THE BARRISTER QUARTERLY

BARRISTER
PLANNING | INVESTMENTS | INSURANCE

Issue: 2Q2023

Charles C. Weeks Jr., JD, CFP®
Founder

Barrister was founded with the sole mission of offering clients an opportunity to meet their financial objectives through independent, ethical, unbiased and competent professional guidance.

Barrister works with individuals, companies and non-profits providing financial planning, asset management, insurance, and employee benefit solutions.

1515 Market Street | Suite 1050
Philadelphia, PA 19102
contact@barrister.net
www.barrister.net
800-465-8140

Dear Friends,

The summer just started, and we are already through July 4th! I hope you all had a wonderful time celebrating the birth of our nation with family and friends.

Equity markets continued to be strong in the 2nd quarter with the NASDAQ leading the way up over 37%, the S&P 500 up 14.5%, the Russell 2000 up 6.6% and the DOW up 1.7%. Bond and Real Estate markets are also positive for the year, while Commodities (PDBC) are negative. An inverted yield curve, market performance being driven by just a few stocks and the likelihood of further Fed interest rate increases keep us up at night and cause us to remain cautious and defensive.

I recently read an interesting research paper in Nature by Mastroianni and Gilbert which studied the phenomenon of people looking back on the past fondly yet think of the present very negatively. What they found is that this feeling could be caused by two psychological phenomena, biased exposure, and biased memory. The first is the tendency for individuals to encounter and pay attention to negative information about others. The latter explains how the negativity of negative information fades faster than the positivity of positive information. When these two interact, the current bad headlines are at the forefront, while all the bad things of the past have been minimized by the good memories that we hold on to so dearly. Maybe the good ol' days weren't that good, and the present isn't as bad as it seems?!? The book Free Markets Free People really drove this phenomena home for me. The book was about how the opinion pages of the Wall Street Journal shaped America, but it also served as a financial and economic history book. Very quickly you realize that things always seemed terrible, whether it was violent Vietnam protests, presidential assassinations, or kids hiding under their school desks because of a Russian nuclear bomb. Yet, despite all the current bad, we trudge along, our economy grows, we gain and lose loved ones, and twenty years from now we will all likely look back on this time very fondly.

Best,

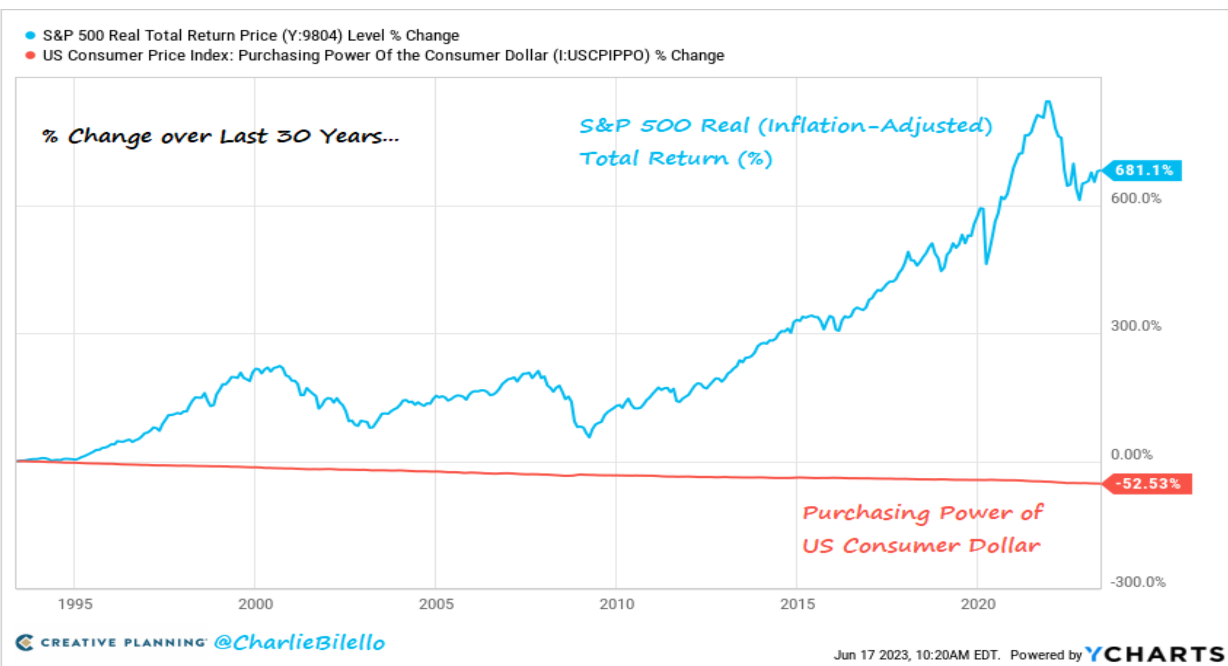
PLANNING NOTES

Charts

This is an amazing chart which shows that over the past 30 years purchasing power dropped by greater than 50% while the S&P 500 has gained 681% or roughly 7% per year AFTER adjusting for inflation. This really emphasizes the importance of investing and growing your money to offset inflation, by just keeping your holdings in cash you can afford less and less every year.

Investing in money market funds or CDs would at least offer some reprieve for those that are so conservative they feel they can't live with any risk. This leads to the question though of what is riskier? Emphasis added to risk in both previous sentences to highlight that in the case of inflation, not investing is actually riskier than investing. Of course, past performance is no guarantee of future results, but as long as there are no major changes to our economic system, we can expect inflation along with higher returns for those willing to take on more volatile investments.

Instead of framing investing around how much risk someone is willing to take, we really need to frame it around how much volatility in portfolio value they can live with, so they can make their retirement less risky by reducing the impact of inflation. As the chart shows, not investing any money in equities simply isn't an option for most people, we just don't retire with enough money to lose half our purchasing power over our retirement. By being willing to take on just a bit of volatility in our portfolio, we can offset some impact of inflation which reduces overall risk to a successful retirement.



MARKET & ECONOMIC INDICATORS

Indicator	*Note [change vs prior quarter]*
Investor Sentiment AAII	46.4% Bullish [+23.9%] | 29.1% Neutral [-2.8%] | 24.5% Bearish [21.1%]
Investor Sentiment CNN	78 Extreme Greed [+23]
Leisure and Entertainment (PEJ)	Up 14.88% YTD [+3.15%], trailing the S&P 500 by .66% [-4.52%]
Technology (XLK)	Up 38.18% YTD [+16.75%], beating the S&P 500 by 22.64% [+9.08%]
SemiConductors (SMH)	Up 46.89% YTD [+17.94%], beating the S&P 500 by 31.35% [+10.27%]
Financials (XLF)	Down .85% YTD [+4.5%], trailing the S&P 500 by 16.39% [-3.17%]
Staples (VDC)	Up 1.69% YTD [-.42%], trailing the S&P 500 by 13.85% [-8.09%]
Healthcare (XLV)	Down 4.28% YTD [-1.02%], trailing the S&P 500 by 11.26% [-.13%]
Utilities (XLU)	Down 5.81% YTD [-1.87%], trailing the S&P 500 by 9.73% [+2.08%]
Commodities (PDBC)	Down 6.7% YTD [-2.91%], trailing the S&P 500 by 22.24% [-11.99%]
Real Estate (ICF)	Up 2.63% YTD [+.83%], trailing the S&P 500 by 12.91% [-7.25%]
20yr+ Treasury (TLT)	Up 1.07% YTD [-6.81%], beating the Barclays Bond Index by .03% [-4.43%]
2yr/10yr Government Bond Spread	Spread is negative at -.88% [-.34 bps]
High Yield Bonds (HYG)	Up 3.34% YTD [+.16%], beating the Barclays Bond Index by 2.3% [+2.54%]
HYG spread vs 10yr Treasury	+410 bps [-48 bps]
YOY Corporate Earnings	Analysts expect Q2 earnings to decline but expect a rebound in Q3 and Q4
Central Bank Activity	Fed has paused increasing rates but has indicated two more 25 bps before year end
Average Hourly Earnings	YOY increase of .2% for the period ending May 2023
Fund Flows	-$38.9 billion from equity funds and +$13.9 billion to bund funds over the past 30 days
Advanced/Decline Line S&P 500	DOW off YTD high, S&P 500 near YTD high and NASDAQ making new YTD lows

DISCLOSURES

Past performance may not be indicative of future results. Historical performance results for investment benchmarks/indexes have been provided for general comparison purposes only, and generally do not reflect the deduction of transaction and/or custodial charges, the deduction of an investment management fee, nor the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that an account's holdings correspond directly to any comparative benchmark or index. Each index used as proxy for a given asset class/investment category referenced in this newsletter is a commonly used benchmark for that asset class. An investor may not directly invest in an index.

Some information in this newsletter is gleaned from third party sources, and while believed to be reliable, is not independently verified. Other information presented herein is based upon facts derived from publicly available information, and is also based on certain assumptions, including that there are no additional changes to current tax law, and that demographic information regarding retirement plan contributions also remains unchanged.

This material is intended to be educational in nature, and not as a recommendation of any particular strategy, approach, product or concept for any particular advisor or client. These materials are not intended as any form of substitute for individualized investment advice. The discussion is general in nature, and therefore not intended to recommend or endorse any asset class, security, or technical aspect of any security for the purpose of allowing a reader to use the approach on their own. Before participating in any investment program or making any investment, clients as well as all other readers are encouraged to consult with their own professional advisers, including investment advisers and tax advisors. Barrister can assist in determining a suitable investment approach for a given individual, which may or may not closely resemble the strategies outlined herein.

Barrister is registered as an investment adviser within the jurisdictions in which it is required to do so, Registration as an investment adviser does not imply any certain degree of skill or training. Barrister's ADV Firm Brochure is available at www.Barrister.net