

Quarterly Portfolio Review

June 30, 2023

Embrace the warmth of summer and let your dreams shine brighter than the sun. Wishing you a season filled with joy, success, and endless possibilities!

Year in Review

- 30 year mortgage rates have risen to about 7.2% and the 15 year to 6.73%. A \$400,000 home in a 30 year mortgage now costs almost \$1,000,000.
- 2 year Treasury yields are now almost at a 16 year high at about 5%. The 10 year Treasury breached 4% after a robust job report.
- Our client short term cash/Treasury program has yielded over \$32mil in deposits over the last year. If you have a low savings rate at your bank or credit union, please contact us. This program carries no cost to our clients.
- Inflation has come down measurably, however it remains stubbornly above the Fed's long term goals. The Fed expects to raise rates 2 more times in 2023 and does not expect a rate cut in 2024.

BENCHMARKS YTD THROUGH 6/30/2023

FTSE World Gov't Bond Index 3-7 Yr. Hedged	+2.44%
Russell 2000 (US Small Cap index)	+7.24%
S&P 500 (US Large Cap index)	+15.91%
Wilshire 5000 (US Total Market index)	+17.83%
MSCI EAFE (International Stock index)	+9.66%

HOME PURCHASES: RISING INTEREST RATES

Buying a home in a rising interest rate environment presents unique considerations for prospective homeowners. As interest rates increase, the cost of borrowing also rises, impacting the affordability of a mortgage. Here are a few key points to consider:

First, higher interest rates typically mean higher monthly mortgage payments. It's important to carefully evaluate your budget and determine if you can comfortably afford the increased costs. Consider factors like your income, other financial obligations, and potential future rate hikes.

Second, rising interest rates may affect the amount of loan you qualify for. Lenders determine your borrowing capacity based on your income, credit score, and the prevailing interest rates. As rates rise, the loan amount you qualify for may decrease, potentially impacting your purchasing power.

Third, it's advisable to shop around and compare mortgage rates from different lenders. Even a slight difference in interest rates can have a significant impact on your long-term financial obligations. Be sure to consider both fixed-rate and adjustable-rate mortgage options and weigh the pros and cons based on your financial goals and risk tolerance.

Lastly, consider the potential impact of rising interest rates on the housing market. Higher rates may lead to a slowdown in home price appreciation or even a decline in certain markets. This could affect your home's future value and potential equity gains.

In conclusion, purchasing a home in a rising interest rate environment requires careful evaluation of your financial situation, budget, and long-term goals. By considering these factors and staying informed about the market, you can make an informed decision about buying a home that aligns with your financial well-being.

QUARTERLY CLIENT WEBINAR

Date: Thursday, July 20th, Starting time: 12:00 pm, Eastern Standard Time

Meeting Number: 2630 321 9047 Password is **1234**

Website link: <https://afadvisorsevents.webex.com/afadvisorsevents/j.php?MTID=m83cb11142fa2f7d37be23be489b67bf5>

To join the teleconference only: US TOLL: +1-415-655-0002 Access code: 2630 321 9047

If you cannot join us for this important webinar, we will post a recording of the entire presentation on our website at www.afadvisors.com.