The Oxford Club

Premiere Investor Report
Q4 | 2011
From: The Oxford Club Research Team
For: Oxford Club Members

The Year of Perpetual Income:

Collect Up to 82 Checks in 12 Months

Imagine… Waking up on a Monday morning, grabbing a cup of coffee, sitting down at your computer and discovering an automatic $113 deposit in your bank account…

Then imagine your delight when – that very next Friday – you find yet another deposit. Five days later, another… then another…

You aren't doing any work between one payout and another. The money just keeps showing up like clockwork… whether or not the S&P makes good on its threat for another downgrade... or France follows Greece in the debt crisis... or whether the Dow heads up, down or sideways...

The "Perpetual Income Program" could hand you as many as 82 extra checks in the next twelve months.

Not huge amounts, mind you. An average of about $113 every five days or so.

And we're not just speaking hypothetically here…

By adding the investments outlined in this report to your portfolio, you could receive as many as 82 payouts this year – as indicated on the calendar you received from us – an average of one deposit in your bank account (or check by mail) every four to five days.

IMMEDIATE ATTENTION REQUIRED

For the most recent and up-to-date information please visit www.oxfordclub.com

Perpetual Income Program checks arrive like clockwork, every week, every month... on time, no matter how well or badly the market is performing. Turn the next twelve months into a "year of perpetual income" with a steady flow of monthly income year-after-year.

Take a look…

Your Personal Gateway to a "Dream Retirement"

In this report, we'll show you exactly how you can start receiving checks delivered straight to your mailbox each month. The simple system outlined below is so lucrative and safe that it may be the single best strategy ever devised... and the only one you may ever need.

The Perpetual Income Program is so flexible, you decide each month whether to cash your checks or reinvest them for even larger payouts down the road.

How big will your checks be? That depends on how much you invest in each of the income-generating holdings.

All of the positions in the Perpetual Income Program deliver above-average yields capable of generating handsome monthly or quarterly payments. That's important, considering the unique challenges facing income investors today…

As you probably know, expenses are on the rise. Those safety nets our parents could rely on to replace income in retirement – pensions, high-growth stocks, high-yielding securities and possibly even Social Security – can hardly be categorized as safe or dependable anymore.

The Perpetual Income Program will put you in the driver's seat and get you started towards your own dream retirement... regardless of what the stock market delivers.

The Best Investment for Troubled Times

When you buy a speculative stock and wait for the price to go up, you're risking your money on an uncertain future. It could be your crystal ball, your broker's, or a respected stock picker's. It doesn't matter. It all comes down to betting on someone's "bright idea." The problem here is obvious:

Even the smartest person can't predict the future accurately all the time. In fact, *most* predictions turn out to be *false*. Risking your money this way isn't much different from gambling. And most gamblers lose.

Just look at the "fortune tellers" losing money in the market right now.

By comparison, the "Perpetual Income Program" eliminates the uncertainty. You're putting money into solid companies – becoming an owner – *and getting paid for it*. You're banking on a solid history of continuous – and increasing payments – to make you money.

Recent academic studies prove this...

Dr. Jeremy Siegel, professor at the Wharton School of Business, conducted an exhaustive study of stock market returns *from 1871 through 2003*. He showed that this simple approach to investing has produced "97% of the total after-inflation accumulation from stocks... [while] only 3% comes from capital gains."

Please read this again... closely:

Getting monthly checks has produced 97% of all stock market profits for investors for *the past 135 years!* Only a paltry 3% has come from investors buying "hot" stocks and waiting for the price to go up.

Other economists have discovered the same thing.

Kathleen Fuller of the University of Georgia and Michael Goldstein of Babson College looked at a different period – 1970 to 2000. After sampling 2 *million* individual returns, they found that during this 30-

year period, dividend paying firms have higher returns than non-dividend paying firms – especially in declining markets!

That is, even over the past 30 years, you'd have made more money by getting fat monthly checks than by waiting for your stocks to grow.

James P. O'Shaughnessy in *"What Works on Wall Street,"* his national bestselling guide to the best performing investment strategies of all time, concludes: You can do four times as well as the S&P 500 by concentrating on large, well-known stocks *with high dividend yields.*

A Perpetual Cure

If you're an "income investor," you may be a bit skeptical about this. After all, U.S. stocks yield 2% on average. Money markets are nothing to get excited about. And short-term U.S. Treasuries yield approximately 0.76%, providing a negative return after factoring in taxes and inflation.

But we're not about to suggest you take excessive risk with high-yield, but unsound investments, such as the debt of a bankrupt airline or the sovereign debt of a small, impoverished country.

The Perpetual Income Program gives you rock-solid safety and yields higher than today's standard income investments... and more frequently.

Bonds pay only twice a year, stocks quarterly and mutual funds once a year. But your Perpetual Income Program pays you 82 times a year... on average, once every 4-5 days.

It consists of income-generating investments you can make through your existing broker. Several are broadly diversified to reduce risk and professionally managed, so someone is always overseeing your hard-earned capital.

And every security in the program pays shareholders an above-average and reliable dividend, which you can reinvest or spend as you please.

How to Get High Frequency Income Checks

Our Perpetual Income Program normally holds 15 to 20 high-yielding investments. In this report, we're including an overview of all our current holdings, as well as five "core" perpetual income plays we think all *Oxford Club* members should have in their portfolio. *Please note, not all of these recommendations are currently in our Perpetual Income Portfolio. We've also added a few "special situations" that we believe could provide you with additional, steady income. Just please be sure to mind our recommended 25% trailing stops.

Buying just these five investments will ensure that you receive an average of three checks every month.

Perpetual Income Play #1
Western Asset Global High Income Fund (NYSE: EHI)

This closed-end fund is an extremely flexible fund that can invest in high-yield or high-grade bonds, or corporates, in any market, anywhere in the world.

It offers an attractive yield of more than 9%. But equally attractive is the fact that the fund carries a lower risk than many other high-yield funds, as it invests in undervalued bonds on a global basis.

Currently, the fund holds 55.7% of assets in high-yield corporate bonds, 15.3% in sovereign debt, and 14.8% in debt securities of emerging markets.

Western Asset is one of the world's largest and leading fixed-income managers and has focused exclusively on fixed income since its founding in 1971. The firm uses a team-based approach to managing your fund with team members averaging 17 years of investment industry experience.

Should we endure any more "shocks" to the system, it's likely investors will again look for cover in well-established and "seasoned" investment managers, which means the fund should also provide stability.

When you consider the fund's average return on net asset value of 7.9% over its life (since 2004) and its current yield, the Western Asset Global High Income Fund is an excellent choice for those looking to boost their income.

For further information on the fund, please visit www.leggmason.com. Or call Legg Mason directly at 800.822.5544.

Action to Take: *Buy the **Western Asset Global High Income Fund** (NYSE: EHI) at market. And set a trailing stop at 25% to protect both your profits and your principal.*

Estimated dividend payout dates: 10/25/2011, 11/25/2011, 12/26/2011, 1/25/2012, 2/27/2012, 3/26/2012, 4/25/2012, 5/25/2012, 6/25/2012, 7/25/2012, 8/27/2012, 9/25/2012, 10/25/2012, 11/26/2012, 12/26/2012

Perpetual Income Play #2
BlackRock Limited Duration Income Trust (NYSE: BLW)

This closed-end fund invests in higher quality non-investment grade bonds, as well as government and high-grade mortgage securities, too. 16.5% of the portfolio is from government agencies or AAA-rated bonds (i.e. – the safest available). The fund also invests across a wide variety of sectors ranging from aerospace to entertainment.

As the name suggests, the fund's main objective is to maintain a limited duration of less than five years. Currently, it sports a duration of just over two years.

But what does "duration" mean?

Duration refers to the sensitivity of a bond price as it relates to a 1% change in interest rates. The two key factors involved in the calculation are a bond's "time to maturity" and its "coupon rate." The result is expressed in years and can be easily interpreted.

For instance, if a bond has a duration of four years and interest rates increase by 1%, the bond's price will decline by approximately 4%. Conversely, if a bond has a duration of four years and interest rates fall by 1%, the bond's price will increase by approximately 4%.

Now that you understand duration, you realize why the fund's current duration of about 2 years is so attractive.

Simply put, it reveals that the managers are investing in safer, shorter-term bonds, which are less sensitive to a change in interest rates. And that's precisely what we want in this environment.

But that's not the only reason to buy into the fund. In addition to mitigating our interest rate risk, it also allows us to dodge the second-biggest bond risk – credit.

By being well diversified across more than 200 bonds, the fund minimizes the impact of any issuer going belly-up and being unable to make interest and principal payments. Since the fund only invests in U.S. bonds, we're also insulated from foreign currency risk.

For further information on the fund, please visit www.blackrock.com. Or call BlackRock directly at 800.441.7762.

Action to Take: *Buy the* ***BlackRock Limited Duration Trust*** *(NYSE: BLW) at market. And set a trailing stop at 25% to protect both your profits and your principal.*

Estimated dividend payout dates: 10/31/2011, 11/30/2011, 12/30/2011, 1/30/2012, 2/29/2012, 3/30/2012, 4/30/2012, 5/30/2012, 6/29/2012, 7/30/2012, 8/30/2012, 10/1/2012, 10/30/2012, 11/30/2012, 12/31/2012

Perpetual Income Play #3
Eaton Vance Tax-Managed Diversified Equity Income Fund (NYSE: ETY)

The Eaton Vance Tax-Managed Diversified Equity Income Fund (NYSE: ETY) has a current yield of 11% and pays distributions quarterly. The Tax-Managed Fund invests in stocks and writes calls on them to generate income.

The buy-write strategies of this fund mean that most of the income is tax deferred. In ETY, because much of the income is generated from options, 95% of the distribution was considered a return of capital in 2010. So it wasn't taxable last year.

However, return of capital does lower your cost basis, so you do pay taxes on it eventually, when you sell the position.

We all know the government always gets its money. Still, better to pay later rather than now.

But don't be misled by the term "return of capital."

Usually, you don't want to see a fund returning capital as part of its distribution. What that means is exactly what it sounds like – the company is returning the shareholders' own capital to them in the form of a distribution.

However, in a buy-write fund, managers have several tactics they can use to reduce their capital gains and make a larger portion of the distribution a return of capital.

It's a bit complex but, essentially, the fund can make its distributions based on the manager's projection for the fund's long-term performance. Because the distribution isn't based on actual capital gains, it's considered a return of capital.

The important thing to understand is that investors in these funds:

- Enjoy a high yield
- Will not pay taxes on most of the distribution in the year they receive it
- Will pay taxes on the distribution when they sell the investment as the distribution reduces the cost basis

Action to Take: *Buy* ***Eaton Vance Tax-Managed Diversified Equity Income Fund*** *(NYSE: ETY) at market. Set a trailing stop 25% below your entry price.*

Estimated dividend payout dates: 11/21/2011, 2/21/2012, 5/21/2012, 8/20/2012, 11/20/2012.

Perpetual Income Play #4
Genuine Parts Co. (NYSE: GPC)

Genuine Parts Co. (NYSE: GPC) is a leading provider of auto and other industrial replacement parts in North America. It boasts an "A" rating from Standard and Poor's and has one of the best dividend records in the entire market.

For 54 years the company has not only paid, but also increased its dividend. And with over $516 million in cash and a manageable debt load, that trend shouldn't end anytime soon.

This stock not only sports an attractive 3.5% yield, but it's cheap, too – trading at a 3% discount to the S&P 500 based on price-to-earnings ratio.

So not only can we expect a steady and increasing payout, we also stand to realize significant capital appreciation here, as well.

Action to Take: *Buy* ***Genuine Parts Co.*** *(NYSE: GPC) at market. And use our customary 25% trailing stop to protect your principal and your profits.*

Estimated dividend payout dates: 10/3/2011, 1/3/2012, 4/2/2012, 7/2/2012, 10/1/2012.

Perpetual Income Play #5
CoreSite Realty Corp. (NYSE: COR)

Denver-based CoreSite (NYSE: COR) owns and operates a portfolio of 11 data centers, offering over two million rentable net square feet. Its facilities are located in some of the largest and fastest-growing areas in terms of data center demand – Los Angeles, Chicago, New York City, San Francisco Bay and Northern Virginia.

All it does is rent out data center space – from an entire building down to a single cage or cabinet.

The benefits of companies outsourcing their data center needs to CoreSite are numerous - quicker time to market, scalability, cost reduction and no need for financing, all thanks to economies of scale.

Based on CoreSite's growing customer list, which includes AT&T, Microsoft, Google, Facebook and The Nasdaq OMX Group (among others), this is clearly a business model with significant merit and profit potential. Especially since CoreSite is uniquely positioned to capitalize on the substantial uptick in data center demand ahead. Consider...

- Based on its current real estate holdings, CoreSite can easily double its square footage that's available for rent.
- It can expand quickly via acquisitions. The company grew from one data center in 2000 to its current size of 11 facilities, mostly via acquisitions. Management is now both experienced and in a financial position to take advantage of irresistible opportunities.
- The compelling industry growth trends – and supply constraints – also allow CoreSite to charge higher rent. In the last quarter alone, the company realized a 23% increase in rental rates on renewals.

Since CoreSite is structured as a REIT, it's required to pay out 90% of earnings to shareholders. Which means that as the company's data center footprint and profit grows, so should our income.

The company currently pays an annual dividend of $0.52 per share. That's equal to a respectable 3.2% yield. However, we expect the yield to increase significantly.

Put simply, CoreSite represents a compelling bargain to capitalize on the next real estate boom in data centers.

Action to Take: *Buy **CoreSite Realty Corp.** (NYSE: COR) at market. And use our customary 25% trailing stop to protect your principal and your profits.*

Estimated dividend payout dates: 10/14/2010, 1/17/2012, 4/16/2012, 7/16/2012, 10/15/2012.

The Perpetual Income Strategy

We suggest you buy each of the five core income-generating securities featured above in equal dollar weights. That way, you'll have a diversified portfolio primed to produce a stream of monthly checks.

To know precisely how many shares to buy of each security, you simply multiply the total dollar amount you plan to invest by 20%; the result of this calculation tells you the exact dollar amount you need to own of each security. Next, divide the dollar amount you just calculated by the current share price of each security. And voila! You have the exact number of shares to buy of each.

Take a look at the example below based on a total investment of $10,000 and recent share prices:

Stock	Total Investment		Allocation		Market Value		Share Price		# Shares to Purchase
EHI	$10,000	x	20%	=	$2,000	/	$11.90	=	168
BLW	$10,000	x	20%	=	$2,000	/	$15.93	=	126
ETY	$10,000	x	20%	=	$2,000	/	$9.18	=	218
GPC	$10,000	x	20%	=	$2,000	/	$51.66	=	39
COR	$10,000	x	20%	=	$2,000	/	$15.47	=	129

Based on the current dividend payouts, every $10,000 invested will earn the equivalent of $60.61 per month and $727.42 annually. So a

$100,000 portfolio will earn $606.10 per month or $7,274 annually. And a $1,000,000 portfolio will earn $6,061 per month or $72,742 annually!

Remember, these amounts assume you never reinvest the dividends and contribute no additional income to buy more shares. If you choose to reinvest, however, you can benefit from the magic of compounding.

Simply reinvest your checks in the perpetual money program... that is, do nothing... and you'll watch your money pile up... *rapidly and automatically.*

The longer you keep reinvesting your money, the faster your money grows. It's that easy. Just look:

HOW YOUR MONEY DOUBLES IN 7.2 YEARS... AUTOMATICALLY*

Year	Beginning Investment	Increase Over Previous Year
	$10,000	
1	$11,000	$1,000 more
2	$12,100	$1,210 more
3	$13,310	$1,331 more
4	$14,641	$1,464 more
5	$16,105	$1,610 more
6	$17,715	$1,771 more
7	$19,487	$1,948 more

*assumes 10% annual returns on a $10,000 initial investment with dividends reinvested.

As you can see, the size of your checks increases gradually at first but, after just a few years, you see *steep* jumps in income.

You don't have to dig into your pocket to invest any new money to experience these dramatic increases in your income. You simply re-invest the checks you're receiving, and let compounding interest do the rest.

That's the beauty of our Perpetual Income Program. It's simple. Once you get it running, you don't have to lift a finger except to deposit your checks. Whether you decide to spend each check or reinvest the income... it just keeps generating continuous streams of cash... forever.

What's more, these are just a few examples of the powerful income generators that form the crux of our proprietary strategy. You could make even more by simply adding any of these additional holdings in our program…

Up to 82 Checks Every Year… from Now on

By buying all of the stocks recommended in this program, it's possible to receive as many as 82 checks over the next 12 months… and year-after-year... no matter how well or badly the market is performing.

Simply set yourself up using the stocks outlined below, track the payouts with your calendar, and watch the cash pour into your bank account… month after month… turning every year into 12 solid months of perpetual income.

The size of these income checks is entirely up to you. It all depends on how much you decide to invest in each stock.

The Perpetual Income Program

Tanger Factory Outlet Centers

Tanger Factory Outlet Centers (NYSE: SKT) – is a real estate investment trust (REIT) that owns 33 retail outlet centers in 22 states, attracting more than 160 million shoppers, annually. High unemployment brings out the discount shoppers, which explains the increase in same-store sales, while the rest of the retail sector is reporting declines.

The fact that outlet stores are typically tenants' most profitable locations also adds a layer of protection for us. It's unlikely they will close these locations, which explains why Tanger's occupancy rates have checked-in at 95% for the past 28 years.

With double-digit increases in rental rates, low debt levels, geographic diversity and a conservative growth strategy (in fact, management won't build a new center until it gets commitments on at least 75% of the space), this income source is one of the safest available in the market today. In addition, the current dividend of $0.80 – equal to a 3.0% yield – is safe, reliable and likely to increase (Tanger has raised its dividend for 17 consecutive years).

Estimated dividend payout dates: 11/15/2011, 2/15/2012, 5/15/2012, 8/15/2012, 11/15/2012

Southern Co.

Utilities represent the safest, most defensive stocks. Consumers don't have a choice but to keep the power on, which makes **Southern Co.** (NYSE: SO) especially attractive.

The company serves approximately 4.4 million customers with 42,000 megawatts of generating capacity in Alabama, Florida, Georgia, Mississippi and the Carolinas. Population growth in the southeast continues to outstrip the rest of the country. And new customers represent the cheapest way to grow for a utility company.

With $416 million in cash and a dividend of $1.89 (equal to a 4.8% yield), Southern Co. is safe and reliable. And Morningstar agrees, saying, "Southern's dividend is one of the best bets in the business." Southern has paid a dividend for 250 consecutive quarters, easily justifying our enthusiastic endorsement. And a position in the Perpetual Income Program.

Estimated dividend payout dates: 12/5/2011, 3/5/2012, 6/5/2012, 9/5/2012, 12/5/2012

Windstream Corp.

Windstream (NYSE: WIN) is the country's largest rural wireline company. It operates in 16 states... in extremely rural areas that big carriers like AT&T and Verizon avoid because the upfront costs are too high. Just to give you an idea, in most suburban and urban markets, the number of access lines per square mile is over 110. In most of Windstream's markets, it's below 20.

Obviously, this lack of competition is an advantage for Windstream… and its shareholders. Ample free cash flow of $1.13 billion helps pay a hefty $1 dividend (equal to a 8.4% yield).

As larger carriers struggle to grow organically, don't be surprised if one of them buys out Windstream. Consolidation is already underway in the industry and Windstream possesses the same qualities of past takeover targets.

Estimated dividend payout dates: 10/14/2011, 1/15/2012, 4/16/2012, 7/16/2012, 10/15/2012

Kimberly-Clark Corp.

Kimberly-Clark Corp. (NYSE: KMB) is a leading player in the health and hygiene industry. Its products include bathroom tissues, diapers, feminine products and paper towels. Boring but essential items. (FYI – If you have a box of Kleenex, a roll of Scott paper towels, or a pack of Huggies or Depend diapers in your household, you're already a customer.)

Of course, there's no way to stretch out how long these consumable products last, either. It's "one and done" and you have to buy more. The firm's fiscally fit, generating over $2.7 billion in free cash flow and boasting $876 million in the bank. And growth prospects remain solid.

It's cheap. It's growing. Throw in a competitive yield in this low-interest rate world and Kimberly-Clark shares represent a real steal…

At current prices, the stock yields 4.3%. That's better than the payout from 30-year U.S. Treasuries. Investors don't let companies with such steady demand, solid growth prospects and a competitive (and increasing) yield trade on the cheap for long.

Estimated dividend payout dates: 10/4/2011, 1/4/2012, 4/4/2012, 7/5/2012, 10/4/2012

RPM International

RPM International (NYSE: RPM) is a maker of paints, sealants, adhesives, protective coatings and roofing systems. It operates two main business segments: consumer products (32% of sales) and industrial products (68% of sales). If you're a do-it-yourselfer, chances are you've patronized the company. RPM owns the well-known RustOleum, DAP and Zinsser brands found in every major home improvement store.

It has paid (and increased) its dividend for 37 years and counting. Only 56 other companies out of 19,000 can boast the same commitment to shareholders.

RPM currently pays $0.84 per year, equal to a yield of 4.2%. Throw in a cheap valuation – RPM trades for about 11 times forward earnings, or roughly a 15% discount to the average stock in the S&P 500 – and this is a no-brainer addition to our "Perpetual Income Program."

Estimated dividend payout dates: 10/31/2011, 1/30/2012, 4/30/2012, 7/30/2012, 10/30/2012

Royal Dutch Shell

Based in The Hague, Netherlands, **Royal Dutch Shell** (NYSE: RDS-B) operates as an oil and gas company in over 90 countries.

It actively explores for and extracts crude oil and natural gas. It owns interests in approximately 35 refineries. And it also produces and sells petrochemicals to industrial customers for use in creating plastics, coatings and detergents.

In short, it's a diversified (i.e. – lower risk) oil and gas producer.

At current prices, the annual dividend of $3.36 works out to a yield of 5%. That's roughly double the payouts of Wall Street's darling oil picks, Exxon Mobil and Chevron. The fact that shares are reasonably priced too – trading for just under eight times trailing earnings – makes the opportunity even more compelling.

In other words, it's a safe bet, with a speculative kicker should oil prices head considerably higher from here.

Estimated dividend payout dates: 9/19/2011, 12/17/2011, 3/27/2012, 6/27/2012, 9/19/2012, 12/17/2012

Editors Note: We are recommending the "B" shares of Royal Dutch Shell. There is a listing for RDS-A, the "A" class shares. However, these shares are subject to a 15% Dutch withholding tax, so don't buy the "A" shares.

Cemig

Companhia Energetica De Minas Gerais, more commonly known as **Cemig** (NYSE:CIG), engages in the generation, transmission and distribution of electric power primarily in Rio de Janeiro and the state of Minas Gerais, Brazil, which is roughly the size of France.

Cemig - the country's top electricity provider - needs 59 hydroelectric plants, three thermoelectric plants, and two wind farms, as well as 304,552 miles of distribution lines in order to service its customers.

If reliable energy is lacking, the Brazilian economic engine grinds to a halt. So it's a big responsibility… but it pays well. As a result, Cemig is able to provide a generous dividend. Currently the dividend is $1.08 (a 5.7% yield), but here's where it gets really exciting...

After paying the ordinary dividend, Cemig puts cash into a special reserve. These reserves are tapped to pay the dividend if net income falls. But if that money isn't used, it's paid back to shareholders in the form of a special dividend every two years.

In early January 2011, shareholders received a special dividend of an additional $0.79 per share, more than doubling the ordinary dividend they already pocketed.

Now, it's up to management's discretion to declare the special dividend. But regardless, we suggest getting on board for the regular dividend. And if you get a special dividend bonus… all the better.

Estimated dividend payout dates: 12/30/2011, 7/9/2012, 12/31/2012

Automatic Data Processing

Founded in 1949, **Automatic Data Processing** (Nasdaq: ADP) handles key HR functions for over 550,000 clients worldwide. Its core business entails collecting cash from its customers and then issuing paychecks, making deposits in retirement accounts and transferring funds to pay taxes (over $1 trillion in total each year).Although it doesn't hold onto these funds for a long time, on any given day, ADP is sitting on about $20 billion in funds. Consider it a perpetual (and steadily growing) float.

Here's the key point – ADP gets to keep any interest it earns on these funds. And it adds up. In the last fiscal year, ADP earned $543 million in interest. That's equal to about 30% of its pre-tax profits. And therein lies the beauty of this blue-chip, value-oriented stock: as an inflation hedge…

As interest rates inevitably rise, so too does the income ADP earns on this float. Even a modest increase in rates promises to provide a dramatic benefit. Let's assume, for example, that interest rates rose a mere 200 basis points or 2%. Instead of earning $543 million in interest, ADP would rake in over $1 billion.

At current prices, ADP yields 3.2%. What's more, over time, we're all but guaranteed to get a raise as ADP has increased its dividend for the thirty-sixth consecutive years. Such a track record puts ADP in prestigious company. Only 41 other companies can brag about increasing dividends for 25 years or more.

Estimated dividend payout dates: 10/3/2011, 1/3/2012, 4/2/2012, 7/2/2012, 10/1/2012

The Chubb Corp.

The Chubb Corp. (NYSE: CB) is America's eleventh-largest property and casualty insurer. Founded in 1882 by a father and son to insure ships and cargo passing through New York City, Chubb now employs 10,600 people and conducts business in 28 countries.

More importantly, the company fits our investment mandate perfectly.

- **It operates a simple business.** You might think insurance is a complicated business. But it really just boils down to sound underwriting – collecting slightly more than enough premiums to cover losses and expenses.
- **Its products and services are recession-resistant.** People and businesses don't typically skimp on insurance, even during tough times. In many cases, the law *requires* coverage. And since Chubb focuses on high-net worth individuals, its revenue stream is even more durable. While many companies suffered sales declines of 20% (or more) through the worst part of the recession, Chubb's net premiums only dropped 7%.
- **Its financials are rock-solid.** Chubb spins off $2.5 billion in free cash flow each year. It's sitting on $1.7 billion in the bank – equivalent to $6.16 per share.
- **Yielding 2.5%, the dividend is safe (and likely to increase).** A huge buffer exists, as it only pays out 31% of its earnings in dividends. Not to mention that the company has increased its dividend for more than 26 years, earning it a spot in the coveted S&P 500 Dividend Aristocrats Index.

Estimated dividend payout dates: 10/5/2011, 1/11/2012, 4/5/2012, 7/13/2012, 10/5/2012

Inergy, L.P.

Structured as a master limited partnership, **Inergy, L.P.** (Nasdaq: NRGY) is one of the country's fastest growing propane marketing and distribution companies.

Propane is in constant demand. It's clean burning and used to heat homes and water, cook with and run appliances. But the 10.2-billion-gallon-per-year market is very fragmented. Over 5,000 independent retailers still control 62.9% of the market share.

Inergy's working to change the industry. It's rapidly expanding via acquisitions (78 and counting). But with only 3.4% market share, it's still got plenty of room to run.

After raising $400 million, it's well-capitalized. The relative ease in raising money during these tough economic times also underscores the strength of the underlying business. And one that's enabled the company to increase its cash distribution for 39 consecutive quarters. The current dividend stands at $2.82 (equal to a 9.8% yield).

Estimated dividend payout dates: 11/15/2011, 2/15/2012, 5/15/2012, 8/15/2012, 11/15/2012

Clorox

Clorox (NYSE: CLX) generates over $5 billion per year in sales and nearly $1 billion in cash flow.

Aside from its well-known bleach, Clorox's brands also include Glad trash bags, Pine Sol, Formula 409 and S.O.S steel wool. Throw on top of that Liquid Plumber, Kingsford charcoal, Brita water filters, KC Masterpiece barbecue sauce and a slew of other household items, and chances are you have many Clorox products in your home right now.

Cleaning supplies may not be an exciting business, but it's a big one. The household products market is worth over $200 billion annually. And no one does it better than Clorox.

It has the highest margins and generates more cash than any other domestic household goods maker.

Now, Clorox isn't Apple. You're not going to read about the latest household cleaner rollout on the front page of *The Wall Street Journal*. There won't be feverish shoppers camped outside the supermarket waiting for the release of the new and improved Fresh Step cat litter.

But that's fine. Those boring products that people buy every day generate a ton of cash, which leads to a secure dividend.

This year, management boosted the divided by a solid 10%. It now sports a 3.4% yield. And with a 34-year track record of dividend increases, your yield-on-cost (the yield on your cost basis) should increase substantially as the dividend goes up in the future.

Estimated dividend payout dates: 11/15/2011, 2/15/2012, 5/15/2012, 8/15/2011, 11/15/2012

Aqua America Inc.

Aqua America Inc. (NYSE: WTR) – a water and wastewater services company – is based in Bryn Mawr, Pennsylvania. The U.S. water industry is highly fragmented with over 50,000 community water systems – most serving fewer than 3,500 people. That presents a golden opportunity for larger utilities to roll up all these smaller players. And that's precisely what Aqua America does.

The company has dedicated staff in every state, hunting out the best acquisition opportunities. And since 1995, it's acquired more than 235 smaller water systems, tripling its customer base.

Fact is, the water industry is facing a major problem. The infrastructure is terribly dilapidated. So much so that the Environmental Protection Agency (EPA) estimates that over $330 billion in investments are necessary over the next 20 years for repairs and upgrades.

However, small municipalities own the majority of the water systems. And most are teetering on the brink of insolvency. They simply can't afford to make the necessary upgrades. The only quick fix for these municipalities – and they desperately need one – is to seek out potential buyers that can afford to make the upgrades. Which is where Aqua America comes in.

It's one of the few water utilities with the size, cash flow, creditworthiness and access to cheap financing to tackle these jobs. And given that Aqua America is also one of the most efficient utilities in the country, it's capable of turning the financial woes (and desperation) of municipalities into windfall profits.

At current prices, Aqua America yields a respectable 3%. It's safe, as the company's dividend payout ratio checks in at a conservative 60%. And it's reliable, as management has paid a dividend for 61 years (and counting).

Estimated dividend payout dates: 12/1/2011, 3/1/2012, 6/1/2012, 9/4/2012, 12/3/2012

Action to Take: *Start by buying the five featured perpetual income plays in equal dollar amounts at market. Add any of the additional recommendations mentioned above in order to increase the amount of money – and the number of checks – you will receive regularly.* OC

Editor's Note: The current dividend yield of each security in the portfolio will fluctuate over time based upon the underlying price of the stock or any changes to the dividend payment made by management.

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The Oxford Club | 105 West Monument Street | Baltimore, MD 21201
North America: 800.992.0205; Fax: 1 410.223.2650
International: 410.223.2643; Fax: 1 410.223.2650
Email: customerservice@oxfordclubinfo.com

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The Oxford Club
105 W. Monument Street • Baltimore, MD 21201 • 410.223.2643
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