

Dear Clients, Family and Friends:

It is my sincere hope that you have enjoyed this holiday season with your families as we approach the start of the new year. In this note, I would like to provide you with a reflection of this past year, a brief market update and my thoughts moving into 2017.

We are excited about 2017 and will be releasing a new education platform, a revised planning process, an enhanced investment platform and a new quarterly update series from your advisor team. Our team is always working diligently to innovate new ways to connect with our clients, improve our education and enhance our service. I am confident that each of you will continue to see tremendous progress in these areas and we look forward to your feedback on each initiative. These are exciting times at Costanzo Financial Group and we are glad that your family is a part of our team and its continued growth.

As for the markets, 2016 was a volatile year from a global perspective as we dealt with fluctuations in oil prices, the restructuring of the Chinese economy, continued economic struggles in Europe and a lack in availability of safe investments due to historically low interest rates.

This past fall, stocks drifted lower before the election of Donald Trump sparked a rally of record stocks in November.

Now, as we direct our sights towards 2017 and beyond, focus has shifted from an outward-facing global perspective to a new inward focus as the United States encounters a new political climate. This shift includes a move from a macroeconomic perspective to a microeconomic one.

Despite global and domestic changes, our approach and recommendation remains the same: find simplicity. It is vital to clearly define your goals and the path in which to obtain them. Of course, distractions will come and go but maintaining a focus on what lies ahead will be critical in helping you achieve those goals.

Here are some discussion points within our investment strategy that you should keep in mind as we begin the year:

- **Maintain a Diverse Portfolio:** While diversification used to mean simply investing across multiple industries, we now want to look at diversification globally. An efficient way to spread risk is by diversifying across industry, region, size of the company and the number of shares owned.
- **Remain Balanced in Your Approach:** It is important to avoid over-concentrating in specific types of investments by trying to time the market or by targeting a specific trend simply because it is a popular commodity. Far too often, the fund manager that produces great returns one year finds themselves in the bottom 20% in the next year. This is why it is critical to stay steady across multiple asset classes and managers.

- **Keep Your Sights Focused on the Long Term:** Make sure to stay the course by establishing a long-term financial plan with results-based objectives. Prepare and maintain a plan for the short (1-5 years), medium (6-10 years) and long (10+ years) term and do your best not to use these funds until your goals have been accomplished.
- **Expect Volatility:** With investing comes times of indecision often brought on by fluctuations in the markets. For that reason, it is important to stay the course in times of volatility and focus on the long term. Instead of reacting to the short term, find the right investments by forming a plan that aims for long-term success.

Two quotes come to mind when we think about saving for retirement. These ideas have been discussed in many of our meetings with clients:

*“Most behavior is habitual. I think the biggest mistake is not learning the habits of saving properly early, because saving is a habit.”*

*“If you aren’t willing to own a stock for ten years, don’t even think about owning it for ten minutes.”*

*Warren Buffett*

By keeping these strategies in mind, I am confident that your Investment and Retirement Plan will be in a better position to take on complex market challenges with this consistent long-term approach.

I am hopeful that this note was informative and that it will serve as a starting point for our upcoming 2017 reviews.

As a way to begin your preparation for 2017, I have enclosed a helpful checklist to make sure you have covered all the important topics associated with your Investment and Retirement Plan: [A Planning Checklist: Your Total Financial Picture.](#)

Please do not hesitate to contact us at 412-823-4704 if you have any questions or if you would like to schedule a review.

It has been, and continues to be, a tremendous honor and privilege to serve as your Investment and Retirement Planning advisor.

I wish you and your families abundant good health, peace and prosperity in the new year.

Thank you,

Andy

<sup>1</sup><https://www.invesco.com/pdf/IIC-TFP-FLY-1.pdf>