

Wealth Management

Ameritas Investment Partners, Inc.

Market Commentary

Quarter Ended March 31, 2026

Staying the Course

The AI Roadblock

After an upbeat start to the year, uncertainty crept into market sentiment compliments of artificial intelligence. AI has been a powerful driver over the last couple of years, but fears that AI could disrupt profitable models encouraged some investors to re-evaluate long-held positions.

Recent releases from AI developers have raised fears that certain software-as-a-service models may face pricing pressure or declining demand, as new tools take on legal, analytical and administrative work.

Massive AI expenditures by major firms are also raising questions, even as demand for AI-related services is soaring. Perhaps this is simply a wave of profit-taking after an exceptional run-up. The sharp decline in software also appears to reflect a “shoot first, ask questions later” reaction. It’s not as though AI models are on the verge of displacing well-established firms, many of which just reported strong quarterly earnings.

However, instead of cannibalizing software companies, others argue that the fear is exaggerated, as AI might boost efficiency as firms create new software products.

Middle East Conflict

In the early hours of February 28, global markets were shaken by significant geopolitical developments, as the U.S. and Israel carried out coordinated strikes on Iran that resulted in the death of Iran’s Supreme Leader. Iran responded with missile strikes, which escalated tensions and raised uncertainty in global markets.

It’s not surprising to see heightened volatility in the early stages of a conflict, especially one without a clear endgame. A short-term risk-off response, with pressure on equities and upward movement in oil prices (due to possible supply disruptions), is not surprising in this environment. The U.S. dollar has also strengthened, benefiting from global inflows as it resumes its traditional role as a safe-haven currency.

Key Index Returns as of 3/31/26

	March %	YTD %
Dow Jones Industrial Average	-5.20	-3.19
Nasdaq Composite	-4.68	-6.96
S&P 500 Index	-4.98	-4.33
Russell 2000 Index	-5.05	0.80
MSCI World ex-USA*	-9.74	-0.94
MSCI Emerging Markets*	-13.06	-0.17
Bloomberg U.S. Agg Total Return	-1.76	-0.05

*in U.S. dollars

Source: Morningstar

Indices are unmanaged, do not incur fees or expenses and cannot be invested into directly. The above returns include the impact of both price appreciation (depreciation) and dividends. Equity markets fluctuate in value and smaller companies and foreign investments often are more volatile than larger domestic companies. Past performance is not indicative of future results.

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In moments like these, it's natural to feel uneasy. Headlines are dramatic, markets react quickly and uncertainty can make even seasoned investors uncomfortable.

But here's what we want to emphasize:

1. Market volatility is normal during a geopolitical crisis.

Market behavior in response to geopolitical events often follows a familiar pattern: a reaction—which can sometimes be sharp—a rise in volatility, and then a reset because investors attempt to price in the economic impact at home.

In the immediate aftermath of significant events, markets often stabilize more quickly than expected. How the hostilities may impact the broader U.S. economy is unknown right now, but we believe it will play a bigger role for investors over the shorter term.

2. Your financial plan and volatility.

We design portfolios with the understanding that unforeseen events, including geopolitical tensions, economic shifts, and policy changes, will occur. Your plan incorporates diversification, risk management and long-term strategy to help reduce risk and weather periods of turbulence.

3. Staying invested remains the most reliable long-term approach.

Times like these can tempt investors to make quick, emotion-driven moves. But historically, reacting to headlines has often led to worse long-term outcomes than sticking with the plan. Markets have absorbed wars, recessions, pandemics, political crises and unexpected global shocks, and long-term investors have historically been rewarded for their patience.

4. We are monitoring developments closely.

While we don't recommend making investment decisions based on short-term news or emotions, we continuously monitor the situation, the market response, and any potential implications for your portfolio. If market conditions shift in a way that warrants action, we will adjust positioning and communicate proactively.

Final thoughts

The lack of sustained panic-driven selling throughout a volatile March led to only modest declines. Markets remain cautious but still fundamentally supported heading into April.

Expectations that the conflict would be limited in duration helped stabilize sentiment, while a resilient U.S. economy and upbeat Q1 estimates (London Stock Exchange Group) provided support.

Investors also took comfort in the perception that the Federal Reserve was unlikely to overreact to a supply-driven rise in oil prices and a near-term resolution of the war.

As the month came to a close, stocks rallied amid optimism that hostilities might soon end.

We understand the events in the Middle East may be concerning. As always, we encourage you to reach out to your financial professional if you have questions, concerns or simply want to talk through what this means for your personal financial goals. Your financial professional can help provide clarity, perspective and guidance, especially when the news feels overwhelming.

Spring has sprung! May your days be filled with laughter, love and all the beauty this season brings.



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The information provided should not be construed as tax or legal advice. Consult your tax advisor or attorney regarding your specific situation.

Footnotes: *Total Return includes interest, capital gains, dividends and distributions realized over a given period.*

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