Leigh Baldwin & Co.

Investment Brokerage

Bruce "The Boss" Springsteen and the Anatomy of a Value Stock.

Bruce Springsteen continues to have a prolific six-decade career as a Rock and Roll mega star. He has sold over $140 million records, which makes him the Warren Buffett of contemporary music. His long-term success can only be envied by investors as long-term is our overriding mantra. But Bruce as a value play, let's look…

Value investing can easily be described by a quote from Charlie Munger…" All intelligent investing is value investing…acquiring more that you are paying for. You must value the business in order to value the stock." It involves going against the favored crowd, anticipating the prospects years down the road, the ability of a company to scale, and the opportunity for long-term wealth generation.

The Wall Street Journal recently highlighted the 50-year anniversary of the release of the Bruce Springsteen studio album "Greetings from Asbury Park, N.J." in January of 2023. Upon its release, the album garnered little fanfare as compared to the "shiny new" progressive rock bands of the time like Jethro Tull and the Moody Blues. The album only managed at its best to reach 60th place on the US charts (two years after its release) and did not even chart in the UK. The reviews were good, but the masses did not see the value. Springsteen was well known in his market and extremely diligent at his craft, but was considered "a cheap, bar band take-off of Bob Dylan". The rest is history…after tireless touring all over the country, the band became more than the east coast leader of the Jersey Shore Sound and after the release of "Born to Run" they were off to the races. The "Greetings" album, which took years to even chart, ultimately did chart in the UK at 41 in 1985 and is ranked 37th on the Rolling Stone's list of greatest debut albums. Value is in the eyes and the ears of the beholder, whether the art form is music or investing.

As for 2022, the recap is well known now. It was a very difficult year for both stocks and bonds (fixed income) as the Fed realized they missed the mounting inflation problem and continues to attack higher prices with interest rate hikes to slow the economy. We continue to believe that current inflation is a direct result of the record amounts of stimulus added to the economy because of the Pandemic and will most likely just need time to dissipate through the system. For the record, value investing was the best house in a bad neighborhood as the Dow was down 8.78% last year versus a drop of 33% for the Nasdaq, 19% for the S&P 500, and not to be outdone, a drop of 11% for fixed income. Looking ahead, we believe that a combination of earnings that are stable, mixed with a significant drop in prices from peak inflation could help us bounce back in the year ahead. Whatever happens on Wall Street, we will continue to search for value in our investments and look forward to seeing everyone personally in the New Year. Thank you again for your confidence in our firm.

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