



Funds to weather the geopolitical storm

Preparing portfolios for a world defined by political tension.

As geopolitical tensions increasingly reshape global markets, investors are rethinking how to protect capital and capture long-term opportunities. In an environment defined by market swings, global conflicts, upcoming elections and political pressure, the question becomes: which strategies can truly help investors stay resilient? From private equity and contrarian approaches to diversified equity selection and geopolitical hedging, what tools can support portfolios and guide investors through a global storm?

SPECIAL INSIGHTS

Some areas within the private equity market have proven to offer specifically attractive risk-return profiles due to structural advantages. One such area is the lower mid-market.

David Schäfer, Managing Director
Munich Private Equity Partners



Geopolitical risk could spark deeper corrections than usual, as markets are nervous with current record high stock valuation and concentration in US tech.

David Lagrange, Fund Analyst and Market Intelligence



Usually, in stock markets, "the trend is your friend". But in times when some asset classes are hyped (such as commodities or cryptocurrencies), contrarian investors break this rule of thumb.

Dirk Fischer, Managing Director
Patriarch Multi-Manager GmbH



There are still funds that can perform well in uncertain market conditions. Their common philosophy is to invest in high-quality stocks at a reasonable price with durable competitive advantages and steady revenue growth. Some of these fund managers are typically highly active, adjusting portfolio allocations dynamically based on their market outlook.

Marco Manzotti, Senior Portfolio Manager
Capitalsuite



Finally, a strong investment edge - the unique skill or process that allows a manager to generate alpha consistently - is what truly distinguishes an ordinary fund from an exceptional one. This may stem from proprietary research, superior access to company management, or a disciplined factor-based framework.

Giovanni Defant, Investment Analyst
Mediolanum International Funds



Safe-haven products (scares assets) can provide protection against inflation, downside risk while income-generating funds (dividend, HY corp bond, private debt) can bring stability during uncertainty through regular cash flow.

Jean-François Lescalier, Investment Associate
HALTRA Group



David Schäfer

Managing Director
Munich Private Equity Partners

Periods of geopolitical uncertainty can expose the challenges of traditional diversification. Public equity and bond markets tend to move sharply in response to macroeconomic stress, amplifying portfolio volatility rather than mitigating it. In such market environments, investors increasingly appreciate asset classes where valuations are **less influenced by short-term sentiment and value creation is driven by an active ownership model**. This is where Private Equity comes into play.

Over longer horizons, the asset class has demonstrated the ability to outperform traditional public markets while also showing lower volatility. Part of this resilience relates to the way private equity portfolios are valued – typically on a quarterly basis and based on objective performance figures rather than influenced by short-term market sentiments.

Yet, the more decisive factor is how managers create value at the company level. Returns are mainly driven by active ownership: improving operations, strengthening leadership teams and driving sustainable growth. Especially during more challenging market phases, private equity teams typically stay very closely engaged with their portfolio companies, navigating risks while also taking advantage of opportunities that may arise in dislocated markets. For investors, **this combination of active value creation and long-term ownership makes private equity a natural stabilizer in portfolios and a reliable driver of long-term returns**.

Access through fund-of-funds

However, the resilience of private equity is not uniform. Performance varies widely between bottom- and top-performers. One way to navigate this dispersion is through fund-of-funds that provide **access to high-quality managers with a single commitment** in order to maximize chances to benefit from the asset class' upside. Beyond that, such vehicles also offer multi-dimensional diversification across different geographies, industries and vintage years. Especially in periods of heightened uncertainty, this serves as an additional buffer: while outperformance is driven by access to the best managers, certain sectors or regions may face temporary setbacks whereas others continue to perform.



Why the lower mid-market stands out

Some areas within the private equity market have proven to offer specifically attractive risk-return profiles due to structural advantages. One such area is the **lower mid-market: a broad universe of small and medium-sized businesses with meaningful room for operational and strategic improvement**. These companies are often founder-led with a very strong core offering but lacking systems, processes and management talent – creating attractive opportunities for experienced private equity teams.

Another structural advantage of the lower mid-market lies in its deal dynamics. Entry valuations tend to be more reasonable than in the large-cap space. Aside from size, this is mostly a result of founders often not optimizing only on price and a healthier ratio of available capital to potential targets. As a result, financing structures are typically also more conservative. At the same time, exit options are broader. Whereas large- and mega-cap funds often depend on narrower exit routes such as IPOs, lower mid-market companies can be sold to a very broad range of strategic and financial buyers.

In a macro environment defined by uncertainty, such fundamentals matter more than ever – rewarding those managers able to convert structural advantages into consistent outperformance across cycles.



Dirk Fischer

Managing Director,
Patriarch Multi-Manager GmbH

What does “contrarian investing” really mean? And how successful is it?

Usually, in stock markets, “the trend is your friend”. But in times when some asset classes are **hyped** (such as commodities or cryptocurrencies), contrarian investors break this rule of thumb.

There is something special about contrarian fund managers

Some specialists avoid following the popular trend because they expect exaggerated pricing in times of euphoria or panic. **They like to swim against the stream or prefer the look at the forgotten markets or fallen angels**. This obviously is psychologically demanding and requires a high-quality quantitative and fundamental research and a lot of self-discipline – given that you search in sectors that no one feels attracted to at the moment. And rewards take some time, as the (hopefully) cheap pick brings profits with a time lag.

So, real contrarian investors are a rare species – even though several strategies have been revealed to work very well. Among those, there are a few (almost unbelievable) extraordinarily successful examples. One of them is the **German fund company “Taunus Trust”**: a company of experts who have always been confident and convinced contrarian investors.

So, let's have a look at their international stock market fund **TT Contrarian Global (DE000A3CRQ75)**, launched at the beginning of 2022. The fund has exceptionally outperformed its peer group of international equity funds (as can be seen as a benchmark indicator in the figure). **The fund achieved a result four times as high as its peer group (without being more volatile)! Impressive.**

What is the secret?

Having a closer look, their contrarian investment strategy becomes evident. In the difficult equity year 2022, they invested extremely offensively in equities and **performed a +6% over this challenging year. Stock markets were down 20 to 40% at the same time!** In a bullish year like 2024, they invested more defensively. While everyone invested in US equity, Taunus Trust focused on the “forgotten” European markets (especially Germany). They have put less weight in technologies



but rediscovered mining stocks before everyone else did in 2025. **2025 the results YTD after 9 months is plus 26% - outstanding for this volatile equity year.**

Only a temporary phenomenon?

But nothing is as old as the past. So what are currently Taunus Trust's favorites today? Definitely not US equities which only have a 10% weight in the portfolio right now. Surprisingly, Germany is the biggest country with a 12% share. Also, Japan and China are big positions. Technology still has little weight. Hence, it seems their contrarian investment strategy has not just been transitory. It keeps being a successful approach and story – if you are able to follow this idea. But Taunus Trust definitely is able.

For investors not willing to have a full equity asset fund, they also have a multi-asset fund **TT Global Flexible (LU2933469251)**.

My final advice: Among all the various fund types out there – may it be value, growth, momentum, ... – **do not forget about contrarian investment! Especially if you search for investment less correlated with other equity solutions.**

