

## **TRANSCRIPT: Q4 2025 CONFERENCE CALL / WEBCAST**

**February 12, 2025 at 10.00 am (ET)**

### **Corporate Speakers:**

Bruce Flatt, *Chief Executive Officer*

Nick Goodman, *President*

Sachin Shah, *Chief Executive Officer, Brookfield Wealth Solutions*

Katie Battaglia, *Vice President, Investor Relations*

## **PRESENTATION**

### **Operator**

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Hello. Welcome to the Brookfield Corporation Fourth Quarter 2025 Conference Call and Webcast. [Operator Instructions]

I would now like to hand the conference over to your first speaker today Ms. Katie Battaglia, Vice President, Investor Relations. Please go ahead.

### **Katie Battaglia, Vice President**

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Thank you, Operator. And good morning. Welcome to Brookfield Corporation's Fourth Quarter and Full Year 2025 Conference Call.

On the call today, are Bruce Flatt, our Chief Executive Officer; Nick Goodman, President of Brookfield Corporation; and Sachin Shah, Chief Executive Officer of our Wealth Solutions business. Bruce will start off by giving a business update; followed by Nick, who will discuss our financial and operating results for the year. And finally, Sachin will provide an update on our Wealth Solutions business.

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 request that you refrain from asking more than two questions.

I would like to remind you that in today's comments including in responding to questions and in discussing new initiatives in 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 laws. These statements reflect predictions of future events and trends and do not relate to historic events. They are subject to known and unknown risks. And future events and results may differ materially from such statements. For further information on these risks and their potential impacts on our company, please see our filings with the securities regulators in Canada and the U.S. and the information available on our website. In addition, when we speak about our Wealth Solutions business or Brookfield Wealth Solutions, we are referring to Brookfield's investments in this business that supported the acquisitions of its underlying operating subsidiaries.

With that, I'll turn the call over to Bruce.

### **Bruce Flatt, Chief Executive Officer**

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Thank you, Katie. And welcome, everyone, on the call.

2025 was a very active year for the business.

We advanced a number of strategic initiatives and delivered strong financial results. Our cash flows are now supported by our large-scale capital base which totals \$180 billion; and the diversification of our platform across asset classes, geographies and capital sources, all of which provide multiple avenues for growth and position our business to remain resilient and grow across economic cycles.

In the last 12 months, we raised \$112 billion of capital, financed nearly \$175 billion of assets, completed \$91 billion of asset sales and deployed \$126 billion of capital while growing our insurance asset base to \$145 billion. That all allowed us to deliver record financial results with distributable earnings before realizations of \$5.4 billion and total distributable earnings of \$6 billion.

Nick will cover financial results in more detail, and Sachin will spend some time discussing our Wealth Solutions business shortly.

Before they speak, I will add a few things.

Looking back to 2025 in the stock market, our stock generated a 21% return for shareholders. That increased our 30-year track record to an annual compound return of 19%. That means \$1 million with us over that period would be worth \$285 million today. Of course, that's the miracle of compounding good results.

Turning briefly to the market environment. Business fundamentals are strong. Capital markets have improved. Liquidity has returned, both in debt and equity markets. Interest rates have started to come down globally and transaction activity has picked up. In this environment, real assets should continue to outperform, offering investors the opportunity to earn excellent returns while taking moderate risk.

As our platform has grown, so has the scale of the work we do with our partners. Increasingly, we are partnering with the highest quality organizations on large-scale, sophisticated projects that are critical to both national and corporate priorities. Recently, that has included partnerships with NVIDIA, Microsoft, JP Morgan, the United States, French, Swedish, and Qatari governments, among others. Our ability to work with counterparties of this caliber underscores the strength, resilience and global reach of our platform. It also reflects a deliberate long-term approach to building our business with great partners.

We believe long-term business success requires many things, but three, in particular, stand out. Together, they make the difference between good and great long-term returns.

First, it starts with identifying businesses that can endure and evolve. For decades, we focused on building the backbone of the global economy. And while that focus has remained consistent, long-term success requires evolving as the economy itself evolves.

Second, when a business is well positioned and well run, compounding becomes the dominant driver of value creation. Over long periods of time small differences in annual returns can lead to very large differences in outcomes.

And third, and maybe most important, avoiding disruption to the compounding process and business success is critical. Compounding works best when capital is allowed to remain invested for long periods of time. For us, that means that we must always keep excess capital to ensure that we can ride through any market cycle. And our balance sheet strength, as Nick will indicate later, gives us flexibility to do just that. It allows us to stay focused on long-term value creation, allocate capital selectively and take advantage of dislocations when others are more constrained.

Real estate illustrates this well. Over the past 40 years, we have invested in, operated, and monetized real estate across many market cycles. Our approach has always been grounded in fundamentals. We acquire assets for value, finance them conservatively, and manage them actively. In the most recent cycle, dislocation was driven largely by capital markets and shifting sentiment rather than a deterioration in underlying fundamentals. While many step back, we remain active, continuing to invest, develop and reposition assets. And today, this sentiment is beginning to realign with fundamentals. New supply across core markets is very muted, demand is growing and asset values are set to rise substantially. We enter this next phase from a position of strength, owning the highest quality real estate in supply constrained markets, operating it through our leading platforms. And as we have seen across cycles, great real estate owned and managed well always wins over time.

That same long-term mindset applies to our other businesses including how we think about our structure in the public markets. Over the last 15 years, as many of you know, we've offered listed versions of our investment strategies through what we refer to as our listed partnerships. To broaden accessibility for global investors, these were later paired with sister corporate entities. And when we created our insurance business five years ago, we followed the same approach, establishing it as a listed sister company to Brookfield Corporation, trading under the symbol BNT. These structures have served our business extremely well. But as markets evolve and with the continued expansion of index investing, splitting market capitalizations has become sub-optimal. As a result, we're now focused on streamlining and consolidating our market capitalizations.

As an initial step last year, we announced the combination of Brookfield Business Partners with its sister company, Brookfield Business Corporation. This transaction creates a single listed entity that is index eligible for the entire market capitalization, and it now reflects the full scale of the business in one company. Building on that momentum, this year, we intend to work on merging Brookfield Corporation with its paired sister insurance entity, BNT. This will streamline our structure and enable the next evolution of Brookfield, bringing together our insurance and our balance sheet investment activities into one single entity. This will also add substantial capital to our insurance operations, supporting growth in that business that is underpinned by our real asset-focused investment strategy while our excess capital will enable us to operate at industry-low operating leverage.

In closing, we have strong momentum across all of our businesses, significant access to capital, and a long runway of growth. We're well positioned and confident in our ability to continue to deliver financial results and compound value for shareholders. 2026 should be another strong year.

Thank you all for your continued support and interest in Brookfield.

I will now turn it over to Nick.

## **Nick Goodman, *President***

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Thank you, Bruce. And good morning, everyone.

We delivered record financial results in 2025, supported by strong momentum across each of our core businesses. Distributable earnings or DE, before realizations for the year were \$5.4 billion or \$2.27 per share, representing an 11% increase over the prior year. Total DE including realizations was \$6 billion or \$2.54 per share and total net income was \$3.2 billion for the year.

Our Asset Management business delivered record results in 2025, generating \$2.8 billion of distributable earnings or \$1.17 per share. We raised \$112 billion of capital during the year across a diversified set of strategies, reflecting continued investor demand for our fund offerings. Fee-bearing capital increased by 12% to over \$600 billion and drove a 22% increase in fee-related earnings to \$3 billion. Looking ahead, with strong fundraising visibility, including the launch of our latest flagship private equity fund and our inaugural AI infrastructure fund, and with the announced acquisition of Oaktree, our asset management business is well positioned to deliver another year of meaningful earnings growth.

Our Wealth Solutions business delivered strong results in 2025, generating \$1.7 billion of distributable earnings or \$0.71 per share, representing a 24% increase over the prior year. Our results were driven by continued growth in our insurance platform with \$20 billion of annuity sales during the year, alongside improved profitability in our P&C business. On the investment side, we deployed \$13 billion into Brookfield managed strategies, supporting a sustained 15% return on our equity, while generating a 2.25% growth spread. And Sachin will expand on this in more detail in his remarks.

Our operating businesses continued to deliver stable and growing cash flows, generating distributable earnings of \$1.6 billion or \$0.68 per share for the year. This performance was supported by strong underlying fundamentals across the platform. Operating funds from operations in our renewable power and transition and infrastructure businesses increased by 14% over the prior year, and our private equity business continues to contribute recurring high-quality cash flows.

Within our real estate business, we have seen sentiment realign with the strong underlying fundamentals that have been in place for some time now. The environment today reflects several years of limited new supply across major global markets, while tenant demand has continued to grow, translating into strong leasing activity and meaningful rent growth for high-quality assets. During the year, we signed nearly 17 million square feet of office leases globally with net rents averaging 18% higher than expiring leases across our super core and core plus portfolios. A few portfolio highlights include:

- In New York, we signed 2.4 million square feet of leases at rents 20% higher than those expiring.
- In Canada, leasing activity picked up meaningfully over the year. We signed 2.4 million square feet of leases at rents 10% higher than expiring levels.
- And in London, we signed nearly 800,000 square feet of leases at rents close to 10% higher than those expiring.

This leasing activity reflects strong demand from large creditworthy tenants such as Moody's and Visa, who are relocating their regional headquarters to our properties, alongside many of our other high-quality tenants that executed long-term renewals and expansions.

At the same time properties that we delivered or substantially repositioned over the past few years, including office assets in major global markets are now nearly fully leased and achieving some of the highest rents on record. As a result, our portfolio finished the year in a very strong position with our super core and core plus portfolios more than 95% occupied and poised to continue delivering robust NOI growth in 2026.

Turning to monetizations, 2025 was a record year, advancing \$91 billion of asset sales across the business at attractive returns, including \$24 billion in real estate, \$22 billion in infrastructure, \$12 billion in renewable power, and \$33 billion from private equity and other investments. Substantially, all sales were completed at or above carrying values, realizing meaningful value for our clients. During the year, we realized \$560 million of carried interest into income and ended the year with \$11.6 billion of accumulated unrealized carried interest. With a strong pipeline of planned asset sales across the business, we expect carried interest realized into income to accelerate over time.

Moving on to capital allocation. In addition to investing excess cash flow back into the business, we also returned \$1.6 billion to shareholders in 2025 through regular dividends and share buybacks. We repurchased more than \$1 billion of Class A shares in the open market at an average price of \$36, which represents nearly a 50% discount to our view of intrinsic value including approximately \$150 million repurchased since last quarter.

We also maintained strong access to capital markets during the year and executed approximately \$175 billion of financings across the franchise, including \$53 billion in infrastructure, \$42 billion in real estate, \$37 billion in renewable power, and more than \$40 billion in private equity and other businesses. At the corporation, we issued \$1 billion CAD of 7-year and 30-year notes at favorable spreads in December and subsequent to year-end, our real estate business completed an \$800 million fixed rate financing at a super core office property in Manhattan at very attractive spreads further underscoring lender appetite for high-quality assets. Lastly, we ended the year with a conservatively capitalized balance sheet, strong liquidity and record deployable capital of \$188 billion.

Taken all together, the strategic initiatives we advanced in 2025 have fueled meaningful momentum with a \$180 billion permanent capital base, strong liquidity and multiple avenues for growth, we are well positioned to continue compounding shareholder value in 2026 and over the long term.

With that, I am pleased to confirm that our Board of Directors has declared a 17% increase in the quarterly dividend to \$0.07 per share payable at the end of March to shareholders of record at the close of business on March 17, 2026. Thank you for your time.

And with that, I will now pass the call over to Sachin.

**Sachin Shah, Chief Executive Officer, Brookfield Wealth Solutions**

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Thank you, Nick. And good morning, everyone.

I'm pleased to join the call this quarter to provide an update on Brookfield Wealth Solutions. 2025 was a strong year.

We finished with over \$140 billion of insurance assets, generated \$1.7 billion of distributable earnings and delivered a return on equity above our mid-teens target. As we look ahead to 2026, we are very well positioned to deliver continued growth across both our retirement and wealth protection businesses. As always, our ability to invest into the broader Brookfield investment platforms continues to be a key advantage for us. Access to long duration, real asset equity and credit strategies that provide stable recurring cash flow growth and attractive returns provides a differentiated foundation for driving the business forward. On our current trajectory, we expect to end 2026 with circa \$200 billion of insurance assets, over \$2 billion of distributable earnings to Brookfield and a capital base exceeding \$20 billion, well above our regulatory targets.

Importantly, this growth is supported by a highly diversified business across multiple scale geographies, high-demand retirement products and a growing protection franchise, which together provide multiple avenues to source long-duration, low-cost liabilities. We have a number of important priorities in 2026, and I will highlight a few of them now, which we believe will drive stable, reliable earnings growth over the next decade and should lead to continued growth in the value of our business.

First, we are focused on closing, integrating and scaling our U.K. acquisition. Over \$50 billion of pensions are expected to come to the U.K. risk transfer market in 2026 and over 500 billion GBP of pensions will come to the market over the next decade. This represents a large and growing opportunity set. We have made substantial investments in the pension markets acquiring platforms for value while building out operational capabilities required to scale. Our recently announced acquisition of the Just Group in the U.K. is expected to close in the first half of 2026, and we are already advancing plans to grow that business and execute on over 5 billion GBP of pension opportunities annually.

At the same time, we are working to grow our footprint in Asia where savings products continue to be in high demand as populations age and retirement income is highly desirable. Japan's life and savings insurance market is one of the largest globally, with approximately \$3 trillion of assets on insurer balance sheets today, reflecting the depth of long-term savings and retirement liabilities that create significant opportunities for retirement income and growth-oriented solutions in the region. More broadly, across Asia Pacific, demographic shifts are driving a rapid increase in financial assets with life and pension savings representing an increasing share of household wealth. We are in the early stages of building our business in Japan and broader Asia, having completed our first transaction in Japan at the end of 2025. We have a strong pipeline of opportunities ahead of us, which should translate into \$3 billion to \$5 billion of annual flows over time.

In the U.S., we are expanding our retirement distribution capabilities to drive in excess of \$30 billion of inflows into the business annually over time. U.S. fixed annuity demand exceeded \$300 billion in 2025, as aging populations continue to look for stable retirement income. A significant portion of that demand flows through large bank and broker-dealer channels, which have been a key area of focus for us. On average, these channels account for two-thirds of U.S. retail annuity sales, whereas they have only represented about a third of our sales historically. Given the sustained demand through these channels, we have been investing into these relationships. We've expanded our offerings

on one such platform already this year, are on track to launch a second before the end of this month, and expect to launch two additional platforms within the calendar year. Given our expansion, our annualized organic inflow should comfortably grow to over \$25 billion in the near term.

As it relates to our protection franchise, we are prioritizing and identifying opportunities for scale as markets soften through selective M&A, organic growth, and expansion of our reinsurance capabilities. Our protection business delivered \$8 billion of float to manage in 2025 at virtually no cost of funding. We have made tremendous progress to date focusing the business on reducing risk, exiting low profitability lines of business, and positioning for softer markets ahead, which we believe will lead to more compelling growth opportunities over time.

Lastly, we are continuing our pivot towards equity-oriented strategies to enhance investment returns using our strong capital base to deliver higher quality earnings with lower operating leverage. In 2025, we deployed \$13 billion into Brookfield originated strategies and average net yield 8.5%. We also made additional commitments to Brookfield-sponsored private funds, which will be further accretive to our earnings as those funds call and deploy capital over the medium term.

To bring this together, the strategic initiatives we have executed to date, together with our priorities outlined for 2026, position the business for continued earnings growth. We have a platform that benefits from diversification across distribution channels geographies and product types, allowing us to access the most competitive risk-adjusted cost of capital. With a strong pipeline of real asset investments across Brookfield's various strategies, we feel confident in our ability to continue compounding our capital at well above our mid-teens targets.

Thank you for your time.

With that, I'll turn the call over to the operator for questions.

## QUESTIONS AND ANSWERS

### **Operator**

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(Operator Instructions) Our first question comes from the line of Ken Worthington with JP Morgan.

### **Ken Worthington, Analyst, JP Morgan**

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You've spoken in the past about scaling the P&C business. And today you called out the protection business and the improved profitability a number of times in the prepared remarks.

So I was hoping you could flesh out your comments and talk about where the business stands today, maybe a bit more on how you plan on scaling it from here? And then lastly, what's the right relative size of the P&C business to the life and annuity business for you?

### **Sachin Shah, Chief Executive Officer, Brookfield Wealth Solutions**

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Sure. It's Sachin here.

So you're right, we've talked a lot about our P&C or protection business, as we call it. I would say the last few years, and you would know this just from the general market backdrop, has been a very hard market. You've seen record profits in established P&C platforms. And during that period to acquire businesses for value was very difficult. Owners would expect significant multiples on book capital and not everyone had a great platform or has a great platform, yet valuation expectations were tremendously high.

Our approach during that period was to acquire platforms where we felt we could acquire them at a significant discount to book, work on repositioning them, and really orient them to the next cycle that will come, softer markets and ensure that we have a good risk culture, a good cycle management culture and that we could grow them organically even if markets start to soften, which we're seeing pretty significantly right now in particular on the property side.

Where that leaves us is we now have a business that is generating strong profits. We've been able to reposition our investment portfolios much more to equity-oriented strategies we are breakeven on underwriting profit, and we'll be generating underwriting profits going forward. And we now have a platform that as markets soften, we think that we can pursue M&A. There will be some platforms who struggle in this environment. We think we can build out reinsurance capabilities, and we can continue to diversify our lines.

So I think from the outlook perspective, the business has a very strong outlook ahead. In terms of size, we have about \$3 billion of capital that supports our protection business, \$8 billion of float. And I think we could comfortably see a path to \$20 billion to \$25 billion of flow by the end of the decade.

I'll pause there.

### **Operator**

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

### **Bart Dziarski, Analyst, RBC Capital Markets**

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Wanted to ask around the decision to simplify the structure and collapse BNT. So I know you called out a few reasons in the letter, but can you maybe unpack the decisioning there why now and the expected timeframe?

### **Nick Goodman, President**

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Bart, it's Nick. I think in the letter and in Bruce's comments, we provided a lot of the background. What I'd add to that is, we have seen an evolution in public markets. And as our business has evolved, we do believe, at this point in time, it makes sense to streamline and simplify. We've seen the benefits of that play out for BBU. And as we think about when we set up BWS, when we started investing in insurance, we did so thinking it was a very attractive stand-alone investment opportunity. And to stand it up on its own two feet, we set up a paired security BNT that added value and provided optionality as we continue to scale the business.

I think, as you know, as we've discussed, we see things quite differently now. The insurance business has scaled meaningfully. There's great growth potential ahead for that business. And as it's grown, we've realized the tremendous synergies that it has with overall Brookfield, and therefore, it has increasingly become more integrated with the

Corporation. And today, the business fully benefits from the investment ecosystem of BAM, offering ideal investment solutions to back the liabilities that we have.

But we think the next step is to also allow the business to fully benefit from the capital base of the broader Brookfield the full \$180 billion of capital that we have to back its growth while allowing it to maintain low operating leverage. So what that means for the business is that we're working on a plan to combine BN and BNT into a single-listed company, one security. We would see no change to the governance, the management team, the investment processes, the risk framework within the business, but the end result would be a streamlined structure that provides investors with simpler access to our business, will sustain and ultimately enhance the long-term growth profile of the business. So we will continue to work on that. And as we said in the letter, we'd like to think we can execute it within the next 12 months.

**Bart Dziarski, Analyst, RBC Capital Markets**

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Great. Very helpful. And then just sticking with, I guess Brookfield Wealth Solutions. Very strong ROE. It looks like it's north of 15%. I think we get it on the asset side as to how the strategy is differentiated. Is there anything on the liability side that's also contributing to that? And what's the outlook there in terms of preserving that ROE in this year?

**Sachin Shah, Chief Executive Officer, Brookfield Wealth Solutions**

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Bart, it's Sachin. Yes, on the liability side, we've really been focused on diversification of product type. That started with simple annuities and a small P&C business. It's really morphed into geographic expansion, a multitude of retirement products that we sell through all of our businesses, getting into the pension markets and scaling there and broadening out our P&C business.

What that really means in practice is, at the top of the house, we can look at where our capital is allocated, and we can allocate it to where the cost of funding is the lowest. And therefore, we can move our capital around by geography, by product type and ensure that as competition increases in one area, we move away to an area where we see better value. We couple that with our investment franchise at Brookfield and that leads to really robust spread and really robust total returns for the business.

**Operator**

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Our next question comes from the line of Alexander Blostein with Goldman Sachs.

**Alexander Blostein, Analyst, Goldman Sachs**

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Thank you. Good morning, everyone. Just maybe another one around P&C, definitely seems like you guys have been hinting to that for a couple of quarters now but it definitely feels like you're leaning into that more aggressively, both organically and perhaps inorganically. How are you thinking about the risk that brings to the BN platform as a whole, obviously quite different than the annuities business.

And when we think about the opportunity that, that creates for BAM as far as incremental assets that could be managed or fall under the IMA, what would be the implications for the management fee business?

**Sachin Shah, Chief Executive Officer, Brookfield Wealth Solutions**

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I'll start with just the balance sheet of the P&C business. As you know it's a lower leverage business. So I think it requires capital to grow, but you don't get the same operating leverage as you do in an annuity business. And for that reason, you don't get the same projected assets going over to BAM. That being said, our annuity business is very large, it's global, and we really have focused the last five years on scaling that. So we have a regular flow of capital coming into the group.

On the P&C side, the real benefit for us is there will be times where that business, we see opportunities to drive our funding cost down because we can move into parts of the protection market that don't have as much competition. And remember, the annuity market today is very competitive. All of our peers are in that space. Many small asset managers have gone into it and all the incumbent insurers are very aggressively growing their retirement business as well. So it was prudent for us to build other levers to drive funding costs down and to be able to allocate capital in parts of the business that have less competition.

**Alexander Blostein, Analyst, Goldman Sachs**

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Second question for you guys, maybe pivot to real estate. The fundamentals in the business look like continue to improve. If we look at NOI, FFO, any of the metrics you guys put out, looks like it's been a nice improvement over the last couple of quarters now but help us maybe unpack what's been driving that? And within that, I believe there's quite a bit of floating rate debt that still benefits the cash flows of your real estate franchise. Maybe help with some sensitivity around kind of, I don't know 25 basis point cut in rates, how much does that impact the cash flows across the entire BPG real estate.

**Nick Goodman, President**

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Alex, listen, I think we've talked at length about the fundamentals and the market dynamics going on in global real estate right now, and they are continuing to build momentum, and I'd say that's across the highest quality office and retail. If you look at the office markets in global gateway cities, there is very low to no new supply coming on market. New supply is not expected in large scale anytime soon, and yet tenant demand continues to grow.

We've seen that inflection point in that business in the last couple of years, this year, accelerating still going on with a number of tenants. We're actively engaged with who have very large requirements for high-quality space. We signed two of the largest leases in downtown last year, I think this is the largest ever move of a tenant in the downtown core or definitely for some time into a trophy building and we can see that momentum continue.

Look in London, one of the tightest markets globally, now setting record rents with each lease we signed in the city, tenant demand in Canary Wharf, the strongest we've seen. So those are the underlying drivers for the growth in the NOI in office. Now as we move those tenants in and we vacate space, it takes time to come through the numbers, but the underlying momentum and the valuation appreciation is coming through the numbers and in retail the sales continue to be very strong.

We have a very strong seasonal performance in our assets this year, strong total year, and again, expect sales growth this year with strong tenant growth. And all of these assets continue to sign leases at very strong positive spreads to the leases that are expiring. So that's driving the NOI growth, and we see that trend continuing.

The capital markets are incredibly supportive of these assets. We just completed a financing in downtown New York last week and the debt stack was 10x oversubscribed up and down the stack. So the capital markets are incredibly constructive. We continue to drive in spreads. So that's driving the NOI performance.

On the FFO, you're right. We have some floating rate debt. We're probably right now about 75% to 80% fixed rate. But that floating rate movement, 25 basis points, it's probably roughly about \$35 million to FFO on an annualized basis. But I'd say there's more going on than just rates coming down. We have the benefit of tightening spreads, and we have the benefit of some delevering come through the P&L. So I think the FFO trajectory continues to look positive from this point forward.

### **Operator**

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Our next question comes from the line of Michael Cyprys with Morgan Stanley.

### **Michael Cyprys, Analyst, Morgan Stanley**

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I wanted to ask about BWS. I heard the helpful commentary around some of the initiatives globally. I was hoping maybe we could double click on Asia. And if you could maybe elaborate a bit on some of the steps you're taking to grow your footprint in Asia, what we can expect from Brookfield here in '26 and over the next couple of years?

I think you mentioned a pipeline. Can you just elaborate on that pipeline, what that looks like? And then in Europe, as we move past the just deal, and we look out to later this year into '27, can you speak to some of the stuff that you're going to be taking to capture the opportunity set in Europe?

### **Sachin Shah, Chief Executive Officer, Brookfield Wealth Solutions**

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Sure. It's Sachin here. So first on Japan, I would say we've been pretty active for the last three years in the Japanese market with teams on the ground focused on relationship building, leveraging the broader Brookfield brand. And as you know, there has been a pretty steady history of Japanese insurers undertaking reinsurance with foreign counterparties. And we've been able to build trust. We've been able to get onto the list of acceptable counterparties. We completed our first deal as we've announced last year with Dai-ichi Frontier Life. I would say we now have strong relationships with half a dozen of the top insurers in Japan, all of whom are advancing discussions with us about entering into partnership deals on both flow and in-force reinsurance. Not all of them will hit, but we expect a number of them will. And we feel pretty good that we will have just a recurring steady flow of reinsurance relationships in the country.

Beyond Japan, we're actively looking at markets like Korea and Hong Kong, Taiwan, where you have a similar savings dynamic that's occurring and aging populations that really aren't earning a proper yield in their savings products and look to insurance products to supplement returns for themselves. And I would say we're actively conducting outreach in those markets as well looking to build on our pipeline.

Europe, I would say, is a bit more of a challenge. We've spent a lot of time in Europe. On the annuity side and on the protection side. But I would say on the annuity side, the market there is much more regulated around what's called the with-profits business. And what it effectively means is your ability to generate spread is very limited by regulatory constructs. So I think if we're going to advance our business in Europe, we're going to do it very slowly,

very carefully and make sure that we don't end up in a situation where the things that were good at Brookfield investing into real assets are not able to be done, that would be problematic for us.

**Michael Cyprys, Analyst, Morgan Stanley**

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Great. And then just a follow-up question, if I could, on carry. I was hoping you might be able to help how are you characterizing the outlook here for carry into '26 relative to '27?

**Nick Goodman, President**

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Thanks, Mike. So, I think we had a good performance in 2025, probably slightly ahead of plan for the year. And I know we've talked in the past about seeing an inflection point coming this year. The pipeline for monetizations continues to be very strong, as we look out this year. And I'd say it's active in the right areas as it relates to carry. It's active specifically in the funds that are relevant for realizations across infra, real estate and within Oaktree. So I think we feel good about where we are today.

Obviously, we feel very good about the valuation of the assets we're bringing to market. Timing is slightly outside of our control. But if we had to estimate, we think we'd see it start to step up in the second half of the year and then continue to scale into '27 and '28, as we've talked about before. So the valuations are good. The processes are going. The pipeline is strong, and it just depends on timing now.

**Operator**

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Our next questions comes from the line of Mario Saric with Scotiabank.

**Mario Saric, Analyst, Scotiabank**

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Just wanted to talk about the dividend increase – the 17% was the largest in some time, kind of double 5-, 10-year CAGRs, the largest of the booked publicly traded companies this year. I'm pretty sure it's not a result of lack of investment opportunities as we're hearing on the call. So I'm curious whether the increase is kind of a shift in dividend growth policy that better mirrors expected underlying cash flow per share growth going forward?

**Nick Goodman, President**

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Yes. Mario, it's Nick. No. I think it's more simple than that. We, obviously, split the shares. And at BN, we haven't done sort of fractions of a penny increases. So we stuck with a penny. The payout ratio is still very low, as you know, so whilst it looks like a high increase on paper and it is a nice increase, the payout ratio is still very low and it's not a change in strategy. We still are focused on reinvesting capital back into the business. When we return capital to shareholders, we look to do it opportunistically through buying back shares. So I don't think it's a significant change in strategy. It's more a product of the fact that we split the shares last year.

**Mario Saric, Analyst, Scotiabank**

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Okay. Makes sense. And my second question, in the letter to shareholders, you talked about identifying fees that enable investment growth. You've talked a lot about digitalization, decarbonization, and deglobalization have maintained over the past decade, associated with your commentary about the need of an organization to evolve over time. If you have to guess, what are some themes that you may be discussing at your Investor Day five years from now that may or may not be ticked on what you're talking about today.

**Nick Goodman, President**

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Listen, I think the themes that we have today have a long runway ahead of them. We are in the very early stages of the build-out of supporting the growth of AI and this revolution. And I think the themes will still be anchored by the same fundamental principles. They're anchored today by the same principles we were talking about 10 and 15 years ago. So it's very hard to predict exactly what we'll be talking about five years from now. But I think it will be anchored on the same core fundamentals, but we do expect a very long runway from the current themes that are driving the growth of the business.

**Operator**

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Our next question comes from the line of Jaeme Gloyn with National Bank.

**Jaeme Gloyn, Analyst, National Bank**

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Just a quick question on the North American residential portfolio. Just looking at the operating FFO this quarter, stepping up from Q3. Was there any increase in activity on sales this quarter versus the prior quarter? Or is that just more reflecting some of the seasonality in the business?

And then kind of maybe talk through some of the outlook around that portfolio into 2026?

**Nick Goodman, President**

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Yes. It's very much due to seasonality. The best way to analyze the performance of that business would be comparing the quarter performance for the prior year quarter as opposed to the prior quarter. There tends to be seasonality and strong performance in Q4. And when you look at it compared to Q4 of last year, we did have a one-time gain on a sale of a large lot. So there is an outsized gain in last year's numbers. I think that the trend in that business continues to be what we've talked about for a while. It's a very well-performing business for us, very well run, generates good cash flow. But for sure, we are seeing muted activity in the housing markets in Canada and the U.S. for now.

We expect that over time the performance will improve as we see a shortage in housing, and we are very well placed with a very nimble platform and if you think back to Q1, we did derisk that investment by pulling out \$1 billion of capital by exiting a few of our master planned communities, and we've positioned that more as an asset-light business now, and we continue to scale the land servicing and land management businesses for our clients, generating fees for Brookfield Asset Management. But I think as we look forward, we do see sort of muted performance at the start of this year, but very well positioned to benefit when the market improves.

**Jaeme Gloyn, Analyst, National Bank**

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And then following in the same theme around the real estate assets, if I kind of go back to a couple of Investor Days, the view would be that real estate assets would sort of decline through the 2029, 2030 period. But we've kind of seen that tick up over the last several quarters. So I guess is that a reflection of just paying out of the assets for now until better monetization opportunities present themselves?

And do you see that sort of accelerating in the early part of the year, second part of the year? Or is it maybe more of a '27 story when you see that start to unfold and see the capital levels start to drift lower?

**Nick Goodman, President**

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Yes. Listen, I know I'm going to say that we've necessarily been aggressively acquiring as in stepping up from acquisition, but we have, obviously, been holding on to the assets. We've been focused on operational improvement and performance. We've seen that. And as I said, the operating fundamentals have been strong for a while now and that growth is only accelerating. Capital markets get stronger by the day. And I think we are seeing market sentiment and broad market sentiment out of those really involved in the business day to day really start to appreciate what's going on in the office market and the durability of high-quality office in the cycle and in long-term growth.

I think as that sentiment and acceptance broadens, you're going to see transaction activity really pick up. We've seen it more broadly for real estate businesses that we sold last year around the world, and we expect it to pick up for high-quality assets. The exact timing is always as hard to give you, but I do think it's close to coming back in a meaningful way. And when it does come back, we will be poised to monetize a number of assets in the portfolio.

**Operator**

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Our next question comes from the line of Cherilyn Radbourne with TD Cowen.

**Cherilyn Radbourne, Analyst, TD Cowen**

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Thanks very much. And good morning. With respect to the plan to merge and BNT, if I recall correctly, there were some tax advantages associated with the holding BNT. So I'm curious if losing those is effectively the cost of simplification.

And to the extent that these were just paired securities, maybe you can elaborate a little bit more on how the insurance business was not previously benefiting from a full capital base of Brookfield.

**Nick Goodman, President**

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Cherilyn, it's Nick. Listen, I think we will be very focused as we work through this process over the next 12 months of preserving and maintaining all the operational benefits we have in the business. So you can be assured that we're focused on preserving that.

I think today that it's a paired security but it is technically under insurance, a separate ownership structure. So while per security, the ownership chain is slightly different. So as we have looked to capitalize BWS since inception, it has involved us actually moving capital over the business of the BN balance sheet. And I know that's a subtle difference, but having them under the single ownership will allow us to put the business under the total capital base of the organization. So it's a slight structural nuance. It served a lot of benefits as we've grown the business from inception, but there is a clear benefit now to putting them together and realizing that full potential.

**Cherilyn Radbourne, Analyst, TD Cowen**

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Okay. That makes sense. And then a question on BWS and the reallocation of the flow to BAM managed strategies. I think you reallocated \$13 billion in 2025 versus annuity inflows of \$20 billion. So I assume that still results in some timing-related pressure on the spread.

Does that \$13 billion need to step up in 2026? And can it step up, as BAM holds first closes on three large flagships?

**Sachin Shah, Chief Executive Officer, Brookfield Wealth Solutions**

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Cherilyn, it's Sachin. So first, the \$13 billion that we invested into BAM strategies, that represents the illiquid private portion of our total asset base, which today is about 50% liquid, 50% private, and we'll stay in that range. So I would say, in fact, as we've been rotating the asset portfolios from companies that we've acquired, we're exceeding our 50% target because we started with a very large liquid base of assets. So as money comes in, you should think of it that in general, half the money will stay in liquid cash and liquid securities and half the money will go into Brookfield private fund strategies or other opportunities that come into the Brookfield investment universe. So I'm not worried that we won't be able to keep pace. In fact, we've been exceeding the run rate pace that we need to achieve.

**Cherilyn Radbourne, Analyst, TD Cowen**

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Okay. So if I understand that correctly, basically \$10 billion of the \$20 billion should have gone into private strategies. So the \$3 billion is kind of a catch-up on the liquidity that you had entering the year. Is that a good way to think about it?

**Sachin Shah, Chief Executive Officer, Brookfield Wealth Solutions**

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Yes. That's correct. If you were to keep it very simple, that's the correct way to think about it.

**Operator**

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

**Sohrab Movahedi, Analyst, BMO Capital Markets**

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Okay. Sachin, I wonder if you could just unpack something you said a little bit earlier in I think in response to kind of managing the cost of funds you were talking about having the flexibility or the ability to kind of allocate capital to the lowest kind of cost of fund I guess jurisdictions to generate the returns. When I look at your cost of funds throughout the year, presumably, you've been doing that. So is this as good as it gets, or can cost of funds come lower from here? And how quickly can you pivot from one jurisdiction to another in the capital allocation?

**Sachin Shah, Chief Executive Officer, Brookfield Wealth Solutions**

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Sohrab, so first of all, it's not as good as it gets. I think there's always room to do things better in a business. I think Japan, in general, is a low funding cost market. So as we build out there, that should help us drive our funding cost down. The P&C business is when run well and you saw it in this year's results, we had zero cost of funds. So they meaningfully drive down your funding cost. And as we grow both of those areas of the business, you should see that help drive the weighted average cost of funding down.

In terms of the speed at which you can move, we're in the market every day. We have products that get repriced on the annuity side monthly. And so, we can pull back pretty quickly. Pension markets are bid on as individual transactions. And when they get too expensive for us, we pull back on bidding on them. And P&C float has a shorter duration. So you can quickly shrink your book if you feel like the markets there are either softening

too much or there's too much capital chasing deals. So for us, it was important to have that level of diversity, and we think we can be pretty nimble.

**Sohrab Movahedi, Analyst, BMO Capital Markets**

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Okay. That's excellent. And given that flexibility and nimbleness, is it aspirational of me to think you could move that 15% ROE higher? Or is that 15% target given everything you just said?

**Sachin Shah, Chief Executive Officer, Brookfield Wealth Solutions**

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The way I would look at it is, we are trying to maintain a pretty conservative balance sheet. We're trying to keep leverage levels low, and we're trying to keep capital base high. All of those things go against higher returns, as you can imagine, but they lead to a safer balance sheet and a higher quality of earnings. If you couple that with our investment strategy and our ability to drive funding costs down, that's why we say mid-teens is our target. If we ran at the same operational leverage as maybe some of our peers in the space, the returns would be higher, but we would be taking more risk to do so. So I would look at it as if we're trying to build a business for a very long-term horizon, we're trying to do so where we've got a lot of excess capital, and we're pretty comfortable that mid-teens is just a good target for us to maintain.

**Operator**

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That is all the time we have for question and answers today. I would now like to turn the call over to Ms. Katie Battaglia for closing remarks.

**Katie Battaglia, Vice President**

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Thank you, everybody, for joining us today. With that, we'll end the call.

**Operator**

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Thank you. This concludes the conference. Thank you for your participation. You may now disconnect.