

Well, color me shocked. I guess it must've been a "Big Beautiful Bill." After all, the President signed it into law on July 4th, surrounded by a bunch of "statesmen" all giving their thumbs-up. And to top it off, a big plane overhead, followed closely by two smaller planes. Apparently, these lawmakers worked well into the night to say "yes" to spending about \$3 trillion that we don't have. It would seem that our politics are quite divided at the moment—except when it comes to big deficits, as neither party seems able to say no.

I'm beginning to think my poor parents might've had it all wrong. Being raised in the shadow of the Depression probably clouded their thinking. They believed in notions like building and maintaining a "rainy day fund." They used to say novel things like "a penny saved is a penny earned." They saw the world of consumption with a solid line between wants and needs. They believed strongly in making personal sacrifices so that future generations would be on firm ground. I guess times have changed. I'm not sure where else they were misguided, but I'm seriously thinking about skipping my vegetables and eating dessert first.

As for the investment markets and what's been happening in your portfolios—let's just say it was an interesting first half of the year. After some wild gyrations, the markets ended slightly higher than where they started. The various stock indexes finished up a little over 5%, and bonds were up about 2.5%. Your specific results will be in the mail shortly, or you can find them online.

The recovery in the stock market was mostly the result of the inexorable climb of some of the largest technology companies. There seems to be a kind of "arms race" among businesses like Microsoft, Google, Meta, and Apple to become the leaders in artificial intelligence. These companies are spending billions of dollars to build out data centers fitted with GPUs and software to handle the anticipated demand. Just recently, Nvidia—the leader in supplying this demand—became the first company in history to be valued at \$4 trillion¹. For those of you who remember \$0.50-a-gallon gas and \$0.25 coffee, and who might still be getting used to the "billions" denomination, let me give you some perspective. The current value of Nvidia equates to about:
Two Procter & Gambles,
Two Johnson & Johnsons
Four Union Pacifics,
Five Pepsis,
Seven Autodesks,
and we can throw in two Disneys with about \$100 billion to spare².

Unfortunately, we own more of those listed on the long list than of Nvidia. Our excuse is that predicting future profitability and the winners in the rapidly changing world of AI seems to be beyond our limited abilities. Fortunately, at least for now, we do own a few of the more straightforward beneficiaries. These include Microsoft (now valued at about \$3.7 trillion), Apple (\$3.1 trillion), and a little Google (\$2.2 trillion). In addition, we've benefited from several companies helping to build these new, quite expensive data centers—those selling the "picks and shovels" during the AI gold rush. Holdings like Eaton, Lincoln Electric, Grainger, and Valmont are up anywhere from 45% to 175% in the last three years.

¹ *New York Times*: "Nvidia Becomes First Public Company Worth \$4 Trillion"

² Data from YCharts Market Cap Historical Data

On the negative side, big pharma—like Pfizer, Merck, and J&J—are down substantially. We believe the issues facing healthcare companies are more cyclical (temporary), but there could be certain long-term structural problems. It's certainly concerning that in the U.S., we are now spending close to 18% of gross domestic product (GDP) on healthcare³, compared to most developed societies, which spend closer to 9% of GDP⁴. Reining in healthcare costs is no easy problem to solve. We're reminded of what that great philosopher Woody Allen once said: "We stand at the crossroads. One path leads to utter hopelessness and despair, the other to destruction. Let us pray we have the wisdom to choose correctly."

Well, perhaps our choices aren't quite that bad.

As always, we don't have any grand predictions about the future, but we do sense that there are greater risks currently in the investment world than are likely being reflected in current market prices. In the last few years, it has not paid to be cautious. Whether it's Bitcoin, gold, or technology stocks, being aggressive has been the way to go. Nevertheless, we continue to look for opportunities that meet our criteria, and we will try to be disciplined about not overreaching. In short, we will continue to manage risk as best we can—even if it means missing out on some winners like Bitcoin or Tesla.

Finally, we are pleased to share the news that we have a new member of the team. Sarah Robak joins us with over 20 years of experience in financial services. She is smart, experienced, and loaded with credentials, including an MBA, CFA, and CFP®. If you look these up, you'll see why we are thankful to have her on the team. We think she will be extremely valuable to our clients in many areas of their financial lives, and we are quickly integrating her into all aspects of our practice. We're hoping you will like her as much as we do.

So, while we are rather concerned about many of the issues facing our country and the world in general, around July 4th it's good to reflect on the amazing accomplishments and attributes of our great democracy. Of course, it's not flawless, but as Churchill once said: "Many forms of government have been tried and will be tried in this world of sin and woe. No one pretends that democracy is all-wise or perfect. Indeed, it has been said that democracy is the worst form of government—except all the others that have been tried."

And finally, while we're paraphrasing the Brits:
"Stay cool and carry on."

Sincerely,

Your Blueprint Team

Russ, Susan, Ryan, Sarah, Jackson and Michael

³ American Medical Association

⁴ Organization for Economic Co-operation and Development (OECD)