



## Experience Shapes Expectations

Last week I attended a DFM conference and had one of those moments where you realise you are now in the older bracket of attendees, probably closer to the top end than I care to admit.

The audience was largely analysts and asset allocators, and what stood out was not the age profile, but the tone. Despite recent geopolitical events and ongoing uncertainty, the general view remained firmly positive.

On reflection, that is perhaps not surprising.

For many in the industry today, their experience has largely been shaped by the past 10 to 15 years. A period where almost every major market disruption has been followed by a relatively swift recovery and, in many cases, new market highs.

If that is all you have known, it is easy to assume that this is simply how markets behave.

Over the past year, that assumption has largely been reinforced. Despite the war in Ukraine, tensions in the Middle East, rising competition in AI, and ongoing political uncertainty, markets have continued to move higher. Even events that initially unsettled investors have been absorbed quickly. The anniversary of “Liberation Day” is a reminder not only of how significant events can feel at the time, but how quickly markets move on. In fact, markets have risen since then.

More strikingly, the overall outcome has remained consistently strong. The S&P 500 has risen by over 30% over the past year, with global equity markets delivering similarly robust returns.

This creates a powerful narrative.

**Markets recover quickly. Setbacks are temporary. Buying the dip is rewarded.**

But that may say more about recent experience than it does about markets over the long term.

History is less consistent. There have been extended periods where markets took years to recover, where inflation remained elevated, and where returns were far less predictable.

The risk is not that markets fall tomorrow. It is that expectations become anchored to a period that may not be representative of what comes next.

This is where discipline matters.

From a portfolio perspective, diversification is not a compromise. It is a recognition that outcomes are uncertain and rarely linear. It allows portfolios to participate when markets rise, while remaining resilient when conditions change.

Periods like the past year can make concentration feel comfortable. But comfort is not the same as risk control.

As ever, our focus remains on maintaining balance, managing risk, and positioning portfolios to navigate a range of possible outcomes.

For now, discipline and diversification remain the most important tools.

If helpful, we are happy to talk through any of these points or support conversations with your clients. Please feel free to get in touch.

This document is not intended in isolation as an offer or solicitation or recommendation to use or invest in any of the services or products mentioned herein. Investors should be aware that the value of the portfolio and the income from it can go down as well as up so you may get back less than you invested. Past performance is not necessarily a guide to future returns. The value of investments denominated in foreign currency may fall as a result of exchange rate movements. The investments and services referred to in this document may not be suitable for all investors and, if in doubt, you should seek qualified independent financial advice. Any opinions, expectations and projections within this note are those of TAM Asset Management International Limited, represent only one possible outcome and do not constitute investment advice.

TAM Asset Management International Limited is regulated by the Financial Services Commission of Mauritius and is an authorised Financial Services Provider regulated by the South African Financial Service Conduct Authority.