

# CDx3 Newsletter

Respectable Returns At CD-Like Risk

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Happy New Year everyone.

December was another solid month for CDx3 Investors. By investing in CDx3 Preferred Stocks as described in **Preferred Stock Investing**, CDx3 Investors made very respectable returns - and at "CD-like" risk with next-to-no effort.

This month's Question Of The Month (see below) discusses how CDx3 Investors achieve a CDx3 Portfolio that becomes "self-funding", generating enough income to buy the next CDx3 Preferred Stock without any "new" money from you.

And at the end of this CDx3 Newsletter, I give you a CDx3 Preferred Stock from Bank of America to look at on January 29, 2007 - just for fun.

## Last Month's CDx3 Investor Results

CDx3 Preferred Stock Name	Target Sell Date <sup>1</sup>	Target Sell Price <sup>1</sup>	Actual Sell Price	Days Held	Effective Annual Return <sup>2</sup>	CD Rate (APY) <sup>3</sup>	CDx3 Factor
<b>Capital One, Series B</b>	Dec 11, 2006	\$26.41	\$26.69	200	<b>19.29%</b>	4.4%	4.38x
Key Corp., Series D	Dec 11, 2006	\$25.88	\$26.05	179	<b>12.41%</b>	4.4%	2.82x
Duke Realty, Series N	Dec 12, 2006	\$25.91	\$26.65	179	<b>18.42%</b>	4.4%	4.19x
Citigroup Capital, Series O	Dec 22, 2006	\$25.43	\$26.54	177	<b>16.66%</b>	4.4%	3.79x
JPMorgan Chase, Series S	Dec 22, 2006	\$25.83	\$25.95	88	<b>16.09%</b>	4.0%	4.02x

The Target Sell Date for these CDx3 Preferred Stocks arrived last month (the company with the **bold** company name is featured in this month's CDx3 Company Spotlight below).

## Special Announcement



There is now a **Google** Group devoted exclusively to Preferred Stock Investing and the CDx3 Income Engine. This is an online forum, sponsored by **Google**, exclusively for those interested in investing in CDx3 Preferred Stocks as described in Preferred Stock

Investing. You can view the information that I and others post (including posts by those who have already read the book) on the forum by clicking on the Browse Forum box at left - and it's FREE.

I would also like to invite you to join the group and post your own comments and questions. To join the Preferred Stock Investing **Google** Group, just click on Browse Forum in the above box, then click Join This Group. Joining the Group is FREE. You register with your email address - and don't worry, **Google** does not use your email address to spam you and you can create an "alias" nick name for your posts. You do not have to join the Group in order to read the information posted on it. Just click Browse Forum and a separate window will open on your screen, showing you the home page of the new Preferred Stock Investing **Google** Group.

## CDx3 Company Spotlight

### Who are these companies that issue CDx3 Preferred Stocks?

Capital One (NYSE: COF, [www.capitalone.com](http://www.capitalone.com)), established in 1993, is a \$23 billion Virginia-based company offering a variety of financial services to customers in the U.S. and Canada.

This is the market price that CDx3 Investors would be looking to sell COF-B for on December 11, 2006 - about 6 months later.

On December 11, 2006, the market price of COF-B reached **\$26.69**.



Capital One's "What's In Your

Wallet?" ad campaign has propelled their brand to 97% awareness by consumers, second only to American Express (source: *Millward Brown Finance Services Brand Health Wave survey, January 2006*).

In May 2006, CDx3 Investors could have purchased a 6-month CD at their local bank that would have paid them about 4.4% interest. Instead, CDx3 Investors chose to purchase shares of the Series B CDx3 Preferred Stock from Capital One (trading symbol: COF-B) for about \$25 per share.

The CDx3 Income Engine, described in *Preferred Stock Investing*, set the Target Sell Price for COF-B at **\$26.41**.

As with 96% of the CDx3 Preferred Stocks issued since January 2001, the market price of COF-B exceeded the Target Sell Price on the exact date that the CDx3 Income Engine said that it should.

All you have to do is, on that date, look up the market price. That's all there is to it.

**Actual Results:** CDx3 Investors owned COF-B for a total of 200 days (about 6 months) and earned \$1.69 per share in capital gain income (profit) plus \$0.58 per share in dividend income that Capital One paid on September 15, for a total income of \$2.27 per share. The effective annual return realized by CDx3 Investors for this 6-month investment was **19.29%** which is over quadruple (4.38x) what that 6-month CD would have paid you - and at "CD-like" risk.

**LOOK INSIDE:** Page 9-2 of *Preferred Stock Investing* presents a table that compares the actual annual return that you would have made as a CDx3 Investor versus CDs being offered at the same time since 2001. Click here to look inside *Preferred Stock Investing*:

<http://www.PreferredStockInvesting.com/pdfs/page9x2.pdf>.

## ▶ CDx3 Question Of The Month

### Question:

**From jfs:** Since I can only afford to invest a small amount per month (\$1000.00) it seems to me that the online broker fees to buy and sell could total anywhere from 2% - 4% (depending on how many transactions the buy/sell takes). If, depending on market conditions, the stock has to be sold in the first year or two, these fees could seriously erode any gains. To reduce the fee percentages I am considering investing \$2000.00 every other month or even \$3000.00 every third month. I am wondering what potential impact extending the 18 month cycle might have on the CDx3 Engine. Maybe the Engine is not intended for such small fish?

### Answer:

Using this particular question this month is my not-so-sneaky way of giving you another reason to take a look at the Preferred Stock Investing **Google** Group. I have posted my answer to this question on our **Google** Group. By clicking on **Browse Forum** in the above **Google** Group Box, a new window will open on your screen and you will see the home page of the Preferred Stock Investing **Google** Group.

There is a list of topics (messages) already posted there, including one titled "*CDx3 Book - Just Finished Reading + question*" (posted December 19). By clicking on that title, you will see this question and my answer to it. In his post, jfs refers to "...the 18 month cycle..." Here is page 3-2 from *Preferred Stock Investing* that jfs is referring to:

<http://www.PreferredStockInvesting.com/newsletters/page3x2.pdf>.

I received this question from multiple people last month. Since I've used it in this month's CDx3 Newsletter, each of you will receive the CDx3 Special Report titled *Dividend Accounting*, regularly priced at \$12.95, free. Thank you for the great question.

If you have a question regarding the CDx3 Income Engine, just send an email message to [FAQ@PreferredStockInvesting.com](mailto:FAQ@PreferredStockInvesting.com) or visit the Preferred Stock Investing **Google** Group, join the group and post your question there for others to see. If I use your question in the monthly CDx3 Newsletter, you too will receive a CDx3 Special Report - free.

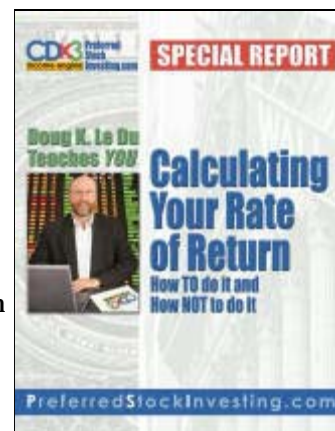
## ▶ FREE Special Offer

As a recipient of this monthly CDx3 Newsletter, you are entitled to a FREE copy of the CDx3 Special Report titled "*Calculating Your Rate Of Return*."

This CDx3 Special Report shows you how to correctly calculate your effective annual rate of return on this type of investment, complete with the Microsoft Excel cell functions - **FREE**.

To download your free copy, just click on the following email address (or just send an email message to): [CDx3MonthlyRestuls@PreferredStockInvesting.com](mailto:CDx3MonthlyRestuls@PreferredStockInvesting.com). No need to type anything in the body of the message, just click the Send button. You will receive an auto-reply email message with download instructions for your free CDx3 Special Report.

To see the entire collection of useful and educational CDx3 Special Reports, including links to sample pages from each one, click here: [http://www.PreferredStockInvesting.com/spec\\_reports.htm](http://www.PreferredStockInvesting.com/spec_reports.htm).



## ▶ Next Month's Sneak Peek

Am I clairvoyant? There are three known forces that drive the market price of CDx3 Preferred Stocks, what *Preferred Stock Investing* refers to as the "Three Rules of Market Price Predictability." Knowing what those are, and how to use them, allows CDx3 Investors to determine the date that the market price of a CDx3 Preferred Stock is most likely to reach its quarterly peak value and what that value is most likely to be.

**Next Month's Sneak Peek:** Last July, CDx3 Investors purchased a

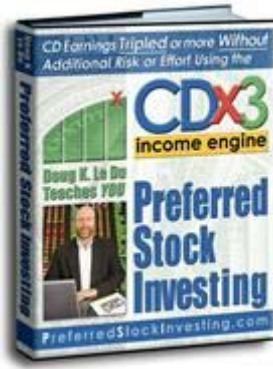
CDx3 Preferred Stock introduced by Bank of America for about \$25 per share. On **January 29, 2007** (the Target Sell Date), CDx3 Investors will be looking for the market price to be at, or above, its Target Sell Price of **\$25.41**.

How can you check the current market price of this Bank of America CDx3 Preferred Stock during January for yourself? Click here:

<http://www.marketwatch.com/tools/quotes/quotes.asp?symb=bacprc>.

Or put a note on your calendar on January 29, 2007 to come back to this email and click on the above link to see the market price. No, I am absolutely not clairvoyant. It's just that the CDx3 Income Engine is right 96% of the time and I'm not expecting this one to be any different.

Remember, I'm not a stock broker; I'm not trying to sell preferred stocks to you; I'm not a financial advisor; and I don't sell investment advice. I'm an independent investment researcher with a data analysis and statistics background who has developed a simple way to earn a respectable return at "CD-like" risk. And I've written it down in **Preferred Stock Investing**. I'm hopeful that you find these monthly CDx3 Results Newsletters interesting, and will consider learning how to become a successful CDx3 Investor yourself by purchasing my 190-page ebook **Preferred Stock Investing**.



Please take a look at <http://www.PreferredStockInvesting.com>. **Preferred Stock Investing** is available for download right now - no shipping costs, no handling fees, no sales tax, no delays; and don't forget about my **FREE OFFER**.

Know someone who might be interested in simple, low-risk investing for non-investment experts? Have them send an email message to [CDx3MonthlyResults@PreferredStockInvesting.com](mailto:CDx3MonthlyResults@PreferredStockInvesting.com) and they will automatically begin receiving this monthly CDx3 Results Newsletter next month (plus a CDx3 Special Report) - all FREE. Then they can make up their own mind.

Many Happy Returns,  
Doug K. Le Du

P.S.: If you do not want to receive news regarding **Preferred Stock Investing**, just send an email message to [OptOut@PreferredStockInvesting.com](mailto:OptOut@PreferredStockInvesting.com) and you will be automatically removed from my address list. Best wishes to you.

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