StreetAuthority

TOP 10 STOCKS

ELLIOTT GUE'S FAVORITE PICKS FROM ALL OF STREETAUTHORITY'S ADVISORIES

StreetAuthority, LLC
839-K Quince Orchard Blvd.
Gaithersburg, MD 20878-1614
http://www.StreetAuthority.com

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, *Two Stocks with 10%-Plus Dividend Yields*, and we sincerely hope you will benefit from the following investing ideas and analysis.

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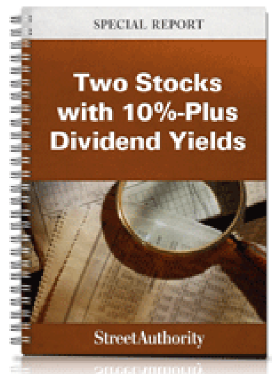
Two Stocks with 10%-Plus Dividend Yields



You're not going to secure a happy retirement with a 2% yield on your portfolio. With a payout that small, you're unlikely to even maintain the purchasing power of your money -- inflation in the cost of everything from food to healthcare will steadily erode your principal.

Unfortunately, that's all you get for owning the S&P 500 these days-- the yield on America's blue-chip index currently sits at a fraction of the more than 6% yield the index once offered investors.

At around 3.5%, 30-year U.S. government bonds also offer a yield that's still far too low for investors looking to earn a steady income from their nest eggs.

The paltry yields available from most stocks, government and corporate bonds just aren't going to cut it. So after poring over some of the highest-yielding ideas from across all of StreetAuthority's advisories, I've found two great investments with double-digit yields...

Two Stocks with up to 10%-Plus Dividend Yields
1. PIMCO Real Estate Real Return Strategy Fund (PETDX)
2. SandRidge Permian Trust (NYSE: PER)

(1.) PIMCO Real Estate Real Return Strategy Fund (PETDX)

The PIMCO Real Estate Real Return Strategy Fund (PETDX) invests in real estate-linked derivatives and its goal is to outperform the Dow Jones U.S. Select REIT total Return Index.

This two-pronged investment strategy has served the fund well. PETDX has delivered an average annual total return of 11.6% since its inception on October 30, 2003. When you consider that time frame includes two of the worst years for both real estate and inflation, you start to realize how powerful this fund can be over the long term.

That being said, the fund did suspend its dividend in 2008 and only reinstated it in March 2010. The fund currently makes five distributions per year. It makes four quarterly income distributions and one capital gains distribution at the end of each year. Its distributions vary. But in 2012 it paid out a total of $1.086 per year, and over the past 12 months, it has paid out $1.03. At current prices, PETDX yields a stunning 26.7%. In 2012, roughly 80% of the distributions were in the form of income, taxed at ordinary income tax rates. So it is best suited for a tax-deferred brokerage account like an IRA or 401(K).

PETDX's portfolio is interest-rate sensitive with a duration of roughly 8.3. But since inflation and real estate are positively correlated to interest rates, PETDX's interest rate risk should be offset by the rising real estate values and the inflation protection associated with its bonds over the long term.

That being said, PETDX is sensitive to short-term interest rate jitters. This is a good fund to pick up when short-sighted investors sell it off.

PETDX is a no-load fund. It charges a marketing fee, formally known as a 12b-1 fee, of 0.25% and has a relatively low expense ratio of 1.14%.

The majority of returns from this fund come directly from its distributions. For instance, in the last three years, the fund had a total return of 43.8% -- but its price dropped 13.6%. So if capital preservation is one of your priorities, PETDX is not going to be a good fit for you.

A 26.7% yield doesn't come for free. PETDX has its share of risks. But where other people might see interest rate risk, I see fabulous inflation protection and a strong track record for total returns.

(2.) SandRidge Permian Trust (NYSE: PER)

This royalty trust was spun off by SandRidge Energy (NYSE: SD) and began trading on August 11, 2011.

The trust receives 80% of the proceeds from the sale of oil, natural gas liquids and natural gas production from SandRidge's interest in 517 oil and gas wells and 70% of the proceeds from SandRidge's interest in 888 development wells to be drilled by March 31, 2016.

Most of the trust's revenue comes from oil and natural gas liquids production, with a small portion coming from natural gas. SandRidge Energy, as the sponsor, is responsible for costs related to drilling or any other operating or capital costs.

Permian reduces its exposure to oil price volatility by hedging production with oil fixed price swaps. The trust receives a fixed price for the contract and pays a floating market price over a specified period for a contracted volume.

Hedges can help cushion the effect of volatile oil prices but they can't completely insulate the trust's revenues from sharp price swings. Investors may also fear the trust's revenues and distributions could be affected if sustained lower oil prices were to affect SandRidge's ability to sponsor the trust's drilling activity. But SandRidge also has hedges in place.

The trust has laid out in the prospectus a set of target distributions. Target distributions for 2013 are $2.70 per unit. That equates to a great forward yield of above 19% at recent prices. However, recent distributions have come in a little lower. Based on the past four payment, the shares yield 17%.

Target quarterly distributions climb each year through December 31, 2014, when they peak at $0.82 per unit. After that, the targets drop off, and by the first quarter of 2031, the target is $0.17. No targets have been set in the prospectus beyond that date.

Permian distributions are protected by a subordination agreement. Briefly, if the trust doesn't have sufficient cash flow and distributions fall below their targeted levels, SandRidge is required to forego its share of distributions on subordinated units to make up the difference to Permian unitholders. For each quarter, the minimum level the distribution can drop before SandRidge foregoes its own distribution (subordination threshold) is 80% of the target distribution for that quarter.

I sincerely hope you've enjoyed today's report, *Two Stocks with 10%-Plus Dividend Yields*. 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

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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