



Ben's Bow Tie Brief

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WAITING FOR THE FALL *October 2025*

With the post-Liberation Day equity rally in full swing as the calendar turned toward the seasonally weak months of September and October, many investors were bracing for meaningful consolidation (a market pullback) that has yet to materialize. In fact, on the back of better-than-expected economic growth, positive earnings revisions and renewed Federal Reserve easing, the market finished up nicely in September and is currently dancing around all-time highs.

As has been the case for much of the year, valuations have not been an impediment and continue to be stretched. Likewise, shifting geopolitics has not increased risk premiums. And despite handwringing over labor market softening, equity market performance has broadened, indicating more confidence in growth acceleration.

But as the US equity bull market approaches its three-year anniversary, it's hard not to still see it as a boom driven by a one-note narrative – far from current debates about employment, inflation, and monetary policy. While most bullish outlooks are premised on economic reacceleration, it's difficult to ignore the market's reliance on AI capital spending. We can try to focus on economic broadening, but this bull market still depends on its GenAI foundation. And remember, when markets are priced for perfection, there is little room for disappointment.

I'm not ringing the alarm. I'm not suggesting investors abandon stocks. Quite the contrary. My message remains the same - this is **not** a time for complacency and it is **not** a time to layer on additional concentrated risk. It is a time to be mindful of your asset allocation (rebalance?), liquidity position (have enough cash to meet lifestyle needs?), and overall tolerance for short-term downside (are you emotionally prepared for a market correction?).

As I've written ad nauseum, don't forget the recent panic around tariffs that ensued back in April of this year. The market correction was fast and steep. Many investors were unnerved and sold into the weakness – a cardinal sin. Prepare for the next possible storm now, as our human nature works to erase the memory of what's just happened. There will undoubtedly be other crises, real and imagined, triggering episodes of mass panic. We must continue our efforts to desensitize and avoid responding to the panic impulse.

Best,

Ben

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