



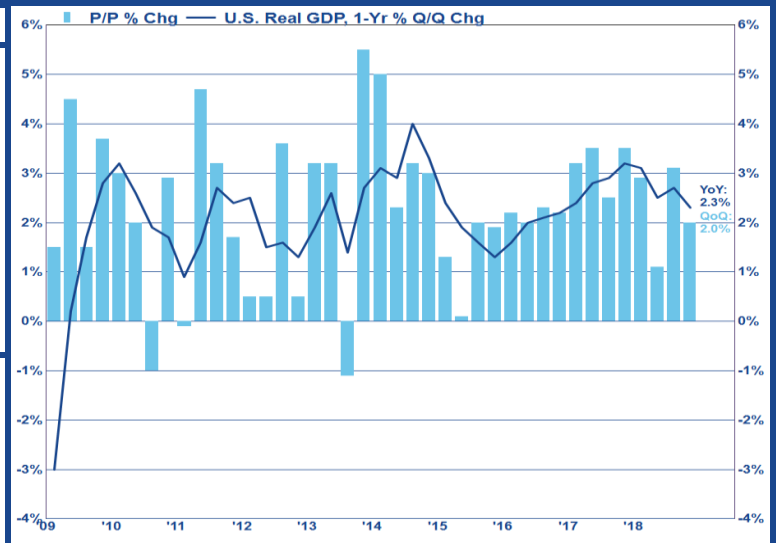
Economic & Market Commentary

At the end of last quarter, the U.S. economy embarked on its longest economic expansion in history and is currently in its 123rd month of sustained expansion. Barring a catastrophic headline event, the likelihood of recession this year is low. The question is just how much gas is left in the economic tank for 2020. Stock markets deem the tank full and have the foot on the gas pedal as both the Dow and the S&P 500 are again within shouting distance of breaking their all-time highs. Support for this view comes from a very strong labor market with an unemployment rate hovering near a 50-year low of 3.7%, wages rising at a better than +3.0% clip, a record number of people employed at 157.9 million, and continued below-average weekly initial jobless claims. As a result of the tight labor market, consumer confidence and spending remains solid. Another area of support comes from the Fed. The Fed's reversal in monetary policy this year has propelled the stock market and the expectation is that the Fed will cut rates this month and one more time later this year. The other area of support is the recent optimism on the trade war talks with China. Bond markets deem the tank near empty and are flashing the check engine sign. Support for this view comes from a slow down in monthly job gains which is averaging 158,000 this year compared to 223,000 in 2018, from a cloudy outlook on corporate earnings growth with a forecasted growth pace of just 1.3% in 2019 and a recently revised down 10.6% pace in 2020, from slowing global and domestic manufacturing readings with several developed countries and regions posting contractionary readings (including the U.S. which just posted a reading in August of 49.1), from a tepid housing market which is seeing a deceleration in home price gains, and finally from the potential negative affects of a prolonged U.S. and China trade war. We view the economic tank as slightly less than half full and have a modestly cautious tactical approach to our equity allocation.

Total Returns - September 13, 2019

| | 1-Wk | YTD | 1-Yr |
|----------------------------------|-------|-------|-------|
| NASDAQ | 0.94 | 24.20 | 3.17 |
| S&P 500 | 1.02 | 21.73 | 5.69 |
| S&P 400 | 2.77 | 19.46 | -2.06 |
| Dow Jones | 1.65 | 18.83 | 6.65 |
| Russell 2000 | 4.90 | 18.17 | -6.60 |
| MSCI-Developed | 1.99 | 14.34 | 2.48 |
| MSCI-Emerging | 1.91 | 8.46 | 3.48 |
| Barclay's U.S. Bond Index | | | |
| High Yield | 0.19 | 11.51 | 6.76 |
| Aggregate | -1.66 | 7.13 | 8.62 |
| Municipal | -1.09 | 6.27 | 7.77 |
| Int. Gov. Credit | -1.15 | 5.47 | 7.11 |
| 5-year Muni | -0.94 | 4.12 | 5.48 |

U.S. GDP



U.S. Treasury Yields

| Treasury Yields | Latest Close | Week Ago | 1-Year Ago |
|-----------------|--------------|----------|------------|
| U.S. 1-Yr | 1.87 | 1.75 | 2.56 |
| U.S. 2-Yr | 1.79 | 1.52 | 2.75 |
| U.S. 3-Yr | 1.76 | 1.46 | 2.82 |
| U.S. 5-Yr | 1.75 | 1.42 | 2.86 |
| U.S. 10-Yr | 1.90 | 1.55 | 2.96 |
| U.S. 30-Yr | 2.37 | 2.02 | 3.10 |

S&P 500 - Sector Total Returns - September 13, 2019

| Sector | 1-Wk | YTD | 1-Yr |
|------------------------|-------|-------|--------|
| Info Tech | -0.35 | 32.07 | 10.06 |
| Real Estate | -3.08 | 26.34 | 18.26 |
| Communication Services | 1.48 | 25.41 | 9.78 |
| Consumer Discretionary | 0.44 | 25.25 | 5.48 |
| Industrials | 2.88 | 24.67 | 3.29 |
| Consumer Staples | -0.76 | 21.83 | 14.23 |
| Financials | 3.93 | 21.10 | 3.98 |
| Utilities | 0.10 | 20.97 | 19.35 |
| Materials | 3.42 | 18.50 | 1.59 |
| Energy | 3.48 | 8.58 | -14.48 |
| Health Care | 0.29 | 6.84 | -0.70 |

Municipal Yields - Bloomberg/Barclays Index

| Issue Type | Latest Close | Week Ago | 1-Year Ago |
|----------------|--------------|----------|------------|
| U.S. AAA | 1.73 | 1.49 | 2.53 |
| U.S. AA | 1.80 | 1.56 | 2.63 |
| U.S. A | 2.06 | 1.84 | 2.96 |
| U.S. Baa | 2.63 | 2.42 | 3.52 |
| U.S. Municipal | 1.92 | 1.69 | 2.77 |
| Michigan | 1.99 | 1.77 | 2.87 |

| Index Characteristics | P/E NTM | P/E NTM 10yr-Avg. | Dividend Yield |
|-----------------------|---------|-------------------|----------------|
| S&P 500 - Large Cap | 17.08 | 14.90 | 1.85 |
| S&P 400 - Mid Cap | 16.26 | 15.57 | 1.58 |
| S&P 600 - Small Cap | 18.03 | 15.65 | 1.51 |