

Happy belated Independence Day.

We hope your summer is off to a good start and you had a chance to enjoy a little of "the greatest show on dirt." The Men's College World Series has become a nice tradition and a good opportunity to showcase the best of Omaha. Baseball wasn't the only big event of late June. We had a few calls from concerned clients after the first presidential debate. And who could blame people for being anxious given our current two choices for the leader of the free world. When I'm feeling overly pessimistic, I find it helpful to reflect a bit on our history. Along those lines, I'm finishing up an interesting book called "America, a 400 year history of American Capitalism." It's a good perspective on the power and resiliency of our particular brand of capitalism. Of course, it's far from perfect, but spoiler alert, it's never been wise to bet against it.

So what are the wise investment "bets" a reasonably conservative investor should be considering today? Truth be told, we are feeling a little out of step with the current stock market. Good performance over the past several years has mostly been driven by a very narrow group of very large, tech related companies. A few years ago, someone coined this group the "Magnificent Seven". However, as a few of these have stumbled we seem to now be down to only five huge companies accounting for the positive returns in the S&P 500 in this last quarter, led by the remarkable Nvidia. As this narrow market evolves, let's hope the new moniker sounds something like the "Fab Four" and not the "Three Stooges".

The pace of change in business has become quite remarkable. I suppose we all felt a little better having a rough understanding of what the heck our largest companies actually made. Exxon, GM, Walmart and US steel could be fairly easy to understand and explain to a seven-year-old. Today, the most valuable company on the planet, the previously mentioned Nvidia, is now valued at \$3 trillion¹(if you're feeling flush and interested in buying the whole thing) and makes something called a graphic processing unit or GPU for short. Something hardly understood by most of us. If one of them was sitting on a table at your neighbor's garage sale with a \$3.50 price tag, I doubt it would sell. Fortunately, you don't have to rely on a dinosaur like me to understand many of these fast moving investment opportunities, as we have good younger minds on the team who are well up to the task. And we have been enjoying some of the results of their analysis.

So what are we currently thinking and what have we been up to in your portfolio? Since all our clients are certainly unique (above average, good looking and smart), we try and manage your portfolios to match your differing circumstances and comfort levels. As a result, no portfolios are exactly alike. However, it's fair to say that today there are certain things we see in the stock and bond markets that we think apply to most of our clients and as a result, we are making some widespread modest changes.

Since the sharp decline in the stock and bond markets in 2022 when interest rates were hiked and inflation took off, markets (at least stocks) have now recovered back to all-time highs. As a result, a few of our holdings are priced rather richly. In addition, this rally has now tilted many portfolio balances to be a bit heavy in equities. We aren't stocking up on canned goods or looking to occupy a bunker, but we are concerned about the more speculative areas of the markets and continue to look for more predictable, secure investments that might give us decent cash flows even in challenging economic/political times. We have been locking up 5+² interest rates on treasury bills and CDs and have begun nibbling on some electric utility shares with dividend yields above 4%³. A number of years ago we stopped adding to our old favorites, the utilities, as we thought the prices had gotten too high. After several years of lackluster performance, they once again are getting attractive. Currently they have an interesting "electrification" angle. From EV's to bitcoin mining and now to huge data centers running AI, it's predicted that electricity will be slurped up at unprecedented levels. We're thinking that those that supply this demand and build infrastructure, like transmission lines, will benefit. Ours is a little different take on that old hockey adage "don't go where the puck is, go to where it's going to be." I guess we're going to where the "puck" was 10 years ago!

Before wrapping this up, I thought I'd share a short personal story which I hope helps us all with a little perspective. My almost 91 year-old mother suffers from dementia and a little over a year ago we moved her to a house with others dealing with memory loss. I know many families suffer with this problem, but we have been rather blessed in my mother's case. And while it sometimes gets frustrating answering the same question many times over, she often surprises us with her childlike sweetness and enthusiasm. We were having coffee on her patio on a beautiful Saturday morning when for about the fourth time she looked up and commented how wonderfully blue the sky looked against the green trees. Each time newly amazed by the beauty. She then, as she is prone to do, went into song with her croaking Kermit the frog like voice. "Blue skies are shining on me nothing but blue skies do I see..." I don't suppose it really matters much that she can't remember what she had for breakfast because she sure recognizes the wonderful beauty that surrounds us and that we so often take for granted. She also remembers all the words to a song she sang 75 years ago. I'll leave you with some of those words as they are worth remembering:

Never saw the sun shining so bright
Never saw things going so right
Noticing the days hurrying by
When you are in love, my how they fly.
Blue skies smiling at me
Nothing but blue skies do I see.
Bluebirds singing a song
Nothing but bluebirds, all day long.

All The Best!

Russ and your Blueprint Team (Susan, Ryan, Tien, Jennifer and Jackson)

¹Valueline.com

²Barrons.com and Nerdwallet.com

³Valueline.com

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