| VUCA FRAMEWORK | IMPLICATION FOR ASSESSING SHOCKS | |
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| **VOLATILITY**<br>• High rate of change, in unexpected ways, means historical norms are less predictive.<br>• Systems appear brittle, and we have little power to exercise agency in markets. | Is the situation likely to change suddenly and with little warning? | Low predictability |
| **UNCERTAINTY**<br>• Low level of control leads to low confidence in forecasts; unsure of the present and therefore unsure of the next steps.<br>• “Known unknowns” | What are the areas that we know we have little information or control over? | |
| **COMPLEXITY**<br>• Interconnected parts confound issues.<br>• There is low predictability as cause-effect linkage is obscure. | Do we believe a past cause-effect relationship between our actions and the market still holds? | |
| **AMBIGUITY**<br>• We have little reliable information or knowledge, like driving on a foggy road.<br>• “Unknown unknowns” | Do we have consistent, accurate and timely information about the situation? | Low information |