

The Changing Geography of Capital

Investment, influence and the redistribution of financial power in a changing world.

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Prepared from published OECD, UNCTAD, IMF and Global SWF research. All analytical interpretations are those of this publication.

Research at a glance

USD 1.66tn

Global FDI, 2025 (OECD)

+6%

Adjusted FDI growth (OECD)

> USD 15tn

SWF assets (Global SWF)

Executive summary

The global map of investment is not simply shifting from one centre to another. It is becoming more differentiated by type of capital, investment horizon, sector and risk appetite. Direct investment, portfolio capital and sovereign investment each follow different incentives and should not be conflated.

The OECD estimates that global foreign direct investment reached USD 1.66 trillion in 2025, 15% higher than in 2024. Excluding large fluctuations in selected European economies, the increase was approximately 6%. This gap is important: headline growth may reflect financial reorganisation as well as investment in operating capacity. [1]

UNCTAD's preliminary 2025 estimate was USD 1.6 trillion, up 14%; it also estimated that removing conduit flows reduced underlying growth to about 5%. Different methodologies and revisions explain why the figures should be compared cautiously, not averaged. [2]

Our central conclusion is that the location of capital, the domicile of a financing vehicle, and the destination of productive investment are increasingly distinct questions. Investors need to examine each separately.

1. The measurement problem

Foreign direct investment generally captures cross-border relationships involving lasting influence or control. It can include equity, reinvested earnings and intercompany debt. It is not synonymous with a new factory, a completed acquisition or fresh funding for a business.

The OECD reports that the 2025 increase was partly driven by intra-company loans and reinvested earnings, and that greenfield investment stalled. Cross-border M&A was more resilient. [1]

This means an investment house should assess both the financial flow and its economic substance. A jurisdiction can register substantial inflows while relatively little new physical capital is deployed locally. Conversely, an operating business may attract investment indirectly through an offshore holding structure.

2. Three channels of global capital

Direct investment: ownership stakes, acquisitions, subsidiaries and longer-term corporate commitments. Its analysis requires attention to beneficial ownership, tax structures, regulatory approvals and real operating activity.

Portfolio investment: cross-border purchases of traded securities and funds. It can react quickly to interest-rate expectations, currency changes and risk sentiment, with consequences for market depth and financing costs.

Sovereign and permanent capital: long-duration pools can invest across public securities, private assets, infrastructure and strategic sectors. Their motivations vary by mandate; a sovereign fund should not be assumed to pursue a single geopolitical or return objective.

3. The growing role of sovereign investors

Global SWF reports that sovereign wealth funds exceeded USD 15 trillion in assets under management in its 2026 annual report. It estimates USD 278 billion of investment activity across 562 transactions in 2025, with the seven large Gulf sovereign funds accounting for approximately USD 119 billion of that spending. These are Global SWF estimates rather than a universal official statistical series. [4]

The implication is not that sovereign investors will finance every strategically attractive project. Their deployment depends on governance, risk budgets, liquidity requirements, policy mandates and investable opportunities.

For businesses seeking long-duration partners, alignment on governance, capital expenditure and exit horizon may be more decisive than the amount of capital nominally available.

4. Financial centres and investment corridors

New York and London remain central to global market intermediation, while financial centres in the Gulf and Asia have expanded their roles as venues for regional capital, asset management and cross-border transactions. These are analytical observations, not a quantitative ranking of centres.

The key distinction is between origination, intermediation, legal domicile and ultimate investment destination. A transaction may involve all four in different jurisdictions. A careful map of capital therefore follows decision-making and beneficial ownership rather than only registered fund flows.

Capital corridors also depend on treaty networks, market access, regulatory certainty, custody, currency convertibility and the ability to execute transactions. No single centre is uniformly best for every asset class.

5. Private markets and intermediation risk

The IMF's April 2026 Global Financial Stability Report identifies the importance of nonbank financial intermediaries in cross-border portfolio flows to emerging markets. It notes that investor categories have different sensitivity to global risk, with certain investment funds and hedge funds more responsive than longer-duration investors. [3]

This matters for private-market strategy because public and private capital are linked through banks, institutional allocations, financing conditions and exit markets. Illiquid holdings do not remove macroeconomic risk; they change how and when it becomes visible.

Investment committees should stress-test refinancing availability, valuation assumptions, currency mismatches and liquidity obligations rather than relying solely on a long investment horizon.

6. Strategic implications for enterprises

Capital allocation should start with the productive use of proceeds and the governance needed to deliver it. The most appropriate investor is not necessarily the investor with the largest balance sheet.

A business pursuing international expansion should distinguish strategic equity, acquisition financing, infrastructure partnerships and liquid market issuance. Each imposes different disclosure, control, covenant and exit implications.

For boards, the practical question is how to preserve strategic options when financing conditions tighten. Maintaining multiple credible capital pathways can be valuable, but announced facilities should not be treated as committed cash unless their conditions are met.

7. Outlook and watchpoints

The 2026 outlook remains exposed to geopolitical tensions, inflation pressures and changes in financial conditions. The IMF highlights risks from leveraged nonbank intermediation, sovereign debt refinancing and market concentration. [3]

Our base interpretation is structural diversification rather than the replacement of one global financial centre by another. Capital owners will continue to select jurisdictions and structures based on sector, governance, access and risk.

Indicators worth monitoring include FDI adjusted for conduit flows, greenfield commitments, cross-border acquisition activity, sovereign deployment, financing spreads and the composition of nonbank portfolio flows.

Methodology and limitations

This publication is original secondary-source analysis prepared on 13 October 2026. It synthesises the OECD April 2026 FDI release, UNCTAD 2026 monitoring, the IMF April 2026 financial stability report and Global SWF's 2026 annual report. It does not claim proprietary survey work or transaction-level primary research.

FDI series are not interchangeable across providers because of definitions, revisions and treatment of conduit economies. Global SWF's sovereign asset and deal totals are research-provider estimates. Statements labelled "our interpretation" are analytical judgements, not statistical findings.

This is general institutional commentary, not investment advice, a recommendation, an offer of securities or a representation of Strattners' own transaction activity.

References

- [1] OECD, FDI in Figures, April 2026. https://www.oecd.org/en/publications/fdi-in-figures-april-2026_b3e12b44-en.html
- [2] UNCTAD, Global Investment Trends Monitor No. 50 (2026). <https://unctad.org/publication/global-investment-trends-monitor-no-50>
- [3] IMF, Global Financial Stability Report, April 2026. <https://www.imf.org/en/publications/gfsr/issues/2026/04/14/global-financial-stability-report-april-2026>
- [4] Global SWF, 2026 Annual Report. <https://globalswf.beehiiv.com/p/global-swf-2026-annual-report>
- [5] UNCTAD, World Investment Report 2026. <https://unctad.org/topic/investment/world-investment-report>

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