

Staying the course through market volatility

Periods of market volatility can feel uncomfortable, but both history and fundamentals suggest that staying disciplined is the right approach. Here is some perspective on what we are seeing.

History is firmly on our side

Market selloffs tied to geopolitical events or oil shocks have consistently proven to be short-term in nature. The S&P 500 has been higher twelve months after a major geopolitical crisis around 85% of the time, and following sharp oil price shocks the market has historically delivered an average return of about 24% over the subsequent year.

Volatility during conflict is normal — and temporary

Markets naturally react to uncertainty, but over time they refocus on earnings, growth and innovation. When we zoom out, even major global conflicts appear as relatively small interruptions within a long-term upward trend in equities.

We are in a period of exceptional technological change

The pace of innovation in AI is accelerating faster than anything we have seen before. This is not a cyclical trend but a structural shift that is reshaping productivity, business models and long-term economic growth — and we are likely still early in that transformation.

Technology has already de-rated significantly

Despite this backdrop, technology stocks have had one of their weakest periods of relative performance in decades. The forward price-to-earnings ratio of the tech sector is now roughly in line with defensive sectors like consumer staples — a rare occurrence — and the largest technology names are trading at their lowest premium to the broader market in around ten years. In other words, a lot of pessimism is already reflected in prices.

What this means for investors

While short-term uncertainty remains, the combination of supportive historical precedents, improving valuations and a powerful long-term innovation cycle creates a constructive backdrop for long-term investors. As always, please get in touch if you would like to talk through your own position.

We're here to help

If you'd like to talk through what this means for your own position, please get in touch.

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