



2026 GLOBAL CONFERENCE LEADING IN A NEW ERA



A CONVERSATION WITH BLACKROCK CEO LARRY FINK AND BROOKFIELD CORPORATION CEO BRUCE FLATT

Sarah Sandler 01:21

Good morning, everyone, and welcome back to day two. If yesterday's content reminded us of anything, it's this: The people in this room do not observe history, they shape it. And there's a great deal of history to be shaped right now. We gather this week under the theme *Leading in a New Era*, and I want to sit with that word *new* for just a moment because there's nothing comfortable about the era we've entered. Geopolitical alignments that held for generations are fracturing. Trade is being rewired. Artificial intelligence is not approaching: It has arrived. And it is already reshaping who works, what gets built, and who benefits. Capital is moving with a speed and scale that can either concentrate wealth or distribute it, depending on the choices leaders like the ones in this room decide to make. That's not a crisis brief; it's an opportunity statement, and it's precisely why we're here. The Milken Institute was built on a conviction that is more urgent today than at any point in our history: that the right ideas connected to the right capital in the hands of the right people can solve problems that governments and markets cannot solve alone. We are a nonprofit, nonpartisan think tank, but we have never been passive. We bring together the best minds in finance, health, technology, policy, and philanthropy because no single sector has the full answer. The most durable progress has always come at that intersection, and this conference, 29 years in, remains that intersection. This week, more than 1,000 speakers and thousands of participants from nearly 80 countries are joining us. They're here because they believe, as we do, that dialogue across difference, capital allocation guided by purpose, and bold thinking on the hardest problems is not optional in this era. It's the whole ballgame. There's no better way to open day two, and frankly, no better frame for everything I just described than the conversation you're about to witness. Bruce Flatt is CEO of Brookfield

Corporation, one of the world's largest owners and operators of real assets, with operations spanning renewable power, infrastructure, real estate, and private equity across more than 30 countries. Larry Fink leads BlackRock, the world's largest asset manager. He spent decades at the intersection of capital markets, policy, and global growth, and his annual letters have become required reading for anyone who cares about where the world is heading. Together, Bruce and Larry represent a combined stewardship of well over 15 trillion in capital. What they choose to invest in and how will help determine the physical and financial architecture of the next decade. Moderating this special conversation is someone who needs no introduction in this room. So I'll leave you with this. The world is watching how leaders respond to this era. The decision made in rooms like this one about where capital flows, how technology is deployed, who gets access to opportunity, will reverberate for decades. That's why we're here, and that's what we do. Thanks, everyone, and enjoy the day.

Announcer 04:49

Please welcome "A Conversation with BlackRock CEO Larry Fink and Brookfield Corporation CEO Bruce Flatt," moderated by Michael Milken, chairman of the Milken Institute.

Michael Milken 05:09

So we have two organizations here that have been on the forefront of investment and infrastructure that the world is deploying for a number of years and are probably the two largest investors today in infrastructure. And one of the things I wanted to touch base on is that many of the financial problems that we've seen over the years have been related to a couple areas. One, mismatch of liabilities and assets in terms of the dramatic changes in interest rates and what occurred. We lost two great franchises, Silicon Valley Bank and Republic Bank, because they chose to make intermediate investments, seven-year debt in US governments or high-grade mortgages, and borrowed overnight. And what looked like a positive spread at 3 percent or two-and-three-quarters, when they were paying five-and-a-half percent overnight for money, both of them are not independent companies today. But both Bruce and Larry have seen this occur time and time again over the last 30 years. And so I just wanted to start by giving you a feeling of the strength of these organizations, and when we talk about the risk of redemptions relative to the size of their organizations. Bruce, let's start with you. What percent of your assets that you manage are redeemable on a quarterly basis?

Bruce Flatt 06:48

Probably less than 1 percent.

Michael Milken 06:50

Okay. So everything you've read about this year about private credit and redemptions, less than 1 percent of assets. And Larry, what do you think?

Laurence D. Fink 07:02

It's certainly less than 1 percent.

Michael Milken 07:04

Yeah. A fraction. And so we've defined an issue. Why did this occur? You could ask yourself. Both of these organizations were built to identify long-term investors who could make long-term investments with themselves serving as the mediator. We're well aware that the banking system—that their capital structure is probably two years at best. And so the challenges they have, they have met the needs to help build the world, the US, our economy, by matching and being the intermediary between people that have long-term assets and people who need long-term investors from that standpoint. So Bruce, you're one of the couple largest institutional investors in the world, largest clean energy investor in the world, both fundamental elements in the rollout of AI. Is the opportunity to supply AI infrastructure as exciting as Brookfield has told us?

Bruce Flatt 08:14

So I think if you step back, Mike—and there's a lot going on in this, and it's exciting. But what's most important is that really what's happening is that we have been, and we still are, and for the next 10 years, we will be, rewiring the global economy to lay the networks that we laid before, which were highways, utilities, railways, and now we're laying cloud artificial intelligence factories and data centers. And the fundamental basis, that's what's happening. So there will be \$10 trillion from power AI factories, data centers, and fiber build-out laid to basically rewire the world for the new economy that's coming. And it's been slowly coming. Literally, you end up—things happen and you think they're too much, but we're just rewiring the world, and that's probably the most fundamental thing that's going on in the world. It's going to be the most important thing for the next two years. So I think the important thing is, don't think that this is—is it too much hype? Yes, there's always too much hype in some different thing, but we're just rewiring the world and there's going to be enormous investment, and it's not one year or two year, it's 10, and maybe it's 15, and maybe it's 20. But it's an enormous amount of capital going into these things.

Michael Milken 09:40

So Larry, we're looking at the multitrillion-dollar build-out across energy, AI, transportation, all of these elements. What are the real constraints on getting capital deployed? Capital itself, labor regulation, or something else?

Laurence D. Fink 9:59

Well, Mike, it's good to be here, and thank everybody. Thank you, Mike.

Michael Milken 10:03

It took us 29 years to get you here.

Laurence D. Fink 10:06

We went to the same high school. It's never too late, right?

Michael Milken 10:25

We're both young.

Laurence D. Fink 10:20

Right. Let me just start off with the conclusion. The United States is short power, we're short compute, we're short chips, and there are going to be shortages in all three, and memory, four things. I actually believe a new asset class will be buying futures of compute. We just don't have enough compute power right now. And you think about how many tokens you need to analyze, let's say, your cybersecurity. It is enormous, and we're reading all about the whole issues that's going on. And that's just the huge opportunity, the amount of money that needs to be going there. So we try to eliminate some of these shortages, but I don't believe we're moving fast enough. There is not an AI bubble. There is the opposite. We have supply shortages. Demand is growing much faster than anyone has ever anticipated. And this is just a US phenomenon. We have not begun the whole concept of exploring the opportunities of AI around the world. And there's going to be some huge geopolitical questions as to who gets that technology. And so, the future is today. The AI phenomenon is happening faster than any of the programmers and the designers of this. The speed of intelligence is growing. The opportunity is very large. Yes, it's going to be disruptive, but it is also going to be very opportunistic. And we have to talk about it. And I believe as a country, as a world, we're not spending enough time working with government alongside the private sector to try to solve these very big issues. There was a slide of all the different CapEx a second ago related to the railroads and all the other issues. The amount of capital—

Michael Milken 12:18

—Let's bring that slide back up, please.

Laurence D. Fink 12:19

—The capital expenditures for this, as Bruce suggested, \$10 trillion. That's just for the US. And let me also, though, bring back the whole notion of what's going on in the Middle East, where there's going to be huge opportunities there. But now because of drone warfare, we have to relook at all forms of security and the need for rebuilding the GCC region, to rebuild it so that it's going to be in a position where it's not going to be obstructed by drone warfare. So many more things are going to have to be underground. But even here in the United States, if we're going to be building, let's say, these one-gigawatt data centers, how do we make sure we're [not] protecting those 50 billion, \$75 billion investments? We have to relook at everything because of the role of drone warfare. Right now we're looking at it internationally, but one of my concerns is could it be a domestic terrorism using a \$3,000 drone? So all of these things are actually opportunities, not problems. It's going to require, as we said, trillions of dollars of capital. Governments cannot build these out alone. They don't have the wherewithal, and two, their deficits have started mounting, and we spend too little time talking about the US deficits and other countries' deficits. So this is all going to be the role of private sector.

Bruce Flatt 14:03

And Mike, I was going to just add that when you think of what's going on in private markets—so we have a trillion too of assets. It's all private things. Fifty percent of the things that we own today did not exist as an investable asset class 15 years ago. So it's not that we don't build pipelines and we don't build rail, and we don't own all those things, but the incremental money in the world is going into the fiber backbone, cloud backbone, and now AI backbone. And 10 years from today, I suspect that 50 percent number will be 75. And it's just the world is transforming and the infrastructure of the world is dramatically transforming. And that's—so you need to look at what's next, what's coming next, and this build-out is very, very significant.

Michael Milken 15:02

I just want to identify one very simple fact. Today, it's impossible for your clinician, your doctor, to give you the best advice. They want to give you the best advice, but it's impossible with 100 new developments all over the world being released. So since our phones—we can find you—obviously it won't be long before you're going to have your medical teammate who has all your clinical information, all your medical information, will have surveyed everything in the world that's gone on overnight while you were sleeping. And therefore, we have to think who's going to power billions of these, and the same thing's going to happen in education. But what we've seen here in this artificial intelligence, and here's a slide, four times the accuracy of a human doctor. So these should be available to every single person on the

planet someday, and you can imagine. Now, one of the exciting things, Larry and Bruce, when we were financing the telecom and everything, we had a hard time finding an investment-grade credit. Okay? It was new, it was risky, and so talk to me a little bit about who are your clients today that you're helping them build? Larry, you want to start with that? Who are your clients? I'm not speaking now of your investors, but who's knocking on your door every day?

Laurence D. Fink 16:46

Over 50 percent of our assets of the 14 plus trillion dollars we manage are retirement assets. And so our investors are somebody who awarded us \$1,000 of their savings through our IRA account. We also have investors who have allocated over \$100 billion of their balance sheet to us. And I wrote about this in my last CEO letter. I think our investors are going to be more and more of those people, families, individuals, who historically kept their money in a bank account. And what we've seen over the last 30 years, wages have not kept up with the role of capital. And what we're seeing, worldwide, more and more countries are looking to build out their own capital markets, and building out their own capital markets through offering a more self-directed retirement plan. Actually, we've just been hired by the Kingdom of Saudi Arabia to help them navigate away from a government-sponsored retirement system to a personal, direct, defined contribution plan. Our partnership in India with Reliance is really trying to democratize investing and growing with India and investing in India. These are going to be our investors of the future. And more and more countries are focusing on how to build out their own domestic capital markets. If you think of the success of Japan and where the Japanese stock market has gone since October 2023, it's not a coincidence that then Prime Minister Kishida announced the doubling of the tax exemption of their self-directed retirement account called NISA. And from that point on, the Japanese stock market doubled in valuation. And so there's a confluence going on right now that more and more countries are trying to have more and more of their citizens getting back their liability and their assets. Instead of having your liability—which is your liability of life, your duration of your existence—having your money in a bank account is one of the worst financial decisions of a lifetime. And so trying to get more and more people to grow with our country and to invest side by side, that is the only way we are going to broaden economic success. We are not going to be able to broaden economic success only by wages, because wages in this AI world are not going to grow as fast as the potential of the AI growth and the potential—and capital that is going to be investing in these investments will outperform.

Michael Milken 19:34

Thank you. So, Bruce, we've talked about the advantages of being long-term investors. How does that mindset influence how you underwrite, allocate capital, and how does it shape the way you think about trade-offs between public and private markets?

Bruce Flatt 19:54

So, the greatest miracle of investing, finance, in fact, almost everything, is compounding of everything. Compounding interest, compounding returns, compounding knowledge, compounding wealth. And, if one can compound those things over long periods of time, it's a miracle. If you can earn north of 12, nothing else matters. So don't try to earn 35. It's good if you earn 35. But don't try to earn 35. Earn 12 every year for very long periods of time. Just witness Berkshire Hathaway. And I'd say that's probably the most important thing in finance. So we're always trying to figure out—and what our clients are telling us increasingly—remember, all we do is private assets. Yes, drawdown funds are important, and we have to have them, and we do have them. But many of our investors want to have other things with us outside of drawdown funds. They want to have continuity assets that are the great ones we shouldn't sell and that we can carry on with them for long periods of time. Because these funds, the large groups in the world—which again, are all just individuals. They're all either, in some way—it goes back to individuals, but these funds are very significant. And 20 years ago, they were \$100 billion, and that was a large pool of money. And today, it's a trillion, and there will be 30 funds north of a trillion soon. And these are going to be \$5 to \$10 trillion pools of capital. And they can't churn assets all the time. Yes, some things they can churn, but what they should do is own great businesses for long periods of time and compound capital. And that's the success of business. And the more we can do that for our clients, increasingly, that's what binds us to them for success. And small groups can do that for small individuals or people. We try to do it in large scale for large groups or large amounts of capital.

Michael Milken 22:09

So Larry mentioned Japan, and Bruce talked about 12 percent. So when Japan was yielding close to zero, if you wanted to save a million dollars, you had to put away \$25,000 a year for 40 years for your retirement at zero. If you could get 12 percent that Bruce is throwing out here, a one-time contribution of \$10,800 gets you to a million. So it is the rate of return. Now, I've noticed, Larry, that since you went public, your stock has generated a 22 percent compound rate of return. We all wish we had invested more in Bruce's stock and your stock today.

Bruce Flatt 22:57

Mike, the best is yet to come.

Michael Milken 22:59

What?

Bruce Flatt 23:00

The best is yet to come.

Michael Milken 23:02

Okay, Bruce.

Bruce Flatt 23:07

We're taking the [inaudible] this morning.

Michael Milken 23:11

All right. So Bruce, I'm an investor both in BlackRock and in Brookfield, so I'm happy to hear the best is yet to come. So let's talk, Larry, for a moment here. We addressed the fact that we're going to let individuals get their own money, their own accounts throughout the world. And you in your letter, which has pretty much replaced the Buffett letter now as the letter to read, talked about investing in your country and your state, wherever you live here. As I mentioned before, if I went back 40 years, we couldn't find an investment-grade company to loan sizable money to in technology. Today, when you're talking about hyperscalers, you have companies with trillions of dollars of equity at the moment that are many of your largest committed money. What is it like when someone walks in the door, Larry, and says they want to borrow \$50 billion?

Laurence D. Fink 24:20

Working with the hyperscalers is a fairly recent phenomenon. Before that, they were generating so much internal cash flow, they actually rarely went to the debt market. And because we're one of the top two largest shareholders, we've known these companies for years and years and years. And almost every hyperscaler, I think we're either one, two, or three as the largest shareholder. So we have deep relationships with them. But it wasn't until a few years ago where I had breakfast with one of the major CEOs of one of the top few hyperscalers, and their stock was trading around a 30 P/E. And I did a little studying before I had the breakfast, and I saw on their balance sheet they're owning a lot of data centers. And at breakfast, I told the CEO, I said, "Why do you own these?" I said, "The beauty of the capital markets—we would enjoy a 15 percent return plus or minus. Your ownership of data centers are actually dragging down your equity return." And from those conversations on, now you're seeing all these hyperscalers either raising a lot of debt, or they're partnering with Brookfield or BlackRock or the other firms in terms of either trying to find financing or partnering, whether they have the ownership of the data centers and doing it through debt, which I don't believe is a good long-term solution for them, or they're partnering with these big large data centers that we all own. And it's much more capital-efficient for these companies to be doing that. And I think that's what you're witnessing right now. Look, as Bruce was talking about, the role of AI, and then the need for the chips and the memory and the land and the compute and

the electricity, the power, we're talking \$50 to \$75 billion for a one-gigawatt data center. We're actually going to be announcing a one-gigawatt data center partnership with a hyperscaler this week. These are really complex things. As Bruce was talking about with Brookfield, we're both in the market of attracting long-term capital to work with these hyperscalers who have great financial needs. You think about on the behalf of the investors, we're trying to secure a 15- to 20-year lease with a triple-A company. So it's a great return for a pension fund, for a 401(k), for a sovereign wealth fund, for an insurance company. And so much of it is going to be financed by debt, and that's going to be a big role of private credit in financing this build-out of America. So I believe ultimately we're going to see shortages of capital, the amount of capital that we need. And if going back to—if more and more countries are going to be self-directing more of their savings domestically, it's going to be putting some challenges here. And so we need to just be much more thoughtful about it. But right now, I look at this as a perfect opportunity for long-term investors to be a part of this unbelievable, once-in-a-lifetime growth opportunity, and to be an investor in it.

Michael Milken 28:02

Bruce, you over the years have built Brookfield with a number of acquisitions, and one of those was Oaktree here, which has been a major source of financing in the credit markets, etc. How do you maintain the culture of Brookfield as you absorb these different organizations?

Bruce Flatt 28:28

So, as we built out the business—it's been 30 years, I guess, on the asset management side as opposed to our investment business. And there were pieces of the pie that we just weren't strong in. And we, over the years, would meet groups, and we figured out that if we could slowly bring managers in—Larry's done it a little bit differently—but we decided if you could slowly bring them in over time and buy them out and assimilate them into your organization, we got the best of both. So we have various partnerships where we own—we have a path to control in all of them. But we've done it slowly and methodically, and we've just added where we needed to broaden out the organization. Because what the big organizations in the world need today is they need solutions for them. They don't need our products. We don't sell products to people anymore. Yes, they buy our funds, but what we need to give them are solutions to their problems.

Laurence D. Fink 29:43

Absolutely.

Bruce Flatt 29:44

And by having all of those things within house, we can slice up the pieces, because if you come in for an apple and we try to sell you an orange because we're only selling oranges this week, it doesn't work. And what we can now do is listen to our clients, hear what their issues are, and we're creating bespoke products for people. We did one the other day. We're doing one, and it's a very long-tailed liability for an institution where we're taking money from them, and we don't have to give capital back to them for 27 years. We give money back 27 to year 50. It's incredible. It's the compounding machine of all time. And I was super excited about it because it solves one of their needs. And I'd say that's what we're doing. And what our partner-manager strategy allowed us to do was to just reshape how we were able to deliver products to people. Because, yes, you could say we're going to go outside and put a bunch of managers together, but when you have them in-house, it's much more valuable, and we just needed extra pieces to the pie.

Michael Milken 30:56

I think it's important to fully understand how these institutions of Brookfield and BlackRock today can accommodate. It was maybe a decade ago that you had two pension funds that gave money for 10 years, no returns for 10 years, not 27. And you had to compound it during that period of time. Only two money managers wanted that money because they were worried about what was the rate to deploy the money during that period of time, and whether you could meet them. So Larry, today when the demand is trillions, there aren't a lot of doors you can knock on today and have that conversation. And in many ways, you have broader relationships as clients consolidate around this issue.

Laurence D. Fink 31:52

Mm-hmm.

Michael Milken 31:53

And as you have defined the challenges here, you might have a few people in the audience from these hyperscalers or others around the world. How do you get in touch with BlackRock?

Laurence D. Fink 32:03

Well, let me just carry on what Bruce said, because I think this is why people are getting in touch with BlackRock. We organized the firm over the last 30-plus years to be at the nexus of both public and private markets, but also in 2009 when we bought BGI, the nexus of passive and active. Which most people said you can't even merge those cultures, and actually the stock market hated that acquisition in 2009 when we announced it. You can't marry a passive and active. At that time, iShares had \$340 billion, and today it's \$6 trillion. So I think you can marry passive and active and pivot around that on behalf of clients. And the same thing now goes for not just for public and privates, but also passive—public and privates and ... And

so having a one-solution organization that can navigate around public and private markets, passive and active, overlaying with investment technology, this is why we are building this large platform that's pretty close to \$15 trillion today. Working side by side with our clients, as Bruce said, it's all solution-based. Whether it's working with an RIA channel where we're providing models or taking over whole portfolios of entire pension fund or the whole wealth management platform at Citibank when they allocated over \$100 billion to us. So it is working on a solution base across passive and active, public and private, overlaying technology, and then having those conversations with each and every client, sovereign wealth funds to insurance companies to pension funds. We have a unique business model of blending all that together. And last year we were awarded over \$700 billion of net inflows from clients, and it is because we are working very close with our clients with this model.

Michael Milken 34:23

So Bruce, you've seen this also, the consolidation of larger platforms and private markets getting bigger and bigger. What is really the dynamic do you see driving this? Is it investor-side, that need to focus on longer-term returns for a longer period of time? You just outlined one. Or is it coming from the potential to invest that you see a better, broader array of opportunities as you get larger? What is the driving force?

Bruce Flatt 35:00

So first, I would say the consolidation is being driven by our clients. We're here for the clients. All we do is serve clients. And it's being driven by them. They want less people to deal with, with more skills, and they want to put—so more capital with less people. And on the opposite side, what that's driving is the opportunities with the hyperscalers. But these are, as Larry said, they're 20, 30, 50, \$100 billion capital. There's not many people that can do that. There's not many people that can build data centers, there's not many people that can build nuclear plants. There's not many people that can install solar, et al. And if you could do all of those, what it's creating is opportunities, and it just bifurcates the market between, yes, there's niche players, and there'll always be niche players, and the large, large investment groups that can serve the need of the clients because they want less people to deal with that are more sophisticated. And the opportunities available to those groups are much, much more significant, and the risk is lower. Either return is higher or risk is lower. Those are both good things. Take somewhere in the middle usually. The opportunities are greater for those larger groups. And that's why this is happening with us and a few others, and it's going to continue as the amounts of capital and wealth in the world grows.

Laurence D. Fink 36:35

I would just say with the AI economy, in every industry, we're going to see a K-economy. You're going to have one or two or three winners in each economy, in each industry, and many smaller firms are going to be forced to merge or do something. But I believe the CapEx that every company's going to have to spend just on AI itself is going to increase this K-economy concept in every industry in the world.

Michael Milken 37:07

So if we take anything away from this panel this morning, there are more people interested in getting long-term rates of return than what's going to happen in the next three months or four months. And the ability to find those, such as BlackRock or Brookfield, to turn your capital over to, you can just imagine the trust an account has that has given money to Bruce and doesn't want any of it back for 27 years from Brookfield, but wants it as a return. And we've come a long way from 1968 when I gave the speech on Wall Street, what was the rate of return if you went up 100 one year and went down 50 the next year? And everyone told me it was 25 percent a year. $100 \text{ minus } 50 \text{ divided by } 2$, even though it was zero. And I think this is why these organizations have grown so effectively, delivering long-term compounding returns to their investors rather than focusing on a short period of time, and that's why these companies were built. When Larry talks about investing, you can't really invest in the future if your liability structure is one to two years. And so we've seen so many of our banks go out of business with this idea of interest rate risk due to that volatility. Well, Bruce, you've told me the best is yet to come. I couldn't be more excited for you and Larry. Thank you for joining us today.

Bruce Flatt 38:48

Thank you.

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