Charles A. Going, CPA, LLC
M. Scott Sebastien, CPA, LLC
Donald E. Fisher, CPA, LLC
Craig C. LeBouef, MBA, CPA/PFS, CFP®, LLC
Darren J. Cart, CPA/PFS, LLC

Beth T. Spears, CPA
Matt Ledoux, CPA

October 4, 2013

Dear Client,

This letter contains news and views that I feel will be of interest to you. As always, please call me at your convenience to set up your quarterly meeting.

Contents:

Going, Sebastien, Fisher & Le Bouef, LLP News — Page 1
Investment Views — Pages 1-2
Emerging Market Investors — Page 2
Lessons from Detroit — Pages 2-3
GSF&L, LLP Registered Investment Advisors — Pages 3-4

Going, Sebastien, Fisher & Le Bouef, LLP (GSF&L) News:

- Craig taught income tax planning to adult professionals who want to become Certified Financial Planners. The class was taught in Chicago, IL through Northwestern University July 19-20, 2013.

Investment Views:

- ***Morningstar Data - Through September 30, 2013 - Year-to-date returns--*** S&P 500 19.79%, NASDAQ Composite (dollars) 24.90%, MSCI EAFE (dollars) 16.14%, and the Barclays U.S. Aggregate Bond Index -1.89%.

- ***Lowry Research Corporation - October 2, 2013 –*** …In sum, the market appeared to stage a strong comeback yesterday after the losses suffered in the decline from the September 18th market high. Historically, this is more in line with the market's responses to the government shutdowns in November 1995 and December 1995 – January 1996.

- ***Bureau of Labor Statistics - September 30, 2013 –*** The Consumer Price Index for All Urban Consumers (CPI-U) increased 1.5% over the last 12 months in August. The unemployment rate (Household Data Report) remained little changed at 7.3% in August.

- ***The Credit Strategist – October 2013 –*** Markets greeted the no-taper announcement with the usual knee-jerk rally in both stocks and bonds on the afternoon of Wednesday, September 18; by Friday the 20th stocks were selling off and bonds were rallying after having digested the Fed's dim economic outlook. Sooner or later, the markets will realize that too much of a good thing is a bad thing, and when that day comes a lot of investors are going to be damaged. Gold also rallied in reaction to the clear signal that fiat currencies will continue to be debauched by central bank policies.

Craig's Thoughts and Views:

Emerging Market Investors

The MSCI Emerging Markets Index lost 9.9% of its value year-to-date as of August 31. The so-called BRICs (Brazil, Russia, India, and China) have led the way down, as the MSCI BRIC Index lost 12.2%. The year so far has been marked by social unrest in Brazil, constant political corruption in Russia, currency problems in India, and significant bad loans over real estate in China. An end to easy monetary policy in the U.S. has caused investor jitters in the emerging markets. Geo-political risk in the Middle East subsequent to the so-called "Arab Spring" events has come to the forefront for investors.

Concerned investors have removed billions of dollars from emerging markets funds over the past eight months. This is quite different from a few years ago, when emerging market stocks were all the rage and a "must have" investment. The so-called lost decade among U.S. stocks had just concluded, with the S&P 500 closing 2010 with a 10-year loss. Predictions of further below-normal returns for U.S. equities were common. During years 2009 and 2010 emerging markets stock returns had almost doubled those in the U.S., and investors were told than emerging markets had "de-coupled" from developed markets and that strong internal consumer demand and local domestic growth would continue in these markets.

With this in mind what should investors be thinking?

- Emerging markets can be extremely volatile and may react suddenly and violently to breaking news good or bad.
- Equity prices are looking to the future and can be useful in predicting economic growth, but the reverse also applies. Therefore, good economic news is priced almost instantly in the form of higher equity prices and by the same token expected returns are higher when bad news has arrived and are reflected in lower security prices.
- The up-turns and down-turns are obvious in retrospect. Long-term disciplined investors will benefit from growth, diversification, and non-dollar currency exposure inherent in emerging markets when they believe including emerging markets in a portfolio leads to better diversification.

Lessons from Detroit

Bond prices of all types have generally declined since May, when the Fed first discussed tapering its easy-money policy. Those who own municipal bonds suffered a second hit when Detroit's financial crisis led the city to file for bankruptcy. As usual, media news from Detroit raised fears about widespread municipal defaults. And the "herd mentality" followed as expected and impulsive investors fled the municipal market. According to Lipper, over the 13 weeks ended August 28, muni-bond mutual funds that report weekly conveyed a net outflow of almost $21 billion dollars, while corporate bond funds had an inflow of nearly $7 billion.

The municipal bond fears caused prices to fall further than Treasury bond prices. In early September 10-year municipal bonds yielded 3.01% on an annual basis, slightly above the 2.97% yield on the 10-year Treasury note.

The recent volatility in municipal bonds does not necessarily call for a change in portfolio strategy, but it does highlight certain aspects of the muni market that investors should keep in mind. First, municipal bond investors are not a diverse group. Many if not most of them are higher-net-worth investors who are seeking fixed income exposure while avoiding income taxes. Second, the municipal bond market is more thinly traded compared to other markets. The municipal bond market constitutes a small portion of the overall bond market. Because of these two points, when news is announced (good or bad) trading can move quickly in a big way in either direction. However, these fluctuations should be of lesser concern to investors with a long-term investment horizon.

There has been speculation by financial pundits and those in the media that Detroit is only the “tip of the iceberg” and that municipal bonds as a group have grown more risky as a group. Investors should remember to keep events in perspective. Though municipal bond buyers are not a diverse group, municipal bond issuers are. There are about 80,000 issuers of municipal bonds of various types according to MunicipalBonds.com website, where regional economic conditions can vary. Historically, the vast majority of municipals have been rated AA or better. According to a recent study by Moody’s Investors Services (one of the ratings agencies that track bonds), the number of one-year defaults for Moody’s-rated municipal issuers increased to 4.6% between 2008 and 2012, compared with only 1.3% per year between 1970 and 2007. Comparing default rates over longer periods of time, the rate remained low at an average of 0.030% for the recent 5-year span, compared with 0.009% over the previous 37 years.

These low default rates should not deny the fact that municipal bond holders are facing a riskier environment. Investors should take note that these risks are most likely reflected in current prices. With the apparent current situation of increased municipal bond risk, buyers are demanding higher expected returns in the form of lower prices and higher yields. Prudent investors should manage this risk rather than necessarily run from it through broad diversification and periodic portfolio rebalancing.

GSF&L, LLP Registered Investment Advisors:

We can never know what the future holds, but we can make informed decisions regarding investment strategies and portfolio allocations. We (GSF&L) make changes based on our perception of opportunities in the capital markets. We assimilate fundamental, technical, and economic information to make informed decisions. Of course it is important to have long-term focus on portfolio management, but with a critical analysis of intermediate strategies.

Managing risks and opportunities are important to portfolios and reaching one’s financial needs and goals. Having a complimentary understanding of investment horizon and attitude toward risk are equally important. Markets and economies do not always behave as we expect them to. That is the problem with investing! There is no luck to professional investing. You can no more have a successful, disciplined approach by luck or accident than you can win a chess tournament by luck or accident.

If you know of someone who may fit our financial and investment planning philosophy, please mention our name. We are a small organization and intend to remain so. A solid organization makes it possible for us to spend our time managing our business rather than each other. Because everyone has so much to do, much gets done. We will forego any growth opportunity that may detract from our ability to serve our clients as they have become accustomed to. We never expect to be among the biggest, but our attention to be among the best is not subject to compromise.

Regards,

Craig

Craig C. Le Bouef, MBA, CPA/PFS, CFP®

NASDAQ composite measures the performance of all issues listed in the NASDAQ Stock Market, except for rights, warrants, units, and convertible debentures. The S&P 500 is made up of 500 common stocks representing major U.S. industry sectors. The Dow Jones Industrial Average contains 30 stocks that trade on the New York Stock Exchange (NYSE) which reflect the performance of 30 large American companies. The Morgan Stanley Capital International Europe, Australia, and Far East Index (MSCI EAFE) is a market-weighted aggregate of 20 individual country indexes that collectively represent many of the major markets of the world, excluding Canada and the U.S. The Lehman Brothers U.S. Aggregate Bond Index tracks performance of debt instruments issued by corporations and the U.S. Government and its agencies. The returns for this index are total returns, which includes reinvestment of dividends. The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 index, which represents approximately 8% of the total market capitalization of the Russell 3000 index.

All indices are unmanaged. It is not possible to invest in an index.

Past performance is no guarantee of future results.

Diversification does not assure against market loss.

2811 SOUTH UNION • OPELOUSAS, LOUISIANA 70570

TELEPHONE (337) 942-3041 • FAX (337) 942-7112 • WWW.GOINGCPA.COM