

**BROOKFIELD ASSET MANAGEMENT LTD  
TRANSCRIPT: Q1 2026 CONFERENCE CALL & WEBCAST  
MAY 8, 2026, at 10:00 a.m. (ET)**

**Corporate Speakers:**

- Jason Fooks, Managing Director, Investor Relations
- Connor Teskey, Chief Executive Officer
- Armen Panossian, Co-Chief Executive Officer, Credit
- Hadley Peer Marshall, Chief Financial Officer

## PRESENTATION

**Operator**

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

I'd now like to hand the conference over to Jason Fooks, Managing Director, Investor Relations. Please go ahead.

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

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Thank you for joining us today for Brookfield Asset Management's first quarter 2026 earnings call. On the call today we have Connor Teskey, our Chief Executive Officer; Armen Panossian, Co-CEO of Credit and Hadley Peer Marshall, our Chief Financial Officer.

Before we begin, I'd like to remind you that in today's comments including in responding to questions and in discussing new initiatives and our financial and operating performance, we may make forward-looking statements including forward-looking statements within the meaning of applicable U.S. and Canadian securities laws. These statements reflect predictions of future events and trends and do not relate to historic events. They are subject to known and unknown risks, and future events and results may differ materially from such statements.

For further information on these risks and their potential impacts on our company, please see our filings with the securities regulators in the U.S. and Canada. -- and the information available on our website.

On the call today Connor will begin with an overview of the quarter and highlight the strategic momentum across our business.

We're also pleased to have Armen join us to provide an update on the Oaktree integration and share his perspective on how our combined platform is positioned to be opportunistic in today's market. And finally, Hadley will discuss our financial and operating results balance sheet.

After our formal remarks, we'll open the line for questions. To ensure we can hear from as many participants as possible, we're asking everyone to please limit themselves to one question. If

## Brookfield

you have additional questions, please rejoin the queue, and we'll be happy to take more questions if time permits.

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

### **Connor Teskey, Chief Executive Officer**

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Thank you, Jason. And good morning to everyone on the call. 2026 will not only be a record year for Brookfield, but one where we expect to exceed our long-term growth targets, and we are already off to a great start with a strong first quarter.

Fee-related earnings for the quarter were up 11% to \$772 million, and distributable earnings were \$702 million. We raised \$21 billion of capital this quarter and fee-bearing capital increased 12% over the last 12 months to \$614 billion. Including the fundraising we have announced associated with the Just Group mandate and our flagship private equity fund, year-to-date fundraising stands at \$67 billion, more than half of the \$112 billion we raised in all of 2025.

More important than the numbers, is what they reflect. The continued strength of our franchise, the quality of our client relationships and the increasing importance of the areas where we invest. We are operating from a position of strength with scale, liquidity and a portfolio centered on essential assets and businesses that form the backbone of the global economy. This year is being supported by a number of important strategic developments across the broader platform.

In early April, Brookfield Wealth Solutions completed its purchase of Just Group, a leading pension risk transfer platform in the U.K. And through that, BAM was awarded an additional \$40 billion asset management mandate, further extending our presence in retirement and insurance-related capital.

We are also very close to completing our acquisition of Oaktree, which we expect to close in the second quarter. which will further strengthen and integrate our global credit franchise.

In a few minutes, Hadley will speak more specifically to the financial impact of both those transactions.

At the same time this year, we have one of the broadest product sets in the market. This includes our flagship private equity strategy which has already closed \$6 billion and will be holding its first close in the coming months. And it also includes our flagship infrastructure fund. In fact, all of our infrastructure funds alongside a growing number of complementary strategies.

We are also seeing excellent momentum across our partner managers, where each of Primary Wave, 17Capital and Pinegrove, recently held fund closes that not only exceeded their targets, but in all three cases, represented the largest fund of their kind. That breadth is driving strong fundraising momentum and setting us up well for the balance of the year. Against this backdrop, we continue to expect 2026 to be Brookfield's largest fundraising year ever.

One of the clearest ways our platform is evolving is in how we engage with our largest clients. For some time, we have said that investors are consolidating more of their business with fewer managers, particularly with firms that can invest at scale across asset classes, geographies, products, and up and down the capital structure.

## Brookfield

Our partners are not only asking us for a view on one sector or one fund, but rather they are asking what we are seeing across the \$1.2 trillion of assets in our ecosystem, how capital is moving across markets and how those linkages are shaping investment opportunities.

More and more, those conversations are leading to broader strategic relationships where we start with the client's objectives, across income, appreciation, duration, diversification and liquidity and then build customized solutions across our strategies to help meet those goals.

We are seeing tangible momentum for multibillion-dollar partnerships across multiple strategies, and we are investing behind it through our Investment Solutions group, a dedicated team focused on delivering those insights and tailored solutions at greater scale.

While this capability has long been a differentiator for our business, it's importance has become more acute in recent years, and we expect it to be a key competitive advantage as alternatives continue to expand into retirement, insurance and individual markets.

In the near term, geopolitical uncertainty remains elevated. Trade and energy markets continue to adjust and investors are assessing what that means for growth, inflation and rates while also considering how quickly AI may disrupt certain business models. Those issues matter and they can move sentiment and market prices in the short run.

But our view is that those movements are temporary and manageable, while the long-term trends we invest behind remain firmly in favor and continue to accelerate.

Our job is to own good businesses, operate them well protect downside and compound cash flows over time. That discipline has served us well through many cycles. And today we are seeing it in the continued performance of our assets, and we believe that this period will be no different.

It's also worth reiterating something we have said before. We are fortunate to have outsized exposure to the largest and most attractive segments of the alternatives market and limited exposure to the areas where investor concern is currently the most concentrated.

We have very limited exposure to software across our strategies. Sponsor-oriented direct lending is an immaterial part of our business. And our listed private wealth credit vehicles are disproportionately small with our private BDC representing less than 1% of fee-bearing capital.

But we would caution against viewing our position as simply defensive. Limited downside does not fully capture where we sit today.

In our view, we are not only protected from many of the areas under pressure, we are positively exposed to the areas that should outperform in this environment. The first reason is that in this environment, real assets win. When there is uncertainty around growth rates or the durability of earnings, investors move toward high-quality cash-generative assets and essential service businesses. That is exactly where we are concentrated.

In real estate, we are clearly seeing the recovery accelerate. Sentiment is improving, financing markets are materially stronger. New supply remains muted in many sectors. And in a number of cases, assets can still be acquired well below replacement costs.

## Brookfield

In private equity, our strategy has always been focused on essential industrial and service businesses where value creation comes from operations, not financial engineering. That approach is particularly well suited to the current market.

And lastly, in infrastructure, where digitalization, rising energy demand and deglobalization are all creating sustained demand for capital.

We continue to see exceptional client interest and a very large opportunity set.

The second reason is that concerns regarding AI disruption are equally balanced by accelerating AI adoption. That is not a headwind for Brookfield. It is a very significant tailwind. AI requires enormous physical infrastructure, data centers, power generation, transmission, fiber, computing, cooling systems and industrial capacity across the supply chain.

We are already deeply invested across those areas. We have leadership positions in data centers and renewable power. We can combine real estate infrastructure and energy into integrated solutions at scale. And increasingly, that is exactly what the largest hyperscalers, governments and enterprise customers are looking for. This is also why all of our infrastructure, energy and AI infrastructure strategies are seeing such significant interest.

As AI adoption accelerates, Brookfield's market-leading position and a very large portion of our assets become increasingly valuable.

The third reason is credit.

If current concerns in select pockets of credit persist, where the natural credit cycle continues to turn. That is precisely the type of environment where our platforms should be at its best. We have been disciplined in how we built our credit business. We have always preferred areas where underwriting matters, where structure matters and where there is real downside protection, notably real asset credit, asset-backed finance and opportunistic credit.

And lastly, we could not be more thrilled with the timing of our integration with Oaktree. Through the combined BAM and Oaktree platform, we have what we believe is the preeminent opportunistic credit franchise in the world. When liquidity becomes scarce and capital is repriced, that is when disciplined investors with flexible capital and deep experience have historically generated some of their best returns.

We will turn the call over to Armen in a moment, who will speak more specifically about the current credit environment and how Oaktree is seeing the opportunity set today.

In conclusion, our message is simple. We are entering this period with strong results, significant strategic momentum, limited exposure to the areas causing the most concern, and meaningful exposure to where capital should continue to flow. We are positioned not just to navigate this backdrop but to outperform through it.

Armen?

**Armen Panossian, Co-Chief Executive Officer, Credit**

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Thank you, Connor.

## Brookfield

It is a pleasure to join you at such an exciting and dynamic time at the firm, taking on the role of Co-CEO of Brookfield's credit business. The integration of Oaktree and Brookfield will meaningfully strengthen our already differentiated platform, allowing us to bring more of the combined firm's capabilities to clients across asset classes and up and down the capital structure.

Over the past six years, this partnership has already proven itself and our cultures and investing principles are already well aligned.

We share a long-term vision, a deep respect for disciplined capital allocation and a focus on building client relationships over years and cycles, not quarters.

But there have also been natural limitations to how much we could do as two separate companies, bringing the platforms together eliminates those barriers and creates immediate benefits. -- simplification, better alignment and broader access to the combined capabilities of our firms.

While this combination creates clear operating and financial benefits, its greatest significant and most meaningful impact will be on the strategic side.

As an example, clients increasingly want broader solutions. Whether that means flagship strategies, complementary strategies, customized multi-asset portfolios or co-investment opportunities delivered at scale.

Our combined platform positions us to meet that demand more effectively to serve clients more comprehensively and to compete for larger and more complex opportunities than either firm could do on its own. And that matters, especially in the market we are in today.

Over the past five years, credit markets have undergone an extraordinary transformation.

As economies reopened in 2021 and government injected significant stimulus, inflation surged prompting one of the most aggressive rate hiking cycles in modern history.

Short-term rates moved from near 0 to over 5%, fundamentally reshaping capital markets. That shift created a meaningful dislocation and subsequently, immense investment opportunity. Traditional bank lending and broadly syndicated markets pulled back, particularly for middle market borrowers and private credit stepped in to fill the gap, offering capital at initially wider spreads which helped drive very attractive returns, often in the 10% to 12% range. Those returns attracted capital, fundraising accelerated, competition increased and spreads compressed back towards prepandemic levels.

In response, parts of the market leaned into higher leverage, looser covenants, noncash pay interest loans or PIC structures and greater exposure to certain sectors like software to gain higher returns.

Today we're entering a new phase.

Recent headlines have raised legitimate concerns around certain parts of private credit, rising impairments, questions over valuations, the use of leverage, liquidity mismatches, refinancing risk and software exposure in an increasingly AI-driven world.

## Brookfield

But it's important to separate the fundamentals of private credit in the excesses and select parts of direct lending.

Private credit itself, tailored nonbank financing is a proven model in which Oaktree has been actively involved for over three decades.

It works, providing capital to help businesses grow and delivering fair and attractive returns across the cycle. The issue is that in a period of abundant capital and low rates underwriting standards in the market become looser. That's not unusual.

Risk tends to build in strong markets and only becomes visible as conditions turn and become more stressed.

What we are seeing now is less a systemic issue and more a period of recalibration. Taken together, today's environment is characterized by tighter spreads, higher leverage in certain segments and increasing dispersion in credit quality. That creates both risk and opportunity and it's exactly the kind of environment in which we thrive.

Both Oaktree and Brookfield have a long history of investing through cycles.

Our approach has always been grounded in discipline, patience and a willingness to prioritize risk management and long-term value over short-term growth.

We didn't maximize deployment during the recent years of heightened competition.

Instead, we maintained conservative leverage in our funds and remain selective in underwriting, even when that meant sacrificing near-term growth.

As a result, we entered this period with a resilient platform, ample dry powder and the flexibility to act as opportunities emerge. And that flexibility matters today because as rates come off their peak and spread becomes a larger driver of returns, credit selection matters more than ever.

We are already seeing greater differentiation across vintages, sectors and structures. And the winners will continue to differentiate themselves as time progresses.

We don't view private credit in isolation.

We constantly compare relative value across performing credit, liquid markets, asset-backed finance and opportunistic strategies. When we see early signs of stress in that area, it informs how we position elsewhere, both defensively and offensively. That perspective is even more valuable in collaboration with the Brookfield ecosystem.

Together, we will have a fully integrated information network across credit and equity teams, industries and geographies and public and private markets.

We are already tracking dozens of emerging opportunities in real time, sharing notes across teams and identifying dislocations earlier through direct exposure to underlying businesses, assets and capital structures.

Brookfield's strength as an owner-operator combined with Oaktree's leadership in credit creates a differentiated platform for sourcing and executing complex capital solutions.

## Brookfield

While today's market presents real risk, it is also creating exactly the kind of environment where our experience, discipline and scale can drive meaningful outperformance.

Thank you for having me on today's call. And with that, I'll pass it over to Hadley.

### **Hadley Peer Marshall, Chief Financial Officer**

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Thank you, Armen.

I'll cover our quarterly results, capital positioning and why we are on track to deliver a record 2026. Fee-related earnings, or FRE in the first quarter were up 11% from the prior year period to \$772 million or \$0.48 per share.

Over the last 12 months, FRE has grown to \$3.1 billion, up 18% from the prior year period. Distributable earnings or DE, were up \$702 million or \$0.43 per share in the quarter, up 7% from the prior year period, bringing DE over the last 12 months to \$2.7 billion.

Growth in DE continues to closely track growth in FRE, reflecting the high-quality recurring and stable nature of our revenue base.

Turning to margins. We've maintained strong levels alongside this growth, with margins of 57% for the quarter and 58% over the last 12 months.

As previously discussed, once the Oaktree acquisition closes, likely in the second quarter, we'll report a consolidated margin that includes 100% of Oaktree.

We'll also provide more transparency in our partner managers, which will impact the presentation of our margin, but will not reflect any change in the underlying economics of the business.

Importantly, while our partner managers operate at lower margins, they're highly accretive and strategically beneficial to our platform. As Connor mentioned, they're also expected to be meaningful growth contributors to Brookfield. As they continue to scale, we will benefit from their inherent operating leverage, further expanding their margins as well as our consolidated margin.

Before turning to fundraising, I want to touch on share repurchases. Historically, share repurchases have not been a primary use of capital, as we have had compelling opportunities to invest in the growth of the business including acquiring partner managers interest and seeding complementary strategies. However, given the recent public market volatility, we believe our shares are meaningfully undervalued, and so we have been more active in repurchases.

In the first quarter, we opportunistically repurchased \$375 million of stock and have so far repurchased an additional \$200 million in the second quarter. This brings our total buyback activity over the past seven months to nearly \$800 million.

We also remain committed to our objective of broader index inclusion. The continued growth and scale of our U.S. business including the acquisition of Angel Oak and our increased ownership of Oaktree further support our path toward broader U.S. equity index eligibility over time.

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Now let me turn to the details of the \$21 billion we raised in the quarter which was driven by our complementary strategies and in insurance inflows.

Within our infrastructure business, we raised \$3.4 billion including \$800 million for our super core infrastructure strategy which now has over \$20 billion of capital and \$800 million for our Infrastructure Private Wealth strategy which now has over \$8 billion of capital.

Within our private equity business, we raised \$1.4 billion including \$1 billion for our private equity special situation strategy which held its first close of \$2.4 billion.

Within our credit business, we continue to see broad-based demand.

We raised \$13 billion of capital including \$4.7 billion of long-term private funds and \$3.8 billion from Brookfield Wealth Solutions. 17Capital completed the final close of Credit Fund II, adding \$2.5 billion in the quarter, bringing the strategy to \$7.5 billion, the largest NAV lending strategy raised to date.

Our fundraising benefits from strong performance built our investment disciplined approach, focused on fundamentals and risk-adjusted returns. That approach has led both Brookfield and Oaktree independently to limit exposure to areas such as direct lending and software, where we saw less compelling risk-adjusted opportunities. This discipline has reinforced our clients' confidence in our capabilities and continues to support fundraising.

Fundraising is also well diversified geographically.

We continue to see strong traction around our high conviction strategies, and the trend we have previously discussed, large clients concentrating commitments with fewer strategic managers that can offer a broad range of strategies at scale, appears to have become even more pronounced. These drivers together with our flagship fundraising and recently awarded Just Group investment mandate, position us well for a record year of fundraising.

Turning to deployment and monetization.

We invested or committed \$34 billion and generated approximately \$8 billion of equity proceeds from monetization -- based on our deep pipeline, we expect activity to further build as the year progresses.

Overall M&A has picked up, particularly in larger strategic transactions where buyers are moving with greater conviction. Despite pockets of uncertainty, both corporates and sponsors are increasingly willing to transact.

In many cases, that uncertainty is driving activity rather than constraining it.

As companies are using stronger access to capital to reposition portfolios in response to structural shifts including AI, geopolitics and evolving supply chains. At the same time sponsors are seeking to return capital which is contributing to increased deal supply.

While a normalized rate environment requires discipline on valuation and greater operating expertise to drive returns, we are seeing markets adjust to this environment. This creates opportunities for us.

## Brookfield

Our focus on high-quality real assets and essential services businesses aligns where demand is strongest, particularly where durability and cash flow visibility are at a premium.

In addition, our scale, global platform, operating capabilities and access to capital position us to be both an active acquirer and a disciplined seller in today's environment.

As M&A activity broadens, we expect to benefit from both increased deployment opportunities and improving backdrop for monetization.

Turning to our balance sheet. We continue to operate with a strong asset-light financial profile that provides flexibility to support growth while maintaining healthy liquidity.

Subsequent to quarter end, we took advantage of an attractive opening in the market and issued \$1 billion of senior unsecured notes comprised of \$550 million of 5-year notes at a coupon of 4.832% and \$450 million of tenures at a coupon of 5.298%.

We ended the quarter with \$2.5 billion of corporate liquidity and providing ample flexibility to support ongoing operations, strategic initiatives and growth across the business.

We are off to a great start in 2026 and remain well positioned for a record year. While markets remain uncertain, our scale and expertise position us to navigate the environment and execute effectively.

With that, let's open up the line for questions.

## QUESTION & ANSWER

### Operator

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Our first question comes from Kenneth Worthington with JPMorgan.

### Kenneth Worthington, JP Morgan

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Armen, Thank you so much for your comments. I wanted to dig further into Oaktree in the distressed market.

I think as you stated, we've been in a very strong credit environment for an extended period. How much money does Oaktree have to invest? And how much could Oaktree recently deploy if a distressed window opens briefly or for a more extended period? And what does that mean for Brookfield's credit business?

### Armen Panossian, Co-Chief Executive Officer, Credit

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Thanks, Ken. I appreciate the question.

So Oaktree does have funds under management and relationships with LPs that are considerable I want to hesitate to answer questions specifically about fundraising, but we have a lot of dry powder to invest into the market currently. And have a long-term track record of really leaning into the markets when distressed opportunities present themselves.

## **Brookfield**

Today, we don't see a broad-based macro condition that would result in meaningfully higher deployment patterns than what we've seen over the last five years. But we always see sector-specific distress.

Today, we see distress in software, building products, chemicals, autos packaging. And so that sector-specific distress, I would say gives us sort of a more normalized pattern a more normal pattern of deployment in these years. It numbers in the billions, but it doesn't number in the tens of billions with our kind of risk control way of investing.

Now if we do see a dislocation, our deployment capabilities measured in a 12- to 24-month period, would be in the tens of billions. We have done that in the past. We are prepared to do that in the future. And we are right now watching what is unfolding in a variety of respects globally.

We're looking at inflation caused by energy prices. We're looking at the software industry, we have a target list of credits that we are watching closely and willing to buy at the right prices.

So we are constantly boiling the ocean and looking for the opportunities. We don't think at this moment, it is the time to really lean and hard, but we are seeing the beginnings of a real opportunity set developing. And I think part of that has to do with the maturities that we see in a lot of LBOs, some software, some outside of software really coming to play in 2027 and 2028.

So we're getting ready for a big opportunity probably not measured in the quarters -- in the immediate quarters to come. But in the next couple of years, we would expect to deploy a considerable amount of capital.

### **Kenneth Worthington, *JPMorgan***

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Great. And then, Connor, you mentioned that partner capital companies have raised their largest vintages ever. Can you quantify how Brookfield's acquisitions of these businesses is impacting that fundraising? And to what extent the strong fundraising has been influenced by Brookfield's bigger sales force and your broader client relationships.

### **Connor Teskey, *Chief Executive Officer***

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Thanks, Ken. There's no doubt. Whenever we acquire a partner manager, we specifically pick market leaders in a given sector, where we think we can accelerate the growth profile of that business as part of the Brookfield platform.

And I think we're really beginning to see that play out. We had three partner managers raise new funds this year that were not even the biggest of their kind, but biggest in their industry. And partner managers are increasingly driving earnings growth across the consolidated business.

### **Operator**

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Our next question comes from Cherilyn Radbourne with TD Cowen.

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### **Cherilyn Radbourne, TD Cowen**

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I was hoping that you could touch on a few aspects of AI, how fundraising is going for your fund? In what respects do you think you're differentiated versus peers?

And I guess more strategically, how do you balance -- how do you manage the balancing act of leaning in enough to AI without getting over allocated to it?

### **Connor Teskey, Chief Executive Officer**

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Thanks, Cherilyn. AI, which for Brookfield really means a focus on AI infra, is undoubtedly the largest and fastest-growing theme across our broader business. And this is derived from the fact that we've always been a leader in the historical inputs into AI, real estate, energy, digital infrastructure, but we've also recently expanded into leadership positions in the new forms of AI infrastructure, sovereign AI and actually selling the compute itself.

To your questions around growth and what we're seeing, maybe to point to something tangible, and it's very representative of what we're seeing in the market is the first deal we did in our AI infrastructure fund was our partnership with Bloom Energy. That was announced, I want to say six or nine months ago, a \$5 billion partnership.

We are already in conversations to expand that partnership, not by percentages, but by multiples. And that's very reflective of the opportunity set and the scale that we expect to play.

And then the last point I would just make on how do we remain balanced. It's important to recognize while there is significant amount of capital flowing into the sector, the investment opportunity set is incredibly vast. And as a result of that, we can be incredibly selective.

We can focus on the best assets and the best markets with the best revenue constructs and the best corporate credit counterparties. And even in being that selective, we can still deploy very, very significant sums of capital.

So we do see all the activity, but in terms of some of the risk-adjusted returns that we're actually executing on, there are certainly some of the most attractive opportunities we're seeing in the market.

### **Operator**

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Our next question comes from Alexander Blostein with Goldman Sachs.

### **Alexander Blostein, Goldman Sachs**

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I was hoping we can start with a question for sort of the broader outlook for the rest of the year for you guys.

Now clearly, the business is facing a number of structural tailwinds you mentioned, energy, AI and many other things. So kind of encouraging to hear you kind of reaffirm the expectations to exceed your Investor Day goals for 2026.

## **Brookfield**

A couple of questions here. So first, just a point of clarification. Are we talking fee-related earnings per share for '26 up at the '25 base just to confirm that.

But then also more importantly, how is the fundraising backdrop sort of evolved in the last three to four months, given the changes in the landscape we're seeing to kind of build on that momentum. So what's feeling better, what's feeling worse? What's feeling the same?

### **Connor Teskey, Chief Executive Officer**

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So thank you for the question, Alex. You're absolutely right. We have an incredibly positive outlook for 2026. We expect it to be a record year for fundraising and not by a little bit. We expect it to be a significant record year for fundraising.

In response to your question, outperformance, yes, it's going to be largely on the FRE side and that outperformance for the remainder of the year feels largely secured other than the limited market exposure we have through our listed affiliates, and that's really driven by run rating of strong performance through the end of last year, very strong growth in our partner managers.

And then some big step-change revenue adders that start this year and we'll candidly carry into next year as well our flagship PE fund, our flagship infrastructure fund the Just Group mandate, the Oaktree acquisition.

In terms of what are the big things that will drive that FRE growth, it's exactly those. We expect to see incredibly strong demand for our two flagships PE is off to a great start. We expect that to be the largest vintage of its kind. And obviously we're in a very fortunate position that we have all of our infrastructure funds in the market right now. at a time where we're in the greatest infrastructure capital deployment environment in the history of time.

So I would say those are the biggest drivers. We're seeing growth across everything on the infrastructure and energy side and then outperformance relative to past precedent on the private equity side.

### **Operator**

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Our next question comes from Bart Dziarski with RBC Capital Markets.

### **Bart Dziarski, RBC**

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I wanted to ask around capital allocation. So nice to see you stepping in on the buyback to take advantage of dislocation. Just curious how you're thinking about the buybacks going forward?

And related to that, you issued that in the quarter, the commercial paper program and the senior notes. Maybe just an update in terms of your funded position and maybe more broadly philosophically how you think about the buyback versus issuing more debt component?

### **Hadley Peer Marshall, Chief Financial Officer**

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Yes. Thanks for the question. So when we think about our options, obviously when it comes to liquidity, we have a lot of attractive opportunities within Brookfield. And that's around our partner

## Brookfield

managers, around seeding our complementary strategies. And so we're always assessing those attractive opportunities to grow our business.

When we see irrational undervalued stock prices associated with Brookfield, that is an opportunistic time for us to take our underlevered position as an asset manager and use that capital to really generate attractive return for us. And so that's something that we do opportunistically.

We have been active starting in the fourth quarter up until now and that's about that \$800 million of buybacks that we've executed.

In terms of our liquidity, we did access the bond market earlier this year back in April when we saw an opening in the market that was quite constructive to add liquidity. And so we issued \$1 billion with strong execution. But that puts us in a position where we have \$2 billion plus of excess debt capacity and remember that as our DE grows, our debt capacity grows as well.

So that positions us to continue to be opportunistic with the opportunities that we see within Brookfield holistically as well as continuing to support the buy -- buying our partner managers, the remaining stakes as well as our complementary strategies.

## Operator

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Our next question comes from Sohrab Movahedi with BMO Capital Markets.

## Sohrab Movahedi, *BMO*

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Okay. Connor, you highlighted a bunch of issues that have been kind of hurting the sector, one of which was retail redemptions. And in the past, I think you've highlighted the importance of retail, both from a fundraising and from, I guess individual participation and probably a big important source of growth for you guys on the funding side of it.

So I'm just curious as you've been kind of watching what's been happening, you are always methodical, I suppose, and disciplined. Are you rethinking your retail ambitions based on what we've seen more recently. And some of your peers, I guess would have been first movers to the extent you are not rethinking those ambitions.

Is this one of these cases if the second mouse gets to cheese, is there an opportunity or a disruption where you get to run in as folks are running out -- and maybe like an Oaktree acquisition that you have done which has aged well an opportunity maybe present itself? And how willing would you be to expedite those retail plans?

## Connor Teskey, *Chief Executive Officer*

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Thank you for the question. In terms of what we're seeing and what that leads to in terms of our approach going forward is, we're very proud of how the private wealth, retail and individual market. And we think our approach is paying dividends now and the market is coming to us.

Obviously, private wealth is a smaller portion of our business relative to some of our peers. We've been very methodical and thoughtful in how we build that business for the long term.

## Brookfield

I think it's important to recognize that our private wealth business grew versus this point last year despite perhaps some of the concerns in private wealth credit, we continue to see tremendous inflows to our private wealth products on the real asset side.

So this continues to be a more modest part of our business today but one that's growing very quickly. It's been growing at about 40%, 40% for the last couple of years, and we expect that growth to continue, particularly as investors in that market continue to pivot increasingly towards real assets.

I would also mention the individual market. And in this regard, we think our growth and penetration of the individual market is perhaps accelerating far faster than people appreciate. Obviously, we have the growth on the private wealth side.

On the 401(k) and retiree market side, we're in advanced discussions with some of the largest target date fund providers who are interested in putting Brookfield's real asset products into some of their default portfolios, they're recognizing the role that long-duration, inflation-linked cash generative, downside protected investments can play in those portfolios.

And then we're certainly the market leader in terms of introducing real asset exposure into insurance policy and annuity portfolios through our partnership with BWS.

So I would say our approach is working. It plays very well in this market. We're going to continue to lean in, but it's more of the same as opposed to some major shift in strategy.

## Operator

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Our next question comes from Brian Bedell with Deutsche Bank.

## Brian Bedell, *Deutsche Bank*

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Maybe just shifting to the topic of energy transition. Obviously, you guys are a leader in that space. And the energy platform broadly kind of rebranded from the renewables side. So can you talk about does that change any of your marketing strategy within those types of products?

And maybe just talk about how you link energy and infrastructure. A lot of those themes are similar. And I would imagine the investor base has similar ambitions. How do you, let's say sell those products maybe as a solution to LP investors? Is that something that you're thinking about?

And then maybe just your view on the demand for energy transition given the power needs that we're seeing for AI and the disruption of supply chains amid the geopolitical backdrop.

## Connor Teskey, *Chief Executive Officer*

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So I'll perhaps address that in reverse order. The demand for energy is at an unprecedented high and will continue to be at an unprecedented high throughout the end of this decade and well into the next one and perhaps beyond. This is going to require take your slogan, take your catch phrase, it's going to require any and all or all of the above type energy solutions. And we're fortunate to be a leading player across all of them.

## Brookfield

### Operator

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Our next question comes from Dan Fannon with Jefferies.

### Dan Fannon, *Jefferies*

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So I just wanted to follow up on the strength in fundraising. -- as you think about this year, I was hoping to get a little bit of help heavily around the management fee cadence given the timing of this. And also catch-up fees as we think about first and final closes as the year progresses?

Any timing and/or guidance around that would be helpful.

### Hadley Peer Marshall, *Chief Financial Officer*

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Yes. So our timing -- we've already closed for our flagship private equity strategy. We've had an initial first close of \$6 billion, and we will have the final first close later this year. We anticipate with our infrastructure flagship fundraising to have a first close and meaningful first close also in 2026.

So fees should be turning on for both of those strategies very shortly. And so as you take this particular quarter, as an example, we didn't have any catch-up fees, but you'll see that build throughout the year.

### Operator

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

### Craig Siegenthaler, *Bank of America*

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So BAM stock-based comp payout is the lowest in the U.S. alt peer group, but it does jump around a little bit.

But no part of this is seasonal, but I was hoping you could refresh us on not just the seasonal drivers but also how stock-based comp fits into your overall employee compensation program because this is actually a pretty important input for a lot of us with valuation.

### Connor Teskey, *Chief Executive Officer*

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Sure. Perhaps I can take it from a corporate side.

We use stock-based comp as our primary form of compensation for the entirety of the senior leadership team at Brookfield. And then beyond that, we include stock-based comp as a component of every single investment professional across the firm.

We think that is unique in that it aligns the broader firm such that investment professionals are not only focused on driving value in their individual strategy but driving value across the entire firm, such that whenever we see an opportunity, it doesn't matter what vertical, what group, what geography a man or woman is in.

## Brookfield

If they can add value to a transaction or an initiative, they get brought in. So we use stock-based comp extremely wide across the firm, in our view, far wider than almost anyone in the peer group.

### Operator

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Our next question comes from Mario Saric with Scotiabank.

### Mario Saric, *Scotiabank*

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Maybe for Armen. Coming back to the Oaktree integration. As you mentioned, the relationship in Brookfield and Oaktree has been in effect for some time now.

Can you provide some examples of low-hanging fruit that may not be as apparent to kind of people on the outside that comes from owning 100% ownership interest out of the integration that may have a direct incremental impact on FRE for Brookfield more so than the separate entities.

### Armen Panossian, *Co-Chief Executive Officer, Credit*

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Sure. Thanks for the question. So a couple of things. Oaktree and Brookfield obviously established their partnership in 2019 and that partnership and the relationships between the two institutions have grown and become a lot closer.

So we've gotten to know each other very well. We're very, very aligned. Foundation is very strong. And I think we share a lot of the same cultures and investment principles including taking a long-term view through the cycle. So it's been -- it's not early days. It's several years in the making now. And so we've had a chance to think about the synergies.

The synergies are, I would say are largely revenue synergies and that the combination of the two institutions gives us the ability to offer more tailored solutions to some of the biggest clients in the market, a broader solution base that taps into the strength of Brookfield as an owner-operator and the strength of Oaktree as a credit manager having invested through many cycles as -- largely as a distressed investor as our single largest strategy over 30-plus years.

So that tailored solution opportunity is executed through a new group at Brookfield called the Investment Solutions group that has portfolio analytical capabilities to advise clients on how to adjust their portfolios over time and how possibly Brookfield, Oaktree and partner manager solutions could really be brought to bear.

I think the breadth and depth that we have as a combined institution now is really unmatched and being able to offer those products in a seamless way in a one firm type of way is new and exciting.

I think the other combination that is helpful is Oaktree had a balance sheet on its own, Brookfield had a balance sheet on its own and optimizing the two balance sheets separately was not as efficient as it could have been.

And so bringing those two balance sheets together in a single platform really helps to think about a single unit of shareholders that own that balance sheet, and we could maximize the

## Brookfield

value for the benefit of the shareholders without having disparate ownership between on balance sheet and the other. So that's a little bit harder to quantify and harder to assess, but that efficiency is very, very strong.

And then finally, Oaktree is a very large and well-built out credit platform. We do other things outside of credit, but I would say credit is our tent pole. As a result, we have a very large middle and back office that's able to support our strategies and more. And so as we grow our credit capabilities in partnership with Brookfield in a more integrated way we are able to layer on additional revenue, additional AUM with modest increase in cost.

And we don't really -- we don't need to staff up to grow in any sort of meaningful way because we're already a scale player.

So there is a cost benefit or a cost synergy, it's not really with taking a big knife to our cost structure, either at Brookfield or at Oaktree. But it is certainly a platform that we could use and in a scaled manner to drive profitability as we grow.

## Operator

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Our next question comes from Crispin Love with Piper Sandler.

### **Crispin Love, Piper Sandler**

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First, on real estate, Connor, you hit on the recovery accelerated in your prepared remarks. Just curious if you can dig into that a little bit further which areas of real estate are you seeing the most opportunities today to put capital to work and then relatedly just your outlook on office.

### **Connor Teskey, Chief Executive Officer**

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So in addressing that two things, the real estate recovery and its very rapid acceleration.

I would say is part of -- the part of our business where what we're seeing on the ground is far ahead of what you're reading in the headlines, -- in fact, we are seeing very significant increases in transaction activity, deal volumes and recovery and valuations.

I think across our real estate platform, this is on the asset side but not the equity side, we're looking to do about \$20 billion of real estate transactions in a 2-month period here just to give a sense of the pace and breadth of deal volume.

In terms of where we're seeing that deal activity, it's primarily in what I will call the alternative forms of real estate. Hospitality, logistics, housing, we have seen lower deal volume activity to date in office and retail, but we think that is coming because the fundamentals for office are absolutely flying, and it comes down to one thing.

On a relative basis, nobody started new construction. There was no new supply generated starting in 2020 because of the pandemic and then following 2020 because of the rise of rates and then following that because of work from home concerns.

So we've now seen a recovery in demand that's being matched by zero new supply in the market. And in Tier one markets, we're seeing the top come off rent. Rents legitimately \$50

## Brookfield

million, \$70 million percent higher than they were five years ago, and that's beginning to flow through the numbers.

If that continues, it's only logical that we're going to see the deal activity return to that sector as well.

### Operator

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Our next question comes from Michael Brown with UBS.

### Michael Brown, UBS

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A lot has already been covered, but I wanted to maybe ask to that or a little more impactful for the model here.

So the margins have expanded to the high 50s, but you will be consolidating Oaktree and that's at kind of a cyclical low in terms of margins or dilutive -- can you maybe talk a little bit about that medium-term margin trajectory as you think about 2Q and then how as Oaktree normalizes and you have more operating leverage to the platform, how does that margin continue to kind of rebuild.

And then on the fee rates, just because there's an implication for margin there, too. Can you just talk about some of the puts and takes in 1Q? Just some of those fee rates came in lower than expected.

And then for 2Q, there's going to be a bit of noise around some of the partner buy-ins as well so maybe unpack any implications for 2Q as well.

### Hadley Peer Marshall, Chief Financial Officer

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Sure. So on the margin front, I think you and others now appreciate that in second quarter, assuming we close Oaktree which is the anticipated date, we will adjust our margins to show our partner managers in a more transparent way.

We also have 100% of Oaktree flowing through which given that they operate at a slightly lower margin, we'll have an offset there. And so that will come through.

But what is important to note is that across all of our businesses, when we look at our projections for the year and going forward, there's operating leverage for each of the businesses. And that will continue to showcase on an apples-to-apples basis. So that's very important to emphasize around our margins.

In terms of the fee rates, overall, we're seeing no spread compression around fee rates. And so we continue to see strong fundraising, transaction fees play a part of that. And so when you look at our 2026 numbers, as Connor explained, this is going to be a record year in all categories.

### Operator

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That concludes today's question-and-answer session. I'd like to turn the call back to Jason Fooks for closing remarks.

## **Brookfield**

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

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

**Operator**

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This concludes today's conference call. Thank you for participating. You may now disconnect.