A Week, A Month, A Quarter

How Asset Owner Investment Committees Think About Geopolitical Risk

Co-authored by Jahangir Aka & Paul O'Brien

March 2026

Introduction

The current conflict in the Middle East inevitably raises questions for many investment committees. When geopolitical events unfold rapidly, the first question long-term investors tend to ask is straightforward: **is the portfolio behaving as expected?**

Alongside this technical assessment sits a second question that inevitably arises during geopolitical shocks: **how long might the disruption last?**

Financial markets often react quickly to geopolitical events, but the implications for long-term portfolios tend to unfold over a longer horizon. For large asset owners, including sovereign wealth funds, pension funds and insurance institutions, the more relevant question is rarely how markets move in the first few days following a shock, but how economic confidence, capital flows and investment activity may evolve if uncertainty persists.

For most large asset owners, geopolitical shocks rarely lead to immediate changes in strategic asset allocation. Those decisions are typically anchored in long-term capital market assumptions and reviewed over multi-year horizons. What may change more readily, however, is the **pace of capital deployment**. Investment committees may choose to slow the pace of new capital commitments, preserve liquidity buffers, or delay certain transactions while uncertainty persists.

In that sense, geopolitical events test not only markets but also the governance frameworks that guide long-term investment decisions. Institutions with clear investment processes and disciplined portfolio construction are often better positioned to absorb volatility without being forced into reactive decisions.

A useful way to structure these discussions is across three broad horizons: **a week, a month and a quarter**. These timeframes broadly reflect how many investment committees move from an initial portfolio assessment toward a deeper consideration of economic transmission and investment confidence.

Figure 1 outlines this framework for thinking about geopolitical shocks from the perspective of long-term asset owners.

Figure 1 – Investment Committee Framework for Assessing Geopolitical Shocks

Investment Committee Framework for Assessing Geopolitical Shocks

How Investment Committees Frame Geopolitical Shocks

Time Horizon	Primary Focus	Typical Investment Committee Questions
A Week	Portfolio stress test	Is the portfolio behaving as expected? Are diversification and risk limits holding?
A Month	Economic transmission	Are confidence, capital flows and business activity beginning to slow?
A Quarter	Confidence and capital flows	Could prolonged uncertainty affect *investment decisions or economic confidence?*

A Week: Treating the Shock as a Portfolio Stress Test

In the early stages of a geopolitical shock, the first task for an investment committee is rarely to make portfolio adjustments. The immediate focus is instead on understanding how the existing portfolio is behaving.

Periods of market stress effectively serve as real-time stress tests for long-term portfolios. Investment committees tend to begin by examining a small number of practical questions: whether diversification is functioning as expected, whether volatility and tracking error remain within anticipated ranges, and whether any unexpected concentrations or vulnerabilities are emerging within the portfolio.

If the portfolio is behaving broadly as designed, it provides reassurance that the existing strategy is resilient and allows space for measured analysis rather than reactive decision-making. For long-term investors, the ability to observe market movements without immediately responding to them is often a defining advantage.

Liquidity is also reviewed at this stage, although for most large asset owners it is rarely the primary concern. Portfolios are typically structured with the explicit objective of absorbing periods of volatility without the need for forced asset sales or sudden adjustments to investment programmes.

That does not mean economic effects are absent. In certain sectors, particularly those closely linked to travel, tourism and discretionary activity, operating businesses may begin to feel pressure relatively quickly as activity slows and uncertainty rises. For long-term asset owners, however, these early signals are typically monitored rather than acted upon at the portfolio level.

Strategic asset allocation decisions are rarely revisited within such a short timeframe. If anything, periods of volatility may begin to create potential opportunities for long-term investors, but at this stage the emphasis remains firmly on discipline and observation rather than action.

More broadly, the first week following a geopolitical shock often serves as a reminder that the resilience of a portfolio depends less on predicting events and more on the strength of the investment framework designed to absorb them.

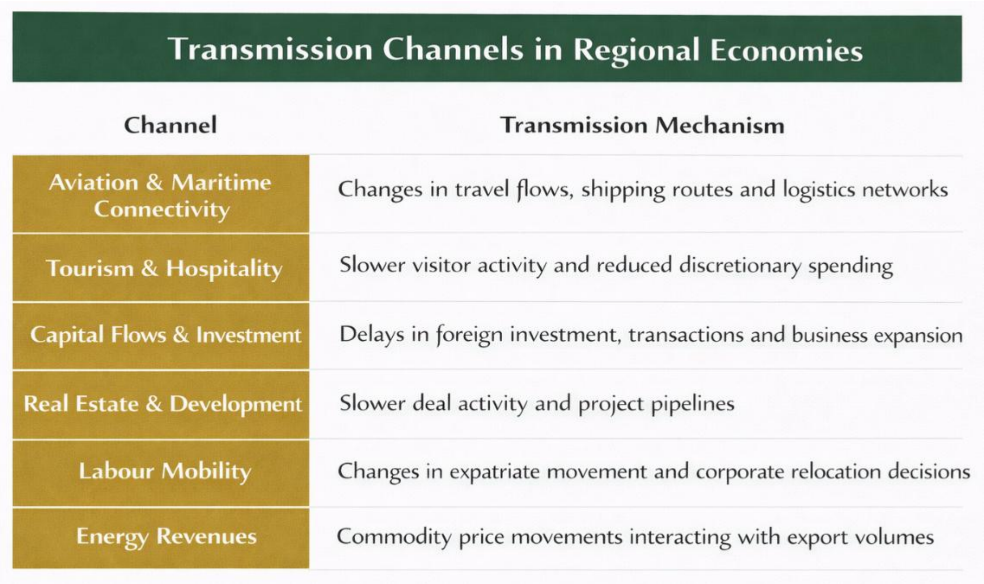
A Month: Economic Transmission and Confidence

If geopolitical tensions persist beyond the initial shock phase, the discussion within investment committees often begins to shift. The immediate focus on market volatility gradually gives way to a broader consideration of how the disruption may begin to affect economic activity.

At this stage, the key question becomes less about short-term market behaviour and more about how uncertainty may begin to influence business confidence, capital flows and investment activity. In regions where international connectivity and cross-border capital play an important role in economic growth, even relatively short periods of uncertainty can begin to affect transaction pipelines, investment decisions and foreign capital flows.

Figure 2 illustrates some of the channels through which geopolitical uncertainty may begin to transmit into regional economies.

Figure 2 – Transmission Channels into Regional Economies



Transmission Channels in Regional Economies

Channel	Transmission Mechanism
Aviation & Maritime Connectivity	Changes in travel flows, shipping routes and logistics networks
Tourism & Hospitality	Slower visitor activity and reduced discretionary spending
Capital Flows & Investment	Delays in foreign investment, transactions and business expansion
Real Estate & Development	Slower deal activity and project pipelines
Labour Mobility	Changes in expatriate movement and corporate relocation decisions
Energy Revenues	Commodity price movements interacting with export volumes

From a portfolio perspective, the distinction between public and private markets becomes increasingly relevant during this phase. If investment committees choose to adjust exposures, public markets provide the clearest mechanism through which to do so. Rebalancing, tactical positioning and opportunistic deployment of capital are all more readily implemented through liquid markets.

Private market portfolios, by contrast, tend to evolve more gradually. Existing commitments remain in place, capital calls continue according to prior investment decisions, and underlying operating businesses often respond to economic conditions over longer timeframes. In the short-term there are relatively few levers available to materially adjust private market exposures.

In that sense, the illiquidity of private markets can act as both a constraint and a stabilising feature of long-term portfolios.

For most large asset owners, the more immediate question at this stage is not strategic asset allocation, but the pace at which new capital is committed. Investment committees may choose to slow new private market commitments, preserve liquidity buffers, or delay certain transactions while the broader economic outlook becomes clearer.

A Quarter: Confidence, Capital Flows and Economic Perception

If geopolitical tensions persist for several months, the discussion within investment committees may begin to broaden further. At this horizon, the issue is no longer simply market volatility or near-term economic disruption, but the potential impact on economic confidence and capital flows.

Investment committees may begin to consider whether prolonged uncertainty is influencing foreign investment decisions, corporate expansion plans or the pace of economic activity across key sectors. Even when financial markets remain relatively stable, investment pipelines and transaction activity can begin to slow as businesses and investors pause new commitments while assessing the outlook.

At this stage, the discussion becomes less about mark-to-market volatility and more about whether uncertainty begins to alter how the region is perceived by international investors.

In regions where international capital plays a significant role in economic development, these confidence effects can become particularly relevant. Firms considering new investments, regional headquarters or expansion plans may delay decisions until greater clarity emerges. Transaction pipelines can slow, and new foreign investment flows may temporarily pause as businesses reassess risk.

In the Gulf, where international capital and expatriate talent play an important role in economic growth, these dynamics can be especially visible. The expansion of financial centres, aviation networks, tourism and hospitality industries, and broader investment ecosystems across the region has been supported by decades of relative stability. When that perception of stability is tested, the question becomes not simply how capital responds in the short-term, but how quickly confidence may return.

For long-term asset owners, these developments rarely translate into immediate portfolio adjustments. Rather, they form part of the broader strategic context in which investment decisions are considered over time.

In that sense, the conversation gradually shifts from portfolio behaviour to how investment confidence across the wider economic system may evolve.

When the Shock Is Intertwined with the Regional Economy

While the week, month and quarter framework provides a useful way to think about portfolio decision-making, geopolitical shocks in the Middle East can introduce an additional dimension for large asset owners.

In many cases, the institutions managing long-term capital in the region sit within economic systems that are themselves directly affected by geopolitical developments. As a result, periods of regional uncertainty can raise two related but distinct questions: how the shock affects the investment portfolio, and how it affects the wider economy.

From a governance perspective, these responsibilities are not identical. Portfolio decisions typically sit with investment committees responsible for stewarding long-term capital, while broader economic policy decisions remain the responsibility of governments and finance ministries.

In practice, however, the distinction can sometimes be less clear-cut. In parts of the Gulf, large pools of sovereign capital often sit within institutional frameworks that operate alongside national development strategies. While globally invested portfolios and domestic development mandates are typically managed separately, leadership oversight may span multiple mandates across the broader economic system.

During periods of geopolitical uncertainty, this institutional proximity can naturally bring wider economic considerations into the conversation. Questions around investment confidence, foreign capital flows and economic perception can arise alongside the more traditional discussions of portfolio resilience and investment strategy.

Recognising this distinction, while acknowledging the institutional overlap, is an important part of understanding how large asset owners in the region approach geopolitical uncertainty.

The Enduring Role of Long-Term Capital

Large asset owners across the Gulf were originally established with a clear objective: to transform hydrocarbon revenues into diversified financial assets capable of supporting national economies over time.

In that sense, many of these institutions were initially described as "rainy day" funds, reserves intended to provide stability when commodity cycles or external shocks affected fiscal revenues.

Over time, however, these institutions have evolved into some of the largest and most sophisticated pools of capital in the global financial system. Through decades of investment across public and private markets, their portfolios now generate substantial and recurring investment income.

Figure 3 – The Enduring Role of Long-Term Capital

The Enduring Role of Long-Term Capital

Phase	Traditional Role	Evolving Role
Accumulation	Transform hydrocarbon revenues into financial assets	Build globally diversified portfolios
Diversification	Reduce dependence on commodity cycles	Generate stable long-term investment income
Catalytic Capital	Stabilise economies during periods of stress	Attract global investment through co-investment and risk sharing

This evolution has subtly changed the role these institutions can play during periods of regional uncertainty.

Rather than simply acting as reserves that may be drawn upon in difficult periods, diversified global portfolios can themselves provide a source of stability when regional economic conditions become more challenging. Income generated from global investments can help reduce reliance on domestic revenue sources precisely when economic confidence may be under pressure.

Equally important, large asset owners can also play a catalytic role in supporting investment activity as confidence begins to recover. Through partnerships with external investors, co-investment structures, or strategic anchor commitments, sovereign and institutional capital can help sustain investment pipelines during periods when private capital may be more cautious.

In jurisdictions where fiscal incentives may be limited, the ability of sovereign and institutional investors to act as anchor investors, co-investment partners or providers of first-loss capital can become an important mechanism for encouraging the return of private investment.

Seen through this lens, the role of large asset owners during periods of geopolitical uncertainty is not only to provide stability during disruption, but also to help support the gradual return of investment activity as confidence begins to normalise.

Conclusion

Geopolitical shocks inevitably introduce periods of uncertainty, but they also serve as important tests of investment frameworks and governance structures.

For long-term asset owners, the discipline of investing is rarely about predicting geopolitical events. Rather, it lies in ensuring that portfolios are constructed with sufficient resilience to navigate periods of volatility without requiring reactive decisions.

The week, month and quarter framework outlined in this paper reflects how many investment committees approach such moments, beginning with an assessment of portfolio behaviour, then considering how economic transmission may unfold, and ultimately monitoring how confidence and capital flows evolve if uncertainty persists.

For institutions managing large pools of long-term capital, these events also highlight a broader role. Diversified global portfolios can provide stability during periods of disruption, while sovereign and institutional investors may help support the gradual return of investment activity as confidence begins to recover.

In that sense, geopolitical uncertainty reinforces a central principle of long-term investing: resilience is determined less by the ability to predict events than by the strength of the investment frameworks designed to withstand them.

About the Authors

Jahangir Aka

Jahangir Aka is an investment professional and strategic adviser with over 25 years' experience across asset management, global capital markets, and financial services. He has held senior leadership roles at Neuberger Berman, SEI Investments, and Standard Chartered, building and scaling businesses across Europe, the Middle East, Africa, Asia, and Latin America.

At Neuberger Berman he served as Managing Director and Global Head of Official Institutions, advising sovereign wealth funds, central banks, and pension funds on asset allocation, portfolio construction, and investment strategy across public and private markets.

In 2025 he founded Aka & Associates, an independent advisory firm translating asset owner priorities into investment and capital strategies. The firm advises asset owners on portfolio construction, manager selection, and private markets allocation, and works with asset managers on capital strategy and market expansion.

Jahangir is a frequent speaker at global investment forums and has appeared on Bloomberg and CNBC.

Paul O'Brien

Paul O'Brien is a Trustee, Chair of the Audit and Risk Committee, and member of the Investment Committee of the Wyoming Retirement System, the public pension fund supporting state and local employees in Wyoming. He is associated with the Institutional Investor Middle East Institute and is active as an advisor to major global institutional investors and as a conference speaker.

From 2009 until 2019, Paul was Head of Fixed Income Strategy and Deputy Chief Investment Officer at the Abu Dhabi Investment Authority. He helped lead both strategic and tactical asset allocation, benchmark selection, portfolio construction, and research, as well as advising ADIA's Investment Committee. He managed a multi-national team of over 20 investment professionals with expertise across all asset classes as well as economics and quantitative methods.

Before joining ADIA Paul was a global fixed income portfolio manager at Morgan Stanley Investment Management (MSIM) in London and West Conshohocken, PA. He worked with institutional investors around the world with a focus on interest rate and currency strategies.

Prior to that, he worked as an economist for Morgan Guaranty Trust Company in Paris and in London as Head of Morgan's European economics team. Paul started his career as Economist and then Section Chief at the Board of Governors of the Federal Reserve System in Washington, DC. He worked in the Division of Monetary Affairs and regularly briefed the Board on monetary policy issues and developments in financial markets. While at the Federal Reserve he was seconded to the Bank for International Settlements in Basel, Switzerland, and the Organization for Economic Cooperation and Development in Paris.

Paul has a PhD in Economics from the University of Minnesota. He attended the US Naval Academy and received his undergraduate degree from the Massachusetts Institute of Technology.

Contact information: +44 7884 092 942 or jahangir@aka.associates