



## Aptus April 2026 3-Pointers Highlights

### Market Overview

April served as a significant case study in the value of remaining a rational optimist and maintaining patience, as markets demonstrated a remarkable "V-shaped" recovery. Following an 8% drop, the market reached new all-time highs in just 11 days, marking its fastest recovery of that magnitude on record. Performance was exceptionally strong across the board, with large caps rising nearly 10.5% and small caps advancing 12%. Emerging Markets also climbed 14% for the month, bolstered by technological advancements and strength in the semiconductor industry.

### Growth and Profitability Fundamentals

When markets feel chaotic or volatile, the team emphasizes returning to the basics by focusing on earnings growth and corporate profitability. These fundamentals remained very strong in April, allowing the market to stay resilient despite external pressures. Rather than viewing all-time highs as a reason for pessimism, historical data suggests they are often an ideal time to put capital to work, as forward 12-month returns following such peaks tend to be above average with below-average volatility.

### Inflation, Rates, and the Policy Backdrop

The Federal Reserve continues to hold rates at a moderately restrictive level, which has been effective in bringing inflation back toward a more tolerable range. While recent data showed a temporary pop in headline inflation due to energy prices and the conflict in Iran, long-term inflation expectations remain well-anchored. The Fed remains focused on core inflation and the stabilizing effect of cooling shelter costs. With a leadership transition approaching, incoming Chair Kevin Warsh appears set to take over as Jerome Powell's term ends, though Powell intends to remain on the Board of Governors.

### Energy Independence and Economic Adaptation

The U.S. economy is currently in a structurally different position regarding energy than it was during the shocks of the 1970s or early 2000s. Due to massive infrastructure investments and improved drilling efficiencies, the U.S. has become a net exporter of oil, making the domestic economy much less dependent on global price fluctuations. Even if oil prices remain elevated, the impact on S&P 500 earnings is expected to be minimal (potentially only 2% to 3%) as corporate America continues to demonstrate an impressive ability to adapt to changing environments.

## Earnings Resilience and AI Productivity

Earnings per share expectations for the S&P 500 have risen every week since the start of the Iran conflict, defying bearish narratives. This resilience is driven largely by the revolutionary impact of artificial intelligence and significant capital expenditures from major technology "hyperscalers" who see massive long-term opportunities. While concentration in the "Mag 7" remains high, the broader S&P 493 is also showing healthy growth, with average stocks projected to grow earnings by 11-12% in 2026, well above the 9% historical average.

## Looking Ahead

Macro headlines and social media can often feel overwhelming, but the underlying trajectory of businesses remains the primary driver of long-term market direction. A potential end to current geopolitical conflicts could serve as a "launchpad" for the market if rate cuts begin to be priced back into valuations. Investors are encouraged to avoid the pitfalls of overtrading or reacting emotionally to short-term volatility, as sticking to a disciplined plan and owning beta remains the most effective path to compounding long-term returns.

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