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SUMMARY

- Acute geopolitical crises are typically buying opportunities for US stocks.
- North America has favorable oil supply characteristics, lessening economic impact.
- We place high probability of eventual resolution in Iran; however, our risk triggers are on alert for our lower-risk portfolios.




03.09.2026

Iran: Keeping Perspective in Uncertain Times Wider War, Quick Deal, or Muddle Through? Our Scenario Analysis

War broke out last week after the US and Israel launched strikes killing Iran's leadership and targeting its command, missile, and nuclear sites. Iran has retaliated and is attempting to close the Strait of Hormuz, spiking oil well above ~\$100 and roiling global markets. In emotional times like these, an investor's greatest challenge is keeping perspective – seeing the forest through the trees. For us, that means remembering two important facts:

Acute geopolitical crises have largely been buying opportunities. NDR Research data shows that in 9 separate events from the Cuban Missile Crisis to the Gulf War to Iraq in '03, stocks were generally followed by higher markets over the next 3, 6, and 12 months (see Table, page 3 for details...or our previous commentary [found here](#)).

Oil is well supplied in North America, limiting US economic impact. Asian and European equity and FX markets have been hit significantly harder than US stocks – reflecting America's energy independence, as we've written about [here](#). Nonetheless, this remains fluid and humility is key. Our investment team finds scenario analysis helpful in framing our thinking.

Scenario	Probability	Oil Price Range
 Quick Deal	10%	\$55 – \$70
 Muddle Thru	65%	\$70 – \$85
 Wider War	25%	\$85 – \$125+

'QUICK CEASEFIRE/DEAL': Less Likely (10% probability)

- **Definition:** Short duration war, opening of Strait of Hormuz, no OPEC production loss, regime change friendly to US and accepted by Iranian people
- **Eventual Oil Range:** \$55-70
- **Inflation:** Lower
- **Fed Action:** >2 cuts in '26
- **Favored Assets:** International, US Tech, longer-duration fixed income

'MUDDLE THRU': More Than Likely (65% probability)

- **Definition:** 100-120 day duration air war; largely contained to Iran
- **Eventual Oil Range:** \$70-85
- **Inflation:** Stable, after initial spike
- **Fed Action:** At least 1 cut in '26
- **Favored Assets:** US stocks, cyclicals, covered calls

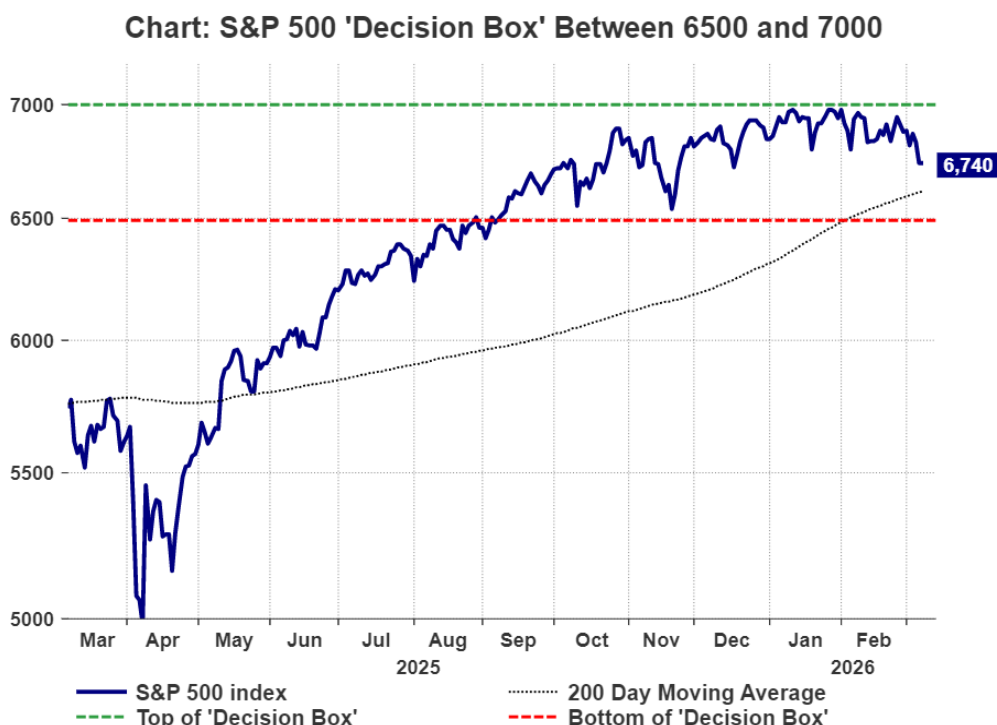
🔴 **'WIDER WAR': Unlikely, but Taking It Seriously (25% probability)**

- **Definition:** Strait of Hormuz remains effectively closed, other Middle Eastern countries joining the fray, US ground troop commitment, conflict goes global (China or Russia commit to supporting Iran)
- **Eventual Oil Range:** \$85-125+
- **Inflation:** Significantly higher
- **Fed action:** No cuts in '26; possible hike in '27
- **Favored Assets:** Cash and T-bills, commodity-related instruments, covered calls

CHART: S&P 500 Pullback Still Fairly Orderly; Significant Violation Of 6500 Would Be Negative Signal

We remain constructive on US and global equities, seeing limited risk of a recession and a protracted bear market. Back-to-back manufacturing PMI survey expansions and solid Q4 earnings results with strong revisions all support this view.

Three geopolitical scenarios could shift us more cautious: an Arab state attacking Iran, coordinated Iran-linked attacks on Western soil, or Russian and/or Chinese military intervention on Iran's behalf. Recent volatility, while unsettling, is consistent with midterm years and Fed Chair transition periods – though a prolonged oil spike would complicate matters for incoming Chair Kevin Warsh.



Source: LSEG Datastream, RiverFront. Data daily as of March 9, 2026. Chart right shown for illustrative purposes. Not indicative of RiverFront portfolio performance. Index definitions are available in the disclosures.

CONCLUSION: Risk Management on Alert; Watching 'Decision Box' Closely

Our technical risk processes are on alert, particularly for shorter-horizon balanced portfolios (5–7 year horizons and under), which tend to adhere to a tighter moving-stop discipline. Note that elevated volatility makes the timing of any portfolio moves challenging and keeps our philosophy of humility and intellectual flexibility top of mind.

In the chart above we suggest there is a 'decision box' as investors weigh up the various scenarios. In a 'Muddle Through' scenario, we think the S&P 500 will remain within this 'box' between roughly 6500-7000. A 'Quick Ceasefire' could see a break to new highs, but in the 'Wider War' scenario, stocks could well break down through the bottom of the box. Key near-term support levels are the 200-day Moving Average at 6616 and the 23% retracement of the April 7th low at 6,490, where we have drawn the bottom of the box. A breach of the latter could potentially trigger a more significant equity/fixed income reallocation in our lower-risk balanced portfolios.

APPENDIX - TABLE 1: ACUTE GEOPOLITICAL CRISES HISTORICALLY BUYING OPPORTUNITIES FOR US STOCKS

Event	Market Day Before Event	% change in the DJIA after x-market days after initial reaction:			
		21	63	126	252
Korean War	6/23/1950	9.1	15.3	19.2	26.3
Cuban Missile Crisis	10/19/1962	12.1	17.1	24.2	30.4
Cambodia invasion	4/29/1970	0.4	3.8	13.5	36.7
Iranian Hostage Crisis	11/2/1979	4.7	11.1	2.3	17.0
U.S. bombs Libya	4/14/1986	-4.3	-4.1	-1.0	25.9
U.S. enters Gulf War	1/16/1991	11.8	14.3	15.0	24.5
Afghanistan War	10/5/2001	5.9	11.5	12.4	-16.8
Iraq War	3/19/2003	5.5	9.2	15.6	-22.0
U.S. bombs Iranian nukes	6/20/2025	5.4	9.7	13.6	N/A
Median		5.5	11.1	13.6	25.2

Source: Dow Jones, NDR

Ned Davis Research

Extracted from T_900

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Risk Discussion: All investments in securities, including the strategies discussed above, include a risk of loss of principal (invested amount) and any profits that have not been realized. Markets fluctuate substantially over time, and have experienced increased volatility in recent years due to global and domestic economic events. Performance of any investment is not guaranteed. In a rising interest rate environment, the value of fixed-income securities generally declines. Diversification does not guarantee a profit or protect against a loss. Investments in international and emerging markets securities include exposure to risks such as currency fluctuations, foreign taxes and regulations, and the potential for illiquid markets and political instability. Please see the end of this publication for more disclosures.

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WEEKLY VIEW

consider the contents of this report as a single factor in making an investment decision. Additional fundamental and other analyses would be required to make an investment decision about any individual security identified in this report.

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All charts shown for illustrative purposes only. Technical analysis is based on the study of historical price movements and past trend patterns. There are no assurances that movements or trends can or will be duplicated in the future.

Ned Davis Research (NDR) is a global provider of independent investment research, solutions and tools. Founded in 1980, NDR helps clients around the world make objective investment decisions.

Stocks represent partial ownership of a corporation. If the corporation does well, its value increases, and investors share in the appreciation. However, if it goes bankrupt, or performs poorly, investors can lose their entire initial investment (i.e., the stock price can go to zero). Bonds represent a loan made by an investor to a corporation or government. As such, the investor gets a guaranteed interest rate for a specific period of time and expects to get their original investment back at the end of that time period, along with the interest earned. Investment risk is repayment of the principal (amount invested). In the event of a bankruptcy or other corporate disruption, bonds are senior to stocks. Investors should be aware of these differences prior to investing.

In general, the bond market is volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa). This effect is usually more pronounced for longer-term securities). Fixed income securities also carry inflation risk, liquidity risk, call risk and credit and default risks for both issuers and counterparties. Lower-quality fixed income securities involve greater risk of default or price changes due to potential changes in the credit quality of the issuer. Foreign investments involve greater risks than U.S. investments, and can decline significantly in response to adverse issuer, political, regulatory, market, and economic risks. Any fixed-income security sold or redeemed prior to maturity may be subject to loss.

Investing in foreign companies poses additional risks since political and economic events unique to a country or region may affect those markets and their issuers. In addition to such general international risks, the portfolio may also be exposed to currency fluctuation risks and emerging markets risks as described further below.

Changes in the value of foreign currencies compared to the U.S. dollar may affect (positively or negatively) the value of the portfolio's investments. Such currency movements may occur separately from, and/or in response to, events that do not otherwise affect the value of the security in the issuer's home country. Also, the value of the portfolio may be influenced by currency exchange control regulations. The currencies of emerging market countries may experience significant declines against the U.S. dollar, and devaluation may occur subsequent to investments in these currencies by the portfolio.

Foreign investments, especially investments in emerging markets, can be riskier and more volatile than investments in the U.S. and are considered speculative and subject to heightened risks in addition to the general risks of investing in non-U.S. securities. Also, inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging market countries.

In a rising interest rate environment, the value of fixed income securities generally declines.

Technology and internet-related stocks, especially of smaller, less-seasoned companies, tend to be more volatile than the overall market.

Index Definitions:

Standard & Poor's (S&P) 500 Index measures the performance of 500 large cap stocks, which together represent about 80% of the total US equities market.

Definitions:

The 200-day moving average is a popular technical indicator which investors use to analyze price trends. It is simply a security's average closing price over the last 200 days.

A recession is a significant, widespread, and prolonged downturn in economic activity. A common rule of thumb is that two consecutive quarters of negative gross domestic product (GDP) growth indicate a recession. However, more complex formulas are also used to determine recessions.

Inflation is a gradual loss of purchasing power, reflected in a broad rise in prices for goods and services over time.

US Equities include stocks listed in the United States. Stocks represent partial ownership of a corporation. If the corporation does well, its value can increase, and investors can share in the appreciation. However, if it goes bankrupt, or performs poorly, investors can lose their entire initial investment (i.e., the stock price can go to zero). Small/mid-cap equities, MLPs, REITS and alternatives equities are types of US Equities and assume further risks described below.

Global equities are equities that span across both developed countries and emerging markets. Investments in international and emerging markets securities include exposure to risks such as currency fluctuations, foreign taxes and regulations, and the potential for illiquid markets and political instability.

WEEKLY VIEW

The Purchasing Managers' Index (PMI) is an index of the prevailing direction of economic trends in the manufacturing and service sectors. It consists of a diffusion index that summarizes whether market conditions, as viewed by purchasing managers, are expanding, staying the same or contracting. The purpose of the PMI is to provide information about current and future business conditions to company decision-makers, analysts and investors.

Buying commodities allows for a source of diversification for those sophisticated persons who wish to add this asset class to their portfolios and who are prepared to assume the risks inherent in the commodities market. Any commodity purchase represents a transaction in a non-income-producing asset and is highly speculative. Therefore, commodities should not represent a significant portion of an individual's portfolio.

A treasury bill (T-bill) is a U.S. government debt security that matures in less than one year. They are issued by the U.S. Treasury.

Covered calls provide downside protection only to the extent of the premium received and limit upside potential to the strike price plus premium received. An option is a contract sold by one party to another that gives the buyer the right, but not the obligation, to buy (call) or sell (put) a stock at an agreed upon price within a certain period or on a specific date. A covered call option involves holding a long position in a particular asset, in this case US common equities, and writing a call option on that same asset with the goal of realizing additional income from the option premium. Certain ETFs use a covered call strategy. By selling covered call options, the fund limits its opportunity to profit from an increase in the price of the underlying index above the exercise price but continues to bear the risk of a decline in the index.

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