87% of teens own an iPhone. Source: Piper Sandler

should it be. There are many challenges and headwinds that we will face every day. The markets contain risk and they offer reward. Our task is to balance the two and to deliver good returns with an acceptable amount of risk.

If you do not remember anything else from this newsletter, please remember this from Tracy Alloway a financial blogger. "Risk is not a fluctuating account value. Real risk is arriving at a point later in your life and discovering that you have not saved enough or taken enough risk with your investments to lead the lifestyle that you had hoped to lead." You do not want to take more risk than is necessary, but there is no reward without risk. Volatility always accompanies risk.

If you have questions about your holdings or about the general condition of the economy, please contact us at once.

Our email addresses are **jspreng@sprengcapital.com**, **tbrown@sprengcapital.com**, **lemory@sprengcapital.com** and **acole@sprengcapital.com**. Please be assured that we are monitoring market situations at all times.

If there have been any changes in your financial circumstances of which we should be made aware, please notify us at once. If you would like a copy of our most recent Form ADV, Form CRS or our Privacy Policy, please call the office. If you have not visited our website, please do so at **www.sprengcapital.com**

We appreciate the opportunity to work with you, your families, and your businesses. We are very grateful for the many referrals that you have provided to us. We can think of no greater compliment than to have you recommend us to your family and friends. We will continue to do our very best to provide you with healthy, consistent returns with a minimum of risk. Always remember, "Investing is a marathon, not a sprint."

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Closed 12:00pm-1:00pm

"Investing is a marathon, not a sprint."

Spreng Capital Management Inc.

SPRING 2024

Spreng Capital Management is an investment advisory firm with the Securities and Exchange Commission. Founded in 1999 by James Spreng, Spreng Capital has grown to encompass the very best in service and support for our clients.

Our client base is quite diverse. With clients in 23 states, we offer structured, customized investment management for individuals, profit sharing plans, Foundations, endowments and businesses. We are fee only investment managers, receiving no commissions nor do we sell any financial products. We are paid only by the investment management fees of our clients. We advise our clients on financial planning and manage their assets, making recommendations based entirely upon our clients' needs and goals. Everyone on the Spreng Capital team has a vested interest in the success of our clients' portfolios. Our team has a unique blend of experience, youth and business credentials.

Our use of high quality stocks and mutual funds along with investment grade bonds, allows us the opportunity to deliver consistent long term returns. We focus on minimizing risk and volatility, striving ultimately to deliver the very best after-tax returns possible, within the constraints you have established.

There is nothing that signals success more than referrals from existing clients. Our success is a result of our clients' continued confidence in us and their willingness to recommend us to their family and friends.

"Far more money has been lost by investors' preparing for corrections, or trying to anticipate corrections, than has been lost in the corrections themselves" Peter Lynch

Several weeks ago, we had a bout of foul weather move through the area one evening. Several of the major television stations pre-empted all scheduled broadcasting to have their weather people continuously telling viewers where the storms were and how severe they might be. The tornado sirens went off twice that evening but we were fortunate in our town that the storms split and went north and south of us. This led me to a thought that Nick Colas expressed on his You-Tube station, the need to have a "Go Bag" ready at all times in case of an emergency. This bag should have the basics; water, batteries, a first aid kit with lots of bandages to address possible injuries to yourself, your family members, or other people around you at the time. Included should be, pain medication, flashlights, blankets, medicines that need to be taken daily, a toothbrush and toothpaste, paper, and pen to leave messages for people, an AM/FM radio, and cash in small denominations since no one will be able or willing to make change. You should make copies of your driver's license and passport and keep them in a plastic, waterproof sandwich bag. Since Nick lives in New York City, he also carries in his pocket every day, a radiation detector in case someone sets off a "dirty bomb" in the City. While that sounds extreme, I am sure no one anticipated that someone could smuggle automatic weapons into a police state like Russia and kill 140 innocent people watching a concert in Moscow.

Index	1st QTR
DIJA	5.6%
NASDAQ	9.1%
S&P 500	10.20%
10-Year Treasury	4.20%
30-Year Mortgage	6.79%
Unemployment Rate	3.90%
U.S. Inflation Rate	3.15%

Investors have, and need, their own "Go Bag." It's called diversification. If you prefer the old adage, "Don't put all of your eggs in one basket," that is fine. Clients need to understand the basic premise of what diversification is and why they need it. There is a huge misconception by many investors that diversification means that you must use multiple advisors or custodians like Schwab or Fidelity. This is completely incorrect. Multiple advisors all investing in the same investments is not diversification. Diversification is purposely investing in investments, or sectors, that are currently underperforming. You are willingly choosing a lower rate of return all with the goal of protecting your total portfolio when your investments that are performing well for you in the moment, inevitably go down. This is difficult for investors to do, to knowingly sacrifice the maximum

"United States spring airline travel is expected to hit another all-time high in March and April."

return. The first Nobel Prize awarded for behavioral economics was for "Prospect Theory." This theory simply shows that the fear of loss weighs twice as heavily on the human psyche as the prospect of similar sized gain makes us happy! Remember how you felt in 2022 when everything seemed to be losing value? Stocks, bonds, real estate, everything was going down at once due to the first real bout of inflation in 40 years. The era of "free money" was ending at the same time as Central Banks around the world started raising interest rates to try to slow consumption and inflation. Did you feel equally happy when the markets recovered in 2023? Probably not because investors were still traumatized by the losses inflicted by the double i's of inflation and interest rate hikes in 2022. Diversification can be as simple as investing in an Index Fund of the top 500 companies in the United States. You have no single company or sector risk. Of course, when an individual stock rises quickly, there always will be remorse that you did not own it. Prospect Theory says that you will still feel better missing out on this gain than you will suffer when the rising stock returns to normal and you lose all of your gains or more.

The economy is doing very well. Of course, there are pockets that are under duress and struggling but that is normal and a healthy aspect of capitalism. The 4th quarter GDP was annualized out to 3.3% growth, higher than the expected 2.2% rate. Inflation is down from a peak of 9.06% to 3.35%. Unemployment remains under 4%; the longest period of sub-4% unemployment in 50 years! Job openings to unemployed was 1.4 times in January. The average has been 0.7 job openings to every 1 unemployed since December of 2000. Cash is paying 5% return, the first time in 16 years. Wage growth is 2% higher than the rate of inflation. Restaurants are full. Tickets to sports and concerts are selling briskly and for high amounts.

We are experiencing a divided perception on the economy, and the markets, based almost entirely upon from whom the population receives their news. If you listen to conservative sources the economy is horrible. If you listen to progressive sources the economy is great. 50 years ago, we had 3 sources of televised news. Of course it was biased! It was biased by which stories they chose to broadcast for that day. If there was only time for 12 segments and there were 30 notable stories that day, bias was in the specific stories they chose to report. But they reported, they did not render opinions. If there was an opinion that the network wanted to stand behind, it was prominently declared that the following was an opinion and it was delivered in the last 3 minutes of the broadcast. Unfortunately, we have devolved into a "if my guy is not in the White House, the economy, your 401k and the stock market are going to crash." The reality is that whoever is the President, they have very little control on immediate economic outcomes because of the long time-lag involved to affect a $20 trillion economy. Does it really make sense that the economy is great the 3rd week of January, we inaugurate a new President and the 4th week of January the economy is suddenly horrible? President Clinton was a prime example of this effect. President Regan imposed sweeping changes during his two terms. President Bush correctly raised taxes during his one term which was in the best interests of the country and it cost him the next election. But who was the beneficiary of all of this heavy-lifting that was done 12 years before his time in office? Bill Clinton. Clinton presided over the" peace premium" that fell into his lap when Reagan & Bush helped usher in the fall of the Iron Curtain. Clinton also benefitted from the advent and implementation of the internet. Timing is everything in life.

Inflation remains "sticky" due to the way that shelter is now calculated in the inflation numbers. 50 years ago, high interest rates were part of the calculation more so than today. When Fed Chairman Volcker raised interest rates to 20%, the inflation numbers exploded. Conversely, when the Fed started to cut interest rates, the inflation rate fell rather quickly. Shelter is calculated differently now so that interest rates do not affect the inflation rate as much, or as quickly, as they did 50 years ago. Food is the biggest issue in people's perception of how well-off they feel right now. Food and gasoline prices affect everyone. We have been fortunate that oil prices have remained subdued, unlike during our last bout with inflation in the 1970s. Food costs have risen, and will remain elevated as long as the "Bread Basket" of Europe, Ukraine, is at war with Russia. The US consumer still spends so much less on food now that they did in previous generations. The problem is that no one goes on Tik-Tok to talk about how cheap their food is this week. This only occurs when food costs rise.

The necessities of life have changed so dramatically now. We now have smartphones, internet, streaming movies, cable tv, more than one tv per house, and multiple vehicles. When I was a child, we had one land-line phone. I could only call a girl that I might be dating, who only lived 7 miles away, once a week to make a date for Saturday night because the call was long-distance. Our land-line phone was a party line which we shared with 7 other homes. So much for privacy considerations. We had one tv, one car and a farm truck. I took young ladies on dates in the farm truck. If they were upset by that, they weren't the one for me. Oh yes, and we did not have $120 ripped blue jeans. My mother either sewed a patch on or ironed an iron-on patch on the inside of the jeans. Yet, somehow, some way, we seemed happier than we are today. Please, I am not at all resentful. I am not a grouchy old man shouting "get off my lawn." I truly am happy that people have access to so many more fun things to do. People live longer and better. Arthritic knees and hips are replaced, heart valves and arteries are repaired. Thanks to a vaccine, no one spends their lives in an iron-lung with the eradication of polio. I am just so perplexed as to why everyone seems so angry and miserable. Never have we lived so well and complained so much.

I am not going to change the world, their viewing habits, or the sources of information from which investors glean their information. The question every quarter remains the same. How are investments currently being affected by the world's economy and where do we anticipate the economic benefits might accrue to our clients? As we have indicated, the economy is quite good. While technology has led the equity markets to all-time records, there are hopeful signs that other sectors of the economy are awakening and starting to benefit from the good economic conditions. Energy has actually been the best sector over the last three months rising 12.6%, more than the S&P 500 at 10.2%. Financials have done well rising 12.0%. This has been concentrated mainly in the super-large national banks as the fear of office market exposure continues to weigh on the smaller regional banks. Office occupancy is still averaging just 48.5% compared to 95%+ before the pandemic as many workers shifted to work-from-home, or WFH, as it is commonly referred to now. The fear for the regional banks is that as loans come due on these empty office buildings there could be considerable loan losses for these banks. There are billions of dollars lined up to buy these buildings out of foreclosure if, and when, these loans go bad. The thought of buying expensive office buildings in desirable cities for pennies on the dollar is just too good to overlook.

Based on satellite coverage of air pollution, China's economy continues to struggle re-opening from their draconian shut-down of their economy and society due to Covid. If your politics leans more towards Nationalism instead of Internationalism, you have to be willing to accept that "reshoring" moving production back to the United States or "friend-shoring" moving production to more friendly countries like Mexico or India, will lead to persistent higher inflation and higher interest rates. If you are going to leave the lowest cost producer, costs will rise which will lead to more inflation with wage increases and higher interest rates to combat inflation. There is a reason that so much manufacturing moved off-shore over the last 30 years. We completely support this transition from China, but let us not delude ourselves that there won't be a cost to make this move.

No one talks about a recession any more. That is probably appropriate right now but don't think that the traditional business cycle of boom and bust is now completely tamed. It has just altered, driven by tech more than manufacturing now. Oil is up 15% this year. It takes a doubling of the price of oil to cause a recession. The Federal Reserve continues to say that they will cut interest rates 2 to 3 times this year, If inflation continues to go down more closely to their preferred rate of 2% a year. Rate cuts have historically been good for stocks and bonds.

Always remember that the value of stocks or bonds is the profit that stocks we own in companies can deliver to us as investors. Only two factors drive economic growth on a National basis, the number of people that are working and how productive they are as workers. The population of the United States as a percentage of the global population is declining. Therefore, it is critical that worker productivity continues to improve for the U.S. to maintain its' standing in the world economy. That is the promise, and hope, of Artificial Intelligence, that it makes workers more productive. Interest rate cuts are on the horizon, but it will take rate cuts and earnings growth to keep our investments climbing ever higher.

A final note, the S&P 500 is up 10% already for the year. If we did not make another dime the rest of the year, 10% is still a very good annual rate of return. Of the 60 days that the markets were open so far in 2024, the S&P 500 posted positive returns 32 days, and negative returns 28 days. We remain optimistic for 2024. We see no reason to become more cautious but we urge everyone to have reasonable expectations. It just takes one bad actor to cause incredible turmoil, or pain and suffering to millions of people in our inter-connected world. A financial and family "Go-Bag" is always a good idea.

If we do not have an email address for you, I strongly encourage you to make sure that we have one. Events move very quickly and sometimes we have found it necessary to send out several email alerts to everyone for whom we have an email address.

We thank you for your confidence and trust in us. No one said securing a viable financial future is easy; nor

"Apple iPhone shipments to China fell roughly 33% in February from the previous year"
Bloomberg

"Household financial net worth is at an all-time high. The stock market is at an all time high. Housing prices are at an all-time high. Economic activity is at an all-time high. Unemployment remains below 4%. Wages are at an all-time high."