Sam Garetano on the Brookfield Infrastructure Income Fund

Sam Garetano, a Senior Vice President in Brookfield's Infrastructure Group, discusses the Brookfield Infrastructure Income Fund, Inc. (BII), a continuously offered, non-diversified closed-end fund. Garetano describes the investment vehicle as "an evergreen offering that's intended to be a comprehensive private infrastructure allocation that provides exposure to both private infrastructure debt as well as private infrastructure equity." Garetano makes the case for BII as a portfolio investment that is more than just a fixed-income substitute, saying it also potentially provides inflation protection — as infrastructure is historically less prone to market cycles — while being backed by Brookfield's management expertise.

Learn more about Brookfield and Brookfield Infrastructure Income Fund, Inc

Find here the video interview.

Jane King: Sam Garetano is a senior vice president in Brookfield's infrastructure group, and in this role Mr. Garetano is responsible for the portfolio management of Brookfield Infrastructure Income and is also involved in strategic initiatives for Brookfield's infrastructure platform. Now prior to joining Brookfield he held similar roles at Waud Capital Partners, Adams Street Partners, and BlackRock, where he was responsible for delivering alternative investment solutions to clients globally. Mr. Garetano holds a bachelor's of science degree from Syracuse University and joins me this morning, great to have you here.

Sam Garetano: Thanks, Jane. Thanks for having me on today.

Jane King: So tell us about the Brookfield Infrastructure Income Fund.

Sam Garetano: Yeah, Brookfield Infrastructure Income, or what I'll probably refer to as BII, is a continuously offered non-diversified closed-end fund, but what that really means is this is an evergreen offering that's intended to be a comprehensive private infrastructure allocation that provides exposure to both private infrastructure debt as well as private infrastructure equity in developed markets across really five primary sectors. This is transport, renewable power and energy transition investments, utilities, midstream and data.

The strategy is intended to provide ways to access Brookfield's infrastructure capabilities really in a single solution with fund characteristics that we think could be more attractive to individual investors. As the fund takes in monthly subscriptions, we intend to pay a monthly distribution, we potentially provide liquidity on a quarterly basis, and an annual 1099 tax form.

Jane King: So what does the portfolio look like now?

Sam Garetano: Yeah, this is a portfolio of over 23 investments today that we think really represent high-quality infrastructure assets that form the backbone of the global economy. I recognize that when the word "backbone" is used, what does that actually mean? Think of this as the transport investments that really are helping deliver goods when you order online or really ensuring supply chains work around the world, or think of the utility lines that are helping bring electricity to our homes or the renewable power that could go through those utility lines, or the natural gas that comes through the pipes that really help us heat our homes or the telecom towers that might give someone 5G coverage to their iPhone or the Android phone that really might be helping them stream this video right now.

The way we've designed the portfolio is that it could be resilient across all market environments, this is a portfolio that has 90% of its revenues that are contracted or regulated with almost no volume or price exposure. What that means in infrastructure is it's our job to make sure the infrastructure, the service, is available for our customers to use, and then that means we get paid. We're not taking the usage or volume risk or the technology risk in our investments, in most of our investments we have direct linkage to inflation, and so our revenues can grow with inflation each year. We seek to finance our assets with long-term fixed-rate financing to really mitigate any interest rate sensitivity in the portfolio.

Jane King: So what should an investor expect then in terms of a total return?

Sam Garetano: Yeah, I'd say infrastructure really is intended to be a stabilizer in an investor's portfolio. Infrastructure is not private equity, it's at the opposite end of the risk spectrum. Allocations to infrastructure are really intended to provide potential downside protection, potential inflation protection, and really diversification due to the low correlation to other asset classes, whether that be the traditional public markets or even other alternative asset classes such as real estate, really driven by the unique return and risk characteristics of infrastructure assets and really the ones we seek to invest in at Brookfield.

Specific to BII, we're really designing this to potentially be a portfolio that should provide a very stable and consistent experience with returns that could be resilient across market cycles. And so we would really expect the returns to be comprised of approximately half income and half capital appreciation, and the fund's distributions that we intend to potentially pay monthly potentially have some tax advantage tax characteristics to it.

Jane King: Where can or even should RIAs incorporate this product into their client portfolios?

Sam Garetano: Yeah, that's a really good question, because I say I've seen many different RIAs look to implement infrastructure into their clients' portfolios in different buckets, many have viewed infrastructure as a fixed-income substitute. I'm obviously biased as an infrastructure person, I think it's a little bit better because you get that inflation protection, and then a manager like Brookfield can drive capital appreciation and so you potentially could have a portfolio investment that looks like a lower risk equity investment.

Some investors have been making a dedicated infrastructure or real assets allocation, and some investors have had cash sitting on the sidelines and they view infrastructure as a good way to deploy that cash because infrastructure historically has been less prone to market cycles and so there's not necessarily a timing of the market or are we at the peak or are we at the bottom? It could always potentially be a good time to invest in infrastructure.

We've seen some potentially sell off some public equities that were maybe a little bit more dividend paying and want that kind of stable, predictable [inaudible 0:07:03] from infrastructure investments with some of the upside potential. And so there's many different ways we see investors and RIAs look to implement allocations to private infrastructure today, I don't think there's any right or wrong. I'm just very excited to see that infrastructure continues to gain momentum and there's now offerings like BII which are new and are a really good access point potentially for individual investors today.

Jane King: Okay. Sam, thank you so much for explaining infrastructure in general and what you do specifically, I appreciate it.

Sam Garetano: Perfect. Thanks for having me on today, Jane.

Recorded on July 9, 2024

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***Investing in the Fund involves risk, including possible loss of principal invested**. There can be no assurance that the Fund mentioned herein will achieve its investment objective.*

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The Fund intends to distribute substantially all of its net investment income to common stockholders in the form of distributions. Under normal market conditions, the Fund intends to declare and pay distributions monthly to common stockholders of record. In addition, the Fund intends to distribute any net capital gains earned from the sale of portfolio securities to common stockholders no less frequently than annually, although net short-term capital gains may be paid more frequently. However, the Fund cannot guarantee that it will make distributions and the amount of distributions that the Fund may pay, if any, is uncertain.

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The Fund's Shares have no history of public trading, nor is it currently intended that the Shares will be listed on a public exchange or any other trading market in the near future. No organized secondary *market is expected to develop for the Shares, and liquidity for the Shares is expected to be provided only through quarterly tender offers of the Shares at NAV per share. There is no guarantee that repurchases will occur or that an investor will be able to sell all the Shares that the investor desires to sell in a tender offer. Due to these restrictions, an investor should consider an investment in the Fund to be illiquid.*

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