



Keep Calm and Carry On: What the Data Tells Us About Geopolitical Crises

There's an odd phenomenon whereby geopolitical crises occur in March and April. Covid in 2020, Russia's invasion of Ukraine in 2022, the 'Liberation Day' tariffs in 2025, and now the Iran conflict in 2026 have all occurred around this time and have each created unique challenges for investors. A common theme also emerges: panic selling does little to aid portfolio returns.

The effective closure of the Strait of Hormuz and significant damage to energy infrastructure have pushed energy prices higher, reigniting inflation fears and the prospect of fewer rate cuts, triggering a drawdown of 7% in the MSCI ACWI in GBP. While the headlines urged investors to de-risk, those who maintained their positioning have, in most cases, been rewarded.

Contrasting the recent uncertainty with similar events provides some interesting insights. In early 2020, Covid caused a rapid market decline, with the S&P 500 falling 33.9% in just 33 days. However, what matters is what came next. Investors who simply held through the downturn recovered their losses within five months. Similarly, those who stayed invested through the Liberation Day drawdown would have recovered within three months. In both cases, the market did the work, and the investor only had to stay in their seat.

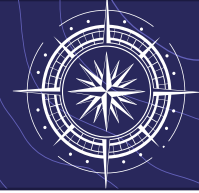
The cost of failing to do so can be significant. Selling 20% of a portfolio at the Covid low pushed the breakeven point out by about three and a half months, while selling 20% at the Liberation Day low delayed recovery by about six weeks, from late June to mid-August. The deeper the drawdown, the steeper the penalty, and it is paid through lost compounding and missing out on the biggest up days.

This highlights a related risk: missing periods of sharp market rebounds as incremental good news emerges. Many of the best trading days in the S&P 500 in recent years have followed geopolitical events, such as the staggering 9.5% rally following Trump's tariff U-turn. Over the past three years, investors holding 20% in cash on just the ten best trading days would have given up around ten percentage points of return. Over five years, the shortfall increases to about thirteen percentage points. Best days tend to cluster around the worst, meaning reduced exposure during periods of stress often results in missing the recovery.

Throughout the Iran crisis, we remained fully invested and have been rewarded for that conviction. The Aubrey Global Conviction Fund is up 16% for the month and 18.1% year to date versus the MSCI ACWI's 5.7%.¹ While we have made selective tweaks around the edges, including exiting Safran in the face of some aerospace headwinds, we continue to believe the portfolio is well positioned to navigate the current storm. Markets recover, usually faster than expected, though not always smoothly, and investors who stay disciplined and focussed on the long term tend to benefit.

Even so, if energy-driven inflation persists, this recovery may be more uneven, meaning patience and realistic expectations will matter just as much as conviction.

¹ As of 27 April 2026.



Biography

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Tom joined Aubrey in 2024 as an Investment Analyst, working across both the Global and Emerging Markets strategies.

Previously, Tom worked at J. Stern & Co. in London for 4 years, where he undertook a broad range of work across client relations and performance analysis.

Tom has a degree in History from the University of Newcastle and is a CFA charter holder.

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