

# Bowers Wealth Management, Inc

Registered Investment Advisory Group

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James R. Bowers

S&P 500 Ytd -38.09%

DJIA Ytd -33.31%

Nasdaq Ytd -40.11%

Usd \$ Ytd +3.83%

Gold Ytd +2.20%



## Market Commentary

I'll start with good news in this season of holiday cheer. Some of the market volatility and selling pressure is decreasing. While still down heavily for the year, the last few weeks have brought the S&P500 up from the lowest point of the year at -48.76%. Thus far the bounce from the bottom has yet to attract most institutional investors. It appears they are flooding into Treasury Bonds as an alternative. A bond market "bubble" is being created. This signals an expectation of paying less for stocks in the future as the market sees "deflation" on the horizon. Select quality purchases today will likely be rewarded in the coming years, meanwhile the market is expecting nearly everything from stocks to real estate to get even cheaper.

## Opportunities

### Infrastructure

Our future President has clearly stated his intention of creating 1930's style "make work" programs in the form of massive government spending on public infrastructure projects. Roads, bridges, schools, energy grids, alternative energy plants, and water structure are all on the to-do list. I won't debate the merits of spending money the country doesn't have to finance these endeavors, but I will say that this is a great opportunity for investment. Anytime a government "mandate" legislates profits with a pen, a good hard look at the beneficiaries is required. As luck would have it I spent some time creating a shopping list for some of these companies over the last year. You see, a number of these companies are also building the infrastructure abroad in areas where less than 20% of the population has potable water and/or electricity. The recent stock liquidation in tandem with the coming government sponsored spending means that we're ready for a boom in infrastructure.

### Dividend Paying Stocks

The last sentence in the market commentary section may have stirred your interest. What do I mean by "select quality purchases"? In a falling market, often the best action is to sit tight and build a shopping list. Generally I'll be shopping for:

- Companies with a competitive advantage in their industry
- Low Price / Earnings valuation in relation to their history
- A solid history of maintaining & increasing dividends
- Minimal debt & strong cash flow
- Management with quality decision track record

The last point may be the most important as this year has shown that poor management decisions can lead to ruin. When is the right time for these purchases? I suspect a number of hurdles lie ahead in the coming months (increasing unemployment), but when I start to see more positive internal aspects in a rising market I will begin to purchase these bargains. *James R. Bowers*

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