

Mindful Advisory Update

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Dear Investor,

The recent escalation in geopolitical tensions involving the U.S., Israel, and Iran has introduced uncertainty into markets.

We are not in favor of major portfolio changes, but here are a few things to keep in mind while markets remain roiled.

(Readers should also pay attention to the disclaimers and disclosures throughout, and at the end, of this letter. This letter is intended to be educational and not investment or tax advice for any client or prospect.)

First, the war may be inflationary as 20% of the world's oil and fair amount of fertilizer move through the Strait of Hormuz. That waterway, off the Southern coast of Iran, has seen a noticeable decline in oil tanker traffic since Monday, according to [NYTimes](#) and [WSJ](#) reports.

There are no guarantees, but disruptions in this region can put upward pressure on energy and commodity prices. Market reactions, however, remain unpredictable.

It's virtually impossible for investors to track the spot price of commodities without accepting delivery of them, and most readers would annoy their neighbors, for example, by taking delivery of barrels of oil, for example, and storing them in their backyards. So pure commodity exposure is difficult to achieve.

But TIPS (Treasury Inflation Protected Bonds or Securities) can be an inflation alternative in a portfolio.

TIPS Bonds

TIPS can be part of a longer-term financial plan for clients rather than added in response to geopolitical stress. But they are worth discussing here.

Unlike plainer bonds, TIPS are tied to the consumer price index (CPI), and can provide a measure of inflation protection. The principal value of TIPS is adjusted for inflation as measured by the CPI, though market prices still fluctuate based on interest rate movements. TIPS generally work better as inflation protection when they are held to maturity.



TIPS are not right for everyone, and they can present tax problems in taxable accounts, meaning you may owe taxes on the inflation adjustment without receiving a cash payment. But they can help in tax-advantaged accounts like IRAs and 401(k)s.

Consult with a tax professional or advisor about adding them or adding to existing positions. All bonds, including TIPS, provide some duration risk, or the risk of price decline in the face of rising interest rates. In other words, if interest rates rise faster than inflation expectations (duration risk), TIPS can lose value.

TIPS also contain deflation risk, and the "phantom income" tax issue – tax on the CPI bump to the bond's principle that doesn't deliver cash immediately.

Investors should note that the mention of specific asset classes does not constitute an individual recommendation.

Tax-loss harvesting

The second thing to consider is some tax-loss selling if you have securities underwater in taxable accounts.

If recent purchases are underwater, it could make sense to sell them, booking the loss, and redeploying the proceeds into other funds or ETFs.

It's essential to do this with an accountant or financial advisor, partly because of risks of violating the 30-day wash sale rule or purchasing a substantially identical security within 30 days before or after the sale. Violation of the rule negates the ability to book the loss.

The effectiveness of a tax-loss harvesting strategy depends on your individual tax bracket and overall financial picture. (Mindful Advisory, LLC does not provide tax or legal advice.)

You may be too aggressive

Third, check your asset allocation, and make sure it's in line with your age and goals. Most advisors counsel not to sell into geopolitical crises, but for some investors, if they are overexposed to stocks, it may not be the worst thing to trim some positions. This depends on risk tolerance and tax situation. Rebalancing is usually best done in IRAs and tax-advantaged accounts.

Most major stock markets are still slightly up or slightly down for the year at the time of this writing (March 5, 2026). The S&P 500 TR (including dividends), for example, is down 0.01% for the year, according to S&P DJ Indices. (Indices are unmanaged, and investors

cannot invest directly in an index.) If you're overexposed to stocks, you can trim some exposure without selling at a particularly low point.

Again, consult with an advisor. You probably don't want to go whole-hog into cash in hopes that you'll buy back stocks at a better time. Market timing is historically difficult and often leads to underperformance compared to a buy-and-hold strategy. The key question is whether you just have too much exposure relative to your age and goals.

To the extent you trim positions, it should be on the basis of rebalancing back to a target allocation rather than timing the market.

Last, and I know this may sound corny, if you have some inflation protection, you've taken some tax losses, and your allocation is reasonable (after trimming a bit or not), take some deep breaths. Remind yourself that volatility is part of the investment game. It's what you signed up for when you invested whether you remember that or not. Check your portfolio with your advisor to make sure your exposures are okay, and, if they are, then leave it alone.

Recent policies have tested investors patience - first with tariffs and now with war. But the policies have also been walked back in response to market rebellion. That's not to say what is now a shooting war in the Middle East, complete with tanker traffic in the Strait of Hormuz slowing considerably, will be easy to reverse.

Historically, significant market volatility has sometimes prompted shifts in fiscal or monetary policy, though such actions are never guaranteed.

Our Dedication to Your Financial Plan: Don't predict, but be prepared

While it's natural for investors to be concerned with geopolitical turbulence, the point of sharing my thoughts on markets and financial planning is to provide some education and encourage investors to maintain diversified portfolios and consider a variety of strategies.

In an uncertain world, it is important to focus on what we can control: managing costs, maintaining a well-diversified portfolio aligned with your long-term goals and risk tolerance, and avoiding reactive decisions based on short-term market noise.

Please do not hesitate to contact me if you have any questions or if there have been any changes in your financial situation.

Respectfully submitted,
John Coumarios
Mindful Advisory, LLC



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This letter contains 'forward-looking statements.' Due to various risks and uncertainties, actual events or results may differ materially from those reflected or contemplated in such forward-looking statements.

Past performance is no guarantee of future returns and investments contain risk, including the risk of the loss of principal. There is no guarantee that any investment strategy or approach will be successful.

Investors should consult with advisors and tax professional regarding even gentle changes to allocations, including tax-loss selling. Mindful Advisory, LLC does not provide tax or legal advice.

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Tax-loss harvesting involves risks, including the 'wash sale' rule, which could disallow the loss if a substantially identical security is purchased within 30 days before or after the sale.

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