CREATIVE FUNDING CORP.
699 Bloomfield Ave.
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CFC Newsletter 35 Years in Business

May 10, 2021

"Patience Neutralizes Risk"

Issue # 296

FEATURED INVESTMENTS: INCOME & GROWTH

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

- **Core Bond – WACIX,** yields 2.16% annually in dividends from government and corporate bonds; it has averaged 4.4% over the last 10 years and 5.4 % total return per year over the past 15 years.
- **Balanced - BALFX**, a balanced fund, yields 1.2% in dividends annually, has averaged 10.2% total return per year over the last 10yrs and 8% over the last 15. This fund is invested in large, high quality U.S. stocks, investment grade and government bonds. The objective is to provide income and growth.

OPPORTUNITY CORNER

The S&P 500 recouped all the decline (setting new highs). Finally, we are seeing much positive news on the vaccine designed to help reduce cases of the virus. It appears that corporate earnings are coming through at high levels supporting the positive case for our economic recovery. Considering the slowdown due to the virus, our U.S. economy has held up very well. Consumer spending, which declined dramatically from February to April last year, has now gained back most of that decline. **The unemployment rate reached 15% in April and then declined to 6.1% currently, so employment is rising again**. Considering the circumstances, we had expected at least one or two quarters of lower earnings reports from U.S. companies. Oil and gas prices may have stabilized. Oil prices per barrel are around the 65 level, while natural gas prices have risen to $2.93 per gallon. We have seen more stimulus from congress; this has been helpful to people affected, though it is a temporary fix.

Please feel free to call us with any questions, schedule a review, or write about us at www.BBB.org, Thanks.

Steve Hyman
President/Owner

Ricardo Dostie
Vice President

Quality Growth Allocation

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

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WHAT'S NEW?

We believe the long-term upward trend is still intact. Our economy has absorbed the virus shock. The S&P 500 index is now up by over 30% over the last year, without dividends, having recouped 100% of the loss from the low of 2,192 on March 23rd. The average return from Dec. 1929 to last year end is 5.5% without dividends - with dividends the average annual return is 7%.

The federal reserve has reduced lending rates almost to zero to free up more money. We expect the feds to leave rates in a low range for a while at least until the economy shows some more growth momentum. **Some interest rates have begun moving up, including inflation (+2.6%), we believe in anticipation of economic growth this year**.

Consumers are a key driving force in economic growth. The bank prime rate, though, (the rate banks charge their best loan customers) is still at 3.25% currently, easing pressure on money flow.

Of course, our total debt has increased by about 20% due to the large stimulus payments, etc. Even so, individual's household debt as a % of income has dropped substantially to 9.4%.

We are contributing a percentage of our revenue to local charities; this is part of our corporate vision. **Contact us with any suggestions!**

We pray for our medical professionals and all who have been affected by this virus.

MARKET TRENDS

The S&P 500 "Earnings" yield of 3.3% (the next 2 quarters of earnings are crucial) is greater than our CD/Treasury interest composite of 1.33%. In fact, the 10-year Treasury note was well above 2% for 50 years, from Jan. 1962 until Aug. 2011. It is now at 1.58%. Therefore, we believe that S&P stocks and preferred notes - especially those with solid dividends - are still appealing as well as balanced and quality growth funds.

It will be important to monitor future earnings of companies to compare interest rates to equity investment earnings and dividends. Now is a good time to evaluate all investment holdings since the interest rates are changing and dividend yields are very valuable over time.

We like companies that pay consistent dividends. All S&P 500 sectors reported positive operating earnings in the 4th quarter of 2020 except Energy. Earnings were much higher in the technology sector in the 4th quarter; also increasing were Real Estate and Materials. Estimates are much higher for the Industrial, Health, Communications and Utility sectors for the 1st quarter of 2021.

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., 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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