

# A Quarter In

## When Investment Committees Begin Reassessing Assumptions

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### Introduction

In the immediate aftermath of a geopolitical shock, investment committees tend to focus first on portfolio resilience. The key questions are whether portfolios are behaving as expected under stress, whether liquidity remains sufficient and whether diversification assumptions continue to hold.

In our earlier paper, [A Week, A Month, A Quarter](#), we outline how investment committees often move through phases as geopolitical disruption persists, from portfolio resilience to economic transmission, to questions around confidence and capital flows.

Discussions with asset owners, asset managers and geopolitical specialists suggest the framework is proving relevant not only conceptually, but operationally, influencing how institutions are interpreting markets, liquidity and capital deployment in real time.

Importantly, the earlier paper also highlights the importance of patience. Investment committees rarely revisit long-term strategic assumptions in the immediate aftermath of a shock. The discipline is to observe how the crisis evolves through the quarter phase before drawing broader conclusions.

#### **That patience is proving important.**

If investors had been told several months ago that the conflict would persist through the quarter, many would likely have expected a very different market outcome. Instead, equities remain resilient, technology leadership continues and inflation expectations and interest rates have repriced materially higher.

As the conflict moves further beyond the initial shock phase, discussions are increasingly moving beyond portfolio resilience and toward reassessing some of the assumptions underpinning portfolios.

This paper explores how investment committees are reassessing those assumptions as geopolitical disruption persists.

Figure 1 – Investment Committee Framework for Assessing Geopolitical Shocks

Investment Committee Framework for Assessing Geopolitical Shocks		
<i>How Investment Committees Frame Geopolitical Shocks</i>		
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?

As the conflict moves further beyond the initial shock phase, investment committee discussions are increasingly shifting from portfolio resilience toward reassessing assumptions.

The issue is no longer simply whether portfolios absorb the initial disruption, but whether some of the assumptions underpinning those portfolios still deserve confidence. Questions around inflation, rates, liquidity, capital deployment and market leadership are becoming more central as institutions assess how the environment is evolving.

In that context, the question is not simply whether markets are right or wrong. **Markets are not always correct, but they are often smarter than we are.** Increasingly, investment committees are assessing what markets may be signalling about the emerging environment, and whether portfolios remain aligned with that changing reality.

### What Is the Market Telling Us?

One of the more striking features of the current environment is the resilience and evolution of public markets despite the persistence of geopolitical disruption.

Historically, geopolitical shocks often produce sharp but relatively short-lived market reactions, particularly where investors believe economic disruption will remain contained. The current environment is proving more complex.

Rather than broad market retrenchment, leadership within global markets is shifting:

- Technology and AI-related sectors continue to strengthen.
- Semiconductor-linked markets such as Korea and Taiwan materially outperform.
- Economies more exposed to energy imports and weaker technological positioning face greater pressure.

The market message is proving surprisingly clear: **bytes may currently matter more than barrels.** That is not the outcome many investors would likely have expected at the outset of the conflict.

Equally notable is the repricing in interest rates. Earlier expectations of aggressive monetary easing are giving way to a higher-for-longer rate environment as investors reassess:

- inflation persistence
- energy disruption
- fiscal pressures

For investment committees, these developments matter not because markets should be followed mechanically, but because they may indicate that the market's understanding of long-term economic winners and losers is evolving more rapidly than many strategic asset allocation frameworks.

The issue is not whether investment committees should react to every short-term market movement. Rather, it is whether the current environment is beginning to challenge assumptions around growth, inflation, technology leadership and the future drivers of global returns.

Higher real rates, resilient equities and changing sector leadership increasingly require investment committees to reassess whether portfolio exposures remain aligned with the assumptions embedded within their strategic asset allocation frameworks.

## **From Transmission to Behaviour**

In the earlier phases of the framework, the focus is primarily on transmission channels: how geopolitical disruption affects energy markets, supply chains, inflation and financial conditions.

A quarter into the conflict, investment committees are increasingly observing behavioural signals instead. These signals are often more subtle than market volatility but can become equally important in assessing how confidence is evolving within the broader economy. Examples increasingly include:

- reduced business travel
- slower real estate transactions
- delays in investment decisions
- more cautious relocation decisions

Across parts of the Gulf, governments, related entities and businesses are increasingly reassessing the pace and sequencing of long-term projects, expansion plans and future cash flow assumptions. While this does not necessarily imply crisis, it increasingly reflects a shift from assuming rapid normalisation toward preparing for a potentially longer period of uncertainty.

This transition matters because confidence effects can become self-reinforcing. Investment delays affect economic activity, weaker activity affects revenues and liquidity, and greater uncertainty can slow the pace of both domestic and international capital deployment.

For asset managers and private market sponsors, this may also affect portfolio companies, deal activity and client engagement. Slower decision-making and reduced business mobility influence not only economic activity, but also the pace and confidence behind capital deployment.

## How Liquidity Changes Behaviour

One of the clearer distinctions that emerged during the first quarter is that liquidity pressures matter differently depending on the nature of the institution and its relationship to the regional economy.

For many global asset owners outside the Gulf, the more immediate discussions centre on rates, inflation, AI exposure and shifting market leadership. However, tighter financial conditions in the Gulf can still influence global markets indirectly through co-investment activity, transaction pacing and cross-border capital deployment.

For GCC-based institutions, the discussion is becoming more complex.

Sovereign borrowing, private credit placements and discussions around liquidity arrangements increasingly reflect a greater focus on liquidity visibility, capital flexibility and deployment sequencing as governments reassess infrastructure spending, defence requirements and future fiscal assumptions.

This matters not necessarily because of solvency concerns, but because Gulf institutions increasingly play a central role in global capital formation across infrastructure, private markets and real estate transactions.

The issue is not necessarily portfolio solvency. **It is visibility.**

As uncertainty persists, institutions are becoming more cautious around:

- illiquid commitments
- co-investments
- long-duration transactions

This caution is likely to persist until there is clearer visibility around future revenues, expenditure requirements and economic conditions.

For global asset managers, the distinction between asset owner interest and the pace of deployment is becoming increasingly important. Institutions may continue to view opportunities positively while becoming more cautious around timing, underwriting and commitment size.

This is particularly relevant because many visible transactions today may still reflect decisions made under very different assumptions several months earlier. As a result, the more important signal may increasingly become the pace of new origination, underwriting and capital deployment rather than the completion of existing transactions.

## When Does “This Time It’s Different” Become True?

Investment discipline is built partly on resisting the temptation to declare every disruption a structural break. The phrase “this time it’s different” historically precedes many investment mistakes, particularly when investors abandon long-term discipline in response to short-term volatility.

At the same time, investment committees also recognise that structural shifts do occur. The challenge is determining when accumulated evidence begins to challenge assumptions strongly enough that existing frameworks deserve reassessment.

This tension is becoming increasingly relevant in the current environment.

Many institutions continue to rely heavily on long-term capital market assumptions built through consensus forecasts and quantitative historical modelling. Those frameworks remain valuable and important anchors for disciplined investing.

However, geopolitical shocks, technological disruption and structural changes in inflation and rates can evolve more quickly than backward-looking frameworks are designed to capture.

Periods of geopolitical stress can also expose operational and informational challenges within investment organisations themselves. Investment committees are increasingly asking whether:

- exposures can be identified quickly enough
- reporting systems provide sufficiently timely and actionable insight
- attribution and scenario analysis are available across the full portfolio
- information supports decision-making under pressure

In many cases, the challenge is not the absence of data, but the ability to translate information into coherent investment insight quickly enough to support effective governance.

As geopolitical disruption persists, investment committees are increasingly monitoring a broader set of signals across confidence, assumptions, markets, behaviour and liquidity (“CAMBL”).

**Figure 2 – Signals Investment Committees May Monitor as Geopolitical Risk Persists**

Signals Investment Committees May Monitor	
Area	Questions Investment Committees May Ask
Confidence	Are confidence and capital flows beginning to shift?
Assumptions	Do long-term assumptions on inflation, rates and growth still hold?
Markets	What is the market signalling about future leadership and winners?
Behaviour	Are governments, businesses and individuals changing behaviour?
Liquidity	Are liquidity visibility and future cash flow assumptions becoming more important?

As a result, investment committees need to complement quantitative processes with more forward-looking scenario analysis and qualitative judgement.

This is not a call to abandon discipline or long-term frameworks. Rather, it reflects the reality that periods of sustained disruption may require institutions to reassess whether existing assumptions remain appropriate for a changing environment.

One useful indicator is periods when portfolio outcomes diverge materially from long-term expectations. If portfolios continue to perform very differently from strategic assumptions over sustained periods, investment committees increasingly need to assess whether this reflects temporary dislocation or whether some underlying assumptions now deserve reconsideration.

This is not an argument for constant tactical repositioning.

Rather, effective investment governance requires balancing long-term discipline with the flexibility to recognise when the world itself may be changing.

## Conclusion

A quarter into a geopolitical shock, investment committees are no longer simply assessing whether portfolios have absorbed the initial disruption.

Discussions are increasingly focused on whether some of the assumptions underpinning portfolios still deserve confidence. Questions around inflation, rates, liquidity, capital deployment and market leadership are becoming more central as institutions assess how the environment is evolving.

Importantly, this is influencing behaviour operationally as well as strategically.

Institutions are increasingly reassessing reporting visibility, governance processes and the pace of capital deployment under more uncertain conditions.

At the same time, markets continue to challenge several assumptions many investors may have expected at the outset of the conflict. Despite a prolonged geopolitical shock, technology leadership remains resilient, while higher real rates and inflation expectations persist longer than many anticipated.

This is not an argument for reactive repositioning. Long-term investment frameworks remain important anchors for disciplined investing.

However, a quarter into the shock, **the challenge for investment committees is increasingly shifting from absorbing volatility toward reassessing whether portfolios remain aligned with a changing environment.**

## 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.

# Aka & Associates

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Aka & Associates is an independent advisory firm working with asset owners and asset managers on capital strategy, governance and international market development.

Our work sits between institutions allocating capital and those seeking to deploy it, translating asset owner priorities into practical investment and business strategy for capital deployment.

In periods of uncertainty, investment decisions are shaped less by market movements and more by process, discipline and confidence. Understanding how investment committees think becomes critical.

**If any of these themes resonate, we would welcome a discussion.**

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