KMI EXCLUSIVE NEWSLETTER

12th October 2012

Dear Clients and Investors

Autumn, the season of mists and mellow fruitfulness (Keats's words not mine) has arrived and as we all settle back to work; it is time to consider our investments, their risks and potential gains.

This month's topics

Income Stocks, we recommend 10 US companies
Have you visited our corporate bond website? Or are you missing out?
Banks. Why they are not lending.

Stock markets continue to be volatile as Europe bounces along the debt reduction route; or at least some of the countries do. There can be no short solution to this problem. Greece, Ireland, Portugal, Spain and Italy all have serious difficulties and there are also worries in France and the UK.

The issue is "Income with Safety" and this is a tall order if we are to obtain more than the desultory 1%-2% offered by Treasury bonds, Gilts or bank deposits.

We at KMI have considered this problem for some years now, since the crash in 2007/8. In fact, we considered the risks and decided that the blue chip corporate bonds were the way to go, if very minimum risk is the requirement. Many corporate bonds are giving some 6-8% per annum income, and as most of our clients have found, small capital gains, as many banking institutions offering such bonds, have gained in stature since the financial 2007/8 crisis. See our article below on our Exclusive Corporate Bond website.

We also discuss income shares and bank borrowing; I hope you enjoy this newsletter's topics.

KMI income yielding US$ equities that offer potential gains!

We are the first to agree that stocks are volatile, unlike corporate bonds. However the opportunity to have income plus potential growth is still very appealing, therefore below we recommend 10 potential income producers. These can all be purchased through our normal tax efficient wrappers.

a) National Grid (NGG)	yield 5.4%	(per annum)
b) AFP Provider (PVD)	yield 5.4%	
c) Waste management (WM)	yield 4.4%	
d) DCP Midstream LP (DPM)	yield 5.6%	
e) Douglas Dynamic (PLOW)	yield 5.5%	
f) **France Telecom (FTE)	yield 15.2%	
g) **StoneMor Ptns (STON)	yield 10.0%	
h) NuStar GP (NSH)	yield 6.6%	
i) Veolia Environnement (VE)	yield 9.0%	
j) *Statoil (STO)	yield 4.2%	

Most medium risk, however **= higher risk * lower risk

The KMI Exclusive Corporate Bond website http://corporatebonds.kmiconsultants.com/

It is hard to believe that many of our clients have still not visited our above website. Have you? If not you may be losing out! More money has been made on corporate bonds by our clients since 2007/8, than on any other sector we invest into.

KMI set this site up last year and it has proved to be the best investment we have ever made, and continue to make. The investor wanting minimum risk, easy access and a regular guaranteed return just cannot afford to miss it. No other broker has anything like it, with enormous information and weekly updates of the best value in Corporate Bonds in the three main currencies (€, $, £). Other countries' corporate bonds are also available; Swiss Franc, Canadian $ and many others.

Please have a look and contact your normal consultant for more information or Mike Towning in Prague (Mike.Towning@kmiconsultants.com).

Banks. Why are they not lending?

More stringent capital and liquidity rules, introduced after the 2007/8 financial crisis (shutting the gate after the horse has bolted) show European banks lag behind their global peers in the USA and elsewhere.

Last Thursday (4th October 12), the European Banking Authority published data showing that a number of large European Union banks have fallen behind in meeting the global Basel III regulatory framework's more stringent capital and liquidity rules. The lack of progress towards the new Basel III benchmarks is credit negative for the laggards because it points to weaknesses in their business models and underlying profitability. In addition, they will likely face higher funding costs because investors will demand compliance long before the scheduled full implementation of Basel III in 2019.

What needs to be done? We must relax the capital requirements to an extent and allow banks to lend more for business purposes only. The capital requirements can gradually be increased but not, as now, stifling lending and giving banks an excellent excuse to hoard the QE. Public funds given from our governments.

Happy investing

Lee

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New site http://corporatebonds.kmiconsultants.com/

Web site www.kmiconsultants.com

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