

Risk and Reward: Riding the Market Rollercoaster

By Don Snyder, CFP®, CKA, MBA

When many of us think back to childhood, rollercoasters often come to mind—thrilling, fast-moving, and unpredictable. I always preferred the classic wooden rides over the sleek metal ones. They didn't flip you upside down as often, which was a good thing for someone prone to motion sickness. After one particularly rough ride on Space Mountain over a decade ago, I walked away with a stiff neck and decided my coaster days were behind me. Even the excitement had its limits.

Investing can feel a lot like those rollercoasters—full of twists, turns, and surprises. Our job as planners is to help you navigate those ups and downs by understanding and managing the different kinds of risks that exist in the market.

There are two types of risks: Systematic and Non-Systematic.

Systematic risk, often called market risk, is the kind of risk that affects everyone. It stems from broad factors like economic recessions, interest rate changes, inflation, political upheaval, or even natural disasters. This type of risk can't be avoided through diversification, as it touches every corner of the market in some way.

Non-systematic risk is specific to a single company or industry. It could come from things like poor leadership decisions, labor disputes, or regulatory changes. The good news is that this type of risk can be reduced through diversification by spreading investments across different companies, sectors, and asset classes.

We are intentional about minimizing non-systematic risk through diversification and smart allocation. Systematic risk, however, is more complex since it impacts all areas during times of volatility. To manage it, we look for investments

that don't always move in the same direction or may even move opposite to each other. While markets are unpredictable, these strategies can help soften the ride when turbulence comes.

To further guide these decisions, we leverage our Riskalyze tool, which provides a personalized risk score. This score helps gauge potential risk levels and possible fluctuations in both individual investments and your broader strategy. It's a powerful way to align your portfolio with your unique comfort level.

We are always available to have a risk assessment discussion and review if you would like one. After all, knowing your "rollercoaster tolerance" is a key piece of long-term investing success.



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Your Risk Tolerance

By Daniel Bader, CFA, CIPM, MBA

As your financial advisor, one of our main jobs is to attempt to separate the known, or at least highly suspected, from the unknown. When it comes to financial markets, very little, if anything, is a certainty. For instance, when the year began, consensus estimates were a 20-30% chance for recession from economists. As tariff policy unfolded, those estimates rose to 50-60%. Changes to economic conditions still don't make outcomes a certainty, they make the outcome more or less likely to occur. This is because there are just too many variables that can change day to day, year to year.

Two things that we highly suspect are 1) stocks should provide positive returns in the long run and 2) stocks should provide higher returns than most asset classes as they are often riskier. On our first item, this is because of a few factors. First, there has only been one ten-year period where domestic large-cap stocks provided negative returns to investors. This occurred after the dot com bubble, which included September 11th, the Great Financial Crisis, and is known as the lost decade as it provided no returns to equity investors. There have been no fifteen-year periods where equity investors didn't have more than they started with, and most 10- and 15-year periods give investors annualized returns in high-single digits, low double digits. Stocks are an exceptional asset class because they represent ownership in real businesses that price their goods in real dollars. As a result, sales generally rise with inflation since these companies tend to have pricing power and are profit-seeking entities.

So then, if stocks are one of the highest returning asset classes and they tend to post positive annualized returns for longer time periods, why are all of you not 100% invested in stocks? The answer is your risk tolerance. Because stocks are risky in the short-term, your risk tolerance is our best guess at how you may behave when one of those inevitable downturns occur. After all, we know (we think we know) stock returns will be positive if our time horizon is long enough, so if a downturn occurs, we must stay invested to reap the future rewards. A conservative risk tolerance tells us if your equity exposure is too high, and market losses are too great, you may jump ship and allow your short-term fears to cost you your long-term rewards.

There are a few interesting things on risk tolerances.

First, they are yours. They are specific to you and the summation of your experiences with money and markets. In that sense, it is possible for whole generations to have higher and lower risk tolerances than one's before or after. Don't you think someone who lived through the Great Depression and then came into money might have a lot different outlook on investing than someone who came of age in the financial prosperity of the last 15 years? Second, risk tolerances can change over time. As we accumulate wealth, or don't accumulate wealth, or have failed businesses, or have successful businesses, or get married, or get divorced, our view on risk and investing certainly changes. Last, risk tolerances are our combined best guess. We establish them through risk questionnaires and discussion and settle on a risk profile before strategies are implemented. All of you have been through the process.

I say all this to remind you that your risk tolerance decisions are ongoing. If you think you aren't earning enough, maybe you aren't taking enough risk and we need to discuss the tradeoffs that could occur in the short term. Most importantly, these downturns, think longer ones like the one that occurred in 2022, give us a good indication of how we REALLY feel about the risk in our portfolios. If you were down 20% and felt like you couldn't take it, first off, good for you, you did a great job staying the course as now we are on the other side of it, but second, let's discuss it. We are here to help. Please reach out if you have any questions about the risk levels of your current portfolio.



The Proximity Principle in Wealth-Building

By David Zallo

When I lived in Colorado, I had an hour commute. The scenery was beautiful – Pikes Peak, the Air Force Academy, sunrises, sunsets etc. It gave me a lot of time to catch up with friends and family on the phone, complete audiobooks, or just listen to the radio which is how I first learned of the proximity principle from Ken Coleman (a Dave Ramsey personality). At its core, the proximity principle teaches us growth happens fastest when you place yourself in the right environments, around the right people, in the right places, doing the right things. We are but one piece to the puzzle.

While Ken's focus is on discerning one's calling / career, the proximity principle has broader application. Applied to wealth-building, it means intentionally surrounding yourself with influences that encourage smart financial behavior, long-term thinking, and opportunity.

The older I have gotten, the more I believe we become the company we keep. If you consistently spend time with friends who prioritize instant gratification and debt-driven lifestyles, it's easy to fall into the same traps. Conversely, surrounding yourself with those who value saving, investing, and disciplined money management, their mindset rubs off on you. Wealth is rarely built in isolation, it grows through networks of accountability,

shared knowledge, and encouragement. The more you're pulled into environments where money is respected and optimized, the more your behavior aligns with those outcomes. Wealth-building thrives when action meets environment.

The journey to financial independence is not just about numbers, it's about behavior. Research shows our financial habits, spending patterns, and even income levels often mirror the people around us. By being intentional with proximity, you naturally raise your standards. You begin to think bigger, plan better, and act more strategically because the environment around you demands it.

Wealth-building isn't about luck or shortcuts, it's about alignment. By applying the Proximity Principle, you position yourself in an environment where smart financial choices become natural, not forced. Over time, the compounding effect of the right people, places, and practices creates the opportunities that lead to financial freedom.

Thank you for allowing us to be part of your environment!

We're Always Here for You!

We want to remind you that while your regular review meetings with us are an important part of staying on track with your financial goals, please remember that we're here for you anytime.

Think of us as your ongoing financial resource, not just for your investments, but for a wide range of decisions you may be facing.

Whether you're:

- Thinking about buying or selling a home,
- Considering a new car,
- Evaluating your 401(k) allocations,
- Unsure about your insurance needs (life, disability, car insurance/umbrella),
- Looking into a security or investment idea you've heard about,
- Or simply unsure how a financial decision fits into your overall plan

We're just a phone call or email away. These conversations can often make a meaningful difference, and we're always happy to help!



SFG Team: What We're Up To

What book, podcast, or show are you enjoying right now (Daniel)?

I tend to listen to non-fiction books. Not self-help necessarily, but I love books that go out of their way to explain why things are the way they are.

I recently listened to Same as Ever by Morgan Housel. In fact, this was the first time I've ever finished a book and restarted, relistened immediately. I obviously enjoyed it very much. There's so much information in it that it ticks me off knowing I'll forget. It does a great job of explaining while some things change, some relationships and rationale's always stay the same. The book has really interesting connections, explaining why good news is less reported, how you can't plan for some things but that doesn't mean it's not worth planning, and even explains how technologies compound in so many unforeseen ways- connecting the Wright Brothers' airplane invention to the advent of the nuclear bomb.

Where have you traveled to recently (Heather)?

This summer, I traded the hustle and bustle of everyday life for the tranquil waters of Belize. I attended a yoga retreat on a private island, where daily yoga sessions helped me unwind and reconnect with myself amidst tropical scenery.

One of the highlights of my trip was snorkeling in the Great Mayan Reef, which is the world's second-largest

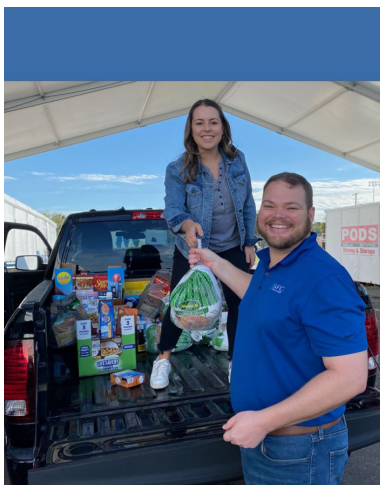
coral reef. It was a vibrant underwater paradise with a lot of colorful tropical fish. My time in Belize was a perfect blend of peace and excitement, making it a summer I'll never forget.

If you weren't working in finance, what career would you choose? (Dave)

With an undergraduate degree in Psychology, I would be somewhere between a Licensed Clinical Social Worker and a Psychiatrist. Two things servicemembers seem to struggle with are mental health and financial wellness. Dare I say, the two can sometimes be related. When discerning a second career, I knew I wanted to help people and believed either path would enable me to do so via preserving marriages, enhancing (personal and professional) relationships, and (in the most extreme cases) saving lives. I ultimately opted for finance because I believe there is less emphasis on it (financial literacy, investing etc.) overall in society.

What's your favorite holiday tradition (Emily)?

One of my favorite traditions is the "pickle ornament" game. Someone hides a pickle ornament on the Christmas tree. Once everyone gathers, the hunt is on! The first person to spot the pickle wins an extra gift. It's harder than it sounds because the pickle blends in, but it always brings laughter and friendly competition. I'm not sure the history of this or why we do it, but it's a good time.



HOLIDAY FOOD DRIVE

OCT. 20 - NOV. 21

SFG Wealth Advisors is holding a holiday food drive benefiting Metropolitan Ministries.

Please help us make this a special Thanksgiving for Tampa Bay area families in need.



HOPE IS HERE

WAYS TO DONATE:

- Review Meetings- If you are visiting our office, bring drive items along with you. If we are visiting you, send Don back with your donations.
- Drop off items at our office anytime!
- Email invest@sfgtampa.com if you have any questions.

SFG will be purchasing Turkeys & Hams as well as dropping off all collected items to Metropolitan Ministries on November 21st

CELEBRATING FORTY YEARS
40
1985 - 2025

 SFG WEALTH ADVISORS

Anniversary
SFG WEALTH ADVISORS IS TURNING 40
Get Ready To Celebrate

We cordially invite you to join us in celebration at the Florida Aquarium for an evening of refreshments and hors d'oeuvres.

— Sunday **2** 2025
November 5:30PM-8:30PM

Celebration begins promptly at 5:30PM with a self-guided tour of the Aquarium Parking in the East lot of the Aquarium or in the Channelside Parking Garage

The Florida Aquarium
701 Channelside Dr., Tampa, FL 33602

Please RSVP to Heather at
Heather@sfgtampa.com or 813-251-9095 by October 20th