

DICK DAVIS

INCOME DIGEST

Investment Ideas From The Best Minds On Wall Street

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Contents	nts
Income Insights	1, 2
<i>Fixed Income vs. Dividend Paying Stocks</i>	
Spotlight Investment	1, 3
<i>A High-Yielding Preferred Stock</i>	
Dividend-Paying Stocks	4-5
More Income Investments	6-7
A Primer on REITs	8
Bond Barometer	9
Funds	10
Follow-ups	11
In This Issue	12

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INCOME INSIGHTS

Fixed Income vs. Dividend Paying Stocks

Income investors are at a crossroads, according to the two editors quoted below.

Jack Bowers writes in Fidelity Monitor: "The past 12 months have been a great ride in the high-yield bond sector, but at this point it makes sense to take some of those profits and move on to a more promising opportunity. This month we make a case for a shift from junk bonds to dividend stocks. A year ago, the credit markets were just beginning to recover. Fear of bankruptcy had pulled high-yield bond values so low that a typical note sold for around half its par value. The Fidelity High Income Fund and Capital & Income Fund were yielding 11-12%, even with sizable cash positions and portfolios that skewed toward creditworthy issuers. Today the spread between high-yield bonds and 10-year treasuries is back down to long-term averages (4-5 percentage points). Bankruptcy risk has plunged, bond issuance has surged, and those who held them through the recovery cycle have been handsomely rewarded.

"While there is still some room to run, the lion's share of the rebound has already occurred at this point. While we still expect Fidelity's high-yield bond funds to perform better than its investment-grade funds over the next year, they're no longer the best opportunity on the horizon.

(Continued on page 2)

SPOTLIGHT INVESTMENT

Below, The Complete Investor explains the benefits preferred stocks can bring to your income portfolio and suggests one great candidate.

"Income Portfolio, no surprise, is shaped to meet the needs of investors whose over-riding investment goal is a nice, steady stream of money for ongoing expenses. To help meet those needs, we've always focused more on high-yielding equities than on fixed-income instruments, and this is likely to remain the case. That's because as a rule we think investors gain more by owning the stocks of companies positioned to increase their dividend payouts—matching or, better yet, outpacing inflation—than by owning debt issued by those or other companies. Fixed-income securities represent borrowing by a company and, once the securities are issued, their payoffs can't be changed. Thus they're not the best choices any time inflation is likely to pick up, because the fixed-interest payments you receive from your bonds simply become worth less and less as everything you need to buy becomes more expensive. Moreover, fixed-income securities are subject to interest rate risk. That is, when rates rise—which goes hand in hand with inflation—bonds fixed at a lower payout rate become less desirable and decline in price. In today's environment, as deflation fears recede, bonds are likely to undergo further correction, making the majority of fixed-income investments even less attractive.

(Continued on page 3)

Income Digest uses the impartial, time-tested Dick Davis system to bring you the best income-generating ideas from the world's most successful investment experts.

“Meanwhile, investment-grade corporations are flush with cash. Normally that cash would be used in the pursuit of revenue growth, but with today’s deflationary backdrop there aren’t that many good opportunities. ... So how do you make your stock go up if earnings growth is hard to come by? In the past, the answer might have been to buy back your own stock, but many firms are looking at the high prices they paid for past buybacks and are concluding it wasn’t exactly a smart thing to do. Which brings them to a more traditional form of shareholder compensation: the quarterly dividend.

“Starbucks’ recent decision to start big (its first ever dividend gives the stock a Grande 1.6% yield) suggests that a new crop of growth-oriented companies may be starting to join the ranks of established dividend payers. This can’t happen too soon. In the wake of the financial crisis, many financial firms eliminated their dividend payouts entirely, while others made deep cuts. That made the past 18 months one of the worst dividend-reduction periods in history, as evidenced by today’s S&P 500 dividend yield—which currently runs at a paltry 2%.

“But even without first-time dividend payers, it looks like we’ve reached a turning point. The recent cutting wave eliminated companies with less than robust business models, as well as those who lacked a strong commitment to shareholders. What’s left among today’s dividend stocks is a group of companies who are both willing and able to reward shareholders. As earnings improve and the cash continues to pile up, it’s not hard to guess what will happen next.

“So far this year, there have been dozens of dividend hikes and only a few cuts. Many increases are coming from outside the financial sector, so it appears we’re at the beginning of a long cycle of increased payouts. It may take a while before financial entities come back to the party, but when dividends are eventually restored the S&P 500 could end up with a significant income stream.

“Individual investors could develop a fondness for dividend stocks, too. So far, the market’s recovery has been largely ignored by individuals, many of whom are more comfortable in cash and bonds than stocks. But that will eventually change. And, after several years of making investment decisions based on yield, those who re-embrace stocks may take comfort buying those that offer more than just capital appreciation potential.

“Bottom line, we are most likely entering a period where dividend stocks have the wind at their backs. The fundamentals for dividend stocks are improving, and investor attitudes are shifting in a way that makes dividend stocks more attractive.”

For Jack Bowers’ favorite Fidelity fund that takes advantage of these great dividends, see page 10. And for some great dividend-paying stocks, see pages 4-5.

Jack Bowers, Fidelity Monitor, www.fidelitymonitor.com, 800-397-3094, 4/10

And from Hulbert 2010 Honor Roll Inductee Steve Savage, editor of the No-Load Fund Analyst, some advice on how to buy fixed income now.

“Eighteen months ago there were many table-pounding opportunities in the fixed-income market as everything outside of the government-backed market was in the bargain bin. Since that time every fixed-income sector except government bonds has rung up big returns and that has been one of the key drivers of our strong performance. In total, our fixed-income funds added significant value last year versus the Barclays Aggregate Index. Now, however, the opportunities are not so compelling, though on a five-year basis the return potential is higher in nongovernment bonds. So for the most part we hold funds that have a high degree of flexibility. The focus of these funds varies—several will take some non-U.S. bond exposure if it is compelling, they will take some corporate bond and non-agency mortgage exposure, they may manage their duration (maturity strategy) more flexibly, or they may have expertise in a specific slice of the market (e.g., Osterweis Strategic Income in the short-term high-yield corporate market). Overall we believe our fixed-income exposure will be subject to materially less inflation/rising interest rate risk than the overall bond market and has higher return potential—possibly as much as one to two percentage points (except in a period of extended deflation or near-zero inflation). It also gives us some defensive ballast, though less in the double-dip recession scenario than the overall bond market. That is the compromise, but we make up for that in other ways at the portfolio level.”

Stephen Savage, No-Load Fund Analyst, www.nlfa.com, 800-776-9555, 4/10

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“To lessen the impact of such a decline, the fixed-income positions that we do recommend in Income Portfolio are skewed toward shorter maturities. That’s because typically the shorter the maturity of a fixed-income instrument, the less sensitive it is to the negative effects of higher rates.

“Fortunately for income seekers, the universe of income investments offers a lot more variety than plain vanilla bonds and good old income stocks. There also are various ‘hybrid securities,’ which can help fine-tune an income portfolio to achieve better trade-offs between risks and return. One handy type of hybrid security is preferred stock, which combines features of both equities and fixed-income instruments; while preferred stocks technically are equities, they resemble bonds in key ways.

“This issue we’re adding one such security, the preferred stock of Comcast, to Income Portfolio. Its features are illustrative of preferred shares in general. Much like common stock, the **Comcast Corp. 7% Preferred** (CCW 25.50 NYSE – yield 6.9%) pays a dividend—in Comcast’s case, a quarterly payment of \$0.4375, amounting to nearly a 7% yield. As with common share dividends, the company’s board of directors must declare these payments. Thus while a default on preferred dividends is rare, investors in preferred shares still need to review the company’s prospects and be confident that its cash flow is dependable.

“Unlike stocks and like bonds, preferreds have a face value, which for Comcast preferred is \$25. The relevance of face value is that on or after a specified date—akin to a bond’s maturity—a company can call away its preferred shares at face value. If the preferred isn’t called away, it may have an ‘expiration’ or maturity date, which typically is set far in the future. Most preferreds are perpetual. Comcast’s preferred shares could be called away starting September 1, 2011. Currently they’re trading just slightly above

the face value; if they were called away, it would be a virtual wash, and meanwhile, for well over a year you’d be getting a nearly 7% dividend. So the call-away risk for Comcast is one we’d readily take.

“Another bond-like feature of preferred stocks is that their dividend payments are fixed for the life of the security. Also similar to a bond and in contrast to common stock, preferreds don’t give investors an opportunity to share in the success of the issuing company and thus offer only limited upside. And like bonds, preferred shares offer some degree of interest rate risk, though they’re generally less sensitive than bonds to interest rate changes. Preferred shares generally trade at a premium to the common stock, offering higher income and less price volatility, and Comcast preferred is no exception.

“Comcast, the largest U.S. cable company, serves more than 24 million subscribers, offering high-speed Internet access and telephone service along with cable. While these primary businesses are capital-intensive, Comcast lately has been harvesting returns on large past investments and has generated record-breaking levels of free cash flow—\$4.4 billion in 2009, up 21% year over year, for a free cash flow yield exceeding 10%. In fact, the company has so much free cash that it recently moved to gain control over General Electric’s NBC business. ...

“In 2009’s challenging economic environment it managed to increase revenues by nearly 3%. ... Comcast is a well-run, financially strong company with a proven record of providing market-leading services. Its size gives it a strong competitive edge relative to its peers, and its operating metrics and balance sheet are among the strongest in the industry. The almost 7% yield and a strong BBB+ rating of the Comcast preferred make the case for investing in the preferred stock very strong.”

Stephen Leeb, PhD., *The Complete Investor*, www.completeinvestor.com, 866-833-2070, 4/10

Investment Information

Comcast Corp. 7% Preferred (NYSE: CCW)
Philadelphia, Pennsylvania
Website: <http://www.comcast.com>

Why Comcast Preferred:

- High Yield
- Secure Dividend
- Low Volatility
- Strong Cash Position; Low Default Risk

Market Capitalization: \$1.02 billion

Dividend: \$0.44

Yield: 6.9%

52-week low/high: \$20.55/\$25.82

Shares Outstanding: 40.0 million

Institutionally Owned: n/a

“Defense-related stocks are scoring well in our Quadrix® stock-rating system. One defense-related stock that looks especially attractive is **Raytheon Company** (RTN 58.23 NYSE – yield 2.60%). The firm’s Overall Quadrix score is 94 out of a possible 100. The company’s earnings should show good gains this year and next. The stock has behaved well and is trading around its 52-week high. However, these shares still offer plenty of value at current prices. The company’s strengths in the defense sector, such as intelligence, surveillance, and reconnaissance equipment, should remain in demand even if other areas of the defense industry come under budget pressures. The stock’s yield of more than 2% enhances total returns, and annual dividend increases are expected. These shares are a buy at current prices. ... Raytheon currently pays a quarterly dividend of \$0.31 per share. The firm typically boosts its dividend in the first half of the year, and a dividend increase of at least 5% is expected in 2010. ... Raytheon trades at 11 times the 2010 consensus earnings estimate of \$4.98 per share, a discount to its sector earnings multiple and a relatively modest valuation for a firm expected to show consistent growth. The stock traded in the 60s in 2008, and a return to that level is expected over the next 12 months. Please note that Raytheon’s dividend reinvestment plan requires ownership of at least one share in order to enroll in the plan. The share must be registered in the name of the investor, not in ‘street name’ (the name of the broker). Minimum investment once enrolled in the plan is \$25. There are no purchase fees in the plan. The plan administrator is American Stock Transfer and Trust.”

Charles B. Carlson, CFA, Drip Investor, www.dripinvestor.com, 800-233-5922, 4/10

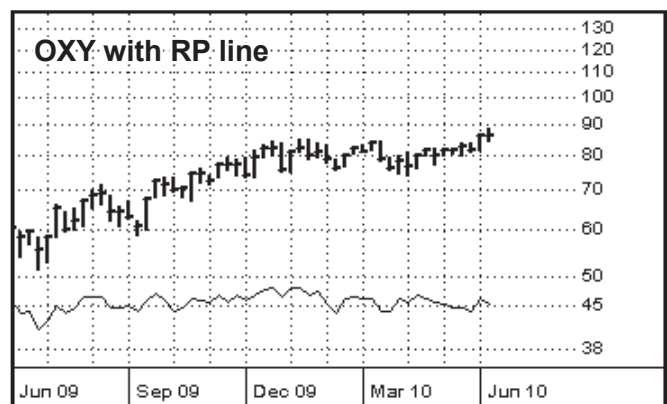
“**Avon Products, Inc.** (AVP 32.05 NYSE – yield 2.70%) sells ‘beauty’ all over the world. They’re in 135 countries. They have over 6.2 million sales reps. Their well-known brands include Avon Color, Anew, Skin-So-Soft, Advance Techniques, Avon Naturals, and Mark. ... Some say that recessions give the cosmetics sector a free pass... They point out that people just entering the middle class in developing countries become more image-conscious—plus, they now have the money to enhance their new status. If the economy is doing poorly, these people may put off buying their first car or even apartment—but that leaves them with even more money to spend on cosmetics. ... Avon’s business model certainly helps the company achieve near recession and crisis-proof status. I love that there’s so little overhead (no brick-and-mortar stores)... that salaries are tied to a representative’s success... that they have more than enough money to develop groundbreaking products. ... Avon is also cutting costs to help its balance sheets. Its

net debt is \$250 million lower than a year ago. It still has \$2.5 billion in debt on its books, with cash reserves of \$1.3 billion and \$800 million worth of cash flowing through annually. Its debt is more than manageable. Which is what you’d expect from a company that has raised dividends (now yielding 2.6%) for the past 20 years straight. ... Buy Avon but don’t chase it above \$44.”

Steve McDonald, Sound Profit\$, www.supportatetr.com, 800-718-2891, 4/10

Elliot Gue has won or placed in the Newsletter Publishers Association’s Best Financial Advisory Newsletter awards eight times since 1991.

“**Occidental Petroleum Corp.** (OXY 85.76 NYSE – yield 1.50%) is a California-based company with a portfolio of oil- and gas-producing properties in the U.S., Latin America and the Middle East. The company will host an analyst day to discuss production growth on May 19. Such events are rarely scheduled to relay bad news; the company appears poised to make positive comments about growth from some of its main plays. ... Occidental Petroleum offers favorable exposure to higher oil prices. According to the firm’s most recent presentation, a USD1 increase in crude oil prices—a move of about 1.2% at today’s levels—adds about \$34 million to its net income. Meanwhile, if natural gas prices rise \$0.50 per million British thermal units—a move of 12% at current prices—the company’s net income increases \$24 million. Fourth-quarter production growth was up 4.8% from a year ago and full-year production was up more than 7% in 2009. Occidental Petroleum is expected to report production growth of 1.1% to 2.5% when it releases its first-quarter results later this month. ... With some impressive oil-levered assets and a definable catalyst in the analyst meeting on May 19, Occidental Petroleum rates a buy. I am adding the stock to the Wildcatters Portfolio as a buy under 95 and recommend instituting a stop at 75.”



Elliott Gue, The Energy Strategist, www.energystrategist.com, 800-832-2330, 4/7/10

“In telecom services, we like **Millicom International Cellular SA** (MICC 89.66 Nasdaq – yield 1.40%) of Luxembourg, which operates mobile telephone systems in Central and South America, Africa and Asia. Its stock, also a steady gainer since late 2008 (from 35 to 90), today trades at a year-ahead P/E of 13.8, giving it a very attractive PEG ratio of 0.69 on its expected 20% a year earnings growth. Recently, JP Morgan, HSBC and Citigroup have issued buy and over-weight ratings on the stock. With consensus earnings of \$7.75 projected for 2012, plus the reasonable expectation of a multiple upgrade to a high-teens P/E, it’s not unreasonable to look for MICC to rise into the 130-to-150 range.”

Stephen W. Quickel, US Investment Report, www.usinvestmentreport.com, 215-862-1313, 4/9/10

“**SkyWest, Inc.** (SKYW 14.36 Nasdaq – yield 1.10%) shares are undervalued at only 0.55 times current book value. ... The company’s P/E of 8.4 and dividend yield of 1.1% is attractive. SkyWest shares will likely climb to our Minimum Sell Price of 25.54 within two to three years. SkyWest is one of the largest regional airlines, with service to 224 cities in the U.S., Canada, Mexico and the Caribbean. ... Demand for air travel remains subdued, although a slight pick-up is now underway as evidenced by SkyWest’s 9.9% increase in January passenger revenue miles. SkyWest has over \$13 per share in cash ready to expand its operations. The company added new agreements with United Airlines and AirTran and will likely win additional new business during the next few quarters. After enduring an extended downturn in business, major carriers will likely contract out many less-active routes to SkyWest and other small carriers. EPS will probably increase 7% during the next 12 months with future increases dependent on new contract wins.”

J. Royden Ward, Cabot Benjamin Graham Value Letter, www.cabot.net, 978-745-5532, 4/10

“**The Boeing Company** (BA 71.27 NYSE – yield 2.40%)—Members of the S&P 500 don’t usually appeal to growth investors, but Boeing is an interesting turnaround story. The company’s Boeing 787 Dreamliner has been a long time coming, but this mid-sized, wide-body airliner has huge appeal for its range and efficiency. Boeing’s South Carolina 787 factory now has girders in the ground and orders are coming in. The company also just landed an order for 50 of its 737-800 aircraft from Australia’s Virgin Blue that’s worth at least \$3.5 billion. 2010 earnings are estimated to more than double from 2009 (\$4.04 vs. \$1.87) and the stock has acted well since the start of the year. Nice, conservative package. BUY.”

Michael Cintolo, Cabot Market Letter, www.cabot.net, 978-745-5532, 4/7/10

“Based in Dublin, Ohio, **Cardinal Health, Inc.** (CAH 35.92 NYSE – yield 1.90%) is a top distributor of pharmaceuticals, equipment and other medical supplies. Its pharmaceuticals division provides supply chain services including prescription and over-the-counter drug distribution, and its medical division parcels out medical, laboratory and surgical supplies. ... Founded in 1979, CAH has paid a dividend since 1983 and has increased dividends for 13 consecutive years.”

Kelley Wright, Investment Quality Trends, www.iqtrends.com, 866-927-5250, 4/1/10

“We’re adding two new business development corporations to the portfolio with ‘buy’ ratings. **Ares Capital Corporation** (ARCC 15.68 Nasdaq – yield 8.90%) targets mid-sized privately held firms, while **Triangle Capital Corporation** (TCAP 15.17 Nasdaq – yield 10.80%) serves smaller firms. Both are well managed. For instance, in the face of massive dividend cuts by most players, Ares cut its dividend by only 17% last year and Triangle actually raised its payout slightly. Ares is paying an estimated 9.5% yield and Triangle is paying 11.7%.”

Harry Domash, Dividend Detective, www.dividenddetective.com, 866-632-1593, 4/10

“**Starbucks Corp.** (SBUX 24.75 Nasdaq – yield 1.60%) is nearing a significant breakout on its P&F relative [strength] chart against the S&P 500. Pushing through the trendline, drawn down from the 2005 relative high, would reassert the long-term relative uptrend that started way back in the early 1990s. The price chart is trending nicely to the upside and is supported by its 100-day exponential moving average. Momentum is also not overbought, with the 14-day RSI only just moving up from neutral. We will buy the coffee maker for the Investment Portfolio. The stop level will be at \$23 and we would close out following three consecutive closes beneath that. The target is \$30.”

Michael Burke & John Gray, Investors Intelligence, www.investorsintelligence.com, 914-632-0422, 4/8/10

“Not only one of the largest integrated oil companies in the U.S., **Marathon Oil Corp.** (MRO 32.22 NYSE – yield 3.00%) also has international oil and gas exploration and production expertise. The company’s integrated model provides solid cash flow diversification, which helps mitigate the effects of economically weak periods. ... We think Marathon is in a strong position to benefit as world economies continue to recover and energy demand increases.”

John Buckingham, The Prudent Speculator, www.prudent-speculator.com, 877-817-4394, 4/5/10

Many Canadian Income Trusts, traditional bastions of high yield, are converting to corporations to comply with new laws. Below, two that plan to maintain their yields in their new forms and some commentary on the trend from High-Yield International Editor Carla Pasternak.

The No-Cut Conversion Craze

“In all, the United States imports about 2 million barrels per day from its neighbor [Canada]. Much of that oil comes from high-yielding energy trusts, like Penn West or Enerplus, which are based right here in my home city of Calgary, Alberta. The trust model makes sense for Canadian energy producers with mature reserves that generate predictable cash flow. The oil and natural gas reserves offer up plenty of cash to pay investors. Meanwhile, trust rules mean that the business has to pass along the bulk of cash flow to investors. The result is high yields that attract shareholders and boost the share price. It’s a win-win: The trust enjoys high-priced equity capital to finance growth, and investors receive superior income taxable at the reduced dividend rate in the U.S. ...

“But the party was too good to last. In nine months, these trusts will no longer exist in their current form. Fearing the loss of billions of dollars in tax revenue, the Canadian government announced on October 31, 2006 that trusts would lose their tax-favored status starting on January 1, 2011. The proposal was known here in Calgary as the ‘Halloween Massacre,’ and the Canadian ‘Oil Patch’ lobbied hard to beat it down, but was unsuccessful. Fearing the end of double-digit yields and tax-advantaged income, investors on both sides of the border dumped their units in droves. Trusts lost over 30% of their value in the weeks following Prime Minister Harper’s initial proposal, and the units (shares are known as ‘units’ in trust lingo) were pummeled even more during the recession. ...

“But now the clouds are starting to clear. According to Canadian investment dealer RBC Dominion, 72 income trusts have been acquired at an average premium of 14% above their trading price. Another 40 have converted to dividend-paying corporations. A recent survey by investor relations firm BarnesMcInerney and others showed that 84% of the 165 Canadian income trust CEOs polled expect to cut cash distributions when they convert trusts into traditional corporations. But all is not doom and gloom. Yes, some are cutting payments, but others are saying they will maintain the current rate if they have the cash flow. So in a search for what I call ‘high-yield keepers,’ I’ve conducted my own study. ... Fortunately for us yield-loving investors, over a dozen trusts appear committed to keeping their dividend at the current rate and have already jumped through the hoop of converting to a corporation.”

The following trust is one of about 20 Pasternak found that will convert to corporations but maintain their focus on yield:

“With interests in about 15 gas plants in Western Canada, Calgary-based **Keyera Facilities Income Fund** (KEY.UN 26.21 Toronto – yield 6.91%) is one of the largest natural gas processors in Canada. The company gathers, processes, stores, and transports natural gas, as well as natural gas liquids (NGL) and crude oil. These operations generate fee-based revenue based on volumes, mitigating the effects of commodity price swings. ... Organized as an income trust in 2003, the fund plans to convert to a corporation by January 1, 2011. Keyera has paid monthly distributions of C\$0.15 per unit, or C\$1.80 annually, since January 2009. That gives the trust a current yield of close to 7%. ... Management has consistently stated its intention to maintain the distribution after converting to a corporation. ... Over the past three years, Keyera’s operating revenue has climbed 30%, and diluted earnings per unit have rocketed from \$0.24 to \$2.29. In 2009, the company achieved record operating results in the face of a global slowdown. Distributable cash flow was almost double that of the previous year and cash flow from operations of C\$313 million nearly quadrupled. Strong demand for all three business services—gas processing, natural gas liquids storage, and product marketing—contributed to these results. ... Trading at a P/E of around 15 times this year’s estimated earnings of C\$1.80 per unit, the units are trading at a slight discount to industry peers such as Pembina Pipeline (TSX: PIF.UN). Units are selling close to a record high of C\$28.98 hit intraday on February 17th, but show no sign of slowing down. Keyera units appear reasonably priced. Given the company’s above-average monthly income stream, which is both tax-advantaged and relatively secure, it offers the conservative income investor a great way to diversify out of [U.S.] dollar-denominated assets.”

Carla Pasternak, High-Yield International, www.streetauthority.com, 301-216-2005, 4/10

“**Bird Construction Income Fund** (BDT.UN 33.45 Toronto – yield 5.30%) is one of the strongest construction franchises in North America, a distinction it proved beyond a shadow of a doubt the past couple years. Before the North American economic downturn began, the bulk of the company’s projects were in the private sector, with an accent on energy-producing regions. The massive decline in energy-patch activity since mid-2008 didn’t dint Bird’s ongoing revenue stream, a testament to the quality of its projects and customers. It did, however, force management to move quickly to build a backlog in the public sector, which was dishing out contracts at a feverish pace to keep the Canadian economy moving. ...

Bird's payout ratio has remained consistently low, with the fourth-quarter tally coming in at just 48%. That's despite a 24% increase in the distribution last summer to the current monthly rate of CAD0.15 per unit. And as a construction company, it has to maintain a high level of cash, which basically means no debt worries, either. With a strong, surprisingly recession-resistant business and conservative financial policies, Bird clearly had the means to preserve its distribution after converting to a corporation. On March 15 management confirmed it also has the will to keep paying out big, announcing it would maintain the same annualized dividend rate following conversion. This will be accomplished through quarterly payments of CAD0.45 per share rather than monthly distributions of CAD0.15 per unit. ... Although Bird's current yield is lower than other Conservative Holdings, it's well superior to any other construction company in the world. And that payout is likely to rise in coming years as private sector business rebounds. The result is a safe stock with a healthy yield and strong growth potential. Bird Construction Income Fund is a buy up to USD33 for those who haven't bought in already."

Roger Conrad, *Canadian Edge*, www.canadianedge.com, 800-832-2330, 4/9/10

Utilities are another great place to look for yield:

"We are raising our 12-month target price on BUY-rated **UIL Holdings Corp.** (UIL 28.98 NYSE – yield 6.00%) to \$34 from \$32, reflecting our above-consensus EPS estimate for 2010. Management believes that the company currently has adequate liquidity through its current cash balances, cash from operations, and credit facility to meet all anticipated cash requirements through 2011. While the company has a rather heavy plant construction schedule that will require a measure of external financing, we expect relatively little pressure on the balance sheet. In short, we think UIL continues to have strong prospects for appreciation. ... The company's positive investment fundamentals include the potential for moderate earnings growth, a high dividend yield, expectations for a return to moderately increasing kilowatt-hour sales, a strong balance sheet, and a strong cash position. These positives are partly offset by our expectations for high capital spending on new generation plants and other infrastructure improvements. The company is controlling expenses, steadily increasing its cash flow, and investing in needed infrastructure and power plant assets. Management is also taking a 'back-to-basics' approach, with a focus on core utility operations. While increased capital spending remains a concern, we believe that the company's strong financial position should mitigate any external financing pressures. In our opinion, these factors should combine

to generate total annual returns for UIL shareholders of about 9%-10% over the next four to five years. ... The company has held its dividend steady at \$1.73 per share since 1996, and the current yield of about 6.1% is one of the highest in the electric utility industry. Even after factoring in the substantial capital spending planned over the next few years, we think the annual payout is secure, thanks to the company's growing operating cash flow."

Martha Freitag, *Argus Weekly Staff Report*, www.argusresearch.com, 212-425-7500, 3/15/10

The semiconductor sector is full of turnaround stories:

"**Applied Materials, Inc.** (AMAT 13.81 Nasdaq – yield 2.00%) is the largest supplier of semi-conductor fabricating equipment in the world. As the dominant player in the industry, AMAT competes in all segments of chip production equipment, whereas most of its competitors specialize in individual areas. As such the company is a trusted one-stop shop for major chip producers. AMAT has its engineers in just about every chip-building facility in the world, which allows it to not only provide superior service, but have early indications of the future equipment and tooling needs of its customers. However, the semi-conductor industry is extremely cyclical, enjoying unusual growth in boom times when electronic equipment and computers are flying off the shelves, and significant softness in economic slowdowns. So it is no surprise that the recession had a dramatic effect on AMAT's top and bottom lines. Because its expertise in the design and manufacture of equipment used in chip wafer technology is closely related to the needs in solar wafer technology, the company has been expanding into the solar equipment business. Its goal is to gain a foothold in what it believes will be one of the next fast growing industries. It made its start in solar with the acquisition of Applied Films in 2006. However growth in the solar industry has also been hampered by the recession, and so remains a small part of AMAT's current business, although having the potential to become a more prominent part of the business in future years. The company has been cutting costs and streamlining its operations, which resulted in a return to profitability in its October quarter, with earnings of 10 cents a share, and six cents a share in its January quarter (traditionally its slowest quarter each year). With the economy recovering, we believe AMAT's streamlining will result in a faster than normal return to earnings growth. ... We have a target of \$17, and suggest a 'mental' trailing protective stop set initially at \$11.60."

Sy Harding, *Long and Short Stock Advisor*, www.longandshortstockadvisor.com, 386-943-8014, 4/7/10

Real Estate Investments Trusts, or REITs, offer income investors high yields, at varying levels of risk. Below, we bring you a short introduction to REIT-investment basics from Barcalys Capital's annual REIT primer, released this month, and two REIT recommendations.

“A Real Estate Investment Trust (REIT) is essentially a corporate entity that owns, operates, acquires, develops, and manages real estate assets. However, REITs are differentiated from other corporate forms by a tax election that eliminates taxes at the corporate level. Most of the company’s taxable income is passed along to investors in the form of dividends; shareholders subsequently pay taxes on those dividends. Conceptually, a REIT can be viewed much like a mutual fund in that it allows investors to pool capital and invest in a larger, more diversified real estate portfolio. Both REITs, and mutual funds, are essentially pass-through vehicles, passing the cash flow from that portfolio to investors. Like a mutual fund, the original REIT structure created in the 1960s was a passive investment vehicle; it prohibited the operation and management of properties by the REIT itself. Over the years, however, legislative and tax code changes have enabled REITs to become actively managed, fully integrated operating companies.

“The fact that a REIT is simultaneously both a pass-through vehicle and an actively managed investment vehicle has several implications:

- First, real estate industry fundamentals such as market or portfolio occupancy and rent levels matter, as they directly affect earnings growth, and, in turn, cash flow.
- Second, perhaps contrary to conventional wisdom, management is important. ... Now that REITs are bona fide operating companies, management has the power to improve or, conversely, weaken that operating performance, as well as that of the overall enterprise. Good management aims to produce significant and efficient returns for the REIT’s portfolio, and guides the REIT through difficult markets.
- Third, as a pass-through vehicle, we would argue that the absolute level and composition of a REIT’s investment returns should reflect those of the underlying asset class. We view real estate as a total-return asset, benefiting from steady income and modest growth. Furthermore, historical real estate returns have normalized in the low teens on an unleveraged IRR basis with roughly half of that return from dividend income. Similarly, we view a REIT as a total-return security and expect high-single to low-double-digit returns on a normalized basis, from a combination of dividend income and growth in earnings (funds from operations) per share.”

Ross L. Smotrich, Barclays Capital, www.barcap.com, 212-526-2306, 4/7/10

In The Wealth Advisory, Steve Christ wrote about the long line of baby boomers on the cusp of seniority:

“... That’s why every portfolio should include some investments in healthcare. Demographic trends, after all, are destiny. That’s where **Omega Healthcare Investors, Inc.** (OHI 20.33 NYSE – yield 6.30%) comes in. The company is a real estate investment trust investing in and providing financing to the long-term care industry. The Timonium, Maryland based REIT owns or holds mortgages on 293 skilled nursing facilities and assisted living dwellings with approximately 34,312 licensed beds located in 31 states, operated by 35 third-party healthcare operating companies. They currently pay a 6.40% quarterly dividend yield with a solid long-term history of payment and increases. Amazingly, they achieve these results with only 19 employees, including the five executive officers. So how good has OHI been to its investors over the last eight years? In short, the answer is fantastic. A \$1,000 investment in the company back then would have yielded \$8,328.87 today if the dividends had been reinvested. That’s 732% return. Now if those figures don’t convince you nothing will. Omega, however, isn’t without a certain level of risk—especially in the current credit environment. Nonetheless, it does provide a certain level of growth for the longer term investor. Buy OHI under \$19.00.”

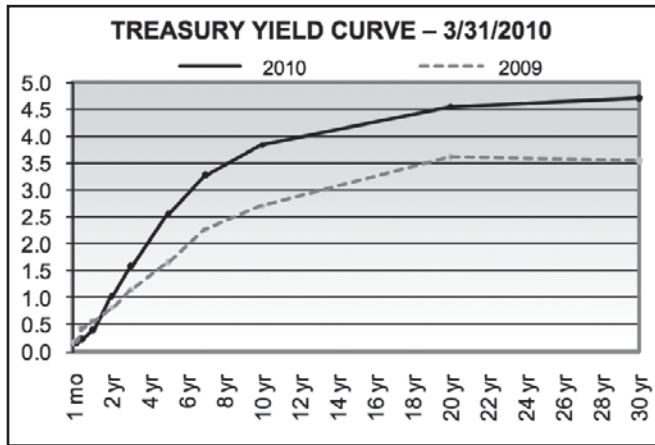
Steve Christ, The Wealth Advisory, www.angelpub.com, 877-528-2645, 4/2/10

And below, a REIT that leverages shareholder money sevenfold to buy adjustable-rate mortgages:

“**Hatteras Financial Corp.** (HTS 25.00 NYSE – yield 19.20%)—When a borrower takes out a short-term mortgage, he locks in an interest rate for a certain term (one to seven years). After that, the interest rate he pays is calculated as a benchmark short-term interest rate plus a spread of typically 2.25%-3.0%. ... As of December 31, 2009, HTS paid 1.73% to borrow money that it was able to invest at 4.64%, a wide spread of 2.91% [which it magnifies] into an 18% dividend through the aggressive use of leverage. Specifically, HTS has assets of \$7.42 billion and debts of \$6.48 billion, leaving \$932 million in shareholder equity. In other words, for every \$1 a shareholder invests, HTS purchases almost \$8 in adjustable mortgage-backed securities. ... The overriding factor [determining shareholder returns] is the interest rate spread. ... Bottom line: I recommend Hatteras Financial at \$26/share or lower for its current yield of 18% and its long-term prospective yield of 9%. However, be prepared for a bumpy ride during the period when interest rates return to normal from their sub-basement levels.”

Dr. Marvin Appel & Gerald Appel, Systems & Forecasts, www.systemsandforecasts.com, 800-829-6229, 4/7/10

“Longer-term U.S. Treasury rates drifted higher in March as the prospect of an ongoing economic recovery encouraged investors to seek higher yielding investments. The high level of new Treasury auctions continues and although demand remains strong, it is showing some signs of abating. This is resulting in lower Treasury prices and higher yields in longer-term securities. The primary force constraining longer-term yields is the steepness of the yield curve. At the end of March, the spread between the 30-year Treasury bond and 3-month Treasury bill was 456 basis points – indicating an extremely steep curve. We expect the 10-year Treasury note to remain within a range of 3.5% to 4.25% through the remainder of this year. We do not view an imminent rate hike by FOMC members as likely given the weak job market and very low levels of inflation. Therefore, we do not anticipate a large increase in longer-term rates in the short-term. However, we continue to view U.S. Treasuries as unattractive for purchase. Investors who want to own Treasuries in their portfolio should limit themselves to date-certain issues purchased through the TreasuryDirect program or Treasury Inflation-Protected Securities (TIPS) which offer a guaranteed return in addition to changes in the headline consumer price inflation index.”



Below are the year-over-year and month-over-month U.S. Treasury yield changes for the various maturities:

Maturity	3/31/2010	2/28/2010	3/31/2009	M-O-M Chg	Y-O-Y Chg
1 month	0.15 %	0.09 %	0.17 %	0.06 %	-0.02 %
3 month	0.16 %	0.13 %	0.21 %	0.03 %	-0.05 %
6 month	0.24 %	0.19 %	0.43 %	0.05 %	-0.19 %
1 year	0.41 %	0.32 %	0.57 %	0.09 %	-0.16 %
2 year	1.02 %	0.81 %	0.81 %	0.21 %	0.21 %
3 year	1.60 %	1.36 %	1.15 %	0.24 %	0.45 %
5 year	2.55 %	2.30 %	1.67 %	0.25 %	0.88 %
7 year	3.28 %	3.05 %	2.28 %	0.23 %	1.00 %
10 year	3.84 %	3.61 %	2.71 %	0.23 %	1.13 %
20 year	4.55 %	4.40 %	3.61 %	0.15 %	0.94 %
30 year	4.72 %	4.55 %	3.56 %	0.17 %	1.16 %

Avoiding the Reach for Yield

In the April issue of Bob Carlson’s Retirement Watch, Bob Carlson counsels readers on using bonds to build an income-generating portfolio without taking undue risks in an article titled ‘Avoiding the Reach for Yield.’

“Investors are reaching for yield again. Whenever the Fed keeps Treasury yields low, investors seek income from other sources. Unfortunately, investors often ignore or overlook the risks of these alternative income sources. Today, investors are piling into high-yield bonds and state and local bonds. Delinquencies aren’t rising on high-yield bonds now, but that’s because lenders are refinancing and extending loans instead of allowing them to default. Some issuers of high-yield debt are able to take advantage of investors desperation for yield by refinancing their old high-yield bonds on terms that are very attractive to the issuers but not to the investors. The terms on some new issues are similar to those of the peak period of 2005-2007 despite the deterioration of the economy.

“Yields on high-yield bonds declined significantly over the last year. They now are about at normal or average levels. They make sense now only if you believe this is a normal economic cycle and we are in the early stages of a growth period. Likewise, tax revenues are in steep decline for states and localities. Many are having trouble closing their budget deficits and making their bond payments. They made it through the last year only because the 2009 federal economic stimulus included a lot of payments to state and local governments to cover their budgets. The federal government isn’t likely to do that every year.

“If you own tax-exempt bonds, you must choose the issues carefully. Don’t reach for yield. Seek bonds backed by stable revenue sources. This is a good time to prune portfolios of high-yield bonds, tax-exempt bonds, and international government bonds. In the Retirement Paycheck Portfolio we look for opportunities to earn yields above treasury bonds without taking high risks. The portfolio has more volatility and risk than intermediate treasury bonds or a plain bond fund. You need to be able to handle the volatility. But we aren’t simply reaching for yield. We are looking for value, and we can protect some of the portfolio with sell signals.”

Bob’s strategy for building a low-risk, high-yield portfolio includes dividend-paying blue chips, investment-grade corporate bonds and pipeline operators.

Robert C. Carlson, Bob Carlson’s Retirement Watch, www.retirementwatch.com, 800-552-1152, 4/10

Bob Brinker, Jr., Brinker Fixed Income Advisor, www.brinkeradvisor.com, 303-660-8686, 4/10

“Closed-end funds and dividends go together like peanut butter and jelly. They account for 11 of the 12 members of my High Income Portfolio. So income-oriented investors will be pleased to hear that PowerShares has just launched the first ETF that invests strictly in CEFs. As a ‘fund of funds’, **PowerShares CEF Income Composite Portfolio** (PCEF 26.45 NYSE – yield 8.30%) doesn’t hold individual stocks or bonds, but dozens of other funds managed by income specialists including Templeton, Blackrock, Nuveen and Eaton Vance. Because it tracks a fixed index, the portfolio is governed by certain rules -- it doesn’t just grab a random selection of CEFs willy nilly. Pricy funds with expense ratios greater than 2.0% are automatically eliminated from contention. Those trading at prohibitive premiums above 20% are also ineligible (in fact, the index gives heavier weighting to funds trading at attractive discounts). The end result is a balanced portfolio filled with many of the highest yielding and best-performing funds in the CEF universe. The list includes a number of chart-toppers that you might recognize, including AB Global High Income (NYSE: AWF), Templeton Emerging Markets Income (NYSE: TEI), and Western Asset High Income (HIO). With just one ticker symbol, investors can instantly grab a piece of nearly every fixed income asset class. Investment-grade corporate debt, foreign government debt, floating rate, preferreds, TIPS—they’re all there. But PCEF isn’t strictly a bond fund. More than one-third of its assets are sunk in dividend-paying equity income funds and covered call writing funds, which adds some upside kick. Still, the primary appeal is a generous monthly income stream. Since the fund only hit the market a few weeks ago, we don’t have much of a track record to go on. But the first distribution of \$0.18 per share points to a payout north of 8.3%. For its services, PowerShares charges a reasonable expense ratio of 0.50%. Unfortunately, that’s on top of the fees imposed by each of the underlying CEF holdings. Personally, I would rather pick and choose my favorites from within the portfolio and individually purchase them—avoiding the 50 basis point surcharge. However, there’s certainly something to be said for the convenience of one-stop shopping. The fund will also be able to occasionally harvest tax losses to help offset capital gains taxes. I think the best time to own PCEF is when the closed-end universe as a whole is deeply undervalued. That’s not necessarily the case right now—the average fund in the portfolio is trading at a modest -2% discount. But income investors should keep this one on their radar, and I will be monitoring the fund as a potential portfolio candidate.”

Nathan Slaughter, *The ETF Authority*, www.streetauthority.com, 301-216-2005, 4/10

“If you want a pure play on dividend stocks, the best bet is **Fidelity Equity-Income** (FEQIX). It follows a time-tested strategy of investing in Blue Chip companies that make shareholder compensation a key priority. Over a period of almost 44 years, this fund has delivered a compound return of 11.5% per year, beating the S&P 500 by two percentage points per year over the period. The fund’s focus on dividends usually lands it in the large-cap value corner of the stylebox. Behavior is quite often similar to the S&P 500, but it has outperformed by as much as 10 percentage points (over 12 months) when conditions are favorable for dividend stocks. From a risk standpoint, the fund is presently about 15% more volatile than the S&P 500, mainly because of its heavy weighting in financial stocks, which amount to 27% of holdings.”

Jack Bowers, *Fidelity Monitor*, www.fidelitymonitor.com, 800-397-3094, 4/10

“**Putnam Managed Municipal Trust** (PMM 7.36 NYSE – yield 7.20%)—[Paul] Drury has been running PMM since May 2002. As of February 28th, about 30% of its portfolio rated A or better, and another 40% were BBB bonds. That means 70% of its portfolio comprised investment-grade holdings. The fund is highly diversified with no one issue comprising more than 1.5% of its \$540 million portfolio. The two biggest holdings were both tobacco settlement bonds, an area the fund focuses on because of its high returns and liquidity. As of February 28th, Putnam’s fifth largest category of holdings at 7.4% was refunded munis, bonds backed by Treasuries or similar securities which help make PMM’s portfolio secure. The average duration of its bonds (without leverage) is 7 years, which is medium-term. PMM employs modest leverage of 22.9%. Compared to its peer group of 131 funds, it ranks as the 24th lowest fund for leverage. During the past twelve months, the fund raised its dividend three separate times. ... The last two monthly payments of \$0.044 per share give the fund a forward yield of 7.6%. ... Ten-year market returns of 5% annually put it in the top half of its category. Year-to-date performance is even stronger, with total returns of 7.1% placing the fund in the top 7th percentile of muni bond funds, according to Morningstar. PMM currently trades at a discount of 4.6% to its net asset value. ... PMM has consistently out-performed its peer group, provides a better than 10% taxable-equivalent yield, offers a credit-worthy portfolio, has a strong distribution growth record, and makes all monthly payments out of investment income without returning capital. I plan to add the fund to my Dividend Optimizer Portfolio.”

Carla Pasternak, *High-Yield Investing*, www.streetauthority.com, 800-796-8025, 4/10

Last recommended in Dick Davis Income Digest issue 208 dated January 13, 2010 at \$41.56 by Global Investing.

“**GlaxoSmithKline plc** (GSK 39.51 NYSE – yield 4.90%) faces good news and bad. The bad is that Glaxo’s Wellbutrin anti-depression drug faces generic competition from Sun Pharma of India which got FDA approval for its ANDA for a clone drug in 3 sizes. The good news is that France’s Vivalis will create a seasonal and pandemic flu vaccine based on its EB661 cell-line under its contract with GSK and gets milestone payments. The new process avoids the slow growth of vaccines in chicken embryo eggs, which is inefficient and costly. The other good news is that another partner of GSK, Chemo Centryx, delivered a fourth target against inflammatory disease, Chem R23 which will be orally administered. This builds on an agonist to chemarin ligands which flow around in human blood but are activated at inflammation sites. GSK is paying a \$5 million milestone for this.”

Vivian Lewis, Global Investing, www.global-investing.com, 212-758-9480, 4/8/10

Last recommended in Dick Davis Income Digest issue 205 dated October 19, 2009 at \$127.20 by The Investment Reporter. Originally recommended by Dow Theory Forecasts in Dick Davis Income Digest issue 198 dated March 16, 2009 at \$86.18.

“**International Business Machines Corp.** (IBM 129.22 NYSE – yield 1.70%) has been a bit of a laggard. The technology giant exceeded consensus profit estimates for the December quarter, though investors were disappointed by soft revenue growth and a conservative outlook. Some investors are now calling for bolder moves, similar to the splashy deals Hewlett-Packard (NYSE: HPQ) and Oracle (Nasdaq: ORCL) made to accelerate revenue growth. Incidentally, those stocks have more than doubled IBM’s 6% price gain over the last six months. Bloomberg reports that IBM says it is open to a big acquisition, most likely under \$10 billion. IBM is a Focus List Buy and a Long-Term Buy.”

Richard J. Moroney, CFA, Dow Theory Forecasts, www.dowtheory.com, 800-233-5922, 4/12/10

Last recommended in Dick Davis Income Digest issue 209 dated February 10, 2010 at \$8.55 by Adrian Day’s Global Analyst.

“**Gladstone Capital Corp.** (GLAD 12.71 Nasdaq – yield 6.60%) has extended and increased its credit facility, something the market was looking for. This will enable the company to be more active in making new loans. Though Gladstone’s credit

quality and balance sheet have remained high, its lack of growth—due to its lack of access to capital—was holding the stock back. This move is a first step; if new lenders are added to the facility, it can go to over \$200 million, while a pending Small Business Investment Company (SBIC) application, if approved, would add another \$100 million of credit. CEO David Gladstone remains cautious, but the company is now in a position to make some new loans, which are at attractive valuations. We expect to see more activity in the quarters ahead. In past credit cycles, making new investments at the trough, laid the foundation for future growth and rising dividends. Having moved 70% this year, the stock is trading at a premium to its peers, partly deserved because of its quality. But selling at book, which it hasn’t done since before the credit crisis hit, raises the possibility of an equity offering, while the yield, at 7%, is back to 2007 levels. Hold.”

Adrian Day, Adrian Day’s Global Analyst, www.adriandayglobalanalyst.com, 410-224-8885, 3/31/10

Last recommended in Dick Davis Income Digest issue 205 dated October 19, 2009, at \$29.16 by Forbes/Lehman Income Securities Investor.

“**Enterprise Products Partners L.P.** (EPD 35.68 NYSE – yield 6.27%) has priced an offering of 12 million units for \$35.55, yielding net proceeds of \$422 million. As with all new unit offerings, Enterprise’s latest has pushed the stock lower by nearly 3% this morning. This selloff is far from a surprise; investors’ knee-jerk reaction is to sell after new equity offerings—the new units represent a dilution of existing holders’ stake in the firm. What’s really interesting is that Enterprise was able to sell units at just a 3.2% discount to its 52-week and all-time highs, raising more than \$400 million with relative ease. This once again underlines Enterprise Products Partners’ superior access to capital and it suggests that investors remain confident in the partnership’s strategy after the passing of founder Dan Duncan. The deal is not truly dilutive. Enterprise is using the cash to help fund its acquisition of natural gas gathering and treating systems in the Haynesville Shale area of Louisiana and Texas. This \$1.2 billion deal further enhances Enterprise’s position in what’s arguably the largest and lowest-cost unconventional shale gas play in the US. The move is likely to add to Enterprise’s distributable cash flow and will result in higher distributions. Enterprise Products Partners continues to trade above our buy target price; it’s a buy on dips under 33.”

Roger S. Conrad & Elliott H. Gue, MLP Profits, www.kciinvesting.com, 800-832-2330, 4/10

IN THIS ISSUE

Company Name (Symbol)	Page	DRIPs	52-week Low-High	Recent Price	EPS (TTM)	EPS Est. (current yr.)	EPS Est.* (next yr.)	Dividend (MRQ)	Indicated** Annual Dividend	Yield	Company Phone numbers
Applied Materials Inc (AMAT)	7		10.31 - 14.94	13.81	0.15	0.74	1.13	0.06	0.28	2.00%	408-727-5555
Ares Capital Corp (ARCC)	5		4.89 - 15.75	15.68	1.35	1.52	1.69	0.35	1.40	8.90%	212-750-7300
Avon Products Inc (AVP)	4	x	20.63 - 36.39	32.05	1.77	2.04	2.35	0.22	0.88	2.70%	212-282-5000
Cardinal Health Inc (CAH)	5		20.80 - 36.60	35.92	2.94	2.18	2.41	0.17	0.70	1.90%	614-757-5000
Comcast Corporation 7.00% Pref (CCW)	3		20.55 - 25.82	25.50	n/a	n/a	n/a	0.44	1.75	6.90%	914-273-4545
Enterprise Products Ptrns LP (EPD)	11		21.82 - 36.72	35.68	1.84	1.82	1.97	0.56	2.24	6.27%	713-381-6500
Gladstone Capital Corp (GLAD)	11	x	5.50 - 12.83	12.71	0.93	0.84	0.86	0.07	0.84	6.60%	703-287-5800
GlaxoSmithKline plc (GSK)	11	x	28.67 - 43.47	39.51	3.81	3.82	3.97	0.57	1.93	4.90%	44-20-8990-9000
Hatteras Financial Corp (HTS)	8		22.65 - 33.59	25.00	4.81	n/a	n/a	1.20	4.80	19.20%	336-760-9347
Intl Business Machines Corp (IBM)	11	x	96.44 - 134.25	129.22	10.01	11.11	12.11	0.55	2.20	1.70%	914-499-1900
Marathon Oil Corp (MRO)	5	x	27.48 - 35.71	32.22	1.51	3.29	5.03	0.24	0.96	3.00%	713-629-6600
Millicom Intl Cellular (MICC)	5		38.60 - 92.78	89.66	5.06	5.62	6.44	1.24	1.24	1.40%	352-2775-9101
Occidental Petroleum Corp (OXY)	4	x	51.52 - 88.80	85.76	3.79	6.01	7.61	0.33	1.32	1.50%	310-208-8800
Omega Healthcare Inv Inc (OHI)	8	x	13.56 - 21.10	20.33	1.39	1.62	1.79	0.32	1.28	6.30%	410-427-1700
Raytheon Company (RTN)	4	x	40.75 - 58.30	58.23	4.90	4.98	5.26	0.38	1.50	2.60%	781-522-3000
SkyWest Inc (SKYW)	5	x	9.57 - 18.56	14.36	1.55	1.70	1.70	0.04	0.16	1.10%	435-634-3000
Starbucks Corp (SBUX)	5		11.13 - 26.00	24.75	0.97	1.11	1.27	0.10	0.40	1.60%	206-447-1575
The Boeing Co (BA)	5	x	35.81 - 74.53	71.27	1.83	4.00	4.56	0.42	1.68	2.40%	312-544-2000
Triangle Capital Corp (TCAP)	5		9.30 - 15.50	15.17	1.64	1.57	1.72	0.41	1.64	10.80%	919-719-4770
UIL Holding Corp (UIL)	7		20.56 - 29.00	28.98	1.93	2.03	2.16	0.43	1.73	6.00%	203-499-2000

ETF Name (Symbol)	Page	DRIPs	52-week Low-High	Recent Price	EPS (TTM)	EPS Est. (current yr.)	EPS Est.* (next yr.)	Dividend (MRQ)	Indicated** Annual Dividend	Yield	Company Phone Numbers
Bird Construction Income Fund (BDT.UN)	6		21.19 - 36.10	33.45	n/a	n/a	n/a	0.15	1.80	5.30%	416-620-7122
Keyera Facilities Income Fund (KEY.UN)	6		15.15 - 28.98	26.21	n/a	n/a	n/a	0.15	1.80	6.91%	403-205-7670
Powershares Cef Inc Comp (PCEF)	10		25.13 - 26.60	26.45	n/a	n/a	n/a	0.18	2.19	8.30%	800-983-0903
Putnam Managed Muni Inc (PMM)	10		5.46 - 7.40	7.36	26.36	n/a	n/a	0.04	0.53	7.20%	800-225-1581

Mutual Fund Name (Symbol)	Page	Fund Objective	NAV	3 mos.	Return (%) 1-year	3-year	Min. Invest.	Company Phone Number
Fidelity Equity-Income (FEQIX)	10	Large Value	42.88	6.16	58.69	(6.97)	\$2,500	800-544-6666

DRIPs are dividend reinvestment plans that allow investors to buy stock directly from the company. Dividends paid are reinvested to purchase more stock.

Prices are as of April 13, 2010. Estimates for Canadian stocks are in Canadian dollars.

*Using forward estimates. When available, the average estimate across all Wall Street analysts. Failing that, we've quoted the excerpted editor's estimate, if available.

**May vary as a result of price fluctuations. Yields are calculated based on the Indicated Annual Dividend and may also vary.

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