NOVEMBER 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	Oct. 2017	YTD	One Yr	Three Yrs	Five Yrs
Growth	**1.4%**	**16.4%**	**22.1%**	**8.5%**	**12.6%**
Benchmark (90% Lipper Multi-cap Core/10% Lipper General Bond Fund)	*1.7%*	*17.6%*	*21.2%*	*8.1%*	*10.6%*
Growth & Income	**1.3%**	**14.5%**	**18.8%**	**7.7%**	**10.9%**
Benchmark (75% Lipper Multi-cap Core/25% Lipper General Bond Fund)	*1.5%*	*15.4%*	*18.2%*	*7.2%*	*9.3%*
Conservative Balanced	**0.8%**	**11.8%**	**14.9%**	**6.5%**	**8.3%**
Benchmark (60% Lipper Multi-cap Core/40% Lipper General Bond Fund)	*1.2%*	*13.3%*	*15.1%*	*6.3%*	*8.0%*
Closed-End Income	**-0.5%**	**14.1%**	**15.6%**	**6.6%**	**N/A**
ETF Option Income	**0.0%**	**11.4%**	**14.6%**	**N/A**	**N/A**
Retirement Income	**0.6%**	**9.7%**	**12.5%**	**5.9%**	**6.9%**
Benchmark (50% Lipper Multi-cap Core/50% Lipper General Bond Fund)	*1.0%*	*11.9%*	*13.1%*	*5.7%*	*7.1%*
Alternative	**0.1%**	**14.6%**	**12.4%**	**2.1%**	**1.2%**
Benchmark (50% GSCI/50% Lipper Emerging Market Fund)	*3.2%*	*14.5%*	*16.0%*	*-5.9%*	*-4.0%*
Index					
S&P 500	2.3%	16.9%	23.6%	10.8%	15.2%
Russell 3000 &&	2.2%	16.4%	24.0%	10.5%	15.1%
Russell 2000 ##	0.9%	11.9%	27.9%	10.1%	14.5%
MSCI EAFE @@	1.5%	21.8%	23.4%	6.1%	8.5%
MSCI Emerging Markets	3.5%	32.3%	26.5%	5.7%	4.8%
Barclays Aggregate Bond	0.1%	3.2%	0.9%	2.4%	2.0%
Mutual Fund/ETF Comparisons					
Vanguard LifeStrategy Growth &	1.7%	15.9%	18.9%	7.7%	10.6%
Vanguard LifeStrategy Moderate Growth #	1.3%	12.5%	14.1%	6.5%	8.5%
Vanguard LifeStrategy Conservative Gr @	1.0%	9.1%	9.6%	5.2%	6.4%
Vanguard LifeStrategy Income ^	0.6%	5.9%	5.1%	3.9%	4.3%
DB Commodity Index Tracking Fund !	4.0%	1.1%	7.0%	-10.5%	-10.3%

YTD through 10/31/2017. 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 SBIA.* ***Past performance is not indicative or a guarantee of future results and investors may experience a loss.*** *(continued on back)*

I'm writing this monthly update a little later than usual this month. Thanksgiving has come and gone, and, despite the minimal trading the Friday after, the holiday did give me some time to pause and reflect on the financial year we've had so far. Of course, while conversation with family and friends happily revolved around the various activities and accomplishments of our children and their cousins, inevitably it ranged a bit toward financial matters, given that I'm the only 'investment professional' in the family.

Though approached in various ways, the main financial concern this visit with extended family and friends was the same as it has virtually always been over the past seven or eight years: that the stock market may be exuberantly expensive, and therefore due for a significant fall—maybe even a bear market decline on the order of 10%, 20% or more.

At the risk of kissing away the conclusion too soon, let me say that no, I do not think a big downward move is right around the corner for the stock market. Of course, it's possible, but so are many other outcomes, including (believe it or not) a strong return over the next six to 12 months for many stocks.

However, upon reflection and subsequent analysis, it's fair to say that certain areas of the markets are expensive and more likely to fall, and that even the vaunted S&P 500 is more vulnerable than it has been in years to subpar performance versus other stock indexes and even actively managed equity funds.

As of Nov. 24, 2017, the Russell Top 200 Pure Growth Index of larger stocks with the purest growth characteristics (very little in terms of value characteristics, such as a low price relative to fundamental measures of value) has a year-to-date total return of 35.9%, and a price/earnings ratio of 32.6. Some of the constituents within this index are technology stocks, which, aggregated in terms of sector, have performed about twice as well this year as any other sector. Consider: **Vanguard Information Technology** ETF (VGT) has gained 39.3% year to date, while the next best Vanguard sector ETF, **Health Care** (VHT), has produced a total return of 21.7%. And, many of the largest holdings within the best-performing so-called blue-chip growth funds have gone up 30%, 40% or 50% (or more) this year, creating wonderful returns but leaving me concerned about the potential for rockier performance from funds in this market area over the next half year or so.

As a small number of large-cap growth stocks have appreciated more

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than the rest of the stock market, so have their weightings in large-cap indexes that, like the S&P 500, are weighted mainly by market capitalization. As a result, the S&P 500 has become more concentrated, and slightly riskier than in recent years, at least in my opinion. Consider: though investors in S&P 500 index investments believe they are getting standard core exposure to a broad array of large American companies, with an investment style corresponding to large-cap blend, according to Morningstar the index is now almost in the camp of large-cap growth. And, according to Vanguard, its own S&P 500 index fund was 24.5% in information technology stocks as of the end of October, dwarfing the next largest sector allocations by nearly 10 percentage points.

Back in the heyday of the Internet bubble, the technology sector's weighting in the S&P 500 was significantly higher—even above 30%. So, we aren't anywhere close to the sector concentration of that dangerous period. I'm also not arguing that the strong performance of some of the sector's stocks is unjustified. I merely want to point out that with such concentration in these stocks, the S&P 500 has more concentration (and valuation) risk than it has in some time, and we as investors should be aware of it.

Indexes that cover market segments beyond the largest 500 companies currently have less of these kinds of risks. For example, **Vanguard Extended Market Index** ETF (VXF) had 18.8% of its assets in information technology stocks as of Oct. 31, nearly six percentage points less than had the S&P 500.

In response to all this, I am avoiding new investments in large-cap growth funds—and even the S&P 500—for new money. Also, while I am not selling down current positions in these investments in most cases, I am favoring funds and ETFs with a true 'blend' orientation, while attempting to make sure that each account is broadly diversified. This is especially important when valuations are high in certain market segments, like they are now.

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,

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