JUNE 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	**2.4%**	**13.1%**	**8.1%**	**10.3%**
Benchmark (90% Lipper Multi-cap Core/10% Lipper General Bond Fund)	*-0.4%*	*9.6%*	*7.1%*	*8.1%*
Growth & Income	**1.8%**	**11.1%**	**7.4%**	**8.9%**
Benchmark (75% Lipper Multi-cap Core/25% Lipper General Bond Fund)	*-0.4%*	*8.2%*	*6.4%*	*7.2%*
Conservative Balanced	**0.9%**	**8.4%**	**6.2%**	**7.0%**
Benchmark (60% Lipper Multi-cap Core/40% Lipper General Bond Fund)	*-0.5%*	*6.8%*	*5.7%*	*6.3%*
Closed-End Income	**-1.2%**	**2.7%**	**6.2%**	**N/A**
ETF Option Income	**4.9%**	**12.5%**	**N/A**	**N/A**
Retirement Income	**0.2%**	**6.7%**	**5.7%**	**6.0%**
Benchmark (50% Lipper Multi-cap Core/50% Lipper General Bond Fund)	*-0.6%*	*5.9%*	*5.2%*	*5.6%*
Alternative	**-3.5%**	**2.6%**	**1.6%**	**1.0%**
Benchmark (50% GSCI/50% Lipper Emerging Market Fund)	*3.0%*	*19.0%*	*1.1%*	*-2.5%*
Index				
S&P 500	2.0%	14.4%	11.0%	13.0%
Russell 3000 &&	2.3%	14.4%	10.1%	12.2%
Russell 2000 ##	6.8%	20.3%	10.5%	11.7%
MSCI EAFE @@	-1.6%	8.0%	4.3%	5.9%
MSCI Emerging Markets	-2.6%	14.0%	6.2%	4.5%
Barclays Aggregate Bond	-1.5%	-0.4%	1.4%	2.0%
Mutual Fund/ETF Comparisons				
Vanguard LifeStrategy Growth &	0.6%	10.4%	7.2%	8.9%
Vanguard LifeStrategy Moderate Growth #	0.3%	7.8%	5.9%	7.3%
Vanguard LifeStrategy Conservative Gr @	-0.1%	5.3%	4.6%	5.6%
Vanguard LifeStrategy Income ^	-0.5%	2.8%	3.2%	3.9%
DB Commodity Index Tracking Fund !	8.6%	23.6%	0.6%	-7.0%

YTD through 5/31/2018. 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 SBIA.* ***Past performance is not indicative or a guarantee of future results and investors may experience a loss.*** *(continued on back)*

The stock market has been struggling lately. In fact, as I write this on June 21, the Dow Jones Industrial Average has fallen for eight straight days. The most likely cause is increased trade tensions, especially with China, which, despite a huge trade surplus versus the U.S. overall, is a significant customer for Boeing planes and some other products made here.

However, I think increased trade friction between the two countries is hurting the stock market more than it would the overall economy. After all, the trade imbalance between our two countries is so skewed in favor of China (about $350 billion in China's favor) now that the U.S. economy is not very exposed.

The positive growth impact of the tax reform on the U.S. economy is considerably greater than the negative impact from more tariffs on trade and a potential decline in either the growth of exports or even modestly less export revenue.

The U.S. economy is strong, while growth overseas, especially in Europe, appears to be slowing a bit. This suggests underweighting and overweighting certain ranges of market capitalization and investment style, depending on countries and regions in question.

For U.S. stocks, it suggests that small stocks should outperform, because they are generally more sensitive to the U.S. economy and less sensitive to growth overseas. Within small stocks, it suggests that value stocks should do fine, in general. In fact, small value stocks have been doing OK so far this year. The value portion of the Russell 2000 Index of small companies is up more than 8% this year, through June 20, but small-cap growth stocks are doing better, up double digits in many cases.

Among large U.S. stocks, the growth style is crushing value. Growth indexes are up around 10%, while indexes of large value stocks are actually down a percentage point or two for the year, for a performance gap of at least 10 percentage points. Among mid-cap styles, the gap is slightly less pronounced: about eight percentage points. Given the current economic environment, I would think that mid-cap value would be performing well, but that hasn't been happening.

For foreign stocks, slowing growth outside the U.S. suggests favoring growth companies of any size, but avoiding value ones. I would say it also means being careful about having too much exposure in emerging markets, stocks in which have been sinking pretty hard over the

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past several weeks, on trade, growth, currency and political issues.

High-quality bonds are down so far this year, which is usually what happens when the Federal Reserve Board is in a rate-hiking phase, like it is now. A large fund that represents the total bond market is down more than 2%, but longer-term investment-grade and Treasury bonds are down a lot more than that. Over the past year, the higher-quality bond market is down a percentage point or so in total return; over the past five years, the total return has been less than 2% per year, which shows that avoiding stocks when you are retired can be a risky strategy if you need growth to have enough money as you get older.

When interest rates are rising, yield-heavy stocks tend to lag the rest of the market. This is what has been happening, generally speaking.

Within the diversified postures of our accounts, we have more in small and mid-cap stocks than many competitors in the fund world; we are somewhat slanted toward growth in the U.S; we are somewhat underweight international, including emerging markets, and much of our foreign exposure is growth oriented. Much of our fixed income exposure is intermediate or short-term, and medium to higher yield, which should hold up better in a growing economy. As a result of all of these factors, our relative performance year to date has been quite good across our strategies, though a bit better in our more aggressive accounts, where we have greater percentages in growth funds and small caps, and where income generation isn't an objective of the account. So, without promising anything—No Guarantees!—I believe we are well positioned if what's working now in the market continues to work, which is what I basically expect.

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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