# THE TAPE THAT WOULDN'T GIVE IT BACK

The Russell 2000's historic mid-August strength—and why the drawdown column matters more than the return column.

**+23.63%**

2026 YTD at Anchor — The strongest mid-August reading in 31 years.

**100%**

Hot-Cohort Rest-of-Year Win Rate.

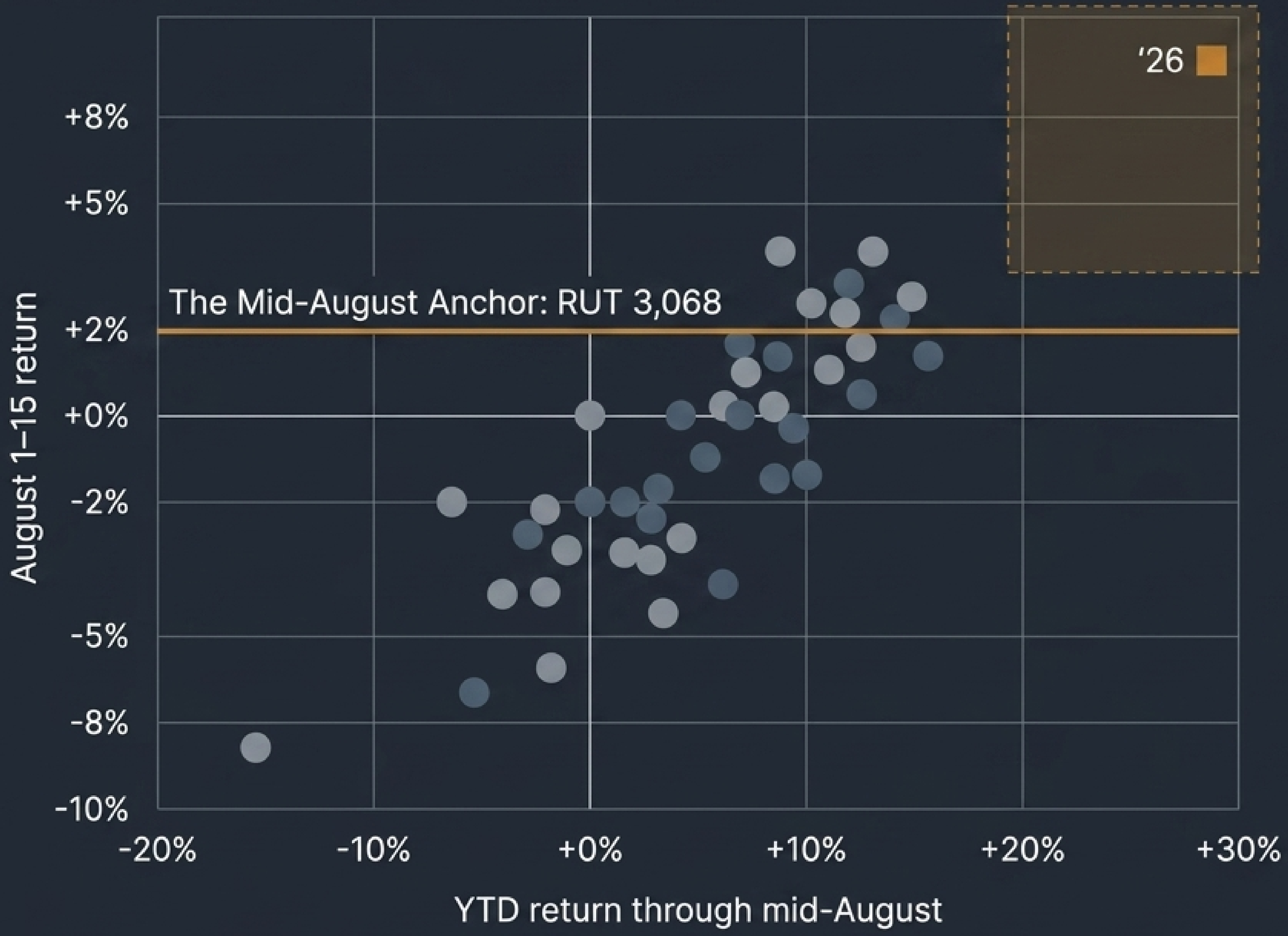
**–1.3% vs –10.0%**

Mean worst closing dip (Hot Tapes vs. All Other Years).

**99th Percentile**

Dip result versus a random-anchor statistical null.

The historical edge of the 2026 tape is not that it guarantees higher returns, but that it historically establishes a 96%-tight downside floor.




**Unprecedented Momentum:**
No prior year in the 31-year sample combined a **top-five August (+4.68%) with a >+20% year-to-date tape.**

**Small Cap Dominance:**
**The RUT–SPX YTD gap** stands at **+9.9 points**, the third-widest mid-August lead on record.

## BEAR-MARKET BOUNCES


The raw leaderboard is a trap. Strong Augusts in negative YTD environments lead to massive fall-offs, averaging –11.0% through eight weeks.

## THE HOT TAPE COHORT

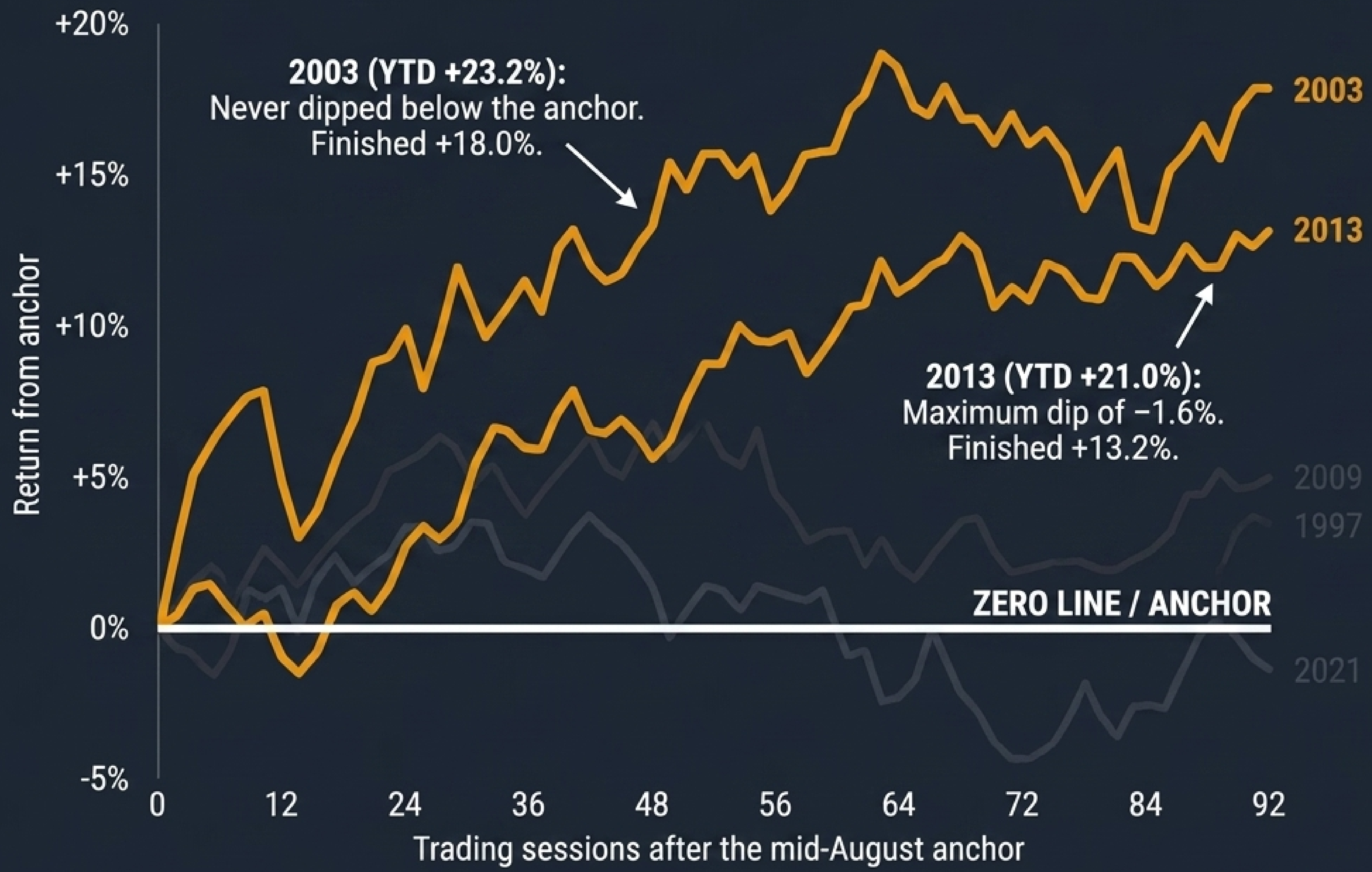
2026 belongs to a fundamentally different regime. The question is what the tape’s own cumulative strength historically implies.

# THE HOT TAPE COHORT

| YEAR | YTD AT ANCHOR | REST OF YEAR RETURN | WORST CLOSE VS. ANCHOR | MACRO REGIME |
|---|---|---|---|---|
| 2003 | +23.19% | +18.01% | +1.91% | Year one off the 2002 bear bottom |
| 2013 | +20.99% | +13.24% | −1.63% | QE3 melt-up, taper-tantrum digested |
| 2009 | +12.90% | +10.90% | −2.79% | Post-GFC recovery year one |
| 1997 | +12.68% | +6.96% | +0.04% | Mid-cycle expansion; Asia crisis shrugged off |
| 2021 | +12.57% | +1.00% | −4.08% | Post-COVID reflation, tightening ahead |

Five prior years entered mid-August up 10% or more. The standout metric isn't the height of their subsequent returns, but the concrete stability of their floors.

# THE HOT TAPE COHORT: THE 2003/2013 'TWINS' AS ROADMAPS

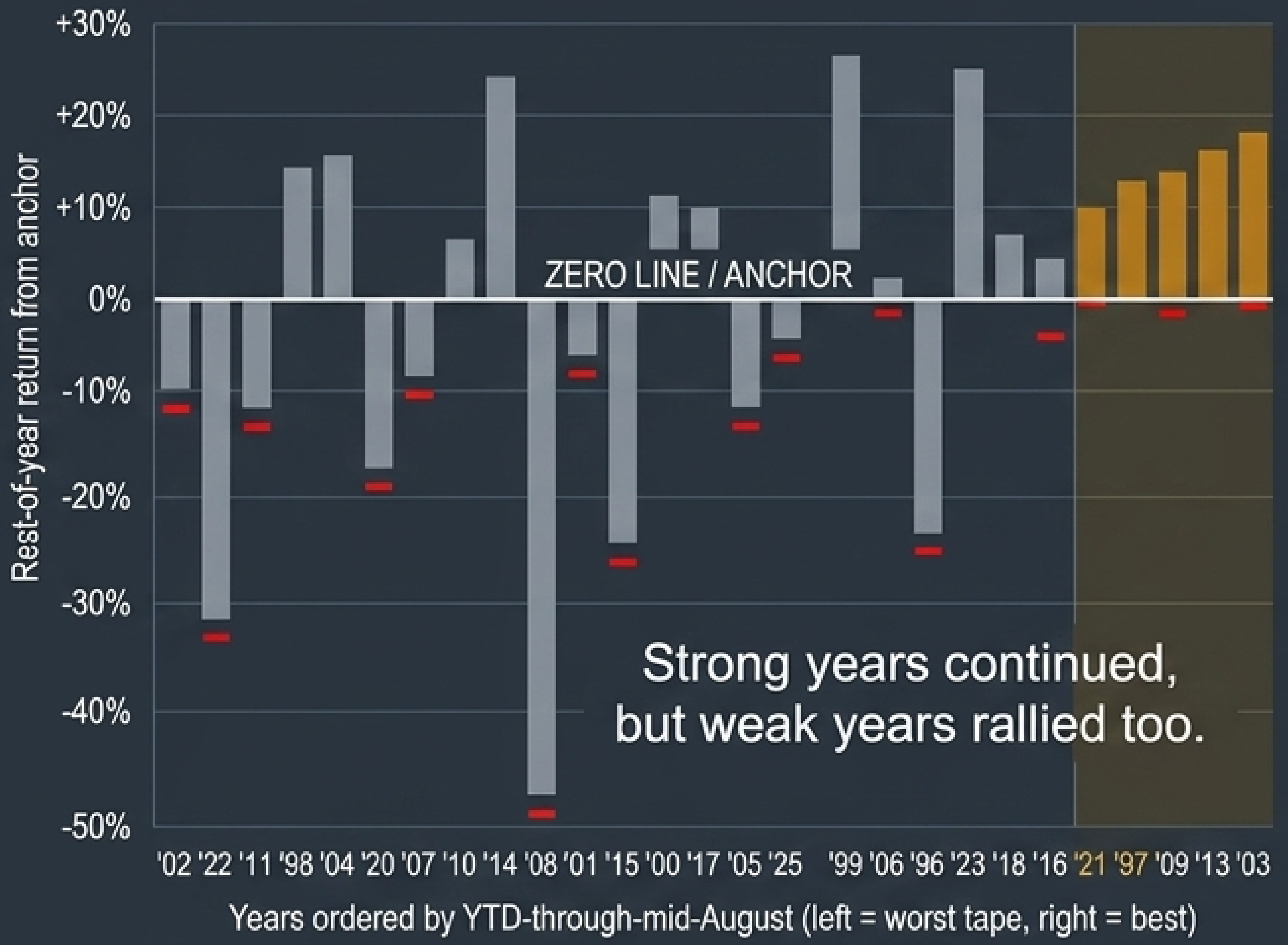



## THE 'TWINS'

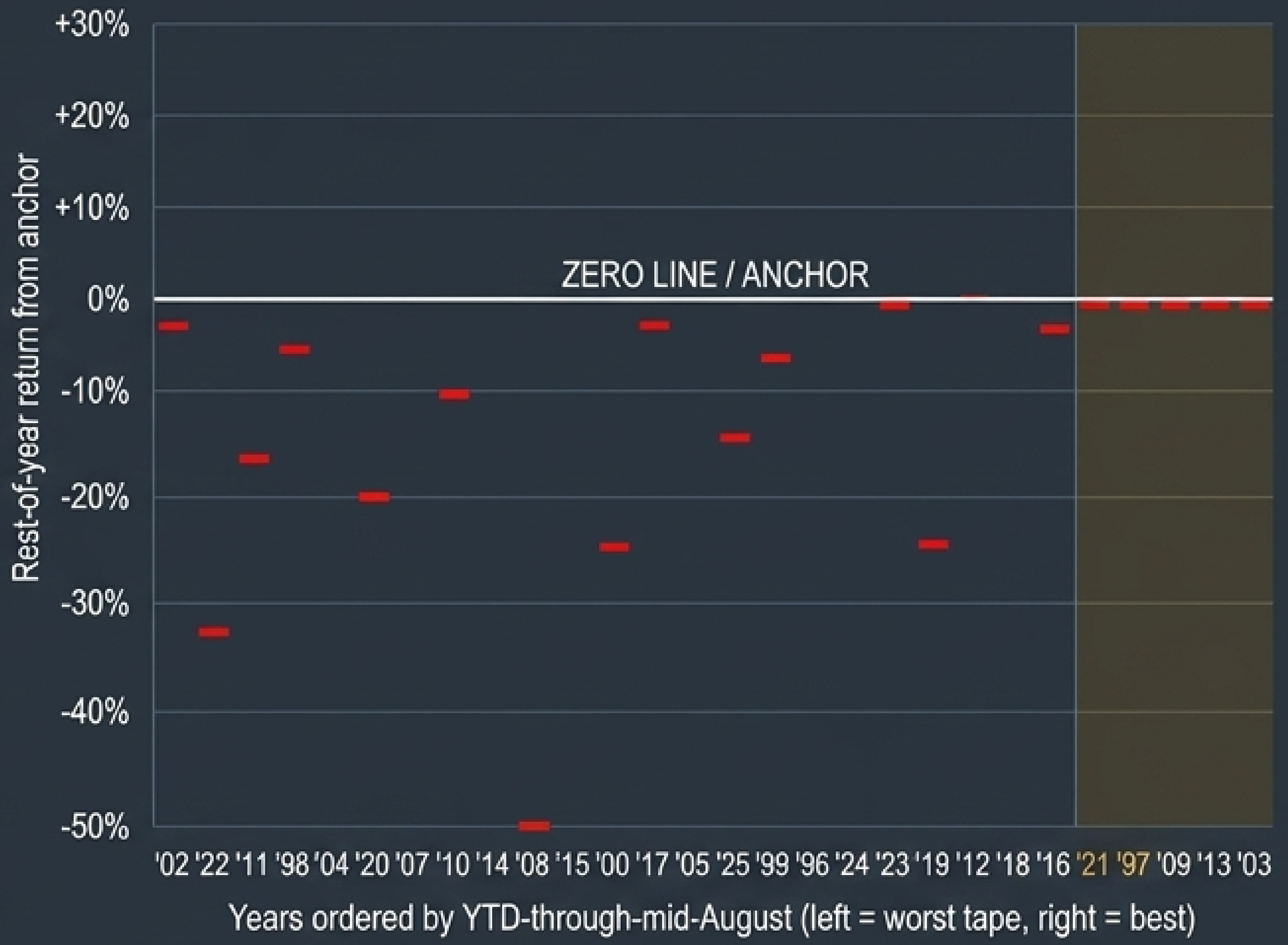
With n=5, we treat the two closest analogs to 2026 (both clearing +18% YTD at mid-August) as roadmaps, not statistics.

Neither twin spent any meaningful time below the anchor line after mid-August.

## Rest-of-Year Returns



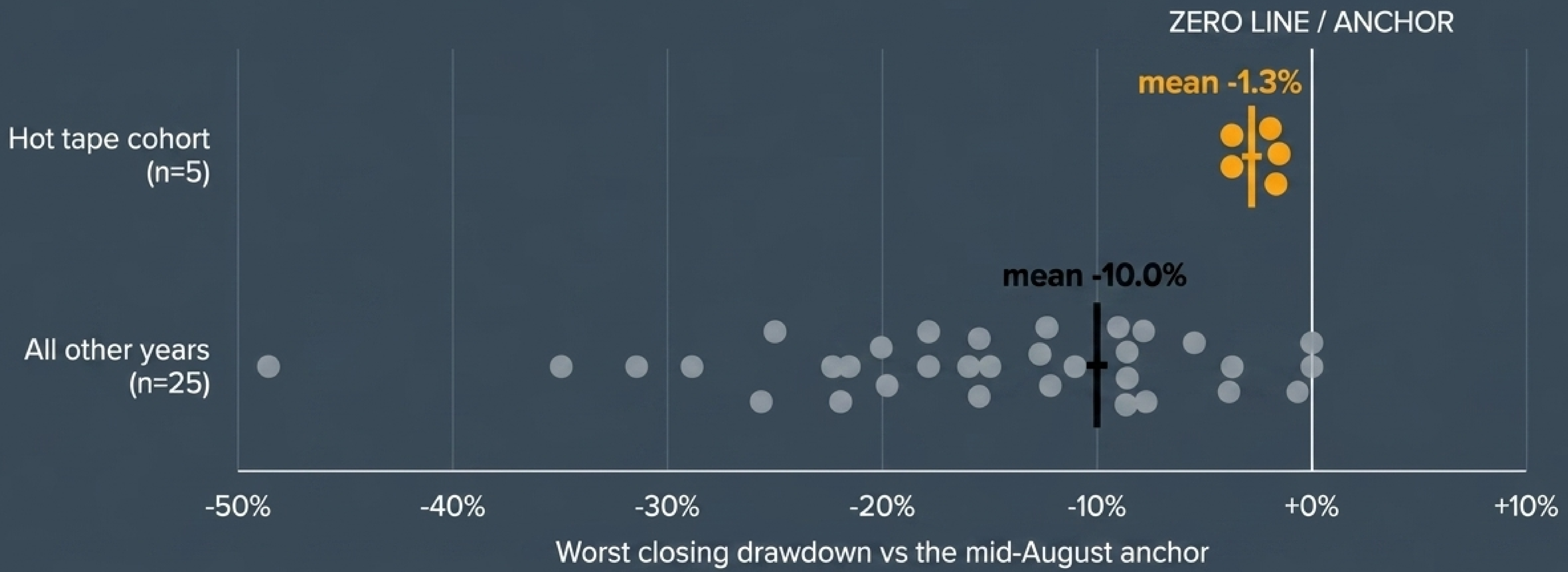

## Worst Subsequent Close




**What separates the hot cohort is not the height of the bars; it is the red dashes beneath them.**

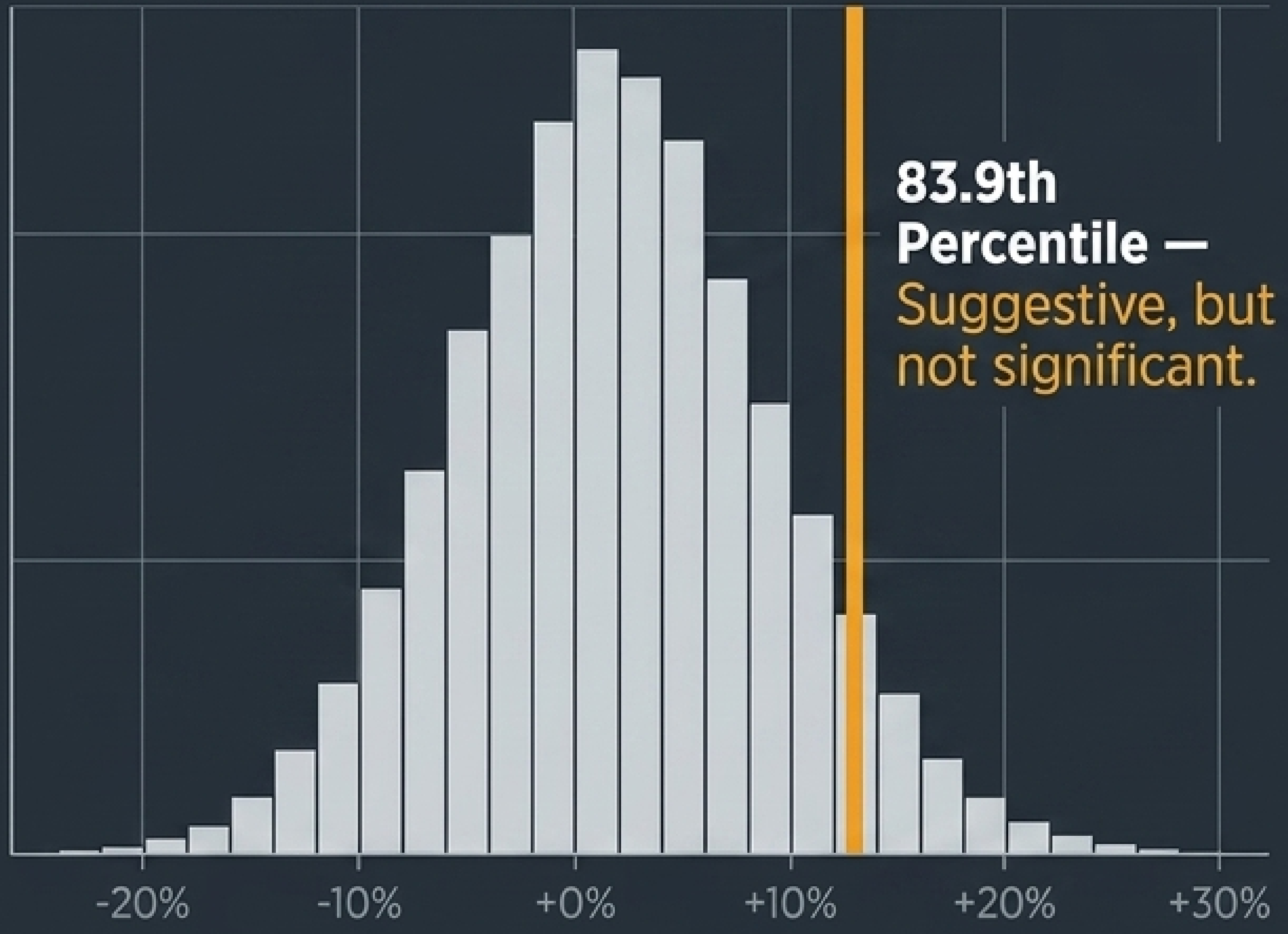
PREMIUM INTELLIGENCE DOSSIER

# RISK ASYMMETRY: HOT TAPE DOWNSIDE IS ABSOLUTE

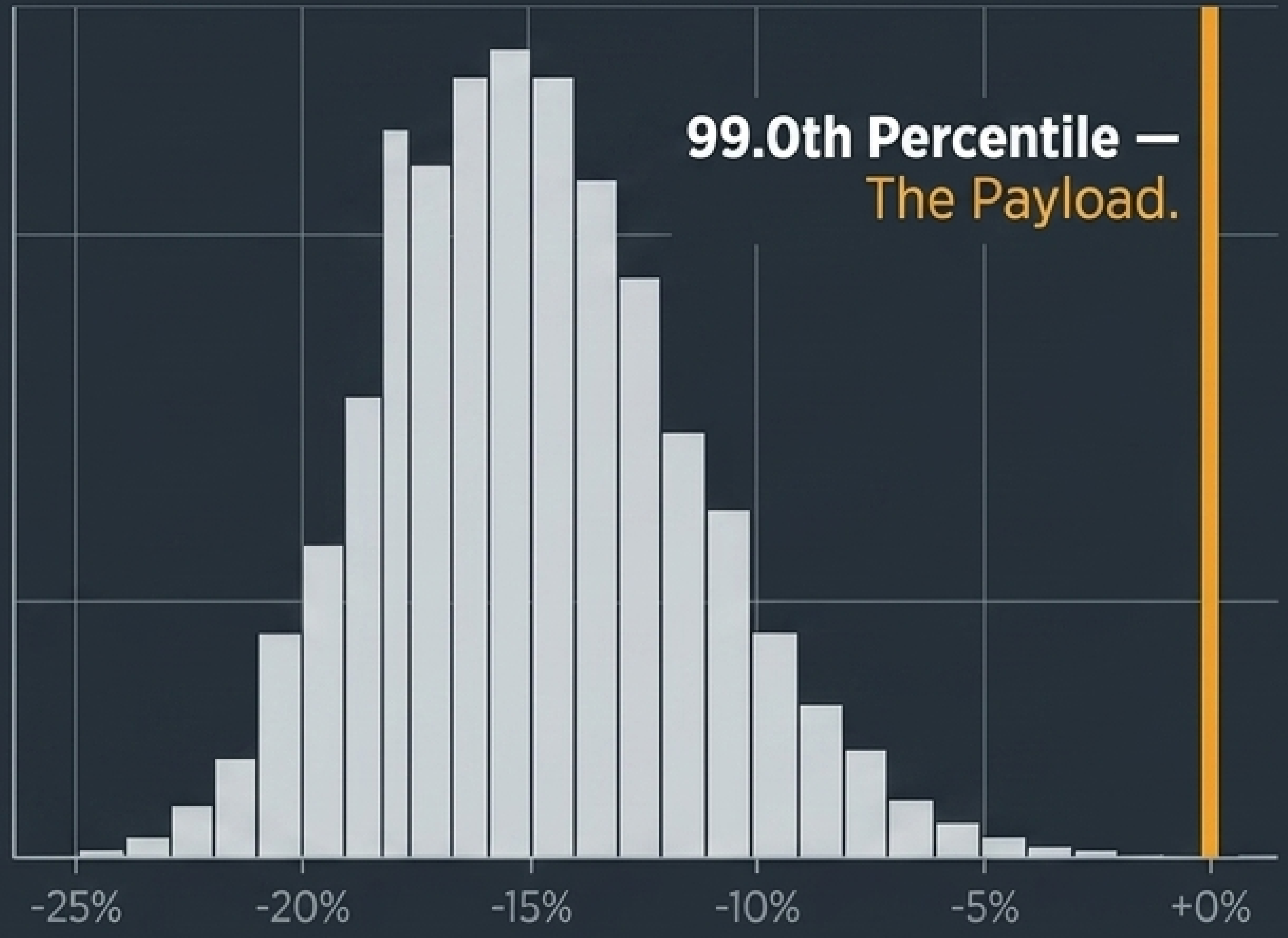



The worst hot-cohort experience (2021 at –4.1%) was definitively better than the average experience in all other years. The downside asymmetry is absolute.

## 90-SESSION FORWARD RETURN




## WORST DIP WITHIN 90 SESSIONS



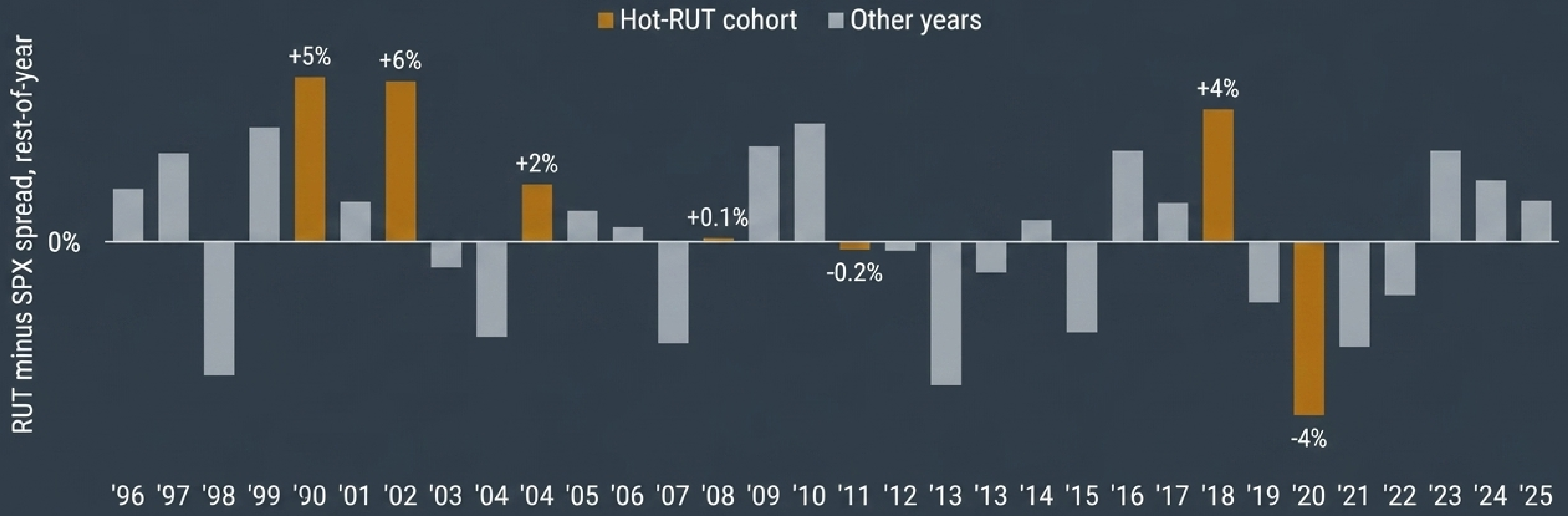

This is the study's payload. The historical edge is not that "hot tapes return more."
The edge is that "hot tapes do not trade back through the level."

# THE RELATIVE LEG (A NON-SIGNAL)

A hot mid-August small-cap tape does not predict continued outperformance of large caps.

- The relative hit rate is a coin flip (40%). The hot-RUT cohort's mean rest-of-year gap was just +0.2%.

**Strategic Imperative: The thesis for 2026 is absolute, not relative. Own the level, not the pair.**



## DO NOTHING / STAY LONG
(PASSIVE)

Respects the 100% cohort win rate but completely ignores the study's actual edge—the location of the floor.

## BUY THE BREAKOUT
(AGGRESSIVE)

Chasing +23.6% YTD with fresh **outright length** has the worst entry math; forward returns are only 84th-percentile.

## TRUST THE ANCHOR
(STRATEGIC / RECOMMENDED)

Capitalize on the 99th-percentile floor. Structural downside protection or short-put mechanics (struck just beneath RUT 3,068) monetize precisely what history dictates: the tape won't give it back.

Anchor Line

# CONTROL PANEL

| | | |
|---|---|---|
| **PROBATION** | THRESHOLD<br>**RUT closes below anchor** (3,068). | ACTION<br>Reduce sizing; thesis on probation. |
| **INVALIDATION** | THRESHOLD<br>**RUT closes below the historical cohort floor (-2.8% / ~2,982).** | ACTION<br>Full exit. 2026 has definitively left the cohort behavior. |
| **MACRO CHECK** | THRESHOLD<br>**Material hawkish repricing** (2s +50bp from Aug 14). | ACTION<br>Zero cohort members existed in a tightening regime. |

A thesis without an exit is just a guess. Four of five cohort members never closed more than 2.8% below the anchor. A break below that level warrants exit, not defense.