

JANUARY 2017 UPDATE

We group similarly managed accounts into five core account styles (Growth, Growth & Income, Moderate Balanced, Conservative Balanced and Retirement Income) identified by their general level of conventional investment risk, two specialty account styles (High Monthly Payout and Alternative), and two newer income oriented portfolios (Closed-End Fund and ETF Option Income). We present these net-of-fee results with SSB composites in boldface. (For the sake of comparison, we also include returns for blended benchmarks, various indexes, and mutual fund/ETFs.)

Salzinger Sheaff Brock	Three Mths	One Yr	Three Yrs	Five Yrs
Growth	1.8%	8.3%	5.0%	11.1%
<i>Benchmark (90% Lipper Multi-cap Core/10% Lipper General Bond Fund)</i>	1.8%	8.2%	3.2%	9.3%
Growth & Income	1.0%	7.4%	4.7%	10.0%
<i>Benchmark (80% Lipper Multi-cap Core/20% Lipper General Bond Fund)</i>	1.3%	8.1%	3.2%	8.7%
Moderate Balanced	1.4%	8.3%	4.7%	9.5%
<i>Benchmark (70% Lipper Multi-cap Core/30% Lipper General Bond Fund)</i>	0.9%	7.9%	3.1%	7.7%
Conservative Balanced	0.6%	7.2%	4.3%	7.6%
High Monthly Payout	-0.3%	6.8%	3.1%	N/A
Closed-End Income	-2.0%	13.9%	N/A	N/A
ETF Option Income	1.8%	N/A	N/A	N/A
<i>Benchmark (60% Lipper Multi-cap Core/40% Lipper General Bond Fund)</i>	0.5%	7.7%	3.0%	7.4%
Retirement Income	0.8%	7.6%	4.1%	7.3%
<i>Benchmark (50% Lipper Multi-cap Core/50% Lipper General Bond Fund)</i>	0.1%	7.4%	2.9%	6.7%
Alternative	-4.3%	4.8%	-2.9%	-0.6%
<i>Benchmark (50% GSCI/50% Lipper Emerging Market Fund)</i>	0.6%	12.3%	-11.5%	-5.5%
Index				
S&P 500	3.8%	12.0%	8.9%	14.7%
Russell 3000 &&	4.2%	12.7%	8.4%	14.7%
Russell 2000 ##	8.8%	21.3%	6.7%	14.5%
MSCI EAFE @@	-0.7%	1.0%	-1.6%	6.5%
MSCI Emerging Markets	-4.2%	11.2%	-2.6%	1.3%
Barclays Aggregate Bond	-3.0%	2.7%	3.0%	2.2%
Mutual Fund/ETF Comparisons				
Vanguard LifeStrategy Growth &	0.8%	8.3%	4.7%	9.7%
Vanguard LifeStrategy Moderate Growth #	-0.1%	7.1%	4.5%	8.0%
Vanguard LifeStrategy Conservative Gr @	-1.0%	6.0%	4.2%	6.2%
Vanguard LifeStrategy Income ^	-1.9%	4.6%	3.8%	4.3%
DB Commodity Index Tracking Fund !	5.5%	18.6%	-14.9%	-10.0%

Through December 2016. 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. 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 SSBIA. **Past performance is not indicative or a guarantee of future results.** (continued on back)

Most of our client accounts produced at least fairly good performance in 2016, in our opinion. Relative to the appropriate LifeStrategy competitor fund from Vanguard, the composite return of our Retirement Income accounts performed best from among our core investment strategies, 7.6% after all fees and expenses, versus 4.6% for Vanguard LifeStrategy Income Fund (VASIX). Compared to that fund, our typical Retirement Income account has considerably more in U.S. equities, and considerably less in bonds. While some may say this renders the comparison meaningless between us and VASIX, we believe we should receive credit for this asset allocation decision. We chose to maintain a typical equity position up near 50% of assets, instead of the lesser percentage we would have chosen had we been more positive on investment-grade bonds.

Looking Ahead. We think the U.S. equity market can achieve a total return in the range of 5% to 10% for 2017. In the early stages of a tightening cycle by the Federal Reserve Board, especially if the

launching point is at a low level of rates, the equity market tends to perform well. In fact, it can take years for the market to succumb for an extended period after the onset of a tightening cycle.

Though valuations start the year at a fairly high level, they are not yet at the point where we get especially nervous. For example, while the price/earnings ratio (P/E) of the S&P 500 on forecast earnings is in the high teens, versus an average over many decades in the mid-teens, it's really a P/E above 20 that is associated with well below average returns over the next 12 months.

Though valuations may actually fall a bit this year as interest rates rise, corporate earnings are likely to increase enough to compensate for the downward pressure this would cause in stock prices. The global economy is now strong enough to support higher profits, especially in the U.S., where growth is stronger and President-elect Trump is likely to sign large infrastructure projects into law, all the

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while using carrots and sticks to encourage American corporations to repatriate profits and increase investment in this country.

Investor sentiment is also in the market's favor. Investors have recently become more bullish on the market, which may translate into stronger flows into mutual funds, exchange traded funds and individual stocks. If and when such sentiment gets to an extreme, we'll view it as a contrary indicator suggesting that more caution is warranted. For now, though, our experience tells us it would be better to ride the optimistic trend.

None of this is to suggest an overly optimistic view. We do not ex-

pect huge total returns in 2017. Valuations are not low enough, and neither are corporate earnings likely to increase enough, for that. However, we certainly believe that a portfolio including a diversified portfolio of equity investments, as well as a smattering of fixed income funds sensitive to credit quality, not interest rates, is likely to perform much better than an all-cash or government bond-heavy portfolio this year.

To get started in any of our strategies, please call us at 866-575-5700, or send an email to info@salzingersheaffbrock.com. 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,

A handwritten signature in black ink, appearing to read 'Mark Salzinger'.

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. Clients or prospective clients are directed to SSB's Form ADV Part 2A or to one or SSB's representatives for individualized information prior to deciding to participate in any portfolio. SSB does not provide tax advice. Clients are strongly urged to consult their tax advisors regarding any potential investment.