

Leigh Baldwin & Co.

Investment Brokerage

For those of us who are feeling angst with what is going on in the world right now, here is something that you can hold onto. We are living longer! Amid a challenging global backdrop, there have also been some encouraging long-term trends worth recognizing. According to Barron's, American life expectancy hit a record in 2024, now moving up to 79 years of age from 78.4. After Covid and drug addiction plateaued this number, we have bounced back, and we now have age related deaths 30% less than in 1980. There you have it, the thing we worry about the most, longevity, is moving in a positive direction, thanks in part to not only capitalism, but also to the pharmaceutical industry, which is getting our attention as AI appears to become more important to the future of medical breakthroughs.

Speaking of Walls of Worry, the stock markets in 2026 again remind us that equities can climb those walls with the major averages up across the board, despite inflation pressure, fiscal deficits, higher interest rates and all the geopolitical tensions around the world. As of early September, the Dow, the Nasdaq, and the S&P 500 are all up around the 12-13% level as AI enthusiasm continues to dominate the economy and corporate earnings have performed as well or better than expected. Historically, earnings growth can be one of the primary drivers of stock market returns.

If earnings are the fuel for stock market performance, then inflation could be considered the kryptonite of the bond market, and it is playing out that way this year so far. Investors are now benefiting from higher yields on their fixed income but that can come at the expense of the price of those assets, and the bond market indexes are basically unchanged with the AGG corporate bond index down about a quarter of one percent year to date. As we deal with the higher cost of living and looming large government deficits, investors may be able to identify long-term entry points for the fixed income allocation of a portfolio.

Looking ahead, we remain cautiously invested, holding onto the wall with both hands, as each quarterly earnings review becomes increasingly important in our insights, while knowing that the markets have been positive for the past 7 of 8 years, and that market pull-backs and volatility can eventually occur if history is our guide. We are also looking at diversification opportunities, like the International developed markets that have benefited in part by a weaker US dollar, and by Emerging markets that are benefiting from the strength in technology, most notably in Taiwan and South Korea.

As we celebrate the 250th anniversary of our nation all summer, our hats off to James Clayton Flowers, widely reported as the oldest living US military veteran, who is 110 years old. Not only was James a member of the famous Tuskegee Airman during World War II, but he was also a teacher in New York City for many years, with educating and developing younger generations among his proudest achievements. We look forward to meeting with you personally over the next several months and thank you for your confidence in our firm.

Past performance does not guarantee future results. Investing involves risk, including the possible loss of principal. Market conditions can change rapidly, and opinions expressed are current as of the publication date and subject to change without notice. Diversification does not guarantee a profit or protect against loss in declining markets.

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