

the SGROI FINANCIAL

NEWSLETTER

NOTE: We wanted to take a moment to let you know that our thoughts are with each one of you, your families and colleagues. SgROI Financial has always been a family-first firm, and we sympathize with the stress many of you are experiencing during this intense market turbulence and fear stemming from COVID-19. Our office is still open for business (as we are deemed essential), but have reduced our staff to 25% to comply with NYS law. All advisors are available for you if you need anything. We are monitoring this situation very closely, and we want to thank you for all the trust you have put into SgROI Financial throughout all the years. From all of us here at SgROI, we wish you continued health and positivity in these unprecedented times.

1st Quarter Market Review

When Black Swans Collide

COVID-19 Meets Oil

"If you want to get an idea of a friend's temperament, ethics, and personal elegance, you need to look at him under the tests of severe circumstances, not under the regular rosy glow of daily life." – Nassim Nicholas Taleb

[The Black Swan: The Impact of the Highly Improbable.](#)

A Black Swan Event is an unpredictable event that is beyond what is normally expected of a situation and has potentially severe consequences. Black Swans are characterized by their extreme rarity, their severe impact, and the widespread insistence they were obvious in hindsight. COVID-19 was officially declared a pandemic by the World Health Organization (WHO) on March 11th, just 15 trading days after the S&P 500 officially hit its peak of the then 12 Year Bull Market. As this is being written, the S&P in that timeframe has fallen 32% off that February 19th high. The velocity of last this fall has made history as the

fastest drop into a bear market in the index's history (a 20% drop from recent highs is categorized as a bear market).

With the world trying to combat this pathogen and all eyes on what governments will do next, no one was prepared for another shock to the market. Enter, discussions between Russia and Saudi Arabia regarding ways to curb oil production. The purpose of the meeting was to cut production and increase prices. However, the lack of an agreement resulted in the Saudi's increasing production and lowering prices. While this may seem like good news, as gas prices should go down, this has a wide range of negative repercussions in various parts of the financial world. The markets love to trade based on certainty but unfortunately, the Coronavirus and this oil crisis have planted two huge unknowns into investor sentiment. With the entire US economy seemingly shut down for the past couple of weeks,

Continued on inside



IMPORTANT UPDATE: 2020 REQUIRED MINIMUM DISTRIBUTIONS

As of 3/27/2020 the CARES Act brings financial relief to retirees by waiving all RMDs due in 2020. You are still able to take withdrawals from your retirement accounts if needed. Please consult your advisor if you have individual concerns.

Continued from front page

this will have a direct impact on the consumer. The US economy is driven by the consumer, which makes up 70% of GDP. If the consumer is shut down, this will certainly cause some pain in the short term.

Now, for some good news. This will surely all pass. Congress is quickly working to pass a bill to help stimulate the US economy. Whether this means direct payments to individuals, loans to small businesses, or both, the bill should directly benefit people affected by this virus. Many do believe that if this virus is handled properly now,



the economy should be back to normal sooner than later, with perhaps a swift rebound in economic activity. In our portfolios, we did start to reduce risk in the last half of 2019, due to high valuations and uncertainty within the market. Although we did not foresee this pandemic, our defensive approach has helped weather the volatility the overall market has seen. When we feel that the worst is behind us, a more "offensive approach" will be added back in. This will help the portfolios ride the economic expansion we may see in the last half of this year. 🌍

Continued from inside

purchased rugs to be spread out across the classroom floors, cubbies for students' school supplies, flexible mats, wobble chairs, and bean bag chair for students to sit on. With purchasing the varieties of chairs for the desks, Roll wanted her students to "be able to choose their own seats in the classroom each day, it helps relieve the pressure of having to sit in an assigned seat, especially for students with behavioral or learning disabilities." Roll's main goal with her classroom is to always make students feel comfortable, welcome, and ready to learn.

Hearing about this amazing classroom transformation, we set up a classroom visit back in February with Dave Fields and The Dean of Country. As a special treat, Dave & The Dean brought pizza for the students to celebrate the classroom additions! They each read a story to the class, and answered questions about life as



Mrs. Roll's classroom Welcome Sign

radio show hosts. When the students were asked about the new classroom desks and supplies, they told us "we call the tables our neighborhoods because we work as a community in this classroom." What a great message!

It's amazing to see how driven these teachers are to create better learning atmospheres for their students, and

we're happy to be able to give back to them in this way! To each of the hardworking, dedicated teachers in Western New York, we are so grateful for all you provide for your classrooms, and thank you for all you do for our community.

If you'd like to read more about our 2019 teacher giveaway winners, please check out our website, www.sgroifinancial.com. And be sure to keep an eye out on our website and social media pages this summer when we open nominations for The Pencil Project 2020! 🌍

Patrick
Sgroi



John
Clouden



Letter from the Partners:

Prepared for Tough Times?



At Sgroi Financial, we have been through uncertainty along with extreme market volatility numerous times since our founder opened the doors back in 1971. As history has shown, there is no way to predict how long this challenging period will last. However, remember that “this too shall pass” and we will eventually return to normalcy.

What we have learned most from our experience is that we need to stick with our plan and not make modifications mid-stream unless there have been changes in your personal situation. Many of you have been through this before, most recently in 2008. Moments like these are when the work we do in good times shows its true value. In our planning process we take into consideration your time horizon and individual risk tolerance to invest in the appropriate diversified portfolio that meets your needs. If you are getting through with a comfortable understanding of what’s happening, while continuing to focus on your long-term plan, you have prepared correctly. For others, use this as motivation to have a better plan for the future. We analyze various risk mitigation strategies and encourage our clients to establish an emergency fund to cover 3-6 months of living expenses should unanticipated challenges arise. The market will do what it does, which is go up and down, but that doesn’t change the plan that was put in place. Experiencing volatility is the price we pay for the opportunity to create long term growth.

Unfortunately, we don’t know when something unexpected will happen, but that doesn’t mean you can’t be prepared. Rely on our team to help build your plan and don’t hesitate to reach out at any time. Together as a community, we will get through this. We wish you and your loved ones’ health and safety.

All the best,

Patrick Sgroi,
President

John Clouden
Sr. Vice President



In Memoriam: John Paananen

It is with great sadness that we inform you of the passing of our long-time friend and Cadaret Grant advisor, John Paananen. Since 1990, John was the President of Access Planning Services in Gasport, NY. He was devoted to his family and the many clients he served over the years. Our hearts go out to John’s family and his clients.



Deja Vu

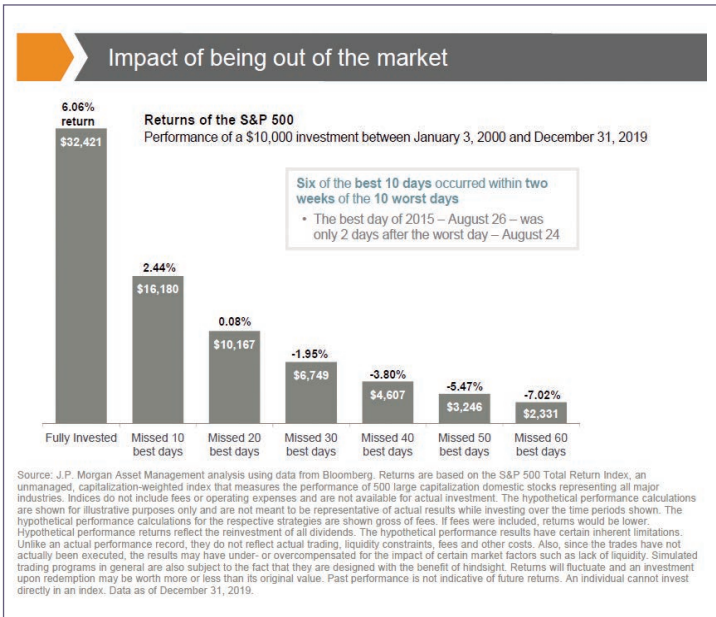
COVID-19 is new -- but wild stock market volatility is not

by Paul Hutchings

In light of recent stock market volatility, it may seem scary to see the stock market dip and for that to reflect a loss in your retirement account balance. There is no need to panic or make rash decisions. The ups and downs of the stock market are very natural and can happen for a num-

Downturn	% Loss			Recovery
20 months	-16.5	Dec. 1980 - July 1982	Aug. 1982 - Oct. 1982	3 months
3 months	-29.6	Sept. 1987 - Nov. 1987	Dec. 1987 - May 1988	18 months
5 months	-14.7	June 1990 - Oct. 1990	Nov. 1990 - Feb. 1991	4 months
2 months	-15.4	July 1998 - Aug. 1998	Sept. 1998 - Nov. 1998	3 months
25 months	-44.7	Sept. 2000 - Sept. 2002	Oct. 2002 - Oct. 2006	49 months
16 months	-50.9	Nov. 2007 - Feb. 2009	March 2009 - March 2012	37 months

Past performance is no guarantee of future results. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. © Morningstar. All Rights Reserved.



to want to cash out and "cut your losses." Panicking would lock in your investment loss. Don't let your emotions drive your investment decisions as that may prove costly. Investing for retirement is a long-term commitment. Just by maintaining your contribution to the plan, you can benefit from lower investment prices as it allows you to buy more shares, in periods of downturn.

ber of reasons.

The chart above to the right shows the periods of downturn and recovery time since 1980.

To assist in navigating a stock market downturn, here are three strategies to follow:

Stay Focused


Take a deep breath and know that ups and downs are a natural part of investing. As humans, we are hardwired to feel

drops in market value more than equivalent gains. This makes sense with all the media's coverage when the markets' value declines. The coverage makes you feel like there is a sense of impending doom. Remember as shown in the chart above, historically after periods of downturns, there will be a recovery.

Stay Invested

As you see your investments decline, it's natural

Stay Prepared

Asset allocation is one of the most important decisions you can make in your retirement planning. It's important to review your investments to ensure they are in line with your risk tolerance. If you feel anxiety thinking about your portfolio, then you're probably not doing what's best for you. Don't hesitate to talk to a financial planner. 



The Pencil Project

How these WNY teachers transformed their classrooms

by Hanna Perillo

Since 1971, SgROI Financial has been giving back to the Western New York teaching community. Founder Joe SgROI believed it was important to help teachers by showing support and guidance in achieving their retirement goals. Today, SgROI Financial has successfully helped over 3,000 clients from over 130 school districts with their 403(b) plans. In 2018, we launched a promotion that awarded three nominated and randomly selected Western New York teachers the opportunity to win \$750 each to use towards transforming learning experiences in their classrooms. Formerly known as the “Teacher Classroom Giveaway,” we announced the 2019 campaign as “The Pencil Project” to exemplify



Dave & The Dean from WYRK entertain the class.

falo’s number one country music station, to promote this exciting donation to local teachers in the community. The winners for this year’s giveaway were: Alyssa Braun from Olmstead High School, Erin Weaver from Native American Magnet School #19, and Rebecca Roll from Maryvale Primary School. These teachers have been so busy improving their classroom environments with the funds, and we wanted to share the great ways in how their new supplies assist their students’ education.

Mrs. Braun teaches Special Education at Olmstead High School; she utilized her gift to fit the needs of 5th through 12th grade students with sensory issues in the school’s com-

munity-based program. The new items ranged from cooking utensils to hone in on teaching daily living skills, to light covers for the fluorescent lights in classrooms. She also purchased fidgets to assist with concentration and focus, weighted vests used for calming techniques, and so much more. “I am beyond thrilled and thankful for the winnings! You should have seen the students faces light up when they saw all the new tools,” said Braun.

Mrs. Roll is the first-grade teacher at Maryvale Primary School. She was nominated by a friend for The Pencil Project; when she got the news about being a winner, it was a total surprise filled with excitement! Roll knew she wanted to focus on making her classroom feel like a welcoming environment for the students. She

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New supplies won from The Pencil Project.

the message of giving back to these classrooms and their hardworking teachers.

After a successful 2018 giveaway, SgROI Financial teamed up again with our friends at Townsquare Media and 106.5 WYRK, Buf-



We're excited to announce new additions to our staff.

Hanna Perillo will take on the roles of Administrative Support & Marketing Coordinator. **Allyson Pierce** joined in February as an Administrative Support to assist the client service staff. **Mathew McAnulty** has joined as an intern and will be supporting the Research Team.



If you enjoy reading our articles, check out our blog page on www.SgroiFinancial.com.

Securities offered through Cadaret, Grant & Co., Inc., member FINRA/SIPC. Advisory services offered through Sgroi Wealth Advisory Group LLC, an SEC Registered Investment Advisor. Sgroi Wealth Advisory Group LLC, Sgroi Financial LLC, and Cadaret, Grant & Co., Inc. are separate entities.

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965 Union Rd.
West Seneca, NY 14224
716-674-6700

Editorial Team:

Patrick J. Sgroi
President
pats@sgroifinancial.com

John G. Clouden,
Sr. Vice President
johnc@sgroifinancial.com

Urmias M. Lupkin,
Vice President Sales & Marketing
urmas@sgroifinancial.com

Paul Hutchings,
Marketing Director
paulh@sgroifinancial.com

Hanna Perillo
Marketing Coordinator
hannap@sgroifinancial.com

Design:
Leith Chamberlain



Sgroi Financial, LLC
965 Union Road
West Seneca, New York 14224
716-674-6700 or **800-989-6710**
Fax: 716-674-6822
www.sgroifinancial.com
info@sgroifinancial.com