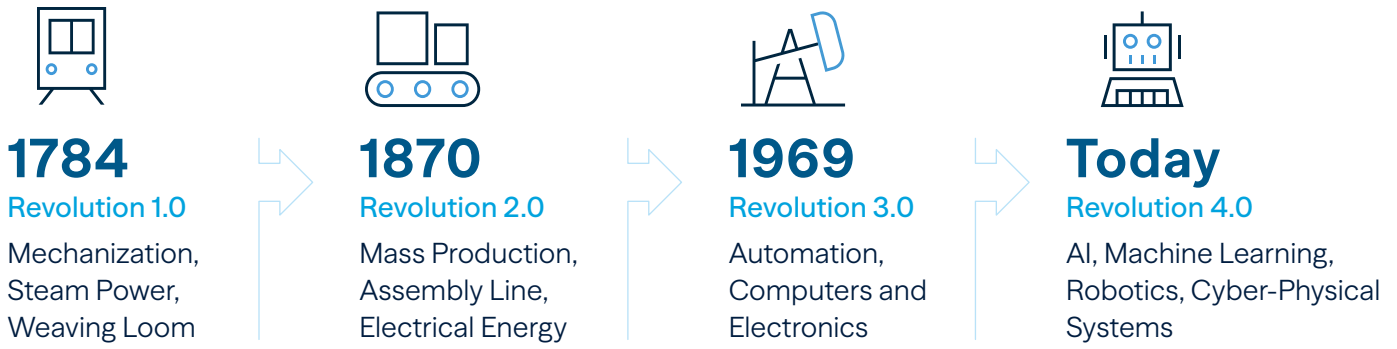


Industrial Revolution 4.0: Transforming Private Equity Opportunities

With the fourth industrial revolution underway, we see an attractive long-term opportunity to help companies unlock value by capitalizing on artificial intelligence (AI) and technological advancements.

Private Equity Managers: Transforming Operations

Industry has advanced from steam engines to assembly lines to computer-driven automation—and now to AI. Many companies with antiquated operations urgently need to reinvent themselves. Most lack the capital and knowledge required to transform. This has created significant opportunities for private capital.



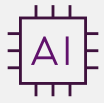
Source: Disruptive Leadership Institute, The Fourth Industrial Revolution Framework, March 2024.

The AI Value Proposition

AI will play an outsized role in pricing and product-mix optimization, supply chain procurement, capital expenditures and working capital improvements, generating value in three key ways:

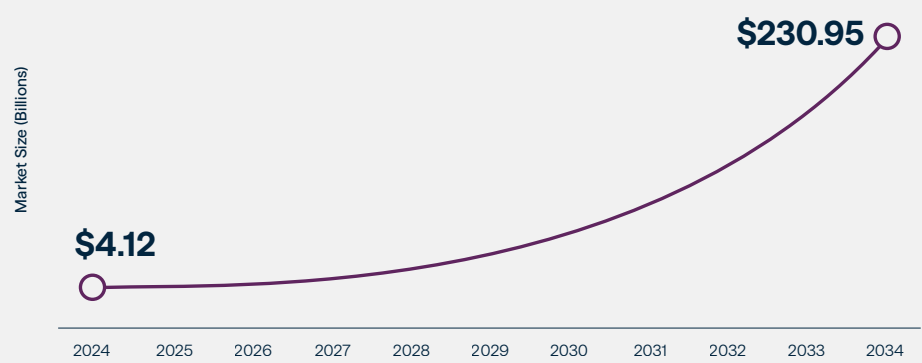


AI Can Unlock Value for Traditional Industrial Companies



AI in manufacturing is expected to expand at a compound annual growth rate of 44.2% between 2024 and 2034—and industrial companies will turn to private equity (PE) funding to modernize, restructure and power progress.

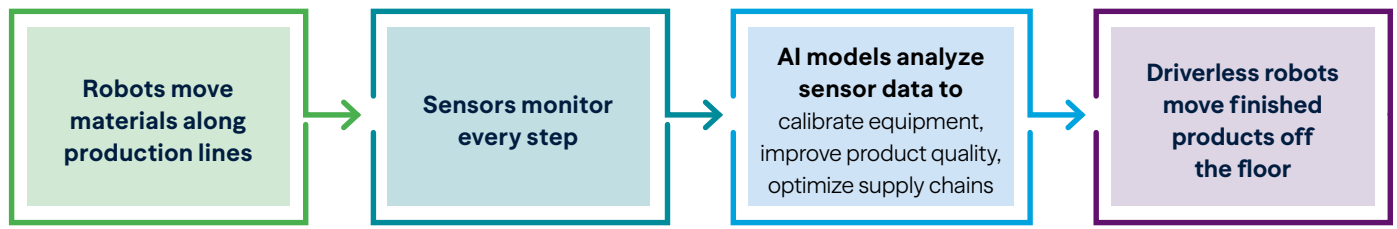
AI in Manufacturing: Projected CAGR Growth (2024–2034)



There is no assurance that such events or projections will occur, and actual outcomes may be significantly different than those shown here. Source: Precedence Research, *Artificial Intelligence (AI) in Manufacturing: Market Size, Share, and Trends 2026 to 2035*, January 2026.

The Vision: AI-Fueled Automation

Manufacturing is evolving toward more automated environments, where machines operate with greater independence and AI enhances productivity and efficiency.



The Progress: Industrials Are Just Getting Started

Few manufacturing companies have achieved their AI targets. Up to a third have not yet begun their AI journey.

Manufacturing Companies and AI

32%

have not started implementing AI

68%

have started using AI

16%

have achieved their AI targets (subset of the 68%)

Source: World Economic Forum and Boston Consulting Group, *Harnessing the AI Revolution in Industrial Operations: A Guidebook*, October 2023.

PE and AI Success Requires an Operations Upgrade

For optimal AI impact, manufacturing companies will require PE funding and a PE operational partner with deep, hands-on expertise.



The PE industry has gone from roll-the-dice PE to roll-up-your-sleeves PE. You have to really go into a business and operate it better. That's the only way to generate market-leading returns.

ANUJ RANJAN
CEO, PRIVATE EQUITY, BROOKFIELD

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 comprises 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 with their public equivalents.

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