BROOKFIELD ASSET MANAGEMENT LTD
TRANSCRIPT: Q2 2026 CONFERENCE CALL & WEBCAST
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Corporate Speakers:

- Jason Fooks, Managing Director, Investor Relations
- Connor Teskey, Chief Executive Officer
- Sikander Rashid, Global Head of AI Infrastructure and Head of Europe
- Hadley Peer Marshall, Chief Financial Officer

PRESENTATION

Operator

Good day and thank you for standing by. Welcome to the Brookfield Asset Management Second Quarter 2026 Conference Call and Webcast. (Operator Instructions) Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your speaker today, Jason Fooks, Investor Relations. Please go ahead.

Jason Fooks, *Managing Director, Investor Relations*

Thank you for joining us today for Brookfield Asset Management's Second Quarter 2026 Earnings Call. On the call today we have Connor Teskey, our Chief Executive Officer, Hadley Peer Marshall, our Chief Financial Officer, and joining us this quarter, Sikander Rashid, our Global Head of AI Infrastructure and Head of Europe.

Before we begin, I'd like to remind you that in today's comments, including in responding to questions and in discussing new initiatives and our financial and operating performance, we may make forward-looking statements including forward-looking statements in the meaning of applicable U.S. and Canadian securities law. These statements reflect predictions of future events and trends and do not relate to historic events. They are subject to known and unknown risks. And future events and results may differ materially from such statements. For further information on these risks and their potential impacts on our company, please see our filings with the securities regulators in the U.S. and Canada and the information available on our website.

Connor will begin with an overview of the quarter including our record fundraising and strategic partnerships that continue to strengthen our platform. Sikander will discuss our AI infrastructure strategy in greater detail, including the differentiated position we've built, our growing momentum and the opportunity ahead. And Hadley will review our financial and operating results and our balance sheet.

After our formal remarks, we'll open the line for questions. To ensure we hear from as many participants as possible, we ask that you please limit yourself to one question. If you have a follow-up, please re-join the queue and we'll take additional questions as time permits.

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

Connor Teskey, *Chief Executive Officer*

Thank you, Jason. And good morning, everyone. Similar to last quarter, we expect 2026 will be a record year for Brookfield and not by a small margin. Reinforcing this, the second quarter was exceptional by almost any measure, record fundraising with both earnings and fee-bearing capital growing well ahead of our long-term targets. It sets us up well for what we expect to be a record year across the board.

Fee-related earnings for the quarter were $808 million, up 20% from the prior year. Distributable earnings were $707 million, up 15%, and fee-bearing capital reached $672 billion, up 19% over the last 12 months. Perhaps most importantly, the quarter delivered $77 billion of fundraising. Our strongest fundraising quarter ever and was led by two of our flagship strategies and the $40 billion Just Group mandate.

This mandate increases the insurance capital we manage by more than a third and further extends our reach into retirement. It also reinforces our differentiated insurance model. Brookfield Wealth Solutions holds the assets and liabilities on its balance sheet, while we manage the capital for a recurring fee. For BAM, that means recurring fee revenue at scale on an asset-light basis without assuming any insurance liabilities. However, even if we set the Just Group mandate aside, the second quarter would still have set a record for organic fundraising driven by momentum across our two flagships, both of which are on track to be the largest vintages of their kind, alongside a broad set of complementary strategies. This brings year-to-date fundraising to $98 billion and fundraising over the last 12 months to $163 billion.

These results reflect the strength and diversity of our franchise, the depth of our client relationships, and the growing importance of the assets and businesses we own. Both our earnings and our fee-bearing capital are compounding above the long-term targets we set out, and they are doing so across essentially every part of the platform. That breadth is especially valuable in the current environment. Last quarter, we discussed that we have limited exposure to the areas under the greatest pressure like software and sponsor-led direct lending. But at the same time, we have outsized exposure to the areas where there is high demand.

The developments of the past quarter have reinforced both sides of that equation. Our nontraded BDC sits within a broadly diversified suite of products, representing less than 1% of our fee-bearing capital. However, the team has been prudent in raising and deploying capital over the past several years, delivering strong performance and allowing the fund to enter this period under levered and with ample capital resources. This quarter, redemption requests fell below 5% which the fund met in full. At the same time, we continue to see robust inflows into our other wealth strategies, particularly infrastructure. But more important than the strong downside protection is how we are positioned for the greatest growth opportunities in the market today three areas stand out. The first is real assets.

In today's environment, marked by pockets of uncertainty and volatility, investors gravitate towards high-quality, cash-generative assets and essential services businesses. Real assets tend to outperform in periods like this because they offer precisely what investors are seeking. Capital preservation, inflation protection and both cash generation and value appreciation. This is exactly where we have leading strategies, and that strength is showing up across fundraising, deployment and monetizations. The second area is credit. Last week, we completed the acquisition of Oaktree, fully combining the two businesses.

Together, our credit platform has leading scale and depth of capability across asset-backed finance, real asset finance and opportunistic credit and is well positioned to perform across market cycles. Full integration lets us source and underwrite more effectively and deliver the full breadth of our combined capabilities on behalf of all our investors.

And the third area is AI. Our leadership across the entire AI infrastructure value chain, data centers, power generation and compute gives us a rare and differentiated set of capabilities. Notably, the ability to raise capital at scale, to source proprietary opportunities, and to build relationships with the hyperscalers, sovereign governments, and other key players across the AI ecosystem.

Our ability to bring these skills together to meet one of the largest investment opportunities globally is why this has become one of the fastest-growing parts of our business. And we're pleased that Sikander is joining us today to walk you through the momentum in our AI infrastructure fund. That leadership is now translating into partnerships that are scaling rapidly.

We have expanded our framework with Bloom Energy to finance quick-to-deploy power solutions for AI infrastructure fivefold from $5 billion to $25 billion in just nine months, a measure of the sheer scale of what lies ahead. Through our sovereign AI infrastructure initiatives, we've increased our development framework with France from €20 billion to €30 billion, and we've partnered with Naver and NVIDIA to accelerate the expansion of South Korea's sovereign AI infrastructure. NVIDIA who joined our AI infrastructure fund as an investor and a founding partner is also both a cornerstone investor and our technology partner in the compute platform at the center of that build-out.

Through Westinghouse, we are continuing to support the U.S. government's effort to accelerate nuclear deployment. Most recently, the Department of Energy issued a $17.5 billion financing commitment to support the development of up to ten Westinghouse AP1000 reactors. And Siko will discuss our recently announced deal to build a large AI factory in Kentucky.

We are also forming new relationships that broaden the opportunity set. We partnered with OpenAI to launch a company focused on accelerating commercial AI adoption including within our own portfolio of industrial and manufacturing businesses.

And the same partner of choice dynamic extends beyond AI. We partnered with AllianceBernstein to bring private market real assets into their target date funds. An example of our growing involvement in the 401(k) market, a segment that we feel is well suited to our real asset focus and one of the largest long-term growth opportunities we see anywhere. Taken together, these partnerships demonstrate the strategic value of our platform. Few firms can bring together capital, operating capabilities, energy, digital infrastructure and strategic relationships at this scale.

So, to conclude, we are entering the second half of the year with record results, exceptional strategic momentum limited exposure to the areas causing the most concern and meaningful exposure to where capital should continue to flow. We are positioned not simply to navigate this environment, but to outperform through it.

With that, we will hand the call over to Sikander to give you more color on the strong momentum in our AI infrastructure strategy.

Sikander Rashid, *Global Head of AI Infrastructure and Head of Europe*

Thanks, Connor. AI is not only shaping our AI infrastructure strategy it is becoming an increasingly important theme across all of Brookfield. It is influencing capital deployment in our infrastructure, energy and credit businesses and business plans within every portfolio company including efficiency and revenue growth in 600 businesses and assets in our portfolio. A brief word on the underlying thesis.

We estimate $10 trillion in annual economic productivity potential for AI, requiring $10 trillion of capex across the AI value chain including energy, data centers, compute and strategic adjacencies. For investors, the important point is that this is a physical infrastructure, the critical backbone of economies that are becoming more digital, not a technology bet on which model, chip, or application ultimately wins. This opportunity led us to launch our dedicated AI infrastructure strategy which is off to a great start.

We held our first close at the end of the second quarter, fundraising momentum remains strong, and we have deep and growing pipeline of high-quality investment opportunities. Although BAIIF is a new strategy, the core capabilities behind it are not new to Brookfield. We own and operate approximately $85 billion of digital infrastructure and are one of the largest energy businesses.

BAIIF differentiation lies in its ability to integrate the broader AI value chain while capitalizing on Brookfield's access to capital, power and global relationships. Drawing on our leadership positions across the real estate infrastructure and energy businesses, we can source and entitle power land, develop and operate large-scale AI factories, deliver behind the meter and baseload power, provide contracted compute and pursue partnerships with some of the major stakeholders including semiconductor players and hyperscalers.

Not many firms can bring all of that together. This integrated capability is increasingly what the largest companies and governments are seeking. They are not well positioned to coordinate multiple providers for complicated and capital-intensive developments where speed to market is key. They want a trusted partner capable of combining capital, development and integration across the full value chain.

Our large-scale partnerships with Microsoft, Google, Intel, Deutsche Telekom, Bloom and NVIDIA as well as sovereign initiatives in Canada, European Union, South Korea and other parts of the world demonstrate our approach and capabilities. The opportunity is substantial, but leadership in this market is not about deploying the most capital or moving the fastest. It is about originating the best opportunities, being selective about which ones we pursue, and maintaining discipline. Questions about whether too much infrastructure capacity is being built are reasonable.

As with every major infrastructure cycle, whether it be the railroad revolution in the 1800s or the fiber build-out in early 2000s, it is inevitable for some capital to be poorly allocated. Our approach does not require us to forecast the AI market perfectly. It requires us to exhibit discipline in the investments we make and the risk we assume, as we always do. We do not commit capital speculatively and remain thoughtful about our counterparties and infrastructure locations. We're building the backbone of AI, the infrastructure that underpins the AI economy. As such, we will build AI infrastructure backed by hard assets and long-term contracts where we seek a return on and off of our capital over the contract term.

Our base case returns are not dependent upon the market exit or imprudent renewal or financing assumptions. Same disciplined approach is applied across all of our key verticals, data centers or AI factories behind the meter power and compute. The Paducah American Energy Hub announced last week demonstrates our approach. Brookfield was selected by the U.S. Department of Energy to develop a major AI campus on a former uranium enrichment site in Kentucky.

Rather than competing for conventional private sites requiring a speculative capital outlay and limited grid capacity Brookfield is repurposing federally owned industrial land with existing transmission, water, fiber and transportation infrastructure. At its peak, this site supported approximately 3 gigawatts of electricity demand and consumed 30 million gallons of water per day illustrating its industrial scale. The proposed development is expected to attract up to $100 billion of private investment and support more than 2 gigawatts of compute capacity.

This bring your own power structure which includes development of over 2 gigawatts of new generation and battery storage addresses one of the largest constraints facing the AI industry while protecting existing consumers from the cost of new generation and grid infrastructure.

Paducah highlights what differentiates Brookfield. Our ability to originate strategic opportunities, assemble complex partnerships and deliver integrated solutions across the full AI value chain while protecting our downside. It is also worth taking a minute to explain how AI infrastructure fits alongside our flagship infrastructure and transition funds. BAIIF is distinct from but complementary to our other strategies. The mandate is new, but the playbook is familiar.

Five years ago, we launched a dedicated transition energy strategy when the opportunity investor demand and investment pipeline became too large and specialized to solely reside in our flagship infrastructure fund. That strategy has since become the largest of its kind globally. We believe AI infrastructure can follow a similar trajectory. Each strategy has a clear role.

Our flagship infrastructure fund invests in data centers as one sector among many, often through established, stabilized operating businesses. Our transition fund develops and contracts renewable power for a broad range of customers. BAIIF, by contrast, targets large-scale AI factory development and directs power specifically towards AI capacity. Also, more than half of BAIIF's scope will be outside data centers altogether. Behind the meter power, compute and adjacent platforms where competition is thinner and, we believe returns are more attractive. A word on scale.

BAIIF is targeting $10 billion, but it will anchor a broader investment program capable of pursuing roughly $100 billion of opportunities supplemented by significant co-investment from our partners and prudent asset level financing. That structure allows us to pursue the largest opportunities without overconcentrating the fund while creating additional economics for Brookfield.

Our partnerships with Bloom Energy on power and NVIDIA on compute infrastructure are good examples of how quickly these opportunities can scale. Last October, we formed a $5 billion partnership to finance Bloom's rapidly deployable, highly reliable behind-the-meter power solutions for AI factories. Less than nine months later, on the back of strong customer demand, we expanded the partnership fivefold to $25 billion. That creates a significant additional investment opportunity for our partners in an area where we believe the risk-adjusted returns are particularly attractive.

I'll conclude by reiterating that taken together, we believe Brookfield is uniquely positioned to lead this build-out. We have the scale and capabilities to pursue the largest opportunities, but just as importantly, the discipline to be selective and structure these transactions as infrastructure investments backed by hard assets, strong counterparties and contracted cash flows.

And with that, let me turn it over to Hadley.

Hadley Peer Marshall, *Chief Financial Officer*

Thank you. As Connor discussed, we delivered another strong quarter, and I'll cover our financial performance, capital positioning and why we're on track to deliver a record 2026. Fee-related earnings or FRE in the second quarter increased 20% from the prior year period to $808 million or $0.50 per share. Over the last 12 months, FRE has grown to $3.2 billion, up 19% from the prior year period. Distributable earnings or DE, were $707 million or $0.44 per share in the quarter, up 15% from the prior year period, bringing DE over the last 12 months to $2.8 billion. Growth in DE continues to closely track growth in FRE, underscoring the reoccurring resilient nature of our earnings profile.

Turning to margins. We continued to grow the business, delivering strong profitability with margins of 57% for the quarter and 58% over the last 12 months. Beginning next quarter, our reported margins will reflect the completion of our Oaktree acquisition, which will lower our consolidated margin due to business mix. We also plan to make the transition to the new partner manager presentation we've previously discussed. We think this new presentation will provide additional transparency into the revenues and expenses of our partner managers as they have grown to become a more meaningful part of our credit business.

Before turning to fundraising, I want to touch on share repurchases. We prioritize deploying capital into initiatives to expand our platform including acquiring partner managers interests and seeding complementary strategies. However, given the public market volatility this year, we believe our shares are meaningfully undervalued and so we've been more active in repurchases. In the second quarter, we opportunistically repurchased $200 million of stock, bringing our total year-to-date buyback activity to nearly $575 million.

Now let me turn to the details of the record $77 billion we raised in the quarter. Within our infrastructure and energy businesses, we raised $12.5 billion including $9.3 billion for our infrastructure flagship strategy. We expect to hold a sizable first close in the coming months. The strong demand reflects both the powerful secular tailwinds, supporting infrastructure investment and the exceptional track record of the strategy itself which stands us apart.

Infrastructure is our largest flagship franchise. Across 15 years and five vintages, through a wide range of market environments, the strategy has remained focused on the same five core sectors and most importantly, has consistently generated returns in the mid-teens. That consistency makes the strategy straightforward for clients to underwrite. They understand the investment approach and know what to expect. In addition, we continued to see consistent, strong demand for our super core infrastructure strategy and our infrastructure private wealth strategy, each of which raised $900 million this quarter.

Within our private equity business, we raised $8.9 billion, primarily comprised of $6.7 billion for our private equity flagship strategy which we expect will be the largest ever. We also continue to raise capital in our complementary strategies including for our Middle Eastern and financial infrastructure strategies.

Our credit business continues to benefit from broad-based demand. In periods of heightened uncertainty, investors tend to favor strategies backed by tangible assets, contractual cash flows and strong downside protection which is supporting allocation to real asset credit and asset-backed finance. Further, the continued pockets of uncertainty bode well for our next opportunistic strategy.

This quarter, our credit business raised $51 billion of capital during the quarter including $45 billion from Brookfield Wealth Solutions. Beyond insurance, we also saw strong fundraising across Oaktree and other partner managers. Demand for our infrastructure debt strategy also accelerated, with $600 million raised during the quarter as we approach its final close. The transaction environment for real assets and essential service businesses that form the backbone of the global economy continues to work in our favor.

During the quarter, we deployed $21 billion and monetized $11 billion with broad-based activity across the portfolio. This was particularly evident in real estate, where sentiment continues to improve and more market participants are coming off the sideline. As an example, we deployed our first investment for BREVA-H, our value-add strategy focused on the housing sector, to Yes! Communities, one of the largest manufactured home community owners in the U.S., marking an important step in our value-add strategies. Our pipeline remains robust with over 10 billion of attractive transactions already announced or under contract. Based on the breadth and depth of activity underway, we expect transaction volumes to continue building through the second half of the year.

Turning to our balance sheet. We maintain a highly flexible asset-light balance sheet that supports growth while preserving substantial liquidity. During the second quarter, we issued $1 billion of senior unsecured notes comprised of $550 million of 5-year notes at a coupon of 4.832% and $450 million of 10-year notes at a coupon of 5.298%. We ended the quarter with $3.1 billion of corporate liquidity. Since quarter end, we completed the acquisition of Oaktree using a portion of that liquidity, leaving us in a position with ample flexibility to support ongoing operations, strategic initiatives and growth across the business.

Lastly, we declared a quarterly dividend of $0.5025 per share, payable September 30 to shareholders of record as of August 31. We've entered the second half of the year with considerable momentum and are well-positioned to deliver another record year despite continued market uncertainty.

With that, we'll open up the line for questions.

QUESTION & ANSWER

Operator

(Operator Instructions). And our first question will come from Bart Dziarski from RBC Capital Markets.

Bart Dziarski, *RBC*

Maybe picking up on that last sentence there, Hadley, clearly, a very strong fundraising quarter. You're running at about $60 billion year-to-date if we adjust for Just Group. So would love for you to just unpack the fundraising outlook for the back half of the year, including some of the key drivers that underpin that outlook.

Connor Teskey, *Chief Executive Officer*

Yes. So year-to-date, we're obviously on a record-setting fundraising pace at almost $100 billion in the first six months. We still expect to do a lot more this year. And as a result, we expect to far exceed the business' previous high watermark both on an absolute basis and if you excluded large insurance transactions.

Perhaps the most important thing about that guidance is we expect to raise very significant amounts of capital throughout the remainder of the year. But it's very nicely balanced across four channels. We have -- we expect it almost to be roughly equal across flagships, complementary equity strategies, debt strategies, and insurance inflows. That diversity gives us a lot of comfort that even if there are some changes in the unforeseen changes in the market over the next six months, we're certainly going to well -- land well into record territory almost no matter what.

Operator

Our next question comes from Cherilyn Radbourne from TD Cowen.

Cherilyn Radbourne, *TD Cowen*

Given that you just closed the acquisition of the remaining stake in Oaktree, maybe you could give us an update on your view of the credit landscape in two respects, one, whether there's enough depth to finance the scale of what has been proposed industry-wide in AI, and then an update on your view of the opportunity set for Oaktree in sort of the 2027, 2028 timeframe?

Connor Teskey, *Chief Executive Officer*

Thanks, Cherilyn. Maybe just an overarching comment to frame this. We see credit markets as incredibly robust right now. Yes there’s these small kind of pockets of uncertainty and very specific corners of credit markets. But by and large, the appetite for credit from banks, from insurance companies, from institutions, in particular for high-quality real assets remains incredibly strong. And across all of our verticals, we're setting record financing levels at very attractive rates. So, is there enough capacity and funding to support the build-out we're seeing in infrastructure and AI infrastructure? Absolutely. And candidly, we expect to play a fairly significant role in that.

In terms of the opportunities for Oaktree, yes, we closed the transaction on Monday but candidly, the integration has been happening since last October. And where we really see the upside for that business is on the revenue front. The ability to include Oaktree into Brookfield's broader distribution, product development, multi-asset programs with our largest partners. We're already seeing the benefits of that flow through their business.

Perhaps just the last comment I would make, and it goes a little bit to the previous comment on fundraising. We're also seeing an incredibly nice staggering of major fundraises going forward. This year, obviously is our infrastructure and private equity flagships. We very much expect our credit flagship Oaktree ops to be in the market in 2027. We expect our real estate flagship to be in the market in 2027. Then we expect energy to be back in the market in 2028. We're seeing all those flagship timelines being pulled forward just based on our deployment and demand.

Operator

Our next question will come from Ken Worthington from JPMorgan.

Kenneth Worthington, *JPMorgan*

I wanted to follow up on your prepared remarks on AI infrastructure investment. Lots of firms and lots of funds are raising money for AI infrastructure. Demand seems big, but fundraising has been big here, too. Is infrastructure and AI infrastructure investing getting crowded? And what is competition like for the largest deals?

Then along the same lines, you have a number of AI infrastructure partnerships across different regions. How important are these and future partnerships to be able to scale your infrastructure build-out given the substantial dedicated and co-mingled capital you are raising?

Sikander Rashid, *Global Head of AI Infrastructure and Head of Europe*

Hi Ken, it's Sikander. Thank you for the question. I can take this one. Look, so on competition, yes, we -- we agree there is competition since we launched our dedicated AI infrastructure strategy last year, we've noticed the launch of several AI funds. But look, despite the competition, the demand for our AI infrastructure fund remains very strong, both from institutional investors, but also industrial partners, a host of whom we are in advanced discussions with at the moment.

And the investor interest in our fund boils down to really our differentiators which are as follows. Number one is energy. So in the AI value chain today energy is the largest bottleneck for context, the U.S. alone needs 100 gigawatts of power for AI infrastructure in the next 10 years, but the grid can only make 30 gigawatts of that available. What that means is, in the future, compute needs to migrate towards the power sources. And when you look at our energy business today in the U.S. or around the world, we are the largest energy business, and we've been developing large-scale power plants for decades.

Secondly, we have strong digital infrastructure capabilities. As I mentioned in my remarks, we have an $85 billion business which includes six distinguished data center platforms in five different continents. And lastly, look, our focus is not on data centers, only data centers.

This is not a data center fund. Our fund is focused on the full AI value chain, and that includes data centers, AI factories, power and compute. Power and compute will account for 60% of the capital in the next 10 years. And I think that's going to be a differentiator for us going forward.

And on your question on strategic partnerships. Okay. Look, a question on -- I'll just finish my remarks. On strategic partnerships, look, they are an important differentiator as well. Our industrial partners, whether it's NVIDIA or Bloom, today the bottleneck is chips and power. So, the fact that we have all these operating capabilities and relationships with some of the best OEMs in the world, further solidifies our position as a top AI infrastructure investor.

Operator

Our next question comes from Alex Blostein from Goldman Sachs.

Alexander Blostein, *Goldman Sachs*

I wanted to actually just piggyback on some of the thread that Ken was talking about and expand a little bit more on how the AI-related boom is likely to benefit Brookfield, the asset manager more explicitly obviously lots of momentum around very large deals and tens and hundreds of billions of dollars that you guys are citing. But as you think about the flow-through from that to management fee growth or opportunities around maybe capital markets, how would you frame that for investors in terms of fee growth over the next kind of 12 to 18 months that could perhaps be better relative to expectations based on kind of the deal activity that you're seeing?

Connor Teskey, *Chief Executive Officer*

Thanks, Alex. I appreciate the question because it probably allows us to highlight one dynamic we're seeing. AI infrastructure is, without a doubt, probably the largest and fastest-growing theme at Brookfield today. But the only -- but that is not to say the only way we capitalize on that theme is through one AI infrastructure fund. The deals we are doing across energy, across data centers, across gigafactories across compute, these are not all going in the AI fund.

As Siko just said, the AI fund is not a data center fund. And therefore, we're seeing AI infrastructure investments support growth in our real estate strategies, in our credit strategies, in our infrastructure strategies outside the AI fund and then obviously in our energy strategy. So, the fee growth out of this trend is very significant beyond just our recently launched dedicated Brookfield artificial intelligence fund.

The other thing that we would say is, yes, these deal sizes are very large, and this has always been a key differentiator in value-add for Brookfield. This allows us to give co-invest to some of our largest investors that drives very significant fund commitments across our business. And then you said it, given the scale of some of these transactions, we would expect them to drive incremental capital markets and transaction fees. But our business grows at, call it, 15%, 20% a year in general. We're certainly seeing our deployment and activity in AI infrastructure meaningfully, meaningfully above that level, probably kind of double those run rates.

Operator

Our next question comes from Craig Siegenthaler from Bank of America.

Craig Siegenthaler, *Bank of America*

In roughly four weeks, S&P will announce their next index rebalancing including for the S&P 500 is going to be the first rebalance post your August third Oaktree consolidation which improved your U.S. head count mix. On our map, it's going to add roughly 1,200 employees with more than 60% of them based in the U.S. So how do you see this transaction changing the potential for the S&P 500 add just given the U.S. head count mix has been a factor in the past.

Hadley Peer Marshal, *Chief Financial Officer*

Thanks, Craig. I mean overall, we are well positioned. And as you just pointed out, our story keeps strengthening. Historically, you've heard us talk about the changes we've made to our business like our headquarters moving to New York as an example. But in the past, call it, 18 months, our businesses continue to evolve in ways that further reinforces our position as a U.S. company.

We've significantly increased both our assets under management and revenues in the U.S., which remains our fastest and largest growing market. And picking up on the theme of the last few questions around AI as an example, where we heavily see the opportunity set is in the U.S., and that's the case for all of our businesses.

So, the recent closing of Oaktree does further strengthen that. You pointed out the employees, the assets under management. All of that continues to bode very well for us, where we will be above 60% on the employee count. Then you think about the growth of our business, that will continue to strengthen. So given these developments, we plan to provide the S&P with an updated submission shortly, and believe that the evolution of our business warrants that reclassification.

Operator

Our next question comes from Mike Brown with UBS.

Michael Brown, *UBS*

I wanted to ask on the Wealth Solutions side of the business. You've had a few developments in the channel over the last 12 months or so. So, how would you characterize the product suite today and maybe where you want it to go over time? How would you compare it to some of your peers in terms of size, scale, and again that product suite? Then can you just touch on some of the strategic partnerships. I know you have one with Fidelity Canada and SocGen. Maybe just give us an update on any developments there and then touch on the AllianceBernstein partnership as well.

Connor Teskey, *Chief Executive Officer*

Great. Thank you for the question. In terms of what we're seeing on the private wealth side, it very much continues to be a significant growth vertical for us. We continue to see significant net inflows into our platform today. Obviously, there's some relative softness in kind of the nontraded BDC space. But even there, Oaktree's product clearly has significantly outperformed the market. And any softness there is being more than offset by significant inflows we're seeing in other of our private wealth products, in particular, infrastructure. which continues to go from strength to strength.

In terms of how we build that product suite out, we're going to continue to be very methodical and disciplined in how we build out our private markets business as we have been in the past. It's -- we've been expecting this business to grow at 30% plus CAGRs, even with the softness in the BDC space, we expect to be close to that level this year and back to that 30% to 50% growth rate going forward.

And that's really driven by two things, growing new products. In particular, we expect to add some new products on the credit side in the near term. And then secondly, we have a very large pipeline of platforms that will be distributing our products coming online over the next two to three quarters.

Maybe just a comment on the AllianceBernstein partnership. We're very excited about that. As we've said for probably over a year now, we view the 401(k) market as one of the largest long-term opportunities for our business and one that our focus on real assets is really well positioned to capture outsized share in. But in our approach to that market, we didn't simply just want to stuff our products on shelves and not get it distributed.

We've taken the approach of being in the recommended or the default fund of some of the largest target date in interval fund designers and distributors. And that's what we did with AllianceBernstein. And we expect to announce other partnerships like that, hopefully before the end of the year.

Operator

Our next question will come from Michael Cyprys from Morgan Stanley.

Michael Cyprys, *Morgan Stanley*

Just a question on AI infrastructure. Today, AI compute clearly a scarce and heavily constrained resource. Just curious how you see that perhaps evolving over time as more capital and resources are brought to bear over time. Do you see that ultimately becoming more of a commodity? Then how do you envision the right longer-term home or vehicle for these data centers and related infrastructure? Would you envision like a series of core, core plus strategies over time similar to what we've seen develop in real estate for stabilized properties? Just how big of an opportunity could this be? And maybe talk about some of the steps we could see from Brookfield over time.

Sikander Rashid, *Global Head of AI Infrastructure and Head of Europe*

Yeah Michael, this is Sikander, I can take the first question, and then I'll hand over to Connor for the second one. So look, firstly, we agree. compute is completely constrained at the moment. In fact, the full AI value chain has bottlenecks, whether it's been memory, whether it be memory, GPUs or power and this significant supply/demand imbalance is a big positive for us.

As I mentioned earlier, we have strong operating platforms literally across the world. When you couple that with the shortfalls in GPUs and power that, in fact, positions us really well to enter into very attractive long-term take-or-pay contracts with some of the best counterparties in the world, whether it's the technology firms or the sovereign governments. I think that is a huge positive for us.

So maybe with that, I'll hand over to Connor for the second one.

Connor Teskey, *Chief Executive Officer*

Certainly. So, in terms of where we see in terms of a product suite from here, no different than with our largest investment strategies around the world, we always want to start with building and scaling a flagship and going from there. Maybe tying back to one of the previous questions. The important thing to recognize is we actually already have a lot of vehicles that can absorb and deploy into digital infrastructure.

So, the demand and the deployment we have will not just support the AI infrastructure fund, but a number of our strategies. But make no mistake, from here, do we think we will have more products related to AI infrastructure in the future? Absolutely, yes. Our focus today is on the flagship, not dissimilar to what we did when we launched energy transition. But is this a market where we think we will be so sizable in our deployment investment and operating going forward that it will require more than one strategy and more than one investment vehicle? Yes. It will. And we do expect there to be multiple vehicles dedicated to AI infrastructure over time.

Operator

Our next question will come from Dean Wilkinson from CIBC.

Dean Wilkinson, *CIBC*

Connor, I just want to circle back on the AllianceBernstein collaboration. Just a point of clarification. Does that open up the door to the existing hundred-and-change billion of target date solutions they have? And what would you expect the cadence of sort of your deployment into those programs look like, say over the next two to three years?

Connor Teskey, *Chief Executive Officer*

So, what is being done is a product, I would say is being created, where AllianceBernstein will provide the credit, Brookfield will provide the real assets, and Carlyle will provide the private equity. That product will begin distributing in 2027, and it will grow from there. And as we've said with this space, we do expect it to be very significant over time, but it will grow incrementally off pretty modest origins. There's two points I think that can be helpful, though, is this structure, this product has been designed such that it can be deployed through other target date providers beyond AllianceBernstein as well. That's point one.

And two, we also expect to enter into other partnerships like this with other product providers and distributors because what we're seeing in the market is Brookfield's leadership in long-duration, cash-generative, inflation-linked real assets is such a perfect complement to these -- the desires and objectives of long-term retirement pools of capital, we're seeing all the product developers reach out to us to try and get our products as part of their solutions.

Operator

Our next question comes from Dan Fannon from Jefferies.

Daniel Fannon, *Jefferies*

So obviously you've talked to a very strong 2026 in terms of fundraising, which also is leading to strong FRE growth. I was hoping to get a little bit more context as we think about next year and what we'll be able to sustain some of the momentum and some of the products you expect to be in market with still raising and growing within 2027?

Connor Teskey, *Chief Executive Officer*

Great. So, we'll come at this in two different ways. Obviously we expect fundraising to be very significant in the latter half of 2026. But is 2027 going to be as big as 2026? Probably not, but it will be very, very strong nonetheless because you're going to get the final closes of our private equity and infrastructure flagships, and you're going to get the launches of our real estate and credit flagship funds next year.

And we're really liking the sequencing of that and the fact that both those credit and real estate flagship launches are being pulled forward from their original forecast. To your comment on kind of fee and earning outlook going forward, I would say the fee trajectory feels rock solid through the end of the year and into next. Obviously in Q4, we lap a very strong prior year quarter which may reduce the quarter-over-quarter growth for one quarter. But as we turn to 2027, the exceptional fundraising in 2026 positions us to maintain that accelerated growth trajectory into next year.

Perhaps, the last point I would make is one thing we're pretty excited about which is due to significant investment outperformance in some of our strategies since we spun out at the end of 2022, we expect to begin generating and realizing carry earlier than we previously forecasted, with some carry generation some carry realization expected this year. And certainly, pulling forward larger carry realization from the latter part of the decade into the next few years, and that's certainly going to be an upside to our earnings that we probably weren't forecasting 6 or 12 months ago.

Operator

Our next question will come from Mario Saric from Scotiabank.

Mario Saric, *Scotiabank*

Just maybe, Connor, just following up on the commentary on kind of late '26 and 2027, while it sounds like '27 might not be as big as '26, do you envision the growth being delivered to remain above your 5-year Investor Day forecast? And if so, like how much of that growth do you feel is baked in for lack of a better way of describing it today versus being contingent upon a more uncertain macro environment?

Connor Teskey, *Chief Executive Officer*

So as we look out to 2027, I would say the core growth trajectory of the business remains very strong, and I would say in line with our long-term targets. There are potential upsides to that number, particularly around outperformance in our public market vehicles. That is a little bit market dependent. But if some of that comes through, we certainly could see ourselves above our long-term targets.

Operator

And our next question will come from Crispin Love from Piper Sandler.

Crispin Love, *Piper Sandler*

In the prepared remarks, you called out the comments about too much digital infrastructure capacity being built as reasonable. If that thesis does turn out to be correct, can you just share how you're protected beyond being able to be more selective now because of the many opportunities you're seeing. Just curious if you can dig into that a little bit further. Key risks from your end as you look out over the next several years and then are you able to mitigate those.

Connor Teskey, *Chief Executive Officer*

I think the most important thing when we think about AI infrastructure and our approach, is it's absolutely no different to our broader market-leading infrastructure business and the discipline and approach we've been using there for multiple decades. How do we protect ourselves the same way we protected ourselves across our real assets business? We don't build on spec. We only build against long-term revenue constructs that are already secured.

And importantly, we can focus on only building the best projects, in the best markets, with the best revenue constructs backstopped by the best credit counterparties. That ability to be selective and ensure that we are always going to get both a return of and on our capital in the contract -- in the initial contracted life that you are building the project against without taking any recontracting or terminal value risk, that is where we are very differentiated versus some others in the space.

It's very just reflective of applying the same infrastructure discipline that's driven our platform for two decades to this rapidly growing AI infrastructure asset class. It's the best contracts with the best counterparties, no different than when we build real estate. It's with the best tenants against the longest term leases, or when we build power plants, it's with the best offtakers against 20- or 25-year corporate offtakes.

Operator

And our next question will come from Jaeme Gloyn from NBCCM.

Jaeme Gloyn, *NBCCM*

I just wanted to go to Oaktree with the acquisition now closed. What can you tell us about the evolution of fee rates in the credit -- in the credit business today, likelihood of sustaining levels we've seen in the last few quarters, in the next few quarters and the ability to potentially expand that fee rate over time.

Connor Teskey, *Chief Executive Officer*

So the inclusion of Oaktree, we wouldn't expect to dramatically impact the fee rates. We're really not changing Oaktree's the front side of Oaktree's business in any way other than growing it going forward. Into Q3, there might be a modest mix issue just as we acquired 25% more of the business. But in terms of what we expect in terms of revenues and profits from that business going forward, we do think the combination of the two platforms will drive significant earnings growth in that business on the revenue side.

Then similarly, we do think the combination of the businesses will drive significant operating leverage on the back office side. I guess that goes a little bit more to margins and profits than fee rate, but that's what we expect to see going forward.

Operator

And I am showing no further questions at this time. I would now like to turn it back to Jason Fooks for closing remarks.

Jason Fooks, ***Managing Director, Investor Relations***

Okay great. If anyone should have any additional questions on today's release, please feel free to contact me directly. Thank you, everyone, for joining us and we'll see you next quarter.

Operator

Thank you for your participation in today's conference. This does conclude the program. You may now disconnect.