



Quarterly Commentary

June 2026
Second Quarter

“If you want to be successful in business (in life, actually), you have to create more than you consume.”

Jeff Bezos

America’s 250th-anniversary is a useful lens for both citizenship and investing: despite unsettling headlines, we think the country’s long-term fundamentals—and the opportunity set for equity owners—remain compelling.

250 Years in America

We recently celebrated America’s 250th birthday, a milestone that invites comparison to the 200th celebration in 1976. Then, as now, headlines centered on distrust in government after political scandal, frustration with an unpopular war, and an economy wrestling with inflation and high energy prices. Fifty years later, the surface narrative looks strikingly similar, but that persistence of worry obscures a deeper continuity of progress—economic, technological, and entrepreneurial—that long-term investors ultimately own.

Change is uncomfortable, but it is also the raw material of compounding. Each of the past five decades has delivered innovation that transformed daily life and reallocated value across industries:

- 1980s: Affordable video recorders and microwaves reshaped home entertainment and convenience.
- 1990s: The World Wide Web and email connected the globe and created entirely new business models.
- 2000s: Smartphones and streaming shifted communication and media into our pockets.
- 2010s: Cloud computing and smart homes moved from concepts to ubiquity, enabling scalable software platforms.

- 2020s: Electric vehicles and artificial intelligence entered the mainstream, altering transportation, productivity, and capital allocation.

For equity owners, these decades were not just about gadgets; they were about waves of cash-flow migration—from legacy incumbents to businesses that embraced technology, data, and software economics. The lesson rhymes with our past commentary: volatility and regime change create opportunities in public markets, and they reward those who arbitrage price dislocations over long time horizons.

Perceptions Aren’t Reality

Against this backdrop of progress, it is striking that only about half of Americans now describe themselves as “proud” to be American, the lowest reading in at least 25 years according to a recent Gallup survey. Some of that pessimism stems in a shift from community to hyper-individualism, amplified by the unintended consequences of innovation. Time with friends and family has been exchanged for time on screens; echo chambers have replaced informed conversations, and instant gratification has embedded a corrosive, comparative mindset into daily life.

These trends show up in investing language, too, in calls for “fair share” tax proposals and narratives that undervalue the act of creating economic value. The human traits most essential to a healthy society—empathy, self-awareness, clear communication, and a sense of purpose—have been eroded by political



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tribalism, reinforcing a story that everything is getting worse and that our social fabric is beyond repair. We do not dismiss the real challenges Americans face, but resist accepting the most negative version of our country's story, especially when the data on innovation, corporate resilience, and long-run equity returns tell a different tale.

America Viewed Through Fresh Eyes

Over the past few weeks, millions around the world watched the largest global sporting event descend on U.S. soil. Tens of thousands of foreign visitors arrived with expectations shaped by headlines and social media, and many left with a very different view. One visitor, after touring several host cities, [remarked](#) that pre-trip perceptions of rudeness and hostility simply did not match the lived reality: instead, they encountered everyday kindness and a willingness to help from strangers.

Another journalist [highlighted](#) “the real America”—largely absent from film and television and disconnected from partisan politics—as a place defined by generosity, curiosity, and quiet acts of hospitality. As investors, we pay attention to these anecdotes because they speak to a form of national “culture” risk that is often mispriced. A country who values collaboration and innovation offers something rare. It creates a fertile environment for entrepreneurs, capital formation, and long-term value creation.

The Dark Spot Revisited

Negative perceptions from Americans about America have clouded the reality that our country remains uniquely dynamic and resilient, a backdrop that has supported equity compounding across wars, inflation shocks, and political cycles.

In markets, as in civic life, we routinely overweight the latest drawdown and underweight the long history of

recovery and progress. To illustrate how this bias shows up in both headlines and portfolio decisions, we first shared the following story in 2020; it feels even more applicable today.

One day at school, a professor entered the classroom and announced a surprise exam. The students, caught off guard, waited anxiously at their desks. After handing out the papers face-down, the professor asked them to turn the sheets over. To everyone's surprise, there were no questions. In the center of each page sat a single dark spot. The professor gave a simple instruction: “I want you to write about what you see on the page.”

At the end of class, the professor collected the exams and read several answers aloud. Every student focused on the dark spot—its size, its shape, its position in the center of the page.

Finally, the professor explained the purpose of the exercise: “I am not going to grade you on this. I just wanted to give you something to think about. No one wrote about the blank space on the paper. Everyone focused solely on the dark spot. The same thing happens in our daily lives. We have a lot of blank space to observe and enjoy, but we tend to always focus on the dark spots. These dark spots, when compared to everything else, can pollute our minds. Try not to become consumed by the dark spots in your life.”

Markets, headlines, and politics all encourage us to stare directly at the dark spot. Our task—as citizens and as long-term investors predominately in American businesses—is to step back far enough to see the rest of the page: the compounding of innovation, the durability of institutions, the adaptability of households and businesses, and the practical problem-solving that rarely makes the front page. Acknowledging real risks is not incompatible



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with optimism; it is exactly the posture that underpins disciplined, opportunistic investing.

Capitalism, Problem-Solving, and Value Creation

None of this suggests we are blind to real problems. We recognize that recessions, policy mistakes, and market drawdowns are inevitable characteristics of a complex system. What makes America distinctive is that we openly encourage problem-solving and reward it through a capitalist framework that ties economic success to value creation. From more efficient energy production to continuous software enhancements and new applications of artificial intelligence, we observe management teams confronting challenges head-on and using dislocations to strengthen their competitive position.

As investors, we view each crisis—the Tech Bust, the Great Financial Crisis, the COVID pandemic, and the recent reset in interest rates and valuations—as an opportunity to upgrade the portfolio and stand beneath our own “arch.” This involves focusing on balance-sheet durability, cash-flow resilience, and leadership traits that align with long-term shareholder value and being opportunistic in how we allocate your capital.

Optimism for America and our Portfolio

On this 250th anniversary, stepping back leads us to a somewhat contrarian conclusion: there is ample reason for confidence in America. The country’s history of resilience combined with our entrepreneurial spirit is the foundation for supporting attractive long-term return assumptions. These attributes do not immunize us from downturns, but they tilt the odds in favor of adaptation, reinvention, and continued innovation—even when the next 12 months look unsettled.

Our aim is to occupy the space between thoughtless pessimism and blind optimism—a stance we’d describe as clear-eyed confidence over a full cycle. That temperament informs how we underwrite investments, how we respond to volatility, and how we interpret the constant stream of macro noise. As Charlie Munger observed, “a great nation has a lot of collapse in it”; the test is not whether we avoid every drawdown, but whether we emerge from each episode with stronger businesses, more aligned management teams, and more attractive entry prices for future compounding.

We remain constructive on America’s future and grateful for the opportunity to invest alongside you in the ongoing story of American capitalism. Our focus, as always, is to make money by owning premier companies at sensible valuations, while keeping our time horizon measured in years and decades.

Sincerely,
Nixon Capital

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