

AAll - Houston AGENDA 06-21-24

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***09:30 Income Sig Update
Frank Erzinger***

***10:30 Is India the Perfect Emerging Market?
Kevin Carter, EMQQ Global***

THE INCOME CHALLENGE

- ▶ 1. HyInc* PORTFOLIO UPDATE
- ▶ 2. 2024 Q3 EQUITY YIELD
- ▶ 3. NEXT STEPS – YIELD PROSPECTING

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

Appendix

A - Disclosure & Disclaimer

B - Sources – Information, Data, Toolkits

C - Hylnc Objectives, Analytic Sequence

THE INCOME ASSET CHALLENGE

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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

**Question 1. In your portfolio;
Do you have any bitcoin
or blockchain related positions?**

- a. Yes, do have specific positions**
- b. Sort of, do have minor etfs or related companies**
- c. No ... not yet**
- d. Avoid like the plague**

Question 2. *In your portfolio; Is AI Investable?*

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a. Yes, do have company specific positions

b. Sort of, do have etfs in Tech

c. No ... not yet

**Question 3. *In the income portfolio;
the Tech – Growth position
should be ..***

- a. *Small - less than 10%***
- b. *Moderate - 15 to 30%***
- c. *Significant - greater than 30%***

1. UPDATE the HYbrid INCome PROCESS

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► OBJECTIVES

April →

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

ANALYTIC SEQUENCE;

► Assets

May →

► Constraints

► Positions

- Simulate Return, Risk, Performance of Asset Classes

- Constrain Assets via Forward Outlook

- Select ETF's, Tickers in 1/2 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

1. UPDATE – MAY SIMULATION OF THE ASSET MIX

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Hedge

Value
Equities
ex
STX &
KLAC

S&P 500
Cash Eq
Fixed
Income

#	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%

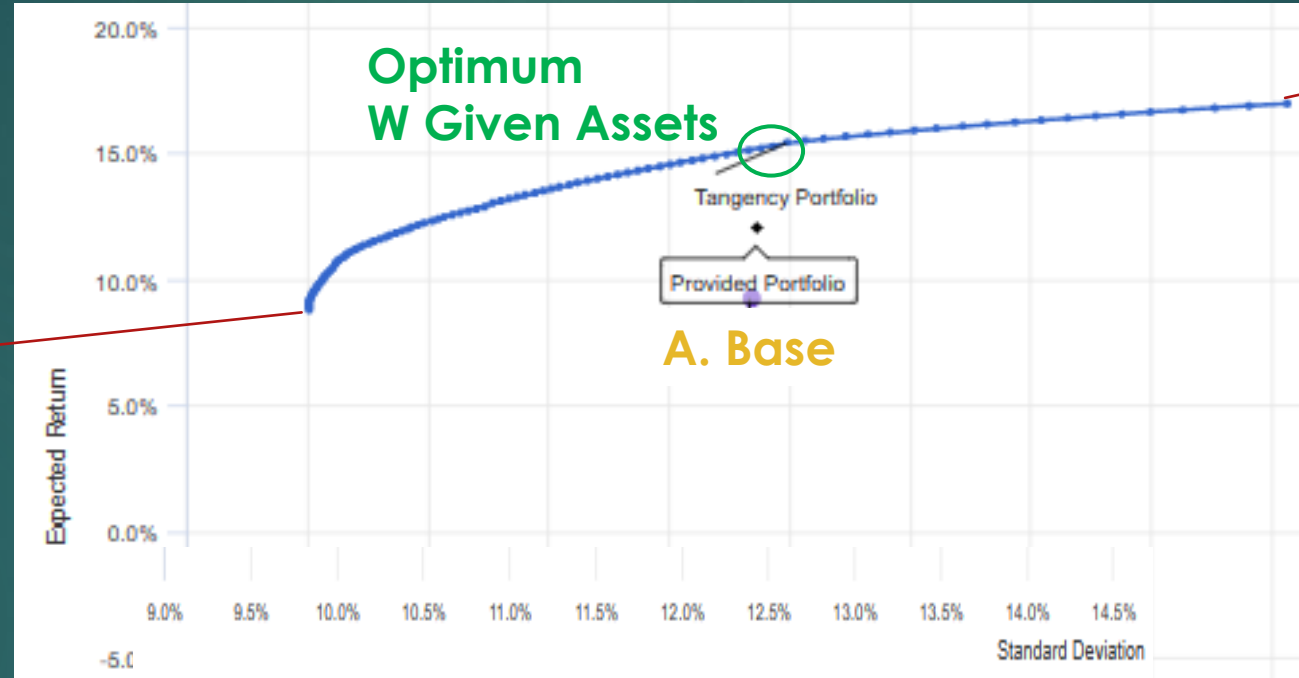
Source: PortfolioVisualizer Extracts

2. TEST ASSET MIX - SIG ASSETS EF*

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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

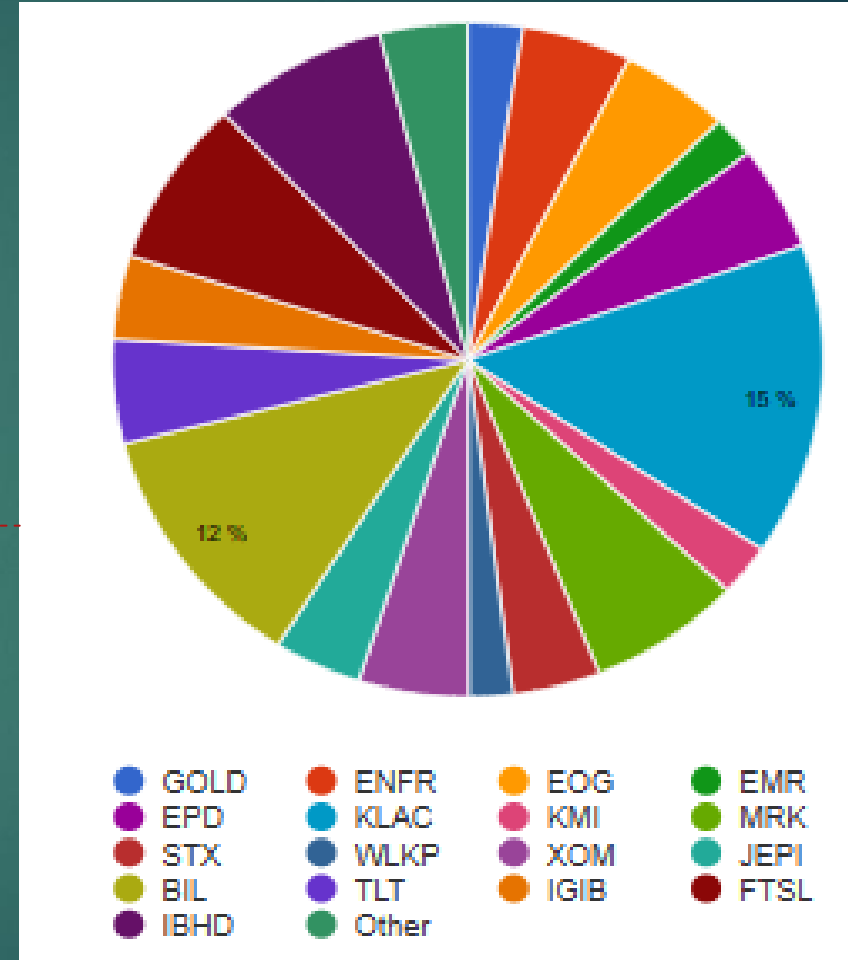
2.50% GOLD
5.00% ENFR
2.50% DUK
5.00% EOG
5.00% EMR
5.00% EPD
15.00% KLAC
5.00% KMI
7.00% MRK
2.00% RHHBY
7.00% STX
2.00% WLKP
5.00% XOM
10.00% JEPI
5.00% BIL
5.00% TLT
4.00% IGIB
4.00% FTSL
4.00% IBHD
Expected Return: 16.94%
Standard Deviation: 13.56%
Sharpe Ratio: 1.058

1. UPDATE – THE MAY HYINC OPTIMUM

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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 Polym	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

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1. UPDATE – ytd June

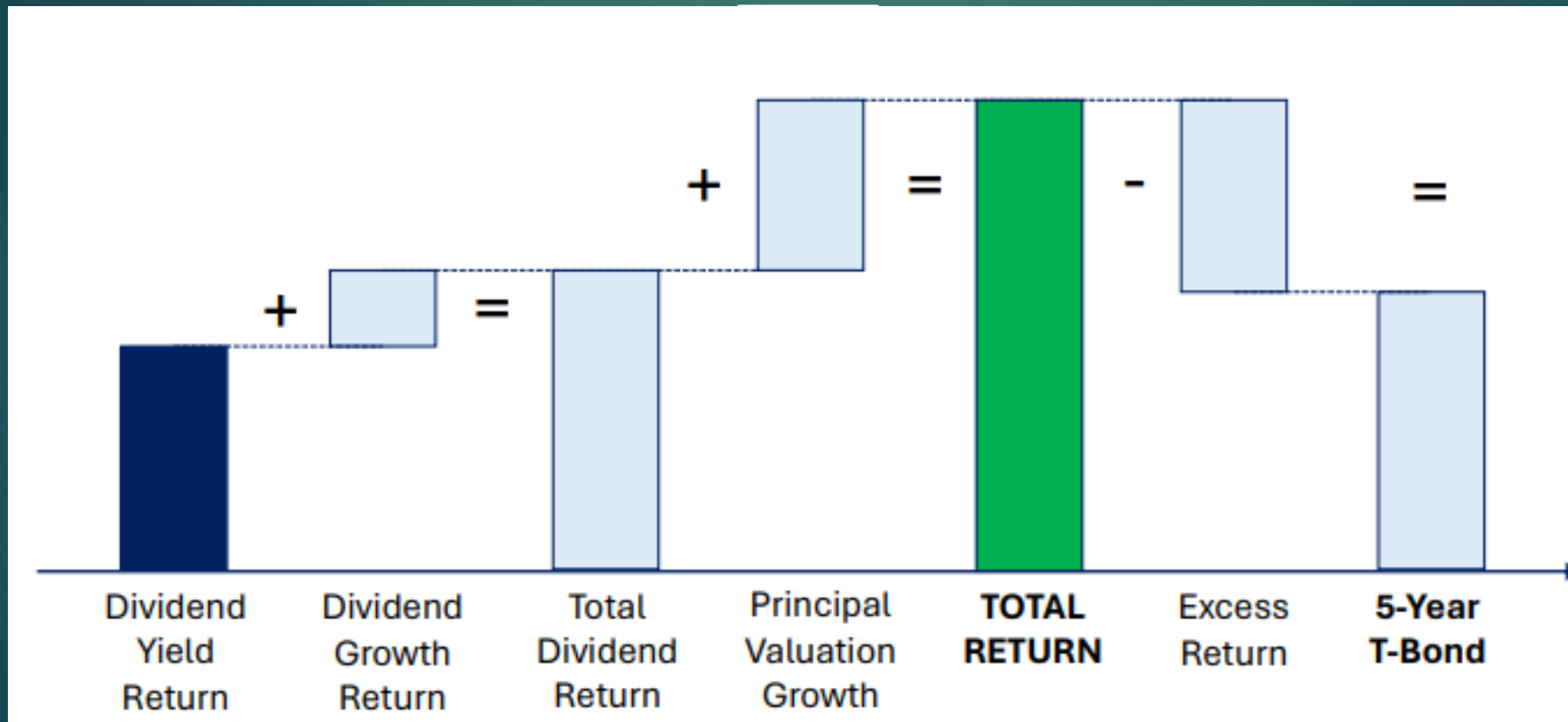
Hybrid Income end Dec 23 - beg 24 Jan			1st JAN		1st MAY	1st JUN					
ticker	Company - Entity	Asset Class	\$	%	\$	%	\$	June %	\$ Δ mo	Ytd Δ pct	ticker
GOLD	Barrick Gold Corp	ALT Gold	\$ 39,726	5%	\$ 36,541	4.6%	\$ 37,530	4.6%		-5.5%	GOLD
HEDGE			\$ 108,305	14%	\$ 36,541	4.6%	\$ 37,530	4.6%	\$ 988		HEDGE
ENFR	Alerian Energy	US LG CAP VAL Sect Energy ML	\$ 27,061	4%	\$ 29,218	3.7%	\$ 30,273	3.7%	\$ 1,055	11.9%	ENFR
DUK	Duke Power	US LG CAP VAL Sect Utility	\$ 23,678	3%	\$ 23,975	3.0%	\$ 25,271	3.1%	\$ 1,296	6.7%	DUK
EOG	Enron Oil & Gas	US LG CAP VAL Sect Energy	\$ 18,720	2%	\$ 20,612	2.6%	\$ 19,430	2.4%	\$ (1,182)	3.8%	EOG
EMR	Emerson Electric Co.	US LG CAP VAL Sect Industrial	\$ 31,340	4%	\$ 34,705	4.4%	\$ 36,116	4.4%	\$ 1,410	15.2%	EMR
EPD	Enterprise	US LG CAP VAL Sect Energy ML	\$ 26,972	4%	\$ 29,287	3.7%	\$ 29,726	3.6%	\$ 438	10.2%	EPD
KLAC	KLA Corporation	US LG CAP GROWTH	\$ 80,219	11%	\$ 94,929	12.0%	\$ 104,815	12.8%	\$ 9,886	30.7%	KLAC
KMI	Kinder Morgan	US LG CAP VAL Sect Energy	\$ 24,377	3%	\$ 25,683	3.2%	\$ 27,383	3.3%	\$ 1,700	12.3%	KMI
MRK	Merck & Co., Inc.	US LG CAP VAL Sect Hcare	\$ 33,578	4%	\$ 39,800	5.0%	\$ 38,435	4.7%	\$ (1,364)	14.5%	MRK
PXD	Pioneer	US LG CAP VAL Sect Energy	\$ 25,636	3%							PXD
RHHBY	Roche Holding AG	US LG CAP VAL Sect Mat'ls	\$ 22,245	3%	\$ 18,309	2.3%	\$ 19,654	2.4%	\$ 1,345	-11.6%	RHHBY
STX	Seagate Technology Holdings plc	US LG CAP GROWTH	\$ 35,514	5%	\$ 35,739	4.5%	\$ 38,788	4.7%	\$ 3,049	9.2%	STX
WLKP	Westlake Polymer	US LG CAP VAL Sect Mat'ls	\$ 23,734	3%	\$ 23,935	3.0%	\$ 26,151	3.2%	\$ 2,216	10.2%	WLKP
XOM	Exxon Mobil	US LG CAP VAL Sect Energy MLP			\$ 31,074	3.9%	\$ 31,058	3.8%	\$ (16)		XOM
		US LG CAP GROWTH	\$ 115,733		\$ 130,667		\$ 143,603	17.5%	\$ 12,936	24.1%	US LG CAP GROWTH
JEPI	US STOCK MKT Options	US STOCK MKT Options			\$ 49,262	6.2%	\$ 50,033	6.1%	\$ 771		JEPI
EQUITY			373,075	49%	\$456,530	57.7%	\$ 477,133	58.2%	\$ 20,603	27.9%	EQUITY
BIL	spdr 1-3 mo Tbills	FX INC GOVT NOTE STerm Treas	\$ 275,454	36%	\$ 77,767	9.8%	\$ 77,784	9.5%		-71.8%	BIL
CASH-13wk Tbill			\$ 275,454	36%	\$ 77,767	9.8%	\$ 77,784	9.5%	\$ 17	-71.8%	CASH-13wk Tbill
TLT	I Share 20+ yr Treasury Bond	FX INC GOVT BOND Ten Yr Tr			\$ 65,933	8.3%	\$ 67,605	8.2%			TLT
IGIB	I Share 5-10 yr Inv Grade	FX INC CORP BOND Mid Term			\$ 49,359	6.2%	\$ 50,187	6.1%			IGIB
FTSL	1st Trust Sr Loans	FX INC CORP BOND Mid Term			\$ 50,131	6.3%	\$ 50,219	6.1%			FTSL
IBHD	I Share iBond 2024 Hyield & Income	FX INC CORP High Yield			\$ 50,285	6.4%	\$ 50,350	6.1%			IBHD
FIXED INCOME					\$ 215,708	27%	\$ 218,361	26.6%	\$ 2,653		FIXED INCOME
Cash Net	CASH				\$ 4,432	0.6%	\$ 8,950	1%	\$ 4,518		CASH
TOTAL			\$ 756,834	100%	\$790,978	100%	\$ 819,758	100%	\$ 28,780		TOTAL
Ytd			Base		4.3%		7.7%				

2. Q3 EQUITY YIELD & “the dividend drill”

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A. Perpetuity Growth

B. Discount to Fair Value



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2. Q3 EQUITY YIELD BUILDING BLOCKS

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<u>BASELINE</u>
A1. MARGIN - Competitive Advantage
<u>A2. OPERATING LEVERAGE - Asset Turn</u>
A3. CAPITAL RETURN
<u>A4. EQUITY LEVERAGE</u>
A5. EQUITY RETURN

+

<u>YIELD IMPACT</u>
B1. DIV YIELD - Sales Growth
B2. DIV YIELD - History - pct
B2. DIV YIELD - History - \$/sh
B3. DIV YIELD - Buybacks
B4. DIV YIELD - Fin Lev - Debt / Equity
B4. DIV YIELD - Fin Lev Debt
B5. DIV YIELD - Payout
C1. DIV GROWTH - Sales
C2. DIV GROWTH - Margin
C3. DIV GROWTH - Profit
C4. DIV GROWTH - Sustained CapEx
D1. VAL GROWTH - EPS
D2. VAL GROWTH - Mkt Cap / FCF
D3. VAL GROWTH - SH Equity
D4. VAL GROWTH - Book per Share
D5. VAL GROWTH - P / E
E1. OPT INCOME - Expiration
E1. OPT INCOME - Delta
E1. OPT INCOME - Bid - Ask Spread
E1. OPT INCOME - Implied Volatility

HIGH GRADE INCOME PROSPECTS

RANK ORDER SELECTION

QUARTERLY TARGETS

5/31/2024 END - BEG June				1st JUN	HYInc Yield & Bback /yr			Q3 Income Target Potential (ex Price dif)			
ticker	no shares	\$/sh	\$		% Yield/yr	a. % Div or Int/yr	b. % Bback/yr	c. % Opt Prem/qtr	st a.b.c.Qtr pct	st \$ / qtr	
GOLD	2,196	\$ 17.09	\$ 37,530		2.4%	2.4%		2.2%	2.8%	\$ 1,052	GOLD
HEDGE			\$ 37,530		2.4%					\$ 1,052	
ENFR	1,172	\$ 25.83	\$ 30,273		6.3%	6.3%			1.6%		
DUK	244	\$ 103.57	\$ 25,271		4.1%	4.1%	0.0%	2.0%	3.0%	\$ 762	DUK
EOG	156	\$ 124.55	\$ 19,430		3.0%	3.0%	0.0%	2.4%	3.1%	\$ 611	EOG
EMR	322	\$ 112.16	\$ 36,116		1.9%	1.9%	0.0%	1.7%	2.2%	\$ 789	EMR
EPD	1,043	\$ 28.50	\$ 29,726		7.3%	7.3%	0.0%	1.1%	3.0%	\$ 877	EPD
KLAC	138	\$ 759.53	\$ 104,815		2.0%	0.7%	1.3%	4.3%	4.8%	\$ 5,047	KLAC
KMI	1,405	\$ 19.49	\$ 27,383		6.8%	5.8%	1.0%	1.4%	3.1%	\$ 838	KMI
MRK	308	\$ 124.79	\$ 38,435		2.8%	2.4%	0.4%	1.3%	2.0%	\$ 784	MRK
RHHBY	614	\$ 32.01	\$ 19,654		3.8%	3.8%	0.0%	0.0%	1.0%	\$ 188	RHHBY
STX	416	\$ 93.24	\$ 38,788		2.6%	2.6%	0.0%	2.2%	2.8%	\$ 1,098	STX
WLKP	1,119	\$ 23.37	\$ 26,151		8.5%	8.5%	0.0%	0.0%	2.1%	\$ 554	WLKP
XOM	265	\$ 117.26	\$ 31,058		6.8%	3.5%	3.4%	1.1%	2.8%	\$ 875	XOM
			\$ 143,603							\$ 6,145	
JEPI	886	\$ 56.47	\$ 50,033		7.2%	7.2%			1.8%	\$ 901	JEPI
EQUITY			\$ 477,133		4.4%					\$ 13,325	
BIL	851	\$ 91.42	\$ 77,784		5.2%	5.2%			1.3%	\$ 1,013	BIL
CASH-13w			\$ 77,784		5.2%					\$ 1,013	
TLT	750	\$ 90.14	\$ 67,605		4.2%	4.2%			1.1%	\$ 710	TLT
IGIB	986	\$ 50.90	\$ 50,187		5.4%	5.4%			1.4%	\$ 678	IGIB
FTSL	1,091	\$ 46.03	\$ 50,219		6.9%	6.9%			1.7%	\$ 871	FTSL
IBHD	2,174	\$ 23.16	\$ 50,350		6.1%	6.1%			1.5%	\$ 768	IBHD
FX INC ->			\$ 218,361		5.5%					\$ 3,027	
CASH			\$ 8,950								
TOTAL			\$ 819,758							\$ 18,416	
			7.7%							2.2%	

1. PLAN

2024-q3

2. Q3 YIELD – The Growth Company

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2. KLAC BASELINE & YIELD PROFILE

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													Change -% fr 2024est (1)	
Semiconductor Equipment	2017	2018	2019	2020	2021	2022	2023	Est. 2024	Est. 2025	Proj. 2027-2029			1yr	3-5 yr
												BASELINE		
a. Net Income / Sales	26.9%	31.2%	29.1%	28.2%	32.6%	34.8%	33.9%	32.5%	33.4%	36.0%	✓	A1. MARGIN - Competitive Advantage	3%	11%
b. Sales / Total Capital	0.9	1.0	0.8	0.9	1.0	1.1	1.2	1.0	1.0	1.1	✓	A2. OPERATING LEVERAGE - Asset Turn	-1%	4%
% Return on Total Capital	24.9%	34.1%	23.8%	28.0%	34.3%	40.8%	42.1%	34.0%	34.5%	39.5%	✓	A3. CAPITAL RETURN	1%	16%
c. Total Capital / Equity	3.0	2.4	2.2	2.3	2.0	5.8	3.0	2.7	2.2	1.7	✓	A4. EQUITY LEVERAGE	-19%	-37%
ROE	70.5%	77.7%	49.9%	61.4%	66.7%	228.8%	121.8%	90.9%	74.6%	65.5%	✓	A5. EQUITY RETURN	-18%	-28%
												YIELD IMPACT		
Total Sales per Share	22.19	25.87	28.65	37.35	45.29	64.96	76.75	72.95	84.1	120.9	✓	B1. DIV YIELD - Sales Growth	15%	66%
Average Annual Dividend Yield	2.50%	2.40%	2.80%	2.10%	1.40%	1.20%	1.40%	--	--	1.10%	✓	B2. DIV YIELD - History - pct		-27%
Dividends Declared per share	2.14	2.52	3	3.3	3.6	4.2	5.2	5.9	6.5	8.4	✓	B2. DIV YIELD - History - \$/sh	10%	42%
Common Shares Outstanding	156,840	156,048	159,475	155,461	152,776	141,804	136,750	134,000	132,000	122,000	✓	B3. DIV YIELD - Buybacks	-1%	-9%
B4. DIV YIELD - Fin Lev - Debt / Equity	2.0	1.4	1.2	1.3	1.0	4.8	2.0	1.7	1.2	0.7	✓	B4. DIV YIELD - Fin Lev - Debt / Equity	-31%	-60%
Long-Term Debt	2,680	2,237	3,173	3,470	3,423	6,661	5,891	5,875	5,800	5,500	✓	B4. DIV YIELD - Fin Lev Debt	-1%	-6%
All Dividends to Net Profits	37.00%	32.00%	36.00%	32.00%	25.00%	20.00%	21.00%	24.00%	22.00%	20.00%	✓	B5. DIV YIELD - Payout	-8%	-17%
Total Sales	3,480	4,037	4,569	5,806	6,919	9,212	10,496	9,775	11,100	14,950	✓	C1. DIV GROWTH - Sales	14%	53%
Operating Margin	38.80%	40.10%	40.30%	38.40%	41.60%	43.70%	42.20%	41.00%	41.50%	44.50%	✓	C2. DIV GROWTH - Margin	1%	9%
Net Profit (\$Mil)	935	1,259	1,328	1,635	2,254	3,205	3,558	3,180	3,710	5,380	✓	C3. DIV GROWTH - Profit	17%	69%
Capital Spending per share	0.25	0.43	0.82	0.98	1.52	2.17	2.5	2.6	2.65	3.25	✓	C4. DIV GROWTH - Sustained CapEx	2%	25%
Earnings per share	5.94	8	8.46	10.35	14.55	21.15	25.37	23.55	28.5	44.85	✓	D1. VAL GROWTH - EPS	21%	90%
"Cash Flow" per share	6.33	8.47	9.79	11.89	15.91	23.48	27.07	24.9	29.35	45.65	✓	D2. VAL GROWTH - Mkt Cap / FCF	18%	83%
Shareholders' Equity	1,326	1,621	2,659	2,665	3,378	1,401	2,920	3,500	4,975	8,100	✓	D3. VAL GROWTH - SH Equity	42%	131%
Book Value per share	8.46	10.38	16.67	17.15	22.11	9.88	21.35	26.1	37.65	66.35	✓	D4. VAL GROWTH - Book per Share	44%	154%
Average Annual PIE Ratio	14.1	13.2	12.5	15.5	18.2	16.9	14.8		--	18	✓	D5. VAL GROWTH - P / E		18%

Source: ValueLine.com, AAI - Houston

2. KLAC CALL OPTION YIELD

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Sell to Open 1 KLAC Jul 12, 2024 890 Covered Call @ \$950.00

Enter the following leg into your broker's platform.

BUY/SELL	QUANTITY	EXPIRY	STRIKE	TYPE	PREMIUM
SELL TO OPEN	1	Jul 12, 2024	890	Call	\$9.50

Bid\$7.60Mid\$9.50Ask\$11.40Avg Premium\$9.50

Strategy Covered CallReward\$3,350.00Risk\$85,650.00DTE22

Options GridRisk & ChecklistStrategy & GreeksIncome Settings

Strategy Explanation

This is a bullish strategy with limited risk of \$85,650.00 and limited potential reward of \$3,350.00.
This strategy will profit if the stock closes above \$856.50 by Jul 12, 2024.
There is a 34.00% probability this will happen.
This is a bullish strategy with limited risk of \$85,650.00 and limited potential reward of \$3,350.00.

Greeks

For every dollar that KLAC increases by, will result in a \$76.65 profit, and due to time decay it will gain \$54.43 in time value per day as expiration approaches.

Delta\$76.65

Theta\$54.43

Gamma-\$0.42

Vega-\$61.44


TradeIncomeOptionsPlay.com

Own shares of KLAC Yes No

Number Of Shares100Cost Basis\$888.00

KLAC KLA Corp.
\$829.59 -\$33.72 (3.91%)
1M Trend Bullish
6M Trend Bullish

Sell 1 Jul 12, 2024 890 Covered Call



Cost-\$950.00

Max Reward\$3,350.00

Max Risk\$85,650.00

Annualized/Raw Return21.06%/1.16%

12 M Projected Yield21.71%*

POW80.64%

Breakeven\$856.50

Days to Expiry22

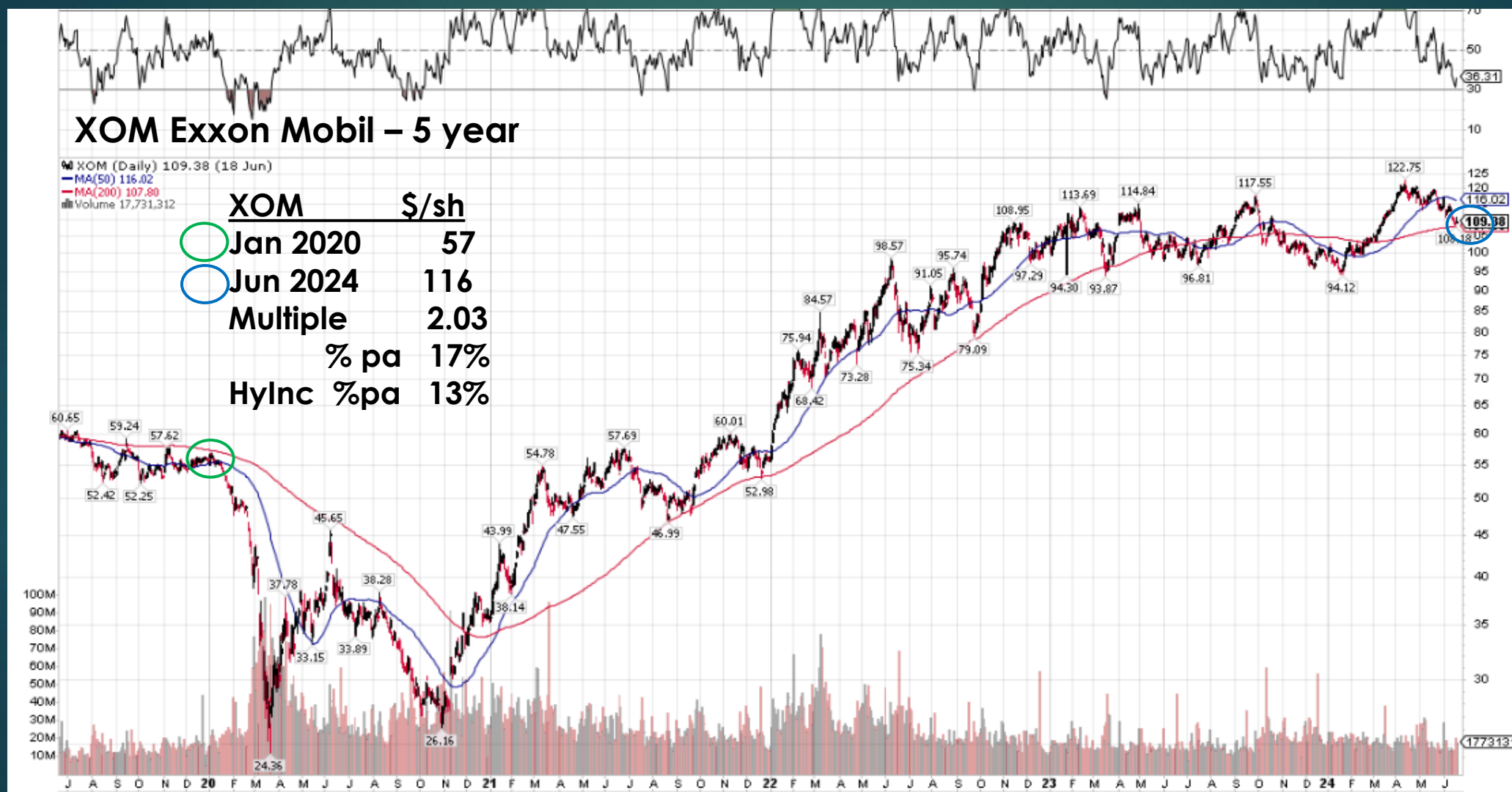
TradeModify

Bullish w/ Limited risk

Selling the Jul 12, 2024 \$890.00 covered call on your KLAC position would generate \$950.00 of income, providing a static yield of 1.16% in 22 days (21.06% annualized), compared to the 0.65% dividend yield. You will keep \$950.00 of income per contract if KLAC closes below \$890.00 on Jul 12, 2024. There is a 80.64% probability that this will happen.

2. Q3 YIELD – Commodity, Value Company

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dma	\$/sh
50	\$116
06/17	\$109
200	\$107

2. XOM BASELINE & YIELD PROFILE

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													CHANGE - % fr 2024est	
Petroleum (Integrated)	2017	2018	2019	2020	2021	2022	2023	Est. 2024	Est. 2025	Proj. 2027-2029		LINE ITEM	1yr	3-5 yr
a. Net Income / Sales	5.6%	7.2%	5.4%	-12.4%	8.1%	13.5%	10.5%	10.6%	9.3%	7.9%	neg	A1. MARGIN - Competitive Advantage	-12%	-26%
b. Sales / Total Capital	1.2	1.4	1.2	0.9	1.3	1.8	1.4	1.5	1.5	1.6	neg	A2. OPERATING LEVERAGE - Asset Turn	3%	5%
% Return on Total Capital	6.60%	10.00%	6.80%	--	11.10%	23.80%	15.00%	15.90%	14.40%	12.40%	neg	A3. CAPITAL RETURN	-9%	-22%
c. Total Capital / Equity	1.1	1.1	1.1	1.3	1.3	1.2	1.2	1.2	1.2	1.2	✓	A4. EQUITY LEVERAGE	-1%	-2%
ROE	7.3%	10.9%	7.5%	-14.3%	13.7%	28.6%	17.6%	18.7%	16.8%	14.3%	neg	A5. EQUITY RETURN	-10%	-23%
bl														
Total Sales per Share	57.65	68.49	62.57	42.88	67.38	101.34	86.77	89.7	91.8	91.05	✓	B1. DIV YIELD - Sales Growth	2%	2%
Average Annual Dividend Yield	3.70%	4.10%	4.60%	7.80%	6.00%	3.90%	3.40%	--	--	3.70%	✓	B2. DIV YIELD - History - pct		8%
Dividends Declared per share	3.06	3.23	3.43	3.48	3.49	3.55	3.68	3.8	3.9	4	✓	B2. DIV YIELD - History - \$/sh	3%	5%
Common Shares Outstanding	4,239,000	4,237,000	4,234,000	4,233,000	4,239,000	4,082,000	3,971,000	3,925,000	3,900,000	3,900,000	✓	B3. DIV YIELD - Buybacks	-1%	-1%
B4. DIV YIELD - Fin Lev - Debt / Equity	0.13	0.11	0.14	0.30	0.26	0.21	0.18	0.18	0.17	0.15	✓	B4. DIV YIELD - Fin Lev - Debt / Equity	-5%	-12%
Long-Term Debt	24,406	20,538	26,342	47,182	43,428	40,559	37,483	35,000	33,000	30,000	✓	B4. DIV YIELD - Fin Lev Debt	-6%	-14%
All Dividends to Net Profits	94.00%	66.00%	102.00%	--	65.00%	27.00%	41.00%	40.00%	46.00%	56.00%	✓	B5. DIV YIELD - Payout	15%	40%
bl														
Total Sales	244,363	290,212	264,938	181,502	285,640	413,680	344,582	352,000	358,000	355,000		C1. DIV GROWTH - Sales	2%	1%
Operating Margin	16.00%	17.40%	15.10%	25.10%	29.30%	31.70%	30.20%	19.50%	18.00%	17.50%	neg	C2. DIV GROWTH - Margin	-8%	-10%
Net Profit (\$Mil)	13,768	20,840	14,340	-22,440	23,040	55,740	36,010	37,300	33,350	27,900	neg	C3. DIV GROWTH - Profit	-11%	-25%
Capital Spending per share	3.63	4.62	5.75	4.08	2.85	4.51	5.52	5.25	5.5	6.25	✓	C4. DIV GROWTH - Sustained CapEx	5%	19%
bl														
Earnings per share	3.24	4.88	3.36	-5.25	5.39	13.26	8.89	9.5	8.55	7.15	neg	D1. VAL GROWTH - EPS	-10%	-25%
"Cash Flow" per share	7.94	9.34	7.87	5.57	10.3	19.54	14.27	15.6	14.6	13.05	neg	D2. VAL GROWTH - Mkt Cap / FCF	-6%	-16%
Shareholders' Equity	187,688	191,794	191,650	157,150	168,577	195,049	204,802	200,000	198,500	195,000	✓	D3. VAL GROWTH - SH Equity	-1%	-3%
Book Value per share	44.28	45.27	45.26	37.13	39.77	47.78	51.57	50.95	50.9	50		D4. VAL GROWTH - Book per Share	0%	-2%
Average Annual P/E Ratio	25.3	16.3	22	--	10.7	6.9	12.2	--	--	15	✓	D5. VAL GROWTH - P / E		19%

2. XOM CALL OPTION YIELD

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Sell to Open 1 XOM Jul 12, 2024 117 Covered Call @ \$67.50

Enter the following leg into your broker's platform.

BUY/SELL	QUANTITY	EXPIRY	STRIKE	TYPE	PREMIUM
SELL TO OPEN	1	Jul 12, 2024	117	Call	\$0.68

Bid	\$0.65	Mid	\$0.68	Ask	\$0.70	Avg Premium	\$0.68
Strategy	Covered Call	Reward	\$540.50	Risk	\$11,159.50	DTE	22

Options Grid Risk & Checklist **Strategy & Greeks** Income Settings

Strategy Explanation

This is a bullish strategy with limited risk of \$11,159.50 and limited potential reward of \$540.50.

This strategy will profit if the stock closes above \$111.60 by Jul 12, 2024.

There is a 55.16% probability this will happen.

This is a bullish strategy with limited risk of \$11,159.50 and limited potential reward of \$540.50.

Greeks

For every dollar that XOM increases by, will result in a \$78.36 profit, and due to time decay it will gain \$3.94 in time value per day as expiration approaches.

Delta	\$78.36	Theta	\$3.94
Gamma	-\$5.24	Vega	-\$7.97

Trade **Income** OptionsPlay.com

Own shares of XOM Yes ☐ No ☒

Number Of Shares 100 Cost Basis \$112.27

XOM Exxon Mobil Corp. 1M Trend Bearish 6M Trend Neutral

\$112.18 +\$2.80 (2.56%)

Sell 1 Jul 12, 2024 117 Covered Call

Cost -\$67.50
Max Reward \$540.50
Max Risk \$11,159.50
Annualized/Raw Return 10.52%/0.60%
12 M Projected Yield 13.96%*
POW 79.77%
Breakeven \$111.60
Days to Expiry 22

Trade Modify

Bullish w/ Limited risk

Selling the Jul 12, 2024 \$117.00 covered call on your XOM position would generate \$67.50 of income, providing a static yield of 0.60% in 22 days (10.52% annualized), compared to the 3.44% dividend yield. You will keep \$67.50 of income per contract if XOM closes below \$117.00 on Jul 12, 2024. There is a 79.77% probability that this will happen.

3. NEXT STEPS – Q3

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- ▶ 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 – Duration vs Credit

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					Yield = D +B	D - Dividends			B - Bback			Yield = D +B + 4*O	O - Call Options \$/~ ATM Call				
	\$/sh	\$ Invest / Contract		G(1) = RfR - (D+B)/Mkt Cap	percent / yr	\$/div/qtr	\$/div/yr	% div/yr	%/bback	G(2)		percent / yr		Bid	Ask	Bid pct	Delta
1	2	3															
EMR	\$ 108.68	\$ 10,868		3.40%	1.93%	\$ 0.53	\$ 2.10	1.9%				8.7%		\$ 1.85	\$ 2.00	1.7%	0.3978
KLAC	\$ 863.00	\$ 86,300		3.36%	1.97%	\$ 1.45	\$ 5.80	0.7%	1.30%			19.3%		\$ 37.30	\$ 38.00	4.3%	0.4211
GOLD	16.41	\$ 1,641		2.89%	2.44%	0.1	0.4	2.4%				11.2%		0.36	0.38	2.2%	
STX	\$ 105.99	\$ 10,599		2.69%	2.64%	\$ 0.70	\$ 2.80	2.6%				11.3%		\$ 2.30	\$ 2.75	2.2%	
MRK	\$ 127.99	\$ 12,799		2.51%	2.82%	\$ 0.77	\$ 3.08	2.4%	0.41%			8.2%		\$ 1.71	\$ 1.82	1.3%	0.3953
EOG	\$ 119.50	\$ 11,950		2.28%	3.05%	\$ 0.91	\$ 3.64	3.0%				12.6%		\$ 2.85	\$ 3.00	2.4%	0.4922
RHHBY	\$ 34.98	\$ 3,498		1.50%	3.83%		\$ 1.34	3.8%									
DUK	\$ 100.30	\$ 10,030		1.24%	4.09%	\$ 1.03	\$ 4.10	4.1%				12.1%		\$ 2.00	\$ 2.15	2.0%	0.6359
KMI	\$ 19.75	\$ 1,975		-0.49%	6.77%	\$ 0.29	\$ 1.15	5.8%	0.95%			12.2%		\$ 0.27	\$ 0.29	1.4%	0.4126
XOM	\$ 109.38	\$ 10,938				\$ 0.95	\$ 3.80	3.5%	3.35%			15.7%		\$ 2.43	\$ 2.50	2.2%	0.4523
XOM	\$ 112.30	\$ 11,230		-1.40%	6.73%	\$ 0.95	\$ 3.80	3.4%	3.35%			9.2%		\$ 0.68	\$ 0.70	0.6%	0.7836
EPD	\$ 28.30	\$ 2,830		-1.95%	7.28%	\$ 0.52	\$ 2.06	7.3%				11.8%		\$ 0.32	\$ 0.48	1.1%	0.7330
WLKP	\$ 22.18			-3.15%	8.48%	\$ 0.47	\$ 1.88	8.5%			na						
ENFR	\$ 25.79	\$ 2,579									na						
JEPI	\$ 56.37										na						
		RfR		5.33%													
		G(1)		Implied D&B growth calculated fr Gordon Growth Model with RfR													

THE INCOME CHALLENGE

- ▶ 1. HyInc* PORTFOLIO UPDATE
- ▶ 2. 2024 Q3 EQUITY YIELD
- ▶ 3. NEXT STEPS

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

Q4 ASSET MIX – Non US SHOULD INCOME PORTFOLIO Consist of;

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a. US ONLY

b. US w EM Emerging Markets

c. US w EAFE

d. Mix of b. c.

Appendix

A - Disclosure & Disclaimer

B - Sources – Information, Data, Toolkits

C - Hylnc Objectives, Analytic Sequence

Appendix A – Income Sig – Disclosure & Disclaimer

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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

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- 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

AAll Houston Speakers+:

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

Appendix C – Inc SIG – Hybrid-Income

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▶ 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 1/2 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