

MONTHLY VIEWPOINT

Our current view on investments and the economy

— BIG THOUGHT

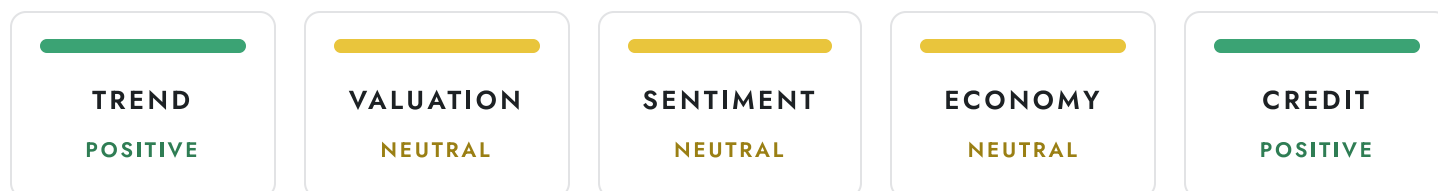
Most investors focus their attention on the stock market, but over the past month interest rates took center stage. The bond market tends to lurk in the background, yet seasoned investors know it can quickly become enormously important. In that span, the U.S. 10-year Treasury yield surged from about 4.5% to near 5.3%, the highest level since 2007. Many stock market segments corrected in response, even though the S&P 500 held fairly flat thanks to strength in a handful of mega-cap tech stocks.

Why do higher rates matter for stocks? They make it more expensive for individuals and companies to borrow, which can slow economic growth. All else equal, higher rates also make bonds a stronger competitor to stocks for new capital.

Still, higher rates bring real positives, especially for investors in or near retirement or those looking to diversify. In fact, bonds arguably offer their most attractive entry point in many years. That does not mean rates can't rise further, which would push bond prices down. But historically, the starting yield has been a strong indicator of an investor's eventual return. Sentiment toward bonds also looks stretched, so a pullback in yields would not surprise us. To learn more about incorporating bonds into your portfolio, please reach out.

DASHBOARD · WHAT WE MONITOR

■ POSITIVE ■ NEUTRAL ■ NEGATIVE



▲ BULLISH

- ✓ Consumers continue to spend
- ✓ Valuations more reasonable
- ✓ Double digit earnings growth for S&P 500
- ✓ AI boosting economic growth
- ✓ Higher rates provide opportunities

▼ BEARISH

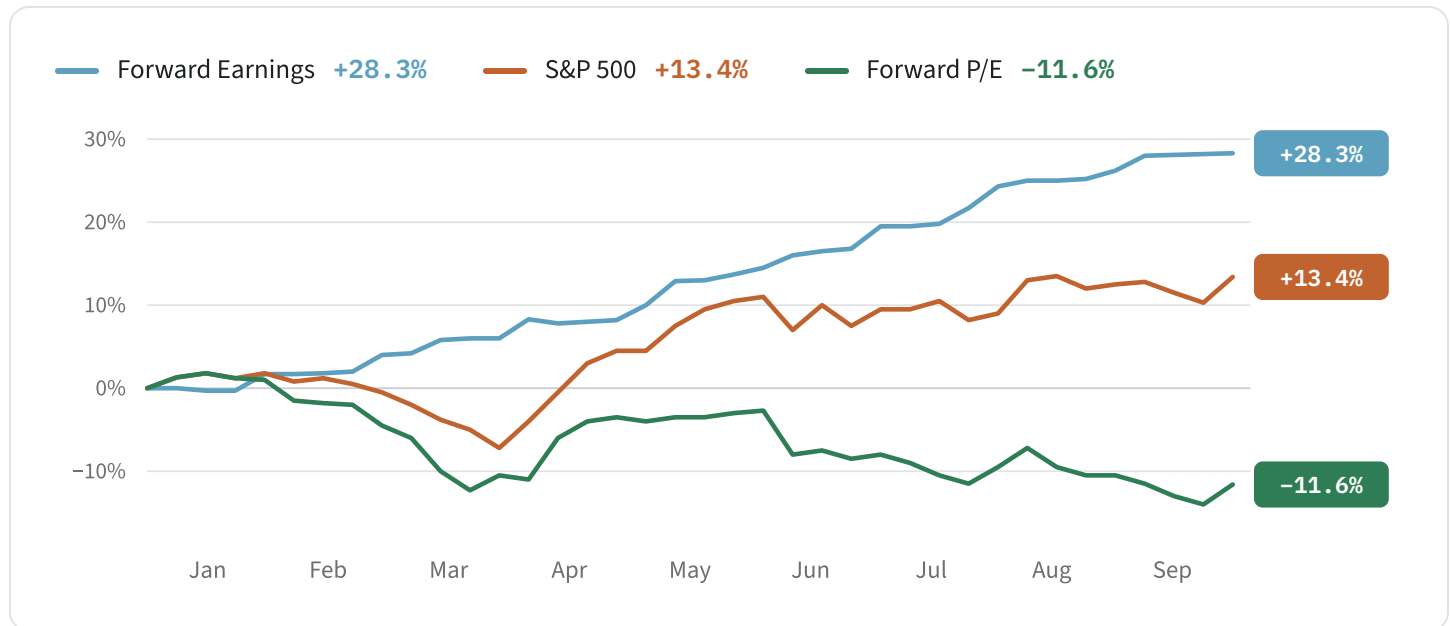
- ✗ Middle East conflict lingering
- ✗ Rising interest rates
- ✗ China relations and risk of attack on Taiwan
- ✗ Inflation sticky
- ✗ Market breadth has worsened

— CHART OF THE MONTH

AS OF SEPTEMBER 21, 2026

Something interesting has happened over the past several months. The S&P 500 has remained fairly flat, and yet the valuation as measured by the forward P/E (green line) has declined by a decent amount. This can be explained by the continued strong increase in forward earnings expectations (blue line). Some investors seem to be concerned that the earnings story will crack, and stocks will follow, but we view that as pure speculation until there is evidence of it. In the meantime, current and expected future earnings are a tailwind for corporate growth and the stock market.

S&P 500 PRICE INDEX VS P/E VS E · YEAR-TO-DATE PERCENT CHANGE, WEEKLY



Source: LSEG Datastream and © Yardeni Research. Standard & Poor's.

— THE TEAM

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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