Dr. Mark Skousen's

SPECIAL REPORT

For *Skousen CAFÉ* Subscribers Only

3 Dividend Plays with Sky-High Returns

IMPORTANT NOTE: This special report is for information and educational purposes only, based on data as of 2023. Do not buy or sell any investments until you have read the current issue of Mark's ***Forecasts & Strategies*** (paid) newsletter, current Hotline, or an email update from Mark Skousen.

Published by:
Eagle Products, LLC
300 New Jersey Ave. NW #500
Washington, DC 20001
1-800-211-7661

Email: CustomerService@MarkSkousen.com
Website: www.MarkSkousen.com

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Introduction

In my nearly four decades of experience in buying income funds (in every kind of market), I've learned some pretty important lessons.

One lesson is that there are several key rules to obey when it comes to investing in high-income vehicles. Failure to follow these rules could be costly.

In this special report (exclusive to Skousen CAFÉ readers), I want to highlight three income fund investments that are recommendations in my award-winning *Forecasts & Strategies* portfolio. I will also be examining some of the special advantages that these funds can provide to investors.

- Mark

Sky-High Dividend Play #1: Main Street Capital Corp. (MAIN)

Based in Houston, **Main Street Capital Corp. (MAIN: 6.77% yield)** is a business development company (BDC) that makes equity investments and loans money to small- and mid-sized companies.

Main Street is considered the "best of the breed" in the BDC world. Typically, these businesses are cash flow positive, with revenue between $10 million and $100 million.

Main Street is well diversified. It has investments that exceed its cost basis in each of its three areas of financing, and the company is well positioned to take advantage of new opportunities.

At the current rate, MAIN's annual total distribution should be $2.70 per share or more, for an outstanding yield.

I agree with Wall Street analysts who consider Main Street Capital the "best dividend stock in America," due to its top management team, insider buying and rising dividend policy. It is one of my largest positions.

Management has continued to accumulate more shares of its own stock. Main Street's management team and directors own nearly a tenth of the company.

CEO Dwayne Hyzak is the largest shareholder in the company. Hyzak earns roughly $3.8 million in dividends per year on his holdings. That's about eight times as much as his salary.

The company’s directors, owners and board members execute transactions to acquire additional shares routinely, nearly every month -- all of them at market price.

That kind of insider buying affirms my confidence in the company’s outlook.

It trades at a premium over the average BDC -- and for good reason. It has a low-cost operating structure, where less than 16% of its revenue is consumed by operating expenses (others exceed 35%).

It also has profited handsomely from its equity and warrant positions in its portfolio of middle-market companies, which, in turn, generate special dividends every six months for shareholders.

Now is the time to add the shares to your portfolio. It is rare to find a stock with a high yield, growing dividend, a very solid management team, insider buying and bright prospects for the future.

Stockcharts.com as of 4/27/2023

Sky-High Dividend Play #2: Enterprise Products Partners (EPD)

A nice way to diversify your holdings and profit from the energy boom is available through **Enterprise Products Partners (EPD: 7.36% yield)**, a Houston-based pipeline company that is America's largest pipeline operator.

It has a track record of acquiring new companies and additional natural gas assets, as well as a rising dividend policy.

In fact, the company has increased its dividend payout for 20 consecutive years. That's a remarkably consistent 58 straight quarterly payout hikes.

Enterprise is a master limited partnership (MLP) that provides a range of services to producers and consumers of natural gas, natural gas liquids (NGLs), crude oil, refined products and petrochemicals in the continental United States, Canada and Gulf of Mexico.

As an MLP, most profits flow straight through the company to unit holders untaxed as distributions. Investors are then responsible for paying the taxes on their share of MLP income, which involves a lot of paperwork. But it may be worth it.

Enterprise Products Partners is highly recommended for income seekers. The company pays out about 80% of its distributable cash flow to shareholders, a conservative policy that leaves a comfortable cushion to grow distributions and re-invest for growth.

Pipeline companies such as EPD are benefiting from the oil & gas boom in the United States and enjoying an increase in demand for the transportation of energy products.

In addition, EPD has better metrics than its competitors -- higher revenue growth, higher net margins and an enviable rising quarterly dividend policy.

What a money machine!

The chart below excludes dividends but still reflects EPD's progress during the past 12 months.

Stockcharts.com as of 4/27/2023

Sky-High Dividend Play #3: Brookfield Investment Corp. (BIPC)

Brookfield Investment Corp. (BIPC: 3.58% yield) is another investment that keeps on giving.

Brookfield is a New York and Toronto-based investor in bridges, road construction, ports and other forms of infrastructure around the world.

The company shows a strong commitment to expanding worldwide, as demonstrated by its recent acquisition of freight equipment and maritime container company Triton International.

Brookfield has produced consistently good dividends over the years. Today, Brookfield pays out a 38-cent-per-share quarterly dividend, which translates into a 3.58% annualized yield. It is arguably one of the best investments in the *Forecasts & Strategies* portfolio.

As the global supply chain continues to recover, Brookfield will only continue to benefit. The company has already shown strong performance this year: as of April 17, the fund is up 17%.

Stockcharts.com as of 4/27/2023

The Special Advantages of Dividend-Paying Equities

Historically, dividend-paying equities have been found to outperform their non-dividend-paying counterparts.

Jeremy Siegel, a distinguished finance professor at the University of Pennsylvania's Wharton School, has championed research about long-term stock and bond returns to help investors enhance their performance.

Siegel has also authored a best-selling book, "Stocks for the Long Run," that supports the advantages of long-term investing.

Keep in mind that the Federal Reserve Bank is in the driver's seat. Since monetary policy is far more important than fiscal policy (taxes, regulations and deficits) in the short run, we're profiting.

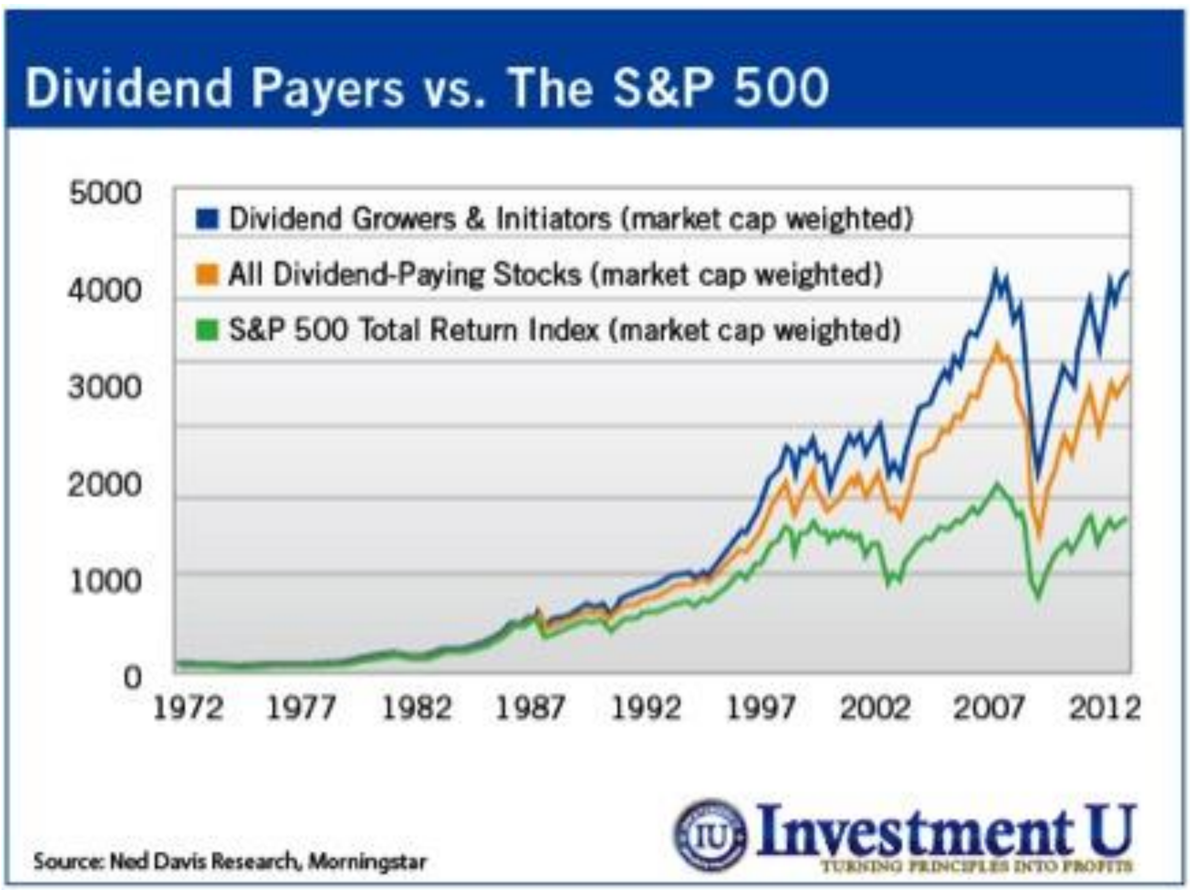
However, due to the comparatively limited upside right now in long-term bonds, interest-bearing investments are not currently in our portfolio.

The vast majority of my *Forecasts & Strategies* recommendations are in high-dividend-paying stocks and funds.

Take a look at the chart below to see the results of investing in dividend-paying stocks.

The Fed's easy-money policies have offered many good opportunities for investors in dividend-paying equities that tend to hold their value, compared to investing in growth stocks that typically do not pay dividends.

The management of dividend-paying companies also needs to stay disciplined in investing capital in new projects, since a certain amount of cash must go to investors each year through quarterly or even monthly dividend payments.



"Standard Oil's high dividend yield made a huge difference in boosting its return," Professor Siegel wrote when comparing its superior returns to those of IBM for the same period of time.

Despite lower sales and earnings than IBM, Standard Oil's regular dividend payments more than made up for the company's other shortcomings with regards to its return to investors when measured against IBM. Studies have also shown that 97% of stock appreciation comes from dividends.

There is mounting evidence that public companies that pay regular dividends produce better long-term growth prospects and lower risk patterns than do non-dividend-paying growth companies.

Since those dividend-paying companies tend to be large- and mid-market-cap stocks that have been around for many years, they are not normally vulnerable to the extreme valuations that affect growth and technology companies.

Finally, dividend payers stay married to their mission of providing a return to investors.

Show Me the Money

A cash dividend is the only real evidence that a company is doing its job of working for you, the shareholder, and not just for its executives and employees. Think about all of the corporate scandals, accounting schemes and fictitious earnings reports of the recent past.

Now, consider the satisfaction of receiving a check in the mail or a deposit directly into your brokerage account. It is comforting to know that a company actually earned enough money to pay you, the shareholder.

Cash dividends are not subject to revisions, unlike corporate earnings. Revenues can be booked in one year or spread across several years. Capital assets can be sold and listed as ordinary income. Liabilities can be accounted for during a single year or spread out over several years. However, cash paid into your account is a litmus test for true corporate earnings.

While there have been a few dividend scandals, they are extremely rare. The reality is that dividends must be paid out of earnings, so there is no corporate trickery. To quote the title of Geraldine Weiss' classic book, "Dividends Don't Lie."

A corporate requirement to pay regular dividends instills the same kind of discipline on a company's management as a mortgage payment does on someone who is paying off a home loan.

A company that pays a dividend is similar to an investor who commits to a 401(k) or a savings plan. The money that pays dividends is not naturally available to be squandered on risky projects that a disciplined management team would forgo.

In addition, dividend stocks beat the market. Research has shown that dividend-weighted indexes surpass market-weighted indexes by 300 basis points each year over the long run.

A diversified portfolio of dividend-oriented stocks tends to outperform a portfolio of non-dividend-paying stocks both domestically and internationally. Seldom do you find a high-flying stock that has a large market capitalization and pays a sizable dividend.

Studies also show that dividend-paying stocks are less risky than non-dividend payers. By investing in stable companies, you avoid the high-wire ventures of aggressive growth stocks.

Remember the technology bubble of the late 1990s? When you invest in dividend-paying stocks, you avoid buying shares of public companies such as Enron and eToys.

Both of those companies flamed out, with Enron's accounting scandal bringing the company to an embarrassing end.

It is during bear markets when dividend-paying stocks really shine. The dividend payout provides a cushion when growth stocks are faltering.

The prospect of a dividend payment helps to buoy a stock, while a non-dividend payer is vulnerable to a deep fall since it lacks a cash payment to keep investors from selling their shares.

To be clear, dividend payers can lose value, but they tend not to fall as much as aggressive growth stocks that do not make payments to their shareholders.

Be sure to use "stop" orders to protect your capital gains when investing.

Generally, I suggest a "stop" order within 10-15% of your buying price. In my newsletter and hotline, I will inform you when we receive a "stop" order on an income investment.

For example, we have taken profits on dividend-paying equities, "junk" bond funds, municipal bond funds and real estate investment trusts (REITs) after they hit our "stop" orders.

Finally, try to buy after a big sell-off, which can be triggered by a new government policy, change in the direction of interest rates, insiders buying shares, etc.

Conclusion: You Can Earn High Income in a Low Interest Environment

Since even dividend-oriented investments can fall in value, the use of stops can save you from the risk of harrowing market drops.

We have covered three exceptional dividend-paying investments in this special report.

Keep in mind, because high-yielding investments are inherently risky, you must be careful in your approach.

To survive and prosper in this dangerous arena, remember the rules:

— Diversify into a number of investments.

— Watch your investments closely and use a “stop” order to protect your principal.

— Patiently wait to buy after a big sell-off, due to a new government policy, a change in the direction of interest rates, large investors bailing out, etc.

Yours for freedom & prosperity, AEIOU,

Mark Skousen, Ph.D.

Editor, *Skousen CAFÉ*
Investment Director, *Forecasts & Strategies, Fast Money Alert, Five Star Trader, High-Income Alert, TNT Trader*

Biography

Mark Skousen, Ph.D., editor of Skousen CAFÉ and *Forecasts & Strategies*, is a nationally known investment expert, economist, university professor and author of more than 25 books. He recently was named one of the 20 most influential living economists and was awarded the *Triple Crown in Economics* in a special presentation with Steve Forbes.

Mark earned his Ph.D. in monetary economics at George Washington University in 1977. He has taught economics and finance at Columbia Business School, Columbia University, Barnard College, Mercy College, Rollins College and Chapman University. He also has been a consultant to IBM, Hutchinson Technology and other Fortune 500 companies.

Since 1980, Skousen has been editor in chief of *Forecasts & Strategies*, a popular award-winning investment newsletter. He also is editor of four trading services, *Five Star Trader, High-Income Alert*, *Fast Money Alert* and *TNT Trader.*

He is the producer of FreedomFest, "the world's largest gathering of free minds," which meets every July in Las Vegas (**www.freedomfest.com**). FreedomFest attracts several thousand people from around the world.

He is a former analyst for the Central Intelligence Agency, a columnist to *Forbes* magazine (1997-2001) and past president of the Foundation for Economic Education (FEE) in New York.

He has written articles for the *Wall Street Journal*, *Reason, the Daily Caller*, *Christian Science Monitor* and *The Journal of Economic Perspectives*. He has appeared on CNBC, ABC, CNN, Fox News and C-SPAN Book TV.

Based on his work "The Structure of Production" (NYU Press, 1990), the federal government began publishing a broader, more accurate measure of the economy, Gross Output (GO), every quarter along with GDP. It is the first macro statistic of the economy to be published quarterly since GDP was invented in the 1940s.

Eagle Financial Publications
300 New Jersey Ave. NW #500 • Washington, DC 20001
1-800-211-7661 • www.MarkSkousen.com

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