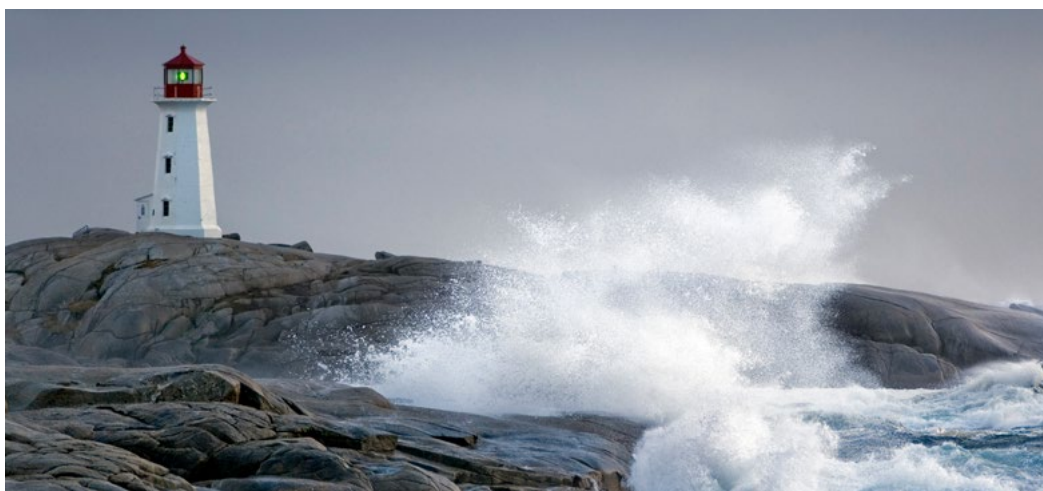


Prophecy, polycrisis and pragmatism

Amid the worldwide ripple effects of the crisis in the Middle East, many investors have flatly – and rightly – refused to panic. Julian Dieppe argues that this response reveals a commendable understanding of the nature of life-long investment journeys.



Julian Dieppe
Investment Manager



Writing in December, I outlined four key investment lessons from 2025. The last was that we should expect more market volatility and another “rollercoaster ride” in 2026.

I don’t think I ought to be celebrated as some kind of visionary in light of that prediction. It wasn’t exactly outlandishly prophetic. After all, it would have been a minor miracle if this year had somehow produced a scene of worldwide serenity.

Even so, the geopolitical and geoeconomic landscape has turned out to be even rockier than many people envisaged. Most obviously, the turmoil in the Middle East has buffeted markets for weeks.

This brings us to another of my observations from late last year. “It’s vital,” I wrote, “to remember that a key purpose of resilient and diversified portfolios is to cope with short-term turbulence and keep financial journeys on track over the long run.”

I hesitate to suggest readers dutifully took these words – or, indeed, those of my colleagues – to heart. Yet I’ve been struck by the equanimity that Fiske’s clients have generally shown since the conflict in Iran commenced.

There are two potential explanations for this commendable composure. The first is slightly dispiriting, whereas the second is altogether more encouraging. It may well be that both have played a part.

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The first possibility is that we're all inured to what's known as "polycrisis". Coined more than 30 years ago by French philosopher and sociologist Edgar Morin, the term describes a situation in which multiple challenges – political, economic, environmental, social and so on – are amplified through interconnection.

In 2023, in the wake of the COVID-19 pandemic, "polycrisis" was the buzzword of choice at the World Economic Forum in Davos. It duly entered the mainstream, underlining that we were all in a bit of a mess – which, all things considered, we still are today.

It could easily be argued, of course, that a state of polycrisis has existed since time immemorial. It wouldn't be hard to cite periods of history during which humanity's collective lot was notably worse than it is today.

There's a sense, though, that the phenomenon has become acknowledged as a genuine "new normal" in recent years. In tandem, there's a sense that it's something to which we've all grown accustomed.

Yet it doesn't automatically follow that investors have become cynical or even apathetic. As far as I'm aware, we haven't reached the stage at which the default response to more bad news is to sigh, shrug and say: "Well, I might have known. Hey-ho."

And so we come to the second potential explanation, which is that the era of polycrisis is being met with realism. This is a far more positive interpretation, because there's a substantive difference between being pessimistic and being pragmatic.

How is this practical, no-nonsense outlook demonstrated? In my view, first and foremost, it's realistic to assume a life-long investment journey will entail ups and downs alike.

Crucially, it's also realistic to assume the former will outweigh the latter in the final reckoning. That's why it almost invariably pays to stay invested through thick and thin and remain focused on the long term.

It's realistic, too, to accept we live in an era in which media narratives are frequently governed by the race for "clicks". By extension, it's realistic to hold that the bigger picture, while it might be far from rosy, is rarely as bleak as attention-seeking headlines attempt to portray.

It's also realistic to suppose polycrisis may go hand in hand with something akin to "poly-opportunity". As I remarked in December, one of the most important lessons of the past few years has been that prudent diversification can help protect portfolios in troubled times.

To put it another way: if you're willing to look for it, there's usually a bull market – at least of sorts – to be found somewhere. Far more often than not, pockets of outperformance are there to be discovered even amid the most depressed-looking indices.

None of this is to imply for an instant that there's merit in careening in and out of asset classes, regions, countries or themes every time another apparently seismic pronouncement surfaces on Truth Social. But it does underscore the argument for judicious portfolio adjustments that aim to respond to – and even take advantage of – widespread disruption.

As investment managers, we try to navigate uncertainty as quietly and as effectively as possible. As clients, you very much seem to recognise that – and we, in turn, very much appreciate your trust in our efforts.

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