



May 9, 2019

Spring Ahead

Issue # 272

FEATURED INVESTMENTS: INCOME & GROWTH

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

- **High Income - PHYZX:** yields 6.2% annually in dividends from bond investments; has averaged 7.45% total return per year over the past 15 years.
- **Value - BALFX:** a balanced fund, yields 1.8% in dividends annually, has averaged 10.7% total return per year over the last 10yrs and 7.2% per year since inception. This fund is invested in stocks and highly rated 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 corrected about 20% from the high in October of 2018 and has now recouped most of that decline. We may be seeing the markets correct somewhat now with profit taking and some individual investor selling. Overall, the economy is still moving forward steadily. Consumer spending is up by 4.4% in one year and real gross domestic product was up 3.2% from the previous quarter. Unemployment is very low at 3.6%, one of the lowest rates since 1953. In the past 60 years, we have not had a recession while employment was rising! Oil prices have settled around a \$62 per barrel level, and gas prices are low, but rising a little. We believe our U.S. inventories are sufficient to provide for most 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%

This report has been prepared from original sources and data. The CFC indicators rely primarily on data reported by the Federal Reserve and other selected data. We make no representations of guarantees or completeness. Reliance should not be placed on any recommendations herein contained without further investigation and consultation.



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CFC Newsletter

33 Years in Business

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 is now up 7.3% over the last year, without dividends. The average return since Dec. 1929 is up 7.4% without considering dividends.

With the federal reserve stating that they may slow their increase of 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, which we will be watching. Consumers are a key driving force in economic growth. It is encouraging that we have seen consumer spending increase over the last. The bank prime rate though (the rate charged their best loan customers) has risen from 4.75% last year to 5.5% currently, putting some pressure on the flow of money to capital markets. 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.

[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.](#)

MARKET TRENDS

The S&P 500 "Earnings" yield of 4.8% is still greater than our CD/Treasury interest composite of 2.48%. In fact, the 10-year Treasury note was well above 2% for 50 years, from Jan. 1962 until Aug. 2011. It is now only 2.45%. 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 a good 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, Technology, Communication, Financial and other sectors that do this. All sectors reported positive operating earnings in the 4th quarter of 2018; the largest estimated operating earnings gains in the 1st quarter are projected to be in the Financial, Utility and Health Care.

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

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