

MONTHLY VIEWPOINT

OUR CURRENT VIEW ON INVESTMENTS AND THE ECONOMY

OCTOBER 2025



PARALLEL
PORTFOLIOS

BIG THOUGHT

Now that stocks have completed the historically two worst months of the calendar in a positive note do we have an all-clear signal? Of course, no one truly knows the answer to that. October can often be a volatile month with strength to finish the year. The reality is none of that seasonal analysis matters much. Neither will something like a government shutdown should it occur other than perhaps some shorter-term noise. Investors should be focused on more impactful factors. For example, we will soon begin third quarter earnings announcements, and it seems growth could be better than expected. Meanwhile the Fed has begun cutting rates providing added liquidity. Yes, a handful of mega cap stocks are still market leaders, but small caps and international have also joined the party. Ultimately the most important investing factor is not something impacting the market but directly related to the individual investor. What strategy and asset allocation is best for them will be the one they can stick with for years to ignore all the inevitable short-term noise and achieve their financial goals.

DASHBOARD

-  TREND
-  VALUATION
-  SENTIMENT
-  ECONOMY
-  CREDIT

BULLISH

- More clarity around the level of tariffs
- Fed has started to cut rates
- Corporate earnings growth appears solid
- Market move broadening to small cap and International
- Stock market in healthy uptrend

BEARISH

- Tariffs still a risk to hit earnings and boost inflation
- Market valuation above average
- China relations and risk of attack on Taiwan
- Housing market in much of the country is weak
- Fed could change course depending on job and inflation data

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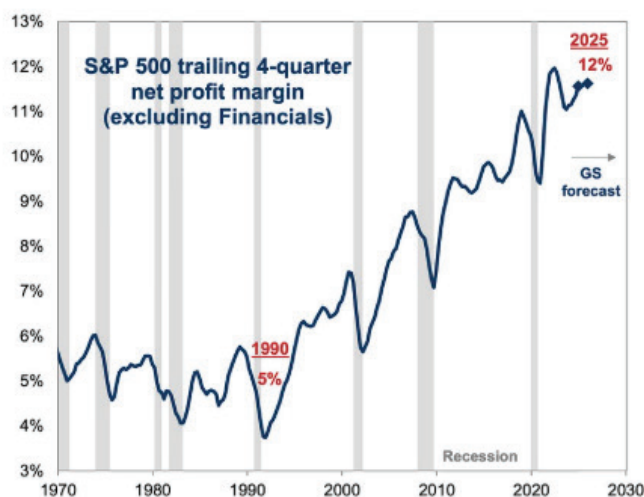


PARALLEL
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CHART OF THE MONTH

Goldman Sachs

S&P 500 profit margin: from 5% to 12% in 35 years



Source: FactSet, Goldman Sachs Global Investment Research.

As a business owner you would be thrilled if more of your revenue was left over after paying all expenses. As a shareholder and therefore part owner of many companies that is exactly what has happened. With improved productivity and a shift to a service and technology focused economy over manufacturing profit margins have significantly increased in recent decades. That has provided for greater earnings and cash flow growth for many companies and made comparing stock valuations with history difficult. If your business keeps more of its revenue than say your dad's business many years ago it would seem your business could trade at a higher valuation. Potentially high valuations can and someday will matter for the stock market but have defied critics for years due to rising profit margins.

GREG TOWNER, CFA, CMT

CHIEF INVESTMENT OFFICER

Mr. Towner has worked in the investment industry since 1999 and received his MBA from the University of Central Florida and BA from the University of Mount Union. At Parallel he oversees the implementation of the firm's overall investment philosophy and is the Senior Portfolio Manager for several strategies. Prior to his current role Mr. Towner was comanager of large cap core and equity income portfolios totaling approximately \$1 billion at Sterling Capital Management. He holds the designations of Chartered Financial Analyst and a Chartered Market Technician.

BRIAN BOUGHNER, CFA, CMT

PRINCIPAL

Mr. Boughner has worked in the investment industry since 2000 and holds a BS from Florida State University. He is a cofounder of Parallel, a Senior Portfolio Manager for several strategies and has developed the firm's quantitative tools. Prior to Parallel he had extensive experience with U.S. Trust, BB&T Wealth, Royal Bank of Canada (RBC Centura), Amsouth Bank, and Charles Schwab Co. Mr. Boughner holds the designations of Chartered Financial Analyst and Chartered market Technician.

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