

Funding the Future

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This has [been reported by the FT](#) this morning:

US companies have sold \$1.7tn of investment-grade bonds in 2025, a near-record sum stoked by a rush of borrowing to fund AI infrastructure that has spurred concerns over a debt glut.

This year's issuance has come as companies took advantage of relatively low borrowing costs to refinance their debt. But the debt sales, tracked by trade body Sifma through to the end of November, also reflect an AI borrowing boom as Big Tech groups tapped bond markets to fund data centres and the energy systems needed to power them.

They added:

What lies ahead: AI-related borrowing now accounts for around 30 per cent of net investment-grade issuance, according to Goldman Sachs, and is expected to grow in 2026, despite concerns over the level of debt being taken on by the AI "hyperscalers".

There are four things to note.

First, pension funds require "investment grade" bonds. They're meant to be really safe, just as mortgage-backed securities were deemed to be in 2008. They may not be the equivalent of government bonds, but the risk of default is deemed to be low, and so the interest rate is at the lower end of the scale as well.

Second, your pension fund will have little way of avoiding bonds issued by AI companies as a result of them now representing 30% of investment-grade issuance.

Third, no one in their right mind thinks that AI companies are low risk, unless, of course, they now have "too big to fail" status, meaning that governments would always be required to bail them out.

Fourth, your pension is now at risk from AI.

I make clear:

- * I use AI.
- * It's useful, but no more than that.
- * Like just about everyone else, I genuinely struggle to see how it is transformative.
- * AI may not be sustainable.
- * It could even be deeply destructive for:
 - * Jobs
 - * Communities
 - * Water supplies
 - * Energy supplies
 - * The planet
 - * Long-term skill development
 - * Human well-being

The jury is out, in other words. But whether that is the case or not, and despite the fact that no one has found a genuinely profitable use for AI as yet, your pension is probably linked to its success, which is not what I would choose - which comment is not financial advice; it is just not what I would choose.

Are you comfortable with that?

That's a question worth asking in a world where financial sense appears to be increasingly disconnected from reality in ways last seen in the run-up to 2008.

This is worth watching in 2026: the risk of a crash is far from over as yet.

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