

# Leigh Baldwin & Co.

## *Investment Brokerage*

Do you remember your first time? The words awkward, exciting, and clunky come to mind. The fear of the unknown is only surpassed by the seemingly unlimited future reward. We of course are talking about the internet...

The sound of the AOL sign-in, floppy disks, paying for online minutes...that was the beginning of the internet. The internet in the mid 1990's was awkward, exciting, and clunky. On some level, we all knew it would radically change our world and thirty years later, it has, as we are basically carrying our entire lives in our pocket.

Silicon Valley, and then naturally Wall Street, are both showing the same level of almost hysteria about the great expectations for Artificial Intelligence (AI) as they did for the internet. Is it the next really big thing? It is early in the game, and current applications are far from perfect, but the key words are compounding, speed, and generative. Data is being processed at incredible multiples and speed. Picture the 173 million items contained in the Library of Congress accessed in literally seconds to render a decision. Consider facial recognition to diagnose strokes and other diseases. Imagine genetic testing for new life saving drugs and procedures that could knock years off the approval process. Finally, electric vehicles are obviously top of mind right now, but AI has already begun to transform agriculture, logistics, and a wide array of ever day functions in dramatic fashion.

The point is, as investors we need to overlay the huge potential effects of AI on society, both good and bad, as we develop our investment plans. Like the magic of compounding our investments, the compound effect of generative data and information management is happening right now. Sir Francis Scott Bacon, "Knowledge itself is power".

For the first quarter of 2023, volatility continued but we were able to see some bounce-back gains across the equity board on the heels of what was a brutal prior year. For the record, Nasdaq stocks paved the way, gaining about 16.9%, followed by the Russell 1000 Growth up 14.2%, the large cap S&P 500 gaining about 7%, and the venerable Dow basically unchanged. Of note, and piquing our interest, the developed international markets had a strong showing to begin 2023, benefiting from lower-than-expected winter energy prices, a positive interest rate environment, China's re-opening, and comparatively lower stock valuations. We continue to monitor our portfolios to take advantage of current financial trends, including high short-term yields (inverted yield curve), potentially positive news internationally, and near record low employment rates. We appreciate your confidence in our firm, and we look forward to helping you navigate the financial scene for many years to come. Finally, while looking at the current state of AI, we are reminded of a quote by author James Surowiecki, "The history of the internet is, in part, a series of opportunities missed."

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