GOELZER INVESTMENT MANAGEMENT

From Buybacks to Bond Sales

Earlier this year, our team noted the potential for long-term U.S. Treasury yields to rise. At the time, our concern centered on two primary factors: inflation that remained above the Federal Reserve's target and unsustainable U.S. fiscal deficits that required increased Treasury issuance. As the 30-year Treasury yield has climbed to levels not seen in roughly two decades, that caution has proved timely. What we missed, however, was another force exerting pressure on long-term interest rates: a surge in corporate bond issuance.

Year-to-date, U.S. corporations have issued more than $1.4 trillion in investment-grade debt, already surpassing every full-year total from 2020 through 2024. Much of this issuance has come from the nation's largest technology companies. These firms were once viewed as "asset light," generating abundant free cash flow that was often directed toward share repurchases. The landscape has changed, and it has changed quickly.

To fund what analysts expect will soon exceed $1 trillion in collective AI infrastructure spending, technology giants are increasingly turning to capital markets. As these bonds come to market offering yields above those of U.S. Treasuries, investors are presented with a more attractive alternative. Treasuries become relatively less compelling, requiring higher yields to attract buyers. As any freshman economics student will tell you, a meaningful increase in supply is often met with lower prices. In the bond market, lower prices mean higher yields.

U.S. 30-Year Treasury Bond Yield

Source: Bloomberg

Economy

Last Week	This Week
- ***Personal Income (July):*** *+0.4% MoM vs. +0.2% month prior*	- ***ISM Manufacturing (Aug.): 9/1***
- ***Personal Spending (July):*** *+0.2% MoM vs. 0.3% month prior*	- ***JOLTS (Jul.): 9/1***
- ***PCE Price Index (Jul):*** *Headline +3.7% YoY unchanged from June Core +3.3% YoY unchanged from June*	- ***ISM Services (Aug.): 9/3***
- ***U. of Mich. Sentiment (Aug):*** *51.7 vs. 51.0 month prior*	- ***Payrolls & Unemployment (Aug): 9/4***

Equities

Returns (%)

Index	Level	1 Week	QTD	YTD	1 Year	3-Year Ann.	5-Year Ann.
S&P 500	7631	-0.58	1.94	12.32	19.50	20.62	12.53
Russell 1000 Growth	4879	-0.54	-2.42	2.78	9.45	20.55	11.54
Russell 1000 Value	2511	-0.91	5.55	22.64	29.19	19.35	11.58
FTSE High Dividend Yield*	604	-0.90	3.33	15.22	20.39	18.04	11.91
S&P Small and Mid Cap	20994	-2.24	-3.38	15.44	18.08	13.52	7.32
MSCI EAFE	3218	-1.10	3.57	13.82	21.81	18.86	9.67
MSCI EM	1727	1.39	0.73	24.91	39.40	23.71	8.69

Characteristics

Index	NTM P/E	NTM P/E (20Y med)	Div Yield
S&P 500	18.5	15.8	1.1
Russell 1000 Growth	20.1	18.3	0.5
Russell 1000 Value	17.2	13.7	1.7
FTSE High Dividend Yield*	14.2	13.2	3.5
S&P Small and Mid Cap	14.7	15.3	1.7
MSCI EAFE	15.2	13.5	2.8
MSCI EM	9.3	11.2	2.5

S&P Sector Returns YTD

** Bloomberg U.S Large Cap Dividend Yield Total Return Index used as substitute for index characteristics.*

Fixed Income

Returns (%)

Index	Yield	1 Week	QTD	YTD	1 Year	3-Year Ann.	5-Year Ann.
U.S. Aggregate	5.07	-0.88	-1.19	-0.57	1.62	4.14	-0.36
U.S. Int. Gov/Credit	4.75	-0.64	-0.42	-0.02	1.60	4.51	1.00
U.S. Corporates	5.56	-0.83	-1.58	-0.74	1.60	5.08	-0.23
High Yield	7.37	-0.23	0.52	2.49	4.68	8.43	4.06
Municipals (1-10)	3.45	-0.51	-1.03	0.06	2.06	3.21	1.05

Levels (%)

Key Rates	Last	1 Wk Ago	Last Qtr	Prev YE	1 Yr Ago	3 Yrs Ago	5 Yrs Ago
2-yr Treasury	4.40	4.21	4.18	3.48	3.62	4.88	0.21
10-yr Treasury	4.80	4.65	4.47	4.17	4.22	4.18	1.28
30-yr Treasury	5.27	5.17	4.95	4.85	4.90	4.30	1.90
SOFR	3.68	3.64	3.68	3.87	4.39	5.31	
6-mo. CD rate	4.13	4.04	4.00	3.62	4.15	5.83	0.10
Prime Rate	6.75	6.75	6.75	6.75	7.50	8.50	3.25
30-yr fixed mortgage	6.46	6.72	6.55	6.25	6.60	7.53	3.03

Data as of 5:16 AM ET, September 2, 2026. Returns through September 1, 2026.