BROOKFIELD CORPORATION
TRANSCRIPT: Q2 2026 CONFERENCE CALL & WEBCAST
AUGUST 13, 2026, at 10:00 a.m. (ET)

Corporate Speakers:
Bruce Flatt; Brookfield Corporation; Chief Executive Officer
Nick Goodman; Brookfield Corporation; President & Chief Financial Officer
Sachin Shah; Brookfield Corporation; Chief Executive Officer, Brookfield Wealth Solutions
Katie Battaglia; Brookfield Corporation; Vice President, Investor Relations

PRESENTATION

Operator

Good day. Welcome to the Brookfield Corporation Second Quarter 2026 Conference Call and Webcast. [Operator Instructions]

Please be advised that today's conference is being recorded.

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

Katie Battaglia, *Vice President*

Thank you, Operator and good morning.

Welcome to Brookfield Corporation's Second Quarter 2026 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 quarter. And finally, Sachin will provide an update on our Wealth Solutions business.

After our formal comments, we will 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 acquisition of its underlying operating subsidiaries.

With that, I will turn the call over to Bruce.

Bruce Flatt, *Chief Executive Officer*

Thank you, Katie, and welcome to those on the call.

Our business performed well in the second quarter and through the first half. Distributable earnings before realizations increased 15% year-over-year to 1.4 billion in the quarter and 5.7 billion for the last 12 months.

In the first half of the year, we were active. We raised $98 billion of capital, deployed $100 billion into opportunities and monetized $40 billion of assets, while a further $130 billion of assets were financed.

We advanced several important strategic initiatives, we expanded our insurance business with the acquisition of Just in the U.K., our assets through that increased to $190 billion. Shareholders approved the simplification of our capital structure, bringing our insurance and investment capabilities together. This creates a stronger and more simpler Brookfield.

Last, we completed the acquisition of Oaktree. Combined, our credit business is now one of the most comprehensive globally. Turning briefly to the market environment. There is no shortage of noise in the markets today, geopolitical conflict, higher energy prices and uncertainty around interest rates.

While these factors may influence markets in the near term, our focus remains on firmly building long-term value across the business. None of these factors in the short term will matter too much to our long-term business success. The market environment continues to though be constructive. Economic resilience and functioning capital markets are supporting operating performance throughout the business and transaction activity.

While uncertainty around growth and inflation is increasing demand for high-quality heavy assets, with low obsolescence risk precisely the type of assets and businesses which we own.

At the same time long-term investment themes shaping our opportunity set are accelerating. Digitalization, decarbonization and deglobalization which we have been talking about for years are now creating opportunities unlike anything we have ever seen.

The opportunities are accelerating. Across AI infrastructure, energy addition, supply chain reorganization and data sovereignty, the opportunities are larger, more multifaceted and more capital intensive. Participating in these investments requires a broad range of capabilities and our advantage sits with our ability to deliver integrated solutions at scale.

We have invested decades deliberately building and strengthening the capabilities needed to pursue opportunities of this scale. Together, they have become one of the defining advantages of our business and position us to capitalize on these transformational investment opportunities in the years ahead.

For us, this starts with relationships. Many of the opportunities we pursue are not broadly marketed. They come to us through bilateral discussions and strategic partnerships due to our scale or because certainty of execution matters. We aim to be the first call because of the relationships we have built across industries, geographies and capital markets to originate differentiated opportunities and give our partners access to transactions, they could not typically source or pursue directly.

Our global presence helps us determine where the best opportunities exist at any point in time. With teams on the ground across markets and asset classes, we see where demand is building, where capital is moving and where risks are emerging. That perspective helps us focus on the best risk-adjusted opportunities.

Our operating expertise is then what allows us to execute, many of today's most attractive opportunities spend multiple disciplines, and we can bring together teams across Brookfield to deliver integrated solutions that address the full scope of the opportunity.

Our ability to source and execute is driven by the capital we have available to deploy. Decades of strong investment performance and therefore enabled us to build a diversified capital base that draws on public markets, institutions, private wealth, long-duration insurance and our own balance sheet.

These five things make us quite unique. This allows us to match the right capital to each investment and continue deploying through cycles. Nowhere is this more important of integrating the complementary capabilities more evident than in the rapid build-out of AI infrastructure.

The build-out of AI infrastructure brings together the capabilities of our real estate, energy, infrastructure and credit businesses, each a leader in their field. At the same time the rapid adoption of AI is driving tremendous demand for electricity, while constraints across the grid are limiting how quickly new supply can come online. The result is a widening gap between insatiable power and compute demand with constrained supply.

Together, these trends are creating one of the most compelling investment opportunities we've seen in years and precisely the type of opportunities are scale enables us to pursue without taking undue risks. We are bringing together power generation, transmission, land entitlement skills, financing and long-term customer relationships to deliver solutions that few organizations can provide.

Our recent $100 billion announcement to build one of the world's most advanced AI factories in Kentucky in partnership with the U.S. government illustrates this well. We were selected by the U.S. Department of Energy to repurpose a federally owned industrial site and deliver a major world-class AI campus, drawing on our certainty of execution, our ability to bring together land, power, transmission and capital at scale.

This is federal land that had large- scale DOE uses on it and, as a result, today you need a few approvals to move forward.

Turning now to Westinghouse. This is another example of how these long-term trends are creating new opportunities. No business we own today is more directly positioned to benefit from the growing importance of energy addition and energy security than Westinghouse. Governments and companies increasingly want reliable, domestically available generation. Base load nuclear due to a scale is really, really important.

We are supporting the next wave of nuclear deployment. Building on our strategic partnership with the U.S. Department of Commerce announced last year, the U.S. Department of Energy recently announced a further $17.5 billion financing commitment to us alongside our utility partners to acquire long lead time items to advance the production of the reactors we are going to build. It will reduce the time periods dramatically. It will shorten development timelines and establish a repeatable model for large-scale nuclear construction.

Westinghouse is in various stages of construction today on 14 reactors has line of sight on another 40 and another 100 coming. This is part of a $6 trillion industry build-out where we hold a very dominant position.

Turning to our capital base, it also continuing to evolve. One of the most significant developments today is the role of private markets and retirement savings. Most individual savers have had very little access to private assets with their savings invested largely in public stocks and bonds, even as the investment world has evolved over the last 20 years. Businesses today are staying private longer, meaning a growing share of the world's essential assets and value creation now sits outside the public markets.

As a result, retirement savers are increasingly missing out on a meaningful share of global value creation and only participate once meaningful value has already been created. Recent changes to U.S. federal policy are beginning to open the door to greater private market participation in retirement portfolios, savers will soon have access to diversification, resilient cash flows, inflation-protected assets and all these types of investment products.

This will become another important source of long-term duration capital for us, further growing and diversifying our capital base.

I will end by saying that we look forward to seeing all of you at our Investor Day on September 17 in Manhattan. Additional details are on our website.

As always, thank you for your continued support and interest in Brookfield. I'll now turn the call over to Nick.

Nick Goodman, *President*

Thank you, Bruce. And good morning, everyone.

We delivered another quarter of strong financial results supported by broad-based momentum across the business. Distributable earnings or DE, before realizations were $1.4 billion or $0.61 per share for the quarter representing an increase of 15% per share over the prior year quarter.

Over the last 12 months, DE before realizations was $5.7 billion or $2.39 per share. Total DE including realizations was $1.5 billion or $0.66 per share for the quarter and $6.2 billion or $2.61 per share over the last 12 months.

Starting with our operating performance, our asset management business delivered another strong quarter, generating distributable earnings of $740 million or $0.31 per share in the quarter and $2.9 billion or $1.24 per share over the last 12 months.

Fundraising was a record $77 billion during the quarter, reflecting continued strong demand across our flagship and complementary strategies as well as growth. This included $17 billion raised across our flagship strategies, with $7 billion for the seventh vintage of our private equity strategy and $9 billion for the 6th vintage of our infrastructure strategy. Both are progressing well and are on track to be the largest in the respective series.

Fee-bearing capital increased by 19% to $672 billion at quarter end, driving a 20% increase in fee-related earnings compared to the prior year quarter.

With the momentum we have across the platform, we are on track for what should be another record fundraising year.

In July, we completed the acquisition of Oaktree, bringing the organizations fully together, further enhancing the scale and breadth of our global platform and strengthening our ability to serve clients with a broader range of investment solutions. Turning briefly to Wealth Solutions which Sachin will cover in more detail in his remarks.

The business generated distributable earnings of $480 million or $0.20 per share in the quarter an increase of 23% compared to the prior year quarter and $1.8 billion or $0.75 per share over the last 12 months. Results were driven by strong organic inflows, growth in net investment income and the first full quarter contribution from Just Group.

We originated $5 billion of annuity sales during the quarter. Total insurance assets increased to over $190 billion, driven by positive net annuity flows and the closing of Just Group which added $45 billion of insurance assets.

Our North American businesses investment performance remained strong.

During the quarter, we deployed $5 billion into real asset investments contributing to an average net investment income yield of 5.7%. Disciplined underwriting in our P&C business contributed to a 99% combined ratio lowering our overall cost of funds supporting a gross spread of 2.2% for the quarter, further contributing to strong results on our invested capital.

Turning to our operating businesses. They continue to generate resilient and stable cash flows with distributable earnings of $361 million or $0.15 per share in the quarter and $1.5 billion or $0.65 per share over the last 12 months. Underlying performance across our infrastructure, energy and private equity businesses remain strong, supported by long-term secular trends, increasing demand for their essential products and services.

Our real estate business also continues to perform well. The operating fundamentals across our high-quality portfolio remain very strong.

Our super core and core class portfolio finished the quarter at over 95% occupancy supported by continued tenant demand and very limited new supply.

In our retail portfolio, nearly 1 million square feet of leases commenced during the quarter at rents 12% higher than those expiring.

In office, we signed 4.5 million square feet of leases globally with average net rents 19% above expiring levels. That is worth emphasizing.

Net rents on the leases we signed during the quarter were 19% higher than those expiring providing meaningful embedded cash flow growth as these tenants take occupancy. A few highlights include, in the U.S., we signed 1.3 million square feet of leases at rents 25% above expiring levels including two leases totaling 673,000 square feet at One Liberty Plaza, a core plus asset at net rents 44% above expiring levels.

In Canada, we signed over 700,000 square feet at rents more than 70% above expiring levels including a 433,000 square foot lease at Bay Adelaide Centre, a super core asset at rents more than double expiring wells and our leasing pipeline remains strong with more than 2 million square feet under active discussion.

This leasing activity continues to demonstrate the strength of demand for high-quality real estate and the advantage of owning the best assets in supply-constrained markets.

Turning to monetization. Transaction activity continued to build momentum through the first half of the year.

We executed approximately $40 billion of asset sales year-to-date, returning capital to our investors and crystallizing attractive returns. A few notable examples include in infrastructure, we completed the IPO of Csquare, our U.S. colocation data center platform, generating approximately $1.2 billion of proceeds at an attractive valuation.

We retain a 64% interest in the business, and we'll continue to participate in future value creation as demand for AI infrastructure accelerates.

In real estate, we sold one Churchill Place, a premier office tower on our estate at Canary Wharf for GBP750 million, further demonstrating the recovery of high-quality real estate.

And in private equity, we completed the $650 million sale of Multiplex, our construction business.

During the quarter, we realized $121 million of net carried interest into income and ended the quarter with $12.5 billion of accumulated unrealized carried interest.

Shifting now to capital allocation and liquidity.

We continued to return capital to shareholders during the quarter through a combination of dividends and share repurchases totaling $270 million.

We maintained a disciplined approach to capital allocation.

In addition to reinvesting in our existing businesses and completing the acquisition of Oaktree, we've repurchased approximately $580 million of BN shares in the open market year-to-date at an average price of $42 per share, keeping us on pace with the repurchases of the last two years.

Capital markets remain constructive, and year-to-date, we have completed $130 billion of financings across the franchise. Notably, at the corporation, we issued CAD 750 million of 10- and 30-year notes, the transaction was 4x oversubscribed, underscoring strong market demand and the strength of our credit profile.

We continue to maintain a strong liquidity position and a conservatively capitalized balance sheet and with record deployable capital of $210 billion, we have substantial flexibility to invest at scale as attractive opportunities arise.

Bringing it all together, we had a very strong and active second quarter. Earnings grew 15% per share, fundraising reach record levels, transaction activity continued to build, and we completed several important strategic initiatives that will continue to support our growth.

We entered the second half with strong momentum across each of our businesses and are very well positioned to continue growing earnings and compounding intrinsic value per share.

Before I hand over to Sachin, I want to briefly touch on the simplification transaction. Shareholders approved the transaction at our annual meeting on July 16, marking an important step in bringing our insurance and investment capabilities together in a simpler and stronger structure.

Shareholders who are in nontaxable accounts are in all jurisdictions other than Canada and the U.K. do not need to do anything. You will receive new shares in your account once the transaction is complete.

For taxable Canadian and U.K. shareholders who wish to complete their share exchange on a tax-deferred basis, the election period is now open and additional information is available on our website for you to do this.

With that, I am pleased to confirm that our Board of Directors has declared a quarterly dividend of $0.07 per share payable at the end of September to shareholders of record at the close of business on September 14, 2026, with that, I thank you for your time and I'll pass the call over to Sachin.

Sachin Shah, Chief Executive Officer, Brookfield Wealth Solutions

Thank you, Nick. And good morning, everyone.

With the recent addition of the Just Group, we thought it would be useful to start with an update on the progress we are making in the U.K. then provide an update on our existing businesses and close with how we are thinking about the broader retirement markets.

As always, our objective is to compound capital at 15%-plus returns over the long term while maintaining a disciplined approach to risk and generating stable, predictable earnings.

Turning first to the Just Group. We are very pleased with the progress since closing the acquisition in April. Just is a high-quality retirement business with capabilities in both the pension risk transfer and retail annuity markets.

It gives us meaningful scale in one of the largest and most development most developed retirement markets globally. It adds another important source of long-duration, predictable liabilities to our business.

Since closing, we have focused on several areas. First, we have sharpened the business around its core pension risk transfer and retail franchises.

We exited the early-stage direct-to-consumer initiative and have been simplifying the organization around the areas where just has an established track record and a real competitive advantage.

We have also been working on reducing the cost base. There is more work to do, but the direction is clear. we want a simpler operating model, a more efficient cost structure and a business that can scale.

Second, on the investment side, we have started bringing Brookfield origination capabilities into the portfolio with a strong investment pipeline for the remainder of the year that we expect to drive further growth into our investment yields, our spreads and the returns on the overall business.

Third, on the liability side, we have adopted the same discipline we apply across the broader wealth solutions business.

Since closing, all new business has been underwritten based on our targets. From an earnings perspective, just generated approximately $29 million of earnings in our first quarter of ownership, representing a going-in return on equity of approximately 12%. We think that is a solid starting point with many near-term and medium-term levers to grow the business from here.

So taken together, we feel very good about where the business is today just has a strong market position, a large opportunity ahead of it and a clear pathway to improve performance.

Our focus from here is execution, keep the business simple, stay disciplined on capital and capture the opportunity in the U.K. which represents over half a trillion of pensions coming to market over the next decade.

Turning to our existing annuity platform. We continue to make good progress in expanding the business. On product development, we have continued to broaden our retail annuity offering. Through American National, we continue to launch new products, designed to offer pension-like attributes to retirees.

On distribution, we've expanded through bank and broker-dealer channels with several new relationships launched this year and additional channels expected over the balance of the year and into 2027. These new bank channels contributed approximately $200 million of sales during the quarter, and we expect them to become a very meaningful source of growth as they scale.

Importantly, despite a competitive market, our spreads remain above 200 basis points. This reflects the discipline we continue to apply in matching the liabilities we originate with attractive investment opportunities and allocating capital only where we can achieve our target returns.

Our U.S. property and casualty platform, Clearbrook, continues to make significant progress. We have derisked the liability profile and focus the business on profitable growth by exiting volatile lines, reducing catastrophe exposure and strengthening underwriting discipline. This has led to a stable and consistent underwriting income.

As the P&C market sees pockets of softening, we believe there will be meaningful opportunities to continue scaling this platform both organically and through M&A. Bringing it all together, demand for retirement products continues to grow as populations age and retirement savings shortfalls widened.

The U.S. fixed annuity market is expected to generate over $300 billion of sales in 2026 which would be the second best year on record, and we expect it will continue to grow in this interest rate environment. Across our key pension risk transfer markets in the U.K., the U.S. and Canada, we see a large pipeline of potential transactions coming to market over the next decade as corporations continue to derisk pension plans and transfer them to insurance companies which have the capital and expertise to more appropriately manage them.

With our now scaled platform across products, distribution channels and geographies, we are well positioned to allocate capital to the most attractive opportunities while maintaining discipline on the returns we earn. Very few platforms have the depth and capabilities we have to originate attractive capital and the investment franchise to deliver strong risk-adjusted returns over a long-sustained period of time.

We are excited about the future of the business and the returns it can provide to Brookfield shareholders for years to come, and we continue to see a pathway to more than $300 billion of insurance assets by the end of the decade. Thank you.

With that, I will hand the call over to the operator for questions.

QUESTION & ANSWER

Operator

(Operator Instructions) Our first question comes from the line of Michael Cyprys with Morgan Stanley.

Michael Cyprys, Analyst, Morgan Stanley.

Maybe just starting off with a bigger picture question on the AI side.

As you look across power data centers, increasingly compute. Curious if you could speak to where you are seeing some of the most attractive risk-adjusted returns there as there is clearly a lot of capital coming into space.

Then maybe more strategically, how much of the opportunity for Brookfield is not just simply owning and developing these assets but also recycling them into stabilize homes with longer, low cost of capital, longer duration pools over time.

Nick Goodman, *President*

Mike, it's Nick. Listen, you are spot on. We are very excited about the opportunity.

We see it as being significant and broad-based and that touches many different parts of our business, being real estate, energy and infrastructure.

The numbers are big right now, but we are, in our view, in the very early stages of what is a very significant investment cycle around AI, digital infrastructure and the whole power buildout that is needed.

One of the easiest ways to think about it is we are generally just scratching the surface right now of AI adoption and implementation into the world and into business. So as that takes hold, the need and the scale and the earnings power that is going to be back in that is going to be very significant.

And you say where are we most excited, Bruce touched on a couple of the opportunities, just recent examples across data center development opportunities what we are seeing in our energy business across both renewable and nuclear, but it will be broader across infrastructure and real estate.

So, I think we see a lot of opportunity. That being said, given our position in the market, our scale, our access to capital and operating expertise that affords us the ability to be disciplined and patient. We are focusing on the highest quality investment opportunities with the highest quality counterparties looking at stable structures where we can earn attractive risk-adjusted returns.

And your second point is right, once we have developed and built these data centers into what will be very stabilized high core assets, they are very attractive for institutional owners for the long term. We have been recycling as late as you know in both Europe and North America, and we would expect to continue that to recycle capital to generate strong returns for our clients but also to recycle capital to support the next build-out and the future build-out of these platforms.

So we expect to see that as we move forward.

Michael Cyprys, Analyst, Morgan Stanley.

Could I ask a follow-up question? Or should I get back in queue?

Nick Goodman, *President*

Yes, ask the second.

Michael Cyprys, Analyst, Morgan Stanley.

Then just on Wealth Solutions with Just Group coming into the numbers here in the quarter. I was hoping you could maybe speak to how you were thinking about some in the near-term versus medium-term levers to expand $29 million of earnings contribution there, 12% I think are we on that?

How do you expect that performance to ramp as you look out over the next 12 to 18 months versus where do you see that over more of the medium term?

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

Sure, first on the short term, I alluded to it in my comments around focusing the business, exiting some areas of the business that I would say were more early-stage venture type initiatives, direct-to-consumer, other new lines of business that really just were not profitable.

We have shut those down, and we have exited them. So that in and of itself is a cost reduction exercise. To frame it, Just cost structure is 2 - 3x what some of its competitors are as they bid for the same product and in this market, you have to be a low-cost operator so that you are competitive when you are bidding on pensions.

So that is our first and foremost focus area. Then I would say the real big opportunity is bringing in our investment capabilities through Brookfield Asset Management. We source the perfect assets for long-duration liabilities through our real estate capabilities, our infrastructure and our energy businesses.

And if you think about pensions, they are different than annuities, there is no lapse risk in a pension. So when you offer a pension to someone who is retired, you are paying them really until mortality. To be able to back that with long duration, very high-quality assets whose cash flows grow over time and who have a real return type profile behind them.

It is a tremendous competitive advantage for us. So, I think between those two things, that will allow us to get the returns up to similar to what you see in our U.S. business. Once you are there, you can capture a new business because you can bid more competitively than others in the marketplace.

Operator

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

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

I wanted to ask a follow-up on the AI. So, you announced a partnership with NVIDIA to launch a compute financing platform, mobilizing about $500 billion of capital.

Congrats on that. And recognizing its early days, but it would just be great to get your early views on, will this be made available to retail and institutional, maybe a bit more detail on how you are underwriting the downside case and which asset classes could benefit from this partnership?

Nick Goodman, ***President***

Thanks, Bart. So, as you know this is an MOU at this stage that we have signed with NVIDIA pool together large pools of capital. I would say generally, we are very excited about the opportunity.

If we take a step back, as you know compute is the critical part of the infra stack supporting AI. Up until now our business historically largely focused on new build development, but now we are focused on developing partnerships to finance the chips and accelerate growth with bespoke deals.

And when you are building an AI factory, as you know the GPUs can represent half of the required capital to complete the build. So, finding efficient ways to finance the equipment is becoming increasingly important.

We have been working with NVIDIA closely for the last 18 to 24 months, a number of partnerships, a host of initiatives including a recent transaction in Korea and we are building a real solid pipeline of investment opportunities, and the opportunity is very attractive and access to a large pipeline.

To your question on risk is an attractive risk profile. We maintain focus on contractual cash flows, counterparty quality, and generating attractive risk-adjusted returns that are ideal for our institutional clients and retail clients as they look to invest alongside us into strategies. But that is part of the catalyst for starting the AI fund because these types of opportunities are ideal for that capital and the return that is looking for partnering with different parts of Brookfield.

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

Then on Brookfield Wealth Solutions. So, Sachin, you talked about seeing meaningful opportunities for both organic and inorganic ways to scale the business, especially on P&C with the softening pricing cycle.

Could you just maybe talk through the latest view on the inorganic side? How are those conversations evolving? What you are seeing out there as you look to scale BWS further?

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

I touched on P&C in the prepared remarks. That market is softening pretty rapidly, both along property lines and casualty lines. We are seeing that really across the board, in particular, in the specialty markets.

I think what that will lead to over the next 36 months is there will be platforms that either need capital, in particular, if they have too much cap exposure or if they have extended themselves too far in terms of aggressively pursuing new business and they will need capital or there will be great businesses who are just unable to grow because they have to be super patient and being part of our overall apparatus of Brookfield could be very helpful to them in particular because we can drive the investment side of that business or those businesses.

I just think the next 36 months in the P&C side will be very interesting. Some players will get caught out as markets soften and for us, that could represent a meaningful opportunity to partner with somebody, bring capital, bring investment expertise, and really then drive that business going forward.

On the annuity and pension side, we are focused today on several things. One is much more organic growth, both in Just in the U.K. which I discussed but in the U.S., we have a leading franchise in the IMO market. We are the strongest seller of retail annuities through IMOs, but we are not really advanced in the bank and broker-dealer market which represents of 60% U.S. sales of annuities.

So, our ability to get on to these platforms in this last 12 months and continue to get on to more platforms over the next 12 months, Just will open up new markets for us and scale our program to be able to sell more annuities to a wider audience.

So, we are making tremendous progress in that regard, but I would say its more of an organic growth story in the U.S.

Operator

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

Cherilyn Radbourne, *Analyst, TD Securities*

As you know concerns have been raised about circularity in the deals underpinning AI investment industry wide.

So, I would love to get your perspective on how much of that is perceived versus real and how Brookfield is staying disciplined with its counterparties and contract structures?

Nick Goodman, *President*

I think when you look again at the cash flow is being generated by these transactions and the scale and the potential of the earnings that will be realized over time as compute is increasingly adopted into business.

We have conviction that working with the highest quality hyperscalers, offtakers, chip providers is an attractive risk profile for our business. I think that a lot of what is happening is integrated and there is a lot of synergies between the different counterparties working together.

But we believe we can invest around this with the right risk controls when we look at the relevance of the contracts we are signing, the revenue on an overall percentage of what we are doing, we are a very diversified business. This is a strong driver of growth today, but we still have a broad infrastructure platform, a very broad energy platform and a very broad real estate platform.

So, I think we believe that the risk is well managed. We have been very active in capital recycling, and we have been very focused on the highest quality counterparties in the highest quality projects with the right contractual protections.

I think we believe that we are not really stepping out from our historical focus on risk management and earning attractive returns while taking a moderate amount of risk, but we can do it at scale here, which is what is the most exciting part.

Cherilyn Radbourne, *Analyst, TD Cowen*

That's really helpful context. Then maybe this is 1,000 feet.

But as you grow the insurance business which hedges interest rate sensitivity elsewhere in the business, how do you think about your interest rate exposure and how that evolves over time?

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

I would say there is two models out there. There is the passive model where you just match your assets and liabilities, and you don't worry about rate risk to a certain degree. I always worry about it, but you get my point.

Then there is a more active model where you from time to time understand where you are in the right cycle. We got into this business 5 - 6 years ago because we were at historically low levels of rates, and we understood that. We understood that that was an asymmetric opportunity. At that time, we kept meaningful exposure to rising rates by shortening our asset book, lengthening our liability duration and really keeping that exposure for the benefit of Brookfield shareholders.

Today, I would say we are much more careful. We are largely matched. Our asset and liability duration is almost entirely matched, and cash flows are matched because we are at a point in cycle where as you heard from Bruce's opening remarks, there is still a lot of noise in the market and there is some risk premium built into the rate curve and therefore, we will be patient.

Once all of this, what I would call short-term noise comes out, we can see a clear picture, and we will continue to take views. But for now we are matched and we are not taking an aggressive position either way.

Operator

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

Mario Saric, ***Analyst, Scotiabank***

I wanted to touch on your commentary on the importance of scale. So really highlighted on the call as well as in the shareholder letter in terms of the relative scale in providing integrated solutions to global relationships.

So, my question is, more pertaining to the incremental benefits from incremental scale from here, Brookfield already a large organization. Is it missing opportunities today because of your size and if so, where are the opportunities going forward for Brookfield to increase its big deal market share or become, as you mentioned, the first call even more frequently?

Nick Goodman, ***President***

Listen, I think having access to scale which Bruce said, the scale matters, it is the capital, it is the operating expertise. It is the reliability as a counterparty because what matters most is delivery of these projects when we talk about AI. So that is giving us access to those incremental projects.

I think that we are very well positioned now to grow with the market as one of the established partners for the build-out.

I would say though, that what that is not doing, I didn't get all your question, but that is not eliminating the ability to do smaller transactions at the same time because we build platforms. We have large-scale platforms and those platforms are doing tuck-ins and small acquisitions to add incremental value every day.

So, we are operating across the spectrum of deal transactions and all of that tuck-ins and operating platforms that we have all feed into the overall scale of the business and the ability to participate in the large build-out in the large transactions.

Mario Saric, ***Analyst, Scotiabank***

My follow-up, just for Sachin. Coming back to the organic growth vis-a-vis the bank broker network expansion, I think you mentioned there was $200 million in sales this quarter.

Can you help frame for us where you believe that can move to once you're at your desired number of relationships, like what is kind of what inning are we in? What is the potential upside?

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

The upside is that we start to see, I would say, half of our sales coming from the bank network and preservation of the sales that we have from the independent marketing organizations. So, if you look at the U.S., where we are selling almost $12 - $13 billion through independent marketing organizations and little through the bank network, you can see us getting to an additional $10 - $12 billion just coming through banks over the next few years.

That is very meaningful, that would take our current $25 billion a year between pensions and annuities, up to $35 billion a year pretty comfortably. So, the opportunity is very meaningful and for us, it just takes time to season those relationships and make sure that we are providing the necessary support to frontline agents who sell the product.

Operator

Our next question comes from the line of Ken Worthington with JP Morgan.

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

Maybe first on carry. Connor on the Brookfield Asset Management call, talked about the pull forward of carry for funds relevant for them, which you benefit you as well.

To what extent are you also seeing the pull forward of carry in funds where carry is exclusive to BN and if you are seeing it, what is sort of the magnitude of the pull forward that you are seeing?

Nick Goodman, ***President***

Ken, it's Nick. I would say the BN level, our outlook is largely consistent with what we have talked about recently. We are focusing on the next 12-24 months when we think about the inflection point of our carry.

In that, the material drivers, as you know for BN or earlier vintage funds, the earlier vintage infrastructure funds, Oaktree funds being big drivers. And I would say on both of those, we are making good progress and while the second ever fund is smaller than the third, obviously is less impactful, but has now worked its way through the preferred return and incremental sales from here will realize carry the third infrastructure fund is not far behind.

We have a number of monetizations coming out of Oaktree and the monetization pipeline is very strong. So, we are bullish on the outlook, but it is largely consistent with what we would have talked about recently.

I would note that there are some funds raised after the BAM spin where BAM is eligible for carry that are outperforming to Connor's comment and they may realize carry ahead of schedule. But that I would not say that's necessarily material to the short-term BN outlook.

Ken Worthington, *Analyst, JP Morgan*

Okay. Perfect. Then just maybe broadly on the outlook of the pension risk market in the U.K.

To what extent did the announcement of the Just acquisition impact the new business pipeline and where does that sort of pipeline for new business stand today maybe relative to prior to the announcement of the deal?

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

For sure, our entry through Just, our acquisition of Just has resulted in the company Just being invited to see and to bid on much more than they ever have. Just the fact that Brookfield is now behind them and people understand that we have the capital and the expertise, I would say for Just to largely focused on very small pensions, they are now getting invited to all of the larger schemes that are coming to market. That's the good news.

I would say where we are being very patient is pensions in that market today continue to be bid up to rates that drive a much lower return than we are comfortable with. So, we are being patient.

Again, these businesses, we are not in this market to just grow at all costs. We are being patient in terms of the returns and so, I would say for now we are seeing pensions trade at values that we are just not comfortable with the returns, but that will ebb and flow.

The good news is we are being invited to all of the large options. When the time is right, the business will scale.

Operator

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

Alex Blostein*, *Analyst, Goldman Sachs

Well first, I would love to hit on the maybe interplay of the very large AI opportunity, as you described, with the balance sheet management and curious how you guys are thinking about allocating capital at the BN level?

And to what extent any of the AI opportunity will require more of BN's capital being invested alongside of third-party capital or some other way.

Nick Goodman, ***President***

Alex, first of all, I would say that we highlighted our access to scale capital.

I would say as we think about the strategies today it is largely being funded within the funds with co-invest from very large institutions around the world to have very large appetite for these kinds of transactions, given how attractive they are and participating alongside our listed issuers.

So, I would say that is largely how we expect to fund. But as the opportunities become attractive, as you think about the integration of BN and BWS and the scale of capital that we will have available to us we will have potentially the opportunity to participate alongside the funds.

But that is not the base assumption that we have in the plan, which should be largely funded through our client business and through BAM.

Alex Blostein**,** ***Analyst, Goldman Sachs***

Okay. Got you. Then I had a couple of just more specific questions around BWS. So, if possible, above to run through that.

So, Sachin, I heard your points around Just and the steps you guys will take to improve the spread from what it looks like, I think today on that $85 million, the spread is, I think below 80 basis points.

So just ripping out some of the operational costs, as you described, what kind of magnitude of benefit you think the spread could get adjust over the next kind of like 12 months because rotating the portfolio probably takes a little longer. So that is kind of the first part.

Then on the existing kind of core annuities business, I think the spread is also below 180. I think you mentioned that you guys see spreads above 200. So, I'm just curious, is that on new business and that's kind of still the bogey as some of the old business runs off?

I'm just trying to reconcile the reported sub-180, to the 200 number you mentioned.

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

I'll start with your second point first because I think that is a very important concept that I want to make sure people understand. The $180 million is just the income spread.

It excludes the fact that a large portion of our portfolio is invested in equities, both our funds that are equity oriented and also public equities, which makes us very different than some of our competitors. Therefore, so much of this business's value will be a total return over time.

If you just take the unrealized marks on our funds that are invested in equity-oriented strategies that 180 spread goes to about 220 in the current quarter. I think we have provided some disclosure in that regard.

What I would say is as we grow our equity base and we start to see equity returns come in closer to the long-term total return of that underlying position, we would assume that spreads would actually go up. We are using the word spread, but the reality is it's more of a total return concept.

And therefore, we have been able to continue to outperform the broader market where spreads are much tighter closer to 100 to 110 basis points.

Moving to Just, I would say there is at least 50 basis points of opportunity to enhance spreads simply by taking costs out of the business. So that will take time but from the 80, I could see us comfortably adding 50 on top of that. Then the asset rotation program and letting our asset strategy work through the system, and you can see a path to getting close to that 200-basis point spread in that market as well.

Operator

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

Jaeme Gloyn, *Analyst, National Bank*

A quick one just on the BBUC shift from BN to BWS. Can you just talk about the baskets to each of the companies of shifting a portion of that holding?

Nick Goodman, *President*

Yes. This was just, as you know, we have lots of investments on the BN balance sheet that can be attractive for pools of capital within insurance. We have moved BBU shares across in the past, BEP shares, BIP shares, and they have actually performed incredibly well for the insurance accounts.

So, this is just a continuation of, we have almost a ready-made investment pipeline for insurance accounts that can be highly attractive, and at certain times, you may choose to move them over and let the policyholders benefit from the great returns.

Jaeme Gloyn, *Analyst, National Bank*

Then in Bruce's letter, a couple of mentions of index inclusion, do you feel like you have done enough at this stage or are there other strategies or initiatives you could take to achieve that outcome?

Nick Goodman, *President*

The first thing I would say is that we have now given ourselves optionality that did not exist before. So, under our current structure, we had zero path to U.S. index inclusion, I would say now being a domicile of convenience and with the fact pattern around our business, we have the option.

I think it will take time but as rules emerge as they evolve and our footprint of our business evolves, I think there are things that could be done over time to enhance it that we can do and the rules as they evolve will accommodate different for our business.

So, I think we have the optionality today it will take time but it should be a significant positive as we move forward if we can materialize it.

Operator

Our next question comes from the line of Etienne Ricard with BMO Capital Markets.

Etienne Ricard, ***Analyst, Bank of Montreal***

Just Group is the leader of the series of acquisitions you have made in Wealth Solutions. When you onboard a new insurance leadership team, how do you make sure the acquired assets meet Brookfield's risk tolerance and that returns are prioritized over volume?

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

Look, I think the first thing for us is to make sure there is alignment throughout the system. One, all of the capital that we provide and that goes into these insurance companies comes from Brookfield. So, we have complete alignment with policyholders.

Number two, we incentivized management teams to also have that long-term alignment through LTIP programs that look and feel like Brookfield where there is a long-term focus, and the focus is on capital compounding.

Number three, we spend time with management teams to make sure that the culture is strong and that the people who are leading these companies align with our culture which is very value focused.

I think if you do those things, I know it sounds soft, but if you do those things, then generally good things in the business will start to happen. We have been fortunate that in all of the businesses that we have acquired, we have been able to execute those simple steps.

Etienne Richard, ***Analyst, Bank of Montreal***

To follow up on carried interest. We have seen quite an increase in asset sales in recent years. while the carried interest realizations have not picked up as meaningfully.

So, Nick, I'm wondering what are your expectations for asset sales over the next year and why should it translate into better carry realization?

Nick Goodman, ***President***

You are right, the monetizations have been very strong, a testament to the quality of the assets that we own and the value creation plans that we have executed and the breadth of the diversification of the assets we own across asset class, geography, allowing us to execute many sales at the same time to different investor pools.

So, the monetization progress is good. But as you know the way we realized carry is on a very conservative basis. And we realize on a fund-by-fund basis not investment by investment. That just means it takes time. These are large funds we have to return all of the original capital to investors. We have to work our way through the preferred return. When there is limited to no risk of callback, we start to realize carry.

That's why we have talked about an inflection point because it takes about, it takes time to compound that return to return the capital at scale and then to start realizing carry, and we are getting closer to that point, as I mentioned earlier, in our earlier vintage infrastructure funds and our Oaktree funds.

Then it should be continue to scale as we then work through even larger funds as we move forward.

Operator

As there are no more questions, I would now like to turn the call back over to Ms. Katie Battaglia for any closing remarks.

Katie Battaglia, *Vice President, Investor Relations*

Thank you, everybody, for joining us today and with that, we will end the call.

Operator

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