

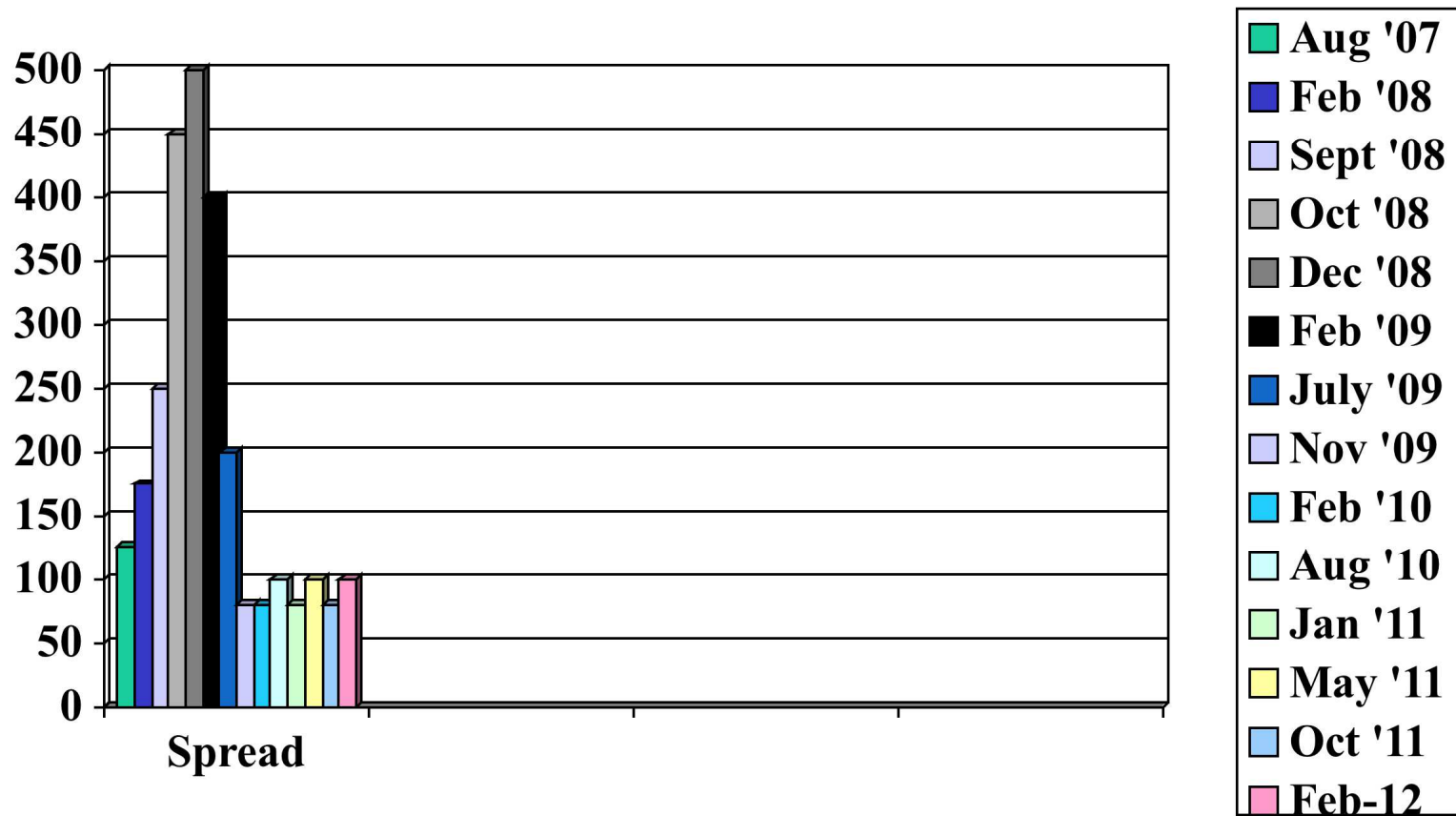
INCOME INVESTING IN A GLOBAL DEBT CRISIS

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AAII WASHINGTON 2012

WHERE WE STAND

- INVEST FOR 2012, NOT 1932
- NO INFLATION
- US ECONOMY GROWING SLOWLY
- SENTIMENT BETTER BUT SKITTISH
- STRONG WILL SURGE, WEAK WILL STUMBLE

CHEAP MONEY



STOCKS FIRST

- ONLY LIVABLE YIELDS
- DIVIDEND GROWTH ACCELERATES
- CONSERVATIVE IS COOL
- DIVERSIFICATION AND BALANCE
OFFSET RISKS
- MUST LIVE WITH VOLATILITY

ECONOMIC SENSITIVE

- NOT FOLLOWING INTEREST RATES
- RE-PRICING RISK TO DIVIDENDS
- RALLY BEGAN IN OCTOBER: NOT EVERYTHING IS A BARGAIN NOW
- WATCH REVENUE RELIABILITY, NEAR-TERM DEBT

HOW THEY RATE

- BUY THE BUSINESS
- PAYOUT RATIO: WHAT IS PROFIT?
- DEBT: WHAT'S COMING DUE?
- REVENUE: RELIABLE AND TRANSPARENT
- VALUE AT PRICE

WHERE THE BUYS ARE

- UTILITY BEDROCK
- MLPS: PROFIT IN PIPES
- HIGH YIELD COMMUNICATIONS
- CONSERVATIVE CANADA
- BARGAINS DOWN UNDER
- BIG YIELD HUNTING

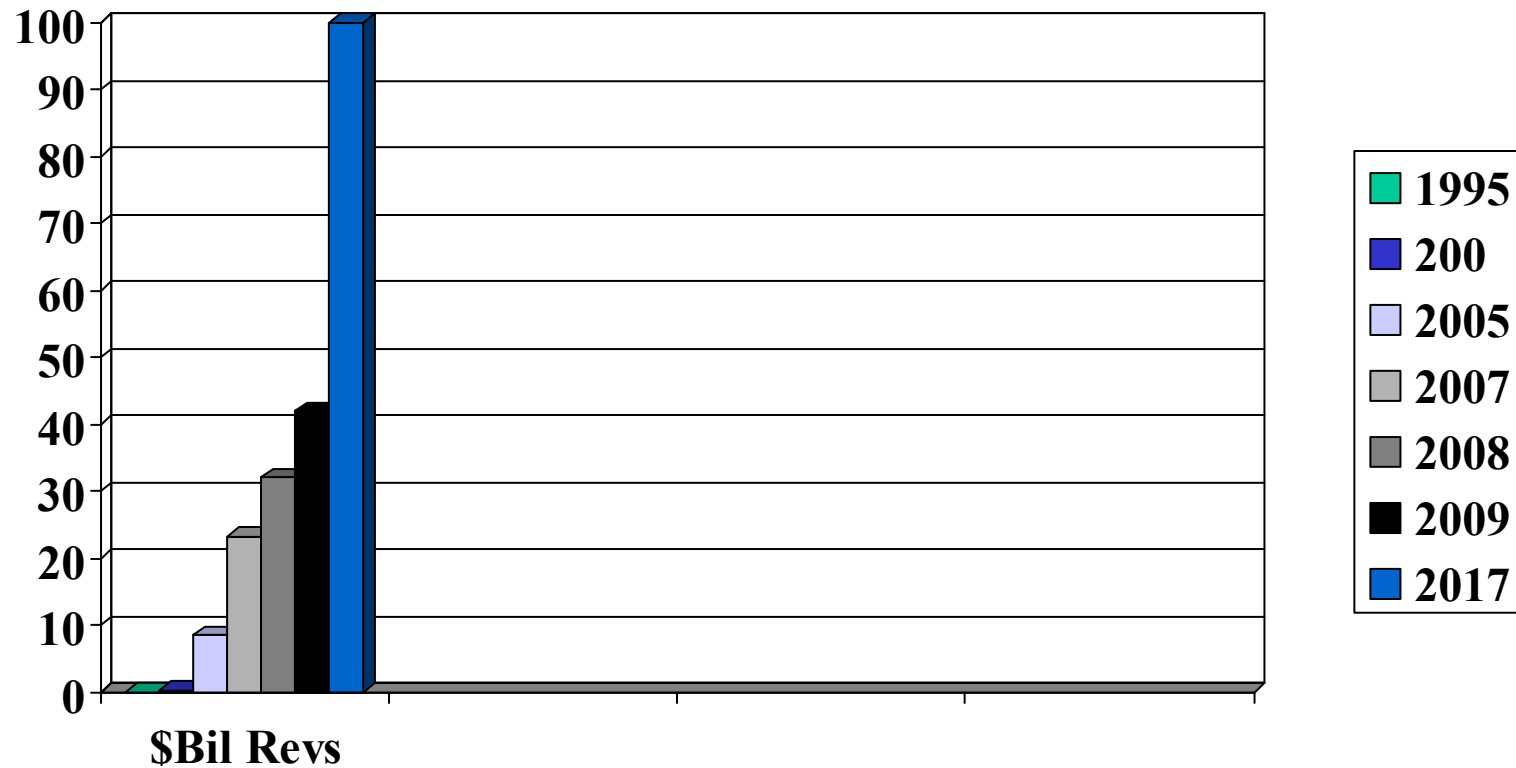
MLP PROFITS

- ,MASSIVE DEMAND FOR SHALE
- A LACK OF INFRASTRUCTURE
- CHEAP CAPITAL
- INVESTMENT = DIVIDEND GROWTH
- BEST: GEL, ETP, BPL, NS
- WATCH THE PRICE: EPD, KMP
- A WORD ON TAXES

UTILITY BEDROCK

- CAPITAL SPENDING + REGULATORY SUPPORT = HIGHER PROFITS, DIVIDENDS, SHARE PRICES
- BEST: EXC, D, WTR
- KEY RISK: WATCH THE REGULATORS

THE DATA EXPLOSION



BETTING ON CONNECTIVITY

- GLOBAL CONNECTIVITY BOOM
- BIG PLAYERS BENEFIT MOST
- HIGH YIELDS ABOUND
- T, VZ, WIN
- KEY RISK: TRANSITION FROM 20TH
CENTURY WIRES

CANADIAN YIELDS

- LEGACY OF INCOME TRUSTS = THE DISCIPLINE OF DIVIDENDS
- SOLID COUNTRY/SOLID CURRENCY
- RETURN TO DIVIDEND GROWTH
- COMING TO NEW YORK
- AT, JE, STB, PWE
- PBNPF, BRPFF

BARGAINS DOWN UNDER

- SOLID COUNTRY/SOLID CURRENCY
- DIVIDEND FRIENDLY/RESOURCE RICH
- APA (APAJF), TLS (TLSYY)
- A WORD ON FOREIGN DIVIDEND TAXES

BIG YIELD HUNTING

- RISK PERCEPTION DRIVES PRICE
- RISK CAN BE OVER-PRICED
- BARGAINS BEST WHEN GLOOM IS GREATEST
- TEF, NMM

AVOIDING BLOWUPS

- AVOID CARRIED INTEREST MLPS, LONG MATURITIES, BLACK BOXES
- KEEP UP WITH YOUR COMPANIES
- LEAVE EMOTION OUT OF IT: NO POLITICS, NO AVERAGING DOWN, NO STOPS
- CUT LOSSES

FOR MORE INFORMATION

- www.utilityforecaster.com
- www.canadianedge.com
- www.mlpprofits.com
- www.australianedge.com
- www.pfnewsletter.com
- www.RogConrad.com
- hoodie, fever