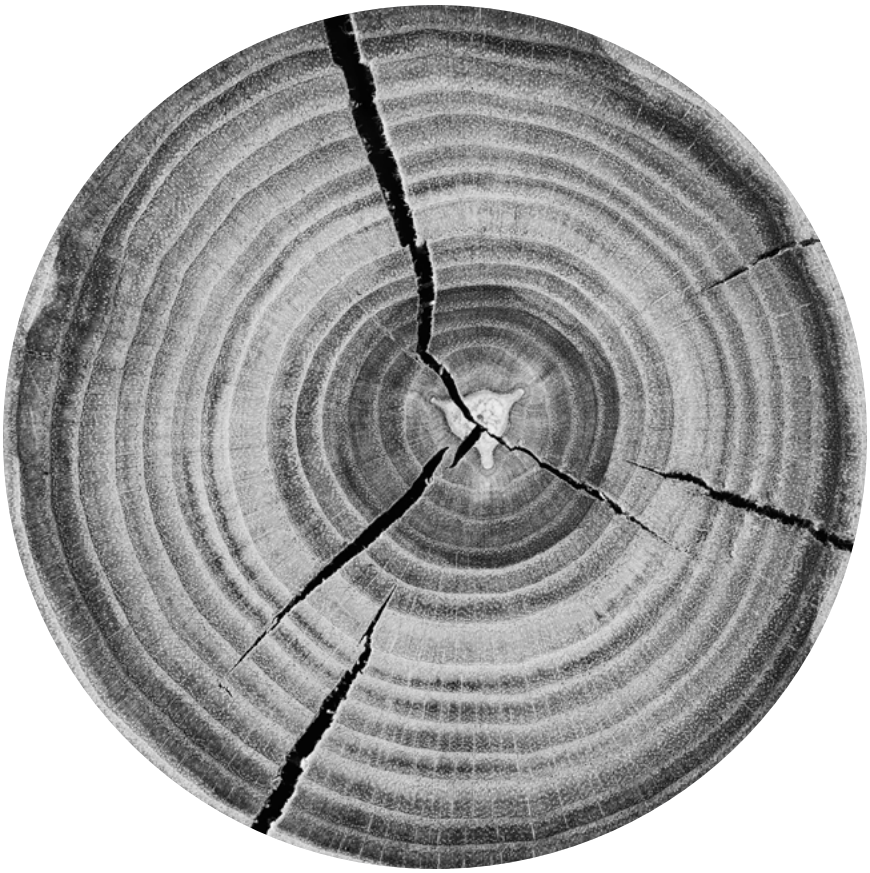


MARCH 2026

Staying Disciplined Through Geopolitical Turbulence

MEEDER

The U.S./Israel-Iran Conflict Escalates

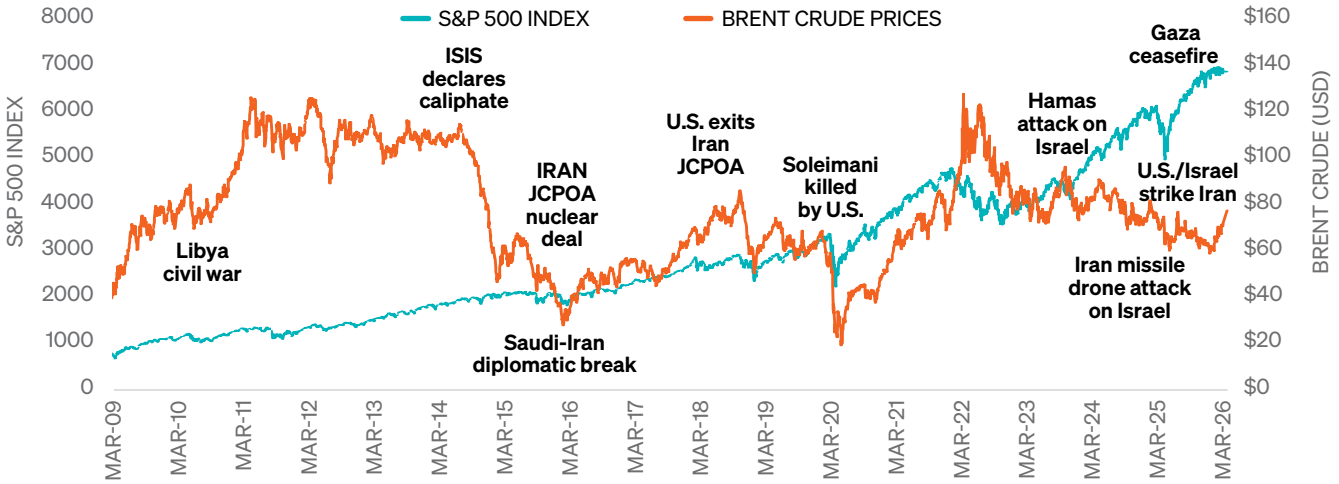
A direct military conflict has erupted involving the United States, Israel, and Iran, including strikes that hit Iranian military facilities and killed Iran's Supreme Leader and other top officials. This is a significant escalation of a long-standing geopolitical confrontation—historically managed through a mix of sanctions, proxy clashes, and diplomacy. In response, Iran has launched missile and drone attacks not only at Israel, but across the Gulf toward Arab states including UAE, Saudi Arabia, Qatar, Kuwait, Bahrain, and Jordan.

THE INITIAL ECONOMIC IMPACT

Global stock markets initially sold off before stabilizing Monday, while Tuesday brought more selling of risky assets. The yield on the U.S. 10-Year Treasury also climbed back above 4.0% on renewed inflation fears. The Strait of Hormuz, which borders southern Iran, is one of the most critical energy transportation channels in the world. Roughly 20 million barrels per day of oil—about 20% of the world's total petroleum liquids consumption passes through the waterway. Although the large majority of crude exports transiting the Strait of Hormuz are bound for Asia, supply disruptions and closure risk have pushed oil and natural gas prices higher—an outcome consistent with prior Middle East conflicts

EXHIBIT 1

MIDDLE EAST CONFLICTS HAVE THE MOST DIRECT IMPACT ON GLOBAL ENERGY PRICES



SOURCE: BLOOMBERG, CLEARNOMICS, AS OF 3/2/26

CAUTION AHEAD OF THE HEADLINES

Market positioning heading into the conflict suggests investors were already cautious, which likely contributed to the relatively muted reaction to the conflict initially. While the situation could still escalate or persist longer than markets currently expect, several indicators pointed to elevated bearish sentiment even before the recent escalation.

- **Investors purchased downside protection:** The 10-day average put/call ratio rose to its highest level since April 2025, signaling increased demand for hedges. At the same time, the put/call skew for 3-month S&P 500 options ranks in the 99th percentile of the past three years, indicating elevated concern about potential downside risks.
- **Retail investors turned bearish:** The AAII Sentiment Survey, which tracks weekly bullish, bearish, and neutral views among individual investors, recently showed more bears than bulls—even with major equity indexes trading near all-time highs.
- **Large U.S. Treasury flows:** Treasury yields moved sharply lower in February as investors rotated into safe-haven bonds amid heightened risk aversion. The flight to safety lifted Treasury prices and pushed yields down across the curve, with the most pronounced moves in longer maturities.

SIGNAL VS NOISE

History suggests that economic fundamentals tend to have a larger impact on long-term stock market returns than geopolitical shocks. While short-term volatility is common, the data shows that markets have historically recovered and moved higher in a majority of the cases within 6 to 12 months.

One reason markets often stabilize after geopolitical shocks is that uncertainty, while uncomfortable, eventually becomes quantifiable. Once investors can assess the scope and likely economic impact of an event, risk can be priced in more efficiently, reducing the premium associated with the unknown.

EXHIBIT 2

S&P 500 FORWARD RETURNS AFTER MAJOR GEOPOLITICAL EVENTS SINCE THE FIRST GULF WAR

EVENT	DATE	1-MONTH	3-MONTHS	6-MONTHS	12-MONTHS
Iraq's Invasion of Kuwait	8/2/1990	-8.2%	-13.5%	-2.1%	10.1%
First World Trade Center Bombing	2/26/1993	1.7%	2.0%	4.0%	4.7%
U.S.S. Cole Yemen Bombing	10/12/2000	2.7%	-0.9%	-11.3%	-19.6%
U.S. Terrorist Attacks (9/11)	9/11/2001	-0.2%	2.5%	6.7%	-18.4%
Iraq War Started	3/20/2003	1.9%	13.6%	18.7%	26.7%
Madrid Bombing	3/11/2004	3.5%	2.7%	1.5%	8.4%
London Subway Bombing	7/5/2005	3.3%	1.8%	5.3%	5.5%
Boston Marathon Bombing	4/15/2013	6.3%	8.4%	9.7%	17.9%
Russia Annexed Crimea	2/20/2014	1.5%	2.6%	8.0%	14.7%
BREXIT	6/24/2016	6.5%	6.2%	11.0%	19.7%
Bombing of Syria	4/7/2017	1.8%	3.1%	7.6%	12.8%
North Korea Missile Crisis	7/28/2017	-1.1%	3.6%	14.8%	13.4%
Saudi Aramco Drone Strike	9/14/2019	-1.4%	5.4%	-8.8%	12.5%
Iranian General Killed in Airstrike	1/3/2020	1.9%	-23.1%	-4.2%	14.4%
U.S. Pulls Out of Afghanistan	8/30/2021	-3.7%	2.8%	-4.9%	-12.0%
Russia Invades Ukraine	2/24/2022	5.9%	-7.2%	-2.1%	-7.1%
Hamas attacks Israel	10/7/2023	1.3%	10.6%	20.9%	34.1%
Iran Attacks Israel	4/13/2024	1.9%	9.9%	13.5%	5.3%
U.S. Bombs Nuclear Facilities in Iran	6/22/2025	5.7%	11.7%	13.5%	?
U.S. Removes Maduro in Venezuela	1/3/2026	0.9%	?	?	?
	Average	**1.6%**	**2.2%**	**5.4%**	**7.9%**
	Median	**1.9%**	**2.8%**	**6.7%**	**11.3%**
	% Higher	**75.0%**	**78.9%**	**68.4%**	**77.8%**

SOURCE: BLOOMBERG, AS OF JANUARY 2026

PORTFOLIO IMPACT

At Meeder Investment Management, our approach is designed specifically for environments like this—where uncertainty is elevated, but long-term opportunity remains.

Across our tactical mutual funds and model portfolios, including defensive equity strategies, we actively assess risk conditions and adjust exposures based on our systematic, multi-factor process. Our separately managed accounts offer flexible implementation and direct security ownership, allowing us to tailor portfolios to each client's unique objectives while actively managing tax efficiency. Through Edge Investment Consulting, we help advisor practices navigate periods of volatility with disciplined portfolio construction and active oversight.

While geopolitical events can drive short-term volatility, our focus remains on managing risk prudently, staying grounded in capital market fundamentals, and positioning portfolios to participate in long-term growth within each client's risk profile.



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