

Geopolitical Risk & Markets

February 2026

IMPORTANT INFORMATION

Source: Fiducient Advisors, L.L.C.

An investment cannot be made directly in an unmanaged index.

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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.

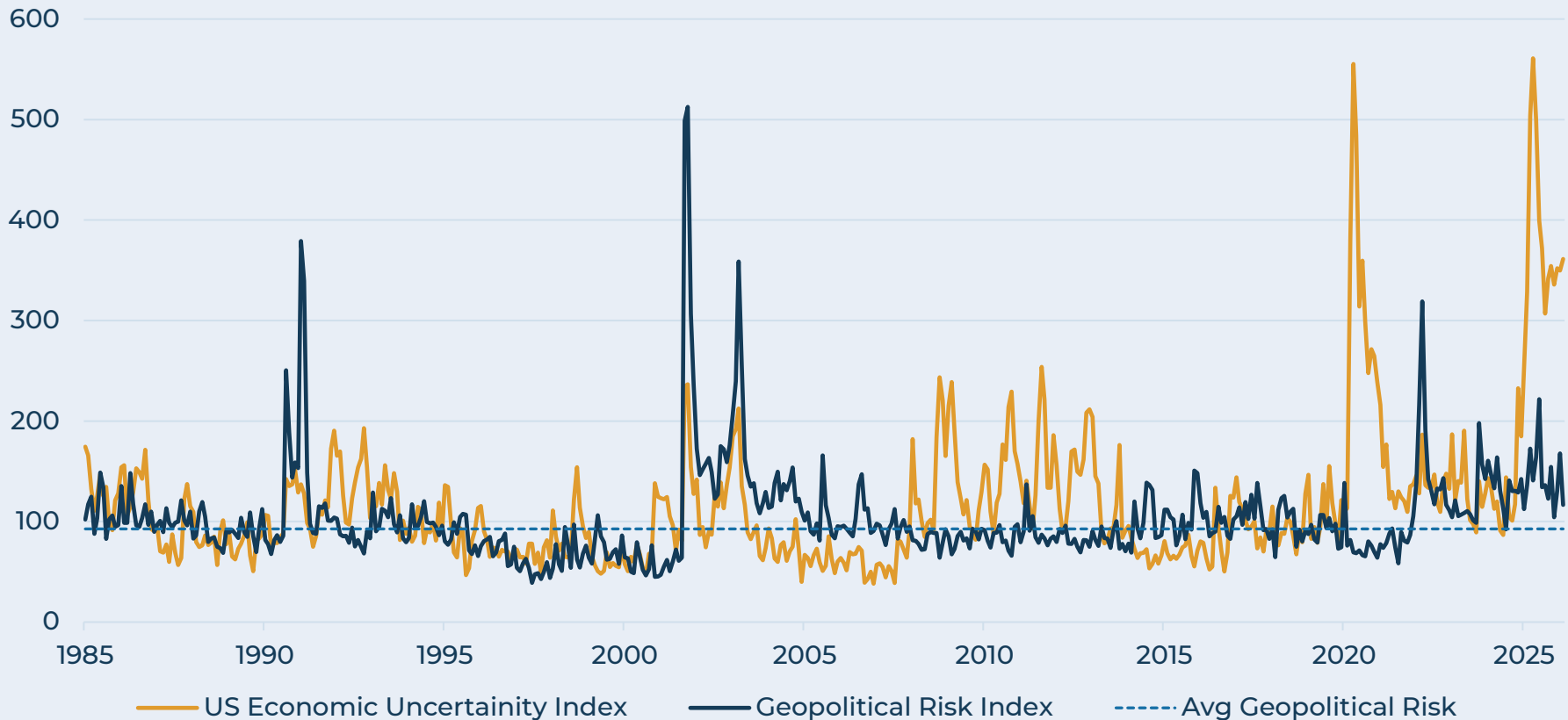
Historical Events and S&P 500 Price Returns 3, 6, and 12 Months After



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



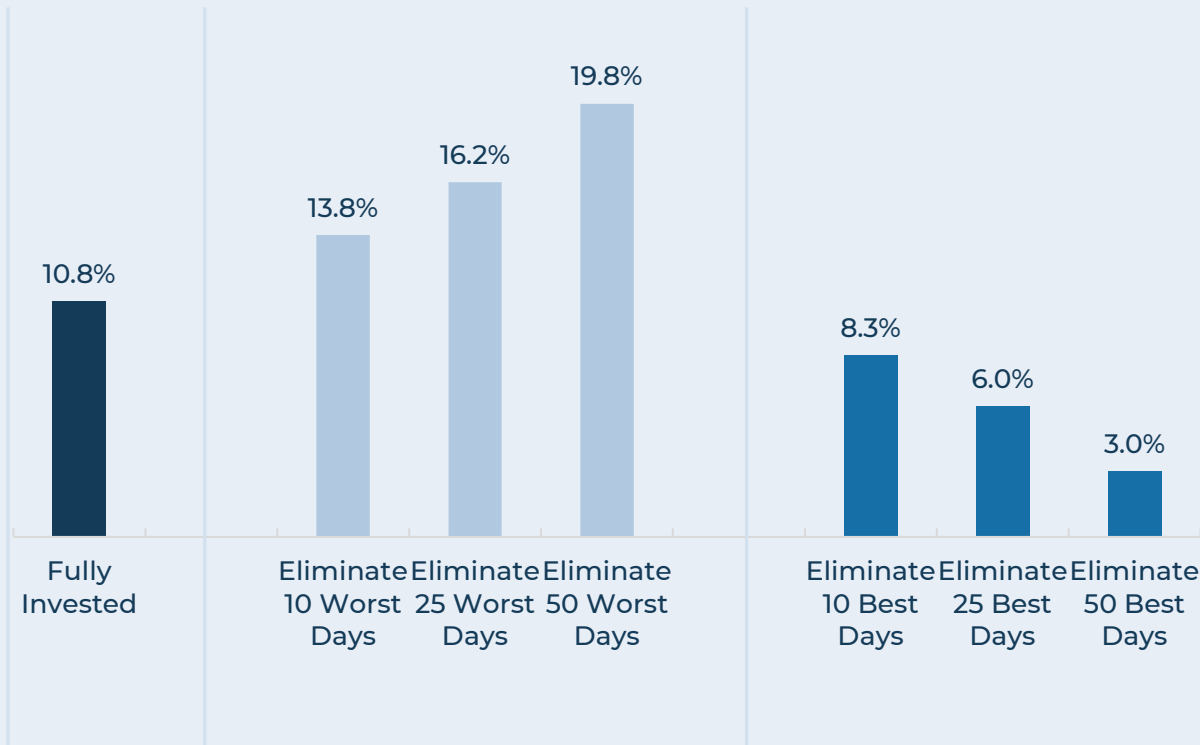
Frequency of Losses in the Stock Market

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%.

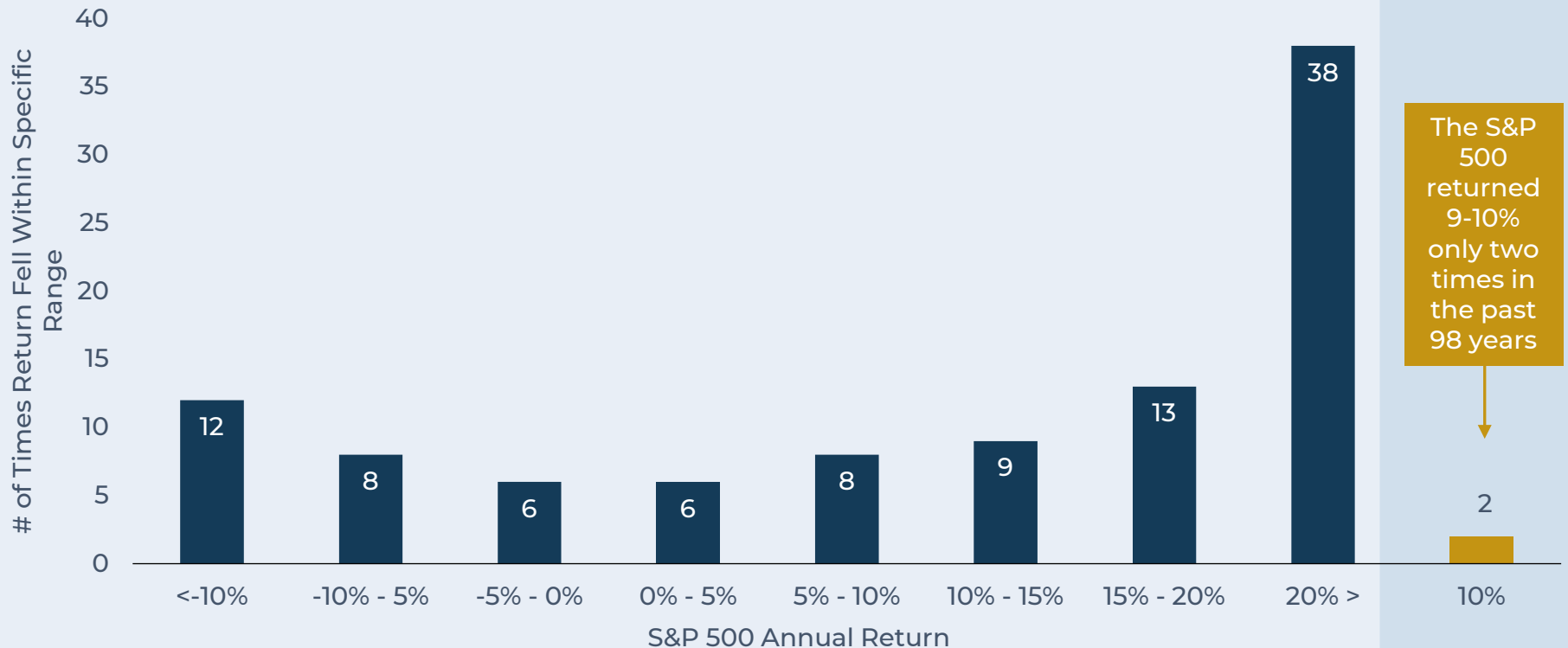
S&P 500 Drawdowns >20% Since 1936

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

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.

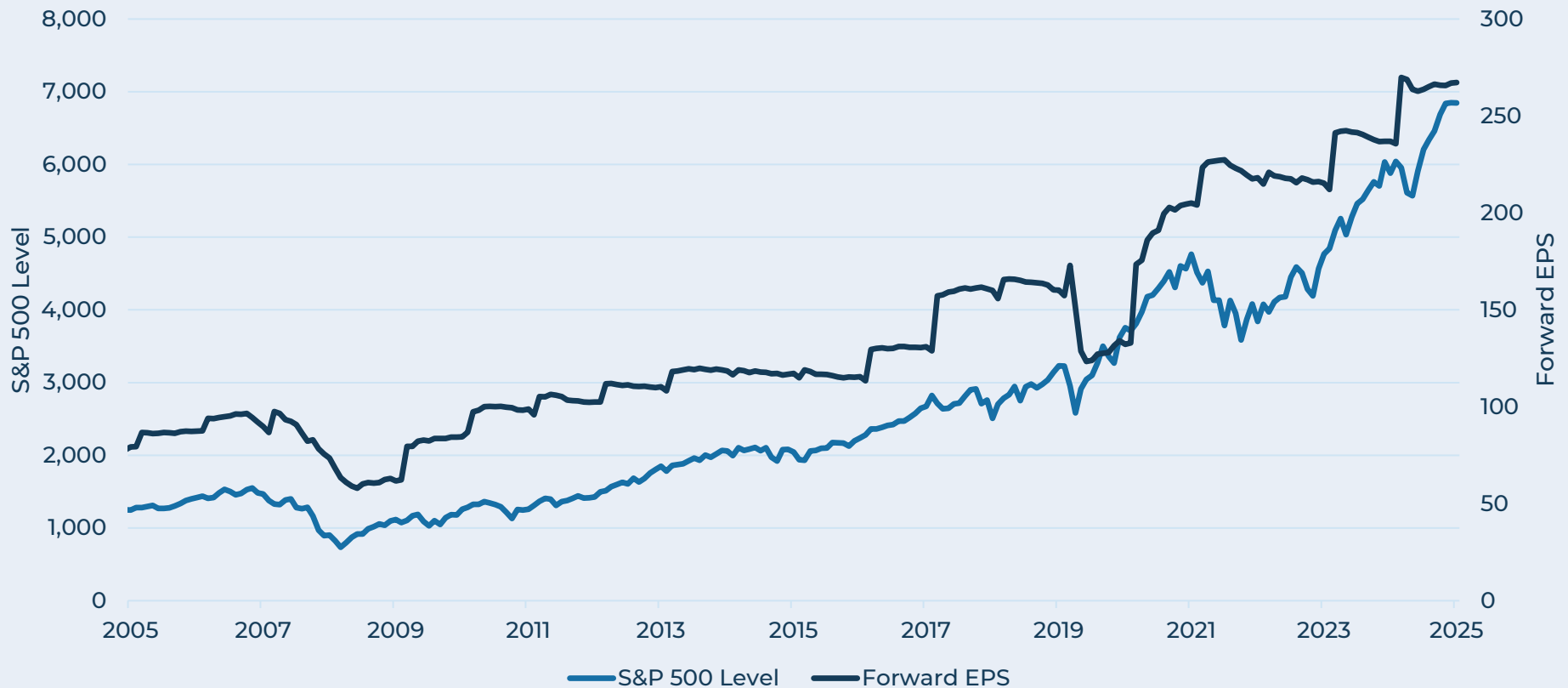
S&P 500 Resilience Through Market Shocks



In the Long Term: Fundamentals Win

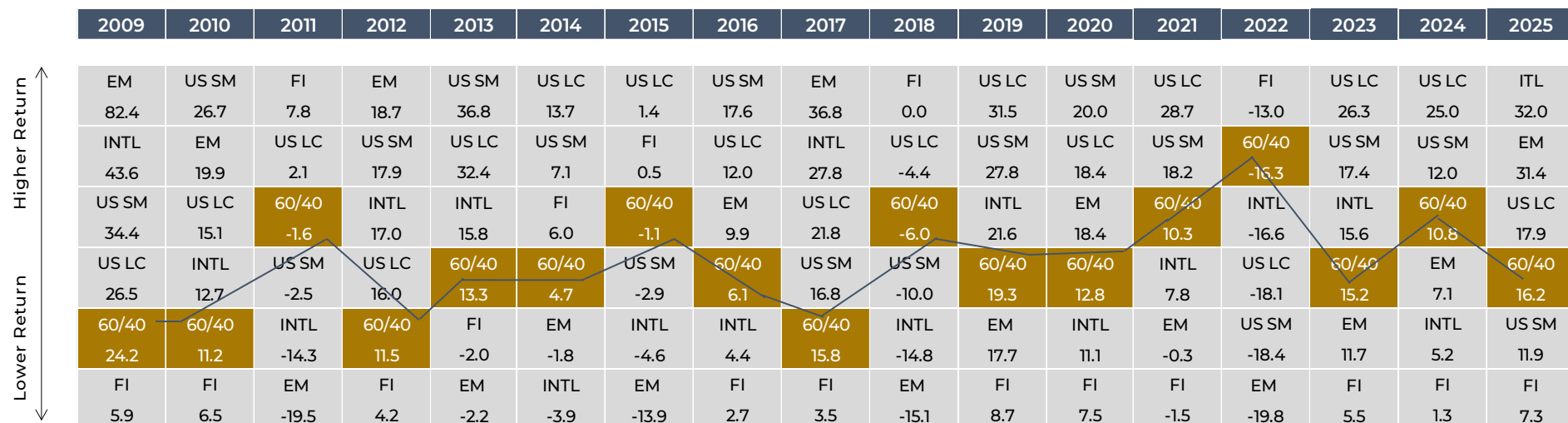
Many factors may impact stock prices in the short-term, but in the long-run, stock prices tend to follow earnings growth.

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.