



# The New Investor Narrative: Discussion Document

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## Background

In an era of geopolitical risk, technology disruption, rising energy demand, and extreme weather, investor interest in climate-resilience investing remains high. Why? Investors see real returns by acting first to minimize their portfolio risks and investing first in emerging opportunity areas in what many now call the Age of Adaptation. Less clear to investors is how to talk about their investments in an era of political and ideological discord.

To help investors navigate this moment, the Milken Institute's Geo-economics team held a series of investor dialogues and conducted global polling in the fall of 2025 on the eve of COP30 in Brazil. This paper shares key results from this work, which will continue in 2026.

## A Critical Pivot Moment for Climate Finance

- The global community is at a **strategic inflection point** in the race to meet ambitious climate, sustainability, energy transition, and adaptation goals.
- A successful global transition to a sustainable and climate-resilient economy will require unlocking trillions in private capital, particularly to help vulnerable populations, and new strategies to accelerate climate capital deployment and deal flow.
- Achieving a successful energy transition and climate-resilient global economy requires the **strategic recalibration of both public and private capital**, coupled with aligned policy frameworks that enable investment at scale.
- Investor-driven, community-led initiatives are emerging to **build investable pipelines, overcome barriers, and catalyze innovation**. These initiatives can **supplement government action**, which can be slowed by geopolitical and technological disruptions.

- As governments gather to discuss sustainability and climate-resilience investment strategies at meetings in 2026, including the World Bank Spring Meetings (April), COP31 in Turkey (November), and the G-20 Meeting in the United States (December), the voices of investors and companies will be essential to (1) supporting both sound investment strategies *and* (2) a new narrative as we work together to build a *New Investor Roadmap for Brazil and Beyond* to accelerate climate capital deployment.

## The Investor Perspective

- For serious investors across the globe, of all types and sizes, climate mitigation, resilience, and adaptation are not political issues—they are **fundamental risk and opportunity considerations**. This is simply a math problem.
- Asset owners and institutional investors seek:
  - Better visibility into **climate risk and opportunity** across portfolios and markets.
  - Policy clarity and stability** that enable long-term capital flows.
  - A broader view of transition opportunities that extend **beyond clean energy** to include nature, food systems, resilience, energy addition, and adaptation.
- Investors want to better understand the effects of climate *risk* on their investment portfolios and company balance sheets and identify opportunities for value creation in both developed and emerging markets.

## Investment Reality: No Retreat in Sight

- Sustainability investing to hedge risks and create value is here to stay. How investors *do* the work and *talk* about the work is a different matter.

**“This is physics, not politics.”—Pension fund CEO, speaking under Chatham House Rule, 2025**

- The story of investor and corporate retreat from sustainability is largely an illusion.**
  - Assets in climate-themed funds rose nearly 12 percent in the first nine months of 2025 to US\$625 billion, extending the double-digit growth of recent years, which has been the trend since 2018, according to the [MSCI Institute Transition Finance Tracker](#).
  - A [Harvard Business Review](#) article titled “Are Companies Actually Scaling Back Their Climate Commitments?” found that 85 percent of companies are holding, reaffirming, or accelerating their sustainability work, while only 13 percent are retreating.

- A new report from the [World Business Council for Sustainable Development](#) found that 94 percent of business leaders believe governments should stay committed to achieving net-zero emissions, and 96 percent of business leaders said that countries with clear industrial policy, long-term certainty, and affordable clean energy are attracting a “transition dividend.”
- A new report from the CREO Syndicate, [Drivers and Pathways to Climate Investing: Lessons from Leading Institutional Asset Owners](#), found new interest among institutional asset owners to successfully integrate climate into their institutional decision-making across their portfolio and help future-proof their investment strategies.

## New Global Polling Shows Unified Public Support for Climate Solutions

- A new Milken Institute/Harris Poll Study, [Advancing Climate Resilience: The New Narrative](#), a seven-country study, reveals why and what moves people from paralysis to participation. [View the press release](#).
- **Key findings:**
  - **Economics opens doors that “climate crisis” closes**—This reframing reaches skeptics.
  - **Local beats global, and stories beat statistics**—People can’t act on planetary threats, but they mobilize around local community solutions and projects.
  - **Most people can’t picture climate solutions**—We tested what happens when you show them specifics.
  - **Investors and companies are among the most trusted messengers** to advance climate solutions.

## A New Investor Narrative: General Guidance

- Investor and company voices matter.
- Surprisingly, polling shows that **investor voices matter not only to government leaders but also to climate-anxious young people** who view specific investments and the climate finance field as a sign of hope. This finding crosses geographic borders in the seven countries surveyed by the Harris Poll.
- The investor narrative is pretty straightforward—simply focus on the basics (risk, opportunity, value creation, inevitable trends, and math). **This is different than policy narrative**, which is more complex and driven by politics.
  - Emphasize specific investments and sectors of interest.
- Investors can therefore stay in their lane and comfort zone when asked about policy and politics.

- If asked about policy, the answer is simple: **Investors need consistent policy from the public sector** and would welcome public investment in projects and sectoral de-risking to attract private investment. End of story.
- Polling also shows that investors should:
  - Focus less on the latest projections of \$100 trillion-dollar investment **gaps**, but on specific investment **opportunities**.
  - Focus more on messaging on **three- to five-year investment outcomes**, not just long-term targets, to enable action in dynamic markets like Brazil.
  - Move beyond crisis framing to **economic opportunity framing**—emphasizing risk management, value creation, and long-term returns.
  - Align investor and policy narratives to build **mutually reinforcing public-private momentum**.
  - Leverage **local and regional solutions** to ground global commitments in tangible community outcomes.
  - Highlight the importance of opportunities for coinvesting in adaptation and mitigation.
- Additional survey results of note from a sample of attendees surveyed at the recent Milken Institute [Global Investors' Symposium in Brazil](#) found 90 percent agreement with the following statements:
  - *Climate investing has shifted from values-based investing to a strategy for generating alpha and long-term returns and value creation.*
  - *Investors who ignore physical climate risks may face growing portfolio losses from extreme weather and supply chain disruptions.*
  - *Sustainable investing is here to stay as a tool for managing climate risks and creating long-term value.*

## What's Driving Investment Inevitability and Opportunity in Climate?

Short Answer: We have entered the **Age of Adaptation**.

- First movers in the private sector seek to identify commercial opportunities to invest in climate resilience as a hedging strategy in a changing world to manage portfolio risk and avoid losses where physical asset and insurability risks are on the rise.
- First movers in the public sector are wisely investing in resilience and pre-disaster de-risking strategies to reduce billions and trillions in public-sector losses and simultaneously stimulate economic growth by \$6–15 for every dollar they spend to mitigate risk and avoid future losses due to extreme weather.

# What Investment Leaders Are Saying

In the fall of 2025, the Milken Institute's Geo-economics team held a series of public and private investor dialogues and webinars on climate investing trends and considerations on the eve of COP30 in Brazil.

From [S2G Ventures](#)

- Four interlinked variables are shifting how we think about risk and drive new opportunity:
- Artificial Intelligence is shifting productivity curves, redefining how value is created and delivered across every sector.
- Geopolitics is realigning global trade and industrial policy, fragmenting long-standing supply chains and rewriting the rules of engagement.
- The Monetary Régime is under strain, with sovereign debt loads growing and faith in fiat currency systems being tested.
- Climate adaptation is forcing investors and companies to reckon with the rising costs and opportunities of a warming planet.

From [GIC ThinkSpace](#)

Coinvestment in mitigation and resilience is the next frontier:

- While decarbonization remains essential to mitigating emissions, our research highlights climate adaptation as a complementary investment theme—one that is gaining importance as the physical impacts of climate change become more pronounced. Both offer valuable opportunities for long-term investors, addressing different but urgent dimensions of the climate challenge.
- Global annual revenues from a select set of climate adaptation solutions are projected to grow from US\$1 trillion today to \$4 trillion by 2050 in our base case. Of this, we estimate \$2 trillion will be incremental revenue growth driven by global warming—a factor not typically accounted for in current industry forecasts.
- The corresponding investment opportunity set across public and private debt and equity is expected to increase from US\$2 trillion today to \$9 trillion by 2050, with \$3 trillion representing an incremental increase attributable to global warming.

# What Governments Are Doing to Catalyze Private Markets

From [Norges Bank Investment Management/Norway Pension Fund](#)

Norway's US\$1.6 trillion Government Pension Fund Global (owning ~1.5 percent of every global company) just updated its investment plan for 2030. Key narrative points from the report:

- “Our approach to climate change is financially motivated and has been developed over nearly twenty years. We aim to be a global leader in managing the financial risks and opportunities arising from climate change.”
- “Based on the measurable impacts of physical climate change on the global economy, we will update our work on physical climate risk and adaptation. Acknowledging the relationship between nature loss and climate change—as forests, wetlands, oceans, and other ecosystems both store carbon and face increasing threats from rising temperatures and extreme weather—our new plan further integrates our efforts on nature.”

**“The global economy cannot outrun climate change, so neither can our investments.”—Nicolai Tangen, CEO, Norges Bank Investment Management**

From **Japan’s Green Transformation Policy**

- Nearly two years ago, Japan unveiled its Green Transformation Policy (GX), a US\$1 trillion plan to dramatically reduce emissions over the next decade. This initiative represents nearly three times the annual GDP investment percentage of the US Inflation Reduction Act—and it aims to catalyze climate tech innovation in the world’s fourth-largest economy.
- Japan’s GX spans all areas of climate finance: carbon levies, emissions trading, transition bonds, and more. Given its scale—and the Japanese stock market’s outperformance over the past three years—[Jefferies views it as a defining transition investment theme for the next decade.](#)

## What Else Can Asset Owners and Companies Do to Build Momentum and Message?

- A growing group of asset owners, investors, and companies is coming together to advance specific outcomes to scale climate finance through data and AI innovation, high-impact sectoral focus, and regional strategies that will accelerate the transition to a sustainable, low-carbon economy for years to come. **This collaborative investor network** aims to:
  - Advance **climate private-market data** and metrics to inform decisions.
  - **Promote integration of data sharing and transparency protocols** to accelerate deal flow.
  - Share **best practices and models** for portfolio-wide climate integration.
  - Develop **de-risking solutions** to mobilize capital for energy transition and sustainability in emerging and developed markets.

- During COP30, networked partners CREO Syndicate, Investor Leadership Network, and the Milken Institute held high-level, peer-level discussions with other asset owners, investors, and companies to lift up the importance of shaping an investor-focused view of what a *Brazil and Beyond* roadmap should emphasize at COP31.
- This work to align platforms and pipelines is envisioned as a multiyear process, driven both by investor innovation and collaboration as well as by local and regional market leaders like Brazil, who are advancing and innovating on their own.
- Asset owner networks can also play an important role in lifting up new priority pathways, thereby accelerating capital flows and regional market.
- **Among these new frontiers:**
  - **Climate debt innovation**—Reimagining sovereign debt architecture to unlock public-sector capital for climate investment in the Global South.
  - **Physical asset risk**—Translating resilience awareness into investable projects that reduce systemic costs.
  - **Nature as an asset class**—Advancing finance for forests, oceans, and biodiversity—building on the Tropical Forest Finance Facility.
  - **Carbon markets**—Strengthening integrity, transparency, and scalability to position carbon credits as a trusted, investable instrument.

## AI Realities

No discussion about climate can take place these days without questions about AI and data centers. Driven by the AI revolution, global energy use is soaring. These trends are straining the energy transition process—but also could accelerate large-scale renewable energy deployment along the way. One thing we do know, however: No one has a crystal ball right now.

Two shifts are happening that may be worth noting or commenting on.

- One shift reflects a maturing energy ecosystem where bottlenecks aren't about technology readiness but about scaling infrastructure fast enough to meet demand. Investors and operators alike are now seeking solutions that expand system headroom, accelerate interconnection, and move electrons more efficiently. From grid software to distributed assets to industrial electrification, what matters is system impact, uptime, and delivered power. The conversation has shifted from carbon avoided to capacity created.
- Secondly, the yardsticks of progress may be expanding in different directions. For much of the past decade, climate funds tracked success in tons of CO<sub>2</sub> avoided. Today, an emerging measure is megawatts of capacity enabled (e.g., how much new load a solution can serve, unlock, or accelerate).
- As such, another metric is emerging called the [Energy Supply Ratio](#)—comparing how much banks and portfolios are weighted to low-carbon energy versus fossil fuels.

## The Final Word: Recent Quotes from Investor Dialogues

“It’s all about long-term systemic risk. That requires directional change in a capital allocation to address these portfolio risks. We also need to really shift more capital into adaptation.”—**Hiro Mizuno, former Chief Investment Officer, Japan Government Pension Investment Fund, and CEO, Good Steward Partners**

“Assets in climate-focused funds are up about 12 percent so far this year, so it has maintained a double-digit growth over the past seven years, and MSCI’s climate and sustainability indexes have continued to grow and now surpass a trillion US dollars. So, I think those are powerful signals that investors are still reallocating and they’re not retreating ... It’s inevitable. I think that all the noise that is out there is actually not going to be able to impact what actually is happening on the ground.”—**Linda Eling-Lee, CEO, MSCI**

“Narrative is really important from an investor perspective because it’s part of our fiduciary responsibility. It’s about managing risk and maximizing opportunity. More investors are leaning into opportunity narrative because that opportunity is prevalent, extensive, and ready to be capitalized on.”—**Amy Hepburn, CEO, Investor Leadership Network**

“There is a growing recognition among sovereign wealth funds that climate forces are shaping economic drivers, from demand and supply dynamics to operating costs, from insurability to the ability to finance and more. New energy solutions are accelerating, creating investable growth markets for investors across sectors. From the perspective of sovereign wealth funds, integrating climate considerations in decision-making across the investment life cycle can deliver real economic impact, drive returns and growth, and enhance long-term portfolio resilience.”—**One Planet Sovereign Wealth Fund Joint Communiqué**

“The highest-growing sector in the impact investing space is, in fact, in nature funds. Why? More than half of global GDP, \$60 trillion annually, is moderately or highly dependent upon functioning nature and ecosystem services. There’s about \$2.7 trillion worth of losses that could be saved every year if we treated nature and ecosystems better. The upside is that transitioning to a nature-positive economy would generate annual business opportunities of \$10 trillion a year.”—**John Morton, Executive Managing Director, World Wildlife Fund**

“There’s no such thing as alternative energy anymore. Like, I don’t even call us clean tech, we’re just energy, right? Look at the numbers for this year. We’re going to invest \$3.3 trillion into the energy sector. Two-thirds of that is clean, one-third of that is fossil.”—**Jigar Shah, Co-Managing Partner, Multiplier**

“The takeaway is that sustainability investing is here to stay to both hedge risks and create value.”—**Richard Ditzio, CEO, Milken Institute**

# Conclusion

With countries, companies, and investors around the world pursuing ambitious energy transition, adaptation and sustainability goals, the need for new strategies to accelerate climate capital deployment and deal flow has never been more pressing in an era of geopolitical and technological shifts, which are straining public funding commitments.

As a trusted nonprofit, nonpartisan think tank, the Milken Institute convenes local, national, and global leaders to focus on high-impact solutions and strategies. Key activity areas that we are working on to accelerate climate and sustainability outcomes include critical minerals, climate-resilient debt, effective climate narrative, and philanthropic innovation. Over the next year, through both our events and additional research to develop a *New Investor Roadmap for Brazil and Beyond*, we will continue to highlight the important role of an effective investor narrative as a key element in shifting investment best practices to recalibrate both public and private investment in climate resilience.

## About the Milken Institute

The Milken Institute is a nonprofit, nonpartisan think tank focused on accelerating measurable progress on the path to a meaningful life. With a focus on financial, physical, mental, and environmental health, we bring together the best ideas and innovative resourcing to develop blueprints for tackling some of our most critical global issues through the lens of what's pressing now and what's coming next.

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