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April 22, 2022

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:

- GSF&L looks at various asset classes that may be suitable for clients' portfolios to add diversification (reduce risk). We offer Insurance-Linked Securities, Alternative Lending, Market Insurance, 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 and Kaleb Andrepont, CPA as associate partners 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 (DM&F). 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.

Investment Views:

- ***Market Watch - Through March 31, 2022 - Year-to-date returns*** **–** Dow Jones Industrial Average -4.18%, S&P 500 -4.62%, NASDAQ Composite Index -8.84%, Russell 2000 -6.87%, Global Dow -0.71%, S&P U.S. Aggregate Bond Index -5.79%.

- **Interest Rates (As of March 21, 2022 – Average National Rates) –**

Federal Funds Rate	0.33%	10-Year TIPS	-0.72%
3-Month Treasury Bill	0.41%	10-Year Muni Bonds – Nat'l	2.00%
10-Year Treasury Note	1.41	15-Year Mortgage Fixed	3.39%
30-Year Treasury Bond	2.42%	30-Year Mortgage Fixed	4.16%
Savings	0.06%	Money Market	0.08%
12-month CD	0.15%		

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

- ***Northern Trust – Weekly Economic Commentary – March 25, 2022 –*** Last week, the consensus among the Federal Open Market Committee (FOMC) sees overnight interest rates peaking at close to 3% before settling back down. The yield curve is consulted by many observers because it is thought to be a primary recession indicator. The yield on the 2-year Treasury has exceeded the yield on the 10-year Treasury prior to each of the last four U.S. downturns. A closer look at history raises some questions about the signal given off by the yield curve. There have been inversions which corrected without being associated with a downturn. The lead time between inversion and a recession is highly variable; it has been as short as three months and as long as 20 months.

- ***Bureau of Economic Analysis – March 30, 2022 -*** 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 6.9% in the fourth quarter of 2021, according to the "third" estimate released by the Bureau. In the third quarter, real GDP increased 2.3%. Personal income increased 0.5% in February as compared to a 0.1% increase in January.

- ***Bureau of Labor Statistics – April 12, 2022 –*** On a seasonally adjusted basis, the Consumer Price Index for All Urban Consumers (CPI-U) increased 1.2% in March after rising 0.8% in February. Over the last 12 months, the all items index increased 8.5% before seasonal adjustment. The indexes for gasoline, shelter, and food were the largest contributors. The gasoline index rose 18.3% in March and accounted for over half of the all items monthly increase.

Craig's Thoughts and Views:

The Inverted Yield Curve

As of April 18, 2022, stocks dropped last week on what looked like multiple factors; more hawkish Fed rhetoric, China's continued economic shutdowns in response to Covid, underwhelming economic data, no progress towards peace in Ukraine, and rising bond yields. However, there were some positives noted: On Friday, China provided more accommodation to its economy via a Reserve Rate cut; the Empire State Manufacturing Survey, which is the first economic report for April, beat estimates implying current economic growth remains strong; and earnings season started relatively "good" as multiple companies had positive commentary about business (Delta Airlines in particular). Core CPE slightly undershot estimates, potentially implying that inflation pressures have peaked. Point being there is not all bad news out there.

In spite of this news, many investors are watching the yield curve to determine if an economic downturn (market recession) is imminent. In particular, the 10's-2's spread has been a barometer that has been watched historically to determine an inverted yield curve. On March 21, 2022, Federal Reserve Chairman Powell said that the Fed is looking at the "shorter part of the yield curve" as the 10s-2s has become a "dated" spread. To be clear, we are not advocating "this time is different" with regard to recession signals offered by the traditional yield curve spreads such as 10s-2s and we will continue to monitor that benchmark as we typically have.

Due to Powell's commentary, it may be important to monitor other parts of the yield curve as we continue to monitor recession signals from the bond market, which many consider to be the "smart" market observers. Because of some fundamental changes and new market factors that have occurred over the last decade or two, it may not be a bad idea to look at other (or multiple) yield curves. One reason is that relative bond yields in Europe and other parts of the world have been considerably lower and, in many cases, negative, have led fixed income investors to look to U.S. Treasuries for core bond holdings with durations of 10 years and beyond. Also, in 2022, the 10-year note has risen more than 80 basis points, which is beginning to draw the attention of cross-asset portfolio managers, especially those with reach in Europe. The bottom line is, foreign demand for the 10-year Treasury has had an impact on the yield, and absent that foreign demand it does stand to reason that the 10-year yield should be higher.

Research done by investment managers, economists, etc. has found that both the 2-Year Note minus the 3-Month Bill and the 5-Year Note minus the 3-Month Bill yield curve spreads have been very accurate in forecasting recessions dating back to the mid-90s and the 2 Year and 5 Year spreads are currently less impacted by the global bond market dynamics said to be skewing the 10- year yield.

The shorter-duration yield curves that many economists, fund managers, and now even the Fed are watching are signaling a much healthier dynamic between current Fed policy and the state of the economy than the 10s-2s spread, as the shorter-duration spreads have been steepening considerably so far in 2022. It does underscore the point that 10s-2s is not a definitive signal; however, we are not ready to throw it out either and it probably does start the clock running on a looming recession.

Market Discipline

Thursday, February 24, investors woke up that day to news that Russia had invaded Ukraine. In addition to that news, U.S. consumer prices continue to rise amidst the turmoil. These news items come against the backdrop of planned interest rate hikes by the Fed. Through that Thursday morning, the S&P 500 had fallen more than six percent in just five trading days and more than thirteen percent. Through Wednesday, April 20, the S&P 500 has fallen 6.44%.

Investors are nervous about their investment portfolios and understandably so. However, this underscores the need to establish a diversified portfolio and stick with it, assuming that diversification meets your attitude towards risk, investment time horizon, and financial needs and goals. When returns are rising steadily, as had been the case last year and in previous years, it is easy to let it roll. The Russia-Ukraine conflict has most probably only begun (though we can't know), and the market will respond to the developments and these patterns may be unpredictable.

History has shown that markets often become volatile around major geopolitical events. The good news for long-term investors is that investment success does not require that they respond to these events, provided their overall portfolio allocation meets their diversification and risk profile. Markets invariably recover; however, the magnitude and length of these cycles is highly variable and very difficult to time effectively.

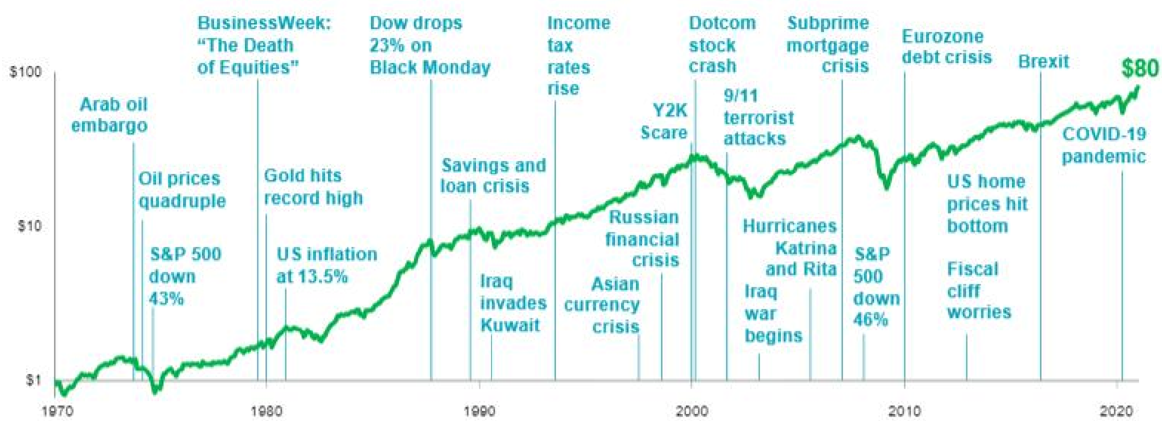
How long until recovery? That is hard to say, in some cases the market recovered quickly following a shock. In other instances, bad news emerged slowly, and the market avoided a shock altogether. Below are a few instances of major shocks that have occurred and a look going back to 1970 as to how a MSCI World Index portfolio of $1 would have grown through 2020 through many periods of major crises.

September 11, 2001. The stock market closed for the entire week. When it did finally open on September 17, stocks fell 4.9 percent. The market bottomed a few days later, down 11.6 percent from the close of September 10. However, the market recovered to its pre-9/11 value just 22 days after the attack.

U.S launches attack on Iraq. On March 19, 2003 the U.S. launched an attack on Iraq. On that day, the S&P 500 index increased by 0.9 percent. No immediate downturn followed this otherwise historic moment.

Lehman Brothers bankruptcy. The bankruptcy was announced on September 15, 2008, a day when the S&P 500 fell by 4.7 percent. The market continued to tumble through March 9, 2009 when it bottomed at which point it was down 46 percent compared to the day before the announcement. The S&P recovered to pre-Lehman levels by December 21, 2010 and continued to rise for several years thereafter.

Growth of a dollar—MSCI World Index (net dividends), 1970–2020



In U.S dollars. MSCI data. Indices are not available for direct investment. Performance data does not reflect expenses associated with the management of an actual portfolio. Past performance does not guarantee future results.

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.