OCTOBER 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	Sept. 2021	YTD	12 Months	3 Years	5 Years
Growth	**-4.1%**	**10.3%**	**25.4%**	**14.2%**	**14.5%**
Benchmark (90% Lipper Multi-cap Core/10% Lipper General Bond Fund)	*-4.1%*	*10.7%*	*26.8%*	*11.6%*	*11.8%*
Growth & Income	**-3.6%**	**8.6%**	**21.3%**	**12.0%**	**12.3%**
Benchmark (75% Lipper Multi-cap Core/25% Lipper General Bond Fund)	*-3.5%*	*9.0%*	*22.8%*	*11.0%*	*10.7%*
Conservative Balanced	**-3.0%**	**6.9%**	**17.1%**	**9.7%**	**9.7%**
Closed-End Income	**-2.2%**	**10.2%**	**22.5%**	**9.7%**	**8.7%**
Benchmark (60% Lipper Multi-cap Core/40% Lipper General Bond Fund)	*-3.0%*	*7.4%*	*18.9%*	*10.3%*	*9.6%*
Retirement Income	**-2.6%**	**4.9%**	**12.5%**	**6.5%**	**7.2%**
Benchmark (50% Lipper Multi-cap Core/50% Lipper General Bond Fund)	*-2.6%*	*6.3%*	*16.4%*	*10.0%*	*8.8%*
Index					
S&P 500	-4.7%	15.9%	30.0%	16.0%	16.9%
Russell 3000 &&	-4.5%	15.0%	31.9%	16.0%	16.9%
Russell 2000 ##	-3.0%	12.4%	47.7%	10.5%	13.5%
FTSE Global All Cap X-US@@	-3.1%	7.2%	25.7%	8.8%	9.6%
Barclays Aggregate Bond	-0.9%	-1.6%	-0.9%	5.4%	2.9%
Mutual Fund/ETF Comparisons					
Vanguard LifeStrategy Growth &	-3.5%	8.9%	22.5%	11.5%	11.6%
Vanguard LifeStrategy Moderate Growth #	-2.8%	6.2%	16.3%	10.0%	9.5%
Vanguard LifeStrategy Conservative Gr @	-2.3%	3.5%	10.3%	8.5%	7.3%
Vanguard LifeStrategy Income ^	-1.6%	0.8%	4.5%	6.7%	5.1%

Through 9-30-2021. 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 fell in September but rebounded in October. As always, the investment outlook is murky. On the positive side, daily COVID-19 cases in the U.S. have fallen from a near-term high of 277,000-plus on September 7, 2021, all the way down to below 100,000 by late October, and a high percentage of companies are reporting impressive earnings as the economy rebounds. On the other hand, even the Federal Reserve Board admitted in October that rather than ameliorating, the supply-chain problems throughout the economy are worsening, contributing to rising inflationary pressures and expectations. Meanwhile, as I write this the market is digesting the first published measure of the rate of annual growth of the most recent quarter’s Gross Domestic Product (GDP); coming in at just 2%, this was significantly below even reduced expectations, as lack of supply (for cars and other durables, for example) dampened consumer spending on goods, if not as much on services.

Though some might have expected the stock market to flounder on the day of the disappointing GDP news, instead it rallied strongly. In fact, the rally was strongest among small-cap shares, especially of the growth variety. Though this might seem perverse at first, it makes sense if you consider the following: slower-than-expected economic growth could lead to easier monetary policy from the Federal Reserve Board, which would work to the benefit of the value of companies expected to make a lot of money in the future but not necessarily that much today.

In any event, I think it’s a good thing if the Federal Reserve Board faces reality that the supply-chain problems and labor shortages currently plaguing the U.S. and global economy, along with potentially higher prices for oil & natural gas and higher inflation generally could be longer lasting than they’ve cared to admit for much of the past year or so. The more tied to reality the Fed is now, the more gradually it can accelerate its plans to taper its bond purchases, which are now expected to drop by $15 billion per month and end completely (at least for this cycle) by June, and the less likely it is to wait so long that faster, stronger medicine would be required to bring inflationary expectations to heel. (I think they’ve already waited too long, but better late than even later.)

Though I have no special information about the goings on in Washington, it seems obvious at this point that the ambitions of President Biden and the most “progressive” wing of the Democratic Party are being significantly scaled back in a late scramble to pass the more bipartisan “infrastructure” bill as well as the completely partisan reconciliation social policy/climate policy bill. In fact, it’s possible that one factor behind the stock market’s nice rebound so far in October has been the reporting from Washington that the increases in tax rates on income, capital gains and corporations are now off the table, while taxes being considered on billionaires seem gimmicky and may not pass constitutional muster anyhow. So, once again, whatever increase in government spending that becomes law will be

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financed mostly by borrowing. While as distasteful as this may seem to many of us regular folks outside the Washington bubble, large deficits have not historically been associated with poor performance from the stock market. It seems like Wall Street likes borrowing from our kids and grandkids to buy more stuff today, even if many of us hate the idea.

I think the odds favor the market's being a bit higher six months from today than it is now. Though I would place slightly better than even odds that 'value' stocks will outperform 'growth' during this time, for the longer term I prefer growth. One reason: various societal trends should work to the benefit of growth industries. Consider the scarcity of labor, for example. Companies will adjust by increasingly adopting software and other knowledge-intensive products to increase productivity, rather than simply trying to hire more people. By and large, the companies that will come up with these types of products and services are growth stocks.

Most of our client portfolios have 'neutral' allocations to conventional equities but relatively low allocations to conventional taxable bonds. Instead of the intermediate- and long-term Treasuries and investment-grade corporates, we have allocated considerable cash to Treasury Inflation Protection Securities (TIPS), floating-rate loan funds and credit-sensitive high-yield bond closed-end funds, all of which are doing much better than conventional bonds so far this year. Also, many accounts have positions in "market neutral" and/or hedged equity funds, which I hope can produce modest gains at low risk.

For more information or to get started in any of our strategies, 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

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