The Market Road Trip: Navigating the Summer Highway

Dear Clients and Friends,

I hope everyone's been enjoying the summer—whether it's been packed with travel, time with family, or just relaxing close to home. I managed to take a little road trip of my own this year, visiting a new city: Cincinnati, Ohio. My brother recently moved there, so it was a great excuse to check out a place I hadn't been before. We explored the city, and I even got to catch a Reds game! There's just something great about visiting a new place.

And that got me thinking—this summer's market feels a lot like a road trip. Some stretches are wide open and sunny, others are bumper-to-bumper traffic, and every now and then, you hit a surprise detour. While it didn't get there without a few bumps along the way, the stock market is once again near all-time highs!

The Fast Lane
Right now, AI, defense, and industrial/infrastructure stocks are cruising with the top down. I believe these sectors have the horsepower to keep pulling ahead, but like any driver in the fast lane, you don't want to push the engine too hard. Even the fastest cars need to downshift occasionally, but that's how you pass the slower drivers.

The Scenic Route
International markets are more of a winding country road. Over the past few years, they have not moved as quickly as the growth leaders in the U.S. But things started to shift at the beginning of 2025, and the scenery could be worth it.

Construction Zones
Then there are the slowdowns. Tariff-sensitive sectors, manufacturing, and some real estate names are running into cones and lane closures. Higher rates and trade tensions can make for a bumpy ride, so we are using caution and, in some cases, taking alternate routes until the work clears up.

Pit Stops
Every good road trip has those planned stops—places to refuel, stretch, and grab a snack. In a portfolio, that could be anything from dividend-paying stocks, bonds, and alternative investments. They won't win a drag race, but they can help you keep going for the long haul.

Checking the Map
The road ahead will have its twists—all markets are unpredictable, and any day can bring a sudden change in traffic. That's why we always suggest keeping some gas in the tank (cash reserves), continuously watching for signs (economic data), and always being ready to take a different route if needed.

Bottom line? You don't have to speed the whole way to enjoy the journey. We are seeing lots of good signs within the market and economy. The tariffs are slowly being negotiated and resolved. Artificial Intelligence is increasing productivity at a rate not seen before. Not to mention its breadth as it's impacting every sector of the economy and almost all companies and individuals in one way or another. Consumers continue to spend, and corporate balance sheets are incredibly healthy. So, pace yourself, enjoy the good stretches, and know that we are here to help guide your unique financial road trip.

And, just for fun, here is proof of that Reds game!

Davidson
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& PARTNERS