

Explosive Growth and a 4% Yield Use This Pick-and-Shovel Play to Beat Rising Inflation

Marc Lichtenfeld • Chief Income Strategist • The Oxford Club

Pick-and-shovel plays are my favorite way to take advantage of an investing thesis. “Pick and shovel” refers to companies that provide tools that enable other companies to run their businesses.

The term comes from the gold rush days.

Some of the miners struck gold. Many struck out. But the ones who consistently made money were those who sold picks and shovels to the miners.

And this month, I’ve found a 4%-yielding pick-and-shovel play that could help you strike it rich as inflation begins to climb...

You see, when you own a pick-and-shovel company, you’re not banking on one company that you think will hit gold with the next great product or service. You’re spreading your bets across an entire sector, not really caring which company becomes a big winner as long as the industry does well.

In the last issue of *The Oxford Income Letter*, I wrote about why I expect commodity prices and inflation to rise.

In short, when we eventually arrive on the other side of the pandemic and the global economy gets back on its feet, there will be a surge in demand for all kinds of goods and services.

U.S. GDP is expected to grow 4.3% in 2021. Globally, GDP growth this year is forecast to be 4%, though some economists predict growth of more than 6%.

Regardless of exactly where the numbers come in, they will likely be strong – and I expect demand for natural resources, including energy, to explode.

You can see in the chart on Page 2 that the price of oil has already started moving higher in anticipation of growing demand.

A constraint in supply is contributing to the price rise. Saudi Arabia cut 1 million barrels per day in production in an effort to jack prices higher.

MEET THE EDITORS



MARC LICHTENFELD
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Marc is a two-time bestselling author and world-renowned financial analyst. He got his start on Wall Street and has three-plus decades of experience. He loves conservative income and fast-paced biotech.



KRISTIN ORMAN
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Kristin is a licensed market veteran and former financial services company vice president. She’s a straight shooter and a pro at using the Bloomberg terminal.



JODY CHUDLEY
Contributing Analyst

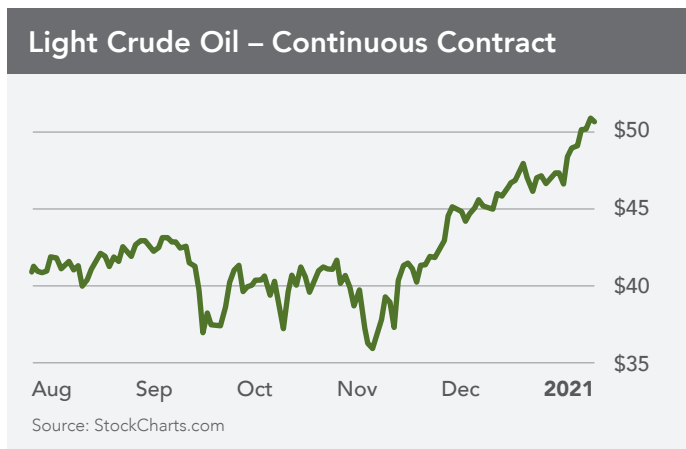
Jody is an accountant who has spent two decades in the international banking and hedge fund industries. His specialty is identifying market trends.

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Some investors are worried that President Biden is going to dismantle the oil and gas industry.

As the president might say, “That’s a bunch of malarkey,” the Keystone XL pipeline notwithstanding. The oil and gas industry supports 6.7 million jobs. Oil and gas are critical to the United States’ infrastructure.

While Biden will undoubtedly support the development of renewable energy, oil and gas aren’t going anywhere anytime soon.

Oil and gas are still expected to be the United States’ primary source of energy for the next 40 years.

But the way we’re going to add to our energy exposure is with a company that offers products, tools and services to the industry. It has the most advanced technology, is growing like a teenager and pays a nice 4% dividend.

It’s also a small cap stock that most people have never heard of...

Solaris Oilfield Infrastructure (NYSE: SOI) provides proppant (sand) and chemicals for the fracking industry.

But calling Solaris a sand and chemicals company is like calling **Amazon** (Nasdaq: AMZN) a retailer or labeling **Peloton** (Nasdaq: PTON) a stationary bicycle company.

What sets those companies apart is their technology.

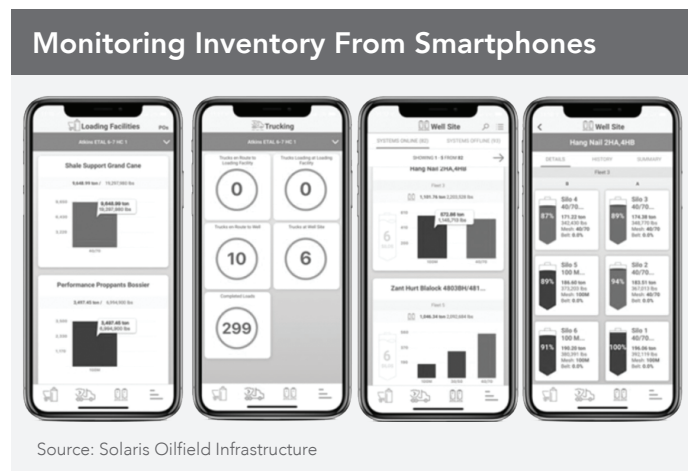
The same can be said for Solaris.

Anyone can deliver truckloads of sand and chemicals to a fracking site.

Solaris does it more efficiently. It has the ability to deliver 2.5 million pounds of sand in the equivalent of just two trailers and have it set up and ready to go into the well in three hours.

Solaris’ silo system also takes up less space at the site than its competitors’ systems.

More importantly, Solaris’ technology allows managers to monitor their inventory from their smartphones whether they are at the site, at home or on vacation halfway around the world.



It recently teamed up with Amazon Web Services to provide customers with real-time materials and storage usage data, equipment analytics, and forecast features.

This small \$500 million market cap company’s technological edge has allowed it to dominate the industry, capturing one-third of the market share.

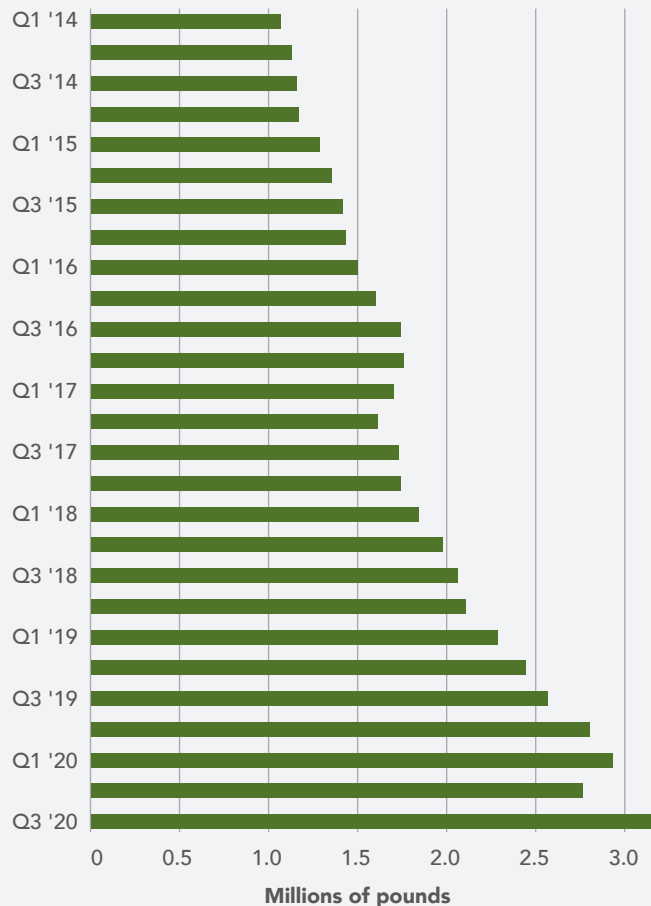
Industrywide, oil exploration companies are pumping more sand than ever. (See chart on Page 3.) And that should continue.

During Solaris’ third quarter conference call, CEO Bill Zartler said that many of Solaris’ customers want to increase the number of frack crews in 2021 if oil is close to \$40. It is now above \$50, so we will very likely see more fracking this year.

Due to COVID-19 and slumping oil prices, Solaris’ numbers took a hit in the first and second quarters of 2020 but have come roaring back, jumping 120% quarter over quarter in Q3.

Additionally, Solaris has zero debt. When was the last time you heard of an energy company with no debt?

Frack Crews Continue to Pump More Sand per Day



Source: Coras Research

It has \$61 million in cash, which comes out to \$2.12 per share, and it generates plenty of free cash flow.

Even in 2020, which was a down year, Solaris brought in \$35 million in free cash flow through the first nine months.

It paid out \$14 million in dividends for a payout ratio of just 40%. Generally, I look for a payout ratio below 75%, so 40% is quite low and well within my comfort zone.

Solaris Oilfield Infrastructure has paid a dividend only since 2018. It raised the quarterly payout to \$0.105 per share in December 2019, just before the pandemic struck.

This is a perfect example of why I like companies whose payout ratios aren't too high. In Solaris' case, because of a pandemic and sinking oil prices, its cash flow declined in 2020. Yet the company was easily able to maintain its dividend.

The \$0.42 per share received annually comes out to a solid 4% yield. As cash flow recovers in 2021, I expect management to raise the dividend significantly.

The stock trades at 4.7 times free cash flow. Anything below 10 is considered inexpensive. It also is more than 13% below the industry average of 5.4. The stock deserves to trade at a premium, not a discount. So you're getting it quite cheap.

Management puts its money where its mouth is. Most of the management team members are founders. CEO Zartler is the largest shareholder, with 5 million shares, or nearly 18% of the company.

A private investment company – made up of founders including Zartler, Solaris' chief financial officer, Solaris' chief administrative officer and the chief operating officer of a subsidiary – owns an additional 15%. So that's a third of the company combined between the CEO and the founders' investment firm.

BlackRock and Vanguard are the next two largest shareholders, with 15% of the company combined.

Solaris Oilfield Infrastructure is a small and young company with plenty of cash flow, even during difficult times. It will certainly grow as inflation rises and the oil sector rebounds. I expect its share price and dividend to increase massively over the coming years.

Action to Take: *Buy Solaris Oilfield Infrastructure (NYSE: SOI), and add it to the High Yield Portfolio. I recommend holding it in a tax-deferred account if possible.* ■

INTERNATIONAL STOCKS

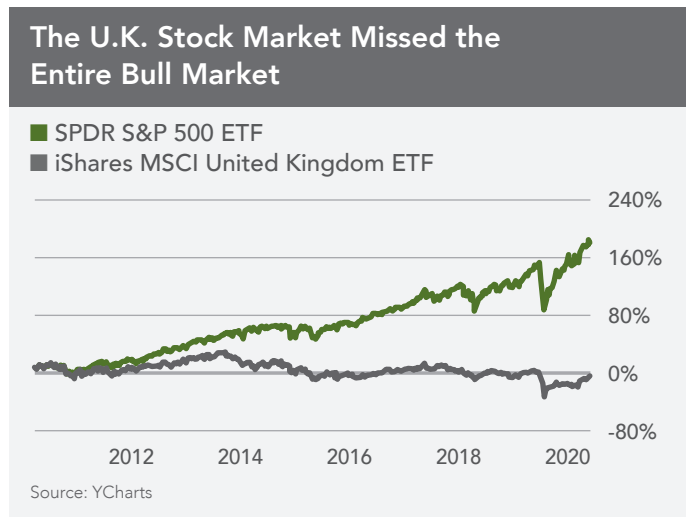
For Value and Growth, Look Across the Pond

Jody Chudley • Contributing Analyst

While the S&P 500 has had one of its greatest bull runs, the stock market in the United Kingdom has struggled mightily.

Over the past decade, the MSCI United Kingdom Index has actually declined by 14%.

I believe this decade of massive underperformance has set the U.K. market up for a long stretch of outperformance. You can see how badly it has trailed the S&P 500 in the chart below.



There are two main reasons that U.K. stocks have performed so poorly...

1. First, the overhang of Brexit has created uncertainty for the British economy since 2016. The market hasn't known if or when the U.K. would be leaving the European Union, and the terms of any departure have also been unclear. But finally, that uncertainty is over. On Christmas Eve, the United Kingdom finalized a historic trade deal that will complete Britain's separation. A major weight has been removed from U.K. stocks.
2. Second, unlike the S&P 500, the U.K. stock market does not have a large technology component. The majority of the bull run of the past 10 years in American stocks was driven by Big Tech. Absent names like **Amazon** (Nasdaq: AMZN), **Netflix** (Nasdaq: NFLX), **Facebook** (Nasdaq: FB) and friends, the U.K. index has suffered. Take out these popular technology stocks, and the past decade would look much less successful for American investors.

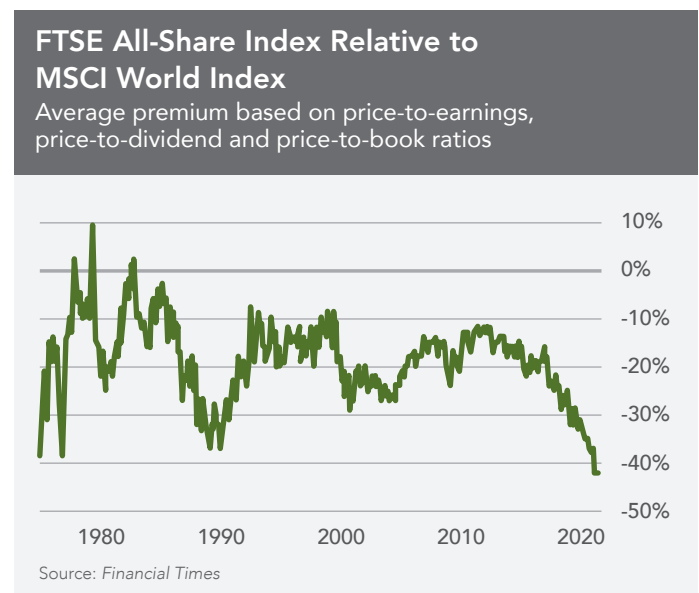
Cheap Valuations – and Historical Precedent for Recovery

This tech-driven rally is long in the tooth.

These tech stocks are expensive, and investors will soon turn their attention toward companies that represent better value. The U.K. stock market is full of those.

Relative to valuations in the United States and the rest of the world, the U.K. stock market has rarely been more attractive.

As the chart below shows, U.K. stocks (as measured by the FTSE All-Share Index) are at their lowest valuation relative to the MSCI World Index since the early 1970s, where value is measured by a combination of price-to-earnings, price-to-dividend and price-to-book ratios.



While the S&P 500 is at historically high valuations, British stocks are at historic lows. The last time the U.K. stock market was as cheap as it is now compared with the global average was nearly 50 years ago. That was at the end of 1974, when the U.K. was suffering through an oil shock, labor strikes, fuel shortages and electricity cuts.

It was, of course, a table-pounding buying opportunity. Within three years of that bottom, the U.K. market had more than tripled. Anyone who bought at the bottom and held on through 1987 had their investment increase by 16 times as the FTSE All-Share Index crossed over 1,000.

Significant Income

Because the S&P 500 is loaded with tech stocks, its dividend yield is just 1.55%.

Meanwhile, the dividend yield on the U.K.'s FTSE 100 Index is almost 3.8%.

The easiest way to pick up that nice income stream is through the **iShares MSCI United Kingdom ETF** (NYSE: EWU).

Another alternative would be to look at some individual British stocks, which provide an even larger income stream.

Legal & General (OTC: LGGNY) was founded in 1836 as an insurance company for legal professionals.

As of 2020, the company manages financial products on behalf of more than 10 million clients.

Most of the company's locations are in the U.K., but it also has a large presence in the U.S., other parts of Europe and Asia.

The stock currently yields almost 4%.

Standard Life Aberdeen (OTC: SLFPF) is a U.K.-based investment company.

Standard Life Aberdeen has investments and interests in equities, real estate, private markets and other areas.

The current yield on Standard Life is 7.5%.

M&G (OTC: MGPUF) also manages and invests on behalf of its clients.

This business was established in 1931, but only listed on the London Stock Exchange (LSE) in 2019 following its demerger from parent company Prudential.

The yield on this one is 9%.

If you were wondering, it is no accident that I have suggested looking at three British companies in businesses that will benefit from both a rising U.K. stock market and rising interest rates.

I believe those are things we are going to see over the next few years.

But coming out of both Brexit and COVID-19, the next five years should be good to the U.K. stock market – especially given the historic valuation opportunity and big yields that U.K. stocks present. ■

Hot Commodities

How Tomorrow's Top Stocks Are Affected by More Than Supply and Demand

Kristin Orman • Research Director

Early on in my career, I learned that making money in the markets is simple... *if* you have a Magic 8 Ball.

All you have to do is correctly anticipate changes in supply and demand.

Nearly 20 years ago, I learned my first lesson. I was watching a stock move up in price quickly.

I couldn't find any news on the stock. I could see no reason for the sudden movement – so I asked my mentor, a former money manager born and raised in Queens, why it was going up.

He cheekily replied, “More buyers than sellers.”

Over the years, I've confirmed that he was right. Ultimately, most investments – whether they be stocks, bonds, real estate or even Beanie Babies – move up and down in tandem with supply and demand.

You'll notice I said *most* investments... not all. You see, there's one asset class whose price, surprisingly, isn't tied solely to these old-fashioned forces: commodities.

Sure, commodities prices are heavily linked to the ebb and flow of supply versus demand, but market forces aren't the only predictor of price movement.

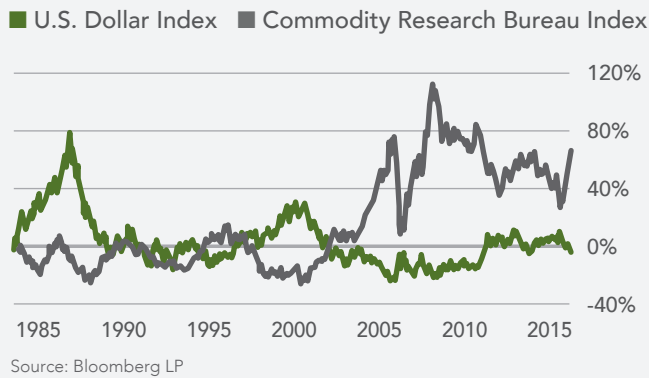
There's another indicator that's signaling a move up...

The value of the U.S. dollar.

This month's snapshot tells the story of the inverse relationship between the U.S. dollar and commodities prices.

As you can see, the U.S. dollar has a strong influence on commodities prices. That's because commodities are bought and sold around the world in U.S. dollars.

Commodities Trade Inversely to the Dollar



When the value of the dollar goes up, each dollar can buy more goods or services.

But when the value of the dollar goes down, each dollar buys less.

So when the value of the dollar falls relative to other currencies, the prices of commodities go up. When the dollar strengthens, commodity prices fall.

Lately, the dollar has been falling relative to other currencies. And I, along with many experts on Wall Street, expect the downtrend to continue throughout the year.

The U.S. Dollar Index is down more than 7% from its 2020 peak. The more it falls, the higher prices of commodities like oil will go.

That's good news for *Oxford Income Letter* recommendations **Enterprise Products Partners** (NYSE: EPD), **BlackRock Resources & Commodities Strategy Trust** (NYSE: BCX), and **Chevron** (NYSE: CVX), as well as this month's recommendation, **Solaris Oilfield Infrastructure** (NYSE: SOI).

The dollar's decline is bad news for drivers and international travelers.

After all, it's going to cost more to fill up your tank.

And that European vacation you've been dreaming about since the pandemic began is going to be more expensive too.

But if you invest in the coming commodities bull market, you'll be one step closer to affording it. ■

MARC'S BOND INSIGHTS

Can You Smell What the Market Is Cooking?

Marc Lichtenfeld • Chief Income Strategist

When Dwayne "The Rock" Johnson was a professional wrestler, he would grab the microphone and enthusiastically ask the packed arena...

"Can you smelllllll what The Rock is cooking?!"

The market is clearly cooking something. Investors aren't smelling it yet. But they should take a deep breath in and understand what is going on – because it's getting quite pungent.

Last month, I told you that inflation is coming. Yet, in a survey by Bloomberg, 50 out of 54 economists expect the 10-year U.S. Treasury to yield less than 1.5% by the end of 2021.

I believe they've woefully underestimated just how high the yield can go this year.

In fact, in the next 12 months, I believe the 10-year will hit 2%.

And the market is starting to agree with me...

The 10-year U.S. Treasury is the canary in the coal mine. Since the start of 2021, the yield on the 10-year has surged. The chart below shows how the yield is now more than double what it was as recently as last August.

The Accelerating Rise in the 10-Year Treasury Yield



In recent weeks, the 10-year has quickened its rise.

Something has changed, and the market can smell it...

That something is inflation.

Here's why you should care about how the 10-year Treasury is acting... Treasury securities are loans to the federal government. Maturities for Treasuries range from a period of just a few weeks to as long as 30 years.

The Federal Reserve, which sets the federal funds rate, has full control of the interest rate that is tied to the very short-term Treasuries. Currently, the federal funds rate is set at a minuscule 0.25%.

The Fed has set the rate low to try to stimulate the economy. A low interest rate encourages borrowing and spending.

For longer-term Treasuries, the Fed has much less control. Those longer-term Treasury rates are set by the free market forces that are at work in the bond market. And those forces are surprisingly accurate in predicting what the future holds.

If the bond market senses that inflation is coming, longer-term interest rates will rise. And that's exactly what is happening now.

The market is working to offset the expected loss in purchasing power that inflation will inflict.

If you lend the U.S. government \$1,000 for 10 years and serious inflation kicks in, the purchasing power of that \$1,000 will be greatly diminished by the time you are repaid.

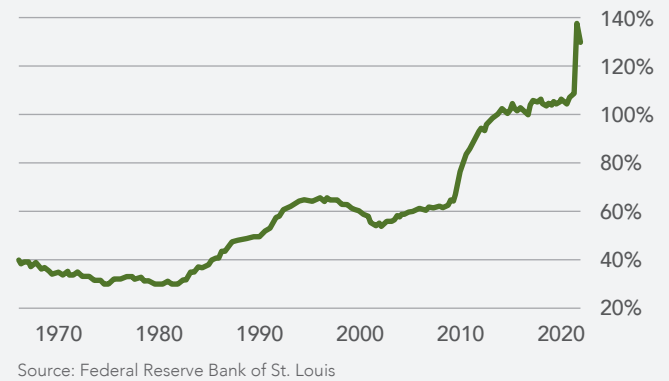
For example, if the rate of inflation is 3% per year for the 10-year term of your loan, the \$1,000 you receive back at maturity is going to be worth only \$744 at current interest rates.

So if you haven't received more than 3% in annual interest from that 10-year Treasury, your investment will not have generated any profit for you. That's why, if there's any indication that inflation is coming, the market demands a higher interest rate.

It's No Mystery Why the Market Is Worried

The following chart details the federal debt of the United States relative to its GDP.

Federal Debt as a Percentage of GDP



From 1960 through 2007, our federal debt-to-GDP ratio never exceeded 65%. The Fed's response to the financial crisis shot it through that level, and now the response to COVID-19 has blown it out even further.

Whereas federal debt-to-GDP was under 65% for nearly half a century, it is now more than double that. The United States is much less creditworthy than it was just a few years ago.

We aren't the only country in this boat, though. Central bankers across the globe have been leveraging up like mad.

This huge debt load is manageable only at today's rock-bottom interest rates. Should the market demand higher rates on Treasuries, the debt would become a much bigger problem.

The academics at the Fed know this, and they have three options for improving the country's balance sheet.

Option No. 1 is austerity. This means slashing government spending, living below our means and creating a surplus that could be used to repay debt.

This is what you and I would do if we had too much debt. For the U.S. government, however, I can put the odds of an austerity program at exactly zero. No politician interested in being reelected has the stomach for that, especially not with the economic hit that COVID-19 has inflicted.

Option No. 2 is to default on the debt. That is simply not going to happen.

That leaves the Federal Reserve with...

Option No. 3 is to increase inflation.

The easiest way for the Federal Reserve to reduce the weight of the debt that it is carrying is to inflate its way out of the problem. Inflation drives up the prices of everything. The only thing that doesn't inflate is the amount of debt the government has. All wages, corporate earnings, and prices of goods and services get driven up.

For the federal government, those rising wages, earnings and prices mean rising tax revenues, which mean more money to service the debt. This is how inflation makes the government's debt burden more manageable.

Inflation Is the Only Solution

The bond market knows that inflation is the only way for the Fed to deal with its debt problem.

That is why the yield on the 10-year Treasury is rising and could continue to rise to 2% by the end of the year. Bond investors need to get paid more to offset the bite that inflation will take out of the value of everything.

I'm not saying that the U.S. is on the verge of runaway inflation, but we are going to experience stronger inflation than we have in quite some time.

The Fed has been doing everything in its power to make inflation happen. It's starting to work.

As investors, we must plan for this and protect ourselves. We added a variable-rate bond last month, and I have been a longtime advocate of Perpetual Dividend Raisers for just this situation. These stocks will increase our buying power regardless of inflation.

What *The Oxford Income Letter* is cooking smells pretty good right about now. ■

MARC'S MAILBAG



We believe it's helpful to share questions and clarifications on dividend investment strategies with all of our subscribers. Keep in mind, Marc can answer your general strategy and service questions, but he cannot give personalized advice. As always, feel free to send us your questions at mailbag@oxfordclub.com.

Q. Hello, Marc. If a stock like **AbbVie** (NYSE: ABBV) has a beta of 0.71, how does that correlate to movements up and down?

Should investors hold a mix of high- and low-beta stocks, and should an investor be concerned with the bottom-line beta of their portfolio? Thank you for considering my question. – Walter

A. Great question, Walter. Beta is a measure of a stock's volatility in relation to the overall market.

The beta of the S&P 500 is always 1. A stock that is 20% more volatile than the S&P will have a beta of 1.2. If it is three-quarters as volatile as the S&P 500, its beta will be 0.75.

So if AbbVie's beta is 0.71, that means it is 29% less volatile than the S&P.

Beta is not a guarantee. If the market is up 10%, that does not mean you can bank on AbbVie being up 7.1%. You should use beta as a guideline, but not as a promise.

It is a good idea for investors to keep an eye on beta. An investor who can't handle big swings in their portfolio may want to own mostly low-beta stocks so that when the market drops, their portfolio will theoretically hold up better than the market.

An aggressive investor will likely want higher-beta stocks in order to capture big moves in the portfolio – as long as they're comfortable with big moves lower when the market sinks.

An investor who prefers to be balanced can add high-beta stocks to their portfolio if the portfolio becomes too low-beta, or vice versa.

Q. Why is Lazard (NYSE: LAZ) recommended for a taxable account? – Michel E.

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A. Lazard's distribution is a return of capital. As such, it is not taxed in the year it is received like a regular dividend.

Instead, it lowers the cost basis and the investor has a larger capital gain on which to pay taxes when they sell the stock.

For example, if an investor buys Lazard at \$45 and it pays its \$0.47 per share quarterly distribution, after one quarter, the cost basis will be \$44.53.

After one year, the cost basis will be \$43.12.

The investor will not pay tax on the \$1.88 per share in distributions.

Fast-forward five years...

Let's assume the investor received \$7.50 per share in distributions over five years. They will not pay any tax on the \$7.50 per share in the years the distributions were received.

Now, if they sell the stock at \$50, they will have a capital gain of \$12.50 instead of \$5 because their cost basis has been reduced by \$7.50.

So they will pay tax on \$12.50 in capital gains.

The benefit is that they received tax-deferred income for five years.

If they never sell the stock, they won't pay any tax on the distribution until their cost basis falls to zero.

Because the distribution is already tax-deferred, there is no reason to hold it in a tax-deferred account where it would take up space that could be used to hold a less tax-efficient investment, like a bond or a stock that pays a regular dividend.

Typically, if a stock is recommended for a taxable account, it is for one of two reasons:

1. The distribution is already tax-deferred, as it is with Lazard.
2. It is an international stock where the foreign government takes tax out of the distribution before you receive it.

If it's an international stock and it is held in a taxable account, American taxpayers can claim a foreign tax credit with the IRS on the foreign taxes paid.

If the stock is held in a tax-deferred account, the foreign tax authority will still take taxes out of your dividend, but you will lose the foreign tax credit.

That money is gone forever.

In almost all other cases, I will recommend holding stocks in a tax-deferred account. You can of course keep them in a taxable account. You will simply owe tax on the dividends.

Q. Marc, I have enjoyed and found profitable reading and using your recommendations in *The Oxford Income Letter*.

I do have a question concerning placing the Instant Income Portfolio stocks in a tax-deferred account. If that portfolio is intended for "income now," wouldn't the stocks be better placed in a taxable account?

I would think it would be better to get the tax-advantaged treatment of dividends and capital gains there instead of making fully taxed withdrawals from my tax-deferred account. I would appreciate your explaining what I am missing here. Thanks. – Roger

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A. Roger makes a valid point.

When you withdraw funds from a tax-deferred account, they are taxed at your ordinary income tax rate.

I always recommend that when it comes to taxes, you speak with a tax professional.

So that's what I did. I contacted Jack Cohen, with Campbell Jones Cohen CPAs, an Oxford Club Pillar One Advisor.

Pillar One Advisors are seasoned professionals who have been vetted by The Oxford Club.

He said...

Tax-deferred accounts do not get any tax benefits (lower rates, capital losses, capital gains or being taxed at a preferential rate).

Thus, depending on your tax bracket (for example, say you are high income and the [dividend tax] rate is 23.8% plus alternative minimum tax) and depending on how long

you can defer having to get your money out of the tax-deferred account, taking the dividend personally and paying the lower rate is often a better idea.

So it sounds like Jack agrees with you, particularly if the investor is in a high tax bracket.

But since everyone's situation is different, do speak to a tax professional about your own circumstances.

If you want to contact Jack, he can be reached at **702.369.2504**, jack@yournevadacpa.com or www.yournevadacpa.com. Be sure to let him know you're an *Oxford Income Letter* reader and whether you're an Oxford Club Chairman's Circle, Director's Circle or Premier Member. ■

Fixed Income Portfolio

Conservative fixed income for the future.

Blue Chip Corporate Bonds

Bond	CUSIP	Rec. Date	Rec. Price	YTM	Coupon	Maturity	S&P Rating	Action
AT&T	00206rdq2	7/7/17	\$103.39	3.82%	4.2500%	3/1/27	BBB	Sell
Discover Financial Services	25472cau3	7/7/20	\$97.29	4.01%	3.5000%	6/15/26	BBB-	Buy for \$105 or lower
Ford Motor Credit Company	34540tmp4	9/9/16	\$100.58	3.37%	3.4500%	6/20/26	BB+	Buy
JPMorgan Chase †	46625hjlw1	1/12/21	\$108.53	5.50%	6.1250%	Perpetual	BBB-	Buy for \$110 or lower
Newmark Group	65158nab8	10/6/20	Cancel	4.57%	6.1250%	11/15/23	BB+	Cancel
Plains All American	72650rb15	12/12/17	\$101.17	4.34%	4.5000%	12/15/26	BBB-	Hold
Prospect Capital Corp.	74348ym99	9/10/19	\$99.25	5.75%	5.7500%	4/15/26	BBB-	Buy
QVC Inc.	747262ay9	2/13/20	\$101.38	4.46%	4.7500%	2/15/27	BB+	Buy
Trinity Industries	896522ah2	4/10/18	\$99.26	4.73%	4.5500%	10/1/24	BB+	Buy

Municipal Bonds

Bond	CUSIP	Rec. Date	Rec. Price	YTM	Coupon	Maturity	S&P Rating	Action
Metropolitan Transportation Authority	59259ytt6	6/9/20	\$109.52	3.03%	5.00%	11/15/24	BBB+	Buy

Company/Ticker	Rec. Date	Rec. Price	Current Price	Current Yield	Action	Total Return	Suggested Account Type*
AbbVie (NYSE: ABBV)	Jan-16	\$57.21	\$103.47	5.03%	Buy	124%	Tax-deferred
American Campus Communities (NYSE: ACC) <i>REIT</i>	Sep-18	\$42.70	\$41.94	4.48%	Buy	9%	Tax-deferred
AT&T (NYSE: T)	Feb-14	\$32.08	\$28.54	7.29%	Buy	33%	Tax-deferred
BCE Inc. (NYSE: BCE)	Nov-13	\$43.66	\$43.05	6.06%	Buy	40%	Tax-deferred
Broadcom (Nasdaq: AVGO)	Jul-20	\$313.12	\$476.88	3.02%	Hold	55%	Tax-deferred
Chevron (NYSE: CVX)	Nov-14	\$117.80	\$87.06	5.93%	Buy	-4%	Tax-deferred
Cisco Systems (Nasdaq: CSCO)	Dec-16	\$29.33	\$45.83	3.14%	Hold	78%	Tax-deferred
Digital Realty Trust Inc. (NYSE: DLR) <i>REIT</i>	Jan-14	\$49.47	\$148.61	3.01%	Hold	296%	Tax-deferred
Eaton Corp. (NYSE: ETN)	Oct-15	\$51.40	\$120.44	2.42%	Hold	180%	Taxable
Enbridge (NYSE: ENB)	Apr-19	\$36.77	\$34.45	7.23%	Buy	5%	Taxable/Tax-deferred
Enterprise Products Partners (NYSE: EPD) <i>MLP</i>	Apr-20	\$14.90	\$21.10	8.53%	Buy	52%	Taxable
Lazard (NYSE: LAZ)	Jan-17	\$40.70	\$41.37	4.54%	Buy	29%	Tax-deferred
New Jersey Resources Corporation (NYSE: NJR)	Nov-20	\$33.25	\$35.94	3.70%	Hold	9%	Tax-deferred
NextEra Energy Partners (NYSE: NEP) <i>Yieldco</i>	Mar-19	\$44.62	\$83.90	2.84%	Hold	102%	Taxable
Northwest Bancshares (Nasdaq: NWBI)	Jul-15	\$12.73	\$13.19	5.76%	Hold	33%	Tax-deferred
Prudential Financial (NYSE: PRU)	Jun-19	\$98.76	\$80.16	5.49%	Buy	-11%	Tax-deferred
Raytheon Technologies (NYSE: RTX)	May-13	\$49.93	\$70.14	2.71%	Hold	242%	Tax-deferred
Sumitomo Mitsui Financial Group (NYSE: SMFG)	Jan-20	\$7.33	\$6.36	5.75%	Buy	-5%	Taxable
Texas Instruments (Nasdaq: TXN)	Apr-13	\$34.15	\$174.75	2.33%	Hold	530%	Tax-deferred

The Instant Income Portfolio

Income for today.

Avg. Yield on Rec. Price: **7.49%** Projected Annual Dividend Growth: **8.90%**
Avg. Yield on Curr. Price: **5.24%** Dividends Raised Annually for an Avg. of **13.9 Years**

Company/Ticker	Rec. Date	Rec. Price	Current Price	Current Yield	Action	Trailing Stop	Total Return	Suggested Account Type*
AbbVie (NYSE: ABBV)	Apr-20	\$79.83	\$103.47	5.03%	Buy	\$84.47	36%	Tax-deferred
Digital Realty Trust Inc. (NYSE: DLR) REIT	Jan-14	\$49.47	\$148.61	3.02%	Hold	\$120.83	255%	Tax-deferred
Enbridge (NYSE: ENB)	Dec-20	\$32.98	\$34.45	7.23%	Buy	\$26.70	4%	Taxable/Tax-deferred
Enterprise Products Partners (NYSE: EPD) MLP	Nov-20	\$17.93	\$21.10	8.53%	Buy	\$17.47	20%	Taxable
Lazard (NYSE: LAZ)	May-20	\$24.80	\$41.37	4.54%	Buy	\$35.11	71%	Tax-deferred
NextEra Energy Partners (NYSE: NEP) Yieldco	May-20	\$49.35	\$83.90	2.84%	Hold	\$63.74	72%	Taxable
Prudential Financial (NYSE: PRU)	Aug-20	\$69.21	\$80.16	5.49%	Buy	\$63.65	19%	Tax-deferred

The High Yield Portfolio

Emphasis on current high yields

Avg. Yield on Rec. Price: **6.99%**
Avg. Yield on Curr. Price: **5.47%**

Company/Ticker	Rec. Date	Rec. Price	Current Price	Current Yield	Action	Trailing Stop	Total Return	Suggested Account Type*
Ares Capital Corp. (Nasdaq: ARCC)	Jun-20	\$15.90	\$17.71	9.03%	Buy	\$13.28	19%	Tax-deferred
BlackRock Resources & Commodities Strategy Trust (NYSE: BCX)	Jan-21	\$8.12	\$8.15	5.89%	Buy	\$6.38	1%	Taxable/Tax-deferred
Fortress Transportation and Infrastructure (NYSE: FTAI)	Oct-20	\$17.39	\$22.62	5.84%	Buy for \$19 or lower	\$18.15	32%	Taxable
GlaxoSmithKline (NYSE: GSK)	May-20	\$42.21	\$37.59	5.50%	Buy for \$50 or lower	\$32.06	-7%	Tax-deferred
People's United Financial (Nasdaq: PBCT)	Dec-20	\$13.10	\$13.74	5.24%	Buy	\$11.03	6%	Tax-deferred
Rio Tinto (NYSE: RIO)	Sep-20	\$60.87	\$77.00	4.03%	Buy	\$65.02	27%	Tax-deferred
Solaris Oilfield Infrastructure (NYSE: SOI)	Feb-21	New	\$9.52	4.41%	Buy	New	New	Tax-deferred
The Chemours Company (NYSE: CC)	Aug-20	\$20.89	\$26.47	3.78%	Buy	\$21.53	29%	Tax-deferred

Prices as of 2/2/2021. Trailing stops are adjusted to reflect dividends collected. REIT – Real Estate Investment Trust. MLP – Master Limited Partnership. † – Floating-rate depositary shares of JPMorgan Chase preferred stock.

*We created the "Suggested Account Type" column in the spirit of The Oxford Club's fourth Pillar of Wealth – to cut expenses and stiff-arm the taxman. This column denotes the suggested account type in which to hold each position for tax purposes. Please note, stocks that are suggested for tax-deferred accounts may go into taxable accounts if necessary. Stocks suggested for taxable accounts should generally not be put in tax-deferred accounts. Everyone's situation varies, so please consult your tax professional or financial advisor before you invest.



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