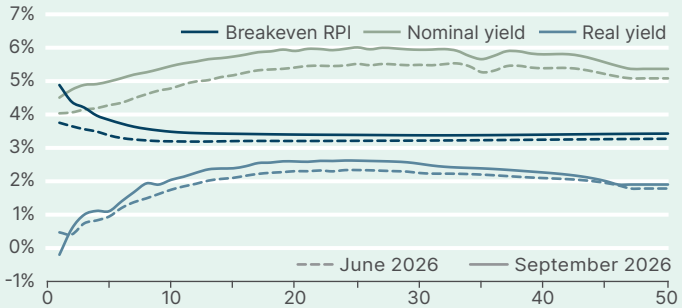
Market Monitor Q3 2026

AlphaReal
Real assets. Real security.

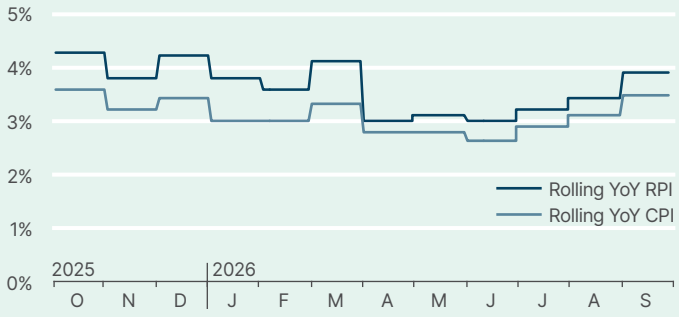
Rates, inflation and credit spreads

Gilt yield curves



Source: Refinitiv – September 2026

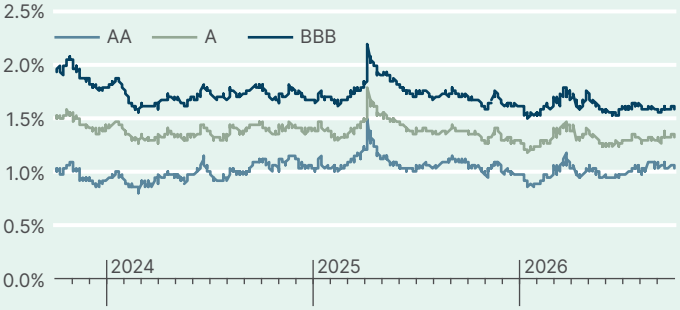
12 month rolling inflation



Source: Refinitiv – September 2026

- Over the quarter, the nominal gilt yield curve shifted upwards, increasing by approximately 65 basis points (bps) at the short end and around 33bps at the long end. Real yields also moved higher, increasing by roughly 9bps at the short end and 8bps at the long end. As a result, the average increase across the breakeven inflation curve is 29bps.
- Reported inflation has Increased over the quarter. CPI has Increased from 2.6% in June to 3.5% in September. RPI has Increased from 3.0% to 3.9% over the same period. Markets are pricing in an almost certain 25bps increase in the Bank of England base rate, from 3.75% to 4.00%, at the November MPC meeting. The probability of a further 25bps increase in December is currently at 50%.
- Credit spreads (over swaps) have experienced some volatility over the quarter with no significant movements. There has been minor increases by 6bps in AA and 5bps in A, and no material movement in BBB.

Credit spreads



Source: Refinitiv 10 year non-financial GBP bonds – September 2026. Spreads shown are over swaps.

Secure income market update



Spreads remain compelling for secured long income assets

- Spreads for Renewables Infrastructure range from c.190bps on the lower end to c.340bps on the upper end.
- Long Lease Real Estate spreads reach up to c.290bps at the upper end of the range, while Social Infrastructure investments typically range between c.110 - 360bps over highlighted elevated 20yr gilt yields.
- Spreads over risk-free yields for Commercial Ground Rents and Income Strips have remained relatively stable over the quarter, despite the yield on the 30yr gilt reaching its highest in over 20 years.

Asset class definitions

Corporate Bonds: iBoxx £ Non-Financials A to BBB 10+ year spread.

Renewable Infrastructure: Inflation-linked cashflows from operational or in-construction unlevered wind and solar infrastructure assets subject to Feed-in Tariff (FIT), Renewable Obligation Certificate (ROC) regimes or Contracts for Difference (CfDs).

Long Lease Real Estate: 15+ year inflation-linked leases on commercial real estate. Traditional sale & leasebacks fall within this market.

Social Infrastructure: 15-20+ year inflation-linked leases on operational real estate across the housing, healthcare and education sectors.

Income Strips: 30+ year inflation-linked leases on commercial real estate where the lessee has an option to purchase the real estate back at the end of the lease for a nominal amount (e.g. £1).

Commercial Ground Rents: 50+ year inflation-linked leases on commercial real estate, with a higher degree of rental and value cover than a traditional sale & leaseback.

Sources: AlphaReal (for illustrative purposes only and for typical transactions available to pension schemes in these asset classes). Data as at 30 September 2026. The future returns and opinions expressed are based on AlphaReal internal forecasts and should not be relied upon as indicating any guarantee of return from an investment managed by AlphaReal nor as advice of any nature. Source of corporate bond spreads: Refinitiv 10 year non-financial GBP bonds – 30 September 2026.

AlphaReal Seminar 2026

AlphaReal recently hosted its annual seminar at The Soho Hotel, bringing together more than 60 institutional investors, consultants, OCIOs, insurers, trustees and LGPS representatives to discuss the evolving investment landscape and the implementation of private market strategies.

The discussions throughout the day reflected a continuing shift towards practical, implementation-focused investment solutions. Private credit and secure income strategies remain attractive in a higher-for-longer yield environment, while governance, portfolio construction and risk management continue to be important considerations for investors increasing their exposure to private markets. The seminar also explored how insurers, OCIOs and larger pension schemes are scaling their allocations to private assets, and the potential role for specialist managers with differentiated capabilities.



A strong line-up of industry speakers and AlphaReal specialists shared their perspectives throughout the day. We were pleased to welcome John Dewey of Northern LGPS, Kerrin Rosenberg of Marsh and Sorca Kelly-Scholte of Falcon Trustees onto our first panel, and Ben Mitchell of L&G, Chetan Ghosh of Schroders and Mark Thompson, Independent Trustee, to the second panel discussion.

Bringing the day to a close was England cricket legend, Devon Malcolm. One of the most memorable fast bowlers of his generation, Devon shared stories from his international career and reflected on the experiences, pressures and opportunities that came with representing his country at the highest level. His personal account provided an engaging and memorable conclusion to the day, offering a perspective beyond investment markets on performance, resilience and competing at an elite level.



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