

MARCH 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	Feb. 2019	Year-to-date	12 Months	3 Years	5 Years
Growth	3.7%	12.6%	2.2%	13.0%	7.2%
<i>Benchmark (90% Lipper Multi-cap Core/10% Lipper General Bond Fund)</i>	2.2%	10.0%	-0.9%	11.1%	5.5%
Growth & Income	3.3%	10.9%	2.5%	11.4%	6.5%
<i>Benchmark (75% Lipper Multi-cap Core/25% Lipper General Bond Fund)</i>	1.9%	8.8%	-0.2%	10.0%	5.1%
Conservative Balanced	2.9%	9.5%	2.7%	9.4%	5.6%
Closed-End Income	2.3%	10.5%	3.6%	11.2%	N/A
ETF Option Income	1.5%	8.4%	5.6%	N/A	N/A
<i>Benchmark (60% Lipper Multi-cap Core/40% Lipper General Bond Fund)</i>	1.6%	7.5%	0.4%	8.8%	4.6%
Retirement Income	2.7%	8.7%	2.1%	8.2%	5.0%
<i>Benchmark (50% Lipper Multi-cap Core/50% Lipper General Bond Fund)</i>	1.4%	6.7%	0.8%	8.1%	4.3%
Index					
S&P 500	3.2%	11.5%	4.7%	15.3%	10.7%
Russell 3000 &&	3.5%	12.3%	4.5%	14.9%	9.5%
Russell 2000 ##	5.2%	17.0%	5.6%	16.7%	7.4%
FTSE Global All Cap X-US@@	2.0%	9.6%	-6.7%	11.0%	3.1%
Barclays Aggregate Bond	0.1%	1.0%	3.2%	1.7%	2.3%
Mutual Fund/ETF Comparisons					
Vanguard LifeStrategy Growth &	2.2%	9.1%	1.1%	11.3%	6.5%
Vanguard LifeStrategy Moderate Growth #	1.7%	7.1%	1.8%	9.0%	5.6%
Vanguard LifeStrategy Conservative Gr @	1.1%	5.0%	2.3%	6.6%	4.7%
Vanguard LifeStrategy Income ^	0.5%	3.0%	2.9%	4.3%	3.7%

Through February 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; && 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 performance table includes a lot of useful information, including how we've done (of course) as well as the performance of various performance benchmarks and indexes. Perhaps the most gratifying data we can glean from the table this month is that in virtually every category and every standard time period ended Feb. 28, 2019 (with one tiny, short-term exception), our results have beaten those of the appropriate benchmark.

Though the year is young and things certainly can change, we have been helped so far this year by small- and mid-cap exposure and a modest bias toward the 'growth' style of investing. Meanwhile, especially in our income-oriented accounts, we have been helped by our positions in closed-end income-oriented funds, which have rebounded robustly from a pummeling endured late last year.

Nevertheless, the most interesting aspect to me of the data in the table is not our performance, but, rather, the poor annualized performance over the past five years by international equity markets, as evidenced by the paltry 3.1% five-year annualized gain during the period of the FTSE Global All Cap X-US Index. This index, which devotes about 41% to European stocks, 22% to emerging markets, 18% to Japan, 12% to other developed Asian countries and 6% to Canada, has underperformed the Russell 3000 Index (a good benchmark for

the broad U.S. market, as it includes large-cap, mid-cap and small-cap stocks) by more than six percentage points. In other words, this reveals that the U.S. equity market has more than tripled the return of international equities over the past five years.

To some people, this would suggest that now is the time to invest more in international stocks, which must, they say, be cheaper than U.S. equities, at least relative to five years ago. These folks believe the underperformance from international equities is cyclical and will reverse, thanks to more attractive valuations and shifting economic fortunes.

I have a different view. I believe that for developed markets at least, the underperformance will continue. I believe it to be a 'secular' trend, not a cyclical one. The main reasons pertain to economic growth and demographics, which are, of course, related. Simply put, the declining rate of growth in economic productivity of Western Europe and Japan, combined with aging populations in both, suggest precious little long-term economic growth. Instead, the emphasis will be on distributing the wealth already created, rather than on creating new wealth. In such an environment, growth in corporate profits will be hard to come by except for by truly innovative, niche companies. As a result, though stock prices in major developed mar-

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kets outside the U.S. can have good years now and then, I don't think they'll go up much over the long run. I expect the U.S., with more growth, better demographics and generally more dynamism, to produce better stock-market returns over the next five to 10 years, despite seemingly higher valuations today.

Therefore, most of the international stock funds in which I invest for clients attempt to find the best small- and mid-cap growth stocks overseas, especially operating in markets that have some growth, such as China and India. Also, the 'global' funds in which I invest (U.S. and foreign stocks within one fund) focus on finding the best growth companies in the world, wherever they are domiciled and whatever their size. Unless a company sells mainly into

developed Europe and Japan, wherever it's located may not matter too much, so long as it's growing strongly in an important, profitable industry.

Even though stocks obviously are not as attractively priced now as at the beginning of the year, current entry points are still attractive. Note that even though corporate earnings have increased at double digit rates over the past 12 months, the U.S. equity market is up less 5%.

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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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 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). 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 FTSE Global All Cap X-US is an equity index which captures most of the world's stocks ex-US. 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. Clients or prospective clients are directed to SSB's Form ADV Part 2A or to one or SSB's representatives for individualized information prior to deciding to participate in any portfolio. SSB does not provide tax advice. Clients are strongly urged to consult their tax advisors regarding any potential investment.