
# Brookfield Real Assets (RA) Income Fund – How it Fits into a Portfolio

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A key benefit that a Real Assets strategy offers to investors is that it allows them to add liquid real assets to their portfolio.

[Brookfield Real Assets Income Fund](#) (the "Fund" or RA) currently offers a 10% yield (as of 2/28/19) – the fund holds bonds mostly while the interest rate exposure is low due to a 1.5 year duration (as of 2/28/19) .

Furthermore, replacing a portion of bonds, cash or richly-valued index funds with real assets may offer investors a better risk-adjusted return – which we'll get to in a moment.

Before we discuss how [Brookfield RA](#) Income Fund may fit into a portfolio, it's important to know what the fund is at its core.

## What exactly is Brookfield Real Assets Income Fund?

The Fund invests mostly in debt securities related to infrastructure, real estate and natural resources. However, the investment mandate is rather broad.

For instance, the fund can invest as much as 35% of assets in equity securities – this also includes preferred and common shares as well as MLP units. Within each type of securities, there's no mandated limit on international exposure.

Furthermore, the fund can invest as much as 20% of assets in fixed-income securities that are not related to real assets. This especially applies to US government bonds. There are also no restrictions to the maturity of fixed-income securities.

The fund can employ a gross assets leverage of up to 33.3%.

## Who Manages the Fund?

Brookfield Public Securities Group LLC ("PSG") manages the Fund. PSG is the public securities platform of Brookfield Asset Management. Brookfield is a name synonymous with alternate asset management leadership – given the 750+ investment professionals and over 100,000 operating employees along with industry partners who help them acquire high-performing assets and businesses at favorable valuations, as well as financing them on a low-risk, long term basis.

## How to Fit RA into Your Portfolio

Generally speaking, every investor will have their own unique investment goals and objectives – and while we're not going to cover all, for the sake of this article – let's visualize the following investor scenario:

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Your main goal is to use at least a few decades to build an equities portfolio which yields good return prospects. In addition, depending on stock valuations, you decide to keep some "dry powder" in bonds or cash – and rather than worry about losses, you research worthwhile opportunities to actually put that cash/bonds to work.

It is important to note that investment grade bonds for the most part do not offer very impressive returns, not to mention the risks that come with them. So, more or less, investment grade bonds today mean cash equivalents. Therefore, it would be wise to hold cash and/or bonds in your portfolio, so that you have a bit of dry powder left which you can convert to equities, when they become less expensive.

As you may already know, safe bonds means cash which gets you returns almost next to nothing. We're going to replace this portion of cash with RA. Now, let's say 30% of the cash is replaced by RA. Originally, you had your cash, say, earning 1% - now, when you replace the cash position with RA, the yield in this part of your portfolio will effectively quadruple to 3.7%.

In majority of cases, RA prices are very stable – for example, a 5% decrease vs. a 20% decrease in S&P 500. So as it turns out, your "dry powder property" isn't really affected. However, in more dire scenarios, where high-yield bonds and equities plummet by, say, 40% - RA might significantly decline as well.

This is just the tip of the iceberg. To learn more about how you can fit RA Income Fund into your portfolio and enjoy superb short-term and long term yields, have a look at the Brookfield Real Assets Income Fund.

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