

Brookfield

TRANSCRIPT: 2021 INVESTOR DAY

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Brookfield Asset Management Corporate Speakers:

- Suzanne Fleming, Managing Partner & Global Head of Communications and Branding
- Bruce Flatt, Managing Partner & Chief Executive Officer
- Sachin Shah, Managing Partner & CIO
- Craig Noble, Managing Partner & CEO of Alternative Investments
- Brian Kingston, Managing Partner & CEO of Real Estate
- Armen Panossian, Managing Director and Head of Performing Credit, Oaktree
- Nick Goodman, Managing Partner & Chief Financial Officer

PRESENTATION

Suzanne Fleming, Managing Partner, Global Head of Communications and Branding

Good afternoon, everyone. My name is Suzanne Fleming, and I oversee Corporate Communications for Brookfield. Welcome to Brookfield's 2021 Investor Day. Thank you to everyone who is joining us here in person. It's great to see a full room, and thank you to everyone who is joining us online.

Today, we're going to start things off with an overview of BAM. Bruce will start, followed by Sachin Shah, who will talk about our business and areas of growth. Craig Noble will then give an update on our private funds and our fundraising initiatives. Brian Kingston will give an update on our real estate business. Armen Panossian will talk about Oaktree and the opportunities in credit. Nick Goodman will then give a financial overview and outlook, and we'll wrap up with the Q&A.

For those of you online, there's a question box at the bottom of the screen that you can type your question into. For those in the room, you can just raise your hand and we'll get a mic over to you or you can use the QR codes that are on the tables. And for those of you who are here with us in person, we're going to host a cocktail reception downstairs afterwards. So we hope you'll join us.

We'd like to remind you that in responding to questions and in talking about new initiatives in our financial and operating performance for the Brookfield companies presenting today, we may make forward-looking statements, including forward-looking statements within the meaning of applicable Canadian and U.S. law. These statements reflect predictions of future events and trends and do not relate to historic events. They're subject to known and unknown risks, and future events may differ materially from such statements. For further information on these risks and their potential impacts on our company, please see our filings with the securities regulators in Canada and the U.S. and the information available on our website.

And with that, I will hand it over to Bruce.

Bruce Flatt, Managing Partner & Chief Executive Officer

Thank you, Suzanne, and welcome, everyone. Welcome, everyone online. But in particular, everyone here, thank you for coming all the way here to be with us in person. It seems we sized the room perfectly. Thank you also for your interest in Brookfield. I'd just say it's a great, great privilege for all of us here speaking today, but also for those that run the business, to build this business, and we're always thrilled to tell you about it. So we'll take 2.5 hours of your time to do that. As Suzanne just noted, we decided this year to expand the group a little versus just Nick and I speaking. So we included Sachin, Craig, Brian and Armen in the presentation. And the goal of that is to go a little deeper on some of the important things that we're doing within Brookfield.

Before I start with a few slides, I'll just make one over-riding observation, which is that despite the scale and the size of the business today, I hope you will see in the numbers that the growth in the business and the business is actually accelerating faster now than it ever has before. This business should double in size over the next five years and the business is becoming stronger and more dominant all the time. This means that we can enter new adjacent businesses quicker and faster than before, like our start in secondaries in the last year, Craig will touch on as an example of this a little later.

Part of the reason for this is that interest rates are zero, and enormous sums of capital are flowing into the alternative asset management industry. But one has to be able to capitalize on that. And our track record is compounding both in numbers but on the business itself. More funds means we can push our strategic advantages more, which means our returns are better, which means we get more money and so on. Of course, we make our share of mistakes and have over the past 25 or 30 years, but the record for clients is excellent. You know the performance of Brookfield on its own. And this compounding of results is accelerating more today than it ever has, and we'll try to reflect on that as we go through the presentation.

With that, I'll turn to a few slides in this presentation. As you all know, the compound growth of Brookfield on an annualized basis is approximately 20% over the past 20 years. Going forward, more importantly, given where we are with the business, we should be able to achieve that performance going forward. That isn't what we told you years ago.

Growth in new strategies could enable us to outperform that range. Moreover, our conservative balance sheet and the capital we have provides significant downside protection to what we're doing in the business. Interest rates are zero and all of you know that. More importantly, they are zero across almost every single market in the world, and that's pushing enormous capital to the alternatives sector. This slide, which we've showed you probably every year for 15 years, shows that in 2000 alternatives were 5%. Today, they're circa 30%, and we're quite convinced today they're heading towards 60%. That's very meaningful for this business.

Valuations for de-risked assets, and I make the point, de-risked assets continue to benefit from this environment because most people cannot acquire assets the way we do and convert them to de-risked

assets; but de-risked assets continue to trade at significant premiums and this allowed us to monetize over \$30 billion of assets last year, and our carry continues to grow because of that.

Our operating businesses are structured and have the capabilities to capitalize on all these tailwinds, which we're experiencing, and I'll talk about a few of those in a minute. But really, the scale platform they have, the access to capital pools that we've built up, the people we have to operate the businesses and the financial capability and discipline that we have are very important to the overall business. In the last 12 months since we talked to you, we raised \$43 billion, deployed \$45 billion and monetized \$30 billion of assets. So it was a pretty active period of time.

In our flagship funds, just to put that all into perspective, our last round was circa \$57 billion. This round will be circa \$100 billion, and next round should be in excess of \$125 billion. More importantly than that, and Craig is going to get into this, the adjacent funds that we're creating around these flagships are even more important to our future – than these funds in themselves.

We continue to operate on broad themes around the business, and I've listed a few here, but governments globally have enormous amounts of debt they've taken on and they need to bring capital in and that creates infrastructure opportunities. Allocations to private credit with government returns almost nonexistent is extremely positive for many things that we do. City center office and other properties are value purchases today and few of those exist out there. Alternative property sectors that are growing in many countries of the world are growth plays, and we continue to fund a number of those.

Decarbonization is a generational scale investment opportunity that we're at the forefront of and will be very meaningful to us going forward. Private equity is broadening to include much more growth investing. And our view, and Sachin will talk about this, is that the software sector will become the new infrastructure.

Looking forward, our five business groups are well positioned to do exactly what they've done for the last 10 or 15 years going forward. And we think we'll raise approximately \$270 billion for these strategies over the next five years. Future growth though will be driven by, as I noted last year, insurance solutions and the important point here is that the liability risk is as low as it's ever been, and our specialty is investing on the asset side of the balance sheet. And Sachin will talk about that.

In growth investing, we're scaling up our teams to be able to tilt slightly our private equity investing strategies, and we continue to do that. In transition, we think we can eventually build this business to \$200 billion, and we're off to an excellent start. In secondaries, we found great synergies with the balance of our business, and we think that going forward, this will be very meaningful to us.

Moreover, the conservative balance sheet we have gives us enormous flexibility to do things that many others can't, and allows us the ability to transact in ways that others sometimes can't compete with. Our balance sheet of cash, financial assets, our investments we have on the balance sheet, a low debt to capitalization and substantial capital from clients puts us in a very small group of alternative players.

In addition to that, and Brian will talk about this, by taking BPY private, we now have access and free ability to do what we want with our real estate portfolio without the thought of a public market security and what it will do to the other owners in that security. And we'll talk about where we're going with that. But

in essence, it's a significant amount of capital sitting on the balance sheet that over time can be released to fund other initiatives, whether it be growth initiatives that we find or share repurchases.

And all of this, before turning the podium over to Sachin, essentially allows the business, and we're going to walk through this today, to grow from a midpoint intrinsic value basis on our planned values from around \$75 a share to \$160 or \$170 a share in five years from now.

And with that, I'll turn it over to Sachin to talk a little bit about where we're going on growth.

Sachin Shah, Managing Partner & CIO

Thank you, and good afternoon, everyone. As Bruce said, I'm going to spend the next 15 or 20 minutes just talking about the growth of the franchise and how we see the next five years. I'm going to start with the five businesses that you all know, our private equity business, our real estate business, our renewables and transition business, infrastructure and obviously, our credit franchise.

And maybe the thing to point out and I'll point to in a second, is that these businesses are in excellent shape, have strong balance sheets, strong growth programs, long track records, and global teams. And these businesses are really well positioned going forward over the next five years to double in size. And for anybody who joins us tomorrow, you'll get a deep dive into that. And these businesses have really underpinned the growth of the franchise over the last decade. Given the tailwinds that each of these benefit from, we think that they are going to be the anchor under which this business grows.

Just as important though, as Bruce said, and I'll touch on this in the second half of my presentation, is we're working on new things in the business, new businesses that we can grow out of Brookfield, in particular on the insurance side the technology side, that can take our growth and then further accelerate it. And we're hoping that today's presentation captures all of that and then Nick will come up and put some numbers around that.

First of all, for everybody who knows Brookfield, just to maybe do a quick refresher for those who might be newer to the story, what has been our approach to investing and why have we been able to invest through multiple cycles, capture value and continue to deploy capital even when it appears sometimes that there is significant excess capital in the system and a significantly low cost of capital in the system. First of all, we have north of 1,000 investment professionals all around the world, scouring the planet for deals that we think that we can bring in and deploy on behalf of our own balance sheet, on behalf of our clients and on behalf of all the products that we invest into around the world.

The piece that is a key differentiator for us in addition to our talented investment people is the partnering and the opportunity we bring to all transactions with our operating platform. We have 150,000, or north of that, operational folks around the world who find pockets of value on transactions where others may find it difficult to invest.

And so as an example, there is a very large bid today in renewable power, in infrastructure on low cost of capital assets. Anybody with a low cost of capital can buy a very clean stream of cash flows and just out-pay a competitor for that. We have the ability to find off-the-run cash flows, assets that might need further development, might need an operational turnaround. And therefore, there's less competition. We can find that pocket of value. We can bring our operational depth to bear and continue to drive value.

Our capital base as an organization, Bruce touched on our balance sheet. The strength of our balance sheet gives us significant flexibility, gives us significant downside protection, but also just as importantly, demonstrates one of the strongest forms of alignment in terms of what our clients around the world look for. When we put our client money to work, we're right by their side putting our own money to work. And today, we have over \$60 billion of Brookfield capital invested into our funds and our strategies across all those five businesses I talked about. And that demonstrates strong conviction in the strategies that we invest into.

Over the last decade, we've also increased the type of capital investing that we participate in. And flexibility of capital has become increasingly important for counterparties. We're not just investing in equity, we're offering debt, hybrid securities. We're putting capital to work under core and core plus strategies for lower cost of capital to investors or clients who might want a lower risk, lower return strategy.

That breadth of offering and the ability to create new products around a specific theme has really allowed us to scale up the franchise. So if you take each of those five businesses, even though we may have started by putting opportunistic capital to work, we've been able to layer new products around core strategies, around mezzanine debt. Craig is going to talk about our secondaries business, which is an adjunct, again, to these core strategies that we have. And that really allows us to meet the needs of our clients across different return spectrums.

And as a result, we've created an organization where we blend investment acumen, operational depth, multiple products and an ability to then fix assets, grow assets, stabilize assets, generate consistent streams of cash flow and then sell those assets into a very repeatable process that all around the world identifies opportunities that are unique, surface value and can do so even in markets that seem very overbid. And this approach is not only repeatable, but it's consistent across all of those five businesses I just mentioned.

Obviously, those businesses today, the five of them as I said, are very mature and very large, but each of them has really benefited, and I'd say, 10 years ago, maybe we thought this would happen. But today, we see it playing out. Each of those businesses has an incredible tailwind and secular tailwind coming through that's really driving their growth. So maybe we'll just pause here.

And as you see the big drivers of growth today in the world that are driving capital flow happened to all intersect with one or two of our businesses. And so if you take a look at each of our businesses, we're benefiting from significant capital flows that are a function of major events occurring in the world that have multi-decade trends behind them.

I'll start with infrastructure. As Bruce said, balance sheets 10 years ago for governments were bloated. Who would have thought that today that would have looked like a good time. Today, they are increasingly bloated and governments have put out excessive levels of debt. And as a result, we are hitting the next super cycle on the infrastructure deficit. And it just means that if you look at the Western world in particular, it is only the private sector that can really make the capital investments needed for populations to benefit from this standard of living that we have. And if you look at developing economies where governments are already stretched, again, the private sector has a significant role to play. And therefore, we have built a global business that will obviously benefit significantly from that.

Our credit franchise, we brought Oaktree into the family by partnering with them a few years ago. Today, it looks very opportunistic. But Oaktree has allowed us to build out greater scale on credit in an environment where more credit is flowing into private credit transactions where interest rates being at all-time lows means that we have a unique offering for people who are looking for debt.

And as we've built out our own credit franchise in real estate and infrastructure and then partnered with Oaktree to build out the balance of our liquid and illiquid strategies, we have a very, very large-scale credit franchise. And I would say, as we build out our insurance solutions business, which is really an adjunct to credit, you should expect our credit franchise to grow immensely over the next five years.

Our real estate business, Brian is going to talk about the currency that it brings, the locational benefits that we have, the urbanization that continues to happen around the world. But really, the depth and scale and the multiple asset classes within real estate that we invest into gives us, again, a significant advantage to be nimble around the real estate market, and therefore, this will be a very large component of our business for many years to come. The renewable business, which maybe has a soft spot in my heart. But really 10 years ago, again, if I look back, we were largely an investor in hydro doing development and off the back of significant government policy initiatives around climate change.

And now, increasingly for corporates who are looking to decarbonize their own environmental footprint, our renewable business and now increasingly, our transition franchise are just at the early, early stages of what will probably be 30 to 40 years of significant structural changes in economies as industry starts to electrify, as transportation starts to electrify, and we're only in the first stages of this business as it is poised to grow tremendously over the next 10 years.

And lastly, our private equity business. We have an excellent track record in private equity. As Bruce mentioned, we are shifting it a little bit to broaden it out into late-stage technology buyouts, supplementing the core business that we have around business turnarounds within industrial assets. And we think technology will be a nice addition to this business as we continue to grow that franchise.

All of this is great. It's great when you have tailwinds, but maybe the proof of all of this is really our track record. If you look at just the last five years, we've been able to bring in more than 3x the amount of capital into the business from our clients, which shows you that our clients are generating returns that they're happy with in excess of our targets and more capital is flowing into alternatives. Obviously, that impacts the revenues that come into the firm. And as a result, we've been able to continue to compound the capital for Brookfield shareholders at that 20% annualized compound rate that is our long-term track record and obviously, our target going forward.

And maybe the last thing I'll just say is, in addition to having a strong investment franchise and operating franchise, the balance sheet, we recognize that our client needs have also grown. And ESG has become a big theme for our clients. And given the history that we have with renewables, given the history or the build-out of the transition business, we have a depth of expertise in this area. And so we feel very good that we can bring ESG principles into all of our investment strategies. And over the next decade, we'll be able to embed that really into all of our investment processes and have very strong measurement and reporting and disclosure around ESG. And again, our clients are asking for this, and we think that this will become a critical part of how we put money to work going forward.

So with that, I'll maybe now dive into what are the new things that we're working on. Bruce talked about transition and secondaries last year, and we put out targets around both of those businesses. First on transition. We had our founders' close. So our initial close of capital in our first Transition Fund a few months back, we would have disclosed it, just north of \$7 billion for a first – not even a first close, really a founders' close. And that is it what we're doing in that business. We're helping devise plans for companies to decarbonize their energy footprint or their carbon footprint, bring capital to bear so they can start to move away from emissions-based industrial processes.

And the starting point of all of that is really your electricity consumption. And most companies who are looking to decarbonize start with, can I procure electricity from renewables rather than what I was traditionally procuring it from, which was coal and gas. And given the background we have in renewables investing and the scale of our franchise, we're a natural first partner in that conversation. So we think that the transition business is really well poised to grow, and the initial close was successful, but we're targeting \$12 billion by the time we get to the final close of that fund.

The secondary business, we started out in real estate, and we're going to obviously build that out in infrastructure and private equity. And again, given the transactions that we participate in around the world, and we have relationships with GPs all around the world who are often looking for a capital partner either to divest an asset or to continue on a growth program. And so our secondaries business, we think, will be a nice add-on to each of those businesses that we have. And Craig's going to talk about our progress today.

Technology and insurance, I'm going to spend a little bit of time on both of those, and they're both doing quite well. First, on technology. Ten years ago, you would have heard Sam come up here and talk about infrastructure as an emerging asset class that we were building out a capability in. And it's really that thesis around government deficits that explain why infrastructure rebuild was so critical. If you look at technology, and in particular, software and software-related services today, we think it has the attributes of infrastructure. And what I mean by that is, today, businesses all around the world are migrating from manual processes, which underpin their decision-making, to technological-based processes that are underpinning their business decision-making.

And really the analytical underpinning of business is migrating over to software, storage and data analytics. And as a result, what we've seen even in our own businesses, if you take the Brookfield economy of \$600 billion of assets and the businesses that we operate is, once you pick a system and you pick a software and you pick a program that you're going to run your IT infrastructure off of, you don't really change it that quickly.

It's sticky, it's long duration and you keep enhancing it over time. And therefore, we feel very strongly that the combination of that Brookfield economy and the fact that you can invest into very sticky streams of cash flow over a long period of time, presents a unique opportunity for us to build out operational depth and to build out investment capabilities. We're being patient, but this is an enormous market. It's in the very, very early stages, and we think we can build a very strong business.

To date, starting about five years ago, although I'm talking about it today, and Bruce touched on it last year, we really did start five years ago in this space. We've got about 30 investment professionals today

in Silicon Valley, New York and Shanghai, looking at both early stage, what I call growth equity investment opportunities and increasingly now late-stage buyout opportunities.

In terms of our investment program, we started on the early-stage companies, and we used our own balance sheet capital. We used \$250 million of Brookfield money. Today, those investments have a 3x multiple attached to them in today's environment. We're now monetizing some of this.

And we're doing this similar to all the other businesses that we operate, where we build a track record internally, we incubate on our balance sheet and then we bring it to clients. We've actually raised our first growth equity fund as a result. We're still in fundraising, but we've had our first and second close, I believe. And we're very excited about that business really starting up as an offering that we can provide to our clients.

Maybe more interestingly than that, though, is that if you look at the companies that we have in our portfolio, and as I said, that \$600 billion economy that we have within Brookfield, we have over 1,000 different software applications powering our businesses. And that gives us an immediate pipeline of potential opportunities to invest in those companies, to go have meetings with those companies, to partner with those companies on their capital needs.

And therefore, we have a very unique pipeline that's proprietary to our business before even getting out and scouring the world for great investment opportunities. We also have over 100 technology professionals today in the business that manage those systems and IT professionals running our systems around the world.

So as I said, we started five years ago. We started to advance the technology strategy in our private equity group. Cyrus and his team will talk about that tomorrow. We've started to enter into some partnerships with growth equity investors and early-stage tech investors. And we recognize that it's early days, but this is going to be a very important initiative for us, and we're putting significant resources behind it. I'll move to Insurance Solutions. And on the insurance side, I would say we probably have achieved more than we would have thought if we were here last year. We recognize that we've been able to complete a few large transactions.

And I would say insurance today is a market, especially in the Western world, where this zero rate environment, a 10-year treasury at 130 being at historical lows is really, really tough on the insurance community. It's making it very challenging, in particular, if you're in the life and annuity space to generate any investment spread, let alone write new business. So with that backdrop, let me tell you a little bit about what we've been up to. First of all, the market for in-force, meaning policies written and on the balance sheets of insurers today, just in the United States and Europe exceed \$10 trillion. So that's without any annuity underwriting or underwriting. That \$10 trillion typically has a duration behind it of anywhere between 10 and 15 years.

And insurance companies, even if they go out on the yield curve, cannot match their obligations that they would have written seven years ago, 10 years ago against those liabilities with today's yield environment they're in. And therefore, when you see and you read about all of these transactions that are happening in the marketplace where people are reinsuring block annuities, they're reinsuring that \$10 trillion because the insurance companies, traditional insurers, cannot generate the returns they need to get those off their books.

If you layer in on top of that, the Western world has an aging population that's going to quickly move from income producing, to needing to be on income and managing their retirement programs, that means these insurers have to be in business, have to keep writing product. And therefore, there is a tremendous opportunity for investors like ourselves to be able to partner with insurers to buy blocks of liabilities, put them through our investment programs and really provide that capital that the frontline insurers need.

What makes us unique in some respects is that given the duration of those liabilities, as I said, in that sort of 10-plus year range, traditional investing in the liquid markets is not going to provide you the yield, and the best assets to match up against long-duration liabilities like real estate and infrastructure. We have one of the preeminent infrastructure platforms today in the world, and we have a significant amount of credit products that come out of that.

You know the size and scale of our real estate business and again, the depth of our credit capabilities. And so, having credit franchises that leverage the strength and the intellectual knowledge that we have in infrastructure and real estate, give us a really unique ability to source credit products, the duration of which matches up nicely with those liabilities. And therefore, we have something at Brookfield that really makes us highly complementary to the insurance community.

And if you take that investment capability that we have in infrastructure, real estate, as I said, and you marry that with our balance sheet at Brookfield, where insurers know who they're dealing with. They're dealing with us as a counterparty. It makes the conversations with counterparties very, very attractive. It makes it easy to talk to insurance companies because they know the capital is ours. They know the investment expertise is coming from people with a track record. And I'd say part of the reason that we've been able to achieve meaningful success in the last year are just those attributes that we leveraged as we built out the business in this first 18 months.

What often gets people really excited to partner with us, though, is that sheer scale of credit that we originate in the franchise. We originate today, on an annual basis, somewhere in the range of \$50 billion of credit in our real estate and infrastructure businesses. Much of that historically was sold off to the insurance communities. And as a result, if you think about all of that proprietary deal flow coming in, we can use that to drive reinsurance transactions across the group.

In terms of relationships over the last five to seven years, as rates have come down and we have been building out our credit franchise, we have over 100 insurers that are LPs in our funds. So they are just providing LP capital and they're effectively investing into our credit products. And as a result, we already have strong partnerships. And maybe that scale and our capital base is a differentiator. The other piece I would just leave you with, though, is that in spite of all of these secular tailwinds and the low yield curve, the real advantage we have is that today, it's still the very early days in the insurance world, in particular in the United States, of a fragmented industry. In the United States today alone, there are over 800 life and annuity insurers throughout the country. Small insurers with small policies who don't have the investment programs.

So given our scale, given our capital base, the consolidation opportunity, the opportunity to do reinsurance transactions with these insurers who are very small, very fragmented just in the United States is immense. If we expand that to Europe, it becomes a very exciting sector for us over the next 10 years to

be able to consolidate, reinsure, write new products. And as a result, we think that this could be a significant area of growth for us.

What have we done from an operational perspective. We have about 40 insurance professionals today, most of them here in New York. We've built out systems. We spun out or established Brookfield Reinsurance. And we've completed three transactions with meaningful players in the space, American Equity Life. We made a strategic investment in the company or became a cornerstone investor and have executed on a \$10 billion reinsurance transaction with them. Reinsurance Group of America, we completed a \$2 billion block in-force transaction with them. And most recently, we announced the acquisition of American National Group, a domestic U.S. insurer based in Texas with \$30 billion of reserves and assets.

And this will allow us to, again, be a really strong partner with the insurers in the United States across a diversified set of products. American National has a very diversified set of asset-intensive, life, annuity-based products. It has a P&C business, which is just on the shorter end of the yield curve durations of two to three years. And again, we can then, therefore, bring all of our credit products to bear for this business. And so when we put out last year, 100 to 200 now, we look at it in 200 plus, we're off to a good start. Obviously, it's all market dependent, but we think that this business is really well positioned to grow.

To summarize, – The mouse trap that we have or the – maybe the consistent framework that we have at Brookfield really is about bringing investment acumen with operational depth to find value pockets. So it doesn't really matter to us whether the markets are strong or they're distressed. Obviously, distressed markets are great because you can find more opportunity, but we can invest through multiple cycles because we can bring that operational excellence to bear and we can then surface value over time.

Our five businesses have done extremely well over the last 10 years, but they are positioned to more than double over the next five years. And a lot of that is macro factors that have gone our way. And the businesses that we have built in that period, globally, with the investment acumen and the track record, we're excited about the prospects for those five businesses.

Our balance sheet has always been a tremendous advantage for us - flexibility, alignment, downside protection, and it will continue to be. We're building new businesses in the organization. We're adding products. Craig is going to touch on all of that. But between technology and insurance, we can really scale up these businesses. And if those five businesses double, these two businesses should really be highly additive to that, and we think that gives a significant cushion because like everybody, we will make mistakes along the way and having seven businesses to be pushing the organization will just be that much more additive to the franchise.

And therefore, we think that we're positioned to exceed AUM of \$1 trillion. But more importantly than AUM, which is a bit of a headline number, is really double the cash flow coming out of this business. And if we can do that, all of that falls to the bottom line, all of that becomes highly accretive to shareholders and then gives us tremendous flexibility to continue to grow the franchise, buy back stock and pay out dividends; all the things that shareholders should want. Maybe with that, I will hand it over to Craig.

Craig Noble, Managing Partner & CEO of Alternative Investments

Great. Thank you, Sachin. It's a pleasure to be here today to talk about our asset management business, where we've come from the last five years or so, the platform that we have today and the growth strategy going forward. I oversee our alternative asset management business, which means I work with a lot of our large LPs. I work with each of our businesses as they execute their growth strategies. And as I've been here the last almost 20 years, we have evolved into a diversified global asset management business.

And as we've built that platform over the last 15 years, the foundation of the business has been our flagship funds. We are one of the largest institutional investors in alternatives. And in addition to the flagship funds, we've been broadening out into some of the, as Bruce said, adjacent strategies that are now fueling the growth. That brings us to today where we're growing faster than ever before. Our asset management business is very scalable. LPs are refining and consolidating with fewer and fewer managers, wanting to do more with fewer managers, which I'll elaborate upon. And we're fortunate to be recognized as one of the preeminent alternatives asset managers in the world.

Looking at the asset management business by the numbers. We have \$325 billion of fee-bearing capital, roughly 2,000 institutional investors invested across 50-or-so different investment strategies. And over the last five years, we've experienced tremendous growth. This has come mainly from the flagship funds. We scaled up the size of the funds. We've grown our client base.

And of course, we've welcomed Oaktree into the family. As a result, we now have a scalable platform, and we're expecting our growth to more than double over the next five years. This will come from two main areas: our flagship funds, but also our other funds, which are newer and adjacent to the flagship funds. And this second area is maybe not quite as understood by the market. So I'll spend a little bit of time on it.

The growth will be across all of our businesses. Nick will get further into the numbers. But as you can see, it will be diversified. It will be across each of the platforms. If we can just keep doing what we're doing, we can roughly double the business with the existing platform that we have. With further fuel, as Sachin was describing, from our insurance business, for example, which is shown here as roughly another \$200 billion, will help to fuel the growth of each of those underlying strategies underneath.

And our fee-bearing capital today is very long term in nature or even perpetual. Specifically, 77% around \$250 billion is long-term or perpetual including \$100 billion of perpetual capital. Our perpetual affiliate structures are pretty unique. They've taken a long time to build and they're difficult to replicate. And we have \$150 billion in our closed-end funds. These are typically 10-year, 12-year, 14-year funds, which is an appropriately long time for us to execute upon our investment strategy.

But the most important thing is performance. We must continue to meet or exceed our investors' expectations and the benchmarks. It's easy to say, more difficult to do over the long term. We have been managing these investment strategies for a long time. Shown here is the track record for our flagship strategies going back several years, 10 to 20 years and even 30 years plus for credit.

Real estate, over 15 years, seven fund vintages, 24% IRR. Infrastructure, 15%, which is excellent given the more stable risk profile. Private equity, we've been doing for 20 years, 28% IRR, 2.5x multiple of capital, which has got to put us near the top of anybody's industry ranking. Credit, 30-plus years, 22% IRR. And renewable power, 13%, which again is excellent given the lower risk profile.

We're typically the largest investor in each of these flagship funds, which investors are always telling us is very unique. It's great for alignment of interest and certainly helps with fundraising. As a result of all that, the fundraising for flagship funds is going well. We're on track to meet our \$100 billion target for this next round, as Bruce described. Our real estate fund and transition are in the market today and off to very strong starts. Real estate, we had a first close where we raised more money in a shorter period of time compared to our prior vintage, and we're expecting the fund to be larger compared to the prior vintage.

We're encouraged by that, but even more so by the number of re-ups and follow-on investors from prior vintages who are often materially increasing the size of their investments. I'd say it's a testament to their confidence in Brookfield, but also fits the theme that I described of large institutional investors wanting to do more with fewer managers.

Our Transition Fund, as Sachin described, is very strong out of the gate, and we've established a \$12.5 billion hard cap. Credit, we're almost finished our current round of fundraising for our Oaktree opportunistic debt fund, \$15.7 billion raised to date to be specific, their largest fund so far, which is exceptional. And lastly, private equity and infrastructure are both at 70%-75%+ invested or committed, which puts us in a very good position to begin fundraising shortly.

Having said all of that, growth in our flagship funds is really only one part of the story. We also have 45 complementary investment strategies that are helping to fuel growth, and it's now meaningful. These complementary investment strategies have typically been established over the last number of years. They're generally adjacent to what we've already been doing, and I'll explain more about what that means. They're very scalable. And in fact, overall, we expect to contribute upwards of half of our private fund growth over the next several years.

And across everything we're doing, whether it's our flagship funds or some of the newer offerings, there are really four areas that we're focused on. First, we need to keep executing with our existing relationships and do more with them. Secondly is bringing in new investors to Brookfield. Third is broadening into new distribution channels. And then lastly, is product innovation and development. I'll go through each of these and describe how they fit together and how they're all contributing to this step function acceleration of growth that Bruce started with. And then Nick will further put it into some numbers.

So firstly, we continue to do more with our existing base of LPs. Institutional investors, as I've mentioned, are consolidating their relationships. They want to invest not only in more funds with each manager, but they want things like collaboration, institutional learnings, more strategic dialogue, and we're well positioned for that. Now this trend has been in place for some time, but in our observation, it seems to be accelerating.

And we're seeing this across clients of all sizes. You can see on the right-hand side of the page, working with our largest LP relationships, our top 25. The average size of each of those relationships has grown significantly, and we think there is much more room to go. At the other end of the continuum, across our roughly 2,000 institutional investors, half of them are invested in multiple strategies with us today. Or said differently, half are not – half are within only one investment strategy, which is incredible white space for us to do more and more with them.

Another element of our growth strategy is growing the base. With every fund closing, we're bringing new investors into Brookfield. This is true with our flagship funds, but it may be even more true with some of

our newer strategies. We have clients who prefer more Core, Core Plus type of investment profiles, more perpetual funds that lend themselves to our open-ended funds or want to make regional allocations instead of a global allocation, which lends themselves to our regional funds. All of this is opening up a new base of investor that we didn't previously access. So we have 2,000 investors today that will grow just by staying the course.

One example is in the United States. Of the 50 largest public plans who allocate to alternatives, 26 of them are investors with Brookfield's private funds today. Two months ago, that would have been 24. So we're making progress, and the goal in the medium term is to make that 50 out of 50.

And how do we do this? We have a 250-person client-facing team located in our hub offices around the world. Now just to be clear, this is our client-facing team as opposed to the investment team. It's very large. It's taken us a long time to build up, and it's important to have these teams in the local markets close to those relationships.

The third element that I'll talk about is expanding into new distribution channels. As I said before, we built the business over the last 15 years or so, establishing relationships with some of the largest investors around the world. That means there's a lot of white space today. Three of the examples I will talk about is wealth, insurance and mid-market.

Starting with wealth. Over the last year, we formed Brookfield Oaktree Wealth Solutions. This is one of the tangible benefits that we've seen with our partnership with Oaktree. It's a 60-person team where we've taken people from across the organization, and we've augmented it with additional resources and people. And today, they represent 15 strategies, Brookfield and Oaktree, within the wealth channel. And they're also developing four new investment strategies customized directly for the wealth channel.

As you may know, individual investors in the wealth channel is a very fast-growing segment of alternatives. Typically, individual investors have 2%-3% of their portfolio in alternatives, and they're racing to catch up to where institutions are. We have had success. Over the years, we've gathered about \$13 billion of capital through this channel already. But with our new focused effort and the tremendous appetite for alternatives among individual investors, our target is to grow this to \$80 billion over the next five years. As lofty as that target might sound, I actually think there's tremendous upside to these numbers, in particular, given some of the new strategies that we're developing that are customized for this market.

Insurance is another area which Sachin has already touched on. Interest rates are just simply too low for insurance companies to meet their investment objectives. Today, we have \$30 billion of capital that we manage for external insurance companies, and we think the opportunity is many multiples of that. I'm talking mainly about external insurance companies, but the internal reinsurance business that Sachin has described will certainly be additive to that as well.

And lastly, I'll just mention mid-market. Given that we have built the business with some of the largest institutions around the world, we've really more recently turned our attention to building up in the mid-market space. It tends to be much more consultant-led, and we think that that's going to be an avenue for growth.

Product innovation is also a driver of growth. Flagship funds have been our foundation, but the newer funds are now starting to contribute quite meaningfully. These newer funds are typically adjacent to the

flagship strategies, which we've mentioned a few times, but what does that mean? So our history is we would have started many years ago with a flagship fund working with large institutions.

Once we have that investment capability fully built out, we started working on some of the white space, some of the strategies where we can use the capability, the underwriting, the sourcing, the due diligence. And this is all still in its relatively early stage, but we are starting to see the benefit.

Some of the criteria we would have when we're thinking about product development would be, first and foremost, conviction in the investment thesis. Is this an area where we can add value and be one of the global leaders? Secondly, is it what our LPs want? Is there demand and sufficient demand that it can be very scalable? And lastly, does it fit with our global distribution framework?

Some of the newer strategies we've launched recently are listed here on the left-hand side of the page. The Transition Fund, which is one of those rare opportunities to launch a new flagship fund, which, as we said before, is very strong out of the gate. Special investments is a non-control equity strategy within our private equity business.

I will pause on secondaries. It's been mentioned a few times. We've been studying and focused on the secondary space for quite some time. It's a large growth area in the alternatives market. Our approach has been to start with our strengths, in this case with real estate. It's a sufficiently large part of the market. We used our expertise as being one of the largest real estate investors in the world, found a senior executive within our real estate group to lead the effort, brought in some external investment expertise as well and did a few transactions with our own capital.

And in this case, we were fortunate that we also had some third-party capital of some of our institutional partners who wanted to invest alongside of us even though it was very early stage, which positions us very well to do two things: One is to launch a formal fund and secondly, to replicate this within infrastructure and private equity.

There are others listed on the page. Rather than going through all of them, I'll just say our playbook is usually pretty similar. It's more organic in nature. We'll often incubate strategies internally, sometimes using our own capital. Therefore, our balance sheet can be very helpful. Sometimes this happens for several years. As we build the team, we refine the investment process. And once we're convinced, then we bring it out to investors.

We also have several newer strategies in development listed on the right-hand side of the page. This is a short list of some of them, including three out of the four strategies that are tailor-made for the wealth channel. We're really excited about all of these strategies. We're excited about the investment opportunities that underlie them, about the capital that will come in from our partners and for the overall growth that it's going to represent.

So what does this all look like in practice? Let's start with two areas that are a little bit more developed or a little bit more mature in this regard, real estate and credit. So here's real estate. We started many years ago with our first opportunistic credit strategy, roughly \$4 billion in size. We've grown that. Let's call that our flagship fund. We've grown that in size. Our last fund was \$15 billion. Our current fund, we expect will be larger. And at some point, we get more to a steady state in the \$25 billion range. This is mainly how we've been growing the business over the last many years.

But at the same time, we've also been building these complementary strategies that are adjacent to our flagships. These are investment strategies and funds that we have today. There will be more in the future. We leverage the team, the investment expertise, the operational platform, due diligence. In many respects, the hardest part is already done once the foundation is built.

We've launched several of these already, open-end funds that are perpetual in nature for the U.S., for Australia, for Europe. Secondaries, as we mentioned, the non-traded REIT for the wealth channel. We have a very large and mature mezzanine debt fund program in real estate. And at some point, it likely makes sense to have regional funds for our opportunistic strategy as well in places like Europe and Asia.

So this is what we mean by broadening our investment offerings. It's very impactful. And it's the same in credit. Howard Marks, Bruce Karsh and their entire team have been investing in opportunistic credit with their first formal fund at \$800 million several decades ago. They've grown that over time with their current Fund Opps XI at just over \$15 billion, as I mentioned, their largest fund ever. As excited as we are about the opportunistic funds, you can see the adjacent investment strategies that have been built, some of which are at scale and are a significant part of the growth today.

On the liquid credit side, it's the same thing. This all contributes to diversifying the business and broadening our client base, particularly as LPs are looking to do more and more with fewer managers. And this is really an important ingredient in order for us to have a higher rate of growth over a long period of time and increases the resiliency of the business.

Infrastructure is a newer asset class but has already started to mature. And you can see some of the adjacent strategies that we have been building out. At the same time, we're growing the flagship fund. Our most recent fund was started at \$3 billion, obviously. Our most recent fund was \$20 billion. Our next fund will be larger and we think can scale up to that \$30 billion range. And private equity is similar with adjacent strategies and special investments or non-control equity technology, long-dated and secondaries.

And Transition Fund. This is strong from the outset, \$12.5 billion hard cap for this first fund, and as Bruce mentioned at the outset, we think has tremendous room for long-term growth given the amount of capital that is required to address the issue of climate change and also the amount of capital that LPs want to dedicate to the issue as an investment strategy that can be very practical in its approach and provide good investment returns.

So pulling it all together, over the last 15 years, we've built one of the premier diversified alternatives asset management businesses. On the one hand, we need to keep doing what we've been doing with existing funds, with existing clients and existing types of clients. But at the same time, we have been broadening the business, new channels, new types of clients, new investment strategies and funds. And the trends across the industry are very powerful, more capital flowing into alternatives from both institutions as well as retail and all of this on the foundation of wanting to do more with fewer managers and requiring very strong investment returns. This is all combining to support the overall business plan of Brookfield and some of our long-term growth.

So with that, thank you for your time, and I'll invite Brian Kingston up to talk about our real estate strategy.

Brian Kingston, Managing Partner & CEO of Real Estate

Thank you, Craig, and good afternoon, everyone. We've sort of reached about the halfway point in our session so far. And I recognize for many of you, this might be the first time in over a year that you've actually had to sit through one of these. We won't be taking a break this afternoon. But if you do need to get up and refresh your coffee or use the restrooms, the doors are over there, and I promise not to be insulted.

So I'm Brian Kingston. I'm the CEO of our newly privatized real estate business. And I'm here to talk today about the future of – and our plans for that business going forward.

As most of you would be aware, earlier this year, we completed the privatization of BPY by acquiring the 40% of the company we didn't already own for a combination of cash and Brookfield shares. We thought this was a unique opportunity for us to acquire full control over our real estate portfolio, as Bruce said, to increase flexibility but also as a great value buying opportunity because this is an irreplaceable location of real estate assets that we think we bought below intrinsic value.

Our plan with the portfolio over the next five years is to utilize it to help fund some of our future growth initiatives, many of which Craig and Sachin touched on earlier as well as to continue to support our real estate asset management franchise. The plan, as with most of our plans, is pretty simple and has three components to it.

The first one is to hold on to a core portfolio of the real estate assets on a very long-term basis. These are our irreplaceable trophy locations around the world. The capital that we have invested in our real estate private funds naturally recycles over time, and we'll continue to reinvest in future vintages as the old ones return capital. And finally, there's a portfolio of assets that over the next five to seven years we'll look to monetize and use that capital to invest in our future growth initiatives, whether that's in the real estate business or indeed across the entire Brookfield universe.

First, just for a bit of context. Today, we have about \$30 billion of our capital invested in real estate. \$16 billion of it is invested in those core trophy assets, the hold forever portfolio. About \$7 billion is equity commitments that we've made to our private real estate funds. And a further \$7 billion are in a series of assets that we'll look to monetize in the future.

So starting first with the core portfolio. The plan is to hold these on a very long-term basis. This portfolio has been painstakingly assembled over the last 30 years through a combination of M&A, acquisitions and development. And it would be virtually impossible to replicate a portfolio of this scale and quality in today's environment.

The core portfolio includes some of our most iconic assets, including Manhattan West here in New York, Ala Moana in Honolulu and Canary Wharf in London. These large-scale mixed-use complexes all share the same characteristics. They are anchored by large office, retail, residential and hospitality assets that provide our tenants with a 24-hour, 7-days-a-week mixed-use live, work, play environment to operate their businesses, to raise their families, to meet with friends and enjoy other leisure activities. The assets tend to hold their values very well over long periods of time, and the stable and growing cash flows ensure that we have very attractive compounding rates of return on them.

And while it represents over 50% of our equity invested in real estate, this portfolio comprises just 50 assets in 25 key gateway markets around the world. It's 40 million square feet of net lettable area and

about 2,600 residential apartments and generates over \$1.2 billion of net operating income on an annual basis. Just on its own, this would be one of the largest real estate companies in the world.

Over the last 18 months, we've been through what is hopefully once-in-a-generation or hopefully once-in-a-lifetime disruption to real estate markets. And this portfolio has once again proven its resiliency, maintaining very high levels of occupancy and rent collection throughout the global pandemic. In short, these assets are the last ones that tenants want to leave and the first ones they want to return to. And indeed, we're seeing an acceleration in these assets that is well above the market in general. We witnessed a similar phenomenon in the 2008, 2009 global financial crisis as well as the tech wreck in the early 2000s.

So how will we maintain a long-term ownership in these assets and still generate that \$25 billion of capital that I referred to earlier? A recent transaction we completed provides a useful case study for that. The Bay Adelaide Center is a three million square foot mixed-use complex in the heart of Toronto's financial district. It was developed by Brookfield over the last decade in three phases and today consists of three office towers anchored by Deloitte, KPMG and the Bank of Nova Scotia, sitting on top of a retail podium that provides a dynamic food and beverage experience for our tenants.

Brookfield took this from its initial concept all the way through development, including having Multiplex actually construct the towers. And as it sits today, the asset is largely completed with the final tower due to be handed over next year to the tenants. With the asset in a significantly de-risked position like this, it was an opportune time for us to look to the capital markets, which were very favorable for these types of assets. We recently put in place long-term financing and sold a 50% interest in the project.

To be more specific, we spent about \$1.4 billion building out the precinct over the last 10 years. And the sale proceeds we received in addition to the financing that we put in the asset has returned \$1.6 billion of capital to us. So today, we own 50% of this iconic asset with a cost base of negative \$200 million. And in the coming years, we may look to sell a further 25% interest in the project.

So when I say our intention is to own these assets on a very long-term basis, it doesn't mean that we have to own 100% of them. And indeed, we will look for more opportunities like this to bring in partners. These are exactly the types of assets that institutional investors, pension funds, sovereign wealth funds, et cetera, want to deploy their capital into. And we literally have 49 others of these around the world. Over time, we believe that \$8 billion to \$10 billion of that \$25 billion can be surfaced from this portfolio alone.

Our investment in our private funds both supports our asset management franchise and earns high rates of returns. These investments over time naturally recycle as the funds that we're investing in follow a primarily buy, fix and sell strategy, meaning that capital that gets returned from earlier vintage funds can be redeployed into future funds as we continue to grow.

In total, we have about \$7 billion invested across our various fund strategies. Our global opportunistic fund strategies target returns of between 18% and 20%. And as Craig showed earlier, our track record in this regard has been excellent. Over the next number of years, as this capital is returned to us and these funds wind up, it will provide the capital that we need to fund into future fund iterations. To be specific, just on our three global flagship funds over the next five years, close to \$10 billion of capital will be returned to us as assets are realized. That is in addition to any carried interest that Brookfield will earn as a result of being the manager of these funds.

Importantly, and as Craig touched on earlier, this investment in our funds alongside of our investment strategy drives our fee-related earnings as well. A lot of our investment partners or institutional investors in these funds take a great deal of comfort in knowing that we're invested alongside of them. This has always been a key part of our fundraising strategy and will continue to be in the future. And it's one of the reasons we think it's important for Brookfield to maintain a significant balance sheet going forward.

Finally, there's a portfolio of directly held assets, development sites and our for-sale residential development business, which we hold on our balance sheet. Each of these investments earn very attractive short-term rates of return as we typically acquire underperforming assets and improve their operations or take land parcels through the entitlement process, adding significant value to them along the way before ultimately selling them on to the final users.

We have a long history of acquiring assets at times when they're out of favor, turning them around and then exiting them when investor appetite is strongest for them. It's not to say that these assets are lower quality than the first portfolio that I discussed. But generally, what they do is exhibit fixed income-like characteristics, which a lower-cost capital investor will value more highly and allows us to free up capital to invest again in the next cycle.

A couple of recent examples include One London Wall Place in London and 655 New York Avenue in Washington, D.C. One London Wall was part of a 500,000 square foot, two-tower development that was originally acquired by Brookfield in 2012 with the development being completed in 2017. Late last year, as interest rates came down, markets stabilized and capital began flowing back into the London market. We took advantage of that to sell one of the two towers at a price that was a 12% premium to our pre-pandemic valuation. We continue to hold 100% of the second tower, and over the next 12 to 18 months, we'll look to monetize it and at what we expect will actually be more premium pricing.

655 New York was a 750,000 square foot development in Washington, D.C. that we undertook with a local partner between 2016 and 2019. In 2019, we sold a 25% interest or half of our investment to one of our open-ended core funds at a price that reflected the stabilized nature of the asset at that time, which was 92% leased. Earlier this year, we sold the remaining 25% to a third party, returning all of our capital and a 20% return on our investment over the five years that we held it.

This has always been a core part of our strategy, which is to acquire these assets or create new ones, turn them into fixed income assets and then sell them on to lower-cost capital providers. In fact, over the last five years, we've completed asset sales, which in total had a gross asset value of over \$29 billion. Importantly, those asset sales were all completed at prices that were on average a 6% premium to our carrying value. So when I said earlier I thought the acquisition of BPY was an opportune one at an attractive value, this is why, and this is what gives us the confidence to say that.

Over the next five to seven years, as interest rates continue to be low as demand for these assets continues to be strong, we'll pick our places and pick our timing as we look to exit these assets to the next investor. And we've got the track record to prove that we can do that.

So where does that leave us? Well, the \$30 billion that we have invested in real estate today will continue to grow over the next five years if we do nothing else, just through contractual rent increases, through the completion of developments that we currently have underway and through the lease-up of vacant space.

We'll look to harvest, as I said, \$25 billion of capital from this real estate portfolio through a combination of outright sales, financing of assets when their values have increased and partial sales. And those partial sales could be to our managed funds. It could be to third parties, our investment partners or indeed our insurance and reinsurance subsidiaries.

We will continue to invest some of those proceeds back into future fund initiatives or new fund strategies that we may launch in the future. And what that will leave us with in the future is a core investment in the highest-quality real estate portfolio in the world as well as a significant commitment to our LP investments.

And so while our real estate balance sheet may be smaller in the future, real estate will continue to be a cornerstone of Brookfield's balance sheet. It supports our asset management franchise. It drives good returns and it provides capital for all of our future initiatives.

So with that, I'd like to introduce Armen, who will speak about our credit platform and Oaktree specifically.

Armen Panossian, Managing Director and Head of Performing Credit

Thank you, Brian, and I wanted to thank my colleagues at Brookfield for inviting me to speak with you all today. It's a pleasure to meet all of you. I look forward to chatting with you one-on-one later on. My name is Armen Panossian. I'm the Head of Performing Credit at Oaktree. I've been at the firm for 14 years, starting off in our opportunities funds or our flagship distressed debt fund in 2007, where we invested about \$14 billion through the global financial crisis.

Today, I oversee all of our performing credit strategies, which include both liquid and illiquid credit strategies at the firm. On the liquid side, it's global high-yield bonds, senior loans, convertibles, emerging markets, structured credit. And on the illiquid side, it includes our direct lending strategies, including our publicly traded BDC, the Oaktree Specialty Lending Corporation, of which I'm the CIO and CEO.

Today, I would like to cover three topics. The first is to give you a brief overview of Oaktree, our history and our investment philosophy. The second is to go over some growth opportunities that we see for the firm. And the third is to give you an overview of some of the investment opportunities we're seeing in the market today.

So the history of Oaktree. We were founded in 1995 around a core set of credit-oriented strategies, focusing on below investment-grade credit on a performing and nonperforming basis. The principles we found at Oaktree began working together in 1985, launching our first U.S. high-yield bond fund that year, followed by our distressed debt franchise in 1988.

Today, we organically have grown to about 30 unique strategies at the firm, mostly centered around credit but including listed equities, private equity and real estate. And in 2019, we announced a partnership with Brookfield, and it's been a very successful partnership to date, and we're very excited about the future prospects of the synergies between the two firms, which I'll talk about in a little bit.

Given the core of Oaktree's founding, it's not surprising to see that today, our largest strategies are in credit with \$88 billion of assets under management. \$51 billion of that are in the performing credit strategies that I oversee, again, the liquid and illiquid strategies. The opportunistic credit funds amount to \$37 billion of assets under management, which makes us one of the world's largest distressed debt and

opportunistic credit managers. It makes us the first call when we do see stress in the markets or stress in certain sectors, needing large complex solutions. And we're proud to be one of the first calls from those borrowers, from those intermediaries and advisers.

Our assets under management have grown by \$30 billion since the announcement of our partnership with Brookfield, aided in significant form through the deep relationships that Brookfield has with its client base, which has allowed us to have first-time investors coming into some of our flagship funds, including our latest opportunities fund that we announced in March of 2020.

Some of you may read the letters or books written by our co-founder, Howard Marks. And in one of his books, the most important thing he talks about, that only truly superior skill, discipline and integrity are likely to produce consistently high returns in the long run with limited risk. And there are three tenets to this investment philosophy. The first is excellence in investing. The second is discipline. And the third is keeping our clients' interest in mind first.

So excellence in investing. What does that mean? It means deploying skill and hard work to assess and price risk through cycles with an emphasis on consistency in performance and downside protection.

Discipline. Discipline means to be patient when it comes to investing, especially when asset prices are high, risk tolerance is very high and prospective returns are low. But discipline also means to be aggressive in deployment of capital when the markets are stressed or in disarray. And that's what we did in 2020. That's what we did during the global financial crisis, when it often felt like we were the only buyer of stressed credit or distressed credit in the market.

And then finally, the client-first mindset. We think that creating long-term value at Oaktree for the firm and its stakeholders is really a derivative of treating our clients' interest first. And we do that by transparency, by candor with respect to the investment opportunities that we see at any point in time. We try to treat our clients with fairness and that transparency that really generates long-term trust between them and Oaktree over the last 33 years.

So Oaktree is a very mature firm, but we do see several areas of growth driven by the strength of our credit platform and enhanced by the synergies we see with Brookfield. There are four growth opportunities that we see before us today. The first is continuing to grow our opportunities fund franchise, which we talked about, Opps XI announced in March of 2020 that it was targeting a \$15 billion fund raise. We've exceeded that target. But I'm very excited to say that we are already 70% committed or invested in that fund.

And that's important for two reasons. One is many of those purchases were made during the period of the pandemic, where bargains were plentiful. And so we expect to have attractive returns available for those investors. And second, it puts us that much closer to raising our subsequent funds.

The second, scaling our private credit business with new product offerings. Craig touched on a few of these. We'll talk about it in a minute in terms of the types of fundraises, but they include both retail and institutional; third, expanding our global credit franchise, which is our multi-asset credit strategy; and then finally, capitalizing on our partnership with Brookfield.

As I mentioned, we announced the \$15 billion fundraise last year during the onset of the pandemic. And we have raised \$15.7 billion to date. And with excellent progress in deployment of capital was 70%, we initially were heavily deploying into the publicly traded markets in the summer of 2020. And as that opportunity set went away with the recovery in the markets, we transitioned to privately negotiated transactions with substantial borrowers in need of liquidity or capital to bridge them to the other side of the pandemic.

Our private credit franchise today is about \$11 billion of assets under management, and we have several fundraises planned over the next couple of years that we think will roughly double our AUM in about a four- or five-year period. They include life sciences direct lending, so niche strategies as well as flagship strategies like our Global Credit Plus, our diversified income funds and our opportunistic income funds. These are go-anywhere strategies either in private credit or in multi-asset credit that we expect to roll out to both institutional and retail clients.

Oaktree historically has not done enough by way of reaching out to retail clients. But we think that our brand and our credit capabilities are a very attractive value proposition for that client base.

Expansion of our multi-asset credit platform. So Oaktree has been investing on behalf of our clients in multi-asset credit for over 20 years. But about five years ago, we decided to modernize the way we manage that capital. And we did that by bringing together all of the portfolio managers globally in our tradable credit platforms into an investment committee that is led by Bruce Karsh, our co-founder of the firm and leader of our distressed debt business.

And the reason we formed it that way was because Bruce and the distressed debt strategy has about 50 people globally, obviously, tremendous amounts of resources and capital and visibility into why the markets or particular sectors may be dislocating. And we marry that with a bottoms-up credit fundamental analysis of the portfolio managers that oversee these underlying strategies that have their own dedicated pools of capital. And so from the top down and the bottoms up, we are able to deduce what the best risk-adjusted returns are on a relative value basis globally in the credit markets at every point in time.

Now this committee meets every two weeks. And in the intervening weeks, several of us meet with Bruce to talk about what we're seeing in the markets, what the real opportunities look like at every point in time so that we could tactically allocate and reallocate on behalf of our clients. And our clients have entrusted us with about \$7 billion already after launching this strategy a little over four years ago, the Global Credit Fund. It's almost like an outsourced CIO type of product in the tradable credit opportunity side.

And we've recently put on the rails, something that we call Global Credit Plus fund or suite of products. And what that is, is we're taking our global credit fund, and we're adding a 25% allocation to private credit for those investors who are willing to trade off a little bit of liquidity for additional return.

Our partnership with Brookfield offers additional growth opportunities. First, we have marketing plans for new products through the Brookfield Oaktree Wealth Solutions channel. And Craig spoke about this. We have private credit that we plan to launch through this channel. We also have multi-asset credit that will have an allocation like the Global Credit Plus fund, will have an allocation to private credit as well.

Second, mutually benefiting from the Brookfield reinsurance platform. Obviously, it's a very large area of focus and an exciting area for Brookfield. And with Oaktree's credit capabilities in both liquid and illiquid

credit, we will be able to deploy that capital in a very efficient way as it pertains to risk capital for the stakeholders of the reinsurance platform. We have tremendous sourcing and origination capabilities on a combined basis between Brookfield and Oaktree, and we plan to bring that to bear for that reinsurance platform.

And third, enhancing the capabilities around deal sourcing, origination and analytics. Brookfield has very deep verticals that you already are very familiar with. Oaktree has breadth in understanding various different credit products and has tracked businesses and industries over time and through many cycles, restructuring and structuring some of these businesses.

And so the combination of those capabilities should give rise and has already given rise to mutual investment opportunities between the two firms as well as a resource to balance ideas off of. When we see something in distress that is in the renewable space or the infrastructure space, we have one of the world's largest renewables and infrastructure investment managers sitting alongside of us.

We're very excited about that at Oaktree. That, to us, when we announced the partnership with Brookfield, it was an area that across the entirety of the firm was viewed as a very compelling value proposition.

So where are we finding opportunities in this market? We get this question a lot just given how quickly the markets have recovered. And the answer is it's very hard to find such opportunities because the speed of the market's recovery assumes little to no risk of future stress. And so this chart shows you the spreads earned on global senior loans and global high yield bonds through the pandemic. And as you can see, we're back to pre-pandemic types. And what that tells you is that the efficiency of the markets is quite strong, really driven by liquidity infused by unparalleled, unprecedented amounts of fiscal and monetary stimulus.

So there's a lot of cash chasing not enough deals in the publicly traded markets, generally speaking. However, given Oaktree's secret sauce and our ability to find attractive opportunities in privately negotiated transactions as well as being nimble across global credit products, we were able to find three areas of investing that we're highly focused on today across the platform. So this includes our opportunities funds as well as our performing credit strategies. The first is stressed sector and rescue lending. The second is off-the-run private credit. And the third is multi-strategy liquid credit.

So stressed sector and rescue lending. This is what it sounds like. It's rescue lending to businesses that are undergoing financial stress or liquidity issues in connection with the pandemic or with sector-specific reasons for that stress. From time to time, we've seen that in the energy markets as well as other industries globally. And so we were very active in rescue lending in 2020. We remain active in it today, especially in COVID-impacted industries. And we see opportunities because of the size of Oaktree and our ability to write a very large check in a very complex situation, in a highly structured solution, we're still seeing those large opportunities in the market today. We actually funded a rescue loan recently just a couple of weeks ago.

Off-the-run private credit. So this is actually the opposite. These are businesses that are very healthy, growing very rapidly. However, they do not underwrite well using traditional cash flow-oriented underwriting methodologies. So these are businesses in the life sciences sector, the technology sector,

where the growth rates on the revenue line may be 30%, 40%, 50% annually, but they're taking all their profitability and they're building their portfolio and their pipeline to enhance enterprise value.

But those types of businesses do not have EBITDA. A traditional investment manager that looks for debt-to-EBITDA ratios or cash flow-oriented coverage metrics, they're not able to underwrite that type of loan. So it requires specialization, which we do have at Oaktree, having covered several of these industries through cycles. And so we are able to take an LTV approach or a loan-to-value approach with a highly structured solution, really leveraging our legal capabilities, our structuring capabilities to structure a solution for a complex borrower and sometimes with equity upside as a result of that complexity.

And then multi-strategy liquid credit. We've really talked about this already, but this is tactical allocation and reallocation globally across a variety of different credit products and this outsourced CIO concept.

And so in closing, I just wanted to leave you with a quote from our co-founder, Howard Marks, which summarizes what we're seeing in the market today. "in many ways, we're back to the investment environment we faced in the years immediately prior to 2020: an uncertain world, offering the lowest prospective returns we've ever seen with asset prices that are at least full to high and with people engaging in pro-risk behavior in search of better returns."

And it's exactly in that context, in that type of environment where we see that Oaktree's discipline and its deep expertise in sourcing and origination and analytics, it can add a lot of value to our clients. It's really where we deploy our skill and our history into finding differentiated investment opportunities for our clients. And we do that driven by our credit platform and also enhanced with our partnership with Brookfield, those synergies. I think the two firms are very nicely aligned in terms of the long-term value proposition that we have delivered to our clients as a result of this discipline and as a result of this depth.

Thank you very much. And now I will invite Nick to the podium.

Nick Goodman, Managing Partner & Chief Financial Officer

Thanks, Armen, and good afternoon, everyone. It's really great to be here in person this year. And thank you, everyone, who is attending in person, and thank you to everyone who is watching online as well.

As Bruce mentioned upfront, we've spent a bit more time on the business today really giving you a deeper dive into the franchise. We started out by giving a profile of our five existing businesses and how their scale and depth has really allowed them to grow meaningfully over time and how with each being centered around global investment themes, the growth potential for them is still significant and very strong. You've also heard about our new strategies.

We spent time really profiling insurance and technology and how each of them can really accelerate the growth of the franchise. We took a deeper dive into our fundraising capabilities and the infrastructure that's supporting the growth of our business and how through broadening existing relationships, developing new ones, developing new products and accessing new distribution channels, our fundraising infrastructure is really set up to support our growth.

Following the privatization of BPY, Brian spent more time laying out the strategy for our real estate business, the tremendous synergies that exist there and how we can surface material amounts of capital over time that can either be used to reinvest into the business, support strategic transactions, support

the asset management franchise or be returned to shareholders over time. And Armen just provided an update on the Oaktree business and how that's performed since we formed the partnership almost two years ago now and the tremendous growth opportunity for the credit business.

But now comes the fun part. Now we get to put that into some numbers for you and lay out the five-year plan, the highlight of every Investor Day. So I'm going to spend some time – I'll do a quick summary. As you know, I'd like to start with the conclusion every year.

I'll do our scorecard in the last 12 months and how we've performed against some of our key objectives. And then I'm going to go back and do a review of performance over the last five years. And I think that's important for a couple of reasons. One, it just profiles the tremendous growth of our business and significant milestones that we've passed. But it's also really important because five years ago, we were at the start of a real step change growth cycle for our franchise.

And in the 2016 Investor Day, we would have laid out those plans for you, and they were ambitious, but we had complete conviction in our ability to achieve them because of the scale of our business, the depth that we built across each of our platforms and the tailwinds for the sector. And I think looking at that plan and how we've performed against it will provide really good insight and perspective into what we're planning for the next five years.

So the summary is simple. We have delivered really strong growth in the last 12 months, and I'll dig into the numbers. We've met or exceeded the key targets centered around the key value drivers and pillars of value for our business, and we're set up to deliver really strong growth in the next five years. And distributable earnings, which is becoming sort of a key performance metric for the business, should grow at a CAGR of around 23% if we achieve our plans.

So starting with the scorecard for the last 12 months and just focusing on some of the objectives that we would have laid out or I would have laid out when we stood up here a year ago. Critical to the success of our organization is our ability to constantly source transactions and deploy capital for value. And in the last 12 months, we've deployed \$45 billion of equity.

As our asset management franchise is maturing and our early vintage funds are reaching their later years in life and we've completed and executed the business plans and value creation plans and our investments, monetizations are starting to pick up. And I'll spend time on this in the presentation, but we surfaced \$30 billion of capital from investments this year and importantly realized \$1.5 billion of carried interest, and that is a real step change for the organization.

You've heard how we've launched new flagship funds, and the early fundraising is going well. We've grown our perpetual capital significantly. We've advanced new strategies, as you've heard from the other speakers. And we've pursued strategic transactions. In the last 12 months, we've established our reinsurance entity, and we've privatized BPY.

Last year, I also talked about wanting to constantly improve the quality of our disclosure, aligning with the industry and really giving investors the tools to understand the performance of our business. And recently, we introduced distributable earnings as a key performance metric, and we expect to place more emphasis on that going forward. And a constant drive for the organization is ESG initiatives, and we made really good progress in some key areas in the last 12 months, and I'll spend some time on these.

So let's start with some numbers for the last 12 months. A key driver and barometer of success for our business is the amount of capital that we manage on behalf of our clients. That now stands at about \$325 billion, which is a growth rate of 17% over the last 12 months. And that has a direct impact on fee-related earnings, which have grown significantly, and the increased monetization activity has increased realized carried interest. You can see that's grown significantly in the last 12 months.

And the growth in our fee-bearing capital has had a really positive impact on the annualized revenue and target carried interest for the business. All of this just frames the significant growth that we've achieved in the last 12 months.

And if we put that into the key performance metric, the deconsolidated cash flow that our business is generating, you can see the growth there in our fee-related earnings. You can see the increase in the distributions that we continue to receive from our principal investments. These principal investments provide steady and growing cash flow. So you can see on a normalized distributable earnings basis before the impact of carry and disposition gains, that number grew by 35% in the last 12 months. You can see the growth in realized carried interest and then the disposition gains.

So the second benefit of our principal investments in addition to the cash flow that we earn is that these investments are liquid, but they're compounding and delivering significant value appreciation over time. And given their liquidity, we can look to opportunistically monetize and recycle that capital either into the business or to return to shareholders. And you can see the significant growth in that in the last 12 months. But when you put that together, the distributable earnings of the business in total more than doubled in the last 12 months, which is a significant achievement.

Our payout ratio remains conservative. We are fundamental believers in compounding capital. We look to redeploy capital back into the business. But absent those opportunities, more capital will be returned to shareholders over time through repurchases.

And all of that translates into strong growth in our Plan Value. You have seen in Bruce's slide upfront and in this slide that we're using a range for Plan Value. That's really a range on fee-related earnings, and that's to avoid the conversation about multiples and really just to focus on the value creation in the organization. So we're using a sort of market-based range this year, but the focus should be on the value creation and the growth in the key value drivers.

And all of this, as we've mentioned consistently, is underpinned by our conservatively capitalized balance sheet. We have over \$90 billion of perpetual equity. We have significant liquidity. And as I mentioned, we now have \$64 billion of principal investments that are liquid, generate cash flow and continue to compound and create value.

On ESG, we've made some important progress in ESG in the last 12 months. We've become a signatory to the net zero asset manager initiative. That means we've made a commitment to invest aligned with net zero emissions by 2050 or sooner. Around disclosure, we've committed to align with TCFD disclosure. We've become a signatory to PRI.

We're also a very active issuer of sustainable financing across the organization and have now issued in excess of \$7 billion. And we have a strong commitment to constantly advancing diversity and inclusion. We are a – I'd say a culture of promote from within. So it's really important in this regard for us. We're

really focused on broadening our recruitment, our retention and our training, and we're making great progress in this regard.

A few specifics. You've heard about the Global Transition fund, and this really is a major initiative for the organization. We think it's very topical, very thematic. It's attracting significant capital from clients, but it's also going to serve a very positive purpose and help that global transition and decarbonization. We collaborate with private sector initiatives. As an example, we sit on the Canadian chapter of a global initiative of CFOs to drive improved disclosure on the Accounting for Sustainability Group and are very committed to achieving their objectives. And we make the commitment to just continuously improve our transparency around emissions and decarbonization.

So now to take a step back five years and look at what we've achieved since the 2016 Investor Day. And I'm going to center this discussion around the key pillars of value and the value drivers of the business. As you know, our asset management business has really two drivers. It's the fee-related earnings that we earn, so the capital that we manage on behalf of our clients and the fees that we earn from that capital. And it's the carried interest that we earn from achieving our performance returns and sharing in the profits that we return to our clients. And the second pillar is our principal investments. Put that together, that is the BAM value proposition.

So starting first with fee-related earnings, and I might be stating the obvious here, but I'm going to spell it out anyway. The more capital that we manage on behalf of our clients, the more fees that we can earn on capital and the stronger our margins through our cost discipline, is positive to our fee-related earnings and the value creation in that regard.

So fundraising. Over the last five years, our fee-bearing capital has grown at a 29% compound annual growth rate, now stands at \$325 billion. So what kind of fees and margins are we earning that capital over time? The fees and the margins that we earn have remained constant. And that has meant that fee-related earnings has grown significantly over the last five years. But let's go back to what we projected. In 2016, we projected cumulative fee-related earnings of around \$5.7 billion. And through the growth of our business, maintaining cost discipline and fee rates, we've actually surpassed that in the five-year period, achieving close to \$6 billion over the period.

Now to our carried interest. And again, maybe framing this out and stating the obvious. The carry eligible capital, so the amount of capital that we manage on behalf of our clients that's entitled to earn carried interest, as that grows, that is a positive catalyst. The investment performance, so actually achieving our target returns, being able to deploy capital for value, execute our plans and achieve those returns. And all of that only counts if you're actually able to monetize and surface the value, crystallize the capital and return it to your investors.

Our carry eligible capital, in line with the growth you saw in our fee-bearing capital has grown significantly and now stands at \$144 billion. That's a 38% compound annual growth rate over five years.

And as you've heard from Sachin and from Craig in their presentations, our funds continue to meet or exceed their target returns. So this underpins our potential to realize carry. But obviously, we only realize it if we're actually monetizing assets. In 2017, we surfaced about \$10 billion of equity from monetizations. Roll forward to last 12 months, that's increased by 3x. And as I said, it's the fact that our early vintage

funds are now maturing and the investments that we have in those funds have realized and executed their business plans, and those assets are now perfect to look to be sold to other investors.

And that means we've imposed and now passed a really important milestone in the business in each one of our flagship fund series today. So that's in each of infrastructure, private equity, real estate and credit. We now have at least one fund that's in monetization mode and is realizing carried interest on an ongoing basis. And that is a real step change for the franchise.

So now let's look at the comparison to the plan we laid out in 2016. And again, it's really positive. We projected about \$1.2 billion of carried interest over that five-year period. And in reality, that number is close to \$2.8 billion. This is really important for us because I think carried interest realization has been something that we have been forecasting for some time and now it's real. And it's not just timing because our generated carry over the period has also been in line with or marginally surpassed plan. This is real growth in carry eligible capital and outperformance of returns and now being able to monetize and crystallize those gains.

On our principal investments, as I mentioned, we continue to generate solid cash flow, grow cash flow and compound value. We've generated about \$8 billion in cash distributions from our principal investments over the last five years. In the last 12 months, that was \$2 billion, and that's pretty much in line with exactly what we projected five years ago, and we further benefited from capital appreciation.

So to put that into the key performance metric, fee-related earnings are higher, carried interest realizations are higher, and distributions have been growing. You can see the significant growth in distributable earnings over the five-year period, a 33% compound annual growth rate.

Now the number in 2021 is obviously positively impacted by the disposition gains that we realized. We have to show the number, that's what's in our statements. But even if we back that number out, take out all the disposition gains for the last 12 months, there's still a 17% compound annual growth rate in the last five years.

And that 17% growth in DE over the five years, if you back out those gains, translates into growth in the plan value. So we've been able to continuously compound value and double the business over the last five years, which is pretty much in line with and ahead in some metrics what we projected years ago. And as I said, I think that context is really helpful as we start to look to the next five years.

So looking forward, the bit that everyone has been looking to, the punchline of the day. Underlying everything that we're doing in the organization is wanting to continuously compound value for our shareholders over the long term, delivering a 15% annualized return. That means we're targeting to double the size and the value of the business over the next five years. And as Bruce mentioned upfront, even though the business is larger, growth is accelerating.

And just a reminder of the key growth drivers of the business. Obviously, flagship fundraising is very important. We're entering a cycle right now, which has had a great start. We would hope to complete that in the next one to two years, invest the capital and in the outer range of the five-year window be into the next round of flagship fundraising. Product development and distribution is crucial to the broadening of our product offering.

We want to grow our perpetual capital both through our public products and through our private funds, and we're working on obviously broadening that and developing products for specific distribution channels, which should really help in that regard. We want to continuously grow the value of our principal investments. And you heard from Sachin, we have a number of new strategies that we're working on that we've made great early progress in, which we think should really add to the growth that we can achieve over the next five years and longer term.

So let's look at the value drivers and again bring this back to focusing the discussion around the three key pillars of value and the three key pillars of value creation. Start with fee-bearing capital, again. The more capital we manage on behalf of clients, the more fees that we have the potential to earn. In each of our five existing businesses, we believe we can almost double or more than double some of them over that five-year period. We have technology on here.

Some of the technology growth in the next five years will be within the private equity business. But here, we've also included some of the early potential breakout strategies over this period of time. And you can see that if we achieve our plans, fee-bearing capital will be over \$800 billion five years from now. That's a 21% compound annual growth rate, but a significant amount of that growth again comes from just the five existing businesses that we have today.

And that growth is going to come predominantly in long-dated and perpetual capital. On the long-dated side, there's really three important things on this slide. The first I've touched on is the flagship fundraising. We talk about the \$100 billion that we expect to raise. Consistent with last year, that translates into about \$70 billion of fee-bearing capital. And in the five-year window, we believe that we will be raising the next round of flagships, which could be even larger than this round.

The second important thing is the other strategies, and you can see here the meaningful contribution that the other private fund strategies away from the flagship funds can have in the next five years.

And the third important thing is the return of capital. As we monetize, as we sell and return capital to clients, this has two benefits: One, it means clients are getting capital back, which they can look to invest into future vintages of our funds or into new strategies. And two, if we're doing a good job, we are realizing value and crystallizing carried interest along the way.

On the perpetual strategies, again, there are three takeaways on this slide. We love three takeaways. The perpetual private fundraising, that comes from the growth of our perpetual private funds. We have really early success we've had with our real estate and our infrastructure businesses, and we believe that these strategies can really scale significantly. They're really finding a really strong appeal with our investors. We believe our public affiliates continue to create value and grow their capitalization.

And then obviously, the big elephant on the slide, the insurance solutions is a big number but we believe it's very achievable. And just from the deals we have signed to date, we're already 25% of the way there.

And over that time, consistent with the last five years and through all of our active and current discussions with our clients, we believe both margins and fee rates should be stable over this period. And as you would expect, if you put that together, we believe that will drive significant growth and more than double fee-related earnings over the next five years. Here, you can see the numbers, but an 18% compound

annual growth rate over that period, again a significant contribution coming from just the five existing businesses we have today.

So now the second pillar of the asset management business and our carried interest expectations and plans. I want to start with just the \$144 billion of carry eligible capital that we have today. If we achieve our target returns on those funds and monetize in line with the rough expectation, that's \$21 billion of carried interest that we will realize just from the money that we have invested and working for our clients to date. That's a significant number of which about \$14 billion is over the next six years.

But again, the larger our funds, the larger the carry potential is. And we expect that our carried eligible capital in line with the growth in fee-bearing capital will be significant over the next five years and grow by about a 20% compound annual growth rate to be \$355 billion five years from now.

And that means, obviously, our carried potential is going to grow in line with that. And every single one of the key metrics that people look at in terms of carried interest is going to grow significantly over the next five years. Annual generated carry, the accumulated unrealized balance that we have five years from now, and the realized carry potential that we should be realizing on an annual basis, every single one of them is growing significantly with the scaling of our franchise.

And when you put that together, the amount of carried interest that we project we could realize over the next 10 years is now in excess of \$40 billion, again if we achieve our plans and deliver on our investment performance. I think of carried interest on this slide is in the next five years, that's \$12 billion. And you can see from the shading on the bars that most of that is from the capital that we have working for us today and very little, just \$1 billion, in 2026 is relying on new capital to be raised.

And our principal investments and now the third pillar of the valuation. Our principal investments provide a perpetual capital base and provide significant financial strength for the organization. Over the last 35 years, they've delivered an IRR of 14%, and we expect to be able to achieve similar returns going forward. As I mentioned upfront, they've delivered \$2 billion of dividends in the last 12 months and significant value appreciation. And we expect this to continue to make a strong financial contribution to the organization.

But the benefits of the balance sheet are not just financial or the capital that we have. They provide several strategic benefits. We believe that it will provide our organization with the resiliency through cycles. We own a global portfolio of some of the best real assets in the world with inflation protection, which is invaluable to an organization. This capital allows us to pursue strategic growth that not many others in our sector can do.

If you look in the last three years, we have formed a partnership with Oaktree, we have privatized BPY, and we have recently, with our capital, funded the acquisition of American National Insurance Company. Each three of those transactions, each one of those three is going to be tremendously valuable to the franchise in the long term. And all of that was done based on the scale of our capital base, and they'll be tremendously valuable to shareholders.

In addition, the capital base provides really strong support for our clients and our broader asset management franchise. Craig touched on some of this, and it really is something that's highly, highly valued by our clients with the capital we invested through the structure, provides a long-term alignment

of interest. And lastly, it provides a lot of flexibility to buy back stock with a significant liquidity that it provides.

And that growing cash flow and value appreciation from our investments should deliver around a 13% compound annual growth rate, taking the value of those principal investments five years from now to just over \$115 billion – \$116 billion to be precise five years from now.

So pulling it all together, what does this mean for the five-year plan and the outlook for the value and the distributable earnings growth, again, bringing it back to that key financial metric that we're using for the business. If we achieve our plan, our distributable earnings five years from now will be in excess of \$11 billion. That's growing from close to \$4 billion today to over \$11 billion. And again, we get to close to \$10 billion from just the five businesses that we have today, so significant growth coming in the next five years if we achieve our plans. That represents a 23% compound annual growth rate on a per share basis.

And if we achieve the plan, that would be over \$30 billion after dividends of net free cash flow that we would be achieving in the next five years. And again, that would be looked to be reinvested back into the business to support strategic growth, to support the asset management franchise, but more than likely a large amount of that will be returned to shareholders over time.

And to think about the Plan Value five years from now, each of the building blocks of the value, each of the key value drivers should grow meaningfully over our planned period, fee-related earnings to close to \$3.7 billion, generated carried interest net of costs to \$4.3 billion, accumulated unrealized carry on a net basis to \$9 billion. As I touched on, the value of our principal investments growing to close to \$115 billion. I think the exact number was \$116 million on the slide.

And we expect leverage in this plan. We assume it remains constant over the years. And if we put that together, those are the pillars for the valuation. Again, we've used the range. This is not a multiple discussion. This is focusing on the value creation in our value drivers and how they're going to grow. You can see significant growth in the intrinsic value of our business over the next five years.

So this time, it is the conclusion because it's the end. But what is the conclusion from today? We believe Plan Value today has a range. But if you look historically, we have compounded annualized returns for our shareholders in the range of 20% over a very long period of time.

And we believe going forward, we should be able to achieve the same performance with Plan Value growing to a midpoint of that range to about \$170 per share five years from now. If we're successful in our new strategies, we could outperform that range. And all of that continues to be underpinned by our conservative balance sheet, which provides strong downside protection. So in conclusion, we believe all of this makes BAM a very attractive investment proposition.

And now we're going to take some questions. I think Bruce is coming back up to the stage. We are all available for questions, and we will all be at the cocktail reception if there are additional questions that anyone may have. Thank you very much.

QUESTIONS AND ANSWERS

Bruce Flatt, Managing Partner & Chief Executive Officer

Okay. Why don't I take a couple of questions off the iPad that are coming in, and then we'll ask any from the room if anybody in the room has questions. So Craig, there's a couple of questions here for you. So why don't you stand there. I'm going to answer one that I see here first and then maybe we'll go to you. There's a question here from Quentin Walmack. How has risk management evolved with your rapid growth? And where does it go from here? How are you comfortable sitting at the top of such a large, diversified portfolio?

That's a good question. Sometimes I ask myself that. More seriously, here's what I'd say. And I got asked this question earlier today. I actually think it's easier today than it has been ever before. And that sounds counterintuitive because the business is broader, the risks are greater. The countries are more. The people are more, the numbers are larger. But we're much more refined in the processes we have. The business is able to afford better people and has made so many mistakes over the years that we've been able to learn from culturally in the organization.

And the businesses we buy are far better today because when you buy a bigger business and it's much more mature, if you buy it at the right time and with the right way, you can often get way, way better people. And if you need to change the people out, you're going to afford to pay the better people to run it. Whereas if you're smaller, and with us when we were buying smaller businesses, often they were stitched together by entrepreneurs. They were tough to run. You had to do it yourself and you couldn't afford the capital to get great people into the business.

So I actually think today, the business is lower risk than it's ever been. Now that's not to say there aren't difficulties in everything. This is a business. We're in many countries with many businesses. We have lots of people, and there are always issues. But I think as this business gets bigger, the thing we've learned is because of the breadth and scope of what we have, it gets better and sometimes easier is just a general answer to that.

There were a couple of questions here for Craig. Craig, can you provide more detail on the pathway to \$80 billion in wealth management AUM in five years?

Craig Noble, Managing Partner & CEO of Alternative Investments

Sure. Yes. So the wealth channel, the target was \$80 billion on the page, getting from \$13 billion where we are today. I described four different investment strategies that are being developed today. Three of them are listed on the page. Roughly half of that growth will come from a combination of those four strategies. I'd call it more hybrid liquidity like our non-traded REIT.

We're developing two strategies on the Oaktree side, focused on credit. And it is hybrid liquidity in the sense that the capital is not locked up for a decade. But still, we have enough longevity to the capital to execute the investments. So that will be roughly half. I think that's where there could be considerable upside to the numbers just given what we're seeing in terms of demand and flows in the industry today.

The other large components would be our more traditional closed-end funds where we raise capital from institutions in. Maybe 5% or 10% or 15% of the capital for that fund will come from the wealth channel.

So those are the two main components. It is a global business. The United States is the single biggest market for wealth. So it will be predominantly in the United States, but it is a global opportunity, and our team is around the world.

And I'll just say some of these things will ramp up more quickly where private funds are in the market all the time, and we should have more and more placement on some of the platforms. Some of the other funds will take a little bit of time to ramp up. But those are the main components.

Bruce Flatt, Managing Partner & Chief Executive Officer

So there's a question here – you can sit down, Craig. I'll skip the other one. There's a question here on growth investing. And Brian Kingston, if you can just grab the microphone over there – or I'm going to give part of it to you. But the question from Mario Saric is, as we continue to grow the business into other verticals, is growth investing only related to private equity? Or do you see growth investing moving into your other verticals, such as real estate, life science, industrial or other things?

And I guess the comment I'd make firstly, and then ask Brian to just talk specifically about real estate is look, I think in general, technology investing is maturing. Originally, many, many years ago, it was a venture business. Some people are highly successful at it. But it is maturing into just a business sector. And it's infiltrating all areas of business. And it's important for us to understand it for every company that we run and operate. But in addition, it's important for each of the verticals we have, growth technology investing in itself, but also in the other areas. And in real estate, Brian has been doing a number. You might mention just life sciences, industrial, et cetera.

Brian Kingston, Managing Partner & CEO of Real Estate

Yes. So a lot of those growth sectors are really just subsectors of existing real estate sector. So like life science as an example, it is just a subset of office with a technology bend to it. Sometimes it's just that you're dealing with technology-driven tenants. A lot of times, it's a different fit out for the office space or building out in it. So we have been investing in those businesses. We just in the last day or so announced a joint venture we've entered into with a life sciences developer who's got that capability and a 25-year track record to help bring some of that specialized knowledge to it but ultimately, the principles end up being the same.

And in addition to that, we have been investing in a number of smaller startup or early-stage technology companies that are real estate adjacent or are helping to improve or change the way that real estate operates. So things like Latch, they provide keyless door entry into multifamily apartments. We made a strategic investment into it. It turned out to be a great investment. But a lot of the drivers behind that were understanding the technology and helping to accelerate the rollout within our own multifamily portfolio.

And so we're not investing in growth technologies just for growth technology's sake, but there are a lot of these things that are now intricately tied into what you would think of as a sort of traditional older economy business. Like real estate, technology is dramatically changing the way our tenants use their space. So we've been doing a lot of that.

Bruce Flatt, Managing Partner & Chief Executive Officer

And I would add to it. Our renewables business today is – I'm going to look at – Connor or Sachin. I'm going to say 40% wind and solar, and it used to be 0%, and that is a technology story. We had to understand when was the right point to enter into the curve of technology advancement.

And it's really the curve of technology advancement and mass production of the goods that go into solar and wind facilities. And when it hit the inflection point that you could come close to making money, that's when we started investing into solar and wind. And 10 years from today, it will be 90% of the business. I'm quite sure because this is the whole future of renewables. So technology is applicable in what you think of, or many people think of as industrial businesses that are out there.

Are there any questions from the room?

I think we need – we have a microphone coming right here just so people can hear it online. Thank you.

Unidentified Audience Member:

Okay. Yes. Bruce, I think you and the other presenters have been pretty optimistic about Brookfield. Are there any things in the next five or 10 years, maybe they're outliers, maybe they're black swans, that you could possibly foresee?

Bruce Flatt, Managing Partner & Chief Executive Officer

How about coronavirus?

Look, the group of us as individuals have been in the organization between 10 and 40 years as directors, management and of the management team. And I'd just tell you. We've seen it all. Like we were bombed across the street. We got shut down by coronavirus. We had a financial crisis and Asian financial crisis. You name it. We've seen it. The good news about that is what you learn. You learn to respect the fact that you don't know everything. You have to prepare for the future and you have to know that there are going to be issues at all points in time in business.

And the only thing I can say is that we run a very conservative business with a low debt to capitalization at the parent with appropriately sized capital down in the funds where we never put any fund or any business that can compromise even in the worst-case scenario and we witnessed this in 2020. We had businesses that shut down entirely, and we had no issues. And what that tells you is we have a healthy respect for the capital markets and that stuff happens.

So I don't know what that is it's going to happen. But I can tell you within the next 10 years, there will be something and we'll be prepared for it. And so I don't know what that is. But all one can do is make sure you're prepared. And for all of the constituents that we invest on behalf of, missing a couple of points on IRR is not relevant in the long-term IRR of an investment business to take too much risk.

Alexander Blostein, Goldman Sachs

Great. Thanks for hosting the day. I wanted to dig a little more into the insurance business. And I guess one sort of strategic question and one numbers question. So first is, when I look at the AUM growth of \$200 billion by 2026, can you help us understand sort of what's organic versus dependent on additional acquisitions? And also sort of the mix, is the business going to be predominantly sort of fixed annuity

base? Or you guys are thinking variable annuities and other forms of insurance. So that's kind of the strategic piece.

And I guess on the numbers, that's probably going to be more for Nick. But when I look at the \$488 million in earnings that you show on the slide from the insurance business, I'm assuming that's spread income. Can you help us understand sort of the management fee or FRE implications that you see in your targets for managing some of those assets?

Sachin Shah, Managing Partner & CIO

Sure. There was a lot of questions in there. So if I forget one, you'll have to repeat it. But first on products, I would say we like the annuity space. We like the fixed annuity space. We're, for the most part, staying away from the variable annuity space. Just given the low general account balance that you have in that structure and the high target earnings, it's not conducive to the strength that we bring as investors.

I think people who have a higher risk tolerance tend to be playing in that market and things could change. The structure of those products could change. So think of fixed annuities, indexed annuities, deferred annuities, structured settlements, anything with duration and a reasonably predictable profile of policyholder behavior is where we tend to want to play, including asset-intensive life products. That's on the long end of the yield curve.

On the shorter end of the yield curve, if you look at the American National deal, they have a P&C business, two to four years of duration. Again, we have strength in that part of the market as well. And I think that's the diversity that we like. We'll stay away from the variable annuities and stay away from some of the long-term care and other products that are out there that are just more difficult to manage.

In terms of your question around how we intend to grow, is it going to be organic or is it going to be inorganic? I would say what is our strength is to be a partner to insurers through the reinsurance business, do block reinsurance regularly. Once in a while, having a U.S. domestic platform will allow us to turn on some organic dials around writing annuities and things, participating in pension risk transfer. But for the most part, the bulk of our growth should come from block reinsurance. I don't remember your third question, I'm sorry.

Bruce Flatt, Managing Partner & Chief Executive Officer

Nick is going to talk about numbers.

Nick Goodman, Managing Partner & Chief Financial Officer

Alex. So the \$488 million – if I remember the numbers on the slide, that's on the FRE page. So that number is more of a fee number. Listen, all of this is trying to be based on simplified assumptions to achieve the plan. It's taking the \$200 billion. I think it's earning sort of a 25 basis point flat fee on managing the capital. And then there are some assumptions around the allocation of that \$200 billion.

So say, roughly a third goes to liquid credit, a third would go to our direct private credit origination, and the last third potentially going into private credit strategies in both the Brookfield real estate and debt side and into Oaktree. So there's an incremental fee assumption on that third, which goes into private credit. If you look at the distributable earnings slide, you'll see that the insurance number gets larger.

That's the fee-related earnings plus the spread in our invested capital with an assumption around the capital we'll deploy. So that's the rough buildup.

Andrew Kuske, Credit Suisse

Maybe, Bruce, if you could just talk a little bit about your deployments over the last few years. They've obviously scaled in size and how you manage concentration risk on the deployment of that capital. And then obviously, the benefit of concentration risk and just your size of the acquisitions you've done, less competition for those that can enhance returns. And then obviously, it accelerates flagship fundraising and all of those things, but how do you balance the concentration risk in a fund?

Bruce Flatt, Managing Partner & Chief Executive Officer

Yes. So, the question is just if I get it correctly, is just the concentration risk if we're scaling larger and larger deals in essence. And here's what I would say. Maybe the most important thing that we have to do is to take care of our customers and make sure we listen to them and try to help them with what they're trying to accomplish. And look, I would say that the most simple thing we're trying to do for our clients is to find them investments that will meet the mandates that they have within their pools of capital and earn the returns for the risk that they take. Some want to take more risks, some less risk.

But often, what they also want to do is they need to scale up in what they're doing, and they can't be so much of our funds. So many of the large investors come with us because we bring them other things. We bring them other things outside of our funds. We bring them co-investments for things that go in the funds, and we bring them other joint opportunities.

And I say all of that, to get to your question, which is that's what they want, and it happens to coincide, with something that's very helpful to us. We can size a transaction even if it's this large for a fund that's only this large, even if this large is \$20 billion, by going to our clients and saying, we have an opportunity at \$6 billion in size. We can only take \$3 billion in the fund. We'll take another \$0.5 billion on our own balance sheet. Do you want to take the other \$2 billion?

And that's how we size the risk within the funds. And it happens to coincide with what our clients want. They came to us because we can bring them scale opportunities but wanting to work within our funds, but also from time to time, we bring them other opportunities. And that's actually a unique thing that not many people can bring in large global institutions. So it's a risk mitigation strategy for every one of our funds or businesses, but it also staples us closer to our clients.

Are there any other questions? There's one over there.

Mike Cyprys, Morgan Stanley

Thanks for the day here and the presentation. I just had a question about the middle market. I think maybe it was Craig who may have mentioned that earlier. I was just hoping you can elaborate on the opportunity set that you see there in the middle market.

How much capacity you see just given that's a smaller end of the marketplace and Brookfield is a large institution. So I just want to try and get a sense as to how meaningful that could be as a growth opportunity

set? And maybe you could also elaborate on how you're thinking about approaching it? What sort of products can make sense? And how do you think about entering that part of the marketplace?

Bruce Flatt, Managing Partner & Chief Executive Officer

Okay. I was going to say I'll answer the question and see if Craig wants to correct me, but maybe I should get him to answer the second one. I'll try the first one. I'll just say the following. I think what you should think about is we have 2,000 clients. It's mostly the largest clients on the planet. We continue to focus on them and take care of them. But the pie of alternatives, it's both growing in size, but it's also scaling this way. The base is getting fatter and fatter and fatter and more institutional clients are coming into it, partly because they look at the success of the large ones and they know they need to go there.

So every day, Craig's teams are focusing on how do we widen out the number of people that we can bring our products to. And sometimes, it's important that we have – and I think the biggest breakthrough for us has been – sometimes, our flagship funds were just too big for them. But European institutions, for example, were very attracted to Brian Kingston's real estate group's European core plus fund. So it's a euro-denominated fund that invests in European real estate and city centers. It's either industrial, office, et cetera, could be anything.

But it's a European-focused, Euro-denominated fund, and it fit the mandate that they had. Even though they want to invest in Brookfield, some of those institutions didn't want a global fund that was doing opportunistic investing and they didn't want a core plus U.S. fund. They want a European one. We didn't have one. So they gave their money to someone else. And as we build out the business on those adjacencies that Craig was talking about, it becomes much more important to us as we do that. Anything else you want to say on that?

Craig Noble, Managing Partner & CEO of Alternative Investments

Look, I'll just say that given that we've focused the business on working with the largest institutions, it's just an area that we haven't been as focused on. So it just takes time to move the needle. And I'd say, secondly, it's a very consultant-led part of the market. And then thirdly, as Bruce was saying, some of the new products really lend themselves much more to that market compared to our flagship funds. So it's really a combination of all of the above.

Bruce Flatt, Managing Partner & Chief Executive Officer

Suzanne, do we have time for any more questions? Or should I cut this? One more? One more. Is there anyone else that has a question? If not, there are drinks outside. Maybe that's what you'd like.

So I'll just end by saying – and I said it earlier, we truly feel at a privilege to build this business. We thank you all for your interest in Brookfield. We're here every day trying to build the business. It's never easy or perfect. But it's been a pretty good ride so far, and it's exciting going forward. So thank you for your interest in everything we do, and we really appreciate you either listening in or coming here today. Thank you.