

# 2016 ANNUAL REPORT



*Building on the past*  
**AND CHANGING**  
for the future



# A MESSAGE FROM OUR CEO

AS WE LOOK BACK ON 2016, WE ALSO LOOK FORWARD TO CELEBRATING OUR 35TH ANNIVERSARY IN 2017. I WOULD LIKE TO THANK OUR CLIENTS FOR PUTTING THEIR TRUST IN US FOR ALL THESE YEARS. WE'LL STRIVE TO CONTINUE EARNING THAT TRUST BY PROVIDING THE SERVICES THEY NEED TO REALIZE THEIR LIFE GOALS AND ASPIRATIONS.

Technology has dramatically reshaped our business over the past 35 years. In fact, I'd add "change" to "death and taxes" as the only guarantees in life. Over the next five to ten years, we expect massive paradigm shifts in transportation, healthcare, defense, energy, communications, and other aspects of our daily lives and businesses.

We'll be here to discuss the impact of this transformation on our clients' financial, psychological, physical, and intellectual capital. This report also details how we're changing here at SFG to live up to our promise of "A Legacy of Trust and Innovation." As we forge new relationships through referrals from existing clients and business associates, we'll continue to execute our Core Beliefs and Behaviors — Client Commitment, Innovation, and Service Heart.

I hope 2017 brings you good health, happy moments with family and friends, and financial success.

Russ Schultz



*Russ Schultz*



## A MESSAGE FROM OUR COO/CCO

I was honored to join SFG in mid-2016 as the new Chief Operations Officer. One of my primary goals is to work alongside Russ and Vicki to further develop and support our specialized — and customized — client services. I'm also focused on recruiting and cultivating our next generation of financial advisors so we can continue to deliver our innovative client experience for many years to come.

In my other role as Chief Compliance Officer, cybersecurity has been and will remain our primary focus in 2017 and beyond. You will find more information about cybersecurity awareness and our business continuity plan in the Technology & Compliance section of this report.

Our organizational structure continued to evolve in 2016, as we expanded our Financial Planning Team to better support our clients' needs and our firm's growth goals. In 2017, we'll be actively hiring another experienced advisor to join our firm. These additions are part of our ongoing commitment to provide clients with even more proactive and personalized service. We are also looking to expand our client base through referrals. If you know someone who might benefit from the value we provide, please do not hesitate to refer them to us or contact us to learn how we can help.

One of our core values is **Innovation**. We believe that fostering a collaborative and creative atmosphere throughout our organization inspires innovation in everything we do. To better encourage the exchange of ideas, we'll be tearing down office walls in 2017 and working in one open space with adjustable sit/stand desks (which also supports our team's physical capital)!

I've had the pleasure of getting to know many of you over the past few months. If we haven't yet had the opportunity, I look forward to meeting you soon! Please feel free to reach out to me at any time with comments or suggestions on how we can better serve you.

Jennifer Specter



*Jennifer Specter*

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# THE FOUR CAPITALS



## FINANCIAL CAPITAL

Change was a constant in 2016. From Brexit to the U.S. presidential election to Federal Reserve interest rate policy, the geopolitical, economic, and investment landscapes were in a continual state of flux.

Change is expected to continue in 2017, whether it's further rate hikes, tax policy, or regulatory reform. How do you build sound investment portfolios in such a fast-moving environment?

At SFG, we start by using scenario planning software to see how various changes could affect equities, fixed income, real estate, energy, and gold. Based on each client's unique investor profile, we develop a diversified portfolio aligned around their short- and long-term objectives. We conduct rigorous research and due diligence to find investment managers who we believe can execute our strategies. And, above all else, we strive to manage risk across all stages of investment planning, always mindful of Warren Buffett's advice:

**RULE NO. 1: Never lose money.**

**RULE NO. 2: Never forget rule No. 1.**

In 2016, we traveled to Los Angeles and San Jose to meet with managers; we also attended investment conferences in Chicago, Phoenix, and San Diego.



## PSYCHOLOGICAL CAPITAL

We believe the way our clients feel about their wealth is inextricably linked to their sense of emotional well-being and satisfaction. As one of our core values, **Service Heart** reflects the pride and delight we take in anticipating our clients' needs.

In 2016, our Service Heart led us into areas not traditionally related to financial planning. We advised clients on several new business ventures. We're currently acting as an owner's representative on a multi-family housing development project. We provided one client with resources on pain management and helped prevent elder abuse for another. We also helped that client take over the family finances after becoming widowed.



**WEALTH IS THE ABILITY TO  
FULLY EXPERIENCE LIFE.**

**– HENRY DAVID THOREAU**



## PHYSICAL CAPITAL

SFG has long considered wellness as part of a well-balanced life. In keeping with our commitment to healthy Physical Capital, we continue to pay our employees' membership fees to a local gym. It's always fun to hear about their various classes — and sore muscles!

We also continue to buy “clean,” nutritious snacks and healthy water for team members and visiting clients alike. Employee birthdays are celebrated with organic cakes, but that doesn't mean they don't have real buttercream frosting! These small steps are contributing to healthier lifestyles for our employees...and fewer sick days and brighter mental attitudes around the office.



## INTELLECTUAL CAPITAL

SFG was founded in 1982 with a core competency in financial planning. Since then, our clients' needs have evolved and, in response, so has our ability to provide them with solutions. To that end, we are excited about expanding and enhancing our Service Delivery Team as follows:

- **DJ Lee**, Investment Manager, earned the Chartered Financial Analyst® (CFA) designation.
- **Julie Hayes**, Client Services Administrator, received the Registered Paraplanner<sup>SM</sup> designation.
- **Jennifer Specter** joined SFG as Chief Operations Officer and Chief Compliance Officer, having passed the Series 65-Uniform Investment Adviser Law Examination.
- **Sharon Earle** came on board as Office Administrator.
- **Alyssa Yocom** became a full-time Financial Planning Service Team member and will graduate from the University of Nevada, Reno this spring.
- **Clarissa Alesevich** rejoined the team as a Financial Advisor Associate.

We're dedicated to empowering our clients through education and communication. In addition to yearly meetings, reports, and updates, we brought our clients specific insights and perspectives from the conferences we attended in 2016. We also shared views and post-election updates on possible tax reforms from CCH.



**THE ONLY IRREPLACEABLE  
CAPITAL AN ORGANIZATION  
POSSESSES IS THE  
KNOWLEDGE AND ABILITY OF  
ITS PEOPLE.**

**– ANDREW CARNEGIE**



Internally, the SFG team not only earned many professional designations last year, but also reached out to the greater community through education:

- **DJ Lee** taught a class on financial derivatives at the University of Nevada, Reno. He enjoyed the experience so much, he'll be returning for the summer session.
- **Vicki Schultz** was a presenter on retirement planning at a Women's Estate Planning Seminar sponsored by our local public broadcasting station.

In 2016, our professional staff attended the following conferences to satisfy their continuing education requirements and to stay abreast of current industry trends:

- National Association of Personal Financial Advisors conference in Phoenix
- Schwab IMPACT in San Diego
- Kayne Anderson Investor Conference in Beverly Hills
- J.P. Morgan Wealth Management Conference in Chicago

## COMPANY CULTURE

SFG recognizes the importance of fostering an independent, innovative culture that positively impacts our employees, clients, local community, and world at large.

### CHARITABLE GIVING

In 2016, we continued our annual tradition of holiday giving. We provided our furry friends with essentials by gifting items to the Nevada Humane Society. We bought holiday presents for a local family in need and managed to fulfill their wishes while helping boost the local economy too!

We also brought back the annual SFG tradition of caroling at our local VA hospital. Team members practiced singing together in the conference room several times and even brought along family members to help out on the big day. We were grateful for the opportunity to share some holiday spirit with those who have served our country. It was a fulfilling experience we'll always remember.

### SUSTAINABILITY

In the office, we do our part to support a sustainable environment by recycling and participating in a secure paper shredding/recycling program. In addition, SFG uses a water filtration system to minimize our need for bottles while providing a healthy beverage.



**NO ONE HAS EVER BECOME  
POOR BY GIVING.**

**– ANNE FRANK**

## TEAM ACTIVITIES

As with many cultures, ours involves sharing experiences and joining together around food, fun, and fellowship. Last year, SFG celebrated employee birthdays each month, attended the annual Nugget Rib Cook-Off together with our families, and enjoyed each other's cooking with the occasional potluck. We celebrated the holidays with a nice dinner and "famous" white elephant gift exchange. We ribbed each other as we "duked it out" in a friendly football pool and got serious together as we all attained certification in CPR and AED training.

## TECHNOLOGY & COMPLIANCE

Technology and compliance has been — and will continue to be — an integral part of our service to clients. In 2016, we replaced and upgraded our in-house server to provide significantly more capacity and speed. We also reviewed our current technology to ensure that we continue to safeguard the confidentiality of client information and execute our business continuity plan should the need ever arise.

We continue to employ an extra layer of security by using Two-Factor Authentication to log onto our work computers. Requiring a username and password together with a physical token makes it harder for potential intruders to gain access to our clients' personal data.

We also focused on cybersecurity by providing ongoing training to our staff on identifying and preventing identity theft, frauds, scams, and other online crimes. Look for more information and education from us during 2017 on cybersecurity awareness.

## BUSINESS CONTINUITY PLAN UPDATE

We cannot share our full disaster recovery plan externally as it contains proprietary information and security details. However, we hope the information below will give you confidence in both our business continuity plan and our ability to successfully execute it.

SFG has developed plans to maintain contact with our clients in the event of emergencies, natural disasters, communications interruptions, loss of internet services, office fire, theft of computers, or other disruptions to our normal business operations.



**INNOVATION DISTINGUISHES  
BETWEEN A LEADER AND A  
FOLLOWER.**

**– STEVE JOBS**

We have an alternate office location that will be activated depending on the severity and exact nature of the event. If we find it necessary to temporarily move our operations, we will attempt to notify clients by telephone. Please understand that this may take 24 to 48 hours.

Our business and computing infrastructure has been built with disaster preparedness and continuity planning as a foundational element. We have staffed our firm with duplication across roles, titles, and functions. We have a team of information systems consultants to provide continual and uninterrupted services across our firm and offices (primary office and alternate location).

Each office can provide the full suite of basic network services to the whole firm without the other being online. While systems and data in each location are not fully redundant, both offices use disk-based backup systems to save all data specific to that office and send it to the other office overnight. In this way, all data companywide is backed up and stored offsite on a daily basis. The mirroring of system hardware and network architecture in both data centers allows us to move servers and services between locations with relative ease should the need arise.

Our first priority in any emergency is to ensure the safety and well-being of our staff. In the event of a total loss of either office, our first system recovery priority is to restore phone, email, and other communications systems. Our second priority is to recover our financial management systems. The maximum loss of data should never be more than one day given our daily backup system. Remaining systems would then be brought back online as situational priorities and timing constraints dictate. SFG has remote access capabilities in both offices to allow employees from the affected location to access systems in the other.



# OUR TEAM



**RUSS SCHULTZ, CFP®**  
Chief Executive Officer /  
Chief Investment Officer



**VICKI SCHULTZ, MBA, CFP®**  
Executive Vice President



**JENNIFER SPECTER, MA**  
Chief Operations Officer/  
Chief Compliance Officer



**CLARISSA ALESEVICH**  
Financial Advisor Associate



**ALYSSA YOCOM**  
Financial Planning Associate



**DONG JOON LEE, CFA, CAIA, MFS**  
Investment Manager



**ELENA TCHIGRIAeva, MS**  
Investment Plan Manager



**JULIE HAYES, RP®**  
Client Services Administrator



**SHARON EARLE**  
Office Administrator



**HOLLY EVERS**  
Communities Manager



**JOYCE E. FARLEY**  
Accountant



**KRISTINA E. MCCABE, CFP®**

## SCHULTZ FINANCIAL GROUP

10765 Double R Blvd., Suite 200 • Reno NV 89521

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