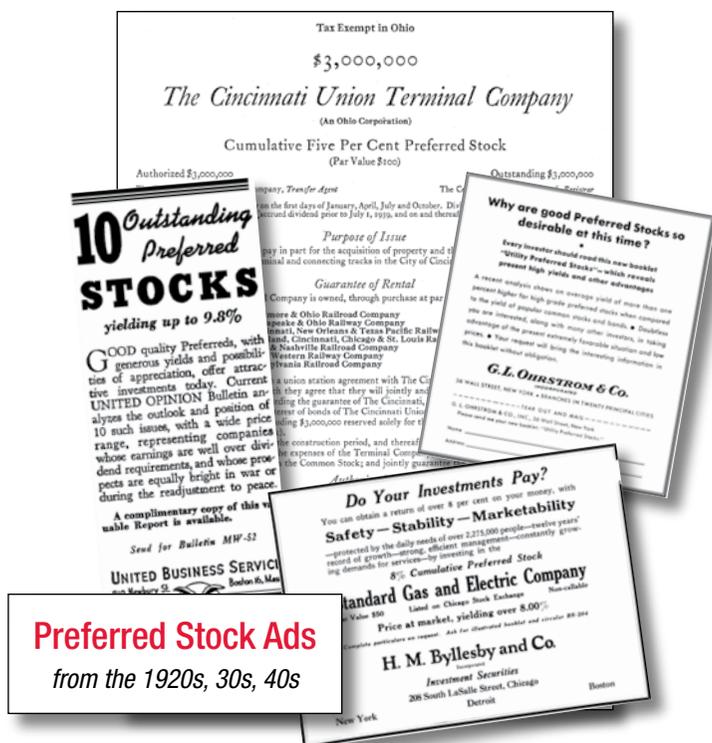


# Introduction

## *The Bulls Are Running!*



**Preferred Stock Ads**  
from the 1920s, 30s, 40s

*“As between the comparatively low yields on good bonds and the uncertainty in connection with common stocks, investors are paying more attention to the attractive return and security obtainable in the preferred share market.”*

THE MAGAZINE OF WALL STREET, SEPTEMBER 29, 1923

*“Investors are showing a renewed interest in, if not a preference for, preferred stock.”*

THE WALL STREET JOURNAL, JUNE 16, 2005

*“While exchange-traded funds already track stocks and bonds, preferred shares might not be far behind.”*

THE WALL STREET JOURNAL, AUGUST 14, 2006

As the “baby boom” generation enters retirement, they are told in unison by legions of financial advisors that they must reallocate a significant portion of their portfolios into income-producing investments to generate the earnings they will need to live on during retirement. This investment shift has also been traditionally recommended to better secure the value of a retirement portfolio due to the protections offered by the issuers of these income investments.

It’s easy to see the massive rush toward income investments from their strong performance since the so-called stock market “bubble” burst in 2000. Record numbers of consumers have been buying these little-understood investments, which many past investors considered to be downright boring.

Regrettably, many of these seasoned stock and real estate investors rushing into this sector of investing have failed to learn the time-proven rules of income investing and are making basic, and potentially dangerous, mistakes. Blunders such as chasing high-yield investments regardless of liquidity or maturity, believing that bonds and bond mutual funds are identical and provide similar results, grossly misusing performance statistics and agency ratings, and subscribing to a stubborn conviction that income investments are always safer and easier to understand than other investments can have grave consequences.

In fact, as an investor who has been working with income investments for 25 years, I can honestly say that the news, earnings projections, and advice from experts that we’re being barraged with 24 hours a day haven’t helped most investors to succeed.

To the contrary, the age old problems of successful investing still exist.

That’s why I wrote this book with a single objective in mind—to make sure you’re armed with useful information on how, why, and when to take advantage of preferred stocks.

Amazingly, this is the first book, since the 1930s, devoted to traditional preferred stocks—Wall Street’s best-kept secret in income investing. Although it’s a mystery why this time-tested investment medium has largely been overlooked, my hope is that the tips in this book will help readers navigate the world of preferred stocks and other income investments now and in the future.