

FRIDAY - APRIL 10, 2026

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Well, hello and welcome to this week's Dividend Cafe. I am your host, David Bahnsen. I am recording from our beautiful office here in Minnesota, where I will soon be leaving and heading back to New York City. It has been a whirlwind of a week, not just for me with traveling, seeing clients, and doing dinner events in both New York and Minnesota, but it has also been a whirlwind of a week in markets.

I'm going to give you a little summary of what has transpired in markets this week and talk to you about why and what we think it means going forward. I am not a big fan of using the Dividend Cafe to talk about a given week in the markets. I don't care what happens in markets in a given week, and I don't have any projection of what's going to happen next week. Those of you who listen to or read the Dividend Cafe frequently know how we feel about this.

But the issue today is not the immediate short-term action in markets. It is the theme, the broader category of the Iran war—what has transpired and what might possibly happen going forward. And ultimately, I'm going to conclude today with some very actionable comments on the non-action you ought to be taking. So bear with me, and this will all come together in due time.

Sunday of last week, we were told that some form of civilization faced extinction, that the Iran operation was going to escalate to an entirely new level. There was a lot said, a lot of military threat and possibility put out there, a lot of pop-ups on Easter Sunday across my various sources of news. And futures didn't move at all. Then on Monday, markets were basically flat.

We were told there was a deadline of Tuesday night for potentially taking Iran off the map. Markets closed up on Monday, oil prices were higher, but equities were up. On Tuesday, markets dropped for a few hours and then reversed and closed higher. So in the midst of the highest level of rhetoric and escalation, markets weren't really buying it.

Then on Tuesday night, it was announced that there would be a ceasefire and a pause in escalation. Oil prices came down somewhat, and then markets rallied strongly midweek. As I sit here Friday morning, markets are relatively flat. So you had an overall up week in markets in the midst of both escalation fears and then de-escalation headlines.

I'm going to explain why I think markets behaved that way. But first, I want to say that things could change quickly—before this is even distributed. My focus is not on those short-term movements, nor even on what happens in the next 30 days, although I do think there will be developments in that time frame that are not fully expected right now.

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The ceasefire has been announced, markets are higher, but the Strait of Hormuz is not fully reopened. There are still many unresolved issues—geopolitical, military, and market-related. There is not clarity yet around nuclear capabilities, enforcement mechanisms, or even the precise terms of the ceasefire.

There are a number of unanswered questions, and I've linked to a list of them in Dividend Cafe. But what matters most for investors is not answering every one of those questions. It is understanding how to think about them.

There are those who interpret everything in the worst possible way, and others who interpret everything as perfect. I reject both extremes. It is not complicated to say that there have been successes and there is still unfinished business. It is possible to acknowledge positive developments while also recognizing unresolved risks.

From a market standpoint, I want to remove the emotional extremes and focus on what is objectively happening. It is fair to ask what happens after the ceasefire. Is this real peace or just a pause? Will there be enforcement? Will there be compliance?

There are also political dynamics at play, and different possible outcomes depending on how things unfold. But from an investment standpoint, the key is not predicting every twist and turn.

What is most relevant is that I believe the president clearly wants this to end sooner rather than later. That does not tell us the exact outcome, but it does suggest a bias toward resolution. That likely leads to concessions and some version of a declared victory.

There will undoubtedly be disagreement about whether that victory is sufficient. Some criticisms may be valid. But from a market perspective, the bar for closure is often lower than the bar for geopolitical success.

What markets are reacting to in the short term is not long-term direction but positioning. Traders get caught offside and unwind positions quickly, creating sharp moves. That is what we saw this week.

This is similar to what happens after a Fed press conference—short bursts of volatility driven by positioning, not long-term fundamentals. It does not tell you anything about sustained market direction.

What I do believe is that in the coming days and weeks, there will be continued volatility—moves forward, moves backward, false alarms, and false hopes. That is likely. But it does not determine the ultimate outcome.

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The more important question is what this means for portfolio strategy. If we were back to the pre-Iran environment, would portfolios look different? If the answer is no, then why change anything now?

My view is that a properly constructed portfolio before Iran is a properly constructed one now and will be one after. The Iran situation is unlikely to be a multi-year event. It may not be over in two weeks, but it is not likely to last years.

Oil prices are unlikely to fall back to prior lows quickly. That has implications for input costs in the economy. But even before Iran, the economic environment was ambiguous. Labor markets, capital spending, GDP growth, and financial conditions were all mixed—and still are.

Corporate profits are expected to grow at double digits, and that is largely priced into markets. That limits upside surprise. At the same time, the AI story, which had moved off the front page, will return as a key market driver.

The Fed story has faded somewhat, but expectations for rate cuts remain a factor. Whether those cuts happen and how markets respond is uncertain.

So on the other side of Iran, what we are likely dealing with is a muddle-through market. High valuations, mixed economic signals, and limited clarity.

It would be very unwise to have a completely different investment plan after Iran than before. The themes we believed in before—energy, housing, defensives, valuation discipline—remain intact.

Some have received short-term tailwinds, but that does not change the underlying investment thesis.

There is significant geopolitical importance to what is happening, but market outcomes are driven by longer-term factors. Short-term volatility should not dictate portfolio strategy.

I will resume broader market themes next week in the Dividend Cafe.

Thank you, as always, for listening, watching, and especially reading the Dividend Cafe. Have a wonderful weekend. I look forward to being back with you from New York on Monday.