April 1, 2026

Dear Valued Investor,

As the Iran conflict enters its second month, geopolitical stress continues to test investors. Historical stock market performance during geopolitical conflicts helps remind us that stocks are far more resilient than the moment may suggest. As we assess today's environment and the uncertainties surrounding ongoing military operations in Iran, we focus on two past conflicts we believe are instructive, though past performance does not guarantee future results.

The two periods offer contrasts. In 1990, at the start of the first Gulf War, the U.S. economy was slipping into recession. Corporate profits were flattening, inflation remained elevated, and consumer confidence was fragile. With little fundamental support in place, markets initially struggled. Yet even then, equities began recovering well before the conflict formally ended, anticipating eventual stabilization.

By contrast, in 2003, when the Iraq War began, the economy had already healed from the dotcom bust and the 2001–2002 corporate accounting scandals. Corporate earnings were rebounding, monetary policy was supportive, and valuations were reasonable. With stronger fundamentals in place, markets responded positively after hostilities started and began a five-year bull market that didn't peak until October 2007.

Today, we see elements of both periods — but importantly, we do not see evidence that the long-term economic or earnings outlook has been meaningfully impaired. First and foremost, a demilitarized Iranian regime would ultimately contribute to a safer world and more stable markets, mitigating a key geopolitical risk that has persisted for nearly five decades. From a market perspective, nothing about the current conflict undermines our confidence in the long-term attractiveness of equities. For stocks, the more positive 2003 path seems more likely than 1990.

Beyond the human element, we can all acknowledge that this environment is uncomfortable. The damage the Iranian regime has inflicted on energy and other infrastructure in the region is unsettling. Iran maintains control of the Strait of Hormuz. There is no easy off ramp. Yet history shows that markets often recover well before geopolitical tensions fully resolve and frequently with surprising force once clarity begins to emerge. As stocks hinted at with big gains on the last day of March, that outcome remains possible in our view.

While no one can predict how long this period of volatility will last, the underlying economic foundation and corporate America's earnings power remain strong. Attractive opportunities are likely to emerge from this downdraft once U.S. military objectives are achieved and tankers can move freely through the strait.

We believe it important to keep portfolio risk at or near long-term targets and remain well diversified. For long-term focused investors, we see opportunities to take advantage of weakness.

Important Information

This material is for general information only and is not intended to provide specific advice or recommendations for any individual. There is no assurance that the views or strategies discussed are suitable for all investors or will yield positive outcomes. Investing involves risks including possible loss of principal. Any economic forecasts set forth may not develop as predicted and are subject to change.

References to markets, asset classes, and sectors are generally regarding the corresponding market index. Indexes are unmanaged statistical composites and cannot be invested into directly. Index performance is not indicative of the performance of any investment and do not reflect fees, expenses, or sales charges. All performance referenced is historical and is no guarantee of future results.

All data is provided as of March 31, 2026.

All index data from FactSet.

There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

Past performance does not guarantee future results.

Asset allocation does not ensure a profit or protect against a loss.

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