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BMO Global Asset Management

Investing in Infrastructure

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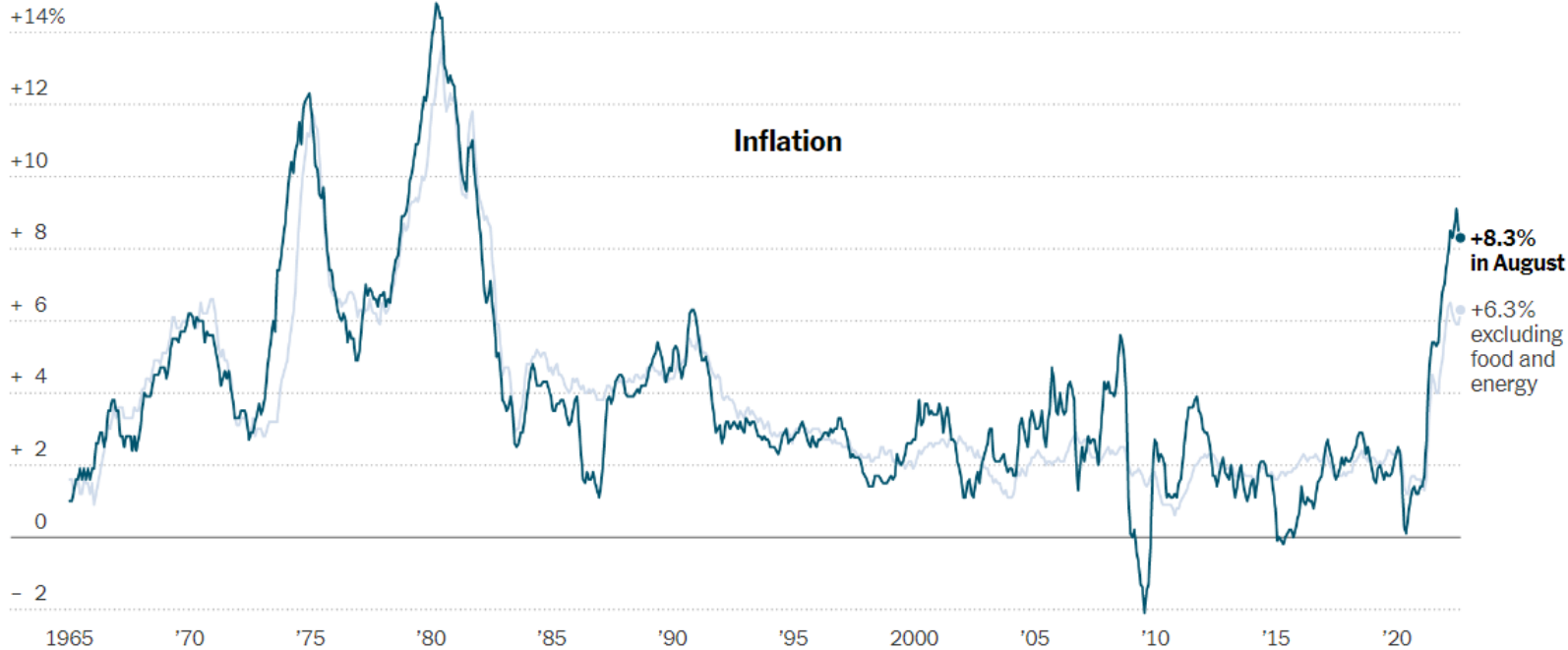


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VP, BMO ETFs



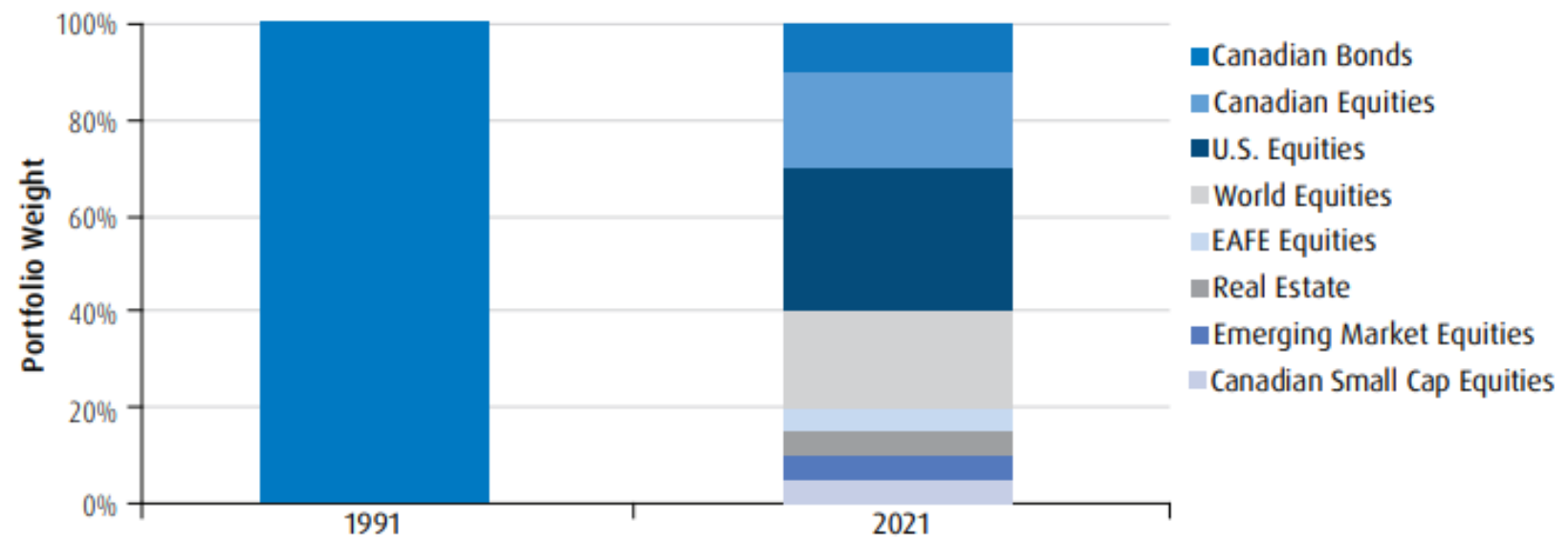
Sa'ad Rana
Associate, BMO ETFs

Inflation came in faster than expected in August even as gas prices fell. 



Year-over-year percentage change in the Consumer Price Index • Source: Bureau of Labor Statistics

A "60/40" allocation to stocks and bonds may no longer be enough to meet long-term goals



5-year annualized, ending December	1991	2021
5-year annualized return (%)	11.10	11.59
Standard Deviation	6.69	12.06

Source: Morningstar Direct, as at 31 December 2021 in Canadian dollars. Canadian Small Cap Equities, Emerging Market Equities, Real Estate, EAFE Equities, World Equities, U.S. Equities, Canadian Equities, Canadian Bonds represented by S&P/TSX Small Cap Index, MSCI EM Index, DJ Brookfield Global Infrastructure North American Index, MSCI EAFE Index, MSCI World Index, S&P 500 Index, S&P/TSX Composite Index and FTSE Canada Universe Bond Index.²

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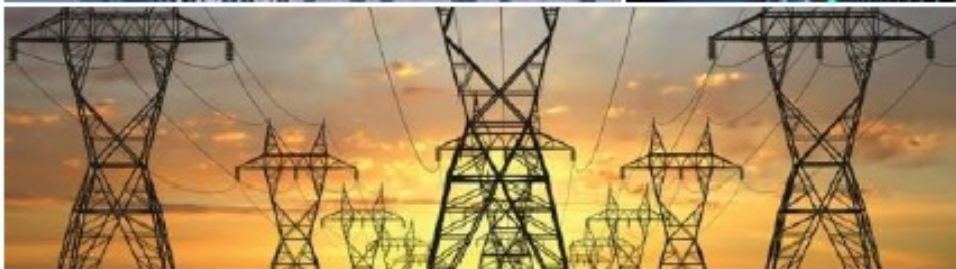
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Global Infrastructure Sectors

- Utilities
 - Gas
 - Electric
 - Water
- Industrials
 - Airport operators
 - Marine port operators
- Real Estate
 - Cell tower operators
- Energy
 - Oil and gas storage and transportation



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- **Relatively steady cash flows with a strong yield component** – Long term contracts with predictable cash flows
- **High barriers to entry in marketplace** - High cost to setup does not encourage competition to come up easily – mostly monopolistic businesses
- **Income linked to inflation** In a lot of cases, contracts are linked to inflation or the operators have the ability to pass on the inflation to end consumers.
- **Growth** is coming both from emerging markets which are improving their infrastructure and developed markets which are updating their aged assets.

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ETFs are **POWERFUL** tools for exposure

- **Liquidity:** Market makers help support the liquidity, even in market crashes
- **Transparent:** Investors can verify the composition of an ETF's actual portfolio daily
- **Diversified:** Offers investors lower portfolio variability and can reduce the impact that volatile markets
- **Cost effective:** Rolling futures can be costly



Source: CIBC capital markets, Aug 2022

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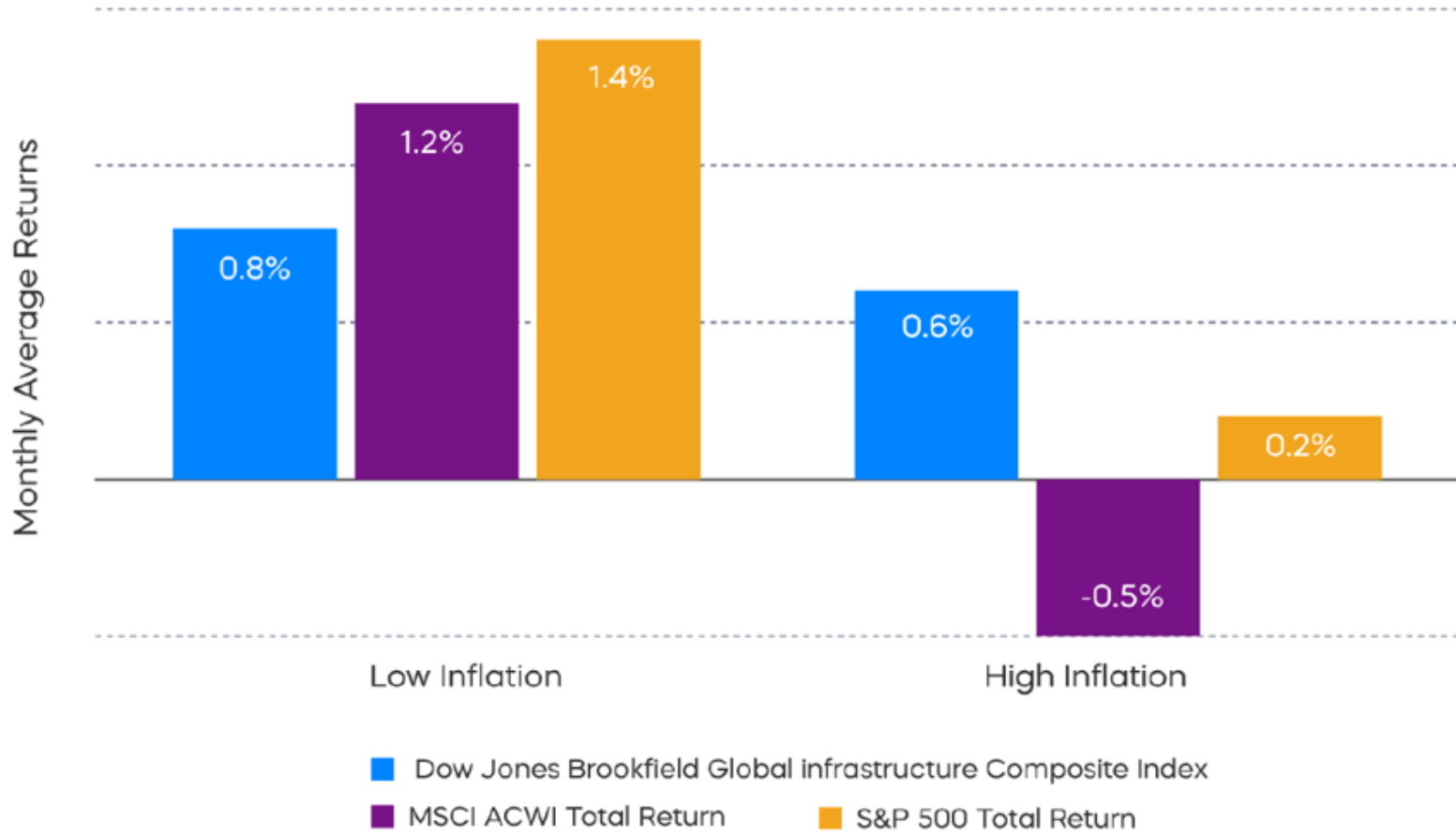


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Pure-Play Infrastructure Companies Outperformed in Periods of High Inflation



Source: Bloomberg, 7/31/08–3/31/22. MSCI ACWI Index is a global equity index designed to represent performance of the full opportunity set of large- and mid-cap stocks across developed and emerging markets. Index information does not reflect any management fees, transaction costs, or expenses. Indexes are unmanaged, and one cannot directly invest in an index. Past performance does not guarantee future results.

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\$100+ Trillion

investment opportunity to decarbonize the world's energy systems¹



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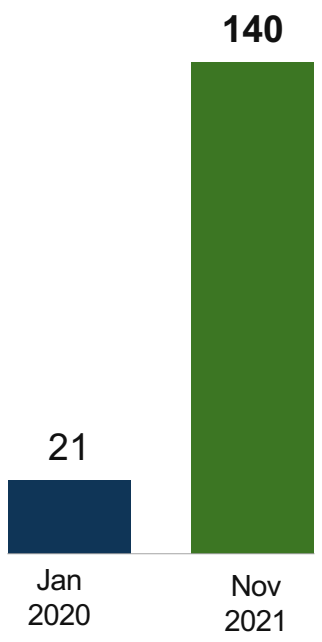


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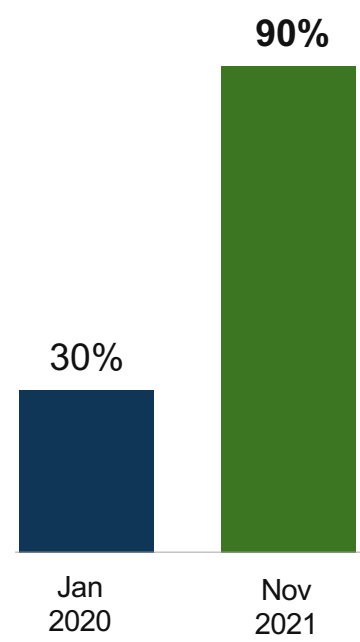
Decarbonization at the Center of Climate Change Initiatives

The world has rapidly intensified focus on decarbonization in order to achieve net-zero emissions by 2050

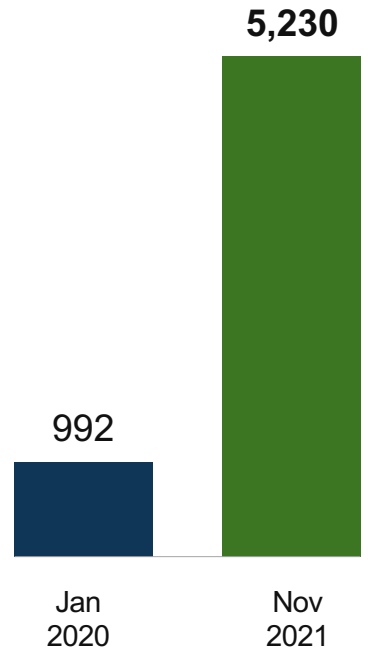
Countries with net-zero commitments



Emissions covered by country net-zero commitments



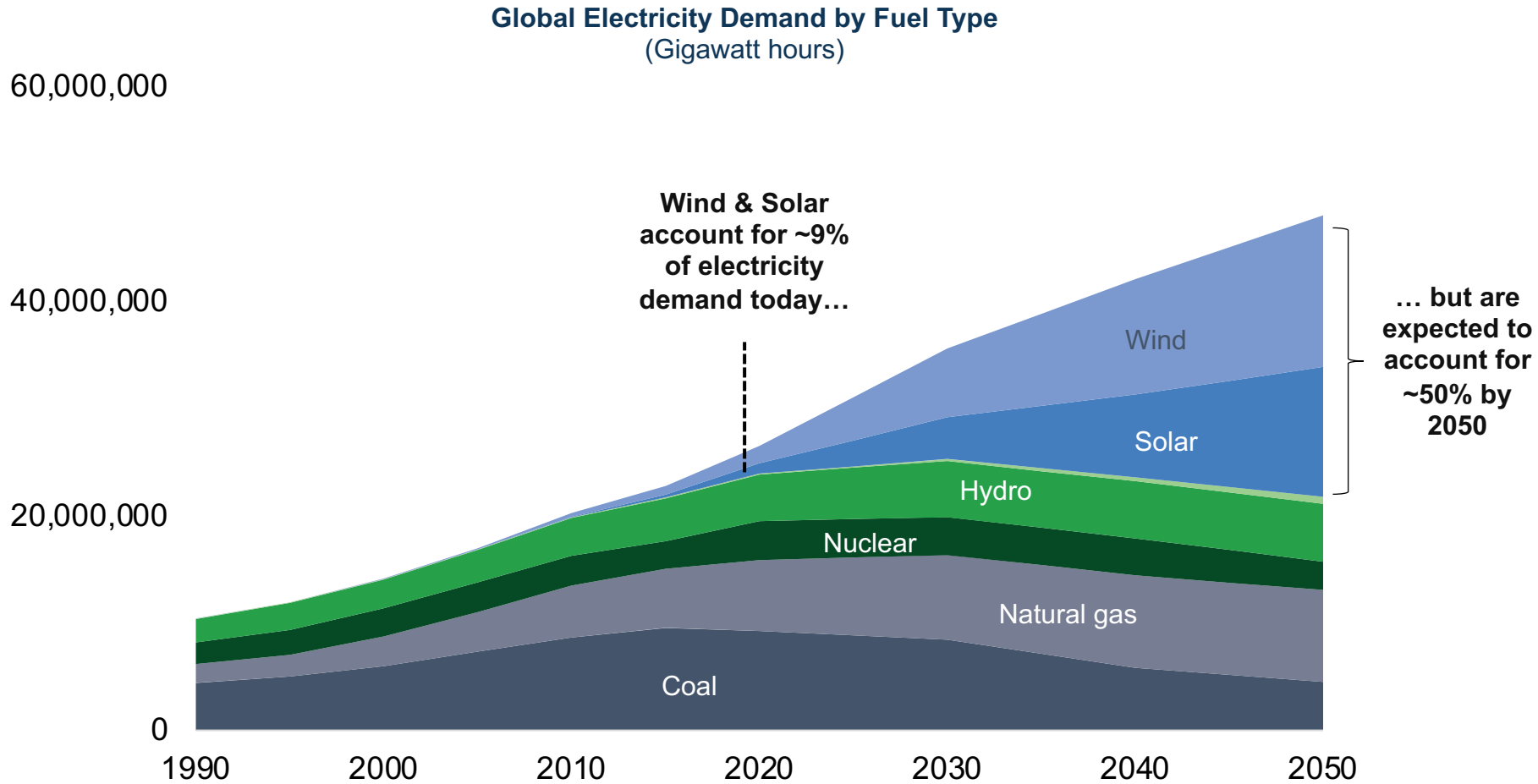
Companies with net-zero commitments



• As of December 31, 2021. Sources: Brookfield Renewable Power, Climate Action Tracker. United Nations Climate Change, Race to Zero, United Nations Climate Change Race to Zero, IPCC. See disclosures for additional information.

Renewables are the World's Future Power Source

Renewables are taking a larger share of a growing pie, driven by cost competitiveness and global policy



• As of December 31, 2021. Source: International Energy Agency, World Energy Council. See disclosures for additional information

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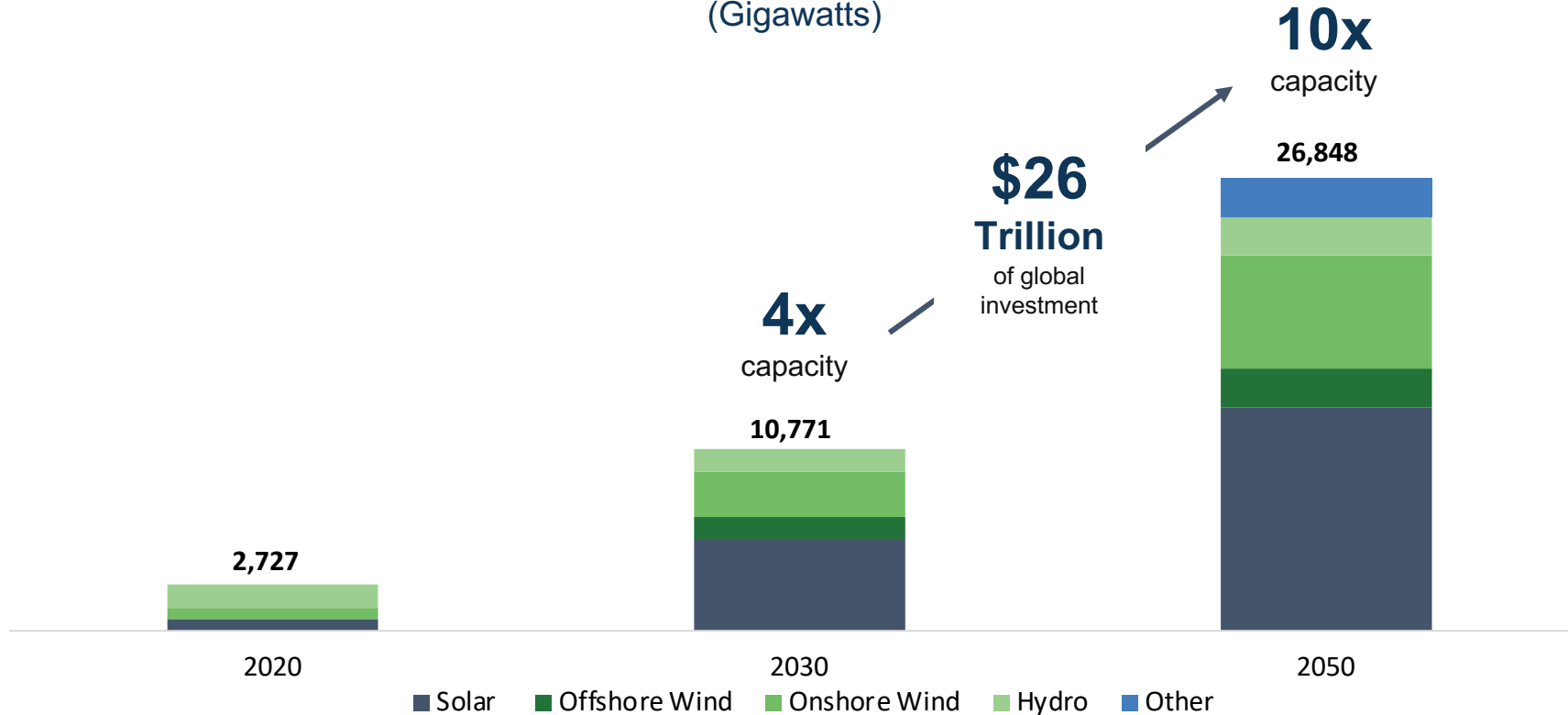


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Renewable Generation Capacity Must Increase

In order to reach net zero by 2050, estimates call for renewable generation capacity to increase by ten-fold

Estimated Installed Renewable Generation Capacity (Gigawatts)



- As of March 31, 2022. Source: International Renewable Energy Agency World Energy Transitions Outlook 2022:1.5° C Pathway. Global investment is expected to be by 2050.

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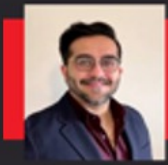
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Modernizing Electrical Infrastructure is Imperative

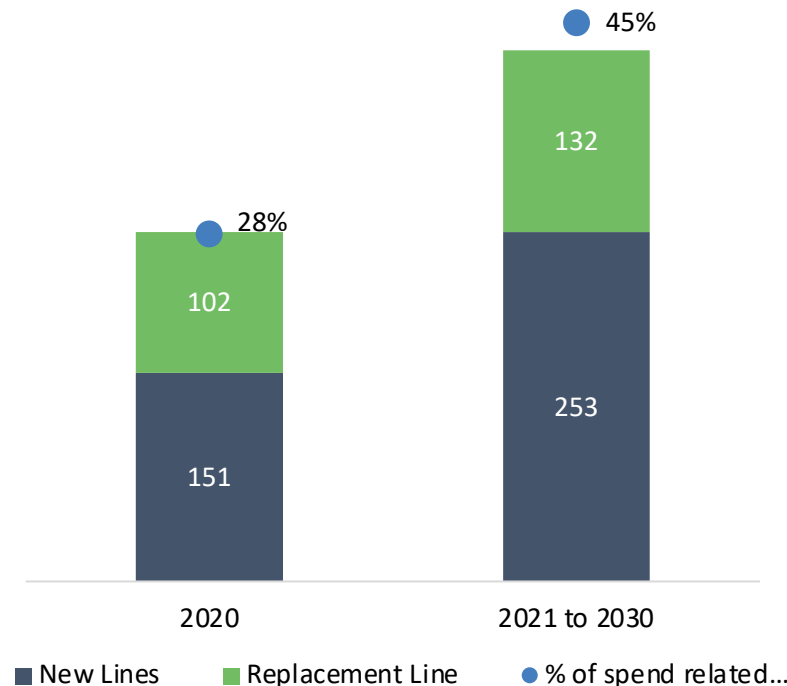
A critical investment objective is the revitalization of the world's electrical infrastructure

By **2030**, over **one-fifth** of the world's electrical grids need to be **replaced**

Clean technology companies are **benefiting** from increased investment in **'digitizing'** electrical grids

Digital electrical grids support **energy efficiency**, **lower costs** for consumers and integration of **new technologies**

Annual Investment in Global Electricity Networks (\$ billions)



• As of December 31, 2021. Source: International Energy Agency.

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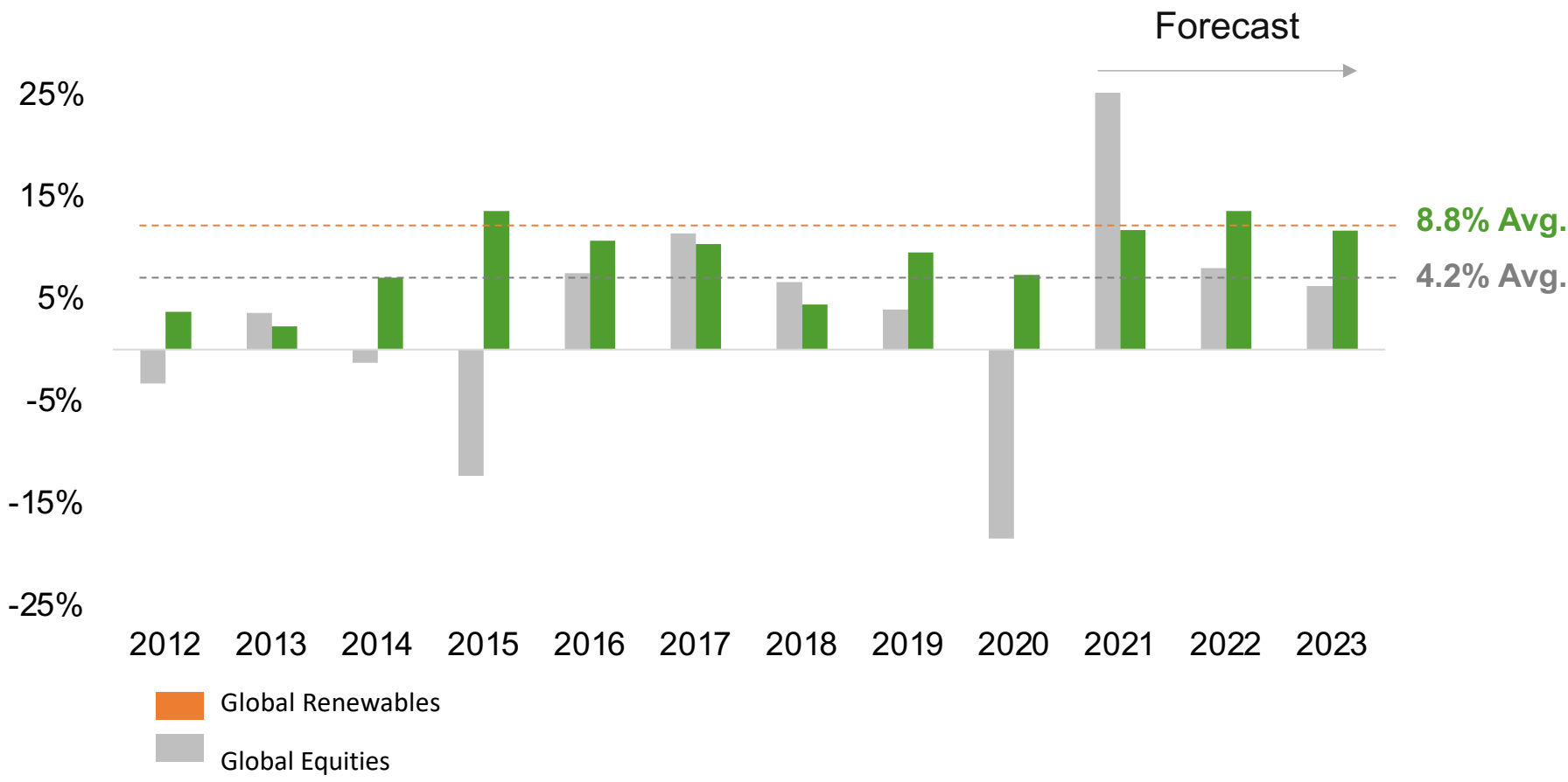
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Industry Leading Growth is Poised to Continue

Annual Cash Flow Growth of Renewables vs. Global Equities



• As of December 31, 2020. Source: Brookfield Public Securities Group research and estimates; Bloomberg. Performance does not constitute the Brookfield Infrastructure Composite performance. Past performance is not indicative of future results. Renewables is represented by the Model Portfolio and is back-tested. Certain model portfolio companies were not public during select periods of time and were excluded for those years. Global Equities is represented by the MSCI World Index. Brookfield Public Securities Group cannot warrant that cash flow levels will meet historical percentages shown above. Note: Cash flow is a proxy for EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization). See disclosures for additional information.

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The 5 Pitfalls of Investing

