StreetAuthority
TOP 10 STOCKS
ELLIOTT GUE'S FAVORITE PICKS FROM ALL OF STREETAUTHORITY'S ADVISORIES

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StreetAuthority, LLC is a financial newsletter publisher founded on the belief that individual investors can earn above-average returns if they are given access to the right information. We'd like to thank you for ordering this special research report, *The 10 Best Stocks to Hold Forever*, and we sincerely hope you will benefit from the following investing ideas and analysis.

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The 10 Best Stocks to Hold Forever

Around our research office, we just call them our "Forever" stocks. We've talked about them so much over the past few months, the nickname is just easier. Everyone here knows exactly what we're talking about.

Put simply, this is the set of stocks you can buy today and hold for the rest of your life. When you own them, you no longer need to worry about things like inflation or deflation... bear markets or recessions... flash-crashes or rising interest rates.

For example...

- "Forever" Stock #8 -- Intel (Nasdaq: INTC) -- has turned every $20 invested in 1972 into $30,000 today. Just $630 invested back then would be worth more than $1 million. This is one of the most epic stock-market runs in history -- and it happened despite the '87 crash, the "Dot-com" bubble, and the Great Recession.
- "Forever" Stock #4 -- Reaves Utility Income (AMEX: UTG) -- has outperformed "regular" stocks nearly 10-to-1 in its lifetime. And it has only been around since 2004! It has returned nearly 11% per year since its inception... and its dividend grew 40% along the way. In total, investors have received more than 100 consecutive dividends from this company.

This sort of "worry-free" performance is exactly the reason many of the world's richest investors, politicians, and businessmen have owned shares of these stocks for decades, using them to obliterate the market.

We're talking about investors like Warren Buffett, Carlos Slim, and Goldman Sachs, along with John Kerry and dozens of other Congressmen.

But it's not just the elite making money off these types of ideas.

People just like you have been making money from these types of stocks for decades...

George A. from Weatherford, Oklahoma told us he's held shares of General Electric for 45 years. During that time, his holdings have turned from $27,000 to $108,000... while also paying him "tons" of dividends.

Arthur R. of Sandy Springs, Georgia told us he invested in 200 shares of Automatic Data Processing at just $8.00 per share. After holding about five years, he sold at $59.90. His profit? Through splits, his original $1,600 investment turned into $106,000 when Arthur sold.

Tony R. of Reading, Massachusetts bought $2,000 of Esso -- Exxon's predecessor -- more

than 50 years ago. "I never purchased any more, I just reinvested dividends. For years it was the only stock I owned."

Tony said that stake topped out at more than $100,000.

Now, I'll be honest. There's a major caveat. You can't just buy any stock, hold it forever, and expect to come out ahead. The market is littered with Enrons, Worldcoms, even General Motors. Holding forever didn't matter a lick with them.

That's why my staff and I have put so much time, effort, and money into completing our list of 10 "Forever" stocks. We can never guarantee a stock will rise, but the ten "Forever" ideas below represent our best ideas for holding... and profiting... for the long term.

Note: My research team and I think holding stocks like those profiled below for the long term is one of the best ways to amass wealth. But that doesn't mean anyone should just blindly hold. There are never any guarantees in investing, and these securities are no different.

The 10 Stocks to Hold Forever	
1. Brookfield Infrastructure (NYSE: BIP)	6. JPMorgan Alerian MLP (NYSE: AMJ)
2. Google (Nasdaq: GOOG)	7. WisdomTree Emerging Mkts (NYSE: DEM)
3. Philip Morris International (NYSE: PM)	8. Intel (Nasdaq: INTC)
4. Reaves Utility Income (AMEX: UTG)	9. Markel (NYSE: MKL)
5. MasterCard (NYSE: MA)	10. SeaDrill (NYSE: SDRL)

(1.) Brookfield Infrastructure L.P. (NYSE: BIP)

The first of our "Forever" stocks is one I like to call my "Rockefeller" idea. Most people know Rockefeller became rich via his company, Standard Oil. And while I want to invest in the same sort of business that he did, this pick has nothing to do with oil.

But that's fine by me, because when you look closely at exactly WHY Rockefeller got rich, you realize Standard Oil didn't turn Rockefeller into a billionaire simply because it was in the oil business.

No. Standard Oil made Rockefeller the richest man in history because the company held a monopoly in its market.

Brookfield Infrastructure owns *dozens of monopolies*... and they have the government's blessing. How is that possible?

Frankly, there is no other choice.

As you can tell by the name, this partnership owns infrastructure assets -- electric transmission grids, ports, railroads, coal terminals, and timberland. These unique assets aren't something another competitor can just build next door.

That means Brookfield enjoys monopoly status in most of its markets... but it doesn't mean it can charge whatever it wants. Most of its fees are locked in by regulations or contracts. This lets the partnership earn a solid return that's usually tied to inflation.

Yet this isn't a company that just stands back and collects payments from its projects. Instead, management seeks to invest in projects that will create great cash flow and offer the chance for an increase in value. Once the market fully appreciates the value of the project (and its cash flows), BIP simply sells its stake and redeploys the funds into newer, yet-to-ripen investments.

As an example, the company recently identified its 15% stake in Brazilian toll road operator Arteris as an unappreciated cash flow generator. So management shelled out $490 million

to boost the ownership stake to 31%. BIP is run by seasoned managers who carefully measure the projected returns of any investment against the firm's cost of capital.

And management has been quite busy. Thanks to a combination of strong organic cash flow and a series of financings, BIP now manages more than $20 billion in global infrastructure assets, up from $6 billion in 2009.

Of course the best measure of this business model is in how it delivers rising payouts. The dividend has risen from $1.10 in 2010 to $1.50 in 2012, and was hiked again in 2013 to $1.72 per unit. That translates into a yield of nearly 5%.

Can that dividend move even higher in coming years? When you consider that many billions of dollars' worth of infrastructure will be deployed in coming years around the globe, then you can see a virtually unlimited path to growth for this firm.

Risks to Consider: Infrastructure investing has proven so lucrative that other global financial firms may jump into this niche, creating a more competitive bidding environment.

(2.) Google (Nasdaq: GOOG)

This "Forever" stock is one of the most dominant companies on the planet... and it hasn't escaped the grasp of some of the best investors in the world.

Legendary investment firm Fidelity owns 18.4 million shares worth over $16 billion. Goldman Sachs owns nearly another 2.5 million shares. Two dozen Congressmen also own the stock... Rodney Frelinghuysen (R-NJ) owns at least $150,000 worth, according to the Center for Responsive Politics.

So what do they all see in Google? It may be the same thing Warren Buffett's second in command -- Charlie Munger -- sees...

> "Google has a huge new moat," Munger said. "In fact I've probably never seen such a wide moat. Their moat is filled with sharks."

Munger is famous for loving companies with wide "economic moats" -- advantages that keep competitors from gaining territory against a business.

And Google has plenty of those...

It's the most dominant company on the entire Internet. Depending on who you cite, it owns no less than a 65% market share of online search, and possibly upwards of 90%.

Moreover, it offers email... online documents... mapping tools... and dozens of other free utilities -- all in an effort to get its advertising platform in front of more eyeballs.

Its web advertising platform owns a more than 40% (and growing) market share... about triple its nearest rival.

In 2012, the company earned a total of $43.7 billion in advertising revenues... up almost 20% from a year earlier.

But Google's profitability is what stands out the most. In fact, the company is ranked #55 on the latest Fortune 500 list by revenues... but #17 if you rank all the companies by profits.

That's helped the company build up a cash stockpile of more than more than $60 billion in cash on its books... or more than $180 PER SHARE, based on recent financial data.

Investing in a tech stock like Google on the long-term is a little riskier than say, Coca-Cola (NYSE: KO). You simply can't be sure exactly where the business -- or its products -- will be a decade or more from now.

However, given the dominant position of Google and its ability to be a leader in all aspects of the online world, I'd feel safe investing in this company for the long haul.

Risks to Consider: Google has faced increasing scrutiny from regulators in the U.S. and abroad over privacy concerns, but that should not end up changing the long-term outlook.

(3.) Philip Morris International (NYSE: PM)

First things first, I understand not everyone likes investing in cigarette manufacturers. That's fine. However, Philip Morris International is one of the most solid stocks on the planet, and I think it can serve investors well as a "Forever" holding.

Philip Morris International is the world's second-largest tobacco company, behind only China National Tobacco, and holds almost 16% of the non-U.S. market. PMI's brands include seven of the world's top 15 names, including Marlboro, the number one cigarette brand worldwide.

This company is a spin-off of Altria's (NYSE: MO) cigarette business outside U.S. borders. Altria continues to sell its brands, including Marlboro and Merit, in the United States, but that business is slowly shrinking.

This tobacco giant faced an increasingly restrictive set of laws in the United States and Europe roughly a decade ago, and responded with a pair of key moves that are still reaping benefits today: diversification into new markets where tobacco consumption trends remain robust, and squeezing every last drop of cash flow out of the business.

Over the past decade, Philip Morris wrote the textbook on how to build a brand in new markets. The company's eight global brands have been cultivated through savvy marketing, leading to a remarkable statistic: Excluding China (which is dominated by a state-run tobacco firm), Philip Morris has claimed an eye-popping 28% global market share. That's not a claim that Ford (NYSE: F), Coca-Cola (NYSE: KO), McDonald's (NYSE: MCD) or any other blue-chip multi-national firm can make.

And how have those market share gains affected the income statement? Consider that Philip Morris had $40 billion in revenue back in 2004. That figure exceeded $75 billion in 2012. And that's impressive when you consider the challenges the company faced here in the United States, which has historically been its most important market.

These days, the U.S. market is becoming an afterthought for many tobacco producers. Goldman Sachs took a look at a wide variety of factors -- such as market size, regulation, pricing power and industry profits -- and ranked the United States 10th. Russia, Pakistan, India and China, respectively, are the most appealing markets, according to Goldman Sachs -- and notably, those countries are home to more than half of the world's population.

Here's another stat to ponder: In 2012, Philip Morris paid out $46 billion in excise taxes to governments around the world. That helps explain why tobacco is likely to still be widely sold in many countries for years to come.

Let's face it. There are a lot of other industries with more robust growth prospects. In fact, tobacco demand may not rise at all in coming years. That's a reality that many investors have already come to understand. And yet they still buy shares of this company. That's because few companies can deliver the kind of bottom-line results that Philip Morris has come to be known for.

Even when you consider the burden of tens of billions of dollars in annual excise taxes that the company must pay, Philip Morris still manages to generate more than $10 billion in annual operating profits. And since the company has relatively small cash requirements for capital expenditures, much of that operating income is converted right into free cash flow. And with each passing year, free cash flow marches ever higher.

Philip Morris' Projected Free Cash Flow per Share			
2012	2013E	2014E	2015E
$ 5.39	$ 5.63	$ 6.18	$ 6.88
Source: Goldman Sachs			

That rising free cash flow should translate into more robust payouts. The dividend stood at $2.24 a share in 2009 but has risen at a 13% annual pace (to $3.24 a share in 2012) and is likely to exceed $4 a share by 2015, according to consensus forecasts.

Risks to Consider: *Emerging markets continue to hold a more benign view regarding tobacco consumption, but if they adopt strong anti-tobacco measures, then Philip Morris's revenue could come under pressure.*

(4.) Reaves Utility Income Fund (AMEX: UTG)

Reaves Utility Income is a fund whose job is simple -- invest in the most stable utility stocks on the earth and pay investors a fat yield.

The $700 million fund owns dozens utilities from all over the world -- including telecoms in New Zealand, electric companies in Brazil, and energy businesses in Wisconsin.

Utilities make up the bulk of the portfolio at 54% of its investments, followed by telecoms (25%) and energy (11%).

And although it invests all around the world, the bulk of its holdings are in the United States. You'll recognize many of the names it owns. Some of the biggest stakes include AT&T (NYSE: T), Duke Energy (NYSE: DUK) and Verizon (NYSE: VZ).

To boost the yield it can pay investors, UTG does leverage its holdings -- up to 34% of assets. As you'd expect, that makes the shares more volatile than typical utility holdings. UTG was the single one of our "Forever" stocks that fell more than the S&P 500 in the downturn. Of course, when the bull market returned, that stock came back with a vengeance... more than doubling the S&P 500 in the following year.

In fact, it's returned 10% per year since it's inception in 2004... along with dividend growth during that time of 30%. And according to the fund, every $1,000 invested at the fund's inception would now be worth about $2,400.

In total, the fund has paid more than 100 consecutive dividends and yields around 6.0%, based on recent prices. UTG makes monthly payments of $0.13125 per share. I expect that amount to rise slowly going forward.

One note... this fund is a bit of a secret. It trades an average of just 100,000 shares per day. That's about what Apple (Nasdaq: AAPL) trades in two minutes. Because of that, you might want to buy the shares with a limit order, ensuring you get your expected price.

Risks to Consider: To achieve its above-average yield, the fund leverages nearly 34% of its assets. This does add an element of risk should borrowing costs rise. And if asset values see a marked decline, the fund may be forced to liquidate some positions.

(5.) MasterCard (NYSE: MA)

What do you do when you find a stock with more than a billion of its products in use... that's also owned by Warren Buffett's Berkshire Hathaway (NYSE: BRK-B)... holds $30 per share in cash... and is in the process of buying back $2 billion in stock?

I think you buy it and hold forever.

That's exactly what I've found with MasterCard.

You've no doubt heard of this company, unlike some of our other "Forever" stocks. In fact, you might hold one of their one billion cards in use around the world. In total, MasterCard boasts over a billion total accounts and racks up nearly $3 trillion in transactions each year.

But don't think this is a risky play that's dependent on people paying off their credit card bills. In actuality, MasterCard is simply a "toll" operator.

The company doesn't have anything to do with the debt that investors put on their credit cards -- banks own that liability. MasterCard simply earns a small percentage of each transaction that users make on its cards. In other words, MasterCard makes more money as the number of people around the world using its cards grows.

And right now growth in electronic payments is one of the most unstoppable trends on the planet.

Let's take the United States. According to the Federal Reserve, there are more than 65 billion payments made annually in the U.S. on credit, debit, and prepaid cards. And even in a developed country like the United States -- where card usage is ubiquitous -- the market grew at a nearly 10% annual rate between 2006 and 2009 (the latest data available).

But that's just a taste of the global trend toward electronic payments, and it's only from one of the most heavily developed economies in the world where paying by card is already commonplace. Growth is much, much stronger overseas.

In Brazil, card transactions were up 18% in 2011. Debit card transactions rose 39% in fiscal 2011 in India -- where debit cards outnumber credit cards 10-to-1. And major banks in China have reported annual growth of 65% in debit card usage. The number of credit cards in China is more than quadruple the level in 2006.

And that's just the tip of the iceberg. It's estimated that 85% of payments made around the world are still made with cash or check. That's a big market waiting to be tapped.

But this is all just one part of MasterCard's appeal. In addition to tapping into one of the world's strongest growth stories, the company's financial standing is as good as it gets. Its net profit margin was 32% at the time of this writing. On this metric, that makes MasterCard more profitable than 97% of all companies in the S&P 500.

It has no debt. Cash and equivalents total $6.5 billion. Meanwhile, the company's overall share count fell 2% in 2012 and it has more share buybacks approved.

The move toward more credit and debit card payments is unmistakable... and still has years -- if not decades -- to go. I think that makes MasterCard a "Forever" stock.

Risks to Consider: While MasterCard is shielded from credit risk, the company is facing increasing regulations in the U.S. and overseas. Case in point, recent banking regulation lowered the amount MasterCard can charge businesses when a customer uses a MasterCard.

(6.) JPMorgan Alerian MLP Index ETN (NYSE: AMJ)

If you've never heard of master-limited partnership (MLPs)... pay attention.

MLPs have been one of the decade's brightest spots in the stock market. These partnerships own assets like pipelines and storage tanks used to ship and store commodities around the country.

But MLPs usually aren't leveraged to commodity prices -- they simply act as a tollbooth -- earning money for the volume shipped through their pipelines. As long as volume is steady, so too are their cash flows.

AMJ offers some of the greatest potential for steady long-term gains. In fact, the underlying index it tracks has a 20.0% annualized return over the past five years. The

index it tracks delivered a 10-year annualized return of 15.4%

Investors have piled into MLPs thanks to their stable "tollbooth" businesses... but also because they are required by law to pay out the bulk of their cash flow to investors or face punishment. That generally gives MLPs high yields of 5% or more. And as the cash these partnerships earn increases, so too do the distributions.

Stable cash flows... high yields... strong annual returns... what's not to like? Well, the fact is that master-limited partnerships are pretty complex when it comes to taxes. In fact, in some circumstances, the distributions they pay can lead to taxes even if held in a tax-deferred account like an IRA.

That's why I like this special "Forever" investment... it gets all the benefits of owning MLPs without the tax headaches.

AMJ is tied to a basket of MLPs. Enterprise Products Partners (NYSE: EPD) makes up the largest stake (16% of assets), followed by Kinder Morgan Energy (NYSE: KMP) (10% of assets) and Plains All American Pipeline (NYSE: PAA) (8% of assets).

As you would expect, this basket of holdings throws off a nice stream of income. The quarterly dividends vary based on what the underlying investments pay... but so far that simply means the payment has increased nearly every quarter.

As we go to press, the notes have paid $2.13 each over the last year, for a yield of roughly 5%.

But as I said, I think the biggest benefit comes from the lack of tax headaches. Instead of issuing a complex "Schedule K-1" IRS form as most MLPs do, this security takes care of all that. Instead, it issues a simple 1099 form like any other dividend payer.

As a result, you can hold these shares in your tax-deferred accounts. No wonder Forbes.com called it one of "3 Good Buys in MLPs."

One thing to note -- as much as I think holding shares of AMJ will be a great "Forever" investment, you won't be able to hold it for decades. As an exchange-traded note, the security will mature in May 2024.

Risks to Consider: Royalty trusts are are at the mercy of oil and natural gas prices, both of which can be quite volatile.

(7.) WisdomTree Emerging Markets Equity Income Fund (NYSE: DEM)

Here in the United States, we're struggling to see 2% GDP growth... and that's coming out of a major recession... with record low interest rates.

The government has thrown trillions of dollars to get the economy jumpstarted, and we're still only seeing moderate growth.

The United States is still one of the best places in the world to invest, but limiting your "Forever" investments to only U.S. companies looks to be a big mistake.

But Malaysia's GDP growth stands at a 4.3%... Taiwan's is 2.5%... and Chile's is 4.1%. Economies like Taiwan, Brazil, Chile and others are simply growing faster than the U.S. economy.

This "Forever" idea is one of the best ways to profit from that trend.

The WisdomTree Emerging Markets Equity Income Fund holds 331 of the highest-yielding stocks from emerging markets all around the world. Taiwan (20% of assets) and China (16%) make up the largest chunk of the portfolio. But in total 17 countries are represented -- including South Africa, Chile, Russia, and Malaysia.

Gazprom OAO (OTC: GZPFY) makes up the largest holding (5.9% of assets), followed by

OJSC Rosneft Oil Company (4.8%) and China Construction Bank Corp (4.7%). And since this fund focuses not only on emerging markets, but dividend payers as well, it holds the bulk of assets in financials (25%) and energy (20%).

Dividends do vary dramatically based on what the fund earns from its holdings. As we go to press, the past four quarterly distributions add up to $2.05 per share, giving it a yield around 3.8%.

But it's not the yield that makes this a "Forever" stock. It's the fact that the type of companies that pay yields are typically more steady performers. In still volatile emerging markets, that's important for smoothing out the ups and downs. And so far, it's been paying off.

The fund charges 0.63% per year, but to have access to a basket of stocks representing what I think is the best way to play emerging markets, it's a small price to pay.

Risks to Consider: Emerging markets and currencies can see steep declines when global markets are volatile. DEM doesn't hedge its foreign currency exposure, meaning it can suffer from both falling asset prices and falling currencies.

(8.) Intel (Nasdaq: INTC)

If I told you I found a stock that for every $200 you invested back in 1972 would be worth $300,000 today, you'd likely think I was late to the party.

But while I don't expect shares of Intel to repeat that same performance... I do think the stock is an attractive "Forever" holding.

Of course, I'm not alone.

In total, more than 40 members of Congress own a stake in the company.

All the big banks own a piece of this company... just like Congress. Morgan Stanley owns 27 million shares. JPMorgan Chase owns 29 million. Bank of America owns 42 million shares. And Goldman Sachs owns over 35 million shares of this stock.

So what are all these investors seeing?

How about a company that's raising its dividends, spending billions to buy back its own shares, making smart acquisitions, and according to investment research firm Morningstar, owns an "stranglehold" on a $30 billion market...?

As you likely know, Intel is the world's largest semiconductor chip maker. Chances are the computer you're reading this on is powered by an Intel chip.

Now, I won't bore you with the technicals of the chip business. The important thing to know is that Intel is by far the largest player in an industry that will still see growth for years to come.

Of course, there is growth in the personal computer market as penetration in emerging markets increases. But the company makes chips for just about any electronic device. In a world that's constantly becoming more connected via cell phones and tablets, this growth is still in the early stages.

Meanwhile, as the largest player in the market, Intel also has an enormous research & development (R&D) budget. That all but guarantees it will continue to be a leader in the semiconductor field.

But I think it's the company's attitude toward shareholders that's most appealing for its status as a "Forever" stock. Its business throws off enormous amounts of cash... and the company is doing everything it can to put that money in shareholders' pockets.

Intel has bought back stock every single year for the past 20 years straight... totaling $87 billion. And since 2005 it has ongoing authorization to buy up to $25 billion in stock. For all

of 2011, it bought $14.1 billion worth, and in 2012, it bought $4.7 billion worth.

Meanwhile, the company is a dividend machine. Not only has it paid more than 70 consecutive dividends, but it hasn't cut its payments once. And since 2004 Intel has raised dividends 463%.

Today the shares pay $0.225 each quarter, for an annual yield of 3.8%. But here's the kicker... those dividends are likely to continue their rapid rise. In 2012, Intel paid out just 40% of its profit as dividends.

One more reason to think Intel's kind policies toward shareholders will continue... the company holds $17 billion in cash on the books.

No wonder John Kerry, dozens of member of Congress, and George Soros all seem to love this stock.

Risks to Consider: So far, Intel hasn't become a dominant player in chips for smartphones -- a major growth market. Meanwhile, PC demand is cooling in developed markets.

(9.) Markel (NYSE: MKL)

There's a problem with Warren Buffett's Berkshire Hathaway (NYSE: BRK-B)... even Warren Buffett himself says so:

> "Our future rates of gain will fall far short of those achieved in the past. Berkshire's capital base is now simply too large to allow us to earn truly outsized returns."

Most company leaders would be ousted if they admitted as much. But Warren Buffett isn't your typical executive. It stands to reason: If Buffett himself is cool to his company's prospects, why should we invest?

That's why I like "Forever" Stock #9 -- Markel -- which I nickname "Baby Berkshire." It invests just like Warren Buffett's Berkshire Hathaway, but there is one major difference...

This company is still small enough to make nearly any investment it wants, which can lead to big returns. Berkshire has a market capitalization worth hundreds of billions. Markel's is just $7 billion.

Just like Berkshire, Markel is a property and casualty insurance company. Its origins date all the way back to the 1920s, when founder Sam Markel began by insuring "jitney busses" -- pint-sized busses usually operated by veterans just back from WWI.

Today, the company specializes in offbeat and niche insurance markets that most other companies won't touch. The company covers items as diverse and unique as summer camps, antique motorcycles, auto races and amusement parks. These niche markets mean Markel faces limited competition, allowing the company to have pricing power over its rates without fear of losing customers.

And just like Berkshire, Markel takes in those premiums, invests them in the market, and looks to turn a profit. In addition to Treasuries, municipal bonds, and corporate bonds, the company also invests in equities.

There should be little surprise that Berkshire Hathaway shares make up one of Markel's largest holdings... as do a number of other stocks owned by Berkshire.

Buffett favorites like Coca-Cola (NYSE: KO), Costco (Nasdaq: COST), and American Express (NYSE: AXP) are all held in Markel's portfolio.

But like I said, Markel has the size to invest in smaller companies Berkshire couldn't touch. That includes AMF Bakery Systems, a leading manufacturer of high-speed bakery equipment, and Ellicott Dredges, a leader in portable dredge design and manufacturing.

Risks to Consider: Like any property and casualty insurance company, Markel could suffer losses from man-made or natural disasters and its investments could be impacted by changes in interest rates, broad economic conditions and regulation.

(10.) SeaDrill (NYSE: SDRL)

The higher oil prices rise, the hungrier producers are to find more. That's exactly why SeaDrill just landed another plum contract.

SeaDrill owns one of the world's largest fleets of offshore drilling vessels and equipment. Last month, the company announced the signing of its West Tellus drillship to a six-month charter with Chevron China for $150 million. The vessel is still under construction. But when it leaves the shipyard in September 2013, it will be capable of drilling through 12,000 feet of water to reach oil 37,000 feet deep.

Not many assets can earn $150 million (including performance bonuses) in just 180 days. Only the newest ships with the most advanced technical capabilities and safety equipment command these lofty rates. And that's where SeaDrill excels.

While its peers operate mostly tired vessels that are years past their prime, SeaDrill has been investing aggressively (yet wisely) in next-generation newbuilds. In fact, the company is anticipating the delivery of 22 new vessels that will join its fleet over the next few years.

West Tellus will make its maiden voyage to booming oilfields off the coast of West Africa. After that, the future is wide open. But management is already negotiating with another major oil producer to begin a new charter the minute the initial six-month lease expires.

And that's not the only good news.

This follows an even larger deal signed back in June with Petrobras (NYSE: PBR), SeaDrill's largest customer. The Brazilian state-owned oil giant awarded SeaDrill and a joint-venture partner a contract to build and operate three pipe-laying support vessels.

This contract has the potential to generate $2.7 billion in revenue over its eight-year timeframe.

SeaDrill is more exposed to industry fundamentals than its peers, raking in the biggest rewards when times are good, but suffering more when drilling rates fall. Right now, that amplified exposure is working in the company's favor.

That could change at some point. In a protracted industry slump, the firm's leveraged balance sheet could be a heavy anchor, and tighter liquidity could leave it at risk of violating debt covenants. But that's not an issue at the moment.

Since SeaDrill was created in 2005, approximately 260 new offshore drilling units have entered service globally. But they aren't nearly enough to do the job. That's why new vessels are being contracted two or three years before they even hit the water.

I don't see that changing anytime soon.

Most of the easy oil was found decades ago and is long gone. Tomorrow's reserves are being found farther offshore in remote areas deep below the earth's surface. Oil giants such as Chevron (NYSE: CVX) will spend roughly $100 billion annually on offshore drilling over the next few years.

As a trusted industry leader, SeaDrill will capture more than its share of that cash.

Producers are currently pulling 1 million barrels per day from ultra-deep offshore oil wells. That output is expected to quintuple to 5 million barrels per day within the next six years.

You can't increase production by 4 million new barrels per day without a lot of drilling. And SeaDrill has a footprint throughout the busiest basins, including offshore Brazil -- which is set to auction new offshore leases in October that will spur exploration activity.

All signs point to high fleet utilization and elevated day rates for companies with a proven ability to work in challenging deepwater locales. These latest contracts put the firm's generous quarterly dividends (currently $0.91, for an 7.7% yield) on even firmer footing.

I sincerely hope you've enjoyed today's report, *The 10 Best Stocks to Hold Forever*. On behalf of our entire staff here at StreetAuthority.com, we'd like to wish you the best of success in your investing in the months ahead.

Regards,

Elliott Gue
Chief Strategist -- *Top 10 Stocks*
StreetAuthority.com

Note: The securities mentioned in this report are consistent with the editor's investment strategy and philosophy. These investment ideas, however, should just be a starting point for your own research. For the editor's timeliest investment suggestions, please consult the newsletter's current portfolio additions and/or "Buy First" list.

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