



DECEMBER 2025

# Five themes that will shape sustainable investing in 2026

Building on recent political and market shifts, our 2026 themes explore sustainability challenges and industry-wide trends that now shape financial decision-making.

The key takeaway for 2026? A new era of pragmatism is emerging – building on the recent shift towards viewing sustainability as both a near-term and long-term resilience strategy, alongside growing awareness of the costs of misjudging environmental, social and governance factors. We expect this trend to accelerate throughout 2026, particularly in the following interconnected themes:



**Matt Christensen**  
Global Head of Sustainable & Impact Investing



## 1. **Sovereignty** – mobilising investment

Sovereignty in Europe was a defining theme in 2025, and in 2026 it moves from concept to application within investment portfolios. Once associated mainly with defence, sovereignty now encompasses Europe's ability to act autonomously in strategically critical areas.

In our view, some key overlapping factors<sup>1</sup> shape European sovereignty: defence, energy, food, climate resilience, water, health, technology and the financial ecosystem. A mix of competitiveness initiatives,<sup>2</sup> future-readiness regulation,<sup>3</sup> and European Commission policies designed to mobilise investment<sup>4</sup> is enabling efficient capital deployment to strengthen autonomy across the bloc and its value chain.

We expect 2026 to mark sovereignty's evolution from a resilience theme into a core investment focus.





## 2. Transition financing – improving definitions (and capital flows)

Transition is often used as a catch-all for sustainable change, but in 2026 we expect sharper definitions to drive progress. Greater regulatory clarity under SFDR<sup>5</sup> around what qualifies as transition finance – combined with rising client interest and the need to position transition financing as a distinct asset class – will be key to accelerating capital flows.

Energy transition was a standout theme in 2025, as policymakers, regulators, industry and finance in most regions recognised the need to mitigate climate impacts. While transition finance currently centres on climate, environmental issues and risk mitigation, emerging guidance could broaden the scope to adaptation and resilience, as well as non-climate priorities.

The opportunity across the spectrum is vast, spanning the structural changes through global value chains and both private and public markets. In 2026, we expect these opportunities to drive the mainstreaming of transition as an asset class.



## 3. Digital resilience – strengthening guardrails

The pace of development in technology in recent years has been extraordinary, reshaping both daily life and the global economy. Yet, in our view, the rapid expansion of capabilities – especially in artificial intelligence (AI) – has outpaced the development of safeguards. Strengthening these guardrails will be critical to ensuring the long-term sustainability of technology-driven opportunities.

We have identified five essential factors for building resilient digital infrastructure: continuity and reliability, security and privacy, inclusion, health, and skills. Each of these will shape how fast-evolving technologies are positioned structurally – and determine their ability to seize opportunities while mitigating external risks.

Digital resilience is becoming indispensable as technology underpins the global shift toward models that can operate efficiently under future climate, planetary, and social



conditions. In 2026, we expect digital infrastructure to enter its next phase of development – driven by innovation and the need for robust safeguards.



## 4. Infrastructure – offering diversification opportunities

Well-functioning and resilient infrastructure is the backbone of a strong economy. Its scope is expanding beyond basic systems and services to a more advanced, technology-driven ecosystem that underpins socio-economic growth. We anticipate infrastructure development and financing to enter a new phase – driven by the urgent need for adaptation, mitigation, resilience, security and transition.

Economic reliance on robust infrastructure is growing fast, demanding stronger safeguards. Long-term resilience is now shaped by geopolitics, geoeconomic fragmentation, resource intensity, and physical risks – underscoring the critical role infrastructure plays in global stability.

Historically, infrastructure development was largely a government-led effort. Today, its growing importance for energy, digitalisation, water management and health is drawing private capital into the mix. Data centres are one clear example of the fast development in digital infrastructure, which is set to play an even bigger role in infrastructure projects in 2026. This shift will influence the scale, style and timelines of infrastructure financing – creating diversification opportunities and an attractive long-term risk-reward profile for investors.



## 5. Pricing risks – accounting for harm

Despite the high-profile politicisation and volatility surrounding sustainability, we have observed clients increasingly exploring how best to price evolving risks. In the year ahead, we expect significant progress in the pricing and integration of these risks into investment decisions.

This shift will be driven by several factors: enhanced modelling capabilities, growth in systematic and quantitative investment strategies, and improved attribution of financial impacts – including accountability for harm. Together, these developments will accelerate the formal integration of sustainability opportunities and risks into quantitative financial models.

Recognising the uncertain range of climate, planetary and social outcomes, improved integration of sustainability factors into financial models will be complemented by better scoping of scenario analysis. The insurance and legal sectors – both adept at identifying and quantifying risk – are well positioned to take the lead in determining how emerging risks are priced.

History offers a playbook: these industries helped reshape perceptions of toxins such as tobacco, asbestos and glyphosate. In the same way, pricing climate risks will lead the way, with biodiversity and social inclusion close behind.



**Want a deeper dive?** Look out for our **blog series** on these five themes, **starting in January**.

### Footnotes

1. Allianz Global Investors, **Sovereignty – a growth catalyst?** October 2025
2. European Commission, **The Draghi report on EU competitiveness**, September 2024
3. European Commission, **White paper for European Defence Readiness 2030**, and **The Digital Europe Programme | Shaping Europe's digital future**, 2025
4. European Commission, **Commission Recommendation on increasing the availability of savings and investment accounts**, September 2025
5. Sustainable Finance Disclosure Regulation

**Investing involves risk. The value of an investment and the income from it may fall as well as rise and investors might not get back the full amount invested. Past performance does not predict future returns. If the currency in which the past performance is displayed differs from the currency of the country in which the investor resides, then the investor should be aware that due to the exchange rate fluctuations the performance shown may be higher or lower if converted into the investor's local currency. This is for information only and not to be construed as a solicitation or an invitation to make an offer to buy or sell any securities. The views and opinions expressed herein, which are subject to change without notice, are those of the issuer or its affiliated companies at the time of publication. The data used is derived from various sources and assumed to be accurate and reliable at the time of publication. but it has not been independently verified; its accuracy or completeness is not guaranteed and no liability is assumed for any direct or consequential losses arising from its use, unless caused by gross negligence or willful misconduct. The duplication, publication, extraction or transmission of the contents, irrespective of the form, is not permitted, except for the case of explicit permission by Allianz Global Investors. This material has not been reviewed by any regulatory authorities.**

This document is being distributed by the following Allianz Global Investors companies: In Australia, this material is presented by Allianz Global Investors Asia Pacific Limited ("AllianzGI AP") and is intended for the use of investment consultants and other institutional/professional investors only, and is not directed to the public or individual retail investors. AllianzGI AP is not licensed to provide financial services to retail clients in Australia. AllianzGI AP is exempt from the requirement to hold an Australian Foreign Financial Service License under the Corporations Act 2001 (Cth) pursuant to ASIC Class Order (CO 03/1103) with respect to the provision of financial services to wholesale clients only. AllianzGI AP is licensed and regulated by Hong Kong Securities and Futures Commission under Hong Kong laws, which differ from Australian laws; in the European Union, by Allianz Global Investors GmbH, an investment company in Germany, authorized by the German Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and is authorized and regulated in South Africa by the Financial Sector Conduct Authority; in the UK, by Allianz Global Investors (UK) Ltd. company number 11516839, authorised and regulated by the Financial Conduct Authority (FCA); in Switzerland, by Allianz Global Investors (Schweiz) AG, authorised by the Swiss financial markets regulator (FINMA); in HK, by Allianz Global Investors Asia Pacific Ltd., licensed by the Hong Kong Securities and Futures Commission; in Singapore, by Allianz Global Investors Singapore Ltd., regulated by the Monetary Authority of Singapore [Company Registration No. 199907169Z]; in Japan, by Allianz Global Investors Japan Co., Ltd., registered in Japan as a Financial Instruments Business Operator [Registered No. The Director of Kanto Local Finance Bureau (Financial Instruments Business Operator), No. 424], Member of Japan Investment Advisers Association, the Investment Trust Association, Japan and Type II Financial Instruments Firms Association; In mainland China, it is for Qualified Domestic Institutional Investors scheme pursuant to applicable rules and regulations and is for information purpose only. in Taiwan, by Allianz Global Investors Taiwan Ltd., licensed by Financial Supervisory Commission in Taiwan; and in Indonesia, by PT. Allianz Global Investors Asset Management Indonesia licensed by Indonesia Financial Services Authority (OJK).