AAII - Houston
AGENDA 05-18-24

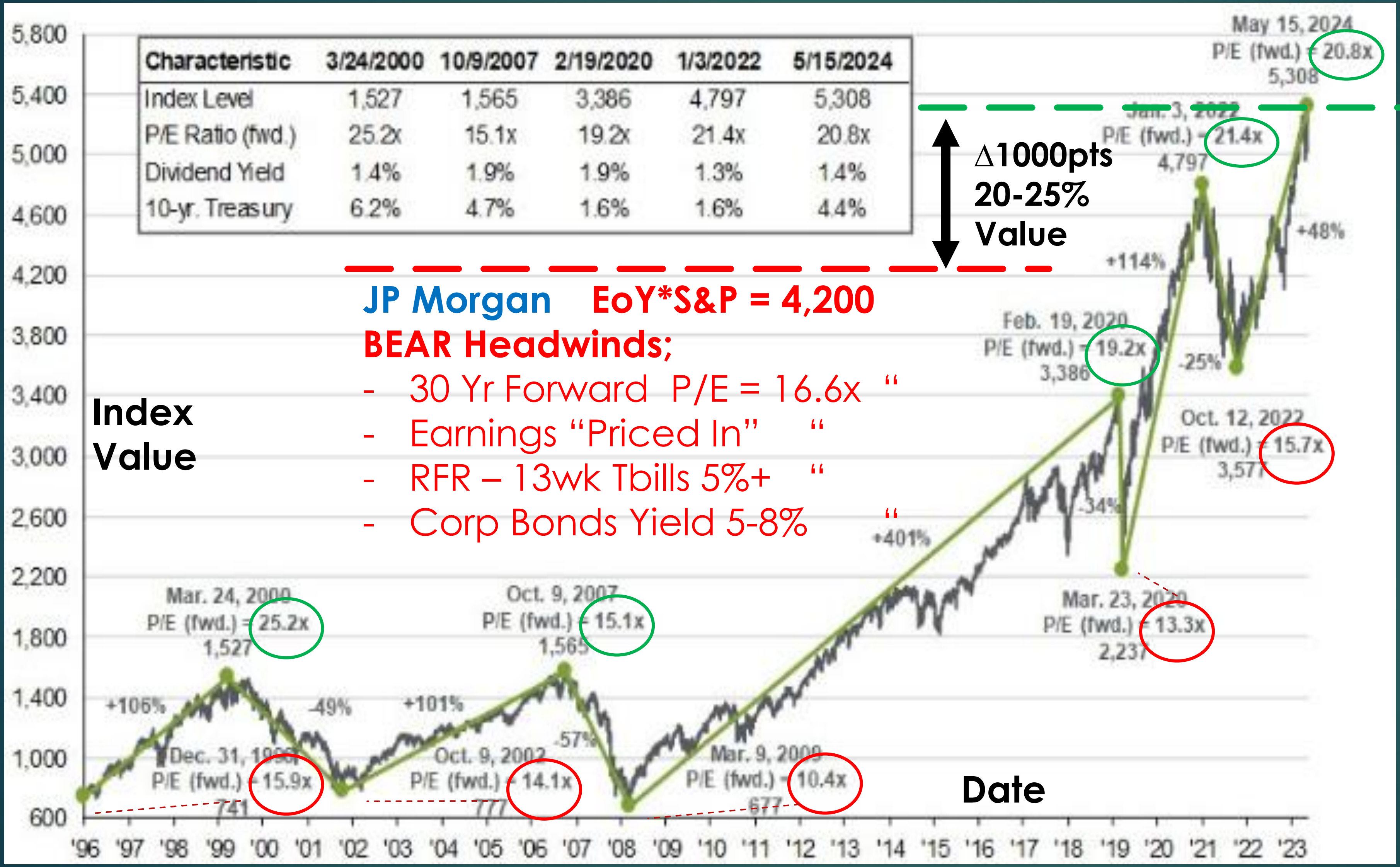
09:30 Income Sig Update
Frank Erzinger

10:30 Demystifying Diversification
Asset Class & Portfolio Essentials
Chris Pedersen – Director of Research
Merriman Financial Education Foundation

Appendix

A - Disclosure & Disclaimer
B - Sources – Information, Data, Toolkits
C - HyInc Objectives, Analytic Sequence
D - Equity Model(s) Changes – Build Up
E - Fixed Income etfs Profile & Recs

S&P 500 NEW HIGH (05-15)



Characteristic	3/24/2000	10/9/2007	2/19/2020	1/3/2022	5/15/2024
Index Level	1,527	1,565	3,386	4,797	5,308
P/E Ratio (fwd.)	25.2x	15.1x	19.2x	21.4x	20.8x
Dividend Yield	1.4%	1.9%	1.9%	1.3%	1.4%
10-yr. Treasury	6.2%	4.7%	1.6%	1.6%	4.4%

G Sachs EoY*S&P at 5,200

BULL Tailwind;

- CPI 3.6% YoY April
- Retail Sales Down 0.3%
- 10 Year Treasury Down from 4.7 to 4.3%
- “Sideline Cash” $trillions

Source: Finra Data, notes by Delta Investment, AAI, EoY* End of Year 2024 Forecast

Q1 S&P 500 at Year End 2024
WHO IS CLOSER TO BEING CORRECT?

a. JP Morgan S&P ~ or >5,200+

b. S Sachs S&P ~ < 4,200-

c. Both are Incorrect or
" have been wrong since COVID

GOLD – The Ancient HEDGE

Source Stock Charts

Q2 Hedging the Income Portfolio
Should Gold, Bitcoin etc be Used?

a. Never – Use Classic Diversification Assets

b. Ok – but less than 5% of Portfolio

c. Often – Essential to Manage Downside Risk

INC SIG – ASSET MIX

#	Asset	Expected Return	Standard Deviation	Sharpe Ratio	Min. Weight	Max. Weight
1	Barrick Gold Corp (GOLD)	-0.82%	33.19%	-0.103	2.50%	7.50%
2	Alerian Energy Infrastructure ETF (ENFR)	24.60%	19.72%	1.115	2.00%	5.00%
3	Duke Energy Corporation (DUK)	7.77%	18.62%	0.278	2.00%	5.00%
4	EOG Resources Inc (EOG)	41.72%	36.34%	1.076	2.00%	5.00%
5	Emerson Electric Company (EMR)	14.65%	27.51%	0.438	2.00%	5.00%
6	Enterprise Products Partners LP (EPD)	20.31%	17.06%	1.038	2.00%	5.00%
7	KLA-Tencor Corporation (KLAC)	35.76%	31.99%	1.037	7.50%	15.00%
8	Kinder Morgan Inc (KMI)	17.76%	21.33%	0.711	2.00%	5.00%
9	Merck & Company Inc (MRK)	20.76%	22.77%	0.798	2.00%	7.00%
10	Roche Holding Ltd ADR (RHHBY)	-5.98%	17.67%	-0.486	2.00%	5.00%
11	Seagate Technology PLC (STX)	19.51%	35.43%	0.477	4.00%	7.00%
12	Westlake Chemical Partners LP (WLKP)	6.68%	19.01%	0.215	2.00%	5.00%
13	Exxon Mobil Corp (XOM)	40.75%	30.73%	1.242	2.00%	5.00%
14	JPMorgan Equity Premium Income ETF (JEPI)	9.24%	11.34%	0.586	2.00%	10.00%
15	SPDR Blmbg 1-3 Mth T-Bill ETF (BIL)	2.35%	0.69%	-0.357	5.00%	12.00%
16	iShares 20+ Year Treasury Bond ETF (TLT)	-13.57%	16.35%	-0.989	5.00%	12.00%
17	First Trust Senior Loan ETF (FTSL)	4.30%	4.22%	0.402	4.00%	8.00%
18	iShares iBonds 2024 Term HY and Inc ETF (IBHD)	3.93%	4.28%	0.310	4.00%	8.00%

Source: PortfolioVisualizer Extracts

THE INCOME ASSET CHALLENGE

WHICH ASSETS, WHICH MARKETS?

- MARKET HEDGE – Gold
- EQUITY
- FIXED INCOME
- ALTERNATIVES – OTHER

…MEET INCOME OBJECTIVES?

- PRESERVE PRINCIPAL*
- MAINTAIN INCOME*
- SUSTAIN PORTFOLIO**
- *short term 1-3yr, ** long term 10yr

Inc SIG – Hybrid-Income – The Process

- OBJECTIVES
  - Preserve Principle, Maintain Income, Sustain Portfolio
  - Monthly Income via Dividends, Options … & Price Δ

April

ANALYTIC SEQUENCE;

- Assets
  - Simulate Return, Risk, Performance of Asset Classes
- Constraints
  - Constrain Assets via Forward Outlook

May

- Positions
  - Select ETF's, Tickers in ½ of Industry Benchmark(s);
  - 1st etfs or mfunds, 2nd Position - Company's
  - Morningstar >3 or C+

June
July

- Rank Order Selection via Dividend & Option Income;
- Dividend a f(Cash Flow, Inc Stmt Growth, B.Sheet Debt)
- Company Risk Adjusted Returns, Drawdowns
- Momentum -> Entry/Exit – etf, equity, options

Income SIG – May 2024

THE INCOME CHALLENGE

- **1. HyInc* PORTFOLIO UPDATE**
- **2. SIM**ULATION **– TESTS of ASSET MIX**
- **3. NEXT STEPS**

- Appendix A Hybrid Income* - Preserve Principal, Maintain Income, Sustain Portfolio

1. UPDATE – ytd May

ticker	end Dec 23 - beg 24 Jan	Asset Class	1st JAN $	1st JAN %	1st APR $	1st APR %	1st MAY $	1st MAY %	$ Δ mo	Δ pct	
GOLD	Barrick Gold Corp	ALT Gold	$ 39,726	5%	$ 37,025	4.6%	$ 36,541	4.6%	$ (483)		
	HEDGE		$ 108,305	14%	$ 37,025	5%	$ 36,541	4.6%	$ (483)	-1.3%	HEDGE
ENFR	Alerian Energy	US LG CAP VAL Sect Energy ML	$ 27,061	4%	$ 29,769	3.7%	$ 29,218	3.7%	$ (551)	-1.9%	ENFR
DUK	Duke Power	US LG CAP VAL Sect Utility	$ 23,678	3%	$ 23,441	2.9%	$ 23,975	3.0%	$ 534	2.3%	DUK
EOG	Enron Oil & Gas	US LG CAP VAL Sect Energy	$ 18,720	2%	$ 20,107	2.5%	$ 20,612	2.6%	$ 505	2.5%	EOG
EMR	Emerson Electric Co.	US LG CAP VAL Sect Indusrial	$ 31,340	4%	$ 36,560	4.5%	$ 34,705	4.4%	$ (1,855)	-5.1%	EMR
EPD	Enterprise	US LG CAP VAL Sect Energy ML	$ 26,972	4%	$ 30,633	3.8%	$ 29,287	3.7%	$ (1,345)	-4.4%	EPD
KLAC	KLA Corporation	US LG CAP GROWTH	$ 80,219	11%	$ 98,101	12.2%	$ 94,929	12.0%	$ (3,173)	-3.2%	KLAC
KMI	Kinder Morgan	US LG CAP VAL Sect Energy	$ 24,377	3%	$ 25,866	3.2%	$ 25,683	3.2%	$ (183)	-0.7%	KMI
MRK	Merck & Co., Inc.	US LG CAP VAL Sect Hcare	$ 33,578	4%	$ 40,345	5.0%	$ 39,800	5.0%	$ (545)	-1.4%	MRK
PXD	Pioneer	US LG CAP VAL Sect Energy	$ 25,636	3%	$ 30,091	3.7%	$ -		$ (30,091)		PXD
RHHBY	Roche Holding AG	US LG CAP VAL Sect Mat'ls	$ 22,245	3%	$ 19,617	2.4%	$ 18,309	2.3%	$ (1,308)	-6.7%	RHHBY
STX	Seagate Technology Holdings	US LG CAP GROWTH	$ 35,514	5%	$ 38,180	4.7%	$ 35,739	4.5%	$ (2,442)	-6.4%	STX
WLKP	Westlake Polymer	US LG CAP VAL Sect Mat'ls	$ 23,734	3%	$ 24,875	3.1%	$ 23,935	3.0%	$ (940)	-3.8%	WLKP
XOM	Exxon Mobil	US LG CAP VAL Sect Energy MLP					$ 31,074	3.9%	$ 31,074		XOM
		US LG CAP GROWTH			$ 136,282						
JEPI	US STOCK MKT Options	US STOCK MKT Options			$ 50,736	6.3%	$ 49,257	6.2%	$ (1,479)	-2.9%	
	EQUITY		373,075.24	49%	$ 468,323	58.2%	$ 456,525	57.7%	$ (11,798)	-2.5%	EQUITY
BIL	spdr 1-3 mo Tbills	FX INC GOVT NOTE STerm Treasu	$ 275,454	36%	$ 77,806	9.7%	$ 77,789		$ (17)	0.0%	BIL
	CASH-13wk Tbill	CASH-13wk Tbill	$ 275,454	36%	$ 77,806	9.7%	$ 77,789	9.8%	$ (17)	0.0%	CASH-13wk Tbill
TLT	I Share 20+ yr Treasury Bond	FX INC GOVT BOND Ten Yr Tr			$ 69,413	8.6%	$ 65,933		$ (3,480)	-5.0%	TLT
IGIB	I Share 5-10 yr Inv Grade	FX INC CORP BOND Mid Term			$ 50,345	6.3%	$ 49,359		$ (986)	-2.0%	IGIB
FTSL	1st Trust Sr Loans	FX INC CORP BOND Mid Term			$ 50,382	6.3%	$ 50,131		$ (251)	-0.5%	FTSL
IBHD	I Share iBond 2024 Hyield & In	FX INC CORP High Yield			$ 50,393	6.3%	$ 50,285		$ (109)	-0.2%	IBHD
	FIXED INCOME				$ 220,533	27.4%	$ 215,708	27%	$ (4,826)	-2.2%	FIXED INCOME
Cash Net					$ 1,662	0.2%	$ 4,861	0.6%	$ 3,199		
	TOTAL		$ 756,834	100%	$ 805,349	100%	$791,424	100%	$ (13,925)	-1.7%	
					6.0%		4.4%				

2. TEST BROAD ASSET MIX - CORRELATIONS

Asset Correlations

Name	Ticker	VOO	RPV	IJR	XLU	VNQ	AVDE	VYMI	FNDC	AVDV	AVEM	XLK	EEMS	VGSH	SPTI	VTIP
Vanguard S&P 500 ETF	VOO	1.00	0.83	0.87	0.62	0.89	0.90	0.83	0.87	0.87	0.75	0.92	0.83	0.16	0.28	0.69
Invesco S&P 500 Pure Value ETF	RPV	0.83	1.00	0.93	0.51	0.82	0.90	0.92	0.88	0.91	0.79	0.62	0.84	-0.07	0.01	0.55
iShares Core S&P Small-Cap ETF	IJR	0.87	0.93	1.00	0.46	0.85	0.88	0.86	0.88	0.89	0.78	0.72	0.85	0.03	0.14	0.61
Utilities Select Sector SPDR ETF	XLU	0.62	0.51	0.46	1.00	0.65	0.58	0.54	0.56	0.55	0.48	0.48	0.47	0.10	0.19	0.48
Vanguard Real Estate ETF	VNQ	0.89	0.82	0.85	0.65	1.00	0.86	0.81	0.84	0.84	0.74	0.78	0.82	0.13	0.30	0.66
Avantis International Equity ETF	AVDE	0.90	0.90	0.88	0.58	0.86	1.00	0.97	0.98	0.98	0.88	0.76	0.90	0.18	0.27	0.69
Vanguard Intl Hi Div Yld Idx ETF	VYMI	0.83	0.92	0.86	0.54	0.81	0.97	1.00	0.95	0.96	0.89	0.65	0.90	0.07	0.15	0.60
Schwab Fundamental Intl Sm Co ETF	FNDC	0.87	0.88	0.88	0.56	0.84	0.98	0.95	1.00	0.98	0.88	0.72	0.90	0.19	0.27	0.69
Avantis International Small Cap Val ETF	AVDV	0.87	0.91	0.89	0.55	0.84	0.98	0.96	0.98	1.00	0.87	0.69	0.90	0.09	0.17	0.68
Avantis Emerging Markets Equity ETF	AVEM	0.75	0.79	0.78	0.48	0.74	0.88	0.89	0.88	0.87	1.00	0.63	0.93	0.15	0.23	0.56
Technology Select Sector SPDR ETF	XLK	0.92	0.62	0.72	0.48	0.78	0.76	0.65	0.72	0.69	0.63	1.00	0.71	0.28	0.41	0.69
iShares MSCI Emerging Markets Sm-Cp ETF	EEMS	0.83	0.84	0.85	0.47	0.82	0.90	0.90	0.90	0.90	0.93	0.71	1.00	0.04	0.13	0.59
Vanguard Short-Term Treasury ETF	VGSH	0.16	-0.07	0.03	0.10	0.13	0.18	0.07	0.19	0.09	0.15	0.28	0.04	1.00	0.91	0.50
SPDR Portfolio Intmdt Term Trs ETF	SPTI	0.28	0.01	0.14	0.19	0.30	0.27	0.15	0.27	0.17	0.23	0.41	0.13	0.91	1.00	0.54
Vanguard Short-Term Infl-Prot Secs ETF	VTIP	0.69	0.55	0.61	0.48	0.66	0.69	0.60	0.69	0.68	0.56	0.69	0.59	0.50	0.54	1.00

Source: PortfolioVisualizer Extracts

2. TEST BROAD ASSET MIX – PERFORMANCE PROFILE

Efficient Frontier Assets

#	Asset	Expected Return	Standard Deviation	Sharpe Ratio	Min. Weight	Max. Weight
1	Vanguard S&P 500 ETF (VOO)	13.61%	19.21%	0.599	0.00%	15.00%
2	Invesco S&P 500 Pure Value ETF (RPV)	10.28%	27.14%	0.301	0.00%	15.00%
3	iShares Core S&P Small-Cap ETF (IJR)	9.62%	24.94%	0.301	0.00%	15.00%
4	Utilities Select Sector SPDR ETF (XLU)	5.53%	18.17%	0.189	0.00%	15.00%
5	Vanguard Real Estate ETF (VNQ)	2.40%	22.40%	0.013	0.00%	15.00%
6	Avantis International Equity ETF (AVDE)	7.58%	19.94%	0.275	0.00%	15.00%
7	Vanguard Intl Hi Div Yld Idx ETF (VYMI)	7.52%	19.18%	0.283	0.00%	15.00%
8	Schwab Fundamental Intl Sm Co ETF (FNDC)	5.05%	20.52%	0.144	0.00%	15.00%
9	Avantis International Small Cap Val ETF (AVDV)	8.67%	22.84%	0.287	0.00%	15.00%
10	Avantis Emerging Markets Equity ETF (AVEM)	5.84%	20.43%	0.183	0.00%	15.00%
11	Technology Select Sector SPDR ETF (XLK)	21.31%	23.42%	0.820	0.00%	15.00%
12	iShares MSCI Emerging Markets Sm-Cp ETF (EEMS)	10.57%	20.05%	0.423	0.00%	15.00%
13	Vanguard Short-Term Treasury ETF (VGSH)	0.60%	2.01%	-0.747	0.00%	15.00%
14	SPDR Portfolio Intmdt Term Trs ETF (SPTI)	-1.08%	5.49%	-0.580	0.00%	15.00%
15	Vanguard Short-Term Infl-Prot Secs ETF (VTIP)	2.88%	3.11%	0.252	0.00%	15.00%

Results based on historical returns. Expected return is the annualized monthly arithmetic mean return. Ex-ante Sharpe Ratio calculated using 3-month treasury bill returns as the risk-free rate.

Source: PortfolioVisualizer Extracts

Q3 ASSET MIX – Non US SHOULD INCOME PORTFOLIO Consist of;

a. *US ONLY*

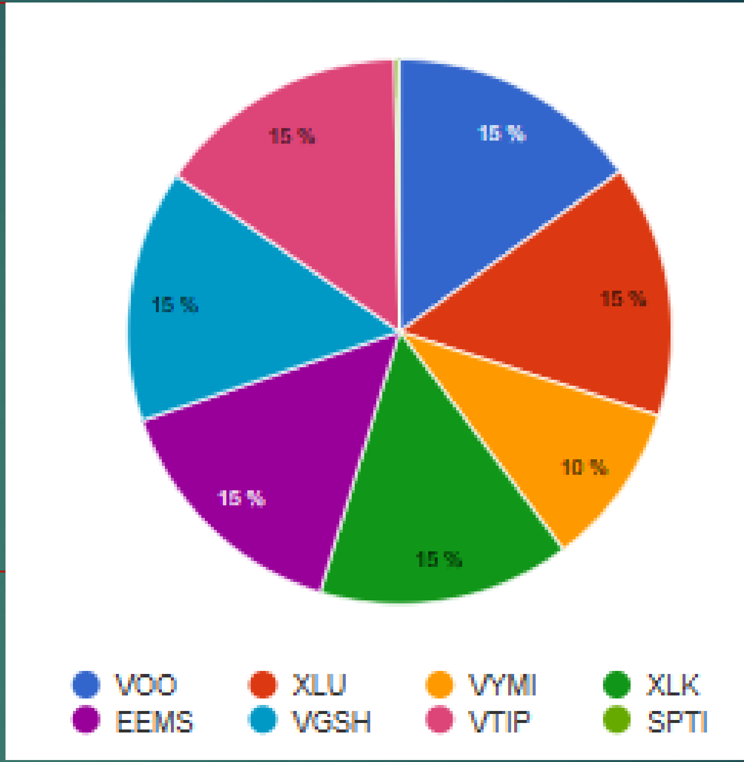
b. *US w EM Emerging Markets*

c. *US w EAFE*

d. *Mix of b. c.*

2. TEST ASSET MIX– OPTIMIZED BROAD ASSET R/R

Ticker	Name	A. BASE	B. Optimization	Asset Type
VOO	Vanguard S&P 500 ETF	6.76%	15.00%	US Large Cap Blend
RPV	Invesco S&P 500 Pure Value ETF	6.66%		US Large Cap Value
IJR	iShares Core S&P Small-Cap ETF	6.66%		US Small Cap Blend
XLU	Utilities Select Sector SPDR ETF	6.66%	15.00%	US Large Cap Value
VNQ	Vanguard Real Estate ETF	6.66%		US US REIT
AVDE	Avantis International Equity ETF	6.66%		Int Large Cap Blend
VYMI	Vanguard Intl Hi Div Yld Idx ETF	6.66%	10.00%	Int Large Cap Value
FNDC	Schwab Fundamental Intl Sm Co ETF	6.66%		Int Small Cap Blend
AVDV	Avantis International Small Cap Val ETF	6.66%		Int Small Cap Value
AVEM	Avantis Emerging Markets Equity ETF	6.66%		EM EM Equtiy
XLK	Technology Select Sector SPDR ETF	6.66%	15.00%	US Large Cap Growth
EEMS	iShares MSCI Emerging Markets Sm-Cp ET	6.66%	15.00%	EM Small Cap Blend
VGSH	Vanguard Short-Term Treasury ETF	6.66%	15.00%	Short Term Govt Bond
SPTI	SPDR Portfolio Intmdt Term Trs ETF	6.66%	0.27%	Intermed Term Bonds
VTIP	Vanguard Short-Term Infl-Prot Secs ETF	6.66%	15.00%	Infl Protected Bonds



Portfolio		Expected Return	Standard Deviation	Sharpe Ratio
Provided Portfolio	A. Base	7.37%	15.82%	0.33
Max Sharpe Ratio Portfolio		8.91%	12.57%	0.54

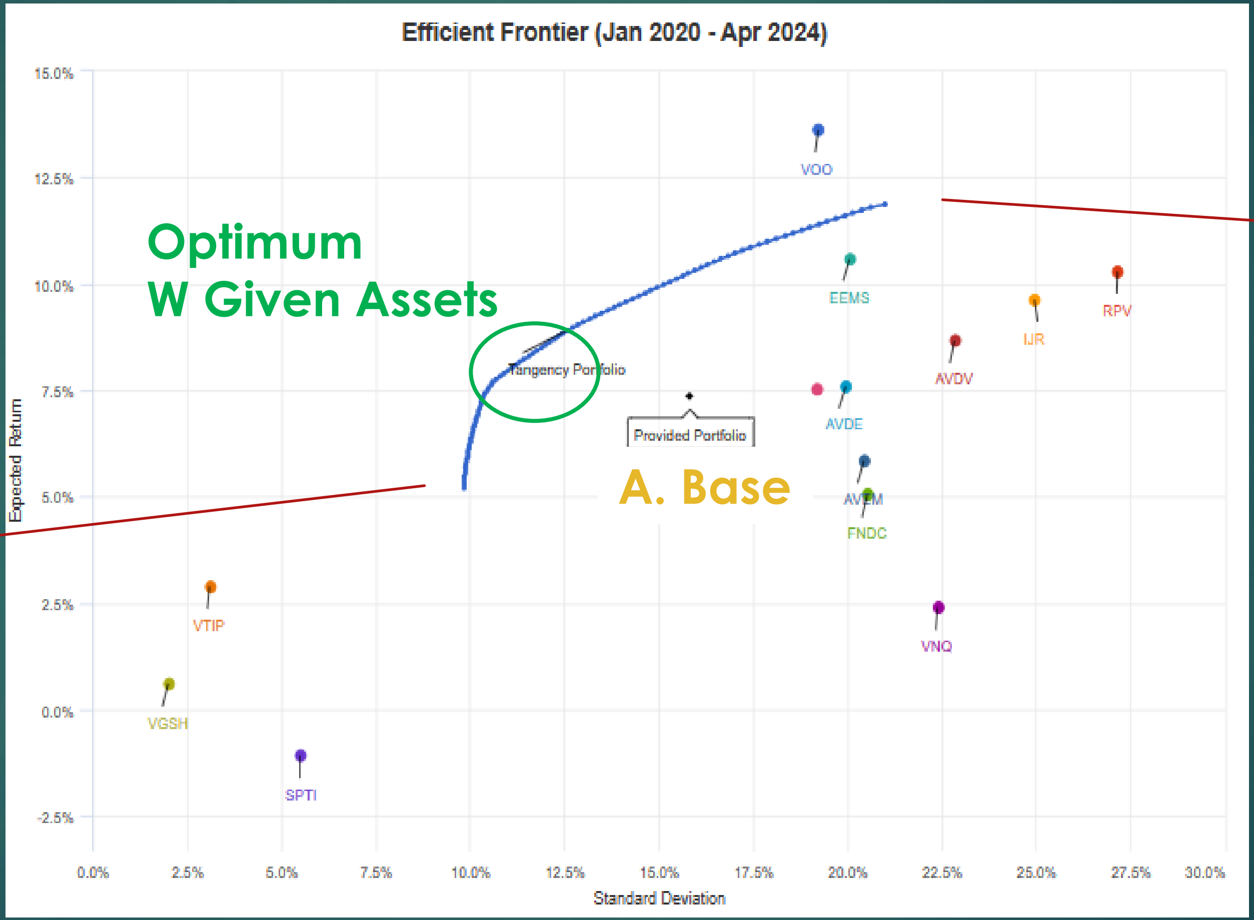
B. Max Sharpe Optimum

Source: PortfolioVisualizer Extracts

2. TEST ASSET MIX – BROAD ASSET EF*

Maximum Return

15.00% VOO
15.00% RPV
15.00% IJR
9.98% AVDE
0.02% VYMI
15.00% AVDV
15.00% XLK
15.00% EEMS
Expected Return: 11.87%
Standard Deviation: 20.99%
Sharpe Ratio: 0.465



Minimum Risk

13.14% VOO
15.00% XLU
15.00% VYMI
0.45% AVEM
11.40% EEMS
15.00% VGSH
15.00% SPTI
15.00% VTIP
Expected Return: 5.34%
Standard Deviation: 9.84%
Sharpe Ratio: 0.329

Source: AAII IncSig, ef* Efficient Frontier, PortfolioVisualizer

2. TEST ASSET MIX – INC SIG RISK /RETURN

#	Asset	Expected Return	Standard Deviation	Sharpe Ratio	Min. Weight	Max. Weight
1	Barrick Gold Corp (GOLD)	-0.82%	33.19%	-0.103	2.50%	7.50%
2	Alerian Energy Infrastructure ETF (ENFR)	24.60%	19.72%	1.115	2.00%	5.00%
3	Duke Energy Corporation (DUK)	7.77%	18.62%	0.278	2.00%	5.00%
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Source: PortfolioVisualizer Extracts

2. TEST ASSET MIX - INC SIG CORRELATIONS

Asset Correlations

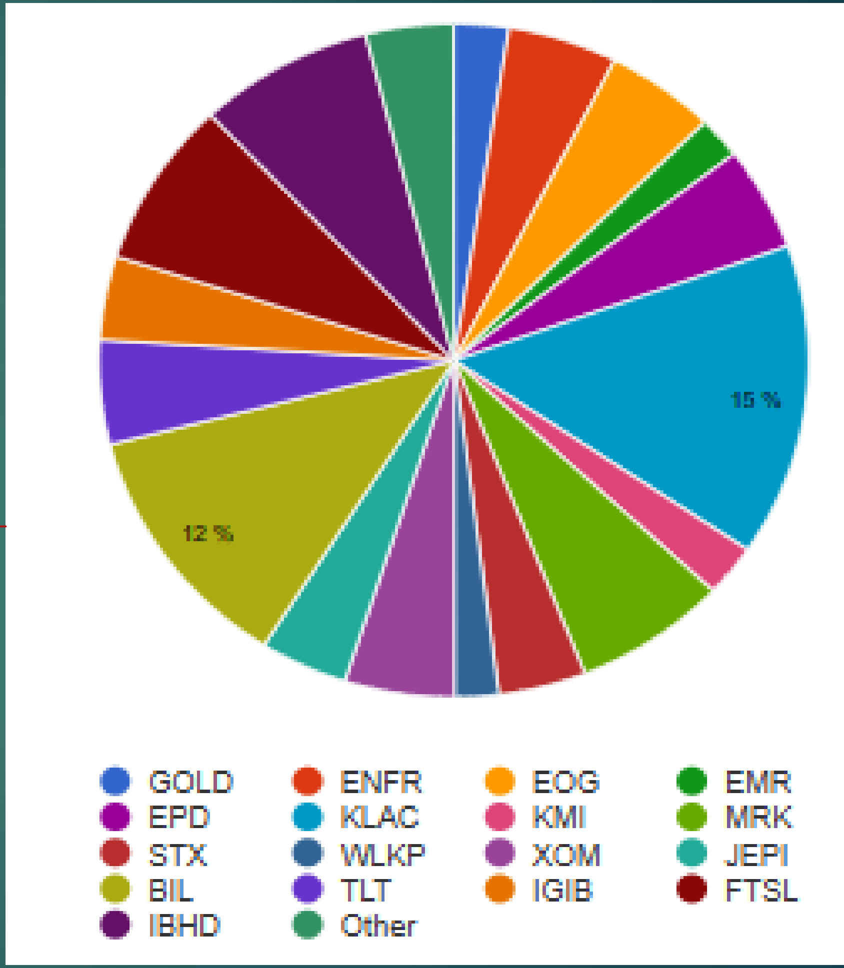
Name	Ticker	GOLD	ENFR	DUK	EOG	EMR	EPD	KLAC	KMI	MRK	RHHBY	STX	WLKP	XOM	JEPI	BIL	TLT	FTSL	IBHD
Barrick Gold Corp	GOLD	1.00	0.17	0.46	0.09	0.14	0.08	0.06	0.31	-0.03	0.40	0.26	0.24	-0.13	0.27	0.08	0.38	0.07	0.10
Alerian Energy Infrastructure ETF	ENFR	0.17	1.00	0.42	0.75	0.57	0.87	0.44	0.91	0.31	0.12	0.34	0.53	0.76	0.61	-0.15	0.16	0.50	0.62
Duke Energy Corporation	DUK	0.46	0.42	1.00	0.19	0.41	0.38	0.35	0.56	0.33	0.44	0.25	0.53	0.12	0.68	-0.06	0.33	0.25	0.33
EOG Resources Inc	EOG	0.09	0.75	0.19	1.00	0.31	0.61	0.16	0.76	0.26	-0.04	0.06	0.26	0.81	0.25	-0.25	-0.13	0.15	0.25
Emerson Electric Company	EMR	0.14	0.57	0.41	0.31	1.00	0.47	0.53	0.54	0.37	0.23	0.32	0.35	0.43	0.73	0.07	0.25	0.52	0.54
Enterprise Products Partners LP	EPD	0.08	0.87	0.38	0.61	0.47	1.00	0.27	0.76	0.29	0.08	0.37	0.57	0.79	0.51	-0.15	0.09	0.48	0.53
KLA-Tencor Corporation	KLAC	0.06	0.44	0.35	0.16	0.53	0.27	1.00	0.43	0.08	0.20	0.58	0.24	0.10	0.63	0.11	0.49	0.36	0.65
Kinder Morgan Inc	KMI	0.31	0.91	0.56	0.76	0.54	0.76	0.43	1.00	0.30	0.12	0.29	0.47	0.66	0.58	-0.12	0.12	0.40	0.53
Merck & Company Inc	MRK	-0.03	0.31	0.33	0.26	0.37	0.29	0.08	0.30	1.00	0.27	-0.22	0.30	0.36	0.45	0.04	0.02	0.07	0.12
Roche Holding Ltd ADR	RHHBY	0.40	0.12	0.44	-0.04	0.23	0.08	0.20	0.12	0.27	1.00	0.08	0.34	-0.11	0.56	-0.16	0.50	0.15	0.21
Seagate Technology PLC	STX	0.26	0.34	0.25	0.06	0.32	0.37	0.58	0.29	-0.22	0.08	1.00	0.49	0.06	0.47	0.06	0.57	0.50	0.56
Westlake Chemical Partners LP	WLKP	0.24	0.53	0.53	0.26	0.35	0.57	0.24	0.47	0.30	0.34	0.49	1.00	0.31	0.67	-0.07	0.24	0.43	0.46
Exxon Mobil Corp	XOM	-0.13	0.76	0.12	0.81	0.43	0.79	0.10	0.66	0.36	-0.11	0.06	0.31	1.00	0.28	-0.27	-0.13	0.24	0.29
JPMorgan Equity Premium Income ETF	JEPI	0.27	0.61	0.68	0.25	0.73	0.51	0.63	0.58	0.45	0.56	0.47	0.67	0.28	1.00	-0.01	0.48	0.52	0.68
SPDR Blmbg 1-3 Mth T-Bill ETF	BIL	0.08	-0.15	-0.06	-0.25	0.07	-0.15	0.11	-0.12	0.04	-0.16	0.06	-0.07	-0.27	-0.01	1.00	0.10	0.25	0.20
iShares 20+ Year Treasury Bond ETF	TLT	0.38	0.16	0.33	-0.13	0.25	0.09	0.49	0.12	0.02	0.50	0.57	0.24	-0.13	0.48	0.10	1.00	0.33	0.38
First Trust Senior Loan ETF	FTSL	0.07	0.50	0.25	0.15	0.52	0.48	0.36	0.40	0.07	0.15	0.50	0.43	0.24	0.52	0.25	0.33	1.00	0.68
iShares iBonds 2024 Term HY and Inc ETF	IBHD	0.10	0.62	0.33	0.25	0.54	0.53	0.65	0.53	0.12	0.21	0.56	0.46	0.29	0.68	0.20	0.38	0.68	1.00

Based on monthly returns from Jan 2021 to Apr 2024

Source: PortfolioVisualizer Extracts

2. TEST ASSET MIX – INC SIG OPTIMUM

Ticker		A. Base Case	min	B. Optimum	max	
GOLD	Barrick Gold	4.6%	**2.5%**	**2.5%**	7.5%	-2.1%
ENFR	Alerian Energy	3.7%	2.0%	**5%**	**5.0%**	1.3%
DUK	Duke Energy	3.0%	**2.0%**	**2%**	5.0%	-1.0%
EOG	EOG Resources	2.6%	2.0%	**5%**	**5.0%**	2.4%
EMR	Emerson	4.4%	**2.0%**	**2%**	5.0%	-2.4%
EPD	Enterprise	3.7%	2.0%	**5%**	**5.0%**	1.3%
KLAC	KLA Tencor	12.0%	7.5%	**15%**	**15.0%**	3.0%
KMI	Kinder Morgan	3.2%	2.0%	**2%**	**5.0%**	-0.8%
MRK	Merck	5.0%	2.0%	**7%**	**5.0%**	2.0%
RHHBY	Roche Holding	2.3%	2.0%	**2%**	**5.0%**	-0.3%
STX	Seagate	4.5%	4.0%	**4%**	**7.0%**	-0.5%
WLKP	Westlake Polyn	3.0%	2.0%	**2%**	**5.0%**	-1.0%
XOM	Exxon Mobil	3.9%	2.0%	**5%**	**5.0%**	1.1%
JEPI	JPM Eq Prem	6.2%	2.0%	4.0%	10.0%	-2.2%
BIL	spdr 1-3 mo Tb	9.8%	5.0%	**12.0%**	**12.0%**	2.2%
TLT	20 yr Treas	8.3%	**5.0%**	5.0%	12.0%	-3.3%
IGIB	5-10 yr Corp Bond		**4.0%**	4.0%	8.0%	4.0%
FTSL	Senior Loans	6.3%	4.0%	8.0%	**8.0%**	1.7%
IBHD	HY Bonds	6.4%	4.0%	8.0%	**8.0%**	1.6%
Au Hedge		4.6%		2.5%		-2.1%
LC Value		41.8%		37.5%		-4.3%
LC Growth		16.5%		19.0%		2.5%
JEPI		6.2%		4.0%		-2.2%
BIL		9.8%		12.0%		2.2%
FIX INC		21.0%		25.0%		4.0%



Expected Return		Standard Deviation	Sharpe Ratio
12.13%	**A. Base**	11.40%	0.84
15.37%		11.49%	1.11

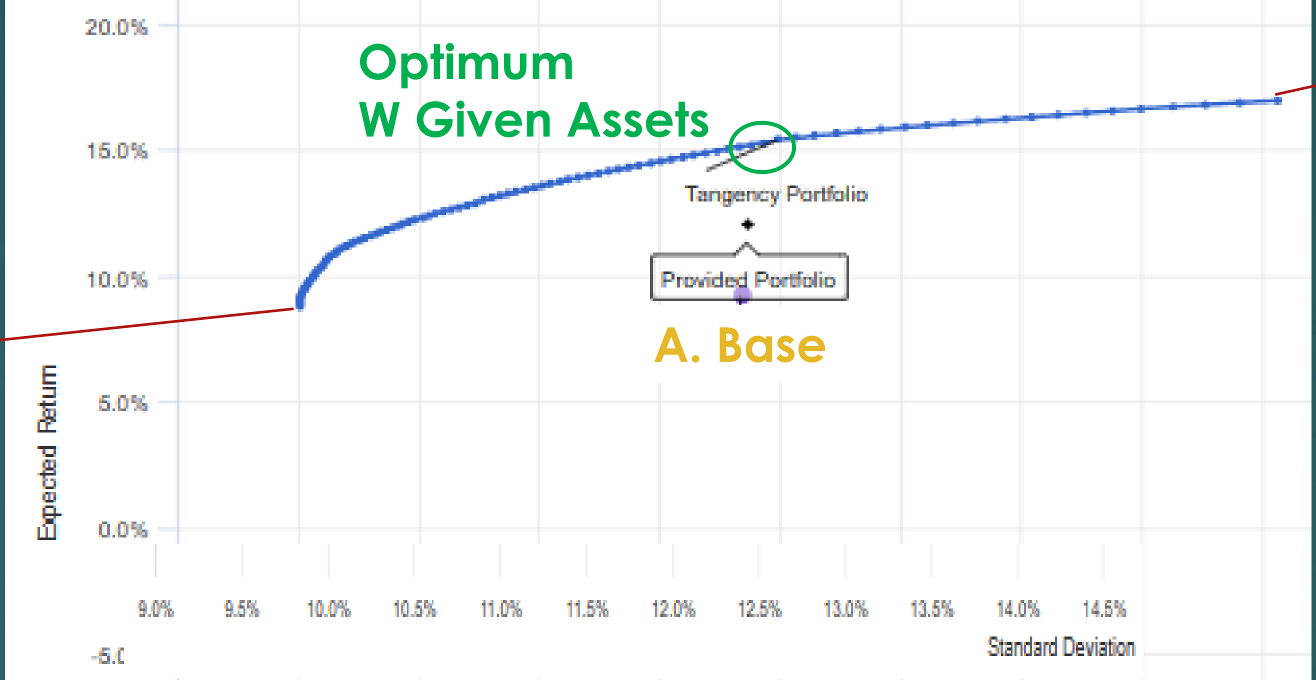
B. Max Sharpe Optimum

Source: PortfolioVisualizer Extracts

2. TEST ASSET MIX - SIG ASSETS EF*

Minimum Risk

2.50% GOLD
2.00% ENFR
2.00% DUK
2.00% EOG
2.00% EMR
5.00% EPD
7.50% KLAC
2.00% KMI
7.00% MRK
5.00% RHHBY
4.00% STX
2.00% WLKP
2.72% XOM
10.00% JEPI
12.00% BIL
8.28% TLT
8.00% IGIB
8.00% FTSL
8.00% IBHD
Expected Return: 9.51%
Standard Deviation: 9.53%
Sharpe Ratio: 0.725



Maximum Return

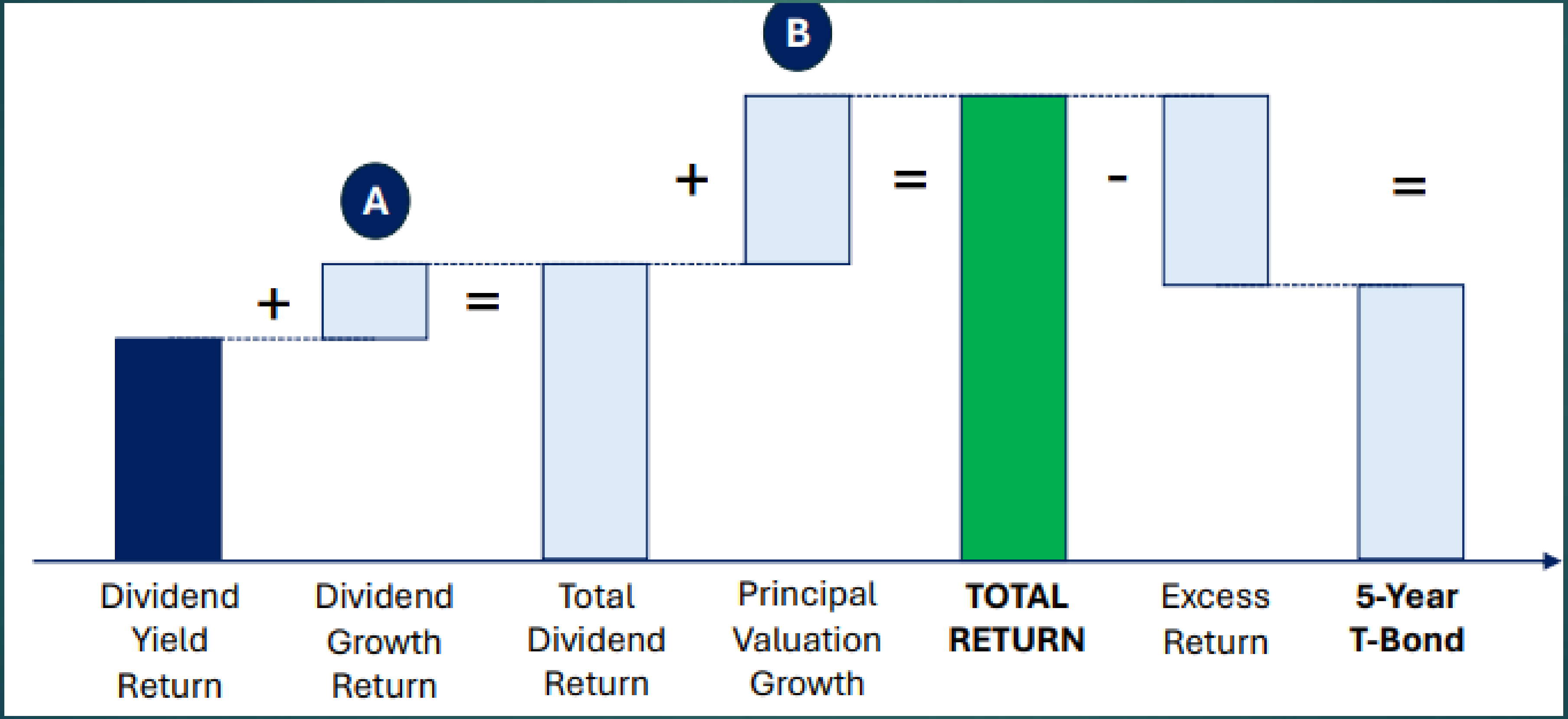
2.50% GOLD
5.00% ENFR
2.50% DUK
5.00% EOG
5.00% EMR
5.00% EPD
15.00% KLAC
5.00% KMI
7.00% MRK
2.00% RHHBY
7.00% STX
2.00% WLKP
5.00% XOM
10.00% JEPI
5.00% BIL
5.00% TLT
4.00% IGIB
4.00% FTSL
4.00% IBHD
Expected Return: 16.94%
Standard Deviation: 13.58%
Sharpe Ratio: 1.058

Source: AAII IncSig, ef* Efficient Frontier, PortfolioVisualizer

3. NEXT STEPS – Q2

- ASSETS
- – Correlations & Calibration
- - International
- OPTIMIZATION
- - s.t. Income (vs Return)
- - l.t. Stress Testing (10yr)
- HIGH GRADE (better to best)
- - Equities Dividend Drill
- - w Option I/O
- - Fixed Income

3. NEXT STEPS – Q2 "DIVIDEND DRILL"
A. Perpetuity Growth
B. Discount to Fair Value



Source:Exhibit Permission Pending - PLB

Q2 Material Use of Options
Should the Income Investor Use Options?

a. Never

b. Moderate – Never > 5% of Annual Income

c. Often – In this Environment, an Opportunity

THE INCOME CHALLENGE

- 1. HyInc* PORTFOLIO UPDATE
- 2. SIMULATION – TESTS of ASSET MIX
- 3. NEXT STEPS

- Appendix A Hybrid Income* - Preserve Principal, Maintain Income, Sustain Portfolio

Appendix

A - Disclosure & Disclaimer
B - Sources – Information, Data, Toolkits
C - HyInc Objectives, Analytic Sequence
D - Equity Model(s) Changes – Build Up
E - Fixed Income etfs Profile & Recs

Appendix A – Income Sig – Disclosure & Disclaimer

ADVISOR STATUS

- We are not investment advisors.

THE FUTURE IS NOT PREDICTABLE … but RHYMES?

- Pursuant to the provisions of Rule 206(4)-1 of the Investment Advisors Act of 1940, all attendees should recognize that recommendations implied or made, may or may not duplicate the performance based on historical analysis.

SOURCES

- The contents of this presentation have been compiled from original and published sources believed to be reliable, but accuracy or completeness is not guaranteed.

Appendix B – Income Sig Data Sources

- Dr. Ed Yardeni, Yardeni.com (EY)
- Dr. Torston Slok – The Apollo Economist (TS)
- JP Morgan Analytics – Q4 2023 Outlook (JPM)
- Simulations – Assets, ETFs, Tickers – Raffiliates and Portfolio Visualizer

AAII Houston Speakers+:

- Sumgrowth.com, Scott Juds - Algorithmic Sector Surfer
- DeltaIM.com, Delta Investment Management, Nick Atkeson
- RGBCapitalGroup.com, Rob Bernstein, AAII San Diego
- CandorAssetAdvisors.com, Bill Hawes, AAII San Antonio
- Aeromir.com, Wayne Klump, SW Portfolio
- This Week in Charts – CharlieBilello

Appendix C – Inc SIG – Hybrid-Income

- OBJECTIVES — - Preserve Principle, Maintain Income, Sustain Portfolio
  - Monthly Income via Dividends, Options … & Price Δ

ANALYTIC SEQUENCE;

- Assets — - Simulate Return, Risk, Performance of Asset Classes
- Constraints — - Constrain Assets via Forward Outlook
- Positions — - Select ETF's, Tickers in ½ of Industry Benchmark(s);
  - 1st etfs or mfunds, 2nd Position - Company's
  - Morningstar >3 or C+
  - Rank Order Selection via Dividend & Option Income;
  - Dividend a f(Cash Flow, Inc Stmt Growth, B.Sheet Debt)
  - Company Risk Adjusted Returns, Drawdowns
  - Momentum -> Entry/Exit – etf, equity, options