

## Office Hours Study Guide

# Guiding Clients Through Global Uncertainty

When dramatic geopolitical events occur, markets move quickly. Clients may react quickly, too. As an advisor, your role is not to predict the outcome of the event. It's to provide context, perspective, and steadiness.

When market disruptions happen, here are three things to keep in mind in client conversations.

### 1. Markets React Fast. They Have Also Recovered.

The initial response is usually familiar: stocks fall, volatility rises, headlines intensify.

History tells a broader story.

The Crisis & Recovery table below shows that across major events — wars, terrorist attacks, political shocks, financial crises — the median market decline during the event was about -13%.

## Markets Have Recovered From Crises

**Crisis and Recovery: How the S&P 500 Index Performed During and After Historic Events**

| Event                          | Event Reaction Dates    | Percent of Gain/Loss During Event | S&P 500 Percentage (%) of Gain/Loss After Last Reaction Date |                |                  |                 |
|--------------------------------|-------------------------|-----------------------------------|--|----------------|------------------|-----------------|
|                                |                         |                                   | One Month Later  | One Year Later | Five Years Later | Ten Years Later |
| Fall of France                 | 5/9/1940 - 6/21/1940    | -18.2                             | 3.1  | 5.2            | 15.9             | 13.2            |
| Attack on Pearl Harbor         | 12/5/1941 - 12/1-0/1941 | -6.9                              | 4.5  | 16.0           | 18.1             | 17.1            |
| Outbreak of Korean War         | 6/23/1950 - 7/13/1950   | -11.1                             | 9.5  | 42.0           | 27.6             | 18.4            |
| U.S. Invades Cambodia          | 4/29/1970 - 5/26/1970   | -15.0                             | 6.4  | 49.0           | 9.3              | 9.3             |
| Nixon Resigns                  | 8/9/1974 - 8/29/1974    | -13.4                             | -6.8   | 30.6           | 14.6             | 14.6            |
| 1987 Stock Market Crash        | 10/16/1987 - 10/19/1987 | -20.5                             | 7.1  | 27.9           | 17.0             | 18.9            |
| September 11 Terrorist Attacks | 9/10/2001 - 9/21/2001   | -11.6                             | 11.3   | -11.1          | 8.3              | 3.9             |
| Collapse of Lehman Brothers    | 9/12/2008 - 11/20/2008  | -39.6                             | 18.3   | 48.8           | 21.5             | 15.8            |
| U.S. Debt Downgrade by S&P     | 8/4/2011 - 10/3/2011    | -8.1                              | 14.9   | 35.0           | 17.0             | 17.1            |
| U.K Brexit Referendum          | 6/23/2016 - 6/27/2016   | -5.3                              | 8.5  | 23.5           | 18.7             | -               |
| Covid-19 Pandemic              | 2/19/2020 - 3/23/2020   | -33.8                             | 25.2   | 77.8           | -                | -               |
| <b>Market Gain/Loss</b>        |                         | <b>-16.7</b>                      | <b>9.3</b>   | <b>31.3</b>    | <b>16.8</b>      | <b>14.3</b>     |
| <b>Median Gain/Loss</b>        |                         | <b>-13.4</b>                      | <b>8.5</b>   | <b>30.6</b>    | <b>17.0</b>      | <b>15.8</b>     |



Source: Putnam Investments. For illustrative purposes only. Past performance is not indicative of future results. The event reaction periods begin immediately prior to the events. Historical references do not assume that any prior market behavior will be duplicated. There are risks associated with investing, including the possibility that share prices will decline. Since investment returns and principal value will fluctuate, shares when redeemed may be worth more or less than their original cost.

For illustrative purposes. Past performance is not indicative of future results.



This “risk-off” behavior is common during periods of geopolitical stress.

## Market Reactions to Geopolitical Events

**Middle East & Russia-Ukraine**

| Event & Date                | Oil Price Reaction                                       | Gold Price Reaction                            | U.S. Treasuries Reaction   | S&P 500 Reaction   |
|-----------------------------|--|--|--|--|
| 1973 Oil Embargo            | Oil prices quadrupled from ~\$3 to ~\$12 per barrel      | Gold surged as a safe haven                    | Treasury yields rose due to inflation                                | S&P 500 declined into bear market                        |
| 1979 Iranian Revolution     | Oil more than doubled in price over a year               | Gold prices jumped amid uncertainty            | Treasury yields climbed with inflation                               | S&P 500 fell sharply                                     |
| 1990 Gulf War               | Oil spiked > 100% before stabilizing                     | Gold rose immediately                          | Yield fluctuated on uncertainty                                      | S&P 500 dropped, then rebounded                          |
| 2011 Arab Spring            | Oil rose due to supply fears                             | Gold gained as turmoil spread                  | Treasury yields fell (flight to safety)                              | S&P 500 dipped briefly                                   |
| 2019 Abqaiq-Khuras Attack   | Brent crude surged nearly 20% in a day                   | Gold rose on tension                           | Yields fell as investors sought safety                               | S&P 500 had minor fluctuations                           |
| 2022 Russia Invades Ukraine | Oil (Brent) jumped from ~\$90 to ~\$130 within two weeks | Gold spiked above \$2,050/oz. before retracing | Treasury yields initially fell, then rose as Fed rate hikes followed | S&P 500 fell ~10% initially; recovered within six months |
| 2025 Israel-Iran Conflict   | Brent crude rose 11% to \$77.01 per barrel               | Gold increased > 1\$                           | Bonds rallied; yields dropped  | S&P dipped ~0.2%, showed resilience                      |

Sources: US Energy Information Administration (EIA), FRED, S&P Dow Jones Indices. For illustrative purposes only. Past performance is not indicative of future results.

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The magnitude and duration of market moves depend on how events unfold. Quick stabilization often supports faster recovery.

*Key Message for Your Clients:*

**“What we’re seeing is consistent with how markets typically behave during geopolitical uncertainty.”**

### 3. Clients Experience These Moments Emotionally

Even when long-term data is reassuring, these events feel personal.

**Some clients may feel:**

- Fear about portfolio losses
- Anxiety about global instability
- A strong urge to take action

Others may remain calm and analytical.

Start by understanding where they are emotionally before shifting into portfolio discussion.

**Helpful questions:**

- “How are you feeling about what’s happening?”
- “What concerns you most right now?”
- “Has anything about your personal situation changed?”

Then reconnect the discussion to a client’s long-term goals, time horizon, risk appetite, and the purpose of diversification.

The charts shown on the previous pages remind us that volatility can be sharp in the near term, but history suggests sell-offs tied to geopolitical events are often relatively short lived.

*Key Message for Your Clients:*

**“Short-term volatility is uncomfortable. It’s also expected.  
We built your plan with the goal of withstanding periods like this.”**

**The Big Picture**

Geopolitical shocks create uncertainty. Markets react. Headlines amplify. Emotions rise.

**Historically:**

- Disruption has been temporary.
- Markets have recovered.
- Long-term discipline has mattered more than short-term reaction.

In these moments, perspective is powerful.

To learn more about this topic, please watch our [Office Hours video](#) or reach out to your investment consultant.

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