

"You are never too old to set another goal or to dream a new dream." – C.S. Lewis

Author's note: You'll notice several boxes like this [redacted] throughout the letter. These were return numbers or words compliance didn't approve of like "MIC DROP", "DANG", "JUICY", "STRONG", "MOOLA", and "SUCCESSFUL".

The year 2024 started with many prognosticators predicting a recession, but the S&P 500 climbed the "wall of worry" and hit, as of today, an all-time high fifty-seven times in 2024! That number of new highs is 3X the average of 19 new highs per year. Although the average is 19, some years there are none. Historically, the S&P 500 has climbed to new highs about 2/3 of the years, with most of the non-new-high years grouped around recessions, most notably the mid-1970s, 2001-2006 (Dot-Com), and 2008-2012 (Great Recession).

When markets are at highs many investors, and a lot of market pundits on TV, will suggest people wait for a "pull-back" before adding new capital to equities. We've all heard the adage to "buy low—sell high", but in reality buying when the S&P 500 notches a new high has been more profitable; which is confounding and counterintuitive.

There are two interesting charts below:

- The mountain chart on the left illustrates that, since 1950 when the market has hit a new high, about 30% of the time that new-high-price became a floor, meaning the S&P 500 didn't correct enough to allow an investor to buy at a lower price. The train left the station without them.



## Investing at all-time highs

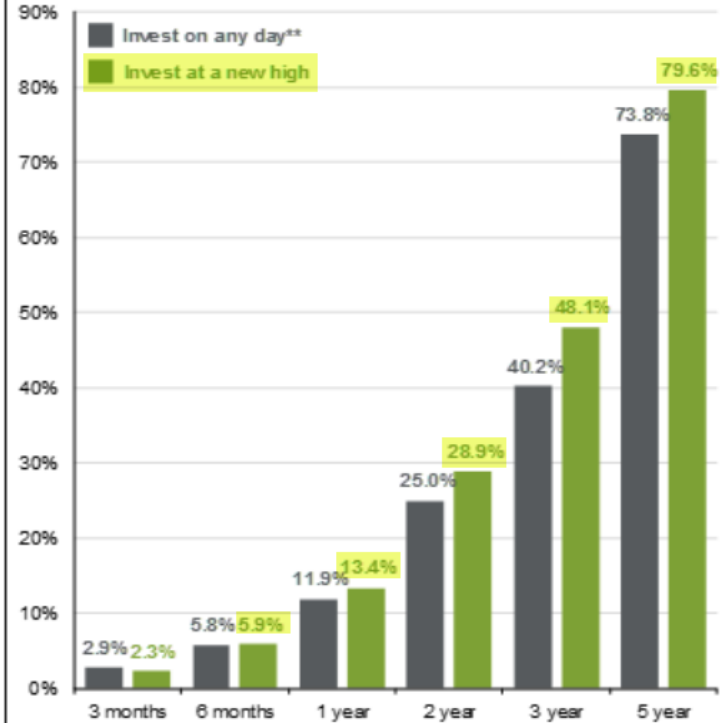
### All-time highs and market floors

S&P 500 price index, daily, 1950 - today



### Average cumulative S&P 500 total returns

Jan. 1, 1988 - Dec. 31, 2023



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management. (Left) \*Market floor is defined as an all-time high from which the market never fell more than 5%. (Right) \*\*\*"Invest on any day" represents average of forward returns for the entire time period whereas "Invest at a new high" represents average of rolling forward returns calculated from each new S&P 500 high for the subsequent 3-months, 6-months, 1-year, 2-year and 3-year intervals, with data starting 1/1/1988 through 12/31/2023. Guide to the Markets – U.S. Data are as of September 30, 2024.

## **Financial Planning Tips!**

- ◆ Simplify your life. Do you have files of old tax records? Do your heirs a favor and shred most of them. Keep financial records for seven years at the most. From the IRS website, “Keep records for 3 years from the date you filed your original return or 2 years from the date you paid the tax, whichever is later, if you file a claim for credit or refund after you file your return. Keep records for 7 years if you file a claim for a loss from worthless securities or bad debt deduction.”
- ◆ In January, you might explore rebalancing your regular portfolios, IRAs, 401(k), etc. Strong growth stock performance may have created a big imbalance and any taxable gains would be pushed into the new year.

2. The bar chart on the right shows that investors with at least six months of patience have enjoyed higher total returns buying on days of market new highs vs. the returns from buying on just the average day. This more successful strategy could be known as buy high—hold higher.

Even though the S&P 500 index valuations are high (although heavily skewed by the giant-capitalization growth stock’s P/Es), high valuation alone is not predictive of a market correction. So, ‘keeping dry powder’, ‘cash on the sidelines’, ‘waiting for a pull-back’, and ‘buy low—sell high’ may make a person sound smart since they can regurgitate high-brow reasons for not investing, but probably won’t help their investment returns.

Whenever questioning whether you should wait to invest because of an index or stock reaching a new high, it generally comes down to two things, assumptions, and trying to time the market. You know what happens when you assume something. And trying to time market prices is a fool’s game.

### **Portfolio Updates**

As Tom Kaiser wrote in his December market update email, “What a Year 2024 has been! Despite fears and trepidations, the stock market achieved an impressive 57 record highs as of December 20, 2024. Unsurprisingly, Wall Street analysts had a notably inaccurate outlook for the stock market this year. Last year, 14 different firms projected the S&P 500 would range between 4,200 and 5,400, with an average target implying a modest 3.9% return. As of December 20, 2024, the S&P 500 had delivered a striking 21.0% return.

Looking ahead to 2025, 24 firms currently predict the S&P 500 will range between 4,450 and 7,100 and with an average target of 6,513. This implies a 9.8% return based on the December 20, 2024, closing price. While these predictions offer interesting perspectives, the year ahead remains as unpredictable as ever.”

As a group, our portfolio offerings have performed well, with all “regular” portfolios earning double-digit returns, our option overlays doing what they are supposed to, and folks with combined strateg

### **Dividend Growth & Income**

Gaining over of-fees through November, this offering has had its best year in over a decade. The strong showing is a bit surprising since 2024 has been all about growth stocks and strategies of big dividend payers mostly have a value bent to them. A rotation and broadening away from growth could be 2025’s surprise. This is our largest managed strategy by assets and has beat its

benchmark gross-of-fees over every period listed on the performance table: YTD, 1, 3, 5, 10-years, and since inception.

### **Bulls of the Dow**

The Bulls had a good November which pushed the strategy’s performance up to the best it’s had in five years. No complaints here.

### **IntelliBuilD Growth™**

Growth stocks from IBD 50 and William O’Neil lists. Since we focus on growth stocks with low downside risk metrics, our s-of-fee return has become respectable.

### **Outlier Growth**

In November, Outlier squeaked ahead of Dividend Growth to claim top return honors for Sheaff Brock for 2024, so far.

### **Covered Call**

Our goal: buy a stock, sell a call, stock goes up, gets called. After an uninspiring beginning to the year, the sprint in recent months has been enough to propel our composite ahead of our benchmark, again. Check out the long-term returns.

### **Real Estate Income & Growth**

Our REIT portfolio is having a really solid 2024, and strong trailing year, 3-years, 5-years and since inception over 7 years ago. For some reason most clients don’t get too excited about REITs, but the combo of dividends + potential appreciation can be

### **Preferred Income**

Preferreds pay a reasonably high dividend yield which is mostly taxed as a qualified dividend. If you want income you might want to take a look, as this is on track for its best year in 5-years.

### **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** - With a few days left in 2024, we are well above our long-term average year. Gains have been (might want to hold back some of the for taxes) and we have a couple of problem positions that are in-the-money, but that’s nothing new.

**Index Income** - Goal = manufacture cash-flow from index volatility over a long period of time. A simple concept; not easy. Volatility (VOL) has been mostly low in 2024. Cash-flow has been a bit below the long-term average, but all-in-all this year’s income has been better than 2023 and 2022. Total return, a bit higher than the long-term average. We were at hitting the goal in the first sentence of this paragraph. Cheers to 2025!

## INNOVATIVE portfolios® Performance

Style (as of 11/30/2024)	(Average Annual) (%)	Inception Date	Year to Date	1 Year	3 Year	5 Year	10 Year	Inception
Fixed Income	Preferred Income Gross	10/1/2011	12.14	14.30	2.63	3.76	4.49	5.27
	Preferred Income Net	10/1/2011	10.76	12.89	1.37	2.49	3.20	3.97
	Benchmark <i>ICE BofA Core+ Fixed Rate Pfd Index*</i>		10.81	13.61	(0.45)	1.70	3.96	5.52
Growth & Income	Covered Call Income Gross	9/1/2010	19.41	26.94	9.15	11.04	8.74	9.71
	Covered Call Income Net	9/1/2010	17.93	25.36	7.81	9.68	7.40	8.36
	Benchmark <i>CBOE S&amp;P 500 BuyWrite Index</i>		17.51	19.80	6.52	6.61	6.83	7.47
	Dividend Growth & Income Gross	7/1/2005	30.39	38.55	14.07	14.75	11.23	10.28
	Dividend Growth & Income Net	7/1/2005	28.76	36.82	12.67	13.34	9.86	8.92
	Benchmark <i>Dow Jones U.S. Select Dividend Index</i>		26.11	33.42	12.00	11.20	10.40	8.80
	Real Estate Income & Growth Gross	5/1/2017	21.49	29.86	4.56	7.96	-	8.42
Real Estate Income & Growth Net	5/1/2017	19.96	28.22	3.26	6.64	-	7.08	
Benchmark <i>Dow Jones U.S. Select REIT Index</i>		16.41	28.08	2.31	4.74	-	6.09	
Growth	IntelliBuild® Growth Gross	10/1/2013	22.22	29.57	9.29	15.70	12.16	12.91
	IntelliBuild® Growth Net	10/1/2013	20.69	27.94	7.92	14.28	10.78	11.51
	Benchmark <i>S&amp;P 500® Index</i>		28.07	33.89	11.44	15.77	13.35	14.21
	Bulls of the Dow Gross	2/1/2013	19.64	24.17	12.50	11.31	13.17	14.45
	Bulls of the Dow Net	2/1/2013	18.14	22.61	11.12	9.94	11.78	13.03
	Benchmark <i>Dow Jones Industrial Average Index</i>		21.21	27.19	11.44	12.14	12.17	12.99
	Outlier Growth Gross	11/1/2020	30.58	40.09	8.21	-	-	15.70
	Outlier Growth Net	11/1/2020	28.92	38.32	6.84	-	-	14.23
	Benchmark <i>S&amp;P 500® Growth Index<sup>o</sup></i>		34.92	39.94	8.27	-	-	16.52
Option Overlay*	Index Income - Cash Flow Gross**	7/1/2016	3.89	4.09	3.50	5.07	-	5.08
	Index Income - Cash Flow Net**	7/1/2016	2.64	2.84	2.25	3.82	-	3.82
	Index Income Total Return Gross	7/1/2016	4.19	4.53	2.81	3.95	-	4.19
	Index Income Total Return Net	7/1/2016	2.94	3.28	1.56	2.70	-	2.93
	Market Indicator <i>S&amp;P 500® Index</i>		28.07	33.89	11.44	15.77	-	15.39

## Sheaff Brock® Performance

Style (as of 11/30/2024)	(Average Annual) (%)	Inception Date	Year to Date	1 Year	3 Year	5 Year	10 Year	Inception <sup>AA</sup>
Option Overlay <sup>A</sup>	Put Income - Realized Gain Gross <sup>A</sup>	11/1/2016	7.35	7.53	3.26	4.46	-	4.91
	Put Income - Realized Gain Net <sup>A</sup>	11/1/2016	6.10	6.28	2.01	3.21	-	3.65
	Market Indicator <i>S&amp;P 500® Index</i>		28.07	33.89	11.44	15.77	-	15.78

### 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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**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.

<sup>§</sup>In 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. <sup>†</sup>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. <sup>\*</sup>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. <sup>\*\*</sup>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). <sup>††</sup>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. <sup>†††</sup>Effective October 31, 2016, Put Income was managed by SBIA and as such, the returns reflect performance from that period forward.

The 2024 CNBC Financial Advisor 100 (ranked 7th 10/2/24), 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 40,896 RIA firms for 2024, 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 903 RIAs for 2024, 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.