



FINANCIAL ADVISORY GROUP

INSIGHTS

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DID YOU KNOW?

In 1980, energy companies made up nearly 28% of the S&P 500. Today, the energy sector represents 3- 4%.

(Source: Forbes)

In 1980, the United States imported 6 to 8 million barrels per day of crude oil. In 2020, the US became a net exporter of total petroleum.

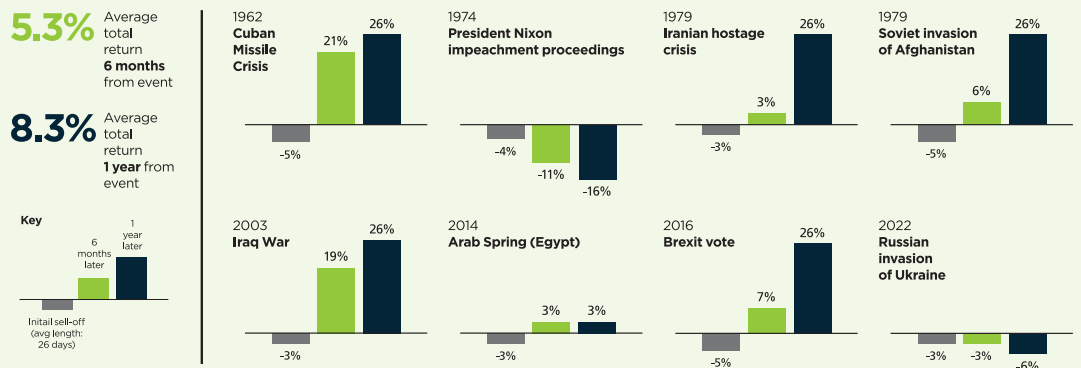
(Source: U.S. Energy Information Administration)

Market Volatility: Perspective Matters

Periods of market volatility are uncomfortable, but they are a normal part of investing. Headlines, particularly during geopolitical events, can amplify uncertainty. History provides helpful perspective.

The Vanguard chart highlights a consistent pattern: market sell offs tied to geopolitical events have typically been short lived. While initial declines can feel sharp, equity markets have historically recovered over time. On average, markets have delivered positive returns six months and one year after these events.

Geopolitical sell-offs are typically short-lived



Notes: Returns are based on the Dow Jones Industrial Average through 1963 and the Standard & Poor's 500 Index thereafter. All returns are price returns. Not shown in the above charts, but included in the averages, are returns after the following events: Suez Crisis (1956), construction of the Berlin Wall (1961), assassination of President Kennedy (1963), authorization of military operations in Vietnam (1964), Israeli-Arab Six-Day War (1967), Israeli-Arab War/oil embargo (1973), Shah of Iran's exile (1979), U.S. invasion of Grenada (1983), U.S. bombing of Libya (1986), First Gulf War (1991), President Clinton impeachment proceedings (1998), Kosovo bombings (1999), September 11 attacks (2002), multforce intervention in Libya (2011), U.S. anti-ISIS intervention in Syria (2014), and President Trump impeachment proceedings (2019 and 2021).
Sources: Vanguard calculations as of December 31, 2025, using data from Refinitiv

Pullbacks themselves are also common. Since World War II, there have been 105 instances when the S&P 500 declined by at least 5%. What happened next is instructive:

- 12% of the time (13 occurrences), a 5% pullback eventually became a bear market, defined as a decline of 20% or more.
- 25% of the time (26 occurrences), it turned into a correction, with losses of 10% or more.
- 63% of the time, the market did not fall 10% or more and recovered without becoming a correction.

(continued on page 2)

| INDEX | TOTAL RETURNS % | | |
|-------------------|-----------------|--------|--------|
| | Q1 2026 | YTD | 1-YR |
| S&P 500 | -4.35% | -4.35% | 17.77% |
| MSCI World ex US | -0.78% | -0.78% | 23.73% |
| Dow Jones | -3.19% | -3.19% | 12.23% |
| BBG BARC Agg Bond | -0.05% | -0.05% | 4.35% |

*as of 03.31.2026



(continued from page 1)

In other words, nearly two thirds of the time, a 5% pullback stopped there and did not escalate further.

The challenge for investors is that it is impossible to know in real time which path the market will take. This uncertainty is why disciplined portfolio construction, diversification, and a long term plan matter far more than short term market predictions.

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*numbers as of March 31, 2026

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