

MARKET COMMENTARY – June 1, 2026

*Nothing to breathe but air,
Quick as a flash 'tis gone;
Nowhere to fall but off,
Nowhere to stand but on. ~ Benjamin Franklin King, Jr.*

Born in 1857, when honoring political heroes of the Revolution was still fashionable if not downright expected, Benjamin Franklin King, Jr. came into the world on the shores of Lake Michigan in little St. Joseph. A childhood piano prodigy, as an adult he was deemed a failure due to his poor business acumen. Nonetheless, he managed to support a wife and two children. At age thirty-six, he performed at a concert at the Chicago's World's Fair and caught fire. Suddenly, he was in demand and began a tour of the country, reciting his poetry to piano accompaniment. His success was short-lived as he died at the tender age of thirty-seven while on tour in Bowling Green, Kentucky.

Each of us has nothing to breathe but air as Mr. King rightly pointed out. And it is not a stretch to suggest that markets have nothing to breathe but money flows, or liquidity. While money flows in, markets or sectors expand. When money flows out, like our diaphragms those same markets retract.

These similarities provide a suitable basis to review the medical technology and device sector in recent years. Historically, this market works best during a period of new product launches following innovation. For example, after the Great Recession, a series of new technologies led to organic sales growth slowly expanding to the mid-single digits. Investors, appreciating the defensive nature of these companies, steadily bid them up so that they were pricier than the S&P 500 in general.

The brutal lockdowns in 2020 temporarily destroyed that narrative. However, they began to climb again as reopenings fought to take hold. But then a new and curious thing occurred. A public version of ChatGPT was announced and AI for the masses, for better or worse, was born.

Using our paradigm to review this situation, the oxygen or air was literally sucked out of the room. Or, as when a beautiful model or a movie star enters a room, all attention is sucked toward her or him. Liquidity – i.e., marginal dollars – suddenly flowed first to Microsoft due to its investment in ChatGPT's parent company. Then those dollars began flowing to all things AI. Then, even longtime investors in medical devices and other industries began feeling the inexorable undertow. The vacuum, the tug, the

gravity of AI consumed the air. If a portfolio manager hung his hat on the solid business fundamentals of medical device companies (or any non-AI company for that matter), it didn't matter. He was, and still is, fighting a new beast that is dazzling the hearts and breathing the air of investors.

And so, what should have been a steady recovery from 2020 lows in the medical device space, has been a painful sideways losing streak. In spite of steadily growing sales and solid margins. In spite of continued innovation and new frontiers. Retail and professional investors have felt compelled to look toward what is sexy in the marketplace. Multiples in medtech and many other industries have shrunk to recession levels while the prices paid for AI-related holdings have skyrocketed.

Fear not, no one has ever accused your dear writer of being sexy. Perhaps that is why he is content in retaining some of these unloved medical technology companies. Perhaps that is why he is comfortable owning non-AI companies like PepsiCo, yielding over 3.5% and growing sales. The list goes on.

Regarding medical technology in particular, there are reasons to believe that the coming year will be better than the previous few. Many of the companies in question have pending catalysts – innovative technologies, enhancements to existing technologies, or even the use of AI to increase the pace of their innovation. Our take is that if AI is truly as game-changing as its promoters say, it must eventually improve the outcomes for many other types of businesses.

And before our dear reader protests, remember that what goes up, comes down. Or, what breathes in, breathes out. That same movie star eventually makes a flop. That lovely model ages. Or along comes a new cause célèbre that consumes all the air available in the news. Might then AI holdings have nowhere to fall but off, and others nowhere to stand but on?

Stirling Bridge Wealth Partners, LLC is fortunate to count many of you as clients. In the good times and bad, we remain committed to providing customized investment solutions and robust financial planning wrapped in a package of exceptional service. We thank each of you for your dedication to us and for your trust.

Sincerely
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