GLOBAL Insight

Special report

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How BRICS sees the world

Amid geopolitical tensions and a fracturing global trading system, the BRICS association is attempting to chart a new course. The growing and evolving group believes a multipolar world order is inevitable.

Kelly Bogdanova

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Special report

How BRICS sees the world

The world order continues to shift amid fracturing trade ties and high tariff levels, leaving the old order defined by cooperative globalization in the rearview mirror and raising questions about long-term economic and investment implications. Amid the changes, the BRICS association is one of the entities attempting to chart a new course. This latest edition of our ongoing "Worlds Apart" series focuses on how BRICS is growing and evolving, and why countries within it—including the large Eurasian troika of China, Russia, and India—believe a new multipolar world order is inevitable.

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Key points

- **The 10 BRICS members now make up about 40% of global GDP and almost 50% of the world's population; the group is too large to ignore.**
- **While a BRICS currency is not in the offing, three of its currency-related initiatives could further reduce the proportion of global trade in U.S. dollars and within the Western-backed SWIFT payments network.**
- **We think any further use of "tariffs as sanctions" on BRICS countries—whether by the U.S., European countries, or other Western-aligned nations—could continue to backfire.**
- **Despite BRICS' practical constraints and slow progress on important initiatives, we assess that the association is only getting started and has the potential to integrate and expand further.**
- **BRICS' role in the ongoing shift toward a multipolar world order, alongside rising U.S. protectionism, reinforces our belief that investment portfolio allocations should be viewed through a different lens and that some key industries stand to benefit.**

A world in transition

The very friendly images of the Chinese, Russian, and Indian leaders interacting together and their triple handshake at the recent Shanghai Cooperation Organisation (SCO) summit in Tianjin, China, shouldn't be shocking or even surprising, as it was portrayed by much of the Western press.

For years, these three countries have played outsized, cooperative roles in the BRICS association. More recently, changing global trade dynamics have given them additional reasons to raise their bilateral relations and SCO integration to new levels, in parallel with deeper BRICS coordination.

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From our vantage point, the intensifying China-Russia and India-Russia strategic partnerships, along with improvement in China-India relations, are natural, predictable outgrowths of the ongoing shifts in the geopolitical and geo-economic orders.

Trade conflicts, high tariff levels, and thousands of U.S. and European economic sanctions that have built up over years, along with related national asset seizures, have given the large Eurasian troika plenty of incentives to cooperate more and expand partnerships with like-minded countries in BRICS, the SCO, and other groups.

We think this is yet another signal the world is transitioning from a U.S.-led Western unipolar order which had characterized much of the post-Cold War period, to a new multipolar framework where not only the U.S. and its Western allies shape global affairs, but other countries outside the West also have significant influence.

Government officials within the BRICS group and its cousin SCO entity (membership in the two overlaps to some degree) believe the unipolar framework has passed or will soon.

They seek a "just world order" and a "fairer" global system based on mutual respect and "sovereign equality" among nations—in other words, they are working to elevate principles enshrined in the United Nations Charter. And they repeatedly emphasize they seek "win-win" bilateral trade and economic agreements that support domestic economic development, rather than "zero-sum-game" deals.

Whether the post-Cold War "rules based" international order can be extended is up for debate and is a controversial topic in Washington, understandably.

During the Trump 2.0 and Biden administrations, many American officials and analysts at the West's most prominent interventionist-oriented foreign policy think tanks have pushed back against the multipolar narrative. Some experts assert that the U.S. maintains its dominant role and primacy (aka hegemony). Others recognize the rise of Eurasian powers and argue that America needs to strengthen its role in shaping global affairs so that U.S. hegemony can be re-established and/or extended for years to come. We highly doubt the U.S. and its European allies will quietly acquiesce to a new multipolar framework where other Eurasian powers play meaningful roles as well.

Nevertheless, some prominent Americans have acknowledged at least since 2023 that the multipolar world is already here, like it or not.

This group includes retired General and Joint Chiefs of Staff Chairman Mark Milley; Professor John Mearsheimer of the University of Chicago, an international relations and security specialist and West Point graduate; and Professor Jeffrey Sachs of Columbia University, an economics, fiscal policy, and monetary policy consultant to many governments since the 1980s. Analysts at think tanks representing the "realism school" of foreign affairs which dominated American thinking in the 1970s during the Nixon administration, such as the Washington-based Quincy Institute for Responsible Statecraft, also perceive multipolarity as already here.

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Regardless of which view is right or if the world order ends up taking some other shape, we think investors should note how BRICS sees the new multipolar framework. The geopolitical and geo-economic shifts have investment implications, specifically regarding the importance of asset-class geographic diversification and equity sectors that could benefit.

A bigger BRICS

The BRICS association has been expanding amid the geopolitical changes.

It has grown from five members in 2023 to 10 members and 10 partners in 2025, and many more countries have participated in hundreds of meetings and events over the past two years. We expect some of these countries to join the group.

Members drive the agenda, and their heads of state approve key initiatives and official communiques. Partners participate in meetings and events, but don’t vote on decisions nor lead the agenda.

BRICS is not designed to be a formal economic and political bloc like the EU. In fact, its members flatly reject the term “bloc” and say they don’t seek to become one. And they repeatedly assert that they’re “not against anyone” and seek cooperative relations with the U.S. and other Western countries. For years, India and Brazil have indicated they do not want BRICS to be perceived as anti-Western or anti-American. Even amid their current tensions with the U.S., we doubt their attitudes about this will

BRICS has expanded from just five members in 2023 to more than 20 countries participating

10 BRICS members

Brazil Russia[1] India[1] China[1] South Africa

Egypt[1] Ethiopia Indonesia Iran[1] UAE[1]

10 BRICS partners

Belarus[1], Bolivia, Cuba, Kazakhstan[1], Malaysia, Nigeria, Thailand, Uganda, Uzbekistan[1], and Vietnam. Saudi Arabia[1,2] participates.

1. These countries are also members of the Shanghai Cooperation Organisation (SCO) or SCO non-member dialogue partners (Egypt, UAE, Saudi Arabia).

2. Saudi Arabia received a BRICS membership invitation in August 2023, but has not officially clarified its status in the association. It participates in summits, meetings, and other events, but not in member decisions and communiques.

Source - RBC Wealth Management, Brazil Ministry of Foreign Affairs, Russia Ministry of Foreign Affairs, Shanghai Cooperation Organisation, Channel News Asia (CNA) change, although we think India and Brazil may be less apt to slow down certain BRICS initiatives than they were in the past.

Nor is BRICS designed to be a formal military security alliance like NATO or what is emerging in the EU. There is no military component whatsoever. BRICS countries have a range of military relationships, some of which include Western partners. For example, there are U.S. military bases in the United Arab Emirates (UAE), and India cooperates with the U.S. and Russia on military-technical equipment and military exercises.

Public statements have made it clear that BRICS countries—many of whom have bilateral strategic partnerships with one another—desire deeper trade, financial, strategic, diplomatic, and cultural ties with each other, and want to leverage the economic achievements that are already under their belts and may be ahead.

Economic heft = Geopolitical clout

When measured in U.S. dollars, BRICS members represent five of the 20 largest economies in the world. The U.S. is firmly in the first slot and China's economy is in the second, at 64% the size of the U.S. economy. For this measure, the total value of a country's GDP in its own currency is converted directly into U.S. dollars according to the exchange rate.

Rankings of the top 20 economies differ a lot, depending on how GDP is measured

2024 GDP ranked in terms of U.S. dollars (USD, left) and by purchasing power parity (PPP, right); all data in trillions

Rank	Economy	GDP (USD)
1	United States	29.18
2	**China**	**18.75**
3	Germany	4.66
4	Japan	4.03
5	**India**	**3.91**
6	United Kingdom	3.64
7	France	3.16
8	Italy	2.37
9	Canada	2.24
10	**Brazil**	**2.17**
11	**Russia**	**2.16**
12	South Korea	1.87
13	Mexico	1.85
14	Australia	1.80
15	Spain	1.72
16	**Indonesia**	**1.40**
17	Türkiye	1.32
18	Netherlands	1.23
19	Saudi Arabia	1.09
20	Switzerland	0.94

Rank	Economy	GDP (PPP)
1	**China**	**38.15**
2	United States	29.18
3	**India**	**16.19**
4	**Russia**	**6.91**
5	Japan	6.53
6	Germany	6.00
7	**Brazil**	**4.73**
8	**Indonesia**	**4.66**
9	France	4.36
10	United Kingdom	4.29
11	Italy	3.61
12	Türkiye	3.46
13	Mexico	3.32
14	South Korea	3.24
15	Spain	2.67
16	Canada	2.62
17	**Egypt**	**2.23**
18	Saudi Arabia	2.11
19	Poland	1.90
20	Australia	1.90

■ **BRICS members**

PPP adjusts GDP in U.S. dollars to take into account cost of living, currency differences, and other factors. PPP data is shown in trillions of "international dollars," which reflects these adjustments.

Source - RBC Wealth Management, International Monetary Fund; data as of 9/11/25

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But when GDP is calculated by purchasing power parity (PPP), which attempts to adjust for the cost of living, BRICS member countries move higher in the ranks, representing five of the top eight economies. This is led by China in the first position with the U.S. in the second, at 76% the size of the Chinese economy.

While the PPP measure is admittedly imperfect—there are valid criticisms of the various ways it can be calculated—it is used by some international organizations and economists because the cost of living can vary widely between countries, especially between developed and developing countries. Therefore, we think both GDP measures should be considered when comparing the size of economies.

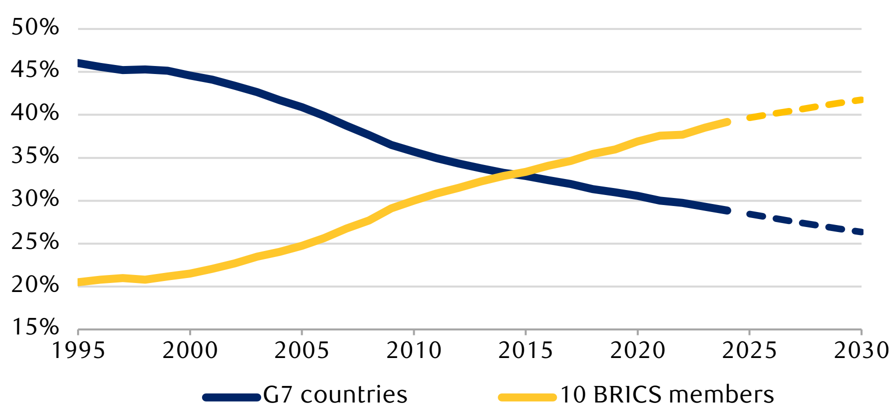
BRICS countries believe they have earned a bigger say in global affairs because collectively they have considerable economic heft and natural resources wealth, which they can translate into geo-economic and geopolitical clout.

Back in 1995, the 10 current BRICS members represented almost 21% of global GDP, whereas the U.S.-led G7 countries made up 46%, based on PPP calculations by the International Monetary Fund (IMF).

Fast forward to 2025, the 10 BRICS members are expected to make up almost 40% of global GDP compared to 28% for G7 nations, according to the IMF. This gap is forecast to widen through 2030, as the chart shows.

BRICS economic clout to increase further

Share of global GDP based on purchasing power parity in international dollars



GDP of the 10 BRICS members surpassed G7 GDP in 2015, and the IMF expects the gap to widen further. Even before BRICS membership expansion in 2024 and 2025, the previous five BRICS members had surpassed the G7 in 2019.

Source - RBC Wealth Management, International Monetary Fund; data as of 9/11/25; 2025–2030 are IMF projections

A BRICS currency is a red herring for now, but other currency initiatives are not

Despite significant press and blog attention over the years about the potential creation of a single BRICS currency, this is still not formally being considered. The concept has not been embraced by BRICS itself; top officials have emphasized this many times, including recently.

The potential creation of a digital "unit of account" backed by sovereign bonds or gold or some combination comes up as a discussion topic among BRICS country experts from time to time. We are seeing signs of this topic resurfacing again following the heightened trade tensions between the U.S. and Brazil/India. But unless this issue becomes part of the formal BRICS agenda, we consider it just talk.

In the West, the BRICS currency idea mostly lives largely in the minds of U.S. dollar doom-and-gloomers.

It's important to note, however, that BRICS countries repeatedly emphasize they are firmly against using currencies—the U.S. dollar in particular—as a foreign policy weapon, and this shapes their currency-related initiatives.

In July, at the 2025 BRICS Summit in Brazil where heads of state and senior officials met, the 10 members formally declared their opposition to unilateral tariffs, non-tariff barriers, and economic sanctions—the latter they view as emblematic of currency weaponization.

Statements about trade, tariffs, and economic sanctions

2025 BRICS Summit communique: Excerpts from the Rio de Janeiro Declaration

- "We voice serious concerns about the rise of unilateral tariff and non-tariff measures which distort trade and are inconsistent with WTO rules."
- The declaration also condemned the imposition of "unilateral economic sanctions and secondary sanctions" and stated, "We call for the elimination of such unlawful measures … We reaffirm that BRICS member states do not impose or support non-UN Security Council authorized sanctions that are contrary to international law."

At the summit, member countries also confirmed that three currency-related initiatives remain in the works, which we believe are direct consequences of years of U.S.- and European-led economic sanctions policies and asset seizures against many countries, most of all BRICS members Russia and Iran.

Trading in national currencies: A lifeline when needed – Members want to expand bilateral trade in their own currencies (aka "local currencies") and improve financial and banking system plumbing to make this easier and more efficient. This trend picked up pace among BRICS countries and others following sanctions on Russia related to the Ukraine crisis. We think further acceleration would occur if the U.S. steps up economic sanctions policies and non-tariff barriers much more than it already has—a risk that has risen recently.

BRICS Cross-border Payments Initiative: Slow-motion progress – Members are still working toward developing a blockchain-based electronic system that would "facilitate fast, low-cost, more accessible, efficient, transparent, and safe cross-border payments among BRICS countries and other nations and which can support greater trade and investment flows," as stated in the summit's Rio de Janeiro Declaration.

BRICS country officials are quick to point out this is not designed to potentially replace the Western-run global SWIFT electronic payment system; it's simply intended to fortify and enhance their own interbank communications systems and provide an additional alternative payments platform that cannot be disrupted by Western governments' sanctions.

It's our understanding that there is still much work to be done on this initiative and, importantly, there are many decisions for BRICS members to make; no one is going to run ahead of the locomotive. However, we think the Trump administration's extra tariffs on India and Brazil—regardless of how long they stay in place—will hasten the formation of the BRICS payments platform, as we perceive India had been heretofore slow-walking this initiative.

BRICS Grain Exchange: Working on it – The 10 members reaffirmed support for the creation of a new commodity exchange to trade grain and the subsequent expansion into other agriculture products and commodities, with the ability to trade in local currencies.

Agriculture commodity trading has been dominated by the U.S. and other Western exchanges for decades, which effectively set prices globally, and where much of the goods are traded in U.S. dollars. BRICS members produce a considerable amount of grain; estimates from various aggregators of commodity production data range from 40% to 54% of global supplies. They also produce a large share of the world's meat, fish, and dairy products. And with BRICS member and partner states representing 55% of the world's population, they make up a meaningful portion of global grain consumption.

What do these BRICS initiatives mean for the U.S. dollar's status as the world's reserve currency?

We don't think the growing trend of trading in local currencies will dislodge the dollar from being the most widely used currency for global trade anytime soon. Even the euro and Japanese yen, the second and third most traded currencies, are in no position to dethrone the dollar.

However, we see scope for the proportion of global trade in U.S. dollars and within the Western-backed SWIFT system to decline further. This could occur as countries and entities develop cheaper and more efficient blockchain-enabled methods for two parties to trade in their own local currencies or to mutually trade in a third country's currency such as the Chinese yuan.

BRICS is not the only group contemplating this. The Association of Southeast Asian Nations (ASEAN), the Gulf Cooperation Council (GCC) of Middle Eastern countries, and the Mercosur group of South American countries are considering initiatives to facilitate and encourage trade in local currencies and/or to implement an electronic payments platform. Also, the new SCO Development Bank could roll out a securities-clearing entity similar to the West's Euroclear and Clearstream platforms. Each of these regional groups includes BRICS members.

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The heartbeat of BRICS: Bilateral trade, investment, and cooperation

BRICS is not a panacea for any of the countries involved. All of them also participate in regional and/or other multilateral organizations and have additional foreign policy initiatives, some of which are more important to their destinies.

But BRICS provides participating countries with another lever to advance their economic and strategic development with like-minded countries and coordinate their other foreign policy priorities with the association.

One of the biggest benefits that BRICS participants receive is the opportunity to engage in more bilateral investment, trade, and diplomatic discussions, and people-to-people exchanges, than they otherwise would if the association didn't exist.

Numerous BRICS meetings and events are held each year; in 2024, there were more than 200. Most of them are hosted by the association's rotating presidency (Brazil holds the presidency this year and India will take the helm in 2026). The more contact high-ranking government officials, business leaders, academics, think tanks, thought leaders, media outlets, and even cultural and sport leaders have with each other, the more integration, trade deals, business deals, and overall cooperation.

The relationships forged within BRICS spill over into other multilateral organizations, international economic and business forums that larger BRICS countries host, and in bilateral interactions—this has especially been the case in the past few years.

For example, the progress between China and India to resolve their longstanding border dispute and improve relations has been facilitated by BRICS participation.

This began when the two heads of state met at the 2023 BRICS Summit in South Africa and the 2024 Summit in Russia. The process then gained a lot of momentum recently during multiple meetings between high-ranking Chinese and Indian officials. This culminated at the recent SCO Summit where India's Prime Minister Narendra Modi visited China for the first time in seven years and met with China's President Xi Jinping along with their formal delegations. While there are still many boundary issues to sort out, both leaders positively described the dialogue which included trade and investment opportunities. Importantly, they reaffirmed their bilateral relations can support domestic development and, in this respect, the two countries are "partners," not "rivals." Prime Minister Modi invited President Xi to attend the 2026 BRICS Summit in India; this would be Xi's first visit to India since 2019. As a side note, this China-India improvement in relations illustrates how the BRICS and SCO entities work in parallel at times.

The entrance of Middle Eastern and Southeast Asian countries into BRICS in 2024 and 2025 has enhanced the broader association notably and opened many more opportunities, in our assessment.

BRICS involvement has already boosted Dubai, UAE's status as an emerging global financial center, for example. The country's ties to China, Russia, and India began to deepen meaningfully even before it entered

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the association in January 2024. These developments—combined with the UAE's neutral diplomatic posture, longstanding friendly relations with the U.S. and other Western countries, increasing role in global commodity trading, and the emergence of a multipolar geopolitical framework—could eventually turn the UAE into a modern-day version of what Switzerland used to represent in the eyes of much of the world.

BRICS members and partners are looking forward to either strengthening or initiating economic and strategic ties with Indonesia, which became a member in early 2025. We view Indonesia as having among the brightest economic growth prospects over the next 10 years. The country's diverse and dynamic economy is the eighth-largest in the world on a PPP basis, according to the IMF, and the largest in Southeast Asia. It has the world's fourth-largest population behind India, China, and the United States.

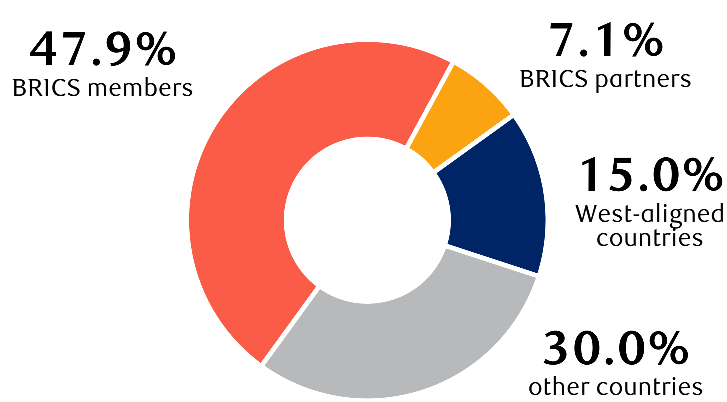
Malaysia and Belarus are playing outsized roles among BRICS partners. Both countries seek to become members of the association, and we think this will happen sooner rather than later. Malaysia has moved up the ranks in shipping and port infrastructure, becoming the fifth-largest in total container throughput. Belarus has a Union State relationship with Russia, and its economic and strategic ties with China have deepened significantly in recent years.

The involvement of Southeast Asian and Middle Eastern countries, along with those in Africa and Latin/South America, integrates BRICS more deeply into the so-called "global majority."

BRICS and the SCO are becoming leading platforms for "Global South" countries to have a bigger voice in world affairs. India has already announced its BRICS presidency in 2026 will prioritize Global South issues when it hosts the annual leaders' summit, other summits, and many meetings and events.

BRICS groups represent more than half of the world's population

Percentage of world population based on United Nations 2025 estimates



West-aligned countries are the United States, Canada, the United Kingdom, the European Union (27 countries), Japan, South Korea, the Philippines, Australia, and New Zealand. BRICS groups based on 10 member and 10 partner countries.

Source - RBC Wealth Management; data as of 7/2/25 based on United Nations Population Division estimates for all countries, except EU countries based on Trading Economics' projections

The soul of BRICS: Sovereignty

If strengthened economic ties are the practical benefits of BRICS, the strategic impetus behind the association is sovereignty.

BRICS members and partners have specific domestic development programs in multiple directions to shore up their own sovereignty and national security, some backed by big fiscal spending. This is particularly the case for China, Russia, and India. Ironically, America under Trump 2.0 is also attempting to shore up its own sovereignty in many of the same areas.

Sovereign development goals are front and center

Many countries—regardless of worldview or form of government—are focused on security and sovereignty issues.

- Technological security
- Energy security
- Metals and minerals security
- Food security
- Health security
- Manufacturing competencies including onshoring, friend-shoring, etc.
- Land and maritime shipping transportation corridors and infrastructure
- Financial sovereignty and payment partnerships

These dovetail with national security.

BRICS' priority on sovereignty was recently demonstrated by the most active and intense level of coordination between and among members that we have seen in the association's history.

This occurred after the Trump administration threatened and then imposed extra tariffs on Brazil due to disagreements about the country's domestic political and judicial affairs, and on India for geopolitical reasons due to its relations with Russia and purchases of Russian crude oil during the Ukraine crisis.

These tariffs, and other tariff threats on BRICS members (including China) and the association as a whole, caused quite a stir within and among BRICS countries because they are viewed as de facto economic sanctions.

These topics and others were discussed at a highly unusual video conference of BRICS members on September 8 in which many heads of state participated; the meeting was closed to the press, and no formal joint statement was released.

Shortly before the Trump administration imposed the additional tariffs on India, that country defended itself in multiple statements, including:

- Retired Indian career diplomat MK Bhadrakumar: "India is not convinced that it has been in the wrong in any way ... It is an encroachment of Indian sovereignty if the United States acts to punish India."

- India's ambassador to Russia: "India buys what is best for itself … This is a question of its security, the economic and energy interests of the country, in particular the energy needs of its people. Therefore, we will continue to buy your [Russian] oil depending on the financial benefit. Our government has made it clear that India will take all measures to protect its national interests. And this national interest is the energy security of 1.4 billion people in India."
- India's Prime Minister Modi in a speech to important constituencies of farmers and small entrepreneurs: "No matter how much pressure comes, we will keep increasing our strength to withstand it."

The country's firm stance was predictable, in our view, given India's prioritization of sovereignty and a balanced, multi-vector foreign policy that has sought good relations with various partners in the West and non-West since its independence in 1947.

The India-Russia relationship (and India-Soviet cooperation before that) has been consistently strong since India's independence, and from our vantage point had shown zero signs of cracking in recent years. Soon after the extra U.S. tariffs were announced, India and Russia affirmed they are on course to sign additional strategic and economic agreements in December when Russia's President Vladimir Putin visits India. Russia's foreign minister said these could include joint energy extraction projects in the country's Far East and Arctic shelf. The two countries have set out to boost bilateral trade by 50% in the next five years and improve payment mechanisms to better facilitate local currency trade transactions outside of the Western-backed SWIFT system.

India seeks to maintain and expand its multi-vector foreign policy. We think the India-Russia partnership will deepen further in coming years regardless of how the U.S.-India relationship evolves. Yet we see scope for the U.S. and India to ultimately mend fences as the two countries have an important, comprehensive strategic partnership. India also looks to partner more with the EU, and we think it will have attractive economic opportunities with China, Southeast Asian countries, Middle Eastern countries, and Brazil, among others.

While the U.S.-India tariff dispute about Russian oil is not the primary reason for the recent improvement in China-India relations—this had already been set in motion in 2023, as we described above—we think it sweetened the process for both.

China also has stated multiple times that it will not succumb to outside pressure regarding trade relations with Russia or any other country. Its Foreign Ministry cautioned that China would take "resolute countermeasures" against any countries that impose tariffs due to its purchases of Russian crude oil and said its trade with Russia is "justified, legitimate, and beyond reproach."

In the past few years, Chinese and Russian officials have repeatedly characterized their relations as being at the highest level in history. We believe signs point toward their further strategic and economic integration. The agreement to construct the Power of Siberia 2 pipeline, which would transit Russian natural gas from Northern Siberia near the Arctic Ocean through Mongolia to China, is just one example.

The public display of affection and resolve between the China-Russia-India leaders at the recent SCO Summit, widely reported in the Western press and around the world, put an exclamation mark on their willingness to cooperate with each other and within the SCO and BRICS to form a multipolar world order. While they don't (and won't) always see eye-to-eye on every geopolitical topic, and some differences between China and India will likely persist, the wide range of issues they have in common supports their respective sovereignty goals.

We think any use of "tariffs as sanctions"—whether by the U.S., European countries, or other Western nations—could continue to backfire. BRICS countries purport not to interfere in each other's domestic and foreign affairs, and object when Western countries attempt to do this to them.

The fallout from the U.S.-India tariff dispute, similar tariff threats on others, and high tariff rates in general are hastening integration within BRICS and the SCO, and we think it will ultimately incentivize more countries to push harder to achieve a multipolar global order sooner rather than later.

Furthermore, there is a strong anti-colonial streak among many BRICS countries, and they have spoken about this more frequently in the past few years, especially recently. It's a tie that binds them together ideologically and culturally. Any Western country that attempts to challenge BRICS countries in a way that could be perceived as neo-colonialist will likely run into a brick wall (no pun intended). This is a sensitive issue that should not be underestimated, in our view.

Investing in the shift toward a multipolar world

The large Eurasian troika's views about the geopolitical changes span even wider than a multipolar world order—they see civilizational shifts taking place.

Public statements by heads of state and senior officials in China, Russia, and India indicate they anticipate a shift away from a Western civilization-centric order, which has dominated since at least the 17th century, to one where the old civilization states outside of the West, including their own and others, shape the future to a much-greater degree. Whether such a tectonic civilization reorientation is occurring won't be known for a long time; we'll leave it to historians, military strategists, sociologists, and political scientists to debate this.

And whether the world ends up shifting to a multipolar format, reverting to a unipolar structure with the U.S. leading the way, or developing into something else entirely may be discussed for years.

Along the way, we think there will continue to be geopolitical turbulence and frictions, in addition to military conflicts, and shifts in geo-economic relations that will impact the broader investment landscape.

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Despite BRICS' many practical constraints and slow progress on some of its more important initiatives, we think this association is only getting started; the same goes for the SCO. They both have potential to strengthen and expand further to the benefit of countries that participate, and to include more Global South countries.

BRICS' ongoing integration and development, combined with increasing U.S. trade protectionism since 2018, reinforces our belief that a potential shift to a multipolar, more fragmented world order argues for a new way of thinking.

We believe investment portfolio allocations should be viewed through a different lens. Sub-asset class allocations within equities and fixed income should no longer be assessed through the lens of cooperative globalization that occurred in previous decades, as we don't think that era is coming back anytime soon.

This translates into three practical implementations in investment portfolios:

- We believe this new era begs for **more active asset management** of country, industry, and company investment exposures.
- We recommend investors **diversify geographically.** For investors in North America, we suggest maintaining less of a "home bias" or "regional bias" allocation in equity and fixed income portfolios than in years past and would consider increasing allocations to international stocks and bonds. We believe all investors should take a close look at allocations to Asia and emerging markets to determine if they are sized appropriately, up to at least the long-term recommended strategic allocation level.
- On the stock side of portfolios, regardless of region, we still suggest including exposure to **equity industries geared toward sovereign development,** many of which we highlighted in our May 2023 "Worlds apart" report. Such industries remain attractive, in our view.

Equity industries in the sweet spot

Geo-economic and geopolitical changes have given many countries incentives to boost industries geared toward sovereign development. We continue to think a number of industries stand to benefit.

- Advanced technologies, including semiconductors, artificial intelligence (AI), and quantum computing
- Cybersecurity, information space security, and messaging/social media platform security
- Critical minerals and rare earths
- Energy transition technologies, hydrocarbon infrastructure, nuclear energy, electricity grid expansion, and AI storage/high-load data centers
- Water resource technologies
- Select industrial and infrastructure technologies including robotics, civilian autonomous systems, automated construction, and advanced 3D printing
- Military and space equipment
- Advanced health care, including biotechnology and life sciences

Research resources

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