

Brookfield Corp (\$44, BN)

- With its historic focus on infrastructure, we consider BN as a major beneficiary of on-shoring and increased infrastructure spend in the US.
- Attractive structural tailwinds and growth opportunities in insurance and wealth management.
- Brookfield Wealth Solutions is highly attractive at ~1x book, given 15% ROE.
- We see a 22% IRR over the next 2 years in our upside scenario, even if we assume a ~30% discount to SOTP value remains in place long term.
- BN is getting better at communicating its value proposition. Few investors are listening.

November 17, 2025

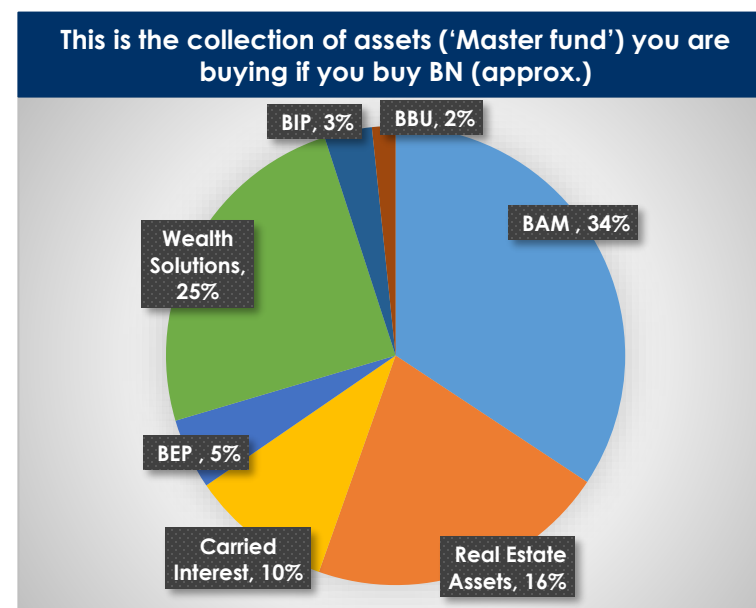
Potential Upside: \$63 (+44%)

Potential Downside: \$40 (-10%)

WHAT IS BROOKFIELD?



- **Brookfield is a leading alternative asset manager**
- Brookfield's early history involves direct investments, particularly in its initial utility and transportation ventures during foundational years. The company directly invested in building and operating infrastructure like tram lines and power plants.
 - Being one of the first large private direct investors in infrastructure, **Brookfield is particularly strong in renewables, private infrastructure and real estate.**
 - In **private credit** Brookfield acquired its way into a strong position by purchasing 61% of Oaktree in 2019, with a recent deal taking ownership to 100%. Brookfield is smaller than peers in Private Equity
- **Historically Brookfield has been a compounder, managing to compound at almost 20% over 20 years.**
 - Brookfield has historically invested its own money at ~30% of fund size, showing 3rd party investors it has skin in the game.
 - Among alt managers, Brookfield is considered as more conservative and value-driven, with a focus on long-term relationships and stability.
- 27% of the asset management business BAM spun out in December 2022. BAM is an almost entirely fee generating income model and an asset light business
- **BN (Brookfield Corp), on the other hand is a 'master fund.'** I.e. it holds the capital and makes decisions on allocating cash flows and recycling capital.
 - BN has holdings in multiple public Brookfield entities as well as significant private holdings.
- **The accounting is complex, but BN is getting much better at communicating its value proposition. Few investors are listening.**
 - The BN [2025 Investor day presentation](#) is an excellent source
 - Link to [Abacus Nov 2023 Report](#)



Abacus Estimate

WHY NOW?



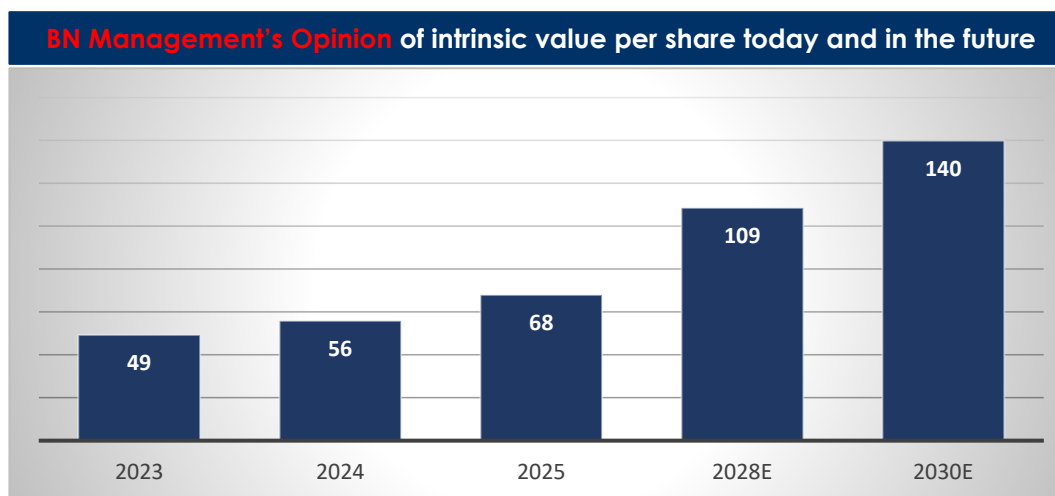
- We initially wrote up BN in Jan 2024, it has increased 70%, so why mention it again?
 - Firstly, **we think the fundamentals are as good now as they were 2 yrs ago, with a >15% IRR on offer.**
 - Secondly, we think the ~33% discount to 2025 NAV gives significant downside protection.
 - **BN is not a well covered asset, investors ignore it due to perceived complexity. The accounting is complex, but the investment thesis is very simple.**
- 1. **BN is well positioned for the US infrastructure build-out.** Not only is Brookfield very conservative, but they have infrastructure investment expertise at the right time.
 - If you believe, as we do, that energy production and datacentres becomes a strategic US asset, BN should benefit, more so than the other PE players.
- 2. **The 'Wealth' business has recently given out more data on what it is and how it functions. This segment is where much of the future BN value will be created. We find the recent disclosures to be very helpful in understanding the attractiveness of the business.**
- 3. BN is a holding company. They create businesses that the market does not fully value while within BN (e.g. BAM). BN then spins out a portion of the business, and the market values it fairly after a few years.
 - **We think the same will probably happen with the Wealth Solutions business. It is cheap at 15x EPS and 1x book.**
 - We find Brookfield Wealth Solutions an attractive asset, at an attractive price.
 - Hence, not only do you get a discount to SOTP, but you also get future multiple expansion for the main drivers of the business, although the the value accretion will be lumpy.
- Potential S&P 500 inclusion of BAM:
 - BAM's restructuring and headquarters shift to the US have aligned it more closely with peers and index eligibility requirements. Corporate restructuring took place in late 2024 including relocating headquarters from Toronto to New York City.
 - At the same time, BN converted its 73% stake into publicly traded Class A shares.

WHY BN?



At its heart the pitch is that BN assets are worth a lot more than the market is currently valuing them at.

- We are not as bullish as BN management, but agree that BN is undervalued.
- Management could chose to sell the assets and realise their 'true' value.
 - *"We could achieve the value of full NAV... if we wanted to liquidate the business tomorrow morning. I'm quite confident we could sell all the businesses for probably premiums to those numbers."* Bruce Flat
- **Some sort of conglomerate discount will likely remain** in the public markets, in our opinion.



Source: Investor days
N.B: Stock Split Adjusted

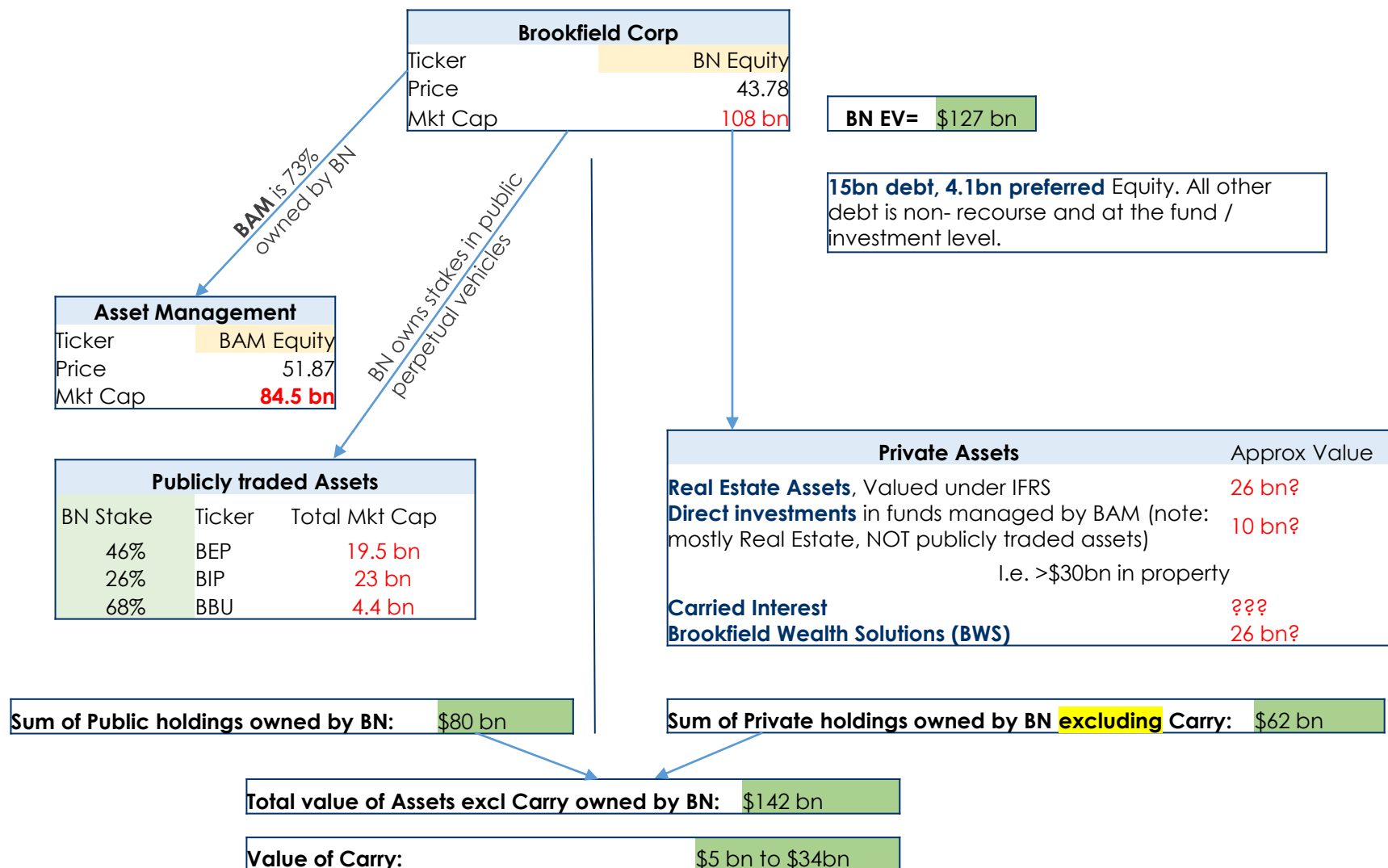
I.e. if you buy the shares (\$43.78), you will get up to a 35% IRR if management can close the discount to intrinsic value by 2028 (\$109). And if not, then the underlying capital base compounds at ~15%, assuming the discount remains similar to today.

WHAT DOES BROOKFIELD (BN) OWN?



Public Assets

Private Assets



THE 15% IRR IS WHAT ATTRACTS US



- The core questions in BN is:
 - Can they compound the capital at a 15% IRR?**
 - If so, buying the business at a discount to capital value is surely a good idea.
- 15% IRR? Historically they have managed it.**
 - Bruce Flatt became the CEO of Brookfield in 2002 when the company was primarily a Canadian-based real estate firm with a market value of \$5 billion
 - 20 year history: 16% IRR
 - 30 year history: 19% IRR
 - Over the last 13 years, BN stock has returned 15% per year in average capital appreciation** + dividends + special dividends.
 - One can pick holes in the upside generated by carried interest under BN's calculation, however their valuation of carry has remained constant.

Fund Performance History					
	Fund History	Gross Return		Net Return	
		Target	Actual	Target	Actual
Infrastructure	15 years	13%	15%	11%	12%
Renewable Power & Transition	4 years	14%	17%	11%	11%
Private Equity	24 years	22%	26%	18%	20%
Real Estate	19 years	20%	20%	16%	16%
Opportunistic Credit	37 years	15%	22%	10%	16%

Generally speaking Brookfield is a value investor, who takes relatively low risk and acquires high quality/strategic assets. Gearing across the funds has never been excessive.

The CEO's mantra is don't make big mistakes. Little ones are ok, but you cant compound at 15%+ if you make big mistakes.

IRR of >15% in BN	
	2018–2023
Growth in plan value	14%
Average dividend yield and benefit of spin-offs	4%
Total Compound Annual Return	18%

BN: 32% DISCOUNT TO INTRINSIC VALUE?



- Below is a summary of our 2025 SOTP under an upside and downside scenario as well as management's opinion.
 - BN trades at \$43.76, \$108bn mkt cap vs. \$159bn management SOTP value. (there are 2.36bn shares outstanding)
- At \$43.76, BN is valued 13% below our worst case SOTP, and 33% below our upside SOTP.

\$bn	2025 Brookfield (SOTP*)	Abacus Upside SOTP	Abacus Downside SOTP	
BAM	62	62	62	Mkt price
Real Estate Assets	26	26	20	}
Direct Investments	12	12	12	
Value of Carried Interest??*	34	18	5	
BEP	9	9	9	
Wealth Solutions	26	44	26	1-1.7 x book
BIP	6	6	6	
BBU	3	3	3	
total	178	180	143	
Take off Debt and preferred	-19	-19	-19	
Equity Value:	159	161	124	
Equity value per share	\$67	\$68	\$52	

- BAM, BEP, BIP, BBU**
- Publicly traded assets. Assume that market has them approx. correctly valued.
- Note that all public holdings are interest rate sensitive. Lower rates = higher valuations/ lower cap rates.**

- * Carried Interest:**
 - This is a particularly debatable number, **we think \$5bn of PV is as negative as it is possible to be.**

Wealth Solutions:

- We think it is a good business and worth more than book value. Hence 1x book = downside, 1.7x book = upside.
- What multiple of book should we pay for a 15% ROE, >15% growth business?
- Value of the business may take a while for the market to appreciate, and may need to be spun out, like BAM.

Property Valuation

- Worst case, we think you can take off another ~\$6bn.** We feel that -\$6bn is extremely conservative for today.

WHY BN? OUR OPINION ON VALUE / DISCOUNT



- **All the values of individual businesses are debatable, some much more than others.**
 - **The publicly traded entities are less debatable**, although there should be a conglomerate discount given to BN for majority holdings and lack of liquidity given the size of each holding.
 - **The private assets are much more opaque and open to debate. Especially Carry.**
- The market goes through periods where it applies a huge discount to BN assets.
 - We would argue that this large discount was reasonable in 2023, because of property refi and indebtedness issues. Is it still reasonable today? We would argue less so.
- **BN trades at \$44 per share today**
 - We believe BN can compound at 15% due to industry fundamentals / tailwinds.
 - BN may or may not be able to close the discount. Our bet would be that it will over the long term.
 - **We believe that the max-discount applied to BN is likely less today than in the past, given there is much less debate over the value of 20% of the asset base (property)**
- Thus:
 - **The downside today is limited: ~10% based on historical discounts to “Plan value”** (a BN management term)
 - **Upside, based on BN trading at a 30% discount to “Plan value” would give upside to \$63 (+44%), or a 22% IRR over the next two years.**

(all \$ per share)	2023	2024	2025	2026 E	2027 E
Plan Value at end of year	49	56	68	78	90
Share price High	27	39	48	55	63
Share Price Low	19	25	29	39	45
Max Discount	-61%	-55%	-57%	-50%	-50%
Min Discount	-45%	-30%	-29%	-30%	-30%

- The table above assumes that BN can continue to generate a 15% IRR.
 - If you don't believe in the 15%, BN is un-investable.

WHY HAS THE MARKET HISTORICALLY GIVEN BN SUCH A BIG NAV DISCOUNT?



- **Real estate could have been hit hard from refinancing:**
 - **We partly agreed with some of the fears** but believe that any problems in the commercial real estate market are in lower quality, old buildings, whereas the new buildings are ~93% full and supply / demand is in balance.
 - Whatever the drop in office property valuations, BN will see a much greater impact because of leverage on its investments (~50% debt)
 - We doubted that Brookfield would have re-financing problems given Ltv of 51% and history of well spread debt durations in other businesses.
- **Renewable assets valuation markdowns:**
 - There was a fear that BEP would have refinancing issues similar to NEP. This is a much smaller worry now.
 - Rates: high for longer clearly not ideal.
- **FRE of BAM generated by internal assets**, that could be manipulated.
 - We think substantial growth in 3rd party assets means economic proportion of BN owned assets will continue to fall from current 15% but cannot get away from the internal movement of holdings / investments. E.g. Insurance assets into asset management business.
- **Valuing illiquid assets is tough and there is not enough disclosure.**
 - This is unlikely to change, hence the discount will remain. Plus complexity is usually accompanied by a discount.

- **Two key themes driving BN's future: AI infrastructure, an aging population.**
 - Potentially a third one: lower interest rates, which will benefit hard assets in general, but also BN's property portfolio.
 - **There are other routes for BN to create 'extra' value for shareholders, namely reducing the discount to NAV by:**
 - Selling the assets, so that they can be valued correctly, or buying back stock with FCF. Similar to closed end funds that trade at a large discount.
- AI Infrastructure: no real investments as yet:
 - Given that it is all anyone talks about we are not going to produce a summary of the AI infrastructure debate. **Either this theme is sustainable, or not.**
 - Our opinion is that the US is in an infrastructure race with China, It is likely similar in magnitude to the cold war, which lasted for 20 years before calming down. It is a battle for dominance in a world-order-altering technology. The US will not back-down and neither will China.
 - **BN is "laying the groundwork": and has identified ~\$200bn of AI infrastructure investments in which they are interested in. (~6GW)**
 - \$125bn in the US, \$40bn in Europe and \$20bn in the UK. (As of Sept 10th 2025)
 - It could be a very significant investment of capital for the business.
 - On Infrastructure / renewable power: *"today, the scale of the opportunities are significant. I say the quality of the opportunities are probably the best we've ever seen."*
- **Another arguments for holding BN is that you are getting a property portfolio at a significant discount to real value.**
 - Accounting wise, the value of a building only gets realized on a sale of an asset, until then it is held at a guesstimate value that is open to being mistrusted.
 - The property portfolio will see significant realisations and a reduction in capital over the next 5 years, which should reduce the BN discount.
- **Alternative asset managers are clearly a play on lower interest rates, BN included.**
 - BAM is a clean, asset light business, but with a different split of AUM and NO carry for the next ~5 years. Hence, **for the near term it is a play on BAM's ability to raise capital.**

- **We consider primary valuation anchor as asset value (Net Asset Value / intrinsic value), not distributed earnings.**
 - Both asset value and distributed earnings matter, however we believe Asset value better represent value of BN.
 - Because of large investments in long duration assets such as real estates, infrastructure, insurance etc, the market values of the underlying assets, not the quarterly earnings they happen to distribute are more important.
 - Distributed earnings are more useful for valuing the publicly listed asset managers (like BAM), but less meaningful for BN itself.
 - Distributed earnings reflect only the cash they choose to take out, not the cash generated or the value created, thus, distributed earnings understate BN's intrinsic performance.
 - **Having said that market did receive BN's Q3 2025 negatively because of weak underlying earnings.**
 - DE before realizations were in-line with consensus estimates but it was due to gains from balance-sheet hedging gains
 - Both insurance and real estate headline DE missed expectations
- Downside:
 - **In our downside scenario we estimate BN assets are worth \$52. (see page 7) This is the sum of the value that we would put on individual assets.**
 - We used a carry value of \$5bn, and gave property a sensible discount.
 - **We would then take a conglomerate discount on top of this. 20%** looks to be a fair approximation in the western markets.
 - **Hence downside to \$42. (-5%)**
 - **Alternatively**, if we were to use the 2026 "Plan value" as estimated by BN management, and the historical discount range. The downside today is limited: ~10% (\$40) based on a 50% discount.
 - Why 50% discount – because the max discount has historically been 60%, however we think that reasons for the discount have lessened since the 2023 increase in interest rates hit commercial property
- Upside:
 - **Upside, based on BN trading at a 30% discount to "Plan value" would give upside to \$63 (+44%), or a 22% IRR over the next two years.**
 - 30% is the lowest discount that BN has traded at over the last few years.
 - **We would argue that the Wealth business is worth more than 1x book (assumed above), adding more upside to the above scenario of a 22% IRR.**
 - Probably need 3 years for the market to appreciate this.
 - Recycling of assets, particularly property should have a net positive effect as transactions confirm the values on balance sheet.
 - **Any drop in interest rates would be a net positive, although it is not in our scenarios.**

| Carry Valuation

IS CARRY UNDERAPPRECIATED?



- **When BN split out BAM, BN retained the carry on previously raised capital, and it receives royalty on new carry.**
 - BN thinks their carried interest is worth \$34bn!
 - In the SOTP, this is a particularly debatable number.
- **Carried interest comes from two sources:**
 - **Legacy Funds:** Earn 100% of carried interest from BAM funds raised **before 2023**
 - BN incurs 100% of the associated costs, means ~**65% combined margin**
 - This cash flow stream will run off to zero over time
 - **Royalty:** BN earns a 33% share of BAM gross carried interest from funds raised **after 2023**.
 - BN has a perpetual right to earn 33% of the gross carry and incurs zero costs
 - making future carry effectively a perpetual **royalty at a 100% margin**.
- **Point of Debate:**
 - **How should carry be valued?**
 - Carry has been generated for the last 30 years, although it is lumpy. Should we accept that it can be generated in perpetuity?
 - Given that investment returns of ~12-18% are the reason that the business can raise 3rd party capital, AAUM growth and carry go hand in hand.
 - Have investors seen enough cycles to value carry on a >5 P/E yet? It doesn't seem so.
- **Given that carry is an essential part of Alt remuneration and business model, we find it hard not to take BN's expected carry value into account.**

CARRIED INTEREST TO BN: EUROPEAN WATERFALL



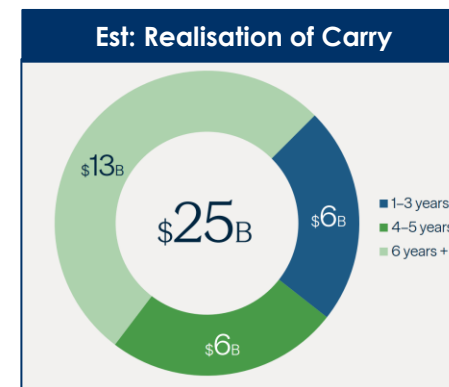
- **Realised carry is lumpy, depending on a funds life as well as the disposal environment. Generally speaking the current environment is causing problems for the alts sector as disposals are tough and therefore carry is getting pushed out.**
 - Carried interest to BN is 20% of performance over some sort of hurdle rate and has an ~62-65% op margin.
 - Realised carried interest is recognized when an underlying investment is profitably disposed of and the fund's cumulative returns are in excess of preferred returns.
 - Brookfield follows the European waterfall accounting/payment process, where carry is earned after 100% of the limited partnership's invested capital is returned, plus the preferred return (i.e. hurdle rate). No incentives are paid to managers before principal is returned to investors in full.
 - Generally this means that Brookfield will be paid carry in the final few years of a funds life.
 - Minimizes the risk of clawback and de-risks future recognition
 - E.g. for Oaktree: (from 10K)
 - *"we receive incentive income only after the fund first distributes all contributed capital plus an annual preferred return, typically 8%. Once this occurs, we generally receive as incentive income 80% of all distributions otherwise attributable to our investors, and those investors receive the remaining 20% until we have received, as incentive income, 20% of all such distributions in excess of the contributed capital from the inception of the fund. Thereafter, all such future distributions attributable to our investors are distributed 80% to those investors and 20% to us as incentive income."*
 - Performance fees for BBU (note: only 2% of NAV) are different than the other partnerships and are based on the increase in its unit price, above an escalating threshold (i.e., high water mark). They are calculated as 20% of the quarterly weighted average price increase per BBU unit above its previous highest threshold.

CARRY: CASH FLOW WILL SEE A CYCLICAL JUMP IN 2026-27



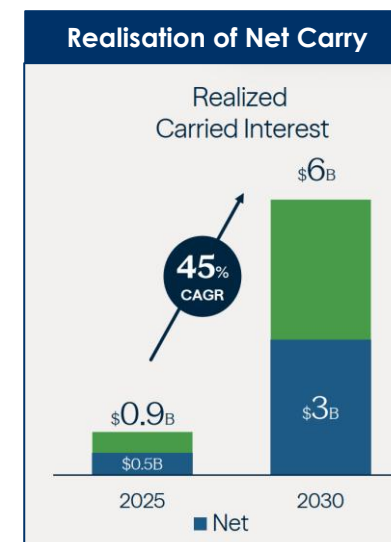
- **BN expects to realize \$6b in Carry over next 3 years (NB: net ~\$3.9b)**

- 2025 is a "bridge year," which is expected to be broadly in line with the prior year, before seeing a meaningful step-up in 2026
- 2/3rd of carried interest over next three years **are from seven mature and proven funds.**
- BN expects to realize \$12B of carried interest over the next 5 years...(vs \$4b last 10 years).



- **The last few Qs have seen exceptionally low carry generated**

- Carry realisations have been depressed in recent quarters, as the industry has suffered from lack of liquidation options.
- Between Q1 2024 to Q1 2025 quarterly realizations have been \$50-\$100M, dramatically below the historical peaks of \$270M (4Q20) and \$280M (4Q22).
- **The percentage of unrealised carry being converted to realised has collapsed from 30-40% in 2020-2021 to just 3-11% currently,** well below the 13% historical average.
- BN should see \$2.5-3.0bn of net realized carry through 4Q27; this compares to just \$570m in 2023 and \$395m in 2024
- As of 2Q25, total accumulated unrealized carried interest was \$11.6 billion at end-Q2, representing an increase of 14% compared to the prior year.
- **As of 3Q25, total accumulated unrealized carried interest was \$13.3 billion at end-Q3,** representing an increase of approximately 28% compared to the prior year.
- Brookfield funds need to execute on asset sales, which will depend on the market.
 - Transaction activity, as seen in Q2, has dramatically increased



WHAT DO WE THINK THE VALUE OF CARRY IS?



- \$5bn to \$34bn – make your choice as to how far out you want to look.
- BN values carried interest at \$34 billion, which assumes a 'royalty' in perpetuity

Brookfield DCF of Expected Carry				
Discounted Cash Flow		Total (\$ billions)		
NPV of carried interest— legacy funds (100% of carried interest @ 65% margin over 10 years)		\$ 9		
NPV of carried interest— royalty (BN receives 1/3 of carried interest @ 100% margin over 10 years)		7		
NPV of carried interest— royalty franchise value (BN receives 1/3 gross carried interest @ 100% margin in perpetuity)		18		
Total carried interest, net		\$ 34		

Sensitivity Analysis (\$ billions)		Discount Rate		
		7.5%	8.5%	9.5%
Perpetuity Growth Rate	2.50%	42	35	30
	2.25%	40	34	30
	2.00%	39	33	29

- Our way of looking at the most conservative scenario:
 - Next 5 years: DCF of net carry at 65% op margin: ~\$5bn

	2025	2026	2027	2028	2029
Net Carry Est	550	1250	1800	1400	1400
Tax	20%	20%	20%	20%	20%
FCF	440	1000	1440	1120	1120
PV (@8.5%)	440	922	1,327	1,032	1,032
Sum of PV	4,753				

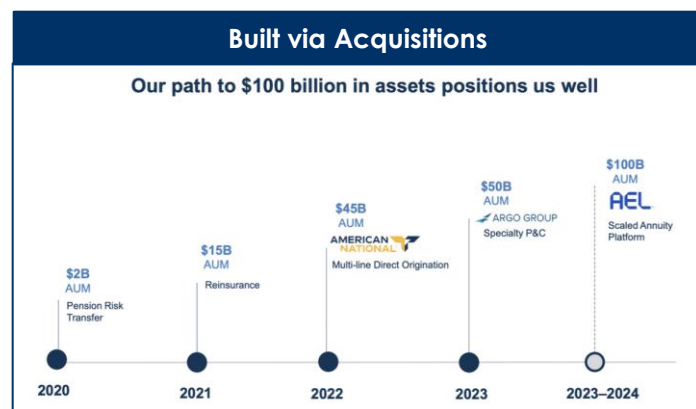
- We chose to value the carry at ~\$10bn, mostly the PV over the next 5 years, plus some value for future potential carry.

Brookfield Wealth Solutions

THE BROOKFIELD WEALTH SOLUTIONS BUSINESS (BWS)



- **The business generates an >15% ROE, which is impressive for a life insurance business.**
 - For context CB, MET, AIG ROEs are in the 12% to low teens range.
- **The business has been built via a number of acquisitions** and is primarily focused on long term liabilities, such as life insurance and fixed annuities where protection and income generation have long policy lives.
 - Products: Life insurance, Annuities, P&C, Pension Risk Transfer
 - Currently the business operates in the U.S., Canada, UK and Japan.
 - Distribution is key: Need networks of advisors to distribute insurance products, they do not sell themselves.
- **The business creates value by:**
 - Acquiring long-duration and predictable insurance liabilities.
 - Earning a spread on the insurance float in excess of the cost of the insurance liabilities.
 - **Investing the assets with BAM** (where the market presumably pays a high PE) **aiding BAM AUM growth.**
 - Note that BWS will invest with BAM and thus be a significant driver of the **growth in AUM at BAM. BAM trades at a high multiple as it is asset light, hence BN captures value on both sides.**
- **Growth:**
 - \$135 billion of insurance assets. Target is to grow the business to \$600 billion+. *"It will be done prudently."*
 - Currently the business has \$26bn in capital, but will need to increase capital to match asset growth.



Source: Brookfield

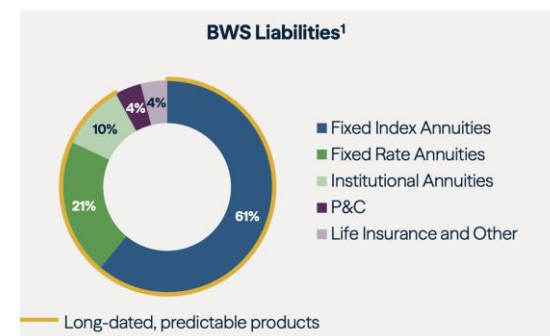
- We assume that the future will be a combination of acquisitions as well as organic growth.
- Historically, BWS has paid less than book value for acquisitions.

BWS: WHAT DOES “INVESTMENT-LED” MEAN?



- “We try not to lose money on insurance. We seek float. We don't seek scale”
 - **Taking little to no insurance risk**
 - The business needs to source low-risk, predictable insurance liabilities, where duration matching can be applied.
 - Life insurance is one place where probabilities are highly reliable.
 - **Taking investment risk:** Where BN thinks it has expertise and can generate highly certain returns over long periods of time.
 - Real assets, with relatively low leverage
- **The key risk that could undo this happy equation is any short term call on liquidity.**
 - Hence the business needs to have a large portion of assets in liquid strategies to make sure it is never a forced seller of long duration investments.
- Note that the contracts are written with heavy penalty clauses for breaking a contract early.

Brookfield Wealth Solutions Model Differentiation Explanation		
	Traditional Insurance Model	BWS Model
Target portfolio allocation:		
Liquid securities (cash and fixed income)	70-80%	50%
Real asset investing (across the capital stack)	20-30%	50%
Net return on assets	~50-100bps	~200bps
Insurance leverage	10-20x	7-8x



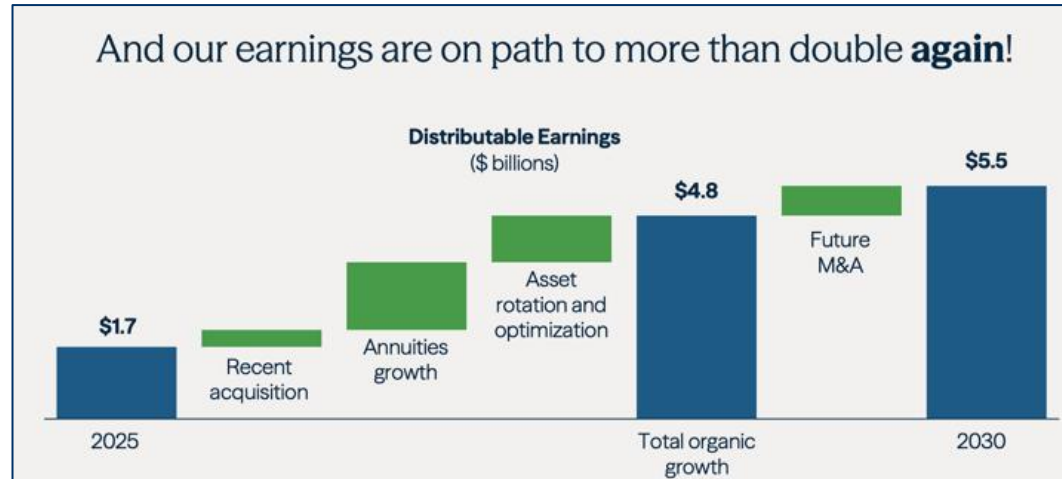
BWS ORIENTATION / ORGANIC GROWTH



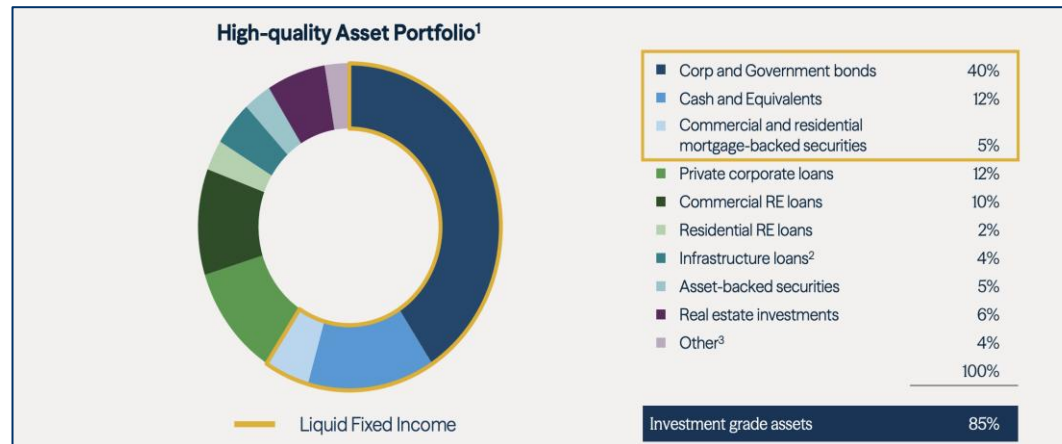
- American National: previous organic growth \$1.5 billion per year. (best case)
- American Equity: previous organic growth \$4-6 billion per year (best case).
 - I.e. Historically: the two businesses “combined would do ~\$5 billion a year.” BWS CEO
- In 2025 organic new insurance business written will be \$25 billion.**
 - How did they manage this change in organic growth?: Expanded distribution
 - Distribution is key:** BWS has expanded its network of RIAs, advisors, its own agents etc. plus recently it has been expanding into the large banks.
 - Rating upgrades:
 - Given that Annuities are very long lived contracts, buyers of annuities want to guarantee that the insurance company will be around to honour the contract.
- \$25bn per year in new originations would be ~18% organic growth.**
 - Eps growth, from the table below, suggests ~26% CAGR in EPS for the business.
 - Organic Book value growth: We estimate that Book value would be about \$49-\$50bn in 2030 from organic capital growth.
 - Valuation range on P/E of \$66-83bn would put the business on 1.3-1.7x book. Which is not aggressive if BWS can show that both the growth and ROE is sustainable.

Brookfield Wealth Solutions: 5yr Guidance/ Estimates			
	2025	2026	2030
Earnings (\$bn)	1.7	2.1	5.5
Multiple (P/E)	15	15	12-15x
Valuation (\$bn)	26	32	66-83
ROE	15%	15%	15%

- BN guidance for BWS:



- BWS Assets:



Source: [Brookfield](#)

CAN WE BELIEVE IN THE SUSTAINABILITY OF ORGANIC GROWTH?

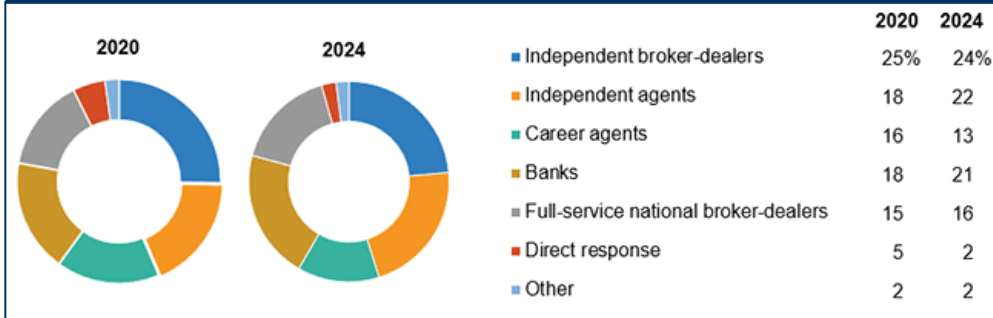


- **There are two markets:**
 - **Pension risk transfer:**
 - Essentially bulk purchase annuity deals. A DB plan pays the insurer to take on its pension risk. The effect is to de-risk employers' balance sheets without putting employees' retirement benefits at risk.
 - Market keeps developing. Many big companies doing this.
 - **Individual annuity market:**
 - Very early days. Defined Contribution plan holders have not started buying annuities yet.
 - BN highlights that there are ~\$40tn of 401k assets that will move from 0% allocation to >0% allocation in the future as aging continues.
 - **401K plans took-off in the 1980s. I.e. the early adopters are only hitting 65 now.**
 - Assume that people will want certainty of income in retirement.
 - Brand and insurance rating will matter: Customers need to trust that the annuity provider will be there in 20 yrs time and able to pay out on a policy.
 - Retiree surveys:
 - Only 1 in 9 retired investors work to enhance their lifestyles and budgets, not out of necessity.
 - Nearly 40% consider asset protection the most important service offered by financial professionals.
 - 86% of investors work with a financial professional to purchase annuities
 - **i.e. the aging population with 401ks will likely be looking income-oriented products in the future and BWS is ready to supply them.**
- **There is a cyclical aspect to the industry.**
 - **Interest rates increasing made annuity products more attractive. Will this still be true in 5 years?**
 - One assumes that retirees will lock in high annuity rates if / when they can for a certain percentage of their capital.
 - Current fixed annuity rates vary between 6-7% for durations of ~10years.
 - CD's don't have the same duration, the longest CDs are about 4years, currently paying out ~4%.

INFO ON ANNUITIES MARKET



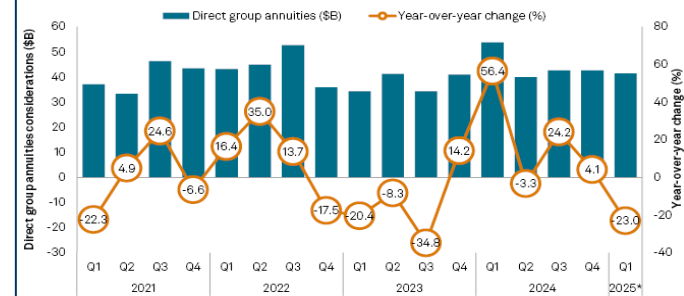
Breakdown of U.S. Annuity Sales by Channel:



Source: LIMRA

US group annuities is a ~\$200bn per year market

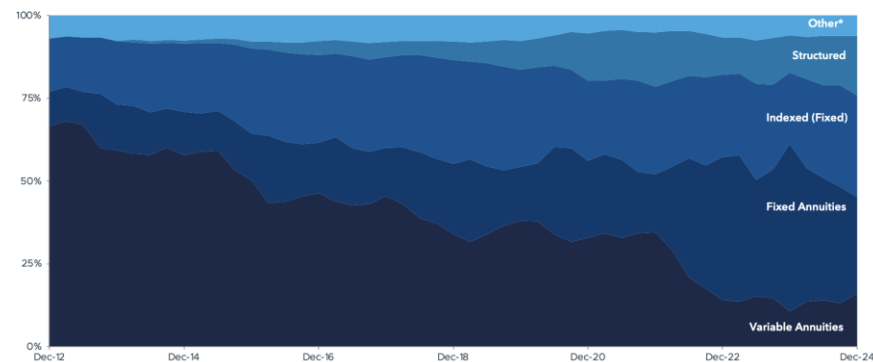
US direct group annuities considerations since 2021



Source: S&P

Breakdown of U.S. Annuity Sales by Type:

(%, as of December 2024)

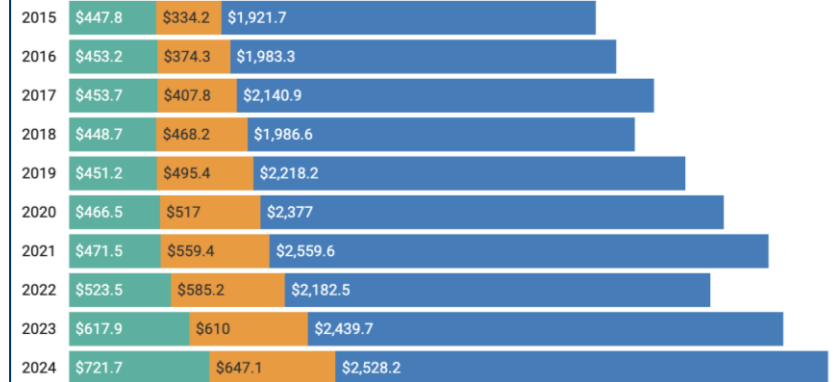


Sources: LIMRA, iCapital Alternatives Decoded, with data based on availability as of January 2025. Note: Data as of December 2024 and is subject to change based on potential updates to source(s) database. Variable annuities include traditional variable annuities, such as separate accounts and fixed accounts, as defined by LIMRA. Fixed annuities include fixed-rate deferred annuities, as defined by LIMRA. Indexed (fixed) annuities include fixed indexed annuities, as defined by LIMRA. Structured annuities include Registered Index-Linked annuities (RILA), as defined by LIMRA. Other includes income annuities such as single premium immediate annuities (SPIA) and deferred income annuity (DIA), and Structured Settlements, as defined by LIMRA.

Deferred Annuity Assets (\$bn)

(\$ billions, end of year)

Fixed annuities Indexed annuities Variable annuities



Source: U.S. Individual Annuities, 4th Quarter 2024, LIMRA, 2025.

INDIVIDUAL ANNUITIES MARKET



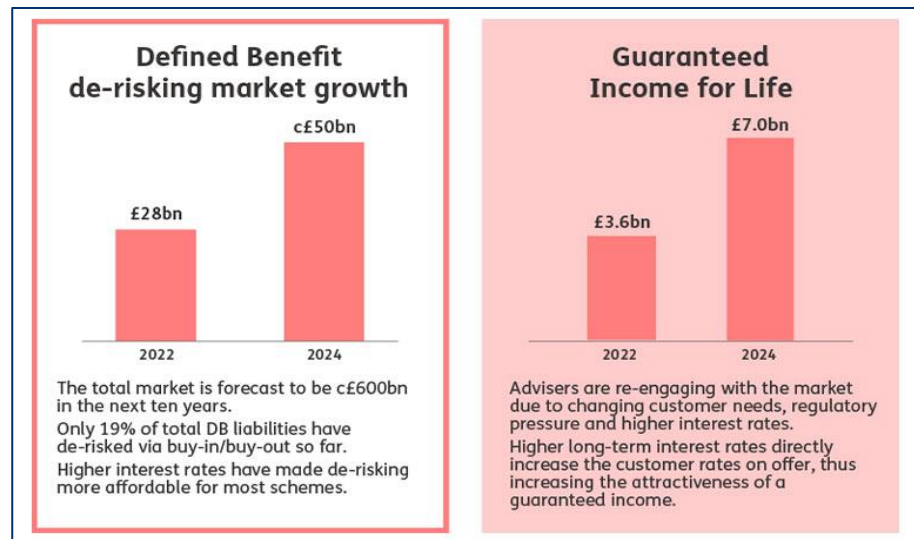
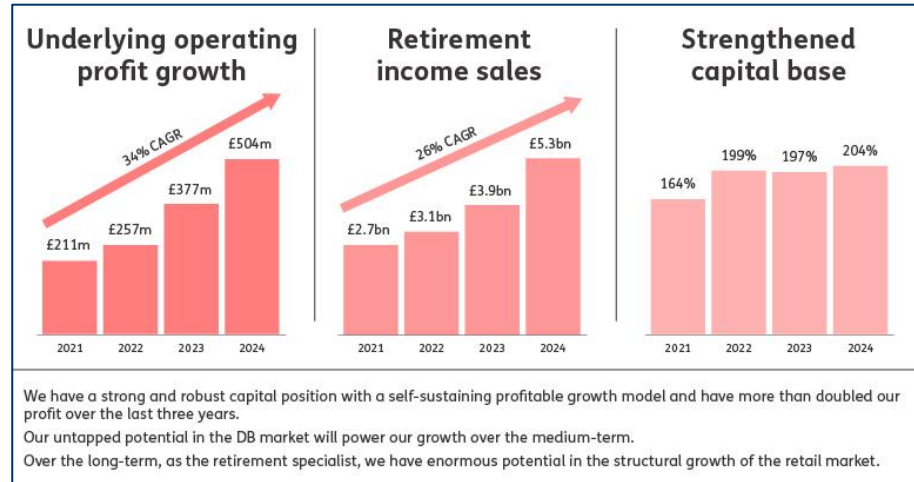
- The US population aged 65+ is projected to grow by about 24% from 2025 to 2035.
 - 62m individuals today to ~ 78m in 2035.

US Individual annuities has been a growth market				
Individual Annuity Consideration				
Year	Variable	Fixed	Total	YoY Growth (%)
2011	157.9	80.5	238.4	-
2012	147.4	72.3	219.7	-8%
2013	145.4	84.4	229.8	5%
2014	140.1	96.9	237	3%
2015	133	103.7	236.7	0%
2016	104.7	117.4	222.1	-6%
2017	98.2	105.3	203.5	-8%
2018	100.2	133.6	233.8	15%
2019	101.9	139.8	241.7	3%
2020	98.6	120.5	219.1	-9%
2021	125.3	129.2	254.5	16%
2022	102.9	209.9	312.8	23%
2023	98.8	286.6	385.4	23%
2024	126.5	307.6	434.1	13%

BWS RECENTLY BOUGHT THIS BUSINESS IN THE UK



- **Brookfield Wealth Solutions is buying UK life insurer Just Group for £2.4 billion.**
- Organic growth of the business looks excellent (it is a public company)
- **Note that BWS is paying ~2.3x book value,** and was a huge (~65%) premium to where it traded in the market.
- The UK market and the Japanese market for annuities look to be very similar to the US market.



SOME OTHER DATA



- **Q3 2025:**
- **Wealth solutions: DE was lower than expected. (growth lower than expected)**
 - Spread on the life business was 165bps
 - *"we're being very patient and waiting for the right real asset investment opportunities...as we put that capital to work, you'll start to see the spread increase again back towards long-term targets."*
 - Assume that 165bps will expand to 200bps over time (med to long term) – this is inline with previous comments.
- Net insurance premium growth remains strong.
- We think 1x book is very conservative for this business.
 - We think the organic growth is high, although cyclical.

| BAM

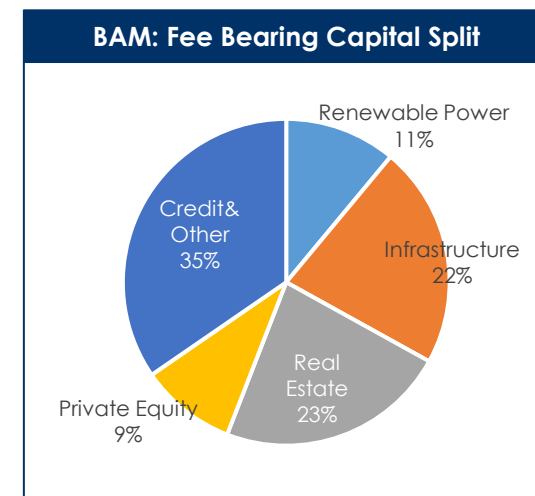
THE ASSET MANGER (BAM)



- BAM is a public company, with plenty of research coverage.
- At the end of the day, all Alts are just a play on their ability to raise net new AUM and generate sustainable returns.

- **BAM is an asset light alternative manger: No principal investments (all held at BN) and net cash.**
- **All distributable earnings are derived from fee-related earnings.**
 - **BAM has no carry**, and will not have for >5years. As stated before: BAM will receive carried interest on new sponsored funds of the asset management business developed after the spin.
- **Fees come from long term capital** (similar to all the alt. managers)
 - 83% of fee-bearing capital, is either perpetual capital or in funds with 10-12 year investment terms.
- **Growth is all about BAM's ability to raise capital:**
 - 24% CAGR over the last 10 years!
 - **Going forward it will clearly be less than this, however it has a couple of advantages – it is the captive manager for BN and BN Insurance solutions.**
 - NB: All the alt managers have acquired insurance business as they want access to more long-term capital.
 - Fee-Bearing Capital at BAM has grown 8% over the last twelve months.

- **Targeted returns: 15%**
 - Three risk levels of funds: Opportunistic (20%+, gross), value-add (15%-16%, gross), core and core plus (9%-13%, gross) returns.
 - Funds are generally closed-end, typically 10 years with two one-year extension options.
- Long-term perpetual base management fees are based on the market capitalization or net asset value of permanent capital vehicles and on the net asset value of perpetual private funds.



Source: BN 10Q

BROOKFIELD'S MAIN AREAS OF INVESTMENT STRENGTH:

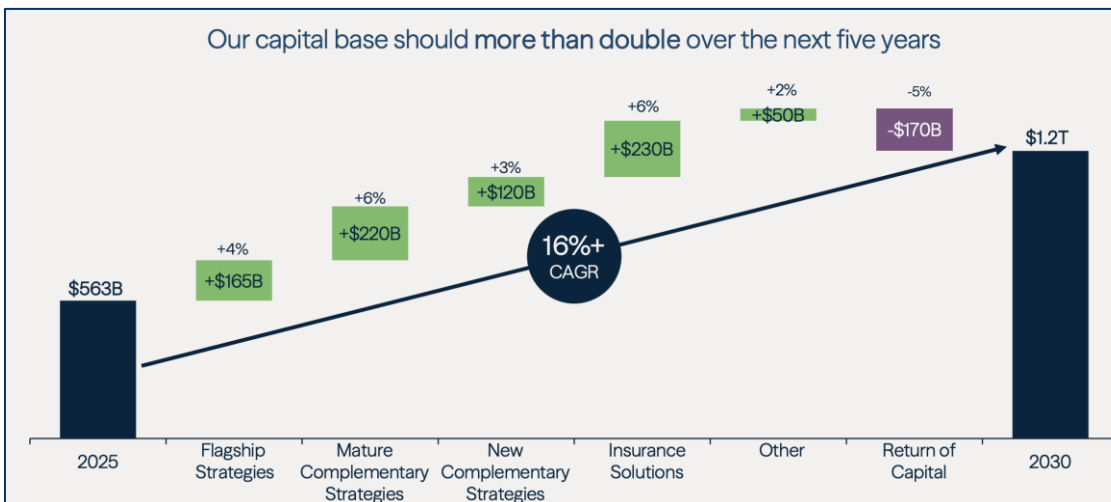


- **Renewable power: BEP** plus non listed funds.
 - BEP has a large Hydro exposure due to Brookfield history.
 - New investments have been 90% Solar and Wind investments, the future might be different.
 - 20 year track record of 12-15% returns.
 - Some of the scare stories around renewables are slowly being proven to be unfounded as demand for electricity and reshoring is providing ample opportunities.
- **Infrastructure: BIP** plus non listed funds
 - Target is to own 'essential' infrastructure that generates stable cash flows, underpinned by contractual and regulatory frameworks
 - **Global owner and operator of utilities, transport, midstream and data assets.**
 - For example, they own a huge tower portfolio in India, 35,000km of fibre, 2 semi foundries.
 - For example, they own, a collection of global railways, toll roads, shipping containers.
- **Real Estate: Multiple property funds** plus capital on **BN balance sheet**
 - Globally diverse, includes office.
 - *"we focus on the highest-quality, best-located real estate assets is because we have found that these outperform over very long periods of time and through economic cycles"* Comments on BN core holdings
 - *"prominent locations near large populations of affluent consumers, and as a result, space is in demand."*
- **Credit: Oaktree**
 - **We have written on credit before (via ARES), The theme remains a share gainer as far as we can see.**
 - Oaktree believes that the best long-term records are built through the avoidance of losses in bad times
 - Oaktree priorities: *"consistency [of returns] , protection of capital and outperformance in bad times. At its core, Oaktree is a contrarian, value-oriented investor."*

GOOD AT GATHERING ASSETS?

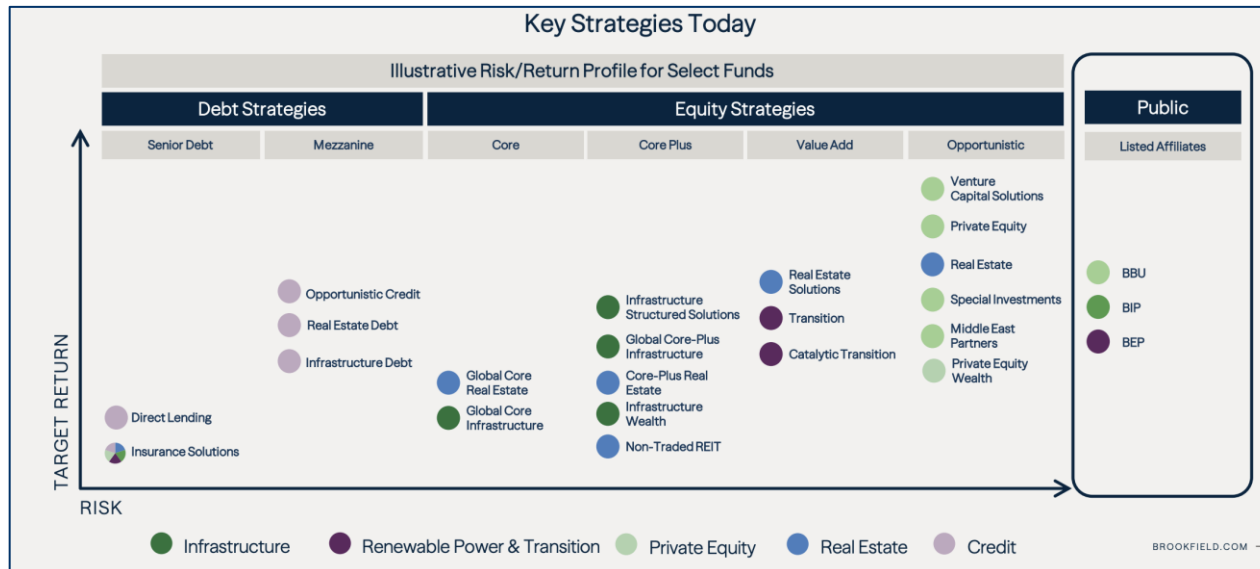


- Within the Brookfield universe they use terms that may not mean what you think.
- **Fee Bearing Capital: The useful measure**
 - Fee-Bearing Capital (FBC) represents the capital committed, pledged or invested
 - Brookfield Asset management (BAM) earns fee revenues on FBC including both called ("invested") and uncalled ("pledged" or "committed") amounts.
- **Historically FBC has increased organically at 5% -15% per year.**
 - **Jump in Credit in 2019 was due to the acquisition of Oaktree.**
- Assets under management: **not a useful measure!**
 - When Brookfield mentions AUM it includes investments that Brookfield consolidates for accounting purposes or has significant influence by virtue of one or more attributes (e.g., being the largest investor in the investment, having the largest representation on the investment's governance body, being the primary manager).
 - AUM is calculated at 100% of the total fair value of the investment taking into account its full capital structure on a gross asset value basis.
- **In Q3 2025: Fee-bearing capital increased by \$41 billion or 8% over the LTM to \$581 billion**



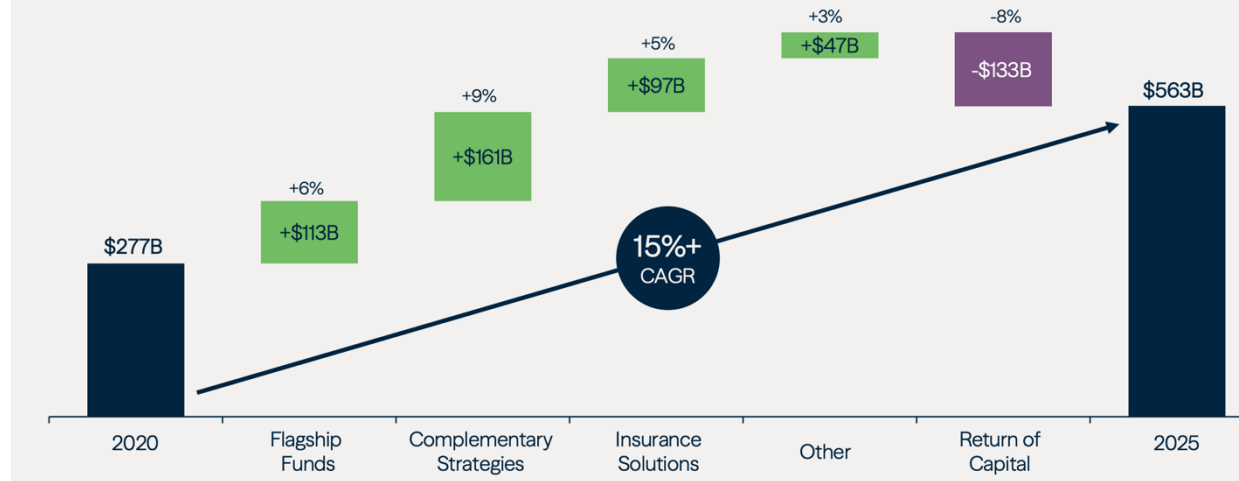
- Fee-Bearing Capital growth is key to EPS growth: BAM has managed a 15% CAGR over the last 5 yrs.
- Future FBC growth looks assured given ~10% industry growth, plus BN has its 'wealth solutions' business which is feeding BAM.
- **Alts are going after HNW business. We will see if they are successful.**
 - Institutional investors: Alts allocation ~25%
 - 401ks: Alts allocation <3%

Quarter	Fee-Bearing Capital (\$B)	YoY Change
Q3 22	407	
Q4 22	418	15%
Q1 23	432	14%
Q2 23	440	12%
Q3 23	440	8%
Q4 23	473	13%
Q1 24	492	14%
Q2 24	514	17%
Q3 24	539	23%
Q4 24	539	14%
Q1 25	549	12%
Q2 25	563	10%
Q3 25	581	8%



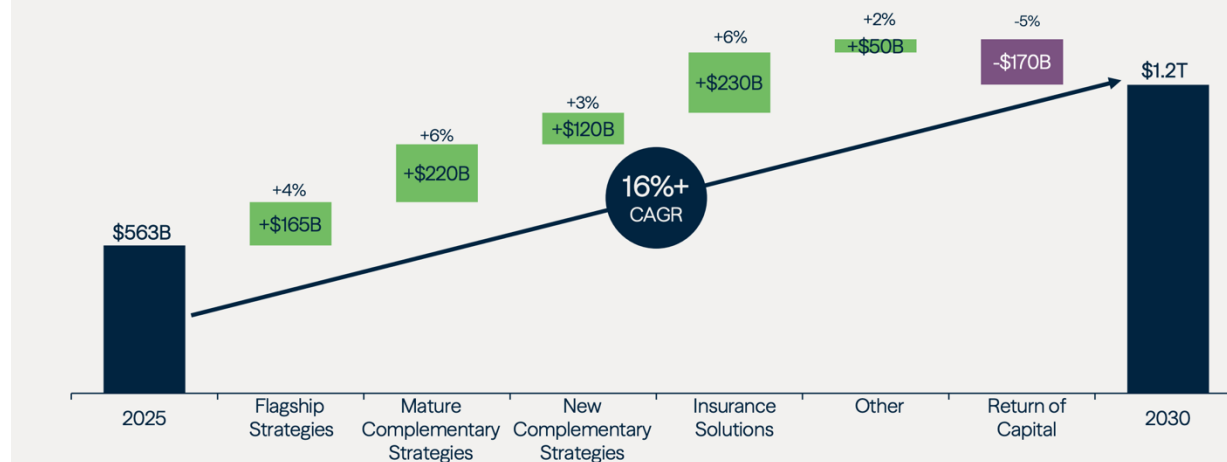
How did we do it?

With these engines of growth, we more than doubled our business in five years time



100%+ capital base growth by 2030

Our capital base should more than double over the next five years



BAM P/E MULTIPLE RELATIVE TO PEERS



- Historical correlations are high
- BAM performing better recently: Why
 - No carry, 100% fee based EPS.
 - More Infrastructure exposure
 - AUM growth, less concern over near term carry liquidity events.



BN Real Estate exposure

WHAT IS DIRECT REAL ESTATE EXPOSURE?



- **About 16% of total BN NAV is comprised of Real Estate.**
- **Majority of these investments are via legacy acquired assets. Either:**
 1. As a major component of 'Direct Investments' in BAM-managed funds.
 - These are worth ~\$6.6bn of stakes in BSREP funds (opportunistic real estate drawdown funds).
 2. 'Real Estate' investments, that are operated by Brookfield Corporation (BN) of \$26bn.

BN Private assets		
(\$ billions) As of June 30, 2025		
	Plan Value	Valuation Method
Asset Management		
Direct Investments	\$ 12	Fair value under IFRS
Carried Interest	34	10x annualized target carry
Wealth Solutions	26	15x annualized DE
Real Estate	26	Fair value under IFRS
Private Holdings	\$ 98	

- **Direct Investments into funds: \$6.6bn**
 - The direct interest in Real Estate refers to BN's investments made directly into funds managed by Brookfield Asset Management (BAM).
 - Specific Real Estate funds listed under these Direct Investments include the Brookfield Strategic Real Estate Partners (BSREP) vintages:
 - BSREP I - IV: with original investments of \$9.9bn and current real estate investments of \$6.6bn – on target for 16% net return.
- **Real Estate Separate Segment (Operating Business) (\$26b)**
- The Real Estate business is classified as one of Brookfield Corporation's core operating businesses.
 - Brookfield has historically segmented its balance sheet capital in Real Estate into Core and Transitional & Development (T&D) assets, but has recently further segmented these assets to enhance understanding
 1. **Super Core:** These are 34 "irreplaceable, premier properties" in key global markets. BN expects to hold a stake in these assets forever. This pool has an equity value of **\$19 billion**.
 2. **Core Plus:** This is a collection of 57 premier assets in central locations, characterised by growing NOI, which BN expects to monetize over the plan period. This pool has an equity value of **\$8 billion**.
 3. **Value Add:** This pool consists of 95 assets in secondary markets that BN expects to reposition to enhance NOI and then monetize over the plan period. This pool has an equity value of **\$6 billion**.

REAL ESTATE OPERATING BUSINESS (\$26B)



- **Previously listed vehicle that was taken onto BN balance sheet**
 - The vast majority of BN's Real Estate portfolio is legacy "BPG"/"BPY" - a vehicle that used to be one of the firm's listed partnerships that BN privatized in 2021 and took onto its balance sheet.
 - Like the other listed partnerships, this vehicle was a combination of LP stakes in BAM-managed drawdown funds (about 1/3), and a portfolio of properties (~2/3 of total legacy BPG investments).
 - Today, BPG is \$26bn of equity value on BN's balance sheet.
- **This segment is viewed as being "in the midst of a global recovery"**
 - Driven by declining interest rates, stronger capital markets, and increasing transaction activity.
 - **Demand for high-quality office space is increasing**, while new office development is severely constrained, driving rents for premium space higher globally.
 - Brookfield signed 15 million SqFt in leases across its office and retail portfolio: at rents **11% higher than expiring rents**.
 - Retail fundamentals also continue to strengthen, supported by constrained supply.
- **A key component of value extraction is executing on monetisation opportunities:**
 - Sales Strategy: The assets targeted for disposition include the Core Plus and Value Add portfolios, along with partial stakes in Super Core assets.
 - Reinvestment: The plan anticipates \$10 billion reinvestment back into the portfolio.
 - NOI and Returns: If successful, the portfolio should deliver 4% same-store NOI growth.

BN plan for private real estate assets:						
	Today	Growth	Dispositions	Reinvestment	2030	
(\$ billions)						
Plan Value						
Super Core	\$ 19	3	(8)	1	\$	15
Core Plus	8	-	(9)	1		-
Value Add	6	-	(6)	-		-
Corporate and Other	(10)	-	-	7		(3)
Residential	3	-	(1)	1		3
Total	\$ 26	3	(24)	10	\$	15

DIRECT INVESTMENTS: REAL ESTATE FUNDS



- The confidence that these investments are worth \$11.9 billion (and not less) is supported by the disclosed performance and sales activity related to similar assets across the broader portfolio:
 - Performance In line with targets: For instance, the Brookfield Strategic Real Estate Partners (BSREP) funds target gross returns of approximately 20% and net returns of approximately 16%.
 - No signs that the funds are in any way distressed:
 - For assets monetized across the entire business in Q1 2025, substantially all sales were completed at prices in line or prices in line or above their carrying values.**
 - Similarly, in Q2 2025, substantially all sales were completed at or above our carrying values.**
 - Specific Fund Success: One of the direct investments, BSREP I, is already Fully Realized and returned \$3.0 billion of capital from an original investment of \$1.6 billion
- Direct investments are expected to return ~ \$5 billion of capital over the next five years.**
 - We have little reason to believe the value of this portfolio should be less than stated by BN**

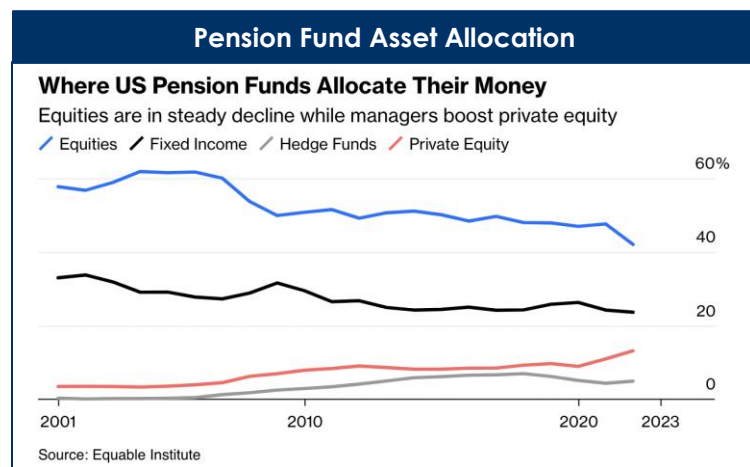
BN Direct Investments						
(\$ billions)		Original Investment	Capital Returned To Date	Current Investment	Target Return	
					Gross	Net
BSREP I	Fully Realised	\$ 1.6	\$ 3.0	\$ -	~20%	~16%
BSREP II		2.9	3.3	1.2	~20%	~16%
BSREP III		4.3	1.4	4.2	~20%	~16%
BSREP IV		1.1	0.3	1.2	~20%	~16%
Oaktree Investments		2.6	0.6	1.9	~15%	~10%
Private Equity Investments		2.4	0.7	1.9	~20%	~16%
Other Funds and Co-Investments		n/a	n/a	1.5	~15%	~12%
Total				\$ 11.9		

| Appendix (from previous BN report)

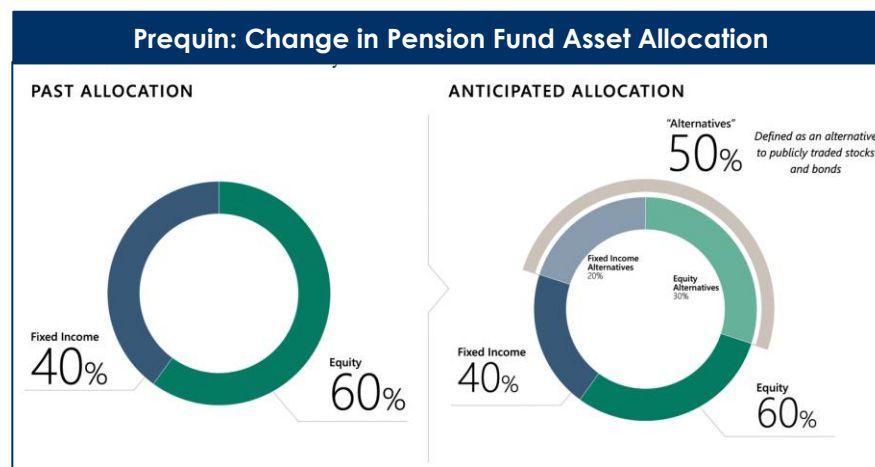
TAILWIND IS STRONG FOR AUM GROWTH



- **Long-term private sector organic AUM growth is in the 8-10% range.**
 - Alternatives accounted for 16% of global assets in 2022 up from 13% in 2020. We would expect the share gains to continue.
 - For example pension fund asset allocation:



Source: Bloomberg



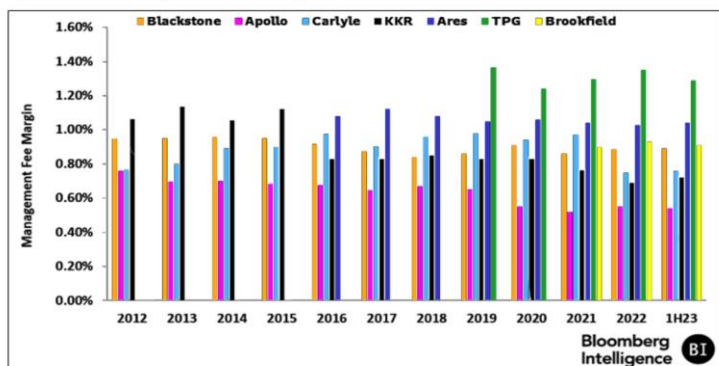
Source: Prequin

- Prequin forecasts:
 - North America is expected to remain the dominant region in alternative assets, both in terms of assets based in the region and fundraising.
 - Looking forward, Prequin analysts project **global alternative assets to grow at an annual rate of 11.9% between 2021 and 2027 to \$18.3tn**. North America's contribution to this projection, \$11.4tn, is expected to outpace that growth, at 12.7% annually.
- AUM growth is clearly cyclical, subjective and a debate, however **our opinion is that private assets seem to generate excess returns. If one is prepared to invest in illiquid assets there is a 2ppt to 4ppt annual uplift in returns generated due to a combination of this illiquidity a less efficient market and leverage.**
 - **Given that there are many asset holders who do not need daily liquidity and have long term liabilities, having less volatile, less liquid assets and higher returns is an easy decision.**

PERFORMANCE OF THE PRIVATE SEGMENT IS CRITICAL

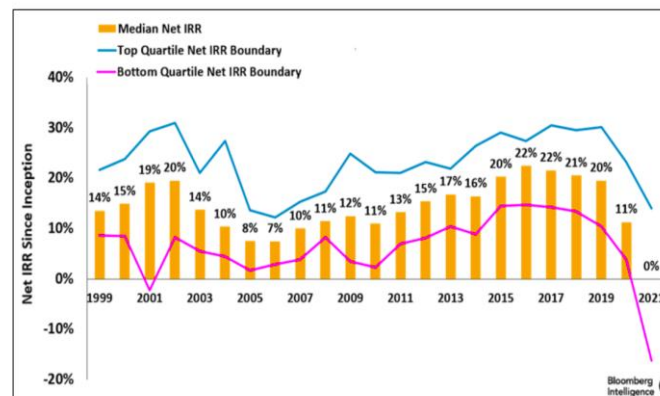
Performance Justifies Fees

Figure 14: PE Management-Fee Margins (2012-1H23)



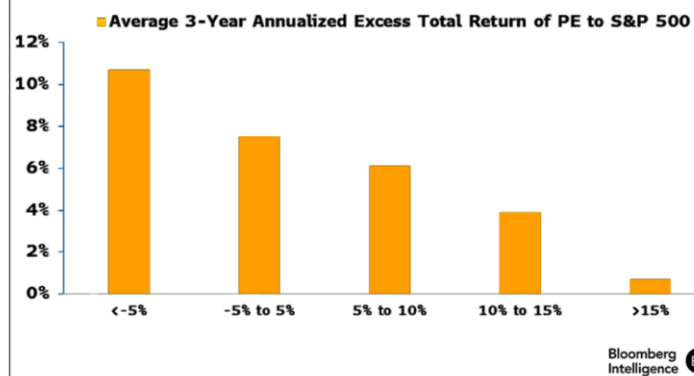
Source: Company filings, Bloomberg Intelligence

Private Equity net IRR by Vintage Year



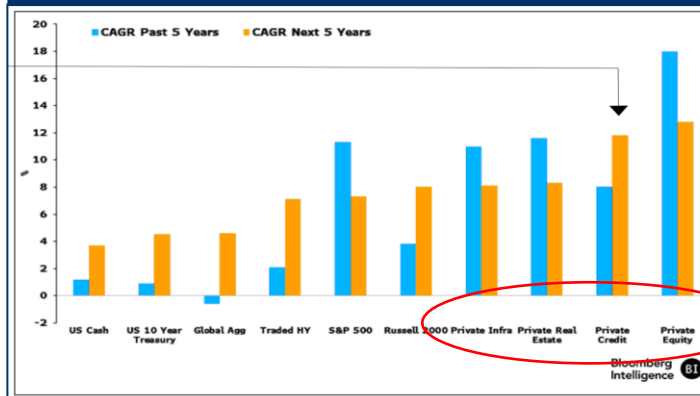
Source: PEBA <GO>, Bloomberg Intelligence

Alpha generation



Source: KKR, Bloomberg Intelligence

Past and future returns



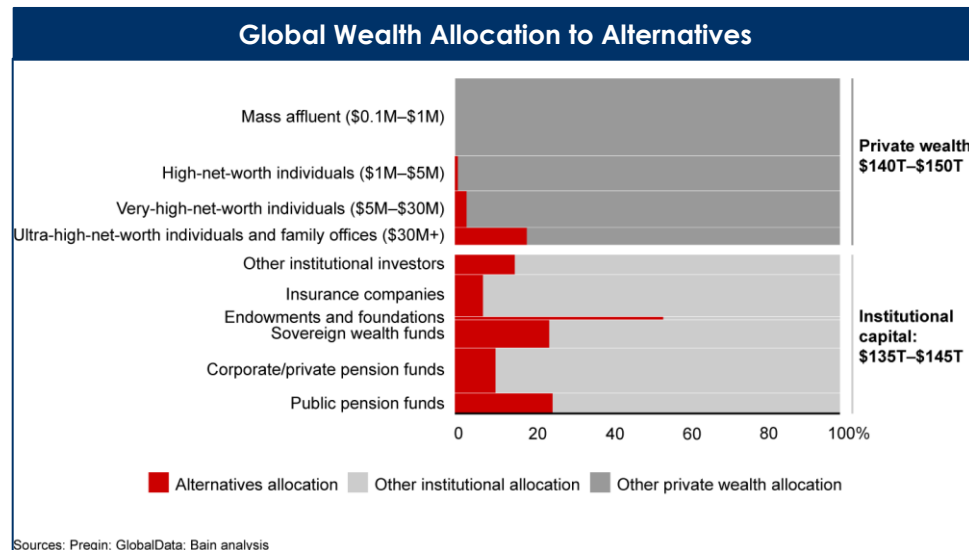
Source: KKR, Bloomberg Intelligence

Illiquidity
benefit

CHANNEL EXPANSION



- **The game for alternatives over the next decade is to expand distribution**, so that allocations to alternative asset classes increases. If sovereign wealth and Pension funds allocate ~25% of AUM to alternatives, why not everyone? – at least this is the theory.
- We would note that the data behind the below chart is not great, and is just an estimate, but we do think the picture it shows is a fair representation of the state of the market.
- **Pension funds and endowments typically invest 30-50% of their assets in alternatives, according to a study by McKinsey. The same study suggested that the average retail investor had 2% in alternatives.**



- **HNW is the target of all Alts**
 - Private wealth in this context really means high net worth individuals. Roughly \$70-\$75 trillion of assets which is only ~1-3% allocated to alternative products.
 - **Some estimates are that it is now \$180+ trillion of wealth sitting in the hands of individuals and households.**
- **Retail required different products, such as BDCs and other monthly liquidity products such a BREIT to be developed before asset allocations lower down the HNW scale could happen.**
 - BREIT (perpetually offered, non-listed REIT) is designed to allow for 5% liquidity per quarter.
 - It is a less liquid product in a semi-liquid wrapper hence you need some mechanism for orderly liquidity. Products currently offered to affluent investors by firms such as Apollo Global Management and Blackstone only offer monthly or quarterly options for redemptions

OPPORTUNITY SET LOOK TO BE LARGE ENOUGH



- It is very difficult to estimate the size of the individual markets. The table below shows Ares's best estimate.
 - For perspective, S&P Global Ratings Research estimates that about \$11 trillion in corporate debt rated by S&P is scheduled to mature globally over the next 5 years.

	Addressable Market (\$ in trillions)	Ares AUM (\$ in billions)	Ares Share of the Addressable Market
Credit	\$10.9 ¹	\$250	2.3%
Private Equity	\$5.2 ²	\$35 ⁷	0.7%
Infrastructure	\$7.9 ³	\$16 ⁷	0.2%
Real Estate	\$55 ⁴	\$49	0.1%
Secondaries	\$6.9 ⁵	\$23	0.3%
Insurance	\$38 ⁶	\$9 ⁸	<0.1%
Total Addressable Market	\$124 trillion	\$378 billion ⁹	0.3%

Ares AUM information as of June 30, 2023. Ares AUM numbers may not add to \$378bn due to rounding, inclusion of sub-advised AUM (\$6.5bn) in the Ares Insurance AUM number, and the fact that \$1b from Ares Acquisition Corporation and Ares Acquisition Corporation II is not captured in the Credit, Private Equity, Infrastructure, Real Estate, Secondaries, or Insurance categories as displayed on the slide. **Please refer to the endnotes for additional important information.**

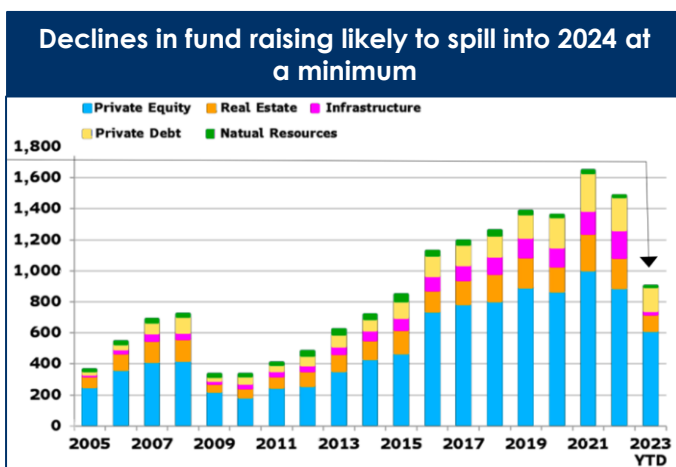
1 Credit:

- Addressable market based on the Q1-22 LTM deal volume and a 2.5 year life assumption.
- Includes sum of US Direct Lending, EU Direct Lending, Alternative Credit, Liquid Credit, and Ares Asia. US Direct Lending Based on Ares' own data calculations using information from Refinitiv, S&P Global Market Intelligence and Ares' own observations.

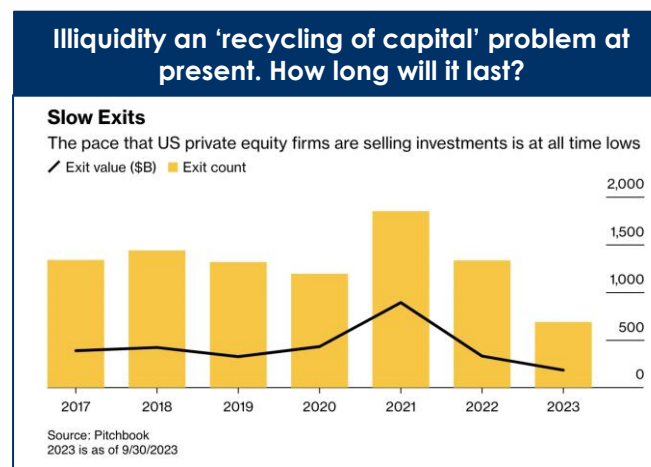
NOT TO SAY THERE ARE NOT PROBLEMS IN 2023 / 2024



- **Private fund managers have been slow to sell fund assets into the current uncertain markets.** (across strategies)
- The thesis goes that funds are reluctant to crystallise asset values that may be lower than expected. Especially as the **valuations on fund sheets are not really true until the assets are sold.**
 - Instead, some funds are using leverage to release funds.
 - This will obviously have impact on carry generated as well as IRRs and ability to raise funds.
 - Credit is not impacted. PE is seeing the bulk of the push outs, where Brookfield has limited assets.
- **Hence there are multiple examples of private equity investors asking for previous generation funds to pay out before reinvesting capital into new funds.**
 - About \$902 billion of private capital was raised through mid-October 2023, 19% behind the pace of the \$1.5 trillion in all of 2022 and 27% behind the pace of 2021.
 - **Debt strategies are holding up better** in the tight financial conditions and higher rates environment. Partly because you are getting equity like returns with lower risk.
- **Another example of problems: there have been big outflows (overwhelming liquidity constraints) at some BX property funds.**



Source: Preqin, Bloomberg Intelligence



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