Sheaff Brock®

Innovative Portfolios for Intelligent Investors®

FA 100 CNBC 2020

2020 recipient of CNBC's Top 100 Advisors in America

Market Update

September 2021

(Continued from page 4) Performance presented are time-weighted returns. Valuations and performance is reported in U.S. dollars. Composite performance is presented on gross-of-fees and net-of-fees basis and includes the reinvestment of income (dividends/interest). Gross-of-fees returns are presented before management and custodial fees but after all trading expenses. Net-of-fees returns are calculated by deducting a model management fee of 0.3125, ¼ of the highest annual management fee of 1.25%, from the quarterly gross composite return. Actual advisory fees incurred by clients may vary.

Performance information of widely recognized indexes is included to for comparison purposes and to reflect material market conditions. Composites are compared to the performance of various indices although the Composite, which contains much fewer positions, may not reflect the securities making up these indices. The 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. An index is not available for direct investment and does not reflect any of the costs associated with buying and selling individual securities or management fees, the incurrence of which would have the effect of decreasing historical performance results.

Indexes: *The S&P 500 Index* is a market capitalization-weighted index comprised of 500 stocks of the largest publicly traded U.S. companies. The *Dow Jones Industrial Average Index* is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and NASDAQ. The *S&P MidCap 400 Index* is a value weighted index comprised of mid-sized companies with total market capitalization from $750 million to $ billion. The *CBOE S&P 500 BuyWrite Index* is an index designed to track the performance of a hypothetical buy-write strategy on the S&P 500 Index. It is a passive total return based on (1) buying an S&P 500 stock index portfolio, and (2) "writing" (or selling) the near-term S&P 500 Index "covered" call option, generally on the third Friday of each month. The S&P 500 Index call written will have about one month remaining to expiration, with an exercise price just above the prevailing index level (i.e., slightly out of the money). The S&P 500 Index call is held until expiration and cash settled, at which time a new one-month, near-the-money call is written. 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).

*Cash flow yield represents the cash received (premiums) from the sale of index put credit spread options divided by the average composite value. Realized gain/loss return represents the realized gains/losses on the sale of put options divided by the average composite value. Information is presented grow and net of investment management fees. Net-of-fees is calculated by deducting a model management fee of 0.3125, ¼ of the highest annual management fee of 1.25%, from the quarterly gross cash flow yield or realized gain/loss.

The 2020 CNBC FA 100 list is an independent ranking. CNBC enlisted data provider AccuPoint Solutions to assist with the ranking of registered investment advisors for the 2020 CNBC FA 100 list. The analysis started with 37,369 registered investment advisors. AccuPoint screened the list down to approximately 750 registered investment advisors that were required to complete a survey to be in consideration for the 2020 CNBC FA 100 list. Neither the registered investment advisor nor their employees paid a fee for the listing. Data points used by AccuPoint for the ranking included disclosures, number of years in the business, number of employees, number of investment advisors registered with the firm, ratio of investment advisors to total number of employees, total assets under management, percentage of discretionary assets under management, total accounts under management, number of states where the RIA is registered and country of domicile. Third-party rankings and recognition from rating services or publications, such as the 2020 CNBC FA 100, is no guarantee of future investment success and working with a highly rated advisor does not ensure that a client or prospective client will experience a higher level of performance or results. The ranking may not reflect a client or prospective client's experience with the registered investment advisor. Past performance does not guarantee or indicate future results.

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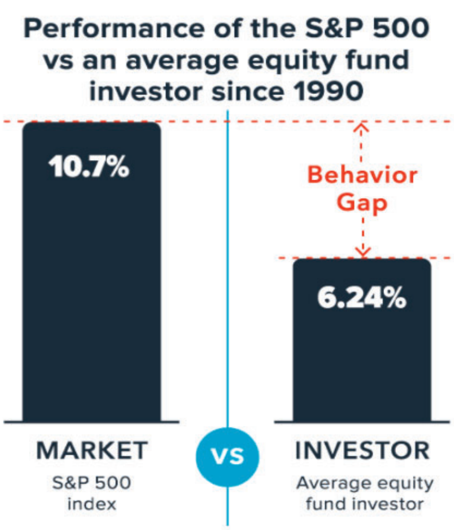
Have a friend, adult child, or rich uncle who might like to receive this monthly letter? Let us know and we'll add them to the list.

"The only problem with market-timing is getting the timing right."
Peter Lynch

Above are some of history's best investors. They earned this distinction over their lifetime, by following their convictions with dogged determination. Each of their approaches differed from the other, because there is no one way of investing that is the "best". Graham was the king of value investing, Lynch was all about growth, Bogle was an index guy, Soros and Icahn wouldn't touch an index, Buffett invests in a few companies he knows, while Templeton was a foreign and emerging market proponent. Each of them followed their particular methodology with passion, but none were "tactical" or market timers.

Even though their paths to success differed dramatically, why were they successful, when so many others fail?

Below is a study from Dalbar, a company that studies investor behavior by tracking cash flows in and out of mutual funds.



Quantitative Analysis of Investor Behavior (QAIB), 2021, DALBAR, Inc. www.dalbarinc.com

They have been doing this same study for years, and the result is always the same. Timers, or tactical investors, underperform by huge margins, year after year. The main reason for this poor showing is because fearful retail investors try to "time the market". They tend to get spooked and pull out near market bottoms, and put money back in stocks when they feel confident, when stocks have recovered in price. In general, retail investors lack conviction in their process, or their advisor's process, and bail out at the wrong time.

Investor legends NEVER freak out when the market, or a company they know and love, sells off. They don't freak out and sell, they stick with it or buy more! They're not tactical or timers. Great investors stick to their discipline. ALWAYS.

Predicting the Stock Market

When you are in the business we are in, it is common for a friend or relative to ask if it is a good time to be in the stock market. Normally the questioner is expecting a yes/no, binary answer. They are looking for a market timing prediction into the future. It is flattering to the ego that others believe we have any ability at all to gauge future returns, or maybe they are just trying to start conversation.

With a commodity like gold, a binary question is legitimate. Last month, we wrote about gold and how it is a terrible long-term investment. Gold has only gained about 35% since the early 1980s, when I started as a stockbroker. Forty years ago this month, gold was at $1300 and now gold is priced at $1759, only 35% higher over 40 years. My binary answer to whether it is a good time to be in gold is always NO.

But, when it comes to the stock market, the answer isn't yes or no. Over long periods of time, say 15 years, the answer is always yes. Even over 5-year periods, the yes answer will usually be correct. Over short durations, say 1-year, the accuracy of a yes/no prediction is not much better than a coin-flip.

We are generally stock-market bulls because we take a long view. In September of 1981 the S&P 500 was at 120, and today it is at 4465. Through all of the global tumult over the last 40 years the American stock market has risen 37 fold! Why wouldn't a person be long-term bullish on stocks? Instead of $1759, gold would have to be at $48,000 to equal that!

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

There are several tax proposals making their way through Congress right now. We don't know which, if any, will get signed into law, everyone should *pay attention* to avoid missing out on valuable planning opportunities!

- The $11.7M estate tax exemption is on the chopping block under Bernie Sanders' "For the 99.5 Percent Act". Sanders' Act proposes to slash the estate tax exemption down to $3.5M per person, while simultaneously slashing the lifetime gift tax exemption to $1M.
- Several Democrats have co-sponsored the Sensible Tax and Equity Promotion (STEP) Act, which aims to eliminate the step-up in cost basis that beneficiaries currently receive when they inherit property.

There is a lot of talk that stocks are overvalued because P/E's are high, COVID is still a threat, supply chains are screwing up the economy, China's clamping down, and proposed tax law changes may hurt investors. What will stocks do in the next year? Coin-flip. With all the headwinds there is no reason for a strong stock market. But, guess what? We feel it is best to be invested. The reason being is that 3, 5, and 10 years from now, the odds are very, very good that the stock market should be much higher.

> I can't recall ever once having seen the name of a market timer on Forbes' annual list of the richest people in the world. If it were truly possible to predict corrections, you'd think somebody would have made billions by doing it.
>
> Peter Lynch

Portfolio Updates

As this is being written, China's debt concerns are rippling through markets and causing a pullback in U.S. stock markets. The average annual correction for the S&P 500 over the last 40-years is –14%, and so far in 2021 we've only had a –4% one. We have stated in this newsletter, and in our monthly portfolio conference calls, that our stock markets are overdue for a correction, and to expect a –10% haircut in the S&P 500. So, this might be the start. But, because of the strength of corporate earnings, any correction should only be a haircut, and not a buzz cut. Through August, our portfolios delivered solid numbers (see last page) and we feel our focus on avoiding stocks with high "downside risk" characteristics should serve us well through any choppiness.

Dividend Growth & Income

Dividend payers, dividend raisers, and growing companies are what we buy and own. Recently, we added CVS Health (CVS) to the portfolio. A strong dividend, low P/E, and solid analyst targets bode well for the stock. The portfolio's total return is beating the S&P 500 through August. Not too shabby.

Bulls of the Dow

Ten stocks with the best "downside risk" scores from the thirty Dow Jones Industrials (DJIA). October - rebalance month.

IntelliBuilD Growth™

33 positions, growth stocks from *Investor's Business Daily*'s buy lists. The portfolio sports very "growthy" characteristics. The most recent buys: Autonation (AN) and Avantor (AVTR).

Outlier Growth

Stocks with very large buy-side volume over previous months, then filtered by growth and downside-risk scores gain entry into the portfolio. Currently, the portfolio includes giants like Alphabet and Facebook, as well as smaller companies like Revolve, Progeny, and Bruker. All of the holdings have good fundamentals, technicals, and high institutional volume.

Covered Call

Unlike many covered-call managers, we exclusively buy individual stocks and hope to get called out of it. This becomes a bit of a constant portfolio refresh by forcing us to sell a stock at a price we're happy with, and likewise buying a new stock at a price we think is fair. It has worked well...look on the back at the performance vs. the CBOE Buy/Write index. As Charlie Sheen said, "WINNING!"

Real Estate Income and Growth

REITs have been hot, making this our best year-to-date performing portfolio through August. Dividends beat bonds too.

Preferred Income

Preferred stocks just keep on chugging along compared to most other fixed income offerings. Preferreds are still one of the few places you might earn around 4+% income.

Put Income and Index Income Overlay

The strategy objective is to manufacture cash-flow in exchange for the investor accepting some additional volatility in their existing portfolio. Our hope is to create incremental income/capital gains on top of another portfolio by selling index put credit spreads or put options on equities. 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 - Through August, 2021 is going very, very well for Put Income. Although a market haircut might force us to roll-out some positions, an elevated VIX should boost put premiums, and potentially boost cash-flow. And at the end of the day, in my opinion, it's all about cash-flow.

Index Income - The goal is to manufacture cash from volatility over a long period of time. That's it. And the cash generated is in addition to the returns earned in the underlying portfolio. Over the last 5-years we've annually added 4.29% net-of-fees cash-flow to accounts. Just like Put Income, a market haircut might force us to roll-out positions, but higher put premiums could boost cash-flow. And after all, I'm all about cash-flow.

INNOVATIVE portfolios® Performance^

Style (as of 8/31/2021)	(Average Annual) (%)	Year to Date	1 Year	3 Year	5 Year	10 Year
Fixed Income	**Preferred Income** Gross	2.99	9.18	6.57	4.93	-
	Preferred Income Net	2.03	7.82	5.27	3.64	-
Growth & Income	**Covered Call Income** Gross	17.28	30.31	11.96	11.86	10.39
	Covered Call Income Net	16.19	28.69	10.58	10.48	9.04
	Dividend Growth & Income Gross	22.63	40.28	12.90	14.89	13.47
	Dividend Growth & Income Net	21.51	38.56	11.52	13.49	12.08
	Real Estate Income & Growth Gross	30.67	45.05	13.04	-	-
	Real Estate Income & Growth Net	29.50	43.31	11.68	-	-
Growth	**IntelliBuilD® Growth** Gross	20.33	34.23	17.51	18.42	-
	IntelliBuilD® Growth Net	19.23	32.58	16.09	16.98	-
	Bulls of the Dow Gross	13.74	18.64	14.18	18.68	-
	Bulls of the Dow Net	12.69	17.16	12.78	17.23	-
	Outlier Growth Gross[1]	22.56	[1]11/1/2020 inception. Short-term returns may be unreliable vs. long-term.			
	Outlier Growth Net[1]	21.44				
Option Overlay	**Index Income - Cash Flow** Gross*	5.10	8.86	6.41	5.60	-
	Index Income - Cash Flow Net*	4.12	7.51	5.09	4.29	-
	Index Income Total Return Gross	5.28	9.00	4.54	4.30	-
	Index Income Total Return Net	4.30	7.64	3.25	3.01	-

Index Returns	(Average Annual) (%)	Year to Date	1 Year	3 Year	5 Year	10 Year
Large-Cap	S&P 500®	21.58	31.17	18.07	18.02	16.34
30 Giant Stocks	Dow Jones Industrial Average	17.04	26.77	13.33	16.58	14.51
Mid-Cap	S&P MidCap 400	20.30	44.77	12.18	13.74	13.90
Covered Calls	CBOE S&P 500 BuyWrite	14.58	23.20	4.76	7.33	8.21
Fixed Income	Bloomberg Barclays US Aggregate Bond	-0.69	-0.08	5.43	3.11	3.18

Sheaff Brock® Performance^

Style (as of 8/31/2021)	(Annual) (%)	Year to Date	2020	2019	2018	2017
Option Overlay	**Put Income - Realized Gain** Gross*	11.21	0.78	8.50	2.98	6.90
	Put Income - Realized Gain Net*	10.28	(0.47)	7.25	1.73	5.65

Returns for the Put Income strategy are presented from the period (annual) after the strategy was no longer sub-advised.

Index Returns	(Annual) (%)	Year to Date	2020	2019	2018	2017
Large-Cap	S&P 500®	21.58	18.40	31.49	(4.38)	21.83

Performance data quoted represents past performance. Past performance does not guarantee future results.

^Effective December 2018, Sheaff Brock Investment Advisors, LLC (SBIA) engaged Innovative Portfolios, LLC (IP), a wholly owned subsidiary of our parent company, as a sub-advisor to manage the above listed IP strategies. Performance prior to January 1, 2021, occurred while the investment management team was affiliated with SBIA. The investment management team has managed the composite since its inception, and the investment process has not changed. The IP historical performance has been linked to performance earned at SBIA.

SBIA provides the Newsletter for general informational and educational purposes, and where appropriate, to assist in explaining the composites. It is not investment advice for any person. The information provided should not be considered a recommendation to purchase or sell any particular security. It should not be assumed that any securities transaction or holding discussed was or will prove to be profitable, or that the investment recommendations or decisions in the future will be profitable or will equal the investment performance of the securities discussed herein. 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 is no guarantee of future performance and there is a risk of loss of all or part of your investment. Individual client performance returns may be different than the composite returns listed. Changes in investment strategies, contributions or withdrawals, and economic conditions may materially alter the performance of your portfolio. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment or composite will be suitable or profitable for a client's portfolio. Individuals should not enter into option transactions until they have read and understood the risk disclosure document titled, Characteristics and Risks of Standardized Options which can be obtained from their broker, any of the options exchanges, or OCC. *(Continued on page 1)*