

Research Analyst Deep Dive – Resiliency and Sovereignty in International Markets



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In 2026, the global investment landscape is being reshaped by the focus on resilience and sovereignty across different regions. Energy independence, defense, and technology infrastructure are some vital areas for investment. The ongoing conflict in Iran has further underscored the critical necessity of national resiliency, forcing a re-evaluation of global supply chains and energy dependencies. Global priorities are shifting from efficiency toward resilience and strategic autonomy.

Thematic Outlook

The Surge in Defense and Infrastructure Spending

- Strategic Infrastructure Built-up: There has been a decisive shift from purely green initiatives toward Energy Sovereignty.
- Supply Chain Decoupling: Capital is flowing into domestic and local processing hubs to shorten vulnerable global supply lines.

Energy & The Derivative Implications

- Strategic Industrial Input: We view energy as a strategic industrial moat rather than a mere commodity. In a decoupled world, low-cost, reliable power becomes the primary determinant of a nation's manufacturing competitiveness.
- Power-Dense Infrastructure: The AI-Energy Nexus is driving unprecedented demand for base-load power, forcing a massive recapitalization of aging electrical breakthroughs to support both high-tech data centers and re-industrialized manufacturing bases.

Metals & Mining

- Governments are increasingly backstopping once-uneconomic projects, particularly in critical minerals and energy, creating a new sovereignty premium for infrastructure and extraction assets.
- Sovereignty Premium: Investors are pricing in the security of ally-sourced minerals over the lowest-cost global spot price.

Regional Deep Dive

Europe: Defense & Energy Transition

Energy independence remains a dominant structural theme, with large-scale spending packages scheduled to begin in 2026 expected to create significant tailwinds for infrastructure and defense.

- **The Grid Overhaul:** Implementation of a ~€1.2 trillion¹ plan to upgrade and digitize the EU's power grid by 2040, prioritizing cross-border connectivity and high-capacity renewable integration.
- **Defense Industrialization:** The €1.5 billion² European Defense Industry Program (EDIP) is now addressing urgent production bottlenecks to ensure the domestic industry can meet immediate security challenges.

Japan: Electrification & Efficiency

As an energy-importing country, Prime Minister Takaichi's reform agenda emphasizes energy independence.

- **Energy Resilience & Security of Supply:** Under the 2026 mandate, Japan's energy strategy was shifted to a nuclear-led and national resilience-focused model. New utility-scale renewable projects are increasingly required to include co-located BESS (Battery Energy Storage Systems) to prevent grid curtailment and manage peak demand. As a result, grid-scale BESS applications in Japan have surged, reaching over 170 gigawatts as of March 2026.³
- **Supply Chain Nationalism:** The country is moving away from foreign-made (predominantly Chinese) silicon panels by subsidizing the rollout of domestically made products.

¹ European Commission. (2025). *Questions and answers on the European grids package and the energy transition.*

² European Commission. (2026). *EDIP: Forging Europe's defense industry.*

³ Institute for Energy Economics and Financial Analysis (IEEFA). (2026, March 2). *Japan's grid-scale BESS market: Turning market hype into reality.*

- **Energy Efficiency** is treated as a core pillar. New 2026 mandates require medium-scale non-residential buildings to meet the same strict energy-saving standards as large facilities. The government is also funding advanced cooling technologies to ensure the grid remains stable as power demand from AI and data centers is projected to triple over the next decade.

Australia: Strategic Mining

- **From Exporter to Supply Hub:** Australia is undergoing a structural evolution, moving from a generic raw material exporter to a critical security-of-supply hub for the Western alliance. It is increasingly the primary node for friend-shoring strategies within the Indo-Pacific.
- **Resource & Energy Convergence:** With its access to key resources and energy bases as well as rare metals, Australia is well-positioned in the new world order.

Bottom Line

As countries and regions accelerate efforts to redefine strategic autonomy and long-term growth vectors, we believe our broad, cross-sector generalist framework, combined with deep local expertise, is well positioned to capture these multi-year, multi-sector opportunities. Small and mid cap companies, in particular, stand to disproportionately benefit as these strategic priorities are implemented, often serving as the primary beneficiaries of policy-driven capital allocation. By focusing on businesses with sustainable competitive advantages, strong balance sheets, and disciplined management teams aligned with shareholders, we believe this complex environment can yield attractive, risk-adjusted returns for our clients.

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