Real assets insights

Real assets navigate geopolitical risks and sticky inflation

Real assets were pressured during the second quarter as easing Middle East tensions and higher real rates weighed on commodity markets and natural resource equities. Looking ahead, geopolitical developments remain the largest source of uncertainty, but a backdrop of resilient economic growth, sticky inflation, and reduced concerns around further Fed tightening should provide a supportive environment for real assets.

The quarter was defined by a transition in the macro backdrop, as early-period concerns around energy-driven inflation and geopolitical disruption gave way to a more constructive environment supported by moderating commodity prices and resilient economic activity. While global growth remained intact, it became increasingly uneven, with strength concentrated in investment- and technology-driven segments, particularly those linked to artificial intelligence, even as consumer-facing sectors and interest rate-sensitive areas continued to lag.

Global economic activity remained broadly resilient during Q2 2026 despite heightened geopolitical uncertainty. Manufacturing activity strengthened across several major economies, while services activity was mixed. Labor market conditions were generally stable, although signs of moderation emerged during the quarter. Inflation pressures remained elevated, prompting major central banks to maintain a cautious policy stance.

Risk assets delivered strong gains during the quarter, supported by the de-escalation of Middle East geopolitical tensions, resilient corporate earnings, and continued AI-related optimism. Broad global equities advanced, with emerging markets (EM) outperforming developed markets (DM) and growth stocks outperforming value. Fixed income also delivered positive returns as tighter credit spreads helped offset the impact of modest increases in government bond yields. The US 10-year Treasury yield ended the quarter at 4.47%, while the US dollar strengthened.

Quarter in review

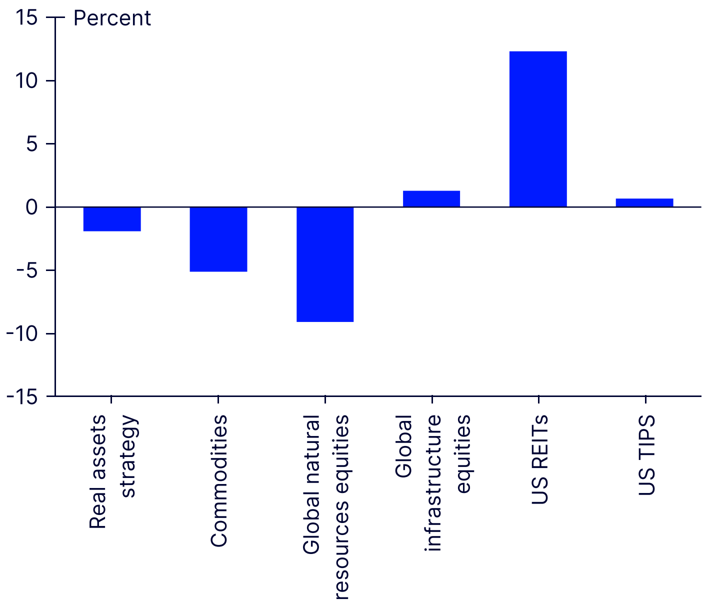
At the start of the new year, real assets benefited from optimism around easing monetary policy, early signs of earnings resilience, and improving breadth across both developed and emerging equity markets. Global macro conditions were evolving cautiously as policymakers navigated shifting political landscapes, currency volatility, and renewed market sensitivity to policy signals. With central banks maintaining a data-dependent stance and geopolitical uncertainties elevated, the year was already shaping up to be another period of pronounced volatility and rapid shifts in sentiment. By the end of the first quarter, real assets were contending with the implications of a US and Israel war with Iran, introducing a new layer of uncertainty.

As the second quarter unfolded, real assets remained heavily influenced by geopolitical developments in the Middle East. The quarter was marked by a shift in policymakers' reaction functions as escalating tensions between Iran and Israel drove sharp moves across energy markets. Brent crude surged to an intra-quarter high above US$118 per barrel in April before retreating toward US$90 per barrel following a late-May/early June de-escalation and the announcement of a tentative US–Iran memorandum of understanding (MoU).

Oil prices remained highly sensitive to developments in the conflict, falling on reports of potential ceasefires and rising whenever the prospect of a prolonged closure of the Strait of Hormuz appeared more likely.

The inflationary effects of higher energy prices gradually began to filter through to consumer prices. While the April US CPI reading came in below consensus expectations, annual inflation accelerated to 3.3%, up from 2.4% in March. Inflationary pressures continued to build in May, with CPI rising to 4.2% year over year, complicating the disinflation narrative that had prevailed at the start of the year and reducing policymakers' flexibility to pursue further easing.

Figure 1: Real assets strategy—total returns for the quarter



Note: **The performance data quoted represents past performance. Past performance does not guarantee future results.** Performance returns of periods of less than one year are not annualized. The performance figures for the strategy contained herein are provided on a gross of fees basis and do not reflect the deduction of advisory or other fees. The performance includes the reinvestment of dividends and other earnings and is calculated in US dollars. For strategy and asset indexes please refer to the disclosures. Source: State Street Investment Management, as of June 30, 2026.

The strategy did lose momentum in the second quarter of 2026, declining 1.9%. The performance was strongest in April, with returns of 3.2%, but the strategy experienced losses in May and June. For the quarter, the strategy modestly outperformed its composite benchmark by 11 bps, mainly coming from beneficial tax treatment for US investors relative to the Index and the benefits of the rebalancing policy. Longer term performance remains solid. Since its inception in 2005, the strategy has maintained its lead over the composite benchmark by more than 25 bps annually and has delivered an annualized return of approximately 5.2%.

Commodity markets delivered mixed performance in the second quarter of 2026, as early strength driven by energy supply disruptions gave way to weakness as geopolitical tensions eased. The Bloomberg Enhanced Roll Yield Index Energy return was -5.0% for the quarter, but still up 16.8% year-to-date. Energy was the primary detractor over the period, reversing sharply from first-quarter gains, while metals and agriculture delivered more varied outcomes.

Energy performance was negative during the second quarter, with the Bloomberg Energy Subindex declining 13.3%. Crude oil led losses, with WTI and Brent falling 19.1% and 17.6%, respectively, as easing geopolitical tensions and shifting demand expectations drove a pronounced retracement from earlier highs. The decline was most notable going into June, as progress toward a US–Iran agreement reduced supply concerns and contributed to a significant unwind of the geopolitical risk premium. The US-Iran Memorandum of Understanding (MoU) formalized a 60-day ceasefire, gradual restoration of tanker traffic through the Strait of Hormuz and contributed to a more than 30% decline in oil prices from their April peak, the largest quarterly drop since the 2020 pandemic. Even brief flare-ups in late June, including retaliatory strikes and drone attacks in the Gulf, failed to derail sentiment, as markets increasingly viewed the geopolitical premium as transitory. Natural gas also declined modestly, as stronger seasonal demand was offset by higher production and rising inventory expectations.

Industrial and precious metals delivered divergent performance during the quarter. Industrial metals posted modest gains overall (+1.9%), supported by strength in copper and zinc, which benefited from resilient demand tied to investment and industrial activity, partially offset by declines in aluminum and nickel. In contrast, precious metals weakened significantly, with gold (-13.5%) and silver (-20.5%) declining as fading safe-haven demand, a stronger US dollar, and evolving rate expectations weighed on prices. Late-quarter dynamics pointed to a more fragmented base-metals backdrop.

Agricultural commodities also declined over the quarter, reflecting uneven performance across individual markets rather than being fueled by a single dominant driver. The Bloomberg Agriculture Subindex was down 3.1% for the quarter. Weaknesses in key grains and oilseeds, including corn, wheat and soy products, weighed on overall returns, while selective strength in coffee, soybean oil and cotton provided only partial offsets. The Bloomberg Livestock Subindex was down 2.9% as gains in live cattle were outweighed by weaker performance in lean hogs, resulting in a small overall drag on returns for the sector.

While global equity markets rebounded broadly in the second quarter of 2026, a sharp reversal in oil prices hurt equities tied to natural resources. The S&P Global LargeMidCap Commodity and Resources Index fell 9.4% during the quarter. As expected, Energy was the primary detractor, driven largely by Integrated Oil and Gas, which declined 17.8% during the period. After spiking earlier in the quarter amid concerns around the conflict in the Middle East and potential disruptions to flows through the Strait of Hormuz, oil prices retraced as geopolitical tensions eased and supply concerns moderated. The subsequent decline in crude prices weighed on energy equities, which tend to be highly sensitive to commodity price movements. While Copper and Diversified Metals and Mining generated positive returns, these gains were insufficient to offset broad weakness across the energy complex.

Infrastructure equities, as measured by the S&P Global Infrastructure Index, gained 1.3% during the quarter. Transportation infrastructure was the primary driver of returns, led by strong performance from Airport Services and Highways & Railtracks. Resilient passenger travel, steady traffic volumes, and the inflation-linked revenue characteristics of many transportation infrastructure assets supported returns despite a mixed macroeconomic backdrop. Utilities were more muted, with notable weakness in Renewable Electricity (-29.2%). However, given its small index weight, the impact on overall performance was limited.

US real estate equities posted gains in the second quarter. The Dow Jones US Select REIT Index rose 12.4% during the quarter, with April producing the strongest monthly return. Performance was broad-based, as all REIT sub-industries generated positive returns during the period. Health Care REITs and Retail REITs were the largest contributors due to a combination of strong returns and sizeable index weights. Hotel and Resort REITs were among the top-performing segments, benefiting from resilient travel demand, improving lodging fundamentals, and growing optimism around earnings growth. Office REITs also delivered strong gains, recovering from depressed valuations as signs of leasing stabilization coincided with a renewed focus on return-to-office policies.

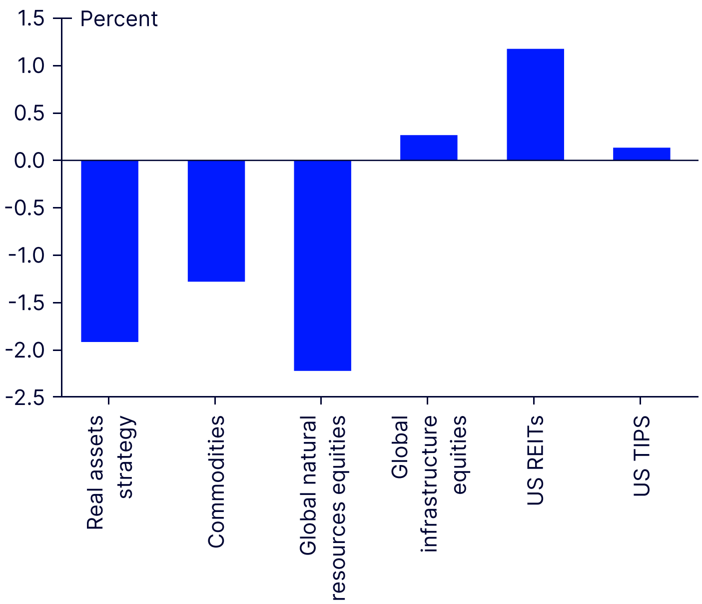
Treasury Inflation-Protected Securities (TIPS) delivered modest outperformance during the second quarter of 2026, supported by elevated inflation levels earlier in the period and a subsequent moderation in energy-driven price pressures into quarter-end. While headline inflation remained above target, improving energy dynamics helped stabilize inflation expectations as the quarter progressed.

TIPS outperformed comparator Treasuries by 0.66% in June. The full TIPS Index (Barclays Series-B) returned 0.92% and the 1–10 year returned 0.7%, while comparator Treasury indices returned 0.26% and 0.13%, respectively. Performance evolved throughout the period, with TIPS benefiting early in the quarter from rising headline inflation driven primarily by higher energy costs. Despite some volatility, TIPS returns remained supported by still-elevated underlying inflation, even as the broader macro backdrop transitioned toward a more balanced inflation outlook. The combination of moderating energy prices, stable core inflation trends, and a cautious central bank stance reinforced a more neutral environment for inflation-linked securities relative to earlier in the year.

Headline US PCE inflation rose to 4.1% year-over-year in May, up from 3.8% in April, driven largely by elevated energy prices and broader price pressures. Core PCE inflation increased to 3.4% year-over-year in May from 3.3% in April, marking its highest level since late 2023.

Despite some moderation, inflation remains elevated, though upside risks have eased alongside the decline in energy prices and improving geopolitical backdrop. The strategy provides balance and potential protection against renewed inflation pressures, whether driven by demand or supply shocks, while remaining well positioned for an uneven global growth environment and persistent geopolitical uncertainty.

Figure 2: Return contribution by asset class



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Investment outlook

Commodities

We hold a mildly constructive view on commodities, but the outlook is increasingly complex, with the trajectory of the Middle East conflict likely to be the dominant driver of performance and volatility over the coming quarters. While recent developments have introduced significant uncertainty, we continue to see several structural supports across the commodity complex that should help underpin prices. Commodities also remain an important portfolio diversifier, particularly in an environment characterized by geopolitical uncertainty, supply chain risks, and evolving inflation dynamics.

Within energy, recent geopolitical tensions have pushed oil prices closer to levels we believe better reflect underlying market fundamentals. Prior to the conflict, markets appeared to be pricing a return to abundant supply and weakening demand, but the underlying picture is more balanced. While Chinese oil consumption has softened and warrants monitoring given China's importance to global demand, it remains difficult to conclude that this demand has been permanently lost. Demand outside of China has remained relatively firm, supported by resilient economic growth and improving manufacturing activity. Looking ahead, energy security concerns and the likely replenishment of strategic reserves should provide an additional source of demand. On the supply side, inventories have been drawn down, some production losses appear permanent, disruptions to Russian supply persist, and shipping activity through the Strait of Hormuz may take time to fully normalize as operators remain cautious. While easing sanctions on Iran could provide some relief, the ability for global supply to expand materially appears limited. Recent tensions have primarily affected energy transportation rather than production infrastructure. However, any meaningful damage to major oil fields, refineries, or export terminals could further tighten global supply, creating upside risk to oil prices and increasing the likelihood that energy costs remain elevated for longer. Given the ongoing uncertainty surrounding any lasting peace agreement and the continued risk of future disruptions, we believe a geopolitical risk premium remains warranted in oil prices. Should prices retreat toward pre-conflict levels on signs of easing tensions, we would view that as a more attractive entry point.

Industrial metals continue to benefit from several powerful long-term demand drivers, including electrification, grid modernization, AI-related power demand, and increased investment in energy security and infrastructure. Copper remains our preferred metal given persistent supply constraints, tight inventories outside the US, and strong demand prospects tied to electricity and power infrastructure spending. Aluminum fundamentals also remain supportive, although increasing supply growth from China and Indonesia could create a more balanced market over time. While the long-term outlook remains favorable, industrial metals remain sensitive to global growth trends, tariff developments, higher interest rates, and the potential for a faster-than-expected supply response.

Gold has faced headwinds recently as Middle East tensions, resilient labor markets, and a more hawkish policy backdrop have pushed real yields and the U.S. dollar higher, contributing to investment outflows and weaker prices. While we remain cautious in the near term, our longer-term outlook remains constructive, particularly after the sharp decline in prices since March. A more hawkish Federal Reserve, elevated real yields, and continued ETF outflows could create additional downside pressure, especially if markets increasingly price the possibility of future rate hikes. However, several structural supports remain firmly in place. Persistent central bank demand, particularly from emerging market countries seeking reserve diversification, ongoing geopolitical uncertainty, concerns surrounding long-term fiscal sustainability, portfolio diversification, and low investor ownership levels all provide a favorable backdrop over the medium term. Should expectations for additional policy tightening fade and markets return to pricing eventual Fed easing, sentiment toward gold could improve meaningfully.

Natural resource equities

Global natural resource equities faced headwinds during the second quarter as energy prices retraced toward pre-conflict levels, aluminum prices softened, and gold came under pressure from rising real yields. Despite this near-term weakness, we remain constructive on the asset class. Global natural resource equities continue to be supported by improving industrial activity, ongoing electrification trends, and significant investment in energy, power, and infrastructure systems worldwide. Demand for key commodities, particularly copper and other industrial metals, should benefit from grid modernization, AI-related investment, expanding data center infrastructure, and a gradual improvement in manufacturing activity, providing a favorable backdrop for many mining companies.

We also remain constructive on the energy sector. While markets quickly repriced oil lower following signs of de-escalation in the Middle East, we believe some of that decline may have been premature. Ongoing geopolitical uncertainty, persistent supply constraints, and the time required for energy markets to fully normalize should continue to support a meaningful risk premium in commodity prices. While we do not expect oil prices to revisit the extreme levels reached earlier this year, we believe prices are likely to remain elevated enough to support earnings and cash flow generation across many energy producers. Reduced refining capacity has widened refining margins, leading to stronger profitability for refiners as reflected in the 3-2-1 WTI crack spread. This remains supportive of the integrated oil and gas companies held within natural resources.

While commodity markets remain vulnerable to a meaningful slowdown in economic activity, a faster-than-expected normalization of Middle East supply, or continued weak demand from China, our base case of continued economic expansion, sticky inflation, and positive manufacturing activity supports a favorable outlook for the sector.

Figure 3: Short and medium-term directional outlooks

	Short term	Medium term	Comments
Commodities	∧	—	Mildly constructive, though Middle East tensions complicate the outlook; structural tailwinds support metals, while energy fundamentals appear balanced.
Global natural resources equities	∧	∧	Better industrial activity, structural support for metals and energy, strong refining margins, and sticky inflation support the outlook.
Global infrastructure equities	∧	∧	Supported by structural tailwinds for utilities and midstream energy, policy support, less hawkish Fed expectations, and sticky inflation.
US REITs	—	—	Constructive fundamentals and easing Fed expectations support the outlook, though some valuation metrics appear less compelling.
US intermediate TIPS	∨	∨	Supported by attractive real yields and breakeven rates, geopolitical uncertainty, and inflation risks, though we see more compelling opportunities elsewhere.

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Source: State Street Investment Management, as of June 30, 2026.

Infrastructure equities

Global infrastructure equities posted solid gains in the second quarter despite rising bond yields and lower inflation expectations. Looking ahead, we remain constructive on the asset class, supported by powerful secular tailwinds including accelerating power demand, grid modernization, electrification, AI-related investment, and increasing energy security spending. Combined with our expectation for continued economic growth and improving manufacturing activity, these trends should provide a supportive backdrop for many infrastructure sectors.

Utilities remain particularly well positioned as growing electricity demand from data centers, AI, and electrification drives significant investment in generation, transmission, and grid upgrades. We also see a favorable outlook for midstream energy companies, which stand to benefit from solid energy demand while continuing to generate stable, largely contracted cash flows. Within transportation infrastructure, resilient travel demand and the ability of many assets to raise prices in line with inflation support the outlook for airports, toll roads, and other transportation-related assets.

More broadly, infrastructure's combination of regulated cash flows, inflation-linked revenues, and defensive earnings remain attractive in an environment characterized by geopolitical uncertainty, persistent inflation risks, and moderating but positive economic growth. While higher interest rates could create headwinds, infrastructure has historically been more resilient when rates rise alongside stronger growth and firmer inflation. Although a meaningful slowdown in global growth would likely weigh on certain sectors, particularly transportation, that is not our base-case outlook.

REITs

REIT fundamentals remain constructive as improving property-level performance, slowing new supply, and solid earnings growth continue to support the sector. The most attractive opportunities remain in healthcare and data centers, where aging demographics, AI adoption, and cloud-related demand are driving strong fundamentals, while industrial and select retail sectors are also benefiting from healthy leasing activity and moderating supply growth. Funds from operations, net operating income (NOI), and same-store NOI have generally trended higher, and occupancy rates across most property types remain near pre-pandemic levels.

Balance sheets also remain healthy, with leverage levels reasonable by historical standards, predominantly fixed-rate debt structures, manageable maturities, and strong interest coverage ratios helping to limit refinancing risk. Consensus earnings growth expectations remain favorable, particularly in healthcare and data centers, while same-store NOI growth is tracking near long-term averages.

Valuations, however, appear less compelling. Cap rate spreads relative to Treasury yields remain below historical averages, limiting valuation support, and elevated long-term yields could remain a headwind despite solid underlying fundamentals. While the outlook for REITs remains positive and supported by solid earnings and operating trends, our assessment of relative value opportunities suggests more attractive opportunities may exist elsewhere within equities.

TIPS

TIPS remain supported by a combination of attractive real yields, inflationary risks, and elevated geopolitical uncertainty. While concerns surrounding the Middle East initially pushed breakeven inflation rates higher, those moves have largely reversed, leaving shorter-term breakeven rates near the lower end of their recent range and creating a more attractive entry point given some upside risks to inflation.

We also believe the market may be overly aggressive in pricing future Federal Reserve tightening, as the Fed is likely to remain cautious given its dual mandate. This creates scope for lower real yields should investors reprice policy expectations, although any decline in yields may be constrained by persistent inflation pressures, resilient economic growth, and ongoing fiscal concerns.

TIPS also continue to offer valuable diversification benefits, as they would likely perform relatively well in an environment where a sharp rise in energy prices weighs on risk assets. Overall, we view TIPS as an effective portfolio stabilizer and inflation hedge, but while the asset class remains well supported fundamentally, we currently see more compelling return opportunities elsewhere within the real asset universe.

Inflation and real assets

June's softer CPI report was welcome news for consumers and generally consistent with our view that inflation will remain sticky. However, several underlying details warrant caution. Much of the decline in headline inflation was driven by lower energy prices, a trend that may prove temporary given the recent rebound in oil prices following renewed geopolitical tensions. Within core inflation, some of the weakness appears attributable to seasonal adjustment effects and declines in several volatile categories, including lodging away from home, transportation services, and communication services, which could reverse partially in the months ahead.

More concerning is the continued strength in supercore inflation, which excludes shelter and focuses on labor-intensive service categories. This measure softened in June, but had risen for six consecutive months and remains elevated, suggesting that underlying wage-driven pricing pressures have yet to meaningfully ease. Because supercore services are less influenced by commodity prices, supply chains, and housing-related lags, persistent strength in this measure suggests inflation could remain above the Federal Reserve's target for longer, limiting the scope for aggressive policy easing.

Other inflation indicators also continue to signal lingering price pressures. Producer prices remain elevated, import prices recently recorded their largest increase since 2022, PMI prices-paid measures have moderated but remain consistent with rising input costs, and NFIB survey data show a still-elevated share of small businesses planning future price increases. While several of these indicators have begun to improve at the margin, they may challenge the Fed's inflation objective and warrant continued monitoring.

Weather-related risks are also re-emerging as a potential driver of real assets' performance, particularly across agricultural and selected commodity markets. One of the most important developments in this context is the expected return of El Niño conditions, which introduces a renewed source of regional production uncertainty and price dispersion across global markets.

Figure 4: Inflation indicators continue to signal price pressures

NFIB Small Business, price plans in the next 3 months, net (higher-lower), SA (LHS)

ISM services PMI, prices (RHS)

Source: FactSet, as of June 30, 2026.

El Niño matters for agriculture not because it drives a uniformly bullish or bearish outcome for crops, but because it redistributes weather risk across producing regions, benefiting some growing areas while pressuring others. In broad terms, El Niño is typically associated with drier and hotter conditions across Australia, Southeast Asia, parts of India, Central America, northern South America, and Southern Africa, while bringing relatively wetter conditions to the southern United States, southern South America, the Horn of Africa, and parts of Central Asia. This geographic redistribution is critical, as global crop markets are set at the margin: production losses in a key exporting region can outweigh gains elsewhere, particularly when they affect crops with tight inventories or concentrated export bases. Historically, this has resulted in more consistent upside for soybeans, while outcomes for corn, wheat, and rice have been more mixed and dependent on the geographic distribution of production in any given year.

For the current cycle, forecasts indicate that El Niño conditions are likely to develop between June and August 2026, with a high probability of persistence into late 2026 and the potential to reach moderate or strong intensity. While the effects may not emerge uniformly or immediately, the historical El Niño playbook is once again relevant for crop monitoring, particularly for

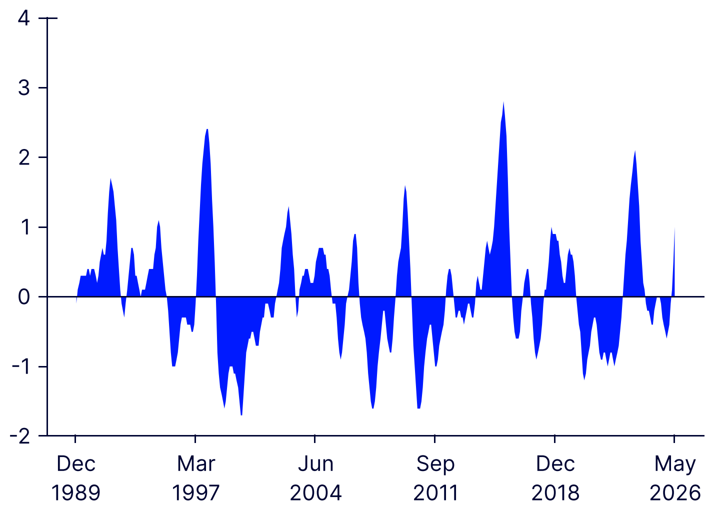
2026–27 Northern Hemisphere winter crops and the upcoming Southern Hemisphere growing season.

The highest-probability risks are concentrated in monsoon-sensitive crops across Asia, including rice, sugar, palm-related systems, and robusta coffee, as well as wheat in Australia and maize in Southern Africa. Conversely, regions such as the United States and parts of southern Brazil and Argentina may benefit from improved moisture conditions, supporting soybeans and, in some cases, corn through reduced heat stress and more reliable precipitation patterns.

Recent El Niño episodes reinforce this asymmetric and region-specific framework. The 2015–16 event, one of the strongest on record, contributed to widespread agricultural disruption, affecting an estimated 60 million people globally through a combination of drought, flooding, and extreme heat. More recently, the 2023–24 El Niño again produced a familiar split, with drought-related crop stress across Southern Africa, Asia and parts of Central America, alongside flooding and excess rainfall in Eastern Africa and parts of Latin America. These episodes highlight that El Niño is best understood not as a single directional commodity signal, but as a broad redistribution of weather risk across crops and regions. In practical terms, rice, sugar, robusta coffee, and Australian wheat tend to be among the more vulnerable exposures, while soybeans often emerge as one of the clearer relative beneficiaries.

The ENSO indicator has moved back into positive territory, signaling the emergence of El Niño conditions (Figure 5). Positive readings indicate warmer-than-normal Pacific Ocean temperatures associated with El Niño, while negative readings reflect La Niña conditions. The magnitude of the reading helps gauge the potential strength of the event, with higher positive values generally corresponding to greater risks to global weather patterns and agricultural production. NOAA's forecasts suggest ENSO has transitioned firmly into El Niño territory and carries a high probability of strengthening further over the coming months. While current readings remain below the most extreme historical episodes, a stronger El Niño could increase the risk of weather-related disruptions to crop production, contributing to higher food-price volatility and representing a modest upside risk to inflation over the coming year.

Figure 5: El Niño southern oscillation indicator



Source: FactSet, as of May 31, 2026.

Beyond agriculture, El Niño conditions can also create more localized but increasingly relevant impacts across broader commodity markets. In metals, supply risks can emerge in key producing regions, including potential disruptions to copper output in Chile from flooding or in Zambia under drought conditions. In China, reduced hydropower availability during drier periods can constrain production of energy-intensive metals such as aluminum and zinc, while raising reliance on alternative energy sources. Impact on iron ore is more mixed, with improved conditions in Australia and northern Brazil partially offset by excessive rainfall in southern Brazil. More broadly, increased temperatures and variability in hydropower generation may lift electricity demand and reinforce reliance on thermal coal in certain regions, contributing to a more complex and regionally differentiated commodity outlook.

El Niño can affect agricultural markets by disrupting crop yields across several key producing regions, tightening global supplies and increasing uncertainty around future production. These supply concerns can lead to higher prices for major crops and vegetable oils, ultimately contributing to food inflation. At the same time, higher energy prices and energy-security initiatives can increase demand for biofuel feedstocks such as corn, sugar, soybeans, and palm oil, creating additional competition between food and fuel demand.

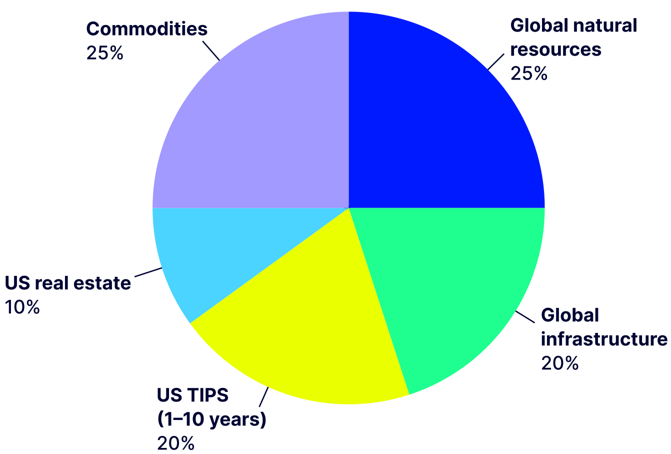
The combination of weather-related disruptions, policy responses, and stronger biofuel demand can amplify volatility across agriculture, food, and energy markets.

While inflation does not appear poised to accelerate sharply, neither does it appear on a clear path back to the Federal Reserve's target. Further moderation in shelter costs and a gradual fading of tariff-related price pressures may help offset some inflationary forces, but geopolitical risks, energy security concerns, deglobalization trends, and the significant investment required to support AI, and related infrastructure could keep inflation elevated relative to pre-pandemic norms. In this environment, maintaining exposure to real assets remains an important tool for helping portfolios navigate persistent inflation and broader macroeconomic uncertainty.

Real assets strategy

At State Street Investment Management, we have a seasoned, diversified multi-asset strategy that combines exposure to a broad array of liquid real asset securities that are expected to perform during periods of rising or elevated inflation.

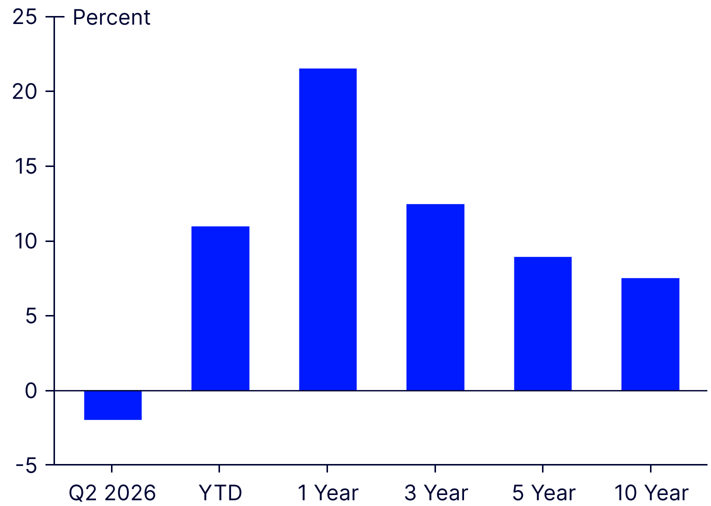
Figure 6: Real assets portfolio composition



Source: State Street Investment Management, as of June 30, 2026.

The asset allocation is strategic and utilizes indexed underlying funds. It is being used by a variety of clients as a core real asset holding or as a liquidity vehicle in conjunction with private real asset exposures. The strategy is meant to be a complement to traditional equity and bond assets, providing further diversification, attractive returns, and a meaningful source of income in the current environment.

Figure 7: Real assets strategy—returns across time periods



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* This figure is presented as of June 30, 2026 and includes ETF AUM of $2,203.98 billion USD of which approximately $156.81 billion USD in gold assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Investment Management are affiliated. Please note all AUM is unaudited.

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Equity securities may fluctuate in value and can decline significantly in response to the activities of individual companies and general market and economic conditions.

The major risks associated with investing in the natural resources sector, including large price volatility due to non-diversification and concentration in natural resources companies.

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