MONTHLY QUANTITATIVE NOTE · PUBLIC ISSUE

What the cross-section did in August 2026

A four-page abbreviation of the Core Quantitative Market Review · 482 U.S. large-cap equities and liquid ETFs · Data through 2026-08-31

In brief

Cross-sectional dispersion of monthly stock returns was 11.5% (95th percentile since 2016; median 7.3%), a wide-dispersion month in which stock selection outcomes differed materially across the universe.

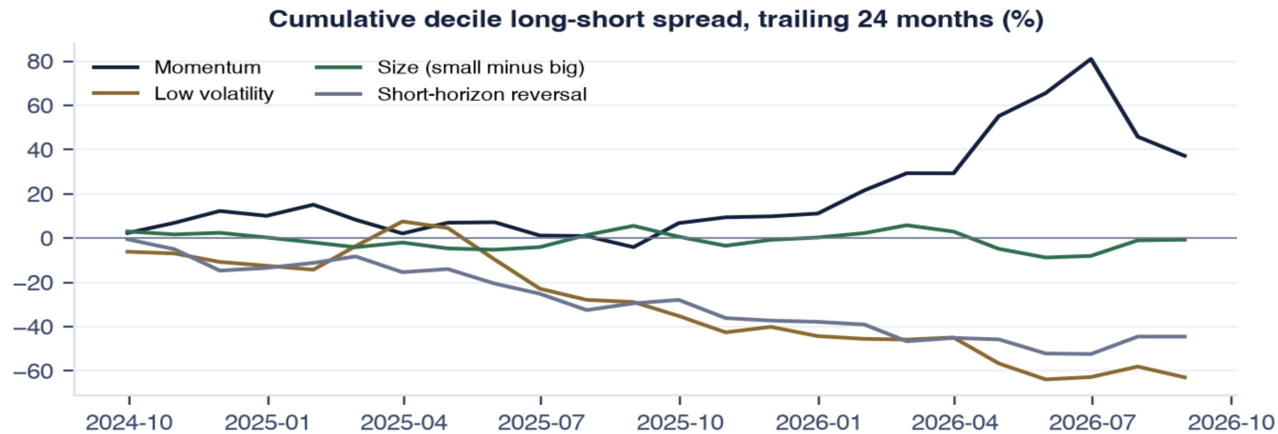
Realized 21-day volatility of the S&P 500 ETF ended the month at 10.3% (annualized), in the 35th percentile of observations since 2016, a regime classified as **normal**. Implied volatility (VIX) closed at 14.9 against a three-month reading of 20.5, a term slope of +5.6 points; implied exceeded realized by 4.6 points.

Average pairwise correlation across the eleven sector ETFs over the trailing 63 trading days was 0.13, against 0.32 in the prior window; average pairwise correlation among constituent stocks was 0.10 against 0.14.

Demo build. Data: Yahoo Finance via yfinance; universe = current S&P 500 constituents; market capitalization approximated as current shares outstanding x historical price. The production engine uses licensed point-in-time data with survivorship-free index membership and as-reported share counts. Results in this build are therefore subject to survivorship bias and are presented to demonstrate methodology and format, not as validated production output.

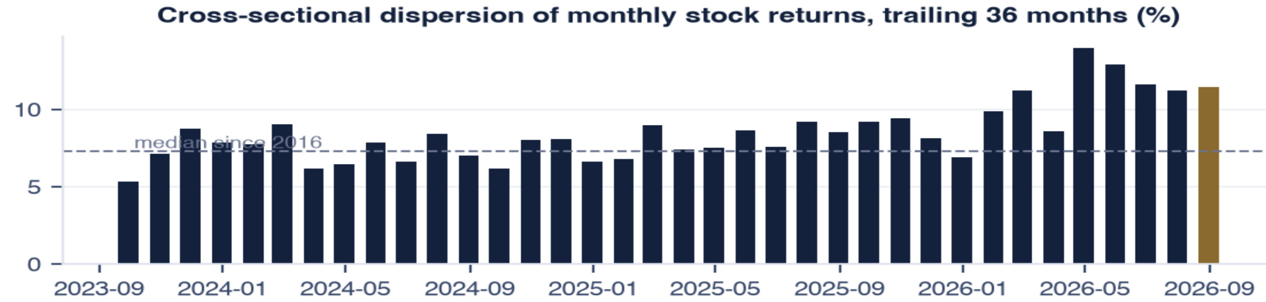
Factor performance

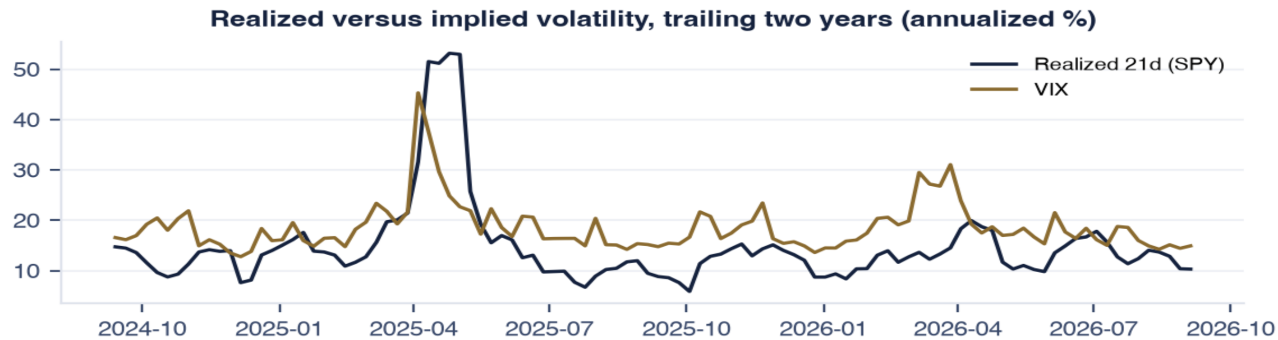
Factor (decile long-short)	1M	3M	12M	36M ann.
Momentum	-5.9%	-17.1%	+43.0%	+17.5%
Low volatility	-11.6%	+2.6%	-47.9%	-31.2%
Size (small minus big)	+0.3%	+8.8%	-5.9%	+3.9%
Short-horizon reversal	-0.0%	+16.0%	-21.3%	-19.2%



Decile long-short spreads (top decile minus bottom decile, equal-weighted, one-month holding period): Momentum -5.9% for the month, -17.1% over three months and +43.0% over twelve; Low volatility -11.6% for the month, +2.6% over three months and -47.9% over twelve; Size (small minus big) +0.3% for the month, +8.8% over three months and -5.9% over twelve; Short-horizon reversal -0.0% for the month, +16.0% over three months and -21.3% over twelve. The widest positive spread for the month was size (small minus big) and the widest negative spread was low volatility. Top-decile momentum constituents are concentrated in Information Technology (24), Industrials (6), Health Care (5).

Dispersion and volatility

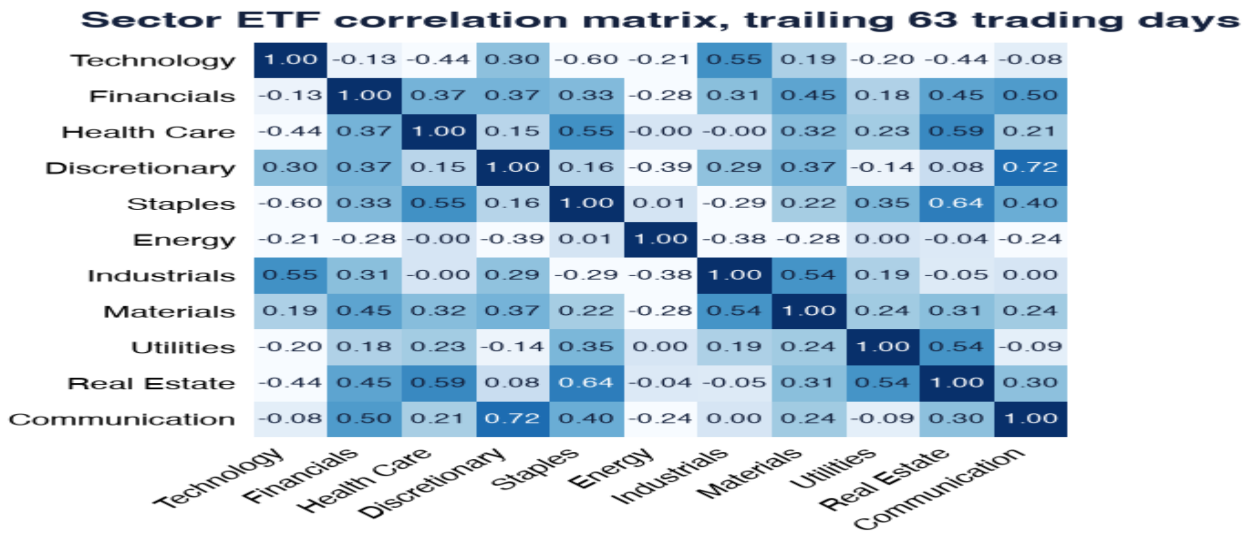




Analogue month (similar realized-vol and dispersion percentiles)	S&P 500 ETF return over following 3 months
May 2026	+1.7%
Jan 2026	+4.1%
Nov 2016	+7.9%
Apr 2026	+3.5%
Jun 2023	-3.2%

Analogue months are a historical record, not a forecast.

Correlation structure



Cross-asset correlations

Pair (63d daily)	Current	Prior window	Change
SPY / TLT	0.32	0.55	-0.23
SPY / LQD	0.51	0.72	-0.21
SPY / HYG	0.81	0.86	-0.05
SPY / GLD	0.48	0.53	-0.05
SPY / IWM	0.79	0.90	-0.11
TLT / GLD	0.17	0.33	-0.16

Style and index ETF returns

Index / style ETF	1M	3M	YTD	12M
S&P 500 (SPY)	+2.7%	+1.7%	+13.1%	+20.2%
Nasdaq 100 (QQQ)	+4.2%	-2.8%	+17.0%	+26.3%
Russell 2000 (IWM)	+0.9%	+1.4%	+19.9%	+26.3%
MSCI USA Momentum (MTUM)	+0.3%	-4.8%	+20.2%	+24.1%
MSCI USA Min Vol (USMV)	+3.7%	+5.4%	+8.6%	+9.4%
MSCI USA Quality (QUAL)	+1.5%	+3.5%	+12.5%	+18.9%
MSCI USA Value (VLUE)	+5.4%	+2.1%	+48.6%	+71.7%
MSCI USA Size (SIZE)	+2.4%	+4.2%	+13.8%	+16.1%

Appendix A. Methodology

Factor	Definition (library v0.1)	Lookback
Momentum	Total return from month-end t-12 to month-end t-1 (skips the most recent month)	252d
Low volatility	Negative of annualized standard deviation of daily returns over trailing 252 trading days	252d
Size (small minus big)	Negative log market capitalization (current shares x month-end price; demo approximation)	spot
Short-horizon reversal	Negative of trailing 21-trading-day total return	21d

Construction. Scores are computed at each month-end using only data available on that date, winsorized at the 1st/99th percentile and z-scored within the universe. Missing data are excluded, never imputed. Decile portfolios are equal-weighted, formed on month-end scores and held one month. The long-short spread is the top decile minus the bottom decile. Dispersion is the cross-sectional standard deviation of constituent monthly returns. Realized volatility is the annualized standard deviation of daily S&P 500 ETF returns over 21 and 63 trading days. Correlations are Pearson correlations of daily returns over 63 trading days.

Benchmark cross-validation. The in-house momentum decile spread has a monthly correlation of 0.90 with the UMD series published in the Kenneth R. French Data Library over 126 months (2016-02 to 2026-07); the size spread correlates at 0.60 with SMB. Any reader can reproduce the comparison from the public series.

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Data source: Yahoo Finance via yfinance (demo build). Prices as of 2026-09-04. Build 2026-09-08 15:23; rendered 2026-09-13 14:17.

About this note

The Monthly Quantitative Note is general research of regular circulation, published by Marnello LLC in the first week of each month. It reports the same measurements that appear in the Core Quantitative Market Review; the Core review adds screening output, full decile membership, and the complete validation record. No security is referenced as an opportunity and nothing in this note is tailored to any recipient. Enquiries: research@marnello.co · marnello.co