

# IM&R Perspective: Iran Conflict

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The coordinated military campaign by the United States and Israel against Iran has understandably captured global attention. In a public statement, President Trump outlined multiple objectives aimed at dismantling Iran's missile capabilities, nuclear program and their governing regime.

The situation is fluid, and while the intent is to accomplish these objectives within weeks, history reminds us that uncertainty is inherent in any geopolitical conflict. While we let others speak to the broader geopolitical implications of this weekend's actions, it may be worth a moment to think about the possible ramifications from a market perspective.

## Near-Term Implications

One immediate concern is potential disruption of oil flows through the Strait of Hormuz. While Iran has threatened to restrict access, the current balance of power and weakened Iranian defenses make a sustained closure unlikely. Even a temporary disruption could be offset by production from other OPEC members.

Markets often react quickly and emotionally before settling. Energy stocks may rally early and then fade, as they did during the 12-day conflict between Israel and Iran in June 2025, which was capped by the bombing of three Iranian nuclear facilities by the U.S. As the conflict progresses, it is not unreasonable to expect continued heightened volatility.

While over the long-term markets have recovered from previous geopolitical conflicts, the near-term impact of regional wars largely depends on the underlying economies of the countries most impacted. In the U.S., for example, oil imports from the Middle East are less than 10% of total oil imports, down from over 20% in the mid-2010s<sup>1</sup>. Moreover, the S&P 500 Q4 earnings season has been encouraging, with growth exceeding expectations and roughly 75% of companies surpassing estimates<sup>2</sup>. We continue to believe the U.S. is in a post-COVID, productivity-led economic boom fueled by technological

advancement, broadening adoption of artificial intelligence and supportive fiscal incentives.

## In Moments Like These, Perspective is Our Greatest Asset

Geopolitical shocks, while dramatic, rarely alter the long-term trajectory of diversified portfolios. During the 1990 Gulf War, the S&P 500 declined ahead of conflict and rebounded once uncertainty eased. After the September 11, 2001 attacks, equities regained pre-crisis levels within weeks. Markets tend to reprice swiftly, capital adapts and economic incentives reassert themselves. While volatility may increase in the near term, disciplined investors are typically rewarded for patience rather than reaction.

We are not dismissive of the risks. We are monitoring developments continuously and thoughtfully, and we will adjust if the fundamental backdrop materially changes.

At the same time, it is important not to let the intensity of headlines override the structure of a well-built investment plan. Our portfolios are constructed with resilience in mind, diversified across asset classes, geographies and economic regimes precisely because we know the unexpected will occur.

Steadiness is not complacency; it is discipline. Often the hardest days to stay invested are the most important ones to do exactly that.

Please do not hesitate to reach out to me with any questions you may have.

<sup>1</sup> U.S. Energy Information Administration.

<sup>2</sup> FactSet

*These views are as of March 2, 2026 and are subject to change based on subsequent developments. The material presented is provided for informational purposes only. Information is based on sources believed to be reliable; however, their accuracy or completeness cannot be guaranteed. Nothing contained herein should be construed as a recommendation to buy or sell any securities. As with all investments, past performance is no guarantee of future results. No person or system can predict the market. All investments are subject to risk, including the risk of principal loss. Diversification does not guarantee a profit or protect against a loss. The S&P 500 index is an index of 500 of the largest exchange-traded stocks in the US from a broad range of industries whose collective performance mirrors the overall stock market. It is not possible to invest directly in an index.*