

Celebrating 100 Issues of *The Oxford Income Letter*

A 7.6% Yielder That Breaks With Tradition

Marc Lichtenfeld • Chief Income Strategist • The Oxford Club

This is *The Oxford Income Letter's* 100th issue.

It's kind of a big deal...

The Oxford Income Letter and my book *Get Rich with Dividends*, which first laid out the strategy for *The Oxford Income Letter's* portfolios, are without a doubt the two things I'm most proud of in my 25-year career.

When I launched *The Oxford Income Letter* more than eight years ago, I told subscribers that we were using a long-term strategy and that I wasn't worried about what the positions were going to do in the following month or so.

I said, "I'm focused on stocks that will provide substantial income or create wealth over years to provide, or keep you in, the lifestyle you want."

As a testament to that strategy, we have several stocks that have been in the portfolio for a long time, including **Texas Instruments** (Nasdaq: TXN), which was recommended in the very first issue and has a total return of 603%.

Aside from the Perpetual Dividend Raisers that I so often recommend, over the past 99 issues, I've also brought other ways of generating income, such as corporate bonds, convertible bonds and peer-to-peer lending, to your attention.

This month, as always, I have a solid dividend payer – a 7.6% yielder that's a bit different from my usual fare. It also pays out *monthly*. And I'll reverse engineer a popular product sold by brokers and show you how you can earn income and keep more money in your pocket.

And later in the issue, I'll discuss America's best kept secret that currently pays 3.5% *risk-free!*

Whether this is your first issue or your 100th, it is an honor to provide you with the information to help you become a better investor and help you achieve your financial goals.

MEET THE EXPERTS



MARC LICHTENFELD
Chief Income Strategist

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
Research Director

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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This Is the ETF I Prefer

I've always been interested in preferred stock.

For those of you who are unfamiliar with preferred shares, they are sort of a hybrid between bonds and stocks. Similar to bonds, preferred shares pay a fixed interest rate.

However, unlike bonds, preferreds often don't have a maturity date. The shares trade on a stock exchange, but unless the market is particularly volatile – like it was during the COVID-19 crash in March 2020 – they usually don't move as much as common stock.

Preferreds rank between bonds and common stock in a bankruptcy. This means preferred shareholders are behind bondholders but ahead of common stockholders in line to get repaid in a bankruptcy reorganization.

And if a company ever cuts its dividend, common stockholders typically don't receive any cash until all of the missed preferred dividends are paid and preferred shareholders are caught up with what they're owed.

Preferreds are a solid way to generate high yields. The problem is that most preferred stocks are not very liquid. It's hard for me to find one that I can recommend to tens of thousands of investors without the increased buying demand shooting the stock higher.

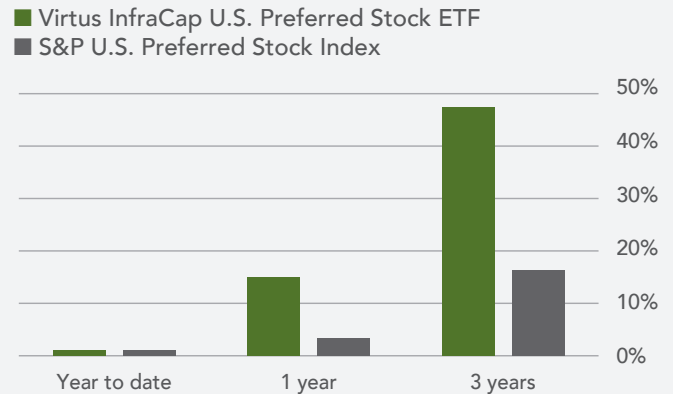
Fortunately, I found an alternative. It's the **Virtus InfraCap U.S. Preferred Stock ETF** (NYSE: PFFA).

The Virtus InfraCap U.S. Preferred Stock ETF is an actively managed fund that invests in preferred shares.

It's important to note that the description above of preferred stock describes the characteristics of preferred shares, not the exchange-traded fund (ETF) itself. The Virtus InfraCap U.S. Preferred Stock ETF invests in preferred shares, but it does not have a fixed interest rate.

The fund has been around only since 2018, but during that time, it has smashed the return of its benchmark index, the S&P U.S. Preferred Stock Index.

Virtus InfraCap U.S. Preferred Stock ETF Outperformance as of May 28



Source: Virtus

Jay Hatfield is the fund manager as well as the founder and CEO of Infrastructure Capital Advisors. The firm is the second-largest holder of the ETF, with 502,000 shares. "We eat our own cooking," Hatfield told me.

His strategy is to buy preferred shares of companies whose bonds are investment grade so there is little risk of bankruptcy. He likes to buy preferred shares whose prices are "depressed, not distressed."

He typically (though not always) sells them if they rise to \$26.10. The par value of preferred stocks is usually \$25.

In other words, he tries to buy assets that are undervalued and sell them when they get overvalued. If they never reach that level, he'll hold and collect the income.

The fund uses up to 30% leverage, which helps it generate a big yield and outperform during good times.

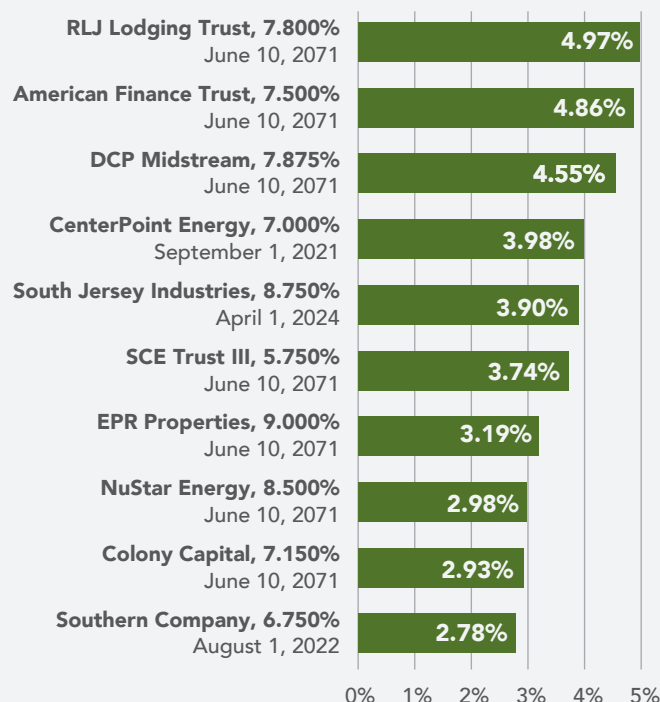
In a quick downturn, this could lead to larger declines in the price of the ETF – but the fund is actively managed, so Hatfield and his team are watching their positions every day.

As of June 11, the ETF held 168 preferred stocks. Its top 10 holdings make up 38% of the portfolio.

You can see its top 10 holdings on Page 3. Note that most of the maturity dates say June 10, 2071. That is just a marker for preferred stocks that, like me, will not mature.

Virtus InfraCap U.S. Preferred Stock ETF Top Holdings

As of June 11, 2021



Source: Virtus

From a tax perspective, in 2020, the effective tax rate on the ETF's dividends was estimated to be about 27%. If you are not in a high-income tax bracket, it will be a little lower, as the 27% figure includes the 3.8% Affordable Care Act tax.

That's higher than the tax rate on ordinary dividends. As a result, I recommend holding the ETF in a tax-deferred account if possible.

I have wanted to add some preferred stock exposure for a while now, but I have been unable to find a good solution to the liquidity issue.

The Virtus InfraCap U.S. Preferred Stock ETF should enable everyone to enjoy a high yield with lower risk than a common stock.

Action to Take: *Buy the Virtus InfraCap U.S. Preferred Stock ETF (NYSE: PFFA) for \$25.50 or lower, and add it to the High Yield Portfolio. Do not chase it above \$25.50. If the price rises above \$25.50, it will likely drop back down relatively soon. Be patient and don't overpay. Place a stop 25% below your entry price. The ETF should be held in a tax-deferred account if possible. ■*

INCOME OPPORTUNITIES

If You Don't Want to Join 'Em, Beat 'Em

Use Options to Beat Your Broker at Its Own Game

Marc Lichtenfeld • Chief Income Strategist

I mentioned earlier I'd be bringing you some different income strategies in this issue. This article contains two. One is for the do-it-yourselfers, and the other is for those who are okay with paying for convenience.

Last month, I got a call from a representative from my discount broker. He wanted to talk to me about structured notes. I'm familiar with them, but I'm always willing to learn more, so I let him pitch me.

In some ways, structured notes are like a hybrid between certificates of deposit (CDs) and annuities.

The Dividend

The ETF currently pays a \$0.16 per share *monthly* dividend, so that's a nice feature for investors who like to get paid every month. That comes out to a 7.6% yield.

Since the fund's inception in 2018, the dividend has fallen once, from \$0.19 to \$0.15, and been raised to \$0.16.

Again, unlike most of the securities it invests in, the Virtus InfraCap U.S. Preferred Stock ETF does not have a fixed dividend, so you should expect its payout to vary a bit depending on its positions at any given time.

This is an actively managed fund with a high degree of turnover, so its holdings and the dividend will fluctuate from time to time.

You often cannot automatically reinvest dividends in preferred stocks. However, because this is an ETF, dividend reinvestment should be no problem.

And with the ETF's 7.6% yield, your wealth can easily compound if you are reinvesting the dividend.

They often have a guaranteed payout and maturity date, and they limit your downside. There are as many different varieties of structured notes as you can think of.

This particular structured note has some interesting features. It pays quarterly interest equal to 3% annually with a maturity date in December 2022.

If, on each quarterly anniversary of the date of purchase, the S&P 500 is below where it was on the date the note was bought, you get your interest and nothing else happens. If, on the date the note matures, the S&P is down up to 45%, you get all of your money back.

But, and this is a big one, if the S&P is down 45% or more, you lose the amount that it's down. So if the S&P is down 60% on that date, you lose 60% of your money.

Keep in mind, if it's down 47% the day before it matures and then rallies to where it's down 44.9%, you get all of your money back. It's only the maturity date that matters.

Here's another unusual feature...

If the S&P is up on any quarterly anniversary, you get paid your quarterly interest, the note is called and you get your money back. You don't receive any bonus for the market being up sharply. So it's very possible this structured note with an 18-month maturity date will get called in three months.

An investor who buys this note is willing to bet that the market will *not* be down 45% or more on the date the investment matures in exchange for a 3% annual interest rate for up to 18 months.

The likelihood of the market being down 45% over any 18-month period is low – just 1.8% going back to 1928.

That being said, getting paid 3% to take on even the small chance of a 45% drop doesn't seem like a good risk-to-reward ratio.

Furthermore, these structured notes aren't created out of the goodness of the financial institution's heart. As Steve Martin's character in *The Jerk* says while he's working at the carnival, "It's a profit deal!"

If an investor is getting paid 3%, you can be sure the investment return that the institution is making on investors' behalf is more than that, with the firm keeping the difference. You can also be certain it is not taking the chance of losing 45%-plus of the investment.

So I decided to try to reverse engineer this note using options to see whether I could obtain a similar return without having to risk 45% or more of my money.

It's not easy.

There's a reason some people prefer these structured notes. I couldn't achieve zero risk while generating at least a 3% annualized return. But I was able to keep the downside low without the risk of a catastrophic loss.

Here's what I came up with...

At the time I'm writing this, the **SPDR S&P 500 ETF Trust** (NYSE: SPY) is trading at \$423.50.

You'd buy 100 shares of the ETF. It would cost you \$42,350 (the structured note had a \$25,000 minimum).

You would then sell the September \$423 call for \$12.13 and buy the September \$408 put for \$8.95.

That would put \$3.18, or \$318, in your pocket, and you'd get paid \$128 in dividends from the ETF for a total of \$446.

If the SPDR S&P 500 ETF Trust went above \$423, your ETF would be called away and you'd net \$396. Your put would expire worthless. You'd keep the entire call premium, and you'd lose \$0.50 on the ETF ($\$12.13 - \$8.95 - \$0.50 = \2.68 per share).

Option contracts are in 100-share increments, so that would be \$268.

After adding the \$1.28 per share quarterly dividend, or \$128 for 100 shares, you'd have \$396. That equals a return of 0.9% for the quarter, or 3.6% annualized.

If the SPDR S&P 500 ETF Trust fell to \$408, you'd be down \$1,232. The \$128 dividend would bring it to a net loss of \$1,104, or 2.6%.

DAUNTED BY OPTIONS? DON'T BE!

Here's a breakdown of the basics...

Call: A call option gives the buyer the right to call away (buy) the stock at the strike price – in this case, \$423. So if the SPDR S&P 500 ETF Trust was above \$423, you would have to sell your shares at \$423 when the buyer demanded it.

Put: A put option gives the buyer the right to put (sell) the stock to the seller at the strike price. In this case, if the SPDR S&P 500 ETF Trust was below \$408, you could force the seller to buy your shares at \$408 regardless of where the price is.

In celebration of *The Oxford Income Letter's* 100th issue, we've arranged for you to have free access to "**The Complete Oxford Income Letter Options Guide.**" To access it, log in to OxfordClub.com, find *The Oxford Income Letter* and look under "Reports."

However, no matter how far below \$408 the SPDR S&P 500 ETF Trust dropped, that would be the maximum you could lose. So if the market crashed and the SPDR S&P 500 ETF Trust was cut in half, instead of losing 50% like you would with the structured note I mentioned, you'd lose 2.6%.

You could roll the trade over each quarter with a similar trade depending on where the SPDR S&P 500 ETF Trust was trading at expiration.

So the trade-off here is you'd be risking 2.6% in order to achieve a 3.6% annualized return. However, 2.6% would be the maximum you could lose.

With the structured note, while you're likely to obtain a 3% annualized return (though it could be for only a quarter), there is a chance of a disastrous loss. The odds are small, but they exist.

I don't like to take chances on huge losses unless I'm being compensated for it, which is why I wanted to figure out a better way.

Some investors may be willing to bet that the low-probability 45% drop will not occur. For them, the convenience of having a product already designed and not having to work through an options solution may be attractive.

And not all structured notes come with provisions that allow big losses. Many of them limit losses or even ensure that there will be no losses. But Wall Street doesn't just give away money.

You're paying for that feature in some way.

I'd rather design a trade that will put more money in my pocket and not my broker's. But for investors who prefer that someone else do it, a structured note can be a way to generate income with some downside protection. Just know that you're paying for it even if there's no fee. ■

MARC'S BOND INSIGHTS

A 3.5% Yield on America's Best Kept Secret

Marc Lichtenfeld • Chief Income Strategist

Close the doors and draw the blinds... I'm going to let you in on America's best kept fixed income secret. Actually, keep the doors and windows wide open.

Everyone should hear about this. Series I savings bonds, or I bonds, are a type of savings bond issued by the U.S. Treasury.

I know, savings bonds conjure up images of Granny giving you a \$10 bond for your birthday that you can't use for decades instead of that baseball glove you wanted... Or was that just me?

But these aren't Granny's savings bonds... Unfortunately, most investors I talk to, including those who are quite financially savvy, have never heard of I bonds.

That is a shame because the risk-reward return after taxes from I bonds today is downright exceptional.

There is a reason few people have heard of I bonds: There is no incentive for your financial advisor or broker to tell you about them.

These bonds are available exclusively from the U.S. government (TreasuryDirect.gov), and, therefore, there is no commission available for a financial advisor to earn from them.

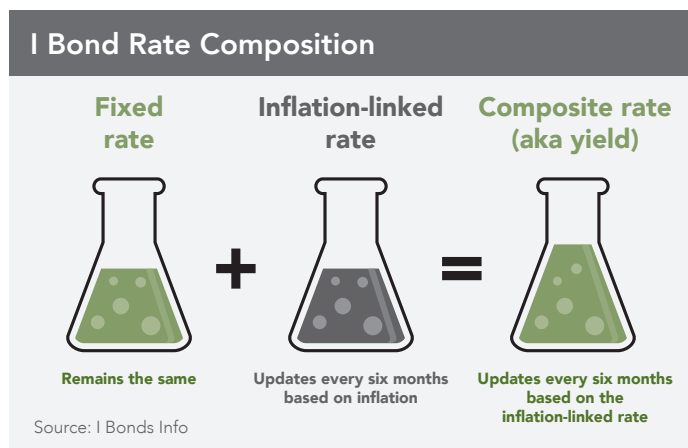
I bonds were first issued in 1998. The program was established to provide lower- and middle-income Americans with a safe, inflation-protected account to use for retirement, education and emergencies.

The yield (known as the **composite rate**) on an I bond is the combination of two different rates: a **fixed rate** that is tied to the 30-year life of the bond and an **inflation-linked rate** based on the rate of inflation over the past six months as measured by the consumer price index for all urban consumers (CPI-U).

The fixed rate never changes. It is established when the bond is issued.

The inflation-linked rate, meanwhile, is updated every six months based on changes in the rate of inflation. Those six-month inflation readings are taken each May and November.

Because the inflation-linked rate is updated every six months, the composite rate also changes every six months.



No matter when you purchase the I bond, your interest rate resets every six months.

Like Treasury Inflation-Protected Securities (TIPS), I bonds protect investors against the bite of inflation. But, unlike with TIPS, the yield on I bonds can never go below zero.

I bonds, therefore, protect against both inflation and deflation. They offer much better value than TIPS.

The only downside to I bonds is that each person is allowed to buy only \$10,000 worth per year.

I bonds can be issued in any amount between \$25 and \$10,000 per Social Security number, whereas with TIPS, you can buy as much as you want.

A Government-Guaranteed Return With Tax Benefits

In our historic low interest rate world, we are looking at savings accounts that pay 0.15%, money market funds that pay 0.03% and short-term 3-month Treasuries that pay 0.02%.

Against those rates, the current I bond composite rate of 3.54% – combining a 0% fixed rate of return with the 3.54% annualized rate of inflation as measured by the CPI-U – looks monstrous.

The income on I bonds is barely below that of leading high-yield or “junk” bond funds, which are much riskier.

The current 3.54% composite rate applies for I bonds bought from May 2021 through October 2021 and applies for the first six months after the issue date. It will then reset for bonds issued starting on November 1, 2021.

There are also tax benefits from owning I bonds...

Investors have the option of choosing to defer declaring the interest earned on the I bond until the date of maturity or when the bond is redeemed (whichever comes first).

That means, if you wanted, you could elect to not pay a dime of income tax over the 30-year maximum life of the I bond.

Additionally, if you sell an I bond and use the proceeds to pay for qualified higher education expenses at an eligible institution in the same calendar year, the interest is exempt from federal income tax.

And to top it all off, I bonds are exempt from local and state income taxes.

For perspective on how big of an advantage that is, consider that in high-tax states, like California, an investor would need to find a more than 4% pretax yield to match what an I bond offers today after tax.

Good luck trying to find a better alternative to a 4%-plus yield that is guaranteed by the U.S. government today. You would have a better chance trying to get a politician to vote on principle rather than by party lines.

I bonds are not as liquid as bank accounts, money market funds or Treasury bills. You can't cash out of your I bond until you have held it for at least 12 months.

And if you redeem within the first five years, you will forfeit the last three months of interest.

For perspective, though, if you were to buy an I bond at the current 3.54% rate and sell it in 366 days (more than the one-year required holding period), you would still earn 2.65% after paying the three-month interest penalty.

It has to be the best no-risk, one-year return available anywhere.

To buy I bonds, go to the Treasury website, set up an account and watch your money grow.

And tell your friends... I bonds should not be a secret. ■

SNAPSHOT

Wall Street Is Late to the Party Again...

But We're Right on Time

Kristin Orman • Research Director

Wall Street analysts are often late to the party – unprofitably late.

The reason is they're almost always too optimistic with their financial forecasts.

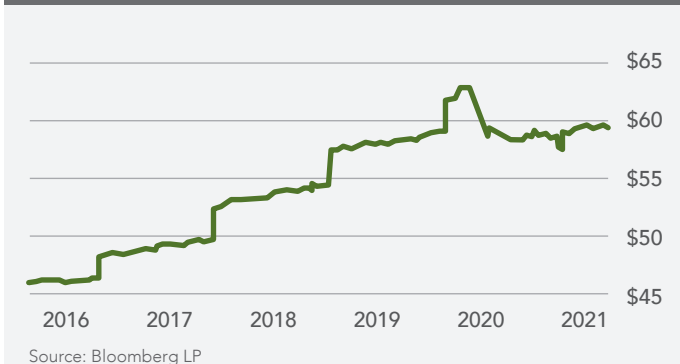
The only time they don't see company financials through rose-colored glasses is when the economy is smack-dab in the middle of a recession.

From Enron to **General Electric** (NYSE: GE), recent history provides us with plenty of examples of Wall Street analyst screwups... So it should come as no surprise that Wall Street's dividend growth estimates are no exception.

As this month's snapshot shows, Wall Street forecasts for S&P 500 companies' annual dividend payouts reached an all-time high of \$62.99 on March 4, 2020. That high was reached just as the United States' and the rest of the world's economies began shutting down.

Analyst Dividend Forecasts Reach All-Time High

Dividend per share estimate for S&P 500 companies



As the COVID-19 pandemic raged on, companies across the globe slashed a combined \$220 billion in dividends between the second and fourth quarters of 2020.

During the second, third and fourth quarters of 2020, global dividends dropped by double digits. In all, they declined 12.2% to \$1.26 trillion.

But in December, something strange happened...

Pfizer (NYSE: PFE) and **BioNTech's** (Nasdaq: BNTX) COVID-19 vaccine was approved for emergency use by the Food and Drug Administration. One week later, a second vaccine, made by **Moderna** (Nasdaq: MRNA), was also approved for emergency use.

For the first time in nearly a year, the world was hopeful that we'd see a return to normalcy sooner rather than later.

Yet, unsurprisingly, Wall Street was late to the party again.

Wall Street dividend per share estimates dipped to their lowest level in more than a year on December 31, 2020 – just as vaccines started hitting arms in earnest.

On the last day of the year, analysts expected S&P 500 companies to distribute \$57.63 per share in dividends over the following 12 months. That was down 8.5% compared with March 2020 estimates.

They were wrong...

During the first quarter of this year, U.S. dividend payments dropped a paltry 0.4% and global dividends declined a mere 1.7%.

It wasn't until early June that Wall Street realized the tides had turned.

That's when Janus Henderson Investors updated its global dividend forecast to reflect a projected 7.3% jump in payouts year over year.

Of course, *Oxford Income Letter* subscribers should be unfazed. Nearly 70% of the stocks currently in the portfolios have raised their dividends since March 2020. The rest have kept their payouts steady.

That includes this month's recommendation, the **Virtus InfraCap U.S. Preferred Stock ETF** (NYSE: PFFA).

I've said it before, and I'll say it again: Don't blindly believe Wall Street. It gets it wrong on the way up and, worse, on the way down.

You can't go wrong investing in solid companies with stellar dividend-paying histories. Stick with *The Oxford Income Letter's* portfolios, and the income party will never end. ■

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. Should I use stops on dividend-paying stocks? If so, why? – Sarah H.

A. I use stops in two of our three stock portfolios.

The High Yield Portfolio takes on more risk in exchange for higher yields. As a result, I want to make sure that if the market or a stock goes against us, it doesn't result in a catastrophic loss. So I recommend our typical 25% trailing stop on stocks in the High Yield Portfolio.

The Instant Income Portfolio is for investors who are collecting the income from their dividends today. If an investor is collecting the income rather than reinvesting it, theoretically, they have a shorter investing time horizon and may not be able to endure a large drop in the market or a sustained bear market.

As a result, I recommend using a 25% trailing stop on stocks in the Instant Income Portfolio as well.

The Compound Income Portfolio is a different animal. It is for longer-term investors who don't need the income today and are reinvesting their dividends in order to compound their wealth over the years.

Should we hit a bear market, that should actually be beneficial for dividend reinvestors.

First of all, if you buy a stock at \$50 today and don't plan on selling it for 10 years, who cares if the stock is trading at \$30 a year from now?

As long as the fundamentals are still strong, that \$30 price has little bearing on the company's ability to pay and raise its dividend or where the stock will be in 10 years.

Secondly, if the stock drops to \$30 and you're reinvesting dividends, you can accelerate the compounding of your wealth by reinvesting at \$30 rather than \$50.

Here's what I mean... If your \$50 stock pays a 5% yield, or \$2.50 per share, and you own 100 shares, if you reinvest your \$250 in dividends per year at \$50 a share, you'll own five more shares.

Those five shares will generate an additional \$12.50 in dividends, which will buy more shares and so on.

If the stock falls to \$30, your \$250 in dividends will buy 8.3 shares, which will kick out \$20.75 in dividends, which will buy even more shares, which will generate even more dividends, etc.

I don't want us to get stopped out just because of a bear market or one quarter where a company misses earnings expectations.

As long as the fundamentals have not soured and the company generates (and is expected to continue to generate) sufficient cash flow to pay and raise the dividend, we don't want to get shaken out of that stock.

So I do not use stops on the stocks in the Compound Income Portfolio.

Q. Hi, Marc.

I am Canadian, but most of my investments are recommendations from your portfolios.

The U.S. dollar goes down against the Canadian dollar. Recently, it lost more than 10% – so even though my account value in U.S. dollars goes up, the value in Canadian dollars goes down.

What investing approach would you recommend for your Canadian subscribers?
Thank you. – Oleg

A. Generally, I don't recommend doing anything when it comes to currency issues.

If these were short-term profits and you wanted to make sure your gains didn't become losses due to exchange rates, I'd suggest a hedge.

But because these are long-term investments and currencies fluctuate quite a bit over the years, I'd hate to see you potentially hedge away your profits.

Over the past 20 years, the Canadian dollar has been worth as much as about \$1.10 and as little as \$0.625 in U.S. dollars. Today, it is trading around \$0.81 in U.S. dollars.

I don't recommend hedging because if the Canadian dollar gets weaker and your hedge goes against you, it will negatively affect your total return.

If you are insistent on a hedge, however, you could look at the **Invesco CurrencyShares Canadian Dollar Trust** (NYSE: FXC) exchange-traded fund (ETF), which tracks the performance of the Canadian dollar.

Over the past year, as the loonie has gotten stronger, the ETF has returned more than 14%. Over five years, it has an average return of 1.7%, and over 10 years, it has lost 2.1% per year on average. So you can see that, over the long term, it hasn't been a particularly effective hedge.

Q. Since I have reached the age that I have to take required minimum distributions (RMDs) from my IRAs, can I transfer the RMD withdrawal amounts to my Roth IRA, meeting the RMD amount that I would pay taxes on and funding my Roth IRA, which would grow tax-free? – Brad D.

A. Yes. Just be sure to take the RMD first and leave enough set aside to pay the taxes on the withdrawal. Then you can transfer the remainder into your Roth IRA.

That's an excellent strategy if you don't need the funds in the near term. That way, the rest of your money grows tax-free, as you pointed out.

As I always recommend regarding tax issues, be sure to talk with your tax professional, as everyone's situation is different.

MARC'S MAILBAG *continued...*

Q. I'm in my late 80s. Am I better off with bonds or stocks? – George C.

A. Probably both, although I can't give personal advice. Your mix of stocks and bonds depends on several factors.

1. How much income do you need your investments to generate?
2. How much risk can you afford to take?
3. Do you have short-term needs for the invested capital?
4. How much longer do you expect to need access to income and capital?

If you have short-term needs for capital, then investing in either stocks or bonds probably isn't a great idea, unless it's a short-term bond.

But if you are okay with investing for two to five years, there are plenty of bonds that will pay a decent amount of interest.

If you're investing for more than five years, stocks are a good way to go as long as you can handle more risk. Bonds will pay you back your principal at maturity. While stocks go up over the long term, they do not come with any such promise.

A good mix of stocks and bonds provides income and safety while still allowing a portion of your capital to grow. ■

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
Apollo Commercial Real Estate Finance Δ	03762uab1	4/6/21	\$99.63	5.08%	4.7500%	8/23/22	N/A	Buy
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 †	46625hju1	1/12/21	\$108.53	5.50%	6.1250%	Perpetual	BBB-	Buy for \$110 or lower
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 for \$110 or lower

The Compound Income Portfolio

Dividend reinvestment for tomorrow.

Avg. Yield on Rec. Price: **6.59%** Projected Annual Dividend Growth: **7.80%**

Avg. Yield on Curr. Price: **4.43%** Dividends Raised Annually for an Avg. of **15.3 Years**

Company/Ticker	Rec. Date	Rec. Price	Current Price	Current Yield	Action	Total Return	Suggested Account Type*
AbbVie (NYSE: ABBV)	Jan-16	\$57.21	\$112.30	4.63%	Buy	149%	Tax-deferred
American Campus Communities (NYSE: ACC) <i>REIT</i>	Sep-18	\$42.70	\$47.16	3.99%	Buy	25%	Tax-deferred
AT&T (NYSE: T)	Feb-14	\$32.08	\$28.66	7.26%	Hold	36%	Tax-deferred
BCE Inc. (NYSE: BCE)	Nov-13	\$43.66	\$49.29	5.84%	Buy	63%	Tax-deferred
Broadcom (Nasdaq: AVGO)	Jul-20	\$313.12	\$477.15	3.02%	Hold	56%	Tax-deferred
Chevron (NYSE: CVX)	Nov-14	\$117.80	\$103.76	5.17%	Buy	16%	Tax-deferred
Cisco Systems (Nasdaq: CSCO)	Dec-16	\$29.33	\$52.91	2.80%	Hold	107%	Tax-deferred
Digital Realty Trust Inc. (NYSE: DLR) <i>REIT</i>	Jan-14	\$49.47	\$152.41	3.04%	Hold	310%	Tax-deferred
Eaton Corp. (NYSE: ETN)	Oct-15	\$51.40	\$146.49	2.08%	Hold	244%	Taxable
Enbridge (NYSE: ENB)	Apr-19	\$36.77	\$39.84	6.93%	Buy	26%	Taxable/Tax-deferred
Enterprise Products Partners (NYSE: EPD) <i>MLP</i>	Apr-20	\$14.90	\$23.70	7.59%	Buy	78%	Taxable
Lazard (NYSE: LAZ)	Jan-17	\$40.70	\$44.81	4.20%	Buy	40%	Taxable
New Jersey Resources Corporation (NYSE: NJR)	Nov-20	\$33.25	\$39.56	3.36%	Buy for \$33.25 or lower	21%	Tax-deferred
NextEra Energy Partners (NYSE: NEP) <i>Yieldco</i>	Mar-19	\$44.62	\$74.94	3.40%	Buy	83%	Taxable
Northwest Bancshares (Nasdaq: NWBI)	Jul-15	\$12.73	\$13.63	5.87%	Buy	41%	Tax-deferred
Prudential Financial (NYSE: PRU)	Jun-19	\$98.76	\$101.73	4.52%	Buy	16%	Tax-deferred
Raytheon Technologies (NYSE: RTX)	May-13	\$49.93	\$84.44	2.42%	Hold	279%	Tax-deferred
Sumitomo Mitsui Financial Group (NYSE: SMFG)	Jan-20	\$7.33	\$6.98	4.92%	Buy	7%	Taxable
Texas Instruments (Nasdaq: TXN)	Apr-13	\$34.15	\$192.88	2.12%	Hold	603%	Tax-deferred
TFS Financial Corp. (Nasdaq: TFSL)	May-21	\$20.01	\$20.28	5.52%	Buy for \$22 or lower	3%	Tax-deferred

The Instant Income Portfolio

Income for today.

Avg. Yield on Rec. Price: **7.46%** Projected Annual Dividend Growth: **8.90%**
Avg. Yield on Curr. Price: **4.94%** Dividends Raised Annually for an Avg. of **13.8 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	\$112.30	4.63%	Buy	\$87.91	48%	Tax-deferred
Chevron (NYSE: CVX)	Feb-21	\$88.88	\$103.76	5.17%	Buy	\$83.67	18%	Tax-deferred
Digital Realty Trust Inc. (NYSE: DLR) REIT	Jan-14	\$49.47	\$152.41	3.04%	Hold	\$122.96	267%	Tax-deferred
Enbridge (NYSE: ENB)	Dec-20	\$32.98	\$39.84	6.93%	Buy	\$30.59	25%	Taxable/Tax-deferred
Enterprise Products Partners (NYSE: EPD) MLP	Nov-20	\$17.93	\$23.70	7.60%	Buy	\$19.08	37%	Taxable
Lazard (NYSE: LAZ)	May-20	\$24.80	\$44.81	4.20%	Buy	\$36.14	85%	Taxable
NextEra Energy Partners (NYSE: NEP) Yieldco	May-20	\$49.35	\$74.94	3.40%	Hold	\$63.84	57%	Taxable
Prudential Financial (NYSE: PRU)	Aug-20	\$69.21	\$101.73	4.52%	Buy	\$81.38	53%	Tax-deferred

The High Yield Portfolio

Emphasis on current high yields.

Avg. Yield on Rec. Price: **8.39%**
Avg. Yield on Curr. Price: **5.29%**

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	\$19.59	8.17%	Buy	\$14.98	36%	Tax-deferred
BlackRock Resources & Commodities Strategy Trust (NYSE: BCX)	Jan-21	\$8.12	\$9.40	5.11%	Buy	\$7.62	19%	Taxable/Tax-deferred
Dow Inc. (NYSE: DOW)	Apr-21	\$64.53	\$62.98	4.45%	Buy for \$70 or lower	\$53.18	-1%	Tax-deferred
Fortress Transportation and Infrastructure (NYSE: FTAI)	Oct-20	\$17.39	\$32.90	4.01%	Buy for \$19 or lower	\$25.93	95%	Taxable
GlaxoSmithKline (NYSE: GSK)	May-20	\$42.21	\$39.95	5.28%	Buy for \$50 or lower	\$32.06	1%	Tax-deferred
KDDI Corp. (OTC: KDDIY)	Mar-21	\$15.49	\$15.45	3.71%	Buy for \$16.25 or lower	\$12.78	0%	Taxable
Rio Tinto (NYSE: RIO)	Sep-20	\$60.87	\$84.61	7.30%	Buy	\$70.99	46%	Tax-deferred
Southern Copper Corp. (NYSE: SCCO)	Jun-21	\$68.76	\$65.02	4.31%	Buy for \$93 or lower	\$51.65	-5%	Taxable
The Chemours Compay (NYSE: CC)	Aug-20	\$20.89	\$34.51	2.90%	Hold	\$28.41	70%	Tax-deferred
Virtus InfraCap U.S. Preferred Stock ETF (NYSE: PFFA)	Jul-21	New	\$25.01	7.68%	Buy for \$25.50 or lower	New	New	Tax-deferred

Prices as of 6/29/2021. Trailing stops are adjusted to reflect dividends collected. REIT – Real Estate Investment Trust. MLP – Master Limited Partnership. † – Floating-rate depository shares of JPMorgan Chase preferred stock. Δ – Convertible.

*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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