Sheaff Brock

Innovative Portfolios for Intelligent Investors™

MARKET UPDATE

August 2020

Benchmarks: 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, and the S&P Mid-cap 400 is the next largest 400 stocks. The Dow Jones Industrial Average is a price-weighted index of 30 giant American companies. These are not managed portfolios and do not reflect the deduction of fees or expenses; returns include dividends. The Bloomberg 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). The CBOE S&P 500 Buy-Write Index (BXM) is a passive total return index based on buying an S&P 500 stock index portfolio, and selling the near-term S&P 500 Index (SPX) covered call option, generally on the third Friday of each month. The SPX call will have about a one month expiration, with an exercise price just above the prevailing index level, slightly out of the money. The BXM Index does not take into account significant factors such as transaction costs and taxes and, because of factors such as these, investors should be expected to underperform passive indexes. The BXM Index represents a hypothetical buy-write strategy. Benchmark returns include reinvestment of income, but do not reflect taxes, or other fees that would reduce performance. Performance information of benchmark indexes is included for comparison purposes only. 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 (described previously), and the Bloomberg Barclays US Aggregate Bond Index (described previously). These types of indices are not selected to represent an appropriate benchmark, but rather to allow for comparison of a composite's performance to that of a well-known and widely recognized index. The second type of index is a narrowly-focused (NF) index selected on one or more characteristics, such as asset class, style or strategy, geographic area, or sector, for example, similar to characteristics of a composite. Although a NF index may have characteristics similar to those of a composite, actual composite holdings will differ significantly from the securities that comprise an index. Consequently, use of a NF index does not indicate that a composite will achieve returns, volatility or other results similar to those of the index. The composition of a NF index will not reflect the manner in which a composite is constructed in relation to investment holdings, Portfolio guidelines, restrictions, sectors, correlations, concentrations, volatility or tracking error targets, all of which are subject to change over time. Comparison of a narrowly-focused index to a composite must be limited to the similar characteristics. Clients should NOT expect performance comparable to a narrowly-focused index in an actual account. (continued below)

Sheaff Brock

8801 River Crossing Blvd.
Suite 100
Indianapolis, Indiana 46240

317-705-5700 or 866-575-5700
sheaffbrock.com

Fees are described in SBIA's ADV Part 2A. *Denotes partial year, with note reference. Prior to October 1, 2015 Preferred Income was sub-advised by Trust Investment Advisors, Indianapolis, IN. 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. Portfolios are compared to the performance of various indices although the portfolio, which contains much fewer positions, may not reflect the securities making up these indices. None of the indices may be an appropriate comparison index as our managed accounts may own companies not represented in the benchmarks. All clients of SBIA who desire to participate in option transactions receive the option disclosure document, titled Characteristics and Risks of Standardized Options, which outlines the purposes and risks of option transactions. Despite their many benefits, options are not suitable for all investors. Individuals should not enter into option transactions until they have read and understood the risk disclosure document which can be obtained from their broker, any of the options exchanges, or OCC. All investment strategies carry risk, and transactions in options may carry a high degree of risk. Options derive their value from underlying equities or indices, and the derivative value is directly related to the underlying security, thus they carry many, if not more, of the same risks as the underlying equity or index. Sellers of options should familiarize themselves with the type of option (i.e. put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account the premium and all transaction costs. Selling ("writing") an option generally entails greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavorably. Standstill option yield is calculated by dividing the aggregate annual option time decay by the aggregate account values. The yield is reflected gross of management fees. There were no other strategies employed to obtain the results portrayed other than those strategies disclosed in the SBIA ADV or other disclosure brochure. SBIA 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 SBIA believes are reliable, however, SBIA 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. SBIA 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 SBIA's Form ADV Part 2A and to one or SBIA's representatives for individualized information prior to deciding to participate in any portfolio or making any investment decision. SBIA does not provide tax advice. Clients are strongly urged to consult their tax advisors regarding any potential investment. Past performance does not guarantee future results, there is always a possibility of loss.

Sheaff Brock

Innovative Portfolios for Intelligent Investors™

Monthly Update

Publication: 8/27/2020

SheaffBriefs

Go to sheaffbriefs.com. Check out our blog.

Create your legacy, and pass the baton. — *Billy Jean King*

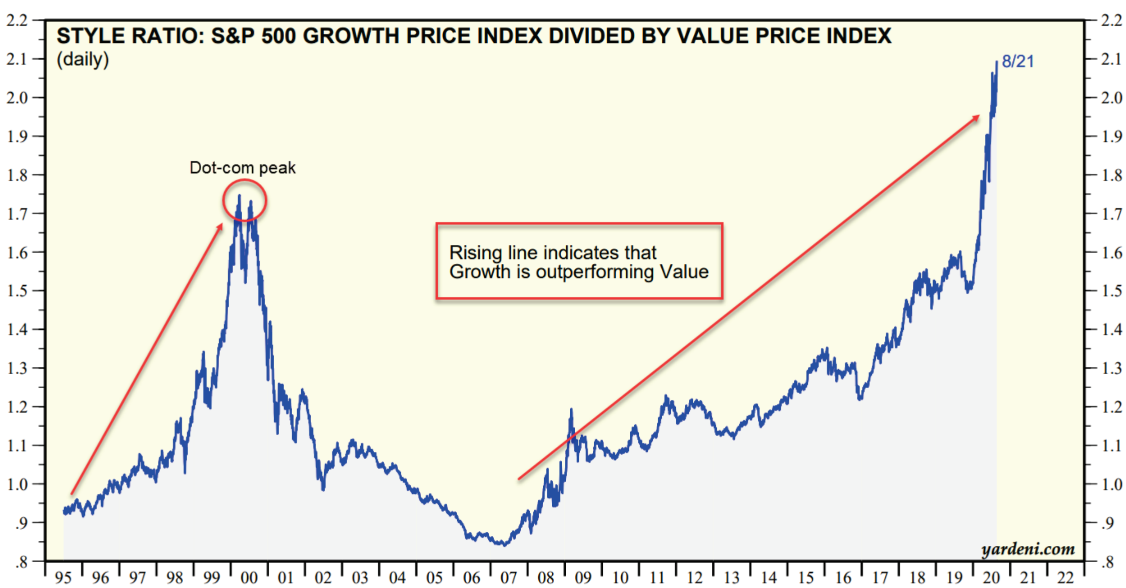
Growth stocks are sexy. They're cool to talk about. You can brag about owning Tesla and Netflix during the Zoom happy hour with your college pals. "When you were in college we didn't think you were that smart", they say. A smug smile forms as you sip a single-malt scotch with the giant ice cube. Growth stocks are the cool kids. Over the last six years, growth stocks have trounced their less-cool cousins, value stocks. By a LOT! Over long periods, like 25 years, growth stocks and value stocks have typically earned similar returns, but over shorter-terms, like the last six years, returns can vary wildly.

Six-Year Run #1	2015	2016	2017	2018	2019	As of 8-22-20	$1000 Invested is Now
Value Stocks	-3.4%	17.3%	13.7%	-8.3%	26.5%	-11.1%	$1660
Growth Stocks	5.7%	7.1%	30.2%	-1.5%	36.4%	24.1%	$2458

Sources: Lazard Asset Management, Frank Russell, Russell 1000 Growth and Value Indices

For thirteen years, growth stocks have WAY OUTPERFORMED value stocks, and now in 2020, by even more than at the peak of the Dot-com boom.

In the 1990's, growth stocks ruled, but ran out of steam in 2000. For about the next 8 years, value stocks carried the baton. Then starting in 2007, growth stocks took the performance baton back, and still hold it. But for how long?



Source: Standard & Poor's and Haver Analytics.

In March of 2000, growth stocks dropped the baton. For the next six years, value stocks became the darlings of the smart investors and WAY OUTPERFORMED growth. The folks swilling single-malt scotch talked about mundane things like book value and price-to-sales. In 2006, cool kids bragged about Berkshire-Hathaway.

Six-Year Run #2	2000	2001	2002	2003	2004	2005	$1000 Invested Became
Value Stocks	7.0%	-5.6%	-15.5%	30.0%	16.5%	7.1%	$1384
Growth Stocks	-22.4%	-20.4%	-27.9%	29.8%	6.3%	5.3%	$647

Sources: Lazard Asset Management, Frank Russell, Russell 1000 Growth and Value Indices

Tiffany's Financial Planning Tips! Tiffany VanHook serves our clients as a financial planner and estate specialist. Tiffany has many years of experience providing ultra-high-net-worth families financial and estate planning services. Her planning services are available for Sheaff Brock clients. Every month we share a planning tip or two:

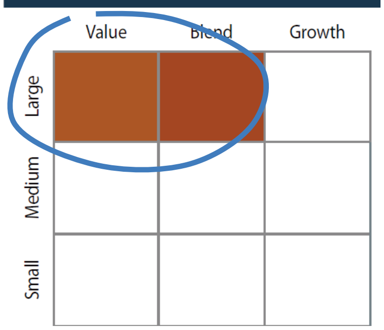
√ Have a teenager with a part-time job? Consider opening a Roth IRA and encourage them to deposit the first $6,000 of earnings to get an early start on tax-free growth!

√ If the recent pandemic depleted your emergency reserve or has you questioning its sufficiency, the easiest way to bolster your reserve is to examine your budget for unnecessary expenses.

If you think (like we do) the growth/value performance differential is extreme and that quality value stocks might again take the baton from growth, a good way to play it, in my opinion, is with our **Bulls of the Dow** portfolio.

The Bulls of the Dow portfolio is designed for growth, and the portfolio also seeks to offer income from dividends. The strategy invests in the top 10 stocks in the Dow Jones Industrial Average with the strongest fundamental scores and lowest downside risk attributes. The strategy is rebalanced on a quarterly basis with an emphasis on current rankings of the quantitative scores.

SIZE AND STYLE$
(as of 6/30/2020)



$Source: Morningstar, Inc as of 6/30/2020

The Bulls of the Dow fall into the Large-Cap Value bucket according to Morningstar.

ANNUAL PERFORMANCE
(as of 6/30/2020)

Average (Annual)	Bulls Gross	Bulls Net	DJIA
2020 YTD	(1.08%)	(1.67%)	(8.43%)
1 yr.	11.91%	10.56%	(0.54%)
3 yr.	18.47%	17.03%	9.08%
5 yr.	15.51%	14.10%	10.62%
7 yr.	14.82%	13.41%	10.81%
*Inception**	15.79%	14.36%	11.43%
*Cumulative**	196.46%	170.49%	123.20%

* Inception 2-1-2013
(DJIA) Dow Jones Industrial Average

And historical performance has been rock-solid, beating the benchmark over every period.

Who says active managers can't beat the index?

Portfolio Updates

All eyes are on the election. Some clients are getting worked up into a frenzy about the possible outcome. If you are one of those people please do this:

1. At 4:00 PM (the saying used to be "it's 5 o'clock somewhere" but the pandemic pushed it back at least an hour) pour a glass of wine or a nice neat bourbon. Not too much. It's still afternoon.
2. On your favorite device go to https://sheaffbrock.com/market-topics/market-shorts , or go to SHEAFFBROCK.COM, click on MARKET TOPICS, click on MARKET SHORTS.
3. Watch our 6 minute video titled *Historical Perspective on the 2020 Election*
4. Relax, it's going to be OK.

Dividend Growth & Income

Dividend payers are mostly "value" stocks, which have endured tough sledding for a while. If the previous sentence surprised you, I fear you indulged in a bigger pour while watching the election video, and before reading on, you might want to reread the facing page. Through July, our composite portfolio of dividend payers returned –14.2% net-of-max-fees vs. a drop of –19.5% for our benchmark, the Dow Jones Select Dividend index. We recently added two new positions, Eli Lilly and PPG, which brings the portfolio up to 32 positions, closing the gap to our goal of 33 holdings. This year, despite a recession, riots, and dire reporting, 20 of our stocks have increased their dividend.

Bulls of the Dow

As the previous column shows, this is a group of large-cap value stocks. For a large-cap value portfolio, this has been a stellar performer when compared to benchmarks and other large-cap value offerings. This is a simple portfolio of ten stocks from the thirty Dow Jones Industrials (DJIA), with all trades quant-computer generated and rebalanced quarterly. The next portfolio refresh will be in October which will include the three new stocks to be added to the DJIA at the end of August. Exxon, Raytheon, and Pfizer will exit the index, replaced by Salesforce, Honeywell, and Amgen. Changes to the index could bring new blood to the Bulls.

IntelliBuilD Growth™

IntelliBuilD™ consists of 33 positions and is fully invested. All positions are growth stocks from *Investor's Business Daily's* lists, and trades are quant-computer generated. So far in 2020, growth stocks have carried the market. Through July, our composite beat comparable indices, any way you slice and dice it, by returning 2.9% net-of-fees vs. 2.4% for the S&P 500 and a drop of –9.0% for the S&P Mid-cap 400 Index. Of the 33 positions, 9 have turned over in 2020. Who says active managers can't beat the index?

Twenty Under Thirty-Five

This is a 20 position portfolio of lower-priced stocks (under $35 when purchased), and mostly small-cap value stocks, the worst subset to be in. 2020 has punished this group.

Covered Call

Income from covered calls, dividends, and appreciation are the goals. Through July, accounts have done well as compared to benchmarks and other competitive offerings. The covered call composite accounts returned –6.3% net-of-fees vs. –11.8% for the CBOE Buy/Write index.

Real Estate Income and Growth

At –15.1% year-to-date our REIT portfolio may seem like a rundown strip center, but compared to our benchmark, the Dow Jones Select REIT Index which was –19.4%, we look well kept. REITs have had a tough time with the pandemic, but a good weighting in data centers, cell towers, medical research and government campuses, and industrial warehouses have helped the portfolios.

Preferred Income

Preferreds are damned cheap and the best valued income sector out there, in my opinion. Many preferreds pay tax-advantaged dividends with a 5%+ average dividend yield. Where else can you get that? Comparing that to other fixed income offerings makes me laugh through my mask. Most preferreds are issued by financial service companies which, since 2008, have been under intense government oversight (think monthly colonoscopy), resulting in a higher level of issuer safety. If you want income, you should take a look.

Option overlay products are additive in return to other investments held in an account, and are not appropriate for all investors. Realized gains and losses can be very inconsistent. These are long-term strategies and may not produce capital gains over the short-term.

Put Income and Index Income Overlay The goal is to create incremental income/capital gains on top of another portfolio by selling index put credit spreads or put options on equities. **Put income -** In July we had the biggest realized gains, over $6.5 million, since January of 2018, but have more work to do to offset earlier losses. Currently there are nearly $22 million in unrealized gains across all accounts, which could be booked in 2020. **Index Income -** In July we had the best monthly cash-flow since inception. As of today, all of the current index spread positions are well out-of-the-money. Rolling contracts forward gave positive cash-flow every month this year, and with market strength total return may follow.

If you have any questions or comments regarding this letter, including any portfolio or composite, please contact our Chief Compliance Officer, Audrey Kurzawa at audreyk@sheaffbrock.com; you can also reach her, or any other Sheaff Brock representative, at 317-705-5700.

Style	Performance Update Portfolio	2020	2019	2018	2017	2016	2015	2014	2013	2012
Fixed Income	**Preferred Income** - Preferred stocks	-0.46	13.62	-5.66	7.44	1.58	5.47	14.29	-4.65	9.42
Growth and Income	**Covered Call Income** - Quality stocks & covered calls	-6.27	23.73	-10.36	12.95	6.16	-1.01	6.36	22.28	10.23
	Dividend Growth & Income - Dividend paying stocks	-14.15	26.48	-8.95	21.99	11.07	-7.27	5.04	36.23	12.17
	Real Estate Income & Growth - REITs/real estate stocks	-15.06	24.50	-5.41	2.77*	*5/1/17 inception				
Growth	**IntelliBuilD™ Growth** - IBD growth stocks	2.87	32.79	-11.30	25.40	-2.85	2.53	7.47	11.56*	*10/1/13
	Bulls of the Dow - 10 stocks of the Dow Jones 30 Indus.	-2.34	28.68	4.51	33.76	9.35	0.96	11.41	24.35*	*2/1/13
	Twenty Under $35 - 20 best scoring stocks under $35	-27.73	26.65	-18.74	5.72*	*10/1/17 Inception				
Option Overlay	**Put Income** - Realized gains return	-16.77	7.32	0.58	*5.66*	*0.21*	*-8.86*	0.55	4.04	
	Index Income - Cash-flow return	2.06	4.69	1.67	2.48	3.35*	*6/1/16 inception date			
	Index Income - Total return mark-to-market^	-1.75	8.99	-3.59	2.46	2.49*				
	Index									
Large-Cap Stocks	**S&P 500**	2.39	31.50	-4.38	21.83	11.96	1.38	13.69	32.39	16.0
30 Giant Stocks	**Dow Jones Industrial Index**	-6.13	25.35	-4.78	28.09	8.66	7.70	10.05	22.41	
Mid-Cap Stocks	**S&P Mid-Cap 400**	-9.02	26.21	-11.10	14.45	18.73	-3.71	8.19	31.57	16.07
Covered Index	**CBOE S&P 500 Buy/Write**	-11.84	15.67	-5.26	13.00	7.06	5.24	5.64	13.26	5.20
Fixed Income	**Bloomberg Barclays Aggregate Bond**	7.72	8.73	0.02	3.54	2.65	0.55	5.97	-2.15	4.2

*Returns are through previous month-end. Composites include all fully discretionary accounts and consist of all client accounts that are at least 80% invested in the strategy. Returns are presented net of maximum management fees and all trading expenses, and the reinvestment of all income. Put Income results are only realized gains. Index Income total return reflects the realized and unrealized gain/loss including the reinvestment of cash-flow income from the options divided by the prior period ending composite value. Cash flow yield represents the cash received from the sale of index option premium divided by the average composite value. ^Returns have been restated to reflect the change in unrealized gain/loss on the option premiums. Returns are calculated using the highest fee to reduce the composite gross of fee return to obtain the composite net of fee return. An analysis is performed on a quarterly basis to determine the highest fee paid in the portfolio as the highest fee paid may change over time . (continued on opposite page)