

FEBRUARY 2021 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) and Closed-End Income. 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.

Salzinger Sheaff Brock	Jan. 2021	12 Months	3 Years	5 Years
Growth	-0.7%	23.0%	11.2%	14.9%
<i>Benchmark (90% Lipper Multi-cap Core/10% Lipper General Bond Fund)</i>	<i>0.2%</i>	<i>17.5%</i>	<i>7.2%</i>	<i>12.1%</i>
Growth & Income	-0.7%	17.4%	9.6%	12.8%
<i>Benchmark (75% Lipper Multi-cap Core/25% Lipper General Bond Fund)</i>	<i>0.2%</i>	<i>16.3%</i>	<i>7.3%</i>	<i>11.2%</i>
Conservative Balanced	-0.6%	12.1%	7.7%	10.3%
Closed-End Income	0.3%	6.1%	6.6%	10.6%
<i>Benchmark (60% Lipper Multi-cap Core/40% Lipper General Bond Fund)</i>	<i>0.1%</i>	<i>14.8%</i>	<i>7.3%</i>	<i>10.2%</i>
Retirement Income	-0.7%	5.2%	5.0%	8.1%
<i>Benchmark (50% Lipper Multi-cap Core/50% Lipper General Bond Fund)</i>	<i>0.1%</i>	<i>13.7%</i>	<i>7.2%</i>	<i>9.6%</i>
Index				
S&P 500	-1.0%	17.3%	11.7%	16.2%
Russell 3000 &&	-0.4%	20.5%	12.4%	16.7%
Russell 2000 ##	5.0%	30.2%	11.1%	16.5%
FTSE Global All Cap X-US@@	0.2%	14.9%	3.5%	11.0%
Barclays Aggregate Bond	-0.7%	4.7%	5.5%	4.0%
Mutual Fund/ETF Comparisons				
Vanguard LifeStrategy Growth &	-0.3%	15.9%	8.2%	12.2%
Vanguard LifeStrategy Moderate Growth #	-0.4%	13.1%	7.7%	10.2%
Vanguard LifeStrategy Conservative Gr @	-0.5%	10.1%	7.0%	8.2%
Vanguard LifeStrategy Income ^	-0.6%	7.0%	6.2%	6.1%

Through 1-31-2021. PLEASE SEE IMPORTANT DISCLAIMER ON BACK. Returns over 12 months annualized. Notes: &&A benchmark for the entire U.S. stock market, ##Small-cap stocks. @@ Foreign stocks, including developed foreign countries and emerging markets. Style Comparisons: &A good comparison for SSB Growth and SSB Growth & Income. #A slightly lower risk comparison for SSB Growth & Income. @A good comparison for Salzinger Sheaff Brock, LLC (SSB) Conservative Balanced. ^A good comparison for SSB Retirement Income. Composites include all fully discretionary, management fee-paying 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 maximum management fees and all trading expenses, and the reinvestment of all income. Net-of-fee performance was calculated using maximum 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. Securities mentioned in this report may be owned by clients and employees of SSB. Past performance is not indicative or a guarantee of future results (continued on back).

Our composites lagged their benchmarks in January but lost less than the S&P 500. On one hand, our below-average weightings in international stocks but especially ‘value’ stocks hurt us versus our blended benchmarks. On the other hand, our weightings in midsize and small stocks helped us versus the S&P 500. Regardless, one month doesn’t matter much. Over longer periods, our equity-heavy Growth and majority-equity Growth & Income accounts (generally within the range of 70% to 85% stocks) have been doing splendidly versus the benchmarks and even quite well versus the vaunted S&P 500, while our more conservative accounts also have been performing acceptably, in my opinion.

Regarding the economy and the stock market, there’s plenty of good news out there if one is inclined to look for it. For example, the ‘goods’ side of the economy, including retail sales, has rebounded strongly from levels of recent months, let alone last March & April, for example. (The services side is still lagging, which makes sense.) The vaccines against COVID-19 appear to be working well so far. In Israel, where about 80% of folks at least 60 years of age already have received two doses of the Pfizer vaccine, transmission rates of the virus have slowed so much that the government is reopening much of the economy. Even just one dose of the vaccine seems to be effective in a strong majority of cases. Meanwhile, Johnson & Johnson’s one-shot vaccine had good trial results, is relatively easy to store and is likely to be ap-

proved by the FDA and widely distributed by the end of March.

According to the CDC, the numbers of new COVID-19 cases and hospitalizations have been dropping in the U.S., even though we are nowhere near as far along as Israel in the vaccination process. As of Feb. 18, 57.7 million vaccine doses had been administered in the U.S. (about 15% of the population), though only about 16 million people had received the two doses of the Pfizer or Moderna vaccines. Thankfully, the CDC also reports that since a peak of about 315,000 new cases reported on Jan. 8, 2021, reported new cases have dropped to about 69,000 as of Feb. 17. Combined with natural immunity from those who have recovered from COVID-19, in the not-too-distant future enough Americans will likely have been vaccinated to allow us to return to substantial in-person economic activity.

The expectation of this pushed value stocks ahead of ‘growth’ in January. Though the latter rallied back the first three weeks of February, in the past couple of days the style has been rocked. We agree, in fact, that if COVID-19 appears effectively vanquished as a public-health crisis, economically sensitive value stocks, including financial services, energy, industrials, commodities, consumer discretionary, etc. will likely outpace growth stocks for a time. The advantage for value will be assisted, as well, by increases in longer-term interest rates associated with a recovering economy and increases in inflationary expectations.

Continued on back

For the long run, however, the trends favoring growth are so strong that the style is likely to reassert itself before too long, especially if recent pandemic-accelerated habits have essentially become ingrained among younger folks.

I continue to maintain slightly higher cash cushions than normal in many accounts. I'm relatively cautious now, as I feel that after two years of very strong performance, much of what one would like to own for the long term is expensive.

Additionally, I have been diversifying some existing accounts a bit while engaging in more diversification than usual in new accounts. In recent weeks, for example, I have increased exposure modestly to midsize value stocks by purchasing shares of funds that struggled somewhat along with their investment area in 2020 but are led by managers with excellent long-term

risk-adjusted returns. I've also been increasing exposure to Treasury Inflation Protection Securities funds, which traditionally have provided diversification versus equities as well as protection against increasing inflation. And, for the first time in more than a decade, I have added some exposure to gold in various accounts, through pure-play ETFs for the precious metal. I think it's a decent bet that the increased money supply in the U.S. will lead to more dollar weakness and advancements, even if modest, in the price of gold.

In conclusion, allow me to repeat something I wrote last month: As an investment adviser who cares about risk as well as return, I want to balance the accounts such that they reflect the possibility both of a potentially prosperous future and a more difficult 2021 than the market seems to expect.



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For more information on our strategies, call us at 866-575-5700, or send an email to info@salzingersheaffbrock.com. We look forward to hearing from you!

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

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 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). 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 FTSE Global All Cap X-US is an equity index which captures most of the world's stocks ex-US. 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.