OPPENHEIMER
ASSET MANAGEMENT

Research **Whitepaper**
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The Case for Real Assets Persists

Six Structural Forces Reshaping Growth, Inflation, and Portfolio Construction

Debt and deficits, deglobalization, destabilized geopolitics, demographics, de-dollarization, and decarbonization are transforming the global economy—potentially fostering a more inflationary, resource-constrained, and volatile environment. These durable, secular trends are influencing trade, labor, energy systems, and capital flows, reinforcing demand for tangible, income-generating, and inflation-sensitive assets. Together, they underpin a compelling long-term case for real assets—including infrastructure, real estate, and commodities—as investors seek diversification, income, and resilience in an evolving macro landscape.



Debt (& Deficits)

Why it matters:
U.S. debt exceeds $39 trillion, with growing deficits and interest costs nearing $1 trillion.[1] Elevated government spending will likely drive continued inflationary pressure.

Implication:
Environments marked by elevated borrowing and inflation have historically supported real assets with pricing power, including infrastructure and real estate.



Deglobalization

Why it matters:
Global supply chains are shifting—as resilience and supply chain control take priority over cost efficiency.

Implication:
This transition supports demand for industrial real estate, logistics networks, power systems, and domestic manufacturing assets.



Destabilized Geopolitics

Why it matters:
Global military spending has reached record levels (~$2.9 trillion)[2], while rising tensions are reshaping trade, energy markets, and government spending priorities.

Implication:
These dynamics support demand for energy, commodities, and strategic infrastructure, particularly where reliability, security, and domestic capacity are critical.



Demographics

Why it matters:
By 2030, 1 in 6 people globally will be over age 60.[3] An older population, along with immigration policy, are tightening labor supply and contributing to upward wage pressure.

Implication:
Aging populations support demand for healthcare infrastructure, senior housing, and specialized real estate, alongside inflation-sensitive income streams.



De-dollarization

Why it matters: The U.S. dollar's share of reserves has declined to 57% (from 71% in 2000), while central banks continue elevated gold accumulation.[4]

Implication: These trends support gold, commodities, and real assets as alternative stores of value.



Decarbonization

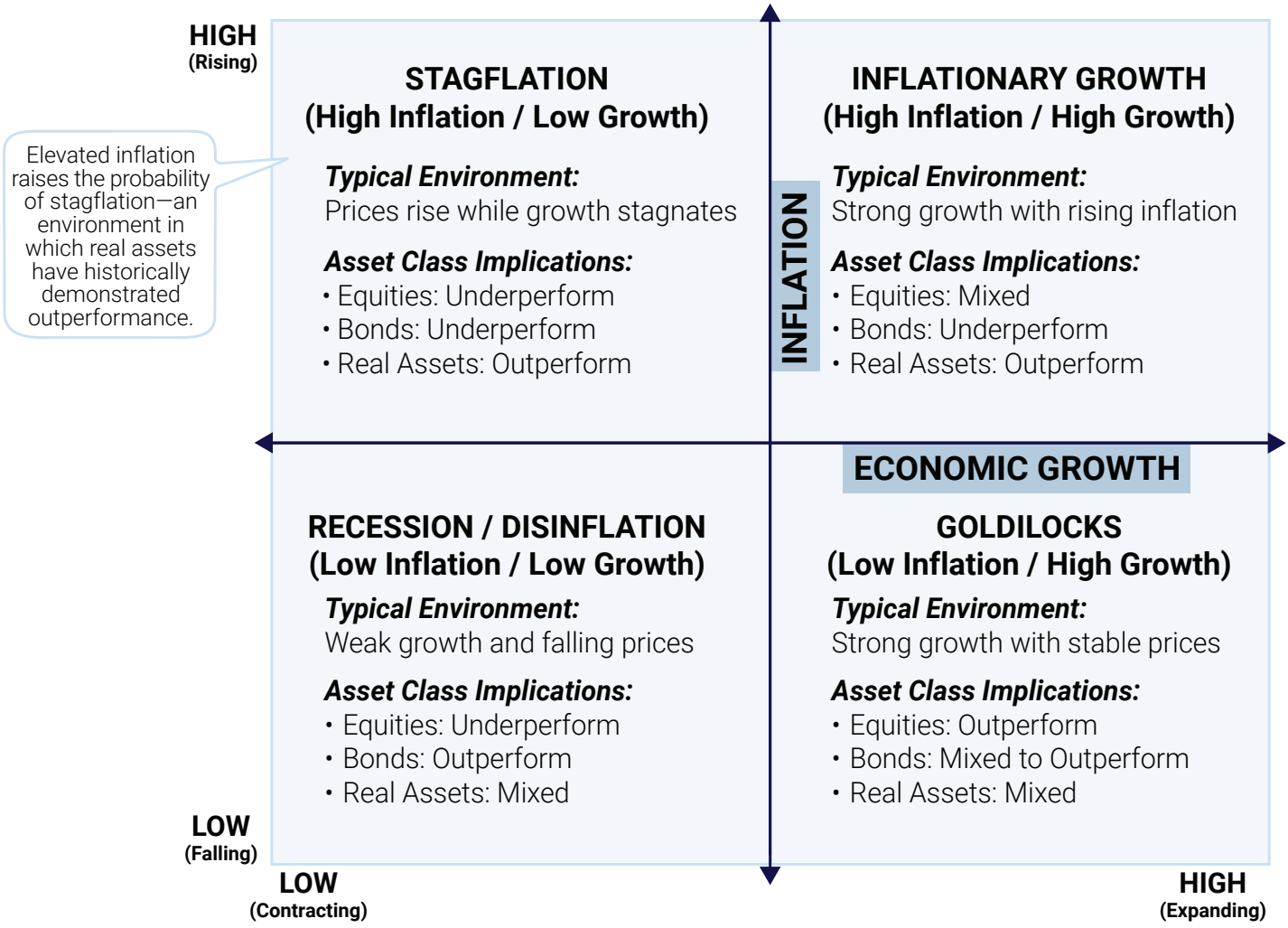
Why it matters: Global energy investment now exceeds $3 trillion annually,[5] supporting a transition that includes renewables, nuclear energy, and system modernization.

Implication: Opportunities span renewables, nuclear, grids, storage, critical materials, and transitional energy assets (including natural gas).

Real Assets Across Inflationary Environments

The framework below illustrates how different combinations of growth and inflation have historically influenced asset class performance. Periods of elevated inflation, volatility, and geopolitical instability can increase the likelihood of stagflationary outcomes—an environment in which real assets have demonstrated relative resilience. Across cycles, real assets may provide diversification benefits, with performance varying by segment and macro backdrop. As such, understanding how these assets behave across different inflationary environments can help inform a more balanced and adaptable portfolio approach.

Asset class implications reflect potential performance relative to long-term averages.



The views expressed herein reflect OAM Research & Investment Management's current assessments and are subject to change. Past performance of any asset class is not indicative of future results.

Six Structural Forces in Detail

While six structural forces provide a high-level framework, the underlying drivers within each theme warrant closer examination. The following expands on these dynamics, highlighting how they are evolving and where their impact may be evident across real asset categories.



Debt (& Deficits)
The U.S. national debt has climbed to nearly $39 trillion, while annual interest payments continue to increase. Federal deficits have remained historically elevated following the pandemic-era fiscal response and subsequent spending initiatives. In OAM Research & Investment Management's view, high debt burdens combined with a higher-for-longer rate backdrop may sustain inflationary pressures beyond those observed in recent years. Infrastructure assets often benefit from inflation-linked cash flows, real estate can adjust rents higher over time, and commodity-oriented investments have historically attracted investor interest during periods of fiscal concern.



Deglobalization
Global supply chains are undergoing a meaningful transformation. For decades, corporations optimized production by concentrating manufacturing in the lowest-cost regions globally. The pandemic exposed vulnerabilities in these models, while rising trade tensions have accelerated reshoring, nearshoring, and "friend-shoring" strategies. Production costs may rise relative to the globalization era that preceded it, leading to structurally higher inflation while simultaneously driving demand for industrial infrastructure, logistics facilities, transportation networks, utilities, and manufacturing-related real estate.



Destabilized Geopolitics
The geopolitical backdrop has become increasingly fragmented and unpredictable. Ongoing military conflicts, strained trade relationships, and heightened national security concerns have created renewed uncertainty across global markets and commodity supply chains. Energy markets remain particularly sensitive to disruption, and instability affecting critical infrastructure may contribute to sustained price volatility. At the same time, governments are prioritizing defense capabilities, energy independence, and strategic infrastructure—supporting long-term demand for physical assets and infrastructure investment.



Demographics
An aging population and tighter immigration policies may collectively constrain labor supply while increasing long-term fiscal pressures. In OAM Research & Investment Management's view, tighter labor markets could place upward pressure on wages and inflation over time, while rising senior entitlement obligations—alongside increased healthcare and retirement-related spending—may contribute to continued government deficits and debt expansion. Aging populations also drive demand for healthcare infrastructure, senior housing, medical facilities, and related real estate—representing a durable, long-term demand driver for specialized real assets.



De-dollarization
Although the U.S. dollar remains the world's dominant reserve currency, growing geopolitical fragmentation and shifting trade relationships have increased discussion around long-term de-dollarization. While a meaningful shift is unlikely in the near term, uncertainty surrounding the global monetary order may increase interest in tangible stores of value and alternative reserve assets. Historically, precious metals and certain commodity-oriented assets have benefited during periods of currency uncertainty, geopolitical instability, and declining confidence in fiat systems.



Decarbonization
The global transition toward lower-carbon energy systems continues to reshape infrastructure investment priorities. Long-term investment in renewable energy, electrical grids, battery storage, and energy transportation networks is expected to remain substantial. At the same time, traditional energy infrastructure remains critical during the transition—natural gas infrastructure, in particular, may continue to play a key role as economies balance reliability, affordability, and emissions goals. In addition, renewed interest in nuclear energy is contributing to a more diversified approach to energy security. Recent geopolitical disruptions, including the Iran conflict, have also supported increased electric vehicle adoption. This dynamic creates opportunities across both renewable and traditional energy-related real assets.

The structural dynamics shaping today's environment suggest that traditional portfolio assumptions may require reassessment. As inflation, volatility, and geopolitical complexity evolve, real assets can play an increasingly important role by providing diversification, income potential, and sensitivity to underlying economic conditions. OAM Research & Investment Management believes that thoughtfully allocated exposure to real assets remains a compelling component of a modern, well-constructed portfolio.

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Risk factors specific to certain asset classes include:

Equities: Equity investments are subject to market risk, including the potential for loss of principal. Stock prices may fluctuate due to company specific events, industry developments, or broader economic and geopolitical conditions.

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[1] U.S. Treasury; Joint Economic Committee; Peter G. Peterson Foundation; Congressional Budget Office (2026 estimates).
[2] Stockholm International Peace Research Institute (SIPRI), Trends in World Military Expenditure 2025 (April 2026).
[3] World Health Organization, Ageing and Health Fact Sheet (2025).
[4] International Monetary Fund (IMF), Currency Composition of Official Foreign Exchange Reserves (COFER) (2026); World Gold Council.
[5] International Energy Agency (IEA), World Energy Investment Report 2025.

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