BROOKFIELD ASSET MANAGEMENT LTD
TRANSCRIPT: Q3 2026 CONFERENCE CALL & WEBCAST
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Corporate Speakers

- Jason Fooks, Managing Director, Investor Relations
- Connor Teskey, Chief Executive Officer
- Rene Lubianski, Managing Partner, Infrastructure
- Hadley Peer Marshall, Chief Financial Officer

PRESENTATION

Operator

Good day and welcome to the Brookfield Asset Management Third 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, Jason Fooks, Managing Director of Investor Relations.

Please go ahead.

Jason Fooks, *Managing Director, Investor Relations*

Thank you for joining us today for Brookfield Asset Management's third quarter 2026 earnings call. On the call today, we have Connor Teskey, our Chief Executive Officer, Hadley Peer Marshall, our Chief Financial Officer, and we're also pleased to have Rene Lubianski, Managing Partner in our Infrastructure Group, join us this quarter.
Before I begin, I'd like to remind you that in today's comments including in responding to questions and discussing new initiatives in our financial and operating performance, we may make forward-looking statements including forward-looking statements within 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 current market environment and explain why we're well positioned not only to navigate it, but also to capitalize on the opportunities it presents.

Next, Rene will discuss how the strength of our infrastructure franchise, including our scale, track record and deep client relationships, have driven exceptional fundraising momentum and enabled us to continue expanding the platform.

And finally, Hadley will review our financial and operating results.

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 rejoin the queue and we'll take additional questions as time permits.

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

Connor Teskey, *Chief Executive Officer*

Thank you, Jason. And good morning, everyone. We are seeing record levels of activity across our business, reinforcing our confidence that 2026 will be yet another strong year for Brookfield.

We raised $123 billion in the first three quarters of the year, including $25 billion of capital in the third quarter. Fee-bearing capital reached $682 billion, up 13% over the last 12 months, which drove third quarter fee-related earnings to $864 million or $0.54 per share and distributable earnings to $763 million or $0.47 per share, both metrics up 15% from the third quarter of last year.

Importantly, our success has been very broad-based. Infrastructure and private equity led fundraising in the quarter, and Rene will spend some time discussing the $50 billion of commitments we have received for our infrastructure strategy shortly.
We also continue to see strong demand across our credit strategies. And at the same time, transaction activity remains robust across the franchise with strong deployment and monetizations in our energy and real estate businesses.

Hadley will take you through the detailed operating results, our liquidity and the carried interest we realized this quarter, but we also think it's important to highlight how our business model drives these results.

Specifically, there are three main characteristics that define our business. The durability and visibility of our earnings, the diversification of our platform which allows us to grow steadily across market environments, and the competitive advantages of our scale, operating capabilities and access to capital, which are especially valuable in today's market.

The central point is straightforward. Brookfield Asset Management's business is built to perform across cycles regardless of geopolitical dynamics, energy cost volatility, interest rate environment or market uncertainty.

At the foundation of that resilience is our growth trajectory and the quality of our earnings which are anchored in recurring fee-related earnings generated on capital that is almost entirely perpetual or committed for the long term. This provides visibility and reduces volatility.

In addition, due to strong investment performance, carried interest realizations have begun earlier than projected and will continue to scale, adding a new source of growth on top of that growing and durable base. That durability extends to our growth outlook. Because the funds we are raising today are materially larger than the funds we are monetizing, a meaningful amount of future growth is already embedded without requiring further increases in fund size or new products.

In infrastructure, as an example, our current flagship is set to be the largest infrastructure fund of its kind, while we are monetizing a predecessor fund that is less than half its size. Even if future vintages were to stay the same size, we would still have many years of growth as larger vintages replace smaller ones. Despite this dynamic, we continue to raise larger and larger vehicles and launch new products, as demonstrated by each of our flagships increasing in size and a record number of complementary funds in the market. This is driving growth far above an already attractive status quo.

Diversification provides a second layer of resilience. At Investor Day, we described it as one of the most valuable and perhaps least appreciated advantages of our business.

We have five market-leading business platforms, more than 60 strategies, over 2,600 institutional relationships around the world and access to institutional, insurance, private wealth and public market capital.

As a result, we are not overly reliant on any one flagship fund, client, geography, capital channel or investment trend. We expect this to be a record year for fundraising and not simply because of the timing of a few large flagships.

The strength of our brand and the geographic and channel diversity of our platform has expanded our ability to attract capital more consistently across market environments. We continue to gain market share as clients increasingly look to concentrate their relationships with fewer managers that can provide scale, performance and a broad range of solutions. The benefit of that breadth is not simply that we have more businesses. It is that different parts of our platform are positioned to grow at different points in the cycle.

Our more pro-cyclical strategies such as private equity, benefit as market confidence and transaction activity strengthen. This is balanced by countercyclical strategies, such as opportunistic credit, which tend to see the most attractive opportunities when volatility rises, financing becomes constrained and capital structures need to be adjusted.

Our full ownership of Oaktree further strengthens this balance through broader client coverage, new product opportunities, operating efficiencies and a countercyclical source of fundraising and deployment, while preserving the investment processes that have made Oaktree successful for decades.

Complementing this balance is the inherent resilience of our real assets platforms. Our long-duration real assets businesses generate durable cash flows under long-term contracts, often with regulated or inflation-linked escalators. This positions them to grow across economic cycles and makes them particularly valuable when investors are focused on resilience, all traits that are becoming increasingly important in today's environment, and as individuals increasingly allocate to alternatives.

Together, this means that we are continuously growing, allowing us to deliver consistent, consolidated growth year after year regardless of the environment.

While our diversification makes the model resilient, it is our scale, operating capabilities and access to long-duration capital that gives us our competitive advantage.

These advantages are particularly evident in two areas of the market today. The extraordinary investment opportunity in AI infrastructure and the energy that supports it and the opportunities emerging from a more capital-constrained environment.

Our approach to AI infrastructure is the same as our approach to any infrastructure investment.

We invest in high-quality assets backed by long-term contracts with leading counterparties that provide both a return of and on our capital over the initial contract term. This addresses the principal underwriting risk and allows us to focus on generating value through our operating capabilities.

The ability to develop AI factories at scale by integrating land acquisition and permitting with data center development, power procurement and compute is scarce and valuable.

Our long history of developing the high-quality critical infrastructure and real assets, in the best markets, with the best contracts and the best corporate credit counterparties, on time and on budget cannot be easily replicated. And it is a capability we have built over decades as a leading owner, operator and developer of real assets that make up the backbone of the global economy.

At the same time, today's higher financing costs place pressure on owners that rely on short duration funding or have overextended capital structures. That reinforces the advantages of our scale and access to long-duration capital.

We can invest when others are constrained, transact with greater certainty and acquire high-quality assets on attractive terms, often with less competition.

Our leadership in the sectors at the center of digitalization, deglobalization and decarbonization give us multiple avenues for growth across our business.

Nowhere is that more evident than in infrastructure where exceptional investor demand is driving record fundraising across our full suite of strategies.

Rene will discuss what is driving that demand and why our global platform is so well positioned to capitalize on it. Rene, over to you.

Rene Lubianski, *Managing Partner, Infrastructure*

Thank you, Connor. We are seeing exceptional fundraising demand across our infrastructure business. So I'll spend a few minutes discussing what is driving these inflows and why we believe the opportunity ahead is even more compelling.

While infrastructure represents a new asset class or growth initiative for some managers, infrastructure has been a cornerstone of Brookfield's business for decades.

Today we are seeing a convergence of factors that, when combined with our market leadership and unmatched scale, are creating a very attractive environment for both investing and raising capital.

This is reflected in our fundraising activities where we are experiencing a record period of infrastructure fund raising at Brookfield.

Over the past year, we have raised or received commitments of approximately $50 billion for our infrastructure funds with essentially our entire suite of infrastructure strategies raising capital at the same time.

Of note, these record fundraising numbers do not include our energy funds, whose investment strategies are housed in a separate market-leading vertical for Brookfield, but are normally considered infrastructure with other managers. More than half of the $50 billion is for the sixth vintage of our flagship core-plus global infrastructure strategy. The fund has received commitments of $26 billion to date including $13 billion subsequent to the end of the quarter and ahead of its final first closing in the coming weeks. This puts us well on track to exceed our $30 billion target in early 2027.

At that size, the fund would surpass the $28 billion received for its predecessor to become the largest closed-end infrastructure fund ever raised.

If the current momentum continues, it could also become the largest closed-end private fund ever raised in any sector. When we speak with clients, the feedback is consistent. They value not only the attractive risk-adjusted returns the strategy has generated, but also the remarkable consistency it has delivered.

Across the first five vintages that span almost two decades and approximately $88 billion of equity deployed, the difference between the highest and lowest performing vintage on a net IRR basis is just 130 basis points, with each and every vintage meeting or exceeding its targeted returns. Equally important, that consistency has been achieved without changing the mandate. The strategy has remained essentially the same since inception, buying high-quality infrastructure businesses with attractive attributes, using our active and operational approach to create value, and selling once we have de-risked the business.

Importantly, our fundraising momentum extends well beyond our flagship series. We are also experiencing record demand for our debt, supercore, AI infrastructure and private wealth funds.

We expect to hold a final closing for the fourth vintage of our high-yield infrastructure debt strategy later this year. To date, we have raised $8 billion, already making it the largest infrastructure debt strategy in the world.

While recent concerns have centered on select pockets of private credit, demand for real asset financing remains exceptionally strong and the opportunity set remains quite compelling given the essentiality of this capital to fund the multi-decade infrastructure super cycle.
Our open-ended supercore strategy has experienced its strongest 12-month fundraising period since its 2018 inception, with approximately $7 billion raised including co-investments.

This includes our largest quarterly fund closing ever in Q3 at $1.5 billion. This brings total strategy inclusive of co-investment to $28 billion. The fund invested in mature, high-quality infrastructure assets in developed markets, with a focus on inflation protection, stable yield and diversification. The value of that positioning was demonstrated through the inflation shock and sharp interest rate increases that followed the pandemic, when the portfolio's inflation-protected revenues supported resilient cash flows and helped preserve investment returns. That consistent track record is reinforcing investor confidence in today's environment.

Our AI infrastructure fund has attracted strong interest since we launched it last November, putting us on track to achieve our $10 billion target next year.

This fundraising momentum is supported by a large and increasingly tangible pipeline of investment opportunities.

In the past two weeks, we have announced two new investments. In Korea, we agreed to provide approximately $9 billion of capital alongside NAVER and NVIDIA to deploy 200 megawatts of AI computing capacity.

In the United Kingdom, we announced the partnership with Drax to develop up to 1 gigawatt scale AI factory at a Drax power station site, with the potential for more than £20 billion of investment over time.

Together with the opportunities we're advancing in the United States, Canada and Europe, these projects demonstrate the scale, geographic breadth and quality of the pipeline behind the strategy and are resonating strongly with investors. And finally, our market-leading private wealth fund continues to scale.

It has raised $4 billion over the past 12 months, bringing the strategy to $10 billion overall.

We have a diversified group of over 100 partners in the U.S., Europe, Asia and Australia, raising capital from their private wealth clients. Taken together, these inflows demonstrate both the depth of investor demand for infrastructure and the breadth of the investment solutions that we can offer our clients.

There are three principal reasons why we believe we are experiencing this fundraising success.

First, the fundamental investment opportunity in infrastructure has never been greater and investors realize this.

We are in the early stages of a multi-decade investment cycle driven by some of the most powerful structural trends in the global economy. The global mega trends of digitalization, decarbonization and deglobalization require trillions of dollars of investment in critical infrastructure. This is manifesting itself through the need for more resilient supply chains, projects to strengthen energy security, power projects for AI and industrial growth, and the data centers and compute to develop AI.

At the same time, the traditional sources of infrastructure funding are constrained. Corporate balance sheets are stretched while governments face significant fiscal pressure.

Private capital is increasingly filling the gap, but in particular, those participants with the scale of both capital and operating capabilities to meet the generational capital needs of today's opportunities.

For institutional and increasingly retail and private wealth investors, infrastructure provides a way to participate directly in these megatrends through the ownership of essential long

duration and cash flow producing assets. And for Brookfield, our scale, global reach and operating expertise positions us exceptionally well to capture these opportunities.

Second, infrastructure offers an increasingly attractive proposition for institutional investors.

As Conor discussed, economic uncertainty, volatile public markets and the prospect of higher inflation are leading investors to place greater value and resilience, predictable returns and inflation protection.

Infrastructure is well suited to meet these objectives.

It provides essential services with durable demand, often supported by long-term contracts or regulated frameworks. These structures typically allow revenues to capture inflation through contractual escalators, regulation or pricing power.

Together, these characteristics provide downside protection, predictable cash flow, consistent growth through market cycles and meaningful diversification from public equities and fixed income, without sacrificing the return potential. And finally, third, Brookfield's infrastructure platform is highly differentiated in its ability to serve investors.

Over several decades, we have built one of the world's largest infrastructure investment platforms supported by global origination capabilities, deep operating expertise and long-standing relationships with key counterparties.

Today, we offer strategies across the infrastructure risk-return spectrum, tailored to different investor objectives and hold a leadership position in each.

Whether clients are seeking debt or lower-risk equity exposure to mature operating assets through an open-ended structure or higher return exposure to the infrastructure underpinning AI, we have an offering that meets their needs.

This breadth is becoming an increasingly important driver of fundraising.

Investors who begin with one strategy are increasingly allocating across our platform.

Weighted by capital, approximately two-thirds of investors in our flagship infrastructure strategy have also invested in another Brookfield infrastructure or energy transition strategy.

At the same time, we are developing structures that open the asset class to new pools of capital, including private wealth, defined contribution pension plans and insurance capital.

Looking ahead, we believe we are exceptionally well positioned.

The structural demand for infrastructure investment continues to accelerate. Institutional allocations to the asset class continue to grow, and many investors are still allocating to infrastructure for the first time, while many experienced investors are increasing their exposure.

Our clients understand our strategy, our underwriting discipline and how we create value.

They have seen us execute successfully across multiple cycles and that track record gives them confidence to commit increasing amounts of capital to us.

In fact, approximately 85% of fundraising in our most mature infrastructure strategies comes from existing investors that are recommitting capital.

We believe this is the strongest validation of the quality and consistency of our investment approach.

With our largest infrastructure fundraising cycle well underway, a broadening range of complementary strategies and an investment opportunity set that continues to expand, we believe Brookfield is exceptionally well positioned with the largest and most established global infrastructure franchise at the time of the greatest infrastructure capital needs in history.

As a result, we believe infrastructure will be a significant contributor to Brookfield's growth for many years to come. Thank you.

Hadley Peer Marshall, *Chief Financial Officer*

Thank you, Rene. As discussed, we delivered another strong quarter with double-digit growth in both fee-related and distributable earnings, continued fundraising momentum and significant capital deployment across our businesses.

I'll walk through our financial performance, fundraising and capital activity and how we're positioned heading into the final quarter of the year. Fee-bearing capital increased 13% over the last 12 months to $682 billion, reflecting strong inflows and deployment. Fee related earnings or FRE in the quarter increased 15% from the prior year period to $864 million or $0.54 per share.

Distributable earnings, or DE, were $763 million or $0.47 per share in the quarter, also up 15% from the prior year period, bringing DE over the last 12 months to $2.9 billion.

Growth in DE continues to closely track growth in FRE, reflecting the high-quality reoccurring nature of our earnings base, with an additional contribution this quarter from realized carried interest.

Let me spend a minute on carried interest, because this quarter marked an important milestone for Brookfield.

As Connor mentioned, it was the first meaningful realization of carry attributable to our shareholders since the spin-out. That is not to say the Brookfield franchise has not been generating carry.

On the contrary, over the past decade, our funds have generated approximately $12 billion of net carried interest, of which $3 billion has been realized.

As a quick reminder, at the time of spin-out, all carry associated with funds already in existence, which we'll call legacy funds, remain with Brookfield Corporation, or BN.

For funds raised after the spin-out, BAM is eligible to earn the carry, subject to a 33% royalty paid to BN. This meant BAM started with no carry eligible capital and has been building that base from scratch.

In just a few years, it has grown to $190 billion, and the funds raised since the spin-out have already accrued $1.8 billion of unrealized carried interest net to BAM. The economics are building rapidly for us, but because BAM's carry will only come from funds launched since the spin-out, realizations naturally take time. They typically begin in the second half of a fund's life, once investments have matured, performed well, and are being monetized.

This quarter, several investments in our private equity funds performed exceptionally well and were monetized earlier than expected, resulting in $48 million of net realized carry to BAM. We also have visibility into additional carry realizations of the fourth quarter and next year.

While these carry realizations are encouraging, more meaningful contributions remain ahead. If our funds hit their targets, it would mean that we will realize a total of approximately $3 billion of net carry between 2029 and 2031. And that contribution should then scale materially, averaging more than $2 billion of net realized carry per year from 2032 through 2037.

Turning back to fee-related earnings. Our margin was 54% for the quarter and 55% over the last 12 months. These margins reflect two changes that took effect this quarter.

First, as we've discussed over the past several quarters, we now present our proportionate share of the revenues and expenses of our partner managers, rather than simply our share of their FRE. This provides greater transparency into these growing businesses and has no impact on FRE or DE.

Second, the completion of our acquisition of the remaining interest in Oaktree changes our consolidated margin through business mix while significantly increasing the scale and capabilities of our credit franchise. From here, we expect margins to improve as the business continues to grow and revenues outpace costs, allowing us to benefit from the significant operating leverage embedded in the business.

Before turning to fundraising, I want to touch on our outlook for the year. We continue to expect a record year for fundraising, along with record deployment and strong monetization activity that is built throughout the year. We also expect earnings in line with our long-term targets, though modestly below what we expected at the beginning of the year due to two factors. And in each case, it is a question of timing rather than the underlying strength of the business.

First, our sixth flagship infrastructure fund is one of the strongest fundraising stories ever, both for Brookfield and the broader alternatives industry.

We'll begin charging fees in the fund as of January 1, a couple of months later than initially planned, as we complete deployment of the prior vintage. And given the fund's excellent fundraising progress, we expect it to generate even greater fees than we originally anticipated. Further, this means our reported growth in fee-bearing capital does not yet include the strong fundraising which will come through in our first quarter numbers.

Our infrastructure platform continues to exceed all expectations and we view this timing shift as immaterial in terms of the long-term trend.
Second, BBU. Our performance fee from BBU is subject to a high watermark, and with its share price down this year, we no longer expect to earn that fee in 2026. That fee is deferred, not lost, and remains available to us on equal terms as BBU's price recovers.

In short, the underlying business is performing well, and these items will modestly impact when we record these fees, rather than whether we earn them. Renee covered our infrastructure business, so let me provide some additional color on the other businesses and what drove the $25 billion we raised during the quarter as our fundraising continues to benefit from the breadth of our platform and demand for long-duration real assets and credit strategies.

Within our Energy business, we raised $2.3 billion, primarily associated with the energy portion of our infrastructure strategies.

Within our private equity business, we raised $2.1 billion, primarily comprised of $1.2 billion for our private equity flagship strategy. Over the last 12 months, overall fundraising in this business has reached approximately $14 billion, supported by demand for our investments in industrials and essential services.

Our credit business raised $12 billion, including $3.8 billion from Brookfield Wealth Solutions and $2 billion from our partner managers. Notably, the current rate environment is creating attractive opportunities for our credit strategies to deploy capital at higher prospective returns.

Overall, fundraising remains well diversified across strategies and investor channels. This breadth supports consistent capital formation and positions us to continue growing fee-bearing

capital and earnings through market cycles. With $157 billion raised over the last 12 months and significant capital available to invest across our funds, we are well positioned to capture the opportunities ahead.

Turning to deployment and monetizations. We invested or committed approximately $36 billion and generated approximately $12 billion of equity proceeds from monetizations in the quarter, with activity spread across each of our businesses. We continue to see a deep pipeline of attractive investment opportunities, particularly where our operating capabilities and access to capital allows us to transact at scale.

We're also seeing a particularly attractive deployment environment in real estate, where improving market conditions and a growing pipeline compelling investment opportunities are allowing us to put capital to work at attractive returns. Across the existing portfolio, we also see strong operating performance and meaningful opportunities for further growth.

Westinghouse, the largest investment in our first global transition fund is a good example.

Its strong performance has contributed to the fund generating a gross return of approximately 30%, compared with its 15% gross target return.

This fund is the largest of its kind globally, and its exceptional performance combined with the meaningful expected returns of capital from Westinghouse and other strong investments in the quarters to come, will generate significant distributions to partners that we believe will be reinvested in future vintages.

Our pipeline remains robust. We have $148 billion of uncalled fund commitments, including $68 billion that is not currently earning fees and expected to generate approximately $680 million of additional annual revenues as it is deployed. This represents a significant source of embedded growth from capital we've already raised independent of future fundraising.

Finally, our balance sheet. We maintain a strong asset-light financial profile that provides flexibility to support growth. We ended the quarter with $2.1 billion of corporate liquidity following the completion of Oaktree acquisition and remain well positioned to support ongoing operations and strategic initiatives while staying disciplined in how we allocate capital.

Our board declared a quarterly dividend of $0.5025 per share payable December 31 to shareholders of record as of November 30.

We enter the final quarter of 2026 with considerable momentum, strong fundraising, a robust deployment pipeline, and the expansion of our credit platform position us well to continue growing our recurring earnings base. Our focus remains on delivering attractive returns for clients and translating that performance into durable growth for shareholders.

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

QUESTION & ANSWER

Operator

(Operator Instructions) And our first question will come from Cherilyn Radbourne from TD Cowen.

Cherilyn Radbourne, *TD Cowen*

Thanks very much and good morning. I wanted to ask something on the topic of AI factories. Clearly, there have been a lot of announcements, but I think what's interesting is that Brookfield has some projects that are actually underway.

So maybe you could comment on whether you think your partnership approach contributes to that and just touch on from a risk perspective, what boxes need to be ticked before you deploy capital? Thank you.

Connor Teskey, *Chief Executive Officer*

Thanks, Cherilyn. When it comes to our AI infrastructure approach, we think there's three things that makes us different.

First is the partnership approach you mentioned. We focus solely on partnering with the largest and best counterparties, the best corporate credit counterparties in the world today in terms of contractual offtakes and backstops for these large infrastructure projects that we're putting in the ground.

The second thing would be the diversity of our platform. In just the past three weeks, you've seen us announce opportunities in both the U.K. and South Korea that pair nicely with our large operation in the United States.

But then the third one is perhaps the most important, and it's something that Rene touched upon. Brookfield has been doing large-scale infrastructure for decades. This is what we do.

This is the largest foundational component of our business. And we don't take a different approach to AI infrastructure that we take to any other infrastructure asset class. We look to derisk the development only putting capital in the ground once we've secured offtake, equipment supply, and permits. We only build in places where we have long-term community support. And we only build in situations where we're getting both a return of and a return on our capital in the initial contract period.

And as a result, there's obviously been some volatility this week on the back of the elections. We really don't see ourselves changing our business model. It's incredibly robust, incredibly resilient and still seeing significant demand.

Operator

Thank you. Our next question will come from Craig Siegenthaler from Bank of America.

Craig Siegenthaler, *Bank of America*

Can you guys hear me okay?

Connor Teskey, *Chief Executive Officer*

We can hear you now.

Craig Siegenthaler, *Bank of America*

Good morning Connor, hope you guys are doing well. So I have another one on AI. Historically, Brookfield has behaved more as a contrarian investor value-oriented investor driven by your DNA as an operator.

However, your push into AI and AI adjacencies looks like a departure from this. How do you square that away with your traditional approach? And like some of your peers, much of your AI exposure resides in very long-term contracts IG tenants, and counterparties that are worth trillions of dollars.

So how do you think about downside risks such as construction delays, inability to source power, or the underperformance of some of the LM partners.

Connor Teskey, *Chief Executive Officer*

Thanks, Craig. When describing the AI trade, I think putting everything under one umbrella is painting perhaps one of the biggest global investment needs or capital trends with a very broad brush.

I think it's important to recognize, sorry for being redundant, that we are treating AI infrastructure, the exact same way we treat all other types of infrastructure, focusing on places where we're highly differentiated, where we think we can make very strong returns while taking very modest risk. The one thing your question does highlight is where we do think we're incredibly differentiated in the market, which is we are focusing on the largest projects with the best counterparties at a scale that few can operate. But where we are differentiating ourselves

is as one of the most experienced capable builders with industry-specific expertise. The limitations on growth in this sector are not demand and not capital.

They are who has the capabilities to pull these projects out of the ground and that is becoming more and more important every day in this environment. There are some headlines about the growth trajectory of AI slowing, that might be true.

It's still growing very, very fast. But the bottleneck is who has the capabilities to pull those projects out of the ground? And in this regard, we feel like we are second to none and therefore continuing to be differentiated from others who are playing the trade more generically.

Operator

And our next question will come from Bart Dziarski from RBC Capital Markets.

Bart Dziarski, *RBC*

I wanted to ask around the fundraising outlook for 2027. So Connor, you talked about cyclical and countercyclical components within the business. If you can touch on the countercyclical components and then zoom that out to give us the building blocks of how we should think about fundraising for 2027.

Connor Teskey, *Chief Executive Officer*

Thanks, Bart. The outlook for 2027, maybe taking a step back, 2026 is going to be a record year for our business. and not by a small amount.

We're almost at a full year record through three quarters, and we do expect a very strong Q4. As we turn to 2027, what's important to recognize in our 2026 numbers is while it is going to be a record year, we have been systematically growing the baseline of what we expect to be able to fundraise year in, year out, regardless of which products in the market.

A couple of years ago, that was probably in the $80 billion to $90 billion range. Today, we view that baseline as north of $100 billion, regardless of what products are in the market, and we feel 2027 will be well in line or maybe slightly above that run rate.

In terms of the building blocks to it, we will obviously have the completion of our private equity and infrastructure flagships in the market. We will continue to have a record number of complementary strategies in the market. But most important is we do expect both our real estate and our Oaktree Opportunistic Credit Fund to launch next year.

So nice that we'll again have two flagships in the market. And obviously Oaktree Opps, there's no strategy better in the world to play countercyclicality, especially with some of the uncertainty in pockets of credit markets today.

Operator

Our next question comes from Alexander Blostein from Goldman Sachs.

Alexander Blostein, *Goldman Sachs*

Connor, sorry, another one around the AI theme just given how dynamic this place has been, this part of the market has been over the last couple of weeks even. So if we think about the projects or assets that are already in the ground and are underway, there's an argument to be made that permissions around that create significantly more scarcity in that marketplace which could obviously help the results.

Can you help us frame the AUM base or compute capacity that you have across your ecosystem that is sort of relatively immune to potential regulatory disruptions versus the projects that are kind of in the process of being built that could see some delays?

Connor Teskey, *Chief Executive Officer*

Thanks, Alex. Well, tough to give you a specific number. What is absolutely undoubtable on our side is the vast, vast, vast majority of dollars we have invested in this space would not be subject to regulatory or permitting risk at this point because the way we -- while we are one of, if not the single largest builder of digital infrastructure, AI infrastructure, the energy that supports it, we actually take an incredibly derisked approach to that very large volume of development in that we don't put dollars in the ground until the permits are secured, until we've got local support, until we've secured the equipment and the supply chain.

And as such, the amount of, call it, speculative development dollars, or early-stage development dollars that we would have at risk across our platform would be, I would candidly say, de minimis.

And again, this really goes back to where we think we are differentiated in that AI infrastructure is no different to how we build every other real asset class across our platform. And some of the concerns that are perhaps new to others, how do you manage supply chain? How do you bring your own power? How do you ensure you have community support? We've been doing this across all of our real asset verticals for 30-plus years, and this doesn't feel that unusual.

Operator

Our next question will come from Ken Worthington from JPMorgan.

Kenneth Worthington, *JPMorgan*

I wanted to pivot to credit. Credit has been the asset class for Brookfield with the fastest base management fee growth over the last few years and acknowledging that fundraising and interest in these different asset classes is cyclical, what is your outlook for credit growth as we look out for the next handful of years?

Connor Teskey, *Chief Executive Officer*

We expect the trajectory to continue. Perhaps the way we would frame it is we view in our plans credit to be an outsized driver of growth relative to some of our other asset classes, but let's break down why. The first is we have incredibly fast-growing stable of partner managers that are growing off smaller basis but at very attractive and accretive growth rates, point one.

Point two, we're very fortunate to do the asset management for a very large and fast-growing BWS entity that continues to scale dramatically. And we are the net beneficiary of that growth through our credit platform.

And then number three is the one that we're probably most excited about, which is we just put Oaktree and Brookfield together. And there is no -- every time we scratch the surface, there is more upside in terms of the opportunity to drive growth in our credit franchise now that we are fully aligned with our partners at Oaktree, and we expect the ability for them to drive growth, both through their flagship opps strategies as well as other growth verticals within that platform, that would be the third driver of credit. But we expect this momentum to continue.

Operator

Our next question will come from Dan Welden from Wells Fargo.

Daniel Welden, *Wells Fargo*

Can we dive into your capital markets build out? And specifically, what are the investments you need to make to scale this operation? Where do you think you have the right to win? And then lastly, could you discuss in which areas you might not be inclined to participate given your balance sheet light model or other considerations?

Connor Teskey, *Chief Executive Officer*

Thanks for the question. And in fact, there's two things we would say about our growth in capital markets and the revenues we expect there. One, we've already made the investments. So our business is largely burdened with the cost already. We've been investing in those

capabilities within our platform ahead of revenue to come. So as the revenue grows from here, we expect it to be a very high margin.

The second thing we would highlight is we candidly haven't been doing as much of this in the past, and respectfully, probably not as much as we should. And therefore, there is a tremendous amount of low-hanging fruit within our business, just very simply to involve our own capital markets functions within the incredible amount of capital markets activity that we do across our broader portfolio year in, year out.

The reason we highlight this point is the growth driver of that revenue in the years to come is not really driven by market volumes. It's more just driven by our increasing involvement in the capital markets activities of our own portfolio companies, which is very much within our control.

Operator

Our next question comes from Michael Cyprys from Morgan Stanley.

Michael Cyprys, *Morgan Stanley*

Just wanted to come back to some of the viewpoints around AI infrastructure. So you've talked about only developing AI infrastructure against long-term contracted revenue. So curious if you evaluate these opportunities, what are the risks that these contracts do not protect you against? Can you elaborate a bit on the exact risk that you're taking and what would have to go wrong to not hit your return targets or maybe even lose money on those projects?

Connor Teskey, *Chief Executive Officer*

Certainly. The two risks, again, that we are very conscious that we are taking, and we are very comfortable taking across our entire real assets business, but again, applicable to AI infrastructure are two things.

We take corporate credit counterparty risks and who is backstopping those long-term revenue constructs that we build against. And then operating and construction risk, where we are very comfortable given our market-leading expertise and experience in the space.

In terms of managing and mitigating those risks, while we are one of the largest investors in this space, we would say that we have been exceptionally disciplined only investing against contracts backed by the largest, best corporate credit counterparties in the world today, which are debatably the best corporate credit counterparties in the history of time or sovereigns.

That is literally the only major corporate counterparties that back our AI infrastructure build as we've currently structured in and expect to execute going forward. And then in terms of derisking the operations and construction, this is where we bring our global leading

infrastructure and energy platform to bear, whether it's centralized procurement capabilities, whether it's relationships with the key players in the supply chain, that is where we are differentiated and where we have a capability that few can match.

Operator

Our next question comes from Dan Fannon from Jefferies.

Daniel Fannon, *Jefferies*

So I wanted to follow up on Private Wealth. You talked about the success in your infrastructure product, but curious about the product roadmap and other strategies you think that will be successful in this channel and how you think the pace and rollout of them over the next kind of one to two years?

Connor Teskey, *Chief Executive Officer*

Thanks for the question. And we're quite excited about the performance of our private wealth platform in the quarter. Even our credit businesses had net inflows in the quarter, which is certainly different than what others are seeing in their credit products. And then obviously, our real asset products in the market are performing incredibly well. You mentioned it, led by our infrastructure product, Brookfield Infrastructure Income Fund, which is designed for private wealth.

We do have a very robust pipeline of new products in the private wealth channel. While we did launch BPE, our private wealth product for our private equity group, within the last 12 months, it's now only being added to a number of platforms. Currently, we expect 2027 to be a step change in terms of fundraising for that product. And that would be one, the same thing in our real estate product for private wealth. And then we have a very healthy pipeline of new credit products designed for the private wealth channel, in particular, around asset-backed lending.

So I would say continued strength in infrastructure, but we have new products either being launched or scaling very quickly across PE, real estate and credit.

Operator

Our next question comes from Crispin Love from Piper Sandler.

Crispin Love, *Piper Sandler*

As you talked about in the call, you had nearly $50 million in realized net carried interest, which I know came a little bit earlier than expected. So just curious if you can drill into the outlook

there in net carry over the near intermediate term. I know it's going to be unpredictable, but just curious on how you would expect that to ramp versus third quarter levels as you look out.

Hadley Peer Marshall, *Chief Financial Officer*

Yes, of course. Yes, it was quite exciting because we had two investments this quarter that generated net carry for BAM. SpaceX and a financial services firm were realized at quite attractive returns and multiples.

In addition, when we look out, we have expectations of further carry realizations over the next couple of quarters as a few of these outperforming investments are realized earlier than we had planned. That being said, these near-term realizations will remain episodic over the next couple of years before the meaningful buildup that could result in $3 billion of net carry over the next five years, assuming target returns. And then more meaningful carry thereafter for the next five years.

So as a reminder, though, taking it back, historically, we have generated $12 billion of net carry with about $3 billion of that being realized and paid as a royalty to BN. So you've captured it correctly. We are excited about carry coming in, but it will be episodic.

Operator

Our next question will come from Mike Brown from UBS.

Michael Brown, *UBS*

So I wanted to follow up on credit, just maybe specifically more on the fee rates and flows. The fee rates this quarter across long-term funds, perpetual strategies and liquid strategies picked up quarter-over-quarter. Anything you'd call out there? Or is this really the right base to consider for the go-forward period? And then just given a lot of the strategic activity and credit this year, how should we think about the right base of annual fee-bearing capital growth on an annual basis?

And then maybe what some of the key funds or contributors we should consider for 2027 specifically?

Connor Teskey, *Chief Executive Officer*

Hi, Mike. In terms of the fee rates on credit, we should be clear, we largely expect the fee rates on our credit products to remain very consistent. They've been consistent in the past, we expect them to be consistent in the future.

What is driving a little bit of variability in those numbers that was, in fact, positive this quarter is within our arrangement with BWS, while we have the SMA that comes with a base fee rate, when they allocate capital under that SMA to private funds, we are able to charge the fee rate of those private funds, which is obviously a bit higher. And that can create some short-term distortions in the average fee rate across our broadly reported credit vertical. All to say, we expect our fee rates to be flat.

What you're seeing there, however, is increased penetration of private fund deployment within our BWS asset management arrangement, which is very constructive for Brookfield. In terms of the big building blocks in terms of fee-bearing capital for next year, I'll come back to something that both Rene and Hadley spoke about. Our fundraising for our sixth vintage of our flagship infrastructure fund is going extremely well. This is going to be the largest fund in the history of Brookfield. We expect it to exceed its targets. It is an incredible success story. We are choosing to turn on that fund January 1. We will always not hesitate to do right by our clients and just where deployment is we feel that's the right point in time.

What that is going to drive is a huge step up Jan 1 in terms of our fee-bearing capital as those multiple tens of billions turn on all at once. And then in addition to that, we have that fairly robust pipeline around fundraising across complementary strategies and then the launch of the next flagship real estate and the next flagship credit fund next year. So it does feel like a very robust outlook for growth in fee-bearing capital.

Operator

Our next question will come from Jaeme Gloyn from NBCCM.

Jaeme Gloyn, *NBCCM*

I think I got your answer on the midterms related to AI, no change in demand or no change in your strategy there. Just looking to get your remarks with respect to the other parts of the business maybe on the energy side, perhaps.

Connor Teskey, *Chief Executive Officer*

Thanks for the question. Undoubtedly, it is very early days. And our approach across our business is we look at long-term fundamentals. We are stations or single policies. We've been doing this a long time across a lot of political cycles and a lot of different governments.

On the energy side, while this remains to be seen. Certainly, the election results this week could potentially open up the possibility for either permitting reform or the extension of tax credits that we're expected to sunset in a couple of years here. We're not banking on that in any way. But should either of those things take place, it would be a very strong positive for our business that we would certainly position ourselves to capitalize on.

Operator

And I am showing no further questions from our phone lines. I'd now like to turn the conference back over to Jason Fooks for any closing remarks.

Jason Fooks, *Managing Director, Investor Relations*

Okay. Great. If you should have any additional questions on today's release, please feel free to contact me directly. Thank you everyone, for joining us.

Operator

Thank you. This does conclude today's conference call. Thank you for your participation, and you may now disconnect. Everyone have a wonderful day.