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Happy 2025! There was a lot of big news in 2024 with the biggest (according to Google search) being Taylor Swift and her record pass catching beau. Not to be forgotten, there was also an election. You may not have noticed as the coverage was minimal and according to Facebook, a large portion of the population was watching cat videos. Fortunately, the sun continues to rise and most of us continue to get up, go to work and try to make a little forward progress.

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Speaking of forward progress, once again, the stock market marched higher led mostly by the largest seven or so businesses on the planet. Last year, their gains made up over 50%¹ of the total S&P 500 annual gains. Fortunately, it was a rising tide that lifted most boats and we continued to make some progress. We spent most of the year trying to get a little more conservative by reducing our stock exposure as we are thinking some of our holdings look rather expensive. Shifting to bonds in 2024 didn't help much though, as bond prices struggled a bit even with the Federal Reserve starting to lower interest rates. The bond market seems to be concerned about the deficits and the Fed's ability to guide inflation lower. It was rather disappointing that the deficit wasn't addressed at all in the debates. Unfortunately, our current crop of statesmen seem incapable of addressing tough issues. If only we had the financial equivalent of Wegovy or Ozempic to shrink the debt.

Much of the excitement surrounding the "magnificent seven" stocks revolves around the advances in artificial intelligence (AI). And who could blame us for our excitement? I suppose it won't be long before my refrigerator will be making the grocery list and emailing it to me. Or maybe it will just have the groceries delivered by autonomous self-driving cars from Uber. Although, I must admit to a little trepidation as it took me several months to eventually figure out how to dispense crushed ice from my new fridge.

As I was watching the news recently with the coverage of our latest space adventure, I was reminded that sometime ago I read where we now hold in our hands more computing power than that possessed in several buildings housing computers that helped NASA put the first man on the moon. I guess it's kind of ironic that even with today's technology advances, we have stranded a couple of astronauts in space. Maybe NASA should dust off a few old slide rules. On the bright side, the astronauts are probably able to watch cat videos on their iPhones to pass the time.

And speaking of the "magnificent seven," we are fortunate to hold Apple and Microsoft (thanks to Ryan, Susan and Jackson's sound thinking) across most portfolios we manage. These are truly great companies, but the history of very large companies staying very large and growing is not great in our capitalistic, competitive world. And while we admit to some envy by the returns being generated by some of these super sized companies, we did have some surprising success in a couple of unlikely places. For example, Walmart, Eaton, Fiserv, Raytheon, and Valmont were up between 30% and 75% on the year.² And our biggest winner

¹ Figure from Yahoo Finance/Guru Focus article entitled "Magnificent Seven Stocks Dominate S&P 500 Gains in 2024"

² Stock return data from Yahoo Finance (2024 1Y returns)

was a company called Broadcom, which Ryan introduced to us and was up approximately 100%. Of course, in my infinite wisdom, I thought it looked rather expensive at the beginning of the year and only sprinkled it in accounts for clients who are more aggressive, or who had an abundance of cash. Unfortunately, the year wasn't without challenges. I was mostly responsible for our two big clunkers, CVS and Intel. Fortunately, these were bought relatively cheap but have continued to get cheaper as these businesses continue to struggle.

Lately, I'm beginning to think that I am much better at picking sound team members than at picking stocks. Along those lines, last month we welcomed Michael Jarecki as our newest team member. Michael joined us from US Bank as a Client Associate and will be working alongside Jackson to process service requests from our clients and provide administrative support. In looking ahead, we will likely continue to search for opportunities in the less trafficked areas of the stock market and to continue to move to a little lower risk posture.

As it turns out, for me personally, the close of 2024 brought some sad as well as happy news. When I first started in the business at the end of 1980 the unemployment rate was approximately 7%¹, the inflation rate was around 12% and the prime interest rate was up to 18%². We were then going through the transition from the Carter administration to the Reagan administration. At the time, Jimmy Carter was blamed for most of our problems but in retrospect, I suspect he was dealt a pretty lousy hand. Of course, there is much debate about his policies in dealing with our problems, but I don't think there is much debate that he always had the country's and the people he served best interest in mind. And post presidency, he served as a shining example of humanity at its best. I don't suppose we will ever again have a president walk to the White House in the celebration following his inauguration.

As to the happy news... I am looking forward to heading to Denver in a few days to meet my new grandson, Grey Elliott Manners. If you tweak the spelling of his first name a little bit and consider the tufts of hair that I have remaining on my head, you will notice that he was likely named after me!

Thanks for your confidence and may your new year be filled with pleasant surprises.

Sincerely,

Russ and your Blueprint Team

Susan, Ryan, Jackson and Michael

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¹ From Investopedia article "Historical US Unemployment Rate by Year"

² From Investopedia article "Inflation Rate by Year"



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