JUNE 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	May 2019	Year-to-date	12 Months	3 Years	5 Years
Growth	**-5.3%**	**11.2%**	**-0.1%**	**9.4%**	**6.8%**
Benchmark (90% Lipper Multi-cap Core/10% Lipper General Bond Fund)	*-5.4%*	*7.9%*	*-2.2%*	*7.7%*	*4.6%*
Growth & Income	**-4.3%**	**10.5%**	**1.3%**	**8.5%**	**6.3%**
Benchmark (75% Lipper Multi-cap Core/25% Lipper General Bond Fund)	*-4.4%*	*7.6%*	*-0.8%*	*7.1%*	*4.4%*
Conservative Balanced	**-3.4%**	**9.6%**	**2.1%**	**7.2%**	**5.3%**
Closed-End Income	**-2.1%**	**11.9%**	**4.7%**	**7.6%**	**N/A**
ETF Option Income	**-4.2%**	**6.7%**	**-0.1%**	**N/A**	**N/A**
Benchmark (60% Lipper Multi-cap Core/40% Lipper General Bond Fund)	*-3.4%*	*7.3%*	*0.6%*	*6.5%*	*4.2%*
Retirement Income	**-2.9%**	**8.9%**	**1.9%**	**6.2%**	**4.6%**
Benchmark (50% Lipper Multi-cap Core/50% Lipper General Bond Fund)	*-2.7%*	*7.1%*	*1.5%*	*6.1%*	*4.0%*
Index					
S&P 500	-6.4%	10.7%	3.8%	11.7%	9.7%
Russell 3000 &&	-6.5%	10.9%	2.5%	11.6%	9.3%
Russell 2000 ##	-7.8%	9.3%	-9.0%	9.8%	6.7%
FTSE Global All Cap X-US@@	-5.2%	7.3%	-6.6%	6.9%	1.9%
Barclays Aggregate Bond	1.8%	4.8%	6.4%	2.5%	2.7%
Mutual Fund/ETF Comparisons					
Vanguard LifeStrategy Growth &	-4.6%	8.5%	0.4%	8.2%	5.8%
Vanguard LifeStrategy Moderate Growth #	-3.1%	7.5%	2.0%	6.9%	5.2%
Vanguard LifeStrategy Conservative Gr @	-1.5%	6.6%	3.6%	5.6%	4.5%
Vanguard LifeStrategy Income ^	0.1%	5.7%	5.1%	4.2%	3.8%

Through May 31, 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).

Among the many concerns prospects and clients have addressed to me lately, one is growing in frequency: fear that the U.S. economy will fall into recession. With European economies and Japan generally stagnant, and with the continuing trade friction with China, it's no wonder many investors are concerned. They know that if the economy does shrink, corporate earnings and stock prices are likely to follow suit, perhaps substantially. So, those who fear recession wonder if the time is right to cut their equity allocations.

While the current investing environment includes substantial challenges, I would put the potential for a U.S. recession near the bottom of the list, for various reasons.

One, the economy grew quite strongly in the first quarter of 2019 and is still growing decently this quarter.

Two, unemployment is down, jobs are plentiful, and wages are up. In fact, the gap between open jobs and currently unemployed people is the largest ever recorded. The strong jobs picture is causing consumer confidence to approach multiyear highs. Confident consumers tend to spend money. As consumers are at least two thirds of the U.S. economy, recession is very unlikely if they are confident.

Three, because our interest rates are considerably above those of Germany and France, and not even much lower than such economically troubled countries as Italy, Spain and Greece, our rates can drop and the Federal Reserve has room to cut rates under its control if the economy does look to be in danger of contraction.

And four, with the election coming up in November 2020, very few Washington politicians, and certainly not President Trump, will want to cut government spending. While I expect there to be long-term consequences for the economy from large fiscal deficits, in the short run the out-of-whack budget is likely a positive for economic growth.

If there's to be a recession in the U.S. economy, it is much more likely to come in 2021 or 2022, and I see no other strong reason to turn bearish right now. As such, I have no plans currently to lower equity allocations across the board in the accounts I manage. Of course, I am always reviewing the data and my assumptions, so my investment plans might change.

As I think about equity allocations, it occurs to me that not all of you will be aware of the currently typical ones within our different strategies, or objectives. For a rough guide, please look at the performance table. The benchmarks directly below the strategy in boldface approximate the midpoint of our equity allocations. For example, our typical **Growth** account might have 90% in equities. A few such accounts might have a slightly lower equity allocation, while some at this point have even more.

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Though mutual funds labeled Growth & Income tend to be fully invested in dividend-paying stocks, most of our **Growth & Income** accounts are moderately aggressive balanced funds. On average such accounts have an equity allocation of 75% to 80%, with the remaining assets spread among various types of income-oriented investments, including conventional bond funds, closed-end income funds and even a bit in closed-end option-oriented strategies.

Equity allocations within our **Conservative Balanced** accounts tend to range more widely, from as low as 55% or so toward the high 60s, depending on the client. I invest the remaining assets similarly to how I do so in Growth & Income accounts; I just invest more in them.

Our **Retirement Income** accounts are even-more-conservative balanced accounts, with equity allocations typically around 50%. As such, they are not bond-equivalent accounts. They are designed to benefit from a rising stock market, but with less juice and more downside protection.

However, if an investor wants a non-equity, all-bond fund income account, we can do that.

We also offer two noncore strategies: **Closed-End Income** and **ETF Options Income**. The former has benefited handsomely this year (our best performer the first five months) from many factors, including attractive valuations (big "discounts," in closed-end parlance) at the beginning of the year, falling interest rates and some fortuitous fund picking on the part of yours truly. It can offer higher income than from conventional income-oriented strategies and some exposure to the stock market. However, it can struggle when short rates rise and/or the asset classes in which it invests fall out of favor. The ETF Options Income, our weakest performer year to date, happens to have our highest allocation to international equities, which continue to lag the U.S. market.

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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