

## Brookfield Asset Management 2025 Letter to Shareholders

### Overview

We delivered strong earnings in the fourth quarter, further accelerating the momentum that has been building throughout 2025 and into 2026. We finished the year with earnings, capital raising, deployment, and monetizations at all-time highs.

We raised \$35 billion in the quarter, our strongest fundraising quarter ever, bringing the total for the year to \$112 billion across more than 50 different funds in the market. Demand was broad-based across strategies and geographies, underscoring the durability of our franchise and the scope of our investment capabilities in today's environment.

Combined with strong capital deployment of \$13 billion in the quarter and \$66 billion for the full year, our fee-bearing capital (FBC) base grew to \$603 billion, up 12% over the last twelve months. We generated a record \$867 million, or \$0.53 per share, of fee-related earnings (FRE) and \$767 million, or \$0.47 per share, of distributable earnings (DE) in the fourth quarter, representing increases of 28% and 18%, respectively, over the prior year period. This brought FRE and DE for the full year to \$3.0 billion, or \$1.84 per share, and \$2.7 billion, or \$1.65 per share, respectively.

### Market Environment and 2026 Outlook

As we start 2026, global economic conditions remain strong, supporting a broadly constructive investment environment. Stabilized interest rates, resilient economic growth, tight credit spreads, and improved global M&A activity are contributing to confidence across markets. Capital from growing allocations and a widening spectrum of investors is increasingly gravitating toward real assets, where stable cash flows, inflation protection, and downside resilience are very attractive. These forces are driving deal activity across private markets and reinforcing the opportunity set of high-quality, long-duration assets that generate stable cash flows and attractive risk-adjusted returns.

Powerful, structural mega-trends continue to drive long-term investment demand, and the same themes that have driven deployment in recent years will continue to drive investment for years to come. Digitalization is accelerating the need for data, connectivity, and AI infrastructure. Deglobalization is reshaping supply chains and increasing demand for localized, resilient industrial and logistics assets. Growing power demand remains a key global priority, requiring large investment to participate in the generational buildout of power generation and energy transition solutions to support sustainable growth. Together, these trends represent multi-trillion-dollar investment opportunities globally and support our deep investment pipeline. With these dynamics, disciplined and patient

capital deployment remains critical. Our long-standing focus on investing in high-quality and critical assets and businesses that form the backbone of the global economy continues to guide our strategy.

With this as a backdrop, a step change in growth is emerging across our infrastructure and private equity platforms. We enter 2026 with strong fundraising momentum, having recently launched the seventh vintage of our flagship private equity fund and we are preparing to launch the sixth vintage of our flagship infrastructure fund. Similar to our recent power and real estate flagships, we expect both to represent our largest vintages ever.

In infrastructure, we see significant growth opportunities. The upcoming launch of this next flagship will build on the strong performance and expanding opportunity set of prior vintages. At the same time, the recent launch of our AI Infrastructure Fund will anchor our \$100 billion AI Infrastructure Program and is supported by founding partners NVIDIA and KIA. The buildup of AI infrastructure is one of the largest infrastructure investment cycles in history, driving unprecedented demand for power, data centers, compute infrastructure, and grid modernization. Given the concurrence of strong investor demand, the scale of the current opportunity set, and having all of our infrastructure funds in the market this year, infrastructure will be a significant contributor to our growth in 2026 and 2027.

Within private equity, we are at a similar inflection point. The recent launch of our seventh flagship vintage addresses the strong client demand for large-scale, operations-oriented investments at this point in the cycle, while our complementary funds in market—including our financial infrastructure fund, middle east partners fund, and recently launched private equity wealth vehicle—further extend our reach into market segments where operational expertise, capital intensity, and sector specialization create durable competitive advantages.

Taken together, the breadth of these platforms, the depth of our operating capabilities, and the convergence of powerful secular tailwinds reinforce our confidence in the acceleration of growth across both infrastructure and private equity over the long term.

At the same time, momentum continues to build across credit and private wealth. Within insurance, Brookfield Wealth Solutions' (BWS) pending acquisition of Just Group will result in an expanded asset management mandate and accelerate organic growth in the U.K. for BWS. Within private wealth, our recent launch of both our private equity and asset-based finance funds represents an important step in the continued expansion of our private wealth platform. These strategies broaden access for individual investors to our private equity capabilities and support the long-term growth of our private wealth channel as we continue to build further durable, recurring sources of capital. We are also acquiring the remaining stake in Oaktree that we do not already own, which will enable us to enhance collaboration across our credit business and strengthen our ability to continue delivering long-term value for our clients.

With constructive market conditions, more sources of funding than ever, and strengthening deal flow, we are well positioned to raise and deploy capital at scale and to deliver durable, long-term value for our clients and partners. Taken together, these factors position us for one of the strongest years in our history.

Reflecting these supportive tailwinds and our strong growth outlook for 2026 and beyond, we are pleased to announce that our Board of Directors approved a 15% increase in our dividend, representing \$2.01 per share on an annualized basis.

## Diversification and Resiliency of BAM's Cash Flows

Over the past decade, we have scaled our business to better serve our clients—expanding our capabilities to meet their demands, broadening the solutions we can offer, and increasing the scale at which we can invest. As the opportunity set for real assets and credit has expanded, we have meaningfully increased the number of strategies we offer and the breadth of clients we serve. At the center of this success is our disciplined investing approach. By taking a long-term, intentional approach to broadening the platform, we have built a business that can raise capital more consistently and deliver an earnings profile that is more predictable, more resilient, and better positioned to grow across economic cycles.

Today, essentially all of our distributable earnings are fee-related—the lowest-risk and most stable form of earnings for our industry. Further, more than 95% of our fee-related revenues are generated from capital we manage on a long-term or perpetual basis, providing exceptional durability and visibility into future earnings.

But the strength of our earnings model extends beyond capital duration. It is reinforced by the breadth of our platform and the diversification we have built across asset classes, products, clients, and geographies. This diversity provides multiple paths to deploy and capitalize in any market condition, ensuring that one segment or another is always growing rapidly, while also supporting consistent performance across market environments.

One of the most significant changes over the past decade has been the expansion of the types of assets we invest in. Ten years ago, we had our standalone infrastructure, private equity and real estate businesses. Since that time, we have built new platforms in transition and credit. In some cases, we built organically—transition was first incubated within infrastructure, but after separating it out as its own asset class, and combined with our legacy as a leading renewables investor, it has grown into one of the largest global platforms with over \$140 billion of assets under management. In other cases, we partnered and acquired complementary capabilities, most notably with Oaktree in 2019, along with additional partner managers since then, to create one of the largest and most comprehensive credit platforms in the industry. Importantly, no single business contributes more than one-third of our fee-related revenues.

This balance matters. Different businesses respond differently across economic cycles, interest-rate environments, and capital markets. By ensuring that no one area dominates our earnings base, we reduce reliance on any single asset class and can continue to grow through a wide range of environments.

We have also meaningfully broadened our product offerings. In 2016, we had just four products in the market. This year, we will be fundraising across nearly 60 funds and strategies. With more products in market at any given time, fundraising is now more diversified and consistent, enabling steadier inflows from quarter to quarter and aligning capital with opportunity as market conditions evolve, while serving clients with solutions tailored to their specific investment objectives.

Client and channel diversification further reinforces stability. We now have relationships with more than 2,500 institutional clients globally, representing more than tenfold growth over the past decade. Alongside this institutional base, we can now also raise capital across other channels. Our private wealth platform today serves nearly 70,000 clients across multiple strategies and has become an increasingly recurring source of capital. Our insurance solutions business has grown from inception during the pandemic into a platform managing over \$100 billion of fee-bearing capital on behalf of nearly 800,000 policyholders, providing long-duration capital that is well aligned with our investment horizons. Our public affiliates add another important dimension, providing

permanent capital and a connection to public markets that complements private fundraising. This breadth is unmatched on a global basis and is a key differentiator of our business.

Our platform is also truly global. We raise and deploy capital across more than 50 countries. This matters because economic, political, and market conditions rarely move in sync. Geographic diversification allows us to continue raising capital when certain investor groups are more cautious and shift deployment to regions with more attractive opportunity sets.

Taken together, this diversification has produced what we set out to build: a stable, resilient earnings model designed to perform well in different market environments and grow across cycles. Looking ahead, individual investors—through private wealth, insurance, annuities, and retirement solutions—will represent an even larger and more balanced share of our capital formation over time. These are long duration, repeat sources of capital that should further enhance earnings visibility, reduce cyclical, and support durable long-term value creation for our shareholders.

## **Private Equity Is Evolving — Operators Will Lead the Next Chapter**

Our private equity business was born out of our long-standing approach to owning and operating real assets that form the backbone of the global economy. For more than four decades, we have focused on acquiring and operating industrial and essential-service businesses—companies that produce, move, and support the critical systems underpinning economic activity. Our owner-operator mindset distinguishes us and shapes how we invest, manage risk, and create value.

Private equity has entered a new era focused on returns that are driven by margin expansion, not multiple expansion. Financial engineering is no longer a viable source of value creation as it now faces headwinds from normalized funding costs, slower monetizations, and buyers discounting forward growth. That shift plays directly to our strengths. Performance will no longer rely on rolling the dice on the broader market, but on rolling up sleeves and improving operational efficiency—an approach that has always been core to our DNA. Half of the value we have generated in our private equity investments has come from operational improvements, a real differentiator for our franchise, and a consistent strategy to maximize value.

A recent investment that illustrates our approach is Chemelex, the global leader in electric heat-trace systems—mission-critical technology used across industrial facilities, energy infrastructure, data centers, and commercial real estate to ensure fluids, pipes, and equipment operate safely and reliably. While essential to operations, Chemelex's products represent a small portion of customer costs, creating strong customer loyalty, recurring aftermarket revenues, and highly predictable cash flows.

Despite its market leadership and decades-long track record of innovation, Chemelex was treated as a non-core division by prior owners, resulting in underinvestment and limited strategic focus. This created an opportunity for us to acquire a high-quality industrial business at an attractive entry point; exactly the type of situation where our operational expertise can drive value. Since acquiring the business, we have established Chemelex as an independent company, built out its leadership team and core functions, and implemented targeted operational initiatives. In 2025, we delivered over \$20 million of EBITDA improvements through pricing, procurement, plant upgrades, and efficiency initiatives, driving over 15% growth year-over-year. Looking ahead, our value-creation

plan reflects our broader playbook: driving operational excellence, investing in end-markets and supporting continued innovation through R&D.

The mission-critical and long-duration, recurring cash flow nature of our portfolio companies makes them inherently more resilient, easier to underwrite, and consistently attractive to investors seeking predictability and downside protection. As a result, even as many private equity managers have stepped back, we have remained active—raising capital, deploying into high-quality opportunities, and returning over \$10 billion of capital to clients over the past two years.

The macro environment is improving, deal activity is accelerating, and industrial businesses are being reshaped by two powerful forces: deglobalization and AI-enabled productivity. Supply chains are being re-wired, manufacturing capabilities are being re-evaluated, and companies are under pressure to modernize operations and adopt digital and AI tools at scale. This environment rewards operators capable of driving real change inside businesses, rather than those reliant on leverage or market beta.

This strengthening sentiment is also reflected in our listed entity's share price, which is up more than 50% over the last twelve months and contributed to performance fees in the quarter. Against this backdrop, we also launched the next vintage of our flagship private equity fund. This is an important milestone and a meaningful driver of future earnings growth. Backed by a 25-year track record that includes 25% gross IRRs and 19% net IRRs, among the strongest in the industry, and a strategy well aligned with current market conditions, we expect this to be our largest private equity fund to date.

With operators defining the next chapter of private equity, our global, diversified, and operationally focused platform is built for this environment, positioning us to lead the next chapter of private equity and drive meaningful growth in the years ahead.

## **Management Succession — A Message from Bruce**

As part of a long-planned leadership transition, the Brookfield Asset Management Board today announced the appointment of Connor as CEO, effective immediately. I will continue as Chair of the Board for BAM, in addition to my role as CEO of Brookfield Corporation. Connor will continue in his role as CEO of our renewable energy business, supported by a deep bench of talent in that business.

This appointment is the next step in the succession process we started four years ago to prepare the generation of leaders who will guide the company for the next 20+ years. It is firmly rooted in Brookfield's distinctive culture, which emphasizes collaboration, fosters innovation and entrepreneurial spirit, and maintains a strong sense of discipline. These core values will continue to shape the company's future, ensuring sustained growth and success under Connor's leadership.

As I have said before, I have never been more excited about the prospects for our business than I am now. I intend to help in any way I can, focusing my energy where I can be most useful—and I will stay fully invested in Brookfield. Our entire senior team is thrilled to work with Connor as he assumes this role and takes Brookfield to new levels of success.

## Closing

We remain committed to being a world-class asset manager by investing our capital in high-quality assets that earn solid, attractive returns, while emphasizing downside protection. The primary objective continues to be to generate increasing cash flows on a per-share basis, and to distribute that cash to you by dividend or share repurchases.

Thank you for your interest in Brookfield, and please do not hesitate to contact any of us should you have suggestions, questions, comments, or ideas you wish to share.

Sincerely,



Bruce Flatt  
Chairman of the Board  
February 4, 2026



Connor Teskey  
Chief Executive Officer

Note: In addition to the disclosures set forth in the cautionary statements included in BAM's Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q there are other important disclosures that must be read in conjunction with, and that have been incorporated in, this letter as posted on our website at <https://bam.brookfield.com/reports-sec-filings/quarterly-and-annual-reports>