the SGROI FINANCIAL NEWSLETTER

SGROI FINANCIAL

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Recent Market Volatility: Keep Calm and Carry On.

On a rational level, most of us would acknowledge the fact that the stock market has always exhibited volatility, both up as well as down. We gladly accept that volatility when stock prices are going up, but when stocks decline, it can sometimes feel like the world is coming apart, especially when the market is seemingly in a freefall. Suddenly, it's not intellectual anymore, it's emotional.

We naturally want to have reasons for times like these and the financial media is more than happy to give you their take on it. The truth is that market sell-offs are often less about any particular underlying causes and much more about gut-level fear, herd behavior and panic selling: We may feel like things are spiraling out of our control and we want to do something about it. But this is exactly the kind of thing that can derail a sound long term financial plan.

There are always things happening around the world that can cause us to worry in the face of uncertainty. We tend to forget that the stock market has a long history of such periods of overreaction. According to one researcher's calculations, the U.S. stock market has been in a "correction" of 10% or more about 20% of the time since World War Two.

It is important to remember that we are long term investors, not traders or speculators. Your portfolio is designed for the long haul, invested in a broadly diversified list of global companies on the premise that long term wealth is ultimately created by underlying economic fundamentals, not by changing day-to-day market sentiment. It would be hard to imagine, for example, a successful investor like Warren Buffett panic selling. If anything, he would probably view a sell-off like this as a potential opportunity to buy quality companies at lower prices.

This storm will pass eventually. I have always admired the posters that the British Government printed up during the darkest days of WWII, when it was commonly believed that the German invasion of that island was imminent: **Keep Calm and Carry On.**

A note from Sgroi Financial President, Pat Sgroi: I recently received this message from a colleague. It was written by John Finley, CFA, a Chartered Financial Analyst at Wheaton Wealth Partners. It can be found on their website, www.wheaton-wealth.com. We know the importance of your financial future and take great care in helping you to protect your investment.

Market Analysis...

In August and early September of 2015, the S&P 500 experienced its first correction since August 2011. In August, the S&P lost 6.3 percent, the Dow fell 6.6 percent and the Nasdaq declined 6.9 percent. The time frame before the U.S. Federal Reserve's Sept. 16-17 meeting may see some additional tenuous trading as the central bank considers the first rise in short-term interest rates in nearly 10 years.

The U.S. benchmark for oil recently fell $1.33, or 2.9%, to $44.72 a barrel on the New York Mercantile Exchange. Brent, the global benchmark, rose 50 cents, or 1.1%, to $48.13 a barrel on ICE Futures Europe. Brent prices fell 4% on Monday.

As always, the Sgroi Financial team is here to answer any questions or concerns you may have and are dedicated to delivering an exceptionally high level of support and service to our clients.

Sgroi Financial, LLC, is an independent, comprehensive financial planning firm. For more information on recent market volatility, Cadaret, Grant & Co., Inc. or any investment, retirement planning, college planning or individual or group insurance question, please contact Sgroi Financial, LLC 965 Union Road, West Seneca, New York 14224; telephone 716-674-6700 or 800-989-6710, fax 716-674-6822, go to their website at www.sgroifinancial.com, or e-mail info@sgroifinancial.com. Securities offered through Cadaret, Grant & Co., Inc., Member - FINRA/SIPC - Sgroi Financial, LLC & Cadaret, Grant are separate entities.

Your Thoughts on Retirement

Fun and relaxing, or high anxiety?

What are your thoughts when you think about retirement? For me, it conjures up a time to relax a little more, play more golf, enjoy my kids (and although premature, grandkids), maybe even travel… to basically have fun. I'd like to think that most of our Sgroi Financial clients think the same way, too.

Unfortunately, for some people, the thought of retirement brings high levels of anxiety. The thought of running out of money can be a very heavy burden. In one recent study, 44% of workers of all ages cited having insufficient finances as their biggest fear. A quarter of middle-class Americans "get depressed" thinking about their retirement finances. 48% of those who have not retired were not confident they will have enough to live the lifestyle they want in retirement.

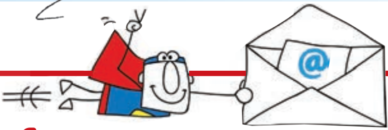
Certainly, it's natural to be concerned about the future. Things happen in the future, it's inherently unknowable. However, we should be and can be as prepared as we possibly can to meet any future head on. Peace of mind is something not easily acquired, but, through much thought, perseverance and effort, it is attainable.

For over forty years at Sgroi Financial, we've developed and fine-tuned strategies for our clients' success. Together with our client, we work hard to develop a plan to figuring out exactly where they'd like to be, protecting the people and assets they hold most dear. Then and only then, we invest prudently and soundly given their particular situation. Knowing that holding a diversified portfolio is one of the few free lunches in personal finance, we make some reasonable assertions based on long-term historical data. Holding assets in a proportion that match risk tolerances and assuming no major changes in life events, we rebalance once or so a year to not stray too far from the original allocation.

With this in mind, we take our clients from a stressful position of "I think I'm okay" to the healthier position of "I know I'm okay."

"Plan, Protect, Invest" is not simply our motto, they are words to live by.

Patrick Sgroi,
President



For Your Information…

Check out our new website, **www.sgroifinancial.com**, for exciting interactive tools and resources, information on our products and services, and so much more…

Emailing your Financial Advisor is a great way to stay in touch on the go, but please note the following:

- There are times when your email may be rejected from our very secure server without our knowledge. Always follow up your email with a phone call if you do not receive a response within 2 business days.

- Legally, we are unable to make any changes to your accounts and investments through emailed directives.

For your protection, please call the office to speak with your Financial Advisor or Assistant to make any changes to your investment portfolio.

John Clouden

Emotional Markets

How to Keep Calm

If there's one thing to be said about the summer 2015 stock market, it's that many buyers let emotions dictate their financial decisions. Emotions are dangerous when it comes to investing. Of course, it's difficult not to fully tie ourselves to the hard earned money which is supposed to carry us into a comfortable retirement. As we watch the world headlines sour, we naturally feel the urge to change our own financial landscape, hoping to fight off this sense of insecurity. However, these thoughts may upset our sound investment plan, which is exactly what we should try to avoid.

Let's consider... The Dow, S&P 500 and Nasdaq were all down about 10% as of September 1, 2015. This is considered a "market correction." History tells us market corrections occur every few years. The last taking place in the late summer and early fall of 2011. This current correction is the third since the bull market began in March 2009. We also had a near-correction for the S&P 500 in 2012. The index fell 9.94% between April 2 and June 1 of that year. There will be highs and lows, all signs of a healthy market moving along its natural course. Reactive selling of your investment at this time would deflate the plans you have made to grow your portfolio in the years to come.

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As your financial advisors,our advice is to weather this storm and stick to the time-honored principles to **Plan, Protect, Invest.** Trust the plan you carefully made with your Advisor. It is what protects your financial future.

Continued Sgroi Financial Expansion

Adds Depth and Breadth to Staff and Services

After a successful expansion due to a competitive advantage in the Tax Sheltered Annuity/ "403b" investment marketplace and a flawless family succession management transition, Sgroi Financial is continuing to expand in the depth and breadth of it's staff as well as the services it offers to it's clients. The firm is proud to announce the additions of Urmas Lupkin, Vice President of Sales & Marketing and Registered Representative, Chris Snusz to the firm.

Lupkin

Snusz

With thirty-one years of experience at M&T Bank, most recently as the Commercial Branch Manager in Orchard Park, Urmas Lupkin will be responsible for additional staff development and business growth. With a focus on value-added customer benefits and "centers of influence," his expertise in strategic partnerships, networking and acquisitions will be invaluable. Lupkin's longtime familiarity with the Sgroi family and the opportunities characterized by the smaller business environment of Sgroi Financial precipitated the move.

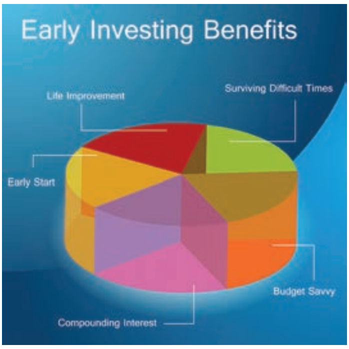
Sgroi Financial's newest Registered Representative, Chris Snusz, brings a welcomed insurance focus to the firm. His marketing concentrations will be targeted to business owners and corporate executives. Tax free and tax deferred strategies through Corporate Owned Life Insurance (COLI) offers innovative ways to give less to the government and keep more in the clients' pocket. It's noteworthy, Snusz will also cater to professional athelets. As a former professional baseball catcher, he is well aware of the pitfalls of talented youth coupled with large cash windfalls and feels compelled and qualified to help. After years with a much larger financial firm, he sees the benefits associated with a smaller, independent firm like Sgroi Fiancial.

"I like the freedom associated with an independent firm," said Snusz. "Being able to choose the best, highest performing financial product with the lowest client fees is like a breath of fresh air."

"The additions of Urmas and Chris meld perfectly into the Sgroi 'Client First' mentality and really adds to the horsepower of the firm," said Sgroi Financial President, Patrick Sgroi. "Using the horsepower analogy, I like to think of Sgroi Financial as an agile sportscar, every day increasing our speed and manuverability for the benefit of our clients."

Brian Clouden

Start Investing Early



Many college graduates are leaving school with bloated student loans. This debt may have them second guessing themselves when it comes to investing. With pensions going the way of the dodo bird and Social Security increasing participation age, parents and veteran co-workers should try and convey the importance of investing at a young age. Perspective is a view that they most likely don't have.

Invest Young

There are powerful financial forces on your side when you start investing young. One of the most beneficial to young investors is compounding interest. Compound interest is interest added to the principal of a deposit so that the added interest also earns interest from then on. To break it down, you're making money off the interest your investment already paid you and you continue to make money off the interest that you made each year.

Form a Consistent Investment Plan

Investing on a consistent basis may allow you to generate long-term gains over time. For most, simplicity equals consistency; and consistency over time leads to financial security. Follow a consistent investment plan and, as your investment knowledge grows, you can add other forms of potentially higher-return investments.

Know what Investments are Available

Company match in a 401k or a Roth IRA are a couple great places to start. You will keep more of the money you earn by investing in a tax-deferred vehicle.

Diversification

For young investors, the stock market can be a great place to start investing. As you age and your account size grows you could take some of that money and move it into bonds, real estate, or other income producing investments. Diversification lowers risk. It is a risk management technique that mixes a wide variety of investments within a portfolio. The rationale behind this technique contends that a diversified portfolio will, on average, yield higher returns and pose a lower risk than any individual investment.

Shawn McLaughlin

What is Cash Reserve?

What is a "Cash Reserve" and why do you need one? A cash reserve is a sum of money that is easily accessed to be used during an unexpected financial event. But what qualifies as an unexpected financial event and how can you prepare your cash reserve for such an occurrence? Let's first review all financial events that affect your bottom line. Planned financial events, such as college expenses for your children, new car purchases, and vacations, while significant, do not qualify as an unexpected expense. These financial events can be a part of your annual budget. There are times in life, however, when unforeseen circumstances cause an expense. Emergency car repairs, furnace replacement after a winter storm, and many more financial surprises can damage your savings if you do not have a cash reserve set aside for these events.

So, how do you develop an appropriate cash reserve and where do you keep it in order to protect yourself during emergency spending. As a general rule, cash reserves are the accumulation of up to 3-6 months of income. You can build this reserve by first using your current undesignated savings. Additionally, you may contribute to your cash reserve by using your current income – at every pay period, make sure you are paying your monthly expenses and use the rest to build your cash reserve. You can open a money market account or separate saving account in your bank to keep your cash reserve on hand ready to help you when you need it.

Once you reach your cash reserve goal, make sure that it holds its value - don't withdraw from it unless an unexpected financial event occurs! As you use the cash reserve, replenish it. When circumstances change, increase your cash reserve to protect yourself from the uncertainties in life. Start your cash reserve planning today. Financial preparedness brings peace of mind.

Jennifer L. Jurek, CFP®

How Now, Down Dow?

Every evening on the news we hear about the Dow, but do you really know what it means and why it's important when it comes to your investments? The Dow Jones Industrial Average began tracking twelve industrial companies back in 1896. Today, the Dow tracks the price of thirty large companies of the US economy, such as Disney, McDonalds, Coke, IBM, Microsoft, Visa, Walmart, etc. Only one original company remains on the Dow today, General Electric. Companies are added and removed from the Dow subjectively. In March, for example, AT&T was replaced by the addition of Apple stock. The average is price weighted where the sum of the thirty stock prices are divided by a divisor which considers stock dividends and stock splits.

The Dow opened the year at a level of 17,823. It peaked at 18,312.39 on May 19th and fell as low as 15,666.44

Today, the Dow tracks the price of thirty large companies of the US economy, such as Disney, McDonalds, Coke, IBM, Microsoft, Visa, Walmart, etc.

(or down 12% for the year) on August 25th. As of the writing of this article (9/4), the Dow is at 16,374 or down (8.13%) for the year.

Another popular index is the S&P 500. This index began in 1957 and is considered the best representation of the US stock market tracking 500 of the largest US companies. The S&P opened at 2,028 and currently stands at 2,102. As opposed to the Dow, the S&P is currently positive for the year at 2.11%.

These indexes are gauges of the overall market performance. As you can see, there are times that one index is up while the other is down. When looking at the performance of your own diversified portfolio, keep in mind these indexes track 100% stock portfolios. When reviewing your own portfolio, understand the overall performance of the market is relatively flat for the year.

If you have questions about your own account performance in relation to these market indices, please call your planner.

A New Addition to the Sgroi Family

Director of Research and Development, Summer McKellar, and her husband, Cody, welcomed a beautiful baby girl, Dylan, into the world on July 27.

Congratulations to the McKellar family!!

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Upcoming Date

Women, Wine, & Wealth seminar

with Jennifer Jurek, CFP®, CDFA ™

Tues., Nov. 10, 6:30-8pm – Colonial Wine & Spirits, Orchard Park

Call 716-674-6700 for a reservation

Financial Roundup . . .

NOT BABIES ANYMORE - "Baby Boomers" are traditionally defined as the 78 million Americans born between 1946 through and including 1964 (i.e., 19 years in total). The oldest "boomers" will turn 69 years old in 2015. The youngest "boomers" will turn 65 years old in 2029.

INVINCIBLE - Nearly 2 in 5 parents (37%) with children at home under the age of 18 do not own any life insurance, either individually or via group coverage through their employer.

TIME IN THE STOCK MARKET - If you selected any single month at random to invest in the S&P 500 (at the close of the prior month) during the 25-years ending 6/30/15, you achieved a positive total return 65% of the time. If you extend your investment time horizon to just 1 year, you achieved a positive total return 82% of the time. If your time horizon was 2 years, you achieved a positive total return 80% of the time.

SORRY - 91.4% of the 261,157 applications to the eight Ivy League schools (Brown, Columbia, Cornell, Dartmouth, Harvard, Penn, Princeton and Yale) for the 2015-16 school year were rejected.

The Quarterly Question

TRIVIA TIME

On our **new website,** www.sgroifinancial.com, where can you find a tool to help you **approximate** how much your INVESTMENT will compound?

Submit your answer *to: promo@sgroifinancial.com for a chance to win. Winners will be drawn at random and given a gift certificate to Ebeneezer Ale House.*

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