JULY 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	2nd Qtr.	YTD	One Yr	Three Yrs	Five Yrs
Growth	**3.8%**	**10.0%**	**17.7%**	**6.8%**	**12.1%**
Benchmark (90% Lipper Multi-cap Core/10% Lipper General Bond Fund)	*4.2%*	*10.4%*	*18.3%*	*5.0%*	*10.5%*
Growth & Income	**3.5%**	**8.9%**	**15.0%**	**6.2%**	**10.6%**
Benchmark (75% Lipper Multi-cap Core/25% Lipper General Bond Fund)	*3.8%*	*9.3%*	*15.7%*	*4.7%*	*9.3%*
Conservative Balanced	**3.1%**	**7.4%**	**11.8%**	**5.3%**	**8.2%**
Benchmark (60% Lipper Multi-cap Core/40% Lipper General Bond Fund)	*3.5%*	*8.2%*	*13.2%*	*4.3%*	*8.1%*
Closed-End Income	**5.2%**	**11.7%**	**16.0%**	**N/A**	**N/A**
ETF Option Income	**2.9%**	**8.7%**	**12.6%**	**N/A**	**N/A**
Retirement Income	**2.6%**	**6.1%**	**10.1%**	**4.7%**	**7.0%**
Benchmark (50% Lipper Multi-cap Core/50% Lipper General Bond Fund)	*3.2%*	*7.4%*	*11.5%*	*4.0%*	*7.3%*
Alternative	**2.2%**	**10.3%**	**9.8%**	**-1.2%**	**1.8%**
Benchmark (50% GSCI/50% Lipper Emerging Market Fund)	*0.0%*	*3.4%*	*6.0%*	*-12.3%*	*-4.7%*
Index					
S&P 500	3.1%	9.4%	17.9%	9.6%	14.6%
Russell 3000 &&	3.0%	8.9%	18.5%	9.1%	14.6%
Russell 2000 ##	2.4%	4.8%	24.1%	6.9%	13.2%
MSCI EAFE @@	6.1%	13.8%	20.3%	1.2%	8.7%
MSCI Emerging Markets	6.3%	18.4%	23.8%	1.1%	4.0%
Barclays Aggregate Bond	1.4%	2.3%	-0.3%	2.5%	2.2%
Mutual Fund/ETF Comparisons					
Vanguard LifeStrategy Growth &	3.5%	9.3%	14.9%	5.7%	10.3%
Vanguard LifeStrategy Moderate Growth #	3.0%	7.4%	10.9%	5.1%	8.3%
Vanguard LifeStrategy Conservative Gr @	2.3%	5.5%	7.0%	4.3%	6.3%
Vanguard LifeStrategy Income ^	1.7%	3.6%	3.2%	3.5%	4.3%
DB Commodity Index Tracking Fund !	-5.0%	-8.8%	-5.9%	-18.4%	-10.9%

YTD through 6/30/2017. 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)*

At first glance, the U.S. financial markets would seem to suggest a modern, macroeconomic tale of two cities. While robust returns so far this year in the stock market suggest that the economy is growing strongly, lower yields and increased prices of long-term, high-quality bonds suggest the economy is weakening, and that even a recession may be around the corner.

I believe the answer is somewhere in the middle. On the plus side, an uptick in growth in many major overseas economies should have a modestly positive impact on our own economy as demand increases for American exports. Also, employment is up and wages are starting to pick up, which should put more money into the hands of folks who will devote a substantial portion of their slightly larger financial resources to spending.

On the other hand, the subpar performance so far this year of small-cap value stocks (the most economically cyclical segment of the U.S. market), combined with the leading performance of mega-cap growth stocks, suggests that investors, at least, don't expect the U.S. economy to lift all boats for the time being. In fact, the performance disparity between these groups is among the largest it has been in years, with the **Vanguard Small-Cap Value** ETF (VBR) up only 3.3% year-to-date through July 16, versus 18.1% for the same firm's **Mega-Cap Growth** ETF (MGK).

It's worth noting that the performance disparity so far this year between small value and large growth reverses the performance in 2016, when small-cap value led the market and large, so-called blue-chip growth companies struggled to make any gains at all. Nevertheless, it seems clear that investors, optimistic last year on the strength of the country's near-term economic future, believe their expectations have not been met yet.

In fact, weighing more data, it seems to me that the economy is growing at a modest pace, perhaps a real annualized rate of about 2.0%. One interesting indicator of this is that tax

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revenue to the federal government was up 3.75% in the first half of calendar 2017 versus the same period last year, reflecting this modest level of growth plus the progressivity of our income tax code. Federal tax laws (mainly rates) basically haven't changed this year, so if the economy were very strong, the increase in revenue would be higher; however, if it were weak, the increase would be even smaller. Also, investments tied to industrial metals have done all right so far this year, suggesting reasonable demand. Case in point: the **PowerShares Base Metals** ETF (DBB) gained 9.8% in the year's first half, slightly outpacing the S&P 500.

Assuming we're correct, what does this mean about the stock market? In the broad sense, it means pretty good things. The economy seems good enough to support moderate growth in corporate earnings and cash flows, yet not hot enough to produce substantial inflation. In turn, this should temper the temptation of the Federal Reserve Board to tighten credit via various measures, including the raising of short-term interest rates.

It also suggests that investors would benefit from a modest tilt toward growth stocks and away from value, especially highly cyclical and tiny stocks that need an exuberant economy to thrive. However, financially strong companies with somewhat depressed stock prices but at least partial control over their own destinies should be able to perform acceptably, while providing diversification in case the prices of growth stocks get ahead of themselves.

Our accounts continue to perform well, 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