

“Every new beginning comes from some other beginning’s end.” – Semisonic

The band Semisonic released a song with terrific lyrics called “Closing Time” which is where the above quote is from. It reached #1 on Billboard’s Top 100 the year it came out. This next sentence will make you feel old. That song was released almost 25 years ago! Holy Moly!

The catchy line in the quote is very appropriate for the last few years of money market fund and bank CD yields. Lots of endings and beginnings, and we probably just witnessed another ending/beginning.

During the last 25 years, money market funds vacillated in yield quite a lot:

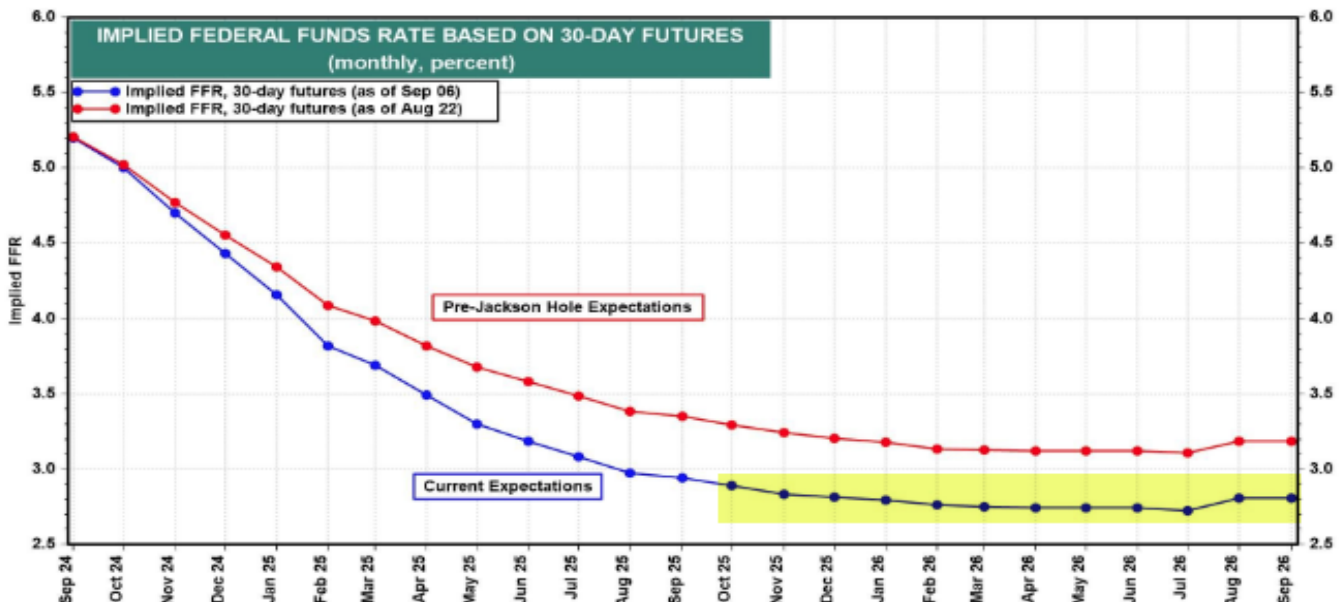
- ◆ In 2000 yields are 6%+.
- ◆ By 2004 yields bottom around 1%.
- ◆ In 2007 yields peak at 5%+.
- ◆ In 2010 they bottom at 1% and stay low for 5 years.
- ◆ By 2019 rates rise to 2.5%.
- ◆ Pandemic pressure forces rates to 0%.
- ◆ Now rates have been about 5% for over a year.

In the last quarter-century, rates began high, which ended, began sinking, ended, began rising, ended, etc. Over and over, beginnings and endings.

This month, as expected, the Federal Reserve Board cut the Federal Funds rate. This cut signaled the likely end of high rates and the beginning of lower. Money market and savings rates have historically tracked this rate pretty closely. Below is a chart showing the expected Federal Funds rate. The blue line shows the rate the futures market expects, and as you can see in the highlighted area the expectation is the rate will be below 3% about a year from now. If there was a hint of a recession, the rates would probably get below 3% even sooner.

What this means is the money you have set aside in savings vehicles, money market funds, or short-term notes/CDs will slowly be earning less and less going forward. We know you all have a fair amount on the sidelines because just at Sheaff Brock you have over \$100 million parked in cash/money market savings. Falling rates also means if you want to keep the

The yields on Money Market Funds could start with a "2" next year...
Say goodbye to your 4-5% low risk yields today.



Source: LSEG Datastream and © Yardeni Research.

Financial Planning Tip!

- Same as last month but worth repeating. Maybe you need a retirement income plan, gifting plan, or general financial plan done. This brings together all of your assets, income and spending in one place and projects potential outcomes. Income sustainability, timing of capital gains, or gifting gives peace of mind. We can run a projection for you, and best of all it's free for clients! Get in touch with your portfolio consultant (Jared, Tiffany, Emily, or Matthew) if you'd like one run.

income higher, this is probably a good time to redeploy those savings dollars into investments that could lock in the rates for a longer time. Here are two portfolios we offer that should help do that. These offerings may or may not be right for you, but a conversation with your portfolio consultant could help determine the appropriateness for your situation.

1. **Preferred Income.** A corporate preferred stock is kind of like a bond in a stock's clothing. The set dividend yield, par pricing, and callability by the issuer are all bond-like. But where they fall on the issuers balance sheet, how their income is taxed, and the way most trade, are more stock-like. We believe this asset class is a good place to get a high yield (higher than a current money market yield) while maintaining a decent credit rating, liquidity, and favorable tax treatment of most dividends. We've been preaching for months that preferreds could be a good buy, and they have moved up in price a bit, but are still well priced, in our opinion. Preferreds are generally appropriate for long-term investors seeking income who can tolerate some ups-and-downs in price.
2. **Real Estate Income and Growth.** Real estate investment trusts, or REITs, own some type of real estate and pay out the lion's share of their income to shareholders. Rising rents often enable REITs to increase their dividends over time, and as the value of properties increase, the price of the shares may increase too. REITs are now segmented into different industries so investors can pick specific types of properties. Of course there are REITs for apartments, office buildings, and shopping centers. But, there are specialized REITs that own cell towers, billboards, cold storage warehouses, senior living properties, research and medical labs, specific types of hotels, rental houses, convenience stores and gas stations, gaming properties, medical properties, timberland, farms, self-storage, data centers, etc. We've also been preaching for months that REITs could be a good buy, and while they have moved up in price this year, there may be more upside, in our opinion.

If you would like to examine more detailed information on yield and performance of these portfolios, give us a call for the factsheets.

Portfolio Updates

September has been surprisingly calm and good for the stock market. Historically it's the worst average month for equities.

Dividend Growth & Income

This offering is now in its 20th year and it has aged well. It has beat its benchmark gross-of-fees over every period: YTD, 1, 3, 5, 10-years, and since inception. Net-of-max-fee, beat all but one. And year-to-date it is our best performing portfolio by this month, taking the lead from Outlier.

Bulls of the Dow

The Bulls lagged the DJIA all year but had a good summer and slightly pulled ahead of the benchmark gross-of-fees. We're hoping the Bulls still have legs for the fourth quarter.

IntelliBuild Growth™

Growth stocks from IBD 50 and William O'Neil lists. Since we focus on growth stocks with low downside risk metrics, the lack of owning a couple of the "Mag 7" has hurt 2024 performance relative to benchmarks. Still double digit though.

Outlier Growth

Still ahead of the S&P 500 for 2024, but lagging the Growth Index benchmark.

Covered Call

Our goal is to buy a stock, sell a call, stock goes up, gets called. Our composite is neck and neck with the benchmark in 2024, but way ahead over multi-year periods.

Real Estate Income & Growth and Preferred Income

Read this column again.

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 in 2024 we are well above our long-term average year. Still one quarter to go, but we'll take it.

Index Income - Goal = manufacture cash-flow from index volatility over a long period of time. A simple concept; not easy. Volatility (VOL) has generally been low in 2024, but we all know it can spike at any time. VOL has a direct impact on premiums. VOL higher = premiums higher and visa-versa.

INNOVATIVE portfolios® Performance

| Style (as of 8/31/2024) | (Average Annual) (%) | Inception Date | Year to Date | 1 Year | 3 Year | 5 Year | 10 Year | Inception |
|--|---|----------------|--------------|--------|--------|--------|---------|-----------|
| Fixed Income | Preferred Income Gross | 10/1/2011 | 9.19 | 13.93 | 1.17 | 3.60 | 4.36 | 5.16 |
| | Preferred Income Net | 10/1/2011 | 8.18 | 12.51 | (0.08) | 2.33 | 3.07 | 3.86 |
| | Benchmark <i>ICE BofA Core+ Fixed Rate Pfd Index*</i> | | 8.87 | 13.98 | (1.62) | 1.40 | 4.00 | 5.49 |
| Growth & Income | Covered Call Income Gross | 9/1/2010 | 12.47 | 19.34 | 6.49 | 11.83 | 7.87 | 9.42 |
| | Covered Call Income Net | 9/1/2010 | 11.42 | 17.85 | 5.19 | 10.46 | 6.54 | 8.07 |
| | Benchmark <i>CBOE S&P 500 BuyWrite Index</i> | | 11.98 | 13.55 | 5.28 | 6.43 | 5.94 | 7.24 |
| | Dividend Growth & Income Gross | 7/1/2005 | 24.68 | 30.93 | 12.06 | 15.69 | 10.91 | 10.17 |
| | Dividend Growth & Income Net | 7/1/2005 | 23.52 | 29.30 | 10.68 | 14.28 | 9.55 | 8.80 |
| | Benchmark <i>Dow Jones U.S. Select Dividend Index</i> | | 16.48 | 23.37 | 8.25 | 10.90 | 9.94 | 8.46 |
| | Real Estate Income & Growth Gross | 5/1/2017 | 15.99 | 21.85 | 3.47 | 7.42 | - | 8.04 |
| Real Estate Income & Growth Net | 5/1/2017 | 14.89 | 20.31 | 2.20 | 6.11 | - | 6.70 | |
| Benchmark <i>Dow Jones U.S. Select REIT Index</i> | | 11.97 | 21.13 | 1.52 | 4.43 | - | 5.74 | |
| Growth | IntelliBuild® Growth Gross | 10/1/2013 | 13.29 | 20.93 | 8.38 | 15.45 | 11.26 | 12.44 |
| | IntelliBuild® Growth Net | 10/1/2013 | 12.22 | 19.40 | 7.03 | 14.04 | 9.89 | 11.04 |
| | Benchmark <i>S&P 500® Index</i> | | 19.53 | 27.14 | 9.38 | 15.92 | 12.98 | 13.83 |
| | Bulls of the Dow Gross | 2/1/2013 | 11.92 | 19.99 | 8.48 | 12.51 | 12.80 | 14.12 |
| | Bulls of the Dow Net | 2/1/2013 | 10.87 | 18.49 | 7.15 | 11.13 | 11.41 | 12.71 |
| | Benchmark <i>Dow Jones Industrial Average Index</i> | | 11.75 | 22.06 | 7.71 | 11.80 | 11.79 | 12.50 |
| | Outlier Growth Gross | 11/1/2020 | 22.90 | 31.04 | 7.20 | - | - | 14.97 |
| | Outlier Growth Net | 11/1/2020 | 21.73 | 29.38 | 5.86 | - | - | 13.51 |
| Benchmark <i>S&P 500® Growth Index⁶</i> | | 24.63 | 30.52 | 6.91 | - | - | 15.27 | |
| Option Overlay* | Index Income - Cash Flow Gross** | 7/1/2016 | 2.78 | 4.08 | 3.75 | 5.18 | - | 5.10 |
| | Index Income - Cash Flow Net** | 7/1/2016 | 1.84 | 2.83 | 2.50 | 3.93 | - | 3.84 |
| | Index Income Total Return Gross | 7/1/2016 | 2.95 | 4.56 | 2.68 | 4.20 | - | 4.16 |
| | Index Income Total Return Net | 7/1/2016 | 2.01 | 3.31 | 1.43 | 2.95 | - | 2.90 |
| | Market Indicator <i>S&P 500® Index</i> | | 19.53 | 27.14 | 9.38 | 15.92 | - | 14.92 |

Sheaff Brock® Performance

| Style (as of 8/31/2024) | (Average Annual) (%) | Inception Date | Year to Date | 1 Year | 3 Year | 5 Year | 10 Year | Inception ^{AA} |
|-----------------------------|---|----------------|--------------|--------|--------|--------|---------|-------------------------|
| Option Overlay ^A | Put Income - Realized Gain Gross ^A | 11/1/2016 | 5.12 | 6.52 | 2.82 | 4.47 | - | 4.78 |
| | Put Income - Realized Gain Net ^A | 11/1/2016 | 4.18 | 5.27 | 1.57 | 3.22 | - | 3.52 |
| | Market Indicator <i>S&P 500® Index</i> | | 19.53 | 27.14 | 9.38 | 15.92 | - | 15.30 |

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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(Continued from page 3) 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. *S&P 500* is a market value weighted index comprised of 500 of the largest publicly traded U.S. companies. *S&P 500 Growth* is an index that measures the performance of the large-cap growth sector selected by sales growth, the ratio of earnings change to price, and momentum from the S&P 500. *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.

⁹In March 2024, the benchmark was changed from the Russell 3000 to the S&P 500 Growth for all periods due to availability of the previous index. [†]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 2023 CNBC Financial Advisor 100 (ranked 10th, 9/12/23), 2022 CNBC Financial Advisor 100 (ranked 68th, 10/4/22), 2021 CNBC Financial Advisor 100 (ranked 82nd, 10/6/21) & the 2020 CNBC Financial Advisor 100 (ranked 95th, 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 40,646 RIA firms for 2023, 39,818 RIA firms for 2022, 38,302 for 2021 and 37,369 for 2020 from the Securities and Exchange Commission regulatory database. AccuPoint screened the list down to 812 RIAs for 2023, 904 RIAs for 2022, 749 for 2021 and 750 for 2020 who were required to complete a survey to be in consideration for the CNBC FA 100 list. Sheaff Brock does not pay for applying for the award; however, Sheaff Brock does pay for use of the CNBC Financial Advisor 100 logo. 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.