

# 2017 ANNUAL REPORT



*Refreshing the traditional*  
**WITH INNOVATION,  
GROWTH AND BALANCE**



# A MESSAGE FROM OUR CEO

IN 2017, WE CONTINUED TO GROW OUR TEAM AND EXPAND OUR CORE CAPABILITIES. THE RESULT IS A DIVERSE GROUP OF THREE GENERATIONS COMBINING TRADITION WITH INNOVATION AND TIME-TESTED EXPERIENCE WITH MILLENNIAL IDEAS. THE COLLABORATION AMONG MILLENNIALS, GEN XERS, AND BOOMERS HAS BEEN BOTH STIMULATING AND INSTRUMENTAL IN FINDING SOLUTIONS TO OUR CLIENTS' UNIQUE, EVER-CHANGING NEEDS IN THE CURRENT ECONOMIC, POLITICAL, AND SOCIAL ENVIRONMENTS.

We plan to add even more new faces to our team in 2018 while also broadening our network of external resources. The goal is to keep increasing our knowledge in the Four Capitals — financial, physical, psychological, and intellectual — to better serve our clients, their loved ones, and generations to come.

## **FOCUSING ON YOU, NOT POLITICS**

Political drama has dominated media coverage since the last election cycle. No matter what your views, it's important to never lose sight of your life goals and investment objectives. In 2018, we'll be analyzing how new tax laws and other developments will impact you. The current market cycle has been one of the most challenging we've seen in 36 years of investing; however, we believe that fundamentals will prevail over the long term.

On behalf of everyone at SFG, I'd like to sincerely thank you for allowing us to serve as your trusted advisor. We look forward to meeting your capital needs in 2018 and beyond.



*Russ Schultz*

Russ Schultz, CFP®  
Chief Executive Officer &  
Chief Investment Officer



## A MESSAGE FROM OUR COO/CCO

When I think back on 2017, the word “refresh” comes to mind. Not only did we refresh the SFG brand with newly designed forms and presentation materials, we also revamped our website and launched the [SFG Capital News blog](#).

We’re excited about refreshing our website, which is often a prospective client’s first impression of our firm and an existing client’s access to our latest thinking. See it for yourself at [www.sfginc.com](http://www.sfginc.com).

The new blog is yet another example of our commitment to empower clients to achieve their goals through ongoing education and communication. Look for emails throughout the year announcing new blog posts that will cover physical, psychological, and intellectual topics in addition to financial-related issues — all in support of your four capitals. And if you enjoy the articles, we hope you’ll share them with others!

We also refreshed our office environment by creating more collaborative work spaces with white board walls and new adjustable sit/stand desks in support of our **Innovation** core value. We believe that innovation is what enables us to continue delivering personalized services and enhancing the client experience.

In light of the Equifax breach and many other online threats in 2017, cybersecurity remains one of our primary focuses. You’ll find details in the Technology & Compliance section of this report.

One of our 2018 strategic business objectives is to grow our client base through referrals from existing clients and partners. If you know someone who might benefit from our services, please don’t hesitate to refer them or contact us.

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*Jennifer Specter*

Jennifer Specter, MA  
Chief Operations Officer &  
Chief Compliance Officer

# THE FOUR CAPITALS



## FINANCIAL CAPITAL

The global financial markets continued to gather strength during 2017 with strong corporate profits and benign inflation expectations. Volatility remained low despite heightened geopolitical tensions and an uneasy political landscape on key issues such as tax reform, the debt ceiling, immigration, etc.

The financial markets are expected to be more volatile in 2018 due to rising interest rates, global central banks' balance sheet normalization, and escalating national debt levels. Investing in this volatile market is challenging because fundamentals do not necessarily apply. At SFG, we believe markets trade on fundamentals over the long term. We apply this premise across all stages of our investment planning process from researching investment managers, to building a diversified portfolio tailored to each client's unique investor profile. We utilize scenario planning to prepare for future economic events that are likely to occur and assess appropriate risk measures for each scenario. We take proactive actions to help manage risk in a client portfolio and help deliver on its long-term objectives.

In 2017, we traveled to Los Angeles, Denver, and New York to meet with managers; we also attended investment conferences in Los Angeles, Chicago, and Philadelphia.



## PSYCHOLOGICAL CAPITAL

The way you think and feel about your wealth is linked to your personal fulfillment and happiness. Our core value of **Service Heart** reflects the pride we take in anticipating our clients' needs and building lifelong relationships that often extend across generations.

Our Service Heart was beating strongly in 2017, as we were able to create tailored solutions for many of our clients' unique needs. Financial literacy was a major theme. We took the time to explain and educate clients about their financial situations as they retired, aged, divorced, started families, sold/acquired/expanded businesses, and dealt with other challenges in their ever-changing lives.

Our Service Heart compelled us to proactively serve as a liaison between several clients and their estate planning attorneys during the year. We also acted as an owner's representative for our clients' real estate projects, leveraging our industry experience and expertise.



## PHYSICAL CAPITAL

Because we believe that physical health influences decision-making and that wellness is an important facet of overall happiness, we're committed to healthy habits here at SFG. We continue to pay our employees' membership fees at a local gym. This year, several team members began scheduling their gym time together, with yoga being a favorite among the financial planning group.

Our commitment to **Physical Capital** is also reflected in the healthy snacks and beverages we provide to employees and visiting clients. Next time you're in the SFG conference room, don't hesitate to enjoy such treats as sprouted nutrition bars, raw nuts, and, of course, organic dark chocolate — a Russ favorite!



**TAKE CARE OF YOUR BODY. IT'S  
THE ONLY PLACE YOU HAVE TO  
LIVE.**

**– JIM ROHN**



## INTELLECTUAL CAPITAL

SFG defines **Intellectual Capital** as the knowledge and training you can invest to increase your productivity and personal worth. In 2017, we continued to invest in our team as part of an ongoing effort to better serve your needs:

- **DJ Lee, Investment Manager**, continued lecturing at the University of Nevada, Reno, teaching classes in Financial Derivatives, Alternative Investments, and Corporate Finance. He also formed a UNR Investment Trading Strategy team that participates in international competitions.
- **William Saulsgiver, Investment Analyst**, joined us full-time after graduating from the University of Nevada, Reno with a BS degree in Business Administration, majoring in Finance with an emphasis in Accounting. William is working toward a Master's degree in Data Analytics while also studying for both the Chartered Financial Analyst® credential and Financial Risk Manager certification.
- **Alyssa Yocom, Financial Planning Associate**, joined us full-time after graduating from the University of Nevada, Reno with a BS degree in Business Administration, majoring in Finance and Economics. In addition, she passed the Series 65-Uniform Investment Adviser Law Examination and is currently studying for the Certified Financial Planner™ certification.
- **Clarissa Alesevich, Financial Planning Associate**, received her Financial Paraplanner Qualified Professional™ designation.

We attended the following events to expand our knowledge, stay current with industry trends, and meet our continuing education requirements:

- National Association of Personal Financial Advisors (NAPFA) conferences in Seattle and Orlando
- Schwab IMPACT in Chicago
- Kayne Anderson Investor Conference in Beverly Hills
- J.P. Morgan Wealth Management Conference in Chicago
- Investment Management Consultants Association's Advanced Investment Strategist conference in Philadelphia
- Advanced Investor Behavior Workshop for Advisors presented at the SFG office
- Schwab Cybersecurity workshop in San Francisco

Our commitment to **Intellectual Capital** is also evident through SFG's Book Club, a fun tradition we brought back in 2017. SFG provides the non-fiction books of each team member's choice, then an old-fashioned "book report" is presented at a potluck lunch with our fellow team members. Here's what we were reading in 2017:

- *Emotional Intelligence 2.0* by Travis Bradberry & Jean Greaves
- *The History of the United States in Five Crashes* by Scott Nations
- *The Immortal Life of Henrietta Lacks* by Rebecca Skloot
- *The Power of Habit: Why We Do What We Do in Life and Business* by Charles Duhigg
- *An Invisible Thread: The True Story of an 11-Year-Old Panhandler, a Busy Sales Executive, and an Unlikely Meeting with Destiny* by Laura Schroff
- *The Emperor of All Maladies: A Biography of Cancer* by Siddhartha Mukherjee
- *Julie & Julia: My Year of Cooking Dangerously* by Julie Powell
- *Makers and Takers: How Wall Street Destroyed Main Street* by Rana Foroohar
- *Quiet: The Power of Introverts in a World that Can't Stop Talking* by Susan Cain
- *Shoe Dog: A Memoir by the Creator of Nike* by Phil Knight
- *Three Days in January: Dwight Eisenhower's Final Mission* by Brett Baier
- *Whole: Rethinking the Science of Nutrition* by T. Colin Campbell, PhD with Howard Jacobson, PhD
- *The China Study: Revised and Expanded Edition* by T. Colin Campbell, PhD and Thomas M. Campbell II, MD



**AN INVESTMENT IN KNOWLEDGE  
PAYS THE BEST INTEREST.**

**– BENJAMIN FRANKLIN**

In addition, we started offering books of interest to our clients. When visiting our office, please feel free to review them here or take them home with our compliments!

In support of our longstanding core value of **Client Commitment**, we continued to connect with clients through regular meetings, phone calls, reports, and conference updates. Specifically in 2017, the SFG investment team wrote a white paper on active vs. passive management and presented our clients with an overview of the new Tax Cuts and Jobs Act.

## 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 & SUSTAINABILITY

We continued our tradition of SFG giving in 2017. Activities included “adopting” a local family in need from the Children’s Cabinet during the holidays, buying essentials for the Nevada Humane Society, and holiday caroling at our local VA hospital. Once again, we appreciated the opportunity to spend time with Nevada’s veterans. This year, our singing was almost as good as our spirits!

In addition to SFG-supported giving, many of our team members volunteered on their own with the Northern Nevada Food Bank, local park clean-ups, TEDx (University of Nevada, Reno independently organized TED events), and the Gospel Mission.

In 2017, Vicki Schultz was presented with the annual Ceec Abrahams Award for her ongoing work and continued support of Soroptimist International of Truckee Meadows (SITM). This award honors a SITM member who has gone above and beyond the call of duty in support of the club and its activities. Soroptimist International of Truckee Meadows is part of Soroptimist International, a worldwide organization of women that improves the lives of women and girls through programs leading to social and economic empowerment.

We continue to support the environment by recycling, participating in a secure paper shredding and recycling program, and providing a water filtration system that eliminates the need for plastic bottles.



**REMEMBER THAT THE HAPPIEST  
PEOPLE ARE NOT THOSE  
GETTING MORE, BUT THOSE  
GIVING MORE.**

**– H. JACKSON BROWN JR**

## TEAM ACTIVITIES

The SFG culture involves spending time and sharing experiences together — much of it devoted to eating! Along with our families, we attended the Nugget Rib Cook-Off and our holiday dinner, played bocce ball, and took impromptu walks together after some of our healthy but indulgent potlucks! We enjoyed great cake while celebrating birthdays and one wedding! And we were entertained by team member Elena, a singer in the Reno Philharmonic Chorus.

Our team-building event for the year was taking the StrengthsFinder assessment from Gallup. Each employee reviewed 177 paired statements and chose the ones best describing them. The assessment measures our natural patterns of thinking, feeling, and behaving to help identify our strengths. Gallup research indicates that our greatest room for overall personal improvement isn't where we're weakest, but where we're strongest. We had fun learning about each other's strengths and getting to know one another better. If you'd like more information about this assessment, please visit [www.gallupstrengthscenter.com](http://www.gallupstrengthscenter.com) or read the book, *StrengthsFinder 2.0*.

## CHANGE AND GROWTH

We hired two new full-time employees to meet the needs of our growing business. Despite the sale of our building, we were able to remain in the same location while consolidating and customizing our office space. We started transitioning our furniture to a modern ergonomic style, complete with conversion desks that can accommodate both sitting and standing. We added white board walls for large-scale process mapping and group work, created intimate spaces while still allowing for team collaboration, and upgraded the technology in our conference room.

You may have noticed that 2017 brought with it an SFG brand refresh. We're excited to announce that we've redesigned our website, which now includes the SFG Capital News blog! If you haven't checked it out yet, please visit us at [www.sfginc.com](http://www.sfginc.com).

With growth comes work, and 2017 offered an opportunity for the **SFG teams** to come together to write their own mission statements. This collaborative effort helped us clarify how the teams support each other in delivering our innovative client experience.



**IT'S NOT A FAITH IN  
TECHNOLOGY. IT'S A  
FAITH IN PEOPLE.**

**– STEVE JOBS**



# TECHNOLOGY & COMPLIANCE

**Cybersecurity** remains a major focus for us. Cybercrime and fraud continue to be serious threats, and constant vigilance is key. While SFG plays an important role in helping protect your assets, you can also take action to protect yourself and help secure your information. Below is a checklist that summarizes common cyber fraud tactics, along with tips and best practices. Many suggestions may be things you're doing now, while others may be new. We also cover actions to take if you suspect that your personal information has been compromised. If you have questions, please call us — we're here to help.

Cyber criminals exploit our increasing reliance on technology. Methods used to compromise a victim's identity or login credentials — such as malware, phishing, and social engineering — are becoming increasingly sophisticated and difficult to spot. A fraudster's goal is to obtain information to access your account and assets or to sell your information for this purpose. Following best practices and exercising caution when sharing information or executing transactions can help make a big difference.

## How we can work together to protect your information and assets

### SAFE PRACTICES FOR COMMUNICATING WITH SFG

- **Keep us informed** regarding changes to your personal information.
- **Expect us to call you to confirm email requests** to move money, make trades, or change account information.

### HOW SCHWAB PROTECTS YOUR ACCOUNT

Schwab takes your security seriously and leverages protocols and policies to help protect your financial assets. Below are actions you can take to reinforce their efforts, along with resources to assist you in keeping your account safe:

- **Use two-factor authentication**, which requires you to enter a unique code each time you access your Schwab accounts.
- **Review the [Schwab Security Guarantee](#)**, which covers 100% of any losses in any of your Schwab accounts due to unauthorized activity.

To learn more, visit [Schwab's Client Learning Center](#).



**IT TAKES AS MUCH ENERGY TO  
WISH AS IT DOES TO PLAN.**

**– ELEANOR ROOSEVELT**

## WHAT YOU CAN DO

- Be aware of suspicious phone calls, emails, and texts asking you to send money or disclose personal information. If a service rep calls you, hang up and call back using a known phone number.
- Beware of phishing and malicious links. Urgent-sounding, legitimate-looking emails are intended to tempt you into accidentally disclosing personal information or installing malware. Look closely at the email address and not just the “From” name. Phishing emails will attempt to use a “From” name that you recognize but, when you look at the email address, you may notice it is not legitimate.
- Don’t open links or attachments from unknown sources. Instead, type the known web address in your browser.
- Check your email and account statements regularly for suspicious activity.
- Never enter confidential information in public areas. Assume someone is always watching.

## EXERCISE CAUTION WHEN MOVING MONEY

- **Leverage Schwab’s electronic authorization tool to verify requests.**  
Featuring built-in safeguards, this tool is the fastest and most secure way to move money. Please call us for more information about how to use it.
- Review and verbally confirm all disbursement request details thoroughly before providing your approval, especially when sending funds to another country.

## ADHERE TO STRONG PASSWORD PRINCIPLES

- Don’t use personal information as part of your login ID or password and don’t share login credentials or “password formulas” via email. A password formula example would be “my password is my zip code and dog’s name.”
- Create a unique, complex password for each website and change it every six months. Consider using a password manager to simplify this process.
- Use “two-factor,” “dual-factor,” or “multi-factor” authentication if it is available. This type of authentication should be used with your password manager, email (most major email services now offer dual-factor authentication options), bank account, and investment account sites (Schwab does offer this feature).
- Do not use security questions that are easily searchable by fraudsters, such as your elementary school or mother’s maiden name.

## MAINTAIN UPDATED TECHNOLOGY

- Keep your web browser, operating system, antivirus, and anti-spyware updated, and activate the firewall.
- Do not use free/found USB devices. They may be infected with malware.
- Check security settings on your applications and web browser. Make sure they’re strong.



**MONEY IS ONLY A TOOL. IT  
WILL TAKE YOU WHEREVER  
YOU WISH, BUT IT WILL NOT  
REPLACE YOU AS THE DRIVER.**

**– AYN RAND**

- Turn off Bluetooth when it's not needed.
- Dispose of old hardware safely by performing a factory reset or removing and destroying all data storage devices.

#### USE CAUTION ON WEBSITES, EMAIL, AND SOCIAL MEDIA

- Do not visit websites you don't know (e.g., advertised on pop-up ads and banners). A best practice is to never respond to pop-up ads, as even those from reputable websites can be compromised.
- Log out completely to terminate access when exiting all websites.
- Don't use public computers or free Wi-Fi. Use a personal Wi-Fi hotspot or a Virtual Private Network (VPN).
- Hover over questionable links to reveal the URL before clicking. Do not click on any email links to access any of your online accounts. Instead, use your browser and type the web address of the company to log in and view messages, etc. Remember that secure websites start with "https," not "http."
- Delete any emails that contain personal or account information from both your Inbox and Sent folders. And then be sure to delete them from your Trash folder.
- Be wary of "Unsubscribe" links in emails unless you know it is coming from a valid source. A better practice is to block the sender.
- Be cautious when accepting "friend" requests on social media, liking posts, or following links.
- Limit sharing information on social media sites. Assume fraudsters can see everything, even if you have safeguards.
- Consider what you're disclosing before sharing or posting your résumé.

#### WHAT TO DO IF YOU SUSPECT A BREACH

**Call our office** at 775-850-5620 or your Schwab Alliance team immediately at 800-515-2157 so that they can watch for suspicious activity and collaborate with you on other steps to take.

#### LEARN MORE

Visit these sites for more information and best practices:

- [StaySafeOnline.org](https://www.staysafeonline.org): Review the STOP. THINK. CONNECT™ cybersecurity educational campaign.
- [OnGuardOnline.gov](https://www.onguardonline.gov): Focused on online security for kids, it includes a blog on current cyber trends.
- FDIC Consumer Assistance & Information, <https://www.fdic.gov/consumers/assistance/index.html>
- FBI Scams and Safety provides additional tips, <https://www.fbi.gov/scams-and-safety>

# MEET THE SFG TEAM

## Management 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

## Financial Planning Team



**CLARISSA ALESEVICH, FPQP™**  
Financial Advisor Associate



**ALYSSA YOCOM**  
Financial Planning Associate



**JULIE HAYES, FPQP™**  
Client Services Administrator

## Investment Management Team



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



**WILLIAM SAULSGIVER**  
Investment Analyst

## Operations Team



**ELENA TCHIGRIAeva, MS**  
Investment Plan Manager



**SHARON EARLE**  
Office Administrator



**JOYCE E. FARLEY**  
Controller Accountant



**HOLLY EVERS**  
Communities Manager



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