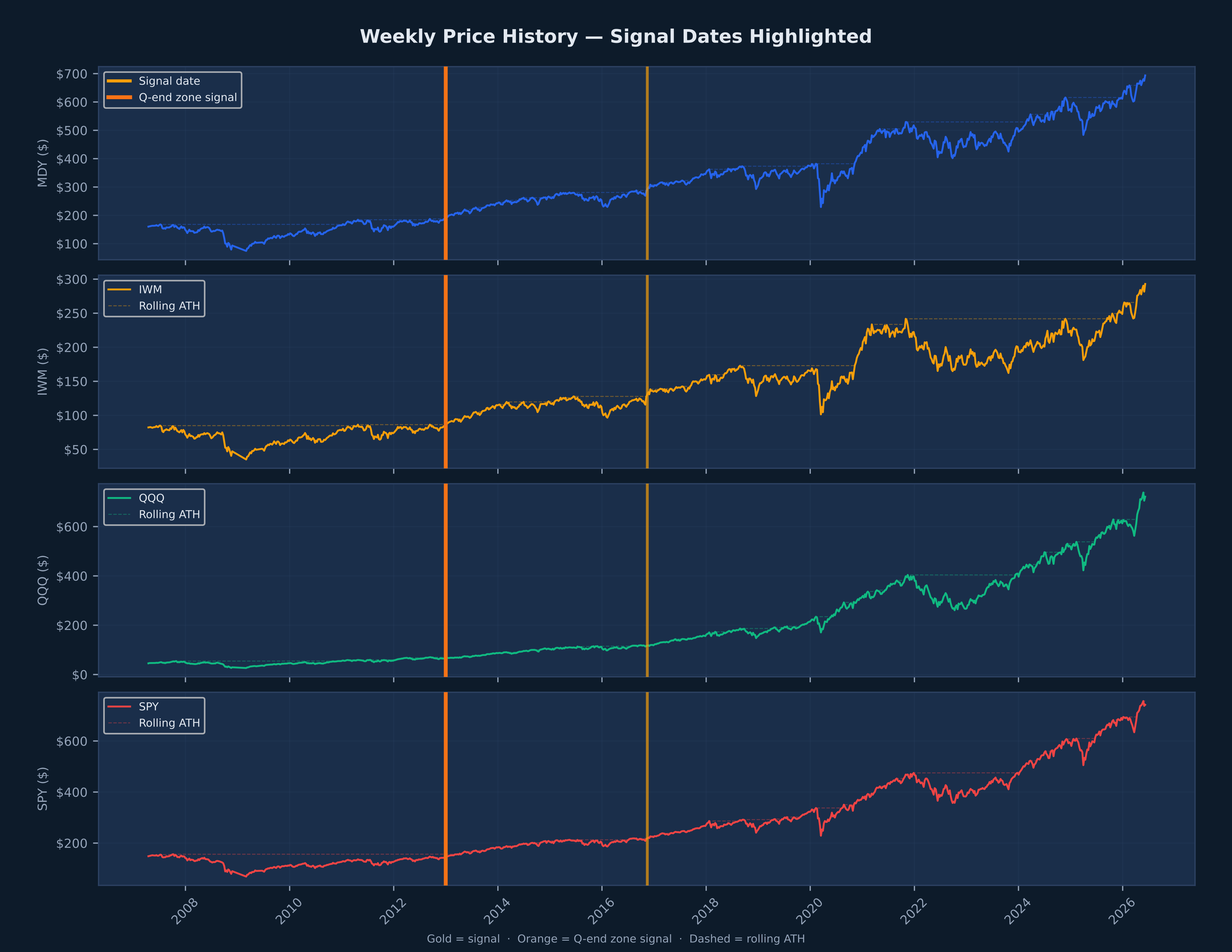
MDY / IWM ATH Divergence Study

Forward Returns When Small & Mid-Cap Break to New All-Time Highs
While QQQ and SPY Remain Below Their Respective Peaks

⚡ SIGNAL ACTIVE · WEEK OF JUNE 08, 2026

MDY & IWM at new weekly ATH · QQQ −2.3% / SPY −1.9% from ATH
In Q-End Zone · 23 days to Q3 2026 open

2	100%	+7.2%	1 / 2
HISTORICAL SIGNALS	**WIN RATE (4-WEEK)**	**AVG 13-WK MDY RETURN**	**Q-END ZONE SIGNALS**
in 19 yrs of weekly data	all tickers, all instances	after signal	final 4 wks of quarter


Weekly Price History — Signal Dates Highlighted
Signal date
Q-end zone signal
MDY ($)
$700
$600
$500
$400
$300
$200
$100
IWM
Rolling ATH
IWM ($)
$300
$250
$200
$150
$100
$50
QQQ
Rolling ATH
QQQ ($)
$600
$400
$200
$0
SPY
Rolling ATH
SPY ($)
$600
$400
$200
2008
2010
2012
2014
2016
2018
2020
2022
2024
2026
Gold = signal · Orange = Q-end zone signal · Dashed = rolling ATH

Signal Instances & Context

Only 2 historical instances in 19 years of weekly data (Apr 2007 – Jun 2026). Signal = MDY+IWM new rolling ATH after ≥3 wks below; QQQ+SPY not at ATH.

December 31, 2012

[Q-END ZONE]

MDY 192.1·*IWM*87.1 · QQQ -5.1% from ATH · SPY -6.3% from ATH · Week 13 of quarter

Post-fiscal-cliff resolution. Small/mid led into the 2013 rally while QQQ was weighed down by Apple's 35% collapse from peak. Signal fired on the last trading day of Q4 2012 — a quintessential quarter-end setup. Q1 2013 was exceptionally strong for risk assets as fiscal drag fears proved overstated.

MDY 1w: +0.1% **MDY 2w: +1.6%** **MDY 4w: +4.3%** **MDY 8w: +4.2%** **MDY 13w: +6.5%**

November 14, 2016

[NON Q-END]

MDY 292.4·*IWM*131.0 · QQQ -1.2% from ATH · SPY -0.0% from ATH · Week 6 of quarter

One week after the Trump election. IWM surged on the reflation/deregulation rotation; small caps priced as primary beneficiaries of domestic tax cuts. QQQ lagged on profit-taking and trade friction fears. MDY delivered +7.9% over 13 weeks; QQQ eventually caught up (+10.7%) as the tech bid returned in early 2017.

MDY 1w: +2.1% **MDY 2w: +1.2%** **MDY 4w: +3.6%** **MDY 8w: +4.9%** **MDY 13w: +7.9%**

Forward Return Tables

ALL SIGNALS (n=2)

Ticker	1w	2w	4w	8w	13w
MDY	+1.1% win 100%	+1.4% win 100%	+4.0% win 100%	+4.5% win 100%	+7.2% win 100%
IWM	+1.3% win 100%	+0.8% win 50%	+3.8% win 100%	+4.2% win 100%	+5.7% win 100%
QQQ	+1.1% win 100%	-0.4% win 50%	+1.7% win 100%	+3.1% win 100%	+6.2% win 100%
SPY	+0.9% win 100%	+0.9% win 100%	+3.1% win 100%	+3.9% win 100%	+6.8% win 100%

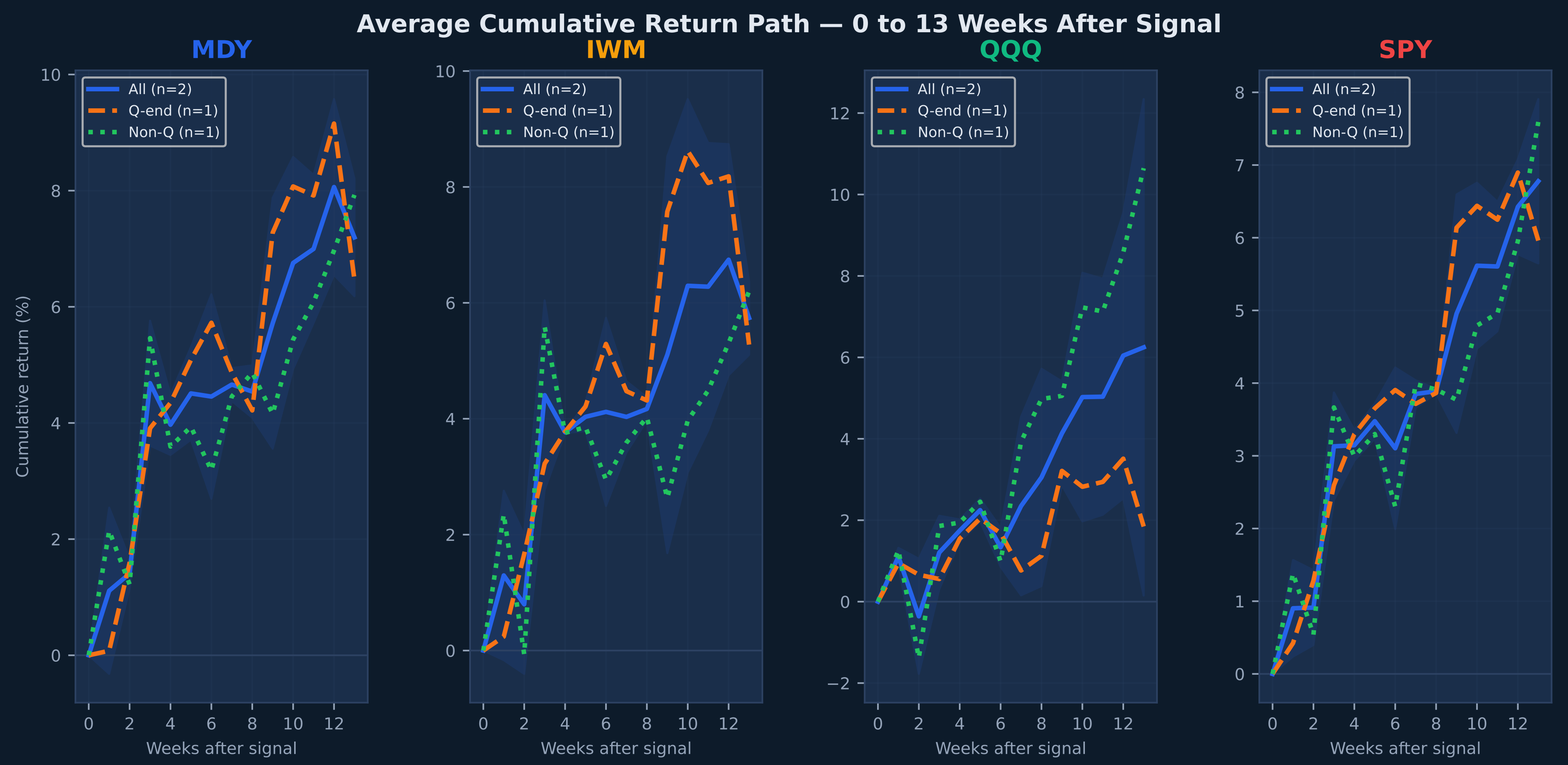
Q-END ZONE ONLY (n=1)

Ticker	1w	2w	4w	8w	13w
MDY	+0.1% win 100%	+1.6% win 100%	+4.3% win 100%	+4.2% win 100%	+6.5% win 100%
IWM	+0.2% win 100%	+1.7% win 100%	+3.8% win 100%	+4.3% win 100%	+5.3% win 100%
QQQ	+0.9% win 100%	+0.7% win 100%	+1.5% win 100%	+1.1% win 100%	+1.8% win 100%
SPY	+0.4% win 100%	+1.3% win 100%	+3.3% win 100%	+3.9% win 100%	+6.0% win 100%

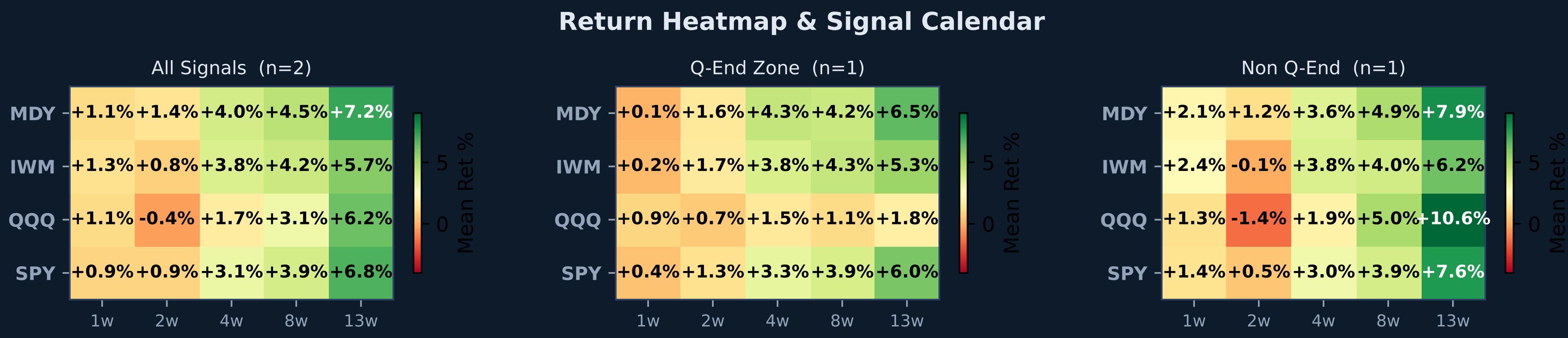
NON Q-END (n=1)

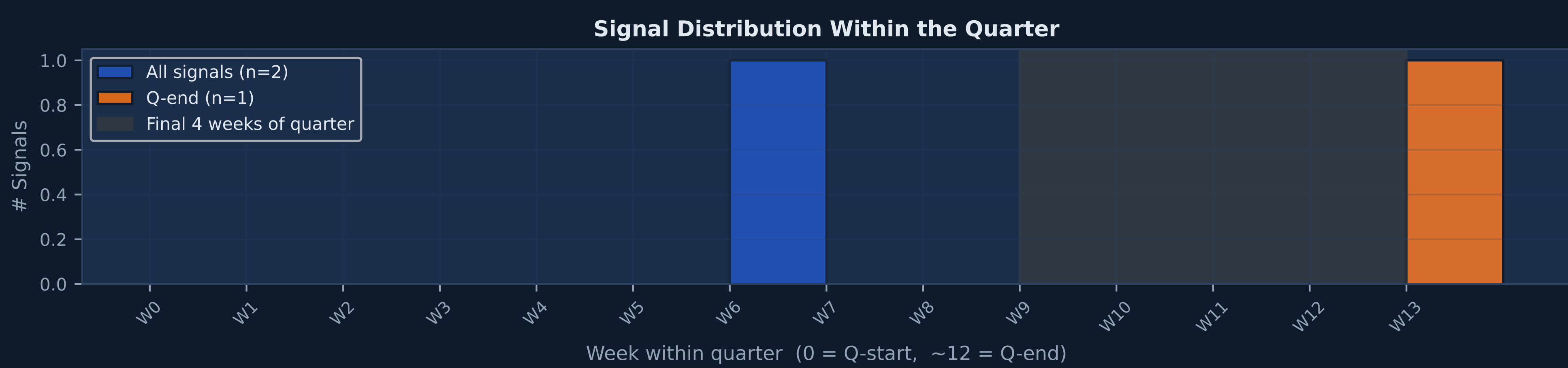
Ticker	1w	2w	4w	8w	13w
MDY	+2.1% win 100%	+1.2% win 100%	+3.6% win 100%	+4.9% win 100%	+7.9% win 100%
IWM	+2.4% win 100%	-0.1% win 0%	+3.8% win 100%	+4.0% win 100%	+6.2% win 100%
QQQ	+1.3% win 100%	-1.4% win 0%	+1.9% win 100%	+5.0% win 100%	+10.6% win 100%
SPY	+1.4% win 100%	+0.5% win 100%	+3.0% win 100%	+3.9% win 100%	+7.6% win 100%

Values = mean forward return. Win% = % of instances with positive return.

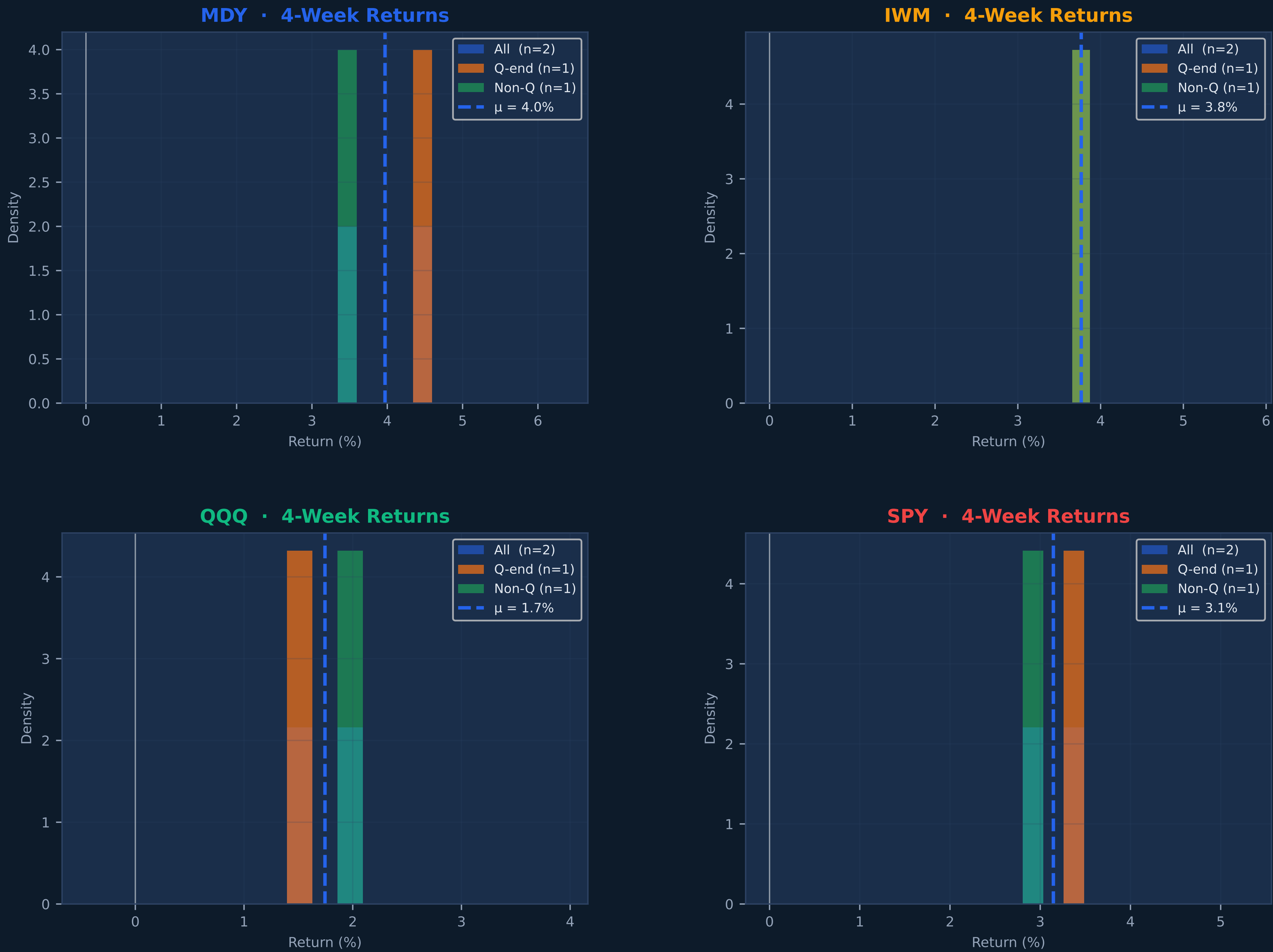


Average Cumulative Return Path — 0 to 13 Weeks After Signal
MDY
IWM
QQQ
SPY
All (n=2)
Q-end (n=1)
Non-Q (n=1)
Cumulative return (%)
Weeks after signal


Return Heatmap & Signal Calendar
All Signals (n=2)
MDY +1.1% +1.4% +4.0% +4.5% +7.2%
IWM +1.3% +0.8% +3.8% +4.2% +5.7%
QQQ +1.1% -0.4% +1.7% +3.1% +6.2%
SPY +0.9% +0.9% +3.1% +3.9% +6.8%
1w 2w 4w 8w 13w
Mean Ret %
5
0
Q-End Zone (n=1)
MDY +0.1% +1.6% +4.3% +4.2% +6.5%
IWM +0.2% +1.7% +3.8% +4.3% +5.3%
QQQ +0.9% +0.7% +1.5% +1.1% +1.8%
SPY +0.4% +1.3% +3.3% +3.9% +6.0%
1w 2w 4w 8w 13w
Mean Ret %
5
0
Non Q-End (n=1)
MDY +2.1% +1.2% +3.6% +4.9% +7.9%
IWM +2.4% -0.1% +3.8% +4.0% +6.2%
QQQ +1.3% -1.4% +1.9% +5.0% +10.6%
SPY +1.4% +0.5% +3.0% +3.9% +7.6%
1w 2w 4w 8w 13w
Mean Ret %
5
0


Signal Distribution Within the Quarter
All signals (n=2)
Q-end (n=1)
Final 4 weeks of quarter
Signals
1.0
0.8
0.6
0.4
0.2
0.0
W0 W1 W2 W3 W4 W5 W6 W7 W8 W9 W10 W11 W12 W13
Week within quarter (0 = Q-start, ~12 = Q-end)

4-Week Forward Return Distributions



Q3 2026 THESIS · POSITIONING FRAMEWORK

Signal active as of June 08, 2026 · 23 days to Q3 open · Q-End zone: YES

WHY THIS SIGNAL MATTERS

- MDY & IWM are the most domestically-sensitive,
- rate-sensitive, and cyclical equity segments
- Breaking out before QQQ/SPY = broad health signal
- Signals institutional rotation beyond mega-cap
- Both precedents: macro regime shift (reflation / fiscal)

Q-END MECHANICS (DEC 2012 ANALOG)

- Window dressing: institutions buy Q winners
- Rebalancing: fixed-income flows redirect to equity
- New-quarter deployment continues prior leadership
- Dec 2012 → Q1 2013: MDY +4.3% (4w), +6.5% (13w)
- QQQ significantly lagged at 13w (+1.8%)

KEY RISK FACTORS

- N=2: directional intelligence, not statistical proof
- MDY/IWM must hold ATH into next weekly close
- No clear 2026 macro catalyst identified yet
- If QQQ closes gap rapidly → thesis changes

POSITIONING FRAMEWORK

- PRIMARY: MDY (cleanest Q-end analog performance)
- SECONDARY: SPY (broad participation, +3.3% at 4w)
- IWM: participates but more volatile at 2-week window
- QQQ: laggard in Q-end case; last to catch up
- Optimal entry window: 4-week horizon, not 1–2 week

MONITORING CHECKLIST

- MDY holds ≥ current ATH on next weekly close?
- IWM holds ≥ current ATH on next weekly close?
- QQQ gap stays -2% to -5% (healthy rotation)?
- SPY trending toward ATH (not reversing)?
- Q3 open (Jul 1-5): volume in MDY/IWM?

FORWARD RETURN TARGETS

Metric	Q-End Target
MDY 4w	+4.3%
MDY 13w	+6.5%
IWM 4w	+3.8%
SPY 4w	+3.3%
QQQ 13w	+1.8%