

BREECE PRIVATE WEALTH MANAGEMENT, LLC

Private Client Communication · March 2026

Resilience in the Face of Conflict:

Why We Stay the Course — and Why the Opportunity May Be Greater Than Anyone Realizes

Dear Trusted Friends,

Geopolitical conflict inevitably brings a sense of unease. When the headlines are dominated by missiles, oil spikes, and the specter of a wider war, the instinct is to seek safety — to move to the sidelines and wait for the dust to settle. I understand that instinct completely. But history, and frankly my own experience across multiple cycles, tells a very different story about the relationship between geopolitical chaos and your long-term wealth.

This letter will not sugarcoat what is happening. I want to be direct with you, share my honest conviction about where this conflict may be heading, and — perhaps most importantly — lay out a scenario that almost no one is talking about, one that has the potential to be genuinely transformative. And I want to ground all of it in data.

+31.7%

**Avg. 1-Yr Return After
Midterm Lows**

*Source: Carson Investment
Research, Factset — every midterm
year since 1950*

20.2X

**Tech Sector Forward P/E
(Mar 2026)**

*Source: Bloomberg Finance LP,
03/27/2026*

\$8T+

**Cash on the Sidelines (Money
Market)**

*Source: Bloomberg / Financial
Times, March 27, 2026*

I. My Conviction: The U.S. Cannot — and Will Not — Let This War Continue Unless...

Let me be direct about something that I think is under-appreciated in the current market narrative: the United States has profound strategic, economic, and political incentives to resolve this conflict as quickly as possible. This conviction is without political bias nor ungrounded hope — rather, it is my strict analysis of the incentive structure. Charlie Munger distilled it best: **"Show me the incentive and I'll show you the outcome."** Applied here, the incentives could not be more unambiguous.

The Incentives Are Overwhelming

Consider what a prolonged Iran conflict actually means for the United States: sustained \$90+ oil prices feeding directly into inflation at precisely the wrong moment, a Fed that becomes paralyzed between its

dual mandates, Treasury yields that refuse to cooperate with a government that needs to refinance trillions in debt at manageable rates, and a stock market — which, let's be clear, is now effectively the U.S. economy, valued at roughly \$60 trillion against a GDP of \$32 trillion — that continues to suffer. That is an enormous amount of pain for a country that entered this conflict as a net energy exporter and has its midterm elections on the horizon. Further, as pointed out in previous writings and podcasts, U.S. GDP is entirely supported by 1) AI Capex Spending, which is not slowing by any means, and 2) spending by the upper 10%, much of which is deeply correlated to their portfolio statements.

I have watched Washington throughout my career and learned a critical lesson in judiciously keeping politics from interfering with my investments. That said, one constant is that politicians, regardless of party, are exquisitely sensitive to gas prices and stock prices. Both are moving in the wrong direction. The political incentive to end this conflict, or at minimum to contain it rapidly, is as strong as any I have seen. I do not believe the leadership in Washington is indifferent to these dynamics.

Moreover, the military incentive structure points in the same direction. Precision strikes, not occupation, and avoidance of open-ended entanglement forever war. I may be wrong, and I hold this view with genuine humility, **but my strong conviction is that the United States will bring maximum pressure to bear for a rapid resolution.**

II. The Scenario Nobody Is Pricing In — And Why It Matters

I want to raise a scenario that I suspect most of you have not seen discussed on CNBC, in the Wall Street Journal, or in any research note from the major banks. I want to be explicitly clear: **this is not my base case.** However, it is, in my judgment, a non-negligible probability - and the market has assigned it essentially zero value. That asymmetry is precisely why it deserves serious consideration.

The Non-Consensus Scenario: Regime Change in Iran

History has an uncomfortable habit of producing outcomes that feel unimaginable right up until the moment they happen. The fall of the Soviet Union. The normalization of China. The Abraham Accords. Venezuela's overnight regime change. In each case, the consensus view was that the status quo was permanent — until it wasn't.

The Islamic Republic of Iran is a regime under unprecedented economic strain, isolated internationally, facing domestic unrest, and now confronting a military campaign of significant scale. I am not predicting what happens next. But I am saying that the probability of a fundamental change in Iran's government — whether through internal fracture, popular uprising, or a combination of pressures — is meaningfully higher today than it was six months ago, and the market has priced in precisely none of it.

What Would Regime Change in Iran Actually Mean?

Think for a moment about the implications, not the headline risk, but the fundamental shift in the global order:

● **Current Scenario (Priced In)**

- Iran oil remains sanctioned / disrupted
- Persistent \$85-100 oil supports inflation
- Strait of Hormuz risk premium embedded
- Regional destabilization, proxy escalation
- Fed constrained by stagflation fears
- Market priced for prolonged conflict

● **Regime Change Scenario (NOT Priced In)**

- Iran oil (4M+ barrels/day) returns to market
- Oil could re-price to \$60-70, a deflationary shock
- Hormuz risk premium collapses entirely
- Regional normalization — Saudi/Israel/GCC realignment
- Fed gains flexibility to cut aggressively
- Massive positive surprise for risk assets globally

The Venezuela analogy is instructive here. When a petro-state undergoes regime change, the downstream effects on energy markets, regional stability, and global capital flows are enormous — and almost always come faster than anyone anticipated. I am not saying this will happen. I am saying this is the kind of **asymmetric, low-probability / high-impact scenario** that defines generational investment opportunities. **Few can imagine it. That is precisely what makes it valuable to think about.**

III. What the Market Has Already Priced In — and What It Hasn't

One of the most important questions to ask right now is not 'what is going wrong?' but 'how much of what is going wrong is already reflected in prices?' The market is a forward-looking discounting machine. It does not wait for the evening news to catch up.

The Unusual Cross-Asset Correlation Signal

Here is something striking: over the past several weeks, **stocks, bonds, and gold are all declining together**. For those who follow market mechanics closely, this is a notable signal. Normally, these asset classes exhibit negative or low correlation — when equities fall, bonds rise as investors seek safety, and gold moves on its own axis. When all three decline simultaneously, it typically reflects one of two conditions: either genuine systemic risk (2008-style deleveraging), or, and this is my read, **a market that is aggressively pricing in a specific macroeconomic scenario: prolonged conflict, persistently elevated oil, and a stagflationary bias.**

If I am correct that this correlated selloff reflects the market actively pricing in an extended conflict with sustained oil disruption, then the math becomes interesting. A significant amount of the bad news — elevated energy prices, inflationary pressure, geopolitical uncertainty could already be in current prices. The market has done its job. It has looked ahead and discounted a difficult outcome.

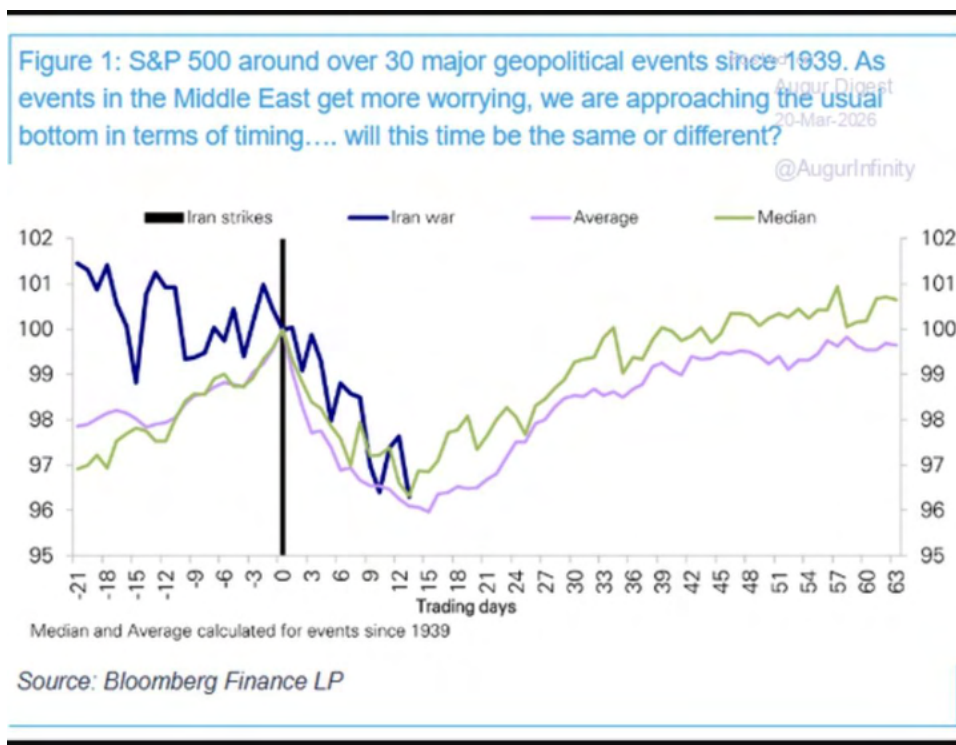
What appears **not** priced in, is any form of rapid resolution. Not the base case of a negotiated ceasefire. Not the moderate case of de-escalation. And certainly not the non-consensus case of a fundamental

change in Iran's political structure. When good news surprises a market that has already priced in bad news, the reversals can be violent and fast.

"Markets move fast in both directions. The most powerful rallies in history have emerged from the deepest pessimism. The question is never 'is the news bad?' — it's 'is the bad news already in the price?'"

The Historical Pattern Around Geopolitical Shocks

The chart below tracks the S&P 500 Index around 30+ major geopolitical events since 1939. The blue line represents the current Iran war trajectory, overlaid against the historical average and median. The pattern is remarkably consistent across different eras, different presidents, different weapons, and different theaters of conflict: markets sell off in the lead-up and immediate aftermath of the event, typically bottom within 12–15 trading days of the initial strike, and then recover, often strongly, over the following 60 trading days.



Source: Bloomberg Finance LP via @AugurInfinity — S&P 500 around 30+ major geopolitical events since 1939. Vertical black bar = initial strikes. Blue line = current Iran war trajectory vs. historical average (purple) and median (green).

IV. The Other Story Nobody Is Telling: Earnings Are Rising

Amid all the noise, there is a signal that is getting almost no attention: corporate earnings are going up. Not holding steady, rather, they are **going up**. Every single S&P 500 sector has seen its 12-month forward earnings estimates revised higher since the conflict began. The technology sector, specifically, just registered its largest four-week upward earnings revision since data collection began in 1995.

The biggest expected gains are for oil stocks, obviously. The biggest losers include oil consumers, notably chemical companies, airlines and cruise lines. But, surprisingly to me, every sector's earnings estimates have risen since the U.S.-Israeli attack began, with the technology sector seeing its biggest increase over a four-week period since the data began in 1995.

War, what is it good for?

Four-week change in 12-month earnings forecasts for S&P 500 technology sector



Note: Weekly data
Source: LSEG IBES

The economy's stability is a crucial support. It will be hurt by higher oil prices, despite the U.S. being a net energy exporter. But it went into the war strong, so can weather a moderate hit to growth. Few investors are predicting recession, even as worries about inflation and slower growth prompt talk of stagflation.

Source: LSEG IBES via The Wall Street Journal — 4-week change in 12-month S&P 500 technology sector earnings forecasts. The current 'Latest' data point (top right) is the largest upward revision since 1995.

Let me be explicit about why this matters enormously: **the stock market is ultimately and always a discounting mechanism for future earnings.** If earnings are rising while prices are falling, valuations are compressing, which means stocks are getting cheaper relative to their fundamental value. This is not a warning sign; it is, historically, the definition of an opportunity.

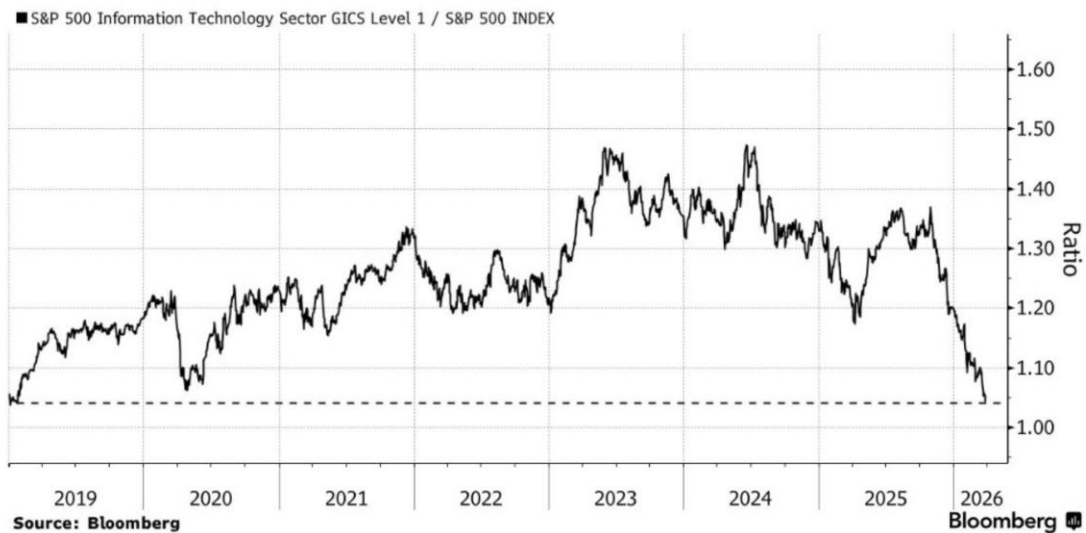
Technology Valuations: The Reset Has Been Dramatic

The S&P 500 Information Technology Sector now trades at approximately 20.2x forward earnings, a level last seen before the AI investment cycle fully began. From a peak forward P/E above 31x in late 2024, that represents a compression of nearly 35%. And the relative premium that tech commanded over the broader market? It has collapsed from 1.5x to roughly 1.05x — the cheapest it has been since 2019.



Source: Bloomberg Finance LP (@ryandetrick, 03/27/2026) — S&P 500 IT Sector forward P/E, 2018–March 2026. Current: 20.2x.

Tech Premium Cheapest Since 2019 S&P Technology forward P/E valuation premium to the S&P 500



Source: Bloomberg — S&P 500 IT Sector forward P/E relative to the S&P 500 Index. A ratio of 1.0 = parity with the market. Current premium is cheapest since early 2019.

V. The Danger of the Sidelines — and the \$8 Trillion Question

There is one more dimension to this picture that I find as compelling as any valuation metric: **investor behavior**. For the first time since April 2025, according to reports from Bloomberg and the Financial Times, we are seeing sustained outflows from equity funds. Investors, retail and institutional alike, are moving to cash. Money market funds are swelling. And the total sitting on the sidelines has crossed \$8 trillion.

I want you to think carefully about what that means. That capital did not evaporate. It is sitting in money markets, earning modest yields, waiting for the news to feel 'safe.' And that is exactly the wrong instinct — because when the news feels safe, the recovery has already happened.

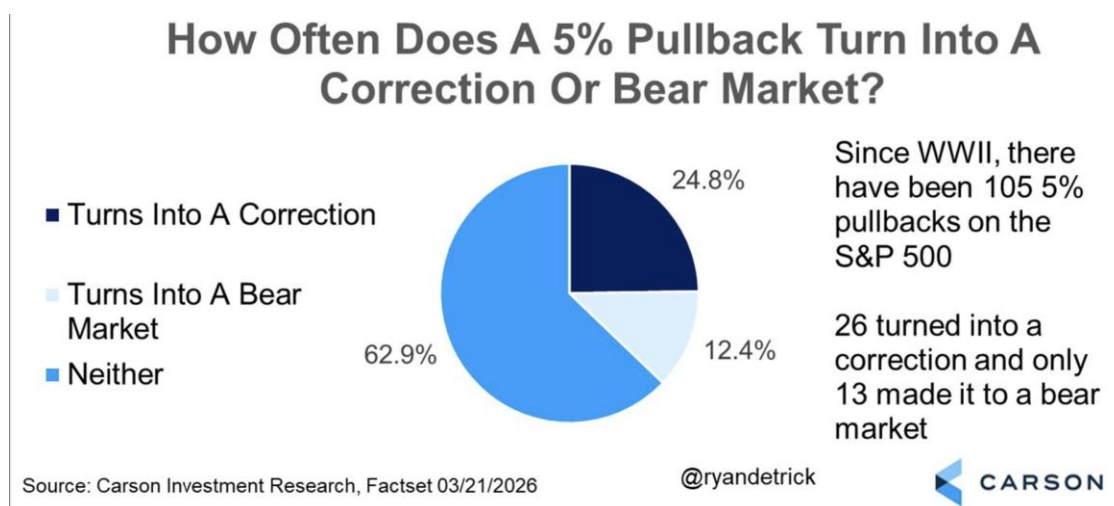
Sir John Templeton's Observation on Market Psychology

Sir John Templeton, one of the greatest investors in history, observed that **"Bull markets are born on pessimism, grow on skepticism, mature on optimism, and die on euphoria."**

Ask yourself honestly: which phase does the current environment resemble? I see sustained pessimism in sentiment surveys, historically elevated cash balances, broad institutional skepticism, and a financial press focused almost entirely on downside scenarios. I do not see euphoria. I do not see the crowded trades of a market top. I see the opposite.

Bull markets do not die of pessimism. They die of euphoria. Where do you see euphoria today?

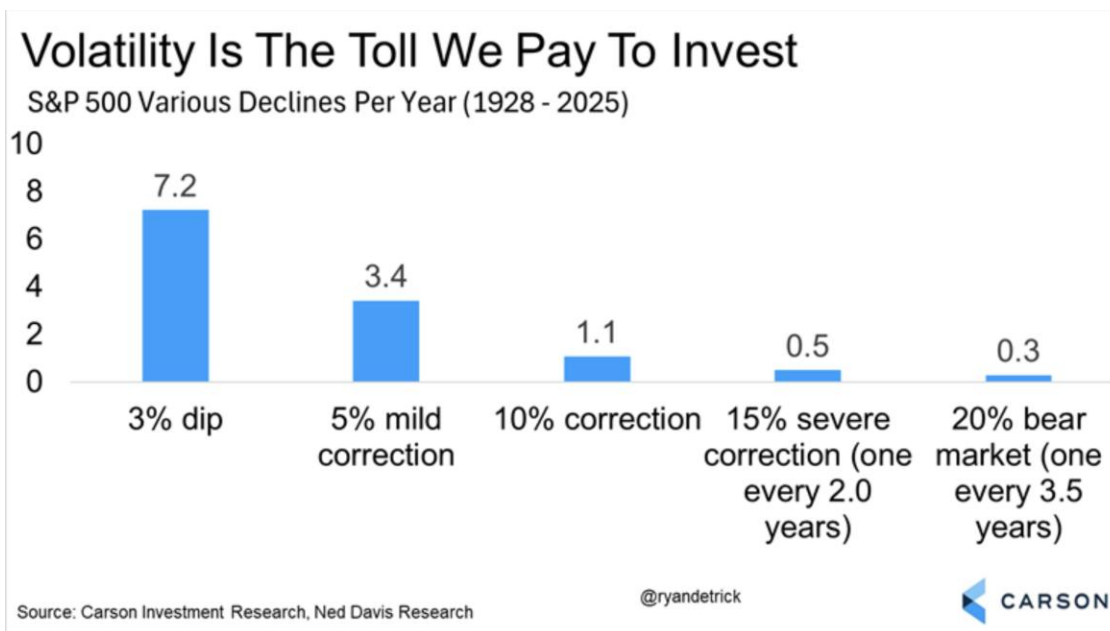
The historical data reinforces this. Since World War II, there have been 105 instances of the S&P 500 declining 5% or more. Of those, only 12.4% ever became full bear markets. The base rate for a correction escalating to a 20%+ decline is roughly 1 in 8. Put differently: nearly 90% of the time, investors who panic at a 5% pullback are wrong — and the cost of that mistake is compounded by missing the recovery. (Source: Carson Investment Research, Factset, 03/21/2026)



Source: Carson Investment Research, Factset (03/21/2026) — 105 instances of 5%+ pullbacks since WWII. 62.9% resolved without becoming corrections.

Volatility — It's the Price of Admission to the Greatest Wealth Generator

From 1928 to 2025, the S&P 500 experienced a 5% pullback an average of 3.4 times per year. A 10% correction, which feels catastrophic in real-time, happened roughly once per year. The market is not malfunctioning right now. It is operating exactly as designed, extracting the toll that has always been required in exchange for long-term compounding. (Source: Carson Investment Research, Ned Davis Research)



Source: Carson Investment Research, Ned Davis Research — Average annual frequency of S&P 500 declines by magnitude, 1928–2025.

VI. The 2026 Midterm Year Context — History Is Unambiguous

In our 2026 Outlook letter earlier this year, we flagged the midterm election year dynamic as one of the defining features of this environment, both a risk and, ultimately, an opportunity. That thesis is playing out almost exactly as history suggested it would.

Since 1950, every single midterm election year has experienced a meaningful drawdown — average peak-to-trough of 17.5%, median of 16.6% (Source: Carson Investment Research, Factset). Importantly, the average **date of the annual low** in a midterm year is August 18th. The median is September 29th. We are in late March. If the pattern holds, we *may* not yet have seen the worst of the drawdown, which is why we are maintaining strategic reserves to deploy opportunistically if conditions deteriorate further. In addition, we are actively pursuing tax-loss harvesting opportunities to help offset future tax liabilities — ***turning lemons into lemonade.***

But here is the point that matters most: every single midterm year has produced a positive 12-month return from that low. **The average is +31.7%. The median is +33.2%. Not once in 75 years has a patient investor who held through a midterm drawdown been worse off twelve months later.** (Source: Carson Investment Research, Factset)

S&P 500 Midterm Election Year Declines & Recoveries

Every midterm year since 1950 — drawdown and 12-month forward return

YEAR	MAX DRAWDOWN	1 YR. FORWARD RETURN
1950	-12.0%	+41.7%
1954	-4.4%	+51.1%
1958	-4.4%	+41.0%
1962	-26.4%	+37.5%
1966	-20.2%	+37.3%
1970	-25.0%	+48.9%
1974	-35.9%	+44.4%
1978	-12.8%	+18.1%
1982	-13.5%	+66.1%
1986	-9.4%	+44.3%
1990	-19.2%	+33.5%
1994	-8.5%	+18.5%
1998	-19.2%	+39.8%
2002	-33.0%	+36.1%
2006	-7.5%	+26.2%
2010	-15.6%	+33.6%
2014	-7.3%	+10.9%
2018	-19.4%	+39.9%
2022	-24.5%	+23.6%
Average	-16.1%	+36.4%
Median	-15.6%	+39.8%

Source: Carson Investment Research, Factset — S&P 500 midterm year max drawdowns and 12-month forward returns, 1950–2022.

Midterm Years Tend To Bottom Later In The Year And See Larger Corrections

S&P 500 Index Peak-To-Trough During A Midterm Year

Year	Date of Low	S&P 500 Index Return	
		Peak-To-Trough	Return One Year Later
1950	7/17/1950	(14.0%)	30.9%
1954	8/31/1954	(4.4%)	43.9%
1958	2/25/1958	(4.4%)	36.3%
1962	6/26/1962	(26.4%)	32.7%
1966	10/7/1966	(22.2%)	33.2%
1970	5/26/1970	(25.9%)	44.5%
1974	10/3/1974	(37.6%)	34.6%
1978	11/14/1978	(13.6%)	11.3%
1982	8/12/1982	(16.6%)	57.7%
1986	9/29/1986	(9.4%)	40.6%
1990	10/11/1990	(19.9%)	28.8%
1994	4/4/1994	(8.9%)	14.3%
1998	8/31/1998	(19.3%)	37.9%
2002	10/9/2002	(33.8%)	33.7%
2006	6/13/2006	(7.7%)	24.5%
2010	7/2/2010	(16.0%)	31.0%
2014	10/15/2014	(7.4%)	8.7%
2018	12/24/2018	(19.8%)	37.1%
2022	10/12/2022	(25.4%)	21.0%
Average	August 18	(17.5%)	31.7%
Median	September 29	(16.6%)	33.2%

Source: Carson Investment Research, Factset 11/16/2026
@ryandetrick



Source: Carson Investment Research, Factset — S&P 500 peak-to-trough declines and 12-month returns from the low in every midterm year since 1950.

"If the Bottom Is Historically in the Fall, Why Not Go to Cash and Wait?"

I want to address this question head-on because I know it is on many of your minds, and it deserves a direct answer rather than a diplomatic deflection.

The midterm year data tells us the average low may arrive around August 18th — the median, September 29th. It does not tell us it **will** arrive then. In four of the nineteen midterm years since 1950, the low came before July. In 1962, it was June. In 1994, April. Whoever moved to cash in March of those years, waiting for a fall entry point, sat on the sideline through the entire recovery. The average is not a promise, it is a distribution with real variance.

For me, the deeper problem with the cash strategy is not the calendar, rather, it is the nature of recoveries. They do not knock politely and wait. No one gives you an “all-clear” alert – quite the contrary. When the turn comes, it comes fast and without warning. We saw this on April 10th, 2025: the S&P 500 surged 9.5% in a single session the moment the administration reversed course on reciprocal tariffs. Investors who had moved to cash 48 hours prior watched trillions in value restored in hours while they sat flat.

According to Factset, seven of the ten best trading days in market history have occurred within two weeks of the ten worst. Missing even a handful of those days is catastrophic to long-term compounding — missing only the ten best days over thirty years cuts terminal wealth roughly in half. (Source: Putnam Investments)

And then there is the Iran wildcard, which I believe is the most important variable of all. A ceasefire, a negotiated exit, or something more fundamental could occur at any moment. The market will re-price that outcome instantly, before anyone has time to react. If you are in cash waiting for August, you will have absorbed the full volatility on the downside and missed the entire recovery on the upside. That is the worst of both worlds.

Timing the market requires being right twice: when you exit, and when you re-enter. In twenty-five years of navigating wars, crashes, and crises, I have never seen anyone do it consistently. The data agrees.

We stay invested, we hold tactical reserves for deeper dislocations, and we let time and discipline do their work.

VII. The 2026 Corrections Chart — Perspective Matters

The chart below is one of the most grounding visuals in our analytical toolkit. The blue bars represent the S&P 500's annual return for each year. The gold diamonds represent the maximum intra-year drawdown. The horizontal line is the long-run average maximum intra-year drawdown: approximately -14%.

The 2026 drawdown currently sits around -7.6% — **below** that long-run average. And yet in the vast majority of years shown, even those with larger intra-year declines, the S&P 500 finished with a positive full-year return. The year's pain, in retrospect, was almost always temporary.

Charlie Bilello		S&P 500 Corrections >5% since March 2009 Low				"Stocks Fall On..."
Correction Period	# Days	S&P High	S&P Low	% Decline		
2026: Jan 28 - Mar 20	51	7002	6474	-7.6%	Iran War, Crude Oil Spike, Private Credit Turmoil, AI Disruption Fears	
2025: Oct 29 - Nov 21	22	6920	6522	-5.8%	AI Bubble Fears	
2025: Feb 19 - Apr 7	47	6147	4835	-21.3%	Tariffs, Trade Wars and Global Recession Fears	
2024: Jul 16 - Aug 5	20	5670	5119	-9.7%	Recession Fears, Fed Behind Curve, Nikkei Crash	
2024: Mar 28 - Apr 19	22	5265	4954	-5.9%	Stubborn Inflation, Fed Pushing Back Rate Cuts, Iran/Israel Conflict	
2022: Jan 4 - Oct 13	282	4819	3492	-27.5%	Inflation, Rising Rates/Fed Tightening, Russia/Ukraine War, Recession Fears	
2021: Nov 22 - Dec 3	11	4744	4495	-5.2%	Covid Omicron Variant, Fed Taper Fears	
2021: Sep 2 - Oct 4	32	4546	4279	-5.9%	China Contagion Fears, Fed Taper Fears, Covid Delta Variant	
2021: Feb 16 - Mar 4	16	3950	3723	-5.7%	Inflation Fears, Rising Rates	
2020: Sep 2 - Sep 24	22	3588	3209	-10.6%	Coronavirus, No New Stimulus Deal, Election Fears	
2020: Feb 19 - Mar 23	33	3394	2192	-35.4%	Coronavirus, Global Depression Fears	
2019: Jul 26 - Aug 5	10	3028	2822	-6.8%	Trade War, Tariffs, Yuan Devaluation, Recession Fears	
2019: May 1 - Jun 3	33	2954	2729	-7.6%	Trade War, Tariffs, Inverted Yield Curve, Global Slowdown/Recession Fears	
2018: Sep 21 - Dec 26	96	2941	2347	-20.2%	Rising Rates, China Slowdown, Trade War/Tariffs, Housing Slowdown	
2018: Jan 26 - Feb 9	14	2873	2533	-11.8%	Inflation Fears, Rising Rates	
2016: Aug 15 - Nov 4	81	2194	2084	-5.0%	Election Fears/Concerns/Jitters	
2015/16: May 20 - Feb 11	267	2135	1810	-15.2%	Greece Default, China Stock Crash, EM Currencies, Falling Oil, North Korea	
2014/15: Dec 29 - Feb 2	35	2094	1981	-5.4%	Falling Oil, Strong Dollar, Weak Earnings	
2014: Dec 5 - Dec 16	11	2079	1973	-5.1%	Falling Oil, Strong Dollar	
2014: Sep 19 - Oct 15	26	2019	1821	-9.8%	Ebola, Global Growth Fears, Falling Oil	
2014: Jan 15 - Feb 5	21	1851	1738	-6.1%	Fed Taper, European Deflation Fears, EM Currency Turmoil	
2013: May 22 - Jun 24	33	1687	1560	-7.5%	Fed Taper Fears	
2012: Sep 14 - Nov 16	63	1475	1343	-8.9%	Fiscal Cliff Concerns, Obama's Re-Election	
2012: Apr 2 - Jun 4	63	1422	1267	-10.9%	Europe's Debt Crisis	
2011: May 2 - Oct 4	155	1371	1075	-21.6%	Europe's Debt Crisis, Double-Dip Recession Fears, US Debt Downgrade	
2011: Feb 18 - Mar 16	26	1344	1249	-7.1%	Libyan Intervention (Civil War), Japan Earthquake/Nuclear Disaster	
2010: Apr 26 - Jul 1	66	1220	1011	-17.1%	Europe's Debt Crisis, Flash Crash, Growth Concerns	
2010: Jan 19 - Feb 5	17	1150	1045	-9.2%	China's Lending Curbs, Obama Bank Regulation Plan	
2009: Oct 21 - Nov 2	12	1101	1029	-6.5%	Worries About The Recovery	
2009: Sep 23 - Oct 2	9	1080	1020	-5.6%	Worries About The Recovery	
2009: Jun 11 - Jul 7	26	956	869	-9.1%	World Bank Neg Growth Forecast, Fears Market Is Ahead Of Recovery	
2009: May 8 - 15	7	930	870	-5.5%	Worries That Market Has Gotten Ahead Of Itself	

Source: Carson Investment Research, YCharts (12/31/2025–Current) — Blue bars: full-year S&P 500 return. Gold diamonds: maximum intra-year pullback. Horizontal line: long-run average drawdown.

VIII. The BPWM Positioning Framework — What We Are Doing

At BPWM, our role is to serve as the rational, evidence-based counterweight to the emotional volatility that markets impose. While highly active and opportunistic, we do not time markets; we time your goals. Here is our current positioning thinking:

- **Staying Fully Invested.** We are not reducing equity exposure. The cost of being out of the market during recoveries, which historically are violent, fast, and unpredictable in timing, exceeds any benefit from avoiding further downside. This is the most important lesson from a century of market history.
- **Watching for Deeper Dislocations.** Midterm year data suggests the low may be August-September. We are holding tactical dry powder to deploy if markets present meaningfully lower levels, specifically in high-quality technology and energy-linked names.
- **Technology at Compelling Valuations.** With the IT sector at 20.2x forward earnings — down from 31x — and earnings estimates still rising, the risk/reward for selective, high-quality tech exposure is the best it has been since early 2019. (Source: Bloomberg Finance LP)
- **Energy and Geopolitical Hedges.** We maintain strategic positions in energy and defense that perform well in elevated-risk environments. These hedges have served portfolios well during this correction and provide ballast regardless of how the conflict resolves.
- **The Asymmetric Iran Scenario.** While not our base case, we are positioning strategically to benefit from a positive resolution — particularly through energy sell discipline and positions in

cyclical beneficiaries that, in theory, would move massively in such a scenario. In our opinion, the market has priced in very little, if any, of this upside.

A Contrarian Note: Private Credit

We want to be brief here because the point does not require elaboration: **we warned about the private credit space as early as 2023**, flagging the circular financing dynamics, the opacity of certain data center deals, and the irrational exuberance that was building in a space most investors did not fully understand. That caution proved correct.

What we are seeing now is the other side of that coin: forced selling, indiscriminate redemptions, and price dislocations that have nothing to do with fundamental value. Patient, opportunistic capital — the kind we work to deploy on behalf of our clients — is precisely what this moment is designed for. The same space we avoided at euphoric prices is now offering some of the most intriguing entry points we have seen in years. We are paying very close attention and taking judicious action. Rather than Private Credit itself, we are adding to opportunities in the asset managers and the public vehicles that are trading at historical discounts to NAV (some trading between 20%-30% discounts to NAV).

Closing Thoughts

I want to close with something personal. I have been through the dot-com collapse, 9/11, the 2008 financial crisis, COVID, and now this. In each instance, the moment of maximum fear felt different. It felt like this one might actually be 'the one' that breaks the pattern and the lessons of history. Each time, there was a supremely intellectual argument as to why “This Time is Different” and each time it never was.

The current environment has several overlapping sources of anxiety: geopolitical conflict, inflation risk, valuation questions, political uncertainty. I do not dismiss any of them. That said, from experience and from the data, including sentiment: that the confluence of pessimism, elevated cash, reasonable valuations, and rising earnings is not the signature of a market top. It is the signature of an opportunity being offered to those with the patience and discipline to accept it.

As Sir John Templeton observed, bull markets die on euphoria. **I see no euphoria.** I see fear, caution, and an \$8 trillion wall of cash waiting on the sidelines. That is a bull market's lifeblood, waiting to be deployed.

If you would like to discuss your specific allocation, explore the Iran scenario in more depth, or simply talk through what you are observing, please reach out. These conversations are exactly what we are here for.

With gratitude,

Justin W. Breece

Founder & Managing Director

Breece Private Wealth Management, LLC

BPWM Perspectives Podcast — Spotify

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