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In the 2nd quarter, the S&P 500 returned 10.9%, the Aggregate Bond Index returned 1.2%, and assets under Upholdings' discretion returned 9.8%. Rapid renegotiation of US tariffs drove rebounds in equity prices, and reports of accelerating ChatGPT usage fueled AI stocks.

All the Wealth in the World

According to the World Bank, global net worth now stands at \$500 trillion – up from \$200 trillion just 25 years ago. Two-thirds is in real estate, with the remaining third in public equities, private companies, gold, art and other collectibles.

Of the \$300 trillion created in the last 25 years, about half has come from inflation and half from actual economic growth. Within the next 25 years, we expect to be staring down \$1 quadrillion of global net worth. We expect half of that expansion to again come from inflation.

Sovereign Debt Collapse

Warren Buffett was firmly convincing over the years that gold is an unproductive asset and not worthy of anyone's attention. Yet, if Berkshire held gold instead of US treasuries over the last 25 years, its balance sheet would be 50% bigger than it is today.

This is the result of persistent deterioration in US sovereign debt. The United States used to easily grow more than 5% a year, and the federal government maintained debt at less than 60% of GDP. Modern America now struggles to grow 4%. Coupled with a 120% federal debt-to-GDP ratio, the FICO score of the United States is in a permanent freefall.

Gold → Bitcoin

Bitcoin has historically been favored by individuals and feared by institutions. That's changed. Global asset managers, pensions, and governments are beginning to accumulate Bitcoin as a reserve-grade digital asset.

Today, gold sits at \$23 trillion in value, Bitcoin at \$2 trillion. In a world racing toward \$1 quadrillion of net worth, wealth is expanding more quickly than governments can back it. We believe a credible, decentralized asset is becoming essential to preserve long-term purchasing power.

Social Impact

Furthering wealth inequality is one of the unintended effects of managing successful investment programs. Expansion of education is one of the strongest forces to improve economic inequality. This quarter, we again supported Khan Academy.

Roman & Robert

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