July 24, 2026

D|A DAVIDSON

450 Regency Parkway, Suite 400
Omaha, NE 68114
(402) 898-1700
(866) 865-1700
Fax: (402) 392-7833
dadavidson.com
D.A. Davidson & Co. member SIPC

Russ: Gekko, Greed, and Goals

Another quarter in the books, and the question we hear most often from clients these days goes something like this:

"With everything there is to worry about in the world, why does the stock market continue to climb?"

It's a fair question. It's right up there with another timely mystery: Why is the goalie the only player who gets to use his hands? We have some thoughts on the first question, not so much on the second.

As you've undoubtedly read, some of America's largest and most profitable companies are investing hundreds of billions of dollars into artificial intelligence (AI) infrastructure. This unprecedented, massive wave of capital spending is rippling throughout the economy, accelerating growth across numerous industries and turbocharging corporate earnings. The result has been a remarkable number of stocks that have multiplied several times in value over a relatively short period.

Of course, in our diligent effort to avoid creating short term tax consequences, we have largely steered clear of many of these winners (rats!). Yet there is an undeniable upside to periods of enthusiasm like this. As investors bid these companies ever higher, they provide the capital needed to fund the next generation of technological breakthroughs and innovations.

A fascinating example is the recent public offering of SpaceX. Forget Tang, many investors seem convinced that SpaceX will soon be building data centers in orbit and launching expeditions to Mars. Whether that proves to be true remains to be seen, but the optimism surrounding transformative technologies is unmistakable. In fact, investors have rewarded Elon Musk with a net worth that recently surpassed the trillion-dollar mark.

This brings to mind Gordon Gekko's famous line from the movie, Wall Street: "Greed, for lack of a better word, is good." While greed is hardly a virtue, history suggests that a healthy dose of optimism, speculation, and risk taking often plays an important role in advancing innovation. Most speculative ventures ultimately fail, but a select few change industries, and sometimes the world.

As Mae West reportedly observed, "Too much of a good thing can be wonderful." Whether today's excitement surrounding AI ultimately proves wonderful or excessive remains an open question. What seems certain, however, is that we are witnessing one of the most significant technological investment cycles in decades.

To help make sense of it all, I've asked some of the smarter members of our team to share their thoughts on what they're seeing, what's currently on their minds and how it relates to what we are doing with your hard earned money.

Ryan: IPO Investing Perspective

Speaking of SpaceX and in anticipation of the upcoming initial public offerings (IPOs) of Anthropic and OpenAI, it seems like a good time to provide some thoughts on IPO investing. First, you will want to be sure to understand the dynamics and risks involved. It's important to know that the offering price will mostly only be available to institutions, insiders, and the like. In the case of SpaceX, we are referring to the initial offering price of $135. Most individual investors who wanted to participate in the IPO were allocated a very small number of shares, if any, at the $135 IPO price due to demand outpacing supply. When it comes to oversubscribed IPOs such as SpaceX, most individuals will need to wait until shares hit the public exchanges, and prices may swing a lot by then.

The lockup period is another important concept to be aware of as it can add to future volatility. This is an initial period during which company insiders may not sell their shares after going public. The lockup is typically between 3 and 24 months. At expiration of the lockup, it's fairly common to see a large number of shares hit the exchanges as some of the early insiders may be looking to cash in life changing amounts of equity. This surge of shares for sale can cause a lot of volatility with big price swings, often downward.

Sometimes it's best to let the initial craze subside before investing in such situations as a long term investor. SpaceX is a good example of such volatility. It went public on 6/12/26 at a price of $135. Since then, it got as high as about $225 and has now dipped below its IPO price as of 7/17/26. While these may turn into great companies and long term investment opportunities, IPO investing is a different animal. While a pop on the first day of public trading is fairly common, longer term returns have been less impressive. A study reviewing IPOs from 2012 to 2021 underperformed the market by 21.6% over three years post IPO.

Sarah: Magnificent Seven and Emerging Markets

And speaking of building wealth, for the past few years, it has been difficult to avoid headlines related to the “Magnificent Seven”, the nickname given to a group of mega cap technology stocks that have driven a significant amount of market gains. These companies (Apple, Microsoft, Amazon, Alphabet (Google), Meta (Facebook), Nvidia, and Tesla), have been adored by investors due to their dominant market positions, “asset light” balance sheets, and soaring revenues and profits.

As investors, we shouldn’t expect a constant run upwards, yet it’s been interesting to see the Magnificent 7 lose their luster in 2026. Magnificent 7 returns are estimated to be down 2.5% YTD through June 30th versus a 10% return for the S&P 500. In this new era of capital deployment, investors are contemplating the “magnificence” of these companies, as their business models have shifted to be more capital intensive and the future is less certain. Investor fanfare in the second quarter shifted more towards other parts of the Artificial Intelligence (AI) supply chain, including chipmakers and industrial companies. Evaluating these companies for their future outlooks has become a murkier exercise, but we'll continue to sharpen our pencils on our work here.

Despite hearing to "not put all of your eggs in one basket", investing in solely US large companies has been the right call for at least the last decade. While US markets remain strong, emerging markets have led the charge in 2026, up 24% YTD (through 6/30). This follows a 34% uptick in 2025 (versus the S&P 500 up 18%). Tailwinds affecting emerging markets include the following:

1. AI is a global trend: 45% of the MSCI Emerging Markets Index is Information Technology, the obvious AI beneficiary. This includes names like Taiwan Semiconductor, who manufactures chips for Nvidia, Apple, Advanced Microdevices, and others, as well as Samsung Electronics (maker of phones and chips), and SY Hynix (the leading producer of AI memory chips).
2. Dollar weakness: The U.S. dollar has generally weakened since early 2025. When the dollar falls, it often creates a tailwind for emerging market stocks by making it easier for foreign economies and companies to grow and repay debt.
3. Moves to make investing in emerging markets more friendly for shareholders: Korea has been a poster child here. They instituted their Korean 'value up programme' in early 2024, promoting better corporate leadership, capital efficiency, and higher dividends and more stock buybacks to benefit the end investor. China is also slowly becoming a friendlier destination for investment.

These shifts have prompted us to take a closer look at foreign investment in our client portfolios. While we don't typically buy individual foreign stocks, we have increased our weighting within foreign funds, or baskets of companies, where it makes sense.

Susan: From AI to IRA

As we continue evaluating opportunities across global markets and emerging technologies, we are also paying attention to new planning tools that may benefit the next generation of investors. One recent example is the introduction of the "Trump Account," a federally authorized investment account designed to encourage long-term saving for younger generations. If you have children or grandchildren under the age of 18, you can learn more at this website: trumpaccounts.gov. I have also attached a one-page summary if helpful. Only one Trump Account can be established per child, so a parent or guardian has priority to create the account. However, a grandparent could consider some or all of the funding. Individuals may contribute up to $5,000 annually per child using after-tax dollars. Children born between 1/1/25 and 12/31/28 may receive a one-time $1,000 government deposit into his/her Trump Account. If you would like more information about this new tool, please let us know. It signifies one more strategy to utilize and benefit from the original disrupter: compounding.

Whether we are evaluating artificial intelligence, emerging markets, IPOs, or savings strategies for future generations, the underlying principle remains the same. Successful investing is rarely about chasing the latest headline or predicting the next big winner. Instead, it is about maintaining discipline, remaining patient and allowing compounding to work over time. Thank you for the confidence you place in our team. We are grateful for the opportunity to help steward your financial future and remain committed to navigating both opportunities and uncertainties with the same principles that have guided us for years…thoughtful planning, prudent risk management and a long-term perspective.

Enjoy the rest of the summer,
Russ, Susan, Ryan, Sarah and Jackson

Appendix: Sources:

1. https://site.warrington.ufl.edu/ritter/files/IPOs-long-run-returns-on-IPOs.pdf
2. MAGS ETF return data and S&P 500 Index return data, year-to-date through June 30, 2026. Past performance is not indicative of future results.
3. MSCI Emerging Markets Index and S&P 500 Index total return data, calendar year 2025 and year-to-date through June 30, 2026. Past performance is not indicative of future results.
4. Invesco, "Why invest in emerging markets?", accessed July 15, 2026, https://www.invesco.com/lu/en/insights/why-invest-in-emerging-markets.html.
5. MSCI Emerging Markets Index sector weightings as of June 30, 2026. Indexes are unmanaged and cannot be invested in directly. Sector weights are subject to change.

Trump Accounts

WHAT ARE TRUMP ACCOUNTS?
A Trump Account is a new type of tax-deferred savings and investment account for eligible children under the age of 18, authorized under recently enacted federal legislation. The account type is designed to encourage long-term wealth building from childhood through adulthood and is expected to be available directly through the U.S. Treasury Department on or after July 4, 2026, subject to final implementation details.

WHO IS ELIGIBLE FOR A TRUMP ACCOUNT?
Any child under age 18 who is a U.S. citizen with a Social Security number may be eligible for a Trump Account, subject to final Treasury guidance. The account is managed by a parent or legal guardian until the child reaches adulthood.

WHAT IS THE PILOT PROGRAM?
Eligible children born between January 1, 2025 and December 31, 2028 may receive a $1,000 government deposit into their Trump Account as part of a pilot program.

HOW DO THE CONTRIBUTIONS WORK?
Individuals (parents, guardians, relatives, friends): Individuals may contribute up to $5,000* annually per child using after-tax dollars.

Employer Contributions: Employers may contribute up to $2,500* annually per employee, excluded from the employee's taxable income. Employer contributions count toward the $5,000 annual individual contribution limit.

Governmental or Charitable Entities: Governmental or charitable entities may contribute any amount, and these contributions are not subject to the $5,000 annual individual contribution limit. Example: The Dell Foundation has announced a $250 gift contribution for eligible applicant children age 10 or younger, born prior to 2025, based on specified geographic and economic criteria.

WHICH INVESTMENTS ARE ALLOWED?
Investment choices are currently limited to mutual funds and/or ETFs that track a U.S. equity index, are not leveraged, and have annual fund fees and expenses that do not exceed 0.1% of the investment balance. Additional criteria, investment menus, and platform-specific limitations are expected to be finalized through Treasury guidance.

WHEN CAN THE CHILD WITHDRAW FUNDS FROM A TRUMP ACCOUNT?
Trump Accounts are designed as a long-term savings vehicle for children. Distributions are generally restricted until the beneficiary reaches age 18, subject to program rules and future guidance.

WHAT HAPPENS TO A TRUMP ACCOUNT WHEN THE CHILD TURNS 18?
After age 18, a Trump Account may remain in place and, in many respects, follow rules similar to a Traditional IRA, or be rolled over to another eligible retirement account (excluding SEP or SIMPLE IRAs), subject to applicable regulations.

HOW ARE TRUMP ACCOUNTS OPENED?
A Trump Account may be opened by filing IRS Form 4547 with annual taxes or through the online portal at http://trumpaccounts.gov

For more information regarding Trump Accounts, please visit https://trumpaccounts.gov/.

**Contribution limits are adjusted for inflation beginning after 2027.*