

Real Assets

Global Property Securities

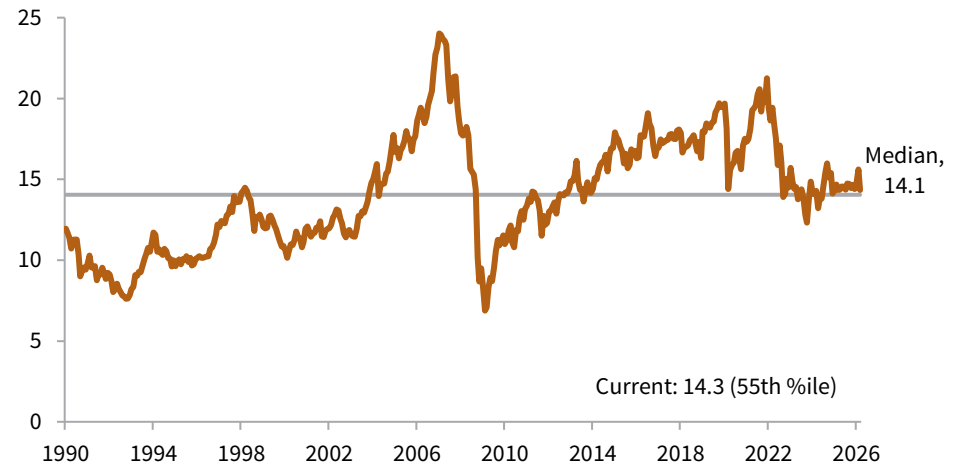
Facts & Figures First Quarter 2026

DM property securities posted a small gain (1.3% in USD) in 1Q, underperforming real assets like energy equities that were boosted by the Iran War but outperforming broader DM equities. Their 10.1% trailing 12-month return is well below that of global stocks, as sectors like office (-5.2%) struggle with reduced demand and residential (-14.1%) digests increased supply.

- Valuations range from fair to expensive, subject to the metric used. DM property securities trade at 14.3x normalized funds from operations, above its historical median. However, property securities currently offer just a 5-bp yield pick up over government bonds, close to a historical low and 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. 1Q data suggests cash earnings growth has turned negative, which could weigh on performance.
- 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, enhancing the attractiveness of property dividends, but the outbreak of war in the middle east is a potential headwind.
- 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 40% of total assets as of 4Q 2025, below both the 2009 level and the two-decade average.

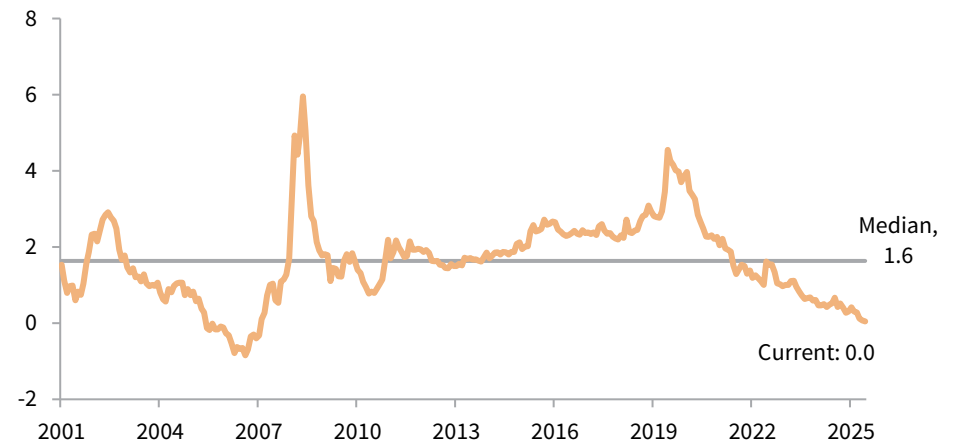
Normalized price-to-funds from operations multiple

Jan 31, 1990 – Mar 31, 2026



Spread between DY and global govt bonds

Oct 31, 2001 – Mar 31, 2026



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

US Private Property

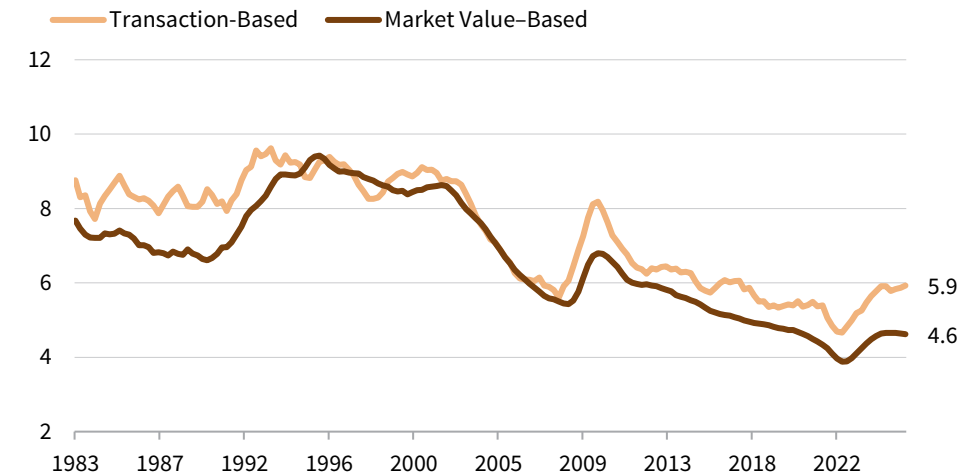
Facts & Figures First Quarter 2026

US property returned 1.1% in 4Q and 4.9% in 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 -1.0% annualized return over the trailing three-year period. Reflecting underlying income growth, return dispersion across sectors is significant. Hotels have returned 6.9% annualized, while office returned -7.6% over the past three years.

- Private property cap rates have been stable 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 is identical to where it was at the end of 2020. Cap rates have fluctuated across sectors and dispersion has risen, with a large current gap between the lowest (industrial at 4.2%) and highest (office at 5.9%).
- Commercial real estate transaction 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, drawing closer to pre-pandemic averages.
- NOI growth has decelerated in recent years amid weak underlying fundamentals. Four-quarter rolling NOI grew just 2.0% through the end of 4Q, less than half the ten-year median of 4.5%. Sector dispersion is notable, with industrials posting strong growth (5.0%) and office continuing to lag (-5.4%).
- 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.

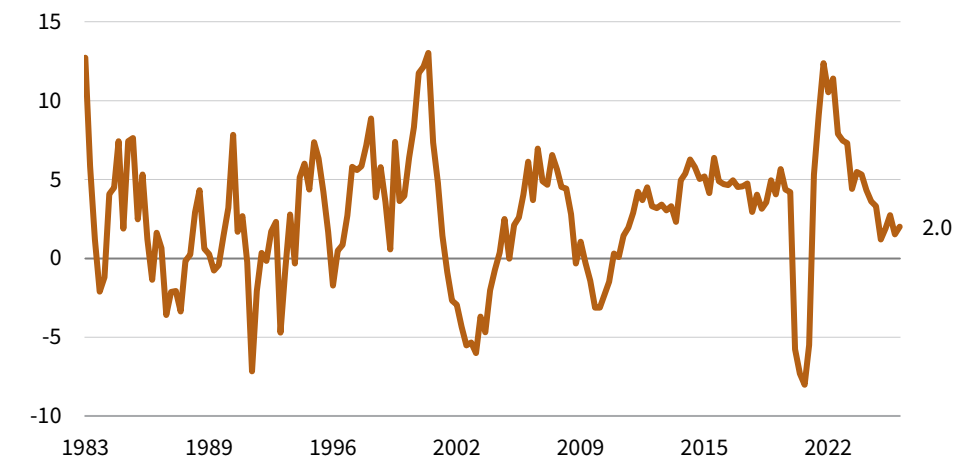
All property cap rates

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



Four-quarter rolling NOI growth

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



Source: National Council of Real Estate Investment Fiduciaries.

European Private Property

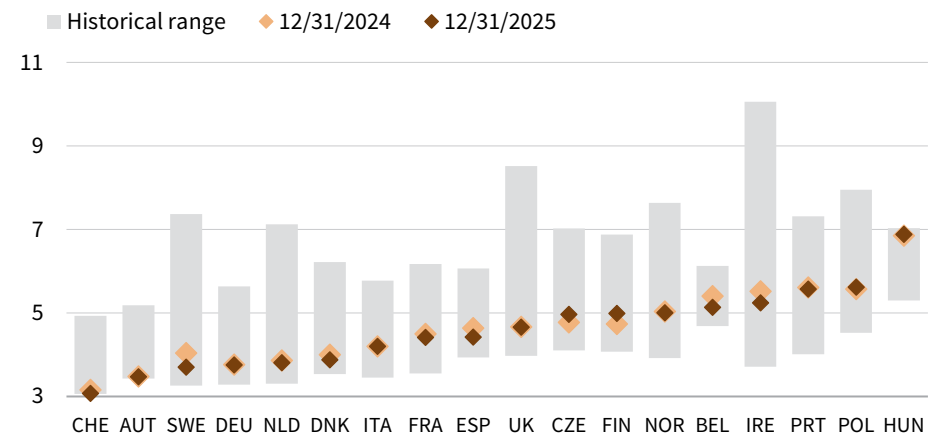
Facts & Figures First Quarter 2026

UK private property returned 1.2% in 4Q and 5.7% over the trailing four quarters ending December 2025, according to the unlevered MSCI UK Quarterly Property Index. Longer period returns continue to reflect the impact from tight monetary policy and changes in working patterns, with the index returning 3.1% annualized on a trailing three-year basis. Europe ex UK follows a similar trend, with office continuing to lag considerably while retail outperformed (3.1% and 7.3%, respectively over the trailing four quarters as of 4Q).

- Property yields across most of Europe have steadily decreased over the last decade, although remained broadly stable over 2025 despite monetary policy rate cuts by central banks. Yields in the UK and Germany remain low relative to history, while those in France trade closer to average.
- Spreads are set to narrow due to the Iran War, with rising government bond yields reflecting near-term inflationary pressures. Reduced consumer real incomes will hit sectors such as retail hardest, although economic uncertainty and rising rate expectations will likely slow the new investment pipeline and thus reduce supply. Property can be a good inflation hedge if rental growth can adjust accordingly.
- Economic growth forecasts have been downgraded in the UK and the eurozone over the quarter, with consensus forecasts for 2026 showing 1.0% and 1.1%, respectively, both below the DM average. Both the BOE and ECB are expected to vote for one or two 25-bp interest rates hikes through 2026 in response to rising inflation expectations.
- In the UK—the largest commercial real estate market in Europe—4Q investment was £30.4B, the largest quarterly figure on record. European commercial real estate in total saw 15% investment growth for 2025, led by growth in Spain and Italy, as well as the healthcare sector.

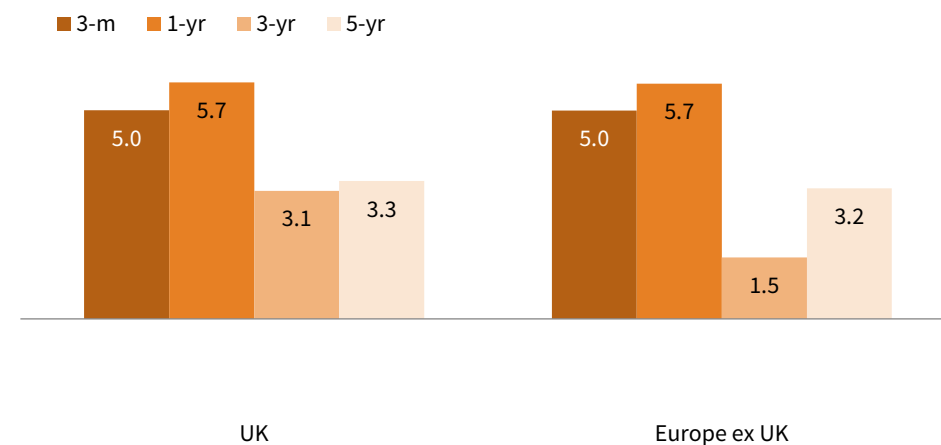
European property net operating income yields

As of Dec 31, 2025 • Percent (%)



Annualized index performance

As of Dec 31, 2025 • Percent (%)



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

Note: Income yield figures are presented in local currency.

Asian Private Property

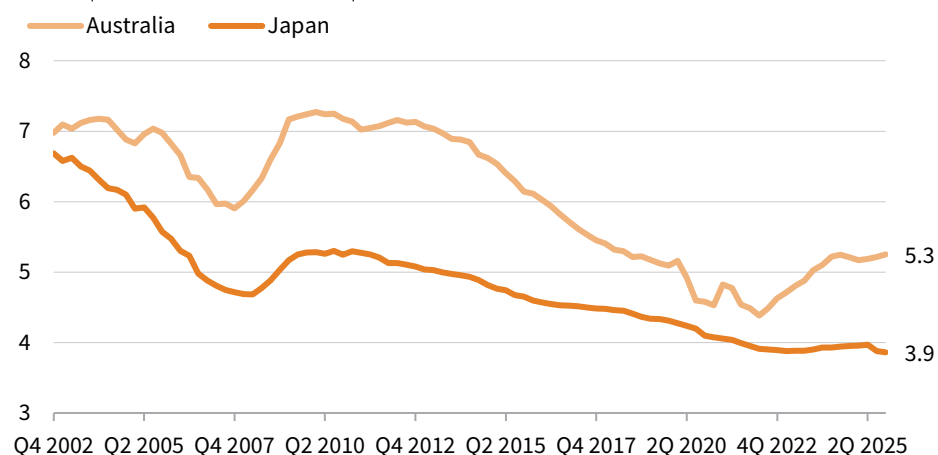
Facts & Figures First Quarter 2026

Asian private property returns picked up in 4Q, returning 1.8% for the quarter and 6.5% 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 1.0% annualized. Sector performance over this period was mixed, with industrials and retail returning 3.9% and 3.6% annualized, while office detracted (-2.1% 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 risen to 5.3%, while property yields in Japan have ticked down to near record lows of 3.9%, given a slower pace of policy normalization by the BOJ.
- Growth expectations for Asia-Pacific economies have firmed up following an easing of US tariff uncertainty, with consensus forecasts expecting the region’s real GDP to grow by 4.4% in 2025 and 3.9% in 2026. However, these forecasts are subject to change given the rise in energy prices following the onset of the Iran War in March.
- 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 and 4Q, reaching it highest levels since 2021. Overall investment volume is up 22% over the past four quarters, perhaps spurred on by falling interest rates across the region, after being largely flat over most of 2022–24.

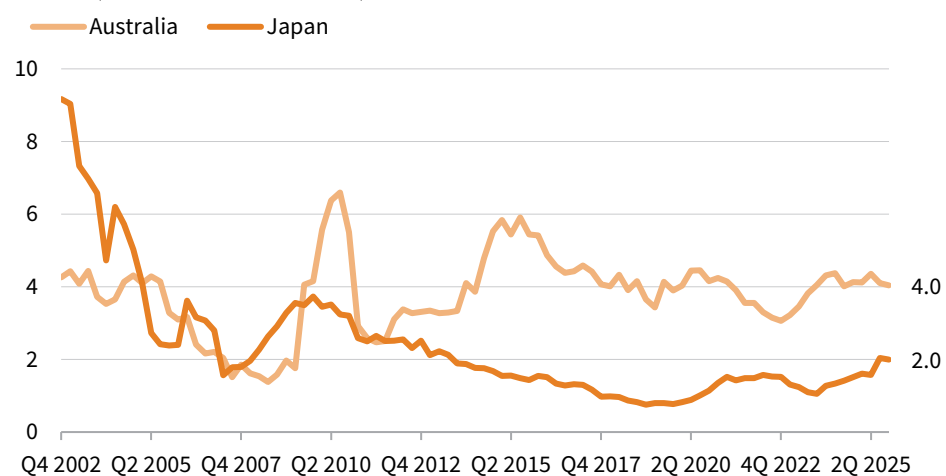
Property yields

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



Vacancy rates

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



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

Private Infrastructure

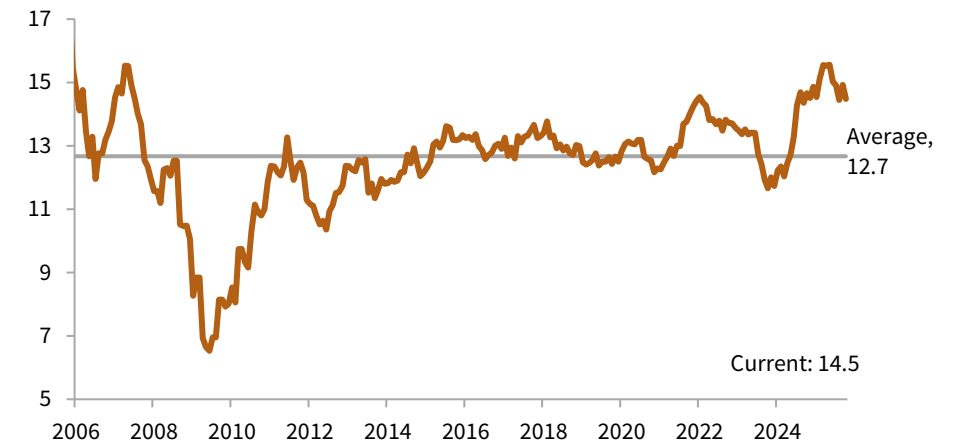
Facts & Figures First Quarter 2026

Private infrastructure returned 1.9% over 3Q and 8.6% over the trailing four quarters ended September 2025, according to the Cambridge Associates Infrastructure Index. On a trailing three-year basis, the index returned 10.2% 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 14.5 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 over the last 12 months. 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 slightly higher to 3.0% for 2026 and 3.1% for 2027 despite supply chain disruption as a result of the Iran War. This should provide a tailwind for infrastructure investment. Global inflation expectations also moved higher (to 3.6% for 2026) due to higher energy prices.
- Global infrastructure transaction values grew by more than 35% over the last four quarters. Data shows that digital infrastructure and the transport were the most active sector on a dollar valuation basis, followed by power & transmission.
- 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.

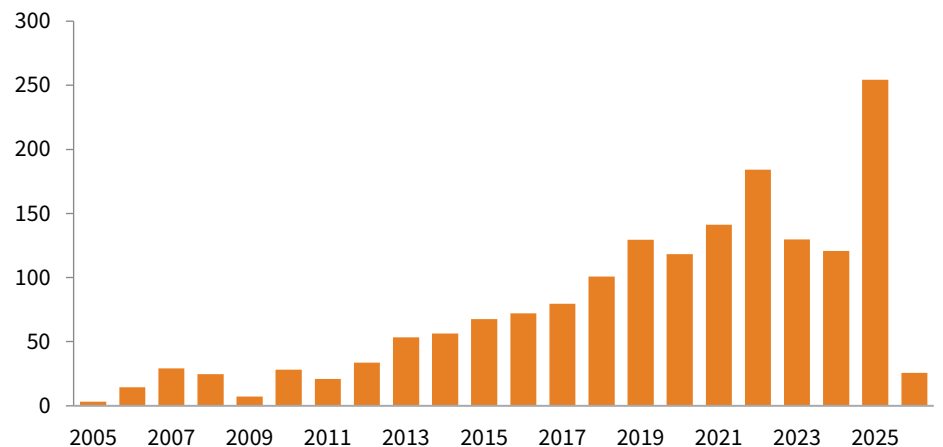
Prices of transactions (EV/EBITDA)

Jun 30, 2006 – March 31, 2026 • Rolling 12M average



Global capital commitments to infrastructure PE funds

2005–26 • 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. 2026 data for global capital commitments to infrastructure PE fund are as of April 13, 2026.

Natural Resources Equities

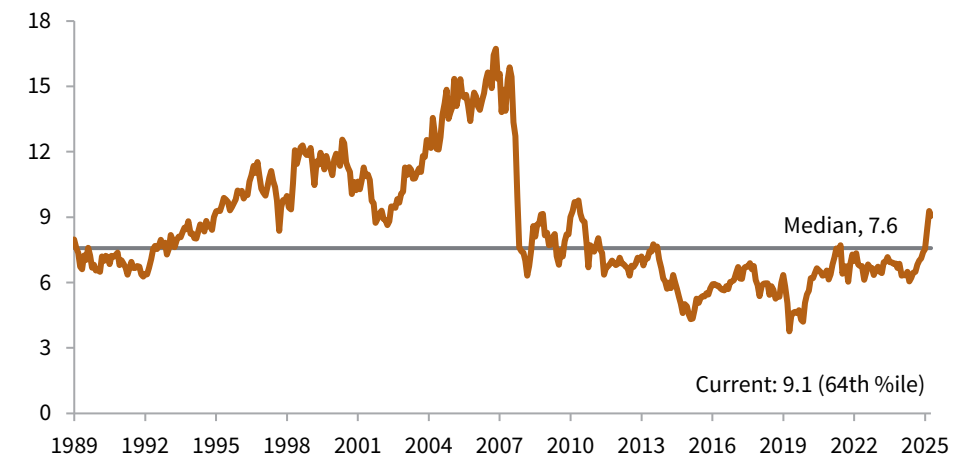
Facts & Figures First Quarter 2026

Natural resources equities gained 28.5% in 1Q (USD terms), according to the MSCI World Natural Resources Index, bringing one-year performance to 46.9%. Both energy and metals & mining equities had very strong performance in 1Q returning 36.9% and 10.8%, respectively. Energy and metals & mining equities outperformed due to a sharp rise in commodity prices driven by tight supply channels caused by the Iran War.

- Natural resources firms trade at 9.1 times cyclically adjusted price-to-cash earnings, which ranks in the 64th percentile of month-end observations dating back to 1990. Valuations increased and remained above median for all 1Q, the first time that has happened in over a decade.
- Although heightened geopolitical tensions from the Iran War weighed on sentiment, 2026 global real GDP growth expectations remained broadly unchanged in 1Q at around 3.0%. At the same time, supply chain bottlenecks stemming from the closure of the Strait of Hormuz drove a material rise in commodity prices, benefiting natural resources equities.
- 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.

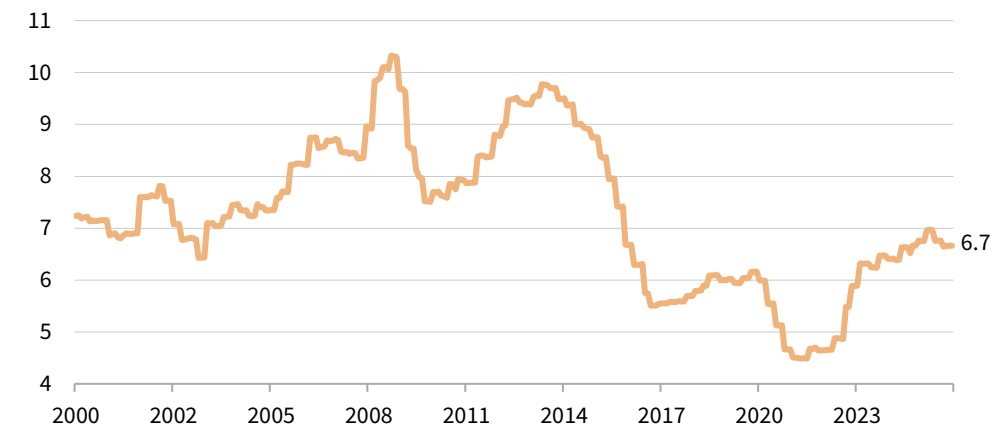
Cyclically adjusted price-to-cash earnings

Dec 31, 1989 – Mar 31, 2026



Capital expenditures

Jan 31, 2000 – Mar 31, 2026 • 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

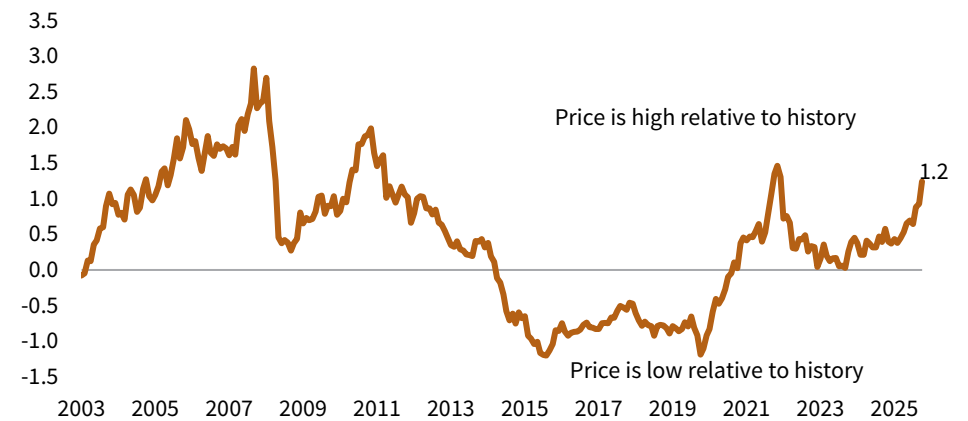
Facts & Figures First Quarter 2026

The Bloomberg Commodity Index returned 24.4% on a total return basis in 1Q as the Iran War caused a historic disruption to energy supply in the middle east. On a TTM basis, the index is up 32.3%. During that time, precious metals (65.3%), energy (29.2%), livestock (22.0%), and industrial metals (16.9%) posted double-digit returns, while softs (-14.4%) lagged.

- In 1Q, the rise in commodity prices pushed spot prices to 1.2 standard deviations above their ten-year inflation-adjusted mean, based on the index's constituents and weights. Across commodity groups, real prices were mixed: precious metals remained notably elevated relative to history, energy moved above its historical median, while grains and softs stayed below their historical medians.
- Commodity prices in 1Q were heavily influenced by the Iran War, primarily through its effect on energy markets. Closure of the Strait of Hormuz, the world's most vital energy chokepoint, sent oil & gas prices soaring. The 60% increase in the energy subcomponent during 1Q was its largest quarterly price gain since the index's inception 35 years ago.
- Commodity futures returns reflect three components: changes in spot prices, roll yield as expiring contracts are replaced, and interest earned on cash collateral. Commodity markets in aggregate are now in backwardation—especially oil, where the curve is steeply inverted—suggesting that roll yield may provide support for returns.
- Two widely used commodity benchmarks are the Bloomberg Commodity Index and the S&P GSCI™. The Bloomberg index is weighted by world production and liquidity, with caps on commodities and subsectors to promote diversification. The S&P GSCI™ is weighted by world production and has greater energy exposure. Both indexes hold only near-month futures, while many active managers can invest across the full futures curve.

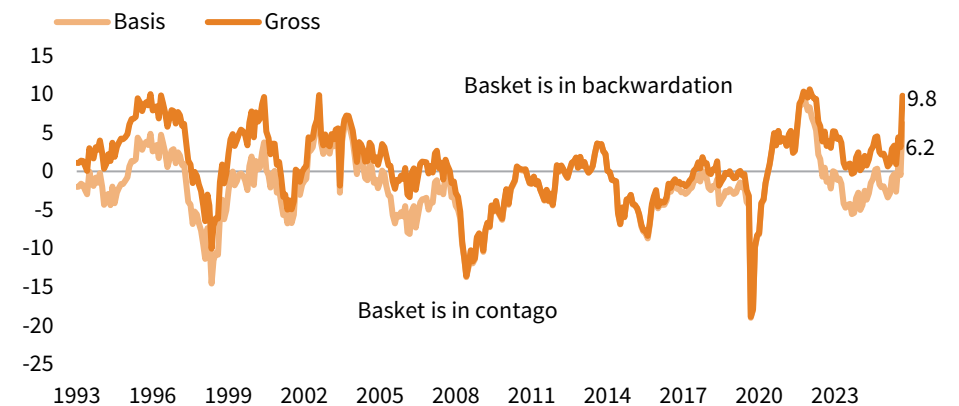
Commodity futures basket price deviation

Jun 30, 2003 – Mar 31, 2026 • Z-score



Commodity futures basket indicative roll yield

Jul 31, 1993 – Mar 31, 2026 • 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

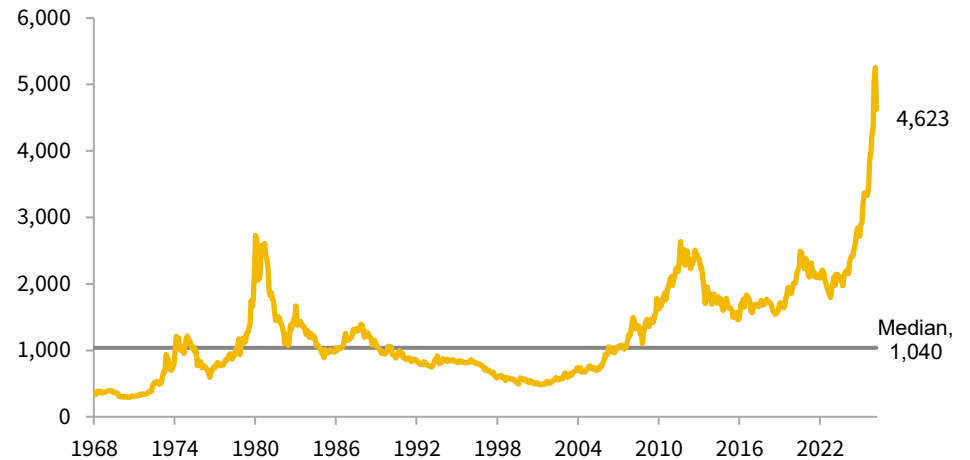
Facts & Figures First Quarter 2026

Gold gained 6.9% in 1Q and 47.9% over the trailing 12 months, underpinned by policy uncertainty, retail momentum, and dollar/fiscal concerns. First quarter gains were largely front-loaded, as the Iran War became a headwind for gold.

- Gold rose for a fifth consecutive quarter in 1Q, climbing above \$5,000 during the period and ending March at nearly three times its late-2022 low. Several factors have supported gold in recent quarters. First, the Fed cut rates over that span, and markets had been anticipating further rate reductions. Lower interest rates generally increase gold's appeal from an opportunity cost standpoint, because it does not generate income. Second, the dollar has broadly declined since early 2025, and gold tends to move inversely to the dollar. Third, demand from gold ETFs increased and became a key source of incremental buying in 2025.
- However, those themes shifted in the latter part of 1Q. The Iran War, which began at the end of February, became a headwind for gold by reversing the key supportive themes for gold: higher rate and inflation expectations offset safe-haven demand, the dollar strengthened, and investors appeared willing to take profits after gold's historic run. These factors led to gold posting its steepest monthly decline in more than a decade in March. Gold-backed ETF buying continued in 1Q but slowed versus the prior four quarters.
- 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 basis point range.

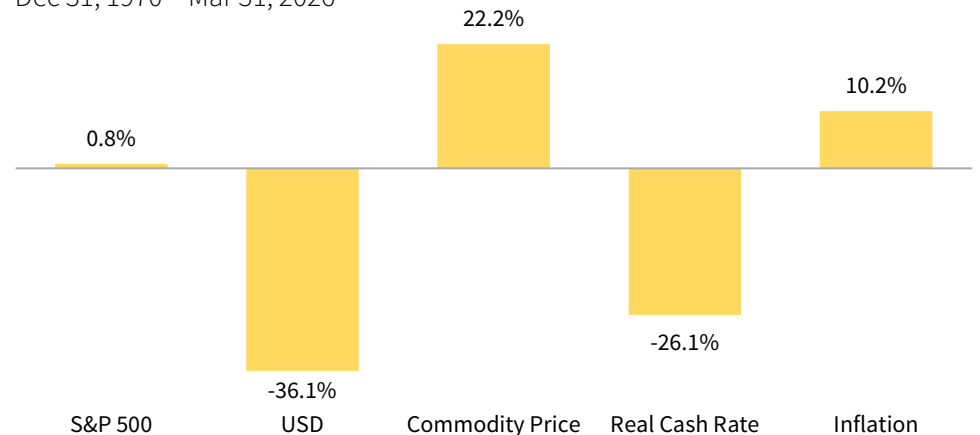
Gold bullion real price

Jan 31, 1968 – Mar 31, 2026 • US Dollars per Troy Oz



Long-term correlation vs gold prices

Dec 31, 1970 – Mar 31, 2026



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 February 28, 2026.