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Mike Vogelzang: We all know the distinctive shape of Japan's bullet trains by their unusual sculpted profile. But they weren't designed to look fast. They were designed to solve a problem created by speed itself. In the 1990s, Japan's trains with an earlier design were getting faster, but when they emerged from tunnels, they created a thunderous boom that rattled nearby homes and buildings.

The faster they went, the worse the problem became. Eventually, speed itself had become the obstacle. Adding more power wasn't the answer. One engineer, an amateur bird watcher, noticed how a kingfisher could dive into water at high speed with barely a splash. Borrowing the shape of the bird's beak, engineers redesigned the train.

The result was quieter, more efficient, and even faster. The train didn't succeed by slowing down or adding power. It succeeded by adapting. Today's economy and markets face a similar challenge.

Like a bullet train, the US economy has strong momentum. Consumers continue to spend, businesses continue to invest, and corporate earnings are on pace for a third consecutive year of double-digit growth. Importantly, this year's market gains haven't simply come from investors paying higher and higher prices.

In fact, stock prices have risen even as valuation multiples have declined. The engine behind this market has been real earnings growth. The challenge is that success is beginning to create its own resistance. The AI build-out is happening on an extraordinary scale. What began with chips and software now stretches into data centers, power generation, cooling systems and networks, industrial infrastructure.

The investment is fueling growth today and may unlock major productivity gains tomorrow, but it also requires enormous amounts of capital and energy. And AI companies aren't the only ones looking for funding. The federal government, as we know, is borrowing heavily, and businesses are also raising more and more capital.

Everyone is competing for that same pool of money. The competition has pushed long-term interest rates higher. During the quarter, the 10-year Treasury yield moved above 5% for the first time since 2007. At the same time, energy costs have risen as global supplies remain constrained. Higher energy costs feed inflation, inflation keeps interest rates elevated, higher rates raise financing costs, and around and around we go.

Then there are the expectations. The companies driving the AI boom have delivered extraordinary results, but those results create extraordinary comparisons. When expectations are low, a good quarter is good enough. When expectations are nosebleed high, good can feel disappointing. The question is no longer whether AI is generating economic growth.

It clearly is. The question is whether future productivity and profits will justify the investment being made today. Further growth requires adaptation, but also requires strengthening underlying systems, building the long-term foundation to support long-term growth. Any discussion of foundational strength carries particular significance as we mark the 25th anniversary of the attacks on the World Trade Centers.

Nearly 3,000 innocent people lost their lives that day. The World Trade Center stood at the center of America's financial community, and for those of us in the investment business, the loss was deeply felt. We lost colleagues, we lost clients, we lost members of our broader professional community. 25 years later, we remember them.

We also remember the towers themselves. 110 stories. People naturally looked up at them. They were a defining trait of the New York skyline, but their height was only possible because engineers first dug deeply into the earth below. Before the towers could rise, their foundations had to reach Manhattan bedrock.

That lesson applies far beyond skyscrapers. The greater the ambition, the stronger the foundation required. For the AI economy, that foundation includes energy and infrastructure, financing and additional technology gains. But the real question is whether those foundations are being built quickly enough to support what comes next.

Because investors today find themselves caught between two very different futures. On one side, should investors take shelter in today's higher interest rates and wait for growth to cool? Or buckle up and ride the AI boom wherever it leads? That's the dilemma. Both arguments contain truth and wisdom.

History suggests today's pace of earnings growth, for example, will slow. Expectations will run ahead of reality, markets will correct, and some of the money pouring into AI today will almost certainly be wasted. That's not pessimism. That's simply capitalism. But history also suggests transformative technologies create tremendous value over time.

AI may very well do the same. The challenge is that investors don't get to own that future without living through the volatility along the way. You don't get railroads without land speculation. You don't get the internet without the dot com crash. And you won't get the full potential of AI without periods that seriously test investors' conviction.

Which is why successful investing rarely comes from choosing between optimism and caution. It's about maintaining enough optimism to participate in the future, and enough discipline to survive the journey. The bullet train didn't stop when speed created resistance. It adapted. And investors shouldn't abandon this journey simply because the track ahead may get rougher.

But we do need to keep our balance, our balance between an optimistic view of the future and being clear-headed about the risks that future entails. Pay attention to the foundation, and remember that the goal isn't to avoid every tunnel, every correction, or every uncomfortable stretch of track. The goal is to remain on board long enough to reach that destination.

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