



Brookfield Investment Management Inc. Takes Giant Step Towards The Reorganization Of Its Three Brookfield Closed-End Funds After Board Approval For The Proposal And The Appointment Of A Sub Adviser Was Granted

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Brookfield Investment Management Inc has secured board approval for the proposed reorganization of its Three Brookfield Closed-Funds and the appointment of a sub investment adviser for Two Brookfield Closed-End Funds.

A [press release](#) from the asset management company confirmed that the Board of Directors for all the three Funds, the Brookfield Mortgage Opportunity Income Fund Inc. (BOI), The Brookfield Total Return

Fund Inc. (HTR), and Brookfield High Income Fund Inc (HHY) approved the reorganization that will pave the way for the creation of a newly organized Maryland Corporation dubbed the Brookfield Real Assets Income Fund Inc or the RA Fund.

The statement also confirmed board approval for the appointment of Schroder Investment Management North America Inc. (SIMNA) as a sub adviser for both the Brookfield Mortgage Opportunity Income Fund Inc. (BOI) and the Brookfield Total Return Fund Inc. (HTR). Brookfield Investment Management Inc will now wait for shareholder approval on a joint shareholder special meeting that is scheduled for Friday, August 5th, 2016, at 8:30 a.m., Eastern Time.

Rationale For The Proposed Reorganization

Brookfield Investment Management Inc had tabled the proposal to reorganize the three Close-End Funds in a bid to increase growth potential and investment strategy flexibility. The Boards have exclusively backed the proposal saying that it will serve the greater interests of shareholders in the long term. Here are some of the reasons that influenced the approval:

1 Effective Investment Strategy

Brookfield Investment Management Inc said that the Brookfield Real Assets Income Fund Inc. will move towards a multi-asset investment

◀ plan that focuses on what it called 'Real Assets'. This will include investments on Natural resources, Real Estate, and infrastructure. However, the fund is expected to retain investments on fixed income securities and viable debt instruments as well as securitized mortgage backed securities that are currently under the Brookfield High Income Fund Inc (HHY) and the Brookfield Mortgage Opportunity Income Fund Inc. (BOI) respectively. A portion of assets under the RA Fund will be allocated to the following Teams:

- The Real Assets Credit investment team that currently handles the HHY Fund
- Securitized Products investment team that currently handles the BOI and HTR Funds
- Other portfolio management teams within the company

2 Flexibility Of Investment Strategy

The RA Fund will allow Brookfield Investment Management Inc to pursue investments in multiple industries. This is expected to add more stability and mitigate the risk of volatile returns in the market.

3 Increased Growth And Capital Appreciation Potential

A multi asset investment plan in multiple real assets and sectors will improve the potential for greater income drastically. Brookfield

Investment Management Inc says that under the current market conditions, the RA Fund and the proposed multi asset Investment plan offers long term income growth and steady capital appreciation for all shareholders.

4 Reduced Operational Costs

Brookfield Investment Management Inc has expressed confidence that Consolidating Fund Management into a bigger asset size has the potential of cutting operational costs in the long run. The company has also assured shareholders that it will bare all the expenses for the proposed reorganization.

5 Improved Secondary Market Trading

The RA Fund will provide a bigger asset size that will increase potential for secondary market trading in the long term.

6 2 Year Management Fees Waiver

Brookfield Investment Management Inc also added that the management fee for the RA Fund will be 1% of the total managed assets. However, the company has agreed to waive a portion of management fees for the first two years after the Reorganization. Additionally, Brookfield Investment Management Inc has confirmed that the waiver will ensure that management fees do not exceed 1.03% of total managed assets during this 2 year period.

What Will Happen If Shareholders Approve the Proposal?

If shareholders approve the proposed Reorganization each shareholder of the three BOI, HTR and HHY Funds will get newly issued shares to the new RA reorganized Fund. Brookfield Investment Management Inc will take over as the primary investment adviser for the reorganized Fund while Schroder Investment Management North America Inc. (SIMNA) will take over as a sub adviser for the Fund's Securitized Credit Portion.

Appointment of Schroder Investment Management North America Inc. (SIMNA)

Schroder Investment Management North America Inc. (SIMNA) will take over as the sub adviser for the Brookfield Mortgage Opportunity Income Fund Inc. (BOI) and the Brookfield Total Return Fund Inc. (HTR) upon the approval of shareholders. At the moment management of the BOI Fund and the HTR Fund is under the Brookfield's Securitized Products Investment Team which is expected to be acquired by SIMNA before the end of the year. However, if the acquisition transaction is not successful, the entrance of SIMNA as a sub adviser to the BOI Fund and HTR Fund will not be implemented even with shareholder approval. The management role will instead be retained by the Securitized Products Investment Team. ▶