Sheaff Brock®

Innovative Portfolios for Intelligent Investors®

FA 100 CNBC 2021

Market Update

May 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.

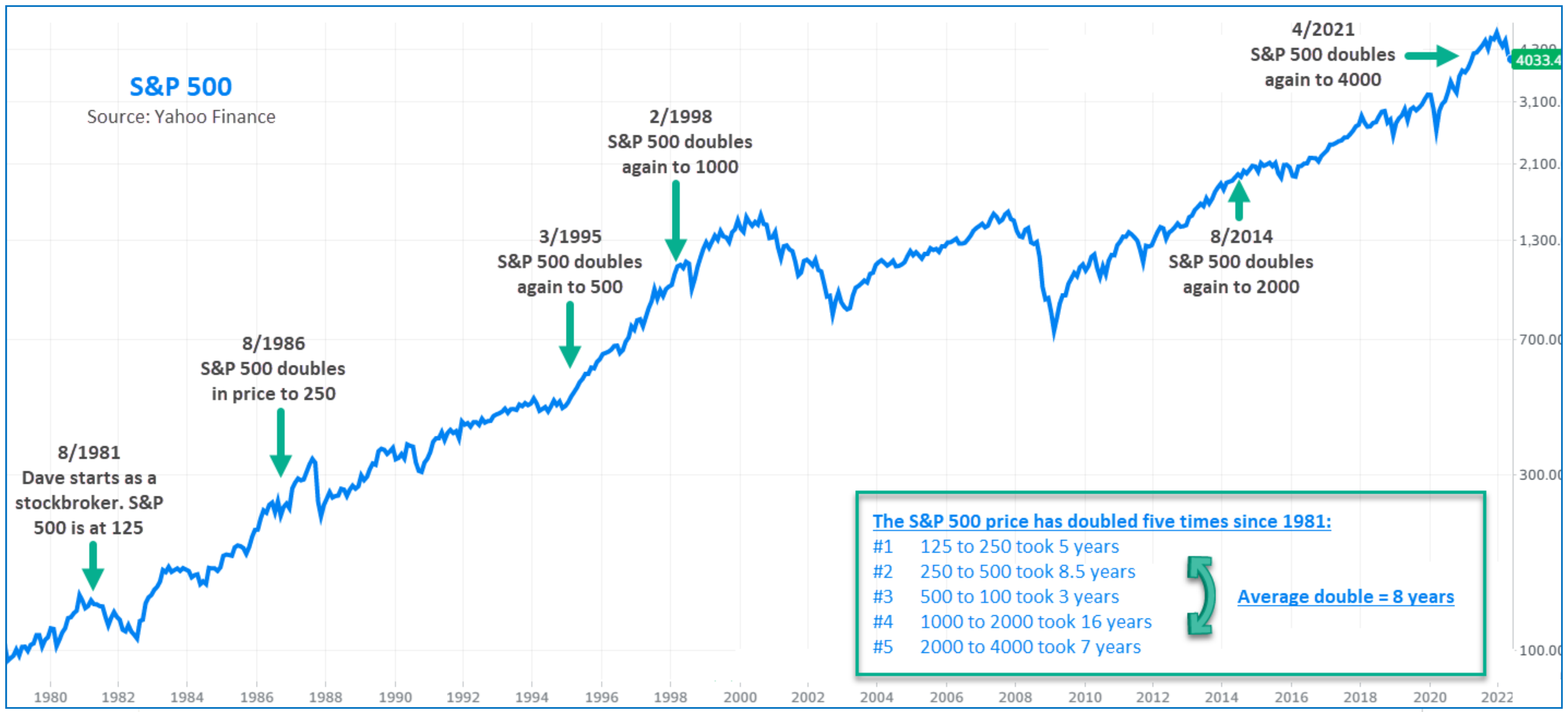
"Compound interest is the eighth wonder of the world. He who understands it, earns it; he who doesn't, pays it."

Albert Einstein

IN THIS ISSUE:
- What do you see, peaks or valleys?
- Portfolio updates

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. A tip or two for this month:

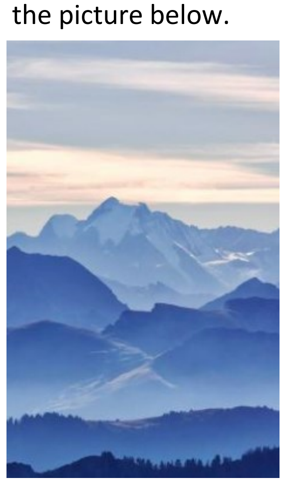
With the current market correction and tax rates set to go back up at the end of 2025, the conditions are ripe for a Roth conversion. Please reach out if you would like to have a conversation about how a conversion could fit into your overall financial plan.



As of today, 2022 has started as a big bust for stock and bond investors. According to MarketWatch, the first 4 months was the worst start to a year for the stock market since 1939. For Treasury bonds it was the worst start sine 1788! Some equity investors are paralyzed in fear by the messy global stew of economic and geopolitical events, while others see potential opportunity.

How is it ,that over a lifetime, some people make a tremendous amount of money in the stock market while others struggle with repeated disappoint, and sometimes give up? After being in this business for 40+ years, I've decided long-term success is all about perspective, how you are looking at it.

The chart shows the S&P 500 for about the last 4 decades, and you can imagine this guy is a 25 year old me looking through binoculars at the stock market's future. When peering this direction, all he can see are the peaks, like looking at the mountain peaks in the picture below.



When the picture is viewed from this direction the valleys and scary cliffs aren't even seen. Also, the long distance perspective makes the last peak look smaller, not as tall as reality.

The stock market has been similar in that the peaks have become taller and taller even though valleys and cliffs have at times been terrifyingly deep.

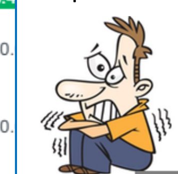
Successful long-term investors know the valleys will come after peaks, but also assume the U.S. economic engine will keep pushing corporate profits higher and higher, thus creating a new peak. Successful investors look at the peaks.

Some people think I'm crazy when I say the S&P 500, or the Dow Jones Industrial Average, will double in price. They cite all of the problems today: war, inflation, economy, politics, social problems, etc. The flaw in that argument is those problems have always been with us, only worse. In 1981 inflation was double-digits, interest rates were in the teens, the murder rate was 2X what it is today, a higher percentage of people lived in poverty, hundreds of people per year would die in commercial airplane crashes, and life expectancy was lower.

The good old days...not so much when you give it a hard look. In the past, in spite of all these troubles, the stock market doubled in price again and again. Five doubles in 40 years. To put that into perspective and visualize how tall that peak grew, a $500,000 portfolio doubled 5 times grows 32X the original value to $16,000,000. That's an impressive peak elevation! And that miracle of compounding doesn't even include dividends which would have added a few million dollars more. No wonder Einstein was so amazed by compound interest.

People who make a lot of money in the stock market look forward to the next peak, know there will be turbulence but don't bail out of the plane when there is, have a long-term time horizon, and let compounding work its magic. Pretty simple really.

People who struggle with repeated disappoint investing in stocks have the opposite perspective. They are like this guy and tend to nervously watch for the corrections, the valleys, and the periodic cliffs. They can't see the peaks when looking backwards at the valleys. They try to pick a perfect time to get invested and get scared out when it isn't perfect (Psst...it's never perfect). They don't understand that their behavior isn't investing, it's gambling.



John Templeton, one of the greatest long-term investors ever, said it best, "The perfect time to invest is when you have the money."

Intellectually, we all know the S&P 500 has eventually always hit a new high. It last peaked on January 4th at 4818, but today is trading 900 points lower. Fairly deep valley.

In this letter we have often said the stock market takes the stairs up and the elevator down. As this is being written on May 19th, the elevator is dropping again after yesterday's market smackdown when the Dow Jones Industrial average dropped 1200 points and the S&P 500 was down 165 points (more than the whole index was even worth in 1981)! Today, gamblers looking backwards fearfully stare like a deer in headlights unsure of which way to turn. Long-term investors look at today's drop as an opportunity to buy great companies "on sale".

So, the S&P 500 is going to double again to 8000? I'm confident it will. When? Who knows? But, about 8 years from now sounds plausible.

Portfolio Updates

We all know returns have been lousy so far in 2022. Historically when indicators have been this bad, forward returns have been very good (reread last month's letter). Hang tight.

INNOVATIVE portfolios® Performance^

Style (as of 4/30/2022)	(Average Annual) (%)	Year to Date	1 Year	3 Year	5 Year	10 Year
Fixed Income	**Preferred Income** Gross	(9.61)	(6.99)	2.64	2.81	4.46
	Preferred Income Net	(10.20)	(8.16)	1.37	1.54	3.18
Growth & Income	**Covered Call Income** Gross	(7.63)	1.82	11.03	8.91	8.87
	Covered Call Income Net	(8.22)	0.54	9.66	7.56	7.52
	Dividend Growth & Income Gross	(9.94)	2.79	10.95	11.40	11.29
	Dividend Growth & Income Net	(10.52)	1.50	9.58	10.04	9.92
	Real Estate Income & Growth Gross	(11.96)	7.24	10.20	9.18	-
	Real Estate Income & Growth Net	(12.55)	5.90	8.85	7.80	-
Growth	**IntelliBuilD® Growth** Gross	(20.22)	(5.58)	12.08	12.32	-
	IntelliBuilD® Growth Net	(20.77)	(6.78)	10.70	10.95	-
	Bulls of the Dow Gross	(5.16)	6.22	11.03	15.39	-
	Bulls of the Dow Net	(5.77)	4.90	9.66	13.97	-
	Outlier Growth Gross[1]	(25.89)	(14.64)	[1]11/1/2020 inception. Short-term returns may be unreliable vs. long-term.		
	Outlier Growth Net[1]	(26.43)	(15.75)			
Option Overlay**	**Index Income - Cash Flow** Gross*	2.02	7.07	7.14	6.01	-
	Index Income - Cash Flow Net*	1.39	5.82	5.89	4.76	-
	Index Income Total Return Gross	(2.40)	2.69	4.71	4.39	-
	Index Income Total Return Net	(3.03)	1.44	3.46	3.14	-

Index Returns	(Average Annual) (%)	Year to Date	1 Year	3 Year	5 Year	10 Year
Large-Cap	S&P 500®	(12.92)	0.21	13.85	13.66	13.67
30 Giant Stocks	Dow Jones Industrial Average	(8.73)	(0.82)	9.77	11.96	12.20
Mid-Cap	S&P MidCap 400	(11.64)	(7.03)	9.91	9.29	11.40
Covered Calls	CBOE S&P 500 BuyWrite	(3.94)	8.57	6.28	5.95	6.53
Fixed Income	Bloomberg Barclays US Aggregate Bond	(9.50)	(8.51)	0.38	1.20	1.73

Sheaff Brock® Performance^

Style (as of 4/30/2022)	(Annual) (%)	Year to Date	2021	2020	2019	2018
Option Overlay	**Put Income - Realized Gain** Gross+	(0.01)	12.01	0.78	8.50	2.98
	Put Income - Realized Gain Net+	(0.64)	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®	(12.92)	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.

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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)*