

JULY 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 | June 2021 | YTD | 12 Months | 3 Years | 5 Years |
|---|-------------|--------------|--------------|--------------|--------------|
| Growth | 2.7% | 10.6% | 36.9% | 16.2% | 15.7% |
| <i>Benchmark (90% Lipper Multi-cap Core/10% Lipper General Bond Fund)</i> | <i>0.8%</i> | <i>12.5%</i> | <i>38.9%</i> | <i>13.5%</i> | <i>13.3%</i> |
| Growth & Income | 2.2% | 8.8% | 30.9% | 13.7% | 13.2% |
| <i>Benchmark (75% Lipper Multi-cap Core/25% Lipper General Bond Fund)</i> | <i>0.9%</i> | <i>10.5%</i> | <i>32.8%</i> | <i>12.6%</i> | <i>12.0%</i> |
| Conservative Balanced | 1.8% | 7.2% | 24.8% | 11.1% | 10.5% |
| Closed-End Income | 1.8% | 11.2% | 29.5% | 11.0% | 10.1% |
| <i>Benchmark (60% Lipper Multi-cap Core/40% Lipper General Bond Fund)</i> | <i>1.0%</i> | <i>8.5%</i> | <i>27.0%</i> | <i>11.6%</i> | <i>10.7%</i> |
| Retirement Income | 1.3% | 5.2% | 18.2% | 7.8% | 7.9% |
| <i>Benchmark (50% Lipper Multi-cap Core/50% Lipper General Bond Fund)</i> | <i>1.0%</i> | <i>7.1%</i> | <i>23.2%</i> | <i>10.9%</i> | <i>9.8%</i> |
| Index | | | | | |
| S&P 500 | 2.3% | 15.3% | 40.8% | 18.7% | 17.7% |
| Russell 3000 && | 2.5% | 15.1% | 44.2% | 18.7% | 17.9% |
| Russell 2000 ## | 1.9% | 17.5% | 62.0% | 13.5% | 16.5% |
| FTSE Global All Cap X-US@@ | -0.6% | 9.9% | 37.6% | 9.9% | 11.6% |
| Barclays Aggregate Bond | 0.7% | -1.6% | -0.3% | 5.3% | 3.0% |
| Mutual Fund/ETF Comparisons | | | | | |
| Vanguard LifeStrategy Growth & | 1.2% | 9.9% | 31.9% | 13.2% | 12.8% |
| Vanguard LifeStrategy Moderate Growth # | 1.1% | 6.9% | 23.1% | 11.3% | 10.4% |
| Vanguard LifeStrategy Conservative Gr @ | 1.0% | 4.0% | 14.9% | 9.2% | 7.9% |
| Vanguard LifeStrategy Income ^ | 0.8% | 1.0% | 7.0% | 7.1% | 5.4% |

Through 6-30-2021. PLEASE SEE IMPORTANT DISCLAIMER ON BACK. Returns over 12 months annualized. Notes: && 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).

Though the U.S. stock market rose in May, foreign markets fell. The biggest culprit among the foreign markets has been China, the equity market of which has been battered by threats of increased governmental control over the economy and especially some of the country's most successful companies. As I write this the last week of July, the **iShares China Large-Cap** ETF (FXI), which we do not have in accounts now but that we've held here and there in the past, was down 12.5% year to date through July 26 and is down another 5% or so the morning of July 27, for a total downturn approaching 17.5%.

Though the accounts include no pure exposure to Chinese equities, they do include various funds that include some within diversified portfolios. These include funds with designated exposure to foreign stocks, especially the international and global stock funds we hold, but also U.S. large-cap growth funds, which, while focused on large, fast-growing American companies, also own stocks with similar characteristics located overseas (perhaps 5% or so in Chinese equities, typically).

Among the funds we include in various accounts, **Vanguard International Growth** (VWILX) devotes the largest percentage to Chinese equities—about 17% of assets as of June 30. No surprise, then, that this fund is our worst performer so far this year, with gains through June 30 and July 26 of 6.4% and 4.6%, respectively, as the fund has dropped 1.8% over the past four weeks even while the U.S. market has continued its strong performance.

It's worth noting that even with 17% of its assets in a market that has dropped about 17.5% year to date, VWILX is still up for the year. This is, of course, a testament to the stock picking acumen of the multiple managers who run this fund. It's also more proof, if any is needed, that especially when investing internationally, diversification by country is essential.

Despite the problems in the U.S., and there are many, it's still the best place to invest in the world. While other countries may have better prospects for growth, no other country combines at least decent prospects for growth with a stable political and regulatory environment (yes, still!) and generally shareholder-friendly managements.

This is why I have “overweighted” the U.S. in client accounts for virtually the entire time Salzinger Sheaff Brock has been in business. While foreign stock markets account for more than 40% of the world's market capitalization, the highest percentage we have in any account is about half that, at most. Additionally, about half the foreign exposure we do include is in funds (from Grandeur Peak Global, Artisan Partners and Wasatch Funds) that emphasize small and midsize companies, which, even if located in China in a few cases, are hopefully not large enough to attract much attention from the country's regulators.

Continued on back

The other three big issues impacting the markets now are the spread of the Delta variant of COVID-19, inflation and interest rates. When it comes to the latter two issues, something strange is going on: inflation numbers are high, but interest rates have been falling. In part, this is due to the fact that despite current numbers on prices, expectations for future inflation have been falling. The question is, why?

It might be related to Delta, specifically, the increasing chance that faced with a variant of COVID-19 that is highly dangerous to unvaccinated individuals and even mildly so to those who are vaccinated, governments around the world will institute shut-downs to slow the spread, obviously hitting the economy. If this does indeed happen, inflation probably will dissipate as demand drops. At the same time, with the Chinese government seemingly coming down hard on some of its most dynamic companies, global investors are

looking to U.S. capital markets, including the bond market, to invest more of their capital for safe keeping. In other words, a flight to safety is tamping down U.S. interest rates, once again, even while the levels are extraordinarily low anyway thanks to the Federal Reserve Board.

With interest rates falling, COVID fears rising, an economy that might not rebound as much and inflation expectations falling, growth stocks should outshine value. Our client accounts have both types of course, but are still modestly to moderately tilted toward growth.

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!



8801 River Crossing Blvd.
Suite 100
Indianapolis, Indiana 46240
salzingersheaffbrock.com
866-575-5700

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.