JULY 2022 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	June 2022	YTD	12 Months	3 Years	5 Years	10 Years
Growth	**-7.1%**	**-22.6%**	**-19.2%**	**6.1%**	**7.3%**	**9.6%**
Benchmark (90% Lipper Multi-cap Core/10% Lipper General Bond Fund)	*-7.7%*	*-19.3%*	*-16.4%*	*5.4%*	*5.7%*	*8.1%*
Growth & Income	**-6.5%**	**-20.6%**	**-17.3%**	**4.5%**	**6.1%**	**8.2%**
Benchmark (75% Lipper Multi-cap Core/25% Lipper General Bond Fund)	*-6.9%*	*-18.0%*	*-15.3%*	*4.8%*	*5.2%*	*7.3%*
Conservative Balanced	**-5.7%**	**-18.2%**	**-15.6%**	**2.8%**	**4.5%**	**6.3%**
Closed-End Income	**-6.0%**	**-18.3%**	**-16.5%**	**1.7%**	**3.1%**	**N/A**
Benchmark (60% Lipper Multi-cap Core/40% Lipper General Bond Fund)	*-6.0%*	*-16.6%*	*-14.4%*	*4.1%*	*4.7%*	*6.4%*
Retirement Income	**-5.6%**	**-16.1%**	**-13.8%**	**0.6%**	**3.7%**	**5.8%**
Benchmark (50% Lipper Multi-cap Core/50% Lipper General Bond Fund)	*-5.4%*	*-15.8%*	*-13.7%*	*3.5%*	*4.3%*	*5.8%*
Index						
S&P 500	-8.3%	-20.0%	-10.6%	10.6%	11.3%	13.0%
Russell 3000 &&	-8.4%	-21.1%	-13.9%	9.8%	10.6%	12.6%
Russell 2000 ##	-8.2%	-23.4%	-25.2%	4.2%	5.2%	9.4%
FTSE Global All Cap X-US@@	-8.8%	-18.5%	-19.0%	2.2%	3.0%	5.5%
Barclays Aggregate Bond	-1.6%	-10.4%	-10.3%	-0.9%	0.9%	1.5%
Mutual Fund/ETF Comparisons						
Vanguard LifeStrategy Growth &	-7.0%	-18.2%	-14.9%	5.2%	6.2%	8.2%
Vanguard LifeStrategy Moderate Growth #	-5.7%	-16.2%	-13.7%	3.7%	5.0%	6.6%
Vanguard LifeStrategy Conservative Gr @	-4.3%	-14.2%	-12.5%	2.1%	3.7%	5.0%
Vanguard LifeStrategy Income ^	-2.9%	-12.2%	-11.3%	0.4%	2.3%	3.3%

Through 6-30-2022. 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).

As anyone can see from the table, June was another exceptionally rough month for the equity markets, with the broad U.S. stock market (best measured by the Russell 3000 in the table), small caps and foreign stocks all down in the range of 8.5%. For the year's first half, the returns have been brutal, with losses in excess of 20% for most equities and, though not included in the table, almost 30% for the NASDAQ Composite, which is dominated by technology and communications stocks (about 58% combined of the index).

We can also see anew from the table, however, that longer-term returns are still quite good. That's because this month's letter includes 10-year annualized results for our applicable composites and the Vanguard LifeStrategy funds as well as theoretical index returns. This allows us to see, for example, the longer-term supremacy of U.S. equities over foreign stocks and especially the investment-grade U.S. bond market, as the Barclays Aggregate Bond Index produced a theoretical total return of just 1.5% annually over the period. Further proof, if anyone needed any, that to build wealth over the long run, bonds just won't cut it, while stocks may, even if you have to suffer more sometimes along the way.

The financial markets are suggesting that more than a technical recession is in the offing. (By "technical recession," I basically mean a drop in Gross Domestic Product without an increase in unemployment.) Prices for various commodities, including copper, other industrial metals and even agricultural goods are down, some considerably, along with the stock prices of the companies that extract or otherwise produce them. For example, though still up considerably for the year, various energy stocks were down 15% to 20% in June. Meanwhile, parts of the Treasury yield curve have become slightly inverted (longer-term rates below shorter-term rates). As I write this on July 22, for example, the 10-year U.S. Treasury yielded 2.75%, *down* a significant 41 basis points over the past 30 days, while the 6-month T-bill yielded 2.88%, *up* 52 basis points, for a "flattening" of nearly one full percentage points (41 + 52) in just one month.

In the real U.S. economy, while there are few signs of an actual recession, there are signs of a slowing economy. Home sales are down, for example, and some business surveys show a decline in the rate of expansion.

However, with the rest of the federal government AWOL on the inflation fight, consumers still flush with pandemic-fueled cash balances and good workers still hard to find, the Federal Reserve Board's inflation-fighting task is still probably less than half done. (It's harder to move anything when just one body is doing all of the heavy lifting.) To reduce inflation and keep it down into that supposedly desirable 2% annual level, the Fed will likely have to get the Federal Funds Rate meaningfully above the inflation rate, and keep it there for a while. So, the market looks to be forecasting that even if inflation falls from its current rate of about 9% down into the 5% or 6% rate by the end of the year, the Fed still has a long way to go.

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This means that the stock market may continue to be turbulent, with rallies difficult to sustain, in my opinion, until sometime next year. But I do see a light at the end of a tunnel. Given that the markets already expect considerably more Fed tightening, the actuality of it may not move the markets too much. Plus, Senator Manchin has apparently put the kibosh on tax hikes for this term; given a likely Republican takeover of the House of Representatives early next year after the November election, this means tax increases are likely off the table until 2025. And, as I wrote last month, valuations in the market are more attractive than they've been in years, especially for small stocks.

Though most stocks would be under pressure in a recession, those that hold up best will likely be ones that can grow through it or at least maintain their revenue and profit, likely due to a combination of providing essential products/services as well as having some pricing power. Economically sensitive stocks will be hurt the most. While this generally favors the growth style over value, some stocks that are considered growth thanks to benefiting from long-term trends may still face economic pressures. A prime example would be Internet advertising. Though this industry is surely to continue to gain share from legacy, mass media as the years go by, it's still susceptible to overall decreases in advertising as the economy slows. In the main, though, this means we are going to continue to tilt the equity portions of the accounts toward growth, dividend growth and quality, and away from economically vulnerable stocks of the value style.

As for bonds, increased recession risk suggests that the performance of longer-term, higher-quality bonds should improve relative to high-yield, so-called lower-quality debt. However, there is still considerable risk of higher rates across the yield curve, so I plan on keeping our powder dry with above-average money-market positions for the time being.

To get started in any of our strategies, see the information below. Thank you!

SALZINGER SHEAFF LLC BROCH

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