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Reflections on Our Global CIO Forum

We hosted 130 chief investment officers (CIOs) and senior asset allocators from around the world in Boston last week for two days of discussions about the key strategic issues they face. In this note, we summarize some of the key ideas and discussions from the event.

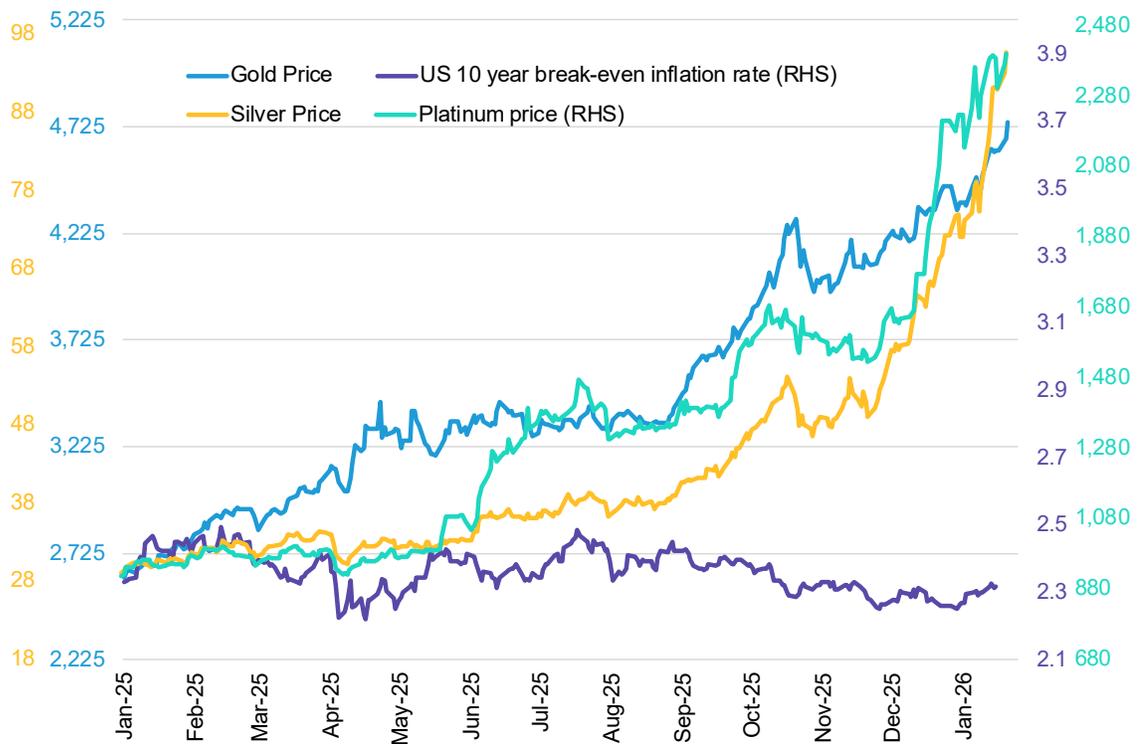
It will be of no surprise to readers to hear that geopolitics and Federal Reserve independence were core points of focus. Despite these existential issues, the general sense of the gathering was decisively of a pro-risk disposition—albeit with widely-held concerns about market concentration and valuation. The questions were not, generally, about whether risk assets can deliver positive returns, but instead tended to focus on the detail of exactly which kind of private asset to hold.

There was a lot of interest in allocation to active strategies, in part as an offset to the riskiness of the “passive” index, given the degree of concentration and valuation. This interest was amplified by concerns about a low-return outlook. Potential artificial intelligence (AI) profitability gains were notably pushed down the list of questions by these other topics.

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DISPLAY 2: GOLD, SILVER AND PLATINUM HAVE RALLIED WHILE INFLATION EXPECTATIONS HAVEN'T MOVED



Current analysis does not guarantee future results.

As of January 20, 2026

Source: Macrobond and AB

In addition to specific fears about Fed independence, Rogoff's presentation suggested that the dollar's market share has likely peaked and that we should expect it to gradually decline. The US benefits from approximately 1% lower interest rates due to reserve-currency status—controlling for debt levels, this is a significant advantage and not a benefit to be taken likely. The euro remains the most significant alternative but has probably missed its chance to overtake the dollar. China will continue breaking from the dollar but cannot overtake it.

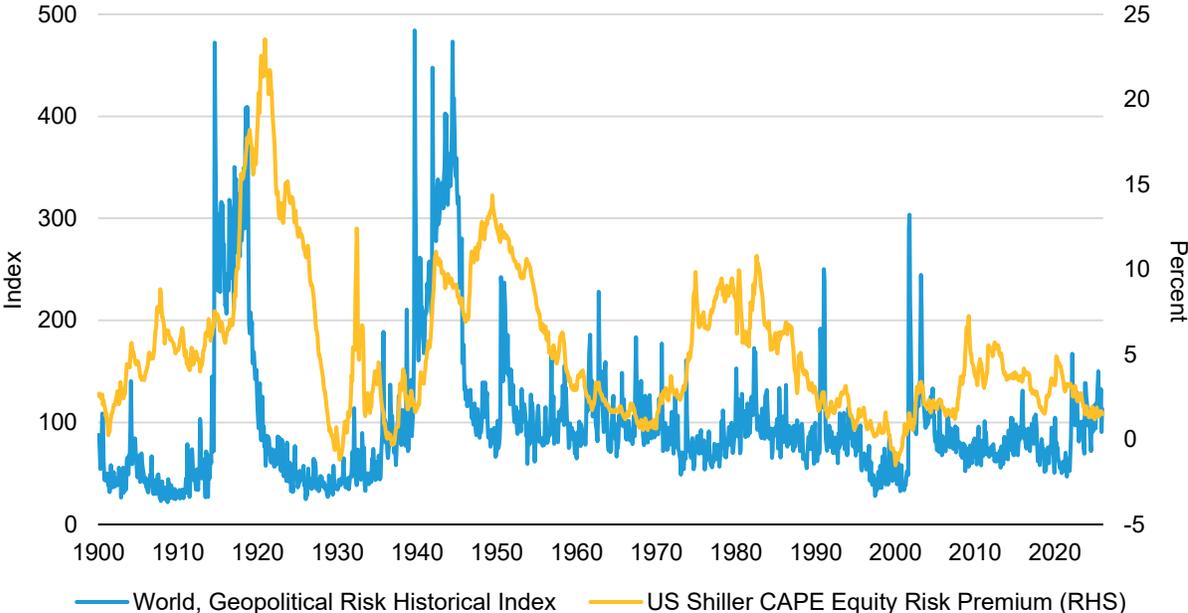
Geopolitics: The forum took place as tension over Greenland was rising, so more time was spent discussing the Arctic island than anyone present probably- expected to at any point in their careers. Against this backdrop, Ian Bremmer, President and Founder of Eurasia Group and GZERO Media, presented his view on geopolitics. His perspective was that the US would not take the island by military force but that President Trump definitely wants it, and that this will cause irrevocable damage to NATO.

Bremmer presented an incredibly negative view on Europe as a result of it being squeezed between the US and Russia. Our experience was that this negative view was a majority position for the attendees, about 70% of whom were from the US given the event location; 30% were from Europe, Asia and Latin America. A fascinating aspect of this, though, was the gulf of views that became apparent in discussions between US and non-US attendees. We heard some US attendees express surprise at the degree to which overseas views on the US have shifted, for example with respect to the risks to non-US investors for investing in long-horizon illiquid investments domiciled in the US.

Our own view is that US exceptionalism for equity markets is alive and well, given the more positive outlook for growth rates in the US (demographics, AI, and a corporate-friendly tax and regulatory environment). However, the outlook for the US dollar and US Treasuries is not so certain, given the questions of fiscal sustainability in the US overlapping with a shift in the level of trust placed in US institutions. So far, it is notable that foreign investors have not exited US nominal assets, but this is something to watch.

The difficulty for investors is that markets struggle to price geopolitics. In *Display 3*, we show a long-run history of the equity risk premium plotted against a measure of geopolitical risk. This comparison shows that the equity risk premium tends not to anticipate increases in geopolitical risk. In practical terms, this means that in our own strategic equity forecasts it is probably not right to reduce equity returns because of geopolitics. Such a move could prove to be wrong for a long time. However, it does matter, especially for those forming strategic asset allocations over long horizons.

DISPLAY 3: THE EQUITY RISK PREMIUM DOES NOT TEND TO PRE-EMPT GEOPOLITICAL RISK



Current analysis does not guarantee future results.

As of January 20, 2026
 Source: Macrobond, Matteo Iacoviello, Robert Shiller and AB

Bremmer was asked if there are some positive takeaways from geopolitics. He suggested: 1) the Gaza phase one peace deal; 2) that the US walking away from the world order it created is not causing other countries to abandon that world order (e.g., the recent EU-Mercosur deal) and; 3) that the situation is so bad there will have to be a new wave in favor of deep structural change addressing the root causes of populism (immigration and inequality). This author, for one, was not left feeling entirely warm inside if these are the “positives,” but this is the situation that we face.

Active management: Active management returns have been challenged over the last few years, particularly in the US, given its extreme market concentration and narrow leadership in markets and factors. However, there was a good consensus on the benefits of active management really for two reasons: 1) belief in a low-return world and hence a need for an extra return from active strategies; and 2) the idea that a “passive” investment in a concentrated, expensive market that has seen strong inflows is, in a total risk sense, more risky than normal.

DISPLAY 4: WEIGHING UP THE CASE FOR ACTIVE



For illustrative purposes only.

Source: AllianceBernstein (AB)

A number of participants noted that they plan to increase active allocations in less-efficient markets, such as emerging markets and small caps, where alpha opportunities have historically been greatest. Also, the idea was expressed that increasing the allocation to active managers could be a good way to hedge the risk of potential Mag Seven or broader tech-sector selloff. A few participants also noted that successful AI adoption should be a catalyst for better active-manager performance in the future. On the fixed-income side, there was strong conviction in the value of active management and a growing interest in fixed-income factor strategies.

Private assets: It would not be an exaggeration to say that private assets dominated discussions of asset allocation. This was especially clear in a panel discussion on strategic asset allocation (SAA), but it was notable that even the public-markets panel ended up spending a significant amount of time discussing private assets!

Specifically, the SAA panel revealed a clear trend toward increased private market allocations, though with evolving focus areas. The majority view that permeated discussions was not whether to increase private assets, which was taken as a given, but rather which specific areas of private assets to allocate to. Investors seemed to have a favorable view of private debt and infrastructure, while recognizing that private-credit spreads have compressed and areas may be growing crowded. The flood of capital means that greater selectivity is required. Underwriting standards matter enormously, and panelists were watching for signs of complacency and declining standards. Asset-based finance was also an area seeing a bid.

Our own research has a downbeat view of private equity, questioning whether the average new investment will earn an after-fee excess return over that of public equity; we found some agreement with this view. One quote from the private assets panel discussion was, "I don't like private equity. You give them money, they pay you back whenever they like, at whatever dividend they like, and the cycle can be 12 years. I want a huge risk premium to take that degree of illiquidity." Awareness of the liquidity difference between short-horizon and long-horizon private investments was driving the views of many investors.

Other points that came up with regard to private assets were:

- Differentiation within private credit buckets (asset-based finance, royalty finance, other niches) will be the key decision in 2026.
- Semi-liquid vehicles are growing in importance, with blurring lines between public and private.
- Manager selection remains critical; performance persistence is perhaps stronger in private markets than in public.

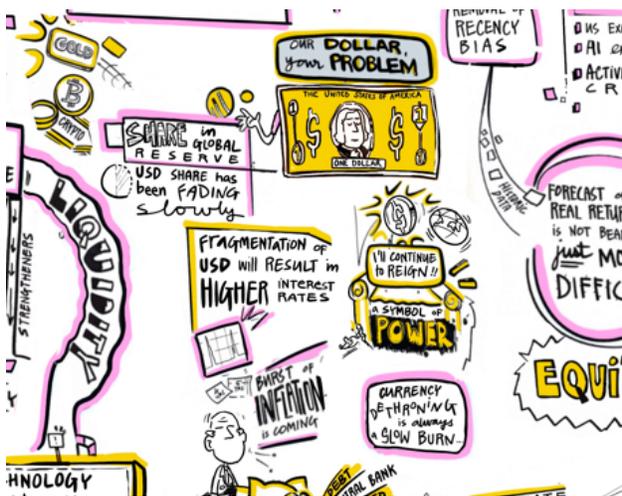
- Concerns were raised about retail entering this space. The educational bar is high, and governance and alignment need strengthening.

AI: Notably, the topic of AI was pushed down the list of concerns that came up in response to questions asked to presenters and panels. The main AI issue was the indirect one—its role in supporting the high concentration of the US equity market. We noted that there was no active discussion about what the aggregate productivity improvement due to AI can be, a topic that has consumed a lot of our research time! Perhaps geopolitics and Fed independence have so recently shot to the top of the agenda that they have crowded out other topics. Even the topic of labor disruption from AI was not prominent, though we fully expect that topic to be present in 2026 as investors pore over company announcements to see if any structural areas of labor weakness arise from AI adoption in certain sectors.

Bremmer pointed out that there is no regulatory environment for AI, thus in a sense it can be thought of as a real-time social experiment. This notion prompts the view that there may eventually be a backlash against this free-for-all, corporate-led approach to AI.

US exceptionalism? In discussions of public markets, while our panel acknowledged US equity exceptionalism, it also saw opportunities outside the US from valuation and diversification standpoints. One allocator didn't believe that all AI winners would be in the US, and was focused on emerging markets (EM) with plans for more active management in Europe. Another allocator was comfortable being overweight US given the strong economy, but holds no US government bonds and is considering increasing US dollar hedging.

DISPLAY 5: CAN THE DOLLAR RETAIN ITS STATUS?



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Source: AllianceBernstein (AB)

This fits with the view that we have expressed in our research that the outlook for strong US earnings growth underpins US equity exceptionalism. However, this does not necessarily translate into exceptionalism for the US dollar and US bonds, where risks are rising. We think it appropriate that non-USD investors increase their hedging of US dollar exposure, a process that started last year and has further to go, in our view. The question of trust in the US and what a decline in trust might mean for US assets was a point of ongoing discussion. We think that this will be a key area to focus on during the first months of 2026.

Planned changes in SAA and Non-Consensus SAA Views

We asked attendees about planned changes in SAA. One vocal view expressed was “none!” Given that the focus of discussion is strategic, one has to have a lot of respect for this answer. Strategic views shouldn’t generally undergo radical change from year to year, even when the news flow feels like a maelstrom. The other views we heard expressed coalesced around the idea of increasing inflation protection and de-risking. We did also hear the desire to lower US dollar exposure, as per the discussion in the previous section.

We also asked for any non-consensus SAA calls. It was interesting that there were areas with no agreement—always a fertile basis for making a market. For example, several investors wanted to strategically underweight the Mag Seven, but another suggested owning only the Mag Seven and not bothering with the rest of the market. Likewise, as we heard multiple times, investors wanted to buy small caps, seeing their underperformance as an attractive entry point. However, there were other investors willing to lower small cap exposure, in some cases to move in favor of private asset exposure.

One interesting non-consensus view was the idea that EM assets might now be lower risk than US assets. Yet another was the strategic case for healthcare, a call that we agree with given that valuations are touching historical lows and the sector being a potential growth beneficiary of AI; see [US Healthcare: Attractive Valuation for a Structural Growth Opportunity](#).

The final non-consensus view, offered by several investors, favored active over passive, given market concentration and valuations.

AB’s own asset allocation view, which we presented to wrap up the conference, places an overweight on real assets as its core anchor, given our view that equilibrium inflation will rise. This is expressed via an overweight in equities (the biggest and most liquid real asset), exposure to treasury inflation protected securities, infrastructure and non-fiat assets). Our allocation carries an explicit significant allocation to factors and active strategies in the spirit of a total portfolio approach. We retain an overweight position in US equities and a significant underweight in long-duration government bonds.

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