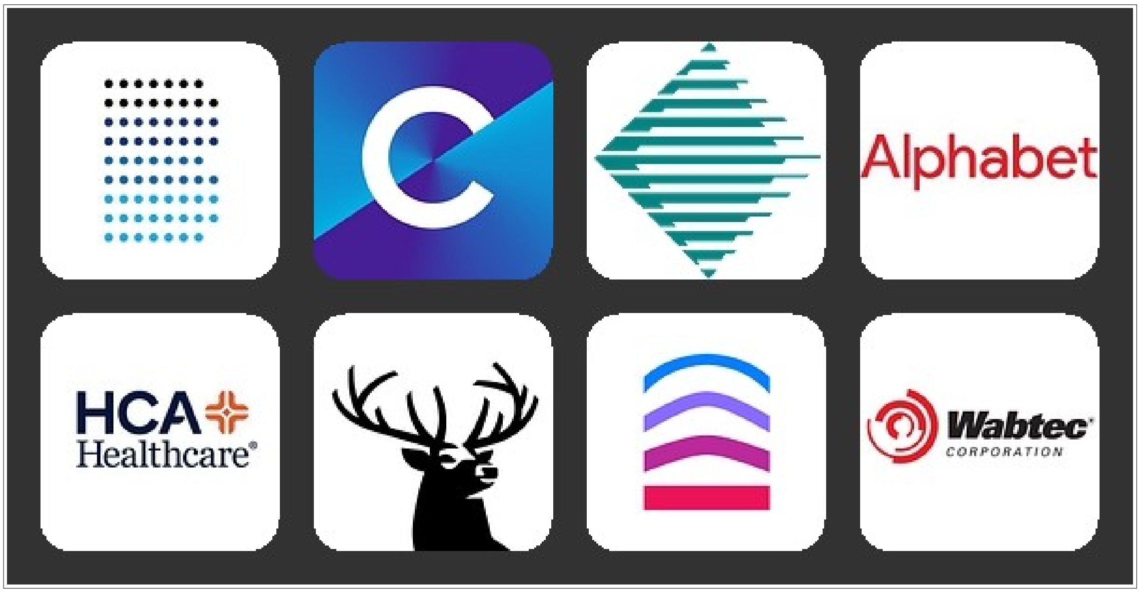
Rebalancing May 2026

May 2026 Rebalancing and PGMI Indicator Monitoring.



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Data sources: TIKR and TwelveData. **Tools**: own software.

Monitoring and investment plan: https://www.jongarcialabiano.com

Rebalancing

This rebalancing will not involve any changes to the portfolio; it will simply consist of equalizing the weightings of all the companies in the portfolio.

Companies have been reporting their Q1 results, so there are no major changes. ResMed has reported its Q3 results, which were strong, so it will remain in the portfolio.

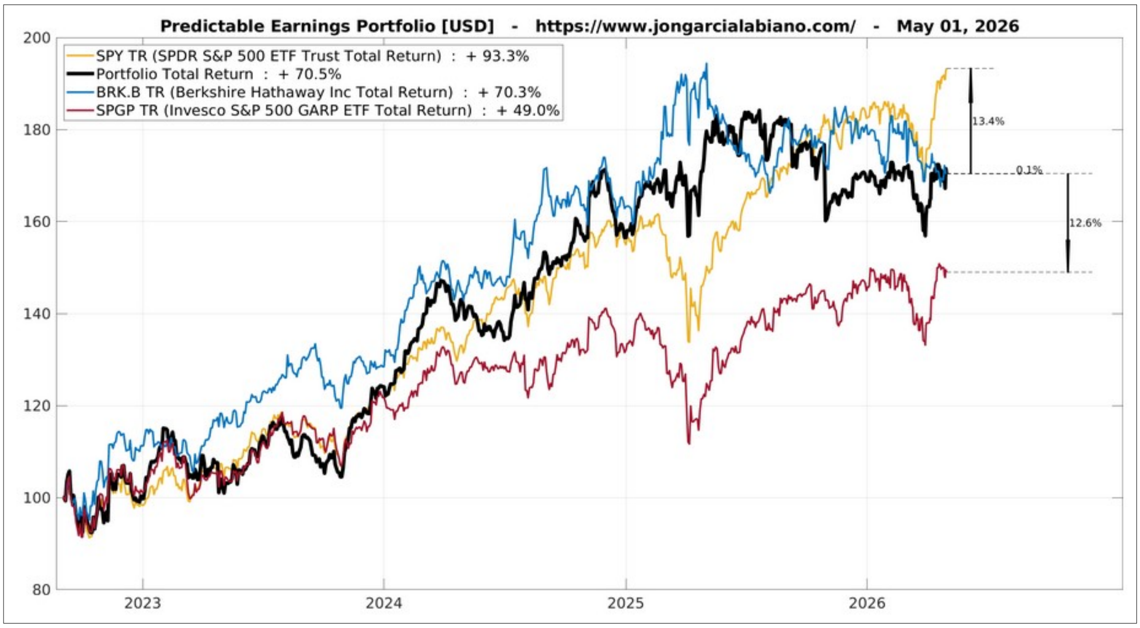
May 04, 2026		TOTAL REFERENCE CAPITAL	$100,000.00	
		CAPITAL PER COMPANY	$12,500.00	

TICKER	COMPANY	EXCHANGE	PRICE	SHARES	CAPITAL
BKNG	Booking Holdings Inc.	NASDAQ	$169.63	73	$12,382.99
COR	Cencora, Inc.	NYSE	$304.00	41	$12,464.00
EME	EMCOR Group, Inc.	NYSE	$903.50	13	$11,745.50
GOOGL	Alphabet Inc.	NASDAQ	$385.69	32	$12,342.08
HCA	HCA Healthcare, Inc.	NYSE	$433.09	28	$12,126.52
HIG	The Hartford Insurance Group, Inc.	NYSE	$135.81	92	$12,494.52
RMD	ResMed Inc.	NYSE	$205.02	60	$12,301.20
WAB	Wabtec Corporation	NYSE	$264.95	47	$12,452.65

EXCESS CASH	$1,690.54

Portfolio return

The following image and table show the portfolio's performance and results over the past two months. I have replaced QQQ with BRK and SPGP, which are more appropriate for this comparison.



START DATE (+)	END DATE (++)
Mar 02, 2026	May 01, 2026

	INITIAL CAPITAL	ENDING CAPITAL (*)	RETURN
BKNG	$8,478.50	$9,006.50	6.23%
COR	$12,280.62	$10,032.00	-18.31%
EME	$12,318.54	$15,366.30	24.74%
GOOGL	$12,470.40	$15,436.00	23.78%
HCA	$12,183.10	$9,979.01	-18.09%
HIG	$12,393.04	$12,004.08	-3.14%
RMD	$12,300.48	$9,840.96	-20.00%
WAB	$12,405.65	$12,452.65	0.38%

	INITIAL CAPITAL	ENDING CAPITAL (**)	RETURN
PORTFOLIO	$100,000.00	$99,287.17	-0.71%
SPY TR	$100,000.00	$105,338.17	5.34%
QQQ TR	$100,000.00	$111,148.67	11.15%

BENCHMARK	RETURN PORTFOLIO = RETURN SPY TR - 6.05%
	RETURN PORTFOLIO = RETURN QQQ TR - 11.86%

(+) It is purchased at the closing price of the previous Friday.

(++) Sold at the closing price of the day.

(*) Includes dividends received.

(**) Includes dividends received and initial residual cash.

ResMed (RMD)

The Q3 results were strong. However, the stock price has been falling over the past two months due to the following factors:

- Fears about GLP-1 drugs persist, but the reality is that GLP-1 has not completely replaced CPAP; most patients continue to use CPAP.
- Philips' return as a competitor, which would weaken ResMed's monopoly.
- Wells Fargo lowered its price target for the following reasons: a slowdown in growth, which reduces its margin of safety; the return of Philips; the acquisition of Noctrix; and a change in CFO. Paradoxically, at the same time, Royal Bank of Canada raised its price target.

So far, the numbers look good.

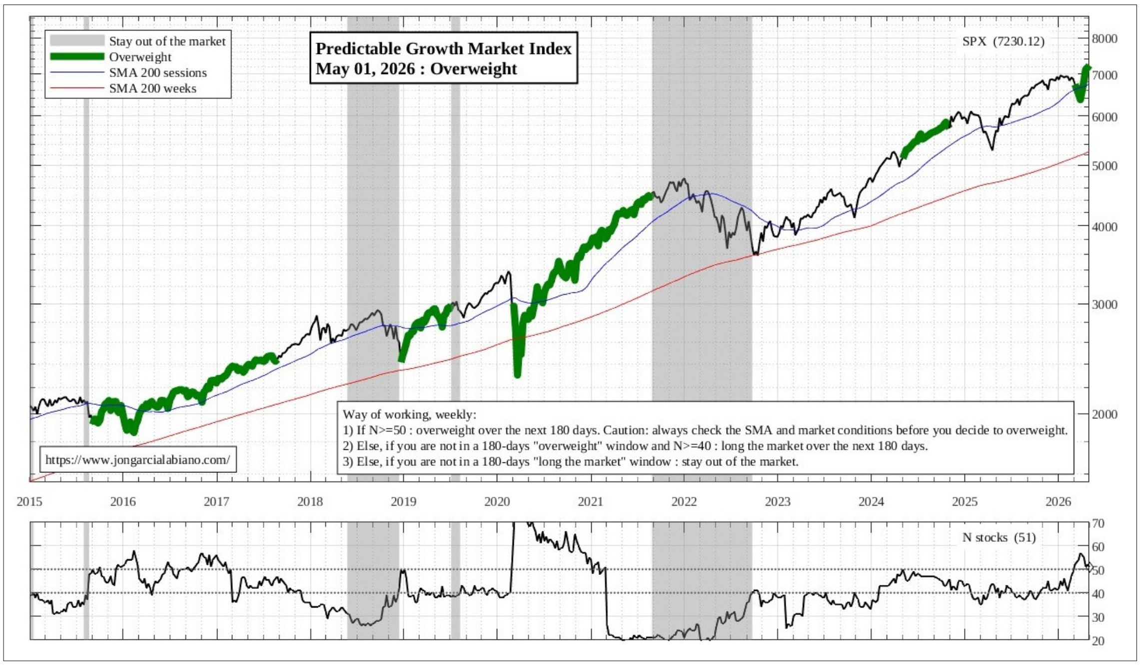
30/06/22	30/06/23	30/06/24	30/06/25	AV(3Y)	YoY%(23)	YoY%(24)	YoY%(25)	AV(YoY%)	RMD
3578.13	4222.99	4685.30	5146.33	4684.87	18.02	10.95	9.84	12.94	REVENUE
1161.76	1317.15	1575.74	1884.36	1592.42	13.38	19.63	19.59	17.53	EBITDA
1000.29	1224.41	1478.35	1763.27	1488.68	22.41	20.74	19.27	20.81	EBIT
5.79	6.44	7.72	9.55	7.90	11.23	19.88	23.70	18.27	EPS
216.31	573.63	1301.80	1661.72	1179.05	165.19	126.94	27.65	106.59	FREE CASHFLOW
134.84	119.67	99.46	89.87	103.00	(11.25)	(16.89)	(9.64)	(12.59)	CAPEX
1936.44	2770.30	2842.06	3046.68	2886.35	43.06	2.59	7.20	17.62	GOODWILL
31.50	30.60	32.70	36.10	33.13	(2.86)	6.86	10.40	4.80	EBITDA MARGIN %
28.00	27.30	29.50	32.80	29.87	(2.50)	8.06	11.19	5.58	EBIT MARGIN %
23.40	19.90	23.80	24.50	22.73	(14.96)	19.60	2.94	2.53	ROCE %
0.79	1.19	0.56	0.45	0.73	50.63	(52.94)	(19.64)	(7.32)	DEBT / EBITDA
3360.75	4129.90	4864.04	5967.86	4987.27	22.89	17.78	22.69	21.12	EQUITY
1.68	1.76	1.92	2.12	1.93	4.76	9.09	10.42	8.09	DIVIDENDS PER SHARE
147.04	147.46	147.55	147.34	147.45	0.29	0.06	(0.14)	0.07	SHARES
5.03	(18.51)	105.68	243.66	110.28	(467.99)	(670.93)	130.56	(336.12)	REPURCHASE OF STOCKS

PGMI indicator

In a post on April 1, I introduced the PGMI indicator. Right at that moment, the signal to overweight the market triggered; I didn't emphasize it enough, and perhaps I should have, because it's a signal that rarely triggers, and the results have been excellent. The signal is still active, and the market will likely continue its upward momentum for a few more months.

The indicator's main value lies in its ability to provide insight into the underlying market trend for the coming months, combining corporate earnings and growth with price and predictability, while taking inflation into account. This allows us to clearly identify impending bear markets, unsustainable bull markets that we should avoid, and bull markets worth overweighting. Or we can simply determine whether it's a good idea to be in the market or not.

The current situation is as follows: As of May 1, 2026, overweight:



What does the "overweight" signal mean? Essentially, the signal indicates that the probability of the S&P 500 trending upward is much higher than usual, and we can increase our market exposure or add some leverage with a degree of confidence. Depending on your situation, this could mean the following:

- If you're invested in the S&P 500, you might consider switching a portion of your portfolio to the Nasdaq 100 as a proxy for a leveraged S&P 500, thereby boosting returns during this period.
- If you have a very conservative portfolio, you might consider adding a small amount of the S&P 500 to boost your returns, with less risk than usual.
- If you have a conservative portion of your portfolio and a more aggressive one, you might consider rebalancing your portfolio by increasing the weighting of the S&P 500 or adding the Nasdaq 100.
- If you can't buy ETFs, you can invest in the 10 largest companies in the S&P 500 as a proxy for a leveraged S&P 500 during bull markets.

In my case, I bought the Nasdaq 100 ETF “CNDX” so that it would account for more than 50% of my total portfolio, and it will remain that way until the signal is no longer active. The Nasdaq 100 almost always behaves like an S&P 500 with 20% leverage during bull markets.

Why is this signal appearing? The overweight signal occurs when corporate profits have been growing and accumulating while the broader market has stagnated—either because it is skeptical of that growth, or because a market shock has caused prices to plummet abruptly and without sufficient justification. Now both events have occurred simultaneously: the market had been trading sideways while profits were rising, and then the Iran war crisis erupted, causing market to plummet due to the spike in oil prices. In the end, the market has paid little heed to the oil price crisis and has instead chosen to snap up those corporate earnings at such a bargain price, surging forward like a spring that’s hard to stop. If the oil price issue isn’t resolved in the medium term and begins to affect earnings, the market will have to rethink everything, but for now, the market’s upward momentum is strong and could continue for several months.

What is the risk? The signal always triggers for a reason, but there is always an associated risk; everything that happens in the market has two sides to it. If the oil crisis had been much more severe and unsolvable, the market would inevitably have fallen, and we would have overweighted that decline. That’s when we have to consider whether that possibility is real or not; in my case, I found it very hard to believe that would be the case.

The next steps I'm taking are (1) changing the indicator to use "rolling years"—that is, using virtual years rather than actual fiscal years, counting the last four fourth quarters—so that the indicator can be more forward-looking, (2) not to use adjusted earnings but rather the “EPS without NRI” provided by Gurufocus, so that all companies follow a more standardized metric and the underlying statistics of the indicator are more meaningful, and (3) to run a backtest using that data starting from before 2008; however, the data is difficult to obtain without a Bloomberg or FactSet terminal, which are extremely expensive.

Let me know what would be helpful to you. I’m not quite sure how to provide tracking for the indicator, or whether you’re interested in a list of companies that meet that filter, more in-depth data, simpler data, or alerts, or if you’re more interested in the indicator itself than the portfolio. Very few people will read this, so feel free to comment and let me know what’s useful to you.