

**BROOKFIELD ASSET MANAGEMENT LTD
TRANSCRIPT: Q1 2025 CONFERENCE CALL WEBCAST
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Corporate Speakers:

- Jason Fooks, *Managing Director, Investor Relations*
- Bruce Flatt, *Chief Executive Officer*
- Connor Teskey, *President*
- Hadley Peer Marshall, *Chief Financial Officer*

PRESENTATION

Operator

Good day. Thank you for standing by. Welcome to the Brookfield Asset Management First Quarter 2025 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

Thank you for joining us today for Brookfield Asset Management's earnings call. On the call today we have Bruce Flatt, our Chief Executive Officer; Connor Teskey, our President; and Hadley Peer Marshall, our Chief Financial Officer. Bruce will start the call today with an overview of the quarter and then cover how our scale and strategy position us well to navigate the current market environment and to continue to deliver long-term growth. Connor will follow up and cover how our platform and ecosystem give us a strategic advantage in capital raising and deployment. And finally, Hadley will discuss our financial results, balance sheet strength and recent strategic initiatives.

After our formal comments, we'll turn the call over to the operator and take analyst questions. In order to accommodate all those who want to ask questions, we ask that you refrain from asking more than two questions at one time. If you have additional questions, please rejoin the queue, and we'll be happy to take additional questions at the end of time permits.

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 law.

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These statements reflect predictions of future events and trends and do not relate to historic events. They're subject to known and unknown risks and the future events and results may differ materially from such statements.

For further information on these risks and their potential impact on our company, please see our filings with the securities regulators U.S. and Canada and the information available on our website. And with that, I'll turn the call over to Bruce.

Bruce Flatt, *Chief Executive Officer*

Thank you, Jason, and to everyone joining us on the call.

We had a strong start to the year, marking our highest quarterly earnings growth since we went public. Fee-related earnings reached a record \$698 million for the quarter, up 26% year-over-year or \$0.43 per share. Distributable earnings grew by 20% to \$654 million or \$0.40 per share. Fee-bearing capital now stands at approximately \$550 billion, up 20% compared to last year.

This performance reflects the continued strength and global reach of our business. We raised \$25 billion of capital this quarter, bringing total inflows over the past year to more than \$140 billion.

Importantly, and exemplifying the resilience of our business, we closed \$6 billion of commitments during the first quarter for our flagship real estate strategy bringing total capital to \$16 billion.

And when we round out the strategy with the last retail and regional sleeves, this will be our largest real estate strategy ever. We also had a final close of our opportunistic credit strategy on par with our largest ever for this strategy at \$16 billion.

We are very active on the deployment and monetization front as well. In total, we deployed \$16 billion into opportunities globally, and we sold \$22 billion of assets. This generated \$9 billion of equity proceeds during the quarter. Together, these results demonstrate the strength and the resilience of our platform even in a volatile environment.

Recently, the broader market faced heightened volatility and equity markets reacted sharply. Despite this, we remain confident in our long-term strategy as the secular trends underpinning our business continue to accelerate, whether it's the growth in demand for AI infrastructure, the rising global need for energy or the increasing role private credit plays in capital markets. These trends continue to drive capital market flows globally.

We have leadership positions around these secular drivers, having built deep expertise, operational capabilities and global scale. We believe we have never been better positioned to capitalize.

The current environment favors scale, expertise and capital.

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Periods of uncertainty often lead to attractive opportunities as they can create compelling valuation and entry points for investors with scale and experience. This kind of environment is not new to us, we've navigated many similar challenges before.

At the onset of Covid, we maintained our discipline, stayed focused on our long-term strategy and invested when many others hesitated. To make a point, since then, we have raised over \$400 billion of capital, nearly doubled our fee-related earnings and are now better positioned than ever before.

Our franchise is more global, more diversified and more capable.

At the center of all of this is our investment in operating teams representing our capabilities in more than 30 countries. This gives us unmatched flexibility to direct capital to the most attractive opportunities globally.

We also have a high-quality, durable earnings base to support the business.

Our cash flows are 100% comprised of fee-related earnings, of which approximately 95% are derived from capital that is either long term or perpetual in nature. This provides a stable and predictable foundation for distributable earnings. The ongoing growth of our fee-bearing capital base supported by strong fundraising, deployment and monetization, gives us conviction that these earnings will continue to compound over time, irrespective of the environment.

Our investments are focused on essential assets, power, infrastructure, real estate and critical business services.

These businesses operate locally serve domestic demand and are often highly contracted or regulated that makes them less exposed to global shocks and tariffs and more attractive in periods of uncertainty, where investors seek consistency.

We also benefit from our diversification across asset classes, allowing us to pivot to different strategies and across region. This ensures we can capitalize on dislocation whenever or wherever it may emerge. Taken together, our client relationships scale, brand, access to capital and long-term track record enable us to maintain steady and growth through volatility.

Looking ahead, our priorities are very clear.

We will continue to stay disciplined. We'll lean into scale and with our capabilities, and we will continue to find opportunities in market dislocation.

Our experience over many cycles has shown us that by focusing on these priorities in times of uncertainty, not only helps us navigate through them but allows us to emerge stronger. We expect to grow through this market cycle as we have in previous ones, just the same.

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I will now turn it over to Connor and Hadley, who will go deeper into our portfolio, our liquidity position, capital allocation and the details of our recent deployment and monetization activities. Thank you, all for joining us today.

Connor Teskey, *President*

Thank you, Bruce. And good morning to everyone on the call.

As Bruce outlined, the past few months have seen heightened uncertainty. While public markets have experienced swings, private markets have remained relatively stable.

During these periods, investors turn to proven global platforms with strong track records and trusted partnerships. That has always been a core strength of Brookfield.

While parts of the industry may be more directly affected by today's volatility, our diversification across strategies, sectors and geographies continues to give us a competitive edge and the ability to extend our lead. These competitive advantages were illustrated by our successful fundraise for our real estate strategy this quarter.

Despite a more challenging fundraising environment for real estate in recent years, we secured commitments from many of the world's largest and most sophisticated investors, demonstrating their strong conviction in our strategy and platform and providing us with substantial fresh capital to invest at an especially attractive point in the cycle. These results reinforce why we believe our platform across segments, equally positioned to thrive.

Our scale diversification and long-term relationships allow us to continue raising and investing capital behind the global secular trends of decarbonization, deglobalization and digitalization as well as the growing role of private credit. A key source of that advantage lies in the types of assets we own and operate. They are not only diversified, they are essential.

Our portfolio is anchored in essential real assets and critical business services, sectors that have historically demonstrated strong resilience through economic cycles.

While no business is entirely immune to broader market forces, the nature of our assets provides resiliency to these short-term headwinds. Many benefit from inflation-linked revenues or regulated pricing structures which allow us to effectively manage rising input costs and preserve cash flows.

We saw this play out during the recent inflationary cycle. Cash flows across much of our portfolio not only kept pace with but in many cases, outperformed inflation.

We've also been preparing for macro shifts like deglobalization for several years. This has led to large and attractive investment opportunities to help corporate increase manufacturing of critical goods and services closer to home as well to invest in the resiliency of their supply chain.

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Within our existing businesses, in anticipation of a more protectionist policy environment, we proactively restructured supply chains and procurement strategies to further bolster this resilience.

For instance, in our Renewables business, where tariffs have been in place for years, we have adopted a domestic procurement strategy supported by long-term local supplier agreements. These actions offer significant cost certainty and put us in a comparatively stronger position versus many others who did not.

Periods of uncertainty have also historically created the most compelling opportunities to deploy capital especially for firms like us with scale, structure and conviction to act decisively, providing execution certainty. Colonial Pipeline fits this type of deployment.

We were able to use our scale capital to limit competition, provide execution, certainty, that was especially critical in this environment and value this world-class midstream asset backed by high-quality cash flows with discipline.

We are well positioned to continue deploying capital into this environment.

We have nearly \$120 billion of unhold long-term oriented capital ready to deploy.

Across many markets today the headlines do not reflect the underlying fundamentals, and that disconnect is creating compelling opportunities.

Our ecosystem gives us real-time access to data, insights and operating feedback from across our global portfolio which allows us to see through the noise, identify value and move decisively. This is especially important in a market where volatility is pressuring public valuations creating entry points that are only accessible to those with true on-the-ground visibility.

We fully intend to capitalize on that positioning.

While capital is critical, it's our platform's breadth and reputation that unlock differentiated access to opportunities that others may not see.

We are increasingly seeing the most sophisticated governments, corporates and institutions turning to private capital to pursue strategic initiatives. They are choosing Brookfield because we can deliver not only capital at scale but operating experience, speed, certainty and a proven ability to execute complex transactions. This quarter, we announced a €20 billion AI infrastructure commitment alongside the French government and a strategic partnership with Barclays to help it scale its payments platform.

Similar to previous partnerships with Intel, Microsoft, Deutsche Telekom and others, these are further examples of our platform's approach to partnerships, which create differentiated proprietary transactions that we are uniquely positioned to execute. Another area where we see

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tremendous opportunity is private credit. This is an area where we've been rapidly expanding with over \$320 billion in credit AUM today we now operate one of the largest private credit businesses globally, leveraging our expertise in real assets, corporate and opportunistic credit.

We're just getting started. Our goal is to double the size of our credit business over the next five years.

Periods of illiquidity make our capital even more valuable as private credit fill funding gaps left by traditional lenders and public markets. The pullback from these sources is part of a longer structural trend.

It is creating a significant opportunity for our private credit strategies to play an even more meaningful role in providing liquidity when there's available, allowing us to generate higher returns for lower risk. This opportunity is particularly available to those with leading market knowledge and underwriting capabilities in these market segments, a position where we are unmatched.

Over recent quarters, we've made meaningful strategic advancements to complement our existing direct investment capabilities and broaden our platform to meet this rising demand. Over the past couple of months, we acquired a majority stake in Angel Oak, a leading specialized mortgage origination platform and asset manager with more than \$18 billion of assets under management. This platform adds deep origination capabilities and significantly expands our presence in the U.S. mortgage market.

We also increased our ownership stake in Oaktree by 1.5% raising our total ownership stake to approximately 74%, underscoring our long-term commitment to our partnership.

With fundraising now complete for the latest vintage of our highly successful opportunistic strategy, Oaktree is similarly well positioned to capitalize with significant capital to deploy in this environment. Moments like this are where Oaktree's standing disciplined and value-oriented approach is particularly powerful. Throughout every cycle in our history, we have successfully turned volatility into opportunity.

We believe this time will be no different.

We have the capital relationships and track record to move with conviction when others can't and will do so in a disciplined manner and at scale.

This environment plays to our strengths, and as the environment continues to evolve, our global reach, diversified strategies and long-term mindset positions us to deliver sustainable, attractive returns for our clients.

With that, we will turn the call over to Hadley to cover our financial results.

Hadley Peer Marshall, *Chief Financial Officer*

Thank you, Connor.

Today, I'll cover our first quarter performance, fundraising, deployment and monetization activity.

I'll then highlight some of the strategic initiatives we have recently undertaken including bolstering our balance sheet with an arguable bond offering backed by our recently obtained high investment-grade rating as well as our recent opportunistic repurchase of shares.

First, on our financial performance.

We had another record quarter of earnings. Fee-related earnings or FRE were \$698 million or \$0.43 per share in the quarter, up 26% from the prior year period, bringing FRE over the last 12 months to \$2.6 billion. Distributable earnings, or DE, were \$654 million or \$0.40 per share in the quarter, up 20% from the prior year period, bringing the last 12 months to \$2.5 billion. Growth in our earnings is largely attributed to our fee-bearing capital base, which currently stands at \$549 billion, a 20% increase from the prior year period.

This increase is due to two primary sources: fundraising and capital deployment.

Over the past 12 months, we raised \$142 billion, of which 80% began generating fees in the period.

In addition, \$18 billion of our fee-bearing capital inflows came from the capital that was deployed over the last 12 months. These inflows were partially offset by \$21 billion of capital return to clients through distributions from our private funds and permanent capital vehicles.

In a market when many sponsors are struggling to generate distribution to paid and capital or DPI. This level of distribution reinforces the strength of our business.

Returning capital is fundamental to the investment cycle and our ability to do so consistently supports our track record of delivering value through both dividends and monetization. Capital formation remained strong in the first quarter.

We raised \$25 billion diversified across our flagship strategies, complementary funds and partner managers.

Some of the highlights include in real estate, we raised \$7.1 billion including \$5.9 billion for the fifth vintage of our flagship real estate strategy. As mentioned, this is set to be our largest flagship real estate strategy ever.

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In Renewable power and transition business, we raised \$1.5 billion including \$700 million for the second vintage of our global transition strategy bringing total capital raised for that strategy to over \$14 billion. We expect to hold a final close for this strategy in the coming months.

And in credit, we raised \$14 billion including \$6.3 billion across our partner managers and \$6.7 billion from our insurance accounts.

We also completed the final close of the 12th vintage of our flagship opportunistic credit fund bringing total capital raised for that strategy to \$16 billion.

Overall, we have never been more diversified in our fundraising with more than 40 strategies raising capital during the quarter. This is a direct result of significant investments we've made in our people and products over the past couple of years, building out fundraising teams and supporting platforms to invest capital. The best is yet to come from these efforts, and we expect to see continued growth and expansion in our business, both throughout the remainder of 2025 and the years to come.

As we complete final closings for our real estate and transition flagships in the coming months, we expect complementary strategies to drive an increasing share of fundraising in the second half of the year.

We also continue to see strong deployment activity, investing \$16 billion during the quarter.

As Connor mentioned, we have significant available capital and intend to be active in the market as uncertainty creates opportunities. A few notable large-scale transactions that were either signed or closed in the first quarter include in our renewable power and transition business, we invested over \$3 billion to complete the privatization of Neoen a leading global renewable energy developer.

We also committed \$1.2 billion to acquire the U.S. renewables business of National Grid. This transaction is expected to close in the second quarter of 2025.

In our private equity business, we deployed approximately \$1 billion to acquire Chemelex, a global leader in the design and manufacturing of electric heat trace system.

We also committed \$800 million towards the acquisition of Intellia Scientific, a leading manufacturer and distributor of specialty consumable products and testing equipment used in quality control and research applications. The deal will close in the second quarter of 2025. And after quarter end, our infrastructure business signed an agreement to acquire the midstream asset portfolio of Colonial Enterprises for \$3.4 billion of equity capital, representing \$9 billion of enterprise value.

The portfolio includes the Colonial Pipeline, the largest refined products pipeline in the United States and is expected to close in the second half of 2025.

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Now let me turn to our balance sheet and liquidity. When we spun out Brookfield Asset Management 2.5 years ago, our model was and remains simple and focused.

We are a premier alternative asset manager with a strong asset-light balance sheet.

We selectively use our balance sheet for two purposes: one, to pursue strategic acquisitions to expand our capabilities.

Two, to provide seed capital for the creation of new complementary investment products that will grow and become meaningful revenue generators over time.

Since that time we've strengthened our platform through new partnerships with three leading managers: Castlake, Pinegrove and most recently, Angel Oak, and by increasing our ownership in Oaktree. Altogether, in these, we invested \$1.4 billion.

We also have existing options in place that provide a clear path to increase our ownership in all of our partner managers over time. These options should add more than \$250 million to our fee-related earnings over the next five years. This is a meaningful advantage for our business and allows us to increase our ownership in high-quality businesses, we know well. Deepening alignment, building on an already strong foundation and positioning us to drive further growth over time.

At the same time we continue to demonstrate strong alignment with our clients by investing meaningful capital alongside them.

Since our spin out, the Brookfield Group that is all the Brookfield affiliates and Brookfield Asset Management have collectively committed \$16 billion to our funds with our Brookfield Asset Management share of \$1.3 billion, focused primarily on seeding smaller new complementary strategies.

Overall, our access to liquidity remains strong.

We're a top-tier client for our banks and continue to maintain a diversified mix of funding sources. To support our growth initiatives, we completed our inaugural bond offering in April, issuing \$750 million of 10-year senior unsecured notes with a coupon of 5.795%. This offering received exceptionally strong demand from the market, more than 7x oversubscribed and we're able to tighten pricing and upsize materially, reflecting investor confidence in our differentiated business stable earnings profile and long-term capital base.

In connection with the offering, we received high investment-grade ratings of A from Fitch and A- from S&P underscoring the strength of our asset-light model and the durability of the long-term earnings.

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At the end of the quarter, we had \$1.4 billion of available liquidity, comprising cash financial assets and capacity on our revolving credit facility. This does not count our recent bond issuance or the capacity at these ratings of over \$4 billion of additional debt capacity.

Our goal is to generate increasing cash flows on a per share basis and to distribute that cash to you by dividend or share repurchases.

I'm pleased to confirm that the Board approved our quarterly dividend of \$0.4375 per share payable on June 30, 2025, to shareholders of record as of the close of business on May 30, 2025.

In addition, we repurchased 2.1 million shares of Brookfield Asset Management during the quarter when our stock traded lower in line with the broader market. Given our strong outlook, these were easy purchases to make.

In short, our balance sheet is strong, and our access to capital is robust. This supports our continued momentum and leads us well positioned in the current market.

We remain committed to being a world-class asset manager by investing our capital and high-quality assets that earn attractive returns while emphasizing downside protection. This wraps up our remarks for this morning.

We would like to thank you for joining the call and we'll now open it up for questions. Operator?

QUESTION & ANSWER

Operator

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

Craig Siegenthaler, Bank of America

We wanted to start with fundraising and specifically Real Estate Fund V.

So we all know real estate isn't the easiest vertical to fundraise today, but you already raised \$13 billion. So that's a pretty impressive number just given the backdrop.

I'm curious, which geographies channels were helpful for this raise to date. And did the opportunistic element really sell with clients given very limited new construction and the migration of capital from this vertical?

Connor Teskey, *President*

I'll start by just correcting you in a positive way. We've already raised \$16 billion for the strategy. So it's well on track to be our largest real estate strategy raise ever. It's really capitalizing on, I would say three things that you mentioned there.

One, the fundamentals are incredibly strong right now. The world needs more great real estate, but there is a very significant lack of new supply in major markets and high-quality assets around the world that it's creating a very robust supply-demand dynamic and those who can bring capital to the market.

The second thing is there is no doubt some legacy capital structure that are not well suited for the current interest rate environment, and that's going to create very attractive opportunities to buy quality assets with imperfect capital structures at significant discounts to replacement costs.

That's actually what this strategy already has been doing early in its vintage.

Then the last point is very much that, well different asset classes in different geographies around the world, in the real estate will trough at different points in time. The strength of this fundraise was very indicative that investors realized this fund will deploy capital from 12 months ago to two or three years into the future. And no doubt, we are going to catch the bottom during that timeframe.

That made this a vintage that many of our most sophisticated and large-scale partners did not want to miss. Maybe just to close out in terms of where we saw significant demand this quarter, very broad-based, but I would highlight strength in the U.S. market.

Craig Siegenthaler, *Bank of America*

Interesting U.S. market count, I wasn't expecting that one. But let me go for my follow-up into BII, your private wealth infrastructure fund. It launched like 17 months ago and you haven't had a down month. So on the distribution front, what channels, geographies is it in today? And do you see any sizable platform adds coming in 2025?

Connor Teskey, *President*

BII continues to show and I would say just in terms of our growth through retail and high net worth even since Investor Day when we profiled this business, we're even more optimistic today about the growth trajectory going forward.

In terms of how we've approached retail and high net worth, very similar to what we've done in our institutional business. We very much focused on being globally diversified.

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We feel that's particularly important for these types of products that do offer semi-liquidity to the investors that we feel having a diverse investor base is the right way to build the strategy over the long term. Then just in terms of the performance, we expect more of that to come.

We're leveraging our best-in-class infrastructure platform and building a portfolio of exceptionally high-quality assets that work well in a perpetual vehicle like BII.

Operator

Our next question comes from Cherilyn Radbourne with TD Cowen.

Cherilyn Radbourne, TD Cowen

I wanted to start by asking a question about your perspective on some of the new product introductions across the industry, which kind of blur the lines between public and private assets. Is that something that you're working on from a product development perspective?

Connor Teskey, President

First and foremost, the headlines and some of the partnerships you see being announced and in particular, the interactions between more traditional securities managers and alternative managers, we think underscores an incredibly large and important trend, which is that alternatives are increasingly becoming part of a standard investment portfolio for all types of investors. A decade ago, it was only institutional investors who invested in alternatives, then insurance companies.

Now we're seeing it across retail, high net worth and the more common investor it's no longer just stocks and bonds. It's now stocks, bonds and alternatives.

In terms of those types of partnerships, we, of course are monitoring that space carefully and having a number of conversations of our own and we will look to build our business appropriately.

We view this as a long game, and it is something we would consider in the future.

Cherilyn Radbourne, TD Cowen

And secondly, I think the plan had been to launch your second or your next flagship PE fund in 2025. Is that still your expectation? And do you think BAM has enough of a differentiated strategy in PE to attract new and existing clients?

Brookfield

Connor Teskey, *President*

We are extremely confident about our PE strategy, particularly in the current market. And as a reminder, we have a differentiated approach to equity versus many in the space in that our approach to private equity is focused on driving value, driving value using operational enhancement.

Our business is far less growth-oriented and far less capital markets focused than some, I'll say more stereotypical private equity approaches. And we feel that is perfectly suited for the current market.

That's not just a sentiment we're seeing it in our business. Anuj Ranjan who runs our private equity business has been on record in saying it's been the most active start our private equity business ever had, whether it's the transactions with Intellia or Chemelex or Spring Education. All of that is showing that our approach to private equity is well suited to the current market.

Therefore, we do continue to expect to launch the next vintage of our flagship private equity fund at some point this year.

In terms of the timing of the first close, hey, it may tip this side of the calendar year, it may tip the next side of the calendar year. But the momentum in that strategy and the track record is very strong.

Operator

Our next question comes from Alexander Blostein with Goldman Sachs.

Alexander Blostein, *Goldman Sachs*

Maybe just zooming out a little bit and a question on broad fundraising across the platform. You guys had a very strong start to the year at \$25 billion in the first quarter.

I think on the last call we talked about organic capital raising in 2025 being a bit better than it was in '24, excluding, obviously the insurance deal, which I think puts you something in the high 80s to \$90 billion range.

So given the uncertain environment, but obviously momentum in the business is pretty good. Maybe help us kind of re-underwrite that how are you thinking about fundraising through around the year? And how much of that, call it, high \$80s billion, do you think ultimately we'll be fee-paying?

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Connor Teskey, *President*

There is nothing we see in the current market that would cause us to change the forecast. Obviously, things like the strength we've seen in real estate finishing off the flagships in transition, closing with a record number for Oaktree's ops fund.

We remain confident in the number that we outlined at the beginning of the year. And maybe just to overlay that versus the current environment, yes, there is more uncertainty than there was six or eight weeks ago, but this is also the environment where being partnered with a large-scale manager like Brookfield allows investors the opportunity to capitalize on some of the investment opportunities that may surface in this environment.

And we do expect the current uncertainty in the environment to only exacerbate the flows of capital to the largest, most established managers with the largest execution capabilities and the greatest track record.

So nothing we've seen to start the year would cause us to change our fundraising forecast.

Alexander Blostein, *Goldman Sachs*

Perfect. That's great to hear. I have one for you on just broader balance sheet management.

Obviously, so you guys did the debt offering a couple of weeks ago. Maybe help us just sort of frame how you think about the appropriate amount of leverage at the firm you've been a stand-alone public company for a little while.

And similarly, on the buyback, very encouraging to see you guys step up here given the volatility in the market. Should we be thinking about share repurchases as more of an ongoing part of kind of EPS growth algorithm for the firm going forward?

Hadley Peer Marshall, *Chief Financial Officer*

We were very excited to enter the market as everyone appreciates, this was our first bond deal, and we did it as an SEC-registered bond.

We found a window where we got very attractive demand and pricing attached to that bond. Under our existing ratings, Fitch, which is A and S&P, which is A-, we have a lot of capacity, two times D. So that puts us in a position to really allow that to grow over time. That capacity also grows over time because our business is growing.

So we have ample room from that perspective. And as a reminder, the use of proceeds is around our complementary strategies and supporting the growth of the business attached to those product offerings.

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Then, of course, M&A, whether it's within our current partner managers or additional ones that we may partner with to complement our existing capabilities.

So when we look forward, we do anticipate being a repeat issuer and making sure that we have liquidity to support the growth of the business. But we've already built up.

We've got \$1.4 billion plus the bond offering proceeds and the upsizing of \$750 million.

So that puts us in a good position. Also think strategically about share repurchases when we see times where we want to support our stock and we see good value attached to those purchases, which is what we did earlier in the year when we bought back about \$50 million.

So it just, again continues to strengthen our liquidity position because our balance sheet and liquidity is a competitive advantage of ours, and it will really support the growth that we see going forward.

Operator

Our next question comes from Robert Kwan with RBC Capital Markets.

Robert Kwan, RBC

Just in the uncertain and volatile environment like we have historically, Brookfield has taken the contrarian approach and confidently put money to work.

In your letter comments today you're saying the environment is playing to your strengths. So just what segments and geographies are you seeing market dislocations or are you positioning for significant opportunities to arise?

Connor Teskey, President

We expect to be very active.

In terms of where we're seeing the opportunities across the portfolio, I would say right now it's very broad-based, but I would highlight maybe two or three themes that we're seeing across our verticals and across asset classes.

One is -- the uncertainty in the public markets is very exacerbated versus the demand we are seeing in private markets.

When you make a comment like that, everyone's head immediately goes to take private and those type of opportunities may originate over time but it also really lends itself to carve-outs.

Brookfield

We're seeing more and more opportunities to do carve-outs and partnerships going forward.

The second thing that we would say that we are seeing across all of our verticals is the opportunity to do structured investments, particularly when counterparties may not have access to public capital markets the way they have in the past, that's working really well for our structured investment strategies, whether it be across infrastructure, whether it be across private equity.

Then the last one that just goes without saying, this is the environment where Oaktree goes to work. This is perfectly suited to their approach, and that's been proven over cycles, and we're excited to see what our partners can do there as well.

Robert Kwan, RBC

That's great. If I could just finish here on fundraising, with the largest real estate flagship closed and the global transition tracking really nicely here.

Can you just speak to what these types of results say about the fundraising environment, the allocation to alts market share and the allocation that you're seeing to the various subsectors by your institutional by the LPs?

Connor Teskey, President

There's a lot of headlines, and we try and keep our head down and focus on the long term and tune out the noise and the overarching trend is there is absolutely a greater allocation to alternatives today than ever before, and that's only going to continue going forward.

Similarly, that allocation is increasingly being concentrated within the largest managers who have the best track records, the largest capabilities and can offer the broadest suite of products.

While there are short-term headlines that may create some periodic uncertainty, those trends are very robust and very enduring. I think that's what you're seeing in our most recent flagship funds fundraises and we expect it to see it continue going forward.

Operator

Our next question comes from Ben Rubin with UBS.

Ben Rubin, UBS

For my first one, I have a two part on private credit. We're starting to hear some concerns around potential overcrowding or saturation within private credit as an asset class and direct lending more specifically. Is that a theme you're seeing as well across your business? Or is your focus on

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asset-backed lending and financing real assets less impacted from some of this broader competition we're hearing about?

Then secondarily, could you just expand on what Angel Oak adds to your platform? Then how kind of the mortgage origination component fits within your larger push into managed insurance?

Hadley Peer Marshall, Chief Financial Officer

Yes. Actually, I can take that one and tie it in nicely with Angel Oak.

So when you think about our \$300 billion of assets under management within our credit business, it is heavily focused on opportunistic and real assets including real estate infrastructure and ABF.

So that puts us in a position to be able to capitalize on the value add that we can bring to the market especially in this environment, as Connor was mentioning, the dislocation makes our capital and that specific type of capital even more valuable.

So we're seeing a strong pipeline of opportunities.

The deployment has been quite strong, and we are also very focused on continuing to build out our strategies attached to credit, which takes us to Angel Oak.

Angel Oak actually fits perfectly into the type of credit that we focus on and is actually well positioned to benefit, especially our clients associated with insurance.

So the nonqualified side of the mortgage space is quite attractive, and we are excited to have them once we close as part of the overall partner manager group as we continue to expand our capabilities.

Ben Rubin, UBS

Another question here for you, Hadley.

In 1Q, your FR margins expanded 300 basis points to 57%, although the catch-up fees from your real estate flagship certainly helped.

I know a lot of the investment spend behind your insurance platform is now behind you. But how should we think about the potential expense growth or trajectory or spending for the remainder of this year?

Brookfield

Hadley Peer Marshall, *Chief Financial Officer*

Yes. I mean you do see the operating leverage with that 300 basis point improvement year-over-year.

So that operating leverage of the growth that we've been focused on continues to be a benefit to our business and that will continue to play out as well. But we are still doing some building, especially as we further expand our credit capabilities and our fundraising channels.

So that's important and an area that we think is quite valuable in investing in, and then we'll continue to benefit in that operating leverage to hit our long-term stride of around 60%.

Operator

Our next question comes from Michael Cyprys with Morgan Stanley.

Michael Cyprys, *Morgan Stanley*

Given the significant growth that we've seen across your credit platform, but large insurance customers. Just curious how you're thinking about the opportunity set for building out a capital markets business alongside as we've seen some others across the industry monetize origination flow credit and broader connectivity with insurance.

So just curious how you're thinking about this potential fee generating opportunity for Brookfield and what it would take to build this out?

Connor Teskey, *President*

We absolutely are thinking about it. It is now part of our business plan. This is the first year that we focused on building that into our business.

We do think it can be a modest driver of incremental fee revenue going forward. The one point I would highlight is none of that was included in our 5-year plan that we presented at Investor Day.

So it is something that we are now focused on.

We do think it can increase something meaningful into the low hundreds of millions over the next four or five years. But it's not something previously included in our forecast.

Michael Cyprys, *Morgan Stanley*

Great. Then just a follow-up question on capital allocation.

Brookfield

I think the dividend payout ratio was a little over 100% in the quarter. So just curious how you're thinking about the dividend on a multiyear basis. Is the intention to grow that in line with earnings growth?

Or are you thinking about targeting a certain payout over time? Then could you maybe just speak to the buybacks in the quarter as well and how we should think about that going forward, too.

Connor Teskey, *President*

So in terms of the dividend, we expect to pay out north of 90% of our distributed earnings.

Yes. We are a little bit above that in Q1. But I think the read-through there is it should give you an indication of the visibility and confidence we have in the earnings growth for the rest of the year.

We've been building our business. We've had some nice step changes with some of the flagships coming on. You saw that in Q3. You saw that in Q4. You see it again in Q1. We expect that momentum to continue into Q2 and obviously compound through the end of the year.

Then in terms of the buybacks, we will be opportunistic. As Hadley mentioned, we have an extremely robust balance sheet. Therefore, when we see value in our shares, we're not going to hesitate.

Operator

Our next question comes from Mario Saric with Scotiabank.

Mario Saric, *Scotiabank*

The first one is a bit more of a thematic one focused on the U.S. Like the tariff volatility that we've seen has raised some questions about the leading global role but is planned by the U.S., it doesn't seem to have been impacted or have impacted your LP commitments to BSREP V you noted.

But high level, can you talk about any notable trends and how LPs are thinking about future U.S. commitments in a post deliberation they world and secondarily, now recent developments at all change your desired global allocation mix going forward.

Connor Teskey, *President*

So in terms of fundraising and allocations from investors, we like to think we have one of, if not the most diversified LP base around the world.

Brookfield

While it would be reckless to diminish the impact of tariffs and what they've done to markets we really don't see it changing our fundraising trajectory. Any changes in allocations are going to be the diminish and on the margin.

In terms of just our assets and what we see in terms of allocating capital, we think this actually plays to our strength, this is going to lead to a focus on energy security, a focus on data security, it's on onshoring and deglobalization.

This requires huge amounts of capital. And as one of the largest managers and custodians of that type of capital around the world, we actually think that this environment maybe not week to week, but over months and quarters is going to create an even bigger opportunity for our franchise.

Mario Saric, Scotiabank

Okay. My second question, maybe for Hadley.

As new complementary funds are launched, BAM, it something increasingly become the Brookfield co-investment in these funds.

Is there a reasonable range of annual co-invest capital that we should think about as it pertains to the Brookfield or BAM specifically over the next, say three to five years?

Hadley Peer Marshall, Chief Financial Officer

Yes. When we think about our complementary strategies, we've made sure that Brookfield Asset Management can support more of the equity complementary strategies. The credit complementary strategies are typically supported by our IMA with Brookfield Wealth Solutions. So it really is a subset of the overall complementary strategies from that perspective.

So just one data point to keep in mind. In terms of we look forward as you can -- as you know we've got about 40 strategies in market now. That's going to grow up to, call it, 80 strategies over the next five years.

So we continue to see the expansion and the capital needs attach to that. But if I had to put a number, it's a handful of \$100 million, it's like \$500 million or less attached to that.

Operator

Our next question comes from Ken Worthington, JP Morgan.

Brookfield

Kenneth Worthington, JP Morgan

I wanted to start by asking where the flagship funds stand in terms of percentage of capital invested and committed and really interested in Infra V, Transition II and CAP Partner VI.

Connor Teskey, President

Sure. So Infra V is on exactly 50%. BGTF II is at 5.2 billion of \$17 billion, so call it about 33% and Brookfield Capital Partners, I believe that one is at about the 60% range.

Kenneth Worthington, JP Morgan

Okay. Excellent. Then the Wealth Solutions base management fee of \$68 million has been growing really nicely, but with IMAs really driving the entirety of the increase over the past three quarters.

Assets in private credit SMAs continues to rise, but the fees from investments has been very stable at \$13 million a quarter. Is this just a matter of wealth solution funds being committed but not yet deployed in private credit? Or is there something else here?

Then where do you expect solutions allocation to private credit to go as it reaches equilibrium? It keeps rising, where does that get to?

Connor Teskey, President

So you're absolutely right around the dynamics there. When you look at the breakdown, I think a number of actually deployed capital is somewhere in the 3% range, maybe 3% to 4% but maybe to put it in perspective, about 10% of the capital has been committed to those private strategies.

It just is in the process of being deployed. The other thing that needs to be recognized as well. We continue to deploy that capital. We're also constantly writing new annuities and bringing new cash in that typically goes into liquid before being redeployed into a private strategy.

So you're on a bit of a treadmill there. But the commitments are certainly higher and growing and that's being pushed through the system. We continue to expect the equilibrium to be somewhere in the 25% to one third range over time.

Operator

Our next question comes from Brian Bedell with Deutsche Bank.

Brian Bedell, Deutsche Bank

Maybe just Connor, one for you on deployment pace.

Brookfield

So as we think about the backdrop that is -- it seems increasingly appealing for our deployment across a number of verticals. How do you think about the cycle times of deploying through these large funds that you've recently compared with cycle times in prior vintages?

And the objective of the question is when would you get to the next vintage? And if I can put another angle on this question, how would your answer change if we were to say we were going to have a very distressed environment over the next few quarters versus not such a distressed environment?

Connor Teskey, *President*

Certainly. So typically, for our flagships, we look to deploy them over a three to maybe 3.5-year period.

That run rate in a normalized market kind of averaged across our various flagship strategies, more opportunistic and more distressed market, we absolutely would expect that deployment timeline to shorten where we would put more capital to work at the low point in the cycle. That is where we do feel that our Brookfield Ecosystem, our access to opportunities, our access to information can allow us to be active when maybe others are looking to hold back a little bit more.

In terms of what we're seeing in the current market, we would expect to be at our traditional run rate or inside of it, certainly longer than average in this environment.

Brian Bedell, *Deutsche Bank*

That's great. And just a quick follow-up for Hadley. I think you mentioned increasing the ownership stakes in some of the partners.

I think you mentioned that if you were to do that over time into the full ownership it would be about -- I think you said contributed about \$250 million to FRE if I'm not mistaken. The question there would be, does that include the Oaktree rate raising Oaktree or is it just the other partners?

Hadley Peer Marshall, *Chief Financial Officer*

No. You got the number right. It is \$250 million over a five-year period, and that includes all of our partner managers including Oaktree.

Operator

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*

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

Operator

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