APTUS CAPITAL ADVISORS

Aptus 3-Pointers Highlights August 2026

Market Overview

August delivered another solid month even though the tape felt choppy along the way. The NASDAQ finished up roughly 4% and the S&P 500 gained about 3%, with international and emerging market equities also participating. Headline risk remained elevated and advisor inboxes filled with long lists of things that could go wrong, but none of it changed the fundamental picture. Equity strength continues to trace back to the simplest inputs in this market, earnings and profitability. The month was another case study in keeping clients invested through short bouts of volatility rather than trading around the noise.

Earnings and Profitability

Second quarter earnings were the story of the month and they were exceptionally strong. S&P 500 earnings growth came in near 32% on the cleanest basis and closer to 52% including the other income Meta, Microsoft, and Amazon recognized on investments in companies such as Anthropic and SpaceX. Growth of that magnitude is essentially unheard of outside a recovery off a recessionary bottom and it arrived on the back of roughly 15% revenue growth. Strip out the hyperscalers and AI-adjacent names and the S&P 493 still grew earnings around 16%. The market has never experienced a recession while year-over-year profit growth is positive, let alone this positive. Comparisons will get harder from here and expectations moderate toward the mid-teens in the years ahead, which may cause the market to hiccup as it digests a slower pace of growth.

Fixed Income, Deficits, and the Global Rate Backdrop

Bonds continue to perform poorly across timeframes that matter, with years of compounding missed for portfolios sitting overweight the aggregate. Fiscal problems are a global condition rather than a US-specific one and investors are demanding higher yields to fund them. Nominal GDP is running hot across most major economies and with inflation closer to 3% than 2%, that supports sovereign yields in the 4% to 6% range. Treasury's version of an operation twist, buying back longer maturities and replacing them with T-bills, removes duration from the market and is more stimulative than a conventional buyback program that simply reissues similar maturities. That backdrop helps explain continued strength in gold and Bitcoin as part of the debasement playbook. The deeper issue is a deficit near 6% of GDP against roughly $40 trillion of total debt, which is a Congressional problem rather than a Treasury one.

314 Magnolia Ave | Fairhope, AL 36532 | 251.517.7198 | info@apt.us

APTUS CAPITAL ADVISORS

Inflation Measures and a Live September FOMC

Chairman Warsh used Jackson Hole to answer the criticism that followed the July FOMC and committed to core PCE as the inflation gauge for the remainder of the year, with the 2% target left intact. The measurement gap is unusual right now. Core PCE sits near 3.3% year over year while core CPI is closer to 2.5%, an 80 basis point spread in the opposite direction from the historical relationship, driven largely by shelter making up roughly 41% of core CPI versus about 17% of core PCE. Alternative gauges read lower still, with Dallas trimmed mean PCE near 2.3%, Cleveland median PCE at 2.7%, and Truflation around 1.55%. Odds of a September hike moved from essentially nothing to roughly 60%, with about two hikes priced before next April. With unemployment at 4.1% and earnings growing at this pace, a 25 basis point move reads as a recalibration rather than a change of regime.

Looking Ahead

Seasonality and politics are the near-term items to watch. The last two weeks of September have historically been the weakest stretch of the year and attention on midterm elections typically builds after Labor Day. These patterns are less monolithic than they are often presented, as weakness heading into September tends to persist while strength heading in has historically boded well. The politicization of data centers is worth monitoring as a sentiment overhang, even though it is unlikely to slow capital expenditure or the profitability that follows it. The discipline that matters is asset allocation rather than reaction to headlines and the case for more stocks and fewer bonds remains intact.