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Dear Client,

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

Contents:

Going, Sebastien, Fisher & Le Bouef, LLP News:

- GSF&L constantly researches asset classes to include in clients' portfolios to increase income or reduce risk or both. We offer Insurance-Linked Securities, Alternative Lending, Market Insurance, and other Alternative Strategy Securities, so feel free to contact us for more details.

- Please make note of the above second office located in Lafayette. We have been operating in Lafayette since early 2017. Should you wish to meet with us there or come visit please do not hesitate to do so.

- Craig attended the Stone Ridge Conference February 27 – February 28, 2018 in New York. Investing in digital assets was the main topic for one day. Topics covered were digital assets in portfolios, liquidity of digital assets, digital assets regulation, and how payments can be made by digital assets. The other day's topic centered on "Flourish," a platform that GSFL AUM clients may use to track net worth, buy art through Sotheby's, invest in start-up companies, gift to various non-profits around the world based on your preferences, and buy insurance.

Investment Views:

- ***Morningstar Data - Through March 31, 2018 - Year-to-date returns -*** Dow Jones Industrial Average -1.96%, NASDAQ Composite (dollars) 2.33%, Russell 2000 -0.08%, S&P 500 -0.76%, MSCI EAFE (dollars) -1.53%, and the Barclays U.S. Aggregate Bond Index -1.46%.

- **American Institute for Economic Research Rates of Interest (As of March 19, 2018) –**

Federal Funds Rate	1.43%	10-Year TIPS	0.74%
3-Month Treasury Bill	1.74%	10-Year Muni Bonds – Nat'l	2.45%
10-Year Treasury Note	2.82%	15-Year Mortgage Fixed	3.90%
30-Year Treasury Bond	3.05%	30-Year Mortgage Fixed	4.44%

- ***Northern Trust – Weekly Economic Commentary – April 6, 2018 –*** The United States and China are now engaged in threats and assaults over trade. The actions are controversial, and they have attracted global attention. The stakes, for now, are small, but they could grow over time. Neither side has a clear path to a winning position. But the measures aren't as directly worrisome as the headlines might suggest. Each side's tariffs won't become fully binding for a number of months, leaving an opening for negotiations. Total gross domestic product (GDP) for the United States and China totaled more than $31 trillion last year; the new restrictions cover a very small fraction of that sum. It should be noted that the presence of tariffs does not automatically mean imports will shift; that takes time, and some producers will choose to accept lower margins to preserve market share.

- ***Bureau of Economic Analysis – March 28, 2018 -*** Real Gross Domestic Product (GDP) – the value of goods and services produced by the nation's economy less the value of the goods and services used up in production increased at an annual rate of 2.9% in the fourth quarter of 2017, according to the "third" estimate released by the Bureau. In the third quarter of 2017, real GDP increased 3.2%. Personal Income increased 0.4% in February 2018, which was the same for January 2018 and December 2017.

- ***Bureau of Labor Statistics – April 11, 2018 –*** On a seasonally adjusted basis, the Consumer Price Index for All Urban Consumers decreased 0.1% in March, and over the last 12 months the all items index rose 2.4% before seasonal adjustment. The unemployment rate was 4.1% for the sixth consecutive month, and the number of unemployed persons, at 6.6 million, changed little. In March, employment grew in manufacturing, health care, and mining.

Craig's Thoughts and Views:

Interest Rates and Inflation

The Federal Reserve's Board of Governors has indicated that its intention is to gradually increase short-term rates in the upcoming months. Many in the financial media have written that it is almost all-but-certain that rates in general will increase, to include intermediate and long-term rates.

The fact is the Fed does have considerable control over short-term rates by targeting its federal funds rate and through its discount window, but it has little direct influence over the overall bond market, particularly long-term bonds.

Obviously the forces of supply and demand for credit is hard to predict, and longer-term interest rates are largely determined by expectations of price inflation. After all, bonds are fixed income debt instruments and generally provide semi-annual interest payments and a return of principal (face value), both of which are fixed (stated) when the bonds are originally issued. The purchasing power of a bond's cash flows is eroded over time by rising prices for goods and services. Therefore bond prices and interest rates change in response to changes in inflationary expectations. All else being equal, a higher price inflation will result in higher long-term rates as investors demand greater value (an inflation premium) for assuming this inflation risk. If you remember back to the late 1970s and early 1980s, this is why 30-year Treasuries paid yields greater than 10% during those high-inflation years.

Longer-term (many years out) future price inflation can be hard to predict and very uncertain; therefore, long-term bond prices are more sensitive to changes in inflation expectations than short-term bonds. Many investors hold bonds as a source of portfolio stability, which is why many investors are best served by holding mostly short- and intermediate-term bonds and bond funds.

The market does provide a useful estimate of future inflation. The U.S. Treasury issues conventional bonds as well has inflation-protected bonds (called TIPS). TIPS differ from conventional bonds because they promise cash flows that increase automatically with prices as measured by the Consumer Price Index (CPI). They avoid the risk of unexpected inflation; thus, their yields do not include an inflation premium. The difference in the yields between conventional Treasuries and TIPS provides the market's estimate of expected inflation.

Based on the spread between conventional Treasuries and TIPS, the current outlook for inflation over the next decade is about 2% per year. This falls within the 0-4% annual inflation the U.S. has experienced since the early 1990s.

Federal Death Taxes

"The Estate Tax is a tax on your right to transfer property at your death."
- Internal Revenue Service

The recently enacted Tax Cuts and Jobs Act (the Tax Act) doubled the federal estate tax exemption. Individuals with estates of less than $11.2 million (indexed to inflation) will not be subject to federal estate taxes. Just as before the Tax Act, the marital exemption, leaving money to a spouse, is unlimited. In addition, the personal exemption of $11.2 million is "portable," meaning it can be carried over to a surviving spouse. The effect of these provisions is that a married couple can avoid Federal estate taxes on amounts less than $22.4 million (indexed for inflation). The effective marginal tax rate on estates over this level is 40%. In 17 states and Washington, D.C., investors below the federal threshold may be subject to state death taxes as well. Fortunately, Louisiana residents are not subject to estate and inheritance taxes. For residents in Washington, Rhode Island, Oregon, Massachusetts, Vermont, and Minnesota, planning for death taxes is important.

One primary way to avoid death taxes is to give assets away prior to death. However, the federal estate tax unifies gifting and estate taxes, which means large lifetime gifts will count against the total exemption at death. In other words, if you give away $11.2 million during your lifetime, you will have "used up" your federal exemption and estate taxes will be due on amounts remaining at death.

The good news is there is an exemption to the annual gift amount. For tax year 2018, this annual gift tax exclusion was increased to $15,000. Anyone can gift $15,000 to any individual without reducing their eventual estate exemption or incurring immediate estate or gift tax. Doing this can be very effective in reducing one's taxable estate in addition to meeting one's legacy intentions. For example, a married couple could each gift $15,000 to a daughter and another $15,000 to a son-in-law, thereby transferring $60,000 per year (indexed to inflation) to their heirs.

Using the annual gift exclusion can allow a couple to transfer a great deal of wealth over the course of several years. Assume a married couple has decided to make gifts to their two children and their spouses. This would allow for $120,000 in exempt gifts per year. Over 10 years, this would amount to $1.2 million that would be excluded from the taxable estate. Any growth in the value of the gifted property would be excluded as well. Assume these assets were to grow at 6% per year over 10 years, the couple would effectively remove almost $1.7 million dollars from their estate.

Early gifting is perhaps the most basic and simple way to limit the impact of death taxes. For more sophisticated estate planning techniques better suited to various circumstances, please feel free to contact us at GSF&L.

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.