

# Geopolitical Shock: From Framework to Application

## Summary of Discussion with Asset Owners and Asset Managers

March 2026

### Introduction

Geopolitical shocks test not only markets, but the discipline and decision-making frameworks of long-term investors.

In a recent discussion with asset owners, asset managers, and geopolitical specialists, we revisited how investment committees interpret and respond to periods of geopolitical uncertainty, and how those responses are evolving in real time.

This note summarises the discussion, building on the framework outlined in our earlier paper, [A Week, A Month, A Quarter: How Asset Owner Investment Committees Think About Geopolitical Risk](#), and highlighting how it is being applied in practice, alongside the implications for asset managers engaging with institutional capital.

The discussion focused on frameworks, behaviours, and practical decision-making, rather than short-term market views.

### Key Takeaways

- Investment committees respond through phases, not immediate reactions
- “Know what you own” remains the first discipline
- Tactical activity is selective and measured, not opportunistic
- Private markets may slow in the near term, but not necessarily structurally
- This is not business as usual for asset managers

## A Framework for Interpreting Geopolitical Shock

As discussed in the session, and outlined in our earlier paper, investment committees typically frame geopolitical shocks across three time horizons.

**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?

What was clear from the discussion is that the framework is not theoretical, it closely reflects how investment committees are operating in real time.

The discussion focused less on the framework itself, and more on how investment committees are applying it in practice.

## What Investment Committees Are Doing in Practice

- **Portfolio transparency:** Understanding direct and indirect exposures, including second and third order risks, remains the starting point. There is increasing emphasis on timely, actionable insight rather than static reporting.
- **Liquidity and operational stability:** Ensuring liquidity buffers and operational resilience remains a priority, particularly where portfolio companies or broader systems may come under pressure.
- **Maintaining discipline:** Investment committees remain anchored to long-term strategy, avoiding reactive decisions despite market volatility. Tactical adjustments, where made, are controlled and deliberate.
- **Scenario planning:** Teams are actively assessing multiple outcomes, focusing less on predicting a single path and more on understanding what remains consistent across scenarios.

## Tactical Considerations

- **Defensive adjustments:** Where required, risk is reduced through simple and transparent actions, avoiding unnecessary complexity during periods of uncertainty.
- **Selective opportunities:** Periods of dislocation may create opportunities, particularly in liquid markets and credit. However, these are pursued selectively and within areas of existing expertise.

## Private Markets and Capital Flows

The discussion highlighted a more cautious near-term approach to private markets.

- Pressure is emerging in certain segments, particularly mid-market private equity and credit
- Exit environments may become more challenging
- Investment committees may slow the pace of new commitments

However, this reflects timing and prioritisation rather than a structural shift away from private markets.

## Implications for Asset Managers

- **This is not business as usual:** Asset owners are internally focused, reassessing exposures and prioritising risk and liquidity.
- **Transparency and relevance matter:** Managers are expected to provide clear insight into exposures and articulate how portfolios may be affected.
- **Insight over activity:** Generic updates and broad outreach are less effective. What is valued is thoughtful interpretation and clarity.
- **Selectivity and discipline:** Only opportunities that are clearly defined, relevant, and easy to assess are likely to gain attention.
- **Partnership and behaviour:** Periods of uncertainty test relationships. Measured, relevant engagement builds trust; poorly timed or generic outreach does not.

## Conclusion

The discussion reinforced that geopolitical shocks do not change the role of investment committees, but they do intensify the importance of process, clarity and discipline. For asset owners, this means understanding portfolios, managing risk and maintaining a long-term perspective, while for asset managers it requires greater alignment, relevance and more disciplined and thoughtful engagement. Ultimately, the ability to understand and translate investment priorities into capital strategy is what differentiates effective outcomes in periods such as these.

We would welcome continuing the conversation, particularly where these themes are directly relevant to your portfolio or investment priorities.

### Aka & Associates

Aka & Associates is an independent advisory firm working with asset owners and asset managers to understand and translate investment priorities into capital strategy, product positioning, and more effective engagement with institutional investors. Examples of how we are supporting clients:

**Asset Owners:** Reviewing portfolios through stress testing, identifying gaps and overlaps in exposures and protection, and sharpening the questions investment committees ask and the quality of answers

**Asset Managers:** Advising on engagement with asset owners in the current environment, and acting as a sounding board to ensure opportunities are clear, relevant and timely