

## Summary

- Higher interest rates have had the desired effect of reducing inflation prints, while also reducing economic growth.
- Secure income real assets remain attractive to investors seeking long-dated, inflation-linked income to meet liabilities and diversify their portfolios. The prospect of interest rates falling from their recent highs is supportive of valuations albeit tempered by economic uncertainty.
- The growing European long income property market provides a good source of such assets, with greater than EUR1bn of pipeline to a diversified set of sectors and pan European geographies.

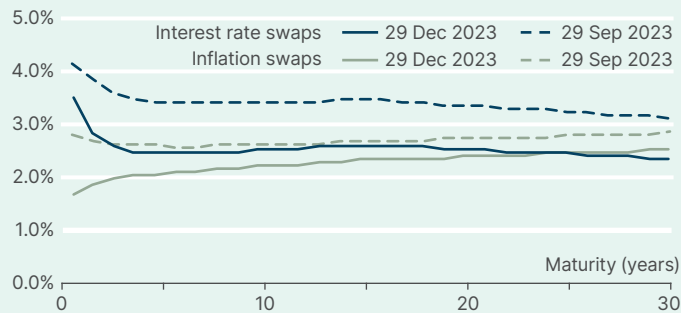
## Macro picture

<b>10 year nominal Bund yield</b>	<b>2.02%</b>	<b>Irish CPI (y/y)</b>	<b>4.60%</b>
<b>German CPI (y/y)</b>	<b>3.70%</b>	<b>Dutch CPI (y/y)</b>	<b>1.20%</b>

Sources: Bloomberg, End December 2023

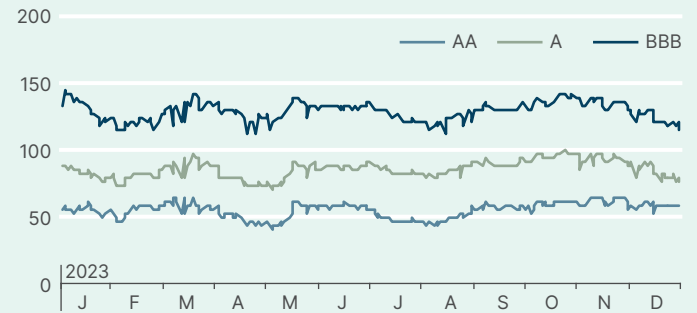
## Euro area rates, inflation expectations and credit

### Interest rates and inflation expectations



Source: Refinitiv

### Credit spreads



Source: Refinitiv

### Rates and inflation

- European interest rates have substantially decreased over the most recent quarter – by around 1% across all but very short maturities.
- Inflation expectations are also lower across all tenors.

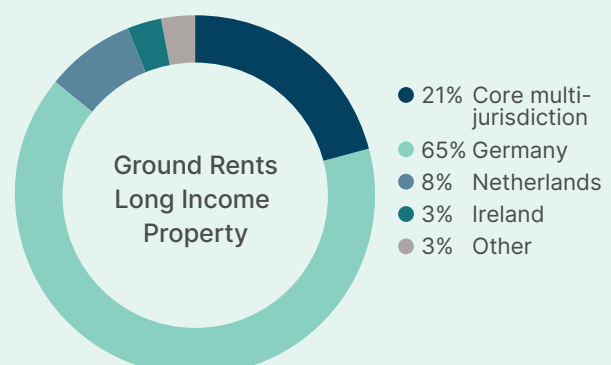
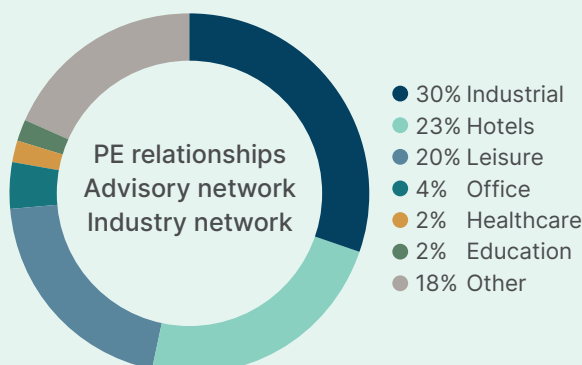
### Credit

- Credit spreads for BBB and A rated debt have fallen over Q4.
- AA rated debt spreads remained at similar levels to those at the start of the quarter.

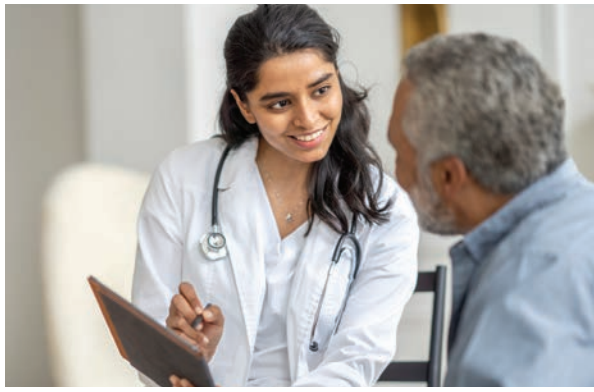
## European Long income – a large and diverse opportunity set

### Priority pipeline of opportunities across diverse range of sectors and countries.

- >€1 billion identified pipeline of multi-sector opportunities in target countries
- Short capital queue, estimated deployment c.3-6 months



Source: AlphaReal as at Q2 2023



# Real assets. Real security.

AlphaReal is a specialist secure income investment manager. We originate, structure, and manage real assets for pension schemes and insurers, operating across the UK and Europe. Our trusted investment solutions deliver predictable, inflation-linked cashflows.

We specialise in Commercial Ground Rents – where we are the market leader in the UK – Social Infrastructure, Renewable Infrastructure and Alternative Credit.

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