

## Beyond The Bullets Of Uncertainty



*Image is generated using Artificial Intelligence*

Recent geopolitical developments involving the United States, Israel, and Iran have led to heightened volatility across global financial markets. While the escalation has increased near-term uncertainty, particularly around energy prices and inflation expectations, such events historically create temporary market disruptions rather than structural shifts in long-term economic trajectories. Iran remains a significant global commodity producer, and any prolonged tensions may influence short-term supply dynamics and market sentiment. However, as seen across past geopolitical episodes, markets typically adjust quickly as fundamentals reassert themselves. Until greater clarity emerges on the evolving situation, volatility may persist in the near term, but long-term growth drivers and corporate earnings trajectories remain intact.

History provides an important perspective on how markets respond to geopolitical shocks. Equity markets have consistently demonstrated resilience in the face of global conflicts and disruptions. Since 1980, across 11 meaningful geopolitical events, the S&P 500 has declined by an average of 6.5%, with markets typically recovering within 16 trading days. These episodes highlight that while geopolitical events can trigger short-term drawdowns, they rarely alter long-term economic growth or earnings trajectories.

A recent example of market behaviour during geopolitical stress can be observed during the Russia-Ukraine conflict. When Russia invaded Ukraine on February 24, 2022, global markets reacted sharply as sanctions intensified and commodity prices surged. The S&P 500 fell more than 7% in the immediate aftermath as investors priced in higher inflation and economic uncertainty. However, the correction proved temporary. Within a month, the S&P 500 had rebounded to levels higher than those seen before the invasion, even as oil prices remained elevated above \$100 per barrel. Indian markets displayed similar resilience. The Sensex declined nearly 8% in the initial weeks following the conflict but recovered swiftly and reached new highs near 60,000 within approximately 45 days.

Historical data for Indian markets further reinforces this pattern. During major geopolitical events, the Sensex has witnessed an average decline of around 10%, with recovery taking approximately 38 trading days on average. This recurring trend demonstrates that markets initially react sharply to uncertainty, but as visibility improves and economic fundamentals reassert themselves, recovery tends to follow (Refer to Fig1).

**Fig1: Impact Of War On Market**



Average drawdown: 10%, Maximum drawdown: 22.4% (During 9/11 Attacks)

Number of days to recover: Average 38 days, Maximum 49 days.

**Equity markets witnesses volatility in short term but recovers quickly in medium term.**

Source: AAA Research, Ace Equity.

Ultimately, equity markets are driven by earnings growth, capital flows, and long-term economic fundamentals rather than prolonged geopolitical fear. While short-term volatility may persist as global developments evolve, structural growth drivers remain intact. For disciplined investors, such periods often present opportunities to accumulate high-quality businesses at more reasonable valuations and position portfolios for long-term wealth creation.

At AlfAccurate Advisors, our investment approach remains anchored in identifying businesses with strong fundamentals, sustainable growth visibility, robust balance sheets, and competitive advantages that endure across economic cycles. Our focus on quality, longevity, and disciplined risk management enables portfolios to navigate periods of uncertainty while participating in long-term structural growth opportunities. Geopolitical events may influence near-term sentiment, but they do not diminish the long-term compounding potential of fundamentally strong businesses.

History shows that markets may fall on fear, but they rise on fundamentals. For long-term investors, patience, discipline, and focus on quality remain the most reliable drivers of sustainable wealth creation.

**DISCLAIMER:** This document is not for public distribution and has been furnished to you solely for your information and may not be reproduced or redistributed to any other person. The manner of circulation and distribution of this document may be restricted by law or regulation in certain countries, including the United States. Persons into whose possession this document may come are required to inform themselves of, and to observe, such restrictions. This material is for the personal information of the authorized recipient, and we are not soliciting any action based upon it. This report is not to be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. No person associated with AlfAccurate Advisors Pvt Ltd is obligated to call or initiate contact with you for the purposes of elaborating or following up on the information contained in this document. The material is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon. Neither AlfAccurate Advisors Pvt Ltd., nor any person connected with it, accepts any liability arising from the use of this document. The recipient of this material should rely on their own investigations and take their own professional advice. Opinions expressed are our current opinions as of the date appearing on this material only. While we endeavour to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice. We and our affiliates, officers, directors, and employees worldwide, including persons involved in the preparation or issuance of this material may; (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (is) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company (is) discussed herein or may perform or seek to perform investment banking services for such company(is) or act as advisor or lender / borrower to such company(is) or have other potential conflict of interest with respect to any recommendation and related information and opinions. The same persons may have acted upon the information contained here. No part of this material may be duplicated in any form and/or redistributed without AlfAccurate Advisors Pvt Ltd.'s prior written consent. No part of this document may be distributed in Canada or used by private customers in the United Kingdom. In so far as this report includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.