

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

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**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®

Any fool can make a fortune; it takes a man of brains to hold onto it.  
 – Cornelius “Commodore” Vanderbilt

When Cornelius “Commodore” Vanderbilt died in 1877, he left behind the largest fortune in American history of about \$100 million (around \$180 billion in today’s dollars). Almost Elon kind of money, and 50% more than Buffett kind of money.

Most of the \$100 million went to this guy, “Billy” Vanderbilt, who nearly doubled the fortune over the next 9 years! Crazy wealth, which probably made him the richest person on Earth and worth about \$350 billion in today’s dollars. Super big bucks; even bigger sideburns!



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According to the book, *The Missing Billionaires*, in the last 146 years, the Vanderbilt family, now in its 8<sup>th</sup> generation, basically squandered all of that fortune as none of the descendants living today can trace any of their current wealth to the fortune bequeathed from Cornelius. In 146 years, basically just two lifetimes, a vast fortune goes “poof”. In fact, the inherited money was really gone by about 1950, just 70 years after the Commodore’s death. That’s some serious spending. Isn’t that amazing?

That said, the Vanderbilts created great homes (Biltmore House in Asheville, NC, The Breakers and Marble House in Newport, RI are three) that peons like us can tour. Heirs also started Vanderbilt University, became Governor of Rhode Island, founded the Metropolitan Opera and the Whitney Museum of Art, and won the America’s Cup three times. The most recognizable living heir is Anderson Cooper, the journalist, who inherited all of \$1.5 million from his mother, Gloria Vanderbilt. They were not all slouches, but as a group the heirs



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were better at spending money than making money. Hopefully they all had a good time while dissipating their wealth. It brings to mind how George Best, the legendary Manchester United winger in the wild 1960s, answered a reporter’s question asking how he went through all his money: “I spent a lot of money on booze, birds (girls), and fast cars. The rest I just squandered.” Gotta appreciate honesty!

If the Vanderbilt heirs had invested their wealth in a boring but diversified portfolio of US companies, spent 2% of their wealth each year, and paid their taxes, each heir living today would still have a fortune of more than five billion dollars. But it’s not just the Vanderbilts. As of 2022, Forbes estimated there were just over 700 billionaires in the U.S, and you’ll struggle to find a single one who traces his or her wealth back to an ancestor from 1900.

The point of this is not to beat up on rich folk, but instead to illustrate how even with the best advisers, accountants, and other professionals providing advice, and being privy to the best investment opportunities, even the wealthiest of the wealthy are at risk of going broke if they live a long time and spend a little too much.

**You’re not that old so quit acting like it**

Which brings us to “common folk”, like you and I. For some of you, a big risk is living longer than you expect, meanwhile investing like you’re old, even though you’re really not.

According to the CDC, the life expectancy for a 65-year old male is 18 years and a female about 20 years. So, many advisors will plan for a couple to live into their mid-80s, and encourage them to become much more conservative with their investments. The problem is life expectancy numbers are averages (meaning half the folks live longer) which underestimate longevity risk. Also, for couples, longevity goes way up because statistically one of two people will live longer than just one. A couple has 50/50 odds one of the partners will live into their mid-90s, and about 25% could live to nearly 100.

| Longevity estimates for a 65-year-old couple |  |   |
|--|--|---|
| Probability of survival                      | Low-end estimate<br>Last survivor of Male-Female household | High-end estimate<br>Last survivor of Male-Female household |
| 90% chance of living beyond...               | 83   | 85  |
| 75% ...                                      | 88   | 90  |
| 50% ...                                      | 93   | 95  |
| 25% ...                                      | 97   | 99  |
| 10% ...                                      | 100  | 102   |

Source: Massimo Young, CFA; Erik Pickett, PhD, FIA, CERA, www.clubvita.net

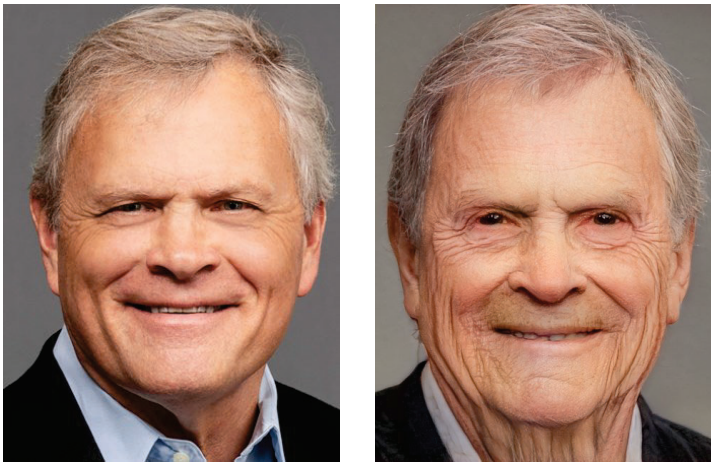
There are approximately 90,000 people in the U.S. who are over the age of 100, double the number in 2008. Medical ad-

**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:

- *With interest rates on short-term investments reaching levels we haven't seen since 2008, now is a good time to revisit your near-term spending goals and invest those funds with capital preservation in mind. As of August 22, 2023, Fidelity's Money Market Fund (SPRXX) had a 7-day yield of 5.05%.*
- *Did you know some individuals are eligible for capital gains rates lower than the commonly known federal rate of 20%? For Married Filing Joint filers, if your adjusted gross income (AGI) is between \$89,251 - \$553,850, your federal capital gains rate is 15% and drops to 0% for those whose AGI is less than \$89,250. Single filers with AGI between \$44,626 - \$492,300 will pay at the 15% capital gains rate or 0% if their AGI is below \$44,625.*

vances keep extending lifespans and wealthier people have longer life expectancies than average. If you are reading this you are likely wealthier than the average American.

Bottom line: You have a good shot at living longer than you think. If you are a 70-year old couple, your money might need to last 30 more years. So, a majority of your investments should be tilted toward growth of capital, not fixed income.



I uploaded my photo into an online gizmo that “ages” the picture. This is what the A.I. thingy thinks I’ll look like at 95. I may still have teeth, and by then a steak at a restaurant will cost \$300, which is why my accounts are invested for growth.

### **Portfolio Updates**

We emailed a short video update on the market, “The Bull Awakens: Now What?”, which explains that while optimistic, we feel a late summer/early fall “pause” in the market might happen. Go here to watch:

[Sheaffbrock.com > Market Topics > Market Shorts.](#)

### **Dividend Growth & Income**

Our portfolio of dividend stocks is basically a large-cap value strategy of dividend payers, most of whom have a propensity to raise their dividends annually. Twenty-two of our holdings have already raised their dividends thus far in 2023. Check the performance table; you’ll see we are WAY ahead of our benchmark this year, although underperformed last. Even so,

the portfolio’s long-term numbers look solid. In August, we made a couple of portfolio changes, which may be the last for a bit as we don’t want to create too many capital gains near year’s end. We now have 33 stocks in the portfolio and are fully invested.

### **Bulls of the Dow**

The Bulls had a decent first two months of summer which pulled us within spitting distance of the Dow Jones Industrials year-to-date. The next portfolio reshuffling will be in October.

### **IntelliBuild Growth™ and Outlier Growth**

33 growth stocks in each portfolio. IntelliBuild tends to have more well-known names in it, while Outlier has quite a few stocks you’ve probably never heard of. Both growth portfolios have really good fundamental metrics, but patience is necessary; sort of like the patience required with growing children.

### **Covered Call**

We generally use stocks with lower downside risk characteristics, so are still lagging the S&P 500-based, giant-tech stock weighted benchmark YTD. This portfolio is happy being a tortoise vs. trying to keep up with a high-tech hare.

### **Real Estate Income and Growth**

REITs finally woke up in June and continued clearing their cobwebs in July. Dividends seem solid, but the risk of real estate loan problems perking up are keeping prices down.

### **Preferred Income**

Bank fears have hurt preferred stock prices. Warren Buffett says, “Be greedy when others are fearful.” Doesn’t always work, but maybe will this time?

### **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** - The rally in the stock market has been welcome, and helped us restructure some of the problem children.

**Index Income** - Goal = manufacture cash-flow from volatility over a long period of time. Simple, but sometimes hard. The rising S&P 500 has helped positions that were deeply buried a few months ago. Forward cash-flow hopefully improves.

## INNOVATIVE portfolios® Performance

| Style (as of 7/31/2023) | (Average Annual) (%)                           | Inception Date | Year to Date | 1 Year | 3 Year | 5 Year | 10 Year | Inception |
|-------------------------|--|----------------|--------------|--------|--------|--------|---------|-----------|
| Fixed Income            | Preferred Income Gross                         | 10/1/2011      | 6.96         | (1.59) | 0.46   | 2.20   | 4.09    | 4.54      |
|                         | Preferred Income Net                           | 10/1/2011      | 6.00         | (2.78) | (0.78) | 0.95   | 2.81    | 3.24      |
|                         | Benchmark ICE BofA Core+ Fixed Rate Pfd Index  |                | 5.97         | (6.96) | (2.74) | 0.87   | 3.90    | 4.94      |
| Growth & Income         | Covered Call Income Gross                      | 9/1/2010       | 10.57        | 9.41   | 12.13  | 7.88   | 8.26    | 8.92      |
|                         | Covered Call Income Net                        | 9/1/2010       | 9.57         | 8.10   | 10.76  | 6.56   | 6.93    | 7.57      |
|                         | Benchmark CBOE S&P 500 BuyWrite Index          |                | 12.05        | 6.44   | 9.69   | 4.12   | 6.28    | 6.95      |
|                         | Dividend Growth & Income Gross                 | 7/1/2005       | 13.08        | 15.02  | 17.84  | 9.87   | 10.29   | 10.19     |
|                         | Dividend Growth & Income Net                   | 7/1/2005       | 12.04        | 13.65  | 16.40  | 8.53   | 8.94    | 8.81      |
|                         | Benchmark Dow Jones U.S. Select Dividend Index |                | (0.33)       | 0.65   | 16.91  | 7.59   | 9.84    | 10.13     |
|                         | Real Estate Income & Growth Gross              | 5/1/2017       | 6.51         | (2.10) | 11.13  | 6.45   | -       | 6.37      |
|                         | Real Estate Income & Growth Net                | 5/1/2017       | 5.56         | (3.27) | 9.79   | 5.16   | -       | 5.04      |
|                         | Benchmark Dow Jones U.S. Select REIT Index     |                | 8.81         | (6.19) | 9.00   | 3.75   | -       | 4.08      |
| Growth                  | IntelliBuild® Growth Gross                     | 10/1/2013      | 22.00        | 16.44  | 14.97  | 12.42  | -       | 11.85     |
|                         | IntelliBuild® Growth Net                       | 10/1/2013      | 20.88        | 15.04  | 13.56  | 11.05  | -       | 10.45     |
|                         | Benchmark S&P 500® Index                       |                | 20.65        | 13.02  | 13.72  | 12.20  | -       | 12.87     |
|                         | Bulls of the Dow Gross                         | 2/1/2013       | 8.42         | 8.47   | 9.45   | 10.58  | 12.81   | 13.76     |
|                         | Bulls of the Dow Net                           | 2/1/2013       | 7.43         | 7.17   | 8.11   | 9.23   | 11.43   | 12.34     |
|                         | Benchmark Dow Jones Industrial Average Index   |                | 8.55         | 10.62  | 12.65  | 9.30   | 11.19   | 11.95     |
|                         | Outlier Growth Gross                           | 11/1/2020      | 32.16        | 24.45  | -      | -      | -       | 11.09     |
|                         | Outlier Growth Net                             | 11/1/2020      | 30.97        | 22.96  | -      | -      | -       | 9.64      |
|                         | Benchmark Russell 3000 Index                   |                | 20.33        | 12.65  | -      | -      | -       | 13.95     |
| Option Overlay*         | Index Income - Cash Flow Gross**               | 7/1/2016       | 0.91         | 1.58   | 5.59   | 5.28   | -       | 5.27      |
|                         | Index Income - Cash Flow Net**                 | 7/1/2016       | (0.03)       | 0.33   | 4.34   | 4.03   | -       | 3.99      |
|                         | Index Income Total Return Gross                | 7/1/2016       | 9.82         | 3.57   | 4.61   | 3.94   | -       | 4.14      |
|                         | Index Income Total Return Net                  | 7/1/2016       | 8.89         | 2.32   | 3.36   | 2.69   | -       | 2.86      |
|                         | Market Indicator S&P 500® Index                |                | 20.65        | 13.02  | 13.72  | 12.20  | -       | 13.73     |

## Sheaff Brock® Performance

| Style (as of 7/31/2023)     | (Average Annual) (%)                          | Inception Date | Year to Date | 1 Year | 3 Year | 5 Year | 10 Year | Inception <sup>MA</sup> |
|-----------------------------|---|----------------|--------------|--------|--------|--------|---------|-------------------------|
| Option Overlay <sup>A</sup> | Put Income - Realized Gain Gross <sup>A</sup> | 11/1/2016      | 11.68        | 7.48   | 7.99   | 3.49   | -       | 4.42                    |
|                             | Put Income - Realized Gain Net <sup>A</sup>   | 11/1/2016      | 10.74        | 6.23   | 6.74   | 2.24   | -       | 3.14                    |
|                             | Market Indicator S&P 500® Index               |                | 20.65        | 13.02  | 13.72  | 12.20  | -       | 14.12                   |

### 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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