

# Leigh Baldwin & Co.

## *Investment Brokerage*

Where did the first quarter go? The first three months of 2015 were frozen in time, literally. The markets were not too hot either, as we ended the quarter just about where it began, with stocks slightly negative for the year to date. As equities approached "full valuation", the volatility has increased and for the time being, even the "indexers" have struggled to make headway in 2015. It may be an inflection point where advice and stock picking still does matter.

For advisors, it has been said that for "80% of the time our counsel doesn't really matter, but for the other 20% of the time it is crucial". This may be one of those times. Interest rates are and have been at historically low levels, as close to zero as you can get (negative real rates of return at some levels). Stocks are bumping around historically high levels of valuation and price. Earnings, although beating estimates for the most part, are relatively sedate. With this as our backdrop, investing for the year(s) ahead will not be as easy and the design and management of your portfolio is crucial.

When speaking of a portfolio's design, it is our belief that by investing a relatively small percentage in certain individual stock positions, we can at times lesson the overall risk and increase the returns of that account. During the first quarter this held true as holdings in ONFC and KRFT both contributed to positive overall performance for many accounts. The same held true for many that owned Apple in 2014 and the years prior. Over time, investment selection definitely still matters and the market will always reward good ideas.

As we look ahead to the next three quarters of 2015 and beyond, we believe that thoughtful investment selection will be a key. The prospect of higher interest rates, like a broken record, is still there. The move in oil prices could surprise us once again, but this time possibly to the upside. Finally, the easy money has probably been made in stocks and stock related mutual funds. We look forward to speaking with you personally in the days and weeks ahead about positioning for the future. As always, we appreciate your business and continued relationship with us as we try to do our best 100% of the time.

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