

Comprehensive Investment Management, LLC

Fee Only Personal Financial Planning



FLASH REPORT - JUNE 30, 2023

WHAT A DIFFERENCE A YEAR MAKES

Over the last twelve months the average gross investment return for CIM clients was +8.6%. A year before that average was -13.2%. It's a rolling calculation, meaning the quarter ending June 2022 in which the S&P 500 was down -16.2% was replaced by the June 2023 quarter in which the S&P rose +8.7%. The average stock allocation for CIM clients is 49.8%.

The surge in stocks over the first six months of 2023 defied most expectations because there were so many headwinds to overcome. Those winds are still blowing strong and a few more are expected such as a slowing economy and in about six months maybe even a recession. The markets continue to overreact to positive monthly economic data because it means the Federal Reserve will probably keep raising interest rates and keep them higher for longer. It's become a question: What do you want first? The good news or the bad. Then one becomes the other.

Bonds have also improved from a year ago but not nearly as dramatically. The June 2022 quarter average for intermediate bonds was down -5.4% and the June 2023 was -.8%. The negative performance of bonds has gone on so long that the three year annual return is -2.5%. For sometime now, more aggressive investors increased risk by adding to their stock allocation. That trend has a good bit to do with stocks doing so well. There also has been a quick and substantial rise in interest rates along with continuing hints of high inflation. So bonds are taking hits from all sides. When that happens to stocks, it's time to buy. Eventually that will be the case for bonds. With Hi Yield Bonds the risk level is lower than stocks and higher than that of quality bonds. The Hi Yields have been doing reasonably well, but the super low-interest rate punch bowl has now been taken away. Across the board investment markets will respond negatively to that, but none more so than companies already paying high interest rates on their loans. Going forward those companies will face fewer borrowing alternatives.

Average Annual Returns of CIM Select Mutual Funds

At June 30, 2023	QTR	YTD	1 Year	3 Years	5 Years	10 Years	15 Years
US Stocks	6.7	13.6	17.3	11.4	9.2	12.0	11.1
Healthcare Stocks	3.9	2.4	9.9	7.7	10.0	13.0	13.3
Foreign Stocks	1.4	9.4	9.5	3.6	3.9	6.8	6.4
Intermediate Bonds	-.8	2.5	-.4	-2.5	1.6	2.0	3.2
Hi Yield Bonds	1.1	4.3	8.4	2.4	3.3	4.1	5.7

The Flash Report provides brief comments about recent overall economic and financial market activity. It is distributed with your quarterly reports to provide some immediate context primarily about the performance results depicted in your individual reports.