

Brookfield Asset Management Inc. 2016 Fourth Quarter and Year End Results Conference Call Transcript

Date: Thursday, February 9, 2017

Time: 11:00 AM ET / 8:00 AM PT

Speakers: **Bruce Flatt**
Senior Managing Partner and Chief Executive Officer

Brian Lawson
Senior Managing Partner and Chief Financial Officer

Suzanne Fleming
Senior Vice President, Branding and Communications

OPERATOR:

Welcome to the Brookfield Asset Management Q4 and Year End 2016 Conference Call. As a reminder, all participants are in listen-only mode and the conference is being recorded. After the presentation, there will be an opportunity to ask questions. To join the question queue, you may press star, then one on your telephone keypad. Should you need assistance during the conference call, you may signal an Operator by pressing star and zero.

I would now like to turn the conference over to Suzanne Fleming, Senior Vice President, Communications. Please go ahead, Ms. Fleming.

SUZANNE FLEMING:

Thank you, Operator, and good morning. Welcome to Brookfield's Fourth Quarter and Year End Conference Call. On the call today are Bruce Flatt, our Chief Executive Officer, and Brian Lawson, our Chief Financial Officer. Brian will start off by discussing the highlights of our financial and operating results for the quarter and Bruce will then give an overview of our market outlook and Brookfield's approach to investing. After our formal comments, we will turn the call over to the Operator and take your questions.

In order to accommodate all those who want to ask questions, we ask that you refrain from asking multiple questions at one time, in order to provide an opportunity for others in the queue. We'll be happy to respond to additional questions later in the call, if time permits.

I'd like to remind you that in responding to questions and in talking about new initiatives and our financial and operating performance, we may make forward-looking statements, including forward-looking statements within the meaning of applicable Canadian and U.S. securities law. These statements reflect predictions of future events and trends and do not relate to historic events. They are subject to known and unknown risks and future events 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 in Canada and the U.S., and the information available on our website.

Thank you, and I'll now turn the call over to Brian.

BRIAN LAWSON:

Thanks, Suzanne, and good morning. We're pleased with the results for 2016. In particular, they

highlight the significant expansion of our asset management business, which Bruce will expand on in his remarks, but, in summary, we continue to expand our fee bearing capital. Highlights include closing \$30 billion of private funds and launching Brookfield Business Partners, we invested or committed nearly \$20 billion of capital to a number of attractive opportunities across our asset strategies and geographies, and we posted good financial results that are indicative of this progress.

So, turning to those financial results – funds from operations, or FFO, for the year totaled \$3.2 billion, and that's up 26% over 2015. You can break this down into three components: our asset management activities generated \$861 million of fee related earnings and carried interest, that's up 63%; invested capital contributed \$1.5 billion, that's up 22%; and our share of realized disposition gains totaled \$923 million, and that's up 10%. Net income for the year was \$3.3 billion, or \$1.55 per share. This was lower than last year, principally because 2015 included a higher level of fair value changes relative to 2016.

I will now cover some of the highlights within FFO.

Asset management FFO included \$712 million of fee related earnings and \$149 million of carried interest. Our fee revenues increased by 31% to \$1.1 billion. This was due largely to the higher level of fee bearing capital, which stood at \$110 billion at year end, and that's up 24% from the beginning of 2015. Much of the growth related to increases in private fund capital, including that \$30 billion in new funds closed last year. However, we also expanded the capitalization of our listed issuers through the issuance of new capital, increased values and the launch of Brookfield Business Partners. Incentive distributions also increased in line with the increase in distribution rates to unitholders. As a result, fee related earnings, which represent fee revenues less direct costs, increased by 44%, and our gross margins increased from 57% to 62%, which speaks to the scalable nature of our operations.

Turning to carried interest for a minute, we recorded \$149 million of carried interest, compared with \$32 million in 2015. As a reminder, our accounting policies require us to defer recognition of carry until there is only a remote possibility of a clawback, which means that we tend to defer carry until very late in the life of a fund. In this case, we monetized several assets from funds that are well into their distribution phase, which crystalized some of the carry that had built up over the life of the funds. Accumulated unrealized carry across all of our funds at year end stood at approximately \$900 million, and that's up from \$660 million at the beginning of the year.

I would note that these amounts are still well below what we describe as target carry, which currently stands at \$860 million annually, and that represents the carry that we stand to earn if we achieve the target investment returns for our funds amortized on a straight line basis. Now, there's a natural lag in how the carry actually materializes, because it takes time to deploy the capital and because, as I mentioned, we defer recognition in our financial statements, but we do expect that carry will become a more meaningful part of our operating results on both the realized and unrealized basis as our recent larger funds are invested and mature.

So, notwithstanding the closing of flagship funds in each of our major strategies in 2016, we continue to have an active pipeline of fundraising activities, with three funds in the market targeting \$4 billion of capital. This includes our first perpetual open-ended core real estate fund, and we expect this to become a meaningful part of our real estate business moving forward. In addition, we have been successful in finding attractive investment opportunities for our three flagship funds in property, infrastructure and private equity, which are now 75%, 35% and 50% invested or committed, respectively. This ability to find attractive investment opportunities quickly means that we can put capital to work sooner for our clients, and also means that we can commence fundraising for their successor funds, once existing funds are sufficiently invested.

So, turning to the results from our invested capital, FFO was favourably impacted by performance in our property group. From this segment, it increased by 17% as a result of higher returns from existing properties, reflecting leasing initiatives, particularly the commencement of major leases in our New York market, but also from the contribution from capital deployed within our opportunistic investment strategies.

We also achieved a higher level of FFO within our private equity operations, due to higher pricing volumes at certain of our operations, particularly our panelboard business, although this was partially offset by lower returns from some of our portfolio businesses in the energy and industrial sectors, and our Brazil residential operations, which continue to be impacted by slower economic growth there.

Infrastructure FFO increased by 17% due to the strong activity in our UK connections business, expansion in our transport and energy operations, and increased ownership of our North American natural gas transmission operations.

Renewable power FFO declined by 13%. The impact of lower generation in our northeastern hydro

operations in the U.S., as well as lower pricing, was partially offset by the contribution from recently acquired assets in Colombia, Brazil and Pennsylvania.

Finally, we achieved improved returns from our financial asset portfolios, reflecting better market performance.

Looking ahead, we are well positioned to pursue investment opportunities, with \$9 billion of core liquidity across Brookfield and our listed issuers, and a further \$20 billion of uncalled commitment to our private funds, a total firepower of nearly \$30 billion. Furthermore, we continue to have good momentum across our fundraising strategies, which we believe will allow us to continue to expand our fee bearing capital during the next few years.

During the year, we closed or committed to nearly \$20 billion of investments across all of our asset classes and geographies. We believe our global reach, large-scale capital and operating capabilities has allowed us to put this capital to work at attractive returns for our clients and our own capital. Some examples of what was included in this number are: high-quality mixed-use properties in Seoul, Mumbai and Berlin; hospitality and self-storage properties, and student housing in North America and the UK; a major hydro portfolio in Colombia; hydro facilities in Brazil, and the U.S.; wind facility developments in the UK; pipeline and transmission projects in Brazil; toll roads in Peru and India; a cell phone tower business in India; and our private equity group secured a leading water distribution and treatment business in Brazil; and a provider of road fuels in the UK. So, as you can see, we've been very busy investing the capital on behalf of all of our clients and that tends to benefit all of us.

Finally, as we approach the distribution phase of more of our private funds, we expect to be able to firm up and ultimately recognize increased carried interest, which should demonstrate the significant value to the business overall.

Finally, in conclusion, I'm pleased to announce that the Board of Directors has approved an 8% increase in our quarterly dividend to \$0.14 per share, which will be paid at the end of March.

Thank you, and with that, I will now turn the call over to Bruce.

BRUCE FLATT:

Thank you, Brian, and good morning, everyone. First, I will address fundraising and our investment themes. I'll then move to our views and markets, in general, and talk a little bit about interest rates. Following that, Brian and I would be happy to take questions, if there are any.

With respect to fundraising, as Brian mentioned, institutional investors continue to allocate greater portions of their funds to real assets. This enabled us to raise \$30 billion of capital during 2016 for private strategies in our latest round of fundraising, and included among the largest infrastructure and real estate funds globally. As part of the shift to real assets, we're now starting to see greater allocations from traditional fixed income portfolios into private credit strategies, and we think that will continue. We have been expanding our credit capabilities for a number of years and are now fundraising with meaningful capital for these strategies. Over time, this could result in significant additional assets under management.

Our investing themes today continue to revolve around—similar to what they've been over the last number of years, which are utilizing our competitive strength of size, global footprint and operating capabilities. We are allocating capital to most of our investment markets, but disproportionately to the emerging economies, where we believe we are still buying good value in slowly recovering economies.

Given the strong growth of both our listed partnerships and our asset management operations, our business today increasingly generates significant free cash flow. The combination of fee related earnings from our asset management activities, combined with the distributions we receive from our invested capital, provides the parent company with \$2 billion plus of inflows, and as we pay corporate costs, interest and preferreds, we're left with about \$1.5 billion to reinvest in the business, pay dividends or repurchase shares. This number will increase meaningfully annually over time and we are continuing to focus on where to deploy this capital.

Turning to the market environment, despite all the political turmoil that one hears in the newspapers every morning, most of the economies in which we participate are doing well or are generally recovering. This has set a backdrop for a very constructive investment environment for us.

Turning to a few of the markets, in the U.S., we continue to believe, as we have for years, that interest rates will grind upwards to the 3% to 4% range. We have not changed our overall view with the election of a new government. We do, however, believe that we may get to the top end of the interest

rate range sooner than we might have otherwise expected, and we might even stretch the top end of former expectations before we hit a recession and the cycle starts over, but we should all remember that if interest rates climb faster, it also means that growth is stronger than what we would have expected. In this environment, all of our investments should do well.

Europe and the UK have extremely low interest rates and it looks like these will exist for some time, given political turmoil, demographics, and the underlying economies of many of the countries. Despite this, we are finding many investments that can earn high leverage cash returns, due to the correspondingly low borrowing rates which we can finance with.

Turning to South America, it's recovering slowly, following the shock of low commodity prices and the unwind of excesses from the boom. We believe Brazil has bottomed, but the political aftershocks of the government investigations are still being worked through. Chile, Colombia and Peru, while great countries, are also each dealing with their own set of discrete issues, but from an investment perspective, this has and continues to present us with great opportunities in most of the countries in many of our businesses.

India has made tremendous strides with its economy and recently reduced interest rates for the first time in this cycle. Despite this, the loan stress across the bank system needs to be worked through and, as a result, we're being presented with a number of great opportunities across our businesses.

In China, they continue to build out one of the greatest economic transformations ever undertaken. We believe they will be successful, but one should always remember that transformations never go in a straight line. As a result, we are being very disciplined as we build our operations and investment strategies, but we continue to find interesting ways to invest, and also have made great strides in partnering with a number of world-class financial institutions and institutional partners in the region. These opportunities for both investing and fundraising should continue for years.

Lastly, with respect to interest rates, for years we have been operating with the expectation that interest rates will increase in the United States. Our working assumption has been that the economy was getting stronger and that eventually interest rates would be able to rise as a result of that. With rates having been virtually zero in the U.S. for seven years, a 1% or 2% increase in rates on the short or long end of the curve means very little to the long-term return on a real asset investment. We have assumed for years in our underwriting that a 10-year treasury would be, as I said, 3% to 4%, and we

continue to base all our investment decisions with this analysis. The 10-year rate has now increased to—I see 2.35% this morning, but circa 2.5%, which is about where it was 12 months ago. At that time, everyone seemed to be worried about deflation. Now the concern seems to be inflation. More important, in this cycle, there have been very few sophisticated lenders or acquirers of real estate or infrastructure that have had a different view on interest rates than what I just articulated. As a result, cap rates have been stubbornly high relative to interest rates, for one specific reason, and that is that everyone knew interest rates were going to go up and that no one, therefore, has been willing to reduce cap rates to levels that match the unduly low interest rates.

As a result, our business is positioned to thrive in a higher interest rate environment, for really three simple reasons.

The first, and probably most important, is that we own real return assets, and these are assets which increase their cash flow generating capacity over time either through (1) contractual rights, (2) our ability to operate them better, or (3) our ability to expand or grow the business. These enhancements should far outpace any interest costs, in particular, in a more inflationary environment, and especially if the business environment is constructive.

Second, we generally earn total returns on equity of between 10% and 20%. This is much greater than treasury yields and, therefore, a few percentage points increases on interest rates really aren't material in the longer term.

Third, or last, much of the debt we have on assets is fixed rate debt and, therefore, cash flows, until maturity of that debt, will not change at all, even if interest rates do increase.

Lastly, on interest rates, we still believe the odds are currently stacked heavily in favour of lower than usual interest rates in the U.S. for the medium term, if not longer, and that's largely because of upwards of \$50 trillion of savings in the world that needs to earn a return, and we should all remember that rates in many parts of the world continue to be very, very low. These savings are increasingly targeted at returns and dependability that come from investments in the United States, and this should keep rates down for a while.

Operator, that completes my remarks. I'll turn it over to you and Brian and I will take questions, if there are any.

OPERATOR:

Thank you. We will now begin the question and answer session. To join the question queue, you may press star, then one on your telephone keypad. You will hear a tone acknowledging your request. If you are using a speakerphone, please pick up your handset before pressing any keys. To withdraw your question, please press star, then two. We will pause for a moment as callers join the queue.

The first question comes from Cherilyn Radbourne of TD Securities. Please go ahead.

CHERILYN RADBOURNE:

Thanks very much and good morning. I wanted to start by asking you about your new perpetual private real estate fund and what role it might have to play as your opportunistic real estate funds reach maturity. In other words, does it have the potential to provide a continuity vehicle for assets that might be desirable to hold for the long term versus monetized.

BRUCE FLATT:

Yes. So, just for everyone's benefit, we created a core fund in the U.S., which is a perpetual vehicle. The initial fundraising was around \$1 billion and we expect that to grow quite substantially over time. Some similar funds are very large, in the \$10 billion to \$20 billion range. So, we think, over time, this could be an increasingly attractive business for us to hold assets on a perpetual basis. These are assets which wouldn't otherwise fit into our opportunistic business and they may not fit into our core plus strategy, so they'll be long-term assets to own for the clients what we'll own them for.

In direct response to your question, it's a perpetual vehicle. We seeded it with seven investments that we had, four that were core properties and three that were development properties, and we're building them to the price we sold them in at. So, over time, it's possible, that, but our intention is to continue to grow the business by just buying assets in the market. Obviously, you have to be careful dealing between funds with clients, but it's possible, over time, that some of the assets that we have in some of the strategies could find their way into that fund, but that isn't the main intention of the business.

CHERILYN RADBOURNE:

Okay, and the second one for me is—Brookfield Infrastructure mentioned that it's monitoring the potential for opportunities to emerge in Mexico, as sentiment there overshoots to the downside post the

election. Is that a geography that's of interest more broadly across the business or is it specific to infrastructure just because of the energy deregulation, and so forth?

BRUCE FLATT:

Yes, I would just say our business is about scale. It's about being global and it's about finding places where we can apply our operating skills and our operations. We like to go to places when foreign direct investment dries up, therefore currencies are usually down, and opportunities are more readily available to someone who wants to invest because others aren't competing with you. So, either you get a lower price than you otherwise might have or you just have better opportunities to buy assets. So, all of those things seem to look like they will apply in Mexico. We haven't had a large business in Mexico before, but it's possible in the future. Specifically, there may be significant infrastructure and energy opportunities, just given the scale in the country, and I think that's probably the greatest focus for us, but there could be other things, we could do either private or real estate.

CHERYLYN RADBOURNE:

Great. That's my two. Thank you.

BRUCE FLATT:

Thank you.

OPERATOR:

The next question is from Mario Saric with Scotiabank. Please go ahead.

MARIO SARIC:

Good morning and thank you. Just maybe following up on the question on the perpetual open-ended core real estate fund. On the opportunistic side, your first major fund was launched in 2009, and you've launched three large funds subsequent to that. So, in terms of scope, I think, Bruce, you mentioned there's equivalent \$10 billion to \$20 billion funds out there in the marketplace with a similar structure. How do you see that evolution transpire over time? Then, secondly, is this an opportunity that could be equally as big on the infrastructure side?

BRUCE FLATT:

So, I think, given our past history and that we're generally longer term investors, I think in hindsight, we probably should have had these funds many years ago. That was probably a mistake of ours. Having

said that, I think we can catch up quickly. Our pedigree is exactly what fits this type of fund. So, I think we can grow very large business in real estate, I think we do it in infrastructure, I think we can do it in power, and I think all three of them, in many of the markets in the world where we operate, if we're in a low interest rate environment, will be very attractive for fixed income alternatives. In particular, if European/UK rates are going to be low for a long time, those will be very attractive.

MARIO SARIC:

Okay. My second question, just coming back to the carried interest, it was good to see the realization of \$141 million during the quarter. I think it was the first time we saw it since Q3 of '15. I think, Brian, you mentioned it does dip below your target, as you highlighted, and I think you've done a good job of illustrating when that target may become a reality over the next 10 to 15 years. That being said, can we expect to see kind of somewhat more modest kind of recurring amounts coming through the income statement, kind of similar to what we saw in 2015, based on kind of near-term harvesting expectations?

BRIAN LAWSON:

I think that's a fair comment, Mario. We do have more of the funds that are in distribution phase, and as would have been noticed this time, the carry builds up, even in a smaller fund it'll build up, and it ended up—we've actually been paid it, but we don't actually book it until you tip over that point where there's no longer that sufficient risk of clawback. So, it's a little binary, in a sense, when it comes to the reporting in the financial statements, but we do have funds that are in that stage. The larger funds, however, are more recent vintages, and so, as you would have seen from some of the information we put out, it is going to take another couple of years before the really large amounts start to come in.

MARIO SARIC:

Okay, great. Thank you.

OPERATOR:

The next question is from William Katz with Citigroup. Please go ahead.

WILLIAM KATZ:

Okay. Thank you very much for taking my questions this morning. I appreciated all extra comments, as well. I think you mentioned in your CEO letter that—and I may have gotten this wrong, but about 75% invested in the Real Estate II Fund, which seemed to be a very quick cycling time. If that's correct, how should we think about the timing and maybe the size of sort of the next generation fund; and

underneath that, is there any shift in pricing, as we think about the management fee on that next generation of funds?

BRIAN LAWSON:

Sure. Bill, it's Brian here. Once you get to a certain—and it's predetermined—level of a fund being invested in it, typically, in around the 70% to 80% range, that you can go out and launch a successor fund. So, obviously, we're within striking distance of that on the real estate side, so you would expect to see us out in pretty short order. I'd say, at this stage, the history has been the successor funds tend to be larger than the existing funds, and we wouldn't expect it to differ in this regard. I think it's probably a little bit early to be chatting about how we see the fee economics and things like that, but we think the market's still very constructive.

WILLIAM KATZ:

Okay. Just to follow-up, you mentioned that you're going to be spinning off your insurance operations to Trisura, if I'm saying that correctly, to Trisura—correct me, I apologize if I'm not. Are there any other businesses, as you look across your portfolio, that may be subscale, that similarly could result in some streamlining of the operations?

BRIAN LAWSON:

It's possible. We've obviously made use of spinoffs in the past, although for different reasons. You pointed out there difference here. I'd say we wouldn't be adverse doing it, if the situation arose, but there's nothing immediately on the horizon in that regard.

WILLIAM KATZ:

Okay. Well, thank you for taking my questions.

BRIAN LAWSON:

Thank you.

OPERATOR:

The next question is from Mark Rothschild with Canaccord Genuity. Please go ahead.

MARK ROTHSCHILD:

Thanks, and good morning. You guys are pretty far along with investing in the next real estate fund,

and you mentioned starting the next fund. The carried interest was pretty dramatic this quarter and it seems the next couple of years to be increasing. You did increase the dividend, albeit relatively modest, considering the growth in cash flow. Can you expand, maybe, on how you look at dividend growth versus potential share buyback in the context of your current cash flow, and what you expect the growth in fees, considering the current share price?

BRIAN LAWSON:

Sure, thanks, Mark. It's Brian. So, it'll really be a balance, and I think this is the way you've seen us operate over the last period of time. We do think it's a good thing to continue to increase the dividend at the rate that we've been doing it, and it's been pretty consistent over the past number of years. I wouldn't look to see that change dramatically in the near term. We still see a lot of opportunity to put capital to work within the business, and I think we've highlighted the value that we can bring to the overall franchise by having a very strong and liquid balance sheet in terms of transaction execution. So, that's important to us, as well as seeding new funds with liquidity off our balance sheet. So, we've got lots of opportunities to put that cash to work within the business to increase returns, and that really compounds over time. Then, lastly, of course, we have been in the market buying back our stock periodically over the past number of years. We really just weigh out the different alternatives and try and strike a balance amongst the three of them, and I don't think it'll change dramatically going forward.

MARK ROTHSCHILD:

Okay, great. Thank you.

OPERATOR:

The next question is from Andrew Kuske with Credit Suisse. Please go ahead.

ANDREW KUSKE:

Thank you. Good morning. I think, Bruce, you mentioned the capital pouring into BAM at the top of the house from all your investments. How do you think about just deploying that capital among your existing businesses and then, prospectively, new businesses, and, really, what hurdle levels are thinking about and contemplating on redeployment?

BRUCE FLATT:

So, first, I'd say our—we view the capital at BAM to really be for three purposes.

One, to hold the securities that we have in our listed affiliates, and, secondly, to support the affiliates if they need capital to be able to do things that they otherwise wouldn't be able to do without our sponsorship, and having significant amounts of capital available to do that, to be able to support their transactions, is really a key differentiator that we have versus many others. Sometimes, you can't do a mathematical exercise. In fact, the mathematical exercise says that you should get rid of the capital. But, when somebody shows up with a transaction that can only be done because of the extra support that we give one of our entities, that's enormously valuable to our funds and to our listed entities. So, the first thing I'd say is sometimes you will look at our balance sheet and it continuously looks like it's over-capitalized, and that's probably true, but there's many things we do to support the entities that we use that capital for, and encroach upon it.

Second, we continue to look at adjunct businesses. We don't plan on anything different than what we're doing, but we continue to look at adjunct businesses and use that capital to start up new adjunct areas, and the only way to do that, that we've found, is to do it with our own money first and then bring clients into it later, once we've established a track record. So, we continue to put significant amounts of capital in. Often, if we wanted, we could run that capital down over time, if we were in a recessionary period or something and we needed the capital for something else, but it shows up as financial assets, largely, in our books, and we continue to use capital on that.

Lastly, I'd just say that, over time, if we can't find a use for that cash, which we haven't so far been in that situation, but if we can't, then, really, there's a decision, do we return it to shareholders through the form of increased buybacks or do we increase the dividend, or do we do other spin-outs out of the Company, and we're open to all three. As you know, our goal is to, on a per share basis, maximize the value over the longer term for the business, and that's really it. We don't plan on being the biggest. All we're trying to do is make the most per share value. So, whatever makes sense out of those three, we'll use the capital for.

ANDREW KUSKE:

Okay, that's helpful colour and context, and then maybe just an extension and then a follow-up question. How do you think about just the pace of deployments and how fast could the dry powder that exists now be effectively depleted and deployed, just with the situations that you see now? I ask the question, in part, because we saw a real tipping point in your fundraising business and then acceleration of the size of the funds and the speed that you're raising them. Should we expect a similar acceleration and deployment, and the quantum of deployment?

BRUCE FLATT:

Yes. So, on real estate, our franchise is very broad, it's very big, and it can consume a lot of capital. I would say that our real estate fund is virtually at 75% invested, so we're out to raise a new fund in a relatively short period of time, and that's merely because the franchise finds lots of things to do. In infrastructure, we just raised a big fund, it's 35% invested, I think we'll be able to put it to work, and, largely, that's because of our global footprint and our operating capabilities. That might not be said if you didn't have those two things, but we've been able to find the ability to put money to work, and in power, as well. So, I think we'll—we've not, historically, had an issue in finding transactions. We just go to the markets where value still exists, as opposed to ones that we feel are fairly valued, and we continue to build the business to be able to do that and I think the strategy is working in this environment.

ANDREW KUSKE:

Very good. Thank you.

OPERATOR:

Once again, if you have a question, please press star, then one. The next question comes from Ann Dai with KBW. Please go ahead.

ANN DAI:

Hi, good morning. This question is for Bruce. You spoke again today about finding better investment value abroad, given valuations in the U.S. So, just understanding that we're very early days into this new administration, they have talked about drastically increasing infrastructure spend through some potentially public/private partnerships. So, I guess I'm just curious whether the stance of this new administration has in any way changed your views on the opportunity set in the U.S.

BRUCE FLATT:

So, I'll try to give you a concise answer. We have 50% of our total assets in the United States of America. We're a big proponent of the country. We believe in it longer term. We think it's a great place to invest, other than Australia and Canada. I'll put the three together. Australia, Canada and the United States are three great places to invest in the world, because they have phenomenal rule of law, et cetera, et cetera, everything you would want to have in an investment place. The thing that the United States has that those other two don't is that it's a very big place, so there's lots of things to do.

So, we think the United States is great.

In infrastructure, there hasn't been a lot to do in the past, because most infrastructure was owned by the governments and funded by governments. To the extent that there are opportunities to put large-scale amounts of money to work in the United States and we can make the numbers work, we would be very excited about putting money to work in the United States, and we hope that this administration will see their way to that and we'll be waiting to do it. So, I guess we're hopeful and it's still early days.

ANN DAI:

Okay. Thanks so much.

OPERATOR:

This concludes the question and answer session. I would like to turn the conference back over to the presenters for any closing remarks.

SUZANNE FLEMING:

I think that's all for this call. So, with that, we'll end, and thank you for participating.

OPERATOR:

Thank you. This concludes today's conference call. You may disconnect your lines. Thank you for participating and have a pleasant day.