

Happy New Year! We're hoping this one is a little less eventful. I don't know about you, but this year has convinced me to finally stop listening to pundits. Instead, I'm taking my advice from country western lyrics. Songs like the deeply insightful one by John Prine called Spanish Pipe Dream where the chorus goes something like, "blow up the TV, throw away the newspaper, go to the country, plant a little garden, eat more peaches and try and find Jesus on your own." You won't get that kind of solid advice from any so-called "experts."

Even with all the turmoil around the world and at home, the stock market was strong. It was a tough year for keeping up with the (Dow) Joneses, which was up about 13%, let alone the S&P 500 index, which did even better. It's hard on the ego to think that we can spend so much time trying to make sound portfolio decisions, while simply investing money in an unmanaged index can do so well. Logic might tell us that a little discernment in choosing investments should lead to a bit better result than simply investing more in the biggest companies than in the smaller ones. Nonetheless, this approach continues to attract most investment dollars and continues to yield good results. I suppose it's rather self-fulfilling, at least until it's not. Our clients' returns this year varied primarily based on portfolio balances between stocks, bonds, and cash, with average total returns for most in double digits. Your results are available online or will be in the mail shortly.

We've listed results below for some of our more widely held positions, reflecting what contributed or detracted from the year's results. One year doesn't tell us much in the stock market, other than to remind us how often we're surprised.

2025 returns for some of our more widely held companies¹:

| 2025 Leaders | | 2025 Laggards | | Middle of the Road in 2025 | |
|----------------|-----|------------------|------|----------------------------|-----|
| Cisco | 33% | Bristol Myers | 0% | Berkshire Hathaway | 8% |
| Google | 65% | Pepsi | -2% | Apple | 6% |
| Capital One | 38% | Union Pacific | 4% | Verizon | 6% |
| Charles Schwab | 37% | Fiserv | -67% | Qualcomm | 11% |
| Broadcom | 51% | T. Rowe Price | -5% | | |
| Valmont | 32% | Becton Dickinson | -13% | | |

Caution certainly hasn't paid off in the last couple of years. Earlier, I used a dated expression "keeping up with the Joneses." I guess the more current expression, and that which prevails today, is FOMO (fear of missing out.) There's been much written about whether we're in a "bubble" of some sort. We have no special talent in recognizing these kinds of things, but even a casual observer notices a lack of fear and a fair amount of speculation going on. Cryptocurrencies continue to gain followers, gold and silver are rallying, and now we seem to be institutionalizing gambling in a number of forms. If you're so inclined, you can even invest in (bet on) whether or not the government will confirm the existence of aliens. There was an interesting phenomenon in 2025 related to the Russell 2000 index. This index tracks the smaller companies that trade publicly. In 2025, the companies in this index with negative earnings outperformed those with earnings by a

¹ Return data from totalrealreturns.com

substantial margin². So much for a bird in the hand! Maybe defining excess speculation is a little like pornography. I think it was a Supreme Court justice that said, "I can't clearly define it, but I know it when I see it."

While not easy, we'll try not to let FOMO drive our portfolio decisions. Instead, we'll continue to put our energies toward finding good businesses with competitive advantages we think we can understand. This seems to be challenging enough for us, so we'll leave prognostication about bubbles, interest rates, and world affairs, like owning Greenland, to all those extra confident people we see on TV. After all, what do we know? We thought on and off again sky-high tariffs would create problems and that aliens would have shown up by now.

Speaking of good companies with significant business "moats," we are interested in the world's biggest "junkyard." We have begun to nibble on a company called Copart. Mind you, this is not a Fred Sanford (sorry, another dated reference) like junk yard. From a single salvage yard in 1982, then pioneering online auctions in the late 1990s, Copart has grown to a global powerhouse. Through strategic acquisitions, international expansion and continuous technology investments, they have created a dominant network effect. And of course, competition is stunted. Who wants a junkyard in their neighborhood? If you've ever wondered where insurance companies sell totaled cars, there's a pretty good chance Copart is the answer. Most importantly, their profit margins and cash flows look more like a software company rather than an industrial company. Copart is the kind of mundane business that doesn't get most people's juices flowing. In short, it's our kind of investment. Unfortunately, Copart's success has not gone unnoticed and the stock is not cheap. We are trying to be patient and looking to be a buyer at lower prices. Fortunately, there are several other businesses including some on the list above that have come down in price enough for us to become buyers again. We'll see how that works out.

2025 marked the last year Warren Buffett will serve as the CEO of Berkshire Hathaway. Fast learner that I am, it only took me about five years to notice that he was a pretty good investor. My deceased partner and mentor wasn't much of a buyer of Berkshire Hathaway shares. In the 1970s, most stockbrokers felt that buying Berkshire was an admission that some guy in his basement down on 55th and Farnham Street might actually invest our clients funds better than we could. When I started in 1980, I quickly adopted an approach like many, seeking out the most exciting and potentially fastest growing stocks. I was looking at cutting-edge pharmaceutical companies utilizing monoclonal antibodies to fight cancer and promising disc drive technology companies. All the while, Buffett was making great money in General Foods, See's Candies, and of all things, Blue Chip Stamps (my last ancient reference, I promise). Eventually, I saw the light and we have been the beneficiaries of Berkshire shares over these many years. We benefited not only directly but also indirectly by trying to adopt many of Warren Buffett's core investment principles. Mr. Buffett certainly isn't perfect, who is? You can do far worse than trying to behave like him in business and investing over a long career. We have been privileged to be involved with a few of the original Buffett partners and have seen firsthand how their long-term investment success has benefited so many charities locally as well as around the country. And this trend is just getting started as Mr. Buffett will be giving most of his wealth away in the next decade. I'm excited to see how the younger members of your team here might put some of Warren Buffett's sound principles to work in applying them in our rapidly changing investment landscape. I suspect

² From Axios article "[The hottest stocks are unprofitable companies](#)"

the old principles will still apply, but they need to evolve to keep pace with today's advancements. Finally, Warren Buffett's advice wasn't just limited to investing. In his final letter to shareholders (which we would highly recommend), he said something which seems quite timely. "Kindness is costless, but also priceless. True greatness is measured by how you treat others not by wealth or power." A tip of the hat to the "Oracle of Omaha."

Sincerely,

Your Blueprint Financial Advisors Team

Russ, Susan, Ryan, Sarah, and Jackson (pictured left to right)

