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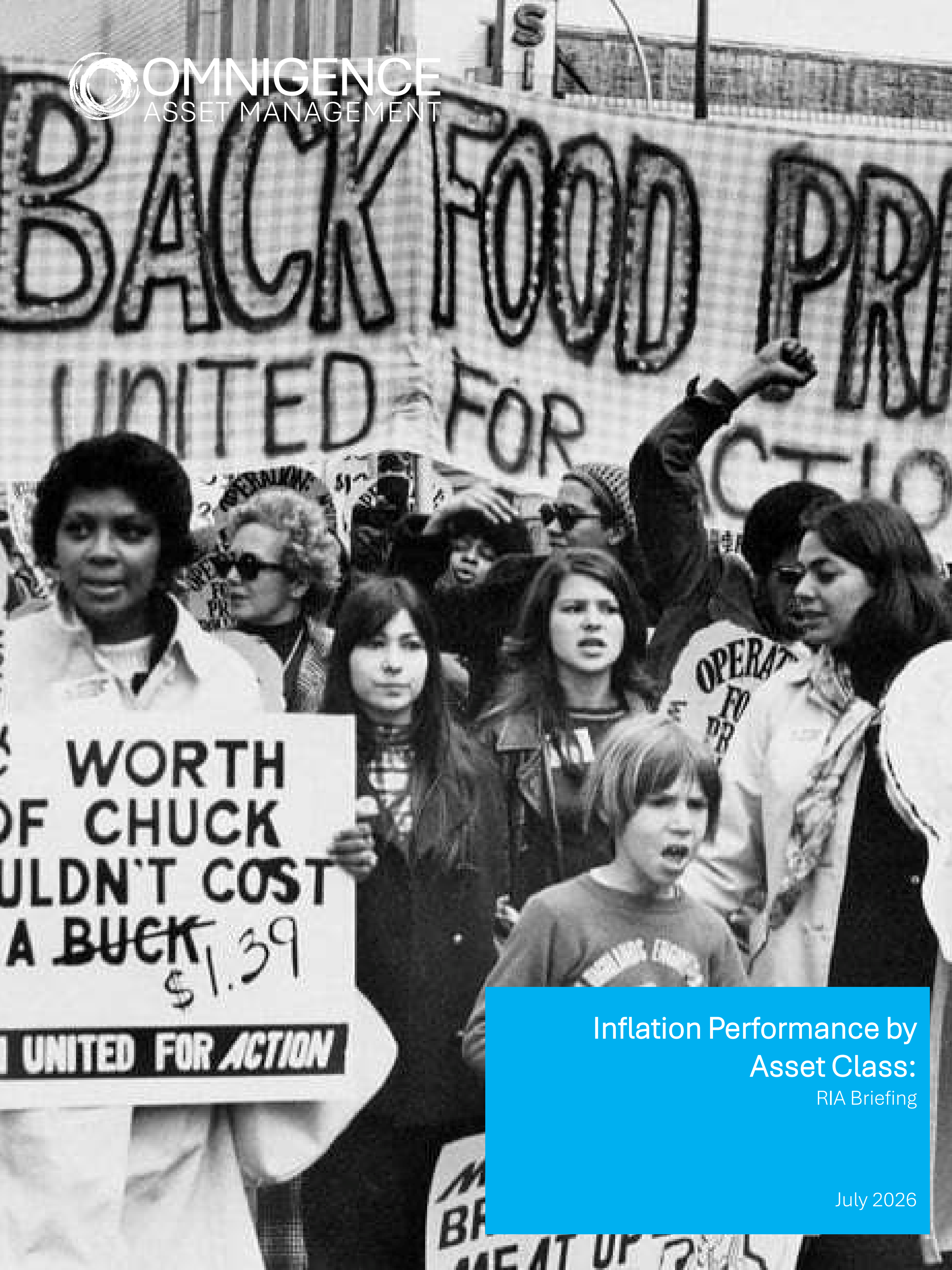


Inflation Performance by Asset Class:

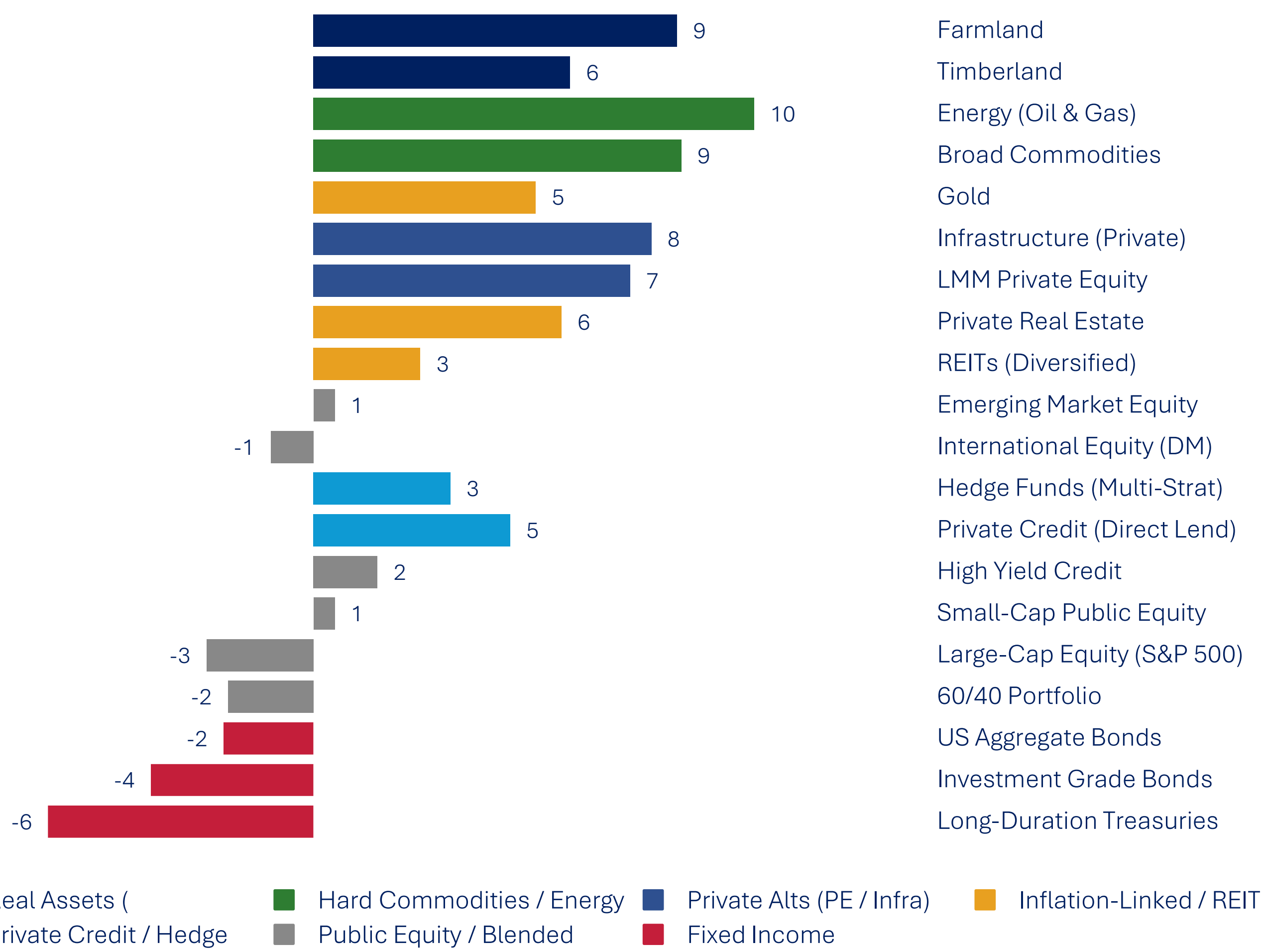
RIA Briefing

July 2026

Inflation Performance by Asset Class

Not all asset classes respond equally to inflation. High-inflation regimes (CPI above 4%) expose a clear performance hierarchy: real assets and hard-commodity-linked strategies outperform, financial assets underperform, and long-duration fixed income is the worst place to be. The critical distinction is between assets with pricing power -- the ability to pass inflation through to revenue -- versus assets whose cash flows are fixed in nominal terms. Farmland, timberland, and infrastructure sit at the top of the hierarchy because their revenues re-price with inflation in near real time. LMM private equity captures operational alpha on top of the inflation re-pricing that public equity misses through multiple compression.

REAL RETURNS TO ASSET CLASS IN HIGH INFLATION PERIODS (est)



Farmland's inflation edge is structural: crop prices and land rents re-price with food inflation, soil is finite, and annual crop operating income carries no duration risk. Timberland adds a biological growth component that is independent of the inflation cycle entirely. LMM private equity captures inflation pass-through that large-cap public PE cannot -- smaller companies have less analyst coverage, more pricing flexibility, and operational improvement levers that re-rate valuations faster than public multiples adjust. Long-duration fixed income is the single worst inflation hedge: every 100bps of unexpected inflation permanently impairs the real value of a 30-year bond. The post-2020 inflation episode confirmed what 1970s data showed: the real asset hierarchy is not a historical anomaly -- it is a structural feature of how inflation flows through the economy.

Sources: NCREIF Farmland Index; NCREIF Timberland Index (1987-2024); NAREIT All Equity REITs Index; Bloomberg Commodity Index; Federal Reserve FRED CPI; AQR, NBER, and Ibbotson Associates inflation regime research. Inflation regimes: CPI >4% periods 1972-1982, 2000-2001, 2007-2008, 2021-2023. Real returns = nominal return minus concurrent CPI, annualised across identified regimes. IMPORTANT: LMM private equity, private infrastructure, and private credit figures are illustrative estimates — no long-run index data exists for these categories across all four regimes. Gold inflation hedging is episodic, not systematic (statistically insignificant on a long-run basis per TIRE Research 2025). Energy and commodity figures carry high cross-period dispersion. This chart should be used for directional comparison only.

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Toronto Office:
TD Canada Trust Tower, 161 Bay St.
27th Floor, P.O. Box 508
Toronto, ON, M5J 2S1

Calgary Office:
Suite 300, 4954 Richard Road SW
Calgary, AB, T3E 6L1

Montreal Office:
3 Place Ville Marie, Suite 3190
Montreal, QC H3B 2E3
www.omnigenceam.com