Sheaff Brock

Innovative Portfolios for Intelligent Investors™

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

Seems we've been waiting forever to see this, right?

MARKET UPDATE

December 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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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.

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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.

"Investors can profit handsomely if they disregard the pessimistic auguries of self-appointed prophets of doom."

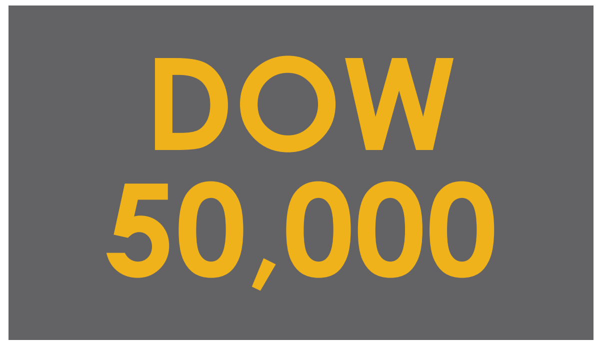
J. Paul Getty

With all the nonsense going on in 2020, one of the highlights has been the Dow Jones Industrials hitting 30,000. But, we feel the best is yet to come! And, why not? We have decades of bullish market predictions to back up our optimism.

- In the **July 2010** newsletter, when the DJIA was at 10,000 and we were still slogging through the "Great Recession" we said, "We think the Dow Jones Industrial Average will be at **20,000** by the end of 2020. Crazy? No. Average returns would make that happen."
- In **November of 2013** the DJIA crossed 15,000 for the first time, and in our November newsletter we said, "Hitting 20,000 by 2020 shouldn't be too tough, and may happen sooner." Sooner came.
- In the **February of 2017** newsletter, when the DJIA crossed 20,000, we wrote "TOLD YOU SO" in big letters and put a picture of the cover of Barron's which touted Dow 30,000 by 2025. We said "We'll go with **30,000**, but we bet 30,000 will come sooner than 2025." Sooner came again. Here we are at 30,000, five years early.
- In **June of 2018**, when the DJIA was at 25,000, we upped our target and laid out detailed reasoning as to why the DJIA would hit **40,000** by 2025. As of today, less than a 7% annual return would drive the index past 40,000 in 2025.

Hitting 40,000 in 5 years could be conservative, so we'll up it again to 50,000, but use 2027 as the target year. Why 7 years? Well, the number 7 is the most prominent, and most important number in the Bible, which represents 7 as the number of completeness. It's also considered a "lucky" number. Good enough for God, good enough for us.

December 2020. We're saying **50,000** by 2027, maybe sooner.



The Roaring 20's

Our optimism about the stock market probably has many of you scratching your heads. You must think we're blind to the current realities of the "dark winter" of COVID deaths, terrible unemployment, never-to-reopen businesses, and an economy climbing (and periodically losing its footing) out of the COVID chasm. We're not ignoring those problems, but we wouldn't be surprised if the Roaring 2020s had some resemblance to the Roaring 1920s.

The 1920s

Part One - Death and Destruction. In the years leading up to the 1920s, the "Great War", or what we now call World War I, a wickedly brutal war with 20 million killed and another 20 million severely wounded, ended in late 1918. Also in 1918, the Spanish Flu pandemic started. Between 1918 and 1920 it killed an estimated 50 million people. Then in 1920, a global recession started; so the stench of death was followed by economic destruction. By Christmas of 1920, merriment was in short supply. Prohibition started in 1920 too. Americans couldn't even legally drown their sorrows.

Part Two - Technology and Prosperity. At the end of 1920, it would have been impossible to anticipate the technology-led revolution or the resulting prosperity coming in the next few years. Advances that took hold, or were invented, in the 1920s

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:

- √ While stuck in lockdown, make a will. According to a caring.com survey, 6 out of 10 American adults do not have a will. Your heirs will be very grateful to you for making your wishes clear in advance. In fact, buy a book like, *I'm Dead, Now What?* This, or another organizer book like it, will make life a lot easier for those left to clean up your affairs. Don't forget about your digital assets!
- √ Check your credit report. With the ongoing threat of identity theft, it is critical to review your credit to make sure nobody has stolen your personal information and used it to open a credit card or take out a loan. While at it, "freeze" your credit with all three services to keep the bad guys out of your file. It's free, but if you're going to apply for a loan you'll need to unfreeze it.
- √ 2020 has served as a reminder of the volatile nature of markets. Now that equities have recovered, investors should weigh their risk tolerance and ensure they have enough cash on hand to sustain your basic spending needs for 6-12 months.

started with women getting voting rights. Electric grids provided bright light without emitting smoke. Urban water networks and sewer systems were a big step-up from outdoor pumps and outhouses. Telephones became commonplace. Ford's Model T gave transportation to regular folks, while a Stutz Bearcat or Duesenberg (built in Indianapolis) catered to the wealthy. About 25 million cars were on the road in 1929. Streetcars, subways, and intercity trains were faster and more reliable. Traffic lights popped up everywhere. The assembly line helped create national brands: Heinz, Campbell's, Quaker Oats, Jell-O, and Coca-Cola. The first fast-food chain, A&W, multiplied with White Castle and Howard Johnson's close behind. Increasingly, anything not available locally could be ordered from a Montgomery Ward or Sears catalog. Penicillin, considered one of the most important inventions to come out of the 1920s, has saved hundreds of millions of lives since. The automatic bread slicer, rockets, the first television, and the bulldozer were invented. A radio was found in almost every home by the mid-1920s, a phonograph too. Going movies (ahh...air conditioning) —which were silent films until 1927—spawned a huge industry.

These technological advances drove a strong economy and the Dow Jones Industrial Average from 100 in 1920 to over 350 in 1929, a remarkable bull market.

The 2020s

Part One - Death and Destruction. By the time you read this, the COVID-19 worldwide death toll will tragically be nearly 2 million people. Not even including WWI, if one converted just the Spanish Flu deaths into 2020 population numbers, it would equal over 200 million equivalent deaths. Today's pandemic death toll of 2 million is a tragedy, the economy is a mess, and some folks won't be too merry this Christmas, but the sorrow is nothing compared to a century ago.

Part Two - Technology and Prosperity. Today, many of us struggle with potential innovations because unlike a century ago, today's innovations supplement our brains vs. helping our backs. Like bulldozers augmented shovel-sore backs, technology augments our brain's heavy lifting today. Innovations from the IT industry are revolutionizing lots of other ones, including manufacturing, energy, transportation, healthcare, and education. BCA Research calls it the "BRAIN Revolution," led by innovations in **b**iotechnology, **r**obotics, **a**rtificial **i**ntelligence, and **n**anotechnology. Some call it the "Fourth Industrial Revolution". Google that, there's lots to read. Innovation is happening at a whirlwind pace in artificial intelligence, blockchain, quantum computing, virtual reality, biotechnology, robotics, 3D printing, and renewable energy. The internet is the backbone of everything and the internet-of-things (IoT) allows innovations like medical wearables, transportation tracking devices inserted into parcels, and farmers putting IoT sensors into fields to monitor soil. Cool stuff is happening, fast too.

We believe new innovations will enhance human productivity, propel corporate earnings upward, and drive the Dow Jones Industrial Average from 30,000 in 2020 to well over 50,000 in 2027. It won't be a straight line, but years from now we may look back at a remarkable bull market that started in the spring of 2020.

2021

You will not want to miss 2021, in our opinion. As vaccinations ramp through the first half of the year, excitement should build into the summer. This may lead to strong springtime economic activity in anticipation of an explosion of consumer spending and business resumption through summer. Restaurants, resort hotels, and airplanes should fill with vacation starved travelers. Parents will gleefully spend on back-to-school shopping to finally get their kids out of the house, and champagne corks will fly as kids clamber into school busses.

We would anticipate a resumption in social activities resembling how people felt after World War II. Parties in the streets. Live music at every open establishment. Bartenders flipping bottles in the air after hearing, "Make it a double"! Many jobs could return quickly and help-wanted signs might be everywhere. We see commuters returning to subways and trains, and Uber busy again. Some think business travel may be slow to recover. We disagree. As soon as a WFH salesperson loses a sale to an in-person competitor, they won't be working from home anymore. 2021 could be super-fun, and profitable!

Portfolio Updates

The Roaring 20s rambling left little room for portfolio updates, but the important reviews will be in next month's newsletter anyway. November was a terrific month for the U.S. stock markets, and since we only invest in U.S. stocks...well, come to your own conclusion.

Dividend Growth & Income

Dividend payers, dividend raisers, and growing companies are the attributes we look for. The shift to "value" stocks was a good thing for our portfolio. Our dividend payers have started perking up too. Through November, our composite portfolio returned –11.2% net-of-max-fees vs. –18.5% for our benchmark, 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), rebalanced quarterly. The next refresh will take place in January. This portfolio is getting noticed and garnering inflows from institutions.

IntelliBuilD Growth™

33 positions, fully invested, growth stocks from *Investor's Business Daily's* lists. Growth stocks have been the golden children in 2020 helping this portfolio. No surprise then that year-to-date, IntelliBuilD™ has been our best performer.

Outlier Growth

Brand new, not much to report. Reread last month's letter if you want a refresher.

Covered Call

Through November, the covered call composite returned 5.8% net-of-fees vs. –4.5% for the CBOE Buy/Write index.

Real Estate Income and Growth

Real estate has struggled with the pandemic, but we've held up better-than-average. Through November, we're –7.3% vs. our benchmark, the Dow Jones Select REIT Index –14.0%.

Preferred Income

Preferreds have had a strong run, but are still one of the few places to earn a decent yield, potentially tax-advantaged too.

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 November, we booked over $4.6 million in realized gains.

Index Income - 2020, unless December turns ugly, should be one of our best years since inception in both cash-flow and total return. November's market rally turned the corner for total return, making year-to-date positive for both measuring sticks. Our goal continues to be manufacturing-cash-from-volatility. The strategy is in a much better spot than it was back in March when stocks bottomed.

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	4.26	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	5.79	23.73	-10.36	12.95	6.16	-1.01	6.36	22.28	10.23
	Dividend Growth & Income - Dividend paying stocks	1.06	26.48	-8.95	21.99	11.07	-7.27	5.04	36.23	12.17
	Real Estate Income & Growth - REITs/real estate stocks	-7.31	24.50	-5.41	2.77*	*5/1/17 inception				
Growth	**IntelliBuilD™ Growth** - IBD growth stocks	17.27	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.	2.04	28.68	4.51	33.76	9.35	0.96	11.41	24.35*	*2/1/13
	Outlier Growth - Unusual volume & growth metrics	7.41	*10/31/20 Inception							
Option Overlay	**Put Income** - Realized gains return	-2.64	7.25	1.73	*5.65*					
	Index Income - Cash-flow return	4.90	4.69	1.67	2.48	3.35*	*6/1/16 inception date			
	Index Income - Total return mark-to-market^	2.63	8.99	-3.59	2.46	2.49*				
	Index									
Large-Cap Stocks	**S&P 500**	14.02	31.50	-4.38	21.83	11.96	1.38	13.69	32.39	16.0
30 Giant Stocks	**Dow Jones Industrial Index**	6.11	25.35	-4.78	28.09	8.66	7.70	10.05	22.41	
Mid-Cap Stocks	**S&P Mid-Cap 400**	6.22	26.21	-11.10	14.45	18.73	-3.71	8.19	31.57	16.07
Covered Index	**CBOE S&P 500 Buy/Write**	-4.45	15.67	-5.26	13.00	7.06	5.24	5.64	13.26	5.20
Fixed Income	**Bloomberg Barclays Aggregate Bond**	7.35	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)