

Brookfield Real Assets Monthly

INSIGHTS: THE INVESTING IMPLICATIONS OF CHINA'S REOPENING

China's reopening—the faster-than-expected relaxing of local COVID-19 restrictions—is driving increased economic activity and an improving growth outlook for China's economy and the broader Asia Pacific region. While the jury is still out on what impact the reopening will have on the global economy—whether it will keep global inflation elevated for longer, for instance—it doesn't change our base-case macro outlook for a mild recession. We believe it does, however, have significant implications for our real estate and infrastructure views.

Real estate. China's reduced travel restrictions could result in "revenge spending" and increased outbound travel from China. China had roughly 150 million tourist departures in 2019, with roughly \$250 billion spent on tourism expenditures, according to United Nations World Trade Organization data. We expect that travel spending returning to that level may boost growth for many real estate subsectors in the Asia Pacific region, which sees the bulk

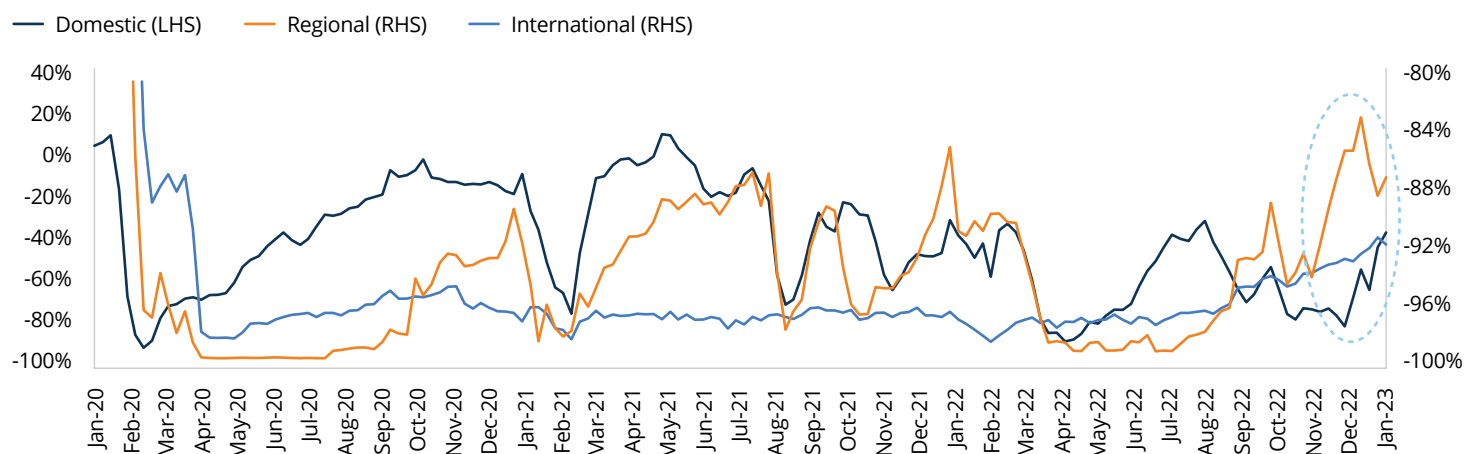
of travel from China. We also expect that relaxed social distancing measures will improve return-to-office trends in China.

We think these trends stand to benefit high-quality landlords and developers in Hong Kong, which we favor over other real estate companies in the region. That said, we are monitoring the risks related to virus outbreaks and potential future lockdowns, as well as domestic unrest and geopolitical conflicts in the region.

Infrastructure. We are already seeing signs that airport traffic is picking up following China's policy changes, and we expect a further potential recovery in air travel traffic could benefit airport infrastructure companies in the broader Asia Pacific region. We also expect that increased mobility in and out of China could increase demand for commodities, notably liquefied natural gas, supporting energy infrastructure. Finally, we also see opportunities in select communications infrastructure companies arising amid the reopening.

MOBILITY HAS RAPIDLY INCREASED FOLLOWING CHINA'S REOPENING, WITH AIRPORT TRAFFIC IN ASIA UP

Passenger Traffic in Asia, Indexed to 2019



As of January 2, 2023. Source: Goldman Sachs Equity Research.

Yet while China's reopening has implications for both real estate and infrastructure equities, we take a security-specific approach, looking to invest in

companies that our detailed analysis and sector expertise show are offering strong fundamentals at attractive valuations.

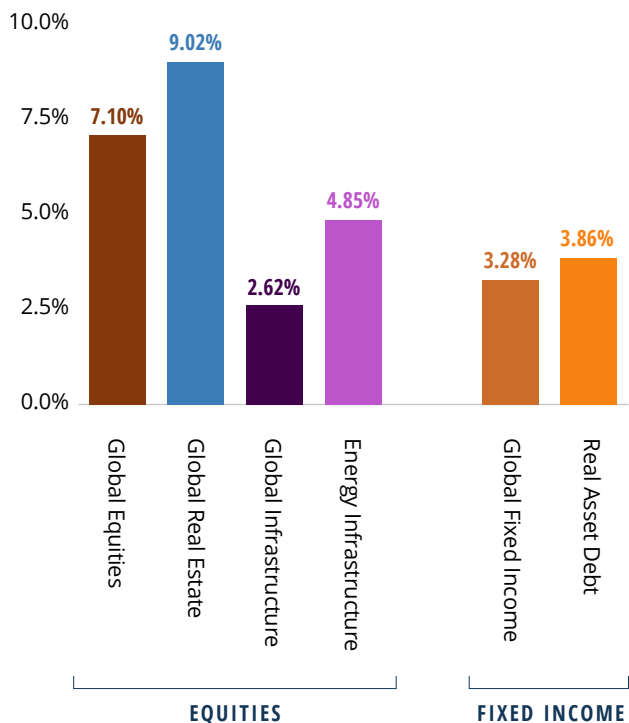
Real Assets Month in Review

REAL ASSETS

- Global equities rose in January, as falling inflation boosted market expectations that central banks may soon stop increasing interest rates and the soft-landing narrative gained traction. The reopening of China's economy and the waning European energy crisis also supported stocks. The MSCI World Index gained 7.10% during the month, with North America, Asia Pacific and Europe rising 6.70%, 7.10% and 8.69%, respectively. In the U.S., the S&P 500 Index increased 6.28%, its best January since 2019.
- The 10-year U.S. Treasury yield fell to 3.51%, from 3.87% at the end of December. West Texas Intermediate Crude Oil finished the month at \$78.87, down \$1.39 from December. The Bloomberg Commodity Index fell 0.49%.
- We believe global growth will skew to the downside in 2023 amid persistent inflation and further tightening of financial conditions. We expect volatility to remain elevated until global growth eventually slows to coincide with target inflation, driving an end to monetary tightening. As a result, from a diversified real assets portfolio perspective, we are defensively positioned, with a modest overweight position in real asset debt, an underweight to real asset equities and no direct commodity exposure.
- We believe the material increase in bond yields over the past year has made real asset debt significantly more attractive on a risk-adjusted basis. 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 renewables and energy midstream equities, which we believe could benefit from the energy transition toward renewable power and the global push for energy security. Although real estate valuations appear attractive, we believe slowing economic growth may pressure real estate equities further. We hold no direct exposure to commodities. While near-term supply/demand technicals may support energy commodities, slowing economic growth remains a headwind.

PERFORMANCE AT A GLANCE

January Total Returns



As of January 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. Past performance is not indicative of future results.**

GLOBAL INFRASTRUCTURE

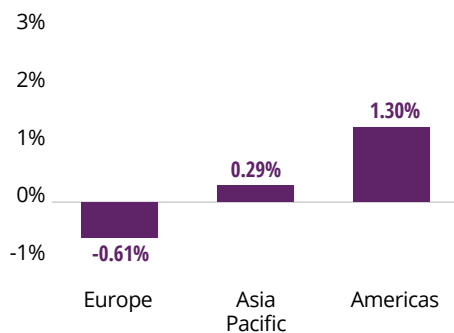
- Global infrastructure equities rose in January, though they underperformed broader markets. The FTSE Global Core Infrastructure 50/50 Index gained 2.62%, with airports and communications leading the way. The Alerian Midstream Energy Index returned 4.85%.
- News of infrastructure asset sales and other potential transactions during the month highlighted the attractive valuation opportunity in listed infrastructure. We believe that current listed valuations do not reflect how well

positioned infrastructure companies are for cash flow growth amid strong fundamentals. As a result, we see a good entry point for a long-term allocation with potential for attractive risk-adjusted returns.

- 2022 earnings reports generally showed upticks in revenues across listed infrastructure companies, testifying to the asset class's innate inflation protection. We expect this trend will continue.

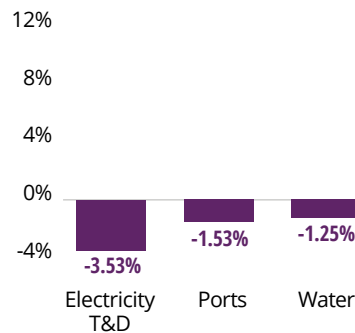
PERFORMANCE BY GEOGRAPHY

January Total Returns

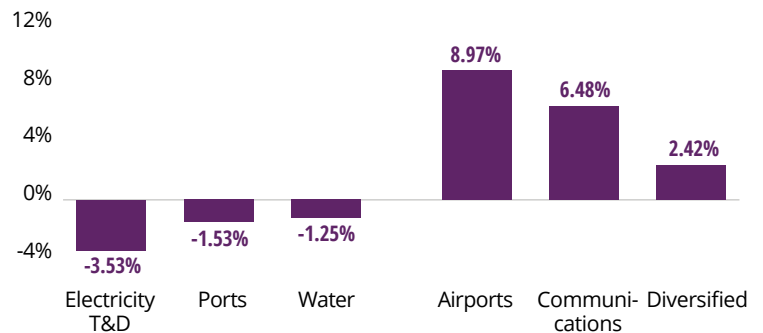


PERFORMANCE BY SECTOR

Top Three Laggards



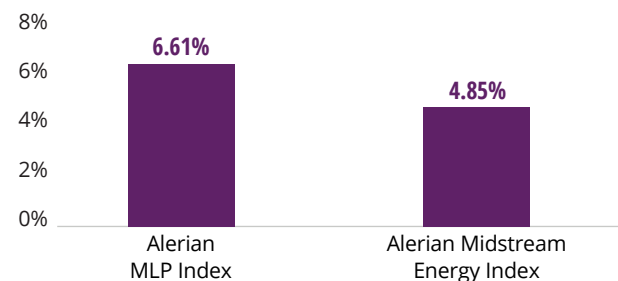
Top Three Leaders



As of January 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" refers to transmission and distribution. See disclosures for additional information. **It is not possible to invest directly in an index. Past performance is not indicative of future results.**

MIDSTREAM PERFORMANCE

January Total Returns



As of January 31, 2023. Source: Bloomberg. See disclosures for additional information. **It is not possible to invest directly in an index. Past performance is not indicative of future results.**

GLOBAL REAL ESTATE

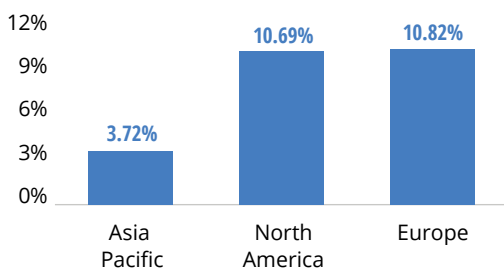
- Global real estate securities started 2023 with a bang, gaining 9.02% in January, as measured by the FTSE EPRA Nareit Developed Index. All regions were positive, but Europe (10.82%) and North America (10.69%) were the strongest, with Asia Pacific returning 3.72%. Returns among all U.S. property types were also positive during the month—with mixed-use, hotels and industrial stocks posting the strongest gains.
- Global real estate equities' relative strength compared with broader markets was likely driven by investor expectations that the end to central bank tightening measures could be in sight. Better-than-expected

economic indicators in Europe and China's abrupt end to its zero-COVID policy also boosted sentiment that a soft landing could be on the horizon.

- Despite a more uncertain operating environment for businesses around the world, we maintain our view that the real estate sector's stable operating cash flow could hold up well in a variety of economic environments. We feel the 2022 selloff in global real estate equities has resulted in global real estate stocks trading at a steep discount to the value of the underlying real estate assets. As a result, we think current valuations present an attractive long-term entry point.

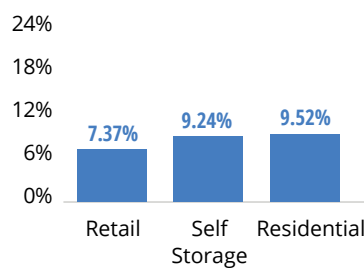
PERFORMANCE BY GEOGRAPHY

January Total Returns

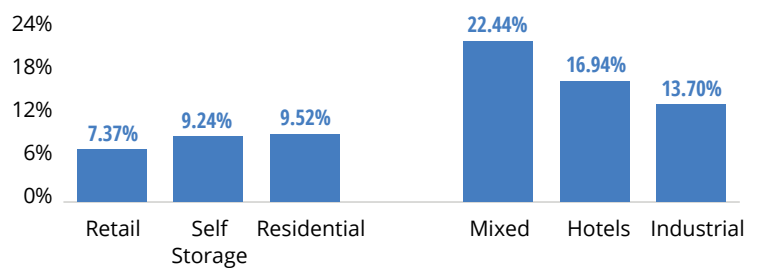


PERFORMANCE BY U.S. PROPERTY TYPE

Top Three Laggards



Top Three Leaders



As of January 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. Past performance is not indicative of future results.**

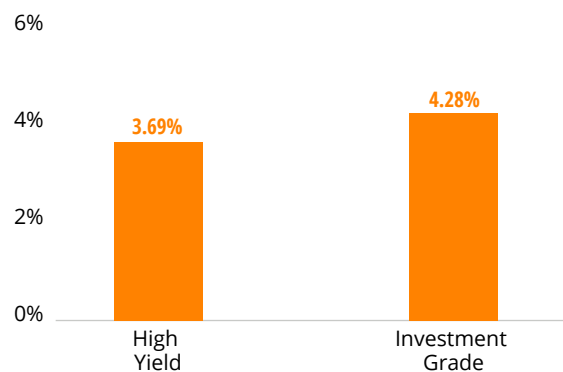
REAL ASSET DEBT

- Fixed-income markets were strong in January amid falling U.S. 10-Year Treasury rates and tightening credit spreads. Broad high yield rose 3.91% and broad investment grade gained 3.89%, as measured by the ICE BofA U.S. High Yield Index and ICE BofA U.S. Corporate Index, respectively. Real asset high yield performed approximately in line with broad high yield, while real asset investment grade outperformed broad investment grade, helped by real asset investment grade's higher interest rate sensitivity.
- Default rates in high-yield and leveraged loans ticked up in January but remain below historical averages, and credit spreads tightened most in the lowest-rated credit segments in January, according to JPMorgan data. The market technical backdrop of limited supply and growing demand for corporate bonds continued in January, driving spreads tighter for both investment grade and high yield to valuations not seen since spring 2022. The higher all-in yields attracted insurance and pension buyers while at the same time deterring supply from interest rate conscious issuers.
- We continue to see potential to opportunistically upgrade the credit quality of our portfolios, as we remain cautious about economic growth. While credit spreads have now tightened toward their longer-term averages, yields

remain attractive. In today's market environment, we are finding more opportunities in real asset investment grade vs. real asset high yield.

REAL ASSET DEBT PERFORMANCE

January Total Returns



As of January 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. Past performance is not indicative of future results.**

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.

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

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

The Bloomberg U.S. Aggregate Bond Index is a broad-base, market-capitalization-weighted bond market index representing intermediate-term investment-grade bonds traded in the United States.

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 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 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 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 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 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 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.

CONTACT US

brookfield.com | publicsecurities.enquiries@brookfield.com

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