



## The impact of rising military conflicts on retirement portfolios

The impact of global rising military tensions on a retirement portfolio can potentially be substantial or not much at all. This all depends on the war's impact with the overall global economy. The ongoing Ukraine War had a significant negative impact on the financial markets in 2022, due to grain prices rising sharply and adding to inflation fears. Meanwhile, the Hamas – Israel war saw markets rise sharply ending December 2023.

In the past we can look at the 2003 Iraq war where it was the start of a strong bull market, as well during World War 2 markets also mostly rose after an initial drop in the beginning and shortly after the bombing of Pearl Harbour. A war in Taiwan would likely have negative impact on certain investment categories but positive in other categories. The Vietnam War saw gold as one of the best performing asset.

The trend towards rising global tensions can be especially concerning for retirees, as they typically seek stable and predictable returns to fund their living expenses during their non-working years. For retirees who rely on their portfolios for income, these sudden political developments and potential market fluctuations can disrupt their financial plans and potentially erode the value of their savings if not invested in the right areas. Moreover, increased uncertainty can lead to a flight to safety, with investors seeking refuge in traditionally less volatile assets like government bonds, which can result in lower returns for retirees.

Beyond the obvious loss of human life, the impact is not limited to financial markets alone; it can also influence broader economic conditions. Military tensions can lead to disruptions in global trade and supply chains, affecting the performance of companies with international exposure. Retirees may find that their investment portfolios are exposed to industries or sectors that are particularly sensitive to geopolitical events, amplifying the impact on their overall financial well-being.

In response to rising military tensions, retirees may need to reassess their investment strategies. Diversification, a key principle in retirement planning, becomes even more critical during times of geopolitical uncertainty. Consideration of defensive assets that historically perform well during global military conflicts, such as gold or other precious metals, and a careful evaluation of the geopolitical risk within the portfolio can help retirees mitigate the impact of military tensions on their retirement savings.

Seeking the advice of financial professionals and regularly reviewing and adjusting one's portfolio in light of changing global conditions is essential to navigating the challenges posed by rising military tensions.

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