

MAY 2017 UPDATE

We provide composite returns for Growth, Growth & Income (a combination of “Growth & Income and “Moderate Balanced” accounts), Conservative Balanced, Retirement Income (a combination of “Retirement Income” and “High Monthly Payout” accounts), Closed-End Income, ETF Options Income and Alternative. We present net-of-fee results in the following table. (SSB composites are in boldface.) For the sake of comparison, we also include returns for various indexes and blended benchmarks that we believe are commensurate in risk to our strategies, as well as passively managed funds of funds from Vanguard, and a PowerShares ETF.

Salzinger Sheaff Brock	YTD	One Yr	Three Yrs	Five Yrs
Growth	7.5%	16.6%	7.5%	10.7%
<i>Benchmark (90% Lipper Multi-cap Core/10% Lipper General Bond Fund)</i>	7.7%	15.1%	5.3%	9.2%
Growth & Income	6.6%	14.2%	6.8%	9.5%
<i>Benchmark (75% Lipper Multi-cap Core/25% Lipper General Bond Fund)</i>	6.8%	13.3%	4.9%	8.2%
Conservative Balanced	5.5%	11.6%	5.7%	7.4%
<i>Benchmark (60% Lipper Multi-cap Core/40% Lipper General Bond Fund)</i>	6.0%	11.4%	4.5%	7.2%
Closed-End Income	10.1%	18.0%	N/A	N/A
ETF Option Income	6.4%	N/A	N/A	N/A
Retirement Income	4.4%	10.3%	5.1%	6.5%
<i>Benchmark (50% Lipper Multi-cap Core/50% Lipper General Bond Fund)</i>	5.4%	10.2%	4.2%	6.5%
Alternative	9.0%	8.3%	-0.7%	0.6%
<i>Benchmark (50% GSCI/50% Lipper Emerging Market Fund)</i>	3.5%	8.0%	-11.1%	-6.5%
Index				
S&P 500	7.2%	17.9%	10.5%	13.7%
Russell 3000 &&	6.9%	18.6%	10.1%	13.6%
Russell 2000 ##	3.6%	25.6%	9.0%	13.0%
MSCI EAFE @@	10.0%	11.3%	0.9%	6.8%
MSCI Emerging Markets	13.9%	19.1%	1.8%	1.5%
Barclays Aggregate Bond	1.6%	0.8%	2.7%	2.3%
Mutual Fund/ETF Comparisons				
Vanguard LifeStrategy Growth &	7.0%	13.4%	6.3%	9.2%
Vanguard LifeStrategy Moderate Growth #	5.6%	10.3%	5.6%	7.6%
Vanguard LifeStrategy Conservative Gr @	4.1%	7.1%	4.7%	5.9%
Vanguard LifeStrategy Income ^	2.7%	4.1%	3.8%	4.2%
DB Commodity Index Tracking Fund !	-4.0%	14.5%	-16.5%	-12.0%

YTD through 4/30/2017. PLEASE SEE IMPORTANT DISCLAIMER ON BACK. Note: &&A good measure of the broad market, ##Small-cap stocks. @@Developed market foreign stocks. Style Comparisons: &A comparison for SSB Growth and SSB Growth & Income. #A comparison for SSB Moderate Balanced. @A comparison for Salzinger Sheaff Brock, LLC (SSB) Conservative Balanced. ^A comparison for SSB Retirement Income. !A comparison for SSB Alternative. Composites include all fully discretionary accounts including those accounts no longer with the firm of reasonable size that are substantially invested in accordance with the composite strategy or style. Returns are presented net of management fees and all trading expenses, and the reinvestment of all income. Net-of-fee performance was calculated using actual management fees and is annualized for multi-year periods. Actual advisory fees and transaction fees will vary depending on, among other things, the portfolio, account size, and activity. Fees are described in SSB's ADV Part 2A. The securities mentioned in this report can be, and often are, owned by clients and employees SBIA. **Past performance is not indicative or a guarantee of future results.** (continued on back)

As the composite year-to-date and 12-month returns of our Closed-End Income accounts exceed those of our other strategies—and even returns for the periods of the S&P 500—it probably makes sense for me to talk about this strategy for a bit.

At current yields, our closed-end income account offer clients annualized payouts on the order of 6% to 6.5%. Additionally, they offer me the opportunity to produce capital appreciation through buying them opportunistically—when their discounts to net asset value (NAV) suggest the potential for gain if/when they narrow, and/or through increases in value in the underlying holdings of the funds. For example, if the discounts in the account shrink by two percentage points while the combined values of the underlying holdings increase by three percentage points, the total return from the portfolio would likely be in excess of 12%.

Though these are income-oriented accounts, they have some

equity risk and are generally more risky than standard, open-end bond funds and fixed income ETFs. Based on an admittedly small sample size so far (thanks to the lack of volatility in the markets over the past many months), I estimate the beta of these accounts to be about 0.60—in other words, if the S&P 500 falls 1%, I would expect a Closed-End Income account to fall 0.60% due to market sensitivity alone.

To manage risk, I invest Closed-End Income account assets across a wide variety of closed-end funds, the vast majority of which pay higher yields than one can find in traditional open-end funds of the same investment area. This is possible thanks to the presence of discounts to NAV as well as the modest to moderate use of leverage—many closed-end funds borrow some money at short-term rates to increase the money they can invest at longer-term, higher rates.

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I invest between 60% and 80% of a Closed-End Income account in funds that emphasize various types of bonds, with most of my current selections investing in bonds more sensitive to changes in credit quality than in interest rates. High-yield municipal-bond closed-end funds get between 10% and 20%, as do high-yield U.S. corporate bond funds and so-called multi-sector bond closed-end funds, which invest in a mix of emerging-market, high-yield U.S. corporate and high-grade bonds. Emerging market bond closed-end funds may get up to 10%. I devote another 20% or so of assets to covered-call U.S. equity closed-end funds, which create income through the selling, or 'writing,' of call options on underlying equity positions. I invest the remaining 10% to 20% of assets in various closed-end sector funds that make distributions (e.g., ones for utilities, healthcare and/or consumer staples), balanced funds and even emerging market equity closed-end funds that I believe offer unusually attractive potential for capital gains.

On the markets generally, I would encourage you to stay focused on the long run and to avoid distraction by the political news of the day, much of which seems overdone to me. In my opinion, the stock market continues to perform well not because of any proposed policies of President Trump, but because the pace of economic growth in much of the world appears to be increasing moderately, while interest rates are still low. This is a good environment for corporate profits, which indeed have started off strongly so far in 2017. Any political problems faced by the president are unlikely to upend the current economic trend.

To get started in any of our strategies, please call us at 866-575-5700, or send an email to info@salzingersheaffbrock.com. When you call ask for Deb McCulley, she will help you out.

We look forward to hearing from you!



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Thank you for your continued interest in Salzinger Sheaff Brock (SSB), the only source of actual personalized money management by me,

Chief Investment Officer and Portfolio Manager

The S&P 500 Index is a market capitalization-weighted index comprised of the 500 stocks with the largest market capitalizations trading in the United States. This is not a managed portfolio and does not reflect the deduction of fees or expenses; The Lipper Global Multi-Cap Index is comprised of the 30 largest funds by asset size investing in a variety of market cap equities without concentrating 75% of their assets in any one market cap over an extended time. 25% to 75% of their assets are in companies both inside and outside of the U.S. The Lipper General Bond Index consists of the 30 largest funds by assets that do not have any quality or maturity restrictions, and keep a bulk of their assets in corporate and government debt issues. The Lipper Emerging Market Index consists of the 30 largest funds by assets that keep a bulk of their assets in emerging market equities. Lipper indices reflect the deduction of fund fees or expenses; returns include dividends. The GSCI commodity index is a leading measure of inflation and commodity prices using world production weighted commodities with liquid active futures markets. The Barclays US Aggregate Bond Index is a broad-based benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market in the United States, including Treasuries, government-related and corporate securities, mortgage backed securities, asset-backed securities and CMBS (agency and non-agency). DB Commodity Index Tracking Fund (DBC) seeks to track changes, whether positive or negative, in the level of the DBIQ Optimum Yield Diversified Commodity Index Excess Return™ (DBIQ Opt Yield Diversified Comm Index ER) plus the interest income from the Fund's holdings of primarily US Treasury securities less the Fund's expenses. The Fund is designed for those who want a cost-effective and convenient way to invest in commodities. The Index is composed of futures contracts on 14 of the most heavily traded physical commodities in the world. The Alternative portfolio is a commodity centric portfolio of ETFs and mutual funds whose constituents' profits are highly sensitive to general commodity prices. It may perform differently than DBC since the composite does not hold futures contracts. Russell 3000 and Russell 2000 indices are market capitalization weighted equity indices maintained by the Russell Investment Group. The 3000 seeks to be a benchmark of the entire U.S. stock market, and the 2000 seeks to be a benchmark of the small-cap U.S. stock market. More specifically, they encompass the 3,000 largest, or 2000 smallest U.S.-traded stocks respectively, in which the underlying companies are incorporated in the U.S. The MSCI EAFE Index is an equity index which captures large and mid cap representation across Developed Markets countries* around the world, excluding the US and Canada. With 928 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. The MSCI Emerging Markets Index captures large and mid cap representation across 23 Emerging Markets (EM) countries. With 835 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. Indexes are unmanaged and unavailable for direct investment. Benchmark returns include reinvestment of income, but do not reflect taxes, or other fees that would reduce performance. Two general types of benchmarks are provided. The first type is a well-known and widely-recognized index, such as the S&P 500 Index and the Barclays US Aggregate Bond Index (both described above). These types of indices are not selected to represent an appropriate benchmark with which to evaluate a composite's performance, but rather to allow for comparison of a composite's performance to that of a widely recognized index. The second type of index is a more narrowly-focused index selected based on one or more characteristics, such as asset class, style or strategy. A more narrowly-focused index may have characteristics similar to those of a composite, actual composite holdings will differ significantly from the index. Consequently, use of a narrowly-focused index does not indicate that a composite will achieve returns, volatility or other results similar to the index. Clients should NOT expect performance comparable to the narrowly-focused index in an actual account. Securities may be mentioned in a portfolio description, and if so a list of a transactions/recommendations for the trailing 12 months is available upon request. There is the chance that market conditions or portfolio performance may deteriorate in the future, and clients may experience real capital losses in their managed accounts. None of the indices may be an appropriate comparison index as our managed accounts may own companies not represented in the benchmarks. Salzinger Sheaff Brock, LLC (SSB) provides this Newsletter for general informational and educational purposes, and where appropriate, to assist in explaining the portfolios and composites. It is not investment advice for any person. Information is obtained from sources SSB believes are reliable, however, SSB does not audit, verify, or guarantee the accuracy or completeness of any material contained therein. The statements and opinions reflect the judgment of the firm, and along with the information from third-party sources and calculations, are made on the date hereof and are subject to change without notice. SSB does not assume liability for any loss that may result from reliance by any person upon any material in this Newsletter. 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