



## **Dividend Detective Highlights**

**DividendDetective.com**

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### **Welcome to the February 2014 Edition of Dividend Detective Highlights**

Highlights includes the most popular features of Dividend Detective: the Monthly Commentary, Sample Portfolios, Dividend Monsters (50 highest yielding stocks), Dividend Hotshots, Corporate Bond Portfolios, and "D.D. At a Glance," which lists all followed stocks and funds, including current yields and our buy/sell recommendations.

#### **Much More on Premium Members Site**

Highlights includes **only a smattering of the information available to Premium subscribers on the Dividend Detective site.** Although we give you our buy/sell recommendations in Highlights, we don't have room to fill you in on our analysis that led to those ratings. That important information is readily available for each stock or fund in its home portfolio on the Premium Members site.

Other features available on the Premium Members site include Special Dividend Announcements, Ex-Dividend Calendar, Dividend Scoreboard, Monthly Monsters, and more.

#### **Did You Get Our Mail?**

If you were a subscriber on February 4, you should have received an email notification and link regarding this issue of DD Highlights. If you didn't, please contact customer service to confirm that we have your correct email address on file.

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#### **Question & Comments**

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#### **Tell Us What You Think**

Your comments and suggestions have proved invaluable in helping us develop and improve Dividend Detective. Please keep those suggestions coming.

*Thanks for subscribing.*

*Harry Domash*

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# DIVIDEND DETECTIVE HIGHLIGHTS

DIVIDENDDETECTIVE.COM

## February 2014 Commentary

### Review of January's Results and This Month's Changes

#### A ROUGH MONTH

January was a rough month. Even though the S&P 500 dropped 3.6%, it often felt much worse. Thus it was a surprise (to me at least) that 10 of our 19 Industry & Specialty portfolios actually ended the month in the positive column. Energy Partnerships (a.k.a. MLPs), returning 8% for the month, were the champs. Next came our U.S.-based Real Estate Investment Trust and Preferred Stock portfolios, both up 4%. On the downside, our Oil Industry and Manufacturing & Services portfolios, down 10% and 8%, respectively, were disasters.

Looking at our Sample (model) portfolios, all three recorded losses, although our Conservative (down 2.6%) and Growth & Income (down 2.8%) beat the S&P. Of course, it's no fun losing money, even if you did beat the index. Our High Yield/Speculative portfolio dropped 6.0%.

Here's the entire portfolio list showing returns for last month, as well as for last year.

Portfolio	Avg. Returns	
	Last Month	2013
Energy Partnerships	8%	26%
US Real Estate Investment Trusts	4%	17%
Preferred Stocks	4%	-2%
Energy: General Partners	3%	56%
Utilities	3%	24%
Monthly Paying Closed-End Funds	2%	0%
Partnerships: Ex-Energy	1%	30%
Canada Stocks	1%	6%
ETF Monthly Income	1%	-1%
Canada Real Estate Investment Tr.	1%	-3%
Business Development Corps.	-2%	13%
Large Banks	-2%	4%
Rural Telecom	-4%	42%
Regional Banks	-4%	27%
Insurance Industry	-5%	30%
Dividend Speculators	-5%	28%
CEF Growth Opportunities	-5%	27%
Manufacturing & Services	-8%	36%
Oil Industry	-10%	21%
Sample #1: Conservative	-3%	13%
Sample #2: Growth & Income	-3%	42%
Sample #3 High Yield/Speculative	-6%	23%
S&P 500	-4%	30%

#### What's Next?

January was payback for the over-exuberant year-end stock market party. Despite some mixed signals, the U.S. economy still looks like it's gaining strength and we doubt that the issues we're hearing about in small emerging market countries are going to make

much difference. That's our long-term view. What's happens next week or even next month is anybody's guess. So, only add cash to the market that you won't need for a few months, just in case.

#### What's New?

We're adding two interesting new picks this month. One allows you to ride activist investor Carl Icahn's coattails and the other gives you a new way to participate in the U.S. energy boom.

#### NEW BUYS, SELLS, ETC.

**Preferred Stocks:** Sell Ally Financial Series A (ALLY-B).

**Energy: Gen. Partners:** Okay to Add to Crosstex Energy (XTXI). Sell Oneok spin-off ONE Gas (OGS)

**Energy Prtn:** Buy New Pick Emerge Energy Services (EMES).

**Partnerships: Ex-Energy:** Buy New Pick Icahn Enterprises (IEP)

**REITs:** Sell Starwood spin-off Waypoint Property Trust (SWAY).

**Div. Speculators:** Do Not Add to Old Republic Intl. (ORI)

**Canada Stocks:** Sell Liquor Stores (LIQ.TO)

**Sample Port Growth & Income:** Replace Old Republic (TORI) with Icahn Enterprises (IEP)

#### SAMPLE (MODEL) PORTFOLIOS

We offer three Sample Portfolios, each containing seven securities. Pick one or more portfolios and invest equal dollar amounts in each of the seven securities.

Don't "cherry pick." Every portfolio has its stars and clunkers, but you can't know which is which in advance. Every few months, check the dollar value of your holdings and rebalance if necessary.

When we replace an existing pick, we suggest that you do the same. However, we have **different "buy" criteria** for our Sample Ports than for our Industry & Specialty portfolios. If the security being replaced is still "buy" rated in its home portfolio, it's your option whether or not to sell it, assuming that you have available funds. Please see page 7 for current Sample Portfolio holdings.

#### Conservative Portfolio (-2.6% return)

Reflecting the sector's return to favor, Reeves Utility Income (UTG), up 3%, did the best. Continuing that theme, next came Macquarie Infrastructure (MIC), up 2%. Cincinnati Financial (CINF), down 8%, and DuPont (DD), down 6%, were the biggest losers

**Growth & Income Portfolio (-2.8% return)**

Closed-end fund H&Q Life Sciences (HQL), up 5%, and commercial mortgage REIT Starwood Property (STWD), up 1%, were the only winners. Old Republic International (ORI), down 10%, and Foot Locker (FL), down 6%, were the biggest losers.

We've downgraded Old Republic in its home Speculators portfolio to "do not add," so we're replacing it in this portfolio with Icahn Enterprises (IEP), a new addition to our Partnerships Excluding-Energy portfolio.

**High Yield/Speculative Portfolio (-6.0% return)**

Capital Products Partners (CPLP), up 1%, and Northern Tier Energy (NTI) at breakeven, did the best last month. Rural telecom nTelos (NTLS), down a whopping 19% after forecasting disappointing 2014 cash flow numbers, was our biggest loser. Next worst was SeaDrill (SDRL), down 13% for no apparent reason.

**PREFERRED STOCKS**

**PORTFOLIO RETURNS: LAST MONTH +3.7%, YEAR TO DATE +3.7%**

**BEST:** Maiden Holdings (MHNB) +10.0%, Protective Life (PL-C) +8.3%.  
**WORST:** Ashford Hosp. (AHT-E) -1.9%, Goodrich Petr. (GDP-C) -0.8%.

As is often the case with dividend stocks, Maiden Holdings, December's biggest loser (down 11%), was January's biggest winner, up 10%.

Reversing recent trends, our investment quality preferreds outperformed junk and unrated, 5.4% to 2.2%.

**Sell Ally Financial**

Yield-to-call is the average annual return that you'd received if you bought at the current price and the preferreds were called on the call date (worst case scenario).

Ally Financial 8.50% Series A (ALLY-B) is trading \$2.07 above its \$25.00 call price, bringing its yield-to-call down to 4.7%, below our 5% minimum for junk-rated or unrated preferreds. Since five of our picks are trading at double-digit yield-to-calls, there's no reason to buy Ally Financial.

**Highest Yield-to-Calls (Non-Investment Grade)**

Here are the unrated or junk-rated preferreds in our portfolio paying the highest yield-to-calls: Armour Residential (ARR-A) 11.0%, Annaly Capital (NLY-C) 10.5%, and Goodrich Petroleum (GDP-C) 9.4%.

**Highest Yield-to-Calls (Investment Grade)**

Kimco Realty (KIM-J) 11.8%, Vornado Realty (VNO-K) 11.6%, PartnerRe ((PRE-F) 10.4%, and General Electric (GEB) 9.6%.

**CEF GROWTH OPPORTUNITIES**

**PORTFOLIO RETURNS: -4.7%, YEAR TO DATE -4.7%**

**BEST:** H&Q Life Sciences (HQL) +5%, Kayne Anderson (KYN) -4%  
**WORST:** Gabelli Multim. (GGT) -14%, Liberty All-Star Gro. (ASG) -6%

Looking at the underlying net asset values (per-share value of each fund's holdings), our funds actually gained 1% in January. However, in terms of market (trading) prices, the results were distorted by Gabelli Multimedia, which gained 14.6% in December, causing it to trade at a 14% premium to its net asset value on December 31. Then GGT gave almost all of that back in January, bringing its premium to NAV back down to a more reasonable 4%.

**MONTHLY-PAYING CLOSED-END FUNDS**

**PORTFOLIO RETURNS: LAST MONTH 2.0%, YEAR TO DATE 2.0%**

**BEST:** AB Income (ACG) +3.9%, AB Global (AWF) +3.2%.

**WORST:** Guggenheim Strat. (GOF) +0.2%, Invesco Credit Opp. (VTA) +0.3%

For reasons related to tax issues, these funds paid two dividends in December and none in January: Alliance Bernstein Global High Income, AB Income, Dreyfus High Yield (DHF) and Reeves Utility Income (UTG). The remaining four funds paid their usual dividends in January.

Looking at the underlying net asset values (NAV), our portfolio averaged a 1.2% gain last month. The fact that trading prices outperformed NAVs signals growing market enthusiasm for fixed-income securities.

**ETF MONTHLY INCOME (EXCHANGE-TRADED FUNDS)**

**PORTFOLIO RETURNS: LAST MONTH 1.0%, YEAR TO DATE 1.0%**

**BEST:** iS Preferred (PFF) +3.0%, iS Invest Grade (LQD) +1.9%

**WORST:** iS Emerging (EMB) -0.8%, PS Senior Loan (BKLN) +0.5%.

All but one of our fixed-income ETFs scored gains last month. Concerns about rising interest rates in emerging markets hurt iShares Emerging Markets (EMB), but those problems are being resolved and we expect a rebound.

**CORPORATE BONDS**

Surprisingly, bond prices barely moved, in terms of trading prices last month. In fact, despite all of the hullabaloo about rising interest rates killing bonds, all of our picks are still trading well above their issue prices. Further, contrary to conventional wisdom, the longer the term to maturity, the higher the premium.

**BUSINESS DEVELOPMENT COMPANIES (BDCs)**

**PORTFOLIO RETURNS: LAST MONTH -2.3%, YEAR TO DATE -2.3%**

**BEST:** KCAP Financial (KCAP) -1%

**WORST:** Triangle Cap. (TCAP) -3%, Hercules Tech (HTGC) -3%.

None of our three BDCs have yet reported December quarter numbers, nor did they announce any other significant news.

**ENERGY: GENERAL PARTNERS**

**PORTFOLIO RETURNS: LAST MONTH 3.1%, YEAR TO DATE 3.1%**

**BEST:** Oneok (OKE) +10%, Williams (WMB) +5%.

**WORST:** Plains GP Holdings (PAGP) -5%, Spectra Energy (SE) +1%

Spectra Energy, our only GP to report so far, recorded strong December quarter cash flow growth, which is the bottom line for general partners.

Plains GP Holdings declared its first dividend, prorated for the partial quarter since its IPO. The payout reflects a full quarter \$0.1579 per share payout, which was 7% above its initial estimate. Plains expects to increase its dividends by 19% or so over the next 12-months.

In other dividend news, Crosstex Energy raised its quarterly payout by 15%, Spectra increased its dividend by 10%, and Targa Resources hiked its payout by 7%.

**Okay to Add to Crosstex Energy**

Crosstex Energy will combine its assets and its MLP's assets

with Devon Energy Corporation's natural gas pipeline and related assets into two publicly traded entities; EnLink Midstream Partners, LP (ENLK), an MLP, and a general partner, EnLink Midstream, LLC (ENLC), which will control the MLP. Crosstex Energy, Inc. (XTXI) shareholders will receive one unit in the general partner (ENLC) plus approximately \$2.00 per share in cash for each existing XTXI share.

Analysts expect ENLC to pay dividends totaling \$0.80 per share during 2014, roughly 33% above XTXI's current annualized rate. Analysts are also forecasting 20% annual dividend growth in 2015. On the downside, although Crosstex Energy is a corporation, ENLC will be taxed as a partnership. Nevertheless, given ENLC's strong dividend growth outlook, we're again advising adding to positions in XTXI.

#### Sell Oneok's Utility Spin-Off

Oneok completed its spin-off of its utility business into a separate publicly traded company, ONE Gas (OGS), which began trading on February 3. Oneok shareholders of record on January 21 received one OGS share for every four shares of OKE (fractional shares will be paid in cash). We are **not** interested in holding the new utility and we're advising selling OGS.

### PARTNERSHIPS: ENERGY (MASTER LIMITED PARTNERSHIPS)

**PORTFOLIO RETURNS: LAST MONTH 8.3%, YEAR TO DATE 8.3%**

**BEST:** Calumet Specialty (CLMT) +14%, Global Partners. (GLP) +14%

**WORST:** Exterran Partners (EXLP) -1%, MarkWest En. (MWE) +6%

Global Partners raised its quarterly payout by 2%, which was 8% above year-ago. MarkWest Energy Partners increased its quarterly distribution by 1%, which was 5% above its year-ago payout.

#### New Pick

We're adding Emerge Energy Services (EMES) to the portfolio. A May 2013 IPO, Emerge operates two businesses: 1) petroleum products storage and distribution, and 2) mining, processing and distributing silica sand, which is necessary for producing crude oil and natural gas using hydraulic fracturing (fracking) methods. Both businesses are in fast growth mode. In its September 2013 quarter, fuel business revenues rose 40% vs. year-ago and silica sand revenues rose 116%. Its first full quarter distribution in November was \$0.86/unit and its February distribution was \$1.00/unit. Current yield is 8.6%.

### INSURANCE INDUSTRY

**PORTFOLIO RETURNS: LAST MONTH -4.5%, YEAR TO DATE -4.5%**

**BEST:** Arthur J. Gallagher (AJG) -2%

**WORST:** Cincinnati Financial (CINF) -8%

There was no specific news to account for Cincinnati Financial's slide other than the market soured on insurance stocks.

Arthur J. Gallagher reported good December quarter revenue and earnings growth from its brokerage unit, but otherwise lackluster numbers.

Cincinnati Financial raised its quarterly dividend by 5%, its second hike in a year.

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### LARGE BANKS

**PORTFOLIO RETURNS: LAST MONTH -2.4%, YEAR TO DATE -2.4%**

**BEST:** Wells Fargo (WFC) -0%

**WORST:** JPMorgan Chase (JPM) -5%

Both of our large banks reported December quarter results and both recorded decent book value growth, but otherwise, uninspiring numbers. A major drop in mortgage banking revenues and narrowing net interest margins hurt results for both.

### MANUFACTURING & SERVICES

**PORTFOLIO RETURNS: LAST MONTH -7.9%, YEAR TO DATE -7.9%**

**BEST:** Genuine Parts (GPC) -1%, Verizon (VZ) -1%.

**WORST:** TAL Intl. (TAL) -25%, Meridian Bio. (VIVO) -13%

TAL International's big price drop was triggered by a short-seller's article posted on an Internet site alleging that TAL wasn't generating enough cash to continue paying its dividends at the current level. Our analysis doesn't support that contention. TAL reports December quarter numbers on February 13 (no, that's not a Friday). A good report should spark a share price recovery.

Meridian Bioscience reported disappointing December quarter numbers, but they were mainly driven by temporary issues. Meridian expects to make up most of December's lost ground in its March quarter.

Verizon reported good December quarter cash flow growth, mostly driven by wireless revenue growth. DuPont (DD) recorded strong agricultural sales growth, but otherwise its numbers were only so-so. Johnson & Johnson (JNJ) reported moderate sales growth but higher costs hurt earnings.

### OIL INDUSTRY

**PORTFOLIO RETURNS: LAST MONTH -10.2%, YEAR TO DATE -10.2%**

**BEST:** HollyFrontier (HFC) -7%

**WORST:** SeaDrill (SDRL) -13%, Chevron (CVX) -11%.

Hurt by lower production totals and lower crude oil prices, Chevron reported all around disappointing December quarter numbers.

SeaDrill's North Atlantic Drilling unit sold 15.5 million shares in an IPO (ticker symbol NADL) at \$9.25 per share. Since SeaDrill shareholders didn't receive any NADL shares, the event wasn't the cause of SeaDrill's price drop.

### PARTNERSHIPS: EX-ENERGY

**PORTFOLIO RETURNS: LAST MONTH 0.6%, YEAR TO DATE 0.6%**

**BEST:** Blackstone (BX) +4%, Macquarie (MIC) +2%.

**WORST:** America First (ATAX) -7%, Carlyle (CG) -2%.

In November, America First Multifamily sold 8.3 million shares for \$6.25. Then, last month, America First sold another 8.0 million shares, but this time for only \$5.95 per share. The firm offered no explanation for the offering price drop.

Blackstone reported blowout December quarter numbers in all categories. For example, distributable earnings rose 51% vs. year-ago. Capital Product Partners (CPLP) reported higher revenues, but cash flow fell short of year-ago. Nevertheless, Capital generated way more cash than it needed to fund its distributions and the company reiterated its intention to maintain its current distribution indefinitely.

Blackstone declared a \$0.58 per unit dividend, up 52% from its previous payout. Because it changed its dividend policy last April, year-ago comparisons are not meaningful.

#### New Pick

Now you can invest alongside activist investor Carl Icahn. We're adding Icahn Enterprises (IEP), the vehicle that Carl Icahn set up to carry out his various transactions, to the portfolio. Icahn holds about 89% of IEP's shares, but the rest are publicly traded. In 2013, IEP raised its quarterly dividend in two steps from \$0.10/unit to \$1.25/unit. Current dividend yield is 4.8%.

## REAL ESTATE INVESTMENT TRUSTS (REITs)

**PORTFOLIO RETURNS: LAST MONTH 4.1%, YEAR TO DATE 4.1%**

**BEST:** Starwood Prop. (STWD) +9%, Omega Health (OHI) +9%.

**WORST:** Hospitality Prop. (HPT) -3%, Inland R.E. (IRC) +1%

EPR Properties (EPR) raised its monthly payout by 8%, Home Properties (HME) raised its quarterly dividend by 4%, and Omega Healthcare increased its quarterly payout by 1%.

#### Sell Starwood Spin-Off

On January 31, Starwood Property Trust spun-off its Waypoint unit, which invests in single-family rental homes and non-performing (delinquent) residential mortgage loans, into a separate publicly traded REIT, Starwood Waypoint Property Trust (SWAY). STWD shareholders of record on January 24 (1/22 ex-date) received one Starwood Waypoint share for each five STWD shares. We are advising **selling** the SWAY shares received from the spinoff.

## REGIONAL BANKS

**PORTFOLIO RETURNS: LAST MONTH -4.1%, YEAR TO DATE -4.1%**

**BEST:** New York Community (NYCB) -4%

**WORST:** Valley National (VLY) -4%

Both of our banks reported mixed December quarter results. However, on balance, Valley National's numbers were okay, but New York Community suffered a big drop in net-interest income due to fewer mortgage originations.

## RURAL TELECOMS

**PORTFOLIO RETURNS: LAST MONTH -3.7%, YEAR TO DATE -3.7%**

**BEST:** Hickory Tech (HTCO) +12%

**WORST:** nTelos (NTLS) -19%

nTelos' share price crashed after it said that it expects fiscal year 2014 adjusted EBITDA (a cash flow measure) to range between \$140 million and \$150 million, around the same as in 2013. Considering its 10%+ dividend yield, that's not the end of the world.

## UTILITIES

**PORTFOLIO RETURNS: LAST MONTH 2.9%, YEAR TO DATE 2.9%**

**BEST:** NextEra (NEE) +7%, Dominion (D) +5%.

**WORST:** Allete (ALE) +0%, CenterPoint (CNP) +1%.

Dominion Resources and Southern Company (SO) both reported strong (for utilities) December quarter growth numbers, but NextEra Energy announced mixed results.

CenterPoint raised its quarterly payout by 15%. Dominion raised its quarterly dividend by 7%, and Allete raised its quarterly payout by 3%.

## DIVIDEND SPECULATORS

**PORTFOLIO RETURNS: -4.8%, YEAR TO DATE -4.8%**

**BEST:** Sun Communities (SUI) +10%, Northern Tier (NTI) +0%

**WORST:** Navios Maritime (NM) -15% Courier (CRRC) -13%

Just to put the numbers in perspective, you may recall that Navios Maritime's share price soared 45% in December.

Courier reported decent December quarter revenue growth but earnings and cash flow numbers were only even with year-ago. Also, Courier forecast only modest future growth numbers for this year. Those tepid forecasts disappointed analysts, but we could see positive March and June quarter surprises.

Thanks to better cost controls, Intersil (ISIL), recorded strong December quarter earnings and cash flow growth, but only modest revenue growth. Old Republic (ORI) reported generally okay numbers but its title insurance revenues, where we expected strong growth, fell short of those expectations. Slowing home sales triggered the shortfall.

#### Do Not Add to Old Republic

As noted above, title insurance revenue growth, Old Republic International's (ORI) most important growth engine, faltered in its December quarter. We're advising against adding to positions pending further analysis of Old Republic's future growth prospects.

## CANADA STOCKS

**PORTFOLIO RETURNS: LAST MONTH 0.8%, YEAR TO DATE 0.8%**

**BEST:** Student Trans. (STB) +5%, Liquor Stores (LIQ.TO) +3%.

**WORST:** Morneau Shepell (MSI.TO) -5%.

The province of British Columbia, reversing its previous policy, is planning to allow the sale of alcoholic beverages in grocery stores, negatively impacting Liquor Stores sales outlook.

Student Transportation was awarded a contract to manage the Atlantic Express Transportation Group's California operations, which operated 425 school vehicles in the Los Angeles area. Estimated annual revenues are \$25 million. Atlantic had filed for bankruptcy and the contract was awarded by the bankruptcy court.

#### Sell Liquor Stores

British Columbia's move allowing grocery stores to sell alcoholic beverages is bad news for Liquor Stores.

## CANADA REAL ESTATE INVESTMENT TRUSTS

**PORTFOLIO RETURNS: LAST MONTH 0.7%, YEAR TO DATE 0.7%**

**BEST:** Artis REIT (AX.UN) +2%

**WORST:** Calloway REIT (CWT.UN) -1%

Neither of our REITs have yet announced December quarter numbers.

*Thanks for subscribing.*

*Harry Domash*  
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#### How Do We Arrive at Our Buy/Sell Decisions?

It's all on our Premium Members website, including a summary of each stock's quarterly reports and our analysis.

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## DIVIDEND HOTSHOTS

HIGH DIVIDEND PAYERS WITH SOLID DIVIDEND GROWTH TRACK  
RECORDS THAT ARE EXPECTED TO CONTINUE THEIR WINNING WAYS.

	Yld.	Ann. Div.		Yld.	Ann. Div.
AHGP .... Alliance Holdings GP .....	5.3	3.310	MCY ..... Mercury General .....	5.6	2.460
ARLP .... Alliance Resource Partners .....	5.8	4.790	MAA ..... Mid-America Apartment Communities ..	4.6	2.920
APU ..... AmeriGas Partners .....	7.9	3.360	NCMI ..... National CineMedia .....	4.9	0.880
T ..... AT&T .....	5.8	1.840	NNN ..... National Retail Properties .....	5.0	1.620
BBEP ..... BreitBurn Energy Partners .....	9.6	1.970	OKS ..... Oneok Partners .....	5.6	2.920
BPL ..... Buckeye Partners .....	5.9	4.300	PPL ..... PPL Corporation .....	4.8	1.470
DRI ..... Darden Restaurants .....	4.7	2.200	RYN ..... Rayonier .....	4.5	1.960
DFT ..... DuPont Fabros Technology .....	5.5	1.400	O ..... Realty Income Corp. ....	5.5	2.186
EEP ..... Enbridge Energy Partners .....	7.5	2.174	RAI ..... Reynolds American ..	5.4	2.520
<b>EXLP ..... Exterran Partners .....</b>	7.3	2.130	SNH ..... Senior Housing Properties Trust .....	7.1	1.560
<b>GLP ..... Global Partners .....</b>	6.4	2.450	SEP ..... Spectra Energy Partners .....	4.8	2.065
HCP ..... HCP, Inc. ....	5.6	2.180	<b>TAL ..... TAL International Group .....</b>	6.7	2.800
HCN ..... Health Care REIT ..	5.5	3.180	NGLS .... Targa Resources Partners .....	5.8	2.990
HEP ..... Holly Energy Partners .....	6.2	2.000	TLP ..... TransMontaigne Partners .....	6.1	2.600
LGCY ..... Legacy Reserves .....	9.0	2.360	VNR ..... Vanguard Natural Resources .....	8.4	2.490
LTC ..... LTC Properties .....	5.4	2.040	<b>VZ ..... Verizon Communications .....</b>	4.6	2.120
<b>MWE ..... MarkWest Energy Partners .....</b>	5.0	3.440	WGL ..... WGL Holdings .....	4.6	1.680
			WPZ ..... Williams Partners .....	7.1	3.570

**Bolded:** "Buy" rated in our Industry Portfolios  
See the Premium Members website for returns of earlier Hotshot portfolios.

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## CORPORATE BONDS

Here are 12 bonds divided into four categories: Conservative, Aggressive, Speculative, and "Walk on the Wild Side." For the first three categories, the bonds were culled from a database of bonds rated investment quality by Standard & Poor's. Bonds in the "Walk on the Wild Side" category are either below investment grade (junk) or not rated.

A deleted listing is not necessarily a "sell" signal. It means that the bond may not be currently available to new buyers, or that we have found a more attractive alternative.

### KEY

Name shown in *italics*: New listing

NR = Not Rated

**Rating in green** = recent rating upgrade

**Rating in red** = recent rating downgrade

Rating	CUSIP	Company	Maturity Date	Recent Price	Coupon	Yield to Maturity
<b>Conservative</b>						
AA	931142DC4	Wal-Mart Stores	4/15/16	\$104.9	2.800	0.6
A+	94980VAE8	Wells Fargo Bank Natl Assn.	5/16/16	\$110.7	5.750	1.1
AA+	36966RW93	GE Capital Internotes	4/15/19	\$114.9	5.125	2.1
<b>Aggressive</b>						
A-	61747YCT0	Morgan Stanley	11/2/15	\$103.8	3.450	1.3
A-	073902PN2	Bear Sterns	1/22/17	\$111.1	5.550	1.7
A-	61744YAD0	Morgan Stanley	12/28/17	\$115.0	5.950	1.9
<b>Speculative</b>						
BBB-	459745GM1	International Lease Finance	4/1/15	\$103.5	4.875	1.8
BBB+	172967DY4	Citigroup	2/15/17	\$111.0	5.500	1.8
BBB-	50075NAV6	Kraft Foods	8/23/18	\$115.7	6.125	2.4
<b>Walk on the Wild Side</b>						
BB+	780097AL5	Royal Bank of Scotland	10/1/14	\$101.7	5.000	2.4
BB	780153AR3	Royal Caribbean Cruises	6/15/16	\$112.0	7.250	2.2
BBB-	75913MAB5	Regions Bank	5/15/18	\$118.9	7.500	2.8

## DIVIDEND DETECTIVE SAMPLE (MODEL) PORTFOLIOS

**Too many choices? Here are short lists of stocks to buy now based on three different investing priorities**

- Conservative: minimizing risk is priority #1
- Growth & Income: high-dividend growth stocks
- High-Yield/Speculative: take a walk on the wild side for highest potential returns

**Historical Sample Portfolio returns:** link available here on Premium Members Site

### How to Use these Portfolios

- Pick one or more portfolios consistent with your investing needs
- Invest equal dollar amounts in each of the seven picks
  - Resist the temptation to cherry pick portfolio selections

### Key

Addition to portfolio this month **looks like this New**

Deletion from Sample Portfolios only (not industry portfolios) **looks like this Delete (Sample Port Only)**

**Do not add to positions (not a sell): Do Not Add**

Sells **look like this SELL**

### Conservative

These stocks were selected first for the lowest possible risk with diversification between industries, then for the highest dividend yields.

<u>Ticker</u>	<u>Name</u>	<u>Industry Portfolio</u>	<u>Recent Price</u>	<u>Forecast Div. Yield</u>
CINF	Cincinnati Financial	Insurance (Property & Casualty)	48.5	3.6%
DD	DuPont	Mfg/Services (Agric. & Chemical))	61.0	3.0%
GPC	Genuine Parts	Mfg/Services (Industrial Distributor)	82.3	2.6%
JPM	JPMorgan Chase	Large Banks	55.4	2.7%
KYN	Kayne Anderson MLP	Closed-End Fund (MLPs)	37.7	6.5%
MIC	Macquarie Infrastructure	Partnerships Ex-Energy (taxed as corp.)	55.3	6.3%
UTG	Reeves Utility Income	Closed-End Fund (Utilities)	25.9	6.4%

### Growth & Income

Dividend paying growth stocks. The main selection criteria are forecast annualized earnings growth with diversification between industries.

<u>Ticker</u>	<u>Name</u>	<u>Industry Portfolio</u>	<u>Recent Price</u>	<u>Forecast Div. Yield</u>
FL	Foot Locker	Mfg/Services (Retail)	38.6	2.1%
HQL	H&Q Life Sciences	Closed-End Fund (Biotech & Pharma)	21.4	7.5%
<b>IEP</b>	<b>Icahn Enterprises New</b>	Partnerships Ex-Energy (Activist Investing)	110.4	4.5%
JNJ	Johnson & Johnson	Mfg/Services (Pharma)	88.5	3.0%
<del>ORI</del>	<del>Old Republic Intl. Delete (Sample Port Only)</del>	Div. Speculators (Insurance)	15.6	4.6%
PAGP	Plains GP Holdings	Energy General Partners (taxed as corp)	25.9	2.5%
STWD	Starwood Property Trust	REITs (Commercial Prop. Lender)	27.7	6.6%
VZ	Verizon Communications	Mfg/Services (Telecom)	48.0	4.4%

### High Yield/Speculative

Highest yielding low to medium risk stocks with diversification between industries.

<u>Ticker</u>	<u>Name</u>	<u>Industry Portfolio</u>	<u>Recent Price</u>	<u>Forecast Div. Yield</u>
CPLP	Capital Products Partners	Partnerships Ex-Energy (Shipping, taxed as corp.)	10.5	8.9%
HTGC	Hercules Technology Growth	Business Development Corp.	15.9	7.8%
ISIL	Intersil	Speculators (Semiconductors)	11.3	4.2%
ASG	Liberty All-Star Growth	Closed-End Fund (U.S. Growth Stocks)	5.2	6.9%
NTI	Northern Tier Energy	Speculators (Oil Refiner)	24.7	13.7%
NTLS	nTelos	Rural Telecoms (Wireless Telecom)	16.4	10.2%
SDRL	SeaDrill	Oil Industry (Deepwater Drilling))	35.7	10.6%

*Information believed correct, but accuracy not guaranteed.* Investing in stocks and/or funds **involves risk**. Readers should not assume that recommendations will be profitable or will equal the performance of past recommendations. Before investing, consult with a financial advisor to determine if the stocks and/or funds described here are suitable investments for you.

# DIVIDEND MONSTERS

## The 50 highest dividend yielding of the 800 stocks on the Big List

**Do Your Due Diligence** - The estimated yields may be based on special dividends that will not be repeated. Verify all data before taking action. Unless appearing in our industry portfolios (shown in **bold**), we have no buy/sell recommendation on these stocks or funds.

Ticker		Estimated Annual Dividend \$	Estimated Annual Yield%	Freq.
WHZ	Whiting USA Trust II .....	2.910	21.4	Q
BSBR	Banco Santander Brasil .....	0.922	20.5	U
SDR	SandRidge Mississippian Trust II .....	2.564	19.4	Q
PER	SandRidge Permian Trust .....	2.390	17.5	Q
CYS	CYS Investments .....	1.280	15.8	Q
RNO	Rhino Resource Partners .....	1.780	15.6	Q
VOC	VOC Energy Trust .....	2.280	15.5	Q
NYMT	New York Mortgage Trust .....	1.080	15.3	Q
DCIX	Diana Containerships .....	0.600	15.3	Q
PDH	PetroLogistics .....	1.700	15.3	Q
MITT	AG Mortgage Investment Trust .....	2.400	14.5	Q
AI	Arlington Asset Investment .....	3.500	14.0	Q
WIN	Windstream Holdings .....	1.000	13.9	Q
RSO	Resource Capital .....	0.800	13.7	Q
DX	Dynex Capital .....	1.080	13.4	Q
MTGE	American Capital Mortgage Investment .....	2.600	13.3	Q
CYOU	Changyou.Com .....	3.800	13.3	U
RNF	Rentech Nitrogen Partners .....	2.370	13.2	Q
ROYT	Pacific Coast Oil Trust .....	1.769	13.1	M
EFC	Ellington Financial .....	3.080	12.9	Q
IVR	Invesco Mortgage Capital .....	2.000	12.8	Q
KCAP	KCAP Financial .....	1.000	12.8	Q
AGNC	American Capital Agency .....	2.600	12.4	Q
EARN	Ellington Residential Mortgage REIT .....	2.000	12.4	Q
PSEC	Prospect Capital .....	1.324	12.3	M
CHRM	Charm Communications .....	0.500	12.0	A
LRE	LRR Energy .....	1.960	12.0	Q
STRA	Strayer Education .....	4.000	11.7	Q
CIM	Chimera Investment .....	0.360	11.7	U
TICC	TICC Capital .....	1.160	11.6	Q
BKCC	BlackRock Kelso Capital .....	1.040	11.4	Q
MCGC	MCG Capital .....	0.500	11.2	Q
SRV	Cushing MLP Total Return Fund .....	0.900	11.2	Q
NRZ	New Residential Investment .....	0.700	11.2	Q
NLY	Annaly Capital Management .....	1.200	11.1	Q
BSMX	Santander Mexico Fincl Gp SAB deCV .....	1.170	11.1	U
QRE	QR Energy .....	1.950	11.1	M
EROC	Eagle Rock Energy Partners .....	0.600	11.0	Q
MFA	MFA Financial .....	0.800	11.0	Q
NTLS	NTELOS Holdings .....	1.680	10.9	Q
MCC	Medley Capital .....	1.480	10.9	Q
OZM	Och-Ziff Capital Management Group .....	1.420	10.9	Q
SDRL	SeaDrill .....	3.800	10.7	Q
TWO	Two Harbors Investment .....	1.040	10.6	Q
FSC	Fifth Street Finance .....	1.000	10.6	M
ARP	Atlas Resource Partners .....	2.320	10.6	Q
NDRO	Enduro Royalty Trust .....	1.456	10.4	M
MRCC	Monroe Capital .....	1.360	10.4	Q
MEMP	Memorial Production Partners .....	2.200	10.3	Q
PNNT	PennantPark Investment .....	1.120	10.2	Q
PMT	PennyMac Mortgage Investment Trust .....	2.360	10.1	Q



## DIVIDEND DETECTIVE AT A GLANCE

*How did we come up with these ratings? See the portfolio write-ups on the Premium Members site to find out.*

Name	Ticker	Yld.	Rec.	Name	Ticker	Yld.	Rec.
<b>PREFERRED STOCKS</b>				<b>MANUFACTURING &amp; SERVICES</b>			
Ally Financial 8.5% Series A	ALLY-B	7.9%	<b>SELL</b>	Cinemark Holdings	CNK	3.4%	BUY
American Financial 6.375% Senior	AFW	6.4%	BUY	E.I. du Pont Nemours	DD	3.0%	BUY
Annaly Capital Mgmt. 7.625% C	NLY-C	8.3%	BUY	Foot Locker	FL	2.1%	BUY
Apollo Commercial 8.625% A	ARI-A	8.6%	BUY	Genuine Parts	GPC	2.6%	BUY
Armour Residential 8.25% A	ARR-A	8.9%	BUY	Johnson & Johnson	JNJ	3.0%	BUY
Ashford Hospitality Trust 9.00% E	AHT-E	8.7%	BUY	Meridian Bioscience	VIVO	3.5%	BUY
Aspen Insurance 7.25% Perpet.	AHL-B	7.1%	BUY	Six Flags Entertainment	SIX	5.2%	BUY
Endurance Specialty 7.50% B	ENH-B	7.3%	BUY	TAL International	TAL	6.5%	BUY
General Electric 4.875% Notes	GEB	5.7%	BUY	Verizon Communications	VZ	4.4%	BUY
Goldman Sachs 6.125% Notes	GSF	6.1%	BUY	<b>REGIONAL BANKS</b>			
Goodrich Petroleum 10.0% Series C	GDP-C	9.8%	BUY	New York Community Bank	NYCB	6.2%	BUY
Hersha Hospitality Trust 8.00% B	HT-B	8.0%	BUY	Valley National Bancorp	VLY	4.5%	BUY
Kimco Realty 5.50% J	KIM-J	6.7%	BUY	<b>LARGE BANKS</b>			
Lexington Realty Trust 6.50% Series C	LXP-C	7.1%	BUY	JPMorgan Chase	JPM	2.7%	BUY
Maiden Holdings 8.00% Notes	MHNB	8.1%	BUY	Wells Fargo	WFC	2.6%	BUY
NorthStar Realty 8.875% Series C	NRF-C	8.8%	BUY	<b>REAL ESTATE INVESTMENT TRUSTS</b>			
PartnerRe 5.875% Series F	PRE-F	6.9%	BUY	Blackstone Mortgage Trust	BXMT	6.4%	BUY
Pennsylvania REIT 8.25% A	PEI-A	8.2%	BUY	EPR Properties (Entertainment Properties Tr.)	EPR	+6.7%	BUY
Protective Life 6.25% Debentures	PL-C	6.8%	BUY	Home Properties	HME	+5.2%	BUY
Qwest Corp. 7.50%	CTW	7.5%	BUY	Hospitality Properties Trust	HPT	7.5%	BUY
Raymond James Fin. 6.90% Senior	RJD	6.7%	BUY	Inland Real Estate	IRC	5.4%	BUY
SLM (Sallie Mae) Series A 6.97%	SLMAP	7.6%	BUY	Omega Healthcare investors	OHI	+6.1%	BUY
Summit Hotel 7.875% Series B	INN-B	7.9%	BUY	STAG Industrial	STAG	5.9%	BUY
Teekay Offshore Partners 7.25% A	TOO-A	7.3%	BUY	Starwood Property Trust	STWD	6.1%	BUY
Travel Centers of America 8.25%	TANN	7.8%	BUY	<b>ENERGY: GENERAL PARTNERS</b>			
Vornado Realty 5.70% K	VNO-K	6.8%	BUY	Crosstex Energy Inc.	XTXI	+1.6%	DNA
<b>MONTHLY-PAYING CLOSED-END FUNDS</b>				Oneok*	OKE	3.3%	BUY
AllianceBernstein Glb. High Income	AWF	8.1%	BUY	Plains GP Holdings	PAGP	+2.5%	BUY
Alliance Bernstein Income Fund	ACG	5.6%	BUY	Spectra Energy	SE	+3.4%	BUY
CBRE Clarion Global Real Estate	IGR	6.7%	BUY	Targa Resources Corp.	TRGP	+2.7%	BUY
Dreyfus High Yield Strategies	DHF	9.3%	BUY	Williams	WMB	4.0%	BUY
F&C/Claymore Preferred	FLC	8.7%	BUY	<b>ENERGY PARTNERSHIPS</b>			
Guggenheim Strategic Opp	GOF	10.3%	BUY	Calumet Specialty Products	CLMT	9.4%	BUY
Invesco Dynamic Credit Opp	VTA	7.0%	BUY	<b>Emerge Energy Services</b>	<b>EMES</b>	8.6%	<b>BUY</b>
Reeves Utility Income	UTG	6.4%	BUY	Exterran Partners	EXLP	7.1%	BUY
<b>CEF GROWTH OPPORTUNITIES</b>				Global Partners	GLP	+6.1%	BUY
Gabelli Multimedia	GGT	8.2%	BUY	MarkWest Energy Partners	MWE	+4.9%	BUY
H&Q Life Sciences	HQL	7.5%	BUY	<b>PARTNERSHIPS EX-ENERGY</b>			
Kayne Anderson MLP	KYN	6.5%	BUY	America First Multifamily	ATAX	8.5%	BUY
Liberty All-Star Growth	ASG	6.9%	BUY	Blackstone Group	BX	+7.1%	BUY
<b>CANADA Stocks</b>				Capital Product Partners	CPLP	8.9%	BUY
Liquor Stores	LIQ.TO	7.5%	<b>SELL</b>	Carlyle Group	CG	5.9%	BUY
Morneau Shepell	MSI.TO	5.3%	BUY	<b>icahn Enterprises</b>	<b>IEP</b>	4.8%	<b>BUY</b>
Student Transportation	STB.TO/STB	8.1%	BUY	Macquarie Infrastructure	MIC	6.3%	BUY
<b>CANADA REAL ESTATE INVESTMENT TRUSTS</b>				<b>UTILITIES</b>			
Artis REIT	AX.UN	7.2%	BUY	Allele	ALE	+3.9%	BUY
Calloway REIT	CWT.UN	6.2%	BUY	Avista	AVA	4.2%	BUY
<b>DIVIDEND SPECULATORS</b>				CenterPoint Energy	CNP	+4.1%	BUY
Courier	CRRC	5.3%	BUY	Dominion Resources	D	+3.5%	BUY
Digirad	DRAD	5.7%	BUY	NextEra Energy	NEE	2.9%	BUY
Intersil	ISIL	4.2%	BUY	Southern Company	SO	4.9%	BUY
Navios Maritime Holdings	NM	2.5%	BUY	Westar Energy	WR	4.1%	BUY
Northern Tier Energy	NTI	13.7%	BUY	<b>BUSINESS DEVELOPMENT CORPS</b>			
Old Republic International	ORI	4.6%	<b>DNA</b>	Hercules Technology Growth	HTGC	7.8%	BUY
Sun Communities	SUI	5.4%	BUY	KCAP Financial	KCAP	12.5%	BUY
<b>ETF MONTHLY INCOME</b>				Triangle Capital Resources	TCAP	8.0%	BUY
iShares High Yield Corporate	HYG	6.1%	BUY	<b>INSURANCE</b>			
iShares Invest. Grade Corporate	LQD	3.8%	BUY	Arthur J. Gallagher	AJG	3.1%	BUY
iShares JPM Emerging Mkts.	EMB	4.8%	BUY	Cincinnati Financial	CINF	+3.6%	BUY
iShares S&P U.S. Preferred	PFF	5.5%	BUY	<b>RURAL TELECOMS</b>			
PShares Senior Loan Portfolio	BKLN	4.3%	BUY	Hickory Tech	HTCO	4.2%	BUY
<b>OIL</b>				nTelos	NTLS	10.2%	BUY
Chevron	CVX	3.6%	BUY	<b>Insurance</b>			
HollyFrontier	HFC	6.9%	BUY	<b>Rural Telecoms</b>			
SeaDrill	SDRL	10.6%	BUY	<b>Insurance</b>			

+x.x% = dividend hike, -x.x% = dividend cut

**Bold:** New pick or changed recommendation • DNA: Do Not Add