

MASSEY HENRY EXECUTIVE TALENT BRIEF | AUGUST 2026

The Canadian Alternative Investment Market: 2026 and Beyond

*Performance, Geopolitical Risk, and
Talent Implications*

Executive Summary

Canada's alternative investment market is entering a new phase defined by complexity, discipline, and new return drivers.

This report examines the **forces reshaping alternative investments and offers a talent roadmap for leaders** navigating a future where innovation, digital enablement, and risk management are critical.



As with all Massey Henry thought leadership, this work is independent, reflects our own views, and has not been commissioned by any business, government, or other institution.

Ranked among Canada's Top Growing Companies by The Globe and Mail and named one of Canada's Best Executive Recruiting Firms by Forbes, Massey Henry is one of North America's leading executive search and board advisory firms focused exclusively on the financial services sector.

>>> Key takeaways

- > **Return drivers are evolving:** Income, operational value creation, and downside protection are replacing multiple expansion.
- > **Capital is rotating toward stability:** Private credit and infrastructure are gaining share; real estate is recalibrating.
- > **External forces are immediate:** Geopolitics and trade policy are directly shaping portfolio outcomes and investment strategy.
- > **Leadership is changing:** Organizations are prioritizing judgment, governance, and experience in complexity.
- > **Execution will define success:** Advantage depends on aligning strategy, talent, and risk management.



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Introduction

A shifting investment landscape

Canada's alternative investment market has begun 2026 with renewed optimism, within a more complex operating environment than in the past decade.

After more than a decade of favorable conditions — characterized by low interest rates, abundant liquidity, and broad multiple expansion — institutional investors are now navigating a period defined by:



Higher structural volatility



Geopolitical tensions



Increased uncertainty around trade policies and supply chains

Recent performance data from Canada's largest pension funds indicate that long-term investors still regard alternatives as essential to achieving their long-term return objectives, but the drivers of success are shifting from valuation gains to income stability, downside protection, and operational value creation.

From our network

Alternative investments are undergoing a structural transformation. Leaders in this sector are not only grappling with shifting economic realities and evolving investor profiles, but also with the need to reimagine their business models and talent strategies.

*As Massey Henry's report highlights, navigating these changes will require disciplined decision-making, and a **continued focus on building the leadership capabilities needed to succeed in increasingly complex investment environments.***



Eric Wetlaufer

Interim Chief Executive Officer,
Mawer Investment Management
Advisory Board Member,
Massey Henry

A Shift Toward Resilient Return Profiles

Recent Canadian institutional performance highlights a rotation toward more resilient return profiles, with greater reliance on income and downside protection

The latest reporting cycle for major Canadian pension funds and large institutional asset managers shows strong overall results, but with noticeable variation across different asset classes. Several leading institutions achieved high single-digit to nearly double-digit total returns, driven by public markets and the more income-focused segments of alternatives.

On average, Canada's major institutional investors achieved an 8–9% return in 2025.

Private equity remains a core driver of long-term returns, but strategies are evolving.

Recent trends have shifted towards strategies focused on stable cash flows and predictable yields, especially **energy transition**, and **infrastructure**.

Meanwhile, **real estate** continues to be impacted by rising interest rates, affordability issues, and disruptions in global trade.

Geopolitics and Trade

A growing driver of investment outcomes

Geopolitical conditions are increasingly shaping the opportunity set for Canadian alternative investors.

Canada's economy is particularly sensitive to global trade dynamics, especially those tied to U.S. policy.

Key dynamics shaping the environment

The evolving environment — marked by tariff threats, shifting industrial policy, and rising national security considerations — has introduced a new layer of uncertainty into investment allocation and return expectations.

For Canadian investors, these are not theoretical risks. Trade and geopolitical developments can directly impact:

- Portfolio company returns
- Cross-border supply chains
- Capital allocation decisions
- Exit timing and valuations

Implications for investors

In Canada and other global regions, “policy risk premium” is rising across the alternative investment landscape.

> **Potential beneficiaries**

Infrastructure and real assets may benefit from this environment, as contractual revenues and regulated frameworks can provide return stability during periods of volatility.

> **Areas of pressure**

Sectors reliant on global supply chain inputs, cross-border and international demand, or tariff exposed business models may face sustained earnings pressure and constrained growth.

What are the implications?

Investors and operators must factor geopolitical and trade considerations into core due diligence, rather than treating them as tail risks.

Implications Across Asset Classes

Canadian institutional portfolios continue to allocate meaningfully to alternatives, but **evolving dynamics across asset classes** are shaping how and where capital is deployed.

Across asset classes, including infrastructure, private credit, private equity, and venture capital, market shifts are reshaping how investors assess opportunity, manage risk, and build resilient portfolios.

As these dynamics continue to evolve, **portfolio discipline is emerging as a key competitive advantage**.

Portfolio construction considerations

As allocations to alternatives grow, portfolio construction discipline is emerging as a key differentiator.

Critical areas of focus include:

- **Rigorous analysis** of pricing and liquidity trends
- **Scenario-based stress testing**
- **Planning for slower and potentially lower** private market distributions
- **Managing exposure** in a context of more frequent macroeconomic shocks



In this environment, the ability to balance opportunity with discipline will define long-term performance.

Talent Impact

From deal execution to disciplined leadership

Senior hiring in the Canadian alternative investment sector is undergoing a notable shift. As portfolios increasingly concentrate on long-term assets such as public and private infrastructure, organizations are placing greater emphasis on decision-making, risk management, and operational discipline across more complex investment cycles.

This shift is redefining the leadership profiles required to succeed.

Given the growing focus on longer-duration and less-liquid investments, in-demand leadership profiles are moving away from volume-driven dealmaking. Instead, organizations are prioritizing competencies and career experiences that reflect a leader's ability to make disciplined capital allocation decisions in environments characterized by heightened volatility and risk.

There is a clear departure from profiles built on:

- Low-cost funding environments
- Favorable market conditions
- Short-term, multiple-driven exit strategies

In their place, boards and investment committees are prioritizing leaders who bring:

- > Proven experience navigating investment cycles
- > Deep sector and market knowledge
- > The ability to operate effectively within regulated environments
- > Credibility across multiple stakeholders, including boards and investors

This evolution reflects a broader shift in the industry: **from emphasizing individual deal execution to strengthening the leadership architecture required to support long-term performance**

Critical Leadership Capabilities

Risk, valuation, and investment governance leadership

Risk, valuation, and governance capabilities have become core investment-management priorities.

Boards are placing increased emphasis on:

- Valuation integrity
- Concentration risk
- Liquidity and leverage
- Third-party dependencies

Senior leaders in these roles must combine:

- Deep understanding of private markets and associated risks
- Strong communication skills to engage boards, investment committees, and investors

Organizations increasingly recognize that compliance-oriented profiles alone are insufficient.

*Leaders must have the **credibility and experience to challenge investment decisions** and contribute meaningfully at the senior level.*

Critical Leadership Capabilities

Data, analytics, and AI governance leadership

As portfolios become more complex, data and analytics leadership has emerged as a critical senior function.

Boards and CIOs increasingly expect:

- Consistent portfolio transparency
- Exposure analysis across asset classes
- Scenario-based insight to support decision-making

Senior hires in this area are responsible for ensuring that:

- Data and analytics are embedded into investment decisions
- Outputs are actionable and aligned with portfolio strategy
- AI is used responsibly in capital allocation and performance monitoring

*This function is evolving into a **core driver of investment insight and governance.***

Talent and Succession Priorities

Talent and succession planning are becoming central governance priorities.

Especially given the long-term nature of capital and a continued reliance on internal promotion, senior leadership in this area is focused on:

- Aligning succession planning with portfolio duration
- Enabling internal mobility across asset classes
- Designing incentives linked to long-term, risk-adjusted outcomes

Boards are increasingly attentive to:

- Leadership depth across the organization
- Retention of senior non-deal talent, particularly in:
 - Operations
 - Risk
 - Data and analytics

Increasing competition for talent in a shifting investment landscape

Overall, hiring is shifting toward strengthening decision-making, execution, and governance frameworks, rather than adding individual “star” investors.

Looking Ahead

Positioning for the next phase of alternative investing

The future of Canada's alternative investment market remains highly attractive, but the drivers of success are evolving.

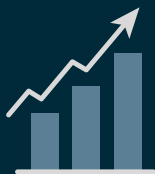
Recent performance across major institutions highlights a continued rotation toward resilience, with private credit and infrastructure providing stable contributions, while real estate gradually stabilizes.

The years ahead

Alternatives will remain central to institutional portfolios
Market conditions are expected to remain complex and volatile.

Competitive advantage will increasingly be defined by:

- Execution capability
- Governance strength
- Disciplined capital allocation



Outperformance will depend less on broad market exposure and more on the ability to navigate a more contested global landscape through intelligent risk-taking and strong leadership alignment.

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About Massey Henry

Ranked among Canada's Top Growing Companies by The Globe and Mail, Massey Henry is one of North America's leading executive search and board advisory firms focused exclusively on the financial services sector. With an experienced team of industry leaders and executive recruitment specialists, the firm combines innovative technology with sector expertise to provide clients with full-scope talent assessment, coaching, succession planning, and executive search services.

What makes us different?

Financial services clients are our only priority.

Unlike traditional search firms, we are not generalists. Whether corporate, commercial, or investment banking, insurance, asset management, or fintech, we are a specialized firm that understands the nuances of the financial services sector and institutional capital markets, allowing us to build a deep network of vetted candidates from coast to coast.

We have led executive searches across the spectrum of the financial services industry, including:

- Retail and Commercial Banking
- Insurance
- Asset & Wealth Management
- Capital Markets
- Family Offices
- Credit Unions
- Private Equity/Debt
- Fintech
- Payments
- Corporate/Investment Banking
- Regulatory Compliance & Legal

Some of the roles we have supported include:

- Board Director(s)
- Buyside Trader
- Chief Executive Officer
- Chief Risk Officer
- Chief Human Resources Officer
- Chief Financial Officer
- Chief Compliance Officer
- Chief Investment Officer
- Chief Operating Officer
- Head of Equities
- Head of Wealth & Investment Management
- Investment Analyst
- Senior Advisor, Private Wealth
- Senior Portfolio Manager
- Managing Director, Investment Banking
- Portfolio Manager, Fixed Income (Rates)
- Portfolio Manager, US Equities
- Vice President, Cybersecurity

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