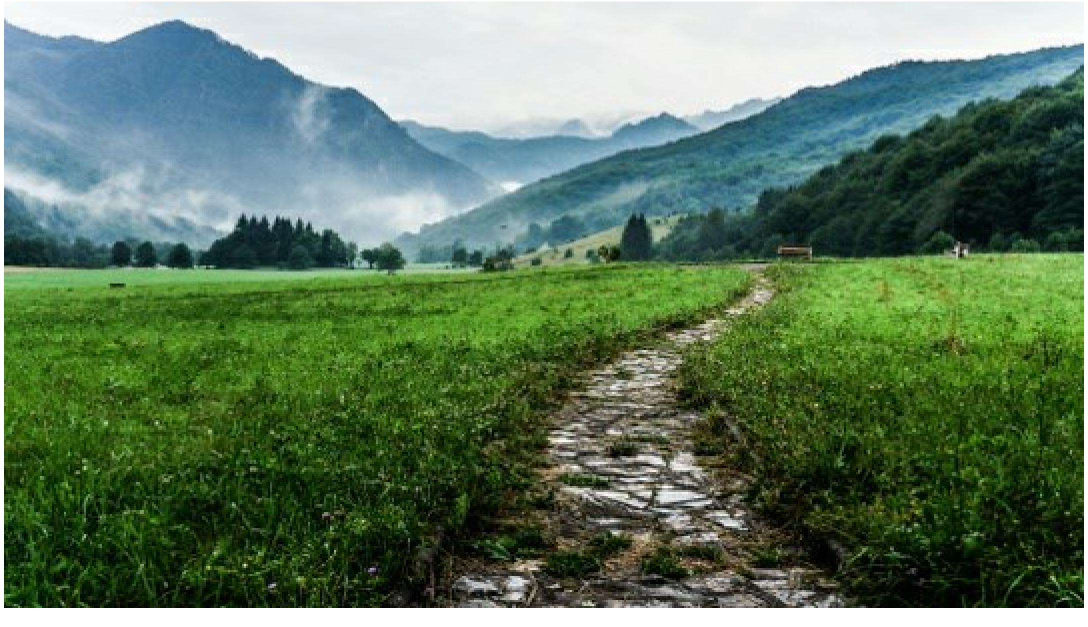
MARATHON
FINANCIAL STRATEGIES

# Navigating Market Volatility in Uncertain Times



## What We're Seeing In Markets

As the conflict involving Iran moves into its second month, geopolitical tension continues to weigh on investor sentiment. These periods can feel unsettling, especially when headlines are evolving quickly. At the same time, history provides helpful perspective. Markets have consistently shown more resilience during geopolitical conflicts than many expect in the moment.

## What History Suggests

Looking back, two prior periods are particularly instructive. In 1990, at the start of the Gulf War, the U.S. economy was already weakening. Corporate profits were flattening, inflation was elevated, and consumer confidence was fragile. Markets struggled initially, but importantly, they began recovering before the conflict formally ended as investors anticipated stabilization.

By contrast, when the Iraq War began in 2003, the economic backdrop was much stronger. Earnings were improving, policy was supportive, and valuations were more reasonable. Markets responded positively and went on to deliver a multi-year expansion.

## Where We Stand Today

Today, we see elements of both environments, but the most important takeaway is that the current economic and earnings backdrop remains intact. Corporate profitability has held up, and the broader U.S. economy continues to show stability. From a long-term investment perspective, the foundation supporting equities has not been meaningfully impaired.

## What Could Matter From Here

That said, the current environment is not without risk. The situation in the Middle East remains fluid, and the Strait of Hormuz continues to be a focal point. This passage is critical to global trade, particularly for energy. Approximately 15% of the world's oil supply moves through the region, along with a meaningful portion of refined products. While the U.S. is less directly dependent on Persian Gulf oil than in past decades, oil prices are set globally, so disruptions still flow through to the domestic economy.

The region also plays an important role in other supply chains that receive less attention. A significant share of global fertilizer production originates from countries in and around the Persian Gulf, and disruptions could eventually affect agricultural output and food prices. In addition, Qatar supplies a large portion of the world's helium, which is essential in semiconductor manufacturing and other industrial processes. These secondary effects are worth monitoring, particularly if the conflict becomes more prolonged.

## How Markets Are Responding

Despite these concerns, market behavior so far has been measured. We have seen increased volatility, but not the kind of broad, panic-driven selling that typically accompanies deeper economic stress. Investors have taken some comfort in the resilience of the U.S. economy, steady corporate earnings expectations, and the view that policymakers are unlikely to overreact to what appears to be a supply-driven shock.

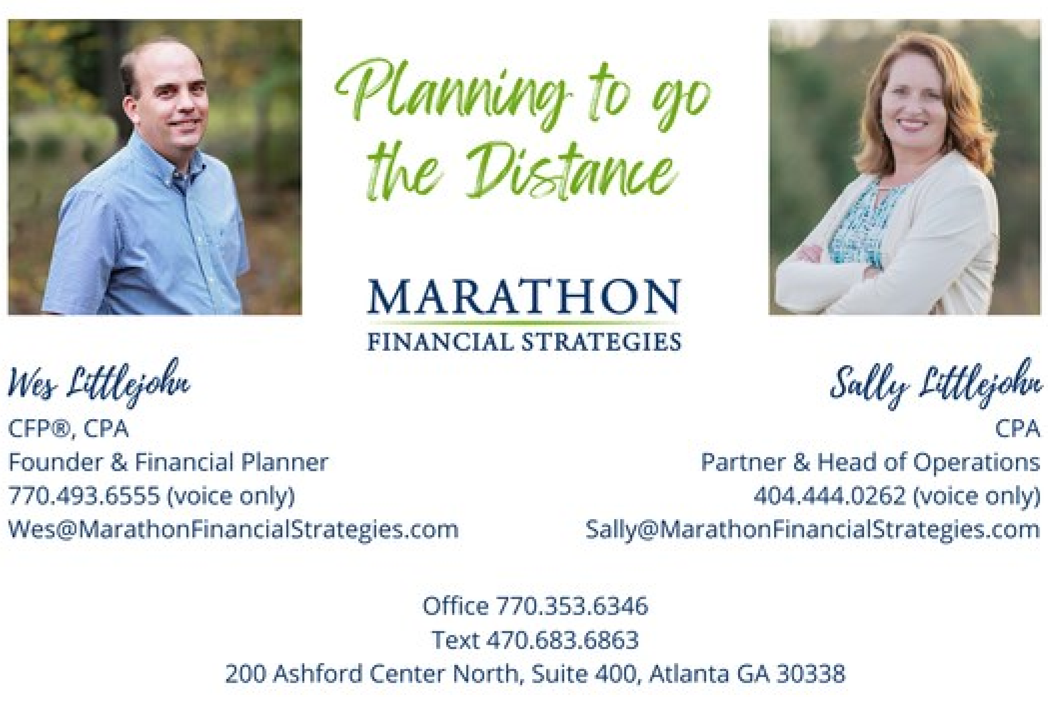
Periods like this can feel uncomfortable, but it is worth remembering that markets often begin to recover before there is full clarity on geopolitical events. That recovery can come sooner and more sharply than expected once conditions begin to stabilize.

## Our Approach

Our approach remains consistent. We continue to emphasize diversification, maintaining portfolio allocations aligned with long-term objectives, and avoiding reactionary changes based on short-term developments. For long-term investors, periods of volatility often create opportunities rather than reasons to step aside.

If you have questions about how current events may affect your plan, we're always glad to talk through it with you.

Discuss Your Plan





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