JUNE 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	May 2021	YTD	12 Months	3 Years	5 Years
Growth	**0.1%**	**7.7%**	**36.8%**	**15.3%**	**14.9%**
Benchmark (90% Lipper Multi-cap Core/10% Lipper General Bond Fund)	*1.6%*	*11.6%*	*42.1%*	*12.9%*	*12.9%*
Growth & Income	**0.2%**	**6.5%**	**30.8%**	**13.0%**	**12.7%**
Benchmark (75% Lipper Multi-cap Core/25% Lipper General Bond Fund)	*1.4%*	*9.5%*	*35.8%*	*12.0%*	*11.7%*
Conservative Balanced	**0.2%**	**5.3%**	**24.5%**	**10.5%**	**10.2%**
Closed-End Income	**1.6%**	**9.3%**	**28.4%**	**10.4%**	**9.9%**
Benchmark (60% Lipper Multi-cap Core/40% Lipper General Bond Fund)	*1.3%*	*7.4%*	*29.8%*	*11.0%*	*10.5%*
Retirement Income	**0.3%**	**3.8%**	**17.8%**	**7.3%**	**7.8%**
Benchmark (50% Lipper Multi-cap Core/50% Lipper General Bond Fund)	*1.1%*	*6.1%*	*25.8%*	*10.3%*	*9.6%*
Index					
S&P 500	0.7%	12.6%	40.3%	18.0%	17.2%
Russell 3000 &&	0.5%	12.3%	43.9%	18.0%	17.4%
Russell 2000 ##	0.2%	15.3%	64.6%	13.1%	16.0%
FTSE Global All Cap X-US@@	3.1%	10.6%	44.5%	9.4%	11.4%
Barclays Aggregate Bond	0.3%	-2.3%	-0.4%	5.1%	3.3%
Mutual Fund/ETF Comparisons					
Vanguard LifeStrategy Growth &	1.3%	8.7%	33.7%	12.7%	12.6%
Vanguard LifeStrategy Moderate Growth #	1.0%	5.8%	24.5%	10.8%	10.3%
Vanguard LifeStrategy Conservative Gr @	0.7%	3.0%	15.8%	8.9%	8.0%
Vanguard LifeStrategy Income ^	0.5%	0.2%	7.5%	6.8%	5.6%

Through 5-31-2021. 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).

The stock market rose a bit in May. In a bit of a reverse from April (but a continuation of the trend since late last year), 'value' stocks led the way higher, while broad portfolios of growth stocks actually produced losses. In terms of size, large stocks were best, as the Russell 2000 small company stock index produced only a minimal gain. By a substantial margin, broad indexes of foreign stocks outpaced the U.S.

I wrote in last month's edition of this letter that while I thought value would continue leading growth for the time being, I didn't think the value trade would last for much longer, and that therefore I had no plans to adjust the accounts more toward the value style. So far, during the first three weeks or so of June, it's a good thing I listened to my portfolio management voice instead of the part of my brain that picks investment styles for the very short term.

For the first three-plus weeks of June, growth is crushing value. Case in point: the Russell 1000 Growth Index is up about 5% so far for the month, while the Russell 1000 Value is down about 1%.

Besides a simple correction in a trend that might have gotten ahead of itself, the change in fortune between the two styles likely launched because of announced changes mid-month, even subtle ones, in the views of the Federal Reserve Board. Though the Fed isn't changing its easy money policies, including rock-bottom short-term interest rates and the buying of $120 billion per month of Treasury and government-backed mortgage-backed securities, more of its voting members think these policies will be amended by the end of 2022 than they did previously, when most thought they wouldn't change until, say, the end of 2023. And, while maintaining its position that the recent dramatic increases in prices will prove to be just a temporary phenomenon, at least the Fed recognized that inflation this year is likely to turn out higher than its previous forecast; instead of a projected annual increase of 2.4% in the Personal Consumption Expenditures Index, the Fed now projects a reading of 3.4%.

I think the Fed is being too sanguine about the potential duration of higher inflation than we've been used to over the past several decades. It looks to me as if several factors have emerged that argue for inflation's continuing to register in at least the 3% to 4% range for quite some time. One of those is old-fashioned wage and price inflation. For various reasons, including societal pressure, a significant increase in early retirements throughout the labor force and government transfer payments that discourage work, many large employers have implemented minimum wages of $15 per hour for their own corporations. In fact, $15 is fast becoming the unofficial floor throughout the economy. As this makes lower-skilled employees more expensive, it increases the power of higher-skilled employees to demand higher compensation for themselves. To maintain profit margins, many employers will raise prices in turn.

While the Fed appears to recognize these inflationary phenomena, most of its members apparently think they will be reversed once

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global vaccination efforts against COVID-19 reach the critical mass necessary to tamp out the disease and allow everyone who wants to work to do so, enabling supply to catch up to demand. Here's where we disagree, at least to some extent. I think American society at least has changed enough and federal government policy is such that demand in the economy will easily outstrip supply for more than just the next six months or so. If I'm right, above-target inflation will continue into next year, and possibly beyond, until the authorities change course.

Now, back to the market. Despite not actually changing policy, the Fed's updated projections and opinions of its members represented a less friendly posture for economic stimulus and value stocks. Sensing that a change toward less monetary stimulus will come sooner than they had previously thought, investors sold value stocks, including financials, and bought some of the growth stocks that tend to outperform when economic growth decelerates. As most of our accounts have a modest-to-moderate tilt toward the growth style, they struggled relatively in May. Though I can never make any promises with regard to future performance, I hope my regulators won't mind if I write that relative performance for the first three weeks or so of June has been better.

An actual change in Fed policy is still likely many months away. As such, I think the stock market is more likely to be higher a year from now than it is to be lower. Therefore, we are generally maintaining relatively healthy equity allocations, though certainly keeping risk levels close to mind for virtually all accounts.

For more information or to get started in any of our strategies, please call or email us; contact information is below.

Thank you, in advance, for your interest!

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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

Mark Salzinger
Chief Investment Officer and Portfolio Manager