

**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 statements" within the meaning of applicable U.S. securities laws, including the *United States Private Securities Litigation Reform Act of 1995*, and "forward-looking information" within the meaning of Canadian securities laws (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 forward-looking terminology such as "plans", "targets", "expects" or "does not expect", "is expected", "an opportunity exists", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will" or "will be taken", "occur" or "be achieved".

Our forward-looking statements are based on our beliefs, assumptions, and expectations of future performance, taking into account all information currently available to us. These beliefs, assumptions and expectations 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 in our forward-looking statements. Several factors, including those described in this MD&A, among others, could cause our actual results to vary from our forward-looking statements. These factors include:

- 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 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;
- 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 ESG considerations;
- failure of our information technology systems;
- the threat of litigation;
- 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 that may affect future results described in this MD&A are not exhaustive. The forward-looking statements represent 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, other than as required by applicable law. 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.brookfield.com, on the Canadian Securities Administrators' ("CSA") website at www.sedarplus.ca, and on the EDGAR section of the U.S. Securities and Exchange Commission's ("SEC") website at www.sec.gov.

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.

In addition to carefully considering the disclosure made in this MD&A, you should carefully consider the disclosure made by Brookfield Corporation (the "**Corporation**") in its continuous disclosure filings. Copies of the Corporation's continuous disclosure filings are available on our website at www.brookfield.com, on the CSA's website at www.sedarplus.ca, and on the EDGAR section of the SEC website at www.sec.gov.

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 June 30, 2023, and December 31, 2022, and the results of operations for the three and six months ended June 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 June 30, 2023, and December 31, 2022, and the results of operations for the three and six months ended June 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 June 30, 2023 and December 31, 2022, and the results of operations for the three and six months ended June 30, 2023 (ii) the unaudited Condensed Consolidated and Combined Financial Statements of the Asset Management Company as at June 30, 2023 and December 31, 2022 and the results of operations for the six months ended June 30, 2023, and 2022.

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 symbols "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 alternative asset managers, with \$850 billion of assets under management ("**AUM**") as of June 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 product offerings 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 ESG 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 June 30, 2023, we had Fee-Bearing Capital of \$440 billion, of which 84% 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 June 30, 2023, we had over 2,000 clients with a strong base in North America, Asia, the Middle East and Australia and a growing proportion of third-party commitments from Europe. Our high-net-worth channel also continues to grow and is approximately 5% of current commitments. 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.

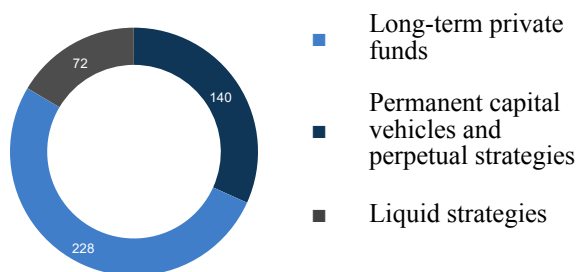
Products

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.

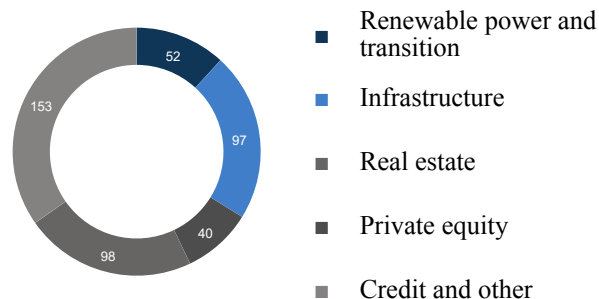
Fee-Bearing Capital Diversification

AS AT JUN. 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 June 30, 2023, we managed approximately \$228 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 June 30, 2023, we managed approximately \$140 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 June 30, 2023, we managed approximately \$72 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 \$79 billion of AUM as of June 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 \$19.8 billion as of June 30, 2023.

Infrastructure

Overview

- We are one of the world's largest investment managers in infrastructure, with \$161 billion of AUM as of June 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 \$29 billion as of June 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 \$272 billion of AUM as of June 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 recently launched our 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 June 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 \$141 billion of AUM as of June 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.

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 \$3.9 billion as at June 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 June 30, 2023, our interest in Oaktree is 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 \$153 billion of Fee-Bearing Capital as of June 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 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, 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 six months ended June 30, 2023:

FOR THE PERIODS ENDED JUNE 30, (MILLIONS)	Three Months Ended	Six Months Ended
	2023	2023
Operating recoveries	\$ 47	\$ 185
Expenses		
Compensation and benefits	(37)	(122)
Carried interest allocation compensation		
Realized	(14)	(14)
Unrealized	1	(55)
Total carried interest allocation compensation	(13)	(69)
Interest Expense	(2)	(3)
Total expenses	(52)	(194)
Share of income from equity method investments	114	243
Net income	\$ 109	\$ 234

For the three months ended June 30, 2023 and 2022

During the three months ended June 30, 2023, the Manager recorded net income attributable to shareholders of \$109 million. Net income consists of the Manager's equity interest in the earnings of the Asset Management Company less 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 business in accordance with the Asset Management Services Agreement and the Relationship Agreement. Refer to the following discussion for details on the earnings of the Asset Management Company.

For the six months ended June 30, 2023 and 2022

For the six months ended June 30, 2023, the Manager recorded net income attributable to shareholders of \$234 million, driven mostly by the income pickup of the Asset Management Company. 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 six months ended June 30, 2023, and 2022:

FOR THE PERIODS ENDED JUNE 30, (MILLIONS)	Three Months Ended		Six Months Ended	
	2023	2022	2023	2022
Revenues				
Base management and advisory fees	\$ 770	\$ 665	\$ 1,561	\$ 1,336
Investment income				
Carried interest allocations				
Realized	1	10	32	57
Unrealized	113	153	141	105
Total investment income	114	163	173	162
Interest and dividend revenue	40	74	83	141
Other revenues	61	22	222	40
Total revenues	985	924	2,039	1,679
Expenses				
Compensation, operating, and general and administrative expenses				
Compensation and benefits	(258)	(134)	(557)	(303)
Other operating expenses	(78)	(55)	(148)	(106)
General, administrative and other	(12)	(34)	(19)	(74)
Total compensation, operating, and general and administrative expenses	(348)	(223)	(724)	(483)
Carried interest allocation compensation				
Realized	(14)	(10)	(14)	(20)
Unrealized	17	(8)	(71)	(111)
Total carried interest allocation compensation	3	(18)	(85)	(131)
Interest expense	(5)	(43)	(7)	(85)
Total expenses	(350)	(284)	(816)	(699)
Other income (expenses), net	72	269	50	726
Share of income from equity accounted investments	29	87	72	155
Income before taxes	736	996	1,345	1,861
Income tax expense	(156)	(162)	(249)	(304)
Net income	580	834	1,096	1,557
Net (income) loss attributable to redeemable non-controlling interests in consolidated funds	—	(166)	—	(541)
Net (income) loss attributable to preferred share redeemable non-controlling interest	(90)	—	(71)	—
Net (income) loss attributable to non-controlling interest	(35)	—	(54)	—
Net income attributable to the common stockholders	\$ 455	\$ 668	\$ 971	\$ 1,016

For the three months ended June 30, 2023 and 2022

Net income for the three months ended June 30, 2023 was \$580 million, of which \$455 million was attributable to common stockholders. This compares to net income of \$834 million for the three months ended June 30, 2022, of which \$668 million was attributable to common stockholders.

Revenues

Revenues for the three months ended were \$985 million, which represents an increase of \$61 million or 7% compared to \$924 million in the three months ended June 30, 2022.

Base Management and Advisory Fees

Base management and advisory fees, excluding incentive distributions, for the three months ended June 30, 2023 were \$677 million, which represents an increase of \$96 million or 17% compared to the three months ended June 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 three months ended June 30, 2023, were \$93 million, an increase of \$9 million or 11% from the three months ended June 30, 2022, driven by growth in BIP and BEP's dividends of 6% and 5%, respectively.

Carried Interest Allocations

Realized carried interest allocations were \$1 million for the three months ended June 30, 2023, which represents a decrease of \$9 million compared to the three months ended June 30, 2022. Realized carried interest allocations in the period were primarily driven by movements within our real estate perpetual funds.

Unrealized carried interest allocations were \$113 million for the three months ended June 30, 2023, which represents a decrease of \$40 million compared to the three months ended June 30, 2022. The unrealized carried interest allocations generated during the quarter were primarily related to growth in valuations in our real estate funds, our flagship transition fund and our sixth flagship private equity fund.

Interest and Dividend Revenue

Interest and dividend revenue for the three months ended June 30, 2023 were \$40 million, which represents a decrease of \$34 million compared to the three months ended June 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 Revenue

Other Revenue was \$61 million for the three months ended June 30, 2023, an increase of \$39 million compared to the three months ended June 30, 2022. The increase is primarily due to amounts recoverable from the Corporation associated with share and performance based compensation as part of the Arrangement.

Expenses

Total expenses for the three months ended were \$350 million, an increase of \$66 million or 23% compared to the three months ended June 30, 2022.

Compensation and Benefits

Compensation and benefits for the three months ended June 30, 2023 were \$258 million, which represents an increase of \$124 million compared to the three months ended June 30, 2022. This is primarily attributable to increased compensation costs resulting from increases in the employee population as a result of the Arrangement, as well as increases in headcount as a result of the growth of our business.

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 \$78 million for the three months ended June 30, 2023, compared to \$55 million for the three months ended June 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 June 30, 2023, which represents a change of \$21 million compared to the three months ended June 30, 2022. The change is driven by the relative valuation gains of our funds compared to the three months ended June 30, 2022. As outlined in the Relationship Agreement, the carried interest compensation expense associated with mature funds is fully recoverable from the Corporation.

Other Income (Expenses), net

Other income for the three months ended June 30, 2023 primarily consists of mark-to-market appreciation 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.

Share of Income from Equity Accounted Investments

Our share of income from equity accounted investments was \$29 million compared to income of \$87 million in the prior period. The prior period contained earnings associated with our interest in Oaktree, including one time items.

Income tax expense

Income tax expense was \$156 million for the three months ended June 30, 2023, which represents a decrease of \$6 million compared to the three months ended June 30, 2022. This decrease was driven by lower net income before taxes relative to prior period.

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

Net (income) loss attributable to preferred redeemable non-controlling interest was \$90 million for the three months ended June 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 (Income) Loss Attributable to Non-Controlling Interest

Net (income) loss attributable to non-controlling interest was \$35 million for the three months ended June 30, 2023. This balance largely represents carried interest on new funds that is earned by the Corporation.

For the six months ended June 30, 2023 and 2022

Net income for the six months was \$1.1 billion, of which \$971 million was attributable to common stockholders. This compares to net income of \$1.6 billion for the six months ended June 30, 2022, of which \$1.0 billion was attributable to common stockholders.

Revenues

Revenues for the six months were \$2 billion, which represents an increase of \$360 million or 21% compared to \$1.7 billion in the six months ended June 30, 2022.

Base Management and Advisory Fees

Base management and advisory fees, excluding the incentive distributions, for the six months were \$1.4 billion, which represents an increase of \$206 million or 18% compared to the six months ended June 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 six months ended June 30, 2023, were \$187 million, an increase of \$19 million or 11% from the six months ended June 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 six months ended June 30, 2023, which represents a decrease of \$25 million compared to the six months ended June 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 \$141 million for the six months ended June 30, 2023, which represents an increase of \$36 million compared to the six months ended June 30, 2022. The unrealized carried interest allocations were primarily related to growth in valuations in our infrastructure, real estate, private equity flagship funds, and our flagship transition fund, partially offset by realizations in the period.

Interest and Dividend Revenue

Interest and dividend revenue for the six months ended were \$83 million, which represents a decrease of \$58 million compared to the six months ended June 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 Revenue

Other Revenue was \$222 million for the six months ended June 30, 2023, an increase of \$182 million compared to the six months ended June 30, 2022. The increase is due to amounts recoverable from related parties associated with share and performance based compensation.

Expenses

Total expenses for the six months ended were \$816 million, an increase of \$117 million or 17% compared to the six months ended June 30, 2022.

Compensation and Benefits

Compensation and benefits for the six months ended June 30, 2023 were \$557 million, which represents an increase of \$254 million compared to the six months ended June 30, 2022. This is primarily attributable to increased compensation costs resulting from increases in the employee population as a result of the Arrangement, as well as increases in headcount as a result of the growth of our business.

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 \$148 million for the six months ended, compared to \$106 million for the six months ended June 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 \$85 million for the six months ended June 30, 2023, which represents a decrease of \$46 million compared to the six months ended June 30, 2022. This is predominantly driven by a decline in relative valuation gains compared to the six months ended June 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. For more information on accounting policies, please refer to the "Summary of Significant Accounting Policies of the Manager" in this MD&A.

Other Income (Expenses), net

Other income for the six months ended June 30, 2023 primarily consists of mark-to-market appreciation 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 \$72 million compared to \$155 million in the prior period. The prior period contained the earnings associated with our interest in Oaktree which included the recognition of one time items.

Income Tax Expense

Income tax expense was \$249 million for the six months ended June 30, 2023, which represents a decrease of \$55 million compared to the six months ended June 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 \$71 million for the six months ended June 30, 2023. This balance represents the movement in carried interest net of carried interest allocation expense and taxes associated with mature funds owing to the Corporation.

Net (Income) Loss Attributable to Non-Controlling Interest

Net (income) loss attributable to non-controlling interest was \$54 million for the six months ended June 30, 2023. This balance represents the carried interest generated on new funds that is attributable to the Corporation.

Consolidated Statement of Financial Condition

The following table summarizes the Condensed and Consolidated Statement of Financial Condition of the Manager as at June 30, 2023 and December 31, 2022:

AS AT JUNE 30, AND DECEMBER 31, (MILLIONS)	2023	2022
Assets		
Cash and cash equivalents	\$ 12	\$ 1
Due from affiliates	810	782
Other assets	41	—
Investments	2,305	2,378
Total assets	\$ 3,168	\$ 3,161
Liabilities		
Accounts payable and accrued liabilities	\$ 766	\$ 781
Due to affiliates	168	3
Total liabilities	934	784
Equity		
Common Stock:		
Class A (unlimited authorized and 412,586,307 issued and 391,646,691 outstanding) ..	2,356	2,410
Class B (unlimited authorized and 21,280 issued and outstanding)	—	—
Class A held in treasury (20,939,616 shares)	(517)	(330)
Additional paid-in-capital	383	278
Retained earnings (deficit)	(1)	19
Accumulated other comprehensive income	4	—
Non-controlling interest	9	—
Total equity	2,234	2,377
Total liabilities and equity	\$ 3,168	\$ 3,161

As at June 30, 2023 and December 31, 2022

As at June 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 June 30, 2023, the Manager's total liabilities were \$934 million, an increase of \$150 million compared to the prior period. Accounts payable and accrued liabilities decreased by \$15 million driven by movements in carried interest compensation due to employees partially offset by increases in stock based compensation costs due to employees. Due to affiliates increased by \$165 million due to borrowings on the Manager's credit facility with Brookfield Asset Management ULC.

As at June 30, 2023, the Manager's total equity has decreased by \$143 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 Statement of Financial Condition as at June 30, 2023 and December 31, 2022:

AS AT JUNE 30, AND DECEMBER 31, (MILLIONS)	2023	2022
Assets		
Cash and cash equivalents	\$ 2,918	\$ 3,545
Accounts receivable and other	510	429
Due from affiliates	2,129	2,121
Investments	7,364	6,877
Property, plant and equipment	65	68
Intangible assets	59	59
Goodwill	265	249
Deferred income tax assets	750	739
Total assets	\$ 14,060	\$ 14,087
Liabilities and shareholder's equity		
Accounts payable and other	\$ 1,685	\$ 1,842
Due to affiliates	890	811
Deferred income tax liabilities	15	17
Total liabilities	2,590	2,670
Preferred shares redeemable non-controlling interest	2,032	1,811
Equity		
Common equity (common shares - unlimited authorized, 1,635,327,858 issued and outstanding)	9,013	9,271
Retained earnings	3	84
Accumulated other comprehensive income	166	153
Additional paid-in capital	65	—
Total common equity	9,247	9,508
Non-controlling interest	191	98
Total equity	9,438	9,606
Total liabilities, redeemable non-controlling interest and common equity	\$ 14,060	\$ 14,087

As at June 30, 2023 and December 31, 2022

Assets

Total assets were \$14.1 billion as at June 30, 2023, a decrease of \$27 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 \$627 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

Accounts receivable of \$510 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 as prescribed by 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 \$8 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 a 68% interest in Oaktree. The increase from the prior period of \$487 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 64% to 68%.

Liabilities

Total liabilities were \$2.6 billion as at June 30, 2023, a decrease of \$80 million compared to the prior period.

Accounts Payable and Other

Accounts payable and other primarily consists of accrued compensation and mark-to-market of derivatives associated with put options in investments. The decrease in the period of \$157 million reflects the timing of payments and movements in the mark-to-market derivatives.

Due to Affiliates

Due to affiliates of \$890 million reflects amounts owed to affiliates; the increase of \$79 million 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 June 30, 2023, an increase of \$221 million compared to \$1.8 billion as at December 31, 2022. This increase was due to carried interest generated by our mature real estate, infrastructure, and other funds during the period.

Non-Controlling Interest

Non-controlling interest was \$191 million as at June 30, 2023, an increase of \$93 million compared to \$98 million as at December 31, 2022. This increase was primarily due to carried interest generated by new funds 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 six months ended June 30, 2023:

FOR THE PERIODS ENDED JUNE 30, (MILLIONS)	Three Months Ended		Six Months Ended	
	2023		2023	
Operating activities before net changes in working capital and other non-cash operating items	\$	127	\$	256
Net changes in working capital		(3)		(2)
Other non-cash operating items		10		12
Operating activities		134		266
Investing activities		—		(41)
Financing activities		(134)		(214)
Change in cash and cash equivalents	\$	—	\$	11

For the three months ended June 30, 2023

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

Cashflows from operating activities were a net inflow of \$134 million. Excluding net changes in working capital and other non-cash operating items, operating cash inflows were \$127 million during the period.

Net cash outflows from financing activities totaled \$134 million. This balance is largely comprised of the distributions paid to the Manger'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 six months ended June 30, 2023

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

Cash inflows from operating activities were \$266 million during the period. Excluding net changes in working capital and other non-cash operating items, operating cash inflows were \$256 million.

Net cash outflows from investing activities totaled \$41 million. This balance is comprised of the purchase of the tracking option.

Net cash outflows from financing activities totaled \$214 million. This balance is largely comprised of the distributions paid to the Manger'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 six months ended June 30, 2023.

FOR THE PERIODS ENDED JUNE 30, (MILLIONS)	Three Months Ended		Six Months Ended					
	2023	2022	2023	2022				
Operating activities before net changes in working capital and other non-cash operating items	\$	413	\$	365	\$	999	\$	986
Net changes in working capital		79		1,870		(473)		1,461
Other non-cash operating items		34		432		(39)		(179)
Operating activities		526		2,667		487		2,268
Investing activities		(232)		(339)		(237)		(77)
Financing activities		(528)		(2,265)		(877)		(2,043)
Change in cash and cash equivalents	\$	(234)	\$	63	\$	(627)	\$	148

For the three months ended June 30, 2023 and 2022

For the three months ended June 30, 2023, the asset management business experienced net cash outflows of \$234 million.

Net cash inflows from operating activities totaled \$526 million, compared to net inflows of \$2.7 billion in the prior period. Excluding net changes in working capital and other non-cash operating items, operating cash inflows were \$413 million, representing an increase of \$48 million.

Investing Activities

Net cash outflows from investing activities totaled \$232 million, compared to the net outflows of \$339 million in the prior period. Outflows in both periods primarily represent our acquisition of an additional 4% in Oaktree. The prior period includes inflows associated with the disposition of financial assets.

Financing Activities

Net cash outflows from financing activities totaled \$528 million, compared to the net outflows of \$2.3 billion in the prior period. The current period primarily consists of distributions to stockholders of \$524 million, partially offset by preferred equity issuances of \$63 million. The prior period outflows were primarily the result of capital repaid to parent of \$3.1 billion and capital repaid to redeemable non-controlling interest of \$266 million, partially offset by cash inflows of \$959 million from corporate borrowings.

For the six months ended June 30, 2023 and 2022

For the six months ended June 30, 2023, the Company's activities resulted in net cash outflows of \$627 million.

Net cash inflows from operating activities totaled \$487 million, compared to the net cashflows of \$2.3 billion in the prior period. Excluding net changes in working capital and other non-cash operating items, operating cash inflows were \$999 million, representing an increase of \$13 million compared to the prior period.

Investing Activities

Net cash outflows from investing activities totaled \$237 million, compared to the outflows of \$77 million in the prior period. The current period activity primarily consists of \$239 million outflow related to the incremental 4% acquisition of Oaktree. The change from prior period cashflows is due to dispositions of investments.

Financing Activities

Net cash outflows from financing activities totaled \$877 million, compared to outflows of \$2.0 billion in the prior period. The current period primarily consists of distributions to shareholders of \$1.1 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 \$2.7 billion, 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 JUNE 30, (MILLIONS)	Three Months Ended		Six Months Ended	
	2023	2022	2023	2022
Fee Revenues	\$ 1,086	\$ 993	\$ 2,166	\$ 1,958
Fee-Related Earnings ¹	548	516	1,095	1,008
Add back: equity-based compensation costs and other income	47	16	100	36
Cash taxes	(68)	(21)	(105)	(42)
Distributable Earnings	\$ 527	\$ 511	\$ 1,090	\$ 1,002

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

For the three months ended June 30, 2023 and 2022

Distributable Earnings were \$527 million for the three months ended June 30, 2023, an increase of \$16 million or 3% 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 an increase in costs as we continue to scale our asset management business. The overall increase in Distributable Earnings was partially offset by an increase in Cash taxes of \$47 million.

For the six months ended June 30, 2023 and 2022

Distributable Earnings were \$1.1 billion for the six months ended June 30, 2023, an increase of \$88 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.

Fee-Bearing Capital

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

AS AT (MILLIONS)	Long-term private funds	Perpetual strategies	Liquid strategies	Total
Renewable power and transition	\$ 27,651	\$ 24,270	\$ —	\$ 51,921
Infrastructure	47,580	48,994	—	96,574
Real estate	67,099	31,082	—	98,181
Private equity	33,051	7,485	—	40,536
Credit and other	52,058	28,049	72,429	152,536
June 30, 2023	\$ 227,439	\$ 139,880	\$ 72,429	\$ 439,748
December 31, 2022	\$ 218,857	\$ 127,155	\$ 71,851	\$ 417,863

The changes are set out in the following tables for the three and six months ended June 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, March 31, 2023	\$ 52,484	\$ 92,752	\$ 98,092	\$ 39,472	\$ 148,861	\$ 431,661
Inflows	1,269	2,511	1,948	1,088	6,166	12,982
Outflows	—	—	(144)	—	(3,754)	(3,898)
Distributions	(490)	(988)	(1,482)	(11)	(629)	(3,600)
Market valuation	(895)	2,361	200	(1)	1,134	2,799
Other	(447)	(62)	(433)	(12)	758	(196)
Change	(563)	3,822	89	1,064	3,675	8,087
Balance, June 30, 2023	\$ 51,921	\$ 96,574	\$ 98,181	\$ 40,536	\$ 152,536	\$ 439,748

Fee-Bearing Capital was \$440 billion as at June 30, 2023 compared to \$432 billion as at March 31, 2023. The increase of \$8.1 billion or 2% was primarily attributable to inflows of \$13 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 funds. Additionally, Fee-Bearing Capital increased by \$2.8 billion due to an increase in market valuation as a result of increase in BIP's share price. These increases were partially offset by distributions across long-term private funds and perpetual strategies as well as outflows from our liquid strategies.

AS AT AND FOR THE SIX 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	3,145	6,455	3,381	2,565	15,516	31,062
Outflows	—	(6)	(276)	—	(8,368)	(8,650)
Distributions	(1,048)	(1,902)	(3,528)	(116)	(1,860)	(8,454)
Market valuation	3,070	4,821	(1,633)	(292)	3,419	9,385
Other	(464)	1,319	(2,788)	(938)	1,413	(1,458)
Change	4,703	10,687	(4,844)	1,219	10,120	21,885
Balance, June 30, 2023	\$ 51,921	\$ 96,574	\$ 98,181	\$ 40,536	\$ 152,536	\$ 439,748

Fee-Bearing Capital was \$440 billion as at June 30, 2023 compared to \$418 billion as at December 31, 2022. The increase of \$21.9 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 as well as fundraising and capital deployments across all other strategies. Additionally, an increase of \$9.4 billion is driven by the higher market capitalization of our listed permanent capital vehicles, specifically BEP and BIP. Fundraising and capital deployments across other strategies also contributed to the increase of Fee-Bearing Capital. The overall increase of Fee-Bearing Capital is 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 JUNE 30, (MILLIONS)	Three Months Ended		Six Months Ended	
	2023	2022	2023	2022
Base management fees ¹	\$ 983	\$ 894	\$ 1,964	\$ 1,744
Incentive distributions	94	84	188	168
Transaction and advisory fees	9	15	14	46
Fee Revenues	\$ 1,086	\$ 993	\$ 2,166	\$ 1,958
Less: direct costs ²	(507)	(442)	(1,011)	(877)
	\$ 579	\$ 551	\$ 1,155	\$ 1,081
Less: Fee-Related Earnings not attributable to the asset management business	(31)	(35)	(60)	(73)
Fee-Related Earnings	\$ 548	\$ 516	\$ 1,095	\$ 1,008

1. Base management fees and direct costs are presented on a 100% basis. Base management fees and direct costs for Oaktree totaled \$299 million and \$207 million, respectively, for the three months ended June 30, 2023 (2022 - \$290 million and \$188 million) and \$588 million and \$408 million respectively, for the six months ended June 30, 2023 (2022 - \$568 million and \$369 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 June 30, 2023 and 2022

Fee Revenues for the three months ended June 30, 2023 were \$1.1 billion, an increase of \$93 million or 9% compared to prior period. This increase was predominantly due to higher base management fees, driven by an increase in Fee-Bearing Capital specifically within our flagship funds.

Base management fees increased by \$89 million or 10% compared to the three months ended June 30, 2022 driven by fees earned within our infrastructure and private equity flagship funds. Additionally, fees earned within our credit and other platform increased as a result of higher Fee-Bearing Capital driven by valuation increases and capital deployments across these strategies. The increases were partially offset by a decrease in transaction and advisory fees of \$6 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 \$65 million or 15% 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 Oaktree's earnings and is deducted to arrive at Fee-Related Earnings.

Fee-Related Earnings increased by \$32 million, primarily attributable to the aforementioned increase in Fee Revenues, partially offset by direct costs.

For the six months ended June 30, 2023 and 2022

Fee Revenues for the six months ended June 30, 2023 were \$2.2 billion, an increase of \$208 million or 11% compared to prior period. This increase was predominantly due to an increase in base management fees of \$220 million or 13%, 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 and our perpetual strategy due to a decline in net asset values of underlying assets.

Direct costs increased by \$134 million or 15% from prior period as we continue to scale our asset management business.

Fee-Related Earnings increased by \$87 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 JUNE 30, (MILLIONS)	Three Months Ended		Six Months Ended	
	2023	2022	2023	2022
Renewable power and transition	\$ 155	\$ 157	\$ 309	\$ 303
Infrastructure	306	248	604	526
Real estate	248	237	509	451
Private equity	117	106	234	201
Credit and other	260	245	510	477
Total Fee Revenues	\$ 1,086	\$ 993	\$ 2,166	\$ 1,958

Fee-Bearing Capital

AS AT JUNE 30, 2023 AND DECEMBER 31, 2022 (MILLIONS)	2023	2022
Renewable power and transition	\$ 51,921	\$ 47,218
Infrastructure	96,574	85,887
Real estate	98,181	103,025
Private equity	40,536	39,317
Credit and other	152,536	142,416
Total Fee-Bearing Capital	\$ 439,748	\$ 417,863

FOR THE PERIODS ENDED JUNE 30, (MILLIONS)	Three Months Ended		Six Months Ended	
	2023	2022	2023	2022
Balance, beginning of period	\$ 431,661	\$ 378,587	\$ 417,863	\$ 364,133
Inflows	12,982	37,846	31,062	53,736
Outflows	(3,898)	(5,787)	(8,650)	(10,609)
Distributions	(3,600)	(3,849)	(8,454)	(7,234)
Market valuation	2,799	(15,134)	9,385	(10,033)
Other	(196)	93	(1,458)	1,763
Change	8,087	13,169	21,885	27,623
Balance, end of period	\$ 439,748	\$ 391,756	\$ 439,748	\$ 391,756

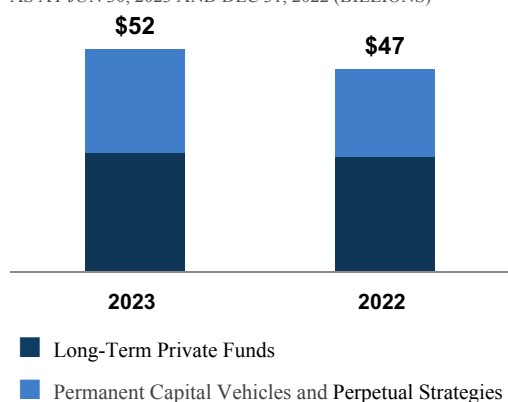
Renewable Power and Transition

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 June 30, 2023 and December 31, 2022, and Fee Revenues for the three months ended June 30, 2023 and 2022.

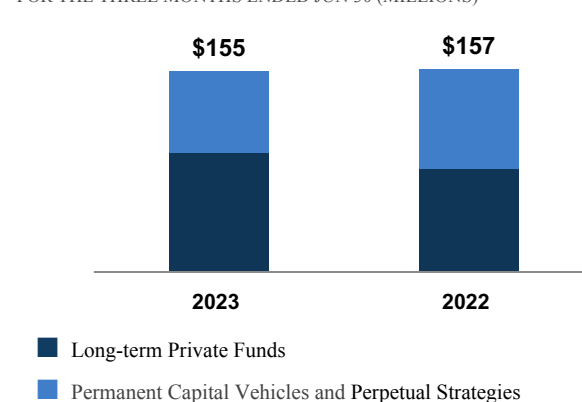
Fee-Bearing Capital

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



Fee Revenues

FOR THE THREE MONTHS ENDED JUN 30 (MILLIONS)



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

Fee-Bearing Capital

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

	2023	2022
Long-term private funds	\$ 27,651	\$ 26,708
Permanent capital vehicles and perpetual strategies	24,270	20,510
Total Fee-Bearing Capital	\$ 51,921	\$ 47,218

	Three Months Ended		Six Months Ended	
	2023	2022	2023	2022
FOR THE PERIODS ENDED JUNE 30, (MILLIONS)				
Balance, beginning of period	\$ 52,484	\$ 51,468	\$ 47,218	\$ 47,525
Inflows	1,269	2,916	3,145	2,989
Outflows	—	—	—	—
Distributions	(490)	(572)	(1,048)	(890)
Market valuation	(895)	(3,785)	3,070	(72)
Other	(447)	11	(464)	486
Change	(563)	(1,430)	4,703	2,513
Balance, end of period	\$ 51,921	\$ 50,038	\$ 51,921	\$ 50,038

For the three months ended June 30, 2023 and 2022

During the three months ended June 30, 2023, Fee-Bearing Capital decreased by \$563 million or 1%, to \$52 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 related to BEP's completion of a \$650 million equity offering during the period and additional capital raised across other fund strategies.

During the three months ended June 30, 2022, Fee-Bearing Capital decreased by \$1.4 billion or 3% to \$50 billion. The decrease was predominantly due to a decrease in market valuations as a result of the lower market capitalization of BEP as well as distributions to our investors. These decreases were partially offset by inflows due to capital raised for our flagship transition fund.

For the six months ended June 30, 2023 and 2022

During the six months ended June 30, 2023, Fee-Bearing Capital increased by \$4.7 billion or 10% to \$52 billion driven by an increase in the market capitalization of BEP, resulting from an increase in its share price within the first half of the year. The increase in inflows is attributable to capital deployments across other fund strategies and BEP's \$650 million equity offering. These increases were partially offset by distributions paid to BEP's unitholders and to limited partners of our long-term private funds.

During the six months ended June 30, 2022, Fee-Bearing Capital increased by \$2.5 billion or 5% to \$50 billion, predominantly due to inflows from capital raised for our transition fund. This increase was partially offset by distributions to our investors and decreased market valuations as a result of lower market capitalization of BEP, due to a decrease in its share price within the first half of the year.

Fee Revenues

FOR THE PERIODS ENDED JUNE 30, (MILLIONS)	Three Months Ended		Six Months Ended	
	2023	2022	2023	2022
Management and advisory fees				
Long-term private funds				
Flagship funds	\$ 58	\$ 51	\$ 115	\$ 92
Co-investment and other funds	7	5	14	10
	65	56	129	102
Perpetual strategies				
BEP ¹	55	65	112	141
Co-investment and other funds	3	—	5	—
	58	65	117	141
Catch-up fees	2	11	3	11
Transaction and advisory fees	2	1	4	1
Total management and advisory fees	127	133	253	255
Incentive distributions	28	24	56	48
Total Fee Revenues	\$ 155	\$ 157	\$ 309	\$ 303

1. BEP Fee-Bearing Capital as at June 30, 2023 is \$24 billion (2022 - \$21 billion)

For the three months ended June 30, 2023 and 2022

Fee Revenues decreased by \$2 million or 1% for the three months ended June 30, 2023 relative to the three months ended June 30, 2022. The decrease was primarily attributable to the decline in fees earned from BEP resulting from the decrease in its market capitalization, as well as catch-up fees earned on our global transition fund in the prior year. The overall decrease was partially offset by increased fees earned by our flagship funds as well as an increase in incentive distributions from BEP due to a 5% increase in distributions compared to the prior period.

For the six months ended June 30, 2023 and 2022

Fee Revenues increased by \$6 million or 2% for the six months ended June 30, 2023 relative to the six months ended June 30, 2022. Fees from our long-term private funds increased \$27 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 \$8 million, due to an increase in distributions compared to the prior period. These increases were partially offset by a decrease in perpetual strategy fees of \$24 million predominantly due to lower fees earned from BEP resulting from a decrease in its market capitalization.

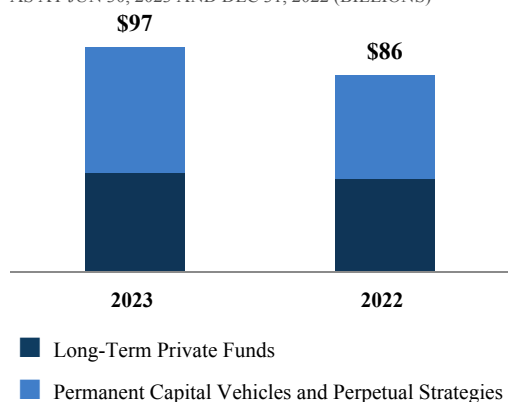
Infrastructure

Summary of Key Financial and Operating Measures

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

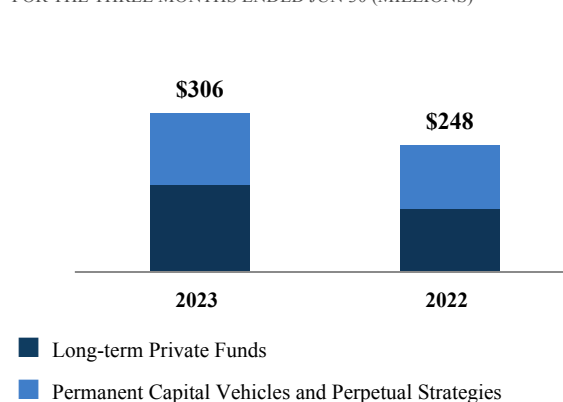
Fee-Bearing Capital

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



Fee Revenues

FOR THE THREE MONTHS ENDED JUN 30 (MILLIONS)



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

Fee-Bearing Capital

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

	2023	2022
Long-term private funds	\$ 47,580	\$ 44,512
Permanent capital vehicles and perpetual strategies	48,994	41,375
Total Fee-Bearing Capital	\$ 96,574	\$ 85,887

	Three Months Ended		Six Months Ended	
	2023	2022	2023	2022
FOR THE PERIODS ENDED JUNE 30, (MILLIONS)				
Balance, beginning of period	\$ 92,752	\$ 75,530	\$ 85,887	\$ 67,736
Inflows	2,511	4,283	6,455	9,591
Outflows	—	—	(6)	—
Distributions	(988)	(1,052)	(1,902)	(2,152)
Market valuation	2,361	(4,341)	4,821	(1,459)
Other	(62)	(256)	1,319	448
Change	3,822	(1,366)	10,687	6,428
Balance, end of period	\$ 96,574	\$ 74,164	\$ 96,574	\$ 74,164

For the three months ended June 30, 2023 and 2022

During the three months ended June 30, 2023, Fee-Bearing Capital increased by \$3.8 billion or 4% to \$97 billion, predominantly due to inflows from fundraising for our fifth flagship fund. Additionally, Fee-Bearing Capital increased by \$2.4 billion as a result of the higher market capitalization of BIP, due to the increase in its share price. 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 three months ended June 30, 2022, Fee-Bearing Capital decreased by \$1.4 billion or 2% to \$74 billion primarily as a result of the lower market capitalization of BIP due to the decline in its share price. Additionally, Fee-Bearing Capital decreased due to distributions to unitholders. These decreases were partially offset by inflows from capital deployed within our perpetual infrastructure fund and follow-on investments within our third flagship fund.

For the six months ended June 30, 2023 and 2022

During the six months ended June 30, 2023, Fee-Bearing Capital increased by \$10.7 billion or 12% to \$97 billion. This increase was predominantly due to capital raised for our fifth flagship fund, as well as the capital deployed from follow-on investments within our third flagship fund. Additionally, Fee-Bearing Capital increased as a result of the higher market capitalization of BIP driven by an increase in its share price. 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 six months ended June 30, 2022, Fee-Bearing Capital increased by \$6.4 billion or 9% to \$74 billion, predominantly due to inflows from 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 JUNE 30, (MILLIONS)	Three Months Ended		Six Months Ended	
	2023	2022	2023	2022
Management and advisory fees				
Long-term private funds				
Flagship funds	\$ 89	\$ 56	\$ 179	\$ 109
Co-investment and other funds	15	9	28	20
	104	65	207	129
Perpetual strategies				
BIP ¹	106	105	206	223
Co-investment and other funds	23	15	45	21
	129	120	251	244
Catch-up fees	5	—	10	—
Transaction and advisory fees	2	3	4	33
Total management and advisory fees	240	188	472	406
Incentive distributions	66	60	132	120
Total Fee Revenues	\$ 306	\$ 248	\$ 604	\$ 526

1. BIP Fee-Bearing Capital as at June 30, 2023 is \$34 billion (2022 - \$29 billion).

For the three months ended June 30, 2023 and 2022

Fee Revenues increased by \$58 million or 23% for the three months ended June 30, 2023 relative to the three months ended June 30, 2022. Fees from our long-term private funds increased by \$39 million, primarily due to capital raised for our fifth flagship fund. Additionally, Fee Revenues increased by \$9 million due to fees earned from our other perpetual strategies resulting from capital deployed in other funds.

For the six months ended June 30, 2023 and 2022

Fee Revenues increased by \$78 million or 15% for the six months ended June 30, 2023 relative to the six months ended June 30, 2022. Fees from our long-term private funds increased by \$78 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 \$10 million due to follow on closes for our fifth flagship fund and incentive distributions increased by \$12 million due to an increase in BIP's quarterly dividend. The increases were partially offset by a decrease of \$29 million of transaction and advisory fees as the prior year benefited from fees that were one time in nature.

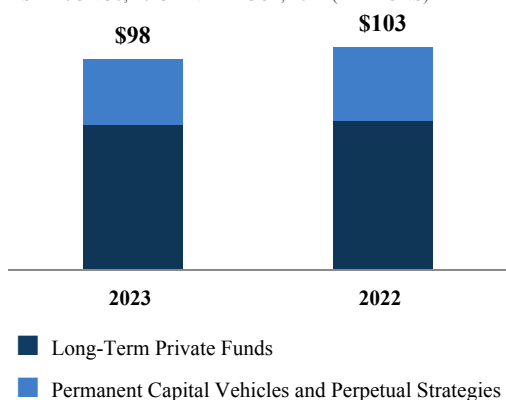
Real Estate

Summary of Key Financial and Operating Measures

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

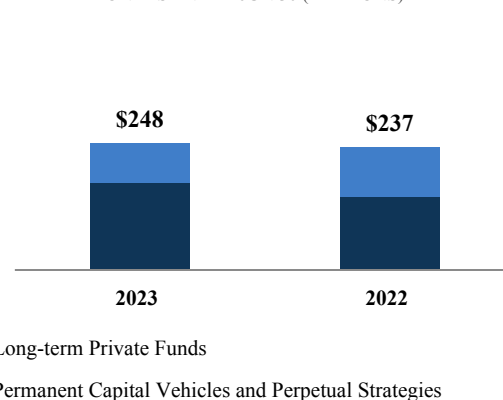
Fee-Bearing Capital

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



Fee Revenues

FOR THE THREE MONTHS ENDED JUN 30 (MILLIONS)



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

Fee-Bearing Capital

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

	2023	2022
Long-term private funds	\$ 67,099	\$ 69,473
Permanent capital vehicles and perpetual strategies	31,082	33,552
Total Fee-Bearing Capital	\$ 98,181	\$ 103,025

FOR THE PERIODS ENDED JUNE 30, (MILLIONS)	Three Months Ended		Six Months Ended	
	2023	2022	2023	2022
Balance, beginning of period	\$ 98,092	\$ 84,704	\$ 103,025	\$ 82,282
Inflows	1,948	4,073	3,381	6,290
Outflows	(144)	(157)	(276)	(246)
Distributions	(1,482)	(1,144)	(3,528)	(2,660)
Market valuation	200	1,225	(1,633)	2,186
Other	(433)	645	(2,788)	1,494
Change	89	4,642	(4,844)	7,064
Balance, end of period	\$ 98,181	\$ 89,346	\$ 98,181	\$ 89,346

For the three months ended June 30, 2023 and 2022

During the three months ended June 30, 2023, Fee-Bearing Capital increased by \$89 million to \$98 billion, primarily attributable to inflows from capital deployed within our third flagship fund and various other private funds, partially offset by distributions to our Limited Partners.

During the three months ended June 30, 2022, Fee-Bearing Capital increased by \$4.6 billion or 5% to \$89 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 in our perpetual strategies. These increases were partially offset by distributions to our investors.

For the six months ended June 30, 2023 and 2022

During the six months ended June 30, 2023, Fee-Bearing Capital decreased by \$4.8 billion or 5% to \$98 billion predominantly due to distributions within our perpetual strategies, flagship and other private funds. 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 capital deployed by our third flagship fund.

During the six months ended June 30, 2022, Fee-Bearing Capital increased by \$7.1 billion or 9% to \$89 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 JUNE 30, (MILLIONS)	Three Months Ended		Six Months Ended	
	2023	2022	2023	2022
Management and advisory fees				
Long-term private funds				
Flagship funds	\$ 95	\$ 87	\$ 192	\$ 172
Co-investment and other funds	73	55	155	105
	168	142	347	277
Perpetual strategies				
BPG ¹	50	58	100	113
Co-investment and other funds	27	27	58	49
	77	85	158	162
Catch-up fees	—	10	1	12
Transaction and advisory fees	3	—	3	—
Total management and advisory fees	248	237	509	451
Incentive distributions	—	—	—	—
Total Fee Revenues	\$ 248	\$ 237	\$ 509	\$ 451

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

For the three months ended June 30, 2023 and 2022

Fee Revenues increased by \$11 million or 5% for the three months ended June 30, 2023 relative to the three months ended June 30, 2022. Our long-term private funds contributed \$26 million to this increase primarily due to contributions from fundraising 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 six months ended June 30, 2023 and 2022

During the six months ended June 30, 2023, Fee Revenues increased by \$58 million or 13% 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 funds 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 disposition of investments within earlier vintages of our flagship funds.

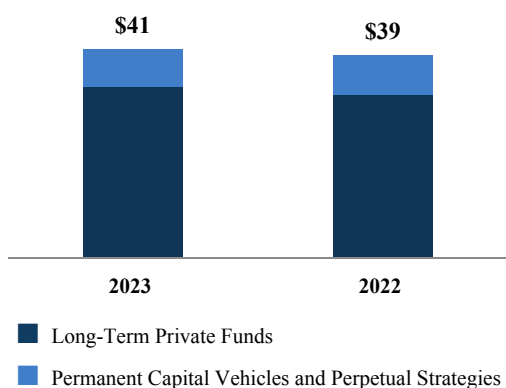
Private Equity

Summary of Key Financial and Operating Measures

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

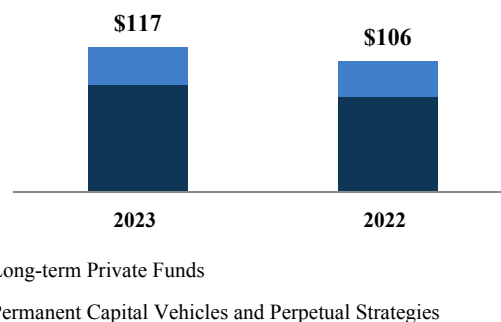
Fee-Bearing Capital

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



Fee Revenues

FOR THE THREE MONTHS ENDED JUN 30 (MILLIONS)



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

Fee-Bearing Capital

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

	2023	2022
Long-term private funds	\$ 33,051	\$ 31,501
Permanent capital vehicles and perpetual strategies	7,485	7,816
Total Fee-Bearing Capital	\$ 40,536	\$ 39,317

	Three Months Ended		Six Months Ended	
	2023	2022	2023	2022
FOR THE PERIODS ENDED JUNE 30, (MILLIONS)				
Balance, beginning of period	\$ 39,472	\$ 35,917	\$ 39,317	\$ 34,395
Inflows	1,088	4,274	2,565	6,341
Outflows	—	—	—	—
Distributions	(11)	(594)	(116)	(605)
Market valuation	(1)	(999)	(292)	(1,544)
Other	(12)	356	(938)	367
Change	1,064	3,037	1,219	4,559
Balance, end of period	\$ 40,536	\$ 38,954	\$ 40,536	\$ 38,954

For the three months ended June 30, 2023 and 2022

During the three months ended June 30, 2023, Fee-Bearing Capital increased by \$1.1 billion to \$41 billion primarily due to capital raised for our sixth flagship private equity fund and capital deployed across various funds.

During the three months ended June 30, 2022, Fee-Bearing Capital increased by \$3 billion or 8% to \$39 billion, predominantly due to inflows from our sixth flagship private equity fund and capital deployed across various funds. This increase was partially offset by a decrease in market valuations as a result of the lower market capitalization of BBU and distributions to our investors.

For the six months ended June 30, 2023 and 2022

During the six months ended June 30, 2023, Fee-Bearing Capital increased by \$1.2 billion or 3% to \$41 billion. Our long-term private funds contributed an increase in inflows of \$3 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 Limited Partners.

During the six months ended June 30, 2022, Fee-Bearing Capital increased by \$4.6 billion or 13% to \$39 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 JUNE 30, (MILLIONS)	Three Months Ended		Six Months Ended	
	2023	2022	2023	2022
Management and advisory fees				
Long-term private funds				
Flagship funds	\$ 44	\$ 30	\$ 86	\$ 55
Co-investment and other funds	45	50	93	95
	89	80	179	150
Perpetual strategies				
BBU ¹	23	23	46	47
Co-investment and other funds	—	—	—	—
	23	23	46	47
Catch-up fees	3	—	6	—
Transaction and advisory fees	2	3	3	4
Total management and advisory fees	117	106	234	201
Incentive distributions	—	—	—	—
Total Fee Revenues	\$ 117	\$ 106	\$ 234	\$ 201

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

For the three months ended June 30, 2023 and 2022

Fee Revenues increased by \$11 million or 10% for the three months ended June 30, 2023 relative to the three months ended June 30, 2022. This increase is primarily due to a \$9 million increase in Fee Revenues from our long-term private funds, specifically due to inflows of new commitments from our sixth flagship private equity fund. This increase is partially offset by a decrease in fees earned within our other funds.

For the six months ended June 30, 2023 and 2022

Fee Revenues increased by \$33 million or 16% for the six months ended June 30, 2023 relative to the six months ended June 30, 2022. This increase is primarily due to a \$29 million increase in Fee Revenues from our long-term private funds and catch up fees, primarily attributable to fundraising for our sixth flagship private equity fund.

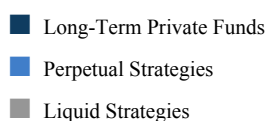
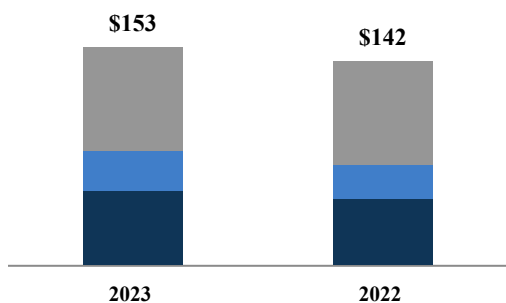
Credit and Other

Summary of Key Financial and Operating Measures

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

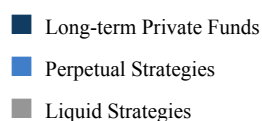
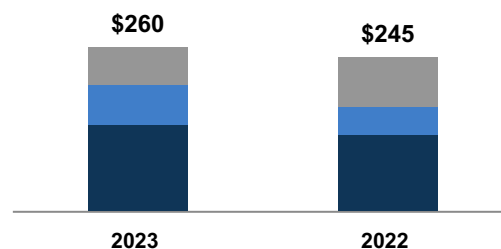
Fee-Bearing Capital

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



Fee Revenues

FOR THE THREE MONTHS ENDED JUN 30 (MILLIONS)



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

Fee-Bearing Capital

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

	2023	2022
Long-term private funds	\$ 52,058	\$ 46,663
Perpetual strategies	28,049	23,902
Liquid strategies	72,429	71,851
Total Fee-Bearing Capital	\$ 152,536	\$ 142,416

	Three Months Ended		Six Months Ended	
	2023	2022	2023	2022
FOR THE PERIODS ENDED JUNE 30, (MILLIONS)				
Balance, beginning of period	\$ 148,861	\$ 130,968	\$ 142,416	\$ 132,195
Inflows	6,166	22,300	15,516	28,525
Outflows	(3,754)	(5,630)	(8,368)	(10,363)
Distributions	(629)	(487)	(1,860)	(927)
Market valuation	1,134	(7,234)	3,419	(9,144)
Other	758	(663)	1,413	(1,032)
Change	3,675	8,286	10,120	7,059
Balance, end of period	\$ 152,536	\$ 139,254	\$ 152,536	\$ 139,254

For the three months ended June 30, 2023 and 2022

During the three months ended June 30, 2023, Fee-Bearing Capital increased by \$3.7 billion or 2% to \$153 billion, primarily due to the inflows driven by capital deployed within our long-term private funds, particularly by deployments within our tenth and eleventh flagship opportunistic credit funds. Additionally, Fee-Bearing Capital increased due to capital deployed within our Insurance Solutions business. This increase was partially offset by outflows related to our Public Securities Group.

During the three months ended June 30, 2022, Fee-Bearing Capital increased by \$8.3 billion or 6% to \$139 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 lower market valuations in our open-end credit funds, outflows due to redemptions within our liquid and perpetual strategies, and distributions to our investors.

For the six months ended June 30, 2023 and 2022

During the six months ended June 30, 2023, Fee-Bearing Capital increased by \$10 billion or 7% to \$153 billion, due to growth across all strategies. Our long-term private funds' increase is driven by deployments within our tenth and eleventh flagship opportunistic credit funds. Our perpetual strategies increased primarily due to capital deployments as well as acquisitions within our Insurance Solutions business. This overall increase was partially offset by redemptions and lower market valuations adversely impacting liquid strategies.

During the six months ended June 30, 2022, Fee-Bearing Capital increased by \$7.1 billion or 5% to \$139 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 within our liquid and perpetual strategies, and distributions to our investors.

Fee Revenues

FOR THE PERIODS ENDED JUNE 30, (MILLIONS)	Three Months Ended		Six Months Ended	
	2023	2022	2023	2022
Management and advisory fees				
Long-term private funds	\$ 141	\$ 127	\$ 274	\$ 247
Perpetual strategies	58	42	113	83
Liquid strategies ¹	61	68	123	139
Transaction and advisory fees	—	8	—	8
Total Fee Revenues	\$ 260	\$ 245	\$ 510	\$ 477

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 June 30, 2023 and 2022

Fee Revenues increased by \$15 million or 6% for the three months ended June 30, 2023 relative to the three months ended June 30, 2022. The increase was predominately attributable to incremental fees earned on deployments in our tenth and eleventh flagship opportunistic credit funds. In addition, fees from perpetual strategies increased by \$16 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 \$7 million decrease in our liquid strategies due to redemptions.

For the six months ended June 30, 2023 and 2022

Fee Revenues increased by \$33 million or 7% for the six months ended June 30, 2023 relative to the six months ended June 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 \$30 million as a result of higher Fee-Bearing Capital driven by valuation increases and capital deployed across these strategies. These increases were offset by a \$16 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 JUNE 30, (MILLIONS)	Three Months Ended		Six Months Ended	
	2023	2022	2023	2022
Net Income	\$ 580	\$ 834	\$ 1,096	\$ 1,557
Add or subtract the following:				
Provision for taxes ^(a)	156	162	249	304
Depreciation, amortization and other ^(b)	3	1	7	3
Carried interest allocations ^(c)	(114)	(163)	(173)	(162)
Carried interest allocation compensation ^(c)	(3)	18	85	131
Other income and expenses ^(d)	(72)	(269)	(50)	(726)
Interest expense paid to related parties ^(d)	5	43	7	85
Interest and dividend revenue ^(d)	(40)	(74)	(83)	(141)
Other revenues ^(e)	(31)	(22)	(194)	(40)
Share of income from equity accounted investments ^(f)	(29)	(87)	(72)	(155)
Fee-related earnings of partly owned subsidiaries at our share ^(f)	65	64	127	124
Compensation costs recovered from affiliates ^(g)	22	—	96	—
Fee Revenues from BSREP III & other ^(h)	6	9	—	28
Fee-Related Earnings	\$ 548	\$ 516	\$ 1,095	\$ 1,008
Cash taxes ⁽ⁱ⁾	(68)	(21)	(105)	(42)
Equity-based compensation expense and other ^(j)	47	16	100	36
Distributable Earnings	\$ 527	\$ 511	\$ 1,090	\$ 1,002

(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 JUNE 30, (MILLIONS)	Three Months Ended		Six Months Ended	
	2023	2022	2023	2022
Total management fee revenues	\$ 770	\$ 665	\$ 1,561	\$ 1,336
Fee Revenues from equity-accounted investments ^(a)	310	302	603	580
BSREP III Fees & other ^(b)	6	26	2	42
Fee Revenues	\$ 1,086	\$ 993	\$ 2,166	\$ 1,958

(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 U.S. \$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 June 30, 2023, the Manager has drawn \$124 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 June 30, 2023, core liquidity for our asset management business was \$3.0 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 U.S.\$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 June 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:

	Manager Liquidity		Group Liquidity ^(a)	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
AS AT (MILLIONS)				
Cash and financial assets	\$ 2,918	\$ 3,545	\$ 25,840	\$ 29,809
Undrawn committed credit facility	106	300	4,467	5,438
Core liquidity	3,024	3,845	30,307	35,247
Uncalled private fund commitments	—	—	83,075	87,364
Total liquidity	\$ 3,024	\$ 3,845	\$ 113,382	\$ 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 June 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	\$ —	\$ 16,031	\$ 16,208	\$ 14,835
Infrastructure.....	—	49	192	—	15,391	15,632	21,895
Real estate.....	382	728	234	3,170	15,105	19,619	21,981
Private equity.....	65	—	550	—	10,466	11,081	11,003
Credit and other.....	55	1,129	450	579	18,322	20,535	17,650
	<u>\$ 502</u>	<u>\$ 1,970</u>	<u>\$ 1,539</u>	<u>\$ 3,749</u>	<u>\$ 75,315</u>	<u>\$ 83,075</u>	<u>\$ 87,364</u>

Approximately \$40 billion of the Uncalled Fund Commitments are not currently earning fees. The remainder 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 June 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 June 30, 2023, and December 31, 2022 and for the three and six months ended June 30, 2023 and June 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 June 30, 2023 the total amount of these guarantees was \$700 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 June 30, 2023 and December 31, 2022 and for the three and six months ended June 30, 2023 and June 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.

For further details refer to Note 9 "Subsequent Events" of the Condensed Consolidated Financial Statements of the Manager.

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 June 30, 2023 and December 31, 2022 and for the three and six months ended June 30, 2023 and June 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 June 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.