

May 11, 2026

Dear Client,

Periods of geopolitical uncertainty often feel like moments when the rules have changed. Headlines accelerate, volatility spikes, and for some, the temptation to “do something” becomes overwhelming. The conflict with Iran is a prime example. Markets reacted sharply to disruptions in global energy supply, rising oil prices, and the risk of economic spillovers. But time and again, markets have absorbed shocks, adapted, and ultimately recovered. For long-term investors, the lesson is both simple and powerful: **short-term volatility and uncertainty is the price of admission, not a reason to abandon a long-term strategy.**

The current Iran conflict triggered exactly the kind of reaction one would expect. Oil prices surged to \$115 per barrel as supply routes through the Strait of Hormuz were disrupted, reigniting inflation concerns and unsettling global markets. Equities volatility spiked as investors weighed the potential duration and severity of the conflict.

Markets are inherently forward-looking. While headlines focus on present uncertainty, asset prices reflect expected future conditions. **This is why markets often begin recovering even while the news remains negative.** The Iran conflict illustrates this dynamic. While the initial disruption created a sharp repricing in commodities and risk assets, expectations quickly shifted toward normalization, whether through restored supply chains, geopolitical de-escalation, or economic adaptation.

This pattern is not new. Decades of data show that the average decline after a geopolitical shock is modest and short-lived, markets typically reach a bottom within weeks or months. According to a recent study, the S&P 500 has historically risen 8.4% on average in the 12 months following major shocks. **The immediate reaction rarely defines the long-term outcome.**

Geopolitical events capture attention, but they are rarely the primary driver of long-term returns. Instead, **secular trends – persistent, multi-year forces shaping the economy – dominate returns over time.** Investments in themes such as digitalization, regionalization, electrification of the grid, artificial intelligence, and automation may be impacted in the short term by headlines and investor sentiment. But longer term, asset prices reflect earnings, innovation, and productivity.

Periods of crisis can create emotional pressure to act. Selling during drawdowns or attempting to “time” re-entry often leads to missing the strongest periods of recovery. **Investors that endure short term volatility are frequently rewarded for their patience.**

Volatility can also mean opportunity for investors who maintain a long-term perspective. Periods of geopolitical stress tend to produce indiscriminate selling, as uncertainty drives investors to reduce exposure broadly rather than selectively. In these environments, high-quality companies best positioned to benefit from long-term secular trends, can trade down presenting windows for long-term investors to deploy capital at attractive entry points. **Our focus remains unchanged: not where will an investment be in weeks or months, but where it could be in one, two, five years once the fog has lifted.**

It is natural to feel unsettled during periods like today. The human cost of geopolitical conflict is real, and market volatility can be uncomfortable. As stewards of your long-term capital, our responsibility is

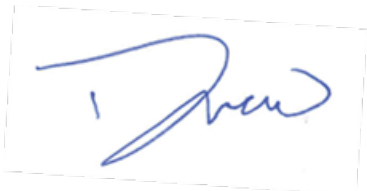
to distinguish between signal and noise. Markets are resilient, recoveries are common, and long-term returns are driven by fundamentals, not fear. **The investors who succeed are not those who avoid volatility but those who endure it with conviction and clarity. Investors who respond by abandoning discipline typically do more damage to portfolios than the event itself.**

At this stage, the appropriate response is neither complacency nor alarm, but attentiveness. We continue to monitor energy markets closely, particularly the relationship between current oil prices and those for future delivery. This forward curve reflects the collective judgment of market participants committing real capital, often providing a clearer signal than media narratives. While oil for immediate delivery is trading around \$95 per barrel, oil futures for delivery in one year are \$20-\$25 cheaper. This suggests that markets expect some form of eventual normalization, whether through restored supply routes or military de-escalation.

We do not know when the Strait of Hormuz will reopen, or when there will be peace in the Middle East, nobody does. The risk, of course, is that disruptions persist longer than expected. Should that occur, it would have broader implications for inflation and other economic conditions. We continue to watch closely for signs that the situation is evolving from a contained market disruption into a more sustained economic challenge.

Spring is the season of optimism and the flowers are blooming here in Summit, NJ. Please don't hesitate to reach out with any questions.

Optimistically Yours,

A handwritten signature in blue ink, appearing to read "Andrew", enclosed in a dashed rectangular box.

Andrew Westhuis, CFA, CFP
Managing Director – Investments
Senior Portfolio Manager

A handwritten signature in blue ink, appearing to read "Kate".

Kate Westhuis, CAIA
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