FIVE MILE RIVER *Investment Management, LLC*

Five Mile River Investment Management LLC
Mid-Quarter 1Q26 Client Letter

March 13, 2026

WAR IN IRAN AND THE MIDDLE EAST - U.S. EQUITIES RESILIENT

The continuation of the U.S. war against Iran's nuclear enrichment has exploded into the biggest Middle East conflict in decades, accompanied by a shock to the oil market. An unexpected and high-impact occurrence, such as this Middle East war, has been described in several past Five Mile River Client Letters as a BLACK SWAN event. This Black Swan, resulting in a dramatic oil price increase to temporarily over $100 per barrel, has been driven by geopolitical risk and not a change in demand. For the U.S., this is NOT about oil supply risk, but it is about price risk. Despite the strength of the U.S. oil supply, oil price is set by the international benchmark "Brent Crude," hence why oil prices in the U.S. have risen.

The U.S. is a net exporter of energy. While the U.S. does import a fraction (4%) of its refinery needs from Saudia Arabia, most all the U.S. imports come from Mexico and Canada. The U.S. has the largest natural gas reserves in the world, and it is the largest oil producer in the world, consequently the U.S. is relatively immune to the supply issues facing Europe, India, and China.

One of the biggest uncertainties surrounding this conflict is the shift in the balance of power within Iran. Previously, the Supreme Leader made ALL decisions, militarily and governmentally. Now, the Islamic Revolutionary Guard Corps (IRGC) has taken control of all military and most government decisions. Because of the size of the IRGC (estimated to have 190,000 personnel), and the fact that it is woven throughout Iranian businesses and government offices, thoughts of "removing" it are increasingly challenging. Militarily, the IRGC has demonstrated broad retaliation by attacking refineries in Oman and Saudia Arabia, as well as threatening to close the Strait of Hormuz with their battery of missiles and drones.

The risk of a more prolonged confrontation implies a broad range of geopolitical issues, and of course, higher oil prices for longer. In the face of this Black Swan event, Europe, India, and China will more heavily depend on the U.S. exports of liquified natural gas (LNG). FMR client portfolios own the three largest natural gas pipelines in the U.S., which are the arteries that feed the LNG exports. Together, holdings in energy and defense manufacturers represent between 25% to 30% of Five Mile River client portfolios, and is owned across FMR portfolios that have growth, balanced, and income investment strategies employed. Stocks such as: Exxon Mobil, Chevron, Williams, Lockheed Martin, Northrop

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Grumman, and Raytheon Technologies all fall into FMR's sweet spot as #1 or #2 companies in their industry and have rock solid balance sheets, free cash flow, and growing dividend and share repurchases.

Actively managing industry sector weightings and stock selection are the principal reasons FMR client portfolios have outperformed the market year-to-date, and over the past several quarters. It is noteworthy that exactly four years ago in 2022 FMR's active management was the predominant reason why FMR portfolios were minimally affected by the S&P 500 decline of over 20% (FMR portfolios declined roughly 5% to 9% for the same period depending on the investment strategy used for a portfolio).

FMR's strength is to find those truly unique businesses and invest across different market environments to generate attractive long-term returns. Current FMR client portfolios are well structured and resilient.

FMR is closely watching the Iranian conflict, and the development of the closure of the Strait of Hormuz. This "Mid-Quarter Client Letter" will be followed shortly by the 1Q26 FMR Client Letter. We welcome your questions and observations.

Sincerely,

Lee Todd Martha Mary

**The S&P 500 Index is a market capitalized weighted index of 500 companies. It is a growth-biased index because the larger the capitalization of a company, the larger the weighting it contributes to the S&P 500 Index performance. The index referenced includes the dividends issued by these 500 companies. This index is used for a comparison for FMR accounts. The performance data included in this letter are not audited and have not been otherwise reviewed or verified by an outside party. While Five Mile River Investment Management, LLC endeavors to furnish accurate information, investors should not rely upon the accuracy or completeness of this information.*

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