Portfolio Lens: Harnessing Inflation With Infrastructure and Real Estate

Investor Concern

"If we stay in a prolonged inflationary period, is my portfolio well-positioned to preserve my purchasing power and support my long-term goals?"

Inflation remains top of mind for many investors. Rising costs have challenged assumptions around spending, retirement and long-term financial plans, leading investors to reassess whether their portfolios are positioned to not only preserve purchasing power, but also to support their long-term investing goals. While these concerns are understandable, they also highlight the broader range of investment opportunities, including private markets, that can help enhance diversification and build resilience against inflationary pressures.

Discussion Points

- **Discuss current market conditions.**
    - Deglobalization forces (reshoring, tariffs, energy market shifts/conflicts) and AI infrastructure demands have structurally reset global operating costs higher. Because the U.S. is heavily service-driven, these macro shocks have translated into a higher cost of doing business (permanent labor costs, rising insurance premiums, etc.), contributing to companies' resistance to rolling back prices.
    - On the investment side, traditional fixed income can lose purchasing power when inflation outpaces yields, and public equities are particularly susceptible to rising input costs, which can squeeze corporate profit margins.
- **Highlight the unique opportunities in private infrastructure and real estate.**

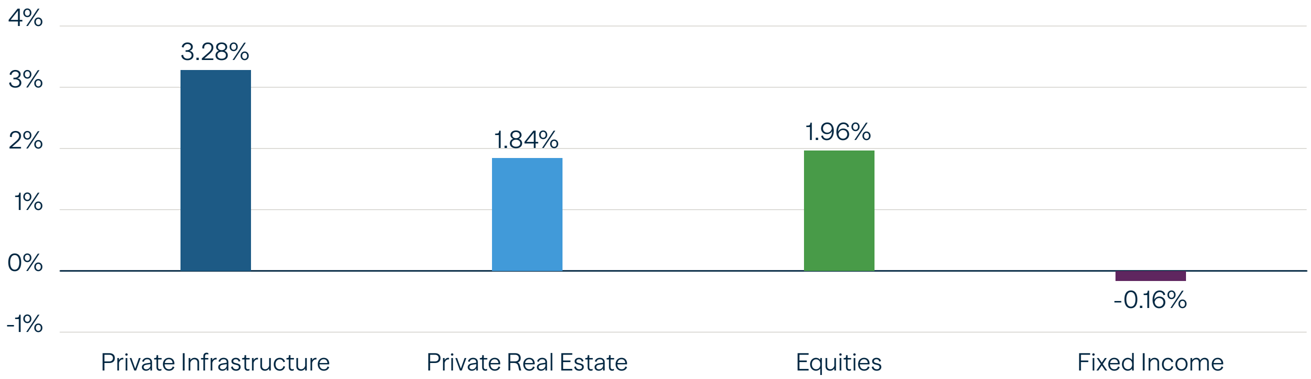
  ### Infrastructure

  Historically, infrastructure has exhibited lower sensitivity to economic and market swings, given that it includes essential services like power grids and toll roads, which operate regardless of the state of the economy. The contractual income streams that many infrastructure assets generate make the asset class particularly compelling in volatile markets.

Real Estate

Private real estate has long been viewed as an attractive hedge against inflation. Triple-net leases shift rising taxes, insurance and maintenance costs onto the tenant. The landlord's cash flow becomes relatively insulated. When paired with built-in rent escalators, rental income grows on a regular schedule rather than depending on market conditions. Together, these features compound, and steadily rising net operating income historically has supported property values through various market cycles.

Average Quarterly Returns When U.S. Consumer Inflation Was Higher Than Average*



*Higher-than-average inflation is measured from when the year-over-year U.S. Consumer Price Index exceeded 2.57%.

Past performance does not guarantee future results. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment. Private infrastructure is represented by the Preqin Infrastructure Index, private real estate by the Preqin Private Real Estate Index, equities by the MSCI World Index and fixed income by the Bloomberg Global Aggregate Bond Index.

Source: Bloomberg, MSCI, Preqin. December 31, 2005–December 31, 2025.

- **Reinforce investors' long-term view and desire to hedge risk.**

  According to our proprietary research, the vast majority of high-net-worth investors say that they are willing to ride out volatility to achieve their long-term investment goals. Of these investors, 78% say the macro environment has led investment in alternatives to become about hedging risk as much as maximizing returns.[1] These points affirm that investors are evaluating investments over the long term and considering broader market factors as they assess opportunities.

- **Highlight manager selection.**

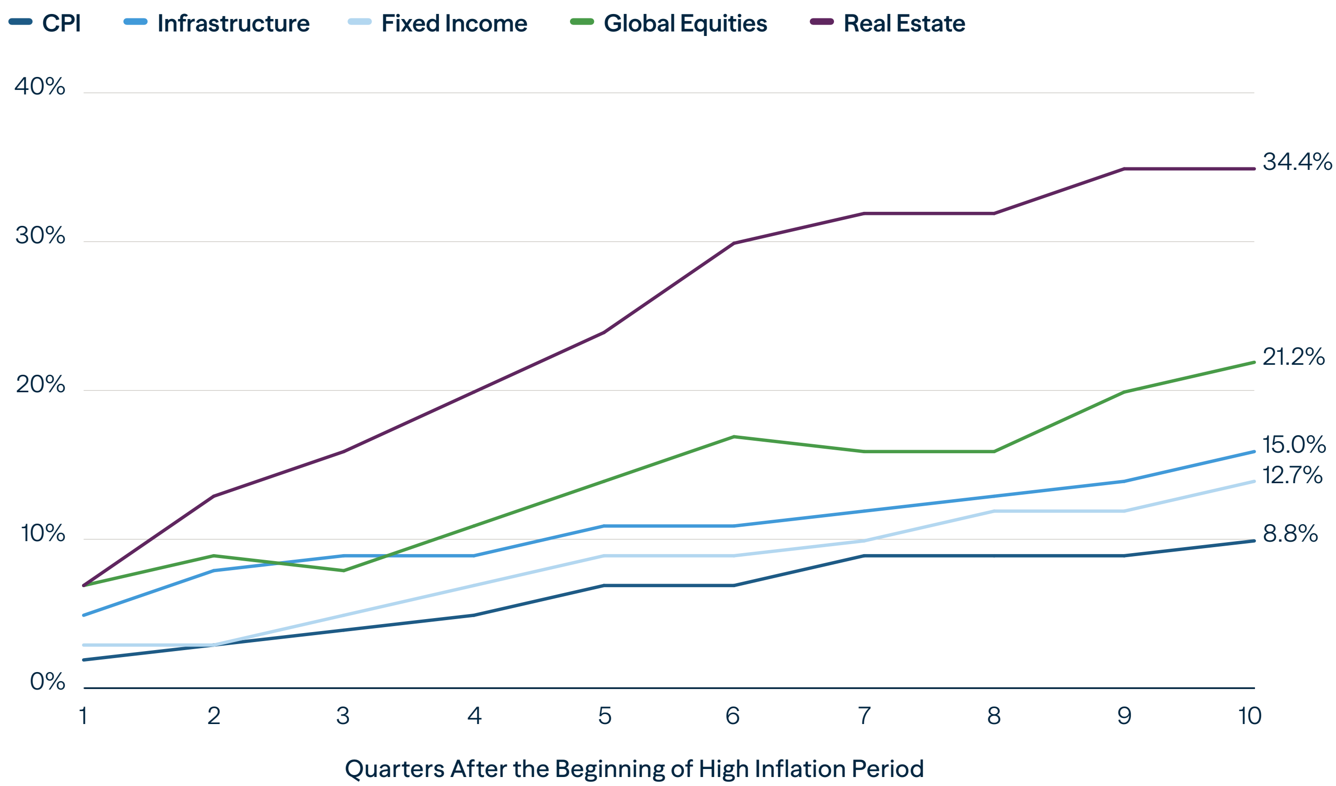
  Brookfield offers access to a global platform of investment opportunities and a broad range of solutions designed to help investors meet their objectives. As one of the world's largest real asset investors, we have a long history and reputation for identifying opportunities to create value across market cycles.

The Opportunity

In today's markets, concerns about prolonged inflation are likely to emerge, but they also create an opportunity to reassess a client's total portfolio—reinforcing the importance of a long-term perspective and identifying investments that can help hedge against rising inflation. We believe strategic allocations to real estate and infrastructure can offer meaningful diversification benefits.

Real Estate and Infrastructure and Inflation Resilience

Average Cumulative Total Returns After Periods of High Inflation†



† Inflation is defined as seasonally adjusted CPI. Higher inflation cycles reflect 10-quarter periods during which inflation was above average for at least two consecutive quarters. During the period analyzed there were four such periods.

Past performance does not guarantee future results. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment. Private infrastructure is represented by the Preqin Infrastructure Index, private real estate by Preqin Private Real Estate Index, equities by the MSCI World Index and fixed income by the Bloomberg Global Aggregate Bond Index. Please see disclosures for additional information.

Source: Bloomberg, MSCI, Preqin. July 1, 2003–December 31, 2025.

Bottom Line

In today's environment, there is a strong emerging opportunity for investors to look beyond traditional investments and diversify their portfolio with investments that hedge inflation risk. In our view, investors looking to dampen volatility, generate long-term capital appreciation and diversify their portfolios may consider adding real estate and infrastructure to their long-term strategic asset allocation.

Expanding into real estate and infrastructure assets has historically helped investors manage the effects of rising prices, thanks to these assets' related characteristics such as regulations, contract provisions and lease escalators. These traits vary by subsector within each asset class and, as a result, different types of real assets may provide varying levels of inflation sensitivity.

In a complex market environment, investors are looking to their advisors to help them unlock the full range of benefits that these investments can add to a portfolio and to guide them through the real assets mix and amount of exposure to public and private markets might best suit their circumstances. This is an opportunity to look beyond traditional investments and explore how private real estate and infrastructure can turn inflation from a risk to manage into an opportunity to harness.

As clients consider private market allocations, The Alts Institute offers a comprehensive platform with client-friendly resources, advanced asset-allocation insights, and best practices to support informed portfolio decisions aligned with evolving investment priorities.

Endnote

1. **Survey Methodology:** Brookfield commissioned CoreData Research to conduct an online survey of 600 wealth managers with an average practice AUM of US$657 million, and 60 fund selectors in the US, Canada, the U.K. and Switzerland responsible for evaluating alternative asset managers and products for firm platforms regionally and globally from February to April 2026.

   The Alts Institute Alternative Investing Survey responses reflect the views of participants at the time of the survey and may not be representative of all investors. The results presented herein are not indicative of future outcomes or investment behavior. This material is provided for informational and educational purposes only.

Brookfield Private Wealth LLC is registered as a broker-dealer with the U.S. Securities and Exchange Commission (SEC) and is a member of FINRA and the Securities Investor Protection Corporation (SIPC). Brookfield Private Wealth LLC is a wholly owned subsidiary of Brookfield.

The information contained herein is for educational and informational purposes only and is not intended as and may not be relied on in any manner as legal, tax or investment advice, as a recommendation, or as an offer to sell or a solicitation of an offer to buy any securities offered by Brookfield Corporation and its affiliates (together, “Brookfield”). Brookfield may not have verified (and disclaims any obligation to verify) the accuracy or completeness of any information included herein, including information that has been provided by third parties, and you cannot rely on Brookfield as having verified any of the information. Any outlooks or forecasts presented herein are as of the date appearing in this material only and are also subject to change without notice. **Past performance is not indicative of future performance, and the value of investments and the income derived from those investments can fluctuate.**

Index Provider Disclaimer

The quoted indexes within this publication are unmanaged and cannot be purchased directly by investors. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment. There may be material factors relevant to any such comparison, such as differences in volatility or regulatory and legal restrictions between the indexes shown and any investment in a Brookfield strategy, composite or fund. Brookfield obtained all index data from third-party index sponsors and believes the data to be accurate; however, Brookfield makes no representation regarding its accuracy. Indexes are unmanaged and cannot be purchased directly by investors.

Brookfield does not own or participate in the construction or day-to-day management of the indexes referenced in this document. The index information provided is for your information only and does not imply or predict that a Brookfield product will achieve similar results. This information is subject to change without notice. The indexes referenced in this document do not reflect any fees, expenses, sales charges or taxes. It is not possible to invest directly in an index. The index sponsors permit use of their indexes and related data on an “as is” basis, make no warranties regarding same, do not guarantee the suitability, quality, accuracy, timeliness and/or completeness of their index or any data included, related or derived from it, and assume no liability in connection with the use of the foregoing. The index sponsors have no liability for any direct, indirect, special, incidental, punitive, consequential or other damages (including loss of profits). The index sponsors do not sponsor, endorse or recommend Brookfield or any of its products or services. Unless otherwise noted, all indexes are total-return indexes.

MSCI makes no express or implied warranties or representations, and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices, any securities or financial products. This report is not approved, reviewed or produced by MSCI.

Index Definitions

Bloomberg U.S. Aggregate Index is a broad-based, market capitalization-weighted bond market index representing intermediate-term investment-grade bonds traded in the United States.

Consumer Price Index (CPI) is a measure of the average change in prices over time in a fixed market basket of goods and services.

Preqin Infrastructure Index captures the average returns earned by investors in their infrastructure portfolios, based on the actual amount of money invested.

Preqin Private Real Estate Index captures in an index the return earned by investors on average in their private real estate portfolios, based on the actual amount of money invested in private capital partnerships.

MSCI World Index captures large and mid-cap representation across 23 developed markets. The index covers approximately 85% of the free-float-adjusted market capitalization in each country.

Forward-Looking Statements

The information herein contains, includes or is based on forward-looking statements within the meaning of the federal securities laws, specifically Section 21E of the Securities Exchange Act of 1934, as amended, and Canadian securities laws. Forward-looking statements include all statements, other than statements of historical fact, that address future activities, events or developments, including, without limitation, business or investment strategy or measures to implement strategy, competitive strengths, goals, expansion and growth of our business, plans, prospects and references to our future success. You can identify these statements by the fact that they do not relate strictly to historical or current facts. Words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe” and other similar words are intended to identify these forward-looking statements. Forward-looking statements can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining our actual future results or outcomes. Consequently, no forward-looking statement can be guaranteed. Our actual results or outcomes may vary materially. Given these uncertainties, you should not place undue reliance on these forward-looking statements.

BPW00740

Contact Us

privatewealth.brookfield.com

privatewealth@brookfield.com

Follow us on LinkedIn