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Issue #9: Geopolitical Risk & Investing: Keeping Perspective

Periods of geopolitical tension often bring increased uncertainty – and with it, heightened market attention.

Whether it's conflict in the Middle East, shifting global alliances, or unexpected policy developments, these events can feel significant and immediate. Headlines move quickly, and markets often respond just as fast.

For investors, the natural question becomes: Should anything be done differently?

How Markets Typically Respond

Geopolitical events can introduce short-term volatility, particularly in areas directly affected, such as energy prices, currencies, or specific regions.

At the same time, broader market reactions are often less predictable. Some events lead to sharp, short-lived declines. Others have a more muted impact. In many cases, markets begin to stabilize as uncertainty becomes better understood.

What's consistent is not the market's immediate reaction but its tendency to eventually refocus on underlying economic fundamentals, corporate earnings, and long-term growth expectations.

What This Means for Investors

Geopolitical events are, by nature, difficult to anticipate and even more difficult to position around in real time.

Reacting to headlines can introduce unintended consequences, particularly if decisions are made during periods of heightened uncertainty. Shifting allocations, moving to cash, or attempting to "wait things out" often comes with its own set of risks.

A disciplined investment approach is designed with this reality in mind. Diversification across asset classes, regions, and sectors helps reduce reliance on any single outcome, allowing portfolios to navigate a range of scenarios rather than depend on predicting one.

Practical Planning Considerations

Rather than focusing on what might happen next, it can be more productive to revisit what is already in place.

- Does your current allocation reflect your long-term goals?
- Is your portfolio positioned to withstand periods of volatility?
- Are short-term events influencing decisions that are meant to be long-term?

In many cases, periods of uncertainty serve as a reminder of why a thoughtful framework exists in the first place, not a reason to abandon it.

Looking Ahead

Periods of uncertainty can feel disruptive in the moment, particularly when headlines are constant and market reactions feel immediate. But over time, investment success is rarely determined by how investors respond to any single event. More often, it reflects a consistent framework applied across a wide range of environments.

In fact, it's often the avoidance of a single poorly timed decision – rather than attempting the pursuit of a perfect one – that helps preserve long-term progress and keep short-term developments from distracting us from our long-term goals.

Thanks for reading this issue of ***Well Advised***. We hope this perspective provides helpful context as you navigate periods of uncertainty, and if recent events have raised questions about how your portfolio is positioned or how your strategy may respond to changing conditions, we'd be happy to talk.

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Chart of the Month: Markets & Geopolitical Events

This chart examines how the S&P 500 has responded to a range of geopolitical events over time, including initial reactions, drawdowns, and forward returns.

S&P 500 and Geopolitical Crisis Events

		S&P 500 Returns		Days		S&P 500 Post-Event Performance		
Geopolitical Crisis Events	Event Date	One Day	Total Drawdown	Bottom	Recovery	+3 Months	+6 Months	+12 Months
Pearl Harbor Attack	12/7/1941	(3.8%)	(19.8%)	143	307	(6.7%)	(3.6%)	11.4%
N. Korean Invades S. Korea	6/25/1950	(5.4%)	(12.9%)	23	82	9.8%	15.7%	27.4%
Hungarian Uprising	10/23/1956	(0.2%)	(0.8%)	3	4	(1.8%)	0.8%	(8.2%)
Suez Crisis	10/29/1956	0.3%	(1.5%)	3	4	(2.7%)	0.3%	(8.8%)
Cuban Missile Crisis	10/16/1962	(0.3%)	(6.6%)	8	18	14.4%	23.3%	32.1%
Kennedy Assassination	11/22/1963	(2.8%)	(2.8%)	1	1	12.5%	17.9%	27.8%
Gulf of Tonkin Incident	8/2/1964	(0.2%)	(2.2%)	25	41	3.3%	7.1%	6.1%
Six-Day War	6/5/1967	(1.5%)	(1.5%)	1	2	7.4%	9.3%	16.6%
Tet Offensive	1/30/1968	(0.5%)	(6.0%)	36	65	5.9%	6.9%	13.9%
Munich Olympics	9/5/1972	(0.3%)	(4.3%)	42	57	6.5%	2.8%	(3.1%)
Yom Kippur War	10/6/1973	0.3%	(0.6%)	5	6	(9.4%)	(14.1%)	(41.1%)
Reagan Shooting	3/30/1981	(0.3%)	(0.3%)	1	2	(0.7%)	(10.8%)	(11.8%)
Iraq's Invasion of Kuwait	8/2/1990	(1.1%)	(16.9%)	71	189	(10.4%)	(0.6%)	14.0%
U.S. Terrorist Attacks	9/11/2001	(4.9%)	(11.6%)	11	31	9.8%	13.2%	(11.2%)
Madrid Bombing	3/11/2004	(1.5%)	(2.9%)	14	20	3.1%	2.4%	10.3%
London Subway Bombing	7/5/2005	0.9%	0.0%	1	4	(0.2%)	6.7%	7.5%
Boston Marathon Bombing	4/15/2013	(2.3%)	(3.0%)	4	15	9.0%	10.6%	21.2%
Bombing of Syria	4/7/2017	(0.1%)	(1.2%)	7	18	3.5%	9.3%	12.7%
North Korea Missile Crisis	7/28/2017	(0.1%)	(1.5%)	14	36	4.9%	17.3%	16.2%
Saudi Aramco Drone Strike	9/14/2019	(0.3%)	(4.0%)	19	41	6.2%	(8.7%)	15.0%
Iranian General Killed In Airstrike	1/3/2020	(0.7%)	(0.7%)	1	5	(22.7%)	(2.3%)	18.2%
U.S. Pulls Out of Afghanistan	8/30/2021	0.4%	(0.1%)	1	3	1.2%	(2.8%)	(10.7%)
Escalation of Russia/Ukraine Conflict	2/17/2022	(2.1%)	(6.8%)	13	23	(6.3%)	(1.7%)	(5.3%)
Israel-Hamas War	10/9/2023	0.3%	(4.5%)	14	19	10.1%	21.1%	35.5%
Iran Drone/Missile Attacks on Israel	4/14/2024	(1.2%)	(3.1%)	5	14	11.3%	16.5%	8.2%
U.S.-Israeli Airstrikes on Iran Nuclear Sites	6/12/2025	(1.1%)	(1.3%)	5	7	8.9%	12.9%	?
U.S.-Israeli Airstrikes on Iran	2/28/2026	?	?	?	?	?	?	?
Average		(1.1%)	(4.5%)	18.1	39.0	2.6%	5.8%	7.8%
Median		(0.4%)	(2.9%)	7.5	18.0	4.2%	6.8%	11.4%
Percent Positive		19%				65%	69%	68%

Source: LPL Research, Bloomberg, 03/02/2026.

Indexes are unmanaged and cannot be invested in directly. Past performance is no guarantee of future results. The modern design of the S&P 500 Index was first launched in 1957. Performance before then incorporates the performance of its predecessor index, the S&P 90.

Explaining the Chart:

Each row represents a specific geopolitical event and shows how the market performed in the immediate aftermath, the maximum decline experiences, and the time required to recover. It also highlights returns over the following 3, 6, and 12 months.

While short-term reactions have varied – with some events leading to sharp initial declines – the data shows that markets have often stabilized and moved higher over time.

Our Perspective:

Geopolitical events can feel significant in the moment, but the markets response has historically been inconsistent and difficult to predict in real time. Some events have led to short-term declines, while others have had more muted or even positive outcomes.

Because of this uncertainty, reacting to headlines can be challenging to execute effectively. A disciplined investment approach focuses less on predicting how any single event will unfold, and more on maintaining a portfolio designed to navigate a wide range of outcomes.

You Asked, We Answered

Each month the newsletter will include a reader-submitted question and our take on it. If there's a topic you'd like us to explore – or something you've been wondering about – we'd love to hear from you.

Question: "Should I change my portfolio in response to geopolitical events?"

Our Take:

It's a natural question, especially during periods when headlines are constant and uncertainty feels elevated.

In most cases, making broad portfolio changes in response to geopolitical events can be difficult to execute effectively. These situations often evolve quickly, and markets tend to adjust before a clear outcome is known.

While it may feel prudent to "do something," reacting in real time can introduce unintended consequences, such as missing periods of recovery, increasing transaction costs, or shifting the portfolio away from its intended long-term allocation.

(For investors who are consistently contributing – whether through a workplace retirement plan or ongoing investments in a brokerage account – periods of market weakness can also present an opportunity to accumulate shares at lower prices over time. Maintaining that consistency helps ensure that contributions continue in both favorable and challenging environments.)

A more effective approach is typically grounded in preparation rather than reaction. A well-constructed portfolio is designed to account for uncertainty, not avoid it entirely.

That said, there may be situations where adjustments are appropriate, particularly if financial goals, time horizon, or risk tolerance have changed. The key distinction is whether decisions are being made in response to a lasting change or a short-term event.

A disciplined investment strategy is designed to be applied consistently across different market environments. Maintaining that consistency – rather than reacting to individual events – is often what allows long-term plans to stay on track.

Thanks for reading this issue of ***Well Advised***. If you'd like to submit a question for a future edition – or talk more about anything we covered today – we'd love to hear from you. Let's keep the conversation going.

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