



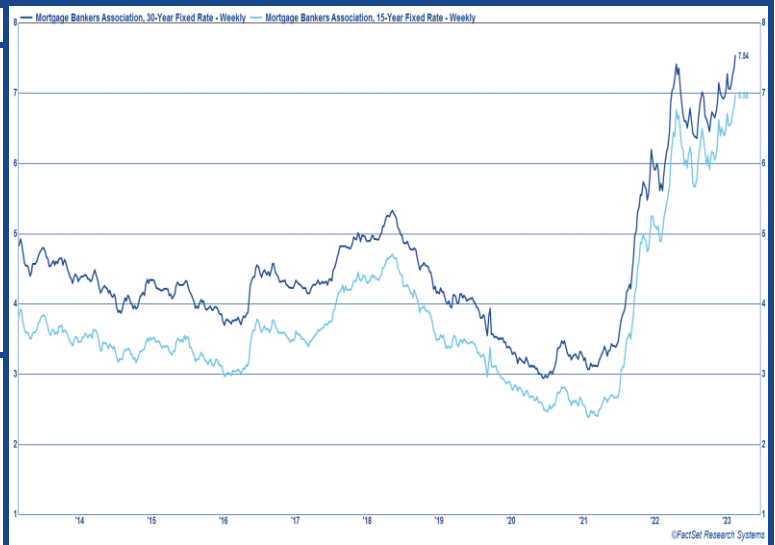
**Economic & Market Commentary**

Bonds. The boring and under-appreciated other asset class that no one talks about. You don't see "meme" bonds or CNBC doing a segment on buying corporate, high-yield, or the ever-exciting municipal bond. Maybe instead of viewing Jim Kramer's Lighting Round on stocks you could see Eeyore's Turtle Round on bonds. You probably didn't know that each trading day the dollar volume of bond trades dwarfs those of stock trades by almost 3-to-1. Bonds play an especially important diversification role in a portfolio's asset allocation as they typically help to reduce a portfolio's risk profile by controlling overall volatility. Most of the time, not always like last year, bonds are negatively correlated to stocks meaning they tend to move in opposite directions. Generally, when stocks are under serious pressure, there has been the "flight to safety" of treasury bonds which pushes bond yields lower and price returns higher. Bonds are historically much less volatile than stocks. A good way to describe and compare the volatility of stock and bonds is imagine you are standing straight up with arms at your side. Spread your arms out wide at shoulder height like airplane wings. The distance between your hands represents the best (61.2%) and worst (-43.3%) 1-year total returns of the S&P 500 and the very wide volatility of stocks. Now, again standing straight up with arms at your side, lift your arms forward shoulder width and height. This represents the best (+28.5%) and worst (-13.6%) 1-year total returns of treasury bonds and the much narrower volatility of bonds. Historically, bonds are much less volatile than stocks because in any given calendar year, bond price declines are offset by income. According to a chart from Crandall and Pierce, from 1950 to 2022, treasury bonds average total return is +5.6% with interest income (+5.5%) representing 98% of the total return and price (+0.1%) representing only 2% of the total return. The important thing to remember is that bonds help to control risk.

**Index Total Returns - August 25, 2023**

	1-Wk	YTD	1-Yr
NASDAQ	2.27	30.59	8.49
S&P 500	0.84	15.99	6.73
MSCI-Developed	-0.18	7.87	11.26
S&P 400	0.03	7.26	1.86
Russell 2000	-0.29	6.27	-4.16
Dow Jones	-0.42	5.08	5.41
MSCI-Emerging	0.74	3.56	-0.64
<b>Barclay's U.S. Bond Index</b>			
High Yield	0.42	6.13	4.16
Municipal	-0.40	1.21	0.99
Int. Gov. Credit	-0.01	1.04	-0.77
5-year Muni	-0.19	0.56	0.51
Aggregate	0.28	0.41	-2.98

**MBA Mortgage Rates**



**U.S. Treasury Yields**

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	5.45	5.35	3.19
U.S. 2-Yr	5.06	4.93	3.39
U.S. 3-Yr	4.75	4.64	3.36
U.S. 5-Yr	4.44	4.38	3.17
U.S. 10-Yr	4.23	4.25	3.03
U.S. 30-Yr	4.28	4.38	3.23

**S&P 500 Sector Total Returns - August 25, 2023**

Sector	1-Wk	YTD	1-Yr
Communication Services	0.98	39.54	14.42
Info Tech	2.58	38.83	18.48
Consumer Discretionary	1.14	29.94	0.47
Industrials	0.30	9.41	9.67
Materials	-0.01	5.02	2.43
Energy	-1.37	1.59	8.84
Financials	0.08	0.27	-0.16
Real Estate	0.71	0.22	-14.25
Consumer Staples	-0.73	-0.85	-1.41
Health Care	-0.08	-0.99	3.65
Utilities	0.27	-8.34	-14.66

**Municipal Yields - Bloomberg/Barclays Index**

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.64	3.56	2.94
U.S. AA	3.66	3.59	3.07
U.S. A	4.17	4.09	3.53
U.S. Baa	4.74	4.68	3.98
U.S. Municipal	3.84	3.76	3.23
Michigan	3.99	3.94	3.27

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	18.60	17.70	1.53
S&P 400 - Mid Cap	13.58	15.49	1.56
S&P 600 - Small Cap	13.46	15.96	1.81