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Investing for a
world of change

The end of easy globalisation

Geopolitics: Beyond Event Risk

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Markets have overlearned that geopolitical risks are straightforward to handle

S&P 500 Return

Event	Date	+1W	+1M	+3M	+6M	+12M
Korean War	Jun-50	-7.6%	-10.0%	1.5%	4.9%	11.2%
Vietnam War	Nov-55	4.4%	7.3%	4.1%	13.9%	10.0%
Suez Crisis	Oct-56	2.6%	-4.4%	-3.6%	-1.4%	-12.3%
1958 Lebanon Crisis	Jul-58	2.9%	5.3%	12.1%	23.8%	32.1%
Cuban Missile Crisis	Oct-62	-6.3%	5.4%	13.3%	21.1%	27.8%
India-Pakistan War	Aug-65	0.7%	2.6%	7.7%	8.7%	-2.1%
Six-Day War	Jun-67	4.1%	3.3%	6.5%	7.7%	13.0%
Yom Kippur War	Oct-73	1.4%	-4.5%	-10.0%	-15.3%	-43.2%
Fall/Liberation of Saigon	Apr-75	2.0%	4.4%	1.8%	2.3%	16.4%
Iran Hostage Crisis	Nov-79	-1.0%	4.2%	11.6%	3.0%	25.9%
Soviet-Afghan War	Dec-79	0.3%	5.6%	-7.8%	6.9%	26.2%
Iran-Iraq War	Sep-80	-5.3%	1.2%	4.1%	2.8%	-10.5%
Multinational Force in Lebanon	Aug-82	0.6%	4.9%	13.9%	27.4%	36.8%
US Action in Libya	Apr-86	2.0%	-1.4%	-1.7%	0.5%	19.6%
US Action in Panama	Dec-89	1.7%	-1.1%	-0.4%	4.7%	-3.7%
Gulf War	Aug-90	-3.3%	-8.2%	-11.3%	-2.4%	10.2%
Croatian War	Mar-91	0.0%	0.0%	-1.1%	3.4%	7.6%
Bosnian War	Apr-92	0.1%	2.8%	2.0%	0.4%	8.8%
Kosovo War	Feb-98	0.6%	4.4%	4.6%	-2.1%	18.0%
War in Afghanistan	Oct-01	1.9%	4.1%	8.7%	4.8%	-26.7%
Iraq War	Mar-03	-0.8%	2.0%	13.7%	18.3%	26.7%
Russia/Ukraine	Feb-22	1.7%	5.4%	-8.1%	-3.4%	-7.4%
Average		0.1%	1.5%	2.8%	5.9%	8.4%
Median		0.6%	3.0%	3.1%	4.1%	10.7%



Moving beyond event risk, we are in a systemic crisis

1910s

Crisis of representation

- International rivalry between alliance systems.
- Sustained conflict over political representation, whether identified by ethnicity (e.g. Ireland, the Dual Monarchy, the American South) or by socioeconomic markers (e.g. the industrial working classes or a dependent peasantry).
- Parliamentary procedures inherited from 19th century liberalism were paralysed.

1930s

Crisis of capitalism

- Collapse of employment and national incomes after an effort to re-establish pre-war economic exchange under vastly more difficult post war circumstances.
- The rise of populist rebellions in the 1930s across major economies.

1970s

Crisis of industrial society

- A crisis within two rival sets of institutions: postwar Fordist capitalism and Fordist state socialism.
- The corporatist political economies developed after the Great Depression, which sustained Western economies from the 1940s to the 1960s seemed to fail in the 1970s as unemployment deepened and inflation persisted.
- Misguided policies, heightened class conflict and oil price increases, all played a role.

2020s

Crisis of global integration

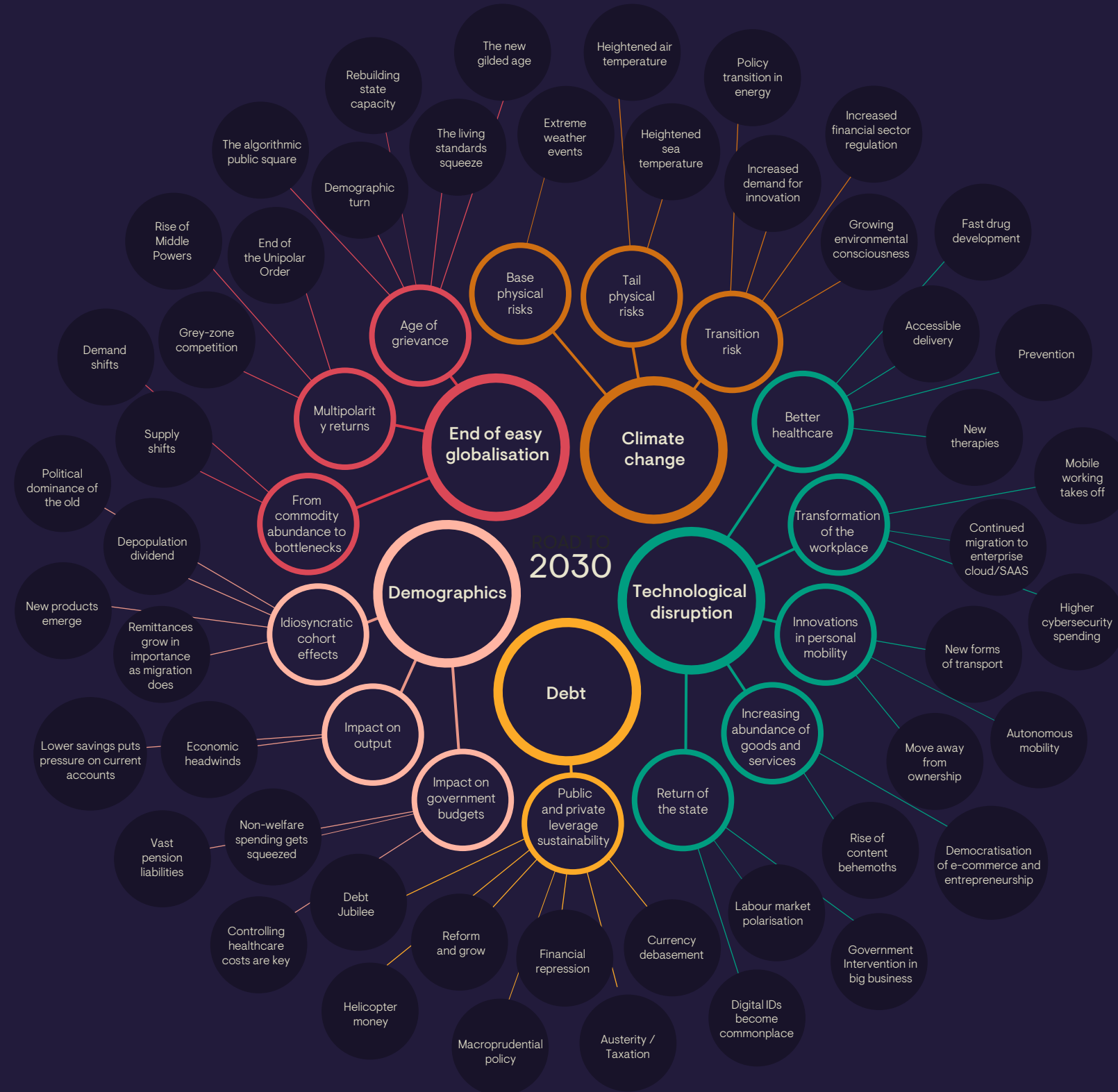
- The unipolar era is fading into a negotiated, disordered multipolar system; resource/energy bottlenecks are replacing the abundance that made globalisation easy and seamless; and domestic grievance is making politics more nationalistic and transactional—stress-tested by COVID-19, Russia's 2022 invasion of Ukraine (sanctions/energy shock), and follow-on conflict/tariff shocks.

End of easy globalisation





ROAD TO 2030



■ Multipolarity is a return of the old normal

Afrasiab mural, Uzbekistan





Resources are underinvested and bottlenecks are everywhere

Strait of Hormuz





Resources are underinvested and bottlenecks are everywhere

Strait of Hormuz





Rising public dissatisfaction will revolutionise the relationship between states

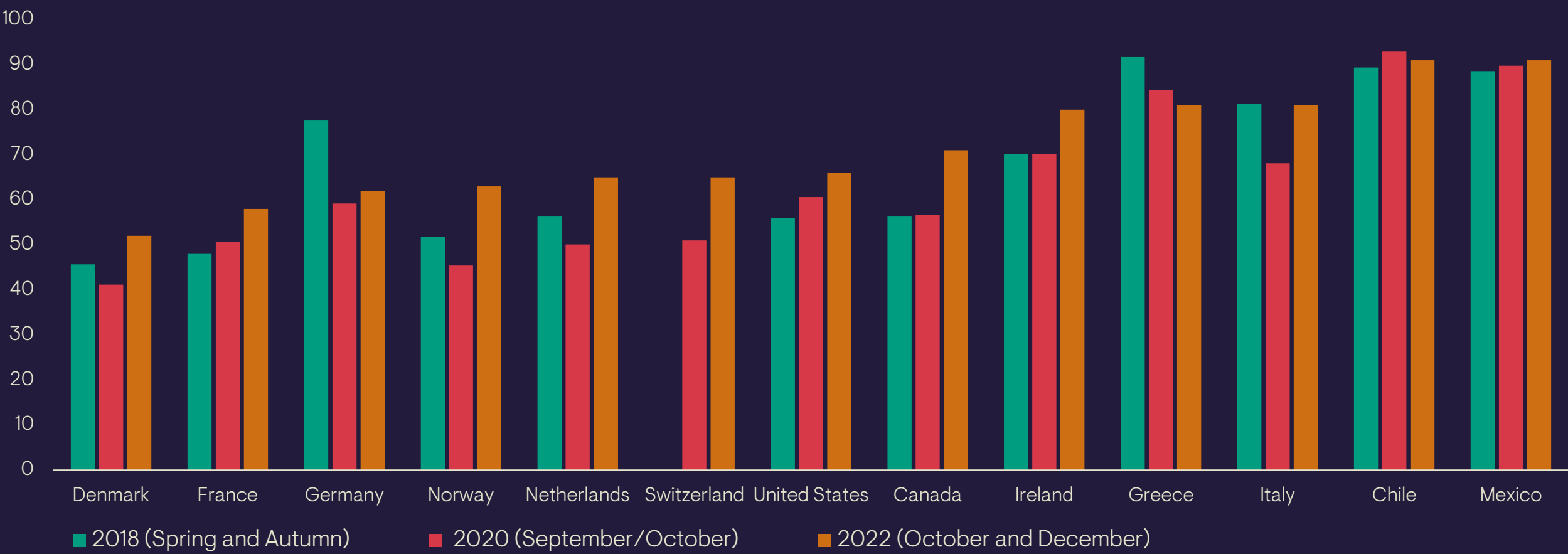
UN General Assembly





Rising trend in public demands for government

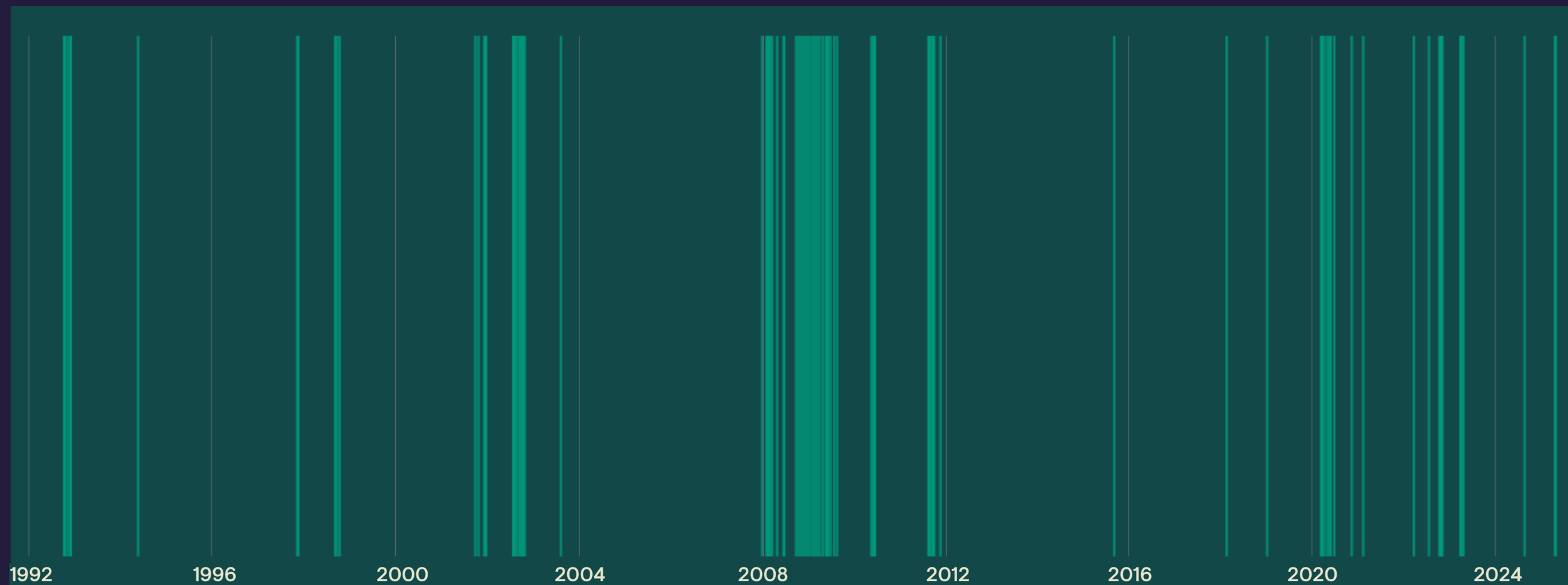
Do you think the government should be doing less, more, or the same to ensure your economic and social security?
(Percentage answering more or much more; OECD Risks That Matter Survey)





A new volatility regime

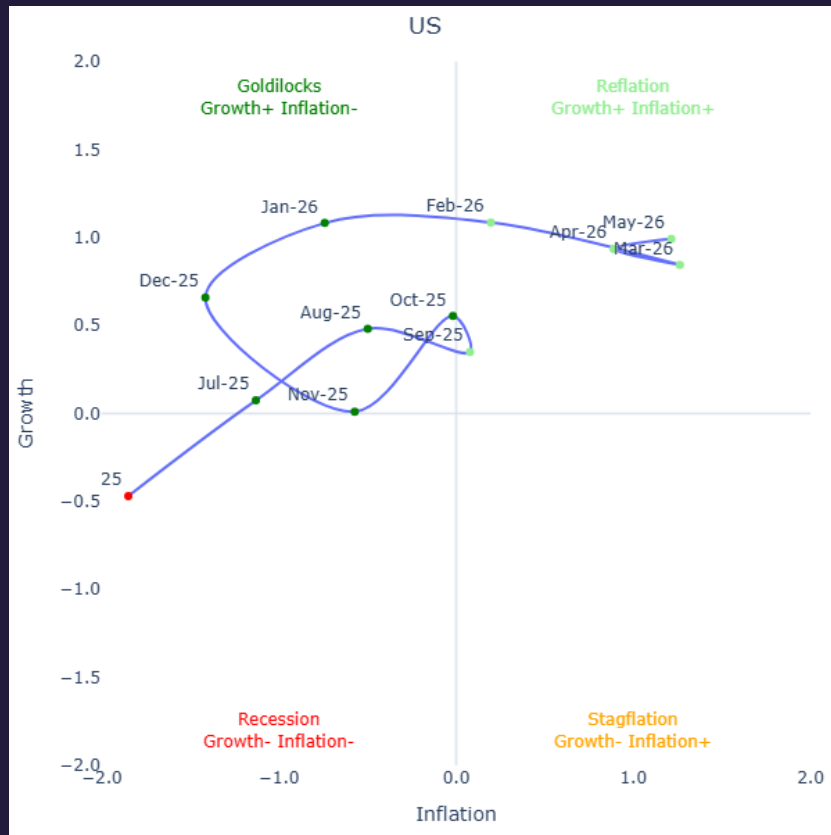
Shaded area: periods when equity vol, rates vol and FX vol is 2 s.d. above long-term mean



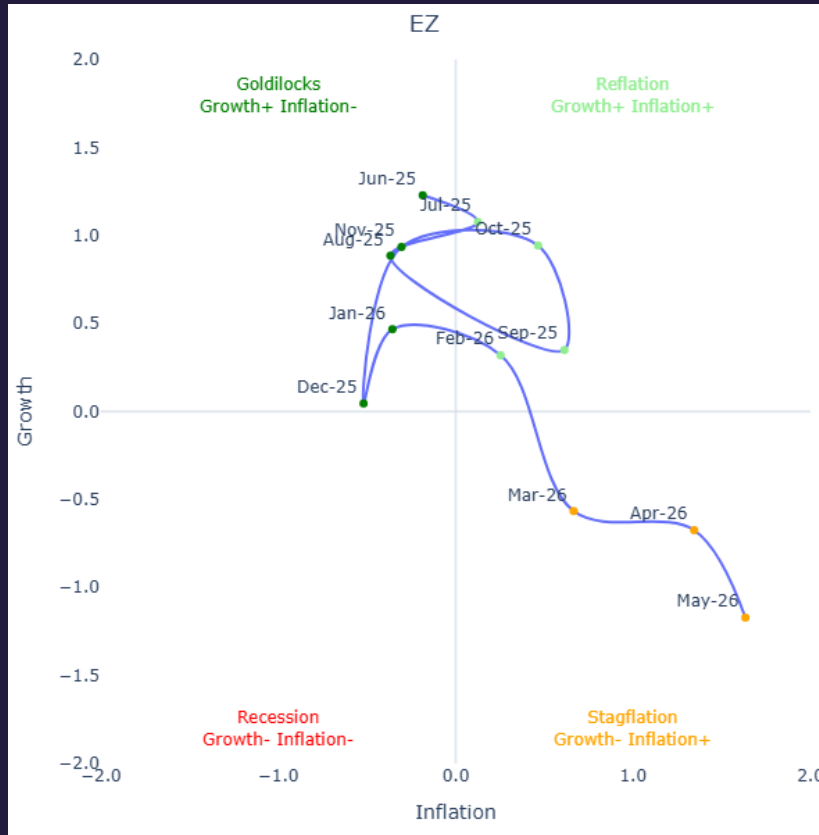


Different regions increasingly out of sync

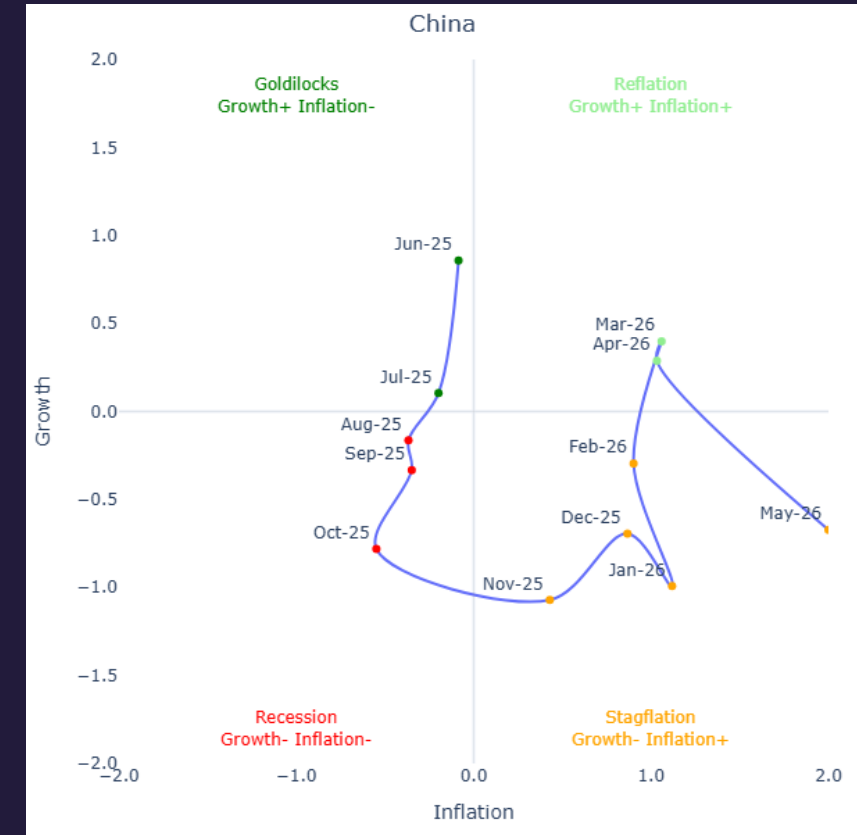
Regime score:
US regime



EZ regime



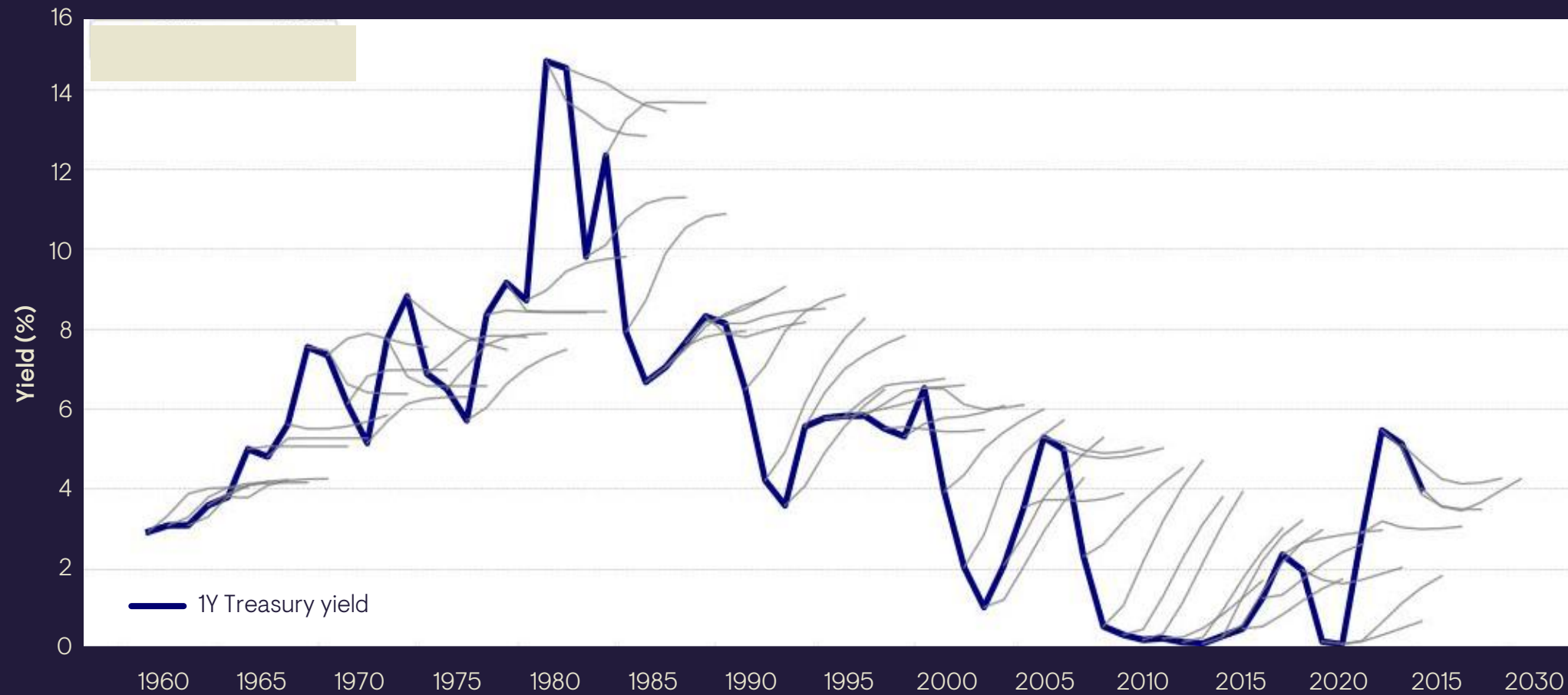
China regime



It's a multi-year transition

Macro transitions take time and macro reflexes are persistent

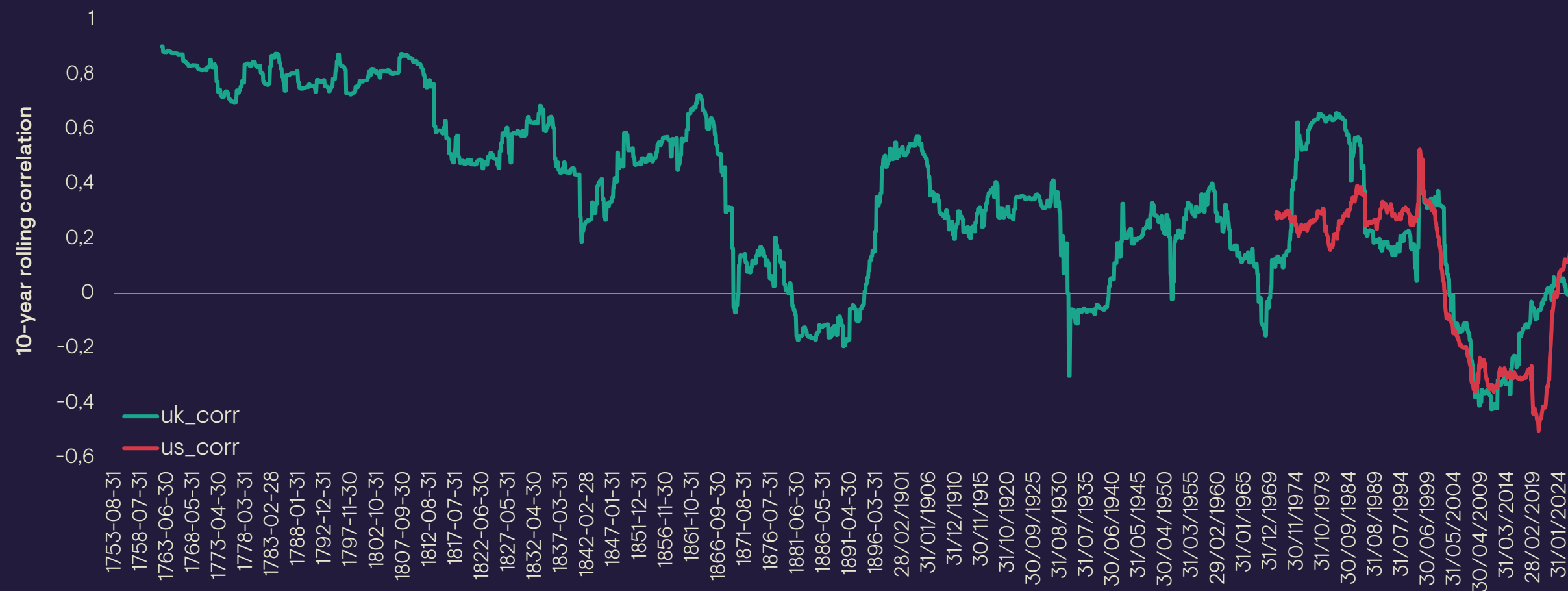
Hairchart of one-year treasury yield and its 5-year forward rate paths (30 June 1961 – 30 June 2025)





Sovereign duration as a tactical asset rather than a structural diversifier

Long run stock-bond correlation



Past performance does not predict future returns; losses may be made.

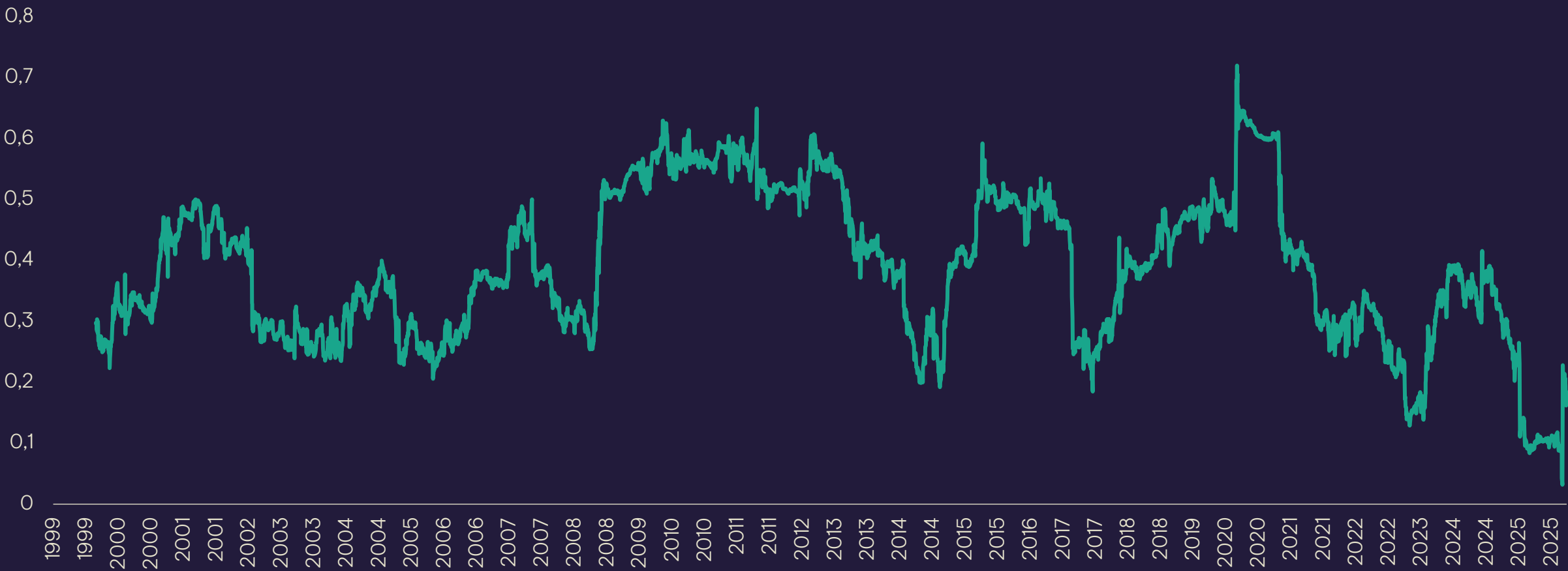
Source: Ninety One, FRED, Bloomberg as at 31 January 2026

Rolling 10-year correlation between stock and bond return



Global diversification matters more in a multipolar world

MSCI US and MSCI China rolling 200-day correlation



What does this mean for allocators?

1. Macro transitions take time and macro reflexes often anchor to the last regime
2. Inflation protection needs to be deliberate, not accidental
3. Sovereign duration should be treated as a tactical asset rather than a structural diversifier
4. Global diversification matters more in a multipolar world
5. Thematic exposure should focus on structural tailwinds, particularly the global capex cycle
6. Liquidity is a strategic asset, not a residual



Thank you

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