

Megatrends in Motion: Capturing Structural Change Through Private Equity

At a time of geopolitical fragmentation, macroeconomic uncertainty and greater government intervention in the economy, investors are increasingly seeking to distinguish cyclical noise from durable structural shifts.

We believe the most compelling long-term opportunities lie in the megatrends that are reshaping the real economy: technology, demographics, environmental transition, and, increasingly, sovereignty and strategic autonomy.

These are not transient themes. They are forces that are altering industrial structures, capital allocation, supply chains, and the competitive landscape across sectors.



Stanislas Cuny,
Head of MidCap
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What we mean by Megatrends

A megatrend is a deep, secular movement that unfolds over many years and ultimately reshapes business models, consumer behaviour, and sector economics. Unlike short-term market cycles, megatrends are driven by structural necessities rather than temporary preferences.

For investors, their relevance lies in their persistence. They create identifiable growth opportunities, but also reshape which companies are best placed to compound value over time.

Why private equity is well positioned

Private equity is particularly well suited to capturing megatrends because it operates on the same time horizon. Structural change takes time to execute, and public markets are often ill-suited to supporting long-term transformation.

Private equity can provide capital, strategic support, and operational backing to businesses positioned to benefit from these structural trends. It can help companies accelerate organic growth, professionalise operations, consolidate fragmented markets, expand internationally, and adapt their business models to new structural realities.

In that sense, private equity is not only a way to gain exposure to megatrends. It also enables companies to adapt to these shifts and turn them into tangible growth opportunities.

Sovereignty and strategic autonomy: a new structural priority

Alongside technology, demographics, and environmental transition, a fourth megatrend has become increasingly relevant: sovereignty and strategic autonomy.

Recent years have shown that efficiency alone is no longer the sole criterion shaping industrial and investment decisions. Supply chain fragility, trade tensions, the strategic use of technology restrictions, and geopolitical fragmentation have all pushed governments and corporates to rebuild resilience into systems that had been optimised primarily for cost.



"In a more fragmented world, megatrends offer investors a clear framework for identifying durable growth, resilience, and value creation beyond short-term market noise."

Stanislas Cuny

This shift is likely to prove durable.

We are seeing structural increases in defence spending, renewed momentum behind reshoring and friend-shoring, and a stronger focus on critical assets such as semiconductors, energy infrastructure, data, cybersecurity, and strategic raw materials. These areas are increasingly assessed not just through an economic lens, but through a lens of national and strategic resilience.

For investors, this creates a broad and investable opportunity set across defence technology, industrial reshoring, critical infrastructure, energy security, and cybersecurity. Private equity is well positioned here, particularly where it can back specialised mid-sized businesses and support their scaling through buy-and-build strategies or international expansion.

Reinforcing, not replacing, the other megatrends

What makes sovereignty especially important is that it does not sit outside the other megatrends. It strengthens them.

Technology

The push for strategic autonomy is accelerating investment in semiconductors, artificial intelligence, cybersecurity, and sovereign digital infrastructure. These capabilities are increasingly viewed as essential to resilience, not just commercial competitiveness.

Demographics

Sovereignty also intersects with labour and industrial policy. Reshoring, automation, workforce development, and domestic skills investment are responses to demographic constraints, but they are also instruments of strategic resilience.

Environmental transition

Energy security concerns are reinforcing the case for renewables, grid modernisation, storage, and electrification. Reducing dependence on imported fossil fuels can support both climate goals and strategic independence. In practice, these agendas are increasingly complementary.

In our view, sovereignty should therefore be seen less as a standalone theme than as a framework that intensifies the other three. It creates convergence at the portfolio-company level, where a single business may sit at the intersection of multiple structural tailwinds.

A conviction-led approach

Within private equity, megatrends should not be viewed as a communications overlay. They are a framework for identifying where long-term capital can be deployed with conviction.

Their appeal lies in their durability, their resilience to short-term volatility, and their alignment with the fundamental changes underway in our economies and societies.

As sovereignty and strategic autonomy join technology, demographics, and environmental transition as defining investment themes, they do not weaken the megatrend thesis. They broaden it, deepen it, and make it more relevant to the next decade of capital allocation.

About Amundi Alternative and Private Assets

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*As of end of June 2026.

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Amundi Investment Institute | Bond and Alternative Assets

MAY 2026

Private assets: a new return architecture

KEY TAKEAWAYS

For private and alternative assets, the new regime highlighted throughout our 2026 CMA has two critical implications: first, higher overall returns rates directly impact valuation metrics, compressing the gap with the public market; second, income and operational value remain at the driving force of return generation.

Looking forward, the new regime has two critical implications: first, higher overall returns rates directly impact valuation metrics, compressing the gap with the public market; second, income and operational value remain at the driving force of return generation.

Additional dimensions: tail and illiquidity risks

Shortfall Risk (%) > 12

Expected Return (%) > 12

Expected Return (%) > 12



HORIZON

April 2026

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Trust must be earned

Opportunities in the evolving mid-market landscape

Europe's push for industrial sovereignty is reshaping what qualifies as essential infrastructure. For active investors with deep sector expertise and the operational capability to build scaled platforms, the lower mid-market represents the sweet spot.

Four structural drivers are reshaping European infrastructure markets

Europe has entered a new phase of its industrial development. Sovereignty in the energy, digital, and industrial sectors is no longer merely a political aspiration, it is now a strategic necessity. The investment industrial is beyond public budgets alone, moving a meaningful opportunity set for private capital.

Digital comes first: The rapid adoption of AI has elevated data infrastructure to the status of a strategic asset. European policymakers have responded by establishing a clearer regulatory framework for data, including data residency requirements, thereby creating sustained and capex demand for European digital infrastructure.

Energy follows naturally from the same inspiration. Recent geopolitical shocks have reinforced the case for energy independence and accelerated Europe's energy transition. REPowerEU calls for 210 GW of additional renewable capacity by 2030, with a focus on reducing parts of the sector's supply chain. Remaining challenges have been identified, albeit with mixed success at national level.

In the industrial sectors, transport and green mobility and waste management and environmental infrastructure in particular, are moving along similar lines.

The electrification and decarbonisation of commercial vehicle fleets, maritime fleets and freight rail are creating new infrastructure asset classes with contracted revenues and creditworthy counterparties. The European Union (EU) strategic autonomy initiatives, including the rebuilding of industrial supply chains, are reinforcing this trend.

The Circular Economy Act, expected in 2026, will introduce mandatory recycling targets across industries. Waste management and environmental infrastructure are gaining momentum, and finally, water infrastructure remains underinvested, and EU environmental directives are increasingly turning that gap into investable mandates.

The mid-market as the natural home for active investors

These four areas share a common characteristic: they create infrastructure investment needs that:

- require a level of operational ability that strategic investors cannot easily replicate;
- are too capital-intensive in their early stages for traditional mid-market private equity investors;
- and are too fragmented and small to be addressed efficiently by the largest infrastructure platforms.

They are, by nature, mid-market infrastructure opportunities.

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Private markets: The new frontier for portfolio diversification

Key Takeaways

Today, private markets are recognized as an established and indispensable component of a comprehensive investment strategy, complementing public equities and publicly issued bonds to enhance long-term outcomes.

By fully integrating private equity, private debt, and infrastructure investments into their strategic asset allocation, investors can build more robust portfolios that are better equipped to navigate uncertainty and volatility in pursuit of long-term financial goals.

In the current macroeconomic environment, investors face heightened volatility driven by structural shifts, persistent geopolitical tensions, and evolving monetary policies.

Although traditional diversification methods have historically provided substantial benefits, market dynamics over time have highlighted the limitations of relying solely on conventional asset allocations to achieve an optimal level of portfolio diversification. As a result, investors who already maintain diversified portfolios are increasingly exploring additional avenues to enhance resilience and optimize long-term returns.

Private markets could represent an attractive solution, offering distinctive correlation characteristics and enhanced risk-adjusted performance. They complement the classic 60/40 equity to fixed income allocation, itself based on the negative correlation between equities and bonds. Over the past forty years, correlation between the two aforementioned asset classes has notably increased, challenging the notion that one serves as a hedge to the other.

Therefore, integrating private markets could represent a way to enhance diversification and build greater resilience, helping portfolios better navigate volatility amid ongoing geopolitical uncertainties, high environmental stakes, and concentrated market risks.

Supporting this theory is Amundi's annual Capital Market Assumptions (CMA), which represents the long-term house view of the Amundi Investment Institute regarding over 40 asset classes. The latest CMA, published in March 2025, identifies opportunities in gaining advantage of different correlation characteristics through a combination of traditional and non-traditional asset classes. In other words, investors should evolve their strategies, ensuring that they utilize multiple sources of portfolio diversification to manage risk and preserve returns.

A look-through into private markets

Private markets encompass a diverse range of asset classes, each with unique opportunities and characteristics that can cater to a variety of investment objectives. Key asset classes include real estate, natural resources, venture capital, private equity, infrastructure, and private debt. The latter three have a dominant position in the market and therefore play a central role in modern portfolio construction.

Preqin's data forecasts that private equity AUM will reach \$12 trillion by the end of 2029, while private debt and natural infrastructure AUM is expected to reach \$2.6 trillion and \$2.4 trillion, respectively.

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