

On behalf of Costanzo Financial Group, I want to thank everyone personally for their feedback and content requests as we continue to refine this educational platform. Over the next year, you will continue to see your feedback being incorporated into this platform with the objective that this will become one of the primary instruments for engaging our clients throughout the Investment and Retirement Planning process.

July 2016 will mark my 10<sup>th</sup> year with Costanzo Financial Group. During my time, I have had the opportunity to work with many of you and have seen firsthand the power of developing meaningful long-term relationships, which are founded on education and empowerment.

As those relationships have matured over the past ten years, we have seen significant change economically, socially and politically. I wanted to take this opportunity to highlight some of these changes that have occurred and then reiterate how many of the basic philosophies rooted in “simplicity” have remained the same.

Here is a quick synopsis of the milestones that have significantly impacted the markets over the past decade:

1. September 2008: Global financial crisis takes hold pushing unemployment rates above 10% for the first time since the early 1980s.
2. March 2010: President Barack Obama signed Affordable Care Act into law.
3. July 2010: Dodd-Frank Wall Street Reform and Consumer Protection Act was signed into law as a response to the financial crisis.
4. October 2013: U.S. Government shuts down and debt ceiling increased to avoid a debt default.
5. February 2014: Russia invades Ukraine and seizes the Crimean Peninsula.
6. January 2015: China's economy slows and major concerns arise about oil pricing.

If you take a moment to think about the impact of these events and the historical significance of each one, you may think that the world would be caught in the next Great Depression. In fact, many of the news media outlets reported that we were in that environment, but if you take a closer look, the facts would signify something different.

Despite all these negative headlines, according to the American Funds “Investing in U.S. Innovation,” the U.S. economy has grown by 25% since the year 2009 and will continue on a similar growth trajectory. In Warren Buffett’s 2015 Annual Report, he asserted that “for the past 240 years, it has been a terrible mistake to bet against America and now is no time to start.” Our efforts here in the U.S. and abroad continue to drive global growth and as innovation in technology is enhanced, these opportunities will only multiply.

So, in keeping with this theme, I wanted to share with you my thoughts on what I feel has been essential to building a viable firm over the past forty years and how those fundamentals translate to building long-term plans for our clients:

**1. Simplicity:** I received the following wisdom from Andy on the first day that we began working together and it is at the core of our firm’s philosophy: “The essence of genius is simplicity. We must first worry about taking great care of our clients and then they will take great care of us. Abundance for our clients and our team must be a mutually beneficial goal.” (Andrew J. Costanzo, Jr.) Simplicity often begins with building a realistic results-based plan and it is our responsibility to ensure that these plans are achievable, have accountability built into them and align with our clients’ emerging needs.

**2. Remain Calm:** History has shown that market declines are a natural part of investing. While declines have varied in intensity and frequency, they have been somewhat regular events. Here are some powerful statistics from American Funds regarding market declines, their frequency and how long they tend to last:

### A History of Market Declines

Dow Jones Industrial Average, 1900–2014

| Type of decline | Average frequency <sup>1</sup> | Average length <sup>2</sup> | Last occurrence |
|-----------------|--------------------------------|-----------------------------|-----------------|
| –5% or more     | About three times a year       | 46 days                     | December 2014   |
| –10% or more    | About once a year              | 115 days                    | October 2011    |
| –15% or more    | About once every two years     | 216 days                    | October 2011    |
| –20% or more    | About once every 3-1/2 years   | 338 days                    | March 2009      |

Assumes 50% recovery of lost value. Measures market high to market low. The Dow Jones Industrial Average is an unmanaged, price-weighted average of thirty actively traded industrial and service-oriented blue chip stocks. Past results are not predictive of results in future periods.

**3. Diversification and Long-Term Investing:** To reduce your exposure to volatility in the markets, spreading your assets over a variety of investment types and regions is still the best way to accomplish your long-term investment objectives. Those who stay in these diversified investment strategies for the long-term and do not react to short fluctuations often reach their goals. According to American Funds, even including the market downturns, the S&P 500’s mean return over all ten-year periods from 1927 to 2014 was 10.54%.

**4. Maintaining Our Independence:** Costanzo Financial Group is an independently managed firm that is solely owned by Andrew J. Costanzo, Jr., not Cetera Advisors, our broker dealer, and our firm has worked extremely hard to maintain that structure for the past forty plus years. Cetera Advisors is just one example of many partnerships that our firm maintains to help scale and enhance our business operations, but we are

always evaluating the effectiveness of each relationship over time. Our industry is going through significant changes and Andy has built a firm that can quickly adapt to emerging market trends and will keep what is best for our clients at the forefront of our mission every day.

Each of these strategies has had a profound impact on our relationships with our clients over the years. In that time, I have seen Andy make a lot of critical decisions that continue to be in the best interest of our clients and only enhance our vision of building a firm for tomorrow. Our team works diligently every day to align with those objectives and ensure our clients understand how these philosophies will impact their investment and retirement plans.

Again, I am extremely thankful that each of you have given me the opportunity to help you and your families work towards your financial goals. It is always a humbling experience to see a plan grow over time and our clients begin to realize their objectives.

Thank you for the past ten years and to us, the future looks extremely bright, so please let us know how we can further assist you in financially preparing for your future.

I have attached the following articles that I felt would reinforce some of the concepts discussed in this email:

[American Funds: Keys to Prevailing Through Stock Market Declines](#)

[American Funds: Investing in U.S. Innovation](#)

[Tower Square: Monthly Vantage Point April 2016](#)

[Tower Square: Sightline Q2 2016 Market Outlook](#)

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

I wish you and your families continued health and prosperity in the remaining months of 2016.

Thank you,

Brian

\*Investors cannot invest directly in indexes. The performance of any index is not indicative of the performance of any investment and does not take into account the effects of inflation and the fees and expenses associated with investing.