THE OXFORD INCOME *Letter*

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A 5.3% Tax-Advantaged Yield Is Just What the Doctor Ordered

Marc Lichtenfeld • Chief Income Strategist • The Oxford Club

Me (on August 10): "I'd like to make an appointment with the doctor." Receptionist: "The first available is September 14."

Fortunately, the appointment wasn't for anything urgent – just some handsome-reduction surgery. (I keep trying not to be so darn good-looking, but it won't take.)

But even if it *was* urgent, I would have been out of luck. Because it seems like everyone I know can't get an appointment with any doctor for weeks. It doesn't matter whether they're young or old, or whether it's for a minor checkup or an emergency.

Of course, that's good news for doctors and their practices. And it's great news for their landlords, who will have no trouble collecting the rent. But it's even better news for us as investors, because there's a simple way we can benefit as doctor's offices continue to operate at maximum capacity...

We're going to invest in medical real estate by adding a healthcare real estate investment trust (REIT) to our High Yield Portfolio.

Now, I have long believed that owning real estate is an important component of building wealth. I am currently an investor in two apartment complexes and have owned individual rental properties in the past. I love the strong cash flows that real estate pays out. I am all about passive income, and real estate provides it.

Many people who'd like to invest in real estate don't want to deal with hounding occupants for rent each month or deal with a hoarder (like I had to). But these tenant-wary investors can still participate in the sector by owning REITs.

The great thing about REITs is you can own pieces of large portfolios in a variety of property types.

The Real Estate Issue

MEET THE EXPERTS

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

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We have several REITs in *The Oxford Income Letter* portfolios. For instance, I've recommended **American Campus Communities** (NYSE: ACC), which owns and manages student housing properties across the United States. We also have **Digital Realty Trust** (NYSE: DLR), which owns server farms – warehouses where giant corporations rent space to host their computer servers – all over the world.

Today, I'm adding a REIT that specializes in real estate that houses medical offices and buildings. **Global Medical REIT** (NYSE: GMRE) is based in Bethesda, Maryland, and owns more than 155 buildings across 33 states.

It focuses on bedroom communities in secondary markets. So you won't find its properties in Manhattan, but you will see one in Syracuse. There are none in Miami but two in Fort Myers.

Its tenants include...

- **Encompass Health** (NYSE: EHC) in four locations: Mesa, Arizona; Las Vegas; and Altoona and Mechanicsburg, Pennsylvania
- California Cancer Associates for Research and Excellence in San Marcos, California – the largest private full-service oncology and hematology practice in California
- Central Texas Rehabilitation Hospital in Austin, Texas.

Global Medical REIT's average tenant gets a rent increase every year. The average lease still has 7 1/2 years left on it. And there's not much space available, as Global Medical REIT has a 99.1% occupancy rate.

So business is strong and should remain so. Healthcare spending in the U.S. is forecast to grow 5.4% per year from 2019 to 2028, when it will hit $6.2 trillion and represent around 20% of the economy.

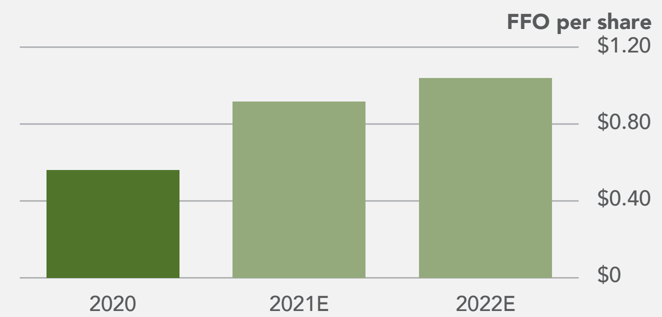
That's a lot of growth. But with such a high occupancy rate already, Global Medical REIT must add properties to its portfolio to grow strongly.

That's exactly what it's done. The company adds an average of 18 new properties per year, and it has grown its portfolio by 74% annually since it went public in 2016.

It is one of the most active acquisitors in the medical office space. And it has lowered its credit costs while doing so, paying a paltry 3.17% average interest rate on its loans.

As a result of owning more properties and being able to raise rents and lower costs, its funds from operations (FFO) per share, a measure of cash flow for REITs, are projected to grow 85% between 2020 and 2022.

Global Medical REIT's Funds From Operations Are Projected to Grow



Source: Global Medical REIT

A Big Tax-Advantaged Dividend

Global Medical REIT's goal is to pay shareholders 80% to 85% of FFO. The current dividend is $0.205 per share on a quarterly basis. Annually, that comes out to $0.82.

So the dividend is right in line with expectations for next year. Should FFO continue to grow in the future, look for the dividend to increase with it.

The dividend is a little unusual. Some of the dividend comes from profits on properties the company sells. That portion of the dividend is considered a return of capital and is not taxed like the rest of the dividend.

Instead, you pay no tax on it today and your cost basis is lowered by the same amount. Those of you who have invested in master limited partnerships should be familiar with this concept.

Essentially, if you received a $0.205 per share dividend and $0.10 was considered a return of capital, you would not pay tax on the $0.10. You'd pay tax only on the remaining $0.105. Then your cost basis would be lowered by $0.10, so that when you sold the stock, your capital gain would be higher.

What's complex is that investors never know what portion of their dividend will be considered a return of capital until they receive the tax forms from the company.

In 2020, 48% of Global Medical REIT's dividend was a return of capital. The year before, 76% was a return of capital. And in 2018, 87% was a tax-deferred return of capital.

It gets a little more complicated. The portion of the dividend that is taxable is taxed at your ordinary income tax rate, not the qualified dividend tax rate.

But wait, there's more... You can deduct 20% of the taxable dividend because many REITs qualify for something called Section 199A dividends, which is a 20% deduction for qualified business income.

Section 199A Dividends

Here's how Section 199A dividends work...

Let's say you collect $1,000 in dividends from Global Medical REIT and 50% of the dividend is a return of capital this year. (This is just an example. I don't know what percentage it will be.) So $500 is tax-deferred and lowers your cost basis by $500.

You now have $500 of taxable income, but you can deduct 20% of that, so now you'll be taxed on $400 of income at your ordinary income tax rate. If you're in the 32% tax bracket, you'll pay $128 in federal taxes.

The big variable in all of this is what percentage of the dividend will be a return of capital.

Because the dividend is partially tax-advantaged, I recommend holding the stock in a taxable account. The main reason is so it doesn't take up space that could be used by a less tax-efficient investment.

Lastly...

Global Medical REIT is a small cap stock with a market cap below $1 billion. The average healthcare REIT's market cap is $8.8 billion.

So even though Global Medical REIT is a big acquirer, it wouldn't shock me to see Global Medical REIT be bought by a larger company.

Additionally, the company's CEO, Jeffrey Busch, is a former assistant to the secretary of the U.S. Department of Housing and Urban Development and a former delegate to the United Nations in Geneva. So it's safe to say he has some well-placed connections.

I love the space this company is in and how it's managed its business over the last several years. The company yields 5.3%, and the dividend is tax-advantaged and has the potential to grow considerably in the coming years.

Action to Take: *Buy **Global Medical REIT** (NYSE: GMRE) at the market, and add it to the High Yield Portfolio. Place a 25% trailing stop below your entry point.* ■

REAL ESTATE INVESTING

Make Market-Beating Returns – Come Hell or High Prices

Put a Feather in Your CAP!

Justin Ford • Pillar One Advisor

Note From Associate Publisher Rachel Gearhart: In this month's real estate-focused issue of *The Oxford Income Letter*, we're pleased to feature Justin Ford, president of Pax Properties, an Oxford Club Pillar One Advisor.

Pillar One Advisors are highly regarded industry experts that can help you on your investing journey.

Justin has more than a decade of experience in real estate markets across the country and has a stellar track record. Read on as he shares the signature strategy that has led to his success and still guides Pax Properties today.

Pax Properties is a diversified real estate company with apartment communities, award-winning hotels and triple-net investment properties primarily throughout the Southeast. Check out more information on Pax Properties here: paxproperties.com. Justin can be reached at justin@paxproperties.com.

The dollar is disintegrating faster than a cassette tape in an old *Mission: Impossible* TV show. But is the recent rise in prices a spike or the beginning of a long-term trend?

If you like the thrill of the chase, pick a horse.

If you invest for long-term wealth, pick a strategy. Specifically, take a disciplined approach to investing in real estate that can steadily grow your cash flow and equity – whether prices rise, fall or flatline.

I call my approach the CAP Strategy.

The essence of the CAP Strategy is that there are four primary ways to make money in real estate: cash flow, amortization, positive leverage and appreciation. The key is to realize you can control only the first three, which I call the CAP factors.

I've developed CAP over 19 years of buying, renovating and operating more than $130 million worth of income-producing properties.

Because of CAP, I have never been late on a mortgage payment nor failed to produce positive returns for investors – through booms, busts and a pandemic.

If you're uncertain about the future, CAP might be the strategy for you.

Betting on the Ponies With Money Borrowed From a Loan Shark… While Smoking Two Packs a Day

Most part-time real estate investors I've met were actually speculators but didn't know it.

Speculators bet on prices. Investors support businesses that must provide value to receive value. The CAP Strategy treats income-producing real estate like the business it is.

Real estate investors put roofs over people's heads; lease up units; fix the plumbing; protect their investments with insurance; pay salaries, payroll taxes and property taxes; and deal with difficult tenants and building officials.

And that's just Monday morning…

Do this well, and you have a good business.

Do it well while paying fundamentally sound prices, and you have the makings of a successful investment.

The crash of 2008 was a specific type of black swan event. Unlike the ongoing pandemic, which is happening *to* investors, the '08 crash happened *because of them*.

When thousands of investors, banks, businesses and institutions went belly-up in '08, it was almost entirely because they had been speculating on something over which they had no control – the future market prices of properties.

Leading up to the Great Recession, price chasers had pushed property prices so high that, by 2006 and 2007, they could no longer buy at prices that would support traditional fixed-rate mortgages.

So they went to teaser-rate loans with sharp rate hikes built in after the first year or two. They went to stated-income ("liar") loans.

They resorted to floating-rate loans and even took on negative amortization loans, in which you make your monthly payments on time, as agreed, yet your loan balance goes *up* month after month instead of going down.

They bet on another thing beyond their control: the future market price of borrowed money.

But it was more than just the madness of crowds. The mass delusion started from the top: the Fed, the National Association of Realtors, Fannie Mae and Freddie Mac, bestselling authors, and talk show pundits. The little guy just followed their drumbeat off a cliff.

The Keys to Bubble-Proof Real Estate Investing

That brings me back to my CAP Strategy, which argues that there are four ways to make money in the real estate market: cash flow, amortization, positive leverage and appreciation.

Appreciation is nice to have on your side. But since you have no control over it, it's dangerous when it forms the basis of your investment philosophy.

Instead, by focusing on the CAP factors – cash flow, amortization and positive leverage – you can consistently grow your equity and cash flow through all sorts of markets.

Here are two extreme stress tests to prove the *effectiveness* of the CAP Strategy...

Let's say that you put $250,000 down on a $1 million property. Even if market prices never go up in 30 years, your tenants have paid off the mortgage over that time. So your $250,000 has turned into $1 million. And that's after a nightmare market scenario.

But let's suppose your circumstances are even worse...

Let's say a meteor hit the Antarctic and humanity barely survives a zombie contagion. Now, after 30 years, property prices have gone down by 25% and your $1 million house is worth $750,000. Yet, with your $250,000 deposit, you've tripled your equity!

Now back to reality... Say, over 30 years, you get the long-term historical growth rate of real estate at about 4% to 5% a year. Now your $1 million property is worth around $4 million. And your $250,000 equity stake has *multiplied by a factor of 16*. And you've generated cash flow along the way...

That's the result real estate investors want. And it's possible in a "normal" market without crazy risks or speculations.

To see results like this, all you would have to do is remain disciplined by buying only properties at prices at which they offer cash flow (meaning the rental income could offset the costs) and using only fixed-rate, amortizing loans for long-term debt.

Then combine the two strategies – cash flow and amortization – to create positive leverage and meaningfully increase your return on equity without dramatically increasing your risk.

How to Profit From Today's Real Estate Market

Here's what my company, Pax Properties, and I are doing right now to continue to find value in an otherwise white-hot real estate market.

First of all, we're moving away from buying in the bubble markets of South Florida and other "hot" areas, like Dallas and Tampa, Florida.

We are shifting to markets that offer value and growth, as we did in '06 and '07. Using this strategy, in the last three months, we bought two apartment communities in Oklahoma City and Tulsa, Oklahoma, totaling 217 units, as well as a 78,540-square-foot shopping center on the Space Coast of Florida.

We're buying and renovating all three at combined costs 15% to 20% below replacement value, putting on long-term, fixed-rate amortizing debt and ending up with cash-on-cash yields of 8% to 9% after year one.

In addition, Pax Properties is picking up 3% to 4% a year on the growth of our equity just through amortization. These are double-digit returns *not counting any appreciation that may or may not occur*.

If the market continues to appreciate, it will turn good investments into great investments. But what matters most is that real estate investors continue to buy only according to the CAP factors and then execute diligently.

Do that, and you can do well – come inflation, deflation or a zombie apocalypse. ■

FIXED-RATE MORTGAGES

Banks Are Giving Away Money – Take It

How a Fixed-Rate Mortgage Can Help You Make the Most of Inflation

Marc Lichtenfeld • Chief Income Strategist

Years ago, banks would give away toasters when you opened an account. Today, they're practically giving away money. It's because interest rates are insanely low.

They've even gone negative in some European countries. And get this: Negative interest rates mean savers have to *pay* banks to hold their cash.

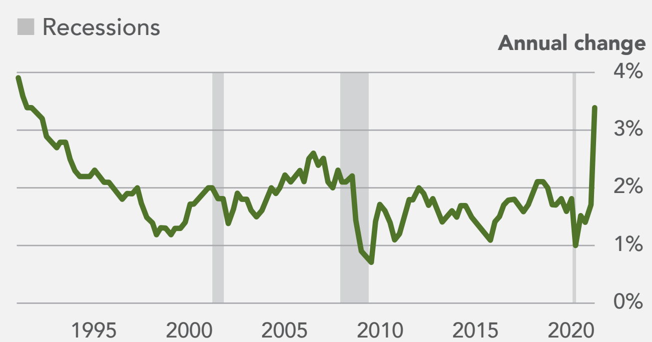
Thanks, but I'd rather bury my hoard in the backyard. In order to stimulate economies and financial markets, central banks the world over have created this low interest rate environment to discourage saving and encourage borrowing.

For savers, owning government bonds and deposit products of all kinds has never been *less* rewarding.

On the other hand, borrowing has never been less painful. But I believe we're on the cusp of an inflection point. Rates are soon going to start moving higher.

Virtually every inflation warning light is currently flashing red for the first time since the early 1980s.

Inflation in June and July Hit a 30-Year High
Personal consumption expenditures, excluding food and energy



Source: Federal Reserve Bank of St. Louis

In July, the consumer price index increased 5.4% from a year earlier.

This was the same rate of increase we saw in June, which was the highest rate of inflation since 1991 (excluding one month in 2008 when oil briefly hit $140 per barrel).

This inflation spike will only get hotter, as Congress is readying another $5 trillion worth of federal spending to add more fuel to the fire.

So much money has been poured into the system over the past 18 months that the risk of inflation is getting out of control. More inflation is coming, and interest rates must rise to cool it down.

That makes locking in a fixed-rate mortgage right now at the current rates of under 3% one of the fattest pitches you'll ever see...

How Inflation Can Become Your Newest Ally

A low mortgage rate combined with significant inflation is a recipe for success.

Inflation drives up the cost of goods and services. It also drives up the salary that you receive and the dividends and interest that companies pay.

You pay more for things, but you also earn more.

Meanwhile, for fixed-rate borrowers, inflation is a dependable friend.

Here's an example...

Imagine that you have $1 million in the bank today.

If we experience a 5% rate of inflation for one year, the purchasing power of your $1 million will decline to just $950,000.

If you borrow $1 million to buy property, you're paying back the loan with less valuable dollars each year.

Meanwhile, the salary you earn, as well as the dividends and rent you receive (if you choose to use the property for rental income), all theoretically increase by roughly the 5% rate of inflation, keeping your purchasing power constant.

And remember, a fixed-rate mortgage also means that the cost of that debt doesn't increase despite interest rates rising along with inflation.

For people with fixed-rate mortgages, a significant and sustained uptick in inflation and interest rates is going to be a positive thing because they're getting the benefit of the money today and it's worth less and less as they pay it back.

Turning the Tables

Additionally, a super-low interest rate mortgage is like getting free money from the bank that you can use to actually make money.

Here's what I mean... Let's say you can secure a 30-year fixed-rate mortgage at 2.9% (the current average).

Some people prefer to make extra payments and pay down their mortgage as soon as possible. However, at today's ridiculously low rates, I suggest you don't take that course of action.

If you invested that extra money and received the historical 8% average stock market return, after paying the interest on the loan, you'd likely net more than 2.5% (after taxes, when you consider the tax advantages of a mortgage).

Or you could borrow more than you really need to buy the house.

Let's say you have $200,000 saved to put down on a $500,000 home. You were planning on taking out a $300,000 mortgage.

Instead, you could put down $100,000 and take the extra $100,000 from the bank at 2.9% and invest it for the long term, where you should earn about 8% per year – generating a few extra thousand dollars in return annually with the bank's money.

If you were able to net $2,000 per year off that additional $100,000 you borrowed and earn 8% per year, you'd have an extra $35,608 after 10 years.

Usually, the bank makes money off *your* cash, but not in this case. You are making money off the bank and getting a tax credit on top of it.

Normally, I'm all about keeping your debt as low as possible. So if you use this strategy, be absolutely sure to have the cash flow to make the monthly payment.

If you can do that comfortably, it may make sense to borrow at the rock-bottom rate, invest it and avoid paying it off early. It's basically free money.

As a word of caution, I do *not* recommend borrowing money to trade or speculate.

But if you are borrowing funds below 3% and earning 8% to 10% total returns on your investments over the long term, including getting paid 4% annual yields, ***take the bank's money***.

Heck, even putting it into an index fund should have you come out way ahead over the long term.

If you can lock in a fixed-rate mortgage, now is the time to do it. ■

SNAPSHOT

The Truth About Telemedicine

Virtual Doctor Visits Increase Demand for These Specific REITs

Kristin Orman • Research Director

I'm a big fan of investing in what you know. I'm an even bigger fan of investing in what you use. About 18 months ago, I used telemedicine for the first time.

My daughter had been attacked by a swarm of hungry mosquitoes while we were out on one of our daily lockdown walks. She had bites the size of quarters on her arms and face.

Outside of wellness appointments for vaccinations, her pediatricians weren't seeing patients in the office. So telemedicine was my only option.

A 15-minute FaceTime with her pediatrician was all it took to reassure me that there was nothing really wrong and that a little cortisone cream would fix the problem.

It was a great experience, and I loved that it saved me time. There was no strapping my daughter into her car seat and rushing off to the office.

It's easy to understand why virtual health-related stocks, like **Teladoc Health** (NYSE: TDOC), skyrocketed in 2020.

The pandemic changed a lot about healthcare. Doctors and patients realized that physical visits aren't needed every time we need medical care.

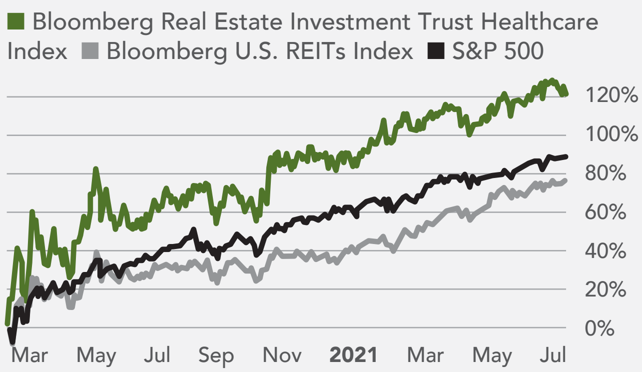
But the pandemic didn't eliminate the need or demand for physical medical offices and other healthcare-related facilities.

If anything, it has the potential to *increase* in-person demand as more and more patients with seemingly benign symptoms overwhelm doctors with unnecessary virtual appointments.

Investors have caught on and realized that virtual medical care goes hand in hand with in-person visits.

As this month's snapshot shows, healthcare real estate investment trusts (REITs) have outperformed the S&P 500 by more than 30% since the market's low on March 18, 2020.

REITs Have Outperformed the S&P 500 by 30% Since March 2020



Source: Bloomberg LP

Medical office REITs are the strongest type of healthcare REITs. These companies buy or develop buildings and lease the offices to healthcare-related companies.

Unlike retail and shopping REITs, healthcare REITs have tenants with serious financial strength. Many of the tenants are large healthcare systems with strong cash flows. Oftentimes, their cash flows are many times their rent.

That's one of the reasons Marc is recommending **Global Medical REIT** (NYSE: GMRE).

During the second quarter, 99% of its portfolio of medical office buildings was occupied. The company's rent coverage ratio was 4.4X.

The REIT has another thing going for investors too. Its dividend yield is 5.3%. That's nearly 1% higher than the average yield of the 17 members of the Bloomberg Real Estate Investment Trust Healthcare Index – and more than double the average 2% yield of the members of the S&P 500.

As the company continues to grow its revenues and cash flow through acquisitions, its dividend should continue to grow too. Telemedicine didn't kill the medical office building in 2020, and it won't reduce demand in the future.

The fact remains that telehealth is a poor substitute for many medical visits. Doctors and other medical professionals still need to see patients in person to properly diagnose them and perform necessary procedures.

Let's face it: There's no way that a doctor could've diagnosed my daughter's ear infection last June over a video call. Medical offices will remain in demand as our population continues to age and COVID-19 continues to rage. ■

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 have been investing in stocks since the early '80s. I have always used a dividend reinvestment plan, and it has worked very handsomely over the years. I have paid for all three of my kids' college expenses from investing in the stock market.

I have now been working with my 17-year-old grandson, teaching him the essentials of investing.

When I started investing in the '80s, I was able to buy 100 shares of, say, **Microsoft** (Nasdaq: MSFT), **Intel** (Nasdaq: INTC) or **The Home Depot** (NYSE: HD) for $30 to $50 apiece and pay only $3,000 to $5,000 in total.

It is difficult for young people to get started when a single share may cost $300 to $600.

The costs are crazy.

Why aren't any of these big companies splitting their shares? It would be a lot easier to buy 10 shares of a company and make my grandson feel that he is accomplishing something. So we have been looking for good, quality companies that trade at a low cost (less than $50 a share) and carry a reasonable dividend.

It has been a wonderful experience for both of us, and of course grandpa is helping with seed money. And my grandson has a little part-time job, so he also uses his own money. – Rich

A. I love this. You are not only giving your grandson the knowledge he needs, but also providing him with wonderful memories that he'll cherish.

And years from now, when (hopefully) he teaches his kids or grandkids, he'll tell them about the time he spent with you going over the same ideas. What a legacy!

You bring up an interesting point about companies not splitting their shares.

I don't know why they're not. Perhaps it's because share splitting doesn't really do anything for the company and requires paperwork, lawyers, etc. Perhaps these days it has become a badge of honor to have a high stock price.

It's important to remember that just because a stock is priced high, that doesn't mean you shouldn't buy it or that it's expensive. For example, **AbbVie** (NYSE: ABBV) trades at more than $100 per share but at less than 10 times this year's projected earnings, and it still has a 4.5% dividend yield. So don't get scared off by elevated stock prices if the stock is still a good value.

But I understand your point that a kid might not have enough to buy even a full share of a stock.

Fortunately, many brokers now allow you to buy fractional shares. Charles Schwab, Fidelity and Interactive Brokers are a few of the brokers where you can buy fractional shares of stock.

I get that it's more fun to own 20 shares of a $50 stock than one share of a $1,000 stock, but it's also more fun to watch the $1,000 stock move, since a 10% move in a $1,000 stock is a gain of $100 versus a $5 gain for the $50 stock.

And really, it's all the same. If the investment is worth $1,000 and pays a 5% yield, you receive $50 whether the stock price is $1,000 or $50.

So don't get hung up on the price of the stock as long as it's a good price to buy at.

Q. Hi, Marc. We are at the point of needing to set up a 401(k) to better our retirement.

How long can we leave our investments in the 401(k) so that the investment stays tax-free? Also, when the time eventually comes, where will we need to move money to have increased income on top of Social Security (which we couldn't live on alone)? Do we pay taxes as we take some money monthly? Or is there a legal way to avoid paying taxes for each withdrawal? Thanks. – Bob and Rose

A. To avoid any penalties, you must leave the money in your 401(k) until you're 59 1/2 years old, but you don't have to start taking any funds out until April 1 after you hit the age of 72. Once that happens, there is a required minimum distribution (RMD) each year.

The IRS provides a worksheet to figure out how much you need to withdraw each year – of course, that may change by the time you're ready to withdraw.

There's not much you can do to keep Uncle Sam's grubby hands off your money. The funds will be taxed at your ordinary income rate when you withdraw.

About the only thing you could do to avoid taxes on the withdrawal is to convert the funds to a Roth IRA beforehand. You'll pay tax on the funds when you convert but not on any subsequent withdrawals from the Roth.

MARC'S MAILBAG *continued...*

Anyone considering a Roth IRA conversion should definitely speak with a tax professional before doing so to be certain it makes sense. The last thing you want to do is pay more tax today than you'd pay in the future.

Q. I'm new to *The Oxford Income Letter*. I just finished reading Marc's book *Get Rich with Dividends*. In the book, Marc states he couldn't recommend any exchange-traded funds (ETFs) that specialize in Dividend Aristocrats. Several years have elapsed since he made that statement. I'm just wondering whether he could make any recommendations today. – Jay

A. Unfortunately, there are no dividend ETFs that consistently raise their dividends, including ones that invest in Perpetual Dividend Raisers.

For example, the **ProShares S&P 500 Dividend Aristocrats ETF** (CBOE: NOBL) invests in members of the S&P 500 that have raised their dividends every year for 25 years or more.

In 2016, the total dividend was $1.15 per share. In 2017, it slipped to $1.11. The dividend jumped to $1.44 in 2018 but was $1.43 in 2019.

Last year, the dividend increased to $1.70. This year, the first two payments have totaled $0.82, which comes out to $1.64 on an annualized basis.

Investors who want to be sure they get paid more money each year should stick with individual stocks.

ETFs and mutual funds just do not have a consistent track record of annual dividend raises. ■

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 †	46625hjw1	1/12/21	$108.53	5.50%	6.1250%	Perpetual	BBB-	Buy for $110 or lower
Plains All American	72650rbl5	12/12/17	$101.17	4.34%	4.5000%	12/15/26	BBB-	Hold
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: **6.63%** Projected Annual Dividend Growth: **8.20%**
Avg. Yield on Curr. Price: **4.41%** Dividends Raised Annually for an Avg. of **14.1 Years**

Company/Ticker	Rec. Date	Rec. Price	Current Price	Current Yield	Action	Total Return	Suggested Account Type*
AbbVie (NYSE: ABBV)	Jan-16	$57.21	$120.57	4.30%	Buy	170%	Tax-deferred
American Campus Communities (NYSE: ACC) ***REIT***	Sep-18	$42.70	$51.02	3.70%	Buy	36%	Tax-deferred
Arbor Realty Trust (NYSE: ABR) ***REIT***	Aug-21	$18.40	$18.19	7.70%	Buy	-1%	Tax-deferred
BCE Inc. (NYSE: BCE)	Nov-13	$43.66	$51.85	5.60%	Buy	74%	Tax-deferred
Broadcom (Nasdaq: AVGO)	Jul-20	$313.12	$498.89	2.90%	Hold	65%	Tax-deferred
Chevron (NYSE: CVX)	Nov-14	$117.80	$98.39	5.40%	Buy	10%	Tax-deferred
Cisco Systems (Nasdaq: CSCO)	Dec-16	$29.33	$59.13	2.50%	Hold	133%	Tax-deferred
Digital Realty Trust Inc. (NYSE: DLR) ***REIT***	Jan-14	$49.47	$162.42	2.90%	Hold	340%	Tax-deferred
Eaton Corp. (NYSE: ETN)	Oct-15	$51.40	$170.21	1.80%	Hold	302%	Taxable
Enbridge (NYSE: ENB)	Apr-19	$36.77	$39.53	6.70%	Buy	26%	Taxable/Tax-deferred
Enterprise Products Partners (NYSE: EPD) ***MLP***	Apr-20	$14.90	$22.26	8.10%	Buy	70%	Taxable
Lazard (NYSE: LAZ)	Jan-17	$40.70	$48.17	3.90%	Buy	52%	Taxable
New Jersey Resources Corporation (NYSE: NJR)	Nov-20	$33.25	$37.14	3.60%	Buy for $33.25 or lower	15%	Tax-deferred
NextEra Energy Partners (NYSE: NEP) ***Yieldco***	Mar-19	$44.62	$79.44	3.30%	Buy	96%	Taxable
Northwest Bancshares (Nasdaq: NWBI)	Jul-15	$12.73	$12.93	6.20%	Buy	36%	Tax-deferred
Prudential Financial (NYSE: PRU)	Jun-19	$98.76	$105.83	4.30%	Buy	20%	Tax-deferred
Raytheon Technologies (NYSE: RTX)	May-13	$49.93	$84.80	2.40%	Hold	279%	Tax-deferred
Sumitomo Mitsui Financial Group (NYSE: SMFG)	Jan-20	$7.33	$6.85	5.00%	Buy	-1%	Taxable
Texas Instruments (Nasdaq: TXN)	Apr-13	$34.15	$191.43	2.10%	Hold	601%	Tax-deferred
TFS Financial Corp. (Nasdaq: TFSL)	May-21	$20.01	$19.78	5.70%	Buy for $22 or lower	0%	Tax-deferred

The Instant Income Portfolio

Income for today.

Avg. Yield on Rec. Price: **7.47%** Projected Annual Dividend Growth: **9.50%**
Avg. Yield on Curr. Price: **5.18%** Dividends Raised Annually for an Avg. of **13.1 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	$120.57	4.30%	Buy	$90.30	60%	Tax-deferred
Arbor Realty Trust (NYSE: ABR) ***REIT***	Aug-21	$18.40	$18.19	7.70%	Buy	$14.03	1%	Tax-deferred
Chevron (NYSE: CVX)	Feb-21	$88.88	$98.39	5.40%	Buy	$83.67	14%	Tax-deferred
Digital Realty Trust Inc. (NYSE: DLR) ***REIT***	Jan-14	$49.47	$162.42	2.90%	Hold	$122.96	287%	Tax-deferred
Enbridge (NYSE: ENB)	Dec-20	$32.98	$39.53	6.70%	Buy	$30.59	26%	Taxable/Tax-deferred
Enterprise Products Partners (NYSE: EPD) ***MLP***	Nov-20	$17.93	$22.26	8.10%	Buy	$19.08	32%	Taxable
Lazard (NYSE: LAZ)	May-20	$24.80	$48.17	3.90%	Buy	$36.56	100%	Taxable
NextEra Energy Partners (NYSE: NEP) ***Yieldco***	May-20	$49.35	$79.44	3.30%	Hold	$63.84	67%	Taxable
Prudential Financial (NYSE: PRU)	Aug-20	$69.21	$105.83	4.30%	Buy	$81.38	61%	Tax-deferred

The High Yield Portfolio

Emphasis on current high yields.

Avg. Yield on Rec. Price: **8.77%**
Avg. Yield on Curr. Price: **5.68%**

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	$19.97	8.00%	Buy	$15.29	38%	Tax-deferred
BlackRock Resources & Commodities Strategy Trust (NYSE: BCX)	Jan-21	$8.12	$9.30	5.20%	Buy	$7.62	19%	Taxable/Tax-deferred
Dow Inc. (NYSE: DOW)	Apr-21	$64.53	$63.98	4.40%	Buy for $70 or lower	$53.18	1%	Tax-deferred
Fortress Transportation and Infrastructure (NYSE: FTAI)	Oct-20	$17.39	$27.51	4.80%	Buy for $19 or lower	$25.93	66%	Taxable
GlaxoSmithKline (NYSE: GSK)	May-20	$42.21	$40.91	5.20%	Buy for $50 or lower	$32.06	4%	Tax-deferred
Global Medical REIT (NYSE: GMRE) *REIT*	**Sep-21**	**New**	**$15.43**	**5.30%**	**Buy**	**New**	**New**	**Taxable**
KDDI Corp. (OTC: KDDIY)	Mar-21	$15.49	$15.43	3.50%	Buy for $16.25 or lower	$12.78	1%	Taxable
Rio Tinto (NYSE: RIO)	Sep-20	$60.87	$76.06	9.90%	Buy	$70.99	41%	Tax-deferred
Southern Copper Corp. (NYSE: SCCO)	Jun-21	$68.76	$63.04	5.70%	Buy for $93 or lower	$51.65	-7%	Taxable
The Chemours Company (NYSE: CC)	Aug-20	$20.89	$33.99	2.90%	Hold	$28.41	69%	Tax-deferred
Virtus InfraCap U.S. Preferred Stock ETF (NYSE: PFFA)	Jul-21	$25.21	$25.20	7.60%	Buy for $25.50 or lower	$19.07	1%	Tax-deferred

Prices as of 8/30/2021. Trailing stops are adjusted to reflect dividends collected. REIT – Real Estate Investment Trust. MLP – Master Limited Partnership. † – Floating-rate depositary shares of JPMorgan Chase preferred stock. ∆ – 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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