

This Was Building

While the scope of the strikes is significant, particularly the targeting of Iran's senior leadership, tensions did not appear overnight.

Iran's adversarial posture toward the U.S. and Israel has spanned decades. In 2019, Iran attacked Saudi oil infrastructure, temporarily disrupting global supply. Hamas' October 2023 attack on Israel reignited broader regional conflict and heightened direct tensions with Iran. Last summer, Israel conducted a 12-day campaign targeting Iranian nuclear and missile assets. Nuclear negotiations failed in recent months, and a visible U.S. military buildup suggested escalation risk was rising.

In other words, this was a progression, not a bolt from the blue. Markets tend to struggle with true surprises. They often digest well-telegraphed risks more effectively than feared. We saw this in the market's resilience in the Monday following the attacks.

The Energy Transmission Mechanism

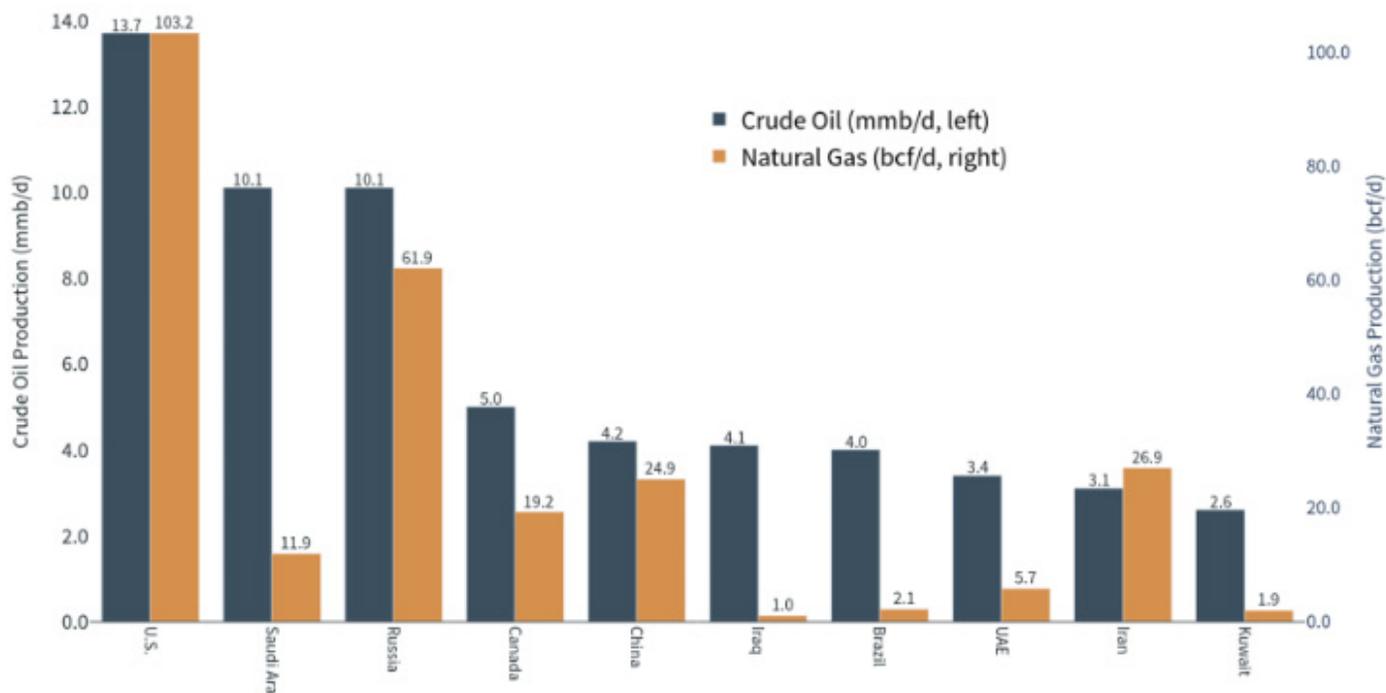
For markets, the most direct variable is oil. Iran produces roughly 3 million barrels per day and sits along the Strait of Hormuz — one of the most critical energy chokepoints in the world. Roughly one-third of global seaborne oil exports pass through that narrow corridor. Even the threat of disruption can push prices higher.

Market and Economic Chartbook | March 2, 2026



Top Global Energy Producers

Daily crude oil and natural gas production



Sources: Cleonomics, EIA, OPEC

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Following the strikes, WTI moved into the low \$70s and Brent approached \$80. That's a clear reaction, but context matters.

Oil peaked near \$128 in 2022 following Russia's invasion of Ukraine. We are materially below those levels today. More importantly, the structural backdrop has shifted. The U.S. is now the world's largest producer of oil and natural gas. While we remain part of a global energy market, domestic production meaningfully reduces vulnerability relative to prior decades.

Energy shocks become economically problematic when they are severe, sustained, and layered on top of fragile growth. At present, none of those conditions are clearly in place. Could they develop? Yes. Is that the base case? No.

We saw a similar dynamic in 2022 where consensus expected structurally higher oil prices for years. Instead, supply adjusted and prices normalized faster than projected.

What History Tells Us

A common behavioral mistake during geopolitical crises is extrapolation. Assuming that severe headlines translate into permanent market damage.

History does not support that view.

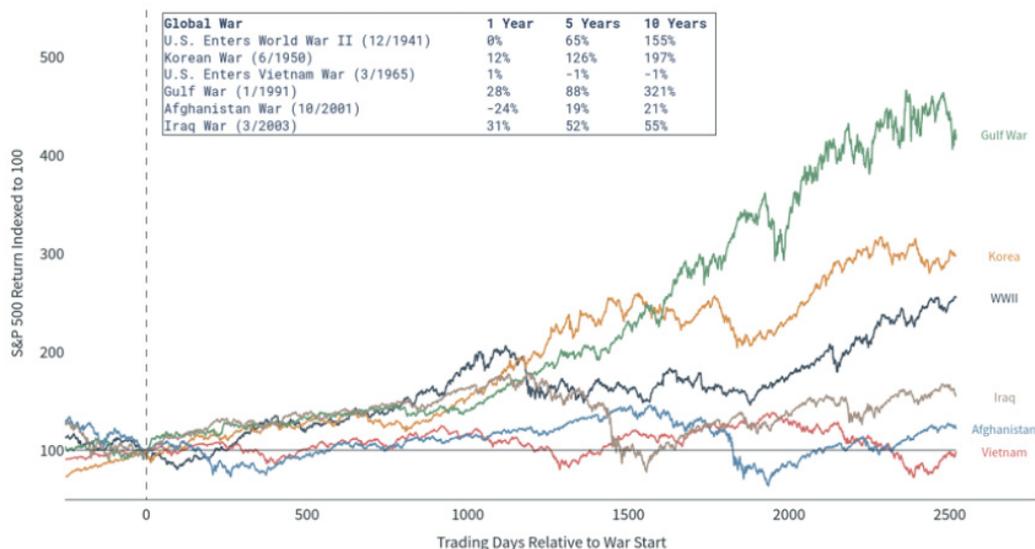
Markets have navigated world wars, the Gulf War, 9/11, the wars in Iraq and Afghanistan, Russia's invasion of Ukraine, and the Israel– Hamas conflict. Each episode brought volatility. None permanently derailed long-term market compounding.

Markets ultimately price earnings, liquidity, policy, and productivity. Geopolitical events matter to the extent that they alter those drivers.

In many historical cases, markets bottomed while headlines remained negative. Waiting for clarity has often meant missing the recovery.

Wars and the Stock Market

Historical events and S&P 500 price returns 1, 5, and 10 years after



Portfolio Impact

It's also important to separate emotional intensity from portfolio exposure.

Iran has been under heavy sanctions for years, and its economy is relatively isolated from global capital markets. Direct exposure within diversified portfolios is minimal.

The real risks are second-order: sustained energy inflation, shipping disruptions, broader regional escalation, or policy responses that tighten financial conditions. Those are macro variables we will be monitoring.

Our portfolios are built across asset classes, sectors, and geographies precisely because we cannot predict which shock will arrive next. Diversification is not theoretical — it is structural risk management.

Discipline Matters – Final Thoughts

Events like this test discipline more than analysis.

Military conflict carries emotional weight. But investment decisions made in emotionally charged environments tend to be the most costly.

Short-term volatility is uncomfortable. Permanent capital impairment is expensive.

The data is clear: missing even a handful of the market's strongest days materially reduces long-term returns. Those days often occur during peak uncertainty.

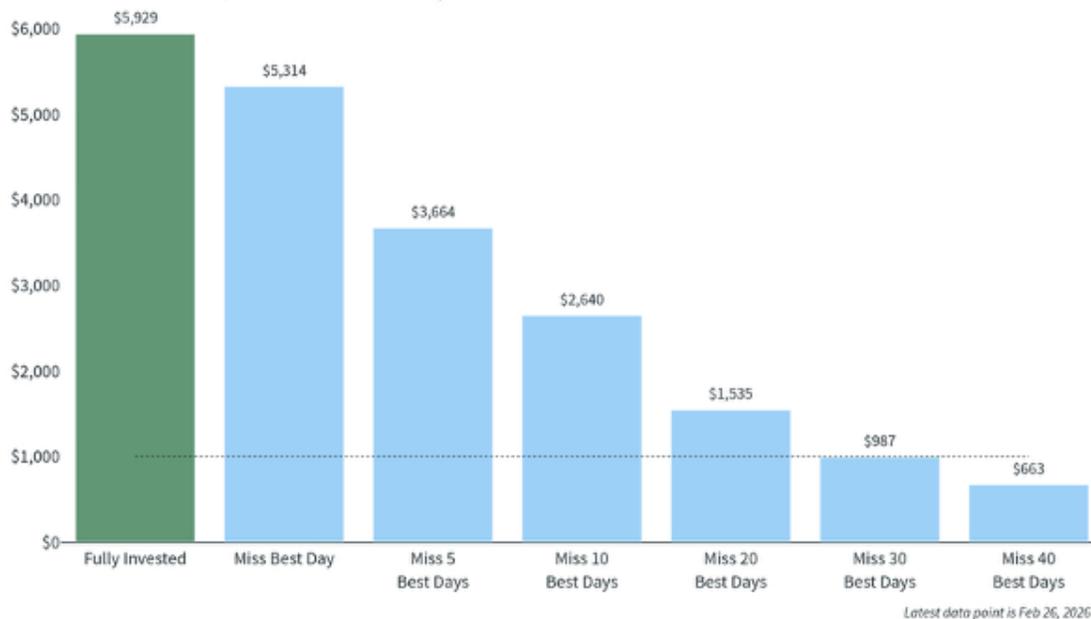
Market and Economic Chartbook | February 27, 2026



Staying Invested: Missing the Best Days

The impact of missing the best market days over the past 25 years

Based on an initial \$1,000 investment using S&P 500 returns before transaction costs



Sources: Cleamomics, Standard & Poor's

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This does not mean ignoring risk. It means distinguishing between headline risk and structural economic deterioration. Right now, we are firmly in the headline phase.

The strikes on Iran represent a meaningful geopolitical escalation. The situation is fluid, and we are monitoring developments closely.

However, our framework does not change based on headlines. Diversified portfolios aligned with long-term financial plans are designed to endure periods of uncertainty.

We cannot predict every shock, but we can prepare for them through disciplined portfolio construction.

Discipline — not reaction — is what compounds wealth over time.

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