CREATIVE FUNDING CORP.
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CFC Newsletter 33 Years in Business

February 6, 2019 **Happy New Year** Issue # 269

FEATURED INVESTMENTS: INCOME & GROWTH

Opposites attract! Here are two mutual funds that have very different goals yet work well together.

- **High Income - PHYZX:** yields 6.3% annually in dividends from bond investments; has averaged 7.1% total return per year over the past 15 years.
- **Value - BALFX**: a balanced fund, yields 1.85% in dividends annually, has averaged 11.31% total return per year over the last 10yrs and 6.94% per year for the last 15 years. This fund is invested in stocks and bonds and income-producing large companies. The objective is to pay consistent dividends with safety and long-term capital appreciation.

OPPORTUNITY CORNER

The S & P 500 has corrected about 20% from the high and has now recouped almost two thirds of that decline. Overall, the economy is still moving forward steadily, but it may take some time for the markets to return to previous highs! Consumer spending is up by 4.7% in one year and real gross domestic product was up 3.4% from the previous quarter. Unemployment is very low at 4%, one of the lowest rates since 1969. In the past 60 years, we have not had a recession while employment was rising! It will be important that the government doesn't shut down for an extended time. Oil prices have settled around a $53 per barrel level, while gas prices declined a lot since last month. We believe our U.S. inventories are sufficient to provide for U.S. and some foreign demand. It's encouraging to see many energy & utility companies investing in renewable and environmentally-friendly methods, such as renewable fuel, wind and solar power. CPI, the consumer price index, is up 1.9% from one year ago, not indicating high inflation.

Please feel free to contact us with any questions and/or comments or to schedule a review.

Steve Hyman
President/Owner

Ricardo Dostie
Vice President

Quality Growth Allocation

Cash & CD	Bond	Balanced	Growth	International
5%	25%	30%	25%	15%

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WHAT'S NEW?

While there are political risks in various places around the world and volatility in some markets, we believe the long-term upward trend is still intact. Our economy is stable; we continue to monitor our investments with caution. The S&P 500 index was down 4.4% over the last year, with dividends included. The average return since Dec. 1929 is up 7.5% without considering dividends.

With the federal reserve stating that they may increase interest rates, we will be closely watching and have been preparing appropriate strategies. It will be important to monitor earnings of companies and to compare interest rates to equity investments.

We have seen some reduction in trade as a result of tariffs, this may be a concern for future global growth trends, we will be watching developments in this area. Consumers are a key driving force in economic growth. It is encouraging that we have seen consumer spending and the minimum wage increase over the last year in several states. We've contributed a % of our revenue to local charities, this is part of our corporate vision. Contact us with any suggestions of your own.

MARKET TRENDS

The S&P 500 "Earnings" yield of 5.4% is still greater than our CD/Treasury interest composite of 2.62%. In fact, the 10-year Treasury note was well above 2% for 50 years, from Jan. 1962 until Aug. 2011. It is now only 2.7%. Therefore, we believe that S&P stocks and preferred notes - especially those with solid dividends - are still appealing. We also like mid-size companies with healthy balance sheets for potential growth.

It is time to evaluate all investment holdings since the interest rates and dividend yields are so much more valuable over time.

We like companies that pay consistent dividends. There are companies in the Utility, Communication, Financial and other sectors that do this. All sectors reported positive operating earnings in the 3rd quarter of 2018; the largest estimated earnings gains in the 4th quarter are projected to be in the Health, Technology, and Communications. **You can still make your 2018 IRA contributions before you file your 2019 tax return.**

The Roth IRA is advantageous because it grows tax-free. The Contributory Roth allows for early withdrawal of *contributions* without penalty

If you are considering a change in financial situation (i.e. retiring, job change, moving etc.) please contact us to review. Also, if you have not reviewed in the last year, call us. We are here to help.

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