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# BrightSphere Reports Financial and Operating Results for the Fourth Quarter Ended December 31, 2023

- *U.S. GAAP earnings per share of $0.54 for the quarter, compared to $0.72 for Q4'22*
- *U.S. GAAP net income attributable to controlling interests of $22.8 million for the quarter, compared to $30.4 million for Q4'22*
- *ENI earnings per share of $0.77 for the quarter, compared to $0.67 for Q4'22*
- *AUM of $103.7 billion at December 31, 2023 compared to $97.4 billion at September 30, 2023*
- *90%, 90% and 92% of strategies by revenue beat their respective benchmarks over the prior 3-, 5-, and 10- year periods as of December 31, 2023*

**BOSTON** - February 1, 2024 - BrightSphere Investment Group Inc. (NYSE: BSIG) reports its results for the fourth quarter ended December 31, 2023.

Suren Rana, BrightSphere's President and Chief Executive Officer, said, "For the fourth quarter of 2023, the Company produced record ENI earnings per share of $0.77 compared to $0.67 in the fourth quarter of 2022 and $0.45 in the third quarter of 2023. Acadian, our sole operating business, generated $55.2 million of Adjusted EBITDA in the fourth quarter of 2023 compared to $50.9 million in the fourth quarter of 2022 and $37.7 million in the third quarter of 2023. The increase in ENI earnings per share and Acadian's Adjusted EBITDA compared to the fourth quarter of 2022 was driven by higher management fee revenue due to higher AUM from market appreciation in 2023. The increase in ENI earnings per share and Acadian's Adjusted EBITDA compared to the third quarter of 2023 was driven by an increase in performance fee revenue, which is seasonally higher in the fourth quarter.

Acadian continued to produce consistent long-term investment outperformance for their clients and Acadian's investment outperformance strengthened further in the fourth quarter of 2023. As of December 31, 2023, 90%, 90% and 92% of Acadian's strategies by revenue beat their respective benchmarks over the prior 3-, 5-, and 10- year periods, respectively.

We reported net client cash flows of $(2.0) billion for the fourth quarter of 2023 driven by outflows from managed volatility strategies.

Acadian's Systematic Credit platform seeded its first strategy, U.S. High Yield, in November 2023 with $15 million of seed capital and will now start building its track record. Additionally, Acadian's Equity Alternatives platform, seeded in Q4'22, continues to generate strong investment performance.

Turning to capital management, the Company's board provided a fresh authorization in December 2023 for share repurchases of up to $100 million. We repurchased 268,800 shares for a total of $5.1 million in December 2023 and have repurchased an additional 1,872,028 shares for a total of $38.0 million to date in Q1'24, for a combined total of 5.2% of outstanding shares.

We had a cash balance of approximately $147 million as of December 31, 2023. Acadian fully paid down their revolving credit facility in the fourth quarter of 2023, resulting in no balance outstanding at the end of the year, compared to $13 million outstanding at the end of the third quarter of 2023. As discussed previously, this revolving facility supports Acadian's first quarter seasonal needs and is generally fully paid down by year-end from cash generated from Acadian's operations. As our business continues to generate strong free cash flow, we expect to continue deploying excess capital to support organic growth and repurchase our stock."

## Dividend Declaration

The Company's Board of Directors approved a quarterly interim dividend of $0.01 per share payable on March 28, 2024 to shareholders of record as of the close of business on March 15, 2024.

## Conference Call Dial-in

The Company will hold a conference call and simultaneous webcast to discuss the results at 11:00 a.m. Eastern Time on February 1, 2024. To listen to the call or view the webcast, participants should:

***Dial-in***:

| | |
|---|---|
| Toll Free Dial-in Number: | (888) 330-3451 |
| International Dial-in Number: | (646) 960-0843 |
| Conference ID: | 2259293 |

***Link to Webcast***:
https://events.q4inc.com/attendee/442720240

***Dial-in Replay***:
A replay of the call will be available beginning approximately one hour after its conclusion either on BrightSphere's website, at http://ir.bsig.com or at:

| | |
|---|---|
| Toll Free Dial-in Number: | (800) 770-2030 |
| International Dial-in Number: | (647) 362-9199 |
| Conference ID: | 2259293 |

## About BrightSphere

BrightSphere is a global asset management holding company with one operating subsidiary, Acadian Asset Management, with approximately $104 billion of assets under management as of December 31, 2023. Through Acadian, BrightSphere offers institutional investors across the globe access to a wide array of leading quantitative and solutions-based strategies designed to meet a range of risk and return objectives. For more information, please visit BrightSphere's website at www.bsig.com. Information that may be important to investors will be routinely posted on our website.

## Forward-Looking Statements

This communication includes forward-looking statements which may include, from time to time, anticipated revenues, margins, operating expense and variable compensation ratios, cash flows or earnings growth profile, anticipated performance and growth of the Company’s business going forward and the execution of growth strategy, expected launch, timing and impact of new initiatives, expected sector trends and their potential impact, expected future net cash flows, expected uses of future capital, and capital management, including expectations regarding market conditions. The words or phrases ‘‘will likely result,’’ ‘‘are expected to,’’ ‘‘will continue,’’ ‘‘is anticipated,’’ ‘‘can be,’’ ‘‘may be,’’ ‘‘aim to,’’ ‘‘may affect,’’ ‘‘may depend,’’ ‘‘intends,’’ ‘‘expects,’’ ‘‘believes,’’ ‘‘estimate,’’ ‘‘project,’’ and other similar expressions are intended to identify such forward-looking statements. Such statements are subject to various known and unknown risks and uncertainties and readers should be cautioned that any forward-looking information provided by or on behalf of the Company is not a guarantee of future performance.

Actual results may differ materially from those in forward-looking information as a result of various factors, some of which are beyond the Company’s control, including but not limited to those discussed elsewhere in this communication. Additional factors that could cause actual results to differ from the forward-looking statements in this release include: our financial results are dependent on Acadian Asset Management LLC; our reliance on key personnel; our use of a limited number of investment strategies; our ability to attract and retain assets under management; the potential for losses on seed and co-investment capital; foreign currency exchange risk; risks associated with government regulation; and other facts that may be described in the Company's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 28, 2023. Due to such risks and uncertainties and other factors, the Company cautions each person receiving such forward-looking information not to place undue reliance on such statements. Further, such forward-looking statements speak only as of the date of this communication and the Company undertakes no obligations to update any forward looking statement to reflect events or circumstances after the date of this communication or to reflect the occurrence of unanticipated events.

This communication does not constitute an offer for any fund managed by the Company or any Affiliate of the Company.

## Non-GAAP Financial Measures

This communication contains non-GAAP financial measures. Reconciliations of GAAP to non-GAAP financial measures are included in the Reconciliations and Disclosures section of this communication. Additional reconciliations with respect to certain segment measures are included in the Supplemental Information section of this communication.

# Q4 2023 EARNINGS PRESENTATION

BRIGHTSPHERE
Investment Group

**February 1, 2024**

# Q4'23 Highlights

## BrightSphere Highlights

- U.S. GAAP EPS of $0.54 for Q4'23 compared to $0.72 for Q4'22
- Highest ever ENI EPS of $0.77 for the quarter compared to $0.67 for Q4'22
- Systematic Credit initiative seeded its first strategy, U.S. High Yield, in November 2023 with $15 million
- Equity Alternatives continued to build a strong track record
- Continued strong investment performance with 90%, 90% and 92% of strategies by revenue beating their benchmarks over the prior 3-, 5-, and 10-year periods, respectively, as of December 31, 2023
- Total AUM of $103.7 billion as of December 31, 2023, a 6.5% increase from September 30, 2023, driven by positive market
- $(2.0) billion of net flows for Q4'23; annualized revenue impact from Q4'23 flows of $(6.4) million
- Board authorization in 4Q’23 for share repurchases of up to $100 million
    - Repurchased 268,800 shares ($5.1 million) in December 2023; an additional 1,872,028 shares ($38.0 million) repurchased to date in Q1’24, for a combined total of 5.2% of outstanding shares
- Cash balance of $146.8 million at year-end; expect to continue deploying excess capital toward supporting organic growth and for share repurchases

*Please see Definitions and Additional Notes*

# U.S. GAAP Statement of Operations

| *($ in millions, unless otherwise noted)* | Three Months Ended December 31, 2023 | December 31, 2022 | Increase (Decrease) | September 30, 2023 |
|---|---|---|---|---|
| Management fees | $ 94.5 | $ 86.0 | 9.9 % | $ 95.3 |
| Performance fees | 36.5 | 36.3 | 0.6 % | 11.2 |
| Consolidated Funds' revenue | 0.2 | 0.4 | (50.0)% | 0.8 |
| **Total revenue** | **131.2** | **122.7** | **6.9 %** | **107.3** |
| Compensation and benefits | 67.3 | 50.5 | 33.3 % | 53.0 |
| General and administrative | 23.6 | 20.2 | 16.8 % | 18.8 |
| Depreciation and amortization | 4.6 | 3.7 | 24.3 % | 4.5 |
| Consolidated Funds' expense | 0.1 | 0.4 | (75.0)% | 0.8 |
| **Total operating expenses** | **95.6** | **74.8** | **27.8 %** | **77.1** |
| **Operating income** | **35.6** | **47.9** | **(25.7)%** | **30.2** |
| Investment income (loss) | (0.3) | 1.4 | n/m | (0.3) |
| Interest income | 1.8 | 0.5 | n/m | 1.7 |
| Interest expense | (4.5) | (4.6) | (2.2)% | (4.8) |
| Net consolidated Funds' investment losses (gains) | 2.3 | (0.4) | n/m | 0.7 |
| **Income before income taxes** | **34.9** | **44.8** | **(22.1)%** | **27.5** |
| Income tax expense | 11.1 | 14.4 | (22.9)% | 7.7 |
| **Net income** | **23.8** | **30.4** | **(21.7)%** | **19.8** |
| Net income attributable to non-controlling interests | 1.0 | — | n/m | 0.2 |
| **Net income attributable to controlling interests** | **$ 22.8** | **$ 30.4** | **(25.0)%** | **$ 19.6** |
| Earnings per share, basic, $ | $ 0.55 | $ 0.73 | (24.7)% | $ 0.47 |
| Earnings per share, diluted, $ | $ 0.54 | $ 0.72 | (25.0)% | $ 0.46 |
| Average basic shares outstanding (in millions) | 41.5 | 41.4 | | 41.5 |
| Average diluted shares outstanding (in millions) | 42.2 | 42.5 | | 42.6 |
| U.S. GAAP operating margin | 27 % | 39 % | (1190) bps | 28 % |
| Pre-tax income attributable to controlling interests | $ 33.9 | $ 44.8 | (24.3)% | $ 27.3 |
| Net income attributable to controlling interests | $ 22.8 | $ 30.4 | (25.0)% | $ 19.6 |

## Q4'23 vs. Q4'22

- Total revenue increased 6.9% from Q4'22 primarily due to higher management fees driven by higher average AUM
- Operating expenses increased 27.8% from Q4'22 primarily due to an increase in compensation and benefits expense, driven by increased variable compensation earned on performance fees, severance, and changes in the value of the Acadian equity plan liability
- Income tax expense decreased (22.9)% from Q4'22 in line with the decrease in pre-tax earnings attributable to controlling interests
- U.S. GAAP net income attributable to controlling interests decreased (25.0)% from Q4'22 primarily due to the increase in operating expenses
- Diluted earnings per share decreased (25.0)% from Q4'22 due to lower Q4'23 earnings

*Please see Definitions and Additional Notes*

# Acadian Financial Highlights

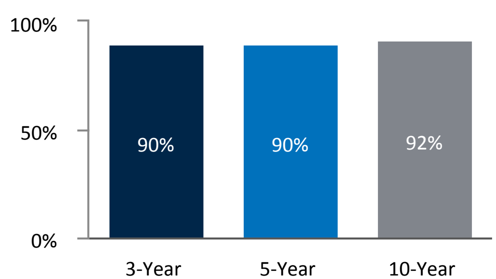
- Net flows of $(2.0) billion with $(6.4) million annualized revenue impact for Q4'23 driven by outflows from managed volatility strategies, compared to net flows of $1.3 billion with annualized revenue impact of $3.2 million for Q4'22
- AUM increased 10.8% from Q4'22 mainly driven by market rebound in 2023; AUM increased 6.5% compared to Q3'23 due to the positive market
- Long-term investment outperformance strengthened further in Q4'23
- Segment ENI increased 7.0% in Q4'23 compared to Q4'22 due to higher average AUM and management fees; Segment ENI increased 52.4% in Q4'23 compared to Q3'23 due to higher performance fees

## Key Performance Metrics

| | Three Months Ended December 31, | | | Three Months Ended September 30, | |
|---|---|---|---|---|---|
| | 2023 | 2022 | Increase (Decrease) | 2023 | Increase (Decrease) |
| **Operational Information** | | | | | |
| AUM $b | $ 103.7 | $ 93.6 | 10.8 % | $ 97.4 | 6.5 % |
| Average AUM $b | $ 98.6 | $ 89.3 | 10.4 % | $ 100.5 | (1.9)% |
| Net flows $b | $ (2.0) | $ 1.3 | $ (3.3) | $ (0.5) | $ (1.5) |
| Annualized Revenue Impact of net flows $m | $ (6.4) | $ 3.2 | $ (9.6) | $ (0.3) | $ (6.1) |
| ENI management fee rate (bps) | 38 | 38 | — | 38 | — |
| **Economic Net Income Basis** | | | | | |
| ENI Revenue $m | $ 131.0 | $ 122.3 | 7.1 % | $ 106.5 | 23.0 % |
| Segment Economic Net Income $m | $ 50.6 | $ 47.3 | 7.0 % | $ 33.2 | 52.4 % |
| Segment ENI Operating Margin | 39.5 % | 40.0 % | (50) bps | 32.6 % | 690 bps |
| Segment Adjusted EBITDA $m | $ 55.2 | $ 50.9 | 8.4 % | $ 37.7 | 46.4 % |

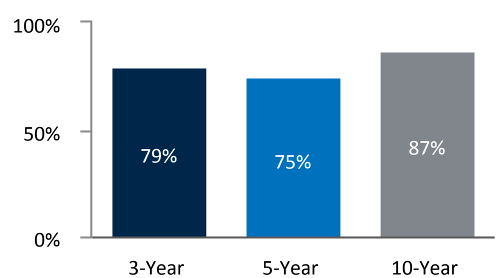
## Investment Performance

### Revenue-Weighted[1]



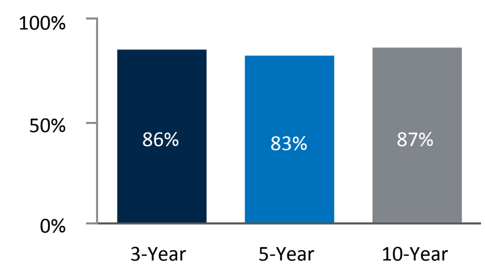

| | 3-Year | 5-Year | 10-Year |
|---|---|---|---|
| Q3’23 | 83% | 88% | 91% |
| Q4’22 | 87% | 87% | 90% |

### Equal-Weighted




| | 3-Year | 5-Year | 10-Year |
|---|---|---|---|
| Q3’23 | 74% | 69% | 83% |
| Q4’22 | 78% | 73% | 83% |

### Asset-Weighted




| | 3-Year | 5-Year | 10-Year |
|---|---|---|---|
| Q3’23 | 75% | 81% | 86% |
| Q4’22 | 80% | 78% | 83% |

*Please see Definitions and Additional Notes*

*(1) As of December 31, 2023, Acadian’s assets representing 80% of revenue were outperforming benchmarks on a 1-year basis, compared to 88% at December 31, 2022 and 67% at September 30, 2023.*

# Acadian Platform Overview

## Business Overview

- Kelly Young promoted to Chief Executive Officer of Acadian in 4Q ’23 to help drive Acadian’s next phase of growth
    - Kelly has served in key leadership roles during her 15 years at Acadian, most recently as Executive Vice President, Chief Marketing Officer
- Leading, at-scale, systematic investment manager with a track record of over 35 years and $103.7 billion in AUM as of December 31, 2023
- Quant-focused investment platform offering unique capabilities in active equities, credit and alternatives; including recently launched multi-strategy hedge fund and systematic credit strategies
- Strong investment performance with more than 90% of strategies by revenue outperforming benchmarks over 3-, 5-, and 10-year horizons as of December 31, 2023
- Diversified offerings across developed and emerging markets; approximately 80% of AUM invested outside the U.S.
- Long-standing relationships with 950+ premier global institutional clients
- Experienced management team with a proven track record

# Systematic Investing Capabilities Built On

**PEOPLE**

**Economic intuition & insights of a talented, experienced, diverse group of investors:**

100+ person investment team | 1600+ years' collective experience

100+ advanced analytical degrees

**DATA**

**Extensive data repository supplemented by alternative data scouting effort:**

450M+ daily observations | 55TB+ data

150+ global markets | 40K+ traded assets

**CLARITY**

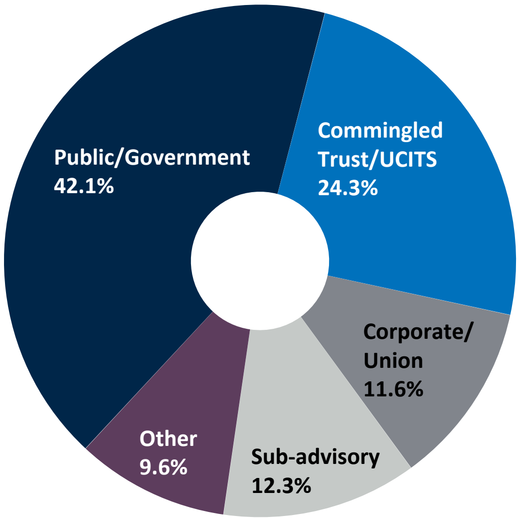
**Transforming information into insights:**

Robust technological infrastructure

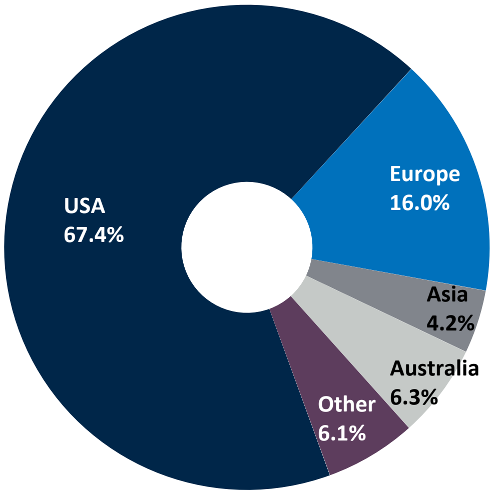
Sophisticated analytical tools & portfolio attribution illuminate trends, relationships, and drivers of alpha

# Diversified Asset Base

## AUM by Client Type




## AUM by Client Location




## AUM by Strategy


**Total: $103.7 billion(1)**

*Please see Definitions and Additional Notes*

*(1) Data as of December 31, 2023*

# Systematic Investment Capabilities

## Diversified Quant Offerings

| | | |
|---|---|---|
| EQUITY | **Equity** | Equity strategies apply insights from over 35 years of systematic investing experience combined with the power of data<br>***Global, Emerging Markets, Non-US, Regional*** |
| | **Managed Volatility** | Managed volatility portfolios seek to deliver active returns and lower volatility based on both the mispricing of risk and stock fundamentals<br>***Global Managed Volatility, EM Managed Volatility*** |
| CREDIT | **Credit** | Fixed income capabilities systematically investing in corporate bonds seeking to deliver differentiated excess returns (platform in development)<br>***Investment Grade, High Yield*** |
| ALTERNATIVES | **Macro** | Systematic macro capabilities designed to generate absolute returns uncorrelated with major asset classes and regardless of market conditions<br>***Multi-Asset Absolute Return, Commodities Absolute Return*** |
| | **Equity Alternatives** | Equity alternatives capabilities systematically apply new signals, alternative data and portfolio construction techniques<br>***Multi-strategy, Equity Long-Short, Market Neutral*** |

# Sector Tailwinds Expected to Support Organic Long-term Growth

## Secular Trends

- Explosive Growth in Alternative Data
- Continued Development of Advanced Techniques: Machine Learning, AI
- Scale of Investment in Data, Technology, and Talent Increasingly Important
- Growing Demand for Uncorrelated Strategies and Customization

ACADIAN

## Anticipated Impact for Acadian

Alpha → Acadian Brand and Barriers to Entry → Organic Growth → Applying Data and Expertise to New Capabilities

# Acadian's Recent and Ongoing Growth Initiatives

| **Investment Theme** | **Acadian Solutions** |
|---|---|
| **Demand for Diversification and Downside Protection** | • **Systematic Credit**<br>◦ We believe current industry dynamics create an attractive opportunity for Acadian to expand and diversify its business into systematic credit and that Acadian is well positioned to win a share of this large market<br>◦ Roll-out of Systematic Credit effort continuing to move forward as planned<br>◦ Seeded U.S. High Yield strategy in Q4'23 with $15 million<br>◦ ***High Yield Corporate, Investment Grade Corporate, Credit Long-Short***<br>• **Equity Alternatives**<br>◦ Systematically apply new signals, alternative data and portfolio construction techniques<br>◦ Seeded Acadian's Equity Alternatives platform in Q4'22 with $15 million<br>◦ ***Multi-Strategy, Differentiated Hedge Fund Strategies, Equity Long-Short, Market Neutral***<br>• **Systematic Macro**<br>◦ Began offering to broad markets in late 2019; systematic macro strategies have since grown to over $2 billion in AUM as of December 31, 2023<br>◦ ***Multi-Asset Absolute Return, Commodities Absolute Return*** |

*Please see Definitions and Additional Notes*

# Disciplined Execution of Long-Term Growth Strategy

| | |
|---|---|
| Continue Harnessing our Unique Quant Capabilities | • **Leveraging broad quant capabilities to provide exposures and solutions sought by clients**<br>◦ Ongoing initiatives including Equity Alternatives, Systematic Credit, and Multi-Asset Class strategies<br>• **Highly scalable offerings with substantial capacity and global demand** |
| Additional Growth Levers | • **Product innovation**<br>◦ Extensions of quant investment strategies into high-demand areas supported by ongoing seeding program<br>• **Distribution enhancements**<br>◦ Expansion of distribution teams including entry into new markets and channels |
| Drive Shareholder Value | • **Strong free cash flow generated from revenues from a broad array of investment strategies**<br>• **Continue deploying free cash flow toward supporting organic growth and for share repurchases**<br>◦ Repurchased 268,800 shares ($5.1 million) in December 2023; an additional 1,872,028 shares ($38.0 million) repurchased to date in Q1’24, for a combined total of 5.2% of outstanding shares |

*Please see Definitions and Additional Notes*

# Key Performance Metrics

| Key Performance Metrics[1] | | | | | |
|---|---|---|---|---|---|
| *($ in millions, unless otherwise noted)* | Three Months Ended December 31, | | | Three Months Ended September 30, | |
| **U.S. GAAP Basis** | **2023** | **2022** | **Increase (Decrease)** | **2023** | **Increase (Decrease)** |
| Revenue | $ 131.2 | $ 122.7 | 6.9 % | $ 107.3 | 22.3 % |
| Pre-tax income attributable to controlling interests | 33.9 | 44.8 | (24.3)% | 27.3 | 24.2 % |
| Net income attributable to controlling interests | 22.8 | 30.4 | (25.0)% | 19.6 | 16.3 % |
| Diluted shares outstanding (in millions) | 42.2 | 42.5 | | 42.6 | |
| Diluted earnings per share, $ | $ 0.54 | $ 0.72 | (25.0)% | $ 0.46 | 17.4 % |
| U.S. GAAP operating margin | 27 % | 39 % | (1190) bps | 28 % | (101) bps |
| **Economic Net Income Basis (Non-GAAP measure used by management)** | | | | | |
| ENI revenue | $ 131.0 | $ 122.3 | 7.1 % | $ 106.5 | 23.0 % |
| Pre-tax economic net income | 44.4 | 39.1 | 13.6 % | 26.4 | 68.2 % |
| Economic net income | 32.6 | 28.4 | 14.8 % | 19.3 | 68.9 % |
| ENI diluted earnings per share, $ | $ 0.77 | $ 0.67 | 14.9 % | $ 0.45 | 71.1 % |
| Adjusted EBITDA | 51.5 | 47.1 | 9.3 % | 34.0 | 51.5 % |
| ENI operating margin | 36 % | 36 % | 10 bps | 29 % | 776 bps |
| **Other Operational Information** | | | | | |
| Assets under management at period end ($ in billions) | $ 103.7 | $ 93.6 | 10.8 % | $ 97.4 | 6.5 % |
| Net flows ($ in billions) | (2.0) | 1.3 | n/m | (0.5) | n/m |
| Annualized revenue impact of net flows ($ in millions) | (6.4) | 3.2 | n/m | (0.3) | n/m |

*Please see Definitions and Additional Notes*

(1) *Please see Reconciliations and Disclosures for the reconciliation of Net income attributable to controlling interests to Adjusted EBITDA and ENI.*

# ENI Revenue

## Commentary

- ENI revenue includes management fees and performance fees
- Q4'23 ENI revenue of $131.0 million increased from Q4'22 by 7%; primarily due to higher management fees driven by higher average AUM
    - Performance fees remained strong due to outperformance in certain incentive-fee eligible accounts
- Management fees increased 10% from Q4'22 due to a 10% increase in average AUM mainly as the result of 2023 market appreciation

## ENI Revenue

| ($M) | Three Months Ended December 31, | | | Three Months Ended September 30, | |
|---|---|---|---|---|---|
| | 2023 | 2022 | Increase (Decrease) | 2023 | Increase (Decrease) |
| Management fees | $ 94.5 | $ 86.0 | *10%* | $ 95.3 | *(1)%* |
| Performance fees | 36.5 | 36.3 | *1%* | 11.2 | *n/m* |
| **ENI revenue** | **$ 131.0** | **$ 122.3** | *7%* | **$ 106.5** | *23%* |

*Please see Definitions and Additional Notes*

# ENI Operating Expenses

## Commentary

- Total ENI operating expenses reflect Affiliate operating expenses and Center expenses (excluding variable compensation)
- ENI operating expenses increased to $52.7 million in Q4'23 from $47.9 million in Q4'22 driven by inflation and new investments
- Q4'23 Operating Expense Ratio(1) increased to 55.8% for the period from 55.7% in Q4'22
- 2024 full year Operating Expense Ratio expected to be approximately 48%-53% if the equity market remains at the same level; ratio is subject to fluctuations as AUM and ENI management fees change

## ENI Operating Expenses

| ($M) | Three Months Ended December 31, | | | | | | | Three Months Ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | | | 2022 | | | Increase (Decrease) | 2023 | | | Increase (Decrease) |
| | | $M | % of MFs(2) | | $M | % of MFs(2) | | | $M | % of MFs(2) | |
| Fixed compensation and benefits | $ | 22.9 | 24.2 % | $ | 22.2 | 25.8 % | 3% | $ | 23.1 | 24.2 % | (1)% |
| G&A expenses (excl. sales-based compensation) | | 22.3 | 23.6 % | | 20.0 | 23.3 % | 12% | | 18.6 | 19.5 % | 20% |
| Depreciation and amortization | | 4.6 | 4.9 % | | 3.7 | 4.3 % | 24% | | 4.5 | 4.7 % | 2% |
| **Core operating expense subtotal** | **$** | **49.8** | ***52.7 %*** | **$** | **45.9** | ***53.4 %*** | 8% | **$** | **46.2** | ***48.5 %*** | 8% |
| Sales-based compensation | | 2.9 | 3.1 % | | 2.0 | 2.3 % | 45% | | 1.2 | 1.3 % | 142% |
| **Total ENI operating expenses** | **$** | **52.7** | ***55.8 %*** | **$** | **47.9** | ***55.7 %*** | 10% | **$** | **47.4** | ***49.7 %*** | 11% |
| Note: ENI management fees | $ | 94.5 | | $ | 86.0 | | 10% | $ | 95.3 | | (1)% |

*Please see Definitions and Additional Notes*
*(1) Operating Expense Ratio reflects total ENI operating expenses as a percent of management fees.*
*(2) Represents reported ENI management fee revenue.*

# ENI Variable Compensation

## Commentary

- Variable compensation is typically awarded based on contractual percentage of our Affiliate's ENI earnings before variable compensation plus Center bonuses and also includes a contractual split of certain performance fees which is recognized over the contractual vesting period
  - Affiliate variable compensation includes cash and equity provided through recycling
  - Center variable compensation includes cash and BSIG equity
- Q4'23 Variable Compensation Ratio fell to 39.0% from 40.2% in Q4'22 driven by higher earnings before variable compensation and a decrease in non-cash compensation
- 2024 full year Variable Compensation Ratio expected to be 46%-50%

## ENI Variable Compensation

| ($M) | Three Months Ended December 31, | | | Three Months Ended September 30, | |
|---|---|---|---|---|---|
| | 2023 | 2022 | Increase (Decrease) | 2023 | Increase (Decrease) |
| **Cash variable compensation** | **$ 28.7** | **$ 27.6** | *4%* | **$ 26.9** | *7%* |
| Add: Non-cash equity-based award amortization | 1.8 | 2.3 | *(22)%* | 1.6 | *13%* |
| **Variable compensation** | **30.5** | **29.9** | *2%* | **28.5** | *7%* |
| **Earnings before variable compensation** | **$ 78.3** | **$ 74.4** | *5%* | **$ 59.1** | *32%* |
| Variable Compensation Ratio (VC as % of earnings before variable comp.) | 39.0 % | 40.2 % | *(124) bps* | 48.2 % | *(927) bps* |

*Please see Definitions and Additional Notes*

# Affiliate Key Employee Distributions

## Commentary

- Represents key employees' share of profit from our Affiliate's earnings
- 2024 Distribution Ratio expected to be 5%-7%; mix of core and performance fee profits will impact the ratio

## Affiliate Key Employee Distributions

| ($M) | Three Months Ended December 31, 2023 | Three Months Ended December 31, 2022 | Increase (Decrease) | Three Months Ended September 30, 2023 | Increase (Decrease) |
|---|---|---|---|---|---|
| A Earnings after variable compensation (ENI operating earnings) | $ 47.8 | $ 44.5 | *7%* | $ 30.6 | *56%* |
| **B Less: Affiliate key employee distributions** | **(1.2)** | **(1.6)** | *(25)%* | **(1.5)** | *(20)%* |
| Earnings after Affiliate key employee distributions | $ 46.6 | $ 42.9 | *9%* | $ 29.1 | *60%* |
| Affiliate Key Employee Distribution Ratio ( B / A ) | 2.5 % | 3.6 % | *(109) bps* | 4.9 % | *(239) bps* |

*Please see Definitions and Additional Notes*

# Balance Sheet Management

## Balance Sheet

| ($M) | December 31, 2023 | | December 31, 2022 | |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and cash equivalents | $ | 146.8 | $ | 108.4 |
| Investment advisory fees receivable | | 143.4 | | 122.5 |
| Right of use assets | | 57.2 | | 59.9 |
| Investments | | 64.7 | | 48.4 |
| Other assets | | 164.1 | | 162.4 |
| Assets of consolidated Funds | | 35.2 | | 17.1 |
| **Total assets** | **$** | **611.4** | **$** | **518.7** |
| **Liabilities and shareholders' equity** | | | | |
| Accounts payable and accrued expenses | $ | 140.4 | $ | 123.5 |
| Third party borrowings | | 273.9 | | 273.5 |
| Operating lease liabilities | | 72.4 | | 75.8 |
| Other liabilities | | 70.9 | | 65.0 |
| Liabilities of consolidated Funds | | 4.3 | | 2.5 |
| **Total liabilities** | **$** | **561.9** | **$** | **540.3** |
| Shareholders' equity | | 40.2 | | (21.6) |
| Redeemable NCI of consolidated Funds | | 9.3 | | — |
| **Total equity** | | **49.5** | | **(21.6)** |
| **Total liabilities and equity** | **$** | **611.4** | **$** | **518.7** |
| Weighted average quarterly diluted shares | | 42.2 | | 42.5 |
| Leverage ratio[(1)] | | 2.0 x | | 1.8 x |
| Net leverage ratio[(2)] | | 0.9 x | | 1.1 x |

## Capital

- December 31 net leverage ratio (third party borrowings and revolving credit facility, net of total cash and cash equivalents / Adj. EBITDA) of 0.9x
  - Acadian had fully paid down its revolving credit facility as of December 31, 2023 compared to $13 million being outstanding as of September 30, 2023; facility supports first quarter seasonal needs
- December 31 total seed and co-investment holdings of $41.4 million

## Dividend

- $0.01 per share interim dividend approved
  - Payable March 28 to shareholders of record as of March 15

*(1) Represents the Company's third party borrowings and revolving credit facility, divided by last twelve months Adjusted EBITDA.*
*(2) Represents the Company's third party borrowings and revolving credit facility, net of total cash and cash equivalents, divided by last twelve months Adjusted EBITDA.*

# Supplemental Information

# Segment Information for Q4'23 and Q4'22

| ($ in millions, unless otherwise noted) | Three Months Ended December 31, 2023 Quant & Solutions | Other[4] | Reconciling Items[1] | Total U.S. GAAP[3] | Three Months Ended December 31, 2022 Quant & Solutions | Other[4] | Reconciling Items[1] | Total U.S. GAAP[3] |
|---|---|---|---|---|---|---|---|---|
| **ENI Revenue** | **$ 131.0** | **$ —** | **$ 0.2** | **$ 131.2** | **$ 122.3** | **$ —** | **$ 0.4** | **$ 122.7** |
| **ENI Operating Expenses** | **49.3** | **3.4** | **3.9** | **56.6** | **44.3** | **3.6** | **(4.6)** | **43.3** |
| **Earnings before variable compensation** | **81.7** | **(3.4)** | **(3.7)** | **74.6** | **78.0** | **(3.6)** | **5.0** | **79.4** |
| Variable compensation | 29.9 | 0.6 | 7.3 | 37.8 | 29.1 | 0.8 | — | 29.9 |
| **Earnings after variable compensation** | **51.8** | **(4.0)** | **(11.0)** | **36.8** | **48.9** | **(4.4)** | **5.0** | **49.5** |
| Affiliate key employee distributions | 1.2 | — | — | 1.2 | 1.6 | — | — | 1.6 |
| **Earnings after Affiliate key employee distributions** | **50.6** | **(4.0)** | **(11.0)** | **35.6** | **47.3** | **(4.4)** | **5.0** | **47.9** |
| Net interest expense | — | (2.2) | (0.5) | (2.7) | — | (3.8) | (0.3) | (4.1) |
| Net investment income | — | — | 2.0 | 2.0 | — | — | 1.0 | 1.0 |
| Net income attributable to non-controlling interests | — | — | (1.0) | (1.0) | — | — | — | — |
| Income tax (expense) benefit | — | (11.8) | 0.7 | (11.1) | — | (10.7) | (3.7) | (14.4) |
| **Economic Net Income** | **$ 50.6** | **$ (18.0)** | **$ (9.8)** | **$ 22.8** | **$ 47.3** | **$ (18.9)** | **$ 2.0** | **$ 30.4** |
| Adjusted EBITDA[2] | $ 55.2 | $ (3.7) | $ (28.7) | $ 22.8 | $ 50.9 | $ (3.8) | $ (16.7) | $ 30.4 |
| **Segment Assets Under Management ($b)** | **$ 103.7** | **$ —** | **$ —** | **$ 103.7** | **$ 93.6** | **$ —** | **$ —** | **$ 93.6** |

*Please see Definitions and Additional Notes*

*(1) For further information and additional reconciliations between GAAP and non-GAAP measures, refer to the Reconciliations and Disclosures section of this presentation and the Company's Annual Report on Form 10-K.*

*(2) Please see Reconciliations and Disclosures for the reconciliation of net income attributable to controlling interests to Adjusted EBITDA and ENI.*

*(3) Represents U.S. GAAP equivalent of non-GAAP segment information presented. The most directly comparable U.S. GAAP measure of ENI revenue is U.S. GAAP revenue. The most directly comparable U.S. GAAP measure of ENI operating expenses is U.S. GAAP operating expenses, which is comprised of Operating expenses, Variable compensation and Affiliate key employee distributions above. The most directly comparable U.S. GAAP measure of Earnings after Affiliate key employee distributions is U.S. GAAP Operating Income. The U.S. GAAP equivalent of Economic Net Income is U.S. GAAP Net Income attributable to controlling interests. The U.S. GAAP equivalent of Adjusted EBITDA is U.S. GAAP Net Income attributable to controlling interests.*

*(4) The corporate head office is included within the Other category.*

# Segment Information for Q3'23

| ($ in millions, unless otherwise noted) | Quant & Solutions | Other[4] | Reconciling Items[1] | Total U.S. GAAP [3] |
|---|---|---|---|---|
| | Three Months Ended September 30, 2023 | | | |
| **ENI Revenue** | **$ 106.5** | **$ —** | **$ 0.8** | **$ 107.3** |
| **ENI Operating Expenses** | **44.0** | **3.4** | **(0.3)** | **47.1** |
| **Earnings before variable compensation** | **62.5** | **(3.4)** | **1.1** | **60.2** |
| Variable compensation | 27.8 | 0.7 | — | 28.5 |
| **Earnings after variable compensation** | **34.7** | **(4.1)** | **1.1** | **31.7** |
| Affiliate key employee distributions | 1.5 | — | — | 1.5 |
| **Earnings after Affiliate key employee distributions** | **33.2** | **(4.1)** | **1.1** | **30.2** |
| Net interest expense | — | (2.7) | (0.4) | (3.1) |
| Net investment income | — | — | 0.4 | 0.4 |
| Net income attributable to non-controlling interest | — | — | (0.2) | (0.2) |
| Income tax expense | — | (7.1) | (0.6) | (7.7) |
| **Economic Net Income** | **$ 33.2** | **$ (13.9)** | **$ 0.3** | **$ 19.6** |
| Adjusted EBITDA[2] | $ 37.7 | $ (3.7) | $ (14.4) | $ 19.6 |
| **Segment Assets Under Management ($b)** | **$ 97.4** | **$ —** | **$ —** | **$ 97.4** |

*Please see Definitions and Additional Notes*

*(1) For further information and additional reconciliations between GAAP and non-GAAP measures, refer to the Reconciliations and Disclosures section of this presentation and the Company's Annual Report on Form 10-K.*

*(2) Please see Reconciliations and Disclosures for the reconciliation of net income attributable to controlling interests to Adjusted EBITDA and ENI.*

*(3) Represents U.S. GAAP equivalent of non-GAAP segment information presented. The most directly comparable U.S. GAAP measure of ENI revenue is U.S. GAAP revenue. The most directly comparable U.S. GAAP measure of ENI operating expenses is U.S. GAAP operating expenses, which is comprised of Operating expenses, Variable compensation and Affiliate key employee distributions above. The most directly comparable U.S. GAAP measure of Earnings after Affiliate key employee distributions is U.S. GAAP Operating Income. The U.S. GAAP equivalent of Economic Net Income is U.S. GAAP Net Income attributable to controlling interests. The U.S. GAAP equivalent of Adjusted EBITDA is U.S. GAAP Net Income attributable to controlling interests.*

*(4) The corporate head office is included within the Other category.*

# Assets Under Management Rollforward

| *($ in billions, unless otherwise noted)* | Three Months Ended | | |
|---|---|---|---|
| | December 31, 2023 | December 31, 2022 | September 30, 2023 |
| **Total** | | | |
| Beginning balance | $ 97.4 | $ 83.3 | $ 99.9 |
| Gross inflows | 2.6 | 3.1 | 2.5 |
| Gross outflows | (5.5) | (2.8) | (3.9) |
| Reinvested income and distributions | 0.9 | 1.0 | 0.9 |
| **Net flows** | **(2.0)** | **1.3** | **(0.5)** |
| Market appreciation (depreciation) | 8.3 | 9.0 | (2.0) |
| **Ending balance** | **$ 103.7** | **$ 93.6** | **$ 97.4** |
| Average AUM | $ 98.6 | $ 89.3 | $ 100.5 |
| ENI management fee rate | 38.0 | 38.1 | 37.6 |
| Basis points: inflows | 47.6 | 40.6 | 50.7 |
| Basis points: outflows | 40.3 | 47.6 | 41.9 |
| **Annualized revenue impact of net flows (in millions)** | **$ (6.4)** | **$ 3.2** | **$ (0.3)** |

# Reconciliations and Disclosures

# Reconciliations from U.S. GAAP to Non-GAAP Measures[1]

| ($ in millions) | Three Months Ended December 31, 2023 | Three Months Ended December 31, 2022 | Three Months Ended September 30, 2023 |
|---|---|---|---|
| **U.S. GAAP net income attributable to controlling interests** | **$ 22.8** | **$ 30.4** | **$ 19.6** |
| *Adjustments to reflect the economic earnings of the Company:* | | | |
| 1 Non-cash key employee-owned equity and profit interest revaluations[2] | 2.5 | (5.2) | (1.3) |
| 2 Amortization of acquired intangible assets[2] | — | — | — |
| 3 Capital transaction costs[2] | 0.1 | 0.1 | — |
| 4 Seed/Co-investment (gains) losses and financings[2] | (0.7) | (0.8) | 0.1 |
| 5 Tax benefit of goodwill and acquired intangible deductions | 0.4 | 0.5 | 0.4 |
| 6 Discontinued operations attributable to controlling interests and restructuring[2][3] | 8.6 | 0.2 | 0.3 |
| **Total adjustment to reflect earnings of the Company** | **$ 10.9** | **$ (5.2)** | **$ (0.5)** |
| Tax effect of above adjustments[2] | (2.8) | 1.6 | 0.2 |
| 7 ENI tax normalization | 1.7 | 1.6 | — |
| **Economic net income** | **$ 32.6** | **$ 28.4** | **$ 19.3** |
| ENI net interest expense to third parties | 2.2 | 3.8 | 2.7 |
| Depreciation and amortization[4] | 4.9 | 4.2 | 4.9 |
| Tax on Economic Net Income | 11.8 | 10.7 | 7.1 |
| **Adjusted EBITDA** | **$ 51.5** | **$ 47.1** | **$ 34.0** |

## ENI Adjustments

1. Exclude non-cash expenses representing changes in the value of Affiliate equity and profit interests held by Affiliate key employees
2. Exclude non-cash amortization or impairment expenses related to acquired goodwill and other intangibles
3. Exclude capital transaction costs including the costs of raising debt or equity, gains or losses realized as a result of redeeming debt or equity and direct incremental costs associated with acquisitions of businesses or assets
4. Exclude gains/losses on seed capital and co-investments, as well as related financing costs
5. Include cash tax benefits related to tax amortization of acquired intangibles
6. Exclude results of discontinued operations as they are not part of the ongoing business, and restructuring costs incurred in continuing operations
7. Exclude one-off tax benefits or costs unrelated to current operations

*Please see Definitions and Additional Notes*

*(1) For further information and additional reconciliations between U.S. GAAP and non-GAAP measures, see the Company's Annual Report on Form 10-K.*

*(2) Tax-affected items for which adjustments are included in "Tax effect of above adjustments" line, excluding the discontinued operations component of item 6; taxed at 27.3% U.S. statutory rate (including state tax).*

*(3) The three months ended December 31, 2023 includes costs associated with the transfer of an insurance policy from our former Parent of $0.4 million, severance-related costs at Acadian of $7.3 million, and legal-related restructuring costs at the Center of $0.9 million. The three months ended December 31, 2022 includes costs associated with the transfer of an insurance policy from our former Parent of $0.3 million and restructuring at the Center of $(0.1) million. The three months ended September 30, 2023 includes costs associated with the transfer of an insurance policy from our former Parent of $0.3 million.*

*(4) Includes non-cash equity-based award amortization expense.*

# Reconciliations from U.S. GAAP to Non-GAAP Measures[1] (cont.)

**Reconciliation of per-share U.S. GAAP Net Income to Economic Net Income per share**

| *($)* | Three Months Ended | | |
|---|---|---|---|
| | **December 31, 2023** | **December 31, 2022** | **September 30, 2023** |
| **U.S. GAAP net income per share** | **$ 0.54** | **$ 0.72** | **$ 0.46** |
| *Adjustments to reflect the economic earnings of the Company:* | | | |
| i. Non-cash key employee-owned equity and profit interest revaluations | 0.06 | (0.12) | (0.03) |
| ii. Capital transaction costs | — | — | — |
| iii. Seed/Co-investment gains and financing | (0.02) | (0.02) | — |
| iv. Tax benefit of goodwill and acquired intangibles deductions | 0.01 | 0.01 | 0.01 |
| v. Discontinued operations and restructuring | 0.20 | — | 0.01 |
| vi. ENI tax normalization | 0.04 | 0.04 | — |
| Tax effect of above adjustments, as applicable | (0.06) | 0.04 | — |
| **Economic net income per share** | **$ 0.77** | **$ 0.67** | **$ 0.45** |

**Reconciliation of U.S. GAAP Revenue to ENI Revenue**

| *($ in millions)* | Three Months Ended | | |
|---|---|---|---|
| | **December 31, 2023** | **December 31, 2022** | **September 30, 2023** |
| **U.S. GAAP revenue** | **$ 131.2** | **$ 122.7** | **$ 107.3** |
| Exclude revenue from consolidated Funds | (0.2) | (0.4) | (0.8) |
| **ENI revenue** | **$ 131.0** | **$ 122.3** | **$ 106.5** |

*Please see Definitions and Additional Notes*

*(1) For further information and additional reconciliations between U.S. GAAP and non-GAAP measures, see the Company's Annual Report on Form 10-K.*

# Reconciliations from U.S. GAAP to Non-GAAP Measures[(1)] (cont.)

**Reconciliation of U.S. GAAP Operating Expense to ENI Operating Expense**

| *($ in millions)* | Three Months Ended | | |
|---|---|---|---|
| | December 31, 2023 | December 31, 2022 | September 30, 2023 |
| **U.S. GAAP operating expense** | **$ 95.6** | **$ 74.8** | **$ 77.1** |
| *Less: items excluded from ENI* | | | |
| Non-cash key employee-owned equity and profit interest revaluations | (2.5) | 5.2 | 1.3 |
| Amortization of acquired intangible assets | — | — | — |
| Restructuring costs[(2)] | (8.6) | (0.2) | (0.2) |
| Funds' operating expense | (0.1) | (0.4) | (0.8) |
| *Less: items segregated out of U.S. GAAP operating expense* | | | |
| Variable compensation[(3)] | (30.5) | (29.9) | (28.5) |
| Affiliate key employee distributions | (1.2) | (1.6) | (1.5) |
| **ENI operating expense** | **$ 52.7** | **$ 47.9** | **$ 47.4** |

*Please see Definitions and Additional Notes*

*(1) For further information and additional reconciliations between U.S. GAAP and non-GAAP measures, see the Company's Annual Report on Form 10-K.*

*(2) The three months ended December 31, 2023 includes costs associated with the transfer of an insurance policy from our former Parent of $0.4 million, severance-related costs at Acadian of $7.3 million, and legal-related restructuring costs at the Center of $0.9 million. The three months ended December 31, 2022 includes costs associated with the transfer of an insurance policy from our former Parent of $0.3 million and restructuring at the Center of $(0.1) million. The three months ended September 30, 2023 includes costs associated with the transfer of an insurance policy from our former Parent of $0.3 million.*

*(3) Represents ENI variable compensation. For the three months ended December 31, 2023, December 31, 2022, and September 30, 2023, the U.S. GAAP equivalent of variable compensation was $37.8 million, $29.9 million and $28.5 million, respectively.*

# Reconciliations from U.S. GAAP to Non-GAAP Measures[1] (cont.)

| Reconciliation of U.S. GAAP Pre-tax Income to Pre-tax ENI | | | |
|---|---|---|---|
| ($ in millions) | Three Months Ended | | |
| | December 31, 2023 | December 31, 2022 | September 30, 2023 |
| **U.S. GAAP pre-tax income** | **$ 34.9** | **$ 44.8** | **$ 27.5** |
| *Adjustments to reflect the economic earnings of the Company:* | | | |
| Non-cash key employee-owned equity and profit interest revaluations | 2.5 | (5.2) | (1.3) |
| Amortization of acquired intangible assets | — | — | — |
| Capital transaction costs | 0.1 | 0.1 | — |
| Seed/Co-investment (gains) losses and financings | (0.7) | (0.8) | 0.1 |
| Discontinued operations and restructuring costs[2] | 8.6 | 0.2 | 0.3 |
| Net income attributable to non-controlling interests from continuing operations | (1.0) | — | (0.2) |
| **Pre-tax ENI** | **$ 44.4** | **$ 39.1** | **$ 26.4** |

*Please see Definitions and Additional Notes*

*(1) For further information and additional reconciliations between U.S. GAAP and non-GAAP measures, see the Company's Annual Report on Form 10-K.*

*(2) The three months ended December 31, 2023 includes costs associated with the transfer of an insurance policy from our former Parent of $0.4 million, severance-related costs at Acadian of $7.3 million, and legal-related restructuring costs at the Center of $0.9 million. The three months ended December 31, 2022 includes costs associated with the transfer of an insurance policy from our former Parent of $0.3 million and restructuring at the Center of $(0.1) million. The three months ended September 30, 2023 includes costs associated with the transfer of an insurance policy from our former Parent of $0.3 million.*

# Definitions and Additional Notes

*References to “BrightSphere,” “BSIG” or the “Company” refer to BrightSphere Investment Group Inc.; references to “BSUS” or the “Center” refer to the holding company excluding the Affiliates. BrightSphere currently operates its business through one asset management firm (the “Affiliate”). The Company’s distribution activities are conducted in various jurisdictions through affiliated companies in accordance with local regulatory requirements.*

The Company uses a non-GAAP performance measure referred to as economic net income (“ENI”) to represent its view of the underlying economic earnings of the business. ENI is used to make resource allocation decisions, determine appropriate levels of investment or dividend payout, manage balance sheet leverage, determine Affiliate variable compensation and equity distributions, and incentivize management. The Company’s ENI adjustments to U.S. GAAP include both reclassifications of U.S. GAAP revenue and expense items, as well as adjustments to U.S. GAAP results, primarily to exclude non-cash, non-economic expenses, or to reflect cash benefits not recognized under U.S. GAAP.

The Company re-categorizes certain line items on the income statement to:

- exclude the effect of Fund consolidation by removing the portion of Fund revenues, expenses and investment return which is not attributable to its shareholders.
- include within management fee revenue any fees paid to Affiliates by consolidated Funds, which are viewed as investment income under U.S. GAAP.
- include the Company’s share of earnings from equity-accounted Affiliates within other income, rather than investment income;
- treat sales-based compensation as a general and administrative expense, rather than part of fixed compensation and benefits; and
- identify separately from operating expenses, variable compensation and Affiliate key employee distributions, which represent Affiliate earnings shared with Affiliate key employees.

The Company also makes the following adjustments to U.S. GAAP results to more closely reflect its economic results by:

i. excluding non-cash expenses representing changes in the value of Affiliate equity and profit interests held by Affiliate key employees. These ownership interests may in certain circumstances be repurchased by BrightSphere at a value based on a pre-determined fixed multiple of trailing earnings and as such this value is carried on the Company’s balance sheet as a liability. Non-cash movements in the value of this liability are treated as compensation expense under U.S. GAAP. However, any equity or profit interests repurchased by BrightSphere can be used to fund a portion of future variable compensation awards, resulting in savings in cash variable compensation that offset the negative cash effect of repurchasing the equity.
ii. excluding non-cash amortization or impairment expenses related to acquired goodwill and other intangibles as these are non-cash charges that do not result in an outflow of tangible economic benefits from the business.
iii. excluding capital transaction costs, including the costs of raising debt or equity, gains or losses realized as a result of redeeming debt or equity and direct incremental costs associated with acquisitions of businesses or assets.
iv. excluding seed capital and co-investment gains, losses and related financing costs. The net returns on these investments are considered and presented separately from ENI because ENI is primarily a measure of the Company’s earnings from managing client assets, which therefore differs from earnings generated by its investments in Affiliate products, which can be variable from period to period.
v. including cash tax benefits associated with deductions allowed for acquired intangibles and goodwill that may not be recognized or have timing differences compared to U.S. GAAP.
vi. excluding the results of discontinued operations attributable to controlling interests since they are not part of the Company’s ongoing business, restructuring costs incurred in continuing operations.
vii. excluding deferred tax resulting from changes in tax law and expiration of statutes, adjustments for uncertain tax positions, deferred tax attributable to intangible assets and other unusual items not related to current operating results to reflect ENI tax normalization.

# Definitions and Additional Notes

The Company adjusts its income tax expense to reflect any tax impact of its ENI adjustments.

*Adjusted EBITDA*

Adjusted EBITDA is defined as economic net income before interest, income taxes, depreciation and amortization. The Company notes that its calculation of Adjusted EBITDA may not be consistent with Adjusted EBITDA as calculated by other companies. The Company believes Adjusted EBITDA is a useful liquidity metric because it indicates the Company's ability to make further investments in its business, service debt and meet working capital requirements. Refer to the reconciliation of U.S. GAAP net income attributable to controlling interests to ENI and Adjusted EBITDA.

*Segment ENI*

Segment ENI represents ENI for the Company's reportable segment, calculated in accordance with the Company's definition of Economic Net Income, before income tax, interest income and interest expense.

*Methodologies for calculating investment performance*:

Revenue-weighted investment performance measures the percentage of management fee revenue generated by Affiliate strategies which are beating benchmarks. It calculates each strategy's percentage weight by taking its estimated composite revenue over total composite revenues in each period, then sums the total percentage of revenue for strategies outperforming.

Equal-weighted investment performance measures the percentage of Affiliate scale strategies (defined as strategies with greater than $100 million of AUM) beating benchmarks. Each outperforming strategy over $100 million has the same weight; the calculation sums the number of strategies outperforming relative to the total number of composites over $100 million.

Asset-weighted investment performance measures the percentage of AUM in strategies beating benchmarks. It calculates each strategy's percentage weight by taking its composite AUM over total composite AUM in each period, then sums the total percentage of AUM for strategies outperforming.

*ENI operating earnings*

ENI operating earnings represents ENI earnings before Affiliate key employee distributions and is calculated as ENI revenue, less ENI operating expense, less ENI variable compensation. It differs from economic net income because it does not include the effects of Affiliate key employee distributions, net interest expense or income tax expense.

*ENI operating margin*

The ENI operating margin, which is calculated before Affiliate key employee distributions, is used by management and is useful to investors to evaluate the overall operating margin of the business without regard to the Company's various ownership levels at each of the Affiliates. ENI operating margin is a non-GAAP efficiency measure, calculated based on ENI operating earnings divided by ENI revenue. The ENI operating margin is most comparable to the Company's U.S. GAAP operating margin.

*ENI management fee revenue*

ENI management fee revenue corresponds to U.S. GAAP management fee revenue.

*ENI operating expense ratio*

The ENI operating expense ratio is used by management and is useful to investors to evaluate the level of operating expense as measured against the Company's recurring management fee revenue. The Company has provided this ratio since many operating expenses, including fixed compensation & benefits and general and administrative expense, are generally linked to the overall size of the business. The Company tracks this ratio as a key measure of scale economies at BrightSphere because in its profit sharing economic model, scale benefits both the Affiliate employees and BrightSphere shareholders.

# Definitions and Additional Notes

*ENI earnings before variable compensation*
ENI earnings before variable compensation is calculated as ENI revenue, less ENI operating expense.

*ENI variable compensation ratio*
The ENI variable compensation ratio is calculated as variable compensation divided by ENI earnings before variable compensation. It is used by management and is useful to investors to evaluate consolidated variable compensation as measured against the Company's ENI earnings before variable compensation. Variable compensation is usually awarded based on a contractual percentage of each Affiliate's ENI earnings before variable compensation and may be paid in the form of cash or non-cash Affiliate equity or profit interests. Center variable compensation includes cash and BrightSphere equity. Non-cash variable compensation awards typically vest over several years and are recognized as compensation expense over that service period.

*ENI Affiliate key employee distribution ratio*
The Affiliate key employee distribution ratio is calculated as Affiliate key employee distributions divided by ENI operating earnings. The ENI Affiliate key employee distribution ratio is used by management and is useful to investors to evaluate Affiliate key employee distributions as measured against the Company's ENI operating earnings. Affiliate key employee distributions represent the share of Affiliate profits after variable compensation that is attributable to Affiliate key employee equity and profit interests holders, according to their ownership interests. For Affiliate profit interest distributions, BSUS is entitled to an initial preference over profits after variable compensation, structured such that before a preference threshold is reached, there would be no required key employee distributions, whereas for profits above the threshold the key employee distribution amount would be calculated based on the key employee economic percentages at its consolidated Affiliate.

*U.S. GAAP operating margin*
U.S. GAAP operating margin equals operating income from continuing operations divided by total revenue.

*Consolidated Funds*

Financial information presented in accordance with U.S. GAAP may include the results of consolidated pooled investment vehicles, or Funds, managed by the Company's Affiliate, where it has been determined that these entities are controlled by the Company. Financial results which are "attributable to controlling interests" exclude the impact of Funds to the extent it is not attributable to the Company's shareholders.

*Annualized revenue impact of net flows*
Annualized revenue impact of net flows represents annualized management fees expected to be earned on new accounts and net assets contributed to existing accounts (inflows), less the annualized management fees lost on terminated accounts or net assets withdrawn from existing accounts (outflows), plus revenue impact from reinvested income and distribution. Annualized management fee for client flow is calculated by multiplying the annual gross fee rate for the relevant account with the inflow or the outflow. In addition, reinvested income and distribution for each segment is multiplied by average fee rate for the respective segment to compute the revenue impact.

*Reinvested income and distributions*
Net flows include reinvested income and distributions made by BrightSphere's Affiliate. Reinvested income and distributions represent investment yield not distributed as cash, and reinvested back to the portfolios.

*n/m*
"Not meaningful."