

JUNE 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	8.9%	15.9%	7.3%	12.6%
<i>Benchmark (90% Lipper Multi-cap Core/10% Lipper General Bond Fund)</i>	9.7%	16.3%	5.3%	11.2%
Growth & Income	8.0%	13.9%	6.6%	11.1%
<i>Benchmark (75% Lipper Multi-cap Core/25% Lipper General Bond Fund)</i>	8.6%	14.4%	4.9%	9.9%
Conservative Balanced	6.7%	11.4%	5.6%	8.6%
<i>Benchmark (60% Lipper Multi-cap Core/40% Lipper General Bond Fund)</i>	7.6%	12.5%	4.5%	8.5%
Closed-End Income	11.1%	16.1%	N/A	N/A
ETF Option Income	6.3%	N/A	N/A	N/A
Retirement Income	5.5%	10.2%	5.0%	7.4%
<i>Benchmark (50% Lipper Multi-cap Core/50% Lipper General Bond Fund)</i>	6.9%	11.3%	4.2%	7.6%
Alternative	10.1%	12.6%	-0.6%	2.4%
<i>Benchmark (50% GSCI/50% Lipper Emerging Market Fund)</i>	3.9%	9.0%	-11.4%	-4.0%
Index				
S&P 500	8.7%	17.5%	10.1%	15.4%
Russell 3000 &&	8.0%	17.7%	9.7%	15.2%
Russell 2000 ##	1.5%	20.4%	8.0%	14.0%
MSCI EAFE @@	14.0%	16.4%	1.5%	10.2%
MSCI Emerging Markets	17.3%	27.4%	1.6%	4.5%
Barclays Aggregate Bond	2.4%	1.6%	2.5%	2.2%
Mutual Fund/ETF Comparisons				
Vanguard LifeStrategy Growth &	8.7%	14.5%	6.2%	10.9%
Vanguard LifeStrategy Moderate Growth #	7.0%	11.2%	5.4%	8.8%
Vanguard LifeStrategy Conservative Gr @	5.2%	7.9%	4.6%	6.7%
Vanguard LifeStrategy Income ^	3.6%	4.7%	3.7%	4.5%
DB Commodity Index Tracking Fund !	-7.9%	-0.8%	-17.6%	-10.4%

YTD through 5/31/2017. 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)

While returning to my car the other day after shopping at a Whole Foods in Indianapolis with my 10-year-old son, I was approached by a television news crew, led by a pleasant reporter. She asked if I'd be willing to answer a few questions. Not wanting to disappoint her (or my obviously intrigued pre-teen), I said sure. She proceeded to ask me my opinion on the merger, especially what I thought would happen to price (lower), quality (same) and service (in-person and via drone), at Whole Foods, and how the merger would impact its many competitors among larger-scale grocers (badly). Upon seeing the broadcast clip, once I got past the fact that the television apparently adds 15 pounds to one's frame and 10 years to one's appearance, yet subtracts thousands of hairs from one's head, I thought I acquitted myself well. At least, my wife and kids told me I did, and if a husband and father has the approval of his wife and children, I'd say he's doing pretty well in life.

Though I didn't share these next thoughts with the television view-

ing audience, two seemingly contradictory insights have been paramount in my mind since the announced merger. On the one hand, we may be in an era in which the stronger companies continue to get stronger, while the weakest lag farther and farther behind. As Amazon has grown so fast both by expanding its older businesses while starting and nourishing new ones, its stock has become so valuable that it can easily purchase other companies to further extend its dominance in retail and even some other areas of the economy. If you are a broad-based retailer not named Amazon, your future seems murky, at best. If you are a grocer not named Whole Foods (and perhaps a couple of others), your outlook is bleak.

Of course, this has ramifications for investing. If I were primarily a picker of individual stocks, I would avoid the equities of department stores like Macys, Target, Kohls and Walmart, and grocers like Kroger and Wal-Mart (again). More broadly, this phenomenon impacts investment style: 'growth' versus 'value.' If the strong get stronger

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while the weak get weaker, growth stocks should outperform their value brethren, as it becomes increasingly difficult for any down-and-out company to bounce back into stronger competitive position.

On the other hand, companies tend to perform better when they “stick to their own knitting.” By all means, companies should look to improve their offerings and service, lower their operating costs, and adapt to new technologies and other developments. However, when companies branch out into areas in which they have little prior experience, bad things tend to happen and a lot of money can end up wasted. In fact, financial history suggests that companies with well-above average levels of cash tend to lack internal investment opportunities and eventually squander their good fortune on poor acquisitions, resulting in below-average appreciation going forward in the stock price.

Will this happen to Amazon.com? At \$13.7 billion, the cost of the Whole Foods purchase is minor for a company of Amazon’s size,

and I would surmise that the acquirer will continue to be a strong performer in the market, even considering its high current valuation (a forward price/earnings ratio of 65.2, according to Morningstar).

However, I would say instead of continuing to focus on the largest growth companies, investors also should consider investing more in mid- and small-cap growth stocks (in our case, funds and ETFs that invest in them). These are the stocks that are going to benefit the most from the ardor of bigger companies with the cash, stock or both to buy them out, often at hefty premiums to the current stock price.

Our accounts continue to perform acceptably, with especially compelling three- and five-year performances versus reasonable benchmarks and some Vanguard ‘equivalents’ in the fund world. 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,

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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