Geopolitical Uncertainties

What should investors do?



A calm, structured approach during uncertain times

Periods of geopolitical tension often bring uncertainty across global financial markets. News flows intensify, volatility increases, and investor sentiment can turn cautious, sometimes triggering anxious reactions. While such events may feel unprecedented in the moment, history suggests that markets have navigated similar phases before.

Understanding how markets behave during such periods can help investors make more balanced and informed decisions.

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Short-Term Reaction vs Long-Term Direction

- Markets generally react quickly to uncertainty.
- Sharp movements, especially on the downside, are common in the initial phase.
- However, these reactions are often driven by sentiment rather than long-term fundamentals.

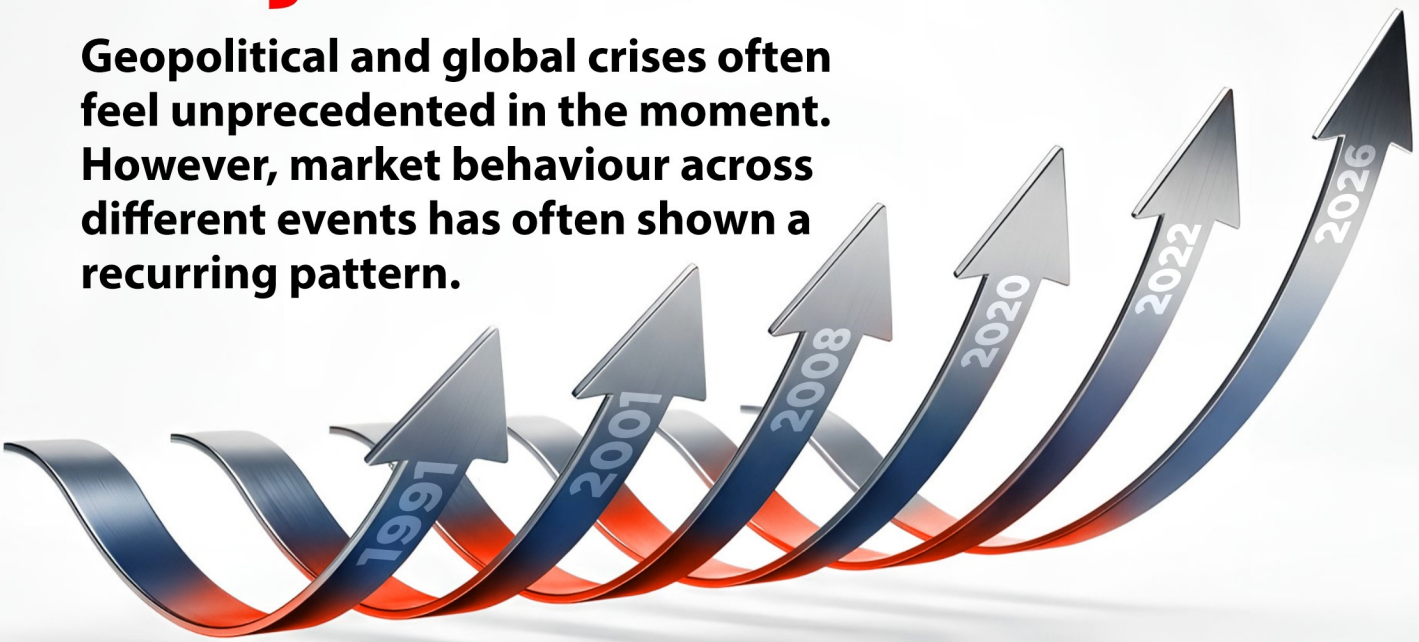


Volatility is immediate | **Recovery is gradual** | **Growth is long-term**

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How Markets Have Responded to Major Global Events

Geopolitical and global crises often feel unprecedented in the moment. However, market behaviour across different events has often shown a recurring pattern.



EVENT SNAPSHOT

EVENT	MARKET REACTION	WHAT FOLLOWED
Gulf War	Sharp uncertainty	Gradual recovery
9/11 Attacks	Immediate decline	Stabilisation within months
Global Financial Crisis (2008)	Deep correction	Strong multi-year recovery
COVID-19 Crash (2020)	Sudden fall	Rapid rebound
Russia–Ukraine Conflict	Volatility spike	Market adjustment over time

"Markets tend to react quickly to uncertainty... but recover as clarity and fundamentals re-emerge."

While every crisis is different, market responses have often followed a familiar path—from reaction to recovery.

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Behaviour Often Matters More Than the Event Itself

During uncertain times, investors may:

- React quickly to negative news
- Reduce equity exposure after sharp declines
- Delay investment decisions
- Shift disproportionately towards perceived 'safe' assets

BEHAVIOURAL BIASES

LOSS AVERSION
The tendency to fear losses more than we value gains, often leading to panic decisions during market falls.

RECENCY BIAS
The habit of giving more importance to recent events and assuming current market trends will continue.

HERD BEHAVIOUR
The tendency to follow what others are doing, even if it may not align with our own financial goals.



**In many cases, it is not the event—
but the reaction to it—that impacts long-term outcomes.**

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A Structured Approach During Uncertainty

A structured approach can help reduce emotional decision-making during uncertain times.

CHECKLIST

- ✅ Stay aligned with long-term goals
- ✅ Continue systematic investments (SIPs)
- ✅ Avoid sudden allocation changes
- ✅ Review portfolio—not react to headlines
- ✅ Maintain appropriate diversification



Periods of uncertainty often test discipline—not strategy.

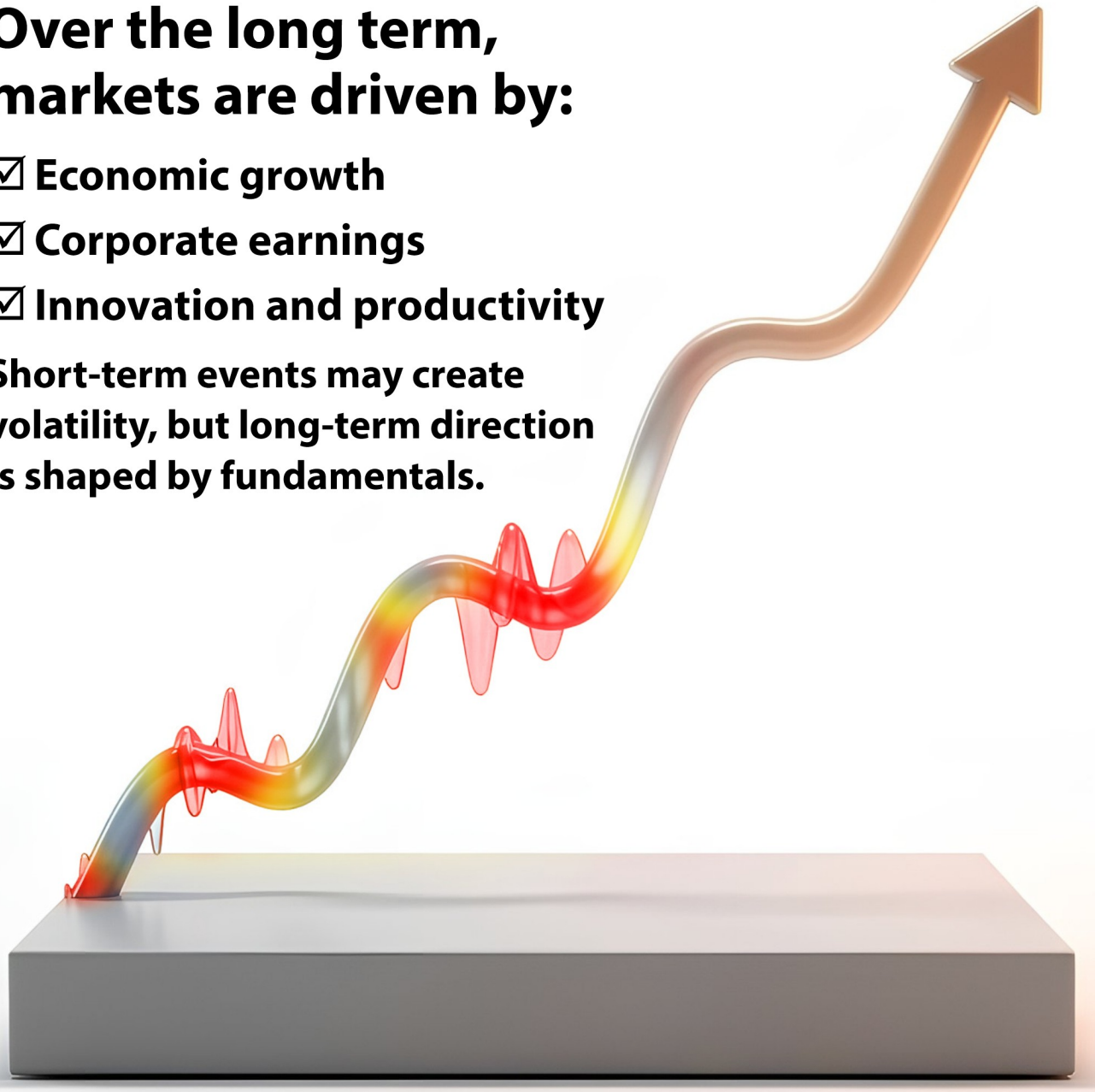
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What Drives Markets Over Time

Over the long term, markets are driven by:

- ☑ Economic growth
- ☑ Corporate earnings
- ☑ Innovation and productivity

Short-term events may create volatility, but long-term direction is shaped by fundamentals.



Events create short-term noise.
Fundamentals drive long-term wealth.

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Geopolitical events can create uncertainty and short-term volatility.

However, history suggests that markets tend to stabilise and align with long-term fundamentals over time. Maintaining a disciplined, goal-based approach can help investors navigate such phases more effectively.



If you would like to review your portfolio or reassess your allocation during this phase, feel free to connect for a structured review.

DISCLAIMER: *This presentation is for educational purposes only and should not be construed as investment advice. Market movements during geopolitical events can vary and are subject to multiple factors. Past trends may or may not be sustained in the future.*

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