

BROOKFIELD ASSET MANAGEMENT LTD
BERNSTEIN 41ST ANNUAL STRATEGIC DECISIONS CONFERENCE PRESENTATION WITH CONNOR TESKEY
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Patrick Davitt, *Autonomous*

Good morning. I'm Patrick Davitt, the U.S. Asset Manager Analyst here at Autonomous. It's my pleasure to welcome another first-timer here at the Strategic Decisions Conference in Brookfield Asset Management with their President, Connor Teskey. Connor, thanks for coming. As a reminder, if you want to submit questions, I'll try to work them in through Pigeonhole on your devices, and I have that right here on this iPad.

So maybe to start, Connor. I've been asking everyone kind of a similar macro question since we have most of the top alternatives here. Obviously been a crazy couple of months, another wrench thrown into the mix last night. But I sense there's still a lot of concern that things like sticky inflation, higher for longer rates, slowing economic growth could be particularly bad for levered risk assets. So what's your latest thinking at Brookfield on those concerns? And digging in a bit further, what are you seeing in your portfolio around those themes?

Connor Teskey, *President*

Great. Well, first and foremost, Patrick, thank you for having us. It's a pleasure to be here. It's an unfair comment to make, but if in the illustrative world, you could separate the noise from the fundamentals, our view is the backdrop's actually relatively constructive right now. People talk about higher for longer rates. If the 10-year's up 4.5%, whether it's 50 basis points higher or 50 basis points lower than that, that's a relatively constructive environment. It's not where it was 3 or 4 years ago, but it's also not an environment that prohibits deal making.

The two things we're seeing in the economic backdrop where 2025 is very, very different than 2024. This is perhaps an oversimplification, but in 2024, people were waiting for pockets of stability to get ready and to consider doing transactions. In 2025, people are standing ready in the starting blocks, just waiting for two or three days of stability to get a deal done. So there is a lot of volatility. We would classify the market as noisy. But balance sheets are pretty good. Sentiment is quite strong. And we do think if there was any pocket of stability, you would see a very significant increase in activity.

The other thing beyond just that sentiment that we see across our business is very constructive. It's obvious, but it's almost under the radar, is capital markets are so deep and so robust right now. I would say probably from 2022 through 2023 and 2024, at some point, there was always some component of the capital markets that was a little dislocated or a little shallow or not as strong. Whether we went through a period where there wasn't a lot of appetite for leveraged loans, we went through a period where there wasn't a lot of appetite for real estate credit. Everything is working right now. There is depth, there is appetite. The capital markets are liquid. The capital markets are efficient. And therefore, it's a bit unfair. The volatility is real, the noise is real. If that is persistent, it will act to deter a certain amount of activity, but the actual backdrop we view as very, very constructive.

Patrick Davitt, *Autonomous*

In that vein, the tone on realizations was pretty mixed on the last earnings call. Some were more positive, some were negative. Obviously, the markets have gotten significantly better since then. So maybe update us on how the realization environment is tracking across your various businesses, but particularly private equity where particularly you're most concerned? And do you think we need more visibility on the trade discussions to really get that to open up again?

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Connor Teskey, *President*

It's a great question. Maybe we'll put it in two buckets, perhaps for those that are less familiar. Brookfield really operates across four verticals when it comes to equity: real estate, infrastructure, power and private equity. And amongst those, private equity is actually the third largest. It's not the largest of our platforms.

The trends we are seeing, these global macro trends in terms of the need for energy, the need for infrastructure, completely overwhelm any short-term noise. We're seeing huge needs for capital that's creating investment opportunities. We're seeing increasing investor allocations to the space that's creating monetization opportunities. That is functioning in a very healthy way. Then you turn to real estate. Real estate undoubtedly is on the rebound right now, so that is positive.

Now let's talk private equity. Our private equity business is a little bit unique, and perhaps not everyone is familiar with it. Often people associate Brookfield as an infrastructure and a real estate business. I feel for our private equity team. Private equity is actually our longest-standing strategy. Our first ever private fund at Brookfield in 2002 was a private equity fund. And our track record within private equity is exceptional. Across six flagship vintages over the last 22 years, the average return is 26%.

But what's unique is not just the enduring nature of the strategy and the performance. Our private equity business was born out of our real assets exposure. Our private equity business focuses on industrials and critical services. And we very much focus on making investments where the majority of the value creation is going to come from operational improvement as opposed to from multiple expansion or the use of significant leverage. And while that narrative is very in vogue these days, I think everyone's kind of got their own version of it. Over the last 20-plus years, over 50% of the value we have created that has supported those private equity returns has come from operational improvement and margin enhancement. That is our bread and butter. That is how we execute our private equity strategy.

And we feel that is almost perfectly tailored for the market we are in today, where it's tougher to win using excess leverage. The multiple expansion game is certainly on the other side of the cycle. We feel quite good at Brookfield that we have a number of strategies where it's our opportunistic debt strategy through Oaktree or our flagship private equity strategy that seem perfectly tailored to this market. That sounds like very fantastic marketing, but to reinforce the point, and this may come as a shock to people, 2025 year to date is the most active year we have ever had in our private equity business both, one, in terms of deployment, but two, also in terms of returning capital. And that is probably bucking the trend in the broad-based narrative, but it's something we think we can continue to execute just given our differentiated approach.

Patrick Davitt, *Autonomous*

On the PE point, we were talking about this earlier. Do you think you might be one of the few large alternative managers where PE could actually be a lot bigger?

Connor Teskey, *President*

Yes.

Patrick Davitt, *Autonomous*

Like a lot of people are thinking it's kind of at scale for most people.

Connor Teskey, *President*

There's no doubt. A lot of our strategies have grown consistently over time, private equity, no doubt. But amongst our four verticals that focus on equities, real estate, infrastructure, power and private equity, our flagship for private equity is in fact the smallest. That is despite a market-leading track record, and that is despite the fact that even though their fund sizes have been a little bit more moderate, they certainly have the deployment track record, because alongside our most recent vintages of funds, we've been offering significant amounts of co-invest. So we've actually been deploying the capital that supports a much larger vehicle. We are nearing the end of our current vintage and we'll likely be back in the market with the next one later this year, and we do expect it to be a growth lever for us going forward.

Patrick Davitt, *Autonomous*

Let's move to real estate. You guys probably have a unique perspective with your \$270 billion of real estate assets. You've already raised \$16 billion for the latest flagship real estate fund, which you've said will be the largest ever, or your largest ever upon closing. I think a lot of investors are still struggling to handicap how good or bad this environment really is for some of the various sub-verticals within real estate, particularly if we're heading for a recession or a stagflationary environment. So how are you guys seeing each vertical position from both the in-ground risk standpoint and also the net deployment standpoint?

Connor Teskey, *President*

Certainly. So if we were to potentially take a little bit of a step back on real estate, and this widely would be true across real estate asset classes, whether it be office or retail or hospitality or commercial or logistics, even some of the alternative asset classes, student housing, residential, storage, things like that. What we've seen over the last 3 or 4 or 5 years in real estate is an incredible bifurcation of the market. High quality real estate is not performing well. It is performing exceptionally well. Record rents, record occupancies. If you have well-located, well-amenitized, high-quality, energy-efficient buildings, it is a fantastic time to be a real estate owner. The demand for quality is as strong today as it's ever been. Within our portfolio, we are seeing record rents in almost every major market around the world for high quality product.

Unfortunately, the same is true on the other end of the spectrum. Low quality product is not performing poorly. In certain cases, it's becoming obsolete. How did that play out in the market over the last 2 or 3 years? You could argue, well, the high quality product should have shot the lights out and the low quality product less so. But the reality is if you think about the capital that backs the real estate industry, the lenders, they don't get the exposure to the upside in the high quality, but they wear the burden of the downside in the low quality.

We went through a period, 2023 was the pinnacle of it, late 2022 into 2023, where the liquidity and capital for real estate really froze up. It became very expensive. It wasn't that it just cost more. It was a period of illiquidity. If you owned high quality real estate, the worst thing you could do at that time was sell, because you own great businesses that are performing well that just didn't have access to liquidity.

What's changed in the last couple of years? The liquidity has come back to the market. The CMBS market has opened up. High quality real estate's being rewarded. Low quality real estate's being punished. But we now have a functioning capital market again, and that's allowing that bifurcation to show through as opposed to just looking like the entirety of real estate is in a downturn.

A long-winded way to get to the point of, we are very, very bullish on high quality real estate in this market because it's got everything going for it. People are returning. Their demand is high. Liquidity is coming back. Then I think to tie it back to your point, the more inflationary environment, the potential for a higher tariff environment is making new build costs higher. And therefore, in-place real estate is going to see tremendous upward pressure in rates or revenues depending what type of real estate that it is. And we see that being very, very beneficial,

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particularly leveraging itself to the higher quality product.

Patrick Davitt, *Autonomous*

Got it. On the multifamily versus office point, for years, everyone's been talking about how they have this prescient view on office and move to multifamily and industrial, but it does seem like rent growth has slowed quite a bit in some of those verticals. You're starting to hear stories about the supply for sale, particularly in the Sunbelt spiking, which seems to contradict this narrative that there's a lack of supply. So do you think that tailwind is abating maybe quicker than the broader market is talking about?

Connor Teskey, *President*

Maybe perhaps the way to think about it is, one is this larger macro trend where there is a shortage of housing. That is very broad-based, and that shortage is probably going to be exacerbated by higher build costs due to the larger issues driving the economy. There is no doubt in certain regions and certain asset classes, you may get short-term influxes of supply or unique dynamics within a micro region. But the broader dynamic, we would say, is there continues to be a shortage of housing, which makes residential a very attractive place to be. That's a broader comment. And then secondly, in-place supply particularly, again, sorry for being redundant on the high quality stuff, the backdrop is particularly constructive due to, one, a general lack of supply, and two, a higher go-forward build cost as a result of inflation and funding and maybe tariffs to come.

Patrick Davitt, *Autonomous*

Maybe that dovetails with another problem. So if the problem isn't maybe the super trend that we're talking about, perhaps there are problematic capital structures. Where do you see that most concentrated?

Connor Teskey, *President*

We have a line within our real estate business which is, there's no new problems. We obviously went through a period, again, going back to 2022, 2023, where the capital markets for real estate were very dislocated. There were certain businesses or certain investors who went into that environment with capital structures that were not appropriate for a more normalized interest rate environment. They were put in place in a very low interest rate environment. Sometimes excessive leverage was used. And when interest rates normalized, those capital structures were no longer appropriate.

To our comment, there are no new problems, some of those issues of suboptimal capital structures that existed in '22 and '23 just got punted by banks, by lenders, extensions, covenant waivers. They got punted 12 or 18 months, and now they're coming back. The comment we would make is these aren't new problems. These aren't problems that were created in 2025. These were problems that were created in 2022 and 2023 that were just never solved.

There is a tail of those that will need to be worked through, and quite candidly, that creates an exceptional opportunity for well-capitalized investors who can step into great assets with imperfect capital structures. Across Brookfield, we always say that that is the most attractive investment. We do a lot of operational turnarounds at Brookfield. We do a lot of growth businesses, construction, development of new assets. The greatest thing in the world you can do is invest in a business that is already fantastic. It just has an imperfect capital structure. You can fix a capital structure in a relative number of months, and then you have a fantastic investment very quickly. We do see opportunities like that in real estate.

Patrick Davitt, *Autonomous*

And it dovetails to another core competency, power and infrastructure more broadly. You've been talking about the three Ds, digitalization, deglobalization and decarbonization for a long time now. If anything, those themes

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seem more relevant today. As a result, it's not surprising that infrastructure and power are now two of the fastest-growing areas in alternatives. You have \$340 billion in those two businesses. So what kind of opportunities are you seeing for private capital to play in those themes right now?

Connor Teskey, *President*

For sure. It's funny how you frame the question. Credit needs to be given to our infrastructure group. They came out with those three themes. We called them the three Ds. I think they did it in 2021. Decarbonization, deglobalization, digitalization. Unfortunately, you can't get through a conversation with Brookfield without hearing about the three Ds 19 or 20 times. And it's been 5 years of that. We feel like we've banged that drum pretty aggressively. So absolutely, we do think, should we refresh them? Are they getting stale? Are they overused? The answer is they are overused, but they are more relevant today than they were in 2021. So it's very, very difficult for us to get rid of them.

And very simply, the way that we would characterize the opportunity for private capital as it pertains to those three Ds is the investment opportunities and the capital that is required amongst those three themes are so significant that it outstrips what is available both from governments and, quite frankly, from the public market. And therefore, it creates a very large and very attractive opportunity for private capital. It's an opportunity that particularly lends it to those who can play upscale and those that compare scale capital with scale operating capabilities.

Within that context, we feel that the opportunity is even more enhanced for those that can play at the intersection of one or multiple of those themes at the same time. The obvious example of this, and not to go headline-grabbing here, but is in data centers and AI. Obviously, huge amounts of capital needs to go into the buildout of the shell and the racks to meet the needs of greater cloud computing and learning and AI models. But equally important is providing the power to that. We've seen great opportunities to pair our leading platform in energy with our leading platform in data centers. Similarly, we've seen opportunities to pair our leading platform in transportation to help meet some of the deglobalization dynamics around the world. That opportunity really lends itself to those that can play at the intersection of those themes, but in scale and with operating capabilities.

Not to go on this point even further. Perhaps more than any other trend that we are seeing in the market today, the growth and demand around the world for digital infrastructure, resiliency of supply chains, and for assets that meet the growing need for electricity on a global basis is as strong today as it's ever been. There is always headline noise. DeepSeek's going to reduce the need for data center capacity. Regulatory changes are going to reduce the growth trajectory of renewables. None of that is disrupting a very significant, multigeneration, hundreds of billions of dollars on an annual basis capital need. And the joy is it's all backed by corporate demand on a global basis.

So we do not see any of these trends slowing down. They lend themselves to a small group who can play it at scale. But we absolutely see it as an opportunity set that's been running for 3 or 4 or 5 years now, and we think it runs for years and decades to come.

Patrick Davitt, *Autonomous*

To your point on AI and data centers and then the scale of capital need. It seems to me it would lend itself to having more specialized strategies within Brookfield. How are you thinking about developing or organizing more capital specifically for that need?

Connor Teskey, *President*

Absolutely. We'll maybe draw a parallel going back to 2020 and 2021. Brookfield's infrastructure strategy, it's our largest platform. Our flagship is our largest fund. It's \$28 billion. It's on its fifth vintage. That infrastructure strategy has been very consistent and very disciplined. It invests across the same five infrastructure asset classes that it did

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in 2010, 15 years later.

But using the example of 2020 or 2021, we've done power and renewable power investing within our infrastructure platform for a decade at that point. But we saw such a growing need and a growing demand for capital for decarbonization solutions and energy production. Therefore, in 2021, out of our infrastructure platform, we continue to invest in operating renewables within infrastructure, but we created our energy strategy that focuses on the buildout of new generation capacity and other decarbonization solutions. And we launched that strategy in 2021, and it runs now parallel to our infrastructure strategy. As we think about new rapidly growing asset classes, digital infrastructure being the obvious one given current market dynamics, we very much expect to do the same thing.

Patrick Davitt, *Autonomous*

Makes sense. Thanks. One more on this theme. You've been a leader obviously in energy transition, which is now a four letter word in some circles. Have you seen any meaningful pullback in client interest, particularly in the U.S., where particularly U.S. pensions might be more directly in the firing line on issues like that?

Connor Teskey, *President*

Certainly, and I think it's important. One dynamic we are seeing in the market is people want to look at, let's call it a clean energy, a decarbonization and an energy transition space that is very, very broad, and they want to treat it like a homogenous asset class. We use the example of the four leading most mature low-cost renewables technologies. These are onshore wind, onshore solar, battery storage, distributed generation. They've been growing exponentially for the last 7 years, not because they are clean. They've been growing exponentially for the last 7 years because they are cheap. They are the cheapest form of bulk electricity production in almost every major market around the world. And that is true regardless of who is in office, regardless of current ESG sentiment. And quite frankly, it's true regardless of tariffs or subsidies, because even if those tariffs or subsidies change, they're so much cheaper that they'll still be the cheapest solution.

It wouldn't matter if it was services or widgets or electricity, the market will always absorb as much of the lowest cost product as it can before turning to another solution. Therefore, for those most mature, lowest cost renewables technologies, they will continue to grow because we are in an environment that has increasing demands for energy. And who is going to service the greatest amount of that growing demand? The lowest cost solution.

The unfortunate reality is those products that win on cost often all sometimes get grouped in with other assets that are, let's say, less commercial. They are not commercially viable yet. They are not cost effective. What we've generally seen, and I think this is very foundational to our energy strategy, is it is 100% commercial. We do not take binary risk. We do not take technology risk. We focus on being the large scale capital to build out, scale up and construct proven, commercially viable cost-effective solutions. And because our strategy is 100% commercial, and yes, it does have clean benefits, but it is also a solution to meet the growing need for electricity around the world that resonates with everyone, we've seen very little pushback.

Patrick Davitt, *Autonomous*

Great. Let's move to credit. The press, once again, is seemingly hyper-focused on reporting on private credit as the potential for the next credit bubble. So I think it would be helpful to get an update of what you're seeing in your portfolio. And where does Brookfield broadly stand on the idea that there could be a lot of risk hiding in pockets of private credit outside of your portfolio?

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Connor Teskey, *President*

Certainly. So our credit business is actually the largest platform at Brookfield by AUM. But our credit business is somewhat unique in that it really focuses on two types of credit, first and foremost. One is asset-backed credit or real asset credit. It's been birthed out of our same real asset strategies. The same way we are the leading equity investor in infrastructure around the world, we have a leading infrastructure debt strategy. Same for real estate. We are one of the largest private lenders to clean energy and renewables within the credit space. So we focus very much on real asset or asset-backed lending as bucket one.

And then secondly, through our partnership with Oaktree, for those that don't know, Brookfield and Oaktree have been partnered since 2019. Brookfield owns 75% of Oaktree. Oaktree is obviously the leading credit platform in terms of opportunistic debt as well. It's really those two strategies that encapsulate where our focus is on the credit side.

I think that differs very significantly from where some of the market rhetoric is around concerns around credit that often are more in the leveraged loan direct lending space. We have a very modest amount of that, but only where it would align with our real asset approach in private equity. There is a lot of capital in that space. I think discipline is very warranted. But the one thing we would say is this is not a systemic problem. There is a lot of capital. There is a lot of exuberance. Some spreads have tightened a little bit. But this isn't something that is going to cause an issue across the economy. There may just be some pockets of underperformance over time.

Patrick Davitt, *Autonomous*

So moving to your business there. More specifically, you have \$320 billion of AUM. It's seen the bulk of its growth over the last 6 years, both organic and inorganically. Could you talk a little bit more on what your approach is to building this business and where you see that tracking from here?

Connor Teskey, *President*

Certainly. So when we think about Brookfield and why we're excited about the growth trajectory, it stems from one thing, first and foremost. We feel we are in an incredibly fortunate position to have the largest and leading platforms in the fastest and most important segments of the alternative space: real estate, infrastructure, that best-in-class track record in private equity and credit. As a result of that, we have an incredibly robust organic growth forecast that we very much believe in, that we think will more than double the size of the business over the next 5 years.

And that's driven by the ongoing scaling of our existing products, but also filling out the product suite in a very methodical way, continuing a process that we've been doing for a number of years. In each of our asset classes, in each of our verticals, we want to have a flagship product. We want to have a super core product. We want to have a mezzanine debt product. We want to have a structured solutions product, and increasingly, products tailored to insurance and high net worth and retail. And we are still very much in the early to middle innings of scaling those businesses and filling out our product suite.

In addition to that, we continue to be very opportunistic to look to build our business inorganically when we see opportunities that fit our strategy and are complimentary to what we do. The best example of that was in 2019 when we acquired Oaktree and partnered with the management team there. That has worked fantastically well, and we continue to be thrilled with that partnership. But we've also done it more recently. An example being last year, we acquired a business called Castlelake that focuses very heavily on asset-backed finance here in the United States. We found that to be very complementary to our strategy, focused on real asset lending. They were market leaders in a portion of the market and were very complementary to what we do, and we saw great alignment with the senior management team there.

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So the majority of our growth and absolutely our base case is to more than double the business in the next 5 years, purely organically. But we see tremendous upside to that by continuing to be opportunistic with M&A when opportunities present themselves.

Patrick Davitt, *Autonomous*

Great. I want to ask a quick one on Oaktree, which is more opportunistic, a little bit more countercyclical. I remember when we had the luxury of covering Oaktree as a public company, they always had a watchlist they would talk about. Are they seeing any signs of like post-Liberation Day, that watchlist transitioning to real investment opportunity? Or is this a quick recovery kind of delayed it again?

Connor Teskey, *President*

I would say this is high time for Oaktree. Whether it's Oaktree or broader Brookfield, I think the sentiment would be the same that, yes, there are macro trends, but really, we invest on a micro basis. And yes, there could be a quick recovery that could lift some boats and potentially remove some of the uncertainty for certain businesses in the market. But there is no doubt that the extended volatility and some of the concerns around tariffs or perhaps slightly reduced growth forecasts will reduce the access to capital for some investors. And that is a market that lends itself really well to things like Oaktree's opportunistic debt strategy where they are the market leader. And there is no question that they are well positioned. They raised a very large fund that they are only in the middle of deployment on. And I would say their pipeline is looking great.

Patrick Davitt, *Autonomous*

Okay. I want to move to wealth, which is always top of the mind in this space. Although I sense it doesn't come up as a big Brookfield topic, as in some of my investor conversations as it does with others, perhaps unfairly. Maybe update us on what the suite looks like, how the traction's going there, what the product developments look like, and then what you see as the broader kind of distribution, expansion opportunity for that part of the business.

Connor Teskey, *President*

Make no mistake about it, at Brookfield, we believe that one of the huge drivers of our business over years and decades to come is the increasing broad-based inclusion of alternatives. Go back 10 years, maybe 15 years, the only investors who would invest in alternatives were institutional investors, and they really had two asset classes they could invest in. They could invest in real estate or private equity.

Fast forward to today, not only are institutional investors continuing to increase their allocation to alternatives, but they are also increasing the breadth of alternatives they will invest in. They will invest in private credit. They will invest in infrastructure. They will invest in power. And that's having a multiplier effect within the institutional allocation towards alternatives.

In addition to that, we are seeing perhaps in a slightly earlier inning, but the dramatic increase of including alternatives into insurance portfolios, and more recently, the inclusion of alternatives into high net worth or retail portfolios that could take another very material step change, depending where the market goes on target date funds or 401(k)s.

So we are huge believers in the long-term growth opportunities here. We also believe that these are going to be multiyear, multi-decade trends. And the goal is not to win year 1 or year 2. The goal is to be a market leader in year 5, year 10 and year 20. Therefore, we have taken an incredibly methodical, thoughtful approach to building out our high net worth and retail business. We have a growing number of products in the market. We have very successful credit products done with Oaktree. We have a very successful infrastructure product. And we do expect to continue to broaden out that product suite. The next one that we've been quite public that is coming in the near

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term is a private equity product that will target the high net worth and retail distribution network.

Patrick Davitt, *Autonomous*

Great. That dovetails I think nicely with your insurance strategy. Our insurance team at Autonomous was pretty impressed and surprised by your Investor Day guide of more than doubling insurance assets, just given how competitive the environment is there. So could you unpack a bit more what you think the key drivers of that insurance growth will be? And do you think it'll take more block or inorganic growth to get there, or do you think you can hit it organically?

Connor Teskey, *President*

Maybe taking a step back, and one of the dynamics in the alternative asset management space are different institutions are looking to access insurance capital in different ways. And to each their own. The way we've done it at Brookfield Asset Management we think is incredibly unique. And we're obviously going to be biased on this, but we think we get the best of both worlds.

Brookfield Corporation, which is our parent entity, has a very large affiliate insurance business. It's grown to \$150 billion over the last 6 years. Brookfield Asset Management manages the assets on behalf of that insurance business, but does not bear the balance sheet of that insurance business. We take no exposure to the liabilities of that insurance business, but we do manage all of its capital on its behalf. That has been a growing driver of our business in recent years.

And really, we see three ways for that business to grow. That business has seen that growth to \$150 billion through M&A, whether it be the AEL transaction, the American National transaction or others. While we've been very active here in the United States, we do think there is the opportunity to drive growth through M&A in international markets.

The second one is that business will opportunistically and periodically do block trades. It is one of those things that is perhaps more difficult to predict, will that be this quarter or next quarter, but over any period of time, we do a very consistent amount of growth through that type of activity.

And then the third point is really the biggest one. We've spoken very publicly that we expect that insurance business to do about \$25 billion of inflows every year. The vast majority of that is through new annuity origination, through the platforms that that insurance business has, and that brings in capital that we then manage on their behalf.

There are sometimes narratives in the market that that space is becoming increasingly competitive and there are more players in that. But we really bring it back to supply and demand. More people hit retirement age in the United States last year than any year in history. And that broke the record from the year before, and that broke the record from the year before that. And next year is going to break that record, and that's going to happen for the next 5 years going forward. Very simply, there is a growing demand for annuity and retirement product that does support a market where there can be multiple players that can all grow very significantly. And given our leadership platform, our strong balance sheet that backstops that insurance business, we think we're well positioned to continue to grow there. And that organic growth is really the bulk of what drives that doubling.

Patrick Davitt, *Autonomous*

Staying on the topic, there's an ongoing debate on the balance sheet heavy versus light approach to attacking this opportunity. Those on the light side argue that it's harder to get third-party mandates if you're directly competing. You could argue you have a hybrid approach, given the relationship with Brookfield Corporation.

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Connor Teskey, President

Yeah, absolutely.

Patrick Davitt, Autonomous

So where do you stand on the debate? And have you noticed any instances where your close association with Brookfield Corp., its insurance business, has impacted the ability to win third-party mandates?

Connor Teskey, President

The way we've built our insurance business is no different than how we've built any of our businesses at Brookfield. And some may recognize this, but Brookfield and its predecessor companies have been around for 120 years. What's interesting is we really only had an asset management business for the last 25. For the first 100 years of our history, we essentially only invested our own capital. And starting 20-plus years ago, we began to raise and deploy third-party capital alongside Brookfield's own balance sheet. Even today, when you look at our large flagship funds, typically the largest investor in Brookfield private funds is still Brookfield itself. And we think that's very unique, and it's driven by our history.

Just looking into the audience and seeing some interested faces, this is at a very significant scale. When we raise a \$28 billion infrastructure fund, \$7 billion of that comes from Brookfield's balance sheet. This is not we have a 5% GP commit versus other people at a 3%. We tend to be the largest investor in Brookfield funds. We think that creates a tremendous amount of alignment with our partners. It creates an investment discipline and a prudence in how we deploy capital with a long-term value creation focus.

Because we have been fortunate to have access to that balance sheet, whenever we have launched a new product, typically -- or a new strategy, typically our approach to doing it is we do it first using our own money. And we learn. It would be arrogant and presumptuous to say we perfect it, but we learn a lot doing it first with our own money. Once we get it to a point where we think we can be market leading, that's when we typically bring third-party capital in alongside our own. That's how we built our private equity business.

That's how we built our real estate asset management business, our infrastructure asset management business. Insurance is no different. We have started by managing that \$150 billion for our parent company's affiliate insurer. That is going very, very well. And now in the last 12 months, we are increasingly seeking, and I would say securing, third-party mandates from third-party insurance providers to manage capital for their businesses the same way we do for Brookfield Wealth Solutions.

And there can be a healthy debate over asset-heavy, asset-light. We very much like our structure. We think it's very, very efficient. But it was really that consistent approach of doing it first with our own capital and then turning to third-party partners that brought us to where we are today.

Patrick Davitt, Autonomous

Great. Helpful. So taking it all together, we've talked about a lot of really big TAM opportunities here. You refreshed your 5-year targets to high-teen fee-related earnings growth, high-teen earnings growth, which is fairly consistent with what we're hearing from other large alternative managers. So as we think about all the opportunities we just went through, which of the businesses and or pipes do you think has the most room to meaningfully surprise to the upside relative to these targets?

Connor Teskey, President

We, at our Investor Day last September, we suggested we would double the size of the business in less than 5 years. We remain very confident that's the floor, not the ceiling. Given the growth trajectory we have in front of us, given the opportunities that are already available for us to execute within our control, within our business today, that should get us to a double. And as with any period in the past, we will find new growth opportunities, both organic that aren't in that 5-year forecast, and we will find inorganic opportunities that again aren't in that 5-year forecast.

So very much today, I would say that the target of doubling is a floor, not a ceiling. And even since we made that announcement in September of last year, our Q4 earnings were 17%, our Q1 earnings were 26% growth. We have a lot of momentum early in those 5 years. It certainly sets us at above that run rate. And that gets us even more confident that that doubling is a floor, not a ceiling.

Where do we see the greatest amount of opportunity? We touched on it a little bit before. Our private equity business we absolutely think could take a very material step change, just given that it's differentiated approach, it's focused on operational improvement. We think it's well suited for the current environment. That's probably the more discreet one. The boring one that is probably a bigger needle mover is our leadership in infrastructure and power is incredibly well suited for the current environment. The amount of capital that is required, the very few players that can operate and execute at the scale that we can, and our ability to meet the needs of the largest counterparties around the world, we think really uniquely positions us to grow beyond what's in that current forecast.

I'll maybe highlight something that will be interesting. There's no specific stat to back this up, but if you were to go back maybe 5 or 7 years, a very significant portion of Brookfield's business was buyouts. Whether it be in the infrastructure or the real estate or the private equity space, we would buy 100% of the business, and 5, 6, 7, 8 years later, we would improve, enhance, and we would look to sell that for a higher value. There's a very large theme that has been growing in our business for the last 4 or 5 years that we think only accelerates going forward, which is we increasingly are deploying huge sums of capital in partnership with the largest, most profitable, fastest-growing companies around the world that have the greatest access to capital, and yet they are still choosing to partner with capital providers like Brookfield that can bring large, flexible capital and operating expertise.

I'll give the example. We have the largest clean energy arrangement globally with Microsoft. We did a large partnership with Intel to help them build out semiconductor facilities. We have a large partnership in Europe with Deutsche Telekom on their tower portfolio. We recently announced a large partnership with Barclays Bank in the UK to partner with them on their payment solutions business in their home market of the United Kingdom. These are market-leading businesses with incredible access to capital, incredible growth prospects on their own, and yet they are still looking to partner with leading capital providers that can bring not only flexible scale capital, but also operating capabilities to their business. That's a growth lever in our business that we think could accelerate going forward that's undoubtedly underrepresented in those numbers.

Patrick Davitt, Autonomous

Makes sense. Let's talk about capital quickly as we get close to the end. You've been one of the more acquisitive alternative managers. So I think it'd be helpful to get an update on how you're thinking about capital deployment opportunities, to what extent M&A is still a priority, and if so, where the biggest areas of white space could be.

Connor Teskey, President

It's interesting. We have periodically grown our business, when we think it makes sense to do so, when we can find a complementary platform to add in to what Brookfield already has. And Oaktree was the most large scale

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example of that, but we've done a number of them more recently. The key here is we really don't have a need to do them. We do them when it's additive and it makes sense and it's complementary. And we do it when we think it can be done in a way that will be value enhancing to our business.

Whenever we look to grow our business, it's always a build internally versus buy decision. And given our leading position already in infrastructure, power, real estate, it's probably always easier for us to buy in those asset classes. And therefore, I do think if we are going to continue to be opportunistic and capitalize on unique partnership or growth opportunities when we see them, which we expect to do so, it will be in the credit, insurance and private equity space.

Patrick Davitt, *Autonomous*

Maybe I'll end on a fun one. There's a lot of chatter about you having made the right moves to ultimately get into the S&P 500. What's the latest thinking on where you stand there and when we could find out more?

Connor Teskey, *President*

So Brookfield Asset Management today, we are very much concentrated here in the United States. More than half of our assets are here. It's our largest concentration of people. Most of our shares trade here in U.S. exchanges. We spun out Brookfield Asset Management from Brookfield Corporation in 2022, and ever since then, we have been taking a number of very, very natural steps just to expand our shareholder base, and part of that has been index inclusion. There was a lot of very low-hanging fruit, things that we have done across of our business to increasingly position it for inclusion in more and more U.S. indices.

We've already seen the early benefits of that. We've been added to a number of U.S. indices recently. And we do expect to get more feedback, potentially on our designation here in the United States, as early as -- before the end of Q2. And that would be an indicator of further index inclusion for the business.

Patrick Davitt, *Autonomous*

Thanks a lot, Connor.

Connor Teskey, *President*

Appreciate it. Thank you for having us.