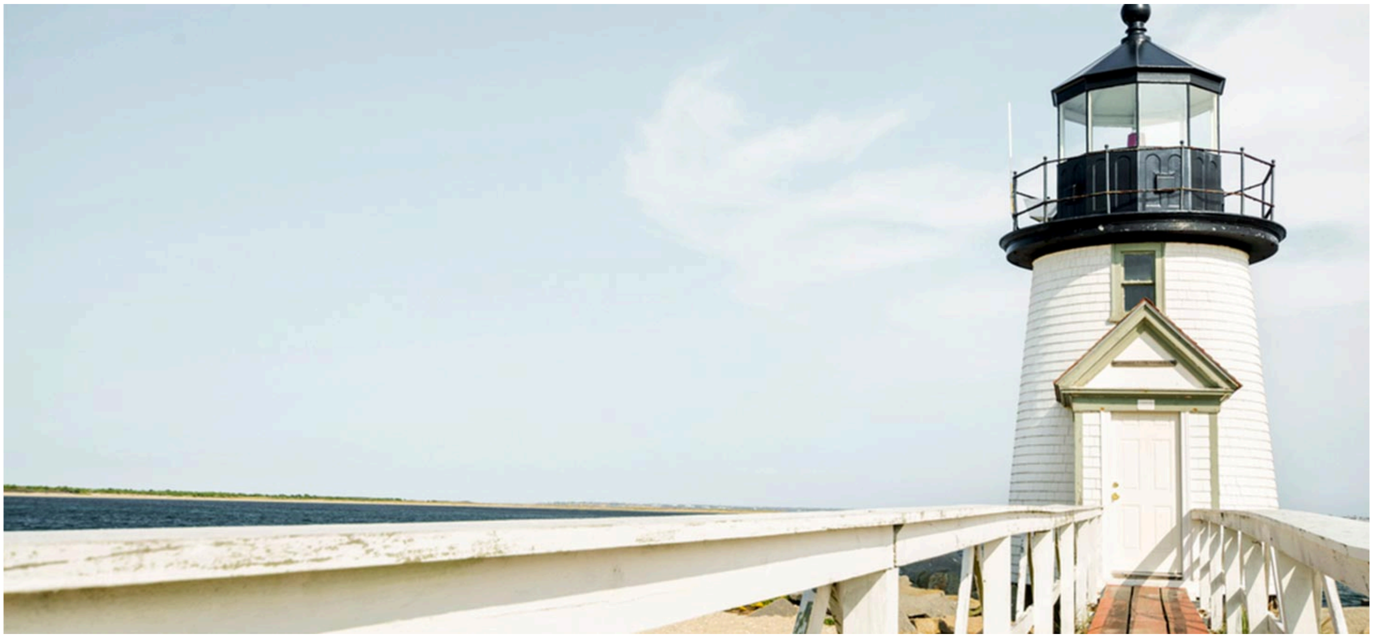

Update: Managing wealth through crisis and war

17 March 2026, 14:28 UTC, written by Daniel Scansaroli, Head Global IM Portfolio Strategy & Multi-Asset Solutions Americas, UBS GWM CIO Global Investment Management, Justin Waring, Head UBS Wealth Way Strategy & Solutions, UBS GWM CIO Global Investment Management, Sean Sanborn, Hedge Fund Strategist, UBS GWM CIO Global Investment Management

How have markets responded to past geopolitical crises? What does this suggest for families' investment strategies?

Key points

- History is filled with wars, conflicts, and geopolitical crises. Past events may help us consider how markets might respond to the 2026 conflict with Iran.
- Markets have tended to react sharply in the short term to geopolitical shocks before staging a full recovery within a few months or years, especially for investors that remain invested. Diversified portfolios have historically recovered even faster.[1]
- To create a buffer between market volatility and spending needs, families may want to build a Liquidity strategy, funded with cash and high-quality bonds to cover spending in the event of a market disruption.

Time frames may vary. Strategies are subject to individual client goals, objectives and suitability. This approach is not a promise or guarantee that wealth, or any financial results, can or will be achieved.

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Introduction

On Saturday, 28 February, the United States and Israel launched surprise attacks on multiple sites and cities across the Islamic Republic of Iran, killing Supreme Leader Ali Khamenei and other Iranian officials.

In response, Iran (and Hezbollah, its proxy in Lebanon) launched hundreds of drones at Israel, US military bases in the region, and energy facilities. Iran also vowed to close the Strait of Hormuz, a narrow channel through which much of the world's oil and gas supply passes. To enforce this enclosure, Iran has attempted to lay sea mines in the Strait and has launched missile and drone attacks on dozens of commercial tankers and container ships.[2]

In some ways, this conflict is a continuation of the June 2025 conflict that came be known as the "Twelve Day War," which started with strikes on Iranian nuclear and military facilities.

How might this crisis affect markets?

Historically, geopolitical shocks have had a limited impact on global financial markets, as illustrated in Table 1. In fact, the S&P 500 moved higher over the three years following almost every incident.

The situation remains highly uncertain, but the market impact appears to be limited so far. From 28 February to 13 March, crude oil prices are up about 40%, while global stocks have fallen about 5%, gold prices are down 4%, and bonds are down 2%.

In a 9 March note analyzing recent developments, the CIO Research team noted the following:

> Investors face a dilemma: The longer the Strait of Hormuz remains effectively closed, the tighter energy markets are going to get, and the higher energy prices will go. The higher prices go, and the longer they stay high, the more negative the global economic impact. And with a complex situation on the ground, the longer the conflict lasts, the longer it has the potential to last. In a worst-case scenario for equity markets, oil prices stay high enough for long enough to trigger second-round inflationary effects and central bank rate hikes.
>
> At the same time, provided critical oil infrastructure is not actually destroyed, energy prices should fall relatively quickly once the Strait is reopened, which could come about through a military or a political solution. Since equity markets are forward-looking, we would expect them to rebound relatively swiftly to pre-conflict levels once the Strait shows signs of re-opening. So, reducing portfolio risk likely entails an opportunity cost.[3]

In Figure 1 and Table 2 below, we take a closer look at past conflicts in the Middle East to better understand how markets have responded to such geopolitical shocks. Historically, we find that Middle East conflicts have not been associated with a sustained drawdown in stock prices. Gold and oil have had a mixed track record, the US dollar has tended to weaken, and bonds and hedge funds have tended to benefit from heightened volatility and dispersion.

Last, but not least, Table 3 will help us look beyond historical analysis—which we must always view critically, because past performance is no guarantee of future results—to share market scenarios from the CIO Research team, depending on how long the crisis persists.

Table 1 - Markets have endured previous shocks

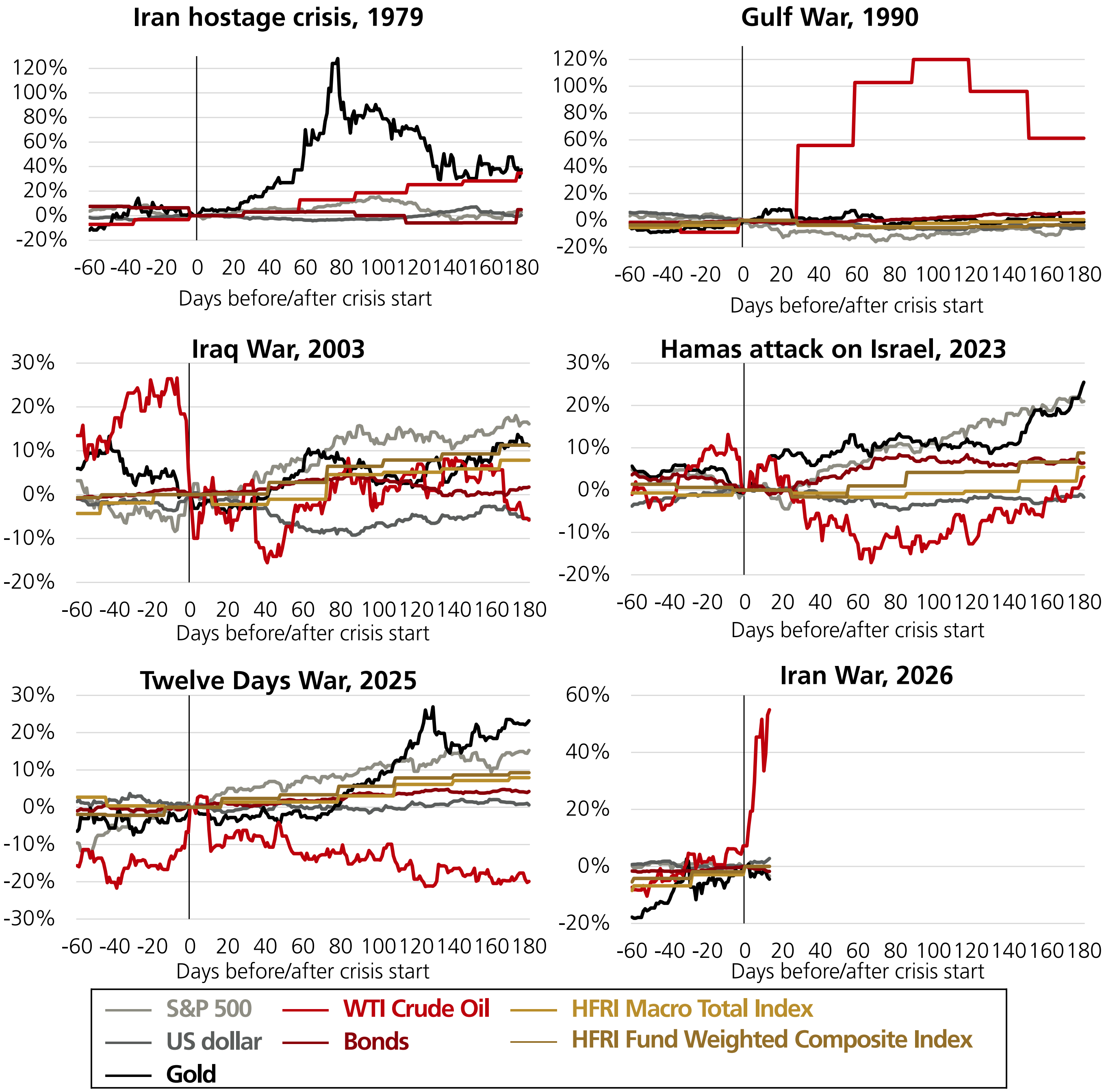
S&P 500 price return following select geopolitical crises

		S&P 500 Price Return					
Event	**Date**	**1 day**	**1 month**	**3 months**	**6 months**	**1 year**	**3 years**
Germany invades France	10 May 1940	-6%	-24%	-14%	-8%	-19%	2%
Pearl Harbor Attack	7 Dec 1941	-4%	-2%	-10%	-12%	0%	39%
N. Korea Invades S. Korea	25 Jun 1950	-5%	-9%	1%	4%	11%	25%
Hungarian Uprising	23 Oct 1956	0%	-2%	-4%	-1%	-12%	23%
Suez Crisis	29 Oct 1956	0%	-4%	-4%	-1%	-12%	24%
Cuban Missile Crisis	16 Oct 1962	0%	5%	14%	21%	28%	60%
JFK Assassinated	22 Nov 1963	-3%	3%	8%	12%	20%	12%
Gulf of Tonkin Incident	2 Aug 1964	0%	-2%	2%	5%	3%	14%
Six-Day War	5 Jun 1967	2%	3%	7%	8%	14%	-13%
Tet Offensive	30 Jan 1968	-1%	-4%	5%	5%	10%	3%
Munich Olympics	5 Sep 1972	-1%	-2%	6%	1%	-6%	-23%
Yom Kippur War	6 Oct 1973	0%	-4%	-9%	-14%	-41%	-5%
Iran hostage crisis	4 Nov 1979	-1%	3%	11%	4%	26%	32%
Reagan Shot	30 Mar 1981	1%	-1%	-2%	-14%	-16%	19%
Iraq's Invasion of Kuwait	2 Aug 1990	-2%	-8%	-14%	-4%	10%	28%
USSR Coup Attempt	19 Aug 1991	1%	3%	2%	8%	12%	23%
9/11 Attacks	11 Sep 2001	-5%	-1%	4%	7%	-17%	2%
Gulf War II	20 Mar 2003	2%	2%	15%	18%	27%	49%
Madrid Bombing	11 Mar 2004	1%	3%	2%	1%	8%	27%
London Subway Bombing	5 Jul 2005	-1%	3%	2%	5%	5%	4%
Russia invades Georgia	1 Aug 2008	-1%	1%	-24%	-31%	-20%	2%
Boston Marathon Bombing	15 Apr 2013	1%	7%	8%	10%	19%	34%
Russia invades Crimea	20 Feb 2014	0%	1%	3%	8%	15%	29%
Bombing of Syria	7 Apr 2017	0%	2%	2%	8%	11%	13%
North Korea Missile Crisis	28 Jul 2017	0%	-1%	4%	15%	13%	31%
Saudi Aramco Drone Strike	14 Sep 2019	0%	-1%	5%	-9%	13%	37%
Iranian General Killed In Airstrike	3 Jan 2020	0%	0%	-22%	-4%	14%	18%
Russia invades Ukraine	24 Feb 2022	2%	7%	-7%	-4%	-7%	40%
Hamas attacks Israel	7 Oct 2023	1%	1%	9%	21%	32%	?
Israel strikes Iran	13 Jun 2025	1%	5%	10%	15%	?	?
US captures Maduro	3 Jan 2026	1%	2%	?	?	?	?
2026 Iran war	28 Feb 2026	0%	?	?	?	?	?
	Average	0%	0%	0%	2%	5%	19%
	Median	0%	1%	2%	4%	10%	23%
	% Positive	44%	55%	67%	63%	66%	89%

Source: Bloomberg, UBS, as of 13 March 2026

Figure 1 - Stocks have been resilient to most Middle East conflicts

Performance of select asset classes during Middle East geopolitical shocks



Source: Bloomberg, eia.gov, UBS, as of 13 March 2026

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Table 2 - How have asset classes performed during past Middle East conflicts?

Performance of select asset classes in the 90 days following Middle East geopolitical shocks

90-day return	S&P 500	US dollar	Gold	WTI Crude Oil	Bonds (Bloomberg US Agg. Bond Index)	HFRI Macro Total Index	HFRI Fund Weighted Composite Index
Iran hostage crisis, 1979	12%	-3%	81%	19%	0%	N/A	N/A
Gulf War, 1990	-14%	-5%	0%	120%	1%	-2%	-5%
Iraq War, 2003	16%	-9%	8%	4%	4%	5%	6%
Hamas attack on Israel, 2023	9%	-3%	11%	-13%	7%	-1%	4%
Twelve Days War, 2025	10%	-1%	6%	-15%	4%	3%	6%
Average return	**7%**	**-4%**	**21%**	**23%**	**3%**	**1%**	**3%**
Historical prob. of gain	**80%**	**0%**	**80%**	**60%**	**100%**	**50%**	**75%**

Source: Bloomberg, eia.gov, UBS, as of 13 March 2026

Table 3 - CIO Research: Scenario analysis for the Iran war

CIO Research market expectations and implied returns for select asset classes

	Pre-crisis level (26 February 2026)	Current level (13 March 2026)	Market level if oil prices stay above (or are expected to stay above) $100/bbl for: *2 months*	*3 months*	*4 months*	Bounce back level (if crisis resolved)
S&P 500	6,909	6,629	6,200	6,000	5,900	6,850
		Implied return from current level:	*-6%*	*-9%*	*-11%*	*3%*
10-year Treasury	4.02%	4.29%	4.50%	4.50%	4.25%	4.00%
		Implied return from current level:	*2%*	*2%*	*4%*	*6%*
EURUSD	1.18	1.14	1.13	1.1	1.05	1.2
		Implied return from current level:	*-1%*	*-4%*	*-8%*	*5%*
Gold ($/oz)	5,187	5,029	5,700	6,200	6,200	6,200
		Implied return from current level:	*13%*	*23%*	*23%*	*23%*

Source: UBS House View - CIO Alert: An investor's guide to navigating the conflict. UBS Chief Investment Office Global Wealth Management Investment Research. Note: The 10-year Treasury implied return assumes a 1-year investment period.

How can investors manage crisis risks?

Here are some common sense steps to consider at this time:

1. **Stay invested.** Markets are already pricing in some risk of a prolonged disruption to energy supplies, and there is a significant opportunity cost to reducing portfolio risk. With this in mind, the CIO Research team advises long-term investors to stay invested, noting that: "we do not think that this crisis will have a meaningful impact on where markets trade over the longer run."[3] Although wars and geopolitical crises tend to be shocking, they have historically short-lived effects on the economic fundamentals. Some investors are inclined to sell because of immediate uncertainty—hoping to re-invest in the market after the crisis has passed—but this strategy tends to be counterproductive, requiring investors to be right on the timing of their exit *and* on the timing of their re-investment. Attempting to time markets

comes with the risk of locking in otherwise-temporary losses, realizing unnecessary taxes, and degrading the portfolio's ability to participate in the recovery.

2. **Separate short-term concerns from long-term goals.** Market losses tend to be short-lived. Even in the worst bear markets in the past 80 years, diversified portfolios have fully recovered their losses in three to five years.[1] Therefore, it may be prudent to maintain a Liquidity strategy—cash, bonds, and borrowing capacity to meet spending needs over the next three to five years—to help insulate portfolios from geopolitical and market risks and help to maintain their lifestyle despite market turbulence. This reserve may also help to reframe volatility and help families remain confident that they can "wait out" a market decline without being forced to sell long-term assets during a potential bear market. Keeping a healthy allocation to growth-oriented investments—even during bouts of volatility—tends to be prudent to growing wealth over time.
3. **Focus on what's possible to control.** We do not have control over how markets behave, but we can decide how we respond. In times like these, it's tempting to succumb to "action bias," a behavioral bias that gives us a strong urge to take action to assert control. Strategies like tax-loss harvesting and rebalancing can be a good way to “scratch the itch” of action bias while keeping the long-term strategy intact. Before making any large allocation changes, it's important to speak with a financial advisor. It may also be a good idea to take some time—at least a week or two—to weigh options carefully.
4. **Position tactically.** The CIO Research team has recently advised investors to stay invested in diversified portfolios. For investors looking to position tactically—or those looking to manage risk more actively—they have shared this advice: "Build a plan to progressively reduce portfolio risks the longer the crisis lasts. This means (a) adding hedges, including to equities and to cyclical currency positions; (b) building diversification, with quality bonds, gold, and commodity exposure; and (c) cutting cyclical exposures (or allowing exposure to reduce naturally by not actively rebalancing)."[3]

Conclusion

Historically, geopolitical crises—even those with massive and long-lasting societal consequences—have rarely left a lasting impact on financial markets. It is important to take care not to overreact to market headlines.

For investors who worry about the implications of a potentially sustained conflict in Iran, it may be helpful to discuss these concerns with a financial advisor, to help stress test portfolios and financial plans and identify strategies for mitigating potential risks while carefully managing opportunity costs.

End notes

[1] Waring, Justin; Carbone, Ainsley; and Scansaroli, Daniel. (10 October 2024). *Bear market guidebook: How to manage risk and harness opportunity in a market downturn*, accessed at www.ubs.com/bearmarketguidebook. UBS Chief Investment Office Global Wealth Management Investment Research.

[2] Bertrand, N. (2026, March 10). *Iran begins laying mines in Strait of Hormuz*. CNN. https://www.cnn.com/2026/03/10/politics/iran-begins-laying-mines-in-strait-of-hormuz.

[3] Haefele, Mark. (9 March 2026). *UBS House View - CIO Alert: An investor's guide to navigating the conflict*. UBS Chief Investment Office Global Wealth Management Investment Research.

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