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Welcome to the New World of Income Investing

What is my favorite day of the month? The 15th, of course. That's the day I get my dividend check from my favorite high-income stocks and funds.

You see, for years now, I have quietly developed a 25% Cash Machine strategy managing money for many satisfied clients. I've used this simple, but tried-and-true approach to generate hefty monthly income (usually on the 15th of the month) and market-beating gains at the same time.

I've been working to help regular people like you and me with this incredible income opportunity for some time now. Month after month they roll their dividends and cash distributions into more and more shares and units of investment, and grow richer every week, inch by inch.

And, these 10 to 12 percent dividend payers are growing steadily at the same time—their money's been compounding at the rate of 15 percent per year.

A 25% Cash Machine! It's time to share the secret with you.

A 25% Cash Machine: Double-Digit Income Investing

Welcome to the world of double-digit income investing, a methodical approach to providing income investors with detailed high-yield strategies that generate exceptional cash flow and produce long-term capital appreciation from a diversified portfolio of several classes of freely traded securities by way of dynamic sector rotation.

Let me begin by stating just how successful this investment strategy really is. I've been investing money for people as an asset manager for more than 20 years. And after having tried just about every investment approach to enhancing the value of long-term portfolios, there is no other method I've applied that consistently beats the market's historical returns year after year, pays a whopping yield and exhibits less volatility than a portfolio of blue-chip stocks.

Double-digit income investing is simple: Own and manage a basket of about 20 to 25 high-yield securities and rotate among the strongest sectors of the economy.

In this book, *The 25% Cash Machine,* you will learn how double-digit income investing holds many of the attributes today's income and growth investors are looking for:

- It is highly diversified.
- It is flexible in its strategy.
- It pays a whopping yield.
- It is highly liquid.
- It offers upside appreciation with less volatility than that of common stocks.

How sweet is that?

This is why I wrote *The 25% Cash Machine,* to show you how to get maximum cash flow out of your income assets while benefiting from meaningful capital appreciation as well.

The Current Low-Income Dilemma

Soaring energy prices have slowed spending and the growth of core inflation. Therefore, bond yields remain low even though the cost of living in the form of housing, food, gas, education, and everyday services has risen dramatically.

Talk about the mother of all conundrums! Household expenses are gapping higher and we've got a bond market that's topping out at 4.5 percent on the 30-year Treasury with the best-performing blue-chip stocks maybe paying out about a 2.5 to 3 percent yield.

Wall Street would like us to believe that a 3 percent dividend is a good yield on your money. Why? Because we've been in such a low interest rate environment for so long that venturing out from traditional income vehicles like blue-chip dividend paying stocks, CDs, bonds, and money markets into alternative investments is just not what most brokerages and banks are geared to handle.

Do you know how many 3 percent-paying big-name stocks are big-time losers? A lot! After working for some of the biggest wire houses in the business, looking back, I can see how the brokerage community gets comfortable with such low-yield equity investments.

To face life in an environment where traditional income investments like CDs, money markets, and bonds produce only 4 to 5 percent is depressing. Nobody wants to cut short their dreams just because yields are ridiculously low.

Having independent control of our investment assets with a solid game plan is what you and I want.

And after literally trying every method of generating high monthly income from stocks and options known to man, after 20 years, at the end of the day . . . the 25% Cash Machine high-yield strategy is the total solution to beating the averages every year . . . with lower volatility, and while generating annual cash flow of 10 percent while you watch your assets appreciate.

Thousands of your fellow investors are already much richer because of one simple thing: They have begun to follow this plan.

You can enjoy a much richer retirement too, with a stream of income so generous you'll pinch yourself to see if you're dreaming.

What Is so Different about Double-Digit Income Investing?

Today, the market is ripe with hundreds of hybrid securities paying whopping yields, some in excess of 15 percent, that are backed by companies in industries that are enjoying bull market conditions. This approach to double-digit income investing is ideal for any investor looking at fixed income investments like CDs, money markets, and bonds, whether the goal is to generate cash for spending, pay college tuition expenses, or finance a dream retirement.

I hear this all the time, "Sure Bryan, I can live on 4 percent, but I don't want to. I want to enjoy my retirement and I'm willing to take some risk to generate more income."

Then the 25% Cash Machine strategy is for you, my friend.

Building a dynamic portfolio of publicly traded liquid assets that throw off a 10 percent stream of cash belongs right in that base 50 to 60 percent of the investment pyramid. We call these high-yield equity investments *bond equivalents,* which simply means they are alternative forms of income other than bonds.

Simply put, these securities are too good to pass up. I fondly recall convincing a retired pal of mine to build a nice portfolio of these stocks a few years ago. He now sits on more than $2 million and has more monthly income than he knows what to do with.

More income than he knows what to do with! SWEET!

The 25% Cash Machine Mission

If there was a mission statement for the 25% Cash Machine, it would be to show the income investor a way to beat the historical returns of the major averages, and get at least twice the dividend stream on income assets compared to what the banks and traditional blue-chip stocks are paying.

Today there are investment opportunities in virtually every sector of the market, and with the broad issuance of new income derivatives over the past 10 years, investors can literally have their cake (double-digit income) and eat it, too (capital appreciation).

The investment objective of the 25% Cash Machine is simple enough for just about anyone to understand. It is to achieve high-yield income and long-term growth through a diversified portfolio of several freely traded asset classes.

Playing the Double-Digit Income Investing Game

This book analyzes and guides you through the ins and outs of double-digit investing. The strategies laid out here will act as a foundation for building a high-income portfolio and will make it easier to manage your 25% Cash Machine.

You can't and shouldn't fund your double-digit income portfolio overnight. By following some of the very simple steps I'm about to discuss in this book, you can begin to realize double-digit dividends right away as you "craft" your high-income portfolio.

The approach you are going to read about in this book is about building a double-digit income portfolio with the idea that you will eventually own up to 25 securities.

I help you through this and talk about the hundreds of income investment opportunities available and narrow them down to a core group of recommendations you can start adding to your portfolio.

Realistic Expectations

This strategy is not meant to be a trading account. We're not looking to book short-term gains in 30, 60, or 90 days from now; quite the opposite.

You should be hoping to hold each position for years to come, resulting in steady appreciation and high income. Don't expect these stocks to trade like pure growth stocks. Sure they will move up to some degree on favorable news, but not like common stocks that retain all their earnings.

However, because of the double-digit yields these stocks pay, they don't get sold down harshly on bad news. The high-dividend yield acts like a safety net, keeping the stocks trading in a very tight range, but trending higher as well.

Know Your Objectives

We're in this game to generate a 10 to 12 percent stream of income from dividends and interest, while getting an additional 15 percent capital appreciation over time—a long time.

This is your income portfolio, something that you should build and keep for the rest of your life. We will not get 25 percent every year on our money, but over time, this approach will generate 25 percent annual "total return." Some years, we'll get more, some we'll get less.

Highly Focused Portfolio

We aren't in the mutual fund business where the fund manager buys 200 different positions for the fund, employing huge diversification. You will build a high-income portfolio of about 25 stocks (give or take a few).

I believe in some concentration, but not like holding only five to seven stocks. We have to manage the potential downside and that is why I don't like to have any single position that is over 5 percent of the total portfolio. A 5 percent position is large enough in that a stock that is working well will have plenty of impact on the overall portfolio. And a 5 percent position is small enough that if a position goes against us, it doesn't blow up the total return for the whole year.

Diversification is a key part of this strategy, but if we are too diversified, then the real winners in the portfolio have a lesser effect on the total return. Plus, without a staff of assistance helping you out, it's hard to cover more than 20 to 25 companies effectively without chewing up all of your time. So we're seeking a balance of focus and diversification to achieve the highest yield and total return.

Sector Rotation

Success from the 25% Cash Machine comes from moving your money aggressively into the right sectors as business conditions favor them. This is not a static portfolio, it is a dynamic portfolio.

Yes, I want you to hold all your stocks for years to come, but they aren't guaranteed securities. They're income securities based on operating enterprises paying big dividends because of bullish business conditions.

If for some reason the economy shows clear signs of recessionary pressures, it would be time to rotate out of oil and gas income stocks and into things like mortgage REITs, healthcare REITs, high-yield preferred stocks, corporate bonds, and other deflationary sensitive sectors.

There will be times when you will sell investments and re-invest those funds in another sector.

Patience

These income investments don't move around like common stocks, but there is some degree of volatility and you can definitely save a point here and there if you buy the pullbacks accordingly. Build your portfolio carefully. I call it "crafting" a portfolio. Get the feel for this approach to income investing because it will build your confidence.

However, if the volatility is too much to deal with or losses too hard to bear, then maybe this approach isn't for you. It's all about risk/reward ratios. And in the case of this strategy, I believe the reward is well worth the risk, as long as the risk is managed properly.

Have Some Fun

You now have my permission to enjoy this approach, follow it, and have fun with it. Once you get to fully acquainted with the double-digit income investing approach, I believe you will find it to be one of the most endearing components of your financial estate.

Don't try to compare this style of investing with growth stock investing. That's not what my mission and task is here. We are out to beat the bank by twice what they are paying at all times. If the banks are paying 5 percent, we want to pay at least 10 percent. If the banks are paying 7.5 percent on CDs, your double-digit income portfolio should be kicking out at least a 15 percent yield. If not, why take the risk?

Listen, I have taken enough risk in the past 23 years to know what and what doesn't work on a long-term basis. Learn from those that have made all the mistakes, including me. Investing is a multiyear process.

Unless you want to be a day trader, this form of income and growth investing is the best model I know of that consistently performs well year after year.

If This Is Too Easy, Then Buy a Car Dealership

Why do you think rich guys want to own car dealerships? Yeah, part of it is ego, maybe a big part. However, as a rule of thumb, car dealerships have spun off an average of 13 percent cash flow since the car dealership system began. The only problem is that it costs $10 million to buy a Honda dealership. Dang! I knew there was a catch.

Think about what you would be doing with $10 million in cash if you had it. Would you invest in stocks that pay big dividends or would you invest in privately owned businesses that throw off massive cash flow? Well, take comfort in knowing that many folks that do have that kind of money with the freedom of making those choices do, in fact, choose to invest in high-yield stocks instead of private businesses. Why? They simply don't want the hassle of running a business. Professional management is a beautiful thing. When you have the money, freedom of your time becomes the prize.

What I am trying to do with all that I know and with all that I have learned in my 23 years of professional investing is to identify those businesses that you would otherwise buy for yourself on a private basis, yet that trade as public securities. I don't consider what I do speculation, not after what I've been through. And I seriously don't think you want to hear my personal Wall Street tales of life at big brokerage firms. Books like that have already been written numerous times.

I consider what I bring to you in this book a path for immediate return on your invested capital and a path of least resistance to long-term growth and the security of being invested in strong cash flow–oriented businesses that trade like water. Why not learn from me? I have been tested by fire, and that includes the crash of 1987, the junk bond meltdown of 1994, and dealing with the carnage from the Internet bubble days of 2000.

It takes a certain attitude to know how to read the markets and react properly. Not to be too soldier of fortune–like, but in the Marines, when you check in at Parris Island, South Carolina, for basic training, they break you down, and then they build you up. How do I know that? One of my best friends and ushers in my wedding 21 years ago was the fastest-rising Sergeant in modern Marine Corps history because of an unwavering discipline of knowing when to invest in certain people and when not to.

Investing is a lot like obtaining a Marine Corps-like discipline. I personally speak with each and every entity that I invest in, for myself and for the benefit of my clients. I have a litany of questions that I have established over the years that pretty much tells me whether or not I want to consider putting hard-earned capital behind the CEO or CFO and the company or entity they represent.

I'll know in the very early going whether or not I'm speaking with a winner or some kind of wannabe. That kind of knowledge only comes with experience and intuition.

I think once you do this kind of investing for a while; you will come to appreciate just what it is I'm talking about. This is the oasis of investing folks. Come along, take a cool drink, and rest in the knowledge that you have placed your money in a time-tested investment model for today's income investor.

Now let's see how everything all works.