

Leigh Baldwin & Co.

Investment Brokerage

Many of us have fond memories of the sandlot. The sandlot was a place where all the kids in the neighborhood would congregate and play whatever sport was in season. There were never any adults and the pecking order for how things were organized and executed was always known. Teams were selected, rules were set, and score was kept. Any issues were solved on the sandlot and the games would go on for hours or until darkness set in. Other than darkness, the only things that would end the games would be the shrill sound of someone's mother or the rare instance when, due to the lack of balls or equipment, a player would act out, pout and take their ball and go home.

Recently, and with the aid of constant social media bombardment, a well-known CEO publicly lashed out at analysts and market short sellers (acted out) and in deference to established SEC rules, announced that he had secured funding to take his ball (or rather company) home and go private. This CEO is of course Elon Musk, the brilliant yet volatile leader of Tesla (TSLA) and an assortment of his other companies including SolarCity, SpaceX, and The Boring Company, which makes flamethrowers. While he has now backtracked on his privatization plans, the initial damage has been done and the sandlot may come down on him with a vengeance. He may be replaced as CEO by an "adult" leader or he may have trouble getting the infusion of cash that Tesla so needs. The future will show whether Tesla and Elon Musk can survive this most recent tantrum, but investors should own this company with their eyes wide open and an extra ball in their backpack.

As for markets, we are now in the longest uninterrupted bull market in US history at 3.455 days and counting. That is not to say that we haven't had sector bear markets (think energy during 2015-2017) but the economy has proven to be a steady grower and with last year's tax cuts, corporate profits are hitting on all cylinders at about 23% annualized growth and 10% growth projected for 2019. Bull markets typically do not die of old age but rather by an economic recession and for what it is worth, it just doesn't feel like a major recession is in the cards.

The Dow is up about 5%, while the S&P has gained about 8% year to date. The Nasdaq has been the star, once again, climbing over 14% this year through most of August. Diversified portfolios, those that have allocated not only to US stocks but also to some fixed income, international stocks and bonds, commodities, etc. have significantly underperformed the major US averages. We believe a well-designed, diversified portfolio will win out over long periods of time. Thank you once again for your confidence in our firm and we look forward to serving you now into the future.

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