Here we are approaching another new year — already.

If you’re anything like me, it feels like time is going by at warp speed. As I’ve gotten older, the concept of time has taken on new properties. Somewhere along the line I boarded the express train through life — and out the window, I’m seeing disturbing things whiz by.

For example, all the people I know seem to be getting old. At the same time, people I don’t know are getting younger. Years ago, I noticed that police officers started to look very young to me. Then the doctors got younger looking. Now almost every profession looks young. When the Pope starts to look young, I’ll know I’ve had it.

Anyway, calendar years break the unrelenting passage of time into measurable, bite-sized units. The cusp of a new one is a great moment to stop and take a breath, and look where we are and where we might be heading. It’s an opportunity to stop the speeding train, get off and look around.

The bull market is getting long in the tooth as it heads into its eighth year in 2016 (assuming it lasts until at least March). Given its advanced age, along with the volatility we experienced this past summer, it seems like this bull run has seen better days.

But it’s not just age that prompts skepticism.

There are troubling developments too.

The global economy stinks, threatening to drag the United States down with it. Corporate earnings are weak in a stock market that isn’t cheap, with the S&P 500 trading at a lofty average price-to-earnings ratio near 22, well above the historical average of 15.

And then there’s the Federal Reserve. In the months ahead, the Fed will likely begin raising rates for the first time in almost 10 years. No one truly knows how that will go.

Of course, the market could be fine nevertheless. I remember January 2013 — the next 12 months didn’t look like they were going to be so hot for investors, and the S&P 500 ended up rising 30 percent that year. The global economy could improve in 2016. It would be just like this market to surprise us all and do the unexpected.

If we were in a great market environment, it wouldn’t require a lot of care and attention on your part. You could just collect your dividends in peace while the share prices trended higher. In that case, you wouldn’t need to do anything.

It is the other much more dicey scenario — a market environment with periodic sell-offs — that would require your ongoing attention. I believe that second scenario is the more likely situation we face in 2016.

"Volatility and investor fear will create new bargains. And if we’re ready, we can exploit this current dynamic and reap profits otherwise not possible."
It’s a Resilient Market — But for How Much Longer?

“Stocks take the stairs up and the elevator down.” That’s an old Wall Street axiom alluding to the fact that, historically, the stock market tends to climb slowly and fall fast.

The phenomenon was clearly on display this past August. The market went for more than four years without a 10 percent correction, then the S&P 500 suddenly fell more than 10 percent. After slowly crawling higher for years, stock prices tumbled at lightning speed.

To market historians, such behavior is not surprising. But what happened afterward is. The market came roaring back almost as fast as it fell. The S&P 500 Index soared 11 percent in just one month (Sept 28-Oct 28). Stocks took the elevator down and then the elevator right back up, and without a significant change in the external environment.

This deviation from the norm is what sets this situation apart from past markets. The reason it rebounded so quickly is that money has no place else to go to earn a decent return. It takes a high level of fear to chase investors into near zero percent returns. But when the fear wanes, investors come right back to stocks.

The market continues to have a built-in “put” — or as one might call it, an “only game in town” put. This rebound capacity is the underlying gravitational force that makes this bull market different than previous bull runs.

An understanding of this dynamic is crucial as we look ahead. I believe that 2016 will present us with a significant opportunity to buy stocks on the dips and greatly enhance our returns.

In this issue, I’ll identify three investments you can consider targeting in the event of a down market. These are spectacular investments that can serve as the core of an income portfolio . . . if we can get them at bargain prices. Only volatility and widespread fear will create these bargains for us. If we’re ready, we can exploit fear that pushes prices down lower than they should be, and reap profits otherwise not possible on the subsequent rebound.

Discarding ‘Disaster’ Thinking

Of course, buying the dips is easy in theory. In practice it’s much harder.

When the market falls 10 percent, people suddenly fear it is on its way to falling 20 percent. We are naturally wired to not want to touch a falling market. We tend to wait on the sidelines until we think “the worst is over.”

The problem is that a market correction is like an earthquake — as it occurs, we can’t help but wonder if this is “the big one.” We’re afraid the market won’t be any good anymore and the country will go out of business.

After a financial crisis, the fear of disaster is much higher than normal. It naturally doesn’t help that the financial media are constantly churning out tales of impending “crisis” and the formation of economic “bubbles.” And it is this fear of impending crisis and disaster that prevents many investors from exploiting the dips, jumping in when it seems everyone else is jumping out.

Before I mention the investments I suggest targeting in a down market, let’s examine the chances of a market disaster taking place to put things in perspective.

Fear of an Impending Crisis

“Forget Wall Street and this artificially inflated market. Stocks have already run up too high, and now there is serious trouble brewing. China is going to hell in a handbasket along with the rest of the global economy; this lame recovery is running...
out of steam, and the Fed’s money printing scheme is unwinding. It’s time to get out of the market while I still have my shirt.”

That is what might be considered the “devil’s advocate” case against being in today’s stock market:

Even if you don’t agree with the above quotation, you may still harbor a fear in the back of your mind. It is the elephant in the room when talking about investing in the market in the year ahead. No analysis would be adequate without answering the argument head on.

There certainly are risks out there. There always are. But the 2016 market, in my opinion, carries more risk than usual. Here are a few of the major unsettling issues currently bouncing around.

The sluggish world economy. Global economic growth has been sliding for nearly five years. Every year the International Monetary Fund (IMF) and the World Bank forecast improvement from the prior year. But every year the predictions fall flat.

This past year has been particularly demoralizing. Unlike prior years, 2015 began with the benefit of strong tailwinds for global growth. The oil and commodity price crash of late 2014 provided a massive cost savings. At the same time, central banks in every corner of the globe slashed lending rates to near zero and created a substantial stimulus by making it cheap to borrow money.

But despite those advantages, the global economy just turned around and laid a big fat egg anyway. The IMF recently released its World Economic Outlook, which predicts lower global growth compared to last year. Global real GDP grew 3.4 percent in 2015, but is forecast to grow only 3.1 in 2016.

The culprit is China. The world’s second-largest economy is attempting to transition from the hyper-growth, 10 percent per year GDP economy of the past two decades into a more advanced consumer-driven one. It’s having trouble.

It became evident this past summer that the Chinese economy is slowing more than expected. Since China is the world’s largest commodity consumer, the news triggered another sell-off in oil and other commodities. As well, many other emerging market economies are dependent on Chinese growth, and the worse-than-expected slowdown prompted another round of selling in those markets.

The double-dip commodity sell-off and the global economic slowdown prompted by China led to the correction in the U.S. market in August. Where do we go from here?

While U.S. economic growth has been relatively solid, we’re not an island. About half the revenues of S&P 500 companies are generated outside our borders. Global growth has a direct impact on stock valuations.

Moreover, a global recession could severely weigh on U.S. confidence in a way that could put the tepid recovery in jeopardy.

The weak recovery. Sure, we’re in pretty good shape compared to the rest of the world. The U.S. has consistently generated stronger economic performance than other developed countries over the last several years. But as I’ve pointed out many

--- SPONSOR ---

EARN UP TO 30% MORE INCOME IN RETIREMENT

Get Your FREE 2015 Retirement Income Guide
Online: CrownAtlantic.com/Earn
Toll-free: 855-221-5397

Crown Atlantic Insurance, LLC, 2200 SW Corporate Blvd., Suite 400, Boca Raton, FL 33431
Insurance License: #58506, California License: #0G25791

--- Chart 1 ---

Bloomberg Commodity Index, 2011-2015

The Bloomberg Commodity Index fell to its lowest level in 16 years in early November, thanks in large part to the continuing economic slowdown in China, the world’s largest consumer of raw materials.

Source: Bloomberg

--- Chart 1 ---

Bloomberg Commodity Index, 2011-2015

The Bloomberg Commodity Index fell to its lowest level in 16 years in early November, thanks in large part to the continuing economic slowdown in China, the world’s largest consumer of raw materials.

Source: Bloomberg
times, this has been the weakest of the 11 economic recoveries since World War II. GDP growth has been a little better than half that of the average recovery in the post-war era.

But while the recovery has been lousy on Main Street, it has been good for the market. Corporate profits have never been higher and the market indexes have soared more than 200 percent since the recession.

The bad Main Street economy could come back to bite the market in a couple of ways. First, it may not be able to withstand much negative pressure from outside; it may not take much to tip it toward recession. Second, the next recession will likely be severe. Estimates are that this economy has created 5 million to 6 million fewer jobs than an average recovery. In addition, many of the jobs created are low-paying service industry jobs, the first to go when the economy turns south. We will likely be in a much deeper hole than usual when the next recession hits because we are starting from a much weaker position.

**The Fed exit.** After ending the last quantitative easing program, the Fed announced its intention to begin raising its benchmark short-term interest rates. It’s still a matter of speculation as to when the Fed will begin raising rates. There is a good possibility that the discount rate will be raised in December. But in any case, the central bank appears intent on raising rates soon.

On the surface it’s no big deal. The Fed is only talking about raising the discount rate a mere 0.25 percent from here. The benchmark rate is currently between 0 percent and 0.25 percent, so we’re talking about perhaps a hike from 0.15 percent to 0.40 percent. Even a subsequent hike would only raise it to 0.65 percent. That doesn’t seem high enough to lessen the appeal of dividend stocks or make people not want to borrow money. What’s all the fuss about?

The Fed has not raised rates since 2006. It’s been a long time since the market has had to digest a rate hike. We can’t be sure how this market will react. Beyond that, it’s not so much the extra 0.25 percent that’s the problem. It’s that the Fed actually will have begun to reverse the stimulus policy that has been in place for the entire length of the bull market.

In addition to a small 0.25 percent rate hike, the Federal Reserve officially will embark on a rate-hiking regimen intended to normalize the benchmark rate at around 3 percent or 4 percent. The Fed has involved itself not only in the U.S. economy, but also in the global economy to an unprecedented degree. We will have to wait and see what happens.

More bad news on the global economic front could tip us near recession. Emerging markets have accumulated a lot of dollar-denominated debt in the past few years. Even a minor hike in U.S. rates could raise the value of the dollar and make their debt payments more expensive, triggering a debt crisis in those markets.

There are a number of very possible outcomes that could send the stock market plunging in 2016. But after we factor in the “only game in town” put, the main concern for investors shouldn’t be whether or not bad news will at some point knock down stock prices. Rather, it’s whether the news will be bad enough to keep them down.

To end this bull market, things will have to get bad enough to not only chase investors out of stocks into near-zero percent returns but keep them there for a long time. What is the likelihood of that?

**The History of ‘Down’ Markets**

Minor sell-offs in the market are quite common. In the 65 years between 1950 and 2015,
If you’re over 40, I’m sure you’ve begun to notice the many changes taking place in your body as the years pass. While many are visible or obvious — like gray hair or thinning skin — one very important change is not readily apparent to most people. Renowned holistic physician, David Brownstein, M.D., emphasizes that an optimally functioning immune system is necessary for a long, full, and healthy life. However, the aging process alters immune function so substantially that researchers have now given these age-related changes a specific name: immunosenescence.

**Aging Has a Huge Impact on Immune System Function.**

Immunosenescence means that, with advancing age, some crucial immune system functions become altered. Cellular response and antibody production decline. The bone marrow becomes less able to produce the stem cells that develop into immune cells. The immune system may also lose its memory for foreign organisms it has been exposed to and thus fail to recognize them when they reappear.

**RETAMIN™ Supports Your Healthy Immune System.**

Many people can benefit from an added boost for their natural defense system, particularly as they grow older. That’s why Dr. Brownstein developed RETAMIN, an advanced immune system support formula. This premium nutritional supplement contains a blend of 9 vitamins, minerals, herbs, and phytonutrients strategically chosen to strengthen immune cells and promote immune system balance.

**In RETAMIN, you will find:**

- Vitamin A to promote antibody response and stimulate antioxidant activity
- Vitamin C to encourage immune cells to thrive and defend against cellular damage
- Vitamin D to regulate multiple aspects of immune system response
- Vitamin E to defend against oxidative damage from free radicals
- Zinc to promote development of healthy immune cells
- Astragalus, an ancient herb that stimulates the immune system and aids appropriate inflammatory response
- Olive leaf extract to optimize overall immune function and antioxidant defenses
- Maitake mushroom extract for its antioxidant and immune modulating properties
- Patented Wellmune® with beta glucans, to deliver comprehensive activation and stimulation of the human immune defense system for total body support

Try RETAMIN Now for a Full Month—RISK FREE!

Your hard-working immune system deserves a helping hand . . . So right now, you can try a risk-free 30-day trial supply of the dynamic immune system support formula RETAMIN (a $39.95 value) with enrollment into our convenient Smart Ship program. Just cover a small shipping charge of $4.95. Plus, you will also receive a **FREE** Bonus Special Report from Dr. Brownstein: *A Doctor’s Guide to a Healthy Immune System* (a $20 value).

For details on how to claim your own bottle of RETAMIN and FREE Special Report, please sign-up online, or call our friendly representative toll-free at the number below.

**RISK-FREE Trial Offer — Just Pay $4.95 S/H!**

Get RETAMIN and Your FREE Special Report Today!

Learn more: www.MyRetamin.com/VitC

Or call toll-free: 1-800-500-4325  Mention special offer code “VitC”

These statements have not been evaluated by the Food and Drug Administration. This product is not intended to diagnose, treat, cure, or prevent any disease.
there have been 61 corrections of 5 percent or more from the all-time high and 21 corrections of 10 percent-plus. That’s a 5 percent sell-off just about every year and a 10 percent correction about every three years. But how common is a major crash that everyone seems to be worried about?

In the past 65 years, there have been only two market crashes of 40 percent or more. And we just had one of them a few years ago. So, the constant obsession with most investors is really an event that doesn’t even happen very often. It’s like constantly wondering if this will be one of the years where the Cleveland Indians win the World Series.

I know. It’s different this time. There are serious problems today like the national debt, political risks, and geopolitical threats.

But there are always new problems. It’s always “different this time.” It’s worth pointing out that in the last century, the country endured two World Wars, a Cold War, a Great Depression, multiple recessions, lousy presidents, and double-digit inflation rates. The Dow Jones industrial average began the century at 66 and ended at 11,497.

Think about this. If you invested in the S&P 500 10 years ago, a few years ahead of the worst financial crisis since the Great Depression, you would have earned an average annual return of about 8 percent per year. You would have fared far better than that if you bought more when the market was cheap.

Many investors never returned to the market after the shock of the financial crisis. That’s a shame. The opportunity cost of being out of the market during a better-than 200 percent run higher is probably far greater than what most investors lost in the worst days of the financial crisis.

Anything is possible, of course. But history shows that betting against this country has turned out to be a terrible idea.

Going forward, I believe investors will do far better buying good stocks at bargain prices than sitting around fearing Armageddon. With that in mind, here are three stocks from our portfolio I think are worth targeting at the listed prices — prices we may see during a steep yet likely temporary market dip.

<table>
<thead>
<tr>
<th>Stock</th>
<th>Symbol</th>
<th>52-Week Range</th>
<th>Forward P/E</th>
<th>Current Yeld</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merk</td>
<td>MRK</td>
<td>$45.69-$63.62</td>
<td>14.37</td>
<td>3.31%</td>
</tr>
<tr>
<td>Digital Realty Trust</td>
<td>DLR</td>
<td>$60.66-$75.39</td>
<td>12.97</td>
<td>4.68%</td>
</tr>
<tr>
<td>Altria</td>
<td>MO</td>
<td>$47.31-$61.74</td>
<td>18.65</td>
<td>3.98%</td>
</tr>
</tbody>
</table>

1. MERCK (MRK)

Perhaps the most pronounced and obvious trend going forward is the aging of the population. The fastest-growing segment of the population is 65 and older, as an average of 10,000 baby boomers will turn 65 every day for the next 15 years. Healthcare is a clear beneficiary of the trend as older people require more medical treatment.

OK, so one can certainly make a case for holding big pharmaceutical companies into the future. But why buy Merck?

Merck is one of the largest pharmaceutical companies in the world with a footprint in 140 countries and annual sales of $40 billion.

The timing is excellent. Merck has just come off a challenging stretch where several important drugs came off patent and new drugs failed in trials. But the company has since revamped the drug pipeline and appears to be poised ahead of very good times while recent history has made the stock cheap.

Merck is a great company to own at almost any time. But given the good chance that earnings will grow, at our target price of $45, with a resulting yield north of 4 percent, this stock would be a steal.

2. DIGITAL REALTY TRUST (DLR)

Digital Realty is a real estate investment trust (REIT) that specializes in technology-related real estate. It acquires, owns, and operates data centers for more than 600 tenants at 132 properties across 30 different metropolitan areas in North America, Europe, Asia, and Australia.

A data center is a facility used to house computer systems and related components. It’s where companies like Facebook (FB) and Google (GOOG) house their crucial infrastructure. Digital Realty is the largest player in this new and rapidly growing type of property.

Technology is also a huge trend to take note of
as investors. But this isn’t risky or flaky technology. This is a nuts-and-bolts core infrastructure operation that will continue to be in demand and drive reliable revenues.

Management at CSCO Systems (CSCO) expects data center information-processing traffic to nearly triple between 2013 and 2018. Other estimates are for the North American data center market to grow by 32 percent from 2014 to 2016 and for the global market to nearly triple by 2017.

The only disadvantage with this REIT is that it can be somewhat volatile. But we can turn that disadvantage around by targeting DLR at a bargain price of $60, which I’ve bumped up from our previous watch price of $50.

3. ALTRIA GROUP (MO)

The largest cigarette maker in the U.S. has been one of the greatest blue-chip stocks to own in history. And recent returns haven’t let up. MO provided average annual returns of 17.5 percent over the past 15 years, 16.35 percent over the past 10, 20.8 percent over five years, and 26.11 percent over the past three.

The company sells the most popular addictive product in the world, Marlboro cigarettes. The brand is so dominant that it has a larger share of the U.S. market than the next 10 brands combined. It generates reliable revenue on which the company bases its nearly 4 percent dividend.

Of course, you may wonder if it’s wise to buy a cigarette company when smoking is on the decline. In fact, the U.S. cigarette market is shrinking at about 3 percent to 4 percent per year and has been for some time.

But Marlboro’s growing market share and pricing power, as well as the growing revenue of the company’s ancillary businesses, means Altria has been able to more than offset the shrinkage and should be able to continue to do so for the foreseeable future.

This stock has provided not only consistent capital appreciation but a growing dividend as well. That $2.26 annual dividend is up from $1.46 in 2010. At our “buy at or under” price of $50, the yield would be a solid 4.52 percent. This is one to add to your portfolio (if you haven’t done so already) if the market panics.

Portfolio Updates

Alternative asset manager and High Income Portfolio position Blackstone Group LP (BX) has been on a wild ride recently. The stock plunged from $42 in late July to about $30 by the end of September. It has since risen back to $32.25 as of the close Nov. 10. What’s the deal?

Well, the risk-off environment of August and September caused the value of Blackstone’s assets to plunge. As a result, the firm’s third-quarter earnings (which include unrealized losses) were abysmal. The company posted a loss of $255 million, or $0.40 per share, versus a profit of $251 million and $0.41 per share in the year-ago quarter.

But there is a flip side to market volatility. Those depressed asset prices came charging back. The next quarter should be a different story for BX.

Meanwhile, the stock still pays a solid 8.90 percent effective yield for investors who entered when I first recommended the stock, and earnings are likely to improve. As well, the company still did a good job attracting new assets in the quarter and continues to operate with some of the highest profit margins in the industry.

The stock still has downside in the short term in the event of another market sell-off. But the asset manager’s formula of managing assets outside the realm of stocks and bonds should continue to be attractive in this environment.

I believe our original $40 price was a good entry point for Blackstone, but I’ve lowered the “buy under” price for new investors to $35 because of the risk of volatility in the market going forward.

Another stock that has taken it on the chin is storage technology giant Seagate Technology (STX). The stock is down more than 30 percent since being added to the portfolio in June.

This company is one of two industry giants operating in the field of data storage. The need to store data is an unmistakable trend that will continue well into the future. Longer term, the company is in one of the best businesses there is.

Why the recent struggles? In general terms, the company has grown large and naturally morphed from a high-growth company to a slower-growth one. Seagate gets almost half its revenue from

Continued on page 8
## The High Income Factor Portfolio

### The High Income Portfolio

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Ticker</th>
<th>Entry Date</th>
<th>Entry Price</th>
<th>Recent Price</th>
<th>Buy at or Under</th>
<th>Current Yield</th>
<th>Effective Yield</th>
<th>Dividend Pay Date</th>
<th>Total Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Terra Nitrogen</td>
<td>TNH</td>
<td>01-Apr-12</td>
<td>$249.75</td>
<td>$113.00</td>
<td>$150.00</td>
<td>7.72%</td>
<td>3.49%</td>
<td>12/3/15</td>
<td>-34.98%</td>
</tr>
<tr>
<td>Williams Partners</td>
<td>WPZ</td>
<td>01-May-12</td>
<td>$57.30</td>
<td>$33.03</td>
<td>$45.00</td>
<td>11.23%</td>
<td>6.47%</td>
<td>11/13/15</td>
<td>-19.06%</td>
</tr>
<tr>
<td>Teekay LNG Partners LP</td>
<td>TGP</td>
<td>20-Dec-12</td>
<td>$38.30</td>
<td>$24.29</td>
<td>$30.00</td>
<td>11.53%</td>
<td>7.31%</td>
<td>12/14/15</td>
<td>-23.43%</td>
</tr>
<tr>
<td>Main Street Capital</td>
<td>MAIN</td>
<td>21-Aug-13</td>
<td>$29.21</td>
<td>$30.29</td>
<td>$32.00</td>
<td>7.13%</td>
<td>7.39%</td>
<td>11/27/15</td>
<td>22.44%</td>
</tr>
<tr>
<td>LinnCo</td>
<td>LNCO</td>
<td>27-Oct-14</td>
<td>$23.25</td>
<td>$2.34</td>
<td>$25.00</td>
<td>0.00%</td>
<td>0.00%</td>
<td>—</td>
<td>-88.20%</td>
</tr>
<tr>
<td>Blackstone Group</td>
<td>BX</td>
<td>07-Jul-15</td>
<td>$40.00</td>
<td>$32.25</td>
<td>$35.00</td>
<td>11.04%</td>
<td>8.90%</td>
<td>2/4/16</td>
<td>-19.38%</td>
</tr>
<tr>
<td>Digital Realty Trust</td>
<td>DLR</td>
<td>—</td>
<td>—</td>
<td>$72.58</td>
<td>$60.00</td>
<td>4.68%</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

### Income Strategies Portfolio

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Ticker</th>
<th>Entry Date</th>
<th>Entry Price</th>
<th>Recent Price</th>
<th>Buy at or Under</th>
<th>Current Yield</th>
<th>Effective Yield</th>
<th>Dividend Pay Date</th>
<th>Total Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>PepsiCo</td>
<td>PEP</td>
<td>01-Apr-12</td>
<td>$66.74</td>
<td>$98.83</td>
<td>$85.00</td>
<td>2.85%</td>
<td>4.21%</td>
<td>2/1/16</td>
<td>62.72%</td>
</tr>
<tr>
<td>Eli Lilly</td>
<td>LLY</td>
<td>01-Apr-12</td>
<td>$40.48</td>
<td>$80.06</td>
<td>$65.00</td>
<td>2.50%</td>
<td>4.94%</td>
<td>1/11/16</td>
<td>125.19%</td>
</tr>
<tr>
<td>Vodafone</td>
<td>VOD</td>
<td>27-Sep-12</td>
<td>$28.72</td>
<td>$33.69</td>
<td>$34.00</td>
<td>5.19%</td>
<td>6.09%</td>
<td>11/20/15</td>
<td>19.58%</td>
</tr>
<tr>
<td>Riocan REIT</td>
<td>REI-UN.TO</td>
<td>20-Mar-13</td>
<td>$26.97</td>
<td>$18.70</td>
<td>$29.00</td>
<td>7.57%</td>
<td>5.25%</td>
<td>11/19/15</td>
<td>8.21%</td>
</tr>
<tr>
<td>General Mills</td>
<td>GIS</td>
<td>19-Apr-13</td>
<td>$49.94</td>
<td>$56.66</td>
<td>$50.00</td>
<td>3.11%</td>
<td>3.52%</td>
<td>12/3/15</td>
<td>21.68%</td>
</tr>
<tr>
<td>Kinder Morgan</td>
<td>KMI</td>
<td>22-May-13</td>
<td>$35.62</td>
<td>$25.45</td>
<td>$35.00</td>
<td>8.02%</td>
<td>5.73%</td>
<td>11/18/15</td>
<td>-18.37%</td>
</tr>
<tr>
<td>Brookfield Infrast Prtnrs</td>
<td>BIP</td>
<td>03-Jun-13</td>
<td>$36.00</td>
<td>$41.91</td>
<td>$42.00</td>
<td>5.06%</td>
<td>5.89%</td>
<td>1/28/16</td>
<td>29.65%</td>
</tr>
<tr>
<td>Realty Income</td>
<td>O</td>
<td>18-Dec-13</td>
<td>$39.14</td>
<td>$46.94</td>
<td>$40.00</td>
<td>4.88%</td>
<td>5.86%</td>
<td>11/28/15</td>
<td>31.79%</td>
</tr>
<tr>
<td>Verizon</td>
<td>VZ</td>
<td>21-Feb-14</td>
<td>$47.27</td>
<td>$45.10</td>
<td>$43.00</td>
<td>4.88%</td>
<td>4.65%</td>
<td>2/4/16</td>
<td>0.87%</td>
</tr>
<tr>
<td>Northern Tier Energy</td>
<td>NTI</td>
<td>26-Mar-14</td>
<td>$26.00</td>
<td>$28.48</td>
<td>$28.00</td>
<td>13.20%</td>
<td>14.46%</td>
<td>12/2/15</td>
<td>34.57%</td>
</tr>
<tr>
<td>Ventas, Inc.</td>
<td>VTR</td>
<td>23-Apr-14</td>
<td>$56.55</td>
<td>$50.15</td>
<td>$55.00</td>
<td>5.82%</td>
<td>5.16%</td>
<td>12/2/15</td>
<td>-10.13%</td>
</tr>
<tr>
<td>General Motors</td>
<td>GM</td>
<td>23-Dec-14</td>
<td>$33.43</td>
<td>$35.62</td>
<td>$36.00</td>
<td>4.04%</td>
<td>4.31%</td>
<td>12/23/15</td>
<td>12.89%</td>
</tr>
<tr>
<td>BHP Billiton</td>
<td>BBL</td>
<td>10-Mar-15</td>
<td>$42.28</td>
<td>$28.89</td>
<td>Sell</td>
<td>5.85%</td>
<td>5.87%</td>
<td>1/4/16</td>
<td>-10.37%</td>
</tr>
<tr>
<td>Altoria Group</td>
<td>MO</td>
<td>26-Mar-15</td>
<td>$50.00</td>
<td>$56.79</td>
<td>$50.00</td>
<td>3.98%</td>
<td>4.52%</td>
<td>1/12/16</td>
<td>14.77%</td>
</tr>
<tr>
<td>Seagate Technology</td>
<td>STX</td>
<td>23-Jun-15</td>
<td>$53.80</td>
<td>$36.54</td>
<td>$45.00</td>
<td>3.28%</td>
<td>2.23%</td>
<td>11/23/15</td>
<td>-30.16%</td>
</tr>
<tr>
<td>Care Capital Properties</td>
<td>CCP</td>
<td>18-Aug-15</td>
<td>$34.97</td>
<td>$30.46</td>
<td>$32.00</td>
<td>7.49%</td>
<td>6.52%</td>
<td>12/2/15</td>
<td>-11.27%</td>
</tr>
<tr>
<td>Merck &amp; Co.</td>
<td>MRK</td>
<td>—</td>
<td>—</td>
<td>$54.43</td>
<td>$45.00</td>
<td>3.31%</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

### The Wealth Builder Portfolio

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Ticker</th>
<th>Entry Date</th>
<th>Entry Price</th>
<th>Recent Price</th>
<th>Buy at or Under</th>
<th>Current Yield</th>
<th>Effective Yield</th>
<th>Dividend Pay Date</th>
<th>Total Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>BlackRock Enhanced Cap Fund</td>
<td>CII</td>
<td>01-Jan-12</td>
<td>$12.50</td>
<td>$14.41</td>
<td>$13.00</td>
<td>8.33%</td>
<td>9.60%</td>
<td>12/1/15</td>
<td>53.12%</td>
</tr>
<tr>
<td>PowerShares Sr Loan Port</td>
<td>BKLN</td>
<td>25-Sep-13</td>
<td>$24.77</td>
<td>$22.94</td>
<td>$25.00</td>
<td>4.18%</td>
<td>3.88%</td>
<td>11/19/15</td>
<td>2.30%</td>
</tr>
<tr>
<td>People's United Financial</td>
<td>PBCT</td>
<td>25-Aug-14</td>
<td>$14.90</td>
<td>$16.78</td>
<td>$16.00</td>
<td>4.00%</td>
<td>4.51%</td>
<td>12/17/15</td>
<td>19.20%</td>
</tr>
<tr>
<td>Duke Energy</td>
<td>DUK</td>
<td>06-Mar-15</td>
<td>$75.00</td>
<td>$67.37</td>
<td>$75.00</td>
<td>4.90%</td>
<td>4.40%</td>
<td>12/16/15</td>
<td>-8.27%</td>
</tr>
</tbody>
</table>

Notes on all portfolios: *The “Total Return” column includes all reinvested dividends at concurrent recommended buy prices. Returns calculated based on a purchase of $1,000 of the security on the listed entry date and price. The ”Effective Yield” column reflects the yield investors receive assuming they bought at the entry price and followed all subsequent recommendations.* In order to receive the dividend payment, you will need to own the stock several weeks before the pay date. All chart data is as of close Nov. 10, 2015.
Continued from page 6

personal computers, and PC sales are hurting in the sluggish global economy.

In the last quarter, Seagate beat expectations on earnings yet fell short on revenues. But the bigger problem is that the company lowered its earnings guidance for the next quarter. It appears the sluggish PC market will persist longer than previously anticipated.

The high-growth part of the business is in storage devices for servers and networks. This encompasses the Internet and cloud computing and is the wave of the future. In fact, Seagate just acquired storage and software company Dot Hill Systems Corp. for about $700 million to enhance its cloud offerings.

Despite disappointing earnings, STX actually increased the quarterly dividend from $0.54 per share to $0.63. The company said it did this to reflect confidence in future cash flow as well as its balance sheet. With a payout ratio of 50 percent and about $2 billion in cash, this new dividend should be secure.

There is risk. The company has to constantly adapt to new technologies and competition is fierce. But Seagate is where it is today precisely because it’s quite good at adapting.

A rough patch for a company involved in a major technology of the future is a good time to buy it, especially when the stock is paying new investors more than 3 percent. Consider it up to $45 per share.

Actions to Take Now

ACTION NO. 1: Look for opportunities to buy Merck (MRK) at or under $45 per share, Digital Realty Trust (DLR) at or under $60 per share, and Altria Group (MO) at or under $50 per share.

ACTION NO. 2: Per an email trade alert that was sent to subscribers on Nov. 11, BHP Billiton (BBL) was sold from The Wealth Builder Portfolio. If you haven’t done so yet, sell BBL at market price upon receipt of this newsletter.

ACTION NO. 3: Be sure to visit our website, www.highincomefactor.com, to find past monthly issues and weekly updates. For password assistance, you can contact my team at 800-485-4350 or customerservice@newsmax.com.

Sincerely,

Tom Hutchinson
Editor, The High Income Factor