

## 2026 Mid-year outlook: Diversified Real Assets



Global supply chains are resetting under deglobalisation and geopolitics, shifting from global efficiency to more expensive regional resilience, embedding higher structural costs. At the same time, artificial intelligence (AI) is emerging as a new demand driver, accelerating investment in power, infrastructure, and materials. Against this backdrop of structurally higher inflation and dual demand pressures – from both supply-chain rewiring and AI capital expenditure – we believe real assets may play an increasingly important role in portfolios, offering exposure to long-term secular growth and AI trends.

### Powering the next cycle: Real assets in an AI-driven, inflation-persistent world

#### Summary:

- The global system is rewiring – with deglobalisation and geopolitics driving a shift from efficiency to resilience, embedding structurally higher costs and more persistent inflation.
- AI is the new demand super cycle, fuelling a surge in investment across power, data centres, infrastructure, and critical materials.
- Real assets sit at the centre of both trends, positioned as a core allocation to capture inflation resilience and long-term structural growth.

#### Traditional globalisation gives way to structural realignment

Traditional low-cost hyper-globalised supply chains are shifting toward higher-cost, regional, and resilient nearshoring models. We believe this transition is no longer cyclical but structural in nature, with long-term implications for costs, inflation, and capital allocation.

These shifts were already underway due to deglobalisation, decarbonisation, and demographic

trends, but have been further accelerated by tariff policies, the global AI technology race, and ongoing geopolitical tensions.

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

While supply-chain restructuring remains a key pillar, the first half of 2026 has underscored a second, equally powerful force: AI-driven capital intensity. Real assets are increasingly positioned at the intersection of these two structural shifts – resilience and compute-driven demand.

As supply chains become more regionalised, demand for strategic metals, energy, logistics, industrial real estate, and infrastructure is rising. Importantly, AI is emerging as a powerful incremental demand driver – requiring large-scale investment in data centres, electricity generation, transmission networks, cooling systems, and raw materials.

#### Structural tailwinds, not cyclical themes

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.

Governments and corporations are prioritising supply security through nearshoring, reshoring, and resource nationalism. This includes domestic production, strategic stockpiling, industrial rebuilding, and energy independence.

Meanwhile, the investment case for real assets is expanding beyond inflation protection toward structural demand linked to AI, electrification, and industrial rebuilding. AI is not purely digital – it is deeply physical, requiring infrastructure, power, and materials at scale. Raw materials converted into intelligence at scale. Behind every AI model or application sits a network of data centres, power systems, cooling facilities and supply chains for critical materials.

Several long-term drivers, such as the energy transition, defence spending, supply-chain restructuring, demographic shifts, and AI-driven capital expenditure intensity, are reinforcing this trend.

Inflation in this regime is increasingly supply-driven rather than demand-cyclical – linked to redundancy, security of supply, and capacity constraints. This suggests a higher structural floor for inflation, rather than episodic spikes. We therefore believe the real asset investment universe is a long-term thesis, not just a tactical, cyclical investment theme.

## **Geopolitics and AI are rewiring capital allocation**

Geopolitical tensions and policy uncertainty are reshaping real-asset capital expenditure. Rising global security risks are supporting defence-related infrastructure, while data sovereignty is driving demand for data centres, fibre networks, and digital connectivity.

Meanwhile, energy security remains critical. The Russia-Ukraine conflict brought energy security into sharper focus, particularly in Europe. Efforts to increase energy independence are expected to encourage investment in grid modernisation and renewable energy and to reduce reliance on imported energy, though outcomes may vary based on market conditions. As companies continue to

reshore production, increase domestic production capacity and invest in logistics and infrastructure, we see demand for real assets will likely elevate.

## **From efficiency to redundancy**

Global trade has historically lowered costs and improved efficiency. However, increasing fragmentation suggests a future in which resilience is prioritised – even at a higher cost.

We are entering a phase of “dual demand engines” for real assets:

1. Supply-side restructuring through deglobalisation and nearshoring
2. Demand expansion driven by AI, electrification, and digital infrastructure

This combination is unusually powerful and historically rare – simultaneously tightening supply while expanding demand.

As a result, localised supply chains, strategic industries, and system-critical assets are becoming more valuable.

From an investment perspective, assets tied to strong domestic demand, strategic importance and stable regulatory environments may be better positioned.

## **Scarcity, electrification and the return of structural inflation**

Market complexity continues to rise as economies navigate resource scarcity, electrification, and industrial rebuilding.

AI and electrification are significantly increasing the demand for power, copper, rare earths, and other critical materials, while supply remains constrained by years of underinvestment and long development cycles. Exacerbating the supply response and driving years of underinvestment is the current status quo of US infrastructure fixed assets, which have an average age of 24 years and require much-needed upgrades.

This imbalance is contributing to supply shortages, price volatility and structural inflationary pressures. Recent disruptions to global shipping routes and energy systems further reinforce a higher structural cost base, with logistics, insurance, and redundancy

premiums embedded into pricing. Following a Memorandum of Understanding between the United States and Iran, free navigation of the Strait of Hormuz continues to face significant operational, legal, and logistical hurdles amid ongoing geopolitical uncertainty, potentially increasing demand for energy and raw materials as buffers are built against further disruption.

Key drivers of a multi-year inflationary regime now include:

- 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 approach is well positioned for the coming decade, supported by structural demand and ongoing supply constraints. Such an approach may span six key areas:

- 1. Metals & Mining:** Structural supply deficits and strategic importance support pricing. AI, electrification, and energy transition are accelerating demand for copper, lithium, nickel graphite and other critical minerals.
- 2. Energy:** Energy security and resilience remain priorities. AI-driven power demand is emerging as a major incremental driver, alongside electrification and electric vehicle (EV) adoption. Underinvestment and geopolitical risk may sustain volatility.
- 3. Infrastructure:** Investment increasingly spans traditional and digital assets. AI is a key catalyst, driving demand for data centres, fibre networks, and power infrastructure required to support high-performance computing.

- 4. Real estate investment trusts (REITs):** Sector dispersion is rising. Data-centre REITs and specialised assets linked to digital infrastructure and healthcare may benefit directly from AI expansion and demographic trends.
- 5. 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.
- 6. Short-term credit:** Floating-rate and shorter-duration instruments may offer resilience in a higher-for-longer rate environment, with attractive income characteristics.

## 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.

### Income generation

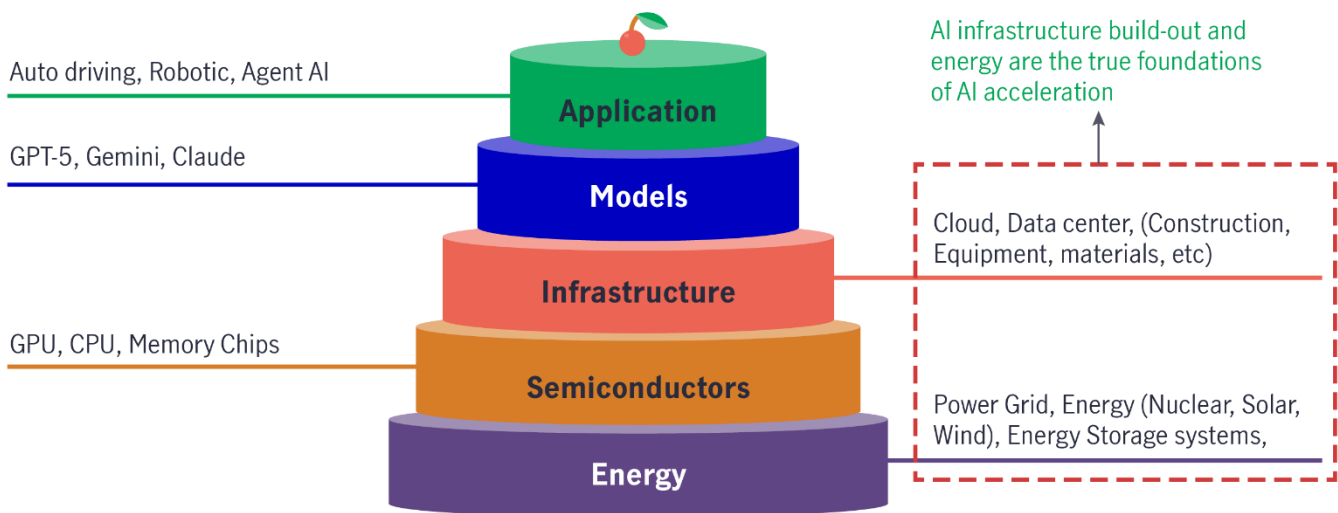
Infrastructure, REITs, TIPS, and short-term credit may provide more stable and, in some cases, inflation-linked income streams.

## Conclusion

In today's environment, real assets are evolving from a traditional inflation hedge into a strategic allocation. Supported by persistent inflation, geopolitical realignment, and AI-powered demand, they provide exposure to scarcity, system-critical infrastructure, and the physical backbone of the digital economy.

As the global economy transitions toward a more fragmented, energy-intensive, and compute-driven model, real assets may play an increasingly central role in capturing long-term structural returns.

Chart: AI is more than just semiconductors and applications



Source: NVIDIA Blog. For illustrative purposes only.

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