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Three investment considerations for a new world order

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The prospect of a new world order was arguably the most significant theme at this year's World Economic Forum, held in Davos, Switzerland, in January. As the geopolitical and geoeconomic map is increasingly reshaped, should investors engage in a radical rethink of their own? Neil Craze offers some thoughts.

Officially, the overarching theme of last month's World Economic Forum (WEF) was "A Spirit of Dialogue". Given that Donald Trump's speech lasted 72 minutes, "A Spirit of Monologue" might have been a better fit.

A day before the US President took to the stage, Canadian Prime Minister Mark Carney addressed the great, the good and the rest. He solemnly spoke of a "rupture" in geopolitical and geoeconomic relations and predicted the emergence of a new world order[1].

Trump's epic discourse suggested the former Governor of the Bank of England may well have been right. The Commander-in-Chief celebrated his "America first" agenda, criticised Europe, bemoaned NATO and reiterated the US's determination to "acquire" Greenland[2].

Investors could be forgiven for being sucked into the Trump vortex and basing many of their decisions on their personal feelings towards him. Ultimately, though, it would be more sensible to base decisions on how his second spell in office is shaking up the bigger picture.

The reality, after all, is that there *is* movement towards a new world order. Alliances that have been taken for granted for decades are shifting, in some instances at pace. Reflecting Trump's influence, international cooperation is becoming ever more defined by "the deal".

Take the European Union's new partnership with India. Finalised in the immediate aftermath of the WEF, supposedly after around 20 years of negotiations, it was described by European Commission President Ursula von der Leyen as a necessary response to "global challenges"[3].

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Meanwhile, our own Prime Minister – at least at the time of writing – recently jetted back from China with "billions of pounds' worth of export and investment deals for the UK"[4]. He may now wish he had stayed there, but never mind.

The point is that some sort of transformation isn't just in the offing – it's already under way. As Carney remarked at the WEF, there's little to be gained from mourning the old order's demise, because nostalgia isn't a strategy. Looking forward is far more prudent than looking back.

Against this backdrop, are there any considerations investors might usefully keep in mind? Here are three that continue to underpin our thinking.

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1. Diversification may never have been more important

For many years, particularly during the pomp of the "Magnificent Seven" tech titans, the US was the runaway outperformer in the equity stakes. The streak ended in 2025, with a number of other markets – including emerging markets, Europe and the UK – bouncing back in style.

There are multiple reasons for this turnaround. For example, concerns over the AI boom's long-term viability have dented US performance. Defence spending has helped boost Europe. FTSE 100 companies have added lustre to the UK. Many businesses that have been out of favour for years are at last enjoying their moment in the sun.

Whatever the explanation, the lesson is clear enough: diversification matters. Investing across geographies, sectors, industries, market capitalisations and asset classes remains a pragmatic means of guarding against uncertainty.

2. This very probably isn't a passing fad

Let's say a new world order takes shape in earnest. Might it rapidly fall to pieces again when Trump leaves office, leaving the old order to reassert itself?

This seems unlikely. Neither governments nor businesses are in the habit of casting aside new trade deals, new routes of commerce, new economic zones and the like overnight. It's fair to assume much of what's unfolding now will have a significant degree of permanence.

It's also fair to assume this trajectory will persist – if not accelerate – throughout Trump's presidency. From forcing NATO's hand over regional security to imposing tariffs, from thwarting Iran's nuclear ambitions to abolishing cars' "green" start-stop features, precious little appears to be escaping his attention.

3. It's still vital to stay calm amid all the noise

The need for diversification and the prospect of further disruption may give the impression that the future lies in fleet-footedly leaping in and out of markets. This isn't a conclusion that should be readily drawn.

Knee-jerk reactions have very seldom served sensible, long-term investors well. Going forward, that truth is unlikely to be undermined.

Exiting positions at the first sign of trouble and embracing "the next big thing" at the drop of a hat are more akin to roulette. A new world order might require *tactical* adjustments to portfolios, as all sorts of events do, but even "rupture" – to return to Carney's term – shouldn't dramatically upend underlying *strategies*. Irrespective of what form it takes, change is almost invariably best met with calm.

1. See, for example, World Economic Forum: "Davos 2026: special address by Mark Carney, Prime Minister of Canada", January 20 2026 – www.weforum.org/stories/2026/01/davos-2026-special-address-by-mark-carney-prime-minister-of-canada/.
2. See, for example, World Economic Forum: "Davos 2026: special address by Donald J Trump, President of the United States of America", January 21 2026 – www.weforum.org/stories/2026/01/davos-2026-special-address-donald-trump-president-united-states-america/.
3. See, for example, BBC News: "India and EU announce 'mother of all trade deals'", January 27 2026 – www.bbc.co.uk/news/articles/crrnee01r9jo.
4. See, for example, gov.uk: "Billions in exports and investment deals secured as PM concludes visit to China", January 30 2026 – www.gov.uk/government/news/billions-in-exports-and-investment-deals-secured-as-pm-concludes-visit-to-china.

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