

Institutions remain optimistic for 2026 despite ongoing economic and geopolitical concerns, finds Natixis Investment Managers

- *Institutions rank geopolitics (49%) as the top economic threat, ahead of a tech bubble (43%) and recession (33%)*
- *Institutional sentiment shows waning interest in US markets, as 75% plan to reduce*
- *Almost half (49%) now see crypto as a legitimate investment, marking a significant change on the previous year*

LONDON, November 19, 2025 – Markets around the world have proved remarkably resilient in 2025, with most indexes posting a third consecutive year of double-digit returns during a period marked by tariffs, geopolitical conflicts and supply chain shocks. But results from Natixis IM's Global 2026 Institutional Outlook Survey suggest that markets could run out of luck in the new year, as 74% say they are due for a correction.

Natixis IM surveyed 515 institutional investors who collectively manage \$29.9T globally in assets for public and private pensions, insurers, foundations, endowments, central banks, and sovereign wealth funds around the world.

Geopolitics have been front of mind for much of the past five years, however geopolitical risk (49%) now tops the list of economic concerns for institutional investors. With unpredictable tariff policy, the upending of global security norms and China all weighing heavily on their outlook, 73% now believe political dysfunction is a growing threat to market stability.

Politics aren't the only concern. Overall sentiment suggest that institutional teams are also bracing for big shifts in the macroeconomic landscape. Two thirds (66%) of institutions worry that slow growth may be a harbinger of recession, which they rank as one of their top three economic threats (33%). Sentiment also suggests the global economy may not be able to rely on consumers, as investors see consumer discretionary (18%) and consumer staples (22%) as the least likely sectors to outperform in 2026.

Andrew Benton, Executive Managing Director & Head of Northern Europe & MEACA, Natixis IM, said, *"Institutions have many obstacles to navigate in the year ahead, with an unfamiliar macro-economic scenario and potential geopolitical disruption. However, even with challenges and potential pitfalls, investors maintain a level of optimism around their market prospects, as they actively seek out greater diversification and focus in on adaptability and risk management."*

Uncertainty presents opportunities

Smooth sailing is not likely for any market as institutions forecast increased volatility for stocks (59%), bonds (38%), and currency (46%). However, amongst all this uncertainty, institutions are finding areas of relative strength and opportunity, guided by current market views and regional trends.

In terms of markets, institutional sentiment shows waning interest in the US along with clear preferences for other regions, with 75% planning to reduce (32%) or maintain (44%) allocations to US equities. Instead, 89% say they will increase (44%) or maintain (46%) allocations to Asia-Pacific stocks, while 85% plan to increase (40%) or maintain (44%) allocations to European stocks.

Investors are also looking at the economic upside of uneasy geopolitics, with 77% of institutions in Europe and 81% in North America bullish on defense stocks. Overall, 65% project increased defense spending will buoy growth across developed markets and the same number believe it will open new opportunities in private markets as well. Emerging markets are also being reassessed, with half of institutions now thinking India will surpass China as the leading emerging market investment.

As institutions look further afield for diversification opportunities, many are also reconsidering investments in cryptocurrencies. 33% of institutions now report being invested in crypto up from 18% in 2024. Those who have moved appear generally satisfied with 94% planning to either maintain (58%) or increase (36%) their allocations. What's more, just one year ago 65% of institutions said crypto was not a legitimate investment option for institutions. A year later, almost half (49%) now say it is.

Sustainable investments

From calls on greenwashing to scepticism and political backlash, sustainable investing has faced a number of challenges in recent years. But as institutions look to enhance risk adjusted returns, they are finding that sustainable investments are positioned to help, with 58% saying there is alpha to be found in ESG investing.

In most cases, integration tops strategy preferences, with institutions choosing to imbed sustainability into the investment process alongside fundamental analysis. As such, 51% say ESG is still important to their investment strategy and process, but they have de-emphasised it publicly. Sustainable investing remains prevalent, it's just taking a different form.

Despite reservations, institutions remain positive on AI

While technology and AI have powered markets to new highs, the mood among global institutions is increasingly cautious. 46% worry that AI is a bubble, and 35% anticipate

that the bubble will burst in 2026. In addition, 69% believe significant new AI tech developments will bring concentration risk to the forefront of equity markets and 64% worry that a slowdown in CapEx spending has the potential to upend market growth.

However, even with the reservations, institutions are still largely positive on the prospects for AI in the year ahead. Overall, 65% expect the sector to supercharge growth again. As with public markets, tech is also a focal point of private investment plans, with 52% reporting that they are focused on AI-adjacent opportunities when it comes to new investment.

Elsewhere, AI also extends beyond the investment theme, with many applying the technology to their own practices and policies. 68% say it's unlocking investment opportunities previously undetectable and 49% say it's helping them uncover portfolio risks. On the flip side, a number of institutions remain wary of the hype. 41% think AI is a helpful tool but not much else, and 64% worry that in their own organisations, the desire to replace junior-level roles with AI is disrupting the long-term talent pipeline.

A full copy of the report on the Natixis Investment Managers' Institutional Investor Outlook for 2026 can be found here: <https://www.im.natixis.com/en-intl/insights/investor-sentiment/2025/institutional-outlook>.

Ends

Methodology

*Natixis Investment Managers Global Survey of Institutional Investors conducted by CoreData Research in September and October 2025. Survey participants included 515 institutional investors in 29 countries throughout North America, Latin America, the United Kingdom, Continental Europe, Asia and the Middle East.

About the Natixis Center for Investor Insight

The Natixis Center for Investor Insight is a global research initiative focused on the critical issues shaping today's investment landscape. The Center examines sentiment and behavior, market outlooks and trends, and risk perceptions of institutional investors, financial professionals and individuals around the world. Our goal is to fuel a more substantive discussion of issues with a 360° view of markets and insightful analysis of investment trends.

About Natixis Investment Managers

Natixis Investment Managers' multi-affiliate approach connects clients to the independent thinking and focused expertise of more than 15 active managers. Ranked among the world's largest asset managers¹ with more than \$1.5 trillion assets under management² (€1.3 trillion), Natixis Investment Managers specializes in high-conviction active investment strategies, insurance and pension solutions, and private assets, and delivers a diverse offering across asset classes, styles, and vehicles. The firm partners with clients in order to understand their unique needs and provide insights and investment solutions tailored to their long-term goals.

Headquartered in Paris and Boston, Natixis Investment Managers is part of Groupe BPCE, the second-largest banking group in France through the Banque Populaire and Caisse d'Épargne retail networks. Natixis Investment Managers' affiliated investment management firms include AEW; DNCA Investments;³ Flexstone Partners; Gateway Investment Advisers; Harris | Oakmark; Investors Mutual Limited; Loomis, Sayles & Company; Mirova; Naxicap Partners; Ossiam; Ostrum Asset Management; Seventure Partners; Thematics Asset Management; Vauban Infrastructure Partners; Vaughan Nelson Investment Management; VEGA Investment Solutions and WCM Investment Management. Additionally, investment solutions are offered through Natixis Investment Managers Solutions and Natixis Advisors, LLC. Not all offerings are available in all jurisdictions. For additional information, please visit Natixis Investment Managers' website at im.natixis.com | LinkedIn: linkedin.com/company/natixis-investment-managers.

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¹ Survey respondents and publicly available data ranked by Investment & Pensions Europe/Top 500 Asset Managers 2025 ranked Natixis Investment Managers as the 20th largest asset manager in the world based on assets under management as of December 31, 2024.

² Assets under management (AUM) of affiliated entities measured as of September 30, 2025, are \$1,528.4 billion (€1,300.9 billion). AUM, as reported, may include notional assets, assets serviced, gross assets, assets of minority-owned affiliated entities and other types of nonregulatory AUM managed or serviced by firms affiliated with Natixis Investment Managers.

³ A brand of DNCA Finance.