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Managing concentration risk and strengthening portfolio resilience remain important

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Lower oil prices and softer US jobs data have reduced immediate concerns about further Federal Reserve tightening, but geopolitical risks and elevated bond yields could keep markets volatile. We recommend positioning for further equity gains while diversifying and managing concentration risk.

Global markets started the week on a cautiously optimistic note as oil prices declined and softer US jobs data reduced pressure on the Federal Reserve to further raise interest rates imminently.

New data showed that crude exports from the Middle East rose above pre-war levels on four of the final seven days of September, while G7 countries agreed on Friday to release 100 million barrels of diesel and crude from emergency reserves and refrain from energy export restrictions. Meanwhile, investors scaled back their expectations for immediate Fed hikes after US payrolls in September came in well below estimates, and recent comments from Fed officials pointed to a more patient approach.

These developments support our constructive outlook for risk assets, and we believe equities have room to move higher over the next six to 12 months amid resilient economic growth and robust earnings.

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But the path is unlikely to be smooth. With equity markets near record highs, managing concentration risk and strengthening portfolio resilience remain important as investors navigate geopolitical risks and elevated bond yields.

So, we think holding a resilient portfolio can help investors manage near-term volatility while staying invested for long-term gains. In addition to an equity holding that is broadly diversified across sectors and regions, we think exposure to broad commodities can provide both a structural source of return and portfolio defensiveness. Investors can also consider capital preservation strategies to manage the risk of a drawdown while retaining allocations to quality bonds for attractive portfolio income. Those willing and able to manage the risks associated with alternatives can also use hedge funds to broaden return drivers.

Original report: [Building resilience to navigate market risks, 5 October 2026.](#)

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