



July 10, 2024

Dear Money Management Client:

The stock market continued its ascent this quarter, driven largely by major technology companies we call big cap tech. Apple, Google, Microsoft, Amazon, and other firms integrating artificial intelligence (AI) into their business strategies have created enormous opportunities to enhance customer experiences and reduce costs. AI encompasses a range of technologies that enable computers to perform tasks traditionally requiring human intelligence, such as recognizing faces, understanding speech, writing, answering questions, and even driving cars.

While the accolades for these advancements are well deserved, it is important to remember that the true winners in AI will only emerge over time. Currently, big cap technology companies represent the best investments due to their substantial resources and talent. Much like the dot-com era 25 years ago, we can expect new smaller companies to eventually emerge and capitalize on the infrastructure established by today's tech giants.

Despite the promising future of AI, we must also address the concerns that keep us vigilant. The soundness of any investment decision is intrinsically linked to the stability of a country's finances. Unfortunately, the financial health of the United States is on a concerning trajectory. Total U.S government debt was almost \$6 trillion in 2000, has soared to almost \$35 trillion and is projected to reach \$46 trillion by 2028. Annual deficits are running between \$2 to \$3 trillion, and rising interest rates mean that the cost of financing our debt is now outpacing economic growth. High debt levels are sustainable until suddenly they are not. It is impossible to time a "crises of confidence" event, where investors may no longer want to own U.S. bonds, but the risk cannot be ignored.

In the face of these contrasting narratives-the optimistic promise of AI and the looming concern over national debt, it is best to just enjoy your time on this earth and leave the worrying to us. Portfolios have had a wonderful first half and with inflation continuing to moderate, the FED may even lower interest rates before year end.

As always, we remain committed to a conservative investment philosophy, which emphasizes the preservation of capital. If you have any questions or would like to discuss your portfolio, please do not hesitate to call.

Very truly yours,

Clay and Kyle Campbell

"The future is uncertain, but the end is always near." Jim Morrison