Stirling Bridge
Wealth Partners, LLC

MARKET COMMENTARY – September 1, 2026

What's the use of worrying?
It never was worth while,
So, pack up your troubles…,
And smile, smile, smile. ~ George Powell

There are scores of pithy Wall Street maxims bandied about on a daily basis. Of course, they are meant to pass on nuggets of truth or help guide investor behavior through thick and thin. Some, like "Sell in May and go away," have been downright wrong throughout our entire investment career. Others, such as "The trend is your friend," are obviously true, but provide only limited assistance in managing a portfolio of companies. Many more offer true insight. This latter category includes a couple from Warren Buffett:

"Games are won by players who focus on the playing field –- not by those whose eyes are glued to the scoreboard." This, of course, reminds investors to focus on the fundamentals of our investments and not the day-to-day price fluctuations.

"Be greedy when others are fearful. Be fearful when others are greedy." Reminds us to always look to future possibilities in investments. In bad times, look at what companies might do to improve. In good times, be careful that unrestrained optimism isn't priced into securities.

But the Wall Street adage from an unknown source on the table for discussion today is the following:

"Bull markets climb a wall of worry. Bear markets slide down a river of hope."

And while this cannot aid investors in precisely defining market tops or bottoms, it has proven remarkably true over the past fifty years. The nearby Consumer Sentiment Index chart (courtesy of JP Morgan) demonstrates this fact in spades. Whenever sentiment falls well below the average, the subsequent twelve-month return has been quite stellar. Conversely, when sentiment peaks and many folks feel great about the economy, their jobs, and their investments has proven to be the beginning of a twelve-month period with below-average returns in stocks.

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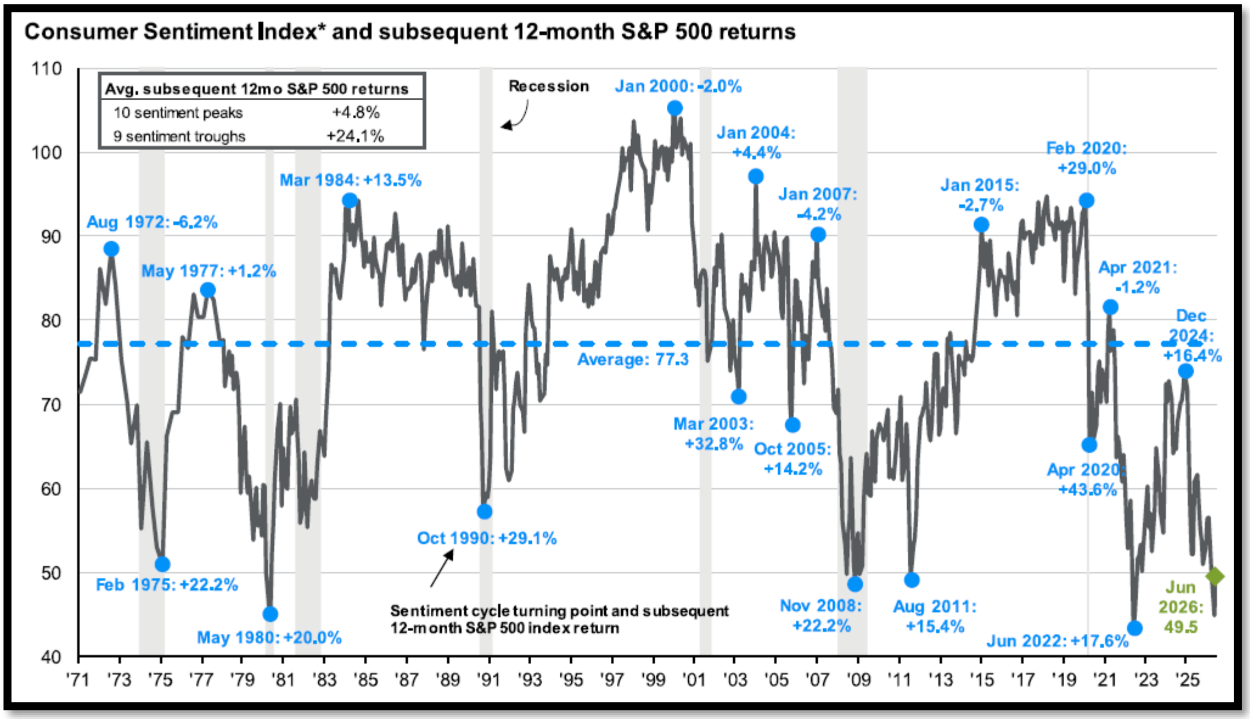

Also clear from the sentiment chart is that since the onset of and fallout from our response to the coronavirus in 2020, consumers' moods have been in the pits. For the second time in the past twenty years, we are undergoing one of the longest stretches of depressed consumers. There are technological, domestic political, monetary, and geopolitical reasons for this result, but we'll leave those topics to be discussed around dinner tables and one-on-one settings.

The upshot is that aside from 2022 this period of returns in the equity market has been nothing short of stellar. And while a sad consumer doesn't automatically predict a strong future return in stocks, it seems to be one piece of the puzzle in forecasting past solid results. Well, and fundamentals such as revenue growth, earnings growth, profit margins, and corporate ROICs also suggest the direction of future returns. For the most part, these latter metrics are also robust these days.

It is for these reasons we expect markets to continue to climb a wall of worry rather than rush down a river of hope <u>for the time being</u>. But remember, buying terrific companies with sustainable growth and profitability prospects is far more important than timing any broad market moves. And so, even though we have much to worry about, perhaps we should take Mr. Powell's advice and, "Smile, smile, smile."

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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