

The Power of Habit- August 2025 Edition

Well, that was fast. After the tariff-induced selling spree that took place during the first quarter of 2025, the S&P 500 and Nasdaq Composite indices have already rebounded and gone on to establish new highs. This kind of volatility highlights the importance of being prepared for surprises.

Those with enough experience in the markets know that two of the most important determinants of investment success are structure and habit. Structure includes asset allocation, security selection and the other financial aspects of building portfolios. Habit refers to how consistently we execute our plans.

It is vital to remember that great habits can make up for average portfolio structure. Some of the best habits include:

- Investing on a regular schedule
- Avoiding being caught up in fads and bubbles
- Making a special effort to invest a little extra in solid assets when they are “on sale” after declines
- Planning our strategy for dealing with extreme conditions ahead of time – and following through with tenacity

We are all human and nobody is perfect, but I am happy to say that we have managed to put a good part of this year’s volatility to productive use. We wish to express our gratitude for the opportunity to work with clients who consistently make it easy for us to keep stability and intelligence at the forefront.

One month into the second half of this year, some sleepy parts of the economy are stirring, and we are beginning to see signs of strength in some industry groups that hadn’t participated in last year’s rally. Thirty-year Treasury rates are currently back below the 5% mark and measures of inflation have recently been milder than expected. You may have even noticed lower prices at the gas pump and the grocery store.

There are good reasons to be prudently optimistic about many parts of the markets and we look forward to the opportunities ahead. Thank you, as always, for your confidence.

Best regards,

Greg

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An investment cannot be made directly in a market index.

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