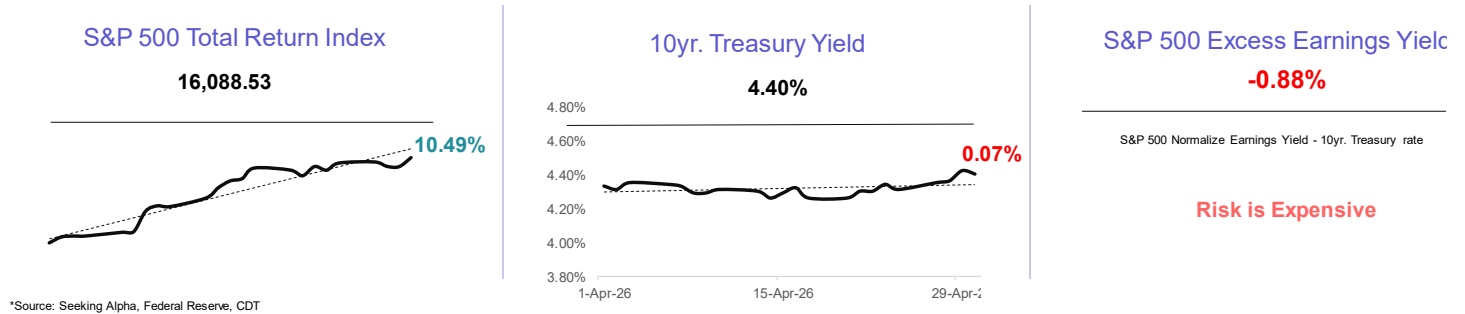


CDT April 2026 – Uncomfortably Defiant

Market Update.



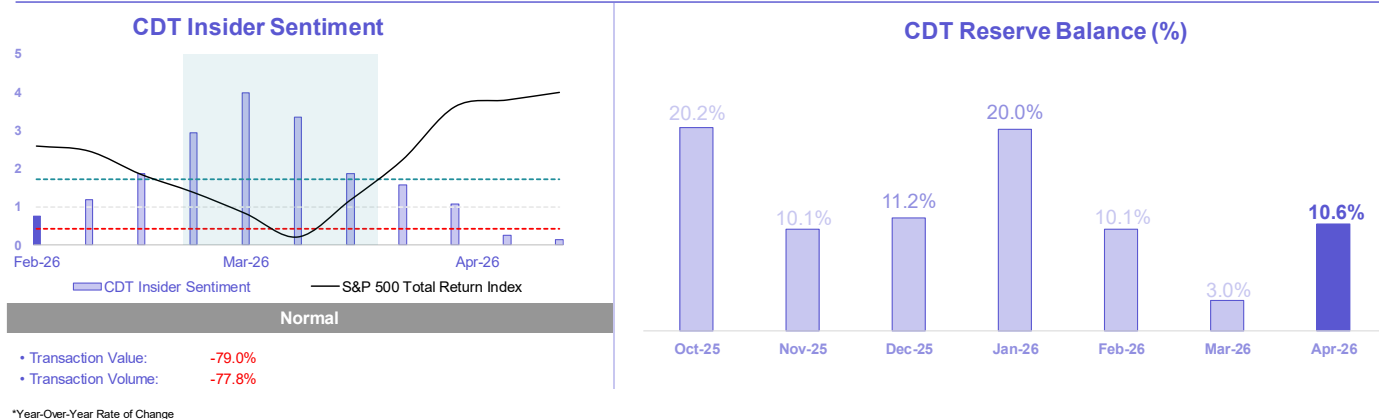
Parabolic. The S&P 500 index rose **10.4%** in April, its best month since November 2020, while the Nasdaq gained **15.3%**, its strongest month since April 2020. Leading the way was an increasingly important sector of the market, semiconductor stocks. The PHLX Semiconductor Index rose **38.4%** in April, while the iShares Semiconductor ETF ([SOXX](#)) rose **40.4%**, its largest monthly return in the fund's 25-year history. As AI research labs and cloud computing hyperscalers fiercely compete for capacity, semiconductor companies are enjoying a demand tailwind that shows little sign of abating at least through 2027 ([Article](#)).

Earnings Growth. For the preponderance of stocks, overtime the value of the underlying business is a direct function of the earnings that it generates for its shareholders overtime – nothing more, nothing less. Therefore, earnings *growth* is the key ingredient that keeps stock prices going ever higher – growing earnings leads to growing company values. This quarter, earnings growth has been rather strong. As of [FactSet's](#) May 1 update, with 63% of S&P 500 companies having reported Q1 results, **84%** had beaten EPS estimates and collectively are on pace to grow earnings by over **27%** versus Q1-2025. This extraordinary result helps explain the parabolic move in stock prices in April.

Valuation. After a double-digit surge in stock prices in April, we must stay mindful of market valuations. How much you pay for the current earnings and future earnings of a business is critical for investment success. Overpay for an amazing business with strong earnings growth and your return on investment is likely to be disappointing. At an estimated **28x** our estimate for through the business cycle earnings, the stock market is certainly not cheap.

A cautionary tale. Amazon is often cited *as an expensive for a reason*, high quality stock, but for those investors that ignored logic and bought it in April of 2021 at P/E over 50x. Five years later, they underperformed the broader S&P 500 Total Return index by more than **-30% points**.

Above The Clouds.



Connecting the Dots. The market surge in April was justified. Q1 earnings growth has been exceptional and, when paired with easing political tensions in the Middle East putting downward pressure on oil prices from around \$100 per barrel, the market was primed for a rebound that almost no one saw coming that is except for insiders.

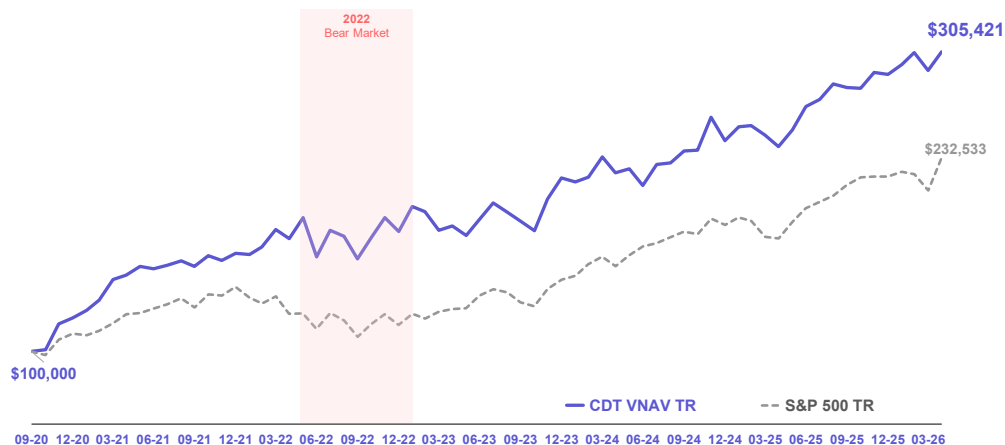
Following the lead of corporate insiders, going into April, CDT held its lowest portfolio reserves since the COVID 19 pandemic. To be candid our portfolio positioning felt uncomfortably defiant in the face of daily news headlines that fantasized about the economic calamity that faced the global economy due to the surge in oil prices. However, our quantitative and unemotional approach to portfolio management once again proved its worth as a valuable copilot.

Today, Insider Sentiment has dimmed. As market prices surged in April it is not too difficult to reason that insiders are no longer finding value dislocations at the rate, they once did when the S&P 500 was meaningfully down on the year. Going forward, our reserves have returned to more normal levels to reflect the increased risk landscape and importantly, we look forward to reaping the rewards for the investment seeds we sowed in the last couple of volatile months.

We look forward to updating you again in June.

VNAV Performance.

	April - 2026	Year-to-Date	Since Inception (Sep 2020)	Sharpe Ratio
CDT VNAV (Net of fees)	+4.36%	+5.32%	+205.42%	1.78
S&P 500 Total Return	+10.49%	+5.70%	+132.53%	



Monthly Performance	
• CDT VNAV CAGR	1.7%
• S&P 500 CAGR	1.2%
• Monthly Upside Capture	133%
• Monthly Downside Capture	85%

2022 Bear Market	
• CDT VNAV Total Return	+9.1%
• Low	-2.3%
• S&P 500 Total Return	-15.3%
• Low	-23.9%

Best Regards,

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Invest Above the Clouds.

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