

AI SPENDING STARTS TO PAY OFF • PAGE 8

BARRON'S

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GLP-1s aren't just for obesity anymore, and sales are exploding. Sizing up the winners. **PAGE 14**

DOW JONES

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UP & DOWN WALL STREET

Buffett's 1993 acquisition of Dexter Shoes was paid for with Berkshire stock, which today would be worth \$19.3 billion. It has been put to good use.

Warren Buffett's Worst Deal Benefits This Place the Most

Few business leaders obsess over failure more than Warren Buffett. Though the former **Berkshire Hathaway** CEO's record makes him a shoo-in for the investor hall of fame, Buffett often prefers talking about his misses more than his hits. One flub in particular seems to gall him, that being his 1993 purchase of Dexter Shoe. "The worst deal that I've made," he described it, noting that "as a financial disaster, this one deserves a spot in the Guinness Book of World Records."

What happened was that after Berkshire bought Dexter in 1993, cheap, imported shoes flooded into the U.S., decimating Dexter's operations. But even worse, much worse, is that Buffett paid for the \$433 million acquisition with Berkshire stock—25,203 shares of Berkshire A shares, to be precise. "By using Berkshire stock, I compounded this error hugely," Buffett wrote in 2007. "That move made the cost to Berkshire shareholders not \$400 million, but rather \$3.5 billion. In essence, I gave away 1.6% of a wonderful business—one now valued at \$220 billion—to buy a worthless business."

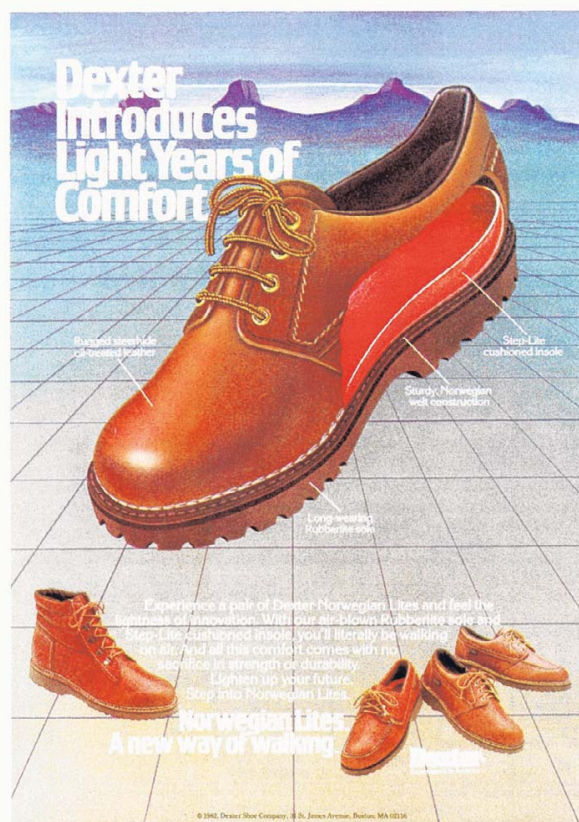
That was almost 20 years ago. Today, 25,203 shares of Berkshire would be worth some \$19.3 billion. What happened to all that money?

If you happen to be in Maine this summer, you might see where some of it has ended up: MaineGeneral Health hospital near the state capital of Augusta; a revitalized city of Waterville, home of Colby College; and



BY ANDY SERWER

an eye-popping new campus under construction for the Roux Institute of Northeastern University, on the site of the old B&M baked beans factory on the Portland waterfront. All endeavors were funded from the coffers of the man who sold Dexter to Buffett, Harold Alfond, who died in 2007, and whose charitable work is now carried on by his descendants.



A Dexter Shoe advertisement from 1982.

The flip side of Warren Buffett's "worst deal" has become one of the best things that has ever happened to the Pine Tree State.

"I don't think you can overstate it," says Barry Mills, former president of Bowdoin College and board member of the Harold Alfond Foundation. "If you look at economic development, community development, healthcare, and the arts, the Alfonds are the driving philanthropic force of the state, setting ambitions and aspirations for the state with their own. There's just not that much money in Maine, and to have the Alfonds supporting these institutions is incredible."

The focus of the foundation is simply to spur the economy and boost education and healthcare in the state of Maine, mostly in concentrated giving, whenever possible by working with partners who have skin in the game. No politics whatsoever. There are other stories of Berkshire billionaires and their good works, but it's hard to think of another instance where an entire state has benefited, as from the Alfonds.

A cherubic-looking man with an accent that betrayed his upbringing in Swampscott, Mass., and his subsequent life in Maine, Harold Alfond was the son of Russian immigrants who went to work after high school in a Maine shoe mill with his father. The pair later bought a shoe factory, turned it around, and sold it for a tidy profit.

In 1958, the younger Alfond founded Dexter Shoe in Dexter, Maine, located on the east branch of the Sebasticook River, 30-odd miles northwest of Bangor. Dexter thrived, and Alfond is said to have created the first factory outlet store, selling his shoes in scores of log-cabin-style retail outlets. Invariably, suitors came calling, and ultimately Alfond went with Berkshire. Some eight years later, with the business tanking, Buffett folded Dexter into his H.H. Brown shoe company. It still sells shoes under the brand name.

Berkshire stock has been distributed throughout the Alfond family, which now numbers nearly four dozen. A nephew of Alfond's, Peter

Lunder, and his family also own some Berkshire, as Lunder was president and board co-chair of Dexter and was the company's point person with Buffett. Lunder, 92, and his wife, Paula, who have their own foundation (which distributed \$21 million last year), are avid art collectors and benefactors of the Colby Art museum.

The Alfond and Lunder families' holdings reside in various family office accounts, trusts, and foundations, of which the Harold Alfond Foundation is the largest. Its board includes two of Harold's sons, Theodore and William, four grandchildren, and Peter Lunder.

Charitable distributions from the foundation come from either gifts of Berkshire stock, mostly A shares but some converted to B, given directly to nonprofits (that option being the most tax-efficient) or sometimes through the sale of Berkshire shares, which, if large enough, have been bought back directly by Berkshire. "Buffett's written to me saying, 'If you want to sell a bunch of stock, let me know,'" says Greg Powell, 71, a Portland lawyer and board chair of the foundation.

Last year, the foundation gave away \$104.5 million, with some 99% of grant dollars awarded to Maine institutions or projects. The foundation has assets of \$1.69 billion, with nearly \$570 million in binding grant commitments payable to charitable institutions in future years. Overall, the foundation has given away some \$1 billion in the state.

How many shares of Berkshire do the Alfonds/Lunders still own? It's unclear, but one clue comes from the foundation's 2025 report, which notes that the foundation's portfolio has a 17% allocation to Berkshire Hathaway. Powell says it's actually a bit higher than that, so let's say 20% of \$1.7 billion, which is \$340 million. Divide that by \$768,000 (the recent price of Berkshire A stock), and you get some 442 shares.

The foundation focuses on youth and community development, educa-

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Up & Down Wall Street (continued)

tion, and healthcare, the last of which includes MaineGeneral, that hospital near Augusta, which garnered some singular funding of the Berkshire variety 15 years ago. The Alford Foundation put up \$55.25 million, and the hospital sold \$276 million of tax-exempt bonds, but the project still needed a debt-service reserve fund to protect bondholders. “The bankers all wanted us to put up \$20-plus million in cash,” recalls Powell. “We thought, ‘What if we got a surety bond for the bondholders from an unquestionably credit-worthy source like Berkshire Hathaway?’ ”

The foundation asked the Berkshire Hathaway Assurance Corp. to provide the bond, which Berkshire agreed to do if the foundation would put assets in an account for collateral. And guess which assets were used? Some \$23 million of Berkshire stock.

As for higher education, the Alford family has supported schools, colleges, and programs across the state, including a unique endeavor created by private-equity investor Dave Roux, who wanted to build a graduate science program to jump-start the technology side of Maine's economy. “When I started, I talked to a dozen folks around the state. All of them pretty much thought I was crazy. But Greg, to his credit, said, ‘Gee, that’s really provocative.’ ” Roux partnered with Northeastern University, a leader in flexible learning, and with his wife, Barb, has put in over \$100 million to start up the Roux Institute.

When Roux presented his fully formed plan to the Alford board, there was “a lot of enthusiasm,” Roux recalls. Shortly thereafter, the Alford family committed more than \$100 million, as well. “They’ve been a great partner,” Roux says about the Alford family. “Good advice. Very thoughtful. They’re conservative investors, but they’re bold in their thinking about putting the money to work philanthropically.”

In a more traditional vein, the Alford Foundation has donated \$320 million to the University of Maine system, expanding and improving areas like engineering and computer programs and modernizing UMaine athletic facilities. For context, the annual budget for the University of Maine system is some \$718 million. (A sports nut, Harold Alford and the foundation have paid for rinks, gyms, and facilities across the state. Alford's two sons, Ted and Bill, are minority owners of the Boston Red Sox.)

The Alford Foundation has also given some \$100 million to Maine's seven community colleges through the Harold Al-

fond Center for the Advancement of Maine's Workforce, which provides short-term job training programs and credentials, now with an artificial-intelligence focus, in partnership with over 2,000 Maine employers. “Community colleges came to the foundation a few years ago, and had this idea of helping employees of welding companies, electricians, plumbers, engineers, get trained up to the next level,” says Mills. “It’s thousands of people and has been fabulously successful.”

Then there's the Harold Alford College Challenge, which gives a \$500 scholarship grant to every child born in Maine, an idea that sounds very much like those Trump accounts, except that Alford and Powell pioneered the concept back in 2008. Last year, the foundation made college challenge grants totaling \$5,844,500 to 11,689 newborns. Through the end of 2025, the foundation has given \$87 million to 175,952 Maine children, which with investment returns now totals \$177 million. Families, state matches, and other contributions, plus returns, have grown this pot of money to over \$805 million.

“The story of the kids from Maine should be told,” Buffett wrote to Powell in 2023. “They have received not only a significant sum but also have learned about compound interest and savings. I made a bad deal for Berkshire—but a lot of good came out of it, as well.” (Buffett and the Alford family declined to comment for this column.) For the first time this fall—18 years since their inception—students will tap into these funds.

With so much attention being paid to how Warren Buffett will be distributing his shares of Berkshire Hathaway—no longer to the Gates Foundation, but to four family foundations—where the proceeds of the Buffett fortune have gone and will go is perhaps overlooked. The Gates Foundation, with its 2,215 employees, 12 global offices, and work in 143 countries, is one model. The Alford family chose to leverage their Berkshire holdings by acting locally instead. It will be interesting to see which tack Buffett's three children take as they inherit tens of billions of dollars in Berkshire stock.

At a time when populist politicians are pillorying wealthy people, the Alford family stand out as a family that has put great effort into making its corner of the world a better place, and maybe even giving new meaning to Maine's motto: *Dirigo*—“I lead.” **B**

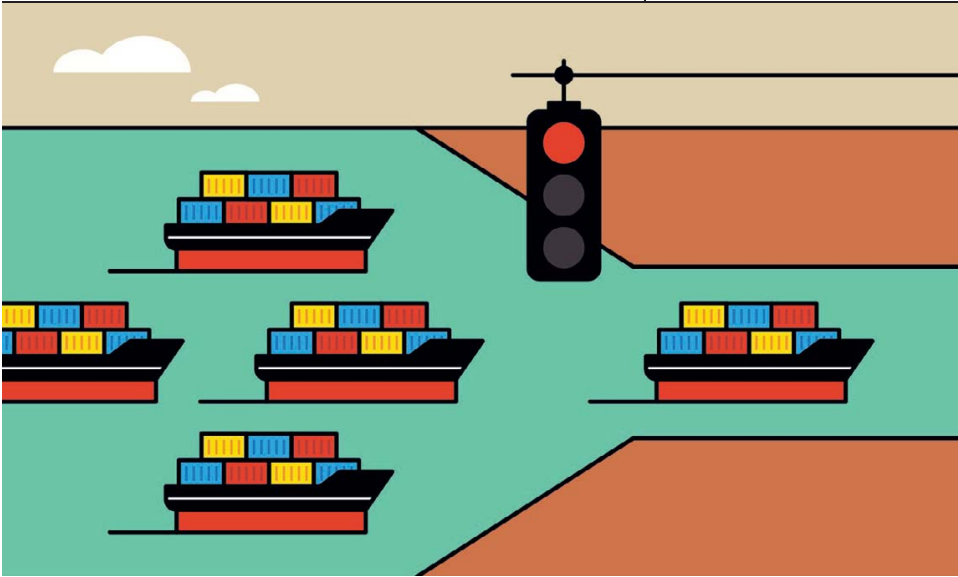
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REVIEW & PREVIEW

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El Niño May Curb Trade

Two of the world’s most important shipping lanes have been gummed up by the Iran war, and a third is now having its own problems because of weather. The slowdown could drive up prices for everything from oil to home goods.

The Panama Canal is poised to reduce its capacity because of the onset of El Niño, a weather pattern that can cause severe droughts and other extreme weather events in various parts of the world.

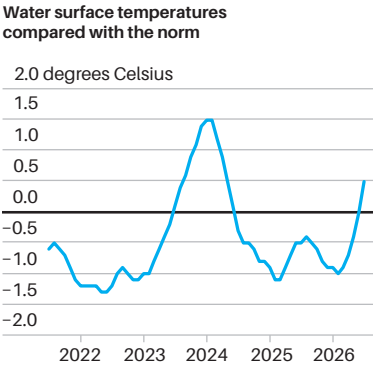
The canal authority has warned clients that the chances of a severe El Niño system had risen to 81% from 25%. For now, the canal authority is taking the first steps toward cutting capacity somewhat from the normal 36 vessels a day.

But more severe restrictions could be in store, given the history of how El Niño affects the Panama Canal. In 2023 and 2024, the last time there was an El Niño pattern, transports were sometimes cut in half to 18 a day—and this El Niño could be even more extreme than the last one. A drop in shipments could have a significant impact on U.S. goods trade, about 12% of which uses the canal, based on trade volume, according to the United Nations.

The canal restrictions come at a time when global shipping is already under stress. Traffic through the Strait of Hormuz and the Bab al-Mandeb Strait in the Middle East has been severely curtailed. The upshot? A new round of inflation could come sailing into view. —Avi Salzman

The Heat Is On

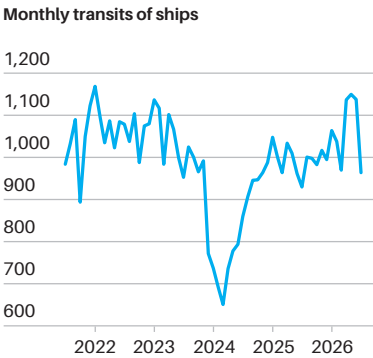
Water temperatures rose sharply when an El Niño hit in 2023 and 2024.



Source: National Weather Service

Ship Wreck

The Panama Canal curbed traffic during the 2023-24 episode because of water-level concerns.



Source: Bloomberg

LAST WEEK

Markets: Chip stocks were hammered to start the week, but Tuesday was stellar, with a majority of S&P 500 index stocks up. Stocks tumbled on Wednesday after the Federal Reserve left interest rates unchanged and bond yields moved higher. Economic growth slowed in the second quarter, while household spending increased at its strongest pace since the third quarter of last year. Blowout earnings from **Microsoft** helped energize the tech sector. On the week, the Dow industrials rose 1%, the S&P 500 gained 1.1%, and the Nasdaq was up 1.6%.

Companies: **Cracker Barrel** CEO Julie Masino is stepping down after her initiatives to modernize the restaurant chain backfired. David Deno, former CEO of casual-dining company **Bloomin’ Brands**, replaces her. **Jersey Mike’s Subs** IPO started trading at \$23, giving it a valuation of \$7.3 billion. **UBS Group** said it plans to buy back \$3 billion of its own stock by mid-2027. Microsoft’s earnings boosted its stock to the largest single-day percentage increase since 2008. **Chevron**’s earnings per share more than tripled in the second quarter, as it pumped more oil and benefited from rising oil prices.

Deals: **Nvidia** is in talks to provide \$250 billion for an OpenAI data center in Ohio...**Brookfield Asset Management** and power company **NextEra Energy** are teaming up to build a \$100 billion AI data center in Kentucky...AI-focused hedge fund Situational Awareness sold the bulk of its stock portfolio to Ken Griffin’s Citadel, according to The Wall Street Journal.

THIS WEEK

Monday 8/3

Roughly 60% of S&P 500 index companies have reported results so far, with nearly 90% beating earnings-per-share estimates, and about three-quarters surpassing revenue expectations. This week, **Palantir Technologies** announces earnings on Monday, followed by **Advanced Micro Devices**, **Booking Holdings**, **Caterpillar**, **McDonald’s**, **Merck**, and **SpaceX** on Tuesday. **CVS Health**, **Eli Lilly**, **Sandisk**, **Uber Technologies**, **Walt Disney**, and **Western Digital** report quarterly results on Wednesday, while **Airbnb**, **Constellation Energy**, and **Conoco-Phillips** do the same on Thursday.

The Institute for Supply Management releases both its Manufacturing and Services Purchasing Managers’ Indexes for July. Consensus estimate for the Manufacturing PMI, released on Monday, is a 53.9 reading, while the Services PMI, released on Wednesday, is expected to be 54.5. This compares with readings of 53.3 and 54, respectively, in June.

Friday 8/7

The Bureau of Labor Statistics releases the jobs report for July. Economists forecast a 83,000 increase in nonfarm payrolls, after a 57,000 gain in June. The unemployment rate is expected to remain unchanged at 4.2%. Fed Chairman Kevin Warsh described the labor market as solid and steady this past week.

THE NUMBERS

\$450 B	\$270 B	\$500 B	6.6%
Microsoft’s gain in market value on July 30, the largest ever one-day increase for a U.S. company.	The supply of new bonds from AI companies this year through early July, almost double the total for all of 2025.	Estimated cash haul for oil and gas producers in 2026, more than double earlier projections for the year.	Average rate for 30-year fixed-rate mortgages, highest in a year, another hurdle for the housing market.

TECH TRADER

Earnings from Microsoft and Amazon offered hope that the **AI trade is very much alive**. Plus, a hedge fund implosion came with good news.

Five Lessons From an Exhausting Week in Tech. And 2 Winners.

Are you tired? I'm tired. In addition to four Big Tech companies reporting earnings this past week, the calendar included results for second-quarter gross domestic product and June personal consumption expenditures, along with the Federal Reserve's interest-rate decision. Unscheduled, there was a meltdown of the artificial-intelligence trade, as highly leveraged bull positions were liquidated. The **iShares Semiconductor** exchange-traded fund was down 12% across three days, and one of the most successful AI investors—hedge fund Situational Awareness—saw margin calls and forced sales.

But on Wednesday afternoon, the skies cleared because demand for AI services is still outstripping supply, even after hundreds of billions of dollars in AI data-center expansion.

Here are my five takeaways from the wild week.

The Capex Is Paying Off

The largest public clouds—Amazon Web Services and Microsoft Azure—are on fire. Their results added to the success of Google Cloud, reported with **Alphabet's** results a week earlier.

All three cloud segments handily beat expectations for revenue and, even more crucially, operating margin. As the depreciation expenses from previous capital expenditure pile up, the companies have found operational efficiencies to offset those costs.

The clear message this earnings season is that there is real profit to be



BY ADAM LEVINE

had from all of that capex. These companies may be marring their balance sheets and cash flow statements, but their income statements are now seeing a very clear benefit. Despite all of the new data centers already built, cloud capacity remains very tight at all three firms. **Amazon.com** was even able to raise prices on AI server rentals twice this year, most recently a month ago.

The capex will continue, at least through the end of this year. Google and Amazon raised their 2026 capex guidance, while **Microsoft** held steady. Together, they will spend about \$600 billion this year on AI data centers, and they are hinting at even more next year.

Software Gets a Boost

As nice as Microsoft's cloud quarter was, its best results may have come in business software. Like other enterprise software companies, Microsoft has been under the microscope amid fears that AI will break its sales growth and profitable subscription pricing model. But in the latest quarter, Microsoft's business software segment beat expectations for both sales and operat-

ing margin, defying the bear narrative.

Another encouraging sign is that the company's flagship AI software product, Microsoft 365 Copilot, is finally starting to gain traction after a slow start, a common pattern for Microsoft products. The company first revealed paid-user data six months ago—an unimpressive 15 million out of 450 million Microsoft 365 subscriptions. The latest number is still small, but it has doubled to 30 million.

Salesforce is seeing something similar with its Agentforce AI software, whose annual recurring revenue has gone from \$440 million to over \$1 billion in nine months. Software isn't dead yet.

Meta Needs a Cloud

Alone among the big AI spenders, **Meta Platforms** still doesn't have a cloud unit to directly monetize all of the AI data centers it's building. In its earnings call, the company projected 2026 capex of up to \$145 billion—all for a variety of internal purposes.

Meta sales were up 28% from last year, and some of that performance is due to AI, but mounting depreciation and AI research expenses sent its profit margin plummeting. The company says that a cloud segment is probably in its future. But for now, it needs all of the computing capacity internally.

Apple's AI Trade-Off

For now, the Apple story is largely unchanged by AI. The stock fell 8% on earnings because Apple continues to trade on its iPhone and services segments—and the latest updates disappointed on both fronts. But the company has plenty of time to get its AI

strategy right. The first step will be the release of the new Siri later this year.

Apple hasn't engaged in a mad dash to build AI infrastructure. Though research-and-development expenses are up over 30% this fiscal year, it spent just \$2.5 billion on capital expenditure last quarter. Its balance sheet and cash flow statement remain pristine—an increasing rarity in Big Tech.

Situational Awareness

It's never good news when a tech hedge fund is forced to liquidate its holdings, but the Situational Awareness meltdown holds lessons, especially for younger investors who haven't lived through a real bear market.

The main message is that trading with borrowed money works the same way on the way down as it does on the way up—you can be right on the fundamentals and still get crushed. Situational Awareness was founded in 2024 by a young, former OpenAI engineer with a now-familiar thesis: buy AI hardware stocks and short software. He was absolutely correct, and the fund's returns, magnified by margin leverage, were stunning.

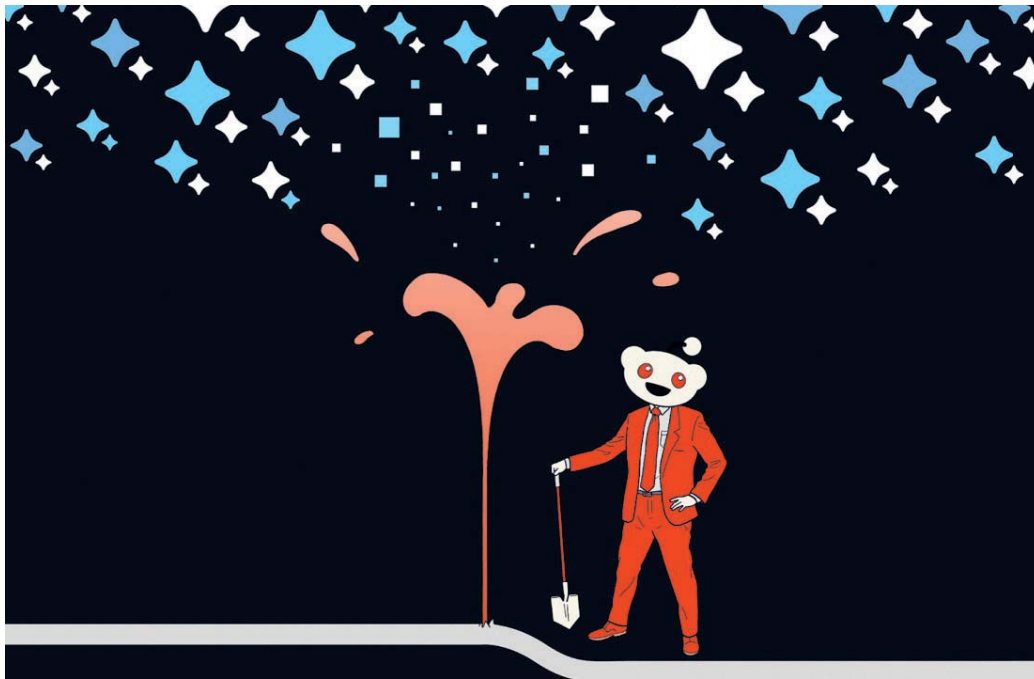
But then came July, and a rapid sell-off for chips. The semiconductor ETF was down 27% from June 30 to July 29, while the **iShares Expanded Tech-Software Sector** ETF rose by 2%. Margin calls ensued, and Situational Awareness was forced to sell its public-company shares to Ken Griffin's Citadel in a block sale.

There was liquidity for these assets in the end, and that's a good sign. Situational Awareness just flew too close to the sun. The semiconductor ETF rose 8.5% after the sale on Thursday. **B**

Microsoft 365 Copilot



Subscriptions for Microsoft's AI-based 365 Copilot doubled in the past six months, to 30 million users. It's a bit of good news for the beleaguered software industry.



Reddit Is Due for a Big AI Bump. Forget Earnings.

Reddit has become the voice of the internet. Why the future of AI could depend on the company's success.

BY ANGELA PALUMBO AND NATE WOLF

Since **Reddit** went public in 2024, the social-media site has had a marriage of convenience with Google. It's time to renew the vows.

Google has paid a reported \$60 million a year to train its artificial-intelligence models using conversations from Reddit's more than 100,000 communities. The pair are now locked in contract renewal talks that could make or break Reddit stock. The talks could also go a long way in determining the value of human content in the age of AI.

Investors are clearly skittish about it all. Reddit stock fell 8.3% in one day last week when The Wall Street Journal reported that the company had considered walking away from the

negotiating table.

Reddit has plenty of leverage to get a better deal, even without walking away. As AI models advance, they require ever more human content to improve. On the flip side, those same AI models threaten to cannibalize the search traffic that drives viewers to Reddit's site and feeds its advertising engine, which generated \$2.6 billion in revenue over the past four quarters.

Reddit stock fell more than 21% on Friday after the company's latest quarterly earnings crushed estimates but showed a slight decline in U.S. daily users from the previous quarter. Shares are down some 40% this year.

That dynamic makes the negotiations with **Alphabet**-owned Google a crucial test for the company. For now, Wall Street is taking a wait-and-see approach.

While quarterly numbers are clearly

moving the stock, the big picture is around AI. If Reddit secures a better deal with Google in the coming months, the stock could soar. And there's good reason to think both companies need each other.

Reddit has long been one of the most searched terms on Google as people look to the site for human-generated answers to everyday questions. A few real examples: What's the best car for a new driver? Or, am I the a__hole for thinking it's absurd my husband made only half the bed?

Reddit shares have soared 314% since the stock went public in March 2024 at \$34 a share. But it has been a bumpier ride of late; the stock is down 48% from its all-time closing high of \$270.71 last September.

The site's own usefulness became a double-edged sword after Google—the internet's search giant—launched AI Overviews on May 14, 2024, right after Reddit's initial public offering. The AI-powered overviews are automated responses to queries that appear at the top of Google's search page. While answers include source links, data show that the overviews have decreased the need for people to visit independent websites. *Barron's* reported a year ago on the major shift that the launch of Google's Overviews was already having on the internet economy. The trend has accelerated since then.

The main impact on Reddit appears to be a slowdown in its user growth. While daily active users around the world increased 17% from the prior year in the first quarter and 18% in the second quarter, those figures are down from 31% and 21% growth, respectively, a year earlier.

Though Reddit remains the sixth-most-visited site in the world, per Semrush, investors worry what slowing user growth means for the future of advertising, which accounted for 94% of Reddit's revenue last year.

A Reddit spokesperson acknowledged that all publishers will be subjected to changing search trends, but said that improved product features would spur continued growth and engagement. Meanwhile, the company points out that advertising has grown at a faster clip than users.

After Reddit's first-quarter earnings report in April, CEO Steve Huffman called his site's content the "oil for the modern internet." The remark wasn't just a catchy slogan, but also a potential

signal to the world's largest AI companies: Our price is going up.

Wall Street estimates that Google pays Reddit about \$60 million a year to scrape content from the site. It uses the data, in turn, to power the AI products that have seemingly siphoned search traffic away from Reddit.

OpenAI, which didn't respond to requests for comment, is thought to pay a similar or slightly higher amount.

The draw for AI labs is simple: Reddit is an ever-expanding repository of human knowledge, opinion, and interaction. It has built-in quality control since users can "upvote" or "downvote" posts and comments. Ask ChatGPT for a trip itinerary or a product recommendation and the chatbot may well cite an anonymous "Redditor." The information could be wrong, but at least it's human-approved.

While the rest of the internet overflows with AI-generated content, that \$60 million annual fee now looks like a friendly deal for Google, says New Street Research analyst Dan Salmon.

"We very much think that there's still lots of value in real human information that Reddit has," Salmon tells *Barron's*.

The content-licensing agreements constituted about 6% of Reddit's total revenue in 2025, but that number could jump sharply next year as the deals come up for renewal. The companies have had ongoing talks throughout the partnership, a Reddit spokesperson said.

Several institutional investors and sell-side analysts say they expect Reddit to secure a larger deal. A best-case scenario would include Reddit getting a usage-based agreement that goes beyond a flat fee. Wells Fargo analyst Alec Brondolo forecast in June that Reddit's renewed agreements with OpenAI and Google could come at a combined \$550 million a year—more than quadruple current levels.

Both Reddit and Google declined to comment on what they called private negotiations. But Google has been clear about its focus on AI above all else, both through executive commentary and its soaring budget for capital expenditure.

"Our AI investments are redefining what's possible across every part of our business," said Sundar Pichai, the CEO of Alphabet, on the company's earnings call last week.

On the other side of the negotiating table, Reddit has proved a willingness to protect the value of its



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SCAN TO SHOP

data. The company sued AI start-up Anthropic in June 2025 for allegedly scraping Reddit's data to train its large language model, Claude.

"This case is about the two faces of Anthropic: the public face that attempts to ingratiate itself into the consumer's consciousness with claims of righteousness and respect for boundaries and the law, and the private face that ignores any rules that interfere with its attempts to further line its pockets," Reddit said in the lawsuit.

Anthropic declined respond to a request for comment. An Anthropic spokesperson told *Barron's* in June 2025 that "we disagree with Reddit's claims and will defend ourselves vigorously."

Anthropic has already settled other data-training cases tied to copyright infringement. On July 20, a federal judge approved a \$1.5 billion deal in which Anthropic will pay thousands of authors about \$3,000 each.

But Reddit's ongoing suit against Anthropic could be more significant because its argument centers around user agreement violations, not copyright laws. Kirk Sigmon, founding partner of KellDann Law, says it's an important distinction that could limit Anthropic's ability to claim "fair use" of Reddit data.

Sigmon believes that the case will be settled before Anthropic's highly anticipated IPO.

Clearing up the Anthropic case and expanding the AI licensing contracts would go a long way toward boosting Reddit stock.

Analysts tracked by FactSet expect the company to record \$177 million in nonadvertising revenue in 2027—just

4% of total business—but that's largely a shot in the dark given the closed-door nature of the negotiations.

Half Moon Capital, a small New York hedge fund with a stake in Reddit, recently had a \$295 price target on Reddit shares—more than double current levels—even without new AI licensing deals.

Reddit's U.S. revenue per user jumped more than 50% in 2025 as its ad technology improved, wrote Half Moon in an internal research note. And advertisers have caught on to the same thing that AI labs have: People use Reddit for product recommendations, making the platform fertile ground for brands.

Others have made the licensing business a part of their thesis. Scott Greeder, managing partner at Broad Bay Capital Management, which owns Reddit stock, expects the contracts to get renewed this year at a higher number, giving shares a needed boost.

Success in the negotiations and in the courtroom could help Reddit stock in two ways: sentiment and earnings. Reddit shares trade at 23 times projected earnings over the next year, down from an 80-times multiple last year. New AI deals could restore some of that premium.

Perhaps more importantly, a big licensing deal would unlock hundreds of millions of dollars in new profit. Advertising will remain Reddit's bread and butter, but content licensing comes with wide margins and low costs as the business scales up.

"Scarce assets tend to become more valuable over time," a Reddit spokesperson told *Barron's*, "and authentic human conversation at scale is becoming increasingly rare." **B**

AI's Secret Weapon

Shares of Reddit are up 425% since the company went public in March 2024, but it has been a bumpy ride of late for the stock.



Source: FactSet

How the Tech Trade Could Still Sink the Market

The stock market is doubting everything it once held true, and it has the potential to end the years of easy returns.



BY MARTIN BACCARDAX

Markets hate uncertainty, but confusion is the real problem these days. Don't be surprised if the stock market faces further losses into the fall—or at least until the disorientation begins to fade.

For years now, the market has followed a simple narrative: Artificial intelligence would be the next big thing, and stocks benefiting from AI would thrive, while shares of disrupted companies would get hit. That theme helped drive the S&P 500 to an annualized gain of 24% for the three years ended May 31, while the **VanEck Semiconductor** exchange-traded fund returned 61% annualized and the **Invesco S&P 500 Equal Weight** ETF rose just 16%. It also helped that

the Federal Reserve was expected to lower interest rates, and the economy was expected to boom.

Now, the stock market is doubting everything it once held true, and it has the potential to end the years of easy returns. Rate hikes might be coming sooner rather than later; the economy might be on weaker ground than it looks; and all that spending on AI might be unsustainable. That's an awful lot of mights—although much of the underlying data haven't changed—but the doubts have caused chip stocks to drop 11% over the past two months, while out-of-favor sectors like healthcare, financials, and consumer staples are suddenly gaining. If you're confused, you're not the only one.

Heading into the teeth of the second-quarter earnings season, what's surprising is how little has changed. Collective S&P 500 earnings are ex-

pected to rise more than 27% during the second quarter from last year to just under \$702 billion, according to LSEG data. While that's modestly slower than the nearly 30% advance recorded over the first three months of the year, it would deliver the best first-half profit performance, in terms of percentage gain, since 2020.

And so much still depends on tech. The three sectors containing the bulk of tech-company profits—tech, communication services, and consumer discretionary—should comprise around half of that \$702 billion forecast, according to *Barron's* calculations, while Ben Snider at Goldman Sachs suggests a staggering 40% of S&P 500 earnings growth will come from just two stocks: **Micron Technology** and **Nvidia**. And if anything, expectations are rising. Overall earnings forecasts have risen by 3.4% since the end of March, the most since 2021.

That sets a massively high bar for the sector—one that it's struggling to clear. Google parent **Alphabet** topped Wall Street's earnings forecasts earlier this month, but boosted its AI spending plans to around \$205 billion and reported its first negative free-cash-flow reading in more than two decades alongside it. The stock slumped more than 7% in response. "The usual cushion companies get from a de-risked estimate intraquarter doesn't exist," says Anthony Saglimbene, chief equity market strategist at Ameriprise.

For some, the pullback in tech isn't a reason to worry—it's an expression of exhaustion, and nothing that a period of rest and relaxation can't cure. "We don't think the AI rally has run out of steam, despite the mixed performance of tech stocks," says Thomas Mathews, head of markets for the Asia-Pacific region at Capital Economics. "But one reason not to panic is that tech earnings—which have driven the rally so far—are showing little sign of wobbling."

The risks to the bull market, however, are piling up. The S&P 500 has dropped just 2.6%, but that decline was enough to cause it to breach its 50-day moving average, a key benchmark for near-term performance, in late July. Stocks rebounded the last time that happened in April, but the backdrop is trickier now. Inflation pressures, tied in part to the surge in crude oil prices from the U.S. war

with Iran and price hikes due to rising chip prices, are likely to quicken over the coming months. The Fed, once thought to be leaning dovish, is now far more likely to hike rates.

Treasury yields have been on a slow upward march since early May. The yields on two-year notes—those most closely linked with interest-rate forecasts—have gained more than 45 basis points over the past 2½ months and recently traded at 4.233%, the highest yield since January 2025. (A basis point is 1/100th of a percentage point.) Higher yields put pressure on stock valuations by offering a better "risk-free rate," making equities less attractive.

Political risks also loom. The period around the midterm elections has typically been tough for the U.S. stock market, according to Lori Calvasina, head of U.S. equity strategy at RBC Capital Markets, who notes the volatility around President Donald Trump's first term in 2018 and Joe Biden's in 2022. "While we see election risk as a temporary repricing, an issue we're monitoring is how sentiment around AI concerns may manifest in campaign season, which could have some spillover into stocks," she says.

Some signs are already pointing in that direction. The Cboe S&P 500 Dispersion Index, which tracks the difference between individual stocks and the Cboe Volatility Index, or VIX, is trading near the highest levels since the Covid pandemic, implying that equities are moving more of their own accord. While that can be good for stockpickers, it can also be an omen. "Periods of elevated dispersion in the past have sometimes been followed by steep selloffs, such as the dot-com bubble," says Hardika Singh, economic strategist at Fundstrat.

It doesn't have to play out that way. What seems to be happening in the tech space is something akin to a vibe shift in markets, where investors move from pricing in promise to pricing in execution, according to LPL Financial Chief Equity Strategist Jeff Buchbinder. As the shift takes hold, the benefits of that execution will get reflected in other sectors of the market, including industrials, financials, and healthcare. "Investors should focus less on who is spending the most and more on who is generating measurable returns," Buchbinder says.

Or they could wait for a pullback that seems almost inevitable at this point. **B**

Publicis Is Winning The AI Ad Race

The French company is pairing AI-powered marketing with strong client retention, growing free cash flow, and a major data acquisition. Though it outperforms its peers, its shares still trade at a discount.

BY TODD CHANKO

In a world upended by artificial intelligence, having an advertising partner that has been around since radio was disrupting newspapers is a plus. Enter **Publicis Groupe**, the French ad agency.

Founded in 1926, the same year NBC created a national network of radio stations, Publicis is now helping clients like **L'Oréal**, **McDonald's**, **Samsung**, and **Procter & Gamble** connect to consumers in a rapidly changing advertising landscape. The company, whose units include the legendary creative agencies Leo (formerly Leo Burnett) and Saatchi & Saatchi, media planners Starcom and Zenith, and technology division Publicis Sapient, has more than met the moment—and Publicis stock could gain 56% over the next 12 months.

"Publicis Groupe has adapted early to the structural challenges facing the advertising industry," says Berndt Maisch, portfolio manager at Stuttgart, Germany-based Tresides Asset Management. "They built the needed tech and data-based ecosystem to offer integrated services to their clients in a more complex and increasingly AI-driven world."

The company, which reported second-quarter earnings on July 16 and raised its revenue guidance, has the numbers to back up that claim. While its earnings per share of 3.52 euros (\$4.05) were impressive, its AI-powered marketing services, which now account for 87% of Publicis' second-quarter net revenue of €3.8 billion, was even more so. That business grew 6.5% over the same period last year—higher than its six-year 5.3% compounded annual growth rate for the same period.

The company's Connected Media

division, which leverages AI and includes media planners such as Starcom and data manager Epsilon, grew in every region, some by double digits, up from high-single digits from the same period the year before. Publicis' Intelligent Creativity unit, which produces content and deploys AI for some solutions, grew by low-single digits year over year in the second quarter. Both are being driven by the near-constant changes in how consumers consume the content of their choice.

"The trend that is driving not just Publicis' business, but all advertisers now, is media fragmentation," says Colin Mansfield, an analyst at Boston's Delphi Management, which owns the stock. "There are more places than ever to capture eyeballs. The complexity creates opportunities for firms that can organize data and help clients across platforms." In Publicis' case, "they lead

with customer data in every pitch."

Yet it isn't only AI that has catapulted the company to its leadership position within the industry. It gained six major new clients—not publicly named—in the first half of 2026, which have already contributed 0.2 percentage point of annualized growth, and has grown diluted earnings per share 5.7% year over year in the first half of 2026 to €3.52, on a constant-currency basis. It also boasts an essentially 100% client retention rate despite a challenging macro environment.

"Publicis definitely is a little more advanced, both technically and worldwide," says Nupur Anand, senior director of product at NBCUniversal Media, who has managed ad campaigns for 10 years. "Everyone wants to work with [Publicis]. Everyone wants to keep them happy. That's the track record." Publicis buys media and plans campaigns for its clients

across NBC outlets, including Peacock, NBC, and Bravo.

The company's acquisition in May of **LiveRamp Holdings** for \$2.2 billion, expected to close by the end of 2026, expands its portfolio of data management tools for its clients. LiveRamp, which operates through a "software as a service" model, has exhibited strong growth and profitability, says Tresides' Maisch. "This extends the lead of Publicis' offerings and boosts capabilities in data, AI and ad measurement," he explains. LiveRamp will help boost Publicis' earnings per share, according to management.

Notwithstanding its encouraging results, Publicis still faces challenges.

Changes in interest rates have little direct impact as the company has less than one times net debt to earnings before interest, taxes, depreciation, and amortization, or Ebitda. However, increases in yields could dampen consumer spending and influence the euro/U.S. dollar exchange rate, impacting the reporting of revenue in dollars.

Moreover, as skilled as management has been in confronting the changes AI and other technologies have wrought on advertising, as-yet-unknown startups or clients owning competing technologies could render its investments in Epsilon, Sapient, and LiveRamp moot—and costly. Lastly, competition from consulting firms **Accenture** and Deloitte seeking marketing services contracts could whittle away at that prized retention rate.

That risk seems more than reflected in the stock. Publicis, at \$26.56, trades at 11 times forward earnings per share and offers a 4% dividend yield and a 10.9% free-cash-flow yield. It repurchased shares during the first half of 2026 for about a 0.7% return of capital to shareholders.

A conservative discount cash-flow valuation, using a working average cost of capital of 8.03%, flat perpetual growth, and a terminal value of \$35 billion, values Publicis at \$52.37 per share. Layering an expanded multiple to a recent 14 times forward price/earnings ratio over a 2026 estimated earnings per share of \$2.21 gives a share price of \$31. The average of these two valuation methods produces a 12-month price target of \$40, corresponding to a gain of 50% over current levels.

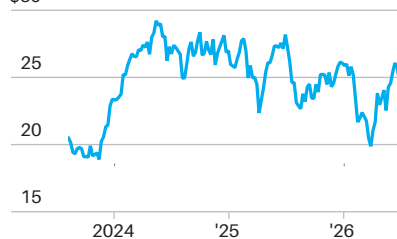
That's a return so good, it should be advertised. **B**

Publicis Groupe

Advertising and media relations conglomerate

(PUBGY / OTC)

\$30



Note: E=estimate

52-Week Change

13.9%

Market Value

\$27.4 B

2027E P/E

11.0

Dividend Yield

4.0%

Sources: FactSet, Bloomberg



Publicis Groupe's company headquarters in Paris.

INCOME INVESTING

Shorter-term bonds provide nearly as much yield as lengthier maturities, and with significantly lower risk [from rising interest rates](#).

Warsh's Fed Changes The Landscape for Bond Investors

The Federal Reserve may get around to raising its short-term interest-rate target later this year, but short-term bond yields already reflect that eventuality. Investors and savers can boost their yields without adding much risk by shifting out of money-market funds.

But to what, exactly? Extending to longer-term securities adds significant risks without commensurate returns. And the prospect of Fed rate hikes also increases the potential downside for leveraged investments, such as many closed-end funds. Still, there are some bargains to be had—namely among shorter-term Treasuries. And a few closed-end funds still make the cut.

Fixed-income markets rendered a split decision following Wednesday's Federal Open Market Committee meeting, at which the policy-setting panel held its federal-funds target range at 3.50% to 3.75%, albeit with three members dissenting in favor of a quarter-percentage point hike. While that wasn't unexpected, the contrast between Fed Chairman Kevin Warsh's staunch anti-inflation rhetoric and the lack of specifics to bring inflation down produced a sharp selloff in long-term bonds. That lifted the 30-year Treasury yield to a 19-year high of 5.24%, in what was seen as a vote of no-confidence for the new Fed chief.

At the same time, the two-year Treasury yield plunged from 4.34% before the FOMC decision on Wednesday afternoon to 4.24%, as the bond market pared back its expectations of future



BY RANDALL W. FORSYTH

Fed rate hikes. By Thursday, fed-funds futures put about a 60% chance of a quarter-point hike at the next FOMC meeting, ending on Sept. 16, according to CME FedWatch. The likelihood of an increase to a range of 3.75% to 4% rose to over 70% by October and over 80% by December. A further rise to a range of 4% to 4.25% isn't seen until early next year.

Given the futures market's forecast—which is probably the best guide, given that Warsh has eschewed forward guidance—the two-year Treasury at about 4.25% already reflects the likelihood of two Fed hikes later this year and early 2027. That yield also represents a meaningful pickup from the

Sweet Spot for Bond Buyers

The Treasury two-year yield has risen well above the Federal Reserve's 3.63% target rate range midpoint, anticipating eventual rate hikes from Kevin Warsh & Co.

2-Yr Treasury Note Yield



Source: Bloomberg

three-month Treasury bill, at 3.75%, and money-market funds such as the Fidelity Government Money Market fund, with a seven-day SEC yield of 3.32%.

A number of low-cost exchange-traded funds cover the one-to-three-year corner of the Treasury market. Among the largest are **Vanguard Short-Term Treasury**, **iShares 1-3 Year Treasury Bond**, **Schwab Short-Term Treasury**, and **State Street SPDR Portfolio Short Term Treasury**. They sport ultralow expense ratios of three basis points (0.03%), except the iShares ETF, which charges 15 basis points.

At the same time, shorter-term bonds provide nearly as much yield as lengthier maturities, and with significantly lower risk from rising interest rates. (Bond prices move inversely to interest rates.) A recent report from Janus Henderson shows that the U.S. Treasury 1-3 Year index (the benchmark of the aforementioned ETFs) has a duration of about two years, compared with about six years for the U.S. Aggregate Index. (Duration is a measure of a bond's price sensitivity to interest-rate changes.)

The firm calculates that a 79-basis-point rise in the U.S. Aggregate Index's yield would drop prices enough to wipe out its expected annual return. By contrast, it would take a 220-basis-point jump in the U.S. Treasury 1-3 Year Index to result in a nil return.

Janus Henderson advises sticking to short maturities, given its view that "the 50-plus year fixed-income bull market," which brought long-term Treasury bond yields down from a historic peak of 15% in 1981 to 1% in 2020, is over.

Former longtime bond bull Lacy Hunt, the veteran chief economist at Hoisington Investment Management, has reversed his previous position. He sees the equilibrium inflation rate shifting to a range of 3.5% to 4.5% from the benign 1.5% to 3.5% that prevailed from 1990 to 2020. That should give way to a more volatile interest-rate regime, he wrote in the firm's quarterly outlook.

In particular, the persistent rise in U.S. federal debt relative to gross domestic product could boost debt service

costs, resulting in investors demanding a higher risk premium on Treasury securities, Hunt added. He noted the risk that great powers historically have faced when debt-service costs exceed defense expenditures, an observation made last year by economics historian Niall Ferguson.

But by holding down its fed-funds rate target, whether by design or accident, the Warsh Fed is helping to limit the rise in Uncle Sam's interest expense. The Treasury under Scott Besant continues to emphasize issuance of lower-cost short-term bills, including over \$250 billion in August, according to a report from Wells Fargo.

Closed-end funds that use borrowed money would probably be hurt by eventual Fed rate hikes. Even so, a few CEFs that should be less affected by rising rates look attractive to Eric Boughton, portfolio manager and chief analyst at Matisse Capital, which manages funds of CEFs.

In particular, floating-rate CEFs should fare relatively well. Among them is the **Eaton Vance Senior Floating-Rate** fund, which traded at a 10.1% discount while yielding 7.80%. And while rate increases could hurt high-yield bond CEFs, he likes the **All-spring Income Opportunities** fund, which trades at over an 11% discount, near its widest over the past year, while yielding 10.19%.

In an interview, Boughton added that his **Matisse Discounted Bond CEF** mutual fund is maintaining a high 30% cash level to navigate a rising-rate environment and to take advantage of buying opportunities that can often occur in such circumstances.

The Fed eventually will raise its current fed-funds target range of 3.50% to 3.75%, which would effectively bring its policy rate in line with market expectations embedded in a two-year Treasury yield of 4.25%. Some leading Fed watchers, including those at J.P. Morgan and Goldman Sachs, see only one hike this year, while Morgan Stanley sees no increase in 2026 if inflation eases in coming months. In that case, higher-yielding short-term bonds would look even better. **B**



The Next Wave of GLP-1s Is Coming. They'll Treat a Lot More Than Obesity.

This blockbuster class of drugs is shattering all sales records.
Which stock will do better—Eli Lilly or Novo Nordisk?

BY JACK HOUGH

There is little debate over which Wall Street profit story is the biggest of the moment: artificial intelligence. For second-biggest, consider the case for GLP-1 drugs.

Industry leader **Eli Lilly**, which reports second-quarter results this coming Wednesday, recently passed **Walmart**, **Verizon Communications**, and the rest of Big Pharma in profit power. This year, it’s expected to earn \$31 billion, up 36%, and good for 14th place in the S&P 500 index. By 2030, that figure could double, which would put Lilly ahead of **Bank of America** and **ExxonMobil Holdings**, and within sight of **JPMorgan Chase**. All of the rest of the big earners are AI giants.

Medicine and computer chips aren’t much alike, but in this case there are key parallels. These are capacity-constrained markets with immense pricing power and vast and growing demand. With AI, the better it gets, the more uses customers find for it. GLP-1s are about to get a lot better, too—imagine burning more fat while resting, and preserving more muscle. There is also rising insurance coverage, new delivery methods, and an explosion of potential uses. Today, GLP-1s are primarily thought of as obesity shots. Tomorrow, they might look more like an everything pill.

Since GLP-1s control appetite, they work wonders for weight loss, so it’s unsurprising that they have proved useful for other conditions related to weight and diet: sleep apnea, fatty liver, and heart disease. But did you know that they are also being studied for drug and alcohol addiction, kidney disease, Alzheimer’s, Parkinson’s, knee arthritis, psoriasis, asthma, ovarian cysts, and cancer risk reduction?

“The great thing with this medicine, or this class of medicines, is it does target multiple different pathways that seem to have broad-ranging positive benefits across our bodies,” says Terence Flynn, head of U.S. pharma and

biotech coverage at Morgan Stanley. For now, the GLP-1 market is a duopoly. Denmark’s **Novo Nordisk** was the early leader with semaglutide, sold as Ozempic for diabetes and Wegovy for obesity. Indiana-based Eli Lilly has taken the lead with its more effective tirzepatide, branded as Mounjaro for diabetes and Zepbound for obesity. Sales estimates have multiplied. In 2022, when *Barron’s* wrote about Lilly’s entrance into the market, J.P. Morgan predicted that GLP-1 sales would reach \$34 billion by 2031, a figure that now looks quaint.

This year, Morgan Stanley raised its 2035 GLP-1 sales prediction from \$150 billion to \$190 billion from diabetes and obesity alone. That would mean 30% penetration by then among obese Americans, up from 6% last year, and about 10% penetration outside the U.S. Nothing in history comes close. **Pfizer’s** Covid-19 vaccine peaked near \$40 billion in 2022, and a class of cancer drugs led by **Merck’s** Keytruda does about \$50 billion a year.

Surging Growth

Two new factors are adding to growth. For more than two decades, federal law has forbidden Medicare, the federal health plan for seniors, from paying for drugs intended solely for weight loss. That changed on July 1 with a temporary program with \$50 copays for a month’s supply, to be replaced by a permanent program after 2027. More than two-thirds of Medicare beneficiaries are overweight or obese. The rule change will raise costs in the short run, but advocates say it will pay for itself over time by reducing costly health complications.

Beyond Medicare, workplace coverage for obesity meds is on the rise, too, from 44% of employers in 2024 to an estimated 60% this year and 65% next year. In one consumer survey, patients with and without coverage reported paying an average out-of-pocket cost of \$119 a month, down from \$172 last year and \$196 in 2024.

Pills are another plus for growth. Branded GLP-1s have come in autoinjector pens or single-dose vials, but in January Novo launched a Wegovy pill, and Lilly followed in April with a pill called Foundayo. This promises to expand sales to the needle-averse and the cost-sensitive, as well as to overseas markets where refrigerating injectables isn’t feasible.

With pills, the competition is close. Lilly’s edge in injectables comes from the fact that tirzepatide is what’s called a dual-agonist drug targeting receptors for two hormones—glucagon-like peptide 1, or GLP-1, and glucose-dependent insulinotropic polypeptide, or GIP. Novo’s semaglutide targets only GLP-1. Think of these receptors as locks, and natural hormones as keys, with obesity drugs serving as duplicate keys that can fit the same locks to, say, tell the brain to stop craving food. With pills, Lilly’s effectiveness advantage is erased, because both its pill and Novo’s work on a single receptor. In fact, the Novo pill has achieved slightly more weight loss in trials.

But Lilly’s pill wins on flexibility. It’s a small, synthesized molecule with high stability, which gives it a long shelf life and means it can be taken at any time of day, with or without food. The Novo pill, on the other hand, is a peptide, or chain of amino acids, which makes it finickier about storage, and means it must be taken immediately upon waking, with no more than several ounces of water, followed by a 30-minute wait before drinking coffee or eating. The differences could be important for sales overseas, where

shelf life matters. While Lilly controls around 60% of the injectables market, Novo has an early 85% share in pills, although sales there are only beginning to ramp up. Pills are expected to make up a quarter of the market by 2030, and so far, they don’t seem to excessively cannibalize sales of injectables. More than three-quarters of Wegovy pill users say they are new to GLP-1s, not switching from injectables.

Here Come Generics

Patent cliffs appear unlikely to spoil the profit party, especially for Lilly. It has until 2036 before key patents expire in the U.S., compared with 2031 for Novo. Both companies have amassed a thicket of patents on specific formulations and injector designs than run past 2040. One investor concern is that a generic form of Novo’s semaglutide (Ozempic/Wegovy) five years from now could be cheap enough to lure patients off Lilly’s tirzepatide (Mounjaro/Zepbound). But this might underestimate the massive manufacturing investments that Lilly and Novo have made.

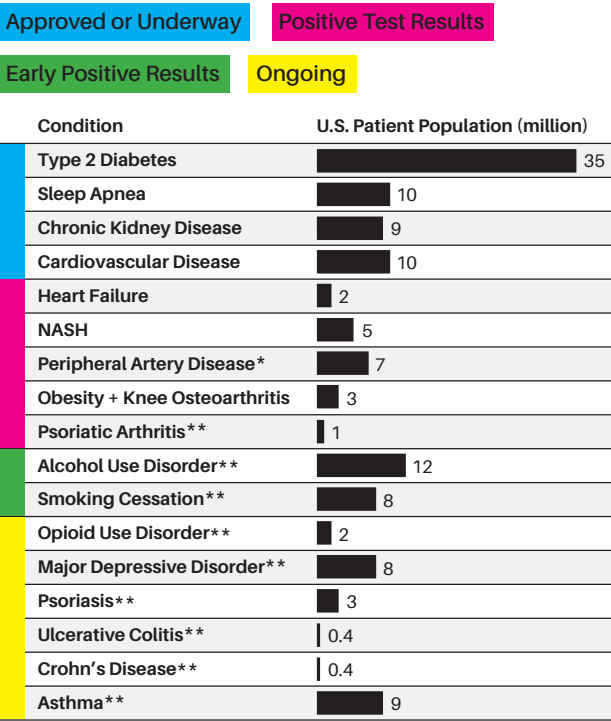
Investment bank UBS analyzed production trends in markets like India, where semaglutide lost its primary patent protection early this year. One generic supplier there, **Dr. Reddy’s Laboratories**, recently lowered its guidance on autoinjector pen delivery from 12 million a year to six to seven million a year due to impurities and other setbacks. UBS reckons that the world’s generic ecosystem will only be able to support 25% to 30% of GLP-1 demand by 2030.

Even after generics launch in the U.S., many patients will be willing to pay premium prices for the best performance. Lilly’s performance lead is about to grow. Retatrutide, a drug the company is testing, is nicknamed triple-G or 3G because it works on the same GLP-1 and GIP receptors as tirzepatide—plus a third receptor for the hormone glucagon. In a key trial, patients on the maximum dose of retatrutide lost an average of 28% of their body weight, or 70 pounds, after 80 weeks. That compares with separate trials showing 21% body weight loss after 72 weeks for Zepbound and 15% after 68 weeks for Wegovy.

Basically, Novo’s Wegovy suppresses appetite and slows stomach emptying, and Lilly’s Zepbound adds to those effects improved fat breakdown for

Strong Medicine

GLP-1s are being used for, or tested on, a wide variety of ailments.



*Obese patients estimated as 70% of disease population
**Obese patients estimated as 40% of disease population
Source: Morgan Stanley Research

greater weight loss. Retatrutide is believed to add an increased baseline energy expenditure, so that patients burn more calories while resting. The weight loss achieved rivals that of bariatric surgery. What's more, retatrutide might be effective for a higher percentage of patients than other drugs, and because it's so powerful, it can be taken at low doses by patients who are sensitive to side effects. If approved by the Food and Drug Administration, retatrutide could launch in the U.S. as soon as late next year.

Side effects of GLP-1 drugs can include nausea and fatigue. Some patients consume too little protein and skip exercise, leading to muscle loss along with fat loss.

Help might be on the way. Lilly is studying a drug called eloralintide, which mimics a hormone called amylin that is produced in the pancreas, whereas hormones targeted by the existing drugs are produced in the gut. Eloralintide appears to be able to signal fullness to the brain without the same stomach-slowng of GLP-1s, and to tell the body to burn fat while sparing muscle.

Compared with retatrutide, eloralintide is at an earlier stage of development. Results in a Phase 2 trial showed weight loss at 48 week that exceeded that of Wegovy and approached that of Zepbound, with a higher ratio of fat loss to muscle loss.

Because eloralintide works on a different neural pathway than GLP-1 drugs, Lilly is studying it with tirzepatide to see if a lower-dose combo drug can produce strong fat loss with limited side effects. If it's successful, the soonest that drug would come to market is probably 2028 or 2029.

Novo, meanwhile, has completed Phase 3 trials of its own amylin combo drug, called CagriSema, which appears to achieve weight loss similar to that of Zepbound. Novo's new drug could be first to market, perhaps within a year, but Lilly's coming drugs work on more pathways, so Lilly appears likely to win again on performance.

Sizing Up the Stocks

Stock investors eyeing the GLP-1 market leaders face a stark choice. Lilly shares have multiplied five times in price over the past five years. Novo's American depositary receipts have lagged well behind the S&P 500 index over that same stretch, gaining just

11%. That leaves Novo at 15.6 times this year's earnings forecast, compared with 34.8 times for Lilly. Wall Street overwhelmingly prefers Lilly, which is projected to double its earnings per share over five years starting from this year, versus cumulative 29% growth seen for Novo over that period. The Novo ADR comes with a bigger dividend yield: 3.5%, versus a fraction of 1% for Lilly.

Both companies stand to benefit from a regulatory crackdown on sales of knockoff drugs by so-called compounding pharmacies. Novo turned a lawsuit against online seller **Hims & Hers Health** into a sales agreement between the two that was signed earlier this year.

By 2031, Lilly is expected to gush more than \$62 billion in free cash, versus \$22 billion for Novo. Ramping free cash is already funding research and tuck-in deals to diversify beyond GLP-1s. In mid-July, for example, Lilly announced that it will acquire a depression drug developer called **Atai-Beckley** for \$2.8 billion in cash, plus a potential \$1 billion in performance payments.

Morgan Stanley's Flynn has an Overweight rating on Lilly (a colleague of his is Equal Weight on Novo), and is also bullish on a small and so far profitless company called

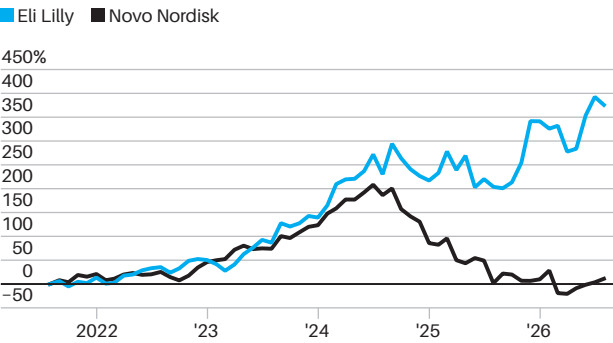
Pharma Face-Off

While Novo Nordisk's stock is much cheaper than Eli Lilly's, Lilly's earnings are growing far faster.

	Eli Lilly / LLY	Novo Nordisk / NVO
Recent Price	\$1,155.97	\$51.61
52-Wk Change	52.1%	3.2%
Market Value	\$1.1 trillion	\$230 billion
2026E Net Income	\$30.6 billion	\$14.9 billion
2027E P/E	25.7	15.8
5-Yr Est. EPS CAGR	21.5%	3.4%
Dividend Yield	0.6%	3.5%

Note: E=estimate; CAGR=compound annual growth rate

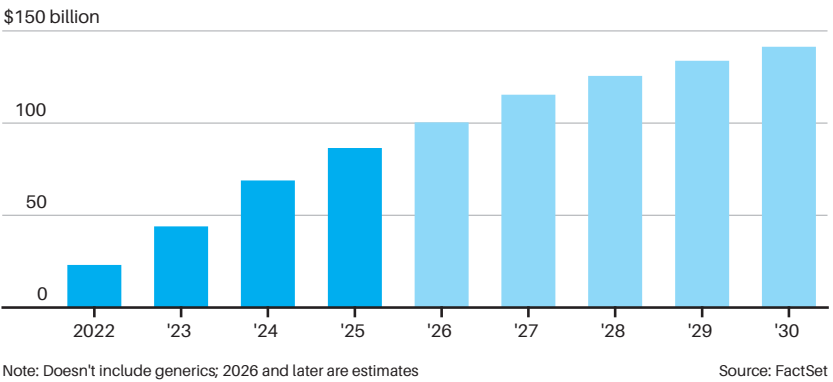
Source: Bloomberg



Source: FactSet

Chart-Topper

GLP-1s are already the best-selling drugs in history, and they're just getting started.



Note: Doesn't include generics; 2026 and later are estimates

Source: FactSet

Structure Therapeutics. Structure has an oral GLP-1 drug in late-stage trials, and an oral amylin drug in early-stage trials. **Viking Therapeutics,** another small, loss-making drug developer, is pursuing a rival to Zepbound in both injectable and pill form, and has an early-stage amylin drug. Among Big Pharma companies horning in, **Amgen** is working on a monthly injectable, as opposed to weekly for ones already on the market. So is Pfizer, after scrapping a pill that showed high liver toxicity in early trials.

Societal Slimdown

GLP-1 drugs faced an early social stigma for representing an easy way out, or being a vanity pursuit. That hasn't slowed uptake. As a top stock strategist recently confided to *Barron's*, "I go to pool parties now, and I'm the only fat one."

As researchers learn more about how and why these drugs work, the stigma could continue to fade. GLP-1 receptors are located throughout the body, including the brain, lungs, and immune cells. One reason these drugs are being studied for such a variety of ailments is that they appear to act as inflammation modulators, not just simple appetite suppressants. Chronic inflammation is seen as a root cause of many diseases.

There is robust clinical evidence that GLP-1s can reduce deaths from heart disease, the No. 1 killer globally, not just as a side benefit of weight loss, but through a more direct effect on arterial plaque formation and inflammatory fat around the heart. In asthma, studies of GLP-1 patients have shown fewer attacks and less inhaler dependency. Research has failed to show that GLP-1s can treat

active Alzheimer's cases, but there is a pattern of GLP-1s reducing lifetime risk of an Alzheimer's diagnosis. There is also some evidence that GLP-1s can prevent or slow progression in many cancers by, for example, reducing DNA damage and cell mutation caused by inflammation, and starving tumor cells of high levels of insulin and glucose.

Already, GLP-1 effects might be showing up at the societal level. The U.S. obesity rate has climbed for decades, but as the country celebrated its 250th birthday this year, one survey put the rate at 40.7%, down from 42.3% five years ago.

There is much further to go. In 1976, when America turned 200, the obesity rate was a mere 15%. Some analysts predict modest declines in aggregate calorie consumption in coming years. That might already be contributing to a slump in Big Food shares. Makers of medical devices have sold off, too, partly on fears that GLP-1s can ward off the need for many future surgeries.

Long term, if GLP-1s contribute to broader metabolic health improvement, any dent to sales of, say, unhealthy foods or bariatric and heart procedures will be eclipsed by economic gains elsewhere, says Lars Hartenstein, director of healthy longevity at the McKinsey Health Institute. By his math, achieving better health at scale could boost the global economy by more than \$5 trillion a year, or about 3%, by 2050. "If people are healthier, they can be more productive, participating more in the workforce, and there will also be less premature deaths," he says.

All of it points to many more years of growth for the likes of Lilly, Novo, and their challengers. **B**

FUNDS

It's a Bad Time to Launch New Private-Asset Funds

BY IAN SALISBURY

Some of the investment world's most storied names have just launched a slate of new private-asset funds.

While they may turn out to be solid investments, from a timing perspective, it's a bit like releasing a disco album in 1981.

Investors—at least those working with financial advisors—got three new private-asset fund options in July, including two from WVB, a partnership among Wellington Management, Vanguard, and **Blackstone**, and one from **T. Rowe Price** in partnership with **Goldman Sachs**.

The WVB All Markets fund, a so-called interval fund, is designed to be an update of the classic 60/40 stock/bond strategy that makes room for a slug of private assets that could make up to 40% of the fund.

Its sibling, WVB Blackstone All Privates fund, a tender-offer fund, will aim to invest about 80% of its assets in private assets, including private equity, private credit, infrastructure, and real estate. Both funds are currently offered only to Merrill and Bank of America Private Bank clients, though that is likely to expand to other registered investment advisors.

T. Rowe Price Goldman Sachs Private Markets fund, an interval fund, invests in private equity, late-stage venture capital, and private credit. It is being marketed through registered investment advisors but may be sold more broadly later on.

Because private assets are less liquid than stocks or bonds, redemption limits are a feature of most of these funds. Interval funds typically allow only monthly or quarterly withdrawals, and reserve the right to cap the amount they hand back to investors at any one time. Tender-offer funds are even more restrictive, redeeming shares periodically at the discretion of managers.

Timing for the launches isn't the best. Private credit, once one of the hottest themes in the investing world, has been under stress as investors worry about overly aggressive tech sector lending.

Starting late last year, many private-credit funds were forced to mark down the value of their software loans, hurting total returns. Investors fled for the exits, prompting funds to limit redemptions.

Private-asset funds designed for individual investors are relatively new. The large majority of interval funds in Morningstar's database are less than 10 years old. As a result, until the current credit crunch, the risk that investors wouldn't be able to get their money back on demand may have seemed largely theoretical.

That certainly isn't true now. In the second quarter, investors asked to pull more than \$15 billion from private-credit funds but got less than \$6 billion, per one tally.

Companies behind the new funds say they are designed as long-term investments.

"Fundamentally, these solutions should be understood as long-term initiatives and not a reaction to a market environment at a moment in time," noted a Blackstone spokesman, speaking on behalf of the WVB group. "Nearly 90% of companies with revenues above \$100 million are private, so investors that do not access private investments miss out on opportunities in a significant part of the market."

A Vanguard spokesman added, "We believe investors deserve access to that expanding opportunity set, and our goal is to help do so in a way that balances opportunity, risk, cost, and long-term outcomes."

For its part, T. Rowe Price stated: "Private markets have become important drivers of longer-term growth, income, and diversification." A spokeswoman for Goldman Sachs Asset Management said that the fund was "purposefully diversified alts and professionally balanced, making it particularly well suited for individuals."

Investors shouldn't necessarily stay away from the new private-asset funds—but it does mean they can no longer pretend the risks don't exist. "If you are doing it, go into it with your eyes open," says Jeff DeMaso, editor of the Independent Vanguard Adviser. **B**

THE ECONOMY

The Fed Makes Its Case For Productivity Growth

BY MEGAN LEONHARDT

Productivity has been heralded in recent years, as the U.S. has seen an uptick in labor efficiency gains. The Federal Reserve has now joined the productivity chorus, embracing the metric as one determinant in setting the path for monetary policy. But Fed officials may be expressing too much optimism, too soon.

Robust productivity growth is often seen as a "silver bullet" in economies because it helps lift living standards and economic output without adding inflationary pressures. In an era of slowing U.S. population growth, productivity growth is increasingly necessary to maintain the nation's future economic success.

The Fed heralded strong productivity growth in the statement it released on Wednesday after July's Federal Open Market Committee meeting. Under Chairman Kevin Warsh, the Fed characterized it as "strong" in both its June and July statements.

Warsh has prioritized data collection and analysis regarding productivity since taking the reins of the Fed in May. One of the five task forces he has formed is focused on productivity and jobs, with the goal of assessing the economic impact of new technologies, including AI. He reiterated on Wednesday that he believes productivity to be one of the "big questions" that policymakers will need to address. "What's really happening with productivity?" he asked.

The problem with this focus on strong productivity is that while the gains have been good, they have been slowing over the past year. Moreover, the latest data don't indicate that the U.S. economy has entered a sustained period of high productivity, at least not yet.

This isn't the first time the Fed has cited strong productivity growth in its policy statement, but the last time was more than 20 years ago, when Alan Greenspan chaired the central bank. From 2002 to 2005, labor productivity growth averaged

3.3% annually, a rate worth crowing about. The U.S. is hardly experiencing Greenspan-era levels of productivity growth today. Nonfarm business-sector labor productivity increased by just 0.3% in the first quarter of 2026, according to the Bureau of Labor Statistics, which releases the data on a quarterly basis.

Last year, average annual labor productivity slowed to 2.3% from 2024's average annual pace of 2.9%. Labor productivity rose 2.1% in this year's first quarter on an annualized basis. To be sure, this compares with a 1.5% annual average gain from the end of 2007 through 2019, according to the BLS data.

The BLS will report the change in second-quarter productivity on Aug. 6. Economists expect that productivity grew by just 0.9% in the quarter. The productivity gains in recent years have been driven by capital expenditure, changing labor-market dynamics, and business dynamism, rather than the direct effects of AI.

Labor productivity is the measure of how efficiently workers generate goods and services. The BLS calculates it as total gross domestic product growth, or real output, divided by the number of hours worked.

Total factor productivity growth, another measure of productivity gains that also includes growth in capital, has been even more modest recently. Neither the Fed's statement nor Warsh defined which data set the Fed is referring to.

Private nonfarm business-sector total factor productivity, measured annually, increased 0.8% in 2025. During this year's first quarter, it declined by 0.33%, compared with the prior quarter, according to the latest estimate from the San Francisco Fed.

AI potentially could lift productivity growth and provide a boost to the economy, although there has been ample debate about its ultimate impact. But it seems premature for the Fed to hail strong product productivity growth as a critical driver of economic conditions. **B**

Q&A

An Interview With **Rupal Bhansali**
CEO, CIO, Double Duty Money ManagementWhere to Find
Global Bargains
With Dividends

BY RESHMA KAPADIA

Rupal Bhansali, a veteran global investor, favors innovation and technology, much like other investors. The difference is that she is finding it outside the technology sector, and in companies that sport much lower valuations than today's tech leaders.

Bhansali, a former member of the *Barron's* Roundtable and a former money manager at Ariel Investments, Mackay Shields, and other firms, launched Double Duty Money Management in 2023. In the past year, she has invested globally for high-net-worth and family-office clients. The firm's name alludes to her focus on both managing risks and maximizing returns.

Barron's spoke with Bhansali in mid-July about her favorite investments in France, Brazil, the U.S., and elsewhere. An edited version of the discussion follows.

***Barron's:* How do you approach this momentum-driven, artificial-intelligence-focused market as a value investor?**

Rupal Bhansali: I'm a believer in AI. I use it because it's an amazing technology, but that doesn't mean it's a good investment. Even though we are value managers, we are big believers in owning innovation and technology companies. The challenge is that the obvious winners are overrated and overowned. We look for leading-edge

technologies and capabilities but without the bleeding-edge valuations you find in the Nasdaq Composite.

Where do you find them instead?

Geographically, France is a good example. Tech companies in France don't have Nasdaq-like valuations.

Edenred operates a digital platform for human-resources services. It isn't well known because it isn't consumer-facing, but it runs some of the biggest employee-benefit programs and payment services globally, such as meal vouchers and reimbursement. It benefits from the network effects of a **Visa** or **Mastercard** but doesn't trade at the multiples of those stocks. Instead, it is trading at roughly 11 times next year's estimated earnings and pays a 6% dividend yield.

Edenred is an asset-light business with negative working capital, creating a high return on equity. The company had a setback in late 2024 regarding regulatory changes [around fees], as did Visa and Mastercard about a decade ago. The decline in those stocks became an opportunity for long-term investors. I believe the regulatory changes cement, rather than undermine, the business model.

What is another example?

French engineering company **GTT** is the **Nvidia** of the LNG [liquefied natural gas] tanker market. LNG has become a popular source of energy

Photograph by **KARSTEN MORAN**



“Investors need to be vigilant about falling for the ‘hype’ trap—pricing cyclical earnings as though they were structural, and inflating the earnings and multiples.”

because shale fracking created export potential. Because of the pipeline destruction caused by the Ukraine and Iran wars, customers need to diversify their energy sources. The result is that a lot of LNG is being exported over longer distances by tanker—from Alaska to Japan, for instance—which has increased tanker demand.

GTT makes a membrane required to prevent LNG from leaking. Gas is volatile, and needs to be compressed to turn it into a liquid. The transformation process creates a lot of complexity. Like Nvidia in GPUs [graphics processing units], GTT has a quasi-monopoly in this membrane technology. Many companies in Japan, China, and Korea have tried to make similar membranes, but there have been more failures than successes. GTT trades for about 16 times free cash flow, has little capex, and has a 5% dividend yield.

Do you favor dividend players?

We pay attention to dividends. They are an important attribute, often overlooked. Over 200 years of investing history, dividends were big contributors to total return. But they have lost some shine because capital appreciation has been so big in recent years. We think dividends will overtake capital appreciation because equity valuations currently are rich. Dividends are far more bankable.

What else are you focused on?

Downside protection and diversification. Globally, investors used to seek diversification by investing overseas. But with so many people now looking to invest in semiconductors and other “picks and shovels” related to AI, international investments have become highly correlated to the AI trade.

People conflate technology with the tech sector, but it is used in every industry. France's BioMerieux makes specialized diagnostics for infections, generating 80% of its revenue from recurring reagents because of its installed equipment base. Europe has interesting niche companies in critical care, such as Denmark's **Coloplast**, which makes adhesive ostomy bags and related products. These critical-care stocks used to trade for 40 to 50

times earnings and now have price/earnings ratios in the midteens. There is a DNA of high R&D [research and development] in Denmark.

In autos, China's **Fuyao Glass Industry Group** manufactures a super-complex type of glass used for panoramic roofs. It is used in just about every new electric vehicle. The company drives innovation and creates new product categories. Yet the stock trades for 10 to 11 times earnings and yields 5%. Fuyao has a strong balance sheet.

Where else are you finding opportunities in emerging markets?

Investors' attention to emerging markets is now focused almost completely on Asia—really, Korea and Taiwan. Latin America doesn't get a fair shake because of the political overhang. Also, the cost of capital is structurally higher, so lower valuations are relatively deserved.

But you can find strong franchises that trade at huge discounts. In the U.S., **CME Group**, which runs the world's largest financial derivatives exchanges, has done well. Brazil's leading exchange, **B3**, is a similar business. The advantage: Brazil is earlier in the journey of financialization. B3 has double-digit growth prospects as far as the eye can see, and is trading at only 10 or 11 times earnings. It has a strong balance sheet and yields 6% to 7%.

What do you own in the U.S.?

United Parcel Service. Management is astutely losing the battle to win the war, by shifting away from lower-quality volume and lower-paying customers to focus on returns rather than market share. The market is unduly focused on the journey, or near-term volume and cost pressures, while ignoring the destination—the structural improvement to margins from an improved mix, pricing discipline, and network redesign.

UPS trades for about 15 times next year's earnings and yields 5.8%. The valuation reflects a lot of skepticism on execution and offers asymmetric risk/reward.

Virtu Financial is a leading market maker in the U.S. To invest in the so-called retailization of markets,

many investors have turned to fin-techs such as **Robinhood Markets**. Virtu operates behind the scenes. When trading volume is high, companies like Virtu make a lot of money, and when it isn't, they don't, so the business can be volatile. Virtu's earnings have almost tripled in the past three years, while its price/earnings multiple remains low at around eight times this year's expected earnings of \$7.50 a share. Investors are forecasting benign trading conditions, but the reality is the opposite.

You mentioned downside protection. How do you manage risk?

Historically, what you know that isn't so has gotten you into trouble in the markets. AI could be the poster child for that. We think we understand AI, but what we don't know about it could get us into trouble.

For example, people believe in growth and technology investments because these themes have worked so well, especially in recent years. Many investors have grown up in this environment. They believe in the Fed put, a Goldilocks economy, and that bad news is good news about the economy because it will prompt the Fed to lower interest rates. These developments have been self-reinforcing. But everything that has become market wisdom eventually is tested.

The global financial crisis didn't come about because investors bought junk. They thought that they were buying triple-A-rated securities that turned out not to be triple-A. Right now, I would be concerned about owning companies with high operating leverage and financial leverage. These attributes are concentrated in technology.

Software companies have extremely high operating leverage because of fixed costs. That is why investors liked them. Because of their operating leverage, companies layered on financial leverage, borrowing against a stream of earnings that was thought to be utility-like. But it turns out that may not be the case for many business models, as AI may intermediate them.

Which parts of the market are most vulnerable?

Investors need to be vigilant about falling for the “hype” trap—pricing cyclical earnings as though they were structural, and inflating the earnings and multiples. When the boom turns into a bust, an outsize crash occurs as both earnings expectations and multiples deflate.

SK Hynix raised capital through an equity issuance, and other technology companies are issuing debt. When a business needs increasing amounts of capital to sustain revenue growth and internal free cash flows can't support it, debt is used to bridge the gap. This exposes borrowers to both operating and financial leverage, a dangerous combination in any downturn.

Stress-test your portfolio holdings, whether held in the private or public equity bucket, and ask yourself if the fixed debt is being supported by fleet-ing earnings. If so, there is a risk the value of the whole company needs to be written down, not just the earnings.

What could end the upward momentum in markets?

Inflation is a risk. Populism is another. Politicians have learned that being fiscally prudent doesn't pay off in elections. Debt is skyrocketing as a percent of gross domestic product. The tide has shifted toward spending versus prudence, which bodes poorly for inflation.

Also, there is leverage everywhere. Part of the U.S. exceptionalism story has been about robust profits, but corporate profits are the inverse of the budget deficit. What if the bond market decides to impose discipline on the government, especially because the U.S. has so much short-dated paper? That's the biggest thing the market isn't thinking about: Corporate profits can be hurt if fiscal discipline is imposed by the bond market in the form of higher interest rates.

We attribute a lot of profit growth in America to the excellence of U.S. corporate management teams and the dynamics of the economy. What if the explanation was that we were just printing money and growing deficits? I'm not suggesting that is the case, but this argument hasn't been stress-tested yet.

Thanks, **Rupal**. **B**

The Road to AI Trading Began With Ticker Tape

Green-glowing Quotron computers reshaped Wall Street as the cutting-edge technology of its day. Now comes the age of AI.

BY KENNETH G. PRINGLE

Take a moment's break from your financial robo-advisor and consider the case of Joaquin Miller. Known as the "poet of the Sierras," Miller (1837-1913) took part in the California gold rush, rustled horses, and fought as a mercenary in Nicaragua. Yet nothing prepared him for a confrontation with Wall Street's breakthrough new invention—the stock ticker.

This "little wheel of fortune," as Miller called it in an Oct. 30, 1880, column in the Chicago Tribune, turned any broker's office into a miniature stock exchange.

"When I tell you that there are more than 5,000 of these 'tickers'... you can form some idea of the magnitude of the business," he wrote. "If we give 10 men to each 'ticker,' you have the spectacle of 50,000 stalwart men standing there holding up a little dotted string, waiting, hollow-eyed and anxious on the smiles of fickle Fortune."

Today, instead of ticker tape, millions of stalwart men and women stare hollow-eyed into their phones to follow their investments. And when they aren't online, artificial intelligence is still on the job.

Since May 17, 1792, when 24 brokers signed the Buttonwood Agreement, the New York Stock Exchange's founding document, Wall Street has heartily embraced new technologies.

Wall Street hitched a ride on the railroads and filled telegraph wires with its ticker symbols. It discovered millions of new investors online, and developed computer programs that execute trades no human can match or, sometimes, even understand.

It's part of a technologically driven competition that has helped expand markets and accelerate the flow of money and data to previously unimagined levels.

AI, with its robo-advisors and humanlike abilities to learn and grow, is just the latest advancement that threatens to turn Wall Street on its head—and make it much richer and more powerful.

Originally, the need for speed on Wall Street was filled by swift-footed lads. These "runners"—would-be investment bankers—raced between brokers' offices and the exchange, delivering orders and returning with the latest quotes. The best might be promoted to office boy. It's a tough way to break into the business—something that today's junior analysts, working 100-hour weeks preparing pitchbooks, might appreciate.

Wall Street profited from investment in the Erie Canal (1825), an engineering marvel that opened the Great Lakes to the Hudson River and the Atlantic. Then, in 1845, Samuel Morse began stringing telegraph lines from New York toward Philadelphia, Boston, and the Mississippi. Wall Street's prices quickly sup-

Trading terminals were proliferating when Michael Douglas played Gordon Gekko in the 1987 movie *Wall Street*.

planted the local quotes, which could vary from city to city, becoming the national standard.

As telegraph lines buzzed with quotes, locomotives chugging alongside carried the gold and certificates needed to complete trades in a fraction of former times. A nationwide financial system was developing.

Thomas Edison's first practical stock ticker went into general use in the 1870s. Miller, researching an article to be titled, "A Week in Wall Street," soon found himself jostling around a ticker with a rabid group of speculators.

"Ten, 15, or 20 at a time would clutch at the tape, as it streamed out with its endless lines of quotations, and mutter to themselves, jabber at each other, swear like pirates, drop the tape, and dash away" to place orders, he wrote. The orders were now made by telephone, another recent invention, ending the heyday of Wall Street's runners.

The broker's office, powered by ticker and telephone, wouldn't change much for a century. When it did, the moment was captured in Hollywood's 1987 blockbuster *Wall Street*. The star is Michael Douglas, whose corporate-raider character Gordon Gekko memorably declares, "Greed, for lack of a better word, is good."

The co-stars, it can be argued, are the offices, jam-packed with high-tech equipment and everything bathed in the green glow of computer screens.



At the time, it looked futuristic.

The machines were real, made by Quotron Systems, and by 1986 there were 80,000 leased terminals across Wall Street. It was basically a high-powered brain that helped analysts crunch numbers at their own desks, beginning the era of Big Data. Fittingly, by the time *Wall Street* hit theaters, Citicorp had acquired Quotron in a hostile, \$680 million takeover.

If the ticker brought investing into every broker's office, Nasdaq, founded in 1971, brought it to every PC.

For years, Nasdaq served as the NYSE's high-tech little brother, until the dot-com boom of the late 1990s—powered in part by online platforms like E*Trade—turned start-ups like **Intel** and **Amazon.com** into market titans.

Even the NYSE joined the online party, in 2006 abandoning the open-cry system that had been its iconic symbol even before Miller was amazed by the pit's "growling, howling, roaring, and bellowing" in 1880.

"What we did," said Gordon Macklin, Nasdaq's first CEO, "was to create a trading floor that was 3,000 miles long and 2,000 miles wide."

An early sign that the robots had taken over came on May 6, 2010, with the five-minute selloff dubbed the "flash crash." There was no apparent trigger for the Dow's midday plunge of almost 1,000 points, about 9%. Suspicion centered on high-frequency-trading firms, whose computer-driven algorithms accounted for two-thirds of market volume, according to The Wall Street Journal.

"It was mayhem," one trader told the Journal. Precisely what created this mayhem, and how, remains a point of debate, even as flash crashes strike other markets and asset classes.

The AI revolution promises to turn even more of the work of investing over to the machines. Research, due diligence, and those pitchbooks now being prepared by human analysts—entire trading strategies may soon be under AI control.

As for Miller, his week on Wall Street stretched to six months, his initial \$1,000 investment ballooning to \$21,000 (an estimated \$700,000 in 2026 dollars) before going bust. "I lost but little, having but little to lose," he wrote. "And I learned so much, having so much to learn."

Similarly, AI has a lot to learn—and a lot to lose. **B**

MARKET WEEK



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MARKET PERFORMANCE DASHBOARD

Dow Jones Industrials

52,485.03

52-wk: +20.41% YTD: +9.20% Wkly: +1.04%

S&P 500

7489.72

52-wk: +20.07% YTD: +9.41% Wkly: +1.05%

Nasdaq Composite

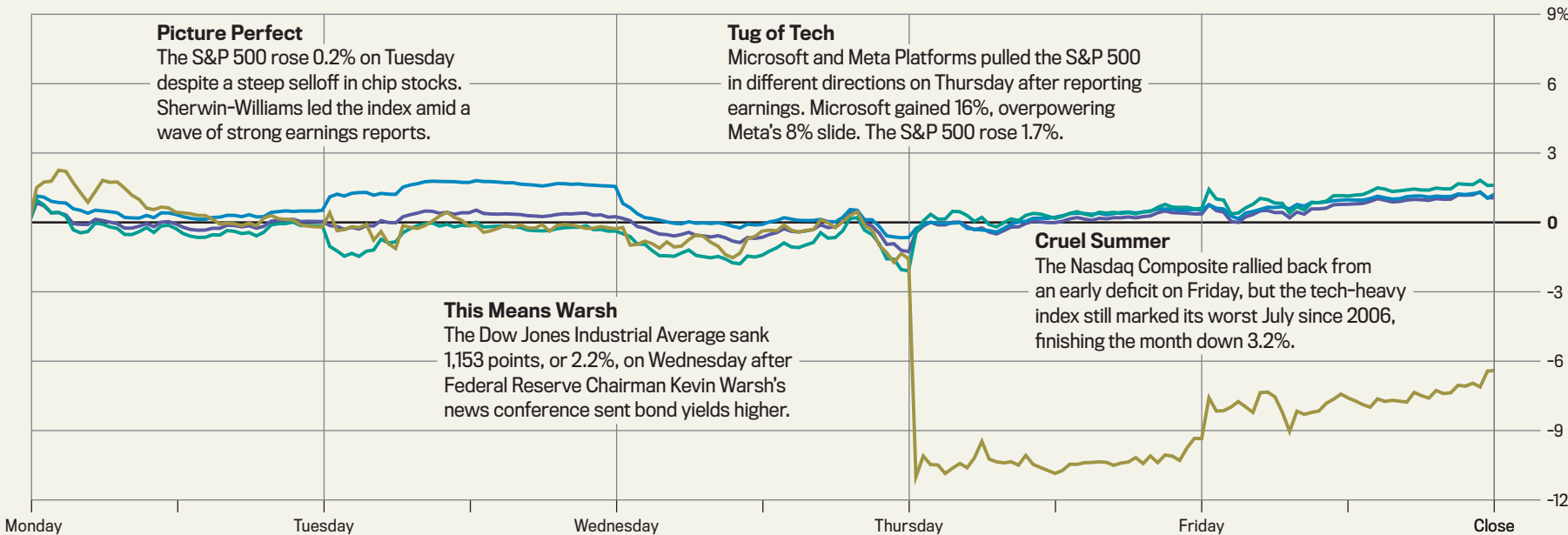
25,373.85

52-wk: +22.88% YTD: +9.17% Wkly: +1.59%

Meta Platforms

\$556.71

52-wk: -25.77% YTD: -15.66% Wkly: -6.47%



THE TRADER

The Market Survives a White-Knuckle Week

In Donna Tartt's *The Secret History*, the narrator compares the childhood experience of discovering that his father was "not only deluded and ignorant, but incompetent in every way" to "walking into the cockpit of an airplane and finding the pilot and co-pilot passed out drunk in their seats."

Investors got a taste of that horror on Wednesday, when Federal Reserve Chairman Kevin Warsh explained his decision to keep interest rates steady with a series of contradictory, confounding, and supremely confident answers to reporters' questions.

Warsh kicked things off by saying, "For some households, businesses, and market professionals, five years of high



BY ALEX ROSENBERG

inflation have left a mistaken impression...that the Fed's implicit inflation target was somehow above 2%," but in fact, "there's only a target, and it's 2%."

So, inflation is above 3% because American households believe that the Fed isn't deeply committed to its 2% target? That strikes us as dubious; as Fed governor Christopher Waller said last month, "Sternly staring at inflation until it melts before our withering gaze" won't get the job done.

Bloomberg's Michael McKee put the point to Warsh in the postdecision news conference, saying that while the chairman promises to bring down inflation, "all you've talked about today is talking about it." Warsh responded with consultant-speak about the Fed being "in the performance business"

but "not having a magic wand."

Despite the great value he puts on his own words, Warsh refuses to give guidance about future Fed actions, explaining that this is so he can hear the "direct and unfiltered" perspective of the markets. So, what is the market telling him? Earlier in July, he said a decline in bond yields was good because it showed that investors knew the Fed had inflation under control, but on Wednesday, he said that recent increases in bond yields were good because it meant the Fed didn't have to raise rates. Direct and unfiltered.

Stocks initially rose on the news that the Fed was holding rather than hiking rates, but as the news conference wore on, things came unglued. The S&P 500 index slumped 1.7% in the final hour of



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the trading day. Bank of America economist Aditya Bhawe explains that traders were so “confused” by the presser that they lost faith in Warsh’s Fed. “Market moves postmeeting were consistent with a central bank inflation credibility shock.”

Warsh wasn’t the only leader with a credibility problem. U.S. policy toward Iran seems to alternate between kumbaya and yippee ki-yay on a daily basis, and NBC News reported that President Donald Trump’s top military advisers can’t agree on what to do. According to an unnamed Trump ally, “There was not a real strategy for how long or what they should do to get to the endpoint.” The potential for a prolonged conflict sent oil prices up 22% in July.

Meta Platforms CEO Mark Zuckerberg might also have credibility issues. Unlike its Magnificent Seven peers, the company reported disappointing earnings and upped its 2026 capital expenditure forecast range to \$130 billion to \$145 billion, while remaining mum on 2027 capex.

When asked on the earnings call whether the rise of new, cheaper artificial-intelligence models makes it unnecessary for Meta to spend these princely sums to build its own, Zuckerberg reminded investors of his technological genius: “When we got started...I wrote a lot of the systems code. A lot of the reason why Facebook worked was because it just worked, right? Like, it literally worked.”

Zuckerberg might have wanted investors to trust his not-so-secret history, but their confidence is hard to come by. Not only were Meta shares sinking even ahead of Meta’s 9% postearnings drop, but credit-default-swap spreads on the company’s bonds are significantly widening out, which indicates that traders see greater risk in its debt. And as perceived credit risk grows, it becomes even more expensive to borrow.

Speaking of wunderkinds, this past week’s look into the cockpit of the hedge fund industry has also been discouraging. Situational Awareness, a hedge fund led by

24-year-old former OpenAI researcher Leopold Aschenbrenner, grew as big as \$45 billion in July thanks to winning bets (long AI, short software) and big capital raises. Then the trades moved against him, his leveraged positions were sold off, and now Citadel is stepping in to buy the fund’s stock portfolio, according to reports. Will this resolution remove a short-term headwind for Situational Awareness holdings like **SK Hynix**? Perhaps. But it also makes one wonder how much of the powerful rally in AI-associated shares has been driven by inexperienced and overleveraged true believers.

Despite all of the incompetence at the top, the markets rose a bit this past week, with the S&P 500 up 1.1%, the Dow Jones Industrial Average up 1%, and the Nasdaq Composite up 1.6%. It certainly helped that **Amazon.com** and **Microsoft** actually seemed to convince markets that their AI spending was producing profits. In fact, earnings have been strong across the board; per FactSet, S&P 500 companies are set to report a record net profit margin of 15.7% for the second quarter.

So, the airplane is still aloft—but the nervousness is palpable. Unless firmer hands take the yoke of the plane, don’t be surprised if investors reach for their parachutes.

When Do Bonds Beat Stocks?

University of Pennsylvania Professor Jeremy Siegel made “stocks for the long run” common wisdom with his 1994 book of that title. But are equities really the best bet for long-term investors?

Edward McQuarrie, a professor emeritus at Santa Clara University, has been trying to poke holes in the theory, and in a paper recently published in the Financial Analysts Journal, he finds himself an interesting angle.

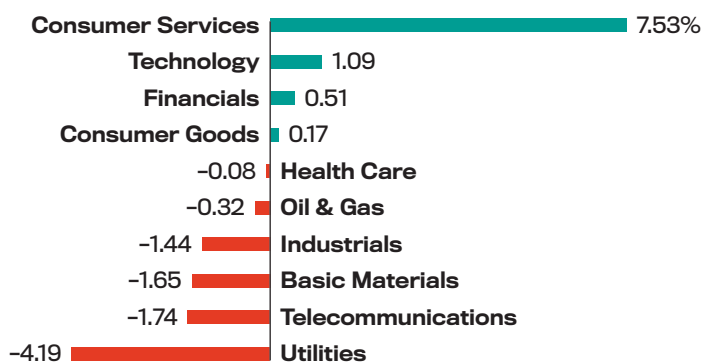
The “equity premium has not been realized consistently,” he writes. “Long bonds have outperformed stocks during sustained deflations and disinflations, and stocks have

Vital Signs

	Friday's Close	Week's Change	Week's % Chg.		Friday's Close	Week's Change	Week's % Chg.
DJ Industrials	52485.03	+537.78	+1.04	Barron's Next 50	3928.43	+96.45	+2.52
DJ Transportation	21039.30	-1436.86	-6.39	Barron's 400	1618.90	+18.06	+1.13
DJ Utilities	1121.64	-51.04	-4.35		Last Week	Week Earlier	
DJ 65 Stocks	16651.51	-247.61	-1.47	NYSE Advances	1,533	1,155	
DJ US Market	1819.35	+17.72	+0.98	Declines	1,282	1,670	
NYSE Comp.	24107.54	+116.66	+0.49	Unchanged	56	49	
NYSE Amer Comp.	8448.14	+45.24	+0.54	New Highs	286	175	
S&P 500	7489.72	+77.74	+1.05	New Lows	189	212	
S&P MidCap	3758.64	-25.22	-0.67	Av Daily Vol (mil)	5,490.2	5,113.6	
S&P SmallCap	1768.56	+7.09	+0.40	Dollar (Finex spot index)	99.71	101.47	
Nasdaq	25373.85	+398.03	+1.59	T-Bond (CBT nearby futures)	108-10	109-23	
Value Line (arith.)	13983.32	+148.80	+1.08	Crude Oil (NYM light sweet crude)	84.67	89.31	
Russell 2000	2931.34	+1.34	+0.05	Inflation KR-CRB (Futures Price Index)	385.10	395.67	
DJ US TSM Float	74106.82	+682.18	+0.93	Gold (CMX nearby futures)	4049.10	4067.60	

Industry Action

Performance of the Dow Jones U.S. Industrials, ranked by weekly percent change.*



Source: S&P Dow Jones Indices

outperformed long bonds under inflation.”

The full paper makes great reading for those intrigued by railroad bond maturities and the deflationary impacts of the Napoleonic wars, but suffice it to say that McQuarrie takes issue with the data that Siegel drew upon. Looking at data from as far back as 1793, McQuarrie finds that bonds generated an average real return of about 9% during disinflation, compared with 7% for stocks.

It's no secret that inflation is bad for bond investors. But the insight that bonds consistently outperform during deflationary and even disinflationary times isn't only novel, but also relevant, given Warsh's apparent focus on bringing deflation down.

But hold on. Don't stocks return more than bonds as compensation for the greater risk that investors take by investing in them? McQuarrie says this approach misses the point. “Stocks are risky,” he says. “Bonds are risky, too. What outcome should be observed when two risk assets are observed over time? A back-and-forth. Sometimes stock risk is rewarded, and sometimes not.”

To get the allocation right, however, means getting the inflation regime correct, too, and that is easier said than done.

Just ask Warsh.

Airbnb Wants to Be Like Amazon

Airbnb is expanding beyond, well, Airbnbs. A broader business, however, doesn't make its stock a buy.

The company has become successful enough that its name has become a byword for short-term rentals of houses and apartments. “Should I stay in a hotel or an Airbnb?” you might ask when planning a trip to Florence.

In that particular case, you might opt for a hotel, given that Florence has recently expanded its restrictions on short-term tourist rentals. New York began sharply

restricting Airbnbs in 2023, Barcelona will ban them entirely by 2028, Japan is cracking down, and the list goes on.

Airbnb has been looking for new areas of growth. It is rapidly adding hotels to its platform, a strategy some analysts cheer. “Investors continue to underappreciate the acceleration likely from hotel and the broader cultural shift under way at Airbnb,” writes Mizuho Securities analyst Lloyd Walmsley.

But Airbnb isn't stopping there. The company has already launched an Experiences business (go fishing in Central Park for \$95!), and is looking to expand into car and equipment rentals, one-day gym passes, and much, much more.

“I imagine one day we'll have dozens, possibly even hundreds, of categories,” CEO and co-founder Brian Chesky told CNBC in May, adding that Airbnb is looking to build an “Amazon for services, at least for traveling and living.”

Investors seem optimistic about the idea. Airbnb's stock is trading at 27.1 times forward earnings, per FactSet, well above the 17.5 times for **Booking Holdings** and 14 times for **Expedia Group**. “To own Airbnb, you need to believe it can grow beyond core home-sharing into a broader services marketplace while keeping regulators, communities, and hosts onside,” writes Sasha Jovanovic of Simply Wall St.

The company is set to report earnings this coming Thursday, and they could be impressive thanks to a significant tailwind from bookings around the World Cup. But the stock has gone nowhere since its first trading day in 2020, and Chesky wants to change that. “The reason our stock has been flat is that we only do one thing,” he told the *Invest Like the Best* podcast. “We've started to reinvent ourselves.”

Chesky is a brilliant communicator, but reinventions are costly and prone to failure. It's time for investors to check out. **B**

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INTERNATIONAL TRADER

Vietnam Tries to Fix Stock Ownership Limits

BY CRAIG MELLOW

Vietnam's gross domestic product per capita has climbed nearly 40% over the past five years. Exports have surged 60%, shrugging off U.S. tariffs and benefiting from "China + 1" diversification.

The **VanEck Vietnam** exchange-traded fund has lost 15% over the same period. Thank limits on foreign ownership and antiquated plumbing that have held the country of 102 million in frontier market status, uninvestible for most global funds.

To Lam, who took over as Vietnam's Communist Party chief two years ago and added the president's post in April, wants to change that. He is still eager to attract buckets of foreign direct investment for the improved ports, railways, and data centers that could help catapult Asia's developing tiger into developed economy status.

"This country is looking toward South Korea or Taiwan as a yardstick," says Jens Lottner, CEO of Vietnam-based Techcombank.

If Lam, 69, can dismantle his country's iron financial curtain, the upside is substantial. "Vietnam has never looked this attractive throughout my career," says Johannes Loeffstrand, the portfolio manager of T. Rowe Price's Frontier Markets fund. "You have dynamic companies that are trading near their nadir."

The process won't be quick or easy.

Vietnam should cross a milestone in September as the index referees at FTSE Russell upgrade it to "secondary emerging market" status, citing an end to prefunding requirements for foreign investors, among other improvements. The more influential shift from MSCI could take until 2030, Loeffstrand predicts.

On the infrastructure side, Lam increased state spending by 40% last year to \$36 billion annually, aiming for double that amount from the private sector. Supporting declarations and directives have

come thick and fast, culminating in a July 27 omnibus decision aimed at "a more balanced financial markets structure and reducing dependence on bank credit."

Key details remain up in the air, however. Prevailing limits on foreign ownership of many listed Vietnamese companies is one. Still more important are capital controls and convertibility of the dong currency. "If they open up completely, they might see an exit of domestic savings for overseas investments," Techcombank's Lottner says.

Lam and his deputies don't exactly have solid financial foundations to build on, either. Memories are still fresh from the 2024 conviction of real estate tycoon Truong My Lan for embezzling \$12.4 billion from a bank she controlled. A smaller scandal surfaced last year when authorities found that three other banks had misused funds they raised in Vietnam's fledgling bond market.

Hanoi is trying a workaround through a sort of virtual offshore economic zone called the Vietnam International Financial Center, run by U.S. native and McKinsey veteran Rich McClellan. "The VIFC is designed to give global institutions the regulations, dispute resolution, and clear operating rules they expect," he explains.

Founded last year, the VIFC is also a work in progress. "For the next 12 to 18 months, the story is institutions and regulations," McClellan says. "Trust takes time to earn."

With Vietnamese stocks off 9% this year, partly because Lam's infrastructure push is constraining liquidity, many of these hurdles are looking priced in, T. Rowe's Loeffstrand argues.

For investors worried about nosebleed-priced artificial-intelligence stocks, Vietnam offers old-fashioned names linked to 8% macro growth, from banks to retailers to steel. "These shares could appreciate 20% a year without rerating," he says.

If only investors across the globe could buy them. Vietnam is working on it. **B**

THE STRIKING PRICE

If investors become more skeptical, Alphabet could trade at a lower valuation than the S&P 500, given its free-cash-flow issues and debt issuance.

Hedging Against an AI Drop With a Collar Trade

BY STEVEN M. SEARS

The artificial-intelligence trade is getting harder.

Consider **Alphabet's** second-quarter earnings report—and the market's response to it. The Google parent reported negative free cash flow of \$5.9 billion and guided third-quarter free-cash-flow estimates to about \$453 million, down from pre-earnings estimates of \$7.7 billion.

It isn't every day that one of the world's largest companies spends more than it makes. The surprising news comes at a bad time. Investors are increasingly skeptical over how much money companies are spending, and borrowing, for AI. Pending earnings reports from other major tech companies will further stress this point.

The AI trade is now in the contentious "show me, don't tell me" phase. A critic might deride it as an example of faith-based investing, pointing out that revenue, expenses, and earnings are real, and everything else is commentary.

Alphabet, with quarterly revenue of about \$120 billion, had about \$242.4 billion in cash and marketable securities as of June 30, but it has also sold a lot of debt, in different currencies, which is thought to total about \$100 billion.

The AI sector's self-financing is another complication. **Nvidia**, for instance, just guaranteed \$250 billion for OpenAI to build an Ohio campus.

AI may change life on Earth, which is how supporters hail the technology, but it's unlikely to change how investors analyze companies—at least not anytime soon.

Most investors struggle to balance near-term financial results against unknown futures, a choice that AI companies are increasingly forcing upon them. Investors worried about their AI exposure can collar shares—a cost-effective way to hedge against losses in Alphabet or other stocks.

The strategy involves selling a call option with a strike higher than the stock, and buying a put option with a strike lower than

the stock and the same expiration. (Calls give holders the right to buy an underlying asset at a specific price and time, while puts give holders the right to sell such an asset.)

With Alphabet at \$356.13, investors could buy the September \$330 put and sell the September \$395 call. The collar costs about \$1.80. If the stock trades at \$290, the put is worth \$40. The trade-off is limited gains. If the stock is above \$395 at expiration, investors must sell the stock or adjust the call to avoid assignment.

During the past 52 weeks, Alphabet has ranged from \$187.82 to \$408.61. It's up 14% this year and 86% over the past year.

Alphabet's estimated forward 12-month price/earnings ratio has declined since it reported earnings on July 22. It is now about 20.7, compared with about 20.8 for the high end of Wall Street's estimates for the S&P 500 index. If investors become more skeptical, the stock could trade at a lower valuation than the index.

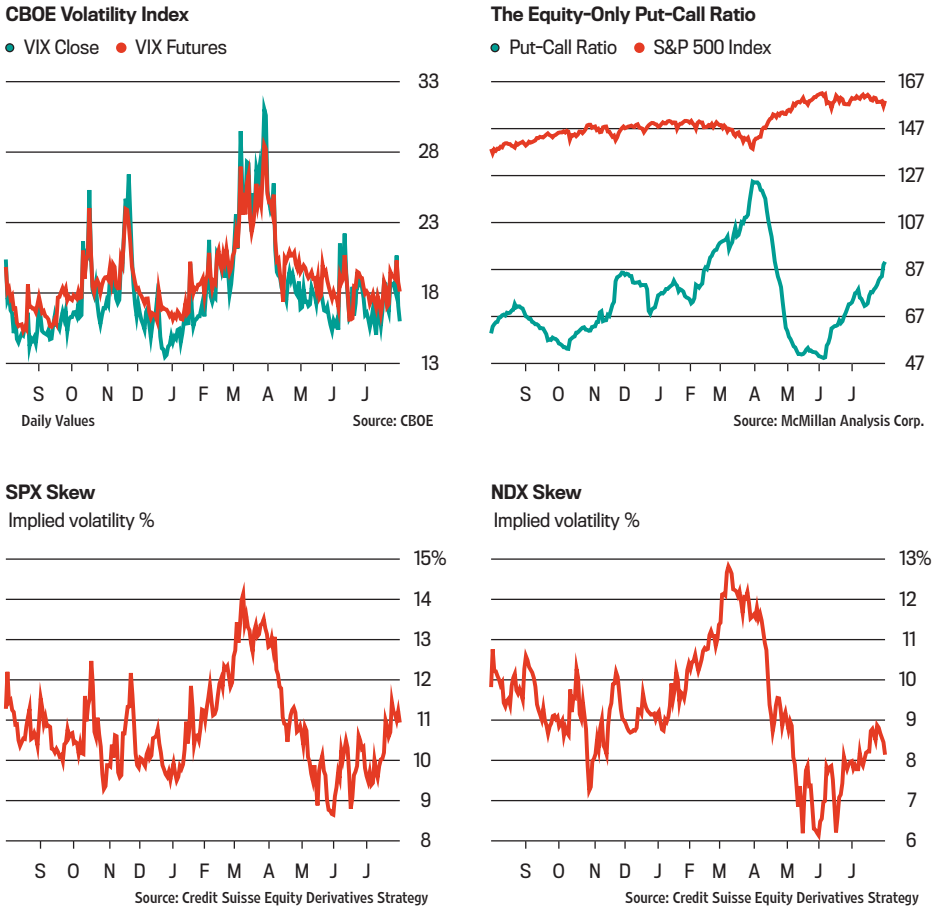
Of all the measures of a healthy company, free cash flow might be the most important. Former **Berkshire Hathaway** CEO Warren Buffett has sung its praises, and Berkshire happens to own about \$17 billion of Alphabet shares.

In practical terms, free cash flow is important. It funds dividends and stock buybacks, which benefit money managers whose performance is judged each quarter. It also funds capital expenditures—those expensive, multiyear investments.

We saw this conflict between shareholder payouts and capex emerging in late May, though we never imagined that one of the world's largest companies could have negative cash flow.

Investors are now stuck deciding how much they trust corporate spending sprees while waiting to see if it amounts to anything. The exercise isn't without a recent parallel. For years, China was heralded as the next big opportunity. Though many companies, and even more investors, invested, it isn't clear whether many have ever made meaningful returns. **B**

Equity Options



Skew indicates whether the options market expects a stock-market advance or decline. It measures the difference between the implied volatility of puts and calls that are 10% out of the money and expire in three months. Higher readings are bearish.

Week's Most Active - Source: McMillan Analysis Corp.

Company	Symbol	Tot Vol	Calls	Puts	Avg Tot Vol	IV %ile	Ratio
First Commonwealth Fin'l	FCF	7606	7597	9	60	12	126.8
Opus Genetics	IRD	2751	2750	1	128	54	21.5
Trimble	TRMB	18174	12844	5330	1132	96	16.1
Solventum	SOLV	14316	14118	198	1044	77	13.7
AI & Power Instructure ETF	AIPO	14439	384	14055	1208	78	12.0
OPKO Health	OPK	13006	12339	667	1256	81	10.4
Livewire Group	LVWR	19819	14867	4952	1944	98	10.2
XLPR Infrastructure	XIFR	46444	8999	37445	4532	24	10.2
Entera Bio	ENTX	4446	691	3755	448	77	9.9
Lending Gree	TREE	6309	876	5433	664	44	9.5
KBR	KBR	9668	9394	274	1120	44	8.6
Jbs NV	JBS	20451	11751	8700	2508	76	8.2
Amylyx Pharmaceuticals	AMLX	13065	5566	7499	1616	99	8.1
Dropbox	DBX	38068	36842	1226	4984	92	7.6
CVR Energy	CVI	15207	14858	349	2064	94	7.4
Capricor Therapeutics	CAPR	122597	84455	38142	17140	91	7.2
Propetro	PUMP	15220	13448	1772	2140	76	7.1
Gildan Activewear	GIL	19941	9157	10784	2904	51	6.9
Western Gas Equity	WES	32519	31655	864	5104	28	6.4
Avantor	AVTR	135839	130780	5059	22380	32	6.1

This table of the most active options this week, as compared to average weekly activity – not just raw volume. The idea is that the unusually heavy trading in these options might be a predictor of corporate activity – takeovers, earnings surprises, earnings pre-announcements, biotech FDA hearings or drug trial result announcements, and so forth. Dividend arbitrage has been eliminated. In short, this list attempts to identify where heavy speculation is taking place. These options are likely to be expensive in comparison to their usual pricing levels. Furthermore, many of these situations may be rumor-driven. Most rumors do not prove to be true, so one should be aware of these increased risks if trading in these names

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conferences.

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only ones I go to.”

— RIA who has been to 14 straight
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13D FILINGS

Original Filings

Nano Dimension (NNDM)
Tang Capital Management disclosed a new position in the additive manufacturing company of 16,715,812 shares. Tang Capital purchased those shares from June 17 through July 27 at per share prices ranging from \$1.20 to \$1.53. On June 30, Tang Capital submitted a proposal to Nano Dimension's board to effect a merger between the company and a Tang Capital affiliate in which shareholders would receive \$1.60 per share in cash, stating that it was prepared to execute a definitive merger agreement before the end of July.

Following the latest purchases, Tang Capital Management owns an initial 7.9% stake in Nano Dimension's outstanding stock. Shares of Nano Dimension have lost roughly 4.2% of their value in 2026.

liquefied-gas shipping company to 5,447,578 shares. BW Group did so through the sale of 641,433 Navigator Holdings shares from June 25 through July 20 at per share prices ranging from \$20.38 to \$21.79.

Following the latest sales, BW Group continues to own an 8.8% stake in Navigator Holdings' outstanding stock. Shares of Navigator Holdings have gained roughly 26.2% in value since the beginning of this year.

Global Net Lease (GNL)
Bellevue Capital Partners lowered its stake in the net lease real estate investment trust to 15,988,273 shares. Bellevue Capital Partners did so through the sale of 2,970,911 Global Net Lease shares from May 26 through June 29 at per share prices ranging from \$8.88 to \$9.57.

Following the latest sales, Bellevue Capital Partners continues to own a 7.5% stake in Global Net Lease's outstanding stock. Shares of Global Net Lease have remained mostly flat since the beginning of this year.

Increases in Holdings

Smith & Nephew (SNN)
Cevian Capital II raised its stake in the medical-device maker to 119,179,419 shares. Cevian Capital did so through the purchase of 8,374,918 Smith & Nephew shares from June 25 through July 24 at per share prices ranging from \$14.69 to \$15.27. Following the latest purchases, Cevian Capital continues to own a 14.2% stake in Smith & Nephew's outstanding stock. Shares of Smith & Nephew have lost just 1.1% of their value in 2026.

Radcom (RDCM)
Lynrock Lake lowered its stake in the telecommunications service-assurance company to 2,439,026 shares. Lynrock Lake did so through the sale of 169,726 Radcom shares from July 14 through July 24 at per share prices ranging from \$12.76 to \$14.22.

Following the latest sales, Lynrock Lake continues to own a 14.6% stake in Radcom's outstanding stock. Shares of Radcom have gained just 1.4% in value since the beginning of this year.

Decreases in Holdings

Navigator Holdings (NVGS)
BW Group lowered its stake in the

These disclosures are from 13Ds filed with the Securities and Exchange Commission. 13Ds are filed within 10 days of an entity's attaining more than 5% in any class of a company's securities. Subsequent changes in holdings or intentions must be reported in amended filings. This material is from July 23 through July 29, 2026. Source: **VerityData** (verityplatform.com)

RESEARCH REPORTS

How Analysts Size Up Companies

These reports, excerpted and edited by *Barron's*, were issued recently by investment and research firms. The reports are a sampling of analysts' thinking; they should not be considered the views or recommendations of *Barron's*. Some of the reports' issuers have provided, or hope to provide, investment-banking or other services to the companies being analyzed.

General Motors • GM-NYSE

Strong Buy • \$87.04 on July 27
by Tigress Financial Partners

We reiterate our Strong Buy rating on GM and increase our 12-month target price to \$130, as a cadence of new models, combined with AI-driven operating efficiencies and opportunities in software and defense, drive a higher-margin, multiengine growth story and a compelling investment opportunity. GM's second-quarter results show a resilient truck and SUV franchise converging with fast-scaling software, defense, and insurance businesses into multiple engines of margin expansion, and with electric-vehicle charges now largely behind it, GM has a compelling case for a higher valuation multiple and sustained shareholder value creation.... GM is building a billion-mile, billion-dollar software and AI business with OnStar, Super Cruise, Gemini, and **Nvidia** that is rewriting its margin and growth story. GM Defense is building a \$1 billion, 30%-plus-growth military business that gives GM's core investment thesis a high-margin, recession-proof edge. GM's capital allocation strategy targets reinvestment, onshore, and accelerating shareholder returns.

Lithia Motors • LAD-NYSE

Buy • \$376.94 on July 29
by Seaport Research Partners

Lithia Motors reported second-quarter 2026 adjusted earnings per share of \$10.03, which compares to our/consensus forecasts of \$8.70/\$8.73, respectively. The print was clean, the result of solid all-around performance with meaningful improvement in certain areas such as used-vehicle GPU and selling, general, and administrative expenses as a percentage of gross profit. Revenue was right in line, with used-vehicle prices (4.3%-plus year over year) fully offsetting volumes that were slightly light (and associated finance and insurance). From a margin perspective, gross margin for all segments came in ahead, with new GPU essentially flat sequentially (another sign of normal-

ization), used GPUs \$339-plus sequentially, and Service & Parts 160-plus basis points Y/Y. Driveway Finance generated record income of \$37 million, record originations of \$884 million, and a 17.5% penetration rate. But the biggest driver of the earnings beat was better-than-expected SG&A performance—at 68.6% of gross profit on an adjusted basis, that was a 290-bps sequential improvement and accounted for more than \$1 in EPS upside versus our expectation. Target price: \$390.

Cognizant Technology Solutions • CTSH-Nasdaq

Positive • \$50.31 on July 29
by Susquehanna

Cognizant Technology Solutions reported growth just above expectations, driven by 12% growth in banking and financial services. Bookings looked solid, signing seven large deals (including a megadeal) and delivering a last-12-months book-to-bill ratio of 1.3 times. The guidance now looks prudent: If they are just above the third quarter, the fourth-quarter (Q/Q) seems safe standing up some previously announced contracts. From our callback, they seem to have better fourth-quarter visibility than we would have expected as work ramps in both the third and fourth quarters.

They sound good about banking and financial services, and healthcare (especially TriZetto Healthcare Administration Solutions), even if the communications part of Communications, Media & Technology is soft. Given the modest multiple, and the portfolio leadership, we are staying Positive despite trimming our price target to \$82 on peer group compression.

SiriusXM Holdings • SIRI-Nasdaq

Buy • \$31.68 on July 29
by Benchmark Equity Research

We maintain a Buy rating on SiriusXM Holdings with a \$30 price target that is below current trading level.... We view recent stock price momentum as more attributable to aggres-

Insider Transactions

Purchases

Company	Symbol	Insiders	Shares	\$ Val (000's)
51Talk Online Education	COE	1	421,440	6,643
Five Star Bancorp	FSBC	5	111,364	4,900
Columbia Financial	CLBK	16	477,874	4,779
Albertsons Companies	ACI	1	170,500	1,962
Clearsign Technologies	CLIR	1	500,000	1,770
Pinnacle Financial Partners	PNFP	1	10,013	1,000
Betterware De Mexico Sapi	BWMX	1	46,830	768
Rhinebeck Bancorp	RBKB	4	54,925	656
Cvb Financial	CVBF	1	20,000	455
Byrna Technologies	BYRN	5	68,171	240
Maplight Therapeutics	MPLT	1	15,620	192
Kearny Financial	KRNY	1	14,700	138
Nano-X Imaging Ltd	NNOX	3	119,000	110
Beamr Imaging Ltd	BMR	1	82,650	106
Valmont Industries	VMI	1	1	208
Dariohealth	DRIO	1	14,430	100
Outlook Therapeutics	OTLK	1	95,398	100
Metropolitan Bank	MCB	1	1,000	90
Navios Maritime Partners LP	NMM	1	1,121	83
Greenwich Lifesciences	GLSI	1	5,100	67

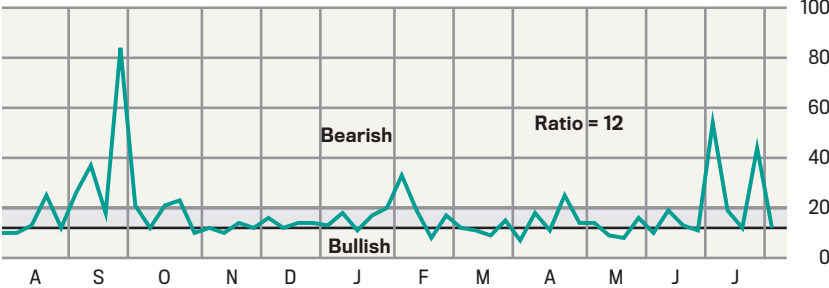
For a look back at more analyst research and reports, go online to barrons.com/researchreports

Sales

Company	Symbol	Insiders	Shares	\$ Val (000's)
General Motors	GM	4	509,665	45,474
Beone Medicines	ONC	2	118,485	37,048
Stonex Group	SNEX	5	348,905	25,934
Coreweave	CRWV	1	307,692	24,072
Travelers Companies	TRV	8	57,192	21,280
Samsara	IOT	3	535,106	19,331
Datadog	DDOG	2	67,054	16,416
Bancfirst	BANF	1	123,950	14,439
Progressive	PGR	6	60,811	12,952
Credo Technology	CRDO	1	55,000	11,767
Adaptive Biotechnologies	ADPT	1	492,400	10,780
Powell Industries	POWL	1	40,440	10,607
Citizens Financial	CFG	1	129,369	9,324
Coca-Cola	KO	1	75,727	6,789
Dyne Therapeutics	DYN	1	261,460	6,671
United Airlines	UAL	3	54,308	6,539
Equifax	EFX	1	37,791	6,506
Charles Schwab	SCHW	3	56,505	5,760
State Street	STT	3	29,834	5,498
Travel + Leisure	TNL	2	66,435	5,005

An insider is any officer, director or owner of 10% or more of a class of a company's securities. In most cases, an insider must report any trade to the SEC within two business days. The tables highlight companies that filed with the SEC through last Wednesday. The tables do not include pension-plan or employee stock-option activity, trades by beneficial owners of 10% or more, trades under \$2 per share or trades under 100 shares. The "Purchases" column includes only open-market and private purchases; the "Sales" column includes only open-market and private sales, and excludes trades preceded by option exercise in the 12 months prior to the reported event. Source: LSEG Data and Analytics

Insider Transactions Ratio



Ratio of Insiders Sales to Buys. Readings under 12:1 are Bullish. Those over 20:1 are Bearish. The total top 20 sales and buys are 302,189,617 and 24,262,644 respectively; Source: LSEG Data and Analytics

sive renewed attention to spectrum monetization rather than lauding CEO Jennifer Witz's well-conceived operational and strategic initiatives. We expect spectrum economics will necessarily be achieved through partnerships and new internal uses rather than another seminal TMT mergers-and-acquisitions transaction. SiriusXM's audio core subscription business does appear less vulnerable to step function deterioration than cable broadband and manifests superior current economics relative to most current video-streaming businesses.

Caesars Entertainment • CZR-Nasdaq

Hold • \$29.84 on July 28
by Texas Capital Securities

Following Caesars Entertainment's

second-quarter 2026 4% Ebitdar miss driven by lower than forecast Strip and digital results, we lower estimated calendar-year 2026/estimated calendar-year 2027 Ebitda 1%/1%. Caesars didn't host an earnings call or provide an update on its definitive agreement to be acquired by Fertitta Entertainment.

Our price target remains \$31 per share, which mirrors the all-cash deal proposal from Fertitta Entertainment....After accounting for lower table hold, we calculate Strip Ebitda was still 4% below consensus estimates. Digital was mostly in line, adjusted for hold. Regional Ebitda beat by 7%. Given the current M&A backdrop and Caesars' July 28 closing price, which is 3.4% below its \$31 per share cash agreement with Fertitta Entertainment, we maintain our Neutral rating.

DATA

NASDAQ ISSUES

BARRONS.COM/DATA

52-Week										52-Week										52-Week										52-Week										52-Week																			
High										Low										High										Low										High										Low									
Low										High										Low										High										Low										High									
Name										Name										Name										Name										Name										Name									
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Yld										Yld										Yld										Yld										Yld										Yld									
P/E										P/E										P/E										P/E										P/E										P/E									
Last										Last										Last										Last										Last										Last									
Chg.										Chg.										Chg.										Chg.										Chg.										Chg.									
Div										Div										Div										Div										Div										Div									
Amt.										Amt.										Amt.										Amt.										Amt.										Amt.									
5.36	3.41	MolecularP	MOLN	...	dd	3.93	+0.04	...	...	25.09	8.20	NurixTherap	NRIX	...	dd	23.21	-0.17	...	...	49.14	24.42	PeapackGladFin	PGC	A	16	45.98	-0.40	405	38.25	20.76	RCT Hospitality	RICK	1.3	dd	25.09	-0.98	...	...	25.09	40.10	Sandisk	SNDK	...	42	124.83	-221.73	...	...											
135.93	88.13	MonarchCasino	MCR1	1.0	20	122.75	+3.21	30	...	82.42	34.01	Nutanix	NTRX	...	62	59.01	+3.97	...	...	68.10	25.10	Peagasys	PEGA	A	17	30.55	+3.73	...	0.33	32.50	17.26	RCM Tech	RCKT	...	13	28.29	+0.66	...	...	92.08	59.07	Sanfilippo	JBS1	1.1	15	82.76	+1.57	1.05	...										
279.68	57.50	monday.com	MDLY	...	dd	38	87.15	+9.72	...	236.54	164.07	NVIDIA	NVDA	...	5	31	200.75	-6.09	25	...	9.20	3.65	Peloton	PTON	...	cc	6.39	+0.31	...	16.19	5.46	REGENXBIO	RGNX	...	dd	9.69	-0.04	...	...	6.46	3.40	SangomaTechs	SANG	...	dd	3.99	-0.18	...	...										
66.65	51.20	Mondelez	MDLZ	3.2	23	62.31	+1.79	50	...	8.59	1.26	Nyxoah	NYXH	...	dd	1.40	...	...	...	89.86	16.04	PenguinSolutions	PENG	...	cc	52.63	-1.22	...	11.44	10.57	RFACqnlI	RFAI	...	80	11.07	-0.01	...	...	288.68	108.37	Sanmina	SANM	...	33	18.55	-22.87	...	...											
2.40	0.78	MoneyHero	MNY	...	dd	97	+0.01	...	...	42.69	21.73	Pennant	PNTG	...	dd	47	40.32	-0.84	...	...	48.32	29.56	People	PLPI	...	31	41.57	-0.12	...	0.98	0.77	RFACqnlIrt	RFAR	...	...	12	...	...	52.68	40.89	Sanofi	SNY	4.1	18	43.00	-0.27	4425	...											
444.72	198.47	MongoDB	MDB	...	dd	337.48	+39.26	...	...	42.29	27.49	PeoplesBncpOH	PEBO	4.0	13	41.66	+1.35	42	...	...	48.32	29.56	People	PLPI	...	31	41.57	-0.12	...	0.98	0.77	RFACqnlI	RFAM	...	...	9.89	-0.01	...	...	25.32	14.68	SareptaTherap	SRPT	...	dd	14.86	-0.82	...	...										
1714.09	706.00	MonolithicPower	MPWR	...	6	87	1426.03	+922.22	0.00	...	45.78	26.81	PeoplesBncpNC	PEBK	2.0	12	43.00	-0.02	21	...	22.30	5.54	RF Industries	RFIL	...	...	...	...	22.30	5.54	RF Industries	RFIL	...	...	19	12.32	-0.14	...	...	13.39	4.64	SatellosBiosci	MSLE	...	dd	9.99	+0.21	...	...										
23.91	12.16	Monro	MNRO	9.1	61	12.25	-0.54	28	...	73.37	43.64	PeoplesBncpSvcs	PEBS	3.6	12	70.36	+0.92	625	...	27.99	19.68	RGC Resources	RGC	4.1	16	21.40	-0.60	2175	9.90	9.80	RMGMLSports	SHOT	...	...	9.80	...	...	58.94	33.76	ScanSource	SCSC	...	17	56.62	+1.74	...	...												
100.34	58.09	MonsterBev	MNST	...	dd	47	96.38	+2.89	...	7.80	1.01	PepGen	PEPG	...	dd	1.76	-0.17	...	...	27.99	19.68	RGC Resources	RGC	4.1	16	21.40	-0.60	2175	9.90	9.80	RMGMLSports	SHOT	...	...	9.80	...	...	58.94	33.76	ScanSource	SCSC	...	17	56.62	+1.74	...	...												
25.77	14.12	MonteRosaTherap	GLUE	...	dd	16	56.52	-6.26	...	171.48	133.73	PepsiCo	PEP	4.2	18	139.56	+2.92	1.48	...	27.99	19.68	RGC Resources	RGC	4.1	16	21.40	-0.60	2175	9.90	9.80	RMGMLSports	SHOT	...	...	9.80	...	...	58.94	33.76	ScanSource	SCSC	...	17	56.62	+1.74	...	...												
279.33	41.49	Morningstar	MORN	1.0	18	192.57	+19.96	50	...	38.50	26.66	PerdoceoEduc	PRDO	1.9	12	31.81	+1.45	15	...	27.99	19.68	RGC Resources	RGC	4.1	16	21.40	-0.60	2175	9.90	9.80	RMGMLSports	SHOT	...	...	9.80	...	...	58.94	33.76	ScanSource	SCSC	...	17	56.62	+1.74	...	...												
18.12	9.29	MotorcarParts	MPAA	...	dd	24	13.40	-0.39	...	25.93	14.11	PerellaWeinberg	PWP	1.6	73	17.65	+1.98	0.7	...	27.99	19.68	RGC Resources	RGC	4.1	16	21.40	-0.60	2175	9.90	9.80	RMGMLSports	SHOT	...	...	9.80	...	...	58.94	33.76	ScanSource	SCSC	...	17	56.62	+1.74	...	...												
8.74	2.68	MountLoganCap	MLCI	3.9	dd	3.05	-0.11	0.3	...	10.67	10.14	PerimeterAcqnl	PMTR	...	dd	10.40	-0.04	...	...	27.99	19.68	RGC Resources	RGC	4.1	16	21.40	-0.60	2175	9.90	9.80	RMGMLSports	SHOT	...	...	9.80	...	...	58.94	33.76	ScanSource	SCSC	...	17	56.62	+1.74	...	...												
9.97	9.92	MountainCrestAcqnc	MCAH	...	dd	...	9.96	+0.01	...	11.27	7.63	PerionNetwork	PERI	...	dd	9.54	+0.22	...	...	27.99	19.68	RGC Resources	RGC	4.1	16	21.40	-0.60	2175	9.90	9.80	RMGMLSports	SHOT	...	...	9.80	...	...	58.94	33.76	ScanSource	SCSC	...	17	56.62	+1.74	...	...												
0.27	0.24	MountainCrestAcqnc	MCAH	...	dd	...	...	27	...	36.72	20.92	Perma-PipelntI	PIPH	...	dd	14.25	-0.96	...	...	27.99	19.68	RGC Resources	RGC	4.1	16	21.40	-0.60	2175	9.90	9.80	RMGMLSports	SHOT	...	...	9.80	...	...	58.94	33.76	ScanSource	SCSC	...	17	56.62	+1.74	...	...												
11.20	9.40	MountainLakell	MLAA	...	dd	...	9.96	+0.01	...	16.39	3.84	Personalis	PSNL	...	dd	12.66	+0.88	...	...	27.99	19.68	RGC Resources	RGC	4.1	16	21.40	-0.60	2175	9.90	9.80	RMGMLSports	SHOT	...	...	9.80	...	...	58.94	33.76	ScanSource	SCSC	...	17	56.62	+1.74	...	...												
9.99	9.78	MuzeroAcqn	MUZE	...	dd	...	9.95	...	...	4.19	2.24	PetcoHealth	WOOF	...	dd	2.79	+0.18	...	...	27.99	19.68	RGC Resources	RGC	4.1	16	21.40	-0.60	2175	9.90	9.80	RMGMLSports	SHOT	...	...	9.80	...	...	58.94	33.76	ScanSource	SCSC	...	17	56.62	+1.74	...	...												
8.59	2.81	MyriadGenetics	MYGN	...	dd	2.86	-2.75	...	...	4.10	1.57	PetMedExpress	PETS	...	dd	1.95	-0.04	...	...	27.99	19.68	RGC Resources	RGC	4.1	16	21.40	-0.60	2175	9.90	9.80	RMGMLSports	SHOT	...	...	9.80	...	...	58.94	33.76	ScanSource	SCSC	...	17	56.62	+1.74	...	...												
N										O										P										Q										R																			
48.12	29.27	Napco Security	NSSC	1.6	36	37.08	+1.34	...	...	16.44	6.23	OcularTherapeutix	OCUL	...	dd	8.17	-0.34	...	...	36.60	19.12	Pharvaris	PHVS	...	dd	32.62	-1.55	...	10.16	9.90	RangeCapitalAcqnl	RNGT	...	86	10.11	-0.01	...	...	2.41	1.51	Seer	SEER	...	dd	2.22	+0.25	...	...											
54.50	39.20	NBT Bancorp	NBTB	2.8	13	52.65	+0.27	40	...	34.48	10.52	Oculus	OCSL	...	dd	11.31	+0.18	...	...	18.31	8.03	PharvarisPharm	PHAT	...	dd	8.75	-2.69	...	3.87	0.44	RaniTherap	RANI	...	dd	7.7	-0.08	...	...	100.49	72.78	Selectivens	SIGI	1.8	12	94.79	-1.54	4	...											
159.50	83.10	NICE	NICE	...	dd	12	98.79	+8.53	...	54.96	31.61	OhioValleyBanc	OVBC	2.4	13	42.06	-0.08	25	...	53.00	38.30	Phenixfin	PFIX	...	dd	43.01	-0.41	0.7	21.78	4.97	Rapid7	RPD	...	28	9.65	+0.16	...	...	177.35	46.02	Semtech	SMTC	...	dd	117.82	-8.10	...	...											
67.58	42.00	NIP	NIPG	...	dd	10	11.51	-3.39	...	157.00	62.66	Okta	OKTA	...	cc	141.93	+3.43	...	...	60.08	25.58	PhibroAnimal	PABC	1.3	16	36.33	+2.30	...	44.28	13.62	RapportTherap	RAPP	...	dd	40.98	+0.30	...	...	187.61	99.58	SenecaFoodsA	SENEA	...	10	165.49	-0.37	...	...											
10.74	34.84	NMI Holdings	NMIH	...	dd	9	44.30	+1.55	...	25.03	12.61	OldDomFreight	ODFL	...	41	212.14	-20.85	29	...	44.38	32.84	PhillipsEdison	PEAC	3.1	39	42.49	-1.04	103	7.18	2.77	RecursionPharm	RXRK	...	dd	3.00	+0.04	...	...	11.58	4.79	Seneosens	SENS	...	dd	5.03	-0.17	...	...											
10.31	9.90	NMP Acqn	NMP	...	dd	68	10.30	...	...	27.22	39.19	OldNatBncp	ONB	2.2	12	26.64	+0.05	145	...	56.00	19.45	Phontronics	PLAB	...	cc	11.30	-2.99	...	103.49	58.67	RedRiverBchms	R RBI	1.0	14	100.55	+1.06	25	...	5.34	1.60	SenstarTech	SNT	...	dd	1.63	-0.13	...	...											
0.35	0.14	NMPAcqnrT	NMPAR	...	dd	...	15	-0.02	...	25.67	16.43	Old2ndBcp	OSBC	1.1	15	25.29	+1.26	0.7	...	50.56	26.50	Pilgrim'sPride	PPC	...	dd	12.27	-1.32	2.10	8.26	2.46	RedRobin	RRGB	...	dd	7.84	+0.62	...	...	38.04	10.62	Septra	SEPN	...	dd	34.45	+1.35	...	...											
4.44	1.10	NN	NNBR	...	dd	3.31	-0.22	...	...	36.26	4.47	OlemaPharm	OLMA	...	dd	11.45	-0.25	...	...	10.59	9.94	PioneerAcqnlA	PACH	...	dd	27.36	...	...	68.99	50.52	RedRockResorts	R RBI	1.6	21	64.44	+0.52	26	...	3.95	1.56	SeraPrognostics	SERA	...	dd	2.04	-0.01	...	...											
23.68	11.01	NRC Health	NRC	3.3	78	19.51	-1.53	46	...	26.92	10.28	OmadaHealth	OMDA	...	dd	19.84	-0.69	...	...	25.03	15.69	PlainsAllAmPipe	PAA	6.8	18	24.57	-0.03	4175	82.11	541.00	RegenPharm	REGN	...	5	19	762.29	+0.62	24	...	29.98	4.59	SeresTherap	MCRB	...	dd	4.83	-0.14	...	...										
152.03	40.01	NWPX Inficon	NWPX	...	dd	25	123.08	-6.23	...	17.65	3.44	Omeros	OMER	...	dd	11.84	+2.05	...	...	26.78	16.68	PlainsGP	PAGP	6.3	29	26.33	-0.12	4175	82.11	541.00	RegenPharm	REGN	...	5	19	762.29	+0.62	24	...	119.99	54.17	ServiceTitan	TTAN	...	dd	83.06	+12.58	...	...										
35.93	183.00	NXP Semicon	NXP	1.8	22	229.12	+40.01	0.14	...	2.79	1.30	OmmiAB	OABI	...	dd	1.98	-0.05	...	...	307.06	124.49	Plexus	PLXK	...	37	251.34	-3.11	...	20.79	3.03	RelayTherap	RLAY	...	dd	18.83	+0.39	...	...	6.45	1.68	17Educk&Tech	YQ	...	dd	1.93	-0.27	...	...											
7.42	0.91	NanoMinerals	NAMM	...	dd	1.33	-0.19	...	...	11.17	2.48	111	YI	...	dd	3.85	+0.05	...	...	1.95	1.04	PliantTherap	PLMX	...	dd	1.04	-0.05	...	25.75	12.08	RemitlyGlobal	RELY	...	dd	22.77	+0.24	...	...	8.33	0.71	ShattuckLabs	STTK	...	dd	7.07	-0.36	...	...											
6.75	1.58	Nanolabs	NANA	...	dd	2	1.79	-0.14	...	10.63	10.13	IRT Acqn	ONCH	...	52	10.27	-0.05	...	...	12.00	10.27	PliantAcqnlVA	PLRV	...	dd	10.58																																	

FOREIGN MARKETS

Buildup: AI giants said they'll keep building, so semiconductor stocks rallied on Korean and Taiwanese markets.



Indexes are based on local currencies. Because of various holidays and other market closings, the most recent close is not necessarily that of the week of publication.

OTHER VOICES

Members of Congress have drifted too far from the Founding Fathers' vision of public service. It's time for a change in the status quo.



Would You Like to Be A Millionaire? Try Running for Congress.

Nearly 240 years after drafting the Constitution, the Founding Fathers still seem to have gotten far more right than wrong. In the main, our country is formed on ideas that still work.

But there are some things the Founding Fathers didn't anticipate. Major technological developments like the personal computer were unforeseeable in the 18th century. So, too, was the current status quo in Congress, where members get rich by staying in office.

BY BRIAN HAMILTON
The writer is the founder of Abrigo (formerly Sage-works), one of the first financial-technology companies, and the nonprofit Inmates to Entrepreneurs, which helps formerly incarcerated individuals start businesses. He co-hosts ABC's show Free Enterprise.

The Founders were builders, not leeches. They didn't want to stay in public office for the entirety of their careers. Public service was a short-term contribution of private citizens to their communities and country.

Recall that, after the American Revolution, some encouraged George Washington to assume the role of king, since he basically had control of the military. To his everlasting credit, he rejected that notion. This was noted by no less than the king of England, who said that, upon forgoing royalty, Washington would be "the greatest man in the world."

Needless to say, we are short a

few Washingtons these days.

To date, more than 300 legislators have served for more than 30 years in Congress. Some 70% of the current members were career politicians before they made it to Washington. No Founder would have even thought to consider laws around term limits because they couldn't have fathomed hanging out well beyond their welcome, all the while depending on the government dole for their salary.

The natural question is, why would legislators want to stick around for so long?

It turns out that, since 2004, the top 100 wealth gainers in Congress have averaged a 114% increase in net worth while in office, according to a recent Ballotpedia study. During the same period, the median U.S. household saw its inflation-adjusted net worth decline by nearly 1%.

That means that for every \$1 of wealth the average American lost, Congress's top 100 gained \$121. Wow. Today, at least 30% of senators are estimated to be worth more than \$10 million, despite their taxpayer-funded base salary being just \$174,000.

How is this possible?

One obvious explanation is that these politicians are privy to information that average Americans aren't, yet they are still permitted to own and trade individual stocks. The 2012 Stock Act, which requires members of Congress to report stock trades worth more than \$1,000 within a 45-day window, does nothing to curb legislators' trading.

You would hope that they would want to act in the interest of the country without the appearance of personal gain. However, an investigation conducted by a consortium of news organizations that analyzed nearly 9,000 financial-disclosure reports identified 78 members of Congress who violated the Stock Act.

Maybe I'm old-fashioned, but I always thought that you were supposed to make money from taking risks and adding value. It seems these guys are simply trading on their in-

fluence and knowledge. I think most Americans would be shocked to know how the system actually works in favor of the politicians.

While running for president in 1964, Sen. Barry Goldwater (R., Ariz.) targeted President Lyndon B. Johnson, who added millions of dollars to his family's fortunes while in Washington. Goldwater said that "small men, seeking great wealth or power, have too often and too long turned even the highest levels of public service into mere personal opportunity." Unfortunately, he was spot on.

There have been dozens of bills introduced this year to restrict insider trading by federal legislators. The most recent is the Stop Insider Trading Act, a Republican-sponsored bill that the House passed last week. If signed into law, it would bar members of Congress and their families from purchasing publicly traded stocks. But it will probably die in the Senate; House Republicans attached to the bill a measure to require photo identification for voters—a non-starter for many Senate Democrats—and some say the bill has loopholes.

While the Stop Insider Trading Act is a small step in the right direction, there needs to be a law that mandates that members of Congress (and the president, while we're at it) put their assets in a trust or in a fund indexed to the entire American stock market or economy. That would align the actions of politicians with the broader interests of the country.

More effective would be to also enact term limits, thereby getting rid of career politicians altogether. Of course, we then run into the age-old problem that the people voting on these reforms are precisely the ones who benefit from the lack of regulation; the people responsible for fair legislation have a dog in the fight.

Congress members have drifted too far from the Founding Fathers' vision of public service. They must wake up and realize that, at some point soon, regular working-class Americans, the people who actually built our country, aren't going to put up with this stuff any longer. **B**

RETIREMENT

You May Need Less to Retire Than You Think

BY ELIZABETH O'BRIEN

What are your chances of living to 95? Mine are 33%. That's one-in-three odds of making it to the default age for financial planning software.

Put another way, there's a two-thirds chance I'm saving too much. Most Americans don't have the luxury of oversaving, but those who work with advisors might find themselves in that position if they follow financial projections that extend to an age they're unlikely to reach.

Despite the country's longevity obsession, there's plenty of uncertainty about how long we'll need our money to last, along with misperceptions about life span. Only one in three adults could correctly identify how long a 65-year-old will live on average, according to a recent study by the TIAA Institute and Stanford Global Financial Literacy Excellence Center. (The answer: 84 for a man, 87 for a woman. Life expectancy at birth is much lower: 76.5 for males born in 2024 and 81.4 for females.)

A better sense of your life span can help you budget and invest. You could adjust your Social Security claiming strategy, make tweaks to your portfolio, and create a legacy plan that meets your bequest goals.

New artificial-intelligence-powered tools may help you plan more accurately, assuming you're willing to reveal a lot of personal data. **Abacus Global Management**, for instance, recently introduced LifeARC, a proprietary, AI-powered modeling platform that generates a longevity estimate based on people's individual medical histories, medications, and other data. "Financial planning is going to shift in a massive way to include your health and life span," says Abacus CEO Jay Jackson.

For now, you can get a better-than-average estimate from just four inputs: your age, gender, health status, and smoking history. The American Academy of Actu-

aries and the Society of Actuaries, for instance, have a free longevity illustrator that uses those inputs. Adding a few more health variables may get you a more accurate probability. Say you have two 70-year-old men. One is a smoker with poorly controlled Type II diabetes; the other is in good health with no chronic conditions or smoking history. The first man has a life expectancy of 77, while the second is likely to live until 89, according to estimates provided to *Barron's* by analytics firm HealthView Services.

A portfolio for each may thus look very different. The healthy septuagenarian would probably need a bigger allocation to stocks to keep pace with inflation over the decades; the smoker can probably afford a more conservative mix.

A standard financial plan, however, will treat them both the same way. Financial firms run simulations that gauge how long clients' portfolios will last in various scenarios—say, a 4% annual withdrawal rate in a severe market downturn—and they typically run those out until 90 or 95.

Why 95? That's still longer than most Americans have in the cards. Yet the prospect of running out of money in retirement is scarier to most people than death, surveys have found. Financial planners tend to encourage prudent spending and staying invested long term. It doesn't hurt that financial firms typically collect a percentage of assets under management, so they have an incentive to keep clients' balances as large as possible.

Yet retirement will always be a balancing act between enjoying the present and preparing for an uncertain future. More-tailored life span projections can make the exercise a little easier. If an estimate suggests your remaining time could be limited, for example, you might claim Social Security at 62 and take that trip to Machu Picchu. Knowing your estimated demise can cause anxieties and familial problems, of course, but sticking your head in the sand can also be costly. **B**

MAILBAG

Reshoring, Robots Will Boost Growth

To the Editor:

The reshoring of supply chains and enhancement in domestic manufacturing will also be needed to support ongoing growth in the automotive, defense, and semiconductor industries ("Beyond AI: 10 Ways to Cash In on the Global Building Boom," Cover Story, July 23). Large foreign corporations like Taiwan Semiconductor Manufacturing and Samsung Electronics are focusing on expanding their onshore semiconductor footprint in the U.S. to avoid 100% tariffs on imported semiconductors and complying with changing global trade regulations.

These companies and their governments are supporting and building advanced autonomous factories by deploying AI, robotics, and Internet of Things solutions. This boom in domestic manufacturing will create millions of U.S.-based jobs, which will be needed in the construction, design, procurement, deployment, and running of these factories.

Pradeep Goel
Naperville, Ill.

The Taylor Rule

To the Editor:

Jai Kedia's call for the Federal Reserve to follow the Taylor rule overlooks an important dissenter: John Taylor himself ("This Economist's Road Map for the Federal Reserve Sounds a Lot Like Kevin Warsh's," Interview, July 23). Taylor has explicitly rejected mechanical application of policy rules. Alan Greenspan went further, arguing that no simple rule could substitute for judgment in an economy whose structure continually changes. His willingness in the 1990s to accommodate unexpectedly strong growth as evidence accumulated of a productivity acceleration illustrates his reasoning. The Fed should regularly reconsider both its rules and its targets. It shouldn't mistake useful benchmarks for mechanical instructions—or an

established monetary anchor for a number somebody simply made up.

Brian J. Gross
Austin, Texas

An Oil Takeover Target

To the Editor:

Bravo to Alex Rosenberg for "The S&P 500's Cheapest Stocks Are the Best Hedge Against the Iran War" (The Trader, July 23). Beyond the favorable valuation metrics and the "diversification value is real" component that he cites, I would add a complementary element for upside potential: merger-and-acquisition activity. Down the market capitalization scale from Exxon Mobil, Chevron, Shell, ConocoPhillips, et al., lie a number of oil companies with another critical feature: desirability as takeover targets, including my favorite: APA (formerly Apache), with a market cap of just \$12.8 billion.

Rob Suthe
Bethesda, Md.

Send letters to Mail@Barrons.com.

To be considered for publication, correspondence must bear the writer's name, address, and phone number. Letters are subject to editing.

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CORRECTIONS & AMPLIFICATIONS

The Brighthouse Financial registered indexed-linked annuity in the dual-performance trigger category is the Shield Level Pay Plus II Advisory. In a table with last week's article on the 100 Best Annuities, the name appeared incorrectly without "Advisory."

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