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
Growth	**2.4%**	**19.3%**	**20.6%**	**8.6%**	**12.8%**
Benchmark (90% Lipper Multi-cap Core/10% Lipper General Bond Fund)	*1.4%*	*19.2%*	*21.0%*	*8.0%*	*10.6%*
Growth & Income	**2.1%**	**17.0%**	**18.1%**	**7.8%**	**11.0%**
Benchmark (75% Lipper Multi-cap Core/25% Lipper General Bond Fund)	*1.2%*	*16.8%*	*18.4%*	*7.1%*	*9.3%*
Conservative Balanced	**1.6%**	**13.6%**	**14.7%**	**6.6%**	**8.4%**
Benchmark (60% Lipper Multi-cap Core/40% Lipper General Bond Fund)	*0.9%*	*14.3%*	*15.8%*	*6.2%*	*8.0%*
Closed-End Income	**-0.2%**	**13.8%**	**16.5%**	**6.1%**	**N/A**
ETF Option Income	**0.9%**	**12.4%**	**14.0%**	**N/A**	**N/A**
Retirement Income	**1.4%**	**11.2%**	**12.4%**	**6.0%**	**7.1%**
Benchmark (50% Lipper Multi-cap Core/50% Lipper General Bond Fund)	*0.8%*	*12.8%*	*14.1%*	*5.6%*	*7.1%*
Alternative	**0.6%**	**15.3%**	**15.6%**	**2.5%**	**1.2%**
Benchmark (50% GSCI/50% Lipper Emerging Market Fund)	*0.8%*	*15.4%*	*18.4%*	*-3.6%*	*-4.1%*
Index					
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%
Mutual Fund/ETF Comparisons					
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: *&&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)*

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. 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,

Mark Salzinger

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