The Alts Institute

Private Equity: Capitalizing on Private Sector Growth

Brookfield | OAKTREE
WEALTH SOLUTIONS

Agenda

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04 Choose Your Private Equity Managers Wisely

Understanding Private Equity

What is private equity?

Private equity (PE) is an alternative investment in which fund managers acquire significant equity stakes in private companies.

PE managers adopt a distinctly active approach focused on creating value through direct involvement in strategic decision-making and operational improvements.

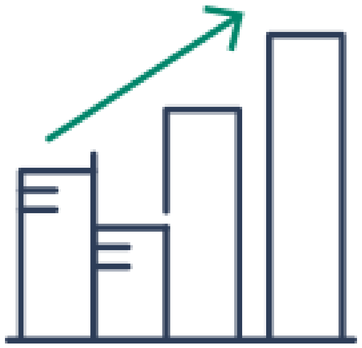
Private equity funds offer individual investors the opportunity to benefit from the growth of private companies.

How Does Private Equity Work?

Private equity investing generally follows three key steps

Acquire
promising company

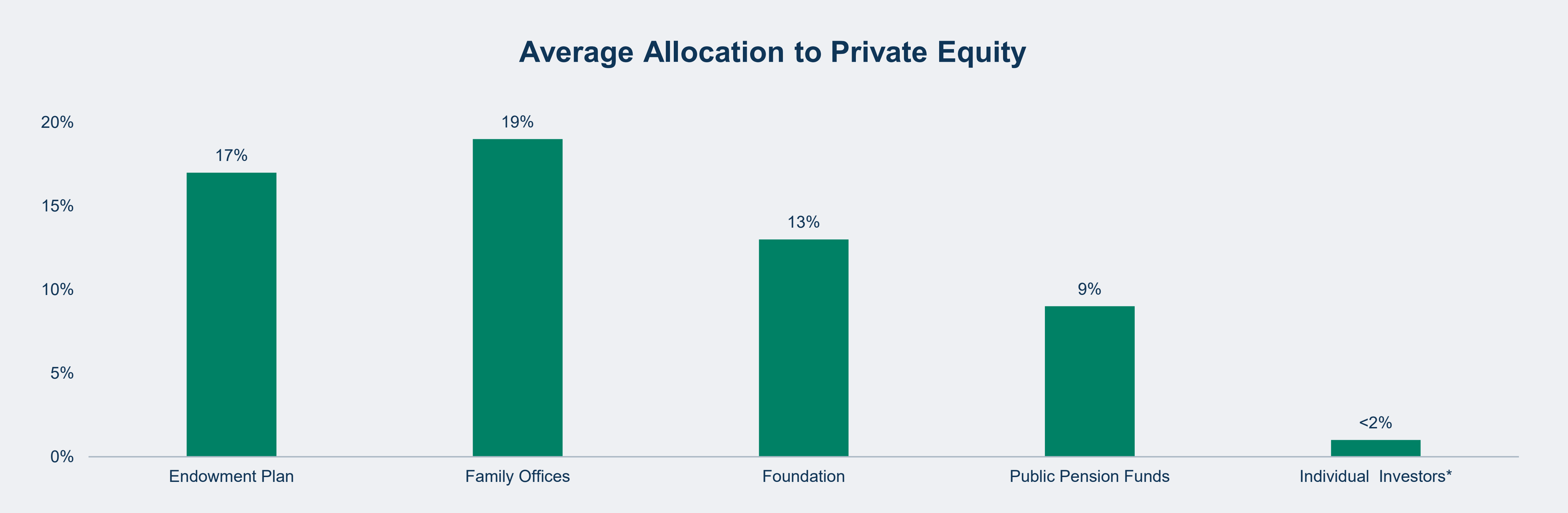
Create value through
financial and operational
optimizations



Seek to Exit at a profit
via an IPO or sale

Institutional Investors Have Led the Way in PE Allocation

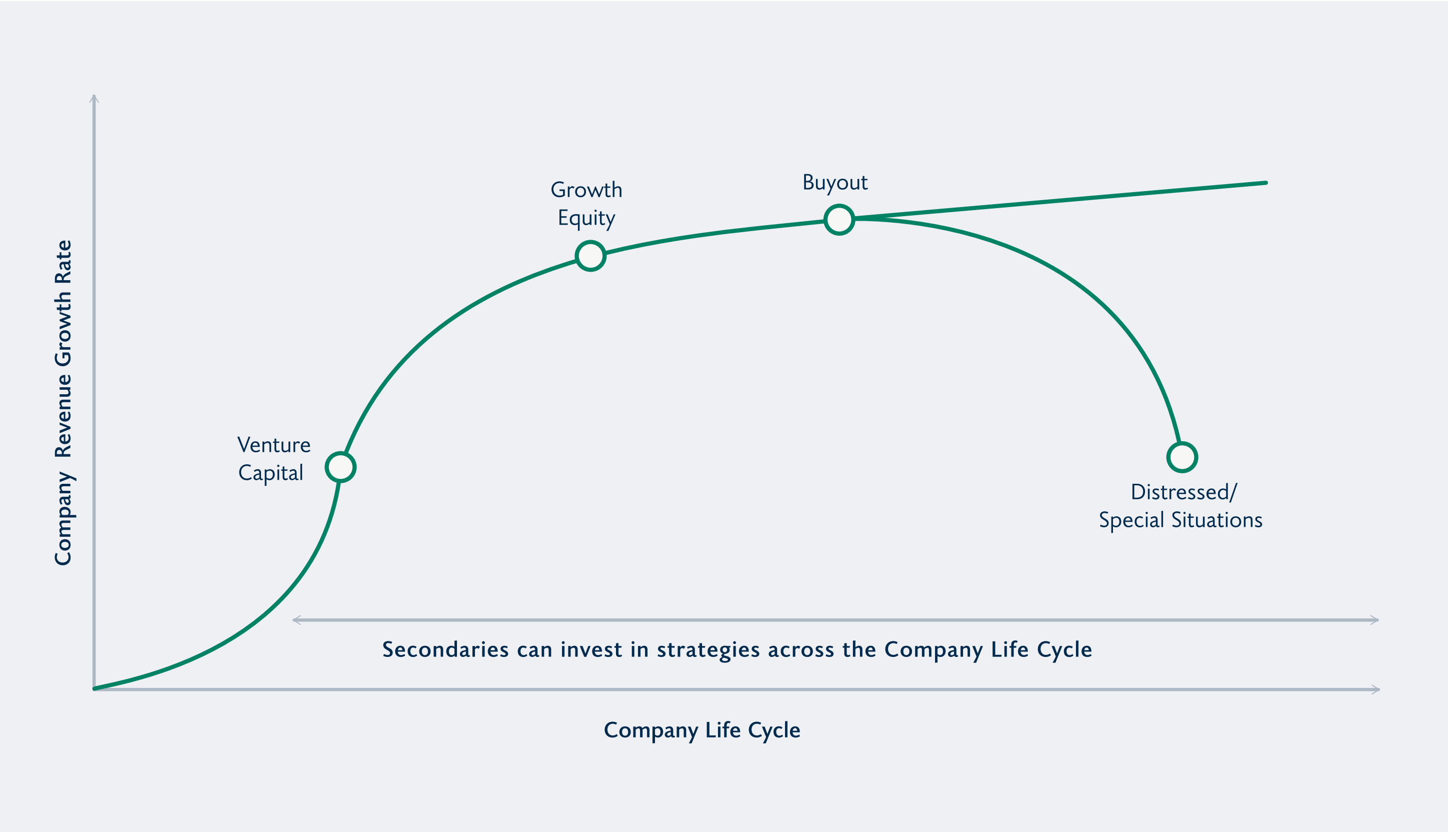
Today, new PE opportunities and access are increasing for individual investors



* The 2% allocation includes all alternatives, of which private equity is just one component.
Source: McKinsey & Company, Preqin, as of 2024.

Private Equity Opportunities Span Across Company Life cycles

Strategies typically reflect a company's maturity—with varying levels of risk



Venture capital: Early-stage firms offering the potential to achieve multiples on an investment. Targets tend to have high revenue growth and are not yet profitable.

Growth equity: Investing in companies that are on track to or nearing profitability and require additional capital to expand.

Buyout: Mature firms (public and private) with room for efficiencies and expectations of growing market share.

Distressed/Special Situations: Investing in equity/debt of firms in financial distress. Investors aim to take control during a restructuring, implement changes, return the firm to profitability, and make an exit.

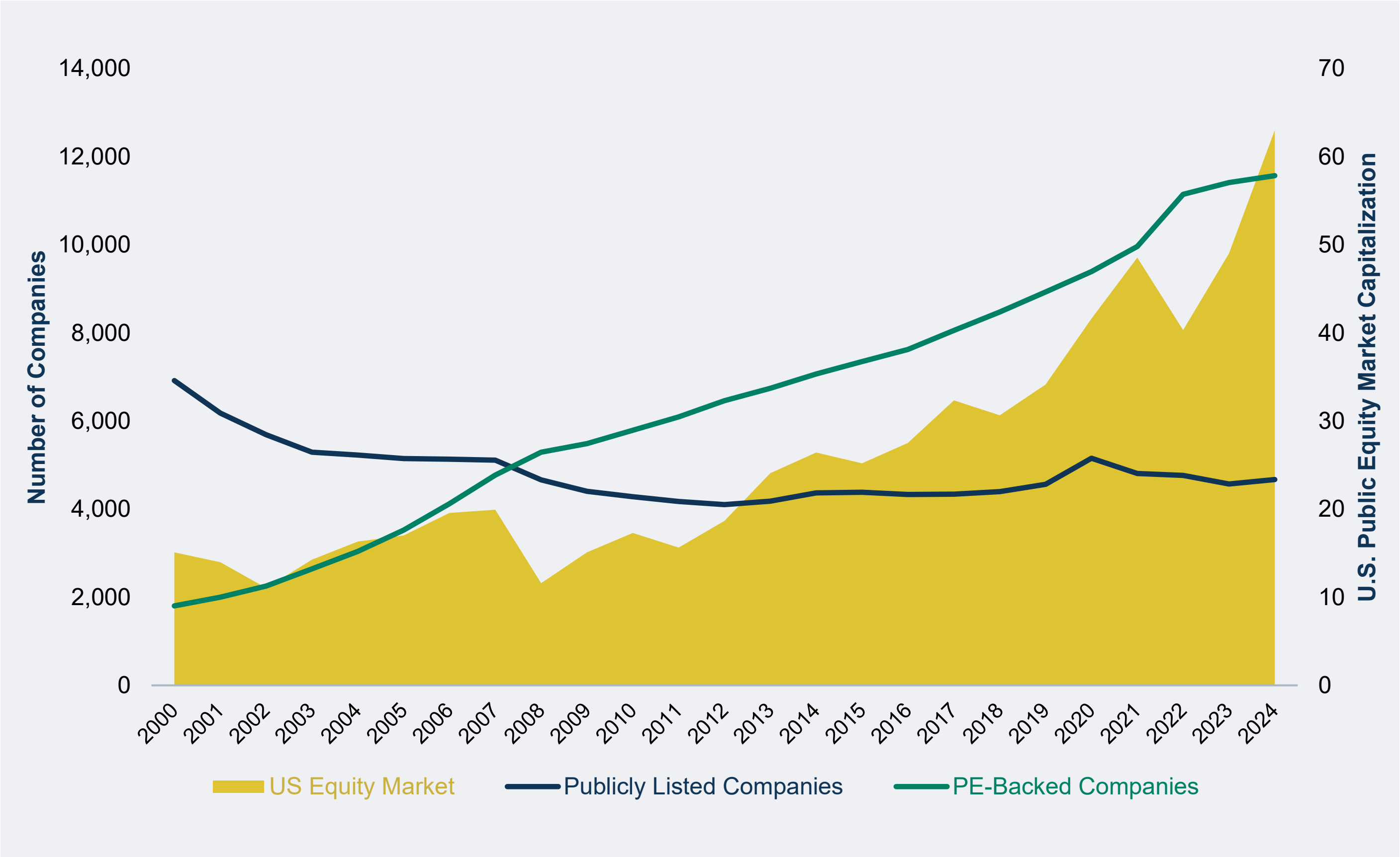
Secondaries: Investing in existing PE funds (or directly in their portfolio companies), hoping to buy exposure at a discount with a shorter timeline to realization.

Source: Brookfield Asset Management. For illustrative purposes only.

Private Equity on the Rise

The Number of Publicly Listed Companies Has Been on the Decline

PE commands a growing share of market



Stricter regulations make going public more challenging and less attractive—so companies are staying private longer.

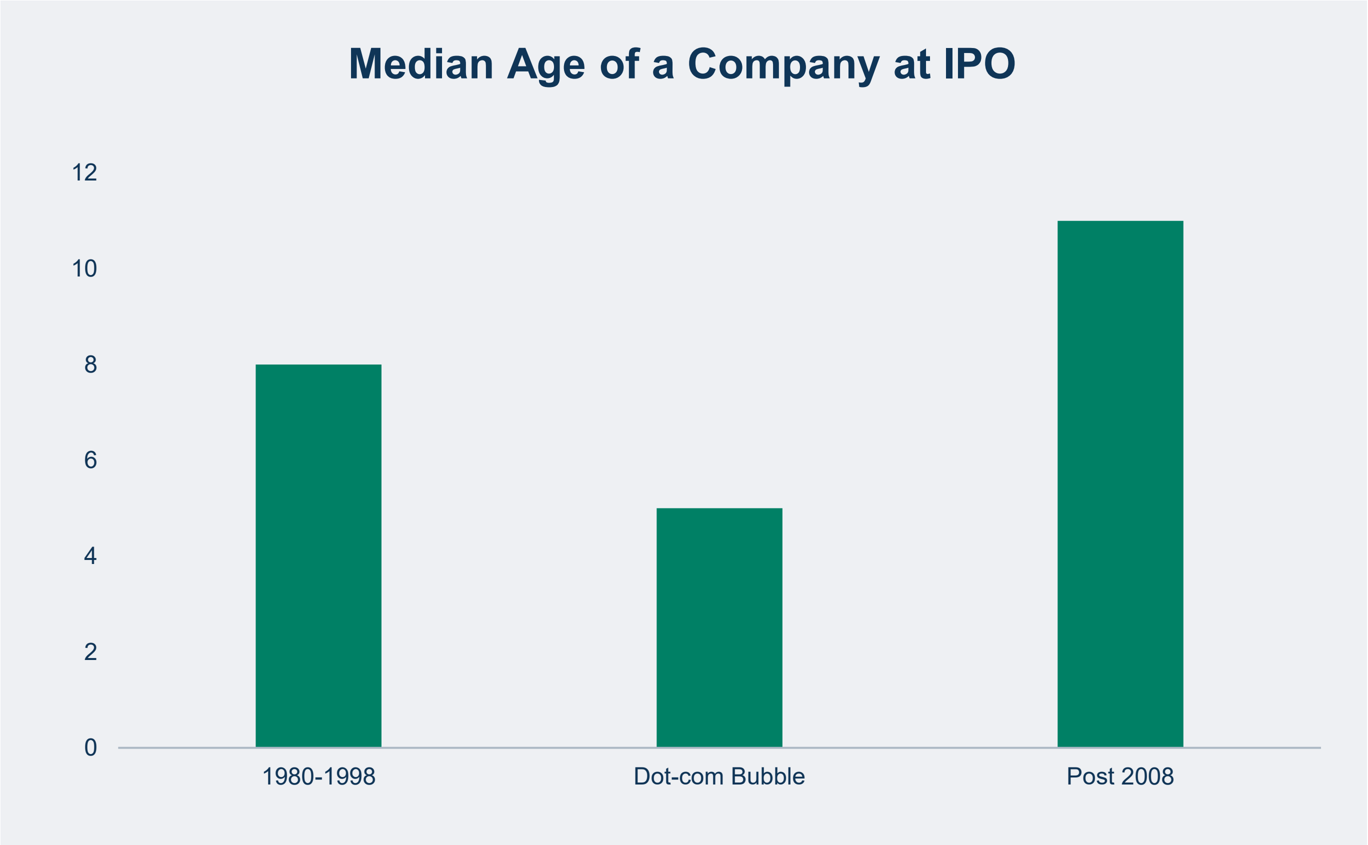
The increasing difficulty of obtaining bank loans is causing more private companies to seek equity funding.

Increasingly diverse PE opportunities exist across company life stages, industries and risk profiles.

Source: Pitchbook, U.S. FRED, Morningstar, World Federation of Exchanges, Morningstar, as of 2024.

Where Did Public Companies Go? They Stayed Private

Sarbanes-Oxley increased financial disclosure requirements, corporate governance standards and costs



1980s and 1990s: The median age of a company at time of initial public offering was eight years.

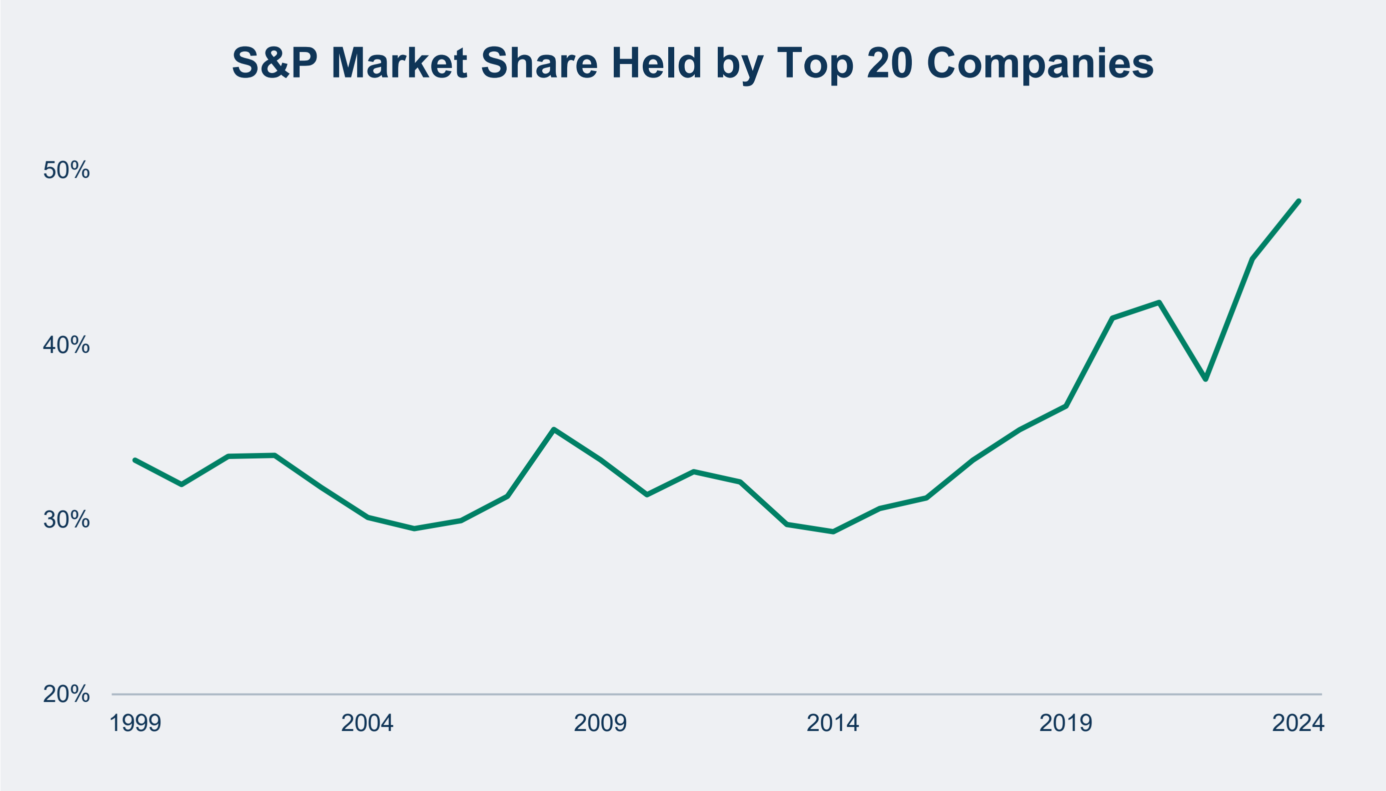
1999-2007: Median age dropped during the dot-com bubble.

2008 on: Since the Global Financial Crisis, the average age at IPO has been 11 years.

Source: Ritter, Jay R. Initial Public Offerings: Median Age of IPOs Through 2024.

The S&P Has Also Become Increasingly Concentrated Over the Past Decade

This dynamic has eroded diversification benefits and amplified concentration risks



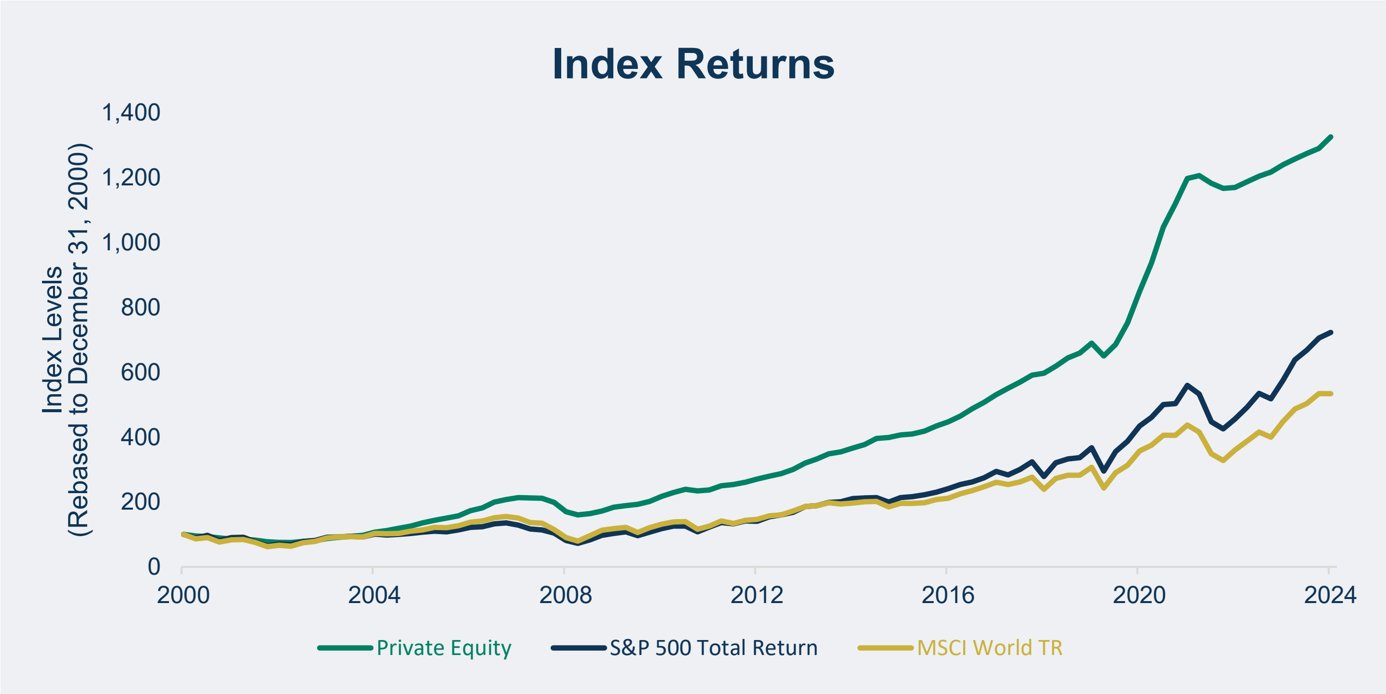
Source: Bloomberg, as of December 2024.

Just 20 out of 500 stocks account for the lion’s share of both market performance and risk.

These 20 companies’ share grew ~1.5 times over the last 10 years.

Private Equity Outperforms Public Markets Over Time

PE demonstrates resilience and plays a critical role in portfolios designed for sustained growth



Private equity has consistently delivered robust returns, notably outperforming public equities in the U.S. and global markets.

Past performance is not indicative of future results. For illustrative purposes only. Information does not represent returns of a fund. An investor cannot invest in an index. Private Equity represented by Preqin Private Equity Index, Global Equities represented by MSCI World Index, U.S. Equities represented by S&P 500. Please see disclosures for additional information.

Source: Morningstar, Preqin, Brookfield, as of December 31 2024.

Public vs. Private: Similarities and Differences

	Public Company	Private Company
Ownership	Publicly listed and traded	Privately held
Liquidity	High	Low
Fund manager's ability to influence change	Limited, passive	High, direct
Regulation	Heavily regulated by SEC, with stringent financial reporting requirements	Less regulated, requiring more due diligence by investors
Management	Management is accountable to boards, analysts, and shareholders, which can create a more rigid structure with a focus on short-term profits.	Management is typically led by the owners, allowing for greater flexibility and a stronger focus on long-term growth and profit maximization.

Private Equity: One Asset Class, Different Ways to Access

Tailored Investment Vehicles to Meet Investor Goals and Requirements

Vehicle	Evergreen Private Equity Funds	Traditional Private Equity Closed-End Drawdown Funds
Description	Open-ended private market funds with no fixed life. They continuously accept capital and recycle proceeds into new investments.	Fixed-life funds where investors commit capital up front, which is drawn down over time to invest in a portfolio.
Liquidity	**Moderate:** Typically offer periodic (e.g., quarterly) liquidity windows with redemption limits. No guaranteed liquidity, but more flexible than traditional PE structures.	**Low:** Capital is locked up for 7–12 years, with distributions occurring during the fund's harvest phase. Secondary markets exist but are limited and may require discounts.

Please see disclosures for additional information

Industrial Revolutions Have the Potential to Serve as Drivers of Long-Term Value Creation

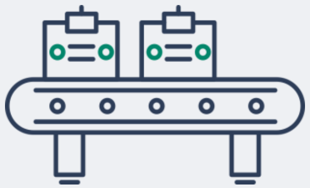
AI has the potential to revitalize companies and may create opportunities for PE investors

Industrial Revolutions Across the Ages

1784

Revolution 1.0

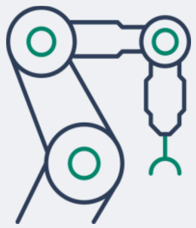
Mechanization,
Steam Power,
Weaving Loom



1870

Revolution 2.0

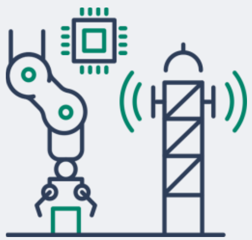
Mass Production,
Assembly Line,
Electrical Energy



1969

Revolution 3.0

Automation,
Computers and
Electronics



TODAY

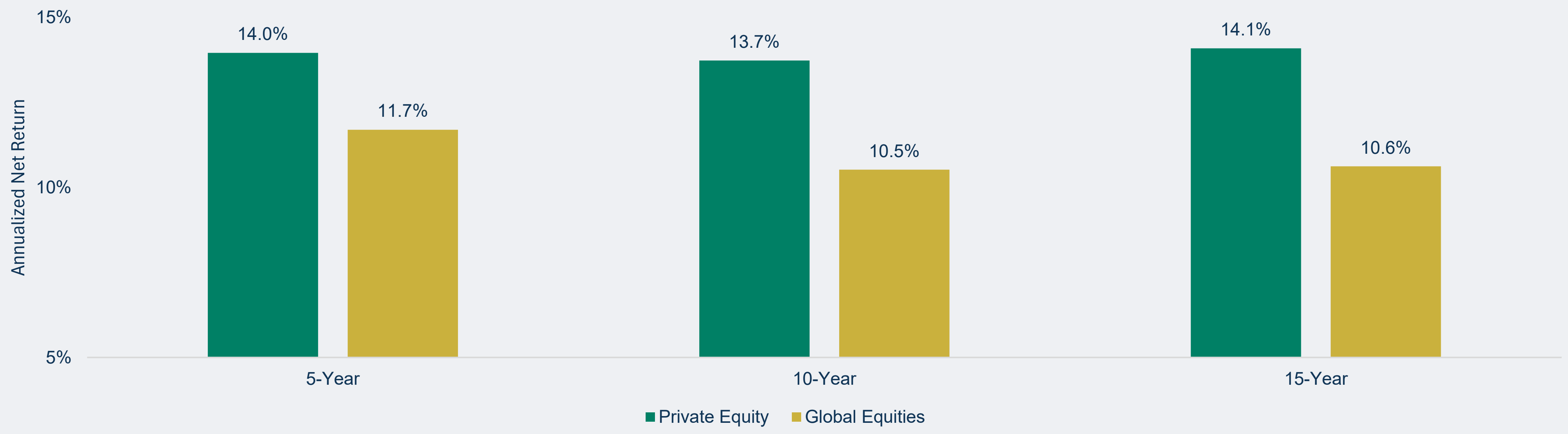
Revolution 4.0

AI, Machine Learning, Robotics,
Internet of Things, Internet of
Systems

Source: www.disruptiveleadership.institute/fourth-industrial-revolution-framework. For illustrative purposes only.

Five Key Reasons to Consider Private Equity Investing

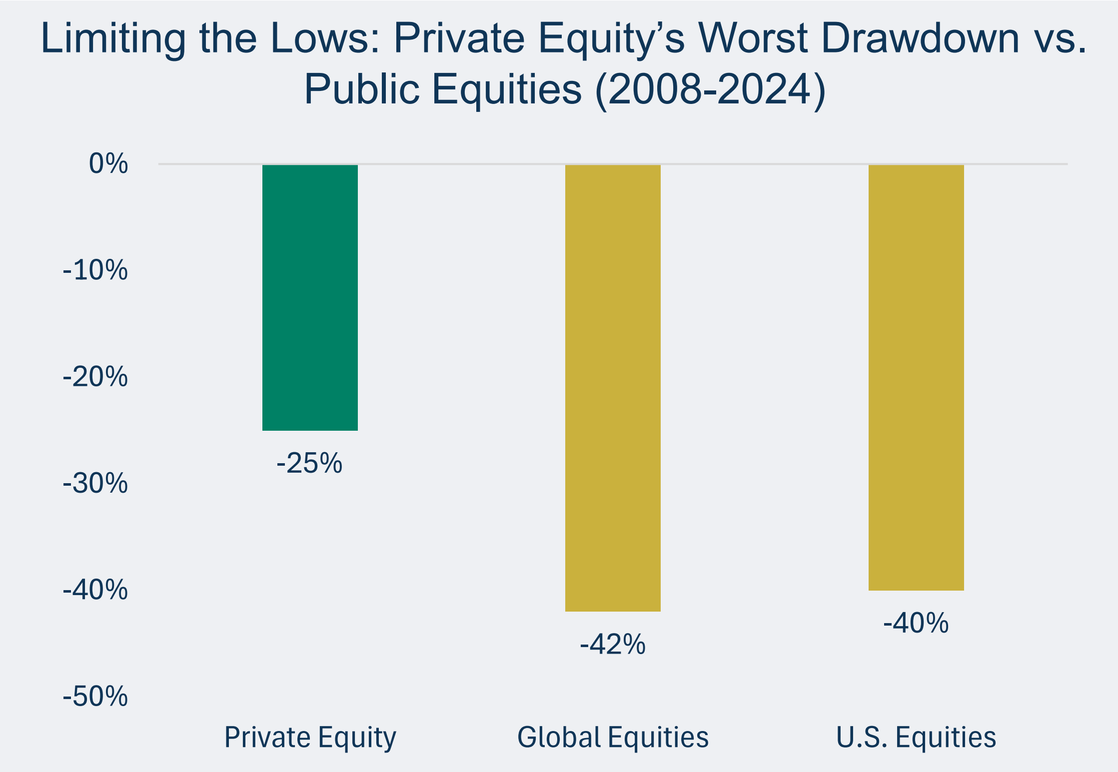
Private Equity Has Consistently Outperformed Global Equities

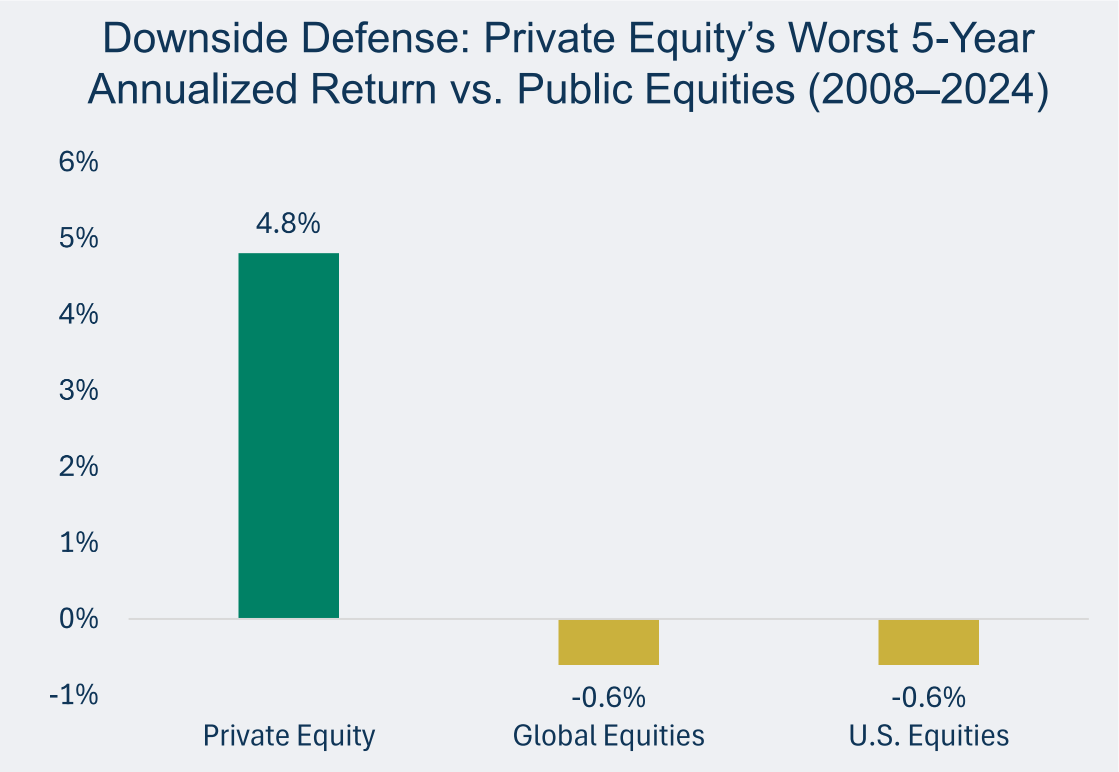


Past performance is not indicative of future results. For illustrative purposes only. Information does not represent returns of a fund. An investor cannot invest in an index. Private Equity represented by the Preqin Private Equity Index, Global Equities by the MSCI World Index. Please see disclosures for additional information.

Source: Bloomberg, Preqin, Brookfield. As of December 31, 2024.

Private Equity Has Historically Mitigated Market Volatility





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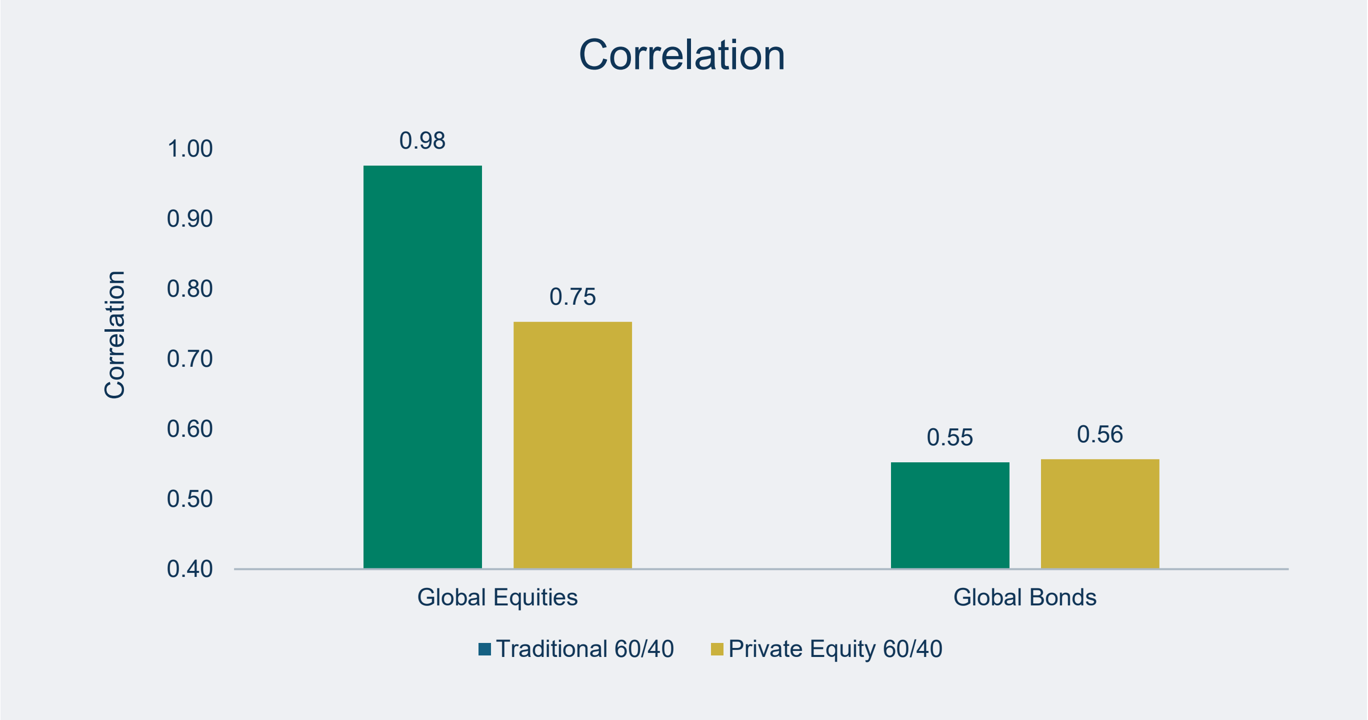
Source: Bloomberg, Preqin, Brookfield. As of December 31, 2024.

Private Equity Adds Valuable Diversification

Private Equity Lowers Correlation to Global Equities Without Raising Correlation to Bonds



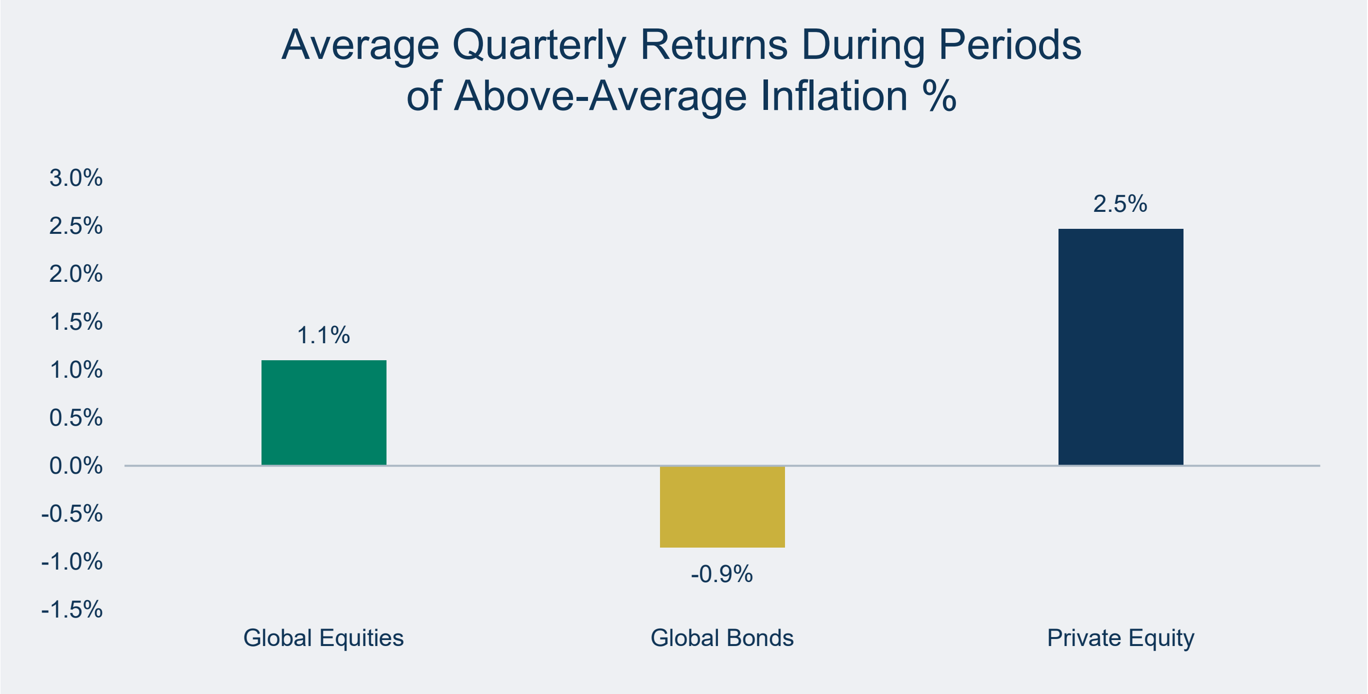
PE does not move in lockstep with global equities or bonds. This creates a significant diversification advantage.

Past performance does not guarantee future results. Diversification does not guarantee a profit or protect against loss. For illustrative purposes only. Information does not represent returns of a fund. An investor cannot invest in an index. Global Equity represented by MSCI World Index, Global Bonds represented by Bloomberg Global Aggregate Bond Index, Traditional 60/40 represented by 60% MSCI World Index and 40% Bloomberg Global Aggregate Index, Private Equity 60/40 represented by 60% Preqin Private Equity Index and 40% Bloomberg Global Aggregate Bond Index for the period between January 1, 2008 and December 31, 2024.

Source: Morningstar, Preqin, as of December 31, 2024.

Correlation is a statistic that measures the degree to which two investments move in relation to each other. A correlation coefficient of 1indicates a perfect positive correlation, meaning that they move in the same direction by the same amount. A coefficient of -1 indicates a perfect negative correlation, meaning that they have historically moved in the opposite direction.

Private Equity May Act as a Hedge Against Inflation



Past performance is not indicative of future results. For illustrative purposes only. Information does not represent returns of a fund. An investor cannot invest in an index. Global Equities represented by MSCI World Index, Fixed Income by Bloomberg Global Aggregate Index, Private Equity by the Preqin Private Equity Index. Inflation is defined as Seasonally Adjusted CPI-U. Periods of above-average inflation are defined as quarters where CPI was above its historical average. During the time period analyzed, average CPI was 2.49% and there were 25 such quarters. Please see disclosures for additional information.

Source: Bloomberg, Preqin. For the period January 1, 2008-December 31, 2024.

Five ways PE investments can help provide resilience during inflationary periods

Pricing Power: Many PE-funded companies can pass cost increases on to their customers.

Active Ownership: Value created by operational improvements can help offset inflationary pressures.

Long-Term Horizon: PE can ride out short-term volatility as it stays focused on sustained growth.

Strategic Use of Leverage: Fixed-rate debt can help enhance returns as asset values rise.

Strong Cash Flow Focus: Recurring revenue can offer stability for resilient companies.

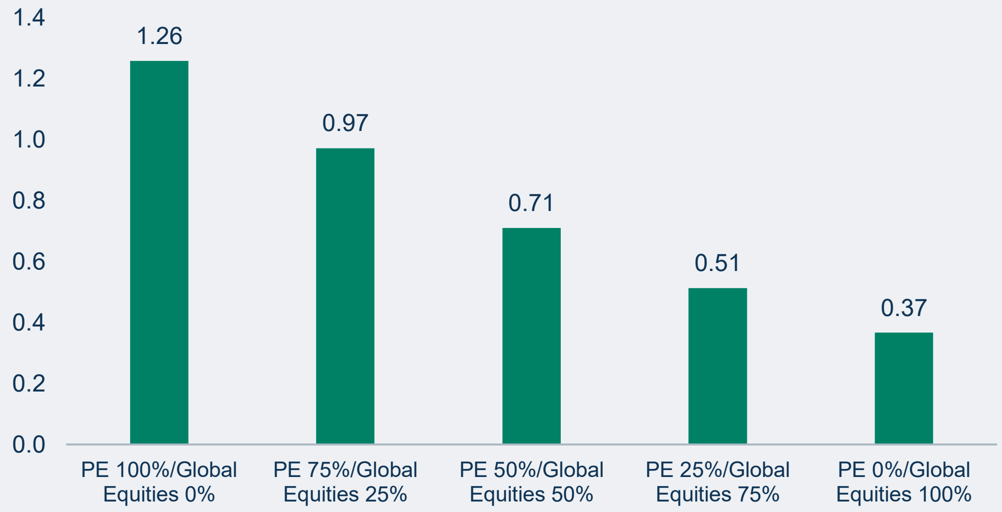
Private Market Exposure Has Historically Enhanced Portfolios

Incorporating PE into a portfolio generally enhances its risk/return profile

Enhancing an Investor's Portfolio With Private Equity

Providing Potential Attractive Risk-Adjusted Outcomes

Sharpe Ratio



Past performance is not indicative of future results. Diversification does not guarantee a profit or protect against loss. For illustrative purposes only. Information does not represent returns of a fund. An investor cannot invest in an index. For the period January 1, 2008 through September 30, 2024. Global Equity represented by the MSCI World Index, Private Equity represented by the Preqin Private Equity Index. Sharpe ratio is a measure of risk-adjusted return. It describes how much excess return you receive for the volatility of holding a riskier asset. Please see disclosures for additional information.

Source: Bloomberg, Preqin. As of December 31, 2024.

Choose Your Private Equity Managers Wisely

Manager Selection Matters

PE involves active management, and it has seen performance spreads as wide as 55%

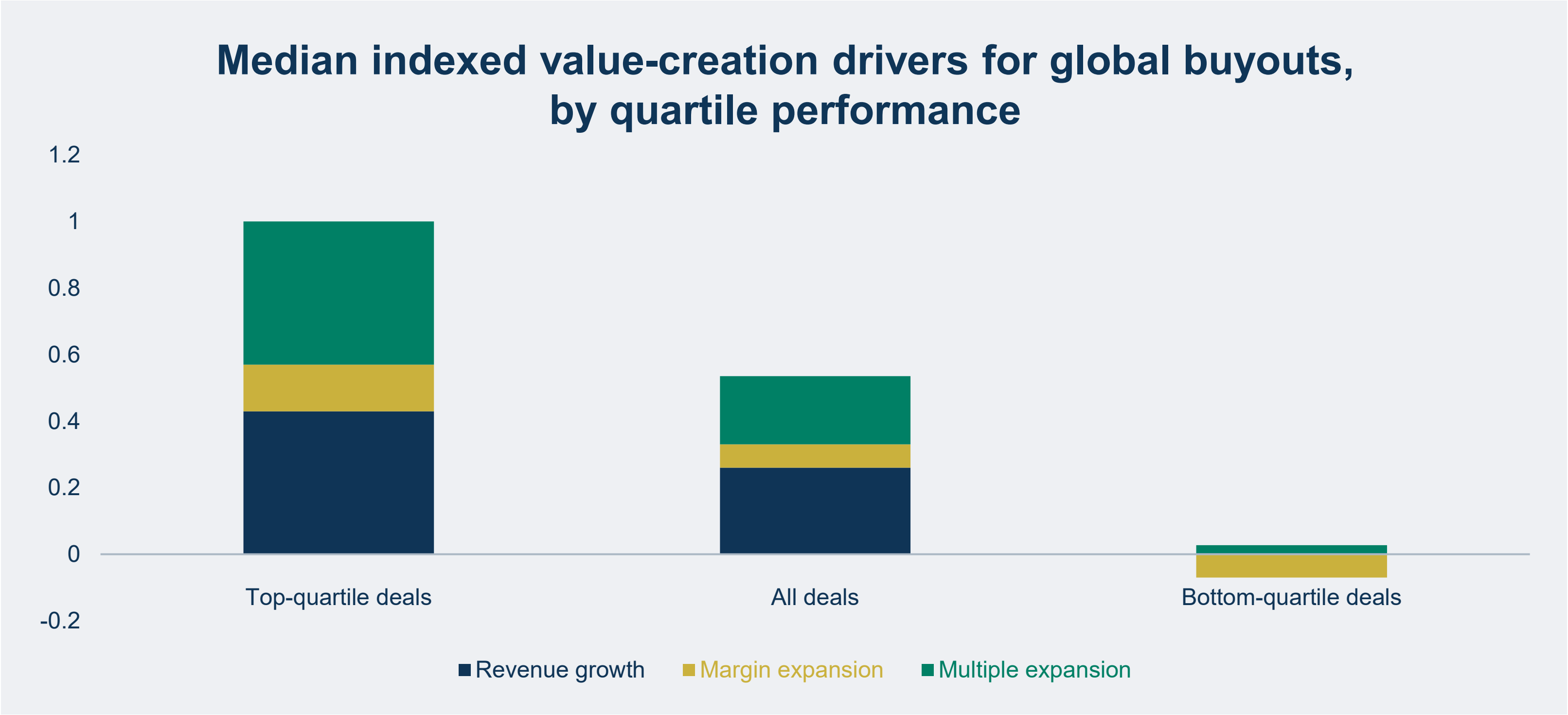
Past performance does not guarantee future results. Performance range displays top 95%, bottom 5%, and median of manager returns. Data shown are 15-year annualized returns. Global Large-Cap are represented by their respective Morningstar peer group of U.S. open-end funds with a 15-year track record. Private Equity-Buyout represented by respective Preqin peer group of Private Equity Buyout Funds. Private asset class returns are based on net IRR from a population of private funds with vintages from 2010-2015 and which are classified as liquidated, with minimum 95% of capital called, and distributions paid in (DPI) > 0.

Source: Preqin, 2024.

Please see disclosures for additional information

Operational Improvements Give Top-Quartile Managers Their Edge

The goal: Increase margin and drive revenue growth



Investors should prioritize partnerships with experienced general partners with strong operating capabilities.

Look for the scale, expertise and sourcing abilities necessary to consistently identify, execute and improve on high-quality investments.

Past performance does not guarantee future results. For illustrative purposes only. Top- and bottom-quartile deals by internal rate of return; top and bottom quartiles include only deals with IRR data available; includes fully and partially realized global buyout deals by year of entry; includes deals with invested equity capital of $50 million or more; excludes real estate; all figures calculated in U.S. dollars.

Source: Bain & Company, *Global Private Equity Report 2024.*

Thank You

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Index Definitions

Consumer Price Index (CPI) is a measure of the average change in prices over time in a fixed market basket of goods and services.

MSCI World Index captures large-and mid-cap representation across 23 Developed Markets. The index covers approximately 85% of the free-float-adjusted market capitalization in each country.

Preqin Private Equity Index captures in an index the return earned by investors on average in their private equity portfolios, based on the actual amount of money invested in private capital partnerships. Historical data points are not recalculated as time passes, except for the latest two-quarters available, which are preliminary. The preliminary quarters are finalized at a three-quarter lag coinciding with the full constituency for the as-at date being met. The universe of funds for each quarterly point in the index may change over time depending on data availability.

S&P 500 Index is an equity index of 500 widely held, large-capitalization U.S. companies.

The Bloomberg Global Aggregate Index is a measure of global investment-grade debt across twenty-eight local currency markets. It includes treasury, government-related, corporate, and securitized fixed-rate bonds from both developed and emerging markets issuers.

Disclosures

A Word About Risk

Alternative investments are complex, speculative investment vehicles and are not suitable for all investors. An investment in an alternative investment entails a high degree of risk and no assurance can be given that any alternative investment fund's investment objectives will be achieved or that investors will receive a return of their capital.

As an asset class, private credit is comprised of a large variety of different debt instruments. While each has its own risk and return profile, private credit assets generally have increased risk of default, due to their typical opportunistic focus on companies with limited funding options, in comparison to their public equivalents.

Because private credit usually involves lending to below investment grade or non-rated issuers, yield on private credit assets is increased in return for taking on increased risk.

All private equity investments are subject to some degree of risk.

Investments in real estate related instruments may be affected by economic, legal, or environmental factors that affect property values, rents or occupancies of real estate.

Important Disclosure Regarding Evergreen Private Equity Funds vs. Traditional Closed-End Private Equity

Funds Investors should be aware that evergreen private equity funds and traditional closed-end drawdown private equity funds differ materially in structure, liquidity, fees, taxation, and risk profile. Evergreen private equity funds are typically structured as open-ended vehicles with no predefined termination date. These funds generally allow periodic subscriptions and redemptions, often on a quarterly basis, subject to fund liquidity, advance notice requirements, redemption queues, and gating provisions. In contrast, traditional closed-end private equity funds operate on a fixed-term basis, generally 10 to 12 years, during which investors commit capital that is drawn down over time and returned primarily during the latter stages of the fund's life. Investors in closed-end funds do not have redemption rights and receive liquidity only through distributions as investments are realized.

Fee structures also vary significantly. Evergreen funds commonly charge asset-based management fees calculated on net asset value (NAV) and may assess performance-based compensation (or "carried interest") on realized gains over shorter time intervals or on a rolling basis. In contrast, traditional closed-end funds typically charge management fees on committed capital during the investment period and on invested capital or NAV thereafter, with performance fees calculated at the fund level, generally subject to a preferred return hurdle and a fund-level clawback mechanism. Evergreen funds may also incur additional ongoing expenses related to liquidity management, custody, investor servicing, and fund administration, which may differ from the cost structure of closed-end funds.

Distribution and reinvestment policies are materially different. Evergreen funds often reinvest realized proceeds to maintain continuous exposure to private markets, whereas traditional closed-end funds prioritize returning capital to investors following the realization of underlying portfolio investments. Tax treatment may also differ based on fund structure and investor domicile. Evergreen funds that recycle capital or make frequent distributions may give rise to different tax consequences relative to the typically longer holding periods and fewer taxable events seen in closed-end funds.

Investors should also carefully consider the unique risk factors associated with evergreen fund structures. These may include, but are not limited to, limited liquidity, the potential imposition of redemption gates or delays, and valuation risks stemming from more frequent NAV calculations. Additionally, the timing and volatility of returns may differ. Evergreen funds tend to produce more smoothed return profiles over time but may offer lower peak internal rates of return (IRRs) due to continuous capital deployment and reinvestment. Traditional closed-end funds, by contrast, are structured to pursue concentrated value creation over a defined investment cycle and may exhibit higher return dispersion across vintages.

This summary is provided for informational purposes only and does not constitute an offer to sell or a solicitation of an offer to buy any securities. Investors should carefully review all offering documents, including the private placement memorandum and subscription materials, and consult with their financial and tax advisors prior to making any investment decision.

Important Disclosure Regarding Mutual Funds vs. Traditional Closed-End Private Equity Funds

Investors should be aware that mutual funds and traditional closed-end drawdown private equity funds differ materially in structure, liquidity, fees, taxation, valuation methodologies, and risk profile.

Structural and Liquidity Differences:

Mutual funds are typically structured as open-ended vehicles that allow daily subscriptions and redemptions at net asset value (NAV). This provides high liquidity and flexibility for investors, making them suitable for short- to medium-term investment horizons. In contrast, traditional closed-end private equity funds operate on a fixed-term basis—generally 10 to 15 years—during which investors commit capital that is drawn down over time and returned primarily during the latter stages of the fund's life. Investors in closed-end funds do not have redemption rights and receive liquidity only through distributions as underlying investments are realized.

Fee Structures and Expenses:

Mutual funds generally charge asset-based management fees calculated on daily NAV and may include additional ongoing expenses such as distribution (e.g., 12b-1 fees), transfer agency, and fund administration costs. Performance-based compensation is uncommon in mutual funds outside of select alternative or hedge-style strategies. By contrast, traditional private equity funds charge management fees on committed capital during the investment period, and on invested capital or NAV thereafter. These funds typically include performance-based carried interest on realized gains, subject to a preferred return hurdle and a fund-level clawback mechanism. Traditional PE funds may also incur additional fund-level expenses such as deal sourcing, legal diligence, and portfolio monitoring costs.

Disclosures

Distribution and Reinvestment Policies:

Mutual funds generally distribute dividends, interest income, and capital gains to shareholders on a regular basis, often quarterly or annually. These distributions are typically reinvested automatically unless the investor opts for cash payouts. In contrast, traditional closed-end private equity funds return capital to investors only as underlying investments are exited and realized. Reinvestment is not typically allowed, and proceeds are distributed according to a waterfall structure based on return priorities.

Valuation Methodologies:

Mutual funds use daily mark-to-market pricing based on observable market inputs for liquid securities, which provides transparency and real-time valuation accuracy. Traditional private equity funds value their investments less frequently—typically on a quarterly basis—using fair value estimates based on discounted cash flows, comparable company analysis, or recent transactions. These methodologies involve greater subjectivity and introduce valuation lag relative to mutual funds.

Tax Treatment:

Mutual fund investors are subject to annual tax reporting based on distributions of interest, dividends, and realized gains, even if proceeds are reinvested. U.S. mutual funds are generally taxed as Regulated Investment Companies (RICs) and must distribute substantially all income to maintain tax efficiency at the fund level. Traditional private equity funds are generally structured as limited partnerships and may allow for more tax deferral, as taxable events primarily occur upon asset realizations. The use of Schedule K-1s, long-term capital gains treatment, and entity-level pass-throughs introduces distinct tax considerations, which may vary depending on investor domicile and tax status.

Risk Profile and Return Characteristics:

Mutual funds tend to off daily liquidity but are typically correlated with public markets and interest rate environments. They are suitable for investors seeking diversification, transparency, and capital preservation. Traditional private equity funds invest in illiquid, privately held businesses and target long-term value creation through operational improvements, strategic repositioning, and financial engineering. These funds may generate higher absolute returns but involve concentrated positions, delayed liquidity, and a “J-curve” return pattern with higher dispersion across vintages and managers.

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Forward-Looking Statements

Information herein contains, includes or is based on forward-looking statements within the meaning of the federal securities laws, specifically Section 21E of the Securities Exchange Act of 1934, as amended, and Canadian securities laws. Forward-looking statements include all statements, other than statements of historical fact, that address future activities, events or developments, including, without limitation, business or investment strategy or measures to implement strategy, competitive strengths, goals, expansion and growth of our business, plans, prospects and references to our future success. You can identify these statements by the fact that they do not relate strictly to historical or current facts. Words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe” and other similar words are intended to identify these forward-looking statements. Forward-looking statements can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining our actual future results or outcomes. Consequently, no forward-looking statement can be guaranteed. Our actual results or outcomes may vary materially. Given these uncertainties, you should not place undue reliance on these forward-looking statements.

Appendix: Key terms

Distribution to Paid-in (DPI)

A measure of return after fees, calculated as the ratio between total capital returned to the investor as distributions (realized portfolio company exits after accounting for management fees) and total capital invested.

General Partner (GP)

Responsible for managing a limited partnership. A limited partnership provides access to investments, typically through funds, that are not available on public markets. In addition to raising funds and administering daily fund operations, the GP is responsible for deciding when to make investments, assisting management teams in maximizing value, and then liquidating investments so distributions can be made to Limited Partners.

Internal Rate of Return (IRR)

A calculation used to estimate the future value of an investment as if it were valued at the present. IRR is a discount rate that makes the net present value (NPV) of all cash flows equal to zero in a discounted cash flow analysis. Fundamentally, IRR and discount rate are similar, but IRR solves for the discount rate whereas the discount rate solves for the present value.

IRR can be used for a variety of investments; in real estate, IRR is an expected return on a property investment given an acquisition price – the expected net cash flows of the property over the holding period including any sales proceeds from the resale of the property at the end of the holding period. It is a good measure of a property’s long-term profitability because it uses annual net cash flow and the change in equity over time.

In private equity, IRR is also known as the breakeven point, which is the point between capital invested and the present value of capital an investment is expected to generate. A higher breakeven point implies a higher expected potential return on an investment.

Invested Capital

The after-fees amount of investor capital that has been used to purchase portfolio companies.

J-curve

A trendline of returns reflecting an initial loss followed by sharp upward gain (forming a shape like a capital J) to above the original investment. The J-curve reflects the typical investor's experience in a private market fund, where it can often take several years for an investor to recoup their initial investment and benefit from any investment gains. The expected negative return profile of early years does not reflect negative performance of the fund, it reflects the operating expenses incurred during the first few years as the fund seeks to deploy capital.

Portfolio Company

A company owned by a private equity fund.