

MONTHLY VIEWPOINT

OUR CURRENT VIEW ON INVESTMENTS AND THE ECONOMY

JUNE 2026








PARALLEL
PORTFOLIOS

BIG THOUGHT

Honestly, I could have left what I wrote last month in this paragraph, and it would have been just as relevant. We still have a war in the Middle East. We still have high oil, gasoline, and other commodity prices. We have even higher inflation. We have even higher interest rates. We have an even worse economy for the lower-income consumer. Segments of the stock market have risen by dizzying amounts. Valuations are not cheap. The Fed may need to raise rates before it cuts them. Despite all of this, stocks had another terrific month in May.

Skeptics might say these are the last days of an unjustified bubble. While that can't be ruled out, we think the market is doing what it usually does — looking into the future and frustrating many investors in the process. Earnings growth has been terrific, and estimates call for that to continue. That ultimately is what matters most. There will undoubtedly be corrections, perhaps in the not-too-distant future. That is the reality of investing. However, another reality of investing is that it more often than not pays to lean bullish and ignore the noise that tries to push you into emotional financial decisions.

DASHBOARD

	TREND
	VALUATION
	SENTIMENT
	ECONOMY
	CREDIT

BULLISH

- New highs for stocks typically positive
- Current very strong earnings quarter
- Double digit earnings growth expected in 2026
- Corporate profit margins are strong
- U.S. has ample supplies of oil and natural gas

BEARISH

- Middle East war causing substantially higher fuel costs
- Interest rates moving higher
- China relations and risk of attack on Taiwan
- Inflation data remains high
- Fed unlikely to cut rates soon

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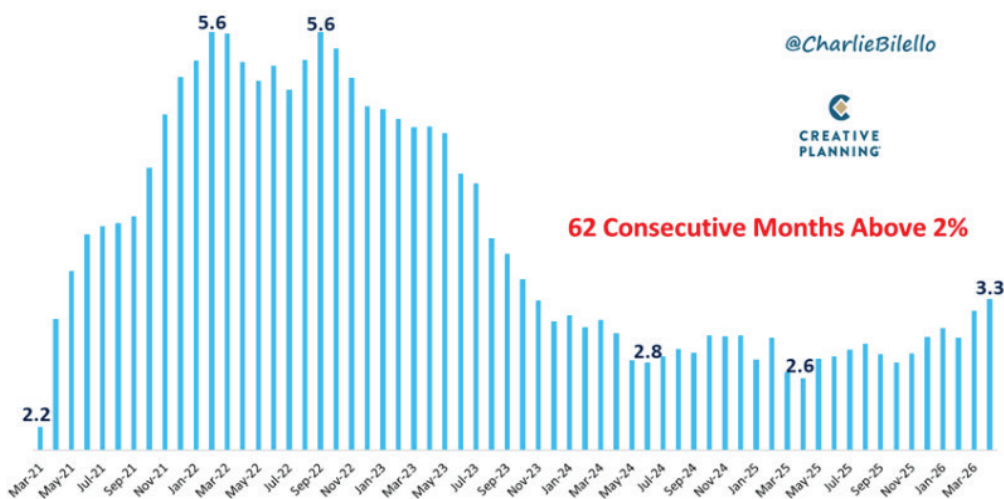


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CHART OF THE MONTH

U.S. Core PCE Inflation Rate (YoY % Change)

Data via YCharts (March 2021 - April 2026)



The Fed has had an objective for years of keeping inflation at 2%, using their preferred measure of PCE. Unfortunately, we just completed the 62nd consecutive month of PCE inflation above that level. Certainly, some of that reflects the conflict in the Middle East, but inflation goes well beyond that. The future path of inflation — and its direct impact — remains difficult to predict. Historically, from an investment perspective, stocks of high-quality companies with strong pricing power have tended to hold up well during inflationary periods. We have also recently been drawn to individual TIPS. Please reach out if you would like to discuss this further.

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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