



Global supply chains are being reshaped by deglobalisation, geopolitics, and the race for energy and technological security, shifting the focus from efficiency toward resilience. In this environment of higher costs, persistent inflation pressures, and constrained supply, real assets may play an increasingly important role in helping investors navigate uncertainty and capture long-term structural trends.

The real asset renaissance: securing power, materials, and energy in a deglobalised world

Key points:

- Global supply chains are shifting from low-cost efficiency toward regional resilience, which may structurally raise costs and inflation pressures.
- Deglobalisation, energy security concerns, and the AI build-out are increasing demand for real assets such as energy, metals, infrastructure, and logistics.
- Real assets may offer diversification and potential inflation resilience amid complexity, uncertainty and persistent supply constraints.

Traditional low-cost hyper-globalised supply chains are shifting to higher cost regional, resilient nearshoring.

We think the probability of structural changes in global supply chains has risen. These shifts were already underway due to deglobalisation, decarbonisation, and demographic trends, but have been further accelerated by tariff policies, the global artificial intelligence (AI) technology race, and ongoing geopolitical tensions, which have strained international relationships, including those between long-standing allies.

The growing embrace of economic nationalism and resulting trade fragmentation is reshaping global trade flows. As countries retreat from deeply integrated global supply chains and reintroduce trade barriers, frictions in the movement of goods and services have increased, potentially placing upward pressure on prices.

Persistent policy uncertainty and cross-border investment barriers may require more flexible risk management and greater regulatory diversification. As supply chains become more regionalised, demand for strategic metals, energy, logistics, industrial real estate, and infrastructure will likely rise as onshoring and nearshoring evolve from cost-optimisation strategies into operational necessities. Essential goods and services – ranging from food and energy to AI-enabling semiconductors and associated labour – are likely to reshape supply and demand dynamics. In this environment, inflationary pressures and policy-driven market dislocations may persist, favouring energy-related, inflation-protected assets, raw metals, mining materials, and commodities, as well as REIT assets.

The real asset renaissance

The focus on supply chain resilience is not new. Events such as Brexit, the COVID-19 pandemic, and more recent activities in the Middle East have exposed vulnerabilities in global supply chains. However, the emphasis on resilience has become more pronounced in today's environment.

As governments and corporations prioritise supply security amid tariff uncertainty, nearshoring and reshoring initiatives have regained momentum. We

are seeing a broader trend toward resource nationalism, including increased domestic production, strategic stockpiling of critical materials, the rebuilding of industrial capacity, and a renewed focus on energy independence. These appear to represent structural cost shifts rather than temporary or cyclical changes.

Several long-term inflation drivers – such as the energy transition, defence spending, supply-chain restructuring, and demographic shifts – are expected to endure, creating a supportive backdrop for real assets as potential inflation hedges.

Geopolitical tensions and policy uncertainty are influencing real-asset capital expenditure

This extends beyond trade. Rising global security risks have increased demand for defence spending and related infrastructure, while data sovereignty has become a strategic priority, supporting demand for data centres, fibre networks, and digital connectivity.

The Russia-Ukraine conflict brought energy security into sharper focus, particularly in Europe. Efforts to increase energy independence are expected to encourage investment into grid modernisation, renewable energy, and reduced reliance on imported energy, though outcomes may vary based on market conditions. At the same time, as companies continue to reshore production, increase domestic production capacity and invest in logistics and infrastructure, we see demand for real assets likely elevate.

Resilience over efficiency: a structural shift

Global trade has historically lowered costs and improved access to goods and services, though not without uneven distribution of these benefits. Increasing geopolitical fragmentation suggests a future in which local and regional supply chains may be more resilient to shocks, albeit at higher cost.

By leveraging local expertise and diversifying across regions and sectors, real asset investing may remain viable even in uncertain conditions. From a portfolio perspective, assets tied to strong local demand and stable regulatory environments may be better positioned.

Real assets may appear attractive from a valuation standpoint, potentially offering diversification benefits and aligning with long-term secular growth themes, though these outcomes are subject to market risks. In the near term, they may also help

portfolios navigate stagflation-like risks, particularly amid energy price volatility linked to geopolitical developments.

Supply constraints in metals were already emerging prior to recent conflicts, while secular demand drivers – such as defence, energy security, and infrastructure investment—may be strengthening. Agricultural and fertiliser markets have also experienced upward price pressures, reflecting supply disruptions and geopolitical uncertainty.

Rising complexity and structural inflation due to resource scarcity, electrification and industrial rebuild

Market complexity continues to increase as economies navigate resource scarcity, electrification, and industrial rebuilding. Real assets may warrant consideration for long-term portfolio inclusion, given their potential to address supply-demand imbalances, though individual suitability and risks should be carefully evaluated. When supply falls short, price volatility can increase, as seen recently in energy, liquid natural gas (LNG), oil, and fertilizers.

Recent conflicts in the Middle East have disrupted globally recognised and widely trafficked shipping routes. Even if geopolitical tensions ease, a rapid return to pre-conflict trade conditions may be difficult. Higher insurance costs, security concerns, and the shift from efficiency toward redundancy are contributing to structurally higher transportation and logistics costs, potentially lifting long-term price floors across real-asset markets.

Why a multi-year inflationary trend may persist:

- Persistent geopolitical fragmentation leading to lasting tariff and regulatory frictions
- Increasing climate and weather volatility causing repeated physical disruptions
- Structural rewiring of manufacturing through onshoring, duplication, and redundancy
- Higher risk-management costs linked to supplier insolvencies and cyber risks
- Elevated freight costs and recurring chokepoint disruptions
- A shift from efficiency toward resilience, which is inherently more costly
- The AI build-out increasing demand for power, materials, and infrastructure

A diversified approach to real assets

We believe a diversified real-asset strategy may be well-positioned for the coming decade, supported by structural demand and ongoing supply constraints. Such an approach may span six key areas:

Metals & Mining: Structural supply deficits and rising strategic importance of commodities and metals are leading to upward price pressures on precious metals. Fiscal pressures may also increase investor interest in physical assets as potential safe havens.

Energy: Countries are increasingly prioritising supply resilience over lowest-cost sourcing. AI, data centres, electrification, and electric vehicle adoption are driving long-term power demand. Meanwhile, underinvestment in conventional energy such as fossil fuel, oil and gas, and continued geopolitical risks may sustain price volatility. Alongside this, renewables, grids, storage, and nuclear energy are seeing significant capital investment as part of the transition.

Infrastructure: Infrastructure investment now extends beyond traditional assets like roads, ports and tunnels, to include digital infrastructure, such as data centres, fiber networks, and mobile connectivity, which support cloud computing and AI development.

Data centres are experiencing rapid growth in data demand, driving significant capital expenditure. Operators face a range of challenges, including securing reliable power in increasingly constrained markets, as well as addressing public concerns around the impact on local electricity grids and water resources.

At the same time, fibre networks are pursuing new build-outs, often in partnership with hyperscalers, to enable high-speed, low-latency connectivity between major data hubs and support rising cloud computing and AI inferencing demand.

Growing power requirements underpin these trends. After several years of market emphasis on renewable energy, the substantial electricity demand associated with the expanding AI economy is renewing interest in traditional power sources, including natural gas-fired generation, where increased merger and acquisition (M&A) activity has recently been observed.

Real estate investment trusts (REITs): While parts of traditional real estate face pressure, dispersion across sectors is increasing. Data-centre REITs, healthcare real estate, and other specialised assets may benefit from AI-driven demand and aging demographics.

Treasury inflation-protected securities (TIPS): If inflation remains elevated or volatile, TIPS may offer a direct inflation buffer and serve as a stabilising component within a real-asset allocation, particularly when real yields level off or decline.

Short-term credit: Short-term credit instruments generally have lower interest-rate sensitivity and higher coupons than longer-duration bonds. In some cases, floating-rate structures make them well-positioned for environments with persistent inflation or prolonged higher-for-longer interest rates, offering a defensive fixed income allocation in inflationary or uncertain-rate environments.

The long-term case for real assets

Potential hedge against structural inflation

Real assets may help preserve purchasing power when inflation is supply-driven or persistent.

Buffer against geopolitical and economic fragmentation

Deglobalisation and supply insecurity may increase the strategic value of tangible assets.

Underinvestment creates multi-year supply deficits

Years of capital expenditure underspend in mining, energy, utilities, and infrastructure may now be colliding with rising demand.

Long-term tailwinds from the AI and energy transition megacycle

AI workloads, electrification, EV adoption, and renewable build-outs require large amounts of materials, energy, and infrastructure.

Diversification

Real assets have historically exhibited lower correlations with traditional equities and bonds. (see chart 1)

Income generation

Infrastructure, REITs, TIPS, and short-term credit may provide more stable and, in some cases, inflation-linked income streams.

Chart 1: Correlations of real assets versus traditional global equities and bonds (February 2011 – February 2026)

	Energy	Metals & Mining	U.S. REITs	Non-U.S. REITs	Infrastructure	TIPS	Commodities	Short-Term Credit	Global Equities	Global Bonds	U.S. CPI
Energy	1.00										
Metals & Mining	0.52	1.00									
U.S. REITs	0.46	0.42	1.00								
Non-U.S. REITs	0.51	0.41	0.80	1.00							
Infrastructure	0.70	0.61	0.78	0.81	1.00						
TIPS	0.36	0.49	0.56	0.52	0.57	1.00					
Commodities	0.67	0.58	0.32	0.33	0.51	0.44	1.00				
Short-Term Credit	0.27	0.46	0.62	0.62	0.63	0.74	0.22	1.00			
Global Equities	0.67	0.55	0.74	0.74	0.82	0.51	0.46	0.55	1.00		
Global Bonds	0.16	0.54	0.57	0.49	0.58	0.69	0.21	0.79	0.48	1.00	
U.S. CPI	0.18	0.05	-0.03	-0.03	0.03	0.00	0.25	-0.19	0.03	-0.15	1.00

Source: Bloomberg, monthly returns (indices) / data (US CPI) from February 2011 to February 2026. Total returns in USD for representative indexes: Energy: MSCI World Energy Sector Index; Metals & Mining: S&P/TSX Global Mining Index; US REITs: S&P US Equity All REIT Index; Non--US REIT: S&P Developed ex-US REIT US dollar Index; Infrastructure: S&P Global Infrastructure Index; TIPS: Bloomberg US Treasury TIPS 1-5 Year Index; Commodities: Bloomberg Commodities Index; Short-Term Credit: Markit iBoxx USD Liquid Investment Grade 0-5 Index; Global Equities: MSCI World Index; Global Bonds: Bloomberg Global Aggregate Bond Index; US CPI: US CPI urban consumer less food and energy year-on-year (non-seasonally adjusted).

Correlation shows the strength and direction of a relationship between two variables. It is expressed numerically by the correlation coefficient, which ranges from -1 to 1. A positive correlation (greater than 0 but less than 1) means the two variables move in the same direction, though not necessarily by the same magnitude. A negative correlation (less than 0 but greater than -1) indicates the variables move in opposite directions, also with varying degrees of change. When two assets have a low positive correlation or a negative correlation, they tend to move independently or in opposite directions. Including assets with these correlation characteristics in a portfolio may offer potential diversification benefits.

Past performance does not guarantee future results. Diversification or asset allocation does not guarantee a profit or protect against the risk of loss in any market.

TIPS refer to Treasury Inflation-Protect Securities; REITs refer to Real Estate Investment Trust. U.S. CPI refer to U.S. Consumer Price Index.

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