Sheaff Brock®

Innovative Portfolios for Intelligent Investors®

FA 100 CNBC 2021

Market Update
March 2022

2020 & 2021: CNBC Top 100 Financial Advisors in America

(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. Option Overlay model management fee of 1.25% is deducted from the quarterly gross cash flow yield or realized gain/loss. 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 beginning composite overlay exposure (notional value).
**Composite performance is restated to calculate on overlay exposure, which is the notional value of the strategy being managed.

The 2021 CNBC FA 100 & 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 CNBC FA 100 list. The analysis started with 38,302 registered investment advisors for 2021 and 37,369 for 2020. AccuPoint screened the list down to 749 registered investment advisors for 2021 and 750 for 2020 who were required to complete a survey to be in consideration for the CNBC FA 100 list. Neither the registered investment advisor nor their employees pay 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 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 or adult child who might like to receive this monthly letter? Let us know. We'll add them to the list.

"The greatest mistake you can make in life is continually fearing that you'll make one."

Elbert Hubbard

IN THIS ISSUE:

- The mistake you should avoid
- Year-to-date index returns
- Portfolio updates

We all make mistakes. After graduating from the University of Nebraska in three years, Warren Buffett applied to Harvard Business School. Harvard promptly rejected him. Although heartbroken at the time, he said it was the best thing that ever happened to him since he then applied to Columbia, studied under Benjamin Graham, and learned "value investing" from the master. Harvard's mistake.

In March of 1876, the telephone was born in a laboratory in Boston. Alexander Graham Bell famously said, "Mr. Watson, come here, I want to see you." A year-and-a-half later, Bell offered to sell the rights to the telephone for $100,000 to Western Union, which rejected the offer on the grounds the telephone was a passing fad. Western Union's mistake.

A mistake you could make today would be to sell American stocks due to the Ukraine war. As horrible and gruesome the images are that we see in news feeds, as the war progresses, regardless of the outcome, the market should seek higher ground. That may sound callous, but it's not meant to be. Historically, investing in stocks early in a war has ultimately been rewarding because, after the initial shock, the market tends to see the end of ugly situations as buying opportunities. Baron Rothschild made a fortune buying into the panic that followed the Battle of Waterloo against Napoleon. His famous quote was, "The time to buy is when there is blood in the streets." That advice has stood the test of time and will likely be as accurate today as it was in 1814.

Below is a table showing the reaction of the S&P 500 to various geopolitical events. Four of the whoppers are highlighted.

Market Reaction to Geopolitical Shocks

Event	Incident Date	Total Drawdown	Days to Market Trough	Days to Regain Peak
Pearl Harbor	12/7/1941	-19.8%	97	117
North Korean invades South Korea	6/25/1950	-12.9%	15	42
Hungarian revolution	10/23/1956	-0.6%	2	1
Suez crisis	10/29/1956	-1.8%	2	1
Cuban missle crisis	10/22/1962	-0.7%	2	7
Kennedy assassination	11/22/1963	-2.8%	1	1
Gulf of Tonkin	8/2/1964	-2.2%	18	11
Six-Day War	6/5/1967	-1.5%	1	1
Tet offensive	1/30/1968	-5.6%	23	21
Munich olympics	9/5/1972	-4.3%	30	11
Yom Kippur war	10/6/1973	-0.6%	2	1
Reagan shooting	3/30/1981	0.0%	1	1
Iraq invasion of Kuwait	8/2/1990	-16.9%	50	81
9/11	9/11/2001	-11.6%	5	14
Madrid train bombings	3/11/2004	-2.9%	10	4
London subway bombings	7/5/2005	-0.8%	1	3
Boston marathon bombing	4/15/2013	-3.0%	4	7
Russian annexation of Crimea	2/20/2014	-0.2%	1	1
Syrian missle strikes	4/7/2017	-1.2%	5	6
North Korea missle crisis	7/28/2017	-0.2%	2	1
Saudi Aramco drone strike	9/14/2019	-4.0%	13	16
Iranian general killed in airstrike	1/3/2020	0.0%	1	1
Averages		**-4.3%**	**13**	**16**

Sources: Bloomberg, BBH Analysis *Data as of 24 February 2022*

Besides the war, a lot of today's geopolitical news makes it feel like we are living in one giant you-know-what storm. But, selling equities due to the storm could be a very big mistake. In fact, you might want to take any drawdown as an opportunity to add funds to your equity accounts.

As the song lyrics ask, "War! What is it good for?" Well, it turns out it's not the worst thing for the stock market.

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. Here's a tip or two:

- Relax. This year, April 15th is Good Friday, a holiday (stock market is closed too), so tax filing deadline this year is Monday, April 18th.
- A market correction is a great time to reevaluate your financial plan. A correction provides an opportunity to revisit your overall investment allocation and potentially rebalance your portfolio, perhaps at better prices. Dollar cost averaging can be a consoling friend in a correction as you never know when it's going to turn around!

Portfolio Updates

Besides the war causing angst, the Fed is raising interest rates, inflation is as wicked-bad as a March nor'easter, consumer confidence has plunged, and the stock market is being whipsawed as the VIX volatility index has averaged over 30 since February 22nd, fifteen straight trading days. Stressful.

It's been a rough start so far in 2022, as seen below:

Index	YTD Total Return as of 3-13-22
S&P 500	-11.5%
NASDAQ 100	-18.4%
U.S. Agg Bond	-4.8%
Municipal Bond LT	-6.2%
Worst S&P Sector Consumer Disc.	-18.2%
Best S&P Sector Energy	38.7%

Source: First Trust, Bloomberg

We've repeatedly stated 2022 could be an OK year for the stock market, although likely more volatile. Historically, when the VIX has been above 30, especially for a couple of weeks in a row, forward returns over 6 and 12 months have been quite strong. Maybe the next 8 months will follow the same precedent.

Dividend Growth & Income

Our portfolio of dividend payers and dividend raisers held its ground a bit better than the S&P 500 in the early stages of 2022. In times of market stress, investors often favor companies with dividends. Last month, we added Oracle Corp. (ORCL) to the portfolio.

Bulls of the Dow

The ten lowest "downside risk" stocks from the thirty Dow Jones Industrials (DJIA) held their ground through February as the more valuie (not sure that's a word but it should be) stocks outperformed their growthie (ditto) brethren. Giant value stocks have stayed resolute through the Putin-induced market uncertainty.

zoom

We are doing our monthly portfolio conference call updates by Zoom! Now we can share our screen with charts or other items of interest, AND you can see our smiling faces!!

Join us live, usually the 3rd week of the month, or watch the recording when it's emailed.

IntelliBuilD Growth™

33 growth stocks. Looking for growth, just growth. Our portfolio has strong earnings and growth characteristics giving our average holding a 1-year target price 36% higher than the price as of 3-14-22, according to FactSet. But, the stocks have sold off, pounded by the "Honey Badger" market. Historically, stock prices have followed earnings, so we're optimistic.

Outlier Growth

This portfolio is 33 stocks with very large, institutional buy-side volume over previous months, plus growth attributes, strong technicals, and good downside risk scores. Our average holding's 1-year target price is 41% higher than the 3-14-22 price, according to FactSet, but the markets...just don't care.

Covered Call

This was our best equity portfolio through February as the covered call premiums cushioned the market's selloff, and we've had a cash buffer from being called out of several stocks in January.

Real Estate Income and Growth

On sale this year and offering a VERY compelling value and high dividend yield vs. bonds or stocks, in our opinion.

Preferred Income

Preferreds took a hard hit in 2022, but given the strength of the U.S. financial sector, we believe preferreds should be bought. Like now. Right now. Ask your Portfolio Consultant.

Put Income and Index Income Overlay

The strategy objective is to manufacture cash-flow in exchange for the investor accepting some additional volatility. ***Option overlay products are additive in return to other investments held in an account****, and may not be appropriate for all investors. Realized gains and losses can be inconsistent. These are long-term strategies and may not produce gains over the short-term.*

Put Income –We're pretty happy, actually more than pretty happy with a positive-gross/teenie-negative-net return given the sour market.

Index Income - The goal is to manufacture cash from volatility over a long period of time; additional cash in an account. Period. So far in 2022, cash-flow has been positive; at about our average since inception. The dropping S&P 500 gave us a –1.24% total return through February; down, but WAY less of a hit than the S&P 500's –8.01%.

INNOVATIVE portfolios® Performance^

Style (as of 2/28/2022)	(Average Annual) (%)	Year to Date	1 Year	3 Year	5 Year	10 Year
Fixed Income	**Preferred Income** Gross	(6.13)	0.03	4.58	3.92	5.03
	Preferred Income Net	(6.44)	(1.22)	3.30	2.64	3.74
Growth & Income	**Covered Call Income** Gross	(2.93)	16.66	14.19	10.23	9.39
	Covered Call Income Net	(3.24)	15.23	12.79	8.87	8.04
	Dividend Growth & Income Gross	(7.39)	15.65	13.46	12.17	11.89
	Dividend Growth & Income Net	(7.70)	14.23	12.07	10.79	10.51
	Real Estate Income & Growth Gross	(11.61)	22.07	11.82	-	-
	Real Estate Income & Growth Net	(11.91)	20.60	10.46	-	-
Growth	**IntelliBuilD® Growth** Gross	(14.14)	10.55	17.21	14.37	-
	IntelliBuilD® Growth Net	(14.44)	9.18	15.79	12.98	-
	Bulls of the Dow Gross	(5.67)	17.96	11.34	16.12	-
	Bulls of the Dow Net	(5.97)	16.51	9.96	14.70	-
	Outlier Growth Gross[1]	(14.60)	2.28	[1]11/1/2020 inception. Short-term returns may be unreliable vs. long-term.		
	Outlier Growth Net[1]	(14.91)	1.01			
Option Overlay**	**Index Income - Cash Flow** Gross*	0.81	7.03	7.03	5.93	-
	Index Income - Cash Flow Net*	0.49	5.78	5.78	4.68	-
	Index Income Total Return Gross	(0.93)	6.32	5.56	4.84	-
	Index Income Total Return Net	(1.24)	5.07	4.31	3.59	-

Index Returns	(Average Annual) (%)	Year to Date	1 Year	3 Year	5 Year	10 Year
Large-Cap	S&P 500®	(8.01)	16.39	18.24	15.17	14.59
30 Giant Stocks	Dow Jones Industrial Average	(6.43)	11.59	11.72	12.71	12.74
Mid-Cap	S&P MidCap 400	(6.18)	7.98	13.40	10.71	12.26
Covered Calls	CBOE S&P 500 BuyWrite	(3.15)	15.35	7.75	6.39	6.84
Fixed Income	Bloomberg Barclays US Aggregate Bond	(3.25)	(2.64)	3.30	2.71	2.47

Sheaff Brock® Performance^

Style (as of 2/28/2022)	(Annual) (%)	Year to Date	2021	2020	2019	2018
Option Overlay	**Put Income - Realized Gain** Gross+	0.15	12.01	0.78	8.50	2.98
	Put Income - Realized Gain Net+	(0.17)	10.76	(0.47)	7.25	1.73

+ Realized gain/loss return represents the realized gains/losses on the sale of put options divided by the average account value for the period.

Index Returns	(Annual) (%)	Year to Date	2021	2020	2019	2018
Large-Cap	S&P 500®	(8.01)	28.71	18.39	31.49	(4.39)

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)*