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How companies build resilience into our portfolios

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We cannot attempt to understand how long the current global conflicts will continue. We can and have, however, attempted to construct portfolios which limit the impact of such conflicts through favouring robust, diversified business models and the security of solid, less leveraged balance sheets. This has been a key theme in our exposures since Covid and the Ukraine war broke out.

So how do companies provide us protection from these events?

In the aftermath of the Iran war, global corporations are uniquely positioned to manage the economic and operational fallout more effectively than national governments around the world. Their international reach, adaptive structures, and resource depth enable them to respond to disruptions decisively and sustain market confidence through both strategic flexibility and financial prudence. While governments often face fiscal constraints and political inertia in such volatile conditions, multinational enterprises can redeploy capital, reinforce supply chains, and restore critical trade flows rapidly across regions.

A key differentiator in this resilience is the strength of corporate balance sheets. Over recent years, many leading firms have focused on disciplined capital allocation, maintaining liquidity buffers, and optimising debt structures to safeguard against geopolitical and market shocks. These robust balance sheets empower global businesses to make positive decisions under pressure—investing in contingency assets, securing workforce continuity, and supporting local economies rather than withdrawing or downsizing. The ability to sustain constructive action, underpinned by strong cash flow and diversified sourcing and distribution channels, positions these enterprises as stabilising forces when governments may be compelled into restrictive fiscal measures.

This dynamic is evident in the energy sector. Shell, as a global major with significant liquidity and portfolio diversification, is well placed to manage supply disruptions through hedging strategies and alternative sourcing. In partnership with a regional champion such as Saudi Aramco, which combines deep local expertise with critical infrastructure control, it can help maintain continuity of energy flows across key markets. Strong balance sheets on both sides enable sustained investment and coordinated responses, even amid prolonged uncertainty.

A parallel can be drawn in the logistics sector. DHL, a global leader in freight and supply chain management, leverages its extensive network, advanced data systems, and financial strength to reroute shipments and absorb cost shocks in times of geopolitical disruption. Working alongside a regional champion such as DP World, which operates major ports and logistics hubs across the Middle East, Africa, and Asia, DHL can ensure continuity of trade flows through alternative corridors and optimized port operations. The financial resilience of both organizations allows them to invest in capacity, maintain service levels, and prevent bottlenecks, even as traditional routes are compromised.

The private sector’s financial strength also supports advanced analytics and proactive risk management. Corporations can deploy capital to enhance forecasting capabilities to analyse commodity volatility and trade disruption, enabling timely and informed intervention. Liquidity management strategies—such as dynamic hedging and strategic redeployment of capital—allow businesses to sustain investment in critical infrastructure and services throughout periods of instability. Governments, constrained by budgetary processes and competing priorities, are less able to act with comparable speed or precision.

Ultimately, the combination of strong corporate balance sheets and strategic alignment between global corporations and regional champions ensures that economic stabilization can outpace bureaucratic response. While governments remain essential for diplomacy and long-term reconstruction, financially resilient corporations possess the autonomy, scale, and insight to make affirmative, forward-looking decisions that maintain global economic integrity and support a more rapid and coordinated recovery.

The price action of our strategies cannot be predicted from day to day and it is vital we, as your chosen investment manager, stick to our tried and tested process even when the world around us appears to have changed fundamentally on the surface. When the buyers return, it is these strong, well managed businesses that they will want a share off, resulting in higher share prices.

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