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SUMMARY

- We have revised down our probability of a 'Quick Deal' from our last publication.
- US economic and earnings data is still resilient, in our view.
- Risk management for our various portfolios is being dictated by the risk tolerance and time horizon of the strategy.

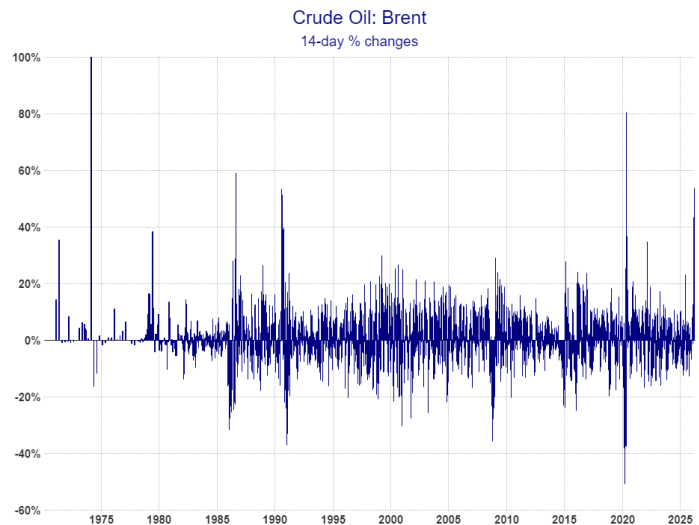
03.23.2026

Three Weeks In: Where We Stand on Iran An Update to Our Scenario Analysis

A couple of weeks ago, we published our [Iran scenario analysis](#) to dimension out war probabilities and their implications for markets and portfolio strategy. Today we update our views with new information gleaned since our last piece.

Oil May Take Longer to Normalize...But An 'Off-Ramp' Possible

Oil prices have remained well above \$100/barrel as the war has intensified. The ~54% trough-to-peak spike in Brent crude since late February is beginning to resemble past historic oil shocks (chart, right).






Damage to neighboring nations' oil and gas facilities suggests energy supply normalization may

take longer than expected even once the Strait of Hormuz is cleared. We have therefore reduced our 'Quick Deal' probability – characterized by oil quickly returning to the \$55–70 range – from 10% to 5%, shifting that weighting into our 'Wider War' scenario, now at 30%.

Source: LSEG Datastream, RiverFront. Data daily as of March 23, 2026. Chart right shown for illustrative purposes. Not indicative of RiverFront portfolio performance. Index definitions are available in the disclosures.

That said, we are loath to rule out a 'Quick Deal' pivot (see Appendix) over the next couple of months. In a midterm election year, committing ground troops is politically unpopular, as are inflation spikes – both increasing the potential for the Trump Administration to seek an 'off-ramp' before summer. This is why we have not dramatically altered our probabilities yet.

RiverFront Scenario Analysis Update For 3/20/26

Updated Scenario	Probability	Oil Price Range
 Quick Deal	5%	\$55 – \$70
 Muddle Thru	65%	\$70 – \$85
 Wider War	30%	\$85 – \$125+

Fed Action Complicated by War; Recession Still Unlikely for Now

The specter of war clearly hung over last week's Fed meeting. Despite one dissent, the Fed kept rates unchanged, citing solid growth and near-term inflation uncertainty. Fed funds futures now price in no cuts in 2026 — a notable shift from pre-conflict expectations. With Jerome Powell signaling he intends to serve until the government investigation concludes, a rate cut before the second half of 2026 seems unlikely.

All of these factors are complicating the forward view for economic growth and Fed action. However, with US GDP annualizing above 2%, solid PMI data, unemployment below 5%, and strong earnings momentum, we believe the US economy is well-positioned to weather a near-term energy spike. We view \$100+ oil lasting six weeks or less as painful but manageable. If oil stayed at the high end of our 'Wider War' range for 2 months or more, we would likely raise our recession risk to significantly above 30%, in turn causing us to reevaluate our positive outlook on the [US corporate earnings cycle](#) – a major pillar of our constructive view of US stocks.

Beyond oil, the following would cause us to reconsider our sanguine stance: an Arab state attacking Iran, coordinated Iran-linked attacks on Western soil, or Russian and/or Chinese military intervention. As none of these 'gamechanger' events have occurred, we continue to view this episode as similar to past Middle Eastern conflicts, which have generally had only temporary effects on US stocks, as [discussed two weeks ago](#).

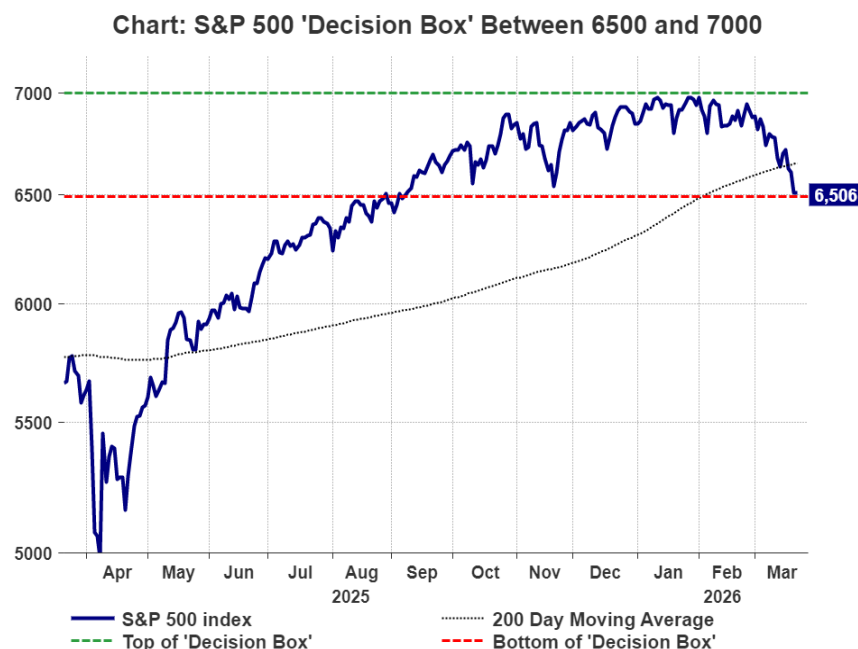
CHART: S&P 500 Pullback Nearing Support at Bottom End Of 'Decision Box'

Two weeks ago, we suggested a 'decision box' was shaping up for the S&P 500 as investors placed probabilities on various war endgames. In a 'Muddle Through' scenario, we think the S&P 500 will generally remain within this 'box' between roughly 6500-7000. A ceasefire sometime between now and late spring could see a break to new highs, but in the 'Wider War' scenario, stocks could break down significantly through the bottom of the box. Our next key support level exists near the 23% retracement of the April 7th low at 6,490, where we have drawn the bottom of the decision box. A meaningful breach of the latter could potentially trigger a more significant asset reallocation in our lower-risk balanced portfolios.

Conclusion: A Pullback, Not A Contagion Yet

Our technical risk processes remain on alert, particularly for shorter-horizon portfolios (five-to-seven years and under), which tend to react more quickly to technical deterioration. These portfolios recently reduced equity exposure by roughly 7%, trimming individual US stock holdings that had grown large during the multi-year rally. Longer-horizon portfolios are less likely to react to geopolitics unless we see meaningful fundamental deterioration. All balanced portfolios remain overweight equities, though shorter-horizon portfolios are now much closer to neutral.

We are watching events in the Middle East with humility and intellectual flexibility — geopolitics can change on a dime. It's easy to forget that volatility, while unpleasant, is consistent with midterm years and Fed Chair transition periods. The current -7% S&P 500 pullback is worth contextualizing: periodic 5-10% pullbacks are common in cyclical bull markets, often acting as a 'pressure release valve' that resets expectations. Sentiment — as measured by the NDR Daily Crowd Sentiment poll and net flows into US equity ETFs — is approaching extreme pessimism, though we do not believe we have seen a tradable level of capitulation yet. Our risk management triggers remain on high alert, but our portfolio team is also sizing up potential additions to equity themes we will want to add to when this conflict shows signs of resolution.



Source: LSEG Datastream, RiverFront. Data daily as of March 23, 2026. Chart shown for illustrative purposes. Not indicative of RiverFront portfolio performance. Index definitions are available in the disclosures.

APPENDIX - DESCRIPTIONS OF RIVERFRONT'S THREE IRAN WAR SCENARIOS

'QUICK CEASEFIRE/DEAL': Less Likely

- **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

- **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

- **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

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

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.

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.

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.

Gross domestic product (GDP) is a monetary measure of the market value of all final goods and services produced in a period (quarterly or yearly) of time.

Definitions:

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.

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.

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.

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.

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.

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

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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.

When referring to being “overweight” or “underweight” relative to a market or asset class, RiverFront is referring to our current portfolios’ weightings compared to the composite benchmarks for each portfolio.

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