BROOKFIELD CORPORATION
TRANSCRIPT: Q3 2026 CONFERENCE CALL & WEBCAST
November 12, 2026, at 10:00 a.m. (ET)

Corporate Speakers:
Bruce Flatt; Brookfield Corporation; Chief Executive Officer
Nick Goodman; Brookfield Corporation; President & Chief Financial Officer
Jon Bayer Brookfield Corporation; Managing Partner & Chief Operating Officer, BWS
Katie Battaglia; Brookfield Corporation; Vice President, Investor Relations

PRESENTATION

Operator

Good day, and welcome to the Brookfield Corporation Third 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 our first 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 third quarter 2026 conference call.

On the call today are Bruce Flatt, our Chief Executive Officer; Nick Goodman, President of Brookfield Corporation; and Jon Bayer, Managing Partner and Chief Operating 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, Jon 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'll turn the call over to Bruce.

Bruce Flatt, *Chief Executive Officer*

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

We had a strong third quarter with each of our businesses successfully executing on their strategic priorities.

As a result, distributable earnings increased 16% over the prior year quarter to $1.7 billion. Transaction activity remains strong. We deployed $54 billion across the business and monetized $20 billion of assets in the quarter. We realized $222 million of net carried interest and expect further carry realizations as we continue to advance our monetization pipeline.

We also capitalized on the market dislocation and repurchased $300 million of our shares since we last reported, bringing total repurchases for the year to almost $900 million. Nick will cover our financial results in more detail, and Jon will spend time on our Wealth Solutions business in his remarks.

Turning briefly to the market environment. Geopolitical tensions, higher energy prices and pressure on inflation and interest rates continue to create uncertainty in global markets. While these uncertainties weigh on investor sentiment, underlying global economic fundamentals remain very resilient. Corporate earnings are strong. Consumer spending remains healthy and significant investment in AI infrastructure continues to support economic growth.

As it relates specifically to our business, a world of more normal interest rates, moderate inflation and a resilient economy is an attractive backdrop for owning and operating real assets.

We benefit from this environment in three ways.

First, many of our businesses have inflation-linked revenues, pricing power and resilient demand for essential products and services which they provide. This allows us to continue growing cash flows even as costs rise. These same characteristics are drawing more investors to real assets in search of stable inflation protected returns supporting strong fundraising momentum across our Asset Management business.

Second, higher financing costs constrain the ability to generate attractive returns through merely leverage. This favors investors like us whose operating expertise and access to long-duration capital allow us to invest when others are constrained, transact with certainty and acquire high-quality assets at attractive values.

And third, our Wealth Solutions business provides a natural hedge as higher interest rates allow us to invest capital at attractive yields more than offsetting higher financing costs elsewhere in our business.

Together, this backdrop provides a strong foundation to grow earnings, generate attractive returns and create long-term shareholder value. And while the current environment plays to our strengths, it is important to emphasize that our ability to generate attractive returns has never depended on any particular interest rate environment.

Our investment approach is always centered on acquiring high-quality businesses for value, improving their operations, growing cash flows and reinvesting that capital at attractive returns. We create value through operations rather than relying on financial leverage, declining interest rates or expanding valuation multiples. This is what allows us to compound capital across market cycles.

Equally important to our long-term success has been our ability to continually adapt and evolve.

Over the past 40-plus years, we have expanded into new businesses, developed new investment capabilities, diversified sources of capital, all the while applying the same fundamental investment principles. This is exemplified by the fact that more than 50% of our $1.3 trillion of assets under management are in asset classes that did not invest -- not exist at investable scale 15 years ago.

We have taken the expertise built over decades, applied it to new opportunities scaled those businesses and those opportunities have developed into opportunities for across the whole company.

Today, we are seeing another significant evolution of the global economy driven by artificial intelligence and the enormous infrastructure required to support it. AI is clearly one of the most significant technological transformations of our lifetimes.

It is changing how people live, how companies operate and where capital is invested. As with every major technological transformation, there are immense opportunities but also risks.

We have seen this before with railways, automobiles, electricity, telephones and the Internet. What is different this time is the speed and scale which are far greater than in previous cycles.

What's less clear is who ultimately will make money and how they will make it. The leading technology companies have, though, decided they must move fast or be left behind.

The good news is that this race is being led by some of the largest and most profitable companies in the world. they are reinvesting substantial free cash flows from their existing businesses into AI, and they can afford to do so. But one thing is clear. supporting the growth of AI will require enormous investment in compute capacity, data centers and most specifically reliable energy.

For us, on a selective basis, this backdrop offers some outstanding opportunities to earn excellent returns without taking undue risk. We approach these investments no differently than we always have.

We focus on assets backed by long-term contracts with high-quality counterparties where we take limited or no technology risk, and this allows us to earn attractive risk-adjusted returns. And this is where our capabilities set us apart.

We have spent decades building critical infrastructure, developing and connecting energy projects, raising large amounts of capital and building relationships with the world's leading companies. Many can commit capital to large projects, but actually developing and building them is far more difficult.

Our ability to bring together capital, operating expertise and execution capabilities at scale positions us as a partner of choice for the world's leading companies. And all of that compute capacity needs power which brings us to the equally significant opportunity present in energy.

Electricity demand around the world is accelerating, driven not only by AI, but also electrification, reindustrialization and the growing importance of energy security. Meeting this demand will require enormous investment in new generation capacity including renewable power, natural gas, nuclear and the infrastructure needed to support them. This is enormous energy addition opportunity.

As many of you know we spent decades building one of the largest and most diversified energy platforms globally. With our existing businesses, development capabilities and access to large-scale capital, we can provide energy solutions across many technologies and geographies at scale.

One example is our investment in Westinghouse as governments increasingly prioritize energy security and reliable baseload nuclear power generation is becoming a critical part of the solution.

With the support of governments and strategic partners, we are now advancing what could become one of the largest nuclear buildouts in history, creating an enormous opportunity for Westinghouse and our broader energy business. And to bring this all together, the opportunities we see today are very different from those we pursued 20 or 30 years ago, but the principles behind ultimate success have not changed at all.

We continue to invest in the backbone of the global economy, but as the backbone evolves, our business evolves with it. Our success over the past 40 years has come from anticipating change, investing for value and allowing capital to compound over time all the while taking moderate risk. We intend to continue doing exactly that.

With over $200 billion of deployable capital, strong and growing businesses and investment platform that continues to expand, we are well positioned to capitalize on the opportunities ahead and continue creating value for all shareholders. Thank you for your continued support and interest in Brookfield.

And I'll now turn the call over to Nick.

Nick Goodman, *President*

Thank you, Bruce. And good morning, everyone.

We continue to deliver strong financial results in the third quarter with earnings growth across our core businesses and an increasing contribution from realized carried interest.

Distributable earnings, or DE, before realizations were $1.5 billion or $0.64 per share for the quarter, representing an increase of 14% per share over the prior year quarter.

Over the last 12 months, DE before realizations was $5.8 billion or $2.47 per share. We realized $222 million of net carried interest into income during the quarter bringing total DE to $1.7 billion or $0.73 per share, an increase of 16% per share over the prior year quarter.

Over the last 12 months, total DE was $6.4 billion or $2.72 per share. Starting with our operating performance, our asset management business delivered strong results, generating distributable earnings of $755 million or $0.32 per share in the quarter and $3 billion or $1.28 per share over the last 12 months.

Fundraising momentum remains strong, supported by continued investor demand for our real asset strategies. We raised $25 billion of capital during the quarter, taking the year-to-date total to $123 billion, keeping us on track for a record fundraising year.

In infrastructure, for example, we raised quarterly records of $1.2 billion for our private wealth strategy and $1.5 billion for our Super Core infrastructure strategy. And just after quarter end, we received $13 billion of additional commitments for our sixth flagship infrastructure strategy, bringing total capital committed to date to $26 billion.

This positions the fund to become, by far, the largest infrastructure fund ever raised globally. We expect to hold the first close, sorry, in the coming weeks. Fundraising activity during the quarter contributed to a 13% increase in fee-bearing capital to $682 billion, supporting a 15% increase in fee-related earnings compared to the prior year quarter.

Turning briefly to Wealth Solutions which Jon will cover in more detail in his remarks.

We delivered strong results, generating distributable earnings of $511 million or $0.22 per share an increase of 22% compared to the prior year quarter and $1.9 billion or $0.79 per share over the last 12 months. We are maintaining a disciplined approach to growth with a primary focus on achieving our targeted 15% plus return on our equity over the long term.

During the quarter, we originated $4 billion of annuity sales, supported by the expansion of our distribution platform in the U.S. through new broker-dealer channels.

On the investment side, we deployed $13 billion of capital including $8 billion into our real asset strategies. The higher interest rate environment also presented an opportunity to redeploy a portion of our cash balances and shorter duration investments into higher-yielding U.S. treasuries late in the third quarter and into the fourth quarter. This allowed us to enhance the investment income of our liquid portfolio while maintaining significant liquidity and flexibility to pursue future investment opportunities.

Together with the growing income contribution from real asset investments made in prior periods, these initiatives drove a 16-basis point increase in our net investment yield to 5.7% during the quarter. In our P&C business, disciplined underwriting contributed to a combined ratio of 99.6%, reflecting the significant progress we have made in repositioning the business.

For noninsurance specialists, this means that the earnings we get from investing the insurance float had no cost, further diversifying our liability profile and reducing our overall cost of funds.

Turning to our operating businesses. they continue to generate resilient and stable cash flows with distributable earnings of $467 million or $0.20 per share in the quarter and $1.6 billion or $0.70 per share over the last 12 months.

Cash flows continue to be supported by strong underlying fundamentals, largely contracted and inflation-linked revenues and growing demand for the essential service - products and services these businesses provide.

Our real estate business continues to perform well benefiting from growing demand for high-quality assets with limited new supply across our core markets.

Our Super Core and Core+ portfolios ended the quarter at 95% and 96% occupancy, respectively. During the quarter, we completed 5.3 million square feet of office and retail leasing with net rents across our balance sheet office portfolio 16% above expiring levels.

In office, demand for premier space remains very strong and combined with limited new supply continues to drive pricing power in rents across our portfolio.

For example, at two Manhattan West in New York, an existing tenant recently expanded its space, signing a new lease at nearly $150 per square foot, this represents a 50% increase over the rent the tenant is currently paying on this existing space and is nearly 90% above the building's average in-place rents. This illustrates the significant opportunity for rent reversion embedded within our portfolio which we expect to translate into meaningful cash flow growth as leases roll to market.

We are seeing similar strength across our retail portfolio where demand for high-quality space continues to drive strong leasing activity and rental growth.

During the quarter, nearly 1 million square feet of new leases commenced at rents 21% above those expiring. In our North American residential business, housing activity remained muted during the quarter, although earnings benefited from the sale of a land parcel.

Now shifting to monetizations. Transaction activity remains strong across most asset classes. During the quarter, we advanced $20 billion of asset sales across the business including approximately $5 billion in infrastructure, $4 billion in each of real estate, energy and credit and $3 billion in private equity.

As we have signaled over the past several quarters, we've been expecting a meaningful step-up in carried interest realizations as we continue to advance monetizations across our funds. We are now beginning to see this materialize as we realized $222 million of net carried interest into income during the quarter.

And with a strong pipeline of monetization across our funds and $13 billion of gross accumulated unrealized carried interest we expect carried interest realizations to accelerate as we execute our asset sales with a meaningful step-up in 2027.

Moving to capital allocation. We continue to take a disciplined approach to capital allocation reinvesting in our businesses to support long-term growth while also returning capital to shareholders. During the quarter, we returned $420 million to shareholders through dividends and share repurchases.

We have now repurchased almost $900 million of BN shares in the open market year-to-date including over $300 million since we last reported, keeping us on pace with the level of repurchases in each of the past two years.

Now with regards to balance sheet and liquidity, capital markets remained open and active throughout the quarter, and we completed $37 billion of financings across the franchise. At the corporation, we issued $600 million of 5-year notes at a spread of 82 basis points over the benchmark, one of our tightest spreads ever. The offering was approximately 4x oversubscribed, underscoring the strength of our credit profile and continued investor demand for Brookfield issued debt.

We continue to maintain a conservatively capitalized balance sheet and strong liquidity and with over $200 billion of deployable capital, we have substantial flexibility to invest at scale as attractive opportunities arise.

Bringing it all together, we delivered another strong quarter of financial results supported by positive fundraising momentum, strong investment performance in our Wealth Solutions business and resilient operating fundamentals across the franchise. We enter the final quarter of the year with strong momentum across each of our businesses and are well positioned to continue growing earnings and compounding value for shareholders.

Before I hand it over to Jon, I want to briefly touch on our corporate simplification transaction. We expect the transaction to close on December 1st. Subject to all closing conditions being satisfied or waived.

Canadian and U.K. shareholders seeking tax deferral are reminded that the deadline to submit their elections is November 25, and with additional information available on our website. All other shareholders including those in the United States are not required to take any action. You will just receive your new shares in your account.

With that, I am pleased to confirm shareholders of record as of the close of business on December 16, 2026, will receive a cash distribution of $0.07 per share on December 31, 2026. Thank you for your time.

With that, I'll now hand over to Jon.

Jon Bayer, Chief Operating Officer, Brookfield Wealth Solutions

Thank you, Nick. And good morning, everyone. Brookfield Wealth Solutions posted strong earnings growth in the quarter.

As always, our objective remains to compound capital at attractive returns over the long term, supported by disciplined risk management, product pricing and a long-term investment program focused on real asset strategies.

Our investment franchise, large and permanent capital base and operating scale differentiates BWS in the industry. With $80 billion of liquidity and $24 billion of group capital, we have significant financial flexibility to pursue attractive opportunities across our businesses and geographies.

During the quarter, we generated record distributable earnings of $511 million with spreads again above 200 basis points, excluding the recent just acquisition. Furthermore, we increased our pace of deployment, investing over $8 billion into Brookfield strategies.

These results reflect our approach to liability origination, coupled with our investment capabilities as we continue to increase our allocation to Brookfield originated real assets that generate attractive risk-adjusted returns.

Turning first to our retirement business. We maintained a disciplined approach to new business origination during the quarter, prioritizing returns over sales. In total, we originated $3.8 billion of annuities including $3.6 billion of retail annuities and $200 million of pension risk transfer transactions.

With interest rates expected to remain range bound, and competition elevated, we will continue to prioritize profitability over volume. Having said that, we continue to expand our distribution relationships bringing existing retirement products to more annuity producers and their customers. Our emphasis continues to be on large bank and broker-dealer firms where BWS is significantly underweight.

During the quarter, we onboarded two additional relationships and continue to ramp at existing partners. The pipeline of firms we plan to enter by the end of 2027 represents over $30 billion in annual fixed annuity sales. We are well positioned to take share in each of these firms, and we will add to our pipeline in 2028 and beyond.

As a reminder, our competitive proposition in these channels extends beyond price, service reputation and institutional relationships are essential for entry and growth.

Finally, the fundamentals driving demand for retirement savings and income products remain intact, and we continue to see a growing marketplace due to demographic trends and an increasing desire among consumers to better prepare for retirement. We are well positioned to capture this growth while maintaining discipline on the returns we earn.

Turning to our protection franchise. We continue to execute in our U.S. property and casualty platform, Clearbrook, having now largely derisked the liability profile by exiting volatile lines and reducing catastrophe exposure.

Our priorities are twofold. First, enhancing our underwriting capabilities. Our objective is to generate consistent underwriting profit which we achieved again in the quarter. We are better leveraging our data and centralizing underwriting decisions which has started to yield results in terms of the quality of our business.

Furthermore, our small account E&S and specialty commercial business franchise gives us better control of underwriting price and terms. Progress in this area is especially critical in the current P&C market environment which is showing signs of softening. We believe this will put us in a strong position to scale both organically and through M&A the time is right.

Secondly, we have increased our allocation to alternative assets originated by Brookfield. As an investment-led insurer, we have the flexibility to allocate investments that best support our franchise, all while maintaining substantial capital and liquidity in the business.

Finally, our protection business diversifies our overall liability profile. Helping to offset rising funding costs in our retirement business. We are excited about the opportunities to come in this space.

Now turning to Just Group. We are pleased with the progress we've made following the acquisition in April.

We are sharpening the business around its core pension risk transfer and retail annuity franchise, aligning the cost base more closely with competitors and redeploying assets. To date, we have deployed approximately GBP 1.5 billion into Brookfield strategies with a further GBP 1.5 billion of investments in our pipeline for the remainder of the year.

Just has a strong market position in the U.K., where the pension risk transfer market is expected to generate approximately GBP 50 billion of annual transaction volumes over the next decade. With a large opportunity ahead, we will maintain underwriting discipline and grow the business only where we can earn attractive returns.

Beyond the U.K., we are making great progress expanding internationally.

In Japan, we continue to build on our existing reinsurance relationships, supported by our local team and growing demand for retirement products. Although price competition is robust, we believe our reputation and long-term focus will be important differentiators in the market.

In addition, we are in the process of establishing a local presence in Hong Kong to cover the rest of the APAC region, where we believe demand for retirement savings products will accelerate in years to come. Bringing it all together, we are excited about the future of the business and the returns it can provide to Brookfield shareholders for years to come.

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 Alexander Blostein with Goldman Sachs.

Alex Blostein, *Analyst, Goldman Sachs*

I wanted to ask a couple around insurance, BWS strategy, given significant deployment pace you guys alluded to in the quarter. When we look at the investment portfolio, it looks like about 41% of the book is now allocated to private strategies. The bulk of it is obviously private credit, up from, I think, 38% last quarter.

As you think about the ultimate addressable market, so to speak, and where you think that private market allocation could go over time where do you see that settling out? And then perhaps as a follow-up, I think, Nick, in your remarks, you suggested that some of the repositioning took place late in the quarter.

Any early thoughts on what DE from BWS could look like for Q4 would be helpful.

Bruce Flatt, *Chief Executive Officer*

Yes. Maybe I'll start just in terms of the asset allocation point. Look, we are continuing to progress on our strategy to deploy more assets into real asset strategies and fund strategies that are more equity like.

So, I think what you'll see over time is an evolution there will increase our allocation to those segments. And reducing our asset allocation that is currently in cash, public fixed income and real asset credit.

Nick Goodman, *President*

Alex, I think you can see in the earnings this quarter, the benefit of the differentiated investment approach that we have in the business, as Jon mentioned, we're investing into real assets. They are generating inflation-protected yield.

So bulk of the return coming through cash yield. And as we've proven through multiple vintages of these funds over a long period of time excellent value creation over time to really drive towards a really attractive total return.

I would say in the quarter, I called out specifically sort of a rotation of the investment portfolio that was cash and liquid fixed income into treasuries.

I think on that portfolio, it was about an 85-basis point pickup which is about $25 million of additional investment income.

Exactly how much was in Q3 versus Q4. I'm going to say half-half, but it could have been a little bit more tilted to Q3 than Q4, but it's a nice pickup and just another good example of how exercising discipline in the portfolio and being patient with our deployment is additive to returns.

Alex Blostein, *Analyst, Goldman Sachs*

So all else equal, the spread on the kind of the existing annuities book, excluding Just, probably picks up a little more as you kind of quarter-ize this change, right?

Operator

One moment for our next question and that comes from the line of Mario Saric with Scotiabank.

Mario Saric, *Analyst, Scotiabank*

In the letter to shareholders, you kind of discussed both the immense opportunity and risk associated with AI.

I think last quarter, we talked about BN's limited co-investment over time into it, and I appreciate that Brookfield is only really dealing with the highest quality counterparties. But I was hoping you could maybe shed a bit more color or light on the risks that Brookfield is taking and the construct of the return profile associated with that risk?

Nick Goodman, *President*

Hi Mario, listen, I think we did mention it in the letter, we've talked about it in the past. And as you know we are focused on AI infrastructure, supporting the build-out of the infrastructure, the energy that's supporting this, but we're being highly selective and very disciplined in the transactions that we pursue.

Really, I think because of our differentiated approach where we have the operating capabilities, the experience of delivering projects, we have access to capital, and we have relationships.

It's affording us the ability to be highly selective and focus on the highest quality projects. That means we're focusing on sites that are permitted where you have energy connection where you have recourse to highly credit-rated off takers. And therefore, you have high visibility on managing the risk of your portfolio which allows you, therefore as Bruce said in his remarks, to deliver attractive risk-adjusted returns. And it really is no different to the approach we've taken investing across infrastructure, energy, real estate and private equity for over 125 years.

And I'd say largely what we'd expect in these deals is to get a return on and return of capital over the life of the lease. Especially in the shorter-dated chip financings.

So it's really doing it in a de-risked highly selective manner because we are always very focused on that downside protection given the significant capital we have invested.

Mario Saric, *Analyst, Scotiabank*

Okay. And then just maybe as a follow-on in the letter, you also talked about the potential operational efficiencies associated with the deployment of the capital.

And I think you referenced margin expansion being kind of quantum ahead of 10%, give or take which inning would you say from an operational perspective, is the AI capital deployment in -- regarding Brookfield's operating business margins and efficiency today?

Nick Goodman, *President*

I mean Mario, you're right. I mean we do believe that the long-term opportunity from AI outside of creating an exceptional investment cycle is the upside and the value we can extract from applying AI and the technology across the businesses that we already own.

As you know that we have delivered returns over a long period of time through operational excellence, and we see this as being another very important tool in the toolkit that will allow us to grow revenues, improve margins and increase cash flows to really enhance our returns and make our businesses more resilient.

We've already been doing this across infrastructure, energy, real estate and private equity. We see significant opportunity to use the technology. We are being very coordinated in how we do this.

We think about this as many other operating initiatives that we've had across the business to be disciplined to focus on the ROI of the technology and the use cases and there's a lot of scrutiny, but we see a lot of opportunities.

And as we've touched on in the past, the relationships that we have with the technology companies that are developing these -- the AI for deployment through our relationships, we are at the forefront of learning and being able to study the relevant application of these so that we can focus on the most efficient deployment.

So, I'd say over time we expect it to be very meaningful. And even the relatively modest improvements in productivity and margins, if you think about the scale of our operating businesses. We have the potential to be very meaningful to earnings and cash flow over time.

Operator

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

Bart Dziarski, *Analyst, RBC Capital Markets*

I wanted to go back to insurance, and you talked about kind of the competing dynamics of focusing on profitability over volume while also expanding distribution.

So, can you just unpack those dynamics a little bit more? And then should we think about that for '27 your ability to originate $20 billion-ish of annuity volumes when we put those together?

Jon Bayer, *Chief Executive Officer, Brookfield Wealth Solutions*

So just first to address the specifics of the quarter, as we experienced during the quarter, interest rates rose very quickly during the quarter, and we were more cautious. We felt that ultimately, rates could be range bound and we were reluctant to chase interest rates up in respect of our product pricing, unlike many of our peers. That resulted in lower sales versus what a normalized market environment would have been, but we were very happy with the results.

When you look ahead, I think you keep in mind that we are dramatically expanding all of our various distribution and different markets that we are engaged in. We talked about the bank BD side, where we're rolling out new relationships. These are points of distribution that we don't have access to today. It's going to be the same products that we're selling into those markets. And so therefore there's embedded growth from that perspective.

We spoke about Asia and international a little bit. And we think, again, there, we're only really getting off the ground in Japan, Hong Kong, Singapore and elsewhere. We're very upbeat about the prospects of our growth potential. And the other thing I would say is when you think about growth, we think about earnings before we think about sales.

And looking at the asset repositioning and the deployment into Brookfield real asset strategies that I already touched on as well as just and just bringing just online and starting to enhance its overall performance.

Those are all some of the key things that we focus on. And again, I think the last point I would make is, in time we expect P&C to be a meaningful earnings growth contributor as it already has been from an investment side.

But as we continue to build our underwriting capabilities, we'll just contribute even further to the earnings growth.

Nick Goodman, *President*

Yes, Bart, the only thing I would add is to exactly what Jon said which is we have the ability to drive earnings growth without having to chase the market while rates are volatile, as they settle out, we can look to lean in and step up origination, but you saw our earnings growth was still very strong, and that's because we have many other levers in the business without having to chase growth.

Bart Dziarski, *Analyst, RBC Capital Markets*

Very helpful. And then maybe for Nick, with the realized carry, you talked about a meaningful step-up expected for next year.

Could you help us frame up what does meaningful mean in this context? And are there one or two asset classes as you look at your pipeline that could be driving that outlook for '27?

Nick Goodman, *President*

So I'd say that it's playing out nicely and it's in line with what we have been expecting and have been communicating to you for the past few quarters which is that the monetization pipeline continues to be incredibly robust.

I'd say specifically robust across infrastructure and energy right now but also selling private equity credit and real estate also contributing. I think this year, we're already largely, I think, about $500 million year-to-date roughly.

It's just shy of what we delivered in all of last year. And we do expect another strong Q4, maybe largely in line with Q3, maybe a bit more, but that step-up really comes next year. And so, with strong monetizations across the business were specifically relevant to carried interest.

Next year is predominantly in our second and third vintage of infrastructure funds. The second fund is now through the preferred return. Each incremental sale is realizing carry and the third fund which is double the size is now working its way through the preferred return and getting close to that carry realization. And the pace and scale of the sales that we're achieving there and the returns is very encouraging.

We announced another transaction this week in Canada, and we have more in the pipeline. We do think about next year being a significant step-up and it's largely driven by infrastructure, I'd say, in energy. And the nice thing about those is they have inflation-protected attributes and we're continuing to find attractive ways to monetize.

Operator

One moment for our next question. And that will come from the line of Ken Worthington with JPMorgan.

Ken Worthington, *Analyst, JP Morgan*

We had midterm elections in the U.S. Do you see the results impacting 401(k)s in the discussion about alternative products making their way into U.S. retirement plans? And does the U.S. political landscape change the narrative here to some extent? Or is sort of the cat out of the bag in terms of getting alts into the U.S. retirement program.

Nick Goodman, *President*

Thanks, Ken. So there is speculation about what policy changes and priorities Congress will pursue.

I think it's still too early to say, so it's difficult to predict. But that said, we do fundamentally believe that enabling individuals to access private markets through their retirement savings is a good thing, provides diversification enhances risk-adjusted returns. And so as a result, we do expect that the channel will continue to open up with the appropriate risk on safeguards. But as what happens in the short term and the specific policy changes, it's hard for us to comment on.

Ken Worthington, *Analyst, JP Morgan*

And then maybe as a follow-up, given the increased deployment into real assets, the great returns that we're seeing there and then the yield pickup that you're getting on the redeployment of the investment portfolio, are you able to underwrite higher investment returns?

And does that position wealth solutions for better volume to kind of go along with the expanded distribution?

Jon Bayer, *Chief Executive Officer, Brookfield Wealth Solutions*

I would say with respect to our new originations, we are our investment program, as we've talked about in the past, is on a total return basis. So that is different from a number of other players in the sector who are much more oriented toward fixed income spread type returns. That's not how our asset portfolio. That's not the Brookfield real asset strategies are more focused on total returns as opposed to interest income.

And so I say that because, yes, you're right, we will continue to generate higher investment earnings on the general account of our insurance portfolio. It's not the primary driver from a pricing standpoint. What we tend to focus on is being disciplined around the cost of new liabilities and our cost of funding in that respect. And then we layer the total return asset strategy on top of that.

So hopefully, there's a bit of a nuance there, but hopefully, that helps sort of amplify how we're thinking about it.

Operator

One moment for our next question. And that will come from the line of Cherilyn Radbourne with TD Cowen.

Cherilyn Radbourne, *Analyst, TD Securities*

Thanks very much. And good morning. It appears that the so-called wall of debt maturities in PE and RE got pushed out by perhaps a year as the can got kicked down the road in various ways. But is finally emerging in 2027.

Can you talk about how you're thinking about that opportunistically in terms of deployment across your various verticals?

Nick Goodman, *President*

Yes. Hi Cherilyn, listen, I think there's always a lot of focus on the maturity wall in real estate.

I would just almost say that because of the amount of financing that does exist in the real estate market, there's almost a lot of maturities every year. in the real estate market. But obviously what we've seen play out over the last five years is that the challenges that real estate has faced was never for our portfolio and for the broader market, not always an occupancy issue.

It was an interest rate issue. And so the increase in interest rates did create capital structure challenges for some owners of real estate. And as those financings do come up for restructuring, for refinancing, it can create attractive investment opportunities for us.

I think for those that own good real estate and it's well capitalized, that maturity will just be refinanced. That's consistent with our portfolio or they will have well-capitalized sponsors that will put the money in to ensure they can be refinanced. But for the balance, it can create interesting investment opportunities. And I would say, in our opportunistic real estate strategy in BSREP V.

We have already seen some examples of that fallout, and we've been able to make some pretty attractive investments. And I would expect similar to happen in private equity, where really the value creation now is about your operating capabilities. And if you weren't able to drive revenue growth and create margin expansion and drive growth, and you're still with the same debt at higher rates, then there could be opportunities to come out of that.

Cherilyn Radbourne, *Analyst, TD Securities*

And maybe just as a tag on what about Oaktree and that opportunistic strategy?

Nick Goodman, *President*

That's a good follow-up. Cherilyn, I should have pointed that out, but it is creating. And obviously Oaktree is being selective and focused and focusing on those high-quality businesses where there may be a credit investment opportunity. So, we are seeing good deployment opportunities in Oaktree as well.

Cherilyn Radbourne, *Analyst, TD Securities*

And then if I could just tag on, share buybacks look like they're going to exceed the $1 billion deployed over the last two years based on the pace year-to-date. If the share price stays where it is and carry inflects as you would expect in 2027, how are you thinking about allocation to buybacks?

Nick Goodman, *President*

Yes. Thanks, Cherilyn, that's a fair question. Listen, I think, as you know we've always thought about the allocation of our capital and cash flow as being available to support growth, to maintain liquidity across the organization and to allow for us to be opportunistic where we see incremental growth or investment opportunities. And we balance that with buybacks and being opportunistic and leaning into buybacks.

I would just say that we don't necessarily have an annual target in mind. I know the previous two years shook out to roughly the same number, but we don't have an annual target in mind. And so I would just say we do expect to be active going forward. Especially when you consider the current share price where it has been recently.

But I would say, irrespective of that, we expect to be active going forward. And as free cash flow does step up, that will afford us the flexibility to do more should we not have other investment opportunities available to us at the time.

Operator

One moment for our next question and that will come from the line of Etienne Ricard with BMO Capital Markets.

Etienne Ricard, *Analyst, Bank of Montreal*

In terms of capital allocation, where does BN see the best return opportunities as we look into 2027. And given the volatility in the annuity markets, do you see better returns in asset management to help scale new strategies? Or do you expect it to be balanced across asset management and insurance?

Nick Goodman, *President*

The first comment I would make is that, obviously our asset management business has its own capital, its own balance sheet and the ability to use its own resources to scale new strategies. So the reliance on BN's balance sheet is less.

That said, we do see tremendous opportunities in BAM to scale new products and to lean into the asset classes that it's focused on where it's having tremendous success with clients. We see a tremendous growth opportunity within BAM.

I'd say within the Wealth Solutions business, as we've touched on, we still see a very attractive growth trajectory ahead of this business, and we see that combined with the ability to continue to generate attractive returns. And as long as that maintains, then we continue to allocate capital to that business.

So I'd say very much a balance of continuing to grow our existing businesses. looking for adjacent investment opportunities which as we do go through a volatile market, they can always come up, and we're being very focused on looking at where they could be and what they could be. And then absent that, looking to lean into buybacks.

So I'd say it's a combination of everything, and we remain open minded as we move into the next year.

Etienne Ricard, *Analyst, Bank of Montreal*

And Nick, you mentioned the redeployment of cash into higher-yielding assets at Brookfield Wealth Solutions. Specifically for cash, at what percentage of the investment portfolio are you comfortable operating at when bond yields rise? And conversely, when rates fall, where do you see this percentage going?

Jon Bayer, *Chief Executive Officer, Brookfield Wealth Solutions*

So I would say just as a general matter, we focus on maintaining ample liquidity in our general account in order to mitigate any sort of outflows that we could experience in the business. We're super conservative, if you will, around those liquidity buffers. And I almost think of the approach more as a barbell.

Around half of our portfolio tends to be on cash or liquid securities that we can monetize as needed and the other half in and around private assets, both real assets equity as well as credit, and obviously a lot of the public assets that we are invested in are for some of the cash flow matching that we do in the liability profile. But that's sort of at a high level how we think about the bifurcation in the investment portfolio.

Operator

We do have time for one final question, one moment. That will come from the line of Jaeme Gloyn with National Bank.

Jaeme Gloyn, *Analyst, National Bank*

I just wanted to ask a question on the annuities growth and sensitivity to the interest rate environment based on your comments of the previous questions.

So with the recent step down in interest rates over the past month ignoring what just happened in the last couple of days, was that enough to sort of restart or reposition you into a more aggressive posture on the annuity front? Or are there -- are you looking for further declines? Or are there some other factors where you would take a more aggressive stance?

Jon Bayer, *Chief Executive Officer, Brookfield Wealth Solutions*

Yes. No. I wouldn't quite use those words, but I think the sentiment, it's not unfair. So, in other words, as I said earlier, we did not chase rates up for this very reason, right? I think when you're in these scenarios where all of a sudden, the volatility in the marketplace is up and then it's back down, you could have locked in a relatively expensive cost of capital.

So that's how we're thinking about the market generally. As I said, cost of funds, cost of liabilities is something that is very important to us. But we don't have absolutes or bright lines in our business. And so maybe I'll just leave it at that, I wouldn't necessarily use all those words, but I think your thinking is correct vis-a-vis our posture.

Nick Goodman, *President*

And I'd say the other important part is stability. The stability is really important. When rates went up quickly, we want to see stability in that environment before we think about writing and deploying because we could have locked in and rates went down 50 basis points, and you're stuck in a different investment market than what you raised.

Stability is critically important. And also, I would just say that given a lot of this is going to be invested into inflation-protected real assets, we have a competitive advantage in that we can earn very strong returns through rate cycles. I think the rate environment where it was, if that's where it settled out and remained there, we could have turned a posture into growth, but we just want to be careful and wait for that stability signal.

Jaeme Gloyn, *Analyst, National Bank*

Okay. Fair enough. And then second question, just on the real estate portfolio, lots of momentum in leasing rates. And absent some residential transactions this quarter, ignoring that factor.

Just wondering, when is the inflection point? Or what's the timing where we start to see a lot of this momentum that you've been talking about for several quarters start to feed into a stronger profile for real estate’s contribution on distributable earnings?

Nick Goodman, *President*

That's a fair question because you're right, there's a lot of really strong headlines and momentum in the business. And I can tell you on the ground, it is the momentum is really strong. It almost feels like every lease we sign these days is like a new record lease or it's a significant, significant increase on the leases expiring.

As we've said, I feel like we're in a cycle right now that could take 12 months, maybe a bit longer of converting the strong leasing momentum into earnings -- actual earnings because it takes time for new tenants to fit out their space. And then for that fit out to complete and then convert into actual NOI and revenues into the P&L.

I think it takes time, but what we are doing every day is embedding that growth into the business. It's incredibly healthy for valuations even if it's not quite turning up in NOI yet, but it's coming because the momentum is incredibly strong.

Operator

I would now like to turn the call back over to Ms. Katie Battaglia for closing remarks.

Katie Battaglia, *Vice President, Investor Relations*

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

Operator

This concludes today's program. Thank you all for participating. You may now disconnect.