DAILY GAINS LETTER
Personal Wealth Guidance, Money Management & Investment Strategies

The Only Four High Dividend Stock Plays You'll Ever Need

Lombardi

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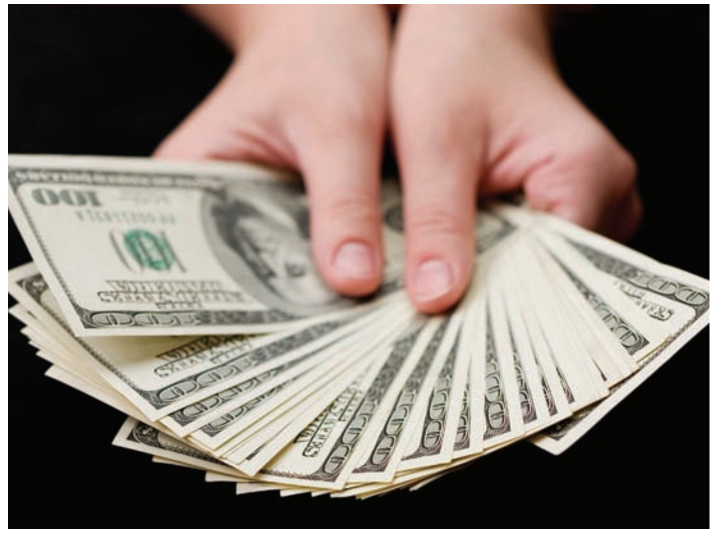
Looking at the investing climate today, we see a lot of risk and the potential shocks to capital markets—and your pocketbook—are substantial. There's geopolitical risk in the Middle East, austerity risk in Europe and gigantic fiscal risk in the U.S. economy. This is why we wanted to identify four income-producing stocks with solid fundamentals for the future.

In this kind of market, we think higher dividend-paying stocks are the only way to go—especially with interest rates so artificially low. Stock market investors don't need to rush into any positions; investors can afford to be highly selective in the age of austerity. But with all the fiscal risk in the U.S. economy, a little currency diversification is a good idea in a slow growth environment. And the kicker is that we've identified four solid, dividend-paying stocks that also boost solid growth prospects on their own. If there's economic recovery in the U.S. economy, these companies will benefit. If the U.S. economy stagnates for another year or two, these companies are still well positioned to keep their dividends flowing with the potential for capital gains.

We've taken a serious look at the North American equity markets to identify some of the best dividend-paying Canadian stocks to consider. In this report, we present to you four well-managed, large-cap companies with excellent track records of growth in terms of increasing their dividend payments to shareholders as well as providing good capital gains on the stock market.

Investors shouldn't feel like they need to rush into any position. The year 2013 already proved to be a choppy one for stocks. While the outlook for corporate earnings is pretty flat, the outlook for dividend payments is quite solid. Large corporations in North America have large cash balances and we are seeing new, major increases in share buyback programs along with increasing quarterly dividend rates. We advise all investors to take their time and thoughtfully consider each of the stocks included in this report.



What's a Dividend?

A common dividend is the portion of a company's net earnings that is paid to common shareholders (after preferred shareholders) in the form of cash or sometimes in common shares. A company's dividend policy is determined and approved by its board of directors. Often, larger, more mature companies pay a greater percentage of their earnings in the form of dividends to stockholders, while smaller, faster-growing companies tend to retain more of their earnings to finance the business' growth. Unlike interest payments on debt, dividends on common shares are not a contractual obligation and they can be changed at any time based on a company's assessment of its cash flow. Most of the time, common shareholders will receive cash dividend payments on a quarterly basis. Some companies allow their shareholders to invest these dividend payments directly into new common shares of the corporation through what is known as a dividend reinvestment program. This can produce a compounding return on investment as more common shares owned can mean more dividends received.

Bank of Montreal

A Proven Wealth Creator with Both Income and Capital Gains

Bank of Montreal (TSX/BMO; NYSE/BMO) has proven itself to be an excellent wealth creator for stockholders, especially considering its size and stability. When this stock is down from its high, it's a buy for income-seeking investors.

The Company

Bank of Montreal, also referred to as BMO Financial Group, is a large, diversified, well managed financial institution that offers a solid, dividend-paying investment opportunity. This firm has a long track record of delivering solid earnings growth and solid dividend growth and has proven itself to be an excellent wealth creator for stockholders.

This firm was founded in 1817 as **Bank of Montreal**, and has grown into a diversified, international financial services organization. With total assets of C$367 billion in 2007 and 36,000 employees, BMO sells a range of retail banking, wealth management and investment banking services to customers. The company's main operating subsidiaries are: **BMO Bank of Montreal**, for personal and commercial banking, **BMO Nesbitt Burns**, one of Canada's leading wealth management firms, and **BMO Capital Markets**, a North American investment and corporate banking division.

In the United States, customers are served through **Harris Bankcorp**, which is a major U.S. Midwest financial services organization with a network of banks in the Chicago area and wealth management offices across the United States.[2]

Recent Financial News[3]

- Reporting in Canadian dollars, the company's fiscal first quarter (ended January 31, 2013) produced earnings of $1.05 billion, or $1.53 per share.
- Fiscal first-quarter revenues were down one percent to $4.08 billion.
- Return on equity was 14.9%, compared to 17.2%.
- Provisions for credit losses were $178 million.
- The bank increased its dividend by $0.02, or three percent, to $0.74 per common share.

Chart courtesy of www.StockCharts.com

Why We Like this Stock

Holding Canadian bank stocks has proven to be a rewarding strategy for investors. Bank of Montreal has distinguished itself with a long track record of wealth creation, along with consistently increasing dividends to shareholders. Bank of Montreal boasts excellent fundamentals, even in a slow growth environment. The stock's current dividend yield is approximately five percent, and this investment opportunity is a good choice for income-seeking investors. This stock is rated a *Buy*.

Pembina Pipeline Corporation

Stability, Great Dividends and Solid Long-term Fundamentals

Pembina Pipeline Corporation (TSX/PPL; NYSE/PBA) is an excellent company to consider for dividend income-seeking investors. On the stock market, this company has a long track record of consistent capital gains, all the while providing shareholders with increasing dividend payments on a monthly basis.

The Company

Pembina is a pipeline energy business operating mostly in the oil-rich province of Alberta, Canada. The company was originally incorporated in 1952 under the name Pembina Pipe Line Limited, and in 1954 built its first pipeline to transport crude oil from the Pembina field near Drayton Valley, Alberta to Edmonton, Alberta.

About the Canadian Equity Market

The Toronto Stock Exchange (TSX) is the largest equity market in Canada. Created in 1852, the TSX is owned by **TMX Group Limited**, which offers trading capabilities for equities, fixed income, derivatives, and energy securities.[1] The TSX is widely viewed as the third-biggest equity market in North America, with its main index being the S&P/TSX Composite Index. The S&P/TSX 60 Index is Canada's benchmark index for large-cap companies. Many companies that belong to the S&P/TSX 60 Index are dually listed in the U.S., (trading in U.S. dollars) and other countries.

Pembina owns and operates traditional pipelines that transport conventional crude oil and natural gas liquids that are produced in western Canada. The company also operates in the oil sands, heavy oil, gas gathering and has processing facilities, along with an oil and natural gas liquids infrastructure and logistics business. In the U.S., Pembina provides midstream services to energy producers. The company's policy is to provide monthly cash dividends to its shareholders.[4]

In the early 1990s, Pembina purchased **Peace Pipe Line Limited** from a group of major oil producing companies, and the operation is still shipping crude oil today through the Peace System in Alberta. At one point, the company became **The Pembina Pipeline Income Fund** as a more tax-efficient way to provide income to its stockholders. The company completed an initial public offering of 62,425,000 Trust Units at a price of $10.00 per unit. On October 1, 2010, The Pembina Pipeline Income Fund was converted to its current form, the Pembina Pipeline Corporation.

In August of 2000, the company bought 575 kilometers (km) of pipelines and storage facilities known as the Northeastern British Columbia system. In 2001, Pembina acquired **Alberta Oil Sands Pipe Line Limited** (AOSPL), marking its first operations serving Alberta's oil sands industry. According to the company, the AOSPL system is a 434km mainline system with a single recipient, **Syncrude Canada's** oil sands operation near Fort McMurray, Alberta. In 2003, AOSPL increased the pipeline's capacity by 275,000 barrels per day (bbls/d) to 389,000 bbls/d. Then in 2008, Pembina completed its largest project, the Horizon Pipeline, which provides service to **Canadian Natural Resources Limited's** oil sands operation located north of Fort McMurray, Alberta. According to the company, this increased its contracted oil sands transportation capacity by 250,000 bbls/d to 775,000 bbls/d.

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On October 5, 2010, the company listed on the Toronto Stock Exchange (TSX) under the symbol "PPL," along with its convertible debentures. In April of 2012, the company acquired U.S.-based **Provident Energy Limited** for C$3.8 billion and proceeded to list its shares on the New York Stock Exchange (NYSE) under the symbol "PBA."[5]

Recent Financial News[6]

(Note: All figures reported in Canadian dollars)

- Total revenues for the first quarter of 2013 were $1.29 billion, as compared to $475.5 million in the same quarter of the previous year.
- The company's actual earnings were $90.5 million, or $0.30 per share, in the first quarter of 2013, compared to $32.6 million, or $0.19 per share, during the first quarter of 2012.
- The company declared dividends of $121.0 million, compared to $65.7 million in the first quarter of 2012.
- Dividends per common share were $0.41, compared to $0.39.

Chart courtesy of www.StockCharts.com

Why We Like This Stock

Pembina Pipeline Corporation has a long-term track record of success on the stock market because of its consistent financial growth and increased dividends to shareholders. The stock's current dividend yield is estimated at 4.7%, and the company distributes its payments monthly.

This company is a favorite among institutional investors and is a major beneficiary of the continued growth in the Alberta oil sands industry. We like its consistency of investment returns to shareholders, the company's location of operations in the burgeoning Alberta energy sector and management's deliberate and planned expansion for the future. This stock is rated a *Buy*.

Investment Risks

Investors should know that cross-border investing involves a number of risks that are in addition to investing in your domestic market. The two biggest risks involve currency fluctuations, and the probability of withholding taxes regarding dividend income and/or capital gains. Understanding these risks is a very important step in evaluating an equity security that is domiciled in another country when considering them for investment. We recommend that investors consult with a tax professional and an investment advisor regarding these issues and how they pertain to your own specific circumstances.

Sun Life Financial Inc.

Institutions Are Buying This High-Yielding, Secure Company

Sun Life Financial Incorporated (TSX/SLF; NYSE/SLF) is another Canadian financial institution with an excellent track record of dividend income growth for shareholders. We think this company makes for an attractive holding for long-term investors at this time. The stock's current dividend yield is estimated at 4.8%.

The Company

Sun Life Financial is an international provider of insurance and investment products to individual and corporate customers. The company has offices in 23 countries serving millions of customers, was founded in 1865 and is headquartered in Toronto, Ontario, Canada. The company trades on the Toronto Stock Exchange, New York Stock Exchange and Philippine Stock Exchange.

As an insurance company, Sun Life Financial sells life insurance, financial planning services, investment and retirement funds, annuities, health, dental and disability insurance. You name it; Sun Life Financial probably has something to sell you.

The company's operations are global, with a presence in Bermuda, Canada, Hong Kong, Indonesia, Ireland, the Philippines, the U.S. and the U.K.

In the U.S., the company is headquartered in Wellesley Hills, Massachusetts. This division sells employee group insurance, life insurance and annuities. Sun Life's U.S. business also includes MFS Investment Management, a global asset management firm that is based in Boston. According to the company, MFS was the inventor of the mutual fund in the U.S. market and the firm operates in Bahrain, Buenos Aires, Hong Kong, London, Mexico City, Paris, Sào Paulo, Singapore, Sydney and Tokyo.

Sun Life Financial's presence in Canada goes back 140 years when the company began selling life insurance. The company's Canadian operations are headquartered in Waterloo, Ontario with more than 7,500 employees including 3,000 Sun Life advisors. The company holds a number of #1 rankings for individual insurance and annuity sales, as well as for group business for pension and registered retirement savings plans. The company holds the #1 position in overall market share for group benefits business.[7]

Recent Financial News[8]

(Note: All figures reported in Canadian dollars)

- For its third fiscal quarter of 2012, the company's total revenues were $5.24 billion, compared to $7.5 billion generated in the same period in 2011.
- Operating income was $401 million, compared to operating net loss of $572 million in the third quarter of 2011.
- Reported net income was $383 million, compared to a net loss of $621 million in the same period last year. Reported earnings per share were $0.64, compared to a loss of ($1.07).
- The company paid a quarterly dividend of $0.36 per share.

Chart courtesy of www.StockCharts.com

Sun Life Financial Incorporated Common Share Dividend Payments[9]

Record Date	Payment Date	Payment Amount
Feb 27, 2013	Mar 28, 2013	CAD $0.36
Nov 28, 2012	Dec 31, 2012	CAD $0.36
Aug 29, 2012	Sept 28, 2012	CAD $0.36
May 30, 2012	June 29, 2012	CAD $0.36
Mar 07, 2012	Mar 30, 2012	CAD $0.36
Nov 23, 2011	Dec 30, 2011	CAD $0.36
Aug 24, 2011	Sept 30, 2011	CAD $0.36
May 25, 2011	June 30, 2011	CAD $0.36
Mar 2, 2011	Mar 31, 2011	CAD $0.36
Nov 24, 2010	Dec 31, 2010	CAD $0.36
Aug 25, 2010	Sept 30, 2010	CAD $0.36
May 26, 2010	June 30, 2010	CAD $0.36
Feb 24, 2010	Mar 31, 2010	CAD $0.36
Nov 25, 2009	Dec 31, 2009	CAD $0.36
Aug 26, 2009	Sept 30, 2009	CAD $0.36
May 27, 2009	June 30, 2009	CAD $0.36
Feb 25, 2009	Apr 1, 2009	CAD $0.36
Nov 19, 2008	Jan 2, 2009	CAD $0.36
Aug 20, 2008	Oct 1, 2008	CAD $0.36
May 21, 2008	July 2, 2008	CAD $0.36
Feb 27, 2008	Apr 1, 2008	CAD $0.36
Nov 21, 2007	Jan 2, 2008	CAD $0.34
Aug 22, 2007	Oct 1, 2007	CAD $0.34
May 23, 2007	July 3, 2007	CAD $0.32
Feb 21, 2007	Apr 2, 2007	CAD $0.32
Nov 22, 2006	Jan 2, 2007	CAD $0.30
Aug 23, 2006	Oct 2, 2006	CAD $0.30
May 24, 2006	July 5, 2006	CAD $0.275
Feb 22, 2006	Apr 3, 2006	CAD $0.275
Nov 23, 2005	Jan 03, 2006	CAD $0.255
Aug 24, 2005	Sept 30, 2005	CAD $0.255
May 25, 2005	June 30, 2005	CAD $0.24
Feb 23, 2005	Mar 31, 2005	CAD $0.24
Nov 24, 2004	Dec 31, 2004	CAD $0.22
Aug 25, 2004	Sept 30, 2004	CAD $0.22
May 26, 2004	June 30, 2004	CAD $0.21
Feb 25, 2004	Mar 31, 2004	CAD $0.21
Nov 19, 2003	Dec 31, 2003	CAD $0.17
Aug 27, 2003	Sept 30, 2003	CAD $0.17
May 28, 2003	June 30, 2003	CAD $0.17
Feb 26, 2003	Mar 31, 2003	CAD $0.17
Nov 19, 2002	Dec 31, 2002	CAD $0.14
Aug 27, 2002	Sept 30, 2002	CAD $0.14
May 10, 2002	June 28, 2002	CAD $0.14
Feb 26, 2002	Mar 31, 2002	CAD $0.14
Nov 19, 2001	Dec 31, 2001	CAD $0.12
Aug 27, 2001	Sept 30, 2001	CAD $0.12
May 28, 2001	June 30, 2001	CAD $0.12
Feb 26, 2001	Mar 31, 2001	CAD $0.12
Nov 13, 2000	Dec 31, 2000	CAD $0.12

Why We Like This Stock

Institutional investors like Sun Life Financial because of its stability of operations and its higher dividend yield. When this stock is down, it's a buy for long-term, income-seeking investors.

Insurance companies tend to move on the stock market commensurate with the broader market indices. The reason for this is because insurance companies reinvest customer premiums into securities like stocks and bonds to earn a return that's greater than their payouts for claims. This stock is rated a *Buy*.

Canadian National Railway Company

This Infrastructure Bet Offers an Excellent Track Record of Wealth Creation for Shareholders

Canadian National Railway Company (TSX/CNR; NYSE/CNI) isn't the highest yielding company among Canadian blue chips, but it offers a great combination of growth, dividends and a solid track record of wealth creation for investors. This well managed railroad company is consistently touted as one of the best operators in the North American railroad industry.

The Company

Canadian National Railway Company has a long history in Canada and substantial operations in the U.S. market. The company is the largest rail network in Canada and is currently the only transcontinental network in North America. According to the company, it serves almost 75% of the U.S. population and all major Canadian markets.

The company's track system spans all of Canada and through the U.S. Midwest to the Gulf of Mexico. Employing over 21,900 people in Canada and the U.S., the company has approximately 20,600 route-miles of track in North America, offering rail connections to three coasts.[10]

According to the company, its freight revenues are derived from seven major commodity groups with a wide range of origins and destinations. In 2011, no individual commodity group accounted for more than 20% of revenues, which represents strong diversification for such an "old world" type of business.

Geographically, approximately 18% of total revenues come from U.S. domestic traffic, 28% of total revenues are transborder traffic, 22% comes from Canadian domestic traffic and 32% is overseas-related revenues. According to the company, it is the originating carrier for approximately 85% of traffic moving along its network, which allows for greater control and efficiency of assets.[11]

Recent Financial News[12]

- In the first quarter of 2013, net income fell to $555 million, or $1.30 per diluted share, as compared to net income of $775 million, or $1.75 per diluted share, generated in the fourth quarter of 2011.
- Operating income for the first quarter of 2013 declined two percent to $780 million.
- The company's 2012 fourth-quarter revenues increased five percent to $2.47 billion.
- The company's operating ratio was 68.4%, a deterioration of 2.2 points from its year-ago performance of 66.2%.

Chart courtesy of www.StockCharts.com

Why We Like This Stock

Canadian National Railway Company currently boasts a dividend yield of 1.7% on the stock market and we think the company is due to increase this rate soon. Like we said, this company offers a great combination of dividend income and growth potential in an industry that's on the road to recovery. If you pull up a long-term chart on Canadian National Railway Company, you'll notice virtually uninterrupted capital appreciation in the company's share price since the year 2000. When this stock is down from its high, we think it is a worthy buy for long-term, income-seeking investors. This stock is rated a *Buy*.

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