

What is Income?

The **Income strategy** offered by Stansberry Asset Management, LLC (“SAM”) prioritizes generating reliable income while also providing growth in up markets and protection in the event of a significant market downturn. This strategy typically yields significantly more than the overall stock market. To generate meaningful yield and to diversify risk, the Income strategy looks for investment opportunities beyond the traditional income universe.

Income is an actively-managed strategy. The risk-reward dynamics of different types of income-generating investments are constantly changing. We adjust the Income strategy to increase the reliability of income streams, reduce risk, and to capture upside total return potential.

We take a ‘shareholder yield’ approach to selecting investments for the Income portfolio. That means that we consider various ways that companies can distribute cash to shareholders, such as share buybacks and special dividends, in addition to regular dividend distributions. We also look beyond current yield to include growing companies that we believe will increase their dividends in the future.

The Benefits of Diversification

Diversification provides a higher risk-adjusted investment return. We prioritize true diversification. This is accomplished not by simply owning a basket of securities, but by targeting investments with different characteristics from one another. This reduces factor risk and the likelihood that Income positions move in lockstep with each other.

There is a lot more to the income investment universe than bonds and dividend-paying stocks. We aim to generate diversified income streams by looking for opportunitie across several investment types.



Blue
Chips



Midstream
Oil & Gas



Buybacks



Preferred
Stocks



Precious Metal
Royalty Companies



Merger
Arbitrage



Mortgage
REITs



Specialty
REITs



Equity
REITs



Fixed Income
Securities

Attractive Yield

The SAM Income strategy offers an attractive yield compared to traditional income investments.

S&P 500
Dividend yield

1.42%

S&P 500
Dividend
Aristocrats yield

2.40%

10-Year
U.S. Treasury

4.20%

SAM Income
Portfolio yield

4.26%

yield data as of 3/31/24

Top 10 Holdings as of 3/31/24

HOLDING	TICKER	WEIGHTING
US TREASURY SECURITIES		19.54
AXIS CAPITAL HOLDINGS LIMITED	AXS	4.47
SHELL PLC A SPONS ADR	SHEL	4.12
CITIGROUP INC	C	4.10
CAPRI HOLDINGS LIMITED	CPRI	3.58

HOLDING	TICKER	WEIGHTING
CRH PLC	CRH	3.58
GENERAL MILLS INC	GIS	3.37
CVS HEALTH CORP	CVS	3.36
INTERNATIONAL BUSINESS MACHINES	IBM	3.22
LOCKHEED MARTIN CORP	LMT	3.21

Performance as of 3/31/24

	2023	QTD	YTD	ROLLING 12 Mo.	ROLLING 24 Mo.*	ROLLING 36 Mo.*
SAM INCOME STRATEGY (GROSS)	7.87%	5.15%	5.15%	13.58%	3.80%	3.82%
SAM INCOME STRATEGY (NET)	6.55%	4.84%	4.84%	12.23%	2.50%	2.57%
BENCHMARK - 50/50 S&P/US BOND AGG	15.58%	4.81%	4.81%	15.09%	4.06%	4.54%

*Annualized

Portfolio Statistics as of 3/31/24

	ROLLING 12 Mo.	ROLLING 24 Mo.	ROLLING 36 Mo.
ALPHA VS BENCHMARK	-0.80%	-0.08%	-0.37%
BETA VS BENCHMARK	0.95	0.95	0.91
SHARPE RATIO	0.77	0.06	0.15
STANDARD DEVIATION	10.57%	14.27%	12.69%

Sector Allocation

TREASURY BOND	19.53%
FINANCIAL SERVICES	11.07%
CONSUMER DISCRETIONARY	10.54%
ENERGY	9.28%
REAL ESTATE	8.81%
INDUSTRIALS	6.31%
CONSUMER STAPLES	5.88%
MATERIALS	5.72%
INSURANCE	4.47%
OTHER	18.38%

Risk Category Allocation

U.S. TREASURYS	19.53%
STAPLES & DEFENSIVE	16.32%
REAL ESTATE	11.33%
ENERGY & COMMODITIES	9.21%
QUALITY GROWTH & BLUE CHIPS	8.75%
BONDS & PREFERRED	8.18%
INSURANCE & NON-BANK FINANCIALS	6.43%
CAPITAL EFFICIENT COMPOUNDERS	6.31%
BANKS	4.10%
OTHER	9.85%

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- model performance may not reflect the impact that material economic conditions and market factors would have had on the adviser's decision making or on individual clients, or the impact of the timing of actual client cash flows into or out of an actual portfolio;
- results reflect the asset-weighted returns of accounts managed in the strategy.
- model performance does not reflect brokerage commissions, custodian fees, taxes, or any other expenses a client would have paid, and as such, actual investment returns would be lower;
- hypothetical past performance just like actual past performance is no guarantee of future results.

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