



Carla Pasternak's

# Dividend Opportunities

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Wednesday, April 8, 2009



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## The Rarest Security on Earth Carries An Average 17.2% Dividend Yield

-- By Carla Pasternak

Are you looking for a way to grow \$10,000 into \$35,598?

How about the opportunity to turn \$25,000 into \$88,994?

These knock-out returns are available from a rare security that combines stocks and bonds. Only eight of them exist. In today's issue, Carla Pasternak, editor of StreetAuthority's High-Yield Investing, explains what these securities are and how they work. The only question remaining is this: Why aren't they juicing the returns in your portfolio? *(Full Story Below)*

Also in Today's Issue...

**Capture 14% Yields and Total Returns up to +185.6%**

On the last trading day of 2009, 94% of the picks in this high-yielding portfolio were up. Most of them have returned more than +10%, and several have returned +100% or more. But the best part is that these picks carry stable yields of up to 14.3%!

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There's a reason penny stocks have been Wall Street's favorite hidden investment for years now: they give the best shot at winning it big.

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The Rarest Security on Earth Carries an Average 17.2% Dividend Yield

There are only eight of these securities in the world.

### Income Notes

The Bloomberg Professional Service shows 148 U.S. companies with a market cap of more than \$500 million and a dividend yield of more than 7%. Among them: Altria (MO), Kinder Morgan (KMP) and Annaly Capital (NLY).

The prospect of tax-free returns piques a lot of curiosity. But is it a good deal? It depends on your tax bracket. Investors in the 33% bracket who buy an "AAA"-rated muni are collecting 3.27% tax free, or the same as a 4.88% taxable yield. The return on the "AAA" corporate bond is higher, at 4.99%.

-- Andy Obermueller

One Stock a Month is All You'll Ever Need

For the entire 2009 calendar year 100% of Amy Calistri's *Stock of the Month* picks have

They carry an astronomical average dividend yield of 17.2%.

Let's not gloss over that number. Let's take a look at what it can do for you. As the chart shows, a high rate of return can provide an immense gain for your dollars.

These securities marry one common share and a bond issued by the company. The lion's share of the distribution is fixed interest income. The rest of your return comes from the stock dividend powered by the company's cash flow.

And that's before you ink even a dime's profit on the capital gain from the security.

As if all of that weren't enough, these investment vehicles have been a bulwark of stability amid the market turmoil of the last few months.

In fact, they have delivered impressive total returns (including dividends) of +9% so far this year, well ahead of the broader market loss of -12% as measured by the S&P 500 index.

Double-digit yields and dividend safety often make an uneasy pairing in today's markets, but these securities are a rare exception. Part bond, part stock, these hybrid securities offer the security of a bond's fixed income and the growth potential of a stock.

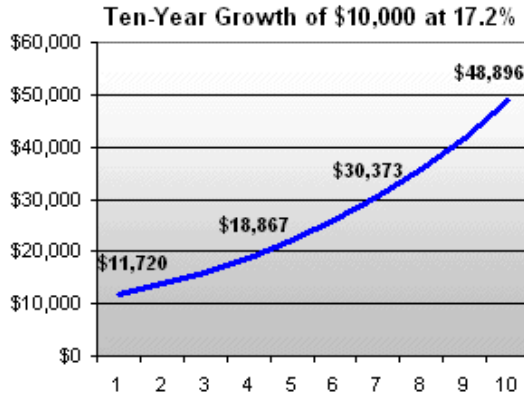
For example, a rural telecom operator that has issued one of these securities pays a quarterly distribution of \$0.42. Each security is comprised of one common share and a note issued by the company paying a fixed rate of 13%. The total distribution reflects a cash dividend \$0.17625 per share and an interest payment of \$0.24375 per note.

That's a lot to keep track of, so let's flip to the last page: [The distributions together with share price gains have contributed to +27% returns so far this year.](#) That makes a 17.2% dividend yield seem outright paltry!

Now, the stock dividend portion of the payout may go up or down -- two companies raised their dividends this year, one slightly reduced it, the rest kept them stable. In any case, whatever happens to the dividend portion, *the bond payment remains fixed*, giving you an extra degree of security in volatile markets. All but two of these securities pay distributions monthly, which provides another layer of payment protection.

In addition, these companies throw off steady cash flow from stable, recession-proof businesses. One is the fifth-largest funeral home operator in North America, another is one of the top 40 local phone operators in the U.S., yet another distributes some of the best known brands of packaged foods in the country. They also count among them the fifth largest provider of school bus transportation services in the U.S., and the nation's leading manufacturer of heavy-duty transit buses.

The companies are industry leaders, but their publicly traded securities lie under the radar of most Wall Street analysts. That's partly because there are so few of them, but also because they originally were designed by Canadian investment bankers for U.S. companies seeking to tap the Canadian capital markets.



been winners. ALL of her picks are up -- as much as +58.4% in just a few months. And her subscribers are making money hand over fist alongside her. One has made \$10,272... another is up \$46,002.

[Click here to get her latest pick.](#)

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By Andy Obermueller  
March 11, 2009

Sometimes a low yield is just the seed of greater yields and gains to come -- like this 4.4% yielding stock that has all the potential to yield 15.6% with a +304.6% gain.

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[Global Economy, Global Opportunities](#)

An Interview with Nick Lanyi  
March 18, 2009

The global economy may be slowing, but that hasn't impacted High-Yield International Editor Nick Lanyi's ability to find investments with "strong income, the potential for capital appreciation, and only moderate risk." Read the most recent interview.

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We're Finding Stocks Paying \$26,500 a Year in Dividends

Now is a great time to invest. Every dollar we're investing is giving

In the early 2000s, these companies were looking for an investment vehicle that would provide a tax-efficient way to distribute their cash flow to shareholders, something like the Canadian income trust but better suited to American tax laws.

The result: A hybrid security that goes by many different names. We call them "income deposit securities," but they are also called "enhanced-income securities" or "income-participating securities."

Whatever name you use, they're essentially the same.

Like Canadian income trusts, they pass along to shareholders almost all their cash flow. Fortunately, however, these securities don't share the same fate of Canada's royalty trusts, which are doomed to disappear in 21 months. As the legislation passed by Canada's federal government now stands, companies that issued these securities are corporations not trusts. As such, they shouldn't need to convert to ordinary tax-paying corporations by January 1, 2011 like Canadian royalty trusts.

Two of these securities trade on major U.S. exchanges. The rest are listed on Canada's benchmark Toronto Stock Exchange but also trade over-the-counter in the U.S. As a U.S. investor, you can trade Canadian-listed stocks with either the Canadian ticker or U.S. ticker.

The shares are more actively traded on the Canadian exchange, but you can trade online more easily with the U.S. ticker and save the cost of calling your broker. Canadian tickers will give you the most recent price in Canadian dollars, while the U.S. ticker gives you the last U.S. trade in U.S. dollars.

Thanks for joining me this week on the search for the world's best income opportunities!



*C. Pasternak*

-- Carla Pasternak  
Co-Editor

*Global Dividend Opportunities*

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P.S. This rare type of security is one of my favorite investing ideas. I've been recommending one of these enhanced income securities to my readers since 2006. You can get the name of my favorite EIS, plus the names of seven others. All you have to do is [just go here](#).

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By Andy Obermueller

[How to Add a Margin of Safety to Your Stock Portfolio in a Tumultuous Market](#)

By Andy Obermueller

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