

Research Portfolios Update

Income Portfolio Changes and Rebalancing

Portfolio Strategy

We made the following changes to the Income Portfolio as well as rebalanced some positions that have drifted from their target weights. A complete rationale for the portfolio changes begins on page 2.

Exhibit 1: Income Portfolio Changes

Portfolio Changes

Sector/ Cash	Action	Company	Symbol	Investment Rating	Price 1/25/24	Old Position	New Position
UTL	Increase	UTILITIES				2.00%	2.50%
	Increase	Consolidated Edison	ED	A-1-7	\$89.67	2.00%	2.50%
INT	Reduce	INFORMATION TECHNOLOGY				13.50%	13.00%
	Reduce	Texas Instruments	TXN	B-2-7	\$167.42	1.50%	1.00%
COD	Reduce	CONSUMER DISCRETIONARY				8.00%	7.50%
	Reduce	D.R. Horton	DHI	B-1-7	\$141.57	2.50%	2.00%
FIN	Increase	FINANCIALS				20.50%	21.50%
	Increase	Truist Financial	TFC	B-1-7	\$37.51	2.00%	3.00%
HCR	Reduce	HEALTHCARE				13.00%	12.50%
	Reduce	UnitedHealth Group	UNH	B-1-7	\$493.40	3.00%	2.00%
	Increase	Eli Lilly	LLY	B-1-7	\$627.62	2.00%	2.50%
Rebalance to Target Weight							
		Company	Symbol	Investment Rating	Price 1/25/24	Target Weight	
		Kinder Morgan	KMI	B-2-7	\$17.33	2.5%	
		HP inc.	HPQ	B-1-7	\$29.71	1.5%	
		VICI	VICI	B-1-7	\$30.52	1.5%	

Source: BofA Global Research, Bloomberg

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Sector abbreviations are as follows: Consumer Discretionary (COD), Consumer Staples (CST), Energy (ENE), Financials (FIN), Health Care (HCR), Industrials (IND), Information Technology (INT), Materials (MAT), Real Estate (REL), Communication Services (CSR), and Utilities (UTL).

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United States

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Income Portfolio Changes

Financials

We increase our Financials sector weight to 21.5% from 20.5% by increasing our weight in Truist Financial (TFC, \$37.51, B-1-7) to 3.0% from 2.0%. [Ebrahim Poonawala recently upgraded TFC to Buy, noting multiple catalysts.](#)

Utilities

We increase our Utilities sector weight to 2.5% from 2.0% by increasing our weight in Consolidated Edison (ED, \$89.67, A-1-7) to 2.5% from 2.0%. The portfolio change further reduces our underweight to the Utilities sector.

Technology

We decrease our Technology sector weight to 13.0% from 13.5% by reducing our weight in Texas Instruments (TXN, \$156.53, B-2-7) to 1.0% from 1.5% to reduce our active stock-specific risk and sector overweight.

Consumer Discretionary

We decrease our Consumer Discretionary sector weight to 7.5% from 8.0% by reducing our weight in D.R. Horton (DHI, \$141.57, B-1-7) to 2.0% from 2.5% to reduce our active weight in the stock.

Healthcare

We reduce our Healthcare sector weight to 12.5% from 13.0% by reducing our weight in UnitedHealth Group (UNH, \$493.40, B-1-7) to 2.0% from 3.0% while increasing our weight in Eli Lilly (LLY, \$627.62, B-1-7) to 2.5% from 2.0%.

The changes leave the estimated portfolio yield at 3.0%.

Exhibit 2: Income Portfolio Holdings

Portfolio Weights

Sectors/Target Weights	Symbol	Proposed Weight	Price	Yield	QRQ Rating
			1/25/2024		
Communication Services (5.5%)					
Comcast Corp	CMCSA	3.0%	\$45.27	2.74%	B-1-7
Interpublic Group	IPG	2.5%	\$32.92	3.77%	B-1-7
Consumer Discretionary (7.5%)					
Magna Intl	MGA	3.0%	\$55.37	3.32%	B-1-7
D.R. Horton	DHI	2.0%	\$141.57	0.85%	B-1-7
McDonald's	MCD	1.5%	\$297.21	2.25%	A-2-7
The Home Depot	HD	1.0%	\$350.97	2.38%	B-1-7
Consumer Staples (5.5%)					
Kraft Heinz	KHC	2.5%	\$37.26	4.29%	B-1-7
PepsiCo	PEP	3.0%	\$166.56	3.04%	A-1-7
Energy (12.5%)					
ExxonMobil	XOM	5.0%	\$102.13	3.72%	B-1-7
Chevron	CVX	1.5%	\$148.57	4.07%	B-1-7
Williams Companies	WMB	3.5%	\$34.44	5.20%	B-1-7
Kinder Morgan	KMI	2.5%	\$17.33	6.52%	B-2-7
Financials (21.5%)					
American Express	AXP	3.0%	\$188.07	1.28%	B-1-7
Blue Owl Capital	OWL	1.5%	\$15.87	3.53%	B-1-7
Allstate Corp.	ALL	1.5%	\$159.06	2.24%	B-1-7
BlackRock, Inc.	BLK	4.0%	\$790.46	2.58%	B-1-7
Synchrony Financial	SYF	2.5%	\$38.46	2.60%	B-2-7
Principal	PFG	2.0%	\$80.16	3.34%	B-2-7
JP Morgan Chase	JPM	4.0%	\$172.94	2.43%	B-1-7
Truist Financial	TFC	3.0%	\$37.51	5.55%	B-1-7
Health Care (12.5%)					
UnitedHealth Grp	UNH	2.0%	\$493.40	1.52%	B-1-7
Becton Dickinson	BDX	3.0%	\$236.57	1.61%	B-1-7
HCA Healthcare	HCA	2.0%	\$286.02	0.84%	B-1-7
Medtronic	MDT	3.0%	\$85.79	3.22%	B-1-7
Eli Lilly	LLY	2.5%	\$627.62	0.72%	B-1-7
Industrials (11.0%)					
General Dynamics	GD	1.0%	\$265.86	1.99%	B-1-7
Eaton Corp PLC	ETN	2.5%	\$245.82	1.40%	B-1-7
Deere & Co	DE	1.5%	\$393.01	1.50%	B-2-7
Emerson	EMR	3.5%	\$96.24	2.18%	B-1-7
CSX Corporation	CSX	2.5%	\$35.00	1.26%	B-1-7
Information Technology (13.0%)					
Hewlett-Packard	HPE	2.5%	\$15.92	3.27%	B-2-7
Int Business Machine	IBM	3.5%	\$190.43	3.49%	B-1-7
HP Inc.	HPQ	1.5%	\$29.71	3.71%	B-1-7
Broadcom	AVGO	2.5%	\$1,230.00	1.71%	B-1-7
Texas Instruments	TXN	1.0%	\$167.42	3.11%	B-2-7
Microsoft	MSFT	2.0%	\$404.87	0.74%	B-1-7
Materials (0.0%)					
Real Estate (8.5%)					
Realty Income	O	1.5%	\$55.42	5.55%	B-2-7
Digital Realty Trust	DLR	3.5%	\$142.19	3.43%	B-1-7
Welltower	WELL	2.0%	\$87.22	2.80%	B-1-7
VICI Properties	VICI	1.5%	\$30.52	5.44%	B-1-7
Utilities (2.5%)					
Consolidated Edison	ED	2.5%	\$89.67	3.70%	A-1-7
Cash (0.0%)		0.0%			
		100.0%		3%	

Source: Bloomberg, BofA Global Research

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Hold	54	26.87%	Hold	41	75.93%
Sell	47	23.38%	Sell	35	74.47%

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Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

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