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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 investment meeting.

**Contents:**

Going, Sebastien, Fisher & Le Bouef, LLP News	Page 1
Investment Views	Pages 1-2
Bitcoin	Pages 3-4
Market Volatility, downturns, and uncertainty	Pages 4-5
GSF&L, LLP Registered Investment Advisors	Pages 5-6

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

- GSF&L constantly researches asset classes that may be suitable for clients' portfolios to add diversification (reduce risk). We offer Insurance-Linked Securities, Alternative Lending, Market Insurance, and other Alternative Strategy Securities, Realty, and Real Assets, so feel free to contact us for more details. The strategies have a low to moderate correlation to a Global Equities/Global Fixed Income mix; therefore, adding diversification to portfolios.
- Please make note of the above letterhead indicating our Lafayette office has moved to Kaliste Saloom Road. Should you need directions please contact our office.
- We are pleased to announce that we have admitted Amy Broussard Spellman, CPA as an associate partner to the firm. GSF&L welcomes all clients from Broussard and Broussard, CPA who are following Amy and are now part of our firm. We look forward to continuing to service your needs for many years to come.
- We are also pleased to announce the acquisition of the accounting practice of Dallas Fleming & Associates. We welcome all of the DM&F clients and look forward to continuing to service your needs as Dallas was able to over the past many years.
- Craig recently attended the Louisiana Society of CPAs Estate & Financial Planning Workshop and Financial Institutions Conference that included but were not limited to the following: Navigating the Economic Landscape, Bitcoin & Blockchain, Income Tax Update, Positioning for the Next Cycle in Bonds, Estate Planning Overview, and Louisiana's Recovery from COVID and the Evolving Energy Industry.
- Darren recently attended the Advanced Personal Financial Planning Conference that included but was not limited to the following: Estimating the End of Retirement,

Investment Best Ideas Panel, Economic Update – Investing in a Post-Pandemic World and The Political Update.

**Investment Views:**

- **NASDAQ Markets - Through September 30, 2021 - Year-to-date returns** – Dow Jones Industrial Average 12.1%, S&P 500 15.9%, NASDAQ Composite 12.7%, Russell 2000 12.4%, Morgan Stanley Capital International Europe, Australasia, Far East 8.35%, Barclays US Aggregate Bond -1.55%.

- **Interest Rates (As of September 21, 2021 – Average National Rates) –**

Federal Funds Rate	0.08%	10-Year TIPS	-0.98%
3-Month Treasury Bill	0.04%	10-Year Muni Bonds – Nat'l	0.95%
10-Year Treasury Note	1.31%	15-Year Mortgage Fixed	2.12%
30-Year Treasury Bond	1.85%	30-Year Mortgage Fixed	2.86%
Savings	0.06%	Money Market	0.08%
12-month CD	0.14%		

Sources: Federal Reserve, fms.bonds.com, Freddie Mac, FDIC

- **Northern Trust – Weekly Economic Commentary – October 01, 2021** – While well-intentioned over the long-term, the trend toward environmental, social, and governance (ESG)-driven investing is creating challenges for natural gas prices in the short-term. While alternative energy sources like wind and solar power are growing rapidly, the world will remain reliant on fossil fuels to some degree for a long time to come. Failure to sustain a reasonable level of investment in oil and natural gas will not only make power more expensive for consumers, it will motivate additional use of coal to generate electricity. According to the IEA, carbon emissions from the electricity sector – which fell in both 2019 and 2020 – are forecast to increase by 3.5% in 2021 and by 2.5% in 2022, which would take them to an all-time high. In this strange way, policy that promotes better climate outcomes in the decades ahead can produce worse outcomes in the years ahead.
- **Bureau of Economic Analysis – September 30, 2021** - 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 6.7% in the second quarter of 2021, according to the “third” estimate released by the Bureau. In the first quarter, real GDP increased 6.3%. Personal income decreased 0.2% in August as compared to a 1.1% increase in July.
- **Bureau of Labor Statistics – September 14, 2021** – On a seasonally adjusted basis, the Consumer Price Index for All Urban Consumers (CPI-U) increased 0.3% in August after rising 0.5% in July. Over the last 12 months, the all items index increased 5.3% before seasonal adjustment. The indexes for gasoline, household furnishings and operations, food, and shelter all rose in August and contributed to the monthly all items seasonally adjusted increase.

## **Craig's Thoughts and Views:**

### **Bitcoin**

According to Investopedia, how to categorize Bitcoin is a matter of controversy. Is it a currency, a store of value, a payment network or an asset class? It is easier to define what Bitcoin actually is. It's a software. Bitcoin is a purely digital phenomenon a set of protocols and processes. It is also the most successful of hundreds of attempts to create virtual money through the use of cryptography, the science of making and breaking codes. Bitcoin has inspired hundreds of imitators, but it remains the largest cryptocurrency by market capitalization, a distinction it has held throughout its decade-plus history. According to the Bitcoin Foundation, the word "Bitcoin" is capitalized when it refers to the cryptocurrency as an entity, and it is given as "bitcoin" when it refers to a quantity of the currency or the units themselves. Let's explore what a couple of financial experts say.

James Montier is a member of GMO's Asset Allocation team and prior to joining GMO in 2009, he was co-head of Global Strategy at Societe Generale and is the author of several books. As James says in a recent investment essay, Bitcoin et al. aren't financial assets. So, what are they? The closest thing I can come up with is that they are most like commodities. However, unlike most commodities where there is an underlying worth of some description set by their real-world demand and supply, cryptocurrencies are an entirely speculative commodity without any fundamental anchor (akin to works of art without the aesthetic appeal or the limited supply). Occasionally I hear that Bitcoin is digital gold, but gold has value through its demand for jewelry use – its biggest single source of demand – and its industrial use in the electronics industry. Bitcoin and its cousins have neither of these demands.

In part, the love of Bitcoin and its cousins may stem from the general sense of anti-establishmentarianism that seems pervasive today. The rise of social media in driving popular delusions should be clear for all to see. Indeed, one of the many dangers of social media is the echo chamber effect it can so easily produce.

If you are a fan of cryptocurrencies, you may still like the idea of limited supply. However, whilst this may be true for any individual crypto, supply isn't limited across all forms of crypto as my simple thought experiment shows – anyone can create his or her own crypto. Witness the plethora of cryptocurrencies available, with more appearing with steady frequency.

NYDIG is a leading technology and financial services firm dedicated to Bitcoin. The firm applies institutional wisdom and ingenuity to help make the network seamlessly and safely accessible to all. A research paper on the firm's website by Stevens (NYDIG), Zwick (Oliver Wyman), and Cohen (Harvard Business School) discuss how they believe investors need to include a wider array of non-traditional return streams to meet their long-term investment objectives. Going forward, stocks and bonds alone won't do it, and we believe that Bitcoin is one of the new return streams that should be considered. We believe that Bitcoin will not only play an important role in transforming how financial transactions are executed, but also in how investors store, protect, and grow their wealth.

There is something abstract and ethereal about Bitcoin which exists on a thing called a distributed ledger across a global network of computers. This currency does not represent an IOU of government, banks, or companies, and is not a precious metal you can hold in your

hand. There is no legislative mandate that grants it status as legal tender, nor can people pay tax with it. At first glance, all of this makes it hard to rationalize its value. However, deeper thinking reveals that Bitcoin is no more abstract or ethereal than “traditional” financial assets today, including the balance in your bank account and cash in your hand.

Consider how you feel when you withdraw cash from an ATM. What do you really have? These pieces of cotton, linen, and ink are not intrinsically valuable. They have value because you expect others to accept them for payment for a long time to come, as do those that do the accepting – it’s a never-ending chain of belief. The same argument applies to the “money” listed on our bank statements; in its basic form, this money is just certain arrangements of electrons whizzing around circuitry buried deep inside big computers at central banks around the world.

Once we acknowledge how abstract the basic notion of financial assets is, and the fact that there is virtually no link between financial and physical value, the idea that valuable assets can exist solely on computers isn’t so strange.

### **Market Volatility, downturns, and uncertainty**

According to NASDAQ, the Dow and S&P 500 lost -4.2% and -4.7%, respectively in the month of September. However, year to date the Dow returned 12.1% and the S&P 500 returned 15.9%.

When markets get jumpy, and after a long spell of positive returns, it can be shocking to investors that volatility includes stock prices and prices can go down as well as up. Actually, history shows us that such movement is practically guaranteed.

Investors cannot control the markets, but they can manage how they react to their swings. One thing that can be considered is to zoom out from any particular period and focus on the long-term trend, assuming you are a long-term investor. Looking at the history of the S&P 500 Index, which is widely used as a proxy of the U.S. stock market, has been one of many volatile time periods. For example, Black Monday in the late 1980s, the Tech boom/bust in the late 1990s and early 2000s, the Global financial crisis 2007-early 2009, and the Global coronavirus pandemic in early 2021.

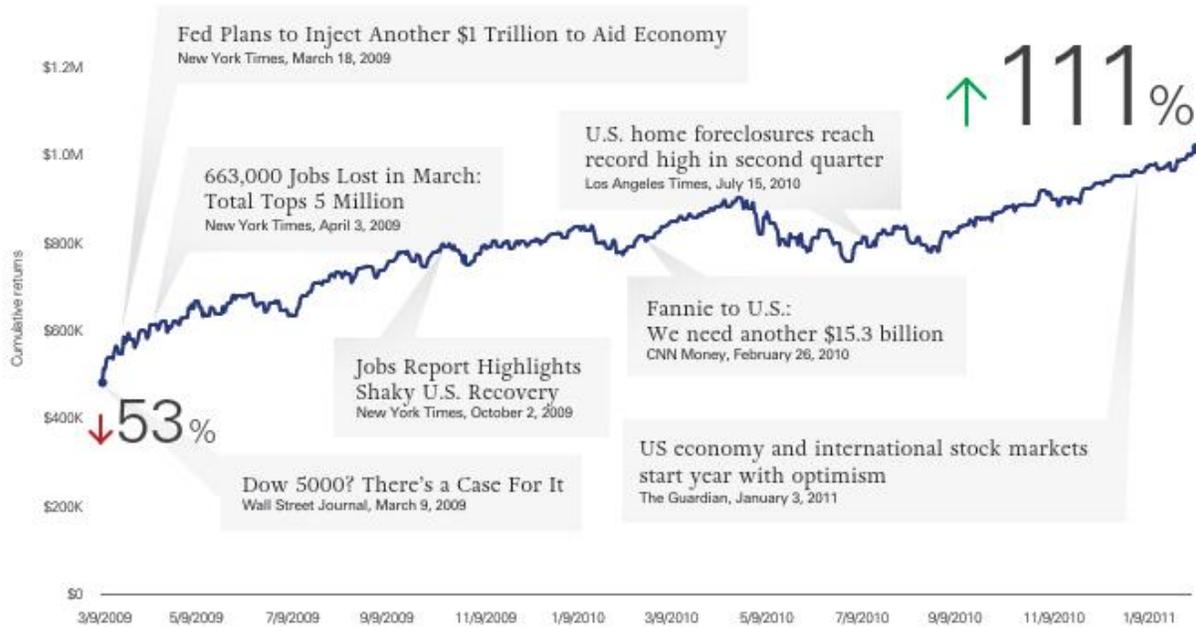
It can be unsettling to witness the decline in your portfolio during one of these events. After all, your account balance is more than a number, it represents very important personal goals, such as the ability to retire comfortably or to provide a good education for family members. When market conditions jeopardize those goals, you may feel compelled to do something, such as sell most of or all your investments. However, such action could shut you out of strong recoveries that have historically followed market downturns. The answer is to come up with a game plan before the next market pullback, so that you will be well-positioned to try to take advantage of the opportunities that follow.

It’s worth noting that not all financial declines are the same in length or severity – for example, the global financial crisis of 2008-2009 could be considered extreme. As challenging as that event was, it was followed by the longest stock market recovery in U.S. history (Lu Wang, “The Bull Market Almost No One Saw Coming,” Bloomberg Businessweek, December 15, 2019).

Declining markets and extreme headlines can tempt investors to abandon their long-term investing plans. Their thinking might be something like, let's wait until it's over, hoping to catch the market at its lowest point before buying in. Or in rising markets, maybe to sell most of their holdings near the peak. However, timing the market is very difficult to do. The chart below illustrates this.

### Don't rely on headlines for an all clear to invest

Hypothetical \$1 million investment in Standard & Poor's 500 Index at pre-crisis peak, from market bottom in 2009 to breakeven in 2011



Source: Vanguard.

Investors should remember the following points during volatile times and when reading extreme headlines in the news: (Source: Vanguard).

- Don't allow headlines to dictate when you invest; they may not reflect what's actually going on in the market.
- A recovery typically involves many episodes of gains and losses that can obscure an overall upward trend.
- Just a few trading days can be responsible for the largest gains during a recovery; being out of the market can mean missing out on the most profitable periods.

### 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.