Real Assets

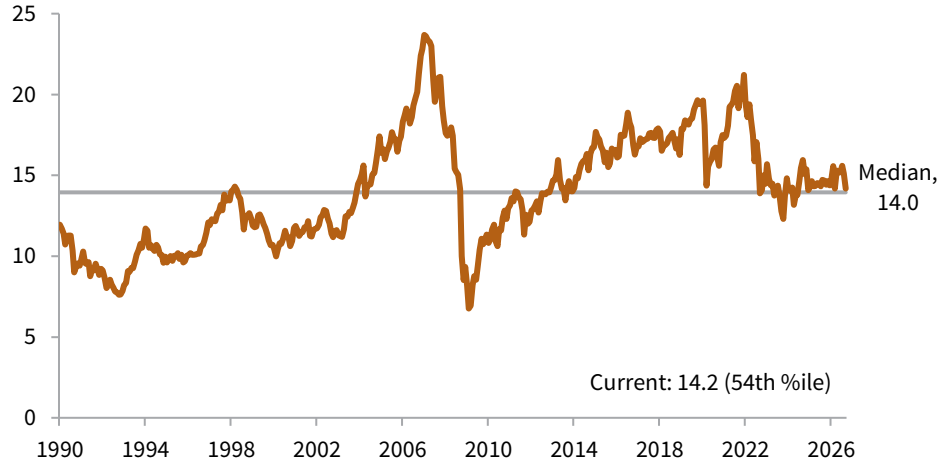
Global Property Securities
Facts & Figures Third Quarter 2026

DM property securities returned -5.8% in USD in 3Q, cutting their TTM return to 4.9%. Performance was impacted by persistent inflationary pressures, which forced developed central banks to start a tightening cycle. US REITs have 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 fair to very overvalued, subject to the metric used. DM property securities trade at 14.0x normalized funds from operations, close to their historical median. However, property security yields are currently 60 bps less than those on government bonds, close to a historical low and over 200 bps 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, weighing on performance. Rising debt costs have been a headwind, as has increased supply in certain categories like apartments, which put downward pressure on rents.
- Global economic growth in 2026 has been resilient, but elevated inflationary pressures are forcing central banks to become more hawkish. Several central banks hiked in 3Q and are expected to do so again in 4Q. Higher rates reduce the attractiveness of property dividends, but 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.

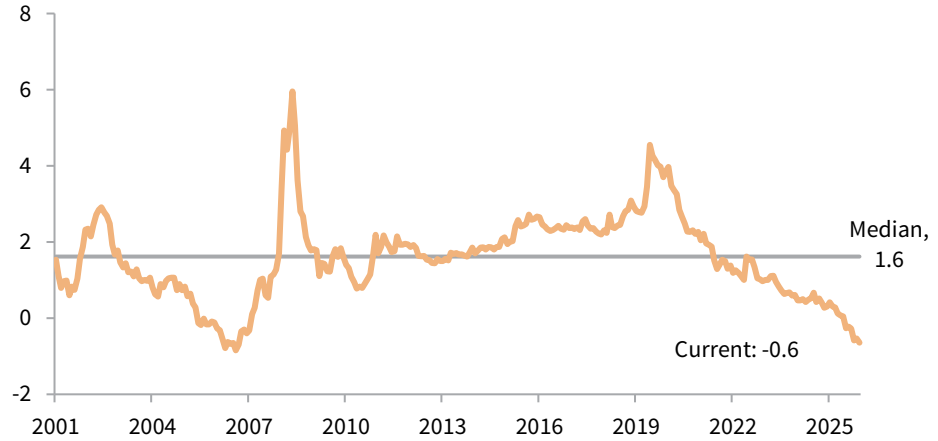
Normalized price-to-funds from operations multiple

Jan 31, 1990 – Sep 30, 2026



Spread between DY and global govt bonds

Oct 31, 2001 – Sep 30, 2026



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

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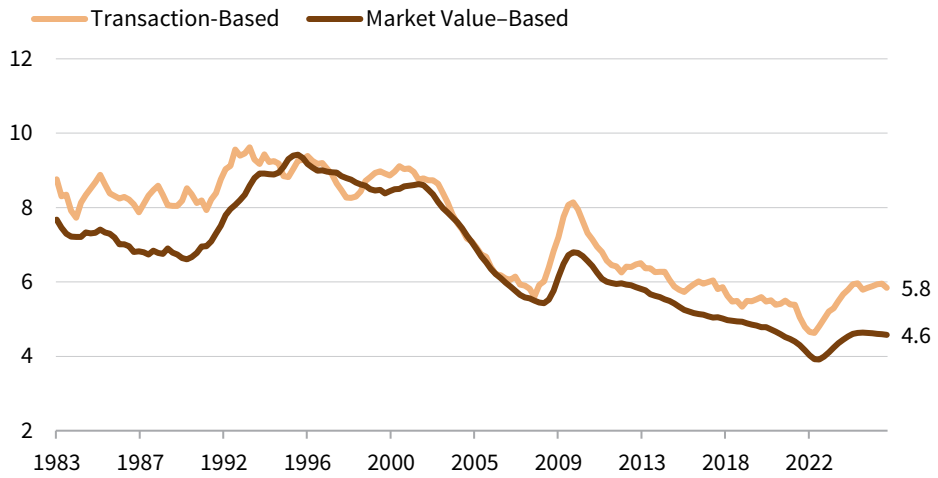
US Private Property
Facts & Figures Third Quarter 2026

US property returned 1.3% in 2Q and 5.0% 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 has returned just 1.2% annualized over the trailing three-year period. Reflecting underlying income growth, return dispersion across sectors is significant. Over the past three years, retail has returned 4.8% annualized, while office returned -3.7%.

- 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 as economic growth remains resilient, but Fed tightening and higher rates could present headwinds. In 2Q, US volumes rose 7% QOQ led by strong growth in office and retail, but YOY volumes are basically flat.
- NOI growth has decelerated in recent years amid weak underlying fundamentals. Four-quarter rolling NOI grew 2.2% through the end of 2Q, well below the ten-year median of 3.8%. Sector dispersion is notable, with industrials posting reasonable NOI 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 in central business districts is at an all-time low (0.2% of existing stock), down more than 60% from a year ago.

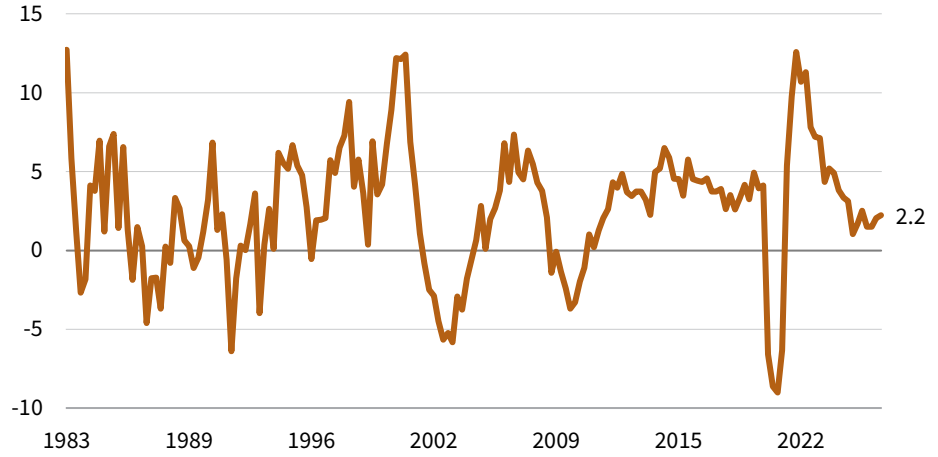
All property cap rates

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



Four-quarter rolling NOI growth

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



Source: National Council of Real Estate Investment Fiduciaries.

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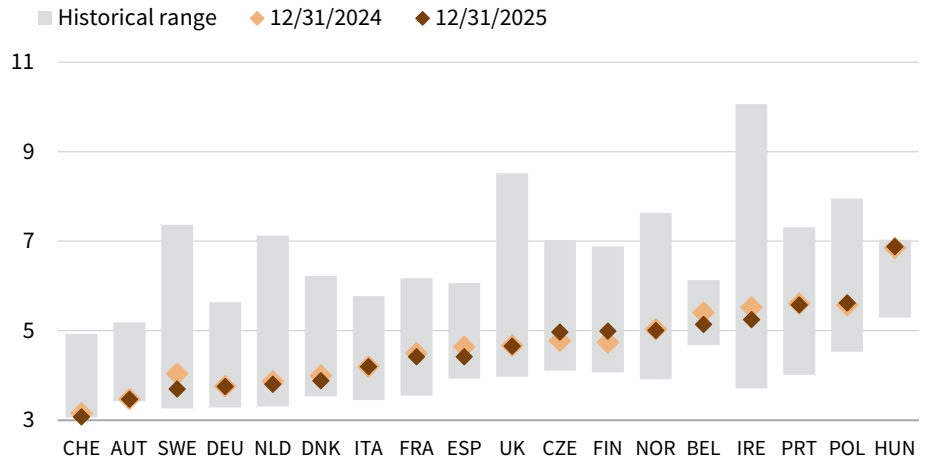
European Private Property
Facts & Figures Third Quarter 2026

UK private property returned 0.5% in 2Q and 3.8% over the trailing four quarters ending June 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 3.6% annualized on a trailing three-year basis. Europe ex UK follows a similar trend, with office continuing to lag considerably while retail outperformed (2.9% and 6.9%, respectively, over the trailing four quarters as of 2Q).

- 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.
- Higher government bond yields are narrowing spreads and putting upward pressure on property yields, weighing on capital values. Energy-related inflation also raises operating and construction costs, while higher financing costs constrain new development. Property can provide inflation protection where rental growth keeps pace with rising costs, although this depends on lease terms and tenant affordability.
- Economic growth forecasts remain subdued in the UK and eurozone, with 2026 consensus forecasts at 1.2% and 0.9%, respectively, below the DM average of 1.7%. Modest growth is expected to constrain occupier demand and rental growth. Offices continue to face structural headwinds from remote working, although demand for well-located, high-quality space remains more resilient.
- European real estate investment reached €59.1B in 2Q 2026, up 10% year-over-year but 8% below the ten-year 2Q average. France and Spain led growth among major markets, while offices attracted €11.5B in 2Q and €22.6B in 1H 2026, the latter up 13% year-over-year.

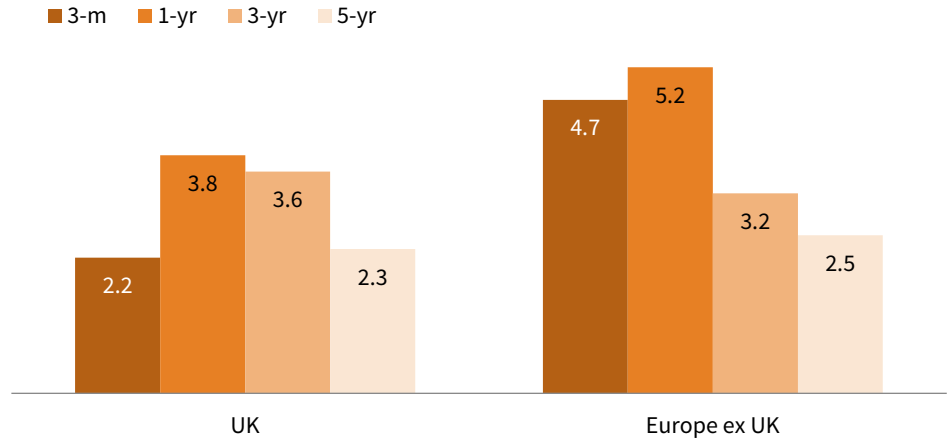
European property net operating income yields

As of Dec 31, 2025 • Percent (%)



Annualized index performance

As of Jun 30, 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.

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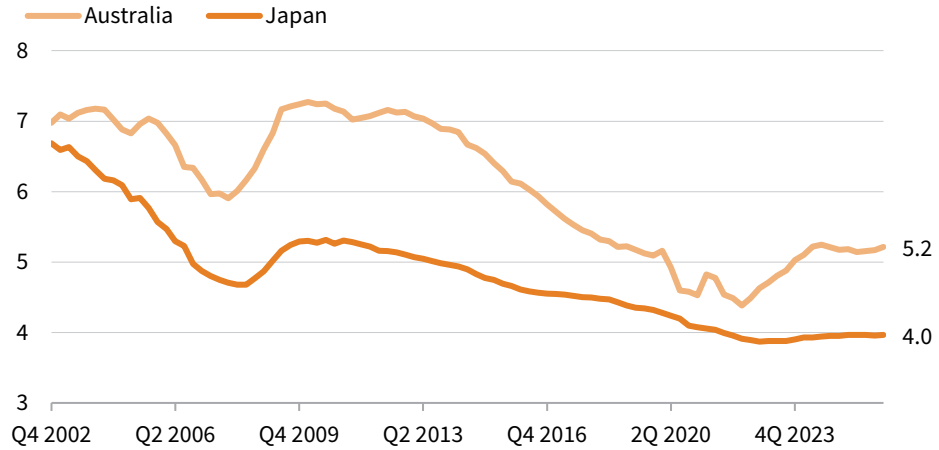
Asian Private Property
Facts & Figures Third Quarter 2026

Asian private property returned 2.1% for 2Q and 8.3% 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 2.8% annualized. Sector performance over this period was mixed: office returned -0.1%, while retail and industrials both returned 5.4% annualized.

- Property yields in many markets have decreased since the GFC and remain low relative to history. Yields have been drifting higher as central banks resume tightening given rising oil prices and inflation in the aftermath of the Iran War. Within two top markets, yields in Australia have risen to 5.2%, while property yields in Japan have remained at 4.0%, given a slower pace of policy normalization by the Bank of Japan.
- 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 4.3% in 2026 and 4.0% 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 2Q by 9% but remains up 32% over the past four quarters and remains at levels not seen since 2021. Yet, investment is likely to cool in the quarters ahead given the sharp rise in yields in the second half of 2026.

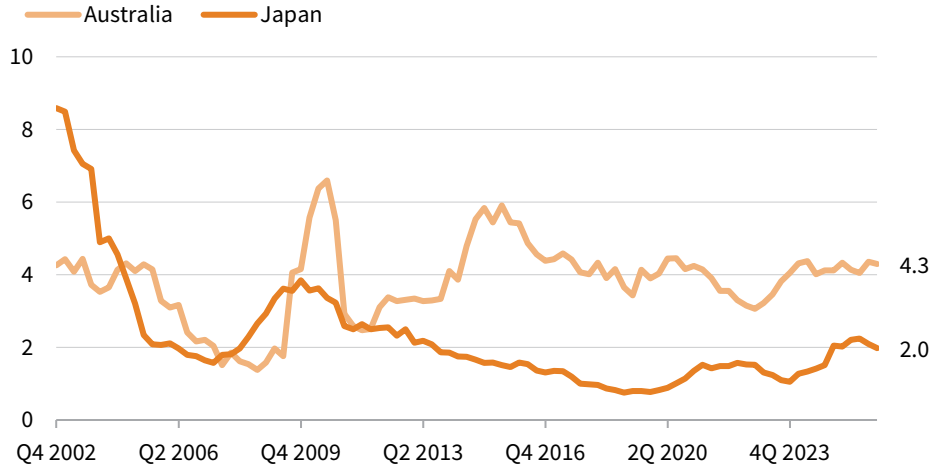
Property yields

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



Vacancy rates

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



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

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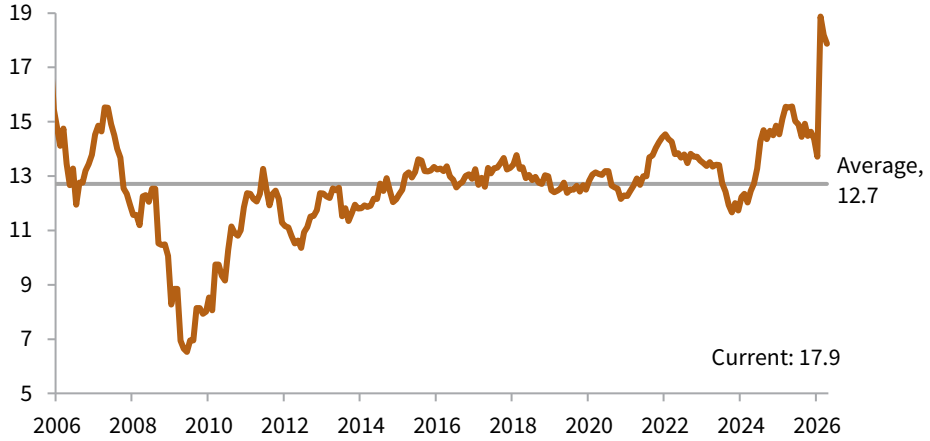
Private Infrastructure
Facts & Figures Third Quarter 2026

Private infrastructure returned 1.2% over 1Q and 8.9% over the trailing four quarters ended March 2026, according to the Cambridge Associates Infrastructure Index. On a trailing three-year basis, the index returned 8.2% 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 17.9 times EBITDA over the prior 12-month period, driven by one unusually high multiple. Excluding that transaction, the average was 11.7 times.
- Private markets have underperformed public markets in recent years, including in infrastructure; over the trailing three years, the Cambridge Associates Infrastructure Index generated -8.6% of value add versus a comparable public-market investment adjusted for the timing of private-market cash flows.
- AI-related data center development and rising electricity demand remain key infrastructure investment themes, creating opportunities across generation, transmission, and storage. The energy transition continues to support long-term investment, underpinned by competitive renewable generation costs and the need to expand and modernize electricity networks.
- Global infrastructure transaction values were broadly unchanged YOY, with power & transmission, utilities, and transport the most active sectors by deal value.
- Global capital commitments to infrastructure funds reached a record $254B in 2025, more than double the 2024 total. Commitments totaled $94B YTD.
- Private infrastructure investments are touted as providing cyclical diversification benefits, inflation protection, and an alternative AI-related exposure compared to stretched public market valuation.

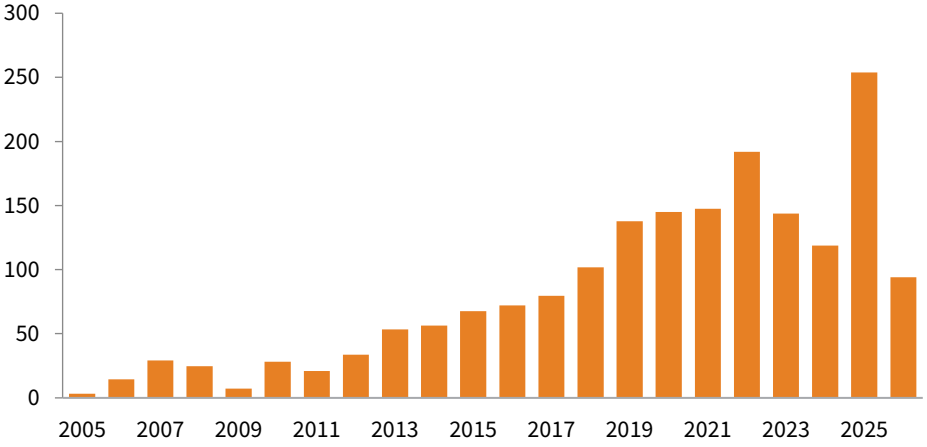
Prices of transactions (EV/EBITDA)

Jun 30, 2006 – Sep 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 October 5, 2026.

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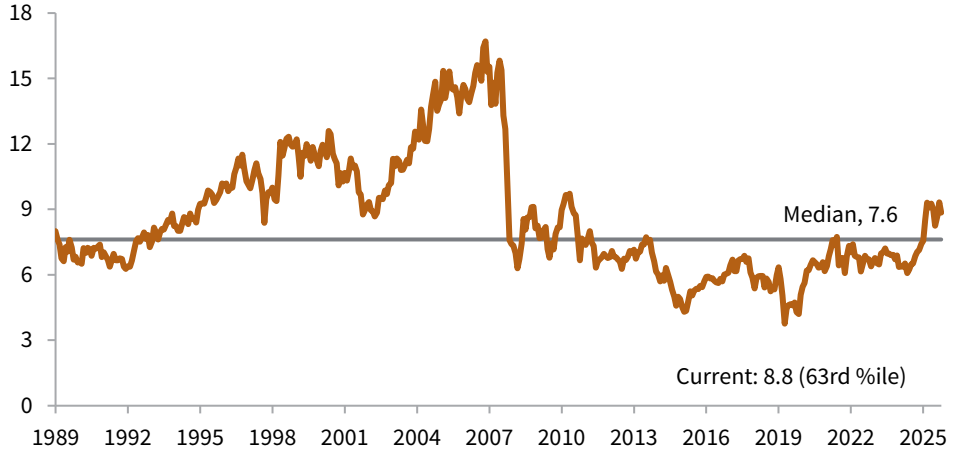
Natural Resources Equities
Facts & Figures Third Quarter 2026

Natural resources equities gained 13.1% in 3Q (USD terms), bringing YTD returns to 30.6%, according to the MSCI World Natural Resources Index. Energy equities led the advance as attacks near the Strait of Hormuz and Houthi strikes on Saudi oil facilities disrupted supply, pushing Brent crude prices up more than 40% during the quarter. Metals & mining equities also posted solid gains, led by precious metals miners and, to a lesser extent, copper miners.

- Natural resources firms trade at 8.8 times cyclically adjusted price-to–cash earnings, which ranks in the 63rd percentile of month-end observations dating back to 1990. Valuations rose during the quarter as renewed disruptions to Middle Eastern commodity flows pushed prices higher.
- Global real GDP growth expectations for 2026 have edged up from 2.9% to 3.0% since the start of the year. Increased demand from the AI buildout has been supportive for growth and commodity prices. Supply-chain disruptions in the Middle East have provided an additional tailwind for natural resources equities' strong performance in 2026.
- 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 – Sep 30, 2026



Capital expenditures

Jan 31, 2000 – Sep 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.

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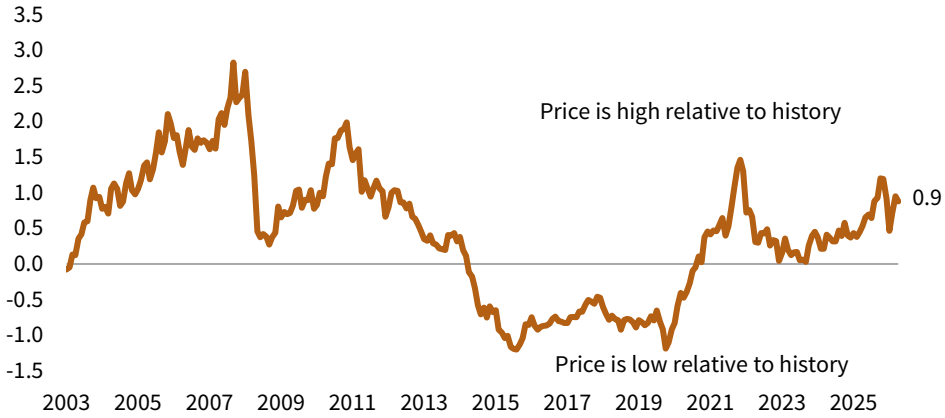
Commodity Futures
Facts & Figures Third Quarter 2026

The Bloomberg Commodity Index gained 16.2% on a total return basis in 3Q, as a resurgence of geopolitical tensions amplified concerns over supply disruptions. On a TTM basis, the index is up 40.6%. Energy (74.7%) has driven most of that gain.

- In 3Q, commodity spot prices increased to 0.9 standard deviations above their ten-year inflation-adjusted mean, based on the index's constituents and weights. The elevated index price has been driven mainly by the sharp increase in energy prices. The energy subsector traded 32% above its historical real average price on September 30, but still well below its previous 2022 highs.
- Supply disruptions from the Iran War were the key driver of higher oil prices during the quarter. A partial agreement between the US and Iran in June briefly eased supply fears and kept prices contained in July, but renewed hostilities, as well as Houthi attacks on Saudi oil infrastructure, pushed prices sharpy higher again through August and September.
- 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.

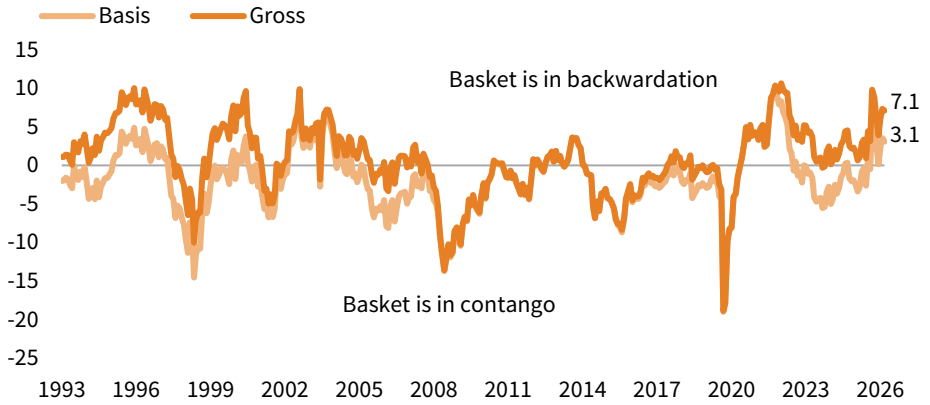
Commodity futures basket price deviation

Jun 30, 2003 – Sep 30, 2026 • Z-score



Commodity futures basket indicative roll yield

Jul 31, 1993 – Sep 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.

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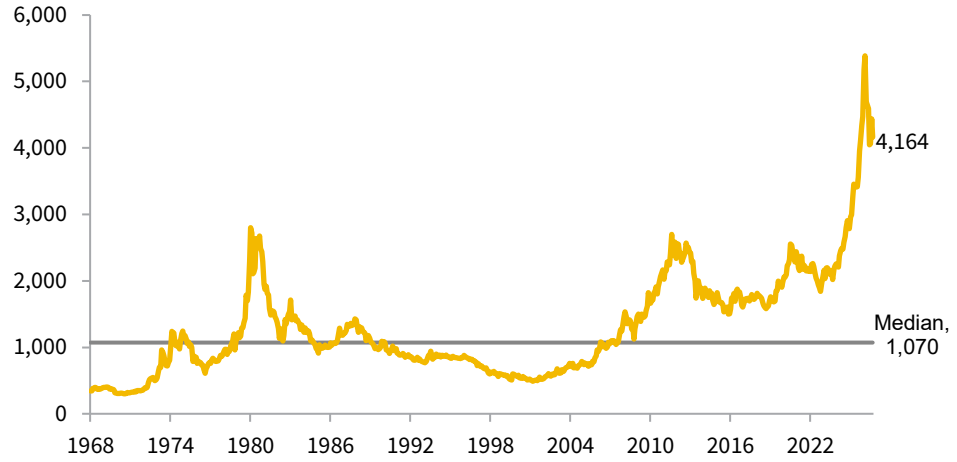
Gold
Facts & Figures Third Quarter 2026

Gold rose 3.2% in 3Q, but the modest gain masked a volatile quarter. Prices initially surged 16% through late August, before retreating amid rising yields and inflation expectations. Still, over the past 12 months, gold has gained 8.6%.

- Gold reached a third-quarter high of nearly $4,700 per troy ounce in late August, supported by strong ETF inflows and a weaker dollar. However, yield dynamics subsequently turned less favorable as higher oil prices linked to the Iran War intensified inflation concerns, helping push Treasury yields higher and shifting expectations toward tighter monetary policy. Gold declined 10% from its late-August peak through quarter-end, with the Federal Reserve raising rates by 25 basis points in September—its first hike since July 2023. Higher yields increased the opportunity cost of holding non-interest-bearing gold.
- Investment demand for gold held up well in 3Q 2026, with record ETF inflows and broad-based buying across Europe, North America, and Asia. Demand remained resilient even as prices fell in September, an unusual outcome that highlighted a divergence between strong ETF inflows and sharp COMEX futures liquidation, which likely weighed on prices.
- Gold's low expected long-term real return limits its appeal for institutions with real spending objectives. Although it can offer protection during adverse market conditions, its diversification benefits do not eliminate the risks of a substantial allocation.
- 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.

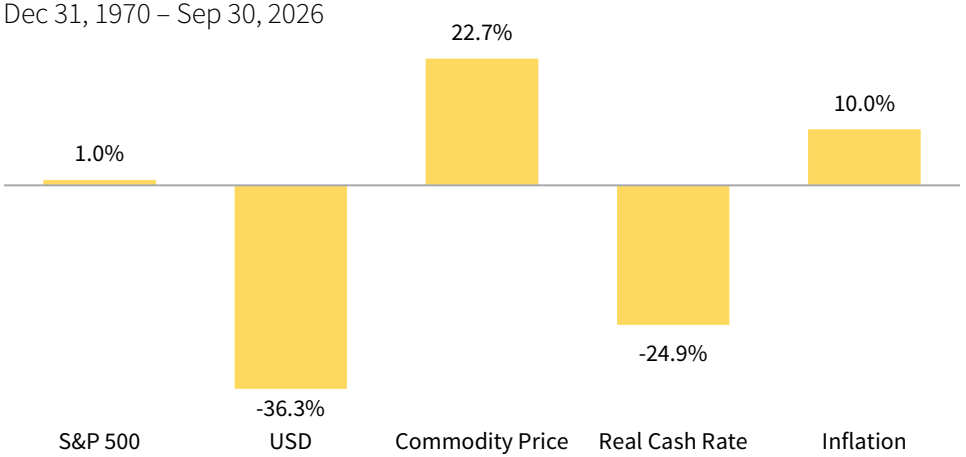
Gold bullion real price

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



Long-term correlation vs gold prices

Dec 31, 1970 – Sep 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 August 31, 2026.

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