A personal letter from Joe

Dear Valued Client:

I have to say that when I look back on the months past since our last newsletter, two of the highlights, for me, have to be the responses to my survey and the seminar we held on September 22nd at the Marriott.

First, I would like to personally thank all of you that took the time to respond to the survey, the response was overwhelming. There were many great comments and suggestions that will help us to continue to provide both the service and atmosphere that you have come to expect at H. Joseph Sgroi & Associates.

Second, I would like to thank all those who attended the seminar. Our goal was to have some fun while providing some valuable information. With the positive comments we received, I think we succeeded.

We had a great turnout on such short notice. Our guest speaker, Gordon Williamson, was very impressed with the audience participation and the knowledge my clients possessed (I told him this was because they have a great teacher. ☺☺). If you haven't so far, I encourage you to purchase his best seller, <u>Low Risk Investing</u>. It is a great source of reference for those of you who are thinking of heading in that direction.

I enjoyed being with you all and would like to continue to stay in contact more than just for your fact finding update. I will make every attempt to hold more seminars in the future. We might not always be able to provide you with a world renowned guest speaker, but I will do all that's possible to pass on information to you on as timely a basis as possible.

From myself and my staff, best wishes for a wonderful and safe holiday season!!!

Joe

Small Investments Can Lead to Big Results

. . . As Little as $50.00 a Month Can Really Add Up.

It's a common misconception that investing is a pursuit reserved for only the wealthy. Actually, investing gives the phrase less is more a whole new meaning: The less you have, the more important it is to invest.

Often, the people who can least afford to put off investing are the ones who usually do just that. Because for many people, saving money and investing do not come easily as the struggle to meet day-to-day expenses can leave them living paycheck to paycheck.

Some people hold off because they're waiting for their income to increase and gradually outpace their expenses so they can invest what is left over. But raises and bonuses are no longer as large or frequent as they once were. In fact, the average wage increases today barely account for increases in the cost of living.

As a result, for the first time in their lives, many people are realizing that their incomes may never reach the levels that they had hoped for when they started out in their careers. That's why it is more important than ever for you to put your money to work for you by investing today. The longer you wait to begin, the more elusive your goals become.

It takes you a lot less money than you think to get started; the important thing is to get started now.

The importance of investing regularly.

The key to investing on a limited budget is not necessarily how much you invest, but how often. This strategy has double the benefit: First, you don't have to make a drastic change in your lifestyle to accommodate a large outlay of your assets. Second, by investing on a regular basis you can work the amount into your household budget while making an appreciable investment over time.

You would be amazed how even small regular investments can really add up in your favor over different periods of time.

Setting aside money (and keeping it there)

If your fairly new to investing, you know that it can be difficult to keep your investment dollars apart from the rest of your money. For most people, having investment money lumped in with cash-on-hand makes it to easy to spend - especially with ATMs on every corner. You need a way to make sure the money you intend to invest remains "investment money."

A great first step is to put the money in a separate money market account (some money markets have minimums for start-up and check writing) or a bank account designed for investment. This sets a line between your cash-on-hand and your investment dollars. And be sure to follow a basic rule of successful investing: Don't touch your investment money unless there is an emergency. And, more than that, try not to touch it even in an emergency.

Make growth your goal.

If you are just starting to invest - or if you haven't put away enough - you may need to be a little more aggressive than someone who has been investing for a while. This can only be determined by an in-depth factfinding interview. So, if you are thinking about investing, give us a call so we can help.

Q&A

Q: DO MUTUAL FUNDS OFFER A FIXED RATE OF RETURN?

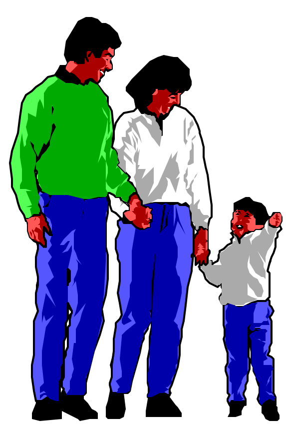
A: No. Mutual funds invest in securities such as stocks, bonds, and money market accounts whose yields and values fluctuate with market conditions.

Mutual funds can make money for their shareholders in three ways. One, they pay dividends earned from the funds investments. Two, if a security held by a fund is sold for a profit, funds pay their shareholders capital gains distributions. And three, if value of the securities held by the fund increases, the value of each mutual fund share also increases.

In none of these cases, however, can a return be guaranteed. In fact, it is against the law for a mutual fund to make a claim as to it's future performance. Ads quoting returns are based on past performance and should not be interpreted as a "fixed-rate" yield. Past performance should not be taken as a predictor for future performance.

Q: WHAT ARE THE RISKS OF MUTUAL FUND INVESTING?

A: Mutual funds are investments in financial securities with fluctuating values. The value of the securities in a fund's portfolio, for example, will rise and fall according to economic conditions and the fortunes of the particular companies that issue those securities. Even the most conservative assets, such as U.S. government obligations, will fluctuate in value as interest rates change. There are risks associated with investing in mutual funds that investors should be aware of, but, if you can sleep at night having your money in the market, the right mutual funds will likely give you greater returns over the long haul.



Q: WHAT TYPE OF INVESTING DO YOU RECOMMEND FOR PARENTS OF SMALL CHILDREN WHO WOULD LIKE TO PLAN FOR COLLEGE.

A: As long as your time horizon is 3 (preferably 5) years or more, top rated stock mutual funds in a great mutual fund family (so there are other good funds to go to as your risk level changes over time) with proven, big time fund managers is the way to go. Only take risks with great fund managers - - - usually, they make you more money in an up market and protect your principal better in bumpy times such as now.

Meet the staff

Meet one of our Customer Service Representatives, **JoAnn Pearce**. JoAnn has been with us since May 1994 but is already handling her job like a pro. Her main task is to handle any and all paperwork involved with requests that come from Joe's office once he has met with a client and also requests that come in via telephone calls and by mail. JoAnn is a mother of 2 who grew up in West Seneca and still resides here. JoAnn is simply a wonderful human being and we are delighted to have her aboard.

Now we will introduce you to one of the veterans of the company, Joe and Betsy's 2nd oldest son **Jeffrey Sgroi**. Jeff has been working here since 1986 during school breaks and summer vacations but became a full-time employee upon graduation from Niagara University in 1992. He has become an integral part of our organization and has recently been promoted to Executive Vice President in charge of a number of tasks including all aspects of Treasury. Next time you are in, say hello to our new Vice President.

What's Happening

Patrick's Back

Pat Sgroi has recently returned after extensive training in Florida. Pat and our firm will be able to serve you even more professionally as a result of his incredible training. Welcome Back BIG GUY!!!

Thanks...

To all who attended the West Seneca Chamber of Commerce mixer held on July 28th hosted by **H. Joseph Sgroi & Associates and Robertson & Bach Jewelers**. The party was a success, complete with music/karaoke provided by **Gem Stone** and great hors-d'oeuvres compliments of **The Ebenezer Onion**. As the night wound down, we were treated to a great karaoke song from Bob Robertson and everyone was invited by Dave Bailey to **The Ebenezer Onion** to continue the party. A great time was had by all!

Going-Going-Gone

As you probably already know, what was once a thriving shopping center in West Seneca is no more. Say good-bye to the Seneca Mall but say hello to a new group of stores. There is still no official word on which stores will replace the structure but we'll keep you posted when we know for sure.

B-BALL ANYONE?

The West Seneca Rotary Club will sponsor the annual holiday basketball tournament on December 28th and 30th at West Seneca West Senior. This years teams include East, West, Timon and Newfane. Please come out and support this event.

The Sgroi Financial

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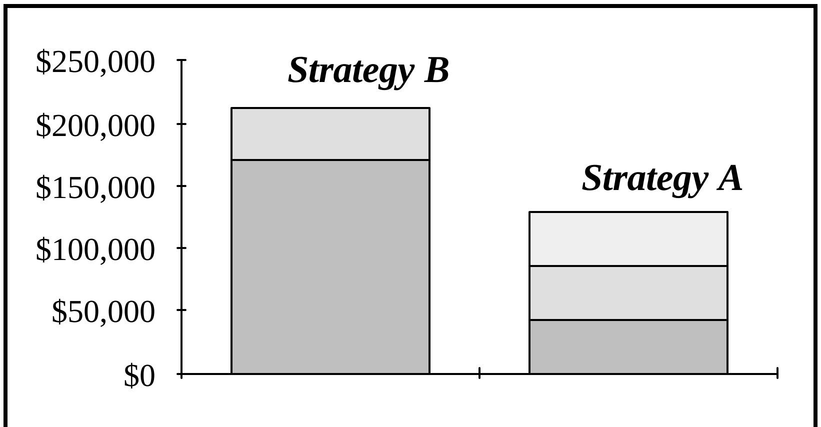
A Case For Diversification.

Imagine that you are ready to invest, and have narrowed your choices to two strategies. One investment plan assures you of 6% annual growth no matter what happens in the economy. The second choice provides no guarantees; investment results are expected to be quite varied, ranging from negative returns, all the way up to 12% compounded each year.

To see how each plan turns out, let us further assume that you have $30,000 to invest. Under the first plan, Strategy A, the entire amount is invested into a safe 6% guaranteed account. Under the second, more aggressive, program, Strategy B, the $30,000 is split into three equal parts: the first $10,000 is put into a mutual fund that ends up compounding at 12% per year. The second $10,000 is put in the same safe 6% guaranteed account as in Strategy A. The final $10,000 is put into a bad investment and is completely lost. Under both plans the money is invested and not touched for 25 years.



As always, past performance by any investment in securities does not reflect future performance. All examples given are purely hypothetical. The Best Seller "Low Risk Investing" by Gordon Williamson, was used for reference on this

Strategy A		
$10,000 @ 6% Return	$10,000 @ 6% Return	$10,000 @ 6% Return
Strategy B		
$10,000 @ 12% Return	$10,000 @ 6% Return	$10,000 all Principal lost

Diversify Your Portfolio

Different investments perform better than others at different times. That's why experienced investors usually spread their money, among several different types of investments. A diversified portfolio avoids the danger of "putting all your eggs in one basket," and has the potential to perform better than a non-diversified portfolio, in a variety of economic and market conditions.

Which Strategy Performs the Best?

Strategy B creates substantially more wealth over time. Strategy A grows from $30,000 to $128,757 over that 25 year period. Strategy B grows from $30,000 (actually $20,000 due to the lost investment) to $212,919 over the same 25 year period. The effect of compounding a portion of the investment each year at a 12% return far outweighs the portion of the investment that was lost.

Of course, it's one thing just to say, "invest better." It's another thing to do it. Where can you earn higher returns? Are they available without taking too much risk? What's the best way to invest your savings? These are questions that we are here to help you answer, based on your personal financial situation.

You should be looking at investments which are likely to offer the potential for long term high rates of return. Even after you retire, you should still consider keeping a large portion of your assets in stock funds. You may have to contend with inflation for another ten, fifteen, twenty years or more. Even assuming a 3.5% rate of inflation, a dollar would lose more than half it's buying power over a course of a twenty year retirement.

Use Time to Reduce Your Risk

While stocks can be volatile over short time periods (as evidenced during 1993), the ups and downs of the stock market have tended to cancel each other out over time, in favor of a long term upward trend.

Let us take a look at the 50 year range of the stock returns from 1944 - 1993

Periods	Range of Returns
1 year	-26.5% to + 52.6%
5 year	-2.4% to +23.9%
10 year	+1.2% to +20.1%
15 year	+4.3% to + 16.9%
20 year	+6.5% to + 15.1%

Now you can see why so many of the best investors in the business believe -" It's time in the market not timing the market."

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