



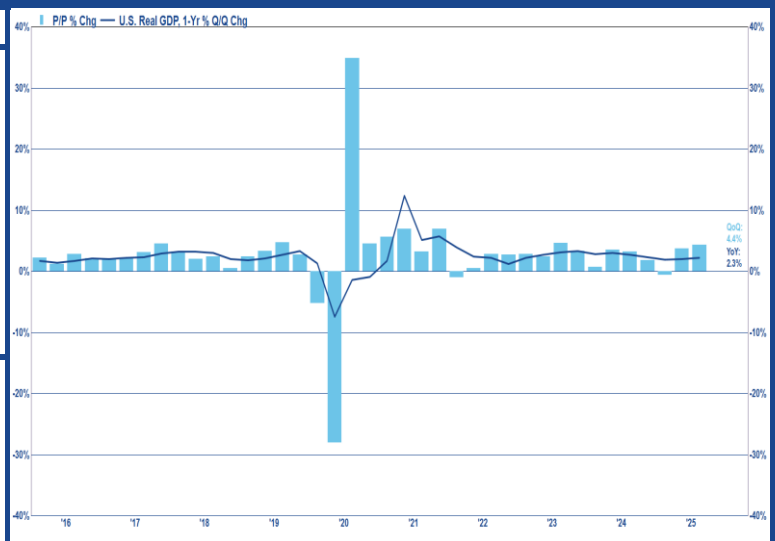
Economic & Market Commentary

After starting last week down sharply due to new tariffs threats and intensifying geopolitical concerns, stocks finished the week slightly-to-modestly lower after these concerns lessened. Stocks have posted three consecutive years of strong returns and entered this year with stretched valuations. While the markets are overdue for a meaningful pullback, underlying fundamentals remain supportive of future advances. Last week the final estimate of third-quarter GDP showed the U.S. economy grew at a 4.4% annual pace. Consumer spending was the largest contributor, as it grew at a solid annual pace of 3.5%, supported by resilient household demand for goods and services. Historically, consumer spending comprises roughly 68% of U.S. GDP. Net exports gave an unusually significant boost, adding substantially about 1.6% of the 4.4% growth. Exports rebounded strongly (up 9.6%), while imports declined (down 4.4%), partly reflecting trade dynamics and policy shifts like tariffs. Important to note that imports are subtracted from U.S. GDP while exports are added. Historically, net trades have been a detractor to growth of about -4% as we typically run a trade deficit due to being a large importer of goods, especially from China, Canada, and Mexico. There was also strength in business investment as equipment spending, AI-related investments, and non-residential investment all posted solid gains. Furthermore, the Federal Reserve Bank of Atlanta GDPNow report estimates first-quarter 2026 economic growth of 5.4%. The other vital fundamental driver is corporate earnings growth, and current 2026 S&P 500 consensus estimate is for +14.7% growth with low-to-high teen % growth each quarter. 2025 earnings are estimated to finish at a solid +12.0% and the bulk of S&P 500 fourth-quarter earnings will be released over the next few weeks. Analysts will be closely watching for 2026 company guidance.

Index Total Returns - January 23, 2026

| | 1-Wk | YTD | 1-Yr |
|----------------------------------|-------|-------|-------|
| Russell 2000 | -0.32 | 7.58 | 16.89 |
| MSCI-Emerging | 1.09 | 6.93 | 41.89 |
| S&P 400 | -0.54 | 5.54 | 7.96 |
| MSCI-Developed | 0.14 | 3.60 | 31.38 |
| Dow Jones | -0.50 | 2.23 | 12.09 |
| NASDAQ | -0.06 | 1.13 | 17.95 |
| S&P 500 | -0.34 | 1.10 | 14.49 |
| Barclay's U.S. Bond Index | | | |
| 5-year Muni | -0.05 | 0.77 | 5.55 |
| High Yield | 0.10 | 0.67 | 8.17 |
| Municipal | -0.28 | 0.64 | 4.97 |
| Aggregate | 0.07 | 0.08 | 7.45 |
| Int. Gov. Credit | 0.07 | -0.09 | 6.77 |

U.S. GDP



U.S. Treasury Yields

| Treasury Yields | Latest Close | Week Ago | 1-Year Ago |
|-----------------|--------------|----------|------------|
| U.S. 1-Yr | 3.53 | 3.55 | 4.18 |
| U.S. 2-Yr | 3.60 | 3.60 | 4.29 |
| U.S. 3-Yr | 3.67 | 3.66 | 4.35 |
| U.S. 5-Yr | 3.83 | 3.82 | 4.45 |
| U.S. 10-Yr | 4.23 | 4.23 | 4.64 |
| U.S. 30-Yr | 4.83 | 4.84 | 4.87 |

Municipal Yields - Bloomberg/Barclays Index

| Issue Type | Latest Close | Week Ago | 1-Year Ago |
|----------------|--------------|----------|------------|
| U.S. AAA | 3.33 | 3.28 | 3.60 |
| U.S. AA | 3.35 | 3.30 | 3.64 |
| U.S. A | 3.76 | 3.71 | 3.99 |
| U.S. Baa | 4.41 | 4.37 | 4.50 |
| U.S. Municipal | 3.49 | 3.44 | 3.76 |
| Michigan | 3.62 | 3.58 | 3.88 |

S&P 500 Sector Total Returns - January 23, 2026

| Sector | 1-Wk | YTD | 1-Yr |
|------------------|-------|-------|-------|
| Energy | 3.12 | 10.14 | 19.70 |
| Materials | 2.57 | 10.03 | 21.62 |
| Consumer Staples | 0.99 | 6.80 | 10.97 |
| Industrials | -1.60 | 5.88 | 26.45 |
| Con. Discretion | 0.67 | 3.18 | 9.41 |
| Real Estate | -2.36 | 2.11 | 5.33 |
| Health Care | 1.12 | 1.74 | 16.59 |
| Comm. Services | 1.06 | 1.58 | 35.66 |
| Utilities | -1.95 | -0.31 | 15.68 |
| Info Tech | -0.77 | -1.31 | 22.41 |
| Financials | -2.51 | -3.10 | 11.46 |

| Index Characteristics | P/E | P/E NTM | Dividend |
|-----------------------|-------|-----------|----------|
| | NTM | 10yr-Avg. | Yield |
| S&P 500 - Large Cap | 22.24 | 19.17 | 1.09 |
| S&P 400 - Mid Cap | 16.61 | 16.28 | 1.25 |
| S&P 600 - Small Cap | 15.78 | 16.16 | 1.48 |