

## DECEMBER 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	Nov. 2017	YTD	One Yr	Three Yrs	Five Yrs
<b>Growth</b>	<b>2.4%</b>	<b>19.3%</b>	<b>20.6%</b>	<b>8.6%</b>	<b>12.8%</b>
<i>Benchmark (90% Lipper Multi-cap Core/10% Lipper General Bond Fund)</i>	1.4%	19.2%	21.0%	8.0%	10.6%
<b>Growth &amp; Income</b>	<b>2.1%</b>	<b>17.0%</b>	<b>18.1%</b>	<b>7.8%</b>	<b>11.0%</b>
<i>Benchmark (75% Lipper Multi-cap Core/25% Lipper General Bond Fund)</i>	1.2%	16.8%	18.4%	7.1%	9.3%
<b>Conservative Balanced</b>	<b>1.6%</b>	<b>13.6%</b>	<b>14.7%</b>	<b>6.6%</b>	<b>8.4%</b>
<i>Benchmark (60% Lipper Multi-cap Core/40% Lipper General Bond Fund)</i>	0.9%	14.3%	15.8%	6.2%	8.0%
<b>Closed-End Income</b>	<b>-0.2%</b>	<b>13.8%</b>	<b>16.5%</b>	<b>6.1%</b>	<b>N/A</b>
<b>ETF Option Income</b>	<b>0.9%</b>	<b>12.4%</b>	<b>14.0%</b>	<b>N/A</b>	<b>N/A</b>
<b>Retirement Income</b>	<b>1.4%</b>	<b>11.2%</b>	<b>12.4%</b>	<b>6.0%</b>	<b>7.1%</b>
<i>Benchmark (50% Lipper Multi-cap Core/50% Lipper General Bond Fund)</i>	0.8%	12.8%	14.1%	5.6%	7.1%
<b>Alternative</b>	<b>0.6%</b>	<b>15.3%</b>	<b>15.6%</b>	<b>2.5%</b>	<b>1.2%</b>
<i>Benchmark (50% GSCI/50% Lipper Emerging Market Fund)</i>	0.8%	15.4%	18.4%	-3.6%	-4.1%
<b>Index</b>					
S&P 500	3.1%	20.5%	22.9%	10.9%	15.7%
Russell 3000 &&	3.0%	19.9%	22.3%	10.8%	15.3%
Russell 2000 ##	2.9%	15.1%	18.3%	11.1%	15.0%
MSCI EAFE @@	1.1%	23.1%	27.3%	6.0%	8.2%
MSCI Emerging Markets	0.2%	32.5%	32.8%	6.2%	4.6%
Barclays Aggregate Bond	0.1%	3.3%	3.5%	2.2%	2.0%
<b>Mutual Fund/ETF Comparisons</b>					
Vanguard LifeStrategy Growth &	1.7%	17.8%	19.8%	7.8%	10.7%
Vanguard LifeStrategy Moderate Growth #	1.3%	13.9%	15.3%	6.5%	8.6%
Vanguard LifeStrategy Conservative Gr @	0.9%	10.1%	11.2%	5.1%	6.5%
Vanguard LifeStrategy Income ^	0.5%	6.4%	7.1%	3.7%	4.3%
DB Commodity Index Tracking Fund !	0.9%	2.0%	6.3%	-7.5%	-10.5%

YTD through 11/30/2017. PLEASE SEE IMPORTANT DISCLAIMER ON BACK. Note: && 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)

While many other independent financial managers spend a lot of time analyzing what happens in Washington, we do not. Instead, when considering asset allocations, we emphasize the various factors we believe strongly influence the performance of the financial markets, including such economic factors as growth, inflation and interest rates, as well as valuations and market sentiment. Of course, we spend even more time keeping track of the thousands of mutual funds and ETFs we could invest in on behalf of our clients, trying to identify the relative few that are worthy of their investment dollars, and then thinking about how to combine them into portfolios that can produce the best return possible for an appropriate level of risk.

However, every now and then something happens in Washington that we do expect to affect your investment portfolio, and we certainly consider such factors when managing money. One such event is happening now: tax reform, both for individuals and corporations. While we don't expect the changes on the individual side in the reform, soon to be signed into law by President Trump, to impact the

stock and bond markets very much, the reform's change in the base corporate tax rate to 21%, from 35%, is likely to prove significant to investors, in various ways.

Regardless of how one feels about it politically and ideologically, the substantial decline in the corporate tax rate will increase after-tax profits for American corporations. That is good for investors in American equities. Because the equity market was likely placing a high probability on a significant cut in the corporate tax rate, we don't expect too much of a rally on the news. However, if the rate reduction had not been passed, the risk of a significant downturn from current levels of the market would have been far larger. In other words, the cut in the corporate tax rate should increase profits, thereby lowering valuations and removing one of the potential causes of a significant correction, or even a bear market.

Less reported is the tax cut's potential impact on the bond market. We are in the camp that while the overall tax reform will increase economic growth over what it otherwise would be, and therefore the federal government will collect more in taxes than a static analy-

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sis would suggest, we do not believe the tax reform will pay for itself completely. Therefore, we see higher fiscal deficits, and higher bond issuance by the U.S. Treasury, with somewhat higher interest rates on such securities.

However, the news for the bond market is not all bad. It's important to remember that because corporations deduct interest payments as a business expense, the higher the tax rate, the more valuable the deduction. Therefore, because of the lower corporate rate, companies will have less incentive to issue new bonds or even refinance existing bonds to raise capital. This should result in gradually sinking supply of corporate bonds, which should help prices on existing such securities. It may even have a spillover effect on competitor fixed-income sectors, like municipal bonds.

It would make sense that in response to faster economic growth, the Federal Reserve Board would raise the interest rates under its

control more quickly, likely hurting the stock market. However, this is not a given, at least not to a significant degree. It's certainly possible that faster economic growth will cause inflation to rise more than it otherwise would have; in this case, the Fed will likely be a little more aggressive. However, anti-inflationary forces are still quite strong in a global sense, and we doubt inflation will pick up that much.

Therefore, we do believe the tax reform should be of help to the equity market overall. Despite elevated valuations in the broad market, but especially among the 'sexiest' large-cap growth stocks, the equity market is still more likely to achieve a decent gain over the next 12 months than to suffer an extended downturn.

To get started in any of our strategies, please call us at 866-575-5700, or send an email to [info@salzingersheaffbrock.com](mailto:info@salzingersheaffbrock.com). We look forward to hearing from you!



8801 River Crossing Blvd.  
Suite 100  
Indianapolis, Indiana 46240  
[salzingersheaffbrock.com](http://salzingersheaffbrock.com)  
866-575-5700

Thank you for your continued interest in Salzinger Sheaff Brock (SSB), the only source of actual 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 GSCI commodity index 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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