

APRIL 2018 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	YTD 2018	1 Yr	Three Yrs	Five Yrs
Growth	0.1%	13.5%	8.0%	10.5%
<i>Benchmark (90% Lipper Multi-cap Core/10% Lipper General Bond Fund)</i>	-1.1%	12.7%	7.7%	8.6%
Growth & Income	-0.2%	11.8%	7.3%	9.0%
<i>Benchmark (75% Lipper Multi-cap Core/25% Lipper General Bond Fund)</i>	-1.0%	11.1%	6.9%	7.6%
Conservative Balanced	-0.7%	9.2%	6.1%	7.0%
<i>Benchmark (60% Lipper Multi-cap Core/40% Lipper General Bond Fund)</i>	-0.9%	9.5%	6.1%	6.5%
Closed-End Income	-2.2%	6.4%	6.9%	N/A
ETF Option Income	2.4%	10.4%	N/A	N/A
Retirement Income	-1.0%	7.5%	5.6%	5.8%
<i>Benchmark (50% Lipper Multi-cap Core/50% Lipper General Bond Fund)</i>	-0.8%	8.5%	5.5%	5.8%
Alternative	-1.0%	7.8%	3.2%	0.8%
<i>Benchmark (50% GSCI/50% Lipper Emerging Market Fund)</i>	2.2%	18.7%	2.9%	-3.4%
Index				
S&P 500	-0.8%	14.0%	10.8%	13.3%
Russell 3000 &&	-0.8%	13.2%	9.6%	12.4%
Russell 2000 ##	-0.2%	11.4%	8.0%	11.0%
MSCI EAFE @@	-1.5%	14.8%	5.6%	6.5%
MSCI Emerging Markets	1.4%	24.9%	8.8%	5.0%
Barclays Aggregate Bond	-1.5%	1.2%	1.2%	1.8%
Mutual Fund/ETF Comparisons				
Vanguard LifeStrategy Growth &	-0.6%	12.3%	7.4%	9.1%
Vanguard LifeStrategy Moderate Growth #	-0.6%	9.6%	6.0%	7.4%
Vanguard LifeStrategy Conservative Gr @	-0.7%	6.9%	4.5%	5.6%
Vanguard LifeStrategy Income ^	-0.8%	4.3%	3.0%	3.9%
DB Commodity Index Tracking Fund !	2.2%	11.6%	-0.2%	-9.1%

YTD through 3/31/2018. 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 returns are net of model fees and are derived by deducting the highest applicable fee rate of 0.96% from the gross returns each quarter. 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 SBA. **Past performance is not indicative or a guarantee of future results and investors may experience a loss.** (continued on back)

Despite considerable ups and downs, the stock market ended the first quarter only slightly below where it started the year. With the benefit of hindsight, this makes sense. For most of the time since the end of the financial crisis, the economy generally sustained a serenity engendered by a barely broken trend of low growth and minuscule inflation, and the stock market responded with just about the least volatility it had ever produced. Now, however, the economic trend appears to have turned. Instead of low growth and low inflation, the economy is experiencing faster growth and higher inflation, albeit with data points now and then that appear to show less economic dynamism than the market now expects.

Because the pace of monetary tightening by the Federal Reserve Board increases with higher growth and inflation, the current environment is less conducive to gently rising stock markets. Even worse, of course, would be considerable Fed tightening *without* a significant increase in the rate of economic growth, which would limit growth in corporate earnings. So, when a statistic here and there suggests that the economy really isn't so

strong after all, look out below, at least when it comes to equity prices.

The question is, what should investors do in the face of higher volatility and potentially lower equity returns? One thing they definitely shouldn't do is panic. Though volatility has increased, the market is still more likely to be up than down at the end of the year. More important, it's very likely, at least in my opinion, to be considerably higher five years hence. That's because while current valuations certainly aren't low, they are not so high as to suggest negative returns going forward for longer-term investors.

Investors should always consider investment expenses, but especially if they expect market returns to be lower than average. While I don't necessarily expect lower returns than average for the next few years, I am making sure to be conscious of expense ratios of the funds I use for clients, especially in relatively "efficient" investment areas, such as U.S. large-cap equities.

Thankfully, fund investors as a group have gotten the message on expenses, as they have increasingly favored funds with low ex-

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pense ratios over ones with higher. According to the Investment Company Institute, the trade association for the U.S. mutual fund industry, the average expense ratio paid by an investor in an equity fund in 2016 fell to 0.63%, vs. 0.99% in the year 2000, as investors flood low-expense funds, including index funds, with cash, while avoiding funds with relatively high expense ratios.

I'm happy to report that most of the assets I invest on behalf of clients in U.S. equity funds are in funds with below-average expenses, even if most of them are actively managed. My top 10 U.S. equity fund positions, totaling about \$62 million of my \$178 million or so currently under management, have expense ratios ranging from 0.17% (Vanguard Equity Income) to 0.87% (Price Diversified Mid Cap Growth). The average expense ratio

of my top 10 is 0.52%--even though all of them are actively managed.

I would also suggest that instead of fearing the inevitable declines in stocks during periods like these, investors should view them opportunistically. If you have some long-term money on the sidelines and the market drops 5% in a few days, maybe invest some of it after the decline, and therefore stand to benefit if the market rebounds, which it's likely to do eventually. (No guarantees, of course.)

Of course, I would be happy to do that for you. 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
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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