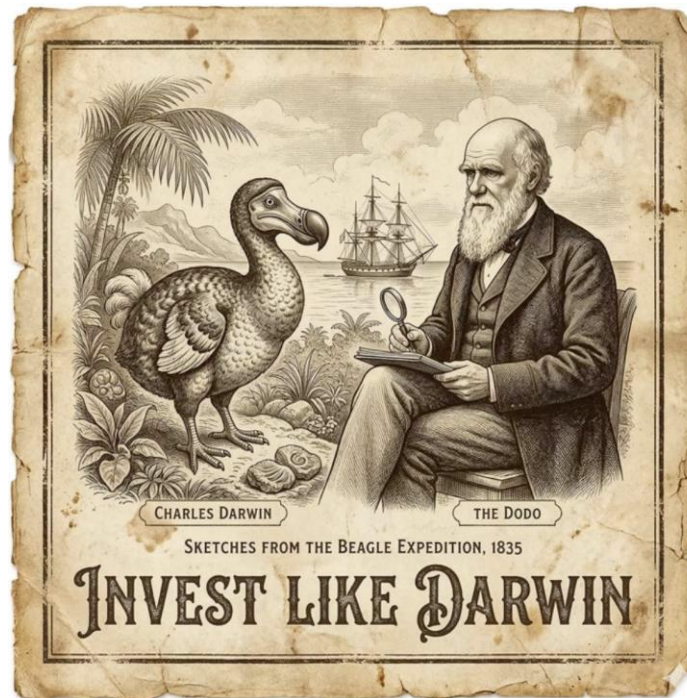




# MEDALLION

WEALTH MANAGEMENT

*April 2026 Market Commentary*



***"The gods may throw a dice  
Their minds as cold as ice  
And someone way down here  
Loses someone dear  
The winner takes it all  
The loser has to fall."  
The Winner Takes It All by Abba***

<https://www.youtube.com/watch?v=92cwKCU8Z5c>

This is often hard to believe, but the stock market is a Winner Takes All game. Arizona State University Professor Hendrik Bessembinder has proven this with his recently updated research covering One Hundred Years in the U.S. Stock Markets. The study looks at the returns of all 29,754 common stocks listed in the U.S. from 1926 to 2025, and the results are certainly eye-opening.

First, while the database spans 100 years, the average stock is only in the database for 11.7 years, and the median is just 6.8 years. This is the definition of creative destruction.

Over the entire 100 years the buy-and-hold return on the entire universe was 10.1% annualized, over the same period one month Treasury bills returned 3.3% annually. So far so good, stocks outperform cash by about 7%. The real eye-opener of this study is how few individual stocks outperform Treasury bills, and how few account for nearly all of the excess returns.

**Only 41% of stocks outperformed Treasury bills, while 59% underperformed! And only 27.6% outperformed the average market return of 10.1%, while 72.4% underperformed.** In fact, Bessembinder found that just **46 firms** account for half of the \$91 trillion in net wealth creation over the century.

Table 1 below shows the top 30 stocks with the highest cumulative returns. What's most noticeable is that the average annualized return isn't significantly higher than the average of 10.1%. What's most important is adaptability and sustainability. Generating even slightly above average returns for consistently long periods of time allows compounding to do its magic. **Time in the market is more important than timing the market (assuming you are in the right stocks).**

Table 2 shows the stocks with the highest annualized returns who have at least 20 years of history. Surprisingly, none of the 30 highest performing stocks on an annualized basis make it on to the Table 1 list of best performing stocks over the entire 100 years. Maybe even more surprising is that of these 30 high performers; **only 12 are still listed while 18 are no longer traded.**

This all reminds me of the famous Charles Darwin quote, "**It is not the strongest of the species that survives, nor the most intelligent; it is the one that is most adaptable to change**".

Warren Buffett of Berkshire Hathaway is a great validation of this research. He has been able to identify several of these great compounders, and willing to own them **in size** for very long periods of time.

The thing that really stands out to me is not just how few companies are able to outperform, but how extremely difficult it is to sustain that outperformance. The coming AI revolution is sure to make this task even more difficult. It will be fun to watch who is the most adaptable to change.

**Table 1: CRSP Common Stocks with the Highest Cumulative Returns**

<b>Company Name (Most Recent)</b>	<b>First Return Month</b>	<b>Last Return Month</b>	<b>Years</b>	<b>Cumulative Gross Wealth Per Dollar</b>	<b>Annualized Compound Return</b>
ALTRIA GROUP INC	Jan-26	Dec-25	100.0	4,421,136	16.53%
VULCAN MATERIALS CO	Jan-26	Dec-25	100.0	501,591	14.03%
KANSAS CITY SOUTHERN	Jan-26	Nov-21	95.9	350,776	14.24%
INTERNATIONAL BUSINESS MACHINES CORP	Jan-26	Dec-25	100.0	337,812	13.58%
GENERAL DYNAMICS CORP	Jan-26	Dec-25	100.0	298,081	13.43%
EATON CORP PLC	Jan-26	Dec-25	100.0	205,047	13.01%
BOEING CO	Sep-34	Dec-25	91.3	176,760	14.14%
COCA COLA CO	Jan-26	Dec-25	100.0	155,736	12.70%
S & P GLOBAL INC	Feb-29	Dec-25	96.9	155,112	13.12%
ABBOTT LABORATORIES	Mar-37	Dec-25	88.8	92,353	13.73%
DEERE & CO	Jun-33	Dec-25	92.6	83,720	13.02%
PEPSICO INC	Jan-26	Dec-25	100.0	78,325	11.93%
JOHNSON & JOHNSON	Sep-44	Dec-25	81.3	76,202	14.82%
CATERPILLAR INC	Dec-29	Dec-25	96.1	73,741	12.37%
HERSHEY CO	Dec-27	Dec-25	98.1	71,712	12.07%
TRANE TECHNOLOGIES PLC	Jan-26	Dec-25	100.0	63,854	11.70%
UNIVERSAL CORP	Nov-27	Dec-25	98.2	62,395	11.90%
WYETH	Apr-26	Sep-09	83.5	54,856	13.96%
EXXON MOBIL CORP	Jan-26	Dec-25	100.0	51,969	11.47%
C V S HEALTH CORP	Sep-28	Dec-25	97.3	51,241	11.79%
NORTHROP GRUMMAN CORP	Dec-51	Dec-25	74.1	49,764	15.72%
ARCHER DANIELS MIDLAND CO	Jan-26	Dec-25	100.0	44,416	11.29%
U S T INC	Jan-26	Dec-08	83.0	43,887	13.74%
TOOTSIE ROLL INDS INC	Jan-26	Dec-25	100.0	41,101	11.21%
KROGER CO	Jan-28	Dec-25	98.0	40,444	11.43%
BRISTOL MYERS SQUIBB CO	Sep-33	Dec-25	92.3	40,423	12.17%
CARPENTER TECHNOLOGY CORP	Jun-37	Dec-25	88.6	37,634	12.63%
EMERSON ELECTRIC CO	Sep-44	Dec-25	81.3	34,058	13.69%

**Table 2: Highest Annualized Returns, CRSP Common Stocks with Over Twenty Years Data**

<b>Company Name (Most Recent)</b>	<b>First Return Month</b>	<b>Last Return Month</b>	<b>Years</b>	<b>Cumulative Gross Wealth Per Dollar</b>	<b>Annualized Compound Return</b>
NVIDIA CORP	Jan-99	Dec-25	27.0	4,958.8	37.04%
NETFLIX INC	May-02	Dec-25	23.7	783.7	32.51%
AXON ENTERPRISE INC	Jun-01	Dec-25	24.6	994.9	32.40%
PLENUM PUBLISHING CORP	Dec-72	Jun-98	25.6	1,239.3	32.10%
AMAZON COM INC	May-97	Dec-25	28.7	2,357.3	31.10%
SPERRY CORP OLD	May-33	Jun-55	22.2	273.8	28.81%
LIN BROADCASTING CORP	Dec-72	Sep-95	22.8	298.3	28.34%
PIONEER GROUP INC	Apr-79	Sep-00	21.5	204.6	28.08%
COMPUTER DATA SYSTEMS INC	Aug-75	Nov-97	22.3	234.2	27.67%
BIOMET INC	Dec-82	Aug-07	24.8	352.6	26.74%
TIME WARNER INC NEW	Mar-92	May-18	26.3	502.4	26.74%
EXPRESS SCRIPTS HOLDING CO	Jun-92	Nov-18	26.5	499.5	26.42%
KEURIG GREEN MOUNTAIN INC	Sep-93	Feb-16	22.5	188.8	26.23%
SUNAMERICA INC	Jul-62	Dec-98	36.5	4,263.4	25.73%
MICROSOFT CORP	Mar-86	Dec-25	39.8	8,126.2	25.36%
ALPHABET INC	Aug-04	Dec-25	21.4	125.5	25.31%
NEUTROGENA CORP	Apr-73	Sep-94	21.5	123.6	25.11%
PHILIPPINE LONG DISTANCE TEL	Oct-62	Sep-94	32.0	1,241.6	24.94%
MANOR CARE INC	Dec-72	Aug-98	25.8	305.0	24.87%
COGNIZANT TECHNOLOGY SOLS CORP	Jun-98	Dec-25	27.6	449.5	24.78%
MONOLITHIC PWR SYS INC	Nov-04	Dec-25	21.2	107.5	24.73%
INTUITIVE SURGICAL INC	Jun-00	Dec-25	25.6	282.2	24.67%
HOME DEPOT INC	Sep-81	Dec-25	44.3	17,339.5	24.63%
METROMEDIA INC	Jun-62	May-84	22.0	126.6	24.61%
ECKERD JACK CORP	Jan-64	Apr-86	22.3	129.3	24.33%
LOGICON INC	Dec-72	Jul-97	24.7	203.0	24.03%
NATIONAL COMPUTER SYSTEMS INC	Dec-72	Aug-00	27.8	359.2	23.61%
A S M L HOLDING N V	Mar-95	Dec-25	30.8	644.9	23.34%
ORACLE CORP	Mar-86	Dec-25	39.8	3,818.6	23.00%
CLEAR CHANNEL COMMUNICATIONS INC	Apr-84	Jun-08	24.3	150.3	22.96%

As an investor and an investment manager, I think the most important takeaway from this data is that any hope of outperforming the markets average will come from identifying long-term compounders and having the fortitude to hold them for long periods of time. Much easier said than done. The alternative is to buy the entire market via an index fund, buying the haystack instead of trying to find the few golden needles.

Every investor has a choice to make; outperformance requires concentration and the acceptance of much higher volatility, or you can settle for the market's average return via index funds. Personally, I still love needle hunting and plan on doing it as long as I can, then I'll index.

While the last century shows us the importance of finding and holding onto 'needles,' the first quarter of 2026 has reminded us exactly why both the finding and long-term holding can be so difficult.

### **First Quarter Recap, Geopolitical Shocks and the Rise of HALO Stocks:**

I've seen a lot over the last 40+ years in the markets, and the first quarter of 2026 ranks pretty high up there on the newsworthy scale. It was a quarter defined by geopolitics, with an early January US strike against Venezuela that resulted in the removal of President Nicolas Maduro from office. That was quickly followed by the late February US/Israeli strike against Iran which resulted in the deaths of most of Iran's leadership including the supreme leader, Ayatollah Ali Khamenei.

The biggest near-term consequences of these geopolitical events are rising inflationary pressures as well as supply chain disruptions which are leading to increasing fears of **stagflation** (high inflation and slow growth). Duration and ultimate resolution of the Mid-East conflict will go a long way to determine the magnitude of economic pain. The best-case outcome would be short-term pain for long-term gain (stability in the Middle East).

While foreign affairs continue to grab the headlines, there continues to be plenty of old-fashioned business news moving markets, namely AI. Are the big AI developers overspending, and how many companies/industries will see their profit margins eroded versus helped by AI implementation?

After a torrid, years-long love affair with AI stocks, investors now believe that their AI darlings may be over-spending and are at risk of destroying their own profit margins. While the AI darlings are becoming unloved, the companies most at risk of disruption, namely software companies, are becoming despised.

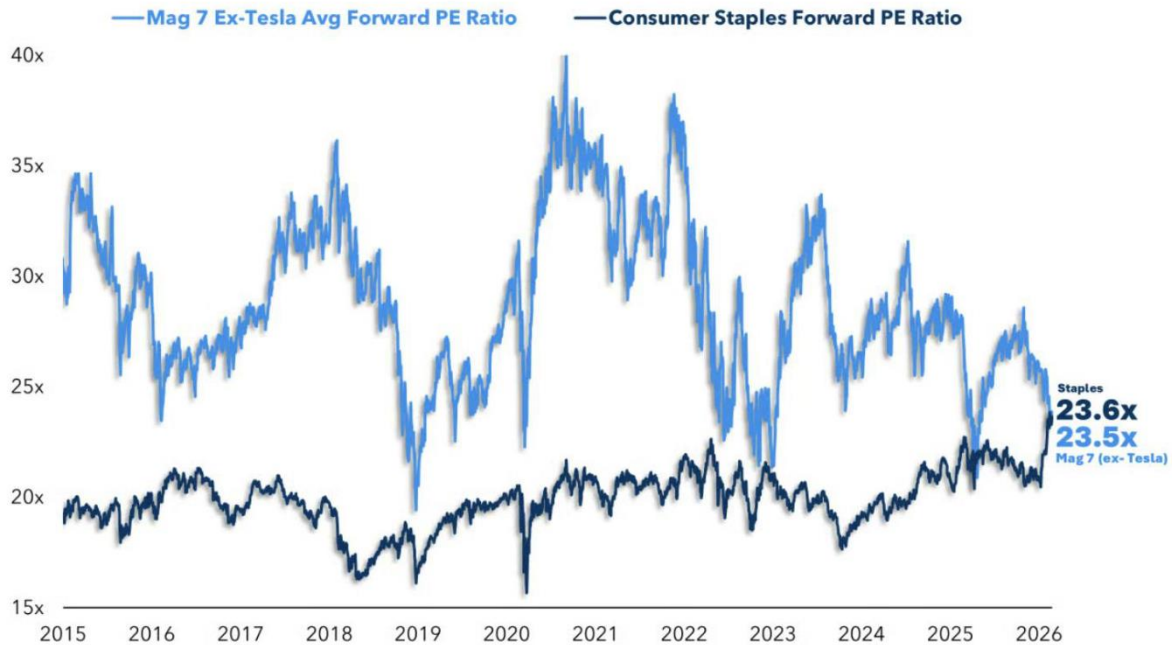
Not being able to figure out who will survive the AI onslaught, investors have shifted their focus to **"HALO"** stocks (Heavy Assets, Low Obsolescence). These so-called "real" businesses like consumer staples, energy or utilities are thought of as AI Armageddon survivors. Even if AI takes over the world, we're still going to need toilet paper, beer, and energy to power everything. This shift to "HALO" stocks is a classic defensive move. However, per Bessembinder's 100-year data, the real winners aren't just those who survive 'Armageddon' by being "real"—they are the ones who adapt to capture the next wave of compounding.

The problem with this rapid shift away from growth stocks to HALO stocks is valuation. These very low-growth companies now trade at higher price-to-earnings ratios than the tech sector. For the first time since the Magnificent-7 were crowned, they are now trading at a lower valuation than Consumer Staples stocks.

# The Mag 7 Premium Is Gone



Mag 7 Ex-Tesla Avg Forward PE Ratio vs Consumer Staples Forward PE Ratio  
Since 2015.



Source: [Chartkiddmatt.com](https://www.chartkiddmatt.com), The Compound Media, data via Bloomberg Finance L.P.

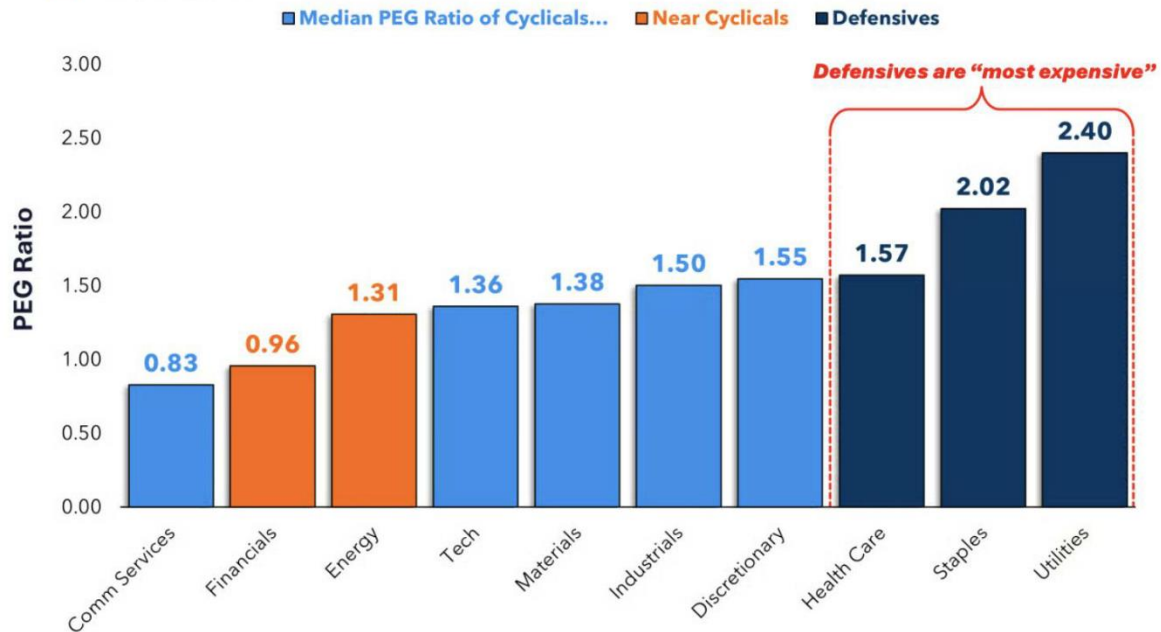
Another way of looking at this dichotomy is comparing the PEG ratios of market sectors. PEG ratios are simply the price-to-earnings ratio of a stock or group of stocks divided by their expected growth rates. In other words, how much am I paying for future growth? The lower the PEG ratio the more attractive the valuation. The chart below shows that the Communication Services sector (dominated by Alphabet (GOOGL), META, and Netflix) is the cheapest relative to its growth prospects, while Utilities and Staples are the most expensive.

# Defensives Are Expensive



## Median PEG Ratio of Cyclical, Near Cyclical, and Defensive

As of 3/24/2026.



Source: [Chartkidmatt.com](https://www.chartkidmatt.com), The Compound Media, data via Bloomberg Finance L.P.


As I write this, we're nearing a 10% correction in the S&P 500, which really isn't all that bad considering the magnitude of events transpiring. While corrections are certainly painful, they are also an excellent time to go bargain shopping. Defensive stocks have done their job in cushioning the downside and now may be the time to go shopping in the growth aisle, especially those growth stocks that have proven their ability to adapt to the changing market landscape.

I'll leave you with one last table, one of my favorites from Charlie Bilello, the maximum intra-year drawdowns, and end of year total returns for the S&P 500. As you can see, every year there is a drawdown and the average is about 16%. Corrections are just a normal part of investing.

S&P 500 Index: Max Intra-Year Drawdowns vs. End of Year Total Returns (1928 - 2026)														
Year	DD	TR	Year	DD	TR	Year	DD	TR	Year	DD	TR	Year	DD	TR
1928	-10.3%	43.8%	1948	-13.5%	5.7%	1968	-9.3%	10.8%	1988	-7.6%	16.6%	2008	-48.8%	-37.0%
1929	-44.6%	-8.3%	1949	-13.2%	18.3%	1969	-16.0%	-8.2%	1989	-7.6%	31.7%	2009	-27.6%	26.5%
1930	-44.3%	-25.1%	1950	-14.0%	30.8%	1970	-25.9%	3.6%	1990	-19.9%	-3.1%	2010	-16.0%	15.1%
1931	-57.5%	-43.8%	1951	-8.1%	23.7%	1971	-13.9%	14.2%	1991	-5.7%	30.5%	2011	-19.4%	2.1%
1932	-51.0%	-8.6%	1952	-6.8%	18.2%	1972	-5.1%	18.8%	1992	-6.2%	7.6%	2012	-9.9%	16.0%
1933	-29.4%	50.0%	1953	-14.8%	-1.2%	1973	-23.4%	-14.3%	1993	-5.0%	10.1%	2013	-5.8%	32.4%
1934	-29.3%	-1.2%	1954	-4.4%	52.6%	1974	-37.6%	-25.9%	1994	-8.9%	1.3%	2014	-7.4%	13.7%
1935	-15.9%	46.7%	1955	-10.6%	32.6%	1975	-14.1%	37.0%	1995	-2.5%	37.6%	2015	-12.4%	1.4%
1936	-12.8%	31.9%	1956	-10.8%	7.4%	1976	-8.4%	23.8%	1996	-7.6%	23.0%	2016	-10.5%	12.0%
1937	-45.5%	-35.3%	1957	-20.7%	-10.5%	1977	-15.6%	-7.0%	1997	-10.8%	33.4%	2017	-2.8%	21.8%
1938	-28.9%	29.3%	1958	-4.4%	43.7%	1978	-13.6%	6.5%	1998	-19.3%	28.6%	2018	-19.8%	-4.4%
1939	-21.2%	-1.1%	1959	-9.2%	12.1%	1979	-10.2%	18.5%	1999	-12.1%	21.0%	2019	-6.8%	31.5%
1940	-29.6%	-10.7%	1960	-13.4%	0.3%	1980	-17.1%	31.7%	2000	-17.2%	-9.1%	2020	-33.9%	18.4%
1941	-22.9%	-12.8%	1961	-4.4%	26.6%	1981	-18.4%	-4.7%	2001	-29.7%	-11.9%	2021	-5.2%	28.7%
1942	-17.8%	19.2%	1962	-26.9%	-8.8%	1982	-16.6%	20.4%	2002	-33.8%	-22.1%	2022	-25.4%	-18.1%
1943	-13.1%	25.1%	1963	-6.5%	22.6%	1983	-6.9%	22.3%	2003	-14.1%	28.7%	2023	-10.3%	26.3%
1944	-6.9%	19.0%	1964	-3.5%	16.4%	1984	-12.7%	6.1%	2004	-8.2%	10.9%	2024	-8.5%	25.0%
1945	-6.9%	35.8%	1965	-9.6%	12.4%	1985	-7.7%	31.2%	2005	-7.2%	4.9%	2025	-18.9%	17.9%
1946	-26.6%	-8.4%	1966	-22.2%	-10.0%	1986	-9.4%	18.5%	2006	-7.7%	15.8%	2026	-6.8%	-4.7%
1947	-14.7%	5.2%	1967	-6.6%	23.8%	1987	-33.5%	5.8%	2007	-10.1%	5.5%			

**S&P 500 Average Intra-Year Drawdown Since 1928: -16%. S&P 500 Annualized Return Since 1928: +10%.**

Note: *Closing Prices* for Drawdowns as of 3/20/26 (does not include intra-day or dividends)

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As always, be careful out there.

Chris Wiles, CFA

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