



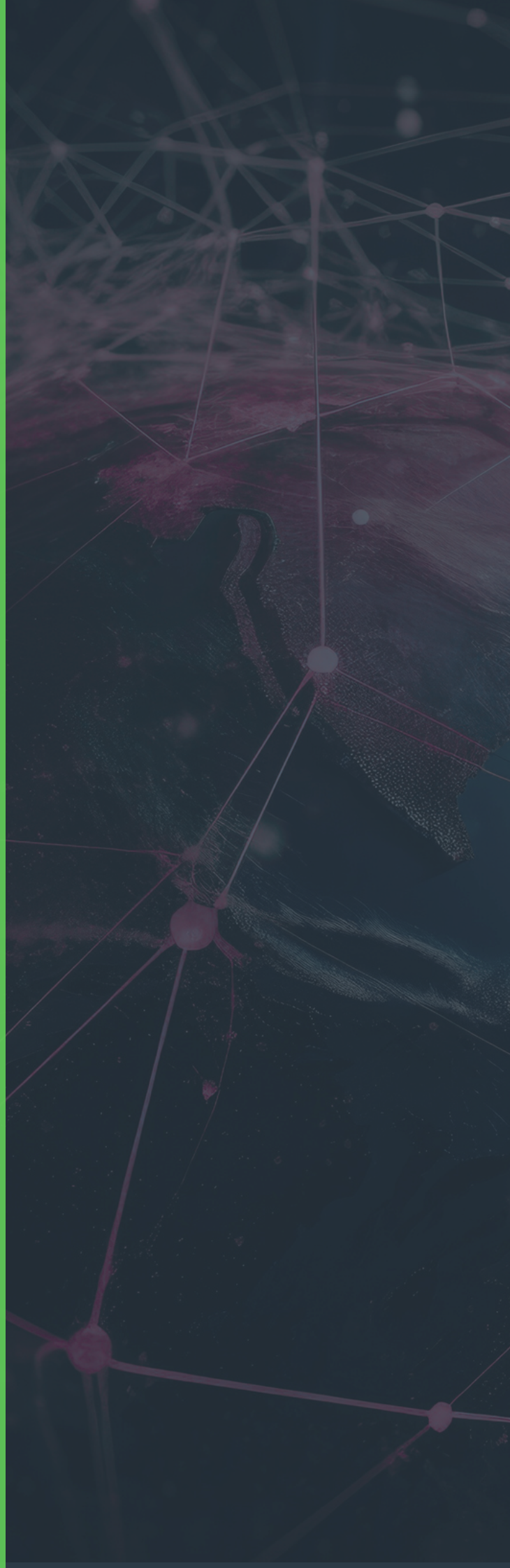
MARCH 2026 CLIENT UPDATE

HOW MARKETS REACT TO GEOPOLITICAL EVENTS

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On February 28, 2026, the United States and Israel launched large-scale airstrikes on Iran targeting military bases, missile sites, nuclear facilities, and senior leadership. The strikes were part of a coordinated campaign intended to degrade Iran's military and nuclear capabilities. The operation killed Iran's Supreme Leader, Ali Khamenei, with Mojtaba Khamenei having since been confirmed as his successor. Iran responded with various retaliatory measures, including missile and drone attacks on Israel and US military bases across the region. The conflict has escalated into a broader Middle East confrontation with significant economic and geopolitical implications.

Most notably, Iran has disrupted shipping and energy infrastructure in the Strait of Hormuz, a critical route for global oil shipments. Most estimates put the volume of oil transiting the strait at roughly 20 million barrels per day, equivalent to about 20% of global oil consumption. Maritime traffic in the Strait of Hormuz has effectively halted, as Tehran has threatened to attack and sink any vessels attempting to pass through it. This continued disruption of shipping and oil facilities has raised concerns about global energy markets and supply chains. WTI crude oil reached a recent peak of \$120 per barrel on March 9th, its highest level since April 2024, before returning to \$95 as of this writing. In his first public comments since being named new Supreme Leader, Mojtaba Khamenei proclaimed that the Strait of Hormuz should remain closed as a tool to pressure Iran's enemies. This has incited further fears of an extended oil supply shock that could reverberate through the global economy.

So long as the price of oil remains elevated, economic growth will decline. Higher energy costs act like a tax on households and businesses. Consumers spend more on fuel and utilities, leaving less money for other goods and services, while businesses face higher operating costs and may reduce hiring or investment. If these pressures persist, they can slow economic growth and increase the risk of recession.

Elevated oil prices also raise inflation expectations, which in turn leads to higher interest rates. This further weighs on economic growth due to higher borrowing costs for households, businesses, and governments, and it can cause reduced spending, tighter lending conditions, and greater stress in highly leveraged sectors of the economy. The longer this lasts, the more this feedback loop will continue.

The turmoil in the Middle East is not a new phenomenon; global conflicts have consistently occurred throughout human history, and they will continue to occur. These geopolitical shocks often create short-term volatility, but markets have historically adjusted and rebounded relatively quickly. To demonstrate, we looked at major international events going back to World War II and calculated how the S&P 500 performed in the days and months following.

The chart below shows that markets tend to dip slightly in the immediate aftermath of geopolitical events, with the S&P 500 down an average of 1.3% one week later. Those declines were typically temporary though, with an average return of +4.6% and +11% after six and twelve months respectively.

Impact of Geopolitical Events on the S&P 500				
Event	Event Date	One Week Later	Six Months Later	Twelve Months Later
Pearl Harbor Attack	12/7/1941	-6.33%	-7.23%	7.25%
North Korea Invades South Korea	6/25/1950	-5.38%	9.45%	20.55%
Cuban Missile Crisis	10/16/1962	-6.29%	22.61%	32.09%
Kennedy Assassination	11/22/1963	5.20%	17.78%	27.79%
Gulf of Tonkin Incident	8/2/1964	-1.59%	6.93%	5.89%
Six-Day War	6/5/1967	4.08%	8.49%	17.14%
Tet Offensive	1/30/1968	-1.07%	7.54%	13.82%
Yom Kippur War	10/6/1973	1.45%	-12.56%	-40.87%
Iraq's Invasion of Kuwait	8/2/1990	-3.13%	-2.70%	14.02%
9/11 Terrorist Attacks	9/11/2001	-5.44%	7.33%	-15.50%
Boston Marathon Bombing	4/15/2013	0.66%	10.89%	21.23%
Saudi Aramco Drone Strike	9/14/2019	-0.49%	-16.75%	13.18%
Iranian General Killed in Airstrike	1/3/2020	0.98%	-2.74%	18.21%
Russian Invasion of Ukraine	2/17/2022	-2.07%	-0.95%	-5.31%
Israel-Hamas War	10/7/2023	0.47%	20.35%	35.39%
US-Israel Airstrikes on Iran	2/28/2026	-1.99%		
Average		-1.31%	4.56%	10.99%

Sources: LPL Financial¹, Bloomberg

Geopolitical headlines may be unsettling in the moment, but history shows us that markets tend to recover over time. This reinforces the importance of maintaining a long-term perspective rather than reacting emotionally to the news cycle. *Past performance is no guarantee of future returns. Consider your own risk tolerance, financial circumstances, and time horizon.*

Due to the unpredictable nature of short-term market fluctuations, our investment philosophy places a strong emphasis on staying **D**isciplined, **O**ppportunistic, and **D**iversified, while striving to **M**itigate fees, taxes, and expenses. As we have written many times, no one is able to consistently forecast precisely when the market will decline and then rebound. As such, we do not believe in making major changes to portfolios (i.e. market timing) in anticipation of potential upcoming volatility; this is a futile effort that can be damaging to portfolio performance. Please refer to our [Principles for Long-Term Investing](#) Client Question.

During inevitable market declines, while they can certainly feel uncomfortable, we use the volatility as an opportunity to implement potentially valuable tactical changes for clients where suitable. We do so by leveraging our experience and technology to proactively tax-loss harvest and reposition portfolios; in other words, when the market gives us lemons, we make lemonade.

- **Tax-loss Harvesting:** Tax-loss harvesting is achieved by selling an investment with a loss and immediately purchasing a different security with similar (but not identical) exposure. The loss on the security sold can be used to offset taxable gains. Since we simultaneously sell a security to capture a loss and purchase a different security with similar exposure, the client is never out of the market. We seek to capture losses during declines, and as the market recovers, the new position also recovers PLUS the client has a tax-loss to offset future gains. Please see our Client Question on [Tax-Loss Harvesting](#) for more information. *Tax loss harvesting does not protect against loss and may not be applicable in every tax situation.*
- **Repositioning Portfolios:** Repositioning portfolios means that we can increase the overall equity allocation and/or we can reallocate among various asset classes. During a market selloff, portfolio equity allocations often fall below their target levels. For example, assume a portfolio is invested to its target allocation of 60% equities and then the stock market declines -10%. The new allocation would be about 54% or -6% below the target level. We can use the market decline as an opportunity to buy stocks at lower prices to bring the allocation back to the 60% target level. Furthermore, we can rotate to the equity asset classes that have become more attractive (for equities, we allocate across regions, countries, market caps, factors, styles, sectors, and industries). Keep in mind, some of the best buying opportunities occur during periods of market turmoil. *Rebalancing a portfolio may cause you to incur tax liabilities and/or transaction costs and does not guarantee a profit or protect against a loss.*

The situation in Iran remains fluid, and no one can predict exactly how it will play out. During these periods of market volatility, we follow the same playbook and convey the same messages. At Winthrop Wealth, we believe the right mindset paired with a comprehensive financial plan and a thorough investment process can provide a sense of clarity and confidence in meeting your long-term financial goals.

SOURCES

1. Smith, George. "Iran Escalation: How Markets Have Reacted to Geopolitical Events." *LPL Financial*, 4 March 2026, <https://www.lpl.com/research/blog/iran-escalation-how-markets-have-reacted-to-geopolitical-events.html>.

DISCLOSURES

Content in this material is for general information only and not intended to provide specific advice or recommendations for any individual.

The economic forecasts set forth in this material may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

All indexes mentioned are unmanaged indexes which cannot be invested into directly. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. Past performance is no guarantee of future results.

The Standard & Poor's 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

Financial planning is a tool intended to review your current financial situation, investment objectives and goals, and suggest potential planning ideas and concepts that may be of benefit. There is no guarantee that financial planning will help you reach your goals.

Rebalancing a portfolio may cause you to incur tax liabilities and/or transaction costs and does not assure a profit or protect against a loss.

Likewise, it is important to remember that no investment strategy assures success or protects against loss. Asset allocation does not ensure a profit or protect against loss. 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. All investing involves risk which you should be prepared to bear.