

# The Sgroi Financial

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Planning for Today and Tomorrow

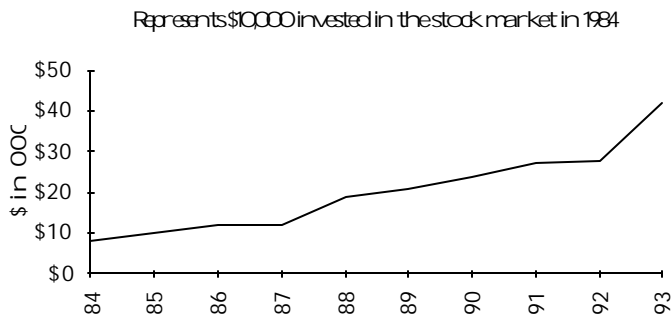
## Keeping Your Long-Term Focus in Today's Volatile Market.

History has shown over and over again how difficult it is for investors to understand, much less, predict, short-term movements of the financial markets. The fact is, by their very nature, markets fluctuate.

The problem is that market fluctuations are newsworthy. Newspapers, television and investment magazines know it's good business to have their "experts" interpret the market's daily behavior. But with so many conflicting opinions, it is hard for investors to know whom to believe and, even more important, to **resist the urge to react**. The best advice we can give is to keep in mind that all this "news" is about the short-term fluctuations, while successful investing is for the **long term**.

### Invest for the long term whenever possible.

Just as history has pointed out the pitfalls of short-term thinking, it has also shown how staying the course may be the path to investment success. As you can plainly see from the chart below, investors who focused on the short term only, like downturns of 1987 and 1990 would have missed the upward trend of the stock market.



\* Graph information provided by Oppenheimer Funds Hand Signals, Volume 6 - Number 2

### Determine your investment horizon.

While you should avoid overreacting to short-term market fluctuations and try to invest for the long term whenever possible, you will find your investment goals change as your life changes. Events such as marriage, the birth of a child, home purchase, college, and retirement require different investment approaches and involve different time horizons. Clearly, young people investing for retirement at the start of their careers have a long

the luxury of time to assume the risks of more aggressive investing in seeking higher long-term returns. On the other hand, investors in their 40s with college-bound children have nearer term goals, and the closer they get to making tuition payments, the more their investment style may need to reflect a more conservative approach. And, people close to retirement have yet another set of requirements. They need both current income and a degree of safety.



### Maintain a diversified portfolio.

One rule that most successful investors follow through the ups and downs of the market is diversification. Spreading your assets across a variety of different investments is one of the most important things you can do as an investor.

### Invest Continually.

With a broad range of investments and a long term plan, you can have the luxury of **making well thought out decisions** instead of reacting to market fluctuations under pressure. Rather than getting caught in the trap of selling when a market decline occurs, you may actually take advantage of a market decline by adding to your investments - at relatively bargain prices.

### Come in and talk to us.

The evidence is clear - smart investing is for the long term. And the best way to develop a long term strategy is to talk with your financial advisor. We can help you to assess your present financial situation and future objectives to develop an investment program tailored specifically for your needs.

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# A personal letter from Joe

Dear Valued Client:

In 1993, you could have invested your money almost anywhere and improved your lot. 1994 is a different story. The market is extremely bumpy. Once Mr. Greenspan started gradually raising interest rates, bond funds took a hit and the bull market in stocks reversed. It's extremely important during these times to stay calm and not abandon your long range plan. I've personally made this mistake in the past and, it seems, **every** time I'd emotionally react and sell...the market went **up**. So I don't do that any more.

It's better to come in annually for your financial planning check up and take a look at it on an analytical basis with your factfinder completely updated. I can honestly tell you this, I've yet to see **anyone** who could "time" the market (always sell high and buy low). The top financial people I have ever seen (Sir John Templeton, Peter Lynch, etc...), all say they could never time the market. It's not "Timing the Market" but "**Time in the Market**" that gives you your best chance for long term growth. You should stay invested with any money you were willing to take risk with and add to it systematically, if possible, to further reduce risk. If you're losing sleep over your investments, schedule in and we'll completely update your financial planning factfinder and re-mix your investments to meet your risk/safety

Have an Awesome Summer !!!!!!!

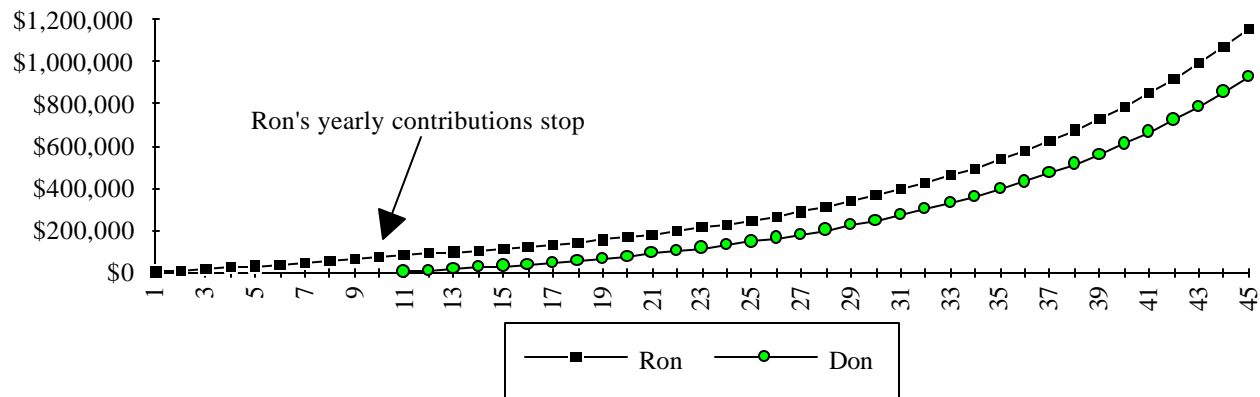
A handwritten signature in black ink, appearing to read "Joe". The signature is stylized with a large, looping initial "J" and a trailing "oe".

# The Power of Compounding

The earlier that you get started on a good investment plan, the harder your invested dollars will work for you. The best way to explain this is to use the "twin brother" example.

Let us assume for this hypothetical example that both investments yielded an 8% yearly return. At the end of this 45 year period, Ron had a total retirement savings of \$1,156,620. Don's total retirement nest egg was \$930,511. Even though Ron's total investment was \$125,000 less than Don's, because he started earlier and let his money work for him for a longer period of time, he had \$226,109 more at the end of this period.

## Power of Compounding



\* Past performance is no guarantee of future results. Mutual Funds are sold by prospectus only.

Ron and Don were twin brothers who were almost identical. The one difference was the way they saved their money. Ron started saving at age 20 and put \$5,000 a year into an investment for 10 years and left it there until he retired, total investment \$50,000. Don did not start saving until he was 30 and put \$5,000 a year into the same investment as Ron for 35 years, for a total

Thus Ron was able to do more not only at retirement but during his earlier years because he did not need to tie up his money for such a long period of time.

So as you can clearly see, the quicker you get started investing your hard earned money, the harder it will work for you and the better off you will be when it comes time to use the money you have invested.

# Q&A

**Q: Is my money locked up for a certain period of time in a mutual fund?**

**A:** Unlike some other kinds of financial accounts, mutual funds are liquid investments. That means that any shares an investor owns may be redeemed on any day the fund is open for business at current net asset value which may be more or less than your original investment on a full redemption. The redemption may also incur a redemption charge or a contingent deferred sales charge, depending on the type of fund purchased. Please carefully read the prospectus. The usual time frame to get cash is approximately 10 working days.

**Q: How much money do I need to invest in a Mutual Fund?**

**A:** Literally anywhere from a few dollars to several million dollars. Many mutual funds have no minimum requirements for the person investing. A few mutual funds are open to large institutional accounts only. The vast majority of funds require a minimum investment of between \$250 and \$1,000 which is what makes them a very popular investment option.



**Q: Why don't more people invest in foreign (International) securities?**

**A: Lack of knowledge.** The reality is that foreign securities (stocks and bonds), when added to domestic investments, may reduce the portfolios level of risk by diversification. The stock and bond markets around the world rarely move up and down together at the same time. It is this "random correlation" that helps lower risk and volatility.

# Meet the staff corner

**Meet our Receptionist, Jill Kazmierczak.** Jill, a Mount Mercy Graduate, has only been with us since March 1994 but is already handling our reception area like a seasoned veteran. She came to us from a prominent stock brokerage firm downtown. Jill is a newlywed, just married last summer. Her husband, Ron, is co-founder and part owner of the Kaz Brothers Construction Company. Come in and meet Jill and try some of her freshly brewed coffee.



Another new addition to our staff is **Timothy McMahon**. Tim has been working with us since February and is our behind the scenes guy. He is Joe's factfinding administrator and makes sure that Joe has everything that is required to make your appointments go as smooth and as fast as possible. He has also just received his Bachelor's degree in Business Administration from Buffalo State College. So the next time you are in ask to meet the guy who helps Joe better serve your every need.

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## *What's Happening*

### **Next Stop Southgate Plaza**

If you have not already heard, there will be a new NFTA bus substation put in at the plaza this summer. This beautiful facility will make access to and from the southtowns more convenient than it already is. And it will be directly across the street from our front entrance.

### **Pastabilities**

Recently opening in South Buffalo is a new take out Italian Restaurant called "Pastabilities". This new place will be serving all the great Italian dishes but with the twist of being able to take them home and not tell family or friends that you didn't make them. Jim Ciancio, brother of our newest customer service rep, JoAnn Pearce, is the new owner/ entrepreneur. The food is delicious and

### **In Your Face**

Congratulations to **Greg Sgroi**, Joe's youngest son on a great freshman year playing volleyball at Long Island University in South Hampton, NY. After working his way into the line-up, Greg made his presence known by finishing the year with a team leading 1175 assists. Things are looking up for this young team that plays most of the top Division I Schools on the east coast. Greg not only excelled athletically, but also made the Dean's list both semesters.

### **Coming this fall**

We will be having a seminar for all school employees. The seminar will feature nationally renowned author Gordon Williamson who will speak on TSAs. More details to follow.