



Carla Pasternak's

Dividend Opportunities

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Earn a 13.3% Yield... On Stocks that Don't Even Pay Dividends

-- By Tom Hutchinson

A little-known oddball security is changing the rules of income investing.

Finally, you can combine the income predictability of a bond with the appreciation potential of a stock -- and it's being used to generate high yields from formerly low-yielding growth companies. I'll tell you more about this special asset class? including how you can use it to capture yields of 11.8% on Apple and even 13.3% on Monsanto. *(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%!

[Go here to see for yourself.](#)

Turn a \$200 investment into \$1 Million

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.

[Click Here to get in on these Hidden Investments!](#)

Earn a 13.3% Yield... On Stocks that Don't Even Pay Dividends

What if you could combine the pleasure of eating chocolate cake with the health benefits of eating vegetables? Or say I knew a way to get in great shape... without moving a muscle.

Well, unfortunately I don't. You still have get healthy by eating vegetables and running up hills. But I do know of something that combines the best of two worlds for income investors.

A financial innovation called [STRIDES](#) is making high income securities out of low-yielding growth stocks. As a result, you can earn a generous income stream while still participating in the appreciation potential of some of the world's greatest growth stars, even if they don't pay dividends at all.

What are STRIDES?

STRIDES, or *STock Return Income DEbt Securities*, are senior unsecured debt notes issued by Merrill Lynch that are linked to an underlying stock. The underlying company has nothing to do with the issuing of STRIDES, but their performance does determine how investors will profit. They've been issued for companies such as Oracle (Nasdaq: ORCL), Apple (Nasdaq: AAPL), and Monsanto (NYSE: MON).

Income Notes

From 1979 through June this year, the S&P 500's dividend-paying companies beat their counterparts by 1.56 percent per year compounded, said Howard Silverblatt, senior index analyst at credit ratings agency Standard & Poor's.

-- Reuters

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 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.](#)

Recent Articles

[Beat the Dividend Tax Increase](#)

July 1, 2009

The landscape for income investors is on the cusp of changing. In the next few months, Congress will vote on the 2010 federal budget... which is likely to recommend a provision to increase dividend taxes on some

The special asset class is exciting for income investors because over their short, two-year lifespan, the securities pay yields of up to 12% annually in interest. And because the STRIDES convert into shares of the underlying security at maturity, they allow you to not only earn a generous yield from low-paying companies -- but benefit from their growth at the same time.

Capital Appreciation from Growth Stocks...With High Yields

In addition to their hefty yields, STRIDES can offer significant appreciation potential. Since they convert into stock at a pre-determined ratio, their prices can soar if the underlying shares rally.

For example, the Apple 12% STRIDES due 9/5/2009 (NYSE: AVN) were issued at \$25 each and make interest payments of \$0.75 each quarter. Right now the STRIDES yield 11.8%. AVN is convertible to 0.18750778 Apple shares at maturity.

At Apple's current price of \$135.40, the STRIDES are worth \$25.40 ($\135.40×0.18750778). But if Apple were to rise to \$160, the conversion ratio would mean AVN would be worth \$30 per note.

So not only do STRIDES enable investors earn a double-digit yield, but they get to also enjoy some of the upside of the underlying shares.

Downside Protection of Income Stocks

And while STRIDES can offer a high yield and take advantage of rising share prices, they offer downside protection to boot. If the underlying stock price falls, so will the STRIDES -- but their high yields help cushion returns.

Monsanto 12% STRIDES due 3/26/2010 (NYSE: MYX) illustrate just how much protection STRIDES can offer. This security is yielding a powerful 13.3% right now.

Since being issued at \$25 in March 2008, MYX has seen its share price (excluding dividends) fall about -10%. However, thanks to the high yield it offers, investors have been saved from the tumult in the common shares. Over the same time period, Monsanto common stock has fallen -36% and the S&P 500 has fallen -35%.

In addition to the price holding up stronger than the underlying shares, MYX has already paid \$3.75 in distributions. When you add those into your total return, it means in one of the worst markets in recent memory, investors in MYX are actually up +5%!

No Investment is Risk Free...

I don't want you to think that STRIDES are a risk-free investment. In fact, if the underlying shares fall too far, then investors will be saddled with shares at maturity that could be worth much less than the \$25 par value of the STRIDES.

In addition, STRIDES are callable, so if the underlying shares rise too much, they are at risk of being called away. But with a guaranteed yield-to-call that is typically around +20%, your returns aren't likely to suffer much.

With this in mind, STRIDES are one of the most compelling new investments to come along in years. Income investors should be on the lookout to add this powerful tool to their investing arsenal.



Americans.

If passed, the rule change will require new strategies for income investors. And while some investments will suffer, we found one high-yield investment class that looks even more attractive after the tax hike.

[Read On...](#)

[The Silver Lining to a Falling Dollar](#)

June 24, 2009

The U.S. national debt sits at more than *\$1 trillion dollars* -- double its total from just 10 years ago. That's so much debt that some are questioning the dollar's status as the world's reserve currency.

But there is a silver lining for income investors.

[Read On...](#)

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 us two, three, four even five times as much income as it did just a year ago -- it's as if a giant "multiply your money" certificate has dropped into our laps.

[Click here to learn more.](#)

Tom Hutchison
Carla Pasternak's Dividend Opportunities

P.S. -- My colleague Carla Pasternak recently covered high-yielding STRIDES -
- and a few other new income securities -- in her July issue of *High-Yield
Investing*. To learn more, [visit this link](#).

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