

QUARTERLY NEWSLETTER

ST.THERESE FINANCIAL LLC

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The beginning of 2026 was flat as the S&P 500 increased from \$6,858.47 on 1/2/2026 to \$6,878.88 on 2/27/2026 [1]. However, the U.S. and Israel launch attacks on Iran starting on Feb. 28. Iran's supreme leader Ayatollah Ali Khamenei is killed [2]. The S&P 500 reacted by going from \$6,878.88 on 2/27/2026 to \$6,368.85 on 3/30/2026 [1]. That is a -7.41% return during the month of March [1]. While congress has not officially declared a war [3] which it hasn't technically done since World War II [4], it would be helpful to know how the markets have fared historically during wartimes. Below is a chart of how the S&P500 has done during every war since World War II [5]. The table includes the 3-months prior to the start of the war, the 3 months after the war started, and the total annualized performance of the S&P500 during the war start to finish:

WAR	3 MONTHS BEFORE START	3 MONTHS AFTER START	TOTAL PERFORMANCE (ANNUALIZED RETURN)
World War II	-12.3%	-9.0%	16.9%
Korean War	0.6%	10.3%	18.7%
Vietnam War	-1.5%	3.6%	6.4%
Gulf War	9.8%	18.2%	11.7%
Iraq War	-2.2%	13.6%	9.8%
Afghanistan War	-11.4%	10.4%	7.8%

Author's calculations.

As shown in the chart above, the 3-months before the start of the war are varied as 67% of the wars have negative returns during this time. In my opinion, this is due to the unknown future of what may transpire during and after the war is completed. Then, as reality sets in and expectations are adjusted, growth resumes which is shown by the 3-months after the start of the war category, which shows all wars after World War II having positive returns.

While this chart shows some trends, it is important to realize that every war is unique and has different outcomes and events that can change the performances of the markets at any moment. For instance, with the US-Iran war, the Strait of Hormuz has been closed off, which has caused two events; the rerouting of shipping trades routes [6], and an increase in the price of oil over \$100 [7]. While this seems dire, a similar situation happened in 2022. Oil prices were also above \$100 a barrel in 2022 [7] as well as terrorist attacks in the Strait of Hormuz which caused ships to re-rout around the Cape of Good Hope, and the start of the Russia-Ukraine war. In 2022 the S&P 500 had a -19.44% return [8].

Is it possible that the S&P500 could have a downturn this year or next? Yes, its possible. From 1927-2025 the S&P500 had 30 years where it had negative returns. That is 30.3% of the time [8]. Thus, about every 3-4 years the S&P500 will have negative returns. It is something that occurs, it's natural, and it is not predictable. However, an interesting fact is that from 2000-2020 the S&P500 returned 20%+ 4 times. From 2021 – 2025, 3 times [8]. The last time the S&P 500 had a five year stretch that was comparable was the dot-com era of 1995-1999, where the S&P500 returned 20%+ 4 times [8]. The PE ratio of the S&P 500 Jan 1, 2000 was 29.04 [9]. Jan 1, 2026 the PE ratio was 29.60 [9]. The S&P 500 peaked March 24, 2000 then lost half of its value by October 9, 2002 [1]. It took 7 years and 2 months for the S&P 500 to bottom out and reach its peak again [1].

So, what does this all mean? In my opinion, it means we are in the final innings of an incredible bull run. That doesn't mean that the show will be over this year, but time is running out. The S&P500 is finishing up it's 16-year bull cycle that theoretically ends in 2028 [10]. We are also in the midst of a two-decade run that has not been seen since the 1980s and 1990s [10]. While these are merely predictions based on historical patterns, and future results are not guaranteed, in my opinion, extreme caution should be used when investing in today's markets. I believe that investing in companies/funds with rigorous quantitative and qualitative standards is a prudent exercise especially when dealing with overvalued markets. Growth is great but, not losing money is great too.

TICKER	YTD RETURNS as of 4/6/2026 [11]	PE RATIO as of 4/6/2026 [12]
S&P 500	(3.53%)	23.55
Russell 2000	2.48%	35.52
DJIA	(3.05%)	22.83
NASDAQ	(5.43%)	29.34
GOLD	7.74%	N/A
BITCOIN	(20.10%)	N/A

References

Battle of Iwo Jima Picture: <https://www.history.com/articles/world-war-ii-iconic-photos>

AI Picture: <https://www.forbes.com/councils/forbestechcouncil/2023/04/10/the-future-of-artificial-intelligence/?streamIndex=0>

[1] <https://www.cnbc.com/quotes/.SPX>

[2] <https://www.usatoday.com/story/graphics/2026/03/01/us-attack-on-iran-timeline-2026/88933055007/>

[3] <https://www.msn.com/en-us/news/politics/opinion-congress-will-get-its-vote-on-the-war-with-iran/ar-AAIZiOHE?ocid=BingNewsSerp>

[4] <https://www.pbs.org/newshour/politics/congress-hasnt-officially-declared-war-since-wwii-heres-how-presidential-war-powers-have-played-out-since-then>

[5] <https://www.fool.com/research/how-war-affects-stocks/?msockid=2081b60bdab56c9e3822a37fdb336d59>

[6] <https://app.quotemedia.com/data/downloadFiling?webmasterId=101533&ref=319850808&type=PDF&symbol=ASC&cdn=971948e89bf99be7592823f96840736b&companyName=Ardmore+Shipping+Corporation&formType=20-F&dateFiled=2026-03-06>

[7] <https://www.cnbc.com/quotes/@CL.1>

[8] <https://www.macrotrends.net/2526/sp-500-historical-annual-returns>

[9] <https://www.multip.com/s-p-500-pe-ratio/table/by-year>

[10] Calculations completed on data taken from <https://www.macrotrends.net/2577/sp-500-pe-ratio-price-to-earnings-chart>

[11] All YTD returns were taken on 4/6/2026 at 1:55pm from <https://www.cnbc.com/>.

[12] All PE ratios are as of 4/2/2026 from <https://www.barrons.com/market-data/stocks/us/pe-yields>

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