

March 2026

MONTHLY MARKET INSIGHTS

Key takeaways:

- The Supreme Court struck down IEEPA tariffs in a 6-3 ruling. The administration responded by invoking Section 122 of the Trade Act, introducing a new 15% global tariff. The forced transition to a new tariff framework could re-ignite trade risk.¹
- AI-driven selloffs spread well beyond software, hitting logistics, financial services, and real estate in indiscriminate waves. While AI will likely lead to structural repricing over time, the catalysts behind much of the recent selling suggest fear has outpaced fundamentals in certain areas.
- US-Iran tensions escalated sharply throughout February, after rounds of nuclear talks failed to produce an agreement. On February 28th, the US and Israel launched joint strikes on Iran, marking one of the most significant military escalations in the Middle East in over two decades.²

February proved turbulent for US equity markets. While the S&P 500 posted a minor monthly decline of -0.87%,³ many of its constituents experienced major volatility, with GIC sector price levels moving drastically and the dispersion between individual winners and losers reaching historic levels.⁴ The equal-weighted S&P 500 index outperformed its cap-weighted counterpart for the fourth consecutive month, as the rotation away from mega-cap technology companies continued.⁵ Technology was once again a notable laggard, declining -3.98% as AI-driven disruption fears accelerated the sector's underperformance.⁶ Small caps proved more resilient, with the Russell 2000 posting a modest gain of 0.71%, a continuation of the broadening theme we have highlighted in recent months.⁷ Dollar weakness persisted for much of the month before a late-February bounce, providing a continued tailwind for international equities. The MSCI ACWI ex-US index gained 4.91% in February.⁸

Trade policy was upended mid-month when the Supreme Court ruled that the International Emergency Economic Powers Act ("IEEPA") does not authorize the president to impose tariffs. The decision, authored by Chief Justice Roberts, struck down the "Reciprocal Tariffs" and related levies that had been central to the administration's trade agenda since early 2025.⁹ Within hours of the decision, President Trump signed an executive order invoking Section 122 of the Trade Act of 1974 to impose a temporary 10% global tariff effective February 24th. The new baseline proved short-lived; the following day, the President announced on Truth Social that the rate would increase to 15%.¹⁰ Tariffs are central to the President's economic agenda, and we believe the administration will pursue every available legal and legislative avenue to maintain

1. Howe, Amy. "Supreme Court Strikes Down Tariffs." SCOTUSblog, 20 Feb. 2026, www.scotusblog.com/2026/02/supreme-court-strikes-down-tariffs/.
2. Smith, Alexander, et al. "U.S. and Israel Attack Iran as Trump Urges Iranians to 'Take Over' the Government." NBC News, 28 Feb. 2026, www.nbcnews.com/world/iran/us-israel-attacks-iran-protests-nuclear-talks-rcna253784.
3. Bloomberg.
4. "US Stock Market Today: S&P 500 Dispersion Hits Highest Level Since 2009 as Stock Swings Widen." Analytics Insight, 22 Feb. 2026, www.analyticsinsight.net/stocks/us-stock-market-today-sp-500-dispersion-hits-highest-level-since-2009-as-stock-swings-widen.
5. Bloomberg.
6. Id.
7. Id.
8. Id.
9. Howe, Amy. "Supreme Court Strikes Down Tariffs." SCOTUSblog, 20 Feb. 2026, www.scotusblog.com/2026/02/supreme-court-strikes-down-tariffs/.
10. Mangan, Dan, and Kevin Breuninger. "Trump to Hike Global Tariffs to 15% from 10%, 'Effective Immediately'." CNBC, 21 Feb. 2026, www.cnbc.com/2026/02/21/trump-tariffs.html.

levies on international goods. While the IEEPA era tariff regime had been aggressive and at times unpredictable in its implementation, the dust had largely settled, and importers had developed a working understanding of the rules. We expect the forced transition to a new tariff framework could increase trade policy uncertainty as the new regime is rolled out.

Geopolitical risk intensified in February as tensions between the United States and Iran escalated. President Trump signaled that a limited military strike on Iranian nuclear facilities remained under consideration, and the US deployed its largest military presence in the region since 2003.¹¹ Iran responded with live-fire naval drills in the Strait of Hormuz, temporarily closing sections of the critical shipping corridor through which roughly 20% of the world's daily oil supply transits.¹² Three rounds of US-Iran nuclear talks occurred in Oman and Geneva through late February, with US envoys Steve Witkoff and Jared Kushner leading negotiations, but failed to produce a breakthrough.¹³ On February 28th, the US and Israel launched joint military strikes on Iran under Operation Epic Fury, targeting nuclear facilities, military infrastructure, and regime leadership, including the killing of Supreme Leader Ayatollah Ali Khamenei.¹⁴ Iran has responded with retaliatory strikes across the region. Taken alongside the tariff upheaval, the escalation in the Middle East represents the most consequential geopolitical risk facing markets as we move into March, although historically, geopolitically-led market sell-offs have proven to be good buying opportunities for investors.

No theme dominated the market action in February more than the accelerating wave of AI-driven selloffs that swept across equity markets. Think pieces like Citrini Research's viral essay "The 2028 Global Intelligence Crisis," which painted a dystopian scenario of AI-driven labor displacement triggering mass white-collar unemployment and fracturing the broader economy, amplified fears well beyond the technology sector.¹⁵ The anxiety was quickly felt across different industries. Logistics and trucking stocks suffered one of their worst days in months after a micro-cap company, formerly known for manufacturing karaoke machines, issued a press release claiming its AI platform could scale freight volumes up to 400%.¹⁶ The unsubstantiated claim erased billions in market capitalization from established names like C.H. Robinson and Expeditors International in a single day.¹⁷ Financial stocks, including LPL Financial and Raymond James, sold off sharply after a startup introduced an AI tax-planning tool, while real estate services firms CBRE and Jones Lang LaSalle each fell roughly 12% on fears that AI would structurally reduce demand for commercial office space.¹⁸ While some degree of repricing may prove warranted as AI reshapes business models across industries over time, the speed and indiscriminate nature of the selling suggest a degree of panic that has overtaken fundamental analysis.

Notably, the narrative has tilted almost entirely toward the negative. Citadel Securities published a detailed rebuttal to the Citrini thesis, arguing that software engineering job postings are up 11% year-over-year, new business formation is accelerating, and the Federal Reserve's real-time data shows little evidence of imminent AI-driven job losses.¹⁹ Jensen Huang, CEO of Nvidia, called the notion that AI would replace software "the most illogical thing in the world," arguing instead that AI will consume and enhance existing platforms.²⁰ Corporate earnings tell a similar story of resilience. With approximately 96% of S&P 500 companies having reported fourth-quarter results by mid-February, the blend-

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11. "U.S. Gathers the Most Air Power in the Mideast Since the 2003 Iraq Invasion." The Wall Street Journal, 2026, www.wsj.com/world/middle-east/u-s-gathers-the-most-air-power-in-the-mideast-since-the-2003-iraq-invasion-98ced89f.
 12. "Iran Announces Test of New Naval Air Defense Missile in Strait of Hormuz as US Military Buildup Continues." Fox News, 2026, www.foxnews.com/world/iran-announces-test-new-naval-air-defense-missile-strait-hormuz-us-military-buildup-continues.
 13. Da Silva, Chantal, et al. "U.S. and Iran Wrap Up 'Most Intense' Nuclear Talks with No Deal — More Negotiations Ahead." CNBC, 27 Feb. 2026, www.cnbc.com/2026/02/27/us-iran-nuclear-talks-oil-middle-east.html.
 14. Smith, Alexander, et al. "U.S. and Israel Attack Iran as Trump Urges Iranians to 'Take Over' the Government." NBC News, 28 Feb. 2026, www.nbcnews.com/world/iran/us-israel-attacks-iran-protests-nuclear-talks-rcna253784.
 15. Citrini Research. "The 2028 Global Intelligence Crisis." Citrini Research, 22 Feb. 2026, www.citriniresearch.com/p/2028gic.
 16. Hakyung Kim. "Trucking and Logistics Stocks Drop on Release of AI Freight Scaling Tool." CNBC, 12 Feb. 2026, www.cnbc.com/2026/02/12/trucking-and-logistics-stocks-tumble-on-release-of-ai-freight-scaling-tool.html.
 17. Id.
 18. Id.
 19. Flight, Frank. "2026 Global Intelligence Crisis." Citadel Securities News and Insights, 2026, www.citadelsecurities.com/news-and-insights/2026-global-intelligence-crisis/.
 20. Kif Leswing and Ryan Browne. "AI Fears Pummel Software Stocks: Is It 'Illogical' Panic or a SaaS Apocalypse?" CNBC, 6 Feb. 2026, www.cnbc.com/2026/02/06/ai-anthropoc-tools-saas-software-stocks-selloff.html.

ed year-over-year earnings growth rate stood at 14.2%, marking a fifth consecutive quarter of double-digit expansion.²¹ Nvidia's fiscal fourth-quarter results reinforced the durability of the AI infrastructure buildout, with revenue of \$68.1 billion and data center revenue surging 75% year-over-year to \$62.3 billion.²² The AI innovation cycle will unquestionably pressure certain business models over time, but the wholesale displacement of deeply embedded enterprise systems, logistics networks, and advisory relationships remains a distant prospect. Selloffs of this magnitude have historically created compelling entry points, and we believe the current environment reinforces the importance of diversified positioning.

Looking ahead to March, we see an environment defined by competing forces. Corporate earnings remain robust, the secular AI investment cycle continues to accelerate, and the labor market has shown continued resiliency. Yet both policy and geopolitical risk remain elevated with the rollout of Section 122 tariffs and rising tensions in the Middle East. Increasing dispersion within S&P 500 constituents and the magnitude of industry-specific selloffs create additional short-term risk for equities, raising the possibility of further de-risking and near-term corrections. In such an environment, asset class and geographic diversification remain paramount, as does the patience to identify opportunities within the dislocation.

21. Butters, John. Earnings Insight. FactSet, 17 Feb. 2026, www.factset.com/hubfs/Website/Resources/Earnings-Insight.

22. Kif Leswing and Ryan Browne. "AI Fears Pummel Software Stocks: Is It 'Illogical' Panic or a SaaS Apocalypse?" CNBC, 6 Feb. 2026, www.cnbc.com/2026/02/06/ai-anthropic-tools-saas-software-stocks-selloff.html.

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