

Navigating the complexities of geopolitics is essential for forward-thinking organizations aiming to create resilient portfolios through strategic planning and readiness. It is crucial for investment committees and boards to incorporate structures and oversight for managing geopolitical risks. FCLTGlobal has collaborated with global CEOs to create a set of questions for investment committees to streamline their focus, optimizing resource allocation and time management to adapt and excel despite uncontrollable geopolitical forces.

Portfolio

- 1 — How have cross-border return premiums available to us changed for various countries?
- 2 — How different are required return premiums by asset class or tenor of the asset (e.g., infrastructure, illiquid assets, liquid assets)?
- 3 — What is the strategic importance of various countries or industries to our institution, and to national interest, and what is the trajectory of that importance?
- 4 — Are we evaluating geopolitical risk with a mean reversion mindset or an options mindset?

Reputation

- 5 — Do we have investments that might cause reputational damage but have limited upside for the portfolio?
- 6 — Could we tolerate a complete write-off of investments in a particular country?

Organization

- 7 — Do we have unique insights into certain geopolitical issues or unique disadvantages such as the risk of sanctions from our home government?
- 8 — What changes to governance processes, engagement with governments, or other key stakeholders are needed, if any, to be prepared for geopolitical events?
- 9 — Do we have a clear plan for how to diagnose and respond to organizational impacts of sudden geopolitical events?
- 10 — Have we established strong relationships with government officials and stakeholders to ensure the lines of communication remain open during critical events?