

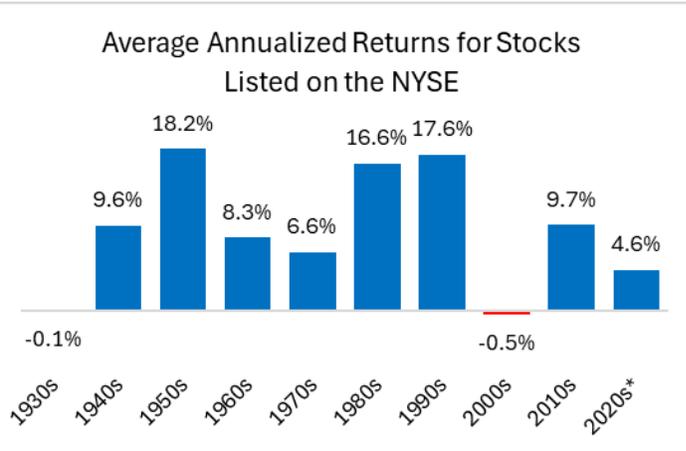


Market Musings

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The annual returns of the NYSE in the chart indicate that the best -performing decade was the 1950s, a period of time when the US economy benefited from increased growth, partly due to the implementation of the Marshall Plan for Europe.



Investment Implications of “Epic Fury” on Iran

February 28, 2026, is one of those dates that won’t be forgotten easily. Like December 7th, 1941, when the Japanese attacked Pearl Harbor, actions taken on that day changed history. The military actions taken by the US and Israel on February 28th may also change history for the better. When military actions focus attention on specific events, financial markets react accordingly. After four months of WWII, a war that lasted for over four years, the US stock market bottomed in April of 1942 and never looked back. Subsequently, the 1950s were the strongest decade on record for stock price appreciation. In January 1991, when the US led a UN-mandated liberation of Kuwait (Operation Desert Storm) in response to Iraq’s invasion of that country, expectations were for a sharp fall in equity prices. The opposite occurred, and the US stock market rallied strongly. Why, during adverse times such as these, do equity markets outperform?

Investors are looking for ways to grow their wealth and to take advantage of situations that may seem risky, such as buying stocks during periods of economic and political turmoil. They step in and see opportunities in industries and sectors that should benefit from risky situations such as conflict or war. Initially, a broad range of defense companies fit into this category. There is a whole other range of companies that will benefit from the end of hostilities. For example, after VE Day, the US committed to the Marshall Plan, which was designed to rebuild Europe, and many US companies benefited as their goods and services contributed to economic growth. The outlook for Iran is not conclusive, but we are already seeing strong interest in many US defense companies that will benefit from the production of war-related materials. We would expect to see stock market gains across many of those industries that will be called upon to help rebuild those countries’ facilities attacked by Iran, as well as to rebuild their own economies. Over the next few days, weeks, and months, we are likely to see additional stock market volatility as the war moves toward a conclusion. Yet, if history is any guide, financial markets will behave reasonably well and keep the bull market that we are experiencing intact.

“History never looks like history when you are living through it.”

- John W. Gardner

Market Commentary

February lived up to its reputation for volatility in financial markets. Asia Pacific equities outperformed global peers in February, with the S&P Pan Asia BMI rising 7% to an all-time high. Japanese equities surged in February as Prime Minister Sanae Takaichi's snap-election win boosted market sentiment. The S&P Japan 500 finished up 11% at a record high. European equities had their second consecutive month of gains, with the S&P Europe 350 rising 4%. Major Latin American indices posted mixed results for the month: the S&P Latin America BMI was up 3.4% in February. Domestic equities were challenged as growing scrutiny of AI-related capital expenditures and their impact on business models took a toll on large-caps. Market leadership shifted toward smaller companies, with the S&P MidCap 400 and the S&P SmallCap 600 up 4% and 2%, respectively. The U.S. Dollar Index ended February slightly higher than where it began, while bonds rose, with the 10-year Treasury yield falling near or below 4.0% and mortgage rates declining to their lowest level since 2022.

The term “unicorn” was coined in 2013 by TechCrunch to describe non-public companies worth at least \$1 billion. Ten years ago, there were 114 U.S. unicorns. By 2025, that number grew to 857, representing annualized growth of 25%.

(Source: Apollo, Crunchbase)