



Market Update October 2025: PRO Strategies Update

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October PRO Strategies Update

This review and update is straightforward: our PRO ETF and PRO Elite strategies are behind their benchmarks year-to-date. The main reason is that a small group of very large mostly tech companies has done most of the lifting, and we've kept a more cautious stance.

Why we chose caution

- Parts of the market look expensive, and gains have been concentrated in a few names.
- The Federal Reserve has started cutting interest rates, and the economy is slowing a bit. In environments like this, it's easy to get caught chasing what just worked.

What our approach seeks to do

- Protect first, grow steadily. We aim for a smoother ride, even if that means sometimes lagging when only a handful of stocks are soaring.
- Stay diversified. We don't bet your future on a tiny slice of the market.
- Adjust carefully. We have started adding exposure step by step as our signals improve—without taking on more risk than makes sense.

What this means for you

- Short-term differences from the big market indexes are normal for risk-aware strategies like PRO.
- Over a full market cycle, we believe this discipline puts you in a better position to pursue your goals with less drama along the way.

If your goals or time frame have changed—or if you'd like us to walk through how this update applies to your specific accounts—just let us know. We're here to help.

Details

1) Big picture

- **Why we're behind this year:** A small group of very large tech companies has driven most of the market's gains. Because PRO stays diversified and risk-aware, we didn't load up on that tiny slice—so we captured less of this narrow surge.
- **What we're aiming for:** Steady progress with fewer big setbacks. That means we sometimes lag when the market is being pulled by just a few names, but we aim to shine over a full market cycle when leadership broadens out.

2) What changed in September

- The Federal Reserve cut interest rates a little. That can help over time, but it's not a magic switch.
- The economy is slowing a bit and inflation is better but not yet at the target.
- Parts of the stock market are still expensive, and gains are concentrated in a handful of companies.

3) Why our results look different from “the market”

- “The market” you see on TV is usually a cap-weighted index (like the S&P 500) that gives more weight to the biggest companies.
- When those few giants jump, the index looks great—even if most stocks aren't keeping up.
- PRO spreads risk across many areas (sectors, sizes, and styles), so short-term differences from the headline index are normal.

4) What we're concerned about (and why we're careful)

- **High prices:** When prices are already high, future returns often cool off.
- **Narrow leadership:** If just a few stocks are doing the heavy lifting, the market can be fragile.
- **Mixed economic signals:** Rate cuts help, but slower growth and sticky inflation say “go steady, not all-in.”

5) What we're doing inside PRO

- **Staying diversified:** We won't bet your plan on a single trend or a handful of stocks.
- **Quality first:** We favor companies and funds with healthier balance sheets and sensible valuations.
- **Adding carefully:** As our indicators improve, we're gradually increasing exposure—enough to participate if the rally broadens, without chasing what's already run.
- **Thoughtful income:** With rates moving down, we're leaning into higher-quality bond ideas where it makes sense, not just sitting in cash.

6) The next 3–6 months (how we see it)

- Expect some ups and downs, that's normal when prices are high and news is mixed.
- If gains broaden beyond the mega-caps, diversified strategies like PRO should benefit.
- If leadership stays narrow, we'll still participate, just less aggressively by design.

7) What this means for you

- **Short-term disconnects** from the big indexes are common for risk-aware strategies.
- Over a full market cycle, we believe PRO's discipline can deliver solid results with a smoother ride toward your goals.
- If your goals or timeline have changed, tell us—we'll adjust your plan.

8) Quick stats (at a glance)

- **Valuations:** Still elevated versus history.
- **Leadership:** A small group of stocks still carries much of the index.
- **Policy/Macro:** The Fed cut rates, growth is cooling, inflation is improving but not done.

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