

the SGROI FINANCIAL

NEWSLETTER

TO OUR VALUED CLIENTS & COMMUNITY: We wanted to provide an update regarding our current business hours. Our office is open 8:30 am - 5:00 pm Monday through Thursday and 8:30 am - 4:30 pm on Fridays. Our advisors are readily available with any questions or concerns you may have. If you wish to meet, our team is available for scheduled appointments via phone, Zoom/screen share, or in person. Stay safe and healthy.



Don't Play Politics with Your Portfolio

Why politics and investing don't mix

Tuesday, November 3rd, 2020 marks the 59th presidential election. Voters have the option to reelect current Republican, President Donald Trump, or elect Democratic nominee, Joe Biden and his vice-presidential running mate, Kamala Harris. During these times, investors may worry whether an election will cause volatility in

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financial markets, and potentially affect their investment returns. Much of this anxiety is unnecessary as the stock market frequently performs independently to whom ever wins the ballot every four years.

Since 1928, the S&P 500 was negative four times out of the past twenty-three presidential elections. These down years can be explained through

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economic factors such as the Great Depression of 1932, the hardships during the second year of WWII in 1940, the Dot-com bubble in 2000, and the stock market crash of 2008. Despite these negative historical occurrences, the average yearly return of the S&P 500 during an election year has been 11.28%.

Rather than try to forecast what may or may not happen as November approaches, think of ways you can improve your investment outlook.

Be sure to make changes for the right reasons; results of an election may not be a good reason to make changes in your investment portfolio, but other factors can certainly lead you to take steps in this direction. Follow a long-term strategy based on your goals, risk tolerance, and perseverance to invest in the market throughout the ups and downs.

As an investor, it is wise to be

| S&P 500 Market Returns During Election Years | | |
|--|--------|--------------------------|
| Year | Return | Candidates |
| 1928 | 43.6% | Hoover vs. Smith |
| 1932 | -8.2% | Roosevelt vs. Hoover |
| 1936 | 33.9% | Roosevelt vs. Landon |
| 1940 | -9.8% | Roosevelt vs. Willkie |
| 1944 | 19.7% | Roosevelt vs. Dewey |
| 1948 | 5.5% | Truman vs. Dewey |
| 1952 | 18.4% | Eisenhower vs. Stevenson |
| 1956 | 6.6% | Eisenhower vs. Stevenson |
| 1960 | 0.5% | Kennedy vs. Nixon |
| 1964 | 16.5% | Johnson vs. Goldwater |
| 1968 | 11.1% | Nixon vs. Humphrey |
| 1972 | 19.0% | Nixon vs. McGovern |
| 1976 | 23.8% | Carter vs. Ford |
| 1980 | 32.4% | Reagan vs. Carter |
| 1984 | 6.3% | Reagan vs. Mondale |
| 1988 | 16.8% | Bush vs. Dukakis |
| 1992 | 7.6% | Clinton vs. Bush |
| 1996 | 23% | Clinton vs. Dole |
| 2000 | -9.1% | Bush vs. Gore |
| 2004 | 10.9% | Bush vs. Kerry |
| 2008 | -37% | Obama vs. McCain |
| 2012 | 16% | Obama vs. Romney |
| 2016 | 12% | Trump vs. Clinton |

Figure 1: Market results for the S&P 500 for every election year since 1928.

Data above is from Dimensional's "Matrix Book 2019".

aware of what is happening every four years during an election, but do not allow for these events to dictate your financial decisions, either. In the long run, try to "cast your ballot" for the options that can enable you to make progress towards your important goals.



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



FRIENDLY REMINDER REGARDING 2020 REQUIRED MINIMUM DISTRIBUTIONS

As you may be aware, as of 03/27/2020 the CARES Act brings financial relief to retirees by waiving all RMDs due in 2020. TD Ameritrade has halted the systematic withdrawals of RMDs during this time. You are still able to take withdrawals from your accounts if needed. Please consult your advisor if you have individual concerns.

Patrick
Sgroi



John
Clouden

Letter from the Partners:

Uncertain Times Call for Certain Strategies

The foundation of Sgroi Financial has been to always do what is right for the client and to treat our clients like family; a legacy left behind by our founder, Joseph Sgroi. The best way to ensure we carry on that commitment is through successful communication as well as the continued growth of the Sgroi Financial family.

Through past and present times of uncertainty, we have strived to support our clients with the proper strategies and perspectives to remain focused on their financial goals. As our company grows, Sgroi Financial continues to be dedicated to improving our client experience. This unforeseen pandemic has forced us to be proactive with finding new ways to connect with our clients.

“The art of communication is the language of leadership.” James Humes

In the last 6 months, we have successfully connected with our clientele via phone, Zoom/screen share as well as traditional in-person meetings. Although we enjoy our in-person meetings, we realize that some of our clients may prefer to continue to meet virtually in the post-pandemic world. We will continue to make alternative meeting arrangements available to you if that is your preference. We have received positive feedback to these alternative forms of communication, however, we are always looking to improve. If you have any suggestions on how we can continue to develop our virtual meeting process, we would love to hear your feedback. We never shy away from constructive criticism to help us better serve our clients.

As we approach 50 years of service in January, we cannot thank our clients and the WNY community enough for their numerous referrals and ongoing support. With our foundation strongly in place, we look forward to the beginning of our next 50 years!

All the best,

Patrick Sgroi,
President

John Clouden
Sr. Vice President



Third Quarter Market Update

Rally, Dip, Rally, Dip — Rally?

Remember back on February 19th, 2020 when the S&P 500 hit its all-time high and was up 5.12% for the year? Then came COVID-19. After dropping at a velocity not seen before in the history of the stock market, the S&P has rallied over 51% since those March 23rd lows. In the second quarter of 2020, Real GDP (Gross Domestic Product) shrank at a 31.4% annual rate, the largest drop for any quarter since the Great Depression. Based on the economic reports we have seen thus far, it looks like the third quarter has vastly rebounded. However, even with the increase of Real GDP, the economy is still in a very big hole. This surge in the third quarter is largely related to many companies going from a total lockdown to the new COVID normal.

Although growth should continue into the fourth quarter, it cannot be nearly as fast. This sharp recovery has been largely influenced by monetary and fiscal policy. Economic activity has largely improved from very low levels, but the pace at which this can continue depends largely in part on the trajectory of COVID and on continued policy support. As discussed in earlier market reviews, it is largely the consumer that drives economic activity here in the US. When the economy started to re-open, consumer sentiment improved significantly, and continues to trudge along upward. The election, however, has had an impact on expectations about future economic impacts; the same can be said about the market. The stock market loves certainty and with presidential elections, comes uncertainty. If Joe

Biden does win the election and the Democrats do take the Senate, some Democrats may be reluctant to immediately impose tax hikes. When President Obama took office in 2009, the



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Democrats had 59 seats in the Senate, and taxes did not go up until 2013; Democrats were hesitant to hike taxes when unemployment was high and the economy was slowly recovering from the financial crisis of 2008-2009. Sound familiar?

When investing in the stock market, there are two kinds of risk, systematic risk and unsystematic risk. Systemic risk relates with the entire market and cannot be eliminated. Unsystematic risk only affects a particular company, country, or sector and its securities, and is not correlated with stock market returns. With our portfolios here at SgROI, the biggest thing that we try to do is eliminate unsystematic risk. As we foresee some choppy market conditions moving forward, diversification is an important tool when constructing a portfolio. Each asset class responds differently to risk, therefore, diversifying among asset classes is a proven way to dampen volatility and improve the performance of a portfolio. 🌐

Medicare Open Enrollment

October 15 until December 7, 2020

During the Fall Medicare Annual Enrollment Period you can: Enroll or make changes to a Medicare Advantage Plan (Medicare Part C) or a Medicare Prescription Drug plan (Medicare Part D).



Review Your Insurance Needs

Meet April Romanowski, Benefits Consultant for Individuals and Senior Health at Lawley Insurance! April has been in the Medicare arena for over 20 years and licensed in several states



including NY. She believes relationships are the foundation on which solid decisions are made

and makes it her goal to ensure that her clients are aware of every option available to them. April is frequently on site here at Sgroi and is available to review your insurance needs.

If you are interested in setting up a meeting with April, contact your advisor. 🌐



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PENCIL PROJECT

Congratulations to this year's 2020 Pencil Project Teacher Promotion winners!

For our 3rd annual promotion, five lucky teachers were selected to win \$500 towards their classrooms. This amount is theirs to provide assistance in any way needed to offer the best learning opportunities for their classrooms.

- Amanda Life – Westminster Community Charter School
- Bonnie Peters – Cleveland Hill Middle School
- Robyn Brydalski – Ben Franklin Elementary
- Sarah Giese – Willow Ridge Elementary

- Tracy Thauer – Leonardo da Vinci High School

Sgroi Financial is proud to support WNY teachers in our community for almost 50 years.

If you are a teacher or know of an educator looking for assistance with their 403(b) financial planning, Sgroi Financial is readily available for free one-hour consultations.

Schedule your appointment today! 🌐



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Congratulations to the Haxton family!



We'd like to welcome a new addition to the Sgroi Financial family! Financial Planner, Jeffrey Haxton CFP® and his wife, Lauren, welcomed Tyler on July 9th.

Go Paperless!



Sign up for our paperless quarterly newsletter on our website! Get the latest updates and market happenings each quarter delivered right to your email address! Simply go to:
www.sgroifinancial.com/paperless

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