Sheaff Brock

Innovative Portfolios for Intelligent Investors™

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

MARKET UPDATE

November 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.

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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SheaffBriefs

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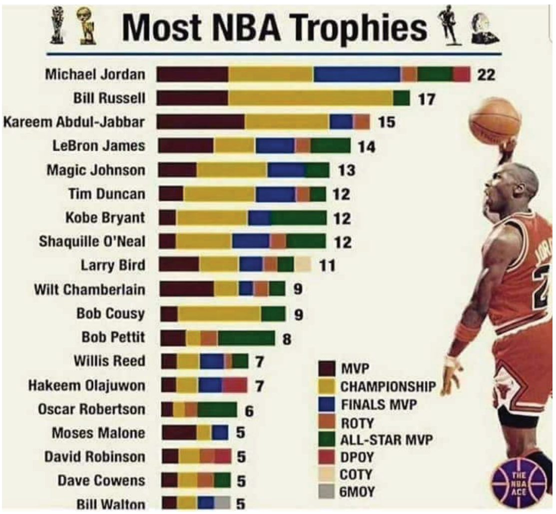
> Only one thing is ever guaranteed, that is you will definitely not hit the goal if you don't take the shot.
>
> Wayne Gretzky

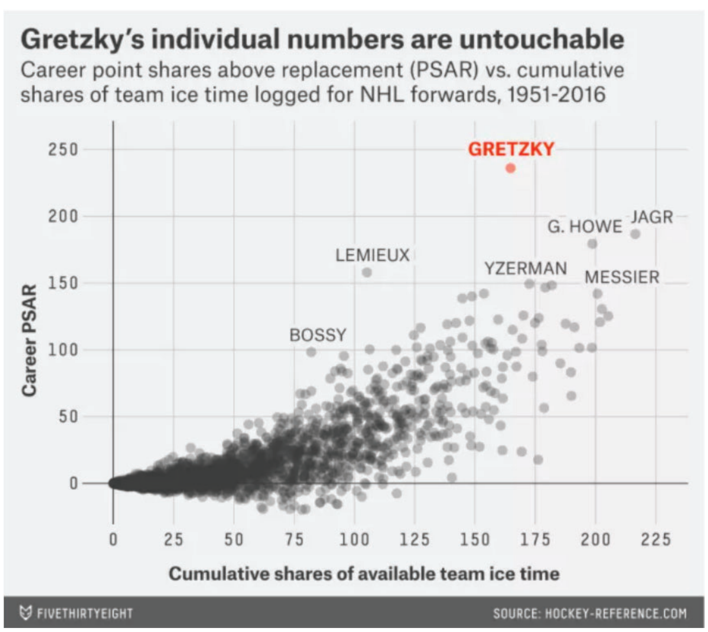
There are outliers in all walks of life. In basketball, Michael Jordan towers above the rest in most NBA trophies.



Warren Buffett or Billy Graham (who preached to nearly half the Earth's population). All outliers in their fields. Malcolm Gladwell wrote a book about this called, naturally, *Outliers*. It's a good read.

There are also outliers in the stock market, stocks that increase in value thousands of percent over the market. They are the holy grail of stock-picking. Today's outliers are companies like Nvidia, Google, Netflix and Facebook. There is heavy evidence that those outliers, 4% of all stocks, are responsible for all the gains (above Treasury bills) in the market for the past 100 years, according to research from Arizona State University. Read it here if you want to start napping in about 15 minutes: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2900447

Wayne Gretzky (who first played pro hockey for the Indianapolis Racers...bet you didn't know that) set scoring records that are almost off the charts.



People who perform at unusually high levels are rare, but show up in virtually every endeavor. Other examples of outliers are Pele´ in soccer, Lewis Hamilton in F1 racing, and Tiger Woods in golf. Or in non-sport pursuits, maybe Shakespeare, Einstein,

At Sheaff Brock, one thing we have consistently done over the last two decades is try to create innovative portfolios that solve investor's needs for income, growth, or both. That's why we trademarked our tag-line, ***Innovative Portfolios for Intelligent Investors™***.

Last month, we seeded a new portfolio offering, Outlier Growth, designed to attempt to find outlier stocks reasonably early in their lifecycle. A quantitative screening process, paired with an algorithm melded from three research sources triggers portfolio buys and sells. The three sources are:

- MAP Signals. An institutional research firm that specifically looks for unusual trading activity in stocks that are likely being accumulated by institutions, sovereign wealth funds, hedge funds, etc. The top fifty stocks showing unusually large and repeated buy-side signals over the previous six months are identified.
- William O'Neil & Co. The research firm that powers *Investor's Business Daily*. We use their all-encompassing Composite Score in the algorithm.
- Revelation Investment Research. They provide the data we use for most of our portfolios which provides a "downside risk" score; trying to avoid stocks with characteristics typical of potential significant downside price risk.

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:

- √ If you need to make a 529 contribution, reminder that most states have a December 31st deadline for contributions to count in 2020. However, a handful of states allow contribution into April: Georgia, Iowa, Mississippi, Oklahoma, South Carolina and Wisconsin.
- √ If you are looking to establish a Donor Advised Fund to help develop your family's philanthropy, please note the deadline at the American Endowment Foundation is December 15, 2020 if you wish to fund with appreciated securities. You still have until December 31, 2020 if you wish to establish and fund with cash.

The combination of the three research sources creates the engine for Outlier Growth. Normally, we will own 33 stocks and refresh the portfolio monthly. Some folks around here have taken to nickname it the "O.G. 33" portfolio. To give you a feel for the types of stocks, here are the 33 current holdings:

Qualys, NVIDIA, Veeva Systems, Zoom Video, New York Times, ServiceNow, salesforce.com, Old Dominion Freight Line, Monster Beverage, Quidel Corp., Intuitive Surgical, Digital Turbine, Facebook, Intuit, Emergent Biosolutions, Advanced Micro Devices, Adobe, Electronic Arts, Alphabet, Activision Blizzard, Masimo, Fortinet, Regeneron Pharmaceuticals, Abbott Labs, Generac, Charter Comm., Accenture, Copart, Netflix, Synopsys, Solaredge Technologies, Crocs, and Teradyne.

The Outlier Growth Portfolio replaces Twenty Under Thirty-five, which is being retired due to sluggish performance and customer penetration.

Keep an eye out for a December video from us on the Roaring 20s and Dow Jones 50,000.

Portfolio Updates

As of today, most everybody (except one person) believes the election is over. And, the best news is 2020 is nearly over. See, things are looking up!! All we need now are widespread vaccinations, which seem to be around the winter/spring corner. Better treatment of COVID, a super-easy Fed, WAY better-than-expected corporate earnings results, and broadening stock market participation makes us optimistic on equities, but not so much on long-duration bonds. Volatility may stay higher-than-average. Even though it makes some of you nervous, volatility can help our option overlay portfolios generate higher cash-flows.

Dividend Growth & Income

Dividend payers, dividend raisers, and growing companies are the attributes we look for in the stocks that make up this portfolio. In recent weeks, the "old-school" industrials, financials, and "reopening" stocks have been moving higher, which has been a good thing. Our dividend payers have started perking up too. Through October, our composite portfolio of dividend payers returned –11.2% net-of-max-fees vs. –18.5% for our benchmark, the Dow Jones Select Dividend Index. But as of today's writing, our accounts have rallied to even money or a slight gain. The first three weeks of November have been quite kind to our dividend payers. We recently added two stocks, Allstate and Fidelity National Financial, to the portfolio, which brings us up to 32 stocks.

Bulls of the Dow

This is ten stocks with the best "downside risk" scores from the thirty Dow Jones Industrials (DJIA), with all trades quant-computer generated and rebalanced quarterly. The October portfolio refresh saw 5 stocks swap places; the most ever. Coming into the portfolio in October were UnitedHealth, Merck, Johnson & Johnson, Apple, and Amgen. As you know, we don't pick the stocks, the stocks pick us, and it is interesting the downside-risk algorithms have driven the portfolio to a heavy weighting in healthcare.

IntelliBuilD Growth™

IntelliBuilD™ is 33 positions, fully invested, made up of growth stocks from *Investor's Business Daily's* lists, with trades quant-computer generated. So far in 2020, growth stocks have been the darlings, which has helped this portfolio. Year-to-date, IntelliBuilD™ has been our best performer. In this portfolio, also quant based, the two new purchases in November were also healthcare stocks, Danaher and Thermo-Fisher Scientific. Interesting.

Outlier Growth

Drivers, start your engines!!! The current blend of 33 stocks has some interesting attributes. The average earnings growth of our stocks for this year is expected to be 81%, and next year is 21%, or over 100% total, according to Factset. This compares to –16% and +23%, or up a few percent total for the S&P 500, according to Factset's analyst consensus.

Covered Call

Income from covered calls, dividends, and appreciation are the goals. Through October, the covered call composite returned –4.8% net-of-fees vs. –12.9% for the CBOE Buy/Write index. So far, November has been very good to our composite accounts, which leads us to hope that a Santa Claus rally might widen the 800 basis point performance gap that much more. Come on Santa!

Real Estate Income and Growth

Through October, –17.3% vs. our benchmark, the Dow Jones Select REIT Index, which was –23.4%. We have less retail, strip center, and urban housing REITs than the index. We own more data centers, cell towers, warehouse, and suburban apartment holdings. Dividend yields are still high.

Preferred Income

Preferreds have had a nice run, but still are a place to earn potentially tax-advantaged, mid-single-digit dividend yield, with some relative safety of principal. It's about the only place to garner much income, without stooping into junk bonds, in the fixed income world. Why anybody would buy a 1.5%, 10-year bond vs. a 4% or 5% preferred is beyond me.

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 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.

Put income - In October, we booked over $6.6 million in realized gains, giving us a 4-month running total of $25 million. It's been a good run, but we have more work to do.

Index Income - In October at $1.1MM, we had our best monthly cash flow ever, which brings us to withing spittin' distance of beating last year's record. Total return took one step back with October's market sell-off, but so far, November has given us two forward steps. This manufacturing-cash-from-volatility strategy appears to be gaining fans, as our composite's assets under management have grown 72% this year through October.

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 Net-of Maximum-Fee	2020	2019	2018	2017	2016	2015	2014	2013	2012
Fixed Income	**Preferred Income** - Preferred stocks	2.13	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	-4.76	23.73	-10.36	12.95	6.16	-1.01	6.36	22.28	10.23
	Dividend Growth & Income - Dividend paying stocks	-11.21	26.48	-8.95	21.99	11.07	-7.27	5.04	36.23	12.17
	Real Estate Income & Growth - REITs/real estate stocks	-17.29	24.50	-5.41	2.77*	*5/1/17 inception				
Growth	**IntelliBuilD™ Growth** - IBD growth stocks	3.45	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.	-5.11	28.68	4.51	33.76	9.35	0.96	11.41	24.35*	*2/1/13
	Outlier Growth - Unusual volume & growth metrics	—	*10/31/20 Inception							
Option Overlay	**Put Income** - Realized gains return	-10.76	7.32	0.58	*5.66*	*0.21*	*-8.86*	0.55	4.04	
	Index Income - Cash-flow return	4.08	4.69	1.67	2.48	3.35*	*6/1/16 inception date			
	Index Income - Total return mark-to-market^	-1.39	8.99	-3.59	2.46	2.49*				
	Index									
Large-Cap Stocks	**S&P 500**	2.77	31.50	-4.38	21.83	11.96	1.38	13.69	32.39	16.0
30 Giant Stocks	**Dow Jones Industrial Index**	-5.38	25.35	-4.78	28.09	8.66	7.70	10.05	22.41	
Mid-Cap Stocks	**S&P Mid-Cap 400**	-7.01	26.21	-11.10	14.45	18.73	-3.71	8.19	31.57	16.07
Covered Index	**CBOE S&P 500 Buy/Write**	-12.87	15.67	-5.26	13.00	7.06	5.24	5.64	13.26	5.20
Fixed Income	**Bloomberg Barclays Aggregate Bond**	6.31	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)