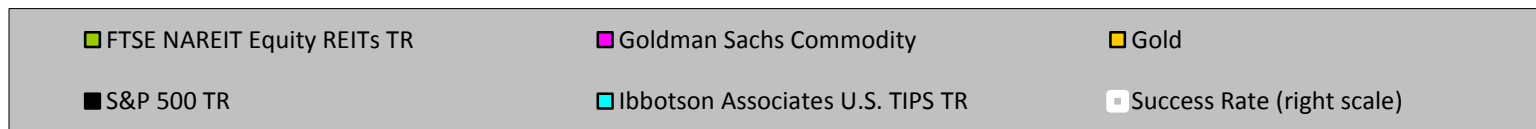
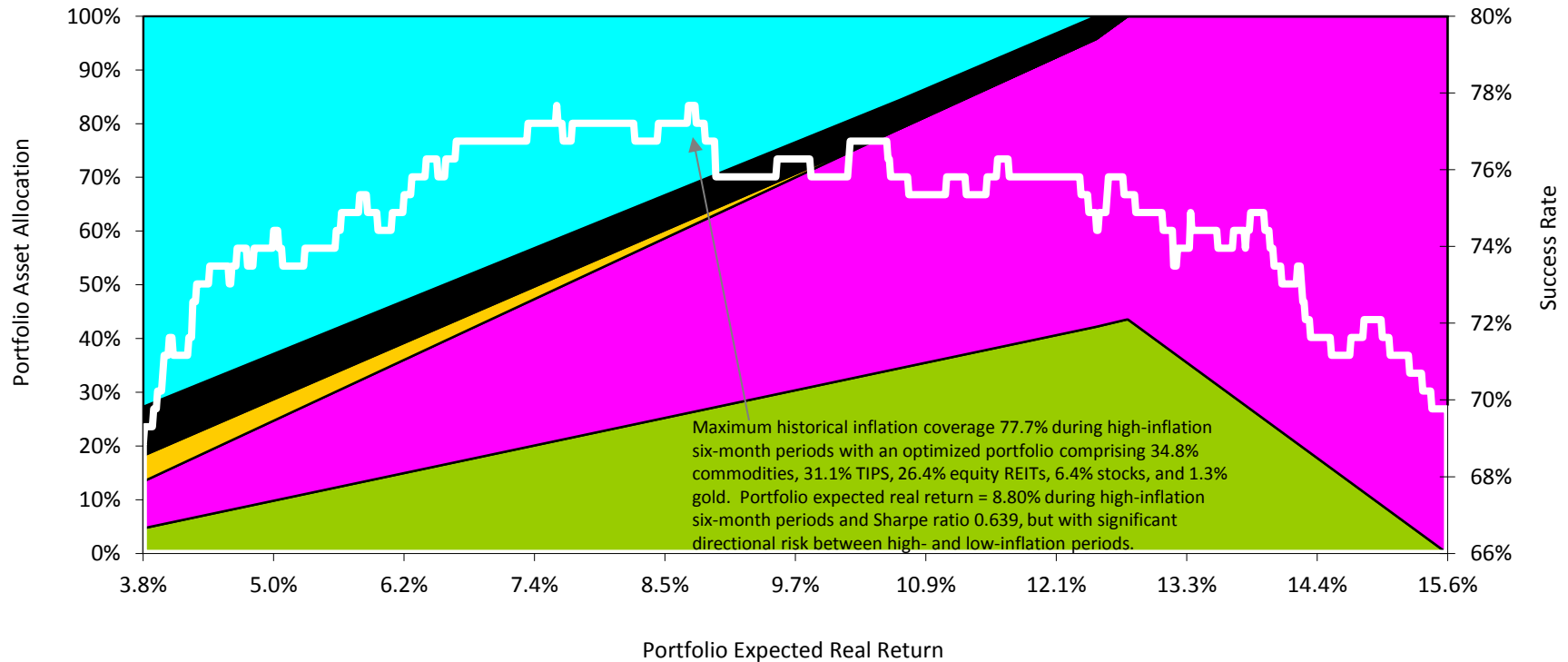


# Optimizing the Inflation-Hedging Portfolio

## Markowitz Mean-Variance Optimization of Real Returns During Six-Month Periods of Relatively High Inflation

Optimal Portfolio Allocation in High-Inflation Six-Month Periods



Note: Periods of relatively high inflation are defined as those during which inflation, on an annualized basis, averaged more than 3.12%, the median during the period January 1978 – April 2013. The Ibbotson Associates U.S. TIPS Total Return series is based on the Barclays Capital Real U.S. Treasury TIPS Total Return series, backfilled prior to 12/1997. Source: NAREIT analysis of data from Interactive Data Pricing and Reference Data, accessed through FactSet.