

3-Year Recipient: CNBC Top 100 Financial Advisors in America

(Continued from page 4) 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.

Benchmark Indexes: *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. *Dow Jones Industrial Average (DJIA)* is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ. *Dow Jones U.S. Select Dividend Index* is an index of the leading 100 U.S. stocks by dividend yield, subject to screens for dividend-per-share growth rate, dividend payout ratio and average daily trading volume. *Dow Jones U.S. Select REIT Index* is an index designed to track the performance of publicly traded REITs and REIT-like securities and serve as a proxy for direct real estate investments, in part by excluding companies whose performance may be driven by factors other than the value of real estate. *ICE BofA Core Plus Fixed Rate Preferred Securities Index* is an index designed to track the performance of fixed rate U.S. dollar-denominated preferred securities issued in the U.S. domestic market with a rating of at least B3 and an investment-grade country risk profile. *Russell 3000* is a market-capitalization-weighted equity index that provides exposure to the entire U.S. stock market, tracking 3,000 of the largest U.S. traded stocks. *S&P 500 Index* is a market value weighted index comprised of 500 of the largest publicly traded U.S. companies. *S&P U.S. Preferred Stock Index* is an index designed to measure the performance of the U.S. preferred stock market and consists of U.S. preferred stocks with a market capitalization greater than \$100 million and a maturity of at least one year or longer.

An index should only be compared with a mandate that has a similar investment objective. 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. There can be no assurances that a composite will match or outperform any particular benchmark.

+Inception represents a blended benchmark which consists of S&P U.S. Preferred Stock Index prior to April 1, 2012 and the ICE BofA Core Plus Fixed Rate Preferred Securities Index thereafter. *Composite performance is calculated on overlay exposure, which is the notional value of the strategy being managed. Performance presented are arithmetic returns and do not include income (dividends/interest) or appreciation/depreciation from the underlying collateral. **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). ^Realized gain/loss returns are arithmetic returns calculated on the realized gains/losses on the sale of put options divided by the average account value for the period. ^^Effective October 31, 2016, Put Income was managed by SBIA and as such, the returns reflect performance from that period forward.

The 2022 CNBC Financial Advisor 100 (10/4/22) 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 39,818 RIA firms for 2022 from the Securities and Exchange Commission regulatory database. AccuPoint screened the list down to 904 RIAs 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 regulatory/compliance record, number of years in the business, number of certified financial planners, 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.



Innovative Portfolios for Intelligent Investors®

HEY!

Got your attention. Do you watch our monthly portfolio update Zoom meetings? You should. If not live, watch the recording.

“Take the probability of loss times the amount of possible loss from the probability of gain times the amount of possible gain. That is what we’re trying to do. It’s imperfect but that’s what it’s all about.”

Warren Buffett

The year 2022 may be remembered as the seventh worst year for investors in U.S. stocks and the worst year in history for bond investors as measured by the 10-year Treasury.

Year	S&P 500	Reason
1931	-43.8%	Great Depression
2008	-36.6%	Great Financial Crisis
1937	-35.3%	1937 Crash
1974	-25.9%	1973-74 Bear Market
1930	-25.1%	Great Depression
2002	-22.0%	Dot-Com Crash
2022	-18.1%	The Great Inflation

Source: awealthofcommonsense.com

This leads some people to think investing in capital markets is akin to going to a casino, when in fact it’s the exact opposite as long-term odds of success are favorable to the investor.



Unlike a casino, the odds increase the longer you are at the table. The old saying that investing success is not from “timing” the market but from “time-in” the market is evident from the above chart. Trading and market timing decreases the odds of success. As Buffett quipped, “Successful investing takes time, discipline, and patience. No matter how great the talent or effort, some things just take time: You can’t produce a baby in one month by getting nine women pregnant.”

Not only have the odds improved, but the amount of potential

loss has decreased over longer periods of time. The long-term average return from the stock market is between 9 and 10% (the golden number in the below chart), but interestingly the annual return from the S&P 500 is rarely between those numbers. In fact only three times since 1928 has the S&P 500 returned between 9 and 10%. Over short time frames returns from stocks are manic depressive, but as you can see in this chart, the longer the holding period, the smaller the spread.



Using the “imperfect” formula in the Buffett quote at the top of the letter, the expectation of a 5-year investment in the S&P 500 would be between +33.2% and -2.2% with an 89% chance of making money, vs. a 15-year holding returning +18.2% to -0.1% with 99.8% chance of making money. Profit odds get better and better with time, discipline, and patience.

Losses are not fun. But, new capital invested after drawdowns generally enjoy higher dividend yields, better valuations, and most importantly, *higher expected forward returns*. The good news is the down years in the past have turned out to be wonderful opportunities for long-term investors. No one knows the timing or magnitude of potentially higher expected returns, and of course there are no guarantees, but the odds of a good result have improved now vs. this time last year.

One thing that gives us hope for a sooner-than-later improvement in the stock market is the Citi Panic/Euphoria model which is reported every week in Barron’s. It is composed of several inputs like NYSE short interest, margin debt, volume, sentiment surveys, put/call ratios, and commodities prices. The higher the model, the more investors are euphoric, with lower expected stock returns going forward. Low values, particularly below zero, suggest investors have panicked and

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. Tips for this month:

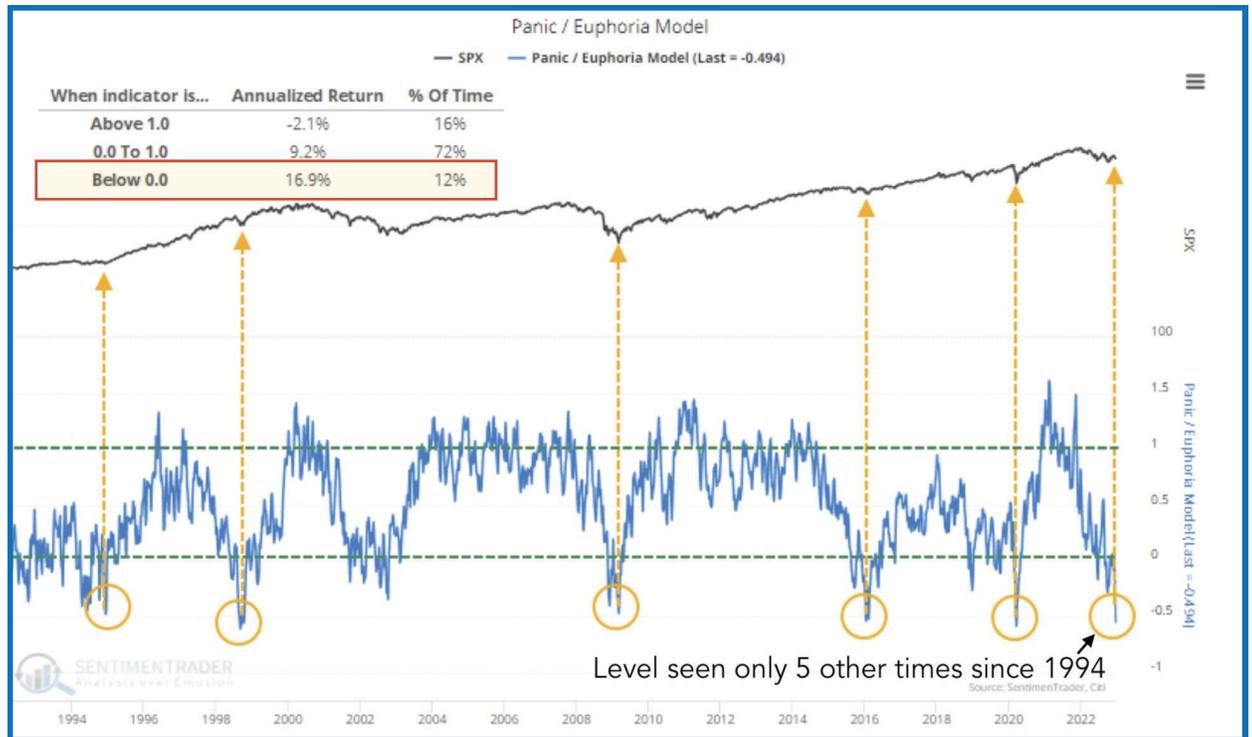
- ◆ **REPEAT:** Markets are still down and prices are lower making 2023 an attractive year for Roth conversions. If you'd like to weigh the pros and cons, please reach out to us and we'll be happy to run some illustrations to help you make the most informed decision.

The **SECURE 2.0 Act** has officially been signed into law. Here are items that may impact you:

- ◆ The age for Required Minimum Distributions increases to age 73 in 2023 and to age 75 in 2033.
- ◆ The penalty for missing an RMD drops from 50% to 25%, or even 10% if corrected in a timely manner.

higher forward returns are expected. As you can see to the right, the S&P's annualized return when the model was below zero is +16.9%.

On January 8th, the indicator was **way** below zero, and at a level only seen 5 other times in the last 30 years, all of which were great buying opportunities. Maybe this time is different and forward returns will be poor. Maybe. But don't bet on it.



Portfolio Updates, Year-end 2022

Dividend Growth & Income

Dividend paying stocks had a relatively good year; still down, but about half as much as the S&P 500. We will soon reinvest in stocks from our tax harvesting ETF swap.

Bulls of the Dow

The Energizer Bunny portfolio (or Timex watch if you're old like me). Although down a smidge in 2022, the Bulls beat the Dow Industrials (7 of 10 calendar years now) and S&P 500.

IntelliBuild Growth™ and Outlier Growth

33 growth stocks. Even great growth stocks with strong fundamentals were punched in the face in 2022. Prices are lower, so forward returns could be _____? (fill in the blank)

Covered Call

Call option cash-flow, getting called forcing cash raising, and waiting for opportunities allowed our composite to stay ahead of the S&P 500 and its benchmark (by losing less).

Real Estate Income and Growth

REITs have been unfairly pummeled and walloped, in our

opinion. REITs historically provided: #1 rising income, #2 potential capital growth, and #3 some inflation protection.

Preferred Income

At the end of 2022, the ICE preferred stock index represented by PFF hit a low only seen twice before, about a week during the Covid selloff and during the '08-'09 meltdown. Two times.

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. Remember, we aren't tax advisers. So, if you have specific tax concerns you'd best call your own tax person.*

Put Income - 2022 was a tough year. Cash-flow was positive from selling index and equity puts, but rolling puts created realized losses. When prices recover those may become gains.

Index Income - Goal = manufacture cash-flow from volatility over a long period of time. Simple. 2022's cash-flow creation was OK especially since we've been rolling spreads for a year. Rolling options usually creates less cash flow and realized losses, which was true in 2022, but could flip in 2023.

INNOVATIVE portfolios® Performance

Style (as of 12/31/2022)	(Average Annual) (%)	Inception Date	Year to Date	1 Year	3 Year	5 Year	10 Year	Inception
Fixed Income	Preferred Income Gross	10/1/2011	(15.26)	(15.26)	(1.63)	0.91	3.40	4.15
	Preferred Income Net	10/1/2011	(16.33)	(16.33)	(2.84)	(0.34)	2.12	2.87
	Benchmark <i>ICE BofA Core+ Fixed Rate Pfd Index</i>		(20.71)	(20.71)	(4.20)	(0.12)	3.30	4.66
Growth & Income	Covered Call Income Gross	9/1/2010	(10.23)	(10.23)	6.45	6.52	8.46	8.47
	Covered Call Income Net	9/1/2010	(11.32)	(11.32)	5.15	5.21	7.12	7.14
	Benchmark <i>CBOE S&P 500 BuyWrite Index</i>		(11.37)	(11.37)	1.26	2.73	5.71	6.30
	Dividend Growth & Income Gross	7/1/2005	(8.83)	(8.83)	7.83	8.13	10.98	9.40
	Dividend Growth & Income Net	7/1/2005	(9.95)	(9.95)	6.51	6.81	9.62	8.06
	Benchmark <i>Dow Jones U.S. Select Dividend Index</i>		2.31	2.31	8.89	8.38	11.92	10.84
	Real Estate Income & Growth Gross	5/1/2017	(21.62)	(21.62)	3.36	5.92	-	5.87
	Real Estate Income & Growth Net	5/1/2017	(22.59)	(22.59)	2.11	4.63	-	4.58
	Benchmark <i>Dow Jones U.S. Select REIT Index</i>		(25.96)	(25.96)	(1.37)	2.50	-	2.96
Growth	IntelliBuild® Growth Gross	10/1/2013	(19.38)	(19.38)	8.94	9.31	-	10.24
	IntelliBuild® Growth Net	10/1/2013	(20.38)	(20.38)	7.62	7.98	-	8.89
	Benchmark <i>S&P 500® Index</i>		(18.11)	(18.11)	7.66	9.42	-	11.45
	Bulls of the Dow Gross	2/1/2013	(5.65)	(5.65)	6.03	10.44	-	13.70
	Bulls of the Dow Net	2/1/2013	(6.79)	(6.79)	4.73	9.09	-	12.30
	Benchmark <i>Dow Jones Industrial Average Index</i>		(6.86)	(6.86)	7.32	8.38	-	11.76
	Outlier Growth Gross	11/1/2020	(28.58)	(28.58)	-	-	-	0.47
	Outlier Growth Net	11/1/2020	(29.50)	(29.50)	-	-	-	(0.77)
	Benchmark <i>Russell 3000 Index</i>		(19.21)	(19.21)	-	-	-	8.36
Option Overlay*	Index Income - Cash Flow Gross**	7/1/2016	3.43	3.43	6.18	5.75	-	5.61
	Index Income - Cash Flow Net**	7/1/2016	2.18	2.18	4.93	4.50	-	4.36
	Index Income Total Return Gross	7/1/2016	(9.03)	(9.03)	1.22	2.55	-	3.00
	Index Income Total Return Net	7/1/2016	(10.28)	(10.28)	(0.03)	1.30	-	1.75
	Market Indicator <i>S&P 500® Index</i>		(18.11)	(18.11)	7.66	9.42	-	11.78

Sheaff Brock® Performance

Style (as of 12/31/2022)	(Average Annual) (%)	Inception Date	Year to Date	1 Year	3 Year	5 Year	10 Year	Inception**
Option Overlay^	Put Income - Realized Gain Gross^	11/1/2016	(11.69)	(11.69)	0.04	2.20	-	2.95
	Put Income - Realized Gain Net^	11/1/2016	(12.94)	(12.94)	(1.21)	0.95	-	1.70
	Market Indicator <i>S&P 500® Index</i>		(18.11)	(18.11)	7.66	9.42	-	12.09

Performance data quoted represents past performance. Past performance does not guarantee future results.

Sheaff Brock Investment Advisors, LLC ("SBIA"), established in 2001, is registered as an investment advisor with the Securities and Exchange Commission. SBIA is wholly owned by Sheaff Brock Capital Management, LLC ("SBCM").

Effective December 2020 Innovative Portfolios, LLC ("IP"), an SEC registered investment Advisor and wholly owned subsidiary of SBCM, was hired as the subadvisor for all the composites except Put Income. Performance after January 1, 2021 occurred while the investment management team was affiliated with IP. The same investment management team has managed the composite since its inception, and the investment process has not changed. Performance after January 1, 2021 has been linked to performance earned at IP. IP policies for valuing investments and calculating performance are available upon request. 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, applied the first month of each quarter. Actual advisory fees incurred by clients may vary. Composite performance consists of fully discretionary portfolios, including those accounts no longer with the firm.

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 strategy 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.

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