

Cash Flow and Carey



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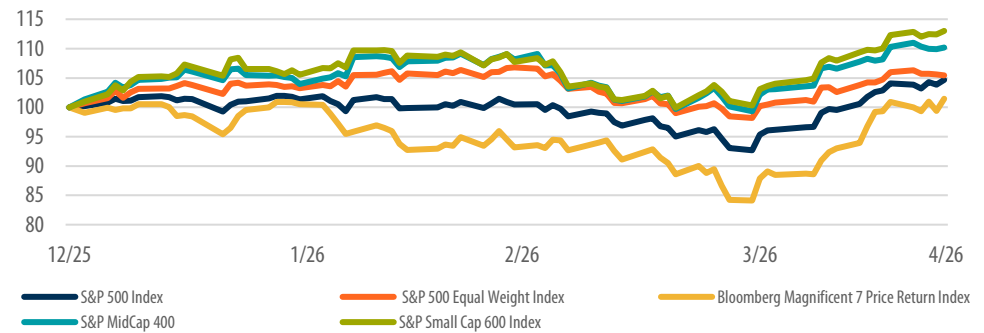
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This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Index is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance. The S&P 500 Equal Weighted Index is the equal-weight version of the S&P 500 Index. The Bloomberg Magnificent 7 Price Return Index is an equal-dollar weighted equity benchmark consisting of a fixed basket of 7 widely-traded companies in the U.S. The S&P MidCap 400 Index is a capitalization-weighted index which measures the performance of the mid-range sector of the U.S. stock market. The S&P SmallCap 600 Index is an unmanaged index of 600 companies used to measure small-cap U.S. stock market performance.

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Worth the Weight?

Daily Price Returns Since 12/31/25



Source: Bloomberg. Daily observations from 12/31/25 – 4/24/26, normalized to a factor of 100.

Past Performance is no guarantee of future results.

View from the Observation Deck

In today's discussion, we investigate the catalysts behind the year-to-date (YTD) price returns of five major U.S. equity indices through 4/24/26. As the chart reveals, equity prices continue to march upward, despite a tenuous geopolitical landscape, surging energy prices, and increasingly hawkish monetary policy expectations.

Small and mid-sized companies outperformed their peers by a large margin over the period. For reference, YTD price returns for the five indices in today's chart were as follows:

S&P SmallCap 600 Index: 13.0%

S&P MidCap 400 Index: 10.2%

S&P 500 Equal Weighted Index: 5.4%

S&P 500 Index: 4.7%

Bloomberg Magnificent 7 Index: 1.4%

Valuations for the S&P 500 Equal Weight, S&P SmallCap 600, and S&P MidCap 400 Indices remain more attractive than those of the Bloomberg Magnificent 7 and broader S&P 500 Indices.

As of 4/24/26, the forward price-to-earnings ratios for each of the indices in today's chart were as follows: Bloomberg Magnificent 7 Index (30.65); S&P 500 Index (21.85); S&P MidCap 400 Index (17.09); S&P 500 Equal Weighted Index (17.03); and S&P SmallCap 600 Index (16.13).

Takeaway

The S&P SmallCap 600 and MidCap 400 Indices are off to a phenomenal start this year, increasing by 13.0% and 10.2% (price-only), respectively, through 4/24. Larger companies have not fared as well, with the S&P 500 and Bloomberg Magnificent 7 Indices realizing price returns of 4.7% and 1.4% over the time frame. Early-year rate cut expectations faded as investors began accounting for surging energy prices amidst the Iranian war. Large caps appear to have borne the brunt of the resultant revaluation, with price returns declining to time-series lows near the end of March 2026 (see chart). Stretched valuations may offer insight into these results, with large cap P/E multiples hovering well-above their mid and small-sized counterparts. That said, analysts expect strong earnings results from each of these indices, which may lend support to elevated multiples. Notably, each index presented today is estimated to see earnings increase to record levels in 2026. As investors charge toward the second half of the year, we feel a good question to ask might be: "what investments are worth the weight they've been assigned in my portfolio?"