



PCS  
ADVISORS

Let our independence ignite yours.™

# Geopolitical Risk and Markets

2026

*This document, including important disclosures at the end, is meant to be read in its entirety.*

# Understanding Geopolitical Risk

---



## **Power & Security Shifts**

Changes in conflict risk, military posture, and security relationships can raise uncertainty.



## **Alliances & Rivalries Evolve**

Cooperation or competition between countries can reshape global rules, access, and stability.



## **Trade, Tariffs & Sanctions Move**

Policy actions can alter the flow of goods, capital, and technology across borders.



## **Energy & Supply Chain Disrupt**

Shocks to oil and gas, shipping routes, and critical inputs can affect inflation and growth.



## **Markets React (Often Fast)**

Geopolitical shocks can drive short-term volatility, even when long-term outcomes are driven more by fundamentals.

# Markets Don't Always Sell Off Due To Geopolitics

Across more than 30 geopolitical risk events starting in 1939, markets initially react by trading lower but historically recovered losses within one week. In the majority of instances, markets were higher 12 months later.

## Equity Market Selloffs and Recoveries Around Geopolitical Events

	Time to Bottom (trading days)	Time to recover (trading days)	Size of selloff		1w from bottom	1m from bottom	3m from bottom	12m from bottom
Median	17	16	(6.3%)		+3.5%	+6.7%	+6.6%	+13.5%
Average	16	112	(7.6%)		+3.9%	+6.7%	+7.7%	+12.2%

## Subset of Geopolitical Events and Market Outcomes

Pearl Harbor	17	201	(10.8%)		+8.6%	+6.5%	(3.8%)	+15.3%
Kennedy Assassination	2	1	(2.8%)		+5.2%	+6.7%	+11.5%	+23.9%
9/11 Attacks	6	15	(11.6%)		+7.8%	+11.1%	+18.5%	(12.5%)
Russia Invasion of Ukraine	20	16	(9.1%)		+2.2%	+7.6%	(1.3%)	(4.3%)

In the sharpest sell off scenario, markets fell 26% in 3 weeks (WW II) and took >700 trading days to recover.

# Market Recovery After Geopolitical Events

While outcomes vary by event, history shows that geopolitical-driven market declines have generally been followed by stabilization and recovery, with lasting damage being uncommon.

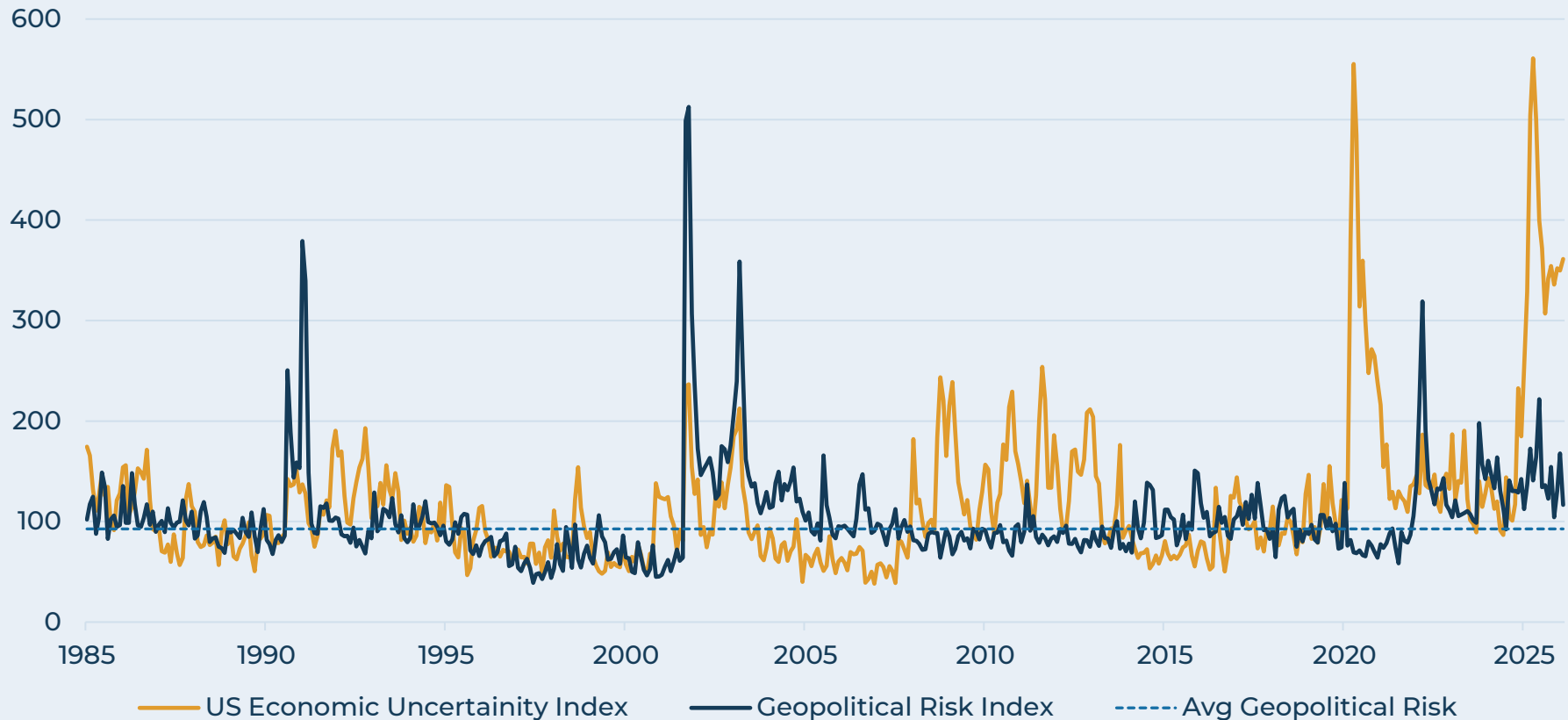
## Historical Events and S&P 500 Price Returns 3, 6, and 12 Months After



# Geopolitical Risk is More Frequent but Short-Lived

Since 2020, geopolitical and policy uncertainty has increased, with more frequent and larger spikes. Historically, markets often absorb these episodes quickly and recover in the months that follow.

### Geopolitical and Economic Risk Index



# Frequency of Losses in the Stock Market

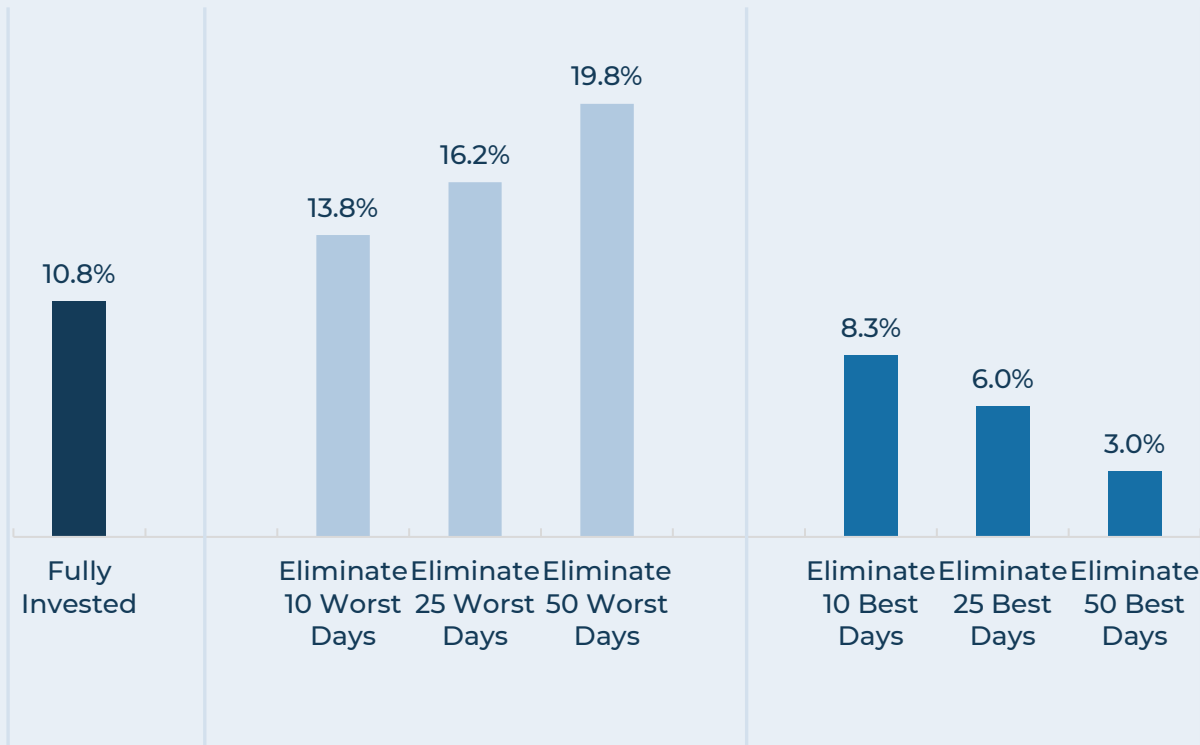
---

Size of Decline	Average Frequency	Average Length	Most recent occurrence
-5% or more	3x/year	39 days	November 2025
-10% or more	Every 16 months	127 days	March 2025
-15% or more	Every 3 years	230 days	April 2025
-20% or more	Every 5.5 years	335 days	June 2022

# The Cost of Panic Selling

It would be helpful to avoid the worst performing days and increase performance, but the best and worst days tend to occur close to one another.

## Performance of the S&P 500 Between January 1990 and Present



10 Worst Days		10 Best Days	
3/16/2020	-12.0%	10/13/2008	11.6%
3/12/2020	-9.5%	10/28/2008	10.8%
10/15/2008	-9.0%	4/9/2025	9.5%
12/1/2008	-8.9%	3/24/2020	9.4%
9/29/2008	-8.8%	3/13/2020	9.3%
10/9/2008	-7.6%	3/23/2009	7.1%
3/9/2020	-7.6%	4/6/2020	7.0%
10/27/1997	-6.9%	11/13/2008	6.9%
8/31/1998	-6.8%	11/24/2008	6.5%
11/20/2008	-6.7%	3/10/2009	6.4%

# Recovery Timeline: How Long It Takes to Bounce Back

Since 2000, the U.S. equity market has experienced four drawdowns greater than 20%: **2000–02**, **2007–09**, **2020**, and **2022**.

On average, it has taken three years for the stock market to reach a new high following a drawdown larger than 20%.

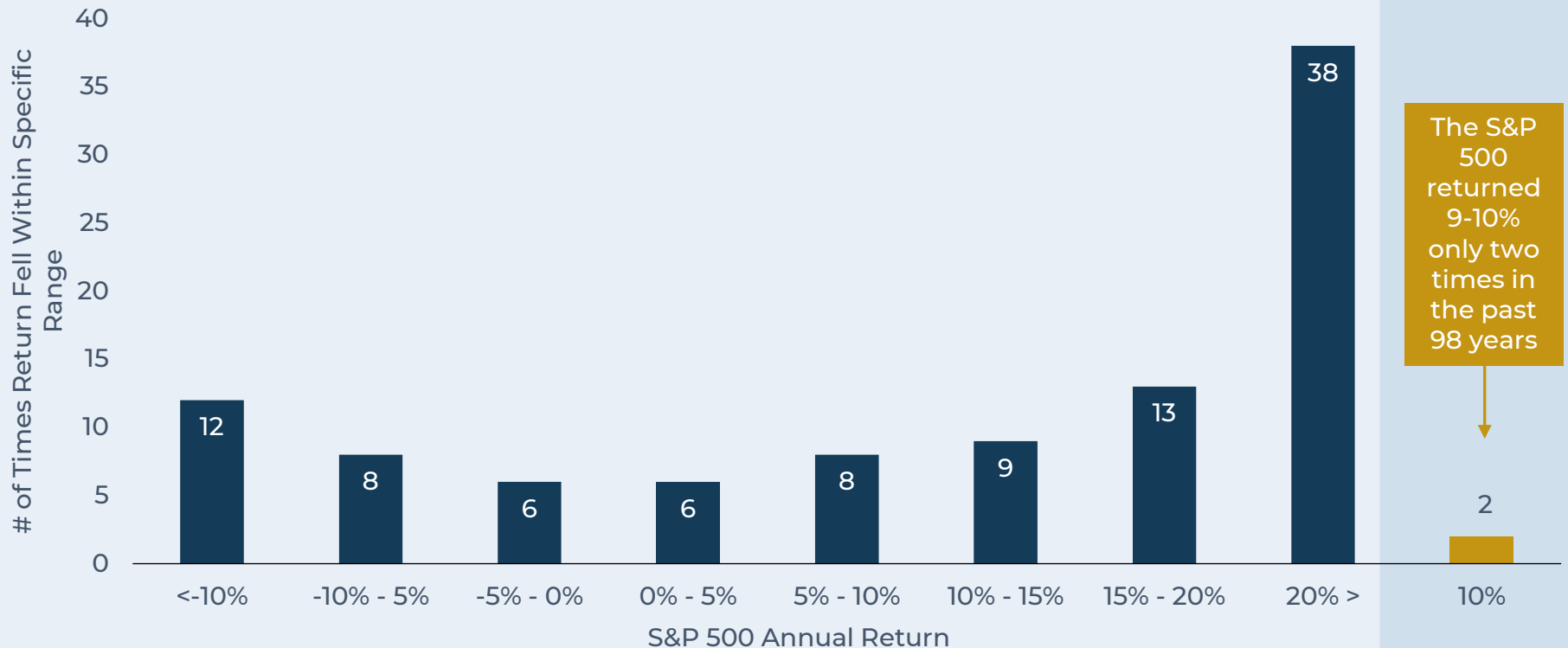
## S&P 500 Drawdowns >20% Since 1936

Start Date	End Date	Drawdown	3YR Fwd Return From Peak	5YR Fwd Return From Peak	Time to Achieve New High
<b>10/9/2007</b>	<b>3/9/2009</b>	<b>-55.3%</b>	<b>-4.5%</b>	<b>1.7%</b>	<b>4.5 Years</b>
3/10/1937	3/31/1938	-49.5%	-8.6%	-10.1%	7.0 Years
<b>9/4/2000</b>	<b>10/9/2002</b>	<b>-47.4%</b>	<b>-10.9%</b>	<b>-2.8%</b>	<b>6.0 Years</b>
1/11/1973	10/04/1974	-42.5%	-3.4%	-1.7%	3.0 Years
<b>2/19/2020</b>	<b>3/23/2020</b>	<b>-33.8%</b>	<b>8.2%</b>	<b>14.3%</b>	<b>6 Months</b>
5/15/1969	6/30/1970	-26.2%	3.8%	0.2%	2.0 Years
<b>1/3/2022*</b>	<b>10/12/2022</b>	<b>-24.5%</b>	<b>9.1%</b>	<b>4.5%</b>	<b>2.0 Years</b>
10/7/1987	10/20/1988	-23.9%	2.9%	8.5%	1.5 Months
3/30/1962	6/29/1962	-22.2%	10.7%	8.8%	1.0 Year
<b>AVERAGE</b>			<b>0.8%</b>	<b>2.6%</b>	<b>3.0 Years</b>

# The One Thing the Market (Almost) Never Does

We have a long data history that tells us that the S&P 500 averages between 9-10% annually, a return that includes dividends. But in the last 97 years, the market has only generated returns near the average on 2 occasions.

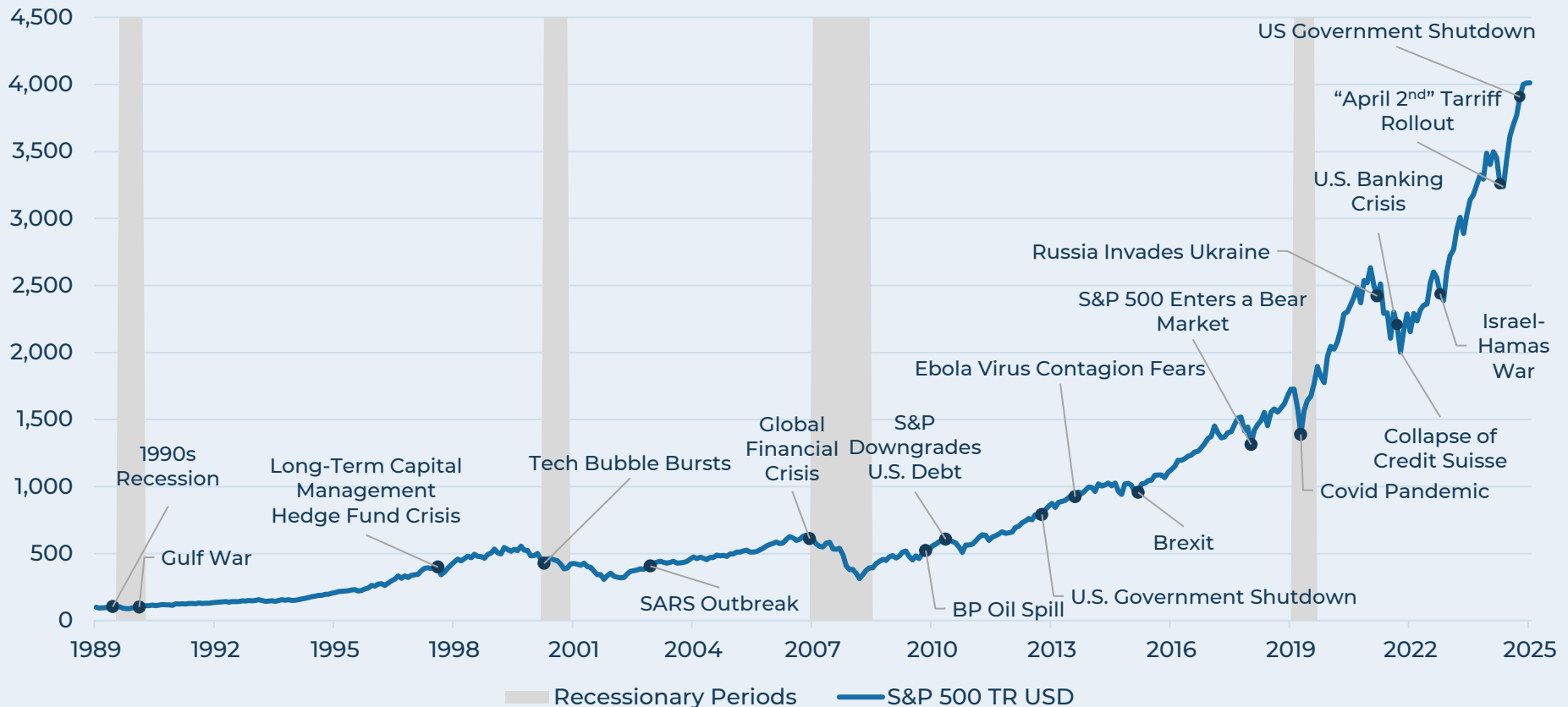
### S&P 500 Total Returns From 1936 - 2025



# Keeping a Long-Term Mindset

Markets have persisted through wars, government shutdowns, and other major shocks, and long-term investors have historically been rewarded for staying invested.

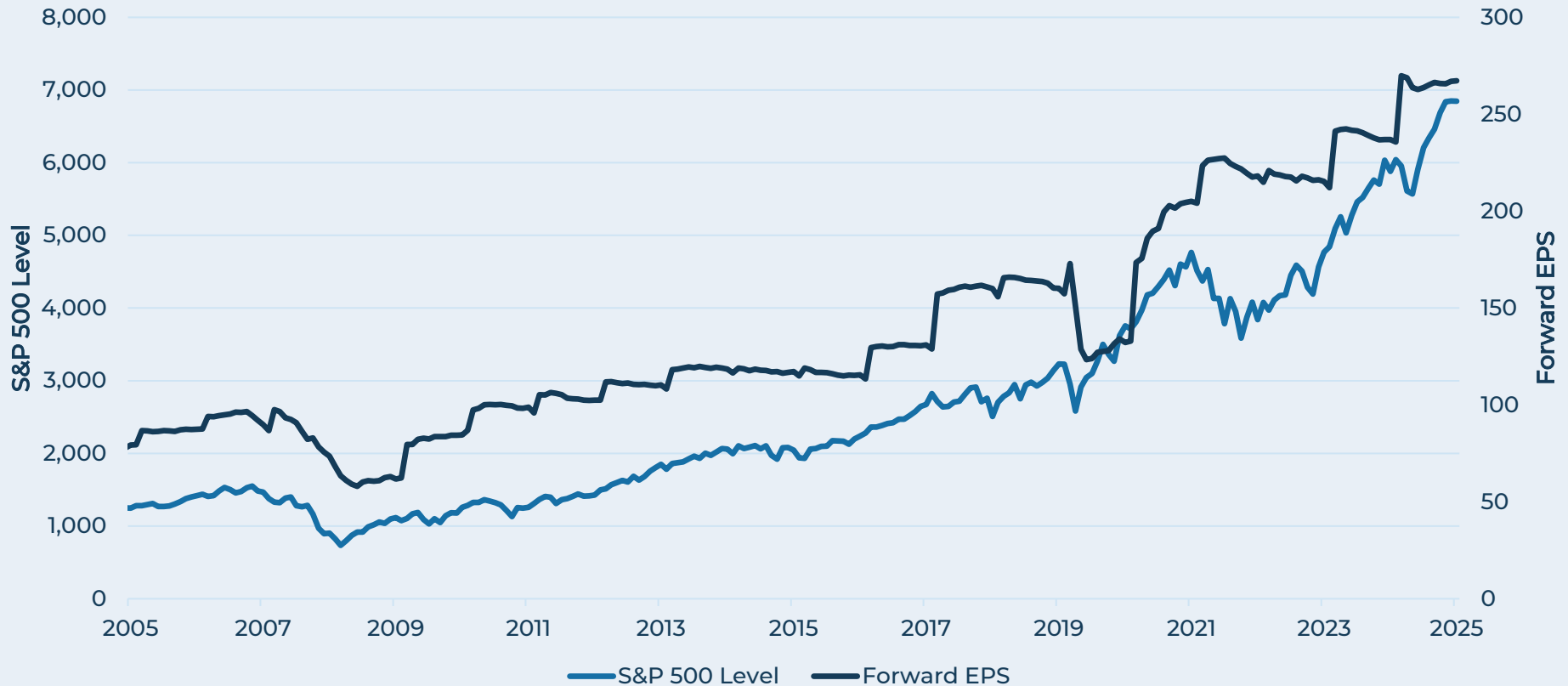
## S&P 500 Resilience Through Market Shocks



# In the Long Term: Fundamentals Win

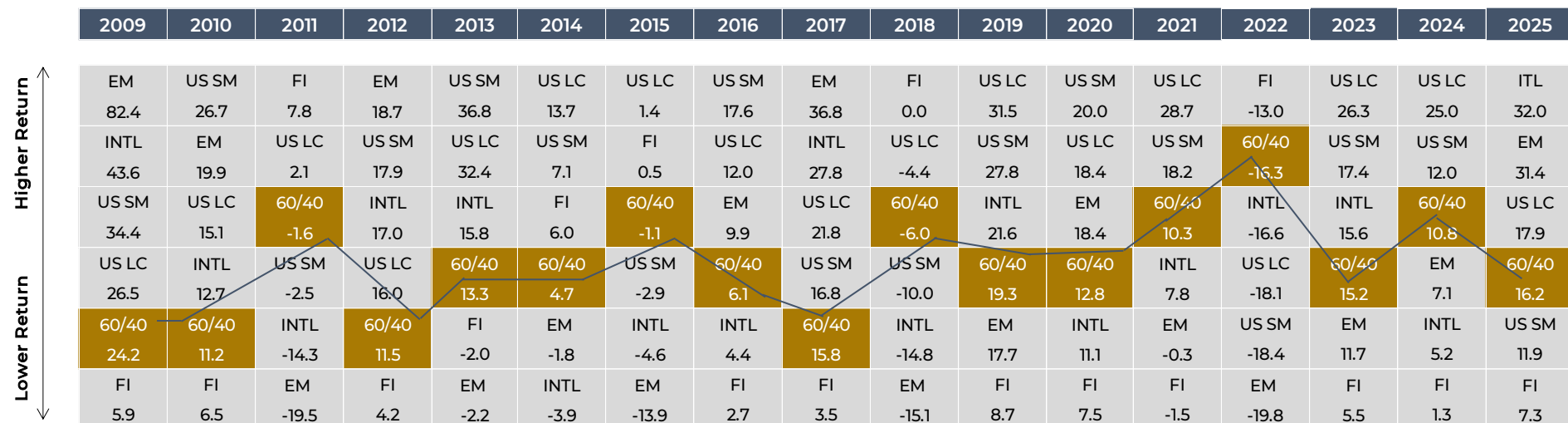
Many factors may impact stock prices in the short-term, but in the long-run, stock prices tend to follow earnings growth.

### Stock Prices Follow Earnings Growth



# Diversification Creates a Smoother Ride

A well-diversified portfolio can provide a more stable experience than a single security or asset class while protecting against idiosyncratic risk.



US LC Domestic Large Cap (S&P 500)

US SM Domestic Small-Mid Cap (Russell 2500)

INTL International (MSCI ACWI ex US IMI)

FI Fixed Income (Bloomberg Barclays US Agg Bond)

60/40 60% ACWI / 40% Agg

EM Emerging Markets (MSCI EM IMI NR)

# Steps to Take (Instead of Overreacting)

---

It's easy to feel anxious during market dips, but making impulsive changes can hurt your long-term goals. Remember, your plan accounts for these fluctuations.

## 1. Check your plan

*Make sure your investments still align with your goals and time frame.*

## 2. Remember your short-term needs are covered

*Cash and bonds are there to cover near-term needs.*

## 3. Stay focused on the long-term

*Short-term swings are normal, long-term growth is the goal.*

## 4. Talk to your advisor

*Your advisor can help you sort through the noise and stay grounded.*

# Disclosures

---

This document is intended for the exclusive use of clients or prospective clients of PCS Advisors. Any additional dissemination or distribution is strictly prohibited. Information provided in this document is for informational and/or educational purposes only and is not, in any way, to be considered investment advice nor a recommendation of any investment product or service. Advice may only be provided after entering into an engagement agreement and providing PCS Advisors with all requested background and account information.

In partnership with Fiducient Advisors, the included information has been obtained from a variety of sources believed to be reliable though not independently verified. Any forecasts represent future expectations and actual returns, volatilities and correlations will differ from forecasts. Past performance does not indicate future performance and there is a possibility of a loss.

Please visit [www.pcsbd.net/disclosures](http://www.pcsbd.net/disclosures) for other important disclosures. Private Client Services is an SEC Registered Investment Advisor doing business as PCS Advisors.

Past performance is no guarantee of future results. Different types of investments involve varying degrees of risk. Therefore, there can be no assurance that the future performance of any specific investment or investment strategy, including the investments and/or investment strategies recommended and/or undertaken by Wealthspire Advisors, will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. No amount of prior experience or success should be construed that a certain level of results or satisfaction will be achieved if Wealthspire Advisors is engaged, or continues to be engaged, to provide investment advisory services. Wealthspire Advisors is neither a law firm, nor a certified public accounting firm, and no portion of its services should be construed as legal or accounting advice. Moreover, you should not assume that any discussion or information contained in this presentation serves as the receipt of, or as a substitute for, personalized investment advice from Wealthspire Advisors. A copy of our current written disclosure Brochure discussing our advisory services and fees is available upon request or at [www.wealthspire.com](http://www.wealthspire.com). The scope of the services to be provided depends upon the needs and requests of the client and the terms of the engagement. Please Remember: If you are a Wealthspire Advisors client, please contact Wealthspire Advisors, in writing, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services, or if you would like to impose, add, or to modify any reasonable restrictions to our investment advisory services. Unless, and until, you notify us, in writing, to the contrary, we shall continue to provide services as we do currently.

Historical performance results for investment indices, benchmarks, and/or categories have been provided for general informational/comparison purposes only and generally do not reflect the deduction of transaction and/or custodial charges, the deduction of an investment management fee, nor the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that your Wealthspire Advisors account holdings correspond directly to any comparative indices or categories. Please Also Note: (1) Performance results do not reflect the impact of taxes; (2) comparative benchmarks/indices may be more or less volatile than your Wealthspire accounts; and (3) a description of each comparative benchmark/index is available upon request.

©2026 Wealthspire