

Next Stop, a Tax-Free 4.7% Yield

Take a Bite of the Big Apple With This Fixed Income Play

by Marc Lichtenfeld, Chief Income Strategist, The Oxford Club

→ Interest rates are at zero. The president wants them to go negative.

You can currently lend your money to the U.S. government for 10 years and get paid a whopping 0.7%.

That means if you buy a 10-year Treasury note with \$10,000, in 10 years, your \$10,000 will have generated \$700 in income. Try not to spend it all in one place...

It has never been more important to build strong income streams, so this month, I'm doing something I've never done in the history of *The Oxford Income Letter*...

I'm hinging my June issue on one-of-a-kind, high-yielding income investments, and at the center of it all is this month's fixed income play – my *first municipal bond recommendation*, yielding 4.7%.

But that's not all...

Later in the issue, I recommend a company that yields a hefty 10.3% dividend...

These yields are steals, and I can't wait to share them with you. Join me in exploring the safe but generous payouts I've laid out in this month's special High-Yield Issue.

Now let's start earning some bodacious yields...



Marc Lichtenfeld

New Yorkers have a love-hate relationship with their subway and bus system.

When the subways and buses are working well, they are great. They can get you anywhere you need to go for very little money. It's not unusual to see celebrities in the subway because it's faster than fighting New York City traffic in a cab or Uber.

This sounds corny, but I still get excited when I go into the New York City subway.

It sends me back to a time when the world seemed like one giant opportunity waiting to be discovered as I grabbed the No. 6 train to my first job or headed downtown for auditions and rehearsals as an actor.

Of course, I'm romanticizing the experience. For most New Yorkers, the subway is more mundane, and they have to deal with overcrowding, unsavory smells and the occasional pervert.

But there is no denying that the subways, buses and commuter trains are as vital to the city as any infrastructure. As New York Sen. Chuck Schumer described it, "New York's subways, trains and buses are our very lifeblood."

In the April issue of *The Oxford Income Letter*, I mentioned that I am expanding my fixed income recommendations beyond just corporate bonds. I said I'd be looking for convertible bonds, certificates

of deposit, municipal bonds and other fixed income opportunities.

So from this point on, the Blue Chip Bond Portfolio will be called the Fixed Income Portfolio. (Don't worry, though – all of the existing blue chip bond recommendations are still in there.)

Today, I've found a New York municipal bond, straight from the New York City subway, with an outstanding yield and safety rating. And best of all, the interest is tax-free at the federal level.

An Investment-Grade Security With a Tax-Free, High-Yield Income Stream

In the era of ultra-low interest rates, finding a decent income stream has become very difficult. For investment-grade securities, it has become almost impossible.

But the COVID-19 crisis has created an opportunity for us to pounce on an investment-grade bond that yields more than 4% (6% on a taxable equivalent basis). In the municipal bond world right now, that is unheard of.

A municipal (muni) bond is a debt security issued by a state, municipality or county to finance its capital expenditures and operations. Investors typically don't pay federal income taxes on the interest (or state taxes in the state where the bond is issued).

The Metropolitan Transportation Authority (MTA) is a public benefit corporation that provides bus, subway and commuter rail service in the Big Apple and the surrounding areas. It also operates multiple toll bridges and tunnels in the city.

The MTA is a huge and vitally important institution. On an average weekday, the MTA system carries more than 11 million passengers and sees more than 850,000 vehicles cross its seven toll bridges and two tunnels.

The New York MTA isn't just the largest regional public transportation provider in the country...

Calculating the Tax Benefits of Municipal Bonds

Because muni bonds' interest is tax-free, we compare them with taxable bonds to determine whether we're better off buying the muni. That comparison is called the taxable equivalent.

Here's the formula...

Taxable equivalent rate = tax-free muni bond yield / (1 - tax rate)

So if a muni bond has a 4.7% yield and you're in the 24% tax bracket, your taxable equivalent rate would be 6.2% ($0.047 / [1 - 0.24] = 0.062$).

This means you would need to earn at least 6.2% in a taxable bond to equal the 4.7% yield of the muni I'm recommending today.

It is the largest regional public transportation provider in the Western Hemisphere.

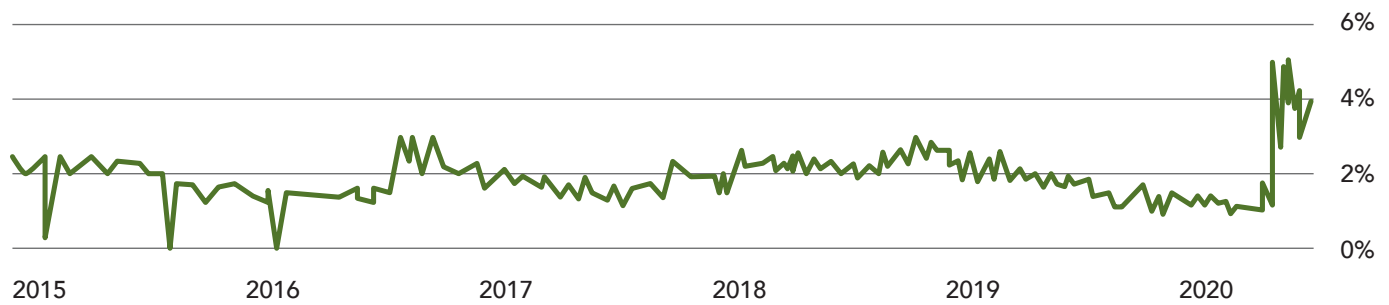
The MTA network has the largest bus fleet in the United States and more subway and commuter railcars than all other U.S. transit systems combined. Total trips provided per year amount to more than 2.6 billion, a figure that amounts to one-third of the nation's mass transit users.

While across the nation nearly 85% of workers drive to their jobs, in New York, 80% of all rush-hour commuters to New York City's central business districts use public transit.

As you might imagine, there have been no "average" weekdays for the MTA in recent weeks. Public usage of MTA services has plummeted relative to normal levels.

As the COVID-19 outbreak surged in late March, ridership on the subway system dropped 87%, use of the Long Island Rail Road dropped 71% and bridge crossings were down 60%.

New York MTA Bond Yields Have Spiked in 2020



Source: Morningstar

The MTA estimates that its weekly loss in revenue at these usage levels is \$125 million, which, over the course of a year, would total \$6.5 billion.

That revenue drop means the MTA has a sudden and unexpected need for cash – because if public transit doesn't run, New York doesn't run.

Crisis Creates Opportunity

The MTA issues muni bonds to investors to help finance operations. Understandably, those bonds sold off as COVID-19 engulfed New York and transit revenues plummeted.

But while the MTA is down, it is certainly not out. It recently received \$3.8 billion from the CARES (Coronavirus Aid, Relief and Economic Security) Act to manage short-term challenges.

As time goes on, transit levels will slowly but surely improve.

When bond prices drop, their yields spike. This is exactly what has happened with MTA bonds. These bonds have had their yields to maturity more than double since the start of 2020.

At their current price of \$106, the **Metropolitan Transportation Authority** (CUSIP 59259ytt6) November 2024 5% bonds have a yield to maturity of 3.5%.

As a reminder, yield to maturity incorporates both the trading price of the bond and the stated interest rate.

These bonds are trading at a slight premium to face value, so the yield to maturity is lower than the stated interest.

But the yield is actually much higher than it seems on these bonds. If you remember, I promised you an investment-grade bond that yields 6%.

That is because interest on MTA municipal bonds is exempt from federal taxes.

To match this after-tax yield to maturity of 4.7%, investors in the 24% tax bracket would have to find a bond yielding 6.2% to be equivalent. Investors in the 32% tax bracket would have to find a bond yielding 6.9%.

That is nothing less than an incredible yield these days for a bond that carries an investment-grade rating of A-. We need to pounce on these bonds now.

Action to Take: Buy the **Metropolitan Transportation Authority** (CUSIP 59259ytt6) November 2024 5% coupon bonds for \$110 (\$1,100 per bond) or lower, and add them to the Fixed Income Portfolio. Note that the bonds have a five-bond minimum, though your broker may be able to get you fewer than five. ■

"If public transit doesn't run, New York doesn't run."

A Safe Double-Digit Dividend From a Beaten-Down Sector

by Marc Lichtenfeld, Chief Income Strategist

If a 6.2% taxable equivalent interest payment isn't quite high enough for you, the yield on the stock I'm recommending this month soars even higher... *all the way to 10.3%.*

If you know me, you know I'm not one to blindly chase yield. But this double-digit yielder is a bargain and the ultimate contrarian play...

You've likely heard the Warren Buffett quote "Be fearful when others are greedy and greedy when others are fearful."

That was one reason I was getting more concerned in my January issue while nearly everyone on Wall Street and Main Street was bullish on the economy.

Now, after the COVID-19 crash, investors are understandably worried about any company that finances other businesses or could otherwise be affected by the economic slowdown.

So it's no surprise that business development companies (BDCs) aren't at the top of most investors' shopping lists. But I don't think like most investors...

BDCs typically finance small- and medium-sized businesses by lending cash when banks won't. As a result, BDCs obtain a higher rate of interest than a typical bank loan. BDCs also occasionally make equity investments in addition to loans.

Prior to the pandemic, these types of companies were popular with investors searching for high yields.

As the crisis worsened, BDCs fell, creating opportunities for investors who can handle some risk.

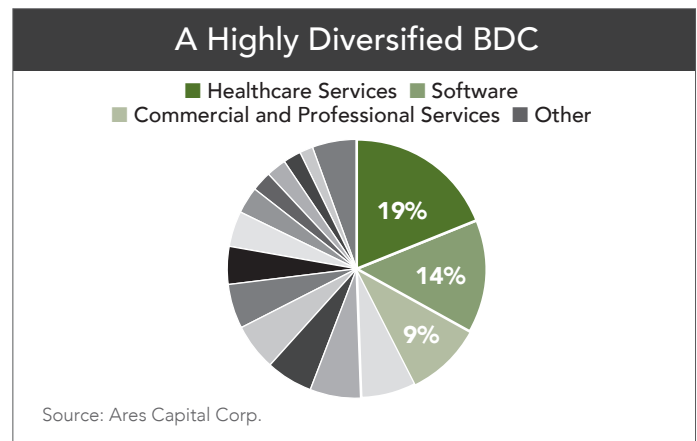
In April, I recommended **Enterprise Products Partners** (NYSE: EPD). Master limited partnerships (MLPs) got wrecked in the sell-off, and that gave us

the opportunity to pick up the best-in-class MLP at a bargain price and an extraordinarily high yield.

Today, the situation is the same with BDCs. We have the chance to grab the best stock in the category with an insanely high 10.3% yield. (Prior to the crash, the stock yielded 8%.)

Ares Capital Corp. (Nasdaq: ARCC) is the largest BDC on the market. It has enormous financial firepower to withstand the crisis, help its portfolio companies and deploy capital into new investments.

It has 355 companies in its portfolio across a wide range of industries and geographies.



The sector with the most exposure is healthcare services at 19%, followed by software at 14% and commercial and professional services at 9%.

Ares Capital has very little exposure to the hardest-hit industries, like restaurants, retail and travel.

A Very Shrewd Move

The most important aspect to consider when looking at a BDC in this difficult economic time is its ability to survive a downturn. And Ares is in excellent shape.

None of its debt is due until 2022, and less than 12% of it matures that year. The majority of its debt doesn't need to be paid back until 2025 or later.

Meanwhile, it has access to another \$2.6 billion in liquidity if necessary. And on March 24, Standard & Poor's maintained its BBB- rating on the company's debt, stating, "The stable outlook reflects ARCC's very strong capital position, successful underwriting track record and favorable funding profile."

Despite a tough economic climate, Ares used its ample capital to continue to invest and generate strong returns for shareholders.

In the first quarter, it committed \$1.3 billion in capital to borrowers, with more than half of the money going to current members of its portfolio. In April, it committed to \$169 million in new funding while exiting \$137 million worth of loans, some of which were sold.

Ares also repurchased \$100 million worth of stock in March at \$11.83 per share.

Typically, I'm against stock buybacks. Managements have a long history of buying at the absolutely worst time, usually when their stocks are at highs.

But in Ares' case, management made a very shrewd move. The stock was trading at around \$19 a month earlier. When the share price tanked along with the rest of the market, management knew what a bargain it was below \$12 and bought a lot of shares back.

At the end of the quarter, the stock's book value per share was \$15.58. So Ares' management repurchased the stock at a 24% discount to book value.

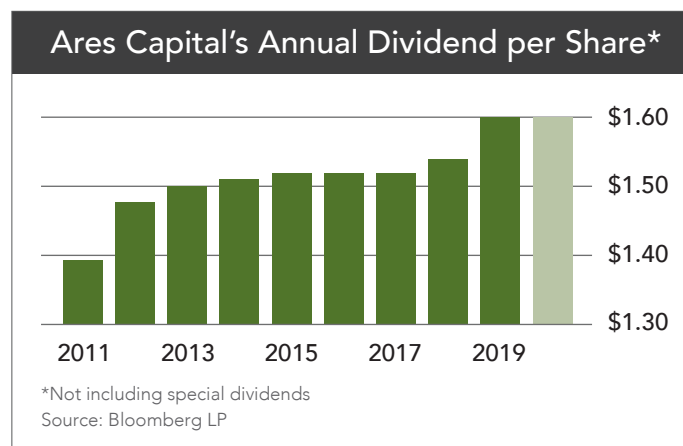
A Double-Digit (and Growing) Dividend

Ares Capital pays a \$0.40 per share quarterly dividend. At today's prices, that equals a 10.3% yield.

The company has paid a quarterly dividend since 2004, raising it 15 times and reducing it once in

2010. It has also paid 10 special dividends, including four in 2019.

Ares currently has \$0.96 per share in undistributed taxable income that it is hanging on to in order to stabilize the dividend. This has been a consistent policy for years.



Those extra funds should keep the current dividend on track regardless of the economy.

In the first quarter of 2020, Ares Capital earned \$0.55 per share in net investment income, easily covering the \$0.40 per share dividend.

Since the company's initial public offering in 2004, its shares have generated an average annual total return of 13%, which is very strong.

Its management team has been together for a while. It led Ares Capital through the Great Recession while still managing to provide that 13% annual return for investors.

Wall Street doesn't hand out 10% yields just for showing up. There's risk here. Ares Capital lends money to businesses, some of which may be struggling right now. But this is the best-in-breed BDC, trading right around its book value and offering shareholders a fantastic double-digit yield. In my opinion, it is well worth the risk.

Action to Take: *Buy **Ares Capital Corp.** (Nasdaq: ARCC) for \$16 or lower, and add it to the Retirement Catch-Up/High Yield Portfolio. Place a stop 25% below your entry price. ■*

A High-Yield History Lesson in Portfolio Protection

by Kristin Orman, Research Director

Here in Florida, where Marc and I are based, the world is beginning to open up. It's a great sign for the economy.

But many people have been slow to reenter the world. They're taking more of a wait-and-see approach to make sure that these precautions are providing the public with more than just a false sense of safety about COVID-19.

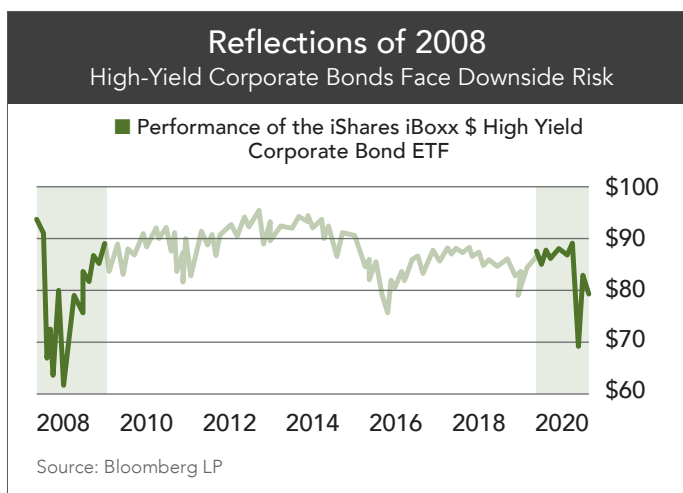
The same thing happened in the market...

After a brief hiatus, investors have jumped back into business. But they're taking precautions as well. Many are gobbling up high-yield corporate bonds.

I don't blame them. Income investments are some of my favorite investments too. During volatile markets, investing in high-yield corporate bonds can feel like finding a safe harbor in a severe storm.

But here's the thing too many investors fail to realize... not all yields are created equal.

As this month's look at the **iShares iBoxx \$ High Yield Corporate Bond ETF** (NYSE: HYG) shows, if history repeats itself, indiscriminate yield-hungry investors could be in for a disaster.



As you can see in the chart, the performance of the exchange-traded fund (ETF) today looks a lot like it did when the U.S. was in the throes of the Great Recession back in 2008. As the financial crisis spread, the ETF plummeted.



Kristin Orman

The least financially sound companies will pay the highest rates on the money they borrow. So when trouble hits, it hits them first and hardest.

But the last time this played out, something strange happened... At the end of 2009, the ETF shot straight up as investors rushed in to scoop up low-priced, high-yielding corporate debt.

Unfortunately, the rebound was short-lived. The financial crisis deepened, and more companies crumbled. The ETF plunged sharply again. This time, it fell even further than its first Great Recession bottom, forming a "W" instead of a "V."

Today's environment is similar. COVID-19 has been the final nail in the coffin for a number of companies. But that doesn't mean the coronavirus crash hasn't presented some compelling – and, more importantly, safe – high-yield opportunities.

Case in point, this month's recommendation from Marc... **Ares Capital Corp.** (Nasdaq: ARCC).

After looking under this company's hood, Marc is confident that it's the financially strongest of its kind – yet it's sporting a dividend yield of more than 10%.

Today, it's more important than ever to stick with high-quality income investments. The Great Recession taught us the importance of being selective, and as the saying goes, while history might not repeat itself, it often rhymes. ■

Use Beta to Confidently Invest in High-Yield Dividend Payers

by Marc Lichtenfeld, Chief Income Strategist

*Everybody wants some
I want some too
Everybody wants some
How 'bout you? – Van Halen*

It's doubtful that Van Halen vocalist David Lee Roth was thinking about high yields when he penned those lyrics in 1980. After all, high yields were plentiful back then.

The 10-year Treasury – the safest investment in the world – yielded an average of 11.43%. Can you imagine?

But today, at the age of 65 and with interest rates near zero, Diamond Dave may be making high yields more of a priority...

For most people, a 2% yield – the average return of the S&P 500 Index today – isn't going to cut it. That's why I've made safe, high yields the focus of this month's issue.

Contrary to popular belief, you don't have to sacrifice safety and performance for competitive income, thanks to a little-known metric...

Runnin' With the Devil

High-yield stocks are widely seen as fraught with risk. But that's not always the case...

The S&P 500 outperformed high-yield stocks over the past 10 years, as represented by the largest high-yield exchange-traded fund (ETF), the **Vanguard High-Yield Dividend ETF** (NYSE: VYM).

(Note, though, that there have been various times when high-yield stocks outperformed.)

This isn't terribly surprising. Many high-yield stocks are energy companies, and they've been hammered for several years as oil prices have plunged.

Other historically high-yielding sectors, like banks, insurers and business development companies (BDCs), were also hit hard...

But these beaten-down sectors may not be as risky as you'd think. That's where the little-known metric beta comes in...

Beta is a measurement of how much a stock or ETF moves in relation to the S&P 500, which makes it a good measurement of risk. The S&P always has a beta of 1.

The Vanguard High-Yield Dividend ETF has a lower beta than the S&P, suggesting that investing in it is less risky than investing in the broader market. The ETF's beta is 0.95, which means that when the S&P drops, the ETF should fall by 5% less. In other words, high yield doesn't always equal high risk.

Hot for Beta

As I often say, Wall Street doesn't hand out free money. If you're receiving a high yield, there's a very good reason for it. The risk is likely higher.

Right now, with the coronavirus crisis, investors are concerned that companies may not be able to service their debt or dividends, which is why we're seeing more attractive yields now.

But as Kristin outlined in this month's Snapshot, it can be dangerous to chase yield without doing your due diligence...

To help minimize that danger, you can use beta. Most large free stock market sites on the internet list beta when you look up an individual company.

For example, right now **Ares Capital Corp.** (Nasdaq: ARCC) has a beta of 0.92. That means when the S&P 500 rises, theoretically, Ares Capital should climb 8% less than the S&P.

Conversely, when the S&P 500 falls, Ares should fall 8% *less*. But when you compare the 2% yield of the S&P 500 with the 10.3% yield of Ares, you may be surprised to see you can get a double-digit yield for less risk than the S&P 500.

Though many high-yield stocks have high betas, several in our portfolio do not. **Enterprise Products Partners** (NYSE: EPD), which I recommended in April and had a 12% yield at the time (it now yields less than 10%, as the stock is already up 30% since then), has a beta of just 1.03. So Enterprise Products Partners moves pretty much in line with the S&P and has the same amount of risk.

It's important to note that beta is not a crystal ball and it changes over time. But as a general rule, beta is a valuable tool to help you analyze the risk-return of investing in a high-yielding stock or bond. ■

What About Bonds?

Over the past five years, the Bloomberg Barclays U.S. Corporate High-Yield Total Return Index (an index of high-yield corporate bonds) underperformed the broader Bloomberg Barclays U.S. Corporate Bond Index by seven percentage points.

However, since 2005, the high-yield index has returned 167% versus 116% for the total bond index.

Additionally, during downturns, high-yield bonds tend to fall only one-third as much as stocks.

(Of course, with a bond, its price doesn't matter if you're planning to hold it until maturity.)

MEET MARC LICHTENFELD

Marc Lichtenfeld is a bestselling author and investing expert who recognizes that it's time for a breath of fresh air when it comes to planning for retirement. After all, Social Security and pensions don't deliver like they used to – so it's on us to generate income in our golden years.

Luckily, Marc, in addition to being a well-known pioneer in dividend investing, offers readers strategies for building passive income streams that are independent from stock volatility.

And this month, with the unveiling of the expanded Fixed Income Portfolio, he's committed to making it even easier to generate income without compromising on risk tolerance.

A 20-year veteran of bond investing, Marc also manages *Oxford Bond Advantage*, an Oxford Club VIP Trading Service dedicated to connecting readers with the safest, highest-yielding opportunities in the corporate bond market. To learn more about *Oxford Bond Advantage*, visit www.OxfordBondAdvantage2.com. Use promo code **ENMTW600**.

We hope you enjoyed this month's special High-Yield Issue. For Marc's latest research, be sure to check out "**Collect a 145% Return From the 'Infinite Energy' Solution**," a comprehensive report included in your *Oxford Income Letter* subscription and available at www.OxfordClub.com.



The Oxford Income Letter: 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:

Hi Marc,

Things look positive for precious metals to appreciate these days with all that money printing going on, so I have a question.

I own physical gold and silver. However, the Perth Mint has an exchange-traded fund (ETF) that is 100% backed by the Australian government.

The **Perth Mint Physical Gold ETF** (NYSE: AAAU) looks like a great way to own gold without needing a safe.

What do you think? – Steve V., California

The Perth Mint Physical Gold ETF looks interesting. Investors can request physical delivery of the gold represented by their ETF holdings, which is unique. It also has a low expense ratio, which I like. If you're going to invest in gold, this particular ETF seems like a solid choice. If you want to own physical gold, I strongly recommend our Pillar One Advisor Asset Strategies International. I've known Rich and Michael Checkan for years. They will take great care of you. You can contact them by calling 800.831.0007.

Q:

Why is Marc bullish on AT&T (NYSE: T)? I read that it is massively overleveraged, losing subscribers and stuck in a capital-inefficient arms race. I am a stockholder and would like more input from Marc.

Thanks for the support. – J.V.

A:

I agree that gold looks good right now, and I'm bullish on the metal. But no one will ever confuse me for a gold bug. I'm going to say something that is probably unpopular. Gold is not money. It's a shiny rock. That's it.

Gold is worth only what someone is willing to give you for it, whether that's \$1,800 an ounce or one night's stay in a barn in war-torn Europe. Gold cannot be valued based on cash flows, dividends or future earnings.

The metal is seen as a hedge against disaster, but when the spit hits the fan, gold doesn't hold its value (nor do most things).

That said, I do own some gold in the form of coins, ETFs and mutual funds. The Oxford Club's asset allocation model calls for 5% of investors' portfolios to be allocated to precious metals.

A:

Over the past four quarters, AT&T generated \$27.2 billion in free cash flow. At the same time, it retired \$10 billion in debt. Management has reiterated that free cash flow allows the company to invest in its future, pay the dividend and continue to retire debt. While AT&T has a lot of debt, its debt-to-asset ratio is just 30%, and its debt-to-equity ratio is 84%.

Keep in mind that AT&T is no longer just a phone company. It's not in the horse-and-buggy business. It provides more than 100 million customers with TV, mobile and internet services, and it owns content

creators and distributors like HBO, CNN and Warner Bros. Entertainment. The stock has a 6.6% dividend yield that is easily covered by its free cash flow. AT&T remains a “Buy.”

Q:

Hello! It appears the **QVC Inc.** (CUSIP 747262ay9) bond has been downgraded to BB+ by Standard & Poor's. Should it still be in the Fixed Income Portfolio?

Thanks. – Kurt H.

A:

Yes, the bond was downgraded to BB+. But I'm not worried. QVC has \$4.9 billion in debt compared with \$14.3 billion in assets. It generates plenty of cash flow, so it can easily cover its interest expenses. BB+ is

the highest non-investment-grade rating. The fact that the bond fell from investment grade to non-investment grade qualifies it as a “fallen angel.”

It's not the end of the world. First of all, BB+ is still pretty safe. And importantly, the Federal Reserve has stated it will purchase fallen angel bonds, which should support the category as well as the individual bonds that it buys.

I certainly don't welcome a downgrade, but I'm not concerned at all. In fact, now that the bond is trading below par, its yield to maturity has climbed to a very attractive 6.6%. It is most definitely still a “Buy” and remains in the blue chip bond category of the Fixed Income Portfolio. ■

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	Rating
Arcelor Mittal	03938laz7	10/17/19	\$112.48	3.48%	6.1250%	6/1/25	BBB-	Buy
AT&T	00206rdq2	7/7/17	\$103.39	3.82%	4.2500%	3/1/27	BBB	Buy
Deutsche Bank	251525at8	7/30/19	\$99.64	2.95%	2.7000%	7/13/20	BBB-	Hold
Ford Motor Credit Company	34540tmp4	9/9/16	\$100.58	3.37%	3.4500%	6/20/26	BB+	Buy
Mosaic	61945cac7	12/6/16	\$101.65	3.95%	4.2500%	11/15/23	BBB-	Buy
Nasdaq Inc.	631103ag3	8/16/16	\$102.74	3.44%	3.8500%	6/30/26	BBB	Buy
Plains All American	72650rb15	12/12/17	\$101.17	4.34%	4.5000%	12/15/26	BBB-	Buy
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
Southwest Airlines	844741be7	5/12/20	\$87.75	3.91%	3.4500%	11/16/27	BBB	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	Rating
Metropolitan Transportation Authority	59259ytt6	6/9/20	New	4.70%	5.0000%	11/15/24	A-	Buy

<div> <div>The Compound Income Portfolio</div> <div>Dividend reinvestment for tomorrow.</div> </div>				<div> <div>Avg. Yield on Rec. Price: 6.45%</div> <div>Projected Annual Dividend Growth: 7.90%</div> </div>			
				<div> <div>Avg. Yield on Curr. Price: 5.74%</div> <div>Dividends Raised Annually for an Avg. of 14.1 Years</div> </div>			
Company/Ticker	Rec. Date	Rec. Price	Current Price	Current Yield	Rating	Total Return	Suggested Account Type*
AbbVie (NYSE: ABBV)	Jan-16	\$57.21	\$90.70	5.20%	Buy	91.66%	Tax-deferred
American Campus Communities (NYSE: ACC) <i>REIT</i>	Sep-18	\$42.70	\$34.10	5.51%	Buy	-13.91%	Tax-deferred
AT&T (NYSE: T)	Feb-14	\$32.08	\$30.93	6.60%	Buy	36.27%	Tax-deferred
BCE Inc. (NYSE: BCE)	Nov-13	\$43.66	\$42.07	5.76%	Buy	31.21%	Tax-deferred
Brixmor Property Group (NYSE: BRX)**	Jan-19	\$15.57	\$9.18	9.45%	Sell	-35.74%	Tax-deferred
Chevron (NYSE: CVX)	Nov-14	\$117.80	\$92.79	5.56%	Buy	-1.95%	Tax-deferred
Cisco Systems (Nasdaq: CSCO)	Dec-16	\$29.33	\$46.30	3.11%	Hold	75.60%	Tax-deferred
Digital Realty Trust Inc. (NYSE: DLR) <i>REIT</i>	Jan-14	\$49.47	\$142.44	3.15%	Hold	270.96%	Tax-deferred
Domtar (NYSE: UFS)**	Apr-17	\$37.86	\$21.45	8.68%	Sell	-35.36%	Tax-deferred
Eaton Corp. (NYSE: ETN)	Oct-15	\$51.40	\$84.66	3.45%	Hold	94.16%	Taxable
Enbridge (NYSE: ENB)	Apr-19	\$36.77	\$32.99	7.00%	Buy	-1.20%	Taxable/Tax-deferred
Enterprise Products Partners (NYSE: EPD) <i>MLP</i>	Apr-20	\$14.90	\$19.27	9.24%	Buy	32.53%	Taxable
Lazard (NYSE: LAZ)	Jan-17	\$40.70	\$27.67	6.79%	Buy	-14.87%	Taxable
NextEra Energy Partners (NYSE: NEP) <i>Yieldco</i>	Mar-19	\$44.62	\$51.50	4.31%	Buy	21.50%	Taxable
Northwest Bancshares (Nasdaq: NWBI)	Jul-15	\$12.73	\$9.87	7.70%	Hold	-3.89%	Tax-deferred
Oneok (NYSE: OKE)	Feb-18	\$56.42	\$38.14	9.81%	Buy	-21.96%	Taxable
Prudential Financial (NYSE: PRU)	Jun-19	\$98.76	\$60.88	7.23%	Buy	-35.56%	Tax-deferred
Raytheon Technologies (NYSE: RTX)	May-13	\$49.93	\$64.12	2.96%	Hold	202.77%	Tax-deferred
Sumitomo Mitsui Financial Group (NYSE: SMFG)	Jan-20	\$7.33	\$5.80	5.71%	Buy	-20.87%	Taxable
Texas Instruments (Nasdaq: TXN)	Apr-13	\$34.15	\$117.86	3.05%	Hold	319.13%	Tax-deferred
Wells Fargo (NYSE: WFC)	Sep-19	\$48.33	\$27.09	7.53%	Buy	-42.71%	Tax-deferred

The Instant Income Portfolio

Income for today.

Avg. Yield on Rec. Price: **7.80%** Projected Annual Dividend Growth: **7.50%**
Avg. Yield on Curr. Price: **5.74%** Dividends Raised Annually for an Avg. of **19.8 Years**

Company/Ticker	Rec. Date	Rec. Price	Current Price	Dividends Collected	Current Yield	Rating	Trailing Stop	Total Return	Suggested Account Type*
AbbVie (NYSE: ABBV)	Apr-20	\$79.83	\$90.70	\$1.18	5.20%	Buy	\$69.77	15.10%	Tax-deferred
Digital Realty Trust Inc. (NYSE: DLR) REIT	Jan-14	\$49.47	\$142.44	\$23.44	3.15%	Hold	\$115.67	235.31%	Tax-deferred
Enterprise Products Partners (NYSE: EPD) MLP	Apr-20	\$14.90	\$19.27	\$0.45	9.24%	Buy	\$14.55	32.32%	Taxable
Lazard (NYSE: LAZ)	May-20	\$24.80	\$27.67	\$0.00	6.79%	Buy	\$21.35	11.57%	Taxable
NextEra Energy Partners (NYSE: NEP) Yieldco	May-20	\$49.35	\$51.50	\$0.00	4.31%	Buy	\$38.55	4.36%	Taxable
Wells Fargo (NYSE: WFC)**	Apr-20	\$32.99	\$24.96	\$0.51	7.53%	Sell	\$24.90	-22.85%	Tax-deferred

The Retirement Catch-Up/High Yield Portfolio

Emphasis on current high yields.

Avg. Yield on Rec. Price: **11.76%**
Avg. Yield on Curr. Price: **11.64%**

Company/Ticker	Rec. Date	Rec. Price	Current Price	Dividends Collected	Current Yield	Rating	Trailing Stop	Total Return	Suggested Account Type*
Ares Capital Corp. (Nasdaq: ARCC)	Jun-20	New	\$15.17	\$0.00	10.30%	Buy	New	New	Tax-deferred
GlaxoSmithKline (NYSE: GSK)	May-20	\$42.21	\$41.85	\$0.47	4.51%	Buy	\$32.06	0.27%	Tax-deferred
Veon (Nasdaq: VEON)	Mar-20	\$1.57	\$1.51	\$0.00	19.87%	Buy	\$1.28	-3.82%	Taxable

Prices as of 6/1/2020. Trailing stops are adjusted to reflect dividends collected.

REIT – Real Estate Investment Trust. **MLP** – Master Limited Partnership. ** Current price and total gains based on actual sell price.

*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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