

OCTOBER 2023 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	Sep 2023	YTD	1 Year	3 Years	5 Years	10 Years	Inception
Growth - Inception 2/1/2010	-4.15	6.47	13.71	3.37	5.60	7.82	9.46
Benchmark (90% Lipper Multi-cap Core/10% Lipper General Bond Fund)	-3.66	7.31	17.80	5.91	5.39	6.59	7.93
Growth & Income - Inception 9/1/2009	-3.51	6.07	12.12	2.69	4.67	6.76	8.58
Benchmark (75% Lipper Multi-cap Core/25% Lipper General Bond Fund)	-3.37	6.22	15.35	4.54	4.91	5.98	7.31
Conservative Balanced - Inception 10/1/2009	-2.76	4.79	10.23	1.89	3.58	5.43	6.39
Benchmark (60% Lipper Multi-cap Core/40% Lipper General Bond Fund)	-3.08	5.29	13.13	3.20	4.39	5.32	6.40
Closed-End Income - Inception 10/1/2014	-3.12	2.27	9.13	2.01	2.72	--	3.90
First Trust Closed-End Fund Composite Total Return*	-4.57	0.95	7.21	1.67	1.62	--	3.25
Retirement Income - Inception 11/1/2010	-2.62	3.96	9.35	0.93	2.03	4.16	4.91
Benchmark (50% Lipper Multi-cap Core/50% Lipper General Bond Fund)	-2.89	4.59	11.53	2.26	3.97	4.85	5.54
Index							
S&P 500	-4.77	13.07	21.62	10.15	9.92	11.91	-
Russell 3000	-4.76	12.39	20.46	9.38	9.14	11.28	-
Russell 2000	-5.89	2.54	8.93	7.16	2.40	6.65	-
FTSE Global All Cap X-US	-3.10	5.79	20.79	4.45	3.17	4.02	-
Barclays Aggregate Bond	-2.54	-1.21	0.64	-5.21	0.10	1.13	-
Mutual Fund/ETF Comparisons							
Vanguard LifeStrategy Growth &	-3.84	7.42	16.25	4.63	5.36	7.00	-
Vanguard LifeStrategy Moderate Growth #	-3.43	5.56	12.37	2.25	4.15	5.66	-
Vanguard LifeStrategy Conservative Gr @	-2.99	3.73	8.53	-0.12	2.89	4.25	-
Vanguard LifeStrategy Income ^	-2.60	1.84	4.72	-2.53	1.50	2.76	-

Through 9-30-2023. Returns over 12 months annualized. Performance data quoted represents past performance. Past performance does not guarantee future results and there is a risk of loss of all or part of your investment. Salzinger Sheaff Brock, LLC (“SSB”), is a federally registered investment adviser founded in 2009. Performance presented are time-weighted returns. Valuations and performance is reported in U.S. dollars. Composite performance is presented on a net-of-fees basis and includes the reinvestment of income (dividends/interest). Net-of-fees returns are calculated by deducting a model management fee of 0.24%, ¼ of the highest annual management fee of 0.96%, from the quarterly gross composite return, applied the first month of each quarter. Actual advisory fees incurred by clients may vary. Composite performance consists of fully discretionary portfolios, including those accounts no longer with the firm. (continued on back).

The equity market had a tough September. While the S&P 500 fell 4.8%, the small-stock Russell 2000 index fared even worse, dropping 5.9%. Of course, the dispersion between the large-cap index, the returns of which are heavily influenced by those of its standout largest holdings, and the small caps is even starker year-to-date: the S&P 500 was up about 13% through September, while the Russell 2000 was up only 2.5%.

Broad indexes of foreign stocks produced gains between those of the S&P 500 and Russell 2000 in the first three quarters; the FTSE Global All-Cap x-US Index, for example, rose 5.8%. Meanwhile, damaged by rising interest rates, investment-grade bonds were down; the Bloomberg US Aggregate lost 1.2%, even factoring in the rising payouts from the bond market so far this year.

One of the culprits for all the bad markets lately continues to be rising interest rates. Since reaching a low of 3.3% in early April, the yield of the 10-year Treasury bond approached 5% by mid/late October. However, there’s a greater chance now that rates may not go up much more. As I wrote in last month’s letter (September, encompassing returns etc. through August), the historical record suggests that the 10-year Treasury bond typically yields about two percentage points more

than inflation. Therefore, if inflation were to settle at about the 3% level, it seems to me a 5% rate would be fair compensation for holding a 10-year Treasury bond.

The problem is, recently inflation has been higher than 3%. The Bureau of Labor Statistics announced on Oct. 12 that the Consumer Price Index for All-Urban Consumers rose 0.4% in September compared with August and at a 3.7% rate over the past 12 months. Meanwhile, the Producer Price Index, which purports to measure inflation at the wholesale level, is up less over the past 12 months but rose a considerable 0.5% in September versus August.

Though I, like Wall Street generally, believe the Fed will keep the rates under its control steady at its next meeting, the recent numbers on inflation have increased the odds of one more rate hike by the end of the year, and unless inflation renews its retreat, an additional hike at the beginning of 2024. Importantly, though a lot of investors appear to expect several rate cuts next year, I am not among them, not with unemployment, wages and consumer spending continuing to suggest a fairly strong economy.

Everything else equal, if I thought the Fed were going to cut

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rates several times next year, I would be more bullish than I am on equities. Instead, the accounts generally have neutral to modestly below average equity exposure, low exposure to longer-term bonds, some exposure to high-quality shorter-term bonds and Treasury Inflation Protection Securities, and much higher than usual weightings to money market and equivalent funds.

Also, as we are now in the fourth quarter, I have begun taking some losses for tax purposes in taxable accounts. I have also been reviewing all accounts with an eye toward changes where my opinions have evolved on the prospects of certain funds and fund companies over others.

Beyond these kinds of changes, I have been making subtle increases across some accounts in funds that invest in higher

-yielding stocks. When I look at the valuations of various parts of the market, I see a lot of dispersion across sectors and then even within sectors. In many cases, higher-yielding stocks have been hit and have somewhat attractive valuations. This suggests current prices could prove to be good entrance points.

Though Hamas is monstrous, and I feel deeply for the Israelis, war between the terrorist organization and Israel is unlikely to impact the financial markets unless it spreads much more widely.

To get more information on our strategies, please send an email to info@salzingersheaffbrock.com, or call us at 866-575-5700.

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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

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Indexes: Lipper Global Multi-Cap Core 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. 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. First Trust Composite Closed-End Fund Index is a capitalization weighted index designed to provide a broad representation of the US municipal, fixed income and equity closed-end fund universe. 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. Russell 2000 Index measures the performance of the small-cap segment of the US equity universe. Russell 3000 Index measures the performance of the largest 3,000 US companies. Bloomberg US Aggregate Index is 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). 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. Style Comparisons: & A comparison for SSB Growth and SSB Growth & Income. # A slightly lower risk comparison for SSB Growth & Income. @ A comparison for SSB Conservative Balanced. *A comparison for SSB Retirement Income. An index should only be compared with a mandate that has a similar investment objective. *Effective 10/31/22 the SSB Closed-End Income Composite changed the benchmark from 25% Lipper Global Multi-Cap Core Index/75% Lipper General Bond Index to the First Trust Composite Closed-End Fund Index.