CREATIVE FUNDING CORP.
699 Bloomfield Ave.
P.O. Box 155
Bloomfield, CT 06002

CFC Newsletter

39 Years in Business

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Autumn Leaves & Cool Air!

FEATURED INVESTMENTS: INCOME & GROWTH

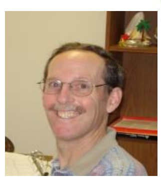
Opposites attract! Here are two mutual funds that have vastly different goals yet work well together.

- **Pioneer Multi Inc, PMFYX**: yields about 7.2% annually in dividends from corporate bonds. It has averaged 8.8% total return per year over the last 5 years and 6% over 10 years.
- **AMBFX**: a balanced fund that yields 2.4% in dividends annually but has averaged 8.8% total return per year over 10 years and 10% over the last 15 years. This fund is invested in a mix of higher quality U.S. bonds & stocks. Their bonds are high quality, all corporate investment grade, and some government bonds. The objective is to provide income & long-term growth.

OPPORTUNITY CORNER

The S&P 500 moved up this year by about 16%. We believe this is a result of a few things: 1.) The Federal Reserve successfully combating some inflation, 2.) The consumer getting back some impetus after restrictions with higher employment, and 3.) Corporations cutting costs and managing supplies/inventories. **Corporations are still showing double-digit operating margins**. This supports the case of an economic recovery, and a higher S&P 500, although we do expect some competition from high-interest rate investments. Consumer spending has increased 5.3%, 2.7% after inflation, over the last year. The unemployment rate has been stable at 4.2%, so employment has been exceptionally good. Oil prices have decreased substantially to $65.60 per barrel, while natural gas prices are down to $2.22 per gallon. The markets are showing tremendous resiliency while having competition from high interest rates from investments like T-bills and CDs. We are encouraged by increase in capital spending, up 4.9% last year, being made in the U.S. in response to infrastructure & the "inflation act" funding by the U.S. government over the past few years.

Please give us a call with questions or to schedule a review. **PLEASE WRITE ABOUT US! At BBB.org**



Steve Hyman
President / Owner

Ric Dostie
Vice President

Quality Growth Allocation

Cash & CD	Bond	Balanced	Growth	International
10%	25%	30%	30%	5%

860-242-4483 ● 844-854-8948 ● 860-242-9481(Fax) ● creativefundingct@gmail.com ● www.creativefundingct.com

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WHAT'S NEW?

Our economy is recovering. The average return of the S&P 500 since Dec. 1987 is about 8.5% and about 10% with dividends, which have increased over the last year. **It is interesting that the Nasdaq (tech heavy) has been the best performing exchange over the last year, while the S&P 500 index is less volatile and has performed better over the last 3-year period.**

The federal reserve has hinted that the next change in interest rates will be down. This policy change has caused the markets to adjust, and now that the Feds are most likely **at the end of increases**, we expect gradual improvement. Inflation is up by only 2.92% over one year. Both bond and equity investments can perform well in this environment.

Consumers are a key driving force in economic growth & consumption has risen nicely. The bank prime rate (the loan rate banks charge their best customers) has risen to 8.5%, putting some pressure on commercial business money flow.

GDP (gross domestic product) was up 5.9% over the last year. Adjusted for inflation, it rose 3.1%, showing the resiliency of the economy.

MARKET TRENDS

The S&P 500 "Earnings" yield of 3.8% is lower than our CD/Treasury rate composite of 4.2%.

The 10-year Treasury note is at 3.66%, the 5-year note is at 3.44%, and the 3-month T-Bill is at 5% so some risk-averse investments are being made in these T-Notes & T-Bills. We do still believe that S&P stocks and preferred stocks (especially those with solid dividends) are appealing, as are balanced and quality growth funds.

It will be important to monitor the future earnings of companies and to compare interest rates to equity investment earnings and dividends. Now is a suitable time to evaluate all investment holdings since interest rates may decline before year end and dividend yields are valuable over time.

We like companies that pay consistent dividends. All S&P 500 sectors had positive operating earnings in the 2nd quarter of 2024 with **Materials, Consumer Discretionary & Industrials showing the greatest % gains from the previous quarter.** All sectors expect positive earnings in the 3rd quarter of 2024 as well, with the largest gains expected in **Utilities, Health Care & Technology.** In the mid & small company arena, **Health & Technology** are expected to grow the most. **We are particularly interested in investments contributing towards a healthy environment.**

Other Notes:

- The Roth IRA is very advantageous; it grows tax-free. The Contributory Roth also allows for early withdrawal of ***contributions*** **without penalty**.
- If you are considering a change in financial situation (i.e.: retirement, changing job, relocating, etc.) **please contact us to review**. Also, if you have not reviewed in the last year, call us. We are here to help.
- We are contributing a percentage of our revenue to local charities; this is part of our corporate vision. **Contact us with any suggestions!**

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