Press Release
For immediate release

Sovereign investors prioritise resilience, diversification amid heightened global uncertainty

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- *71% of central banks and 54% of sovereign wealth funds agree that resilience considerations are becoming as important as return in portfolio design*
- *Sovereign investors view AI as a structural shift, yet 52% cite market concentration as the primary portfolio risk of AI related investments*
- *Infrastructure has been the fastest growing alternative asset class over the last five years for sovereign wealth funds*
- *ETF adoption has reached a meaningful threshold among sovereign investors, with 39% now using them*

Australia, 29 June 2026 – Sovereign investors managing approximately US$29 trillion are undertaking a broad reassessment of portfolio construction, according to the 14th annual **Invesco Global Sovereign Asset Management Study**. The findings highlight a fundamental shift in how both central banks and sovereign wealth funds (SWFs) balance resilience, returns, and diversification in a more complex investment environment.

The study, which engaged 144 institutions comprising 90 SWFs and 54 central banks, underscores the evolving mindset of sovereign investors with the current geopolitical landscape reshaping investment strategies at an unprecedented pace. Amidst these dynamic challenges, sovereign investors face a complex web of risks that directly impact energy security, trade routes, and supply chains. These factors are driving a fundamental rethink of portfolio construction, emphasising resilience and diversification.

Resilience moves to the centre of portfolio design
Resilience has moved from a secondary diversification outcome to a deliberate portfolio construction objective. 71% of central banks and 54% of SWFs agree that resilience considerations are becoming as important as return in portfolio design. As geopolitical shocks and shifting correlations challenge long-standing frameworks, sovereigns are redesigning portfolios to withstand a wider range of scenarios.

Capital is increasingly being directed toward assets that combine resilience and return characteristics. Energy security and energy transition infrastructure are seen as the most credible resilience theme by 80% of sovereign investors, reinforced by the AI build-out driving a step-change in demand for power and data infrastructure.

Jonathon Crook, Managing Director and Head of Australia and New Zealand, commented: "The past few years have reinforced that external shocks have become a more persistent feature of the investment landscape. What's changing is how portfolios are being built in response. Resilience is now central to portfolio construction and is increasingly viewed alongside return as a core objective. The focus is shifting toward more diversified and adaptable exposures that can withstand a broader range of outcomes, while still delivering on long-term objectives."

AI – investment opportunity and operational tool

Artificial intelligence is at the centre of a growing tension for sovereign investors. Conviction in its structural importance is high, with 77% regarding it as a transformative technology with significant multi-decade growth implications. Yet translating that conviction into portfolio exposure is proving complex.

As the opportunity expands beyond software into physical infrastructure, energy systems, and national industrial capability, 52% of SWFs cite market concentration as the primary portfolio risk of AI related investments, reflecting the difficulty of gaining exposure without becoming heavily reliant on a narrow group of large-cap technology companies.

While the US is identified by a majority (75%) as the region best positioned to lead in the development and adoption of AI technologies, China is the second-most cited at 16% of respondents. Some sovereigns questioned the assumption the US's leadership positioning would remain unchallenged, noting China's pursuit of a long-term industrial framework and extensive talent pipeline. China's approach to AI infrastructure development, focused on broad adoption and low-cost efficiency, was also cited as strategically significant, potentially as much as developing the most powerful AI models.

"AI sits at the centre of a growing investment tension, it is both a compelling structural opportunity and a source of concentration risk, energy infrastructure strain and geopolitical dependency. As the build-out accelerates, infrastructure and productivity enablement are emerging as more durable routes to exposure, driving demand for power and data assets that can be captured at scale." **Jonathon Crook** further added: "How to invest in AI is also distinct from how to use it. Internal deployment remains at an earlier and more varied stage, with secure implementation and confidentiality shaping how and where institutions adopt the technology."

Deployment of AI is expanding internally within sovereign investors, with 69% using AI in their investment process, up from 33% in 2024. The most common use is for research & information synthesis, while operational efficiency, idea generation and decision support are also common uses.

Long term investing in a less supportive world

Long-term investing is becoming more valuable in a less certain environment but harder to maintain in practice. 39% of SWFs find their actual investment horizon falls short of their stated one. The ability to capture illiquidity premia and long-duration return sources depends on deploying capital with the patience that institutions seek to have, although maintaining such patience is difficult in practice.

Capital is responding to this environment by rotating away from concentrated listed equity. Among SWFs, 65% identify private markets as a key return driver. Infrastructure reached 9.0% of total SWF assets in 2026, up from 4.9% in 2022, making it the fastest-growing alternative asset class over the five-year period. Across regions, infrastructure programmes are being shaped by decarbonisation, renewable energy, digital infrastructure and data centres, all seen as contributing to both productivity and long-term economic development.

The expanding role of ETFs
Institutional demand for flexibility, liquidity and implementation efficiency has driven growth in global ETF assets. While central banks and SWFs have not historically been prominent drivers of ETF growth and have favoured direct and bespoke structures, adoption is accelerating, with 39% of respondents now using ETFs.

Adoption varies significantly by institution type. 58% of investment sovereigns and 53% of liability sovereigns use ETFs, compared to 31% of central banks, while 24% of development sovereigns use ETFs, reflecting mandates that favour direct holdings, strategic stakes, and active ownership.

Passive ETFs are the dominant forms across both groups, while thematic ETFs are gaining ground. Commodity ETFs serve a specific purpose for central banks, specifically efficient gold exposure without the operational requirements of physical bullion. Active ETFs remain at an early stage of adoption; among SWFs, only 7% are already allocating but a further 26% are considering it.

Central banks and the search for diversification
Central banks are undergoing a structural shift in reserve management, driven by inflation, geopolitical fragmentation, and evolving market conditions. Equities, corporate debt, and inflation-linked securities are all attracting positive allocation intentions, as central banks look beyond traditional fixed income.

Concerns around the US dollar are deepening, with 61% of central banks agreeing that US debt levels are negatively impacting the dollar's long-term position as a reserve asset, up from 20% in 2024. Dollar diversification is real but constrained by the absence of a credible large-scale alternative. Gold is one of the beneficiaries of this shift and remains a cornerstone of central bank reserve strategy. More than a third of central banks expect to increase allocations over the next three years.

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Important information

This is Invesco’s fourteenth sovereign asset management study. In 2026 we conducted interviews with 144 funds: 90 SWFs and 54 central banks. The 2026 sovereign sample is split into three core segmentation parameters (sovereign investor segment, region, and size of assets under management). The 2026 central bank sample is broken down by region. The fieldwork for this study was conducted by NMG between January and March 2026.

* Sourced by NMG Consulting: total assets of those sampled stands at $29 trillion as of March 2026.

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