

UTILITY FORECASTER

Growth • Safety • Income • Reliability

Since 1989

Robert Rapier, Chief Investment Strategist

UTY Index Value



Daily action in the index of 20 electric utilities traded on the Philadelphia Stock Exchange, from 6/16/20 through 12/16/20. Source: Yahoo Finance

IN BRIEF

Ending the Year on a Strong Note

This issue is always a strange one for me. I am writing this in mid-December. I want to wish everyone a Merry Christmas and Happy Holiday season. But it will not actually publish until New Year's Eve. So, let me say that I hope that you had a good Christmas if you celebrate that holiday.

Writing in mid-December also means that the year-end portfolio performance numbers do not quite stretch to the end of the year. Barring a late December collapse or huge rally, the portfolio performance numbers I present in this issue are approximate numbers for 2020.

How did we do? Not as well as we did last year. The COVID-19 pandemic disproportionately impacted several of

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Our Portfolios in 2020: The Year in Review

Despite the pandemic and economic woes, our holdings held their own.

BY ROBERT RAPIER

In this month's main feature story, I first examine how the COVID-19 pandemic has affected cash flow for our portfolio holdings. This was an important factor in putting together the new Best Buys lists outlined in this month's Utility Beat.

Second, I cover our portfolio performance for the year. It was a tough year, but there were salient high points in the portfolios, especially among the Best Buys.

The Pandemic's Impact on Cash Flow

I consider cash flow to be a better metric of performance than earnings. Earnings can be manipulated in many ways. They can be impacted by all sorts of impairments. A company can report a huge earnings loss or gain that is extremely misleading.

Cash flow, on the other hand, is much less subject to manipulation. It is simply the cash a company generates from its operations. I use a variant of cash flow called Funds From Operations (FFO), which is Operating Cash Flow minus changes to working capital. The latter has some opportunity for manipulation, so FFO is a purer metric.

In rare occasions, a company will not report FFO. In those cases, I will use Operating Cash Flow as the metric. It usually closely tracks FFO.

In the accompanying table, I only had to use Operating Cash Flow for **South Jersey Industries** (NYSE: SJI), because the company did not report FFO.

Let's first look at the two realigned portfolios (as explained in this month's Portfolio Update), sorted by decreasing FFO impact. I compared the FFO for all of 2019 to the FFO for the last 12 months (LTM). The latter measure includes COVID-19 impacts from March through September of this year, so it gives us a good idea of how companies have fared financially during the pandemic.

The companies at the top of the list improved FFO during the pandemic. They are doing better than they did last year. But there are caveats. In the Growth Portfolio, South Jersey Industries is the largest natural gas

utility in the state of New Jersey. The company has improved substantially from where it was in 2019, but it has had extremely uneven cash flow over the years. Given the volatile history of its cash flow, we must take this improvement with a grain of salt.

Essential Utilities (NYSE: WTRG) is a different company today than it was in 2019. Earlier this year it completed a \$4.3 billion acquisition of Peoples, a Pittsburgh-based natural gas distribution company. Essential

“Our Best Buys performed well, even as the broader utility sector declined.”

Continued on page 2

Utilities is now a water and gas utility, whereas in 2019 it was just a water utility. That explains the large FFO increase this year.

At the bottom of the table, **CMS Energy** (NYSE: CMS) was not as bad as the table implies. FFO for full year 2019 spiked higher than the periods immediately before and after the full year. That makes the comparison to 2019 look worse than it really was.

Comcast (NSDQ: CMCSA) got hit from the closure of its theme parks in response to COVID-19, and **NiSource** (NYSE: NI) was impacted by the settlement of lawsuits stemming from its catastrophic gas explosions in 2018.

In the Income Portfolio, except for **CenterPoint** (NYSE: CNP), the conventional utilities held up quite well. Several improved cash flow from last year.

The real estate investment trusts (REITs) and the conventional energy companies did not fare nearly as well. The retail mall REIT, **Simon Property Group** (NYSE: SPG), got hit hard as businesses closed in response to the pandemic. The conventional oil companies got hit from the decline in oil demand as travel plummeted.

Most of the pipeline companies performed respectably, especially given the steep sell-off in the energy sector. I kept saying that I thought the pipeline companies sold off far more than they should have given the underlying fundamentals. The table bears out that the pandemic did not hit them all that hard.

Grading the 2020 Portfolio Performance

We ended 2019 on a high note, having trounced our benchmarks while keeping volatility extremely low. But as we entered 2020, I had concerns that the utility sector was ripe for a correction. Little did I know that the biggest pandemic in a century would upend the markets.

In March, we experienced the worst sell-off in more than a decade. To control the pandemic, governments shut down businesses. That hurt REITs and utilities. People stopped traveling. That slammed the energy markets, which had already begun to reel from a price war that had begun the previous month between Russia and Saudi Arabia.

But technology stocks did particularly well in the recovery following the March decline. Those big technology gains helped push the **S&P 500 Index** to new highs. But the income sectors lagged.

When reviewing the performance, I typically compare the portfolios to two benchmarks. Neither is a perfect bench-

mark for us, which is why we use two. The S&P 500 took a deep dive in March as well but recovered and ended the year with a 13.4% gain (through 12/16/2020).

The **PHLX Utility Sector Index** (UTY) has long been used as a benchmark for this publication. This index is composed of geographically diverse public utility stocks. It is a good benchmark for our utility holdings, but of course we have many holdings that are not conventional utilities. The UTY ended the year with a decline of 1.9%.

We also have a lot of energy holdings. I typically do not mention the common energy benchmark, the **Energy Select Sector SPDR ETF** (XLE), but I want to put this year's energy losses in context. The XLE represents the largest energy companies in the S&P 500. Among its holdings are **ExxonMobil** (NYSE: XOM) and portfolio holding **Chevron** (NYSE: CVX). In the depths of the March decline, the XLE had fallen by 60%, and through 12/16/2020 it is still down 34%.

So how did we do?

Our Best Buys performed well overall. Highlights were **Brookfield Renewable Partners LP** (NYSE: BEP) in the Income Portfolio (now moved to the Growth Portfolio), up

64.4% for the year, and **NextEra Energy** (NYSE: NEE), up 25.5% even as the broader utility sector declined. But the year's best performer in the Growth Portfolio was **Algonquin Power & Utilities** (NYSE: AQN). I added this Canadian utility in March and it rewarded us with a 48.7% gain

The core Growth Portfolio did outperform the UTY benchmark but lagged the S&P 500. However, the aggressive section of the growth portfolio got trounced because of its energy holdings. It beat the XLE, but it is not the type of performance I ever want to repeat..

Income Portfolio			
Company (Ticker)	FFO 2019	FFO LTM	Change
South Jersey Industries, Inc. (SJI)	121.1	253.8	109.7%
Essential Utilities, Inc. (WTRG)	340.7	505.4	48.4%
Chesapeake Utilities Corporation (CPK)	137.5	163.7	19.1%
Alliant Energy Corp (LNT)	1198.4	1342	12%
Kimberly-Clark Corporation (KMB)	3053	3380	10.7%
Brookfield Renewable Partners LP (BEP)	1264	1390	10%
NextEra Energy, Inc. (NEE)	7778	8372	7.6%
American Water Works Company (AWK)	1449	1526	5.3%
Xcel Energy Inc. (XEL)	3528	3698	4.8%
WEC Energy Group Inc (WEC)	2345.5	2454.5	4.6%
Eversource Energy (ES)	2129.2	2183.9	2.6%
Algonquin Power & Utilities Corp. (AQN)	551	554.5	0.7%
American Electric Power Company (AEP)	4605.3	4581.8	-0.5%
Entergy Corporation (ETR)	3861.2	3804.8	-1.5%
Avangrid, Inc. (AGR)	1667	1642	-1.5%
American Tower Corporation (AMT)	3985.6	3745.7	-6%
Atmos Energy Corporation (ATO)	1171.7	1075	-8.3%
Comcast Corporation Class A (CMCSA)	28257	25886	-8.4%
NiSource Inc (NI)	1658.4	1488.1	-10.3%
CMS Energy Corporation (CMS)	1823	1492	-18.2%
Growth Portfolio			
Company (Ticker)	FFO 2019	FFO LTM	Change
Southern Company (SO)	5619	6296	12%
Dominion Energy Inc (D)	6090	6759	11%
Duke Energy Corporation (DUK)	9082	9923	9.3%
General Mills, Inc. (GIS)	2836.4	2978.6	5%
MDU Resources Group Inc (MDU)	655.1	685.1	4.6%
MPLX LP (MPLX)	4199	4384	4.4%
TC Energy Corporation (TRP)	5256.6	5394.2	2.6%
Verizon Communications Inc. (VZ)	39360	38675	-1.7%
Enterprise Products Partners L.P. (EPD)	7041.2	6860.7	-2.6%
OGE Energy Corp. (OGE)	759.9	720.9	-5.1%
AT&T Inc. (T)	60864	56856	-6.6%
Magellan Midstream Partners, L.P. (MMP)	1321.7	1233.8	-6.7%
CenterPoint Energy, Inc. (CNP)	2226	2073	-6.9%
Pembina Pipeline Corporation (PBA)	1796.7	1670.9	-7%
STORE Capital Corporation (STOR)	455.1	414.3	-9%
Simon Property Group, Inc. (SPG)	4088.1	3231.9	-20.9%
Royal Dutch Shell Plc ADR Class B (RDS.B)	43397.9	31852.5	-26.6%
Valero Energy Corporation (VLO)	5273	3250	-38.4%
Chevron Corporation (CVX)	27101	15225	-43.8%
* FFO in Millions USD		Source: FactSet	

The Income Portfolio also lagged due to its energy holdings and REITs, although the Best Buys had a positive return, primarily due to another outstanding year for Brookfield Renewable Partners.

If you utilized the covered call strategy I rolled out this year, you probably outperformed these numbers. To emphasize the power of this strategy, I want to quote from a recent study by **Goldman Sachs** (NYSE: GS). The report

noted: “Since 2003, every buy-write strategy we tested outperformed the total return of S&P 500 on a risk-adjusted basis, regardless of strike selection.”

It is hard to beat the markets over the long haul, but that is exactly what this strategy does. If you want to add a few percentage points onto your returns, I again encourage you to dip your toe in the water in 2021.

Remember, investing is a marathon, not a sprint. When we suffer losses over a short period of time, we stay the course, unless there are fundamental changes in the outlook. We may be seeing that in the energy sector. I will keep an eye on this trend this year and respond as needed.

Growth Portfolio Performance			
Company (Ticker) (Core 88%)	2020 Return	Beta	Yield
Algonquin Power & Utilities (AQN*)	48.7%	0.40	3.8%
American Water Works (AWK)	24.3%	0.18	1.4%
Essential Utilities, Inc. (WTRG)	3.1%	0.47	2.1%
AT&T Inc. (T)	-17.2%	0.67	6.8%
Atmos Energy Corporation (ATO)	-9.1%	0.30	2.5%
Chesapeake Utilities Corp. (CPK)	16.3%	0.24	1.6%
CMS Energy Corporation (CMS)	-3.2%	0.10	2.7%
Comcast Corporation Class A (CMCSA)	17.0%	1.02	1.8%
Dominion Energy Inc (D)	-5.3%	0.32	3.3%
Duke Energy Corporation (DUK)	3.7%	0.21	4.2%
Entergy Corporation (ETR)	-13.1%	0.51	3.7%
MDU Resources Group Inc (MDU)	-9.7%	0.70	3.3%
NextEra Energy, Inc. (NEE)	25.5%	0.15	1.9%
Southern Company (SO)	-1.0%	0.37	4.2%
South Jersey Industries, Inc. (SJI)	-25.9%	0.87	5.1%
TC Energy Corporation (TRP)	-13.5%	0.75	5.4%
Verizon Communications Inc. (VZ)	1.9%	0.40	4.1%
Average	2.5%	0.45	3.4%
Company (Ticker) (Aggressive 12%)			
American Tower Corporation (AMT)	-3.2%	0.27	2.1%
Avangrid, Inc. (AGR)	-8.2%	0.29	3.9%
Chevron Corporation (CVX)	-22.3%	1.33	5.8%
Royal Dutch Shell ADR Class B (RDS.B)	-36.2%	1.05	5.3%
Valero Energy Corporation (VLO)	-35.2%	2.12	6.8%
Average	-21.0%	1.01	4.8%

* Denotes a holding that was added in 2020.

Income Portfolio Performance			
Company (Ticker)	2020 Return	Beta	Yield
Alliant Energy Corp (LNT)	-3.0%	0.29	2.9%
American Electric Power (AEP)	-9.5%	0.21	3.5%
Brookfield Renewable Partners LP (BEP)	64.4%	0.76	2.8%
CenterPoint Energy, Inc. (CNP)	-17.1%	0.95	2.9%
Enterprise Products Partners LP (EPD)	-18.2%	1.35	8.3%
Eversource Energy (ES)	2.5%	0.31	2.6%
General Mills, Inc. (GIS*)	-0.2%	0.56	3.5%
Kimberly-Clark Corporation (KMB*)	1.4%	0.51	3.2%
Magellan Midstream Partners LP (MMP)	-20.2%	1.02	8.9%
MPLX LP (MPLX)	4.1%	1.99	11.9%
NiSource Inc (NI)	-15.4%	0.25	3.6%
OGE Energy Corp. (OGE)	-24.7%	0.66	5.0%
Pembina Pipeline Corporation (PBA)	-25.2%	1.43	7.3%
Simon Property Group, Inc. (SPG)	-37.4%	1.50	8.5%
STORE Capital Corporation (STOR)	-4.7%	1.13	4.3%
WEC Energy Group Inc (WEC)	2.8%	0.12	2.7%
Xcel Energy Inc. (XEL)	5.4%	0.24	2.6%
Average	-5.6%	0.78	5.0%
Philadelphia Utility Index (UTY)	-1.9%	0.30	3.2%
S&P 500	13.4%	1.00	1.6%

* Denotes a holding that was added in 2020.

IN BRIEF (CONT'D)

our income categories. The energy sector and the real estate investment trusts (REITs) got hit especially hard, but the utility sector also declined (albeit following a huge year in 2019).

The energy sector performance this year reminds us of the importance of diversification. Last year energy holdings helped us significantly outperform our benchmarks at a fraction of the risk. In 2020, energy holdings were a drag. I will cover the good news and the bad news for 2020 in this month's page one feature.

Ever since I took over *Utility Forecaster*, I've believed that some holdings were in the wrong portfolio. This month I used objective metrics to shuffle the portfolios. I cover that in this month's Portfolio Update.

In this month's Utility Beat, I provide new Best Buys to open 2021, as well as the rationale behind the moves. One consequence of the portfolio shuffle is **American Tower** (NYSE: AMT) became a new Best Buy in the Growth Portfolio. As a result, I made

AMT our Growth Spotlight pick this month.

Let me close by thanking you for being a subscriber in 2020. It was a challenging year in many ways. I hope your 2020 was profitable despite the pandemic. I believe that 2021 will see us return to a sense of normalcy, both in the markets and in our personal lives. We ended the year on a strong note, which we intend to ride into 2021.

Robert Rapier

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Reclassifying Our Portfolio Holdings

We apply more precise criteria as to what constitutes a growth or income holding.

This month I accomplish a goal that is long overdue: I more precisely classify our holdings.

We have two portfolios, Growth and Income. I have increasingly concluded that several holdings are in the wrong portfolio. Therefore, I have decided to use objective metrics to re-categorize all portfolio holdings.

Further, after this year's volatility, I have added a note to the portfolio tables that any holding with a beta greater than 1.0 should be considered a more aggressive holding. If you are not an aggressive investor, I recommend you keep your overall portfolio beta below 1.0.

Defining Income vs Growth

What defines an income stock versus a growth stock? There are key factors to keep in mind.

One is the growth rate of earnings. A company with a high earnings growth rate is generally considered a growth stock.

Another factor is the yield. A company with a high yield would generally be considered an income stock.

Then there's volatility. I typically consider a highly volatile stock to be more of a growth stock.

We measure volatility by looking at the beta of a company. Beta is associated with specific time frames and a specific index. For example, the five-year beta using daily fluctuations measured against the S&P 500 would measure how much a stock fluctuated on average each day relative to the S&P 500, over the course of the past five years.

Company (Ticker)	EPS	Avg. Beta	Yield
Royal Dutch Shell ADR Class B (RDS.B)	5.4%	1.18	5.9%
STORE Capital Corporation (STOR)	5.0%	1.44	4.2%
Southern Company (SO)	5.0%	0.79	4.3%
MDU Resources Group Inc (MDU)	4.9%	1.07	3.4%
Dominion Energy Inc (D)	4.7%	0.60	3.2%
General Mills, Inc. (GIS)	4.1%	0.39	3.2%
TC Energy Corporation (TRP)	3.3%	0.85	5.5%
Verizon Communications Inc. (VZ)	2.9%	0.40	4.2%
Magellan Midstream Partners, L.P. (MMP)	2.6%	1.11	9.9%
MPLX LP (MPLX)	2.6%	1.41	12.4%
Duke Energy Corporation (DUK)	2.2%	0.65	4.2%
OGE Energy Corp. (OGE)	2.2%	1.07	4.6%
Enterprise Products Partners L.P. (EPD)	2.0%	1.13	9.0%
AT&T Inc. (T)	1.9%	0.77	7.2%
Valero Energy Corporation (VLO)	1.5%	1.92	7.3%
Simon Property Group, Inc. (SPG)	0.8%	1.97	9.8%
Pembina Pipeline Corporation (PBA)	-0.5%	1.40	7.0%
CenterPoint Energy, Inc. (CNP)	-0.7%	1.33	5.0%
Chevron Corporation (CVX)	-3.6%	1.33	5.9%

However, a low beta is not a protection against a steep decline. Before this year's meltdown, most five-year utility betas were low, in the 0.20 to 0.40 range. That means that over the past five-year period, they only experienced about 20% – 40% of the daily moves of the S&P 500. Many retired income investors are looking for those low-beta stocks for their portfolio.

But a beta of 0.2 does not mean that you will only see 20% of the return of the S&P 500. Nor does it mean during a decline you would only see 20% of the S&P 500's decline. During the 2008 – 2009 financial crisis, the S&P 500 fell by 40%, but the utility sector declined by 30%. You might mistakenly assume that a 0.2 beta sector would only decline by 8% when the overall market declines by 40%.

INCOME PORTFOLIO

The goal of the Income Portfolio is high current yield, safety and ability for dividend growth to beat inflation.

EQUITIES (35%)

Top 5 Picks	Company (Exchange: Symbol)	Price	Yield	Debt to Assets	5-Yr Beta	Advice
	AT&T Inc. (NYSE: T)	\$30.29	6.8%	34.2%	0.67	Buy < \$31
	CenterPoint Energy, Inc. (NYSE: CNP)	\$21.87	2.9%	41.8%	0.95	Buy < \$25
	Chevron Corporation (NYSE: CVX)	\$88.61	5.8%	13.0%	1.33	Buy < \$101
	Dominion Energy Inc (NYSE: D)	\$75.31	3.3%	37.0%	0.32	Buy < \$85
	Duke Energy Corporation (NYSE: DUK)	\$90.77	4.2%	38.5%	0.21	Buy < \$98
3	Enterprise Products Partners L.P. (NYSE: EPD)	\$21.06	8.3%	45.1%	1.35	Buy < \$25
5	General Mills, Inc. (NYSE: GIS)	\$59.07	3.5%	44.4%	0.56	Buy < \$65
	Magellan Midstream Partners, L.P. (NYSE: MMP)	\$45.51	8.9%	57.8%	1.02	Buy < \$50
4	MDU Resources Group Inc (NYSE: MDU)	\$25.95	3.3%	30.7%	0.70	Buy < \$29
	MPLX LP (NYSE: MPLX)	\$22.94	11.9%	50.2%	1.99	Buy < \$25
1	OGE Energy Corp. (NYSE: OGE)	\$31.95	5.0%	30.4%	0.66	Buy < \$36
	Pembina Pipeline Corporation (NYSE: PBA)	\$25.91	7.3%	33.1%	1.43	Buy < \$30
	Royal Dutch Shell Plc Sponsored ADR Class B (NYSE: RDS.B)	\$36.40	3.6%	23.8%	1.05	Buy < \$43
	Simon Property Group, Inc. (NYSE: SPG)	\$88.50	7.6%	79.0%	1.50	Buy < \$92
	Southern Company (NYSE: SO)	\$60.45	4.2%	41.0%	0.37	Hold
	STORE Capital Corporation (NYSE: STOR)	\$33.84	4.3%	43.6%	1.13	Buy < \$33
	TC Energy Corporation (NYSE: TRP)	\$44.39	5.4%	50.8%	0.75	Buy < \$53
	Valero Energy Corporation (NYSE: VLO)	\$56.94	6.8%	20.1%	2.12	Buy < \$63
2	Verizon Communications Inc. (NYSE: VZ)	\$59.85	4.1%	45.6%	0.40	Buy < \$63

FIXED-INCOME SECURITIES (65%)

	Connecticut Light & Power Co USD 3.24 Cum. Red.Pfd Shs Series G (US OTC: CNLPL-US)	\$60.00	5.4%	-		Buy < \$51.84
	ITC Holdings Corp. 4.05% 01-JUL-2023 (NYSE: 465685AG0)	\$107.63	3.8%	-		Buy < \$100
	ONEOK Partners, L.P. 3.375% 01-OCT-2022 (NYSE: 68268NAJ2)	\$104.12	3.2%	-		Buy < \$100
	PAA Finance Corp. 3.85% 15-OCT-2023 (NYSE: 72650RBD3)	\$107.00	3.6%	-		Hold
	Williams Companies, Inc. 3.7% 15-JAN-2023 (NYSE: 969457BU3)	\$105.61	3.5%	-		Hold
	Fidelity Intermediate Treasury Bond Index Fund (US OTC: FUAMX)	\$11.72	1.6%		-0.11	Buy < \$12.50
	Fidelity U.S. Bond Index Fund (US OTC: FXNAX)	\$12.42	2.1%		0.00	Buy < \$13

Price, Yield as of 12/16/20, close. **Current yield** for fixed income based on most recent trades. **Debt to Assets** is the ratio of total debt to total assets. **5-Yr Beta** is a measure of volatility over the past five years versus the S&P 500. Companies with a **5-Yr Beta** > 1 should be considered aggressive holdings. **Top 5 Picks** are denoted by a bold number to the left of the company name and are our core holdings for long-term growth and income. ***Asterisk** denotes companies that are organized as MLPs and require a K-1 at tax time. We consider our portfolio to consist of all stocks rated either "buy" or "hold."

In general, lower beta means smaller downside moves over time. If you have an overall portfolio with a low beta, your downside risk should be lower than for the overall market. If you are an investor with a low risk tolerance or a short time horizon, make sure you do not build a portfolio weighted toward high beta stocks.

With those factors in mind, I have rearranged the portfolio holdings. Below is my thinking. I value feedback from readers.

The Logic Behind the Moves

I looked at the FactSet earnings growth estimates for all the portfolio holdings. There are 39 companies in the two portfolios. The average estimated earnings growth rate, which covers the next 3 – 5 years, is 5.5%. I placed the break point for the portfolios at that level.

Companies with an estimated earnings growth rate below 5.5% went in the new Income Portfolio, and those with estimated earnings growth rates above that level went into the new Growth Portfolio. That shifted eight companies from the Income Portfolio into the Growth Portfolio, and 10 companies from the Growth Portfolio into the Income Portfolio.

The yield of the new Income Portfolio is 6.1%, while the Growth Portfolio yield ended up at 2.8%. That is totally to be expected.

However, the betas did not end up as I expected. Because this has been an especially volatile year, I looked at both the 1-year and 5-year betas. There were big discrepancies in those numbers. The 5-year beta of the new Growth Portfolio was only 0.37, while the 1-year beta jumped up to 1.03. I averaged these numbers to get a measure that reflects both the long- and short-term betas.

The accompanying tables show all the portfolio companies ranked in order of descending earnings growth estimates. I included the yield and average beta for reference.

Company (Ticker)	EPS	Avg. Beta	Yield
Brookfield Renewable Partners LP (BEP)	20.0%	0.94	3.4%
American Tower Corporation (AMT)	15.3%	0.62	1.9%
South Jersey Industries, Inc. (SJI)	10.4%	0.97	5.3%
NextEra Energy, Inc. (NEE)	9.2%	0.58	1.9%
Comcast Corporation Class A (CMCSA)	9.1%	0.93	1.8%
Chesapeake Utilities Corporation (CPK)	9.0%	0.51	1.7%
American Water Works Company (AWK)	8.2%	0.66	1.4%
Algonquin Power & Utilities Corp. (AQN)	7.9%	0.70	4.0%
Eversource Energy (ES)	7.2%	0.75	2.4%
CMS Energy Corporation (CMS)	7.1%	0.57	2.6%
NiSource Inc (NI)	7.1%	0.68	3.3%
Atmos Energy Corporation (ATO)	7.1%	0.62	2.6%
Kimberly-Clark Corporation (KMB)	6.6%	0.56	2.9%
Alliant Energy Corp (LNT)	6.4%	0.70	2.7%
WEC Energy Group Inc (WEC)	6.3%	0.60	2.5%
Essential Utilities, Inc. (WTRG)	6.2%	0.81	2.2%
Xcel Energy Inc. (XEL)	6.2%	0.65	2.4%
Entergy Corporation (ETR)	5.9%	0.95	3.5%
American Electric Power Company (AEP)	5.8%	0.65	3.2%
Avangrid, Inc. (AGR)	5.7%	0.54	3.8%

The new average beta of the new Income Portfolio turned out to be 1.10, while that of the Growth Portfolio was 0.70. That is the opposite of what I would expect. The reason is that most of the energy holdings and two of the real estate investment trusts (REITs) ended up in the Income Portfolio, and those sectors have been incredibly volatile this year.

Accordingly, I have added a footnote on both portfolio tables that warns about volatility. Transparency is extremely important to me. I do not want an investor to get blindsided by a holding that whipsaws back and forth. I want risks to be clear.

I have considered removing the most volatile companies from the portfolio and replacing them with holdings that should provide a little less excitement for income investors. If you are a retiree depending on income from these holdings, I can't easily recommend a company to you that had its value cut in half back in March. That is not the kind of volatility a retiree needs in their portfolio.

I have not made a final decision on that, but I believe that the overall volatility of the Income Portfolio needs to come down. For example, companies such as **Valero** (NYSE: VLO) and **Simon Property Group** (NYSE: SPG) have seen their volatility spike this year to nearly double that of the S&P 500. Although I still believe both companies can be nice long-term income generators, I have serious reservations about holding onto companies that have shown as much volatility as these two did this year.

GROWTH PORTFOLIO						
The goal of the Growth Portfolio is to consistently generate growth and income.						
Top 5 Picks	Company (Exchange: Symbol)	Price	Yield	Debt to Assets	5-Yr Beta	Advice
	Algonquin Power & Utilities Corp. (NYSE: AQN)	\$16.16	3.8%	36.1%	0.40	Buy < \$17
5	Alliant Energy Corp (NASDAQ: LNT)	\$51.73	2.9%	38.0%	0.29	Buy < \$60
2	American Electric Power Company, Inc. (NASDAQ: AEP)	\$82.98	3.5%	39.0%	0.21	Buy < \$97
1	American Tower Corporation (NYSE: AMT)	\$219.35	2.1%	72.6%	0.27	Buy < \$280
	American Water Works Company, Inc. (NYSE: AWK)	\$150.54	1.4%	28.9%	0.18	Buy < \$162
	Atmos Energy Corporation (NYSE: ATO)	\$99.45	2.5%	29.5%	0.30	Buy < \$108
	Avangrid, Inc. (NYSE: AGR)	\$45.02	3.9%	23.7%	0.29	Hold
	Brookfield Renewable Partners LP (NYSE: BEP)	\$39.24	2.8%	31.2%	0.76	Buy < \$36
	Chesapeake Utilities Corporation (NYSE: CPK)	\$109.57	1.6%	41.8%	0.24	Buy < \$107
	CMS Energy Corporation (NYSE: CMS)	\$59.25	2.7%	49.5%	0.10	Buy < \$68
3	Comcast Corporation Class A (NASDAQ: CMCSA)	\$51.47	1.8%	41.6%	1.02	Buy < \$54
	Entergy Corporation (NYSE: ETR)	\$100.52	3.7%	38.9%	0.51	Buy < \$118
	Essential Utilities, Inc. (NYSE: WTRG)	\$47.42	2.1%	32.8%	0.47	Buy < \$52
	Eversource Energy (NYSE: ES)	\$85.54	2.6%	38.0%	0.31	Buy < \$93
	Kimberly-Clark Corporation (NYSE: KMB)	\$135.84	3.2%	53.3%	0.51	Buy < \$154
4	NextEra Energy, Inc. (NYSE: NEE)	\$74.37	1.9%	36.6%	0.15	Buy < \$83
	NiSource Inc (NYSE: NI)	\$22.80	3.6%	40.3%	0.25	Buy < \$26
	South Jersey Industries, Inc. (NYSE: SJI)	\$23.26	5.1%	49.2%	0.87	Buy < \$27
	WEC Energy Group Inc (NYSE: WEC)	\$92.30	2.7%	35.7%	0.12	Buy < \$98
	Xcel Energy Inc. (NASDAQ: XEL)	\$65.64	2.6%	39.0%	0.24	Buy < \$72

Price, Yield as of 12/16/20, close. **Current yield for fixed income** based on most recent trades. **Debt to Assets** is the ratio of total debt to total assets. **5-Yr Beta** is a measure of volatility over the past five years versus the S&P 500. Companies with a **5-Yr Beta** >1 should be considered aggressive holdings. **Top 5 Picks** are denoted by a bold number to the left of the company name and are our core holdings for long-term growth and income. ***Asterisk** denotes companies that are organized as MLPs and require a K-1 at tax time. We consider our portfolio to consist of all stocks rated either "buy" or "hold!"

Tower of Power

This REIT is a wealth-generating dynamo. Let's take a closer look.

American Tower (NYSE: AMT) is the new #1 Best Buy in the Growth Portfolio. Let's spotlight the company's business and its potential.

American Tower's Business

American Tower is a real estate investment trust (REIT). REITs share some characteristics with master limited partnerships (MLPs), but unlike MLPs, REITs issue a 1099 for tax purposes and not a K-1.

American Tower owns, operates, and develops multitenant communications real estate. It operates through the following segments: U.S. Property, Asia Property, Europe Property, Africa Property, Latin America Property and Services.

The U.S. Property segment operates in the U.S. The Services segment offers tower-related services in the U.S. The company was founded in 1995 and is headquartered in Boston, MA.

In a nutshell, the company leases space for wireless and broadcast towers. It has a global portfolio with more than 181,000 communications sites, including more than 41,000 properties in the U.S. and more than 140,000 properties internationally.

The company also provides customized solutions through in-building systems, outdoor distributed antenna systems and other right-of-way options, managed rooftops and services that speed network deployment.

As wireless communications have exploded in recent years, so have American Tower's revenues. Over the past five years the company's sales have increased by 67%. This has enabled the company to increase the annual dividend at an average annual rate of 22% over the timespan. Analysts also expect earnings to grow over the next five years at an average annual rate of 15.1%. Those factors enabled the company to vastly outperform the S&P 500 index in recent years.

Although REITs were one of the hardest hit segments by the COVID-19 pandemic, our recent look at cash flow showed that American Tower has fared better than most. Shares fully recovered after the March sell-off but have given up some gains since summer. Since shares are on sale, and the company's fundamentals and outlook are both bright, that pushed American Tower into the top spot in the Growth Portfolio.

American Tower was named one of the World's Most Admired Companies in 2020 by *Fortune* magazine. Without a doubt it is riskier than a utility, but it is a solid growth company with the added benefit of a bit of income for

shareholders. In the next section, we will show you how to boost that income.

Three Ways to Buy American Tower

As I write this, American Tower is trading at \$216.65. The simplest way to buy AMT is just to place a market order, or if you want to possibly save a few dollars put in a limit order somewhere below the current price. The downside of this approach is that you are not earning anything on your money while waiting.

The second approach is to sell a cash-covered put. If you wanted to possibly get AMT for only \$200 a share, then as I write this you could sell a \$200 put that expires on

03/19/2021 for a premium of \$5.60. Because one option represents 100 shares, you will need to set aside \$20,000 for this trade. You could also sell puts with strike prices far below that, but of course you would receive a lower premium.

In this example, you would receive \$560 per contract on the \$20,000 you have set aside for the trade. That represents a 2.8% yield on this money for a holding period of 93 days, or 11.0% annualized. If shares are at or below \$200 at expiration, the trade

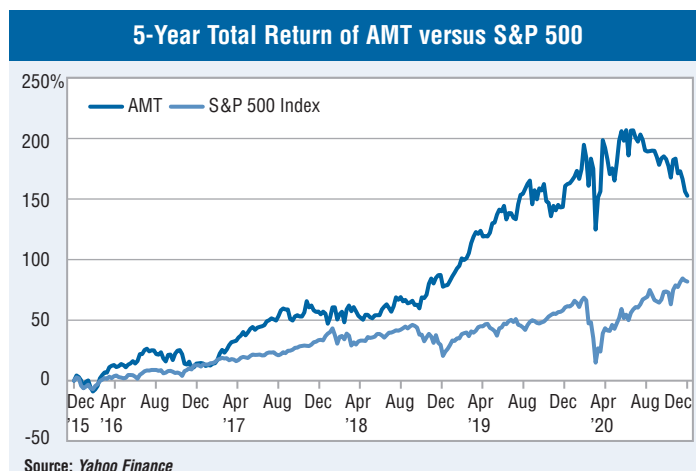
will be executed, but the \$560 is yours to keep, regardless.

You can also execute a buy-write order to lower the price. At present there is a call option expiring on 04/16/2021 with a strike price of \$230.00 and a current price of \$6.70. The buy-write would drop your effective price to \$209.95, but it would also cap your gain at \$230.00, plus one or two dividends that would be received between now and then. However, this bumps the "effective annualized yield" on your shares up to 11.6% and the total annualized return potential up to 32.7%. Those numbers meet the criteria I am usually looking for when selling covered calls.

If you already own AMT and wish to boost your yield while maintaining a high upside, you have numerous options as well.

If your primary consideration is secure income, you can boost your annualized yield to above 8% by selling a call option expiring on 07/16/2021 with a strike price of \$240.00 and a current price of \$7.40. If shares are called away, your total return in 212 days is 16.5% (28.3% annualized). To aid in your decision, I have updated the "Single" tab in the online spreadsheet with a wide variety of AMT options.

American Tower is the #1 Best Buy in the Growth Portfolio below \$280.00.



Drumroll, Please...Introducing Our New “Best Buys”

We pinpoint our latest favorite picks and explain the reasoning behind our decisions.

BY ROBERT RAPIER

The culmination of this article will be new Best Buys lists for both portfolios. First, I'll walk readers through the logic. Your own decisions may vary somewhat from my guidance. It is easier to make those decisions when my reasoning is transparent.

In the page one feature article, I examined how cash flow has been impacted by the pandemic. Below, I add several other data points to create the new Best Buy lists.

The FactSet Verdict

FactSet is our data provider. The firm provides a lot of detailed information about companies that you can't find in a free service. Among the data provided by FactSet are the consensus ratings of analysts who follow the different companies. This will include a Buy, Hold, or Sell rating for each company, along with a target price. This sort of information is useful when sorting companies because it gives a point of reference for our recommendations.

The accompanying table shows the portfolio holdings, ranked in order of decreasing FactSet rating. A rating of 1.0 is the highest possible rating, and a rating of 3.0 is the lowest. FactSet aggregates the ratings and provides averages from all the analysts.

In addition to the FactSet ratings, I am providing the number of estimates that went into the rating. This is important because the fewer the estimates, the less confidence I would place in the rating.

I also provide something I have labeled “Upside.” There are two pieces of information used to calculate this. The first is how far below the consensus Buy target a holding is. For example, if a stock is at \$20 and the target is \$22, that reflects 10% upside.

But I also add the estimated 1-year earnings growth to this to give a rough 1-year price target. The combined number, distance from the target plus the 1-year earnings growth rate, is “Upside.” Finally, I have provided the Safety Rating of each holding for reference.

Let us first consider the Growth Portfolio. Again, the FactSet ratings at the top are the best.

FactSet rates the Top Five companies in the Growth Portfolio as:

1. **NiSource** (NYSE: NI)
2. **American Tower** (NYSE: AMT)

3. **Comcast** (NSDQ: CMCSA)
4. **Entergy** (NYSE: ETR)
5. **Essential Utilities** (NYSE: WTRG)

However, there are a couple of problems right away with this list. First, NiSource has a Safety Rating of zero. But Safety Rating is a backward-looking metric, so if NiSource's legal problems from its 2018 explosion are truly behind them, we will see the Safety Rating improve.

Comcast is close to the top, as I would expect. However, note that “Upside” is only 11.5%. Further, if we do not include the 1-year earnings estimate, the upside is only 2.4%. Comcast is not a bargain according to the 27 analysts covering the company. That is primarily a reflection of the 20% gain in Comcast shares since the first of November.

If we ranked according to Upside, the rankings would be:

1. **South Jersey Industries** (NYSE: SJI)
2. **American Tower** (NYSE: AMT)
3. **NextEra Energy** (NYSE: NEE)
4. **American Electric Power** (NYSE: AEP)
6. **CMS Energy** (NYSE: CMS)

NextEra Energy was our #1 Best Buy for most of the year, so it is not surprising to see it show up on the

list. We also see American Tower showing up again on this list. Prior to the shuffling of the portfolios, American Tower was in the Aggressive portion of the Growth Portfolio.

I never put any of the Aggressive holdings on the Best Buy list, but American Tower is now eligible for inclusion. In fact, it checks all the boxes I am looking for in a Best Buy.

Now let us consider the Income Portfolio.

The average FactSet rating puts the Top Five companies in the Income Portfolio as:

1. **Enterprise Products Partners L.P.** (NYSE: EPD)
2. **Magellan Midstream Partners, L.P.** (NYSE: MMP)
3. **Valero Energy** (NYSE: VLO)
4. **Pembina Pipeline** (NYSE: PBA)
5. **TC Energy** (NYSE: TRP)

Note that all five of these companies are from the energy sector, which has been rallying since early November. But that rally follows tremendous volatility this year.

Company (Ticker)	FS Rating	Estimates	Upside	Safety Rating
NiSource Inc (NI)	1.17	13	21.1%	0
American Tower Corporation (AMT)	1.30	17	45.6%	5
Comcast Corporation Class A (CMCSA)	1.30	27	11.9%	7
Entergy Corporation (ETR)	1.32	17	21.5%	2
Essential Utilities, Inc. (WTRG)	1.32	10	12.9%	4
American Electric Power Company, Inc. (AEP)	1.33	17	21.7%	4
NextEra Energy, Inc. (NEE)	1.45	18	20.2%	4
Chesapeake Utilities Corporation (CPK)	1.50	6	6.1%	5
Algonquin Power & Utilities Corp. (AQN)	1.50	13	9.2%	4
Alliant Energy Corp (LNT)	1.50	8	20.3%	4
Atmos Energy Corporation (ATO)	1.55	9	9.1%	7
CMS Energy Corporation (CMS)	1.62	18	20.0%	3
Kimberly-Clark Corporation (KMB)	1.70	13	21.2%	6
American Water Works Company, Inc. (AWK)	1.79	13	13.2%	5
Brookfield Renewable Partners LP (BEP)	1.83	18	56.0%	3
South Jersey Industries, Inc. (SJI)	1.83	9	38.9%	0
Eversource Energy (ES)	1.84	17	15.3%	4
Xcel Energy Inc. (XEL)	2.00	14	15.5%	4
WEC Energy Group Inc (WEC)	2.17	13	11.5%	6
Avangrid, Inc. (AGR)	2.33	6	12.7%	3

Source: FactSet

Continued on page 8

Enterprise Products Partners is the highest rated company in either portfolio. I own it myself. However, this master limited partnership (MLP) took investors on a wild ride in March when the energy sector sold off. I maintained that the steep sell-off was unwarranted based on fundamentals, but the reality is that at one point units were down 50% from the beginning of the year.

That is a lot of volatility for an income holding. On the other hand, if you bought at the March lows, you have experienced a gain of 70%. During the current energy rally that started in early November, EPD units are up 25%.

Now let us now look at the Income Portfolio holdings sorted in order of decreasing upside potential:

1. **Enterprise Products Partners L.P.**
2. **MDU Resources Group** (NYSE: MDU)
3. **Royal Dutch Shell Plc ADR Class B** (NYSE: RDS.B)
4. **TC Energy**
5. **Dominion Energy** (NYSE: D)

EPD is on top of this list as well. Despite the higher volatility, it makes a strong case for being included on the Best Buy list. If not for the volatility it looks like the #1, pending a check in the Early Warning System (EWS). When we look at the pandemic's impact on EPD's cash flow, which was relatively minor, I feel compelled to keep EPD as a Best Buy.

Early Warnings

I have written about our EWS in the past. It is designed to give us guidance about the sustainability of dividends. As I put together the Best Buys, I cross-checked each one to ensure there were no warning flags from the EWS.

For example, I cross-checked American Tower in the EWS, and AMT's return on equity (ROE) has increased for seven consecutive quarters. That is phenomenal. In fact, AMT's results in our EWS are about as good as they come. There are no warning flags there.

I then repeat this process for every proposed Best Buy, adjusting or eliminating them as warranted to come up with the final list.

The New Growth Portfolio Best Buys

1. **American Tower**
2. **American Electric Power**
3. **Comcast**
4. **NextEra Energy**
5. **Alliant Energy** (NSDQ: LNT)

There is obviously some level of subjectivity in the list, and you might rank the companies differently. For example, on the surface Essential Utilities appears as if it should probably edge out Alliant, but Alliant's profile in our EWS looks better. In any case, given the level of transparency I have

provided here, you can probably see why I ranked most companies as I did, and why some did not make the list.

Now for the new Income Portfolio Best Buys.

The New Income Portfolio Best Buys

This list was much tougher to compile. Given the severe volatility of the energy sector and REITs, I limited their inclusion. I made an exception for EPD, as I believe it is a clear Best Buy despite higher volatility.

You must go pretty far down the FactSet ratings before you come across the first non-energy company. I believe **Verizon** (NYSE: VZ) warrants a spot on the list, but its upside is limited because it has recently rallied. Nevertheless, it has a solid Safety Rating and an excellent profile in our Early Warning System.

MDU Resources earns a spot because of strong upside potential and an excellent EWS profile. **OGE Energy** (NYSE: OGE), which we justifiably demoted to a Hold last year returns to the Best Buys on the back of an excellent Safety Rating, decent upside potential, and recently improved EWS metrics.

For the final spot on the list, I selected **General Mills** (NYSE: GIS). It is near the bottom of FactSet ratings of the portfolios, but it still ranks as a Buy according to their criteria. It also has a decent yield, an excellent Safety Rating, and a good profile in our EWS. I will also add that Fidelity ranks General Mills as a strong buy.

I rank the Best Buys in the new Income Portfolio as follows:

1. **OGE Energy**
2. **Verizon**
3. **Enterprise Products Partners**
4. **MDU Resources**
5. **General Mills**

Again, you may rank some companies differently according to the criteria I specified. But I think that's a good balance of risk and reward.

One might wonder about the seeming disconnect between a company like **Chevron** (NYSE: CVX), which has a strong consensus FactSet rating of 1.36, and an upside potential of only 1.1%. This is a function of Chevron's strong rally over the past month. Since early November, Chevron shares have rallied by over 30%, so a lot of upside has vanished.

I also want to say something here about **AT&T** (NYSE: T). I know that it is widely held, but it ranked at the bottom of FactSet's ratings. Nevertheless, AT&T's Early Warning Profile looks good, which would signal that a dividend cut is unlikely.

AT&T continues to generate consistent cash flow from its current businesses and has some upside potential as it rolls out 5G across the country. I would not throw in the towel on AT&T just yet. I realize the share price has underperformed, but you are still collecting those steady dividends, quarter after quarter. I would think twice about selling a 7% yielder that is comfortably covering the dividend with existing cash flow.

Company (Ticker)	FS Rating	Estimates	Upside	Safety Rating
Enterprise Products Partners L.P. (EPD)	1.06	25	17.3%	4
Magellan Midstream Partners, L.P. (MMP)	1.25	20	9.9%	6
Valero Energy Corporation (VLO)	1.25	19	5.5%	8
Pembina Pipeline Corporation (PBA)	1.25	19	10.5%	3
TC Energy Corporation (TRP)	1.30	22	20.6%	3
MPLX LP (MPLX)	1.32	17	7.1%	2
Royal Dutch Shell Plc Sponsored ADR Class B (RDS.B)	1.36	24	20.2%	5
Chevron Corporation (CVX)	1.36	22	5.7%	7
OGE Energy Corp. (OGE)	1.55	9	14.9%	7
Duke Energy Corporation (DUK)	1.61	16	8.5%	2
Verizon Communications Inc. (VZ)	1.63	24	6.1%	6
STORE Capital Corporation (STOR)	1.64	12	-1.5%	4
Simon Property Group, Inc. (SPG)	1.65	15	-0.8%	3
CenterPoint Energy, Inc. (CNP)	1.65	15	6.5%	0
MDU Resources Group Inc (MDU)	1.67	3	15.1%	5
Dominion Energy Inc (D)	1.67	14	17.6%	3
General Mills, Inc. (GIS)	1.80	19	13.3%	6
Southern Company (SO)	1.85	16	8.9%	2
AT&T Inc. (T)	1.92	25	3.8%	4

Source: FactSet

How They Rate comprises over 200 companies. We provide Safety Ratings, which gauge the sustainability of a company's dividend on a scale of "0" (riskiest) to "8" (safest).

In 2015, we upgraded our Safety Rating System to offer a fuller picture of dividend sustainability. These newer criteria, which are listed in the footnotes on page 12, adhere to *Utility Forecaster's* longstanding principles.

Nevertheless, our Safety Rating System has become more conservative than it was previously, which means in many cases it's more difficult for a company to earn a high score. In general, more conservative investors should focus on companies with Safety Ratings of "4" and above.

Although a Safety Rating aggregates a number of key fundamental data that are

suggestive about the overall quality of a company, it shouldn't be considered the final word on whether a stock is worth buying or holding.

As we've noted in the past, a low Safety Rating doesn't mean a stock is bad or that it doesn't merit purchase for other reasons. In fact, we've had stocks with low Safety Ratings that were buys, as well as stocks with high Safety Ratings that were holds or sells.

CABLE AND SATELLITE Company (Ticker)	Security Type	Market Cap (\$B)	Price	Yield	Forward P/E Ratio	Payout Ratio	Liabilities/ Assets	12-Month Total Return	3-Year EPS Growth	5-Year Beta	Safety Rating	Advice	Limit
Cable One, Inc. (CABO)	Public Company	\$13.1	\$2,177.48	0.5%	48.0	27.3	74%	44%	53.1	0.96	7	Hold	
Cogeco Communications Inc. (CCA-CA)	Public Company	\$2.5	\$99.53	2.6%	12.5	30.0	61%	13%	6.2	0.65	6	Buy	\$121
Comcast Corporation Class A (CMCSA)	Public Company	\$234.8	\$51.43	1.8%	20.5	29.7	68%	18%	3.6	0.90	7	Buy	\$54
Rogers Communications Inc. Class B (RCI.B)	Public Company	\$18.4	\$59.72	3.3%	17.8	50.1	75%	22%	3.3	0.93	5	Buy	\$67
Shaw Communications Inc. Class B (SJR)	Public Company	\$8.7	\$17.86	5.0%	17.9	89.9	61%	-12%	1.1	0.92	4	Buy	\$21
CONSUMER STAPLES Company (Ticker)	Security Type	Market Cap (\$B)	Price	Yield	Forward P/E Ratio	Payout Ratio	Liabilities/ Assets	12-Month Total Return	3-Year EPS Growth	5-Year Beta	Safety Rating	Advice	Limit
Altria Group Inc (MO)	Public Company	\$80.1	\$43.10	8.2%	9.9		87%	-15%	4.8	0.71	6	Buy	\$49
Archer-Daniels-Midland Company (ADM)	Public Company	\$27.4	\$49.20	2.9%	14.4	57.4	56%	7%	3.8	0.95	6	Buy	\$67
Brown-Forman Corporation Class B (BFB)	Public Company	\$24.1	\$77.79	0.9%	44.9	39.5	66%	21%	2.1	0.83	6	Hold	
Campbell Soup Company (CPB)	Public Company	\$14.3	\$47.11	3.2%	15.5	72.3	79%	-2%	3.2	0.38	6	Hold	
Church & Dwight Co., Inc. (CHD)	Public Company	\$21.5	\$86.67	1.1%	30.7	37.2	60%	26%	3.3	0.52	7	Hold	
Clorox Company (CLX)	Public Company	\$25.6	\$203.44	2.2%	25.1	58.3	85%	34%	8.3	0.29	7	Hold	
Coca-Cola Company (KO)	Public Company	\$228.0	\$53.06	3.0%	28.0	77.4	76%	-2%	2.3	0.80	5	Buy	\$57
Colgate-Palmolive Company (CL)	Public Company	\$72.9	\$85.04	2.1%	27.9	62.2	96%	23%	3.5	0.67	6	Buy	\$85
Conagra Brands, Inc. (CAG)	Public Company	\$17.4	\$35.58	3.1%	14.2	49.4	64%	24%	2.7	0.41	4	Buy	\$39
Constellation Brands, Inc. Class A (STZ)	Public Company	\$36.4	\$214.81	1.4%	22.7		54%	17%	11.8	0.94	5	Buy	\$223
Costco Wholesale Corporation (COST)	Public Company	\$163.6	\$369.44	0.8%	36.6	29.9	66%	26%	11.9	0.59	8	Buy	\$394
Coty Inc. Class A (COTY)	Public Company	\$5.2	\$6.82	0.0%	51.6		80%	-38%	0.5	1.42	1	Hold	
Estee Lauder Companies Inc. Class A (EL)	Public Company	\$58.6	\$258.68	0.8%	49.9	74.6	78%	27%	7.3	0.94	6	Buy	\$250
General Mills, Inc. (GIS)	Public Company	\$36.0	\$58.92	3.5%	16.2	55.1	72%	12%	3.8	0.43	6	Buy	\$65
Hershey Company (HSY)	Public Company	\$22.2	\$150.28	2.1%	24.2	54.8	79%	2%	7.0	0.79	7	Hold	
Hormel Foods Corporation (HRL)	Public Company	\$25.5	\$47.22	2.1%	26.8	56.0	35%	5%	2.1	0.45	7	Hold	
J.M. Smucker Company (SJM)	Public Company	\$13.0	\$113.83	3.2%	13.1	51.5	52%	11%	8.4	0.42	7	Hold	
Kellogg Company (K)	Public Company	\$21.1	\$61.50	3.7%	15.3	80.7	81%	-7%	4.2	0.46	4	Buy	\$70
Kimberly-Clark Corporation (KMB)	Public Company	\$46.3	\$136.01	3.2%	17.8	66.0	99%	0%	8.3	0.58	6	Buy	\$154
Kraft Heinz Company (KHC)	Public Company	\$42.1	\$34.43	4.7%	12.3	101.2	49%	8%	2.6	0.95	2	Buy	\$36
Kroger Co. (KR)	Public Company	\$23.6	\$30.97	2.3%	9.2	30.4	82%	9%	2.8	0.24	5	Buy	\$35
Lamb Weston Holdings, Inc. (LW)	Public Company	\$11.1	\$76.09	1.2%	32.0	34.6	95%	-9%	3.3	1.08	6	Buy	\$79
McCormick & Company, Incorporated (MKC)	Public Company	\$23.1	\$92.71	1.5%	32.5	43.5	67%	11%	3.1	0.74	7	Buy	\$90
Molson Coors Beverage Company Class B (TAP)	Public Company	\$9.3	\$46.27	0.0%	11.1	175.9	53%	-11%	4.2	0.88	6	Hold	
Mondelez International, Inc. Class A (MDLZ)	Public Company	\$81.8	\$57.20	2.2%	22.1	41.1	58%	6%	3.1	0.83	8	Buy	\$64
Monster Beverage Corporation (MNST)	Public Company	\$47.4	\$89.80	0.0%	39.1	0.0	21%	44%	3.0	0.88	7	Buy	\$95
PepsiCo, Inc. (PEP)	Public Company	\$200.2	\$144.89	2.8%	26.3	73.0	81%	6%	6.6	0.89	7	Buy	\$153
Philip Morris International Inc. (PM)	Public Company	\$133.4	\$85.63	5.7%	16.7	100.3	122%	-1%	6.2	0.90	5	Buy	\$91
Procter & Gamble Company (PG)	Public Company	\$340.4	\$137.27	2.3%	24.7	61.0	61%	9%	6.4	0.71	7	Buy	\$153
Sysco Corporation (SYV)	Public Company	\$37.6	\$73.88	2.4%	40.3	414.3	95%	-12%	3.6	1.34	5	Buy	\$75
Tyson Foods, Inc. Class A (TSN)	Public Company	\$19.2	\$65.24	2.6%	11.5	28.5	55%	-27%	7.1	0.78	8	Buy	\$76
Walgreens Boots Alliance Inc (WBA)	Public Company	\$35.0	\$40.44	4.5%	8.4	355.2	76%	-30%	5.5	0.82	3	Buy	\$40
Walmart Inc. (WMT)	Public Company	\$411.5	\$145.43	1.5%	26.1	40.9	66%	21%	6.1	0.51	7	Buy	\$162
ELECTRIC UTILITIES Company (Ticker)	Security Type	Market Cap (\$B)	Price	Yield	Forward P/E Ratio	Payout Ratio	Liabilities/ Assets	12-Month Total Return	3-Year EPS Growth	5-Year Beta	Safety Rating	Advice	Limit
ALLETE, Inc. (ALE)	Public Company	\$3.1	\$60.49	4.1%	18.0	65.5	62%	-25%	4.0	1.09	4	Hold	
Alliant Energy Corp (LNT)	Public Company	\$12.9	\$51.64	2.9%	21.2	60.8	69%	-3%	2.7	0.82	4	Buy	\$60
American Electric Power Company, Inc. (AEP)	Public Company	\$41.1	\$82.83	3.5%	19.1	69.9	75%	-11%	5.0	0.72	4	Buy	\$97
Avangrid, Inc. (AGR)	Public Company	\$14.0	\$45.25	3.9%	22.5	77.8	55%	-10%	2.5	0.82	3	Hold	
Duke Energy Corporation (DUK)	Public Company	\$66.7	\$90.61	4.2%	17.7	73.6	71%	0%	5.5	0.92	2	Buy	\$98
Edison International (EIX)	Public Company	\$23.7	\$62.70	4.2%	13.9	65.7	76%	-15%	4.7	0.98	3	Buy	\$70
Emera Incorporated (EMRAF)	Public Company	\$10.7	\$42.77	4.5%	20.8	85.9	73%	1%	2.5	0.66	0	Buy	\$60
Entergy Corporation (ETR)	Public Company	\$20.1	\$100.50	3.7%	17.9	58.1	80%	-16%	6.3	1.05	2	Buy	\$118
Eversource Energy (ES)	Public Company	\$12.2	\$53.67	3.9%	17.7	69.1	67%	-15%	3.4	1.08	4	Buy	\$62
Eversource Energy (ES)	Public Company	\$29.3	\$85.45	2.6%	23.5	76.0	69%	4%	4.1	0.91	4	Buy	\$93
Exelon Corporation (EXC)	Public Company	\$41.4	\$42.44	3.6%	13.7	48.1	72%	-5%	3.0	1.19	4	Buy	\$48
FirstEnergy Corp. (FE)	Public Company	\$16.8	\$30.91	5.0%	12.2	97.0	84%	-36%	2.7	1.01	1	Buy	\$36
Fortis Inc. (FTS)	Public Company	\$19.4	\$41.67	3.7%	21.4	48.2	63%	0%	2.3	0.92	1	Buy	\$44
Hawaiian Electric Industries, Inc. (HE)	Public Company	\$4.0	\$36.88	3.5%	22.0	64.3	83%	-20%	2.1	0.80	4	Hold	
Hydro One Limited (HRNHF)	Public Company	\$13.5	\$22.57	3.4%	18.8	73.2	64%	14%	1.2	0.44	4	Buy	\$31
IDACORP, Inc. (IDA)	Public Company	\$4.8	\$95.57	2.9%	20.7	55.6	65%	-10%	4.9	0.91	7	Buy	\$105

ELECTRIC UTILITIES (CONT.)													
Company (Ticker)	Security Type	Market Cap (\$B)	Price	Yield	Forward P/E Ratio	Payout Ratio	Liabilities/ Assets	12-Month Total Return	3-Year EPS Growth	5-Year Beta	Safety Rating	Advice	Limit
MGE Energy, Inc. (MGEE)	Public Company	\$2.6	\$71.66	2.0%	26.8	55.1	59%	-9%	3.3	1.13	6	Buy	\$66
NextEra Energy, Inc. (NEE)	Public Company	\$145.8	\$74.44	1.9%	32.5	64.4	64%	24%	2.7	0.92	4	Buy	\$83
OGE Energy Corp. (OGE)	Public Company	\$6.4	\$31.97	5.0%	15.4	69.7	62%	-27%	2.3	0.93	7	Buy	\$36
Otter Tail Corporation (OTTR)	Public Company	\$1.8	\$43.66	3.4%	18.7	64.4	68%	-16%	2.6	1.26	5	Buy	\$51
PG&E Corporation (PCG)	Public Company	\$23.9	\$12.06	0.0%	7.5		94%	25%	1.1	1.20	2	Buy	\$14
Pinnacle West Capital Corporation (PNW)	Public Company	\$8.9	\$78.65	4.1%	15.5	62.7	70%	-10%	5.3	0.99	5	Buy	\$88
PNM Resources, Inc. (PNM)	Public Company	\$3.9	\$49.13	2.7%	21.5	121.7	77%	-3%	2.5	1.11	1	Hold	
Portland General Electric Company (POR)	Public Company	\$3.8	\$42.13	3.8%	27.3	63.5	70%	-24%	2.7	1.05	4	Hold	
PPL Corporation (PPL)	Public Company	\$21.0	\$27.32	5.9%	11.3	69.7	72%	-25%	2.6	1.04	1	Buy	\$31
Southern Company (SO)	Public Company	\$63.8	\$60.43	4.2%	18.9	54.7	73%	-3%	3.5	0.99	2	Hold	
Xcel Energy Inc. (XEL)	Public Company	\$34.5	\$65.59	2.6%	23.5	61.4	75%	4%	3.2	0.85	4	Buy	\$72
GAS UTILITIES													
Company (Ticker)	Security Type	Market Cap (\$B)	Price	Yield	Forward P/E Ratio	Payout Ratio	Liabilities/ Assets	12-Month Total Return	3-Year EPS Growth	5-Year Beta	Safety Rating	Advice	Limit
AltaGas Ltd. (ATGFF)	Public Company	\$4.1	\$14.71	5.3%	14.2	34.6	63%	1%	1.3	1.17	1	Buy	\$22
Atmos Energy Corporation (ATO)	Public Company	\$12.5	\$99.35	2.5%	19.7	47.0	58%	-8%	5.8	0.85	7	Buy	\$108
Chesapeake Utilities Corporation (CPK)	Public Company	\$1.9	\$109.30	1.6%	26.6	43.6	69%	15%	4.8	1.05	5	Buy	\$107
National Fuel Gas Company (NFG)	Public Company	\$3.9	\$43.32	4.1%	11.6		73%	-7%	5.0	0.75	3	Buy	\$52
New Jersey Resources Corporation (NJR)	Public Company	\$3.4	\$34.92	3.8%	20.2	62.3	67%	-21%	2.4	1.22	3	Buy	\$34
Northwest Natural Holding Co. (NWN)	Public Company	\$1.5	\$50.48	3.7%	22.2	92.0	75%	-28%	2.6	1.18	3	Hold	
ONE Gas, Inc. (OGS)	Public Company	\$4.3	\$80.08	2.6%	22.2	57.0	64%	-13%	4.2	1.10	7	Buy	\$79
South Jersey Industries, Inc. (SJI)	Public Company	\$2.3	\$23.28	5.1%	14.8	138.8	79%	-27%	1.7	1.09	0	Buy	\$27
Southwest Gas Holdings, Inc. (SWX)	Public Company	\$3.6	\$63.58	3.5%	16.5	55.3	68%	-16%	4.4	1.09	3	Buy	\$74
Spire Inc. (SR)	Public Company	\$3.4	\$65.85	3.9%	16.1	173.3	69%	-18%	4.5	1.00	2	Buy	\$69
Suburban Propane Partners, L.P. (SPH)	L.P.	\$1.0	\$15.33	7.7%	12.7	216.8	82%	-30%	1.3	0.99	1	Buy	\$19
Superior Plus Corp (SUUIF)	Public Company	\$1.8	\$9.99	5.6%	34.8	88.3	71%	5%	0.7	0.69	2	Buy	\$14
UGI Corporation (UGI)	Public Company	\$7.4	\$35.70	3.6%	12.6	51.7	70%	-20%	3.3	1.05	5	Buy	\$46
INDEP. POWER PRODUCERS & ENERGY TRADERS													
Company (Ticker)	Security Type	Market Cap (\$B)	Price	Yield	Forward P/E Ratio	Payout Ratio	Liabilities/ Assets	12-Month Total Return	3-Year EPS Growth	5-Year Beta	Safety Rating	Advice	Limit
AES Corporation (AES)	Public Company	\$14.6	\$21.90	2.7%	15.8	122.1	82%	13%	1.7	1.17	1	Buy	\$23
Capital Power Corporation (CPXWF)	Public Company	\$3.0	\$27.56	5.6%	23.0	254.6	64%	6%	1.6	0.50	2	Buy	\$37
Northland Power Inc. (NPIFF)	Public Company	\$6.8	\$33.70	2.6%	19.6	70.0	86%	62%	1.6	0.72	2	Buy	\$46
NRG Energy, Inc. (NRG)	Public Company	\$8.2	\$33.38	3.6%	8.2	0.8	87%	-17%	5.0	1.03	5	Buy	\$45
TransAlta Corporation (TAC)	Public Company	\$2.0	\$7.15	1.8%		87.1	57%	3%	-0.2	1.08	1	Buy	\$8
Vistra Corp. (VST)	Public Company	\$8.8	\$18.08	2.9%	8.2	26.9	70%	-25%	1.7	0.97	4	Buy	\$29
INTEGRATED OIL AND GAS													
Company (Ticker)	Security Type	Market Cap (\$B)	Price	Yield	Forward P/E Ratio	Payout Ratio	Liabilities/ Assets	12-Month Total Return	3-Year EPS Growth	5-Year Beta	Safety Rating	Advice	Limit
BP p.l.c. Sponsored ADR (BP)	Public Company	\$73.7	\$21.83	8.5%		205.4	66%	-42%	2.6	1.20	4	Buy	\$27
Conovus Energy Inc. (CVE)	Public Company	\$7.2	\$5.89	0.0%		11.9	47%	-39%	0.0	1.62	5	Buy	\$6
Chevron Corporation (CVX)	Public Company	\$170.7	\$88.69	5.8%		308.5	39%	-26%	5.1	1.36	7	Buy	\$101
Exxon Mobil Corporation (XOM)	Public Company	\$184.8	\$43.70	8.1%		102.1	45%	-38%	3.1	1.10	7	Buy	\$48
Imperial Oil Limited (IMO)	Public Company	\$14.0	\$19.10	3.5%		29.5	42%	-25%	1.4	1.15	7	Hold	
Royal Dutch Shell Plc Sponsored ADR Class B (RDS.B)	Public Company	\$67.4	\$36.35	3.6%	26.2	95.2	53%	-38%	3.8	1.24	5	Buy	\$43
Suncor Energy Inc. (SU)	Public Company	\$26.7	\$17.52	3.6%		90.3	53%	-45%	0.6	1.27	6	Buy	\$21
INTEGRATED TELECOMMUNICATION SERVICES													
Company (Ticker)	Security Type	Market Cap (\$B)	Price	Yield	Forward P/E Ratio	Payout Ratio	Liabilities/ Assets	12-Month Total Return	3-Year EPS Growth	5-Year Beta	Safety Rating	Advice	Limit
AT&T Inc. (T)	Public Company	\$215.8	\$30.29	6.8%	9.6	108.2	63%	-22%	3.3	0.82	4	Buy	\$31
BCE Inc. (BCE)	Public Company	\$39.6	\$43.77	5.8%	19.0	93.9	64%	-9%	2.7	0.82	4	Buy	\$46
TELUS Corporation (TU)	Public Company	\$25.8	\$20.08	4.8%	24.1	77.7	72%	6%	1.1	0.85	5	Buy	\$21
Verizon Communications Inc. (VZ)	Public Company	\$247.9	\$59.91	4.1%	12.6	52.3	78%	-2%	5.0	0.53	6	Buy	\$63
MULTI-UTILITIES													
Company (Ticker)	Security Type	Market Cap (\$B)	Price	Yield	Forward P/E Ratio	Payout Ratio	Liabilities/ Assets	12-Month Total Return	3-Year EPS Growth	5-Year Beta	Safety Rating	Advice	Limit
Algonquin Power & Utilities Corp. (AQN)	Public Company	\$9.5	\$16.17	3.8%	24.8		57%	13%	0.8	0.98	4	Buy	\$17
Ameren Corporation (AEE)	Public Company	\$19.3	\$78.00	2.6%	22.5	57.3	72%	3%	4.0	0.91	4	Buy	\$89
ATCO Ltd. Class I (ACLLF)	Public Company	\$3.0	\$29.41	4.5%	13.2	36.1	64%	-23%	2.4	0.69	1	Buy	\$45
Avista Corporation (AVA)	Public Company	\$2.7	\$39.61	4.1%	23.4	52.2	69%	-18%	2.2	0.97	1	Hold	
Black Hills Corporation (BKH)	Public Company	\$3.8	\$60.13	3.7%	16.5	62.5	67%	-23%	4.1	1.17	3	Buy	\$69
Brookfield Infrastructure Partners L.P. (BIP)	L.P.	\$15.0	\$50.87	3.8%	309.7	19142.9	61%	10%	0.9	1.25	2	Buy	\$54
Canadian Utilities Limited Class A (CDUAF)	Public Company	\$5.0	\$24.89	5.4%	17.2	52.1	65%	-18%	1.6	0.78	1	Hold	
CenterPoint Energy, Inc. (CNP)	Public Company	\$11.9	\$21.87	2.9%	16.5	86.2	77%	-17%	1.5	1.26	0	Buy	\$25
CMS Energy Corporation (CMS)	Public Company	\$17.0	\$59.25	2.7%	22.2	64.0	81%	-4%	3.1	0.79	3	Buy	\$68
Consolidated Edison, Inc. (ED)	Public Company	\$24.5	\$71.75	4.2%	17.0	72.6	69%	-19%	4.7	0.70	2	Hold	
Dominion Energy Inc (D)	Public Company	\$61.3	\$75.17	3.3%	21.3	226.1	67%	-8%	4.1	0.93	3	Buy	\$85
DTE Energy Company (DTE)	Public Company	\$23.9	\$123.55	3.5%	17.6	61.0	72%	-3%	7.3	1.09	4	Buy	\$139
MDU Resources Group Inc (MDU)	Public Company	\$5.2	\$25.93	3.3%	13.4	48.3	63%	-12%	2.0	1.17	5	Buy	\$29
NiSource Inc (NI)	Public Company	\$8.7	\$22.80	3.6%	17.5	91.7	75%	-16%	1.4	0.96	0	Buy	\$26
NorthWestern Corporation (NWE)	Public Company	\$2.8	\$56.04	4.2%	16.7	57.8	66%	-21%	3.8	1.15	2	Buy	\$63
Public Service Enterprise Group Inc (PEG)	Public Company	\$28.9	\$57.15	3.4%	16.7	56.3	68%	-4%	3.4	0.87	6	Buy	\$64
Sempra Energy (SRE)	Public Company	\$37.2	\$129.12	3.2%	16.8	53.1	67%	-14%	8.5	1.01	4	Buy	\$147
Unitil Corporation (UTL)	Public Company	\$0.6	\$43.02	3.4%	20.9	49.9	73%	-32%	2.7	1.02	1	Buy	\$48

HOW THEY RATE		HOW THEY RATE		HOW THEY RATE		HOW THEY RATE		HOW THEY RATE		HOW THEY RATE		HOW THEY RATE		
WEC Energy Group Inc (WEC)		Public Company	\$29.1	\$92.27	2.7%	24.5	65.9	71%	2%	4.3	0.79	6	Buy	\$98
OIL AND GAS REFINING AND MARKETING Company (Ticker)		Security Type	Market Cap (\$B)	Price	Yield	Forward P/E Ratio	Payout Ratio	Liabilities/ Assets	12-Month Total Return	3-Year EPS Growth	5-Year Beta	Safety Rating	Advice	Limit
HollyFrontier Corporation (HFC)		Public Company	\$4.1	\$25.56	5.3%		29.1	47%	-50%	2.6	1.33	5	Hold	
Marathon Petroleum Corporation (MPC)		Public Company	\$27.1	\$41.65	5.5%		53.4	56%	-31%	2.1	1.64	6	Buy	\$47
PBF Energy, Inc. Class A (PBF)		Public Company	\$0.8	\$6.74	0.0%		45.4	61%	-78%	-0.5	2.31	5	Hold	
Phillips 66 (PSX)		Public Company	\$29.4	\$67.29	5.3%		51.7	54%	-41%	6.6	1.35	8	Buy	\$75
Valero Energy Corporation (VLO)		Public Company	\$23.2	\$56.92	6.8%		61.6	59%	-40%	4.3	1.51	8	Buy	\$63
OIL AND GAS STORAGE AND TRANSPORTATION Company (Ticker)		Security Type	Market Cap (\$B)	Price	Yield	Forward P/E Ratio	Payout Ratio	Liabilities/ Assets	12-Month Total Return	3-Year EPS Growth	5-Year Beta	Safety Rating	Advice	Limit
Antero Midstream Corp. (AM)		Public Company	\$3.8	\$7.96	15.0%			50%	33%	0.9	0.73	2	Hold	
Cheniere Energy Partners, L.P. (CQP)		L.P.	\$17.3	\$35.68	7.0%	17.5	107.8	96%	-13%	2.6	0.68	3	Hold	
Cheniere Energy, Inc. (LNG)		Public Company	\$14.9	\$59.22	0.0%	33.5	0.0	94%	-3%	4.6	0.84	3	Buy	\$69
Crestwood Equity Partners LP (CEQP)		L.P.	\$1.4	\$19.41	12.9%		82.0	56%	-36%	0.4	1.63	1	Hold	
DCP Midstream LP (DCP)		L.P.	\$4.1	\$19.84	7.7%			53%	-17%	1.9	1.51	1	Buy	\$19
Enable Midstream Partners LP (ENBL)		L.P.	\$2.5	\$5.68	11.5%	123.0	157.4	40%	-45%	0.6	2.27	1	Hold	
Enbridge Inc. (ENB)		Public Company	\$67.4	\$33.27	7.7%	17.3	111.9	57%	-14%	2.4	1.09	2	Buy	\$40
Energy Transfer, L.P. (ET)		L.P.	\$18.5	\$6.87	8.7%		89.7	65%	-46%	1.2	1.00	1	Buy	\$10
EnLink Midstream LLC (ENLC)		Public Company	\$2.1	\$3.80	19.2%			61%	-31%	0.0	1.36	2	Hold	
Enterprise Products Partners L.P. (EPD)		L.P.	\$45.9	\$21.01	8.3%	10.2	84.7	58%	-24%	2.0	1.01	4	Buy	\$25
Equitrans Midstream Corp. (ETRN)		Public Company	\$3.7	\$8.57	6.9%	7.0		56%	-24%	1.4	0.85	2	Buy	\$11
Genesis Energy, L.P. (GEL)		L.P.	\$0.8	\$6.64	8.7%		1252.1	64%	-67%	0.9	1.72	1	Buy	\$8
Gibson Energy Inc. (GBNFX)		Public Company	\$2.5	\$16.82	6.0%	23.4	105.3	74%	-17%	1.0	0.71	4	Buy	\$25
Holly Energy Partners, L.P. (HEP)		L.P.	\$1.5	\$14.00	9.9%	8.4	125.8	76%	-37%	2.0	0.68	2	Buy	\$18
Hess Midstream LP Class A (HESM)		L.P.	\$0.4	\$21.52	8.0%	15.6	42.1	59%	3%	1.9	1.16	4	Buy	\$22
Inter Pipeline Ltd. (IPPLF)		Public Company	\$4.4	\$10.25	3.5%	18.6	130.8	68%	-40%	0.9	1.42	0	Hold	
Keyera Corp. (KEYUF)		Public Company	\$4.1	\$18.39	7.7%	16.6	89.3	59%	-29%	1.4	1.12	3	Buy	\$21
Kinder Morgan Inc Class P (KMI)		Public Company	\$33.1	\$14.60	7.1%	17.3	98.8	53%	-29%	0.9	1.12	2	Buy	\$17
Magellan Midstream Partners, L.P. (MMP)		L.P.	\$10.2	\$45.59	8.9%	12.2	90.5	68%	-28%	4.2	0.99	6	Buy	\$50
MPLX LP (MPLX)		L.P.	\$23.9	\$22.95	11.9%		257.1	57%	-11%	2.7	0.72	2	Buy	\$25
NGL Energy Partners LP (NGL)		L.P.	\$0.4	\$2.86	13.8%			65%	-74%	0.2	1.46	1	Hold	
Noble Midstream Partners LP (NBLX)		L.P.	\$1.0	\$10.72	11.4%	4.7	79.0	57%	-57%	2.1	1.29	4	Hold	
ONEOK, Inc. (OKE)		Public Company	\$18.1	\$40.65	9.1%	15.1	114.8	71%	-45%	2.9	1.60	2	Hold	
PBF Logistics LP (PBFX)		L.P.	\$0.6	\$9.37	12.4%	3.9	120.0	89%	-56%	2.2	1.06	3	Buy	\$13
Pembina Pipeline Corporation (PBA)		Public Company	\$14.2	\$25.90	7.3%	16.5	88.8	49%	-28%	1.9	1.54	3	Buy	\$30
Phillips 66 Partners LP (PSXP)		L.P.	\$6.6	\$29.02	11.7%	8.0	79.3	59%	-51%	4.0	1.05	5	Buy	\$33
Plains All American Pipeline, L.P. (PAA)		L.P.	\$6.4	\$8.77	8.1%		52.1	54%	-50%	1.4	1.47	4	Buy	\$12
Plains GP Holdings LP Class A (PAGP)		L.P.	\$1.7	\$9.03	7.9%		70.5	52%	-50%	0.9	1.36	5	Buy	\$12
Semptra Energy (SRE)		Public Company	\$37.2	\$129.12	3.2%	16.8	53.1	67%	-14%	8.5	1.01	4	Buy	\$147
Shell Midstream Partners LP (SHLX)		L.P.	\$4.0	\$10.13	17.7%	7.7	101.7	137%	-50%	1.6	1.23	3	Hold	
Sunoco LP (SUN)		L.P.	\$2.4	\$29.05	11.1%	11.9	117.4	86%	-6%	3.6	1.30	3	Buy	\$30
Targa Resources Corp. (TRGP)		Public Company	\$6.5	\$28.28	1.4%			57%	-25%	1.2	1.73	0	Buy	\$28
TC Energy Corporation (TRP)		Public Company	\$41.6	\$44.24	5.4%	14.2	70.1	67%	-14%	3.4	1.05	3	Buy	\$53
TC PipeLines, LP (TCP)		L.P.	\$2.2	\$30.83	8.3%	7.9	69.4	73%	-23%	3.6	1.01	3	Buy	\$40
Western Midstream Partners LP (WES)		L.P.	\$6.1	\$14.72	10.4%	12.9	153.8	73%	-24%	2.4	1.75	2	Buy	\$16
Williams Companies, Inc. (WMB)		Public Company	\$26.4	\$21.75	7.2%	20.0	217.9	66%	-5%	1.2	1.21	2	Buy	\$25
REAL ESTATE Company (Ticker)		REIT Type	Market Cap (\$B)	Price	Yield	Forward P/E Ratio	Payout Ratio	Liabilities/ Assets	12-Month Total Return	3-Year EPS Growth	5-Year Beta	Safety Rating	Advice	Limit
Alexandria Real Estate Equities, Inc. (ARE)		Office REITs	\$24.0	\$177.63	2.5%	57.2	128.2	45%	14%	3.2	1.00	5	Buy	\$187
American Tower Corporation (AMT)		Specialized REITs	\$97.6	\$219.62	2.1%	51.5	89.2	85%	2%	6.3	0.99	5	Buy	\$280
Apartment Investment & Management Co Class A (AIV)		Residential REITs	\$0.7	\$4.62	80.6%	68.2	49.9	71%	-32%	0.0	1.16	1	Buy	\$4
AvalonBay Communities, Inc. (AVB)		Residential REITs	\$22.5	\$161.51	3.9%	37.2	108.0	43%	-23%	3.9	1.05	4	Buy	\$171
Boston Properties, Inc. (BXP)		Office REITs	\$15.7	\$100.70	3.9%	21.3	116.1	62%	-26%	2.9	1.16	2	Buy	\$102
Camden Property Trust (CPT)		Residential REITs	\$9.6	\$98.60	3.4%	74.9	144.1	45%	-7%	1.8	1.01	3	Buy	\$107
Crown Castle International Corp (CCI)		Specialized REITs	\$66.5	\$154.12	3.4%	86.4	256.0	73%	15%	2.8	0.94	4	Buy	\$176
Digital Realty Trust, Inc. (DLR)		Specialized REITs	\$36.3	\$129.58	3.5%	115.6	183.5	54%	12%	1.4	0.84	4	Buy	\$166
Duke Realty Corporation (DRE)		Industrial REITs	\$14.8	\$39.85	2.6%	77.0	74.8	40%	16%	0.6	1.11	5	Buy	\$45
Equinix, Inc. (EQIX)		Specialized REITs	\$61.5	\$690.19	1.5%	132.7	164.2	63%	23%	10.3	0.88	4	Buy	\$847
Equity LifeStyle Properties, Inc. (ELS)		Residential REITs	\$11.4	\$62.51	2.2%	51.4	69.5	68%	-10%	1.5	0.97	4	Buy	\$70
Equity Residential (EQR)		Residential REITs	\$22.0	\$59.05	4.1%	30.5	87.6	48%	-28%	1.4	1.02	4	Hold	
Essex Property Trust, Inc. (ESS)		Residential REITs	\$15.7	\$240.53	3.4%	29.3	117.1	49%	-20%	5.0	1.03	4	Hold	
Extra Space Storage Inc. (EXR)		Specialized REITs	\$14.4	\$111.07	3.2%	33.3	110.0	66%	8%	3.8	0.67	5	Buy	\$123
Federal Realty Investment Trust (FRT)		Retail REITs	\$6.9	\$90.72	4.5%	81.7	89.8	59%	-29%	2.0	1.18	3	Hold	
Gaming and Leisure Properties, Inc. (GLPI)		Specialized REITs	\$10.0	\$43.49	5.6%	20.5	151.3	75%	4%	2.3	1.40	3	Buy	\$46
Healthpeak Properties, Inc. (HCP)		Health Care REITs	\$16.4	\$30.38	4.9%	53.5	1646.3	52%	-6%	0.2	1.27	3	Buy	\$31
Host Hotels & Resorts, Inc. (HST)		Hotel and Resort REITs	\$10.2	\$14.42	0.0%		63.6	39%	-21%	0.1	1.18	5	Hold	
Invitation Homes, Inc. (INVH)		Residential REITs	\$16.4	\$29.19	2.0%	100.8	568.3	52%	0%	0.4	1.10	4	Buy	\$34
Iron Mountain, Inc. (IRM)		Specialized REITs	\$8.4	\$29.05	8.4%	27.2	263.8	89%	-9%	1.5	0.92	1	Buy	\$30
Kilroy Realty Corporation (KRC)		Office REITs	\$7.0	\$60.70	3.3%	47.3	102.6	49%	-26%	1.9	1.16	4	Buy	\$67
Kimco Realty Corporation (KIM)		Retail REITs	\$6.5	\$14.98	4.2%	39.2	140.0	55%	-27%	0.6	1.30	1	Buy	\$16
Lamar Advertising Company Class A (LAMR)		Specialized REITs	\$7.2	\$82.75	2.5%	38.1	103.6	80%	-3%	3.5	1.72	5	Hold	

How They Rate		How They Rate		How They Rate		How They Rate		How They Rate		How They Rate		How They Rate		
Real Estate (Cont.) Company (Ticker)		REIT Type	Market Cap (\$B)	Price	Yield	Forward P/E Ratio	Payout Ratio	Liabilities/ Assets	12-Month Total Return	3-Year EPS Growth	5-Year Beta	Safety Rating	Advice	Limit
Mid-America Apartment Communities, Inc. (MAA)		Residential REITs	\$14.1	\$123.41	3.3%	59.8	126.5	44%	-5%	2.5	1.00	3	Hold	
National Retail Properties, Inc. (NNN)		Retail REITs	\$7.0	\$40.34	5.1%	30.8	130.1	42%	-23%	1.6	1.19	2	Hold	
Prologis, Inc. (PLD)		Industrial REITs	\$73.8	\$99.85	2.3%	49.8	88.5	35%	13%	1.9	1.09	5	Buy	\$115
Public Storage (PSA)		Specialized REITs	\$39.5	\$225.96	3.6%	34.2	109.7	20%	10%	7.7	0.69	6	Hold	
Realty Income Corporation (O)		Retail REITs	\$21.5	\$61.35	4.6%	56.0	196.8	47%	-16%	1.5	1.19	3	Buy	\$69
Regency Centers Corporation (REG)		Retail REITs	\$8.0	\$47.34	5.0%	57.1	164.0	44%	-23%	1.3	1.23	3	Buy	\$49
SBA Communications Corp. Class A (SBAC)		Specialized REITs	\$30.6	\$275.76	0.7%		57.7	137%	18%	3.5	0.86	5	Buy	\$333
Simon Property Group, Inc. (SPG)		Retail REITs	\$29.0	\$88.28	7.6%	24.0	122.7	90%	-39%	4.1	1.52	3	Buy	\$92
STORE Capital Corporation (STOR)		Diversified REITs	\$8.9	\$33.89	4.3%	39.9	110.1	46%	-9%	1.0	1.31	4	Buy	\$33
Sun Communities, Inc. (SUI)		Residential REITs	\$16.2	\$150.73	2.1%	110.8	166.8	49%	-1%	2.1	0.93	4	Buy	\$164
UDR, Inc. (UDR)		Residential REITs	\$11.2	\$37.99	3.8%	170.7	216.6	54%	-18%	0.1	1.03	3	Buy	\$41
Ventas, Inc. (VTR)		Health Care REITs	\$19.0	\$50.74	3.6%	57.0	270.8	56%	-10%	0.6	1.55	2	Hold	
VEREIT, Inc. Class A (VER)		Diversified REITs	\$8.4	\$7.69	4.0%	34.8		48%	-17%	0.2	1.39	1	Buy	\$8
VICI Properties Inc (VICI)		Specialized REITs	\$14.0	\$26.05	5.1%	15.1	94.1	39%	6%	1.9	1.29	4	Buy	\$28
Vornado Realty Trust (VNO)		Office REITs	\$7.3	\$38.21	5.5%		16.3	55%	-42%	0.4	1.29	4	Hold	
W. P. Carey Inc. (WPC)		Diversified REITs	\$12.5	\$71.23	5.9%	33.3	232.4	51%	-8%	2.1	1.22	3	Buy	\$75
Welltower, Inc. (WELL)		Health Care REITs	\$27.7	\$66.49	3.7%	31.7	290.1	49%	-15%	0.9	1.39	3	Hold	
Renewable Energy Company (Ticker)		Security Type	Market Cap (\$B)	Price	Yield	Forward P/E Ratio	Payout Ratio	Liabilities/ Assets	12-Month Total Return	3-Year EPS Growth	5-Year Beta	Safety Rating	Advice	Limit
Boralex Inc. Class A (BRLXF)		Public Company	\$3.1	\$30.58	1.6%	57.0		81%	68%	0.6	0.52	1	Buy	\$45
Brookfield Renewable Partners LP (BEP)		L.P.	\$10.8	\$39.31	2.8%			49%	60%	0.2	1.05	3	Buy	\$36
Clearway Energy, Inc. Class C (CWEN)		Public Company	\$2.5	\$31.16	3.4%	29.8		77%	58%	0.8	0.86	1	Hold	
Enviva Partners LP (EVA)		L.P.	\$1.8	\$45.05	6.4%	40.6		77%	27%	2.5	0.65	2	Buy	\$49
Innervex Renewable Energy Inc. (INGXF)		Public Company	\$3.5	\$20.07	2.7%	942.3		90%	54%	0.3	0.58	0	Buy	\$26
NextEra Energy Partners LP (NEP)		L.P.	\$4.7	\$63.97	3.5%			42%	21%	1.9	1.05	3	Buy	\$70
Ormat Technologies, Inc. (ORA)		Public Company	\$4.5	\$80.75	0.5%	49.8	25.6	53%	4%	1.9	0.84	4	Hold	
TransAlta Renewables, Inc. (TRSWF)		Public Company	\$3.9	\$14.52	4.8%	45.8	138.6	38%	28%	0.6	0.86	6	Hold	
Water Utilities Company (Ticker)		Security Type	Market Cap (\$B)	Price	Yield	Forward P/E Ratio	Payout Ratio	Liabilities/ Assets	12-Month Total Return	3-Year EPS Growth	5-Year Beta	Safety Rating	Advice	Limit
American States Water Company (AWR)		Public Company	\$2.9	\$78.31	1.7%	34.7	50.9	63%	-9%	2.5	0.89	6	Buy	\$82
American Water Works Company, Inc. (AWK)		Public Company	\$27.3	\$150.37	1.4%	38.7	58.3	73%	24%	4.6	0.87	5	Buy	\$162
Artesian Resources Corporation Class A (ARTNA)		Public Company	\$0.3	\$38.55	2.6%	21.7	61.5	71%	3%		0.53	4	Buy	\$55
California Water Service Group (CWT)		Public Company	\$2.7	\$53.36	1.6%	31.9	60.3	76%	5%	1.8	0.88	5	Hold	
Consolidated Water Co. Ltd. (CWCO)		Public Company	\$0.2	\$11.96	2.9%	32.8	59.8	8%	-27%	0.7	1.03	6	Buy	\$16
Essential Utilities, Inc. (WTRG)		Public Company	\$11.6	\$47.35	2.1%	30.1	87.2	59%	4%	1.8	1.07	4	Buy	\$52
Global Water Resources, Inc. (GWRS)		Public Company	\$0.3	\$14.50	1.9%	131.8	277.4	91%	12%	0.2	1.06	2	Buy	\$13
Middlesex Water Company (MSEX)		Public Company	\$1.3	\$73.04	1.5%	34.3	48.6	64%	15%	2.3	0.94	5	Buy	\$72
SJW Group (SJW)		Public Company	\$2.0	\$69.29	1.8%	33.5	146.4	72%	0%	2.6	1.16	2	Buy	\$71
York Water Company (YORW)		Public Company	\$0.6	\$47.61	1.5%	37.3	63.0	63%	5%	1.4	1.16	6	Buy	\$53

Market Cap, Price, Yield as of 12/16/20, close in U.S. dollars. We use forward yield, which is calculated by annualizing a firm's most recent payout and comparing it to the current share price.

Advice: Each company in the table receives a consensus analyst score from 1 (Best) to 3 (Worst). The quality of this score can vary according to the specific sector and the number of analysts covering the company. The advice in this table is based on these consensus estimates and should not be confused with the higher level of due diligence that is done for portfolio companies. This advice is provided for readers as a service to cover a broader universe of companies that readers may own, but that aren't in the portfolios. Our opinion may differ from these consensus estimates, particularly for portfolio companies. In this case, I have changed the advice in the table to make it consistent with our specific advice, to avoid confusing readers who may see different guidance in this table versus the portfolio tables. As always, if you have a question about a specific company in the HTR table, please ask in Stock Talk.

Limit: This number is derived from consensus estimates and adjusted based on the perceived sector risk. For companies that are also in the portfolios, the limit may differ slightly due to the higher level of due diligence.

Forward P/E Ratio is calculated by using the estimated earnings for the company over the next 12 months.

Payout Ratio is the current dividend rate as a percentage of trailing 12 months' earnings. In some cases, payout ratios are calculated based on normalized

earnings. Lower ratios indicate safer dividends. Blank cells throughout the table indicate values that are either unavailable or undefined (e.g., division by zero errors).

Liabilities/Assets is a leverage ratio that compares total liabilities to total assets, both tangible and intangible. The higher the ratio, the greater the financial risk.

12-Month Total Return is capital gain or loss plus the reinvestment of dividends through 12/16/20, close.

3-Year EPS Growth shows annual earnings per share growth over the trailing three-year period.

5-Year Beta shows daily volatility relative to the S&P 500 over the trailing five-year period. A value of 0.00 may indicate that the beta is unavailable.

UF Safety Ratings should be used as a measure of dividend safety, not value. Safety Ratings are based on eight financial, operating and performance criteria: 1) Payout Ratio – A point is awarded if a company's payout ratio is within the safety margin for its industry. 2) Growth in Earnings Per Share Over Trailing Three-Year Period – EPS growth had to exceed industry average to be awarded a point. This threshold helps ensure proper dividend coverage, while offering the potential for dividend growth. 3) Debt to Assets – Companies got a point if debt as a percentage of assets is below the safety margin for their sector. 4) Debt-to-Market Capitalization – A point is awarded if long-term debt as a percentage of market capitalization is below the industry averages. This measure seeks utilities that are least indebted as compared to their market capitalization, as they are typically more stable investments. 5)

Altman Z-Score – Used to determine revenue reliability, this metric is the most accurate predictor of bankruptcy within a two-year period. A point was awarded for passing one of the financial world's most rigorous solvency metrics. 6) Dividend Growth Over Trailing Five-Year Period – A point was awarded to companies that were able to grow their dividends at a pace that exceeded the industry average over the trailing five-year period. 7) Total Debt to EBITDA – A point is awarded to firms that have low debt relative to the size of their earnings. A firm's ability to pay down debt is directly related to earnings before interest, taxation, depreciation and amortization (EBITDA). The long-term solvency of a firm and its ability to pay a dividend are dependent on earnings to pay future obligations. 8) Free Cash Flow Per Share – A point is awarded for steady growth in free cash flow because it's a much more accurate measure of how much cash a business actually has to service debt, pay dividends, invest in operations or buy back shares. However, it should also be noted that utilities must often divert significant amounts of their free cash flow to new capital expenditures.

Note that companies with low Safety Ratings can still rate buys for aggressive investors if there's sufficient upside potential. Conversely, companies with high Safety Ratings can actually be sells if they're too high priced.

Criteria vary somewhat from sector to sector to allow for differences in fundamentals. One point is awarded for each criterion met. "8" is highest (safest), "0" is lowest (riskiest).