

CHART OF THE MONTH

MARCH 2026



Over the weekend, the United States and Israel launched coordinated military strikes against Iran, aiming to dismantle Iran’s nuclear ambitions and missile capabilities, as well as its leadership, resulting in the death of Ayatollah Ali Khamenei and several other high-ranking officials. In retaliation, Iran fired over 1,000 ballistic missiles and drones at Israel and U.S. military bases across the Middle East.

These actions have significantly impacted worldwide financial markets with equity indexes in the U.S., Europe, and Asia falling (until this morning, at least in the case of the U.S. and Europe) and oil prices surging. WTI crude oil has jumped 11% since last Friday to more than \$74 per barrel, yet the current price (as shown in the graph above) is still well below the highs in 2022, 2023, and 2024.

Meanwhile, UK gas prices have soared 30% to a three-year high due to the tightening supply caused by Iran destroying an LNG (liquefied natural gas) facility in Qatar and the slowdown of shipping through the Strait of Hormuz, which is bordered by Iran. Roughly 20% of the world’s gas and 25% of seaborne oil is moved through this waterway. A prolonged disruption could send oil prices even higher and add to inflationary pressures globally. On the other hand, a resolution would likely reverse these spikes in time.

From an investment standpoint, it is important to recognize that geopolitical risks are unavoidable. They simply come with the territory. Long-term investors understand that risks, in general, are the *price of admission* for potentially earning higher returns than so-called “risk-free” investments.

The United States has been involved in several wars over the past century, most notably World War II as well as the Korean, Vietnam, Gulf, Afghanistan, and Iraq Wars. As displayed below, the S&P 500 has produced positive results in 15 of the 18 one-, five-, and ten-year time periods following the start of these wars. The worst one-year return was -24% (Afghanistan) and the worst five- and ten-year returns were -1% (Vietnam in both cases). The best returns were +31% for one year, +125% for five years, and +321% for ten years. The average performance was +8% for one, +58% for five (equal to a compound average annual return of +9.6%), and +124% for ten (+8.4% CAAR).

The bottom line is that the S&P 500 has averaged about 8%-10% annually (albeit irregularly) following these wars, or roughly in-line with the overall historical returns, largely due to the fact that the economic fundamentals eventually win out. As a result, we remind clients that staying patient and focused on one’s goals and objectives has generally been the most rewarding approach for navigating uncertain times.

