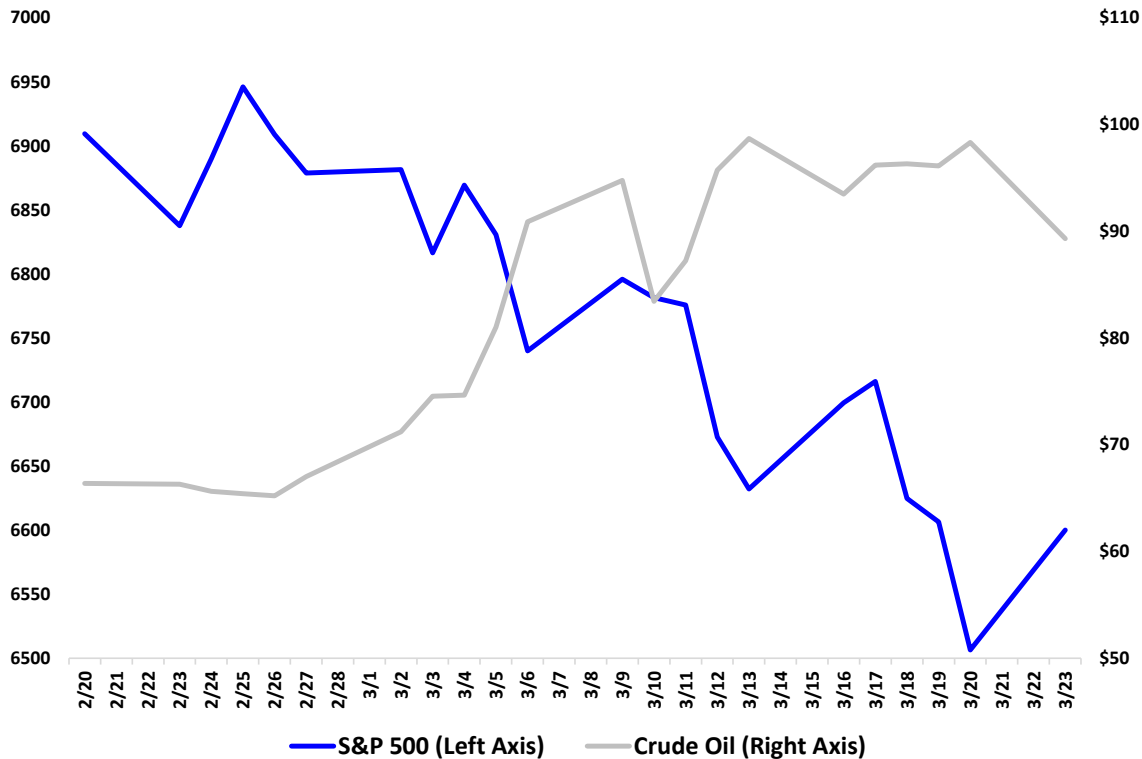


Markets remain highly volatile amid ongoing headlines related to the Iran conflict. Last Friday, selling intensified in the afternoon, with the S&P 500 closing down approximately 1.5% for the day. This marked the fourth consecutive weekly decline, pushing the index to fresh 2026 lows. The S&P 500 is now down roughly 5% year-to-date and 7% below its recent highs reached earlier this year.

S&P 500 (Left Axis) Vs. Crude Oil (Right Axis): 2/20/26 – 3/23/26



Source: YahooFinance

After Friday’s close, stocks saw a brief rally in extended trading following indications from President Trump that he was considering de-escalating military operations against Iran. However, sentiment reversed sharply when, in a Saturday evening Truth Social post, he threatened to "obliterate" Iran's power plants if the country did not fully reopen the Strait of Hormuz within 48 hours.

Stock futures traded lower Sunday night into early Monday as tensions appeared to mount. Markets then opened sharply higher Monday morning after President Trump announced a suspension of planned military strikes on Iranian power plants and other critical infrastructure for five days. He cited "very good and productive" discussions with Iranian officials, with talks expected to continue throughout the week.

Overall, the back-and-forth rhetoric has kept investors on edge, with equities whipsawed by each development in the conflict. Headline-driven volatility can test the patience of long-term investors, although it often creates attractive entry points for tactical adjustments. Underlying fundamentals remain resilient: consensus forecasts point to mid-teens earnings growth for the S&P 500 in 2026, bolstered by an unprecedented surge in capital spending tied to the AI infrastructure buildout. Major hyperscalers (Microsoft, Amazon, Alphabet, Meta, and others) are collectively committing nearly \$700 billion in capital investment for 2026 (over 2% of U.S. GDP), primarily for data centers, servers, and AI compute.

While the current energy supply shock from the conflict is concerning—elevated oil prices can pressure consumers and businesses—I do not see it as derailing the core bullish case. The scale and momentum of AI-related investment, accelerating by hundreds of billions annually, are likely to persist regardless of near-term geopolitical noise, supporting sustained economic growth and earnings expansion. Long-term investors may benefit from staying focused on these structural tailwinds amid the short-term turbulence.

Furthermore, while the overall index has declined relatively modestly, underneath the surface many stocks have suffered far greater damage. Prudent investors are therefore now able to allocate across quality companies at valuation levels which appear more modest compared to recent months. This suggests that select tactical repositioning may be appropriate given current market dislocation as a result of the war in Iran.

It is my view that this market environment will continue to differentiate winners from losers, highlighting the importance of robust company-specific research and investment selectivity. Companies will need to demonstrate sustainable, well-founded forward growth prospects while maintaining balance sheet strength to be rewarded with further stock price appreciation. I believe investors should be selective regarding their portfolio allocations against the current backdrop and avoid companies and sectors exposed to potential margin compression, questionable earnings quality, and overreliance on debt funding to support future growth. I also expect earnings growth to do the heavy lifting given valuation levels are elevated compared to historical norms.

In short, headline-driven volatility like we're currently witnessing isn't an uncommon occurrence. It provides both short-term indigestion and opportunities for shrewd tactical repositioning. Most importantly, it's paramount for investors to keep a cool head during periods of elevated volatility, remaining focused on the bigger picture, core fundamentals, and secular trends when assessing portfolio allocations. While the timing is never certain, this too shall pass eventually—constructing portfolios with a long-term mindset and clear

strategic objectives supported by underlying fundamental strength is typically a winning formula across market and economic cycles.

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