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MARKET MUSINGS

May 13, 2026

MARKET RALLY ACCELERATES ON EARNINGS GROWTH

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SUMMARY

- Despite elevated geopolitical tensions and the continued closure of the Strait of Hormuz, equities have climbed back to all-time highs as investors refocus on the strength of corporate earnings and the broader economic backdrop. Companies are beating profit estimates at an unusually strong pace, while earnings growth has accelerated to levels rarely seen outside of post-recession recoveries.
- Historically, strong and rapid market advances have tended to occur during durable bull markets rather than near major market peaks. The recent rally has already produced several rare momentum signals, including one of the strongest three-week rallies in history and a double-digit gain for the S&P 500 in a single month.
- The broader outlook remains constructive, supported by resilient corporate profits, improving margins, and continued investment spending tied to artificial intelligence. At the same time, investors should remember that pullbacks are a normal part of investing. Even during the strong market advance of the past three years, the S&P 500 has experienced multiple declines of 5% or more along the way.
- Our **micro**cast™ signal remains at a neutral allocation. Taken together, our tactical risk models continue to indicate a constructive backdrop for equities.

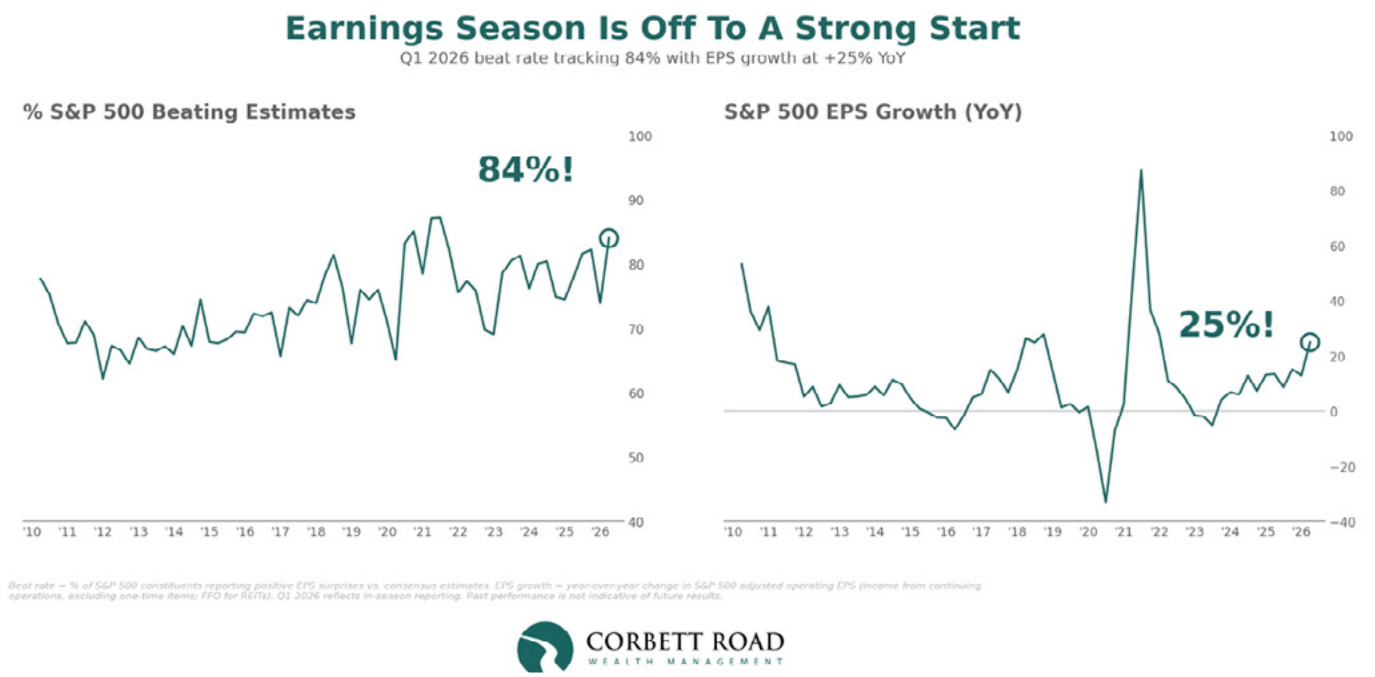
Charts and graph depicted in this presentation are for educational purposes only. Investors cannot invest in a market index directly, and the performance of an index does not represent any actual transactions. The performance of an index does not include the deduction of various fees and expenses which would lower returns.

See content within for additional information on the summary items discussed above

LINGERING GEOPOLITICAL RISK
HAS NOT PREVENTED THE MARKET FROM REACHING NEW HIGHS

Despite elevated geopolitical risks and continued uncertainty surrounding the Strait of Hormuz, investor focus has increasingly returned to the resilience of corporate profits and the strength of the underlying earnings backdrop.

Simply put, the profitability of U.S. corporations has remained too strong for investors to ignore. Companies are beating earnings estimates at an 84% rate, while year-over-year earnings growth has reached 25%, **a figure rarely seen outside of post-recession recoveries** (data from Piper Sandler):



What makes this especially notable is that profit growth continues to strengthen even after an extended period of elevated interest rates. Many investors expected a more meaningful deterioration in corporate earnings by this stage of the cycle.

Over time, equity markets tend to follow the direction of corporate profits. As long as earnings growth remains healthy, the fundamental backdrop for stocks should remain supportive.

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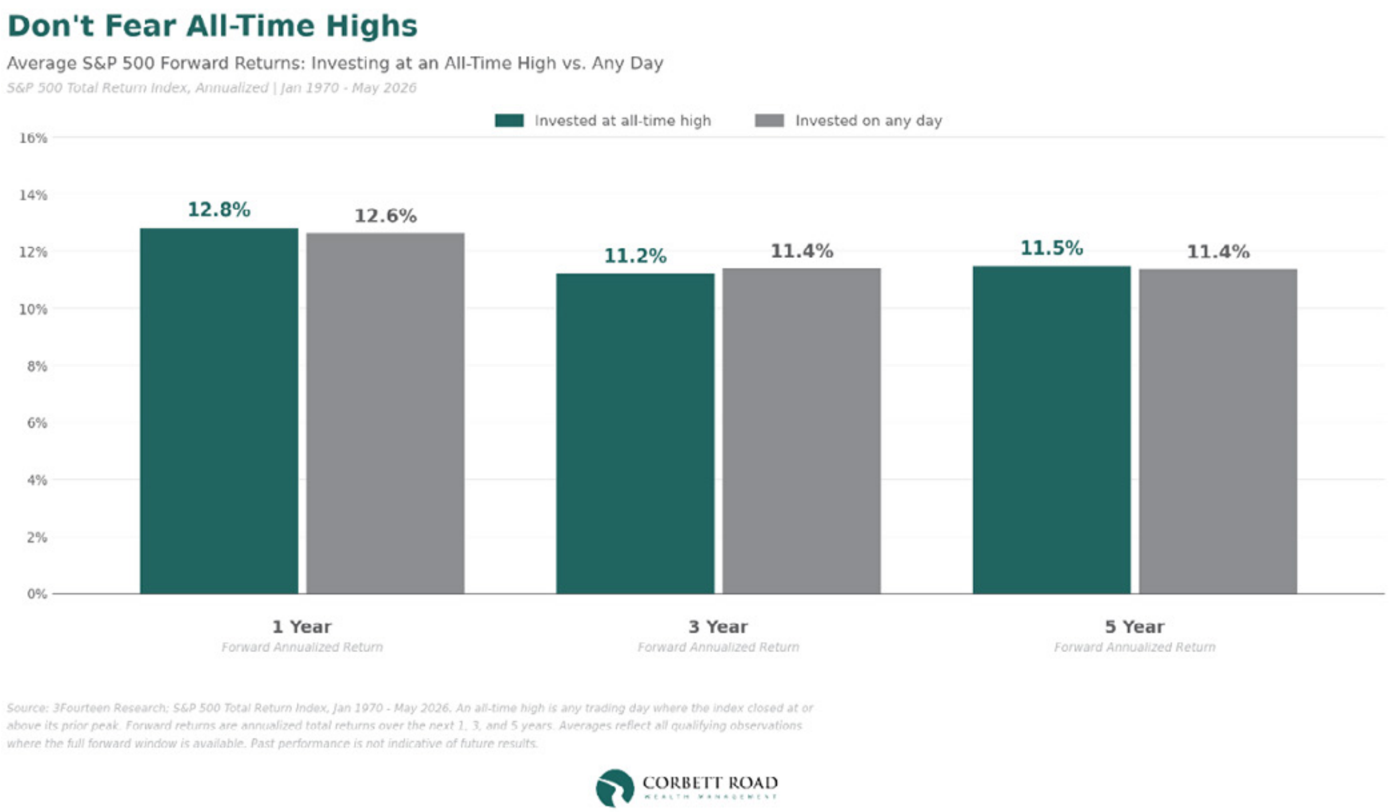
With the market at all-time highs and enthusiasm around artificial intelligence continuing to build, it is worth reminding investors that **new highs are not bearish signals.** Historically, markets have performed just as well following all-time highs as any other day (data from 3Fourteen):



BULL MARKETS TYPICALLY FEATURE **SHARP, POWERFUL UPSWINGS**

The scale and speed of the rally since the March 30 low has been reminiscent of the surge following "Liberation Day", when the Trump administration reversed course on its initial tariff plans in April of last year. In several respects, this advance has been even more impressive.

First, **the S&P 500 gained more than 10% in a single calendar month**, a rare occurrence that has happened only 13 times since 1950. Historically, stocks have gone on to post solid gains in the months and years that followed (data from 3Fourteen):

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After a 10%+ Month, Stocks Tend to Keep Climbing

S&P 500 forward price-return performance following any calendar month with a 10%+ gain

Since 1950 (price returns)

		Forward Price Return					
Month	**That Month**	**1 Month**	**3 Months**	**6 Months**	**12 Months**	**24 Months**	**36 Months**
Nov 1962	+10.2%	+1.3%	+3.3%	+13.7%	+17.6%	+35.6%	+47.1%
Oct 1974	+16.3%	-5.3%	+4.2%	+18.1%	+20.5%	+39.2%	+25.0%
Jan 1975	+12.3%	+6.0%	+13.4%	+15.3%	+31.0%	+32.5%	+15.9%
Jan 1976	+11.8%	-1.1%	+0.8%	+2.6%	+1.2%	-11.5%	-0.9%
Nov 1980	+10.2%	-3.4%	-6.6%	-5.6%	-10.1%	-1.4%	+18.4%
Aug 1982	+11.6%	+0.8%	+15.9%	+23.9%	+37.6%	+39.5%	+57.8%
Oct 1982	+11.0%	+3.6%	+8.7%	+23.0%	+22.3%	+24.2%	+42.0%
Aug 1984	+10.6%	-0.3%	-1.9%	+8.7%	+13.2%	+51.7%	+97.9%
Jan 1987	+13.2%	+3.7%	+5.2%	+16.3%	-6.2%	+8.5%	+20.1%
Dec 1991	+11.2%	-2.0%	-3.2%	-2.1%	+4.5%	+11.8%	+10.1%
Oct 2011	+10.8%	-0.5%	+4.7%	+11.5%	+12.7%	+40.2%	+61.0%
Apr 2020	+12.7%	+4.5%	+12.3%	+12.3%	+43.6%	+41.9%	+43.2%
Nov 2020	+10.8%	+3.7%	+5.2%	+16.1%	+26.1%	+12.7%	+26.1%
Apr 2026	+10.4%	—	—	—	—	—	—
AVERAGE	**+11.6%**	**+0.8%**	**+4.8%**	**+11.8%**	**+16.4%**	**+25.0%**	**+35.7%**
HIT RATE	n=14	*7/13 (54%)*	*10/13 (77%)*	*11/13 (85%)*	*11/13 (85%)*	*11/13 (85%)*	*12/13 (92%)*

Source: 3Fourteen Research. Calendar-month returns calculated on the S&P 500 Index (price return) using month-end values. Forward returns measured from the end of the qualifying month. April 2026 forward returns are not yet observable. Past performance is not indicative of future results. Chart for illustrative purposes only.

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Second, the market experienced **one of the strongest three-week rallies in its history**, climbing nearly 12% from the end of March through mid-April. Historically, advances of similar magnitude have rarely occurred near major market peaks (data from Charlie Bilello):

S&P 500 Index: Biggest 3-Week % Gains (January 1950 - April 2026)

20 Biggest Rallies						S&P 500 Forward Total Returns						
Rank	**Start**	**End**	**Start S&P**	**End S&P**	**3-Week Return**	**3-Month**	**6-Month**	**1-Year**	**2-Year**	**3-Year**	**4-Year**	**5-Year**
1	3/20/2020	4/10/2020	2,305	2,790	21.0%	15%	26%	50%	66%	55%	97%	104%
2	3/6/2009	3/27/2009	683	816	19.4%	13%	29%	46%	68%	84%	109%	152%
3	8/13/1982	9/3/1982	104	123	18.1%	14%	27%	39%	46%	70%	134%	210%
4	4/3/2020	4/24/2020	2,489	2,837	14.0%	14%	23%	50%	55%	53%	90%	109%
5	10/1/1982	10/22/1982	122	139	13.8%	5%	18%	24%	29%	50%	95%	112%
6	3/27/2020	4/17/2020	2,541	2,875	13.1%	13%	22%	48%	58%	51%	86%	98%
7	9/21/2001	10/12/2001	966	1,092	13.0%	5%	2%	-22%	-2%	8%	16%	36%
8	8/6/1982	8/27/1982	104	117	12.9%	16%	30%	43%	52%	78%	148%	236%
9	12/4/1987	12/25/1987	224	252	12.5%	3%	11%	14%	48%	45%	82%	107%
10	10/4/1974	10/25/1974	62	70	12.5%	5%	26%	33%	53%	44%	59%	69%
11	7/10/2009	7/31/2009	879	987	12.3%	5%	10%	14%	36%	49%	86%	117%
12	10/4/2002	10/25/2002	801	898	12.1%	-4%	1%	17%	26%	41%	66%	85%
13	3/27/2026	4/17/2026	6,369	7,126	11.9%							
14	1/24/1975	2/14/1975	73	82	11.7%	14%	7%	27%	32%	21%	39%	70%
15	10/9/1998	10/30/1998	984	1,099	11.6%	17%	22%	26%	30%	0%	-15%	2%
16	5/15/2020	6/5/2020	2,864	3,194	11.5%	8%	17%	35%	33%	40%	78%	101%
17	3/20/2009	4/10/2009	769	857	11.5%	3%	26%	42%	62%	69%	102%	138%
18	3/13/2009	4/3/2009	757	842	11.4%	7%	23%	43%	65%	79%	101%	149%
19	9/27/1974	10/18/1974	65	72	11.3%	-1%	21%	27%	50%	43%	60%	70%
20	10/7/2011	10/28/2011	1,155	1,285	11.2%	3%	10%	12%	43%	65%	77%	84%
Historical Average (Top 20 Rallies)						**8%**	**19%**	**30%**	**45%**	**50%**	**79%**	**108%**
Average: All Other Periods						**3%**	**6%**	**12%**	**26%**	**40%**	**56%**	**75%**
Differential						**5%**	**13%**	**18%**	**19%**	**10%**	**23%**	**33%**

Note: Friday-to-Friday weekly windows. Start/End S&P = closing prices using closest trading day on or before each Friday.
Forward returns shown as total returns (price + dividends). Pre-1988 returns approximated using price return + 3.5% annualized dividend yield.
Source: S&P 500 index closing prices since January 1950.

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Lastly, the rally pushed the market to **a year-to-date gain of more than 5% through April**. Historically, strong starts to the year have not only led to solid returns over the remaining months but have also seen better-than-average returns during the often feared "Sell in May" period spanning May through October (data for next two charts from Carson):

A Good Start To The Year = Happy Bulls

S&P 500 Performance After >5% YTD Through April (Last 25 Instances)

Year	YTD End Of April	May Return	Sell In May (April - Oct)	Rest of Year
1972	5.5%	1.7%	3.6%	9.6%
1975	27.3%	4.4%	2.0%	3.3%
1976	12.7%	-1.4%	1.2%	5.7%
1979	5.9%	-2.6%	0.1%	6.1%
1983	16.9%	-1.2%	-0.5%	0.3%
1985	7.5%	5.4%	5.6%	17.5%
1986	11.5%	5.0%	3.6%	2.8%
1987	19.1%	0.6%	-12.7%	-14.3%
1988	5.8%	0.3%	6.8%	6.3%
1989	11.5%	3.5%	9.9%	14.1%
1991	13.7%	3.9%	4.6%	11.1%
1995	12.1%	3.6%	13.0%	19.7%
1996	6.2%	2.3%	7.8%	13.2%
1997	8.2%	5.9%	14.1%	21.1%
1998	14.6%	-1.9%	-1.2%	10.6%
1999	8.6%	-2.5%	2.1%	10.0%
2010	6.4%	-8.2%	-0.3%	6.0%
2011	8.4%	-1.4%	-8.1%	-7.8%
2012	11.2%	-6.3%	1.0%	2.0%
2013	12.0%	2.1%	10.0%	15.7%
2017	6.5%	1.2%	8.0%	12.1%
2019	17.5%	-6.6%	3.1%	9.7%
2021	11.3%	0.5%	10.1%	14.0%
2023	8.6%	0.2%	0.6%	14.4%
2024	5.6%	4.8%	13.3%	16.8%
2026	5.3%	?	?	?
	Average	**0.5%**	**3.9%**	**8.8%**
	Median	**0.6%**	**3.6%**	**10.0%**
	% Higher	64.0%	80.0%	92.0%
Average Since 1950				
Average	**3.6%**	**0.4%**	**2.1%**	**5.6%**
Median	**4.8%**	**1.1%**	**2.7%**	**6.2%**
% Higher	61.8%	61.8%	65.8%	71.1%

Source: 3Fourteen Research. S&P 500 price-return data. 'YTD End of April' = return from prior Dec close to April close. 'May Return' = April close to May close. 'Sell in May' = April close to October close. 'Rest of Year' = April close to December close. May 2026 forward returns not yet observable. Past performance is not indicative of future results.

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This also serves as a good reminder that **the widely followed "Sell in May" strategy has not been particularly effective in recent years:**

Stocks Don't Always Sell in May, Especially Lately

S&P 500 Index Returns Past 10 Years (May - October)

Year	Sell In May Return
2016	2.9%
2017	8.0%
2018	2.4%
2019	3.1%
2020	12.3%
2021	10.1%
2022	-6.3%
2023	0.6%
2024	13.3%
2025	22.8%
Average	6.9%
% Higher	90.0%

*Source: Computed from S&P 500 daily price data. Latest: 2026-05-08.
Sell In May = S&P 500 price return from end of April to end of October.
Past performance is not indicative of future results.*

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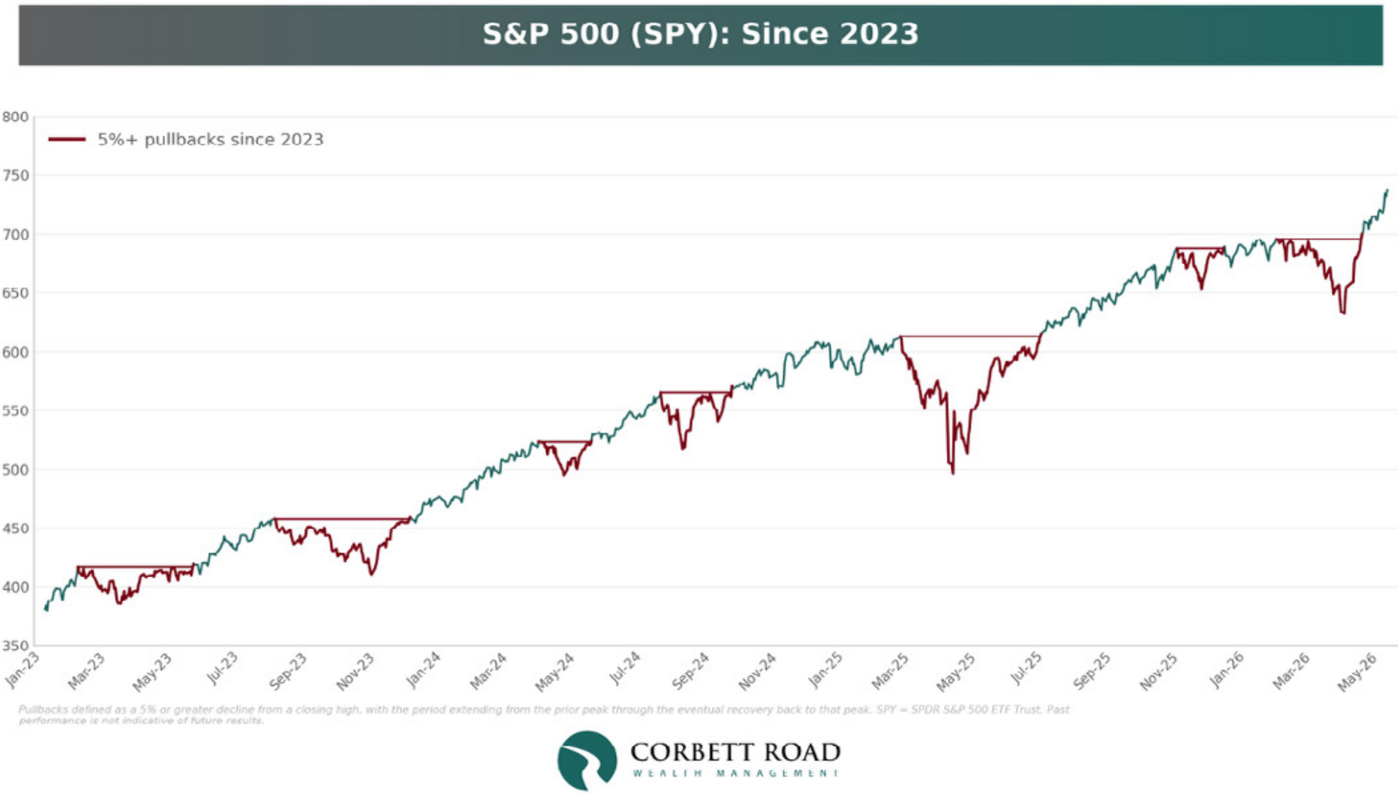
That should not come as much of a surprise. Market anomalies that become widely known often lose their effectiveness over time.

THE OUTLOOK REMAINS CONSTRUCTIVE, **EVEN IF THE ROAD AHEAD INCLUDES PERIODIC PULLBACKS**

The combination of positive earnings growth, improving corporate margins, and significant capital spending tied to artificial intelligence continues to provide meaningful tailwinds for equities. Importantly, many of those tailwinds have been in place for several years.

Over that same period, markets have navigated a wide range of risks, including major bank failures, tariffs, and now a sharp rise in oil prices. At various points, each appeared capable of derailing the bull market, yet the broader uptrend remained intact.

It is important to emphasize that this has not been an easy advance to stay invested through. Since the start of 2023, the S&P 500 has experienced seven separate pullbacks of at least 5%, including one decline that approached 20% (data from Bespoke):



It serves as an important reminder that market declines are a normal part of investing, even during strong market advances like the one experienced over the past three years.

In summary, despite higher oil prices and lingering geopolitical tensions, the broader market backdrop remains supported by strong corporate earnings, resilient profit

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margins, and continued investment spending. History suggests that powerful rallies, strong starts to the year, and new all-time highs have more often been characteristic of durable bull markets than major market tops. That does not mean the path forward will be smooth, as periodic pullbacks remain a normal part of investing. But so far, the market has continued to demonstrate an ability to absorb negative headlines while responding positively to strong underlying fundamentals.

IMPORTANT DISCLOSURES

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