

Real Assets

Global Property Securities

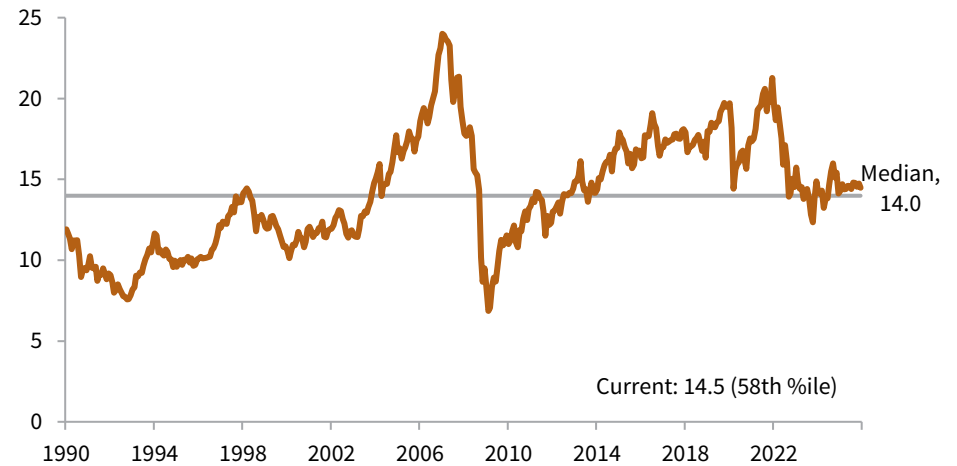
Facts & Figures Fourth Quarter 2025

DM property securities posted minor losses (-0.5% in USD) during 4Q, underperforming both other real asset categories and broader DM equities. Weakness in the office (-6.8%) and apartment sectors (-3.1%) offset strong performance in industrial assets (8.4%). For full-year 2025, DM property securities returned 10.7%, driven by gains in industrial and healthcare assets, though this lagged the MSCI World's 21.1% return.

- Valuations range from fair to expensive, subject to the metric used. DM property securities trade at 14.5x normalized funds from operations, above its historical median. However, property securities currently offer just a 0.3% yield pick up over government bonds, well below the long-term median of 1.6%. Recent central bank rate cuts have had limited impact on yield differentials as curves have steepened in many countries.
- Income growth for property securities was weak in 2025, dampened by rising debt costs and increased supply in certain categories like apartments, which put downward pressure on rents. While cash earnings for the index were largely flat, the impact on performance was limited.
- Global economic growth in 2026 is expected to be similar to 2025, supporting demand for various real estate assets. Easing inflationary pressures could allow for additional rate cuts by central banks such as the Fed, potentially enhancing the attractiveness of property dividends.
- Despite real estate's capital-intensive nature and reliance on debt, developed market property securities have demonstrated greater financial discipline since the GFC, with leverage declining to 39% of total assets as of 4Q 2025, below both the 2009 level and the two-decade average.

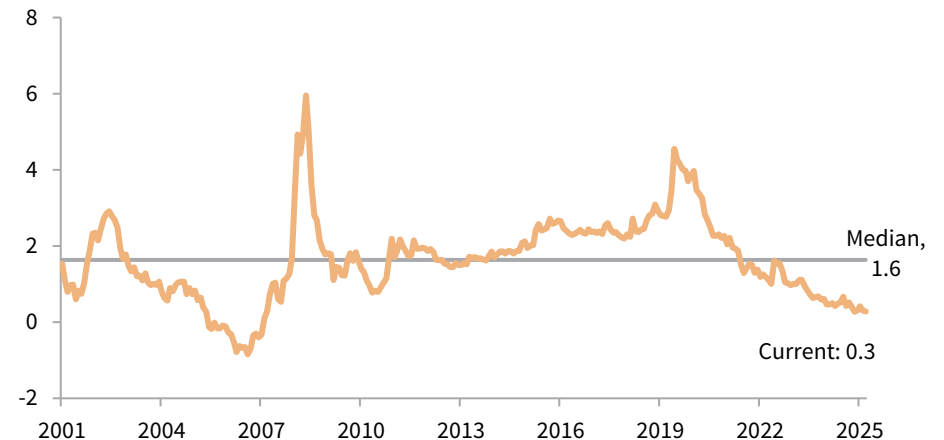
Normalized price-to-funds from operations multiple

Jan 31, 1990 – Dec 31, 2025



Spread between DY and global govt bonds

Oct 31, 2001 – Dec 31, 2025



Sources: EPRA, FTSE International Limited, J.P. Morgan Securities, Inc., National Association of Real Estate Investment Trusts, and Thomson Reuters Datastream.

US Private Property

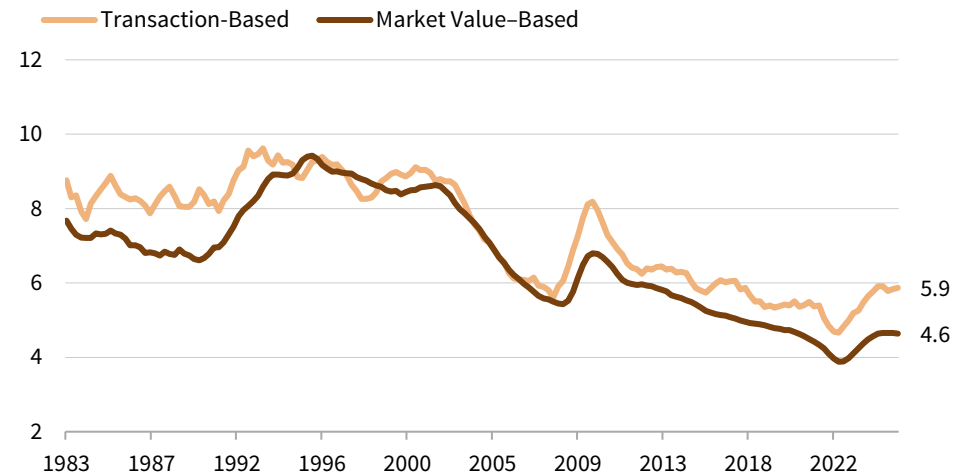
Facts & Figures Fourth Quarter 2025

US property returned 1.2% in 3Q and 4.7% over the trailing four quarters ended September 2025, according to NCREIF Property Index data. However, longer-term returns have suffered from tighter financial conditions and supply/demand dynamics across asset types. The index posted a -2.5% annualized return over the trailing three-year period. Return dispersion across sectors remains significant, with hotels returning 7.6% annualized and office returning -9.3% over the same period.

- Private property cap rates declined following the Global Financial Crisis but have increased in recent years. Although still relatively low relative to benchmarks like the ten-year US Treasury yield, the current market value-based 4.6% cap rate has risen around 80 bps since the start of 2022. Among sectors, cap rates are lowest within industrial (4.2%) and apartments (4.4%).
- Commercial real estate transactions volumes fell sharply in 2023–24 due to uncertain fundamentals and rising interest rates, which pressured valuations and increased leverage costs. While this raised questions over valuations, activity rebounded in 2025 and is expected to accelerate in 2026 as fundamentals improve, the Fed continues to ease, and economic forecasts stabilize.
- NOI growth has declined in recent years amid weak underlying fundamentals. Four-quarter rolling NOI grew just 1.5% through the end of 3Q, well below the trailing ten-year median of 4.5%. Sector dispersion is notable, with industrials posting strong growth (5.4%) and office continuing to lag (-5.2%).
- New commercial real estate construction has declined in recent years, which should serve to help rebalance supply and demand, supporting prices. For example, US office development is at an all-time low, with completions expected to drop 75% in 2026, according to JLL.

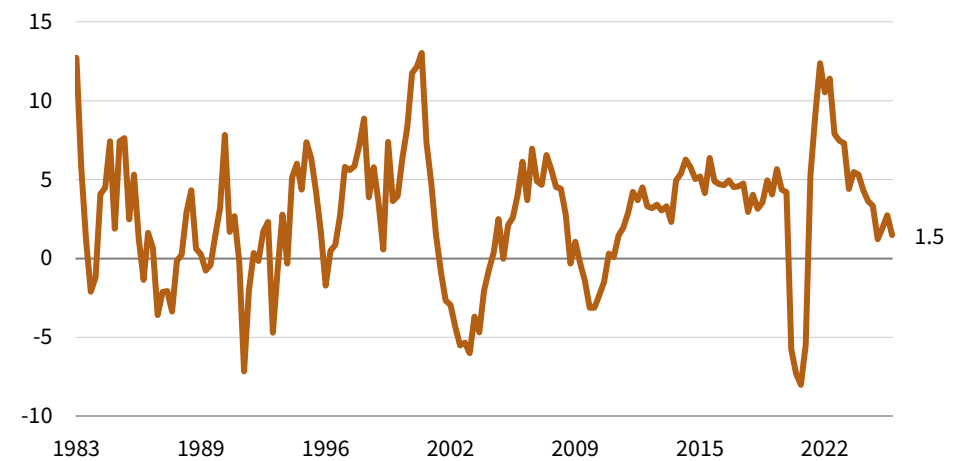
All property cap rates

Second quarter 1983 – Third quarter 2025 • Percent (%)



Four-quarter rolling NOI growth

First quarter 1983 – Third quarter 2025 • Percent (%)



Source: National Council of Real Estate Investment Fiduciaries.

European Private Property

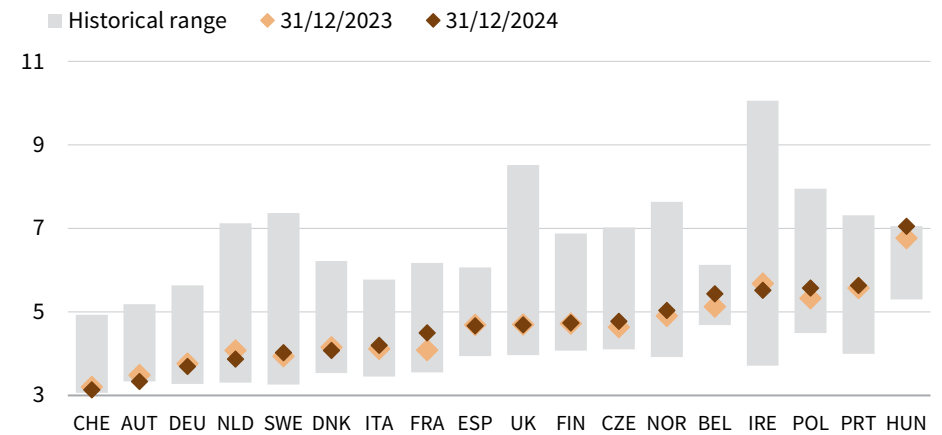
Facts & Figures Fourth Quarter 2025

UK private property returned 1.3% in 3Q and 6.5% over the trailing four quarters ending September 2025, according to the unlevered MSCI UK Quarterly Property Index. However, longer period returns continue to reflect the impact from tight monetary policy and changes in working patterns, with the index returning -1.8% annualized on a trailing three-year basis. Europe ex UK follows a similar trend, with office continuing to lag considerably while retail outperformed (3.2% and 7.0%, respectively over the trailing four quarters as of 2Q).

- Property yields across most of Europe have steadily decreased over the last decade, although have remained broadly stable over 2024 despite monetary policy rate cuts by central banks. Yields in Germany remain low relative to history, while those in France trade closer to average. Spreads are also lower than their ten-year averages (UK 2.4 ppts compared to 4.5 ppts), which suggests the asset class's attractiveness relative to government bonds has declined in recent years.
- In the UK, growth outturns in recent months have disappointed, allowing the BOE to cut rates—the policy rate moving 150 bps lower to 3.75% since cuts began in 2024—which has been supportive for valuations. Consensus forecasts expect 2025 UK GDP growth of 1.4%, and 1.1% for 2026, both slightly below the DM average. Despite a rise in taxes on the industrial sectors because of the Autumn Budget, the retail and hospitality sectors will benefit from lower tax rates.
- In the Eurozone, economic growth has recovered, with expected 2025 GDP growth of 1.4% in 2025 and 1.2% in 2026. This environment, along with reduced restrictiveness of monetary policy and fiscal stimulus led by Germany, should provide a constructive backdrop for investment.
- In the UK—the largest commercial real estate market in Europe—3Q investment was £8.8B, the lowest figure since 2Q 2023. European commercial real estate has seen stronger investment growth, with a 19% TTM increase, led by retail, especially in Spain and Germany.

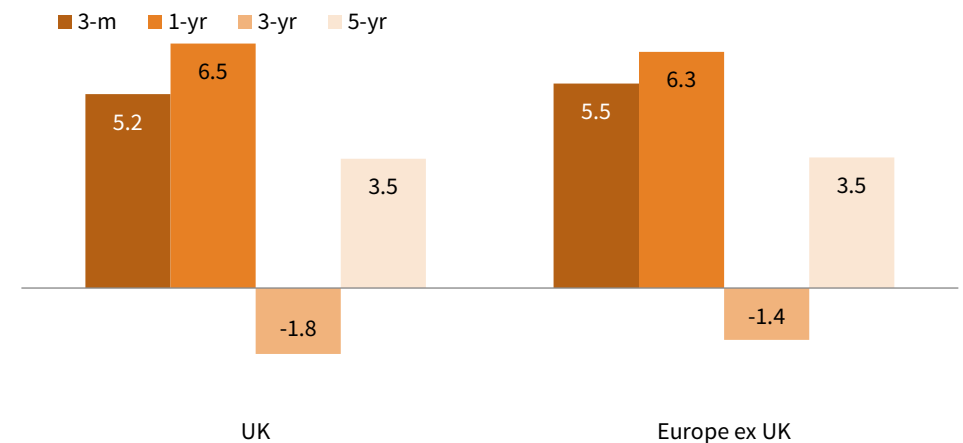
European property net operating income yields

As of Dec 31, 2024 • Percent (%)



Annualized index performance

As of Sept 30, 2025 • Percent (%)



Source: MSCI Real Estate. MSCI data provided "as is" without any express or implied warranties.

Notes: Income yield figures are presented in local currency.

Asian Private Property

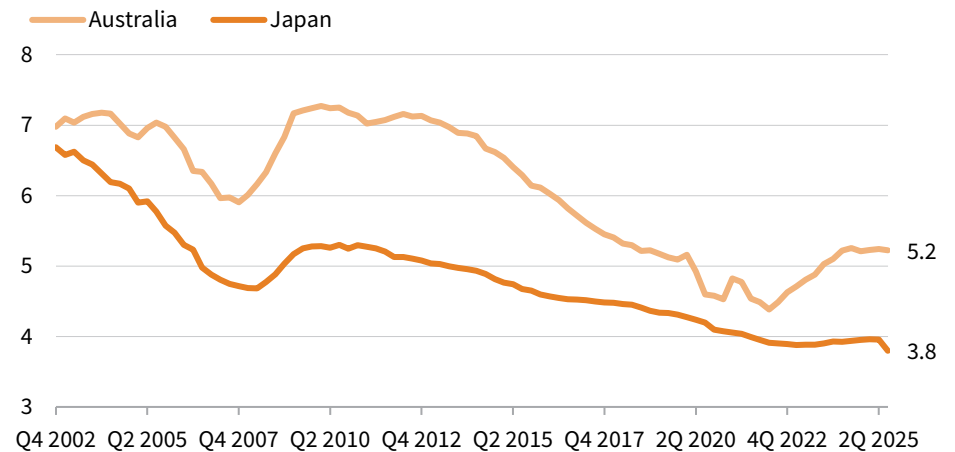
Facts & Figures Fourth Quarter 2025

Asian private property returns picked up in 3Q, returning 1.6% for the quarter and 5.3% in USD terms on a trailing four-quarter basis, according to MSCI Global Property Fund Index data. However, longer period returns remain under pressure given the impact of monetary policy tightening over 2022–23. On a trailing three-year basis, Asian property delivered modest gains of 0.6% annualized. Sector performance over this period was mixed, with industrials and retail returning 3.1% and 3.0% annualized, while office detracted (-3.3% annualized).

- Property yields in many markets have decreased since the GFC and remain low relative to history. While yields rose over 2022–23, they are starting to stabilize as most Asian central banks began monetary easing in response to moderating inflation. Within two top markets, yields in Australia have been relatively stable around 5%, while property yields in Japan have ticked down to near record lows of 3.8%, given a slower pace of policy normalization by the BOJ.
- Growth expectations for Asia-Pacific economies have firm up following an easing of US tariff uncertainty, with consensus forecasts expecting the region's real GDP to grow by 5.1% in 2025 and 4.2% in 2026. However, these forecasts are subject to change given US tariff risks and cooling economic momentum in key markets, such as India and China.
- Vacancy rates in Asia differ across countries and sectors but mostly held steady through the pandemic given the multi-year nature of many property leases. In some geographies with higher frequency data, higher office and retail vacancy rates have been observed, in part given substantial new supply.
- Asia-Pacific real estate investment volume rebounded in 3Q following a decline in 2Q, led by a jump in Japan and Korea. Overall investment volume is up 15% over the past 4 quarters, after being largely flat over most of 2024–25, perhaps spurred on by falling interest rates across the region.

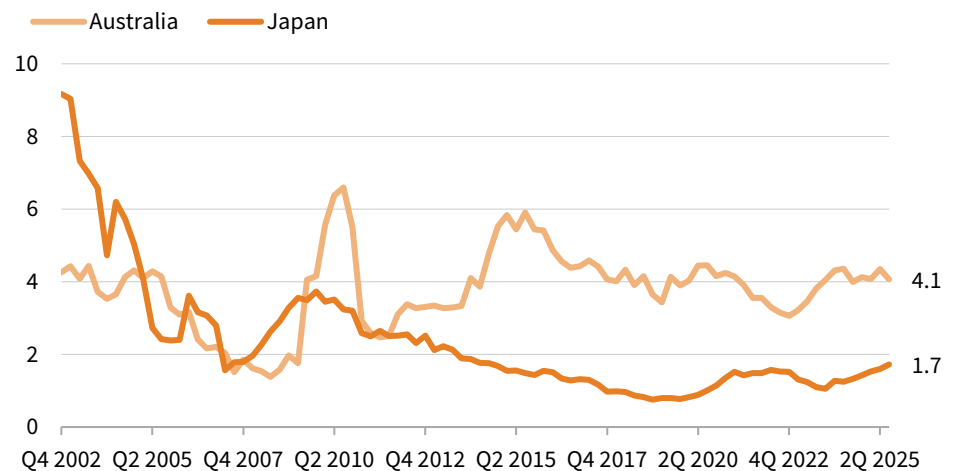
Property yields

Fourth quarter 2002 – Third quarter 2025 • Percent (%)



Vacancy rates

Fourth quarter 2002 – Third quarter 2025 • Percent (%)



Source: MSCI Real Estate. MSCI data provided "as is" without any express or implied warranties.
Note: Japan third quarter 2025 data are as of August 2025.

Private Infrastructure

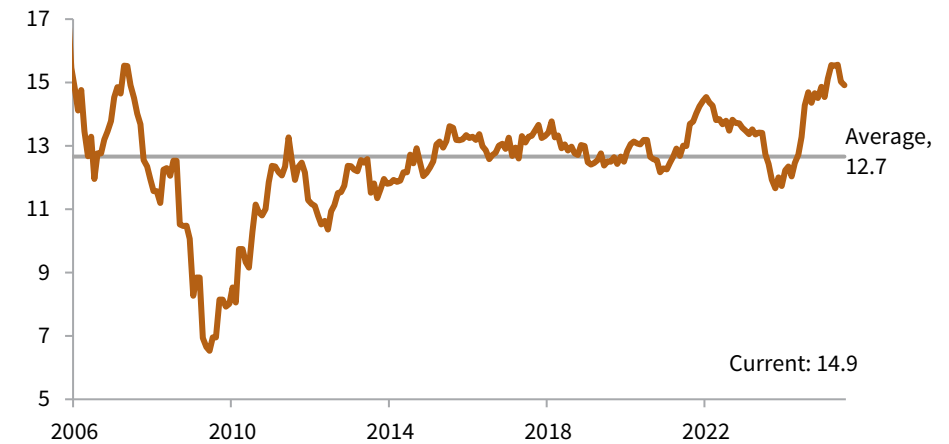
Facts & Figures Fourth Quarter 2025

Private infrastructure returned 4.39% over 2Q and 10.46% over the trailing four quarters ended June 2025, according to the Cambridge Associates Infrastructure Index. On a trailing three-year basis, the index returned 9.46% annualized. The industry has benefited from increased energy and data center demand due to AI advancements, policy support, and increased interest among institutional investors.

- Infrastructure companies transacted at 14.9 times EBITDA over the prior 12-month period, above the industry's long-term average and near record high levels.
- Broadly speaking, data center proliferation and the related secular growth in energy demand have been the biggest trend in the market in 2025. The renewable energy transition continues to be a structural theme and should be durable to any short-term policy shifts given their lower cost advantage.
- Real GDP expectations for the global economy were revised higher over 4Q to 3.0% for 2025 and 2.9% for 2026 following a resumption of easing of US monetary policy and reduced tariff uncertainty. This should provide a tailwind for infrastructure investment.
- Global infrastructure transaction values grew by more than 54% over the last four quarters. Data shows that power and transmission was the most active sector on a dollar valuation basis, followed by digital infrastructure.
- Private infrastructure investments are touted as providing cyclical diversification benefits, inflation protection, and an alternative AI-related exposure compared to stretched public market valuation.
- Direct investments by pension funds and sovereign wealth funds in infrastructure assets have increased notably in recent years. Direct investments can offer attractive return potential, given fees are generally lower, and they allow investors to build custom exposures.

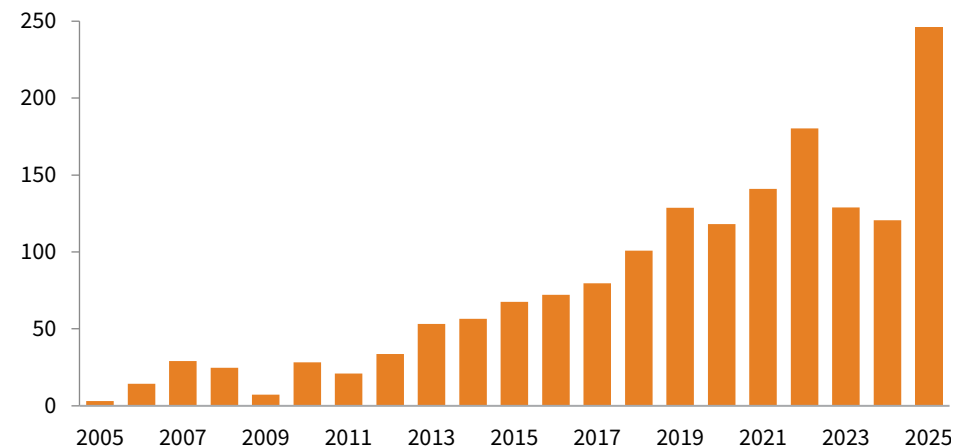
Prices of transactions (EV/EBITDA)

Jun 30, 2006 – Dec 31, 2025 • Rolling 12M average



Global capital commitments to infrastructure PE funds

2005–25 • US\$B



Sources: Dealogic and InfraDeals.

Notes: Data are monthly and represent the trailing 12-month average EV/EBITDA for all infrastructure transactions. Historical data revise.

Natural Resources Equities

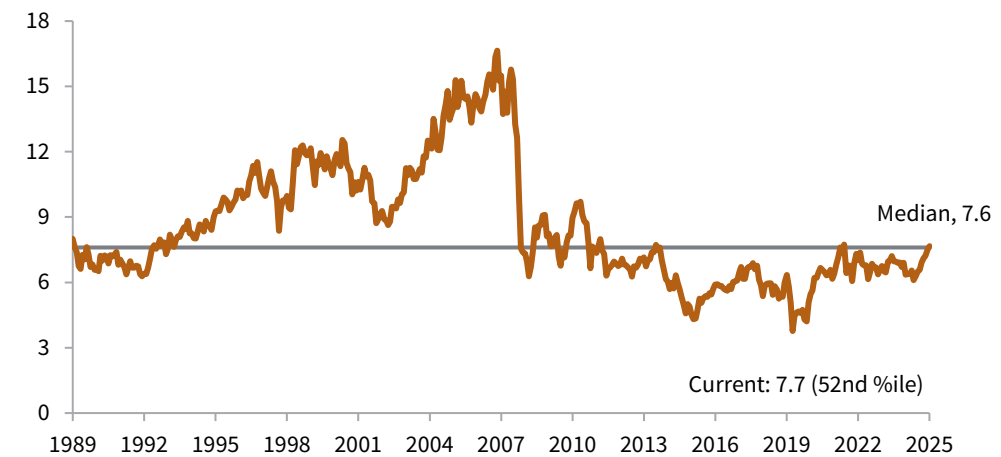
Facts & Figures Fourth Quarter 2025

Natural resources equities gained 5.8% in 4Q (USD terms), according to the MSCI World Natural Resources Index, bringing 2025 performance to 25.0%. Metals and mining equities were the main driver of return for the quarter and 2025, gaining 15.3% and 64.8%, respectively. Performance was supported by stronger global industrial demand, supply constraints in key metals, and increased investor interest in energy transition themes.

- Natural resources firms trade at 7.7 times cyclically adjusted price-to-cash earnings, which ranks in the 52nd percentile of month-end observations dating back to 1990. Valuations are now above the median for the first time since the inflation spike in summer 2022, reflecting the substantial increase in industrials and precious metals demand seen in 2025.
- Amid resilient US economic data, global real GDP growth expectations were revised slightly upward in 4Q to 3.0% for 2025. This is broadly in line with the 2.9% growth expected in 2026 and close to the ten-year average of 3.1%.
- Investment levels bottomed following COVID, with capital expenditures reaching a trough of 4.5% of total assets in 2021. While investment has since recovered, capital expenditures remain below levels observed prior to the shale bust of 2016.
- A key consideration for investors is the extent that renewable energy could undercut future hydrocarbon demand. While some long-term energy analyses highlight that oil and natural gas may continue to be an important energy source for decades, these forecasts tend to have wide confidence intervals, and investors would be wise to carefully consider how different future energy scenarios may impact their portfolios. At the same time, some segments of natural resources equities may attract more investor interest given the demand for certain metals to facilitate the transition to net zero.

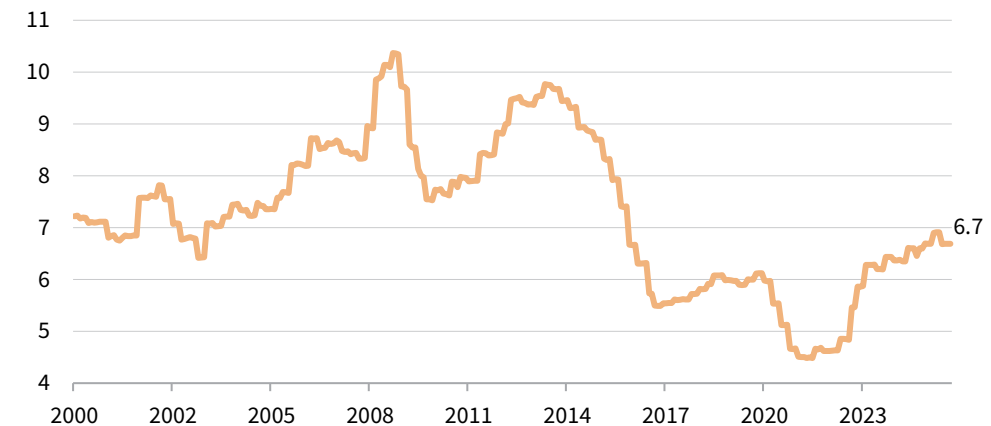
Cyclically adjusted price-to-cash earnings

Dec 31, 1989 – Dec 31, 2025



Capital expenditures

Jan 31, 2000 – Dec 31, 2025 • Percent (%) of total assets



Source: Thomson Reuters Datastream.

Notes: Natural resources equities are made up of constituents in the Datastream World Energy Index and the Datastream World Basic Resources Index, weighted on a market-capitalization basis. Historical data revise.

Commodity Futures

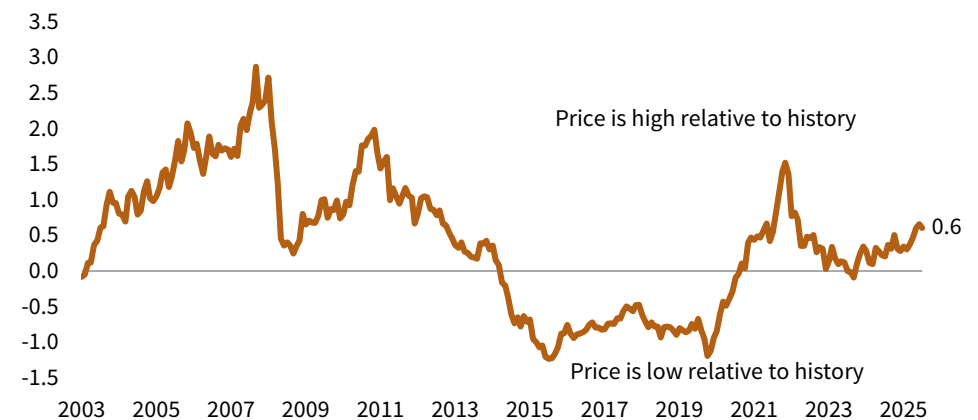
Facts & Figures Fourth Quarter 2025

The Bloomberg Commodity Index returned 5.8% on a total return basis in 4Q as a continued rally in precious metals helped to offset another quarter of weaker oil prices. On a TTM basis, the index is up 15.8%, albeit with mixed performance across underlying commodity subindexes. Precious metals (80.2%) led, followed by industrial metals (21.4%), while energy (-10.4%) and grains (-6.5%) declined.

- Commodity spot prices trade at 0.6 standard deviation above the ten-year inflation-adjusted mean, using the constituents and weights associated with the Bloomberg Commodity Index. Real prices are mixed across commodity groups and are very elevated relative to history for precious metals but below historical median for energy and grains.
- The global economy is expected to grow by 2.9% in 2026, according to analysts surveyed by Bloomberg in December. However, tariffs continue to add uncertainty to the US inflation outlook, although the impact so far has been less bad than feared.
- The performance of commodity futures consists of the returns linked to spot price changes, rolling a futures contract forward as it comes due, and the cash used to collateralize the contracts. Commodity markets are in contango today, albeit a high cash yield today is helping to add to returns.
- Two frequently referenced commodity benchmarks are the Bloomberg Commodity Index and the S&P GSCI™. The former is a world production- and liquidity-weighted index, with restrictions on individual commodities and subsectors sizes for diversification. The latter is a world production-weighted index and has more exposure to energy. While both indexes only hold near-month futures contracts, many active managers have the capability to buy contracts all along futures curves.

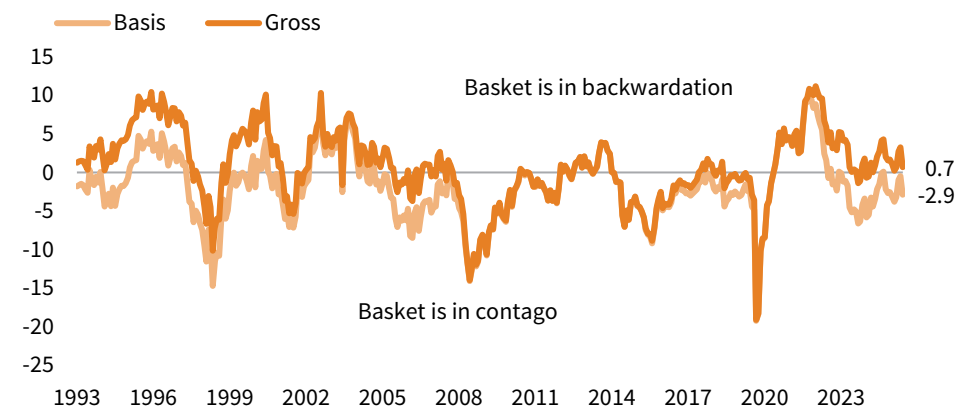
Commodity futures basket price deviation

Jun 30, 2003 – Dec 31, 2025 • Z-score



Commodity futures basket indicative roll yield

Jul 31, 1993 – Dec 31, 2025 • Percent (%)



Sources: Bloomberg L.P. and Thomson Reuters Datastream.

Notes: Exhibits are based on the current futures and weights of the Bloomberg Commodity Index. Price deviation is the weighted z-score of commodity futures using ten years of trailing data. Basis is the roll yield's weighted percentage difference of front month contract relative to contracts one year later. Gross is the roll yield plus cash yield.

Gold

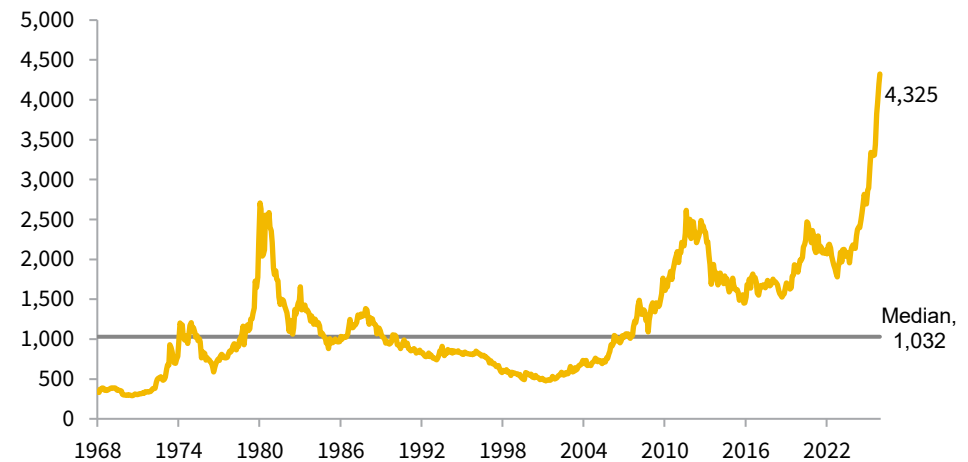
Facts & Figures Fourth Quarter 2025

Gold gained 12.8% in 4Q and 64.7% over the trailing 12 months, underpinned by geopolitical uncertainty, easier US monetary policy, central bank purchasing, and retail momentum.

- Gold kept rising in 4Q, reaching a new all-time high, with its real price having risen 2.5x from its late-2022 low. Several factors have supported gold. First, the Fed cut its policy rate twice in 4Q due to a weaker labor market. Lower rates reduce the cost of holding gold instead of yield assets. Second, the US government shutdown increased uncertainty about the economy and government finances, making gold more attractive as a safe haven. Third, demand from gold ETFs rose and became the main new source of buying in 2025. Central banks remained steady buyers, but it was the extra ETF demand at the margin that gave gold an added boost this year.
- While the US dollar stabilized in the latter half of 2025, it was broadly weaker for the year, falling 9% on a trade-weighted basis. A weaker dollar typically boosts gold prices, as gold becomes less expensive for holders of other currencies and more attractive as an alternative store of value. The ongoing trade war may be accelerating global de-dollarization efforts, further supporting gold demand as countries seek to reduce reliance on the greenback.
- Despite these supportive factors, gold presents key risks for long-term investors. Its expected real return over the long term is low, making it a problematic asset for institutions with real spending objectives, even though it can provide a hedge against adverse capital markets conditions.
- From an implementation perspective, investors can access gold through low-cost, physically backed ETFs, which offer liquidity and track the price of gold without requiring physical storage, though they do carry counterparty risk. Physical gold provides a tangible asset but comes with purchase premiums and storage fees, typically in the low single-digit bp-range.

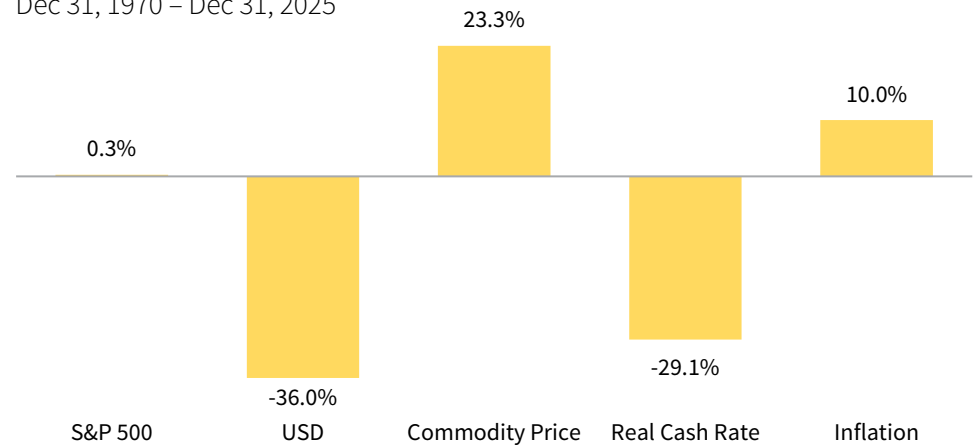
Gold bullion real price

Jan 31, 1968 – Dec 31, 2025 • US Dollars per Troy Oz



Long-term correlation vs gold prices

Dec 31, 1970 – Dec 31, 2025



Sources: Intercontinental Exchange, Inc., Standard & Poor's, and Thomson Reuters Datastream. Third-party data are provided "as is" without any express or implied warranties.

Notes: Real prices are inflation adjusted to today's dollar. Data for CPI-U are through November 30, 2025.