CERITY PARTNERS®

Real Assets Outlook

Institutional Consulting

June 2026

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Key themes

Key themes for 2026

Observations driving our outlook

Modest economic growth with a side of volatility

We expect moderate positive growth that surprises to the upside over the next year. Fiscal and monetary easing, lower taxes and capital investment incentives are likely to help fuel economic growth. The labor market picture will likely remain complicated by productivity gains, immigration impacts, and individuals reentering the workforce. Inflation likely moves mildly higher mid-year on energy pressures from the Iran conflict but moves lower once again later in the year as pressures subside. It is likely that tailwinds from the One Big Beautiful Bill, AI capex, reshoring and productivity and wage gains will be supportive of risk assets. We believe real estate and core infrastructure offer an attractive risk/return in an environment of heightened uncertainty and stretched equity/credit valuations.

Commercial real estate looks attractive relative to other asset classes

While commercial real estate values have been slow to recover since 2022, they have been appreciating from trough levels over the last couple of years. After becoming bullish on retail real estate in 2024, we observed the strength of that sector's recovery last year, where lease growth rates topped the broader real estate market. Senior housing was our favored sector in 2025, and we are seeing improving fundamentals faster than we anticipated. Office properties are beginning to find willing buyers, though the recovery is likely to be an extended one for lower-quality properties. At current pricing levels—relative to most major asset classes—we believe real estate offers a compelling value opportunity in an otherwise expensive market and continues to provide diversification benefits for institutional portfolios.

Tradeoffs in infrastructure risk

Infrastructure investors face a growing tradeoff between thematic opportunity and return stability. On the one hand, capital is increasingly shifting towards strategies centered on digitalization, decarbonization, and deglobalization; secular themes from AI and data centers to the reshoring of industrial supply chains drive a compelling narrative but they do not resemble traditional infrastructure risk. We are not convinced that investors are being adequately rewarded, as non-core performance has recently struggled to outperform its core counterpart. Core infrastructure has continued to deliver consistent yields and absolute returns, supported by long-dated contractual cash flows, even as higher interest rates have challenged other asset classes. That said, we believe that lower forward returns may reflect the tradeoff for limited asset price adjustment during the initial rate shock, partially offset by stronger inflation-linked revenue.

More bearish on natural resources

Our general philosophy in commodity-oriented sectors is to deploy capital when prices are low for extended periods, so excess capital and supply can be drawn down. We shifted our oil/gas outlook more favorably in 2024, after several years of negative outlooks in the sector. Our view last year was that with oil prices hovering in the $60s and natural gas around $3, an attractive entry point could materialize over the next 12 months. Prices are moving rapidly day to day amid geopolitical events, and sharply higher prices are good for investments in the ground but less attractive for dry powder. We are maintaining our outlook for oil/gas at neutral, pending clarity on where prices stabilize. Mining remains a sector we would generally avoid. With gold, silver, and copper prices hitting historical highs and capital rushing in to capitalize on demand, we would avoid chasing the sector at current levels.

Outlook summary

Real estate outlook

Negative	Neutral	Positive
○	◐	●

STRATEGY	CURRENT ENVIRONMENT	OUTLOOK/IMPLEMENTATION	'25	'26
Core real estate	— Core real estate returns, as represented by the NFI-ODCE Index, have now had six consecutive quarters of positive return (3Q'24 - 4Q'25) and three quarters of positive appreciation (4Q'24 - 2Q'25) following nine consecutive quarters of negative appreciation going back to mid-2022. — Core real estate redemption queues remain high at $21 billion, hindering the ability for managers to reposition portfolios as funds look to redeem investors. — Elevated rates are likely to put downward pressure on returns, extending the duration of the recovery.	– We remain neutral on core real estate favoring funds with low redemption queues and strong balance sheets as we see this market environment as favorable for funds who can play offense. – Core real estate fundamentals have improved, with demand showing signs of recovery and new supply slowing meaningfully, a more constructive backdrop than a year ago.	◐	◐
Value-add real estate	— Cap rates have stabilized, as evidenced by transaction volumes. — Core managers have remained net sellers for 3 consecutive years. With an ~11% redemption queue, core "forced sellers" drive much of the opportunity set. — Supply digestion and high capital costs have left assets with deferred maintenance and capital improvement projects, creating a rich pipeline for value-add strategies, repositioning and renovation. — Mark-to-market lease up opportunities in longer duration lease sectors like Industrial and retail still exist.	— We remain positive on value-add believing that no other real estate strategy provides a better risk adjusted return to investors today. — We favor strategies that rely less on financial leverage and more on strong asset management and internal operating capabilities to add value as cap rate compression, leverage and market growth are less reliable sources of return.	●	●
Opportunistic real estate	— The severe market dislocation many anticipated was largely averted by widespread lender accommodations. While distress opportunities will persist, they will be idiosyncratic rather than systemic. — Oversupplied multifamily and industrial markets are improving as pipelines shrink, but absorption in regions like the Sun Belt and Inland Empire will be a multi-year process. — Elevated development costs continue to squeeze developers, making new builds less attractive than existing asset acquisitions. — Out of favor sectors (i.e., office and some retail) look more interesting as they appear to have hit bottom and demand trends positive.	— Our outlook on opportunistic has been paired back from positive to neutral as the impacts of higher rates recede leaving less pockets of stress from impaired capital stacks. — "Opportunistic" also constitutes development, which, given higher costs and low supply absorption are challenged. — We are favorable on strategies that can pivot across sectors, particularly those that are less trafficked or out of favor.	●	◐
Real estate debt	– Real estate debt spreads have compressed steadily from their 2023–2024 peaks, driven by the active re-entry of banks and institutional lenders into the market. – Faced with uncertainty and ultra-tight spreads in corporate credit, investors searching for reliable yield are rotating into real estate debt—a migration further intensifying lender competition. – While a downward drift in base rates over the past year has trimmed the asset class's absolute yield, rates have stabilized in the near term, providing a more predictable floor for new originations.	— We maintain a neutral outlook on debt as returns have come in from their 2023 peaks. — The 'yield-grab' in debt has moderated as bank participation and private credit inflows drive spreads lower. Nonetheless, with interest rates holding at a structural floor, the asset class can still play a role in many portfolios.	◐	◐

Liquid real assets outlook

Negative	Neutral	Positive
○	◐	●

STRATEGY	CURRENT ENVIRONMENT	OUTLOOK/IMPLEMENTATION	'25	'26
REITs	— After starting 2025 strong, REITs finished the year barely higher, continuing a trend of underperforming the S&P 500 for four consecutive years. However, REITs began 2026 with impressive double-digit returns. — In recent years, REITs have maintained a favorable valuation profile with peak discounts topping ~25%. Discounts have narrowed, and cap rates may now be only slightly more appealing than privates when analyzed on an implied cap-rate basis.	– We believe REITs can provide liquid exposure to real estate with the following caveats: high sensitivity to equity market volatility over shorter holding periods, higher leverage, and higher exposures to non-core sectors. – Given the uncertainties surrounding the global macro economic outlook, REITs are likely to experience increased volatility alongside the broader market.	◐	◐
Commodities	— Commodities provided mid-teens returns last year and continued 2026 with banner returns (+25.5%), led by precious metals and energy disruptions paired with the recovery of grains. — Over the past two years, we have maintained a bearish view on commodities, based on the belief that we did not want to fight the Fed, as central banks have signaled their primary goal is to keep inflation contained, a continued headwind for commodities. — The value of commodities is mainly influenced by supply and demand, which can be heavily shaped by unpredictable shocks, such as weather, geopolitical events, and technology changes. The frequency of supply shocks over the last several years, beginning with Covid and continuing to today is forcing a conversation about their value in a portfolio.	– Our base case is that inflation will remain above the Fed's target but that energy prices should come down in the second half of the year. We are also skeptical that precious metals can continue their incredible run higher. – We see more downside risk to commodities as the momentum trade in precious metals unwinds and some supply stability returns to the energy markets. Conversations around the use of commodities to hedge supply shocks are ongoing but they are likely to remain an expensive hedge over long hold periods.	○	○
TIPS	– TIPS were up 7.0% in 2025, ahead of nominal Treasuries on the back of sticky inflation and a cautious Fed that held rates steady. – Inflation has remained above anticipated levels as evidenced by rising break-evens through 2025. Once again, in 2026, the market is having to recalibrate inflation expectations higher as the conflict in the Middle East roils energy markets, creating upward pressure on inflation. Our base case is that the upward move in inflation is temporary and that pressure will ease in the back half of the year as energy prices come down.	– Inflation expectations remain modest as the market looks beyond the current conflict with Iran. Given our base case of easing inflationary pressures and solid economic growth, we believe there are more attractive asset classes in real assets. – We believe there are better ways to hedge inflation, diversify a portfolio and/or increase total portfolio return than using TIPS.	◐	◐

Infrastructure outlook

Negative	Neutral	Positive
○	◑	●

STRATEGY	CURRENT ENVIRONMENT	OUTLOOK/IMPLEMENTATION	‘25	‘26
Core Infrastructure	– Core infrastructure has outperformed non-core through the higher rate environment, benefiting from stabilized cash flows that were less sensitive to rate the rate hiking cycle. Over 2025, core and core+ infrastructure delivered a median return of +9.9%, outperforming value-add by approximately 290 basis points as stabilized assets continued to generate strong yield. – Core infrastructure benefits from revenues and expenses that are largely tied to the country in which assets are domiciled. Tariffs, protectionism, and onshoring trends are, in most cases, either tailwinds or neutral to the operations of these businesses. – Inflation-linked revenue streams remain a structural advantage, with many core assets (regulated utilities, toll roads, and contracted power) benefiting from direct or indirect inflation pass through mechanisms embedded in their pricing.	– We believe stabilized assets with inflation-linked revenues will continue to generate durable cash flow through the cycle. We expect brownfield assets to offer more attractive risk-adjusted returns thank greenfield development, given regulatory uncertainty and execution risk observed in newer projects. – We prefer global core funds with limited exposure to assets reliant on global trade or transportation volumes, favoring private infrastructure managers with in-house capabilities to improve operations and manage complex deal structures.	◑	●
Non-Core Infrastructure	– The infrastructure market has adopted a wider risk tolerance, stretching from operational improvements and management to growth/expansion levers. – Trailing returns over the last decade hint that many investors are not being adequately compensated for the increased risk being taken. – However, there remains a significant need for investment in modern infrastructure to support the digital economy and electrification. Robust economic growth and sustained demand for modern infrastructure solutions continue to drive the bull case for non-core. – Conversely, any slowdown to the economy could pose a headwind, as many assets rely on growth/expansion to create value.	– We maintain a neutral stance as the space has drifted away from traditional infrastructure characteristics resulting in a larger variance of outcomes for investors. – We suggest a back to the basics approach when allocating, emphasizing manager selection and portfolio construction, all while keeping a sober view of the opportunity cost: investing in core. – There are attractive opportunistic strategies that are further out on the risk spectrum; we suggest pairing them with a strong core/core + position in a broadly diversified portfolio.	◑	◑

Infrastructure outlook

Negative	Neutral	Positive
○	◐	●

STRATEGY	CURRENT ENVIRONMENT	OUTLOOK/IMPLEMENTATION	'25	'26
Energy Transition	– Renewable energy development in the U.S. is facing meaningful near-term headwinds. Persistently low natural gas prices, tariffs on imported equipment, supply-chain constraints, and the expiration or uncertainty of certain tax incentives have compressed project economics and slowed new development activity. – Despite current challenges, the long-term investment case for renewables and clean energy remains intact. Over time, fundamental drivers, including energy security, decarbonization objectives, and cost improvements, are expected to outweigh political and policy uncertainty. However, the pace of recovery will depend on a more supportive policy environment and improved access to lower-cost equipment and capital. – Regionally, Europe offers a more compelling opportunity set today, underpinned by stronger power price signals, clearer policy frameworks, and more consistent capital support. In the U.S., we favor a patient approach through 2026, monitoring for policy clarity and cost normalization.	– In the near term, Europe appears to offer a more compelling opportunity set than the U.S., supported by clearer policy frameworks, stronger power price signals, and more consistent capital support. That said, sustained project delays and balance sheet stress in the U.S. could create selective entry points as the cycle matures. – We favor specialist energy transition managers with deep operating experience and a focus on proven, cash-generative onshore renewable assets, including both front-of-the-meter and behind-the-meter projects. – We would avoid strategies with significant technology, merchant price, or demand-forecast risk. Investments dependent on emerging technologies or unproven commercialization pathways are not well aligned with core infrastructure risk profiles.	◐	◐

Natural resources outlook

Negative	Neutral	Positive
○	◐	●

STRATEGY	CURRENT ENVIRONMENT	OUTLOOK/IMPLEMENTATION	‘25	‘26
Upstream Energy	– Capital has returned to the oil and gas sector, particularly through public equity markets and bank lending, while private capital deployment has lagged. Recent market volatility has increased uncertainty around deal activity and valuations. – Entering 2026, we shifted to a more cautious stance following a period of depressed oil and gas prices that preceded the conflict in the Middle East. With oil prices currently hovering in the $80–$90/bbl range (as of April), deal values have begun to rise, despite our view that prices are vulnerable to correction as geopolitical tensions ease. – While Middle East conflicts have been supportive for near-term oil and gas fundamentals; they may also accelerate policy and investment momentum toward renewable energy in energy-import-dependent countries. Over the long term, demand growth remains difficult to forecast and is likely to be less constructive as consumer and political sensitivity to energy price inflation rises. – Longer-term supply dynamics are more uncertain. Many mature basins in the U.S. and internationally are experiencing natural decline, and new large-scale supply additions are increasingly difficult and capital-intensive to develop.	– Our general belief is to invest in commodity sectors when prices are low and capital is scarce. Prices are not low (at the moment) but while not scarce, capital availability is less robust than in other sectors. – We believe the best way to invest in this space is through managers with strong capital discipline and a proven track record of successfully navigating cycles while maintaining yield with a well-hedged, minimally leveraged strategy. – We favor strategies that diversify exposure across oil and natural gas and prioritize assets in low-cost primary basins with established infrastructure. Experience operating through multiple cycles is critical in the current environment. – Given recent price appreciation and the impact on entry valuations, we are maintaining a neutral allocation to upstream energy.	◐	◐
Midstream Energy	– After two consecutive years of double-digit returns, the listed midstream market moderated in 2025 amid lower commodity prices. A rebound in oil prices and continued growth in natural gas demand have reinvigorated sentiment, with returns off to a strong start in 2026. – New development opportunities remain limited for private midstream investors following decades of infrastructure build-out. As a result, excess capital has accumulated in private funds, and management teams are increasingly pursuing creative or non-traditional deployment strategies. – As anticipated, exit activity improved over the past year, providing relief for investors in aging energy funds with limited distributions. If public midstream valuations remain elevated, we expect private-to-public exits to continue, given the persistence of valuation spreads.	– We are holding our outlook at neutral for private midstream. The challenge of deploying capital remains an issue though that is counterbalanced by an attractive exit market where public midstream companies can acquire private platforms at accretive valuations. – For investors with patience around deployment pacing, select opportunities may emerge, particularly where assets offer downside protection through fee-based contracts and high-quality counterparties. – We recommend accessing midstream exposure primarily through private fund structures, which allow investors to benefit from private-to-public exit opportunities without bearing the full volatility of public markets.	◐	◐

Natural resources outlook

Negative	Neutral	Positive
○	◐	●

STRATEGY	CURRENT ENVIRONMENT	OUTLOOK/IMPLEMENTATION	'25	'26
Mining	– The metals market has shown continued divergence, with gold and copper reaching historic highs from robust safe-haven demand in volatile markets and structural undersupply for electrification, respectively. Meanwhile, many industrial metals like lithium and nickel appear to be bottoming out after several years of oversupply. – As institutional fundraising remains constrained, downstream strategic players like technology and automotive firms are stepping in to supply capital and secure supply chains. Simultaneously, major miners are capitalizing on high profit margins to fund low-risk brownfield expansions and targeted acquisitions, effectively extending the multi-year wave of industry consolidation. – The growing importance of national security has amplified the role of geopolitics, moving it from a background risk to a core factor that is actively reshaping capital allocation across the industry.	– Our outlook for mining has moved from neutral to negative as the sector, which already has challenging characteristics, is experiencing record prices in its most liquid commodities. Sticking to our fundamental view to invest when prices are low and capital is scarce. – Continued electrification is a compelling thesis, but investing in mining is challenging on a number of fronts. Success involves overcoming many project risks including, operational, political, and environmental. Even when executed well, weak commodity prices can hollow out returns. – In the past we have preferred mining finance to project equity, prioritizing greater liquidity, less risk of capital loss and decent risk-adjusted returns. For now, we would wait for a better entry point to mining.	◐	○
Timberland	– After a few years of elevated returns post-COVID for timberland, 2025 marked a return to the low single-digit returns that have characterized this asset class for much of the last 20 years. Weak prices for wood products across the Southeast and moderating inflation weighed on the asset class's returns. – Declining housing starts, excess capacity at mills and surplus inventory of trees is expected to put downward pressure on timberland returns, particularly in the Southeast. Until a resolution with housing affordability is found, we expect housing construction to remain at levels too low to drive timberland returns into the double digits.	– Timberland has several unattractive characteristics: low return potential, low transaction activity, and structural oversupply in the largest timber market (Southeast Pine). – We would not recommend an allocation to timberland for the reasons above, however if a client was eager to hold Timberland, we would recommend utilizing an SMA or Fund-of-One that allows the client some control over the timing of acquisitions and dispositions.	○	○

Natural resources outlook

Negative	Neutral	Positive
○	◐	●

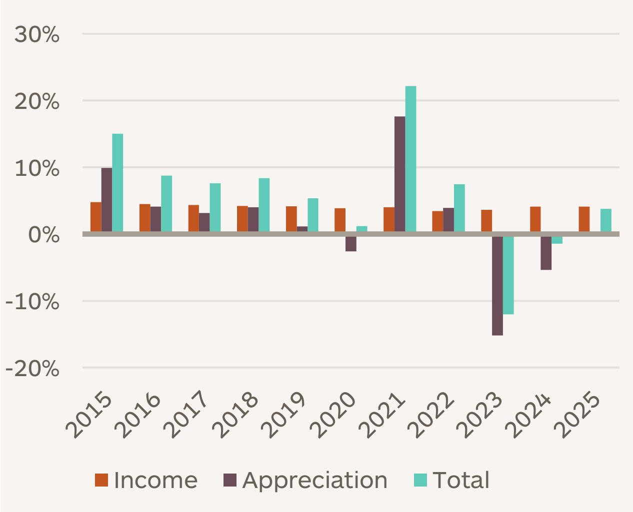
STRATEGY	CURRENT ENVIRONMENT	OUTLOOK/IMPLEMENTATION	’25	’26
Agriculture	– The NCREIF Total Farmland Index recorded its first negative annual total return since inception in 1991, finishing 2024 at -1.0%. The index recovered modestly in 2025 to +0.2%, comprising a +3.1% income return offset by a -2.8% capital return, marking a second consecutive year in which capital depreciation weighed on overall performance. – Permanent cropland was again the principal source of underperformance, returning -5.4% in 2025 (income of +3.2%, capital return of -8.5%). The segment continues to be pressured by weaker commodity prices, global oversupply in tree nuts, rising operating costs, water-availability constraints in California, and elevated trade uncertainty. This marks the sixth consecutive year that annual cropland returns have outpaced permanent cropland. – Annual (row) cropland delivered a positive +3.5% total return in 2025, though this represented the lowest total return since the sub-index's inception, driven by the lowest income return on record (+2.99%) and a sharply compressed capital return of +0.52%. Persistently high input costs, particularly fertilizer and crop chemicals, combined with softer commodity prices have meaningfully compressed farm operating margins.	– We maintain a negative view on the agriculture asset class in the near term. Two consecutive years of negative capital returns in the NCREIF Total Farmland Index, persistent margin compression from elevated input costs, and a widening gap between farm production costs and commodity prices are unlikely to subside. – We view agriculture investments where crop and land are a component of a broader value-add investment strategy, such as vertical integration or resource optimization, as more attractive than core farmland funds. Still, operational complexity brings its own set of challenges.	○	○

Current conditions and outlooks

Real estate performance – Recent history

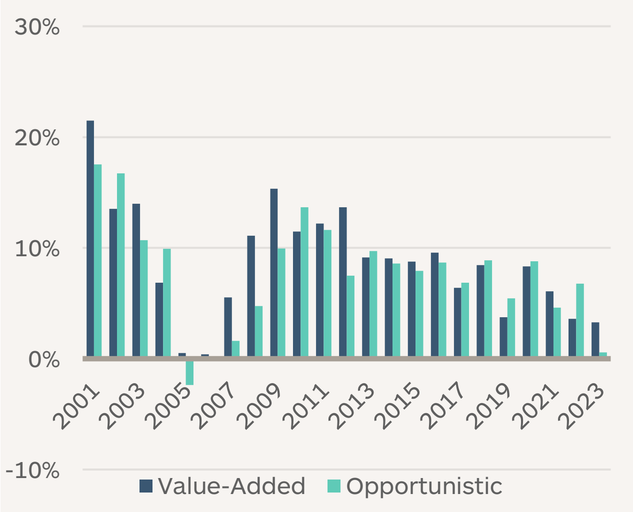
- Core real estate returns, as represented by the NFI-ODCE Index, continued their momentum over the last six quarters after two years of negative returns as pricing readjusted from interest rate hikes in 2022. Returns in 2025 were driven by income, as appreciation was flat for the year. We anticipate that returns will remain muted in 2026, as elevated interest rates are likely to steady cap rates, while sectors like multifamily and industrial recover from depressed rental growth.
- In 2025, senior housing led all sectors, returning +10.6% unlevered. Strong capital inflows drove cap rate compression, while constrained post-pandemic supply and rising demand from the aging population (80+) supported fundamentals.
- Non-core real estate vintage funds have stabilized following the higher interest rate environment, but it was not without a display of pain, as performance in the vintage years leading up to 2022 has come down, a sign of the interest rate digestion.
- New vintage funds are well-positioned to benefit from attractive entry pricing and a more accommodative lending backdrop, with commercial real estate loan volume rising 40% year-over-year to $706 billion from $505 billion, according to the Mortgage Bankers Association.

NFI-ODCE INDEX ANNUAL RETURNS



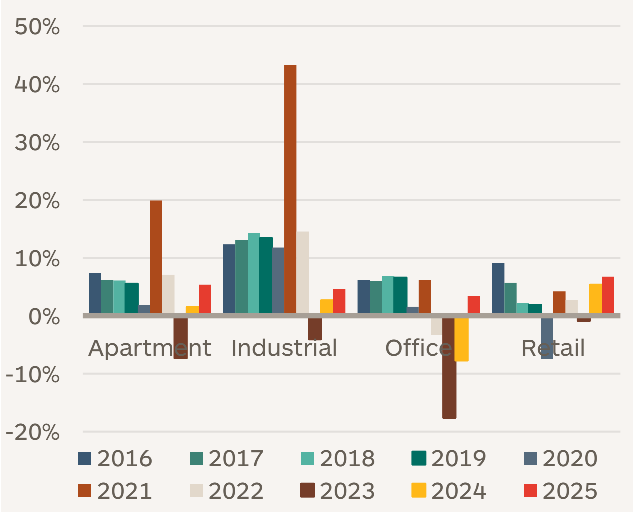
Source: NCREIF, as of 12/31/25

VINTAGE YEAR MEDIAN RETURN (%)
NON-CORE REAL ESTATE



Source: FTSE, as of 9/30/25

SECTOR ANNUAL RETURNS (%)

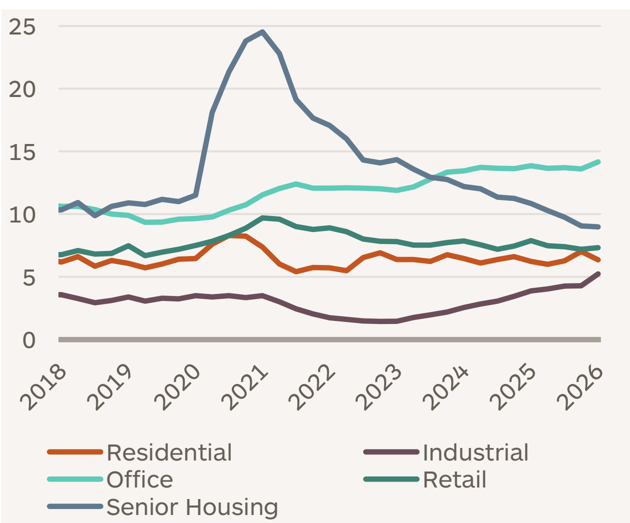


Source: NCREIF, as of 12/31/25

Real estate fundamentals

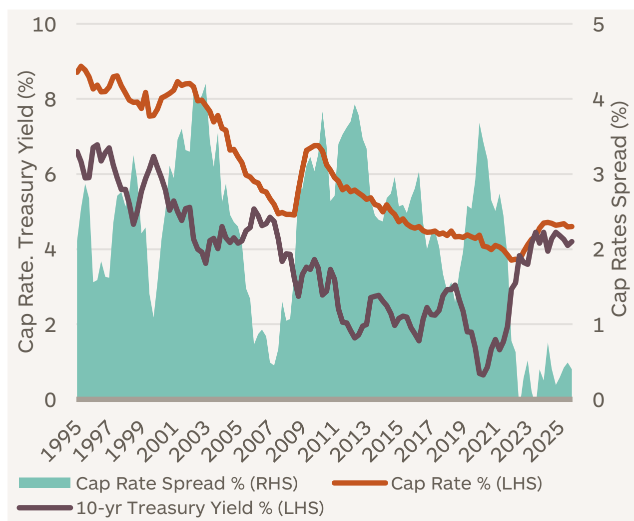
- Private real estate fundamentals have generally stabilized from last year, with vacancies and net operating income growth steadying throughout 2025. The hangover from aggressively raising leases, new supply hitting the market, and rich valuations during the low-interest-rate era has taken time to work through, but we appear to be on the other side of the cycle.
- Cap rate spreads to Treasuries remain tight by historical standards. The average spread since 2009 has been 2.2%, while the spread over the last three years has averaged 0.3%. With cap rate spreads tight and the potential for interest rates to remain elevated, there may be upward pressure on cap rates.
- Vacancy across the core property types has held steady over the past two years, with industrial as the notable exception. Per NCREIF, industrial vacancy reached a cyclical peak of 5.2% in Q1 2026, a 94-basis-point increase quarter-over-quarter and the largest single-quarter move since 2010, as the market continues to absorb post-pandemic speculative supply. Senior housing has moved in the opposite direction, with vacancy now below pre-pandemic levels, supported by steady demand against a constrained supply pipeline as developers stepped back during the pandemic and the subsequent rate-hiking cycle.
- Net operating income (NOI) growth has trended lower over the past several years following the post-COVID rebound. Industrial, multifamily, and retail have sustained positive NOI growth, while office continues to decline.

VACANCY BY PROPERTY TYPE (%)



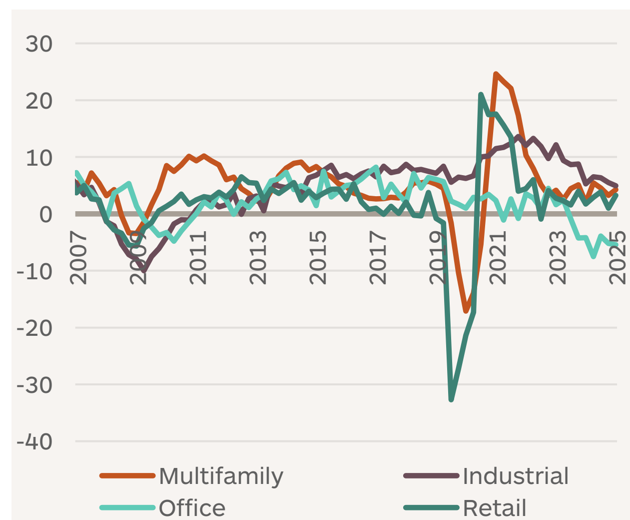
Source: NCREIF, as of 3/31/26

CAP RATE SPREADS



Source: FRED, NCREIF, as of 12/31/25

4-QTR ROLLING NOI GROWTH (%) BY PROPERTY TYPE

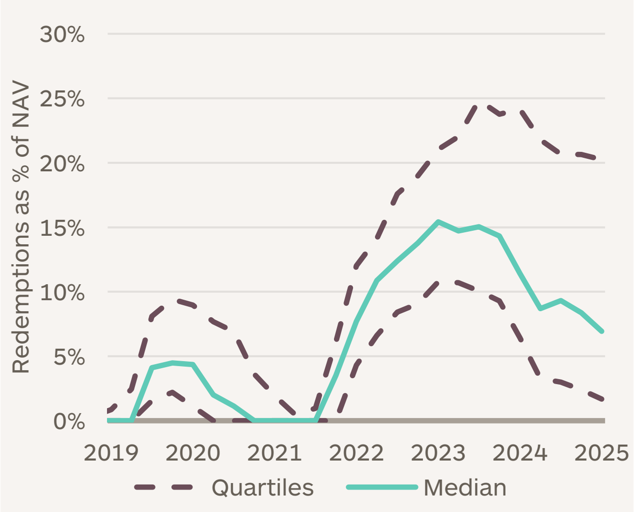


Source: NCREIF, as of 12/31/25

Status of core ODCE fund universe

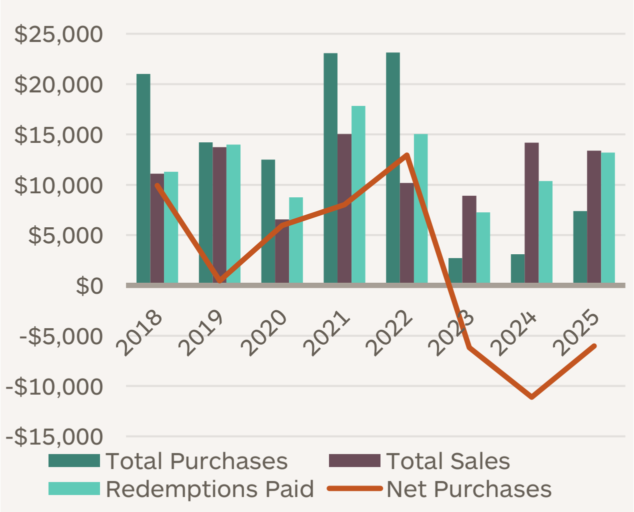
- Core real estate funds' aggregate redemption queue levels have continued to decrease for the third consecutive year. Total redemption queue has come down to $17 billion from $39 billion and has leveled out at 7% of total fund net asset values (NAVs). While the median redemption queue as a percentage of NAV has decreased, the dispersion of managers with elevated queues has continued to widen.
- Acquisition activity has begun to recover following two subdued years in the wake of the 2022 rate hikes. In 2025, core ODCE funds sold $13 billion of properties against $7 billion in acquisitions, resulting in $6 billion of net sales activity. Of the $13 billion in dispositions, funds generated $12 billion in net proceeds, as managers prioritized selling unlevered assets to fund redemption queues, service debt, and fund rising operating costs—including insurance, materials, and labor.
- Median loan-to-value (LTV) ratios have risen to 27% over the past three years, driven in part by the denominator effect from declining valuations, well above the 22–24% range that prevailed during the prior decade.
- Looking ahead, funds with smaller redemption queues will have greater flexibility to play offense, while those carrying larger queues will remain constrained as they work through outstanding obligations.

REDEMPTION QUEUE DISPERSION (CORE)



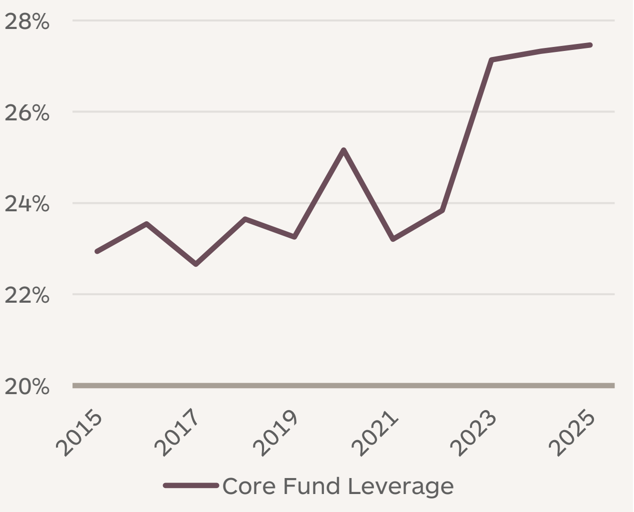
Source: 2025 Cerity Partners Core Real Estate Survey

PURCHASE, SALES & REDEMPTIONS ($M)



Source: 2025 Cerity Partners Core Real Estate Survey

MEDIAN LOAN-TO-VALUE (LTV)

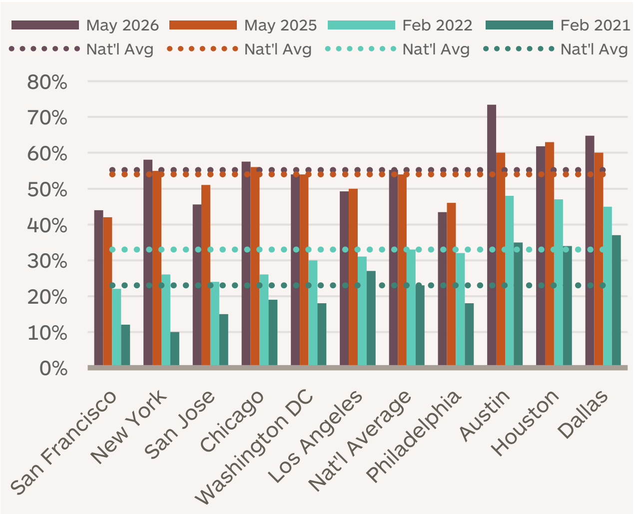


Source: 2025 Cerity Partners Core Real Estate Survey

Office

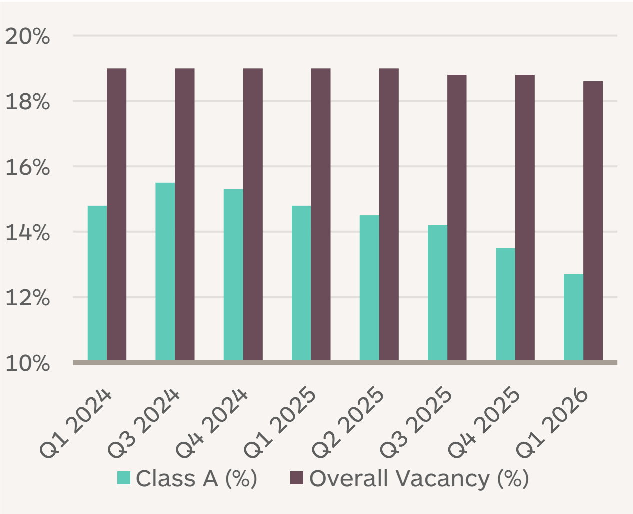
- The bifurcation between trophy assets and commodity office continues to widen. Newer, well-located buildings with modern infrastructure are commanding meaningful rent premiums, while older Class B and C properties face structural obsolescence and elevated capital requirements to remain competitive. Class A vacancy rates in top-tier U.S. markets have begun to stabilize, with leasing activity showing signs of recovery as return-to-office mandates broaden across major employers.
- Physical office occupancy remains at 54% of pre-COVID levels nationally and has held in that range for three years. While Amazon, JPMorgan Chase, AT&T, and Boeing have accelerated return-to-office mandates over the past year, office attendance has increased only 1.3% year over year, indicating that hybrid work patterns have become structurally embedded in the labor market.
- Transaction activity has accelerated in select office markets in recent quarters. While we remain cautious on lower-quality assets, opportunistic acquisitions of high-quality office properties offer a potentially attractive trade over a long hold period, supported by elevated entry yields, long lease terms, and strong tenant credit quality in several of the deals we have evaluated.

OFFICE PHYSICAL USAGE TRENDS



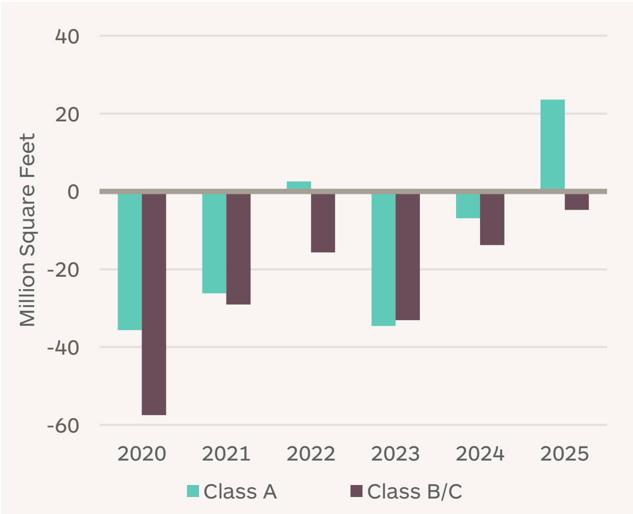
Source: Kastle, May 2026

OFFICE VACANCY



Source: CBRE US Office, as of 3/31/26

U.S. OFFICE NET ABSORPTION BY CLASS

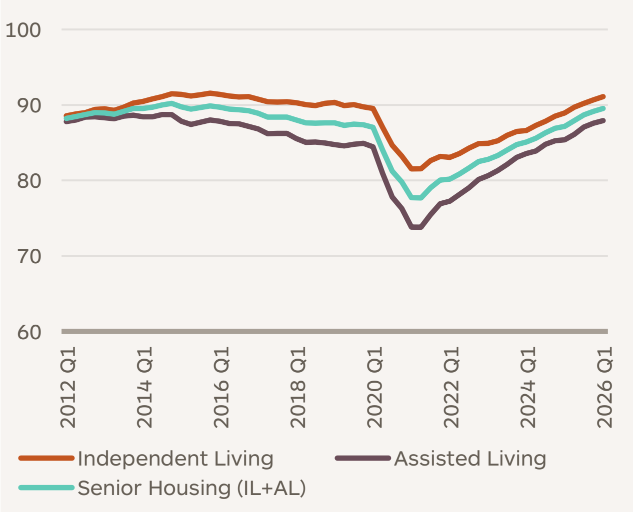


Source: Colliers US Office Report, as of 12/31/25

Senior Housing

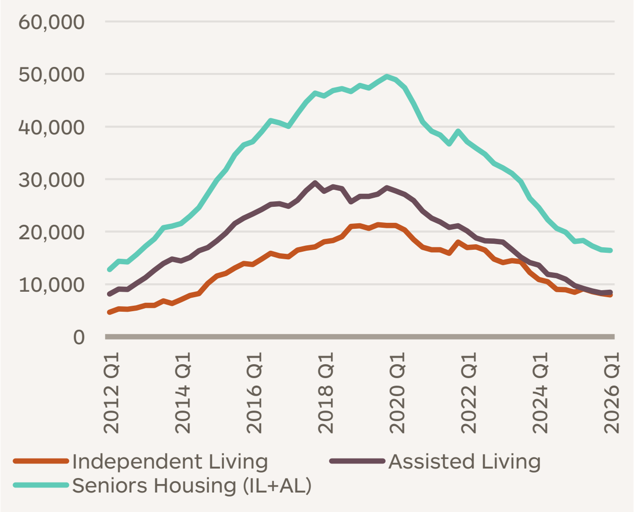
- Senior housing is positioned to benefit from accelerating demand growth due to the demographic tailwind from the Baby Boomer generation. The U.S. 80+ population is projected to grow from approximately 13 million in 2025 to 19 million by 2030, and with the average assisted living resident at age 84 and the first Boomers having turned 80 in 2026, the addressable population is set to expand meaningfully over the coming decade.
- Occupancy has fully recovered from the pandemic, reaching 90% as of Q1 2026 per NIC MAP. This is above the 87% pre-pandemic level recorded in Q1 2020 and well above the 78% pandemic era trough. Unit rent growth has run in the 4-5% range over recent quarters, well above the multifamily comparable.
- Supply has remained constrained as elevated financing and construction costs have suppressed new development. Units under construction stood at 16,400 as of Q1 2026, the lowest level since 2012 and well below the pace needed to keep up with demographic-driven demand.
- The combination of accelerating demand, constrained supply, and cap rates that have repriced meaningfully higher since 2022 creates one of the more attractive investment setups across property types. We continue to favor managers with operational expertise in the segment, given the segment's operating intensity relative to traditional real estate.

SENIOR HOUSING OCCUPANCY (%)



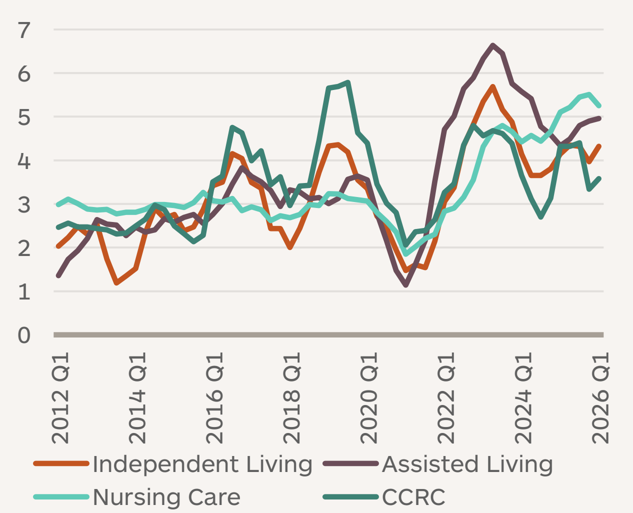
Source: National NIC MAP, 3/31/26

SENIOR HOUSING UNITS UNDER CONSTRUCTION



Source: National NIC MAP, 3/31/26

SENIOR HOUSING RENT GROWTH (YOY%)

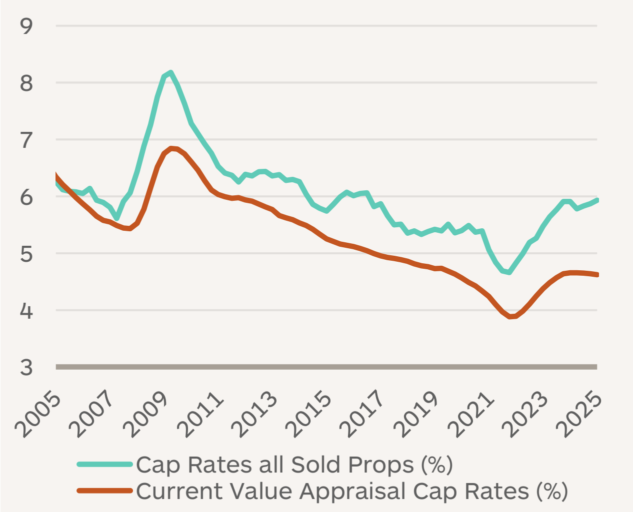


Source: National NIC MAP, as of 3/31/26

Cap rates

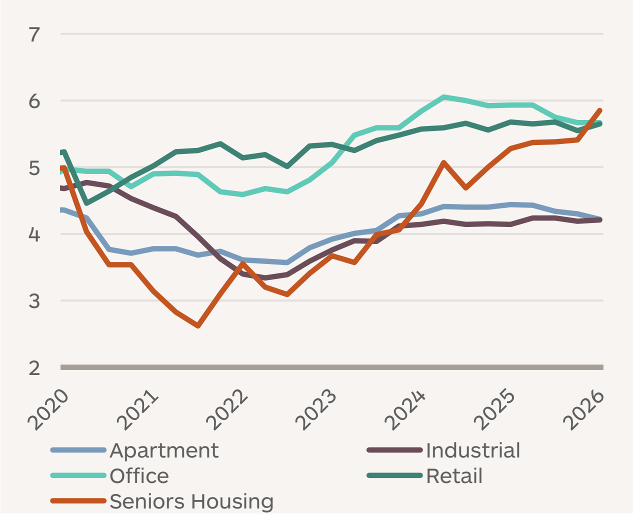
- Cap rates appear to have stabilized across most core property types and are showing modest compression in select sectors as transaction activity has accelerated, likely attributed to a more stable interest rate environment. The repricing cycle that began in mid-2022 appears largely complete, with appraisal cap rates having absorbed the bulk of the rate-driven adjustment over the past two years.
- The gap between transaction cap rates and current value appraisal cap rates remains wide at roughly 125 basis points. While this is often attributed to appraisal lag, our core real estate survey found that assets are generally trading relatively close to carry value with roughly a two-quarter lag in aggregate – suggesting the headline gap may be driven in part by which assets are clearing the market. Property types or lower-quality assets with higher cap rates are more likely to transact in the current environment, which can pull the transaction-based average above the appraisal average even when individual asset valuations are largely aligned.
- Implied cap rates in the REIT market remain above private appraisal cap rates across every major property type, with the spread widest in office (~260 bps) and apartments (~180 bps). The gap largely reflects REITs' higher leverage and real-time repricing in response to public market sentiment rather than a fundamental, asset-by-asset valuation.

PRIVATE CAP RATES (4-QTR MOVING AVERAGES)



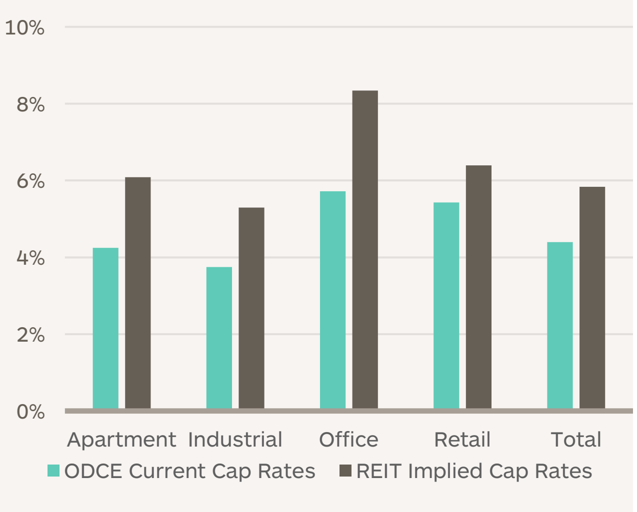
Source: NCREIF, 12/31/25

CURRENT VALUE CAP RATES BY PROPERTY TYPE



Source: NCREIF, 3/31/26

PRIVATE CAP RATES VS REIT IMPLIED CAP RATES



Source: Cerity Partners Core Real Estate Survey, as of 12/31/25

Real estate – New supply and absorption

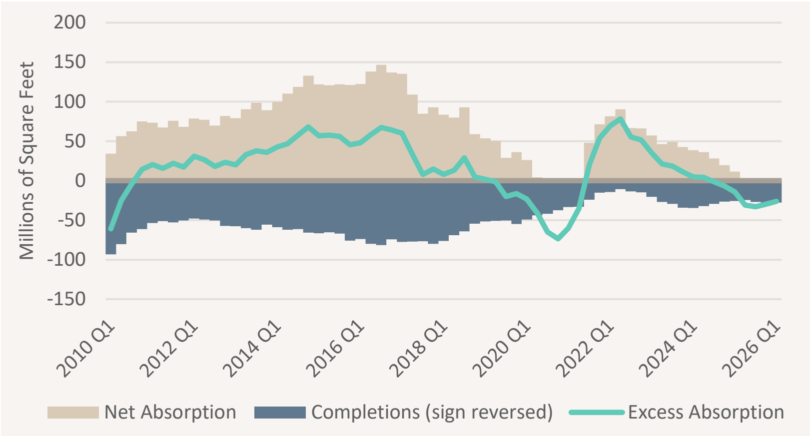
Demand increased in recent quarter, while new supply slows

Office demand has gained momentum as new supply remains muted, with the sector achieving positive excess absorption for the first time since 2019.

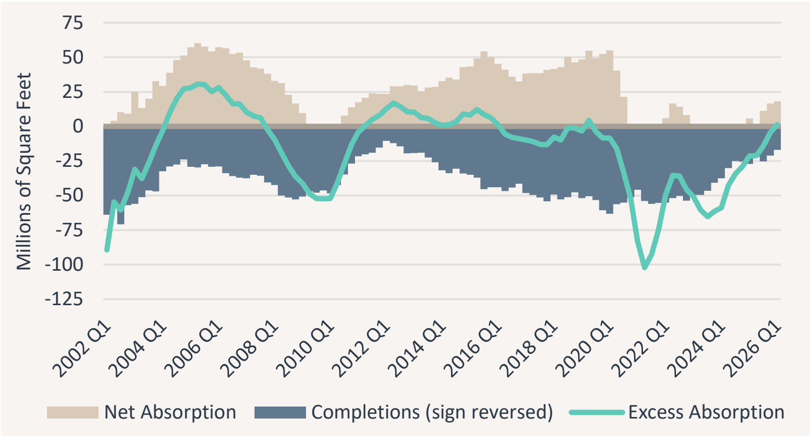
Excess net absorption has turned neutral across both the office and multifamily sectors, reversing the negative trend observed since 2022.

Elevated construction costs, higher interest rates, and tighter construction lending standards have weighed on new starts, and deliveries may continue to slow.

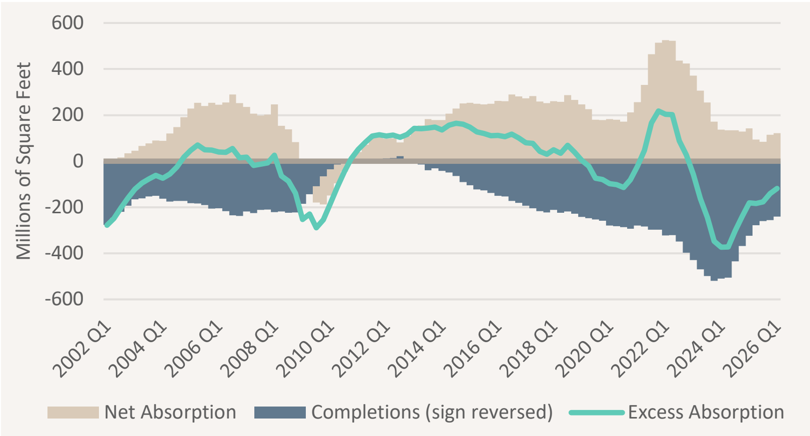
RETAIL



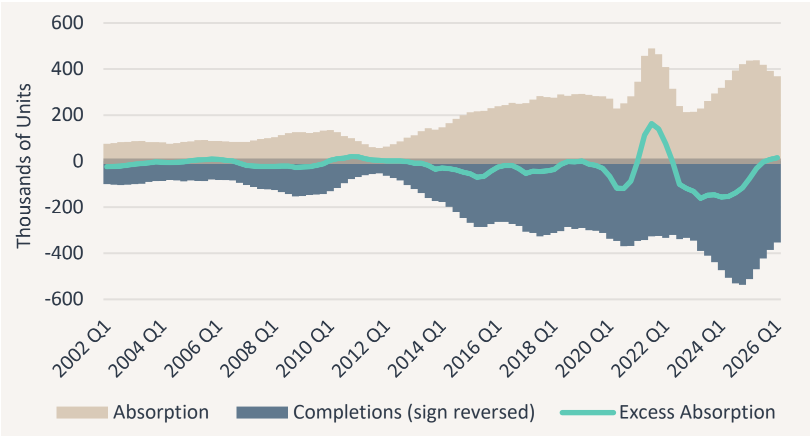
OFFICE



INDUSTRIAL



MULTIFAMILY

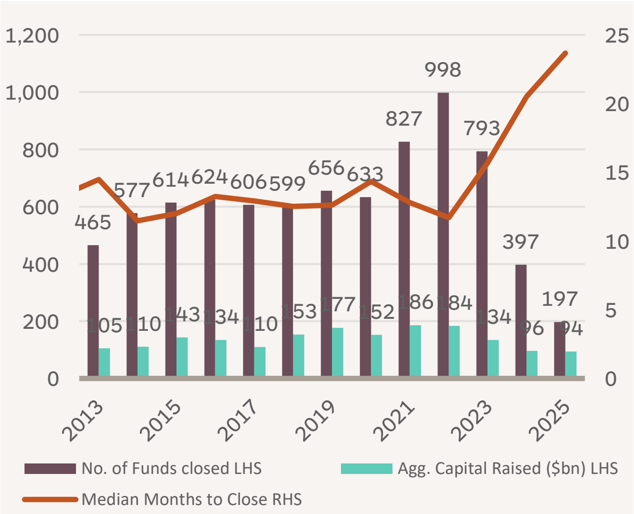


Source: American Realty Advisors utilizing CoStar data as of May 2026

Real estate fundraising

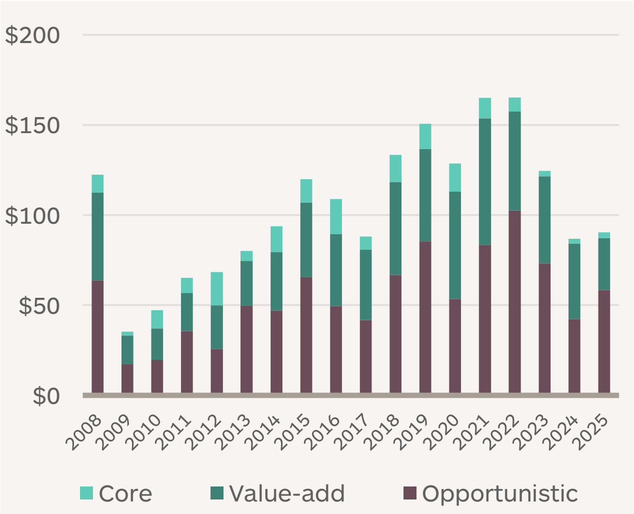
- The number of funds closed has continued to decline from the real estate fundraising peak of 2022. The average fund size has continued to climb over the last three consecutive years. Many funds are staying in the market much longer, with the average time to close reaching 24 months.
- The majority of the closed-end funds that closed in 2025 were targeting opportunistic strategies, a reversal from last year. Funds seem to be gearing up to capitalize on market opportunities as they reset, but, as we have attested in recent years, a systemic opportunity of stress and distress has yet to materialize.
- Current core real estate open-end fund redemption queues remained elevated by historical standards at $21 billion but well below the peak in 2022 of $39 billion. Fundraising for core has been slow, although now that returns have continued their positive momentum, we may see an uptick in core demand in the market.

HISTORICAL PRIVATE REAL ESTATE CLOSED-END FUNDRAISING ($B)



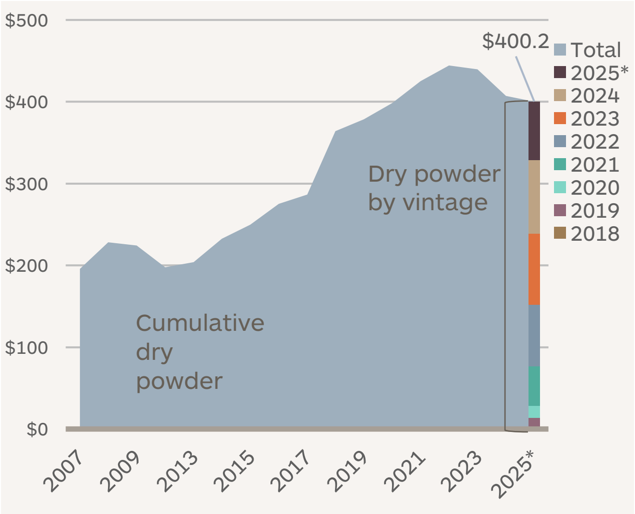
Source: Pitchbook, as of 12/31/25

PRIVATE REAL ESTATE CLOSED-END FUNDRAISING ($B) BY STRATEGY



Source: Pitchbook, 12/31/25

DRY POWDER ($B) – CLOSED-END FUNDS

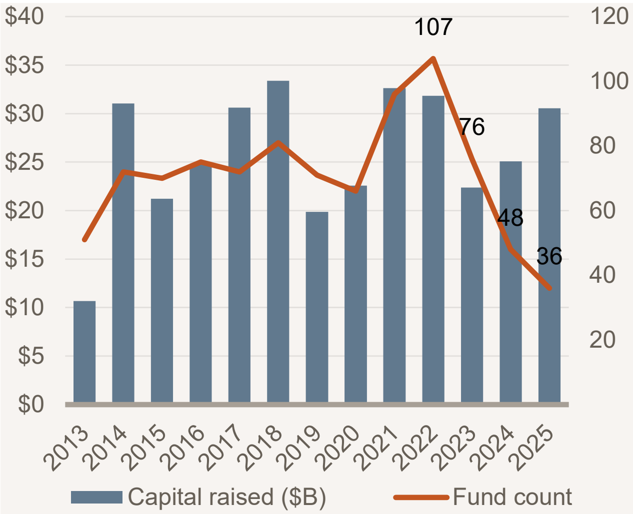


*Source: Pitchbook, 12/31/25 (*2025 dry powder through 6/30/25)*

Real estate debt

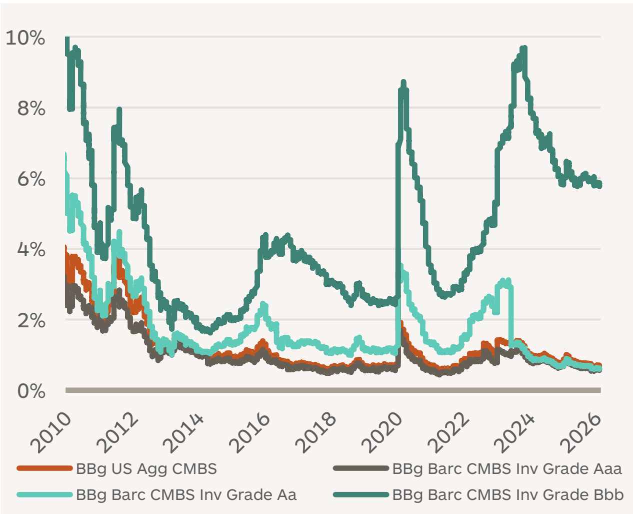
- Returns in real estate debt have continued to normalize from the compelling levels seen in 2023. Spreads have grinded tighter through 2025 and into 2026, with low-leverage CRE loans now pricing in the 115–125 basis point range as banks, life companies, and CMBS lenders have all meaningfully reentered the market.
- Private credit has emerged as a defining force in the CRE debt market, now accounting for roughly one-quarter of total lending volume, well above the historical average. This influx of capital has provided meaningful liquidity for equity sponsors but has also contributed to continued spread compression for investors. CMBS had a breakout year in 2025, with issuance exceeding $150 billion, the highest since before the Global Financial Crisis, and the market is expected to remain an important source of liquidity in 2026, particularly for refinancing peak-year loans from 2021 and 2022.
- Real estate debt fundraising hit $30 billion across 36 funds in 2025, with private credit sitting on an additional $600 billion in dry powder, more than enough to absorb the estimated $900 billion wall of near-term CRE loan maturities. Despite a large lending opportunity, we expect abundant capital to keep a lid on spreads through 2026.

REAL ESTATE DEBT FUNDRAISING



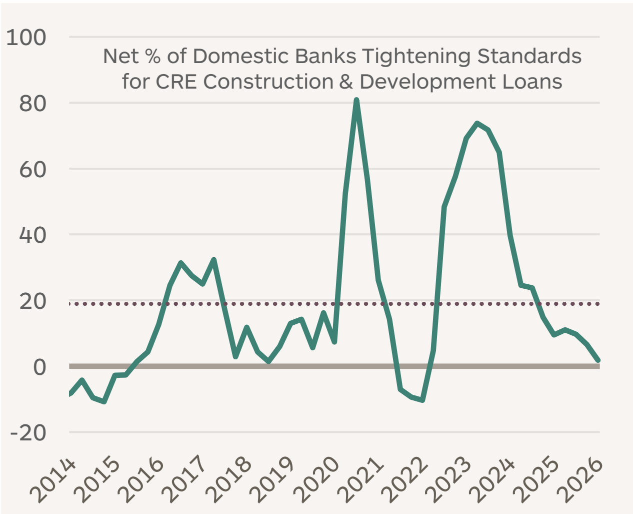
Source: Pitchbook, 12/31/2025

CMBS SPREADS



Source: Bloomberg, as of 5/1/26

DECLINE IN CONSTRUCTION FINANCING

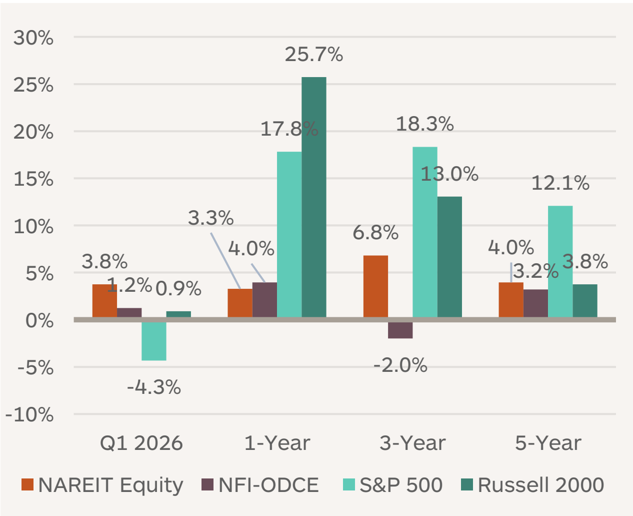


Source: FRED, as of 4/1/26

REITs

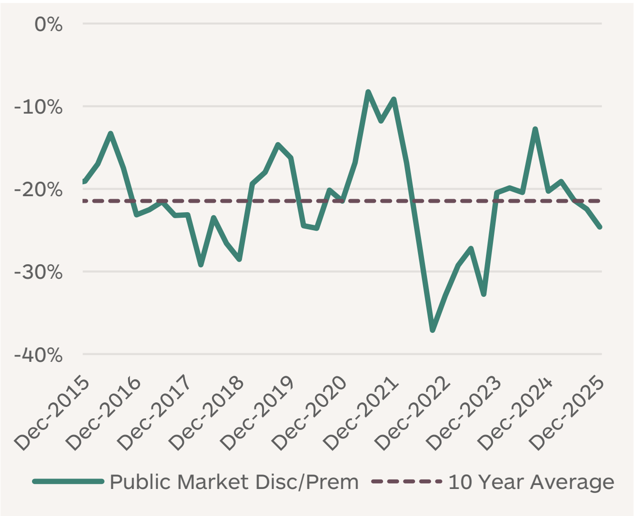
- REITs were up slightly in 1Q'26, outperforming the S&P 500 by 7% in the quarter. Broader equities have outperformed over the trailing 12 months, as they did in the prior calendar years, when REITs underperformed the S&P 500 in 2024, 2023, and 2022. REITs have outperformed private core real estate in the first quarter of 2026 and in the trailing 3- and 5-year periods.
- At the end of 2025, public market cap rates were trading at 24.6% discount to private real estate, modestly wider than the 10-year average of -21.5%. The discount has existed every year of the past decade, suggesting it reflects structural differences between public and private real estate.
- REITs do offer different exposures vs private core real estate. REIT exposure outside of the four main property types exceeds 58% and has been increasing over the last two decades, as shown below. In comparison, core real estate exposure to other property types is 10%, although we expect more convergence in exposures in the coming years.
- REITs may appear attractive relative to private market NAV discounts, but their inherent volatility makes them difficult to implement tactically and challenging to arbitrage over time.

REIT PERFORMANCE



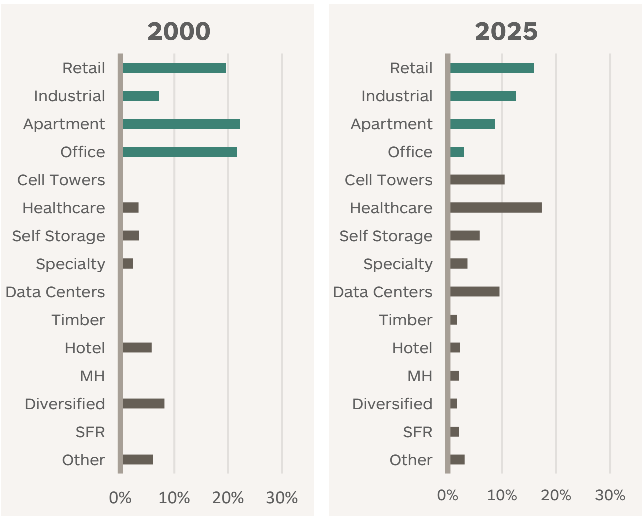
Source: Bloomberg, NAREIT, NCREIF, as of 3/31/26

PUBLIC VS PRIVATE CAP RATE DISCOUNT/PREMIUM



Source: CenterSquare, as of 12/31/25

GROWTH IN ALTERNATIVE PROPERTY TYPES



Source: NAREIT, 12/31/25

Commodities

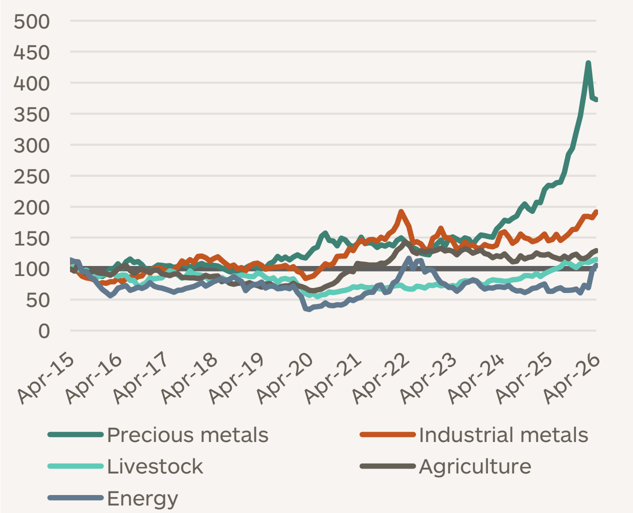
- Commodities were up over 15% in 2025, led by precious metals, with gold rallying 70% as a combination of political and economic uncertainty drove demand for safe-haven assets. Oil prices experienced elevated volatility at the start of the year amid uncertainty over the Strait of Hormuz, which is a critical chokepoint for roughly 20-25% of global petroleum liquids consumption.
- The roll return component of commodity returns has been positive for a number of years - a welcome change following decades of negative roll return. Roll return moved even more positive in 2026. Oil has traded in backwardation since 2022 and has continued this trend as demand for oil contracts in the short term has spiked amid geopolitical events.
- We maintain our negative outlook for commodities for 2026. Despite the potential for inflationary pressures, we consider a higher level of sustained inflation a lower-probability outcome.

INDEX AND SECTOR PERFORMANCE

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Bloomberg Commodity	11.1	23.3	23.3	27.1	8.6	10.1	5.5
Bloomberg Agriculture	4.9	7.1	7.1	(0.6)	(5.6)	2.2	0.7
Bloomberg Energy	40.3	58.6	58.6	24.1	6.6	11.0	2.5
Bloomberg Grains	2.6	10.1	10.1	1.3	(12.2)	(3.3)	(2.2)
Bloomberg Industrial Metals	(1.3)	3.6	3.6	12.3	1.9	3.5	6.2
Bloomberg Livestock	1.8	3.2	3.2	17.2	10.9	6.0	(0.2)
Bloomberg Pertroleum	51.0	81.7	81.7	63.8	21.0	25.5	12.2
Bloomberg Precious Metals	(13.3)	7.6	7.6	58.9	29.9	18.5	11.5
Bloomberg Softs	9.3	(8.1)	(8.1)	(17.8)	6.0	12.2	3.0

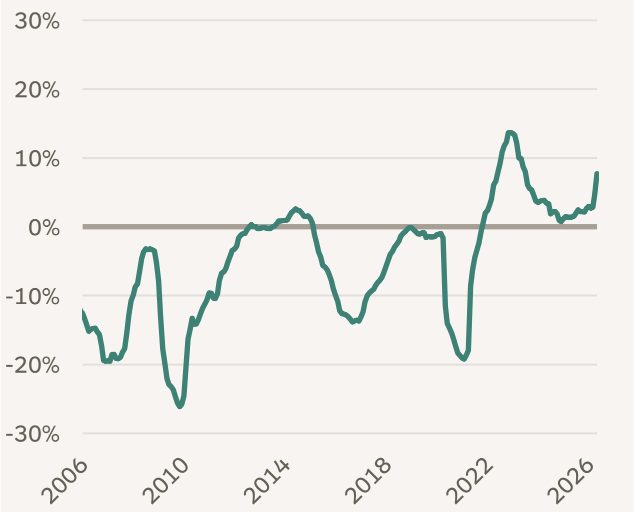
Source: Bloomberg, as of 3/31/26

SECTOR PERFORMANCE



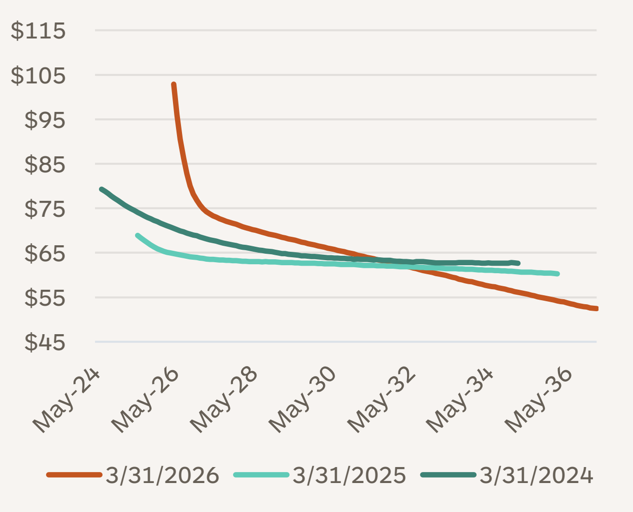
Source: Bloomberg, as of 4/30/26

ROLL RETURN



Source: Bloomberg, as of 3/31/26

CURVE SHAPE (WTI)

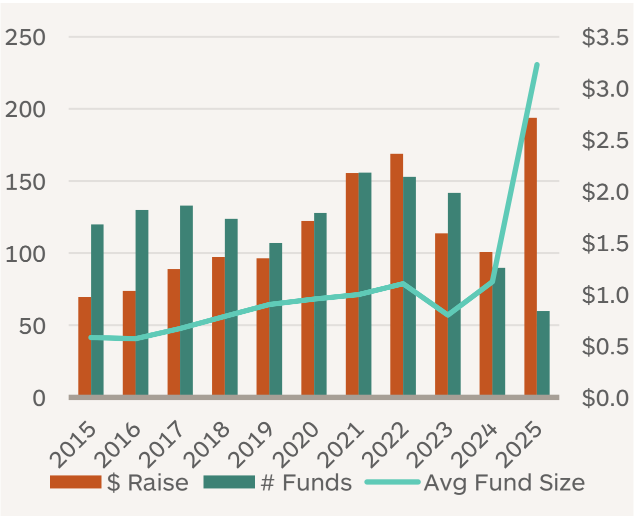


Source: Bloomberg, as of 3/31/26

Private infrastructure

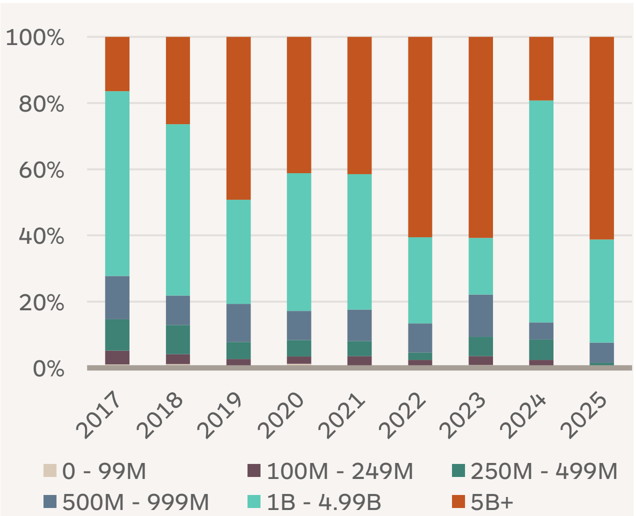
- Infrastructure fundraising increased 92% year over year, representing the largest increase in fundraising since inception when Pitchbook started tracking fundraising amounts in 2008. The largest increase from 2024 was in core-plus strategies, which raised $85.6B in 2025, up from $11.2B in 2024.
- After two years of decreasing dry powder momentum, the record fundraising in 2025 has driven the dry powder back toward the highs achieved in 2022 and 2023. As of September 31, 2025, the infrastructure market has an estimated $377 billion in dry powder, slightly below the 2023 peak of $403 billion.
- Large funds continue to dominate fundraising. In the last 4 years, over 50% of the capital raised in infrastructure has been by funds of $5 billion or more. The market is increasingly consolidating, with only 60 funds fundraising in 2025. The lack of investor interest in mid-market infrastructure strategies is curious to us but could be explained by the size of the allocators that dominate infrastructure fundraising and the co-investment demand that comes with them. We believe the industry would be well served by having a deeper pool of infrastructure managers, but fundraising trends would need to change.

INFRASTRUCTURE FUNDRAISING ($B)



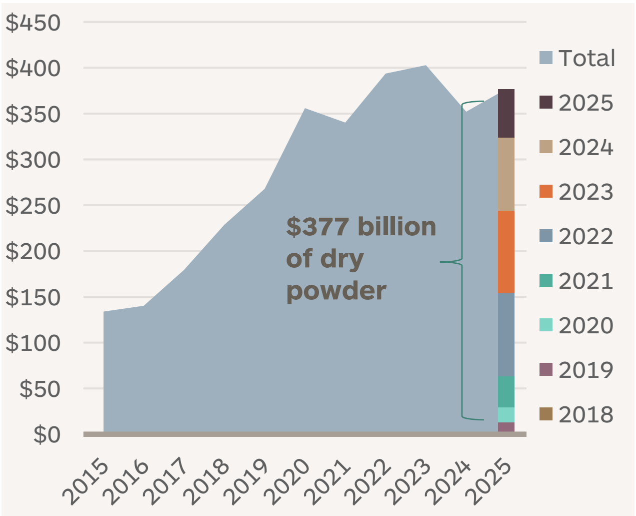
Source: Pitchbook, as of 12/31/25

% CAPITAL RAISED BY FUND SIZE



Source: Pitchbook, as of 12/31/25

CAPITAL OVERHANG

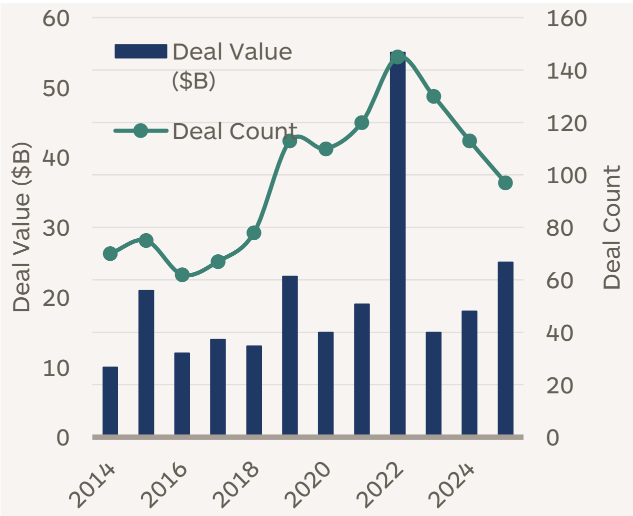


Source: Pitchbook, as of 9/31/25

Private infrastructure (continued)

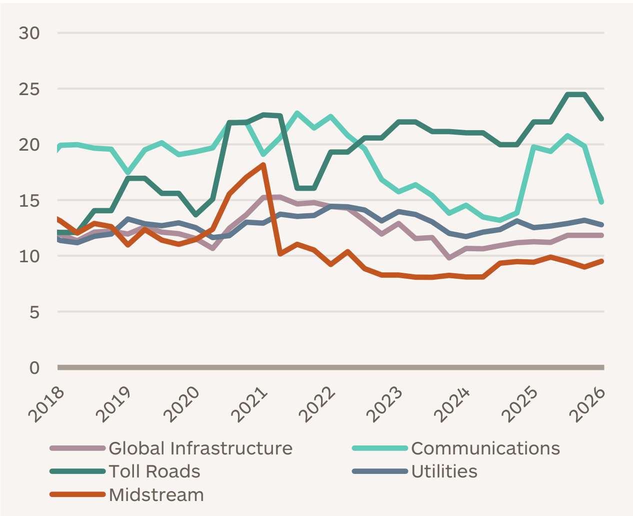
- Infrastructure returns have remained stable and outperformed other private market asset classes in recent years—despite our skepticism given their sensitivity to interest rates, with performance proving more resilient than expected (per the FTSE CA|A private infrastructure universe).
- Infrastructure transaction activity in 2025 remained above the trailing decade average but fell well short of 2022's banner year, with deal count declining in Q3 despite elevated aggregate deal value. Activity was concentrated in a spate of large-cap transactions, largely centered on energy and utilities, consistent with the broader take-private wave we anticipated, given the volume of dry powder sitting on the sidelines. Looking ahead to 2026, we expect a similar dynamic of fewer but large deals, with fewer take-private opportunities given public infrastructure valuations at elevated levels.
- Communications infrastructure (towers in particular) and toll roads have pulled back from their 2025 highs and now offer more attractive entry points, as tower revenue growth has moderated and toll road valuations have partially reset despite continued strong pricing and traffic fundamentals. By contrast, midstream and utilities have held up more steadily. Digital infrastructure retains its secular tailwinds but remains highly dependent on hyperscaler capital expenditure. Overall, we see the current dispersion as creating selective opportunities, particularly in sub-sectors that have lagged despite sound underlying fundamentals.

INFRASTRUCTURE DEAL VOLUME



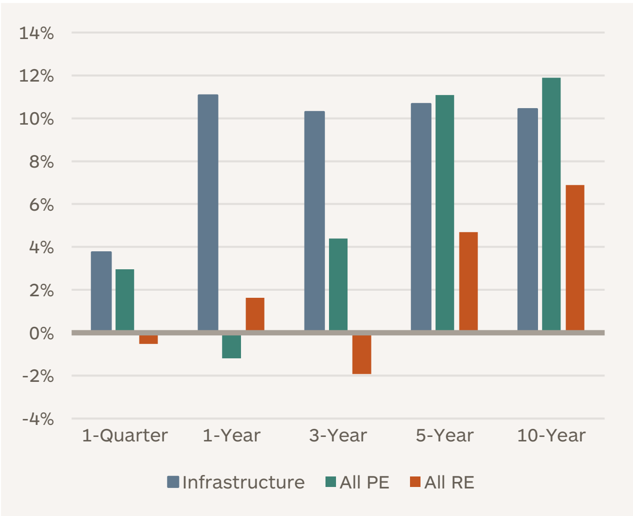
Source: Pitchbook, 10/22/2025

INFRASTRUCTURE VALUATIONS – EV/EBITDA



Source: Bloomberg, 3/31/26

Q4 '25 TRAILING POOLED TWR

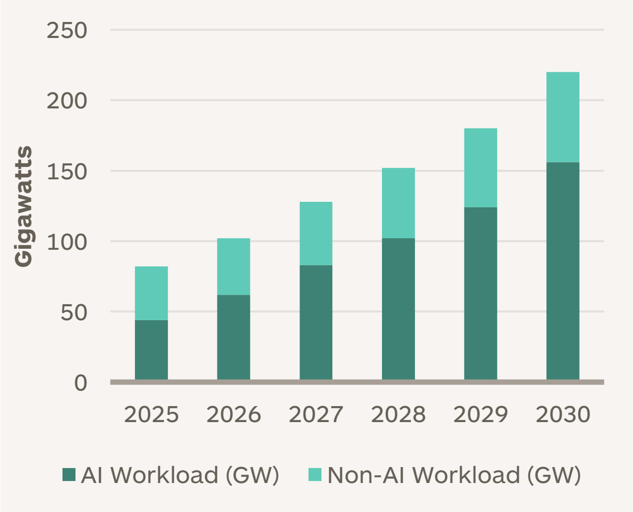


Source: FTSE C/A Private Benchmarks, 12/31/25

Data centers

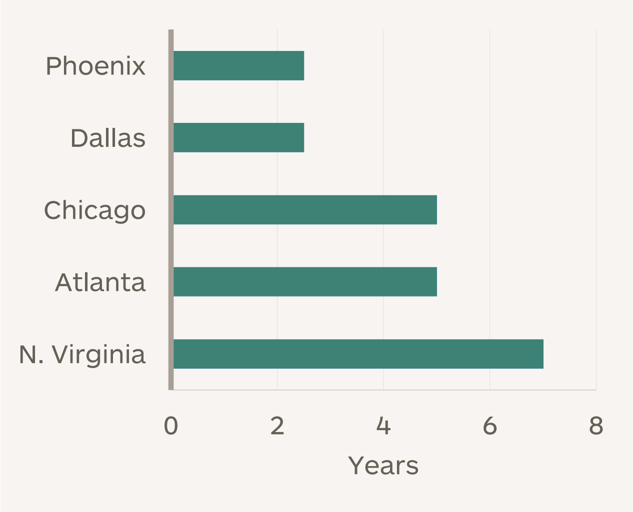
- Institutional capital continues to scale into the sector, compressing yields on stabilized, high-quality assets. AI-driven compute demand, particularly latency-sensitive inference workloads, remains robust; however, demand is shifting toward infill and metro-adjacent locations rather than large, remote campuses. Power availability, not capital, is the primary constraint, with transformer and switchgear lead times extending 2–4 years, materially elongating development timelines and increasing execution risk.
- The primary risks in data center development are shifting from demand to execution and counterparty quality. While construction cost inflation, labor constraints, and demand timing are well understood, two underappreciated risks are (i) true tenant credit exposure and (ii) power delivery certainty. Sponsors routinely present high-profile tenant names that obscure the actual contractual counterparty. A "hyperscaler-tenanted" deal may in fact be leased to a neocloud provider with a lower quality balance sheet. Power and interconnection timelines remain a critical bottleneck, driven by permitting backlogs, transmission upgrades, and utility dependencies that sit outside sponsor control.
- We prefer land and powered shell strategies over fully integrated operating exposure. Owning and entitling grid-connected sites provides the most compelling risk-adjusted exposure by controlling the scarcest input in the value chain (power access). We are cautious on ground-up data center development given elevated cost and timing risk, and we avoid direct exposure to operating platforms where balance sheets are burdened by long-duration lease commitments and rapidly depreciating hardware.

GLOBAL DATA CENTER CAPACITY DEMAND (GW)



Source: McKinsey

AVG. GRID CONNECTION LEAD TIMES – 50 MW



Source: JLL, as of 3/31/26

NORTH AMERICAN DATA CENTER VACANCY

Source: Pitchbook, as of 9/31/25

Infrastructure - Energy transition

- We maintain a neutral outlook on energy transition ("ET") given persistent structural headwinds in the U.S. market. While our interest in U.S. ET opportunities is increasing, we would need to see clearer evidence that policy-driven constraints—particularly around tariffs, tax incentives, and equipment availability—are easing. By contrast, opportunities appear more compelling in Europe, where elevated power prices and more supportive government policies create a more favorable investment backdrop.
- A combination of challenges is hitting the clean energy sector at once in the U.S., including high tariffs on equipment (i.e., solar panels and batteries), changing tax policy support, and low natural gas prices, which are expected to greatly reduce capital flows into the sector. We are beginning to see signs of stress in clean energy, which could create an attractive entry point, but a resolution on equipment procurement remains a stumbling block. While the near-term challenges resolve, we see this as a net positive for institutional investors, as they have an opportunity to step into a sector with long-term tailwinds.
- The most actionable opportunity for investors is in Europe, where high power prices, broad government support, and access to cheap equipment are attractive tailwinds. The U.S. is worth watching closely as policies can change quickly, but we will be patient in 2026.

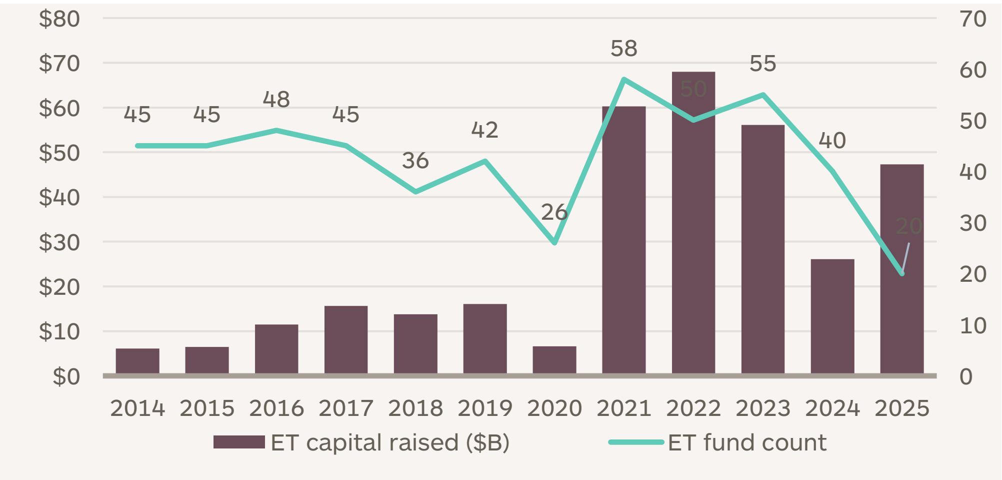
COST DIFFERENTIAL FOR RENEWABLE ENERGY BY REGION

	China	Europe	United States
Solar Module Price Range	$0.087-0.090/W	€0.095-0.110/W	$0.25-0.28/W
Utility Scale 4-hour Battery Storage Cost	$73-101/kWh	$177-275/kWh	$194-236/kWh
Cost for Utility Scale Solar Projects (LCOE)	$27/MWh	$52/MWh	$74/MWh

Solar PV projects post-OBBA and with no tax credits, are estimated to cost 54% more in the U.S. than in Europe and 85% more in the U.S. than in China. With relatively low power prices in the U.S., from abundant natural gas, renewable energy projects are being squeezed on multiple fronts.

Source: Bloomberg, Wood Mackenzie, Solar Tech. Figures reflect estimates

ENERGY TRANSITION INFRASTRUCTURE FUNDRAISING

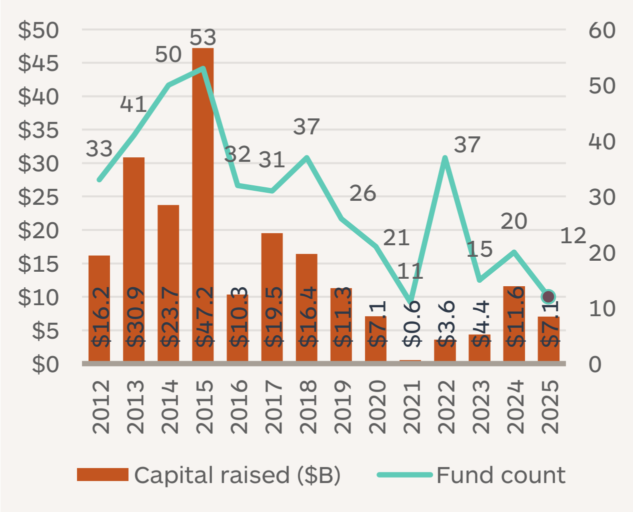


Source: Pitchbook, as of 12/31/25

Energy – Oil/gas

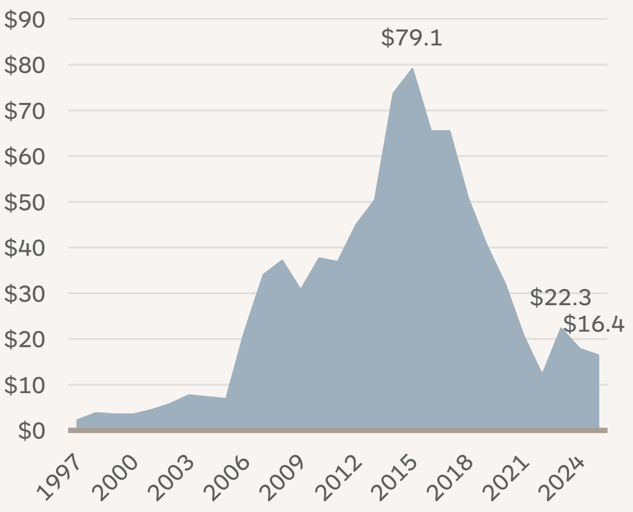
- Fundraising in oil and gas remains challenging, although conditions have improved over the past two years as ESG constraints have moderated and sector returns have strengthened. Despite this positive momentum, we do not expect investor appetite to expand materially beyond current levels. We also anticipate continued concentration among a smaller group of specialist oil and gas GPs.
- According to Pitchbook, sector dry powder has stabilized at approximately $15–20 billion, well below the 2015 peak. While new sources of capital, including hedge funds, Asian investors, and ABS buyers, have entered the market, overall capital availability remains meaningfully below historical norms.
- As U.S. basins have matured, scale has become a critical operational and competitive advantage, accelerating industry consolidation. For private oil and gas managers, a proven value-creation strategy has been the aggregation of contiguous acreage in lower-cost basins, inventory development, and eventual exit to strategic buyers.
- Elevated geopolitical risk, particularly the current conflict involving Iran, has increased oil price volatility and driven prices to levels we view as unsustainable. While higher prices have supported near-term profitability, they have disrupted transaction activity and valuation discovery. We would expect greater clarity on entry valuations once oil and gas markets normalize.

FUNDRAISING IN OIL/GAS



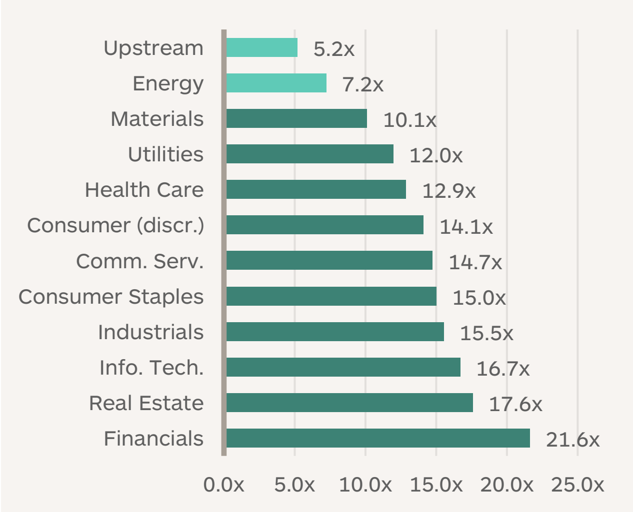
Source: Pitchbook, as of 9/30/25

DRY POWDER IN THE OIL/GAS SECTOR



Source: Pitchbook, as of 9/30/25

EV/EBITDA MULTIPLES (S&P 1500 NTM)

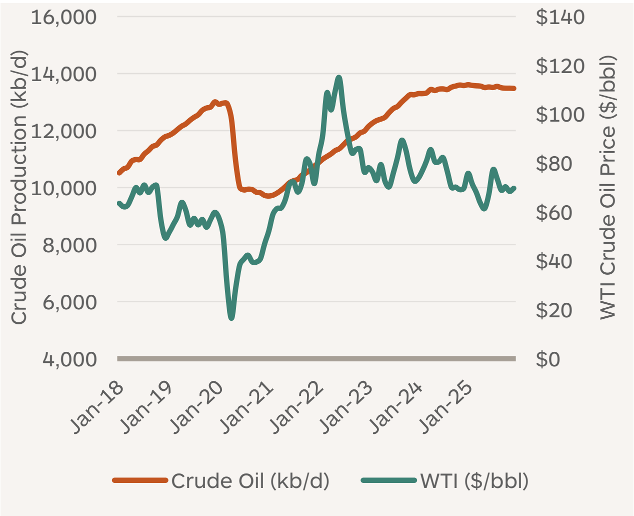


Source: Bloomberg, as of 4/30/26

Midstream energy/MLPs

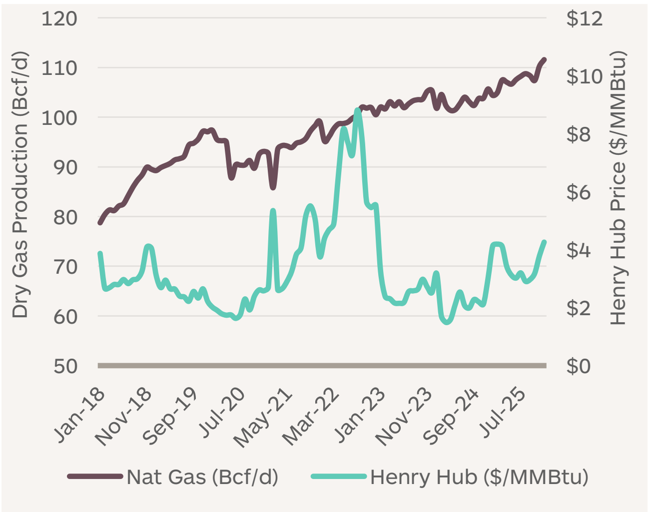
- Listed midstream equities posted modest gains in 2025, as lower commodity prices weighed on upstream activity and production growth. According to the EIA, U.S. oil production declined modestly in 2026 from its 2025 peak. In contrast, natural gas production continued to climb despite persistently low prices, reflecting both rising demand and abundant domestic reserves. As a result, gas-weighted midstream operators have generally outperformed peers with heavier exposure to crude oil.
- Private midstream exit activity has increased over the past several years as public midstream companies have pursued accretive acquisitions. That said, a more pressing challenge for private midstream investors has been capital deployment. Several midstream-focused funds are lagging targeted deployment timelines as the North American infrastructure buildout matures and greenfield development opportunities become increasingly limited.
- With the valuation gap between private midstream assets and public market multiples still wide, we remain excited about portfolio exit opportunities. We favor midstream specialists that partner with a select group of management teams demonstrating a proven track record of capital discipline and consistent deployment velocity over recent years.

US OIL PRODUCTION AND CRUDE OIL PRICE



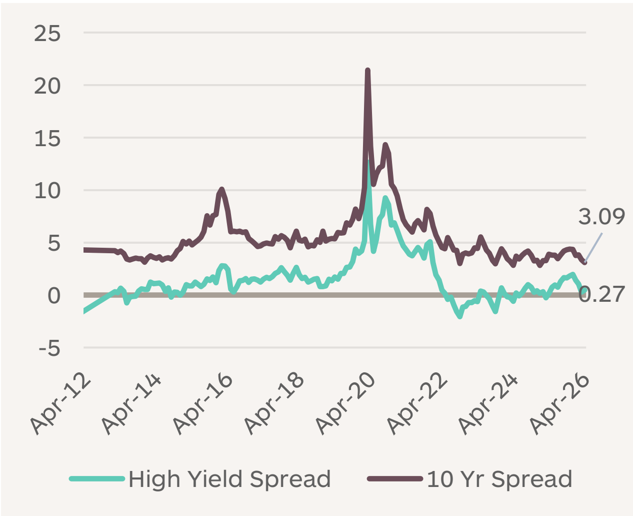
Source: EIA

US GAS PRODUCTION AND GAS PRICE



Source: EIA

MLP SPREADS VS HIGH YIELD & TREASURIES

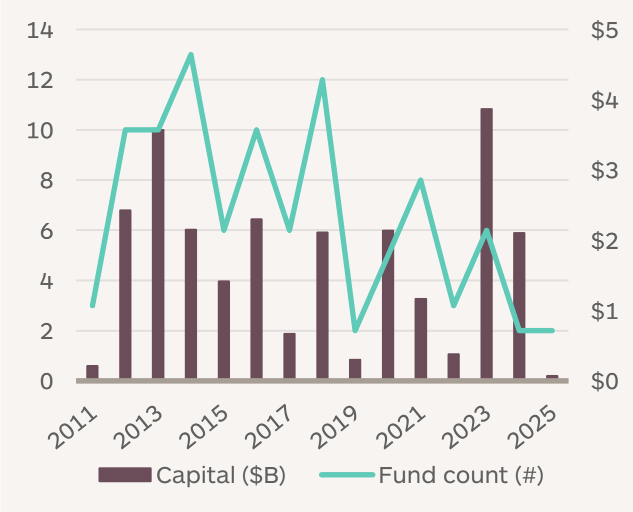


Source: Bloomberg, as of 4/30/26

Metals and mining

- Fundraising in 2025 reached a historical low in terms of funds in the market and capital raised, with less than two funds raising a combined $100 million, according to Pitchbook. That is less than half of 1% of the total $206 billion raised for real assets in 2025 and about 1% of total natural resource fundraising. Despite elevated returns from mining funds, it appears investors, having been burned by the last mining bull market in the 2000s, are sitting out this rally.
- Precious metals peaked in February 2026 before selling off as real rates and the dollar moved higher. In 2025, silver, platinum, palladium, and gold all posted exceptionally strong annual returns. Meanwhile, industrial metals are experiencing a strong rally, challenging the trailing decade's high watermark from March 2022, as copper and lithium are in high demand for energy infrastructure. High commodity prices are naturally attracting capital and driving large increases in exploration budgets.
- Despite a decline in private capital fundraising, exploration capital remains healthy. The industry is primarily supported by high commodity prices, with Major's diverting dividends at a record rate to reinvest in proven assets (predominantly gold and copper). Junior mining companies in the public equity markets managed to double their capital raised from the previous year, with most of it directed toward developing new mines. We expect greater government involvement and strategic funding as critical minerals are increasingly framed as national security assets, reinforcing a shift toward resource nationalism and policy-driven capital flows.

CAPITAL RAISED AND FUND COUNT BY YEAR



Source: Pitchbook, as of 12/31/25

METAL PRICES

Source: Bloomberg, as of 4/30/26

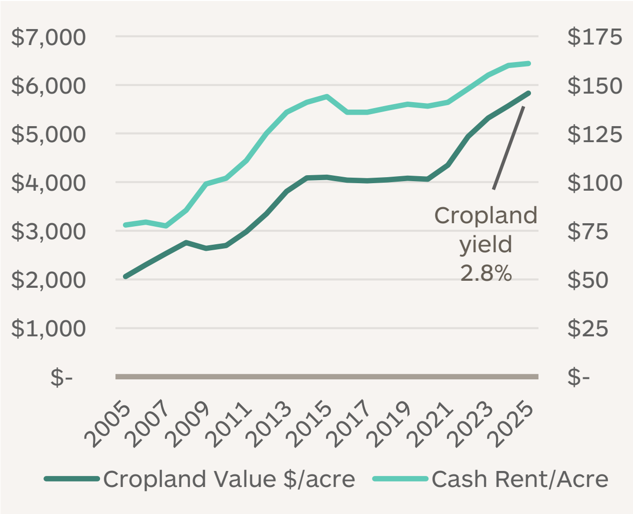
GLOBAL MINING EXPLORATION BUDGET ($B)

Source: S&P Global, as of 12/31/25

Agriculture

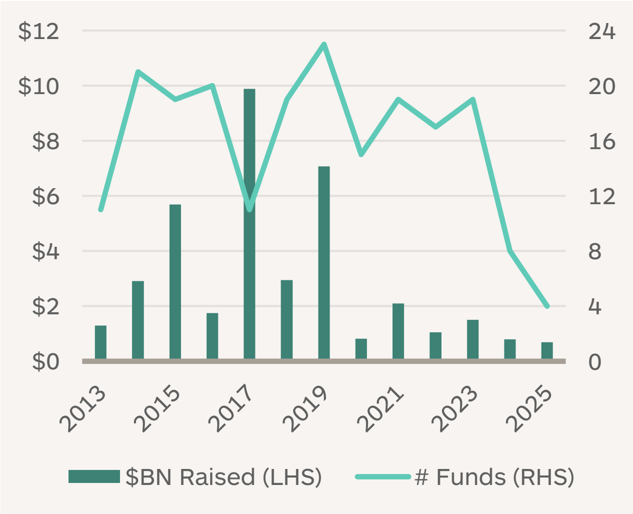
- Cropland values continued to rise for the fifth consecutive year, reaching a record $5,830 per acre according to the USDA's 2025 Land Values Summary, a 4.7% increase from 2024. The pace of appreciation has slowed materially from the 11.7% surge in 2021 to 2022, signaling that the market is beginning to cool. Cash rents rose just 0.6% to a record $161 per acre, the smallest annual gain in recent memory, reflecting tighter farm margins.
- Achieving an attractive income yield from farmland remains structurally challenging given current interest rate levels and the sector's persistently low cash yields. We continue to view current farmland values rich given the combination of weak commodity prices, elevated production costs, and rising farm sector debt, which is forecast to reach $624.7 billion in 2026 and represents a roughly 20% increase since the Fed began raising rates in 2022.
- The long-term investment thesis for agriculture remains intact, supported by global population growth, food security concerns, and a fragmented, supply-constrained market. However, the disconnect between rising land values and weak income generation remains a meaningful headwind, and we have yet to see structural demand drivers translate into compelling investor returns.

NATIONAL CROPLAND VALUES VS RENT



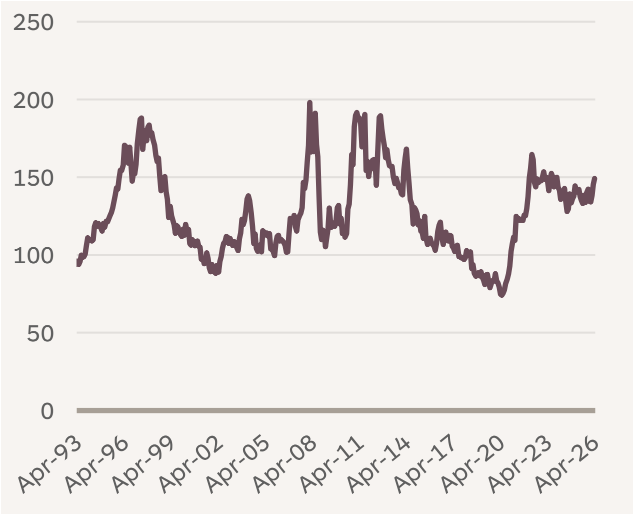
Source: USDA

FUNDRAISING IN AGRICULTURE



Source: Pitchbook, as of 12/31/25

BLOOMBERG AGRICULTURE PRICES



Source: Bloomberg, as of 4/30/26

Appendix

Detailed returns by asset class

Pooled Returns by asset class	1 Year	3 Year	5 Year	10 Year
NCREIF ODCE	3.8%	-3.5%	3.4%	4.8%
Refinitiv Real Estate – Value-Add	1.8%	-2.7%	3.0%	6.6%
Pitchbook Real Estate – Value-Add*	1.4%	-3.1%	3.7%	6.0%
Refinitiv Global Infrastructure	11.1%	9.2%	10.0%	10.7%
Refinitiv Global Natural Resources	8.0%	5.7%	16.1%	6.7%
Pitchbook Oil/Gas*	4.4%	3.9%	19.1%	6.2%
Pitchbook Metals, Timber & Agriculture*	6.2%	4.9%	6.7%	3.9%
NCREIF Timberland	4.6%	7.0%	8.6%	5.4%
NCREIF Farmland	0.2%	1.3%	4.2%	4.9%
Public Index (as of 12/31/25)				
Russell 3000	16.4%	22.0%	13.0%	14.2%
MSCI ACWI	22.3%	20.6%	11.2%	11.7%
S&P Global Infrastructure	22.6%	14.6%	11.0%	9.4%
S&P Global Natural Resources	29.7%	7.4%	11.3%	11.1%
FTSE NAREIT Composite	2.9%	8.3%	6.6%	5.7%
DJ US Select REIT	3.7%	8.5%	6.7%	4.8%

*Source: Refinitiv C|A as of December 31, 2025; *Pitchbook as of September 30, 2025; NCREIF as of December 31, 2025*

The role of real assets

	STRATEGY	GDP SENSITIVITY	INFLATION SENSITIVITY	INCOME ORIENTATION	RETURN ENHANCING	RISK REDUCING	LIQUIDITY
Privately-traded real assets	Private real estate core	●	◐	●	◐	◐	◐
	Private real estate value added	●	○	◐	●	○	○
	Private real estate opportunistic	●	○	○	●	○	○
	Private infrastructure	◐	◐	●	◐	◐	○
	Timber	●	○	○	◐	●	○
	Farmland / agriculture	○	◐	◐	◐	●	○
Publicly-traded real assets	TIPS	○	◐	○	○	●	●
	Commodity futures	◐	●	○	○	◐	●
	REITs	◐	○	◐	●	○	●
	MLPs	◐	◐	●	●	◐	●
	Listed infrastructure	◐	◐	◐	●	○	●
	Natural resources equity	◐	●	○	●	○	●

MAGNITUDE

Low/None	Moderate	High
○	◐	●

Note: the summary above was determined using historical averages and correlations on a relative basis within each category. It is important to note that investments within these asset classes are often heterogeneous and may possess different qualities and sensitivities (see Appendix for further details).

Glossary of terms

Internal Rate of Return (IRR): The IRR is the discount rate that equates the present value of cash outflows (investment) with the present value of cash inflows (return of capital). IRR is often referred to as a dollar-weighted rate of return that accounts for the timing of cash inflows and outflows.

LIBOR**:** LIBOR is a benchmark rate that some of the world's largest banks charge each other for short-term loans. It stands for London Interbank Offered Rate and serves as the first step in calculating interest rates on various loans throughout the world.

Master Limited Partnerships (MLPs): A limited partnership structure which is publicly traded on an exchange. MLPs combine the tax benefits of a limited partnership with the liquidity of publicly traded securities. To qualify as an MLP, the entity must generate 90% of its income from the production, processing and transportation of oil, natural gas and coal.

Net Operating Income (NOI): A calculation which is used to analyze real estate investments that generate income. NOI is the property's annual income generated by operations after deducting all expenses incurred from those operations. The growth rate in NOI is a common metric used in determining the health of a property.

OPEC: The Organization of Petroleum Exporting Countries (OPEC) is a group consisting of 12 of the world's major oil-exporting nations. OPEC is a cartel that aims to manage the supply of oil in an effort to influence the price of oil on the world market.

Opportunistic Real Estate: An opportunistic fund is one that includes preponderantly non-core assets. The fund as a whole is expected to derive most of its return from property appreciation which may result in volatile returns. These funds may employ a variety of tools such as development, significant leasing risk and potentially high leverage.

Real Estate Investment Trusts (REITs): A REIT is a company that owns and operates commercial real estate properties. REITs can be publicly traded or privately held. There are two main types of REITs: Equity REITs which generate income from the operation of properties, and Mortgage REITs, which invest in mortgages or mortgage securities.

Adjusted Funds From Operations (AFFO): A measurement which is helpful in analyzing real estate investment trusts (REITs). The AFFO typically equals the trust's funds from operations (FFO) but is adjusted for ongoing capital expenditures which are necessary for upkeep of the REIT's assets.

Backwardation: Also sometimes called normal backwardation, is the market condition where the price of a commodities forward or futures contract is trading below the expected spot price at maturity.

Capitalization Rates: The rate of return of a real estate investment, which is calculated by dividing the property's net operating income by the property's purchase price.

Core Real Estate: This category of real estate will include a preponderance of stabilized properties. Core real estate should achieve relatively high income returns and exhibit relatively low volatility. Core real estate funds tend to use less leverage.

Consumer Price Index (CPI): A measure of purchasing power and inflation that takes the average prices of a basket of consumer goods and services, such as food, medical care, and transportation, and compares the same basket of goods in terms of prices to the same period in a previous year. Changes in CPI are used to assess price changes associated with the cost of living.

Contango: When the futures price of a commodity is above the expected future spot price. A futures or forward curve is upward sloping when the market is in contango.

Double Promote: A joint venture private equity structure is considered to have a "double promote" if the sponsor of a project is in fact comprised of two separate parties who each have a profit waterfall agreement or cash flow disbursements.

Dry Powder: Investment reserves raised by investment funds to cover future obligations or to purchase assets in the future.

GDP: The total value of all services and goods produced within a country's borders, for a given time period. This calculation includes both private and public consumption, government expenditures, investments, along with total exports net of total imports.

Glossary of terms (continued)

Timber Investment Management Organizations (TIMOs): A management group that invests in timberland assets for institutional investors. TIMOs will purchase, manage, and sell various timberland properties on behalf of investors.

Treasury Inflation Protected Securities (TIPS): A treasury bond that is adjusted to eliminate the effects of inflation on interest and principal payments, as measured by the Consumer Price Index (CPI). TIPS are issued in terms of five, ten, and twenty years and are auctioned twice per year.

Value-Added Real Estate: A value-added real estate fund often holds a combination of core assets and other assets characterized by less dependable cash flows. These strategies are likely to have moderate lease exposure and employ moderate leverage. Consequentially, these strategies seek significant returns from property appreciation and typically exhibit moderate volatility.

Vacancy Rates: The vacancy rate is calculated as the total number of unoccupied units of a property divided by the total units of the property, at a particular point in time.

Vintage Year: Represents the year the first capital call or portfolio company investment was made.

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