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%**
Benchmark (90% Lipper Multi-cap Core/10% Lipper General Bond Fund)	*0.2%*	*17.5%*	*7.2%*	*12.1%*
Growth & Income	**-0.7%**	**17.4%**	**9.6%**	**12.8%**
Benchmark (75% Lipper Multi-cap Core/25% Lipper General Bond Fund)	*0.2%*	*16.3%*	*7.3%*	*11.2%*
Conservative Balanced	**-0.6%**	**12.1%**	**7.7%**	**10.3%**
Closed-End Income	**0.3%**	**6.1%**	**6.6%**	**10.6%**
Benchmark (60% Lipper Multi-cap Core/40% Lipper General Bond Fund)	*0.1%*	*14.8%*	*7.3%*	*10.2%*
Retirement Income	**-0.7%**	**5.2%**	**5.0%**	**8.1%**
Benchmark (50% Lipper Multi-cap Core/50% Lipper General Bond Fund)	*0.1%*	*13.7%*	*7.2%*	*9.6%*
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 approved 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.

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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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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