I am happy to report on the continued progress of our long-term plan during the very eventful first six months of 2026.

Please note that I don't mean 'progress' in the narrow sense that our account values rose - although they did. If our account balances were actually down during this period, in one of the equity market's quite frequent drawdowns, the things that matter most to us - the remarkable increases in the earnings of our portfolio companies, as well as our rising dividend income - would still have produced genuine progress towards our goals.

As always, I divide this note into two main parts: a restatement of our unchanging investment principles and policies, followed by whatever current observations can sensibly be drawn from this most turbulent half year. After that, some Baobab Wealth announcements worth hearing...

General Principals

- We are goal-focused, plan-driven, long-term equity investors, working over years and even decades toward the attainment of your most important financial goals.
- The sequence of our decision-making process is always: first to quantify your goals, then to make a rational plan for achieving those goals, and finally to create a portfolio whose historic returns seem best suited to your plan.
- Unless your goals change, there should be no reason to alter your plan. And if your plan remains in place, so - broadly speaking - will our portfolio.
- **We do not react to current events of any kind**, be they economic, financial, geopolitical, or whatever.
- We believe that the economy can never be consistently forecast, nor the markets consistently timed.
- Hence, we've decided that to capture the full long-term returns of our equity portfolio, we must remain fully invested in it in 'good' markets and 'bad.'

Current Comments

- There has rarely in my experience been a more eventful six-month period than the one just past. A major war, severe disruption in energy prices, inflation, the sudden threat of higher rather than lower interest rates, equity valuations near historic highs, extreme concentration in the broad market averages, the total collapse of Bitcoin and the precious metals, and by far the biggest initial public offering in history - around spacecraft, of all things. Have I left anything out?
- How would one go about making rational investment policy out of the maelstrom? The answer - as I believe will be intuitive to all my clients - is that one doesn't, because one can't. It's at such times that we can stand back and almost celebrate such chaos, for one compelling reason: ***it has nothing to do with us.***
- As indicated above, we have goals, a plan, and a portfolio as closely aligned with both as we know how to make it. In practice, we are very broadly diversified, high-quality equity investors, and we rebalance annually - the latter to systematically reduce our exposure to richly valued market sectors so we can increase our ownership in out-of-favor (and perhaps relatively more reasonably valued) areas.
- It will not have escaped your notice that this is the opposite of what most investors do, especially at times like this: they go chasing the market sectors that have already appreciated the most, in the apparent belief that they can only go up even more.
- Meanwhile, we who see ourselves as long-term owners of consistently superior businesses as ***distinctly opposed to traders in 'the stock market'*** can only marvel at the extent to which the earnings of those companies have soared, and are continuing to do so. Moreover, their profit margins are at all-time highs, and they continue to raise their dividends, even as they invest in even more innovation and the growth of their businesses.

- None of this is meant to suggest that this hugely emotion-driven equity market can't significantly and even savagely correct at any moment. It can, and if history is any guide, it will at some point - probably when the consensus is least expecting it. And because we know that our inability to time it is total, we will plan to ride it out, as we always have.

"Remember, the next downturn in the market will be as irrelevant and unimportant as the last one was, which you don't remember, and that didn't matter" - Jimmy

Baobab Announcements

- After three and a half years, Dairesse, our operations manager, will be leaving Baobab Wealth to pursue another position in the industry. It has been awesome having her on the team (as many of you know), and we wish her continued success!
- Have you been reading the Boabab Bulletin? A friendly reminder that in January, we started the Baobab Bulletin, a bi-monthly newsletter about everything happening at Baobab Wealth and Baobab Wealth Abroad. Every issue contains our latest videos, podcasts, guest appearances, a chart of the week, what we are thinking about section, downloadable resources, and more! Be sure to check it out when it lands in your inbox.
- If you liked our book, Divorce the IRS (2nd edition), take a minute to jump into Amazon and give the book a review (HERE). This really helps and is an easy way to help get the book out where it can help others as well :-).
- Leaving a review for Baobab Wealth also helps us out tremendously. If you feel so inclined, you could leave us a Google review HERE (much appreciated).

I'm here to respond to any and all questions and concerns you may have. Thank you, as always, for being my clients. It is a privilege, and indeed a joy, to serve you.

Cheers!
Jimmy