AUGUST 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) and Closed-End 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	July 2020	YTD	12 Months	3 Years	5 Years
Growth	**5.5%**	**5.1%**	**12.9%**	**10.0%**	**9.0%**
Benchmark (90% Lipper Multi-cap Core/10% Lipper General Bond Fund)	*4.7%*	*-1.9%*	*5.5%*	*5.2%*	*6.3%*
Growth & Income	**4.9%**	**2.8%**	**9.4%**	**8.6%**	**8.1%**
Benchmark (75% Lipper Multi-cap Core/25% Lipper General Bond Fund)	*4.3%*	*-0.2%*	*6.5%*	*5.5%*	*6.3%*
Conservative Balanced	**4.1%**	**0.8%**	**6.5%**	**6.8%**	**6.7%**
Closed-End Income	**4.1%**	**-5.5%**	**0.2%**	**3.1%**	**6.1%**
Benchmark (60% Lipper Multi-cap Core/40% Lipper General Bond Fund)	*3.9%*	*1.5%*	*7.5%*	*5.7%*	*6.2%*
Retirement Income	**3.2%**	**-2.9%**	**2.3%**	**4.6%**	**5.4%**
Benchmark (50% Lipper Multi-cap Core/50% Lipper General Bond Fund)	*3.7%*	*2.4%*	*7.9%*	*5.8%*	*6.1%*
Index					
S&P 500	5.6%	2.4%	12.0%	12.0%	11.5%
Russell 3000 &&	5.6%	1.7%	10.3%	10.8%	10.3%
Russell 2000 ##	2.8%	-10.5%	-4.6%	2.7%	5.1%
FTSE Global All Cap X-US@@	4.5%	-6.9%	1.3%	1.7%	3.7%
Barclays Aggregate Bond	1.5%	7.7%	10.1%	5.7%	4.5%
Mutual Fund/ETF Comparisons					
Vanguard LifeStrategy Growth &	4.3%	0.4%	7.9%	7.1%	7.3%
Vanguard LifeStrategy Moderate Growth #	3.6%	2.2%	8.3%	6.9%	6.7%
Vanguard LifeStrategy Conservative Gr @	2.9%	3.8%	8.6%	6.6%	6.1%
Vanguard LifeStrategy Income ^	2.1%	5.1%	8.5%	6.1%	5.2%

Through 7-31-2020. PLEASE SEE IMPORTANT DISCLAIMER ON BACK. Returns over 12 months annualized. Notes: &&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).

Some investors are concerned about the election in November. Others are more worried about COVID-19 and its impact on the economy and, hence, corporate profits and stock prices. I believe the election results will have less of an impact than the future path of COVID-19 on the performance of the stock market over the next 6 to 12 months.

If Vice President Biden is elected president and the Democratic party wins majorities in both houses of Congress, some taxes will likely rise next year, with probably more in 2022. Depending on the specifics, however, these may not have too much impact on stocks. Perhaps the most significant increase would be on corporate tax rates, which now stand at a maximum of 21%. Vice President Biden's economic program includes an increase in the rate to 28%. Though corporations would take some steps to offset this partially, the tax hike would decrease after-tax corporate profits and thus be a drag upon stock prices. However, the absolute rate would still be considerably below 35%, its rate prior to that of the Trump administration.

Vice President Biden also is proposing increases in marginal tax rates back to pre-Trump administration levels for some taxpayers. As the stock market has done well during periods with higher tax rates on household income than today's, I am not so concerned about this from my perspective as a money manager. I am more concerned about prospective increases in tax rates on dividends and capital gains. However, I have my doubts that these would be passed, even by a Senate with a Democratic majority.

In fact, my greatest concern with a Biden victory is something he said recently: that he would shut down the economy if "the scientists" recommended doing so because of COVID-19. In my opinion, we need to learn to live with the virus, not shut down with every spike. Increased transmission may prove to be inevitable as the seasons change, the virus mutates to survive and people act as social beings.

President Trump is clearly on the side of keeping the economy open, almost no matter what. Though this might cause more deaths than shutting everything down (at least in the short run), this attitude is much better for the economy and the stock market, in my opinion.

The stock market's near-term prospects depend on the path of COVID-19 and the ability of therapeutics and vaccines. Right now, the trends for the containment of the disease are pretty good, which is the major reason the stock market has done so well lately. After rising to about 75,000 new cases a day in the U.S. in late July, a month later new daily cases number about 45,000. The rate of hospitalizations also is falling. Consider: for the week ended July 18, the cumulative increase in hospitalizations for COVID-19 among patients 65 years or older increased by 5.4%. By the week ended August 15, the rate of cumulative increase had dropped to only 2% (calculated using data from the CDC).

Meanwhile, trials for antibody treatments and vaccines continue apace. We should know a lot about whether the former work across age groups within six weeks; the latter, more like eight to 12. However, several vaccines of various scientific approaches have been shown to be safe and to spur considerable immune responses to the disease.

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No matter who wins the White House, if the treatments and vaccines work well enough, the economy will rebound and the stock market could do well. Chances are in such a scenario the economically cyclical stocks would outperform for a time. However, while the trends favoring growth stocks may slow, they will continue. Therefore, I would expect any outperformance of the cyclical stocks to be somewhat short-lived, generally speaking, though financial services stocks could have a nice run from their depressed levels.

Our Growth and Growth & Income composites continue to perform well. They are slanted toward growth and away from deep value, generally speaking. Our exposure to value stocks is through funds that emphasize quality as well as price. I don't think we have any value fund that's doing as poorly as the appropriate value-stock benchmark, for example.

Our ostensibly more conservative accounts (especially Retirement Income) are not performing as well as I'd like. They hold a smaller percentage of their equity exposures in growth stocks, which have historically been risky at high valuations. Generally speaking, I've been trying to keep risk low in these accounts rather than go for strong total returns. Because most low-risk stock funds have lost money so far this year, our Retirement Income composite is still a little down for the year, at least through July.

I've been adding exposure in some accounts to global-growth funds that have made nice gains so far this year but not extraordinary ones. I hope for the accounts to benefit from some great managers whose funds still have room to move higher, and to make sure the accounts aren't overloaded with Amazon, Apple and a few other stocks that may be extended.

I've also been increasing exposure here and there to Treasury Inflation Protection Securities and to municipal bond funds. Inflation shows signs of increasing, with some chance of significant inflation down the line. Meanwhile, state tax revenue is down much less since April than most observers would have expected, which should help municipal bond prices. Plus, municipals would likely benefit from a Democratic victory in November.

SALZINGER SHEAFF LLC BROCK

8801 River Crossing Blvd.
Suite 100
Indianapolis, Indiana 46240

salzingersheaffbrock.com
866-575-5700

For more information on our strategies, call us at 866-575-5700, or send an email to info@salzingersheaffbrock.com. We look forward to hearing from you!

Thank you for your interest in Salzinger Sheaff Brock (SSB), the only source of personalized money management by me,

Mark Salzinger
Chief Investment Officer and Portfolio Manager