

Brookfield Asset Management Shareholders

Overview

We had a strong fourth quarter, capping off an excellent first year for Brookfield Asset Management as a stand-alone asset manager. We benefited from strong fundraising across our flagship funds and complementary fund offerings, with the fourth quarter being the most active of the year. We raised \$93 billion of capital which, combined with the approximately \$50 billion anticipated upon the closing of the American Equity Investment Life (AEL) insurance account, brings the total to \$143 billion.

The successful fundraising across our various flagship series continued, with our infrastructure and private equity strategies closing their largest funds ever, as well as strong momentum for many of our complementary funds. Existing limited partners continued to invest into our funds, often increasing their commitments, and a very large number crossed over into new strategies, deepening their overall relationship with us.

Our Fee-Related Earnings (FRE) and Distributable Earnings (DE) were also solid. FRE and DE were \$581 million and \$586 million in the quarter, respectively. On the back of this achievement on the capital raising front, we are currently projecting a strong year of FRE and DE growth heading into 2024. With that momentum and the significant resources that we have on hand, we are pleased to announce that our Board of Directors approved an increase in our quarterly dividend by 19% to \$0.38 per share from its current level of \$0.32.

The Market Environment

It appears that central banks have been successful in dealing with inflation and that interest rates will be going lower around the world in 2024 and 2025. If this occurs, capital market activity and stock markets should be strong.

Market participants' confidence in pricing in risk has increased, which has in turn improved liquidity in the capital markets. And with record levels of dry powder currently on the sidelines, we expect a very busy period of transaction activity in the next few years, and valuations for real assets should respond accordingly.

Geopolitics can always lead to heightened volatility, but this seems to have become the new normal. Our view is that being an owner of high-quality businesses and assets that form the backbone of the global economy is a safe place to be across all market cycles. This resilience has been proven over decades.

Financial Results and Fundraising

We raised capital across all five of our flagships, as well as a number of complementary strategies that were in the market in 2023. We held several large fund closes since we last wrote to you, which raised \$33 billion of capital.

The most significant fundraising updates and deal activity since the beginning of the fourth quarter are:

Infrastructure—In December, we held the final close for the fifth vintage of our flagship infrastructure fund, bringing the total for the strategy to \$30 billion. With approximately 200 investors committed to the fund, this fifth vintage is 40% larger than the predecessor vehicle. We are now approximately 40% deployed across six large-

scale assets and the momentum on the capital deployment front is very strong. During the fourth quarter we held the final close of the third vintage of our infrastructure debt fund, bringing the total for the strategy to over \$6 billion. Over 60% of the investors in this fund are new to the strategy, showcasing Brookfield's leadership position in the infrastructure debt space.

Renewable Power and Transition—Subsequent to the end of the quarter, we finalized the first close of the second vintage of our flagship global transition fund strategy at \$10 billion. In the fourth quarter alone, we raised over \$6 billion, including an aggregate \$3 billion commitment to our transition strategies received from ALTÉRRRA, a sovereign fund and longtime partner, which was announced during COP28.

Real Estate—We are completing the first close of the fifth vintage of our flagship real estate opportunistic fund strategy at \$8 billion. This positions the fund to achieve its targeted raise, with a final close expected in 2024. In early December, we sold our majority interest in 150 Champs Elysees, a landmark mixed-use asset in Paris, for a sales price of approximately \$1 billion and an excellent return. Also in December, we disposed of an office asset in São Paulo, Brazil for a sale price of \$300 million, representing a 17% IRR. These transactions highlight our belief that high quality office and retail in great locations continue to see significant demand and, while transaction volumes have been reduced, values remain strong.

Private Equity—The second vintage of our special investments fund, which provides structured solutions to counterparties, is in the market with an expected rolling first close during the first half of 2024. In conjunction with our recent acquisition of Network International, we were pleased to welcome Sir Ron Kalifa to Brookfield this past fall as Vice Chair and Head of Financial Infrastructure investments within our Private Equity business. Ron will lead a new financial infrastructure group focused on opportunities in digital infrastructure, an area which we believe contains significant growth opportunities supporting the digitalization of the global economy.

Credit—Oaktree raised \$30 billion across its franchise in 2023, including \$9 billion in the fourth quarter. This included an additional \$2 billion in the fourth quarter for the twelfth vintage of our opportunistic credit fund and \$1 billion for our strategic lending partners fund, bringing the funds to \$8 billion and \$4 billion at year-end. Oaktree has a robust pipeline for additional private credit fundraising, and we expect to complete the fundraise for these funds later in 2024.

2024 Should Be a Good Year but Will Require More Hard Work

The free money era of 2020-2022 favored high growth businesses and investors who were aggressive with capital. We chose to pass on many of the transactions during that period as valuations were high. In hindsight, we are very pleased that we stuck to our investing mantra.

Fast forward to 2023 — as capital became less available, the managers that were prudent during the free money periods, and specifically those with extensive track records of performance and long-term relationships with partners, have excelled. Early last year, we decided that odds favored that rates were going to crest in 2023. While most were struggling with liquidity challenges, we invested over \$55 billion. We were able to do this due to our relationships and access to capital. Today, as we start 2024 with interest rates looking like they will decline, we feel very good about the investments we made in 2023 and the ones we will make in 2024.

Our confidence also comes from the way we invest. Most of our return comes from operational excellence in the businesses we run, rather than financial engineering. Our vast operating team of hundreds of thousands of employees gives us a special edge in building value in businesses. Most small, mid-size or merely financially focused firms do not have access to these resources. In an environment where “roll up your sleeves investing” is back in favor, this differentiator should continue to set our franchise apart.

Our Product Scale and Diversity Supports Consistent Fundraising

As we scale our business, our ability to raise larger funds and meet ambitious fundraising targets has grown. Equally important is our continuous effort to diversify fundraising sources and innovate with new products. This strategy ensures our capability to consistently raise capital across various economic conditions. Across our overall franchise we manage over 100 funds, many of which are actively fundraising at any given moment. Our breadth of products, asset classes and fundraising channels enables us to raise +/- \$75 billion annually, separate and apart from our flagship funds, which are raised every few years.

Insurance Solutions Channel

One of the important capital raising channels we have been building is our insurance solutions business. The pending acquisition of AEL will make Brookfield Reinsurance one of the largest writers of annuities in the U.S, and since we are the beneficiary of the management of these assets, will increase our insurance assets under management by \$50 billion. By employing the same operational enhancements that were utilized in the acquisition of American National to meaningfully grow its pace of annuity writing, we believe that over time we will raise \$15 to \$20 billion of insurance capital annually, independent of acquisitions.

Private Wealth Channel

Another growing fundraising source is our private wealth business, Brookfield Oaktree Wealth Solutions (BOWS). We have been steadily investing in our private wealth platform, which currently has 150 dedicated employees. We have partnered with more than 50 wealth groups worldwide in delivering institutional quality investment strategies to clients and we currently have five dedicated funds being distributed in this channel, including our infrastructure wealth product launched in early 2023 that has enjoyed strong early investor demand. With the team in place, we should be able to raise \$12 to \$15 billion of capital annually.

Newly Formed Credit Group

Our credit capabilities are larger and broader than they have ever been. With the growing importance that private credit will continue to play in capital markets, we expect our private credit funds to raise and deploy increasingly larger sums of capital. After the successful close of our largest infrastructure debt fund at \$6 billion in November, we are already approximately 60% deployed and expect to launch the next vintage of that fund later this year at an even larger scale. In addition, we have launched the second vintage of our private equity special investments fund and, later this year, expect to launch the seventh vintage of our real estate credit fund. Our partner, LCM, a European-based alternative credit manager, is continuing to build and raise capital for its successful asset-backed specialty finance strategy.

In order to manage our growing credit capabilities across Brookfield, Oaktree, LCM, and insurance investment strategies, we are aggregating all of our credit strategies under a new Credit group. We believe this important step will allow us to work effectively across our credit investment teams, provide excellent returns, and maximize our ability to create value for our clients. We are confident that credit will be a meaningful driver of BAM's growth over the next decade given the industry tailwinds and our collective focus. This will help us achieve that.

Open End Funds

In 2023, we observed a slowing in demand for our core infrastructure and real estate open-ended funds, likely due to the uncertain and rising interest rate environment's impact on investor preferences. These funds comprise high-quality, stable assets with consistent cash flows, appealing to yield-focused investors. With interest rates now stabilized and anticipated to decrease, we expect renewed interest in these funds. Furthermore, as our funds are medium sized and have no legacy issues with asset values or redemption lines, we should be among the first beneficiaries of fund flows as the market turns.

Product Innovation Enables Us to Grow

Core to our success has been our focus on anticipating changes in the market as we create new products and solutions. Over the past several years, we built a multi-disciplinary product development team that works across our businesses and investor segments to develop products that leverage our investment expertise and global presence. Notably, since 2020, we leveraged our existing business to launch leading platforms in direct corporate lending, global energy transition, and structured product solutions, among other products.

While product development has already played an integral role in our success over the past several years, we expect this to be an even bigger driver for us going forward for several key reasons:

- **Competitive Advantage:** In an increasingly competitive market, being able to offer differentiated and innovative investment products sets us apart, allowing us to take advantage of compelling investment opportunities and attract new investor capital that very few other managers are able to do.
- **Enhancing Client Relationships:** Offering a range of investment solutions helps us build stronger client relationships, as products and structures can be tailored to meet the specific needs and preferences of institutional and individual investors and enable them to access our capabilities more efficiently.
- **Long-Term Focus:** A continuous focus on product development reflects our commitment to long-term growth and sustainability. By staying innovative and responsive to market dynamics and investor demand, we are well positioned to succeed and grow across market cycles through a diversified suite of offerings and strategies.

This allowed us in 2023 to launch several new products and strategies. Some notable examples include our Catalytic Transition Fund, which we announced at COP28 in Dubai. The fund was anchored by UAE's ALTÉRRRA, who made a commitment of up to \$1 billion alongside its \$2 billion commitment to our second flagship transition fund. We are actively engaged with other large institutional partners who have expressed interest in this new fund. The new strategy will deploy capital exclusively into emerging and developing markets, with a dedicated focus on supporting energy transition, industrial decarbonization, sustainable living, and climate technologies.

Leveraging our established on-the-ground capabilities and relationships in the Middle East, we recently launched and are currently fundraising for a new fund strategy targeting private equity opportunities in the region. This region is growing fast, and we believe we are the most established sponsor in the market.

In recent years we have made over \$5 billion of investments within the technology-enabled payment infrastructure area, including our recent acquisitions of Network International and Magnati. Our strategy seeks mature, high-quality companies that are an integral component of the financial ecosystem and leverages our expertise in growing businesses through operational value creation.

We are also working on new products in infrastructure, asset-backed credit, and renewable power. As we turn to 2024 and beyond, we expect to launch several new products as we continue to scale different parts of our business.

Diversified Managers of Essential Real Assets Are in Demand

Infrastructure and renewable power assets remain very much in favor among alternative asset investors who are increasing their allocations, because these assets have been able to deliver strong market growth, have downside protection in uncertain times, generate inflation-protected cash flows, and, if operated well, enable owners to receive long-term capital appreciation.

In the last fifteen years we have centered our strategies around three mega-trends – decarbonization, deglobalization, and digitalization. Each will require many, many trillions of dollars of capital over the next decades. Simply put, the world is mobilizing to achieve net zero targets, energy security, supply chain resiliency and to meet

exponentially growing data demand. Our infrastructure, renewable power and energy transition businesses sit at the epicenter of these trends. These trends will propel our growth for decades to come.

We were one of the earliest managers to recognize this opportunity and have used our early mover advantage to build scale, gain operational expertise and establish ourselves as the industry leader in the space. Our scale is a significant competitive advantage that we strive to leverage on behalf of our clients, and this should only get better. We have nearly \$300 billion of assets under management around the world – across utilities, transport, midstream, and data as well as hydro, wind, solar, distributed generation, and energy storage. We use our footprint and deep relationships to source proprietary opportunities not available to others. This scale also allows us to pursue transactions that require significant operational capabilities or access to capital that few others have.

Our platform is also built on unmatched diversity. Our strategies in the space enable us to participate up and down the capital structure—from opportunistic equity, core equity, mezzanine debt, senior debt through our insurance accounts, preferred equity, and convertible debt. We raise capital across all of our fundraising channels, including from private institutional investors, insurance accounts, private wealth, as well as Brookfield Corporation and our public affiliates.

The ongoing consolidation trend within the alternative asset management space, which we participated in five years ago through our partnership with Oaktree, is now even more evident as managers are increasingly expanding into high-growth sectors like infrastructure and renewable power.

Closing

We remain committed to being a world-class asset manager and strive to invest our capital in high-quality assets that earn solid returns, while emphasizing downside protection. The primary objective of the company continues to be to generate increasing cash flows on a per-share basis, and to distribute that cash to you by dividend or share repurchases.

Thank you for your interest in Brookfield, and please do not hesitate to contact any of us should you have suggestions, questions, comments, or ideas you wish to share.

Sincerely,



Bruce Flatt
Chief Executive Officer
February 7, 2024



Connor Teskey
President

Cautionary Statement Regarding Forward-Looking Statements and Information

All references to "\$" or "Dollars" are to U.S. Dollars. This letter to shareholders contains "forward-looking information" within the meaning of Canadian provincial securities laws and "forward-looking statements" within the meaning of the U.S. Securities Act of 1933, the U.S. Securities Exchange Act of 1934, "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995 and in any applicable Canadian securities regulations (collectively, "forward-looking statements"). Forward-looking statements include statements that are predictive in nature, depend upon or refer to future results, events or conditions, and include, but are not limited to, statements which reflect management's current estimates, beliefs and assumptions regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies, capital management and outlook of Brookfield Asset Management Ltd., Brookfield Asset Management ULC and its subsidiaries, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods, and which are in turn based on our experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. The estimates, beliefs and assumptions of Brookfield Asset Management Ltd. are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and as such, are subject to change. Forward-looking statements are typically identified by words such as "target", "project", "forecast", "expect", "anticipate", "believe", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "strive", "will", "may" and "should" and similar expressions. In particular, the forward-looking statements contained in this letter to shareholders include statements referring to the impact of current market or economic conditions on our businesses, the future state of the economy or securities market, the expected future trading price of our shares or financial results, the results of future fundraising efforts, the expected growth, size or performance of future or existing strategies, future investment opportunities, or the results of future asset sales.

Although Brookfield Asset Management Ltd. believes that such forward-looking statements are based upon reasonable estimates, beliefs and assumptions, actual results may differ materially from the forward-looking statements. Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include, but are not limited to: (i) our lack of independent means of generating revenue; (ii) our material assets consisting solely of our interest in Brookfield Asset Management ULC; (iii) challenges relating to maintaining our relationship with Brookfield Corporation and potential conflicts of interest; (iv) Brookfield Asset Management Ltd. being a newly formed company; (v) our liability for our asset management business; (vi) our ability to maintain Brookfield Asset Management Ltd.'s exempted status as a "foreign private issuer" under U.S. federal securities laws; (vii) the impact on growth in fee-bearing capital of poor product development or marketing efforts; (viii) our ability to maintain our global reputation; (ix) volatility in the trading price of our class A limited voting shares; (x) being subjected to numerous laws, rules and regulatory requirements, and the potential ineffectiveness of our policies to prevent violations thereof; (xi) meeting our financial obligations due to our cash flow from our asset management business; (xii) foreign currency risk and exchange rate fluctuations; (xiii) requirement of temporary investments and backstop commitments to support our asset management business; (xiv) rising interest rates; (xv) revenues impacted by a decline in the size or pace of investments made by our managed assets; (xvi) the variability of our earnings growth, which may affect our dividend and the trading price of our class A limited voting shares; (xvii) exposed risk due to increased amount and type of investment products in our managed assets; (xviii) difficulty in maintaining our culture or managing our human capital; (xix) political instability or changes in government; (xx) unfavorable economic conditions or changes in the industries in which we operate; (xxi) catastrophic events, such as earthquakes, hurricanes, or pandemics/epidemics; (xxii) deficiencies in public company financial reporting and disclosures; (xxiii) ineffective management of environmental, social and governance (ESG) considerations, and inadequate or ineffective health and safety programs; (xxiv) the failure of our information and technology systems; (xxv) us and our managed assets becoming involved in legal disputes; (xxvi) losses not covered by insurance; (xxvii) inability to collect on amounts owing to us; (xxviii) information barriers that may give rise to conflicts and risks; (xxix) risks related to our renewable power and transition, infrastructure, private equity, real estate, and other alternatives, including credit strategies; (xxx) risks relating to Canadian and United States taxation laws; and (xxxi) other factors described from time to time in our documents filed with the securities regulators in Canada and the United States.

We caution that the foregoing list of important factors that may affect future results is not exhaustive and other factors could also adversely affect future results. Readers are urged to consider these risks, as well as other uncertainties, factors and assumptions carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements, which are based only on information available to us as of the date of this letter to shareholders. Except as required by law, Brookfield Asset Management Ltd. undertakes no obligation to publicly update or revise any forward-looking statements, whether written or oral, that may be as a result of new information, future events or otherwise.

Past performance is not indicative nor a guarantee of future results. There can be no assurance that comparable results will be achieved in the future, that future investments will be similar to historic investments discussed herein, that targeted returns, growth objectives, diversification or asset allocations will be met or that an investment strategy or investment objectives will be achieved (because of economic conditions, the availability of appropriate opportunities or otherwise).

Target returns and growth objectives set forth in this letter to shareholders are for illustrative and informational purposes only and have been presented based on various assumptions made by Brookfield Asset Management Ltd. in relation to the investment strategies being pursued, any of which may prove to be incorrect. There can be no assurance that targeted returns or growth objectives will be achieved. Due to various risks, uncertainties and changes (including changes in economic, operational, political or other circumstances) beyond Brookfield Asset Management Ltd.'s control, the actual performance of the business could differ materially from the target returns and growth objectives set forth herein. In addition, industry experts may disagree with the assumptions used in presenting the target returns and growth objectives. No assurance, representation or warranty is made by any person that the target returns or growth objectives will be achieved, and undue reliance should not be put on them. Prior performance is not indicative of future results and there can be no guarantee that Brookfield Asset Management Ltd. will achieve the target returns or growth objectives or be able to avoid losses.

Certain of the information contained herein is based on or derived from information provided by independent third-party sources. While Brookfield Asset Management Ltd. believes that such information is accurate as of the date it was produced and that the sources from which such information has been obtained are reliable, Brookfield Asset Management Ltd. makes no representation or warranty, express or implied, with respect to the accuracy, reasonableness or completeness of any of the information or the assumptions on which such information is based, contained herein, including but not limited to, information obtained from third parties.

Expectations around future realizations of carried interest are illustrative. To calculate these figures, we assume that we achieve the gross target return rates for each of our funds for which we are eligible to earn carried interest. There can be no assurance that we will achieve these target returns or that we will realize these levels of carried interest. Carried interest is a contractual arrangement whereby we receive a fixed percentage of investment gains generated within a private fund provided that the investors receive a predetermined minimum return. Carried interest is typically paid towards the end of the life of a fund after the capital has been returned to investors and may be subject to “claw back” until all investments have been monetized and minimum investment returns are sufficiently assured. This is referred to as realized carried interest. Gross carried interest represents realizations after Brookfield Corporation receives its 33% share but before any direct costs that we would pay to employees.

Cautionary Statement Regarding the Use of Non-GAAP Measures

This letter to shareholders contains references to financial measures that are calculated and presented using methodologies other than in accordance with U.S. GAAP. These financial measures, which include Distributable Earnings, its components and its per share equivalent, should not be considered as the sole measure of our performance and should not be considered in isolation from, or as a substitute for, similar financial measures calculated in accordance with U.S. GAAP. We caution readers that these non-GAAP financial measures or other financial metrics are not standardized under U.S. GAAP and may differ from the financial measures or other financial metrics disclosed by other businesses and, as a result, may not be comparable to similar measures presented by other issuers and entities.