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October 19, 2023

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 (GSF&L) News:

- GSF&L recently added three new closed end (interval) funds to its Alternative Strategies line up potentially adding more diversification to clients' portfolios. The three funds have a low to negative correlation with the Standard & Poors 500 (S&P 500) and US Aggregate Bond Index (US Agg Bond). For the year ended December 31, 2022, the funds returned 8.71%, 6.53%, and 11.56%, respectively, which compares to the S&P 500 total return of -18.11% and BBgBarc US Agg Bond total return of -13.01%. The minimum 2022 distribution rate was 5.98% among the three funds. Through September 30, 2023, the three funds have returned 6.60%, 9.20%, and 9.15%, respectively, as compared to the S&P 500 total return of 13.07% and BBgBarc US Agg Bond return of -1.21%. Feel free to contact Craig or Darren should you wish to learn more about the funds and how they may further diversify your investment portfolio.
- We are pleased to announce that Amy Broussard Spellman, CPA has been admitted as an equity partner to the firm effective January 01, 2023. Please give Amy a call for any professional services you may need.
- Craig recently attended a conference hosted by Versus Capital that included investing in infrastructure debt, macro market update, infrastructure equity, farmland, core real estate, and timberland. He also attended a workshop hosted by the Louisiana Society of

CPAs that included sessions on the economy, income tax update, artificial intelligence, annuities, hot topics in life insurance, and The Secure Act 2.0.
- Darren recently attended the Louisiana Society of CPAs conference that included sessions on an update on the economy, a federal income tax update, and the Secure Act 2.0.

Investment Views:

- ***YCharts - Through September 30, 2023 - Year-to-date returns –*** Dow Jones Industrial Average 2.73%, S&P 500 13.07%, NASDAQ 100 35.37%, Russell 2000 2.54%, Morgan Stanley Capital International Europe, Australasia, Far East 7.59%, S&P GSFCI (Broad-Based Commodities) 7.24%, and BBgBarc US Aggregate Bond -1.21%.

- **Interest Rates (As of September 22, 2020 – Average National Rates) –**

Federal Funds Rate	5.33%	10-Year TIPS	2.11%
3-Month Treasury Bill	5.33%	10-Year Muni Bonds – Nat'l	3.00%
10-Year Treasury Note	4.49%	15-Year Mortgage Fixed	6.54%
30-Year Treasury Bond	4.56%	30-Year Mortgage Fixed	7.19%
Savings	0.45%	Money Market	0.65%
12-month CD	1.76%		

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

- ***Northern Trust – Weekly Economic Commentary – September 29, 2023 –*** Inflation in the United States, as measured by the year over year change in the consumer price index (CPI), fell by two-thirds between June 2022 and June 2023. The main driver of the decline was energy prices; a barrel of crude oil cost $120 in the summer of last year; twelve months later, it cost $70. Broad measures of energy costs, which include electricity and natural gas, were down by 17% during that interval. Weakness in global manufacturing was the main driver behind the decline in oil prices. Across countries, purchasing manager's indexes covering heavy industry are in recessionary territory.

- ***Bureau of Economic Analysis – September 28, 2023 -*** 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 2.1% in the second quarter of 2023, according to the "third" estimate released by the Bureau. In the first quarter, real GDP increased 2.2%. Personal income increased 0.4% in August which compares to 0.2% for July.

- ***Bureau of Labor Statistics – October 12, 2023 –*** On a seasonally adjusted basis, the Consumer Price Index for All Urban Consumers (CPI-U) increased 0.4% in September after rising 0.6% in August. Over the last 12 months, the all-items index increased 3.7% before seasonal adjustment. The index for shelter was the largest contributor to the monthly all items increase, accounting for over half of the increase. The all items index increased 3.7 percent for the 12 months ending September, the same increase as the 12 months ending in August.

***C*raig's Thoughts and Views:**

Quarterly Insights

The S&P 500 rose to the highest level since March 2022 early in the third quarter but rising global bond yields, fears of a rebound in inflation and concerns about a future economic slowdown weighed on the major indices in August and September and the S&P 500 finished the third quarter with a modest loss.

The S&P 500 started the third quarter largely the same way it ended the second quarter – with gains. Stocks rose broadly in July thanks primarily to "Goldilocks" economic data, meaning the data showed solid economic growth but not to the extent that would have implied the Federal Reserve needed to hike rates further than investors expected. That solid economic data combined with a decline in inflation metrics to further boost stock prices, as investors embraced reduced near-term recession risks and steadily declining inflation. The Federal Reserve, meanwhile, increased interest rates in late July but also signaled that could be the last rate hike of the cycle. That tone and commentary further fueled optimism that one of the most aggressive rate hike cycles in history was soon coming to an end. Finally, Quarter 2 earnings season was better-than-feared with mostly favorable corporate guidance which supported expectations for strong earnings growth into 2024. The S&P 500 rose to the highest level since March 2022 and the index finished with a strong monthly gain of more than 3%.

The market dynamic changed on the first day of August, however, when Fitch Ratings, one of the larger U.S. credit rating agencies, downgraded U.S. sovereign debt. Fitch cited long-term risks of the current U.S. fiscal trajectory as the main reason for the downgrade, but while that lacked any near-term specific justification for the downgrade, the action itself put immediate downward pressure on U.S. Treasuries, sending their yields meaningfully higher. The Fitch downgrade kickstarted a rise in Treasury yields that lasted the entire month, as the downgrade combined with a rebound in anecdotal inflation indicators and a large increase in Treasury sales stemming from the debt ceiling drama pushed yields sharply higher. The 10-year Treasury yield rose from 4.05% on August 1st to a high of 4.34% on August 21st, the highest level since mid-2007. That rapid rise in yields weighed on stock prices throughout August and the S&P 500 posted its first negative monthly return since February, as higher rates pressured equity valuations and raised concerns about a future economic slowdown. The S&P 500 finished August down 1.59%.

The August volatility subsided in early September, however, as solid economic data and a pause in the rise in Treasury yields allowed the S&P 500 to stabilize through the first half of the month. But volatility returned following the September Fed decision as the FOMC delivered markets a "hawkish" surprise, despite not increasing interest rates. Specifically, the majority of Fed members reiterated that they anticipated the need for an additional rate hike before the end of the year and forecasted only two rate cuts for all of 2024, down from four rate cuts forecasted at the June meeting. Then, late in the month, two additional developments weighed further on both stocks and bonds. First, the United Auto Workers labor union began a general strike, a move that would disrupt automobile production and temporarily weigh on economic growth. Second, the U.S. careened towards another government shutdown as Republicans and Democrats failed to agree on a "Continuing Resolution" to fund the government. The shutdown was avoided at the last minute, but the funding extension only lasts until November 17th meaning there will likely be another budget battle in the coming months. The S&P 500 declined towards the end of the month to hit a fresh three-month low, ending September down modestly.

In sum, volatility returned to markets during the third quarter, as rising bond yields pressured stock valuations, some inflation indicators pointed to a bounce back in inflation and the Fed reiterated a "higher for longer" interest rate outlook.

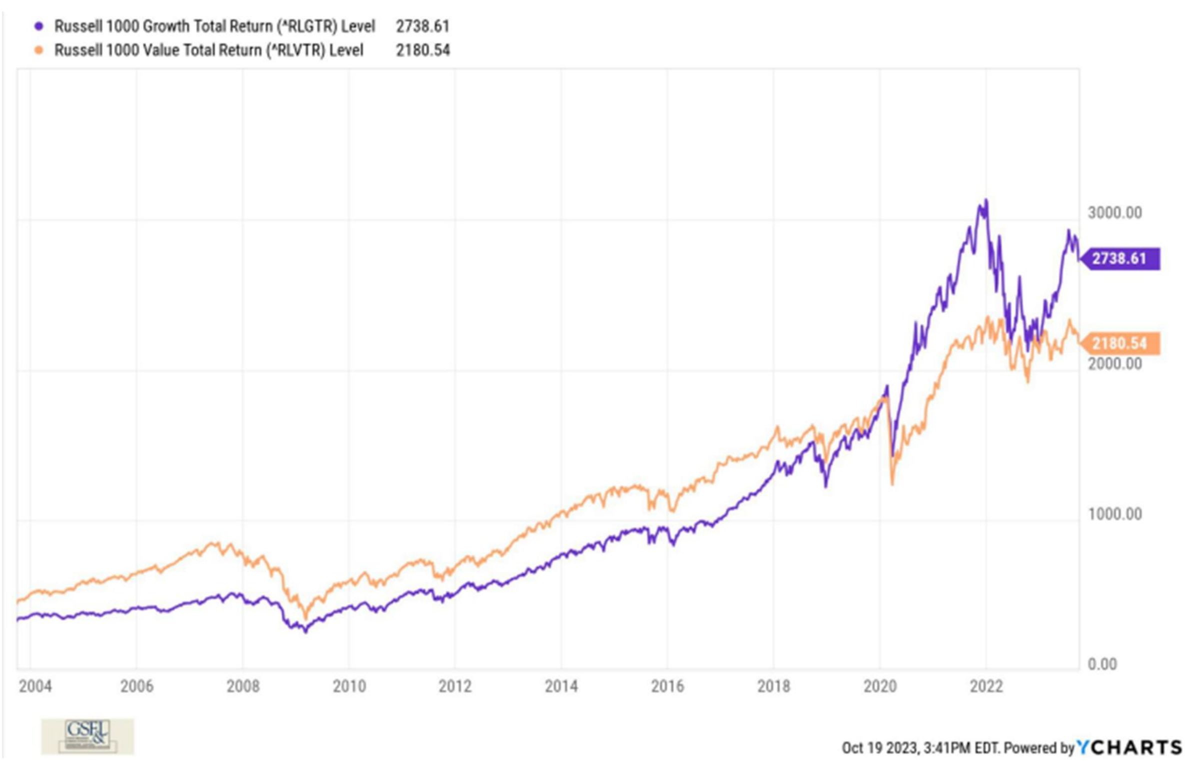
At GSF&L, we understand the risks facing both the markets and the economy, and we are committed to helping you effectively navigate this challenging investment environment.

Successful investing is a marathon, not a sprint, and even intense volatility is unlikely to alter a diversified approach set up to meet your long-term investment goals.

Please do not hesitate to contact us with any questions, comments, or to schedule a portfolio review.

Are Value Stocks Permanently Down

The first half of 2023 marks the 10th time since 1926 that value stocks have underperformed growth stocks by more than 20 percentage points over a two-quarter period. Although the returns have been positive, the relative performance compared with growth stocks is very painful to look at by investors. Large growth stocks are now outperforming large value stocks on a trailing 20-year basis, a historically unusual occurrence (see below chart).



The Value vs. Growth chart above shows the relative performance of the Russell 1000 Value and Russell 1000 Growth indices (total return) since September 30, 2003. During the almost two-decade period following the "dotcom bust" in 2000, value stocks led growth stocks by a wide margin. However, since December 2018 growth caught up and has outperformed. This does not mean that it is time to give up on value stocks. Growth stock valuations, specifically those of the so-called Magnificent Seven, have increased much faster than the rest of the market. These seven stocks, Nvidia, Facebook, Amazon, Microsoft, Apple, Alphabet, and Tesla account for a disproportionately large portion of growth stocks' recent outperformance.

The relative valuations of the seven stocks are remarkably high. This most likely reflects investor optimism about the potential growth for these companies. Nvidia (NVDA) is a good example. Its trailing price to earnings ratio is 103.21 (Source: Yahoo! Finance as of 09/28/2023), the highest of the seven, which appears quite "expensive." However, its operational performance has been extraordinary, with revenue increasing from $7.2 billion in Quarter 1 2023 to $13.5 billion in Quarter 2 2023. The current price to earnings ratio reflects investor expectations that its future sales and earnings growth will remain strong.

On the other hand, the value index has relatively normal valuations. This indicates that the prices of value stocks, compared to growth stocks, are low relative to investors' expectations of their future cash flows. Does this mean value stocks are underpriced, or do these valuations reflect a greater risk for these stocks? It is hard to say. There are few analysts on Wall Street who do not hold a positive outlook for Nvidia. It is also not difficult to find those that would question the prospects of Verizon, Walgreen's, and other value stocks.

Mean regression refers to the tendency for a data series to eventually revert to its long-term average. This is not a certainty in investing, but historically the market has tended to do so, though it can take many years or even decades. There is no readily available indicator that can consistently predict future value premiums. Generally speaking, investors should expect a positive value premium over time, according to research dating back to 1926.

Investment decisions can be very painful at times, particularly when dealing with them in real time. Considering the poor prospects for successful market timing, investors should neither abandon nor "go all in" on value stocks. Rather, disciplined rebalancing may be a more rational approach and may provide more peace of mind.

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.