Real Assets

Global Property Securities

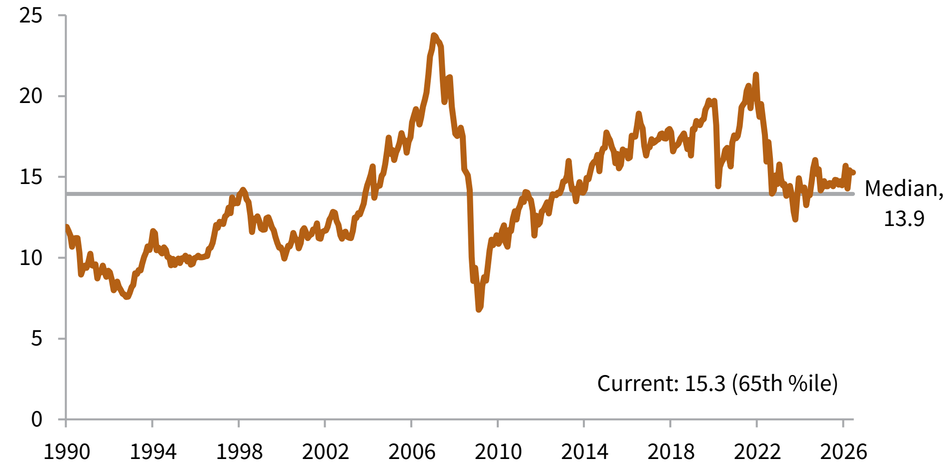
Facts & Figures Second Quarter 2026

DM property securities returned 8.8% in USD in 2Q, lifting their TTM return to 14.4%. Performance has lagged that of other real assets, such as energy equities, which have benefited from the Iran war, as well as broader DM equities. US REITs have significantly outperformed global peers over the past 12 months, given less exposure to office and higher weightings to perceived AI beneficiaries like data centers.

- Valuations range from slightly to very overvalued, subject to the metric used. DM property securities trade at 15.3x normalized funds from operations, above its historical median. Property security yields are currently 30 bps less than those on government bonds, close to a historical low and well below the long-term median of 1.6%. Inflationary concerns and rate hikes in some countries have pushed sovereign yields higher and put pressure on this differential.
- Income growth for property securities has been weak over the past couple years, dampened by rising debt costs and increased supply in certain categories like apartments, which put downward pressure on rents.
- Global economic growth in 2026 is expected to slightly decelerate from 2025, but elevated inflationary pressures are forcing central banks to become more hawkish and delaying expected cuts in some countries. This in turn could reduce the attractiveness of property dividends, but some investors may be hoping they provide inflation protection.
- 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.

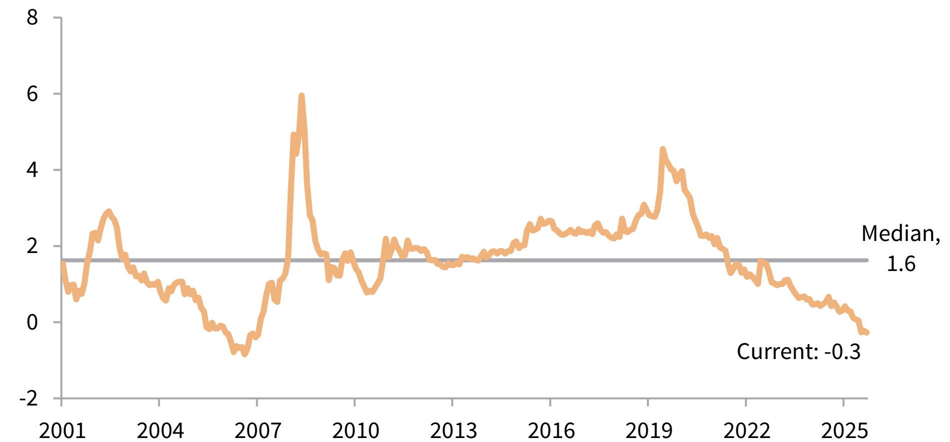
Normalized price-to–funds from operations multiple

Jan 31, 1990 – Jun 30, 2026



Spread between DY and global govt bonds

Oct 31, 2001 – Jun 30, 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 Second Quarter 2026

US property returned 1.2% in 1Q and 4.9% over the last 12 months, according to NCREIF Property Index data. Returns have been weighed down by tighter financial conditions and supply/demand dynamics across asset types; the index is basically flat over the trailing three-year period. Reflecting underlying income growth, return dispersion across sectors is significant. Over the past three years, hotels have returned 5.6% annualized, while office returned -5.9%.

— 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 5.8%).

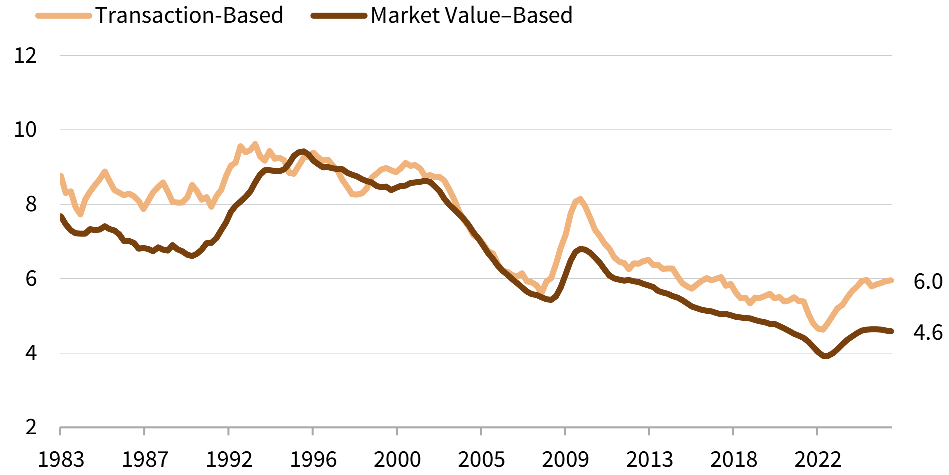
— Commercial real estate transaction volumes have recovered since the Fed began easing in 2025 and economic activity picked up. In 1Q, US volumes rose 25% YOY, led by a massive 61% increase in office deals as new supply remains limited.

— NOI growth has decelerated in recent years amid weak underlying fundamentals. Four-quarter rolling NOI grew just 0.5% through the end of 1Q, well below the ten-year median of 3.9%. Sector dispersion is notable, with industrials posting reasonable growth (2.6%) but office continuing to lag (-4.9%).

— 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.

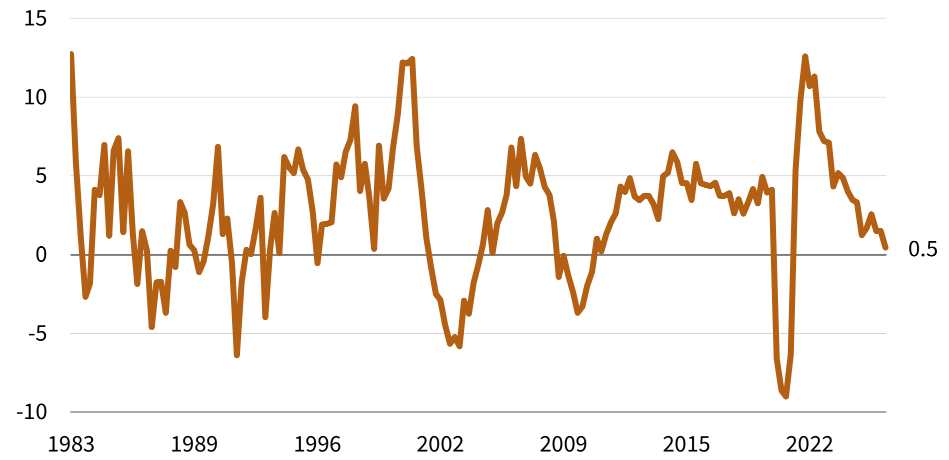
All property cap rates

Second quarter 1983 – First quarter 2026 • Percent (%)



Four-quarter rolling NOI growth

First quarter 1983 – First quarter 2026 • Percent (%)



Source: National Council of Real Estate Investment Fiduciaries.

European Private Property

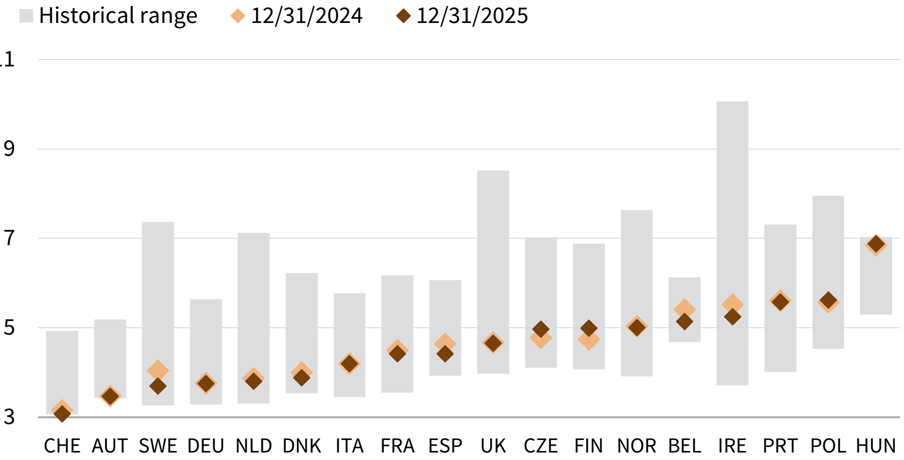
Facts & Figures Second Quarter 2026

UK private property returned 0.9% in 1Q and 4.8% over the trailing four quarters ending March 2026, 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 3.5% annualized on a trailing three-year basis. Europe ex UK follows a similar trend, with office continuing to lag considerably while retail outperformed (2.2% and 7.1%, respectively, over the trailing four quarters as of 1Q).

- 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 with government bond yields remaining higher than their pre-Iran War levels, reflecting near-term inflationary pressures. Reduced consumer real incomes will hit sectors such as retail hardest, although expectations of higher rates 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 remain subdued in the UK and eurozone compared to pre-war levels, with consensus forecasts for 2026 at 1.0% and 0.6%, respectively, below the DM average. The BOE and ECB are both expected to vote for one 25-bp interest rates hike through the remainder of 2026 in response to rising inflation expectations.
- In the UK—the largest commercial real estate market in Europe—1Q investment was €11.7B, a 12% YOY decline. European commercial real estate in total saw 13% investment growth, marking the strongest first quarter since 2022. Spain and Netherlands led the growth momentum, as well as the healthcare sector.

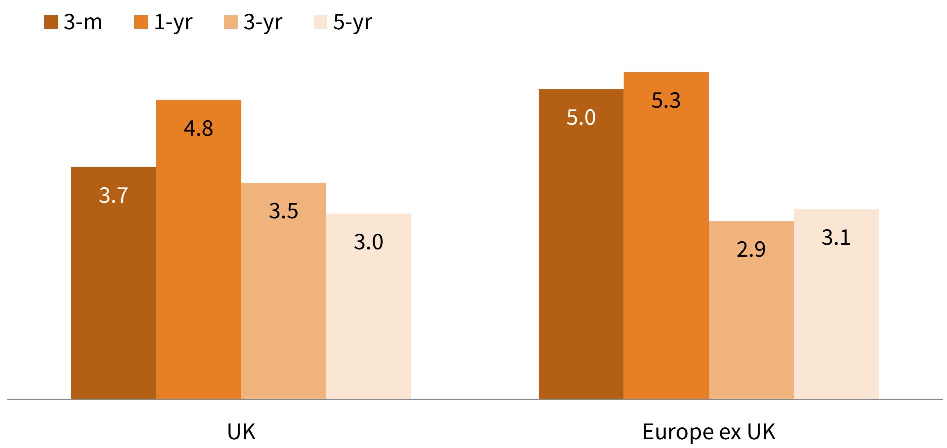
European property net operating income yields

As of Dec 31, 2025 • Percent (%)



Annualized index performance

As of Mar 31, 2026 • 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 Second Quarter 2026

Asian private property returned 1.7% for 1Q and 6.9% on a trailing four-quarter basis in USD terms, 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 1.4% annualized. Sector performance over this period was mixed: office returned -1.6%, while retail and industrials returned 4.1% and 4.0% annualized, respectively.

— 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 5.1%, 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.

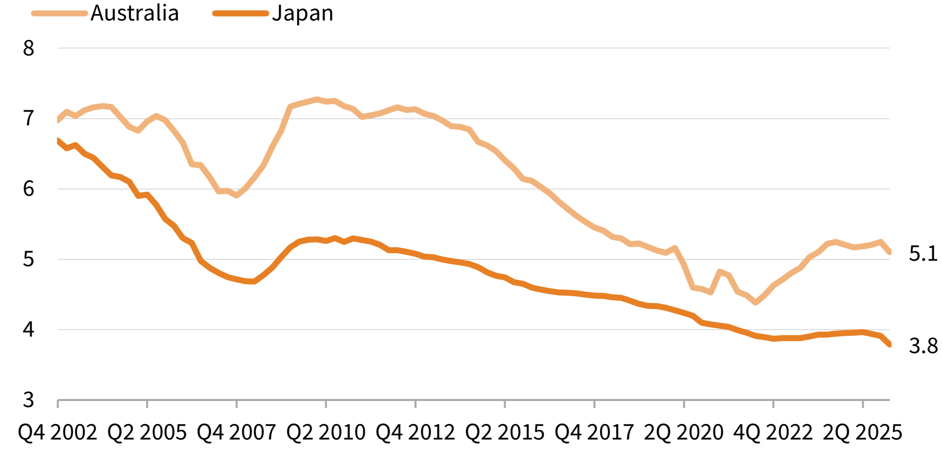
— Growth expectations for Asia-Pacific economies have firmed up following an easing of US tariff uncertainty, with consensus forecasts expecting the region's real GDP to grow by 4.0% in 2026 and 3.6% in 2027. However, these forecasts are subject to change given the rise in energy prices following the 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 fell in 1Q by 9% but remains up 18% over the past four quarters after being largely flat over most of 2022–24, aided by stable-to-falling interest rates in most markets. Japan, Singapore, and India remain robust markets, while Australia and China have cooled.

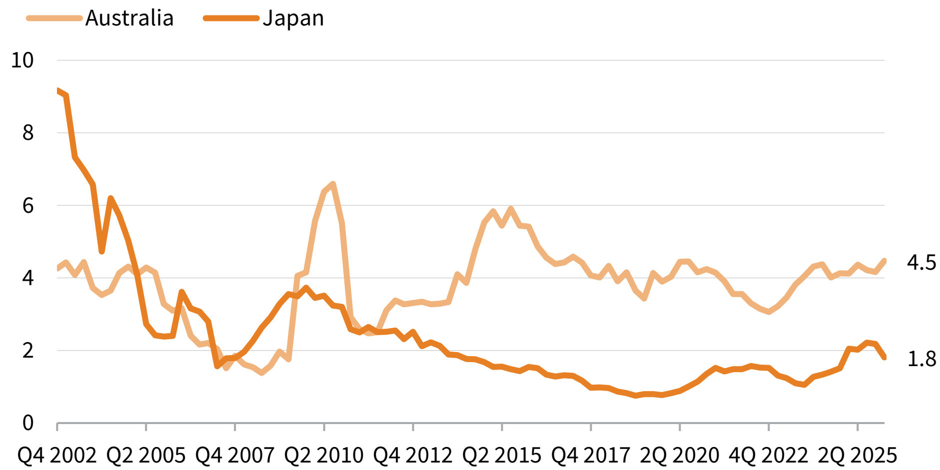
Property yields

Fourth quarter 2002 – First quarter 2026 • Percent (%)



Vacancy rates

Fourth quarter 2002 – First quarter 2026 • Percent (%)



Source: MSCI Real Estate. MSCI data provided "as is" without any express or implied warranties.
Note: Japan first quarter 2026 data are as of February 2026.

Private Infrastructure

Facts & Figures Second Quarter 2026

Private infrastructure returned 1.4% over 4Q and 10.9% over the trailing four quarters ended December 2025, according to the Cambridge Associates Infrastructure Index. On a trailing three-year basis, the index returned 8.8% 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 13.7 times EBITDA over the prior 12-month period, a figure that has fallen from recent highs in 2025 although still above the industry's long-term average.

— Private markets have underperformed public markets in recent years, including in infrastructure; over the trailing three years, the Cambridge Associates Infrastructure Index generated -6.2% of value add versus a model public markets equivalent.

— Broadly speaking, data center proliferation and the related secular growth in energy demand are the biggest trends in the market over the last 12 months, driving strong capital commitments. The renewable energy transition continues to be a structural theme which should be durable to any short-term policy shifts given their lower cost advantage.

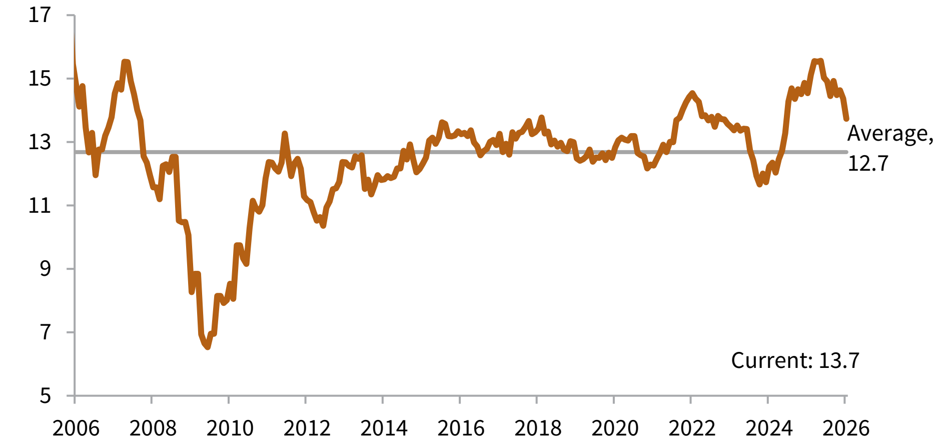
— Global infrastructure transaction values grew by more than 36% over the last four quarters. Data shows that digital infrastructure and power & transmission were the most active sectors by far on a dollar valuation basis, followed by renewable.

— 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.

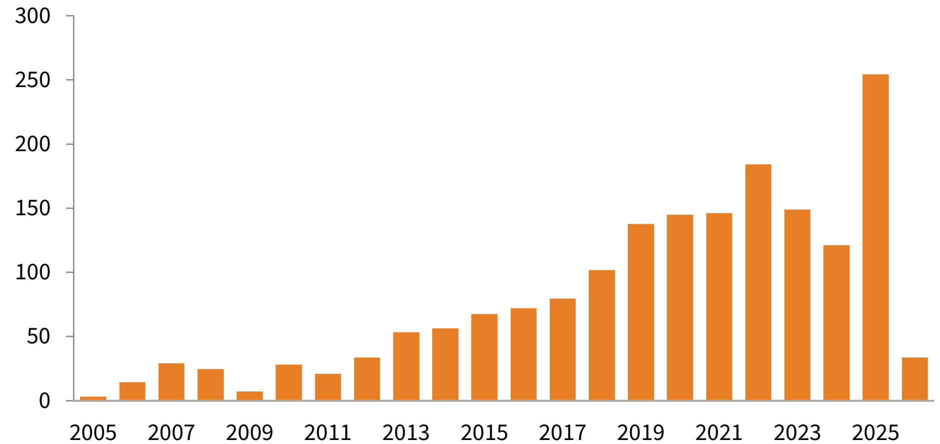
Prices of transactions (EV/EBITDA)

Jun 30, 2006 – Jun 30, 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 July 9, 2026.

Natural Resources Equities

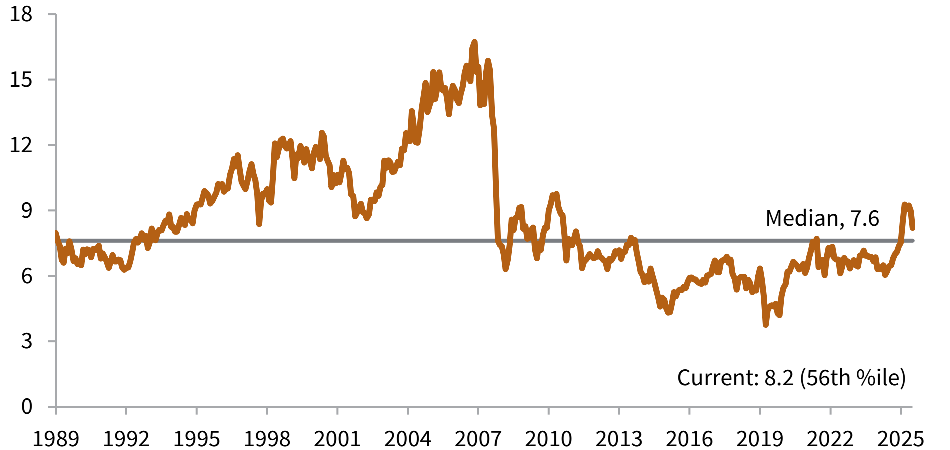
Facts & Figures Second Quarter 2026

Natural resources equities fell 10.1% in 2Q (USD terms), according to the MSCI World Natural Resources Index, bringing YTD performance to 15.5%. Quarterly performance was driven by a sell-off in energy equities as oil prices fell amid a de-escalation in US-Iran tensions and increased traffic through the Strait of Hormuz. Despite the quarterly decline, natural resources equities have delivered strong YTD gains, supported by elevated commodity prices driven by heightened geopolitical tensions and demand stemming from the AI buildout.

- Natural resources firms trade at 8.2 times cyclically adjusted price-to–cash earnings, which ranks in the 56th percentile of month-end observations dating back to 1990. Valuations decreased during the quarter and remain just above the historic median.
- Global real GDP growth expectations for 2026 have remained broadly unchanged at 2.9% since the start of the year. At the same time, reduced traffic through the Strait of Hormuz and rising demand tied to the AI buildout have supported 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 the certain metals to facilitate the transition to net zero.

Cyclically adjusted price-to–cash earnings

Dec 31, 1989 – Jun 30, 2026



Capital expenditures

Jan 31, 2000 – Jun 30, 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 Second Quarter 2026

The Bloomberg Commodity Index declined 8.1% on a total return basis in 2Q, as temporary easing of US-Iran tensions pushed energy prices lower. Still, on a TTM basis, the index is up 25.5%. During that time, precious metals (34.2%), energy (25.7%), industrial metals (19.7%), and livestock (11.0%) posted double-digit returns, while softs (3.2%) and grains (0.9%) lagged.

— In 2Q, the decline in commodity prices brought spot prices back to 0.4 standard deviations above their ten-year inflation-adjusted mean, based on the index's constituents and weights. Across commodity groups, real prices were mixed relative to history: precious metals remained notably elevated, energy was slightly above its median, and grains were the only subgroup below its median.

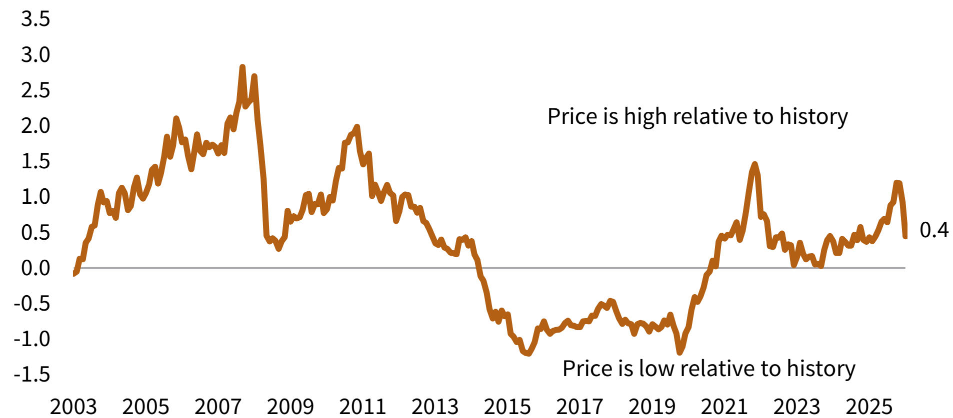
— Price action was again heavily influenced by developments involving Iran, primarily through their effect on energy markets. The 1Q closure of the Strait of Hormuz—the world's most vital energy chokepoint—sent oil & gas prices soaring. Oil prices retreated sharply from their April highs as US-Iran tensions eased late in the quarter. A June memorandum of understanding reopened the Strait, although the détente remained fragile at quarter-end.

— 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.

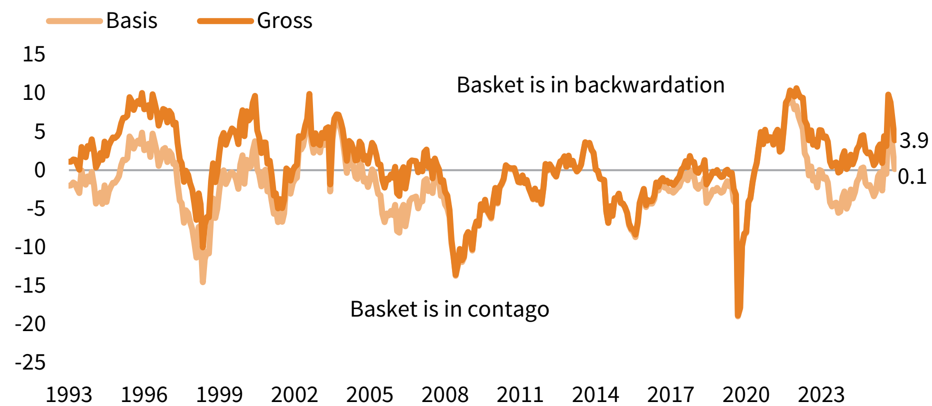
Commodity futures basket price deviation

Jun 30, 2003 – Jun 30, 2026 • Z-score



Commodity futures basket indicative roll yield

Jul 31, 1993 – Jun 30, 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

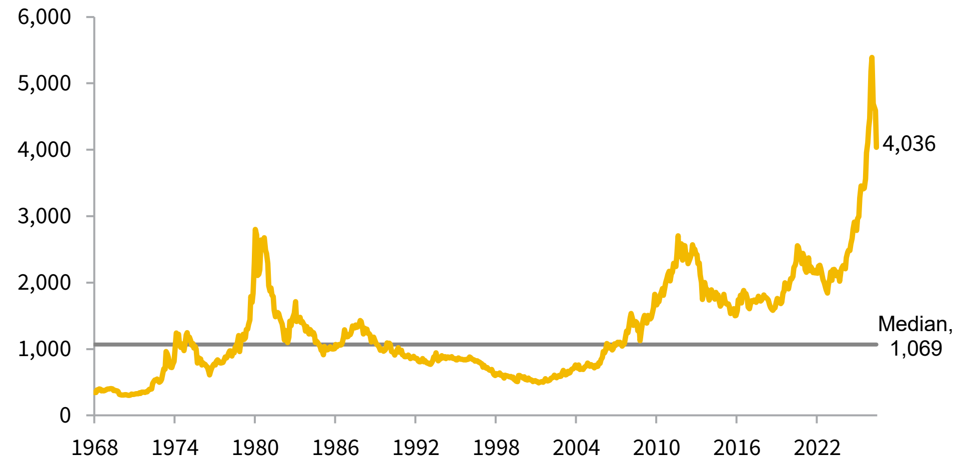
Facts & Figures Second Quarter 2026

Gold declined 12.7% in 2Q 2026, its worst quarterly decline in nearly a decade, as investors took profits following a multi-year rally and repositioned around the prospect of higher interest rates, which raise the opportunity cost of holding non-yielding assets. Still, over the trailing 12 months, gold increased 22.9%.

- The pullback more than erased 1Q gains, with gold ending the quarter at around $4,000 per troy ounce—still almost double its price two years prior. Even after the pullback, gold's inflation-adjusted price stood roughly 280% higher than its long-term median.
- ETF investment, which had been a key source of incremental demand during gold's rally, reversed in 2Q. Global gold ETFs swung from $6.6B of inflows in April to $8.9B of outflows in June, led by North American selling. The withdrawal of that marginal bid amplified the decline, though Asian funds notably recorded their strongest first half inflows on record.
- Notably, geopolitical escalation worked against gold rather than for it. The Iran War has lifted inflation expectations, driving a repricing from anticipated Fed rate cuts toward a meaningful probability of a year-end hike. The resulting rise in expected real rates and a firmer US dollar added negative pressure to gold.
- 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.

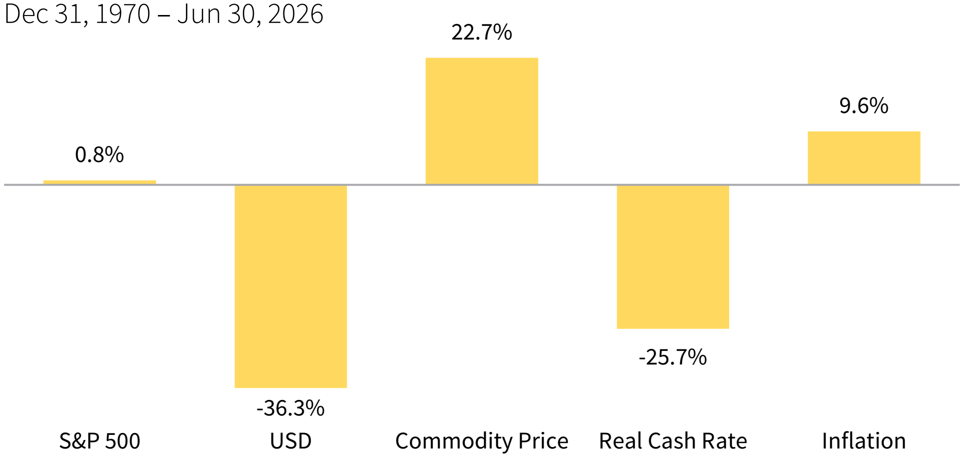
Gold bullion real price

Jan 31, 1968 – Jun 30, 2026 • US Dollars per Troy Oz



Long-term correlation vs gold prices

Dec 31, 1970 – Jun 30, 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 May 31, 2026.