

It's Not What You Said, It's When You Said It

By Daniel Bader, CFA, CIPM, MBA

If you work in finance, there is a quote you have likely heard... "The market can stay irrational longer than you can stay solvent". While this quote is often attributed to famous economist John Maynard Keynes, it appears to have, like so many famous quotes, just appeared from the ether.

However, this quote tells us 1) that stock markets tend to oscillate between rational and irrational in terms of their pricing of assets and 2) just because you think something is mispriced doesn't mean you will profit from it. This perceived mispricing can persist, often much longer than you think, which leads me to another famous quote in the financial markets landscape. Then Chairman of the Federal Reserve, Alan Greenspan, mentioned "irrational exuberance" of asset values in December 1996 after the S&P 500 had gains of 37.58% in 1995 and 22.96% in 1996. The S&P proceeded to rise 33.36%, 28.58%, and 21.04% in 1997, 1998, and 1999- after Greenspan uttered those now famous words.

Most of you were investors through this tech bubble of the 1990s. Of course, we know that after those highly positive returns mentioned above, the S&P 500 was down -9.10% in 2000, -11.89% in 2001, and -22.10% in 2002. The chickens eventually came home to roost. However, if you felt like Greenspan towards the end of 1996, you would have had to watch the markets continue to go gangbusters for another 3+ years, maintaining your same view through the period to be eventually proven right. That is very hard to do.

Towards the end of Q3 into Q4 of 2025, that "bubble" word reappeared across many news articles. This occurred as tech companies, powered by the AI buildout and general hope for technology, continued to outpace other sectors. This has changed precipitously since then, with new leaders emerging and certain industries becoming severely impaired (software).

Regardless, if you are worried about today's markets being a "bubble", I would answer you with: they possibly are, but I'm not so sure about it. If this is a bubble, it can certainly go on longer.

JP Morgan's Guide to the Markets shows the S&P 500 had a forward PE (price-to-earnings ratio) of 22.0x on Jan 30, 2026. This is expensive compared to its 30-year average of 17.1x, but still roughly 15% cheaper than its forward PE of 25.2x on Mar 24, 2000.

To be sure, there are reasons the S&P 500 should be trading above its 30-year average, even if we exclude above trend earnings growth as a reason. First, companies are better run today than they were 30 years ago. Just as athletes have evolved and surpassed their predecessors, so have companies. Companies have moved to subscription-based models to limit earnings volatility, incorporated carefully calculated inventory models, and matched compensation to stock performance. These are just three examples among many. Second, leadership has changed. In 1995, the top 5 companies were GE, AT&T, Exxon, Coca Cola, and Royal Dutch. In 2025, they were Apple, Nvidia, Microsoft, Amazon, and Alphabet. Leadership in the index has moved away from more cyclical, lower profit margin businesses to higher profit margin, less cyclical businesses. Lastly, and this builds on the 2nd point, but S&P profit margins are higher today than ever. In the late 1990s, S&P 500 net profit margins peaked at around 8%. Today, that number is above 12%.

Would you not pay more for better run companies, with less volatile earnings, and superior profit margins? The investing public seems to agree that they would.



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What does AI think about AI?

by Don Snyder, CFP®, CKA, MBA

With so much being written and talked about with Artificial Intelligence, I decided to ask AI what the biggest opportunities and challenges would be related to this technology. Like any new technology, there are many factors to consider. Honestly, more than we can know or predict. However, it is now part of the fabric of our world and the more we can understand, hopefully, the easier we may adapt. Below is the response ChatGPT generated:

Greatest Opportunities

1. Productivity & Economic Growth- Automate repetitive cognitive tasks and augment skilled work

- Drafting reports, coding, customer service, logistics optimization
- Faster R&D in pharmaceuticals and materials science
- Smarter supply chains and predictive maintenance

Impact: Higher productivity, lower costs, and potentially trillions in global GDP growth.

2. Healthcare Transformation

- Earlier disease detection (imaging & pattern recognition)
- Drug discovery acceleration
- Personalized treatment plans
- Administrative automation for hospitals

Opportunity: Improved outcomes and reduced costs in strained healthcare systems.

3. Smarter Businesses & Entrepreneurship- Lower the barrier to entry for startups

- Small teams can operate like large companies
- Automated marketing, accounting, analytics
- AI copilots for law, finance, and engineering

Economic shift: More "AI-augmented" professionals competing globally.

4. Education & Skill Development

- Personalized AI tutors
- On-demand explanations and skill training
- Language translation and accessibility tools

Potential: Narrow learning gaps and expand access to high-quality education.

5. Scientific & Technological Breakthroughs- AI accelerates discovery in:

- Climate modeling
- Energy optimization
- Advanced materials
- Robotics

This could compound innovation across industries.

Greatest Challenges

1. Job Displacement & Labor Market Disruption- Automates not only manual labor, but also white-collar knowledge work.

- Customer support

- Paralegal research
- Basic coding
- Content production

Risk: Wage pressure and rapid skill obsolescence before workers can retrain.

2. Inequality & Wealth Concentration- AI development requires:

- Massive compute resources
- Large datasets
- Specialized talent

This concentrates power among large tech firms and wealthy nations.

Concern: Economic gains may disproportionately benefit capital owners over workers.

3. Misinformation & Social Trust- AI-generated content can:

- Create deepfakes
- Automate propaganda
- Flood social media with synthetic information

Challenge: Maintaining trust in digital media and democratic processes.

4. Bias & Ethical Risks- AI systems reflect biases in their training data.

- Hiring algorithms
- Lending decisions
- Predictive policing

Without oversight, these systems can reinforce systemic inequalities.

5. Regulation & Governance Gaps- Technology is moving faster than policy. Key questions:

- Who is liable for AI mistakes?
- How do we audit black-box models?
- Should advanced AI be licensed?
- How do we prevent misuse without stifling innovation?

Governments globally are still experimenting with regulatory frameworks.

6. Long-Term Safety & Control- As AI systems become more autonomous and capable:

- Alignment with human values becomes critical
- Security risks increase
- Military AI applications raise global stability concerns

AI is both a massive productivity engine and a disruptive force to labor markets. The outcome depends heavily on speed of adoption, worker retraining systems, corporate incentives, and regulatory balance. Historically, technology creates more jobs than it destroys, but the transition period can be painful and unequal. What do you think about AI? (Source ChatGPT)

Plan Your Estate Before It Is Too Late

By David Zallo

So often, God works in mysterious ways. In the office, we talked about focus areas to touch on during client reviews for the upcoming year. However, I did not plan to come face to face with the importance of what we eventually decided upon, estate planning, as I flew home to see my mom for what would end up being the last time. Fortunately, my dad is still around, and we have hindsight to learn from.

Since I left home for the Army when I was 17, I could not help but think of my military career and some of the parallels between leadership and love when reflecting on time spent with my mom. Most notably, both require hard, uncomfortable conversations and / or decisions that impact people we care deeply about and have close relationships with.

In hindsight, negotiating with her to buy a motorcycle and telling her I would have to deploy to Iraq and Afghanistan were simple compared to some of the things we could / should have discussed. In both of those cases, she did not love the idea, but she respected and supported my decision, nonetheless. To do it all over again, I would have spent more time focusing on health and wealth.

Health

Throughout my military career, "family history" came up on medical questionnaires but did little to inform my responses. Growing up, and to this day, medical issues were not a topic of conversation across the family. It certainly did not help that my mom was adopted, however, only in the most extreme cases (stroke, Alzheimer's, etc.) did issues reveal themselves. Much like my own pre and post deployment health assessments, ignorance was bliss - "nothing to see

here, everything is fine."

Wealth

Similarly, I cannot recall detailed discussions on debt, how much money we (as a family) had in the bank or how it was invested, (life / health) insurance coverage, or end-of-life considerations for remaining assets. When I got old enough to feel comfortable asking my parents, without prying, about their finances, the typical response was "we're good." Fortunately, that has been good enough, but I have witnessed plenty of instances where one person's version of "good" was not good at all!

Whether dealing with financial or medical considerations, as part of larger estate plan or individual topics, having the conversation sooner rather than later is vital. Questions become a lot more difficult to face / answer when issues are imminent and options can be far more limited. The time to seek more money, insurance, or long-term care is NOT when you needed it yesterday!

Whether it is with aging parents, siblings, significant other, etc., when was the last time you discussed how much money is enough or what it is all for? What about "DNR" or hospice considerations? Cremation vs burial? Nobody enjoys them but it is worth dedicating a few minutes to having uncomfortable conversations with those you love.

While you are at it, take more pictures because there is no telling when they will be the only memories you have.

RIP Mom - 11/30/2025

Have you been to our office lately?

If you've visited our office or driven by recently, you may have noticed some exciting changes. We completed a refurbishment of our 125-year-old building, replacing the old, worn siding and giving it a fresh new coat of paint.

The updated colors are a bit bolder than before, but they reflect our firm's brand and bring new life and energy to the building. We're proud of how it turned out and feel it represents who we are today while honoring the building's long history.

If you plan to visit us, please park in the back lot behind the building—we always leave a space available to our guests. We look forward to welcoming you!



Investing in Relationships

By Emily Kelly

Daniel and I recently went to the Charles Schwab conference in Denver, CO. One of the keynote speakers was Kasley Killam, author of *The Art and Science of Connection*. When we hear of health, we think of physical and mental health, but she argues that social health is one of the most forgotten and most important. Meaningful connection strengthens our resilience, supports longevity, and increases overall happiness. In fact, studies show that people with a strong sense of belonging tend to live longer than those who are socially isolated. She compared social health to investing in a 401k. So, how does it compare to investing?

Diversification

In investing, we don't put all our eggs in one basket. A diversified portfolio helps manage risk and create stability over time. The same is true socially. Relying on just one relationship for all emotional support can create strain. Healthy social "portfolios" include a mix of family, friends, colleagues, mentors, and community connections. Each plays a different role, and together they provide balance.

Consistent Contributions Pay Off

Building wealth requires steady contributions and long-term discipline. Social health works the same way. Small, consistent efforts like checking in with a friend, scheduling a lunch, sending a thoughtful note- it compounds over time. Like reinvesting dividends, these

simple actions grow into deeper trust and stronger bonds.

Long-Term Perspective Wins

Markets fluctuate. Relationships do too. Disagreements, busy seasons, and life transitions are normal. Investors who stay focused on long-term fundamentals tend to fare better than those who react emotionally to short-term volatility. Similarly, nurturing relationships through life's ups and downs builds durability and lasting value.

Return on Investment

The "returns" of social health are powerful: improved mental health, lower stress, increased longevity, and greater life satisfaction. Research consistently shows that strong social ties are among the most significant predictors of overall well-being. In many ways, social connection may deliver one of the highest returns available to us.

At our firm, we often talk about investing and building wealth, but life isn't measured only by account balances. It's also measured by the richness of our relationships and the strength of our communities. Just as we encourage a thoughtful, long-term approach to investing, we also encourage intentional investment in the people around us. I encourage you to reach out to a friend to go do something or call us for a review meeting.

In Other News

Congratulations to Don's son Clayton and his new bride, Amanda, on their marriage on February 15, 2026.



Daniel and Emily recently traveled to Denver, CO to attend the Schwab IMPACT conference. It was a great opportunity to connect with like-minded individuals. The conference concluded with a fun and memorable Keith Urban concert.

Outside of the conference, Daniel and Emily also explored the area with their families, visiting the Rocky Mountains, Red Rocks Amphitheatre, Garden of the Gods, and more. It was an unforgettable trip both professionally and personally.



REMINDER! The deadline for 2025 IRA contributions is 04/15/2026. Reach out to us if you would like to contribute.