THE OXFORD INCOME Letter

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A 7.7% Yield on the "Uber for Airplane Engines"

A Unique Income Play on the Coming Infrastructure Boom

Marc Lichtenfeld • Chief Income Strategist • The Oxford Club

The airline industry has historically been a difficult business. Though, prior to COVID-19, many airlines were reporting strong profits and the industry was fairly healthy.

Today, it's a very different story...

With fewer people flying, many planes are grounded. United Airlines expects third quarter capacity to be down 70% from a year ago.

Globally, airlines are flying about half as many flights as they did last year.

That means airlines, which are already in a capital-intensive business, need to conserve capital that much more since they don't have the same amount of revenue coming in.

Airlines and cargo companies often choose to rent their engines in contracts known as "power by the hour" (PBH). It's like Uber, but for aircraft engines.

Think of it this way... Taking an Uber is often more economical than owning your own car.

The same idea applies to aircraft engines.

A new airplane engine costs between $12 million and $35 million.

There's no sense in paying millions of dollars for a new airplane engine if your planes aren't flying as much as they used to or if you're worried they'll be grounded altogether. When leasing an airplane engine, you pay for only what you need.

In fact, more than half of the world's airlines lease their engines rather than buy them. After all, these engines are more than just expensive to buy...

Just like when you own a car, when you own an aircraft engine, costly repairs are your responsibility.

And that engine maintenance is expensive – and getting more so.

The cost of aircraft engine maintenance is expected to double over the next decade.

MEET THE EDITORS

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 biotechs.

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.

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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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In addition, in the September issue of *The Oxford Income Letter*, I explained why 2021 was going to be the "Year of Infrastructure."

To capitalize on these trends, this month, I'm recommending the stock of a 7.7% yielder that is one of the best-in-breed players in airplane engine leasing and energy transportation...

The Five-Star Review

Fortress Transportation and Infrastructure (NYSE: FTAI) focuses on end-of-life engines, which offer customers flexibility and shorter-term leases.

It's a perfect business for today's environment, where airlines need to preserve as much capital as possible and have little visibility.

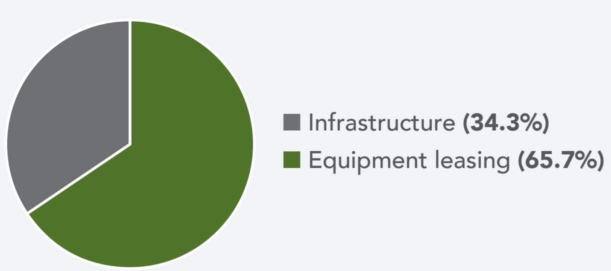
And while the airlines are struggling, cargo carriers are currently insatiable when it comes to PBH contracts.

That's because cargo carriers don't want to buy expensive engines or sign long-term contracts. They know that once the currently grounded airliners are back in the air, demand for their services will decline.

Demand for engines should have a long runway. (See what I did there?) Over the next 10 years, 90% of PBH contracts in the industry will expire, giving Fortress Transportation and Infrastructure (commonly called FTAI) plenty of opportunity to renew and generate new business. The company also leases planes, again focusing on older ones that are less expensive and have high margins.

Aviation makes up two-thirds of FTAI's business. The company also owns oil and gas terminals, as well as ports and rail terminals.

Fortress' Income Streams



Source: Fortress Transportation and Infrastructure

The Jefferson Terminal in Beaumont, Texas, is majority owned by FTAI. It includes oil storage, blending, rail, truck and ship infrastructure.

In West Virginia, FTAI's Long Ridge Energy Terminal stores natural gas and offers frack sand storage and transfer. Its Repauno Port & Rail Terminal in New Jersey offers similar services to customers with easy access to I-95.

Repauno is unique in that it's a deepwater dock that is one of only two liquefied natural gas terminals on the East Coast.

The nice thing about the terminal business is it's sticky. While it can be tough to get new customers, once they're in, they stay because of the cost and logistics of moving.

So the fact that FTAI has **Exxon Mobil** (NYSE: XOM) and Saudi Aramco already in its terminals should ensure revenue for years to come.

Regardless of who wins the election or which party controls Congress, we are likely to see billions – if not trillions – of dollars invested in infrastructure over the coming years.

FTAI's energy transportation assets have plenty of room to add additional capacity, so its projects could be the recipient of stimulus dollars, which would build its business and put Americans to work.

The Management

CEO Joseph Adams is a dealmaker. He was a board member of Aircastle, which was bought by Fortress Investment Group in 2012. Fortress Investment Group manages the assets of FTAI.

In May, FTAI bought 16 airplanes from **Air France-KLM** (OTC: AFLYY) and leased the planes back to the airline.

Considering the pandemic was surging and airlines were desperate, it's a safe assumption that FTAI got the planes at a very good price.

I will not be at all surprised if the company conducts similar deals in the very near future, which should increase cash flow and potentially move the stock.

Adams set the company up well for the recession by raising money and selling assets. Last November, FTAI sold Central Maine & Québec Railway. It bought the railway out of bankruptcy for $17 million in 2014 and sold it for $130 million five years later.

The Dividend

Fortress pays a $0.33 per share quarterly dividend, which amounts to a nearly 8% yield. It has paid the same quarterly dividend since November 2015. In the first six months of the year, FTAI generated $143 million in funds available for distribution, a measure of cash flow. During that time, it paid out $57 million in dividends, so its income easily covers its payout.

Note, as FTAI is a partnership, you will receive a K-1 rather than a 1099-DIV. Some of the dividend is considered a return of capital, and historically, there has been unrelated business taxable income (UBTI) included. More on that later...

The Valuation

Using two common measures – price-to-earnings (P/E) ratio and EV/EBITDA (enterprise value to earnings before interest, taxes, depreciation and amortization) – we can see that FTAI is very inexpensive compared with its peers.

Fortress' Cheap Valuation

	P/E		EV/EBITDA	
	2020	2021E	2020	2021E
FTAI	15.5	9.2	7.1	5.4
Infrastructure industry average	49.7	23.1	11.3	10.3

Source: Bloomberg LP

ENTERPRISE VALUE AND EBITDA

Enterprise value is similar to market capitalization, but it takes the value of the company's debt and cash into account. The formula is...

Market cap + value of preferred stock + debt - cash

EBITDA is a common shortcut for cash flow.

FTAI is poised to profit despite a difficult economy and pay shareholders a juicy 7.7% yield. It also has tremendous upside as its projects grow and its valuation gets in line with its peers' valuations.

Action to Take: *Buy* ***Fortress Transportation and Infrastructure*** *(NYSE: FTAI) for $19 or less, and add it to the Retirement Catch-Up/High Yield Portfolio. Place a stop 25% below your entry price.*

I recommend holding the stock in a taxable account due to the return of capital component of the dividend and the UBTI.

Investors who earn $1,000 in UBTI in stocks held in a tax-deferred account may have to pay taxes and penalties. If the stocks are held in a taxable account, there will be no penalties for going over $1,000 in UBTI. ■

PASSIVE INCOME STRATEGIES

A Lesson From the Oracle of Omaha's 1988 Purchase

Why It's Never Too Late to Make the Greatest Investment of Your Career

Jody Chudley • Contributing Analyst

Marc and I aren't the only ones who love income-generating investments... We're in good company, joined by the great Warren Buffett.

Warren Buffett just turned 90 years old, and he has not lost a step.

In fact, he just made what is by far his most profitable trade ever. Given his seven decades of incredible investing, that is really saying something.

Buffett's company, **Berkshire Hathaway** (NYSE: BRK-B), bought $35 billion worth of **Apple** (Nasdaq: AAPL) between 2016 and 2018.

Today, after a great 2020 run, Berkshire's stake in Apple is worth more than $120 billion. That is an $85 billion profit on one stock.

No other person in world history has made that much money on one stock market trade.

But this isn't the first time Buffett has made billions buying a blue chip income-generating stock. Thirty years ago, he bet big on a company that still produces a shocking amount of income...

Buffett Makes It Look Easy – and It Is!

In 1988, Berkshire was a much smaller company. It was valued at less than $5 billion. Today, it has a market valuation of more than $500 billion.

Buffett, a boyish 59 years old in '88, made an investment that truly exemplifies his investing skill, temperament and patience better than any other trade he has made.

In 1988, Buffett poured more than $1 billion into shares of **Coca-Cola** (NYSE: KO). Given that $1 billion was almost one-quarter of Berkshire's entire market valuation, this was a huge move.

And it was transformational for Buffett in many ways.

Prior to this trade, Buffett had focused almost exclusively on classic deep value stocks. Buffett would buy when a stock was clearly cheap on traditional valuation metrics and then sell once that stock became fairly valued.

But his interest in Coca-Cola was different...

This time, Buffett wasn't interested in the company's cheap price tag – he was interested in its business. The stock itself was trading at a valuation of 10 to 14 times earnings. That isn't an expensive valuation multiple, but it clearly isn't dirt cheap either.

This Coke move wasn't deep value... It was growth at a very reasonable price.

(Deep value investing is what Buffett's mentor, Benjamin Graham, had taught him years before, and it had worked out very well.)

With Coke, Buffett was buying a company that had built a powerful brand name. With all the money in the world, a competitor could not dislodge Coca-Cola. It had staying power.

The strength of this brand also gave Coca-Cola the ability to steadily grow revenues by increasing prices. That meant predictable growth.

Plus, Buffett saw that Coca-Cola was just starting to tap into revenue growth internationally.

Buffett could see Coke driving earnings higher for years to come. He knew that this long run of earnings growth would also drive up the company's stock price and dividend.

A True "Forever Stock"

Buffett's investment in Coca-Cola shows that you don't have to be a math whiz or have a high IQ to build wealth with stocks. He just found a great company trading for a reasonable price, bought shares and held them.

And he is still holding them.

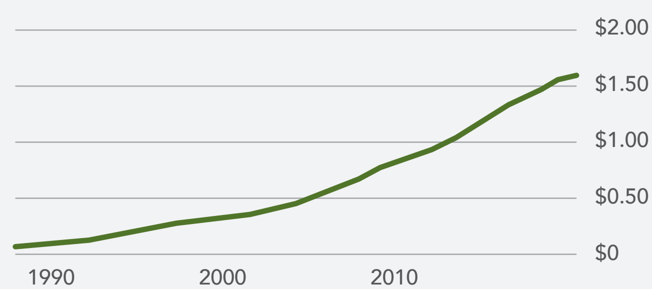
Over the years, Buffett added a little bit to his initial $1 billion Coca-Cola investment, but not much. At the current stock price, his position is worth $20.4 billion to Berkshire Hathaway.

That is a pretty nice little $19 billion capital gain on the original $1.3 billion investment.

But the capital gain is only half the story. There is also the income that these shares have generated for Buffett and Berkshire.

In 1988, when Buffett originally bought shares, Coca-Cola's annual dividend was $0.075 per share. Last year, the annual dividend reached $1.60 per share.

Coca-Cola's Rising Annual Dividend



Source: YCharts

This business's growing earnings stream has allowed it to also steadily grow its dividend for 58 straight years. By the time Buffett bought Coke, he saw a future with 30-plus years of steady growth.

And those increases really add up.

Berkshire has received more than $7 billion in total dividends from Coca-Cola. That means the dividends alone have amounted to almost seven times Buffett's initial investment.

Last year alone, Berkshire received $640 million in dividends from this investment. That equates to more than a 50% yield on the money that Berkshire initially put into these shares.

The lesson for income investors like us is simple...

Find great dividend-paying companies with brand staying power and business growth in front of them. The shares of these companies don't have to be dirt cheap, just reasonably valued.

Then, make your investments, sit back, relax and watch your annual dividend income streams just keep growing and growing.

It is never too late to start. Buffett didn't buy Coca-Cola until he was 59 years old, and he has still enjoyed three decades of dividend growth with more to come. ■

MARC'S BOND INSIGHTS

A 4.6% Yield to Maturity With a "Hidden" Asset

We've Been Patient, but Now Is the Time to Pounce

Marc Lichtenfeld • Chief Income Strategist

Our world is one of 10-second attention spans.

My parents used to get their news from one of two sources: the newspaper or the nightly news broadcast. They weren't constantly overwhelmed with what was happening every second of the day.

Today, we get a torrent of information that never stops. COVID-19, riots, fires, impeachments – there is always something to worry about.

If we do have a few moments of peace, we quickly ruin it by picking up our phones. I'm as guilty of that as anyone.

We have lost the ability to be patient and wait.

In recent months, I've been fighting the urge to "do something" in the Fixed Income Portfolio.

I wanted a bond that offered a great return and carried a very small amount of risk. I wanted the best of both worlds – and that's not easy to find in this low interest rate environment.

I looked at hundreds of bonds and waited for just the right time.

And this month, it paid off...

I've found a gem of a company sitting on a hidden asset that makes buying its bonds a no-brainer.

A Blue Chip Gem for Your Fixed Income Portfolio

Newmark Group's (CUSIP 65158nab8) November 15, 2023, bonds currently offer a 4.6% yield to maturity.

That is a steal. Its yield is extremely attractive in this near-zero interest rate world.

What's more, the company has an off-the-balance-sheet asset...

A surface-level look at Newmark's balance sheet shows that the company is sitting on $306 million in cash and $953 million in long-term debt.

That would mean the company carries a "net debt" of $647 million (calculated by subtracting total cash from total long-term debt).

That $647 million figure is fine. Newmark generates plenty of cash flow to handle its net debt.

What the balance sheet doesn't show, however, is that Newmark also has the right to receive 8 million common shares of the publicly traded **Nasdaq** (Nasdaq: NDAQ) company.

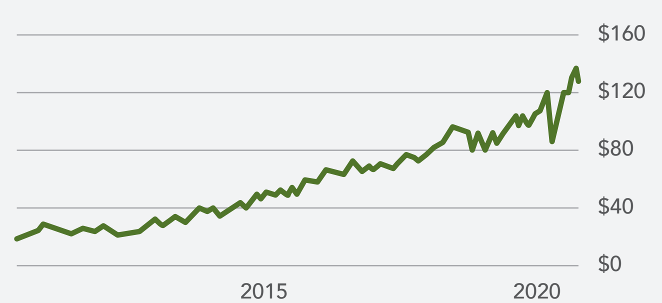
Those shares will be distributed to Newmark over the next eight years with 100% certainty.

Newmark earned these shares in 2013 when it sold its eSpeed electronic trading platform to Nasdaq for $750 million in cash plus 14.9 million Nasdaq shares to be paid evenly over 15 years.

So far, Newmark has received 6.9 million Nasdaq shares. There are another 8 million to come.

With Nasdaq currently trading around $125, those 8 million shares are worth about $1 billion. None of that $1 billion value is reflected on Newmark's current balance sheet. That is a very big asset to be so well hidden. Given that markets tend to go up, the actual value of these shares could turn out to be more than Nasdaq's current share price.

Nasdaq's Share Price



Source: YCharts

This "secret" asset could easily be worth more than $1 billion to Newmark over time. These shares alone more than cover the company's entire $647 million of net debt.

That makes this 4.6% yield to maturity the best value in the bond market today. It took a lot of patience to find it, but it was well worth the effort.

Newmark's Underlying Business

Newmark Group, which also operates under the name Newmark Knight Frank, is one of the world's largest full-service commercial real estate firms. Its roots date all the way back to 1929.

Current CEO Barry Gosin bought the business in 1979 and built it from a company with a New York City-only focus to the thriving national enterprise it is today.

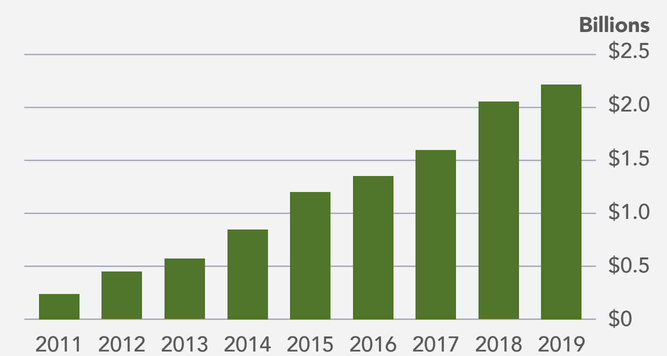
Newmark offers everything that a commercial real estate owner needs. Key services include...

- Property management
- Loan servicing
- Valuation and advisory
- Workplace and occupancy strategy
- Facilities management
- Mortgage banking
- Capital markets transactions.

It is a commercial real estate one-stop shop.

And over the long term, Newmark has a terrific growth story. From 2011 through the end of 2019, revenues increased tenfold.

Newmark's Revenues



Source: Newmark investor presentation

Some of that growth has been organic, and some of it has come through acquisition.

Commercial real estate transactions were virtually nonexistent during the second quarter of the year due to COVID-19, but as with all other businesses, those difficulties could prove to be just a blip on Newmark's long-term performance.

Consider this: Newmark's cash flow was cut in half from $111 million during the first six months of 2019 to $46 million in the first six months of 2020.

But even in the worst hit to the economy in decades, Newmark's business was still profitable. That is all we need as bondholders.

Now the commercial real estate market is thawing. Opportunistic investors have moved in to take advantage of bargains that the pandemic has opened up...

So Newmark's third quarter numbers are going to look a lot better than its numbers from the second quarter.

With interest rates at historically low levels, commercial real estate servicing will be an active place to operate in the coming years as the recovery unfolds.

With Newmark's solid underlying business and $1 billion hidden asset providing added security, these bonds belong in your portfolio. It took patience to find them – and now is the time to act.

Action to Take: *Buy the **Newmark Group** (CUSIP 65158nab8) November 15, 2023, 6.125% coupon bonds for $105 ($1,050 per bond) or lower, and add them to the Fixed Income Portfolio. At the current price, you will lock in an annualized yield to maturity of 4.6%. The bond is rated BB+.* ■

SNAPSHOT

A Better Home for Your Investment Dollars

Why Investors Should Think Carefully Before Diving Into This Real Estate Boom

Kristin Orman • Research Director

Every day, my news feed is filled with new statistics about the housing market.

Existing home sales are going up, up, up! New home prices are skyrocketing! Single-family home supply is low! Buy now before it's too late!

My family may be part of the trend. After spending the first three months of the pandemic quarantined in our townhome, we realized that we'd outgrown our space.

We needed a home office and, more importantly, a big yard for our daughter and our dogs to play in.

There were multiple offers on the home we bought, but ours was the "biggest and best."

When it came time to sell our old home, we found ourselves on the other side of the equation. We had six offers on our house after it spent just one weekend on the market. Two of them were above our asking price.

It's no secret that housing is one of the bright spots in today's struggling economy. Average listing prices were up 10.1% year over year in August. The average listing price of a home is now $350,000. But real estate hasn't been the best-performing investment over the past year... not by a long shot.

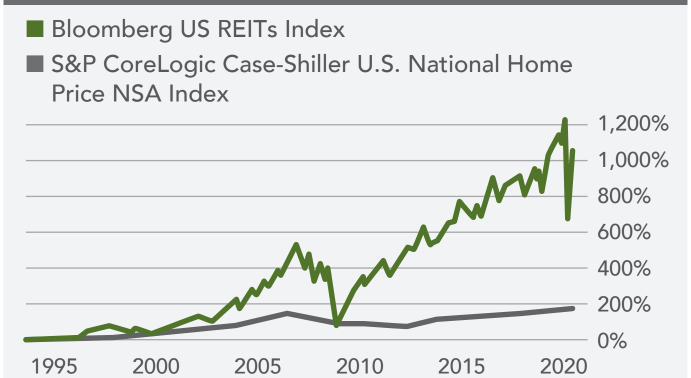
If you're thinking about buying into the real estate boom to build wealth, you'll want to consider an alternative way to profit from the trend.

Even with March's COVID-19 panic-induced crash, the S&P 500 returned 22% between August 2019 and August 2020. And as this month's snapshot shows, publicly traded real estate represented by real estate investment trusts (REITs) outperforms housing over the long haul too.

When comparing the Bloomberg US REITs Index's total return with that of the S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index, REITs beat out homes by a long shot.

Since December 31, 1993, the Bloomberg US REITs Index has beaten out the Case-Shiller U.S. National Home Price NSA Index by a massive 782%!

REITs Trounce Real Estate



Source: Bloomberg LP

The Case-Shiller index is up 181%, while the Bloomberg US REITs Index has gained 964% during the same time period.

As an investment, REITs have delivered nearly nine times the returns of homeownership.

It shouldn't surprise any income investor to discover that dividends are responsible for all of the Bloomberg US REITs Index's outperformance.

On a price change basis, the Bloomberg US REITs Index actually *underperformed* the Case-Shiller index.

There are many different types of REITs, including ones that focus on apartments, office buildings, malls, retail spaces, hotels, mortgages, mobile homes and other kinds of spaces.

We currently have two REITs in *The Oxford Income Letter*'s portfolios: **American Campus Communities** (NYSE: ACC), which owns student housing buildings, and **Digital Realty Trust** (NYSE: DLR), which operates data centers.

American Campus Communities is still rated "Buy."

Unlike REITs, houses aren't always liquid. If demand dries up, you could be stuck holding on to a home you don't want.

Of course, there are bargains to be had in any market. And if you're in the market for a new place to call home, you shouldn't give up on finding it.

We ended up purchasing a foreclosure that needed a little work, but I'm confident we didn't overpay.

In fact, it was appraised for $15,000 higher than what we paid... before we started our work.

But if you're looking to create wealth, you may want to look outside of your home to see that dividends are where it's at.

Whether you collect them or reinvest them, dividends make an enormous difference when it comes to building wealth.

And while stocks pay dividends... houses don't.

Best of all, stocks don't have pool pumps that die and need replacing just a few days after you move in... ■

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. Marc, I hope you are right about the Metropolitan Transportation Authority (CUSIP 59259ytt6) bonds.

I don't own any because New York City Mayor Bill de Blasio and his Democratic administration are incompetent, and their socialist philosophy makes it doubtful they would give a hoot about bondholders if the Metropolitan Transportation Authority (MTA) bond defaulted. – Anonymous

A. Last month, I wrote an article for *Wealthy Retirement* in which I mentioned how much I love New York City. I grew up in the New York suburbs and lived in Manhattan after college.

It's easily my favorite city in the world.

So it pains me to see what Mayor de Blasio has done to my beloved New York. That said, let's rein in the rhetoric.

I know getting into politics is a bad idea in this space, but the name calling, the blame game and the misinformation in this election cycle churn my stomach.

Let's all vote for whoever we think will best lead our country into the future and get us out of the current mess. And hope that both sides can work together – otherwise things will never improve.

Now on to our Metropolitan Transportation Authority November 15, 2024, 5% coupon bond...

First of all, Mayor de Blasio does not control the MTA. There are 17 board members. Four are nominated by the mayor, and six are nominated by the governor, who also appoints the chairman.

County executives from seven suburban counties each get one nomination. So de Blasio's cronies have only 24% of the vote.

Furthermore, I have a hard time believing that the MTA's board will allow the bond to default, considering it routinely raises money in the bond market. A default would all but ensure it will have a very difficult time raising capital in the future.

No doubt, the MTA needs help. With ridership way down, it is appealing for billions of dollars in aid from the federal government.

The last thing any president wants is for New York to come to a grinding halt because of a lack of transportation when it is ready to open for business. And make no mistake about it, without public transportation, New Yorkers can't get to work.

Lastly, the market hardly thinks the MTA is not going to pay back bondholders. The bond still trades above par, a sure sign of confidence.

Q. Dear Marc,

In July, you recommended Broadcom (Nasdaq: AVGO) for the Compound Income Portfolio. I'm currently holding this portfolio, but I did not purchase Broadcom.

I hesitated because I noticed that the price-to-earnings (P/E) ratio was very high. In a recent *Oxford Income Mailbag*, I noticed you mentioned that the P/E ratio of Broadcom based on 2020's expected earnings is below 17.

Fidelity, Google and Yahoo all show the P/E ratio at about 67. However, when I do the math based on the actual earnings for the first three quarters of 2020 and the estimated earnings for the fourth quarter, the P/E ratio is indeed just below 17.

Can you please explain to me why there is this discrepancy? I'm disappointed that I did not purchase earlier since the price of Broadcom has increased by about 15% since you made the recommendation.

Thank you. – Jeff

A. I believe the issue is that you're not comparing the same sets of numbers. Many companies, including Broadcom, report both generally accepted accounting principles (GAAP) and non-GAAP earnings.

Often, non-GAAP results exclude expenses related to acquisitions, as these one-time events don't accurately portray the performance of the company's business.

This is another reason I focus on cash flow. If money went out the door, it's counted in cash flow.

The prior 12 months' GAAP earnings equaled \$6.46, which gives us a P/E ratio of 58 based on where Broadcom is trading as I write this.

For the full year 2020, the non-GAAP estimate is \$22.03, which puts the P/E ratio below 17.

Broadcom acquired Symantec in 2019, which created lots of one-time expenses. That is likely why there is such a large difference between GAAP and non-GAAP results.

Q. Some of your recommended stocks have grades of "C," "D" and "F" in *SafetyNet Pro*. Should we ignore this?

For example, in the September issue of *The Oxford Income Letter*, you recommended Rio Tinto (NYSE: RIO). Today in *SafetyNet Pro*, it earns a grade of "F."

MARC'S MAILBAG *continued...*

Can you please explain how reliable the information is in *SafetyNet Pro*? – Teresa C.

A. I get this question a lot.

SafetyNet Pro runs a quantitative model to assess dividend safety. Each company's story is different, and there will be reasons a dividend may be safer than it appears. Often, a company is coming off a lousy year (which is why the stock is down and the yield is attractive). However, because of an expectation for a rebound, the cash flows should be enough to pay the dividend.

SafetyNet Pro takes estimates into account, but it relies more on past data than expectations.

It is also a conservative program by nature. I'd rather it err on the side of caution than suggest a dividend is safe when it may not be. ■

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
Discover Financial Services	25472cau3	7/7/20	$97.29	4.01%	3.5000%	6/15/26	BBB-	Buy
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**	**Sell**
Newmark Group	**65158nab8**	**10/6/20**	**New**	**4.57%**	**6.1250%**	**11/15/23**	**BB+**	**Buy**
Plains All American	72650rbl5	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
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	$109.52	3.03%	5.00%	11/15/24	BBB+	Buy

The Compound Income Portfolio

Dividend reinvestment for tomorrow.

Avg. Yield on Rec. Price: **6.46%** Projected Annual Dividend Growth: **8.00%**
Avg. Yield on Curr. Price: **5.58%** Dividends Raised Annually for an Avg. of **14.3 Years**

Company/Ticker	Rec. Date	Rec. Price	Current Price	Current Yield	Rating	Total Return	Suggested Account Type*
AbbVie (NYSE: ABBV)	Jan-16	$57.21	$87.28	5.41%	Buy	86.72%	Tax-deferred
American Campus Communities (NYSE: ACC) ***REIT***	Sep-18	$42.70	$35.04	5.37%	Buy	-10.25%	Tax-deferred
AT&T (NYSE: T)	Feb-14	$32.08	$28.38	7.33%	Buy	27.23%	Tax-deferred
BCE Inc. (NYSE: BCE)	Nov-13	$43.66	$41.89	6.03%	Buy	32.59%	Tax-deferred
Broadcom (Nasdaq: AVGO)	Jul-20	$313.12	$367.30	3.54%	Buy	17.30%	Tax-deferred
Chevron (NYSE: CVX)	Nov-14	$117.80	$73.93	6.98%	Buy	-19.57%	Tax-deferred
Cisco Systems (Nasdaq: CSCO)	Dec-16	$29.33	$39.13	3.68%	Hold	49.54%	Tax-deferred
Digital Realty Trust Inc. (NYSE: DLR) ***REIT***	Jan-14	$49.47	$145.94	3.07%	Hold	283.09%	Tax-deferred
Eaton Corp. (NYSE: ETN)	Oct-15	$51.40	$102.34	2.85%	Hold	136.37%	Taxable
Enbridge (NYSE: ENB)	Apr-19	$36.77	$30.08	8.07%	Buy	-9.72%	Taxable/ Tax-deferred
Enterprise Products Partners (NYSE: EPD) ***MLP***	Apr-20	$14.90	$16.02	11.11%	Buy	12.81%	Taxable
Lazard (NYSE: LAZ)	Jan-17	$40.70	$32.01	5.87%	Buy	-1.79%	Tax-deferred
NextEra Energy Partners (NYSE: NEP) ***Yieldco***	Mar-19	$44.62	$58.36	3.96%	Buy	38.97%	Taxable
Northwest Bancshares (Nasdaq: NWBI)	Jul-15	$12.73	$9.39	8.09%	Hold	-6.91%	Tax-deferred
Oneok (NYSE: OKE)**	**Feb-18**	**$56.42**	**$24.65**	**14.38%**	**Sell**	**-48.57%**	**Taxable**
Prudential Financial (NYSE: PRU)	Jun-19	$98.76	$64.03	6.87%	Buy	-29.96%	Tax-deferred
Raytheon Technologies (NYSE: RTX)	May-13	$49.93	$58.89	3.23%	Hold	213.77%	Tax-deferred
Sumitomo Mitsui Financial Group (NYSE: SMFG)	Jan-20	$7.33	$5.84	6.35%	Buy	-17.73%	Taxable
Texas Instruments (Nasdaq: TXN)	Apr-13	$34.15	$141.94	2.54%	Hold	408.04%	Tax-deferred

The Instant Income Portfolio
Income for today.

Avg. Yield on Rec. Price: **6.72%** Projected Annual Dividend Growth: **8.80%**
Avg. Yield on Curr. Price: **5.04%** Dividends Raised Annually for an Avg. of **12.2 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	$87.28	$2.36	5.41%	Buy	$75.62	12.29%	Tax-deferred
Digital Realty Trust Inc. (NYSE: DLR) ***REIT***	Jan-14	$49.47	$145.94	$25.68	3.07%	Hold	$120.83	246.92%	Tax-deferred
Enterprise Products Partners (NYSE: EPD) *MLP***	**Apr-20**	**$14.90**	**$16.66**	**$0.89**	**11.11%**	**Sell**	**$16.73**	**17.79%**	**Taxable**
Lazard (NYSE: LAZ)	May-20	$24.80	$32.01	$0.47	5.87%	Buy	$25.95	30.97%	Tax-deferred
NextEra Energy Partners (NYSE: NEP) ***Yieldco***	May-20	$49.35	$58.36	$0.58	3.96%	Buy	$47.66	19.43%	Taxable
Prudential Financial (NYSE: PRU)	Aug-20	$69.21	$64.03	$1.10	6.87%	Buy	$52.94	-5.90%	Tax-deferred

The Retirement Catch-Up/High Yield Portfolio
Emphasis on current high yields.

Avg. Yield on Rec. Price: **7.36%**
Avg. Yield on Curr. Price: **6.91%**

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	$15.90	$14.11	$0.80	11.34%	Buy	$11.93	-6.23%	Tax-deferred
Fortress Transportation and Infrastructure (NYSE: FTAI)	**Oct-20**	**New**	**$16.53**	**$0.00**	**7.70%**	**Buy**	**New**	**New**	**Taxable**
GlaxoSmithKline (NYSE: GSK)	May-20	$42.21	$37.86	$0.97	5.19%	Buy	$32.06	-8.02%	Tax-deferred
Rio Tinto (NYSE: RIO)	Sep-20	$60.87	$60.49	$0.00	5.12%	Buy	$49.07	-0.62%	Tax-deferred
The Chemours Compay (NYSE: CC)	Aug-20	$20.89	$20.43	$0.25	4.89%	Buy	$16.75	-1.01%	Tax-deferred

Prices as of 9/28/2020. 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 closing 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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