JULY 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	June 2019	Year-to-date	12 Months	3 Years	5 Years
Growth	**6.4%**	**18.3%**	**6.1%**	**11.9%**	**7.6%**
Benchmark (90% Lipper Multi-cap Core/10% Lipper General Bond Fund)	*5.9%*	*14.3%*	*4.4%*	*10.1%*	*5.5%*
Growth & Income	**5.5%**	**16.6%**	**6.6%**	**10.5%**	**7.0%**
Benchmark (75% Lipper Multi-cap Core/25% Lipper General Bond Fund)	*5.2%*	*13.2%*	*5.0%*	*9.1%*	*5.2%*
Conservative Balanced	**4.6%**	**14.6%**	**6.6%**	**8.7%**	**6.0%**
Closed-End Income	**4.0%**	**16.3%**	**8.6%**	**8.8%**	**N/A**
ETF Option Income	**4.8%**	**11.8%**	**6.0%**	**9.0%**	**N/A**
Benchmark (60% Lipper Multi-cap Core/40% Lipper General Bond Fund)	*4.5%*	*12.1%*	*5.7%*	*8.1%*	*4.8%*
Retirement Income	**4.1%**	**13.4%**	**6.1%**	**7.4%**	**5.2%**
Benchmark (50% Lipper Multi-cap Core/50% Lipper General Bond Fund)	*4.0%*	*11.4%*	*6.0%*	*7.4%*	*4.6%*
Index					
S&P 500	7.1%	18.5%	10.4%	14.2%	10.7%
Russell 3000 &&	7.0%	18.7%	9.0%	14.0%	10.2%
Russell 2000 ##	7.1%	17.0%	-3.3%	12.3%	7.1%
FTSE Global All Cap X-US@@	5.8%	13.6%	0.8%	9.5%	2.7%
Barclays Aggregate Bond	1.3%	6.1%	7.9%	2.3%	3.0%
Mutual Fund/ETF Comparisons					
Vanguard LifeStrategy Growth &	5.5%	14.4%	6.1%	10.1%	6.5%
Vanguard LifeStrategy Moderate Growth #	4.4%	12.3%	6.7%	8.2%	5.8%
Vanguard LifeStrategy Conservative Gr @	3.4%	10.2%	7.1%	6.4%	5.0%
Vanguard LifeStrategy Income ^	2.3%	8.1%	7.4%	4.4%	4.1%

Through June 30, 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).

Our composites performed nicely versus their respective benchmarks in June and in the entire first half of the year. The three-year and five-year annualized relative performances also look good. However, the 12-month results might be the most interesting of the lot. Though in this period, too, our composites outpaced their benchmarks, our Growth & Income and even Conservative Balanced composites gained more than our Growth composite, even though the S&P 500 was up about 10%. A return like that should most benefit our Growth accounts, which have more equity exposure than any of our other accounts.

So, why did Growth & Income and Conservative Balanced gain more than Growth over the 12-month period?

As our most aggressive style, Growth has more exposure than our other styles to U.S. smaller stocks and foreign stocks. If you look closely at the performance table, you'll see that while the S&P 500 (large-cap stocks) and Russell 3000 (broad market, but dominated by large caps) were up, the Russell 2000 index of small-cap stocks was actually down 3.3% for the period, while the FTSE Global All Cap X-US index of foreign stocks was basically flat. You should also notice that returns of the investment-grade bond market, as represented by the Barclays Aggregate Bond Index, were abnormally high during the period, up 7.9%, so larger fixed-income weightings did not hinder the returns of our lower-risk strategies. All this was too much for our Growth composite to overcome during the period, although it still outpaced its benchmark by a large amount and remains, by far, our strongest gainer overall over longer periods (and year to date).

All of this got me thinking about the role of small caps and international equities in the portfolios. In the early 1990s, when I was earning my graduate degree in business with a concentration in finance, small stocks and foreign stocks were all the rage. The academic financial literature was full of data showing the historical supremacy of stocks with small market capitalizations (price times number of shares) over large stocks over long periods, as well as elegant graphs showing the superiority of regionally diversified portfolios from a risk/reward standpoint (the so-called efficient frontier) over portfolios of U.S. investments alone.

With small stocks, the rationale included that they were less covered, or analyzed, than larger stocks by Wall Street analysts, so cheaper in the first place, and with more room to grow compared with the already firmly established large stocks. With international stocks, the rationale was that while their growth opportunities might be like those of U.S. stocks, country- or at least regionally specific factors influenced them such that their return patterns would be different, and therefore offer a smoother ride to a U.S. investor without hurting long-term performance.

I bought these propositions to a significant degree, because that's where the data of the previous decades pointed. However, more recent

Continued on back

data say something different, in each case. First, small stocks have not often outperformed large stocks over the past couple of decades. In the past five years alone, the S&P 500 has beaten the Russell 2000 by about 3.5 percentage points a year. Meanwhile, foreign markets have done much worse, with the FTSE Global All Cap X-US index gaining only 2.7% annually. Equally ominously, they haven't been providing much diversification, either, as much of the world economy relies on intricate trade relationships and continued strong demand for imports from the U.S.

It seems to me that for much of the latter half of the 20th century, small stocks outperformed large stocks partly because a fast-growing economy lifted many boats, instead of just the relative few companies with significant competitive advantages in fast-growing industries. The future is likely to be different. Given high debt levels and aging populations around the world (and some other factors), economic growth is likely to be much slower than in the past. This suggests that small-cap stocks, especially those of the 'value' variety, will likely continue to underperform. Meanwhile, correlations among international markets with the U.S. stock market have increased so much in recent years that any positive impact from international diversification is small. For example, a recent study from Morningstar measuring correlation among many kinds of investments over various periods revealed that the MSCI EAFE and MSCI Emerging Markets Indexes were 87% and 76% correlated with the S&P 500 over the 15-year period ended April 30, 2019. Such high correlations suggest that investing assets in overseas equities should be done mainly in the search for above-average absolute returns, not to lower your risk.

Therefore, because we think the U.S. provides more opportunities for growth than most overseas markets (and does so at below-average risk), we invest higher percentages in U.S. equities than do most other global investors.

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,

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 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 respectfully, 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.