



Geopolitical risk in a shifting world order

The global order is undergoing a profound transformation. The era of **U.S.-led globalization** – marked by open markets, liberal trade, and geopolitical stability – is giving way to a world defined by **great power politics**, economic nationalism, and rising conflict. **For investors, this shift is critical.**

Avoiding geopolitical risk is becoming more complicated

Each box on the map highlights a primary source of regional geopolitical tension.

Outer space:
Growing geopolitical rivalries over satellite dominance and space resource extraction

Mexico:
Strained U.S. relations and growing cartel influence undermining political stability

United States:
Greater willingness to weaponize interdependence and use force

South America:
The U.S. prioritizing hemispheric primacy raises intervention risk

Canada:
Rising resource nationalism and U.S. competition straining energy exports and trade relations

Arctic:
Greenland, mining access, and undersea cables are turning the Arctic into a contested arena

Russia/Ukraine:
Frozen conflict with an uneven path to settlement

Middle East:
U.S. intervention in Iran has raised risk of energy and shipping disruption

East Africa:
Worsening humanitarian crises and regional instability

North Korea:
Heightened regional tensions from increased nuclear and missile testing

China/Taiwan:
Severe cross-strait crisis due to intensified Chinese military and economic pressure

Australia:
Mounting competition with China over regional influence and trade dependencies



Core themes for investing in a security-first world

Portfolio considerations for the rise of great power politics

Theme	Approach	Portfolio shift
Long U.S. resilience, short global interdependence	→ Position for domestic reindustrialization and higher prices	→ <ul style="list-style-type: none"> • <i>Add inflation-aware asset classes:</i> TIPS, real assets • <i>Build income across asset classes:</i> Dividend-paying equities; high-yield corporate bonds
Autocracy risk premium rising	→ Buy the macro volatility portfolio	→ <ul style="list-style-type: none"> • <i>Satellite exposure:</i> equal parts oil, gold, and bitcoin, implemented as a small satellite exposure sourced from equity • <i>Diversify country exposure:</i> The benefits of diversifying country exposure are likely to grow as globalization weakens and national economic trajectories diverge
Declining appeal of multilateralism	→ Lean into the U.S.-economic bloc; hedge currency volatility	→ <ul style="list-style-type: none"> • <i>Favor markets aligned with the U.S. bloc,</i> i.e. Mexico, Taiwan, South Korea, India • <i>Manage currency risk:</i> Consider a 50% currency hedge as currency volatility is likely to be higher as national trajectories diverge.
New Cold War fiscal impulse	→ National security is becoming a justification for industrial policy and large-scale public investment	→ <ul style="list-style-type: none"> • <i>Overweight domestic champions and beneficiary sectors:</i> Industrials, energy, semiconductors, cybersecurity, and defense • <i>Capture global megatrends:</i> Digital and energy infrastructure may benefit from the confluence of geopolitical trends and global economic needs (e.g. artificial intelligence).
Fortress America is investable	→ Adapt to new drivers of economic growth	→ <ul style="list-style-type: none"> • <i>Lean into active management:</i> Dispersion is rising, so selection matters more than beta. • <i>Remember the “old economy” toolkit:</i> Metals, minerals, and the industrial and energy supply chains behind them matter again.

Global Market Strategy

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- (re)globalization



Politics and geopolitics

- Geopolitical risk in a shifting world order
- Swan Lake: the risks that would most disrupt consensus in 2026



Private markets

- Global market outlook



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