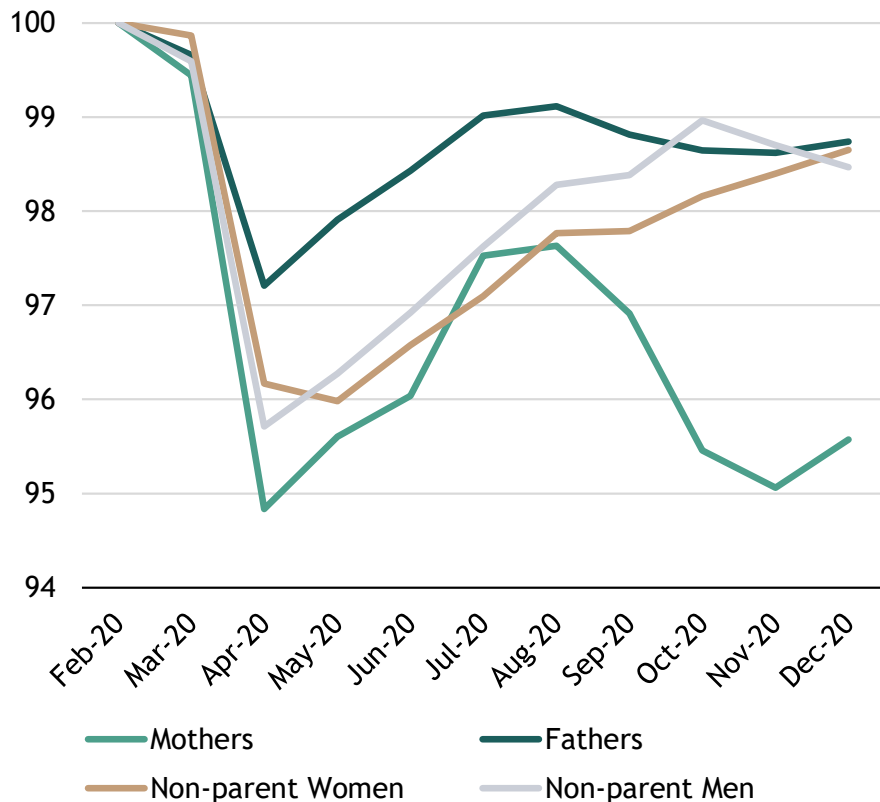
(1) Source: Bureau of Labor Statistics and National Federation of Independent Business, as of February 28, 2021. Total nonfarm job openings are seasonally adjusted.

(2) Source: Bureau of Labor Statistics, as of February 28, 2021.

Labor force participation has dropped significantly; worst for mothers, will be helped by schools' reopening

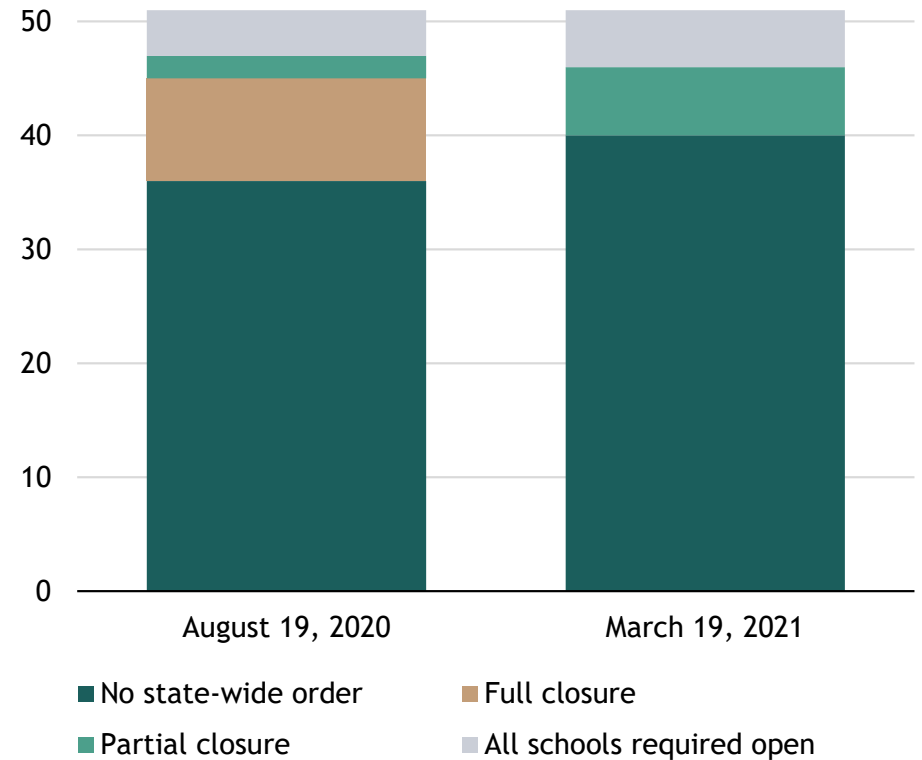
Labor Force Participation Rates⁽¹⁾

(indexed to 100 as of Feb 2020, seasonally adjusted)



U.S. School Closures by State Order⁽²⁾

(number of states; 50 states plus Washington, D.C.)

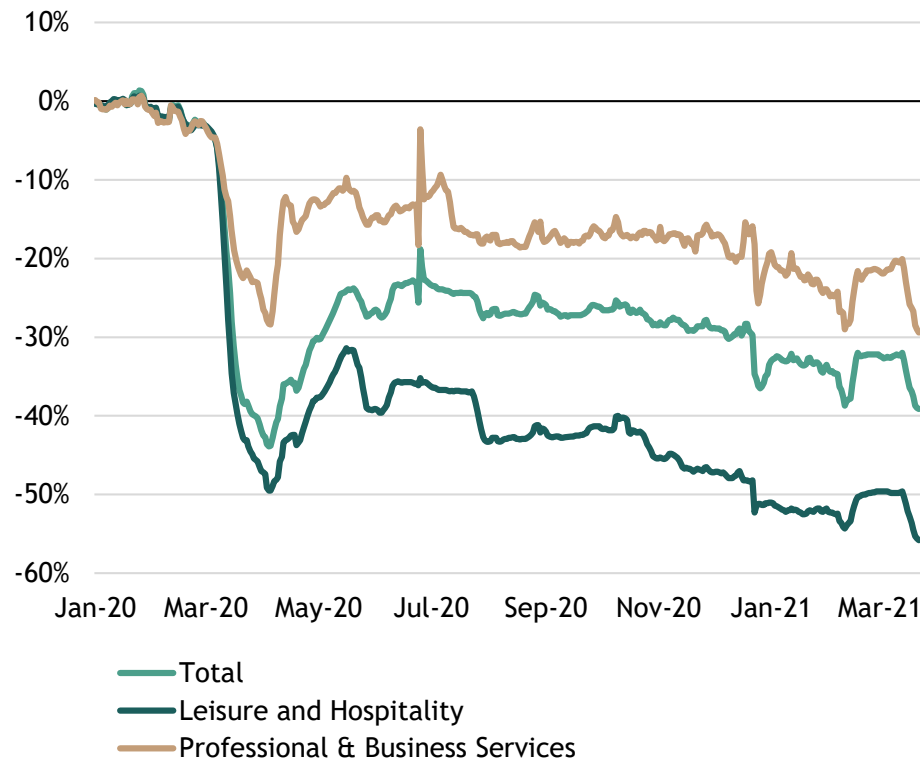


(1) Source: Lofton, Olivia, Nicolas Petrosky-Nadeau, Lily Seitelman. "Parents in a Pandemic Labor Market," Federal Reserve Bank of San Francisco Working Paper 2021-04. <https://doi.org/10.24148/wp2021-04>. Authors' calculations using data from the Current Population Survey. Parental status indicates the presence of a child under the age of 17 years old in the household. Participation rates are 3-month moving averages on seasonally adjusted data.
 (2) Source: Education Week, as of March 19, 2021. Observations shown are the earliest and latest available, respectively.

Persistent small business closures and constrained supply chains could dent capacity, push up prices

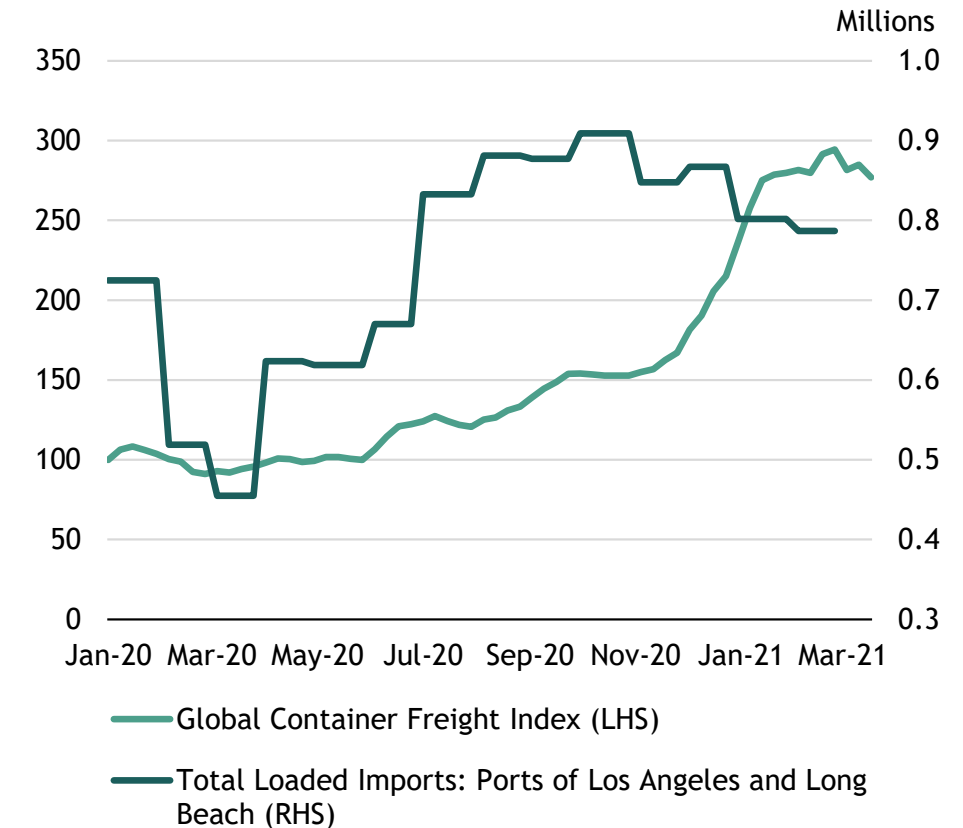
Number of Open Small Businesses⁽¹⁾

(percent change from Jan 2020)



Shipping Dynamics⁽²⁾

(freight index indexed to 100 as of Jan 2020)



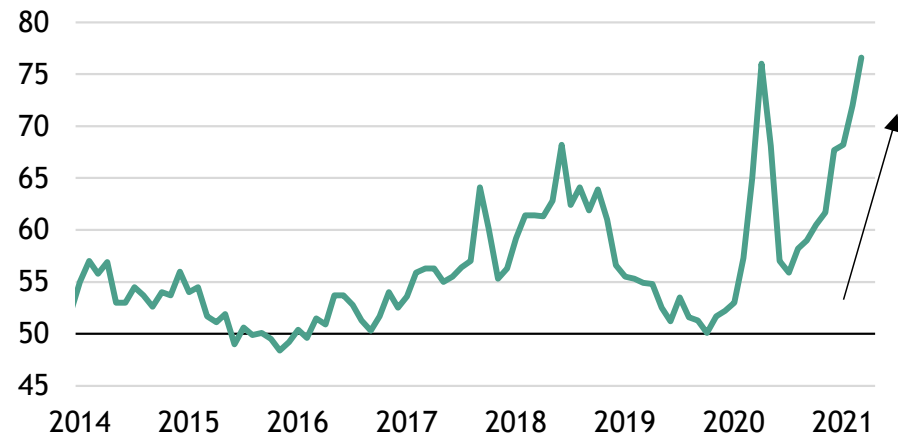
(1) Source: Opportunity Insights Economic Tracker, as of March 31, 2021.

(2) Source: Freightos, as of March 19, 2021; Port of Los Angeles and Port of Long Beach, as of February 26, 2021. "Global Container Freight Index" represents the Freightos Baltic Index, which tracks global FEU ocean freight based on real-time business data from freight carriers and shippers. "Loaded Imports" are measured in TEUs.

“PERFECT STORM” FOR MANUFACTURING

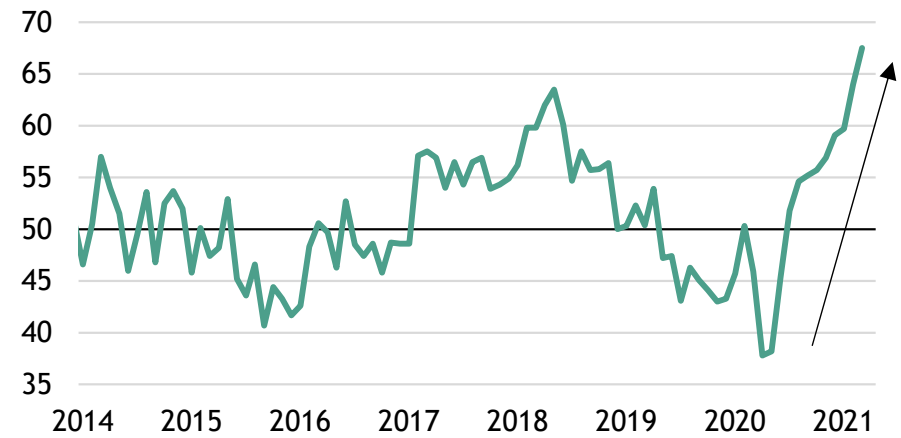
ISM Manufacturing: Delivery Days

(above 50 = delivery times slowing)



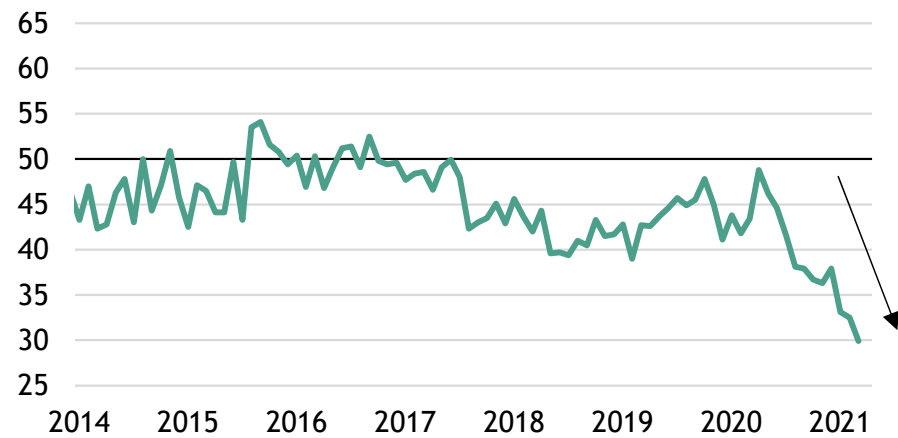
ISM Manufacturing: Backlog of Orders

(above 50 = greater backlog)



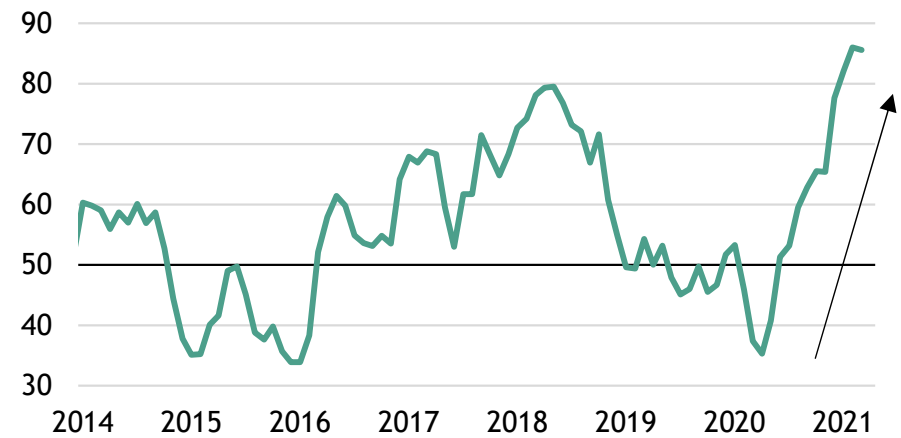
ISM Manufacturing: Customer Inventories

(above 50 = contracting inventories)



ISM Manufacturing Prices

(prices above 50 = rising)



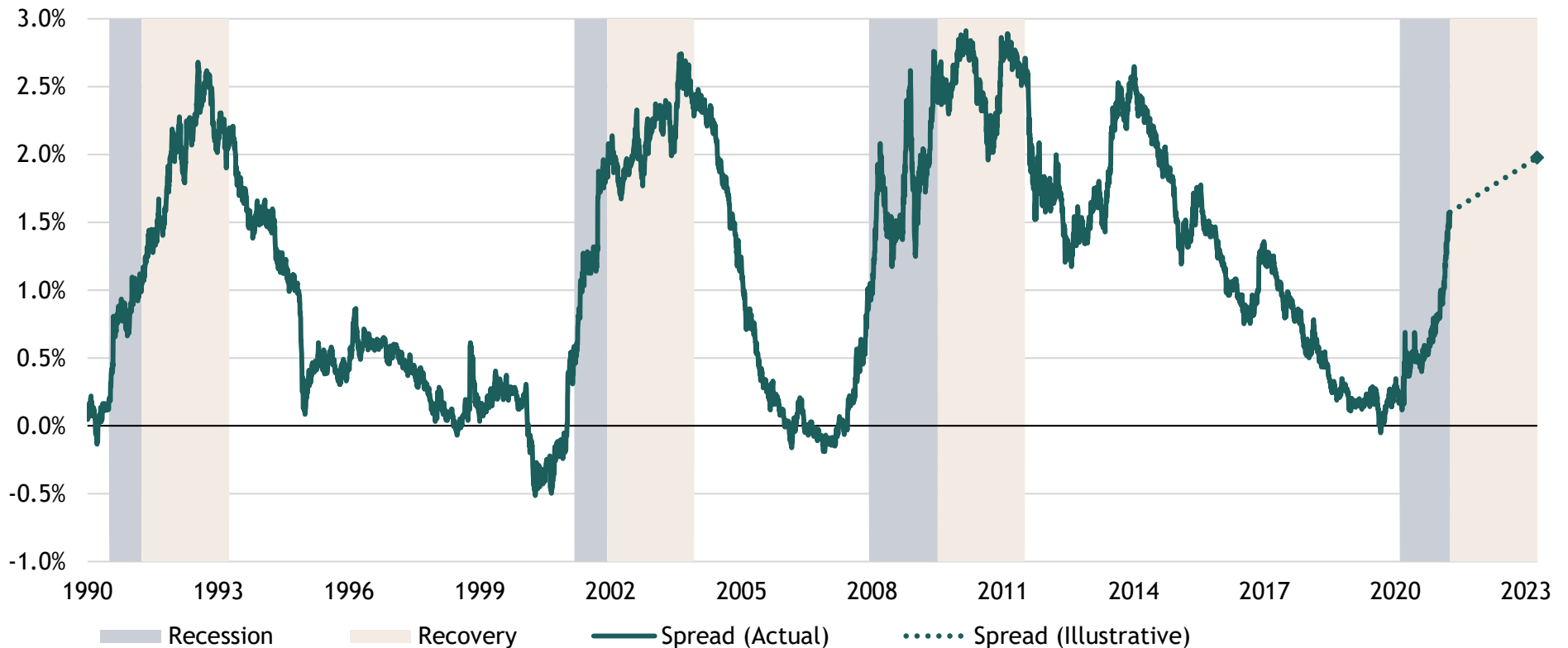
Source: Institute for Supply Management (ISM), Bloomberg, and Blackstone Investment Strategy, as of March 31, 2021.

IV. Short-Term Reflation and Rising Rates

In the last three recoveries, Treasuries steepened by 180bps from recession start through two years of recovery

10-Year–2-Year U.S. Treasury Yield Spread

(daily nominal yields)

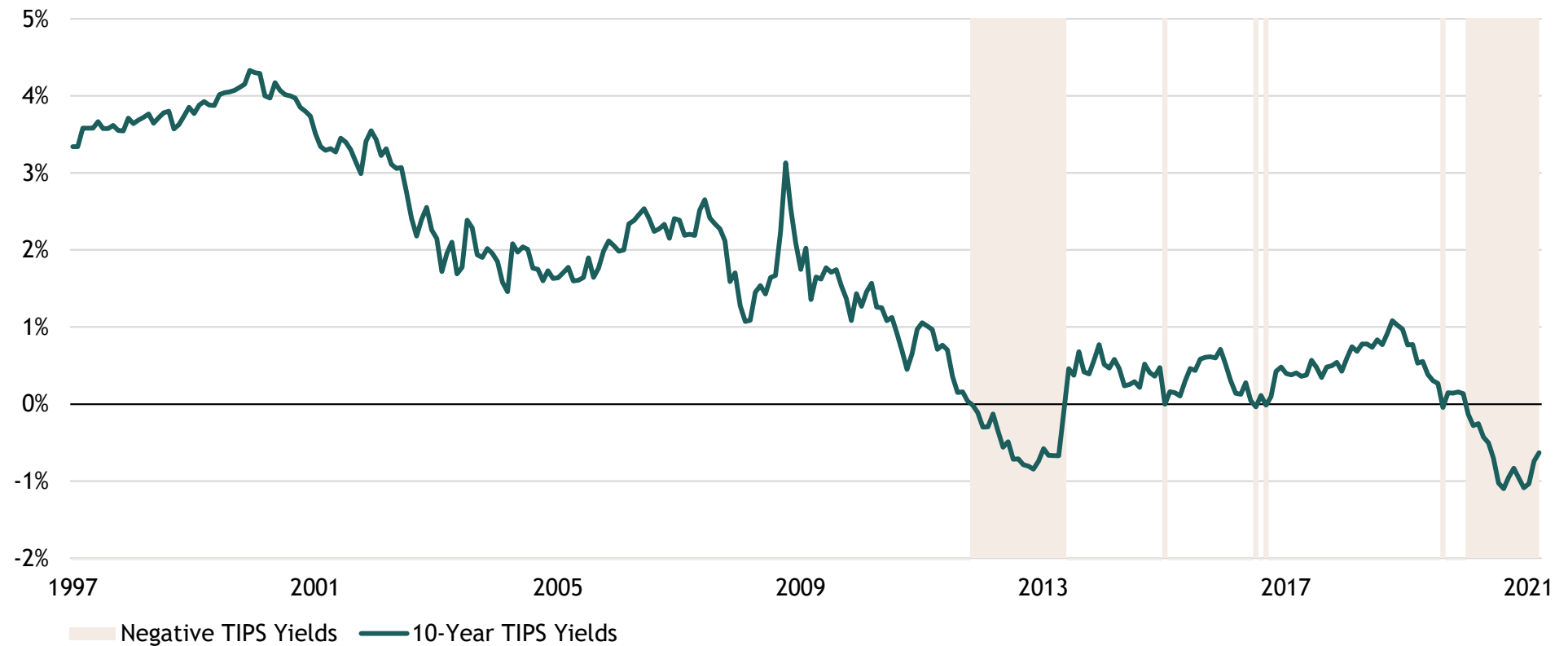


Source: Bloomberg, as of March 31, 2021. Recessions are defined by the National Bureau of Economic Research; recoveries are defined as the two years following the preceding recession's end. The illustrative increase represents the average rise in the 10-year / 2-year spread from recession start to 24 months after recession end over the last three recessions.

Negative U.S. real rates remain historical anomaly; TIPS yields have increased along with nominal yields

10-Year U.S. TIPS Yields

(monthly)

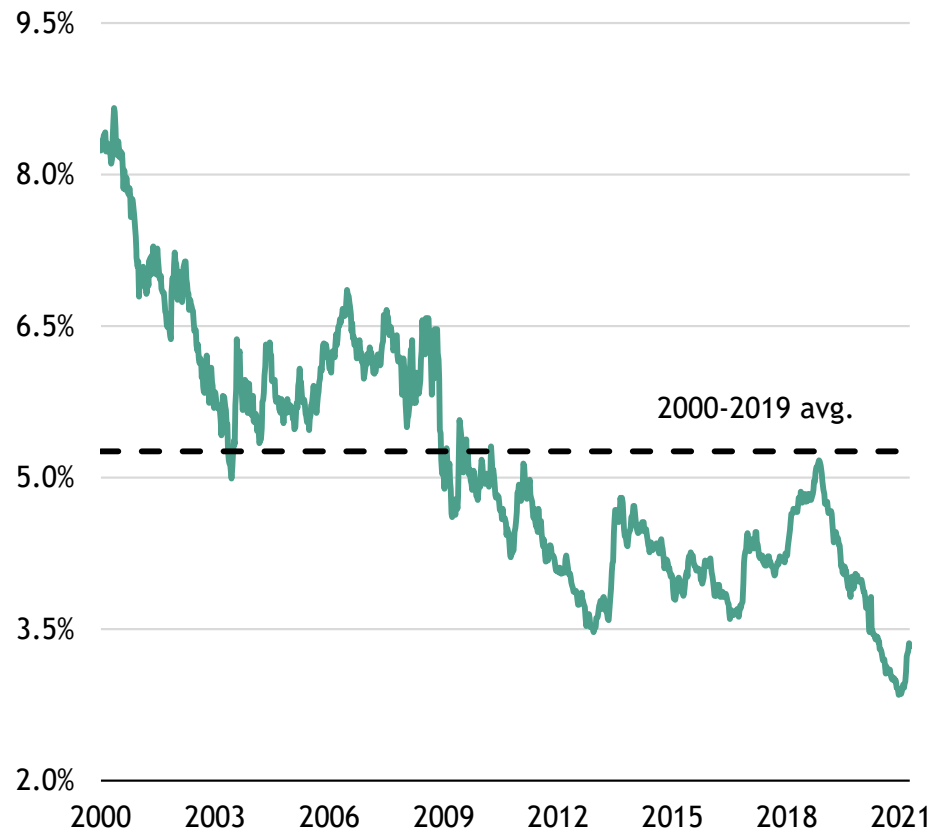


Source: Bloomberg, as of March 31, 2021. TIPS are Treasury Inflation-Protected Securities.

Given historically low levels, higher mortgage rates are likely to slow, not stop, the U.S. housing market

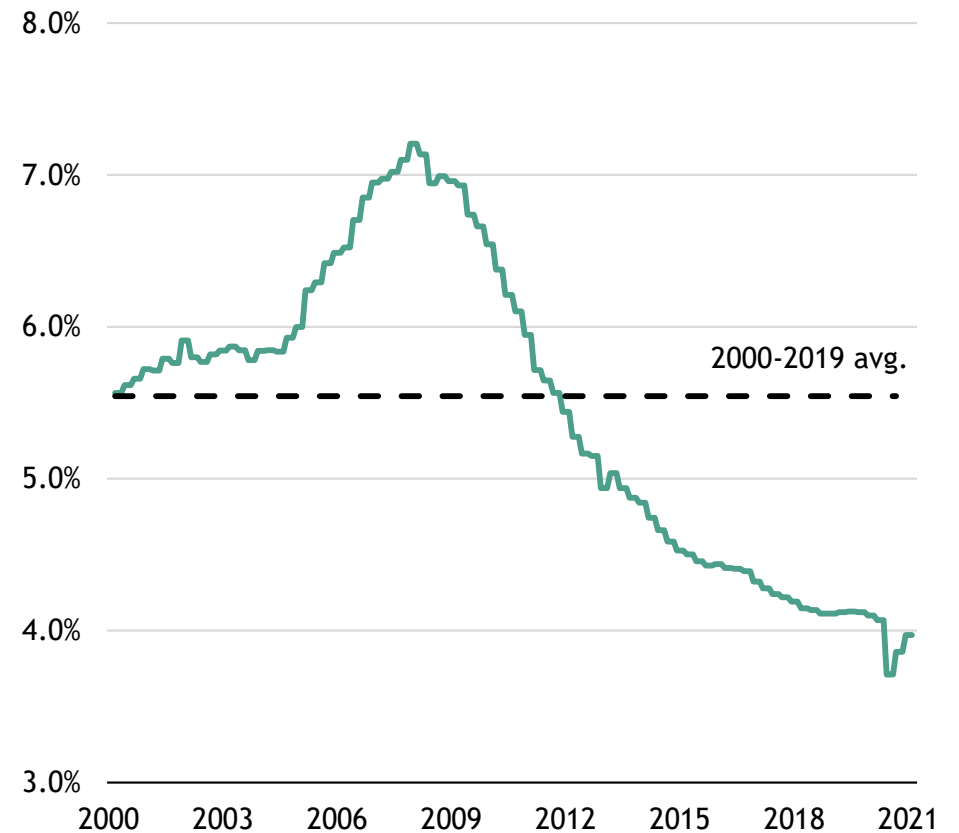
30-Year Fixed-Rate Mortgage Contract Rate

(weekly)



Mortgage Debt Service

(percent of disposable income, monthly)

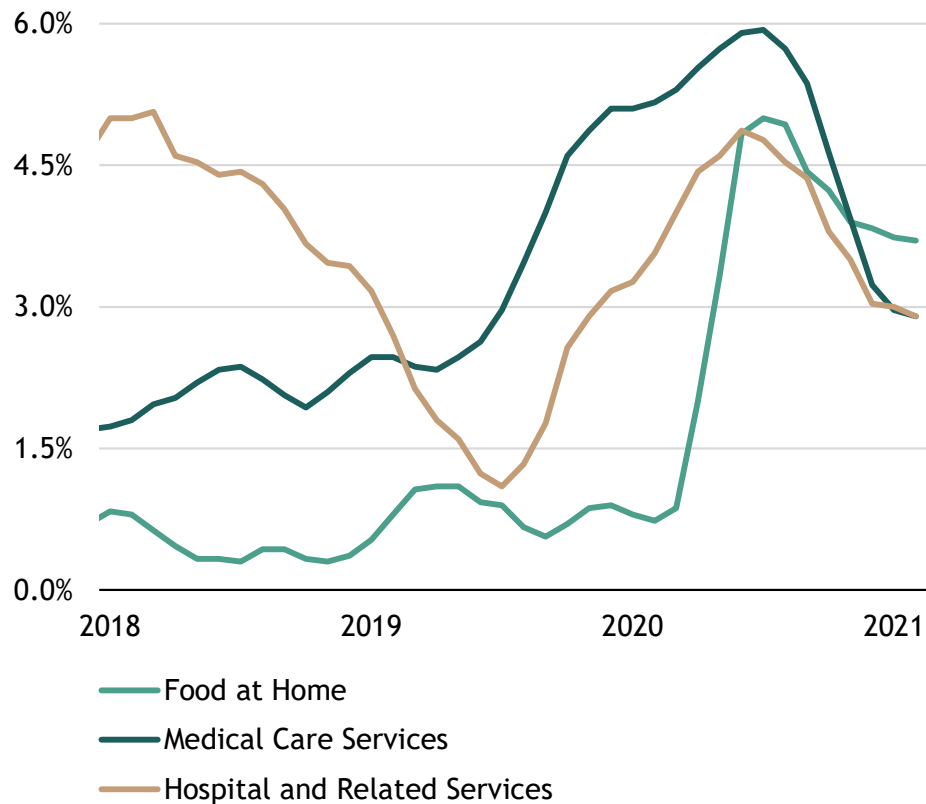


Source: Mortgage Bankers' Association, Federal Reserve, and Bloomberg, as of March 31, 2021 (mortgage rates) and December 31, 2020 (mortgage interest).

Prices are elevated in “lockdown” categories but remain depressed in “outside the home” categories

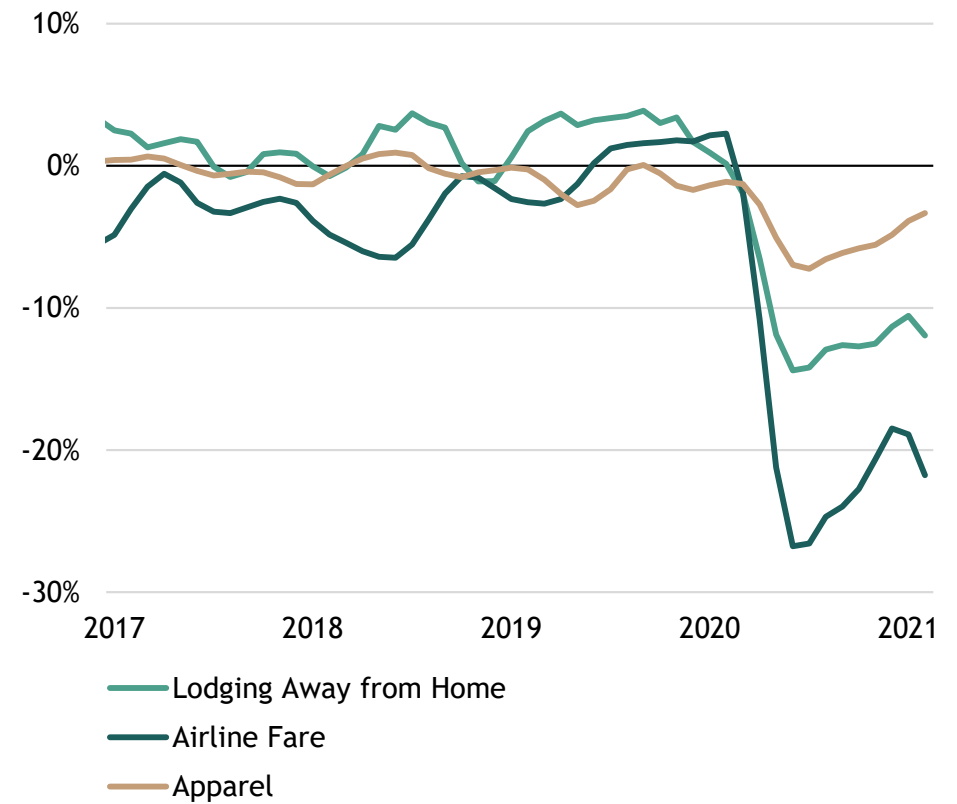
“Lockdown” Categories: CPI for Food, Medical, Hospital Services

YoY Change (3M rolling average)



“Outside the Home” Categories: CPI for Lodging, Airlines, Apparel

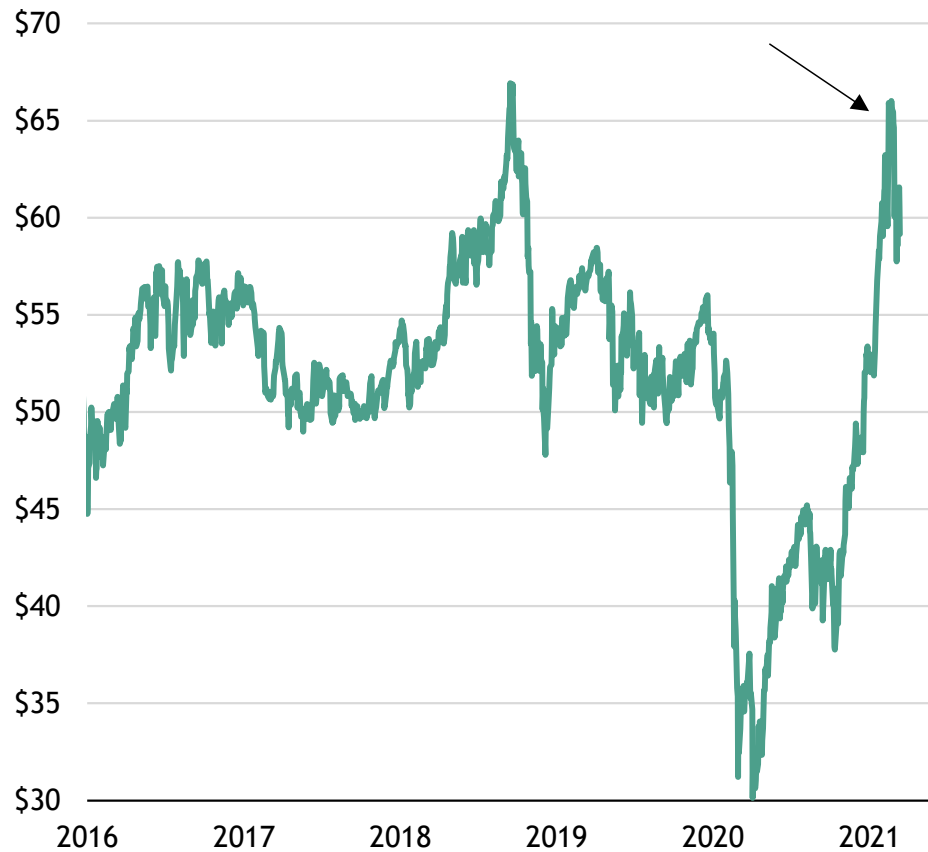
YoY Change (3M rolling average)



Source: Haver Analytics and Bureau of Labor Statistics, as of February 28, 2021.

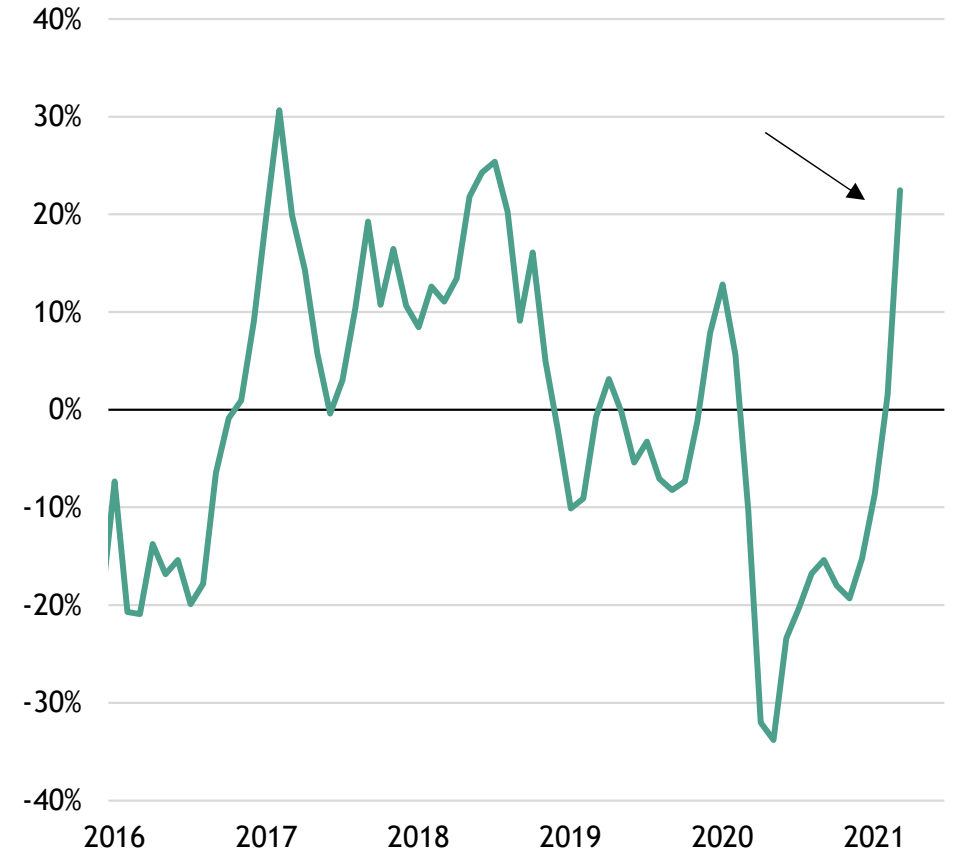
Oil soared above \$65/bbl in March, while CPI growth for gasoline is positive for first time since pre-COVID-19

WTI Crude Spot Price



CPI: Gasoline Prices

YoY Growth

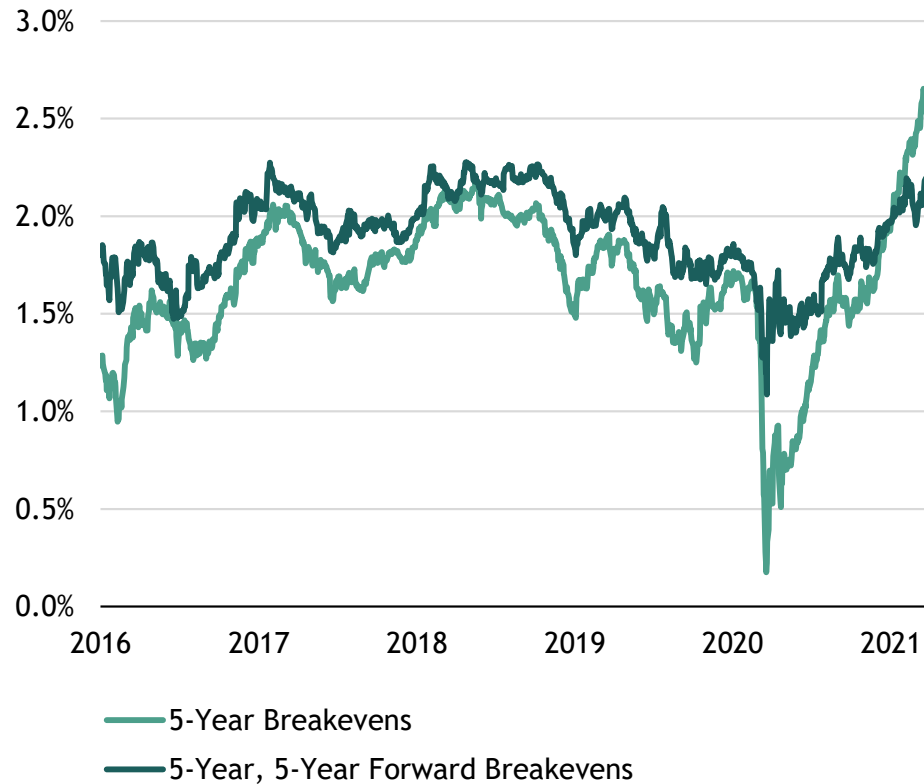


Source: Bloomberg and Bureau of Labor Statistics, as of March 31, 2021.

Global market expectations for inflation have recovered to pre-COVID-19 levels, have soared in the U.S.

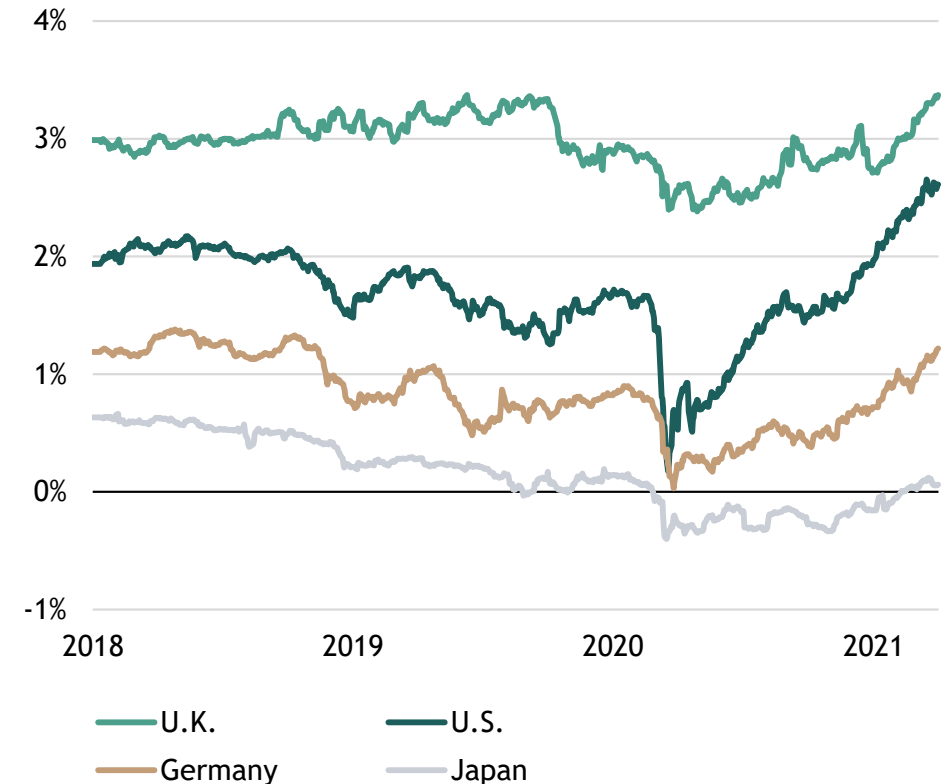
U.S. Treasury Yield Breakevens⁽¹⁾

(daily)



Global Sovereign Bond 5-Year Breakevens

(daily)

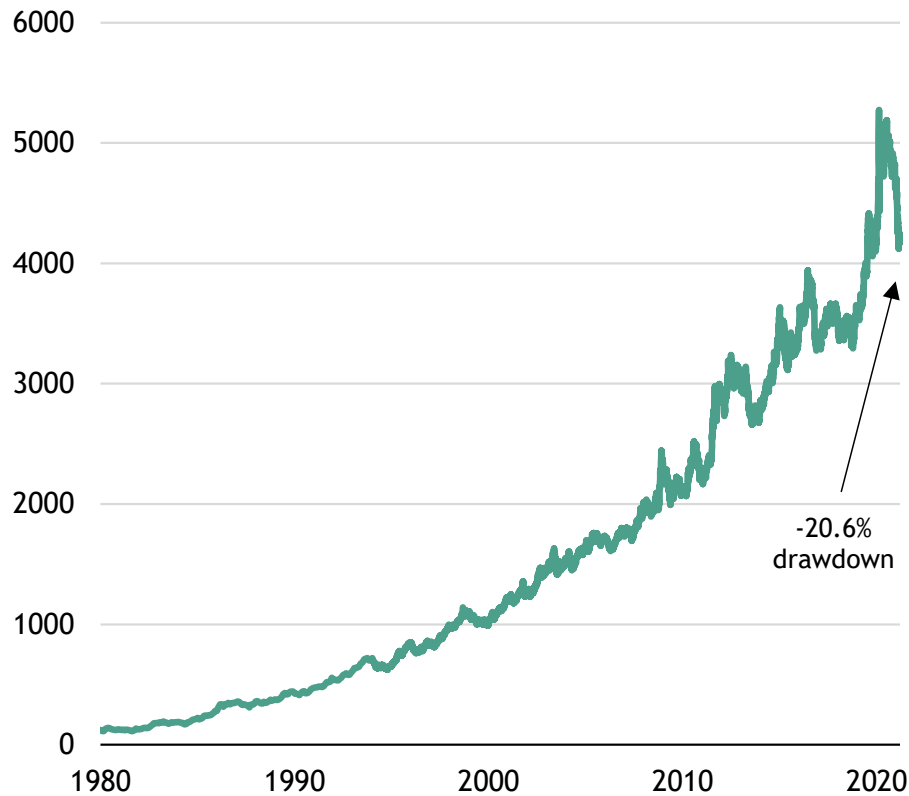


Source: Bloomberg, as of March 23, 2021. Breakevens are calculated by subtracting the real yield of the inflation-linked maturity curve from the yield of the closest nominal Treasury maturity. The result is the implied inflation rate for the term of the stated maturity.

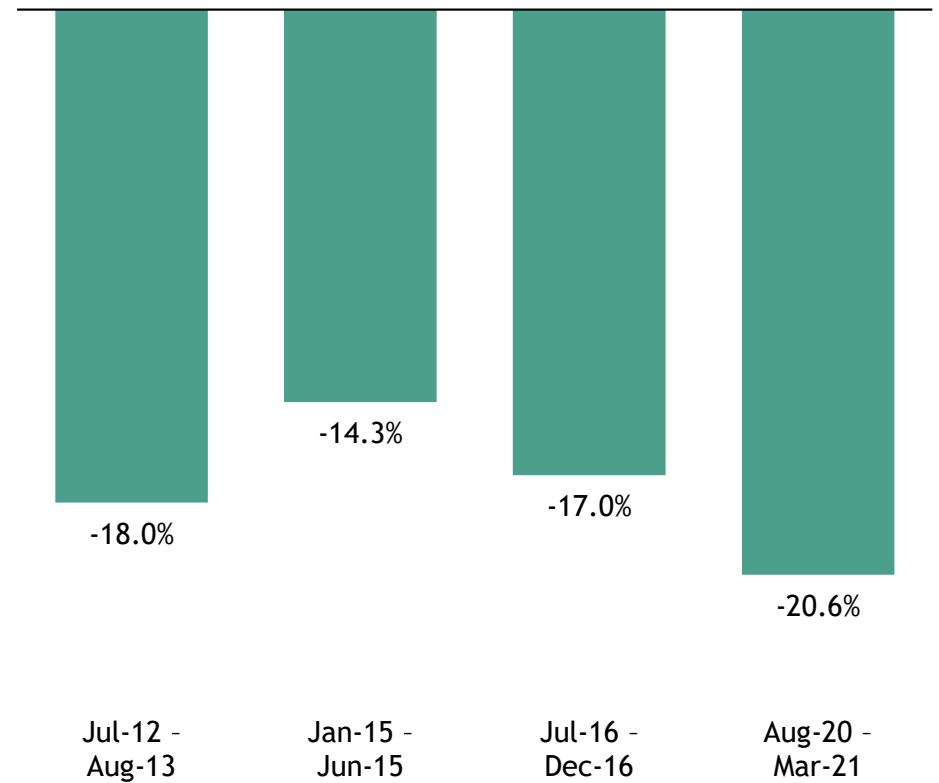
(1) "5-Year, 5-Year Forward Breakevens" are estimates of inflation expectations for the five-year period that begins five years from the present.

Treasury bear market began in March 2021 after 20% price drop in long-maturity bonds since August 2020

Bloomberg Barclays US Long Treasury Total Return Index



Historical Long Treasury Total Return Drawdowns

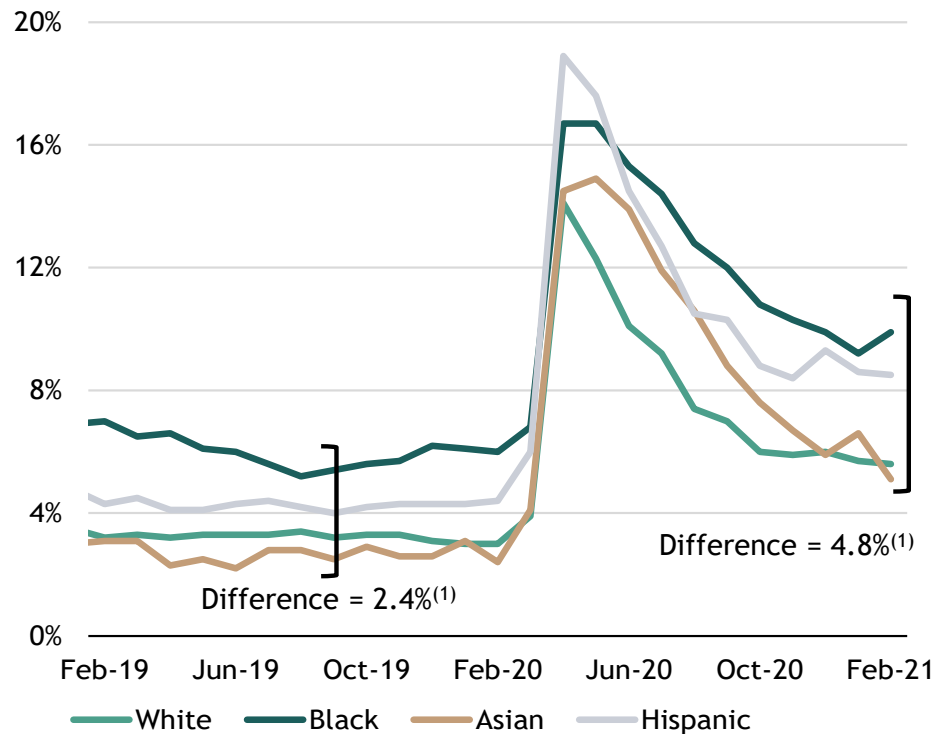


Source: Bloomberg, as of March 31, 2021. The Bloomberg Barclays U.S. Long Treasury Index measures US dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury with 10 years or more to maturity. "Total Return" represents the index's unhedged value. "Drawdown" represents the index's peak-to-trough decrease in total returns on a daily basis.

Fed's goal is "maximum employment"— seeking broad-based and inclusive job gains, not just at aggregate level

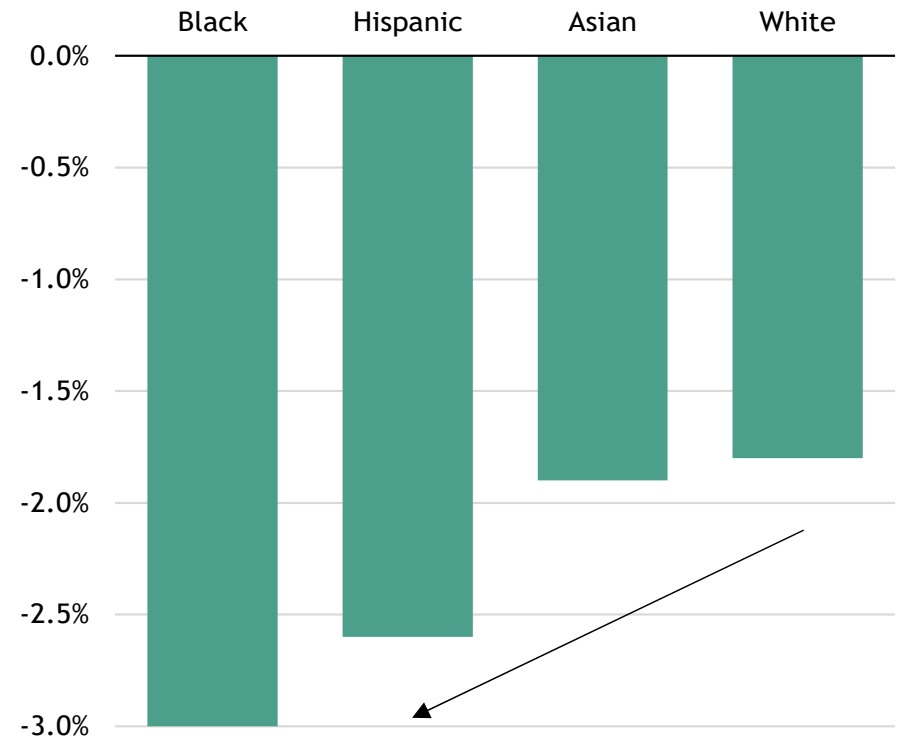
Unemployment Rate by Race

(persons 16 years and older)



Change in Labor Force Participation Rate by Race, Feb 2021 vs. Feb 2020

(persons 16 years and older)



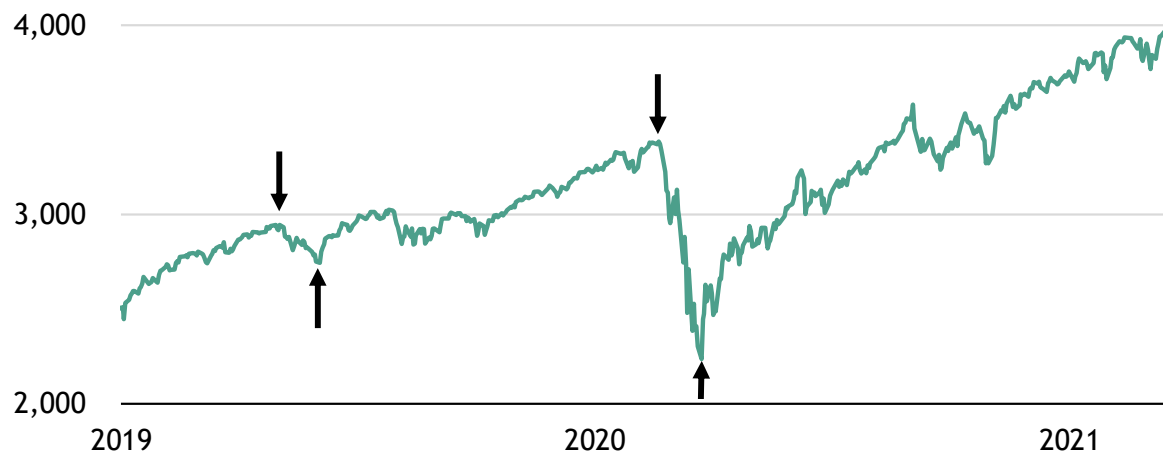
Source: Haver Analytics and Bureau of Labor Statistics, as of February 28, 2021.

(1) Note: Difference shown is the maximum value less the minimum value.

V. Outlook for Financial Markets

Market sentiment at optimistic extreme in recent months

S&P 500 Composite Index



S&P 500 Index Performance⁽¹⁾

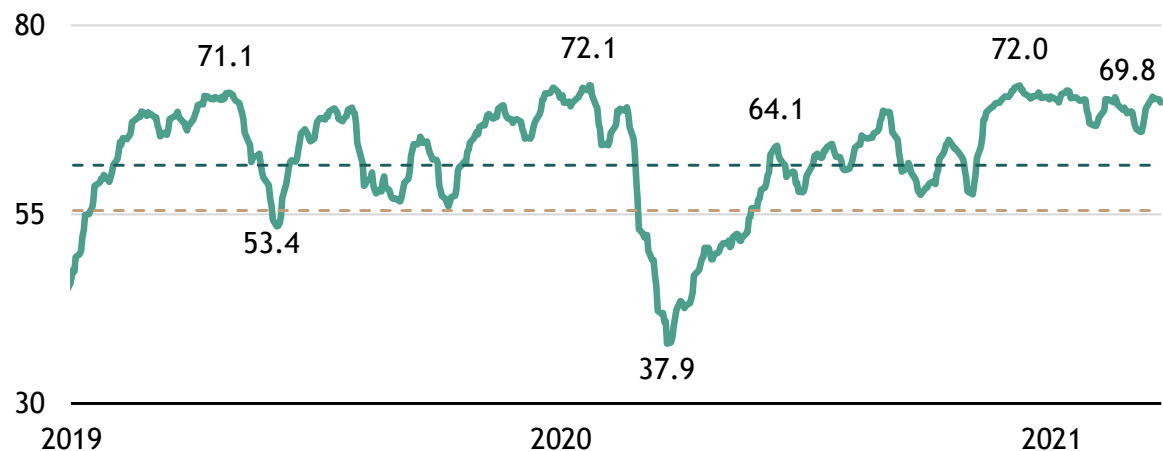
Full History: 12/1/1995-3/23/2020

NDR Crowd Sentiment Poll is:	% Gain / Annum	% of Time
Above 66.0	-2.0	26
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) = 46.9
- Average spread between extremes = 21.5

NDR Crowd Sentiment Poll



Extremes generated when sentiment reading:⁽³⁾

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

Source: Ned Davis Research, as of March 23, 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												
		0.50%	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%	3.00%	3.25%	3.50%
Trailing Twelve-Month EPS	\$186	15,228	10,152	7,614	6,091	5,076	4,351	3,807	3,384	3,046	2,769	2,538	2,343	2,175
	\$188	15,392	10,261	7,696	6,157	5,131	4,398	3,848	3,420	3,078	2,799	2,565	2,368	2,199
	\$190	15,556	10,370	7,778	6,222	5,185	4,444	3,889	3,457	3,111	2,828	2,593	2,393	2,222
	\$192	15,719	10,480	7,860	6,288	5,240	4,491	3,930	3,493	3,144	2,858	2,620	2,418	2,246
	\$194	15,883	10,589	7,942	6,353	5,294	4,538	3,971	3,530	3,177	2,888	2,647	2,444	2,269
	\$196	16,047	10,698	8,023	6,419	5,349	4,585	4,012	3,566	3,209	2,918	2,674	2,469	2,292
	\$198	16,211	10,807	8,105	6,484	5,404	4,632	4,053	3,602	3,242	2,947	2,702	2,494	2,316
	\$200	16,374	10,916	8,187	6,550	5,458	4,678	4,094	3,639	3,275	2,977	2,729	2,519	2,339
	\$202	16,538	11,025	8,269	6,615	5,513	4,725	4,135	3,675	3,308	3,007	2,756	2,544	2,363
	\$204	16,702	11,135	8,351	6,681	5,567	4,772	4,175	3,712	3,340	3,037	2,784	2,570	2,386
	\$206	16,866	11,244	8,433	6,746	5,622	4,819	4,216	3,748	3,373	3,066	2,811	2,595	2,409
	\$208	17,029	11,353	8,515	6,812	5,676	4,866	4,257	3,784	3,406	3,096	2,838	2,620	2,433
	\$210	17,193	11,462	8,597	6,877	5,731	4,912	4,298	3,821	3,439	3,126	2,866	2,645	2,456
	\$212	17,357	11,571	8,678	6,943	5,786	4,959	4,339	3,857	3,471	3,156	2,893	2,670	2,480
	\$214	17,521	11,680	8,760	7,008	5,840	5,006	4,380	3,893	3,504	3,186	2,920	2,695	2,503
\$216	17,684	11,790	8,842	7,074	5,895	5,053	4,421	3,930	3,537	3,215	2,947	2,721	2,526	

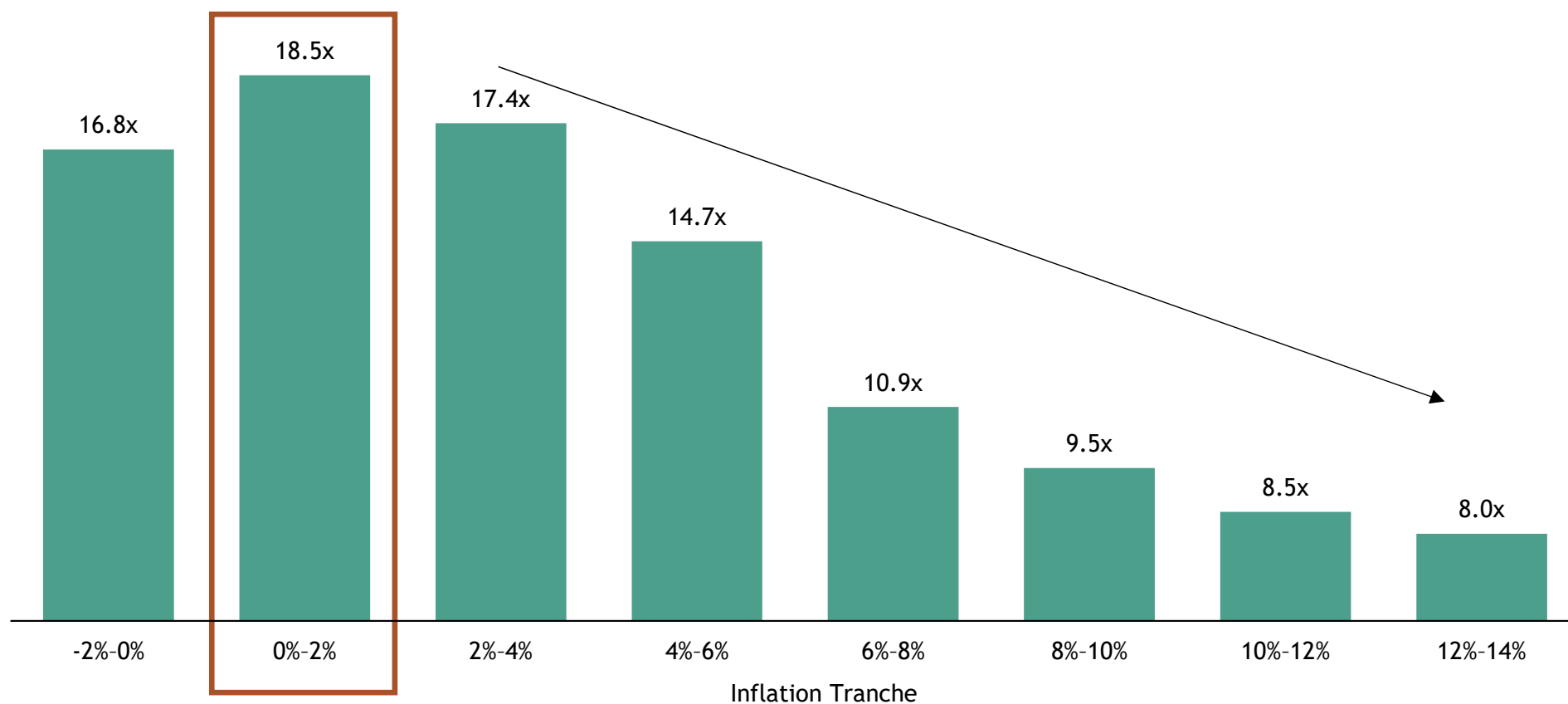
Source: Blackstone Investment Strategy, as of March 31, 2021.

(1) Assumes starting S&P 500 Earnings Per Share of \$144, 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% and equity risk premium is a constant 4%.

Inflation in 0%-2% range supports elevated valuations, but higher inflation has historically led to P/E compression

Average S&P 500 P/E Ratio by CPI YoY Tranche, 1950 to Present

(S&P 500 LTM P/E Ratio)

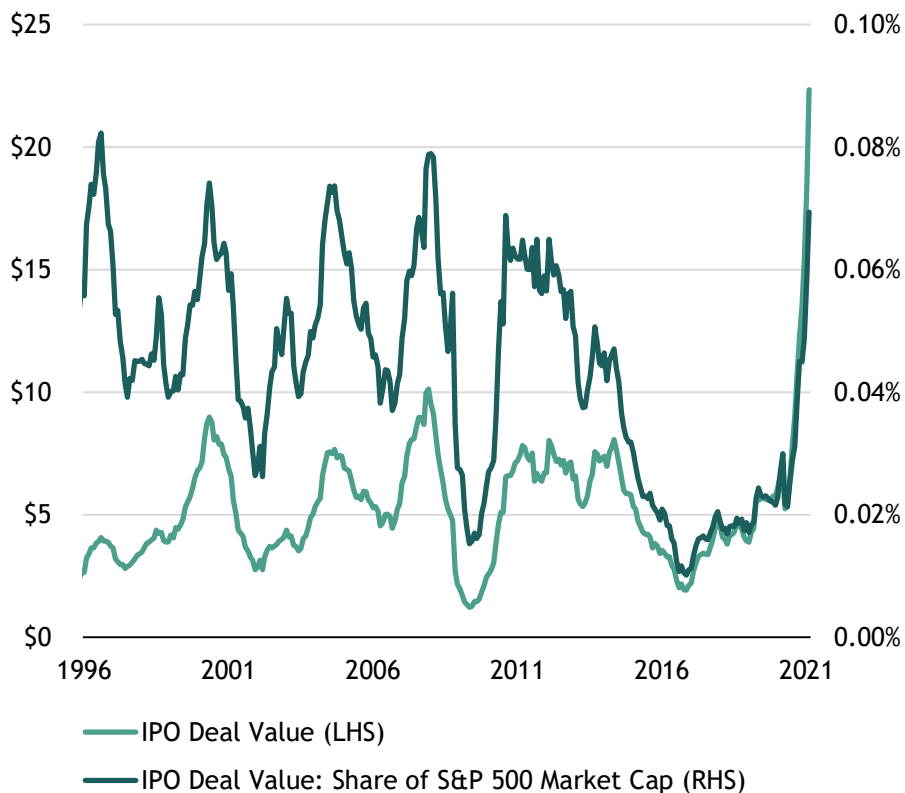


Source: Strategas Research Partners, as of February 28, 2021.

Initial public offerings have soared, with IPOs by SPACs in 1Q21 alone already setting an annual record

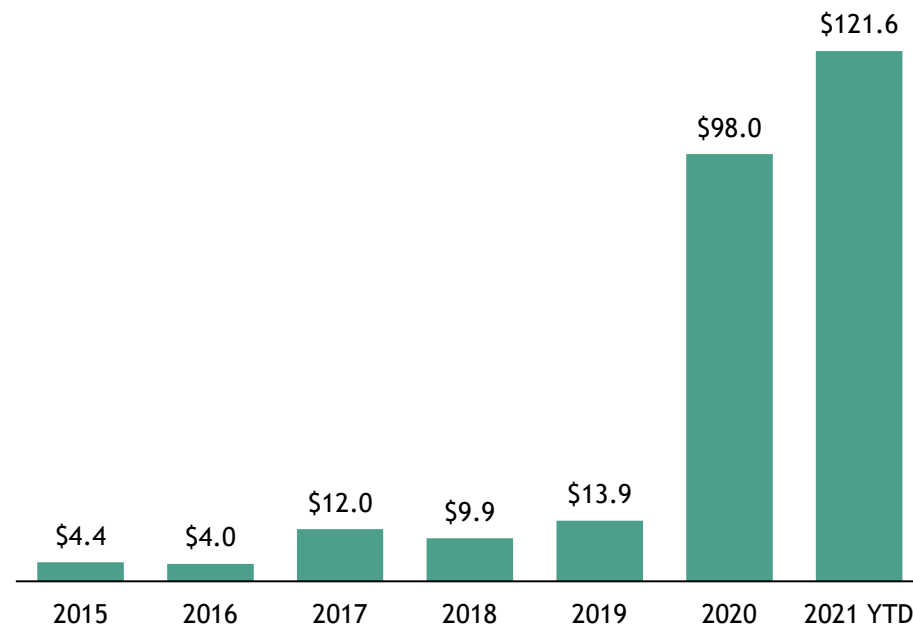
U.S. IPO Deal Value⁽¹⁾

(US\$ in billions, 12-month moving average)



U.S. SPAC IPO Deal Value⁽²⁾

(US\$ in billions)



(1) Source: Bloomberg, as of February 26, 2021. "IPO Deal Value" includes all announced U.S. initial public offerings, aggregated on a monthly basis by announcement date.

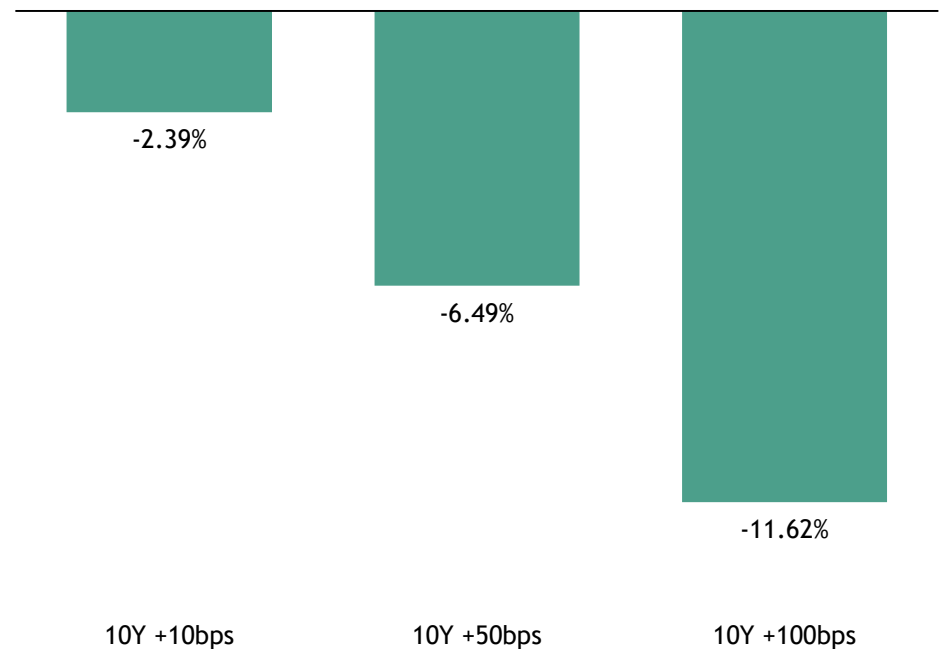
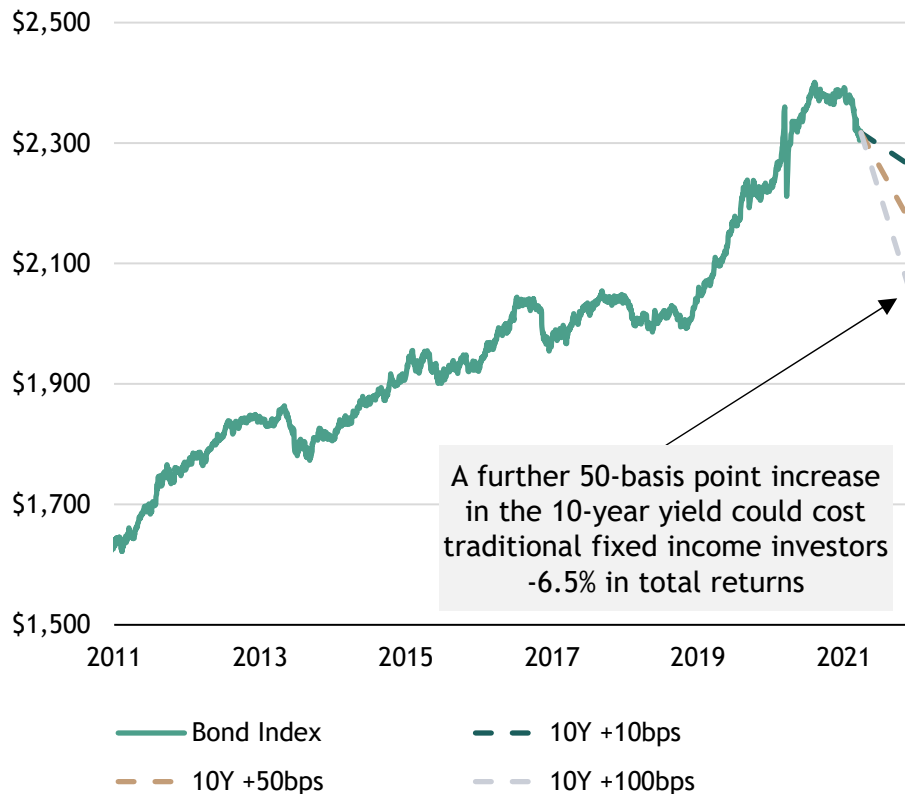
(2) Source: Bloomberg, as of March 23, 2021. "SPAC IPO Deal Value" includes all announced U.S. SPAC initial public offerings, aggregated on an annual basis by announcement date. 2021 observation is YTD.

Long duration in traditional fixed income could damage investor returns as the Treasury curve steepens

Projected Impact of Rising 10-Year U.S. Treasury Yield on Traditional Fixed Income

(based on bond prices and Treasury yields as of 3/25/21)

(loss to fixed income)



Source: Bloomberg and Blackstone Investment Strategy, as of March 25, 2021. Projections based on a linear model that decomposes the price of the Bloomberg Barclays U.S. Aggregate Bond Index on the index's average duration of underlying securities and on the 10-year Treasury yield's level and 30-day percentage change, based on daily data from January 3, 1989 to March 25, 2021.

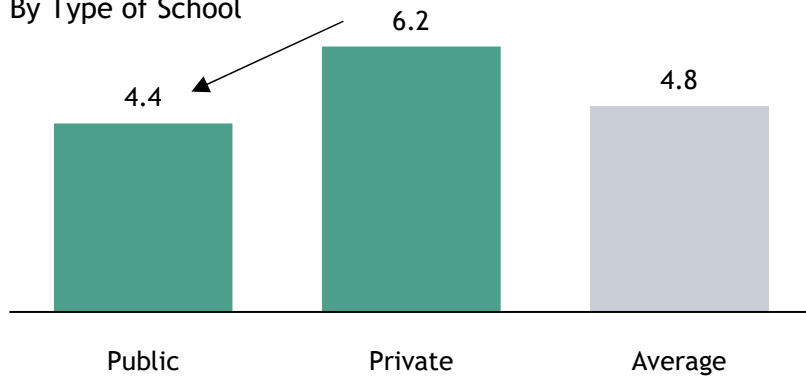
VI. Long-Term Trends to Consider

We've yet to grapple with the unequal impacts on students of a full year of remote instruction

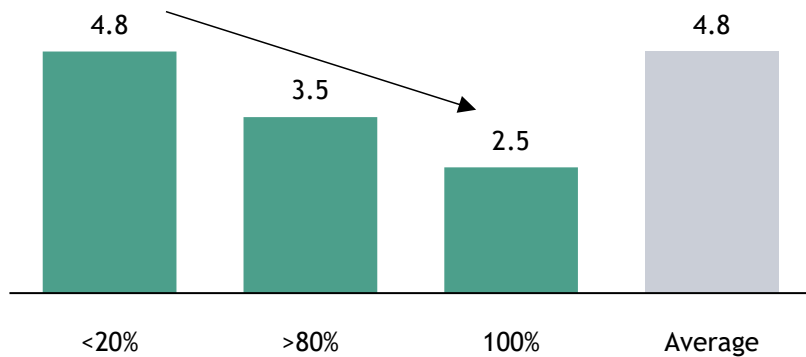
Remote Learning Effectiveness

(10 = equivalent to in-person learning, 0 = least effective)

By Type of School

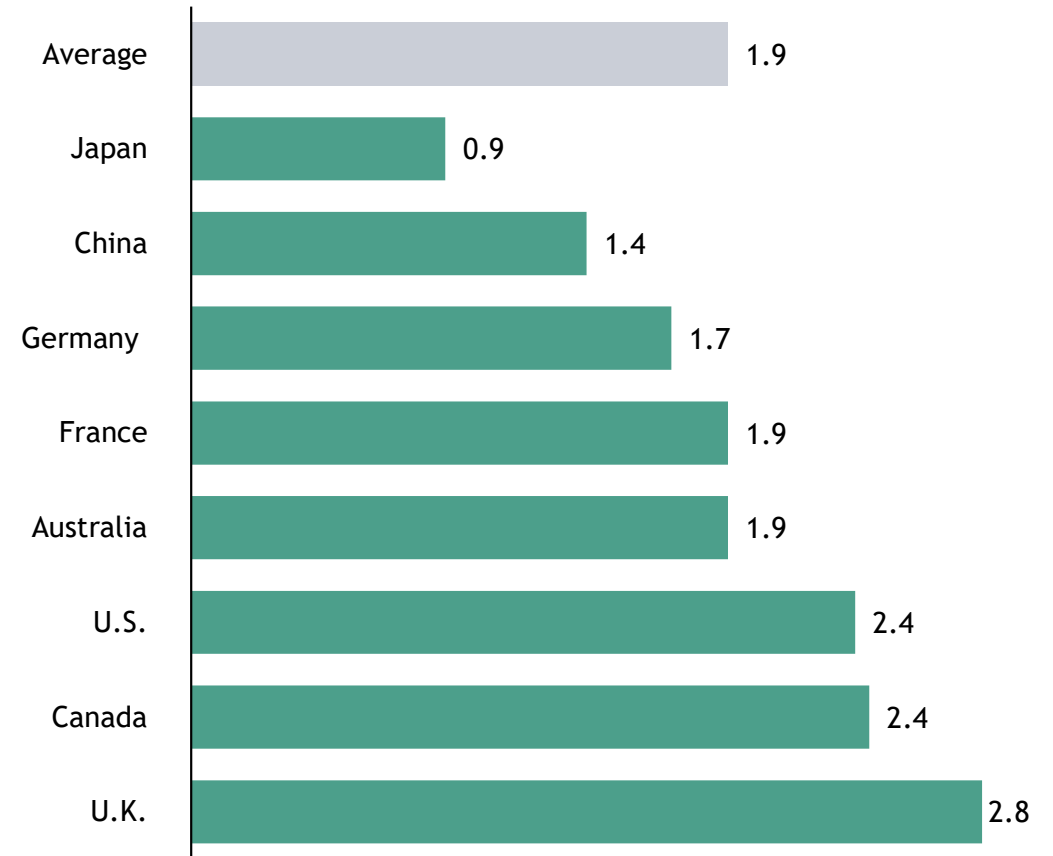


By Share of Students Below Poverty Line



Estimated Amount of Learning Lost

(in months, average of teacher responses)

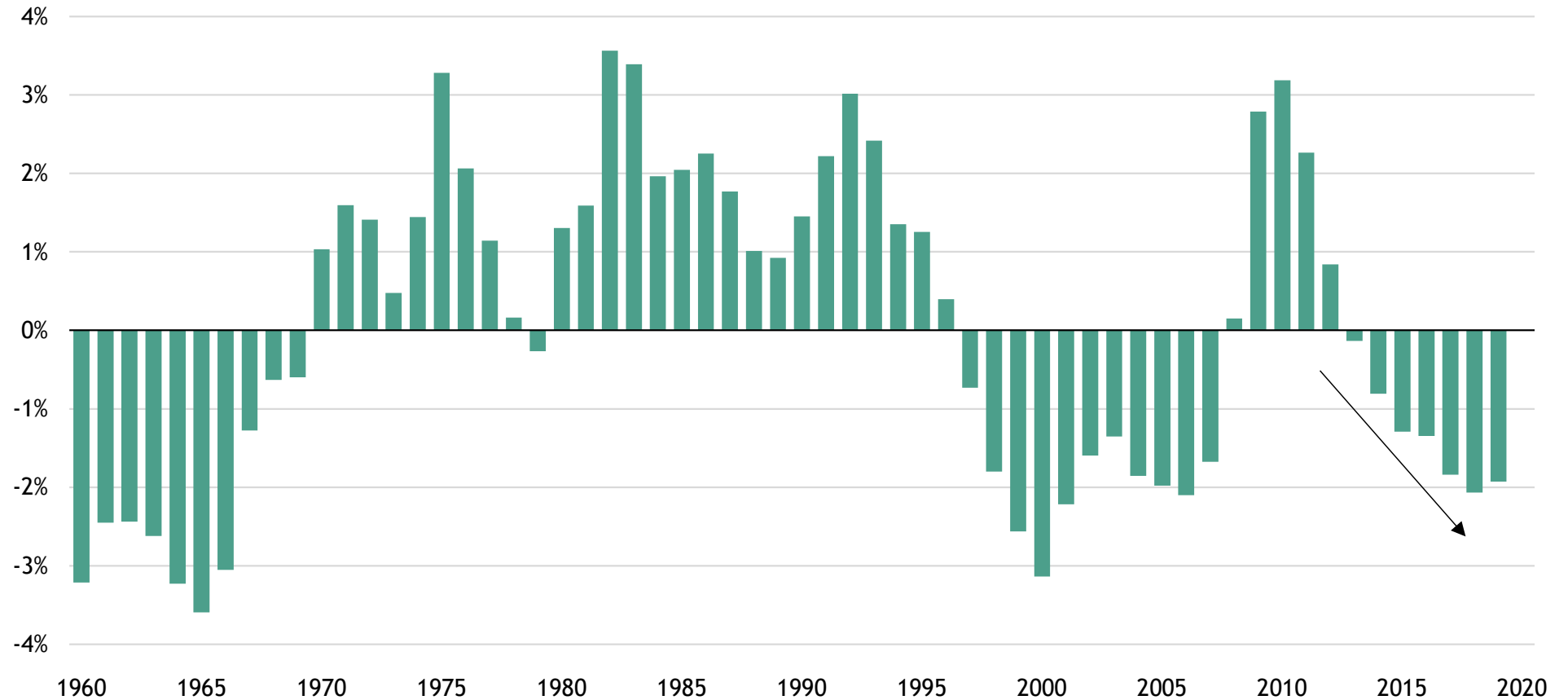


Source: McKinsey Teacher Sentiment Survey, carried out October 28, 2020 to November 17, 2020. Report date as of March 21, 2021.

Government spending on infrastructure programs has undershot the historical trend in each of last 7 years

Deviation of Government Infrastructure Expenditures from Historical Trend

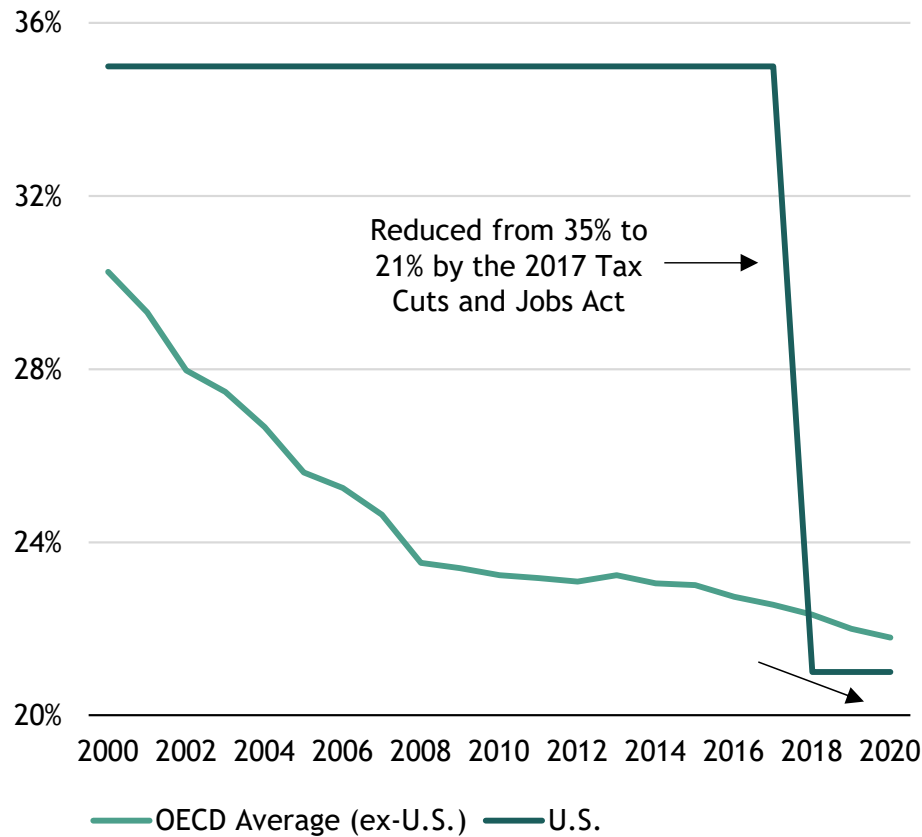
(percent of GDP)



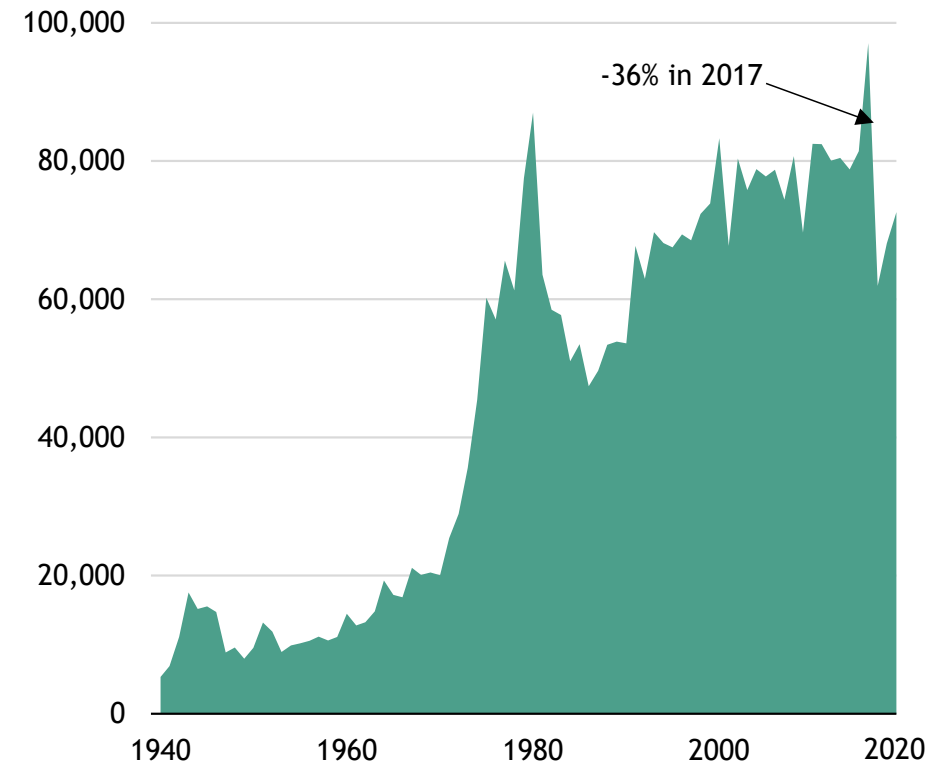
Source: Bureau of Economic Analysis, as of December 31, 2019. "Government Expenditures on Public Infrastructure" represents total current expenditures across income security, education, recreation and culture, health, housing and community services, economic affairs, public order and safety, national defense, and general public service. "Historical Trend" is the linear trend of annual expenditures as a share of GDP from 1960 through 2019.

Corporate profits have benefited from lower taxes and deregulation, trends which may reverse in coming years

Statutory Corporate Income Tax Rate



Number of Pages in U.S. Federal Register⁽¹⁾

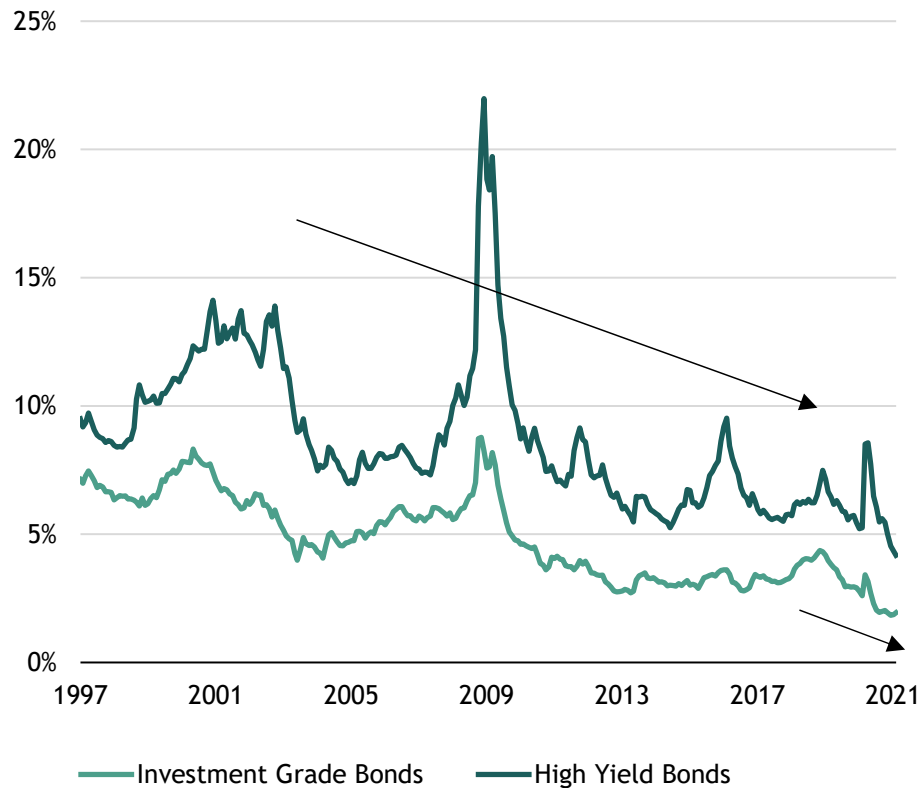


Source: OECD, Office of the Federal Register, and Haver Analytics, as of December 31, 2020.

(1) This series is used to track the flow of new government regulations each year and as a proxy for the federal regulatory burden.

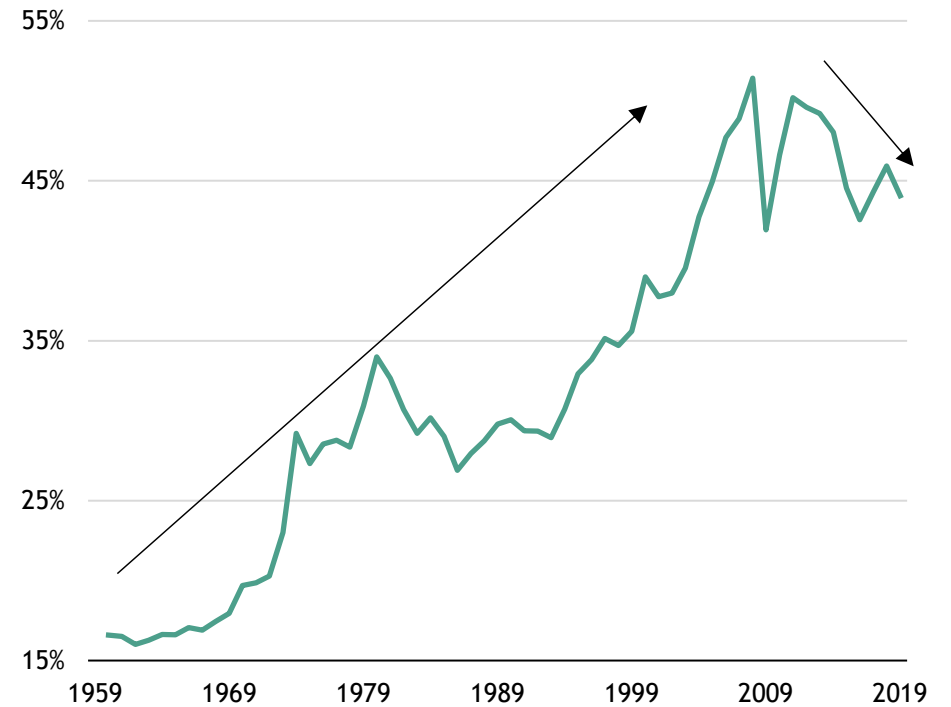
Corporate profits have benefited from record-low borrowing costs and rising globalization

U.S. Corporate Bond Yields



World Merchandise Trade

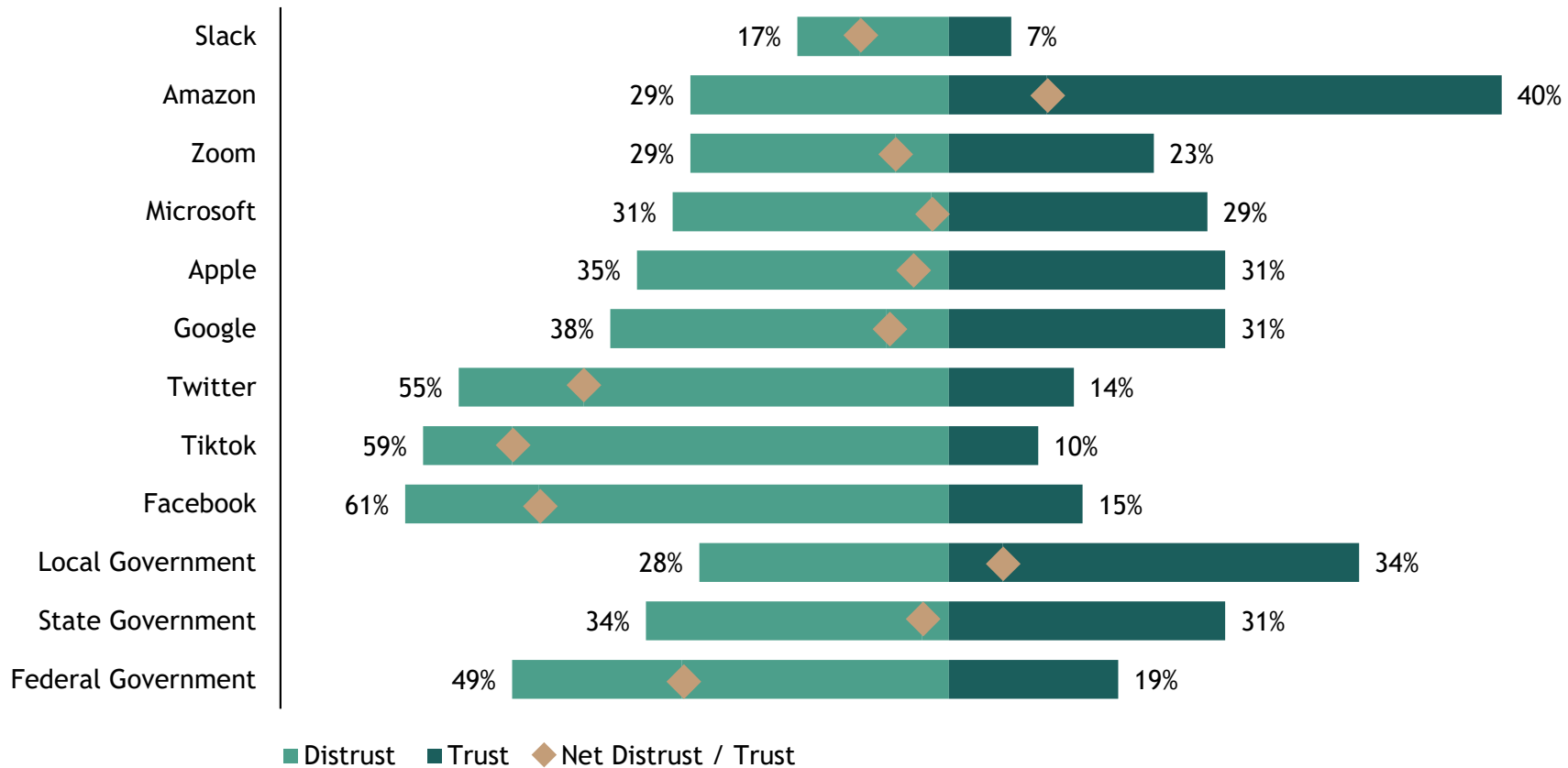
(percent of GDP)



Source: Haver Analytics and World Bank, as of February 28, 2021 (bond yields) and December 31, 2019 (trade). "U.S. Corporate Bond Yields" represent the monthly average effective yield for the ICE/BofA Merrill Lynch U.S. Corporate Bond Indices.

Public distrust in Big Tech's collection of personal information may presage regulatory challenges

Trust in Organizations to Collect and Use Personal Information / Data

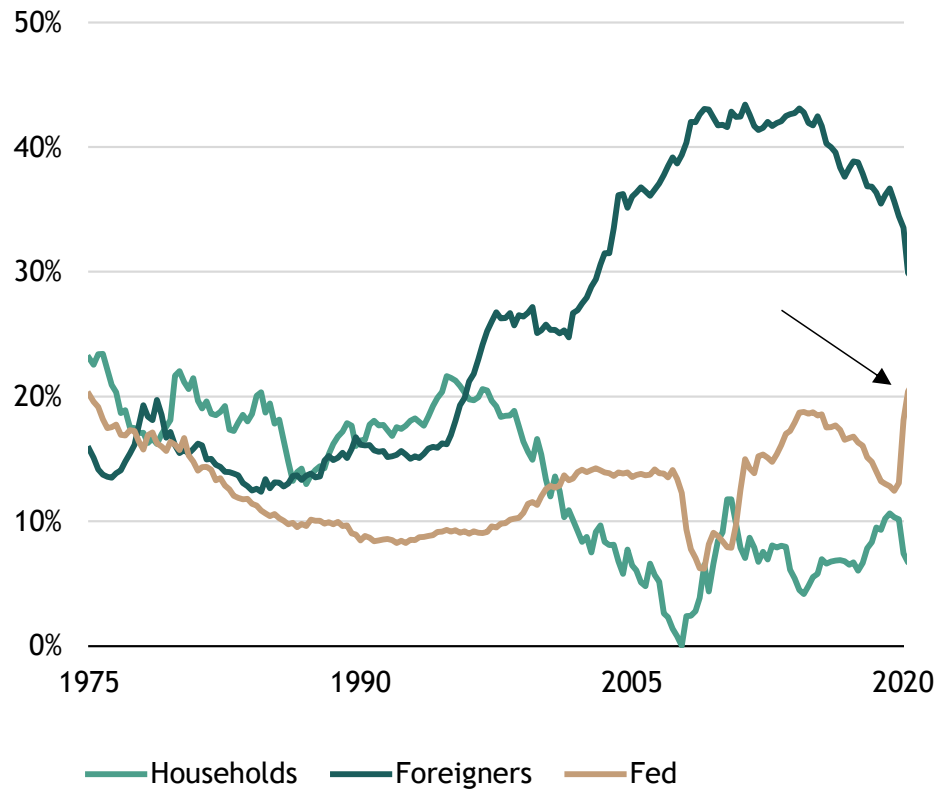


Source: The Center for Growth and Opportunity at Utah State University / YouGov Tech Poll University, as of November 2020. "Not sure" and neutral answers not shown.

Fed holds a record share of Treasury debt, and government debt as percent of total highest in 50 years

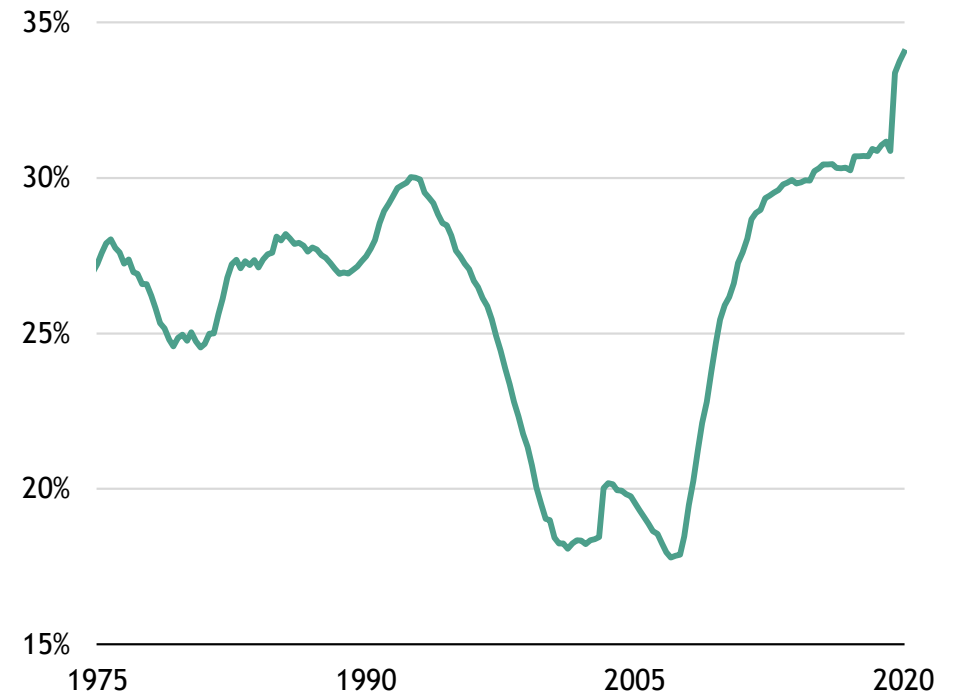
Holders of Treasury Debt

(share of total Treasury debt outstanding)



Government Debt Share of Total Debt

(percent of total U.S. debt outstanding)

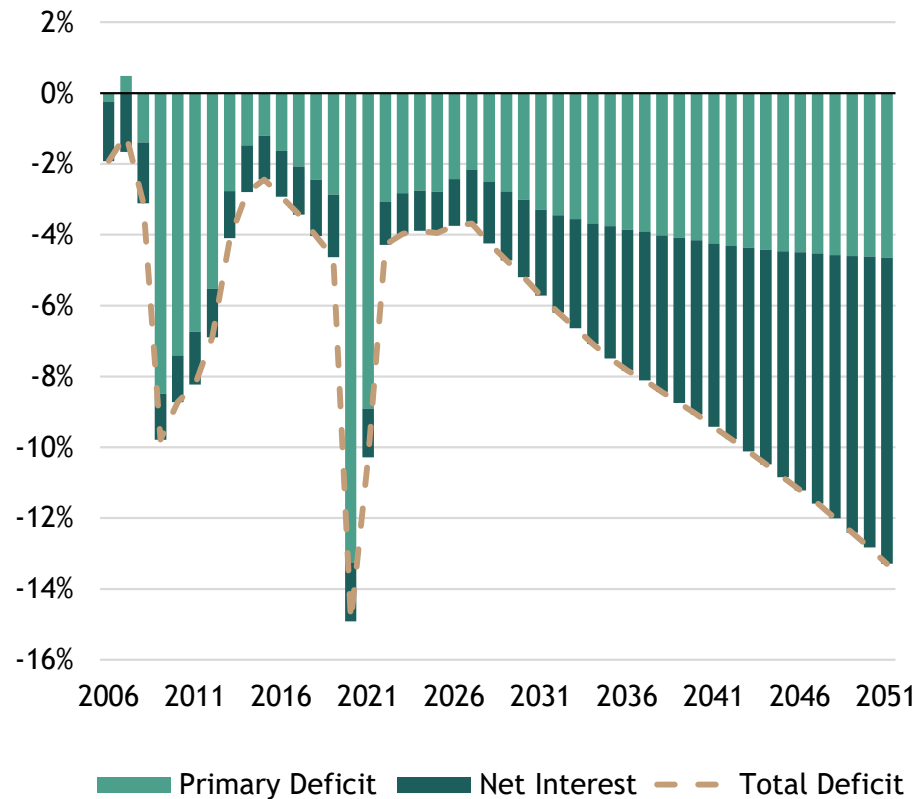


Source: Federal Reserve and Haver Analytics, as of December 31, 2020.

Debt service will be a rising share of deficit, and federal spending on healthcare to reach $\approx 10\%$ of GDP by 2051

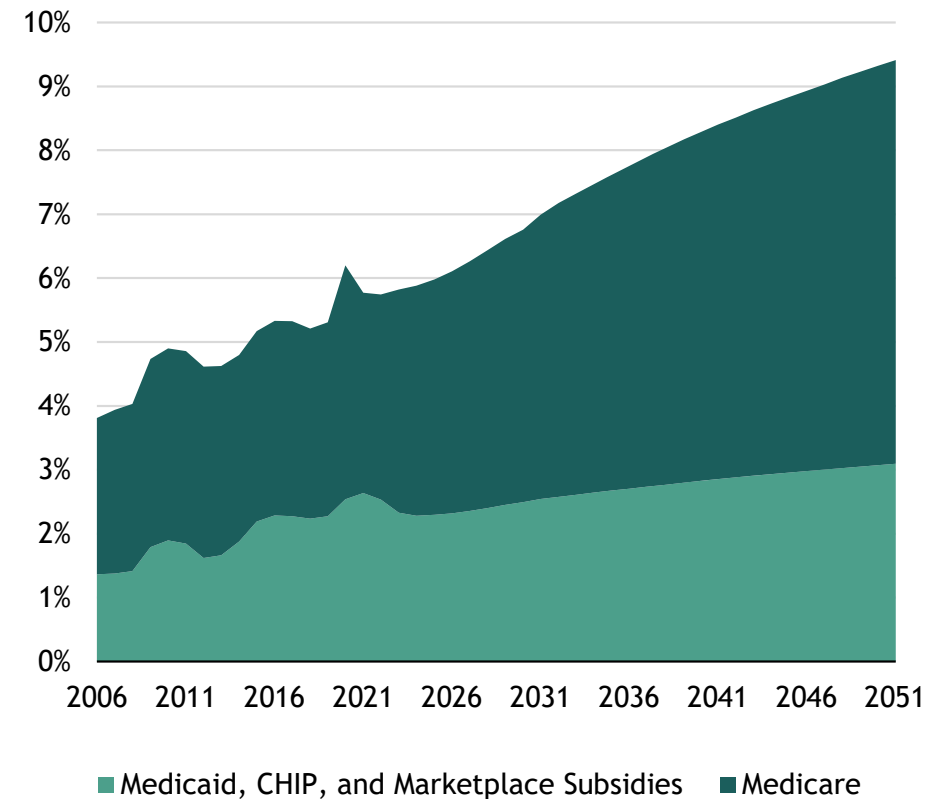
Federal Deficits and Net Interest⁽¹⁾

(percent of GDP)



Federal Outlays on Health Care Programs⁽²⁾

(percent of GDP)



Source: Congressional Budget Office’s “The 2021 Long-Term Budget Outlook,” as of March 4, 2021.

(1) “Primary deficit” is the total deficit less net spending for interest.

(2) “CHIP” is the Children’s Health Insurance Program. “Marketplace Subsidies” refers to spending to subsidize health insurance purchased through the marketplaces established under the Affordable Care Act and related spending. “Medicare” includes the effects of premiums and other offsetting receipts.

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