

Learn to Screen, Buy and Sell the Highest Quality Preferred Stocks Using the



CDX3
income engine

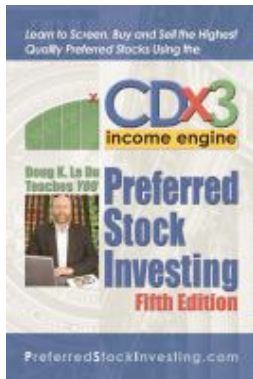
Doug K. Le Du
Teaches YOU



Preferred Stock Investing

Fifth Edition

PreferredStockInvesting.com



Preferred Stock Investing teaches non-experts a simple method to select, buy and sell the highest quality preferred stocks. All qualifying preferred stocks since January 2001 are listed along with investing results. The purchase of Preferred Stock Investing includes a subscription to the monthly CDx3 Preferred Stock Newsletter, which provides preferred stock investing news, tips and research.

Preferred Stock Investing

Fifth Edition

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PREFERRED STOCK INVESTING

Fifth Edition

By
Doug K. Le Du

Doug K. Le Du publishes two preferred stock research newsletters – the *CDx3 Newsletter* and *CDx3 Research Notes*.

The purchase of *Preferred Stock Investing* includes a subscription to the *CDx3 Newsletter*. The *CDx3 Newsletter* is emailed to readers each month and is free to you. The *CDx3 Newsletter* provides preferred stock investing news, research articles, marketplace charts and much more.

To activate your free subscription to the *CDx3 Newsletter* point your web browser to www.PreferredStockInvesting.com and look for the free *CDx3 Newsletter* sign up feature.

CDx3 Research Notes is available to subscribers to the CDx3 Notification Service – my preferred stock research and email notification service for preferred stock investors. Read more about the CDx3 Notification Service at www.PreferredStockInvesting.com.

The preferred stock research data for this book was gathered between 2006 and June 2013. Chapter 17 presents the investing results, using the CDx3 Income Engine method explained throughout this book, for all qualifying preferred stocks issued between January 2001 and December 2012.

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insights and encouragement. I am thankful to receive your supportive email messages every day and please know that I read them all. I am hopeful that you find my continued commitment to preferred stock research interesting and helpful.



FORWARD

The only problem with bank Certificates of Deposit (CDs), as far as I can see, is that you never seem to make any real money from them. One day I “ran the numbers.” By the time you subtract income taxes and inflation, you’ve wiped out much (if not all) of your CD’s interest income. Once I realized this fact, CDs became as comfortable as an ice cream headache.

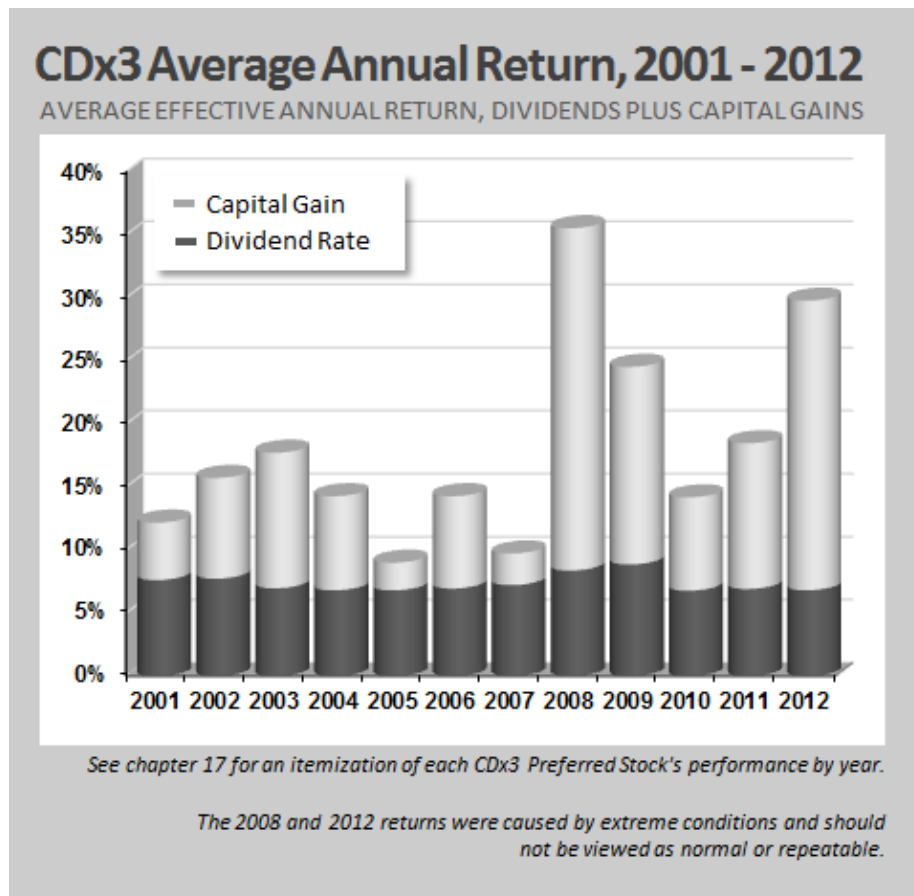
Take this common example: say you buy a 12-month bank CD for \$1,000 that pays 2% annual interest. You’re going to make \$20 in interest income from this CD. But that \$20 is subject to income tax. Let’s say the income tax rate is a combined (federal plus state) 40%; so, subtract \$8 off of your \$20 for income taxes. Now you’re down to \$12. After twelve months, inflation eats away another 2% of your \$1,000. So you lose another \$20 to inflation. Subtracting this \$20 out of your remaining \$12, and guess what – you’ve just lost \$8 on that 2% CD.

And yet bank CDs are sold as low risk money makers every day.

With all of the investments that the U.S. economy offers us, doesn’t it seem like there would be a way to make a respectable return at acceptable risk?

My background in economics, statistics and as a Managing Director at one of the world’s largest management consulting firms provided me with the tools to answer that question. It took some doing to be sure – years actually.

But look at the results:



By selecting, buying and selling the highest quality preferred stocks as described throughout this book you can collect fixed quarterly dividend income plus pile on a nice capital gain (if you so choose) downstream. The result is a return that is several times what bank CDs can earn.

That's why I call my preferred stock investing method the "CD Times Three Income Engine" or "CDx3 Income Engine" for short.

This book is organized into six Parts that walk you through selecting, buying and selling the highest quality preferred stocks.

Part I will show you a variety of metrics and charts that you can use to monitor the key aspects of the preferred stock marketplace that drive returns.

I know that many preferred stock investors are worried about what will happen to the value of their preferred stock portfolio once interest rates head back up. Don't be. Rather than trying to scare you with generalities, I will use real data to walk you through the relationship between interest rates and preferred stock market prices.

You'll learn about the ten CDx3 Selection Criteria in Part II. This is the filter that has repeatedly saved preferred stock investors. The ten selection criteria successfully filtered out the preferred stocks from every failed bank during the Global Credit Crisis that started in June 2007. Preferred stock investors were protected again as the Eurozone melted down shortly thereafter and again throughout the LIBOR manipulation scandal that erupted in late-2012.

Once you know how to select the highest quality preferred stocks from a sea of pretenders, we'll move on to the art of buying in Part III. You'll learn a simple technique that you can use to buy your preferred stock shares for a substantial discount (below these security's \$25 par value), even in today's high-priced preferred stock market. I'll also show you a technique used to upgrade your portfolio right along with increasing rates.

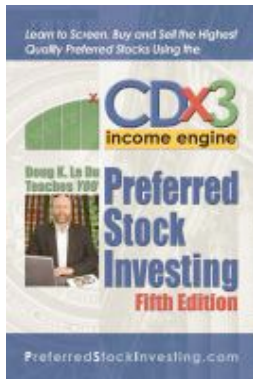
Part IV describes how you can add a capital gain onto the top of the great dividends you've been earning in the meantime. This is the magic that produced the returns illustrated by the chart on the previous page.

Part VI wraps up the book with some tips regarding building and managing your preferred stock portfolio as a single income generating machine. Doing so generates compounding monthly income, shifting the CDx3 Income Engine into overdrive. Appendix A and B provide you with the websites and other resources that you can use to be a very successful preferred stock investor.

Doug K. Le Du

By investing in the manner described here, the CDx3 Income Engine promotes risk-averse investors out of the low-to-no return garbage heap into the comfortable sunshine of respectable returns at acceptable risk.

And in this book, I'm going to teach you how to do it.



Preferred Stock Investing teaches non-experts a simple method to select, buy and sell the highest quality preferred stocks. All qualifying preferred stocks since January 2001 are listed along with investing results. The purchase of Preferred Stock Investing includes a subscription to the monthly CDx3 Preferred Stock Newsletter, which provides preferred stock investing news, tips and research.

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