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Welcome, Spring!

Issue # 344

FEATURED INVESTMENTS: INCOME & GROWTH

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

- **PGIM High Yield fund:** Yields about 7.3% annually in dividends from corporate bonds. It has averaged 6.5% total return per year over the last 5 years and 6.1% over 15 years.
- **AMBFX, American Balanced:** A balanced fund that yields 2.5% in dividends annually. It has averaged 8.2% total return per year over 10 years and 9.4% over the last 15 years. This fund is invested in a mix of higher quality U.S. bonds & stocks. Their bonds are high quality, corporate investment grade, and some government bonds. The objective is to provide income & long-term growth.

OPPORTUNITY CORNER

The S&P 500 moved down year to date by about 3.1%. We believe this is a result of a few things: 1.) The negative effects of some inflation & tariffs, and 2.) Corporations are cutting costs and managing supplies/inventories. **Corporations reported the highest operating margins in the past 3 years.** 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 5.6% over the last year. The unemployment rate is at 4.2%, so employment is good. Oil prices decreased to \$57.45 per barrel, and natural gas prices increased a bit to \$3.66 per gallon. The markets are showing resiliency after having competition from high interest rates from investments like T-bills and CDs. We are encouraged by an **increase in capital spending, up 4.2% last year**, in response to infrastructure & the “inflation act” legislation passed by the U.S. government.

Please give us a call with questions or to schedule a review. [PLEASE WRITE ABOUT US at BBB.org](https://www.bbb.org)

Steve Hyman
President / Owner



Ric Dostie
Vice President



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

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.



WHAT'S NEW?

Our economy is in good shape. The average return of the S&P 500 since Dec. 1987 is about 6%, and about 8% with dividends, which have increased over the last year. **In fact, the Dividends paid out from the S&P 500 have increased about 8% over the last year.**

The federal reserve is expected to make their initial downward move on interest rates. This policy change has caused the markets to adjust, and now it appears the Feds are waiting for future information to make any changes.

Inflation is up by only 3% over one year. Both bond and equity investments can perform well in this environment. It remains to be seen how the tariffs will affect U.S. and worldwide trade.

Consumers are a key driving force in economic growth & consumption has risen. **We hope that inflation remains under control so that real consumption can continue.**

GDP (gross domestic product) was up 4.7% over the last year, showing the resiliency of the economy.

The S&P 500 "Earnings" yield of 4.01% is higher than our CD/Treasury rate composite of 4.15%.

Other Notes:

- The Roth IRA is very advantageous as 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!**

MARKET TRENDS

The 10-year Treasury note is at 4.32%, the 5-year note is at 3.9%, and the 3-month T-Bill is at 4.3%. Some risk-averse investments are being made in these securities. We do still believe that S&P stocks and preferred stocks (especially those with solid dividends) are appealing, as well as 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 in the future 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 4th quarter of 2024 with Technology & Communications showing the greatest percentage gains from the previous quarter.

Estimates for the 1st quarter of 2025 show the largest gains in Utilities, Health Care & Materials.

In the mid & small company arena, Energy & Utilities are expected to grow the most. We are particularly interested in investments contributing towards a healthy environment.