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Golden Days of August

Issue # 347

### FEATURED INVESTMENTS: INCOME & GROWTH

Here are two mutual funds that have vastly different goals yet work well together:

- **FRFZX, PGIM Floating Rate Fund:** Yields about 7.8% annually in dividends from corporate bonds. It has averaged 7.2% total return per year over the last 5 years and 5.1% over 10 years.
- **PMFYX, Victory Pioneer Multi Asset Inc.:** A balanced fund that yields 6.4% in dividends annually. It has averaged 11% total return per year over 5 years and 7.6% over the last 10 years. This fund is invested in a mix of investment 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 increased this year by 7.7%.** We believe this is a result of a few things: 1.) The markets expect interest rates to decrease. 2.) Corporations are cutting costs and managing supplies/inventories. **Corporations are reporting 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 4.8% over the last year.** The unemployment rate is at 4.2%, so employment is good. Oil prices decreased somewhat to \$66.19 per barrel, and natural gas prices decreased more to \$2.94 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 7.4% last year.**

**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%

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 S&P 500 since Dec. 1987 is about 7%, and about 9% with dividends, which have increased over the last year. **In fact, the Dividends paid out from the S&P 500 have increased about 7% over the last year.**

**The federal reserve is expected to make their initial downward move on interest rates. This policy change should cause a positive reaction by the markets.**

Inflation is up by only 2.7% over one year. Both bond and equity investments can perform well in this environment. It remains to be seen how a resumption of 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 4.5% over the last year, showing the resilience of the economy.**

**The S&P 500 "Earnings" yield of 3.7% is less than our CD/Treasury rate composite of 4.1%.**

## MARKET TRENDS

The 10-year Treasury note is 4.37%, the 5-year note is 3.96%, 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 should have positive operating earnings in the 2nd quarter of 2025 with **Materials & Financials showing the greatest percentage gains from the previous quarter.**

Estimates for the 3rd quarter of 2025 show the largest gains in **Utilities, Consumer Discretionary & Healthcare.**

In the mid & small company arena, **Healthcare, Materials & Utilities** 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 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!**