

AUGUST 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	July 2017	YTD	One Yr	Three Yrs	Five Yrs
Growth	1.9%	12.2%	15.1%	8.2%	12.3%
<i>Benchmark (90% Lipper Multi-cap Core/10% Lipper General Bond Fund)</i>	2.4%	13.0%	16.5%	6.4%	10.7%
Growth & Income	1.7%	10.8%	12.9%	7.4%	10.7%
<i>Benchmark (75% Lipper Multi-cap Core/25% Lipper General Bond Fund)</i>	2.1%	11.6%	14.2%	5.9%	9.4%
Conservative Balanced	1.4%	9.0%	10.5%	6.3%	8.2%
<i>Benchmark (60% Lipper Multi-cap Core/40% Lipper General Bond Fund)</i>	1.8%	10.1%	11.8%	5.3%	8.1%
Closed-End Income	2.7%	14.7%	14.5%	N/A	N/A
ETF Option Income	1.2%	10.0%	12.6%	N/A	N/A
Retirement Income	1.2%	7.4%	8.9%	5.7%	6.9%
<i>Benchmark (50% Lipper Multi-cap Core/50% Lipper General Bond Fund)</i>	1.6%	9.2%	10.3%	4.9%	7.3%
Alternative	2.3%	12.8%	8.7%	0.1%	2.0%
<i>Benchmark (50% GSCI/50% Lipper Emerging Market Fund)</i>	4.9%	8.5%	14.1%	-10.1%	-4.5%
Index					
S&P 500	2.1%	11.6%	16.1%	10.9%	14.8%
Russell 3000 &&	1.9%	11.0%	16.1%	10.5%	14.8%
Russell 2000 ##	0.7%	5.8%	18.5%	9.9%	14.2%
MSCI EAFE @@	2.9%	17.1%	17.8%	2.8%	9.1%
MSCI Emerging Markets	6.0%	25.5%	24.9%	2.4%	4.8%
Barclays Aggregate Bond	0.4%	2.7%	-0.5%	2.7%	2.0%
Mutual Fund/ETF Comparisons					
Vanguard LifeStrategy Growth &	2.1%	11.6%	13.4%	7.0%	10.5%
Vanguard LifeStrategy Moderate Growth #	1.6%	9.2%	9.7%	6.1%	8.5%
Vanguard LifeStrategy Conservative Gr @	1.3%	6.8%	6.1%	5.0%	6.4%
Vanguard LifeStrategy Income ^	0.8%	4.4%	2.5%	3.9%	4.2%
DB Commodity Index Tracking Fund !	4.1%	-5.1%	5.3%	-15.9%	-11.2%

YTD through 7/31/2017. 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. 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 SSB. **Past performance is not indicative or a guarantee of future results and investors may experience a loss.** (continued on back)

We invest client assets across many types of investments, not only in U.S. equities or U.S. bonds. While U.S. stock and bond funds and ETFs form the cores of most of the accounts we manage, we also invest in funds for foreign equities, foreign bonds and sometimes closed end funds and even low-risk options strategies. However, compared to most other asset allocators with a global mindset, our portfolios currently devote less to foreign investments, especially foreign equities.

For example, a typical global equity fund might have 50% to 60% in U.S. equities and most of the remainder in foreign ones. **Vanguard Total World Stock Market Index** fund (VTWSX), a market-capitalization weighted, all-capitalization index fund designed to mimic the performance of the FTSE Global All-Cap Index (7,400 stocks representing companies in 47 countries, including developed and emerging markets), currently devotes 52% to U.S. equities and the remainder overseas. **Vanguard Target Retirement 2055 Fund** (VFFVX), designed for investors expecting to retire from the workforce in 2055 or thereabouts, devotes 40% of its total equity position of 90% to global equities, and an additional three percentage points to international bonds.

By contrast, a typical SSB Growth or Growth & Income account currently devotes between 10 and 15 percentage points to foreign equities, either through pure foreign stock funds or global equity funds, and only a smidgen, if anything, to foreign bonds. This significant ‘underweight’ aided the relative performances of our accounts for much of this decade. For example, the all-equity Vanguard Total World Stock Market Index and 90%-equity Target Retirement 2055 funds produced annualized gains over the five-year period ended July 31, 2017, of 11.3% and 11.5%, respectively, less than the 12.3% annualized gain for the size-weighted composite of our SSB Growth accounts, despite the cost advantages of the Vanguard funds (because we must charge management fees to make a living).

Year to date through July, the MSCI EAFE of foreign developed markets and the MSCI Emerging Markets index are up strongly—17.1% and 25.5%, respectively, vs. about 11% for the U.S. equity market. Given this huge performance disparity, one would expect the aggressive, global Vanguard funds to be creaming our accounts so far this year. However, while they are beating us during this short period, they aren't doing so by much, especially in the case of Target Retirement 2055. Total World Stock, up 14.6% year to date, is beating our

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Growth composite by 2.3 percentage points, while Target Retirement 2055 is doing so by only one half a percentage point, due almost totally to expenses. Compensating for our low allocation to foreign equities, we've held our own this year through a moderate bias toward the 'growth' style of investing, as well as some good selections among actively managed funds generally.

While I might increase the allocations to foreign investments if I judged them severely undervalued, on a long-term, so-called secular basis I intend to underweight them versus most of my competitors. The reason: I simply believe that the U.S. is a better place in which to invest than most of the rest of the world. Whatever our current problems, this country continues to have so many advantages. First among these might be economic growth, which is related to demographics. While Japan and much of Europe is likely to see stagnation or even decline in population over the next several decades, the U.S. Census Department estimates that the U.S. population will increase by 100 million people by 2061, providing both new customers for domestically focused companies as well as

a greater likelihood of new, innovative companies being created in the first place. The economies of countries with aging, declining populations tend not to grow much, if at all. Also, the U.S. continues to be the prime place where upstarts change the world by disrupting the status quo and becoming enormous companies in a very short period of time. Of course, these companies exist in other countries, too—China, India and even Israel come to mind, just to name a few—but they seem relatively few in much of Europe, for example. And, despite our current political and social problems, the U.S. remains a rock in a world of upheaval, with widespread faith in representative government, independent judiciary and monetary authorities, and relatively corruption free armed services and police forces. You can't say that about many emerging market countries, for example.

We would love to work with you to help achieve your financial goals. 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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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 GSCI commodity indexT 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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