



I can't believe it, but it's here — time to welcome everyone into 2026.

As you know, this winter has been pretty crazy. Christmas 2025 was 80-degree weather. I was literally sitting by the pool getting some sun the week of Christmas. Then we had a really cold week, but ever since, it's been very nice. It looks like this may go down as one of the mildest winters in recent memory.

Now it's time to look forward to the new year, and I have several things I want to cover with you.

First, for those who listen to the radio show, we're no longer using the same format. We have new people doing the show, including David Scranton, a mentor and friend of mine. He is the one who brought me into the world of income investing 18 years ago. I'm so excited to be participating with him in the new format. In the previous show, I was not part of it. It was hosted by Mark Falter, and it was his voice from the beginning to the end. Mark is a very good friend of mine, who used a lot of my material, and who happens to be my daughter's father-in-law.

The new show features David and another individual named Sarah doing the bulk of the hosting. The big change is that I am now answering questions at the end of the show. I would love your feedback on what you think of it. My intention is to be doing 100% of the radio show within the next six months. The radio show airs on KRMG at noon on Sundays. It's also on KAKC from 8 to 8:30 a.m. on Saturdays.

For our investment nerds who enjoy the nitty gritty of investing, I want to give you a portfolio update. We are making changes by increasing the fixed income allocation percentage from 60% to 70%. We have also decreased our allocation to BDCs from 25% to 15% and REITs from 7% to 5%. REITs are still struggling and we may reduce it further from here. In my opinion, this is a significant risk reduction.

Even with these changes, our yield is one of the highest we have ever had. We've accomplished this by allocating 10%, from the reduction of BDC and REITs, to a covered call strategy to create income. A covered call strategy involves agreeing to sell an asset at a certain price in exchange for receiving a premium. That premium is then distributed as income to you.

A couple of important things to understand about this strategy: you generate income in a completely diversified way whether the market is in an uptrend or downtrend, and volatility tends to increase yields. As I have stated in previous MAG Corners, we think AI may be overhyped and consequently think the market may be overhyped, which has the potential to create significant volatility at some point. The change we are making is an example of active money management getting prepared for that possibility.

We are using three positions in this covered call strategy. We believe it's important to keep up with technology or risk falling behind. One of the positions uses Bitcoin to create income. We are not investing directly in Bitcoin — that's an important distinction — but rather using a covered call strategy tied to Bitcoin to generate income. We have 3% allocated to this position. Bitcoin itself, not the covered call strategy, is one of the few growth assets I personally have been investing in for years. I am extremely familiar with it. It is a very volatile asset and as discussed above, volatility works well in a covered call strategy. Because this position is so small, you may hardly notice the volatility, and as you know in an income model, the balance is not what you should be focused on anyway. If you have questions about this or the covered call strategy, please let us know.

To summarize, these three positions generate enough yield to allow us to reduce overall risk by increasing fixed income allocation from 60% to 70%, which is higher than it has been in a long time, and reducing BDC and REIT exposure while still maintaining one of the highest yields we've ever had.

Next, we have less happy news. We've been informed by Charles Schwab that they will begin implementing fees on certain trades we make. The majority of transactions will remain fee free, but you will see some charges starting on your March statement. We estimate this cost will be roughly \$100 per account per year. This is a small fee, and you probably will hardly notice it, but we need to make you aware of this transaction to prevent any confusion. I would also like you to know that the trading we do that requires this fee is where we are using the manpower of Schwab's trading desk and not simply making digital trades. This typically allows us to get better prices on our buys and sells. It's hard to chart this, but we fully believe that this largely compensates for the cost of these new fees.

Now for happier news — the new building. We've finally completed all the permitting. That was a long road — much longer than I anticipated. We hope to break ground within 30 days of this MAG Corner. Yay! The staff and I absolutely can't wait. We truly need and want more space. As you might know, our intention is to create enough room to have client workshops and events. I think this will be a lot of fun. I'll keep you updated and hopefully send pictures with the next MAG Corner.

I'm going to call this next category the "Nag Corner." I want to remind everyone to lock down your credit. This is such an easy and important step to protect yourself from identity theft. I wrote about this in a previous MAG Corner. If you have not yet done this, please take care of it as soon as possible. You can always call our office with questions.

I would also caution you to be extremely careful about scams. Every year, we have clients who are targeted. If anything ever seems questionable, please call us. We can serve as a wall of protection to help keep you from being scammed. Please let us help.

One last thing. It's a big thing. I have been trying to get ready for it the whole year. By the time you have read this, I will probably have had one of those things called a birthday, and it's a big one. March 2 brings me into my 60s. Where did the time go?!

As always, we are here for you. Please let us know if you need anything.

I wish you a happy New Year with many blessings.

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