SEPTEMBER 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	August 2019	Year-to-date	12 Months	3 Years	5 Years
Growth	**-1.7%**	**17.3%**	**-0.3%**	**9.9%**	**7.1%**
Benchmark (90% Lipper Multi-cap Core/10% Lipper General Bond Fund)	*-2.0%*	*12.0%*	*-1.1%*	*7.8%*	*5.0%*
Growth & Income	**-1.3%**	**16.2%**	**1.5%**	**9.0%**	**6.6%**
Benchmark (75% Lipper Multi-cap Core/25% Lipper General Bond Fund)	*-1.3%*	*11.8%*	*0.7%*	*7.3%*	*4.8%*
Conservative Balanced	**-0.9%**	**14.5%**	**2.5%**	**7.6%**	**5.7%**
Closed-End Income	**-1.3%**	**16.0%**	**4.7%**	**6.7%**	**N/A**
ETF Option Income	**-1.6%**	**9.5%**	**3.5%**	**7.7%**	**N/A**
Benchmark (60% Lipper Multi-cap Core/40% Lipper General Bond Fund)	*-0.7%*	*11.6%*	*2.4%*	*6.7%*	*4.6%*
Retirement Income	**-0.6%**	**13.4%**	**2.7%**	**6.4%**	**5.1%**
Benchmark (50% Lipper Multi-cap Core/50% Lipper General Bond Fund)	*-0.2%*	*11.4%*	*3.6%*	*6.3%*	*4.5%*
Index					
S&P 500	-1.6%	18.4%	2.9%	12.7%	10.1%
Russell 3000 &&	-2.0%	18.0%	1.3%	12.2%	9.6%
Russell 2000 ##	-5.0%	11.8%	-12.9%	7.9%	6.4%
FTSE Global All Cap X-US@@	-3.0%	9.0%	-3.6%	6.1%	1.9%
Barclays Aggregate Bond	2.6%	9.1%	10.2%	3.1%	3.4%
Mutual Fund/ETF Comparisons					
Vanguard LifeStrategy Growth &	-1.2%	13.2%	1.6%	8.4%	6.1%
Vanguard LifeStrategy Moderate Growth #	-0.3%	12.3%	4.0%	7.2%	5.6%
Vanguard LifeStrategy Conservative Gr @	0.7%	11.4%	6.3%	6.0%	5.0%
Vanguard LifeStrategy Income ^	1.7%	10.5%	8.6%	4.7%	4.3%

Through August 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).

Though the equity market took a step back in August, high-quality bonds provided diversification by turning in gains. In fact, the Barclays Aggregate Bond Index gained 2.6%. U.S. small stocks fared the worst, as the Russell 2000 index of such companies fell 5%. Over the past 12 months, the Russell fell a whopping 12.9%, while broad indexes for foreign stocks also were down, though less. Meanwhile, the large-cap S&P 500 managed a 2.9% total return. Add it all together, and most diversified equity portfolios probably lost money over the past 12 months.

So far this year, however, stock as well as bond indexes are strongly up, as our the SSB composites. In fact, compared with their respective diversified benchmarks, our composites have had an excellent year so far. (Please see the table for actual results.) By and large, they have benefited from their exposures to high-quality 'dividend growth' equity investments as well as a slant toward the 'growth' style of investing; however, performance would have been even better had I favored long-term, high-quality bonds within fixed-income portions, as opposed to medium-quality, shorter-term investments.

Though I continue to believe the stock market is reasonably attractive for additional investment at current levels, I will be careful the next few months when investing new money in actively managed mutual funds within taxable accounts. That's because many actively managed stock funds are experiencing net withdrawals, which may be forcing them to sell appreciated holdings to fund redemptions. If so, taxable distributions later this year could be larger than usual, a circumstance I'd like to avoid for new money. So, I'll likely be favoring index investments, especially ETFs, which pay few, if any, distributions beyond dividends.

I was struck a few weeks ago by the results of a recent *Wall Street Journal*/NBC News survey (1,000 respondents) measuring attitudes of young American adults (ages 18 to 38) versus considerably older Americans (aged 55 to 91) on various values. Compared to the latter, much smaller percentages of young American adults put high importance on religion, patriotism and having children, while they put greater importance on self-fulfillment. They put only modestly less importance than older folks on hard work and financial security (perhaps because they realize the difficulty of funding their desire for self-fulfillment with empty pockets).

I believe these changing societal values have investment applications, especially the decline in the perceived importance of having children (though this is likely associated with the decline in the value placed on religion). Though some of these values may change as people age, by the time a higher number of people wish they had

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children it will be too late biologically for many of them or their partners to do so. Therefore, it suggests additional declines in the number of children born per woman in the U.S. And the fewer the children, the less aggregate demand in the economy than would otherwise occur.

With less growth in aggregate demand (or even declines), the economy will grow more slowly than in the past. Like in many parts of the developed world, the American economy will struggle to grow at all eventually. This suggests the continuation of a few broad investment trends, including the outperformance of growth stocks over value stocks (as the former require less economic growth to succeed), as well as continued substitution of technology for labor per unit of economic output. This suggests that the technology sector, which has been the stock market's best performing over the past 10 years, has a good chance of being at least among the best over the coming decades as well.

Meanwhile, while the automation part of the industrial sector should strive (because of a lack of labor), basic capital goods companies should experience waning demand. And the exaltation of self-fulfillment should serve to increase demand for experiential services—cruises, other vacations, restaurant food, various types of entertainment—as opposed to physical goods. Most of the good companies in these fields are growth stocks.

Fewer babies means less demand for loans as well, suggesting interest rates can stay lower for longer. That means bonds may be safe to buy even at today's historically low rates.

Surely, surprises are in store for investors. However, demographic trends and changes in basic values among the young are likely to prove relatively enduring, suggesting the markets could continue their recent directions for quite a while longer.

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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