Sheaff Brock®

Innovative Portfolios for Intelligent Investors®

FA 100 CNBC 2022

Market Update

June 2023

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.

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> "Traveling – it leaves you speechless, then turns you into a storyteller."
> Ian Battuta

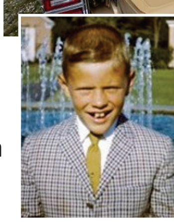
On June 13th, the *Wall Street Journal* reported, "*The S&P 500 entered a new bull market last week after rising more than 20% from its October low. The bear market, which lasted 248 trading days, was the index's longest since 1948, according to Dow Jones Market Data. It is up 13% in 2023.*"

Congratulations on staying the course and enduring the longest bear market in 75 years!

This caused me to recall a question a client recently asked, "Why is the market strong with all the turmoil and confusing things going on?" He was talking about things like nasty politics, war, inflation, social and cultural polarization, bank failures, economic stress, empty office buildings, high mortgage rates, credit card delinquencies, etc. A logical question.

It got me to thinking about my parent's, who owned a few station wagons with the third row seat that faced backwards. As a family, we took many a long road trip in them, and I almost always sat in the "way-back", making eye contact with total strangers in the car behind us.

This is the goober those strangers saw!



One way to answer the client's question is to imagine a station wagon on a trip with four occupants: **the economy** sitting facing backward, a **couple of news people** childishly screaming in the 2nd row, and in the space between the 2nd and 3rd row (where my younger brother squeezed into on road trips), and the **stock market** facing forward and driving.

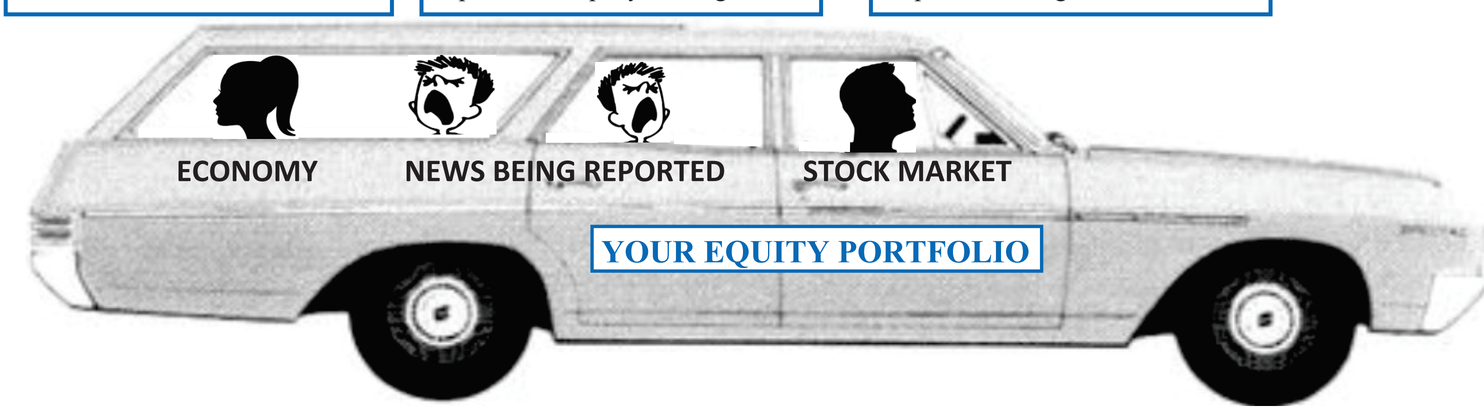
The car is your portfolio enroute to, or driving around in, the city of Retirement, U.S.A. The passengers in the car all eventually get to the same destination, but along the way have very different views of the trip, and probably weren't talking to each other during much of it. The trip experience in a nutshell:

- The **economy** in the back seat only sees and talks about observations that have already passed by. By the time they see it, analyze it, and talk about it, it's old news. They hear the noise in the middle seat, but mostly keep to themselves and are sort of boring and off-putting to be around.
- The loudmouth **news people** in the middle get all the attention because they're the noisiest. Some folks care about what they say, but they'll be screaming about something else about a mile down the road. They are insulting, argumentative, think they're important, and incredulous when you disagree with them. They are exhausting.
- The **stock market** is driving your portfolio car and is always looking forward. Sometimes the driver is looking so far ahead that they need to swerve a little to get back on the road, a pothole surprises them, animals are in the road, or

Economic data is always backward looking, sometimes the information is weeks or months old.

Daily news is very, very loud and mostly bad. It generally has little impact on company earnings.

Stock prices are forward looking, and, in the long-run, reflect future corporate earnings.



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"Try it you'll like it!"

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freak weather causes a delay. Sometimes they need to stop for fuel (a stock market correction) or a tire blows out delaying their arrival. Sometimes the stock market is driving fast, sometimes slow, and sometimes sort of erratic.

Even though the stock market drives in an unpredictable fashion, the longer the trip, the more likely it will be a generally pleasant ride. Historically, the stock market has experienced a good batting average of positive outcomes over 1-year or longer periods. Over 20-year periods it has ALWAYS gotten to a good long-term destination.

Over the past 94 years through 2022, the S&P 500 has gone up and down each year. In fact, 27% of those years had negative results. The longer the time frame — through highs and lows — the greater the chances of a positive outcome. Investors who have stayed in the market through occasional (and inevitable) periods of declining stock prices historically have been rewarded for their long-term outlook.

RIDING IT OUT - THE S&P 500

History has shown the longer the period, the greater the chances of a positive outcome

Length of Holding	Chance of Positive Outcome
1-year	73%
3-year	84%
5-year	88%
10-year	94%
20-year	100%

Source: S&P, Capital Group, as of YE 2022

Successful long-term investors, in their own portfolio's driver's seat, have the ability to mostly ignore the noise and old-news data going on behind them. They focus on the road ahead. That is why the market has been strong this year with all the turmoil and confusing things going on. Keep on keepin' on and ignore those loudmouths in middle rows.

Portfolio Updates

Earnings-decent. Inflation– going down, unemployment –low, but consumer confidence is shaky, the Fed is "pausing", and the yield curve is still inverted (often a precursor to a recession). Signals are mixed and there are (as always) things to worry about. So far in 2023 growth stocks have been about the only game in town, carrying the rest of the market. But, since we invest for the long-term and with the batting averages being what they've been, we'll stay invested.

Dividend Growth & Income
Our portfolio of dividend stocks has held its own in 2023, especially relative to its benchmark (although we lagged it last year). Thirty of our thirty-two stocks have raised their dividend in the last twelve months.

Bulls of the Dow
The Bulls had an April hot streak and a May cold streak. Sort of lukewarm year-to-date, although doing OK given the value tilt to the index.

IntelliBuilD Growth™ and Outlier Growth
33 growth stocks in each portfolio. As mentioned, growth stocks have been the bigger (and almost only) winners YTD. These are doing well in 2023 after a tough 2022.

Covered Call
We use generally value style stocks with lower downside risk characteristics which have mostly lagged the S&P 500-based, big-tech stock heavy benchmark.

Real Estate Income and Growth
They may not 'make it anymore', but so far in 2023, not many people are clamoring to own it. Value here? We think so.

Preferred Income
Bank woes continue to pressure preferreds. If the woes mitigate, 2023's pull-back could be a good buying opportunity.

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 - So far, 2023 is one of our best years. We're not ready to drop the mic and walk offstage, but so far so good.

Index Income - Goal = manufacture cash-flow from volatility over a long period of time. That's it. The in-the-money rolling has led to a two step forward, one back type of year. The rising S&P 500 has helped get most of our positions out-of-the-money, so maybe the back-steps will slow down. Fingers crossed. Might want to cross your toes too.

INNOVATIVE portfolios® Performance

Style (as of 5/31/2023)	(Average Annual) (%)	*Inception Date*	Year to Date	1 Year	3 Year	5 Year	10 Year	Inception
Fixed Income	**Preferred Income** Gross	*10/1/2011*	1.57	(4.78)	(0.03)	1.48	3.23	4.14
	Preferred Income Net	*10/1/2011*	0.97	(5.93)	(1.26)	0.24	1.96	2.85
	Benchmark *ICE BofA Core+ Fixed Rate Pfd Index*		3.61	(7.43)	(2.46)	0.68	3.32	4.81
Growth & Income	**Covered Call Income** Gross	*9/1/2010*	0.98	(2.27)	9.96	6.60	7.63	8.27
	Covered Call Income Net	*9/1/2010*	0.37	(3.42)	8.61	5.30	6.30	6.93
	Benchmark *CBOE S&P 500 BuyWrite Index*		8.20	3.70	9.75	3.98	5.93	6.75
	Dividend Growth & Income Gross	*7/1/2005*	2.44	2.34	15.68	8.34	9.38	9.25
	Dividend Growth & Income Net	*7/1/2005*	1.81	1.13	14.27	7.01	8.04	7.90
	Benchmark *Dow Jones U.S. Select Dividend Index*		(9.11)	(13.09)	13.99	6.32	9.42	9.26
	Real Estate Income & Growth Gross	*5/1/2017*	(1.70)	(9.27)	11.27	5.40	-	5.16
	Real Estate Income & Growth Net	*5/1/2017*	(2.29)	(10.34)	9.93	4.13	-	3.86
	Benchmark *Dow Jones U.S. Select REIT Index*		0.63	(12.85)	8.02	3.11	-	2.86
Growth	**IntelliBuilD® Growth** Gross	*10/1/2013*	9.91	9.68	13.95	10.46	-	10.86
	IntelliBuilD® Growth Net	*10/1/2013*	9.24	8.40	12.55	9.12	-	9.49
	Benchmark *S&P 500® Index*		9.65	2.92	12.92	11.01	-	11.99
	Bulls of the Dow Gross	*2/1/2013*	0.31	3.64	7.13	9.85	12.20	13.15
	Bulls of the Dow Net	*2/1/2013*	(0.31)	2.42	5.81	8.50	10.82	11.75
	Benchmark *Dow Jones Industrial Average Index*		0.25	1.96	11.27	8.49	10.61	11.29
	Outlier Growth Gross	*11/1/2020*	15.52	11.00	-	-	-	6.16
	Outlier Growth Net	*11/1/2020*	14.81	9.69	-	-	-	4.81
	Benchmark *Russell 3000 Index*		8.74	2.03	-	-	-	10.49
Option Overlay*	**Index Income - Cash Flow** Gross**	*7/1/2016*	0.68	1.82	5.78	5.39	-	5.37
	Index Income - Cash Flow Net**	*7/1/2016*	0.05	0.57	4.53	4.14	-	4.10
	Index Income Total Return Gross	*7/1/2016*	7.04	0.01	4.98	3.61	-	3.84
	Index Income Total Return Net	*7/1/2016*	6.42	(1.24)	3.73	2.36	-	2.57
	Market Indicator *S&P 500® Index*		9.65	2.92	12.92	11.01	-	12.52

Sheaff Brock® Performance

Style (as of 5/31/2023)	(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*	10.80	1.86	8.46	3.51	-	4.40
	Put Income - Realized Gain Net^	*11/1/2016*	10.18	0.61	7.21	2.26	-	3.14
	Market Indicator *S&P 500® Index*		9.65	2.92	12.92	11.01	-	12.85

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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