



OPTIMUM
Global Asset Management

Our Vision

30-Year U.S. Inflation-Linked Bonds: An attractive opportunity for long-term real returns

Why the long end of the TIPS curve is attractive today, and why the entry point must be assessed with explicit duration discipline

3.05%

30-year real yield
September 10, 2026

2.28%

30-year breakeven
inflation

Long duration

High convexity and
sensitivity to real rates

The Core Investment Thesis

The primary appeal of 30-year U.S. TIPS is the ability to secure an exceptionally high long-term real yield. As of September 10, 2026, their real yield was approximately 3.05%, or about 3% per year above realized U.S. inflation for an investor who holds the bond to maturity. For institutions with long-duration real liabilities, this transforms a future purchasing-power requirement into a contractual real return backed by the U.S. Treasury.

A demanding entry point, but historically attractive

The starting real yield is a major determinant of the long-run return from a TIPS held to maturity. A high initial yield also provides more income and a larger valuation cushion than investors received during the ultra-low and negative real-yield period.

At the same time, the 30-year breakeven inflation rate is approximately **2.25%**. This is the average inflation rate at which a 30-year TIPS and a comparable nominal Treasury would deliver broadly equivalent returns if both were held over the same horizon. The combination of a real yield above 3% and a long breakeven near 2.25% offers two distinct sources of value: attractive contractual real income and inflation protection priced without requiring an extreme inflation scenario.

The chart below highlights the evolution of real yields since the onset of US 30-year TIPS. As we can see, apart from the peak observed in 2008, we have not seen such high levels of real rates since 2002.



U.S. 30-Year Real Yield

Historical daily series | April 1998 to September 2026



Portfolio Role and Implementation

For pension plans, insurers, foundations and long-horizon investors, 30-year TIPS can serve as an asset-liability management tool while offering sovereign credit quality, explicit CPI indexation and purchasing-power protection when inflation exceeds expectations.

Implementation must remain disciplined: this exposure should be sized as a long-duration risk, and therefore a volatile one, rather than simply as an inflation hedge. Liability matching, scenarios of higher real yields and any potential U.S.-dollar hedging should be assessed explicitly.

Appeal in the Current Environment

In the current environment of elevated deficits, sustained public spending, reindustrialization and energy investment, inflation could remain more persistent than expected. Long-duration TIPS therefore offer an attractive form of portfolio insurance: they make it possible to lock in a positive real return and preserve purchasing power over several decades.

Conclusion

At approximately 3.05%, the 30-year U.S. real yield offers a rare opportunity to secure a substantial return above inflation for three decades. The investment case is especially compelling for institutions with a long-term horizon that value purchasing-power certainty and can tolerate significant price volatility. The bond is attractive today not because it carries low short-term risk, but because the compensation for taking long real-duration risk that is particularly high.

Appendix

30-Year TIPS: Lock In a Real Yield and Preserve Purchasing Power

U.S. inflation-indexed bonds — September 2026

3.05%

30-year real yield

2.28%

30-year breakeven inflation

30 years

Protection horizon

Why now?

- Historically attractive real yield
- Explicit protection against inflation
- U.S. Treasury credit quality
- Suited to long-duration liabilities

Real
yield

+

Realized
inflation

=

Total
return

Risks to monitor

- Long duration
- Rising real rates
- Short-term volatility
- Required holding horizon

Key message: current levels offer a rare opportunity to lock in a positive real yield for three decades.

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Sources

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- Internal investment research, "Inflation-linked bonds," September 10, 2026: valuation of the long end, TIPS mechanics and duration risk.

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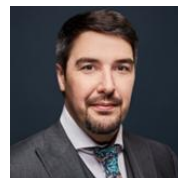
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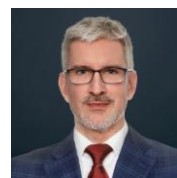
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