Brookfield Real Assets Monthly

KEY TAKEAWAYS

- We see reasons to consider renewables and sustainable infrastructure stocks over the medium term, positives that we believe the market is missing.
- Our positioning remains defensive, as we expect global growth will continue to slow and monetary policy will be tighter for longer.
- Real estate and infrastructure equities appear undervalued, with the current environment offering buying opportunities in high-quality companies.

INSIGHTS

THE CASE FOR RENEWABLES AND SUSTAINABLE INFRASTRUCTURE STOCKS IS STRONG, DESPITE NEAR-TERM TURBULENCE

Renewable energy equities have been under pressure recently, facing tough and volatile market conditions as a confluence of factors have weighed on the sector, including tightening financial conditions, higher input costs, and supply chain challenges. However, we see reasons to consider renewables and sustainable infrastructure stocks over the medium term, positives that we believe the market is missing.

The global transition toward renewable energy is still in its infancy, with public policy everywhere supportive of this megatrend. The global renewables build-out will take decades, and near-term elevated interest rates will not derail it, in our view. Some of the more tenured companies in this industry have faced challenges like inflation and higher interest rates before. As in all capital-intensive businesses, we believe the best operators find ways to navigate changing conditions.

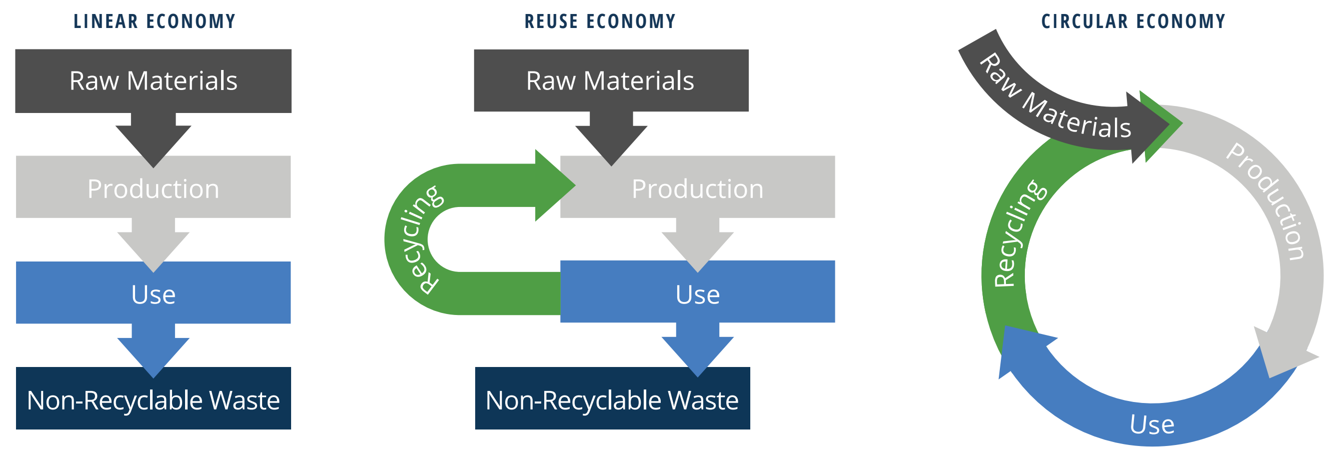
We think renewables valuations are very compelling, particularly as we near the end of this interest rate tightening cycle. Valuations across wind and solar names appear attractive, with most European companies trading at or near replacement value. In addition, recent take-private transactions in the mergers and acquisitions (M&A) market highlight a stark disconnect between implied valuations in the public market and much higher final prices in the private asset sale market, where multiples are higher. We've seen full companies being taken private at a 45% premium over listed prices, or individual assets being bought at up to 2x the implied value of the assets.

Solar costs keep coming down, with panel prices cheaper than ever. Overcapacity in China and restrictions related to Chinese exports to the U.S. have led to a flooding of the market with excess panels. We believe this has made solar energy the most competitive and most affordable energy source today.

The renewables and sustainable infrastructure universe is not homogeneous. It is not solely comprised of power generators, wind turbines and solar panels, for instance. Waste management companies tied to the concept of a circular economy are also vital to a transition toward a global economy that minimizes raw materials use and the creation of pollution and waste.

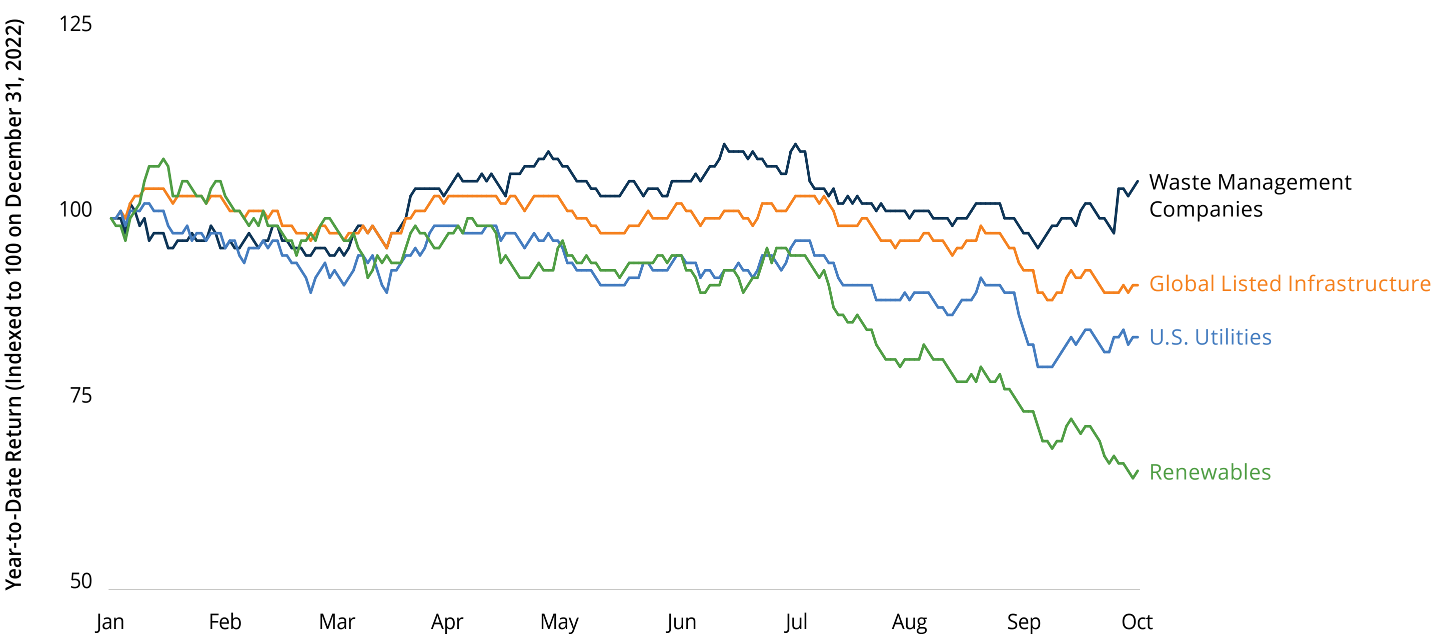
We believe these companies can offer diversification to a renewables portfolio, acting as a resilient, less correlated complement to pure-play renewables more negatively impacted by inflation and rates. In addition, we believe tremendous opportunities exist among the best renewables operators in general that are positioning themselves for the other side of the current rate environment.

THE EVOLUTION TOWARD A CIRCULAR ECONOMY



Source: Government of the Netherlands.

WASTE MANAGEMENT COMPANIES HAVE OUTPERFORMED THE REST OF THE RENEWABLES UNIVERSE IN 2023



As of October 31, 2023. Source: Bloomberg, Brookfield Public Securities Group research. Waste management companies are represented by an average of publicly traded waste management companies. Global listed infrastructure equities are represented by the FTSE Global Core Infrastructure 50/50 Index. Utilities are represented by the S&P 500 Utilities Index. Renewables equities are represented by the S&P Global Clean Energy Index. See disclosures for full index representations and definitions. **It is not possible to invest directly in an index. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment. Past performance is not indicative of future results**.

To capture the opportunity we see in listed renewables and sustainable infrastructure stocks today, we believe an active approach with an infrastructure focus is key. An active manager can invest in the most compelling opportunities at any point in time, while managing risk effectively via a focus on companies with monopolistic business models, steady cash flows and long-term contracts with inflation escalators built in.

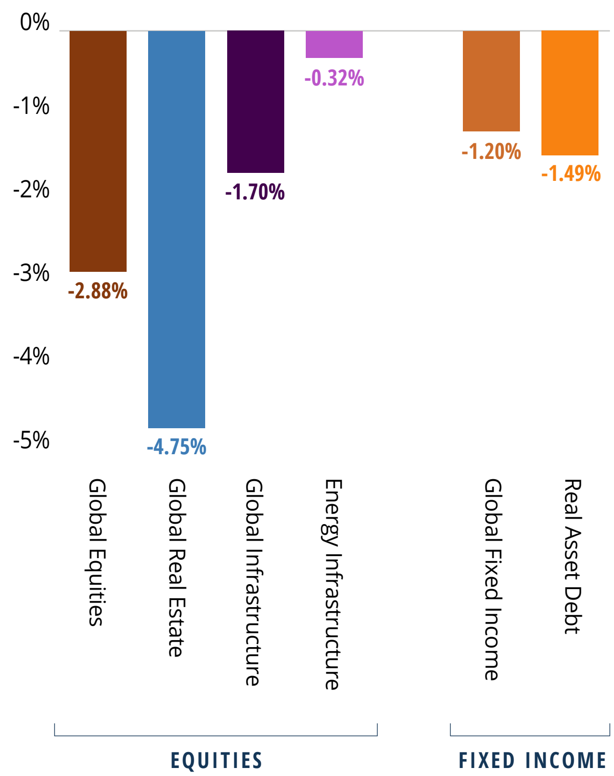
Real Assets Month in Review

REAL ASSETS

- Global equities finished lower in October, the third straight monthly decline for stocks, as concerns about elevated geopolitical tensions, rising yields and underwhelming earnings dampened risk appetite. The MSCI World Index fell 2.88% during the month, with North America, Europe and Asia Pacific down 2.45%, 3.72% and 4.49%, respectively. The S&P 500 Index lost 2.10%.
- The 10-year U.S. Treasury yield rose above 5% during the month for the first time since 2007, as resilient economic data made higher-for-longer interest rates look more likely. The 10-year finished the month at 4.93%, up from 4.57% at the end of September. West Texas Intermediate Crude Oil fell to $81.02 from $90.79 at the end of September, while the Bloomberg Commodity Index gained 0.27%.
- We see signs that global growth will continue to slow through the remainder of 2023 as restrictive monetary policies work their way through economies. While inflation has trended lower, we expect tighter monetary policy to prevail for longer, as central banks want to ensure that inflation doesn't reaccelerate. Overall, our positioning remains defensive within our portfolio, with an underweight to real asset equities and an overweight to real asset debt. We hold no direct commodity exposure.
- Within equities, we continue to favor infrastructure over real estate due to infrastructure's potential outperformance in down markets and tighter inflation linkage. Within infrastructure, we are most constructive on utilities for their defensive characteristics and current attractive valuations. We also see tailwinds for energy midstream equities, which we believe could benefit from the global push for energy security. Within real estate, although valuations appear attractive, lingering concerns around financing and broad negative sentiment around commercial real estate keep us cautious. Finally, elevated Treasury yields continue to make real asset debt attractive on a risk-adjusted basis, particularly the higher-quality part of the market where we believe default risks remain low.

PERFORMANCE AT A GLANCE

October 2023 Total Returns



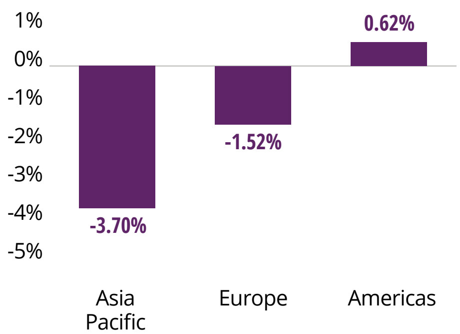
As of October 31, 2023. Sources: Bloomberg, Brookfield PSG, U.S. Department of Commerce. See disclosures for full index representations and definitions. **It is not possible to invest directly in an index. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment. Past performance is not indicative of future results.**

GLOBAL INFRASTRUCTURE

- Global infrastructure equities were down modestly in October, with the FTSE Global Core Infrastructure 50/50 declining 1.70%. Energy infrastructure was largely flat, with the Alerian Midstream Energy Index returning -0.32%.
- Returns were weakest among the more economically sensitive sectors within infrastructure, notably airports, toll roads and ports. Conversely, more defensive sectors like water and electric utilities posted gains during the month.
- We continue to believe the underlying fundamentals across our universe remain robust, and we believe the current environment presents a buying opportunity. We find infrastructure equities are undervalued relative to their own history, the broader market and private assets. We remain focused on taking advantage of entry points to increase exposure to many high-quality companies. We are actively focused on mitigating unintended factor risk across our strategies.

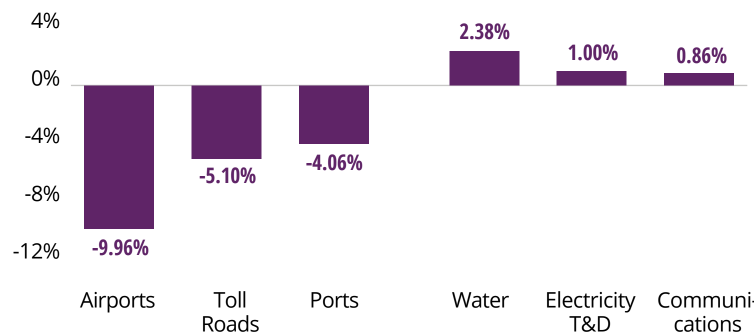
PERFORMANCE BY GEOGRAPHY

October 2023 Total Returns



PERFORMANCE BY SECTOR

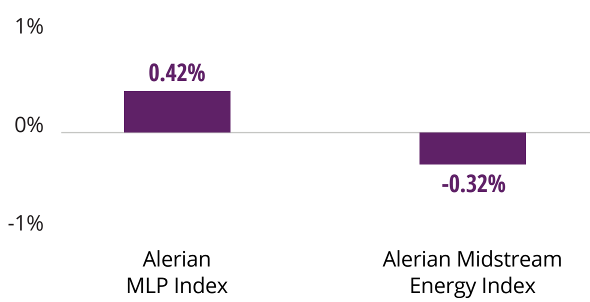
Top Three Laggards **Top Three Leaders**



As of October 31, 2023. Source: Bloomberg. Referenced by the Dow Jones Brookfield Global Infrastructure Composite Index. Brookfield has no direct role in the day-to-day management of the Brookfield Infrastructure Composite. "T&D" stands for transmission and distribution. See disclosures for additional information. **It is not possible to invest directly in an index. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment. Past performance is not indicative of future results.**

MIDSTREAM PERFORMANCE

October 2023 Total Returns



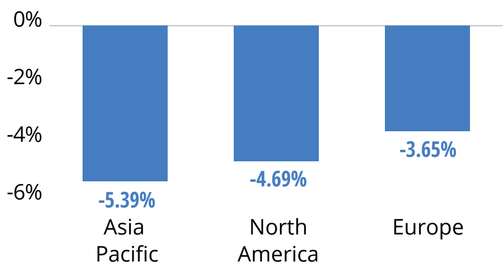
As of October 31, 2023. Source: Bloomberg. See disclosures for additional information. **It is not possible to invest directly in an index. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment. Past performance is not indicative of future results.**

GLOBAL REAL ESTATE

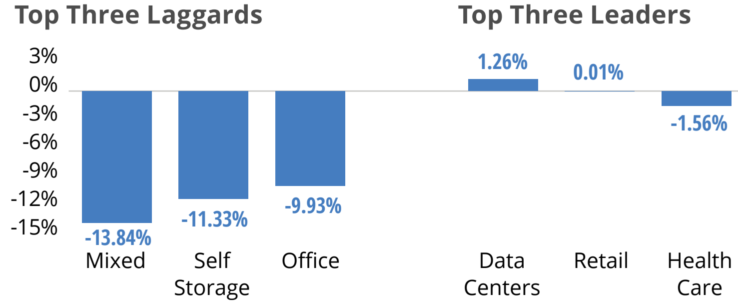
- Global real estate equities, as measured by the FTSE EPRA Nareit Developed Index, declined nearly 5% in October. All regions within the index (Asia Pacific, North America and Europe) posted declines during the month.
- Among U.S. property types, self storage and companies focused on the office sector fared among the worst. Conversely, data centers and retail stocks fared better amid improving fundamentals within both sectors.
- Third-quarter earnings growth largely exceeded investors' expectations. While real estate continues to face some macro headwinds (notably persistently elevated interest rates and potentially slowing economic growth), supply and demand fundamentals are generally supportive across property types. Some sectors are beginning to show signs of normalization as rent growth returns to historical averages. Our view is that occupancy trends and new supply growth are supportive for continued rent growth, and combined with current valuations, the current environment presents a very compelling entry point for global real estate securities.

PERFORMANCE BY GEOGRAPHY

October 2023 Total Returns



PERFORMANCE BY U.S. PROPERTY TYPE



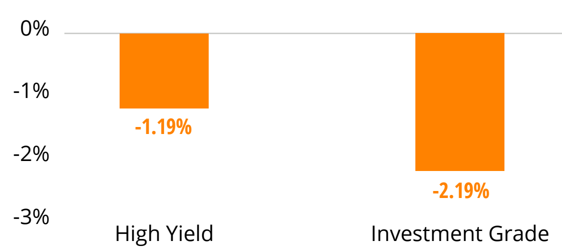
As of October 31, 2023. Source: Bloomberg. Referenced by the FTSE EPRA Nareit Developed Index. See disclosures for additional information. **It is not possible to invest directly in an index. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment. Past performance is not indicative of future results.**

REAL ASSET DEBT

- Fixed income fell in October. Broad investment grade lost 1.82%, as measured by the ICE BofA U.S. Corporate Index, as the U.S. 10-year Treasury yield rose 36 basis points to 4.93% at month-end. Broad high yield returned -1.24%, as measured by the ICE BofA U.S. High Yield Index. Real asset sectors performed broadly in line with their broad market counterparts.
- Default activity rose in October, with an additional nine defaults and distressed exchanges during the month in the high-yield corporate bond and leveraged loan markets, bringing the year-to-date totals to $75.6 billion.[1] Our analysis indicates just 14.7% of this default activity has been within real asset sectors, despite those sectors accounting for approximately 47% of the ICE BofA U.S. High Yield Index debt outstanding.
- We believe issuers within real asset sectors may be better positioned for a longer period of high interest rates because of their large amount of fixed rate debt and relatively lower maturities over the next five years. In contrast, we expect borrowers in alternative credit markets concentrated in floating rate instruments, such as leveraged loans and private credit, will likely face continued pressures from higher rates. We expect a moderate slowdown in the economy in the coming quarters and believe that now could be a favorable time to utilize high yield focused on real asset sectors as a way to de-risk fixed-income portfolios. While credit spreads within real asset sectors remain near their long-term averages, we believe these sectors are relatively attractive after adjusting for projected credit losses during a potentially elevated default rate cycle. Within our portfolio, we continue to favor infrastructure debt as well as higher-quality real asset debt.

REAL ASSET DEBT PERFORMANCE

October 2023 Total Returns



As of October 31, 2023. Source: Bloomberg. Real asset high yield represented by the ICE BofA Real Asset USD High Yield Custom Index, and real asset investment grade represented by the ICE BofA Real Asset USD Investment Grade Custom Index. See disclosures for additional information. **It is not possible to invest directly in an index. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment. Past performance is not indicative of future results.**

MORE PSG INSIGHTS

- The Whole Picture: Building Portfolios With Both Public and Private Infrastructure
- Current Opportunities in Global Renewables and Sustainable Infrastructure
- The Truth About Higher-For-Longer Rates and Listed Real Assets

ENDNOTE

[1] Source: J.P.Morgan.

RISK DISCLOSURE

All investing involves risk. The value of an investment will fluctuate over time, and an investor may gain or lose money, or the entire investment. Real assets include real estate securities, infrastructure securities and natural resources securities.

Investments in real estate-related instruments may be affected by economic, legal or environmental factors that affect property values, rents or occupancies of real estate.

Infrastructure companies may be subject to a variety of factors that may adversely affect their business, including high interest costs, high leverage, regulation costs, economic slowdown, surplus capacity, increased competition, lack of fuel availability and energy conservation policies.

The market value of natural resources securities may be affected by numerous factors, including events occurring in nature, inflationary pressures and international politics.

For the October 2023 total-returns data, global equities are represented by the MSCI World Index, global real estate by the FTSE EPRA Nareit Developed Index, global infrastructure by the FTSE Global Core Infrastructure 50/50 Index, energy infrastructure by the Alerian Midstream Energy Index, global fixed income by the Bloomberg Global Aggregate Index, and real asset debt by the ICE BofA USD Real Asset High Yield & Corporate Custom Index. Real asset high yield is represented by the ICE BofA Real Asset USD High Yield Custom Index, and real asset investment grade is represented by the ICE BofA Real Asset USD Investment Grade Custom Index.

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INDEX DEFINITIONS

The Alerian Midstream Energy Index is a broad-based, capped, float-adjusted, capitalization-weighted index of North American energy infrastructure companies.

The Alerian MLP Index is the leading gauge of energy infrastructure master limited partnerships (MLPs). The capped, float-adjusted, capitalization-weighted index, whose constituents earn the majority of their cash flow from midstream activities involving energy commodities, is disseminated real-time on a price-return basis (AMZ) and on a total-return basis (AMZX).

The Bloomberg Commodity Index is a broadly diversified index that tracks the commodities markets through commodity futures contracts.

The Bloomberg Energy Subindex is a commodity group subindex of the Bloomberg Commodity Index. It is composed of futures contracts on crude oil, heating oil, unleaded gasoline and natural gas. It reflects the return of the underlying commodity futures price movements.

The Bloomberg Global Aggregate Index tracks the performance of investment-grade public debt issued in the major domestic and eurobond markets, including global bonds.

The Dow Jones Brookfield Global Infrastructure Composite Index is calculated and maintained by S&P Dow Jones Indexes and comprises infrastructure companies with at least 70% of their annual cash flows derived from owning and operating infrastructure assets, including MLPs. Data presented in this report reflect performance and characteristics of the index and not those of a Brookfield fund or composite. Brookfield is not involved in the management of the Dow Jones Brookfield Global Infrastructure Composite Index.

The FTSE EPRA Nareit Developed Index is an unmanaged market-capitalization-weighted total-return index that consists of publicly traded equity REITs and listed property companies from developed markets.

The FTSE Global Core Infrastructure 50/50 Index gives participants an industry-defined interpretation of infrastructure and adjusts the exposure to certain infrastructure subsectors. The constituent weights are adjusted as part of the semi-annual review according to three broad industry sectors: 50% utilities; 30% transportation, including capping of 7.5% for railroads/railways; and a 20% mix of other sectors, including pipelines, satellites and telecommunication towers. Company weights within each group are adjusted in proportion to their investable market capitalization.

The ICE BofA Real Asset USD Corporate and High Yield Custom Index is a custom index blend of sectors of the ICE BofA U.S. High Yield Index (70%) and the ICE BofA U.S. Corporate Index (30%) that correspond to equity sectors in Brookfield's real asset universe. Such real asset-related sectors include Cable, Infrastructure Services, Oil and Gas Transmission & Distribution (T&D), Telecommunications, Transportation, Utilities, Agriculture, Timber, Basic Materials, Energy Exploration & Production, Metals & Mining, Real Estate, Real Estate Ownership & Development and REITs. The ICE BofA U.S. High Yield Index tracks the performance of U.S. dollar-denominated below-investment-grade corporate debt publicly issued in the U.S. domestic market. The ICE BofA U.S. Corporate Index tracks the performance of U.S. dollar-denominated investment-grade corporate debt publicly issued in the U.S. domestic market.

The ICE BofA Real Asset USD High Yield Custom Index is a custom index that tracks the performance of sectors of the ICE BofA U.S. High Yield Index that correspond to equity sectors in Brookfield's real asset universe. Such real asset-related sectors include Cable, Infrastructure Services, Oil and Gas Transmission & Distribution (T&D), Telecommunications, Transportation, Utilities, Agriculture, Timber, Basic Materials, Energy Exploration & Production, Metals & Mining, Real Estate, Real Estate Ownership & Development and REITs.

The ICE BofA Real Asset USD Investment Grade Custom Index is a custom index that tracks the performance of sectors of the ICE BofA U.S. Corporate Index that correspond to equity sectors in Brookfield's real asset universe. Such real asset-related sectors include Cable, Infrastructure Services, Oil and Gas Transmission & Distribution (T&D), Telecommunications, Transportation, Utilities, Agriculture, Timber, Basic Materials, Energy Exploration & Production, Metals & Mining, Real Estate, Real Estate Ownership & Development and REITs.

The MSCI World Index is a free-float-adjusted market-capitalization-weighted index that is designed to measure the equity market performance of developed markets.

The S&P 500 Index is an equity index of 500 widely held large-capitalization U.S. companies.

The S&P 500® Utilities Index comprises those companies included in the S&P 500 that are classified as members of the GICS® utilities sector.

The S&P Global Clean Energy Index is designed to measure the performance of companies in global clean energy-related businesses from both developed and emerging markets, with a target constituent count of 100.

The U.S. 10-Year Treasury Note is a debt obligation issued by the United States government that matures in 10 years and pays interest at a fixed rate once every six months and pays the face value to the holder at maturity.

West Texas Intermediate crude oil is a crude oil stream produced in Texas and southern Oklahoma that serves as a reference, or "marker," for pricing a number of other crude streams, and it is traded in the domestic spot market at Cushing, Oklahoma.

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