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Investment Ideas From The Best Minds On Wall Street

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Contents

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INCOME INSIGHTS

Income From Funds

Investing in income-oriented funds can be a great way for income investors to balance risk and yield. Below, profiles of two popular types of income-generating funds: floating rate funds and equity income funds, plus recommendations from each group. First, Mark Salzinger, editor of the No-Load Fund Investor, on equity income funds:

"Equity income funds generally are perceived as lower-risk stock funds whose characteristics have helped them earn returns comparable to the broader market. Although they didn't perform as expected in 2008, we think that some changes to their makeup and a 'return to normal' in the investing world make them worthy of consideration by conservative equity investors.

"The average equity income fund strives to generate a stream of income greater than an investor could earn on a broad-market index fund, like the S&P 500, before expenses. It favors value stocks (about 45% of the average portfolio), particularly large-cap value (about one-third of the portfolio). This historically has given equity income funds their heaviest weightings in sectors that dominate the large-cap value space, including financials and industrials. Unfortunately, this was also their undoing in 2008, when financials and economically sensitive stocks led the market's dive. Worse yet, the emphasis

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SPOTLIGHT INVESTMENT

"**Telecom Corp. of New Zealand** (NZT 7.61 NYSE – yield 11.30%), whose shares trade in the U.S. as American Depository Securities (ADS), each of which represents five shares of NZT as traded on the Wellington, NZ Stock Exchange, currently yields [over 11%], which is at the high end of what the shares have ever yielded in NZT's 19-year history as a publicly traded company. As we'll discuss below, other price ratios are also at tantalizing historical lows. Needless to say, you don't see such extremes unless the company is under stress. Price competition, regulation, large capital expenditures to beef up both infrastructure and the range of products offered have combined to make investors wary of NZT. …

"Telecom New Zealand began life as a government monopoly, and separated from the National Postal Service in the late 1980s. … In 1990 Ameritech and Bell Atlantic, two American Baby Bells, partnered to buy Telecom New Zealand, though a paternalistic state influence persisted: local calling would remain free to residents. In the following year, shares of NZT began trading locally. Soon government regulators sought to inject competition, which started in the same year the two American telecoms took control of NZT. First came TelstraClear, a division of Australia's dominant telecom, and then Vodafone in 1993, which set up the first cell phone network to compete against NZT.

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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.

many equity income funds place on below-average valuation led their managers to snap up shares in falling stocks too early, dragging fund performance down as they fell even further. ...

"Equity income funds' long-term performance suggests that their underlying strategy has merit. The average equity-income fund posted a 10-year annualized return of 3.8% through Mar. 31, 2010, trouncing the 0.7% annualized loss of the S&P 500. …

"We recommend **Parnassus Equity Income – Inv** (PRBLX). The fund is unique among equity income offerings for many reasons, but it stands out particularly because of its outstanding track record. Foremost among its differences is the fund's 'socially responsible' investment criteria. In addition to criteria for above-average growth prospects, sustainable competitive advantages and attractive valuation, Parnassus funds consider the ways in which companies demonstrate politically progressive behavior as it relates to the environment, the workplace and business ethics. They also eschew makers of alcohol, tobacco and weapons; companies involved with gambling; and nuclear power.

"The fund has an unusual composition relative to its peers. Manager Todd Ahlsten, who has managed or co-managed the fund since 2001, is required to invest just 75% of the portfolio in dividend-paying stocks. He keeps the portfolio relatively concentrated in only 40 to 50 positions, and has only about 25% of the portfolio in 'value' stocks, according to Morningstar. Its heaviest sector weighting is in technology (about 20%), a sector that typically gets marginal attention from most other equity income funds. Healthcare (19%), industrials (17%) and utilities (13%) also receive heavy weightings, but financials get only 9%. Perhaps not surprisingly, its recent yield was just more than 1.2%. So, investors who desire a high yield will need to go elsewhere.

"However, the fund's unusual makeup has enabled it to work just as a top equity income fund should: Parnassus Equity Income has generated superlative returns over time with lower risk. Ahlsten's prescient move to reduce the portfolio's exposure to financials in 2008 saw Parnassus Equity Income drop only 23% that year, and heavy exposure to technology stocks helped it beat the market in 2009 with a gain of 28.8%. The fund's 10-year annualized return of 6.1% towers over not only the broader market but the average equity income fund as well. We think the fund's strong performance merits the attention of investors whether they are attracted by its progressive mandate or not."

Mark Salzinger, No-Load Fund Investor,
www.noloadfundinvestor.com, 800-706-6364, 5/10

Floating Rate Funds

Walter Frank, Editor of the Moneyletter, discusses floating rate funds and recommends two of his favorite.

"This issue we focus on floating rate funds, also referred to as bank loan funds. In an era when money market funds are yielding just about zero percent, the two floating rate funds reviewed here sport 30-day yields on either side of 3.5%. They are considered short-term funds, their prices fluctuate (unlike those of money funds), and they carry a higher credit risk. Recall that most bonds, issued by corporations or governments, have fixed interest rates that do not change for the life of the bond. The price performance of a bond is directly impacted by changing interest rates. If rates rise over the life of the bond, the bond price falls since rates offered on newer bonds are more attractive, and vice versa.

"In contrast, floating rate bonds have an interest rate that is changed periodically to keep it in line with an interest rate benchmark. Rates are adjusted every 30 to 90 days and are often pegged to LIBOR (London Interbank Offered Rate) plus an additional amount. LIBOR is a pricing mechanism for short-term bank lending and is heavily influenced by U.S. Federal Reserve interest rate targets. Because the rate resets so often, one of the advantages of floating rate bonds is that their prices are less affected by changing interest rates compared to longer-term bonds, and can be more attractive to investors when rates are rising.

"The floating rate funds' investments are corporate debt generally rated below investment grade. Importantly, banks, not the companies themselves, originate these bonds. Still, they are typically below investment grade. That said, bank loans are ranked senior in the capital structure to corporate loans should there be a bankruptcy, and are often secured by the borrowing company's collateral. Meanwhile, these securities can also be subject to liquidity risk—the risk that investors

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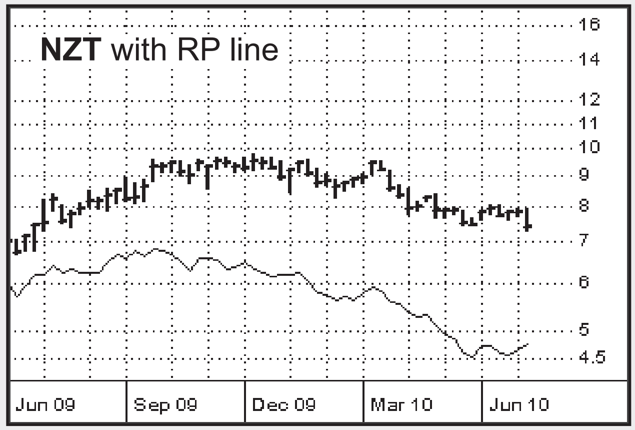
"However, the big blow to Telecom New Zealand's dominance came in 2006 when the national government announced Telecom NZ would have to unbundle its services. … It was this direct assault on NZT's de facto monopoly for telecom services (and the anxiety this generated among investors looking forward) that crippled the shares in 2006. …

"Now, three years later, we're returning to a humbled share price and a familiar constellation of problems: poor quarterly results, constant competition and new government regulations. The biggest difference is that this time New Zealand is just crawling out of recession. ... Consumers now want the newest wireless third generation (3G) technology. ... NZT was first to market with 3G and still maintains an advantage. However, New Zealand, though it loves this new technology, is a mature market. Just as broadband, after several years of enthusiastic adoption by new subscribers, leveled out, even the 3G system at some point will saturate this small island. Wall Street adamantly dislikes companies like NZT that don't promise accelerating growth. Unless NZT can figure out how to market its services to the country's 40 million sheep, its growth prospects are limited. That does not mean it should not continue to enjoy a dominant and lucrative position. If we can capture a double-digit dividend, we're already ahead of the average total annual return for the S&P 500, which over the last 20 years works out to 10%. Price appreciation in NZT shares would just be the cherry on top. …

"Over the last couple of years NZT has sunk $310 million into upgrading its wireless network to 3G, dubbing the new service XT Mobile, to allow data and video capabilities its competitors did not offer. Anticipation of 3G technology's arrival had restrained new subscribers, but once XT arrived in late spring 2009, NZT enjoyed a demand wave—until January and February of this year when the system had four major failures, which deeply embarrassed the company, got its IT director fired, led to significant



refunds to subscribers, knocked the share price down and, worst of all, gave customers a reason to look elsewhere for wireless contracts. …

"So why would anyone want to own shares in Telecom New Zealand? Let's start with the balance sheet that shows a modest debt to equity ratio. Despite the problems outlined above, NZT remains a cash generating machine, throwing off $214.7 million in free cash flow that the company can use to maintain the dividend. … NZT is seeing its dominant position eroded but it still is tightly woven into the national economy not just because it is the country's largest corporation but also because it remains, in the minds of New Zealanders, the national telecommunication company. Nonetheless, the company is deep into investors' dog house, and the disparity between how NZT is valued versus other telecom companies not surprisingly exaggerates the company's situation. Compared to other telecom companies, NZT trades at a 40% discount from the average telecom's P/E, at an 11% and a 27% discount respectively from their price to book and price to sales even though it is much less leveraged. … Current Price to Earnings, Price to Book, Price to Sales and Price to Cash Flow for the trailing 12 months are respectively 68%, 34%, 51% and 48% of their values over the last decade. And then there is that 10.7% yield. … Buy up to $8.60."

Gray Cardiff, Sound Advice, www.soundadvice-newsletter.com, 800-825-7007, 4/9/10

Investment Information

Telecom Corp. of New Zealand (NYSE: NZT)
Wellington, New Zealand
Website: http://www.telecom.co.nz

Why Telecom New Zealand:

- High Yield; Secure Dividend
- Dominant Market Position
- Undervalued

Market Capitalization: $2.84 billion
52-week low/high: $7.34/$9.82
Shares Outstanding: 372.43 million
Institutionally Owned: 6%

Indicated Annual Dividend: $0.84
Yield: 11.30%

"**Texas Instruments Inc.** (TXN 25.74 NYSE – yield 1.90%) makes chips for a wide variety of electronic devices, including cellphones, DVD players and digital cameras. ... In the three months ended March 31, 2010, Texas Instruments' earnings soared to $658 million, or $0.52 a share. A year earlier, it earned $17 million, or $0.01 a share. However, slow chip sales during the recession prompted the company to close plants and cut jobs. That resulted in a $105-million restructuring charge that depressed its year-earlier earnings. Sales rose 53.6%, to $3.2 billion from $2.1 billion. ... Aside from developing new products, Texas Instruments is positioning itself for future growth by building new plants. That's why its capital spending jumped 409.3% in the latest quarter, to $219 million from $43 million a year earlier. ... The company can comfortably afford these investments. It has no debt, and holds cash of $2.8 billion, or $2.28 a share. It also bought back $504 million of its shares in the latest quarter. The stock trades at 12.4 times the $2.10 a share it should earn in 2010. That's low in light of Texas Instruments' improving earnings prospects. Texas Instruments is a buy."

Patrick McKeough, Wall Street Stock Forecaster,
www.tsinetwork.ca, 888-292-0296, 5/10

"**Pfizer, Inc.** (PFE 17.06 NYSE – yield 4.20%) is a recommended buy at $16.76 per share. Pfizer is a leading pharmaceutical company that is based in the U.S., with headquarters in New York City. About 60% of sales are international with about 40% of products being sold in the U.S. The company recently purchased Wyeth, which increased sales by about 25% and they are working hard to increase sales in China and other Asian countries. They currently make and sell drugs for most ailments. We believe that the drug companies were under valued for the past couple years due to uncertainty about health care funding in the U.S. The new health care laws appear to be aimed at reducing costs associated with insurance company overhead and profits and hospital company room costs and charges. With about 30 million newly insured health care customers, the pill producers should do just fine. ... We believe that Pfizer will have sales of between $65 and $70 billion in the next twelve months. The company should earn about $8.5 billion in net earnings in the next 12 months. They pay a dividend of about 4.3% at the current market price which means that the management is confident in the current cash flow and future prospects. ... This is a stock with very low risk, that should have above average return over the next decade. Our short term target price for the next 18 months is $25 per share and our three-year target is $30. This is a large-cap stock ... suitable for most accounts."

Larry Lindquist and Robert E. Lepic, Lindquist/Lepic Market Letter,
3011 S. Josephine St., Denver, CO 80210, 800-743-9346, 5/1/10

"As consumers start to spend more, I suspect one of the areas where they will treat themselves is outside-the-home dining. In doing my research on such stocks, two names—**Cracker Barrel Old Country Store, Inc.** (CBRL 50.09 Nasdaq – yield 1.60%) and **Darden Restaurants, Inc.** (DRI 44.87 NYSE – yield 2.20%)—continue to rise to the top. Cracker Barrel operates those family restaurants that seem to be at every exit on the interstate highway system. In addition to restaurants, the firm's outlets include gift shops. Darden is the world's largest casual dining operator. The firm operates Olive Garden, Red Lobster, Longhorn, and Capital Grille restaurants. What seems to be helping both chains is the willingness of their clientele to spend even during a recession. Both restaurant concepts are putting up solid earnings-growth numbers. Darden's per-share profits jumped 22% in the February quarter. The firm's Olive Garden concept has been especially strong. Cracker Barrel's per-share profits jumped nearly 35% in the January quarter. Both companies have beaten the consensus earnings estimates in each of the last four quarters, and I expect that trend to continue as more diners return with a rebounding economy. Not surprisingly, both stocks have very strong Quadrix® Overall scores. Darden scores a 94 (out of a possible 100) in our Quadrix system, while Cracker Barrel scores 93. Also, both stocks score well in our 'BSD' (Big, Safe, Dividend) formula that looks at the safety and growth potential of the dividend. Darden has a BSD score of 96 (out of a possible 100), while Cracker Barrel sports a BSD score of 97. ... Both companies should boost their dividends over the next 12 months. Regardless of how you slice them, both stocks offer investors a tasty investment treat. While the stocks have had pretty good runs in recent months, I expect both issues to beat the market over the next 12 months. Both Darden and Cracker Barrel offer direct-purchase plans whereby any investor may buy the first share and every share directly from the company."

Charles B. Carlson, CFA, Drip Investor, www.dripinvestor.com,
800-233-5922, 5/10

"**The Coca-Cola Company** (KO 53.81 NYSE – yield 3.30%) is the world's largest provider of soft drink concentrates and syrups, as well as the largest provider of juice and juice related products. ... Founded in 1886, Coca-Cola has paid a dividend since 1893 and has increased the dividend for 47 consecutive years, which makes it a member of the S&P 500 Dividend Aristocrats. [It has delivered] remarkable 10% average annual dividend growth over the past 12 years. ... Dividend yield is historically high and price is attractively low."

Kelley Wright, Investment Quality Trends, www.iqtrends.com,
866-927-5250, 5/10

DIVIDEND-PAYING STOCKS

"**TransCanada Corp.** (TRP 34.88 NYSE – yield 4.30%) reported revenue of $2 billion in the three months ended March 31, 2010, down 10.2% from $2.2 billion a year earlier. Revenue fell mostly because of weaker power prices in western Canada, where TransCanada produces electricity. The company's total earnings fell 4.5% in the quarter, to $328 million from $343 million a year earlier. Lower revenue hurt earnings, as did higher development costs on the Alaska natural-gas pipeline. Per-share earnings dropped 12.7%, to $0.48 from $0.55. That's because the company has 11% more shares outstanding than last year, after it sold shares to raise cash for capital spending. Demand for TransCanada's power will rise along with the economic recovery. Looking a little further ahead, TransCanada will gain from its $22 billion of planned spending on new projects. These include the Keystone pipeline, which will pump crude oil from Alberta to refineries in Illinois. TransCanada also plans to build power plants in Ontario and Arizona [and] refurbish reactors at its 48.8%-owned Bruce nuclear-power station in Ontario. ... TransCanada is a buy for growth and income."

Patrick McKeough, Canadian Wealth Advisor, www.tsinetwork.ca, 888-292-0296, 5/10

"**Alaska Communications Systems Group, Inc.** (ALSK 8.06 Nasdaq – yield 10.70%) is the largest diversified telecom provider in Alaska. ... It is the only provider in the state that owns a next-generation 3G wireless network. ... Alaska has just a 67% wireless penetration rate compared to 84% for the country. ACS should be able to use its state-of-the-art 3G network to lure new users and increase revenue per user with data services. As a sample of things possibly to come, ACS launched the Android smartphone in late January and data revenue and usage soared. ... Also, ACS has laid a new cable to the lower 48 states offering more bandwidth than the existing cables, enabling the company to offer cutting edge technology to businesses. Enterprise revenue soared 47% in the second quarter of 2009 when the cable was first operational. For 2010, ACS expects revenue to be similar to 2009 and EBITDA to be slightly higher. However, with cost cuts and reduction of debt expenses (from $36 million in 2009 to a projected $29 million in 2010), ACS expects cash available for distributions of $58 million for the year and dividends of $39 million, which translates to a below average 67% payout ratio. Historically, ACS is selling at a cheap price, as the current 11% yield is well above the five-year average yield of 8%. ACS's strong position in a growth market should boost earnings going forward, providing for capital appreciation as well. [Watch.]"

Carla Pasternak, High-Yield Investing, www.streetauthority.com, 800-796-8025, 5/7/10

IN BRIEF...

"**Pentair, Inc.** (PNR 34.35 NYSE – yield 2.20%) makes products used in the conveyance, storage, filtration and treatment of water. The company also makes enclosures for power equipment and supplies. Pentair reported better than expected sales and earnings growth during the first quarter. A rebound in the construction sector and benefits from the U.S. government's water infrastructure stimulus will give sales and earnings an added boost during the next several quarters. We project 12-month EPS growth of 23% and solid 13% growth in future years. Buy."

J. Royden Ward, Cabot Benjamin Graham Value Letter, www.cabot.net, 978-745-5532, 5/10

"**Intact Financial Corp.** (IFC 46.19 Toronto – yield 2.97%) is Canada's largest provider of property and casualty insurance, based on premiums. ... Intact earned C$1.01 a share in the three months ended March 31, 2010. That's a big improvement over the C$0.30 a share it lost a year earlier. The latest earnings were also far ahead of the consensus earnings estimate of C$0.78 a share. Revenue rose 18.9%, to C$1.1 billion from C$936.5 million. Intact benefited from moderate weather conditions during the quarter. It also raised its home- and auto-insurance premiums. ... Intact continues to raise its premiums, and reforms in the key Ontario personal auto market should lower its claims expenses. Intact trades at 11.5 times its forecast 2010 earnings of C$3.86 a share. The shares yield 3%. Intact Financial is still a buy."

Patrick McKeough, Stock Pickers Digest, www.tsinetwork.ca, 888-292-0296, 5/7/10

"**H&R Block, Inc.** (HRB 17.38 NYSE – yield 3.50%) is vastly underestimated and under appreciated on Wall Street. ... Two weeks ago, HRB reported disappointing results, stating that tax service revenues were down 6.2% mainly due to competition from do-it-yourself tax software. Once again Wall Street has overreacted, as the vast majority of early filers do it themselves, but we feel HRB will get their share of subsequent filers. Trading at 12x this year's earnings (4/10) and 10x next year's estimate, the stock is at a very attractive valuation. Management has made numerous bad decisions over the past few years by not seeming focused and not getting back to basics and growing their core business, but investors can enjoy a growing dividend stream of 3.5% annually while they wait for these mistakes to be corrected."

Alan B. Lancz, The Lancz Letter, www.lanczglobal.com, 419-536-5200, 5/5/10

"Who says utility investors can't have both growth and income? It's a mistake to assume all utilities are slow and stodgy. Our Top 15 Utilities portfolio has demonstrated this truth by selecting a fairly diversified group of the best utility stocks and outperforming the S&P 1500 Utility Sector Index by 15 percentage points since its initiation around year-end 2006. Since the start of 2009, the portfolio has delivered a total return of 24.6%, versus 12.2% for the sector index. Dividends account for much of the Top 15 portfolio's return. Dividends, and the reinvestment of those dividends, have boosted returns by more than six percentage points since the start of 2009 and 12 percentage points since the start of 2007. … This week, we're adding **DTE Energy Co.** (DTE 47.91 NYSE – yield 4.44%) to the portfolio. DTE provides electricity to 2.2 million customers and natural gas to 1.2 million customers in Detroit and the surrounding region. Economic weakness has weighed on DTE's revenue, but per-share profits rose 19% in 2009 and 15% in the March quarter, and last month DTE raised its profit guidance for 2010. The company's nonregulated energy and power businesses offer decent growth potential, and a January rate increase bespeaks a friendlier regulatory environment that could help profits at the utility. DTE is being added to the Top 15 Utility Portfolio and raised to an A rating in the Utility Update."

Richard J. Moroney, CFA, Dow Theory Forecasts, www.dowtheory.com, 800-233-5922, 5/10/10

"**Kinder Morgan Energy Partners LP** (KMP 65.25 NYSE – yield 6.60%) has resumed growth in its distribution as numerous projects have come on stream in recent months and the limited partnership has used its superior scale and financial resources to expand its asset base. All operations performed up to snuff for the owner and operator of fee-based midstream energy assets, including the ethanol transport business that controls 30% of the fuel's flow in North America. The company continues to boost its interest in the Haynesville shale area, where energy production continues to explode. Turning to the numbers, distributable cash flow—the accounts from which dividends are paid—rose 36% from year earlier levels, and 22% before certain items. Ethanol volumes in the company's pipelines rose 41%, in part because of an increase in California's mandate to boost the legal minimum percentage of the fuel in gasoline from 5.7% to 10%. That's the kind of legally built-in growth Kinder features, and it's a big reason why its distribution is a safe bet to keep rising at a robust pace in coming years, building wealth for patient investors. Buy Kinder up to 70."

Roger Conrad, Portfolio 2020, www.portfolio2020.com, 800-832-2330, 5/4/10

"**Ultrapar Participacões SA** (UGP 46.50 NYSE – yield 2.50%), thanks to Brazilian growth (and acquisitions), grew its Q1 EBITDA (a measure of cash flow) by 32% to Reais 362 million. Net earnings rose 54% year over year to Rs141 million while sales hit Rs10 billion for the first time. UGP fired on all cylinders in its 15th consecutive quarter of cash flow growth: fuel distribution (Ultragaz/Ipiranga); chemicals (Oxiteno): and storage for liquid bulk (Ultracargo). 'In this first quarter we captured the benefits from the investments made and the greater dynamism of the Brazilian economy, evidenced mainly by the growth in diesel sales, LPG for the bulk segment, specialty chemicals in the domestic market and liquid bulk storage. At the same time, we advanced in capturing the gains from recent acquisitions, reduced our cost of debt and announced the sale of Ultracargo's in-house logistics, solid bulk storage and road transportation businesses, reinforcing its focus on liquid bulk storage, a segment in which it has a leadership position,' said Pedro Wongtschowski, CEO."

Vivian Lewis, Global Investing, www.global-investing.com, 212-758-9480, 5/6/10

"Many pipelines are critical portions of the U.S. economy. Some even hold monopolies on their regions or rights-of-way. I recommend you buy **Tortoise Energy Capital Corp.** (TYY 25.90 NYSE – yield 6.20%), which targets investments in these critical pipelines. Investing in unique assets adds quality and safety to a portfolio. Entry costs are high. New entrants must secure licenses and access, not to mention build miles of pipeline—all of which makes new competition rare. TYY shares currently yield over 6%, and the fund concentrates on generating income from investments in businesses with stable, recurring income streams. TYY attempts to achieve yields similar to those it receives from the MLPs it owns. ... An investment in a fund like TYY, rather than in individual pipeline companies, may save you some time during tax season and allow broader diversification across geography and product lines. Since it is structured as a corporation, TYY also allows investors to buy MLPs in tax-deferred accounts. You should avoid investing in individual MLPs in tax-deferred accounts. TYY allows you easy diversification across product lines, too. The fund is balanced nearly 50/50 between petroleum and natural gas/propane assets. TYY currently trades at a wide premium to the value of the assets in the fund or NAV. You want to wait to take a position in TYY until the price trades at or below NAV. ... Buy TYY when the shares trade at or below NAV."

Richard C. Young, Richard C. Young's Intelligence Report, www.intelligencereport.com, 800-301-8968, 5/10

"We are raising our rating on **ConocoPhillips** (COP 57.44 NYSE – yield 3.80%) from HOLD to BUY with a $72 target price. … We like the message and strategy we heard at COP's 2010 analyst meeting, focusing on increasing returns to shareholders and improving per share metrics; the company's actions since then have increased our confidence that it will successfully execute its strategy. Management's approach is now much more return-focused than it has been in past years, as evidenced by its recent decisions to reduce its stake in LUKOIL, sell its interest in Syncrude, and exit projects with Saudi Aramco and Abu Dhabi National Oil Co. In addition, during the company's 1Q10 conference call, management indicated that it planned to execute a regular asset disposition program, as its current plan to sell $10 billion of assets over the next two years is largely due to its prior focus on growth and production volumes rather than returns. In fact, many of management's recent actions appear to be addressing criticisms we have made in the past. In addition, we believe that the quality of COP's resource portfolio has improved, which should benefit the shares over time. Moreover, although we expect that average prices for oil and natural gas will continue to lag the heights reached in 2008, we expect them to surpass those levels over the long term. As a result, our long-term rating is also BUY. We should note that the company's capital allocation strategy over the past 10 years has yielded relatively poor results and that our upgrade may be somewhat premature. Still, our value-based focus typically leads us to recommend entry into a potential turnaround situation sooner rather than later. In this case, we are not quite as early as is typically the case—the shares, which were down about 1% in 2009 are up nearly 16% year-to-date—but we do believe meaningful upside potential remains. COP's current yield of approximately 3.8% adds to its total return potential."

Martha Freitag, Argus Weekly Staff Report, www.argusresearch.com, 212-425-7500, 5/10/10

ConocoPhillips: Second Opinion

"We believe ConocoPhillips offers an incredibly undervalued and conservative long-term buying opportunity. … CEO James Mulva is quickly executing COP's new $15 billion asset disposal strategy that the company announced last October: sell off premium-priced assets and use the proceeds to buy back cheap COP shares. … COP trades at only 5.6x cash flow and a 30% discount to its industry group. It also has a dividend yield not seen since the early 1990s and 50% higher than its peers. COP is technically strong and neglected by the Street. Buy COP common up to 55."

Barry S. Arnold, The Primary Trend, www.primarytrendfunds.com, 800-443-6544, 4/9/10

REAL ESTATE INVESTMENT TRUSTS

"**Douglas Emmett, Inc.** (DEI 16.68 NYSE – yield 2.40%)—Occupancy declines continue within DEI's portfolio, however the markets appear to be on the verge of stabilizing as those declines have decelerated over the past few quarters. We expect to see occupancy dip slightly lower over the next few quarters, with rental rates on new leases still below expiring rates. However, on its earnings call, management clearly expressed optimism regarding its outlook for the markets, as well as for potential acquisitions. [Funds From Operations] in 1Q10 was $0.31 per share, beating our estimate by $0.02 per share due to lower than expected operating expenses. We are increasing our 2010 FFO estimate to $1.28 per share from $1.21 to reflect the ongoing impact of the lower expenses. We are modestly increasing our 12-month target price to $18 per share from $17, which implies a 19.9x 2010E CAD multiple (previously 20.0x our prior 2010E CAD of $0.85). Specifically, our new price target is based on a DCF of $18.90 per share (70%), a NAV of $16.26 per share (10%), and a sentiment/regression projection of $17.96 per share (20%). Including the 2.4% dividend, our target price implies an 11% total potential return. … Beginning in 2011, if real estate markets and capital markets continue to recover leading to a return in earnings growth, dividend increases could be possible. We forecast a five-year dividend growth rate of roughly 6%."

Ross L. Smotrich, Barclays Capital Equity Research, www.barcap.com, 212-526-2306, 5/6/10

"We all suspect that amongst the wreckage of the financial meltdown in 2008 there must be some terrific bargains lurking. The trouble is that most of us don't have the time or the expertise to dig through the detritus to find the gems. Why not get an expert to do the digging for you? While you probably don't have the resources to hire your own expert, you can participate in a number of publicly traded vehicles that have been set up (or restructured) to seek out under-valued opportunities created by the crash. **Apollo Commercial Real Estate Finance, Inc.** (ARI 17.50 NYSE – yield 8.00%) raised $200 million in its September 2009 IPO that is being used to acquire undervalued, though not distressed, commercial property assets. To date, management has deployed about 74% of its capital into commercial mortgage-backed securities, primarily first mortgages and mezzanine loans. It paid a first-quarter dividend that equates to a 7.7% annualized yield. The company is affiliated with Apollo Global Management, led by Leon Black, which has been creating profits from distressed opportunities for 20 years."

George Putnam, III, The Turnaround Letter, www.turnaroundletter.com, 617-573-9550, 5/10

INCOME TRUST CONVERSIONS

"**AltaGas Income Trust** (ALA.UN 17.49 Toronto – yield 12.48%) has announced three major developments in the past two weeks. The company's first-quarter earnings were right in line with guidance, as its electric and gas infrastructure portfolio continues to run well. The company reached a deal to acquire a sour gas plant in the Montney Shale region that will begin boosting cash flow in late 2010. And it released details for its planned conversion to a corporation on or around July 1. The conversion was the eye-grabber, particularly the announcement of the new dividend rate. Management stated it would continue to pay a monthly dividend, but at the reduced rate of CAD1.32 per share. That was 38.9% below what AltaGas has been paying as a trust since September 2008. However, it was also on the high side of the CAD1.10 to CAD1.40 per share range previously announced by management, and it still leaves a current yield approaching 8%. The reduction has taken AltaGas units down a little over 5% since the announcement. It shouldn't be long, however, until they enter a powerful uptrend that will take them back to the upper 20s range they held prior to the late 2008 market crash—and well beyond. The key is the company's growing portfolio of natural gas and green power assets, which management continues to expand with a combination of building and buying. … With cash flow on an upward course and the company paying out what it did in 2004, there's plenty of room to see dividend increases, once it's able to operate as a corporation for a period of time and as new projects come on stream. … With 2011 risk behind it and a bright future ahead building out cash generating assets, AltaGas Income Trust is a superb low-risk buy up to USD20."

Roger Conrad, Canadian Edge, www.canadianedge.com, 800-832-2330, 5/7/10

"**Yellow Pages Income Fund** (YLO.UN 6.37 Toronto – yield 12.60%) will go by the name Yellow Media after converting into a standard company. Yellow Media has agreed to acquire Canadian Phone Directories Holdings, commonly known as Canpages. This company currently generates revenue of $110 million a year. Of this, the company generates 77% of its revenue by publishing 84 telephone directories. They have a total circulation of eight million copies. Canpages generates the other 23% of its revenue from its website, canpages.ca. This website gets more 3.5 million visitors each month. Yellow Media is looking beyond the additional revenue that Canpages will contribute. Yellow Media chief executive officer Marc Tellier says, 'The acquisition of Canpages will accelerate our business transformation to the digital world.' Yellow Media expects to build upon Canpages' 'strong' local search business. Yellow Media has agreed to pay $225 million for Canpages. It'll pay cash of $75 million to settle Canpages' debts and it will also issue $150 million of Mandatory Exchangeable Promissory Notes to private equity firm HM Capital Partners. The notes pay interest of 5%. After closing the acquisition, Yellow Pages can redeem the notes anytime up to December 31, 2011. ... Yellow Media will also form a new company with Ziplocal in the U.S. It will contribute its U.S. directory business to Ziplocal in exchange for 35% of the new combined firm. Yellow Media publishes independent directories in some Mid-Atlantic and Southeast states. After merging with Ziplocal, the new company will reach over 300 markets across the U.S. Mr. Tellier also expects that 'the combined business will have increased scale to meaningfully invest in digital product innovation.' After the transaction closes on April 15 or so, the new company expects to generate revenue of $120 million a year. With a stake of 3%, Yellow Media's share will start off at $42 million. Yellow Media remains a buy for high income and long-term gains. It has risen since encountering strong support at around $5 a unit."

George Armstrong, Advice For Investors, www.adviceforinvestors.com, 800-804-8846, 5/4/10

PREFERRED STOCK

"**HCP, Inc. Preferred Series F** (HCP-PF 23.34 NYSE – yield 7.80%)—HCP Inc (NYSE: HCP) is a real estate investment trust that together with its subsidiaries invests primarily in the healthcare industry in the U.S. As of March 31, 2010, HCP's portfolio of investments consisted of 257 senior housing properties, 100 life science facilities, 251 medical offices, 21 hospitals and 48 skilled nursing properties. … The healthcare industry is growing and is expected to represent 17.3% of U.S. GDP in 2010. First quarter 2010 revenue was $260.65 million, slightly above the $250.24 million reported for the same period in 2009. Net income for first quarter 2010 was $81.04 million, well above the $48.88 million posted in 2009. The quarterly FFO (Funds From Operation) was $158.6 million vs. $128.02 million for the previous year. The common stock dividend for HCP was recently raised to $0.465 for the quarter. This is slightly higher than the $0.444 being paid on the preferred but the current yield of the preferred is significantly higher. The dividend on the HCP F issue is also fixed where the common dividend is not. This preferred is a good buy for medium-risk investors. Buy at or below $24.75. Par $25.00; Rated Ba1/BB+; Call Anytime at $25.00; Yield to 88.22%; Pay Cycle 3e; CUSIP 40414L208."

Jack Colombo, Forbes/Lehmann Income Securities Investor, www.incomesecurities.com, 800-472-2680, 5/10

The Importance of Flexibility

*No Load Fund*X was one of Hulbert Financial Digest's nine 2010 Honor Roll Inductees and is Hulbert's top-ranked mutual fund letter for performance over the last 15 years.*

"No one knows with any degree of certainty what interest rates will do in coming months. But we do know they will eventually change. We are prepared with the flexibility to adapt as rates go up, down or stay the same. Right now, bond investors are worried about interest rate risk. In 2008, they were more concerned with credit risk. Just as market leadership changes among equity funds, bond funds perform differently in various environments. Successful fixed income investing requires taking advantage of opportunities while avoiding the mistake of relying on forecasts and long-term performance records to select and manage your portfolio.

"To find an example of how dynamic fixed income leadership can be, we can simply review the last two years. In 2008, the worldwide credit crisis was wreaking havoc with the typically staid realm of fixed income. Investors shunned corporate bonds of every stripe and a 'flight to quality' meant only U.S. Treasury bonds held value. High yield bond funds were devastated, as some funds lost 30% or more of their value in a matter of weeks. Floating rate funds suffered likewise. During this time, our Flexible Income approach led us to an increasingly conservative portfolio. In turbulent markets, the Monthly Flexible Income Portfolio (MFIP) defaults to safety—short term bond funds. In 2008, the MFIP gradually increased its allocations to short term bonds, from 27% in January 2008 to 61% by January 2009.

"An example of the effectiveness of the Flexible Income strategy can be seen through one fund, Loomis Sayles Bond (LSBRX). This go-anywhere fund comprised 20% of the MFIP in early 2008. We had held it for about two years and had earned over 12% from this holding during that time. But in June of 2008, the fund shed 2% of its value, prompting us to sell half the position in early July; continued weakness in July prompted us to sell the remaining shares in August. Investors who continued to hold the highly regarded fund didn't fare well. Loomis Sayles lost another 24% of its value over the next four months from August through December 2008. Investors who followed the Monthly Flexible Income Portfolio, however, used the proceeds of the August sale of LSBRX to purchase SHY, a short-term (1 to 3 year) Treasury ETF. From its purchase in August 2008 until June 2009 when it was sold, SHY earned 3.7%. And we sold SHY to buy back a familiar name: Loomis Sayles Bond. LSBRX had lost 9% from the time we sold it in the MFIP to the time we bought it back. Since it was re-purchased, it has gained over 29%.

"Of course, this was an extreme period and not every series of trades in the MFIP will be as successful as those recounted here. But it is worth recognizing that, even in times of dramatic shifts in the bond markets, we have the flexibility to move among widely differing funds and ETFs—reducing risk with ultra short-term funds, or reaching for opportunities in the high-yield or foreign bond space when they present themselves."

Janet Brown, NoLoad Fund*X Newsletter, www.fundx.com, 800-763-8639, 5/10

T-Bonds and Price Trends

Tom McClellan regularly ranks among Timer Digest's Top Ten Timers.

"The debt problems of Greece and a few other European countries have dominated the news lately, especially with a Moody's downgrade last week which took Greece's debt to junk status. The perceived greater reliability of U.S. debt (in spite of the SIZE of the U.S. debt) has sent investors running for the safety of T-Bonds. The result has been a really rapid rally in T-Bond prices, taking the long-term bond futures up to a new high for 2010. By almost any measure, bond prices are now overbought. [But] this up move has been in the direction of the dominant trend. We know this because open interest has been increasing during the up move. For T-Bonds, open interest tends to increase when prices are moving in the direction of the dominant trend, and it contracts during 'corrective' moves. If we were to see prices rising without confirmation from open interest, like we saw back in January 2010, that would be a statement that the up move is in trouble.

"But what we are instead seeing is rising open interest along with rising prices, and that says this is a 'trending' up move. Bond prices can still see a corrective move within an uptrend at any time, but we should expect more upside to come based on this information about the trend. The need for a correction soon is shown [by] the 22-9 stochastic oscillator for T-Bond prices. It is now up to above 80, which is where it goes when uptrends start to top out. Price can still continue upward from here, but the message of this indicator is that the rubber band is now officially stretched so it is not reasonable to expect too much more out of this current run upward. Bottom Line: The overly pessimistic sentiment we saw 2 weeks ago has disappeared, as now everyone seems to love T-Bonds. But now the uptrend is getting a bit too extended, and it will need a rest break."

Tom McClellan, The McClellan Market Report, www.mcoscillator.com, 800-872-3737, 5/5/10

Continued from Income Insights, page 2:

cannot buy and sell at their desired time and price because of limited trading. Liquidity and credit risk came to the forefront during the recent financial crisis. Worries over the economy and corporate health caused investors to dump riskier bonds. In addition, some owners of bank loans—especially hedge funds—had to unload their investments in an untimely manner to meet redemptions. According to Morningstar, the average floating rate fund lost 31% in 2008, worse even than the 25% average decline in junk bond funds. However, in the subsequent recovery, what was pounded the worst generally rebounded the strongest, and the average bank loan fund gained 42% in 2009.

"While these gains are unlikely to be repeated in the near future, well-managed floating rate funds can offer an attractive yield in many investors' portfolios.

Eaton Vance Floating Rate A (EVBLX)

"This fund was in the middle of Morningstar's bank loan category in 2008. It had a significant exposure to economically sensitive sectors, including automotive, building, lodging, gaming, media, and publishing, all of which took greater than market-average hits. However, lead manager Scott Page was confident that careful investment selection based on strong research would eventually be rewarded, and a 46.1% 2009 return landed the fund ahead of 70% of its peers. Page and co-manager Craig Russ invest in senior, secured floating-rate bank loans, primarily below investment grade. They focus on firms with strong cash flows and positive earnings. Plus they diversify the portfolio widely across issuers (434) and sectors, and also have about 15% of assets invested in European debt. The recent 30-day yield was 3.63%.

Fidelity Floating Rate High Income (FFRHX)

"Manager Christine McConnell takes a slightly different tack with this fund. Based on a top-down economic outlook, McConnell aims to pick loans that will perform well given the environment. She tries to capitalize on sector-specific opportunities, and will also scrutinize collateral and loan covenants to find attractively priced prospects. She often purchases larger issuers whose debt should be more liquid than smaller borrowers, and will let cash build if she's worried about redemptions. The portfolio also holds straight junk bonds, and has about a 6% stake in foreign securities. The fund tends to be more conservative than many of its peers, and that was evident in 2008 when the fund topped its category with a –16.5% total return. In turn, it did not rebound as much as its average peer in 2009, with a 28.9% gain. The recent 30-day yield was 3.43%."

Walter Frank, Moneyletter, www.moneyletter.com, 800-890-9670, 5/7/10

MORE INCOME FUNDS

The Bond Funds

"Our investment-grade corporate bond model switched back to a buy signal. As a result, the newsletter income portfolio will invest its 30% cash position in two different vehicles: Half of the cash, approximately 15% of total capital, should be invested in the **Pimco Total Return Fund, class D** (PTTDX). This fund should be available on Schwab's platform at no transaction cost, although you should verify that before placing any transactions. The minimum holding period for Pimco Total Return is 90 days. The remaining cash should be placed in the **Vanguard Total Bond Market ETF** (BND 79.90 NYSE – yield 3.80%)."

Dr. Marvin Appel & Gerald Appel, Systems & Forecasts, www.systemsandforecasts.com, 800-829-6229, 5/4/10

The Technology Stock Fund

"The **Seligman Premium Technology Growth Fund CEF** (STK 19.20 NYSE – yield 9.60%) invests in the technology sector and also provides some income by writing index call options on the NASDAQ 1000. The fund yields 9.6% and pays quarterly. Best of all it trades at a discount to net asset value of 4.02%. It debuted in November 2009 so there is not a one-year average discount available, however its average premium since inception is about 2.09%. The fund started out with a NAV of $19.06 and is currently at $20.42. It currently trades at $19.53. The fund is invested in software at 46.7% and computers & peripherals at 14.70% followed by communications equipment at 9.50%. It does not use leverage and invests exclusively in U.S. stocks. Its largest holding is Synopsis."

Jack Colombo, Forbes/ISA Closed End Fund & ETF Report, www.etfinvestornewsletter.com, 800-472-2680, 5/10

The Value Fund

"**Vanguard Wellesley Income Fund** (VWINX)—This conservative 5-star Morningstar-rated fund contains large capitalization stocks with a value orientation. It also has a fixed income side that holds both Treasury and corporate bonds. Its top stock holdings are in industrial materials, consumer goods, financial services and healthcare. Wellesley's current yield is a decent 4%. The percentage returns [indicate] that it is a relatively steady performer, nothing to brag about at parties but a modest and solid winner that lets you sleep at night. The minmum investment is $3,000 for regular accounts and $1,000 for retirement accounts, with subsequent purchases of $100."

Leonard Goodall, PhD. & Wm J. Corney, PhD., No-Load Portfolios, 8635 W- Sahara, Suite 420, The Lakes, NV 89117, 5/3/10

Last recommended in Dick Davis Income Digest issue 208 dated January 13, 2010, at $50.38 by Dow Theory Forecasts.

"Shares of **AFLAC, Inc.** (AFL 49.24 NYSE – yield 2.30%) sold off on fears about its investments, valued at $74.0 billion at the end of March. The insurer's portfolio includes $1.75 billion in bonds tied to banks in Greece and Portugal, two countries that saw their credit ratings slashed last month. While the investments could weigh on the shares, Aflac enjoys substantial operating momentum and trades at just nine times the 2010 profit estimate. The stock is a ... Long-Term Buy."

Richard J. Moroney, CFA, Dow Theory Forecasts, www.dowtheory.com, 800-233-5922, 5/10/10

Last recommended in Dick Davis Income Digest issue 196 dated January 19, 2009, at $3.52 by The Turnaround Letter.

"**Qwest Communications International, Inc.** (Q 5.16 NYSE – yield 6.20%) agreed to be acquired by CenturyTel for stock. We recommend selling Qwest stock now because we believe that the risks facing the combined company outweigh the likelihood of further gains. The main risks are as follows: both companies rely on the landline segment of the telephone business, which is in a secular decline; Qwest is considerably larger than CenturyTel, and so the integration of the two companies will be a formidable challenge for CenturyTel management at the same time as it is still trying to digest another large acquisition; and Century-Tel has significantly boosted its debt load in recent years to finance its various acquisitions."

George Putnam, III, The Turnaround Letter, www.turnaroundletter.com, 617-573-9550, 5/10

Last recommended in Dick Davis Income Digest issue 206 dated November 16, 2009, at $18.96 by The Investment Reporter.

"**Shaw Communications, Inc.** (SJR 19.01 NYSE – yield 4.60%) has agreed to pay $2 billion to acquire CanWest Global Communications' TV businesses. The market's initial view of the transaction was negative. Shaw's shares declined by 1.9%, to $18.72 each. But Shaw remains a buy for gains and high dividends. Shaw will own 100% of CanWest's conventional and specialty channels. CEO and vice-chair Jim Shaw says, 'we believe the combination of content with our cable and satellite distribution network, and soon to be wireless service, will position us to be one of the leading entertainment and communications companies in Canada.' Since Rogers Communications is profiting from all these businesses, it's likely that Shaw communications could profit as well. [However,] Shaw does have a lot on its plate. It is already investing heavily to build its wireless capabilities. It also spent $283 million to acquire Mountain Cablevision of Hamilton on November 1—just six months ago. Now, of course, it's making a $2 billion acquisition. Financing its growing operations could soak up a lot of its cash flow. This would leave less cash with which to keep raising its dividend. On the positive side, the yearly dividend of C$0.88 a share yields an attractive dividend of more than 4.6%. SJR remains a buy for long-term gains and attractive dividends, even if dividend growth slows or stops altogether."

Mark Johnson, Copyright 2009 MPL Communications, Inc., Reproduced by permission of The Investment Reporter, www.adviceforinvestors.com, 800-804-8846, 5/14/10

Last recommended in Dick Davis Income Digest issue 206 dated November 16, 2009, at $29.44 by Cabot Benjamin Graham Value Letter.

"**Nash-Finch Co.** (NAFC 36.67 Nasdaq – yield 2.00%) shares have excellent potential. New management is aggressively creating a strong foundation for future growth. Shares sell at 11.0 times current earnings per share and 1.11 times book value. ... We believe NAFC shares will increase to our Minimum Sell Price of 54.38 within one to two years. Nash Finch is a leading food wholesaler to retail grocery stores and military commissaries and exchanges. The company operates 16 distribution centers and sells to over 1,600 grocery stores and to the U.S. military. The military distribution business is providing much of the company's growth, which is further bolstered by the 2009 acquisition of three additional distribution centers. The company also owns and operates 55 grocery stores located near its distribution centers. Founded in 1885, Nash Finch is headquartered in Minneapolis and has been paying dividends since 1926. Nash Finch has been hampered by weak prices and strong competition during the past year. We expect prices to improve during the second half of 2010. The company has effectively cut costs and increased efficiency and is now in position to compete more effectively. We expect EPS to rise 5% during the next 12 months and then accelerate in future years. Maximum Buy Price: 35.60."

J. Royden Ward, Cabot Benjamin Graham Value Letter, www.cabot.net, 978-745-5532, 5/10

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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
AFLAC Inc (AFL)	11	x	28.17 - 56.56	49.24	5.04	5.42	5.91	0.28	1.12	2.30%	706-323-3431
Alaska Comm Syst Grp (ALSK)	5	x	6.22 - 9.41	8.06	(0.09)	0.21	0.33	0.22	0.86	10.70%	907-297-3000
Apollo Comm Real Estate (ARI)	7		17.01 - 19.20	17.50	(0.21)	1.34	1.11	0.35	1.40	8.00%	212-515-3200
AtlasGas Incm Trust (ALA.UN)	8		15.55 - 19.29	17.49	9.75	1.79	n/a	0.18	2.16	12.48%	877-691-7199
ConocoPhillips (COP)	7	x	38.62 - 60.53	57.44	4.33	6.26	7.52	0.50	2.20	3.80%	281-293-1000
Cracker Barl Old Cnt St (CBRL)	4	x	25.39 - 53.43	50.09	3.38	3.53	3.94	0.20	0.80	1.60%	615-444-5533
Darden Restaurants Inc (DRI)	4	x	29.94 - 49.01	44.87	2.95	2.93	3.28	0.25	1.00	2.20%	407-245-4000
Douglas Emmett Inc (DEI)	7	x	7.75 - 17.83	16.68	1.24	1.24	1.27	0.10	0.40	2.40%	310-255-7700
DTE Energy Co (DTE)	6	x	28.85 - 49.05	47.91	3.61	3.57	3.73	0.53	2.12	4.44%	313-235-4000
H&R Block Inc (HRB)	5	x	13.73 - 23.23	17.38	1.48	1.37	1.52	0.15	0.60	3.50%	816-854-3000
HCP Inc Prefrd Series (HCP-PF)	8	x	22.71 - 24.45	23.34	8.53	2.74	n/a	n/a	0.46	7.80%	866-383-8008
Intact Financial Corp (IFC)	5		31.28 - 46.99	46.19	19.22	2.38	n/a	0.34	1.36	2.97%	416-341-1464
Kinder Morgan Ergy Ptnr (KMP)	6		46.00 - 69.33	65.25	1.59	1.71	1.99	1.07	4.28	6.60%	713-369-9000
Nash-Finch Co (NAFC)	11	x	26.06 - 38.14	36.67	3.24	2.90	3.21	0.18	0.72	2.00%	952-832-0534
Pentair Inc (PNR)	5	x	23.20 - 39.32	34.35	1.62	1.91	2.27	0.19	0.76	2.20%	763-545-1730
Pfizer Inc (PFE)	4	x	13.94 - 20.36	17.06	2.08	2.19	2.28	0.18	0.72	4.20%	212-573-2323
Qwest Communicatns Intl (Q)	11	x	3.30 - 5.53	5.16	0.40	0.34	0.36	0.08	0.32	6.20%	303-992-1400
Shaw Communications Inc (SJR)	11		15.20 - 20.94	19.01	1.33	1.31	1.46	0.07	0.88	4.60%	403-750-4500
Telecom New Zealand (NZT)	1		7.34 - 9.82	7.61	0.80	0.78	0.61	0.17	0.84	11.30%	0800-287-463
Texas Instruments Inc (TXN)	4	x	16.57 - 27.44	25.74	1.70	2.35	2.44	0.12	0.48	1.90%	972-995-3773
The Coca-Cola Co (KO)	4	x	42.54 - 59.45	53.81	3.20	3.45	3.76	0.44	1.76	3.30%	404-676-2121
Tortoise Energy Capital (TYY)	6		16.32 - 27.39	25.90	8.03	n/a	n/a	0.40	1.60	6.20%	866-362-9331
TransCanada Corp (TRP)	5	x	25.84 - 38.01	34.88	1.96	2.00	2.38	0.39	1.49	4.30%	403-920-2000
Ultrapar Participacoes SA (UGP)	6	x	28.00 - 51.02	46.50	2.13	2.86	3.34	0.67	1.14	2.50%	55-11-3177-6695
Yellow Pages Income (YLO.UN)	8		4.78 - 6.98	6.37	25.63	0.25	n/a	0.06	0.80	12.60%	877-956-2003

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
Seligman Prem Tech Gro (STK)	10		16.40 - 22.60	19.20	n/a	n/a	n/a	0.46	1.85	9.60%	800-221-2450
Vanguard Total Bond Mkt ETF (BND)	10		75.96 - 81.34	79.90	313.78	n/a	n/a	0.24	3.02	3.80%	877-662-7447

Mutual Fund Name (Symbol)	Page	Fund Objective	NAV	3 mos.	Return (%) 1-year	3-year	Min. Invest.	Company Phone Numbers
Eaton Vance Floating Rate A (EVBLX)	10	Bank Loan	9.14	3.32	31.17	2.20	$1,000	800-262-1122
Fidelity Floating Rate (FFRHX)	10	Bank Loan	9.55	2.80	16.76	3.88	$2,500	800-544-4774
Parnassus Equity Income-Inv (PRBLX)	2	Large Blend	24.80	8.13	36.21	3.08	$2,000	800-999-3505
PIMCO Total Return D (PTTDX)	10	Intermediate-Term Bond	11.10	2.23	14.77	9.61	$1,000	800-426-0107
Vanguard Wellesley Income (VWINX)	10	Conservative Allocation	20.91	3.60	25.28	3.60	$3,000	800-662-7447

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 May 11, 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.