Brookfield

TRANSCRIPT: Brookfield Asset Management 2026 Investor Day
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BROOKFIELD SPEAKERS:

Opening Remarks

- Jason Fooks, Managing Director, Investor Relations

The Brookfield Advantage

- Connor Teskey, Chief Executive Officer

Designed for Durability, Positioned for Growth

- Hadley Peer Marshall, Chief Financial Officer

One Scaled Global Credit Leader

- Bob O'Leary, Co-Chief Executive Officer, Credit

Fireside Chat: View from the Top: A Conversation with Brookfield's CEOs

- Bruce Flatt, Chairman
- Sam Pollock, Chief Executive Officer, Infrastructure
- Connor Teskey, Chief Executive Officer, Energy
- Anuj Ranjan, Chief Executive Officer, Private Equity
- Lowell Baron, Chief Executive Officer, Real Estate

PRESENTATION

Jason Fooks, Managing Director, Investor Relations

Good afternoon and welcome to Brookfield Asset Management's 2026 Investor Day. We hope you enjoyed that video. It's part of Own What's Next, our first ever brand campaign. The message is consistent with things you've heard us talk about for a long time. Brookfield owns and operates the real assets and essential service businesses that make up the backbone of the global economy. As the backbone of the economy continues to evolve, we've evolved with it. Our industry is changing too. Private markets are opening up, and individual investors now have the opportunity and choice to participate. This campaign is how we introduce our approach to investing to more investors. We'll share a few more videos between today's presentations that highlight how the backbone is being reshaped, how an ownership mentality is core to our DNA, and how we're always looking ahead for what's next.

So on behalf of our entire management team, we appreciate your interest, and we appreciate you being here with us today. We have a terrific agenda lined up for you today, so let's dive in. First, Connor Teskey, our CEO, will discuss the advantages we've built across Brookfield and how they are driving durable, resilient results across the franchise. Hadley Peer Marshall, our CFO, will continue by highlighting how our resilient earnings model also has significant, durable growth drivers that will propel the business for the next five years and beyond. Then, Bob O'Leary, our co-CEO of Credit, will take you through our integration of Oaktree and how it's allowed us to build one fully scaled, full-spectrum credit platform. Finally, Bruce Flatt, our chairman, will moderate a conversation with the CEOs of our other business groups for a rare dialogue on how each of those businesses are growing and the opportunities they see today.

Now, before I begin, I just want to touch on a few housekeeping notes. We'll save questions for the end of the presentation, but we'll be happy to take questions from both our live audience and those attending virtually. Just wait for the mic to reach you before you ask those questions, and we'll do that at the end of the presentations. As always, I'd like to remind you that during the Q&A and throughout today's discussions, we may make forward-looking statements. These statements are predictions about future events and trends that are subject to known and unknown risks. Actual results may differ materially from those we discussed today. For further details, please see our filings with the securities commission in the U.S. and in Canada and the cautionary statements contained in our presentation, which is also available on our website.

THE BROOKFIELD ADVANTAGE

Connor Teskey, Chief Executive Officer

Good afternoon. Thank you for being here, both those in the room and those online, and thank you for your interest and support of Brookfield Asset Management. We don't think there's ever been a more exciting time in the history of Brookfield, and as a result, we're all very excited to provide an update on our business.

In previous years, we've talked about our objective of doubling the size of BAM every five years or less. And today, we're on track or ahead of schedule in that regard. And in a moment, Hadley will discuss our ongoing growth profile. But equally important is how we are continuously enhancing the resiliency and stability of our underlying earnings.

When we spun out Brookfield Asset Management in 2022, we wanted to create the highest performing alternative asset manager, one that would raise significant amounts of capital and deploy it into the largest and most attractive investment themes, but equally one that was incredibly diversified, able to drive fundraising, investment performance, and earnings quarter after quarter, year after year, cycle after cycle. And that is exactly what we have been doing. We have been building a business model that can produce across market cycles and in all economic environments.

Today, Brookfield continues on its hundred plus year history as the leading owner, operator, and investor in the critical assets and essential services that make up the backbone of the global economy. We operate across five verticals and use our competitive advantages of size, global reach, and operating capabilities to identify the largest investment trends and drive underlying operating performance.

The diversity of that business, the leadership in the largest and fastest growing segments of the alternatives market and our disciplined approach to execution is showing up in our results. We are both investing and monetizing more capital than at any point in our history, while at the same time delivering growth rates at or above our long-term targets. What this demonstrates is even as our platform grows, we can continue to maintain the growth rates of the past. And even as we deliver these record results for shareholders, at the same time, we are delivering some of the best investment performance in our history to our LP partners.

And there is nothing that highlights the momentum in our business more than our current level of fundraising. This is a result of that leadership position in the largest and fastest growing segments of the alternatives market. It's the result of an underappreciated structure that allows us to raise capital from a diversified spectrum of the largest pools of money around the world. And it's the result of the initial dividends of some recent initiatives that will continue to scale going forward. Not only will we deliver record fundraising this year, but we are raising the bar of how much capital we expect to raise year in and year out.

But perhaps what's most important is it's not coming from a single strategy or a single platform. Every business at Brookfield is printing records right now. Our infrastructure, energy and AI infrastructure platform continues to be dominant in what is one of the biggest capital needs and greatest build

environments in history. Our private equity and real estate platforms continue to grow and scale, particularly at a time where others are seeing headwinds and perhaps retreating.

And lastly, now with the full integration of Oaktree, we have built one of the largest global credit platforms built for performance and market leadership in the most important subsegments of credit. And we are able to continue to enhance the resiliency of our earnings while delivering growth due to ongoing processes within our business. We increasingly diversify those leading market positions in the most important segments of the alternatives market. We continue to deliver on Brookfield's brand of exceptionally attractive risk adjusted returns, but at a scale and a consistency that few, if any, can match.

And lastly, we continue to stay focused on the future. Building new businesses the right way such that they can scale into market leaders over time and continuously positioning our platform at the forefront of investment trends both today and in the future. Let's go through each of those individually.

Brookfield's diversity is a quiet, underappreciated and hugely valuable attribute of our business. Our diversity across geographies, investment capabilities, products and investors ensures that we can deliver results across all economic conditions. Said another way, we can continue to grow regardless of which products are in the market in a given year. And while this is an undisputed strength of our business today, we have an ongoing process to ensure we go from strength to more strength in this regard.

And that's because increasing our diversity and growth is part of a very virtuous cycle. Brookfield uses its competitive advantages of size, global reach, operating capabilities to deliver exceptional, strong, and consistent results. That track record, it allows us to not only raise larger funds in our existing strategies, but also launch new funds. And that growth and increased diversity of our business gives us visibility to more capital flows, a greater spectrum of transactions, and gives us more information with which to make the next investment decision. We put that back into our business, enhancing our capabilities and continuing the virtuous cycle.

Where does this show up in our results? Let's just take a subsegment shot at some of our infrastructure products. In our most mature strategies, we are seeing almost 80% of fundraising from re-ups, existing investors in that strategy who are attracted to the strong and consistent returns it delivers. But once an investor joins Brookfield, they increasingly look to invest across other strategies as well, the way that 60% of the investors in our market leading infrastructure debt strategy are also investors in the flagship. But different investors have different needs, different objectives, yield, risk tolerance, duration, liquidity. And by offering a greater spectrum of different products and solutions, we can service the entire spectrum of investors, but in different proportions for each type of product.

Over the last 10 years, we have increased our institutional investor base by eight times, 800%. Obviously, that significantly increases our diversity, minimizing any reliance on a single geography, investor or investor type. But perhaps what's more important is investors who partner with Brookfield are increasingly investing across a greater number of strategies. This allows us to build deeper, larger, more enduring relationships, and it also allows us to continue to grow our business without the burden of customer acquisition costs every time.

Looking at the stats, today, the average investor has a little bit more than two and a half different product investments with Brookfield. That's less than two times a decade ago. That might not seem that exciting, but it is remarkable. Please understand the denominator effect in that calculation. We have brought in more than 2,000 new investors who, by definition, started with just a single product at Brookfield.

We've been saying for a number of years now that the largest investors around the world are increasingly concentrating their capital with a smaller number of managers who can deliver performance, but also deliver a greater suite of products and services. This is why we launched new products. This is why we integrated with Oaktree. This is why we continue to expand our partner manager program, increasing the number of new entry points for new investors to Brookfield, as well as increasing the number of products and solutions we can offer to existing partners.

And that investor base is highly diversified by geography, minimizing our exposure to any regional market economic or geopolitical trend. These things do change over time. They've changed in the past. They will continue to change in the future, but we have built a business model that can evolve and adapt to those changes using 2020 as a base year.

Fast forwarding to 2023, we increased our annual fundraising over 20% in that timeframe, but we also increased our exposure to Asia and the Middle East. Jumping forward another three years, we increased our annual fundraising an additional 40 plus percent, this time seeing greater fundraising in North America and increased exposure to Europe where we made a concentrated effort. But it goes beyond diversity of geography or investors or products. It's also diversity of investment capabilities.

Today, we have five platforms where we have market leading positions and not a single one of those platforms is responsible for more than a third of our revenues. But within each of those platforms, we have industry expertise in subsegments that ensures that we are well positioned to invest in whatever the best opportunity is wherever or whenever it arises. What all of this does is it creates an incredibly balanced and diversified portfolio that can grow across a cycle.

The bulk of Brookfield's business, our long duration real assets across real estate infrastructure and energy, they perform across market cycles, but now our more pro-cyclical strategies are offset and balanced out by more countercyclical strategies, meaning regardless of market conditions, some component of Brookfield is growing rapidly, ensuring we can deliver consolidated growth year in and year out.

Let's turn to investment performance. Brookfield uses a repeatable and consistent formula of leveraging our competitive advantages of size, global reach and operating capabilities. We use our market leading platforms to identify the largest investment trends, and then we use our scale and operating capabilities to buy for value and drive underlying investment performance. But this goes beyond just being an owner operator.

Increasingly, we are using those leading platforms to manufacture or originate new bilateral investments that others cannot, creating very attractive economic exposures that others cannot get access to. And this isn't driven solely by our investment teams. It is very difficult to replicate because it leverages our $1.3

trillion global asset base, our presence in 50 countries around the world, our 250,000 operating professionals who are dealing with the largest corporate and government counterparties around the world, identifying the biggest capital needs and the unique solutions we can provide. And every business we own, every investment we make, every deal we review that we don't execute on gives us more information to make more informed investment decisions going forward. We've talked in the past about the benefits of the Brookfield ecosystem, how we can use the knowledge and perspective in each of our five verticals to enhance our competitive advantages and unlock new opportunities.

Today, around the world, leading corporates rely on an increasingly integrated system of real assets to support their growth. Our knowledge and ability to navigate that system, identify the capital needs and identify and mitigate the risks not only drives new investment opportunities, it drives superior returns. And we are seeing this day to day in our business. Increasingly, our private equity and credit teams are leveraging our real estate and infrastructure teams to help with underwriting.

As digitalization accelerates, the leading corporates around the world are seeing physical and digital worlds collide, converge, and as a result, they are restrained by their physical capacities. This increases the value of the platforms we own, the knowledge we have, and the capabilities we possess.

Take, for example, energy, which is now the bottleneck for growth for not only the largest corporates, but the largest economies around the world. Our energy team has perfect visibility to identify growth opportunities across all of our platforms and help them underwrite their investments.

If you want to get excited about one of the reasons for bringing Brookfield and Oaktree together is we now have two sourcing teams, not just to drive greater deal flow in their specific verticals, but across all of Brookfield's verticals. And this is exactly what we're seeing. More so than ever, we are seeing deals originated in one platform that are eventually executed in another platform where they are more appropriate, a clear benefit of the Brookfield ecosystem.

But the biggest benefit of all of this is the most important metric to us, the bedrock of our business, our long-term high performing investment track record. And over the last 12 months, we have actually enhanced this track record in what we can all agree has been a relatively uncertain market environment. But that ability to originate and the credibility of that track record allows us to launch new products successfully, but equally important, it allows us to build businesses the right way such that they can scale and become market leaders in the future.

Building new products and new platforms is something that is not new to Brookfield. We've been doing it for over a decade, but it has accelerated in the last five years and it is happening across every single one of our verticals. In fact, across all five of our platforms, non-flagship revenue is now the majority of our business. And whenever we build a new product or a new strategy at Brookfield, we use the same repeatable and consistent approach to drive success.

There are three rules. It needs to be a large and attractive opportunity set. It needs to be somewhere where Brookfield is positioned to be the market leader, and it can't conflict with anything we're already doing. As a result, we focus on adjacencies to our existing business where we can leverage our in-place

leading platforms, and we also very consciously at the onset of new products focus on execution and performance, sometimes growing slower initially, but providing a platform for accelerated growth and market leadership in the future.

We'll give an example. Eight years ago, we launched BSIP, our Super-Core Infrastructure fund. At the time, we only had our flagship value add and our leading infrastructure debt fund. Initially, we consciously grew methodically, thoughtfully, and in a modest way, balancing deployment with investor inflows. Fast-forward to today, that is a $26 billion platform that is raising almost $4 billion a year on a run rate basis.

But at the same time, four years ago, we launched Brookfield Infrastructure Income Fund into the private wealth channel, again, consciously being very methodical about how many platforms we initially listed on and growing slowly matching deployment with fundraising. Today, we're raising over a billion dollars a quarter. And in the last eight years across these two products, we have never had a single quarter of net redemptions.

I don't think there's many managers that can say that, let alone people that added two products that can deliver almost $10 billion of annual net inflows to what was already the largest infrastructure platform in the world. This was done against a backdrop where our other infrastructure platforms, our flagship infrastructure fund, our infrastructure debt fund, our energy business also saw significant scale growth at the same time.

But it's not just about what we're executing today, it's about what we will do in the future. And we look to enhance and maintain the stability and growth of our returns by, one, partnering with the most strategic counterparties that will deliver growth over the next decade. By, two, continuously enhancing our capabilities. And three, constantly assessing what the largest opportunities are for the future and positioning our business to capture them.

We've discussed in the past how Brookfield is the partner of choice for the largest corporates and governments around the world. Our ability to pair large scale flexible capital solutions with unparalleled industry operating expertise positions us to help these counterparties with their most strategic growth initiatives. And what's most important to us is not that we're doing more partnerships, but it's that each of these partnerships continues to broaden. Our counterparties are no longer just an LP or an offtake or a JV partner, but in some cases, all of the above.

There's no better example of this than NVIDIA, the largest corporate in the world. They are the $2 billion anchor LP investor to our AI infrastructure fund. They are the critical supplier to one of our portfolio companies. We are JV partners with them and NAVER on a gigafactory in South Korea, and Brookfield is one of the financing partners of their new $500 billion compute program. There are very few around the world that have the capability to have such multifaceted and deep relationships with the most important institutions that will drive growth over the next decade.

But we're also enhancing our internal capabilities. Undoubtedly, the best example of this is our investor solutions group. This was started less than two years ago, and what ISG does is it works with an investor counterparty to understand their specific needs, what's their risk tolerance, what's their return target,

what's the duration, how much cash yield, how much liquidity do they need? And then after understanding that, they go create a multi-product, multi-asset solution by leveraging the over 65 different products at Brookfield. Very few have either the capability or the product suite to offer this service.

And in less than two years since we launched this, we've secured over $10 billion of unique mandates, including some very unique structures, including one where we secured a billion dollar mandate with a 25-year lockup. Do the math on that. Fast-forward two decades, that's more than $20 billion of fee-bearing capital to Brookfield from a single mandate today.

We also are positioning ourselves for the biggest growth markets in the future. We've talked about our interest in growing in the individual market. We have a very rapidly growing private wealth business. We continue to scale our ability to service life insurance and annuity policy holders, but we are also positioning ourselves at the forefront of the 401(k) and retirement market here in the United States, in particular, positioning Brookfield to be the real asset investment provider to the recommended or default programs of the largest plan administrators in the United States. We announced our first collaboration with AllianceBernstein this year, and we expect to announce many more given that our expertise in long duration real assets is the perfect complement to the objectives of retirement investors.

And perhaps you thought 2026 was the year that we would get off the three Ds, but in the year that we've had, that would've been impossible. Since highlighting three global investment themes of the digitalization of everything, the world needing more energy than ever before, the rewiring of global supply chains to focus on resiliency and production of critical goods and services closer to home, these major global investment themes continue to accelerate year after year. The capital needs are forecasted to be bigger going forward than they have been in the past, and our leadership position across all three of these themes ensures that we will be at the forefront of not only the largest, but the most attractive investment opportunities going forward.

So with that, before I hand over to Hadley, while we are very excited about the growth of our business, we're equally focused on continuously increasing the resiliency and stability of our underlying earnings. We do this by increasingly diversifying our business, by continuing to deliver on our value proposition, very attractive risk adjusted returns, but at a scale and a consistency that few, if any, can match.

And lastly, we continuously position ourselves for the future, building new businesses that can become market leaders and ensuring that we stay on the forefront of not only investment trends today, but investment trends tomorrow as well. Thank you.

DESIGNED FOR DURABILITY, POSITIONED FOR GROWTH

Hadley Peer Marshall, Chief Financial Officer

Thank you and welcome. Connor talked about how our business and our earnings are resilient, diversified, and consistent. And that's not by accident. We built it that way in order to maximize value. Now when we spun out Brookfield Asset Management from Brookfield Corporation four years ago, we did so in order to give transparency to our public investors as well as an opportunity to invest directly in a pure play alternative asset manager. And it's been a great success. We've grown significantly. Our earnings are up 40% and we are very happy with what has happened. If you talk to our shareholders, they'll say that they are excited about the growth, the disciplined investment approach we have, the leadership that we've built, and the consistency and stability in our performance. Now we've also grown our fee bearing capital in a material way. And part of this is because our model allows us to reach the deepest pools of capital in the world, public markets, insurance, institutional and individual.

And when you look at the $670 billion of fee bearing capital, about 250 billion comes in a permanent format, which compounds via our public markets and the listed affiliates as well as our insurance channel. The remaining 425 billion is long-term diversified into our private funds from our institutional and individual clients. Now across the board, this is a big advantage for us and there's two focuses we have. One is client servicing and two is performance. And if we do those things well, we will continue scaling and building on our fee bearing capital across all of these channels.

Now, because of our model and the growth of our business, we have been able to create a product for every type of investor. As you heard from Connor, we have over 60 and growing. So let's take an example for a second. Let's assume that you want to invest in a closed end global core plus fund with the leading infrastructure manager. You'd invest in BIF, but let's say instead you actually want daily liquidity but still have access to the best in class infrastructure funds we have, BIP. And then let's just say that you want to invest in maybe the world leading infrastructure credit strategy, BID.

The broader point is that we have the solutions for our investors across liquidity, risk return spectrum, up and down the capital structure. And we do this for all of our businesses. We have some investors that want to have exposure to sector or geographic themes outside of our flagships, which are global and well diversified. So here's another example. Let's assume that you're interested in investing in real estate, but specifically housing. You can invest in BREVA-H, our recently launched strategy. But then let's say you actually want access to the best in class deals we do in private equity, but only in the Middle East, BMEP. And finally, if you want to invest alongside the leading AI infrastructure manager, BAIIF.

Overall, we have 60 strategies and as mentioned, they're growing. Now what they all have in common is that we are focused on delivering that performance, which is critical to us continuing to scale. Now I talked about earlier how our model was built on purpose in order to maximize value and how it's allowed us to achieve providing a product for every single investor. And that gives us a deep relationship with our clients and a breadth, which makes our fundraising and ultimately our earnings consistent. And you can see that in our fundraising. We have significantly grown our fundraising year over year consistently throughout all the various economic cycles, tariffs, inflation, denominator effect, geopolitical conflicts, volatility in energy markets. The point here is that we have been able to successfully raise capital regardless of the market backdrop, and it only strengthens for us.

Now we have not provided guidance for our 2026 fundraising number, but I think some of our analysts have a rule of trying to back into what that number is. But what I will say is that is going to be a record year. 2026 will be a record year for us, even when you look at it from an organic perspective. And as evidence of that, we've raised $163 billion over the last 12 months. That fundraising will lead directly into our FBC and our FRE. So if you go back to 2020 and you look at the growth that we've experienced, 16% for both of them on a compounded annual growth rate. Now what's interesting about that is not only is that above our 15% long-term target, but that's been done steadily every year, not with one year or one product making a determining factor.

It's also evident in our deployment. Deployment has doubled to $160 billion over the past 12 months. These investments sit in the sectors that fit into the global economy, including utility scale energy storage, industrial gas infrastructure, and transportation. What they all have in common is their quality investments with a disciplined investing approach in the sectors we know well. Monetizations are very important for our business. They do three main things for us. Obviously they cement the proven track record, they return capital back to our investors, and that hopefully is recycled back to us. And then they realize carry, they generate the carry for us. And you can see we've tripled our monetizations over the past five years. That leads to $90 billion for the last 12 months and 2026 will be a record year for us.

So now when you take the stability of our cash flows, the predictability and that consistency and you marry it with the growth engine, that gives us line of sight to doubling our business. And the three main pillars that have been critical in our growth historically will still be the major part of our growth when we look forward, flagship funds, complementary strategies and insurance capital. Flagships are a large part of our success and our growth. We raised $129 billion over the past five years and that's growing to $175 billion, 35% growth over the next five years. Now our flagships do more than just scale and grow. They are the innovation engine for creating new strategies. When they build their investor base, their capabilities into new markets, that allows us to expand into complementary strategies and we've done that successfully. We've raised $195 billion over the past five years and that will almost double when we look out to 2031.

Now we have two categories for our complementary strategies, new strategies which are one to two vintages, but the remaining 65% is made up of strategies, mature strategies that've had three or four vintages. They built the track record, they've got the investor base and similar to our flagships, all they need to do is keep delivering and then they will scale. So low execution risk. The final one is Brookfield Wealth Solutions, a powerful partnership for us. We manage $150 billion under the investment management agreement where we earn 25 basis points and that's going to grow to $360 billion by 2031. Now you will notice that about 6% is allocated to private funds and that's growing to 18%, so call it $60 billion where we earn additional fees.

So, what else is driving our growth? We have other emerging themes. They're actually growing faster than our broad business. And these include the increase in fundraising for private wealth, the scaling of our capital markets, the contribution from carried interest and the value generated from our balance sheet investments. I'll start with private wealth. It is gaining even more momentum. We have about 200 people dedicated to engaging, educating, and building relationships with financial advisors. We have six evergreen strategies and they are building a track record and as they build that track record, they scale. So, this gives us a five times increase in our FBC.

Now capital markets is interesting because we issue about $150 billion or so of debt on an annual basis for our portfolio companies. Plus we do large deals that our investors want to participate in. So this gives us the ability to scale the business even further, reaching probably 50 to 100 million of revenue next year and growing to about $250 million by 2031. Carry's an interesting one because in the past we've talked about it as the second leg of growth, but it's actually happening now. And I'll come back to that in just a second. So as a reminder, when we spun out Brookfield Corporation, they kept all of the legacy carry. So we're really starting from scratch, but you can see the build, the fast build, and we should show on a cumulative basis $9 billion of carry over the next five years. A third of that will go to Brookfield Corporation as a royalty, a third to employees as compensation, and then a third will go to Brookfield shareholders.

And if you look out the following five years, even bigger, $35 billion and then beyond. Now coming back to carry today, what's interesting and what we're seeing in our numbers is that that is accelerating for us and we should see carry this year and building over the next few years. And I'll talk about this when we get to the numbers.

Finally is balance sheet. I put this one in here because we are an asset-light manager, we're judicious about our balance sheet, using it to seed new strategies or invest in our partner managers, our existing partner managers. But on a standalone basis, these are very attractive. They have a J curve, but we generally target 20 plus percent returns for these investments. So not only do they support the overall business from a growth perspective, but they also are accretive to Brookfield Asset Management. So now I'm going to put it all together and show you what the future looks like with all of these drivers of growth.

We are going to double to $1.3 trillion of fee bearing capital by 2031. It will be broad based across all of the segments and between flagships, mature complementary strategies and insurance where all we need to do is deliver, we will be able to scale. So low execution risk, and that's about 75% of the capital. Now going back to monetizations and the importance there, we will return $220 billion back to our clients. Now this fee bearing capital is very stable for us and it gives us that consistency and stability. If you go back to when we spun out, about 83% of our capital was long-term or permanent nature. Today that's 88%. But then look at 2031, that's after we've doubled the business. So it will continue to be a value add to our cash flows. And then the diversification will be met across all of our businesses.

Infrastructure and energy will continue to capture the tailwinds from the 3Ds. We'll see private equity benefit from their focus around industrial and essential services. Real estate seeing a big flow of opportunity after the lows of 2023. And credit, which Bob will talk about shortly, is seeing a large opportunity in asset-backed finance, real assets, and opportunistic credit. And that FBC will drive our FRE growth. We'll hit almost $11 billion of revenues, but our costs are growing slower, which means that we'll have expansion of our margins showcasing the operating leverage that's built into the system and generate 16% returns for us on an annual basis. That translates to $4.08 per share relative to $1.97 today.

Now coming back to carry, remember not much in 2022, but it's building. And by 2031, we should see a 32% compounded annual growth rate. So that carry will be more meaningful and you can see it here because our DE is growing even faster. FRE will still be the foundation, but we have about $1.4-ish billion coming in from realized carry that will support that 18% growth rate and translates to $3.99 per share

relative to today of $1.75. And now this is the fun part. This will support our 15% plan for our annual long-term dividend growth rate.

That was the base case plan, but now we have additional levers that we know will be impactful for our growth over the next five years. That includes the defined contribution market. Connor talked about that. The new complementary strategies, which inevitably will be built, our existing partner managers and M&A. These will give us multiple paths to 20 plus percent annualized earnings growth. And I pulled out partner managers because this one we do have numbers that we can put against. We have five partner managers best in class, we know them well, and we have embedded options to continue to increase our stakes, and that could generate up to $350 million of FRE by 2031. So not only are these partners growing, but our stakes in them are growing as well.

So pulling it all together, hopefully you now have a better understanding of how our design, our model is a competitive advantage for us, allowing us to grow consistently and doubling the size of the business. Now what is interesting and worth noting is that these levels that we've presented are some of the highest levels we've ever presented, making Brookfield Asset Management a value investment, especially today. Thank you.

ONE SCALED GLOBAL CREDIT LEADER

Bob O'Leary, Co-Chief Executive Officer, Credit

Good afternoon. I'm Bob O'Leary, co-CEO of Brookfield Credit and also the portfolio manager of the Global Opportunities Funds at Oaktree. I'd like to share some perspectives on Brookfield's credit platform, of which Oaktree is now the largest constituent part.

On July 31st, Brookfield completed the acquisition of the 26% of Oaktree that it did not already own. That closing marked the beginning of a journey as a fully merged credit platform. Today, I'll cover three things. Number one, how we built the platform and how our capabilities differentiate us. Number two, how is that integration going and making us stronger? Number three, and most excitingly, where the biggest opportunities are today.

Story of this relationship and the resulting credit platform goes back fully 125 years to the founding of Brookfield. Brookfield's origins as an owner-operator of essential assets affords our credit platform critical insights, insights that few credit managers can match. Oaktree's founding in 1995 was premised on the steadfast focus of the primacy of risk control. The philosophy of downside protection has served us well over multiple credit cycles and dislocations in debt markets.

In 2019, Brookfield and Oaktree came together in the first stage of their partnership. Shortly thereafter, we executed a foundational IMA with Brookfield Wealth Strategies. Over the six years of our relationship together, we have selectively added partner managers who we feel contribute distinctive investment capabilities to our platform. Today, we stand as a fully integrated platform with a scale and scope that no other manager can match. Let's put some numbers around the scale.

As a consolidated platform, today we manage fully $416 billion in assets. Those assets are across four key verticals. Number one, opportunistic. Number two, real assets. Number three, asset-based finance. And number four, performing corporate credit. This is one of the largest global credit platforms of any alternatives manager, operating in areas of tremendous relevance to our limited partners. We also offer industry-leading scope with products that run the full extent of the risk-reward spectrum. Through Brookfield, we have core capabilities in hard-to-replicate areas like real assets lending. This lending is informed by our 125-year history as an owner of essential assets. Through Oaktree, we add critical credit expertise, especially in opportunistic credit. And finally, we have added, again, selective capabilities with our credit partner managers to offer additional investments to our clients.

Our products span the entirety of several different dimensions of the credit universe, from investment grade to opportunistic and special situations, from senior to subordinate lending, from liquid to illiquid credit, and finally from corporate credit to real asset lending.

Now that we've established some of the core capabilities of the platform, let's talk a little bit about the status of the integration of our respective credit capabilities.

It should be noted that even prior to the initiation of our partnership, there was a high degree of commonality in our approach, our investment philosophy, our approach to putting clients first, our affinity for complexity, and our long-term orientation. We've also had the benefit of working together for over

seven years, leading up to the final closing of the transaction in July. Even with the collaboration to date, the closing of the transaction will allow us to unlock even more value over time.

There are three specific areas that we think hold the most promise. The first area, client relationships. You heard Connor talk a lot about this earlier. The second area, enhancing the collaboration across our platform. That breaks into two areas, sourcing and knowledge. And finally, the delivery of new products.

In terms of our client relationships, it's no secret at this point that LPs are looking to consolidate their relationships into a few scaled, skilled general partners. This represents an extraordinary opportunity for us to build on our existing strong market position with our most trusted clients. As of today, the overlap between Brookfield and Oaktree is about 21% of the top clients we have.

As Connor referenced in his remarks, we have clear opportunity to introduce the unrepresented partner to our most trusted relationships. Even in situations where we do overlap, there are opportunities to deepen our relationships as LPs winnow down the number of GPs that they use.

Sourcing is an area of clear collaboration. It's an area that's got our investment professionals very excited. I started in Oaktree's opportunities funds 25 years ago. At that time, the critical capability was analytical. If you could analyze the instrument better than your competitor, you won. Today, that is a necessary but not sufficient condition to outperforming. The new skill, the skill that has become critical is sourcing. The combination of our two platforms will establish an industry-leading sourcing capability that is both geographically diverse and has deep industry expertise. Our sourcing capability will be a game changer for our credit strategies.

Brookfield Wealth Solutions is also a key source of differentiation for our credit platform. BWS is a large, growing, and long-duration source of capital for our strategies that we can put to work in ways to generate attractive outcomes for both borrowers and policyholders. All of this, our client base, our sourcing capability, and our insurance capital will enable us to continuously innovate for our clients. Already, since the initiation of our partnership in 2019, the number of products that we offer as a combined entity has nearly tripled. While our product portfolio feels complete, we are always on the lookout for naturally adjacent products and remain responsive to client needs.

So let's take stock of what we have discussed. Our combined platform has been built over decades and across multiple credit cycles to produce strong risk-adjusted returns in any environment. The combination has strengthened our platform. We are particularly proud of our record in times of market dislocation and periods of volatility, and this is precisely the type of environment we think we're headed into right now.

In December of 2022, Howard Marks wrote a memo entitled Sea Change. In that memo, he made several observations. First, starting in 1980, the world saw the onset of three massively deflationary forces. Number one, favorable demographics, primarily an accelerating birth rate. Number two, unprecedented global economic integration. And number three, benign geopolitical conditions. Those conditions gave rise to one of the greatest bull markets in modern financial history. The subsequent decline in interest rates drove unprecedented increases in valuations of financial assets. Today, all of the forces that drove that bull market are in sharp retreat. Demographics are a headwind. Global economic integration has broken down in spectacular fashion. And the peace dividend has vanished. With the reversal of these forces, the memo argued that it was likely that interest rates would be higher and more volatile for an extended period of time. That, in fact, has come to pass.

Partly as a result of the higher and more volatile interest rate environment, private credit has experienced its share of turbulence. Negative headlines in select parts of the private credit market have been written as a result of this turbulence. These headlines are narrowly focused on sponsor-driven direct lending and ignore the vast diversity of private credit. More importantly, it's environments such as this that demonstrate where specialized analytical capability and superior credit analysis drive differentiated outcomes. Our private credit platform is showing precisely those differentiated outcomes right now.

Interest rate volatility is driving opportunities across all of our credit businesses. Let's talk about some of the deployment areas in our key verticals. Taking real assets first, the business operates in two verticals, infrastructure and real estate. Our infrastructure debt fund is the largest in the world. Our real estate debt fund has been a leader across multiple forms of real estate lending for several decades. Together, they manage over $50 billion in assets and have completed nearly 600 transactions. The strong deployment outlook in infrastructure is driven by a massive funding gap. Funding gaps are a function of either the supply of capital retrenching or the demand for capital outpacing the available supply. In infrastructure, it's the latter phenomenon, propelled by the three Ds that you heard about from Connor earlier, digitalization, decarbonization, and deglobalization. Those trends show no sign of abating and have driven a truly massive funding gap.

In real estate, the industry is still recovering from one of the sharpest and swiftest rate moves in financial history. While funding is starting to flow back into the sector, valuations have yet to fully reflect the strong fundamental performance of certain sub-asset classes. This represents an attractive opportunity to lend at very economic levels.

Asset-based finance has been an area of singular focus for both Brookfield and Oaktree for the past several years. Together, we have assembled a best-in-class capability that manages close to $60 billion in assets and has invested in over 1,800 transactions. The asset-based finance market is huge and growing as borrowers seek to lower their debt cost of capital. Banks and other traditional lenders are retreating from the sector to focus on other lines of business. This has opened up the field to private capital providers, which currently represent a relatively small portion of the business.

And finally, a topic and a subject near and dear to my heart, opportunistic credit. We have the longest-running strategy in opportunistic credit, having deployed over $60 billion in 38 years of the operation of the strategy. We've been involved in more debt restructurings than any firm in the world and have executed close to 1,400 investments.

The addressable market for opportunistic credit has expanded dramatically in the last several years. The amount of sub-investment grade and BBB debt has more than quadrupled since 2007. That's a growth rate of 8%, which is roughly double the growth rate of the underlying economy. We're levering up as a world economy. With rates and credit issues starting to rise, we are seeing opportunistic credit increase meaningfully across all of the regions that we operate in.

Relatively simple definition of opportunistic credit is debt under the price of 90 cents on the dollar and over 15% yield to maturity. Using that definition, the opportunity set has accelerated over the last several years. As you might expect, the largest increase in that debt is software-related debt, but nearly every industry sector has some representation. We are very encouraged by what we're seeing in our pipeline right now.

Credit markets are still relatively orderly. We aren't seeing the signs of the macro dislocation that we saw during the GFC. And yet the forces of digitization, deglobalization, and decarbonization are creating structural imbalances in lending markets. We have the platform to create strong risk-adjusted returns by lending into these imbalances.

As markets turn, as they inevitably will, we have a purpose-built, best-in-class, opportunistic capability to capitalize on this dislocation. In short, we believe we can generate strong returns no matter where we are in the credit cycle.

Hadley walked us through the tremendous growth of the overall Brookfield portfolio, and here we are seeing the strength of the credit platform and how that translates into credit's contribution to that overall growth. This growth will be balanced across our drawdown-style funds, our perpetual capital vehicles, and liquid credit. The majority of the growth will obviously come from our perpetual capital vehicles.

Over the next five years, we see our fee-bearing capital doubling at Brookfield Credit, which is a reflection of both the increasingly attractive rate environment and our distinctive capabilities.

Thank you for taking the time to listen today. I look forward to updating you in the future on our progress against these goals.

VIEW FROM THE TOP: A CONVERSATION WITH BROOKFIELD'S CEOS

Bruce Flatt, Chairman

Okay. Hi everyone. Before we get into this, I was just looking at that slide, Connor, and this is totally off the grid. What's actually an incredible statement, in this show, I'm going to use this just to say what's changed in the world. Battery costs, you may have not caught it, battery costs have decreased by 90% over the last five years. So why are batteries available today and why do they matter and why didn't they matter before? The price had gone down by 90%.

Connor Teskey, Chief Executive Officer, Energy

Fastest growing part of our business today, bar none. Energy storage.

Bruce Flatt, Chairman

That's shocking. Anyway, sorry. Sorry for distracting the crowd. I guess the real story that was told, I think, by those three presentations, incidentally, great job, was just the growth in what's going on. But every year we do this and we say we're going to do that. And generally we meet it, but it's a lot of growth. Anuj, on the PE front, how do we get there and how do we achieve it?

Anuj Ranjan, Chief Executive Officer, Private Equity

Yeah. So look, we're quite fortunate today to be in an environment where we have really three things going for us, I'd say on the private equity side. First is, I'd love to take all the credit personally, but I can't. It's actually the broader Brookfield platform. Managers want to do more with... Sorry, clients, our partners, our LPs want to do more with less managers. And we're a beneficiary of that in the private equity group because they're doing more with all of us across Brookfield.

The second trend we're seeing is they want groups that have deep operating capability in whatever they do best. Our focus being industrials, heavy asset services, happens to be something today I think that many of our partners think is quite attractive. In this world, people used to pay up for things that could scale fast and now they want to pay up for things that can't be tipped over. And so our private equity business is no exception to that. We're really, really benefiting.

And the third is just consistency of performance. I think having an exceptional track record, one that's only gotten better as we've gotten bigger, being disciplined about that has paid us dividends as we've gone out to fundraise. So things are going quite well. And I think we're going to have our... Well, we are going to have our best year ever of fundraising.

Bruce Flatt, Chairman

And it seems like the businesses you're buying are almost lost or forgotten in the markets. People are chasing the toy, the AI toy, and they're forgetting about industrial businesses. And the multiples therefore are reasonable, therefore you can buy in the public markets. That's why a lot of the deals have been in the public market.

Anuj Ranjan, Chief Executive Officer, Private Equity

Yeah. We've been doing more of the public to private for sure, but corporate carve-outs are still a big part. I'd just say boring businesses.

Bruce Flatt, Chairman

Although corporate carve-outs is almost the same phenomenon, right?

Anuj Ranjan, Chief Executive Officer, Private Equity

Yeah.

Bruce Flatt, Chairman

"Our stock's low, we need cash, therefore we don't sell the whole company, but we sell something."

Anuj Ranjan, Chief Executive Officer, Private Equity

Absolutely. There are a lot of these dislocated companies, especially in our world of industrials, manufacturing, infrastructure services that you can buy very, very cheap. And the thing is they're actually businesses that are very resilient and actually can be aided by AI. So even though they're not as shiny as some of the other toys that are out there, they're fantastic companies and better held privately.

Bruce Flatt, Chairman

And Connor, in energy, how do you grow as fast as you've grown in the past five years, I think is what it said.

Connor Teskey, Chief Executive Officer, Energy

With the demand environment for energy, I don't think it's tough to see the market opportunity for exceptional growth. And you can almost pick your tagline. To meet the supply demand imbalance for energy around the world, you're going to need any and all or all of the above type solutions. And that's what Jay just said in the previous video.

We will participate in all of that, but the thing that gets us most excited is we see the fastest growth in four technologies that all have a right to win. And it's fuel cells because they're the fastest to deploy. It's wind and solar because they're the cheapest cost electricity. It's batteries because they increasingly balance an intermittent and volatile grid, and it's nuclear because it provides scale base load energy security. And the incredible thing we have is we have leadership in all four. And that's driving investment growth and performance across not just our energy private funds, our infrastructure private funds, our AI funds, all of our listed affiliates. So they're all going to grow, but we feel very fortunate we're at the forefront of the biggest, fastest growing trends in that rising tide.

Bruce Flatt, Chairman

And can you keep the wheels on? That's a lot of building, a lot of construction, a lot of people, a lot of businesses.

Connor Teskey, Chief Executive Officer, Energy

In an almost counterintuitive way, the more you do, the easier it gets. And what we're seeing around the world is the largest corporate users and procurers of power are increasingly partnering with a smaller number of providers. And we are one of the largest in the world. We're the most diversified by geography. We're the most diversified by asset class. We can do more for these counterparties. And in a way we're growing our business and working with the biggest off-takers, but actually having to work with less off-takers, and it's making our life more simple.

Bruce Flatt, Chairman

And Lowell, turning to real estate, what about the real estate? Is it your big funds or is it different funds or how do you lay that out?

Lowell Baron, Chief Executive Officer, Real Estate

Yeah, it's interesting. I'd say we saw two things happening. One, as we were working on the flagship fund and we're looking for opportunistic 20% returns, we came across lots of great opportunities that maybe weren't quite at that level, but could achieve low teens, mid-teens, very attractive opportunities. And we didn't have the capital set up for that. At the same time, we talked a lot about consolidation of managers. A lot of our investors were coming to us and saying, "We want not just the big fund to invest, we want to be able to customize with you. We need more exposure to housing or to logistics or to Europe." And so it gave us this ability to then create these complementary strategies that do both of those things for us, that lets us put that capital to work in the deals we were seeing anyway and provides a solution for our investors who wanted to be able to customize and do more things with us. So that's where the growth is coming from.

Bruce Flatt, Chairman

Sam, infrastructure?

Sam Pollock, Chief Executive Officer, Infrastructure

Look, on the infrastructure side, we're fortunate we're in an asset class that continues to be one of the most sought after because of the great risk adjusted returns we've seen over probably the last two decades. In the case of our business, in the last five years, we grew fee-bearing capital by about $60 billion. And I think the targets laid out are about $90 billion plus or minus. And we can see the growth pretty easily. We have larger funds replacing smaller funds that are running off. And in most cases, they're two times the size, 30 billion versus 7 and 14 billion. We have larger evergreen and permanent capital vehicles.

Bruce Flatt, Chairman

So if I stop there, just to make sure that everybody understands that, the funds are increasing, but even if you raised the same size of fund, that fund is replacing a fund which is half the size or less than half the size from before in the P&L, Connor, P&L?

Connor Teskey, Chief Executive Officer, Energy

Even if our fund size is plateaued and they're not plateauing, they're growing, we would have 10 years of growth with plateaued fund sizes.

Bruce Flatt, Chairman

That's an important fact. Okay, got it. Keep going.

Sam Pollock, Chief Executive Officer, Infrastructure

So larger funds, NAV accretion on our permanent capital evergreen funds, and they've grown over the last five years. So the NAV accretion is a lot higher going forward. We've got new strategies. So we've got both the AI fund and our mid-market special situations fund that are just in their early stages and scaling up. And so we will get tremendous growth from those. And our hope is that the AI fund becomes another flagship fund, same scale as the energy transition or even BIF.

Then lastly, we have private wealth, which we talked about earlier, but we've set up some vehicles that are attracting private wealth into infrastructure and we are seeing that grow dramatically year on year.

Anuj Ranjan, Chief Executive Officer, Private Equity

What's amazing I just say is everything Sam just described that the infra group did and was on that slide earlier. In a sense, all we've done in private equity is try to emulate what we've learned there. Not too long ago, we just had one fund in private equity. Now we got three funds plus the public vehicle plus one for the evergreen. And that's also compounding how much money that we can raise. And I think all of our groups are doing that.

Bruce Flatt, Chairman

And Sam, on the deals, when we raise 30 billion for the big fund and you need to have co-investment with 20 of our large partners that want to scale, co-underwrite co-investment, how does that change what we're doing on deals? Does it make it harder, easier, better, more complicated?

Sam Pollock, Chief Executive Officer, Infrastructure

Yeah, no, look, I think one of the misnomers is that people think that because we're raising larger funds, that all we're doing are larger deals. In fact, our thesis has always been that we will do the best deals regardless of size. And if you go back in history, Bruce, and you'll remember this, some of our best deals were roll-ups of the district energy business, for example, where we took a number of small assets, built them up into a billion-dollar business and sold it for 7 or 8 billion. We do that still. We haven't stopped doing that, but having the larger fund allows us to go after these marquee businesses where we can leverage having that big check, particularly at moments in time when others are... either they can't move

quickly or they just don't have the boldness to strike. And we can buy great businesses like Colonial. You think of Colonial. Just over a year ago, we bought that. This is a $9 billion investment into the largest refined products pipeline in the US, over 5,000 miles of pipelines. And because we were able to move quickly, we had that huge fund, we were able to strike when others didn't have the capital. And that's been an amazing investment for us and the benefit of our scale

Bruce Flatt, Chairman

And if I recall, we had an investment committee. It was the day Liberation Day happened.

Sam Pollock, Chief Executive Officer, Infrastructure

It was.

Bruce Flatt, Chairman

Liberation Day happened. We had an investment call. Are we buying a $9 billion pipeline? And you can take... You all know this, but just to state it. You can take risks, calculated risks. You can take them if you can afford to take them. And if you have a small fund and you've got a bunch of co-investors, it's tough to take that risk, but we stomached it and paid 9 billion that day. And it's probably the only reason nobody else showed up to the... to purchase that.

Sam Pollock, Chief Executive Officer, Infrastructure

Look, other people had to pull together consortiums, and what happens in situations like that, you always have lowest common denominator effect where the person who's the least confident can dictate what happens. In our case, we could speak for the whole check, we could write it, and we did syndicate a little bit afterwards. Having that scale differentiates us.

Bruce Flatt, Chairman

So, Lowell, when you sit with a client, do they think about those things, or what do they think when they're taking money from you? What is it that they come to us for? Why us?

Lowell Baron, Chief Executive Officer, Real Estate

Yeah. I think about it in almost two categories. They're sort of the table stakes. The table stakes are what does your platform look like, your people, your experience, your track record. Track record, incredibly important. And in those things, we're very fortunate to be at the top level that helps us get there. But then there's the second category, which makes us unique and different than everybody else.

Those two things would be Brookfield, having Brookfield Capital in those strategies in a large way, being generally the largest investor in those strategies. People really appreciate the alignment. I think that's incredibly important. And probably the most important is the operating expertise. And this is where I can say in real estate, there's no one else like us.

Besides having the investment teams and the asset management portfolio management teams, there's the operating platforms that have expertise in every property type and sit in every market that we're investing in, and we're managing our own assets with our 25,000 people. No one else has the ability to put that together. And that's... Investors recognize all the information we get from doing it, the ability to originate that way, to underwrite better, and then, of course, to manage better and create growth.

Connor Teskey, Chief Executive Officer, Energy

I think when we... To your question, what are investors looking for? There's been a very large change in the market over the last, let's say, five years, which is providing access to alternatives used to be a competitive advantage. But now, there's several ways for investors to get access to alternatives. So now they're being more discerning in terms of which manager they invest with, far more discerning than they have been in the past. And what are they looking for? They're looking for track record and capabilities.

They're looking to be serviced across a wider spectrum of products and solutions. And then the third one's kind of the other bucket that maybe doesn't show up. Can we give them co-invest? Can we do knowledge sharing? Can we help them in parts of their portfolio where they're struggling in that asset class? And it is undoubtable that the investor universe is getting more discerning. That makes our jobs harder, but it is also very good for Brookfield because we are incredibly well-differentiate... well-placed to differentiate ourselves as investors become more discerning.

Bruce Flatt, Chairman

But in-

Sam Pollock, Chief Executive Officer, Infrastructure

But sorry Bruce. I think you forgot one. What we're also hearing from investors is that they're impressed by the way we have been able to scale our businesses. So grow from a $2 billion fund to $30 billion fund, for example, and our returns haven't deteriorated. So they're all trying to scale up their businesses. We've been able to prove that we can scale up our business and still deliver the same or better returns. That's huge.

Connor Teskey, Chief Executive Officer, Energy

Without mandate.

Sam Pollock, Chief Executive Officer, Infrastructure

Without mandate creep. Exactly.

Connor Teskey, Chief Executive Officer, Energy

Yeah.

Sam Pollock, Chief Executive Officer, Infrastructure

Exactly.

Bruce Flatt, Chairman

And in fact, the returns have gotten better almost in every business. And it's really because of what you said. It's we buy... When you have larger sums of money, you buy better things, with better people, and better counterparties deal with you.

Connor Teskey, Chief Executive Officer, Energy

Yes.

Bruce Flatt, Chairman

And then life's easier when those three things exist.

Connor Teskey, Chief Executive Officer, Energy

Yes.

Sam Pollock, Chief Executive Officer, Infrastructure

And we've gotten smarter over time.

Bruce Flatt, Chairman

Yeah. We still make a lot of mistakes. I hate that. Little ones, but a lot. When you think of all these, I call it super sophisticated institutional clients, are the mandates... are we changing the mandates we're doing for them? Are they just investing in funds, or are there... is there a whole way of different dealing with them today as we evolve?

Connor Teskey, Chief Executive Officer, Energy

Far different. And the world is undoubtedly moving less from a product provision model to providing more multi-product, multi-asset class solutions and the ability to combine those unique, call it ingredients, if you will, in a way that is tailor-made for that specific investor. And that's for small investors, the same way it is for large investors. And we're fortunate that we have both the ingredients and the capabilities to mix them to capture that opportunity. But who are the largest investors around the world? They're the large plans, the large sovereigns.

The other way that we are very differentiated is we do more than just be stewards of these partners' capital. We help them in their own businesses. We can invest in their countries. We can partner with those nations on key initiatives, bringing our knowledge and capabilities from elsewhere in the world to those countries. That is something that very few, if any, others can do. Our power nuclear partnership with the Department of Energy here in the United States, our sovereign AI partnerships with Sweden and France, our energy partnerships in the GCC, that... those are examples of putting it all together that I don't know anyone else can.

Bruce Flatt, Chairman

Even I think back to, just as an example, infrastructure with Temasek. They had a complicated partnership in one company they owned a part of, and they came to us and said, "Look, we need help." And we ended up privatizing the business, and we own it 100% today, I think, right?

Sam Pollock, Chief Executive Officer, Infrastructure

With partners, yeah.

Bruce Flatt, Chairman

With partners, we own the business, and it solved their issue. But these are... Temasek is the Government of Singapore, but it's an enormous industrial business, and we have an amazing relationship. And you can imagine that leads to other things when you work with people like that.

Connor Teskey, Chief Executive Officer, Energy

And we probably wouldn't have been aware of that opportunity if we weren't having such great dialogue with them across a variety of different themes.

Sam Pollock, Chief Executive Officer, Infrastructure

We wouldn't know if they wanted to sell.

Lowell Baron, Chief Executive Officer, Real Estate

This may be specific to real estate because everyone thinks they're a real estate expert and they can do it on their own. But we also see when times are a little bit tough in a sector, so in the case of real estate, let's say five years ago, we'd go talk to investors, and they'd say, "Yeah, maybe we'll invest with you, but we can do a lot of things directly ourselves." Now, when we talk to them, they say, "Those things we did directly. Can you help us figure them out, and we should just invest with you." So when you go through a bit of a tough time, they start to recognize the power of what we bring to them.

Bruce Flatt, Chairman

Let's switch to AI. I think probably the most important thing we can leave you with today is that, of course, we're investing in all the strategies and things in the backbone of AI. But AI is pervasive across many things, and it affects a lot of things that we actually do in other ways. So if we think about that, Sam, just how would you put that category of artificial intelligence, all of the different things, all the categories?

Sam Pollock, Chief Executive Officer, Infrastructure

Well, there's probably three things I'll touch on, and then Anuj and others might talk about operationally how it's impacting us. But first and foremost, there's just been a huge domino effect from all the CapEx associated with AI and AI infrastructure going into utilities, midstream, and all parts of the economy, even

just transportation, moving all these supplies around. So, it's affected the organic growth backlog in all our businesses dramatically. But-

Bruce Flatt, Chairman

Meaning overall GDP is up 2% because of AI. But the-

Sam Pollock, Chief Executive Officer, Infrastructure

Yeah, particularly in the US here.

Bruce Flatt, Chairman

But the sectors specifically around it are even more.

Sam Pollock, Chief Executive Officer, Infrastructure

For sure. But then there's two things where we are directly impacted, I'd say. First, obviously, we set up a fund. So we have a new flagship fund that hopefully we'll grow it, as I mentioned earlier, to be many billions of dollars in scale. And the program itself, I think we've talked about $100 billion in capital spend. So that's new, and that's going to be very meaningful to us.

What's interesting, and Connor often talks about how he invests in businesses that didn't exist a couple of years ago, whether it's batteries and nuclear. But in the case of AI, we have new asset classes that didn't exist. So a lot of the behind-the-meter power solutions weren't things that people were thinking of a couple of years ago.

And now we have a $25 billion program with Bloom Energy to deliver that to the data center community. And that's just 25 billion. It started at 5 billion just less than a year ago, already grown at 25 billion. I'm sure it'll grow even bigger. Maybe even more meaningful is the creation of compute as an asset class.

And Bruce, you were on stage with Jensen and a couple of others not that long ago, talking about a $500 billion program to finance chips. And essentially, what's happened is chips have gone from being... it's called compute. It's gone from being a consumable to basically a hard asset class that's going to be financed in scale for a five- to 10-year period, depending on your view of how long you think the chips will last. And that's something that's incredible.

Bruce Flatt, Chairman

And when you think about it, so you ask, why'd they come to us? Well, yeah, of course we have money. Of course we have some skills, but really what it is is we're one of the specialists of taking assets and figuring out what's the right capital structure and placing it into the right capital market, whether it's private or public. And what Nvidia wanted to do is to take that industry that they've created and make it into a investment asset class. So what we're doing is figuring out securitization structures to place those assets for the right duration, right time, right credit in the structures, but maybe flipping to energy.

Connor Teskey, Chief Executive Officer, Energy

Maybe before getting to energy, just to reiterate something that Bruce and Sam mentioned.

Bruce Flatt, Chairman

We're not going to get through any of these questions.

Connor Teskey, Chief Executive Officer, Energy

No. AI infrastructure and AI is undoubtedly the biggest theme at Brookfield today. The biggest mistake that could be made is assuming the only way we're playing it is through the AI infrastructure fund. It is absolutely the prominent driver of the AI infrastructure fund, but it is driving the biggest driver of our traditional infrastructure business, the biggest driver of our energy business today. Anuj, I'll hand to you shortly because what you're doing with it in operations is exceptional.

Obviously, the increased demand for energy as a result of AI has been incredible for our energy business. Our ability to provide solutions on a global basis at scale to the largest and greatest corporate credit counterparties around the globe is something where we're highly differentiated. But it's also unlocking a bunch of smaller, super accretive value adds within our business.

We have 25 renewable power development companies around the world. They start power projects three, four, five, six, seven years ago. Some of those projects that are just coming up to FID now, instead of putting a solar farm on them, which was your plan when you started three or four years ago, they are perfectly tailored for a data center at a time where scarce grid connect for data centers is incredibly valuable. We're seeing opportunities within our existing portfolio to pivot from solar and batteries to data centers, and when we do that, it's worth three, four, five times what we underwrote, so it's very, very accretive. We talk so much about infrastructure and energy, Anuj, you turn around businesses for a living. AI just gave you the biggest turnaround tool ever.

Bruce Flatt, Chairman

Before we go to Anuj, just wait, I know you're excited, but, well, he just said he's taking solar sites, turning them into data centers, but you're doing the same, right?

Lowell Baron, Chief Executive Officer, Real Estate

Yeah. Look, let him talk about that, that's helpful, but we do sit on a lot of real estate in our real estate group.

Bruce Flatt, Chairman

Isn't it the big logistics site you had in France?

Lowell Baron, Chief Executive Officer, Real Estate

In France. Yeah. We have logistics sites really around the world that are, if they have access to power and they're in the right location, they are great data center sites. Whether that's we turn them into powered land and sell it to somebody else to build it or we develop it ourselves, we have those options and they're

very attractive to the end users. So there's a lot of big opportunity, and some of the things we never even thought about just turned out to be that way. Some of it, a lot of it and things that we're focused on now, but it's also changing our, in general, our logistics business. What is happening in logistics and the automation that's happening in those assets requires power, and if you have the right assets with power, the value is much higher.

Bruce Flatt, Chairman

Okay. Anuj.

Anuj Ranjan, Chief Executive Officer, Private Equity

Yeah. Look, the applications of this stuff across real businesses in the industry is incredible. Everyone always wonders, there's all this investment in AI, who's ultimately paying for it? Is there real productivity gains in the market? Early on, we're already seeing some pretty incredible stuff happening. We got about 1,200 use cases underway across our portfolio. Today, early days, we're seeing a 300 million EBITDA uplift across that cross-section, and that's about 10% in some companies of a bump, over $3 billion of value. That's real money.

I'm not talking humanoid robotics in our manufacturing facilities. I'm not talking things that are five years out. I'm talking about predictive maintenance in a manufacturing facility, just knowing to go fix a machine or tighten a bolt earlier than you might have before or finding problems before they cause a bigger issue that increases throughput, it reduces maintenance CapEx. It's very real and we're really, really excited about it. We buy businesses with 20% margins. We used to turn them into 30% margins. Now we can turn them into 40% margins. So it's quite transformational for what we do.

Bruce Flatt, Chairman

Lowell, just turning to you, all of this sounds great and it is amazing, but we need to keep discipline, AA, keep credit counterparty risk at the highest levels because this is a time when we should not be taking overall risks in a big way. We often talk about what we do and we report on the things we do, but we don't often talk about the things we didn't do or don't do. Are there a lot of those things today in real estate? Or anybody else who want to answer that?

Lowell Baron, Chief Executive Officer, Real Estate

Yeah, like I would say, often, probably the most important things we do are the ones we avoid, avoiding mistakes, and you're right, we never really talk about them, but they are incredibly powerful. In real estate, I would say at a very simple level, there's three things we focus on in every deal. It's the high-quality nature of the assets we're buying, finding a way to buy them at a very attractive value, and then creating growth in the underlying profitability of the asset, and in today's market, I would say that third one, maybe the most important.

What we're avoiding today in a market with sticky inflation, high interest rates is, even if we can find a great asset and buy it incredibly cheap, if it's fully locked in and there's no ability to grow your cash flows, that's something we're not going to spend time on. Some people would call that core real estate and low

risk. We would actually say that's got more risk attached to it because if you end up in a place with higher interest rates and higher exit cap rates, you have no ability to grow your way through that.

Bruce Flatt, Chairman

Because real estate generally has huge pricing power today, which it didn't have five years ago, but rents are going up in everything because of the inflation effect, et cetera.

Lowell Baron, Chief Executive Officer, Real Estate

I think what we're going to see across real estate, and it's still not that clear to everyone, but over the course of the next year or so, the return of significant growth across almost every asset class.

Connor Teskey, Chief Executive Officer, Energy

You're right. It's really easy to market the things you did that went well. It's very tough to market the things you don't do. But I'd say on the energy side, which has grown so rapidly over the last five, six, seven years, we're almost, in a lot of ways we're more proud about some of the things we haven't done. The biggest example that sticks out to us was offshore wind where, relative to the size of our platform, we have one of the largest platforms in the world, we're very, very underweight, and we questioned it. There was tremendous growth, there was tremendous opportunity, but we couldn't wrap our heads around the risk-adjusted returns and therefore were incredibly selective when we invested and in a lot of cases only invested when things had kind of toppled over and were beginning to rebound.

I think it's important to recognize that that's not this bet on us being perpetually smarter. There's a structural benefit to it, which is, across all of our businesses, we have access to as much deal flow as anyone in the world, and therefore we never feel we have to stretch to do a deal in order to deploy capital. There are so many opportunities to choose from. In Lowell's example, if he isn't getting one of his three things, he doesn't have to take that risk. He can be disciplined and he can wait. I think what we're seeing in today's environment where there are so many capital needs and we have such leadership in the asset classes we invest in, we can really put a tight filter on things. Only the best assets and the best markets with the best contracts and the best corporate credit counterparties, and only when those four things come at the right price.

Bruce Flatt, Chairman

Which for both all the things Sam's doing and all the things we're doing in energy and any data centers you're doing in real estate, Lowell, I think the most important thing out of that is that because of our scale and because of our corporate relationships and because of how many things we see, we can be really, really choosy, and it's really important to be choosy today. Would you agree with that, Sam? Just the dealing with a random WeWork of AI would be a bad idea.

Lowell Baron, Chief Executive Officer, Real Estate

I don't know which one's ours, but... Because we don't deal with them, but we need to be very, very careful.

Sam Pollock, Chief Executive Officer, Infrastructure

The things where we need to stay disciplined is, in our infrastructure business, we don't take technology risks. People would say, okay, well, I talked about compute. Are you taking technology risks there? No. Whoever we're contracting with is assuming all the risk related to the chips. We're providing financing to investment-grade counterparties, and only the best ones.

Lowell Baron, Chief Executive Officer, Real Estate

And-

Sam Pollock, Chief Executive Officer, Infrastructure

Yes.

Lowell Baron, Chief Executive Officer, Real Estate

And we're vetting the credit quality of that party so that they will be there to pay even if they make a mistake.

Sam Pollock, Chief Executive Officer, Infrastructure

100%, and we're not taking, in all our businesses, particularly infrastructure, we avoid merchant revenues. We try to ensure that we have as much contracted cash flow as possible and look for opportunities to add value by increasing capacity and bringing on new customers to the system, and those are all things we have to continue to do.

Bruce Flatt, Chairman

Which, because of what's going on and because of the scale of what's going on, we don't have to compromise. We can grow. We can't even do what people want us to do today, and we don't have to compromise.

Connor Teskey, Chief Executive Officer, Energy

Well, and this feeds back into your point and the point Sam made, our returns have stayed the same, if not got better, as we scaled for this reason.

Bruce Flatt, Chairman

Fundraising, Anuj. Most people, the common thing you hear in the street of financial markets is fundraising's tough for PE.

Anuj Ranjan, Chief Executive Officer, Private Equity

Yeah.

Bruce Flatt, Chairman

Is that true or are you just good, and good-looking, or what would you attribute?

Anuj Ranjan, Chief Executive Officer, Private Equity

Well, it's not the look. You know what? Private equity fundraising is tough. No doubt. If I had to put a blanket statement across the whole universe, it is tough, but it's interesting, 60% of private equity allocations over the last 15 years are basing on the tech, where it's software, technology, and then if you take consumer and growth and healthcare, it's probably 80, 90%. I don't even think those are necessarily bad sectors. It's just probably most of our partners today, mostly what we hear is that they feel over allocated to those sectors, and what they realize is they're probably under-allocated to heavy asset services, industrials, what's being called now the HALO trade.

So we are really a beneficiary of that when they think of us as probably the best industrial and heavy asset services investor because of this broader ecosystem in the world. Those increased flows are coming our way. That, in addition to the fact that they want to work with fewer managers in a bigger way, I'd say we're definitely going to have the biggest flagship we've ever had and we're definitely going to have the largest PE fundraising across all of our verticals that we've ever seen before.

Bruce Flatt, Chairman

So it took us 25 years to be in the right spot.

Anuj Ranjan, Chief Executive Officer, Private Equity

You have to sometimes be a little patient to get a little lucky. I hope it lasts a little while longer.

Bruce Flatt, Chairman

Lowell, in real estate, you talked about some of the newer strategies or core plus value add strategies that you're deploying. Are those in specific sectors or areas or countries?

Lowell Baron, Chief Executive Officer, Real Estate

The good thing on it, it's a pretty wide open opportunity set for us, fully white space for us. And so, we're going where we have the highest conviction in the opportunity set and what's happening. So, right now, we're doing things like housing and logistics. We've raised our first regional fund in Europe and a regional fund in Asia Pacific, but there's a lot of opportunity to grow that beyond. And we're looking at things like luxury hospitality, which has good tailwinds, triple net lease, which we think is interesting. So, it's evolving and it's early, but we'll be able to pick our spots and because it's so wide open to us, there's a lot of-

Bruce Flatt, Chairman

And you just did a housing fund in the US?

Lowell Baron, Chief Executive Officer, Real Estate

Housing in the US, I would say housing in the US is probably one of our highest conviction views and it really is rental housing specifically. And it relates to the fact that homeownership is so far out of reach for people. And what we're excited about is the ability to invest in rental housing across all the sub-sectors of it, which is pretty unique. So, we're renting to people from the time they're students through when they're in apartments to single family rental, manufactured housing, senior living. So, finding the demand drivers that are really diverse.

Bruce Flatt, Chairman

And you think this can get legs and grow a lot?

Lowell Baron, Chief Executive Officer, Real Estate

Yeah. I think there's a lot of scale for it. And what's interesting is the competitors of ours that focus on that sector or on specific sectors are generally way smaller than us. So, they aren't able to provide to the big investors the opportunity to invest in scale, which we can do.

Bruce Flatt, Chairman

Anuj, on Bob's presentation, which I thought was excellent on risk and discipline of credit, one of the things that I guess helps us versus others now, we have both a private equity franchise and a deep credit franchise together to work. And how does that work together and help us facilitate greater scale of transactions, et cetera?

Anuj Ranjan, Chief Executive Officer, Private Equity

Look, it's been transformational for us. I think the integration of the group, even though we've been partners with Oaktree for a very long time, I probably underestimated just how powerful this combination could be practically on a day-to-day basis in our business. We see it a lot on the origination side. Both of us have footprints of experts around the world participating in different parts of the capital stack of the same kind of end market companies and being able to surface opportunities through their credit platform or us surfacing opportunities through our equity platform that then can cross over to the others.

We're able to see far more opportunities and probably put more capital to work in a better, more disciplined way. And then we have different sets of expertise that helps us on more operations side to understand the running of a business a bit better, them on sometimes the structuring and the credit side to understand some of the other dynamics at play on a business we might be looking at. It definitely makes us better investors.

Connor Teskey, Chief Executive Officer, Energy

Anuj, I think it'd probably be helpful. Oaktree often gets characterized as a credit shop and they are dominant and market leading in credit, but they also have a lot of strategies that probably do fit in the private equity category.

Anuj Ranjan, Chief Executive Officer, Private Equity

Absolutely.

Connor Teskey, Chief Executive Officer, Energy

You and Bob became best friends overnight. You talk three times a day now. I don't think any of us expected that. And it's not just the credit side, but also some of the more opportunistic equity strategies that are creating that overlap.

Anuj Ranjan, Chief Executive Officer, Private Equity

They own a football team.

Connor Teskey, Chief Executive Officer, Energy

Yes.

Anuj Ranjan, Chief Executive Officer, Private Equity

Absolutely.

Connor Teskey, Chief Executive Officer, Energy

They're a lot cooler than we are.

Anuj Ranjan, Chief Executive Officer, Private Equity

Look, I've obviously known Bob for 10 years, liked him for 10 years, but we talk now every week and it's because of the intersection of our businesses. There's so much more that we're doing together. I said once to you in passing that, "Geez, I never realized just how much they touch private equity." So, it's been really, really powerful.

Bruce Flatt, Chairman

Which is, I would say our private equity groups, even though we're more disciplined than most, or hopefully all, are generally pro-optimistic and our credit people are generally pro-pessimistic. And the combination of those two things is highly powerful because it brings better disciplined decisions probably in everything. You can help them be more optimistic and they can help you have less mistakes when you make investments.

Anuj Ranjan, Chief Executive Officer, Private Equity

Absolutely.

Bruce Flatt, Chairman

Not that you've made too many.

Anuj Ranjan, Chief Executive Officer, Private Equity

Not too many, but we should still make less.

Bruce Flatt, Chairman

So, Lowell, if we had 10 billion today to put to work, where does it go to work?

Lowell Baron, Chief Executive Officer, Real Estate

Yeah, look, we obviously like to be diversified, so I don't like to pick one place, but if I had to pick one, it would be the rental housing that we talked about a little bit. This is a crazy statistic, but in the US, the median age of a first time home buyer seven years ago was 33. Today, it's 40. So, the US is becoming much more of a renter nation.

Bruce Flatt, Chairman

Well, and I think at the peak, we were 2.3 million in sales, COVID. Normally, it's like 1.7 million sales of homes. Today we're 800,000, 750,000 this year. That is shocking.

Lowell Baron, Chief Executive Officer, Real Estate

It's a drastic change. And so, being able to provide quality rental housing is a place you want to be. And interestingly, a couple of the biggest transactions we've done recently were in senior living where we love the demographics of the tailwinds of growth for the 80 plus cohort and there's very little supply in that space.

Bruce Flatt, Chairman

We're getting our spaces ready. Sam and I are getting ours one at a time.

Lowell Baron, Chief Executive Officer, Real Estate

Exactly. And manufactured housing, which is a fantastic substitute, affordable substitute for homeownership. So, being able to pick your spots that pick up those tailwinds is pretty exciting.

Bruce Flatt, Chairman

Yeah. The manufactured housing business is amazing because really, we own the land and we lease land to homeowners that put their house there.

Lowell Baron, Chief Executive Officer, Real Estate

We own the appreciating part of real estate. It's fantastic.

Bruce Flatt, Chairman

Connor?

Connor Teskey, Chief Executive Officer, Energy

The two fastest growing parts of our business today, batteries and nuclear and it's not even close. And that's against the backdrop where renewables continue to grow at their fastest pace in history.

Bruce Flatt, Chairman

Sam, what do you like the best?

Sam Pollock, Chief Executive Officer, Infrastructure

Well, look, the fastest growing is AI infrastructure. But the one thing we should mention is even though we've talked about that, we still invested $20 billion in the last year or two in other stuff that's outside of AI infrastructure. We've got tons of things that are investing, whether it's transmission in Australia, New Zealand investments, midstream. We've also built in all our businesses. I think we've got a pipeline outside of data centers and our Intel investment, we're investing tens of billions. We have $10 billion of projects underway in all other verticals, whether it's utilities, midstream, transportation, lots going on.

Bruce Flatt, Chairman

And because everyone's chasing the shiny toy over here, the valuations and returns we can get are better, easier to earn your proper return?

Sam Pollock, Chief Executive Officer, Infrastructure

Look, there's competition for everything and we pick our spots. I think some people are distracted by the shiny toy, so I think you're right, but I wouldn't want to say that it's easy pickings anywhere else.

Bruce Flatt, Chairman

Sam's tough on us. What about private equity, Anuj?

Anuj Ranjan, Chief Executive Officer, Private Equity

Look, I think our core of industrials has been really exciting. You buy great businesses for single digit multiples and there's a lot you can do with them to improve them.

Bruce Flatt, Chairman

Connor, we're getting short on time, but flipping to monetizations, Hadley had a slide up there on what we've been doing. Is that still going? Has it slowed a little? Does it depend on industry?

Connor Teskey, Chief Executive Officer, Energy

Well, maybe others can speak to their industry. We'll have our best year ever in terms of selling assets in the energy group in the exact same year that we'll have our biggest year for new investments as well. And the biggest thing that explains that is we're seeing very, very significant demand for stabilized cash generative, long-term operating contracted assets. And we have 25 developers around the world that build 10 gigawatts of new power every year. We're selling those stabilized assets to lower cost of capital buyers and reinvesting that capital back into accretive development. And that's been an incredibly lucrative cycle and it looks like it'll continue going forward.

Bruce Flatt, Chairman

Lowell, what about real estate?

Lowell Baron, Chief Executive Officer, Real Estate

Yeah, look, in real estate, I would say it's bifurcated. There are two places where we have a lot of success exiting. It's either smaller portfolio, single assets. There's a lot of private capital chasing or it's best-in-class businesses that we've grown where they're very unique. They're very special real estate businesses that we sell as a business and there, you can sell in pretty large size. I'd say what's been challenging is that middle, which is large portfolios of just assets. There's not a lot of capital yet chasing that, although that's been the great opportunity for us on the buy side. So, we're finding ways to weave within-

Bruce Flatt, Chairman

And it was coming back. I think Brian, Kevin, Ben are going to talk about this later, but it was coming back, but this interest rate worries going up has tempered it a little bit.

Lowell Baron, Chief Executive Officer, Real Estate

Yeah. Look, I think ten year at 5% puts everyone sort of on watch a little bit to pause in some of that. The good thing is the fundamentals are really good. So, we just continue to get growth. I think people will get accustomed to where the rates are and be back.

Bruce Flatt, Chairman

Or what's amazing is you roll over leases at 50% up from where they were. 25 basis points does not mean a lot. And that's probably the biggest difference today than before.

Lowell Baron, Chief Executive Officer, Real Estate

It goes back to what I said earlier. If we have high quality assets and they can compound growth, we can be patient if we need to be.

Bruce Flatt, Chairman

Do you have anything else, Connor, to say? You get the last word. You're the CEO.

Connor Teskey, Chief Executive Officer, Energy

No, no. No, it's fun waking up in businesses where it's not can you grow? It's how much can you grow and can you do the right growth? I think that's what we're all spending our time on in different ways, but it's certainly a growth environment for all of us. Hadley's slide, you started with that. That seems pretty readily achievable.