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Beyond the Bull Run

The Bull Market Turned Four. Now What?

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October 2026

Key Observations

- The Federal Reserve held its target rate at 3.75% to 4.00% in October as strong economic growth and elevated inflation kept policymakers cautious. Even so, Treasury yields retreated from September's highs, easing pressure on markets.
- U.S. equity leadership shifted sharply. Greater scrutiny of AI-related capital spending weighed on many of the largest technology companies, while small-cap and value stocks moved higher, broadening participation beyond the market's recent leaders.
- The decline in Treasury yields helped bonds rebound from September's selloff. With weakness concentrated among large technology stocks, fixed income provided a meaningful source of diversification and helped offset some of the volatility in equities.
- Geopolitical tensions continued to reverberate through energy markets, keeping oil prices elevated and volatile.

Market Recap

October marked a partial reversal of September's market dynamics. Treasury yields declined as expectations for further Federal Reserve tightening eased, providing relief to bonds and other rate-sensitive assets. At the same time, concerns surrounding AI-related capital spending drove a sharp shift in equity market leadership.

U.S. equity returns were mixed but generally positive. The S&P 500 declined 0.9%, while the Russell 2000 gained 0.6% and the equal-weighted S&P 500 advanced 5.0%. Large technology companies came under pressure as investors placed greater scrutiny on the scale of AI investment and the prospective return on that spending, while small-cap, value, and defensive stocks benefited from the rotation.

International markets told two distinct stories. Developed markets declined 0.7%, while emerging markets fell 8.1%. Emerging markets fell sharply, with weakness concentrated in technology-heavy Asian markets following the reversal in AI-related stocks. Broader declines across several major emerging markets added to the index's losses.

Fixed income rebounded following September's selloff. The Bloomberg U.S. Aggregate Bond Index gained 2.4%, while high-yield bonds advanced 0.3%. Falling Treasury yields provided the strongest support to longer-duration

securities, allowing core bonds to provide diversification as large-cap technology and emerging-market equities came under pressure.

Real assets also benefited from the shift in interest rates. Listed real estate gained 4.7% as declining Treasury yields eased a key headwind, while commodities were essentially flat. Strength in energy offset weakness elsewhere as continued uncertainty surrounding Iran and Middle East supply routes kept oil prices elevated and volatile.

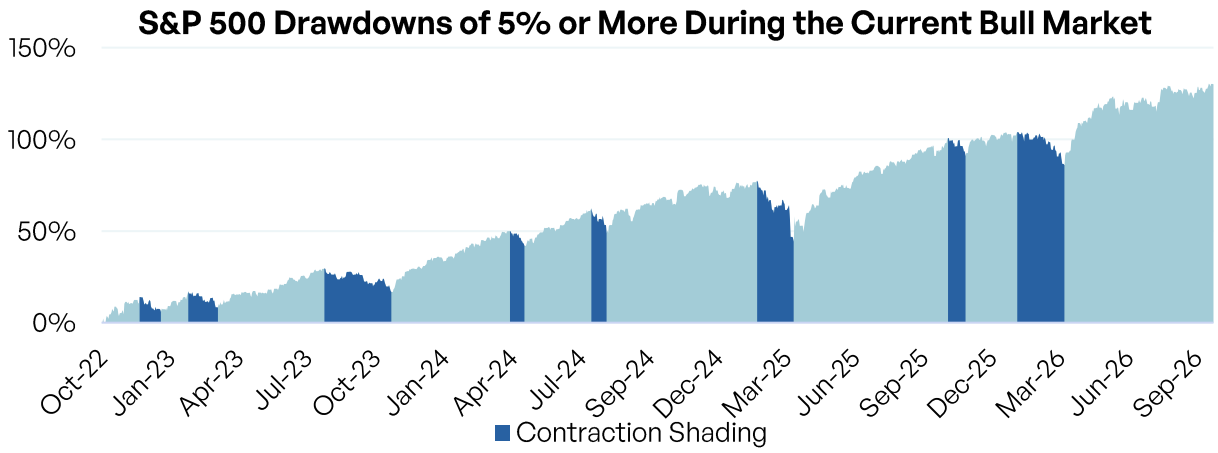
Financial Market Performance

Index	October	YTD
S&P 500	-0.9%	11.8%
Russell 2000	0.6%	14.4%
MSCI EAFE	-0.7%	9.5%
MSCI EM	-8.0%	13.5%
Bloomberg U.S. Agg Bond	2.4%	-0.5%
Bloomberg U.S. HY Corp Bond	0.3%	0.4%
FTSE NAREIT All Equity REITS	4.7%	13.0%
Bloomberg Commodity	-0.1%	32.8%

Source: Morningstar Direct. As of October 31, 2026.

Celebrating Four Years of the Bull Market

Just over four years ago, the outlook for stocks felt anything but celebratory. Inflation remained stubbornly high, the Federal Reserve was raising interest rates at its fastest pace in decades, and fears of recession were building. By October 12, 2022, the S&P 500 Index had fallen approximately 25% from its January peak. What followed was a remarkable four-year advance, with the S&P 500 Index delivering a cumulative total return of approximately 130% through October 2026. Yet the market's climb was far from smooth, giving investors plenty of reasons to question whether it could continue. Regional bank failures, persistent inflation, shifting interest-rate expectations, geopolitical tensions, and tariff uncertainty all interrupted the advance. Through every setback, however, the stock market recovered and the bull market charged on.



Trough Date	Dec '22	Mar '23	Oct '23	Apr '24	Aug '24	Apr '25	Nov '25	Mar '26
Drawdown	-7.2%	-7.5%	-9.9%	-5.4%	-8.4%	-18.7%	-5.0%	-8.9%
Backdrop	Hawkish Fed	Banking stress	Yield surge	Hot inflation	Carry unwind	Tariff shock	AI valuations	Iran conflict

Source: Morningstar Direct. As of October 12, 2026. Contraction shading represents a peak-to-trough decline of 5% or more, measured from the preceding market high to the subsequent low.

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With four years of gains now in the rearview mirror, recency bias can make the market's strength feel normal and a continued rise seem more likely. This anniversary offers an opportunity to look beyond the headline return and examine what has driven the advance, how it compares with past bull markets, and how several years of gains can shape investor behavior.

Bull Markets Don't Run on a Timer

Since 1928, the median bull market has delivered a price gain of 78% over 633 calendar days. Through its four-year anniversary, the current advance has exceeded both measures. Does that mean the current advance has run its course? Not necessarily. Historical averages provide useful context, but they should not be treated as a countdown.

S&P 500 Bull Markets Since 1928

Bull Market	Trough Date	Peak Date	Trough Price	Peak Price	Percent Gain	Number of Days
1	6/12/1928	9/7/1929	18.34	31.92	74%	452
2	11/13/1929	4/10/1930	17.66	25.92	47%	148
3	6/1/1932	9/7/1932	4.4	9.31	112%	98
4	2/27/1933	7/18/1933	5.53	12.2	121%	141
5	10/21/1933	2/6/1934	8.57	11.82	38%	108
6	3/14/1935	4/6/1936	8.06	15.51	92%	389
7	4/29/1936	3/6/1937	13.53	18.68	38%	311
8	3/31/1938	11/9/1938	8.5	13.79	62%	223
9	4/8/1939	10/25/1939	10.18	13.21	30%	200
10	6/10/1940	11/9/1940	8.99	11.4	27%	152
11	4/28/1942	7/14/1943	7.47	12.64	69%	442
12	11/29/1943	5/29/1946	10.99	19.25	75%	912
13	10/9/1946	6/15/1948	14.12	17.06	21%	615
14	6/13/1949	8/2/1956	13.55	49.74	267%	2,607
15	10/22/1957	12/12/1961	38.98	72.64	86%	1,512
16	6/26/1962	2/9/1966	52.32	94.06	80%	1,324
17	10/7/1966	11/29/1968	73.2	108.37	48%	784
18	5/26/1970	1/11/1973	69.29	120.24	74%	961
19	10/3/1974	11/28/1980	62.28	140.52	126%	2,248
20	8/12/1982	8/25/1987	102.42	336.77	229%	1,839
21	12/4/1987	3/24/2000	223.92	1,527.46	582%	4,494
22	10/9/2002	10/9/2007	776.76	1,565.15	101%	1,826
23	3/9/2009	2/19/2020	676.53	3,386.15	401%	3,999
24	3/23/2020	1/3/2022	2,237.40	4,796.56	114%	651

TYPICAL BULL MARKET

78%
MEDIAN GAIN

633 Days
MEDIAN LENGTH

Source: Yardeni Research, Morningstar Direct. As of October 12, 2026. Bull markets defined as gains between bear markets of 20% or more.

Bull markets have varied widely in length and magnitude, with some lasting only months and others continuing for more than a decade. That variation has also not been evenly distributed across history. Bull markets were generally shorter in the market's earlier decades, particularly around the Great Depression and World War II, while those beginning after the 1950s have tended to last longer and, in several cases, deliver substantially larger gains.

The shift likely reflects a combination of forces. First, U.S. economic expansions have lasted an average of more than five years since World War II, roughly twice as long as those in the earliest part of the historical record, giving corporate earnings more time to grow and compound. Monetary policy also became a more active stabilizing force as the Federal Reserve gained greater independence and, in turn, was able to respond more effectively to periods of economic weakness. Technological advances also opened new avenues for productivity and profit growth. Later, from the mid-1980s through 2007, the Great Moderation brought greater stability to economic growth and inflation, creating a steadier backdrop for businesses and markets.

A bull market's durability depends less on its age and more on the conditions supporting it. Economic growth, rising corporate earnings, and supportive financial conditions are all far more important factors than timing. Pressure emerges when the earnings outlook weakens, the price investors are willing to pay for those earnings declines, or both. The dot-com bubble was largely a story of valuation. By 2000, technology stock prices reflected growth expectations that many companies struggled to justify. Valuations also reset sharply in 2022, though for a different reason. Persistent inflation incited aggressive Federal Reserve rate hikes, raised borrowing costs, weakened the economic outlook, and reduced what investors were willing to pay for future earnings. Neither bull market ended because of its age. Both ended when the conditions supporting stock prices changed.

The Bull Market Enters Year Five

As the bull market enters its fifth year, the next phase will depend on the economic and earnings conditions beneath it. For now, both remain supportive. Real GDP expanded at a 3.4% annualized rate in the third quarter of 2026, accelerating from 2.2% in the second quarter.[1] Meanwhile, the S&P 500 is reporting blended earnings growth of approximately 30% for the third quarter, with 60% of companies having reported. If sustained, this would mark the third consecutive quarter of earnings growth above 25% and the eighth consecutive quarter of double-digit growth.[2]

However, strong fundamentals do not eliminate the risk of setbacks. Elevated market expectations leave less room for disappointment, particularly among companies whose valuations hinge on the continued pace of the AI buildout. The market also remains heavily influenced by a relatively small group of leading companies, magnifying the potential effect if their results fall short of expectations. Geopolitical tensions, renewed inflation, or an unexpected shift in economic conditions could further challenge the advance.

Hindsight is 20/20, and neither the market's current strength nor the risks surrounding it can tell us when this bull market will end. Rather than trying to time the turning point, investors should focus on what they can control: their behavior and the composition of their portfolios.

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[1] *U.S. Bureau of Economic Analysis. As of 10/29/2026.*

[2] *FactSet Earnings Insight. As of 10/30/2026.*

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When Fear of Loss Gives Way to Fear of Missing Out

As gains accumulate in a bull market, *fear of loss* can give way to *fear of missing out* (FOMO), drawing investors toward the assets that have already performed best. Yet the return rankings below show how quickly leadership can change, even from one year to the next.

The bull market's fourth anniversary offers an opportunity to step back and consider how portfolios have evolved over several years of equity market gains:

- Have strong returns pushed individual investments above their intended weights?
- Is the portfolio more dependent on a smaller group of companies or market segments than intended?
- Most importantly, does the portfolio still reflect its long-term objectives and intended level of risk?

Diversification can be difficult to appreciate when the market appears to have already identified the "winners." Investors naturally want more exposure to what is working and less to what is not, but following recent leaders can leave a portfolio increasingly dependent on the conditions that fueled their success. The historical data offers a valuable reminder that no asset class remains on top indefinitely, and there is no reliable pattern for when leadership will change. Just as a bull market's age cannot tell us when it will end, recent returns cannot tell us what will lead next. Markets rarely announce when leadership is about to shift. A strong bull market is an opportunity to step back, consider what has changed within a portfolio, and assess whether it remains properly aligned with its stated objectives.

Annual Asset Class Returns 2009 – 2025

Higher Return ↑ / Lower Return ↓

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
EM 82.4	US SM 26.7	FI 7.8	EM 18.7	US SM 36.8	US LC 13.7	US LC 1.4	US SM 17.6	EM 36.8	FI 0.0	US LC 31.5	US SM 20.0	US LC 28.7	FI -13.0	US LC 26.3	US LC 25.0	ITL 32.0
INTL 43.6	EM 19.9	US LC 2.1	US SM 17.9	US LC 32.4	US SM 7.1	FI 0.5	US LC 12.0	INTL 27.8	US LC -4.4	US SM 27.8	US LC 18.4	US SM 18.2	60/40 -16.3	US SM 17.4	US SM 12.0	EM 31.4
US SM 34.4	US LC 15.1	60/40 -1.6	INTL 17.0	INTL 15.8	FI 6.0	60/40 -1.1	EM 9.9	US LC 21.8	60/40 -6.0	INTL 21.6	EM 18.4	60/40 10.3	INTL -16.6	INTL 15.6	60/40 10.8	US LC 17.9
US LC 26.5	INTL 12.7	US SM -2.5	US LC 16.0	60/40 13.3	60/40 4.7	US SM -2.9	60/40 6.1	US SM 16.8	US SM -10.0	60/40 19.3	60/40 12.8	INTL 7.8	US LC -18.1	60/40 15.2	EM 7.1	60/40 16.2
60/40 24.2	60/40 11.2	INTL -14.3	60/40 11.5	FI -2.0	EM -1.8	INTL -4.6	INTL 4.4	60/40 15.8	INTL -14.8	EM 17.7	INTL 11.1	EM -0.3	US SM -18.4	EM 11.7	INTL 5.2	US SM 11.9
FI 5.9	FI 6.5	EM -19.5	FI 4.2	EM -2.2	INTL -3.9	EM -13.9	FI 2.7	FI 3.5	EM -15.1	FI 8.7	FI 7.5	FI -1.5	EM -19.8	FI 5.5	FI 1.3	FI 7.3

US LC Domestic Large Cap (S&P 500)
US SM Domestic Small-Mid Cap (Russell 2500)
INTL International (MSCI ACWI ex US IMI)
FI Fixed Income (Bloomberg Barclays US Agg Bond)
60/40 60% ACWI / 40% Agg
EM Emerging Markets (MSCI EM IMI NR)

Source: Morningstar. As of December 31, 2025.

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About the Author



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- **The S&P 500** is a capitalization-weighted index designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.
- **S&P 500 Equal Weighted Index** measures the performance of 500 leading publicly traded U.S. companies from a broad range of industries. It has the same constituents as the market-capitalization weighted S&P 500, but each company is allocated the same weight – 0.2%.
- **Russell 2500 Index** measures the performance of the small- to mid-cap segment of the US equity universe. It is a subset of the Russell 3000 Index that includes approximately 2500 of the smallest securities based on a combination of their market cap and current index membership. It is a market-capitalization weighted index.
- **Russell 2000** consists of the 2,000 smallest U.S. companies in the Russell 3000 index.
- **Russell 2000 Growth** measures the performance of the Russell 2000 companies with higher P/B ratios and higher forecasted growth values.
- **MSCI EAFE** is an equity index which captures large and mid-cap representation across Developed Markets countries around the world, excluding the U.S. and Canada. The index covers approximately 85% of the free float-adjusted market capitalization in each country.
- **MSCI Emerging Markets** captures large and mid-cap representation across Emerging Markets countries. The index covers approximately 85% of the free-float adjusted market capitalization in each country.
- MSCI ACWI ex-USA Investable Market Index (IMI) measures the performance of large-, mid-, and small-cap companies across 22 of 23 developed markets countries, excluding the United States, and 24 emerging markets countries. It is a market-capitalization weighted index.
- **Bloomberg U.S. Aggregate Index** covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

- **Bloomberg U.S. Corporate High Yield Index** covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (sovereign rating of Baa1/BBB+/BBB+ and below using the middle of Moody's, S&P, and Fitch) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included.
- **FTSE NAREIT Equity REITs Index** contains all Equity REITs not designed as Timber REITs or Infrastructure REITs.
- **Bloomberg Commodity Index** is calculated on an excess return basis and reflects commodity futures price movements. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production and weight-caps are applied at the commodity, sector and group level for diversification.

Material Risks

- **Fixed Income** securities are subject to interest rate risks, the risk of default and liquidity risk. U.S. investors exposed to non-U.S. fixed income may also be subject to currency risk and fluctuations.
- **Cash** may be subject to the loss of principal and over longer periods of time may lose purchasing power due to inflation.
- **Domestic Equity** can be volatile. The rise or fall in prices take place for a number of reasons including, but not limited to changes to underlying company conditions, sector or industry factors, or other macro events. These may happen quickly and unpredictably.
- **International Equity** can be volatile. The rise or fall in prices take place for a number of reasons including, but not limited to changes to underlying company conditions, sector or industry impacts, or other macro events. These may happen quickly and unpredictably. International equity allocations may also be impacted by currency and/or country specific risks which may result in lower liquidity in some markets.
- **Real Assets** can be volatile and may include asset segments that may have greater volatility than investment in traditional equity securities. Such volatility could be influenced by a myriad of factors including, but not limited to overall market volatility, changes in interest rates, political and regulatory developments, or other exogenous events like weather or natural disaster.
- **Private Real Estate** involves higher risk and is suitable only for sophisticated investors. Real estate assets can be volatile and may include unique risks to the asset class like leverage and/or industry, sector or geographical concentration. Declines in real estate value may take place for a number of reasons including, but are not limited to economic conditions, change in condition of the underlying property or defaults by the borrower.
- All investing involves risk including the potential loss of principal. Market volatility may significantly impact the value of your investments. Recent tariff announcements may add to this volatility, creating additional economic uncertainty and potentially affecting the value of certain investments. Tariffs can impact various sectors differently, leading to changes in market dynamics and investment performance. You should consider these factors when making investment decisions. We recommend consulting with a qualified financial adviser to understand how these risks may affect your portfolio and to develop a strategy that aligns with your financial goals and risk tolerance.