

MONTHLY VIEWPOINT

OUR CURRENT VIEW ON INVESTMENTS AND THE ECONOMY

DECEMBER 2025



PARALLEL
PORTFOLIOS

BIG THOUGHT

It has become common for many to declare that was the best game ever, the best play ever, the craziest play ever, the worst economy, the best economy, and so on. Every take must be more extreme and immediate. This is across sports, business, politics and more. Beyond the emotions a little research or deeper thought would reveal instead of something being the best/worst ever, it actually is fairly typical. Our current investing environment seems to fit in with this narrative. In some respects, it has been a unique year. The factors driving markets in the short-term can often be different. However, the market's reaction this year is not nearly as unusual as many think. The sharp correction in April and quick recovery was a bit shocking, but having a correction of 15%-18% is not uncommon. The recent November 5% correction often happens numerous times in any given year. There is a wide range of returns this year, as some growth names have enjoyed huge games, while other more value-oriented names trail the broader market. Rarely do all types of stocks go up and down the same amount. The market, economy and even world are always evolving. However, there are plenty of lessons to take from history that may not repeat exactly but can be useful in dealing with future volatility.

DASHBOARD

-  TREND
-  VALUATION
-  SENTIMENT
-  ECONOMY
-  CREDIT

BULLISH

- Administration starting to reduce some tariffs
- Fed likely to cut rates again in December
- Earnings season providing higher beat rate than normal
- December most frequently positive month of year for stocks
- Stock market in uptrend

BEARISH

- Supreme Court decision on tariffs could be unexpected
- Market valuation above average
- China relations and risk of attack on Taiwan
- Market pushing back against the AI spending
- Fed moving slower than many investors would like

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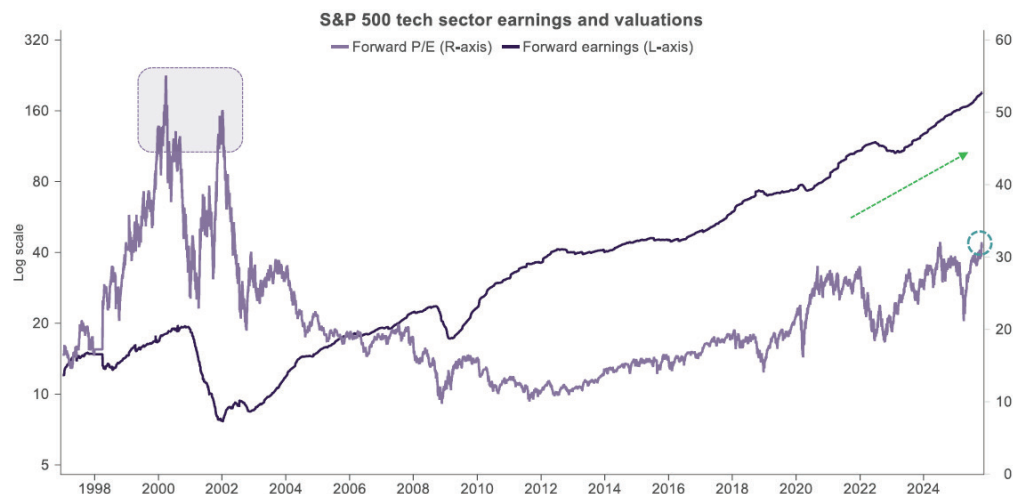
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CHART OF THE MONTH



Data source: Truist IAG, FactSet, S&P Dow Jones. Forward P/E = Price-to-Next 12 months consensus earnings expectations. Data as of October 7, 2025. Past performance does not guarantee future results.

It seems impossible to go a day without a comparison of the current AI era with the Dotcom bubble. Many of the comparisons are very insightful and give us pause about how this period may play out. However, there are just as many differences. This month we show how in year 2000 forward P/E ratios had reached an extreme level well above the actual trend of earnings. While I won't argue today's tech sector is cheap, valuations using the same forward P/E are now substantially below the earnings trend. At least so far actual earnings growth is justifying the performance and valuation of tech stocks. That does not guarantee this will continue, but they are in much better position than during the Dotcom era.

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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