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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.*

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Dear Friends,

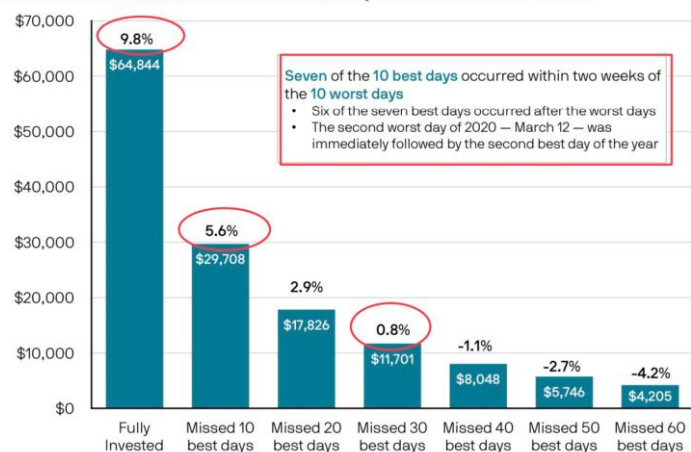
The markets will market. Over the 1<sup>st</sup> quarter of the year, we saw stocks fly out of the gate only to sell off, then rise again over the past month. Going into this year who would have thought this would happen? There were, and still are, an enormous number of headwinds; the Fed raising interest rates, companies laying off thousands, bank runs, and geopolitical issues to name just a few. Yet despite everything, all the major market indices are positive for the year.

This should serve as an important reminder that we can't time the market, and attempting to do so can lead to very negative impacts on portfolio values. According to JP Morgan Asset Management, over the past 20 years, missing the 10 best market days would have reduced your return by 4.2%, while missing the best 30 would have reduced it by 9%! Taking market risk and earning .8% would not be considered very successful investing.

### Impact of being out of the market

#### Returns of the S&P 500

Performance of a \$10,000 investment between January 1, 2003 and December 30, 2022



Please be sure to review our latest ADV filing which is included with The Quarterly email.

Best,

## PLANNING NOTES

### BEHAVIORAL FINANCE

An important area of financial planning that we don't discuss enough is psychology. Within the psychology of financial planning, we will find behavioral finance. This area specifically covers how our behaviors impact our finances, including our biases, tendencies, and heuristics. Here are some of the major biases/tendencies/heuristics we can look out for in ourselves:

- Confirmation Bias – We tend to only read/watch/listen to those we agree with. As investors this causes us to avoid research/analysis that is opposed to our beliefs.
- Disposition Effect – It is hard to admit we are wrong; this causes us to hold losing investments. This also causes us to sell winners too soon because we want to be right!
- Herding – When everyone is investing in the same thing, nobody wants to be left out. This has caused manias and bubbles for centuries, dot.com/real estate/beanie babies.

### Charts

At Barrister we firmly believe in utilizing passive investment vehicles as opposed to active funds. Time and time again studies like these have confirmed our beliefs. Below you will find a distribution table of active fund performance verse the S&P 500. Over the 30-year analyzed time period only 2% of actively managed US Equity Funds were able to outperform the S&P 500. What do you think the probability is of picking the manager that will outperform the S&P 500 over the next 30-years?

**Annualized Total Return Distribution (All Actively Managed U.S. Domestic Equity Funds)**



Sources: S&P Dow Jones Indices LLC, CRSP, Lipper. Data from Dec. 31, 1992, to Sept. 30, 2022, as compared to the S&P 500 total return in USD. For details on the methodology applied, see S&P DJI's SPIVA U.S. Scorecard. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.



MARKET & ECONOMIC INDICATORS

<i>Indicator</i>	<i>Note [change vs prior quarter]</i>
Investor Sentiment AAI	22.5% Bullish [+2%]   31.9% Neutral [-5.6%]   45.6% Bearish [+3.6%]
Investor Sentiment CNN	55 Neutral [+8]
Leisure and Entertainment (PEJ)	Up 11.73% YTD, beating the S&P 500 by 3.86%
Technology (XLK)	Up 21.43% YTD, beating the S&P 500 by 13.56%
SemiConductors (SMH)	Up 28.95% YTD, beating the S&P 500 by 21.08%
Financials (XLF)	Down 5.35% YTD, trailing the S&P 500 by 13.22%
Staples (VDC)	Up 2.11% YTD, trailing the S&P 500 by 5.76%
Healthcare (XLV)	Down 3.26% YTD, trailing the S&P 500 by 11.13%
Utilities (XLU)	Down 3.94% YTD, trailing the S&P 500 by 11.81%
Commodities (GSG)	Down 2.68% YTD, trailing the S&P 500 by 10.55%
20yr+ Treasury (TLT)	Up 7.88% YTD, beating the Barclays Bond Index by 4.46%
2yr/10yr Government Bond Spread	Spread is negative at -.54% [+14 bps]
High Yield Bonds (HYG)	Up 3.18% YTD, trailing the Barclays Bond Index by .24%
HYG spread vs 10yr Treasury	+458 bps [+11 bps]
YOY Corporate Earnings	Analysts lowered EPS estimates for the 1st quarter by a larger margin than average
Central Bank Activity	Fed raised rates by 25 bps raising benchmark to highest level since 2007
Average Hourly Earnings	YOY decrease of 1.3% for the period ending February 2023
Fund Flows	-\$22.9 billion from equity funds and -\$11.2 billion from bond funds over the past 30 days
Advanced/Decline Line S&P 500	DOW near one-year high, S&P 500 just below one-year high and NASDAQ near lows
Merger & Acquisition Activity	M&A deal activity decreased 23% in February



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## 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.*

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