Letter to Shareholders

Overview

Financial performance was strong in the third quarter, and we made good progress on a number of strategic initiatives. Distributable earnings were $1.2 billion, which contributed to a total of $6.6 billion for the last 12 months. We had capital inflows of $34 billion since last quarter. Operating performance across our businesses has improved as COVID has abated globally. We generated strong realized carried interest and gains on principal investments, as demand for assets continue to be strong in our markets.

Our insurance solutions business closed two reinsurance transactions, taking on $12 billion of business, including $6 billion of in-place policies, the capital behind which is now being deployed into investments. It also acquired American National Group, with approximately $25 billion of in-place policies and extensive origination capabilities; this acquisition will close in early 2022.

We are making good progress in our newer growth strategies, and we continue to enjoy strong fundraising momentum across our flagship funds. We received regulatory approval for our private non-traded REIT, and have begun fundraising for this product offering.

Market Environment

The global economy continues to re-open with higher vaccination rates and the lifting of restrictions across almost all major markets. GDP growth has been strong, labor markets have continued to improve, and capital markets remain very constructive.

The goal of central bank infusions was to restart the economy, and this has been achieved. Naturally, given the shutdown of most global logistics, it has been difficult to match unleashed demand with supply, but we expect this to even out in 2022. Until it does, we can expect supply disruptions to continue to spur increases in wages and the price of goods. Despite that, the yield on the 10-year U.S. treasury note is up only modestly, to the mid 1% level, and it is likely that the upward trajectory of rates will be much less pronounced than in previous up-cycles, meaning interest rates are poised to remain lowish for longer.

As owners of real assets and businesses, most of which can raise prices contractually or with inflation, we are well positioned in this environment.

Operating Results

During the quarter, we generated $1.2 billion of distributable earnings, or $0.77 per share, bringing us to $6.6 billion, or $4.23 per share, over the last 12 months. Our distributable earnings benefited from increased fee-related earnings, underpinned by the strength of our asset management franchise and steadily growing returns from our principal investments. With fundraising for our flagship funds in progress, fee-related earnings—and consequently distributable earnings—are poised to see a step change in growth in the coming quarters.

Our distributable earnings were further augmented by realizations of carried interest, as our earlier-vintage funds matured, and we generated gains on the disposition of principal investments. These realizations have contributed more than $3 billion to distributable earnings over the last 12 months.

AS AT AND FOR THE 12 MONTHS ENDED SEPT 30 ($USD, MILLIONS, EXCEPT PER SHARE AMOUNTS)	2017	2018	2019	2020	2021	CAGR
Distributable earnings (DE) – Per share	1.39	1.74	1.70	2.20	4.23	32%
– Total	2,031	2,563	2,494	3,375	6,613	34%
Fee-related earnings (before performance fees)	720	823	1,034	1,411	1,679	24%
Gross annual run rate of fees plus target carry	2,210	2,700	5,427	6,092	7,232	34%
Total assets under management	268,987	331,622	510,565	577,535	650,026	25%

Fundraising Remains Robust

We are currently in active fundraising for new vintages of four out of our five flagship funds. We have raised $15.9 billion for our opportunistic credit fund to date. Our fourth flagship real estate fund had a first close of over $9 billion, and fundraising momentum continues to be strong. We held the founders' close for our Global Transition Fund of $7 billion and expect a material traditional first close in the coming months. We launched fundraising for our sixth private equity fund at the end of September, with a first close expected early in 2022. We are 70% invested or committed in our latest flagship infrastructure fund and expect to launch fundraising for the next vintage early next year.

We have a further 25 private funds currently in the market raising capital. We recently raised $1.5 billion for our real estate secondaries business—this is before the formal fundraising period for a traditional private fund has begun. During the quarter we also raised additional capital for our special investments' strategy, our growth fund and our perpetual private infrastructure and real estate funds. These, as well as our other new strategies, will contribute meaningfully to our growth, while further expanding our client base.

Carried Interest Realizations Are Now a Regular Event

We realized over $300 million of carried interest in the quarter, with realizations across various credit, real estate and infrastructure funds. This brings us to $1.8 billion realized over the last 12 months. We are realizing carried interest from a number of maturing earlier vintage funds due to their strong investment performance.

As the size of each vintage of our funds has been progressively larger, the pace of carried interest realizations should continue to increase in the coming years. Of course, the timing of monetizations will differ from our expectations from time to time, but given the breadth of our product offerings, the realization of carried interest is now a regularly occurring part of the business.

Investment Returns

The compounding of long-term returns is one of the great miracles of finance. The concept is easy to understand, but it is not natural for most people to allow it to occur undisturbed, as doing so often requires sufficient conviction to resist the urge to sell when most investors are frightened into doing so. It has shown for centuries that compounding wealth free of interruption is the best way to create long-term success in financial returns.

The return earned by a share of Brookfield Asset Management is the sum of the return we earn on all of our funds (as we are typically the largest investor in them) less the costs to run our business, plus the compensation clients pay Brookfield to generate their returns. While the past does not guarantee success, it is certainly a precursor to the possibility of it in the future.

Brookfield has generated a ±20% compound annualized return for shareholders over the last 30 years. A $1 million investment in our shares in 1991 is now worth $111 million. This track record has only been achievable because of the success of our strategies across different businesses. We recently tabulated the returns for our flagship private funds, and these are worth sharing with you. These long-term returns and the goodwill they generate with clients are the moat that makes an asset management franchise.

AS AT SEPT 30, 2021	Fund History (Years)	# of Fund Vintages	Gross IRR	Multiple of Capital Earned
Private Equity	20	5	28%	2.5x
Real Estate	15	7	24%	1.7x
Opportunistic Credit	33	11	22%	1.7x
Infrastructure	11	4	15%	1.6x
Renewable Power & Transition	11	5	12%	1.6x
Simple Average of Strategies	18	6	20%	1.8x

Fee-Related Earnings

Our overall return has benefited from the above investment performance, as well as from strong growth in earnings related to asset management fees. Our fee-related earnings have compounded at 33% for the past 10 years. This reflects the growth, scale, and profitability of our asset management business, which leverages our core competencies and sizable permanent capital base. Our franchise is centered around global investment themes, each of which has participated in the growing allocation of capital to alternatives on the part of investors.

AS AT AND FOR THE 12 MONTHS ENDED SEPT 30 ($US, MILLIONS)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	CAGR
Fee-related earnings	131	288	346	464	690	745	1,218	1,034	1,411	1,758	33%
Accumulated unrealized carry[1]	689	805	450	626	983	1,561	2,612	4,124	3,995	6,850	29%
Realized carried interest[1]	2	18	571	49	–	208	96	595	482	1,754	112%

1. *Presented on a gross basis.*

To support this growth, we have tried to differentiate our offering from those of others and ensure that we offer best-in-class client service. We now manage $650 billion of assets, including over $340 billion of capital for over 2,000 clients.

As important as the rate of growth is the fact that our fee revenues are diversified across a variety of asset classes and strategies, and are predominantly long dated or perpetual in nature. This leads to very stable, resilient and predictable cash flows. As we have advanced through the vintages of our flagship funds, they have grown in size, and thus each round of flagship fundraising has produced a step change in our fee revenues. That growth has been supplemented by the creation of our complementary strategies, which also have increased in size over time.

As we have grown, we have maintained our operational efficiency, shown by the stability of our profit margins over time. In addition, carried interest, while having taken time to materialize into results, is now a very significant contributor to earnings.

As a reminder, we only realize carried interest into income when our funds have returned all the original capital to clients and the fund has returned a preferred return to investors. Through strong investment performance, we have accumulated significant unrealized carried interest, but only recently has this contributed to income at the current scale, as we have started to materially monetize investments. We passed an important milestone over the last 12 months and now have a flagship fund in each of our businesses that is realizing carried interest. In that period, we realized carried interest of $1.8 billion, as shown in the table.

As we look forward, we expect the growth trajectory of our business to continue. Each of our business groups is aiming to double its size over the next five years. If we achieve this target, it should drive compound annual growth in fee-related earnings upwards of 20%. We also expect a significant amount of today's accumulated unrealized carried interest to be recognized into income as we continue to monetize investments. And as the funds scale up, so too will the potential for carried interest.

Private Credit Is the New Fixed Income

Over the years, we have expanded our credit platform through the growth of our Brookfield private credit franchise, as well as through our partnership with Oaktree. Today we have a total of $30 billion of AUM across seven strategies (including Oaktree) and are well positioned to deliver significant growth over the next five years and beyond. In addition to scaling up existing strategies, we are also focused on developing new products that will appeal to our clients and help us capitalize on market opportunities. The reduced volatility associated with private credit, combined with the higher potential return, is attracting more investors.

One focus area is direct lending, an asset class that has evolved and grown immensely over the last 20 years and now represents an over $1 trillion market globally. As the market and investment opportunities have expanded, so too have our direct lending investment capabilities. Our roots in the asset class date back to 2001, and we have historically invested in highly focused vehicles that targeted specific risk profiles.

Heightened competition in direct lending has pushed returns lower and loosened lending standards in recent years. However, we have continued to prosper in this environment as a result of our proprietary deal flow, emphasis on risk control and strategic orientation—three hallmarks of our direct lending platform. We use our extensive sourcing platform to find a wide range of opportunities, often enabling us to secure deals on an exclusive basis. This limits competition and allows us to negotiate more favorable structures incorporating significant downside protection.

Our priority in our direct lending strategies is risk control; we are focused on asset value and prudent structuring. We have also built an industry-leading reputation by being a strategic partner and using a solutions-oriented approach tailored to meet the unique needs of each borrower. This resonates well with prospective borrowers, leading to many new opportunities, and it has generated repeat deal flow as borrowers then look to partner with us on subsequent deals. The combination of these factors has helped us generate a long track record of market-leading returns and minimal losses.

Over the coming years, we plan to expand our direct lending product suite, providing our clients new ways to access our private credit expertise. These products include new offerings in attractive, high-growth industries like life sciences. As such, we hope to very substantially scale up these operations, which will be complementary to our aspirations in our insurance solutions business.

Private Equity Has Provided High Returns and Is Broadening Out

We have a long and successful track record in traditional private equity, built over the last 30 years. Today, our private equity business manages $91 billion of assets and has global scale with a local presence in all the regions in which we invest. Our success in private equity is demonstrated by our track record of 28% gross IRR since inception for our flagship private fund series.

We have also diversified our business over time, both geographically and by sector; broadened our investment and operational team; and increased the product offerings available to clients. In addition to providing private offerings to institutional and private wealth clients, we offer public investors the opportunity to invest in our private equity business via our listed entity, Brookfield Business Partners. The power of having both public and private capital is a unique advantage that will only increase over time as our franchise scales up.

Brookfield Capital Partners

Our flagship private equity funds are the bedrock of our private equity product offering, and we recently launched fundraising for our sixth fund, which we expect to be materially larger than its predecessor fund. The prior vintage was $9 billion, with an additional $6 billion for our partners in co-investment opportunities. Our focus is on high-quality businesses that provide essential products or services, with high barriers to entry.

Brookfield Growth Partners

Growth investing has increasingly come into focus across our various businesses. Started five years ago, our growth strategy in private equity has developed into a meaningful business that we will continue to scale over time. Since we started, we have invested over $1 billion into a portfolio of technology-related growth stage companies that surround the Brookfield ecosystem of real assets. To date, we have made 14 investments within the growth strategy, returns are tracking in excess of our targets, and we are currently investing our second vintage fund, with the third anticipated for later in 2022.

Brookfield Special Investments

Last year we launched our special investments strategy, focused on large-scale, non-control investments. This capitalizes on deal flow that comes to us but does not fit our traditional control-oriented funds. These include recapitalizations to strategic growth capital, where we can generate equity-like returns while enjoying downside protection through structured investments. We try to be a preferred partner and are able to provide flexible, strategic capital solutions.

Brookfield Long-Dated Private Equity

We have begun raising a long-dated private equity strategy as a natural extension of our existing private equity capabilities. We are leveraging our experience as long-term owners and operators of businesses and focusing on acquiring world-class businesses, with stable and predictable cash flows and market leadership positions that will result in compounding returns over a longer time frame. The IRRs being sought are below those of our buyout funds, but the multiples of capital employed are higher, as these businesses are capable of compounding returns over the long term.

Brookfield Business Partners

Brookfield Business Partners is our publicly traded private equity strategy that provides institutional and retail investors access to all of the above. We spun out this entity five years ago, and it has since delivered annual 18% compound growth in intrinsic value. It also provides our private equity franchise with perpetual capital and added financial flexibility, which has proven valuable in a number of acquisitions to date. To provide an even more flexible way for shareholders to invest, we will offer participation in this strategy in the form of corporate shares in the coming months.

Overview of Investor Day

We hosted our annual Investor Day this September in New York, with a number of attendees in person as well as via webcast. For those who missed the event, the webcast and materials are available on our website. The structure was a bit different than that of the past, as we held the event over two days—the first day was dedicated to Brookfield and the second was focused on the listed entities we manage.

Our focus this year was on the advantages that real assets and businesses offer in a prolonged "lowish" interest rate environment—one that is continuing to push greater allocations to alternatives, and in turn providing a very positive backdrop for our business. Our five main businesses continue to be well positioned around global investment themes, giving us the ability to deploy large amounts of capital for value. At the same time, our institutional relationships have continued to develop as we fundraise; we have enhanced our wealth solutions platform for individual investors; and we are developing additional new products. Through the coming rounds of flagship fundraising and the growth in complementary products, we believe our five existing businesses are poised to contribute to a doubling of our franchise over the next five years.

We also profiled our progress over the last 12 months in each of our growth areas—Technology, Insurance Solutions, Secondaries and Transition, and we reiterated our conviction in their ability to continue their growth over the long term. All of this will, as always, to be underpinned by our conservative balance sheet and supported by the ±$25 billion of capital we are targeting to surface from our real estate business. In short, despite our business having substantial scale, we've never felt our growth prospects were better.

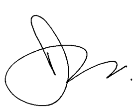
The second day of the event focused on our perpetual affiliates. Brookfield Business Partners highlighted the growth and scale it has achieved since its spin-out, the expansion of its sector focus into healthcare and mature technology, and the upcoming launch of its corporate vehicle in the coming months. The infrastructure super-cycle is playing out as expected for Brookfield Infrastructure Partners, and the business is well positioned to continue to deploy capital into the immense and growing opportunity set. Decarbonization is one of the great commercial opportunities, and Brookfield Renewable Partners is uniquely positioned as a clean energy supermajor to support this effort and deliver very attractive returns over time.

Closing

We remain committed to being a world-class asset manager, and to investing capital for you and the rest of our investment partners in high-quality assets that earn solid cash returns on equity, while delivering downside protection for the capital deployed. The primary objective of the company continues to be to generate increasing cash flows on a per-share basis and, as a result, higher intrinsic value per share over the longer term.

Please do not hesitate to contact us should you have suggestions, questions, comments or ideas you wish to share.

Sincerely,



Bruce Flatt
Chief Executive Officer

November 11, 2021

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 Section 27A of the U.S. Securities Act of 1933, as amended, Section 21E of the U.S. Securities Exchange Act of 1934, as amended, "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995 and in any applicable Canadian securities regulations. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, include statements which reflect management's expectations regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of Brookfield Asset Management Inc. and its subsidiaries, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods, and include words such as "expects," "anticipates," "plans," "believes," "estimates," "seeks," "intends," "targets," "projects," "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may," "can," "will," "should," "would" and "could." In particular, the forward-looking statements contained in this letter 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, including statements about our insurance solutions group's agreement to acquire American National Group and its agreement to reinsure additional future liabilities under its existing reinsurance arrangements, or the results of future asset sales. References in this letter to the "Value" of our shares are forward-looking statements. Additional detail regarding how we measure the Value of our shares can be found on page 5 of our Q1 2021 Supplemental Information which can be accessed here: https://bam.brookfield.com/reports-and-filings/financial-reports/supplemental-information.

Although we believe that our anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, which may cause the actual results, performance or achievements of Brookfield Asset Management Inc. and its subsidiaries to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements and information.

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) investment returns that are lower than target; (ii) the impact or unanticipated impact of general economic, political and market factors in the countries in which we do business including as a result of Covid-19 and the related global economic shutdown; (iii) the behavior of financial markets, including fluctuations in interest and foreign exchange rates; (iv) global equity and capital markets and the availability of equity and debt financing and refinancing within these markets; (v) strategic actions including dispositions; the ability to complete and effectively integrate acquisitions into existing operations and the ability to attain expected benefits; (vi) changes in accounting policies and methods used to report financial condition (including uncertainties associated with critical accounting assumptions and estimates); (vii) the ability to appropriately manage human capital; (viii) the effect of applying future accounting changes; (ix) business competition; (x) operational and reputational risks; (xi) technological change; (xii) changes in government regulation and legislation within the countries in which we operate; (xiii) governmental investigations; (xiv) litigation; (xv) changes in tax laws; (xvi) ability to collect amounts owed; (xvii) catastrophic events, such as earthquakes, hurricanes and epidemics/pandemics; (xviii) the possible impact of international conflicts and other developments including terrorist acts and cyberterrorism; (xix) the introduction, withdrawal, success and timing of business initiatives and strategies; (xx) the failure of effective disclosure controls and procedures and internal controls over financial reporting and other risks; (xxi) health, safety and environmental risks; (xxii) the maintenance of adequate insurance coverage; (xxiii) the existence of information barriers between certain businesses within our asset management operations; (xxiv) risks specific to our business segments including our real estate, renewable power, infrastructure, private equity, credit, and residential development activities; and (xxv) factors detailed 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 its results. Investors and other readers are urged to consider the foregoing risks, as well as other uncertainties, factors and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such forward-looking information.

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