PRESS RELEASE

BNP Paribas Wealth Management presents its six most relevant investment themes for 2026

In 2026, by prioritising a few select trends, investors can position themselves to thrive in a challenging environment. First, lower interest rates will encourage even more diversification in portfolio allocation to move away from US mega-caps and avoid overreliance on cash returns. In addition, the rise of physical AI and the new age of resource scarcity are reshaping investment priorities. Finally, as policy increasingly rules markets, and Asia emerges as a growth hub, portfolios must adapt to capture these opportunities.

"As we expect market volatility to increase, investors will need to sharpen their focus on pivotal market trends to successfully navigate the year ahead. Energy, technology and defense sectors will continue to be an increasing opportunity of investment, steered by the next wave of AI and this period of resource scarcity" says Edmund Shing, Global Chief Investment Officer, BNP Paribas Wealth Management. "Moreover, we advocate a rebalancing away from US stocks and the greenback towards the rest of the world, especially to technology-heavy Asian stock markets which today dominate most areas of critical technology hardware."

INVESTMENT THEMES FOR 2026

THEME 1 - Ride the Bull, but Guard the Gains

The current bull market in stocks that began in October 2022 has been powerful, boosted by low and falling interest rates in most countries, economic growth combined with moderating inflation, and government stimulus. However, investors should remain vigilant, staying alert to geopolitical risks and market volatility. Our approach is to capture further upside while protecting portfolios from potential corrections.

We recommend diversifying away from US mega-caps via:

- Structured solutions with downside protection
- Currency-hedged US stock funds and ETFs
- Rebalancing of exposure away from US mega-cap stocks towards other regions and to more value and mid-/small-cap exposure
- Equity market-focused hedge funds and alternative UCITS funds

THEME 2 – Escape Shrinking Cash Returns

With cash deposit rates falling sharply, investors can no longer rely on cash for meaningful returns. Sovereign and corporate bond markets do not offer many obvious yield choices at present, with investment grade credit close to 15-year lows and US Treasury yields falling as the Fed cuts rates. The key is to be selective and opportunistic, requiring active management of fixed income portfolios.

We suggest solutions offering attractive yields at reasonable risk in:

- Emerging market bonds in local currency
- Euro financial sector bonds
- Selected lower-risk private credit funds
- Quality dividend and dividend growth equity funds and ETFs
- Income-oriented structured solutions based on stocks and corporate bonds.

Additionally, investors should opportunistically use any temporary corrections to enter short-dated high yield corporate bond funds and ETFs at higher entry yields.

THEME 3 - Beyond Algorithms: the New Al Frontiers

This theme is focused on AI's next stage and what it will require. Indeed, AI has driven tech stocks to new highs, but the next frontier lies beyond the obvious names. We see strong potential in the infrastructure powering AI—like electricity generation and transmission—and in the emerging field of humanoid robotics, particularly in Asia. This approach helps us avoid overvalued segments and target sustainable growth.

This environment is allowing enhanced opportunities for investing in:

- Power generation, transmission infrastructure, energy storage (batteries)
- Nuclear power
- High-end chips designed for data transfers, storage and computing, sensors
- Certain metals and special materials, such as copper, lithium, aluminum, titanium, lightweight composites, some rare earth elements
- Efficient cooling systems, water-related technologies
- Robotics and humanoids-related hardware and software
- New (agentic) Al applications in healthcare, finance and other industries.

THEME 4 - Welcome to the New Age of Scarcity

Resource scarcity is becoming a defining theme, as geopolitical tensions and underinvestment constrain supply. The 2008-2020 era of lower commodity prices has now set the scene for a prolonged period of higher commodity prices, until supply can finally respond to increasing demand. We recommend focusing on areas set to benefit from persistent demand and limited supply such as:

- Precious and strategic metals
- Energies critical in technology
- Renewable energy production and storage
- Companies involved in the extraction and refining of these commodities
- Structured solutions based on precious or industrial metals, or on mining companies

THEME 5 – Investing when Policy Rules Markets

As governments increasingly struggle to keep their swollen debt burdens at sustainable levels over the long term, government debt and intervention are reshaping markets, making real assets and value stocks more attractive. The challenge will be navigating policy-driven changes and demographic shifts. We favour infrastructure, selected real estate, and industrials, as these sectors have historically outperformed in high-growth, high-inflation environments.

We recommend investing in:

- Real estate, focusing on the residential, healthcare, warehouse and self-storage segments
- Infrastructure funds, both private and listed
- Inflation-protected bonds such as US TIPS
- Global macro and trend-following hedge funds and alternative UCITS funds
- Small/mid-cap equities in Europe and emerging markets
- Quality dividend and dividend growth equity funds and ETFs, particularly in Europe and in emerging markets
- Inflation-plus business model stocks in monopoly and oligopoly sectors

THEME 6 - Opportunity Rising: the allure of Asia

Asian equity markets have outperformed in 2025, driven by governance reforms, tech innovation, and strong local investor flows. Despite this, foreign investors remain underexposed although we can observe key opportunities in semiconductors, automation, robotics, batteries, and critical metals.

This theme focuses on increasing allocations to the Asia region:

- Improving corporate governance in Japan, China and South Korea
- Asia is a technology innovation hub, and moreover, the bifurcation of technology supply chains is creating opportunities throughout the region: China, Japan, South Korea and Taiwan.
- Asia, led by China, is a manufacturing powerhouse with green energy, EV, batteries and factory automation. Asia ex-China countries also benefit from the regionalisation of the supply chains.
- Rising middle class: growing consumption and young populations in South Asia, with India leading the region as growth shifts southwards. In addition, domestic brands are proliferating in Asia.

About BNP Paribas Wealth Management

BNP Paribas Wealth Management is a leading global private bank and the largest private bank in the Eurozone with more than €484 billion worth of assets under management as of September 2025. Present in three hubs in Europe, Asia and the Middle East, it employs over 6,700 professionals who support High-Net-Worth and Ultra-High-Net-Worth individuals in protecting, growing and passing on their assets. The bank aims at building a sustainable future by combining its deep expertise and reach with its clients' influence and desire for impact.

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