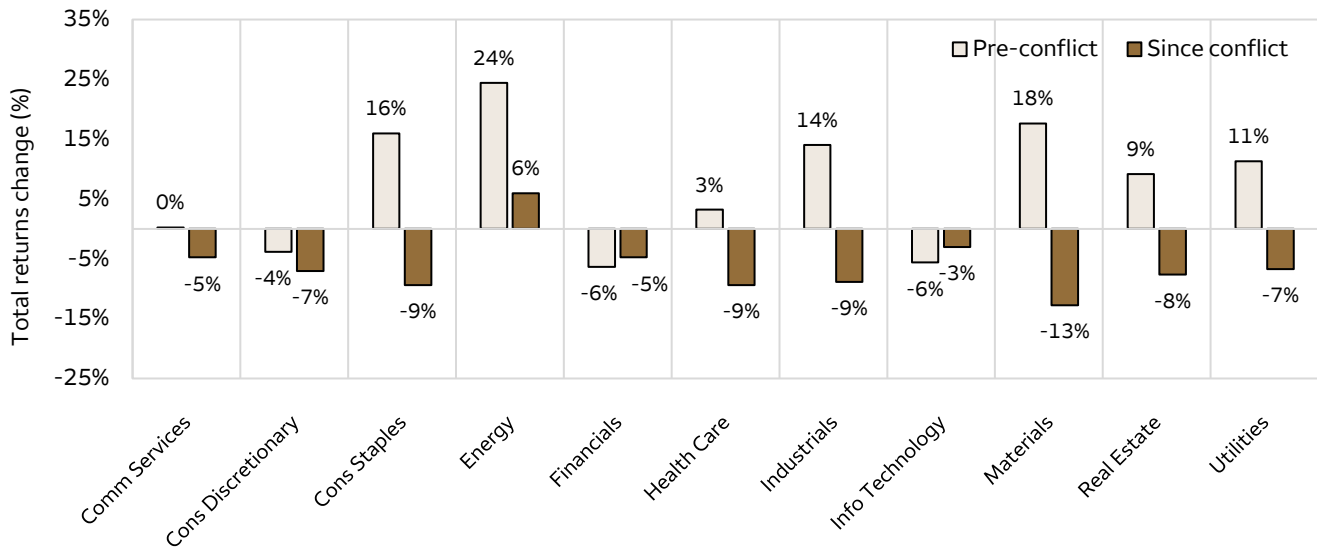


# Chart of the Week

Weekly analysis of key themes in markets

April 7, 2026

## How the Iran war has reshaped equity performance



Sources: Bloomberg and Wells Fargo Investment Institute. Daily data is from December 31, 2025 – March 20, 2026. Pre-conflict measures from December 31, 2025 – February 27, 2026. Outbreak of Iran War March 2 – March 20. The returns are from Feb 27 - March 20. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.**

### Dispersion has increased sharply across equity sectors since the start of the war

Since the Iran War began in late February, equity market performance has shifted away from the cyclical, broad based leadership that characterized the start of the year. Sector and regional returns suggest that the conflict did not result in a flight to quality assets such as gold, U.S. Treasuries or defensive equity sectors but instead accelerated rotation within equities, resulting in higher dispersion across geographies, asset classes, and sectors.

The chart above shows this increase in dispersion at the equity sector level (represented by S&P 500 index sectors) since the start of the Iran war. For example, Energy has been a significant outperformer while defensive sectors such as Utilities, Consumer Staples, and Health Care have, surprisingly, underperformed.

#### What it may mean for investors

We prefer diversification and rebalancing for portfolios with long-term risk and return objectives. We see the current market volatility and rotation as an opportunity to consider exposure to U.S. Large Cap Equities and to rebalance from the Energy sector toward Financials. We continue to favor Industrials and Utilities and believe the Information Technology sector is attractive, with forward price earnings multiples selling near historical averages.

**Douglas Beath**, Global Investment Strategist    **Awsaf Tamjid Arko**, Program Analyst

Excerpted from Investment Strategy report (March 30)

**Investment and Insurance Products: ▶ NOT FDIC Insured ▶ NO Bank Guarantee ▶ MAY Lose Value**

### Risk Considerations

Diversification cannot eliminate the risk of fluctuating prices and uncertain returns.

Each asset class has its own risk and return characteristics. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. **Stock markets**, especially foreign markets, are volatile. Stock values may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors.

Sector investing can be more volatile than investments that are broadly diversified over numerous sectors of the economy and will increase a portfolio's vulnerability to any single economic, political, or regulatory development affecting the sector. This can result in greater price volatility. The **Energy** sector may be adversely affected by changes in worldwide energy prices, exploration, production spending, government regulation, and changes in exchange rates, depletion of natural resources, and risks that arise from extreme weather conditions. Investing in the **Financial** services companies will subject an investment to adverse economic or regulatory occurrences affecting the sector. There is increased risk investing in the **Industrials** sector. The industries within the sector can be significantly affected by general market and economic conditions, competition, technological innovation, legislation and government regulations, among other things, all of which can significantly affect a portfolio's performance. Risks associated with the **Technology** sector include increased competition from domestic and international companies, unexpected changes in demand, regulatory actions, technical problems with key products, and the departure of key members of management. Technology and Internet-related stocks, especially smaller, less-seasoned companies, tend to be more volatile than the overall market. **Utilities** are sensitive to changes in interest rates, and the securities within the sector can be volatile and may underperform in a slow economy.

### General Disclosures

Global Investment Strategy (GIS) is a division of Wells Fargo Investment Institute, Inc. (WFII). WFII is a registered investment adviser and wholly owned subsidiary of Wells Fargo Bank, N.A., a bank affiliate of Wells Fargo & Company.

The information in this report was prepared by Global Investment Strategy. Opinions represent GIS' opinion as of the date of this report and are for general information purposes only and are not intended to predict or guarantee the future performance of any individual security, market sector or the markets generally. GIS does not undertake to advise you of any change in its opinions or the information contained in this report. Wells Fargo & Company affiliates may issue reports or have opinions that are inconsistent with, and reach different conclusions from, this report.

The information contained herein constitutes general information and is not directed to, designed for, or individually tailored to, any particular investor or potential investor. This report is not intended to be a client-specific suitability or best interest analysis or recommendation, an offer to participate in any investment, or a recommendation to buy, hold or sell securities. Do not use this report as the sole basis for investment decisions. Do not select an asset class or investment product based on performance alone. Consider all relevant information, including your existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon. The material contained herein has been prepared from sources and data we believe to be reliable but we make no guarantee to its accuracy or completeness.

Wells Fargo Advisors is registered with the U.S. Securities and Exchange Commission and the Financial Industry Regulatory Authority, but is not licensed or registered with any financial services regulatory authority outside of the U.S. Non-U.S. residents who maintain U.S.-based financial services account(s) with Wells Fargo Advisors may not be afforded certain protections conferred by legislation and regulations in their country of residence in respect of any investments, investment transactions or communications made with Wells Fargo Advisors.

Wells Fargo Advisors is a trade name used by Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC, Members SIPC, separate registered broker-dealers and non-bank affiliates of Wells Fargo & Company. [PM]-10022027-5359093