

**BROOKFIELD ASSET MANAGEMENT LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FORWARD-LOOKING STATEMENTS

In addition to historical information, this management's discussion and analysis ("**MD&A**") contains "forward-looking information" within the meaning of Canadian provincial securities laws and "forward-looking statements" within the meaning of the U.S. *Securities Act of 1993*, the U.S. *Securities Exchange Act of 1934*, and "safe harbor" provisions of the *United States Private Securities Litigation Reform Act of 1995* and in any applicable Canadian securities regulations (collectively, "forward-looking information"). Forward-looking information may relate to our outlook and anticipated events or results and may include information regarding the financial position, business strategy, growth strategy, budgets, operations, financial results, taxes, dividends, distributions, plans and objectives of our business. Particularly, information regarding future results, performance, achievements, prospects or opportunities of Brookfield Asset Management Ltd. (the "**Manager**"), Brookfield Asset Management ULC (the "**Asset Management Company**", the "**asset management business**" or the "**Company**") or the Canadian, U.S. or international markets is forward-looking information. In some cases, forward-looking information can be identified by the use of words such as "expect", "anticipate", "believe", "foresee", "could", "estimate", "goal", "target", "project", "forecast", "intend", "plan", "seek", "strive", "will", "may", and "should" and similar expressions.

Forward-looking information is based on management's estimates, beliefs and assumptions regarding future performance, which are in turn based on management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate and reasonable in the circumstances, taking into account all information available at the time. These estimates, beliefs and assumptions can change as a result of many possible events or factors, not all of which are known to us or within our control. If a change occurs, our business, financial condition, liquidity, and results of operations may vary materially from those expressed or implied by forward-looking information. Several factors, including those described in this MD&A, could cause our actual results to vary from those expressed or implied by forward-looking information. These factors include, but are not limited to:

- the Manager's lack of independent means of generating revenue;
- the Manager's material assets consisting solely of its interest in the Asset Management Company;
- challenges relating to maintaining our relationship with the Corporation (as defined below) and potential conflicts of interest;
- the Manager being a newly formed company;
- our liability for our asset management business;
- our ability to maintain the Manager's exempted status as a "foreign private issuer" and an "emerging growth company" under U.S. federal securities laws;
- the difficulty for investors to effect service of process and enforce judgments in the United States, Canada and/or other applicable jurisdictions;
- the impact on growth in Fee-Bearing Capital of poor product development or marketing efforts;
- our ability to maintain our global reputation;
- volatility in the trading price of the Class A Shares;
- being subjected to numerous laws, rules and regulatory requirements;
- the potential ineffectiveness of our policies to prevent violations of applicable law;
- meeting our financial obligations due to our cash flow from our asset management business;
- foreign currency risk and exchange rate fluctuations;
- requirement of temporary investments and backstop commitments to support our asset management business;
- rising interest rates;
- revenues impacted by a decline in the size or pace of investments made by our managed assets;
- our earnings growth can vary, which may affect our dividend and the trading price of the Class A Shares;
- exposed risk due to increased amount and type of investment products in our managed assets;
- difficulty in maintaining our culture or managing our human capital;
- political instability or changes in government;
- unfavorable economic conditions or changes in the industries in which we operate;

- catastrophic events, such as earthquakes, hurricanes, or pandemics/epidemics;
- deficiencies in public company financial reporting and disclosures;
- ineffective management of environmental, social, and governance considerations, and inadequate or ineffective health and safety programs;
- failure of our information technology systems;
- us and our managed assets becoming involved in legal disputes;
- losses not covered by insurance;
- inability to collect on amounts owing to us;
- information barriers that may give rise to conflicts and risks;
- risks related to our renewable power and transition, infrastructure, private equity, real estate, and other alternatives, including credit strategies;
- risks relating to Canadian and United States taxation laws; and
- other factors described in this MD&A.

We caution that the factors described in this MD&A that may affect future results are not exhaustive. For further information on these known and unknown risks, please refer to our annual report on Form 20-F (the “20-F”). Copies of our continuous disclosure filings, including the 20-F, are available on our website at www.bam.brookfield.com, on SEDAR+ at www.sedarplus.ca, and on EDGAR at www.sec.gov.

Readers are cautioned not to place undue reliance on forward-looking information included in this MD&A, and the forward-looking information represents our views as of the date of this MD&A and should not be relied upon as representing our views as of any date subsequent to the date of this MD&A. While we anticipate that subsequent events and developments may cause our views to change, we disclaim any obligation to update the forward-looking statements information, other than as required by applicable law.

These statements and other forward-looking information are based on opinions, assumptions and estimates made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate and reasonable in the circumstances, but there can be no assurance that such estimates and assumptions will prove to be correct. Accordingly, readers should not place undue reliance on forward-looking information. We do not undertake to update any forward-looking information contained herein, except as required by applicable securities laws.

CAUTIONARY STATEMENT REGARDING THE USE OF NON-GAAP MEASURES

The Manager and the Asset Management Company prepare their financial statements in conformity with the accounting principles generally accepted in the United States of America ("U.S. GAAP"). This MD&A discloses a number of non-GAAP financial and supplemental financial measures which are utilized in monitoring the Manager and our asset management business, including for performance measurement, capital allocation and valuation purposes. The Manager believes that providing these performance measures is helpful to investors in assessing the overall performance of our asset management business. These non-GAAP financial measures should not be considered as the sole measure of the Manager's or our asset management business' performance and should not be considered in isolation from, or as a substitute for, similar financial measures calculated in conformity with U.S. GAAP financial measures. Non-GAAP measures include Distributable Earnings, Fee Revenues and Fee-Related Earnings. These non-GAAP measures are not standardized financial measures and may not be comparable to similar financial measures used by other issuers. Supplemental financial measures include assets under management, Fee-Bearing Capital, and Uncalled Fund Commitments. The Manager includes the asset management activities of Oaktree (meaning collectively Oaktree Capital II, L.P., Oaktree Capital Management, L.P., Oaktree AIF Investments, L.P., Oaktree Capital Management (Cayman) L.P. and Oaktree Investment Holdings, L.P. and their consolidated subsidiaries), an equity accounted affiliate, in its key financial and operating measures for the Company.

For further details regarding the use of non-GAAP measures, please see the "*Key Financial and Operating Measures*" in the MD&A.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

This management's discussion and analysis ("MD&A") included in this Form 6-K presents the financial position of Brookfield Asset Management Ltd. and its consolidated subsidiaries (the "**Manager**") as at September 30, 2023, and December 31, 2022, and the results of operations for the three and nine months ended September 30, 2023. This MD&A also presents the financial position of Brookfield Asset Management ULC and its consolidated subsidiaries (the "**Asset Management Company**", the "**asset management business**" or the "**Company**", "**we**", "**us**", or "**our**") as at September 30, 2023, and December 31, 2022, and the results of operations for the three and nine months ended September 30, 2023, and 2022.

The information in this MD&A should be read in conjunction with the following Condensed Consolidated Financial Statements included elsewhere in this Form 6-K: (i) the unaudited Condensed Consolidated Financial Statements of the Manager as at September 30, 2023 and December 31, 2022, and the results of operations for the three and nine months ended September 30, 2023 (ii) the unaudited Condensed Consolidated and Combined Financial Statements of the Asset Management Company as at September 30, 2023 and December 31, 2022 and the results of operations for the nine months ended September 30, 2023, and 2022.

The financial information contained in this MD&A is presented in U.S. dollars and, unless otherwise indicated, all references to "\$" are to U.S. dollars.

Business History

The Manager and the Asset Management Company were formed by Brookfield Asset Management Inc. (now known as Brookfield Corporation or the "**Corporation**") to facilitate the court approved plan of arrangement (the "**Arrangement**") in a tax-efficient manner. The Arrangement, which closed on December 9, 2022, involved the division of Brookfield Asset Management Inc. into two publicly traded companies – the Manager, which is listed on the NYSE and TSX under the ticker symbol "BAM", is a pure-play asset manager with a leading global alternative asset management business; and the Corporation, focused on deploying capital across its operating businesses and compounding that capital over the long-term.

The Manager allows investors to directly access the global alternative asset management business previously carried on by Brookfield Asset Management Inc. and its subsidiaries. This business is now owned and operated through the Asset Management Company, which is owned 75% by the Corporation and 25% by the Manager.

Business Overview

We are one of the world's leading global alternative asset managers, with \$865 billion of assets under management ("**AUM**") as of September 30, 2023, across renewable power and transition, infrastructure, real estate, private equity, and credit. We invest client capital for the long-term with a focus on real assets and essential service businesses that form the backbone of the global economy. We draw on our heritage as an owner and operator to invest for value and generate strong returns for our clients across economic cycles.

To do this, we leverage our exceptional team of over 2,500 investment and asset management professionals, our global reach, deep operating expertise, and access to large-scale capital to identify attractive investment opportunities and invest on a proprietary basis. Our investment approach and strong track record have been the foundation and driver of our growth.

We provide a highly diversified suite of alternative investment strategies to our clients and are constantly seeking to motivate new strategies to meet their needs. We have approximately 50 unique strategies that span a wide range of risk-adjusted returns, including opportunistic, value-add, core, super-core, and credit. We evaluate the performance of these product offerings and our investment strategies using a number of non-GAAP measures as outlined in "*Key Financial and Operating Measures*" within this MD&A. The Manager utilizes Distributable Earnings to measure performance, while, in addition to this metric, Fee Revenues and Fee-Related Earnings are utilized in assessing the performance of our asset management business.

We have over 2,000 clients, made up of some of the world's largest institutional investors, including sovereign wealth funds, pension plans, endowments, foundations, financial institutions, insurance companies, and individual investors.

We are in a fortunate position to be trusted with our clients' capital and our objective is to meet their financial goals and provide for a better financial future while providing a market leading experience. Our team of 270 client service professionals across 18 global offices are dedicated to ensuring that the business is exceeding their service expectations.

Our guiding principle is to operate our business and conduct our relationships with the highest level of integrity. Our emphasis on diversity and inclusion reinforces our culture of collaboration, allowing us to attract and retain top talent. We strive to embed

strong environmental, social, and governance practices throughout our business, underpinning our goal of having a positive impact on the communities and environment within which we operate.

Value Creation

We create shareholder value by increasing the earnings profile of our asset management business. Alternative asset management businesses such as ours are typically valued based on multiples of their Fee-Related Earnings and performance income. Accordingly, we create value by increasing the amount and quality of Fee-Related Earnings and carried interest, net of associated costs. This growth is achieved primarily by expanding the amount of Fee-Bearing Capital we manage, earning performance income such as carried interest through superior investment results and maintaining competitive operating margins.

As at September 30, 2023, we had Fee-Bearing Capital of \$440 billion, of which 86% is long-dated or perpetual in nature, providing significant stability to our earnings profile. We consider Fee-Bearing Capital that is long-dated or perpetual in nature to be Fee-Bearing Capital relating to our long-term private funds, which are typically committed for 10 years with two one-year extension options, and Fee-Bearing Capital relating to our perpetual strategies, which include our permanent capital vehicles as well as capital we manage in our perpetual core and core plus private fund strategies. We seek to increase our Fee-Bearing Capital by growing the size of our existing product offerings and developing new strategies that cater to our clients' investment needs. We also aim to deepen our existing institutional relationships, develop new institutional relationships, and access new distribution channels such as high net worth individuals and retail.

As of September 30, 2023, we had a diversified client base of over 2,000 institutional clients, which continues to grow. Our private wealth channel also continues to grow and represents over 5% of capital raised. We have a dedicated team of over 100 people that are focused on distributing and developing catered products to the private wealth channel.

We are also actively progressing new growth strategies, including transition, insurance, secondaries, and technology. These new initiatives, in addition to our existing strategies are expected to have a very meaningful impact on our growth trajectory in the long term.

As we grow our Fee-Bearing Capital, we earn incremental base management fees. In order to support this growth, we have been growing our exceptional team of investment and asset management professionals. Our costs are predominantly in the form of compensation for the over 2,500 professionals we employ globally.

When deploying our clients' capital, we seek to leverage our competitive advantages to acquire high-quality real assets or businesses that provide essential services that form the backbone of the global economy. We use our global reach and access to scale capital to source attractive investment opportunities and leverage our deep operating expertise to underwrite investments and create value throughout our ownership. Our goal is to deliver superior investment returns to our clients and successfully doing so results in the continued growth of realized carried interest.

We generate robust free cash flows or Distributable Earnings, which is our primary financial performance metric. Distributable Earnings of the Manager represent our share of Distributable Earnings from the Asset Management Company less general and administrative expenses, but excluding equity-based compensation costs of the Manager. The Manager intends to pay out approximately 90% of our Distributable Earnings to shareholders quarterly and reinvest the balance back into the business.

We also monitor the broader markets and occasionally identify attractive, strategic investment opportunities that have the potential to supplement our existing business and add to our organic growth. We expect acquisitions can allow us to achieve immediate scale in a new asset class or grant us access to additional distribution channels. An example of such growth is the partnership we formed with Oaktree in 2019. Such acquisitions may occur from time to time should they be additive to our franchise, attractive to our clients, and accretive to our shareholders.

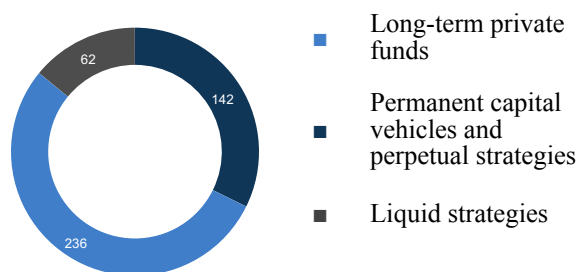
Products

Our products broadly fall into one of three categories: (i) long-term private funds, (ii) permanent capital vehicles and perpetual strategies, and (iii) liquid strategies. These are invested across five principal strategies: (i) renewable power and transition, (ii) infrastructure, (iii) private equity, (iv) real estate, and (v) credit and other.

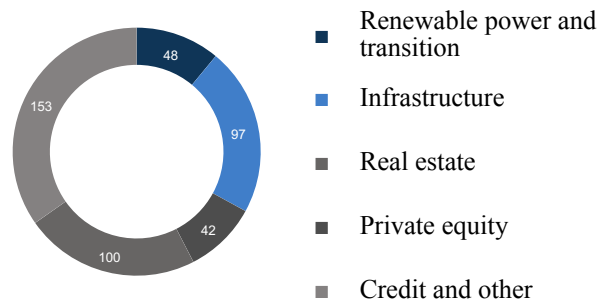
Fee-Bearing Capital Diversification

AS AT SEP. 30, 2023 (BILLIONS)

By Fund Type



By Business Line



For discussion on Fee-Bearing Capital, see “*Key Financial and Operating Measures.*”

Long-term Private Funds

As of September 30, 2023, we managed approximately \$236 billion of Fee-Bearing Capital across a diverse range of long-term private funds that target opportunistic (20%+, gross), value-add (15%-16%, gross), core and core plus (9%-13%, gross) returns. These funds are generally closed-end and have a long duration, typically committed for 10 years with two one-year extension options.

On these products, we earn:

- Diversified and long-term base management fees, typically on committed capital or invested capital, depending on the nature of the fund and where the fund is in its life,
- Transaction and advisory fees on co-investment capital that we raise and deploy alongside our long-term private funds, which vary based on transaction agreements, and
- Carried interest or performance fees, which entitle us to a portion of overall fund profits, provided that investors receive a minimum prescribed preferred return. Carried interest is typically paid towards the end of the life of a fund after capital has been returned to investors and may be subject to “clawback” until all investments have been monetized and minimum investment returns are sufficiently assured. The Corporation is entitled to receive 33.3% of the carried interest on new sponsored funds of our asset management business and will retain all of the carried interest earned on our existing mature funds.

Permanent Capital Vehicles and Perpetual Strategies

As of September 30, 2023, we managed approximately \$142 billion of Fee-Bearing Capital across our permanent capital vehicles, perpetual core, and core plus private funds.

On these products, we earn:

- Long-term perpetual base management fees, which are based on the market capitalization or net asset value of our permanent capital vehicles and on the net asset value of our perpetual private funds.
- Stable incentive distribution fees from Brookfield Renewable Partners L.P. (“**BEP**”) and Brookfield Infrastructure Partners L.P. (“**BIP**”), which are linked to the growth in cash distributions paid to investors above a predetermined hurdle. Both BEP and BIP have a long-standing track record of growing distributions annually within a target range of 5-9%.
- Performance fees from Brookfield Business Partners L.P. (“**BBU**”) are based on unit price performance above a prescribed high-water mark price, which are not subject to clawback, as well as carried interest on our perpetual private funds.

Liquid Strategies

As of September 30, 2023, we managed approximately \$62 billion of Fee-Bearing Capital across our liquid strategies, which included capital that we manage on behalf of our publicly listed funds and separately managed accounts, with a focus on fixed income and equity securities across real estate, infrastructure, and natural resources.

On these products, we earn:

- Base management fees, which are based on committed capital or fund net asset value, and
- Performance income based on investment returns above a minimum prescribed return.

Renewable Power and Transition

Overview

- We are a leading global investment manager in renewable power and transition, with \$78 billion of AUM as of September 30, 2023.
- Clean energy occupies a uniquely complementary position to the global goals of net-zero emissions, low-cost energy, and energy security. We believe that the growing global demand for low-carbon energy, especially amongst corporate off-takers, will lead to continued growth opportunities for us in the future. The investment environment for renewable power and transition remains favorable and we expect to continue to advance our substantial pipeline of renewable power and transition opportunities on behalf of our clients and managed assets.
- We have approximately 100 investment and asset management professionals globally that are focused on our renewable power and transition strategy, supported by approximately 3,700 employees in the renewable power and transition operating businesses that we manage. Our extensive experience and knowledge in this industry enable us to be a leader in all major technologies with deep operating and development capabilities.

Our Products

Long-term Private Funds

- Brookfield Global Transition Fund ("**BGTF**") is our flagship transition fund series which is focused on investments aimed at accelerating the global transition to a net-zero carbon economy. The mandate of this product is to assist utility, energy and industrial businesses reduce carbon dioxide emissions, expand low-carbon and renewable energy production levels and advance sustainable solutions.

Permanent Capital Vehicles and Perpetual Strategies

- We also manage BEP, one of the world's largest publicly traded renewable power platforms, which is listed on the NYSE and TSX and has a market capitalization of over \$14.9 billion as of September 30, 2023.

Infrastructure

Overview

- We are one of the world's largest investment managers in infrastructure, with \$180 billion of AUM as of September 30, 2023.
- We focus on acquiring high-quality businesses on behalf of our clients that deliver essential goods and services, diversified across the utilities, transport, midstream and data infrastructure sectors. We partner closely with management teams to enable long-term success through operational and other improvements.
- We have approximately 230 investment and asset management professionals globally that are focused on our infrastructure strategy, supported by approximately 51,400 employees in the infrastructure operating businesses that we manage.

Our Products

Long-term Private Funds

- Brookfield Infrastructure Funds ("**BIF**") is our flagship infrastructure fund series. In this product offering, we invest on behalf of our clients in high-quality infrastructure assets on a value basis and seek to add value through the investment life cycle by utilizing our operations-oriented approach.
- Brookfield Infrastructure Debt ("**BID**") is our infrastructure debt fund series, which invests on behalf of our clients in mezzanine debt investments in high-quality, core infrastructure assets.

Permanent Capital Vehicles and Perpetual Strategies

- We manage BIP, one of the largest, pure-play, publicly traded global infrastructure platforms, which is listed on the NYSE and TSX and has a market capitalization of \$24.7 billion as of September 30, 2023. In this product offering, we invest on behalf of our clients in high-quality, long-life assets that provide essential products and services for the global economy.
- We manage Brookfield Super-Core Infrastructure Partners (“**BSIP**”), which is our perpetual infrastructure private fund strategy. In this product offering, we invest on behalf of our clients in core infrastructure assets in developed markets, with a focus on yield, diversification, and inflation-protection.
- We also recently launched Brookfield Infrastructure Income Fund (“**BIIF**”), a semi-liquid infrastructure product strategy, offering private wealth investors access to our best-in-class infrastructure platform.

Real Estate

Overview

- We are one of the world’s largest investment managers in real estate, with over \$271 billion of AUM as of September 30, 2023.
- We have invested, on behalf of clients, in iconic properties in the world’s most dynamic markets with the goal of generating stable and growing distributions for our investors while protecting them against downside risk.
- We have approximately 660 investment and asset management professionals that are focused on generating superior returns across our real estate strategies, supported by approximately 29,600 operating employees in the real estate operating businesses that we manage.

Our Products

Long-term Private Funds

- Our opportunistic real estate flagship fund series is Brookfield Strategic Real Estate Partners (“**BSREP**”). Through this product, we invest globally across various sectors and geographies on behalf of our clients in high-quality real estate with a focus on large, complex, distressed assets, turnarounds, and recapitalizations.
- Our commercial real estate debt fund series, Brookfield Real Estate Finance Fund (“**BREF**”), targets investments in transactions, predominantly in the U.S., that are senior to traditional equity and subordinate to first mortgages or investment-grade corporate debt.
- We also manage a real estate secondaries strategy, Brookfield Real Estate Secondaries (“**BRES**”), with a focus on providing liquidity solutions for other real estate general partners.

Permanent Capital Vehicles and Perpetual Strategies

- We manage \$19 billion of Fee-Bearing Capital in Brookfield Property Group (“**BPG**”) as of September 30, 2023, which we invest, on behalf of the Corporation, directly in real estate assets or through our real estate private fund offerings. BPG owns, operates, and develops iconic properties in the world’s most dynamic markets with a global portfolio of office, retail, multifamily, logistics, hospitality, land and housing, triple net lease, manufactured housing, and student housing assets on five continents.
- We also manage capital in our perpetual private fund real estate strategy, Brookfield Premier Real Estate Partners (“**BPREP**”). This is a core plus strategy that invests in high-quality, stabilized real assets located primarily in the U.S. with a focus on office, retail, multifamily and logistics real estate assets. We also have two regional BPREP strategies that are dedicated specifically to investments in Australia (“**BPREP-A**”) and Europe (“**BPREP-E**”).
- We manage capital across our perpetual real estate debt strategy, Brookfield Senior Mezzanine Real Estate Finance Fund (“**BSREF**”). We seek to originate, acquire, and actively manage investments in U.S. senior commercial real estate debt for this strategy.
- We also manage a non-traded REIT, Brookfield Real Estate Income Trust (“**Brookfield REIT**”), which is a semi-liquid strategy catering specifically to the private wealth channel. This product invests in high quality income-producing opportunities globally through equity or real estate-related debt.

Private Equity

Overview

- We are a leading private equity investment manager with \$139 billion of AUM as of September 30, 2023.
- We focus on high-quality businesses that provide essential products and services, diversified across the industrial operations and business services sectors. We partner closely with management teams to enable long-term success through operational and other improvements.
- We have approximately 280 investment and asset management professionals globally that are focused on our private equity strategy, supported by approximately 105,400 employees in the operating businesses that we manage.

Our Products

Long-term Private Funds

- Our global opportunistic flagship fund series, Brookfield Capital Partners (“**BCP**”), is our leading private equity product offering. This series of funds focuses on cash-flowing essential service businesses. We seek investments that benefit from high barriers to entry and enhance their cash flow capabilities by improving strategy and execution.
- Our special investments strategy, Brookfield Special Investments (“**BSI**”), is focused on large-scale, non-control investments. This product capitalizes on potential transactions that do not fit our traditional control-oriented flagship private equity fund series. These include recapitalizations to strategic growth capital, where we expect to generate equity-like returns while ensuring downside protection through structured investments.
- Our growth equity strategy, Brookfield Growth (“**BTG**”), was launched in 2016 and has developed into a meaningful business that we expect to continue to scale over time. This strategy focuses on investing in technology-related growth stage companies that surround our broader ecosystem of managed assets.
- Our secondaries strategy, Brookfield Sponsor Solutions (“**BSS**”), provides bespoke capital solutions to sponsor-backed companies at an inflection point of growth.

Permanent Capital Vehicles and Perpetual Strategies

- We manage BBU, which is a publicly traded global business services and industrials partnership focused on owning and operating high-quality providers of essential products and services. BBU is listed on the NYSE and TSX and had a market capitalization of \$3.5 billion as at September 30, 2023.

Credit and Other

Overview

- As a result of our 61% investment in Oaktree in 2019, we established ourselves as a leader among global investment managers specializing in alternative credit investments. As of September 30, 2023, our ownership interest in Oaktree is approximately 68%. Oaktree is one of the premier credit franchises globally and an expert in investing across the capital structure with an emphasis on an opportunistic, value-oriented, and risk-controlled approach to investing.
- We provide one of the most comprehensive alternative credit offerings available today, with \$152 billion of Fee-Bearing Capital as of September 30, 2023, and an experienced team of investment professionals around the world.

Our Products

- Our credit strategies invest in both liquid and illiquid instruments, sourced directly from borrowers and via public markets. We focus primarily on rated and non-rated debt of sub-investment grade issuers in developed and emerging markets, and we invest in an array of private credit, high yield bonds, convertible securities, leveraged loans, structured credit instruments, and opportunistic credit.
- Our flagship credit strategy, Global Opportunities, focuses on protecting against loss by buying claims on assets at bargain prices. We aim to achieve substantial gains by actively participating in restructurings to restore companies to financial viability and creating value at every stage of the investment process.
- Included in our other strategies is our Insurance Solutions Business; this business manages policy capital and deploys it across liquid credit strategies, direct loans, and private funds.

- Also included amongst our strategies is our Public Securities Group (“PSG”), which manages the Fee-Bearing Capital associated with our liquid strategies. PSG serves institutions and individuals seeking the investment advantages of real assets through actively managed listed equity and debt strategies.

Key Financial and Operating Measures

The Manager and the Asset Management Company prepare their financial statements in conformity with U.S. GAAP. This MD&A discloses a number of non-GAAP financial and supplemental financial measures which are utilized in monitoring our asset management business, including for performance measurement, capital allocation and valuation purposes. The Manager believes that providing these performance measures is helpful to investors in assessing overall performance, as well as the performance of our asset management business. These non-GAAP financial measures should not be considered as the sole measure of the Manager’s or our asset management business’ performance and should not be considered in isolation from, or as a substitute for, similar financial measures calculated in conformity with U.S. GAAP financial measures. These non-GAAP financial measures are not standardized financial measures and may not be comparable to similar financial measures used by other issuers. The asset management business includes the asset management activities of Oaktree, an equity accounted affiliate, in its key financial and operating measures for our asset management business. See “*Reconciliation of U.S. GAAP to Non-GAAP Measures.*”

Non-GAAP Measures

Fee Revenues

Fee Revenues is a key metric analyzed by management to determine the growth in recurring cash flows from our asset management business. Fee Revenues include base management fees, incentive distributions, performance fees and transaction fees. Fee Revenues exclude carried interest but include Fee Revenues earned by Oaktree. The most directly comparable measure of Fee Revenues disclosed in the primary financial statements is management fee revenues.

Fee-Related Earnings

Fee-Related Earnings is used to provide additional insight into the operating profitability of our asset management activities. Fee-Related Earnings are recurring in nature and not based on future realization events. Fee-Related Earnings is comprised of Fee Revenues less direct costs associated with earning those fees, which include employee expenses and professional fees as well as business related technology costs, other shared services, and taxes. The most directly comparable measure of Fee-Related Earnings disclosed in the primary financial statements is net income.

Distributable Earnings

Distributable Earnings used by the Manager provides insight into earnings that are available for distribution or to be reinvested by the Manager. Distributable Earnings of the Manager represent its share of Distributable Earnings from our asset management business less general and administrative expenses, but excluding equity-based compensation costs, of the Manager. The most directly comparable measure disclosed in our primary financial statements for Distributable Earnings of the Manager is net income.

The Manager intends to pay out approximately 90% of its Distributable Earnings to shareholders quarterly and reinvest the balance back into the business. The asset management business intends to pay dividends to the Manager on a quarterly basis sufficient to ensure that the Manager can pay its intended dividend.

Distributable Earnings used by our asset management business provides insight into earnings that are available for distribution or to be reinvested by our asset management business. It is calculated as the sum of its Fee-Related Earnings, realized carried interest, interest expense, cash taxes, and general and administrative expenses excluding equity-based compensation costs and depreciation and amortization. The most directly comparable measure disclosed in the primary financial statements of our asset management business for Distributable Earnings is net income.

Supplemental Financial Measures Utilized by Our Asset Management Business

Assets Under Management

AUM refers to the total fair value of assets managed, calculated as follows:

- Investments that Brookfield, which includes the Corporation, the asset management business, or their affiliates, either:
 - Consolidates for accounting purposes (generally, investments in respect of which Brookfield has a significant economic interest and unilaterally directs day-to-day operating, investing and financing activities), or

- Does not consolidate for accounting purposes but over which Brookfield 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 and/or operator of the investment, and/or having other significant influence attributes),
- Are calculated at 100% of the total fair value of the investment taking into account its full capital structure — equity and debt — on a gross asset value basis, even if Brookfield does not own 100% of the investment, with the exception of investments held through our perpetual funds, which are calculated at its proportionate economic share of the investment's net asset value.
- All other investments are calculated at Brookfield's proportionate economic share of the total fair value of the investment taking into account its full capital structure — equity and debt — on a gross asset value basis.

Our methodology for determining AUM differs from the methodology that is employed by other alternative asset managers as well as the methodology for calculating regulatory AUM that is prescribed for certain regulatory filings (e.g., Form ADV and Form PF).

Fee-Bearing Capital

Fee-Bearing Capital represents the capital committed, pledged, or invested in our permanent capital vehicles, private funds and liquid strategies that we manage which entitles us to earn Fee Revenues. Fee-Bearing Capital includes both called (“**invested**”) and uncalled (“**pledged**” or “**committed**”) amounts.

When reconciling period amounts, we utilize the following definitions:

- Inflows include capital commitments and contributions to our private and liquid strategies funds, and equity issuances from the permanent capital vehicles.
- Outflows represent distributions and redemptions of capital from within the liquid strategies capital.
- Distributions represent quarterly distributions from the permanent capital vehicles as well as returns of committed capital (excluding market valuation adjustments), redemptions and expiry of uncalled commitments within our private funds.
- Market valuation includes gains (losses) on portfolio investments, the permanent capital vehicles and liquid strategies based on market prices.
- Other includes changes in net non-recourse leverage included in the determination of the permanent capital vehicle capitalizations and the impact of foreign exchange fluctuations on non-U.S. dollar commitments.

Uncalled Fund Commitments

Total Uncalled Fund Commitments includes capital callable from fund investors, including funds outside of their investment period, for which capital is callable for follow-on investments.

Review of Consolidated Financial Results of the Manager

Consolidated Statement of Comprehensive Income

The following table summarizes the financial results of the Manager for the three and nine months ended September 30, 2023:

FOR THE PERIODS ENDED SEPTEMBER 30, (MILLIONS)	Three Months Ended	Nine Months Ended
	2023	2023
Operating recoveries	\$ 38	\$ 223
Expenses		
Compensation and benefits	(32)	(154)
Carried interest allocation compensation		
Realized	—	(14)
Unrealized	(5)	(60)
Total carried interest allocation compensation	(5)	(74)
Interest expense	(2)	(5)
Total expenses	(39)	(233)
Share of income from Brookfield Asset Management ULC	123	366
Net income	\$ 122	\$ 356

For the three months ended September 30, 2023

During the three months ended September 30, 2023, the Manager recorded net income attributable to shareholders of \$122 million. Net income consists of the Manager's equity interest in the earnings of the Asset Management Company and compensation and benefit costs, primarily attributable to executive compensation costs of the Manager and unrealized carried interest compensation expense. A material portion of these costs are reimbursed by the Corporation and the Asset Management Company in accordance with the Relationship Agreement and the Asset Management Services Agreement. Refer to the following discussion for details on the earnings of the Asset Management Company.

For the nine months ended September 30, 2023

For the nine months ended September 30, 2023, the Manager recorded net income attributable to shareholders of \$356 million, driven mostly by the Manager's equity interest in the earnings of the Asset Management Company offset by compensation and benefit costs. Refer to the following discussion for details on the earnings of the Asset Management Company.

The following table summarizes the statement of operations for the Asset Management Company for the three and nine months ended September 30, 2023, and 2022:

FOR THE PERIODS ENDED SEPTEMBER 30, (MILLIONS)	Three Months Ended		Nine Months Ended	
	2023	2022	2023	2022
Revenues				
Base management and advisory fees	\$ 778	\$ 715	\$ 2,339	\$ 2,051
Investment income				
Carried interest allocations				
Realized	—	38	32	95
Unrealized	89	(7)	230	98
Total investment income	89	31	262	193
Interest and dividend revenue	44	85	127	226
Other (expenses) revenues	(18)	—	204	40
Total revenues	893	831	2,932	2,510
Expenses				
Compensation, operating, and general and administrative expenses				
Compensation and benefits	(208)	(226)	(765)	(529)
Other operating expenses	(81)	(68)	(229)	(174)
General, administrative and other	(18)	(35)	(37)	(109)
Total compensation, operating, and general and administrative expenses	(307)	(329)	(1,031)	(812)
Carried interest allocation compensation				
Realized	—	(25)	(14)	(45)
Unrealized	(3)	22	(74)	(89)
Total carried interest allocation compensation	(3)	(3)	(88)	(134)
Interest expense	(3)	(48)	(10)	(133)
Total expenses	(313)	(380)	(1,129)	(1,079)
Other (expenses) income, net	(40)	344	10	1,070
Share of income from equity accounted investments	22	40	94	195
Income before taxes	562	835	1,907	2,696
Income tax expense	(52)	(140)	(301)	(444)
Net income	510	695	1,606	2,252
Net (income) loss attributable to redeemable non-controlling interests in consolidated funds	—	(300)	—	(841)
Net (income) loss attributable to preferred shares redeemable non-controlling interest	(11)	—	(82)	—
Net (income) loss attributable to non-controlling interest	(5)	—	(59)	—
Net income attributable to the common stockholders	\$ 494	\$ 395	\$ 1,465	\$ 1,411

For the three months ended September 30, 2023 and 2022

Net income for the three months ended September 30, 2023 was \$510 million, of which \$494 million was attributable to common stockholders. This compares to net income of \$695 million for the three months ended September 30, 2022, of which \$395 million was attributable to common stockholders.

Revenues

Revenues for the three months ended September 30, 2023 were \$893 million, which represents an increase of \$62 million or 7% compared to \$831 million in the three months ended September 30, 2022.

Base Management and Advisory Fees

Base management and advisory fees, excluding incentive distributions, for the three months ended September 30, 2023 were \$684 million, which represents an increase of \$52 million or 8% compared to the three months ended September 30, 2022. The increase was predominantly driven by incremental contributions from capital raised for our latest flagship funds and capital deployed across our complementary strategies. These increases were partially offset by lower fees from our listed permanent capital vehicles due to decreases in market capitalizations and our perpetual strategy due to a decline in net asset values. Incentive distributions for the three months ended September 30, 2023, were \$94 million, an increase of \$11 million or 13% from the three months ended September 30, 2022, driven by growth in BIP and BEP's dividends of 6% and 5%, respectively.

Carried Interest Allocations

Realized carried interest allocations were \$nil for the three months ended September 30, 2023, this represents a decrease of \$38 million compared to the three months ended September 30, 2022, primarily driven by the timing of realizations.

Unrealized carried interest allocations were \$89 million for the three months ended September 30, 2023, which represents an increase of \$96 million compared to the three months ended September 30, 2022 owing to growth in valuations across our real estate funds and our flagship transition fund.

Interest and Dividend Revenue

Interest and dividend revenue for the three months ended September 30, 2023 were \$44 million, which represents a decrease of \$41 million compared to the three months ended September 30, 2022. The decrease was a result of the transfer of certain investments and loans of the asset management business to the Corporation as part of the Arrangement.

Other (Expenses) Revenues

Other (expenses) revenues were a net loss of \$18 million for the three months ended September 30, 2023, a decrease of \$18 million compared to the three months ended September 30, 2022. The expense in the period relates to reduced recoveries from the Corporation associated with share and performance based compensation as part of the Arrangement; this Arrangement did not exist in the prior period.

Expenses

Total expenses for the three months ended September 30, 2023 were \$313 million, a decrease of \$67 million or 18% compared to the three months ended September 30, 2022.

Compensation and Benefits

Compensation and benefits for the three months ended September 30, 2023 were \$208 million, which represents a decrease of \$18 million compared to the three months ended September 30, 2022. This decrease is primarily attributable to an unrealized mark-to-market gain on the value of certain employee compensation related liabilities, partially offset by increased compensation costs resulting from headcount increases to support the ongoing growth of our asset management business and an increase in the employee population as a result of the Arrangement.

Other Operating Expenses

Other operating expenses are comprised of professional fees, facilities, as well as travel costs directly associated with our fundraising and investment functions. Other operating expenses were \$81 million for the three months ended September 30, 2023, compared to \$68 million for the three months ended September 30, 2022. The increase was primarily attributable to the increase in headcount relative to the prior period.

Carried Interest Allocation Expense

Compensation expenses related to carried interest allocation compensation were \$3 million for the three months ended September 30, 2023, which is flat compared to the three months ended September 30, 2022. Changes in the expense are driven by the relative valuation gains of our funds. As outlined in the Relationship Agreement, the carried interest compensation expense associated with mature funds is fully recoverable from the Corporation.

Other (Expenses) Income, net

Other (expenses) income, net for the three months ended September 30, 2023 primarily consists of mark-to-market gains and losses on our investment in BSREP III, as well as mark-to-market adjustments on call and put options associated with our investments in Primary Wave and Oaktree. Other income in the prior period relates to dividend income received from BSREP III.

Share of Income from Equity Accounted Investments

Our share of income from equity accounted investments was \$22 million compared to income of \$40 million in the prior period. The decrease is primarily due to lower unrealized carried interest recognized by Oaktree relative to the prior period.

Income Tax Expense

Income tax expense was \$52 million for the three months ended September 30, 2023, which represents a decrease of \$88 million compared to the three months ended September 30, 2022. This decrease was driven by lower net income before taxes relative to the prior period.

Net (Income) Loss Attributable to Preferred Share Redeemable Non-Controlling Interest

Net (income) loss attributable to preferred redeemable non-controlling interest was \$11 million for the three months ended September 30, 2023. This balance represents the movement in carried interest net of carried interest allocation expense and taxes associated with mature funds due to the Corporation.

Net Loss (Income) Attributable to Non-Controlling Interest

Net loss (income) attributable to non-controlling interest was \$5 million for the three months ended September 30, 2023. This balance primarily represents carried interest on new funds that is attributable to the Corporation.

For the nine months ended September 30, 2023 and 2022

Net income for the nine months ended September 30, 2023 was \$1.6 billion, of which \$1.5 billion was attributable to common stockholders. This compares to net income of \$2.3 billion for the nine months ended September 30, 2022, of which \$1.4 billion was attributable to common stockholders.

Revenues

Revenues for the nine months ended September 30, 2023 were \$2.9 billion, which represents an increase of \$422 million or 17% compared to \$2.5 billion in the nine months ended September 30, 2022.

Base Management and Advisory Fees

Base management and advisory fees, excluding incentive distributions, for the nine months ended September 30, 2023 were \$2.1 billion, which represents an increase of \$258 million or 14% compared to the nine months ended September 30, 2022. The increase was predominantly driven by incremental contributions from capital raised for our latest flagship funds and capital deployed across our complementary strategies. Incentive distributions for the nine months ended September 30, 2023, were \$281 million, an increase of \$30 million or 12% from the nine months ended September 30, 2022, driven by growth in BIP and BEP's dividends of 6% and 5%, respectively.

Carried Interest Allocations

Realized carried interest allocations were \$32 million for the nine months ended September 30, 2023, which represents a decrease of \$63 million compared to the nine months ended September 30, 2022. Realized carried interest allocations in the period were primarily driven by dispositions within our real estate flagship funds.

Unrealized carried interest allocations were \$230 million for the nine months ended September 30, 2023, which represents an increase of \$132 million compared to the nine months ended September 30, 2022. The unrealized carried interest allocations were primarily related to growth in valuations in our private equity, real estate and transition flagship funds, partially offset by realizations in the period.

Interest and Dividend Revenue

Interest and dividend revenue for the nine months ended September 30, 2023 were \$127 million, which represents a decrease of \$99 million compared to the nine months ended September 30, 2022. The decrease was a result of the transfer of certain investments and loans of the asset management business to the Corporation as part of the Arrangement.

Other (Expenses) Revenues

Other (expenses) revenues was \$204 million for the nine months ended September 30, 2023, an increase of \$164 million compared to the nine months ended September 30, 2022. The increase is due to amounts recoverable from related parties associated with share and performance based compensation.

Expenses

Total expenses for the nine months ended were \$1.1 billion, an increase of \$50 million or 5% compared to the nine months ended September 30, 2022.

Compensation and Benefits

Compensation and benefits for the nine months ended September 30, 2023 were \$765 million, which represents an increase of \$236 million compared to the nine months ended September 30, 2022. This is primarily attributable to increased compensation costs resulting from headcount increases to support the ongoing growth of our asset management business and an increase in the employee population as a result of the Arrangement.

Other Operating Expenses

Other operating expenses are comprised of professional fees, facilities, as well as costs directly associated with our fundraising and investment functions. Other operating expenses were \$229 million for the nine months ended September 30, 2023, compared to \$174 million for the nine months ended September 30, 2022. The increase was primarily attributable to an increase in headcount and the growth in our business relative to the prior period.

Carried Interest Allocation Compensation

Compensation expenses related to carried interest allocation compensation were \$88 million for the nine months ended September 30, 2023, which represents a decrease of \$46 million compared to the nine months ended September 30, 2022. This is predominantly driven by a decline in relative valuation gains compared to the nine months ended September 30, 2022 across our funds. As outlined in the Relationship Agreement, the carried interest compensation expense associated with mature funds is fully recoverable from the Corporation.

Other (Expenses) Income, net

Other (expenses) income, net for the nine months ended September 30, 2023 primarily consists of mark-to-market appreciation on our investment in BSREP III, mark-to-market adjustments on call and put options associated with our investments in Primary Wave and Oaktree, as well as transaction costs related to the spin-off of the asset management business. Other income in the prior period relates to dividend income received from BSREP III.

Share of Income from Equity Accounted Investments

Our share of income from equity accounted investments was \$94 million compared to \$195 million in the prior period. The prior period contained the earnings associated with our ownership interest in Oaktree which included the recognition of one time items.

Income Tax Expense

Income tax expense was \$301 million for the nine months ended September 30, 2023, which represents a decrease of \$143 million compared to the nine months ended September 30, 2022. This decrease was driven by lower net income before taxes in the period.

Net (Income) Loss Attributable to Preferred Share Redeemable Non-Controlling Interest

Net (income) loss attributable to preferred redeemable non-controlling interest was \$82 million for the nine months ended September 30, 2023. This balance primarily represents the movement in carried interest net of carried interest allocation expense and taxes associated with mature funds owing to the Corporation.

Net Loss (Income) Attributable to Non-Controlling Interest

Net loss (income) attributable to non-controlling interest was \$59 million for the nine months ended September 30, 2023. This balance represents the carried interest generated on new funds that is attributable to the Corporation.

Consolidated Balance Sheets

The following table summarizes the Condensed Consolidated Balance Sheets of the Manager as at September 30, 2023 and December 31, 2022:

AS AT SEPTEMBER 30, AND DECEMBER 31, (MILLIONS)	2023	2022
Assets		
Cash and cash equivalents	\$ 12	\$ 1
Due from affiliates	823	782
Other assets	41	—
Investment in Brookfield Asset Management ULC	2,294	2,378
Total assets	\$ 3,170	\$ 3,161
Liabilities		
Accounts payable and accrued liabilities	\$ 761	\$ 781
Due to affiliates	242	3
Total liabilities	1,003	784
Equity		
Common Stock:		
Class A (unlimited authorized and 412,796,106 issued and 390,043,487 outstanding) ..	2,357	2,410
Class B (unlimited authorized and 21,280 issued and outstanding)	—	—
Class A held in treasury (22,752,619 shares)	(590)	(330)
Additional paid-in-capital	395	278
Retained (deficit) earnings	(4)	19
Accumulated other comprehensive income	—	—
Total common equity	2,158	2,377
Non-controlling interest	9	—
Total equity	2,167	2,377
Total liabilities and equity	\$ 3,170	\$ 3,161

As at September 30, 2023 and December 31, 2022

As at September 30, 2023, the Manager's total assets were \$3.2 billion, consisting primarily of the 25% interest in the Asset Management Company and reimbursements due from affiliates related to long-term executive compensation programs assumed by the Manager.

As at September 30, 2023, the Manager's total liabilities were \$1.0 billion, an increase of \$219 million compared to the prior period. Due to affiliates increased by \$239 million primarily due to borrowings on the Manager's credit facility with the Asset Management Company.

As at September 30, 2023, the Manager's total equity has decreased by \$210 million to \$2.2 billion due to the purchase of treasury shares and distributions in the period, partially offset by additional paid-in-capital related to stock based compensation plans.

Refer to the section below for details of the Asset Management Company's Condensed Consolidated and Combined Balance Sheets as at September 30, 2023 and December 31, 2022:

AS AT SEPTEMBER 30, AND DECEMBER 31, (MILLIONS)	2023	2022
Assets		
Cash and cash equivalents	\$ 2,945	\$ 3,545
Accounts receivable and other	511	429
Due from affiliates	2,089	2,121
Investments	7,336	6,877
Property, plant and equipment	69	68
Intangible assets	54	59
Goodwill	265	249
Deferred income tax assets	853	739
Total assets	\$ 14,122	\$ 14,087
Liabilities and shareholders' equity		
Accounts payable and other	\$ 1,768	\$ 1,842
Due to affiliates	859	811
Deferred income tax liabilities	68	17
Total liabilities	2,695	2,670
Preferred shares redeemable non-controlling interest	2,018	1,811
Equity		
Common equity (common shares - unlimited authorized, 1,635,327,858 issued and outstanding)	9,013	9,271
Retained earnings	(27)	84
Accumulated other comprehensive income	152	153
Additional paid-in capital	75	—
Total common equity	9,213	9,508
Non-controlling interest	196	98
Total equity	9,409	9,606
Total liabilities, redeemable non-controlling interest and equity	\$ 14,122	\$ 14,087

As at September 30, 2023 and December 31, 2022

Assets

Total assets were \$14.1 billion as at September 30, 2023, an increase of \$35 million compared to December 31, 2022 due to increases in investments, partially offset by a decrease in cash and cash equivalents.

Cash and Cash Equivalents

Cash and cash equivalents were \$2.9 billion, a decrease of \$600 million from the prior period, largely due to the acquisition of our incremental 4% ownership interest in Oaktree; prepayments of working capital needs of our managed funds that will be subsequently reimbursed; and settlements of amounts owing to affiliates. Of this balance, \$2.7 billion is on deposit with the Corporation.

Accounts Receivable and Other

Accounts receivable and other of \$511 million primarily consists of receivables from third parties, mark-to-market derivative assets and prepaid expenses. The increase over the prior period is largely driven by the prepayments of stock based compensation costs in accordance with the Asset Management Services Agreement.

Due from Affiliates

Due from affiliates of \$2.1 billion primarily relates to management fees earned but not collected from our managed funds, as well as reimbursements due from the Corporation for long-term cash and equity based compensation awards. The decrease of \$32 million from the prior period was primarily the result of the timing of settlements.

Investments

Investments are predominantly comprised of our 18% limited partnership interest in BSREP III and an approximate 68% ownership interest in Oaktree. The increase from the prior period of \$459 million was primarily a result of income earned from our investment in Oaktree during the period as well as the increase in our ownership interest from approximately 64% to approximately 68%.

Liabilities

Total liabilities were \$2.7 billion as at September 30, 2023, an increase of \$25 million compared to the prior period.

Accounts Payable and Other

Accounts payable and other primarily consists of accrued compensation and the mark-to-market of derivatives associated with put options on certain of our investments. The decrease in the period of \$74 million reflects the timing of payments and movements in the mark-to-market derivatives.

Due to Affiliates

Due to affiliates of \$859 million reflects amounts owed to affiliates; the increase of \$48 million was the result of higher borrowings from our credit facility with the Corporation and reflects the timing of payments in the normal course of operations.

Preferred Shares Redeemable Non-Controlling Interest

Preferred shares redeemable non-controlling interest was \$2.0 billion as at September 30, 2023, an increase of \$207 million compared to \$1.8 billion as at December 31, 2022. This increase was due to carried interest generated by our mature real estate and infrastructure funds during the period.

Non-Controlling Interest

Non-controlling interest was \$196 million as at September 30, 2023, an increase of \$98 million compared to \$98 million as at December 31, 2022. This increase was primarily due to carried interest generated by new funds that is owed to the Corporation during the period and other non-controlling interests associated with various entities within the asset management business.

Review of Consolidated Statement of Cash Flows

The following table summarizes the changes in the Manager's cash for the three and nine months ended September 30, 2023:

FOR THE PERIODS ENDED SEPTEMBER 30, (MILLIONS)	Three Months Ended		Nine Months Ended	
	2023		2023	
Operating activities before net change in working capital and other non-cash operating items	\$	132	\$	389
Net change in working capital		(1)		1
Other non-cash operating items		2		(1)
Operating activities		133		389
Investing activities		—		(41)
Financing activities		(133)		(337)
Change in cash and cash equivalents	\$	—	\$	11

For the three months ended September 30, 2023

The change in cash and cash equivalents for the Manager for the three months ended September 30, 2023 was \$nil.

During the period, the Manager's operating activities generated positive cashflows of \$133 million. Excluding net change in working capital and other non-cash operating items, operating cash inflows were \$132 million during the period.

Net cash outflows from financing activities totaled \$133 million. These activities largely relate to distributions paid to the Manager's shareholders and the purchase of treasury shares. These outflows were partially offset by cash drawn on the credit facility between the Manager and the Asset Management Company.

For the nine months ended September 30, 2023

For the nine months ended September 30, 2023, the Manager's activities generated \$11 million of net cashflow.

During the period, the Manager's operating activities generated positive cashflows of \$389 million. Excluding net change in working capital and other non-cash operating items, operating cash inflows were \$389 million.

Net cash outflows from investing activities totaled \$41 million, primarily reflecting the purchase of the tracking option to acquire the Company's shares as per the Management Share Option Plan.

Net cash outflows from financing activities totaled \$337 million, primarily attributed to the distributions paid to the Manager's shareholders and the purchase of treasury shares. These outflows were partially offset by cash drawn on the credit facility between the Manager and the Asset Management Company.

Refer to the following table that summarizes our asset management business' Condensed Consolidated and Combined Statement of Cash Flows for the three and nine months ended September 30, 2023.

FOR THE PERIODS ENDED SEPTEMBER 30, (MILLIONS)	Three Months Ended		Nine Months Ended					
	2023	2022	2023	2022				
Operating activities before net change in working capital and other non-cash operating items	\$	480	\$	332	\$	1,432	\$	1,318
Net change in working capital		116		1,588		(360)		3,049
Other non-cash operating items		3		157		22		(22)
Operating activities		599		2,077		1,094		4,345
Investing activities		36		130		(209)		53
Financing activities		(608)		(2,245)		(1,485)		(4,288)
Change in cash and cash equivalents	\$	27	\$	(38)	\$	(600)	\$	110

For the three months ended September 30, 2023 and 2022

For the three months ended September 30, 2023, the asset management business generated net cash inflows of \$27 million.

During the period, the Company's operating activities generated positive cashflows of \$599 million, compared to net inflows of \$2.1 billion in the prior period. Excluding net change in working capital and other non-cash operating items, operating cash inflows were \$480 million, representing an increase of \$148 million compared to the prior period.

Investing Activities

Net cash inflows from investing activities totaled \$36 million, compared to the net inflows of \$130 million in the prior period. The prior period includes net inflows associated with the disposition of financial assets.

Financing Activities

Net cash outflows from financing activities totaled \$608 million, compared to net outflows of \$2.2 billion in the prior period. The current period primarily consists of distributions to stockholders of \$524 million and the advance of \$65 million of loans to the Manager on its revolving credit facility. The prior period outflow was predominantly driven by a repayment of \$1.4 billion in capital to the parent, capital borrowings of \$632 million, and a repayment of \$400 million in capital to redeemable non-controlling interest.

For the nine months ended September 30, 2023 and 2022

For the nine months ended September 30, 2023, the Company's activities resulted in net cash outflows of \$600 million.

During the period, the Company's operating activities generated positive cashflows of \$1.1 billion, compared to \$4.3 billion in the prior period. Excluding net change in working capital and other non-cash operating items, operating cash inflows were \$1.4 billion, representing an increase of \$114 million compared to the prior period.

Investing Activities

Net cash outflows from investing activities totaled \$209 million, compared to inflows of \$53 million in the prior period. The current period investing activity primarily consists of the purchase of the incremental 4% ownership interest in Oaktree. The prior period investing activity inflow was predominantly driven by the disposition of financial assets.

Financing Activities

Net cash outflows from financing activities totaled \$1.5 billion, compared to outflows of \$4.3 billion in the prior period. The current period primarily consists of distributions to shareholders of \$1.6 billion, partially offset by borrowings from related parties of \$194 million and preferred equity issuances of \$63 million. The prior period outflows were primarily as a result of capital repaid to parent of \$4.1 billion and capital repaid to redeemable non-controlling interest, partially offset by inflows from corporate borrowing.

Analysis of Key Non-GAAP Financial and Operating Measures of Our Asset Management Business

The following section contains a discussion and analysis of key financial and operating measures utilized in managing our asset management business, including for performance measurement, capital allocation and valuation purposes. For further detail on our non-GAAP and performance measures, please refer to “Key Financial and Operating Measures.”

Distributable Earnings

FOR THE PERIODS ENDED SEPTEMBER 30, (MILLIONS)	Three Months Ended		Nine Months Ended	
	2023	2022	2023	2022
Fee Revenues	\$ 1,109	\$ 1,021	\$ 3,275	\$ 2,979
Fee-Related Earnings ¹	565	523	1,660	1,531
Add back: equity-based compensation costs and other income	49	22	149	58
Cash taxes	(46)	(21)	(151)	(63)
Distributable Earnings	<u>\$ 568</u>	<u>\$ 524</u>	<u>\$ 1,658</u>	<u>\$ 1,526</u>

1. Fee-Related Earnings include Oaktree’s Fee-Related Earnings at our approximate 68% ownership interest (2022 - 64%).

For the three months ended September 30, 2023 and 2022

Distributable Earnings were \$568 million for the three months ended September 30, 2023, an increase of \$44 million compared to the prior period. The increase was driven by higher Fee-Related Earnings, primarily attributable to fundraising and capital deployment efforts across our flagship funds, partially offset by lower fees from our permanent capital vehicles due to a decline in their share prices compared to the prior period and an increase in costs as we continue to scale our asset management business. In addition, equity-based compensation costs and other income increased by \$27 million primarily due to interest income on our deposit with the Corporation. The overall increase in Distributable Earnings was partially offset by an increase in Cash taxes of \$25 million.

For the nine months ended September 30, 2023 and 2022

Distributable Earnings were \$1.7 billion for the nine months ended September 30, 2023, an increase of \$132 million or 9% compared to the prior period. The increase was driven by higher Fee-Related Earnings, primarily attributable to fundraising and capital deployment efforts. These increases were partially offset by lower fees from our permanent capital vehicles due to a decline in their share prices compared to the prior period and an increase in costs as we continue to scale our asset management business. In addition, equity-based compensation costs and other income increased by \$91 million, primarily due to interest income on our deposit with the Corporation. The overall increase in Distributable Earnings was partially offset by an increase in Cash taxes of \$88 million.

Fee-Bearing Capital

The following table summarizes Fee-Bearing Capital as at September 30, 2023 and December 31, 2022:

AS AT (MILLIONS)	Long-term private funds	Perpetual strategies	Liquid strategies	Total
Renewable power and transition	\$ 27,941	\$ 20,523	\$ —	\$ 48,464
Infrastructure	50,304	46,347	—	96,651
Real estate	70,500	29,945	—	100,445
Private equity	34,576	7,265	—	41,841
Credit and other	53,064	38,310	60,730	152,104
September 30, 2023	<u>\$ 236,385</u>	<u>\$ 142,390</u>	<u>\$ 60,730</u>	<u>\$ 439,505</u>
December 31, 2022	<u>\$ 218,992</u>	<u>\$ 135,575</u>	<u>\$ 63,296</u>	<u>\$ 417,863</u>

The changes are set out in the following tables for the three and nine months ended September 30, 2023:

AS AT AND FOR THE THREE MONTHS ENDED (MILLIONS)	Renewable power and transition	Infrastructure	Real estate	Private equity	Credit and other	Total
Balance, June 30, 2023	\$ 51,921	\$ 96,574	\$ 98,181	\$ 40,536	\$ 152,536	\$ 439,748
Inflows	521	4,581	5,277	1,669	6,736	18,784
Outflows	—	—	(97)	—	(4,356)	(4,453)
Distributions	(287)	(592)	(949)	(88)	(2,026)	(3,942)
Market valuation	(3,621)	(4,015)	(764)	(255)	(1,031)	(9,686)
Other	(70)	103	(1,203)	(21)	245	(946)
Change	(3,457)	77	2,264	1,305	(432)	(243)
Balance, September 30, 2023	\$ 48,464	\$ 96,651	\$ 100,445	\$ 41,841	\$ 152,104	\$ 439,505

Fee-Bearing Capital was \$440 billion as at September 30, 2023 compared to \$440 billion as at June 30, 2023. The decrease of \$243 million was primarily attributable to a decrease in market valuation of \$9.7 billion as a result of a decrease in the share prices of our listed permanent capital vehicles as well as distributions across long-term private funds, perpetual strategies and outflows from our liquid strategies. These decreases were partially offset by inflows of \$19 billion resulting from deployments within our credit and other funds, including investments within our insurance solutions business as well as fundraising and capital deployments within our infrastructure and real estate funds.

AS AT AND FOR THE NINE MONTHS ENDED (MILLIONS)	Renewable power and transition	Infrastructure	Real estate	Private equity	Credit and other	Total
Balance, December 31, 2022	\$ 47,218	\$ 85,887	\$ 103,025	\$ 39,317	\$ 142,416	\$ 417,863
Inflows	3,666	11,036	8,658	4,234	22,252	49,846
Outflows	—	(6)	(373)	—	(12,724)	(13,103)
Distributions	(1,335)	(2,494)	(4,477)	(204)	(3,886)	(12,396)
Market valuation	(551)	806	(2,397)	(547)	2,388	(301)
Other	(534)	1,422	(3,991)	(959)	1,658	(2,404)
Change	1,246	10,764	(2,580)	2,524	9,688	21,642
Balance, September 30, 2023	\$ 48,464	\$ 96,651	\$ 100,445	\$ 41,841	\$ 152,104	\$ 439,505

Fee-Bearing Capital was \$440 billion as at September 30, 2023 compared to \$418 billion as at December 31, 2022. The increase of \$21.6 billion was primarily attributable to inflows within our credit and other strategy due to capital deployed within our closed-end funds and other investments in our insurance solutions business. Fundraising and capital deployments across our other strategies also contributed to the increase of Fee-Bearing Capital. The overall increase of Fee-Bearing Capital was partially offset by distributions to our unitholders and outflows due to redemptions within our credit funds and liquid strategies.

Fee Revenues and Fee-Related Earnings

FOR THE PERIODS ENDED SEPTEMBER 30, (MILLIONS)	Three Months Ended		Nine Months Ended	
	2023	2022	2023	2022
Base management fees ¹	\$ 998	\$ 935	\$ 2,962	\$ 2,679
Incentive distributions	94	84	282	252
Transaction and advisory fees	17	2	31	48
Fee Revenues	1,109	1,021	3,275	2,979
Less: direct costs ²	(511)	(462)	(1,522)	(1,339)
	598	559	1,753	1,640
Less: Fee-Related Earnings not attributable to the asset management business	(33)	(36)	(93)	(109)
Fee-Related Earnings	\$ 565	\$ 523	\$ 1,660	\$ 1,531

1. Base management fees and direct costs are presented on a 100% basis. Base management fees and direct costs for Oaktree totaled \$309 million and \$210 million, respectively, for the three months ended September 30, 2023 (2022 - \$296 million and \$198 million) and \$897 million and \$618 million respectively, for the nine months ended September 30, 2023 (2022 - \$864 million and \$567 million). Refer to Note 3 - "Investments" of the Condensed Consolidated and Combined Financial Statements included elsewhere in this Form 6-K for additional disclosures related to Oaktree revenues, expenses, and net income.

2. Direct costs include compensation expenses, other operating expenses and general, administrative, and other expenses and related Oaktree direct costs at 100%.

For the three months ended September 30, 2023 and 2022

Fee Revenues for the three months ended September 30, 2023 were \$1.1 billion, an increase of \$88 million or 9% compared to the prior period. This increase was predominantly due to higher base management fees of \$63 million or 7%, driven by fees earned on our infrastructure, real estate and private equity flagship funds. Fees generated within our credit and other platform increased as a result of higher Fee-Bearing Capital arising from capital deployments and valuation increases. These increases were partially offset by lower fees from our listed permanent capital vehicles, due to decreases in market capitalizations, and lower fees from our perpetual strategy due to a decline in net asset values.

Incentive distributions increased by \$10 million as a result of an increase in BEP and BIP's quarterly dividend over the prior year of 5% and 6%, respectively. In addition, transaction and advisory fees associated with our fifth infrastructure flagship fund increased \$15 million.

Direct costs primarily consist of employee expenses and professional fees, as well as business related technology costs and other shared services. Direct costs increased by \$49 million or 11% from prior period as we continue to scale our asset management business, including enhancing our fundraising and client service capabilities and developing new complementary strategies.

Fee-Related Earnings not attributable to the asset management business reflects the non-controlling interest related to the earnings of Oaktree and other equity method investments and is deducted to arrive at Fee-Related Earnings.

Fee-Related Earnings increased by \$42 million, primarily attributable to the aforementioned increase in Fee Revenues, partially offset by direct costs.

For the nine months ended September 30, 2023 and 2022

Fee Revenues for the nine months ended September 30, 2023 were \$3.3 billion, an increase of \$296 million or 10% compared to prior period. This increase was predominantly due to an increase in base management fees of \$283 million or 11%, driven by fees earned on our infrastructure, real estate and private equity flagship funds and incremental fees earned in our credit and other platform as a result of capital deployed across our opportunistic credit funds. The increase in base management fees was partially offset by lower fees from our listed permanent capital vehicles due to decreases in market capitalizations. In addition, fees from our perpetual strategy declined due to the decrease in net asset values of underlying assets.

Incentive distributions increased by \$30 million as a result of an increase in BIP and BEP's quarterly dividend over the prior year of 5% and 6%, respectively.

Direct costs increased by \$183 million or 14% from prior period as we continue to scale our asset management business.

Fee-Related Earnings increased by \$129 million, primarily attributable to the aforementioned increase in Fee Revenues, partially offset by increased direct costs.

Investment Strategy Results

In each of our product categories, we invest globally in various investment strategies, each benefiting from strong secular tailwinds that provide an expanding multi-trillion dollar investable universe. Our investment strategies are (a) renewable power and transition, (b) infrastructure, (c) real estate, (d) private equity, and (e) credit and other.

The following tables summarize Fee Revenues and Fee-Bearing Capital by investment strategy:

Fee Revenues

FOR THE PERIODS ENDED SEPTEMBER 30, (MILLIONS)	Three Months Ended		Nine Months Ended	
	2023	2022	2023	2022
Renewable power and transition	\$ 144	\$ 144	\$ 453	\$ 447
Infrastructure	321	270	925	796
Real estate	244	235	753	686
Private equity	130	119	364	320
Credit and other	270	253	780	730
Total Fee Revenues	\$ 1,109	\$ 1,021	\$ 3,275	\$ 2,979

Fee-Bearing Capital

AS AT SEPTEMBER 30, 2023 AND DECEMBER 31, 2022 (MILLIONS)	2023	2022
Renewable power and transition	\$ 48,464	\$ 47,218
Infrastructure	96,651	85,887
Real estate	100,445	103,025
Private equity	41,841	39,317
Credit and other	152,104	142,416
Total Fee-Bearing Capital	\$ 439,505	\$ 417,863

FOR THE PERIODS ENDED SEPTEMBER 30, (MILLIONS)	Three Months Ended		Nine Months Ended	
	2023	2022	2023	2022
Balance, beginning of period	\$ 439,748	\$ 391,756	\$ 417,863	\$ 364,133
Inflows	18,784	29,199	49,846	82,935
Outflows	(4,453)	(5,184)	(13,103)	(15,793)
Distributions	(3,942)	(2,160)	(12,396)	(9,394)
Market valuation	(9,686)	(4,618)	(301)	(14,651)
Other	(946)	(2,233)	(2,404)	(470)
Change	(243)	15,004	21,642	42,627
Balance, end of period	\$ 439,505	\$ 406,760	\$ 439,505	\$ 406,760

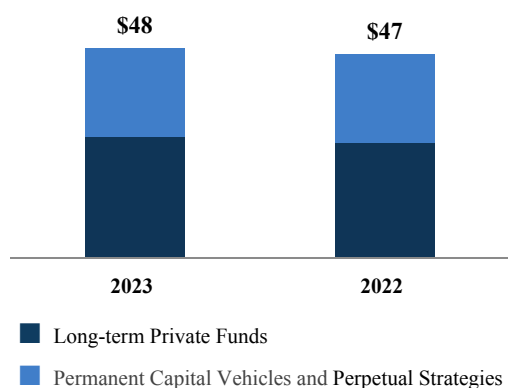
Renewable Power and Transition

Summary of Key Financial and Operating Measures

The following charts provide the Fee-Bearing Capital of our renewable power and transition investment strategy as at September 30, 2023 and December 31, 2022, and Fee Revenues for the three months ended September 30, 2023 and 2022.

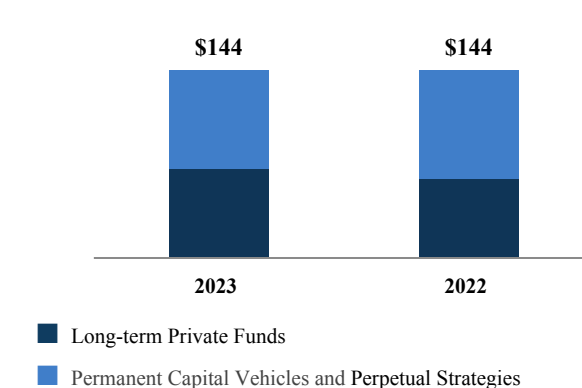
Fee-Bearing Capital

AS AT SEP 30, 2023 AND DEC 31, 2022 (BILLIONS)



Fee Revenues

FOR THE THREE MONTHS ENDED SEP 30 (MILLIONS)



The following provides explanations of significant movements during the presented periods.

Fee-Bearing Capital

AS AT SEPTEMBER 30, 2023 AND DECEMBER 31, 2022
(MILLIONS)

	2023	2022
Long-term private funds	\$ 27,941	\$ 26,708
Permanent capital vehicles and perpetual strategies	20,523	20,510
Total Fee-Bearing Capital	\$ 48,464	\$ 47,218

	Three Months Ended		Nine Months Ended	
	2023	2022	2023	2022
FOR THE PERIODS ENDED SEPTEMBER 30, (MILLIONS)				
Balance, beginning of period	\$ 51,921	\$ 50,038	\$ 47,218	\$ 47,525
Inflows	521	2,851	3,666	5,840
Outflows	—	—	—	—
Distributions	(287)	(235)	(1,335)	(1,125)
Market valuation	(3,621)	(1,804)	(551)	(1,876)
Other	(70)	109	(534)	595
Change	(3,457)	921	1,246	3,434
Balance, end of period	\$ 48,464	\$ 50,959	\$ 48,464	\$ 50,959

For the three months ended September 30, 2023 and 2022

During the three months ended September 30, 2023, Fee-Bearing Capital decreased by \$3.5 billion or 7%, to \$48 billion, primarily attributable to a decrease in the market capitalization of BEP resulting from a decline in its share price and distributions paid to BEP's unitholders. This decrease was partially offset by inflows from fundraising across our fund strategies during the period.

During the three months ended September 30, 2022, Fee-Bearing Capital increased by \$921 million or 2% to \$51 billion. The increase was predominantly due to inflows from capital raised across our global transition fund and other fund strategies. This increase was partially offset by a decrease in market valuation as a result of the lower market capitalization of BEP and distributions to our investors.

For the nine months ended September 30, 2023 and 2022

During the nine months ended September 30, 2023, Fee-Bearing Capital increased by \$1.2 billion or 3% to \$48 billion. This increase was driven by an increase in inflows attributable to fundraising, capital deployments across our fund strategies, as well as BEP's \$650 million equity offering in the second quarter of 2023. These increases were partially offset by distributions paid to BEP's unitholders and limited partners of our long-term private funds, and a decrease in the market capitalization of BEP, due to a decrease in its share price year-to-date.

During the nine months ended September 30, 2022, Fee-Bearing Capital increased by \$3.4 billion or 7% to \$51 billion, predominantly due to inflows from capital raised for our transition fund and other perpetual strategies. This increase was partially offset by distributions to our investors and a decrease in market valuation as a result of the lower market capitalization of BEP.

Fee Revenues

FOR THE PERIODS ENDED SEPTEMBER 30, (MILLIONS)	Three Months Ended		Nine Months Ended	
	2023	2022	2023	2022
Management and advisory fees				
Long-term private funds				
Flagship funds	\$ 61	\$ 56	\$ 176	\$ 148
Co-investment and other funds	5	4	19	14
	66	60	195	162
Perpetual strategies				
BEP ¹	43	59	155	200
Co-investment and other funds	3	—	8	—
	46	59	163	200
Catch-up fees	4	1	7	12
Transaction and advisory fees	—	—	4	1
Total management and advisory fees	116	120	369	375
Incentive distributions	28	24	84	72
Total Fee Revenues	\$ 144	\$ 144	\$ 453	\$ 447

1. BEP Fee-Bearing Capital as at September 30, 2023 is \$20 billion (2022 - \$21 billion)

For the three months ended September 30, 2023 and 2022

Fee Revenues of \$144 million for the three months ended September 30, 2023 were in line with the three months ended September 30, 2022. The decline in fees earned from BEP, resulting from the decrease in its market capitalization, was offset by an increase in incentive distributions from BEP due to a 5% increase in distributions compared to the prior period and other fee revenues.

For the nine months ended September 30, 2023 and 2022

Fee Revenues increased by \$6 million or 1% for the nine months ended September 30, 2023 relative to the nine months ended September 30, 2022. Fees from our long-term private funds increased \$33 million relative to prior period due to an increase in fees earned on our global transition fund as well as an increase in fundraising and capital deployments across our other private funds. Incentive distributions from BEP increased by \$12 million, due to a 5% increase in distributions compared to the prior period. These increases were partially offset by a decrease in perpetual strategy fees of \$37 million predominantly due to lower fees earned from BEP resulting from a decrease in its market capitalization.

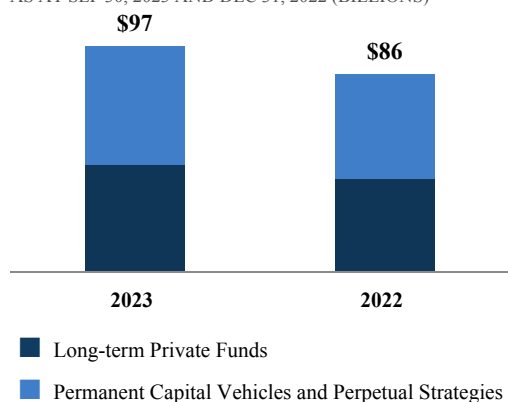
Infrastructure

Summary of Key Financial and Operating Measures

The following charts provide the Fee-Bearing Capital of our Infrastructure investment strategy as at September 30, 2023 and December 31, 2022, and Fee Revenues for the three months ended September 30, 2023 and 2022.

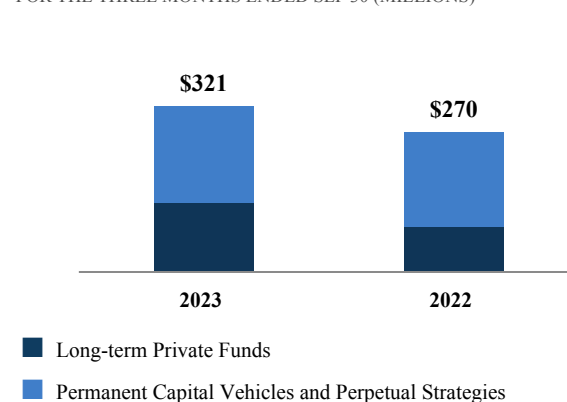
Fee-Bearing Capital

AS AT SEP 30, 2023 AND DEC 31, 2022 (BILLIONS)



Fee Revenues

FOR THE THREE MONTHS ENDED SEP 30 (MILLIONS)



We have provided additional detail below to explain significant movements during the presented periods.

Fee-Bearing Capital

AS AT SEPTEMBER 30, 2023 AND DECEMBER 31, 2022
(MILLIONS)

	2023	2022
Long-term private funds	\$ 50,304	\$ 44,512
Permanent capital vehicles and perpetual strategies	46,347	41,375
Total Fee-Bearing Capital	\$ 96,651	\$ 85,887

	Three Months Ended		Nine Months Ended	
	2023	2022	2023	2022
FOR THE PERIODS ENDED SEPTEMBER 30, (MILLIONS)				
Balance, beginning of period	\$ 96,574	\$ 74,164	\$ 85,887	\$ 67,736
Inflows	4,581	13,460	11,036	23,051
Outflows	—	—	(6)	—
Distributions	(592)	(664)	(2,494)	(2,816)
Market valuation	(4,015)	120	806	(1,339)
Other	103	414	1,422	862
Change	77	13,330	10,764	19,758
Balance, end of period	\$ 96,651	\$ 87,494	\$ 96,651	\$ 87,494

For the three months ended September 30, 2023 and 2022

During the three months ended September 30, 2023, Fee-Bearing Capital increased by \$77 million to \$97 billion, predominantly due to inflows from fundraising for our fifth flagship fund, other fund strategies and an equity issuance by BIPC. This was partially offset by a decrease in Fee-Bearing Capital of \$4.0 billion as a result of the lower market capitalization of BIP due to the decrease in its share price. Additionally, distributions paid to limited partners in our long-term private funds, and unitholders across our permanent capital vehicles and perpetual strategies also contributed to the decrease.

During the three months ended September 30, 2022, Fee-Bearing Capital increased by \$13.3 billion or 18% to \$87 billion. This was primarily as a result of fundraising for our fifth flagship fund and other long-term private funds as well as capital deployments within our perpetual infrastructure fund. These increases were partially offset by distributions to unitholders.

For the nine months ended September 30, 2023 and 2022

During the nine months ended September 30, 2023, Fee-Bearing Capital increased by \$10.8 billion or 13% to \$97 billion. This increase was predominantly due to capital raised for our fifth flagship fund, as well as capital deployed for follow-on investments within our third flagship fund. Additionally, Fee-Bearing Capital increased as a result of debt issuances from BIP. These increases were partially offset by distributions paid to limited partners in our long-term private funds and to unitholders across our permanent capital vehicles.

During the nine months ended September 30, 2022, Fee-Bearing Capital increased by \$19.8 billion or 29% to \$87 billion. Inflows were predominantly due to inflows from fundraising in our fifth flagship fund, a capital market issuance, capital deployed within our perpetual strategies, and capital deployed for follow-on investments within our third flagship fund. These increases were partially offset by a decrease in market valuations as a result of the lower market capitalization of BIP and distributions to our investors.

Fee Revenues

FOR THE PERIODS ENDED SEPTEMBER 30, (MILLIONS)	Three Months Ended		Nine Months Ended	
	2023	2022	2023	2022
Management and advisory fees				
Long-term private funds				
Flagship funds	\$ 94	\$ 79	\$ 273	\$ 188
Co-investment and other funds	12	9	40	29
	106	88	313	217
Perpetual strategies				
BIP ¹	97	106	303	329
Co-investment and other funds	25	16	70	37
	122	122	373	366
Catch-up fees	15	—	25	—
Transaction and advisory fees	12	—	16	33
Total management and advisory fees	255	210	727	616
Incentive distributions	66	60	198	180
Total Fee Revenues	\$ 321	\$ 270	\$ 925	\$ 796

1. BIP Fee-Bearing Capital as at September 30, 2023 is \$31 billion (2022 - \$29 billion).

For the three months ended September 30, 2023 and 2022

Fee Revenues increased by \$51 million or 19% for the three months ended September 30, 2023 relative to the three months ended September 30, 2022. Fees from our long-term private funds increased by \$18 million, primarily due to capital raised for our fifth flagship fund.

Fee Revenues on our perpetual strategies of \$122 million were in line with the prior period due to lower fees earned from BIP as a result of its lower market capitalization from a decline in its stock price. This decline was offset by higher fees earned from our other perpetual strategies resulting from capital deployed in other funds. Additionally, catch-up and transaction and advisory fees increased by \$15 million and \$12 million, respectively on our fifth flagship fund. The increase in catch-up fees was due to fundraising during the quarter whereas the increase in transaction and advisory fees was driven by co-investment activity. Higher incentive distributions of \$6 million was due to an increase in BIP's quarterly dividend over the prior year.

For the nine months ended September 30, 2023 and 2022

Fee Revenues increased by \$129 million or 16% for the nine months ended September 30, 2023 relative to the nine months ended September 30, 2022. Fees from our long-term private funds increased by \$96 million primarily due to capital raised for our fifth flagship fund. Fee Revenues from our perpetual strategies increased by \$7 million, driven by capital deployed by BSIP, partially offset by lower fees earned from BIP due to a lower market capitalization from a decline in its stock price. Catch-up fees increased by \$25 million due to follow on closes for our fifth flagship fund and incentive distributions increased by \$18 million

due to an increase in BIP's quarterly dividend. The increases were partially offset by a decrease of \$17 million of transaction and advisory fees as the prior year benefited from fees that were one time in nature.

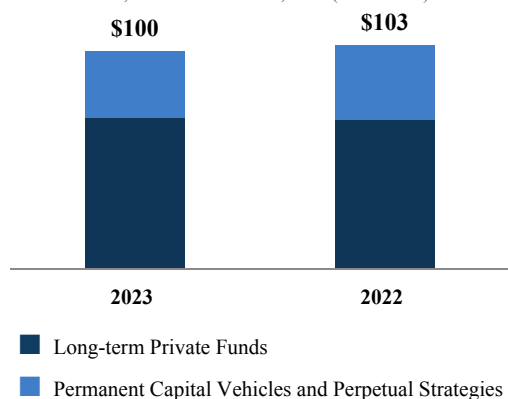
Real Estate

Summary of Key Financial and Operating Measures

The following charts provide the Fee-Bearing Capital for our Real Estate investment strategy as at September 30, 2023 and December 31, 2022, and Fee Revenues for the three months ended September 30, 2023 and 2022.

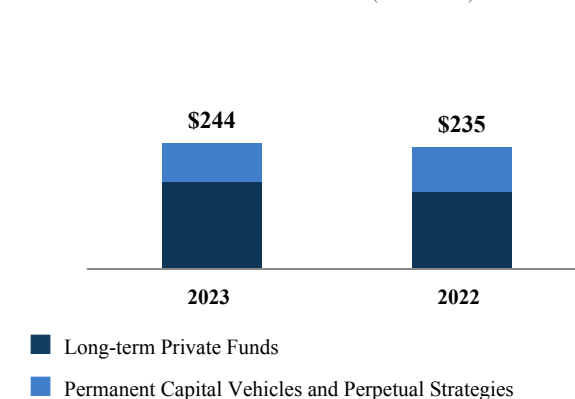
Fee-Bearing Capital

AS AT SEP 30, 2023 AND DEC 31, 2022 (BILLIONS)



Fee Revenues

FOR THE THREE MONTHS ENDED SEP 30 (MILLIONS)



We have provided additional details, where referenced, to explain significant movements from the prior period.

Fee-Bearing Capital

AS AT SEPTEMBER 30, 2023 AND DECEMBER 31, 2022 (MILLIONS)

	2023	2022
Long-term private funds	\$ 70,500	\$ 69,473
Permanent capital vehicles and perpetual strategies	29,945	33,552
Total Fee-Bearing Capital	\$ 100,445	\$ 103,025

	Three Months Ended		Nine Months Ended	
	2023	2022	2023	2022
FOR THE PERIODS ENDED SEPTEMBER 30, (MILLIONS)				
Balance, beginning of period	\$ 98,181	\$ 89,346	\$ 103,025	\$ 82,282
Inflows	5,277	1,824	8,658	8,114
Outflows	(97)	(90)	(373)	(336)
Distributions	(949)	(864)	(4,477)	(3,524)
Market valuation	(764)	390	(2,397)	2,576
Other	(1,203)	(523)	(3,991)	971
Change	2,264	737	(2,580)	7,801
Balance, end of period	\$ 100,445	\$ 90,083	\$ 100,445	\$ 90,083

For the three months ended September 30, 2023 and 2022

During the three months ended September 30, 2023, Fee-Bearing Capital increased by \$2.3 billion or 2% to \$100 billion, primarily attributable to inflows from the completion of the first close of our fifth flagship fund. This increase was partially offset by the end of the management fee payment period in one of our funds, distributions to our Limited Partners and lower market valuations across our perpetual fund strategies.

During the three months ended September 30, 2022, Fee-Bearing Capital increased by \$737 million or 1% to \$90 billion, predominantly due to inflows from capital raised for our fourth flagship real estate fund, capital deployed across various other fund strategies, and higher market valuations across our perpetual strategies. These increases were partially offset by distributions to our investors.

For the nine months ended September 30, 2023 and 2022

During the nine months ended September 30, 2023, Fee-Bearing Capital decreased by \$2.6 billion or 3% to \$100 billion predominantly due to distributions from our perpetual strategies, flagship and other private funds. Additionally, our long-term private funds decreased due to the change in the fee base of one of our flagship funds from committed capital to invested capital as a result of the end of the commitment period. Our permanent capital vehicles and perpetual strategies decreased due to a decline in the market valuation of certain assets. These decreases were partially offset by inflows attributable to the completion of our first close within our fifth flagship fund.

During the nine months ended September 30, 2022, Fee-Bearing Capital increased by \$7.8 billion or 9% to \$90 billion, predominantly due to inflows from capital raised for our fourth flagship real estate fund and capital deployed across various other fund strategies. Additionally, Fee-Bearing Capital increased due to higher market valuations in our perpetual strategies. These increases were partially offset by distributions to our investors.

Fee Revenues

FOR THE PERIODS ENDED SEPTEMBER 30, (MILLIONS)	Three Months Ended		Nine Months Ended	
	2023	2022	2023	2022
Management and advisory fees				
Long-term private funds				
Flagship funds	\$ 100	\$ 89	\$ 292	\$ 261
Co-investment and other funds	71	54	226	159
	171	143	518	420
Perpetual strategies				
BPG ¹	49	57	149	170
Co-investment and other funds	24	28	82	77
	73	85	231	247
Catch-up fees	—	7	1	19
Transaction and advisory fees	—	—	3	—
Total management and advisory fees	244	235	753	686
Incentive distributions	—	—	—	—
Total Fee Revenues	\$ 244	\$ 235	\$ 753	\$ 686

1. BPG Fee-Bearing Capital as at September 30, 2023 is \$19 billion (2022 - \$21 billion).

For the three months ended September 30, 2023 and 2022

Fee Revenues increased by \$9 million or 4% for the three months ended September 30, 2023 relative to the three months ended September 30, 2022. Our long-term private funds contributed \$28 million to this increase primarily due to contributions from a full quarter of fees on our fourth flagship fund as well as fees earned on other fund investments. These increases were partially offset by the decrease in revenues earned from our perpetual vehicle due to a decline in its net asset value.

For the nine months ended September 30, 2023 and 2022

During the nine months ended September 30, 2023, Fee Revenues increased by \$67 million or 10% due to the increase in revenues earned by our fourth flagship fund as a result of increased commitments throughout 2022, as well as an increase in fees earned on other fund investments. These increases were partially offset by catch-up fees recognized on our fourth flagship fund in the prior year and a decrease in fees earned by our perpetual vehicle due to the decrease in Fee-Bearing Capital of BPG as well as the disposition of investments within earlier vintages of our flagship funds.

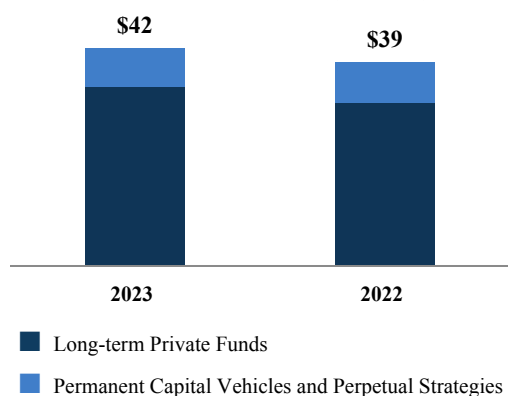
Private Equity

Summary of Key Financial and Operating Measures

The following charts provide the Fee-Bearing Capital of our Private Equity investment strategy as at September 30, 2023 and December 31, 2022, and Fee Revenues for the three months ended September 30, 2023 and 2022.

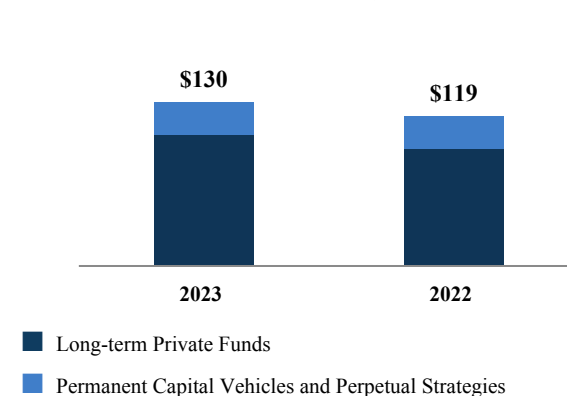
Fee-Bearing Capital

AS AT SEP 30, 2023 AND DEC 31, 2022 (BILLIONS)



Fee Revenues

FOR THE THREE MONTHS ENDED SEP 30 (MILLIONS)



We have provided additional detail below to explain significant movements during the presented periods.

Fee-Bearing Capital

AS AT SEPTEMBER 30, 2023 AND DECEMBER 31, 2022
(MILLIONS)

	2023	2022
Long-term private funds	\$ 34,576	\$ 31,501
Permanent capital vehicles and perpetual strategies	7,265	7,816
Total Fee-Bearing Capital	\$ 41,841	\$ 39,317

	Three Months Ended		Nine Months Ended	
	2023	2022	2023	2022
FOR THE PERIODS ENDED SEPTEMBER 30, (MILLIONS)				
Balance, beginning of period	\$ 40,536	\$ 38,954	\$ 39,317	\$ 34,395
Inflows	1,669	686	4,234	7,027
Outflows	—	—	—	—
Distributions	(88)	(90)	(204)	(695)
Market valuation	(255)	(442)	(547)	(1,986)
Other	(21)	(999)	(959)	(632)
Change	1,305	(845)	2,524	3,714
Balance, end of period	\$ 41,841	\$ 38,109	\$ 41,841	\$ 38,109

For the three months ended September 30, 2023 and 2022

During the three months ended September 30, 2023, Fee-Bearing Capital increased by \$1.3 billion or 3% to \$42 billion primarily due to capital raised as part of the final close for our sixth flagship private equity fund and capital deployed across various funds.

During the three months ended September 30, 2022, Fee-Bearing Capital decreased by \$845 million or 2% to \$38 billion, predominantly due to a decrease in market valuations as a result of the lower market capitalization of BBU and distributions to our investors. This decrease was partially offset by inflows from our sixth flagship private equity fund and capital deployed across various funds.

For the nine months ended September 30, 2023 and 2022

During the nine months ended September 30, 2023, Fee-Bearing Capital increased by \$2.5 billion or 6% to \$42 billion. Our long-term private funds contributed an increase in inflows of \$4.2 billion. This was largely driven by capital raised for our sixth flagship private equity fund, and capital deployed across other strategies. This increase was partially offset by the expiration of the management fee period of a mature flagship fund and distributions to our investors.

During the nine months ended September 30, 2022, Fee-Bearing Capital increased by \$3.7 billion or 11% to \$38 billion due to inflows associated with our flagship funds and capital deployed in other strategies. This increase was partially offset by distributions to our investors and by a decrease in market valuation resulting from the decline in BBU's share price.

Fee Revenues

FOR THE PERIODS ENDED SEPTEMBER 30, (MILLIONS)	Three Months Ended		Nine Months Ended	
	2023	2022	2023	2022
Management and advisory fees				
Long-term private funds				
Flagship funds	\$ 47	\$ 40	\$ 133	\$ 95
Co-investment and other funds	46	54	139	149
	93	94	272	244
Perpetual strategies				
BBU ¹	23	23	69	70
	23	23	69	70
Catch-up fees	9	—	15	—
Transaction and advisory fees	5	2	8	6
Total management and advisory fees	130	119	364	320
Incentive distributions	—	—	—	—
Total Fee Revenues	\$ 130	\$ 119	\$ 364	\$ 320

1. BBU Fee-Bearing Capital as at September 30, 2023 is \$7 billion (2022 - \$8 billion).

For the three months ended September 30, 2023 and 2022

Fee Revenues increased by \$11 million or 9% for the three months ended September 30, 2023 relative to the three months ended September 30, 2022. This increase was primarily due to capital raised for our sixth flagship fund which experienced a \$7 million increase in Fee Revenues resulting from new commitments and a \$9 million increase in catch-up fees. This increase was partially offset by a decrease in fees earned within our other funds.

For the nine months ended September 30, 2023 and 2022

Fee Revenues increased by \$44 million or 14% for the nine months ended September 30, 2023 relative to the nine months ended September 30, 2022. This increase was primarily due to capital raised for our sixth flagship fund which experienced a \$38 million increase in Fee Revenues and catch up fees, primarily attributable to fundraising. This increase was partially offset by a decrease in fees earned within our other funds.

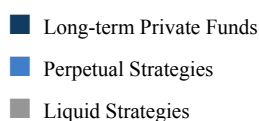
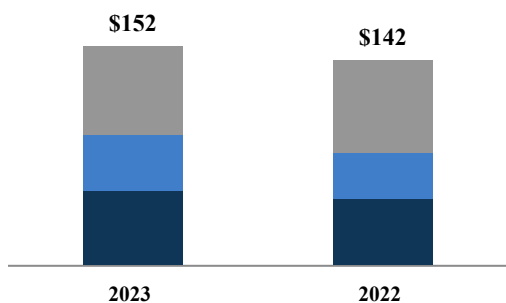
Credit and Other

Summary of Key Financial and Operating Measures

The following charts provide the Fee-Bearing Capital of our credit and other investment strategy as at September 30, 2023 and December 31, 2022 and Fee Revenues for the three months ended September 30, 2023 and 2022.

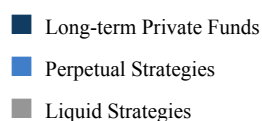
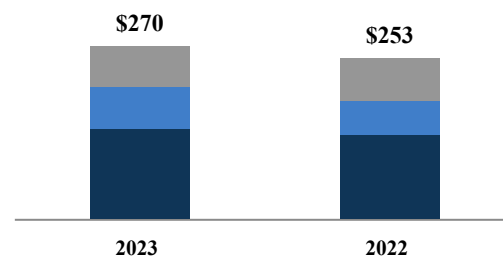
Fee-Bearing Capital

AS AT SEP 30, 2023 AND DEC 31, 2022 (BILLIONS)



Fee Revenues

FOR THE THREE MONTHS ENDED SEP 30 (MILLIONS)



We have provided additional detail below to explain significant movements during the presented periods.

Fee-Bearing Capital

AS AT SEPTEMBER 30, 2023 AND DECEMBER 31, 2022 (MILLIONS)

	2023	2022
Long-term private funds	\$ 53,064	\$ 46,798
Perpetual strategies	38,310	32,322
Liquid strategies	60,730	63,296
Total Fee-Bearing Capital	\$ 152,104	\$ 142,416

	Three Months Ended		Nine Months Ended	
	2023	2022	2023	2022
FOR THE PERIODS ENDED SEPTEMBER 30, (MILLIONS)				
Balance, beginning of period	\$ 152,536	\$ 139,254	\$ 142,416	\$ 132,195
Inflows	6,736	10,378	22,252	38,903
Outflows	(4,356)	(5,094)	(12,724)	(15,457)
Distributions	(2,026)	(307)	(3,886)	(1,234)
Market valuation	(1,031)	(2,882)	2,388	(12,026)
Other	245	(1,234)	1,658	(2,266)
Change	(432)	861	9,688	7,920
Balance, end of period	\$ 152,104	\$ 140,115	\$ 152,104	\$ 140,115

For the three months ended September 30, 2023 and 2022

During the three months ended September 30, 2023, Fee-Bearing Capital decreased by \$432 million to \$152 billion, primarily due to distributions and outflows related to our Insurance Solutions business and Public Securities Group. These decreases were partially offset by inflows from capital deployed within our long-term private funds, particularly deployments within our twelfth flagship opportunistic credit fund and other fund strategies. Additionally, Fee-Bearing Capital increased due to capital deployed within our Insurance Solutions business.

During the three months ended September 30, 2022, Fee-Bearing Capital increased by \$861 million or 1% to \$140 billion, predominantly due to inflows resulting from income generated from Brookfield Reinsurance's acquisition of American National

and capital deployed within our credit strategies. This was partially offset by lower market valuations in our open-end credit funds as well as outflows due to redemptions within our liquid and perpetual strategies.

For the nine months ended September 30, 2023 and 2022

During the nine months ended September 30, 2023, Fee-Bearing Capital increased by \$10 billion or 7% to \$152 billion, due to growth across all strategies. Our long-term private funds' increase is driven by deployments within our eleventh and twelfth flagship opportunistic credit funds. In addition, our perpetual strategies increased primarily due to capital deployments and acquisitions within our Insurance Solutions business as well as higher market valuations in our liquid strategy portfolio. This overall increase was partially offset by redemptions adversely impacting liquid strategies.

During the nine months ended September 30, 2022, Fee-Bearing Capital increased by \$7.9 billion or 6% to \$140 billion, predominantly due to inflows resulting from Brookfield Reinsurance's acquisition of American National and capital deployed within our credit strategies. This was partially offset by outflows due to redemptions and lower market valuations within our liquid and perpetual strategies, as well as distributions to our investors.

Fee Revenues

FOR THE PERIODS ENDED SEPTEMBER 30, (MILLIONS)	Three Months Ended		Nine Months Ended	
	2023	2022	2023	2022
Management and advisory fees				
Long-term private funds	\$ 147	\$ 138	\$ 421	\$ 385
Perpetual strategies	65	51	183	135
Liquid strategies ¹	58	64	176	202
Transaction and advisory fees	—	—	—	8
Total Fee Revenues	\$ 270	\$ 253	\$ 780	\$ 730

1. Represents open-end funds within our credit strategies, and Oaktree's investment in a fixed income manager, as well as in publicly listed securities.

For the three months ended September 30, 2023 and 2022

Fee Revenues increased by \$17 million or 7% for the three months ended September 30, 2023 relative to the three months ended September 30, 2022. The increase was predominately attributable to incremental fees earned on deployments in our tenth, eleventh and twelfth flagship opportunistic credit funds. In addition, fees from perpetual strategies increased by \$14 million as a result of higher Fee-Bearing Capital driven by valuation increases and capital deployed, partially offset by redemptions. These increases were partially offset by a \$6 million decrease in our liquid strategies due to redemptions in excess of capital deployed.

For the nine months ended September 30, 2023 and 2022

Fee Revenues increased by \$50 million or 7% for the nine months ended September 30, 2023 relative to the nine months ended September 30, 2022. The increase was predominately attributable to incremental fees earned on our long-term private funds and perpetual strategies. Fees from our long-term private funds increased due to deployments across our credit flagship funds. In addition, fees from perpetual strategies increased by \$48 million as a result of higher Fee-Bearing Capital driven by valuation increases and capital deployed across these strategies. These increases were partially offset by a \$26 million decrease in our liquid strategies due to redemptions.

Reconciliation of U.S. GAAP to Non-GAAP Measures

Reconciliations of Distributable Earnings, Fee-Related Earnings and Fee Revenues to the most directly comparable financial measures calculated and presented in conformity with U.S. GAAP are presented below. In addition to net income and revenue, management assesses the performance of its business based on these non-GAAP financial measures. These non-GAAP financial measures should be considered in addition to, and not as a substitute for or superior to, net income or other financial measures presented in conformity with U.S. GAAP.

Reconciliation of Net Income to Fee-Related Earnings and Distributable Earnings

The following presents a reconciliation of net income to Fee-Related Earnings and Distributable Earnings for the periods presented for the asset management business.

FOR THE PERIODS ENDED SEPTEMBER 30, (MILLIONS)	Three Months Ended		Nine Months Ended	
	2023	2022	2023	2022
Net Income	\$ 510	\$ 695	\$ 1,606	\$ 2,252
Add or subtract the following:				
Provision for taxes ^(a)	52	140	301	444
Depreciation, amortization and other ^(b)	3	6	10	7
Carried interest allocations ^(c)	(89)	(31)	(262)	(193)
Carried interest allocation compensation ^(c)	3	3	88	134
Other income and expenses ^(d)	40	(344)	(10)	(1,070)
Interest expense paid to related parties ^(d)	3	48	10	133
Interest and dividend revenue ^(d)	(44)	(85)	(127)	(226)
Other revenues ^(e)	(10)	—	(204)	(40)
Share of income from equity accounted investments ^(f)	(22)	(40)	(94)	(195)
Fee-related earnings of partly owned subsidiaries at our share ^(f)	71	63	198	188
Compensation costs recovered from affiliates ^(g)	15	—	111	—
Fee Revenues from BSREP III & other ^(h)	33	68	33	97
Fee-Related Earnings	\$ 565	\$ 523	\$ 1,660	\$ 1,531
Cash taxes ⁽ⁱ⁾	(46)	(21)	(151)	(63)
Equity-based compensation expense and other ^(j)	49	22	149	58
Distributable Earnings	\$ 568	\$ 524	\$ 1,658	\$ 1,526

- (a) This adjustment removes the impact of income tax provisions (benefit) on the basis that we do not believe this item reflects the present value of the actual tax obligations that we expect to incur over the long-term due to the substantial deferred tax assets of our asset management business.
- (b) This adjustment removes the depreciation and amortization on property, plant and equipment and intangible assets, which are non-cash in nature and therefore excluded from Fee-Related Earnings.
- (c) These adjustments remove unrealized carried interest allocations and the associated compensation expense, which are excluded from Fee-Related Earnings as these items are unrealized in nature.
- (d) These adjustments remove other income and expenses associated with non-cash fair value changes and remove interest and charges paid or received related to intercompany or related party loans.
- (e) This adjustment adds back other revenues earned that are non-cash in nature.
- (f) These adjustments remove our share of partly owned subsidiaries' earnings, including items (a) to (e) above and include its share of partly owned subsidiaries' Fee-Related Earnings.
- (g) This item adds back compensation costs that will be borne by affiliates and are non-cash in nature.
- (h) This adjustment adds base management fees earned from funds that are eliminated upon consolidation and other items.
- (i) Represents the impact of cash taxes paid by the business.
- (j) This adjustment adds back equity-based compensation and other income associated with the Company's portion of partly owned subsidiaries' investment income, realized carried interest and other income and other items.

Reconciliation of Revenues to Fee Revenues

The following presents our reconciliation of management fee revenues to Fee Revenues for the periods presented.

FOR THE PERIODS ENDED SEPTEMBER 30, (MILLIONS)	Three Months Ended		Nine Months Ended	
	2023	2022	2023	2022
Total management fee revenues	\$ 778	\$ 715	\$ 2,339	\$ 2,051
Fee Revenues from equity-accounted investments ^(a)	319	302	924	882
BSREP III Fees & other ^(b)	12	4	12	46
Fee Revenues	\$ 1,109	\$ 1,021	\$ 3,275	\$ 2,979

(a) This adjustment adds management fees at 100% ownership.

(b) This adjustment adds base management fees earned from BSREP III and other funds that are eliminated upon consolidation as prior to the Arrangement we consolidated both the entities which earned these base management fees and BSREP III in the combined financial statements. Subsequent to the Arrangement, we include the base management fees associated with BSREP III in Fee Revenues as we no longer consolidate BSREP III and therefore the related base management fees are no longer eliminated.

Liquidity and Capital Resources

Liquidity

The Manager undertakes limited activities, primarily receiving dividends from our asset management business as its main source of income and, in turn, making distributions to shareholders in accordance with its dividend policy. It employs a limited number of resources who provide services to our asset management business and for whom associated costs are largely reimbursed. Additional liquidity is available through a credit facility that is provided by our asset management business.

Manager Credit Facility with the Asset Management Business

On November 8, 2022, the Asset Management Company, as lender, established a five-year revolving credit facility in favor of the Manager for the amount of \$500 million. This is available in U.S. and Canadian dollars, where U.S. dollar borrowings are subject to the U.S. Base Rate or SOFR, and Canadian Dollar borrowings are subject to the Canadian Prime Rate or Canadian dollar bankers' acceptance rate (“**CDOR**”). As at September 30, 2023, the Manager has drawn \$189 million from the credit facility.

Our Asset Management Business Liquidity

Our asset management business maintains sufficient liquidity at all times enabling it to participate in opportunities as they arise, withstand sudden adverse changes in economic conditions, and sustain distributions to the Manager and the Corporation. Its primary sources of liquidity, which we refer to as core liquidity, consist of cash and financial assets, as well as a credit facility with the Corporation.

As at September 30, 2023, core liquidity for our asset management business is \$3.1 billion, consisting of \$2.9 billion of cash and financial assets, of which \$2.7 billion was on deposit with the Corporation. Additionally, the asset management business has a \$300 million revolving credit facility established on November 8, 2022, with the Corporation as lender. The facility is available in U.S. and Canadian dollars, where U.S. dollar borrowings are subject to the U.S. Base Rate or SOFR, while Canadian Dollar borrowings are subject to the Canadian Prime Rate or CDOR. This liquidity is readily available for use without any material tax consequences and can be deployed to support our asset management business in funding strategic transactions as well as seeding new investment products. As at September 30, 2023 the Asset Management Company has drawn \$194 million from the credit facility.

The following table presents core liquidity of our asset management business:

AS AT (MILLIONS)	Manager Liquidity		Group Liquidity ^(a)	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Cash and financial assets	\$ 2,945	\$ 3,545	\$ 26,676	\$ 29,809
Undrawn committed credit facility	106	300	4,734	5,438
Core liquidity	3,051	3,845	31,410	35,247
Uncalled private fund commitments	—	—	84,156	87,364
Total liquidity	\$ 3,051	\$ 3,845	\$ 115,566	\$ 122,611

(a) Group liquidity consists of: (1) core liquidity (cash, financial assets, and undrawn credit facilities) of the Company and the perpetual affiliates, and (2) uncalled private fund commitments, which are third-party commitments available for drawdown in the private funds of our asset management business.

Uncalled Fund Commitments

The following presents our Uncalled Fund Commitments as of September 30, 2023 of each year and December 31, 2022:

AS AT DECEMBER 31 (MILLIONS)	2023	2024	2025	2026	2027 +	Total 2023	Dec. 2022
Renewable power and transition	\$ —	\$ 64	\$ 113	\$ —	\$ 16,576	\$ 16,753	\$ 14,835
Infrastructure	—	49	192	—	13,739	13,980	21,895
Real estate	289	722	737	2,878	16,734	21,360	21,981
Private equity	66	—	497	—	8,930	9,493	11,003
Credit and other	9	1,129	338	587	20,507	22,570	17,650
	\$ 364	\$ 1,964	\$ 1,877	\$ 3,465	\$ 76,486	\$ 84,156	\$ 87,364

Approximately \$45 billion of the Uncalled Fund Commitments are currently not earning fees, but will become fee-bearing once the capital is invested.

Capital Resources

Contractual Obligations

On January 31, 2019, a subsidiary of the Company committed \$2.8 billion to BSREP III and has funded \$2.0 billion of the total commitment as of September 30, 2023 (December 31, 2022 – \$1.8 billion).

Clawback Obligations

Performance allocations are subject to clawback to the extent that the performance allocations received to date with respect to a fund exceed the amount due to our asset management business based on cumulative results of that fund. The amounts and nature of our clawback obligations are described in Note 2 “Summary of Significant Accounting Policies” of the Condensed Consolidated and Combined Financial Statements of the Asset Management Company as at September 30, 2023, and December 31, 2022 and for the three and nine months ended September 30, 2023 and September 30, 2022.

Capital Requirements

Certain U.S. and non-U.S. entities of our asset management business are subject to various investment advisor and other financial regulatory rules and requirements that may include minimum net capital requirements.

Off-Balance Sheet Arrangements

In the normal course of business, the Company enters into contractual obligations which include commitments to provide guarantees. As at September 30, 2023 the total amount of these guarantees was \$154 million.

Related Party Transactions

The Manager and our asset management business entered into a number of related party transactions with the Corporation. See Note 10 "Related Party Transactions" of the Condensed Consolidated and Combined Financial Statements of the Asset Management Company as at September 30, 2023 and December 31, 2022 and for the three and nine months ended September 30, 2023 and September 30, 2022.

Recent Developments

On July 5, 2023, Brookfield Reinsurance ("BNRE") and American Equity Investment Life Holding Company ("AEL") entered into a merger agreement whereby BNRE will acquire all of the outstanding common stock of AEL it does not already own. As part of the agreement, each AEL shareholder will receive \$55.00 per AEL share, consisting of \$38.85 in cash and 0.49707 of a Class A Share of the Manager, subject to adjustment in certain circumstances.

BNRE, the Corporation and the Manager entered into a share purchase agreement in connection with the transaction pursuant to which the Corporation will facilitate the delivery of Class A Shares of the Manager offered as consideration under the merger agreement.

Subject to this occurring, the Manager's public float will increase by approximately 10% and the Manager's interest in the Asset Management Company will increase from 25% to approximately 27%. The Manager will not have any ownership interest in AEL following the completion of the transaction.

Summary of Significant Accounting Policies of the Manager

The Manager prepares consolidated financial statements in conformity with U.S. GAAP. The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates that affect the amounts reported. Management believes that estimates utilized in the preparation of the consolidated financial statements are presented fairly. Such estimates include those used in the valuation of investments and the measurement of deferred tax balances (including valuation allowances). Actual results could differ from those estimates and such differences could be material. The Manager believes the following critical accounting policies could potentially produce materially different results of the Manager, if underlying assumptions, estimates and/or judgments were to be changed. For a full description of accounting policies, see Note 2 "Summary of Significant Accounting Policies" of the Condensed Consolidated and Combined Financial Statements of the Manager as at September 30, 2023 and December 31, 2022 and for the three and nine months ended September 30, 2023 and September 30, 2022.

The Manager entered into several agreements and arrangements resulting from the Arrangement, among which include:

- The Asset Management Services Agreement (the "AMSA") under which the Manager provides the services of its employees and its Chief Executive Officer to Brookfield Asset Management ULC which pays the Manager for the services of these individuals on a cost recovery basis such that neither party receives financial gain nor suffers financial loss. Most of the Manager's employees/executives spend their time discharging their duties as officers and employees of the Manager and towards responsibilities related to Brookfield Asset Management ULC which include investment, corporate and other services. In addition, at the request of Brookfield Asset Management ULC, the Manager may provide options and long term incentive awards to its employees, which will be reimbursed under this agreement. See discussion of the accounting for this agreement in the Operating Recoveries accounting policy in Note 2;
- The Transitional Services Agreement (the "TSA") pursuant to which (i) Brookfield Asset Management ULC will provide the Corporation and the Manager, on a transitional basis, certain services to support day-to-day corporate activities (including services relating to finance, treasury, accounting, legal and regulatory, marketing, communications, human resources, internal audit, information technology), and (ii) the Corporation will provide, on a transitional basis, certain services to Brookfield Asset Management ULC to facilitate the orderly transfer of the asset management business. See discussion of the accounting for this agreement in the Related Parties accounting policy in Note 2; and

- The Relationship Agreement under which certain employee share-based and performance-based compensation costs are recovered from the Corporation. See discussion of the accounting for this agreement in the Operating Recoveries accounting policy in Note 2.

Consolidation

The Manager consolidates all entities that it controls through a majority voting interest and all variable interest entities (“VIE”) for which it is the primary beneficiary. An enterprise is determined to be the primary beneficiary of a VIE if it holds a controlling financial interest. A controlling financial interest is defined as (a) the power to direct the activities of a VIE that most significantly impact the entity’s economic performance and (b) the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. The Manager determines whether it is the primary beneficiary of a VIE at the time it becomes involved with a VIE and upon events warranting reconsideration. In determining whether the Manager is the primary beneficiary, the company evaluates its control rights as well as economic interests in the entity held either directly or indirectly by the company. The consolidation analysis can generally be performed qualitatively; however, if it is not readily apparent that the company is not the primary beneficiary, a quantitative analysis may also be performed. Investments and redemptions (either by the Manager, affiliates of the company or third parties) and amendments to governing documents could affect an entity’s status as a VIE or the determination of the primary beneficiary. As at September 30, 2023, the Manager is not the primary beneficiary of any VIE.

All intercompany balances and transactions have been eliminated on consolidation.

Equity Method Investments

Investments in which the Manager is deemed to exert significant influence, but not control, are accounted for using the equity method of accounting. The Manager has significant influence over Brookfield Asset Management ULC and therefore accounts for its investment under the equity method.

The carrying value of equity method investments is determined based on amounts invested by the company, adjusted for the equity in earnings or losses of the investee allocated based on the relevant agreements, less distributions received. Further, the carrying value of the equity method investment is adjusted as a result of any share-based awards granted by the Manager to employees of Brookfield Asset Management ULC. Under the equity method of accounting, the Manager's share of earnings from equity investments is included in the Share of income from equity investments in the Condensed Consolidated Statements of Comprehensive Income. The Manager evaluates its equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amounts of such investments may not be recoverable.

Refer to Note 3 for further details of the Manager's equity accounted investments.

Quantitative and Qualitative Risk Disclosures

The Manager has limited activities and operations. The Manager’s exposure to market, foreign currency, interest rate and credit risk is driven by its equity interest in our asset management business.

Market Risk

The Company's activities expose it to a variety of financial risks including market risk, credit risk and foreign currency risk. There have been no material changes to the company's financial risk exposure or risk management activities since December 31, 2022. Please refer to the year end MD&A included within the 20-F for further details.