

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 10-K**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2023**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from           to  
Commission File Number 001-38979**



**BrightSphere Investment Group Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

**47-1121020**

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

**200 State Street, 13th Floor**

**Boston, Massachusetts**

**02109**

(Address of principal executive offices)

(Zip Code)

**(617)-369-7300**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Ticker Symbol</u>	<u>Name of each exchange on which registered</u>
Common stock, par value \$0.001 per share	BSIG	New York Stock Exchange
4.800% Notes due 2026	BSIG 26	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer       Accelerated filer       Smaller reporting company   
Non-accelerated filer       Emerging growth company

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

At June 30, 2023, the aggregate market value of the shares of common stock held by non-affiliates of the registrant, based upon the closing price of \$20.95 on that date on the New York Stock Exchange, was \$675,607,793. Calculation of holdings by non-affiliates is based upon the assumption, for this purpose only, that executive officers, directors and any persons holding 10% or more of the registrant's shares of common stock are affiliates. There were 38,207,819 shares of the registrant's shares of common stock outstanding on February 26, 2024.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the definitive Proxy Statement to be delivered to shareholders in connection with the Annual Meeting of Shareholders to be held on or about June 6, 2024 are incorporated by reference into Part III.

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## **Forward-Looking Statements**

*This Annual Report on Form 10-K includes forward-looking statements, as that term is used in the Private Securities Litigation Reform Act of 1995, including information relating to anticipated revenues, earnings, anticipated performance of our business, expected future net cash flows and the sufficiency of capital resources, our anticipated expense levels, and 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,” “plan,” “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 we caution readers that any forward-looking information provided by or on behalf of us is not a guarantee of future performance.*

*Actual results may differ materially from those in forward-looking information as a result of various factors including but not limited to our dependence on Acadian Asset Management LLC, or Acadian, reliance on key personnel, the potential for reputational harm, actual or potential conflicts of interest, potential losses on seed and co-investment capital, foreign currency exchange risk, litigation risk, competition, risks associated with governmental regulation, and other risks discussed under the heading “Risk Factors” in Item 1A of this Annual Report on Form 10-K. Due to such risks and uncertainties and other factors, we caution 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 Annual Report on Form 10-K and we undertake no obligations to update any forward looking statement to reflect events or circumstances after the date of this Annual Report on Form 10-K or to reflect the occurrence of unanticipated events.*

Unless we state otherwise or the context otherwise requires, references in this Annual Report on Form 10-K to “BrightSphere” or “BSIG” refer to BrightSphere Investment Group Inc., references to the “Company” and references to “we,” “our” and “us” refer to BSIG and its consolidated subsidiaries and, prior to their disposition, previously disposed equity-accounted Affiliates, excluding discontinued operations. References to the “Center” refer to the holding company excluding the Affiliates and/or BrightSphere Inc., or BSUS, a Delaware corporation and wholly owned subsidiary of BSIG. Unless we state otherwise or the context otherwise requires, references in this Annual Report on Form 10-K to “Affiliates” or an “Affiliate” refer to the asset management firms in which we have or previously had an ownership interest, and references to our Affiliates’ sponsored investment entities are “Funds.” References in this Annual Report on Form 10-K to “OM plc” refer to Old Mutual plc, our former parent. None of the information in this Annual Report on Form 10-K constitutes either an offer or a solicitation to buy or sell Acadian’s products or services, nor is any such information a recommendation for Acadian’s products or services.

## **Performance measures used in this report**

We present economic net income, or ENI, to help us describe our operating and financial performance. ENI is the key measure our management uses to evaluate the financial performance of, and make operational decisions for, our business. ENI is not audited, and is not a substitute for net income or other performance measures that are derived in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. Furthermore, our calculation of ENI may differ from similarly titled measures provided by other companies. Please refer to “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Supplemental Performance Measure—Economic Net Income and Segment Analysis” for a more thorough discussion of ENI and a reconciliation of ENI to U.S. GAAP net income.

## Summary of Risk Factors

Our business is subject to numerous risks and uncertainties, discussed in more detail in Item 1A of this Annual Report on Form 10-K under the heading “Risk Factors.” These risks include, among others, the following key risks:

- Our overall financial results are dependent on the ability of Acadian to generate earnings
- Our ability to attract and retain assets under management and generate earnings is dependent on maintaining competitive investment performance, as well as market and other factors;
- We derive a substantial portion of our revenue from a limited number of investment strategies;
- We rely on certain key personnel, and our results are dependent upon our ability to retain and attract key personnel;
- Reputational harm could result in a loss of assets under management and revenues;
- Impairment of our relationships with clients and/or consultants may negatively impact our business and our results of operations;
- Pressure on fee levels and changes to our mix of assets could impact our results of operations;
- If our techniques for managing risk are ineffective, we may be exposed to material unanticipated losses;
- Our expenses are subject to fluctuations that could materially impact our results of operations;
- Investments in non-U.S. markets and in securities of non-U.S. companies may involve foreign currency exchange risk, and tax, political, social and economic uncertainties, and a reduction in assets under management associated with investments in non-U.S. equities could have a disproportionately adverse impact on our results of operations;
- Our outstanding indebtedness may impact our business and may restrict our growth and results of operations;
- Any significant limitation on the use of our facilities or the failure or security breach of our software applications or operating systems and networks, including the potential risk of cyber-attacks, could result in the accidental or unlawful destruction, loss, alteration, unauthorized disclosure of, or access to, confidential client information or personal data, damage to our reputation, additional costs, regulatory penalties and financial losses; and
- We operate in a highly regulated industry, and continually changing federal, state, local and foreign laws and regulations could materially adversely affect our business, financial condition and results of operations.

## PART I

### Item 1. Business.

#### Overview

We are a global, diversified asset management company with approximately \$104 billion of assets under management as of December 31, 2023. We provide investment management services globally, predominantly to institutional investors. We operate our differentiated investment management business through our majority owned subsidiary, Acadian Asset Management LLC (“Acadian”), a leading systematic manager of active global, international equity and alternative strategies. The ownership structure of Acadian provides incentives for growth and prudent business management across multiple generations of Acadian partners, who retain meaningful levels of equity in their own business to preserve strong alignment of interests between us, Acadian, their clients and our shareholders. Acadian comprises our Quant & Solutions reportable segment.

We have generated strong, recurring free cash flow to our business that we can use for growth initiatives, return to shareholders through dividends and stock repurchases and to repay outstanding debt obligations. Our revenue consists largely of recurring management fees on assets under management and is not heavily dependent upon performance fees. Our profit-sharing model enables us to participate directly in margin expansion as Acadian grows.

#### Acadian

Acadian, founded in 1986, is a leading systematic investment manager of active global, international equity, and alternative strategies with approximately \$104 billion in AUM as of December 31, 2023. Acadian pursues a fundamentally grounded, data-rich and highly structured approach to investing that seeks to identify and exploit systematic and structural inefficiencies in the markets. Acadian applies a range of investment and risk considerations to a universe of 40,000-plus securities taken from over 150 global markets. Acadian manages strategies in developed and emerging markets, including global, non-U.S. and small-cap equities, as well as managed volatility, systematic macro, equity alternatives, and credit strategies.

Acadian invests on behalf of a wide range of institutional clients across the globe, including public and private funds, endowments and foundations, and retail clients through sub-advisory channels. The firm’s clients were domiciled in approximately 20 countries across Asia, Australia, Europe and North America as of December 31, 2023. The firm has over 100 investment and research professionals and manages approximately 70 distinct investment products and strategies.

#### Competitive Strengths

**Experience.** As a pioneer in systematic investing, Acadian has been managing systematic equity portfolios since the 1980s. This experience affords us a broad perspective and data history. Guided by the economic intuition and insights of a talented, experienced, and diverse investment team, Acadian has been at the forefront of systematic research, signal development, and portfolio construction for 37 years.

**Objectivity.** Acadian uses a disciplined and objective process, underpinned by rich data and powerful technological tools. An extensive data repository, continually supplemented by an active alternative scouting effort, provides an extensive source for exploring new investment ideas. Given the size, breadth, and complexity of global equity markets, we believe that such an empirical approach is essential to exploiting behaviorally based mispricings and deliver superior risk-adjusted returns for our clients.

**Research.** Acadian is a research-focused firm. Its scientific approach to innovation is driven by research across signal generation, portfolio construction, implementation, and risk management. Research is data-dependent, and Acadian’s process benefits from its objectivity, breadth, and computational power. We recognize that markets are dynamic and that a robust culture of investment research is essential to maintaining a competitive edge.

## Capital Management

Our asset management business generates significant, recurring free cash flow that can be accessed to create value for our shareholders. In particular, we believe we can generate strong returns on allocated capital by, among other things, (i) providing seed capital to fund new products and strategies; (ii) providing investment capital to support strategic growth; and (iii) implementing opportunistic share repurchases. Management undertakes detailed business case analyses with respect to all growth opportunities, and only considers those that yield an acceptable return while operating within the parameters of our risk appetite. For the period January 1, 2019 to December 31, 2023, we repurchased approximately 63% of our shares.

## Distribution Model and Client Base

Our distribution is focused on the institutional and sub-advisory channels. The institutional channel accounts for approximately 79% of our AUM. Within this channel, we have strong relationships in the public/government pension market (42% of our AUM as of December 31, 2023) and the corporate plan market (12% of our AUM as of December 31, 2023), which comprise a substantial portion of the institutional investment market overall, particularly in the U.S. Our institutional marketplace clients are highly diverse across industry segments and geographies and have various growth characteristics. Our institutional distribution channel includes clients from across the globe, including, but not limited to, pension funds, state and local governments; employee benefit plans and foundations and endowments. We offer our investment products to institutional clients directly and by marketing our services to the investment consultants and advisors that advise them. We maintain relationships with a number of insurance companies, private banks, Outsourced Chief Investment Officers (“OCIOs”) and Fund of Funds (“FoFs”). While we market primarily to institutional investors, we participate in the individual investor market through the sub-advisory channel, which represented 12% of our AUM as of December 31, 2023. We also manage assets for mutual funds, and other commingled products including UCITs and Collective Investment Trusts, which gives us exposure to a retail investor base and the defined contribution market.

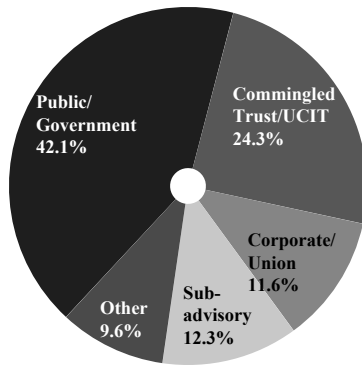
Our clients can access our investment strategies through a range of investment vehicles:

- *Separate Account:* We manage separate account assets within most of our investment strategies. Our separate account clients span the broad spectrum of institutional investors. The fees we charge on separate accounts vary by client, investment strategy and the size of the account.
- *Commingled Vehicle:* We also offer access to a number of our strategies through Acadian-branded commingled vehicles both within and outside the U.S. Investors that do not meet our minimum account size for a separate account, or who otherwise prefer to invest through a fund, can invest in our pooled funds.

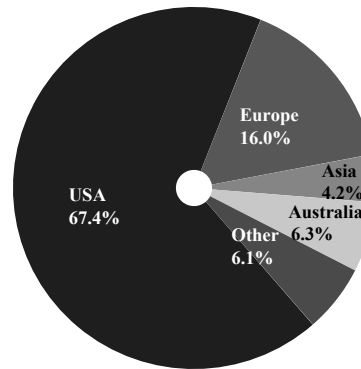
The goal of our marketing, distribution and client service efforts is to grow and maintain a client base that is diversified by investment strategy, investment vehicle, distribution channel, and geographic region. We focus our distribution and marketing efforts on sophisticated investors and asset allocators. Our client service and distribution teams comprise knowledgeable, seasoned professionals, experienced in working across the investment spectrum of investors.

Our client base is diverse without significant concentration. As of December 31, 2023, our top five client relationships represented approximately 14% of total run rate gross management fee revenue, and our top 25 clients represented approximately 38% of run rate gross management fee revenue. The below graphic shows the breakdown of our assets under management as of December 31, 2023 by client type and location.

**AUM by Client Type**



**AUM by Client Location**



**Total AUM: \$103.7 bn**  
*Data as of December 31, 2023*

**Products and Investment Performance**

**Product Mix**

We offer leading strategies in global, international, U.S. and emerging markets equities, in addition to credit, and alternative investments.

The chart below presents our wide range of offerings. These areas have the potential to provide a balanced earnings stream to our business. We believe our offerings are well-positioned in areas of investor demand and the diversity of investment style and asset class can enable us to participate in growing segments of the industry, through a range of investing environments.

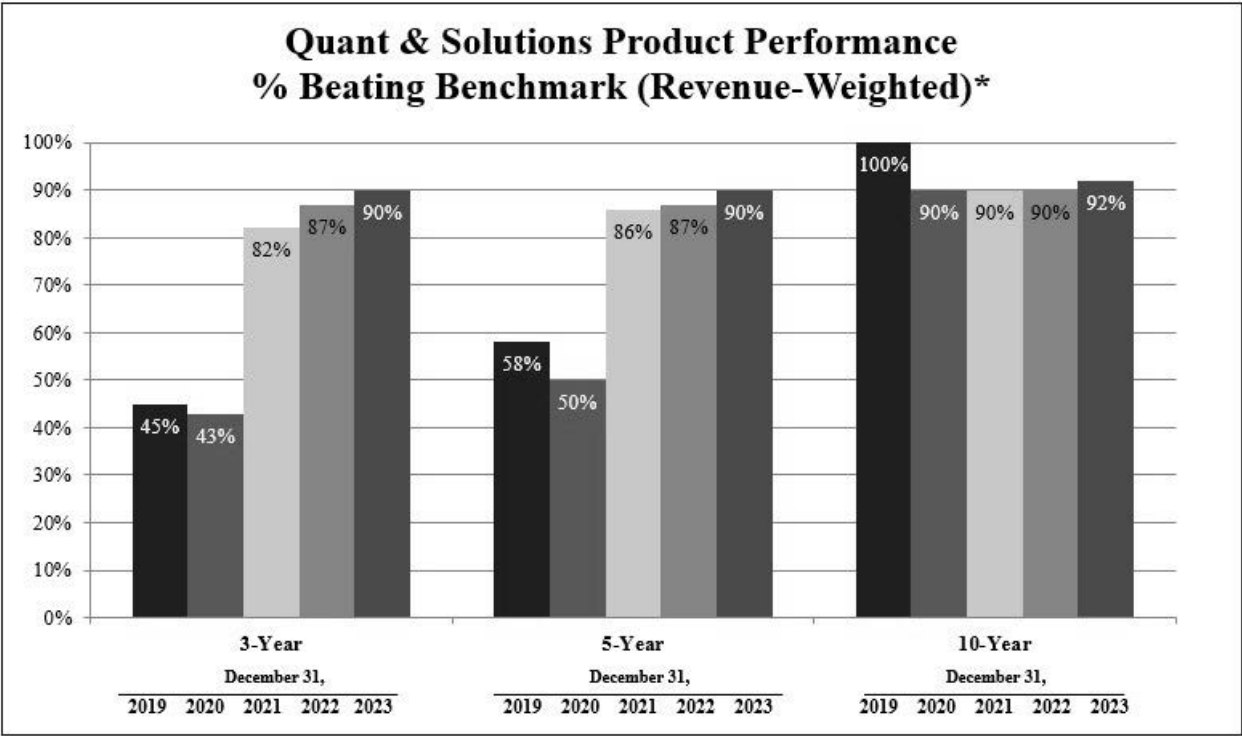
EQUITY	<b>Equity</b>	Equity strategies apply insights from over 35 years of systematic investing experience combined with the power of data <i>Global, Emerging Markets, Non-US, Regional</i>
	<b>Managed Volatility</b>	Managed volatility portfolios seek to deliver active returns and lower volatility based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

## Investment Performance

Our mission is to produce risk-adjusted performance, or alpha, for our clients. We have competitive near- and long-term alpha performance records and are well-positioned for continued growth.

In addition to analyzing our performance on a revenue-weighted basis, which gives us a perspective on product performance with respect to our existing client base, we also consider the number of our at-scale product strategies (defined as strategies with greater than \$100 million of AUM) beating benchmarks. This latter measure, labeled as “equal-weighted,” indicates the opportunity we have to generate sales in a variety of market environments. For instance, strong performance in a newer, smaller product such as small-cap emerging markets may not affect revenue-weighted performance, but it can have a meaningful effect on revenue growth given client demand for this higher fee product. The charts below indicate that performance on a revenue-weighted basis relative to benchmark over the last five years have performed ahead of their respective benchmarks on a three-, five- and ten-year basis.



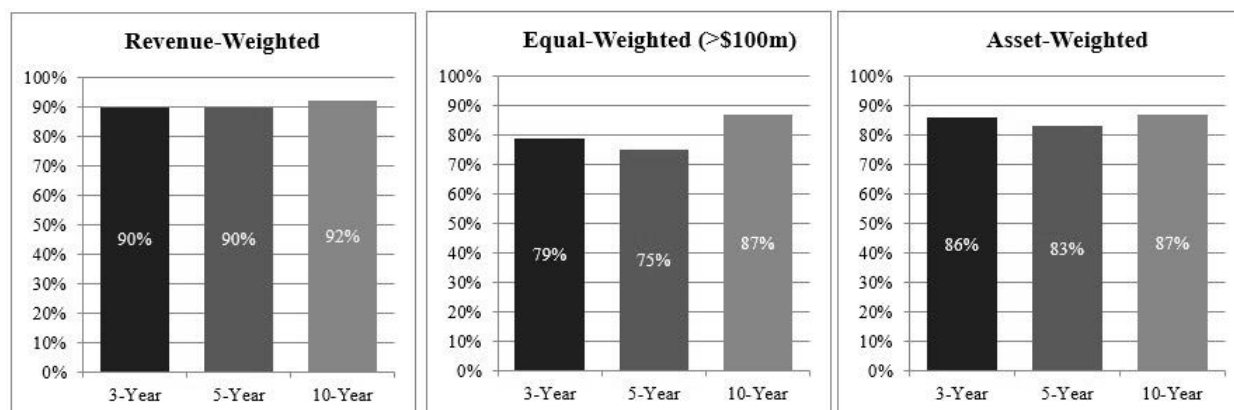


Data as of December 31 for the years 2019 to 2023

\* Acadian assets representing 11%, 47%, 89%, 88% and 80% of revenue were outperforming benchmarks on a 1-year basis as of December 31, 2019, 2020, 2021, 2022 and 2023, respectively.

The chart below indicates performance on a revenue-weighted and equal-weighted basis relative to benchmark, as at December 31, 2023. In addition, we have indicated the percentage of our assets beating their benchmarks over the same time periods. While we believe the first two methodologies provide better insight into our performance trends, we have also included AUM-weighted performance, as this is a more standard industry performance metric.

### *Quant & Solutions Investment Performance\**



Data as of December 31, 2023\*

\* As of December 31, 2023, Acadian assets representing 80% of revenue were outperforming benchmarks on a 1-year basis.

### **Competition**

We face competition from many segments in the asset management industry. We compete with other investment management firms, including investment management holding companies, insurance companies, and banks. We compete globally with international and domestic investment management firms, hedge funds, and other subsidiaries of financial institutions for institutional assets.

Many of the organizations we compete with offer investment strategies similar to those offered by Acadian, and these organizations may have greater financial resources and distribution capabilities than we offer. Some of these firms offer other products and services—in particular investment strategies such as passively managed products, including exchange traded funds, that typically carry lower fee rates. Additionally, there are limited barriers to entry for new investment managers. We compete with these organizations to attract and retain institutional clients and their assets based on the following primary factors:

- the investment performance records of Acadian’s strategies;
- the breadth of active investment strategies and vehicle options offered by Acadian;
- the alignment of Acadian’s investment strategies to the current market conditions and investment preferences and needs of potential clients;
- the quality, depth, and reputation of the investment teams that executes Acadian’s strategies;
- the continuity of our investment and distribution teams;
- the caliber of service we provide our clients; and
- Acadian brand recognition and reputation within the investment community

## **Our History and Organizational Structure**

The predecessor of BSIG was formed in 1980. We were incorporated on May 29, 2014 as a private limited company under the laws of England and Wales. At the time of our initial public offering of our ordinary shares in 2014, we changed our name to OM Asset Management plc. On March 2, 2018, we announced the change of our name to BrightSphere Investment Group plc and on March 26, 2018, our ticker symbol changed to “BSIG.” On July 12, 2019, we completed a redomestication process to change from a company incorporated under the laws of England and Wales to a Delaware corporation. The common stock of BrightSphere Investment Group Inc. began trading on July 15, 2019, and our trading symbol on the NYSE remained unchanged as “BSIG.”

## **Regulation**

We are subject to U.S. federal securities laws, state securities and corporate laws, and the rules and regulations of U.S. regulatory and self-regulatory organizations.

Acadian is also subject to regulation in the U.S. through its primary regulator, the SEC, under the Investment Advisers Act of 1940, as amended. To the extent Acadian acts as investment adviser or sub-adviser to registered investment companies, it must also comply with the terms of the Investment Company Act of 1940, as amended and the rules thereunder. The Advisers Act of 1940 imposes numerous obligations on registered investment advisers, including fiduciary, record keeping, advertising and operational requirements, disclosure obligations, and prohibitions on fraudulent activities. The Investment Company Act of 1940 regulates the structure and operations of registered investment companies and imposes additional obligations on advisers to registered investment companies, including detailed disclosure and regulatory requirements applicable to the registered investment companies and additional compliance responsibilities which must strictly be adhered to by the funds and their advisers. Acadian is also subject to the rules and regulations adopted by the Commodity Futures Trading Commission, under the Commodity Exchange Act; and may also be subject to the rules and regulations adopted by the Department of Labor, under ERISA; the Financial Industry Regulatory Authority, Inc., or FINRA; and state regulators. Acadian may also be registered from time to time in jurisdictions outside of the U.S. and will be subject to applicable regulation in those jurisdictions. Acadian is also subject to regulation relating to the offer and sale of financial products in each of the European Union countries in which Acadian operates. As Acadian expands distribution efforts into non-U.S. jurisdictions, including other member countries of the European Union, Latin America, the Middle East and Asian countries, Acadian may be required to register with additional foreign regulatory authorities or otherwise comply with non-U.S. rules and regulations that currently are not applicable to our business.

Through wholly owned affiliates, Acadian is also subject to the regulatory environments of the non-U.S. jurisdictions in which Acadian operates. Acadian’s U.K. affiliate is subject to regulation by the Financial Conduct Authority, or FCA. Acadian’s Singapore affiliate is subject to regulation by the Monetary Authority of Singapore, or MAS. Acadian Australia is subject to regulation by the Australian Securities and Investment Commission, or ASIC. Each regulatory body imposes a comprehensive system of regulation on investment advisers and the manner in which we conduct our business in that country.

## **Employees and Human Capital**

We believe our ability to attract and retain employees is a key to our success. Accordingly, we strive to offer competitive compensation and employee benefits and monitor compensation and benefits to the competitive market. Our total rewards philosophy includes competitive compensation, talent development and a comprehensive benefits package that includes extensive health and welfare benefits. In addition, we provide a Profit Sharing and 401(k) Plan for all employees and contribute a percentage of compensation to this plan on a discretionary basis, subject to regulatory limits.

We recognize the value of a diverse and skilled workforce and are committed to creating and maintaining an inclusive and collaborative workplace culture that leverages the unique contributions of people with diverse backgrounds, experiences, and perspectives. We are committed to pay equity for employees doing similar work, regardless of gender, race or ethnicity and comply with applicable local regulations.

As of December 31, 2023, we had 387 full-time equivalent employees, of which 21 were employees of BrightSphere Investment Group Inc. and 366 were employees of Acadian. None of these employees are represented by any collective bargaining agreements.

## **Operations, Systems and Technology**

Our advanced technological capabilities are one of our core strengths. Our investment process is systematically driven and is supported by a sophisticated systems environment. A key tenet of our investment philosophy is that it is crucial to examine as much relevant information about as many companies as possible. Our systems allow us to evaluate a broad array of investment opportunities on a daily basis. Important aspects of our systems environment include powerful servers that receive fundamental data on a continuous basis; proprietary software that transforms the data into stock-specific, macro, and peer forecasts; portfolio optimization software that assists in the creation of customized client portfolios; and a fully automated trading and compliance system. Beyond the investment process infrastructure, we use a number of sophisticated systems to help maximize back-office efficiencies across functions such as operations, accounting, and client reporting.

## **Available Information**

Our web site is [www.bsig.com](http://www.bsig.com). Our web site provides information about us, and from time to time we may use it as a distribution channel of material company information. We routinely post financial and other important information in the “Investor Relations” section of our web site and we encourage investors to consult that section regularly. That section of our web site includes “Public Filings” where one can download copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, including exhibits, and any other report filed or furnished with the U.S. Securities and Exchange Commission, or the SEC, pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended. We make these reports available through our web site as soon as reasonably practicable after our electronic filing of such materials with, or the furnishing of them to, the SEC. The information contained or incorporated on our web site is not a part of this Annual Report on Form 10-K. In addition, the SEC maintains a website that contains reports, proxy statement and other information about issuers, such as BSIG, who file electronically with the SEC. The address of the website is [www.sec.gov](http://www.sec.gov).

## **Item 1A. Risk Factors**

*You should carefully consider the following risk factors in addition to the other information included or incorporated by reference in this Annual Report on Form 10-K before investing in our common stock. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations or cash flow. If any of the following risks and uncertainties actually occurs, you may lose all or part of your investment. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business.*

### **Risks Related to Operations**

***Our overall financial results are dependent on the ability of Acadian to generate earnings.***

Substantially all of our revenue generation is dependent on Acadian, who receives the majority of their fees based on the values of assets under management. Substantially all of our cash flows consist of distributions received from Acadian. As a result, our cash flows and ability to fund operations are largely dependent upon the profitability of Acadian.

Acadian is required to make certain cash distributions to us under its operating agreement. Distributions to us from Acadian may be subject to Acadian maintaining sufficient working capital, regulatory requirements, claims of creditors of Acadian and applicable bankruptcy and insolvency laws. Any material decrease in profits at, or material reduction in distributions from, Acadian could negatively impact our business and results of operations.

Acadian operates under ownership, governance and economic arrangements that we and Acadian negotiated either at inception or during the course of our relationship. Periodically, this arrangement is reviewed and, in some instances, may be renegotiated and revised. Any renegotiation that results in a reduction in our ownership interest in Acadian and/or a revision to the economic arrangements could reduce the economic benefits derived by us from Acadian.

***Our ability to attract and retain assets under management and generate earnings is dependent on maintaining competitive investment performance, as well as market and other factors.***

Our financial performance is dependent upon our ability to minimize outflows and increase inflows through sound relative investment performance over measured periods of time compared to relevant benchmarks and peer performance results. The performance of our systematic investment strategies, which can be impacted by factors within and/or outside our control, including general market and economic conditions, is critical to retaining existing client assets and investors, including in mutual funds and private funds we advise or sub-advise, and attracting new client and investor assets. Poor performance can be caused by our choices in investing in sectors, industries, companies or assets that do not perform as well as others. Additionally, companies in which we invest may incur negative changes in their financial conditions or suffer other adverse events that could reduce the values of investments in those companies.

Net flows related to our systematic investment strategies can be affected by investment performance relative to other competing investment strategies or to established benchmarks. Investment management strategies may be rated, ranked or assessed by independent third parties, distribution partners, and industry periodicals and services. These assessments often influence the investment decisions of our clients and investors in mutual funds and private funds we advise or sub-advise. If the performance or assessment of our systematic investment strategies is seen as underperforming relative to peers, it could, among other things, result in an increase in the withdrawal of assets by existing clients and investors in mutual funds and private funds we advise or sub-advise, the termination of us as a sub-adviser to a mutual fund and the inability to attract additional investments from existing and new clients or investors. If a significant portion of clients or investors decides to withdraw their investments or terminate their investment management agreements or sub-advisory agreements, our ability to generate earnings would decline and our results of operations and financial condition would be affected.

In addition, assets could be withdrawn for any number of reasons other than poor absolute or relative investment performance, including macro-economic factors unrelated to investment performance, a reduction in market demand for the systematic asset classes, products or strategies we offer, the loss of key personnel, price declines in the securities markets generally, price declines in those assets in which client assets are concentrated or changes in investment patterns of clients, a failure by us to comply with applicable client and regulatory investment guidelines, or factors wholly unrelated to us. Any of these factors could have a negative impact on our results of operations and financial condition.

***We derive a substantial portion of our revenue from a limited number of investment strategies.***

A significant portion of our assets are invested in a limited number of investment strategies. As of December 31, 2023, \$44.7 billion, or 43%, of our assets under management were concentrated across three investment strategies: Acadian's Emerging Markets Equity (\$16.8 billion, or 16%), Acadian's Global Equity (\$14.1 billion, or 14%), and Acadian's All-Country World ex-US Equity (\$13.8 billion, or 13%). Consequently, our results of operations are dependent upon our ability to minimize the risk of outflows from these strategies through relatively strong performance over measured periods of time compared to relevant benchmarks and peer performance results. Also, certain investors may evaluate us on the basis of the asset-weighted performance of our assets under management. A relatively small change in the relative performance of one of our largest strategies, such as Acadian's Emerging Markets Equity, could have a significant impact on the asset-weighted performance of our assets under management. Such volatility could adversely affect our results of operations and investors' perception of us.

***We rely on certain key personnel, and our results are dependent upon our ability to retain and attract key personnel.***

We depend on the skills and expertise of our key investment and management personnel, and our success and growth depends on our ability to attract and retain key personnel. We rely heavily upon the services of certain key investment and management personnel. The loss of key investment and management personnel for any reason could have an adverse impact upon our business, results of operations and financial condition. Any of our key investment or management personnel could resign at any time, join a competitor or form a competing company. We have entered into non-competition agreements with some, but not all, of our investment and management personnel, but these agreements may not be enforceable or may not be enforceable to their full extent. In addition, we may agree to waive a non-competition agreement applicable to investment or management personnel in light of the circumstances of our relationship with that person. Additionally, key employees have the opportunity to participate in the appreciation in the value of our business. Award documents typically limit a recipient's right to provide competitive services to our clients or solicit our employees for prescribed periods.

We rely upon the contributions of our senior management team to establish and implement our strategy and to manage the future growth of our business. The amount and structure of compensation and opportunities for equity ownership we offer are key components of our ability to attract and retain qualified management personnel. There is no assurance that we will be successful in designing and implementing an attractive compensation model to attract and retain qualified personnel.

***Our business operations are complex, and a failure to properly perform operational tasks or maintain infrastructure could have an adverse effect on our revenues and income.***

In addition to providing investment management services, we must have the necessary operational capabilities to manage our business effectively in accordance with client expectations and applicable law. The required non-investment management functions include sales, marketing, portfolio recordkeeping and accounting, security pricing, trading activity, investor reporting, corporate governance, compliance, net asset value computations, account reconciliations and calculations of required distributions to accounts. Some of these functions are performed either independently or with the support of or in conjunction with us or third-party service providers that we oversee. Also, we may be highly dependent on specially developed proprietary systems, including proprietary computer code. Any material failure to properly develop, update, review, test or maintain sufficient technological infrastructure, including applicable controls, or perform and monitor non-investment management functions and operations, or adequately oversee the entities that provide the services, could result in potential liability to clients, regulatory sanctions, investment losses, loss of clients and damage to our reputation.

***Reputational harm could result in a loss of assets under management and revenues.***

The integrity of our brand and reputation is critical to our ability to attract and retain clients, business partners and employees and maintain relationships with consultants. We operate within the highly regulated financial services industry and various potential scenarios could result in harm to our reputation. They include internal operational failures, failure to follow investment or legal guidelines in the management of accounts, instances of financial criminal activity by our employees, intentional or unintentional misrepresentation of our products and services in offering or advertising materials, public relations information, social media or other external communications, employee misconduct or investments in businesses or industries that are controversial to certain special interest groups. Such factors could potentially result in regulatory actions and litigation. The negative publicity associated with any of these factors could harm our reputation and adversely impact relationships with existing and potential clients, third-party distributors, consultants and other business partners and subject us to regulatory sanctions. Damage to our brand or reputation would negatively impact our standing in the industry and result in loss of business in both the short term and the long term.

***We may not always successfully manage actual or potential conflicts of interests that may arise in our business.***

As we continue to expand the scope of our business, we continue to confront actual, potential and perceived conflicts of interest relating to our activities. Conflicts may arise with respect to decisions regarding, among other things, the allocation of specific investment opportunities among accounts in which we may receive an allocation of profits and accounts in which we do not receive such an allocation or among client accounts that have overlapping investment objectives yet different fee structures, including certain accounts which may pay performance-based fees.

Certain client accounts have similar investment objectives and may engage in transactions in the same types of securities and instruments. These transactions could impact the prices and availability of the securities and instruments in which a client account invests and could have an adverse impact on an account's performance.

The SEC and other regulators have increased their scrutiny of conflicts of interest. We have implemented procedures and controls to identify, manage, mitigate (where possible) and disclose actual, potential or perceived conflicts of interest, but it is possible that the procedures adopted may not be effective in identifying, managing or mitigating all conflicts which could give rise to the dissatisfaction of, or litigation by, investors or regulatory enforcement actions. Appropriately dealing with conflicts of interest is complex and difficult, and our reputation could be damaged if we fail, or appear to fail, to deal appropriately with one or more potential or actual conflicts of interest. Regulatory scrutiny, litigation or reputational risk incurred in connection with conflicts of interest would adversely impact our business in a number of ways, including by making counterparties reluctant to do business with us, impeding our ability to retain or increase our assets under management, subjecting us to potential litigation and adversely impacting our results of operations.

Equity ownership by employees of Acadian is at the level of Acadian and not at the holding company level, although employees of Acadian may acquire our common stock. There may be instances where the interests of Acadian's key employee equity-holders may not align with ours in effecting a desired outcome.

There is no assurance that a resolution of any conflicts of interest may be possible or the interests of all parties can be taken into account.

***Impairment of our relationships with clients and/or consultants may negatively impact our business and our results of operations.***

We believe we have strong client and consultant relationships in our core institutional marketplaces, and we depend upon these relationships to successfully market our existing products and strategies and to introduce new products and strategies. As of December 31, 2023, our top five client relationships represented approximately 14% of total run rate gross management fee revenue, and our top 25 clients represented approximately 38% of run rate gross management fee revenue. Total run rate gross management fee revenue reflects the sum for each account at Acadian, of the product of (a) assets under management in each account at December 31, 2023, multiplied by (b) the relevant management fee rate on that account. Any negative changes in these relationships that reduce the number of client or consultant contacts, restrict access to existing or potential clients, or result in negative statements by a consultant, could have an adverse impact on our business and negatively impact our results of operations.

***Our business is dependent upon investment advisory agreements that are subject to negotiation, non-renewal, or termination, including termination upon assignment.***

We derive substantially all of our revenue from the fees charged to our clients under investment advisory agreements with those clients. The agreements generally provide for fees to be paid on the basis of the value of assets under management, although a portion also provide for performance-based fees to be paid on the basis of investment performance against stated benchmarks.

Acadian is a U.S. registered investment adviser. Acadian may provide investment advisory services to investment companies registered under the Investment Company Act pursuant to the terms of an investment advisory agreement between Acadian and the applicable U.S. registered investment company. Acadian may also be retained by U.S. registered investment advisers to certain U.S. registered investment companies to provide investment sub-advisory services to U.S. registered investment companies pursuant to the terms of an investment sub-advisory agreement between Acadian and the relevant U.S. registered investment adviser. An investment advisory agreement may be terminated by a client without penalty upon relatively short notice (typically no more than 30 days). In addition, the investment advisory agreements and sub-advisory agreements with respect to registered investment companies generally may be terminated by the registered investment company or, in those instances where Acadian serves as a sub-adviser, the registered investment company's adviser, without penalty, upon 60 days' notice and are subject to annual approval by the registered investment company's board of directors or trustees. Clients may decide to terminate or not renew an agreement for poor investment performance or any variety of reasons which may be beyond our control. A decrease in revenues resulting from termination of an investment advisory agreement or sub-advisory agreement for any reason could have a material adverse effect on our revenue and profits and a negative effect on our results of operations.



Pursuant to the Advisers Act, investment advisory agreements between Acadian, who is a U.S. registered investment advisers and their clients are not assignable without the consent of the client. As required by the Investment Company Act of 1940, or the Investment Company Act, investment advisory agreements and sub-advisory agreements between Acadian and investment company clients and/or the investment advisers to those investment companies terminate upon their assignment. Assignment, as generally defined, includes direct assignments as well as assignments that may be deemed to occur, under certain circumstances, upon the direct or indirect transfer of a “controlling block” of the voting securities of Acadian. A transaction is not deemed an assignment under the Advisers Act or the Investment Company Act, however, if it does not result in a change of actual control or management of Acadian.

If anyone acquires, or is deemed to have acquired, a controlling block of our voting securities in the future, the contractual anti-assignment and termination provisions of the investment advisory and sub-advisory agreements between Acadian and its clients may be implicated. If an assignment of an investment advisory or sub-advisory agreement is deemed to occur, and clients do not consent to the assignment or, with respect to investment company clients, enter into a new agreement with Acadian, which may require the approval of the investment company’s stockholders in addition to its board of directors or trustees, our results of operations could be materially and adversely affected.

***Pressure on fee levels and changes to mix of assets could impact our results of operations.***

Our profit margins and net income are dependent on our ability to maintain current fee levels for the products and services we offer. The competitive nature of the asset management industry has led to a trend toward lower fees in certain segments of the asset management market, and there can be no assurance that we will be able to maintain our current pricing structures. We also may be required to restructure our fees due to regulatory changes. These factors also could inhibit the ability to increase fees for certain products. A reduction in the fees, or limited opportunities to increase fees, will reduce or limit our revenues and could reduce or limit our net income.

The fees charged on our assets under management vary by asset class and produce different revenues per dollar of assets under management based on factors such as the type of assets being managed, the applicable investment strategy, the type of client and the client fee schedule. Institutional clients may have significant negotiating leverage in establishing the terms of an advisory relationship, particularly with respect to the level of fees paid, and the competitive pressure to attract and retain institutional clients may impact the level of fee income we earn. In order for us to maintain our fee structure in a competitive environment, we may elect to decline to manage additional assets from potential clients who demand lower fees even though our revenues may be adversely affected in the short term.

Furthermore, a shift in the mix of assets under management from asset classes or products that generate higher fees to those that generate lower fees may result in a decrease in revenues while aggregate assets under management remain unchanged or increase. Such shifts can occur as various investment strategies go in and out of favor due to competition in the industry or as a result of movements between asset classes or certain products no longer being available to investors. In addition, in the event current or future Affiliates have or develop a focus on strategies that generate lower fees, a decrease in revenues may result. A decrease in revenues without a reduction in expenses will result in reduced net income.

Changes in how clients choose to access asset management services may also exert downward pressure on fees. Some investment consultants, for example, are implementing programs in which the consultant provides a range of services, including selection, in a fiduciary capacity, of asset managers to serve as sub-adviser at lower fee rates than the manager’s otherwise applicable rates, with the expectation of a larger amount of assets under management through that consultant. The expansion of those and similar programs could, over time, make it more difficult for us to maintain our fee rates.

***Investments in non-U.S. markets, in securities of non-U.S. companies and utilization of currency forward contracts and options on currency may involve foreign currency exchange risk, and tax, political, social and economic uncertainties, and a reduction in assets under management associated with investments in non-U.S. equities could have a disproportionately adverse impact on our results of operations.***

A significant amount of our assets under management is represented by strategies that invest in securities of non-U.S. companies. Fluctuations in foreign currency exchange rates could negatively impact the account values and the investment returns of clients who are invested in these strategies, with a corresponding reduction in management fee income. In addition, an increase in the value of the U.S. dollar relative to non-U.S. currencies could result in a decrease in the U.S. dollar value of assets under management that are denominated in non-U.S. currencies, which in turn would result in lower revenues.

Many non-U.S. financial markets are not as developed or as efficient as the U.S. financial markets and, as a result, have limited liquidity and greater price volatility and may lack established regulations. Liquidity in such markets also may be adversely impacted by political or economic events, government policies, expropriation, volume trading limits by foreign investors, and social or civil unrest. The ability to dispose of an investment and its market value may be adversely impacted by any of these factors. In addition, non-U.S. legal and regulatory financial accounting standards and practices may be different from those of the U.S., and there may be less publicly available information about non-U.S. companies and non-U.S. markets. Governments of foreign jurisdictions may assert their abilities to tax local gains and/or income of foreign investors, including our clients, which could adversely impact the economics associated with investing in foreign jurisdictions or non-U.S. based companies. These risks also could impact the performance of strategies that invest in such markets and, in particular, strategies that concentrate investments in emerging market companies and countries.

In general, management fees for accounts that invest in non-U.S. equity markets, particularly emerging markets, are higher than those for accounts that invest in the domestic markets. Since over 95% of our total assets under management as of December 31, 2023 were invested in global, international and emerging markets equities, a significant reduction in assets under management associated with such investments could have a disproportionately adverse impact on our results of operations.

***If our techniques for managing risk are ineffective, we may be exposed to material unanticipated losses.***

In order to manage the significant risks inherent in our business, we must maintain effective policies, procedures and systems that enable us to identify, monitor and control our exposure to operational, legal and reputational risks. Our risk management methods may prove to be ineffective due to their design or implementation, or as a result of the lack of adequate, accurate or timely information or otherwise. If our risk management efforts are ineffective, we could suffer losses that could have a material adverse effect on our financial condition or results of operations. The potential for some types of operational risks, including, for example, trading errors, may be increased or amplified in periods of increased volatility, which can magnify the cost of an error. We may experience operational errors, including trading errors, in the future. Additionally, we could be subject to litigation, particularly from our clients, and investigations and enforcement proceedings by and sanctions or fines from regulators. Our techniques for managing operational, legal and reputational risks in client portfolios may not fully mitigate the risk exposure in all economic or market environments, including exposure to risks that we might fail to identify or anticipate.

In addition, the development and use of various technologies based on machine learning and artificial intelligence is expanding rapidly in our industry. Our use, directly or indirectly, of these technologies could result in new or expanded risks to our business, including but not limited to legal and regulatory risk and the risk that information generated using such technologies is inaccurate, misleading, incomplete or otherwise flawed. To the extent that we do not anticipate or effectively mitigate these risks through policies, controls and procedures, and systems, there could be a material adverse effect on our financial condition and results of operations.

***We may be exposed to potential liability as a general partner or a controlling person.***

Acadian may serve as general partner, managing member or their equivalents for investment products that are organized as partnerships or other commingled vehicles. As such, we may be exposed to liability in the limited liability company, partnership or investment vehicle or required to undertake certain obligations under applicable law that we or they otherwise would not be required to undertake as a holding company or investment adviser. In addition we may be deemed to be a control person of Acadian as that term is defined in various U.S. federal and state statutes and, as such, potentially liable for the acts of Acadian or its employees. Consequently, if under such circumstances Acadian incurs liabilities or expenses that exceed its ability to pay, we may be directly or indirectly liable for its payment to the extent provided in the governing documents of the limited liability company, partnership or investment vehicle or under applicable law. While we maintain errors and omissions and general liability insurance in amounts believed to be adequate to cover certain potential liabilities, we cannot be certain that claims will not be made against us that exceed the limits of available insurance coverage, that the insurers will remain solvent and will meet their obligations to provide coverage or that an adequate amount of insurance coverage will continue to be available to us at a reasonable cost. A judgment against us in excess of available insurance coverage could have a material adverse impact on our business and financial condition.

***Our expenses are subject to fluctuations that could materially impact our results of operations.***

Our results of operations are dependent upon the level of our expenses, which can vary from period to period. We have certain fixed expenses that we incur as a going concern, and some of those expenses are not subject to adjustment. If our revenues decrease, without a corresponding decrease in expenses, our results of operations would be negatively impacted. While we attempt to project expense levels in advance, there is no guarantee that an unforeseen expense will not arise or that we will be able to adjust our variable expenses quickly enough to match a declining asset base. Consequently, either event could have either a temporary or permanent negative impact on our results of operations.

***Losses on our seed capital could adversely impact our results of operations or financial condition.***

As of December 31, 2023, we had approximately \$41 million committed to seed capital, which is currently invested in five products. The amount we commit to, or invest in, seed capital could change materially from time to time in our discretion based on the needs of the business. The capital utilized in the seed portfolios may be subject to liquidity constraints over certain time periods and is subject to market conditions. A decline in the value of our seed capital would adversely impact our results of operations or financial condition.

***The cost of insuring our business is meaningful and may increase.***

Our insurance costs are meaningful and can fluctuate significantly from year to year. In addition, certain insurance coverage may not be available or may only be available at prohibitive costs. As we renew our insurance coverage, we may be subject to additional costs caused by premium increases, higher deductibles, co-insurance liability, changes in the size of our business or nature of our operations, litigation or acquisitions or dispositions. Higher insurance costs and incurred deductibles, as with any expense, would reduce our net income. In addition, we may obtain additional liability insurance for our directors and officers. There have been historical periods in which directors' and officers' liability insurance and errors and omissions insurance have been available only with limited coverage amounts, less favorable terms or at prohibitive cost, and these conditions could recur.

***Our growth initiatives, including the development and introduction of new products and/or capabilities, may be unsuccessful, may expose us to risks and may not facilitate the growth of our business.***

Our continued growth depends in part on our effectiveness in developing and introducing new products and/or capabilities. Such innovation may require significant time and resources, including upfront and ongoing expenses, as well as expose us to additional risks, including but not limited to legal and regulatory risks. There can be no assurances that we will correctly identify the strongest areas for growth, or that we will effectively develop and introduce products and/or capabilities in such areas and mitigate any additional risk related thereto. To the extent that our revenues associated with such products and/or capabilities do not increase as much as our related expenses, our profitability could be adversely affected.

***Our outstanding indebtedness may impact our business and may restrict our growth and results of operations.***

As of December 31, 2023, we had \$275 million of long-term bonds outstanding. For additional information regarding our long-term bonds, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Capital Resources and Liquidity—Working Capital and Long-Term Debt.”

We may incur additional indebtedness in the future for a variety of business reasons, including in relation to our share repurchases, for seed or co-investment capital, or for other strategic reasons.

The level of our indebtedness has important consequences to investors in our securities. For example, our level of indebtedness may require us to use a substantial portion of our cash flow from operations to pay interest and principal on our debt, which would reduce the funds available to us for working capital, capital expenditures and other general corporate purposes and may limit our ability to pay future dividends. Too much debt may limit our ability to implement our business strategy; heighten our vulnerability to downturns in our business, the financial services industry or in the general economy and limit our flexibility in planning for, or reacting to, changes in our business and the financial services industry; limit our access to additional debt; or prevent us from taking advantage of business opportunities as they arise or successfully carrying out our plans to expand our business and our product offerings. Any of these consequences could have a material adverse effect on our financial condition or results of operations.

***We may be unable to obtain sufficient capital and liquidity to meet the financing requirements of our business.***

In July 2016 we issued an aggregate of \$400 million of long-term bonds, \$125 million of which we redeemed in January 2022. On August 20, 2019, we entered into a \$450 million senior unsecured revolving credit facility with third party lenders. In February 2021, we assigned this credit facility to Acadian and the available borrowings were decreased to \$125 million in connection with the assignment. Accordingly, this credit facility is no longer available to us at the holding company level for future borrowings. Our ability to finance our operations, strategic initiatives and maturing obligations under our long-terms bonds is therefore dependent on future issuances of long-term bonds and our future operating performance. Any future inability to obtain financing on reasonable terms and with reasonable restrictions on the operation of our business could impair our liquidity, have a negative impact on our growth and negatively impact our financial condition.

***Our business involves risks of potential litigation that could harm our business.***

We may be named as defendants or co-defendants in lawsuits, or may be involved in disputes that include the threat of lawsuits seeking substantial damages. Any such legal action, whether threatened or actual, could result in reputational damage, loss of clients and assets, increased costs and expenses in resolving a claim, diversion of employee resources and resulting financial losses.

We make investment decisions on behalf of our clients that could result in substantial losses to those clients. If our clients suffer significant losses or otherwise are dissatisfied with our service, we could be subject to the risk of legal liability or actions alleging, among other theories, negligent misconduct, breach of fiduciary duty, breach of contract, unjust enrichment and/or fraud. These risks often are difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time, even after an action has been commenced. We may incur substantial legal expenses in defending against litigation commenced by a client or regulatory authority. Substantial legal liability levied on us could have a material adverse effect on our business, financial condition, or results of operations and could cause significant reputational harm.

***Any significant limitation on the use of our facilities or the failure or security breach of our software applications or operating systems and networks, including the potential risk of cyber-attacks, could result in the accidental or unlawful destruction, loss, alteration, unauthorized disclosure of, or access to, confidential client information or personal data, damage to our reputation, additional costs, regulatory penalties and financial losses.***

We depend upon our various centers of operation, including our information technology systems and those of our vendors, contractors, and other third-party partners who process information on our behalf, for the continued operations of our business. A disruption in the infrastructure that supports our business or prevents our employees from performing their job functions, including communication failures, natural disasters, terrorist attacks, third party cyber-attacks including ransomware, and international hostilities, may have a material impact on our ability to continue business operations without interruption. Insurance and other safeguards might not be available or might only partially reimburse us for our losses.

Although we have back-up systems and disaster recovery programs in place and test their uses periodically, there can be no assurance that the recovery programs will be sufficient to mitigate any harm that may result from a disruption or disaster. Additionally, it is possible that any such disruption or disaster could have a significant impact on the general economy, domestic and local financial and capital markets or specific industries, including the financial services industry.

A significant portion of our operations relies heavily on the secure processing, storage and transmission of confidential and other information as well as the monitoring of a large number of complex transactions. Like many other financial institutions, we have been subject to cyber-attacks and will continue to be subject to an increasing risk of cyber incidents from these activities. Cyber-attacks are growing in sophistication and come from a variety of sources, including criminal hackers, hactivists, state-sponsored intrusions, industrial espionage, personnel or the personnel of third parties, and insider threats. We are required to expend significant resources in an effort to protect against security incidents and may be required or choose to spend additional resources or modify our business activities, particularly where required by applicable data privacy and security laws or regulations or industry standards. While we have implemented security measures, our technology systems, and those of our vendors, contractors, and other third-party partners who process information on our behalf, may still be vulnerable to security incidents, disruptions, cyber-attacks or similar events such as unauthorized access, computer malware, phishing attacks and other forms of social engineering, denial-of-service attacks, ransomware attacks, or other events that have a security impact, such as an authorized employee or vendor inadvertently causing the release of confidential information or third-party unauthorized access or account takeovers, which could materially damage our operations or cause the disclosure or modification of sensitive or confidential information. Breach of our technology systems through cyber-attacks, or failure to manage and secure our technology environment, could result in interruptions or malfunctions in the operations of our business, loss of valuable information, liability for stolen assets or information, remediation costs to repair damage caused by a breach, additional costs to mitigate against future incidents and litigation costs resulting from an incident. Moreover, accidental or unlawful destruction, loss, alteration, unauthorized disclosure of, or access to, personal data and confidential client information could harm our reputation and subject us to liability under the laws that protect personal data and confidential information, resulting in increased costs or loss of revenues. A successful attack could result in significant adverse consequences, including regulatory inquiries or litigation, increased costs and expenses including costs related to insurance and remediation of any security vulnerabilities, reputational damage, lost revenue, and fines or penalties.

***We are subject to data protection laws including in the European Union (“EU”), United Kingdom (“U.K.”), United States (“U.S.”) and other jurisdictions, and any failure to comply with such legislation could adversely affect our business, reputation, results of operations and financial condition.***

We are subject to privacy and security laws in the various jurisdictions in which we operate, obtain or store personally identifiable information. The legislative and regulatory landscape for privacy and data protection continues to evolve, and there has been an increasing focus on privacy and data protection issues with the potential to affect our business. For example, certain of our processing activities are subject to the General Data Protection Regulation (EU) 2016/679 (“GDPR”), and also as it forms part of the law of England and Wales, Scotland and Northern Ireland by virtue of section 3 of the European Union (Withdrawal) Act 2018 and as amended by the Data Protection, Privacy and Electronic Communications (Amendments etc.) (EU Exit) Regulations 2019 (SI 2019/419) (“U.K. GDPR”), along with the Data Protection Act 2018 in the U.K. (“Act”) (together “EU/U.K. Data Protection Laws”). The EU/U.K. Data Protection Laws have a wide territorial reach and apply to data controllers and data processors which have an establishment in the EU/U.K., or which offer goods or services to, or monitor the behavior of, data subjects in the EU and U.K. The EU/U.K. Data Protection Laws impose stringent operational requirements on data controllers and data processors. These include (i) accountability and transparency obligations which require organizations to demonstrate and record compliance with the EU/U.K. Data Protection Laws and to provide detailed information to data subjects regarding the processing of their personal data, (ii) obligations to consider data privacy as any new products or services are developed and to limit the amount of information they collect, process and store, (iii) ensuring and maintaining an appropriate level of security for personal data, and (iv) reporting breaches to data protection authorities and, in some cases, affected individuals. The EU/U.K. Data Protection Laws give strong enforcement powers to data protection authorities in the EU/U.K., and introduce significant penalties for non-compliance, with fines of up to 4% of total annual worldwide turnover or €20 million (whichever is higher), depending on the type and severity of the breach.

In the United States, we are subject to rules adopted pursuant to the Gramm Leach Bliley Act and an ever-increasing number of state laws and regulations, such as the California Consumer Privacy Act, as amended by the California Privacy Rights Act (together, the “CCPA”). The CCPA regulates companies’ use and disclosure of the personal information of California residents and grants California residents several rights with respect to their personal information. The CCPA also provides for civil penalties for violations, including statutory fines for noncompliance, as well as a limited private right of action in connection with certain data breaches, and establishes a new regulatory agency to implement and enforce the law. Moreover, comprehensive privacy laws similar to the CCPA are either in effect, have been enacted or are being considered in multiple other states. All of these new privacy laws and others that we expect to be developed and enacted going forward may impose additional data protection obligations and potential liability on companies such as ours doing business in those states. The evolving patchwork of differing state and federal privacy and data security laws increases the cost and complexity of operating our business and increases our exposure to liability, including from third-party litigation and regulatory investigations, enforcement, fines and penalties. In addition, the interpretation of EU/U.K. Data Protection Laws, the CCPA, and other privacy laws to which we are subject around the world can be uncertain, and as business practices are challenged by regulators, data subjects and consumer protection agencies, it is possible that these laws may be interpreted and applied in a manner that is inconsistent with our data protection practices. Compliance with data privacy and security regulations can require allocation of significant resources as well as changes in operations and non-compliance can result in substantial fines. Any failure or perceived failure by us or our employees, representatives, contractors, consultants, collaborators, or other third parties to comply with such requirements or adequately address privacy and security concerns, even if unfounded, could result in additional cost and liability to us, damage our reputation, and adversely affect our business and results of operations.

***The failure of a counterparty to meet its obligations could affect our business adversely.***

We routinely execute transactions with counterparties in the financial industry and for the provision of services that are important to the business, and we may engage in transactions with counterparties as part of our corporate finance management function and for the provision of services, including insurance protection. As a result, we and our clients have exposure to the credit, operational and other risks posed by such counterparties, including the risk of default by or bankruptcy of a counterparty. Additionally, we hold insurance policies which cover historical tax benefits relating to certain of our deferred tax assets. The insurers of the policies are considered a significant counterparty to us. The failure of a counterparty to meet its obligations or provide the services or insurance protection we depend on for these or other reasons could adversely affect our ability to conduct our business and result in loss of client assets and potential liability.

***We are subject to the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and other anti-corruption laws, as well as export control laws, customs laws, sanctions laws, anti-facilitation of tax evasion laws and other laws governing our operations. If we fail to comply with these laws, we could be subject to civil or criminal penalties, other remedial measures, and legal expenses, which could adversely affect our business, results of operations and financial condition.***

Our operations are subject to anti-corruption laws, including the U.S. Foreign Corrupt Practices Act, or the FCPA, the U.K. Bribery Act 2010, or the Bribery Act, and other anti-corruption laws that apply in countries where we do business. The FCPA, the Bribery Act and other applicable anti-corruption laws generally prohibit us and our employees and intermediaries from paying bribes, receiving bribes or making other prohibited payments to government officials or other persons to obtain or retain business or gain some other business advantage. We and our commercial partners operate in a number of jurisdictions that may pose an elevated risk of corruption, and we participate in collaborations and relationships with third parties whose actions could potentially subject us to liability under FCPA, the Bribery Act or local anti-corruption laws.

We are also subject to other laws and regulations governing our international operations, including applicable export control regulations, economic sanctions on countries or persons, customs requirements currency exchange regulations, and anti-facilitation of tax evasion rules, or collectively Trade Control Laws. As with anti-corruption laws, misconduct by third parties could potentially subject us to liability under Trade Control Laws.

There is no assurance that we will be completely effective in ensuring our compliance with all applicable anti-corruption laws or Trade Control Laws. In addition, we cannot predict the nature, scope or effect of future regulatory requirements to which our internal operations might be subject or the manner in which existing laws might be administered or interpreted. If we are not in compliance with anti-corruption laws or Trade Control Laws, we may be subject to criminal and civil penalties, disgorgement and other sanctions and remedial measures, and legal expenses, which could have an adverse impact on our business, financial condition, results of operations and liquidity. Likewise, any investigation of any potential violations of anti-corruption laws or Trade Control Laws by U.K., U.S. or other authorities could also have an adverse impact on our reputation, business, results of operations and financial condition.

***The U.K. exit from the EU (“Brexit”) could adversely impact our business.***

The U.K. left the EU on January 31, 2020 (commonly referred to as “Brexit”). During an 11-month transition period, the U.K. and the EU agreed to a Trade and Cooperation Agreement which sets out the agreement for certain parts of the future relationship between the EU and the U.K. from January 1, 2021. The Trade and Cooperation Agreement does not provide the U.K. with the same level of rights or access to all goods and services in the EU as the U.K. previously maintained as a member of the EU and during the transition period. In particular the Trade and Cooperation Agreement does not include an agreement on financial services which is yet to be agreed. Accordingly, uncertainty remains in certain areas as to the future relationship between the U.K. and the EU.

From January 1, 2021, EU laws ceased to apply in the U.K. However, many EU laws have been assimilated into U.K. law and these assimilated laws will continue to apply until such time that they are repealed, replaced or amended. Depending on the terms of any future agreement between the EU and the U.K. on financial services, substantial amendments to U.K. law may occur. The U.K. government has enacted legislation that will repeal, replace or otherwise make substantial amendments to the EU laws that currently apply in the U.K. It is impossible to predict the consequences of this on us and our investments.

Although one cannot predict the full effect of Brexit, it could have a significant adverse impact on the U.K., European and global macroeconomic conditions and could lead to prolonged political, legal, regulatory, tax and economic uncertainty. This uncertainty is likely to continue to impact the global economic climate and may impact opportunities, pricing, availability and cost of bank financing, regulation, values or exit opportunities of companies or assets based, doing business, or having service or other significant relationships in, the U.K. or the EU, including companies or assets held by us or considered by us as a prospective investment.

The future application of EU-based legislation to the investment management industry in the U.K and the EU will ultimately depend on how the U.K. renegotiates the regulation of the provision of financial services within and to persons in the EU. There can be no assurance that any renegotiated terms or regulations will not have an adverse impact on us and our investments, including our ability to achieve our investment objectives. Brexit may result in significant market dislocation, heightened counterparty risk, an adverse effect on the management of market risk and, in particular, asset and liability management due in part to redenomination of financial assets and liabilities, an adverse effect on our ability to manage, operate and invest, and increased legal, regulatory or compliance burden for us, each of which may have a negative impact on our operations, financial condition, returns or prospects.

Areas where the uncertainty created by the U.K.'s withdrawal from the EU is relevant include, but are not limited to, trade within Europe, foreign direct investment in Europe, the scope and functioning of European regulatory frameworks (including with respect to the regulation of alternative investment fund managers and the distribution and marketing of alternative investment funds), industrial policy pursued within European countries, immigration policy pursued within EU countries, the regulation of the provision of financial services within and to persons in Europe and trade policy within European countries and internationally.

The volatility and uncertainty caused by the withdrawal may adversely affect the value of our investments and the ability to achieve our investment objectives.

## **Risks Related to Our Industry**

### ***We operate in a competitive environment.***

The investment management industry is highly competitive, with competition based on a variety of factors, including investment performance, investment management fee rates, continuity of investment professionals and client relationships, the quality of services provided to clients, reputation and the strategies offered. We compete against a broad range of domestic and international asset management firms, broker-dealers, hedge funds, investment banking firms and other financial institutions. We directly compete against these organizations with respect to investment products, distribution channels, opportunities to acquire other investment management firms and retention and recruitment of talent. The capital resources, scale, name recognition and geographic footprints of many of these organizations are greater than ours. The recent trend toward consolidation in the investment management industry, and the financial services industry in general, has served to increase the size and strength of a number of our competitors. Some investors may prefer to invest with an investment manager that is not publicly traded based on the perception that a publicly traded asset manager may focus on the manager's own growth to the detriment of investment performance for clients. Some competitors may operate in a different regulatory environment than we do, which may give them certain competitive advantages in the investment products and portfolio structures that they offer.



Furthermore, the development and use of various technologies based on machine learning and artificial intelligence is expanding rapidly in our industry. To the extent we do not effectively avail ourselves of new technologies, others in our industry may have a competitive advantage over us, which could have a material adverse effect on our financial condition and results of operations.

Our ability to attract assets also is dependent upon our ability to offer a mix of products and services that meet client demand and our ability to maintain investment management fees at competitive levels. When asset classes or products that we do not offer are in favor with either existing or potential clients, we will miss the opportunity to attract and manage these assets and face the risk of assets being withdrawn in favor of competitors who manage the asset classes and/or provide these products. If we are unable to compete effectively in the market, our results of operations and potential business growth could be adversely affected.

Our sole business is asset management. As a result, we may be more impacted by trends and issues and more susceptible to negative events impacting us and the asset management industry than other more diversified asset managers or other financial services companies that provide asset management and other financial services.

***We operate in a highly regulated industry, and continually changing federal, state, local and foreign laws and regulations could materially adversely affect our business, financial condition and results of operations.***

The investment management business is highly regulated and, as a result, we are required to comply with a wide array of domestic and international laws and regulations. The requirements imposed by our regulators are designed to ensure the integrity of the financial markets and to protect customers and other third parties who deal with us, and are not designed to protect our stockholders. Accordingly, these regulators often serve to limit our activities, including through client protection and market conduct requirements.

Acadian is subject to extensive regulation in the U.S. through its primary regulator, the SEC, under the Advisers Act. To the extent Acadian acts as investment adviser or sub-adviser to registered investment companies, it must also comply with the terms of the Investment Company Act and the rules thereunder. The Advisers Act imposes numerous obligations on registered investment advisers, including fiduciary, record keeping, advertising and operational requirements, disclosure obligations, and prohibitions on fraudulent activities. The Investment Company Act regulates the structure and operations of registered investment companies and imposes additional obligations on advisers to registered investment companies, including detailed disclosure and regulatory requirements applicable to the registered investment companies and additional compliance responsibilities which must strictly be adhered to by the funds and their advisers. Acadian may also be subject to the rules and regulations adopted by the Commodity Futures Trading Commission, under the Commodity Exchange Act; by the Department of Labor, under ERISA; the Financial Industry Regulatory Authority, Inc., or FINRA; and state regulators.

We also are subject to the regulatory environments of the non-U.S. jurisdictions in which we operate, some of which also recently implemented or are in the process of implementing changes in regulations. In the U.K., we are subject to regulation by the Financial Conduct Authority, or FCA, which imposes a comprehensive system of regulation on investment advisers and the manner in which we conduct our business. We may also be registered from time to time in jurisdictions outside of the United States and will be subject to applicable regulation in those jurisdictions. We additionally are subject to regulation relating to the offer and sale of financial products in each of the EU countries in which we operate. The system of financial regulation outside the United States continues to develop and evolve and, as a result, the rules to which we are subject (including rules relating to the remuneration of staff) are and will continue to be subject to change. As we execute on our growth strategy and continue to expand our distribution efforts into non-U.S. jurisdictions, including other member countries of the EU, Latin America, the Middle East and Asian countries, we may be required to register with additional foreign regulatory authorities or otherwise comply with non-U.S. rules and regulations that currently are not applicable to our business and with respect to which we may have limited or no compliance experience. Our lack of experience in complying with any such non-U.S. or non-English laws and regulations may increase our risk of becoming a party to litigation or subject to regulatory actions. Additionally, one or more of the jurisdictions in which we operate may require our stockholders to seek the approval of, or provide notice to, an applicable regulator before acquiring a substantial amount of our outstanding shares.

***Developments in the regulatory environment in the U.S. may include heightened and additional examinations and inspections by regulators and the imposition of additional reporting and disclosure obligations. Regulators also may take a more aggressive posture on bringing enforcement proceedings which could result in fines, penalties and additional remedial activities.***

Policy and legislative changes in the U.S. and in other countries are affecting many aspects of financial regulation. Our business, results of operations and financial condition may be adversely affected as a result of new or revised legislation or regulations or by changes in the interpretation or enforcement of existing laws and regulations in any of the jurisdictions in which we conduct business. Our ability to function in this legislative and regulatory environment will depend on our ability to monitor and promptly react and adapt to legislative and regulatory changes, including situations where such changes in regulatory requirements may be driven by internal factors. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any of the proposals will become law. Any new laws or regulations could make compliance more difficult and expensive and affect the manner in which we conduct business.

Failure to comply with applicable laws or regulations could result in fines, suspension or revocation of Acadian's registration as an investment adviser, suspensions of individual employees, revocation of licenses to operate in certain jurisdictions or other sanctions, which could materially adversely affect our business, financial condition and results of operations. Even if an investigation or proceeding did not result in a fine or sanction, or the fine or sanction imposed against us or our respective employees by a regulator were small in monetary amount, the adverse publicity relating to an investigation, proceeding or imposition of a fine or sanction could cause us to suffer financial loss, harm our reputation and cause us to lose business or fail to attract new business which would have a direct adverse impact on our business, financial condition and results of operations.

#### **Risks Related to Our Ownership Structure and Governance**

***Paulson has meaningful ability to influence our business.***

As of February 14, 2024, Paulson & Co. Inc. ("Paulson") owns 23.11% of our common stock. This concentration of ownership may have the effect of delaying or preventing a change in control of us or discouraging others from making tender offers for our common stock. It also may make it difficult for other stockholders to replace management and may adversely impact the trading price of our common stock because investors often perceive disadvantages in owning common stock in companies with significant stockholders. Additional repurchases of our common stock could, without any action by Paulson, further increase Paulson's concentration of ownership. Additionally, Paulson has the right to appoint one director so long as it holds at least 7% of our outstanding common stock. Paulson also has the right to transfer this appointment right to a transferee that acquires from Paulson the foregoing percentage of our common stock, at which point such unknown third party may have a meaningful ability to influence our business.

***Future sales of our common stock by us, Paulson or other stockholders could cause our share price to decline.***

If we, Paulson or other stockholders sell, or indicate an intention to sell, or there is a perception that we or they might sell, a substantial number of shares of our common stock in the public market or in privately negotiated transactions, the trading price of our common stock could decline below the current trading level.

Sales by Paulson or other stockholders or the possibility that these sales may occur also may make it more difficult for us to raise additional capital by selling equity securities in the future, at a time and price that we deem appropriate.

We cannot predict the size of future issuances or sales of our common stock or the effect, if any, that future issuances and sales of our common stock may have on the market price of our common stock. Sales or distributions of substantial amounts of our common stock, including shares issued in connection with an acquisition, or the perception that such sales or distributions could occur, may cause the market price of our common stock to decline.

***Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents.***

Our amended and restated certificate of incorporation provides that, unless we consent in writing to an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law or (iv) any action asserting a claim that is governed by the internal affairs doctrine, in each case subject to the Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein and the claim not being one which is vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery or for which the Court of Chancery does not have subject matter jurisdiction. Any person purchasing or otherwise acquiring any interest in any shares of our capital stock shall be deemed to have notice of and to have consented to this provision of our amended and restated certificate of incorporation. This choice of forum provision may limit our stockholders' ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits against us and our directors, officers, employees and agents. Alternatively, if a court were to find this provision of our restated certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition. The exclusive forum provision described above does not impact the Federal courts' exclusive jurisdiction over Exchange Act claims or the Federal and state courts' concurrent jurisdiction over Securities Act claims.

***There can be no assurance that we will repurchase shares of our common stock or that we will repurchase shares of our common stock at favorable prices.***

Our Board of Directors may from time to time authorize us to repurchase shares of our common stock. The amount and timing of share repurchases are subject to market conditions, stock price and other factors, including compliance with all respective laws and our applicable agreements. The amount, timing and execution of repurchase shares of our common stock will depend upon, among other factors, our cash balances and potential future capital requirements for strategic transactions, our results of operations, our financial condition, tax laws and other factors that we may deem relevant. A reduction in repurchases under, or the completion of, our share repurchase program could have a negative effect on our stock price. We can also provide no assurance that we will repurchase shares of our common stock at favorable prices, if at all.

### **Risks Related to Our Tax Matters**

***Our global effective tax rate is subject to a variety of different factors, which could create volatility in that rate, expose us to greater than anticipated tax liabilities and cause us to adjust previously recognized tax assets and liabilities.***

We are subject to income taxes in the U.S., the U.K. and many other jurisdictions. As a result, our global effective tax rate from period to period can be affected by many factors, including our global mix of earnings, the tax characteristics of our income and changes in tax legislation. Significant judgment is required in determining our worldwide provision for income taxes, and our determination of our tax liability is always subject to review by applicable tax authorities.

We cannot provide any assurances as to what our tax rate will be in any period because of, among other things, uncertainty regarding the nature and extent of our business activities in any particular jurisdiction in the future and the tax laws of such jurisdictions, as well as changes in U.S. and other tax laws, treaties and regulations. Our actual global tax rate may vary from our expectation and that variance may be material.

***Failure to comply with the tax laws of the U.S., the U.K. or other jurisdictions, which laws are subject to potential legislative, judicial or administrative change and differing interpretations, possibly on a retroactive basis, may result in erroneous filings, adjustments to previously recognized tax assets and liabilities, negative impact to income and reputational damage.***

We are subject to a range of taxes and tax audits and may be subject to future audits and examinations by both foreign and domestic taxing authorities. Tax and other regulatory authorities may disagree with tax positions taken by us based on our, or their, interpretations of the relevant tax laws, including, for example, with respect to our tax positions related to the redomestication or to prior reorganizations, which could result in erroneous filings, retroactive adverse impact on income, the loss of tax benefits and reputational damage. The resolution of such audits and examinations could impact our tax rate in future periods, as would any reclassification or other matter (such as changes in applicable accounting rules) that increases the amounts we have provided for income taxes in our Consolidated Financial Statements. We will regularly assess the likelihood of favorable or unfavorable outcomes resulting from these audits and examinations to determine the adequacy of our provision for income taxes, which will require estimates and judgments. Although we will make these tax estimates and judgments on a reasonable basis, there can be no assurance that the tax authorities will agree with such estimates and judgments. From time to time, we may have to engage in litigation to attempt to achieve the results reflected in our estimates, which may be time-consuming and expensive and may have other adverse impacts. There can be no assurance that we will be successful in any such litigation or other attempts to mitigate adverse effects resulting from such audits or examinations or that any final determination of our tax liability will not be materially different from the historical treatment reflected in our historical income tax provisions and accruals. Our inability to mitigate the negative consequences of any resolution of audits and examinations could cause our global tax rate to increase, our use of cash to increase and our financial condition and results of operations to suffer.

***Changes in tax laws could have an adverse impact on our business, financial condition, and results of operations.***

We are subject to income taxes in the U.S., the U.K. and many other jurisdictions. Changes to income tax laws and regulations, or the interpretation of such laws, in any of the jurisdictions in which we operate could significantly increase our effective tax rate and ultimately reduce our cash flows from operating activities and otherwise have a material adverse effect on our financial condition, results of operations and cash flows. The U.S. Congress, the Organization for Economic Co-operation and Development (“OECD”), and other government agencies in jurisdictions in which we conduct business have maintained a focus on the taxation of multinational companies. The OECD has recommended changes to numerous long-standing international tax principles through its base erosion and profit shifting (“BEPS”) project, and many jurisdictions have begun codifying those recommendations into law. These and other changes to tax laws and related regulations, to the extent adopted, may increase tax uncertainty and/or our effective tax rate, result in higher compliance cost and adversely affect our provision for income taxes, results of operations and/or cash flows.

## **General Risk Factors**

***The market price of our common stock and the broader equity markets have been, and may continue to be, volatile.***

The market price of our common stock has been and may continue to be volatile, and equity markets have experienced and may continue to experience significant price and volume fluctuations. Among the factors that may affect our stock price are the following:

- public health emergencies;
- speculation in the investment community or the press about, or actual changes in, our competitive position, organizational structure, executive team, operations, financial condition, financial reporting and results,

ability to maximize shareholder returns or plans to engage in strategic transactions by us or others in our industry;

- the announcement of mergers, acquisitions, dispositions or new products or services by us or others in our industry;
- announcements of our financial results, including changes in net client cash flows and assets under management, changes in earnings estimates by the investment community, and variations between estimated financial results and actual financial results; and
- the pricing structure for products offered by us or our competitors.

Changes in general conditions and volatility in the economy, the financial markets and our industry, and other developments affecting us or our competitors, as well as geopolitical, regulatory, economic, and business factors unrelated to us, could cause the market price of our common stock to fluctuate substantially. Declines in the market price of our common stock or failure of the market price to increase could also harm our ability to retain key employees, reduce our access to capital and otherwise harm our business.

***The carrying value of goodwill and other intangible assets on our balance sheet could become impaired, which would adversely affect our financial condition and results of operations.***

We have recorded goodwill and intangible asset impairments in the past and could incur such charges in the future as acquisitions occur and we take on more goodwill. We review the carrying value of goodwill and intangible assets not subject to amortization on an annual basis, or more frequently if indications exist suggesting that the fair value of our intangible assets may be below their carrying values. We test the values of intangible assets subject to amortization whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Should such review indicate impairment, a write-down of the carrying value of goodwill or the intangible asset could occur, resulting in a non-cash charge that may, in turn, affect our reported results of operations, financial condition and shareholders' equity.

***Our ability to pay regular dividends to our stockholders is subject to the discretion of our Board of Directors and may be limited by our structure and applicable provisions of Delaware law.***

Any declaration of dividends will be at the discretion of our Board of Directors, and will depend on our financial condition, earnings, cash needs, regulatory constraints, capital requirements and any other factors that our Board of Directors deems relevant in making such a determination. However, our ability to make such distributions will be subject to our operating results, which are impacted by the ability of Acadian to make distributions to us, cash requirements and financial condition, the applicable provisions of Delaware law that may limit the amount of funds available for distribution, our compliance with covenants and financial ratios related to existing or future indebtedness, including under our notes and our credit facilities, and our other agreements with third parties. In addition, we are dependent upon the ability of Acadian to generate earnings and cash flows and distribute them to us so that we may pay dividends to our stockholders. As a consequence of these various limitations and restrictions, we may not be able to make, or may have to reduce or eliminate, the payment of dividends on our common stock.

***Our management devotes substantial time to compliance with our public company legal and reporting obligations.***

We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and are required to implement specific corporate governance practices and adhere to a variety of reporting requirements under the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley, and the related rules and regulations of the SEC, as well as the rules of the NYSE. The Exchange Act requires us to file annual, quarterly and current reports with respect to our business and financial condition. Our management and other personnel devote substantial time to compliance with our public company obligations. Moreover, these rules and regulations increase our legal and financial compliance costs and make some activities more time-consuming and costly.

In addition, Sarbanes-Oxley requires, among other things, that we maintain effective internal control over financial reporting and disclosure controls and procedures. In particular, we perform system and process evaluations and we have tested our internal control over financial reporting to allow management to report on the effectiveness of our internal control over financial reporting, as required by Section 404 of Sarbanes-Oxley, and obtain an auditor attestation as to the effectiveness of our internal controls.

Testing may reveal material weaknesses or other deficiencies in our internal control over financial reporting. Our compliance with Section 404 has required that we incur additional accounting expense and expend additional management time on compliance-related issues. Moreover, if at any time we are not able to comply with the requirements of Section 404 in a timely manner, or if we identify material weaknesses or other deficiencies in our internal control over financial reporting, the market price of our common stock could decline, and we could be subject to sanctions or investigations by the NYSE, the SEC or other regulatory authorities, which would require additional financial and management resources.

**Item 1B. Unresolved Staff Comments.**

There are no unresolved written comments that were received from the Securities and Exchange Commission staff 180 days or more before the end of our fiscal year relating to our periodic or current reports under the Securities Exchange Act of 1934, as amended.

**Item 1C. Cybersecurity.*****Risk management and strategy***

We have adopted processes designed to identify, assess and manage material risks from cybersecurity threats. Those processes include response to and an assessment of internal and external threats to the security, confidentiality, integrity and availability of our data and systems along with other material risks to our operations, at least annually or whenever there are material changes to our systems or operations.

Our Management Risk Committee (MRC) collaborates with our Head of IT and Chief Information Security Officer (CISO) along with the IT Department to evaluate and address cybersecurity risks in alignment with our business objectives and operational needs. Our Head of IT and CISO along with the IT Department implement processes and technologies to provide security monitoring and vulnerability management. We have an incident response plan in place with designated roles and responsibilities for responding to and escalating cybersecurity events and incidents.

As part of our risk management process, we engage outside providers to conduct periodic penetration testing and vulnerability assessments.

We maintain a third-party risk management program that includes vendor due diligence at onboarding, periodic assessments, and continuous risk monitoring. Assessments include reviews of security controls and cybersecurity questionnaires or other technical evaluations. In addition, we maintain a vendor risk register and review risk ratings semi-annually.

As of the date of this report, we have not experienced a cybersecurity incident that resulted in a material effect on our business strategy, results of operations, or financial condition.

***Governance***

Our Board of Directors provides oversight of the Company's cybersecurity risk management program. The Audit Committee of our Board of Directors has primary responsibility for oversight of cybersecurity and is briefed on cybersecurity risks quarterly and following any material cybersecurity incidents.

Our cybersecurity program is managed by our Head of IT and CISO, who reports to our Chief Executive Officer and has served in this role since 2019. Our Head of IT & CISO has over 20 years of industry experience in information technology and maintains industry certifications such as the ISC2 CISSP.

Reporting to the Audit Committee of our Board of Directors quarterly, our Head of IT and CISO may address overall assessment of the Company's compliance with our cybersecurity policies and procedures, risk management, service provider arrangements, testing results and security incident response and makes recommendations for changes and updates to policies, procedures, and technologies related to cybersecurity and IT risk management.

**Item 2. Properties.**

Our principal executive office is located at 200 State Street, 13th Floor, Boston, Massachusetts 02109. In Boston, we lease 7,218 square feet under a lease that expires on June 30, 2024. Acadian has its own primary office in Boston, MA where core investment management activities take place. In addition, Acadian has leased secondary offices to support research, distribution and client servicing. Key locations for secondary offices include (but are not limited to) London, Singapore and Sydney. We believe existing facilities are appropriate in size, location and functionality to meet current and future business requirements.

**Item 3. Legal Proceedings.**

From time to time, we may be party to various claims, suits and complaints in the ordinary course of our business. Although the amount of liability that may result from these matters cannot be ascertained, we do not currently believe that, in the aggregate, they will result in liabilities material to our consolidated financial condition, future results of operations or cash flow.

**Item 4. Mine Safety Disclosures.**

Not applicable.



## PART II

### Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

#### Market Information for Common Stock

Our common stock trades on the New York Stock Exchange under the symbol “BSIG.” As of February 27, 2024 there were two registered stockholders of record.

#### Repurchases

The following table sets out information regarding repurchases of equity securities by the Company for the three months ended December 31, 2023:

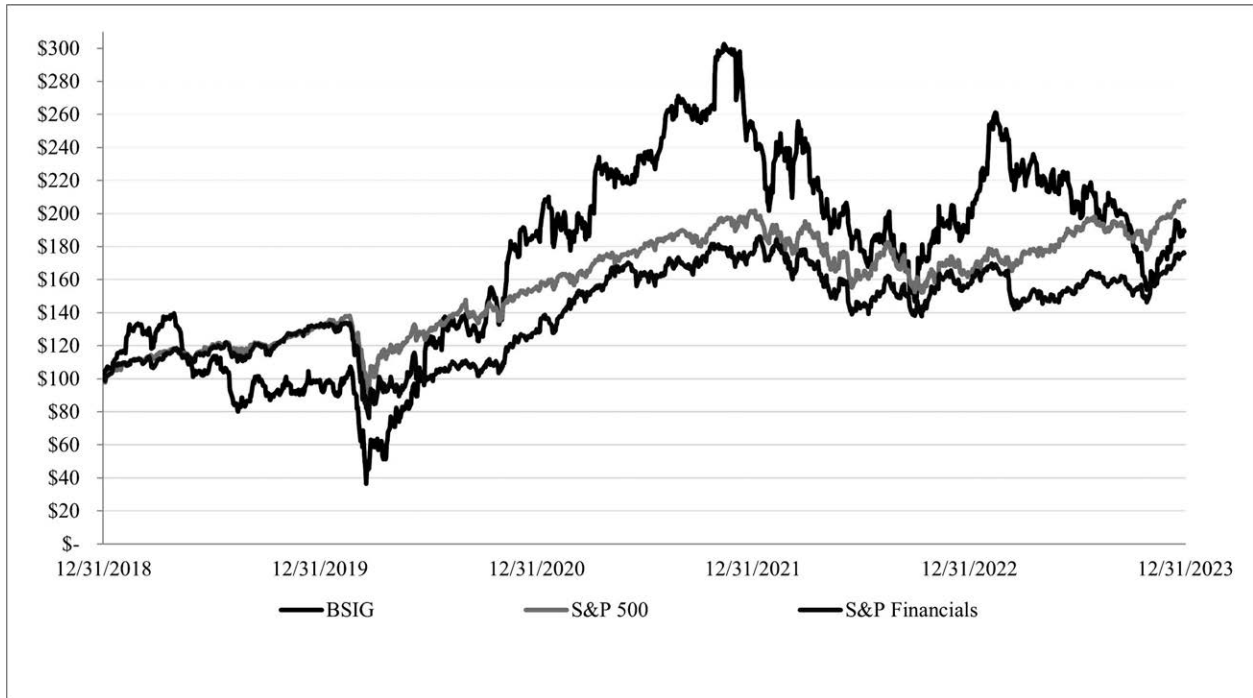
Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value that may yet be purchased under the plans or programs <sup>(1)</sup> (in millions)
October 1-31, 2023	—	\$ —	—	\$ 100.0
November 1-30, 2023	—	—	—	100.0
December 1-31, 2023	268,800	19.03	268,800	94.9
Total	<u>268,800</u>	\$ 19.03	<u>268,800</u>	

- (1) On December 20, 2023, we announced that our Board of Directors authorized the repurchase of up to \$100.0 million of our common stock. Share repurchases are subject to a variety of factors, such as our stock price, the capital needs of our business, and economic and market conditions and may be made through a variety of methods, which may include open market purchases, privately negotiated transactions, accelerated share repurchase transactions, exchange transactions, or any combination of such methods. The program does not obligate us to repurchase any particular amount of its common stock, and the repurchase program may be suspended or discontinued at any time at our discretion. We repurchased 268,800 shares of common stock with an aggregate purchase price of \$5.1 million under this program during the three months ended December 31, 2023. As of December 31, 2023, \$94.9 million remained available to repurchase shares under the program.

## Financial Performance Graph

*This performance graph shall not be deemed “soliciting material” or to be “filed” with the SEC for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of BSIG under the Securities Act.*

The following graph compares the cumulative shareholder return on our common stock during the five-year period ending December 31, 2023, with the cumulative total return, during the same period, of the Standard & Poor’s 500 Index and the Standard & Poor’s 500 Financial Sector Index.



\* The Company undertook leadership changes as of April 15, 2020.

**Item 6. *[Reserved]***

## Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Unless we state otherwise or the context otherwise requires, references in this Annual Report on Form 10-K to the “Company”, “BrightSphere” or “BSIG” refer to BrightSphere Investment Group Inc., and references to “we,” “our” and “us” refer to BSIG and its consolidated subsidiaries and previously disposed equity-accounted Affiliate, excluding discontinued operations. References to the holding company or “Center” excluding the Affiliates refer to BrightSphere Inc., or BSUS, a Delaware corporation and indirect, wholly owned subsidiary of BSIG. Unless we state otherwise or the context otherwise requires, references in this Annual Report on Form 10-K to “Affiliates” or an “Affiliate” refer to the asset management firms in which we have or previously had an ownership interest. References in this Annual Report on Form 10-K to “OM plc” refer to Old Mutual plc, our former parent. None of the information in this Annual Report on Form 10-K constitutes either an offer or a solicitation to buy or sell Acadian’s products or services, nor is any such information a recommendation for Acadian’s products or services.

The following discussion of our financial condition and results of operations should be read in conjunction with our Consolidated Financial Statements and related notes which appear in this Annual Report on Form 10-K in Item 8, Financial Statements and Supplementary Data.

This discussion contains forward-looking statements that involve risks and uncertainties. See “Forward-Looking Statements” for more information. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Annual Report on Form 10-K.

This Management’s Discussion and Analysis of Financial Condition and Results of Operations, or MD&A, is designed to provide a reader of our financial statements with a narrative from the perspective of our management on our financial condition, results of operations, liquidity and certain other factors that may affect our future results.

Our MD&A is presented in five sections:

- **Overview** provides a brief description of our business. It includes information on our reporting segment and underlying Affiliate, a summary of *The Economics of Our Business* and an explanation of *How We Measure Performance* using a non-GAAP measure which we refer to as economic net income, or ENI. This section also provides a *Summary Results of Operations* and information regarding our *Assets Under Management* by strategy, client type and client location, and net flows by segment, client type and client location.
- **U.S. GAAP Results of Operations for the years ended December 31, 2023, 2022 and 2021** includes an explanation of changes in our U.S. GAAP revenue, expense and other items over the last three years as well as key U.S. GAAP operating metrics.
- **Non-GAAP Supplemental Performance Measure—Economic Net Income and Segment Analysis** includes an explanation of the key differences between U.S. GAAP net income and ENI, the key measure management uses to evaluate our performance. This section also provides a reconciliation between U.S. GAAP net income attributable to controlling interests and ENI for the years ended December 31, 2023, 2022 and 2021, as well as a reconciliation of key ENI operating items including ENI revenue and ENI operating expenses. This section also provides key Non-GAAP operating metrics. In addition, this section provides segment analysis for our business segment.
- **Capital Resources and Liquidity** discusses our key balance sheet data. This section discusses *Cash Flows* from the business; *Working Capital and Long-Term Debt*; *Adjusted EBITDA*; *Future Capital Needs*; and *Commitments, Contingencies and Off-Balance Sheet Obligations*. The discussion of Adjusted EBITDA includes an explanation of how we calculate Adjusted EBITDA and a reconciliation of U.S. GAAP net income attributable to controlling interests to Adjusted EBITDA.

- **Critical Accounting Policies and Estimates** provides a discussion of the key accounting policies and estimates that we believe are the most critical to an understanding of our results of operations and financial condition. These accounting policies and estimates require complex management judgment regarding matters that are highly uncertain at the time the policies were applied and estimates were made.

## Overview

We are a global asset management holding company headquartered in Boston, Massachusetts. We historically held interests in a group of investment management firms (the “Affiliates”) individually headquartered in the United States. We have completed the disposition of certain Affiliates and currently operate our business through the following segment:

- *Quant & Solutions*—comprised of versatile, often highly-tailored strategies that leverage data and technology in a computational, factor-based investment process across a range of asset classes in developed and emerging markets, including global, non-U.S. and small-cap equities, as well as managed volatility, systematic macro, equity alternatives, and credit strategies. This segment is comprised of our interest in our sole Affiliate, Acadian Asset Management LLC (“Acadian”).

Through Acadian, we offer a diverse range of actively-managed investment strategies and products to institutional investors around the globe.

The corporate head office is included within the *Other* category, along with our previously disposed Affiliate, Campbell Global, LLC (“Campbell Global”) for the year ended December 31, 2021. We completed the sale of our equity interest in Campbell Global in August 2021. Investment Counselors of Maryland, LLC (“ICM”) is also included in the *Other* category for the year ended December 31, 2021. We completed the sale of our equity interests in ICM in July 2021. The corporate head office expenses are not allocated to the Company’s business segment, but the Chief Operating Decision Maker (“CODM”) does consider the cost structure of the corporate head office when evaluating the financial performance of our segment.

Under U.S. GAAP, Acadian is consolidated into our financial statements. We may also be required to consolidate Acadian’s sponsored investment entities, or Funds, due to the nature of our decision-making rights, our economic interests in these Funds or the rights of third party clients in those Funds.

## The Economics of Our Business

Our profitability is affected by a variety of factors including the level and composition of our average assets under management, or AUM, fee rates charged on AUM and our expense structure. We earn management fees based on assets under management. Approximately 80% of our management fees are calculated based on average AUM (calculated on either a daily or monthly basis) with the remainder of our management fees calculated based on period-end AUM. Changes in the levels of our AUM are driven by market investment performance and net client cash flows. We may also earn performance fees when certain accounts differ in relation to relevant benchmarks or exceed or fail to exceed required returns. Approximately \$14.0 billion, or 14%, of our AUM are in accounts with incentive fee features in which we participate in the performance fee. The majority of these performance fees are calculated based on value added over the relevant benchmarks on a rolling one-year basis.

Our largest expense item is compensation and benefits paid to our employees, which consists of both fixed and variable components. Fixed compensation and benefits represents base salaries and wages, payroll taxes and the costs of our employee benefit programs. Variable compensation, calculated as described below, may be awarded in cash, equity or profit interests.

The arrangement in place with Acadian results in the sharing of economics between BSUS and Acadian's key management personnel using a profit-sharing model. Profit sharing affects two elements within our earnings: (i) the calculation of variable compensation and (ii) the level of Acadian's equity or profit interests distribution to its employees.

Variable compensation is the portion of earnings that is contractually allocated to Acadian employees as a bonus pool, typically representing a percentage of earnings before variable compensation, which is measured as revenues less fixed compensation and benefits and other operating and administrative expenses. Profits after variable compensation are shared between us and Acadian key employee equity holders according to our respective equity or profit interests ownership. The sharing of profits in this manner ensures that the economic interests of Acadian key employees and those of BSUS are aligned, both in terms of generating strong annual earnings as well as investing those earnings back into the business in order to generate growth over the long term. We view profit sharing as an attractive operating model, as it allows us to share in the benefits of operating leverage as the business grows, and ensures all equity and profit interests holders are incentivized to achieve that growth.

Equity or profit interests owned by Acadian key employees are awarded as part of their variable compensation arrangement. Over time, Acadian key employee-owned equity or profit interests are recycled from one generation of employee owners to the next, either by the next generation purchasing equity or profit interests directly from retiring principals, or by Acadian key employees forgoing cash bonuses in exchange for the equivalent value in Acadian equity or profit interests. The recycling of equity or profit interests is often facilitated by BSUS; see “—U.S. GAAP Results of Operations—U.S. GAAP Expenses—Compensation and Benefits Expense” for a further discussion. Employee equity is valued at a fixed multiple of profits, so employees have transparency into both their earning potential in any year from the bonus pool and share of profits, as well as the current value of their equity and the long-term potential to realize value from its growth.

In this structure, key employees who are managing the business have incentives to manage for profit, but also to manage the business prudently, in the interest of their clients, and invest for growth, since they will benefit over the long term as both employees and equity holders. In this way, Acadian is aligned with BSUS and the public shareholders to generate profits and growth over time.

## How We Measure Performance

We manage our business based on one segment, reflecting how our management assesses the performance of our business.

In measuring and monitoring the key components of our earnings, our management uses a non-GAAP financial measure, ENI, to evaluate the financial performance of, and to make operational decisions for, our business. We also use ENI to make resource allocation decisions, determine appropriate levels of investment or dividend payout, manage balance sheet leverage, determine variable compensation and Affiliate equity distributions, and incentivize management. It is an important measure in evaluating our financial performance because we believe it most accurately represents our operating performance and cash generation capability.

ENI differs from net income determined in accordance with U.S. GAAP as a result of both the reclassification of certain income statement items and the exclusion of certain non-cash or non-recurring income statement items. In particular, ENI excludes non-cash charges representing the changes in the value of Affiliate equity and profit interests held by Affiliate key employees, the results of discontinued operations which are no longer part of our business, restructuring costs, capital transaction costs, seed capital and co-investment gains, losses and related financing costs, and that portion of consolidated Funds which are not attributable to our stockholders.

ENI revenue is primarily comprised of the fee revenues paid to us by our clients for our advisory services. Revenue included within ENI differs from U.S. GAAP revenue in that it excludes amounts from consolidated Funds which are not attributable to our stockholders, and it includes our share of earnings from our former equity-accounted Affiliate.

ENI expenses are calculated to reflect all usual expenses from ongoing continuing operations attributable to our stockholders. Expenses included within ENI differ from U.S. GAAP expenses in that they exclude amounts from consolidated Funds which are not attributable to our stockholders, revaluations of Affiliate key employee owned equity and profit interests, amortization and impairment of acquired intangibles and other acquisition-related items, and certain other non-cash expenses.

“Non-controlling interests” is a concept under U.S. GAAP that identifies net components of revenues and expenses that are not attributable to our stockholders. For example, the portion of the net income (loss) of any consolidated Fund that is attributable to the outside investors or clients of the consolidated Fund is included in “Non-controlling interests” in our Consolidated Financial Statements. Conversely, “controlling interests” is the portion of revenue or expense that is attributable to our stockholders.

For a more detailed discussion of the differences between U.S. GAAP net income and economic net income, see “— Non-GAAP Supplemental Performance Measure — Economic Net Income and Segment Analysis.”

## Summary Results of Operations

The following table summarizes our results of operations for the years ended December 31, 2023, 2022 and 2021:

(\$ in millions, unless otherwise noted)	Years ended December 31,			Increase (Decrease)	
	2023	2022	2021	2023 vs. 2022	2022 vs. 2021
<b>U.S. GAAP Basis</b>					
Revenue	\$ 426.6	\$ 417.2	\$ 523.8	\$ 9.4	\$ (106.6)
Pre-tax income from continuing operations attributable to controlling interests	95.2	144.8	178.1	(49.6)	(33.3)
Net income from continuing operations attributable to controlling interests	65.8	100.6	128.1	(34.8)	(27.5)
Net income attributable to controlling interests	65.8	100.6	828.4	(34.8)	(727.8)
U.S. GAAP operating margin <sup>(1)</sup>	25 %	40 %	28 %	(1540) bps	1241 bps
Earnings per share, basic (\$)	\$ 1.59	\$ 2.39	\$ 10.73	\$ (0.80)	\$ (8.34)
Earnings per share, diluted (\$)	1.55	2.33	10.29	(0.78)	(7.96)
Basic shares outstanding (in millions)	41.5	42.1	77.2	(0.6)	(35.1)
Diluted shares outstanding (in millions)	42.5	43.2	80.5	(0.7)	(37.3)
<b>Economic Net Income Basis<sup>(2)(3)</sup></b>					
<b>(Non-GAAP measure used by management)</b>					
ENI revenue <sup>(4)</sup>	\$ 423.6	\$ 416.8	\$ 523.5	\$ 6.8	\$ (106.7)
Pre-tax economic net income <sup>(5)</sup>	103.4	112.0	165.4	(8.6)	(53.4)
ENI operating margin <sup>(6)</sup>	28 %	32 %	38 %	(385) bps	(617) bps
Adjusted EBITDA	\$ 133.8	\$ 150.1	\$ 211.7	\$ (16.3)	\$ (61.6)
Economic net income <sup>(7)</sup>	75.7	81.6	118.3	(5.9)	(36.7)
ENI diluted EPS (\$)	\$ 1.78	\$ 1.89	\$ 1.47	\$ (0.11)	\$ 0.42
<b>Other Operational Information</b>					
Assets under management (AUM) excluding discontinued operations at year end (in billions)	\$ 103.7	\$ 93.6	\$ 117.2	\$ 10.1	\$ (23.6)
Net client cash flows (in billions)	(2.3)	(3.1)	(5.9)	0.8	2.8
Annualized revenue impact of net flows <sup>(8)</sup>	(4.8)	(5.0)	(10.3)	0.2	5.3

- (1) U.S. GAAP operating margin equals operating income from continuing operations divided by total revenue.
- (2) Economic net income is a non-GAAP measure we use to evaluate the performance of our business. For a reconciliation to U.S. GAAP financial information and a further discussion of economic net income refer to “—Non-GAAP Supplemental Performance Measure—Economic Net Income and Segment Analysis.”
- (3) Excludes severance costs at Acadian of \$7.3 million, legal-related restructuring costs at the Center of \$0.9 million and costs associated with the transfer of an insurance policy from our former Parent of \$1.3 million for the year ended December 31, 2023. Excludes restructuring costs of \$0.1 million and costs associated with the transfer of an insurance policy from our former Parent of \$1.2 million for the year ended December 31, 2022. Excludes income from discontinued operations attributable to controlling interests, as well as restructuring costs at the Center and Affiliates of \$3.8 million, costs associated with the transfer of an insurance policy from our former Parent of \$1.2 million, and the gain on sale of subsidiaries of \$48.6 million for the year ended December 31, 2021.
- (4) ENI revenue is the ENI measure which corresponds to U.S. GAAP revenue.
- (5) Pre-tax economic net income is the ENI measure which corresponds to U.S. GAAP pre-tax income from continuing operations attributable to controlling interests.



- (6) ENI operating margin is a non-GAAP efficiency measure, calculated based on ENI operating earnings divided by ENI revenue. ENI operating earnings is calculated as ENI revenue, less ENI operating expense, less ENI variable compensation. The ENI operating margin is most comparable to our U.S. GAAP operating margin (excluding the effect of consolidated Funds).
- (7) Economic net income is the non-GAAP measure which is most directly comparable to U.S. GAAP net income from continuing operations attributable to controlling interests.
- (8) Annualized revenue impact of net flows represents annualized management fees expected to be earned on new accounts and net assets contributed to existing accounts, less the annualized management fees lost on terminated accounts or net assets withdrawn from existing accounts, plus revenue impact from reinvested income and distributions, including our equity-accounted Affiliate. The annualized management fees are calculated by multiplying the annual gross fee rate for the relevant account by the net assets gained in the account in the event of a positive flow, excluding any current or future market appreciation or depreciation, or the net assets lost in the account in the event of an outflow, excluding any current or future market appreciation or depreciation. In addition, reinvested income and distributions are multiplied by the average fee rate to compute the revenue impact. For a further discussion of the uses and limitations of the annualized revenue impact of net flows, see “Assets Under Management” herein.

### Assets Under Management

Our total assets under management as of December 31, 2023 were \$103.7 billion. The following table presents our assets under management as of each of the dates indicated:

(\$ in billions)	December 31, 2023	December 31, 2022	December 31, 2021
Acadian Asset Management	\$ 103.7	\$ 93.6	\$ 117.2

Our strategies include:

- i. Developed Markets equity, which includes Quant & Solutions U.S., global, and international equities; and
- ii. Emerging Markets equity, which includes Quant & Solutions equity investments in the emerging and frontier markets

The following table presents our assets under management by strategy as of each of the dates indicated:

(\$ in billions)	December 31, 2023	December 31, 2022	December 31, 2021
Developed Markets	\$ 80.7	\$ 73.2	\$ 89.3
Emerging Markets	23.0	20.4	27.9
<b>Total assets under management</b>	<b>\$ 103.7</b>	<b>\$ 93.6</b>	<b>\$ 117.2</b>

The following table shows assets under management by client type as of each of the dates indicated:

<i>(\$ in billions)</i>	December 31, 2023		December 31, 2022		December 31, 2021	
	AUM	% of total	AUM	% of total	AUM	% of total
Public/Government	\$ 43.7	42.1 %	\$ 39.3	42.0 %	\$ 52.6	44.9 %
Commingled Trust/UCITS	25.2	24.3 %	21.7	23.2 %	26.1	22.3 %
Corporate/Union	12.0	11.6 %	13.1	14.0 %	15.8	13.5 %
Sub-advisory	12.8	12.3 %	11.8	12.6 %	14.1	12.0 %
Endowment/Foundation	3.4	3.3 %	3.1	3.3 %	3.3	2.8 %
Mutual Fund	0.7	0.7 %	0.6	0.6 %	1.0	0.9 %
Other	5.9	5.7 %	4.0	4.3 %	4.3	3.6 %
<b>Total assets under management</b>	<b>\$ 103.7</b>		<b>\$ 93.6</b>		<b>\$ 117.2</b>	

The following table shows assets under management by client location as of each of the dates indicated:

<i>(\$ in billions)</i>	December 31, 2023		December 31, 2022		December 31, 2021	
	AUM	% of total	AUM	% of total	AUM	% of total
U.S.	\$ 69.9	67.4 %	\$ 62.7	67.0 %	\$ 77.1	65.8 %
Europe	16.6	16.0 %	16.3	17.4 %	20.1	17.2 %
Asia	4.4	4.2 %	3.2	3.4 %	5.5	4.7 %
Australia	6.5	6.3 %	5.6	6.0 %	5.9	5.0 %
Other	6.3	6.1 %	5.8	6.2 %	8.6	7.3 %
<b>Total assets under management</b>	<b>\$ 103.7</b>		<b>\$ 93.6</b>		<b>\$ 117.2</b>	

#### *AUM flows and the annualized revenue impact of net flows*

Net client cash flows and revenue impact of net client cash flows for all periods include reinvested income and distributions. Reinvested income and distributions represent investment yield that is reinvested back into the portfolios as opposed to distributed as cash.

In the following table, we present our asset flows and market appreciation (depreciation) by segment. We also present a key metric used to better understand our asset flows, the annualized revenue impact of net client cash 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 distributions. 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, including our equity-accounted Affiliate. In addition, reinvested income and distributions is multiplied by the average fee rate for the respective segment to compute the revenue impact.

The annualized revenue impact of net flows metric is designed to provide investors with a better indication of the potential financial impact of net client cash flows, however it has certain limitations. For instance, it does not include assumptions for the next twelve months' market appreciation or depreciation and investment performance associated with the assets gained or lost. Nor does it account for factors such as future client terminations or additional contributions or withdrawals over the next twelve months. Additionally, the basis points reported are fee rates based on the asset levels at the time of the transactions and do not consider the fact that client fee rates may change over the next twelve months.

The following table summarizes our asset flows and market appreciation (depreciation) by segment for each of the periods indicated:

(\$ in billions, unless otherwise noted)

	Years ended December 31,		
	2023	2022	2021
<b>Quant &amp; Solutions</b>			
Beginning balance	\$ 93.6	\$ 117.2	\$ 107.0
Gross inflows	9.3	11.1	10.6
Gross outflows	(15.2)	(18.0)	(19.7)
Reinvested income and distributions	3.6	3.8	2.7
Net flows	(2.3)	(3.1)	(6.4)
Market appreciation (depreciation)	12.4	(20.5)	15.5
Other <sup>(1)</sup>	—	—	1.1
<b>Ending balance</b>	<b>\$ 103.7</b>	<b>\$ 93.6</b>	<b>\$ 117.2</b>
Average AUM <sup>(2)</sup>	\$ 98.4	\$ 98.7	\$ 113.9
<b>Liquid Alpha<sup>(3)</sup></b>			
Beginning balance	\$ —	\$ —	\$ 3.2
Sale of Affiliates	—	—	—
Gross inflows	—	—	—
Gross outflows	—	—	—
Reinvested income and distributions	—	—	—
Net flows	—	—	—
Market appreciation (depreciation)	—	—	—
Other <sup>(3)</sup>	—	—	(3.2)
<b>Ending balance</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
Average AUM	\$ —	\$ —	\$ —
<b>Other<sup>(3)</sup></b>			
Beginning balance	\$ —	\$ —	\$ 5.8
Sale of Affiliates	—	—	(8.9)
Gross inflows	—	—	0.7
Gross outflows	—	—	(0.2)
Net flows	—	—	0.5
Market appreciation	—	—	0.6
Other <sup>(1)(3)(4)</sup>	—	—	2.0
<b>Ending balance</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
Average AUM	\$ —	\$ —	\$ 5.4
Average AUM of consolidated Affiliates	\$ —	\$ —	\$ 2.9
<b>Total</b>			
Beginning balance	\$ 93.6	\$ 117.2	\$ 116.0
Sale of Affiliates	—	—	(8.9)
Gross inflows	9.3	11.1	11.3
Gross outflows	(15.2)	(18.0)	(19.9)
Reinvested income and distributions	3.6	3.8	2.7
Net flows	(2.3)	(3.1)	(5.9)
Market appreciation (depreciation)	12.4	(20.5)	16.1
Other <sup>(4)</sup>	—	—	(0.1)
<b>Ending balance</b>	<b>\$ 103.7</b>	<b>\$ 93.6</b>	<b>\$ 117.2</b>
Average AUM	\$ 98.4	\$ 98.7	\$ 119.3
Average AUM of consolidated Affiliates	\$ 98.4	\$ 98.7	\$ 116.8
Annualized basis points: inflows	48.7	46.6	46.4
Annualized basis points: outflows	42.2	39.6	36.5
<b>Annualized revenue impact of net flows (\$ in millions)</b>	<b>\$ (4.8)</b>	<b>\$ (5.0)</b>	<b>\$ (10.3)</b>

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- (1) AUM representing liquid alternative strategies previously excluded from the Quant & Solutions segment has been reclassified as of January 1, 2021.
  - (2) Average AUM equals average AUM of consolidated Affiliates.
  - (3) ICM has been reclassified to the Other category as of the beginning of the first quarter of 2021. The Other category includes movements of our previously disposed affiliates, Campbell Global and ICM, for the year ended December 31, 2021.
  - (4) Other movements related to billable assets adjustment for our previous Affiliate.

We also analyze our asset flows by client type and client location. Our client types include:

- i. Sub-advisory, which includes assets managed for underlying mutual fund and variable insurance products which are sponsored by insurance companies and mutual fund platforms, where the end client is typically retail;
- ii. Institutional, which includes assets managed for public/government pension funds, including U.S. state and local government funds and non-U.S. sovereign wealth, local government and national pension funds; also includes corporate and union-sponsored pension plans; and
- iii. Retail/other, which includes assets managed for mutual funds sponsored by our Affiliates, defined contribution plans and accounts managed for high net worth clients.

The following table summarizes our asset flows by client type for each of the periods indicated:

(\$ in billions)	Years ended December 31,		
	2023	2022	2021
<b>Sub-advisory</b>			
Beginning balance	\$ 11.8	\$ 14.1	\$ 11.5
Sale of Affiliates	—	—	(0.4)
Gross inflows	1.5	1.3	2.8
Gross outflows	(2.1)	(1.8)	(1.7)
Reinvested income and distributions	0.5	0.5	0.3
Net flows	(0.1)	—	1.4
Market appreciation (depreciation)	1.1	(2.3)	1.6
<b>Ending balance</b>	<b>\$ 12.8</b>	<b>\$ 11.8</b>	<b>\$ 14.1</b>
<b>Institutional</b>			
Beginning balance	\$ 77.2	\$ 97.8	\$ 97.8
Sale of Affiliates	—	—	(6.0)
Gross inflows	6.3	8.3	7.1
Gross outflows	(12.5)	(15.1)	(16.6)
Reinvested income and distributions	2.9	3.1	2.3
Net flows	(3.3)	(3.7)	(7.2)
Market appreciation (depreciation)	10.4	(16.9)	13.3
Other <sup>(1)</sup>	—	—	(0.1)
<b>Ending balance</b>	<b>\$ 84.3</b>	<b>\$ 77.2</b>	<b>\$ 97.8</b>
<b>Retail / Other</b>			
Beginning balance	\$ 4.6	\$ 5.3	\$ 6.7
Sale of Affiliates	—	—	(2.5)
Gross inflows	1.5	1.5	1.4
Gross outflows	(0.6)	(1.1)	(1.6)
Reinvested income and distributions	0.2	0.2	0.1
Net flows	1.1	0.6	(0.1)
Market appreciation (depreciation)	0.9	(1.3)	1.2
<b>Ending balance</b>	<b>\$ 6.6</b>	<b>\$ 4.6</b>	<b>\$ 5.3</b>
<b>Total</b>			
Beginning balance	\$ 93.6	\$ 117.2	\$ 116.0
Sale of Affiliates	—	—	(8.9)
Gross inflows	9.3	11.1	11.3
Gross outflows	(15.2)	(18.0)	(19.9)
Reinvested income and distributions	3.6	3.8	2.7
Net flows	(2.3)	(3.1)	(5.9)
Market appreciation (depreciation)	12.4	(20.5)	16.1
Other <sup>(1)</sup>	—	—	(0.1)
<b>Ending balance</b>	<b>\$ 103.7</b>	<b>\$ 93.6</b>	<b>\$ 117.2</b>

(1) Other movements related to billable assets adjustment for our previous Affiliate.

Our categorization of assets under management by client location includes:

- i. U.S.-based clients, where the contracting client is based in the United States, and
- ii. Non-U.S.-based clients, where the contracting client is based outside the United States.

The following table summarizes asset flows by client location for each of the periods indicated:

(\$ in billions)	Years ended December 31,		
	2023	2022	2021
<b>U.S.</b>			
Beginning balance	\$ 62.7	\$ 77.1	\$ 77.4
Sale of Affiliates	—	—	(7.9)
Gross inflows	5.4	6.0	6.6
Gross outflows	(9.1)	(9.0)	(11.8)
Reinvested income and distributions	2.4	2.6	1.8
Net flows	(1.3)	(0.4)	(3.4)
Market appreciation (depreciation)	8.5	(14.0)	11.0
<b>Ending balance</b>	<b>\$ 69.9</b>	<b>\$ 62.7</b>	<b>\$ 77.1</b>
<b>Non-U.S.</b>			
Beginning balance	\$ 30.9	\$ 40.1	\$ 38.6
Sale of Affiliates	—	—	(1.0)
Gross inflows	3.9	5.1	4.7
Gross outflows	(6.1)	(9.0)	(8.1)
Reinvested income and distributions	1.2	1.2	0.9
Net flows	(1.0)	(2.7)	(2.5)
Market appreciation (depreciation)	3.9	(6.5)	5.1
Other <sup>(1)</sup>	—	—	(0.1)
<b>Ending balance</b>	<b>\$ 33.8</b>	<b>\$ 30.9</b>	<b>\$ 40.1</b>
<b>Total</b>			
Beginning balance	\$ 93.6	\$ 117.2	\$ 116.0
Sale of Affiliates	—	—	(8.9)
Gross inflows	9.3	11.1	11.3
Gross outflows	(15.2)	(18.0)	(19.9)
Reinvested income and distributions	3.6	3.8	2.7
Net flows	(2.3)	(3.1)	(5.9)
Market appreciation (depreciation)	12.4	(20.5)	16.1
Other <sup>(1)</sup>	—	—	(0.1)
<b>Ending balance</b>	<b>\$ 103.7</b>	<b>\$ 93.6</b>	<b>\$ 117.2</b>

(1) Other movements related to billable assets adjustment for our previous Affiliate.

At December 31, 2023, our total assets under management were \$103.7 billion, an increase of \$10.1 billion or 10.8%, compared to \$93.6 billion at December 31, 2022. The assets under management at December 31, 2022 represented a decrease of \$(23.6) billion or (20.1)% compared to \$117.2 billion at December 31, 2021. The change in assets under management during the year ended December 31, 2023 reflects net market appreciation of \$12.4 billion and net flows of \$(2.3) billion, including reinvested income and distributions of \$3.6 billion. The change in assets under management during the year ended December 31, 2022 reflects net market depreciation of \$(20.5) billion and net flows of \$(3.1) billion, including reinvested income and distributions of \$3.8 billion. The change in assets under management during the year ended December 31, 2021 reflects the sale of Campbell Global and ICM of \$(8.9) billion, net flows of \$(5.9) billion, including reinvested income and distributions of \$2.7 billion, and realizations and other of \$(0.1) billion, offset by net market appreciation of \$16.1 billion.

For the year ended December 31, 2023, our net outflows were \$(2.3) billion compared to net outflows of \$(3.1) billion for the year ended December 31, 2022 and net outflows of \$(5.9) billion for the year ended December 31, 2021. The change in net outflows for the year ended December 31, 2023 was primarily due to lower outflows in certain Acadian strategies, partly as a result of less sizeable client-driven asset re-allocation. The change in net outflows for the year ended December 31, 2022 was primarily due to lower outflows in certain Acadian strategies, partly as the result of improved relative investment performance in the year ended December 31, 2022. Reinvested income and distributions of \$3.6 billion, \$3.8 billion, and \$2.7 billion are reflected in the net flows for the years ended December 31, 2023, 2022 and 2021, respectively. For the year ended December 31, 2023, the annualized revenue impact of the net flows improved to \$(4.8) million compared to \$(5.0) million for the year ended December 31, 2022 and \$(10.3) million for the year ended December 31, 2021.

## U.S. GAAP Results of Operations

### For the Years Ended December 31, 2023, 2022 and 2021

Our U.S. GAAP results of operations were as follows for the years ended December 31, 2023, 2022 and 2021.

(\$ in millions unless otherwise noted)	Years ended December 31,			Increase (Decrease)	
	2023	2022	2021	2023 vs. 2022	2022 vs. 2021
<b>U.S. GAAP Consolidated Statements of Operations<sup>(1)</sup></b>					
Management fees	\$ 373.2	\$ 367.4	\$ 433.3	\$ 5.8	\$ (65.9)
Performance fees	50.4	49.4	84.8	1.0	(35.4)
Other revenue	—	—	5.7	—	(5.7)
Consolidated Funds' revenue	3.0	0.4	—	2.6	0.4
<b>Total revenue</b>	<b>426.6</b>	<b>417.2</b>	<b>523.8</b>	<b>9.4</b>	<b>(106.6)</b>
Compensation and benefits	217.9	159.2	284.6	58.7	(125.4)
General and administrative expense	82.6	71.1	71.2	11.5	(0.1)
Amortization of acquired intangibles	—	0.1	0.1	(0.1)	—
Depreciation and amortization	17.3	18.5	22.1	(1.2)	(3.6)
Consolidated Funds' expense	2.8	0.4	—	2.4	0.4
<b>Total operating expenses</b>	<b>320.6</b>	<b>249.3</b>	<b>378.0</b>	<b>71.3</b>	<b>(128.7)</b>
<b>Operating income</b>	<b>106.0</b>	<b>167.9</b>	<b>145.8</b>	<b>(61.9)</b>	<b>22.1</b>
Investment income (loss)	(0.1)	0.2	8.3	(0.3)	(8.1)
Interest income	6.1	0.8	0.2	5.3	0.6
Interest expense	(19.6)	(20.5)	(24.8)	0.9	(4.3)
Loss on extinguishment of debt	—	(3.2)	—	3.2	(3.2)
Gain on sale of subsidiaries	—	—	48.6	—	(48.6)
Net consolidated Funds' investment gains (losses)	4.1	(0.4)	—	4.5	(0.4)
<b>Income from continuing operations before taxes</b>	<b>96.5</b>	<b>144.8</b>	<b>178.1</b>	<b>(48.3)</b>	<b>(33.3)</b>
Income tax expense	29.4	44.2	50.0	(14.8)	(5.8)
<b>Income from continuing operations</b>	<b>67.1</b>	<b>100.6</b>	<b>128.1</b>	<b>(33.5)</b>	<b>(27.5)</b>
Income from discontinued operations, net of tax	—	—	77.3	—	(77.3)
Gain on disposal of discontinued operations, net of tax	—	—	691.0	—	(691.0)
<b>Net income</b>	<b>67.1</b>	<b>100.6</b>	<b>896.4</b>	<b>(33.5)</b>	<b>(795.8)</b>
Net income attributable to non-controlling interests in consolidated Funds	1.3	—	68.0	1.3	(68.0)
<b>Net income attributable to controlling interests</b>	<b>\$ 65.8</b>	<b>\$ 100.6</b>	<b>\$ 828.4</b>	<b>\$ (34.8)</b>	<b>\$ (727.8)</b>
Basic earnings per share (\$)	\$ 1.59	\$ 2.39	\$ 10.73	\$ (0.80)	\$ (8.34)
Diluted earnings per share (\$)	1.55	2.33	10.29	(0.78)	(7.96)
Weighted average shares of common stock outstanding—basic	41.5	42.1	77.2	(0.6)	(35.1)
Weighted average shares of common stock outstanding—diluted	42.5	43.2	80.5	(0.7)	(37.3)
U.S. GAAP operating margin <sup>(2)</sup>	25 %	40 %	28 %	(1540) bps	1241 bps

(1) Certain Funds have been consolidated due to our seed capital or co-investments in the Funds.

(2) U.S. GAAP operating margin equals operating income from continuing operations divided by total revenue.



The following table reconciles our net income attributable to controlling interests to our pre-tax income from continuing operations attributable to controlling interests:

(\$ in millions)	Years ended December 31,		
	2023	2022	2021
<b>U.S. GAAP Consolidated Statements of Operations</b>			
<b>Net income attributable to controlling interests</b>	<b>\$ 65.8</b>	<b>\$ 100.6</b>	<b>\$ 828.4</b>
Exclude: Net income from discontinued operations attributable to controlling interests	—	—	(700.3)
<b>Net income from continuing operations attributable to controlling interests</b>	<b>65.8</b>	<b>100.6</b>	<b>128.1</b>
Add: Income tax expense	29.4	44.2	50.0
<b>Pre-tax income from continuing operations attributable to controlling interests</b>	<b>\$ 95.2</b>	<b>\$ 144.8</b>	<b>\$ 178.1</b>

### U.S. GAAP Revenues

Our U.S. GAAP revenues principally consist of:

- i. management fees earned based on our overall weighted average fee rate charged to our clients and the level of assets under management;
- ii. performance fees earned when our Affiliates' investment performance over agreed time periods for certain clients has differed from pre-determined hurdles;
- iii. other revenue, consisting primarily of consulting services as well as reimbursement of certain Fund expenses our Affiliates paid on behalf of our Funds; and
- iv. revenue from consolidated Funds, a portion of which is attributable to the holders of non-controlling interests in consolidated Funds.

### Management Fees

Our management fees are a function of the fee rates charged to our clients, which are typically expressed in basis points, and the levels of our assets under management.

Average basis points earned on average assets under management were 37.9 bps for the year ended December 31, 2023, 37.2 bps for the year ended December 31, 2022 and 37.1 bps for the year ended December 31, 2021. The greatest driver of increases or decreases in this average fee rate is changes in the mix of our assets under management caused by net inflows or outflows in certain asset classes, dispositions, and disproportionate market movements.

*Year ended December 31, 2023 compared to year ended December 31, 2022:* Management fees increased \$5.8 million, or 1.6%, from \$367.4 million for the year ended December 31, 2022 to \$373.2 million for the year ended December 31, 2023. The increase was primarily due to the improvement in blended average basis points on assets under management, due to fee rates from inflows being higher than outflows in 2022 and 2023. Average assets under management decreased (0.3)%, from \$98.7 billion for the year ended compared to \$98.4 billion for the year ended December 31, 2023, mainly due to large equity market declines in 2022 that reduced the beginning of 2023 assets under management to \$93.6 billion.

*Year ended December 31, 2022 compared to year ended December 31, 2021:* Management fees decreased \$(65.9) million, or (15.2)%, from \$433.3 million for the year ended December 31, 2021 to \$367.4 million for the year ended December 31, 2022. The decrease was primarily due to a decrease in average assets under management, a decrease in performance fees, as well as the disposition of Campbell Global in the third quarter of 2021. Average assets under management excluding our previous equity-accounted Affiliate decreased (15.0)%, from \$116.8 billion for the year ended December 31, 2021 to \$98.7 billion for the year ended December 31, 2022, primarily due to the negative market and net outflows over the previous twelve months, as well as the disposition of Campbell Global in the third quarter of 2021.

### ***Performance Fees***

Approximately \$14.0 billion, or 14% of our AUM at December 31, 2023, are in accounts with performance fee features in which we participate. Performance fees are typically shared with our Affiliate key employees through various contractual compensation and profit-sharing arrangements.

*Year ended December 31, 2023 compared to year ended December 31, 2022:* Performance fees increased \$1.0 million, or 2.0%, from \$49.4 million for the year ended December 31, 2022 to \$50.4 million for the year ended December 31, 2023, primarily due to strong performance relative to market in certain strategies. Performance fees are variable and are contractually triggered based on investment performance results over agreed upon time periods.

*Year ended December 31, 2022 compared to year ended December 31, 2021:* Performance fees decreased \$(35.4) million, or (41.7)%, from \$84.8 million for the year ended December 31, 2021 to \$49.4 million for the year ended December 31, 2022. The decrease is partially driven by the reduction in assets under management, changes in outperformance during the year, and the disposition of Campbell Global in the third quarter of 2021.

### ***Other Revenue***

*Year ended December 31, 2023 compared to year ended December 31, 2022:* There was no other revenue for the year ended December 31, 2023 and the year ended December 31, 2022.

*Year ended December 31, 2022 compared to year ended December 31, 2021:* Other revenue was \$5.7 million for the year ended December 31, 2021. There was no other revenue for the year ended December 31, 2022. The decrease was attributable to the sale of Campbell Global during the year ended December 31, 2021.

### **U.S. GAAP Expenses**

Our U.S. GAAP expenses principally consist of:

- i. compensation paid to our investment professionals and other employees, including base salary, benefits, sales-based compensation, variable compensation, Affiliate distributions, and revaluation of key employee owned Affiliate equity and profit interests;
- ii. general and administrative expenses;
- iii. amortization of acquired intangible assets;
- iv. depreciation and amortization charges; and
- v. expenses of consolidated Funds, a portion of which is attributable to the holders of non-controlling interests in consolidated Funds.

## Compensation and Benefits Expense

Our most significant category of expense is compensation and benefits awarded to our and our Affiliates' employees. The following table presents the components of U.S. GAAP compensation expense for the years ended December 31, 2023, 2022 and 2021:

(\$ in millions)	Years ended December 31,		
	2023	2022	2021
Fixed compensation and benefits <sup>(1)</sup>	\$ 93.1	\$ 86.1	\$ 100.2
Sales-based compensation <sup>(2)</sup>	7.6	7.7	7.6
Variable compensation <sup>(3)</sup>	112.2	100.3	130.5
Affiliate key employee distributions <sup>(4)</sup>	5.1	5.1	13.4
Non-cash Affiliate key employee equity revaluations <sup>(5)</sup>	(0.1)	(40.0)	32.9
<b>Total U.S. GAAP compensation and benefits expense</b>	<b>\$ 217.9</b>	<b>\$ 159.2</b>	<b>\$ 284.6</b>

- (1) Fixed compensation and benefits includes base salaries, payroll taxes and the cost of benefit programs provided. For the year ended December 31, 2023, \$93.1 million of fixed compensation and benefits (of the \$93.1 million above) is included within economic net income. For the year ended December 31, 2022, \$86.1 million of fixed compensation and benefits (of the \$86.1 million above) is included within economic net income. For the year ended December 31, 2021, \$97.2 million of fixed compensation and benefits (of the \$100.2 million above) is included within economic net income, which excludes Fund expenses initially paid by our Affiliates on the Fund's behalf and subsequently reimbursed. The year ended December 31, 2021 reflects the recategorization of Fund expenses reimbursed by customers of Campbell Global, a former Affiliate that was divested in August 2021. This recategorization is not applicable for the years ended December 31, 2023 and 2022.
- (2) Sales-based compensation is paid to our Affiliates' sales and distribution teams and represents compensation earned by our sales professionals, paid over a multi-year period, related to revenue earned on new sales. Its variability is based upon the structure of sales-based compensation due on inflows of assets under management and market-based movement in both current and prior periods.
- (3) Variable compensation is contractually set and calculated individually at each Affiliate, plus Center bonuses. Variable compensation is usually awarded based on a contractual percentage of each Affiliate's ENI profits before variable compensation and may be paid in the form of cash or non-cash Affiliate equity or profit interests. In Affiliates with an agreed split of performance fees between Affiliate employees and BSUS, the Affiliates' share of performance fees, which ranges between 60%-75% of the total, is allocated entirely to variable compensation. For certain Affiliates, the variable compensation earned on performance fees vest over three-years and compensation expense is recognized over that service period. Center variable compensation includes cash and BSIG equity. Non-cash variable compensation awards typically vest over several years and are recognized as compensation expense over that service period.

(\$ in millions)	Years ended December 31,		
	2023	2022	2021
Cash variable compensation	\$ 105.9	\$ 90.8	\$ 124.6
Non-cash equity-based award amortization	6.3	9.5	5.9
<b>Total variable compensation<sup>(a)</sup></b>	<b>\$ 112.2</b>	<b>\$ 100.3</b>	<b>\$ 130.5</b>

- (a) For the year ended December 31, 2023, \$104.9 million of variable compensation expense (of the \$112.2 million above) is included within economic net income, which excludes the variable compensation associated with restructuring at Acadian of \$7.3 million. For the year ended December 31, 2022, \$100.3 million of variable compensation expense (of the \$100.3 million above) is included within economic net income. For the year ended December 31, 2021, \$129.6 million of variable compensation expense (of the \$130.5 million above) is included within economic net income, which excludes the variable compensation associated with restructuring at an Affiliate of \$0.9 million.
- (4) 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. The Affiliate key employee distribution ratio at each Affiliate is calculated as Affiliate key employee distributions divided by ENI operating earnings at that Affiliate. At certain Affiliates with tiered equity structures, BSUS and other classes of employee equity holders are entitled to an initial proportionate preference over profits after variable compensation, structured such that before a preference threshold is reached, there would be no required key employee distributions to the tiered equity holders, whereas for profits above the threshold, the key employee distribution amount to the tiered equity holders would be calculated based on the tiered key employee ownership percentages.
- (5) Non-cash Affiliate key employee equity revaluations represent 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 BSUS at a value based on a pre-determined fixed multiple of twelve-month earnings and as such a liability is carried on our balance sheet based on the expected cash to be paid. However, any equity or profit interests repurchased by BSUS 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. Our Affiliate equity and profit interest plans have been designed to ensure BSUS is not required to repurchase more equity than we can reasonably recycle through variable compensation awards in any given twelve-month period.

Fluctuations in compensation and benefits expense for the periods presented are discussed below.

*Year ended December 31, 2023 compared to year ended December 31, 2022:* Compensation and benefits expense increased \$58.7 million, or 36.9%, from \$159.2 million for the year ended December 31, 2022 to \$217.9 million for the year ended December 31, 2023. Fixed compensation and benefits increased \$7.0 million, or 8.1%, from \$86.1 million for the year ended December 31, 2022 to \$93.1 million for the year ended December 31, 2023, primarily reflecting cost of living increases and the new hires to support our growth initiatives. Variable compensation increased \$11.9 million, or 11.9%, from \$100.3 million for the year ended December 31, 2022 to \$112.2 million for the year ended December 31, 2023. The increase was primarily attributable to severance-related costs at Acadian in the year ended December 31, 2023 and the inclusion of deferred compensation expense earned on current and prior year performance fee revenues, of which Acadian's share is determined by a contractual split and recognized as compensation expense over a vesting period. Sales-based compensation decreased \$(0.1) million, or (1.3)%, from \$7.7 million for the year ended December 31, 2022 to \$7.6 million for the year ended December 31, 2023 as a result of the structure of sales-based compensation programs, driven by the timing of asset inflows which trigger sales-based compensation in both current and prior periods. Affiliate key employee distributions were unchanged at \$5.1 million for each of the years ended December 31, 2023 and 2022, respectively. Revaluations of Affiliate key employee equity changed \$39.9 million in 2023, reflecting revaluations of key employee ownership interests at Acadian, as the value of the equity plan liability decreased \$(40.0) million for the year ended December 31, 2022, and decreased \$(0.1) million for the year ended December 31, 2023. The changes in value year over year reflect changes in earnings, as well as changes in inputs used in the valuation model, including market risk assumptions and discount rates.

*Year ended December 31, 2022 compared to year ended December 31, 2021:* Compensation and benefits expense decreased \$(125.4) million, or (44.1)%, from \$284.6 million for the year ended December 31, 2021 to \$159.2 million for the year ended December 31, 2022. Fixed compensation and benefits decreased \$(14.1) million, or (14.1)%, from \$100.2 million for the year ended December 31, 2021 to \$86.1 million for the year ended December 31, 2022, primarily reflecting the disposition of Affiliates. Variable compensation decreased \$(30.2) million, or (23.1)%, from \$130.5 million for the year ended December 31, 2021 to \$100.3 million for the year ended December 31, 2022. The decrease was primarily attributable to lower pre-bonus profits in the year ended December 31, 2022 and the disposition of Campbell Global. The decrease was partially offset by the inclusion of deferred compensation expense earned on prior year performance fee revenues, of which the Affiliate's share is determined by a contractual split and recognized as compensation expense over a vesting period. Sales-based compensation increased \$0.1 million, or 1.3%, from \$7.6 million for the years ended December 31, 2021 to \$7.7 million for the year ended December 31, 2022. Affiliate key employee distributions decreased \$(8.3) million, or (61.9)%, from \$13.4 million for the year ended December 31, 2021 to \$5.1 million for the year ended December 31, 2022 as a result of lower underlying operating earnings at the consolidated Affiliates. Revaluations of Affiliate key employee equity changed by \$(72.9) million in 2022, reflecting revaluations of key employee ownership interests at our consolidated Affiliates, as the value of Affiliate equity increased \$32.9 million for the year ended December 31, 2021, and decreased \$(40.0) million for the year ended December 31, 2022. The changes in value year over year reflect changes in earnings, as well as changes in inputs used in the valuation model, including market risk assumptions and discount rates.

### ***General and Administrative Expense***

*Year ended December 31, 2023 compared to year ended December 31, 2022:* General and administrative expense increased \$11.5 million, or 16.2%, from \$71.1 million for the year ended December 31, 2022 to \$82.6 million for the year ended December 31, 2023. The increase was primarily due to higher systems, consultant and portfolio costs, as well as the impact of inflation and changes in foreign currency.

*Year ended December 31, 2022 compared to year ended December 31, 2021:* General and administrative expense decreased \$(0.1) million, or (0.1)%, from \$71.2 million for the year ended December 31, 2021 to \$71.1 million for the year ended December 31, 2022. The decrease was primarily due to the disposition of Affiliates, offset partially by an increase in travel and entertainment, consulting, and system costs in the year ended December 31, 2022.

### ***Amortization of Acquired Intangibles Expense***

*Year ended December 31, 2023 compared to year ended December 31, 2022:* Amortization of acquired intangibles expense was \$0.1 million for the year ended December 31, 2022. There was no amortization of acquired intangibles expense for the year ended December 31, 2023. This account reflects the amortization of intangible assets acquired by Acadian.

*Year ended December 31, 2022 compared to year ended December 31, 2021:* Amortization of acquired intangibles expense was unchanged at \$0.1 million for the years ended December 31, 2022 and 2021, respectively. This account reflects the amortization of intangible assets acquired by Acadian.

### ***Depreciation and Amortization Expense***

*Year ended December 31, 2023 compared to year ended December 31, 2022:* Depreciation and amortization expense decreased \$(1.2) million, or (6.5)%, from \$18.5 million for the year ended December 31, 2022 to \$17.3 million for the year ended December 31, 2023. The decrease was primarily attributable to the effect of certain assets becoming fully depreciated.

*Year ended December 31, 2022 compared to year ended December 31, 2021:* Depreciation and amortization expense decreased \$(3.6) million, or (16.3)%, from \$22.1 million for the year ended December 31, 2021 to \$18.5 million for the year ended December 31, 2022. The decrease was primarily attributable to the effect of certain assets becoming fully depreciated and the disposition of Affiliates in 2021.

### **U.S. GAAP Other Non-Operating Items of Income and Expense**

Other non-operating items of income and expense consist of:

- i. investment income (loss);
- ii. interest income;
- iii. interest expense;
- iv. loss on extinguishment of debt; and
- v. gain on sale of subsidiaries

### ***Investment Income***

*Year ended December 31, 2023 compared to year ended December 31, 2022:* Investment income decreased \$(0.3) million, or (150.0)%, from \$0.2 million for the year ended December 31, 2022 to \$(0.1) million for the year ended December 31, 2023. The decrease is due to a decrease in returns generated by seed capital investments in the year ended December 31, 2023.

*Year ended December 31, 2022 compared to year ended December 31, 2021:* Investment income decreased \$(8.1) million, or (97.6)%, from \$8.3 million for the year ended December 31, 2021 to \$0.2 million for the year ended December 31, 2022. The decrease is due to lower returns generated by seed capital investments in the current year driven by the market decline in the year ended December 31, 2022.

### ***Interest Income***

*Year ended December 31, 2023 compared to year ended December 31, 2022:* Interest income increased \$5.3 million, from \$0.8 million for the year ended December 31, 2022 to \$6.1 million for the year ended December 31, 2023. The increase was due to higher average cash balances and an increase in short-term investment returns in 2023.

*Year ended December 31, 2022 compared to year ended December 31, 2021:* Interest income increased \$0.6 million, from \$0.2 million for the year ended December 31, 2021 to \$0.8 million for the year ended December 31, 2022. The increase was due to an increase in short-term investment returns in 2022.

### ***Interest Expense***

*Year ended December 31, 2023 compared to year ended December 31, 2022:* Interest expense decreased \$0.9 million, or 4.4%, from \$20.5 million for the year ended December 31, 2022 to \$19.6 million for the year ended December 31, 2023, primarily due to the \$1.3 million of additional interest expense incurred for the year ended December 31, 2022 related to the amortization of the cash flow hedge associated with the \$125 million aggregate principal amount outstanding of our 5.125% Senior Notes due August 1, 2031 that we redeemed in January 2022.

*Year ended December 31, 2022 compared to year ended December 31, 2021:* Interest expense decreased \$(4.3) million, or (17.3)%, from \$24.8 million for the year ended December 31, 2021 to \$20.5 million for the year ended December 31, 2022, primarily reflecting a lower balance of third party borrowings in 2022, slightly offset by \$1.3 million of additional interest expense related to the amortization of the cash flow hedge associated with the \$125 million aggregate principal amount outstanding of our 5.125% Senior Notes due August 1, 2031 that we redeemed in January 2022.

### ***Loss on Extinguishment of Debt***

*Year ended December 31, 2023 compared to year ended December 31, 2022:* There was no loss on extinguishment of debt for the year ended December 31, 2023. Loss on extinguishment of debt was \$3.2 million for the year ended December 31, 2022 as a result of the full redemption of the \$125 million aggregate principal amount outstanding of our 5.125% Senior Notes due August 1, 2031 that we redeemed in January 2022.

*Year ended December 31, 2022 compared to year ended December 31, 2021:* There was no loss on extinguishment of debt for the year ended December 31, 2021. Loss on extinguishment of debt was \$3.2 million for the year ended December 31, 2022 as a result of the full redemption of the \$125 million aggregate principal amount outstanding of our 5.125% Senior Notes due August 1, 2031 that we redeemed in January 2022.

### ***Gain on Sale of Subsidiaries***

*Year ended December 31, 2023 compared to year ended December 31, 2022:* There was no gain on sale of subsidiaries in the years ended December 31, 2023 and 2022.

*Year ended December 31, 2022 compared to year ended December 31, 2021:* Gain on sale of subsidiaries was \$48.6 million for the year ended December 31, 2021, representing our gain on sale of our equity interest in ICM and Campbell Global, slightly offset by the loss on disposition of a business unit during the year ended December 31, 2021. There was no gain on sale of subsidiaries in the year ended December 31, 2022.

## **U.S. GAAP Income Tax Expense**

Our effective tax rate has been impacted by changes in liabilities for uncertain tax positions, tax effects of stock-based compensation, limitations on executive compensation, the mix of income earned in the United States versus lower-taxed foreign jurisdictions. Our effective tax rate could be impacted in the future by these items as well as further changes in tax laws and regulations in jurisdictions in which we operate.

*Year ended December 31, 2023 compared to year ended December 31, 2022:* Income tax expense decreased \$(14.8) million, from \$44.2 million for the year ended December 31, 2022 to \$29.4 million for the year ended December 31, 2023. The decrease in income tax expense is primarily related to the decrease in income from continuing operations for the year ended December 31, 2023.

*Year ended December 31, 2022 compared to year ended December 31, 2021:* Income tax expense decreased \$(5.8) million, from \$50.0 million for the year ended December 31, 2021 to \$44.2 million for the year ended December 31, 2022. The decrease in income tax expense is primarily related to the decrease in the income from continuing operations for the year ended December 31, 2022.

## **U.S. GAAP Consolidated Funds**

The net income or loss of all consolidated Funds, excluding any income or loss attributable to seed capital or co-investments we make in the Funds, is included in non-controlling interests in our Consolidated Financial Statements and is not included in net income attributable to controlling interests or in management fees.

*Year ended December 31, 2023 compared to year ended December 31, 2022:* Consolidated Funds' revenue increased \$2.6 million, from \$0.4 million for the year ended December 31, 2022 to \$3.0 million for the year ended December 31, 2023. Consolidated Funds' expense increased \$2.4 million, from \$0.4 million for the year ended \$0.4 million to \$2.8 million for the year ended December 31, 2023. The increase in Consolidated Funds' revenue and increase in Consolidated Funds' expense is due to changes in the population of Consolidated Funds during the year ended December 31, 2023.

*Year ended December 31, 2022 compared to year ended December 31, 2021:* Consolidated Funds' revenue was \$0.4 million for the year ended December 31, 2022. Consolidated Funds' expense was \$0.4 million for the year ended December 31, 2022. There were no consolidated Funds during the year ended December 31, 2021.

## **Discontinued Operations**

As discussed further in Note 3 of our accompanying Consolidated Financial Statements, we completed the sale of all our equity interests in TSW on July 19, 2021, and we completed the sale of all our equity interests in Landmark on June 2, 2021. As a result, Landmark and TSW are reported within discontinued operations.

*Year ended December 31, 2023 compared to year ended December 31, 2022:* There was no income from discontinued operations for the years ended December 31, 2023 and 2022.

*Year ended December 31, 2022 compared to year ended December 31, 2021:* Income from discontinued operations was \$77.3 million for the year ended December 31, 2021, representing the income from TSW and Landmark, including consolidated Landmark Funds. There was no income from discontinued operations for the year ended December 31, 2022. The gain on disposal of discontinued operations, net of tax was \$691.0 million for the year ended December 31, 2021 representing our gain on sale of our equity interests in Landmark and TSW. There was no gain on disposal of discontinued operations for the year ended December 31, 2022.



## Key U.S. GAAP Operating Metrics

The following table shows our key U.S. GAAP operating metrics for the years ended December 31, 2023, 2022 and 2021. The second, third and fourth metrics below have each been adjusted to eliminate the effect of consolidated Funds to more accurately reflect the economics of our Company.

(\$ in millions)	Years ended December 31,		
	2023	2022	2021
Numerator: Operating income	\$ 106.0	\$ 167.9	\$ 145.8
Denominator: Total revenue	\$ 426.6	\$ 417.2	\$ 523.8
<b>U.S. GAAP operating margin<sup>(1)</sup></b>	<b>24.8 %</b>	<b>40.2 %</b>	<b>27.8 %</b>
Numerator: Total operating expenses <sup>(2)</sup>	\$ 317.8	\$ 248.9	\$ 378.0
Denominator: Management fee revenue	\$ 373.2	\$ 367.4	\$ 433.3
<b>U.S. GAAP operating expense / management fee revenue<sup>(3)</sup></b>	<b>85.2 %</b>	<b>67.7 %</b>	<b>87.2 %</b>
Numerator: Variable compensation	\$ 112.2	\$ 100.3	\$ 130.5
Denominator: Operating income before variable compensation and Affiliate key employee distributions <sup>(2)(4)(5)</sup>	\$ 223.1	\$ 273.3	\$ 289.7
<b>U.S. GAAP variable compensation ratio<sup>(3)</sup></b>	<b>50.3 %</b>	<b>36.7 %</b>	<b>45.0 %</b>
Numerator: Affiliate key employee distributions	\$ 5.1	\$ 5.1	13.4
Denominator: Operating income before Affiliate key employee distributions <sup>(2)(4)(5)</sup>	\$ 110.9	\$ 173.0	\$ 159.2
<b>U.S. GAAP Affiliate key employee distributions ratio<sup>(3)</sup></b>	<b>4.6 %</b>	<b>2.9 %</b>	<b>8.4 %</b>

- (1) Excluding the effect of Funds' consolidation in the applicable periods, the U.S. GAAP operating margin would be 25.0% for the year ended December 31, 2023, 40.3% for the year ended December 31, 2022 and 27.8% for the year ended December 31, 2021.
- (2) Excludes consolidated Funds' expense of \$2.8 million for the year ended December 31, 2023 and \$0.4 million for the year ended December 31, 2022.
- (3) Excludes the effect of Funds' consolidation for the years ended December 31, 2023 and 2022.
- (4) Excludes consolidated Funds' revenue of \$3.0 million for the year ended December 31, 2023 and \$0.4 million for the year ended December 31, 2022.
- (5) The following table identifies the components of operating income before variable compensation and Affiliate key employee distributions, as well as operating income before Affiliate key employee distributions:

(\$ in millions)	Years ended December 31,		
	2023	2022	2021
<b>Operating income</b>	<b>\$ 106.0</b>	<b>\$ 167.9</b>	<b>\$ 145.8</b>
Affiliate key employee distributions	5.1	5.1	13.4
Operating (income) loss of consolidated Funds	(0.2)	—	—
<b>Operating income before Affiliate key employee distributions</b>	<b>\$ 110.9</b>	<b>\$ 173.0</b>	<b>\$ 159.2</b>
Variable compensation	112.2	100.3	130.5
<b>Operating income before variable compensation and Affiliate key employee distributions</b>	<b>\$ 223.1</b>	<b>\$ 273.3</b>	<b>\$ 289.7</b>

## Non-GAAP Supplemental Performance Measure—Economic Net Income and Segment Analysis

As supplemental information, we provide a non-GAAP performance measure that we refer to as economic net income, or ENI, which represents our management's view of the underlying economic earnings generated by us. We define economic net income as ENI revenue less (i) ENI operating expenses, (ii) variable compensation, (iii) key employee distributions, (iv) net interest and (v) taxes, each as further discussed in this section. 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.

ENI is an important measure to investors because it is used by us 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. It is also an important measure because it assists management in evaluating our operating performance and is presented in a way that most closely reflects the key elements of our profit share operating model with our Affiliates. For a further discussion of how we use ENI and why ENI is useful to investors, see “—Overview—How We Measure Performance.”

To calculate economic net income, we re-categorize certain line items on our Consolidated Statements of Operations to reflect the following:

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

We also make the following adjustments to U.S. GAAP results to more closely reflect our economic results:

- i. We exclude 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 BSUS at a value based on a pre-determined fixed multiple of trailing earnings and as such this value is carried on our 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 BSUS 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. Our Affiliate equity and profit interest plans have been designed to ensure BSUS is never required to repurchase more equity than we can reasonably recycle through variable compensation awards in any given twelve-month period.
- ii. We exclude 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. We 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.

- iv. We exclude 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 our earnings from managing client assets, which therefore differs from earnings generated by our investments in Affiliate products, which can be variable from period to period.
- v. We include 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. We exclude the results of discontinued operations attributable to controlling interests since they are not part of our ongoing business and restructuring costs incurred in continuing operations.
- vii. We exclude 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.

We also adjust our income tax expense to reflect any tax impact of our ENI adjustments.

### Reconciliation of U.S. GAAP Net Income to Economic Net Income for the Years Ended December 31, 2023, 2022 and 2021

The following table reconciles U.S. GAAP net income attributable to controlling interests to economic net income for the years ended December 31, 2023, 2022 and 2021:

(\$ in millions)	Years ended December 31,		
	2023	2022	2021
<b>U.S. GAAP net income attributable to controlling interests</b>	<b>\$ 65.8</b>	<b>\$ 100.6</b>	<b>\$ 828.4</b>
<i>Adjustments to reflect the economic earnings of the Company:</i>			
i. Non-cash key employee-owned equity and profit interest revaluations	(0.1)	(40.0)	32.9
ii. Goodwill impairment and amortization of acquired intangible assets	—	0.1	0.1
iii. Capital transaction costs	0.3	5.2	1.8
iv. Seed/Co-investment (gains) losses and financings <sup>(1)</sup>	(1.5)	0.6	(4.0)
v. Tax benefit of goodwill and acquired intangibles deductions	1.5	1.5	1.1
vi. Discontinued operations attributable to controlling interests and restructuring <sup>(2)</sup>	9.5	1.3	(743.8)
vii. ENI tax normalization <sup>(3)</sup>	2.4	3.3	(1.7)
Tax effect of above adjustments, as applicable <sup>(4)</sup>	(2.2)	9.0	3.5
<b>Economic net income</b>	<b>\$ 75.7</b>	<b>\$ 81.6</b>	<b>\$ 118.3</b>

- (1) The net return on seed/co-investment (gains) losses and financings for the years ended December 31, 2023, 2022 and 2021 are shown in the following table.

(\$ in millions)	Years ended December 31,		
	2023	2022	2021
Seed/Co-investment (gains) losses	\$ (2.9)	\$ 0.2	\$ (5.7)
<b>Financing costs:</b>			
Seed/Co-investment average balance	22.1	6.1	28.9
Blended interest rate*	6.5 %	6.5 %	5.9 %
Financing costs	1.4	0.4	1.7
<b>Net seed/co-investment (gains) losses and financing</b>	<b>\$ (1.5)</b>	<b>\$ 0.6</b>	<b>\$ (4.0)</b>

\* The blended rate is based on the weighted average rate of the long-term debt.

- (2) For the year ended December 31, 2023, includes severance costs at Acadian of \$7.3 million, legal-related restructuring costs at the Center of \$0.9 million, and costs associated with the transfer of an insurance policy from our former Parent of \$1.3 million. For the year ended December 31, 2022, includes restructuring costs of \$0.1 million and costs associated with the transfer of an insurance policy from our former Parent of \$1.2 million. For the year ended December 31, 2021, includes net income from discontinued operations attributable to controlling interest of \$700.3 million, restructuring costs at the Center and Affiliates of \$3.8 million, costs associated with the transfer of an insurance policy from our former Parent of \$1.2 million, and the gain on sale of subsidiaries of \$48.6 million.
- (3) Includes adjustments of \$(0.2) million, \$0.2 million and \$3.0 million to remove the tax benefit (expense) resulting from the change in liabilities for uncertain tax positions recorded during the years ended December 31, 2023, 2022 and 2021, respectively.
- (4) Reflects the sum of line items (i), (ii), (iii), (iv) and the restructuring portion of line item (vi) taxed at the 27.3% U.S. statutory rate (including state tax).

The following table reconciles U.S. GAAP net income per share to economic net income per share for the years ended December 31, 2023, 2022 and 2021:

(\$)	Years ended December 31,		
	2023	2022	2021
<b>U.S. GAAP net income per share</b>	<b>\$ 1.55</b>	<b>\$ 2.33</b>	<b>\$ 10.29</b>
<i>Adjustments to reflect the economic earnings of the Company:</i>			
i. Non-cash key employee-owned equity and profit interest revaluations	—	(0.92)	0.41
ii. Goodwill impairment and amortization of acquired intangible assets	—	—	—
iii. Capital transaction costs	0.01	0.12	0.02
iv. Seed/Co-investment (gains) losses and financings	(0.04)	0.01	(0.05)
v. Tax benefit of goodwill and acquired intangibles deductions	0.04	0.03	0.01
vi. Discontinued operations and restructuring	0.21	0.03	(9.23)
vii. ENI tax normalization	0.06	0.08	(0.02)
Tax effect of above adjustments	(0.05)	0.21	0.04
<b>Economic net income per share</b>	<b>\$ 1.78</b>	<b>\$ 1.89</b>	<b>\$ 1.47</b>

### Limitations of Economic Net Income

Economic net income is the key measure our management uses to evaluate the financial performance of, and make operational decisions for, our business. Economic net income is not audited, and is not a substitute for net income or other performance measures that are derived in accordance with U.S. GAAP. Furthermore, our calculation of economic net income may differ from similarly titled measures provided by other companies.

Because the calculation of economic net income excludes certain ongoing expenses, including amortization expense and certain compensation costs, it has certain material limitations and should not be viewed in isolation or as a substitute for U.S. GAAP measures of earnings.

## ENI Revenues

The following table reconciles U.S. GAAP Revenue to ENI Revenue for the years ended December 31, 2023, 2022 and 2021:

(\$ in millions)	Years ended December 31,		
	2023	2022	2021
U.S. GAAP Revenue	\$ 426.6	\$ 417.2	\$ 523.8
Include earnings from equity-accounted Affiliate	—	—	2.6
Exclude revenue from consolidated Funds attributable to non-controlling interests	(3.0)	(0.4)	—
Exclude Fund expenses reimbursed by customers <sup>(1)</sup>	—	—	(2.9)
<b>ENI Revenue</b>	<b>\$ 423.6</b>	<b>\$ 416.8</b>	<b>\$ 523.5</b>

- (1) Reflects the recategorization of fund expenses reimbursed by customers of Campbell Global, a former Affiliate that was divested in August 2021. This recategorization is not applicable for the years ended December 31, 2023 and 2022.

The following table identifies the components of ENI revenue:

(\$ in millions)	Years ended December 31,		
	2023	2022	2021
Management fees <sup>(1)</sup>	\$ 373.2	\$ 367.4	\$ 433.3
Performance fees <sup>(2)</sup>	50.4	49.4	84.8
Other income, including equity-accounted Affiliate <sup>(3)</sup>	—	—	5.4
<b>ENI Revenue</b>	<b>\$ 423.6</b>	<b>\$ 416.8</b>	<b>\$ 523.5</b>

- (1) ENI management fees correspond to U.S. GAAP management fees.
- (2) ENI performance fees correspond to U.S. GAAP performance fees.
- (3) ENI other income is comprised primarily of other revenue under U.S. GAAP, plus our earnings from our equity-accounted Affiliate of \$2.6 million for the year ended December 31, 2021. For the year ended December 31, 2021, other income excludes certain Fund expenses initially paid by our previously divested Affiliate, Campbell Global, on the Funds' behalf that are subsequently reimbursed. This recategorization is not applicable for the years ended December 31, 2023 and 2022. Refer to “—Non-GAAP Supplemental Performance Measure—Economic Net Income and Segment Analysis” for a full discussion regarding the items excluded from the calculation of economic net income.

(\$ in millions)	Years ended December 31,		
	2023	2022	2021
U.S. GAAP other revenue	\$ —	\$ —	\$ 5.7
Earnings from equity-accounted Affiliate	—	—	2.6
Exclude Fund expenses reimbursed by customers <sup>(1)</sup>	—	—	(2.9)
<b>ENI other income</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 5.4</b>

- (1) Reflects the recategorization of fund expenses reimbursed by customers of Campbell Global, a former Affiliate that was divested in August 2021. This recategorization is not applicable for the years ended December 31, 2023 and 2022.

## ENI Operating Expenses

The largest difference between U.S. GAAP operating expense and ENI operating expense relates to compensation. As shown in the following reconciliation, the Company excludes the impact of key employee equity revaluations. Variable compensation and Affiliate key employee distributions are also segregated out of U.S. GAAP operating expense in order to align with the manner in which these items are contractually calculated at the Affiliate level.

The following table reconciles U.S. GAAP operating expense to ENI operating expense for the years ended December 31, 2023, 2022 and 2021:

(\$ in millions)	Years ended December 31,		
	2023	2022	2021
U.S. GAAP operating expense	\$ 320.6	\$ 249.3	\$ 378.0
<i>Less: items excluded from economic net income</i>			
Non-cash key employee equity and profit interest revaluations	0.1	40.0	(32.9)
Amortization of acquired intangible assets	—	(0.1)	(0.1)
Capital transaction costs	—	—	(1.2)
Restructuring costs <sup>(1)</sup>	(9.5)	(1.3)	(5.1)
Fund expenses reimbursed by customers <sup>(2)</sup>	—	—	(2.9)
Funds' operating expenses	(2.8)	(0.4)	—
<i>Less: items segregated out of U.S. GAAP operating expense</i>			
Variable compensation <sup>(3)</sup>	(104.9)	(100.3)	(129.6)
Affiliate key employee distributions	(5.1)	(5.1)	(13.4)
<b>ENI operating expense</b>	<b>\$ 198.4</b>	<b>\$ 182.1</b>	<b>\$ 192.8</b>

- (1) For the year ended December 31, 2023, includes \$7.3 million of severance costs at Acadian, \$0.9 million of legal-related restructuring costs at the Center and \$1.3 million costs associated with the transfer of an insurance policy from our former Parent. For the year ended December 31, 2022, includes \$0.1 million of restructuring costs and \$1.2 million costs associated with the transfer of an insurance policy from our former Parent. For the year ended December 31, 2021, includes restructuring costs at the Center and the Affiliates of \$3.8 million and \$1.2 million costs associated with the transfer of an insurance policy from our former Parent.
- (2) Reflects the recategorization of fund expenses reimbursed by customers of Campbell Global, a former Affiliate that was divested in August 2021. This recategorization is not applicable for the years ended December 31, 2023 and 2022.
- (3) For the year ended December 31, 2023, excludes variable compensation related to severance at Acadian of \$7.3 million that is included within restructuring costs. For the year ended December 31, 2021, excludes variable compensation related to restructuring at the Center and the Affiliates of \$0.9 million that is included within restructuring costs.

The following table identifies the components of ENI operating expense:

(\$ in millions)	Years ended December 31,		
	2023	2022	2021
Fixed compensation & benefits <sup>(1)</sup>	\$ 93.1	\$ 86.1	\$ 97.2
General and administrative expenses <sup>(2)</sup>	88.0	77.5	73.5
Depreciation and amortization	17.3	18.5	22.1
<b>ENI operating expense</b>	<b>\$ 198.4</b>	<b>\$ 182.1</b>	<b>\$ 192.8</b>

- (1) Fixed compensation and benefits include base salaries, payroll taxes and the cost of benefit programs provided. The following table reconciles U.S. GAAP compensation expense to ENI fixed compensation and benefits expense for the years ended December 31, 2023, 2022 and 2021:

(\$ in millions)	Years ended December 31,		
	2023	2022	2021
<b>Total U.S. GAAP compensation and benefits expense</b>	<b>\$ 217.9</b>	<b>\$ 159.2</b>	<b>\$ 284.6</b>
Non-cash key employee equity and profit interest revaluations excluded from ENI	0.1	40.0	(32.9)
Sales-based compensation reclassified to ENI general & administrative expenses	(7.6)	(7.7)	(7.6)
Affiliate key employee distributions	(5.1)	(5.1)	(13.4)
Restructuring expenses	(7.3)	—	(0.9)
Variable compensation	(104.9)	(100.3)	(129.6)
Fund expenses reimbursed by customers <sup>(a)</sup>	—	—	(3.0)
<b>ENI fixed compensation and benefits</b>	<b>\$ 93.1</b>	<b>\$ 86.1</b>	<b>\$ 97.2</b>

- (a) Reflects the recategorization of fund expenses reimbursed by customers of Campbell Global, a former Affiliate that was divested in August 2021. This recategorization is not applicable for the years ended December 31, 2023 and 2022.

- (2) The following table reconciles U.S. GAAP general and administrative expense to ENI general and administrative expense:

(\$ in millions)	Years ended December 31,		
	2023	2022	2021
U.S. GAAP general and administrative expense	\$ 82.6	\$ 71.1	\$ 71.2
Sales-based compensation	7.6	7.7	7.6
Capital transaction costs	—	—	(1.2)
Restructuring costs <sup>(a)</sup>	(2.2)	(1.3)	(4.1)
<b>ENI general and administrative expense</b>	<b>\$ 88.0</b>	<b>\$ 77.5</b>	<b>\$ 73.5</b>

- (a) Reflects \$0.9 million related to restructuring at the Center and \$1.3 million of costs associated with the transfer of an insurance policy from our former Parent for the year ended December 31, 2023. Reflects \$0.1 million related to restructuring and \$1.2 million of costs associated with the transfer of an insurance policy from our former Parent in the year ended December 31, 2022. Reflects \$2.9 million related to restructuring at the Center and Affiliates, and \$1.2 million of costs associated with the transfer of an insurance policy from our former Parent in the year ended December 31, 2021.

## Key Non-GAAP Operating Metrics

The following table shows our key non-GAAP operating metrics for the years ended December 31, 2023, 2022 and 2021. We present these metrics because they are the measures our management uses to evaluate the profitability of our business and are useful to investors because they represent the key drivers and measures of economic performance within our business model. Please see the footnotes below for an explanation of each ratio, its usefulness in measuring the economics and operating performance of our business, and a reference to the most closely related U.S. GAAP measure:

(\$ in millions)	Years ended December 31,		
	2023	2022	2021
Numerator: ENI operating earnings <sup>(1)</sup>	\$ 120.3	\$ 134.4	\$ 201.1
Denominator: ENI revenue	\$ 423.6	\$ 416.8	\$ 523.5
<b>ENI operating margin<sup>(2)</sup></b>	<b>28.4 %</b>	<b>32.2 %</b>	<b>38.4 %</b>
Numerator: ENI operating expense	\$ 198.4	\$ 182.1	\$ 192.8
Denominator: ENI management fee revenue <sup>(3)</sup>	\$ 373.2	\$ 367.4	\$ 433.3
<b>ENI operating expense ratio<sup>(4)</sup></b>	<b>53.2 %</b>	<b>49.6 %</b>	<b>44.5 %</b>
Numerator: ENI variable compensation	\$ 104.9	\$ 100.3	\$ 129.6
Denominator: ENI earnings before variable compensation <sup>(1)(5)</sup>	\$ 225.2	\$ 234.7	\$ 330.7
<b>ENI variable compensation ratio<sup>(6)</sup></b>	<b>46.6 %</b>	<b>42.7 %</b>	<b>39.2 %</b>
Numerator: Affiliate key employee distributions	\$ 5.1	\$ 5.1	\$ 13.4
Denominator: ENI operating earnings <sup>(1)</sup>	\$ 120.3	\$ 134.4	\$ 201.1
<b>ENI Affiliate key employee distributions ratio<sup>(7)</sup></b>	<b>4.2 %</b>	<b>3.8 %</b>	<b>6.7 %</b>

- (1) 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.



The following table reconciles U.S. GAAP operating income (loss) to ENI operating earnings:

(\$ in millions)	Years ended December 31,		
	2023	2022	2021
<b>U.S. GAAP operating income</b>	<b>\$ 106.0</b>	<b>\$ 167.9</b>	<b>\$ 145.8</b>
Include earnings from equity-accounted Affiliate	—	—	2.6
Exclude the impact of:			
Affiliate key employee-owned equity and profit interest revaluations	(0.1)	(40.0)	32.9
Goodwill impairment and the amortization of acquired intangible assets	—	0.1	0.1
Capital transaction costs	—	—	1.2
Restructuring costs <sup>(a)</sup>	9.5	1.3	5.1
Affiliate key employee distributions	5.1	5.1	13.4
Variable compensation	104.9	100.3	129.6
Funds' operating income	(0.2)	—	—
<b>ENI earnings before variable compensation</b>	<b>225.2</b>	<b>234.7</b>	<b>330.7</b>
Less: ENI variable compensation	(104.9)	(100.3)	(129.6)
<b>ENI operating earnings</b>	<b>120.3</b>	<b>134.4</b>	<b>201.1</b>
Less: ENI Affiliate key employee distributions	(5.1)	(5.1)	(13.4)
<b>ENI earnings after Affiliate key employee distributions</b>	<b>\$ 115.2</b>	<b>\$ 129.3</b>	<b>\$ 187.7</b>

(a) For the year ended December 31, 2023, includes \$7.3 million of severance costs at Acadian, \$0.9 million of legal-related restructuring costs at the Center, and \$1.3 million associated with the transfer of an insurance policy from our former Parent. For the year ended December 31, 2022, includes \$0.1 million of restructuring costs at the Center and Affiliates, and \$1.2 million associated with the transfer of an insurance policy from our former Parent. For the year ended December 31, 2021, includes \$3.8 million of restructuring costs at the Center and the Affiliates, and \$1.2 million associated with the transfer of an insurance policy from our former Parent.

- (2) 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 our various ownership levels at each of the Affiliates. The ENI operating margin is most comparable to our U.S. GAAP operating margin. Our U.S. GAAP operating margin, excluding the effect of consolidated Funds, was 25.0% for the year ended December 31, 2023, 40.3% for the year ended December 31, 2022 and 27.8% for the year ended December 31, 2021.

The ENI operating margin is important because it gives investors an understanding of the profitability of the total business relative to revenue, irrespective of the ownership position which BSIG has in each of its Affiliates. Management and investors use this ratio when comparing our profitability relative to our peer group and evaluating our ability to manage the cost structure and profitability of our business under different operating environments.

- (3) ENI management fee revenue corresponds to U.S. GAAP management fee revenue.
- (4) The ENI operating expense ratio is used by management and is useful to investors to evaluate the level of operating expense as measured against our recurring management fee revenue. We have provided this ratio since many operating expenses, including fixed compensation and benefits and general and administrative expense, are generally linked to the overall size of the business. We track this ratio as a key measure of scale economies at BSIG because in our profit sharing economic model, scale benefits both the Affiliate employees and BSIG stockholders. The ENI operating expense ratio is most comparable to the U.S. GAAP operating expense / management fee revenue ratio.

- (5) ENI earnings before variable compensation is calculated as ENI revenue, less ENI operating expense.
- (6) The ENI variable compensation ratio is used by management and is useful to investors to evaluate consolidated variable compensation as measured against our ENI earnings before variable compensation. Variable compensation is contractually set and calculated individually at each Affiliate, plus Center bonuses. 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 BSIG equity. Non-cash variable compensation awards typically vest over several years and are recognized as compensation expense over that service period. The variable compensation ratio at each Affiliate is calculated as variable compensation divided by ENI earnings before variable compensation. The ENI variable compensation ratio is most comparable to the U.S. GAAP variable compensation ratio.
- (7) 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 our 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. The Affiliate key employee distribution ratio at each Affiliate is calculated as Affiliate key employee distributions divided by ENI operating earnings at that Affiliate. At certain Affiliates with tiered equity structures, BSUS and other classes of employee equity holders are entitled to an initial proportionate preference over profits after variable compensation, structured such that before a preference threshold is reached, there would be no required key employee distributions to the tiered equity holders, whereas for profits above the threshold the key employee distribution amount to the tiered equity holders would be calculated based on the tiered key employee ownership percentages. The ENI Affiliate key employee distributions ratio is most comparable to the U.S. GAAP Affiliate key employee distributions ratio.

## Tax on Economic Net Income

The following table reconciles the United States statutory tax to tax on economic net income:

(\$ in millions)	Years ended December 31,		
	2023	2022	2021
<b>Pre-tax economic net income<sup>(1)</sup></b>	<b>\$ 103.4</b>	<b>\$ 112.0</b>	<b>\$ 165.4</b>
Taxes at the U.S. federal and state statutory rates <sup>(2)</sup>	(28.3)	(30.6)	(45.2)
Other reconciling tax adjustments	0.6	0.2	(1.9)
<b>Tax on economic net income</b>	<b>(27.7)</b>	<b>(30.4)</b>	<b>(47.1)</b>
<b>Economic net income</b>	<b>\$ 75.7</b>	<b>\$ 81.6</b>	<b>\$ 118.3</b>
Economic net income effective tax rate <sup>(3)</sup>	26.8 %	27.1 %	28.5 %

(1) Includes interest income and third party ENI interest expense, as shown in the following table:

(\$ in millions)	Years ended December 31,		
	2023	2022	2021
U.S. GAAP interest income	\$ 6.1	\$ 0.8	\$ 0.2
U.S. GAAP interest expense	(19.6)	(20.5)	(24.8)
<b>U.S. GAAP net interest expense</b>	<b>(13.5)</b>	<b>(19.7)</b>	<b>(24.6)</b>
Other ENI interest expense exclusions <sup>(a)</sup>	1.7	2.4	2.3
<b>ENI net interest income (expense)</b>	<b>(11.8)</b>	<b>(17.3)</b>	<b>(22.3)</b>
ENI earnings after Affiliate key employee distributions <sup>(b)</sup>	115.2	129.3	187.7
<b>Pre-tax economic net income</b>	<b>\$ 103.4</b>	<b>\$ 112.0</b>	<b>\$ 165.4</b>

(a) Other ENI interest expense exclusions represent cost of financing on seed capital and co-investments and amortization of debt issuance costs. Includes \$1.4 million related to the cost of seed and co-investment financing and \$0.3 million related to the amortization of debt issuance costs for the year ended December 31, 2023. Includes \$0.4 million related to the cost of seed and co-investment financing and \$2.0 million related to the amortization of debt issuance costs for the year ended December 31, 2022. Includes \$1.7 million related to the cost of seed and co-investment financing and \$0.6 million related to the amortization of debt issuance costs for the year ended December 31, 2021.

(b) ENI earnings after Affiliate key employee distributions is calculated as ENI operating income (ENI revenue, less ENI operating expense, less ENI variable compensation), less Affiliate key employee distributions. Refer to “—Key Non-GAAP Operating Metrics” for a reconciliation from U.S. GAAP operating income to ENI earnings after Affiliate key employee distributions.

(2) Taxed at U.S. Federal and State statutory rate of 27.3%.

(3) The economic net income effective tax rate is calculated by dividing the tax on economic net income by pre-tax economic net income.

## Investments

The value of our seed capital investments was \$41.4 million as of December 31, 2023 and \$22.9 million as of December 31, 2022, including direct investments in consolidated Funds. Total seed capital investments represents our seed capital invested within our Affiliate's investment products. The following table reconciles the investments balance per our Consolidated Balance Sheets to the total value of our seed capital investments as of each of the dates indicated:

(\$ in millions)	December 31, 2023	December 31, 2022
Investments per Consolidated Balance Sheets	\$ 64.7	\$ 48.4
Seed capital investment in consolidated Funds	21.4	14.5
Investments related to long-term incentive compensation plans	(44.7)	(40.0)
<b>Total seed capital investments</b>	<b>\$ 41.4</b>	<b>\$ 22.9</b>

## Segment Analysis

We operate our business through the following reportable segment:

- *Quant & Solutions*—comprised of versatile, often highly-tailored strategies that leverage data and technology in a computational, factor-based investment process across a range of asset classes in developed and emerging markets, including global, non-U.S. and small-cap equities, as well as managed volatility, systematic macro, equity alternatives, and credit strategies. This segment is comprised of our interest in Acadian.

The corporate head office is included within the *Other* category, along with our previously disposed Affiliate, Campbell Global, for the year ended December 31, 2021. We completed the sale of our equity interest in Campbell Global in August 2021. ICM is also included in the *Other* category for the year ended December 31, 2021. We completed the sale of our equity interests in ICM in July 2021. The corporate head office expenses are not allocated to the Company's business segment but the CODM does consider the cost structure of the corporate head office when evaluating the financial performance of our segment.

The primary measure used by the CODM in measuring performance and allocating resources to the segments is ENI. We define economic net income for the segments as ENI revenue less (i) ENI operating expenses, (ii) variable compensation and (iii) key employee distributions. The 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.

ENI revenue includes management fees, performance fees and other revenue under U.S. GAAP, adjusted to include management fees paid to Affiliates by consolidated Funds and our share of earnings from our equity-accounted Affiliate.

ENI operating expenses include compensation and benefits, general and administrative expense, and depreciation and amortization under U.S. GAAP, adjusted to exclude non-cash expenses representing changes in the value of Affiliate equity and profit interests held by Affiliate key employees and amortization of acquired intangible assets, capital transaction costs, and restructuring costs. Additionally, variable compensation and Affiliate key employee distributions are segregated from ENI operating expenses.

ENI segment results are also adjusted to exclude the portion of consolidated Funds' revenues, expenses and investment return recorded under U.S. GAAP.

Refer to the reconciliations of U.S. GAAP revenue to ENI revenue, U.S. GAAP Operating expense to ENI Operating expense, variable compensation and Affiliate key employee distributions disclosed previously within this section.

### Segment ENI Revenue

The following tables identify the components of segment ENI revenue for the years ended December 31, 2023, 2022 and 2021:

(\$ in millions)	Years ended December 31,			
	2023		2022	
	Quant & Solutions	Total	Quant & Solutions	Total
Management fees	\$ 373.2	\$ 373.2	\$ 367.4	\$ 367.4
Performance fees	50.4	50.4	49.4	49.4
<b>ENI revenue</b>	<b>\$ 423.6</b>	<b>\$ 423.6</b>	<b>\$ 416.8</b>	<b>\$ 416.8</b>

(\$ in millions)	Year ended December 31,		
	2021		
	Quant & Solutions	Other	Total
Management fees	\$ 419.4	\$ 13.9	\$ 433.3
Performance fees	68.7	16.1	84.8
Other income, including equity-accounted Affiliate	—	5.4	5.4
<b>ENI revenue</b>	<b>\$ 488.1</b>	<b>\$ 35.4</b>	<b>\$ 523.5</b>

### Quant & Solutions Segment ENI Revenue

*Year ended December 31, 2023 compared to year ended December 31, 2022:* Quant & Solutions ENI revenue increased \$6.8 million, or 1.6%, from \$416.8 million for the year ended December 31, 2022 to \$423.6 million for the year ended December 31, 2023. The increase was due to 2.0% higher performance fees in the year ended December 31, 2023, as well as 1.6% higher management fees due to improvement in blended average basis points on assets under management, due to fee rates from inflows being higher than outflows in the years ended December 31, 2023 and 2022.

*Year ended December 31, 2022 compared to year ended December 31, 2021:* Quant & Solutions ENI revenue decreased \$(71.3) million, or (14.6)%, from \$488.1 million for the year ended December 31, 2021 to \$416.8 million for the year ended December 31, 2022. The decrease was due to (28.1)% lower performance fees in the year ended December 31, 2022, as well as (12.4)% lower management fees driven by lower average AUM resulting from equity market decline and net outflows in the year ended December 31, 2022.

### Segment ENI Expense

The following tables identify the components of segment ENI expense for the years ended December 31, 2023, 2022 and 2021:

(\$ in millions)	Years ended December 31,					
	2023			2022		
	Quant & Solutions	Other	Total	Quant & Solutions	Other	Total
Fixed compensation & benefits	\$ 86.6	\$ 6.5	\$ 93.1	\$ 79.0	\$ 7.1	\$ 86.1
General and administrative expense	80.3	7.7	88.0	68.4	9.1	77.5
Depreciation and amortization	17.3	—	17.3	18.1	0.4	18.5
<b>Total ENI Operating Expenses</b>	<b>\$ 184.2</b>	<b>\$ 14.2</b>	<b>\$ 198.4</b>	<b>\$ 165.5</b>	<b>\$ 16.6</b>	<b>\$ 182.1</b>
Variable compensation	102.2	2.7	104.9	96.0	4.3	100.3
Affiliate key employee distributions	5.1	—	5.1	5.1	—	5.1
<b>Total Expenses</b>	<b>\$ 291.5</b>	<b>\$ 16.9</b>	<b>\$ 308.4</b>	<b>\$ 266.6</b>	<b>\$ 20.9</b>	<b>\$ 287.5</b>

(\$ in millions)	Year ended December 31,		
	2021		
	Quant & Solutions	Other	Total
Fixed compensation & benefits	\$ 79.1	\$ 18.1	\$ 97.2
General and administrative expense	60.5	13.0	73.5
Depreciation and amortization	21.2	0.9	22.1
<b>Total ENI Operating Expenses</b>	<b>\$ 160.8</b>	<b>\$ 32.0</b>	<b>\$ 192.8</b>
Variable compensation	100.8	28.8	129.6
Affiliate key employee distributions	12.4	1.0	13.4
<b>Total Expenses</b>	<b>\$ 274.0</b>	<b>\$ 61.8</b>	<b>\$ 335.8</b>

### ***Quant & Solutions Segment ENI Expense***

*Year ended December 31, 2023 compared to year ended December 31, 2022:* Quant & Solutions ENI operating expense increased \$18.7 million, or 11.3%, from \$165.5 million for the year ended December 31, 2022 to \$184.2 million for the year ended December 31, 2023. The increase was driven by 17.4% higher ENI general and administrative expense primarily due to higher systems, consultant and portfolio costs, as well as the impact of inflation and changes in foreign currency. Quant & Solutions ENI variable compensation expense is based on contractual percentage of earnings before variable compensation, and also includes a formulaic split of performance fee revenue that gets deferred and recognized as variable compensation expense over a three-year vesting period. Quant & Solutions ENI variable compensation expense increased 6.5%, driven by the inclusion of deferred compensation expense earned on current and prior year performance fee revenues. Affiliate key employee distributions attributable to Quant & Solutions was unchanged.

*Year ended December 31, 2022 compared to year ended December 31, 2021:* Quant & Solutions ENI operating expense increased \$4.7 million, or 2.9%, from \$160.8 million for the year ended December 31, 2021 to \$165.5 million for the year ended December 31, 2022. The increase was driven by 13.1% higher ENI general and administrative expense primarily due to higher travel and entertainment, consultant, and system costs. Quant & Solutions ENI variable compensation expense is based on contractual percentage of earnings before variable compensation, and also includes a formulaic split of performance fee revenue that gets deferred and recognized as variable compensation expense over a three-year vesting period. Quant & Solutions ENI variable compensation expense decreased (4.8)%, as a result of lower earnings before variable compensation, including performance fees. Affiliate key employee distributions attributable to Quant & Solutions decreased (58.9)%, impacted by lower ENI earnings after variable compensation and the leveraged nature of the distribution share.

## Other ENI Expense

Year ended December 31, 2023 compared to year ended December 31, 2022: Other ENI operating expense decreased \$(2.4) million, or (14.5)%, from \$16.6 million for the year ended December 31, 2022 to \$14.2 million for the year ended December 31, 2023. The decrease was driven by (8.5)% lower ENI fixed compensation and benefits due to lower headcount at the corporate head office and (15.4)% lower ENI general and administrative expense resulting from cost-saving initiatives. Other ENI variable compensation expense decreased (37.2)% due to lower non-cash equity compensation amortization at the corporate head office.

Year ended December 31, 2022 compared to year ended December 31, 2021: Other ENI operating expense decreased \$(15.4) million, or (48.1)%, from \$32.0 million for the year ended December 31, 2021 to \$16.6 million for the year ended December 31, 2022. The decrease was driven by (60.8)% lower ENI fixed compensation and benefits and (30.0)% lower ENI general and administrative expense, both driven by the disposition of Affiliates during 2021. Other ENI variable compensation expense decreased (85.1)% primarily due to the disposition of Campbell Global in 2021.

## Capital Resources and Liquidity

### Cash Flows

The following table summarizes certain key financial data relating to cash flows. All amounts presented exclude consolidated Funds:

(\$ in millions)	Years ended December 31,		
	2023	2022	2021
<b>Cash provided by (used in)<sup>(1)(2)</sup></b>			
Operating activities	\$ 77.7	\$ 119.0	\$ (4.4)
Investing activities	(31.4)	(13.0)	1,036.0
Financing activities	(8.1)	(233.7)	(1,152.4)

(1) Excludes consolidated Funds.

(2) Cash flow data shown only includes cash flows from continuing operations.

Our most significant uses of cash include share repurchases, repayment of third-party borrowings, third-party interest payments, tax payments, seed capital investments, dividends and compensation and general and administrative expenses.

### Comparison for the Years Ended December 31, 2023, 2022 and 2021

Net cash provided by operating activities of continuing operations excluding consolidated Funds decreased \$(41.3) million, from net cash provided of \$119.0 million during the year ended December 31, 2022 to net cash provided of \$77.7 million during the year ended December 31, 2023. The decrease was driven by changes in operating asset and liabilities period-over-period, including changes in investment advisory fees receivable and accrued incentive compensation balances, as well as changes in net income period over period.

Net cash provided by operating activities of continuing operations excluding consolidated Funds increased \$123.4 million, from net cash used of \$(4.4) million during the year ended December 31, 2021 to net cash provided of \$119.0 million during the year ended December 31, 2022. The increase was primarily driven by taxes paid on the gain on sales of Affiliates and discontinued operations of \$163.0 million in 2021, as well as changes in operating assets and liabilities offset by changes in net income period over period.

Net cash provided by (used in) investing activities of continuing operations, excluding consolidated Funds, was \$(31.4) million, \$(13.0) million and \$1,036.0 million for the years ended December 31, 2023, 2022 and 2021, respectively. Fluctuations are principally due to the timing of sale proceeds received from the sales of Landmark, TSW, Campbell Global and ICM totaling \$1,010.9 million in 2021. Fluctuations are also impacted by the timing of investments or redemptions of seed capital. Net cash (used in) received from the (purchase) and sale of investments was \$(17.6) million, \$3.1 million and \$40.2 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Net cash used in financing activities, excluding consolidated Funds, consists of share repurchases, third-party borrowings, payments made to OM plc, withholding tax payments on stock option exercises and dividend payments. Net cash used in financing activities was \$(8.1) million, \$(233.7) million and \$(1,152.4) million for the years ended December 31, 2023, 2022 and 2021, respectively. Share repurchases, revolving credit facility borrowing activity and third party borrowing activity were the drivers of the changes in financing activities year over year. We paid \$(3.3) million for share repurchases in 2023 compared to \$(103.2) million in 2022 and \$(1,121.7) million in 2021. In 2022, we paid down net \$(125.0) million against third party and revolving credit facility borrowings compared to \$0.0 million in 2023 and \$0.0 million in 2021.

### Working Capital and Long-Term Debt

The following table summarizes certain key financial data relating to our capital resources and liquid net assets. All amounts presented exclude the non-controlling interest portion of consolidated Funds:

(\$ in millions)	Years ended December 31,		
	2023	2022	2021
<b>Balance Sheet Data<sup>(1)</sup></b>			
<i>Current assets</i>			
Cash and cash equivalents	\$ 146.8	\$ 108.4	252.1
Investment advisory fees receivable	143.4	122.5	167.1
Investments	37.9	18.8	4.6
Other current assets <sup>(2)</sup>	2.7	2.0	4.9
Total current assets	<u>\$ 330.8</u>	<u>\$ 251.7</u>	<u>\$ 428.7</u>
<i>Current liabilities</i>			
Accounts payable and accrued expenses	\$ 39.1	\$ 31.0	35.2
Accrued short-term incentive compensation	99.3	92.5	117.4
Notes payable and other debt <sup>(3)</sup>	—	—	121.8
Other short-term liabilities <sup>(4)</sup>	10.8	10.4	4.7
Total current liabilities	<u>\$ 149.2</u>	<u>\$ 133.9</u>	<u>\$ 279.1</u>
<b>Working Capital</b>	<b><u>\$ 181.6</u></b>	<b><u>\$ 117.8</u></b>	<b><u>\$ 149.6</u></b>
Long-term notes payable and other debt	\$ 273.9	273.5	\$ 273.1

(1) Excludes the non-controlling interest portion of consolidated Funds.

(2) Includes income taxes receivable.

(3) Includes the short-term portion of our third-party borrowings. On December 17, 2021, we issued a notice for the full redemption of the \$125 million aggregate principal amount outstanding of our 5.125% Senior Notes due August 1, 2031 (the “2031 Notes”). On January 18, 2022 we completed the full redemption of the 2031 Notes.



- (4) Includes the short-term portion of our lease liability and accrued income taxes payable. Excluded from other short-term liabilities for each of the years presented is an income tax reserve relating to net operating losses that does not represent a current obligation of the Company. Puts related to Affiliate equity and profits interests are also excluded on a short-term basis because they are funded through recycling.

Working capital is defined as current assets less current liabilities, excluding the non-controlling interest portion of consolidated Funds. Our net working capital has been positive over the past several years and was \$181.6 million at December 31, 2023. Our most significant current liabilities have been accounts payable, accrued compensation expense and the short-term portion of our third-party debt. Accrued compensation expense has primarily consisted of variable compensation accruals made throughout the year based on contractual arrangements. Our cash management practices generally require that working capital be maintained at an appropriate level to meet short-term operational needs at both Acadian and BSUS. Periodic distributions of Acadian earnings to BSUS and Acadian key employee equity holders are made according to our distribution policies, with BSUS having the ability to access any surplus cash at Acadian as necessary during interim periods.

### **Borrowings and Long-Term Debt**

The following table summarizes our financing arrangements as of the dates indicated:

(\$ in millions)	December 31, 2023	December 31, 2022	Interest rate	Maturity
Revolving credit facility:				
\$125 million revolving credit facility	\$ —	\$ —	Variable rate	March 7, 2025
<b>Total revolving credit facility</b>	<b>\$ —</b>	<b>\$ —</b>		
Third party borrowings:				
4.80% Senior Notes Due 2026	\$ 273.9	\$ 273.5	4.80%	July 27, 2026
5.125% Senior Notes Due 2031 <sup>(1)</sup>	—	—	5.125%	August 1, 2031
<b>Total third party borrowings</b>	<b>\$ 273.9</b>	<b>\$ 273.5</b>		

- (1) On January 18, 2022, we completed the full redemption of the \$125.0 million aggregate principal amount outstanding of our 5.125% Senior Notes due August 1, 2031. As a result of this transaction, we recorded \$3.2 million of loss on extinguishment of debt within the Consolidated Statements of Operations for the year ended December 31, 2022.

### **Revolving Credit Facility**

On March 7, 2022, Acadian, Royal Bank of Canada, BMO Harris Bank, N.A., Goldman Sachs Bank USA, Morgan Stanley Bank, N.A., Bank of America N.A., the Bank of New York Mellon and Citibank, N.A., as an issuing bank and administrative agent (collectively, the “Lenders”), entered into a new revolving credit facility agreement (the “Acadian Credit Agreement”), which replaced our revolving credit facility dated as of August 20, 2019 (as amended by an amendment dated September 3, 2020 and an assignment and assumption and amendment agreement dated February 23, 2021, the “Original Credit Agreement”). The maturity date of the Original Credit Agreement was August 22, 2022, and the maturity date of the Acadian Credit Agreement is March 7, 2025.

Borrowings under the Acadian Credit Agreement bear interest, at Acadian’s option, at the per annum rate equal to either (a) the greatest of (i) the prime rate, (ii) the federal funds effective rate plus 0.5% and (iii) the secured overnight financing rate for a one month period plus a credit spread adjustment of 0.10% (“Adjusted Term SOFR”) plus 1%, plus, in each case an additional amount ranging from 0.5% to 1.0%, with such additional amount based on Acadian’s Leverage Ratio (as defined below) or (b) Adjusted Term SOFR plus an additional amount ranging from 1.5% to 2.0%, with such additional amount based on Acadian’s Leverage Ratio. In addition, Acadian is charged a commitment fee based on the average daily unused portion of the revolving credit facility under the Acadian Credit Agreement at a per annum rate ranging from 0.25% to 0.375%, with such amount based on Acadian’s Leverage Ratio.

Under the Acadian Credit Agreement, the ratio of Acadian’s third-party borrowings to Acadian’s trailing twelve months Adjusted EBITDA, as defined by the Acadian Credit Agreement (the “Leverage Ratio”), cannot exceed 2.5x and the ratio of Acadian’s trailing twelve months Adjusted EBITDA to Acadian’s interest expense (the “Interest Coverage Ratio”) must be not less than 4.0x. At December 31, 2023, Acadian’s Leverage Ratio was 0x and Acadian’s Interest Coverage Ratio was 53.9x.

### **Senior Notes**

In July 2016, we issued \$275.0 million of 4.80% Senior Notes due 2026 (the “2026 Notes”). The \$275.0 million 2026 Notes were sold at a discount of \$(0.5) million and we incurred debt issuance costs of \$(3.0) million, which are being amortized to interest expense over the ten-year term. The 2026 Notes can be redeemed at any time prior to the scheduled maturity in part or in aggregate, at the greater of 100% of the principal amount at that time or the sum of the remaining scheduled payments discounted at the treasury rate (as defined) plus 0.5%, together with any related accrued and unpaid interest.

As of December 31, 2023, we were in compliance with the required covenants related to borrowings and debt facilities.

### **Other Compensation Liabilities**

Other compensation liabilities principally consist of cash-settled Affiliate equity and profit interests liabilities held by certain Affiliate key employees, and voluntary deferred compensation plans. The following table summarizes our other compensation liabilities:

(\$ in millions)	Years ended December 31,	
	2023	2022
Share-based payments liability	\$ 23.0	\$ 19.4
Affiliate profit interests liability	—	—
Employee equity	23.0	19.4
Voluntary deferral plan liability	44.5	39.9
<b>Total</b>	<b>\$ 67.5</b>	<b>\$ 59.3</b>

Share-based payments liability represents the value of Affiliate key employee-owned equity that may under certain circumstances be repurchased by us that is considered an equity award under U.S. GAAP based on the terms and conditions attached to these interests. Affiliate profit interests liability represent the value of Affiliate key employee-owned equity that may under certain circumstances be repurchased by us that is not considered an equity award under U.S. GAAP, but rather a form of compensation arrangement, based on the terms and conditions attached to these interests. Our obligation in any given period in respect of funding these potential repurchases of Affiliate equity is limited to only that portion that may be put to us by Affiliate key employees, which is typically capped annually under the terms of these arrangements such that we are not required to repurchase more than we can reasonably recycle by re-granting the interests in lieu of cash variable compensation owed to Affiliate key employees.

Certain of our and Acadian's key employees are eligible to participate in our voluntary deferral plan, or VDP, which provides our senior personnel the opportunity to voluntarily defer a portion of their compensation. There is a voluntary deferral plan investment balance included in investments on the Consolidated Balance Sheets that corresponds to this deferral liability.

Additionally, we have recorded accrued incentive compensation of \$101.3 million and \$92.5 million on the Consolidated Balance Sheets as of December 31, 2023 and 2022, respectively. Included within the accrued incentive compensation balance is the vested portion of Acadian's deferred compensation pool. Acadian's deferred compensation pool is based on a contractual percentage of Acadian performance fee revenues and post-bonus profits, and is subject to a three-year vesting period. Compensation expense is recognized over the requisite service period. Unamortized compensation expense related to the unvested portion of the deferred compensation pool of \$19.2 million and \$10.2 million is expected to be recognized in the years ending December 31, 2024 and 2025, respectively.

For additional discussion of our compensation programs, please refer to the compensation discussions contained within our definitive proxy statement for our 2024 annual meeting of shareholders incorporated herein by reference.

### **Supplemental Liquidity Measure—Adjusted EBITDA**

As supplemental information, we provide information regarding Adjusted EBITDA, which we define as economic net income before interest, income taxes, depreciation and amortization. Adjusted EBITDA is a non-GAAP liquidity measure that we provide in addition to, but not as a substitute for, cash flows from operating activities. It should be noted that our calculation of Adjusted EBITDA may not be consistent with Adjusted EBITDA as calculated by other companies. We believe Adjusted EBITDA is a useful liquidity metric because it indicates our ability to make further investments in our business, service debt and meet working capital requirements.

The following table reconciles our U.S. GAAP net income attributable to controlling interests to EBITDA to Adjusted EBITDA to economic net income for the years ended December 31, 2023, 2022 and 2021:

(\$ in millions)	Years Ended December 31,		
	2023	2022	2021
<b>Net income attributable to controlling interests</b>	<b>\$ 65.8</b>	<b>\$ 100.6</b>	<b>828.4</b>
Net interest expense to third parties	13.5	19.7	24.6
Income tax expense (including tax expenses related to discontinued operations)	29.4	44.2	306.7
Depreciation and amortization (including intangible assets and discontinued operations)	17.3	18.6	25.4
<b>EBITDA</b>	<b>\$ 126.0</b>	<b>\$ 183.1</b>	<b>1,185.1</b>
Non-cash compensation costs, including revaluation of Affiliate key employee-owned equity and profit interests	1.2	(37.7)	34.8
EBITDA of discontinued operations attributable to controlling interests	—	—	(960.2)
(Gain) loss on seed and co-investments	(2.9)	0.2	(5.7)
Restructuring <sup>(1)</sup>	9.5	1.3	(43.5)
Capital transaction costs	—	3.2	1.2
<b>Adjusted EBITDA</b>	<b>133.8</b>	<b>150.1</b>	<b>211.7</b>
ENI net interest expense to third parties	(11.8)	(17.3)	(22.3)
Depreciation and amortization <sup>(2)</sup>	(18.6)	(20.8)	(24.0)
Tax on economic net income	(27.7)	(30.4)	(47.1)
<b>Economic net income</b>	<b>\$ 75.7</b>	<b>\$ 81.6</b>	<b>118.3</b>

(1) Included in restructuring for the year ended December 31, 2023 are \$7.3 million of severance costs at Acadian, \$0.9 million of legal-related restructuring costs at the Center and \$1.3 million costs associated with the transfer of an insurance policy from our former Parent. Included in restructuring for the year ended December 31, 2022 are \$0.1 million of restructuring costs and \$1.2 million costs associated with the transfer of an insurance policy from our former Parent. Included in restructuring for the year ended December 31, 2021 are \$3.8 million of restructuring costs at the Center and Affiliates and \$1.2 million of costs associated with the transfer of an insurance policy from our former Parent and the gain on sale of Affiliates of \$48.6 million.

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

For a full discussion regarding the items excluded from Adjusted EBITDA above and the calculation of economic net income, refer to “—Non-GAAP Supplemental Performance Measure—Economic Net Income and Segment Analysis.”

### ***Limitations of Adjusted EBITDA***

As a non-GAAP, unaudited liquidity measure and derivation of EBITDA, Adjusted EBITDA has certain material limitations. It does not include cash costs associated with capital transactions and excludes certain U.S. GAAP expenses that fall outside the definition of EBITDA. Each of these categories of expense represents costs to us of doing business, and therefore any measure that excludes any or all of these categories of expense has material limitations.

## Future Capital Needs

We believe that our available cash and cash equivalents to be generated from operations, supplemented by short-term and long-term financing, as necessary, will be sufficient to fund current operations and capital requirements for at least the next twelve months, as well as our day-to-day operations and future investment requirements. Our ability to secure short-term and long-term financing in the future will depend on several factors, including our future profitability, our relative levels of debt and equity and the overall condition of the credit markets.

## Commitments, Contingencies and Off-Balance Sheet Obligations

### Indemnifications

In the normal course of business, such as through agreements to enter into business combinations with and divestitures of Affiliates, we occasionally enter into contracts that contain a variety of representations and warranties and which provide general indemnifications. Our maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against us that have not yet occurred.

### Off-Balance Sheet Obligations

Off-balance sheet arrangements, as defined by the SEC, include certain contractual arrangements pursuant to which a company has an obligation, such as certain contingent obligations, certain guarantee contracts, retained or contingent interests in assets transferred to an unconsolidated entity, certain derivative instruments classified as equity or material variable interests in unconsolidated entities that provide financing, liquidity, market risk or credit risk support. Disclosure is required for any off-balance sheet arrangements that have, or are reasonably likely to have, a material current or future effect on our financial condition, results of operations, liquidity or capital resources. We generally do not enter into off-balance sheet arrangements, other than those described in “Contractual Obligations” as well as Note 6 and Note 15 to our Consolidated Financial Statements included in Item 8 herein, “Variable Interest Entities” and “Commitments and Contingencies”, respectively.

### Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2023:

(\$ in millions)	Payments due by period				
	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
<b>Contractual Obligations</b>					
Third party borrowings	\$ 275.0	\$ —	\$ 275.0	\$ —	\$ —
Lease obligations	85.1	9.4	17.7	16.9	41.1
Other liabilities <sup>(1)</sup>	\$ 0.8	0.8	—	—	—
Maximum Affiliate equity and profits interests repurchase obligations <sup>(2)</sup>	23.0	3.7	6.1	4.6	8.6
<b>Total contractual obligations</b>	<b>\$ 383.9</b>	<b>\$ 13.9</b>	<b>\$ 298.8</b>	<b>\$ 21.5</b>	<b>\$ 49.7</b>

(1) Represents amounts due to OM plc under the co-investment deed and related taxes.

- (2) Represents amortized amounts held by Acadian key employees. Our actual funding of these potential repurchases of Acadian equity and profits interests is limited to only that portion that may be put to us by Acadian key employees or that we decide to call to facilitate succession planning at Acadian, which is typically capped annually such that we do not repurchase more than we can reasonably recycle by re-granting the interests in lieu of cash variable compensation owed to Acadian key employees. Any equity or profits interests repurchased by us are used to fund a portion of variable compensation awards resulting in savings in cash variable compensation that offset the negative cash effect of repurchasing the equity.

## **Critical Accounting Policies and Estimates**

Our significant accounting policies are disclosed in Item 8, Financial Statements and Supplementary Data - Note 2, "Significant Accounting Policies." The accounting policies and estimates that we believe are the most critical to an understanding of our results of operations and financial condition are those that require complex management judgment regarding matters that are highly uncertain at the time policies were applied and estimates were made. These accounting policies and estimates are discussed below; however, the additional accounting policy detail in the footnote previously referenced is important to the discussion of each of the topics. Different estimates reasonably could have been used in the current period that would have had a material effect on these Consolidated Financial Statements, and changes in these estimates are likely to occur from period-to-period in the future.

### **Share-based compensation plans**

We recognize the cost of all share-based payments to directors, senior management and employees, including grants of restricted stock and stock options, as compensation expense in the Consolidated Statements of Operations over the respective vesting periods.

Awards made under our equity plans are accounted for as equity-settled, and the grant date fair value is recognized as compensation expense over the requisite service period, with a corresponding contribution to additional paid-in capital. Valuation of restricted stock awards ("RSAs") and restricted stock units ("RSUs") is determined based on our closing share price as quoted on the New York Stock Exchange on the measurement date. For performance-based awards and stock options, a Monte-Carlo simulation model is used to determine the fair value. Key inputs for the model include: assumed reinvestment of dividends, risk-free interest rate and expected volatility. All excess tax benefits and deficiencies on share-based payment awards are recognized as income tax expense or benefit in the Consolidated Statements of Operations. In addition, the tax effects of exercised or vested awards are treated as discrete items in the reporting period in which they occur and excess tax benefits or deficiencies are classified with other income tax cash flows as an operating activity in the Consolidated Statements of Cash Flows. We recognize forfeitures as they occur.

We have compensation arrangements with certain of our Affiliates whereby in exchange for continued service, Affiliate equity is either purchased by or granted to Affiliate key employees and may be repurchased either by Affiliate key employees or by us at a future date, subject to service requirements having been met. Awards of equity made to Affiliate key employees are accounted for as cash-settled, with the fair value recognized as compensation expense over the requisite service period, with a corresponding liability carried within other compensation liabilities on the Consolidated Balance Sheets until the award is settled by us. The fair values of the liabilities are determined with the assistance of third party valuation specialists using discounted cash flow analyses which incorporate assumptions for the forecasted earnings information, growth rates, market risk adjustments, discount rates, when award holders maximize value and post-vesting restrictions. While we believe all assumptions used in determining the fair value of the liabilities are reasonable and appropriate, certain assumptions are subjective and changes in these assumptions could result in different fair value amounts.

## **Taxation**

We file tax returns directly with the U.S., U.K., state tax authorities and in other foreign jurisdictions. These tax returns represent our filing positions within each jurisdiction and settle our tax liabilities. Each jurisdiction has the right to audit those tax returns and may take different positions with respect to income and expense allocations and taxable earnings determinations. Because the determinations of our annual provisions are subject to judgments and estimates, it is possible that actual results will vary from those recognized in our Consolidated Financial Statements. As a result, it is likely that additions to, or reductions of, income tax expense will occur each year for prior reporting periods as actual tax returns and tax audits are settled.

Deferred tax assets, net of any associated valuation allowance, have been recognized based on management's belief that taxable income of the appropriate character, more likely than not, will be sufficient to realize the benefits of these assets over time. In the event that actual results differ from our expectations, or if our historical trends of positive operating income changes, we may be required to record a valuation allowance on some or all of these deferred tax assets, which may have a significant effect on our financial condition and results of operations. In assessing whether a valuation allowance should be established against a deferred tax asset, we consider the nature, frequency and severity of recent losses, forecasts of future profitability, the duration of statutory carryback and carry forward periods, among other factors.

We utilize a specific recognition threshold and measurement attribute for the Consolidated Financial Statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The prescribed two-step process for evaluating a tax position involves first determining whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities. If it is, the second step then requires a company to measure this tax position benefit as the largest cumulative amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Unrecognized tax benefits and related interest and penalties are adjusted periodically to reflect changing facts and circumstances.

## **Recent Accounting Developments**

See discussion of Recent Accounting Developments in Note 2 of the accompanying Consolidated Financial Statements.

## **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

### **Market Risk**

Our exposure to market risk is directly related to our role as an asset manager. Substantially all of our investment management revenues are derived from our agreements with our clients. Under these agreements, the revenues we receive are based on the value of our assets under management or the investment performance on client accounts for which we earn performance fees. Accordingly, our revenues and net income may decline as a result of our assets under management decreasing due to depreciation of our investment portfolios. In addition, such depreciation could cause our clients to withdraw their funds in favor of investments offering higher returns or lower risk, which would cause our revenues and net income to decline further.

Our model for assessing the impact of market risk on our results uses December 31, 2023 ending AUM and management fee rates as the basis for management fee revenue calculations. With respect to performance fee revenue, we assume that relative investment performance remains the same as it was on December 31, 2023. Therefore, market-driven changes in performance fees, which are typically based on relative performance versus market indices, reflect changes in the underlying AUM used in the calculation rather than differences in relative performance as a result of a changed market environment. The impact that market changes have on performance fee eligible accounts varies due to high-water marks and other measurement hurdles which are not factored in this analysis. Changes in performance fee revenues could be significant in each period. The basis for the analysis is performance fees earned for the twelve months ended December 31, 2023.

Our profit sharing economic structure, described more fully in “Management’s Discussion and Analysis of Financial Condition and Results of Operation—The Economics of Our Business,” results in a sharing of market risk between us and our employees. Approximately 35% of our ENI cost structure is variable, representing variable compensation and Acadian key employee distributions. These variable expenses generally are linked in a formulaic manner to the profitability of the business after covering operating expenses, which include base compensation and benefits, general and administrative expenses, and depreciation and amortization. In modeling the impact of market risk, we assume that these operating expenses remain unchanged, but the resulting impact on profit driven by increases or decreases in revenue will change variable compensation and Acadian key employee distributions in line with their formulaic calculations. Any change in pre-tax profit is tax-affected to calculate profit after tax.

The value of our assets under management was \$103.7 billion as of December 31, 2023. A 10% increase or decrease in the value of our assets under management, if proportionally distributed over all of our investment strategies, asset classes and client relationships, would cause an annualized increase or decrease in our gross management fee revenues of approximately \$39 million based on our current weighted average fee rate of approximately 38 basis points. Approximately \$14 billion, or 14%, of our AUM, are in accounts subject to performance fees. Of these assets, the majority are in accounts for which performance fees are calculated based on investment return that differs from the relative benchmark returns. Assuming the market change does not impact our relative performance, a 10% increase or decrease in AUM would have a \$5 million impact to our gross performance fees based on our trailing twelve month performance fees of \$50 million as of December 31, 2023. The combined impact on our management fees and performance fees would have a direct impact on our earnings and result in an annual change of approximately \$17 million in our post-tax economic net income, given our current cost structure and operating model.

Equity market risk, interest rate risk, and foreign currency risk are the market risks that could have the greatest impact on our management fees, performance fees and our business profitability. Impacts on our management and performance fees can be calculated based on the percentage of AUM constituting equity investments, or foreign currency denominated investments, respectively, multiplied by the relevant weighted average management fee and performance fee attributable to that asset class.

- Our equity markets-based AUM includes U.S. equities (including small cap through large cap securities and substantially value or blended investment styles) and global/non-U.S. equities (including global, non-U.S. and emerging markets securities). A 10% increase or decrease in equity markets would cause our \$101 billion of equity assets under management to increase or decrease by \$10 billion, resulting in a change in annualized management fee revenue of \$38 million and an annual change in post-tax economic net income of approximately \$15 million, given our current cost structure, operating model, and weighted average equity fee rates of 38 basis points at the mix of strategies as of December 31, 2023. Approximately \$13 billion, or 13%, of our equity markets-based AUM are in accounts subject to performance fees. Of these assets, the majority are in accounts for which performance fees are calculated based on investment return in excess of the relative benchmark returns. Assuming the market change does not impact our relative performance, a 10% change in equity markets would have an approximate incremental \$1 million impact from performance fees on our post-tax economic net income, given our current cost structure and operating model.
- Foreign currency AUM includes equity and alternative assets denominated in foreign currencies. A 10% increase or decrease in foreign exchange rates against the U.S. dollar would cause our \$83 billion of foreign currency denominated AUM to increase or decrease by \$8 billion, resulting in a change in annualized management fee revenue of \$33 million and an annual change in post-tax economic net income of \$13 million, based on weighted average fees earned on our foreign currency denominated AUM of 40 basis points at the mix of strategies as of December 31, 2023. Approximately \$12 billion, or 14%, of our foreign currency denominated AUM are in accounts subject to performance fees. Of these assets, the majority are in accounts for which performance fees are calculated based on investment return that differs from the relative benchmark returns. Assuming the market change does not impact our relative performance, a 10% change in foreign currency exchange rates would have an approximate incremental \$1 million impact from performance fees on our post-tax economic net income, given our current cost structure and operating model.



While the analysis above assumes that market changes occur in a uniform manner across the relevant portfolio, because of our declining fee rates for larger relationships and differences in our fee rates across asset classes, a change in the composition of our assets under management, in particular an increase in the proportion of our total assets under management attributable to strategies, clients or relationships with lower effective fee rates, could have a material negative impact on our overall weighted average fee rate.

As is customary in the asset management industry, clients invest in particular strategies to gain exposure to certain asset classes, which exposes their investment to the benefits and risks of such asset classes. We have not adopted a corporate-level risk management policy regarding client assets, nor have we attempted to hedge at the corporate level or within individual strategies the market risks that would affect the value of our overall assets under management and related revenues. Any reduction in the value of our assets under management would result in a reduction in our revenues.

### **Interest Rate Risk**

We are exposed to interest rate risks primarily through borrowings under Acadian's revolving credit facility. Interest on borrowings under the revolving credit facility is based upon variable interest rates. There was no balance drawn on our revolving credit facility as of December 31, 2023. We currently do not hedge against interest rate risk. As of December 31, 2023, a hypothetical 10% change in interest rates would have resulted in an immaterial change to our interest expense during the twelve months ended December 31, 2023.

**Item 8. Financial Statements and Supplementary Data.**

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## Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors  
BrightSphere Investment Group Inc.:

### *Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated balance sheets of BrightSphere Investment Group Inc. and subsidiaries (the Company) as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 28, 2024 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

### *Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

### *Critical Audit Matter*

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

*Assessment of the fair value measurement of the cash-settled affiliate awards liability*

As discussed in Notes 2, 12 and 19 to the consolidated financial statements, the Company has issued cash-settled equity awards to certain key employees of an affiliate which are liability classified. The total liability for these awards was \$23.0 million at December 31, 2023. The liability is remeasured each reporting period to its fair value. The fair value is determined using discounted cash flow analysis which incorporate assumptions for the forecasted earnings information, growth rates, market risk adjustments, discount rates, and when award holders maximize value subject to post-vesting restrictions.

We identified the assessment of the fair value measurement of the cash-settled affiliate awards liability as a critical audit matter. Complex and subjective auditor judgment was required in evaluating the methodology and key assumptions used in determining the fair value of the liability related to the cash-settled affiliate awards. The significant assumptions that required complex and subjective auditor judgment include forecasted earnings, growth rates, market risk adjustments, discount rates, and adjustments to reflect the impact of post-vesting restrictions and when award holders will maximize value. Changes to these assumptions could have had an effect on the Company's determination of the fair value of the cash-settled affiliate awards liability.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's process to determine the fair value of the cash-settled affiliate awards liability, including controls over the significant assumptions noted above. We compared forecasted earnings and growth rates to internal financial forecasts and historical results. We also compared certain inputs used in developing the forecasted earnings and growth rates to third party data. We held discussions with finance personnel of the Company to further evaluate the forecasted earnings used in the discounted cash flow models. We evaluated adjustments to reflect the impact of post-vesting restrictions on awards by comparing the restrictions to underlying plan documents and also assess that puts occur when award holders maximize value. We involved valuation professionals with specialized skills and knowledge, who assisted in:

- evaluating whether the methodology used to calculate the fair value of the awards was appropriate
- performing calculations of market risk adjustments using data that was independently obtained or otherwise corroborated
- evaluating the discount rates used by the Company by comparing them against discount rates that were developed using publicly available market data
- performing calculations of the fair value of the liability using the Company's forecasted earnings and a combination of independent assumptions and Company assumptions and comparing the result to the amount recorded by the Company.

/s/ KPMG LLP

We have served as the Company's auditor since 2014.

Boston, Massachusetts  
February 28, 2024

## Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors  
BrightSphere Investment Group Inc.:

### *Opinion on Internal Control Over Financial Reporting*

We have audited BrightSphere Investment Group Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements), and our report dated February 28, 2024 expressed an unqualified opinion on those consolidated financial statements.

### *Basis for Opinion*

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### *Definition and Limitations of Internal Control Over Financial Reporting*

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Boston, Massachusetts  
February 28, 2024

**BrightSphere Investment Group Inc.**

**Consolidated Balance Sheets**

(in millions, except for share and per share data)

	December 31, 2023	December 31, 2022
<b>Assets</b>		
Cash and cash equivalents	\$ 146.8	\$ 108.4
Investment advisory fees receivable	143.4	122.5
Income taxes receivable	2.7	2.0
Fixed assets, net	44.2	47.7
Right of use assets	57.2	59.9
Investments	64.7	48.4
Goodwill	20.3	20.3
Other assets	27.2	27.7
Deferred tax assets	69.7	64.7
<i>Assets of consolidated Funds:</i>		
Cash and cash equivalents, restricted	0.8	12.8
Investments	33.9	1.9
Other assets	0.5	2.4
<b>Total assets</b>	<b>\$ 611.4</b>	<b>\$ 518.7</b>
<b>Liabilities and shareholders' equity</b>		
Accounts payable and accrued expenses	\$ 39.1	\$ 31.0
Accrued incentive compensation	101.3	92.5
Other compensation liabilities	67.5	59.3
Accrued income taxes	2.6	4.6
Operating lease liabilities	72.4	75.8
Other liabilities	0.8	1.1
Revolving credit facility	—	—
Third party borrowings	273.9	273.5
<i>Liabilities of consolidated Funds:</i>		
Accounts payable and accrued expenses	0.2	0.3
Derivative liabilities at fair value	0.1	2.2
Securities sold short at fair value	4.0	—
<b>Total liabilities</b>	<b>561.9</b>	<b>540.3</b>
<b>Commitments and contingencies</b>		
Redeemable non-controlling interests in consolidated Funds	9.3	—
Equity:		
Common stock (par value \$0.001; 41,372,291 and 41,435,087 shares, respectively, issued)	—	—
Additional paid-in capital	—	1.5
Retained earnings (deficit)	46.9	(12.5)
Accumulated other comprehensive loss	(6.7)	(10.6)
<b>Total equity and redeemable non-controlling interests in consolidated Funds</b>	<b>49.5</b>	<b>(21.6)</b>
<b>Total liabilities and equity</b>	<b>\$ 611.4</b>	<b>\$ 518.7</b>

See Notes to Consolidated Financial Statements

**BrightSphere Investment Group Inc.**  
**Consolidated Statements of Operations**  
(in millions except for per share data)

	For the Years Ended December 31,		
	2023	2022	2021
<b>Revenue:</b>			
Management fees	\$ 373.2	\$ 367.4	\$ 433.3
Performance fees	50.4	49.4	84.8
Other revenue	—	—	5.7
Consolidated Funds' revenue	3.0	0.4	—
<b>Total revenue</b>	<b>426.6</b>	<b>417.2</b>	<b>523.8</b>
<b>Operating expenses:</b>			
Compensation and benefits	217.9	159.2	284.6
General and administrative expense	82.6	71.1	71.2
Amortization of acquired intangibles	—	0.1	0.1
Depreciation and amortization	17.3	18.5	22.1
Consolidated Funds' expense	2.8	0.4	—
<b>Total operating expenses</b>	<b>320.6</b>	<b>249.3</b>	<b>378.0</b>
<b>Operating income</b>	<b>106.0</b>	<b>167.9</b>	<b>145.8</b>
<b>Non-operating income and (expense):</b>			
Investment income (loss)	(0.1)	0.2	8.3
Interest income	6.1	0.8	0.2
Interest expense	(19.6)	(20.5)	(24.8)
Loss on extinguishment of debt	—	(3.2)	—
Gain on sale of subsidiaries	—	—	48.6
Net consolidated Funds' investment gains (losses)	4.1	(0.4)	—
<b>Total non-operating income (loss)</b>	<b>(9.5)</b>	<b>(23.1)</b>	<b>32.3</b>
<b>Income from continuing operations before taxes</b>	<b>96.5</b>	<b>144.8</b>	<b>178.1</b>
Income tax expense	29.4	44.2	50.0
<b>Income from continuing operations</b>	<b>67.1</b>	<b>100.6</b>	<b>128.1</b>
Income from discontinued operations, net of tax	—	—	77.3
Gain on disposal of discontinued operations, net of tax	—	—	691.0
<b>Net income</b>	<b>67.1</b>	<b>100.6</b>	<b>896.4</b>
Net income attributable to non-controlling interests in consolidated Funds	1.3	—	68.0
<b>Net income attributable to controlling interests</b>	<b>\$ 65.8</b>	<b>\$ 100.6</b>	<b>\$ 828.4</b>
Earnings per share (basic) attributable to controlling interests	\$ 1.59	\$ 2.39	\$ 10.73
Earnings per share (diluted) attributable to controlling interests	1.55	2.33	10.29
Continuing operations earnings per share (basic) attributable to controlling interests	1.59	2.39	1.66
Continuing operations earnings per share (diluted) attributable to controlling interests	1.55	2.33	1.59
Weighted average shares outstanding	41.5	42.1	77.2
Weighted average diluted shares outstanding	42.5	43.2	80.5

See Notes to Consolidated Financial Statements

**BrightSphere Investment Group Inc.**  
**Consolidated Statements of Comprehensive Income**  
(in millions)

	For the Years Ended December 31,		
	2023	2022	2021
Net income	\$ 67.1	\$ 100.6	\$ 896.4
Other comprehensive income:			
Amortization related to derivative securities, net of tax	2.5	3.3	2.4
Foreign currency translation adjustment, net of tax	1.4	(3.1)	0.4
<b>Total other comprehensive income</b>	<b>3.9</b>	<b>0.2</b>	<b>2.8</b>
<b>Total comprehensive income</b>	<b>71.0</b>	<b>100.8</b>	<b>899.2</b>
Comprehensive income attributable to non-controlling interests in consolidated Funds	1.3	—	68.0
<b>Total comprehensive income attributable to controlling interests</b>	<b>\$ 69.7</b>	<b>\$ 100.8</b>	<b>\$ 831.2</b>

See Notes to Consolidated Financial Statements



**BrightSphere Investment Group Inc.**  
**Consolidated Statements of Changes in Stockholders' Equity**  
**For the Years Ended December 31, 2023, 2022 and 2021**  
(\$ in millions, except share data)

	Common stock, par value	Common stock, par value	Additional paid-in capital	Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Total stockholders' equity	Non-controlling interests	Non-controlling interests in consolidated Funds	Total equity	Redeemable non-controlling interests in consolidated Funds	Total equity and redeemable non-controlling interests in consolidated Funds
<b>December 31, 2020</b>	79.4	\$ 0.1	\$ 492.4	\$ (176.5)	\$ (13.6)	\$ 302.4	\$ 1.7	\$ 80.3	\$ 384.4	\$ —	\$ 384.4
Issuance of common stock	1.6	—	2.7	—	—	2.7	—	—	2.7	—	2.7
Repurchase of common stock	(35.6)	(0.1)	(465.7)	(655.9)	—	(1,121.7)	—	—	(1,121.7)	—	(1,121.7)
Capital contributions	—	—	—	—	—	—	3.8	29.7	33.5	—	33.5
Equity-based compensation	—	—	1.9	—	—	1.9	—	—	1.9	—	1.9
Foreign currency translation adjustment	—	—	—	—	0.4	0.4	—	—	0.4	—	0.4
Amortization related to derivative securities, net of tax	—	—	—	—	2.4	2.4	—	—	2.4	—	2.4
Withholding tax related to stock option exercise	—	—	(31.3)	—	—	(31.3)	—	—	(31.3)	—	(31.3)
Other changes in non-controlling interests	—	—	—	—	—	—	(5.5)	—	(5.5)	—	(5.5)
Net de-consolidation of Funds	—	—	—	—	—	—	—	(178.0)	(178.0)	—	(178.0)
Dividends (\$0.04 per share)	—	—	—	(2.8)	—	(2.8)	—	—	(2.8)	—	(2.8)
Net income	—	—	—	828.4	—	828.4	—	68.0	896.4	—	896.4
<b>December 31, 2021</b>	45.4	\$ —	\$ —	\$ (6.8)	\$ (10.8)	\$ (17.6)	\$ —	\$ —	\$ (17.6)	\$ —	\$ (17.6)
Issuance of common stock	0.2	—	—	—	—	—	—	—	—	—	—
Repurchase of common stock	(4.2)	—	—	(103.2)	—	(103.2)	—	—	(103.2)	—	(103.2)
Equity-based compensation	—	—	2.4	—	—	2.4	—	—	2.4	—	2.4
Foreign currency translation adjustment	—	—	—	—	(3.1)	(3.1)	—	—	(3.1)	—	(3.1)
Amortization related to derivative securities, net of tax	—	—	—	—	3.3	3.3	—	—	3.3	—	3.3
Withholding tax related to stock option exercise	—	—	(0.9)	(1.4)	—	(2.3)	—	—	(2.3)	—	(2.3)
Dividends (\$0.04 per share)	—	—	—	(1.7)	—	(1.7)	—	—	(1.7)	—	(1.7)
Net income	—	—	—	100.6	—	100.6	—	—	100.6	—	100.6
<b>December 31, 2022</b>	41.4	\$ —	\$ 1.5	\$ (12.5)	\$ (10.6)	\$ (21.6)	\$ —	\$ —	\$ (21.6)	\$ —	\$ (21.6)
Issuance of common stock	0.3	—	—	—	—	—	—	—	—	—	—
Repurchase of common stock	(0.3)	—	(0.3)	(4.8)	—	(5.1)	—	—	(5.1)	—	(5.1)
Capital contributions	—	—	—	—	—	—	—	—	—	9.9	9.9
Equity-based compensation	—	—	1.2	—	—	1.2	—	—	1.2	—	1.2
Foreign currency translation adjustment, net of tax	—	—	—	—	1.4	1.4	—	—	1.4	—	1.4
Amortization related to derivative securities, net of tax	—	—	—	—	2.5	2.5	—	—	2.5	—	2.5
Withholding tax related to stock option exercise and restricted stock vesting	—	—	(2.4)	—	—	(2.4)	—	—	(2.4)	—	(2.4)
De-consolidation of Funds	—	—	—	—	—	—	—	—	—	(1.9)	(1.9)
Dividends (\$0.04 per share)	—	—	—	(1.6)	—	(1.6)	—	—	(1.6)	—	(1.6)
Net income	—	—	—	65.8	—	65.8	—	—	65.8	1.3	67.1
<b>December 31, 2023</b>	41.4	\$ —	\$ —	\$ 46.9	\$ (6.7)	\$ 40.2	\$ —	\$ —	\$ 40.2	\$ 9.3	\$ 49.5

See Notes to Consolidated Financial Statements

**BrightSphere Investment Group Inc.**  
**Consolidated Statements of Cash Flows**  
(in millions)

	For the Years Ended December 31,		
	2023	2022	2021
<b>Cash flows from operating activities:</b>			
Net income	\$ 67.1	\$ 100.6	\$ 896.4
Less: Income from discontinued operations, net of tax	—	—	(77.3)
Less: Net income attributable to non-controlling interests in consolidated Funds from continuing operations	(1.3)	—	—
<i>Adjustments to reconcile net income to net cash flows from operating activities from continuing operations:</i>			
Amortization of acquired intangibles	—	0.1	0.1
Gain on sale of discontinued operations	—	—	(691.0)
Loss on extinguishment of debt	—	3.2	—
Gain on sale of subsidiaries	—	—	(48.6)
Depreciation and amortization	17.3	18.5	22.1
Amortization of debt-related costs	4.1	5.6	4.6
Amortization and revaluation of non-cash compensation awards	7.4	(30.3)	39.1
Net earnings from Affiliate accounted for using the equity method	—	—	(2.6)
Distributions received from equity method Affiliate	—	—	4.4
Distributions from discontinued operations	—	—	52.7
Deferred income taxes	(6.0)	6.4	(1.5)
(Gains) losses on other investments	(5.6)	3.4	(8.8)
<b>Changes in operating assets and liabilities (excluding discontinued operations):</b>			
(Increase) decrease in investment advisory fees receivable	(20.9)	44.6	(87.9)
(Increase) decrease in other receivables, prepayments, deposits and other assets	0.2	(2.1)	2.2
Increase (decrease) in accrued incentive compensation, operating lease liabilities and other liabilities	10.2	(33.4)	44.7
Increase (decrease) in accounts payable, accrued expenses and accrued income taxes	5.2	2.4	(153.0)
<b>Net cash flows from operating activities of continuing operations, excluding consolidated Funds</b>	<b>77.7</b>	<b>119.0</b>	<b>(4.4)</b>
Net income attributable to non-controlling interests in consolidated Funds from continuing operations	1.3	—	—
<i>Adjustments to reconcile net income (loss) attributable to non-controlling interests of consolidated Funds to net cash flows from operating activities from continuing operations of consolidated Funds:</i>			
Purchase of investments	(19.7)	(0.2)	—
Sale of investments	13.6	0.1	—
Losses on other investments	(1.1)	—	—
(Increase) decrease in receivables and other assets	(3.5)	(2.4)	—
Increase (decrease) in accounts payable and other liabilities	—	0.3	—
<b>Net cash flows from operating activities of continuing operations of consolidated Funds</b>	<b>(9.4)</b>	<b>(2.2)</b>	<b>—</b>
<b>Net cash flows from operating activities of continuing operations</b>	<b>68.3</b>	<b>116.8</b>	<b>(4.4)</b>
Net cash flows from operating activities of discontinued operations	—	—	(7.1)
<b>Total net cash flows from operating activities</b>	<b>68.3</b>	<b>116.8</b>	<b>(11.5)</b>

**BrightSphere Investment Group Inc.**  
**Consolidated Statements of Cash Flows (Continued)**

(in millions)

	For the Years Ended December 31,		
	2023	2022	2021
<b>Cash flows from investing activities:</b>			
Additions of fixed assets	(13.8)	(16.1)	(15.1)
Proceeds from sale of discontinued operations	—	—	949.3
Proceeds from sale of subsidiaries	—	—	61.6
Purchase of investment securities	(25.8)	(5.5)	(2.5)
Sale of investment securities	8.2	8.6	42.7
Cash flows from investing activities of consolidated Funds:			
De-consolidation of Funds	(12.5)	—	—
<b>Net cash flows from investing activities of continuing operations</b>	<b>(43.9)</b>	<b>(13.0)</b>	<b>1,036.0</b>
Net cash flows from investing activities of discontinued operations	—	—	3.1
<b>Total net cash flows from investing activities</b>	<b>(43.9)</b>	<b>(13.0)</b>	<b>1,039.1</b>
<b>Cash flows from financing activities:</b>			
Proceeds from revolving credit facility	113.5	214.0	176.0
Repayment of third party borrowings and revolving credit facility	(113.5)	(339.0)	(176.0)
Payment of debt issuance costs	—	(0.9)	(0.4)
Proceeds from stock issuance	—	—	2.7
Payment to OM plc for co-investment redemptions	(0.4)	(1.1)	(1.5)
Repurchases of common stock	(3.3)	(103.2)	(776.7)
Repurchases of common stock from related parties	—	—	(345.0)
Dividends paid to shareholders	(1.4)	(0.8)	(1.9)
Dividends paid to related parties	(0.6)	(0.4)	(1.0)
Withholding tax payments related to stock option exercise and restricted stock vesting	(2.4)	(2.3)	(28.6)
Cash flows from financing activities of consolidated Funds:			
Redeemable non-controlling interest capital raised	9.9	—	—
<b>Net cash flows from financing activities of continuing operations</b>	<b>1.8</b>	<b>(233.7)</b>	<b>(1,152.4)</b>
Net cash flows from financing activities of discontinued operations	—	—	(27.2)
<b>Total net cash flows from financing activities</b>	<b>1.8</b>	<b>(233.7)</b>	<b>(1,179.6)</b>
Effect of foreign exchange rate changes on cash and cash equivalents	0.2	(1.0)	—
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>26.4</b>	<b>(130.9)</b>	<b>(152.0)</b>
Cash and cash equivalents at beginning of period (including restricted cash)	121.2	252.1	372.9
Cash and cash equivalents at beginning of period classified within assets held for sale	—	—	31.2
<b>Cash and cash equivalents at end of period</b>	<b>147.6</b>	<b>121.2</b>	<b>252.1</b>
Less: cash and cash equivalents at end of period classified within assets held for sale	—	—	—
<b>Cash and cash equivalents at end of period (including restricted cash)</b>	<b>\$ 147.6</b>	<b>\$ 121.2</b>	<b>\$ 252.1</b>
<b>Supplemental disclosure of cash flow information:</b>			
Interest paid (excluding consolidated Funds)	\$ 15.5	\$ 16.0	\$ 19.6
Income taxes paid	\$ 37.8	\$ 36.8	\$ 205.0
<b>Supplemental disclosure of non-cash investing and financing transactions:</b>			
Payable for repurchases of common stock	\$ 1.8	\$ —	\$ —
De-consolidation of Funds	\$ (1.9)	\$ —	\$ —

See Notes to Consolidated Financial Statements

**BrightSphere Investment Group Inc.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

**1) Organization and Description of the Business**

BrightSphere Investment Group Inc. (“BrightSphere”, “BSIG” or the “Company”), through its subsidiaries, is a global asset management company. The Company provides investment management services globally to predominantly institutional investors. The Company historically held interests in a diverse group of investment management firms (the “Affiliates”) individually headquartered in the United States. The Company completed the disposition of certain Affiliates and, since 2021, has operated the business through one Affiliate, Acadian Asset Management LLC (“Acadian”). Acadian comprises the Company’s Quant & Solutions reportable segment:

- *Quant & Solutions*—comprised of versatile, often highly-tailored strategies that leverage data and technology in a computational, factor-based investment process across a range of asset classes in developed and emerging markets, including global, non-U.S. and small-cap equities, as well as managed volatility, systematic macro, equity alternatives, and credit strategies.

Acadian is organized as a limited liability company. Fees for services are largely asset-based and, as a result, revenues fluctuate based on the performance of financial markets and investors’ asset flows in and out of Acadian’s products. The Company utilizes a profit-sharing model in structuring its compensation and ownership arrangements with Acadian. Variable compensation is based on the firm’s profitability. BSIG and Acadian key employees share in profits after variable compensation according to their respective ownership interests. The profit-sharing model results in the alignment of BSIG and Acadian key employee economic interests, which is critical to the Company’s talent management strategy and long-term growth of the business.

The corporate head office is included within the *Other* category, along with the Company’s previously disposed Affiliates, Campbell Global, LLC (“Campbell Global”) and Investment Counselors of Maryland (“ICM”) for the year ended December 31, 2021.

Prior to 2014, the Company was a wholly-owned subsidiary of Old Mutual plc (“OM plc”), an international long-term savings, protection and investment group, listed on the London Stock Exchange. On October 15, 2014, the Company completed the initial public offering (the “Offering”) by OM plc pursuant to the Securities Act of 1933, as amended. As of December 31, 2023, Paulson & Co. Inc. (“Paulson”) held approximately 21.6% of the common stock of the Company.

## BrightSphere Investment Group Inc.

### Notes to Consolidated Financial Statements (Continued)

December 31, 2023 and 2022

#### 1) Organization and Description of the Business (cont.)

On November 4, 2021, the Company announced its plan to launch a fixed price tender offer to purchase up to 33,300,000 shares of its common stock (the “Shares”) at a purchase price of \$31.50 per share. Under the terms of the tender offer, stockholders who tender their shares would receive a fixed price of \$31.50 for each share, subject to proration if the tender offer was oversubscribed. On December 7, 2021, the Company accepted for purchase 34,917,532 shares of common stock in the tender offer for a total cost of approximately \$1.1 billion excluding fees and expenses relating to the tender offer. The shares of common stock accepted for purchase includes 1,617,532 shares that the Company elected to purchase pursuant to its right to purchase up to an additional 2% of its outstanding common stock.

On November 3, 2021, the Company entered into a repurchase agreement with Paulson and certain funds managed by Paulson and its affiliates pursuant to which the Company agreed that, on the 11th day after the expiration date of the tender offer, it would repurchase from Paulson and its affiliates, if necessary, a number of shares, such that, upon the closing of the repurchase, Paulson and its affiliates’ percentage ownership interest in the Company’s total outstanding shares shall not exceed 19.99%. In the repurchase agreement, Paulson and its affiliates agreed to tender in the tender offer at least 41.7% of the total shares held by them. In accordance therewith, on December 21, 2021, the Company consummated its repurchase of 690,000 shares of common stock from Paulson and its affiliates at \$31.50 per share, following which Paulson and its affiliates owned 19.99% of the Company’s total outstanding shares of common stock.

In December 2023, the Company’s Board of Directors authorized a \$100 million share repurchase program. For the year ended December 31, 2023, the Company repurchased 268,800 shares of common stock at an average price of \$19.03 per share, or approximately \$5.1 million in total, including commissions. In connection with these repurchases, a reduction to additional paid-in capital in the amount of \$0.3 million was recorded until it was depleted, with the remaining \$4.8 million of share repurchases recorded to retained earnings.

For the year ended December 31, 2022, the Company repurchased 4,147,450 shares of common stock at an average price of \$24.09 per share, or approximately \$100 million in total, including commissions. A reduction to retained deficit was recorded for the full amount of these share repurchases.

For the year ended December 31, 2021, the Company did not repurchase any shares of common stock in the open market other than the tender offer noted above. In connection with the shares repurchased in the tender offer, a reduction to additional paid-in capital in the amount of \$465.7 million was recorded until it was depleted, with the remaining of \$655.9 million of share repurchases recorded to retained deficit.

All shares of common stock repurchased by the Company were retired.

## BrightSphere Investment Group Inc.

### Notes to Consolidated Financial Statements (Continued)

December 31, 2023 and 2022

#### 2) Basis of Presentation and Significant Accounting Policies

The Company's significant accounting policies are as follows:

##### **Basis of presentation**

These Consolidated Financial Statements reflect the historical balance sheets, statements of operations, statements of comprehensive income, statements of changes in stockholders' equity and statements of cash flows of the Company. Within these Consolidated Financial Statements, Paulson and its related entities, as defined above, are referred to as "related parties."

The Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). All dollar amounts, except per-share data in the text and tables herein, are stated in millions unless otherwise indicated. Transactions between the Company and its related parties are included in the Consolidated Financial Statements; however, material intercompany balances and transactions among the Company, its consolidated Affiliates and consolidated Funds are eliminated in consolidation.

##### **Revenue recognition**

###### *Revenue from contracts with customers*

The Company recognizes revenue when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer, and is the unit of account in accordance with the revenue recognition guidance. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The majority of the Company's contracts have a single performance obligation, as the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts and, therefore, not distinct. The Company's management fee revenue is calculated based upon levels of assets under management multiplied by a fee rate. Management fee revenue is typically calculated on a monthly or quarterly basis, but is earned continuously as performance obligations are fulfilled. The transaction price is variable in contracts which calculate AUM on an average basis over a specified period and this variability is resolved at the end of the period, when the actual average AUM for the contract period may be calculated. The Company is able to resolve the variability and calculate the most likely amount to be recognized for any given period by estimating revenue based upon a daily average AUM.

All of the Company's performance obligations are satisfied ratably over time and there is no distinction in the methodology used to recognize management fee revenue in instances where there is more than one performance obligation. Typically, revenue is recognized over time using a time-based output measure to measure progress.

Management fees are recognized monthly as services are rendered. Affiliates that manage tangible property may also earn transaction fees at the time the underlying property is bought and sold. Dividend income received is recorded on the ex-dividend date.

## BrightSphere Investment Group Inc.

### Notes to Consolidated Financial Statements (Continued)

December 31, 2023 and 2022

#### 2) Basis of Presentation and Significant Accounting Policies (cont.)

Performance fees are generally assessed as a percentage of the investment performance realized on a client's account. Performance fees are recognized when they (i) become billable to customers (based on contractual terms of agreements) and (ii) are not subject to contingent repayment.

The Company is required to capitalize certain costs directly related to the acquisition or fulfillment of a contract with a customer. The Company has noted no instances where sales-based compensation or similar costs met the definition of an incremental cost to acquire a contract with a customer in accordance with revenue recognition guidance. There are no instances where the Company has incurred costs to fulfill a contract with a customer, therefore no assets related to contract acquisition or fulfillment have been recognized.

For each one of its contracts with customers, the Company identifies one or more performance obligations within the contract and then, for each performance obligation, determines if it is a principal (where the nature of its promise is to provide a specified good or service itself) or an agent (where the nature of its promise is to arrange for a good or service to be provided by another party). In instances where a customer reimburses the Company for a cost paid on the customer's behalf, if the Company is acting as a principal, the reimbursement is recorded on a gross basis and if the Company is acting as an agent, the reimbursement is recorded on a net basis.

Certain Funds reimburse the Company's Affiliates for certain expenses where the Affiliate is acting as a principal, primarily for compensation expense for field office personnel at several Timber Funds, where revenue is recognized from log and fiber sales upon delivery to the customer. Revenue from expense reimbursement is accrued at cost as the corresponding reimbursable expenses are incurred and is recorded in other revenue in the Company's Consolidated Statements of Operations.

#### *Revenue from other sources*

Revenue from other sources also includes interest income on cash and cash equivalents and revenue from administration and consulting services.

#### **Compensation arrangements**

The Company operates short term variable compensation arrangements where generally, a percentage of each Affiliate's annual pre-variable compensation earnings, as defined in each arrangement, is allocated to a "pool" of each respective Affiliate's key employees, and subsequently distributed to individuals subject to recommendation and approval of a remuneration committee comprised of both the Company's and each respective Affiliate's management. Additionally, a contractual percentage of Affiliate performance fee revenues and post-bonus profits are included in a deferred compensation pool. The deferred compensation pool is allocated to Affiliate key employees and is subject to a three-year vesting period. Variable compensation expense is accrued and recognized in the Consolidated Statements of Operations as services are provided by individual employees.

## BrightSphere Investment Group Inc.

### Notes to Consolidated Financial Statements (Continued)

December 31, 2023 and 2022

#### 2) Basis of Presentation and Significant Accounting Policies (cont.)

The Company operates longer term profit-interest plans whereby certain Affiliate key employees are granted (or have a right to purchase) awards representing a profits interest in their respective Affiliate, as distinct from an equity interest due to the lack of pari passu voting rights. Under these plans, the Company may award a portion of the aforementioned variable compensation arrangement through issuance of a profits interest in the Affiliate. The awards generally have a three- to five-year vesting period from the grant date, and the service period begins at the commencement of the financial period to which the variable compensation relates. Under these plans, Affiliate key employees are eligible to share in the profits of their respective Affiliates based on their respective percentage interest held.

In addition, under certain circumstances, Affiliate key employees are eligible to receive repurchase payments upon exiting the plans based on a multiple of the last twelve months profits of their respective Affiliate, as defined. Profits allocated and movements in the potential repurchase value, determined based on a fixed multiple times trailing twelve month profits, as defined, are recognized as compensation expense. Profit interests compensation liabilities are re-measured at each reporting date at the twelve month earnings multiple, with movements treated as compensation expense in the Company's Consolidated Statements of Operations.

#### Share-based compensation plans

The Company recognizes the cost of all share-based payments to directors, senior management and employees, including grants of restricted stock and stock options, as compensation expense in the Consolidated Statements of Operations over the respective vesting periods.

Awards made under the Company's equity plans are accounted for as equity settled, and the grant date fair value is recognized as compensation expense over the requisite service period, with a corresponding contribution to additional paid-in capital. Valuation of restricted stock awards ("RSAs") and restricted stock units ("RSUs") is determined based on the Company's closing share price as quoted on the New York Stock Exchange on the measurement date. For performance-based awards and stock options, a Monte-Carlo simulation model is used to determine the fair value. Key inputs for the model include: assumed reinvestment of dividends, risk-free interest rate, expected volatility and term. All excess tax benefits and deficiencies on share-based payment awards are recognized as income tax expense or benefit in the Consolidated Statements of Operations. In addition, the tax effects of exercised or vested awards are treated as discrete items in the reporting period in which they occur and excess tax benefits or deficiencies are classified with other income tax cash flows as an operating activity in the Consolidated Statements of Cash Flows. The Company recognizes forfeitures as they occur.

The Company has compensation arrangements with certain of its Affiliates whereby in exchange for continued service, Affiliate equity is either purchased by, or granted to Affiliate key employees and may be repurchased either by Affiliate key employees or by the Company at a future date, subject to service requirements having been met. Awards of equity made to Affiliate key employees are accounted for as cash settled, with the fair value recognized as compensation expense over the requisite service period, with a corresponding liability carried within other compensation liabilities on the Consolidated Balance Sheets until the award is settled. The fair value of the liability is determined with the assistance of third party valuation specialists using a discounted cash flow analysis which incorporate assumptions for the forecasted earnings information, growth rates, market risk adjustments, discount rates, when award holders maximize value and post-vesting restrictions. The liability is revalued at each reporting period, with any movements recorded within compensation expense.



## BrightSphere Investment Group Inc.

### Notes to Consolidated Financial Statements (Continued)

December 31, 2023 and 2022

## 2) Basis of Presentation and Significant Accounting Policies (cont.)

### Consolidation

#### *Affiliates*

The Company evaluates each of its Affiliates and other operating entities to determine the appropriate method of accounting. Generally, majority-owned entities or otherwise controlled investments in which the Company holds a controlling financial interest as the principal shareholder, managing member, or general partner are consolidated.

#### *Funds*

In the normal course of business, the Company's Affiliates sponsor and manage certain investment vehicles (the "Funds"). The Company assesses consolidation requirements with respect to its Funds.

In evaluating whether or not a legal entity must be consolidated, the Company determines if such entity is a variable interest entity ("VIE") or a voting interest entity ("VOE"). A VOE is considered an entity in which (i) the total equity investment at risk is sufficient to enable the entity to finance its activities independently and (ii) the equity holders at risk have the obligation to absorb losses, the right to receive residual returns, and the right to direct the activities of the entity that most significantly impact the entity's economic performance. A VIE is an entity that lacks one or more of the characteristics of a VOE. Assessing whether an entity is a VIE or VOE involves judgment and analysis. Factors considered in this assessment include the entity's legal organization, the entity's capital structure and equity ownership and any related party or de-facto agent implications of the Company's involvement with the entity. Investments that are determined to be VIEs are consolidated if the Company or a consolidated Affiliate is the primary beneficiary of the investment.

In evaluating whether the Company is the primary beneficiary, the Company evaluates its economic interests in the entity held either directly by the Company or indirectly through related parties on a proportional basis. The primary beneficiary of the VIE is defined as the variable interest holder that has a controlling financial interest. A controlling financial interest is defined as (i) the power to direct the activities of the VIE that most significantly impacts its economic performance and (ii) the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. If no single party satisfies both criteria, but the Company and its related parties satisfy the criteria on a combined basis, then the primary beneficiary is the entity out of the related party group that is most closely associated to the VIE. The consolidation analysis can generally be performed qualitatively, however, if it is not readily apparent that the Company is not the primary beneficiary, a quantitative analysis may also be performed. The Company generally is not the primary beneficiary of Fund VIEs created to manage assets for clients unless the Company's ownership interest in the fund, including interests of related parties on a proportional basis, is significant.

The Company consolidates VOEs when it has control over significant operating, financial and investing decisions of the entity or holds the majority voting interest.

Upon the occurrence of certain events (such as contributions and redemptions, either by the Company, its Affiliates, or third parties, or amendments to the governing documents of the Company's investees or sponsored Funds) management reviews and reconsiders its previous conclusion regarding the status of an entity as a VIE or a VOE. Additionally, management continually reconsiders whether the Company is deemed to be a VIE's primary beneficiary who consolidates such entity.

**BrightSphere Investment Group Inc.**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2023 and 2022**

**2) Basis of Presentation and Significant Accounting Policies (cont.)**

**Investments and Investment Transactions**

*Valuation of investments held at fair value*

Valuation of Fund investments is evaluated pursuant to the fair value methodology discussed below. Other investments are categorized as trading and recorded at estimated fair value. Realized and unrealized gains and losses arising from changes in fair value of investments are reported within net consolidated funds' investment gains and losses in the Consolidated Statements of Operations. See Note 5 for a summary of the inputs utilized to determine the fair value of other investments held at fair value.

*Security transactions*

The Company generally records securities transactions on a trade-date basis. Realized gains and losses on securities transactions are generally determined on the average-cost method (net of foreign capital gain taxes) and for certain transactions determined based on the specific identification method.

*Income and expense recognition*

The Company records interest income on an accrual basis and includes amortization of premiums and accretion of discounts. Dividend income is recorded on the ex-dividend date, net of applicable withholding taxes. Expenses are recorded on an accrual basis.

*Short sales*

Certain Funds may sell a security they do not own in anticipation of a decline in the fair value of that security. When a Fund sells a security short, it must borrow the security sold short and deliver it to the broker-dealer through which it made the short sale. The short sales are secured by the long portfolio and available cash. The Fund records a gain, limited to the price at which the Fund sold the security short, or a loss, unlimited in size, upon the termination of a short sale. The amount of the gain or loss will be equal to the proceeds received in entering into the short sale less the cost of buying back the short security to close the short position. While the transaction is open, the Fund will incur an expense for any accrued dividends or interest which is paid to the lender of the securities. These short sales may involve a level of risk in excess of the liability recognized in the accompanying Consolidated Balance Sheets. The extent of such risk cannot be quantified.

*Funds' Derivatives*

Certain Funds may use derivative instruments. The Funds' derivative instruments may include foreign currency exchange contracts, credit default swaps, equity swaps, interest rate swaps, financial futures contracts and warrants. The fair values of derivative instruments are recorded as other assets of consolidated Funds or other liabilities of consolidated Funds on the Company's Consolidated Balance Sheets. The Funds have used foreign exchange forwards to hedge the risk of movement in exchange rates on financial assets on a limited basis.

## BrightSphere Investment Group Inc.

### Notes to Consolidated Financial Statements (Continued)

December 31, 2023 and 2022

#### 2) Basis of Presentation and Significant Accounting Policies (cont.)

The Company's Funds have not designated any financial instruments for hedge accounting, as defined in the accounting literature, during the periods presented. The gains or losses on Fund's derivative instruments not designated for hedge accounting are included as net consolidated Funds gains or losses in the Company's Consolidated Statements of Operations.

#### Foreign currency translation and transactions

Assets and liabilities of non-U.S. entities for which the local currency is the functional currency are translated at current exchange rates as of the end of the accounting period. The related revenues and expenses are translated at average exchange rates in effect during the period. Net exchange gains and losses resulting from translation are excluded from income and are recorded as part of accumulated other comprehensive income (loss). Transactions denominated in a foreign currency are revalued at the current exchange rate at the transaction date and any related gains and losses are recognized in earnings.

#### Equity method investments

The Company uses the equity method of accounting for investments that provide the Company with the ability to exercise significant influence over an entity, but that do not meet the requirements for consolidation. Equity method investments includes the Company's former Affiliate, ICM.

#### Fair value measurements

In accordance with the accounting standards for fair value measurements, fair value is the price that the Company expects to be paid upon the sale of an asset or expects to pay upon the transfer of a liability in an orderly transaction between market participants. There is a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect the Company's own conclusions about the assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. Each investment is assigned a level based upon the observability of the inputs which are significant to the overall valuation. Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories:

- Level I—Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level I include listed equities and listed derivatives. As required by U.S. GAAP, the Company does not adjust the quoted price for these investments.
- Level II—Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies utilizing observable market inputs other than quoted prices. Investments which are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives.

## BrightSphere Investment Group Inc.

### Notes to Consolidated Financial Statements (Continued)

December 31, 2023 and 2022

#### 2) Basis of Presentation and Significant Accounting Policies (cont.)

- Level III—Pricing inputs are unobservable for the asset or liability and include assets and liabilities where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. In cases in which the fair value of an investment is established using the net asset value (or its equivalent) as a practical expedient, the investment is not categorized within the fair value hierarchy.

#### Use of estimates

The preparation of these Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from such estimates, and the differences may be material to the Consolidated Financial Statements.

#### Operating segment

The Company currently operates in one reportable segment that provides investment management services and products primarily to institutional clients. See Note 22 for further information regarding the Company's segment.

#### Derivatives and Hedging

The Company may utilize derivative financial instruments to hedge the risk of movement of interest rates and foreign currency on financial assets and liabilities. These derivative financial instruments may or may not qualify as hedges for accounting purposes. The Company records all derivative financial instruments as either assets or liabilities on its Consolidated Balance Sheets and measures these instruments at fair value. For a derivative financial instrument that qualifies as a hedge for accounting purposes and is designated as a hedging instrument, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income (loss) and subsequently reclassified into earnings over the life of the hedge. The ineffective portion of the gain or loss is recognized in earnings immediately.

#### Cash and cash equivalents

The Company considers all highly liquid investments, including money market mutual funds, with original maturities of three months or less to be cash equivalents. Cash equivalents are stated at cost, which approximates market value due to the short-term maturity of these investments.

Cash held by consolidated Funds is not available to fund general liquidity needs of the Company and is therefore also classified as restricted cash.

**BrightSphere Investment Group Inc.**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2023 and 2022**

**2) Basis of Presentation and Significant Accounting Policies (cont.)**

**Investment advisory fees receivable**

The Company earns management and performance fees which are billed monthly, quarterly and annually, according to the terms of the relevant investment management agreement. Management and performance fees that have been earned but have not yet been collected are presented as investment advisory fees receivable on the Consolidated Balance Sheets. Due to the short-term nature and liquidity of these receivables, the carrying amounts approximate their fair values. The Company typically does not record an allowance for doubtful accounts or bad debt expense, or any amounts recorded have been immaterial.

**Fixed assets**

Fixed assets are recorded at historical cost and depreciated using the straight-line method over their estimated useful lives. The estimated useful lives of office equipment and furniture and fixtures range from three to ten years. Leasehold improvements are amortized over the shorter of their estimated useful lives or the remaining term of the lease. Computer software developed or obtained for internal use capitalized during the application development stage is amortized using the straight-line method over the estimated useful life of the software, which is generally seven years or less. The costs of improvements that extend the life of a fixed asset are capitalized, while the costs of repairs and maintenance are expensed as incurred.

**Goodwill**

The Company records goodwill when the consideration paid in a business acquisition exceeds the fair value of the net total of tangible assets acquired, identifiable intangible assets acquired and liabilities assumed. Goodwill is not amortized, but rather is tested for impairment annually or more frequently if events or circumstances occur that indicate impairment may exist. Factors that could trigger an impairment review include significant underperformance relative to historical or projected future operating results, significant changes in the Company's use of the acquired assets in a business combination or the strategy for the Company's overall business, and significant negative industry or economic trends.

## BrightSphere Investment Group Inc.

### Notes to Consolidated Financial Statements (Continued)

December 31, 2023 and 2022

#### 2) Basis of Presentation and Significant Accounting Policies (cont.)

The Company performs its assessment for impairment of goodwill annually as of the first business day of the fourth quarter, or as necessary. The Company has determined that it had one reporting unit, consisting of Acadian, as of the annual goodwill impairment test date. The Company first considers various qualitative factors to determine if it is more likely than not that the fair value of the reporting unit is greater than its respective carrying amount, including goodwill. If based on the qualitative assessment it is determined that it is more likely than not that the fair value of the reporting unit is below its respective carrying amount, therefore indicating that impairment may exist, the impact would be determined at that point through a quantitative assessment. For purposes of assessing potential impairment, the fair value of the reporting unit is estimated and compared to the carrying value of the reporting unit. The fair value of a reporting unit is based on discounted estimated future cash flows. The assumptions used to estimate fair value include management's estimates of future growth rates, operating cash flows, discount rates and terminal value. These assumptions and estimates can change in future periods based on market movement and factors impacting the expected business performance. Changes in assumptions or estimates could materially affect the determination of the fair value of the reporting unit. If it is determined that the carrying value of the reporting unit exceeds its fair value, an impairment charge is recognized in the amount equal to that excess; not to exceed the total amount of goodwill allocated to that reporting unit. Based on the Company's most recent annual goodwill impairment test, the Company concluded that the fair value of its reporting unit was more likely than not in excess of their carrying value. At the close of each year, management assessed whether there were any conditions present during the fourth quarter that would indicate impairment subsequent to the initial assessment date and concluded that no such conditions were present.

#### Assets Held for Sale

The Company classifies its long-lived assets to be sold as held for sale in the period (i) it has approved and committed to a plan to sell the asset, (ii) the asset is available for immediate sale in its present condition, (iii) an active program to locate a buyer and other actions required to sell the asset have been initiated, (iv) the sale of the asset is probable, (v) the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value, and (vi) it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. The Company initially measures a long-lived asset that is classified as held for sale at the lower of its carrying value or fair value less any costs to sell. Any loss resulting from this measurement is recognized in the period in which the held for sale criteria are met. Conversely, gains are not recognized on the sale of a long-lived asset until the date of sale. Upon designation as an asset held for sale, the Company stops recording depreciation expense on the asset. The Company assesses the fair value of a long-lived asset less any costs to sell at each reporting period and until the asset is no longer classified as held for sale.

Upon determining that a disposal group meets the criteria to be classified as held for sale, the Company reports the assets and liabilities of the disposal group, if material, in the line items assets held for sale and liabilities held for sale on the Consolidated Balance Sheet.

#### Discontinued Operations

The Company reports financial results for discontinued operations separately from continuing operations to distinguish the financial impact of disposal transactions from ongoing operations. Discontinued operations reporting occurs only when the disposal of a component or a group of components of the Company (i) meets the held-for-sale classification criteria, is disposed of by sale, or other than by sale, and (ii) represents a strategic shift that will have a major effect on the Company's operations and financial results. The results of operations and cash flows of a

## BrightSphere Investment Group Inc.

### Notes to Consolidated Financial Statements (Continued)

December 31, 2023 and 2022

#### 2) Basis of Presentation and Significant Accounting Policies (cont.)

discontinued operation are restated for all comparative periods presented. Unless otherwise noted, discussion in the Notes to Consolidated Financial Statements refers to the Company's continuing operations. See Note 3, Discontinued Operations for additional information.

#### Leases

Contracts are evaluated at inception to determine whether such contract is or contains a lease. The Company leases certain office space and equipment under non-cancelable operating leases. As leases expire, they are normally renewed or replaced in the ordinary course of business. Lease agreements may contain renewal options exercisable by the Company, rent escalation clauses and/or other incentives provided by the landlord. Renewal options that have been determined to be reasonably certain to be exercised are included in the lease term. Rights and obligations attributable to identified leases with a term in excess of twelve months are recognized on the Company's Consolidated Balance Sheets in the form of right-of-use (ROU) assets and lease liabilities are recognized as of the date the underlying assets are available for use, which may be the date the Company gains access to begin leasehold improvements. Lease payments related to short-term leases with a term of twelve months or less are recognized on a straight-line basis as short-term lease expense.

Lease liabilities are initially and subsequently measured as the present value of future lease payments over the lease term. For the purposes of this calculation, lease payments consist of fixed monthly lease payments related to use of the underlying assets. As the Company's leases generally do not have a readily determinable implicit rate, the company uses its incremental borrowing rate to determine the present value of fixed lease payments based on information available at the lease commencement date.

ROU assets are initially valued equal to the corresponding lease liabilities, adjusted for any lease incentives payable to the Company. Subsequently, the amortization of ROU assets is recognized as a component of operating lease expense. The total cost of operating leases is recognized on a straight-line basis over the life of the related leases, and is composed of imputed interest on lease liabilities measured using the effective interest method and amortization of the ROU asset. Variable lease payments are primarily related to services such as common-area maintenance and utilities, property taxes and insurance, and are recognized as variable lease expense when incurred.

ROU assets are tested for impairment whenever changes in facts or circumstances indicate that the carrying amount of an asset may not be recoverable. Modification of a lease term would result in re-measurement of the lease liability and a corresponding adjustment to the ROU asset.

#### Earnings per share

The Company calculates basic and diluted earnings per share ("EPS") by dividing net income by its shares outstanding as outlined below. Basic EPS attributable to the Company's shareholders is calculated by dividing "Net income attributable to controlling interests" by the weighted-average number of shares outstanding. Diluted EPS is similar to basic EPS, but adjusts for the effect of potential shares of common stock unless they are antidilutive. For periods with a net loss, potential shares of common stock are considered antidilutive.

## BrightSphere Investment Group Inc.

### Notes to Consolidated Financial Statements (Continued)

December 31, 2023 and 2022

#### 2) Basis of Presentation and Significant Accounting Policies (cont.)

The Company considers two ways to measure dilution to earnings per share: (a) calculate the net number of shares that would be issued assuming any related proceeds are used to buy back outstanding shares (the treasury stock method), or (b) assume the gross number of shares are issued and calculate any related effects on net income available for shareholders (the if-converted or two-class method). As appropriate, the Company's policy is to apply the more dilutive methodology upon issuance of such instruments.

#### Deferred financing costs

The Company records debt issuance costs of term loans as a direct deduction from the carrying amount of the associated debt liability. For debt issuance costs of revolving credit loans, the Company presents debt issuance costs as an asset and subsequently amortizes the deferred costs ratably over the term of the agreement.

#### Income taxes

Deferred income taxes are recognized for the effects of temporary differences between the tax basis of an asset or liability and its reported amount in the Consolidated Financial Statements. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. The Company's deferred tax assets have been attributable to investment in partnerships and employee compensation.

Deferred income tax assets are subject to a valuation allowance if, in management's opinion, it is not more-likely-than-not that these benefits will be realized. In evaluating the Company's ability to recover its deferred tax assets, the Company considers all available positive and negative evidence including its past operating results, the existence of cumulative earnings or losses in the most recent years and its forecast of future taxable income. In estimating future taxable income, the Company develops assumptions including the amount of future pre-tax operating income and the reversal of temporary differences. These assumptions require significant judgment about the forecasts of future taxable income and are consistent with the plans and estimates the Company is using to manage the underlying businesses.

The Company's accounting policy is to treat the global intangible low-taxed income taxes as period costs in the accounting and tax periods in which they are incurred.

A tax benefit should only be recognized if it is more-likely-than-not that the position will be sustained based on its technical merits. The Company recognizes the financial statement benefit of a tax position only after considering the probability that a tax authority would uphold the position in an examination. For tax positions meeting a "more-likely-than-not" threshold, the amount recognized in the financial statements is the largest cumulative amount of benefit greater than 50% likely of being sustained. The more-likely-than-not threshold must continue to be met in each reporting period to support continued recognition of the benefit. Unrecognized tax benefits and related interest and penalties are adjusted periodically to reflect changing facts and circumstances. The Company's accounting policy is to classify interest and related charges as a component of income tax expense.



## BrightSphere Investment Group Inc.

### Notes to Consolidated Financial Statements (Continued)

December 31, 2023 and 2022

#### 2) Basis of Presentation and Significant Accounting Policies (cont.)

##### Non-controlling interests

For certain entities that are consolidated, but not 100% owned, the Company reports non-controlling interests as equity on its Consolidated Balance Sheets. The Company's consolidated net income on the Consolidated Statements of Operations includes the income (loss) attributable to non-controlling interest holders of the Company's consolidated Affiliates and Funds. Ownership interests held by Affiliate key employees are categorized as liabilities on the Consolidated Balance Sheets and are revalued each reporting date, with movements treated as compensation expense in the Consolidated Statements of Operations.

Non-controlling interests in consolidated Funds on the Consolidated Balance Sheets include undistributed income owned by the investors in the respective Funds. The Company's consolidated net income on the Consolidated Statements of Operations includes the income (loss) attributable to non-controlling interest holders of these consolidated entities.

##### Redeemable non-controlling interests

The Company includes redeemable non-controlling interests related to certain consolidated Funds as temporary equity on the Consolidated Balance Sheets. Non-controlling interests in certain consolidated Funds are subject to monthly or quarterly redemption by the investors. When redeemable amounts become legally payable to investors, they are classified as a liability and included in total liabilities of consolidated Funds on the Consolidated Balance Sheets.

##### Other comprehensive income (loss)

Other comprehensive income (loss) is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances, excluding those resulting from investments by and distributions to owners. For the Company's purposes, comprehensive income (loss) represents net income (loss), as presented in the accompanying Consolidated Statements of Operations, adjusted for foreign currency translation adjustments, net of tax and adjustments to the valuation and amortization of certain derivative securities, net of tax.

##### New accounting standards not yet adopted

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-07 - Segment Reporting (Topic 280) - Improvements to Reportable Segment Disclosures. The amendment requires annual and interim disclosures of significant segment expenses that are regularly provided to the chief operating decision maker by reportable segment and clarifies that single reportable segment entities are required to apply all existing segment disclosures in the guidance. The amendment is effective for fiscal year beginning after December 15, 2023 and is retrospectively applicable to all prior periods presented in its consolidated financial statements. We are currently evaluating the impact of adopting this standard, however, we expect the standard to result in additional segment footnote disclosures.

In December 2023, the FASB issued Accounting Standards Update No. 2023-09 - Income Taxes (Topic 740) - Improvements to Income Tax Disclosures, which requires public entities, on an annual basis, to provide disclosure of specific categories in the rate reconciliation, as well as disclosure of income taxes paid disaggregated by

**BrightSphere Investment Group Inc.**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2023 and 2022**

**2) Basis of Presentation and Significant Accounting Policies (cont.)**

jurisdiction. This amendment is effective for fiscal year beginning after December 15, 2024. We are currently evaluating the impact of adopting this standard and have not yet determined our transition approach.

The Company has considered all other newly issued accounting guidance that is applicable to the Company's operations and the preparation of the Consolidated Financial Statements, including those that have not yet been adopted. The Company does not believe that any such guidance has or will have a material effect on its Consolidated Financial Statements and related disclosures.

**3) Discontinued Operations**

***Landmark Partners***

On March 30, 2021, the Company entered into a definitive agreement with Ares, pursuant to which Ares agreed to purchase all of the Company's interests in Landmark Partners ("Landmark") and the Company's co-investments in Landmark funds. On June 2, 2021, the Company completed the sale of all its interests in Landmark to Ares for cash consideration of \$690.0 million, adjusted for customary closing adjustments. The Company recognized a gain on disposal of discontinued operations of \$505.8 million, net of tax of \$179.5 million for the year ended December 31, 2021. The divestiture of Landmark met the discontinued operations criteria as it represented a strategic shift that had a major effect on the Company's operations and financial results. The Company redeemed co-investments of \$31.5 million in Landmark's funds as of June 2, 2021 upon consummation of the sale.

***Thompson Siegel & Walmsley, LLC***

On May 9, 2021, the Company entered into an agreement with Pental to sell all of the Company's interests in Thompson Siegel & Walmsley, LLC ("TSW") and the Company's seed investment in TSW strategies. On July 22, 2021, the Company completed the sale of all its interests in TSW to Pental for cash consideration of \$240.0 million. The Company recognized a gain on disposal of discontinued operations of \$185.2 million, net of tax of \$73.9 million for the year ended December 31, 2021. The divestiture of TSW met the discontinued operations criteria as it represented a strategic shift that had a major effect on the Company's operations and financial results.

**BrightSphere Investment Group Inc.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

**3) Discontinued Operations (cont.)**

The major classes of revenue and expenses constituting net income from discontinued operations attributable to controlling interests for Landmark and TSW in the Consolidated Statements of Operations for the years ended December 31 are as follows (in millions):

	2023	2022	2021
<b>Revenues</b>	\$ —	\$ —	\$ 115.1
<b>Operating expenses:</b>			
Compensation and benefits	—	—	91.2
General and administrative expenses	—	—	8.1
Amortization of intangibles	—	—	2.7
Depreciation and amortization	—	—	0.5
Consolidated Funds' expense	—	—	0.1
<b>Total operating expenses</b>	<b>—</b>	<b>—</b>	<b>102.6</b>
<b>Operating income</b>	<b>—</b>	<b>—</b>	<b>12.5</b>
Investment gains of consolidated Funds	—	—	68.1
<b>Income from discontinued operations before taxes</b>	<b>—</b>	<b>—</b>	<b>80.6</b>
Income tax expense	—	—	3.3
<b>Income from discontinued operations, net of tax</b>	<b>—</b>	<b>—</b>	<b>77.3</b>
Gain on disposal, net of tax of \$0.0, \$0.0, and \$253.4	—	—	691.0
<b>Total discontinued operations</b>	<b>—</b>	<b>—</b>	<b>768.3</b>
Income from discontinued operations attributable to non-controlling interests	—	—	68.0
<b>Net income from discontinued operations attributable to controlling interests</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 700.3</b>

**Consolidated Funds**

In connection with the sale of Landmark on June 2, 2021, the Company transferred its co-investment interests in Landmark funds to Ares for \$31.5 million. The redemption resulted in the de-consolidation of consolidated Funds that were considered to be variable interest entities as of June 2, 2021 upon consummation of the sale. The criteria for discontinued operations accounting treatment were met.

**BrightSphere Investment Group Inc.**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2023 and 2022**

**4) Investments**

Investments are comprised of the following at December 31 (in millions):

	2023	2022
Investments of consolidated Funds	\$ 33.9	\$ 1.9
Other investments	20.0	8.4
Investments related to long-term incentive compensation plans	44.7	40.0
<b>Total investments per Consolidated Balance Sheets</b>	<b>\$ 98.6</b>	<b>\$ 50.3</b>

Investment income is comprised of the following for the years ended December 31 (in millions):

	2023	2022	2021
Realized and unrealized gains (losses) on other investments	\$ (0.1)	\$ 0.2	\$ 5.7
Earnings from equity-accounted investment in Affiliate	—	—	2.6
<b>Total investment income per Consolidated Statements of Operations</b>	<b>\$ (0.1)</b>	<b>\$ 0.2</b>	<b>\$ 8.3</b>

Investment gains (losses) on net consolidated funds is comprised of the following for the years ended December 31 (in millions):

	2023	2022	2021
Realized and unrealized gains (losses) on consolidated Funds	\$ 4.1	\$ (0.4)	\$ —
<b>Total net consolidated Funds' investment gains (losses) per Consolidated Statements of Operations</b>	<b>\$ 4.1</b>	<b>\$ (0.4)</b>	<b>\$ —</b>

**BrightSphere Investment Group Inc.**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2023 and 2022**

**5) Fair Value Measurements**

The following table summarizes the Company's assets and liabilities that are measured at fair value on a recurring basis at December 31, 2023 (in millions):

	Quoted prices in active markets (Level I)	Significant other observable inputs (Level II)	Significant unobservable inputs (Level III)	Uncategorized	Total value, December 31, 2023
<b>Assets of BSIG and consolidated Funds<sup>(1)</sup></b>					
Common and preferred stock	\$ 19.0	\$ —	\$ —	\$ —	\$ 19.0
Corporate bonds	—	14.8	—	—	14.8
Derivatives	\$ —	\$ 0.1	\$ —	\$ —	\$ 0.1
<b>Consolidated Funds total</b>	<b>19.0</b>	<b>14.9</b>	<b>—</b>	<b>—</b>	<b>33.9</b>
Investments in separate accounts <sup>(2)</sup>	2.1	—	—	—	2.1
Investments related to long-term incentive compensation plans <sup>(3)</sup>	44.7	—	—	—	44.7
Investments in unconsolidated Funds <sup>(4)</sup>	—	—	—	17.9	17.9
<b>BSIG total</b>	<b>46.8</b>	<b>—</b>	<b>—</b>	<b>17.9</b>	<b>64.7</b>
<b>Total fair value assets</b>	<b>\$ 65.8</b>	<b>\$ 14.9</b>	<b>\$ —</b>	<b>\$ 17.9</b>	<b>\$ 98.6</b>
<b>Liabilities of consolidated Funds<sup>(1)</sup></b>					
Securities sold short	\$ (4.0)	\$ —	\$ —	\$ —	\$ (4.0)
Derivatives	\$ —	\$ (0.1)	\$ —	\$ —	\$ (0.1)
<b>Consolidated Funds total</b>	<b>(4.0)</b>	<b>(0.1)</b>	<b>—</b>	<b>—</b>	<b>(4.1)</b>
<b>Total fair value liabilities</b>	<b>\$ (4.0)</b>	<b>\$ (0.1)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (4.1)</b>

The following table summarizes the Company's assets and liabilities that are measured at fair value on a recurring basis at December 31, 2022 (in millions):

**BrightSphere Investment Group Inc.**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2023 and 2022**

**5) Fair Value Measurements (cont.)**

	Quoted prices in active markets (Level I)	Significant other observable inputs (Level II)	Significant unobservable inputs (Level III)	Uncategorized	Total value, December 31, 2022
<b>Assets of BSIG and consolidated Funds<sup>(1)</sup></b>					
Derivatives . . . . .	0.3	1.6	—	—	1.9
<b>Consolidated Funds total . . . . .</b>	<b>0.3</b>	<b>1.6</b>	<b>—</b>	<b>—</b>	<b>1.9</b>
Investments in separate accounts <sup>(2)</sup>	\$ 4.2	\$ —	\$ —	\$ —	\$ 4.2
Investments related to long-term incentive compensation plans <sup>(3)</sup>	40.0	—	—	—	40.0
Investments in unconsolidated Funds <sup>(4)</sup>	—	—	—	4.2	4.2
<b>BSIG total</b>	<b>44.2</b>	<b>—</b>	<b>—</b>	<b>4.2</b>	<b>48.4</b>
<b>Total fair value assets</b>	<b>\$ 44.5</b>	<b>\$ 1.6</b>	<b>\$ —</b>	<b>\$ 4.2</b>	<b>\$ 50.3</b>
<b>Liabilities of consolidated Funds<sup>(1)</sup></b>					
Derivatives . . . . .	(0.2)	(2.0)	—	—	(2.2)
<b>Consolidated Funds total . . . . .</b>	<b>(0.2)</b>	<b>(2.0)</b>	<b>—</b>	<b>—</b>	<b>(2.2)</b>
<b>Total fair value liabilities</b>	<b>\$ (0.2)</b>	<b>\$ (2.0)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (2.2)</b>

(1) Assets and liabilities measured at fair value are comprised of financial investments managed by the Company's Affiliates.

Equity securities and derivatives which are traded on a national securities exchange are stated at the last reported sales price on the day of valuation. To the extent these securities are actively traded and valuation adjustments are not applied, they are classified as Level I. The securities that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs obtained by the Company from independent pricing services are classified as Level II.

The Company obtains prices from independent pricing services that may utilize broker quotes, but generally the independent pricing services will use various other pricing techniques which take into account appropriate factors such as yield, quality, coupon rate, maturity, type of issue, trading characteristics and other data. The Company has not made adjustments to the prices provided.

If the pricing services are only able to (a) obtain a single broker quote or (b) utilize a pricing model with unobservable inputs, such securities are classified as Level III. If the pricing services are unable to provide prices, the Company attempts to obtain one or more broker quotes directly from a dealer or values such securities at the last bid price obtained. In either case, such securities are classified as Level III. The Company performs due diligence procedures over third party pricing vendors to understand their methodology and controls to support their use in the valuation process to ensure compliance with required accounting disclosures.

**BrightSphere Investment Group Inc.**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2023 and 2022**

**5) Fair Value Measurements (cont.)**

- (2) Investments in separate accounts of \$2.1 million at December 31, 2023 are composed of approximately 1% cash equivalents and 99% equity securities. Investments in separate accounts of \$4.2 million at December 31, 2022, consist of approximately 100% of equity securities and other investments. The Company values these using the published price of the underlying securities (classified as Level I) or quoted price supported by observable inputs as of the measurement date (classified as Level II).
- (3) Investments related to long-term incentive compensation plans of \$44.7 million and \$40.0 million at December 31, 2023 and December 31, 2022, respectively, are investments in publicly registered daily redeemable funds (some managed by Acadian), which the Company has classified as trading securities and valued using the published price as of the measurement dates. Accordingly, the Company has classified these investments as Level I.
- (4) The uncategorized amounts of \$17.9 million and \$4.2 million at December 31, 2023 and December 31, 2022, respectively, relate to investments in unconsolidated Funds which consist primarily of investments in Funds and are valued using NAV which the Company relies on to determine their fair value as a practical expedient and has therefore not classified these investments in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to amounts presented in the Consolidated Balance Sheets. These unconsolidated Funds consist primarily of real estate investment Funds and other investment vehicles. The NAVs that have been provided by investees have been derived from the fair values of the underlying investments as of the measurement dates. Other investment vehicles are not subject to redemption restrictions.

The real estate investment Funds of \$3.6 million and \$4.1 million at December 31, 2023 and December 31, 2022, respectively, are subject to longer than monthly or quarterly redemption restrictions, and due to their nature, distributions are received only as cash flows are generated from underlying assets over the life of the Funds. The range of time over which the underlying assets are expected to be liquidated by the investees is approximately one year from December 31, 2023. The valuation process for the underlying real estate investments held by the real estate investment Funds begins with each property or loan being valued by the investment teams. The valuations are then reviewed and approved by the valuation committee, which consists of senior members of the portfolio management, finance, and research teams. For certain properties and loans, the valuation process may also include a valuation by independent appraisers. In connection with this process, changes in fair-value measurements from period to period are evaluated for reasonableness, considering items such as market rents, capitalization and discount rates, and general economic and market conditions.

There were no significant transfers of financial assets or liabilities between Levels II or III during the year ended December 31, 2023.

## BrightSphere Investment Group Inc.

### Notes to Consolidated Financial Statements (Continued)

December 31, 2023 and 2022

#### 6) Variable Interest Entities

The Company, through its Affiliate, sponsors the formation of various entities considered to be variable interest entities (“VIEs”). These VIEs are primarily Funds managed by the Company’s Affiliate and other partnership interests typically owned entirely by third-party investors. Certain Funds may be capitalized with seed capital investments from the Company and may be owned partially by Affiliate key employees and/or individuals that have ownership interests in the Affiliate.

The Company’s determination of whether it is the primary beneficiary of a Fund that is a VIE is based in part on an assessment of whether or not the Company and its related parties are exposed to absorb more than an insignificant amount of the risks and rewards of the entity. Typically the Fund’s investors are entitled to substantially all of the economics of these VIEs with the exception of the management fees and performance fees, if any, earned by the Company or any investment the Company has made into the Funds. The Company generally is not the primary beneficiary of Fund VIEs created to manage assets for clients unless the Company’s ownership interest, including interests of related parties, is substantial.

The following table presents the assets and liabilities of Funds that are VIEs and consolidated by the Company (in millions):

	2023	2022
<b>Assets</b>		
Investments	\$ 33.9	\$ 1.9
Other assets of consolidated Funds	1.3	15.2
<b>Total Assets</b>	<b>\$ 35.2</b>	<b>\$ 17.1</b>
<b>Liabilities</b>		
Liabilities of consolidated Funds	\$ 4.3	\$ 2.5
<b>Total Liabilities</b>	<b>\$ 4.3</b>	<b>\$ 2.5</b>

“Investments” consist of investments in equities, corporate bonds and derivative securities. To the extent the Company also has consolidated Funds that are not VIEs, the assets and liabilities of those Funds are not included in the table above.

The assets of consolidated VIEs presented in the table above belong to the investors in those Funds, are available for use only by the Fund to which they belong, and are not available for use by the Company to the extent they are held by non-controlling interests. Any debt or liabilities held by consolidated Funds have no recourse to the Company’s general credit.

The Company’s involvement with Funds that are VIEs and not consolidated by the Company is generally limited to that of an investment manager and its investment in the unconsolidated VIE, if any. The Company’s investment in any unconsolidated VIE generally represents an insignificant interest of the Fund’s net assets and assets under management, such that the majority of the VIE’s results are attributable to third parties. The Company’s exposure to risk in these entities is generally limited to any capital contribution it has made or is required to make and any earned but uncollected management fees. The Company has not issued any investment performance guarantees to these VIEs or their investors.



## BrightSphere Investment Group Inc.

### Notes to Consolidated Financial Statements (Continued)

December 31, 2023 and 2022

#### 6) Variable Interest Entities (cont.)

The following information pertains to unconsolidated VIEs for which the Company holds a variable interest at December 31 (in millions):

	2023	2022
Unconsolidated VIE assets	\$ 669.1	\$ 728.1
Unconsolidated VIE liabilities	\$ 316.5	\$ 303.6
Equity interests on the Consolidated Balance Sheets	\$ 3.6	\$ 4.1
Maximum risk of loss <sup>(1)</sup>	\$ 3.6	\$ 4.1

(1) Includes equity investments the Company has made or is required to make.

#### 7) Fixed Assets

Fixed assets consisted of the following at December 31 (in millions):

	2023	2022
Leasehold improvements	\$ 30.0	\$ 29.0
Office equipment	9.5	8.3
Furniture and fixtures	6.2	6.1
Software and web development	118.0	110.8
<b>Fixed assets, at cost</b>	<b>163.7</b>	<b>154.2</b>
Accumulated depreciation and amortization	(119.5)	(106.5)
<b>Fixed assets, net</b>	<b>\$ 44.2</b>	<b>\$ 47.7</b>

Depreciation and amortization expense for continuing operations was \$17.3 million, \$18.5 million and \$22.1 million for the years ended December 31, 2023, 2022 and 2021, respectively.

The Company disposed of property, plant, and equipment with a cost basis of \$4.4 million and accumulated depreciation of \$(4.4) million during the year ended December 31, 2023. These disposals included leasehold improvements, office equipment, furniture and fixtures and software. There were no gains or losses on disposals recorded.

#### 8) Leases

The Company has operating leases for corporate offices, data centers and certain equipment. The operating leases have remaining lease terms of 1 to 10 years, some of which include options to extend the leases for up to 5 years, and some of which include options to terminate leases within 1 year.

**BrightSphere Investment Group Inc.**  
**Notes to Consolidated Financial Statements (Continued)**  
**December 31, 2023 and 2022**

**8) Leases (cont.)**

The following table summarizes information about the Company's operating leases for the years ended December 31 (in millions):

	2023	2022	2021
Operating lease cost	\$ 8.6	\$ 10.0	\$ 11.2
Variable lease cost	0.1	0.1	0.1
Sublease income	—	(0.5)	(0.5)
Total operating lease expense	<u>\$ 8.7</u>	<u>\$ 9.6</u>	<u>\$ 10.8</u>
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	\$ 9.3	\$ 6.4	11.1
ROU asset obtained in exchange for new operating lease liabilities	3.4	2.2	3.0

In determining the incremental borrowing rate, the Company considered the interest rate yield for the specific interest rate environment and the Company's credit spread at the inception of the lease. For the years ended December 31, 2023 and 2022, the weighted average remaining lease term was 9.5 and 10.5 years, respectively, and the weighted average discount rate was 3.53% and 3.40%, respectively.

Maturities of operating lease liabilities were as follows (in millions):

	<u>Operating Leases</u>
Year Ending December 31,	
2024	\$ 9.4
2025	8.9
2026	8.8
2027	8.4
2028	8.5
Thereafter	41.1
<b>Total lease payments</b>	<b>85.1</b>
Less imputed interest	(12.7)
<b>Total</b>	<b><u>\$ 72.4</u></b>

**BrightSphere Investment Group Inc.**  
**Notes to Consolidated Financial Statements (Continued)**  
**December 31, 2023 and 2022**

**9) Goodwill**

The following table presents the changes in goodwill in 2023 and 2022 (in millions):

	<b>Quant &amp; Solutions</b>	
Goodwill	\$	22.1
Accumulated impairment		(1.8)
<b>December 31, 2021</b>	<b>\$</b>	<b>20.3</b>
Additions		—
Impairments		—
Goodwill		22.1
Accumulated impairment		(1.8)
<b>December 31, 2022</b>	<b>\$</b>	<b>20.3</b>
Additions		—
Impairments		—
Goodwill		22.1
Accumulated impairment		(1.8)
<b>December 31, 2023</b>	<b>\$</b>	<b>20.3</b>

**10) Related Party Transactions**

Amounts due for investment advisory fee receivables from related parties were comprised of the following at December 31 (in millions):

	<b>2023</b>	<b>2022</b>
Investment advisory fee receivable from unconsolidated Funds <sup>(1)</sup>	\$ 21.2	\$ 23.4
<b>Total amounts due for investment advisory fee receivables from related parties</b>	<b>\$ 21.2</b>	<b>\$ 23.4</b>

Related party transactions included in the Company's Consolidated Statements of Operations for the years ended December 31 consisted of (in millions):

<b>Revenues:</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Management fees from unconsolidated Funds <sup>(1)</sup>	\$ 86.5	\$ 93.6	\$ 52.7
Performance fees from unconsolidated Funds <sup>(1)</sup>	1.0	3.6	2.0
<b>Total related party revenues</b>	<b>\$ 87.5</b>	<b>\$ 97.2</b>	<b>\$ 54.7</b>

## BrightSphere Investment Group Inc.

### Notes to Consolidated Financial Statements (Continued)

December 31, 2023 and 2022

#### 10) Related Party Transactions (cont.)

- (1) Transactions with unconsolidated Affiliate-sponsored Funds are considered related party items on the basis of the Company's significant influence over the activities of such entities in its capacity as investment advisor thereto. These transactions are comprised of fees for advisory services and investments in unconsolidated funds.

#### Other related party arrangements

As the Company is a member of a group of related businesses, it is possible that the terms of certain related party transactions are not the same as those that would result from transactions with wholly unrelated parties.

#### 11) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following at December 31 (in millions):

	2023	2022
Accounts payable	\$ 8.6	\$ 4.7
Accrued expenses	24.9	20.6
Accrued interest payable	5.6	5.7
<b>Total accounts payable and accrued expenses</b>	<b>\$ 39.1</b>	<b>\$ 31.0</b>

#### 12) Other Compensation Liabilities

Other compensation liabilities consisted of the following at December 31 (in millions):

	2023	2022
Share-based payments liability (Note 19)	\$ 23.0	\$ 19.4
Profit interests compensation liability	—	—
Voluntary deferral plan liability (Note 18)	44.5	39.9
<b>Total other compensation liabilities</b>	<b>\$ 67.5</b>	<b>\$ 59.3</b>

Profit interests compensation expense amounted to \$0.0 million in 2023, \$(28.0) million in 2022, and \$31.8 million in 2021. Redemptions of profit sharing interests from Affiliate key employees for cash were \$0.0 million in 2023, \$2.7 million in 2022, and \$0.0 million in 2021.

**BrightSphere Investment Group Inc.**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2023 and 2022**

**13) Borrowings and Debt**

The Company's borrowings and long-term debt were comprised of the following as of the dates indicated (in millions):

(in millions)	December 31, 2023			December 31, 2022		
	Carrying value	Fair Value	Fair Value Level	Carrying value	Fair Value	Fair Value Level
<b>Revolving credit facility:</b>						
\$125 million revolving credit facility expiring March 7, 2025 <sup>(1)</sup>	\$ —	\$ —		\$ —	\$ —	
<b>Total revolving credit facility</b>	<b>\$ —</b>	<b>\$ —</b>		<b>\$ —</b>	<b>\$ —</b>	
<b>Third party borrowings:</b>						
\$275 million 4.80% Senior Notes Due July 27, 2026 <sup>(2)</sup>	273.9	263.1	2	273.5	249.7	2
\$125 million 5.125% Senior Notes Due August 1, 2031 <sup>(2)(3)</sup>	—	—		—	—	
<b>Total third party borrowings</b>	<b>\$ 273.9</b>	<b>\$ 263.1</b>		<b>\$ 273.5</b>	<b>\$ 249.7</b>	

- (1) Fair value approximates carrying value because the credit facility has variable interest rates based on selected short term market rates.
- (2) The difference between the principal amounts and the carrying values of the senior notes in the table above reflects the unamortized debt issuance costs and discounts.
- (3) On January 18, 2022, the Company completed the full redemption of the \$125 million aggregate principal amount outstanding of its 5.125% Senior Notes due August 1, 2031. As a result of this transaction, the Company recorded a \$3.2 million loss on extinguishment of debt within the Consolidated Statement of Operations for the year ended December 31, 2022.

**Revolving credit facility**

On March 7, 2022, Acadian, Royal Bank of Canada, BMO Harris Bank, N.A., Goldman Sachs Bank USA, Morgan Stanley Bank, N.A., Bank of America N.A., the Bank of New York Mellon and Citibank, N.A., as an issuing bank and administrative agent (collectively, the "Lenders"), entered into a new revolving credit facility agreement (the "Acadian Credit Agreement"), which replaced the Company's revolving credit facility dated as of August 20, 2019 (as amended by an amendment dated September 3, 2020 and an assignment and assumption and amendment agreement dated February 23, 2021, the "Original Credit Agreement"). The maturity date of this Original Credit Agreement was August 22, 2022, and the maturity date of the Acadian Credit Agreement is March 7, 2025.

## BrightSphere Investment Group Inc.

### Notes to Consolidated Financial Statements (Continued)

December 31, 2023 and 2022

#### 13) Borrowings and Debt (cont.)

Borrowings under the Acadian Credit Agreement bear interest, at Acadian's option, at the per annum rate equal to either (a) the greatest of (i) the prime rate, (ii) the federal funds effective rate plus 0.5% and (iii) the secured overnight financing rate for a one month period plus a credit spread adjustment of 0.10% ("Adjusted Term SOFR") plus 1%, plus, in each case, an additional amount ranging from 0.5% to 1.0%, with such additional amount based on Acadian's Leverage Ratio (as defined below) or (b) Adjusted Term SOFR for plus an additional amount ranging from 1.5% to 2.0%, with such additional amount based on Acadian's Leverage Ratio. In addition, Acadian is charged a commitment fee based on the average daily unused portion of the revolving credit facility under the Acadian Credit Agreement at a per annum rate ranging from 0.25% to 0.375%, with such amount based on Acadian's Leverage Ratio.

The weighted average interest rate for the revolving credit facility was 6.19%, 2.64% and 1.60% in 2023, 2022 and 2021, respectively.

Under the Acadian Credit Agreement, the ratio of Acadian's third-party borrowings to Acadian's trailing twelve months Adjusted EBITDA, as defined by the Acadian Credit Agreement (the "Leverage Ratio"), cannot exceed 2.5x and the Acadian interest coverage ratio must not be less than 4.0x.

#### Senior Notes

In July 2016, the Company issued \$275.0 million of 4.80% Senior Notes due 2026 (the "2026 Notes"). The \$275.0 million 2026 Notes were sold at a discount of \$(0.5) million and the Company incurred debt issuance costs of \$(3.0) million, which are being amortized to interest expense over the ten-year term. The 2026 Notes can be redeemed at any time prior to the scheduled maturity in part or in aggregate, at the greater of the 100% principal amount at that time or the sum of the remaining scheduled payments discounted at the treasury rate plus 0.5%, together with any related accrued and unpaid interest.

The fair value of the senior notes was determined using broker quotes and any recent trading activity for the notes, which are considered Level II inputs.

As of December 31, 2023, the aggregate maturities of debt commitments, based on their contractual terms, are as follows:

	<b>Future minimum debt commitments</b>
2024	\$ —
2025	—
2026	275.0
2027	—
2028	—
Thereafter	—
<b>Total</b>	<b>\$ 275.0</b>

The Company was in compliance with the required covenants related to borrowings and debt facilities as of December 31, 2023.

**BrightSphere Investment Group Inc.**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2023 and 2022**

**14) Income Taxes**

Income from continuing operations before income taxes consisted of the following for the years ended December 31 (in millions):

	2023	2022	2021
Domestic	\$ 90.1	\$ 139.1	\$ 171.3
Foreign	6.4	5.7	6.8
<b>Total</b>	<b>\$ 96.5</b>	<b>\$ 144.8</b>	<b>\$ 178.1</b>

The components of income tax expense from continuing operations for the years ended December 31 are as follows (in millions):

	2023	2022	2021
<b>Current:</b>			
Federal	\$ 22.6	\$ 21.9	\$ 36.4
State	11.2	14.4	16.3
Foreign	1.6	1.5	2.3
Total current expense (benefit)	35.4	37.8	55.0
<b>Deferred:</b>			
Federal	(6.3)	4.7	(3.4)
State	0.5	1.5	(1.3)
Foreign	(0.2)	0.2	(0.3)
Total deferred expense (benefit)	(6.0)	6.4	(5.0)
<b>Total tax expense (benefit)</b>	<b>\$ 29.4</b>	<b>\$ 44.2</b>	<b>\$ 50.0</b>

The Company has recognized income tax expense related to derivative securities within other comprehensive income of \$0.9 million, \$1.3 million and \$0.9 million in the years ended December 31, 2023, 2022 and 2021, respectively.

The provision for income taxes in 2023, 2022 and 2021 included benefits of \$0.0 million, \$0.1 million and \$0.5 million, respectively, related to the utilization of net operating loss carryforwards.

**BrightSphere Investment Group Inc.**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2023 and 2022**

**14) Income Taxes (cont.)**

The reconciliation of the difference between the Company's U.S. Federal statutory income tax rate and the effective income tax rate for continuing operations for the years ended December 31 is as follows:

	2023	2022	2021
Tax at U.S. federal statutory income tax rate	21.0 %	21.0 %	21.0 %
State income taxes, net of federal benefit	7.3 %	8.0 %	6.8 %
Other permanent tax items	(0.2)%	0.1 %	0.2 %
Executive Compensation	0.1 %	0.2 %	1.6 %
Adjustment to liabilities for uncertain tax positions	0.2 %	(0.1)%	(1.7)%
Effect of foreign operations	0.8 %	0.7 %	0.7 %
Effect of changes in tax law	3.5 %	— %	— %
Effect of disposal of Affiliates	— %	— %	(0.1)%
Effect of income from non-controlling interest	(0.3)%	— %	— %
Impact of increased state tax obligations to deferred tax assets	(1.5)%	(0.5)%	(0.4)%
Other	(0.4)%	1.1 %	— %
<b>Effective income tax rate for continuing operations</b>	<b>30.5 %</b>	<b>30.5 %</b>	<b>28.1 %</b>

The Company's effective income tax rate is higher than the US federal tax rate of 21% primarily due to its state tax obligations. During the quarter ended December 31, 2023, Massachusetts enacted a change in the state's apportionment formula for corporations. The Company measures its deferred tax assets and liabilities at the enacted rates for the period in which these items would reverse. As a result, the Company recorded the discrete tax impact due to the effect of the change in tax law.

The Company reduced its liability for uncertain tax positions by \$0.5 million, \$0.9 million and \$3.4 million during the years ended December 31, 2023, 2022 and 2021, respectively, due to the lapse of statute of limitations.

The Company has elected to treat global intangible low-taxed income ("GILTI") taxes as period costs in the accounting and tax periods in which they are incurred. The Company has recognized tax expense of \$0.6 million, \$0.9 million and \$0.9 million during the years ended December 31, 2023, 2022 and 2021, respectively, related to the GILTI tax.

During the year ending December 31, 2023, the Company removed its indefinite reinvestment of foreign unremitted earnings assertion for multiple foreign subsidiaries. For foreign subsidiaries whose investments are permanent in duration, income and foreign withholding taxes have not been provided on the unremitted earnings of those subsidiaries. This amount may become taxable upon repatriation from the subsidiary or a sale or liquidation of the subsidiary. The amount of such unremitted earnings and the amount of any unrecognized deferred income tax liability on these unremitted earnings is immaterial at December 31, 2023.

In connection with the sale of its Affiliates, the Company recorded tax expense of \$0.0 million, \$0.0 million, and \$9.4 million, including tax impacts of non-deductible tax items, during the years ended December 31, 2023, 2022 and 2021, respectively. In addition, during the year ended December 31, 2021, the Company recorded income tax expense of \$256.7 million in discontinued operations.



**BrightSphere Investment Group Inc.**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2023 and 2022**

**14) Income Taxes (cont.)**

Deferred tax assets and liabilities reflect the expected future tax consequences of temporary differences between the book carrying amounts and tax bases of the Company's assets and liabilities.

The significant components of deferred tax assets and deferred tax liabilities for the years ended December 31 are as follows (in millions):

	2023	2022
<b>Deferred tax assets:</b>		
Investment in partnerships	63.6	56.9
Employee compensation	1.6	2.4
Other	2.1	1.9
Cash flow hedge	2.6	3.6
Total deferred tax assets	69.9	64.8
Valuation allowance	—	—
Deferred tax assets, net of valuation allowance	69.9	64.8
<b>Deferred tax liabilities:</b>		
Right of use assets	0.1	0.1
Investments	0.1	—
Total deferred tax liabilities	0.2	0.1
<b>Net deferred tax assets</b>	<b>\$ 69.7</b>	<b>\$ 64.7</b>

At December 31, 2023 and 2022, the Company's net deferred tax asset primarily relates to its basis difference in its investment in Acadian Asset Management LLC, which is treated as a partnership for federal income tax purposes.

The Company assesses whether a valuation allowance should be established against its deferred income tax assets based on consideration of all available evidence, both positive and negative, using a more likely than not standard. In evaluating the Company's ability to recover its deferred tax assets, the Company considers all available positive and negative evidence including the existence of cumulative income in the most recent fiscal years, changes in the business in which the Company operates, and the Company's ability to forecast future taxable income. The weight given to the evidence is commensurate with the extent to which it can be objectively verified. The more negative evidence that exists, the more positive evidence that is necessary and the more difficult it is to support a conclusion that a valuation allowance is not needed. The Company has three years of cumulative earnings as of December 31, 2023, 2022 and 2021. As of December 31, 2023, management believes it is more likely than not that the balance of the deferred tax assets will be realized based on forecasted taxable income.

**BrightSphere Investment Group Inc.**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2023 and 2022**

**14) Income Taxes (cont.)**

A reconciliation of the change in gross unrecognized tax benefits for the years ended December 31 is as follows (in millions):

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Balance as of January 1</b>	<b>\$ 0.9</b>	<b>\$ 1.0</b>	<b>\$ 3.6</b>
Additions based on current year tax positions	0.7	0.7	0.1
Reductions related to lapses of statutes of limitations	(0.5)	(0.8)	(2.7)
<b>Balance as of December 31</b>	<b><u>\$ 1.1</u></b>	<b><u>\$ 0.9</u></b>	<b><u>\$ 1.0</u></b>

The Company's liability for uncertain tax positions includes unrecognized benefits of \$0.8 million and \$0.7 million at December 31, 2023 and 2022, respectively, that if recognized would affect the effective tax rate on income from continuing operations.

The Company recognized \$0.1 million, \$0.0 million, and \$(0.5) million in interest and penalties in its income tax provision for the years ended December 31, 2023, 2022 and 2021, respectively. The Company recognizes accrued interest and penalties relating to unrecognized tax benefits as income tax expense. The Company's liability for uncertain tax positions at December 31, 2023, 2022 and 2021 includes accrued interest and penalties of \$0.2 million, \$0.1 million and \$0.1 million, respectively.

The Company is periodically under examination by various taxing authorities. Examinations are inherently uncertain, may result in payment of additional taxes or the recognition of tax benefits and may be in process for extended periods of time. At December 31, 2023 the Company is subject to examination in three jurisdictions.

The Company and its subsidiaries file tax returns in the U.S., U.K., state, local, and other foreign jurisdictions. As of December 31, 2023, 2022 and 2021, the Company is generally no longer subject to income tax examinations by U.S. federal, state, local, or foreign tax authorities for calendar years prior to 2019.

At December 31, 2023, it is reasonably possible that the total amounts of unrecognized tax benefits will change within the next twelve months due to the expiration of statutes of limitations. The Company estimates a decrease of up to \$0.1 million within the next twelve months.

## BrightSphere Investment Group Inc.

### Notes to Consolidated Financial Statements (Continued)

December 31, 2023 and 2022

#### 15) Commitments and Contingencies

##### Operational commitments

A number of our subsidiaries operate under regulatory authorities that require that they maintain minimum financial or capital requirements. Management is not aware of any violations of such financial requirements occurring during the period.

##### Guaranty

The Company entered into a guaranty for an office space security deposit on behalf of Acadian in the amount of \$2.5 million in January 2020. This represents the maximum potential amount of future (undiscounted) payments that the Company could be required to make under the guaranty in the event of default by the guaranteed party. This guaranty expires in 2033. There are no liabilities recorded on the Consolidated Balance Sheet as of December 31, 2023 and 2022, related to this guaranty.

##### Litigation

The Company and its Affiliate are subject to claims, legal proceedings and other contingencies in the ordinary course of their business activities. Each of these matters is subject to various uncertainties, and it is possible that some of these matters may be resolved in a manner unfavorable to the Company or its Affiliate. The Company and its Affiliate establish accruals for matters for which the outcome is probable and can be reasonably estimated. If an insurance claim or other indemnification for a litigation accrual is available to the Company, the associated gain will not be recognized until all contingencies related to the gain have been resolved. As of December 31, 2023, there were no material accruals for claims, legal proceedings or other contingencies.

##### Indemnifications

In the normal course of business, such as through agreements to enter into business combinations and divestitures of Affiliates, the Company enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred.

##### Foreign tax contingency

The Company has clients in non-U.S. jurisdictions which require entities that are conducting certain business activities in such jurisdictions to collect and remit tax assessed on certain fees paid for goods and services provided. The Company does not believe this requirement is applicable based on its limited business activities in these jurisdictions. However, given the fact that uncertainty exists around the requirement, the Company has chosen to evaluate its potential exposure related to non-collection and remittance of these taxes. At December 31, 2023, management of the Company has estimated the potential maximum exposure and concluded that it is not material. No accrual for the potential exposure has been recorded as the probability of incurring any potential liability relating to this exposure is not probable at December 31, 2023.

**BrightSphere Investment Group Inc.**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2023 and 2022**

**15) Commitments and Contingencies (cont.)**

**Considerations of credit risk**

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash, cash equivalents, restricted cash and investments. The Company maintains cash and cash equivalents and short term investments with various financial institutions. These financial institutions are typically located in cities in which the Company and its Affiliate operate. For the Company and its Affiliate, cash deposits at a financial institution may exceed Federal Deposit Insurance Corporation insurance limits. Additionally, the Company holds insurance policies which cover historical tax benefits relating to certain of its deferred tax assets. The insurers of the policies are considered a significant counterparty to the Company.

**BrightSphere Investment Group Inc.**  
**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2023 and 2022**

**16) Earnings Per Share**

Basic earnings per share is calculated by dividing net income attributable to controlling interests by the weighted average number of shares of common stock outstanding. Diluted earnings per share is similar to basic earnings per share, but is adjusted for the effect of potentially issuable common stock, except when inclusion is antidilutive.

The calculation of basic and diluted earnings per share of common stock for the years ended December 31, 2023, 2022 and 2021 is as follows (dollars in millions, except per share data):

	2023	2022	2021
<b>Numerator:</b>			
Income from continuing operations attributable to controlling interests	\$ 65.8	\$ 100.6	\$ 128.1
Income from discontinued operations attributable to controlling interests (Note 3)	—	—	700.3
Net income attributable to controlling interests	65.8	100.6	828.4
Less: Total income available to participating unvested securities <sup>(1)</sup>	—	—	(0.1)
Total net income attributable to common stock	\$ 65.8	\$ 100.6	\$ 828.3
<b>Denominator:</b>			
Weighted-average shares of common stock outstanding—basic	41,493,154	42,056,278	77,213,010
Potential shares of common stock:			
Restricted stock units	7,448	14,147	33,175
Employee stock options	1,037,341	1,085,844	3,239,739
Weighted-average shares of common stock outstanding—diluted	42,537,943	43,156,269	80,485,924
<b>Earnings per share of common stock attributable to controlling interests:</b>			
Basic:			
Continuing operations	\$ 1.59	\$ 2.39	\$ 1.66
Discontinued operations	—	—	9.07
Basic earnings per share of common stock attributable to controlling interests	\$ 1.59	\$ 2.39	\$ 10.73
Diluted			
Continuing operations	\$ 1.55	\$ 2.33	\$ 1.59
Discontinued operations	—	—	8.70
Diluted earnings per share of common stock attributable to controlling interests	\$ 1.55	\$ 2.33	\$ 10.29

(1) Income available to participating unvested securities includes dividends paid on unvested restricted shares and their proportionate share of undistributed earnings.

## BrightSphere Investment Group Inc.

### Notes to Consolidated Financial Statements (Continued)

December 31, 2023 and 2022

#### 17) Revenue

##### Management fees

The Company's management fees are a function of the fee rates the Affiliates charge to their clients, which are typically expressed in basis points, and the levels of the Company's assets under management. The most significant driver of increases or decreases in this average fee rate is changes in the mix of the Company's assets under management caused by net inflows or outflows in certain asset classes or disproportionate market movements.

##### Performance fees

The Company's products subject to performance fees earn these fees upon exceeding high-water mark performance thresholds or outperforming a hurdle rate. Performance fees are recorded in revenues when the contractual performance criteria have been met and when it is probable that a significant reversal of revenue recognized will not occur in future reporting periods.

##### Other revenue

Included in other revenue are certain payroll and benefits costs and expenses paid on behalf of Funds by the Company's Affiliates. In instances where a customer reimburses the Company for a cost paid on the customer's behalf, the Company is acting as a principal and the reimbursement is accrued on a gross basis at cost as the corresponding reimbursable expenses are incurred. There was no revenue from expense reimbursements for the year ended December 31, 2023 and 2022. Revenue from expense reimbursements amounted to \$2.9 million for the year ended December 31, 2021, and is recorded in other revenue in the Company's Consolidated Statements of Operations. Other revenue may also include other miscellaneous revenue, consisting primarily of administration and consulting services.

##### Disaggregation of management fee revenue

The geographic disaggregation of management fee revenue for the years ended December 31 (in millions) is presented below:

	2023	2022	2021
<b>Quant &amp; Solutions</b>			
U.S.	\$ 281.9	\$ 279.1	\$ 313.1
Non-U.S.	91.3	88.3	106.3
<b>Other<sup>(1)</sup></b>			
U.S.	—	—	10.2
Non-U.S.	—	—	3.7
<b>Management fee revenue</b>	<b>\$ 373.2</b>	<b>\$ 367.4</b>	<b>\$ 433.3</b>

(1) The Company's previously divested Affiliates, Campbell Global and ICM, are included within the Other category for year ended December 31, 2021.

## BrightSphere Investment Group Inc.

### Notes to Consolidated Financial Statements (Continued)

December 31, 2023 and 2022

#### 18) Employee Benefits

The Company has various defined contribution plans covering substantially all of its full-time employees. In addition to pre-tax contributions made by employees, the Company also makes contributions to the qualified plans annually.

The Company also has non-qualified defined contribution plans covering certain senior employees. The Company has established a Deferred Compensation Plan under which the Board of Directors makes awards that may be invested by the recipient in investments deemed available under the plan. Vesting of awards under the Deferred Compensation Plan is based on the number of years of service already provided by the employee at the date of the grant. In addition, the Company has established a Voluntary Deferral Plan that provides officers of the Company the opportunity to voluntarily defer a portion of their compensation. The compensation deferred is deemed to be invested in one or more investment options available under the plan. These non-qualified plans are unfunded, although the Company does make contributions to a Rabbi Trust to hedge its risks in terms of providing returns to employees on their deemed investments held in the plan.

As of December 31, 2023 and 2022, a total of \$44.5 million and \$39.9 million, respectively, had been recorded as long-term compensation liabilities and a total of \$44.7 million and \$40.0 million had been invested under the Deferred Compensation and Voluntary Deferral plans, respectively. The change in the fair value of long-term compensation liabilities and the change in fair value of the assets invested under the Deferred Compensation and Voluntary Deferral plans was \$4.8 million and \$4.9 million, respectively, for the year ended December 31, 2023, \$4.9 million and \$4.9 million, respectively, for the year ended December 31, 2022, and \$3.5 million, and \$3.5 million, respectively, for the year ended December 31, 2021. The Company recorded total expenses in relation to its qualified and non-qualified plans within compensation and benefits in its Consolidated Statements of Operations for the years ended December 31, 2023, 2022 and 2021 of \$5.5 million, \$6.0 million and \$8.5 million, respectively.

**BrightSphere Investment Group Inc.**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2023 and 2022**

**19) Equity-based Compensation**

**Cash-settled Affiliate awards**

The Company maintains compensation arrangements with certain of its Affiliates whereby in exchange for continued service, Affiliate equity is either purchased by, or granted to Affiliate key employees subject to a limit imposed by the Company, and may be repurchased either by Affiliate key employees or by the Company at a future date at the then applicable fair value, subject to service requirements having been met. Compensation expense is recognized over the requisite service period equal to the cumulative vested fair value of the award at the end of each period up to the vesting date.

The Company accounts for these arrangements as “cash-settled” share-based payments, and accordingly a corresponding share-based payment liability is recorded. The fair value of the liabilities are determined with the assistance of third party valuation specialists using discounted cash flow analyses, which incorporate assumptions for the forecasted earnings information, market risk adjustments, discount rates, when award holders maximize value and post-vesting restrictions. Vested Affiliate equity liabilities are revalued at each period end until settlement date, with changes in the liabilities included within compensation expense.

The following table presents the changes in the share-based payments liability for the years ended December 31 (in millions):

	2023	2022	2021
<b>Balance, beginning of period</b>	<b>\$ 19.4</b>	<b>\$ 28.1</b>	<b>\$ 25.0</b>
Amortization and revaluation of granted awards	6.2	(4.6)	5.4
Affiliate disposals	—	—	(0.8)
Repurchases (cash-settled)	(2.6)	(4.1)	(1.5)
<b>Balance, end of period</b>	<b>\$ 23.0</b>	<b>\$ 19.4</b>	<b>\$ 28.1</b>

**Equity-settled corporate awards**

***BrightSphere Investment Group equity incentive plan***

The Company has established various plans under which it is authorized to grant restricted stock awards (“RSAs”), restricted stock units (“RSUs”), performance-based restricted stock awards (“Performance-based RSAs”), performance-based restricted stock units (“Performance-based RSUs”) and stock option awards. These plans are maintained to provide equity-based compensation arrangements to employees and non-executive directors. Equity ownership encourages employees and directors to act in the best long-term interests of the Company. As of December 31, 2023, the Company had 4.6 million shares of common stock available to be granted under the various plans.



**BrightSphere Investment Group Inc.**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2023 and 2022**

**19) Equity-based Compensation (cont.)**

Compensation expense recognized by the Company for the years ended December 31, 2023, 2022 and 2021 in relation to these awards was \$1.2 million, \$2.4 million, and \$1.9 million respectively. The related income tax benefit recognized for years ended December 31, 2023, 2022 and 2021 was \$0.2 million, \$0.3 million and \$0.3 million respectively. Unamortized compensation expense related to unvested RSUs at December 31, 2023 of \$1.0 million is expected to be recognized over a weighted-average period of 1.6 years. The service inception date for annual awards granted in 2023 is deemed to be January 1, 2022. It is anticipated that annual awards for 2023 with a fair value of \$0.6 million will be granted during 2024 with a service inception date of January 1, 2023.

The following summarizes the grant date fair value of the instruments granted by the Company during the year ended December 31:

BrightSphere Investment Group Inc. awards	2023		2022		2021	
	Shares granted	Weighted average fair value	Shares granted	Weighted average fair value	Shares granted	Weighted average fair value
RSUs	49,494	24.04	59,999	22.62	15,548	22.06

*Grants of restricted stock in BrightSphere Investment Group Inc.*

The following table summarizes the activity related to restricted stock awards:

BrightSphere Investment Group Inc. RSAs	2023		2022		2021	
	Number of shares	Weighted average grant date fair value per share	Number of shares	Weighted average grant date fair value per share	Number of shares	Weighted average grant date fair value per share
<b>Outstanding at beginning of the year</b>	—	\$ —	2,500	\$ 10.09	14,010	\$ 13.26
Granted during the year	—	—	—	—	—	—
Forfeited during the year	—	—	(125)	10.09	(1,500)	10.09
Vested during the year	—	—	(2,375)	10.09	(10,010)	14.53
<b>Outstanding at end of the year</b>	—	\$ —	—	\$ —	2,500	\$ 10.09

The grant date fair value per share, calculated based on the closing price as quoted on the New York Stock Exchange on the measurement date, is used to determine the fair value of restricted stock awards granted to employees. There were no RSAs granted by the Company during the years ended December 31, 2023, 2022 and 2021. Restricted stock awards under the plan generally have a vesting period of one to three years.

**BrightSphere Investment Group Inc.**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2023 and 2022**

**19) Equity-based Compensation (cont.)**

*Grants of restricted stock units in BrightSphere Investment Group Inc.*

The following table summarizes the activity related to restricted stock units:

BrightSphere Investment Group Inc. RSUs	2023		2022		2021	
	Number of shares	Weighted average grant date fair value per share	Number of shares	Weighted average grant date fair value per share	Number of shares	Weighted average grant date fair value per share
<b>Outstanding at beginning of the year</b>	<b>71,664</b>	<b>\$ 20.95</b>	<b>38,703</b>	<b>\$ 15.33</b>	<b>60,364</b>	<b>\$ 10.53</b>
Granted during the year	49,494	24.04	59,999	22.62	15,548	22.06
Forfeited during the year	(15,823)	25.05	(3,003)	17.55	(2,345)	10.30
Vested during the year	(56,538)	19.72	(24,035)	16.51	(34,864)	10.35
<b>Outstanding at end of the year</b>	<b>48,797</b>	<b>\$ 24.19</b>	<b>71,664</b>	<b>\$ 20.95</b>	<b>38,703</b>	<b>\$ 15.33</b>

The grant date fair value per share, calculated based on the closing price as quoted on the New York Stock Exchange on the measurement date, is used to determine the fair value of restricted stock units granted to employees. Restricted stock units under the plan generally have a vesting period of one to three years.

*Grants of Performance-based restricted stock awards in BrightSphere Investment Group Inc.*

The following table summarizes the activity related to performance-based restricted stock awards:

BrightSphere Investment Group Inc. Performance-based RSAs	2023		2022		2021	
	Number of shares	Weighted average grant date fair value per share	Number of shares	Weighted average grant date fair value per share	Number of shares	Weighted average grant date fair value per share
<b>Outstanding at beginning of the year</b>	<b>—</b>	<b>\$ —</b>	<b>—</b>	<b>\$ —</b>	<b>83,092</b>	<b>\$ 9.78</b>
Vested during the year	—	—	—	—	(36,007)	9.78
Other movements	—	—	—	—	(47,085)	9.78
<b>Outstanding at end of the year</b>	<b>—</b>	<b>\$ —</b>	<b>—</b>	<b>\$ —</b>	<b>—</b>	<b>\$ —</b>

Other movements includes performance-based RSAs that did not meet the market vesting condition and did not vest during the year ended December 31, 2021. There were no performance-based RSAs granted by the Company during the years ended December 31, 2023, 2022, and 2021.

**BrightSphere Investment Group Inc.**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2023 and 2022**

**19) Equity-based Compensation (cont.)**

*Grants of Performance-based restricted stock units in BrightSphere Investment Group Inc.*

The following table summarizes the activity related to performance-based restricted stock units:

BrightSphere Investment Group Inc. Performance-based RSUs	2023		2022		2021	
	Number of shares	Weighted average grant date fair value per share	Number of shares	Weighted average grant date fair value per share	Number of shares	Weighted average grant date fair value per share
<b>Outstanding at beginning of the year</b>	—	\$ —	9,013	\$ 14.62	9,013	\$ 14.62
Vested during the year	—	—	(7,932)	14.62	—	—
Other movements	—	—	(1,081)	14.62	—	—
<b>Outstanding at end of the year</b>	—	\$ —	—	\$ —	9,013	\$ 14.62

Other movements includes performance-based RSUs that did not meet the market vesting condition and did not vest during the year ended December 31, 2022. There were no performance-based RSUs granted by the Company during the years ended December 31, 2023, 2022, and 2021. Performance-based RSUs under the plan have a vesting period of three years.

*Grants of Stock Options in BrightSphere Investment Group Inc.*

The following tables summarizes the activity related to the Company's stock option awards:

	2023			
	Stock Options	Weighted average exercise price	Weighted average remaining contractual term (in years)	Aggregate intrinsic value
<b>Outstanding at beginning of the year</b>	2,470,463	\$ 10.97	1.6	
Granted during the year	—	—		
Forfeited during the year	(75,000)	10.00		
Exercised during the year	(736,463)	11.80		
<b>Outstanding at end of the year</b>	1,659,000	\$ 10.64	0.8	\$ 14,128,440
<b>Exercisable at end of the year</b>	1,659,000	\$ 10.64	0.8	\$ 14,128,440

**BrightSphere Investment Group Inc.**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2023 and 2022**

**19) Equity-based Compensation (cont.)**

	2022			
	Stock Options	Weighted average exercise price	Weighted average remaining contractual term (in years)	Aggregate intrinsic value
<b>Outstanding at beginning of the year</b>	<b>2,969,963</b>	<b>\$ 11.09</b>	<b>2.5</b>	
Exercised during the year	(499,500)	11.70		
<b>Outstanding at end of the year</b>	<b>2,470,463</b>	<b>\$ 10.97</b>	<b>1.6</b>	<b>\$ 23,746,573</b>
<b>Exercisable at end of the year</b>	<b>1,441,463</b>	<b>\$ 11.03</b>	<b>1.5</b>	<b>\$ 13,767,753</b>
	2021			
	Stock Options	Weighted average exercise price	Weighted average remaining contractual term (in years)	Aggregate intrinsic value
<b>Outstanding at beginning of the year</b>	<b>7,375,000</b>	<b>\$ 11.38</b>	<b>3.4</b>	
Exercised during the year	(4,405,037)	11.57		
<b>Outstanding at end of the year</b>	<b>2,969,963</b>	<b>\$ 11.09</b>	<b>2.5</b>	<b>\$ 43,091,497</b>
<b>Exercisable at end of the year</b>	<b>911,963</b>	<b>\$ 11.56</b>	<b>2.3</b>	<b>\$ 12,802,697</b>

There were no stock options granted by the Company during the year ended December 31, 2023, 2022, and 2021. The total fair value of options vested during the years ended December 31, 2023, 2022 and 2021 was \$1.3 million, \$1.3 million and \$1.3 million, respectively. The total intrinsic value of options exercised during the years ended December 31, 2023, 2022 and 2021 was \$5.1 million, \$6.0 million and \$75.5 million, respectively. The Company received \$0.0 million, \$0.0 million and \$2.7 million related to the exercise of options for the year ended December 31, 2023, 2022, and 2021, respectively. The Company realized tax benefits of \$0.3 million, \$0.3 million, and \$0.6 million related to the exercise of options for the year ended December 31, 2023, 2022, and 2021, respectively. Shares issued upon exercise of the options represent newly issued shares.

**BrightSphere Investment Group Inc.**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2023 and 2022**

**20) Accumulated Other Comprehensive Income (Loss)**

The components of accumulated other comprehensive income (loss) for the years ended December 31, 2023, 2022 and 2021 were as follows (in millions):

	Foreign currency translation adjustment	Valuation and amortization of derivative securities	Total
<b>Balance, as of December 31, 2020</b>	\$ 4.4	\$ (18)	\$ (13.6)
Foreign currency translation adjustment before tax	0.4	—	0.4
Amortization related to derivatives securities, before tax	—	3.3	3.3
Tax impact	—	(0.9)	(0.9)
Other comprehensive income	0.4	2.4	2.8
<b>Balance, as of December 31, 2021</b>	\$ 4.8	\$ (15.6)	\$ (10.8)
Foreign currency translation adjustment before tax	(3.1)	—	(3.1)
Amortization related to derivatives securities, before tax <sup>(1)</sup>	—	4.6	4.6
Tax impact	—	(1.3)	(1.3)
Other comprehensive income	(3.1)	3.3	0.2
<b>Balance, as of December 31, 2022</b>	\$ 1.7	\$ (12.3)	\$ (10.6)
Foreign currency translation adjustment before tax	1.4	—	1.4
Amortization related to derivatives securities, before tax	—	3.4	3.4
Tax impact	—	(0.9)	(0.9)
Other comprehensive income (loss)	1.4	2.5	3.9
<b>Balance, as of December 31, 2023</b>	\$ 3.1	\$ (9.8)	\$ (6.7)

- (1) On January 18, 2022, the Company completed the full redemption of the \$125 million aggregate principal amount outstanding of its 5.125% Senior Notes due August 1, 2031. As a result of this transaction, the Company recorded \$1.3 million of amortization expense included in the Amortization related to derivative securities, before tax.

## BrightSphere Investment Group Inc.

### Notes to Consolidated Financial Statements (Continued)

December 31, 2023 and 2022

#### 21) Derivatives and Hedging

##### Cash flow hedge

In July 2015, the Company entered into a series of \$300.0 million notional Treasury rate lock contracts which were designated and qualified as cash flow hedges. The Company documented its hedging strategy and risk management objective for this contract in anticipation of a future debt issuance. The Treasury rate lock contract eliminated the impact of fluctuations in the underlying benchmark interest rate for future forecasted debt issuances. The Company assessed the effectiveness of the hedging contract at inception and on a quarterly basis thereafter. The forecasted debt issuances occurred in July 2016 and the Treasury rate lock, which had an accumulated fair value of \$(34.4) million, was settled.

Amounts recorded in accumulated other comprehensive income in connection with the settled Treasury rate lock were \$2.5 million, net of tax of \$(0.9) million for the year ended December 31, 2023. As of December 31, 2023, the balance in accumulated other comprehensive income (loss) in connection with the Treasury rate lock contract amounted to \$(9.8) million, net of tax. This balance will be reclassified to earnings through interest expense over the life of the issued debt. Amounts of \$3.4 million, \$4.6 million and \$3.3 million have been reclassified for the years ended December 31, 2023, 2022 and 2021, respectively. During the next twelve months the Company expects to reclassify approximately \$3.6 million to interest expense.

On January 18, 2022, the Company completed the full redemption of the \$125 million aggregate principal amount outstanding of its 5.125% Senior Notes due August 1, 2031. As a result of this transaction, amortization expense of \$1.3 million (of the \$4.6 million interest expense reclassified to earnings for the year ended December 31, 2022) was reclassified to earnings as interest expense.

#### 22) Segment Information

The Company has the following reportable segment:

- *Quant & Solutions*—comprised of versatile, often highly-tailored strategies that leverage data and technology in a computational, factor-based investment process across a range of asset classes in developed and emerging markets, including global, non-U.S. and small-cap equities, as well as managed volatility, systematic macro, equity alternatives, and credit strategies. This segment is comprised of the Company's interest in Acadian.

The corporate head office is included within the Other category, along with its previously disposed Affiliate, Campbell Global, for the year ended December 31, 2021. The Company completed the sale of its equity interests in Campbell Global in August 2021. ICM is included in the Other category for the year ended December 31, 2021. The Company completed the sale of its equity interests in ICM in July 2021. The corporate head office expenses are not allocated to the Company's business segment, but the Chief Operating Decision Maker ("CODM") does consider the cost structure of the corporate head office when evaluating the financial performance of the segment.

**BrightSphere Investment Group Inc.**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2023 and 2022**

**22) Segment Information (cont.)**

**Performance Measure**

The primary measure used by the CODM in measuring performance and allocating resources to the segments is economic net income (“ENI”). The Company defines economic net income for the segments as ENI revenue less (i) ENI operating expenses, (ii) variable compensation and (iii) key employee distributions. The 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. This measure supplements and should be considered in addition to, and not in lieu of, the Consolidated Statements of Operations prepared in accordance with U.S. GAAP. The Company does not disclose total asset information for its reportable segments as the information is not reviewed by the CODM.

ENI revenue includes management fees, performance fees and other revenue under U.S. GAAP, adjusted to include management fees paid to Affiliates by consolidated Funds and the Company’s share of earnings from its equity-accounted Affiliate. ENI revenue is also adjusted to exclude the separate revenues recorded under U.S. GAAP for certain Fund expenses reimbursed to our Affiliates.

ENI operating expenses include compensation and benefits, general and administrative expense, and depreciation and amortization under U.S. GAAP, adjusted to exclude non-cash expenses representing changes in the value of Affiliate equity and profit interests held by Affiliate key employees, amortization of acquired intangible assets, capital transaction costs, restructuring costs, and the separate expenses recorded under U.S. GAAP for certain Fund expenses reimbursed to Affiliates. Additionally, variable compensation and Affiliate key employee distributions are segregated from ENI operating expenses.

ENI segment results are also adjusted to exclude the portion of consolidated Fund revenues, expenses and investment return recorded under U.S. GAAP.

**BrightSphere Investment Group Inc.**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2023 and 2022**

**22) Segment Information (cont.)**

**Segment Presentation**

The following tables set forth summarized operating results for the Company's segments and related adjustments necessary to reconcile the segment economic net income to arrive at the Company's consolidated U.S. GAAP net income (loss).

The following table presents the financial data for the Company's segment for the year ended December 31, 2023 (in millions):

	Quant & Solutions	Other	Reconciling Adjustments		Total U.S. GAAP <sup>(1)</sup>
<b>ENI revenue</b>	\$ 423.6	\$ —	\$ 3.0	(a)	\$ 426.6
<b>ENI operating expenses</b>	<b>184.2</b>	<b>14.2</b>	<b>4.9</b>	(b)	<b>203.3</b>
<b>Earnings before variable compensation</b>	<b>239.4</b>	<b>(14.2)</b>	<b>(1.9)</b>		<b>223.3</b>
Variable compensation	102.2	2.7	7.3	(c)	112.2
<b>ENI operating earnings (after variable comp)</b>	<b>137.2</b>	<b>(16.9)</b>	<b>(9.2)</b>		<b>111.1</b>
Affiliate key employee distributions	5.1	—	—		5.1
<b>Earnings after Affiliate key employee distributions</b>	<b>132.1</b>	<b>(16.9)</b>	<b>(9.2)</b>		<b>106.0</b>
Net interest expense	—	(11.8)	(1.7)	(d)	(13.5)
Net investment income	—	—	4.0	(e)	4.0
Net (income) loss attributable to non-controlling interests in consolidated Funds	—	—	(1.3)	(e)	(1.3)
Income tax expense	—	(27.7)	(1.7)	(f)	(29.4)
<b>Economic net income</b>	<b>\$ 132.1</b>	<b>\$ (56.4)</b>	<b>\$ (9.9)</b>		<b>\$ 65.8</b>



**BrightSphere Investment Group Inc.**  
**Notes to Consolidated Financial Statements (Continued)**  
**December 31, 2023 and 2022**

**22) Segment Information (cont.)**

The following table presents the financial data for the Company's segments for the year ended December 31, 2022 (in millions):

	Quant & Solutions	Other	Reconciling Adjustments	Total U.S. GAAP <sup>(1)</sup>
<b>ENI revenue</b>	\$ 416.8	\$ —	\$ 0.4 (a)	\$ 417.2
<b>ENI operating expenses</b>	165.5	16.6	(38.2) (b)	143.9
<b>Earnings before variable compensation</b>	251.3	(16.6)	38.6	273.3
Variable compensation	96.0	4.3	—	100.3
<b>ENI operating earnings (after variable comp)</b>	155.3	(20.9)	38.6	173.0
Affiliate key employee distributions	5.1	—	—	5.1
<b>Earnings after Affiliate key employee distributions</b>	150.2	(20.9)	38.6	167.9
Net interest expense	—	(17.3)	(2.4) (d)	(19.7)
Net investment loss	—	—	(0.2) (e)	(0.2)
Loss on extinguishment of debt	—	—	(3.2) (e)	(3.2)
Income tax expense	—	(30.4)	(13.8) (f)	(44.2)
<b>Economic net income</b>	<u>\$ 150.2</u>	<u>\$ (68.6)</u>	<u>\$ 19.0</u>	<u>\$ 100.6</u>

**BrightSphere Investment Group Inc.**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2023 and 2022**

**22) Segment Information (cont.)**

The following table presents the financial data for the Company's segments for the year ended December 31, 2021 (in millions):

	Quant & Solutions	Liquid Alpha	Other	Reconciling Adjustments		Total U.S. GAAP <sup>(1)</sup>
<b>ENI revenue</b>	<b>\$ 488.1</b>	<b>\$ —</b>	<b>\$ 35.4</b>	<b>\$ 0.3</b>	(a)	<b>\$ 523.8</b>
<b>ENI operating expenses</b>	<b>160.8</b>	<b>—</b>	<b>32.0</b>	<b>41.3</b>	(b)	<b>234.1</b>
<b>Earnings before variable compensation</b>	<b>327.3</b>	<b>—</b>	<b>3.4</b>	<b>(41.0)</b>		<b>289.7</b>
Variable compensation	100.8	—	28.8	0.9	(c)	130.5
<b>ENI operating earnings (after variable comp)</b>	<b>226.5</b>	<b>—</b>	<b>(25.4)</b>	<b>(41.9)</b>		<b>159.2</b>
Affiliate key employee distributions	12.4	—	1.0	—		13.4
<b>Earnings after Affiliate key employee distributions</b>	<b>214.1</b>	<b>—</b>	<b>(26.4)</b>	<b>(41.9)</b>		<b>145.8</b>
Net interest expense	—	—	(22.3)	(2.3)	(d)	(24.6)
Net investment income	—	—	—	8.3	(e)	8.3
Gain on sale of subsidiaries	—	—	—	48.6	(e)	48.6
Net income attributable to non-controlling interests in consolidated Funds	—	—	—	(68.0)	(e)	(68.0)
Income tax expense	—	—	(47.1)	(2.9)	(f)	(50.0)
Income from discontinued operations, net of tax	—	—	—	77.3	(g)	77.3
Gain on disposal of discontinued operations, net of tax	—	—	—	691.0	(h)	\$ 691.0
<b>Economic net income</b>	<b>\$ 214.1</b>	<b>\$ —</b>	<b>\$ (95.8)</b>	<b>\$ 710.1</b>		<b>\$ 828.4</b>

(1) 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 ENI 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 most directly comparable U.S. GAAP measure of ENI is U.S. GAAP net income attributable to controlling interests.

**Reconciling Adjustments:**

- (a) Adjusted to exclude earnings from equity-accounted Affiliate, which are included in U.S. GAAP investment income, and to include consolidated Funds revenues and the separate revenues recorded for certain Fund expenses reimbursed by customers, which are included in U.S. GAAP revenue.

**BrightSphere Investment Group Inc.**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2023 and 2022**

**22) Segment Information (cont.)**

- (b) Adjusted to include non-cash expenses for key employee equity and profit interest revaluations, capital transaction costs, amortization of acquired intangible assets, restructuring costs, consolidated Funds' operating expenses and the Fund expenses reimbursed by customers, each of which are included in U.S. GAAP operating expenses.
- (c) Adjusted to include restructuring costs which are included in U.S. GAAP compensation expense.
- (d) Adjusted to include the cost of seed financing and amortization of debt issuance costs, which is included in U.S. GAAP interest expense.
- (e) Adjusted to include net investment income (loss), the loss on extinguishment of debt, net (income) loss attributable to non-controlling interests in consolidated Funds, and the gain on sale of subsidiaries, all of which are included in U.S. GAAP net income attributable to controlling interests.
- (f) Adjusted to include the impact of deferred tax attributable to the amortization of goodwill and acquired intangibles. Adjusted to include tax expense or benefits relating to uncertain tax positions, the tax impact of certain ENI adjustments and other unusual items that are not included in current operating results for ENI purposes.
- (g) Adjusted to include the results of discontinued operations, net of tax, which is included in U.S. GAAP net income attributable to controlling interests.
- (h) Adjusted to include the gain on disposal of discontinued operations, net of tax, which is included in U.S. GAAP net income attributable to controlling interests.

**23) Subsequent Events**

During the period from January 1, 2024 through February 26, 2024, the Company repurchased 3.3 million shares of common stock at a weighted average price of \$20.93 per share, or approximately \$68.9 million in total, including commissions.

As of February 27, 2024, the outstanding balance on Acadian's revolving credit facility was \$84 million.

## **Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.**

None.

## **Item 9A. Controls and Procedures.**

### **Evaluation of Disclosure Controls and Procedures**

Our management, including our principal executive officer, and our principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) at December 31, 2023. Disclosure controls and procedures are designed to ensure that the information we are required to disclose in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time period specified in the SEC's rule and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information we are required to disclose in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. Our principal executive officer and principal financial officer participated in this evaluation and concluded that, as of December 31, 2023, our disclosure controls and procedures were effective.

### **Report of Management on Internal Control Over Financial Reporting**

Management is responsible for establishing and maintaining adequate internal control over financial reporting.

Management has evaluated the effectiveness of internal control over financial reporting as of December 31, 2023 based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on management's assessment, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2023.

KPMG LLP, an independent registered public accounting firm, has audited the financial statements that are included in this Annual Report on Form 10-K and expressed an opinion thereon. KPMG LLP has also expressed an opinion on the effectiveness of internal control over financial reporting as of December 31, 2023, which is included herein.

### **Changes in Internal Control Over Financial Reporting**

There have been no changes in our internal control over financial reporting that occurred during the fourth quarter of our fiscal year ended December 31, 2023 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **Item 9B. Other Information.**

During our fiscal quarter ended December 31, 2023, none of our directors or officers (as defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended) entered into, modified (as to amount, price or timing of trades) or terminated (i) contracts, instructions or written plans for the purchase or sale of our securities that are intended to satisfy the conditions specified in Rule 10b5-1(c) under the Exchange Act for an affirmative defense against liability for trading in securities on the basis of material nonpublic information or (ii) non-Rule 10b5-1 trading arrangements (as defined in Item 408(c) of Regulation S-K).

## **Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.**

Not Applicable.

## PART III

### **Item 10. Directors, Executive Officers and Corporate Governance.**

The information required by this Item will be set forth in our definitive proxy statement required to be filed pursuant to Regulation 14A for the 2024 annual meeting of shareholders.

### **Item 11. Executive Compensation.**

The information required by this Item will be set forth in our definitive proxy statement required to be filed pursuant to Regulation 14A for the 2024 annual meeting of shareholders.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

The information required by this Item will be set forth in our definitive proxy statement required to be filed pursuant to Regulation 14A for the 2024 annual meeting of shareholders.

### **Item 13. Certain Relationships and Related Transactions, and Director Independence.**

The information required by this Item will be set forth in our definitive proxy statement required to be filed pursuant to Regulation 14A for the 2024 annual meeting of shareholders.

### **Item 14. Principal Accountant Fees and Services.**

Our independent registered public accounting firm is KPMG LLP, Boston, MA, Auditor Firm ID: 185.

The information required by this Item will be set forth in our definitive proxy statement required to be filed pursuant to Regulation 14A for the 2024 annual meeting of shareholders.

## PART IV

### Item 15. Exhibits, Financial Statements Schedules.

- (1) Financial Statements: The information required by this Item is contained in Item 8 of Part II of this report.
- (2) Financial Statement Schedules: None
- (3) Exhibits:

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation of BrightSphere Investment Group Inc., adopted as of July 12, 2019, incorporated herein by reference to Exhibit 3.1 to Current Report on Form 8-K12B filed on July 15, 2019.
3.2	Amended and Restated Bylaws of BrightSphere Investment Group Inc., adopted as of February 27, 2023, incorporated herein by reference to Exhibit 3.2 to Annual Report on Form 10-K filed on February 28, 2023.
4.1	Specimen Common Stock Certificate of BrightSphere Investment Group Inc. incorporated herein by reference to Exhibit 4.1 to Quarterly Report on Form 10-Q filed on August 9, 2019.
4.2	Base Indenture, dated as of July 25, 2016, among OM Asset Management plc, as Issuer, Wilmington Trust, National Association, as Trustee, and Citibank, N.A., as Securities Administrator, incorporated herein by reference to Exhibit 4.1 to Current Report on Form 8-K filed on July 25, 2016.
4.3	Supplemental Indenture, dated as of July 25, 2016, among OM Asset Management plc, as Issuer, Wilmington Trust, National Association, as Trustee, and Citibank, N.A., as Securities Administrator, incorporated herein by reference to Exhibit 4.2 to Current Report on Form 8-K filed on July 25, 2016.
4.4	Form of 4.800% Note due 2026, incorporated herein by reference to Exhibit 4.2 to the Current Report on Form 8-K filed on July 25, 2016.
4.5	Third Supplemental Indenture, dated as of July 11, 2019, among BrightSphere Investment Group plc, as Original Issuer, BrightSphere Investment Group Inc., as Successor Company, Wilmington Trust, National Association, as Trustee, and Citibank, N.A., as Securities Administrator incorporated herein by reference to Exhibit 4.8 to the Quarterly Report on Form 10-Q filed on August 9, 2019.
4.6	Description of Registrant's Securities, incorporated herein by reference to Exhibit 4.9 to the Annual Report on Form 10-K filed on March 2, 2020.
10.1	BrightSphere Investment Group Inc. Equity Incentive Plan, incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K12B filed on July 15, 2019.
10.2	Registration Rights Agreement, dated May 17, 2019, between BrightSphere Investment Group Inc. and Paulson & Co. Inc. incorporated herein by reference to Exhibit 10.4 to Quarterly Report on Form 10-Q filed on August 9, 2019.
10.3	Stockholder Agreement, dated May 17, 2019, between BrightSphere Investment Group Inc. and Paulson & Co. Inc. incorporated herein by reference to Exhibit 10.2 to Quarterly Report on Form 10-Q filed on August 9, 2019.

<b>Exhibit No.</b>	<b>Description</b>
10.4	Form of Indemnity Agreement, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K12B filed on July 15, 2019.
10.5	Seventh Amended and Restated Limited Liability Company Agreement of Acadian Asset Management LLC, effective July 1, 2017, incorporated herein by reference to Exhibit 10.10 to Annual Report on Form 10-K filed on February 28, 2018.
10.6	BrightSphere Investment Group Inc. Non-Employee Directors' Equity Incentive Plan, incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K12B filed on July 15, 2019.
10.7	Employment Agreement, dated January 20, 2019, by and between BrightSphere Inc. and Suren Rana, incorporated herein by reference to Exhibit 10.27 to Annual Report on Form 10-K filed on February 28, 2019.
10.8	Form of Restricted Stock Unit Award Agreement for Non-Employee Directors, incorporated herein by reference to Exhibit 10.6 to the Quarterly Report on Form 10-Q on May 11, 2020.
10.9	Form of Restricted Stock Unit Award Agreement for Employees, incorporated herein by reference to Exhibit 10.8 to the Quarterly Report on Form 10-Q on May 11, 2020.
10.10	Form of Option Award Agreement, incorporated herein by reference to Exhibit 10.9 to the Quarterly Report on Form 10-Q on May 11, 2020.
10.11	Option Award Agreement, effective April 21, 2020 by and between BrightSphere Investment Group Inc. and Suren Rana, incorporated herein by reference to Exhibit 10.10 to the Quarterly Report on Form 10-Q on May 11, 2020.
10.12	Amended and Restated Employment Agreement, effective April 15, 2020 by and between BrightSphere Investment Group Inc. and Suren Rana, incorporated herein by reference to Exhibit 10.11 to the Quarterly Report on Form 10-Q on May 11, 2020.
10.13	Form of Restricted Stock Award Agreement for Employees, incorporated herein by reference to Exhibit 10.12 to the Quarterly Report on Form 10-Q on May 11, 2020.
10.14	Employment Agreement, dated April 15, 2020, by and between BrightSphere Inc. and Richard Hart, incorporated herein by reference to Exhibit 10.31 to Annual Report on Form 10-K filed on March 1, 2021.
10.15	Form of Option Award Agreement incorporated herein by reference to Exhibit 10.33 to Annual Report on Form 10-K filed on February 28, 2022.
10.16	Amendment to the Seventh Amended and Restated Limited Liability Company Agreement of Acadian Asset Management LLC, dated December 30, 2022 incorporated herein by reference to Exhibit 10.19 to the Annual Report on Form 10-K filed on February 28, 2023.
10.17	Amended and Restated Employment Agreement, dated May 4, 2023, by and between BrightSphere Inc. and Christina Wiater incorporated herein by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q filed on May 8, 2023.

Exhibit No.	Description
10.18	* Second Amendment to the Seventh Amended and Restated Limited Liability Company Agreement of Acadian Asset Management LLC, dated December 30, 2023.
21.1	* Subsidiaries of BrightSphere Investment Group Inc.
23.1	* Consent of KPMG LLP
31.1	* Certification of the Company's principal executive officer pursuant to Exchange Act Rules 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	* Certification of the Company's principal financial officer pursuant to Exchange Act Rules 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	** Certification of the Company's principal executive officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	** Certification of the Company's principal financial officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97.1	* BrightSphere Investment Group Inc. Rule 10D-1 Clawback Policy, effective October 2, 2023.
101	* Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Balance Sheets as of December 31, 2023 and December 31, 2022; (ii) the Consolidated Statements of Operations for the years ended December 31, 2023, 2022 and 2021; (iii) the Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2023, 2022 and 2021; (iv) the Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 2023, 2022 and 2021; (v) the Consolidated Statements of Cash Flows for the years ended December 31, 2023, 2022 and 2021; and (vi) the Notes to Consolidated Financial Statements.
104	* The cover page of this Annual Report on Form 10-K, formatted in Inline eXtensible Business Reporting Language (embedded within the Inline XBRL document contained in Exhibit 101).

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\* Filed herewith

\*\*Furnished herewith

## Item 16. Form 10-K Summary

None.



## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BrightSphere Investment Group Inc.

Dated: February 28, 2024

By: /s/ Suren Rana

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Suren Rana  
President and Chief Executive Officer  
(principal executive officer)

/s/ Christina Wiater

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Christina Wiater  
Senior Vice President and Principal Financial Officer  
(principal financial officer and principal accounting officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ SUREN RANA</u> Suren Rana	President and Chief Executive Officer	February 28, 2024
<u>/s/ JOHN PAULSON</u> John Paulson	Chairman	February 28, 2024
<u>/s/ ROBERT J. CHERSI</u> Robert J. Chersi	Director	February 28, 2024
<u>/s/ ANDREW KIM</u> Andrew Kim	Director	February 28, 2024
<u>/s/ BARBARA TREBBI</u> Barbara Trebbi	Director	February 28, 2024



