

## AGENDA 09-12-24

10:30 *The Seven Keys of Retirement Life  
Infinity Lifestyle Design - David Buck*

11:30 *Income Sig Update / Framework  
Ferzinger@gmail\**

## THE INCOME CHALLENGE

- ▶ 1. HyInc\* PORTFOLIO UPDATE YtD September 2024
- ▶ 2. INCOME ASSETS – The TOOLKIT SURVEY Q4+
  - Appendix A Hybrid Income\*
    - Preserve Principal, Maintain Income, Sustain Portfolio

# 1. PORTFOLIO UPDATE – SEPT 2024

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Hybrid Income		1st JAN			JUL 8/30/2024 END - BEG Sept			
ticker	Company - Entity	Asset Class	\$	%	\$	Pct of Port	Δ YtD	ticker
GOLD	Barrick Gold Corp	ALT Gold	\$ 39,726	5%	44,337	\$ 4,612	GOLD	
		HEDGE	\$ 108,305	14%	44,337	5.1%		HEDGE
ENFR	Alerian Energy	US LG CAP VAL Sect Energy ML	\$ 27,061	4%	32,933	\$ 5,872	ENFR	
DUK	Duke Power	US LG CAP VAL Sect Utility	\$ 23,678	3%	27,804	\$ 4,126	DUK	
EOG	Enron Oil & Gas	US LG CAP VAL Sect Energy	\$ 18,720	2%	20,096	\$ 1,376	EOG	
EMR	Emerson Electric Co.	US LG CAP VAL Sect Industrial	\$ 31,340	4%	33,936	\$ 2,595	EMR	
EPD	Enterprise	US LG CAP VAL Sect Energy ML	\$ 26,972	4%	30,602	\$ 3,630	EPD	
KLAC	KLA Corporation	US LG CAP GROWTH	\$ 80,219	11%	113,081	\$ 32,862	KLAC	
KMI	Kinder Morgan	US LG CAP VAL Sect Energy	\$ 24,377	3%	30,306	\$ 5,929	KMI	
MRK	Merck & Co., Inc.	US LG CAP VAL Sect Hcare	\$ 33,578	4%	36,483	\$ 2,904	MRK	
PXD	Pioneer	US LG CAP VAL Sect Energy	\$ 25,636	3%		\$ (25,636)	PXD	
RHHBY	Roche Holding AG	US LG CAP VAL Sect Mat'l's	\$ 22,245	3%	25,991	\$ 3,745	RHHBY	
STX	Seagate Technology Holdings plc	US LG CAP GROWTH	\$ 35,514	5%	41,413	\$ 5,899	STX	
WLKP	Westlake Polymer	US LG CAP VAL Sect Mat'l's	\$ 23,734	3%	25,446	\$ 1,712	WLKP	
XOM	Exxon Mobil	US LG CAP VAL Sect Energy MLP			31,238	\$ 5,602	XOM	
		US LG CAP GROWTH	\$ 115,733		154,494	\$ 38,761		
		US LG CAP VAL Sect Energy MLP	\$ 257,342		294,834	\$ 37,492		
JEPI	US STOCK MKT Options	US STOCK MKT Options			52,385	\$ 57,987	JEPI	
		EQUITY	373,075	49%	501,713	58.0%		EQUITY
BIL	spdr 1-3 mo Tbills	FX INC GOVT NOTE S Term Treas	\$ 275,454	36%	76,892		BIL	
	CASH-13wk Tbill		\$ 275,454	36%	76,194	8.8%	\$ (199,261)	CASH-1
TLT	I Share 20+ yr Treasury Bond	FX INC GOVT BOND Ten Yr Tr			72,135		\$ 72,135	TLT
IGIB	I Share 5-10 yr Inv Grade	FX INC CORP BOND Mid Term			51,654		\$ 51,654	IGIB
FTSL	1st Trust Sr Loans	FX INC CORP BOND Mid Term			49,891		\$ 49,891	FTSL
IBHD	I Share iBond 2024 Hyield & Income	FX INC CORP High Yield			50,141		\$ 122,276	IBHD
		FIXED INCOME	\$ -	**	223,821	25.9%	\$ 275,475	
Cash Net	CASH				18,397	2.1%	\$ 18,397	CASH
		TOTAL	\$ 756,834	100%	864,462	100%	\$ 126,024	TOTAL
		YtD	Base		16.7%		16.7%	

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## 2. THE INCOME ASSET CHALLENGE

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### WHICH ASSETS, WHICH MARKETS?

- ▶ MARKET HEDGE – Gold
- ▶ DIVIDEND EQUITIES
- ▶ FIXED INCOME
- ▶ ALTERNATIVES – aka Private Transactions

### DO THEY MEET INCOME OBJECTIVES?

- ▶ PRESERVE PRINCIPAL\*
- ▶ MAINTAIN INCOME\*
- ▶ SUSTAIN PORTFOLIO\*\*

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▶ \*short term 1-3yr, \*\* long term 10yr

- Dr. Ed Yardeni, Yardeni.com (EY)
- Dr. Torston Slok – The Apollo Economist (TS)
- JP Morgan Analytics – Q4 Outlook (JPM)
- Simulations – Assets, ETFs, Tickers – RAffiliates & 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 – Charlie Bilello

# THE INCOME ASSET CHALLENGE – Outlook

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## Questions – Which Indicators, tools

### Economic Outlook

#### Q1. The Black Swan

SumGrowth – Alphadailybrief.com

#### Q2. LEI & Atlanta Fed

Apollo Econ Factor Summary (+/-)

### Debt Markets

#### Q3. US Treasury 10-Year Rate

- Fed Tbill vs Note Issuance, Auction Tails
- High Yield Bond Market

### The Debt / Equity Interface

#### Q4. Equity – 75dma, ->Eq Pct

Sim Trends – 90dma ->Eq Pct

Ibank Report Weighting

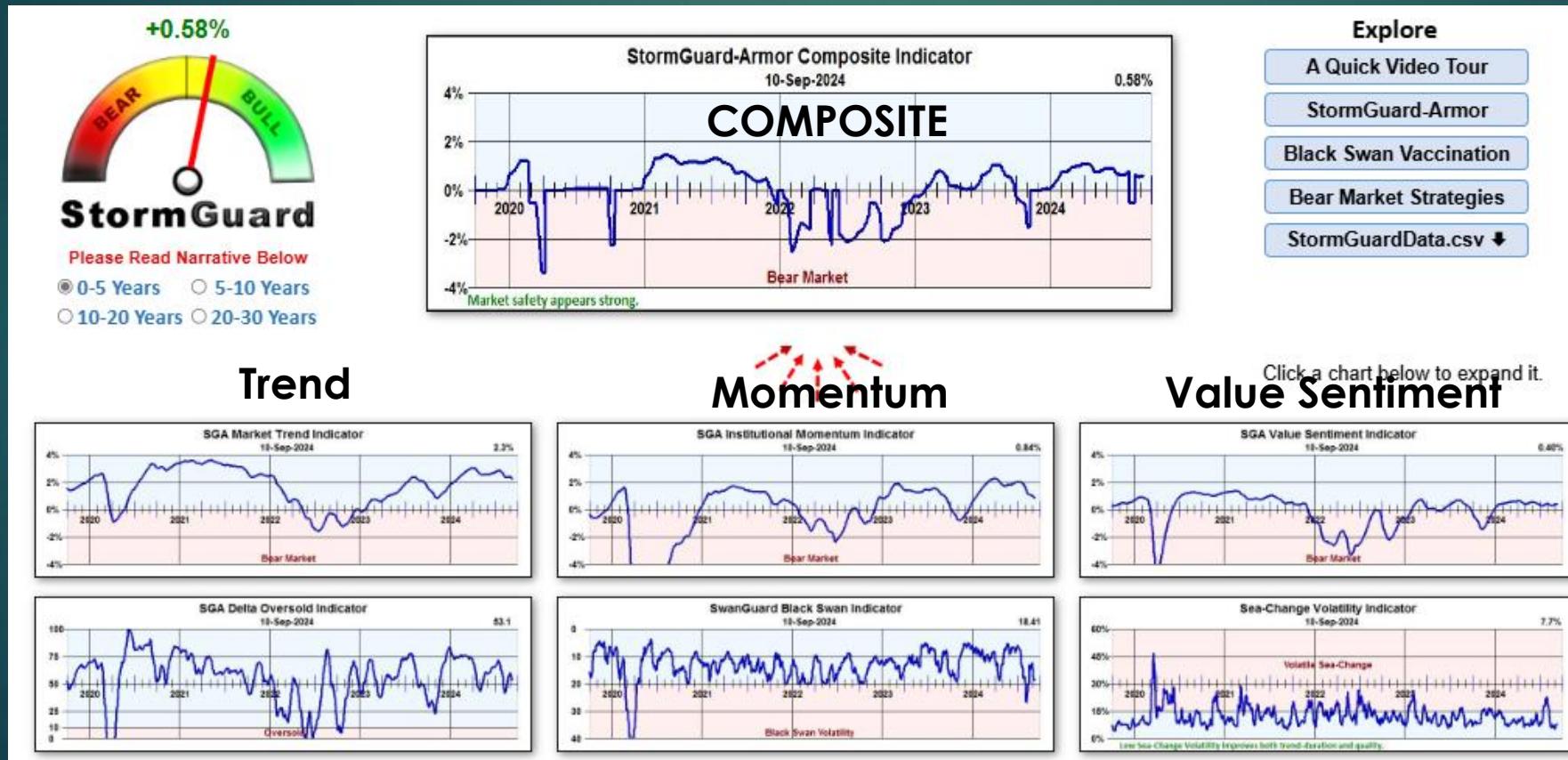
Asset Simulation – Risk Adjusted Returns

# THE INCOME ASSET CHALLENGE - Canaries

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## Q1 – Can, should Inc Sig attempt to anticipate the Black Swan?

- a. No – by Definition Black Swans are like Black Holes ... Impossible to See
- 
- b. Yes – Use a tool like SumGrowth's Storm Guard – [Alphadailybrief.com](https://Alphadailybrief.com) (below)
- 
- c. Yes – Use other tool(s)



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Delta Oversold

Black Swan Volatility

Sea Change Volatility

Source: Sumgrowth

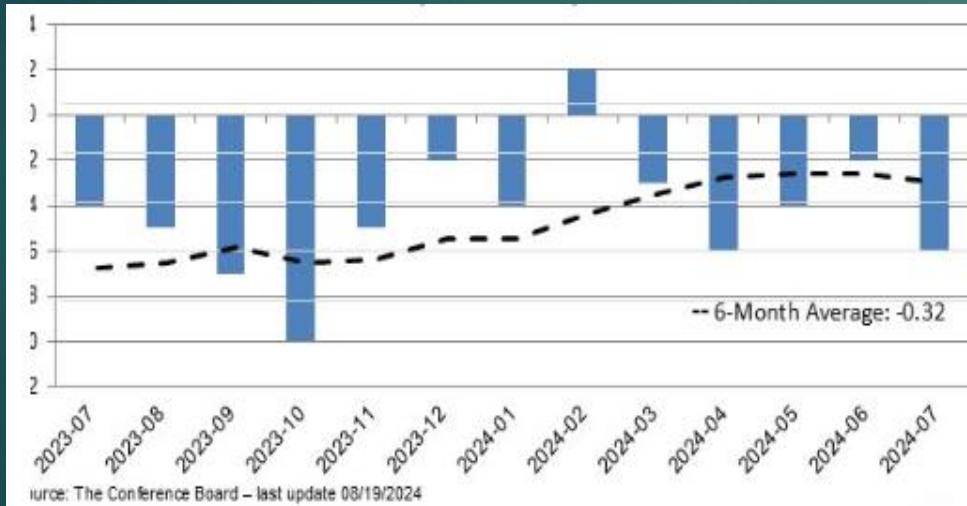
# THE INCOME ASSET CHALLENGE - Econ

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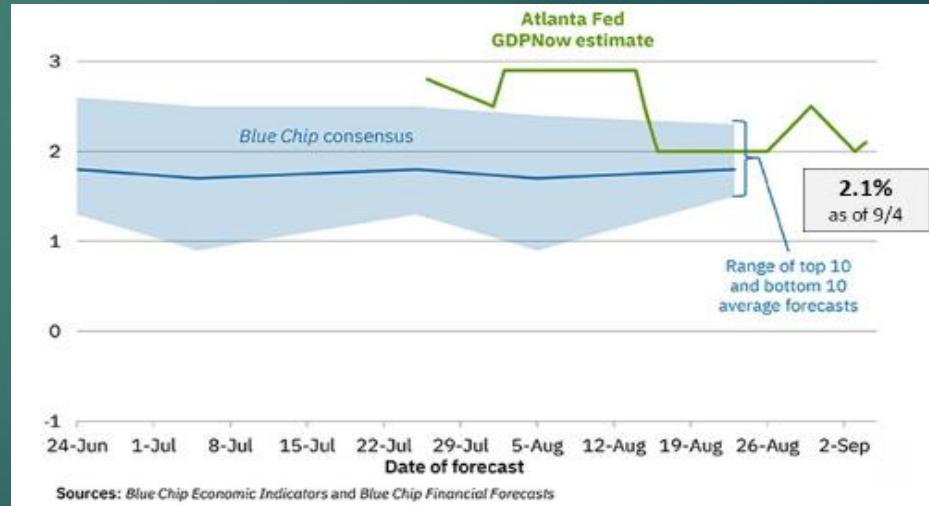
**Q2 – What should be the primary tool to check Economic outlook?**

- a. **LEI – Leading Economic Indicators**
- b. **The Atlanta Fed GDP Now**
- c. The Apollo Economic Inputs- Snapshot
- d. All, e. Other

LEI July23 to July 24



Atlanta Fed GDPNow



Source: The Conference Board, Barrons, Delta Investments, Fed Reserve

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# THE INCOME ASSET CHALLENGE – Econ

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## OUTLOOK – DAILY / WEEKLY ECONOMIC INDICATORS

**Restaurant bookings:** Strong

**TSA air travel data:** Strong

**Tax withholdings:** No signs of a slowdown

### **Weekly data:**

**Atlanta Fed GDPNow:** 2.6%

**Fed's weekly GDP index:** 2.4%

**Retail sales:** Strong

**Jobless claims:** Improving

**Hotel occupancy rate, daily rate, and RevPAR:** Strong

**Bank lending to firms and consumers:** Growing

**Bankruptcy filings:** Trending lower

**Credit and debit card data:** Solid

**Global jet fuel demand:** Rising

**Broadway show attendance:** Strong

**Box office weekly grosses:** Higher than normal

**S&P 500 forward profit margins:** Near record highs

**Business formation:** Slightly weaker

**ASA temp worker staffing index:** Slightly weaker

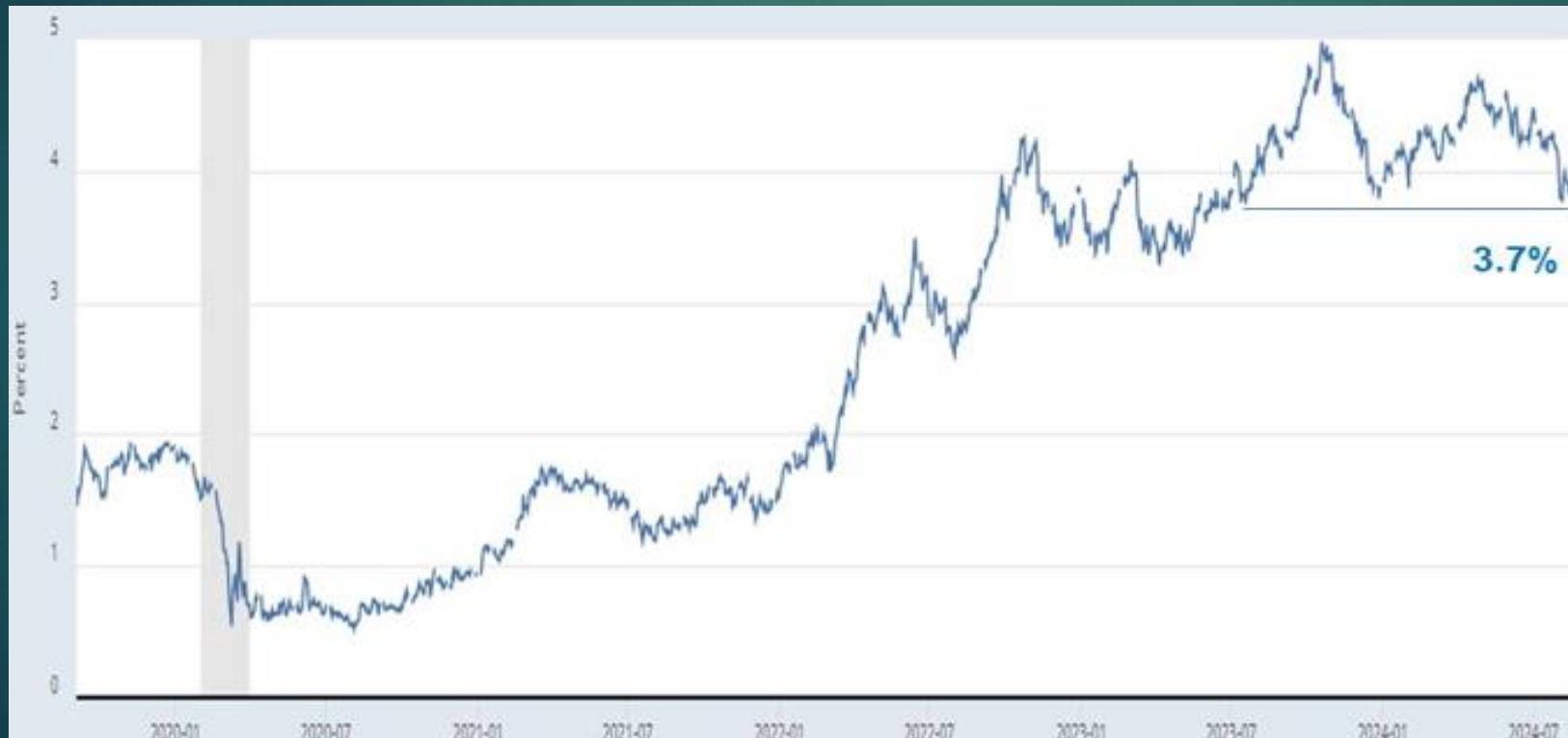
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# THE INCOME ASSET CHALLENGE – Debt Mkt

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Q3 – What should be the primary indicators of debt market condition?

- a. The Ten Year Treasury Rate
- b. Fed Tbill Issuance and Auction Tails
- c. The High Yield Bond Market
- d. All, e. Other



Source: Fed Reserve

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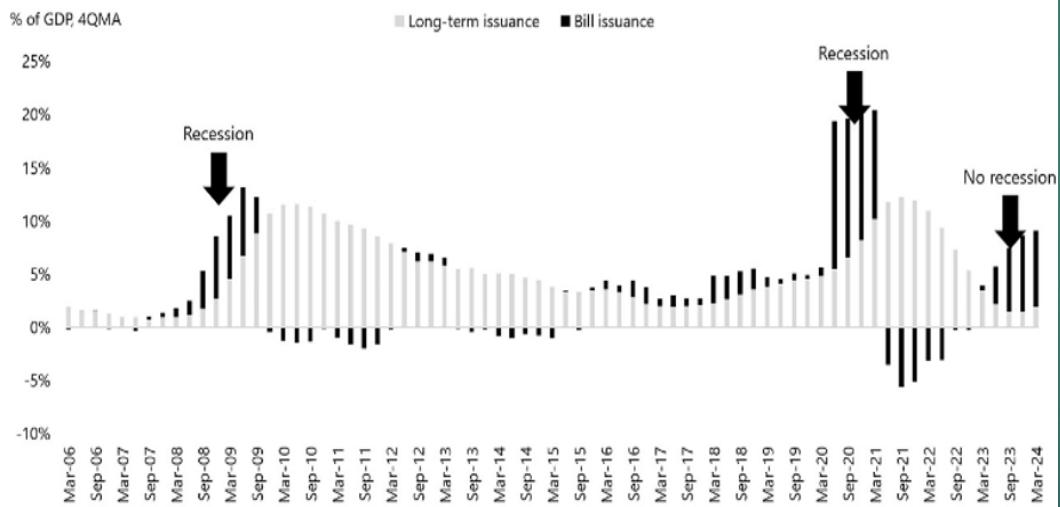
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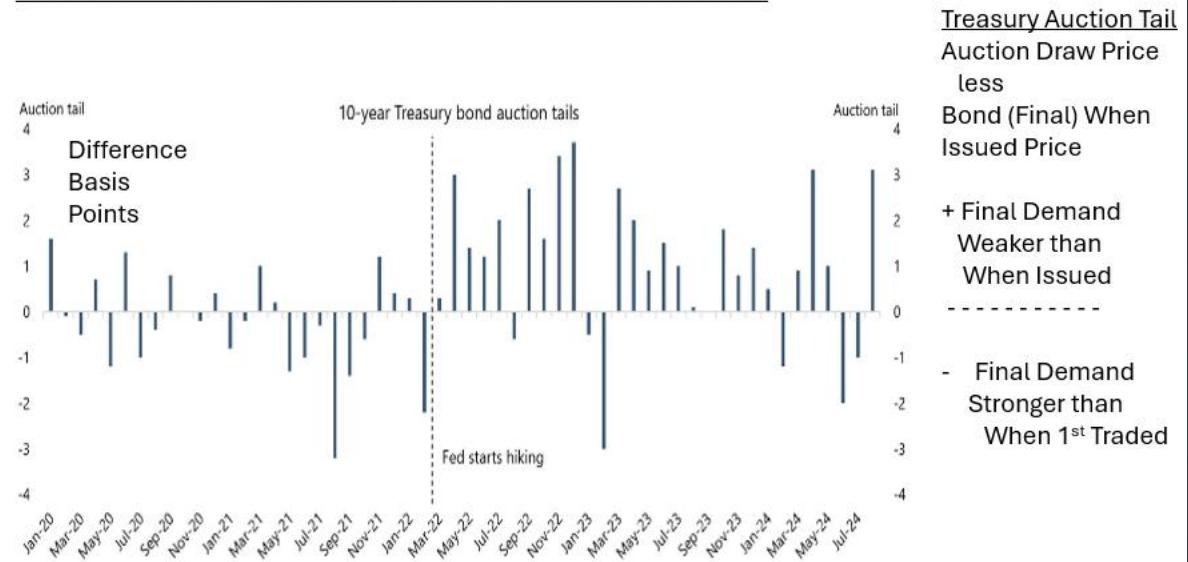
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- d. All, e. Other

### OUTLOOK – TBILL ISSUES



### OUTLOOK – TREASURY ISSUE TAILS



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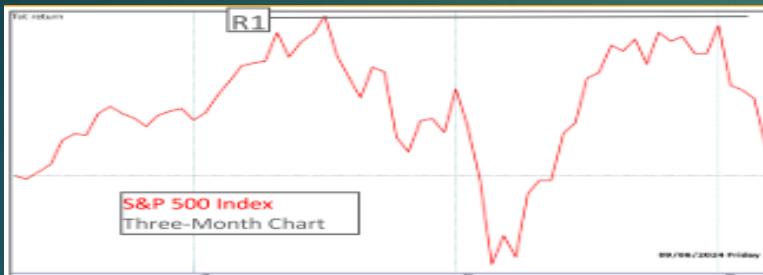
Source: Fed Reserve via Apollo Economics

# THE INCOME ASSET CHALLENGE – Debt Mkt

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- **c. The High Yield Bond Market**
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The **S&P 500 Index** is in a short-term downtrend. The index recovered almost all of the late July and early August decline before running into resistance at the previous all-time high (R1). Last week, the large-cap index fell 4.25%.



The **Nasdaq 100 Index** is in an intermediate-term downtrend. It peaked in mid-July and has been trending down since then. The index fell 5.9% last week.



Despite the current volatility in equity markets, the economically sensitive bond and income groups continue to trend upward with low volatility. The examples shown in the chart are trending up between 13% and 18% on an annualized basis, based on their performance over the last three months. These favorable returns are driven by a stable economy and a favorable interest rate environment.

Source: RGB Capital Perspectives

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# THE INCOME ASSET CHALLENGE – Asset Mix

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-Q4. What tools to define risk vs asset mix

- a. Equity – 75dma, ->Eq Pct
- b. Sim Trends – 90dma ->Eq Pct
- c. Ibank Report Weighting
- d. Asset Simulation – Risk Adjusted Returns, e. All, f. Other

MARKET SENTIMENT IS

**Bullish**

THIS WEEK'S NUMBER IS

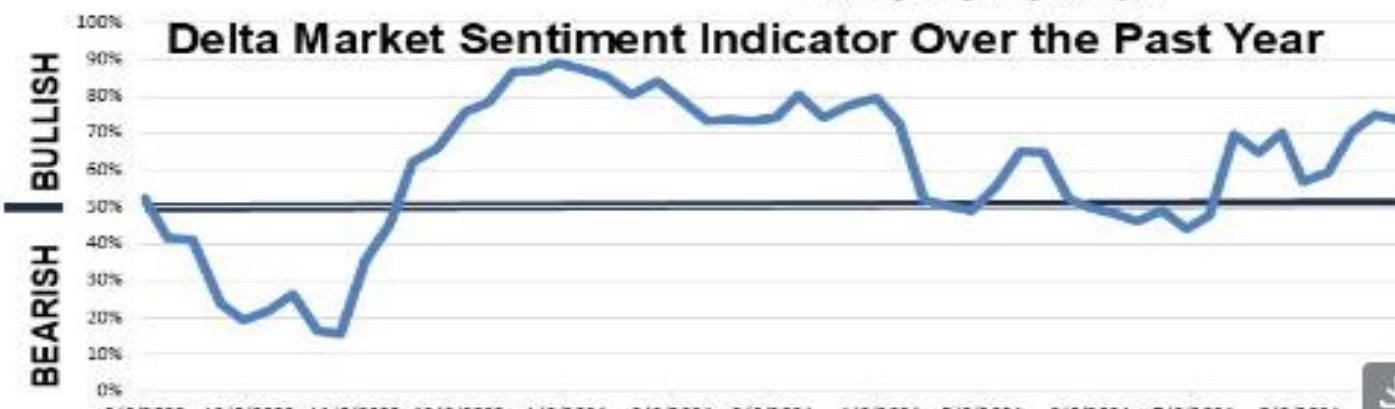
**73.3**

Our technical indicator decreased  
from 75.1 to 73.3 this week

## INDICATOR STATISTICS

Consecutive Bullish Weeks:	8
Cycle Inception Date:	7/18/2024
Range:	56.9.0 – 75.1
Mean:	67.5
Bullish Weeks YTD:	32
Bearish Weeks YTD:	4
*S&P 500	0.2%
*DJIA	0.8%
*NASDAQ	-3.1%

\* Percentage change during current cycle



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Source: Delta Investments, Barrons

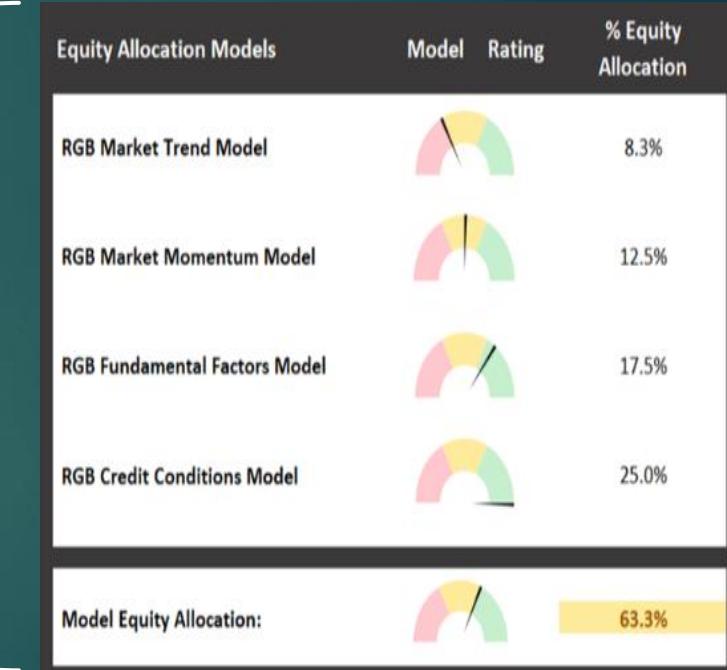
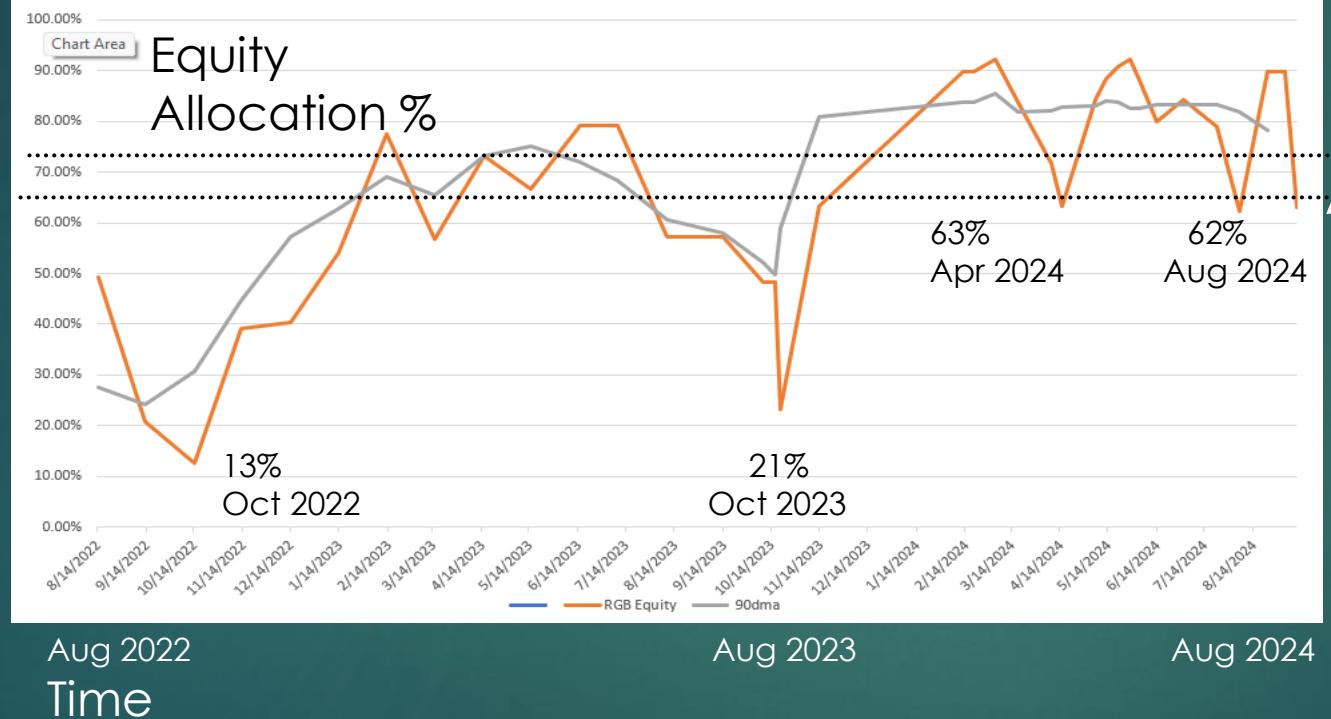
# THE INCOME ASSET CHALLENGE – Asset Mix

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## -Q4. What tools to define risk vs the Asset Mix

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- d. Asset Simulation – Risk Adjusted Returns, e. All, f. Other

Aug 2022 to 2024	
no reports	36
max	92%
med	73%
AVE	67%
min	13%
Stdev δ	22%



Source: RGB Capital Perspectives, Ned Davis Research – 09-03-24, Statistics from August 2022

Hylnc Equity Allocation August 2024

- Aggressive AVE +  $\delta$

- Moderate

$$\text{AVE} + \delta$$

- Moderate

AVE  $\equiv$  90dmg -  $\geq 81\%$

## Modera - Conservati

AVF =  $\delta$  22% or ~60%

# THE INCOME ASSET CHALLENGE – Asset Mix

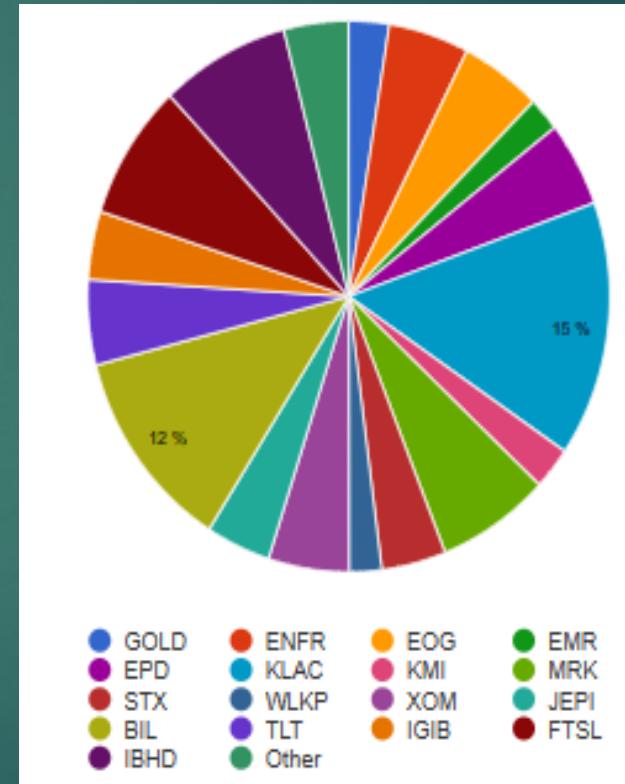
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## -Q4. What tools to define risk vs the Asset Mix

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- c. Ibank Report Weighting
- d. Asset Simulation – Risk Adjusted Returns, e. All, f. Other**

Ticker	Name	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%	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%			11.40%		0.84	
15.37%			11.49%		1.11	

A. Base



B. Max Sharpe Optimum

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- Appendix A Hybrid Income\*
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# Appendix

*A - Disclosure & Disclaimer*

*B - Sources – Information, Data, Toolkits*

*C - HyInc Objectives, Analytic Sequence*

## **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**

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# QUESTIONS