Investment Strategy Outlook

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As Good As It Gets

Partially hidden among numerous other more complex topics, the core of virtually every financial analysis curriculum is the principle that earnings and interest rates are the two primary drivers of stock prices over longer time horizons. Earnings growth has been spectacular over the last several quarters, and although the growth rate is likely in the process of peaking, corporate profitability is expected to remain robust in the quarters ahead. In this sense, the market has prioritized the most important variable despite the plentiful headline risks throughout the course of this year.

At the same time, Stanley Druckenmiller reminds investors "do not invest in the present", but rather "imagine the way the world will be in 18 to 24 months as opposed to now" *(source: yahoofinance.com)*. Of course, this is far easier said than done. However, our work suggests a positive but more moderate path for asset price appreciation, as corporate earnings / revenue growth peak, investor positioning becomes increasingly bullish, interest rates remain elevated, and broad-based, explosive gains related to "anything AI" likely become a thing of the past.

Earnings Are Historically Strong & Uptrends Are Firmly Intact

- Intermediate and long-term uptrends remain well established for most global equity markets. At various times over the last fifteen years, some investors have strived to fight prevailing trends without much success. Chris Verrone of Strategas Research Partners commonly notes that the market rarely gets into big trouble when banks are strong – and financials are quietly amongst the leadership groups across most global equity markets currently.

- Corporate earnings growth remains explosive; 2026 and 2027 earnings expectations have been revised aggressively higher during the first half of this year. This is an infrequent occurrence which usually only transpires after a mid-cycle slowdown / recession. Currently, analysts expect S&P 500 earnings to grow by 29% in 2026 and 14% in 2027 *(source: MBL Advisors & FactSet).*

- Economic and earnings momentum are persistent phenomena; that is to say that economic and earnings growth usually decelerate over several quarters before becoming a serious issue. Both are in strong positions presently, largely thanks to the enormous amounts of capital being spent on the AI buildout. According to Bloomberg Intelligence, earnings guidance has beaten estimates by the most since at least 2011 *(source: Bloomberg Intelligence).*

- At the same time, this is likely an "as good as it gets" moment for corporate profitability. Revenue growth is expected to modestly decelerate after this quarter, profit margins don't increase forever, and expectations are historically high for the technology sector, the bellwether of this bull market – with analysts expecting 2Q EPS growth north of 60% *(Source: Strategas Research Partners).* In this regard the market could begin to have more of a late cycle (slowing growth, sticky inflation, elevated valuations, policy uncertainty, etc.) feel to it over the coming quarters. But late cycle environments can last for years and should not be conflated with the end of a cycle.

- US equity markets continue to exhibit incredibly resilient behavior. According to Renaissance Macro Research, July was the worst month for the momentum factor since the 2000 tech bubble peak. The Goldman Sachs High Beta Momentum basket was down -37% in July *(source: Hedgeye)* before bouncing the last two days of the month. From their early June peaks, the VanEck Semiconductor ETF reached bear market territory, declining -25%, while the NASDAQ 100 briefly entered correction territory. All of this occurred while the S&P 500 traded in a tight 3.5% +/- range for the entire month of July, while the Equal Weight S&P 500 registered multiple new record highs during the month *(source: MBL Advisors & FactSet).*

  In this sense, the US equity market remains extremely rotational – and investors are finally getting what they desperately desired in 2023 & 2024 when the Mag 7 was seemingly the only game in town. Fundamentals have broadened across market capitalization and sectors, and performance has followed. Despite plenty of dispersion, all 11 S&P 500 equal weight sectors have posted positive returns year to date *(source: MBL Advisors & FactSet).* Narratives aside, this is what a textbook bull market looks like.

  In addition, roughly 70% of constituents within the S&P 500 are trading above their respective 200 day moving average – its best reading since late 2024 and well above the 54% of issues trading above their respective 200-day moving average on 6/2/26 when the higher momentum areas of the market peaked *(source: MBL Advisors & FactSet)*. For perspective, only 27% of stocks in the S&P 500 were above their 200-day moving average when the index peaked in March 2000. Similarly, 43% of stocks were above their 200-day moving average when the market peaked in October 2007 *(source: Strategas Research Partners).*

Valuations Remain Elevated But Increasingly Justified

- There is no shortage of potential headwinds for risk assets, but calling broad US equity markets a bubble based on valuations has become increasingly difficult given the stellar EPS growth of the last few years.

- The S&P 500 is trading at 20.2x NTM EPS – which is near the bottom end of its post COVID range, excluding 2022 / 2023 and April 2025. The S&P 500 Equal Weight Index is trading at 16.5x NTM EPS – generally in line with its post-GFC average of 15.7x EPS (since 2010). This figure also happens to be precisely in line with its late 2019 / pre-COVID levels and well below the range which it traded in during the 2015 – 2017 period.

  Most bubble callers base their thesis on the strong performance from technology stocks, driven by a constantly evolving technology with an uncertain ROI. Nonetheless, the NASDAQ 100 Index is trading at 23.3x NTM EPS – relative to its 10-year average of 25.4x and down from 31x in October 2025 *(source: MBL Advisors & FactSet*). According to Google Gemini, the NASDAQ 100 traded above 70x NTM EPS in 2000. Furthermore, the historically outsized weight of the top 10 companies in the S&P 500 is now matched by their earnings contribution – both accounting for roughly 38% of the index *(Source: Goldman Sachs).* Finally, based on 2027 EPS estimates, both the S&P 500 and NASDAQ have PEG Ratios below 1 – signaling that both indices are cheap when comparing their forward PE Ratios to their projected EPS growth. In fact, this is the lowest PEG Ratio for the S&P 500 in over 30 years *(source: Yardeni Research & Daily Chartbook*).

- In the past, we have noted that equity analysts tend to be very good at forecasting earnings, aside from large turning points in the economy. However, few investors, if any, have a solid track record in predicting the future earnings multiple. Thus, one of the largest questions facing investors in the years ahead is if the post-COVID valuation regime is the "new normal," or if we will return to something more in line with the decades prior to the 2020s.

  Regardless, it increasingly seems warranted for investors to have paid higher multiples (relative to historical averages) over the last few years, given an earnings stream continuously compounding well above historical averages (4 years and counting), record profit margins, and a government that has grown increasingly supportive of asset prices since 2008. Savita Subramanian from BofA Global Research shares this viewpoint as she recently noted that "the S&P 500's lofty multiple has been justified by asset lightness, balance sheets, capital discipline and earnings quality" *(source: BofA Global Research)*.

  At the same time, mean reversion is frequently a good bet in the context of capital markets, often occurring once phrases like "the new normal" become consensus. In our opinion, the "as good as it gets" theme will eventually also pertain to this valuation regime. Having said this, it is important to add additional context around the powerful fundamentals which have propelled this bull market over the last few years. Surprisingly to most, the NASDAQ 100 and the S&P 500 have not exhibited any multiple expansion since early 2023, measured by their forward PE Ratio. In other words, 100% of the gains achieved by the S&P 500 and NASDAQ over the last 3.5 +/- years are attributable to earnings growth *(source: MBL Advisors & FactSet)*, contrary to popular narratives.

  The same can be said about the S&P 400 Mid Cap Index and S&P 600 Small Cap Index going all the way back to January 2017 *(source: MBL Advisors & FactSet)*. Balancing two opposing things that are both true is one of the most challenging attributes in investing. It is true that 2020 / 2021 was a "mini bubble" and valuations for US Large Cap equities haven't fully normalized since then. At the same time, it is also true that this has been a fundamentally driven bull market for the last few years, which has led to constantly changing narratives amongst the bearish crowd.

AI Could Be a Super Cycle

- It is uniformly accepted that AI has been the primary engine to this bull market and economic expansion. And of course, "trees don't grow to the sky." However, Gavin Baker, a long-time technology / high growth investor with exceptional knowledge of the sector, recently had a great conversation with Patrick O'Shaughnessy. We thought several excerpts from that conversation were worth sharing in this context:

    - Baker: "I want to be scared; I don't want to feel like a lunatic watching these stocks get cheaper thinking the forward returns are going up. My main mission out here this week – tell me something negative. But I haven't been able to find one (thing) that is a quantitative metric. The underlying fundamentals are improving. And Nvidia as we record this, is at its lowest forward PE of the last 10 years. The market 100% thinks they are significantly over earning."
    - Baker: "July (2026) is 2022 in a month. There are some fundamental negatives which we should talk about. But on the whole, the balance of fundamentals I think is improving significantly."
    - O'Shaugnessey: "And to your point, not just some blind optimism from people excited about AI. But here's some data they can show you from their different vantage points."

- Baker: "We're in an acute compute shortage. I don't know, 500,000 people in the world, or even 250,000 maybe are using agentic AI and we're in an acute compute shortage. There are seven or eight billion people on the planet. What happens when we go from 500,000 to 1% to 100 million to 500 million?"
- Source: https://www.youtube.com/watch?v=NGsi2PC4y68

The Economy Seems to Be on Solid Footing

- Goldman Sachs CEO David Solomon recently noted that "the economy is in very, very good shape" *(source: cnbc).* The Atlanta Fed GDP Now tracker is forecasting 5.8% Real GDP growth for Q3 2026 *(source: Atlantafed.org).* In addition, the July ISM Manufacturing PMI rose to 55.6, marking the best reading in over four years *(source: MBL Advisors & FactSet).* Weekly Jobless Claims also remain very well behaved, recently registering the lowest reading since 1969 *(source: MBL Advisors & FactSet).* Retail Sales reported by the St. Louis Fed are accelerating higher, after trending sideways for five years *(source: MBL Advisors & FactSet).* Ordinary corrections have increased potential to turn into a more serious problem if credit begins to misbehave – which is not the case presently (despite some specific pockets of widening spreads which we touch upon later). A spike in weekly jobless claims, an ISM PMI which gets "too good" (over 60) or widening credit spreads would be major warnings signs – but none are present today.

Investors Are Growing Increasingly Complacent

- Every boom in asset prices has its "story." Railroads, Industrialization, inflation (gold), Japan, Internet stocks, Emerging Markets, Real Estate, Crypto / SPACs, and now AI stocks. The great Jesse Livermore stated, "Wall Street never changes, the pockets change, the suckers change, the stocks change, but Wall Street never changes, because human nature never changes" *(source: MastersInvest).*

  Being bullish is no longer contrarian – and is outright consensus according to certain metrics. The BofA Bull Bear Indicator has been on a "sell signal" since late May, and its most recent reading of 9.7 is its most bullish print since 2021 *(source: BofA Global Research)*. According to Lance Roberts, "BCA's US Equity Risk Indicator is one standard deviation above its mean, which historically has signaled short to intermediate term corrections in the market" *(source: Lance Roberts)*. The Goldman Sachs Panic Index recently hit 1.03, the lowest reading in the last two years *(source: TT3 & Goldman Sachs).* Equities account for an all-time high, 46% of household net worth *(source: fred.stlouisfed.org).*

- Renaissance Macro noted that SPY & QQQ flows flagged statistically extreme levels in their models in July. The use of leverage has exploded through both leveraged ETFs and margin debt. Situational Awareness, the briefly famed hedge fund which posted astronomical gains in 2025 & 1H 2026, blew up in late July due to its highly levered AI bets. Roughly 1.2 million South Korean retail brokerage accounts received margin calls during this time frame as well *(source: The Kobeissi Letter & Goldman Sachs*). According to our models, Put / Call ratios have registered numerous caution signals this summer, most recently when over 4M call options were bought on 8/4/26, the highest level ever recorded *(source: zerohedge*).

Further Multiple Expansion Will Be Difficult to Achieve

- Savita Subramanian noted that various technical factors are becoming less constructive for equities: "equity supply / demand dynamics peaked in bullishness in 2025 with easy central banks, accelerating earnings, accelerating buybacks, individual and institutional inflows and a lack of supply. Today these levers are reversing" *(Source: BofA Global Research).*

- Corporate fundamentals normalizing from the recent exceptional levels will not come as a surprise to most investors. However, a deceleration in revenue / earnings growth could give risk assets less room for error in the coming months. We have a strongly held belief that "markets don't bottom on good news" rather they bottom on bad data surpassing horrific expectations. Similarly, markets usually peak well in advance of serious issues becoming obvious. We are not implying that investors should be holding their breath waiting for a shoe to drop, rather this is simply a risk worth keeping in mind.

- Although corporate fundamentals have broadened in some senses (Russell 2000 EPS growth is expected to well exceed S&P 500 EPS growth in the quarters ahead according to Strategas Research Partners), the S&P 500 remains a very top-heavy index. At the beginning of Q2 earnings season, Micron and Nvidia were expected to account for 40% of the S&P 500's earnings growth this quarter, while the 20 companies with the highest growth rates were expected to account for 95% of the total S&P 500 earnings growth*.* More than 80% of the overall index's earnings growth was expected to come from two sectors – Technology and Energy *(Source: Strategas Research Partners).*

- Earlier, we noted the de-rating which has occurred for the S&P 500 and NASDAQ on a forward PE basis. At the same time, US Large Cap equities are historically expensive based on several other valuation metrics such as TTM PE, Price to Sales, Price to Free Cash Flow, Shiller PE, etc. In this regard, the continuation of this bull market will be increasingly dependent on earnings growth meeting or exceeding analysts' lofty expectations.

- At a high level, it is not difficult to decipher why broad indices appear somewhat cheaper on a forward PE basis. Aside from Apple and Tesla, the Mag 7 has massively de-rated relative to their respective valuations during most of the post-COVID era. Similarly, many software stocks are trading at decade - plus low PE multiples due to the potential threat AI poses to the long-term viability of their business models. Jordi Visser of 22V Research has frequently notes that that AI compresses market cycles and increases uncertainty regarding terminal values – thus compressing valuations. When also considering negative free cash flow and large debt / equity issuance for the hyperscalers, it remains difficult to make a strong case for broad based multiple expansion amongst these groups (aside from a big drop in interest rates).

AI Related Debt Is Accelerating Higher

Credit markets had already begun to express a degree caution regarding the enormous debt issuance from the hyperscalers over the last several weeks. Then, on Monday 8/10, Nvidia announced a partnership with six large asset managers to facilitate a $500B financing facility for AI Infrastructure. Jensen Huang stated, "AI compute is a financeable, revenue-producing asset class." In short, Huang has set up a consortium with Wall Street to securitize AI-related assets – including chips and data centers – opening new sources of investment capital (i.e., pension funds, insurance companies, endowments and HNW investors) to help finance the continued AI Infrastructure buildout.

The positive spin on this news will support Gavin Baker's optimistic thesis – demand for compute continues to be nearly endless, and therefore this AI Infrastructure buildout remains in its early stages. Additional sources of capital to help finance this enormous spend could mean that CAPEX growth rates will continue to be revised higher – which has been an excellent outcome for both corporate earnings and equity market performance over the last few years. Lastly, it is difficult to debate the reality that these are the largest and most sophisticated asset managers in the world who are putting their own reputations at risk to help facilitate the financing of this AI Infrastructure buildout.

We remain mindful that the bearish narrative usually sounds smarter than the bullish thesis – which has certainly been the case for the majority of this bull market. Having said this, there is no shortage of holes to poke in relation to the debt piling up for this AI buildout.

Nearly all of the AI experts, including several AI CEOs have admitted that not all of this capital is going to be put to work in an efficient manner (over capacity always eventually occurs during capital spending booms) and there will be numerous losers alongside the winners when we look back upon this cycle.

Torsten Slok, Chief Economist at Apollo, made an incredibly astute point in one of his recent daily emails "in business, profit margins are frequently higher for the owner of the end-customer relationship. But that is not the case for AI. In AI, profit margins are higher the further you get from the end user. This is important because it means the AI boom's profits are currently being funded by investors rather than earned from customers. The upstream margins are real, but they are paid for out of capital raised by the layer losing money, not out of cash generated by end demand. The bottom line is that the most profitable part of the AI value chain depends on the least profitable part continuing to grow revenue or raise capital. Capital can bridge the gap for a while, but not indefinitely. And therein lies the risk: will ROI show up for AI's end customers fast enough to sustain the spending that is generating those upstream margins?" *(source: Torsten Slok & Apollo).*

The Kobeissi Letter offered additional perspective on the amount of capital being spent: the five big hyperscalers (AMZN, GOOG, META, MSFT & ORCL) "are estimated to *increase* CAPEX by 1.0% of US GDP in 2026, to a record 2.4%" of GDP. "By 2027 Big Tech CAPEX is projected to more than double to 3.1% of GDP, from 1.4% in 2025. By comparison, broadcasting and telecom CAPEX peaked at 1.2% of GDP in 2000" *(source: The Kobeissi Letter & Apollo).*

If there were any doubt before, it is becoming increasingly clear that the US economy and stock market are "all in" on the AI Infrastructure buildout. Our dependence on the AI trade seems to be increasing by the day, just as Chinese open-source models are rapidly becoming an increasing source of competition to OpenAI and Anthropic. There could be some "air pockets" ahead if ROI doesn't begin to crystallize sooner rather than later.

Conclusion

In closing, we believe the building blocks of this bull market remain firmly in place: strong corporate earnings growth and easy financial conditions. At the same time, it is difficult to envision either of these factors having much runway to improve from here. Corporate earnings growth will inevitably begin to normalize from these historic levels, especially because it has been supercharged by non-operating earnings (i.e. markups to their investments in SpaceX, Anthropic, etc.)

Financial conditions are a more complex subject, with certain components such as oil and the US Dollar being somewhat of a wild card. But various factors point toward interest rates staying sticky around these levels for the foreseeable future. First, 54% of the outstanding government debt will need to be refinanced over the next three years *(source: Strategas Research Partners).* Second, we continue to run 5% - 6% annual budget deficits, despite a good economy. Since 2008, this has become the new normal, with only 5 of 18 years (2014 – 2018) recording budget deficits under 4% and only 7 of18 years (2013 – 2019) registering budget deficits of less than 5% *(source: MBL Advisors & Google Gemini).* Last, the supply of corporate debt, largely attributable to the AI buildout, is set to rapidly increase alongside government debt. These technical factors will pressure interest rates and credit spreads higher, all else equal – ultimately beginning to modestly tighten financial conditions unless relief is provided from other components.

The Federal Reserve is clearly an important factor for interest rates and financial conditions alike, and monetary policy - makers seem to be facing an increasingly complex situation. Intermediate and longer-term bond yields are moving higher across the developed world, with US Treasury 30 Year yields now at their highest level since 2007 *(source: MBL Advisors & FactSet)*, despite three recent events which should have been seen as interest rate friendly (no Fed rate hike, weak jobs number, tame CPI). New Federal Reserve Chairman Kevin Warsh has strongly pushed back on the idea that 2% inflation is a "soft target" or "shadow target" and the Fed's stated preferred measure of inflation, Core PCE, stands at 3.3% as of June *(source: MBL Advisors & FactSet).* Thus, investors who are emphasizing Warsh's willingness to take the Fed's stated inflation target more seriously than his predecessors believe interest rate hikes are imminent over the ensuing quarters.

Conversely, the Fed has rarely hiked rates into a negative nonfarm payrolls report – which we experienced last week. The soft payrolls report occurred with negative revisions to previous months and average hourly earnings growth now below pre-COVID levels *(source: MBL Advisors & FactSet).* In addition, the United States recently staged a coordinated currency market intervention with Japan for the first time since 2011 *(source: cfr.org).* Currency market interventions are an extremely rare event. In this instance it was designed to strengthen the Yen, and all Asian currencies alike – partially given the administration's goals of reindustrializing the US. This is important, because Fed rate hikes would strengthen the US dollar all else equal, thus dampening, if not entirely reversing the results from this recent currency intervention.

The voting members of the Federal Reserve are clearly more divided regarding their opinions for the appropriate future policy path than they have been in a long time. Warren Pies of 3Fourteen Research noted that some Fed governor viewpoints are becoming "emotional and political." Pies wrote, "they (the Fed) lack substantive views on the forward path of inflation / labor. This is the mindset that produces policy mistakes" *(source: Warren Pies).*   Michael Hartnett from BofA Global Research recently stated, "bonds end booms and bubbles." Thus, it is imperative that the Fed does not lose the long end of the bond market. We reiterate – the Fed does not have an easy job ahead of them.

There is little doubt that enormous Federal debts and deficits have complicated the Fed's job – and even its "shadow" / "third mandate" (interest expense). However, fiscal dominance, which reinforces higher nominal growth rates, should remain a more important theme for investors than Fed policy in our opinion (policy error aside). In a recent research note, Morgan Stanley reminded investors "Equities benefit from higher nominal growth. Stronger nominal GDP supports revenue expansion, earnings growth and cash flow generation, thus creating a favorable backdrop for equities. Fiscal Policy, tax-incentivized growth and deregulation are all likely to reinforce this" *(source: Morgan Stanley & Mike Zaccardi).*

Together, these factors depict a maturing business cycle and bull market, which will likely mean more moderate price appreciation and increased volatility for investors moving forward. Howard Marks, the co-founder of Oaktree Capital, has written numerous memos with "Nobody Knows" in the title over the last several years. Investors who have been around long enough recognize the market's innate ability to unleash a surprise when the consensus least expects it.

In our opinion, AI has compounded the reality that "nobody knows" given the complexity and uncertainty surrounding numerous variables, especially the increasingly anticipated ROI from the AI buildout. At the same time, the "bets" on the eventual ROI are continuing to increase in size – which in our opinion means fatter tails (statistically speaking), and possibly more binary outcomes (massive AI CAPEX could end up either really good or really bad for the stock market). Considering this, two core principles should be emphasized to a maximum degree: (i). Remain disciplined and maintain high conviction in our investment process, especially since "nobody knows." (ii.) Sustain high respect for trends in asset prices rather than the endless narratives which exist. The single best decision investors have made over the course of the last decade has been to stay invested in asset classes in solidified uptrends. Jeff DeGraff of Renaissance Macro recently stated that "it's pretty bad policy to be short or bearish when you are at a new high."

KKR recently released their five-year forward - looking capital market assumptions. They were interesting in the sense that their forecasted expected returns for almost every publicly traded asset class (US stocks, non-US stocks, bonds, commodities, etc.) were clustered in the 4.5% - 6.5% range. Many firms have published capital market assumptions with similar return forecasts, and to be fair, some of these forecasts were a few years premature in their moderate return expectations. Having said this, above average returns won't last forever, thus we believe it is imperative for investors to continuously reevaluate portfolio construction, distribution needs, and conduct disciplined rebalancing during this advantageous market environment. "Preparation" is far more important than "prediction" for successful long-term, goals-based investing. We look forward to continuing these conversations with you in the near future.

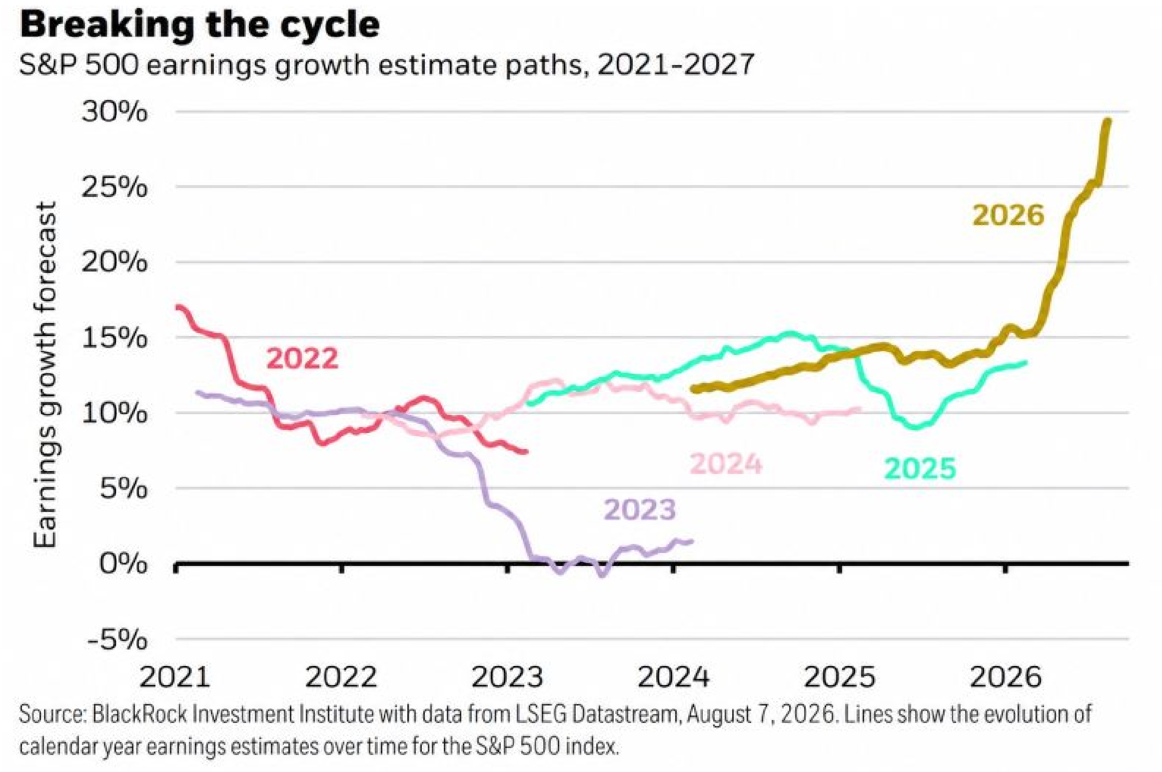
Sincerely,

Brian Gift, CFA
Chief Investment Officer
MBL Advisors

There is usually time between peak EPS growth and the next Recession

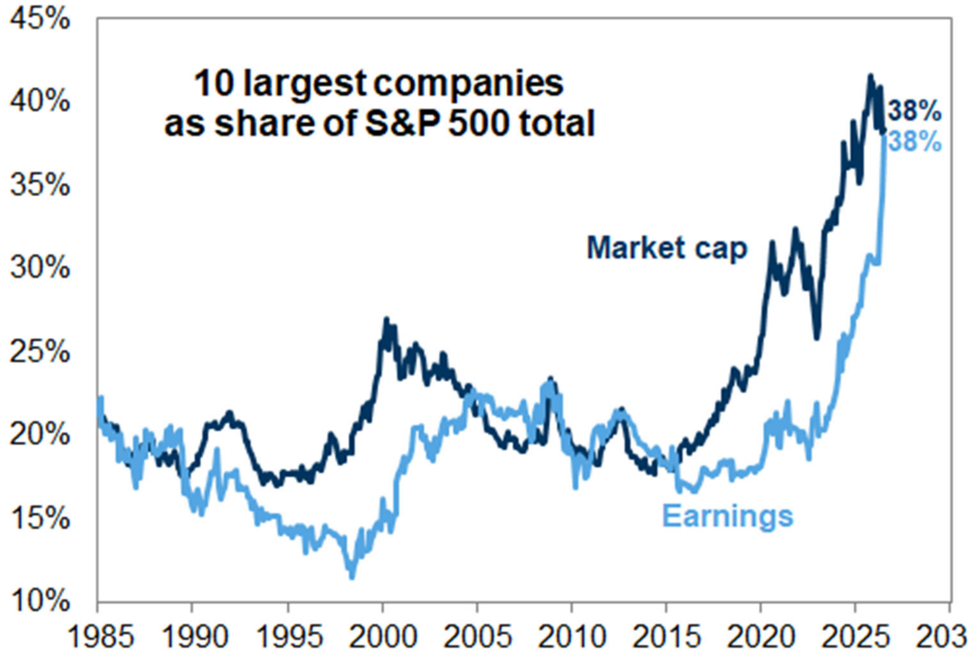
Peak EPS Growth Year	EPS Growth	Next Recession / Slow Down	Market Peak	Commentary
1988	50%	1990 / 1991	Q3 1990	No EPS growth in 89; negative in 90 & 91
1993	29%	2000 / 2001	Q1 2000	EPS Growth gradually slowed before -30% in 2001. Big P/E expansion in late 1990's
2004	24%	2008	Q4 2007	EPS growth gradually slowed. Slightly negative in 2007 before -40% in 2008.
2010	47%	2015	Q3 2015	Mid cycle slowdown. 2 sperate -15% corrections.
2018	19%	2020	Q1 2020	EPS growth was slowing. But COVID blackswan event.
2021	49%	2022	Q1 2022	No recession. Flat EPS growth. Mini bubble in asset prices.
2026	29% (estimate)	?	?	The peak in EPS growth did not occur in the same year as the market peak in any of the above cycles. Although 2021 / 2022 came very close.

Source: MBL Advisors & NYU Stern



Source: BlackRock

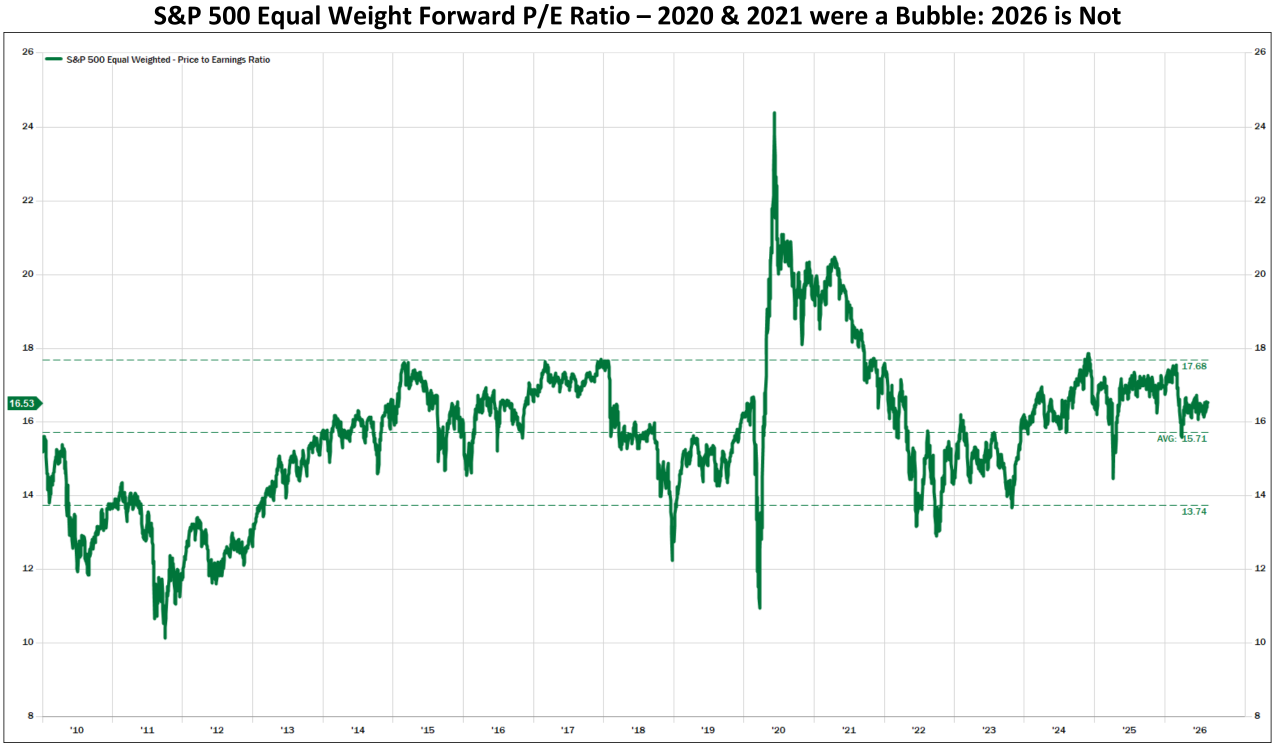
Source: Bloomberg



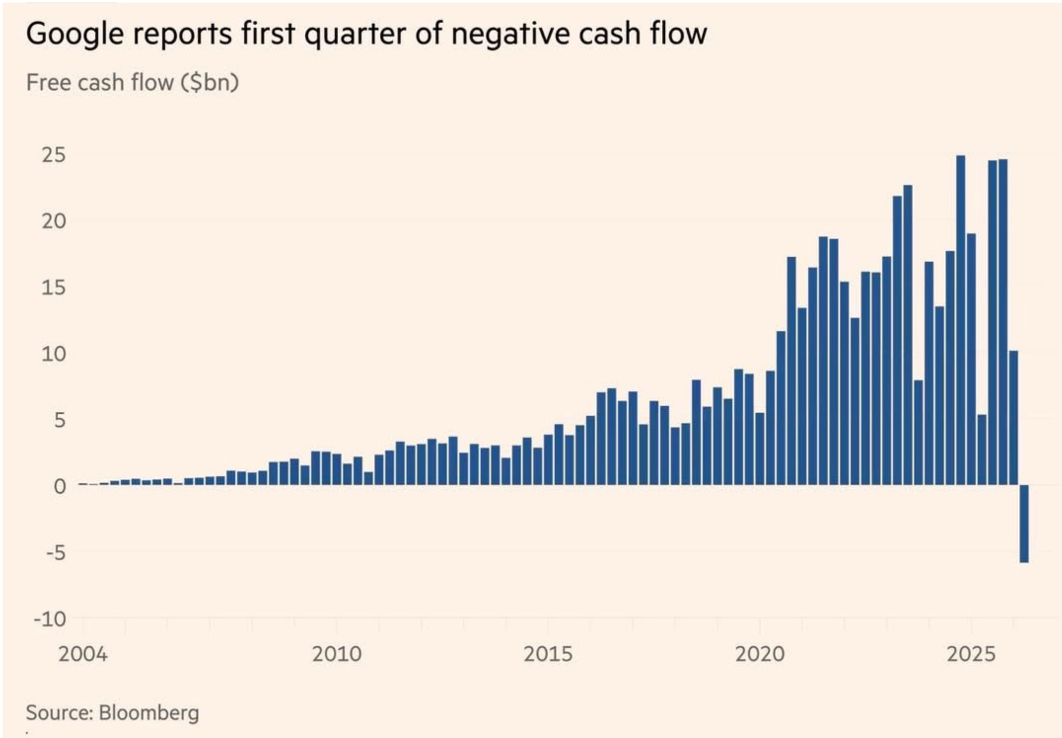
Earnings reflect consensus forward 12-month estimates.

Source: Goldman Sachs

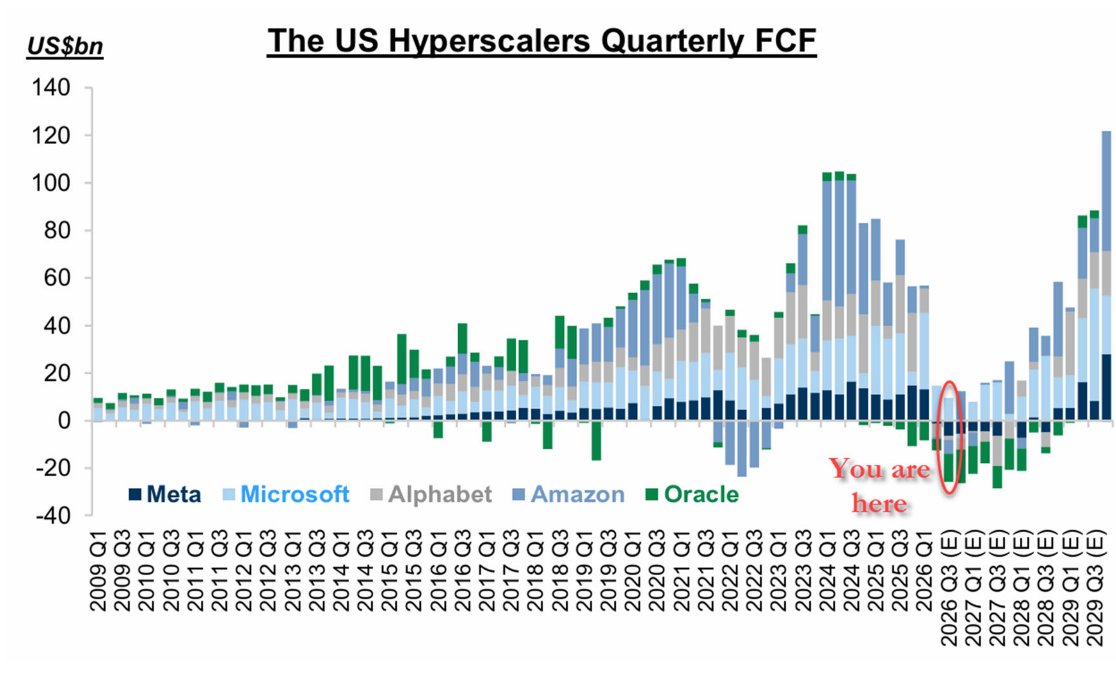
S&P 500 Equal Weight Forward P/E Ratio – 2020 & 2021 were a Bubble: 2026 is Not



Source: MBL Advisors & FactSet

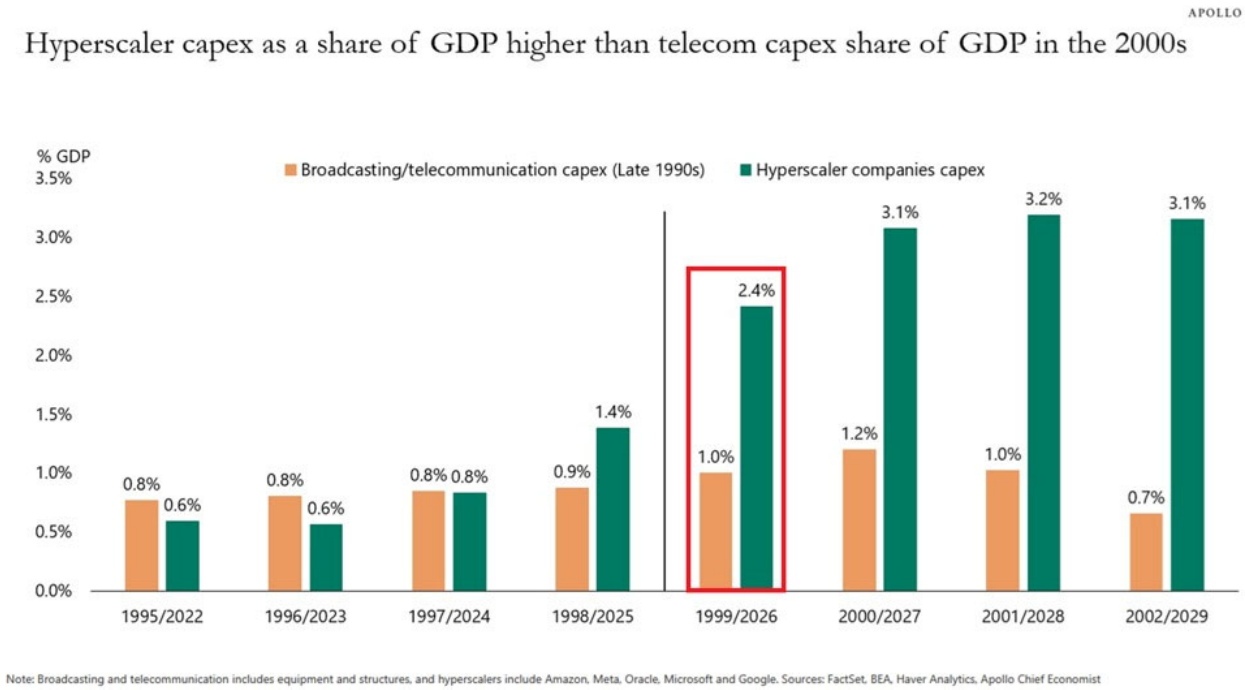


Source: Bloomberg



Source: FactSet, Goldman Sachs Global Investment Research

Source; Goldman Sachs & FactSet



Source: Torsten Slok & Apollo

Stocks Can Have Trouble With New Fed Leadership

S&P 500 Performance Under New Federal Reserve Bank Chairs

Fed Chair	Date Appointed	Max 3-Month Drawdown	Date Of 3-Month Drawdown Low	One Year Off 3-Month Drawdown
Eugene Meyer	9/16/1930	-32.2%	12/16/1930	22.9%
Eugene Black	5/19/1933	-20.9%	7/21/1933	29.5%
Marriner Eccles	11/15/1934	-8.0%	2/6/1935	15.4%
Thomas McCabe	4/15/1948	-3.8%	5/14/1948	-6.0%
William Martin	4/2/1951	-7.8%	5/25/1951	-45.1%
Arthur Burns	2/1/1970	-11.0%	4/28/1970	15.4%
William Miller	3/8/1978	-3.0%	5/26/1978	11.1%
Paul Volcker	8/6/1979	-10.1%	10/25/1979	63.8%
Alan Greenspan	8/11/1987	-33.2%	10/19/1987	29.5%
Ben Bernanke	2/1/2006	-2.2%	2/7/2006	-2.8%
Janet Yellen	2/3/2014	-4.0%	4/11/2014	13.5%
Jerome Powell	2/5/2018	-7.3%	4/2/2018	3.8%
Average		-12.0%		12.6%
Median		-7.9%		14.4%
% Positive				75.0%

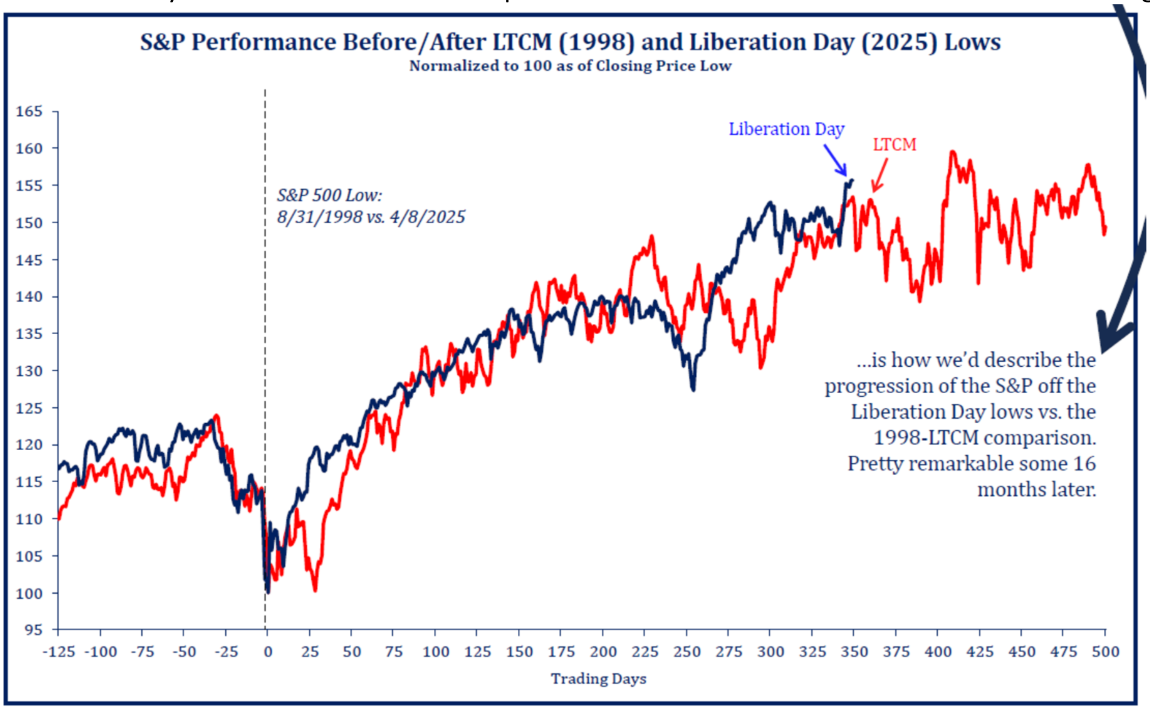
Source: Carson Investment Research, FactSet 05/21/2026
@ryandetrick

CARSON

Source: Carson Investment Research & Ryan Detrick

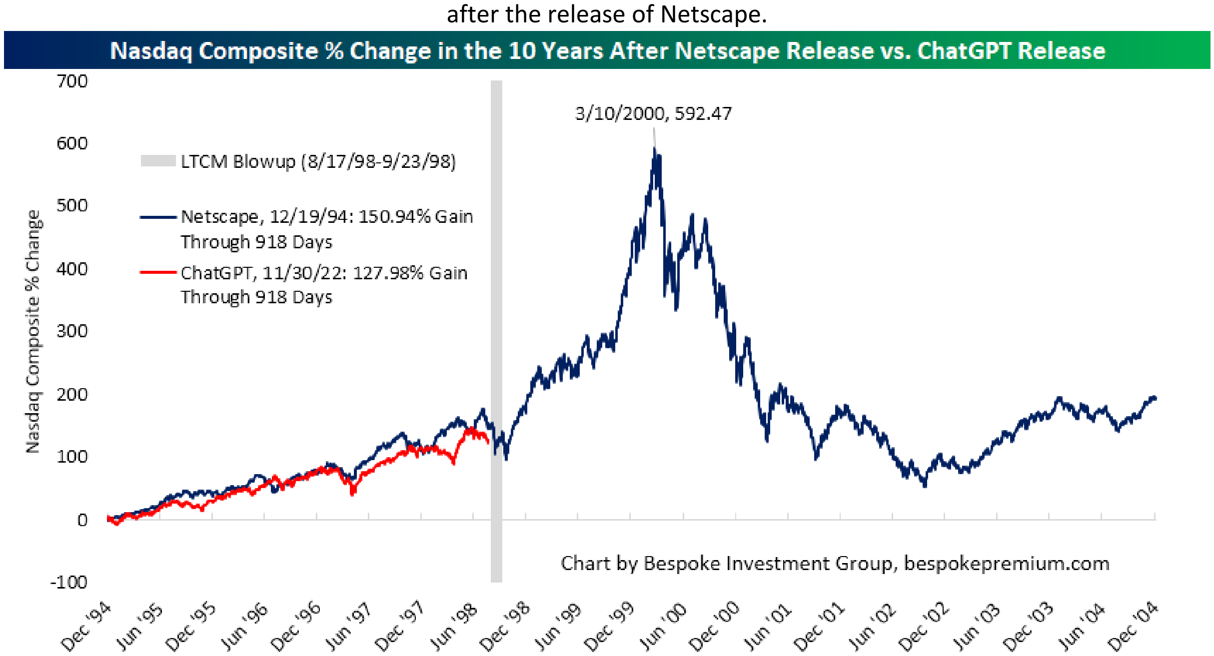
Starting points can be altered to chart historical market analogs in a variety of ways. Regardless, several analogs from the late 1990's are tracking vs. today. Some are more bullish than others. There are several other analogs which we haven't included.

If Liberation Day is akin to the LTCM Blow Up – this bull market doesn't have much time remaining



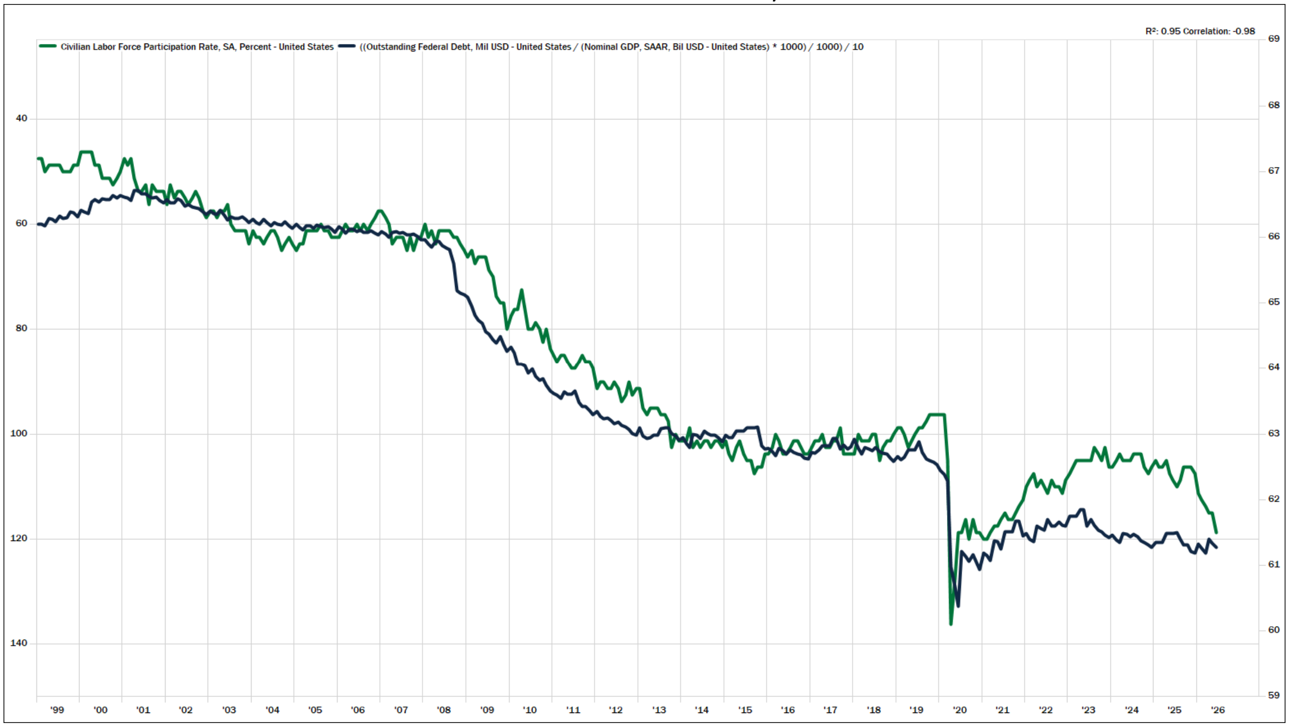
Source: Strategas Research Partners

Conversely if the July 2026 momentum crash was akin to LTCM, then some big gains remain ahead for this bull market. Amazingly, Situational Awareness blew up 918 days after the release of ChatGPT. LTCM blew up 918 days after the release of Netscape.



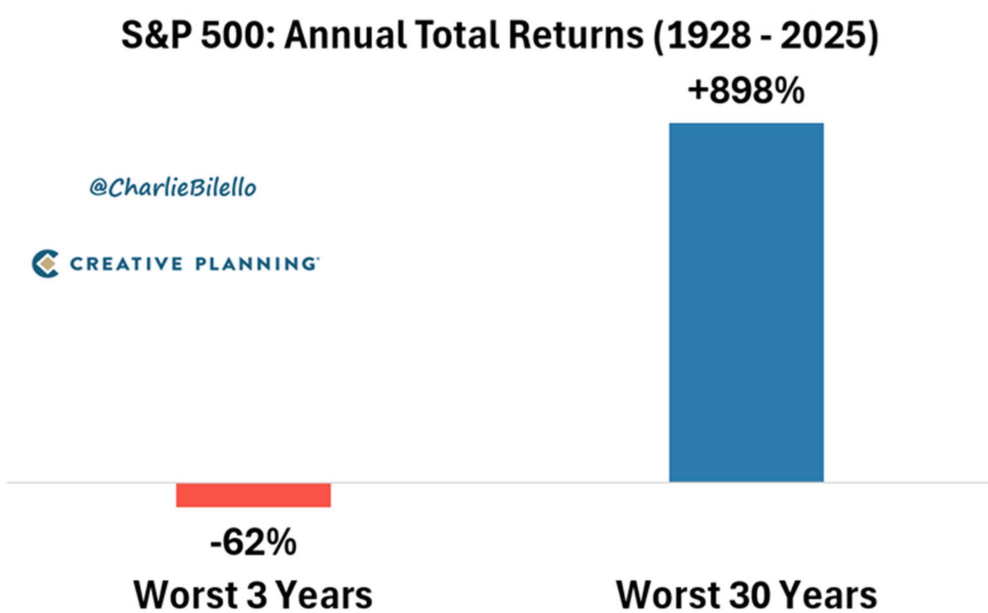
Source: Bespoke Investment Research

Labor Force Participation Rate (green; RHS) **vs Government Debt as a % of GDP** (blue; LHS inverted)
Lower labor force = lower GDP growth all else equal. Therefore, the government has attempted to fill this void with debt fueled growth. Fiscal Dominance is alive and well. Government debt as a percentage of GDP has grown from 64% in 2008 to 121% today.



Source: MBL Advisors & FactSet

For Most Investors, their largest long term financial risk is outliving their money. Equities are the best hedge against this risk. At the same time, their largest short term financial risk is overspending and needing capital when risk assets are depressed.



Source: Charlie Biello & Creative Planning

Bob Farrell's 10 Investing Rules

Bob Farrell is a legendary Merrill Lynch strategist who published his timeless list of 10 investing rules several decades ago, a version of which can be found here https://www.investopedia.com/articles/fundamental-analysis/09/market-investor-axioms.asp.

Their timelessness and truth always amaze us each time we observe them, and these rules seem particularly important during this era of "everything AI."

- *Rule #1. Markets tend to return to the mean over time.*
- *Rule #2. Excesses in one direction will lead to opposite excesses in the other direction.*
- *Rule #3. There are not new eras – excesses are never permanent.*
- *Rule #4. Exponential rapidly rising or falling markets usually go further than you think, but they do not correct by going sideways.*
- *Rule #5. The public buys the most at the top and the least at the bottom.*
- *Rule #6. Fear and greed are stronger than long-term resolve.*
- *Rule #7. Markets are strongest when they are broad and weakest when they narrow to a handful of blue-chip names.*
- *Rule #8. Bear markets have three stages – sharp down, reflexive rebound and a drawn out fundamental downtrend.*
- *Rule #9. When all of the experts and forecasts agree – something else is going to happen.*
- *Rule #10. Bull markets are more fun than bear markets.*