



For today's investor

Aviva Investors Real Assets Study 2020

Navigating disruption: Challenges and opportunities

November 2020

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Foreword by Mark Versey

Where does one begin trying to neatly summarise the events of 2020 and their impact for real assets? Risk was certainly on the minds of our investment teams and our clients as we started the year but, to paraphrase an old boxing analogy, it's the risks you don't see that cause the most damage.

At the time, we were already aware through media reports of a mysterious pneumonia outbreak in the Chinese city of Wuhan. But few would have predicted this would quickly morph into a global pandemic, causing devastating loss of life and a sharp economic contraction as measures to control the spread of the disease hit activity.

There have been many times over the past decade where investors have had cause to question the wide disconnect between market signals and economic reality. But few things have made less sense (to me at least) as the S&P 500 hitting an all-time high in February, even as the risks of a global health crisis were becoming obvious and as businesses everywhere were making contingency plans and preparing for the worst.

As the world went into lockdown, and public markets fell indiscriminately, attention within real assets was instead focused on the immediate and profound effects COVID-19 had on the built environment. For a world that depends on 'bringing people together', social distancing led to a completely new risk factor. Thriving business districts became ghost towns overnight; shops, hotels and restaurants closed their doors; roads and airports became eerily silent. Office occupiers adapted rapidly with remote working plans kicking in; airports simply closed.

Making accurate forecasts about the consequences of a sudden, unexpected crisis is, of course, far easier said than done. Conversations about the demise of the high street began to blur into discussions on the death of offices.

But as long-term investors, we must look through the upside-down world we are experiencing today to a more positive environment, one where we will be rewarded for patience. We have revised our outlook on the long-term thematic drivers for investment; there can be little doubt the crisis will accelerate many existing structural shifts, increase the focus on environmental, social and governance factors and lead to many new opportunities.

It is reassuring to know the consensus view of over a thousand senior investment professionals at pension funds and insurers that took part in our 2020 Real Assets Study is one of continued support for real estate, infrastructure and private debt.

The study provides fascinating insights into their views on the pandemic and where they see the biggest opportunities and risks. We are by no means over this crisis, but investors are wisely continuing to play the long game.



Mark Versey,
Chief Investment Officer,
Aviva Investors Real Assets

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Methodology

This research was conducted in July 2020, with 1,067 insurance companies and pension funds.



Breakdown of investment decision makers in 532 insurance companies & 535 pension funds across Europe (519), North America (330) and Asia (218).

Countries within these regions include those listed below.

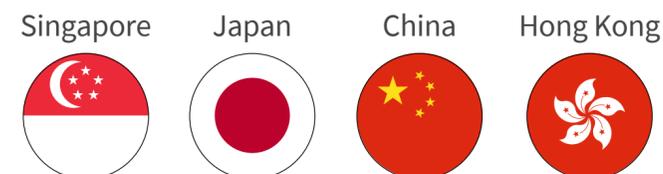
Europe:



North America:



Asia:



Note: As a consequence of rounding up percentage results, the answers to some questions might not always add up to 100%. The breakdown of respondents outlined above applies across all graphs in this document unless otherwise stated.

How the research has evolved

2018 research

Respondents: 252
 Insurance: 127
 Pension: 125
 Countries: 9

2019 research

Respondents: 500
 Insurance: 250
 Pension: 250
 Countries: 11

2020 research

Respondents: **1,067**
 Insurance: **532**
 Pension: **535**
 Countries: **34**

Research was conducted online, allowing respondents to complete the survey at a time and on a device most convenient to them.

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Executive summary

Executive summary

Real assets have been in the eye of the storm during the coronavirus pandemic – but according to our poll of more than 1,000 global insurers and pension funds, the worlds of infrastructure, real estate and private debt still retain their appeal, even if fundamental changes are affecting them.

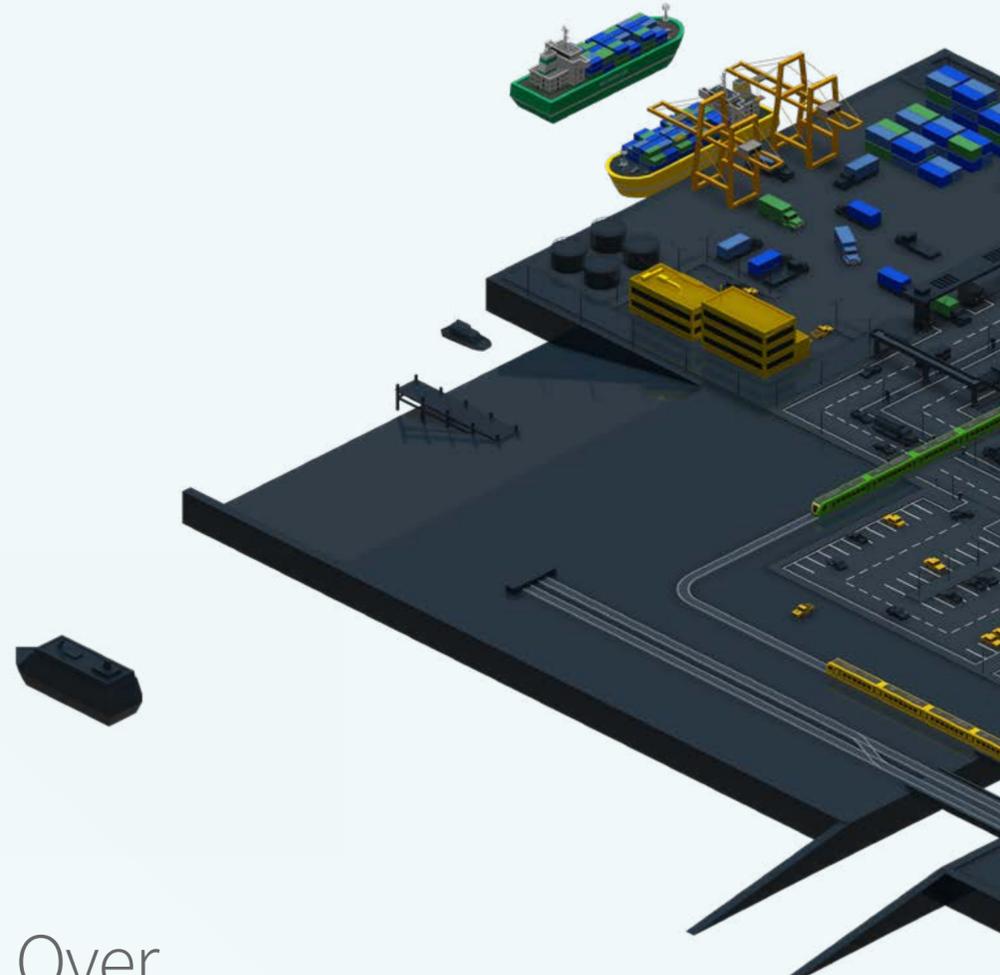
With many companies demonstrating they can continue to operate at, or close to, full capacity despite most of their employees working from home, will there ever be a full return to the office? How will airports and international travel bounce back? Will city centres revive, or will we retreat to the suburbs? And what are the implications for infrastructure investment as governments turn on the spending taps to stimulate their economies?

These are the questions uppermost in the minds of the 532 insurance companies and 535 pension funds we polled during July 2020, in one of the first comprehensive assessments of investor sentiment during the pandemic.

Answers vary according to where investors are based, as we polled decision makers from major European countries, the United States and Canada, China, Japan, Singapore and Hong Kong.

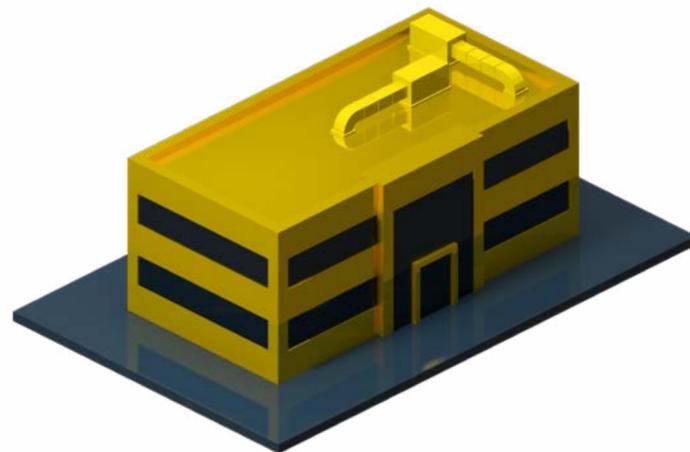
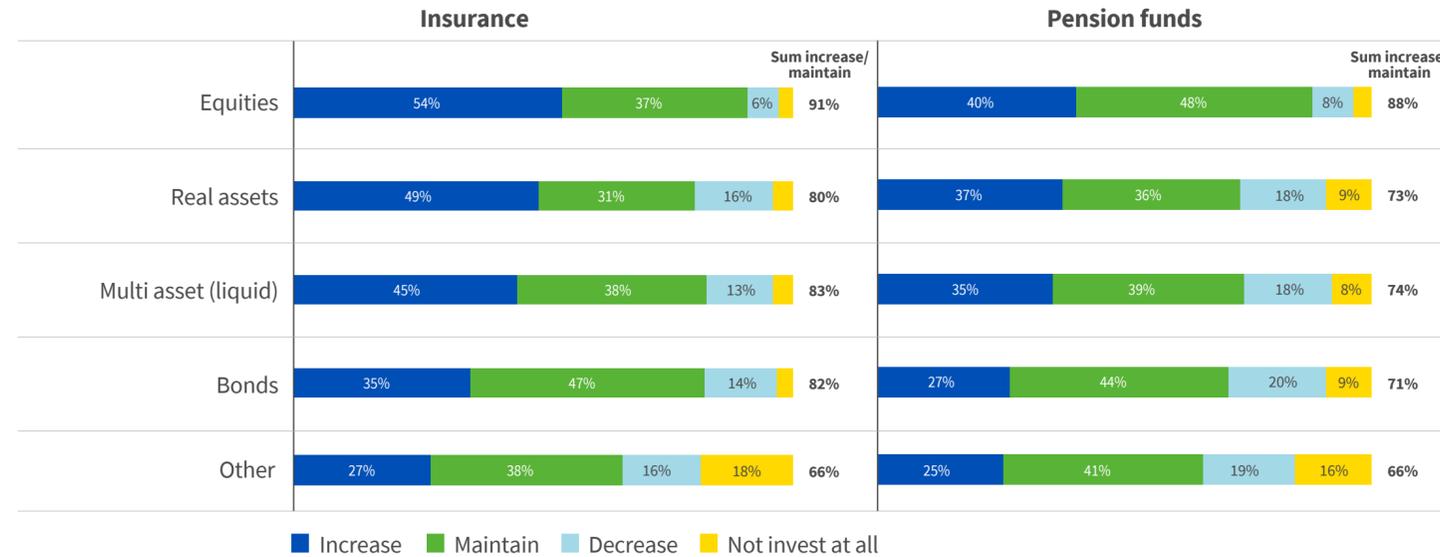
There is optimism about the resilience of real assets, concern about the economic impact of social distancing, a new interest in the social value element of the environmental, social and governance (ESG) agenda and curiosity about the investment potential of people working from home.

Geographically, real assets are most popular among insurance companies in Asia, and among pension fund investors in North America.



Over
40%
of those surveyed want
to increase allocations
to real assets

How do you expect to change your allocation to the following investments over the next 12 months?



In the United Kingdom, Aviva Investors’ managing director, infrastructure, Darryl Murphy, calls for an ‘infrastructure revolution’ to help lift the economy out of its coronavirus-induced malaise, arguing private capital can play a huge part in delivering on this ambition.¹

Murphy believes renewables and broadband will be the most likely homes for private-sector investment in UK infrastructure, given controversies surrounding Britain’s Private Finance Initiative, but other governments will be more open to investment with public finances under pressure.

However, there is no doubt that COVID-19 casts a long shadow in some areas, with financial instability, social distancing, supply-chain disruption and evolving consumer patterns all weighing heavily on investors’ minds around the world.

Financial instability is a major concern of North American insurance investors, particularly ahead of a US election where the economy will feature heavily in the debate.

The impact of social distancing is understandably a worry for respondents to this year’s study. Employers are wrestling with how to re-open offices and other workplaces, with as little as 30 per cent capacity allowed by some governments.

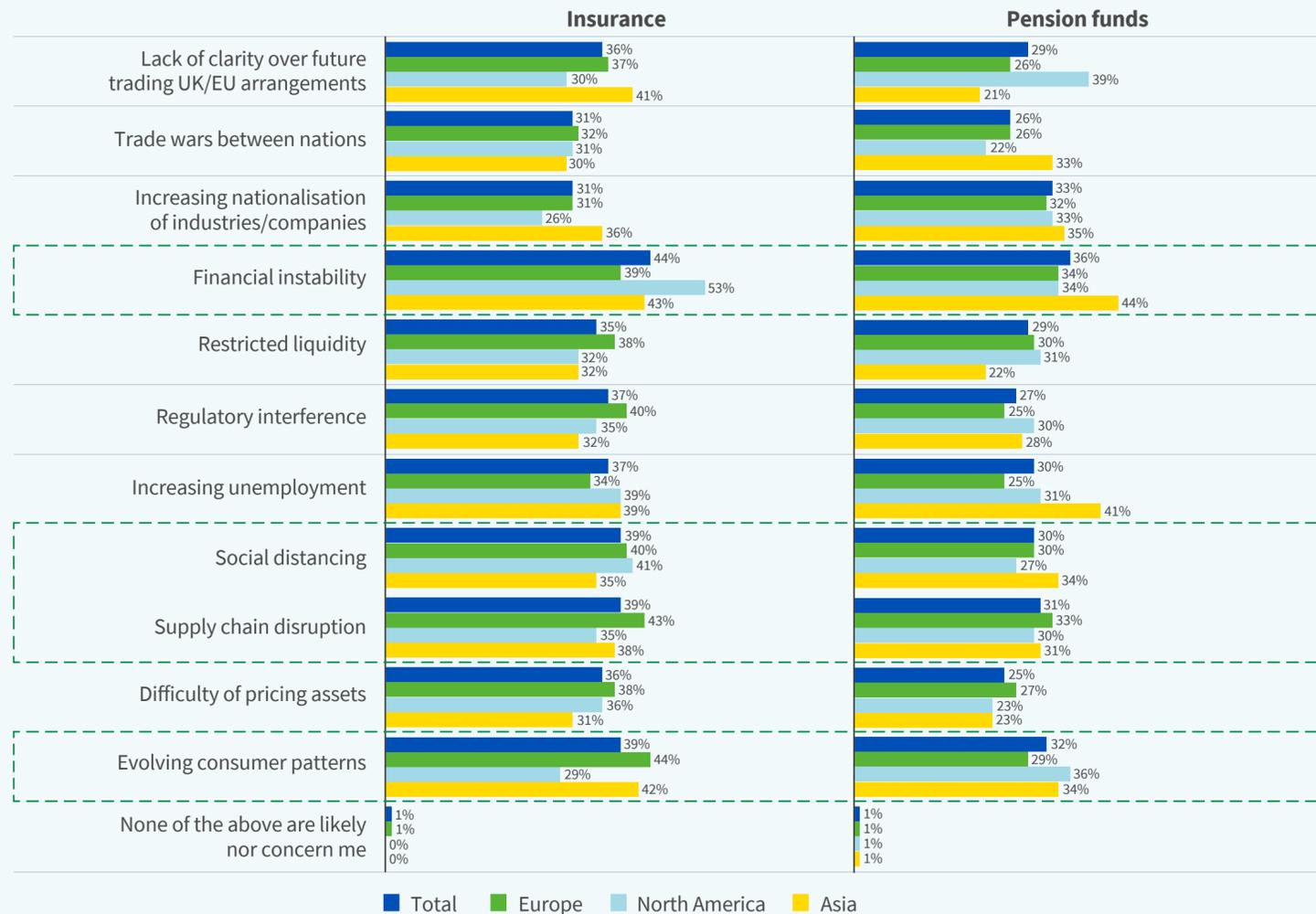
Reviving public transport networks is also attracting attention, as people continue to venture warily back on to mass transit systems that have attracted large amounts of private capital.

Evolving consumer patterns are also a concern to European pension funds, with many of the continent’s shopping centres (in particular in the United Kingdom) continuing to suffer from reduced footfall.

1. <https://www.avivainvestors.com/en-gb/views/aiq-investment-thinking/2020/07/10-point-uk-infrastructure-plan>

Whether you do or don't currently invest in real assets...

Which of the following do you think are both likely and a concern for real assets investment over the next 12 months?



Aviva Investors' Chris Urwin and Jonathan Bayfield analysed the longer-term prospects for the retail, office and logistics sectors in a June 2020 paper, 'Tomorrow's world: COVID-19 and the long-term future of commercial real estate'.²

They argue many consumers may now go to physical stores less often, but the most resilient locations will be those that combine shopping and leisure – places where people choose to spend their time rather than feeling shopping is a chore. These are also the places most likely to rebound first.

Urwin and Bayfield believe there is a strong future for the office – but “office space that facilitates collaboration will continue to be sought after.

“While relationships can be maintained at a distance, it is difficult to build them without being in the same room. Furthermore, while it may be possible to continue to do a challenging job while working from home, it is far harder to learn a complex role without sitting alongside colleagues.

“Before this crisis, we were seeing polarisation in the office market. Lower-value locations have been challenged by the prospect of greater automation, and demand for commoditised space has been hit by the rise of co-working. Increased working from home will add to these stresses.”

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2. <https://www.avivainvestors.com/en-gb/views/aiq-investment-thinking/2020/06/commercial-real-estate-future-covid-19>

Carlo Ratti, a professor at the Massachusetts Institute of Technology, says: “Perhaps in the future it will be possible to mimic physical serendipity and form weak ties online. But for now, online platforms appear ill-equipped to do so.

“On the contrary, they often actively filter out unknown individuals or opposing ideas... offices, which facilitate deeper interactions among diverse acquaintances, can be a particularly powerful corrective.”³

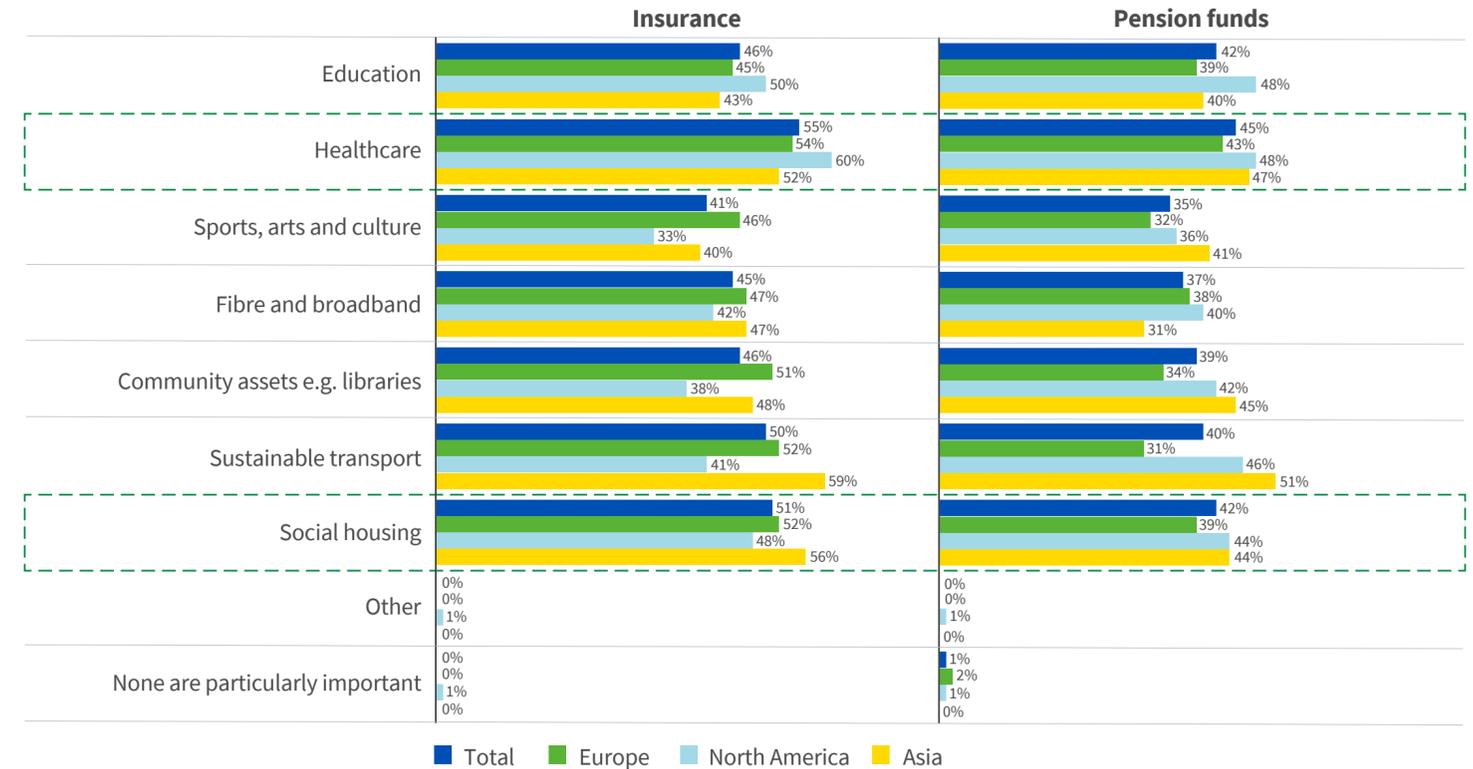
Investor perceptions of ESG have been transformed in the last year. While the environmental agenda has maintained its prominence, the social element has soared in importance as communities around the world rallied around key workers and the vulnerable.

Healthcare and social housing are now considered to be key assets to include in global pension and insurance portfolios, with healthcare appetite particularly strong in North America. Asia has strong appetite for sustainable transport.

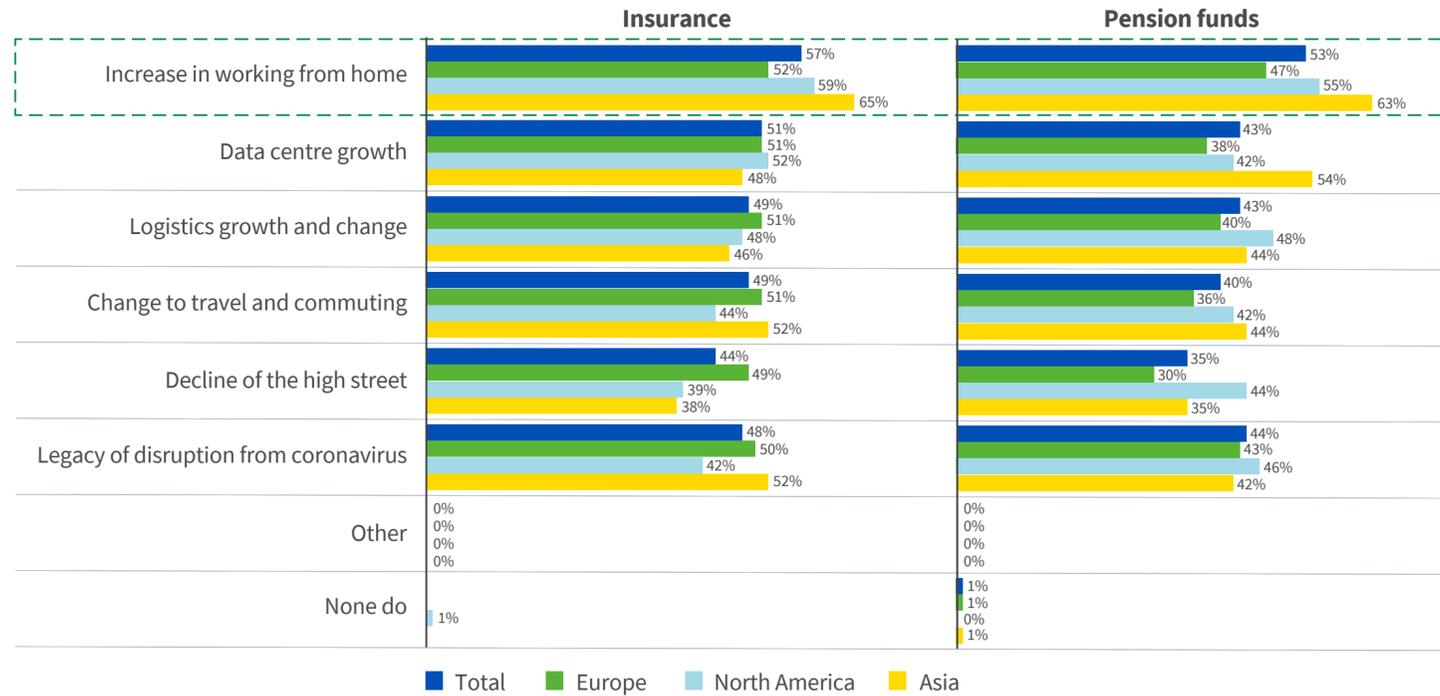
94%
say investments in real assets
can play a role in
recovery from the crisis

3. <https://www.weforum.org/agenda/2020/06/office-workspace-innovation>

Which of the following social infrastructure assets do you feel are particularly important to include in your portfolio?



Which of the following long-term trends provide the greatest opportunities for real assets investing?

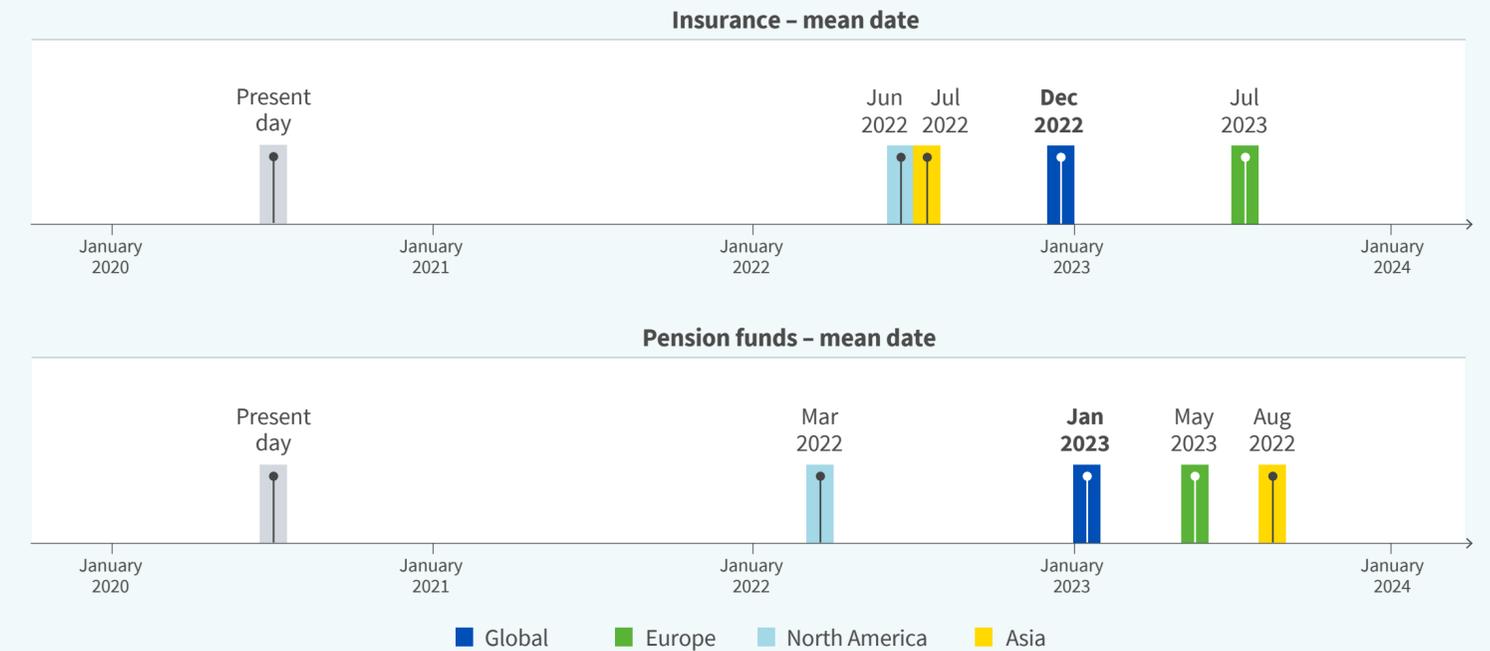


Global investors are also intrigued by the long-term potential of an increase in working from home – potentially through the increased digital infrastructure needed to maintain this trend, with Asian investors again most excited about the possibilities.

Data centre growth and logistics growth and change are also seen as having great potential. As well as societal changes, the other big impact from the coronavirus pandemic will be on the global economy.

Asked when they expect their own economies to recover to 2019 levels, global institutional investors broadly agree on the end of 2022 or the beginning of 2023, with European investors the least optimistic by favouring spring or summer 2023.

When do you think the economy in your country will return to 2019 levels?



While investors remain positive about real assets, there is no hiding place from the tough economic picture overall.

As BT Pension Fund’s Jonathan Gorrie tells us: “Anyone with a firm view is very brave. We are planning for different scenarios, but have to be alive to all eventualities.

“But we are probably less concerned about missing out on a V-shaped recovery than continuing to protect the financial position of the scheme and ensure we protect our members’ benefits. Real assets will continue to play a big part for us in this.”

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The COVID-19 effect



The COVID-19 effect

COVID-19 has caused investors around the world to re-evaluate their portfolios, assessing how they have performed during the pandemic itself and how they measure up against a whole new set of circumstances.

A host of real assets sectors are deemed more appealing by global institutional investors than fixed income, equities, cash and commodities, with low-yielding bonds and volatile stock markets considered particularly unappealing.

Equities are the true laggards, with only seven per cent of Asian insurers and eight per cent of North American pension funds saying they are more likely to invest in stocks than other asset classes.

In contrast, real estate (debt, equity and long income) and infrastructure (debt and equity) all have strong supporters, due to the illiquidity premium they can command over listed assets and their diversification benefits.

There is no doubt, however, that large swathes of the real estate world are seriously challenged. According to a poll of 250 real estate professionals by law firm CMS in July 2020, 42 per cent are pessimistic compared with 31 per cent in 2019 and 24 per cent in 2018.

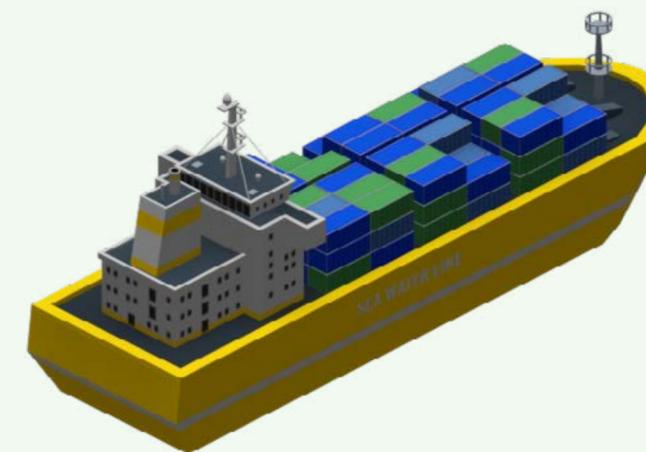
The outlook in the CMS polling for offices has changed markedly, with 33 per cent saying the asset class is appealing in 2020 – a sizable drop from 54 per cent in 2019.

Central London office occupancy had inched back up to 25 per cent by September 20, but with the UK government again advising people to work from home if they can, this figure looks set to fall again.

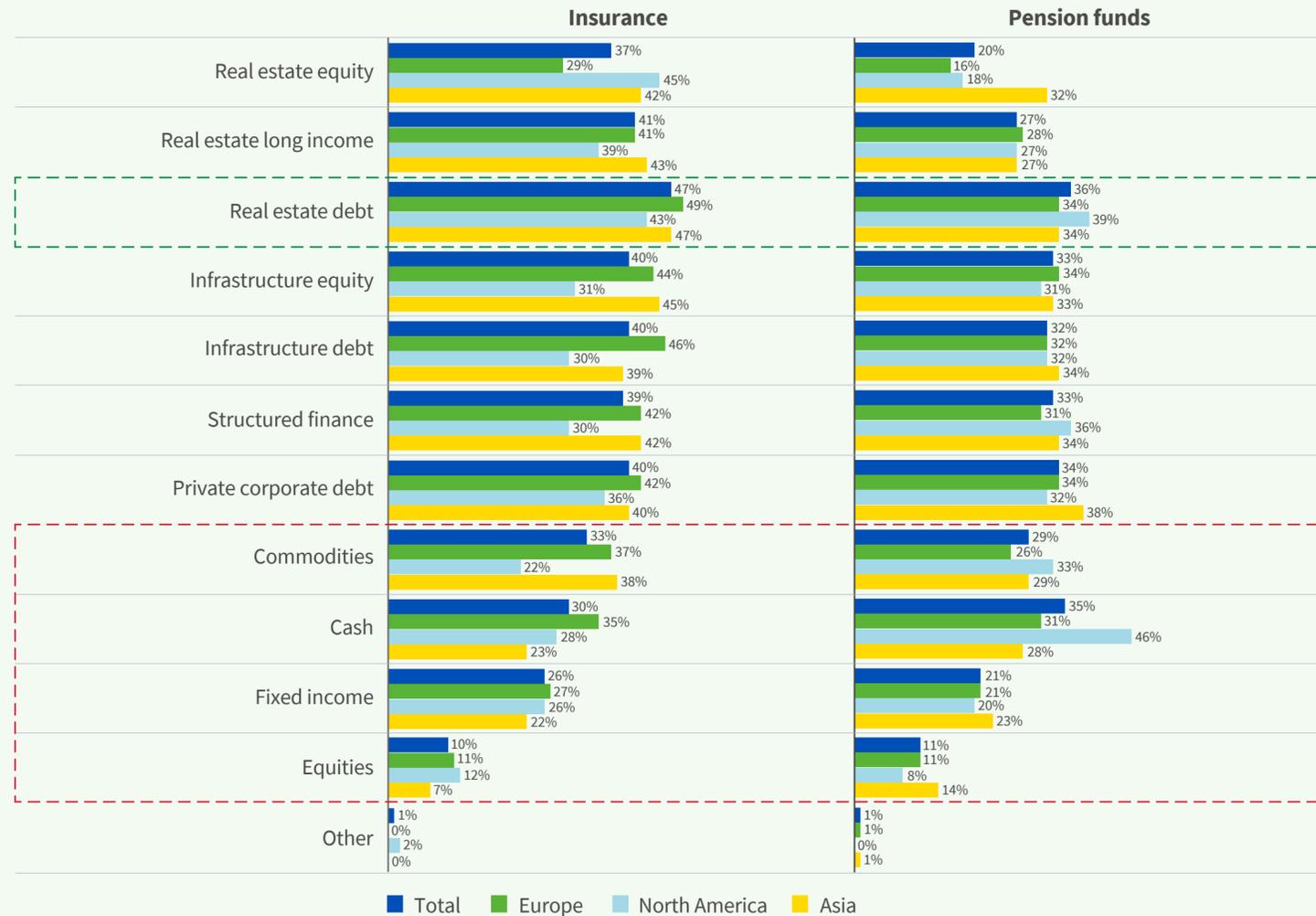
The question being asked by investors is whether this is a short-term trend from which office owners will be insulated by long leases and a lack of new development, or whether a long-term shift to home working will be the result.

Productivity is the key question: a survey for US software firm TIBCO showed that 80 per cent of people in virtual meetings are “Doing other stuff, listening for my name”, “Trying but usually silent” or “Paying attention, but usually silent”.

For now, the consensus is that people will return to work on average three days a week in more collaborative workplaces, but the longer that city centres are empty, the more a significant shift to home working is anticipated.



Since the COVID crisis began, which of the following asset classes are you more likely to invest in?



Chris Palmer, head of illiquid assets origination, Phoenix Group, told us: “Real estate is an interesting asset class at the moment. It is split between either great opportunities or assets you want to avoid, depending on the sector or tenant.”

We continue to favour logistics businesses, such as Amazon warehouses and equivalents, and multi-family residential assets. We are doing a lot more residential lending, including more lending to local authorities for social and affordable housing in local boroughs, which form part of our sustainable investment ambitions.”

Even before the pandemic, the real estate world had been anticipating a slowdown, with the Urban Land Institute and PwC’s ‘Emerging Trends in Real Estate: Europe 2020’ survey of 905 experts showing that 34 per cent were targeting lower returns in 2020.

Among the few winners from the pandemic have been investors with assets on long or index-linked leases, or who have provided debt for these properties, particularly those occupied by social housing or healthcare-related tenants.

There will also be positives for parts of the infrastructure market from the pandemic. Aviva Investors’ managing director for infrastructure, Daryl Murphy, says: “COVID-19 has demonstrated that infrastructure is a resilient asset class. The virus has had an acute impact on demand-based transport assets, with the major impact being to airports and toll roads.

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“However, even in these cases we have seen strong asset-level liquidity through reserves and cash available, meaning we are not aware of any payment defaults across the sector.”

While London has failed to see a large-scale return to the office, in Asia there is more appetite to get back to the workplace.

According to advisers JLL, homes in Asia are among the smallest in the world, with many young professionals living in homes as small as 201 square feet. In Tokyo, more than 1.4 million households live in spaces that are less than 212 square feet.

But missing social interaction was the main reason why, in a survey across Singapore, Australia, India, China and Japan, two thirds of employees under 35 said they wanted to get back to the office, again according to JLL.

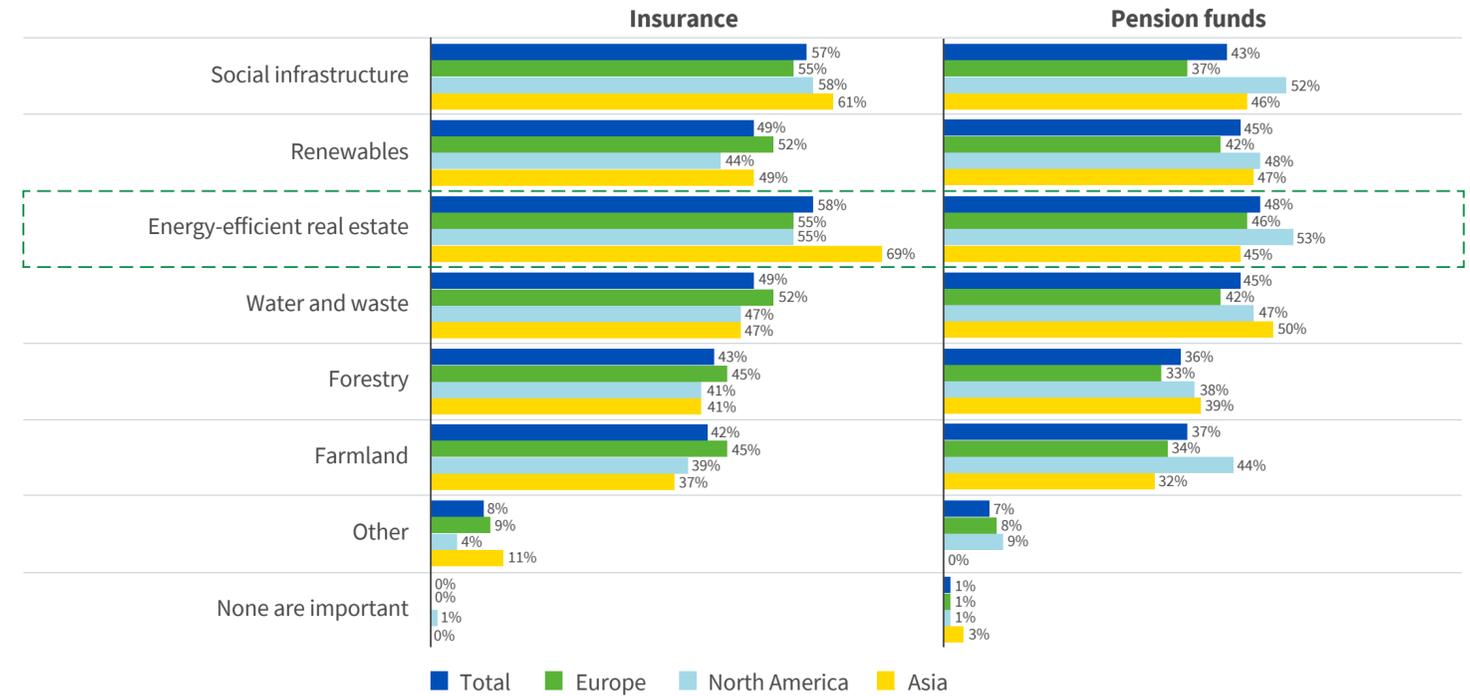
Another global adviser, Cushman & Wakefield, has predicted a new ‘Total Workplace Ecosystem’ after gathering data from 40,000 workplace respondents worldwide, with 90 per cent of employees now feeling they are trusted to work remotely.

Daniel McHugh, Aviva Investors’ managing director, real estate, says: “If anything, COVID-19 means we will double down on our investment strategy.

“Artificial Intelligence will take over a lot of the commoditised office jobs that are now being done from places like call centres, and home working will become more appropriate for some more administrative functions. But we don’t believe that COVID-19 signals the end of the office.”

Energy efficient real estate is considered to be an important part of a portfolio by more than half of the global investors we polled, just ahead of social infrastructure.

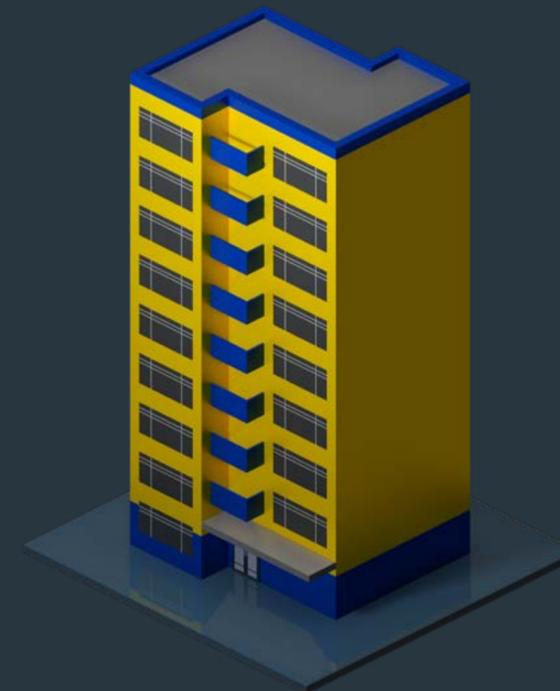
Which of the following ‘socially responsible assets’ do you feel are particularly important to include in your portfolio?



Melanie Collett, Aviva Investors’ managing director, asset management, real assets, says: “We are focussing on the amenity of a building, health and wellbeing, air quality, ESG components, energy efficiency and enlivening the space. Tech will form part of that, but getting people back into a collaborative environment and the use and design of space has perhaps overtaken the real smart-tech approach.”

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ESG maintains prominence



ESG maintains prominence

Global institutional investors are collectively and personally committed to the ESG agenda despite recessions, unemployment and financial strain around the world.

Social value is now considered at least as important as sustainability as investors weigh up the criteria of what to invest in. As well as this, the ESG world is maturing fast, with no excuses for poor performance, and investors wanting to see full transparency from asset managers.

According to Morningstar data from May, in the first quarter of 2020 the global sustainable fund universe attracted \$45.6 billion of net flows compared with outflows of \$384.7 billion for the overall fund universe.

According to another survey published in August by BNY Mellon and the Official Monetary and Financial Institutions Forum, over 90 per cent of global public investors have specific ESG investment policies in place or are in the process of developing them.

Through much of the last decade, sustainability in particular was seen as an expensive ‘nice to have’, which often couldn’t be justified instead of less sustainable but more profitable real asset investments.

Now, however, almost eight in ten of global investors believe the pursuit of achieving ESG objectives is no longer at the expense of financial returns, and 81 per cent say their organisation views itself as having a responsibility to invest more sustainably.

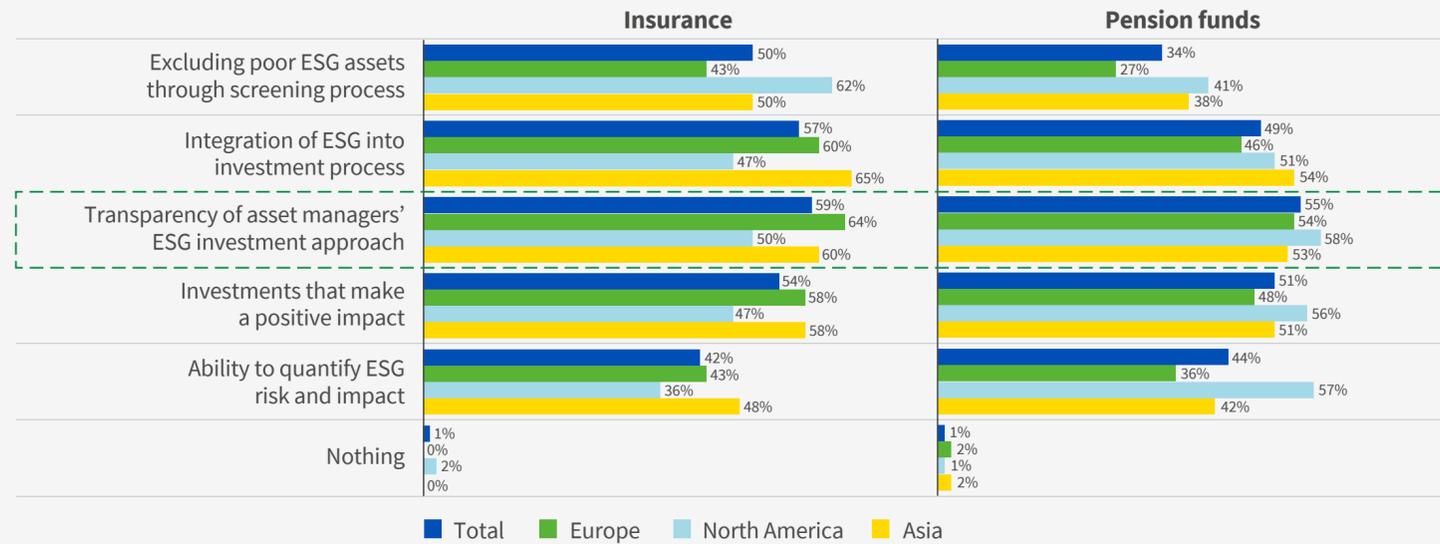
Ed Dixon, head of ESG, real assets, Aviva Investors, says: “We prioritise investment that will have some form of positive social and environmental impact, and by analysing that through extensive research.

“We have to look into the future. Assets and businesses without strong environmental and social performance will not necessarily be successful in five or ten years’ time. Similarly, we need to examine governance closely: we would not want to invest in infrastructure in a developing country where there are question marks over how our money is spent.”

Like Aviva Investors, the global investors we polled closely scrutinise the investments they make, with 64 per cent of European insurers insisting on transparency among their asset managers, and a strong move to exclude assets that fall down on ESG through screening, particularly in the US.

Almost
8 in 10
of global investors believe the pursuit
of achieving ESG objectives is no longer
at the expense of financial returns

What do you particularly look for when considering ESG aspects of your investments?



81%
say their organisation views itself as having a responsibility to invest more sustainably

Being able to measure the performance of ESG assets is also seen as crucial, with almost half of the investors we polled saying they particularly look for this.

In July, the United Nations-backed Principles for Responsible Investment released a high-level framework for institutional investors to achieve investment outcomes that are aligned to the Sustainable Development Goals. Some of the largest real asset investors, including Aviva Investors, are already using the SDGs to assess whether a project contributes positively towards environmental and social outcomes.

One month later, the Institutional Investors Group on Climate Change, which collectively represent \$33 trillion of assets under management, launched a consultation on how investors can align their portfolios to a net zero emissions pathway. This included specific guidance on real estate investments, with the framework proposing: “Investors should assess the alignment of real estate assets with appropriate net zero pathways for emissions reduction and energy use, and increase allocation towards aligned issuers while taking action to increase the alignment of non-aligned assets through investment or management plans, and engagement with tenants and listed companies.”

Global real estate adviser Cushman & Wakefield anticipates a very different outlook when sustainability teams report to organisations likeGRESB, who benchmark and award performance ratings, in March 2020 compared with March 2019.

The agency expects restrictions to corporate travel to almost immediately create a “net zero” travel policy for many companies, who may have taken years to achieve this, but have been able to do so in one year during the pandemic.

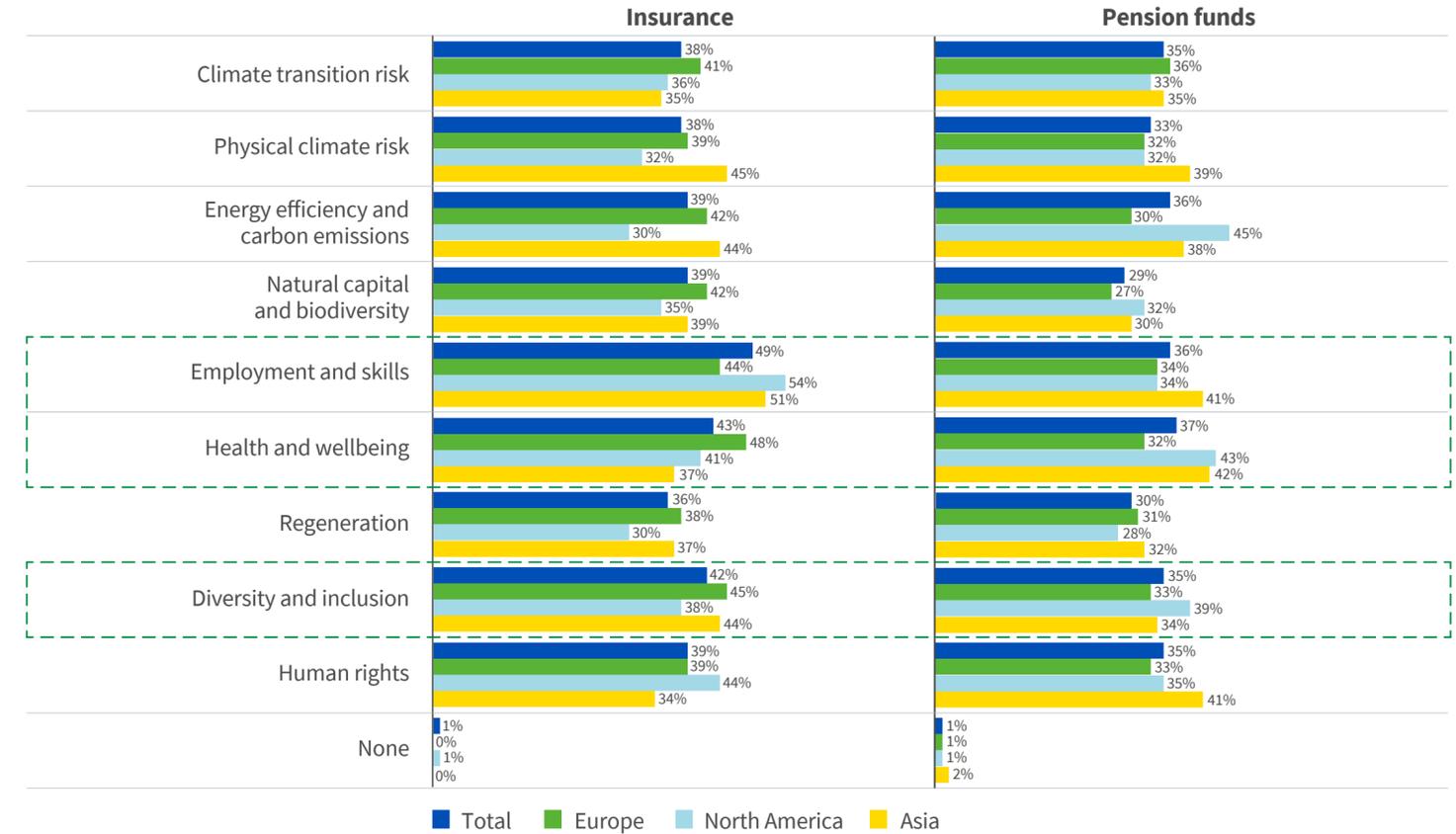
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Like Dixon, Cushman & Wakefield expects companies to harvest much more data from their properties in a post-COVID-19 era, as they measure the performance of their buildings according to not only sustainability criteria but also WELL standards for employees.

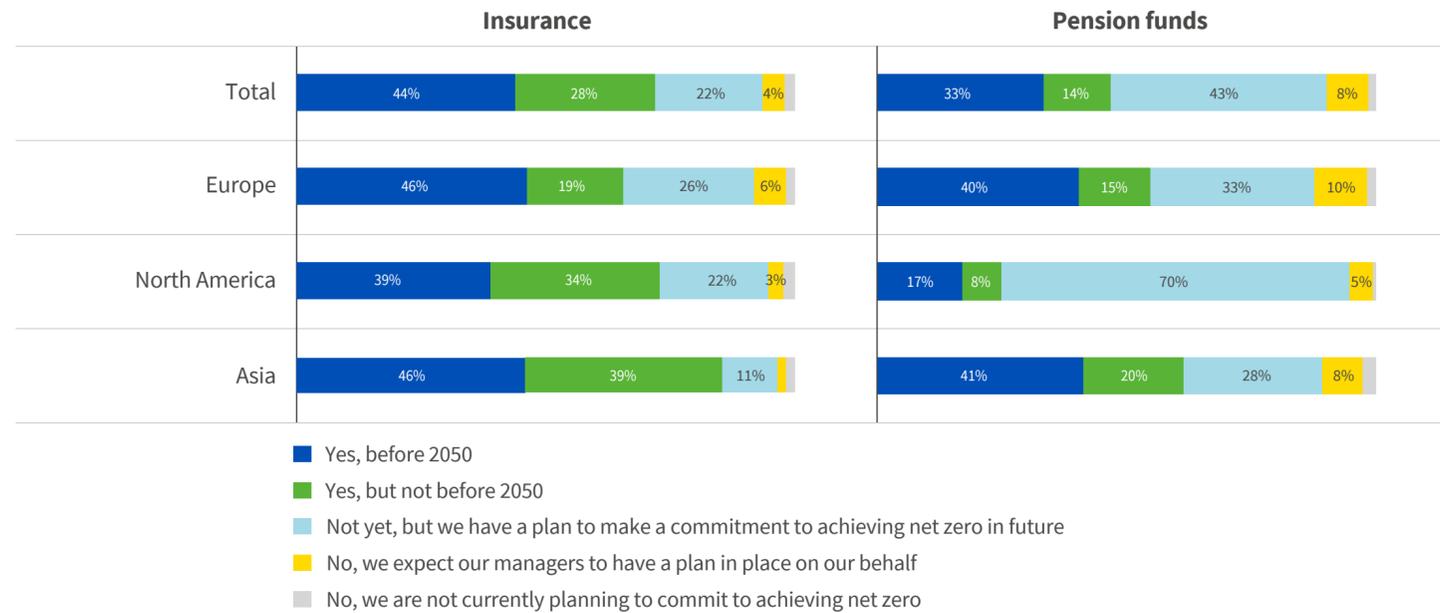
Health and wellbeing, diversity and inclusion and providing employment and skills are all seen as particularly important for asset managers to focus on in this new era.



Which underlying ESG factors do you feel are particularly important for asset managers to focus on in real assets investing?

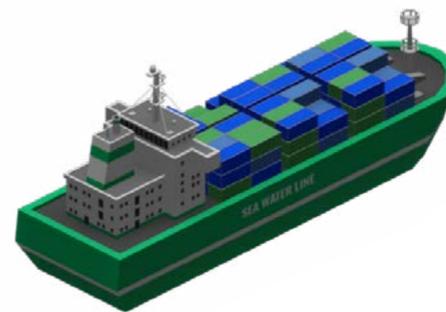


Has your organisation made a commitment to achieve net zero?



Looking ahead, Dixon says: “On the product side, we are looking at launching strategies that meet the ESG criteria of a changing world; for example, real asset solutions that support the transition to net-zero carbon emissions.”

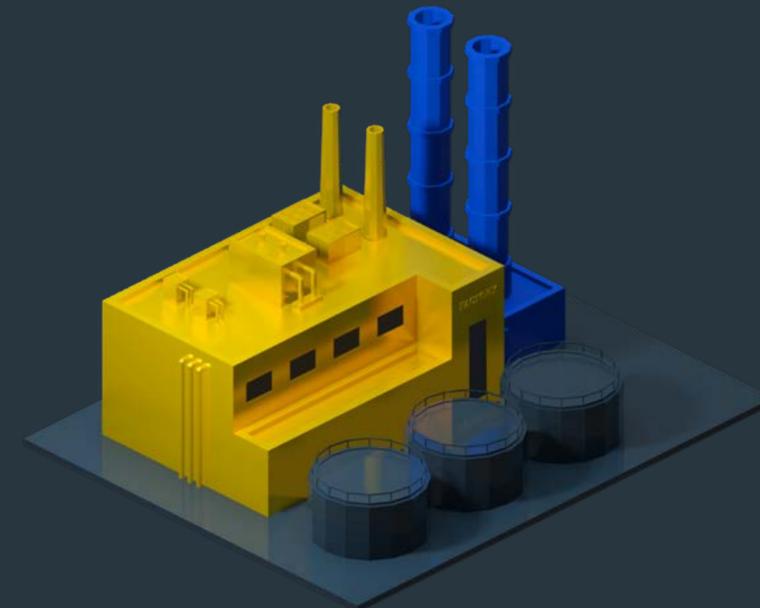
Almost all global insurance and pension fund investors are committed to or planning to achieve net zero, with Asian insurers the most advanced in their plans.



92%
of global insurance and pension fund investors are committed to or planning to achieve net zero

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Allocation trends in real assets



Allocation trends in real assets

Real assets have not lost any appeal to investors during the pandemic, when weighed against other asset classes. The shock of COVID-19, creating volatility in equity markets and leading a new wave of monetary easing that has suppressed bond yields, has only heightened the appeal of assets with secure, long-term income streams.

In short, the main reasons to consider real assets as a diversifier have not changed, particularly those that can act as a hedge against possible inflation and generate consistent cashflows, in infrastructure's case for up to 30 years.

If inflation starts to rise, as some experts anticipate given the amount of financial stimulus being deployed around the world, the omens are good: real assets on average outperformed the US S&P 500 in four of the last five years where the Consumer Price Index topped three per cent.

Having said that, investors also continue to weigh up decisions on investments in infrastructure based on the asset's maturity, location, demographics, political and regulatory risks and, increasingly, issues around governance in different countries.

Another factor to consider is that in real estate, new development other than logistics space will come to an almost complete halt as vacancy rates rise, eventually leading to the potential for a shortage of space the other side of the pandemic.

All this is borne out by Mercer's September 2020 'Investing in the future – European Asset Allocation Insights 2020' report, which shows that the proportion of investors' average holdings devoted to equities has this year fallen from 25 per cent to 22 per cent.

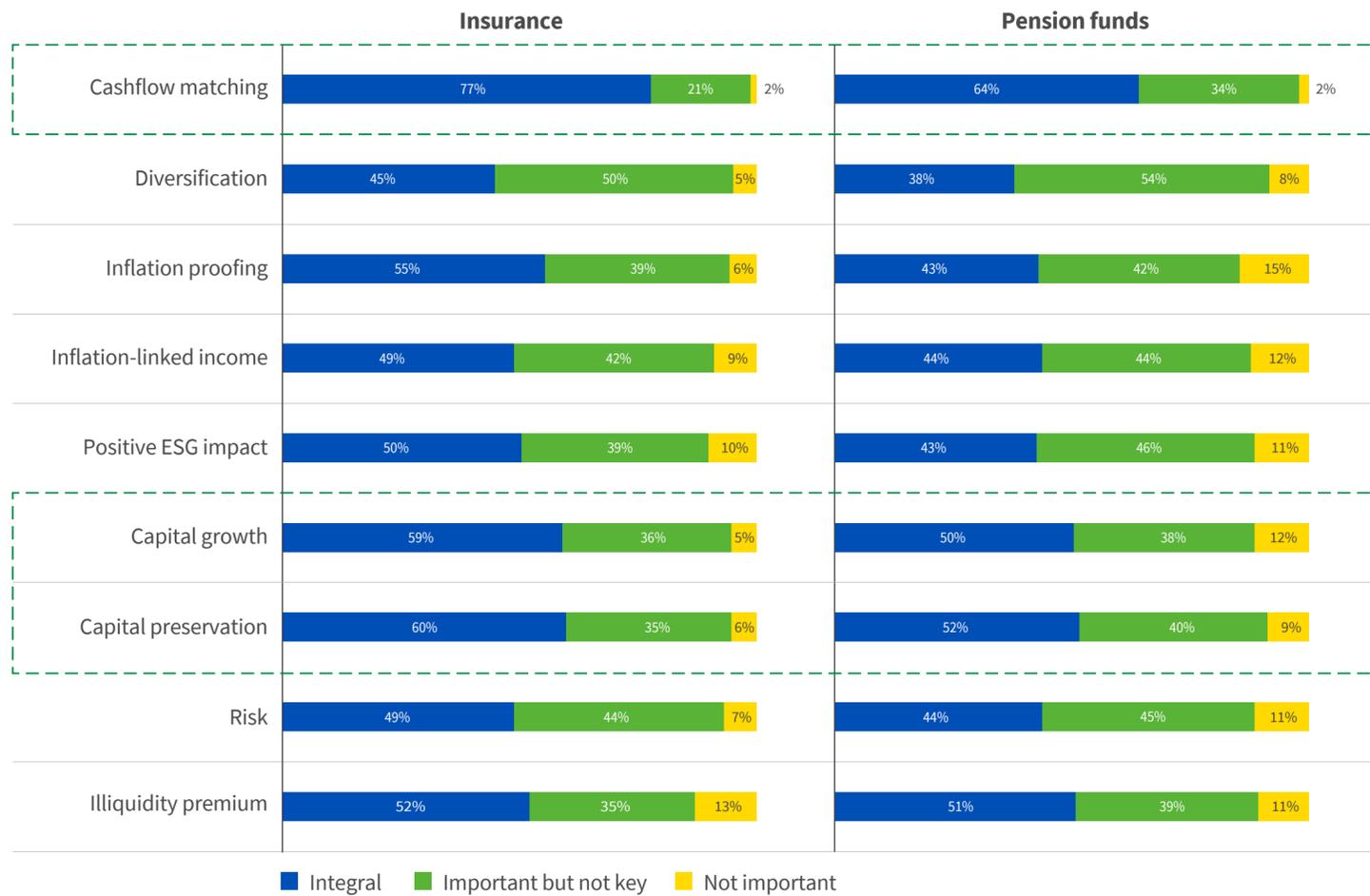
Conversely, the proportion investing in real assets increased from 49 per cent to 53 per cent.

"Investors are very focused on risk," says Mark Meiklejon, Aviva Investors' head of real assets investment specialists. "The general sense is that appetite has not changed dramatically - the longer-term trajectory of pretty much every investor group, be that by channel, by geography and investor type hasn't changed – we are still seeing strong demand.

Cashflow matching continues to be the key criteria for insurance and pension funds around the world, with a need to match liabilities long into the future.



How important are each of the following when considering investing in real assets?

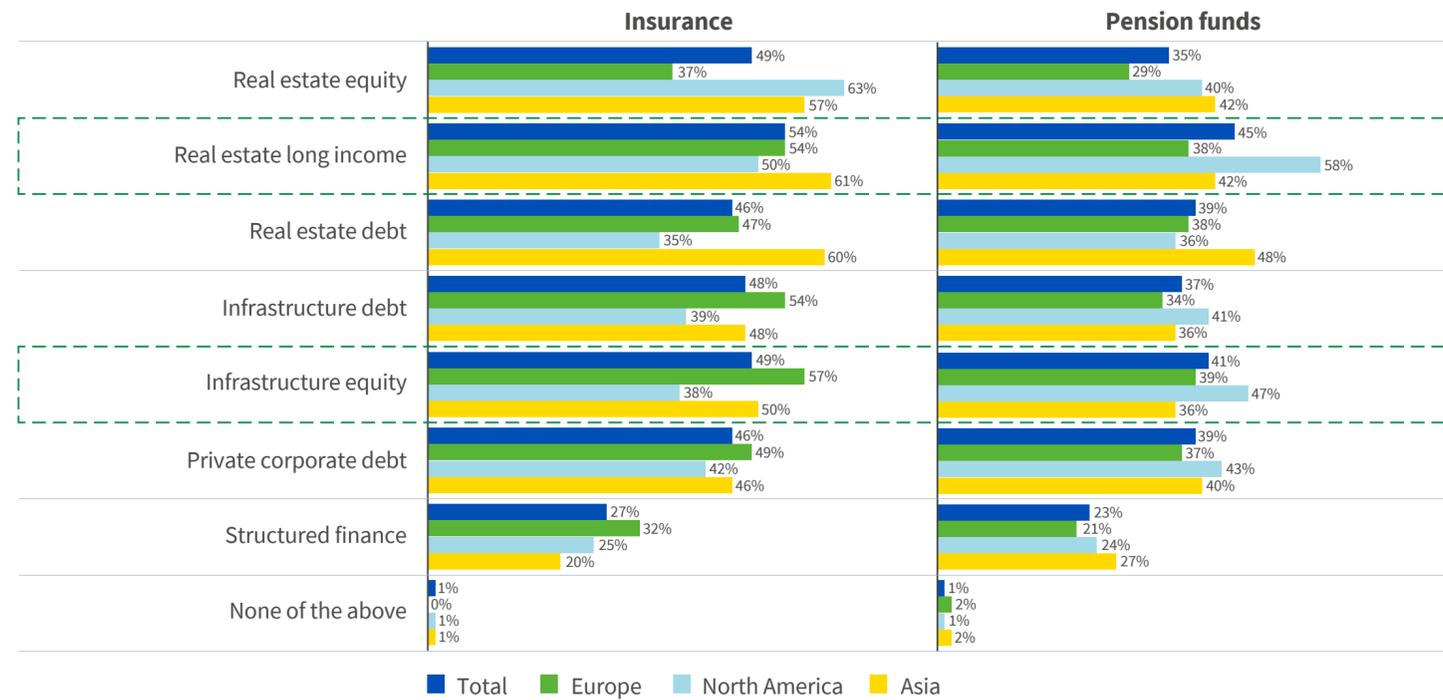


Jonathan Gorrie, associate principal, portfolio management, BT Pension Fund, says: “We are already quite conservative in the way we approach our portfolio, and are pleased it has been relatively resilient during this crisis.

“In fact, our portfolio has performed very robustly. Rather than scrambling to put out fires, we have been able to ride out the storm and are now thinking hard about “how do we position ourselves to take advantage of opportunities coming out of this and what do we do next?”

70%+
say cashflow matching is integral
to investing in real assets

Which of the following real assets do you expect to increase investments in over the next 12 months?



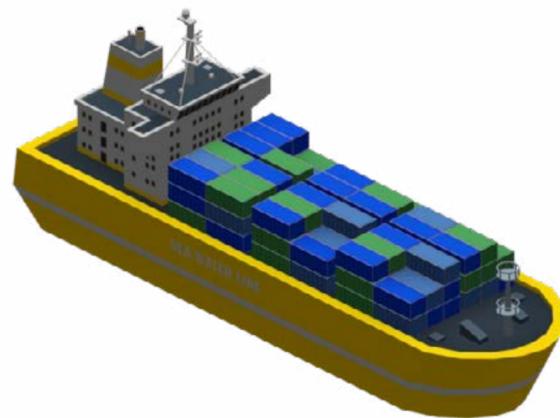
For the investors we polled, real estate long income, infrastructure equity, real estate equity and infrastructure debt are the likely sources of increased investment over the next 12 months.

Barry Fowler, Aviva Investors’ managing director, alternative income, says: “There is undoubtedly less liquidity, but more deal opportunities are starting to arise. The general trends are appealing from an investor perspective because valuations are starting to re-base; at the same time, the terms lenders are offering are better than pre-crisis, much as was experienced after the Global Financial Crisis.”

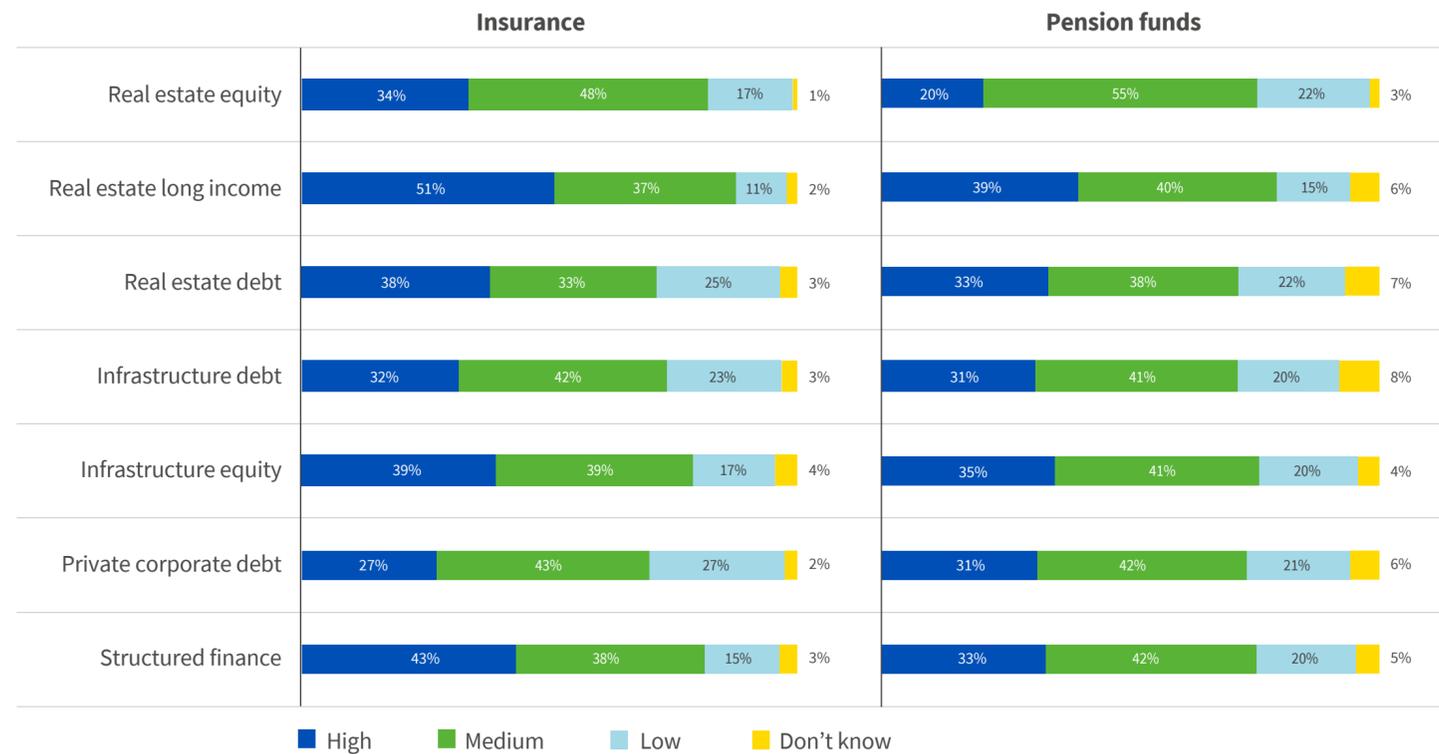
While investors undoubtedly see opportunities to lend against long income assets with secure covenants, the impact of COVID-19 on the more vulnerable parts of the real estate debt world is expected to be severe.

April’s Cass Business School UK Commercial Real Estate Lending Report anticipates loan write-offs and debt losses for the retail sector of between £8 billion and £10 billion. Cass says that an additional £22 billion of development loans are affected by construction delays.

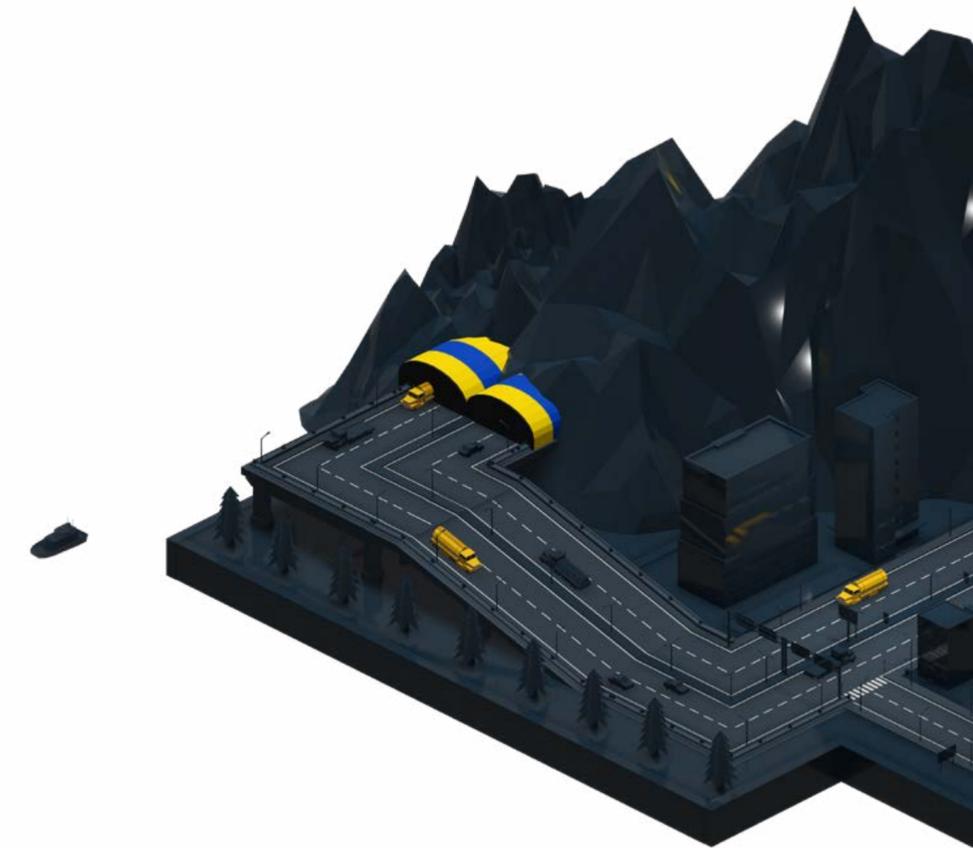
This is on top of an already cooling lending climate, with new UK loan origination of £43.8 billion – a 12 per cent decline from 2018. Lending margins fell significantly across secondary property types and the number of defaulted loans year on year increased by 36 per cent in the Cass report.



To the best of your knowledge how would you rate the level of supply of the following real assets across Europe?

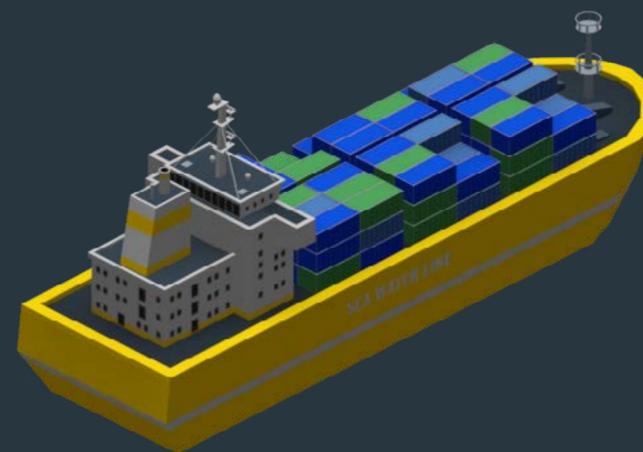


When looking at the expected change in allocations for pension funds and insurance companies, pension funds display more caution when it comes to increasing or even maintaining their investments across asset classes.



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Challenges and risks



Challenges and risks

While there is growing appeal among global investors for real assets, despite the pandemic and subsequent economic shock, there is still a high degree of uncertainty among the 1,000-plus experts we polled.

In Aviva Investors' Real Assets 2019 research, politics figured prominently in their list of concerns as USA-China trade tensions escalated and Brexit loomed.

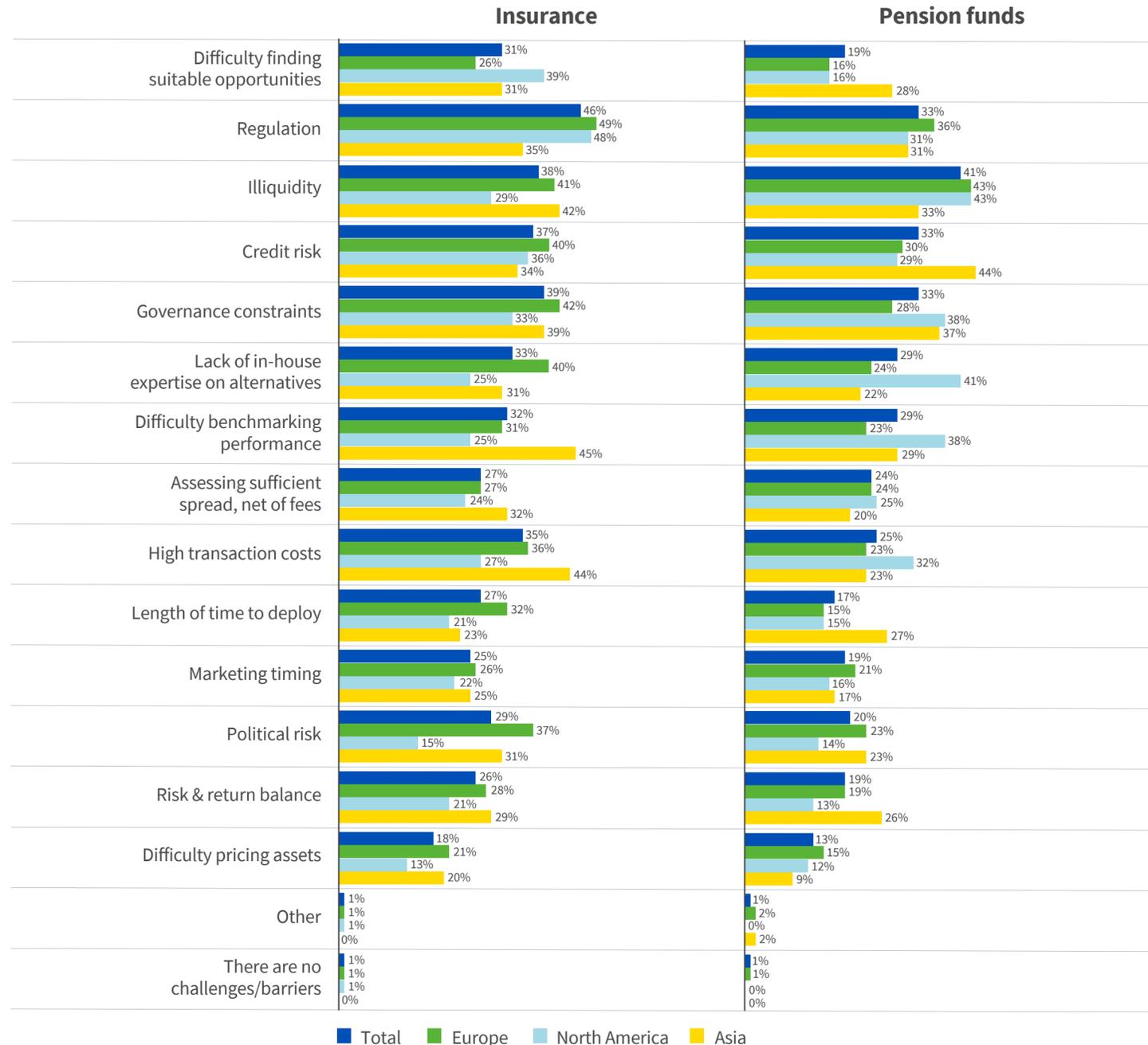
Now financial instability is the biggest worry, followed by increasing unemployment, supply chain disruption and evolving consumer patterns – predominantly the rise of e-commerce at the expense of what was once real estate's most reliable asset class: retail.

There are other challenges to overcome, particularly high transaction costs, regulation, governance constraints, difficulty benchmarking performance and political risk.

“Financial stability is the biggest worry, followed by increasing unemployment, supply chain disruption and evolving consumer patterns”



What would you identify as the biggest challenges/barriers to your institution either investing in, or increasing its allocation to real assets?



continues over

For insurance companies, regulation is considered the biggest challenge to investing in real assets. In ‘How to build back better, greener and faster: a 10-point plan for UK infrastructure,’⁴ Aviva Investors’ managing director, infrastructure, Darryl Murphy argued the UK government has the opportunity to invest in infrastructure in a way the country has not seen since the aftermath of World War II.

Prime Minister Boris Johnson has promised to dispel some of those investor fears about regulation by cutting red tape and reforming the UK’s planning system, and even cited Franklin D. Roosevelt’s New Deal, which helped to revive the United States after the Great Depression.

Among the ideas in Murphy’s 10-point plan are a roadmap of investment plans stretching far into the future; a pathway to net-zero demonstrating the risks and rewards for private investors; a digital revolution, connecting fibre to all homes by 2025; and new funding models like road user charging.

He also called for a National Infrastructure Bank and an increased role for pension funds, concluding: “Many pension funds remain keen to increase their exposure into UK infrastructure assets. The ability of infrastructure assets to generate long-term attractive risk-adjusted returns is one reason for this.

“Improving the economy and services to existing and future pensioners is an additional narrative that would increase public support for private investment into public infrastructure.”

4. <https://www.avivainvestors.com/en-gb/views/aiq-investment-thinking/2020/07/10-point-uk-infrastructure-plan>

The world of real assets faces stern challenges in the next 12 months, with long-haul travel continuing to be severely impacted by COVID-19 travel restrictions and airports in particular faced with the prospect of a structural decline in business. Retail property's prospects continued to plummet, with a CMS poll of top real estate professionals in September showing that only three per cent viewed it as an appealing asset class, compared with 35 per cent in 2016.

Offices now face similar uncertainty, with what first appeared to be a short shutdown transforming, in the UK at least, to a virtual 12-month shutdown of the whole sector. This is leading to a fundamental reappraisal by many occupiers of whether they will renew their current lease.

Yet peer through the gloom and there are silver linings for real assets. Digital infrastructure is booming: Microsoft reported a 775 per cent increase of cloud services in regions that have been social distancing, EE's network saw a 45 per cent increase in traffic for communication apps like WhatsApp, and Openreach reported in April that across the UK average data traffic increased by 24 per cent during the peak lockdown period.

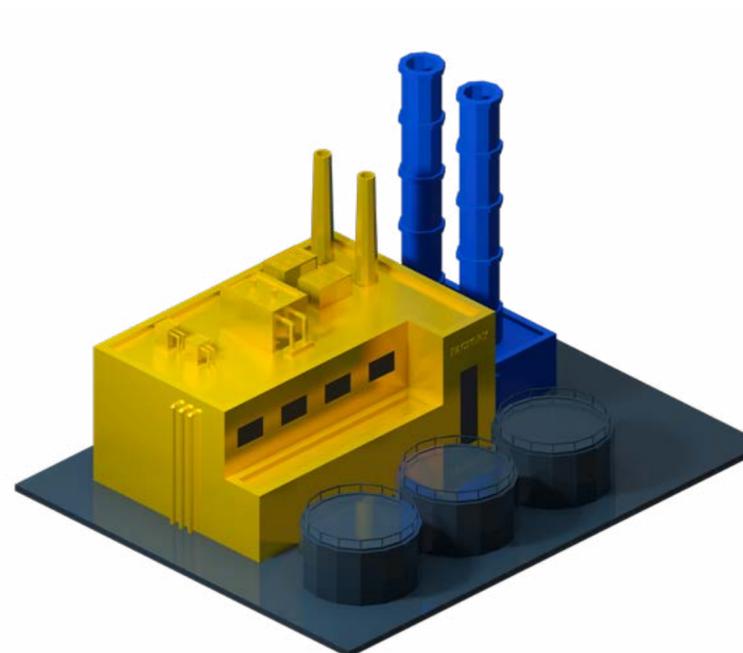
Any asset that capitalises on these trends – like data centres – will perform well.

According to Real Capital Analytics, worldwide transactions of office, retail apartment and hotel properties dropped 51 per cent in the second quarter of 2020 compared with the same period in 2019 – but the industrial sector actually saw an increase in deal volume compared with last year.

Likewise, appetite for assets with strong ESG credentials has increased during 2020, unlike in 2008 after the Global Financial Crisis when the sustainability agenda dropped down investors' priority list as they prioritised the repair of their financial position.

There are broader saving graces too for real assets over the next 12 months. Equities are volatile, government bond yields across developed markets remain low – 60 per cent of bond yields globally are below one per cent, with \$14 trillion carrying negative yields, according to Bloomberg.

It is hardly surprising then that many investors, including those who took part in this year's study, see infrastructure or real estate assets that can deliver relatively secure and stable income streams as offering the best prospects of all.



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