

MONTHLY VIEWPOINT

OUR CURRENT VIEW ON INVESTMENTS AND THE ECONOMY

JANUARY 2025



BIG THOUGHT

As we enter a new year it is a good time to reflect on a few lessons from the year 2024. First, **markets can surprise to the upside**. It is easy to assume that with stocks surprises are only a bad thing. Entering the year many viewed stocks as overvalued with the economy and inflation potential issues. Instead, the stock market surprised by having another terrific year. The second lesson is that the **technology sector can remain the dominant leader**. Valuations for tech seem high and some fear a bubble has been created, but earnings and cash flow keep climbing. With AI, robotics, driverless cars and more we should stay open minded to tech remaining leadership. The final lesson of 2024 is one mentioned on our recent podcast but is important enough to mention again. **Buy quality not just in investing but all aspects of life**. Sometimes low-quality stocks can have huge years and be the temporary winners, just like saving a few dollars and buying an inferior product or service can seem like the way to go. However, at some point **owning high quality in your financial life and personal life will make for a smoother and better experience**. Happy New Year!

DASHBOARD

-  TREND
-  VALUATION
-  SENTIMENT
-  ECONOMY
-  CREDIT

BULLISH

- Economy still growing steadily
- Stocks still within uptrend
- Corporate balance sheets solid
- Clarity on election
- Expectations for increased mergers & acquisitions
- Some areas of market attractively priced

BEARISH

- Multiple wars
- Recent rise in interest rates
- China relations and risk of attack on Taiwan
- Risk for new policy to reignite inflation
- Market could turn attention to government debt level

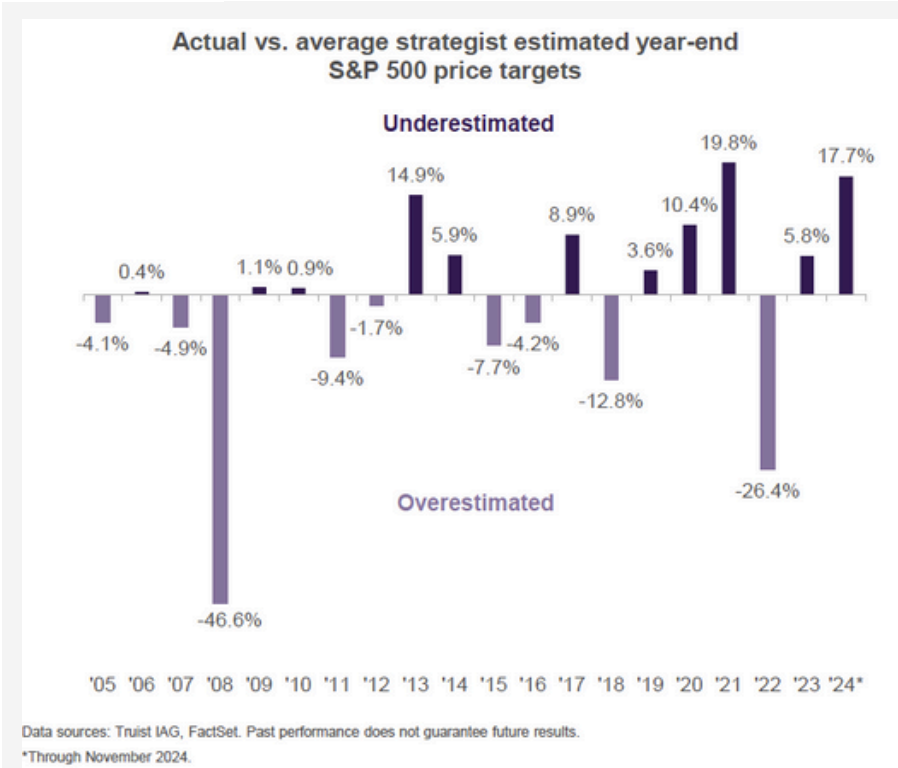
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CHART OF THE MONTH



As baseball legend Yogi Berra said, “it’s tough to make predictions, especially about the future.” I think by now most investors realize predicting the future of financial markets is extremely difficult. Despite this a sizable amount of attention is given to market strategists expectations for the year ahead. The chart this month looks at how those predictions did over the past twenty years. There were a few that ended very close to estimates, but many more that were far off. Keep this chart in mind the next time a smart person makes it sound like they know with a high level of confidence what the market will do over the next year.

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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.

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