

## CLIENT UPDATE: July 2025

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July 7, 2025

### An Extremely Volatile First Half

The stock market experienced significant turbulence in early April, initially plunging after the White House announced plans to impose tariffs on imports. It then rebounded when the President delayed most of those tariffs, only to fall again as tensions with China escalated. This ongoing global trade conflict has introduced considerable uncertainty and volatility, leaving many investors on edge.

Despite the ups and downs, the market managed to post a gain of just over 5% in the first half of the year. The future impact of tariffs remains unclear, and their effect on the markets is difficult to predict. In light of this uncertainty, we have not made reactive changes to our clients' portfolios based on the latest headlines from Washington. Staying the course amid the noise has once again proven to be the most prudent strategy.

After years of underperformance relative to U.S. markets, international stocks—now more attractively valued—have delivered strong results in the first half of 2025, rising over 18%. We believe this trend may continue and have accordingly increased our clients' exposure to international equities. That said, our allocation remains relatively modest, typically around 10–12%.

Interest rates have remained fairly steady so far this year, though a further reduction seems likely. Still, many fixed income investments are offering yields around 4%, which remains attractive in the current environment.

We've consistently emphasized that the most important investment decision is determining the right allocation between stocks and fixed income. This allocation should be tailored to each individual's needs—particularly their cash requirements over the next few years and their retirement time horizon.

For younger investors in their 20s, 30s, or even 40s, a portfolio composed almost entirely of stocks is often appropriate, given their long investment horizon. Those nearing retirement, however, may benefit from a more balanced approach, with 60–70% allocated to

equities. Every situation is unique, and our role is to help each client determine the strategy that best suits their goals.

We're always here to meet with you, answer your questions, and help guide your financial future.

Thank you for your continued confidence and support.

Enjoy the rest of your summer!

Best regards,

Dave & Jim

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