DECEMBER 2019 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 and ETF Options 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	Nov 2019	Year-to-date	12 Months	3 Years	5 Years
Growth	**3.9%**	**24.8%**	**14.2%**	**11.8%**	**8.2%**
Benchmark (90% Lipper Multi-cap Core/10% Lipper General Bond Fund)	*2.4%*	*19.6%*	*11.8%*	*9.8%*	*6.6%*
Growth & Income	**3.2%**	**22.4%**	**13.5%**	**10.7%**	**7.5%**
Benchmark (75% Lipper Multi-cap Core/25% Lipper General Bond Fund)	*2.0%*	*18.1%*	*11.8%*	*9.1%*	*6.1%*
Conservative Balanced	**2.6%**	**19.6%**	**12.4%**	**9.2%**	**6.5%**
Closed-End Income	**2.0%**	**21.4%**	**14.8%**	**9.8%**	**6.3%**
ETF Option Income	**1.1%**	**15.2%**	**10.5%**	**9.4%**	**N/A**
Benchmark (60% Lipper Multi-cap Core/40% Lipper General Bond Fund)	*1.6%*	*16.5%*	*11.7%*	*8.3%*	*5.6%*
Retirement Income	**2.1%**	**17.9%**	**11.2%**	**7.9%**	**5.8%**
Benchmark (50% Lipper Multi-cap Core/50% Lipper General Bond Fund)	*1.3%*	*15.5%*	*11.6%*	*7.8%*	*5.3%*
Index					
S&P 500	3.6%	27.7%	16.1%	14.9%	11.0%
Russell 3000 &&	3.8%	27.3%	15.5%	14.2%	10.6%
Russell 2000 ##	4.1%	22.0%	7.5%	8.6%	8.2%
FTSE Global All Cap X-US@@	1.0%	17.0%	11.6%	9.5%	4.5%
Barclays Aggregate Bond	-0.1%	8.8%	10.8%	4.1%	3.1%
Mutual Fund/ETF Comparisons					
Vanguard LifeStrategy Growth &	2.2%	19.9%	13.1%	10.6%	7.2%
Vanguard LifeStrategy Moderate Growth #	1.6%	17.1%	12.6%	9.1%	6.3%
Vanguard LifeStrategy Conservative Gr @	1.0%	14.3%	12.0%	7.5%	5.3%
Vanguard LifeStrategy Income ^	0.5%	11.5%	11.3%	5.9%	4.3%

Through 11/2019. PLEASE SEE IMPORTANT DISCLAIMER ON BACK. Returns over 12 months annualized. Note: *Results are from an actual, representative account established and maintained by the portfolio manager with his own money, managed with his own tax situation in mind. Other accounts in this style might have had different results; &&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).

Our composites outpaced their benchmarks in November, for several reasons. One, U.S. stocks outpaced foreign stocks. In fact, while broad indexes of U.S. stocks gained more than 3.5%, the FTSE Global All Cap X-US index of foreign stocks gained only 1.0%. As most of you know, while virtually all our accounts include exposure to international stocks, they have less overseas in percentage terms than most other global investment managers.

Two, growth stocks beat value stocks. According to the December 2019 edition of *The No-Load Fund Investor*, the mutual funds and ETFs of the growth style in their coverage gained an average of 4.3% in November, vs. 2.7% for the value style. Our accounts currently have a modest to moderate bias toward growth. Though we invest in some funds categorized as value, we have been avoiding pure value products in favor of funds that emphasize stocks with high quality and reasonable valuations, or in so-called fundamental index funds that include value stocks along with growth.

Three, small stocks modestly led large stocks during the month. The Russell 2000 index of small U.S. companies gained 4.1%. Most of our accounts include dedicated exposure to small caps, for several reasons, including diversification, growth potential and less exposure to economies overseas.

And four, our income exposure is more eclectic currently than is typically found in balanced accounts. Instead of investing most of our fixed-income exposure in standard Treasury, government/agency or investment-grade U.S. corporate bonds, most of which pay low yields currently, we have been favoring closed-end income funds whose structures enable them to benefit from low short-term yields.

Not only do we offer standalone portfolios of closed-end income funds, but we include some of the most attractive such funds in our core accounts. While the composite of our closed-end income accounts gained 2.0% in November and 21.4% in the first 11 months of the year (after deducting the maximum management fee), the Barclays Aggregate Bond Index (investment-grade U.S. bonds) was flat in November and up 8.8% year to date—a strong year so far for bonds, but no match for our closed-end income composite. Of course, we can make no promises on future performance and must point out that closed-end income funds have unique risks and more total risk than a conventional bond portfolio, as measured by absolute volatility and even sensitivity to fluctuations in the stock market. However, so long as the Federal Reserve Board refrains from increasing the rates under its control, and unless the economy falls into recession, we ex-

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pect the closed-end income funds in which we invest to continue beating the conventional investment-grade bond market.

During my latest conference call with clients, I was struck by a question about the risk of a terrible stock market over the next decade. It's certainly a reasonable question: after tumbling late in the first decade of this century during the financial crisis, the U.S. stock market has staged an impressive advanced over the second decade: the Russell 3000 index gained 13.3% annually over the 10-year period ended Dec. 23, 2019. Interest rates are seemingly as low as they might possibly get. And, after a year of 25%-plus gains in broad market U.S. indexes, the stock market is not cheap: Vanguard calculated the price/earnings ratio (P/E) for its S&P 500 index fund on the past 12 months of earnings (as of November 30) as 22.2; State Street Global Advisors calculates the P/E on its estimable S&P 500 SPDR ETF using estimated 12 months forward earnings as nearly 20. The higher this number gets above 20, the more concerned I'll get, at least about the short term.

However, for the long term, current valuations are not as concerning. If one looks at periods directly preceding the worst decades for the market, one sees P/Es far higher than today's level. For example, in the late 1990s, at the height of the Internet/technology/telecom mania in the stock market, the P/E of the S&P 500 exceeded 30 as such stocks accounted for 30% to 40% of the market. That's the kind of level that would lead me to believe that returns for the next 10 years would be close to zero, or even negative after inflation. While the historical annualized total return of the U.S. stock market has been about 11% during modern times, a starting P/E of about 20 suggests to me a range of annualized total returns of between 6% and 8% for the next decade. While not great, this would sure beat the expected return of a 10-year Treasury bond—its coupon of less than 2%.

For more information please call us at 866-575-5700, or send an email to info@salzingersheaffbrock.com. We look forward to hearing from you!

8801 River Crossing Blvd.
Suite 100
Indianapolis, Indiana 46240

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

Mark Salzinger
Chief Investment Officer and Portfolio Manager