

Media release

LGT Capital Partners publishes Investment Outlook 2026

Boundaries that once shaped economic systems, political frameworks and financial markets are increasingly being tested or crossed. In its Investment Outlook 2026, LGT Capital Partners examines how these developments are unfolding and what they may mean for long-term investors as they navigate a world marked by heightened uncertainty and structural change.

Pfaeffikon, 19 January 2026. The Investment Outlook 2026 first examines macroeconomic dynamics, geopolitical realignment and shifts in monetary and fiscal regimes and it considers their implications for asset allocation. It then focuses on the alternative investment landscape, where LGT Capital Partners has been active as a principal investor for more than two decades. In addition to sharing observations and assessments on private equity, private credit, emerging and frontier market debt, real estate, infrastructure, hedge funds, insurance-linked strategies and impact investing, the publication highlights recent trends, current challenges and relevant investment considerations for the year ahead.

Global economy – crossing boundaries in a changing world

The publication examines how economic, political, technological and environmental boundaries are being tested or crossed and assesses the implications for investors. Topics include the forced global rebalancing, increasing government interventions, shifting geopolitical power structures, rapid advances in artificial intelligence and growing environmental constraints. Together, these developments are contributing to higher macroeconomic volatility and changes in financial market regimes, underscoring the importance of diversification and resilient portfolio construction.

Private equity – at a crossroads

Private equity remains resilient despite a challenging investment environment. While its performance since the 2021 peak has trailed public markets, long-term returns continue to be supported by earnings growth rather than multiple expansion. Deal activity shows signs of recovery, particularly in small- and mid-market transactions, while extended holding periods and lower distribution yields continue to influence investor behavior. In addition, secondary markets and alternative liquidity solutions are playing an increasingly important role as the industry adapts to evolving conditions.

Private credit – diversification in a fragmented world

Private credit continues to mature as a core allocation in investor portfolios. Geographical, sector and strategy diversification are becoming increasingly important amid geopolitical fragmentation and shifting relative value across regions. European direct lending currently offers attractive risk-adjusted characteristics compared to the US, supported by lower leverage and stricter credit documentation. Flexibility across sub-strategies, including credit secondaries and specialty finance, remains key to navigating this evolving market.

Real estate – reaffirming the role of hard assets

Real estate fundamentals remain broadly supportive, with balanced supply and demand and a slow-down in new construction underpinning rental growth. At the same time, the sector is adjusting to structural changes in occupier demand, technology adoption and capital markets. Investors are increasingly focused on supply-constrained markets and assets with durable, improvable cash flows, while remaining selective across sectors such as residential, logistics, grocery-anchored retail and hospitality.

Infrastructure – investing at the intersection of secular trends

Infrastructure is positioned at the intersection of digitization, electrification and demographic change. The rapid expansion of digital infrastructure, the energy transition and supply chain reconfiguration are driving significant capital needs across the sector. These trends are expanding the investable universe beyond traditional core assets and creating opportunities for more dynamic investment approaches, including value-add strategies and secondaries.

Impact investing – scaling solutions to global challenges

Impact investing is becoming an increasingly important component of institutional portfolios as environmental and social challenges intensify. Climate adaptation, healthcare innovation and resilient infrastructure are gaining prominence alongside mitigation efforts. LGT Capital Partners continues to expand its impact investment capabilities, focusing on measurable outcomes, robust data frameworks and scalable solutions that aim to generate market returns alongside positive social impact.

Emerging and frontier market debt – diversification amid global rebalancing

Emerging and frontier market debt stands to benefit from structural improvements, attractive real yields and a changing global currency landscape. Improved fiscal discipline and more credible monetary policy frameworks have strengthened sovereign risk profiles in several markets. A weaker US dollar may further support both hard currency and local currency bonds, enhancing diversification benefits for long-term investors.

Hedge funds – navigating blurred market boundaries

As politics, economics and technology increasingly intersect, hedge funds are well positioned to capture market dispersion and deliver diversification. Discretionary strategies can benefit from policy-driven volatility and corporate restructuring, while systematic approaches, including AI- and machine learning-based strategies, continue to gain relevance. Market-neutral strategies remain particularly attractive in an environment of elevated uncertainty and unstable stock-bond correlations.

Insurance-linked strategies (ILS) – resilient returns beyond traditional markets

Insurance-linked strategies continue to offer attractive, uncorrelated returns despite shifting market dynamics. While increased capital inflows have led to some rate softening, pricing remains adequate and demand for reinsurance capacity continues to support the market. The growing role of capital markets in absorbing catastrophe risk underscores the strategic relevance of ILS within diversified portfolios.

LGT Capital Partners

LGT Capital Partners is a leading global specialist in alternative investing with over USD 110 billion in assets under management and more than 700 institutional clients in 50 countries. An international team of over 900 professionals is responsible for managing a wide range of investment programs focusing on private markets, multi-alternatives and diversifying strategies, as well as sustainable and impact strategies. Headquartered in Pfaeffikon (SZ), Switzerland, the firm has offices in San Francisco, New York, Dublin, London, Paris, The Hague, Luxembourg, Frankfurt am Main, Vaduz, Dubai, Beijing, Hong Kong, Tokyo, Singapore and Sydney.

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