

# The SWAN Strategy:

A Conservative Way to Beat the Market  
and Earn High Income in 2019.

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# Benjamin Franklin

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## Benjamin Franklin's Three Virtues:

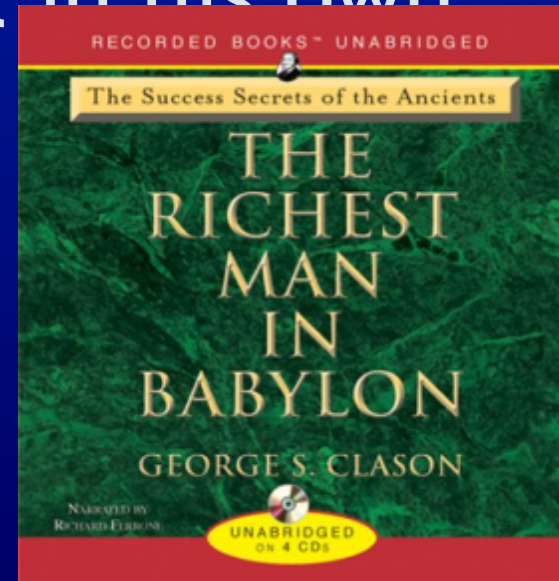
Industry, Thrift, Prudence

“There is much revenue in economy, and no revenue is sufficient without economy.”

# The Richest Man in Babylon

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“In Old Babylon there once lived a certain very rich man named Arkad. Far and wide he was famed for his great wealth. Also was he famed for his liberality. He was generous in his charities. He was generous with his family. He was liberal in his own expenses. But nevertheless each year his wealth increased more rapidly than he spent it.”



# Are Americans Saving Enough?

## Personal Saving Rate (1958 - 2018)

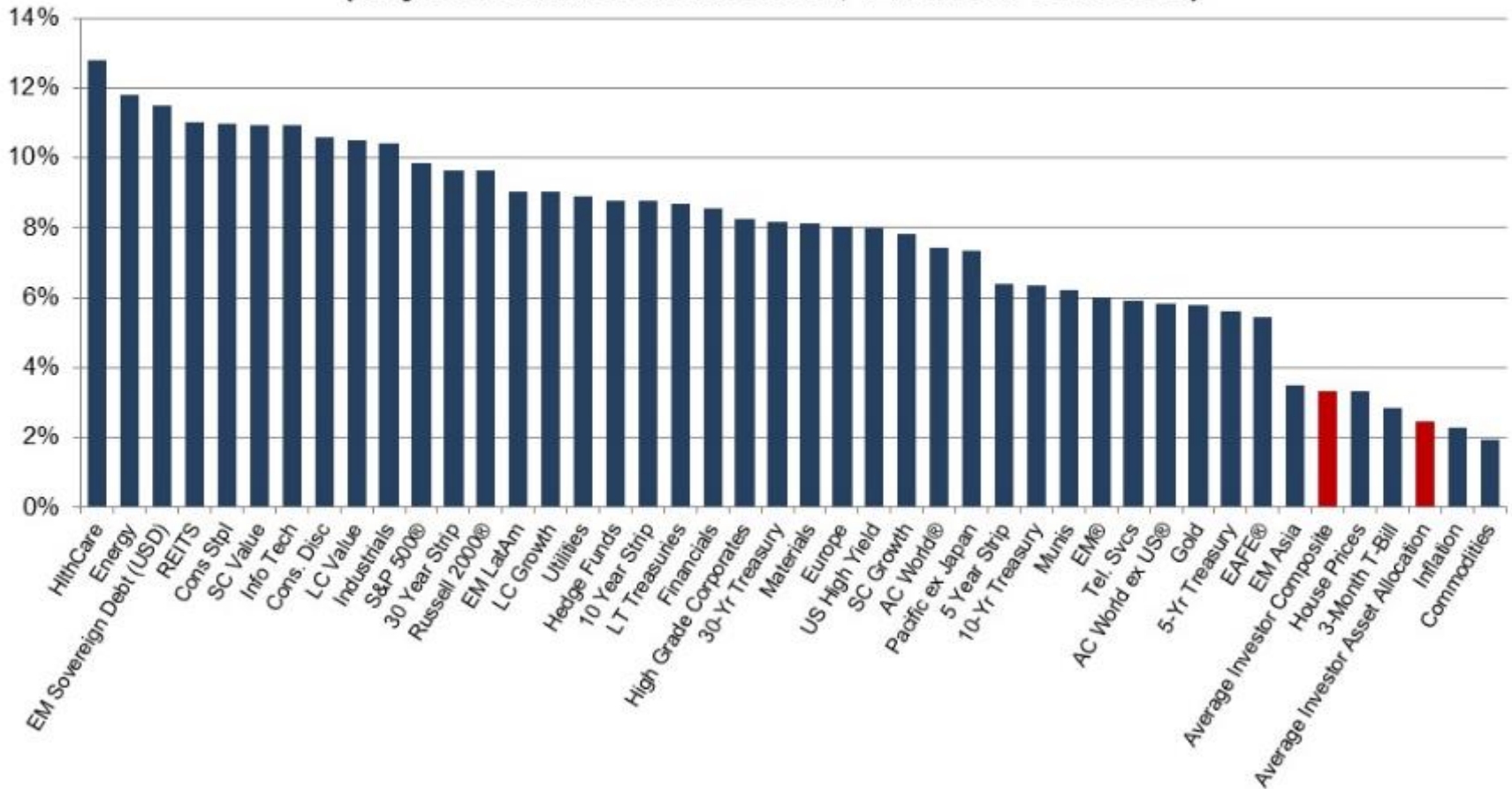


Data Source: Bureau of Economic Analysis

Chart: Ned Piplovic

# Is Investing a Loser's Game?

**Asset Class Returns vs. The "Average Investor"**  
 (20-year annualized total returns, 12/31/1994-12/31/2014)

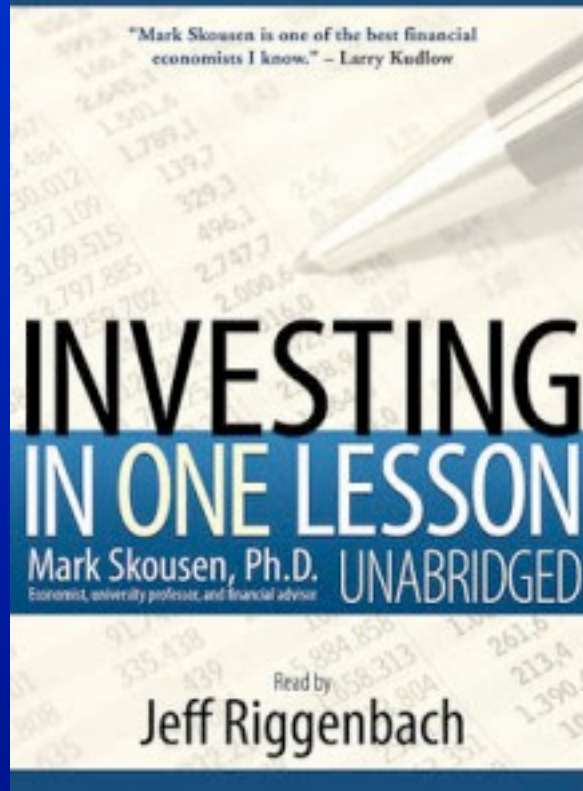


Source: Richard Bernstein Advisors LLC., Bloomberg, MSCI, Standard & Poor's, Russell, HFRI, BofA Merrill Lynch, Dalbar, FHFA, FRB, FTSE. Total Returns in USD. Average Investor returns are represented by Dalbar's investor returns which represent the change in total mutual fund assets after excluding sales, redemptions and exchanges.

# The Two Most Alluring but High-Risk Strategies by Individual Investors

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1. “Cherry Picking” – buying your favorite stocks in hopes of beating the market
2. “Trading” – buying and selling to avoid a bear market



“Wall Street exaggerates everything.”

“The business of investing is not the same as investing in a business.”

# Wall Street vs. Main Street – 1990-2018



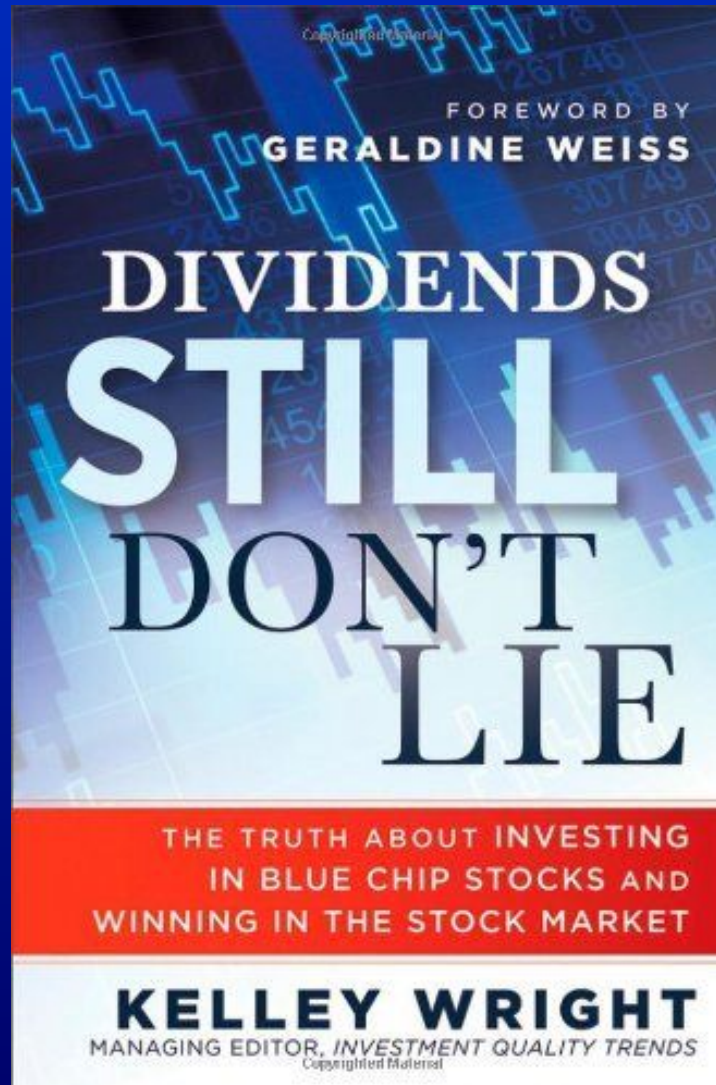
Data Sources: GDP - BEA; S&P 500 - Yahoo! Finance

Chart: Ned Piplovic



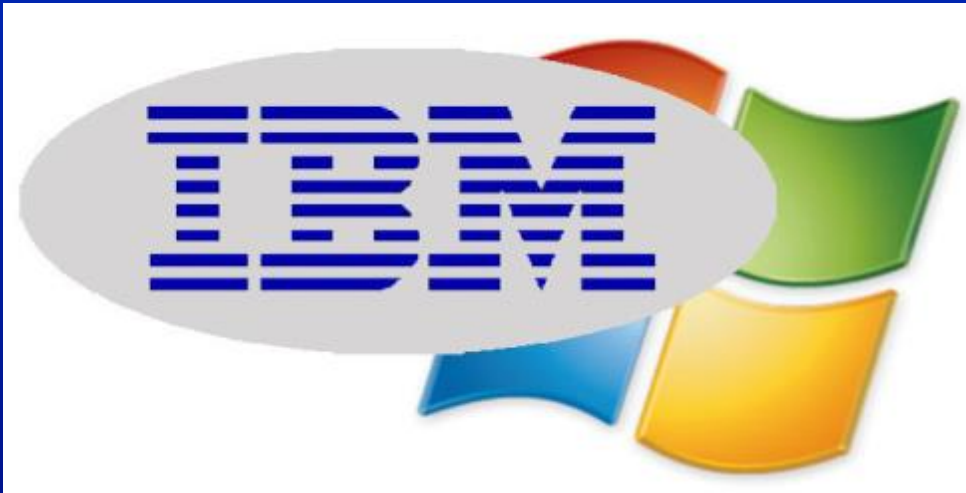
# My Favorite Way to Beat the Market

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# Big Blue vs. Big Oil

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# “Mother of all bull markets”

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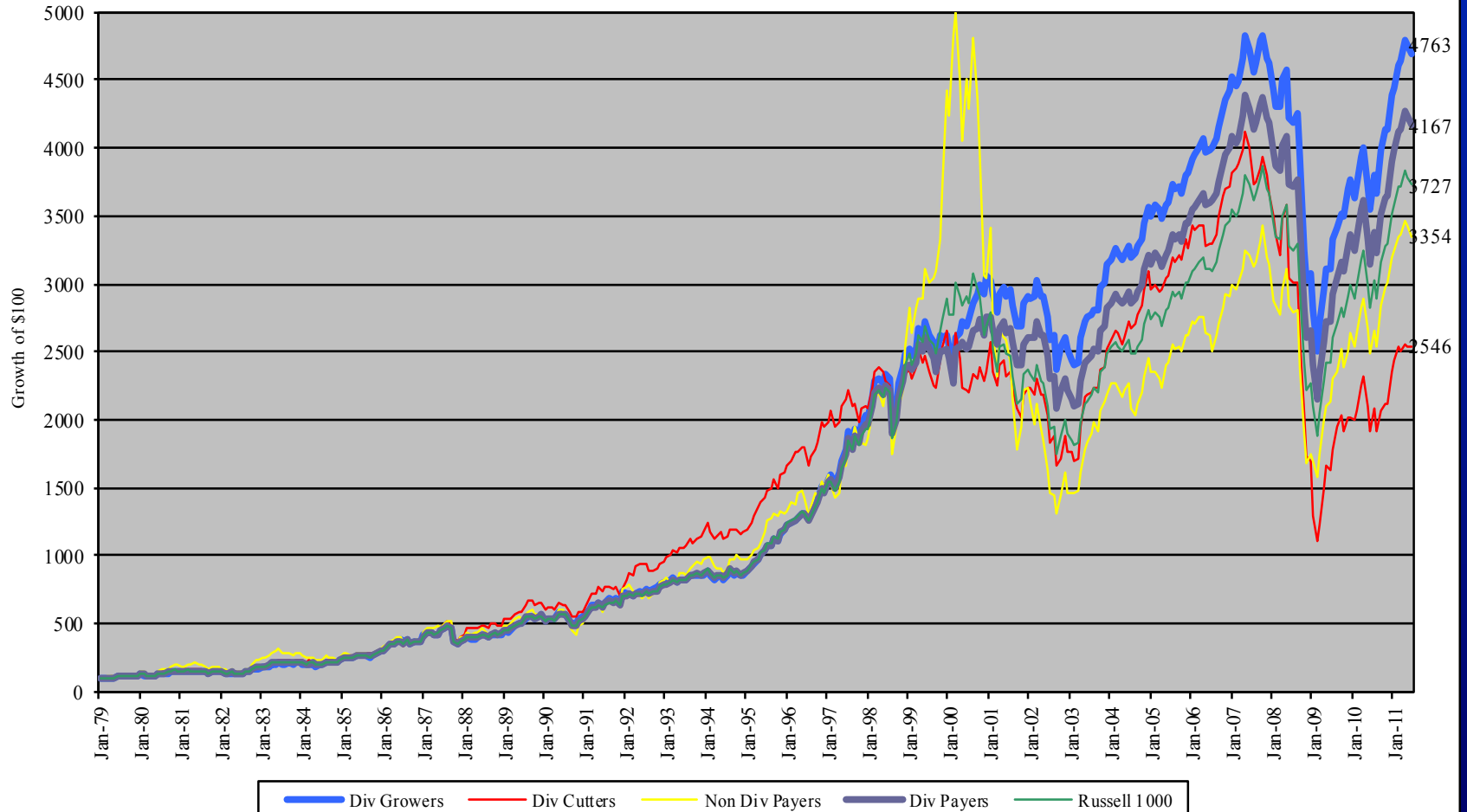
THE  
SANTELLI  
EXCHANGE

THE "MOTHER" OF ALL  
BULL MARKETS

CNBC

# Dividend-Paying vs. Non Dividend-Paying Stocks

Returns of Russell 1000 Stocks by Dividend Policy, 1/31/1979 - 6/30/2011  
Monthly cap-weighted geometric average of total returns of R1000 component stocks



# Sleep Well Stocks

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1. Stocks that are consistently profitable in a growing industry
2. Stocks that enjoy an above-average dividend yield.
3. Stocks that have a rising dividend policy.

# Rising Dividends Lead to High Total Return

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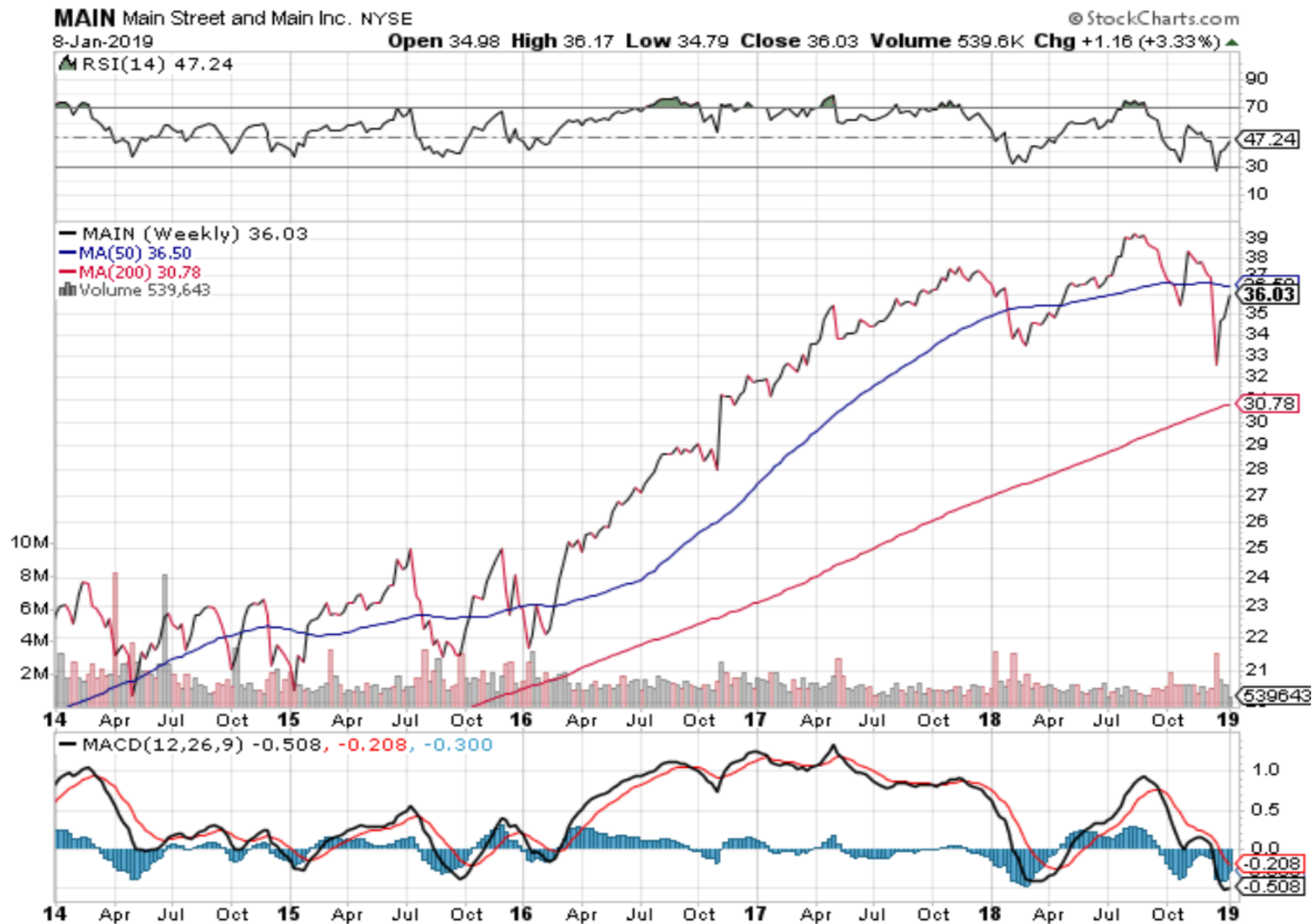
Rising dividend stocks and funds.

Lowell Miller's formula:

“investing with peace of mind.”

High Quality + High Yield + Growth of Yield = High Total Return

# Main Street Capital (MAIN)



# Omega Healthcare (OHI)

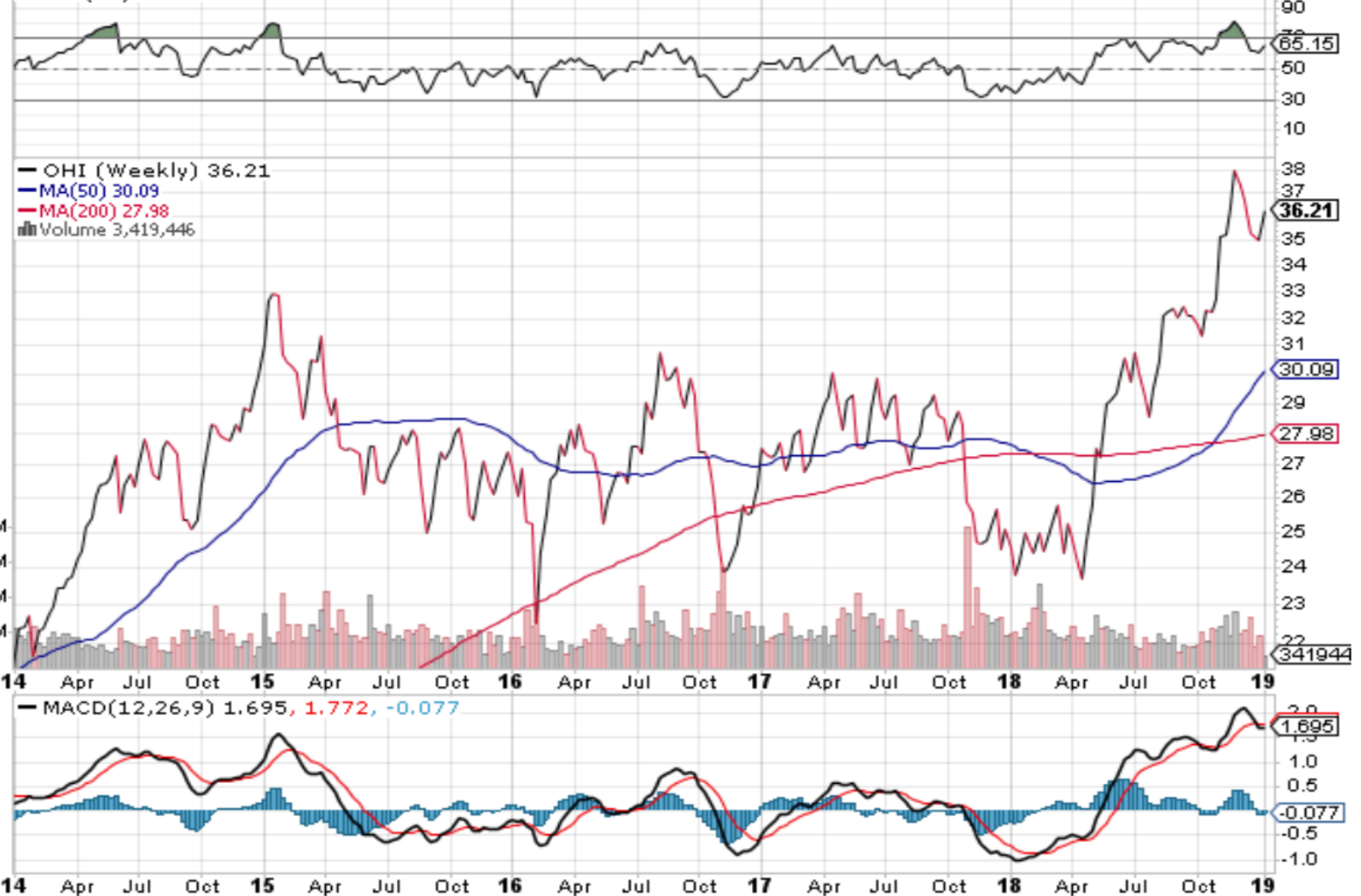
OHI Omega Healthcare Invs, Inc. NYSE

© StockCharts.com

8-Jan-2019

Open 35.20 High 36.31 Low 34.94 Close 36.21 Volume 3.4M Chg +1.19 (+3.40%) ▲

▲ RSI(14) 65.15





# Enterprise Products (EPD)

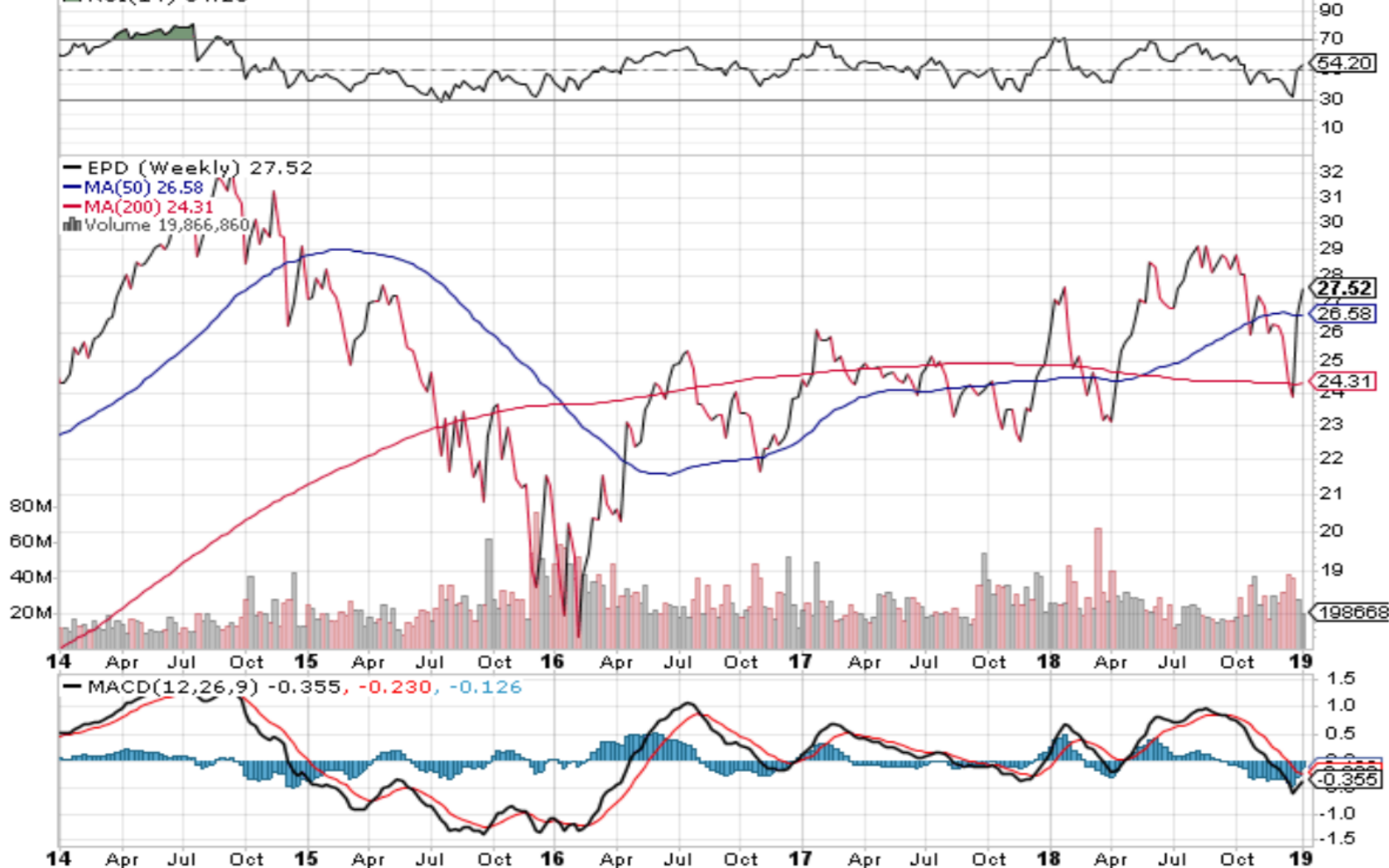
EPD Enterprise Products Partn NYSE

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8-Jan-2019

Open 26.83 High 27.75 Low 26.62 Close 27.52 Volume 19.9M Chg +1.01 (+3.81%) ▲

▲ RSI(14) 54.20



# Microsoft (MSFT)

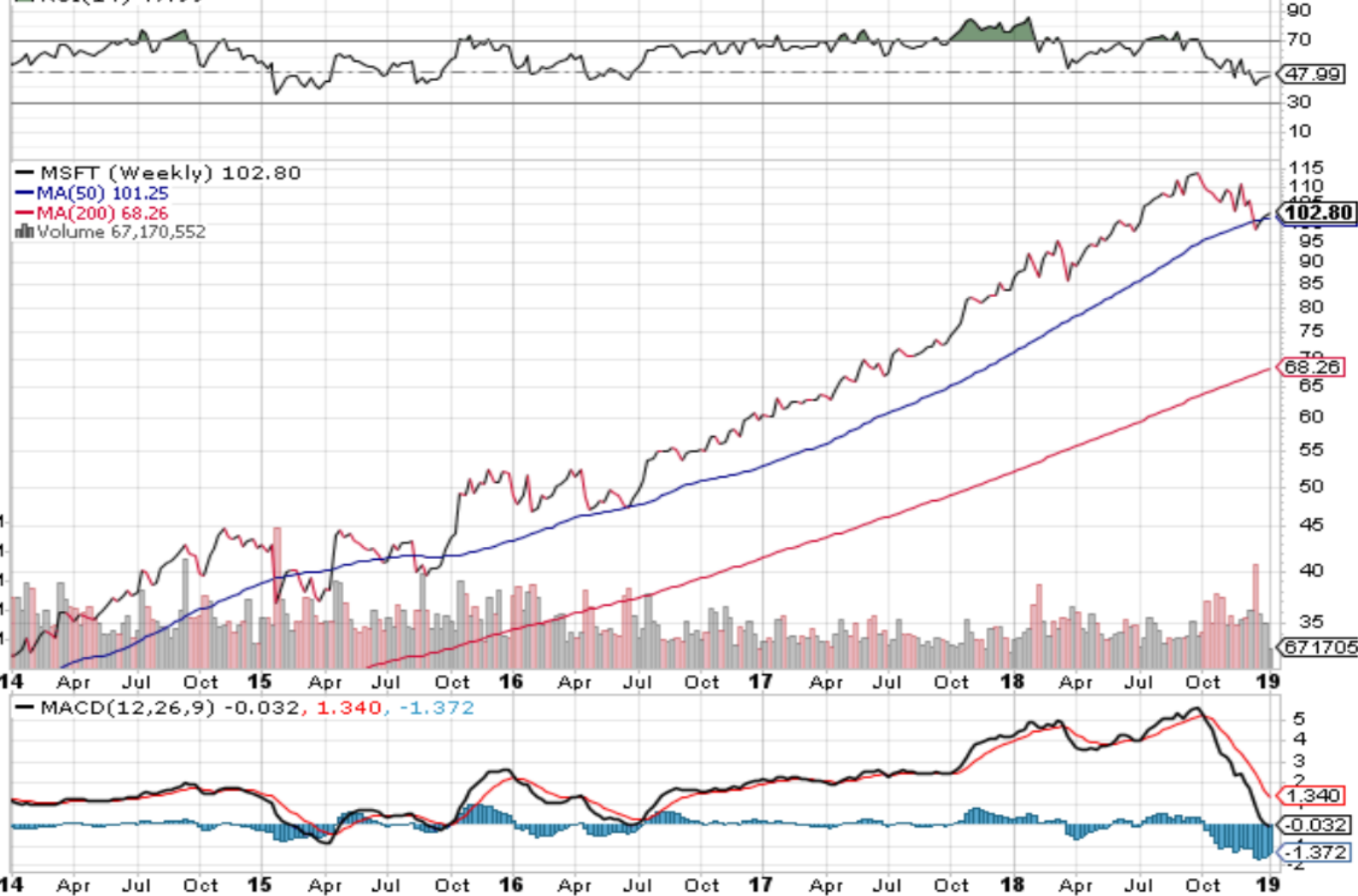
MSFT Microsoft Corp. Nasdaq GS

© StockCharts.com

8-Jan-2019

Open 101.64 High 103.97 Low 100.98 Close 102.80 Volume 67.2M Chg +0.87 (+0.85%) ▲

▲ RSI(14) 47.99



# Flying Five Performance Since 2009

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(August to August)

Year	Dow 30	Flying Five
2009-10	+ 9%	+ 19%
2010-11	+ 19%	+ 28%
2011-12	+ 5%	+ 18%
2012-13	+ 26%	+ 29%
2013-14	+ 13%	+ 21%
2014-15	+ 7%	+ 7%
2015-16	+ 9%	+ 26%
2016-17	+ 10%	+ 10%
2017-18	+ 16%	+ 20%
2018-19	- 4%	+ 10%

Looking back since 2009, the 30 Dow average is ahead 190%, but the Flying Five has almost quadrupled its value, up 387% (including dividends for both).

# Flying Five Stocks

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Every August, buy the five highest yielding, lowest priced Dow stocks

## Current recommendations:

1. Cisco Systems (CSCO)
2. Pfizer (PFE)
3. Verizon (VZ)
4. Coca Cola (KO)
5. Merck (MRK)

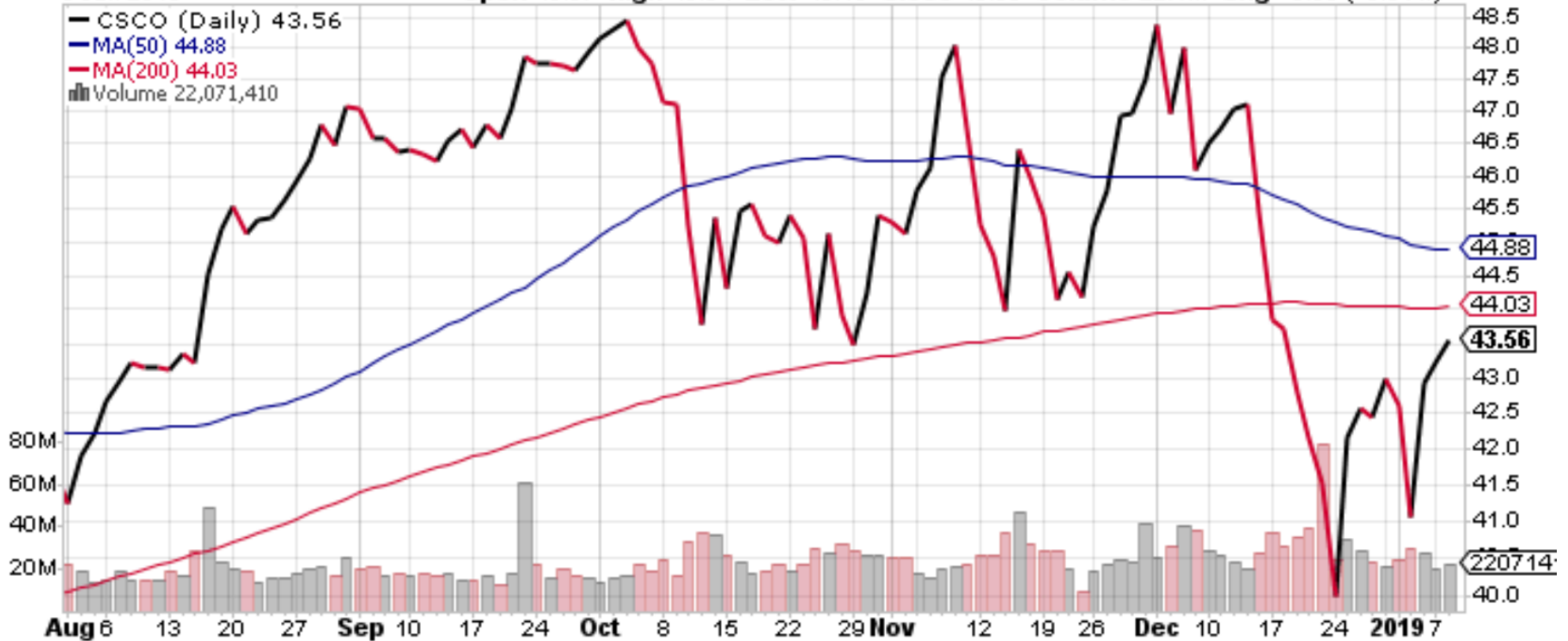
# Cisco Systems (CSCO)

CSCO Cisco Systems, Inc. Nasdaq GS

© StockCharts.com

8-Jan-2019

Open 43.57 High 43.94 Low 43.10 Close 43.56 Volume 22.1M Chg +0.35 (+0.81%) ▲



# Pfizer (PFE)

PFE Pfizer, Inc. NYSE

8-Jan-2019

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Open 43.56 High 43.70 Low 43.15 Close 43.43 Volume 18.7M Chg +0.20 (+0.46%) ▲

— PFE (Daily) 43.43  
— MA(50) 43.45  
— MA(200) 39.61  
■ Volume 18,669,088



# Verizon (VZ)

VZ Verizon Communications NYSE

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8-Jan-2019

Open 57.27 High 58.69 Low 57.05 Close 58.38 Volume 21.4M Chg +1.66 (+2.93%) ▲



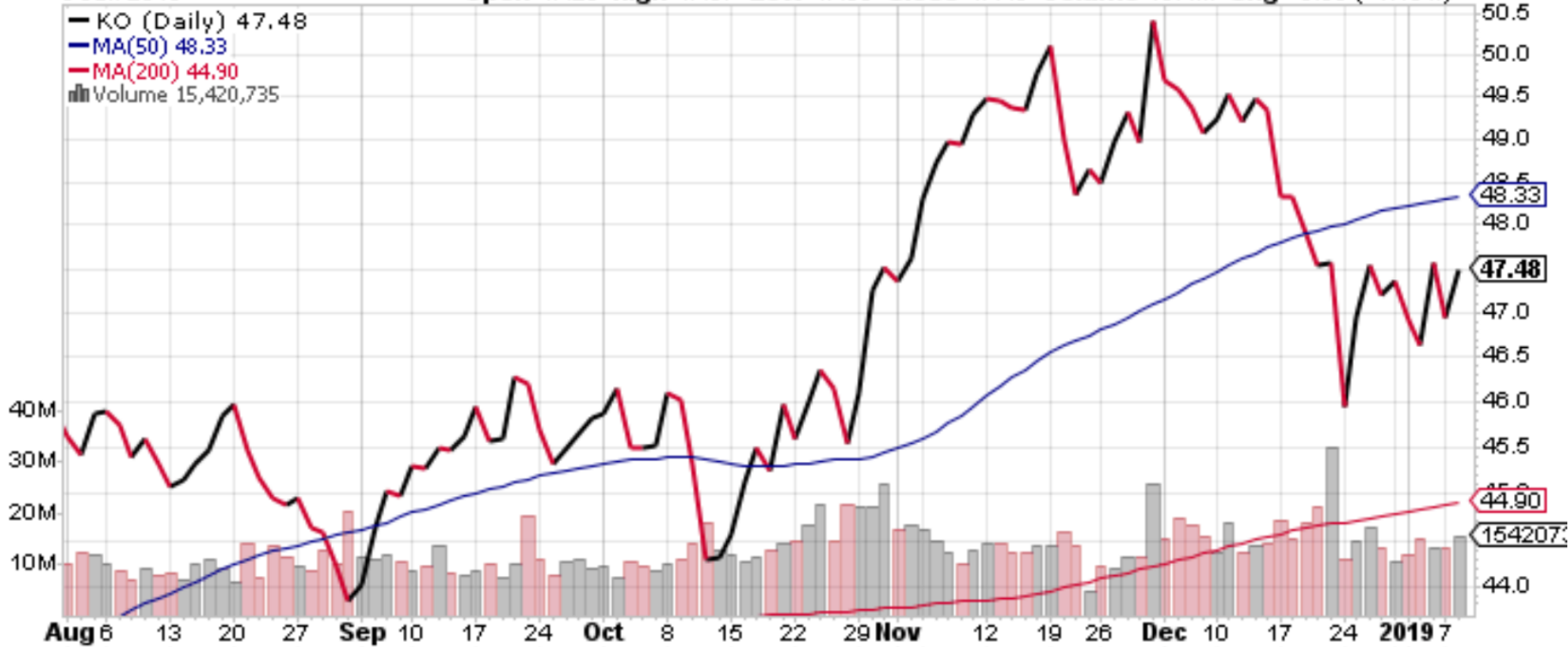
# Coca Cola (KO)

**KO** Coca Cola Co. NYSE

8-Jan-2019

© StockCharts.com

**Open 47.25 High 47.57 Low 47.03 Close 47.48 Volume 15.4M Chg +0.53 (+1.13%) ▲**





# Merck (MRK)

**MRK** Merck & Co., Inc. NYSE

8-Jan-2019

Open 75.87 High 76.21 Low 75.29 Close 75.99 Volume 11.4M Chg +0.56 (+0.74%) ▲

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— MRK (Daily) 75.99  
— MA(50) 74.77  
— MA(200) 65.70  
■ Volume 11,351,852



# Baron Growth Fund (BGRFX)

BGRFX Baron Growth Fund USMF

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8-Jan-2019

Open 62.45 High 63.29 Low 62.45 Close 63.29 Chg +1.43 (+2.31%) ▲

▲ RSI(14) 41.86



# Warning to Income Investors: Beware of Panic Selling

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“Everyone is a disciplined, long-term investor until the market goes down.”  
— Steve Forbes



At FreedomFest 2013,  
Las Vegas, USA

# Profits

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“The big profits go to the intelligent, careful and patient investor, not to the reckless and overeager speculator.”



– J. Paul Getty,  
“How to Be Rich”

# Dividends

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“Do you know the only thing that gives me pleasure? It is to see my dividends coming in.”



– John D. Rockefeller

# AUTOMATIC INVESTMENT PLANS (AIP)

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\$10 for all additional copies.



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**Kevin "Mr. Wonderful" O'Leary**  
*Shark Tank*