THE BARRISTER QUARTERLY

BARRISTER
PLANNING | INVESTMENTS | INSURANCE

Issue: 3Q2022

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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.

As a Registered Investment Advisor we are legally bound to act in a fiduciary capacity by always putting client interests above our own.

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Dear Friends,

Recently a client asked me my thoughts on the current market/economic/geo-political environment, and what changes we should make to the portfolio. Responding to my answer, the client jokingly asked if that was a copy and paste response because it sounded like what I always say when we have these discussions. It occurred to me that many clients likely feel that way, I often sound like a broken record, AND I am guilty as charged!

After spending over 20 years studying, researching, reading and working in financial services I have learned by the time you "feel" you need to do something, i.e. change your investments, you'd better have already done it. Additionally, when you get that "feeling" it is likely the worst time for you to make that change, whether it is buying at market tops or selling at market bottoms. Allowing emotions to dictate actions is always a losing strategy.

Therefore, at Barrister we take a disciplined, evidence-based approach to investing. We focus on the things we can control and ignore those things we can't. We can control the amount of risk we take, the costs of our investments, making sure we understand what we are investing in, minimizing the taxes we pay and most importantly having a financial plan to guide all our major financial and life decisions. This strategy has proven successful in good markets, and in this recent bad market as well. While none of us like seeing negative returns, our client's portfolios are outperforming mutual funds that have similar investment mandates, i.e. risk parameters, by 4% to over 5%.

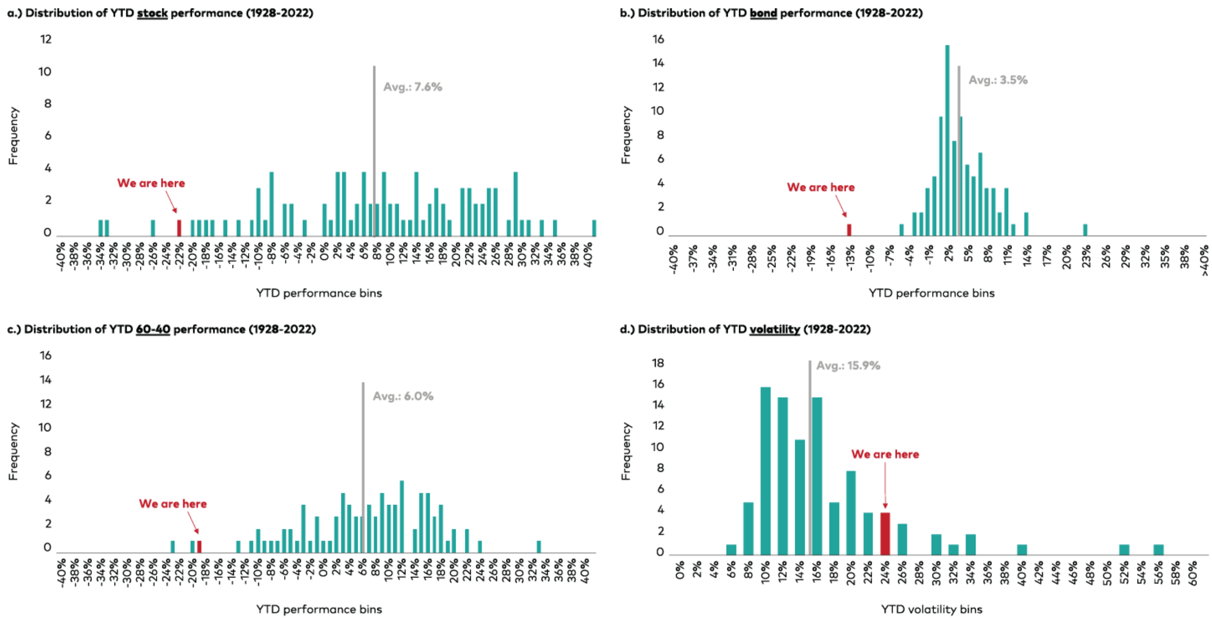
Volatire said, "history never repeats itself; man always does." We will see many market cycles over the coming years and while they'll all have different characteristics, the results will be the same, greed and fear. How we behave during these difficult (fear) or euphoric (greed) times will determine the success of our portfolios and financial plans.

Best,

PLANNING NOTES

Charts

Vanguard illustrates historically bad market and portfolio performance and volatility.



Compound offers S&P 500 biggest intra-year drawdowns verse year-end returns. Think long-term!

S&P 500 Index: Max Intra-Year Drawdowns vs. End of Year Total Returns (1928 - 2022)

Year	DD	TR	Year	DD	TR	Year	DD	TR	Year	DD	TR	Year	DD	TR
1928	-10.3%	43.8%	1947	-14.7%	5.2%	1966	-22.2%	-10.0%	1985	-7.7%	31.2%	2004	-8.2%	10.9%
1929	-44.6%	-8.3%	1948	-13.5%	5.7%	1967	-6.6%	23.8%	1986	-9.4%	18.5%	2005	-7.2%	4.9%
1930	-44.3%	-25.1%	1949	-13.2%	18.3%	1968	-9.3%	10.8%	1987	-33.5%	5.8%	2006	-7.7%	15.8%
1931	-57.5%	-43.8%	1950	-14.0%	30.8%	1969	-16.0%	-8.2%	1988	-7.6%	16.6%	2007	-10.1%	5.5%
1932	-51.0%	-8.6%	1951	-8.1%	23.7%	1970	-25.9%	3.6%	1989	-7.6%	31.7%	2008	-48.8%	-37.0%
1933	-29.4%	50.0%	1952	-6.8%	18.2%	1971	-13.9%	14.2%	1990	-19.9%	-3.1%	2009	-27.6%	26.5%
1934	-29.3%	-1.2%	1953	-14.8%	-1.2%	1972	-5.1%	18.8%	1991	-5.7%	30.5%	2010	-16.0%	15.1%
1935	-15.9%	46.7%	1954	-4.4%	52.6%	1973	-23.4%	-14.3%	1992	-6.2%	7.6%	2011	-19.4%	2.1%
1936	-12.8%	31.9%	1955	-10.6%	32.6%	1974	-37.6%	-25.9%	1993	-5.0%	10.1%	2012	-9.9%	16.0%
1937	-45.5%	-35.3%	1956	-10.8%	7.4%	1975	-14.1%	37.0%	1994	-8.9%	1.3%	2013	-5.8%	32.4%
1938	-28.9%	29.3%	1957	-20.7%	-10.5%	1976	-8.4%	23.8%	1995	-2.5%	37.6%	2014	-7.4%	13.7%
1939	-21.2%	-1.1%	1958	-4.4%	43.7%	1977	-15.6%	-7.0%	1996	-7.6%	23.0%	2015	-12.4%	1.4%
1940	-29.6%	-10.7%	1959	-9.2%	12.1%	1978	-13.6%	6.5%	1997	-10.8%	33.4%	2016	-10.5%	12.0%
1941	-22.9%	-12.8%	1960	-13.4%	0.3%	1979	-10.2%	18.5%	1998	-19.3%	28.6%	2017	-2.8%	21.8%
1942	-17.8%	19.2%	1961	-4.4%	26.6%	1980	-17.1%	31.7%	1999	-12.1%	21.0%	2018	-19.8%	-4.4%
1943	-13.1%	25.1%	1962	-26.9%	-8.8%	1981	-18.4%	-4.7%	2000	-17.2%	-9.1%	2019	-6.8%	31.5%
1944	-6.9%	19.0%	1963	-6.5%	22.6%	1982	-16.6%	20.4%	2001	-29.7%	-11.9%	2020	-33.9%	18.4%
1945	-6.9%	35.8%	1964	-3.5%	16.4%	1983	-6.9%	22.3%	2002	-33.8%	-22.1%	2021	-5.2%	28.7%
1946	-26.6%	-8.4%	1965	-9.6%	12.4%	1984	-12.7%	6.1%	2003	-14.1%	28.7%	2022	-23.8%	?

Note: Closing Prices (does not include intra-day or dividends)

COMPOUND

@CharlieBilello

MARKET & ECONOMIC INDICATORS

Indicator	*Note [change vs prior quarter]*
Investor Sentiment AAII	20% Bullish [-6.9%] | 19.2% Neutral [-7.4%] | 60.8% Bearish [+14.3%]
Investor Sentiment CNN	23 Extreme Fear [-4]
Leisure and Entertainment (PEJ)	Down 27.52% YTD [-2.89%], trailing the S&P 500 by 5.6% [+.72%]
Technology (XLK)	Down 29.08% YTD [-5.56%], trailing the S&P 500 by 7.16% [-1.95%]
SemiConductors (SMH)	Down 37.9% YTD [-7.46%], trailing the S&P 500 by 15.98% [-3.85%]
Financials (XLF)	Down 18.99% YTD [-1.13%], beating the S&P 500 by 2.93% [+2.48%]
Staples (VDC)	Down 11.03% YTD [-5.83%], beating the S&P 500 by 10.89% [-2.22%]
Healthcare (XLV)	Down 11.27% YTD [-4.36%], beating the S&P 500 by 10.65% [-.75%]
Utilities (XLU)	Down 3.76% YTD [-2.65%], beating the S&P 500 by 18.16% [-.96%]
Commodities (GSG)	Up 23.5% YTD [-4.44%], beating the S&P 500 by 45.42% [-.83%]
20yr+ Treasury (TLT)	Down 28.97% YTD [-8.11%], trailing the Barclays Bond Index by 15.1% [-3.73%]
2yr/10yr Government Bond Spread	Spread is negative at -.45% [-.21 bps]
High Yield Bonds (HYG)	Down 14.56% YTD [-3.4%], trailing the Barclays Bond Index by .69% [+.98%]
HYG spread vs 10yr Treasury	+543 bps [-10 bps]
YOY Corporate Earnings	Largest cuts to EPS estimates for S&P 500 in more than 2 years
Central Bank Activity	Fed has continued to get more hawkish with future hikes planned
Average Hourly Earnings	YOY decrease of 2.8% for the period ending August of 2022
Fund Flows	-$28 billion from equity funds and -$32 billion from bund funds over the past 30 days
Advanced/Decline Line S&P 500	Dow, S&P 500 and Nasdaq aroud all-time lows
Merger & Acquisition Activity	M&A deal activty decreased 5.1% in August, but 60% more was spent on deals

DISCLOSURES

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