

Brookfield

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Corporate Speakers:

- Suzanne Fleming, Brookfield Asset Management Inc., Managing Partner
- Brian Lawson, Brookfield Asset Management Inc., Managing Partner, CFO & Director
- Bruce Flatt, Brookfield Asset Management Inc., CEO, Managing Partner & Director
- Sachin Shah, Brookfield Asset Management Inc., Managing Partner and Head of Renewables Business

Participants:

- Cherylyn Radbourne, TD Securities Equity Research, Analyst
- William Katz, Citigroup Inc., Research Division, Managing Director
- Robert Lee, Keefe, Bruyette & Woods, Managing Director
- Mario Saric, Scotiabank, Research Division, Analyst
- Andrew Kuske, Credit Suisse, Research Division, Managing Director

PRESENTATION

Operator: Good day, ladies and gentlemen and welcome to the Brookfield Asset Management Second Quarter 2019 Results Conference Call & Webcast. At this time all participants are in a listen-only mode. Later, we will conduct a question-and-answer session and instructions will follow at that time.

(Operator Instructions)

As a reminder, this conference call is being recorded. I would now like to introduce your host for today's conference, Ms. Suzanne Fleming, Managing Partner.

Suzanne Fleming: Thank you, operator, and good morning. Welcome, everyone, to Brookfield Second Quarter 2019 conference call. On the call today are Bruce Flatt, our Chief Executive Officer and Brian Lawson, our Chief Financial Officer as well as Sachin Shah, Managing Partner and Head of our Renewables Business.

Brian will start off by discussing the highlights of our financial and operating results for the quarter, followed by Bruce who will give an update on our business. Finally, Sachin will give an update on our efforts to grow our solar power business.

After our formal comments, we'll turn the call over to the operator and take analyst questions. In order to accommodate all of 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.

We'd like to remind you that in responding to questions and in talking about 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. law. 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 future events 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. Thank you and I'll now turn the call over to Brian.

Brian Lawson: Thank you, Suzanne. And good morning to all of you on the call. So, let me start off by saying that we are very pleased with the results for the quarter. Our asset management business reported particularly strong results led by fundraising within our private funds and this led to a 33% increase in fee related earnings prior to performance income.

As well acquisitions and organic growth contributed to strong operating performance within our underlying investments and our listed partnerships. Together funds from operations, or FFO, totaled \$1.1 billion or \$1.09 per share and net income with \$704 million or \$0.36 per share attributable to shareholders. Cash available for distribution and/or reinvestment was \$599 million for the quarter, \$2.5 billion over the past 12 months.

So first I will touch on the results of our asset management business. This, as you know, includes our fee related earnings and carried interest. Those fee related earnings were \$263 million in the quarter. Before performance fees, as I've mentioned, that's a 33% increase over the prior year quarter and that reflects a similar increase in the amount of fee bearing capital.

We did record some significant performance fees last year, so this growth is not evident in the total FRE but does represent very strong growth. And this is pronounced by or reinforced by the fact that our annualized fees and target carry have also increased by 33% from this time last year. So, this positions us very well going forward.

A big part of driving that was we added \$35 billion to fee bearing capital over the past 12 months. This includes \$27 billion of net private fund inflows as we are in the midst of raising our current vintage of flagship funds and as well, we continue to build out newer product offerings. It also reflects the increase in the capitalization and the distributions at our listed partnerships.

Going forward, we expect continued growth in fee related earnings. We will benefit from full period contributions from the latest round of flagship fundraising and subsequent closings as well as additional fee revenues from the capital issued last year by BPY in association with the privatization of its retail business in August of last year. These fees will turn on late in the third quarter and we'll see a full quarter of contribution starting in the fourth quarter.

With respect to carried interest, we recorded \$190 million of realized carry in our FFO this quarter. This is the amount that became no longer subject to clawback during the quarter largely as a result of asset dispositions in our fourth flagship private equity fund, as well as our first flagship real estate fund which locked in these values.

Over the past 12 months, we've recognized \$536 million of carried interest into income and we expect to recognize additional carry from both these funds in the second half of 2019 and the first half of 2020 as we continue to complete asset realizations. Turning to invested capital, including disposition gains, FFO from this source in the quarter was \$405 million.

FFO growth across the listed partnerships was strong. We benefited from new investments within the businesses as well as same-store growth and development within the existing businesses. This was partially offset by FFO reductions from some directly held investments that are more cyclical or variable in nature, so this was not entirely unexpected.

Disposition gains in FFO totaled \$303 million in the quarter. This represents our share of gains on the sale of several investments across portfolios. Dispositions included the sale of our interest in a residential management services company, facilities management services business and our executive relocation services businesses.

Over the past 12 months, we generated over \$2.5 billion of cash available for distribution and/or reinvestment as I've mentioned earlier. This cash flow supplements our core liquidity at the BAM level. Overall, liquidity stands at nearly \$50 billion. This includes \$14 billion of core liquidity across Brookfield and the listed partnerships and \$35 billion of uncalled private fund commitments.

We continue to look for opportunities to deploy this capital, but at the same time we continue to focus on maintaining elevated liquidity so that we can continue to invest opportunistically and across any point of a market cycle. So finally, and before closing I'm pleased to confirm that our Board of Directors has declared a \$0.16 quarterly dividend per share and that's payable at the end of September.

And so, with that, I will hand the call over to Bruce. Thank you very much.

Bruce Flatt: Thank you, Brian. And good morning, everyone. As Brian noted in his remarks, fundraising and deployment during the second quarter continued to build on the momentum that we saw at the start of 2019. And with interest rates globally heading lower over the last six months, we expect that this will continue to accelerate. This situation comes into our results in two ways.

First, with the 10-year in the U.S. now at 1.7% and negative out to 30 years in Europe and Japan. I'm going to say that one more time, negative out to 30 years in Europe and Japan. The value of assets should be rerated to higher values in that environment.

Second and in addition, our clients likely need our services even more and if we have seen the high point in rates during this cycle. This should be very positive for our overall business.

In May, we held the first close of our latest flagship infrastructure fund for \$14.5 billion. On the first close, this fund is now larger than its predecessor and we expect to close on additional funds later this month with more closes through the remainder of the year. We are confident that this will be the largest fund we've completed to date and one of the largest infrastructure funds globally raised. Our private equity flagship fund also closed on new commitments this quarter and today stands at over \$8 billion twice the size of its predecessor.

Together with our latest flagship real estate fund to close this past January and co-investment capital committed to date this year, we have raised over \$40 billion in this round of flagship fundraising and it will end up being plus/minus \$50 billion by the time those funds are complete. In our non-flagship fund strategies, we're also seeing significant traction.

Last month, we held the first close of our special opportunities program, raising a total of a billion dollars in capital. This program allows the flexibility to invest across a wide range of opportunities beyond the scope of existing mandates we have in funds. We expect the robust fundraising environment to continue to remain strong.

As I stated, low interest rates in the U.S. and in other markets continue to make our real assets strategies. One of the few places investors can look to earn a decent yield. Despite the record level of capital though flowing into funds of ours and others, we are finding no shortage of opportunities to continue to deploy this capital at attractive returns. The global business environment continues to be constructive despite many political distractions.

Our businesses are doing well unlike what one would expect by merely reading the newspaper. The outlook for our business for the remainder of 2019 is strong. In fact, we have not seen a bigger disconnect between the organic level of activity going on around our businesses and the uncertainty and weariness that one sees in the media for a long period of time.

Specifically, on across the globe, the U.S. economy is slowing but is still good. Europe is decelerating, but has come far from where it was a few years ago. In the United Kingdom we are

seeing strong levels of activity around our GDP sensitive businesses. Brazil has stuttered a little, but with pension reform tailwind, business investment should start to recover. Asia is being hit with export slowdown but will still grow at very strong rates on a relative basis.

Finally, India's growth is strong meanwhile corporations are severely constrained for capital with what's going on in the lending markets of the country. This is leading to opportunity for us. During the quarter, we were active in deploying capital across a number of geographies. Our private equity business closed on the acquisition of Healthscope, one of the largest hospital groups in Australia.

Our infrastructure business announced the acquisition of one of the two mobile phone and internet providers in New Zealand as well as the acquisition of a portfolio of 120 shortline railroads predominantly in North America. In our power business, we announced the acquisition of a 50% interest in a solar development business in Spain.

Despite good levels of investment, we still have nearly \$50 billion of liquidity across the business available to deploy globally. We intend to maintain these levels of capital while continuing to judiciously invest capital as we find opportunity. It's important to note that over and above the capital raised in funds, we also generate significant internal liquidity on our balance sheets.

Over the last 12 months as Brian stated, we generated over \$2.5 billion of free cash flow that is more than double what it was five years ago, and it should double again over the next five years. Overall, combined with our partnerships free cash flow, we generate approximately \$6 billion of cash flow annually from internal sources to be distributed or used in the operations and this number continues to grow.

You have heard increasingly from us on the growing free cash flow at Brookfield Asset Management, this is a key measure in our business and of important focus to us as it is the cash that we can utilize for new investments or distribute back to shareholders in the form of dividends or share buybacks. If we execute on our business plan as laid out at last year's investor day and in our recently filed prospectus, our free cash flow should double again by five years from now to more than \$5 billion on an annual basis. If you look at where our market capitalization today is that implies about 11% free cash yield.

Lastly and before turning it over to Sachin, on the topic of Oaktree, as you may have seen from various public filings the deal continues to progress as expected. We continue to target a closing in the third quarter of 2019 which I would add is very soon from now and we look forward to providing you a further update on Oaktree and our plans for that business at our upcoming investor day in New York on September 26.

With that, I'll pass the call to Sachin who will speak more about our solar power business.

Sachin Shah: Thank you, Bruce. And good morning, everyone. Today, I'd like to speak to you about the growth of our solar business which started two years ago with the acquisition of the TerraForm companies and today represents approximately 9,000 megawatts of operating and development assets and over \$5 billion of invested capital globally.

Solar has undergone a significant transformation. A decade ago, we were at the start of the decarbonization of global power grids where environmental regulation was pushing out traditional forms of generation like coal in favor of new renewable technologies. However, during this time, solar and wind remained highly reliant on government subsidies to be economically viable.

In turn, these subsidies drove an inflow of capital into the sector from financial investors who pushed valuations and corresponding leverage to excessive levels as the asset class was viewed as a proxy to government bonds. During this period, we remained patient and looked for an entry

point into the sector that could leverage our operating capabilities and global presence rather than competing for low returns.

In 2017, the bankruptcy of SunEdison, at the time the largest developer of solar globally, presented such an opportunity by taking an active role in the restructuring of SunEdison we were able to acquire for value two portfolios that included 1,500 megawatts of recently constructed contracted solar assets. As part of the restructuring, we privatized the emerging markets portfolio while keeping TerraForm Power publicly traded.

At TerraForm Power, we have taken a number of steps to drive value from the existing portfolio. We stabilized the business by inserting our own operational teams, improved asset reliability and have driven over \$30 million in annualized cost savings. We've also been working to fix the balance sheet by reducing leverage, improving covenants and increasing liquidity.

As a result, since our acquisition, TerraForm Power's credit rating has been upgraded by three notches. We have reduced corporate leverage by nearly \$400 million, increased debt term by over two years and combined with growth we have delivered a 34% annualized return to shareholders.

Recently, we announced two initiatives that demonstrate the next avenues of growth for our business. In July we formed a joint venture to own one of the largest solar developers globally with an operating and development pipeline of over 6,500 megawatts of utility scale solar. We believe development has hit an inflection point where declines in build costs have allowed subsidies to be almost entirely phased out.

This environment should favor investors like ourselves who can surface value through efficient operations, scale procurement and capital efficiency. We also announced the acquisition of a 320-megawatt distributed generation, effectively rooftop solar, business in the United States. We continue to believe that localized forms of generations such as rooftop solar and micro grids will offer customers meaningful optionality to service their electricity requirements in the future.

We have now assembled one of the largest distributed businesses in the U.S. with over 250 creditworthy customers and 15 years of long-term power purchase agreements. The opportunities for us to use our scale and provide additional energy related services to our clients should provide added growth as this sector evolves.

Finally, as part of our global growth efforts, we have expanded the business into India and China and are actively building wind, solar, distributed generation and development capabilities in these markets as strong GDP growth is driving increased power demand and the need for new renewable supply. We have an active utility scale business in India with over 600 megawatts of wind and solar and believe that the significant support for renewables from the federal government and state utilities combined with distress in the banking sector will allow us to invest in that market on a value basis.

In China, the country continues to industrialize while transitioning away from coal. Accordingly, we have over 400 megawatts of operating wind and solar and are advancing the build-out of an additional 300 megawatts of distributed rooftop solar over the next three years. Over the last decade, decarbonization has emerged as a global theme and has resulted in significant disruption and opportunity in the power sector. We have used this period to build one of the largest renewable businesses in the world with investing in operating capabilities across multiple continents and technologies.

Looking ahead, the transformation of global power grids is still in its early stages and will require an enormous amount of capital over multiple decades. Solar will play an important role in this transformation, and we are positioning ourselves to be able to meaningfully participate in that growth on a global basis.

And with that, I'll turn the call back to Bruce.

Bruce Flatt: So, operator, I think we will take questions now, if you could do that.

QUESTIONS AND ANSWERS

Operator: (Operator Instructions). Our first question comes from Cherilyn Radbourne with TD Securities. Your line is now open.

Cherilyn Radbourne: Thanks very much and good morning. So obviously the flagship fundraising has been very strong over the last 12 months, but you've also raised, I believe, \$3 billion for perpetual or long-life strategies. So, I was wondering if you could comment on how much perpetual capital the company is currently managing and if you look out how big do you think those long-life strategies can become relative to the flagship strategies.

Brian Lawson: Yes, it's about \$5 billion sitting here today, Cherilyn.

Bruce Flatt: And Cherilyn, I would add just on the future that these are ideal strategies for owning long-term assets which may not otherwise have the upside to earn 15% or 20% return, but can earn a solid 7%, 8%, 9%, 10%, 11% return over very long durations and not have a lot of risk with them. So, we think these are ideal assets for institutional investors and therefore the long-dated product is going to continue to grow significantly. And I think we stated before that it could be \$50 billion in each of our businesses and I think that's probably an understatement in the longer term if we do our job right, because some of these are great assets which you should hold for long periods of time.

Cherilyn Radbourne: And maybe just as a quick follow-up, would you expect client appetite for those strategies to be particularly sensitive to the latest move in global interest rates?

Bruce Flatt: Look, I think we've always stated that the strategies that we deploy are fine, the way we're running them today as long as global interest rates – the 10-year Treasury isn't at 5% or 6%. If the global Treasury, U.S. Treasury is at 5% or 6%, people may look to differentiate and invest just into treasuries as opposed to some of the things they're doing with people like ourselves.

I don't think people expected that interest rates were going to trend upwards from 2% and now that they've trended downwards and it looks like globally that's going to be going on for a while, I'm not sure that that's been factored into the marketplace yet, but I think it will come if this phenomena is for real.

Cherilyn Radbourne: And then last one for me, I just wonder if you could give us a bit more color on the new special opportunities fund and where that sits on the risk-return spectrum and how its investment mandate compares to those with the flagships?

Bruce Flatt: So just for everyone's benefit, we created a program called special opportunities and it captures investments that lie outside the areas from which our funds invest into. So, most of our strategies are, for example, control investing, so there may be situations where it's not controlled but we think it's an interesting opportunity and someone brought us in and therefore we may invest out of that.

The funds could be deployed across the risk reward spectrum, so some returns could be in the low teens and some are opportunistic returns. They just don't fit the mandates of our flagship strategies.

Cherilyn Radbourne: Thank you. That's all for me.

Operator: Thank you. And our next question comes from Bill Katz with Citigroup. Your line is now open.

William Katz: Okay, thank you very much for taking the questions this morning as well. Maybe Brian I'll start one with you, as you think about the base fee rate. I was wondering how that might look as you go out over the next three to 12 months. Maybe you could break down your comments between the asset management business and listed partnerships.

Brian Lawson: Sure. So, I think a big part of it will depend on the mix of where the growth comes from and as you know each of the different strategies has a different fee rate associated with it. In general, there's not a huge difference between overall the fee rates that we earn on the private funds and the fees that we earn on the listed issuers. But the fees that we would earn for certain core and credit products will be a little bit less than that.

And so really, it's going to evolve the mix of it and the overall weighted will depend on that. Having said that, I'd say for the foreseeable future, the growth is going to be skewed more towards the private funds like the flagship funds and the listed issuers because as you know we're building from a slightly smaller base on those core funds. We still see, as Bruce mentioned, a lot of growth from that over time. But the larger piece of it right now still is the listed issuers in the private fund. So, it'll be very much mixed focus, so hopefully that's somewhat helpful to you.

William Katz: Okay, thank you. And just as a follow-up, I think you've mentioned in the prior calls that you're on pace for this year for about a billion dollars' worth of gross realization. I was just sort of wondering if you can give us an update. I think you've mentioned in your prepared comments that you sort of expect this and continue to see that in the second half of the year, but is it still expected to be about a billion or so this year and then appreciate you give a little disclosure in terms of the array of timelines as you look over the next five years. But how do we think about the outlook for 2020 or even 2021 in terms of pace of realizations.

Brian Lawson: Yes. So, I'm not sure we've really said that much publicly about '20 and '21, although I think you can glean from our supplemental where we do break out in terms of the carry that we've got accrued up to date. And when the lifespan of those funds take place and of the \$2.5 billion, there's a billion or so that's over the next three years and then a billion in years four to seven.

So in terms of going back to the opening of your question in terms of what we've originally mentioned earlier in the year which is up to a billion dollars this year, we've achieved a fair bit of that and we still expect to see more carry coming in over the balance of the year. Again, we're going to be disciplined and opportunistic because it's driven by monetization events and ideally we'll get it done before the end of the year and if circumstances demand it we'll shift it into the first quarter, if we think that'll get a better outcome overall.

William Katz: Thank you.

Operator: Thank you. Our next question comes from Robert Lee with KBW. Your line is now open.

Robert Lee: Hi. Good morning. Thanks for taking my questions. Maybe just following up on Bill's with thinking about incentives on carry realization. When you look at the accrued carry balance, I mean obviously you've had a bunch of realization so that it pulls out, but it feels like it's been kind of roughly flat from last year or so, since its underlying performance has been pretty good, so is it really just the phenomena of the realizations has become more or less offsetting kind of what's flowing in from performance, or is there anything else we should be thinking about, because the

balance has been pretty flat considering all of the capital you have at work and the underlying performance?

Brian Lawson: Yes. So, I'll make a couple of comments on that Robert. So just in terms of your comment that it was sort of flat, I mean, rough numbers we're standing at about \$2.5 billion we took \$500 million out and it stayed relatively the same. So that's about 20% growth, if you factor in the drawdown there.

Robert Lee: Yes.

Brian Lawson: The last quarter in terms of the actual amount generated was pretty flat. As we mentioned, we had some good progress in a couple areas and that was offset with little softness in another area. Overall, we still see ourselves on track in terms of hitting or exceeding the target returns across the board.

The other comment I would say and you can see this with how we lay out carry evolving over the next eight or 10 years both in terms of how its generated and how its realized is as you know there is a bit of a – well, it's the J curve for lack of a better word. And given that a lot of the capital was raised quite recently, it does take time to put it to work and to get yourself into the upward slope of the J curve where it really starts to build in a meaningful way and that does tend to be back ended even on the generation side, let alone on the realization side.

So again, we still see everything tracking really nicely and I'd say what you pointed out is not to be unexpected given the growth cycle and the stacking of the funds with the more recent raises.

Robert Lee: Okay, great. And then maybe going back to fundraising question, and I apologize if you had maybe touched on this earlier, as you come towards the end of this robust fundraising cycle infrastructure nearing its end, PE pretty much at its end, how do you think of the fundraising capacity of the business when you're not out raising flagship funds? I mean do you think of it that we're set up to currently current generation funds raised, \$10 billion annually, \$15 billion, I mean, how do you think of kind of the ongoing fundraising capacity outside of fund flagship products?

Bruce Flatt: It's Bruce and I would just make two comments and Brian may add something. The first one is that our real estate fund is 50% invested and our infrastructure fund, while we're just closing, it is coming on 50% invested. So, by the time you end, you're a large way through. So firstly, the follow-on funds come relatively quickly afterwards, that's the first comment, I would make.

The second one is we have a lot of other products which we offer our clients and perpetual products, which are ideal in this rate environment and continue to be raised all of the time. So we're always out talking to our clients with some form of product to be able to offer them. But there's no doubt during some years when a few of these funds all hit at once, fundraising is in greater amounts than other years.

Robert Lee: Great. And then if I could, just one last quick question – really a type more of a reporting question when you started to put a bit more focus on cash available for distribution, if I look at many of the U.S. peers who have all moved to a DE number, really essentially cash available for distribution. Why not make that kind of more of the central focus for BAM and kind of align you with, at least, with some of the public alternative manager peers are doing?

Brian Lawson: Yes. That's a great question, Rob. It's something we're spending a whole lot of time thinking about given the shifts in how a number of our peers have moved their disclosure away from the ENI and more towards the DE. We started to talk about the cash available for distribution a while back in our last investor day a bit beforehand.

And a lot of that goes to what Bruce was talking about because what that means for us is the amount of cash that's building up in BAM is getting generated each year at the BAM level that's available for reinvestment or for distribution as the term suggests. So, it's a really key metric for us. Having said that, we do also want to make sure that we're positioning ourselves well so that people can assess our performance in the broader context of our peers, but also make sure that it is the right metric that reflects our business as well.

And we are a little bit different with the size of our balance sheet and so we want to be mindful of that. Anyway, to wrap that up, I'm sorry for a bit long-winded there, but it's something we're spending a lot of time on and we'll be thinking about our reporting metrics going forward, probably after thinking about that more into Q4 and maybe into the new year.

Robert Lee: Great. I appreciate you taking my questions. Thank you.

Brian Lawson: Thanks.

Operator: Thank you. And our next question comes from Mario Saric with Scotiabank. Your line is now open.

Mario Saric: Hi, good morning. Just dovetailing on, I guess, Bruce, your comment on to the flagship funds being 50% deployed already. One in particular before, I believe, you started fundraising in October of last year, so it's been a very, very quick pick up. How would the pace of deployment in those two funds compared to expectations kind of going into the fundraising and would anything out there change the historical target of commencing another fund when the previous one is called 75%, 80% committed?

Bruce Flatt: Yes, I'll answer that question. First, I say that our documents like most funds allow for us to start fundraising when you're 75% invested and we would expect to do that. I guess our pace of how we invest sometimes is just because we find opportunities. We come along to meet our thresholds and partly we're watching what the environment is.

And I'd say the last six to 12 months even despite the environment that's been out there where a lot of people would say, and it probably is true is that valuations are high in many places. There seem to be missed valuation in other places if you have the right capabilities. And so, we've been able to find a number of opportunities to put money to work.

Mario Saric: Okay. And my second question is somewhat related. It's a bigger picture one and always talked about. I'd say it's safe to say for the past couple years Brookfield talked about why rising interest rates are good for business which I've interpreted to mean that a good economy is good for your underlying FFO or cash flow in the business that you operate with the ten year down almost a hundred basis points year to date and fed potentially embarking on an easing cycle for the first time in a very long time. How does that shift in monetary policy and if at all impact your near to medium term capital deployment an operational kind of focus in strategies within the organization?

Bruce Flatt: Look, I would just say the following. Interest rates being low are very good for long-term streams of cash flow, especially ones that continue to adjust going forward with some form of GDP sensitivity or some rate increase over time and generally that's what we own. The only caveat to that is if a recession comes along, because of that, and that's why interest rates are going down. And if that changes the cash flows significantly, then you have capital destruction along with lower interest rates.

And I would say, we've always focused on high-quality assets with long-term streams of cash. And therefore, I would say we should outpace that environment going forward and have higher quality streams of cash flow, but your point is very valid in this situation.

Mario Saric: Okay. Thank you.

Operator: Thank you. (Operator Instructions). Our next question comes from Andrew Kuske with Credit Suisse. Your line is now open.

Andrew Kuske: Thank you. Good morning. I think in the supplemental disclosures, you highlighted your client base is 700 institutional investors and I think that's up from 630 in the prior quarter. How do you think about your client penetration right now? And then when you think about closing off Oaktree very shortly, how much overlap do you have with their client base versus how much is unique and distinct?

Bruce Flatt: So, first thing I'd say is given the competition issues that we're under with the Oaktree transaction, we don't have access to their client relationships. So, I won't make any specific reference to their actual relationships that they have. What I would say broadly is, of course, because they are a large global manager and we're a large global manager, I'm sure there are many relationships that are similar.

I would note though, our Middle Eastern, Asian franchise has always been very large. We, for a long time, been quite global and they've had a much, I believe, a much broader U.S. business.

I think the real benefit of that we should see out of being together is that we can offer multiple products to our clients and have one tailored opportunity and there's very little overlap between the products. So that's really the benefit out of it and even if there are some institutions that we both deal with.

Andrew Kuske: Okay. That's helpful. And just as a follow-up, could you provide any incremental color on just your high net worth channels? I think one of the last comments was made public is probably around \$2 billion or so of AUM. Where are you now and how has that grown over the last few years?

Brian Lawson: Yes. So, we're still continuing, if the target was to have about 10% of the fund flows coming out of those channels, we are still tracking along that. I'm trying to recall what the exact or roughly what the number would be in terms of the total that we're at now. I think it's probably around, \$3 billion.

And, again, remember this is through a couple of different channels. Some of it is where we would place, I'll say, a block with a large institution that would then distribute that within their high net worth channels and that's probably where we're more advanced.

And then, the other side is working more through individual RIAs and that's a little bit of a slower build, because it takes time to get those channels up and fully operating. There's a bit of technology involved there as well. But it's still progressing quite nicely overall.

Andrew Kuske: Okay. Thank you. One final question if I may and Brian this is for you. Just on the carried interest and this is page 21 of the supplemental. There is a comment about a revised valuation assumption on the second real estate flagship fund. Is there any color you can provide on that? What was the revised valuation assumption?

Brian Lawson: Yes. There's not really a whole lot to read into that. As you know, there was a bit of a step back in some of the retail valuations really across the board, I'll say, and some of that would sit within the fund. It's nothing that we think should impede the overall performance of the funds or the business for that matter.

Andrew Kuske: Okay, that's great. Thank you.

Operator: Thank you. And I am not showing any further questions at this time. I would now like to turn the call back over to Suzanne Fleming for any closing remarks.

Suzanne Fleming: Thank you, operator. And with that, we will end the call. Thank you all for participating.

Operator: Ladies and gentlemen, thank you for participating in today's conference. This concludes today's program and you may all disconnect. Everyone have a wonderful day.