



The unflappable calm of Bruce Flatt

Underneath the trade noise, Mr. Flatt believes a retooling of the world is rapidly unfolding – and Brookfield is ready to capitalize

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It was only last fall that Brookfield chief executive officer Bruce Flatt sounded ready to pounce, signalling a turning point for investors from the financial upheaval of the COVID-19 crisis.

After three-plus years of wild volatility that created what he called “brutal conditions” for investors, inflation was coming under control, central banks were easing high interest rates lower and capital was starting to flow again.

“Right now, the table’s set, and we know what’s happening, and that’s really good,” Mr. Flatt told investors and bank analysts in late September at the Shangri-La Toronto hotel.

In a matter of months, that carefully laid table has been flipped over by U.S. President Donald Trump’s crusade to use tariffs to reorder global trade. Investors who were expecting a feast this year are now fretting about how to make a meal out of the mess left behind.

Yet Mr. Flatt projects the same unflappable calm, even as unpredictable trade policy pushes the economic stability that investors crave further out of reach. Bay Street and Wall Street are clinging to optimism, but many CEOs are quietly reeling.

And Mr. Flatt? He says the current turmoil will likely turn out to be nothing more than a blip.

“I think, in 20 years from now, you will either look back and this period of time will not be recognizable as a period in time, meaning it won’t be relevant,” he says in an interview at the New York headquarters of Brookfield Asset Management Ltd. (parent Brookfield Corp. is still based in Toronto). “Or you will look back and say that we just continued on the trend that’s happened over the past 50 years.”

It’s even possible, he says, that huge investment in technologies such as artificial intelligence will drive massive gains in productivity that could create, economically speaking, “a Goldilocks environment for the next 10, 15, 20 years.”

Never mind whether the economy runs too hot or too cold: Mr. Flatt has built his career, and a US\$1-trillion asset management behemoth, as an eternal optimist. He has schooled his team at Brookfield to keep their eyes on the horizon, hold capital at hand to strike when opportunity knocks, and avoid getting rattled by the market’s frenzied peaks and valleys.

As an evangelist for the power of compounding interest to create “great wealth,” he’s made it a Brookfield mantra to “make little mistakes, not big ones.”

But these days, almost everything Brookfield does is, by its nature, very big.

The asset manager’s real estate, infrastructure and private equity businesses – its cornerstones for decades – collectively manage more than US\$630-billion. And in the span of a just few years, Brookfield has built up new businesses in renewable energy, credit and insurance that have amassed similarly huge troves of assets and are expected to drive much of its growth in the coming years.

It took Brookfield (formerly Brascan Corp.) 25 years to amass a US\$1-trillion portfolio – a milestone it reached last year. Its leaders expect it to take only five years to double assets under management to US\$2-trillion, and the company is steadily raising more than US\$100-billion in new money for its funds each year.

As the money floods in faster, Brookfield’s next act could be more challenging. It’s in a rarified sphere of global investment heavyweights that have had to tap into new pools of investors to fuel continued growth. As more money shifts from public markets to private assets, Brookfield’s client base increasingly reaches across the Middle East and Asia, touching trillions of dollars of sovereign wealth as well as plain-vanilla investments for retirees.

At the same time, some of Brookfield’s bread-and-butter businesses are wrestling with knock-on effects from queasy markets, which have made it harder to raise money and do deals.

Commercial real estate has yet to rebound from a pandemic-era swoon, and Brookfield owns offices, malls, warehouses and apartment buildings in many of the world’s major cities. Some of its properties have been in high demand, but sharply higher borrowing costs are still playing havoc with a market built on cheap debt.

Predictions of a long-awaited boom in private equity deal-making have been shelved, leaving owners little choice but to improve operations and cut costs in the businesses they already own to make a return.

And there's renewed pressure on the burgeoning market for renewable energy as Mr. Trump's administration guts key parts of U.S. climate policy, and tariffs drive up costs for wind and solar projects.

After keeping a low profile for years, Brookfield is also facing more intense scrutiny as it reaches into insurance and retail investing. And Mark Carney's election as Canada's Prime Minister, months after he stepped down from a prominent job at Brookfield, has dragged the company into the political spotlight.

Mr. Flatt and his top lieutenants have made extra efforts to assure shareholders that Brookfield is well insulated from the tumult, with nearly US\$120-billion in available capital and decades of operational know-how.

With all manner of CEOs putting on a brave face, Mr. Flatt's seemingly genuine confidence stands out. Even at Brookfield's current size, he says, the demand for capital from industries such as technology and energy is so voracious, it's hard to keep up.

"Yes, we're large, but we're almost nothing compared to the global capital flows and the amount of businesses out there," he says. "You need us, others like us, many of the sovereign funds in the world, and you still don't have enough money."

The current trade crisis isn't far from mind, but Mr. Flatt is doing his best to tune out the periodic panics that have ripped through markets in recent months.

"I would say we're pretty relaxed right now," he says.

At Brookfield's offices on Manhattan's west side, you can look through the window just over Mr. Flatt's shoulder across the Hudson River and past the Statue of Liberty to rows of gantry cranes unloading ships at a New Jersey port.

Some of the containers coming and going on a crisp, sunny morning are likely owned by Triton International Ltd., the world's largest lessor of the 20-foot building blocks of global trade, which Brookfield's infrastructure arm bought in 2023 in a US\$4.7-billion deal to privatize the business.

That transaction, like many of Brookfield's recent big bets, was tied to Mr. Flatt's thesis that there's "a retooling of the world" under way.

To be clear, he's not talking about the "Liberation Day" rewiring that Mr. Trump is attempting. Rather, a wave of digitization has been magnified by advances in AI. Businesses and governments are trying to build clean power and revamp energy grids to dramatically cut carbon emissions. And deglobalization – a protectionist pivot back

toward domestic manufacturing and raising hurdles to international trade – is redrawing supply chains and trade routes.

It will take tens of trillions of dollars of investment to meet the expected demand for capital, Mr. Flatt predicts. And while politics may knock some trade flows off course, the Trump administration’s policies could actually turbocharge a new wave of global investment as alliances are redrawn.

Some of Mr. Flatt’s sangfroid comes from experience. Since he joined Brookfield in 1990, and over 23 years as CEO, he has lived through half a dozen major crises that punched holes in real estate, technology and the financial sector, as well as terrorist attacks and a pandemic.

“A lot of them have felt a lot worse than what we’re in right now,” he says. “And getting wrapped up in the moment in time did not matter too much in the fullness of time.”

The sweeping on-again, off-again tariffs the U.S. has imposed – on Canada and other allies, adversaries such as China and even tiny island territories – leave few safe havens for global investors.

In early April, Mr. Trump announced his “Liberation Day” tariffs, and Brookfield shares fell sharply in the days that followed. Scotia Capital Inc. analyst Mario Saric lowered some of the bank’s financial estimates for Brookfield by up to 5 per cent.

“There were very few places to hide last week, with Brookfield no different,” Mr. Saric wrote in a note to clients.

One month later, Brookfield’s share price had made up its lost ground and, as its executives soothed investors with reminders that the company has made some of its best investments in times of distress, Scotia Capital’s analysts sounded confident again: “No Need to Fix What Isn’t Broken,” read the headline of a May 6 note.

Brookfield operates in 30 countries, but most often, Mr. Flatt says its investments are in local infrastructure and real estate, or in businesses that sell most of their products and services to domestic consumers.

A smaller selection of companies Brookfield owns – such as car-battery leader Clarios International or engineered-parts manufacturer DexKo Global – are cross-border businesses that are directly exposed to increases in tariffs.

“We just put money in a country. What we need to have is a good rule of law in a good country that respects capital longer term, and then we’re just a local investor,” Mr. Flatt says. “So, trade does not really matter to us. We don’t trade. Like, that isn’t our business.”

That said, about half of Brookfield’s US\$1-trillion asset pool is invested in the United States, at the epicentre of the current trade war. Mr. Trump’s assertion of broad

executive power and attempts to bend the justice system to his agenda are testing the rule of law and long-established norms that make the U.S. the world's premier investment destination.

Does that alarm Mr. Flatt, at least a little bit?

“The United States is one of the great countries to invest into, and we will continue to invest here for decades and decades to come,” he says matter-of-factly. “I believe the United States has great rule of law and it's one of the great places to invest in the world.”

Prominent CEOs in Canada and the U.S. have stepped into the political arena in recent years by endorsing candidates, throwing fundraisers and occasionally voicing criticism of policies.

Not Mr. Flatt. For years, he has stayed studiously neutral, keeping the cut and thrust of politics at a distance. That's gotten harder lately, with issues of sovereignty, economic integration and defence alliances called into question – and his best-known former employee leading a Group of Seven country.

After Mr. Carney left Brookfield in January to run for political office, Mr. Flatt gave him a polite send-off.

“Mark has a deep sense of public service for Canada,” Mr. Flatt says. “I know he will be a great Prime Minister.”

But he has avoided wading into the debate about trade and security, as Mr. Carney has repeatedly said Canada's old relationship with the U.S. “is over.” Ask Mr. Flatt, a Canadian, how Canada might adapt to that new order, and he replies: “I just have one job – that's running Brookfield.”

It didn't take long for Mr. Carney's political opponents to use his nearly four-year stint at Brookfield against him. The Conservative Party attacked Mr. Carney for not disclosing his financial assets and for Brookfield's decision to move its asset manager's headquarters to New York while he was chair of the entity's board, accusing him of helping “move jobs out of Canada.”

Brookfield said its staffing and operations didn't change, and the parent is still registered in Toronto. They call it a technical move to help Brookfield Asset Management – the asset-management business spun out as a publicly traded company in 2022 – qualify to join major U.S. stock indexes.

Brookfield's ethos still bears hallmarks from its roots in Canada, and several top executives are Canadian. “But 90 per cent of our business has been outside of Canada for 25 years,” Mr. Flatt says.

Brookfield's main job is building intrinsic value and not fretting about its share price, he says. But creating separate shares for the asset manager and parent company, then

tapping into index investors, were deliberate efforts to boost Brookfield stock that Mr. Flatt has long argued was undervalued.

It appears to be working. Brookfield Asset Management's share price in Toronto has roughly doubled since the spinoff in late 2022, to \$77.52. Shares in the parent company, Brookfield Corp., are up about 87 per cent over the same span.

And last year, billionaire Wall Street investor Bill Ackman built up a sizable stake in Brookfield Corp., predicting the stock could more than double again in the coming years.

“We increasingly have to pay attention to it because the passive-indexing movement that's developed over the past 20 years has changed capital markets, probably forever,” Mr. Flatt says.

There's also renewed scrutiny of Brookfield's complex corporate structure, built as a web of private and publicly listed entities, as well as funds that mix its own capital with money from outside investors.

After media reports questioned Brookfield's sales of real estate to insurance companies that it also owns through related-party transactions, the company published a public letter to try to head off any blowback.

“The types of long-duration investments we make at Brookfield are ideally suited for the long-duration liabilities of these insurance companies,” Mr. Flatt wrote. “Brookfield Wealth Solutions has reshaped these insurance company portfolios to ensure they are high-quality, durable and serve policyholders.”

As Brookfield expands ever more quickly and its profits take off – the company has a target to earn US\$5-billion in annual profits from the fees it charges for managing investments by 2029 – flying below the radar may not be an option.

Last year, when Microsoft Corp. found itself in an AI arms race and needed more renewable energy to run its power-hungry data centres, the tech giant turned to Brookfield.

Microsoft agreed to spend billions of dollars to back Brookfield projects that will develop 10.5 gigawatts of renewable power capacity in the U.S. and Europe by 2030 – enough to run about 1.8 million homes or dozens of data centres.

In February, Brookfield and French President Emmanuel Macron unveiled a joint €20-billion (\$31.3-billion) investment program to build data centres and AI-related infrastructure in France. And this week, the company announced a plan to spend US\$10-billion on a major data centre for AI in Sweden.

And around that time, Mr. Flatt says Brookfield financed US\$6.25-billion in bonds “at the tightest spread, like, ever” to help fund a US\$30-billion joint venture with Intel Corp. to build plants in Arizona that make semiconductors.

Contrast that with Brookfield’s early years, when “we were buying scruffy \$20-million businesses. It was hard,” Mr. Flatt says. “When we started, we couldn’t even imagine doing a joint venture with Intel – or I can go through 15 other deals we’ve done.”

These big-ticket investments are of a size that only an exclusive group of the largest asset managers such as Blackstone Group and KKR & Co. Inc., pension funds and sovereign wealth funds can provide the vast sums of money needed to get major projects off the ground. That should make Brookfield a key player if the U.S., Canada and Europe follow through on plans to reinvest in manufacturing and national security.

As China manufactures more products to meet rising domestic demand, Western countries are expected to build more industrial capacity – though not always the way that Mr. Trump, who campaigned on bringing back U.S. factory jobs, might imagine.

“Some things are coming back to the United States because of supply chains,” Mr. Flatt says, but automation is paving the way.

“If labour costs were the main reason you pushed capacity to Asia 20 years ago, and you can take 80 per cent of your labour costs out with automation, it’s possible that you bring that manufacturing capacity back next to your customer,” he says.

“It may not be adding large amounts of jobs to America, but it is adding jobs,” he added.

Even as real estate and private equity struggle, Mr. Flatt has made a bullish case for Brookfield’s prospects, framing it as one of few buyers with the capacity to buy good properties at bargain prices when owners struggling with higher borrowing costs are forced to find an exit.

Last year, he was one of the first to signal a rebound for commercial real estate, predicting “major tailwinds” even as property owners were marking down the value of office buildings and malls, and struggling to refinance loans. Since then, vacancy rates in downtown Toronto and Manhattan have started to edge down from pandemic highs but are still at 18 per cent in Toronto’s core, according to data from CBRE.

Many investors seem to believe Mr. Flatt: Brookfield is close to closing a real estate fund that has raised US\$16-billion so far.

The company’s US\$147-billion private equity business is looking to double in size within five years. It’s flush with cash to invest in infrastructure after raising a US\$30-billion fund in 2023.

And Brookfield's US\$125-billion renewables business swiftly raised more than US\$30-billion for three climate-transition funds to invest in technologies such as carbon capture and storage, solar power and batteries.

To bulk up newer parts of the asset management world that are suddenly in vogue, Brookfield spent billions acquiring rivals to build up two new businesses in a matter of years.

Its US\$321-billion credit business gained immediate clout in the hottest corner of finance – making direct loans to private companies – by acquiring Oaktree Capital Management LP in 2019 as well as controlling stakes in other private credit managers over the past two years.

Brookfield also stitched together a fast-growing insurance arm by buying and revamping U.S. annuity providers American National Group Inc. in 2022 and American Equity Investment Life Holding Co. in 2024, tapping into a steady pool of money with long investment horizons.

“The company believes that the current market environment favours those with scale, expertise and capital, and in short, we agree,” RBC Dominion Securities Inc. analyst Robert Kwan wrote in a May note to clients.

Mr. Flatt is only 59, but with the major pieces in place for Brookfield's plan to double its assets, a changing of the guard is in sight. “When it's the right time,” he says he will hand off the CEO job to 37-year-old Connor Teskey, Brookfield Asset Management's president and leader of its renewables arm – who is, remarkably, already a year older than Mr. Flatt was when he took the top job.

Mr. Flatt will still be a presence at Brookfield “for a long time, as large investors in the business and helping out with anything we possibly can,” he says.

The next generation will inherit a machine that's so much larger and more complex than the one Mr. Flatt took over in 2002. The responsibility is bigger, too, with trillions of dollars on the line.

But so are the chances to do big things, Mr. Flatt says – and to earn returns to match.

“Is it harder? Yeah, in some ways, yes,” he says. “In other ways it's so much easier because we ploughed the ground.”

<https://www.theglobeandmail.com/business/article-brookfield-ceo-bruce-flatt-projects-calm-amid-trade-turmoil/>

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