MAY 2020 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	April 2020	YTD	12 Months	3 Years	5 Years
Growth	**11.8%**	**-9.2%**	**-0.9%**	**6.2%**	**6.0%**
Benchmark (90% Lipper Multi-cap Core/10% Lipper General Bond Fund)	*9.8%*	*-12.7%*	*-6.0%*	*2.8%*	*3.7%*
Growth & Income	**9.3%**	**-9.5%**	**-1.9%**	**5.4%**	**5.4%**
Benchmark (75% Lipper Multi-cap Core/25% Lipper General Bond Fund)	*8.6%*	*-10.5%*	*-3.8%*	*3.2%*	*3.8%*
Conservative Balanced	**7.0%**	**-9.5%**	**-2.5%**	**4.1%**	**4.4%**
Closed-End Income	**5.3%**	**-14.3%**	**-6.6%**	**1.2%**	**3.6%**
ETF Option Income	**6.4%**	**-13.4%**	**-7.3%**	**2.8%**	**N/A**
Benchmark (60% Lipper Multi-cap Core/40% Lipper General Bond Fund)	*7.4%*	*-8.4%*	*-1.8%*	*3.5%*	*3.9%*
Retirement Income	**5.3%**	**-10.4%**	**-3.9%**	**2.8%**	**3.7%**
Benchmark (50% Lipper Multi-cap Core/50% Lipper General Bond Fund)	*6.6%*	*-7.0%*	*-0.6%*	*3.6%*	*3.9%*
Index					
S&P 500	12.8%	-9.3%	0.9%	9.1%	9.1%
Russell 3000 &&	13.2%	-10.4%	-1.0%	8.0%	8.3%
Russell 2000 ##	13.7%	-21.0%	-16.4%	-0.8%	2.9%
FTSE Global All Cap X-US@@	8.2%	-17.8%	-11.2%	-0.1%	0.3%
Barclays Aggregate Bond	1.8%	5.0%	10.9%	5.2%	3.8%
Mutual Fund/ETF Comparisons					
Vanguard LifeStrategy Growth &	9.2%	-10.0%	-2.5%	4.8%	4.9%
Vanguard LifeStrategy Moderate Growth #	7.3%	-6.5%	0.6%	5.0%	4.8%
Vanguard LifeStrategy Conservative Gr @	5.4%	-3.0%	3.7%	5.1%	4.5%
Vanguard LifeStrategy Income ^	3.5%	0.4%	6.5%	5.1%	4.1%

Through 4-30-2020. 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).

Since the April Monthly Update, which included performance through March, the equity markets have continued to rebound. One reason is that despite more hospitalizations and deaths ascribed to COVID-19, most states have been gradually reopening their economies and currently plan to continue doing so through the end of May and beyond. This means the worst of the economic pain may have passed; though millions of people are newly losing their jobs and businesses, others may regain theirs, and the overall downward trend will reverse. Though the immediate decrease in corporate profits will still be enormous, the market looks not only at the here and now but what it expects in the future, when the economies of the U.S. and our largest trading partners will again be nearly fully open for business. In other words, the market expects the economy to be on the upswing from its currently depressed levels.

Also, certain parts of the economy and types of stocks continue to produce strong profits, and they’ve been leading the market higher. Though Wall Street analysts forecast a decline in profits for the technology sector for the second quarter of the year, it’s expected to be very modest, with some subsectors even growing their profits. It’s these companies, along with healthcare and companies in other sectors that can grow even in the current economy, that are propelling the market higher. However, if the economy really does begin a sustained recovery, the market advance will likely broaden to include more ‘value’ stocks from various sectors. Nevertheless, companies with a high likelihood of permanent decline, such as those in physical retail (as opposed to primarily online), mall operators, hotels, airlines, office construction and the like, will likely continue to languish even if the economy comes steadily back. Rallies in these areas are likely to be short-lived.

As we’ve said before, that’s because the novel coronavirus pandemic has dramatically accelerated trends already firmly in place, such as online shopping, remote work, online social networking, distance learning and software/data storage as a service. For example, having seen that remote work has worked fine so far for many employees, many large companies will now allow more workers to work remotely even after the current health and economic crisis has passed.

The equity market also has been strong of late because of some positive news on both the therapeutic and vaccine avenues for managing the novel coronavirus. Several companies and other organizations have identified and can manufacture antibodies that neutralize the virus in the petri dish and in various lab animals. Others have developed vaccines that seem safe so far and are producing antibodies in their subjects; with considerable financial help from the federal government, millions of doses could be produced as soon as the fourth quarter of this year.

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The year-to-date performances across our composites through April were a mixed bag. The Growth and Growth & Income composites beat their benchmarks. While they lost about as much as the S&P 500, they lost less than broader market indexes (like the Russell 3000 Index) and much less than indexes for small and international stocks. On the other hand, composites of Conservative Balanced and Retirement Income accounts were down more than their benchmarks, while Closed-End Income and ETF Options Income posted more considerable declines.

One reason is diversification, which is broader in the Conservative Balanced and Retirement Income accounts than in Growth and Growth & Income. Not only do these latter two groupings include more equity exposure than the others, but they also reflect my current investment views more strongly. As you may know, I have been favoring 'growth' stocks over 'value' stocks for quite some time now, and this has proven to be the correct stance. Growth and Growth & Income include a larger preponderance of growth stocks than the other groupings, which combine growth with more exposure to value stocks, through funds and ETFs of that style, in an effort to avoid a big bet on investment style. Another reason is Conservative Balanced, Retirement Income and Closed-End Income include more investments for income. As the highest-quality fixed-income assets (think conventional Treasuries) pay so little, I have invested in some funds with credit sensitivity. Until the pandemic hit, these investments performed quite well for us, generally speaking, but have struggled since. As the worst offenders have been income-oriented closed-end funds, I am hopeful they will continue a recent rebound as the economy continues to reopen. Certainly, the current distribution rates are attractive—about 9% in many cases for taxable closed-end funds, and about 5% for federally tax free.

For more information or 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,

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