Resilience as strategy

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Navigating a world of constant disruption

As we look to 2026, we are leaving behind a year in which investors were initially unnerved by tumultuous global events. The issues that caused this volatility haven't gone away. But one of the reasons for the subsequent rise in markets has been a growing faith that companies can take these challenges in their stride and will prove more resilient than investors had been giving them credit for.

This marks a distinct change in focus. Efficiency was once the holy grail of corporate strategy. For decades, firms focused on lean operations, cost reduction, and supply chain optimisation to deliver superior returns. That model thrived in an era of relative stability. Today, resilience commands the premium. A series of shocks including pandemics, trade disputes, regional conflicts, and cyber threats has exposed the fragility of hyper-efficient systems and forced a fundamental rethink of what drives value. For investors, this is not a passing trend; it is a structural reset that may shape risk and reward for years to come.

Global logistics have been repeatedly disrupted, turning single-source supply models into single points of failure. The pandemic revealed how brittle just-in-time inventories can be, while extreme weather and cyber incidents have added new layers of operational risk.

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The question has shifted from "How lean can you be?" to "How shock-proof is your business model?" Companies that build redundancy, optionality, and faster response cycles may incur higher upfront costs, yet they are better positioned to protect cash flows through volatility.

Resilience comes at a price. Multi-sourcing, onshoring or nearshoring, and cybersecurity upgrading are capital-intensive. In the near term, these investments can compress margins and widen the gap between balance sheet haves and have-nots. Investors will need to distinguish between management teams making strategic, well-sequenced resilience investments and those spending tactically without a coherent plan. The former can widen competitive moats; the latter risks diluting returns while achieving little.

Policy and government action

Industrial policy is reinforcing this shift. In a striking break with past practice, the US government took an equity stake of roughly 10% in Intel in August 2025, converting part of previously awarded CHIPS Act support into ownership to accelerate domestic advanced chip capacity.[1] This move underscores how strategic technologies tied to AI and national security are being backstopped with public capital, not just grants or tax credits. Washington has also moved to secure critical minerals and reduce supply chain risks through new frameworks with allies, including a US-Japan agreement focused on sourcing critical minerals. Additional deals with partners such as Australia aim to de-risk processing and refining.[2]

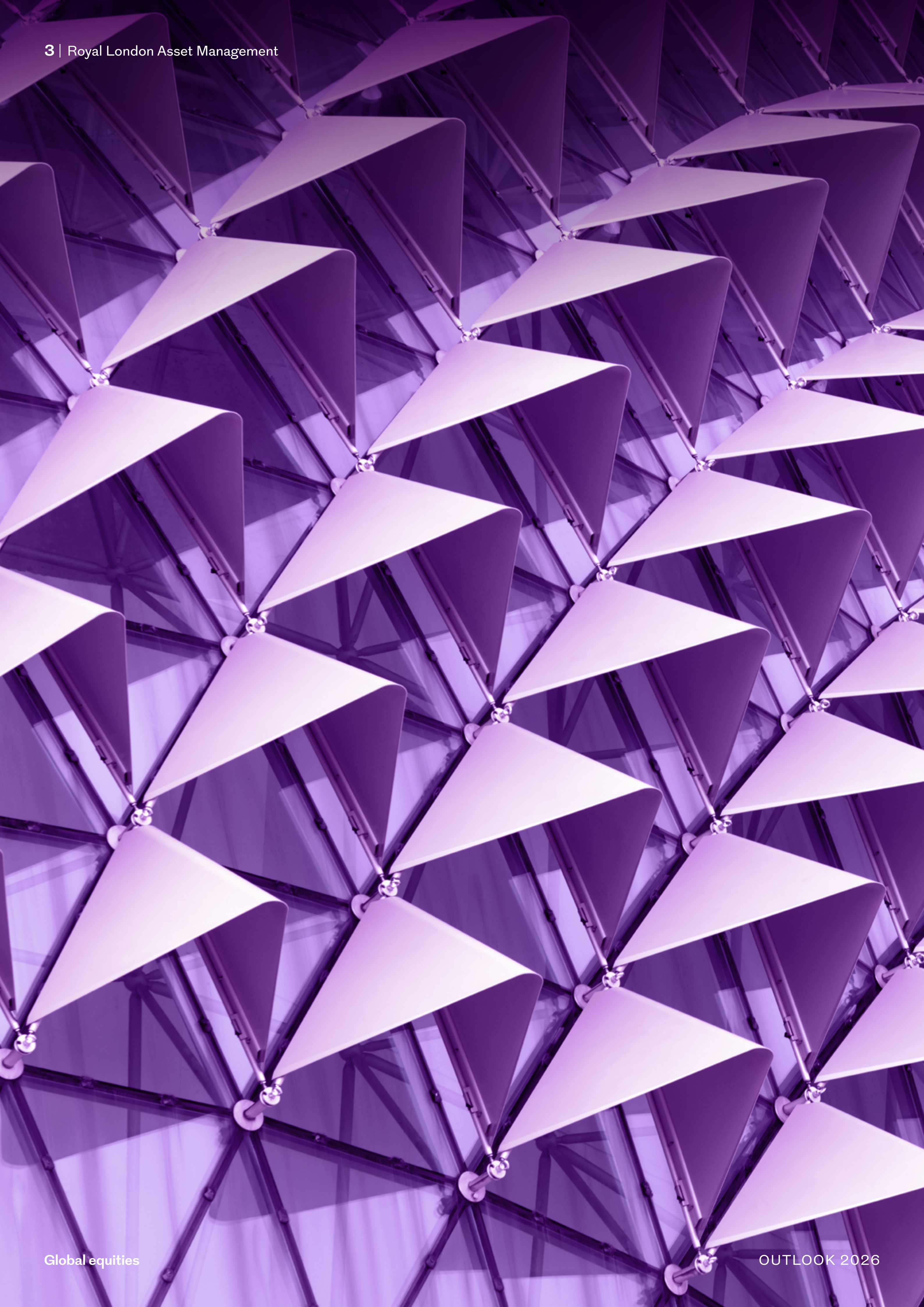
Energy security is now central to resilience. In October 2025, the US government announced a strategic partnership with Westinghouse and its owners, Brookfield and Cameco, to deploy at least $80 billion of nuclear reactors.[3] The goal is to increase dependable low-carbon power supply and support data-centre growth. The structure includes profit-sharing mechanisms and potential future equity participation, signalling a long-term public-private commitment to power security.

The energy transition is becoming a resilience play. Europe offers a clear example: the region has accelerated its shift toward renewables to reduce dependency on imported fossil fuels, strengthening both energy security and price stability. Investments are increasingly focused on grids and storage, which are essential for a system that can withstand shocks and maintain reliability.[4]

Digital infrastructure for resilient operations

Digital transformation is also being reframed as a resilience imperative. AI-driven demand forecasting, digital twins (virtual copies of real-world systems that help businesses test scenarios and spot problems before they happen), and blockchain-enabled traceability allow companies to anticipate disruptions and reroute faster. Cloud architectures reduce dependence on single physical sites, while cybersecurity is now a core operating expense. The investable takeaway is clear: providers of security, data integrity, observability, and predictive analytics should be structural beneficiaries as enterprises rebuild operating stacks for reliability rather than pure efficiency.

[1] U.S. Government Takes Historic 10% Stake in Intel, Signalling New Era of Industrial Policy | FinancialContent [2] United States - Japan Framework for Securing the Supply of Critical Minerals and Rare Earths through Mining and Processing – The White House [3] Brookfield Press Release | Westinghouse Nuclear [4] 10th report on the state of the energy union - Energy - European Commission.



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Diversifying supply chains

Supply chains are being re-routed, and not just to one place. Southeast Asia continues to benefit from “China-plus-one” strategies as firms diversify assembly and component sourcing into Vietnam, Indonesia, Malaysia, and Thailand. Foreign direct investment (FDI) and export data confirm the trend, with Indonesia and Vietnam prominent in greenfield manufacturing and electronics. ASEAN-wide FDI has been resilient, supported by favourable policy and infrastructure upgrades that deepen the region’s role in electronics, automotive, and renewables supply chains.[5] For investors, that creates multi-year opportunities in logistics, power, and industrial automation across these corridors.

Sustainability meets resilience

Sustainability and resilience are converging. What began as ESG compliance is increasingly a hedge against physical and regulatory shocks. Renewable power agreements insulate against fossil fuel price spikes. Circularity reduces input volatility and waste. Ethical sourcing mitigates geopolitical and legal risks. In Europe, sustained growth in wind and solar has cut import bills and lowered power-sector emissions, illustrating how climate alignment and resilience can reinforce each other. I expect markets to reward firms that internalise transition risk with higher valuations, particularly where decarbonisation dovetails with operational reliability.

Investment implications

The sector implications are clear. Manufacturers with multi-node networks and nearshored capacity can shorten lead times and cushion shocks. Industrials and logistics players stand to gain from capital expenditure in infrastructure and warehousing. Semiconductor ecosystems should benefit from localised production and packaging investment, though capital intensity and execution risk remain high. Consumer companies built on ultra-lean inventories may need to rebuild buffers or re-think product offerings, sacrificing some margin to stabilise availability. Software and cybersecurity vendors that offer observability, threat detection, identity, and AI-assisted planning are positioned to monetise the shift in corporate priorities.

All of these factors have implications for investors. In my view, portfolio construction must now incorporate resilience as a core lens, while balance sheets matter again. Companies with ample liquidity can bridge the investment period needed to rewire supply chains. Pricing power is critical: firms that can pass through higher costs without losing share will protect returns. Regional allocation also shifts – the US and Europe are likely to keep outspending on cyber, grids, and clean-firm power, while Asia, especially India and Southeast Asia, should remain a magnet for diversified manufacturing and infrastructure buildout.

Resilience is not replacing efficiency; it is redefining it. The winners will blend lean operations with redundancy where it matters, digital visibility, and credible energy and sourcing strategies. In a world where uncertainty is the baseline, I believe that firms that invest in adaptability will command a premium, and portfolios that overweight those models should be better placed to perform through the next cycle.

[5] ASEAN Investment Report 2025 | UN Trade and Development (UNCTAD)

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