Sheaff Brock

Innovative Portfolios for Intelligent Investors™

FA 100 CNBC — 2020 recipient of CNBC's Top 100 Advisors in America

MARKET UPDATE

April 2021

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.

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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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.

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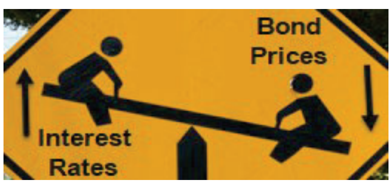
Have a friend, adult child, or rich uncle who might like to receive this monthly letter? Let us know and we'll add them to the list.

> "The best language is silence. We live in a time of a terrible inflation of words, and it is worse than the inflation of money".
>
> Eduardo Galeano

Last month in this letter, we discussed how recent, slightly rising interest rates have hurt bond prices, but have not hurt preferred stock prices. With the economy reopening, supply constraints (houses, building materials, gasoline), and rising prices popping up, a somewhat-loud chorus of folks are warning that inflation will be roaring and longer-term interest rates will soon be jumping even more and derailing the stock market.

What's an investor to do if inflation spikes and higher rates make their way back into our lives?

- Well, you for sure don't want to own long-dated bonds, unless you plan on holding them to the bitter end. Remember the street sign from last month's letter?



- You might also avoid most utility stocks because they are very interest sensitive and sort of act like bonds.
- Preferred stocks would be OK because they have historically been less interest rate sensitive. Floating rate preferreds (like ones we own in our preferred accounts) would likely fare quite well since their rates would rise over time.
- Tangible things: commodities, gold, real estate and REITS should do well too.

Some inflation ➜ good. Too much inflation ➜ bad.

Opinions about how much inflation is too much are all over the map. If you watch any business channel or mainstream news, you can find some "expert" making a cogent case about the likelihood of future inflation. Fed Chairman Jerome Powell has said many times that they will basically wait until they see inflation above 3% for quite awhile before getting wound up about it. They're taking the "don't fire 'til you see the whites of their eyes" approach. Inflation is very complex, which is why there are so many opinions. Many folks think it's all about "money-printing", but velocity of money, wage costs, commodity costs, and global supply chains all play roles.

Our clients'accounts are mostly invested in the domestic stock market, or derivatives of it. Here is how the stock market has fared when inflation is above or below 3%.

Inflation Is Not Great For the Stock Market
Annual returns for the S&P 500: 1928-2020

Inflation >3%	Inflation <3%
6.3%	15.7%

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Inflation up to 3% is pretty darn good for the stock market, but above 3%...not so much. A few years from now the Fed might be walking on the inflation tightrope.

Generally, one byproduct of higher inflation is rising interest rates. Rising inflation and interest rates often mean the economy is strong, so it's an OK problem to have. But, over short periods the rising interest rates can worry investors.

However, during the whole cycle of rising rates, the stock market usually does pretty well. Look at the table below. Twelve

The Stock Market Does Fine When Rates Rise
S&P 500 performance when the 10 year treasury yield rises 1% or more since 1950

Start Date	End Date	Starting Yield	Ending Yield	S&P 500
JAN '50	JUN '53	2.3%	3.1%	80.9%
JUL '54	OCT '57	2.3%	4.0%	60.7%
APR '58	JAN '60	2.9%	4.7%	40.4%
MAY '61	SEP '66	3.7%	5.2%	70.8%
MAR '67	MAY '70	4.5%	7.9%	-1.9%
NOV '71	SEP '75	5.8%	8.4%	2.8%
DEC '76	MAR '80	6.9%	12.8%	18.4%
JUN '80	SEP '81	9.8%	15.3%	11.4%
MAY '83	JUN '84	10.4%	13.6%	-1.5%
JAN '87	OCT '87	7.1%	9.5%	6.7%
OCT '93	NOV '94	5.3%	8.0%	2.2%
OCT '98	JAN '00	4.5%	6.7%	39.5%
JUN '03	MAY '06	3.3%	5.1%	39.1%
JUL '12	OCT '18	1.5%	3.2%	127.2%

TABLE: BEN CARLSON • SOURCE: DFA

FORTUNE

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. Every month we share a planning tip or two:

1) **Managing Debt -** Remember, not all debt is bad debt! Especially if the debts are tax deductible. When trying to balance paying off debt and saving for the future, consider following these steps: #1, contribute enough to your 401(k) to get all of your employer's match available. #2 , pay off any nondeductible debt, such as credit cards, as quickly as possible. Finally, keep paying your deductible debts, such as student loans or mortgages, on time. If the rate you pay is less than what you think you can earn investing, start investing!
2) **Tax Filing Date -**This year it is May 17th.

SO FAR, SO GOOD

Our return rate is high, thank-you! More of you will soon get the chance to participate. You may receive, by either email or snail-mail, a letter and form to return to help us with a project. If by email, it will be a DocuSign form, whereas snail-mail will include paper forms. We would appreciate it if you could sign and return the forms el-pronto. The purpose of this is to consolidate the "money management" portion of our business into our wholly owned sister company, Innovative Portfolios, for institutional asset management reasons.

We want to assure you that nothing changes on your end - the management remains the same, your ability to interact with anyone at the firm remains intact, and costs don't change one penny. The same people will continue to manage your assets and Sheaff Brock is still your advisor; Innovative Portfolios will simply be acting as a sub-advisor to Sheaff Brock, and again, we own both. *Literally nothing changes in the management of your accounts.* When you get the forms, please sign and return them. THANKS!

out of the fourteen times, or 85% of the periods, that rates increased by more than 1%, the stock market did quite well, up an average of 41% over a period of a few months to a few years. Twice it fell about –2% over 1 to 3 years.

Bottom line: Even including the recent upticks, interest rates are still historically low. Odds are pretty good the stock market should treat you well when/if interest rates rise even more.

Portfolio Updates

Good news. The stock market had a solid first quarter, but bonds rode the see-saw down a bit. A report from LPL Financial said these are the "best business conditions of the 21st century." The ISM Manufacturing and Services numbers have hit their highest levels in *decades*. Unemployment is down to 6%, and going lower. The economy could open up by summer, pushing the GDP growth rate up to 7% or higher this year. Economists now expect employers to add over 7 million new jobs in 2021, the largest December-to-December gain ever recorded. We're starting to travel more – a lot more. As of April 12th, more than one million people per day have been flying commercial airlines in the U.S. for 30 straight days, for the first time in a year. Restaurants are opening up, and their biggest problem is finding enough workers. Help wanted signs are everywhere. Lastly, this quarter's earnings could be a blockbuster! Today, Vanguard said they believe "value" stocks may "trounce" "growth" stocks for the next decade. If so, Sheaff Brock portfolios may benefit, most of which lean toward the value side of their equity universe. Time will tell, but it would be nice to have a decade-long tailwind!

Dividend Growth & Income
Dividend payers, dividend raisers, and growing companies are what we buy and own. We've made several portfolio changes in recent months, but didn't add any new positions since the last newsletter. Recent turnover included, as of 4/19/21, our current 33 stocks in this portfolio have been owned for an average of 644 days. Our average gain (including dividends) per stock is 84%. When we buy, we make a commitment, and typically hold for quite a while. As you can see, this is not a willy-nilly trading portfolio chasing the hot stocks. This is more tortoise than hare, although it was our best-of-show in Q1. Our composite of accounts gained 8.61% net-of-maximum-fee in Q1 vs. 6.18% for the S&P 500, 5.64% for the Dividend Achievers Index, and 19.70% for the Dow Jones Select Dividend Index.

Bulls of the Dow
Ten stocks with the best "downside risk" scores from the thirty Dow Jones Industrials (DJIA). The January refresh resulted in no changes, however April's rebalance swapped out four stocks. Performance over the last few months has lagged, although it's not unusual for the Bulls to zig when the DJIA zags. The ten-stock, concentrated portfolio contributes to that. The April portfolio additions were Dow, JP Morgan, Microsoft, and Travelers.

IntelliBuilD Growth™
33 positions, growth stocks from *Investor's Business Daily*. Growth stocks had a rocky first quarter as did the tech sector, which acted as a bit of an anchor on this portfolio. So far in April, things are picking up for the mix. We had one recent

buy, J2 Global, an internet service company. Even though this seems to have some turnover, the 33 stocks in this portfolio have been owned for an average of 607 days, and sport an average gain (including dividends) per stock of 94%. The portfolio is now 73% large-cap and 27% mid and small-cap.

Outlier Growth

A portfolio of stocks showing multiple instances of unusually large institutional buy-side volume over the previous six months, and then filtered by growth and downside-risk scores. The object is to identify companies with high growth potential, and fairly early in a growth cycle. FYI, it can be a somewhat volatile group. Potential candidates are quantitatively analyzed in about the middle of every month. The portfolio started in October, and so far our average holding period is 123 day and our average gain per stock is 19%. Currently, well over half of the holdings are technology stocks.

Covered Call

As of the end of Q1, this is our multiple-season MVP. Our composite, net of our maximum fee, has outperformed the benchmark CBOE Buy/Write index not only year-to-date, but also over the trailing 1 year, 3 years, 5 years, 7 years, 10 years, and since inception nearly 11 years ago timeframes! This has been the "Timex that keeps on ticking". Unlike some covered-call managers, when we put on a position we hope to get called out of it. The largest holdings in the accounts are P&G, Apple, Applied Materials, Cisco, and J&J.

Real Estate Income and Growth

REITs may be the best-valued reopening play with income. Q1 was VERY solid for the sector and for our account composite. Perhaps the REIT sell-off from COVID went too far and the strong start in 2021 is reflecting that. More and more people are taking off their sweatpants and going out of their houses, which is good for all of society, and also for REITs.

Preferred Income

Preferred stocks, although stuck-in-the-mud this year, are one of the few places you might earn around 4% income without going into *junk* bonds or emerging market bonds.

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 - In Q1 we pretty much booked more gains than in a typical *year*, although some were deferred gains from last year. Our largest individual equity put positions are on Activision, Eli Lilly, Qualcomm, and Dow.

Index Income - Our goal is to manufacture cash from volatility. Period. The VIX volatility index finally dipped below average after being elevated for over a year, so SPY premiums are slightly lower, but still Q1 cash-flow totaled 153bps net-of-fee, well above our long-term norm of 102bps. Onward!

If you have 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** Net-of Maximum-Fee	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fixed Income	**Preferred Income** - Preferred stocks	-0.58	6.75	13.62	-5.66	7.44	1.58	5.47	14.29	-4.65
Growth and Income	**Covered Call Income** - Quality stocks & covered calls	8.54	8.79	23.73	-10.36	12.95	6.16	-1.01	6.36	22.28
	Dividend Growth & Income - Dividend paying stocks	8.61	5.30	26.48	-8.95	21.99	11.07	-7.27	5.04	36.23
	Real Estate Income & Growth - REITs/real estate stocks	7.76	-3.82	24.50	-5.41	2.77*	*5/1/17 inception			
Growth	**IntelliBuilD™ Growth** - IBD growth stocks	5.90	21.65	32.79	-11.30	25.40	-2.85	2.53	7.47	
	Bulls of the Dow - 10 stocks of the Dow Jones 30 Indus.	3.63	4.80	28.68	4.51	33.76	9.35	0.96	11.41	
	Outlier Growth - Unusual volume & growth metrics	3.39	12.86*	*10/31/20 Inception. Short-term returns may be unreliable vs. long-term						
Option Overlay	**Put Income** - Realized gains return	6.41	-0.47	7.25	1.73	*5.65*				
	Index Income - Cash-flow return	1.53	6.37	4.69	1.67	2.48	3.35*	*6/1/16 inception date		
	Index Income - Total return mark-to-market^	1.21	2.22	8.99	-3.59	2.46	2.49*			
	Index									
Large-Cap Stocks	**S&P 500**	6.18	18.40	31.50	-4.38	21.83	11.96	1.38	13.69	32.39
30 Giant Stocks	**Dow Jones Industrial Index**	8.29	9.73	25.35	-4.78	28.09	8.66	7.70	10.05	22.41
Mid-Cap Stocks	**S&P Mid-Cap 400**	13.36	13.10	26.21	-11.10	14.45	18.73	-3.71	8.19	31.57
Covered Index	**CBOE S&P 500 Buy/Write**	5.73	-2.76	15.67	-5.26	13.00	7.06	5.24	5.64	13.26
Fixed Income	**Bloomberg Barclays Aggregate Bond**	-3.37	7.50	8.73	0.02	3.54	2.65	0.55	5.97	-2.15

*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 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 . Fees are described in SBIA's ADV Part 2A. *Denotes partial year, with note reference. (continued on opposite page)