

**HEY!**

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

“Don’t use big words, they mean so little.” - Oscar Wilde

“If you use big words, no one will know you aren’t doing jack squat.” - Stephan Colbert

**IN THIS ISSUE:**

- ◆ Bearish talk vs. bullish talk
- ◆ 2022 vs. other midterm years
- ◆ Portfolio updates



**Harry Dent: Crash of a Lifetime Is Here: Sell Stocks Now**  
BY JANE WOLLMAN RUSOFF  
“This is your last chance to sell stock,” he says. “Get out of the way of the crash!”



**Jeremy Grantham: ‘Superbubble’ Yet to Burst in ‘Epic Finale’**  
BY DINAH WEISBERG BRIN  
“Every historical parallel suggests that the worst is yet to come,” the investment strategist wrote this week.

Pursed lips, furrowed brows, and warnings of a coming financial apocalypse seem to be a common thread in the media these days. This week, both of the buzz-kills pictured above issued market warnings...again. Even though they have a long history of gloom-and-doom predictions, the media ate it up and put the stories where they could be easily clicked.

People in our business use words and lingo that most normal people never use. When financial talking heads spew out a word-salad of unusual terms it makes them sound smarter. If someone on CNBC says things like *beige-book*, *quantitative*

*tightening, yield curve inversion, activist shareholder, reversion -to-the-mean, backwardation, moving average, macro estimates, “death-cross”, tactical sector rotation, beta, alpha, demand-push, 2s-10s spread, contango, high frequency data, balance sheet reduction, labor participation rate, earnings drought, crowded-trade, or Fibonacci lines*, to issue a market warning, they sound smart and almost undoubtable.

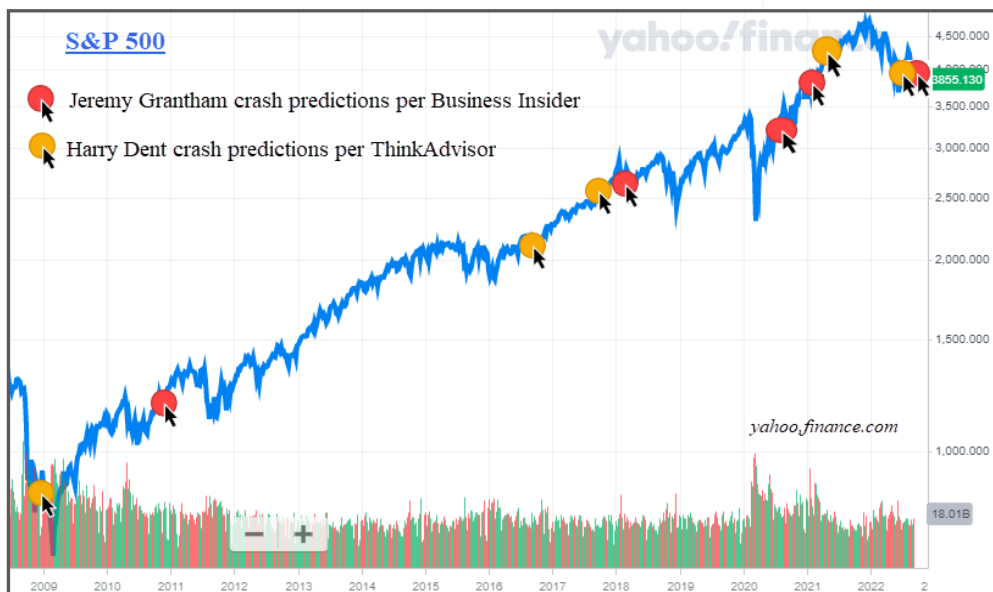
Bearish people sound smarter because they can point to specific data and facts to back their negative outlook.

Bullish, optimistic investment folks base a lot on faith. Faith in corporate resilience, human ingenuity, and the powerful engine of capitalism are required to be bullish. In a debate with a bear, an optimistic person can sometimes sound like a hayseed. They can be scorned even though the long-term, rising trendline of stocks supports their bullishness. Warren Buffett is one of the few who can opine in a simple, optimistic way and sound smarter than a bearish talking head.

Harry Dent is an author while Jeremy Grantham runs GMO, a giant asset manager (he’s British which may explain his dour countenance). They are both smart dudes who repeatedly warn of market bubbles, recessions, depressions, crashes, and other tales of woe.

The red dots on the chart indicate when Grantham has warned of a popping of a market “super-bubble”. The yellow dots are when Harry Dent has published these books or articles:

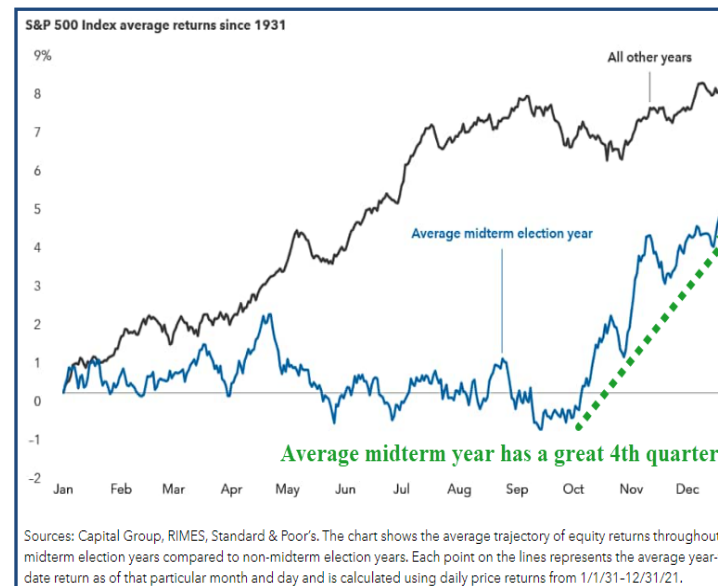
- 2009 “The Great Depression Ahead”
  - 2016 “Dow 5000” (which was at 18,000 then)
  - 2017 “Zero Hour” (predicting a major crash during Trump’s term)
  - March 2021—The biggest crash ever by June
- Now, both of them are at it again...which gives me a sense of optimism!



**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:

**Taxes, taxes, taxes.**

- ◆ As we approach the 4<sup>th</sup> Quarter, let’s talk about capital losses. It’s important to note there is a monetary difference between short and long term losses, given that short term losses are valued at ordinary income tax rates and long term losses are valued at capital gains rates. If you find yourself with a net short term capital loss, pause before harvesting long term capital gains to utilize your short term loss. Unless you’re trying to diversify a concentrated position, it may be wise to bank that loss and roll it forward to offset next year’s potential short term gains. Schedule a call with your CPA to discuss.
- ◆ Don’t forget about year-end deadlines that are right around the corner: 529 contributions, 401k contributions, Roth conversions, charitable contributions, required minimum distributions, etc.



Although the current market and newsfeed is difficult, 2022 looks remarkably similar to previous midterm election years; a decent Q1, followed by a lousy Q2 and Q3. Nearly all 4<sup>th</sup> quarters in midterm years have been very strong for the stock market. Also, the 12-months following a midterm election have been positive for the S&P 500 every time since 1946. *Read that last sentence again.* Yes I know, past performance does not guarantee or indicate future results, but so far the resemblance to past midterm years is uncanny.

**Portfolio Updates**

We are in a bear market which started January 3<sup>rd</sup>, and there is no question about it. According to *Forbes*, the average bear market lasts 289 days. “With this date as the start of the current official bear market, the average bear market of 289 days means that it would finish on October 19<sup>th</sup>, 2022. So there you go, the bear market will end, based on the historical average, in the Fall and the good times will be back by Christmas.”

**Bulls of the Dow**

The 10 lowest “downside risk” stocks from the 30 Dow stocks, mostly “value” stocks, have held up pretty well in the storm. This has been our strongest portfolio year-to-date by losing

the least, and beating the Dow Industrials and S&P 500.

**IntelliBuild Growth™**

33 growth stocks. Our stocks have strong fundamentals, but nearly all growth stocks have been taken out behind the woodshed.

**Outlier Growth**

33 stocks with very large, institutional buy-side volume, plus growth, strong technicals, and good downside risk scores. Just like above, it’s been a growth stock beatdown.

**Covered Call**

The option cash-flow and fairly high cash positions have allowed the composite to stay ahead of the S&P 500, but trailing the CBOE Buy/Write Index.

**Real Estate Income and Growth**

You’ve heard the term “dirt cheap”. REITs are dirt cheap, especially if you like income and potential inflation protection.

**Preferred Income**

Preferreds are cheaper than dirt. Do you like income? Buy them now from really dumb people who are selling them.

**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** - The good news is we have created positive cash-flow YTD through August. The bad news is there have been realized losses. The best news is we’ve seen this film before, many, many times. Just as bull markets have followed bear markets, realized gains have followed realized losses. Maybe not this time? Why not?

**Index Income** - Goal = manufacture additional cash-flow from volatility over a long period of time. Period. Total return is how that cash is accounted for, or treated for taxes. Cash-flow creation has been decent, but in-the-money rolls make it harder to generate. The market sell-off makes total return, well, not so hot. Again, we’ve seen this film before...

## INNOVATIVE portfolios® Performance

Style (as of 8/31/2022)	(Average Annual) (%)	Inception Date	Year to Date	1 Year	3 Year	5 Year	10 Year	Inception
Fixed Income	Preferred Income Gross	10/1/2011	(10.84)	(10.06)	1.21	2.05	3.98	4.77
	Preferred Income Net	10/1/2011	(11.68)	(11.18)	(0.04)	0.80	2.70	3.47
	Benchmark ICE BofA Core+ Fixed Rate Pfd Index		(14.13)	(13.60)	(0.91)	1.63	4.31	5.58*
Growth & Income	Covered Call Income Gross	9/1/2010	(12.79)	(9.31)	9.52	7.54	8.62	8.46
	Covered Call Income Net	9/1/2010	(13.60)	(10.42)	8.18	6.21	7.28	7.12
	Benchmark CBOE S&P 500 BuyWrite Index		(11.17)	(6.60)	3.00	3.53	5.56	6.50
	Dividend Growth & Income Gross	7/1/2005	(13.28)	(8.76)	10.36	9.47	10.69	9.16
	Dividend Growth & Income Net	7/1/2005	(14.10)	(9.90)	9.00	8.13	9.33	7.80
	Benchmark Dow Jones U.S. Select Dividend Index		(0.38)	4.45	11.37	9.64	11.86	10.94
	Real Estate Income & Growth Gross	5/1/2017	(18.08)	(9.27)	5.42	7.03	-	7.13
	Real Estate Income & Growth Net	5/1/2017	(18.86)	(10.40)	4.14	5.73	-	5.80
Growth	Benchmark Dow Jones U.S. Select REIT Index		(19.46)	(10.80)	1.92	4.70	-	4.79
	IntelliBuilD® Growth Gross	10/1/2013	(19.81)	(13.21)	11.83	12.00	-	10.58
	IntelliBuilD® Growth Net	10/1/2013	(20.58)	(14.29)	10.47	10.64	-	9.21
	Benchmark S&P 500® Index		(16.14)	(11.23)	12.39	11.82	-	12.20
	Bulls of the Dow Gross	2/1/2013	(9.94)	(5.74)	10.00	13.27	-	13.65
	Bulls of the Dow Net	2/1/2013	(10.78)	(6.90)	8.64	11.89	-	12.24
	Benchmark Dow Jones Industrial Average Index		(14.44)	(9.05)	7.24	9.98	-	11.42
	Outlier Growth Gross	11/1/2020	(28.95)	(27.47)	-	-	-	0.28
Option Overlay*	Outlier Growth Net	11/1/2020	(29.66)	(28.41)	-	-	-	(1.03)
	Benchmark Russell 3000 Index		(16.92)	(13.28)	-	-	-	11.64
	Index Income - Cash Flow Gross**	7/1/2016	2.80	5.40	6.68	5.88	-	5.81
	Index Income - Cash Flow Net**	7/1/2016	1.86	4.15	5.43	4.63	-	4.54
	Index Income Total Return Gross	7/1/2016	(5.03)	(2.45)	3.49	3.62	-	3.81
Option Overlay*	Index Income Total Return Net	7/1/2016	(5.97)	(3.70)	2.24	2.37	-	2.54
	Market Indicator S&P 500® Index		(16.14)	(11.23)	12.39	11.82	-	12.88

## Sheaff Brock® Performance

Style (as of 8/31/2022)	(Average Annual) (%)	Inception Date	Year to Date	1 Year	3 Year	5 Year	10 Year	Inception**
Option Overlay*	Put Income - Realized Gain Gross <sup>†</sup>	11/1/2016	(7.17)	(6.30)	2.52	3.49	-	3.89
	Put Income - Realized Gain Net <sup>†</sup>	11/1/2016	(8.10)	(7.55)	1.27	2.24	-	2.63
	Market Indicator S&P 500® Index		(16.14)	(11.23)	12.39	11.82	-	13.28

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

Sheaff Brock Investment Advisors, LLC ("SBI"), established in 2001, is registered as an investment advisor with the Securities and Exchange Commission. SBI 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.

SBI 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 and data do not constitute legal, tax, accounting, investment, or other professional advice. 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 (Continued on page 1)



Innovative Portfolios for Intelligent Investors®



## Market Update September 2022

### 2020 & 2021: CNBC Top 100 Financial Advisors in America

(Continued from page 4) equal the investment performance of the securities discussed herein. Information is obtained from sources SBI believes are reliable, however, SBI 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. SBI 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 incurrance 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 SBI and as such, the returns reflect performance from that period forward.

The 2021 CNBC FA 100 (10/6/21) & the 2020 CNBC FA 100 (10/6/20) 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 compliance record, 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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