

## 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 opportunities 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

1.49%

S&P 500  
Dividend  
Aristocrats yield

2.38%

10-Year  
U.S. Treasury

4.57%

SAM Income  
Portfolio yield

5.52%

yield data as of 9/30/23

### Top 10 Holdings as of 9/30/2023

HOLDING	TICKER	WEIGHTING
US TREASURY SECURITIES	-	16.51%
SHELL	SHEL	4.55%
AXIS CAPITAL HOLDINGS LMTD	AXS	4.46%
INTERNATIONAL BUSINESS MACHINES	IBM	4.40%
KINDER MORGAN	KMI	3.83%

HOLDING	TICKER	WEIGHTING
LAMAR ADVERTISING	LAMR	3.82%
BLACKSTONE MORTGAGE TRUST	BXMT	3.67%
GENERAL MILLS	GIS	3.55%
GENERAL DYNAMICS CORP	GD	3.48%
CVS HEALTH CORP	CVS	3.38%

## Performance as of 9/30/2023

	2022	QTD	YTD	ROLLING 1-YEAR	ROLLING 2-YEAR*	ROLLING 3-YEAR*
<b>SAM INCOME STRATEGY (GROSS)</b>	-3.74%	-3.21%	-1.64%	7.20%	-1.23%	2.04%
<b>SAM INCOME STRATEGY (NET)</b>	-4.88%	-3.51%	-2.55%	5.89%	-2.41%	0.80%
<b>BENCHMARK - 50/50 S&amp;P/US BOND AGG</b>	-15.26%	-3.23%	5.79%	10.90%	-2.77%	2.47%

\*Annualized

## Portfolio Statistics as of 9/30/2023

	ROLLING 1-YEAR	ROLLING 2-YEAR	ROLLING 3-YEAR
<b>ALPHA</b>	-9.48%	-3.24%	-4.75%
<b>BETA</b>	0.78	0.63	0.61
<b>SHARPE RATIO</b>	0.24	-0.20	0.08
<b>STANDARD DEVIATION</b>	14.00%	14.13%	12.67%

## Sector Allocation

<b>TREASURY BOND</b>	16.42%
<b>FINANCIAL SERVICES</b>	13.87%
<b>ENERGY</b>	11.41%
<b>CONSUMER DISCRETIONARY</b>	10.74%
<b>REAL ESTATE</b>	7.81%
<b>INDUSTRIALS</b>	6.77%
<b>CONSUMER STAPLES</b>	6.00%
<b>HEALTHCARE</b>	4.84%
<b>INSURANCE</b>	4.44%
<b>OTHER</b>	17.71%

## Risk Category Allocation

<b>U.S. TREASURYS</b>	16.42%
<b>STAPLES &amp; DEFENSIVE</b>	14.49%
<b>REAL ESTATE</b>	13.85%
<b>ENERGY &amp; COMMODITIES</b>	11.41%
<b>BONDS &amp; PREFERRED</b>	8.84%
<b>QUALITY GROWTH &amp; BLUE CHIPS</b>	8.83%
<b>CAPITAL EFFICIENT COMPOUNDERS</b>	6.77%
<b>INSURANCE &amp; NON-BANK FINANCIALS</b>	6.36%
<b>SOFTWARE &amp; CLOUD SERVICES</b>	4.38%
<b>OTHER</b>	8.66%

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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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