

The OXFORD INCOME *Letter*

CREATING INCOME FOR TODAY, WEALTH FOR TOMORROW | ISSUE 46, JANUARY 2017

ANNUAL FORECAST ISSUE

The Sector Nobody Loves And Why You Should Absolutely Love It in 2017

by Marc Lichtenfeld, Chief Income Strategist, The Oxford Club

Dear Member,

“Why aren’t we doing that?” my wife chided.

We were at a cocktail party and had just heard some blowhard bragging about how he made \$35,000 in a matter of weeks flipping a property. It was December 2005... the height of the housing market.

He wasn’t the only one. It seemed half the guests were flipping houses – mortgaged up to their necks – with two, three and four properties.

I reminded my wife that we knew how those stories would end...

We lived in San Francisco during the late '90s dot-com bubble. We knew people who claimed they were going to retire “in a few years” (in their early 30s) because they owned shares of their dot-com company’s stock.

You know how those stories ended. Not one of them retired early.

And many of the guests at the party in 2005 went bust when they were overleveraged. Several got divorced as a result. They all fell victim to extreme sentiment.

Nearly everyone thought the money tree would never stop blooming. And they were completely caught off guard when it did, because the echo chamber in the media and at parties had confirmed their beliefs.

I told my wife that if we were going to buy a property, it would have to be in a market that had not seen the explosive growth that had already occurred in many parts of the country.



MARC LICHTENFELD

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The other caveat was that it wouldn't be a property to flip. It would be a cash flow-positive rental property.

If it couldn't generate cash flow, I wasn't interested.

So we found a condo in North Carolina. We got a fair price because that market hadn't exploded.

It's appreciated some, and I love that someone else is paying down the mortgage. More importantly, it's generated cash every month over the past 10 years.

I have the same approach to stocks.

Bullish or Foolish?

At no point since 2009 has investor sentiment been as important as it will be in 2017. And if you get swept up in the excitement along with everyone else, you could have your head handed to you like the party guests in 2005.

Or you could miss out on huge gains if sentiment is overwhelmingly negative on the market, certain sectors or individual stocks.

For example, in early 2009, investor sentiment (as measured by the American Association of Individual Investors' Sentiment Survey) was even less bullish than the low reading in early 2003, right near the bottom of the dot-com collapse.

The low reading in 2009 correlated perfectly with the market bottom of the Great Recession. If you had used the extreme negative sentiment reading as a catalyst to buy, you could have made tons of money.

When sentiment is at an extreme (in the market, a sector or a stock), it usually pays to go in the opposite direction.

Right now, for example, there's so much bullishness due to Trump's election and his pro-growth policies that investors have bid some stocks higher than a college kid in Colorado.

Industrial stocks, in particular, spiked in anticipation of growing profits due to lower taxes and stimulus spending. **Caterpillar** (NYSE: CAT), a \$55 billion behemoth, soared 21% between November 2 and December 7.

The stock now trades with a price-to-earnings ratio of more than 87. This isn't a tech company with an amazing new gadget coming out next year. This is Caterpillar. It makes bulldozers.

No doubt if Donald Trump's stimulus plans become a reality, Caterpillar will benefit. But trading at 87 times earnings? Come on.

The Dow Jones Industrial Average put in more than a year's performance between November 4 and December 13, rising 11.1%. Since 1976, the average *annual* gain of the index is 9.2%.

People are excited. They're putting their money where their mouths are and buying stocks.

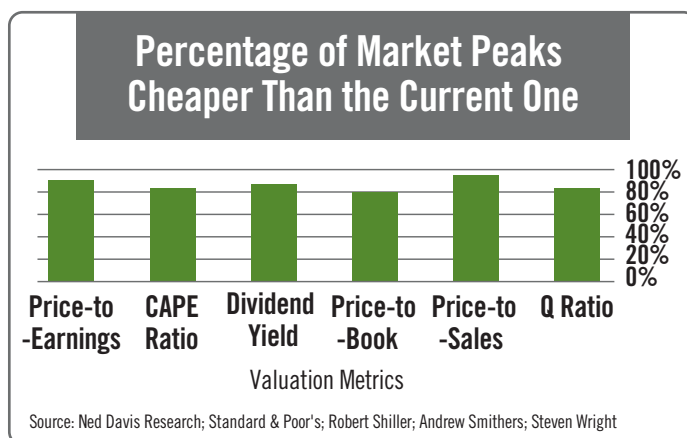
It's hard to find a bear out there (except the usual permabears who recommend buying nothing but gold). In the media and on Wall Street, everyone is bullish.

Barron's recently polled investment strategists. While many were bearish (and wrong) in September, every single one of the strategists polled is now bullish.

The options market is giving us further signals of extreme sentiment. Call buying volume, which is indicative of bullish speculation, is at about the highest levels ever recorded. Calls are trading at premiums to puts, which is unusual.

It means investors are paying higher prices to participate in upside than they are to protect their portfolios. Among my industry contacts, it's the same story.

One investment professional who's been around a while told me, "This is the most bullish I've been in 40 years." And valuations reflect the near-unanimous bullish sentiment.



Based on six common valuation metrics, including price-to-earnings, price-to-sales and price-to-book, the market is valued higher than it was in 80% to 95% of all market tops since 1900.

The S&P 500 is trading at more than 21 times trailing 12-month earnings. Its historical average is 16.4 times.

High prices and valuations lead to bullish sentiment, which leads to higher prices and valuations in a cheerful circle of bullishness. But this type of super-strong sentiment doesn't last forever...

Just remember the old saying "*A bull market is like sex. It feels best just before it ends.*" Right now it feels pretty darn good – and that's making me wary.

This is our annual forecast issue, and I'm making a bold prediction for the year ahead. I expect the market to go *lower* in 2017. But there will be many opportunities to make money if you buy stocks that are not participating in the market lovefest.

It's easy to point at certain sectors, such as industrials, that will benefit from Trump's pro-growth policies. Many of them took off the moment the election results were announced and haven't quit since.

The bargains are hard to find in the typical Trump Bump companies. But those are what we're going to focus on this year.

It's one of the great benefits of dividend investing. In a frothy market, to get solid yields, you have to buy cheap stocks.

Throughout the year, I'll be looking at various sectors for great companies paying big dividends. But two areas have my interest right now: healthcare and financials.

I'll go into financials more on Page 6 with this month's recommendation. Right now, let's talk healthcare.

The Easiest Place to Make Money

America is getting grayer. More than 10,000 people a day turn 65 in what is a demographic tidal wave.

And the older we get, the greater our need for medicine,

medical devices and healthcare services.

The healthcare sector has not yet participated in the Trump rally. Drug and biotech stocks have been stifled by both Hillary's and Donald's threats to do something about high drug prices.

But the drug industry supports 4.4 million jobs and adds \$1.2 trillion in economic output per year. Since Trump is all about jobs, he's not going to want to mess with those kinds of numbers too much.

Yet the healthcare sector trades like Trump is going to replace Obamacare with the Cuban healthcare system where there are no profits in medicine.

But there are reasons to be optimistic. We will likely see more drugs get FDA approval in 2017 and 2018 than in previous years.

The 21st Century Cures Act, which was just signed into law, lowers the bar for the FDA to greenlight new medicines. As a result, drugs will hit the market faster, and drug and biotech companies will have a higher success rate.

Biotech stocks are trading at a ridiculously low 13 times next year's earnings. Large pharmaceutical companies are at just 14 times and pay an average dividend yield of 3.6%.

With the exception of hospitals and managed care facilities, all healthcare sectors underperformed the market in 2016.

I like to buy beaten-up stocks with strong yields. No one likes healthcare right now. They're too scared. And that means it's precisely the *right* time to buy.

Healthcare is cheap and unloved, and many stocks have solid dividend yields. Even better, these companies generate plenty of cash flow to raise their dividends in the coming years.

I'll be adding some strong healthcare dividend payers in 2017. Stay tuned. ■

Note: I'm hosting The Oxford Club's first-ever live "presidential briefing" this Thursday, January 19 – the evening before Donald Trump's inauguration – to discuss the massive profit potential I've uncovered in three key sectors for his first 100 days in office. I'd like you to attend.

I won't be covering the same old industrial stocks and infrastructure plays everyone else is talking about. Instead, I'm going to reveal a sequence of "Lightning Strike" events, occurring in the next three months, that could make investors very wealthy. [Click here to RSVP.](#)

The Bond Market's Best Income Opportunity in 2017

by Steve McDonald, Bond Strategist, The Oxford Club

It's the new year, and that means it's time for my 2017 bond market predictions.

The whole world has been calling for a sell-off in Treasuries for the last six years, and it is *finally* happening.

Since the election, the yield on the 10-year Treasury has run up from 1.8% to around 2.6%. That's a 44% increase.

That kind of move in bonds is unheard of.

Look for even more selling this year in Treasuries, which will mean lower prices and higher yields on government bonds, notes and bills.

I'm more confident in this call than any other I've *ever* made because the rotation function in bonds is finally working properly.

This mechanical aspect of Treasuries – the rotation between “flight to safety” (institutional investors moving money out of stocks and into Treasuries) and “flight to risk” (institutional investors buying stocks and selling Treasuries) – hasn't worked properly for eight years.

Bond and stock prices have both been going up at the same time. That's not supposed to happen.

Since the election, the Treasury market has righted itself. The “flight to risk” function is now operating normally. As stocks have moved up in value, Treasury bonds have fallen. And as stocks continue to move up (which I think will be the case through all of 2017), money will continue to move out of Treasuries.

This “flight to risk” should drive the 10-year Treasury yield to the 3% to 4% range in 2017, maybe even higher.

If you've been longing to get some money into government-guaranteed investments but have been put off by the ridiculously low yields, this may be the year to start buying.

A Big Inflation Bump

Of course, no prediction piece about bonds would be complete without commenting on what I expect from

the Federal Reserve.

I think the Fed will respond to higher inflation caused by the improving fundamentals of our economy by raising interest rates as many as four times this year.

Trump's pro-growth proposals, such as tax reform, deregulation and infrastructure spending, will deliver a sizable growth spurt that will finally drive inflation up. And it is *inflation* that drives interest rates, not politics or jobs reports.

Investors should expect inflation to increase to the 3% area this year. And if certain corporate tax changes are as big as expected, 4% is not out of the question.

I'll talk about bonds that would benefit from tax policy changes in a minute, but first, my thoughts on tax-free municipal bonds...

When rates move up, munis track Treasuries almost point for point. So I expect some long overdue selling in municipal bonds, too. There's been some selling since the election, but I'm certain there's a lot more to come.

In the '90s, I was buying tax-free AAA rated munis that were paying 6% and 7% at par. Not *taxable equivalent* yields of 6% and 7%... 6% and 7% tax-free yields! And rates back then weren't considered unreasonably high. In fact, many of my clients balked at the thought of buying them, thinking the crazy rates of the '80s would return.

In today's market, those same bonds are paying less than 1%. That's how high muni prices have gone – and how far they have to fall.

In this case, too, it'll be the rate increases (driven by inflation due to growth) that will drive selling.

If tax-free income investors can be patient a little longer, there will be much better muni payouts available in late 2017. For significantly higher yields, you may have to wait until 2018, but they're coming.



STEVE MCDONALD

Profit From the Sell-Off

Corporate bonds, on the other hand, will follow fundamentals (as they always do), not interest rates.

Since the election rally started, my *Oxford Bond Advantage* portfolio has seen rising prices driven by buying. But thanks to its focus on corporate bonds, we haven't seen any of the selling that's gone on in the rest of the bond market.

And this is exactly how the corporate market is *supposed* to work. Corporate bonds are tied directly to the underlying fundamentals of the companies that issue them, not to interest rates.

So as long as a company grows, its balance sheets should improve – and corporate bond prices should follow.

This is especially true of energy- and oil-related services companies. I expect bonds in these industries to have a *huge* year in 2017.

Right now, they're paying yields of 7% to 12%. As oil continues to run up in price, and as the fundamentals of these companies improve, these bonds will show significant capital appreciation.

In fact, I expect to see total returns of 20% to 30% on bonds issued by oil drillers and oil services companies.

So if you're looking to add investment-grade or high-yield bonds to your portfolio, you will see upside in the corporate bond market this year.

In fact, Trump's proposed changes to the corporate tax rate and the repatriation tax could deposit so much cash on the balance sheets of U.S. corporations (cash and cash flow are two of the key elements in corporate bond pricing and ratings) that we see another big rally across

the board in corporates this year.

The Potential for Shock Waves

However, there's one note of caution you must consider for all bonds (this year and every year): If the Fed goes beyond what has become its norm of 0.25% increases, we could see a shock to all bond prices.

The market doesn't like surprises, and this would be a *big* one with significant shock value.

But, as we saw in March 2016, once the pros see bargains in the corporate market, they buy. This bargain buying last spring drove most corporate bond prices above where they were before the sell-off. And they've continued to move up from there.

So, if Treasury and muni buyers are patient this year, we'll have lower prices and much higher yields in both of these bonds. These will eventually be buyers' markets.

It may take until 2018 to get "slap in the face" prices (prices so low they're like a wake-up slap in the face), but they're coming. In the meantime, corporate bonds, like the investment-grade bonds I recommend in our Blue Chip Bond Portfolio, will follow the fundamentals of their issuing companies, and that makes them a buy *now*!

And if the reductions in the corporate and repatriation tax rates have the effects on companies' balance sheets that I expect, we will have a sizable rally.

That's it for this year. As I said, I'm more certain of these bond market predictions than any others I've issued during my 35 years in the market.

Barring any surprise announcements from the Fed, 2017 should shape up to be a great year for bond buyers. ■

The Blue Chip Bond Portfolio

Conservative fixed income for the future.

Bond	CUSIP	Rec Date	Rec Price	YTM	Coupon	Maturity	S&P Rating	Rating
Ford Motor Credit Company	34540tmp4	Sep-2016	100.58	3.37%	3.45%	6/20/26	BBB	Buy
Mosaic	61945cac7	Dec-2016	101.65	3.95%	4.25%	11/15/23	BBB	Buy
Nasdaq Inc.	631103ag3	Aug-2016	102.74	3.44%	3.85%	6/30/26	BBB	Buy
Wells Fargo & Co.	94986re80	Nov-2016	100.19	2.98%	3.00%	2/19/31	A	Buy

A Defensive Play With a 6.6% and Growing Yield

by Marc Lichtenfeld, Chief Income Strategist, The Oxford Club

A friend of mine is a bankruptcy attorney. He lives in a big house in an expensive neighborhood, goes on nice vacations and lives the good life.

I once asked him about the cyclical nature of his business. He said, “When times are good, it’s good. When times are bad, it’s better.”

In other words, there’s demand for his services regardless of whether the economy is strong or weak (though more so when it’s weak).

I like the idea of a company that has shown it can thrive regardless of market conditions, the state of the economy or who is in the White House.

In fact, there’s a company that pays a 6.6% yield, raises its dividend every year and has been thriving since James Polk was president.

Lazard (NYSE: LAZ) is an asset manager and an investment bank that’s been around since 1848. It operates in 42 cities within 27 countries.

Lazard is widely considered the top boutique investment bank. It even generates more investment banking revenue than some of its larger peers.

I especially like that Lazard’s investment banking business is considered one of the best when it comes to advising companies on restructuring – something businesses usually do when times get tough.

Lazard has advised on more than 500 restructurings over the past 10 years. The aggregate value of those deals is more than \$1 trillion.

The company also has a strong mergers and acquisitions business.

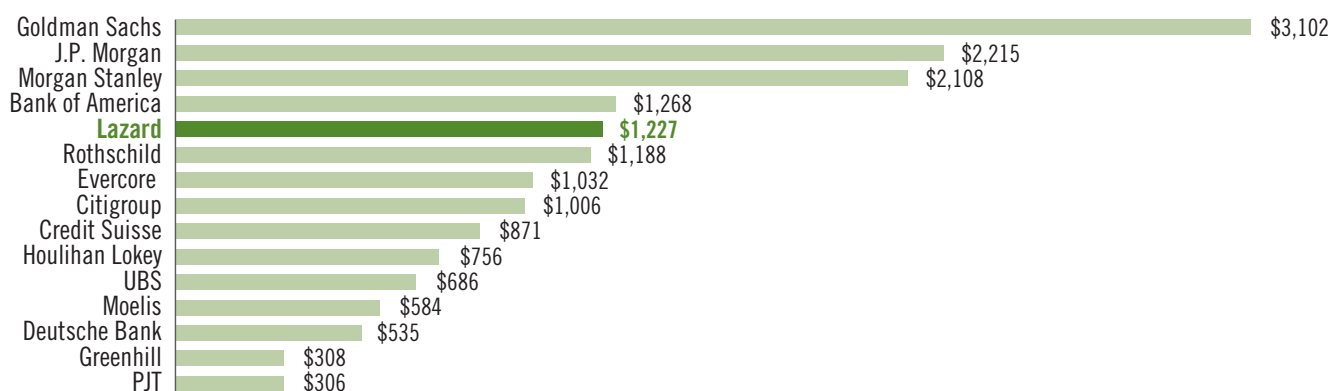
It’s worked on some of the biggest and most noteworthy transactions of the past few years, including Starwood Hotels’ merger with **Marriott** (Nasdaq: MAR), EMC Corp.’s merger with Dell, and Anheuser-Busch InBev’s acquisition of SABMiller.

Asset Management

Lazard has been in the asset management business since 1953. It has \$205 billion under management. Lazard operates 33 mutual funds and two closed-end funds, and offers alternative investments.

And while there were massive outflows of cash from the asset management industry over the last several years,

Advisory Revenue During the Last 12 Months



Note: Dollar Amounts in Millions

Source: Lazard

Lazard was one of the few that saw significant *inflows*. Just take a look at the chart at the bottom of the page.

This illustrates Lazard's ability to attract assets even when the rest of the industry is struggling.

A Big and Rising Dividend

Lazard has raised its dividend every year since 2011. It currently pays \$0.38 per share quarterly, which comes out to \$1.52 per year.

That gives us a yield of 3.7%. That's not bad considering the company has boosted its dividend by an average of 19% per year.

But that's just its regular dividend...

In four of the past five years, the company has also paid a special dividend. And for the past two years, it's been a big one.

In February of 2015, shareholders received \$1 per share. Last February, the special dividend was \$1.20.

There are no guarantees regarding special dividends, but if the company simply maintains its special and regular dividends at current levels, it will give us a yield of 6.6%.

Management has stated it is committed to growing the dividend. I expect another increase to the regular payout in April.

It also raised its special dividend in 2016, 2015 and 2013, so it's quite possible we'll get a hike this February.

A Couple of Tax Notes

Lazard is technically a partnership, so you'll receive a K-1 statement, not a 1099-DIV. But unlike most companies that issue K-1s, its dividend is *not* a return of capital. It's treated as a true dividend.

Lazard is domiciled in Bermuda. However, Bermuda does not withhold taxes, so there is no foreign tax credit. Even though Lazard is a foreign partnership, keep in mind that it *can* be placed in retirement accounts.

We usually place foreign stocks and partnerships in non-retirement accounts to maximize tax efficiency. But in this case, we don't have to.

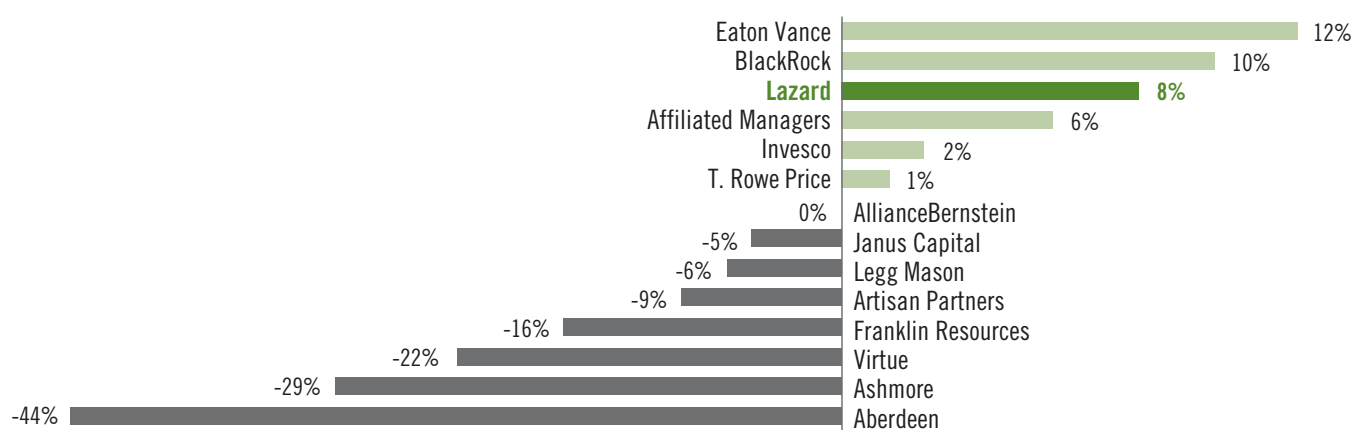
Lazard's diversified business will allow it to pay you a big dividend regardless of whether the economy booms or busts, and in bull and bear markets.

And you can expect that dividend to increase year after year.

Lazard is a great little investment bank that beats the pants off many of Wall Street's larger banks. And there's nothing better than getting paid while putting a whupping on some of Wall Street's giants.

Action to Take: Buy **Lazard** (NYSE: LAZ) at the market, and add it to the Instant Income Portfolio and Compound Income Portfolio. Place a trailing stop 25% below your entry point in the Instant Income Portfolio. ■

Inflows and Outflows 2014-2016 Q3



Source: Lazard

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 and Steve can answer your general strategy and service questions, but they cannot give personalized advice. As always, feel free to send us your questions at mailbag@oxfordclub.com.

Q: Marc, thank you for your sage advice. Do you think we need to worry about **Omega Healthcare Investors** (NYSE: OHI) getting so much of its business from the government? Could a change in Medicare or Medicaid rules cause a sudden large drop in income, or is that unlikely?

P.S. Your book, [Get Rich With Dividends](#), gives me confidence in dividend investing even during turbulence. Thanks.

— Wayne

A: First, a technicality — Omega Healthcare Investors doesn't get business from the government. It's a landlord to assisted living facilities operators.

Omega's tenants get a large percentage of their business from Medicare and Medicaid, but Omega doesn't get paid directly by the feds.

Yes, it's a concern. Particularly with our Republican Congress suddenly talking about drastic changes to Medicare.

However, there's always lots of chatter on Capitol Hill that sounds good in a news bite or headline but doesn't amount to much.

At this point, I'm not too worried. It's estimated that one-third of all baby boomers will need to stay in an assisted living facility at some point in their lives. Someone has to pay for it.

I don't expect all those 80- and 90-year-old baby boomers to move in with their kids if there's a change to the reimbursement system.

Q: What would you recommend if you got a lot of Treasury bonds?

— Anonymous

It's impossible to recommend anything because I don't know what else you have (and if I did, any advice would be considered personal advice, which I'm not allowed to give).

What I can say is that nearly all bonds will decline in value as interest rates rise. However, if you plan on owning them to maturity, you'll be fine. Your bonds will be paid in full no matter where their values go in the interim.

Q: I have a question concerning the **Eaton Vance Tax-Managed Global Diversified Equity Income Fund** (NYSE: EXG) in light of Mr. Trump's victory and all of the reforms that he is going to implement. Is it positive for the fund?

— Joseph M.

A: If Trump enacts the pro-growth strategies he's proposed, that will be positive for the economy as well as for most stocks.

The Eaton Vance fund should do fine in a Trump-fueled bull market.

But remember, we're in the fund because of its defensive abilities. It sells covered calls, so when the market stalls or slips, the income from the covered calls should help it outperform the market.

If I'm right in my prediction that 2017 won't be as easy a year as many people expect, the Eaton Vance fund should be one of our portfolios' shining stars.

Q: I have a question about closed-end fund expenses. The Eaton Vance fund has an expense ratio of 1.07%, and the **Calamos Convertible Opportunities and Income Fund** (Nasdaq: CHI) has an expense ratio of 1.84%. Do these

expenses affect our returns? If so, how? Or should we focus only on the high yield and ignore the annual expenses?

Another question. Why is **New Mountain Finance Corp.** (NYSE: NMFC) now a “Hold” instead of a “Buy”? What’s changed?

— JC

A:

Great questions.

Annual expenses most definitely affect returns. Here’s an example showing how...

If a fund has \$100 million in assets, has 10 million shares outstanding and trades at the net asset value (NAV), its price will be \$10 per share.

Let’s say it generates a 10% return on its invest-

ments during the year, increasing its assets to \$110 million. That would mean the fund’s NAV is \$11 per share.

However, the fund’s expense ratio is 1.5%. That means that 1.5% of the \$110 million was used to pay salaries and keep the lights on at the office.

Since 1.5% of \$110 million is \$1.65 million, that reduces the total assets to \$108.35 million, dropping the NAV down to \$10.83.

Expenses are always a consideration when looking at closed-end or mutual funds.

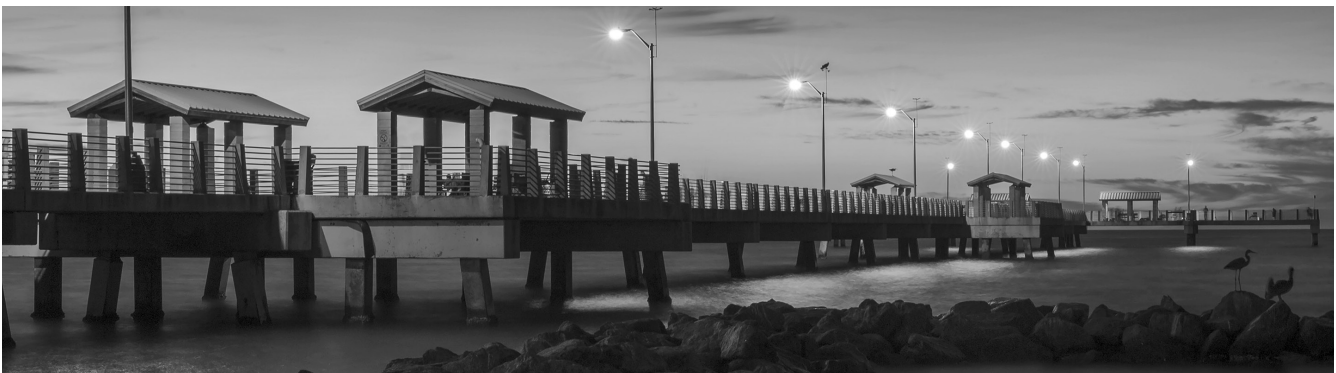
As for New Mountain Finance Corp., I still love the company. However, the stock price is above its NAV. I would prefer new subscribers wait and buy it either at a discount or at the NAV. ■

“There Will Be Many Opportunities to Make Money in 2017 – If You Buy Stocks That Aren’t Participating in the Market Lovefest” — Marc Lichtenfeld

When biotech companies create new cures for life-threatening diseases and grueling chronic health conditions, you can score life-changing profits. Investors gained more than 5,000% on Questcor Pharmaceuticals in the last decade. And Medivation’s stock has soared more than 11,000% since 2006. And thanks to a new bill that’s just passed, Marc expects even bigger wins for biotech stocks, big and small.

He’ll be revealing the strongest players in the game at The Oxford Club’s 19th Annual Investment U Conference this March 15-18 at the Vinoy Renaissance Resort & Golf Club in St. Petersburg, Florida. And you’re invited.

For details [click here](#) now.

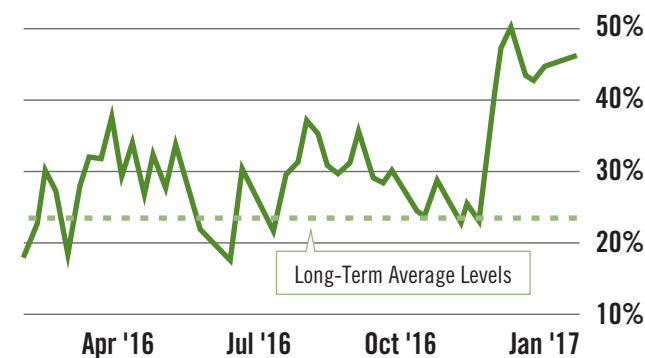


Marc's Monthly Income Snapshot

Portfolio News and Highlights

- Chevron** (NYSE: CVX) is one of the "Dogs of the Dow" in 2017. Dogs of the Dow are the 10 highest-yielding stocks in the Dow Jones Industrial Average. Historically, the Dogs have outperformed the broad market.
- Raytheon** (NYSE: RTN) finished 2016 with a bang, securing \$1 billion in contracts during the final week of the year. The contracts are for missiles and missile defense systems.
- In December, the Baker Hughes rig count (the number of oil and gas rigs working in the fields) rose to its highest level in a year. That should be good news for **Helmerich & Payne** (NYSE: HP). We'll find out for sure on January 26 when the company reports fiscal first quarter results.

U.S. Investor Bullish Sentiment



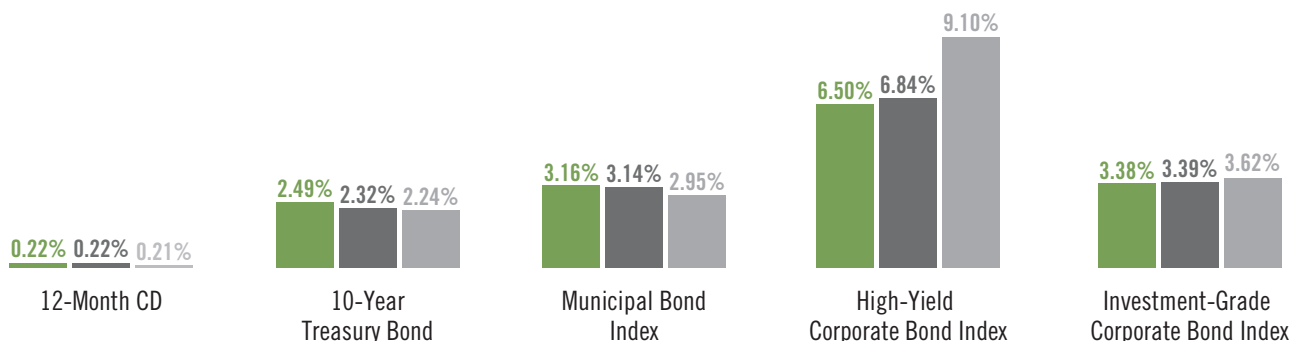
Source: American Association of Individual Investors

Investor optimism is at an extreme. In fact, it's nearly double what it was a year ago, according to an early January survey by the American Association of Individual Investors. Bullishness surged on the heels of the election. Not surprisingly, bearish sentiment is below average levels.

Compare today's yields on popular income investments with last month's and last year's. Concern about rising interest rates and potential tax policy changes has driven yields up for munis and Treasurys. However, corporate bonds, both investment-grade and high-yield, still present the best opportunity for value in light of Trump's pro-business, pro-growth policies.

Oxford Income Rate Monitor

■ = Current ■ = Last Month ■ = This Time Last Year



The Compound Income Portfolio

Dividend reinvestment for tomorrow.

Avg. Yield on Rec. Price: **5.24%** Projected Annual Dividend Growth: **10.0%**
Avg. Yield on Curr. Price: **4.44%** Dividends Raised Annually for an Avg. of **11.7 Years**

Company/Ticker	Rec Date	Rec Price	Current Price	Current Yield	Rating	Trailing Stop	Total Gains	Suggested Account Type*
AbbVie (NYSE: ABBV)	Jan-2016	\$57.21	\$64.07	4.0%	Buy	None	16.2%	Tax-deferred
AT&T (NYSE: T)	Feb-2014	\$32.08	\$40.81	4.8%	Buy	None	46.8%	Tax-deferred
BCE Inc. (NYSE: BCE)	Nov-2013	\$43.66	\$43.83	4.7%	Buy	None	18.5%	Taxable
B&G Foods (NYSE: BGS)	May-2016	\$41.84	\$43.25	4.3%	Buy for \$43 or less.	None	5.2%	Tax-deferred
Brookfield Infrastructure Partners (NYSE: BIP) <i>MLP</i>	Apr-2013	\$25.20	\$34.08	4.6%	Buy	None	63.2%	Taxable
Chevron (NYSE: CVX)	Nov-2014	\$117.87	\$114.96	3.8%	Buy for \$125 or less.	None	7.6%	Tax-deferred
Cisco Systems (Nasdaq: CSCO)	Dec-2016	\$29.33	\$30.38	3.4%	Buy	None	3.6%	Tax-deferred
Covanta (NYSE: CVA)	Aug-2014	\$20.65	\$15.85	6.3%	Hold	None	-11.9%	Tax-deferred
Darden Restaurants (NYSE: DRI)	Aug-2013	\$49.05	\$72.25	3.1%	Hold	None	66.5%	Tax-deferred
Digital Realty Trust (NYSE: DLR) <i>REIT</i>	Jan-2014	\$49.47	\$102.36	3.4%	Buy	None	135.8%	Tax-deferred
Eaton Corp. (NYSE: ETN)	Oct-2015	\$51.40	\$67.21	3.4%	Buy	None	36.8%	Taxable
Four Corners Property Trust (NYSE: FCPT)#	Nov-2015	\$19.25	\$20.65	4.7%	Hold	None	66.0%	Tax-deferred
Gap Inc. (NYSE: GPS)	Jul-2016	\$22.64	\$23.91	3.8%	Buy for \$23.50 or less.	None	6.5%	Tax-deferred
Helmerich & Payne (NYSE: HP)	Oct-2016	\$69.06	\$78.84	3.6%	Buy	None	15.2%	Tax-deferred
Lazard (NYSE: LAZ)	Jan-2017	New	New	6.6%	Buy	None	New	Taxable
LyondellBasell (NYSE: LYB)	Nov-2016	\$79.93	\$86.88	3.9%	Buy	None	9.7%	Tax-deferred
Mattel Inc. (Nasdaq: MAT)	Jul-2014	\$39.56	\$29.91	5.1%	Buy for \$44 or less.	None	-13.7%	Tax-deferred
Meredith Corp. (NYSE: MDP)	Feb-2016	\$43.27	\$58.05	3.4%	Buy	None	39.5%	Tax-deferred
Northwest Bancshares (Nasdaq: NWBI)	Jul-2015	\$12.73	\$18.06	3.3%	Hold	None	50.9%	Tax-deferred
Omega Healthcare Investors (NYSE: OHI) <i>REIT</i>	Sep-2013	\$28.37	\$32.00	7.6%	Buy	None	38.3%	Tax-deferred
Raytheon Co. (NYSE: RTN)	May-2013	\$61.66	\$146.61	2.0%	Hold	None	156.9%	Tax-deferred
STAG Industrial Inc. (NYSE: STAG) <i>REIT</i>	May-2015	\$21.66	\$23.80	5.9%	Buy for \$24.50 or less.	None	22.4%	Taxable
Texas Instruments (Nasdaq: TXN)	Apr-2013	\$34.15	\$74.60	2.7%	Hold	None	141.5%	Tax-deferred
Williams Partners L.P. (NYSE: WPZ) <i>MLP</i>	Apr-2013	\$59.15	\$38.62	8.8%	Buy	None	-13.2%	Taxable
W. P. Carey (NYSE: WPC) <i>REIT</i>	May-2014	\$61.89	\$60.66	6.5%	Buy	None	13.8%	Tax-deferred

The Instant Income Portfolio

Income for today.

Avg. Yield on Rec. Price: **5.63%** Projected Annual Dividend Growth: **10.8% Avg.**
Avg. Yield on Curr. Price: **4.20%** Dividends Raised Annually for an Avg. of **15.1 Years**

Company/Ticker	Rec Date	Rec Price	Current Price	Dividends Collected	Current Yield	Rating	Trailing Stop	Total Gains	Suggested Account Type*
AbbVie (NYSE: ABBV)	Jan-2016	\$57.21	\$64.07	\$2.28	4.0%	Buy	\$50.08	16.0%	Tax-deferred
Digital Realty Trust (NYSE: DLR) <i>REIT</i>	Jan-2014	\$49.47	\$102.36	\$10.24	3.4%	Buy	\$82.55	127.6%	Tax-deferred
Helmerich & Payne (NYSE: HP)	Oct-2016	\$69.06	\$78.84	\$0.70	3.6%	Buy	\$62.60	15.2%	Tax-deferred
Lazard (NYSE: LAZ)	Jan-2017	New	New	\$0.00	6.6%	Buy	25% TS	New	Taxable
Meredith Corp. (NYSE: MDP)	Feb-2016	\$43.27	\$58.05	\$1.98	3.4%	Buy	\$44.96	38.7%	Tax-deferred
Nippon Telegraph and Telephone Corp. (NYSE: NTT) <i>ADR</i>	Apr-2013	\$21.59	\$43.89	\$3.49	2.4%	Hold	\$36.48	119.5%	Taxable
Raytheon Co. (NYSE: RTN)	May-2013	\$61.66	\$146.61	\$9.01	2.0%	Hold	\$112.33	152.4%	Tax-deferred
Williams Partners L.P. (NYSE: WPZ) <i>MLP</i>	Dec-2016	\$35.59	\$38.62	\$0.00	8.8%	Buy	\$29.48	8.5%	Taxable
W. P. Carey (NYSE: WPC) <i>REIT</i>	May-2014	\$61.89	\$60.66	\$10.55	6.5%	Buy	\$52.95	15.1%	Tax-deferred

The Retirement Catch-Up/High Yield Portfolio

Emphasis on current high yields.

Avg. Yield on Rec. Price: **9.27%** Avg. Yield on Curr. Price: **9.70%**

Company/Ticker	Rec Date	Rec Price	Current Price	Dividends Collected	Current Yield	Rating	Trailing Stop	Total Gains	Suggested Account Type*
Annaly Capital Management (NYSE: NLY) <i>REIT</i>	Jun-2016	\$10.78	\$10.17	\$0.90	11.8%	Buy for \$11.60 or less.	\$7.99	2.7%	Tax-deferred
Calamos Convertible Opportunities and Income Fund (Nasdaq: CHI)	Aug-2016	\$10.44	\$10.50	\$0.48	10.9%	Buy for \$10.85 or less.	\$7.89	5.1%	Tax-deferred
Crown Castle International (NYSE: CCI)	Sep-2015	\$80.80	\$84.36	\$5.31	4.5%	Buy	\$75.36	11.0%	Tax-deferred
Eaton Vance Tax-Managed Global Diversified Equity Income Fund (NYSE: EXG)	Oct-2013	\$9.56	\$8.14	\$3.17	12.0%	Buy	\$6.49	18.3%	Taxable
New Mountain Finance Corp. (NYSE: NMFC)	Jun-2014	\$14.46	\$14.50	\$3.86	9.4%	Hold	\$10.91	27.0%	Tax-deferred

Prices as of 1/10/2017. Trailing stops are adjusted to reflect dividends collected. # Spinoff from Darden Restaurants. ADR – American Depositary Receipt. MLP – Master Limited Partnership. REIT – Real Estate Investment Trust.

*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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