

Brookfield Real Assets Monthly

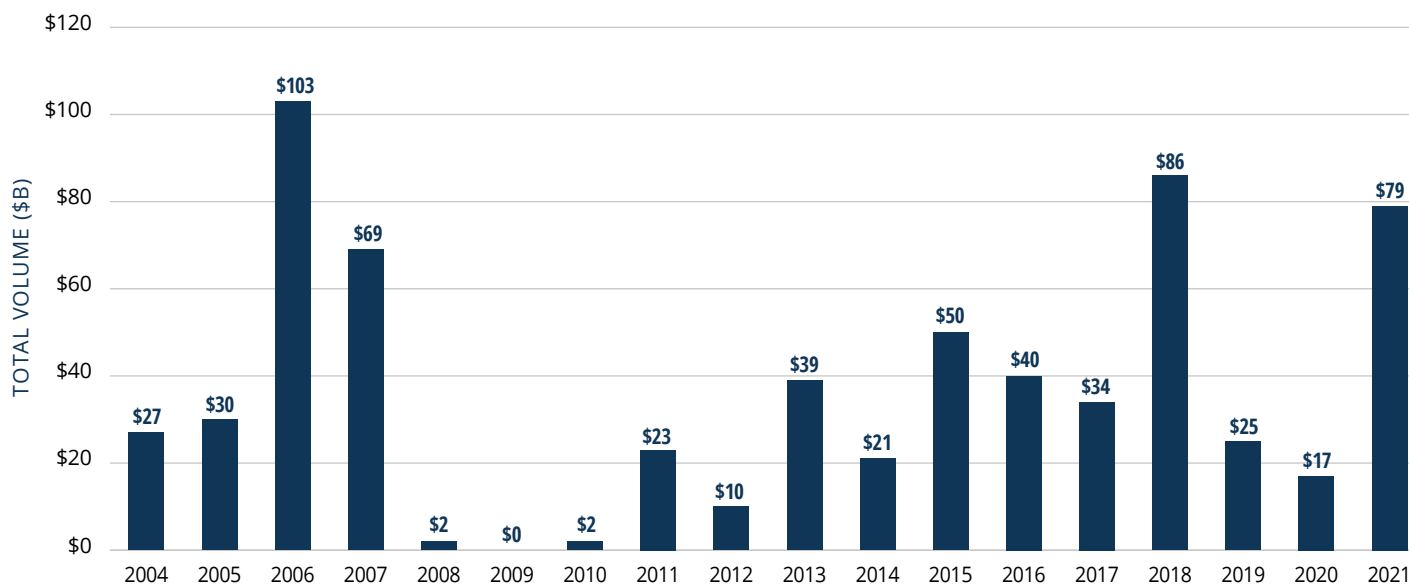
BROOKFIELD INSIGHTS: ONE SIGN SHOWING THE VALUE IN REAL ASSET STOCKS

One sign of the significant value to be found today in real asset equities: recent record levels of mergers and acquisition (M&A) activity. Large institutional investors and private equity firms are acquiring, or attempting to acquire, listed real estate and infrastructure companies and assets, often at significant premiums to stock prices and earnings. The private capital deals and bids have been particularly active in sectors that have been hit hard by the pandemic and related economic shutdowns.

Real estate investment trust (REIT) M&A activity has totaled \$79 billion so far this year, putting 2021 on track to surpass the record \$103 billion from 2006, as the chart below shows. The M&A activity has included significant take-private transactions of listed real estate companies, as well as private equity asset purchases from listed REITs. And we are seeing a similar trend in the listed infrastructure space, where M&A activity is also dominating headlines.

REIT M&A ACTIVITY IS ON TRACK FOR A RECORD YEAR IN 2021

REIT M&A Volume by Year



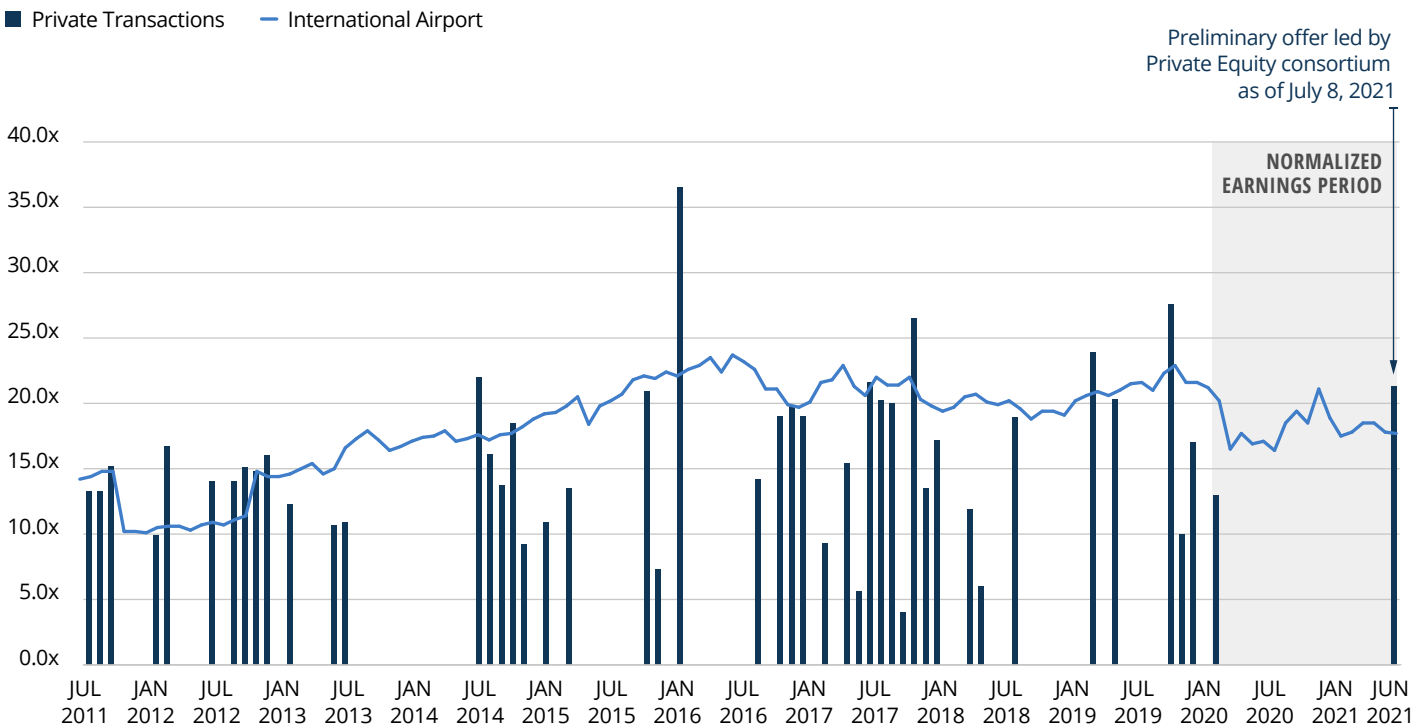
As of August 2, 2021. Source: JLL Capital Markets M&A and Corporate Advisory Group's *M&A and Strategic Transactions Monitor*, which also cites SNL Financial, Cap IQ, Green Street Advisors.

A number of factors are fueling the take-private transactions and bids, including cheap borrowing costs, private equity firms' record levels of dry powder, and valuation disparities between public and private markets, especially in sectors that have faced challenges amid COVID-19, such as airports.

The chart below illustrates one recent bid for what we consider a high-quality, best-in-class international airport. The light blue line shows the market valuation for the airport based on normalized (i.e., pre-pandemic 2019) earnings, which has generally been in line with most private transactions. However, as the chart shows, the recent buyout offer was at a considerable premium to this metric.

HIGH-QUALITY INFRASTRUCTURE ASSETS ARE IN DEMAND

Airport Transaction Comps vs. International Airport (EV/TTM EBITDA)



As of July 7, 2021. Source: Company filings, Bloomberg, Brookfield Public Securities Group research. EV/TTM/EBITDA is a financial metric that can help assess the reasonability of a target's valuation. "TTM" refers to trailing 12 months, "EV" to enterprise value and "EBITDA" to earnings before income taxes, depreciation, and amortization. After January 1, 2020, International Airport valuation multiples (including the take-private offer) calculated with 2019 full-year EBITDA to normalize the impact of the COVID-19 pandemic on earnings.

Such premiums to stock prices mean that private equity firms are finding current prices of high-quality listed real assets attractive based on target firms' long-term growth and cash flow expectations, even as real asset equities have already recovered this year to their pre-pandemic levels. They likely believe, like us, that real asset equities remain undervalued vs. broader markets.

The value to be found in listed real assets means now may be a good time for investors to consider exposure, especially through an active approach that can identify the best opportunities amid today's takeover trend.

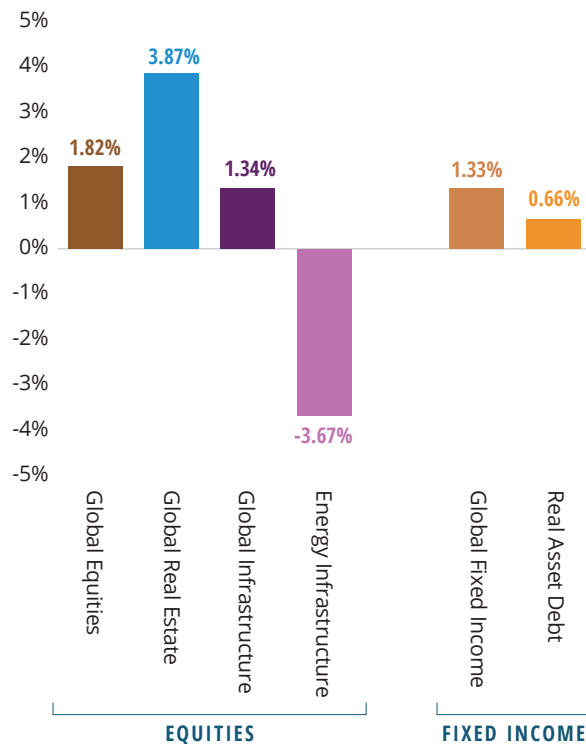
Real Assets Month in Review

REAL ASSETS

- Global equities continued to rise in July, as strong corporate earnings and the ongoing vaccine rollout overshadowed concerns about tighter regulatory scrutiny in China and the spreading Delta COVID-19 variant. The MSCI World Index gained 1.82% in July, with North America and Europe up 2.25% and 1.86%, respectively, while Asia Pacific fell 1.34%. In the U.S., the S&P 500 Index rose 2.38%, notching its sixth straight monthly advance amid earnings beats, solid economic data and lower bond yields.
- Interest rates fell further in July, with the 10-Year U.S. Treasury yield slipping to 1.22% from 1.47% at the end of June. West Texas Intermediate Crude Oil finished the month at \$73.95, up \$0.48 from June, and the Bloomberg Commodities Index rose 1.84%.
- We believe real asset equities can move higher in the second half of 2021, given relative valuations, divergent growth and increasing inflation. We are positioned to take advantage of a continued recovery in real asset equities and are focused on sectors poised to benefit from increasing inflation and rising rates. We hold overweight views of core infrastructure, real estate and energy infrastructure equities. We hold underweight views of real asset debt and REIT preferreds, which currently trade at relatively full valuations. We also see opportunity to benefit from rising inflation via commodities.

PERFORMANCE AT A GLANCE

July Total Returns



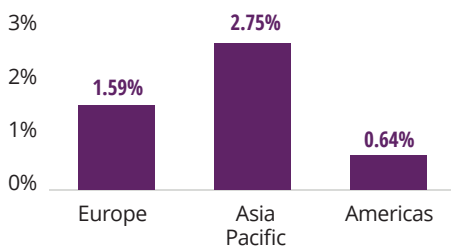
As of July 31, 2021. Source: Bloomberg, Brookfield PSG, U.S. Department of Commerce. See disclosures for full index representations and definitions. **It is not possible to invest directly in an index. Past performance is not indicative of future results.**

GLOBAL INFRASTRUCTURE

- Listed infrastructure rose slightly in July. Utilities rallied, led by water, as interest rates fell. Meanwhile, transports and energy infrastructure stocks struggled amid concerns over the Delta COVID-19 variant.
- Second-quarter earnings have generally been strong so far across the sector, with strong operational execution for utilities and communications, normalizing traffic patterns across transports, and welcomed continued capital discipline within energy infrastructure.
- There were two major take-private announcements during the month, including a rejected bid for a major international airport and a sweetened offer under consideration for an Australian electricity infrastructure firm. (The airport recently rejected a sweetened offer, saying it's open to a higher one.) We believe these announcements show the value of listed infrastructure. We find relative infrastructure valuations appear attractive vs. broader markets, and we believe there are opportunities for investors across the universe.

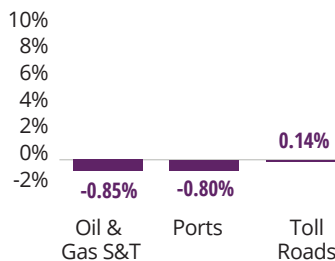
PERFORMANCE BY GEOGRAPHY

July Total Returns

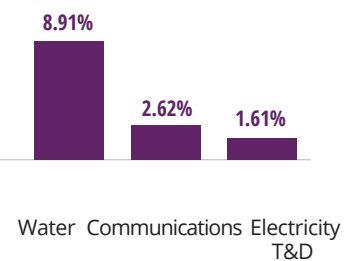


PERFORMANCE BY SECTOR

Top Three Laggards



Top Three Leaders



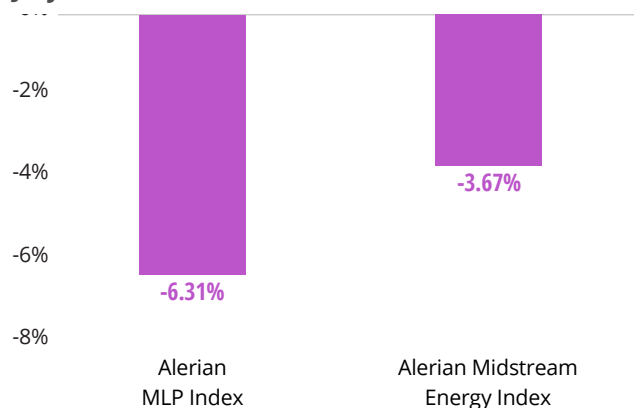
As of July 31, 2021. Source: Bloomberg. Referenced by the Dow Jones Brookfield Global Infrastructure Composite Index. Brookfield has no direct role in the day-to-day management of the Brookfield Infrastructure Composite. "S&T" refers to storage and transportation. "T&D" refers to transmission and distribution. See disclosures for additional information. **It is not possible to invest directly in an index. Past performance is not indicative of future results.**

ENERGY INFRASTRUCTURE

- July marked the first negative month for energy infrastructure after nine consecutive months of positive total returns.
- The Delta COVID-19 variant has resurfaced concerns about potential lockdowns as it runs rampant in certain parts of the world. We continue to monitor different demand indicators, but at the moment, U.S. refined products demand is hovering around 3% below same-time 2019 levels.
- Second-quarter earnings have been upbeat so far. Companies continue to execute on share/unit buybacks, with some announcing new programs. The continued capital discipline exhibited by the energy sector is a positive trend that we think could benefit the industry over the longer term.

MIDSTREAM PERFORMANCE

July Total Returns

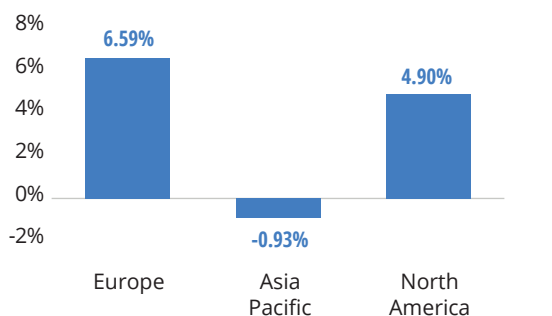


As of July 31, 2021. Source: Bloomberg. See disclosures for additional information. **It is not possible to invest directly in an index. Past performance is not indicative of future results.**

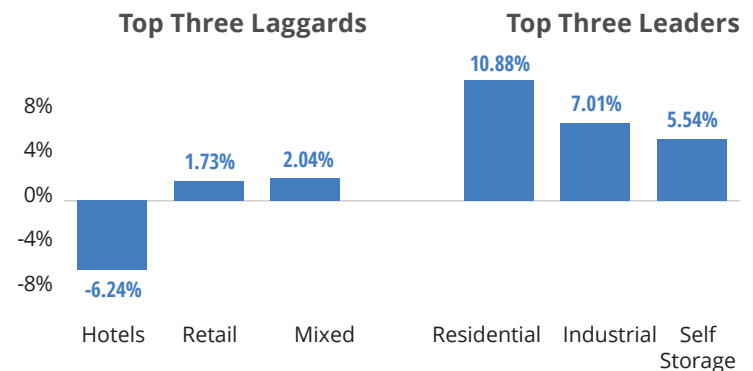
GLOBAL REAL ESTATE

- Global real estate equities, as measured by the FTSE EPRA Nareit Developed Index, rose 3.87% in July. On a regional basis, returns were positive in Europe and North America, while Asia Pacific posted a marginal loss during the month.
- As expected, the increase in Delta COVID-19 variant infections took a toll on stocks benefiting from the reopening. U.S. hotels were down more than 6% during the month. Retail stocks rose marginally but lagged the broader real estate universe. Residential and industrial stocks posted strong gains amid a slew of positive earnings reports in those respective sectors.
- We continue to monitor news related to coronavirus variants. While reopenings may be delayed in some regions, we remain optimistic around the global recovery's direction of travel. In the coming quarters, we anticipate dividends will be reinstated and income growth will pick up after slowing over the past 18 months. We remain excited about the outlook for listed real estate, not only in the near term around the sectors hardest hit by shutdowns but also regarding longer-term fundamentals that can benefit from moderately higher interest rates and inflation.

PERFORMANCE BY GEOGRAPHY July Total Returns



PERFORMANCE BY U.S. PROPERTY TYPE



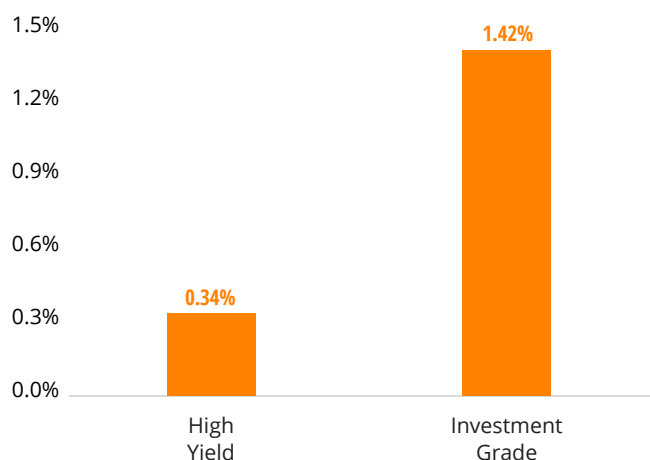
As of July 31, 2021. Source: Bloomberg. Referenced by the FTSE EPRA Nareit Developed Index. See disclosures for additional information. **It is not possible to invest directly in an index. Past performance is not indicative of future results.**

REAL ASSET DEBT

- Real asset investment grade outperformed real asset high yield in July, in line with the broader fixed-income market. Broad investment-grade debt, as measured by the ICE BofA U.S. Corporate Index, rose 1.21% as yields fell, and high yield was up 0.36%, as measured by the ICE BofA U.S. High Yield Index.
- Credit conditions continued to be very favorable for high yield, with the month of July seeing no defaults or distressed transactions for the first time since August 2018, according to the J.P. Morgan Default Monitor. Given this default backdrop, open access to capital markets, and an ongoing economic recovery, we remain positive toward high-yield spreads, which widened modestly in July.
- We are mindful of valuations, however, as yields fell further in July. With the U.S. 10-year Treasury yield ending the month 25 basis points lower at 1.22%, we remain wary of duration and investment grade in the near term. We expect volatility in the coming months amid economic data releases, fall return-to-office and return-to-school headlines, and communication from the Federal Reserve.

REAL ASSET DEBT PERFORMANCE

July Total Returns



As of July 31, 2021. Source: Bloomberg. See disclosures for index representations and additional information. **It is not possible to invest directly in an index. Past performance is not indicative of future results.**

IMPORTANT DISCLOSURES

For the July total-returns data, global equities are represented by the MSCI World Index, global real estate by the FTSE EPRA Nareit Developed Index, global listed infrastructure by the FTSE Global Core Infrastructure 50/50 Index, energy infrastructure by the Alerian Midstream Energy Index, global fixed income by the Bloomberg Barclays Global Aggregate Bond 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 Corporate 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 Barclays 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 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 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 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 ICE BofA Real Asset USD Corporate and High Yield Custom Index is a custom index blend of sectors of ICE BofA U.S. High Yield Index (70%) and 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, RE 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 Corporate Custom Index tracks the performance of U.S.-dollar-denominated real asset investment-grade corporate debt.

The ICE BofA Real Asset USD High Yield Custom Index is a custom index that tracks the performance of sectors of ICE BofA US 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, RE Ownership & Development and REITs. ICE BofA Global High Yield Index tracks the performance of below-investment-grade corporate debt publicly issued in major domestic or eurobond markets.

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.

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