Rodney's Take
With John Del Vecchio
October 30, 2023

Long-time readers are familiar with one of our partners, John Del Vecchio. John is a forensic accountant who has developed several ways to identify great opportunities as well as outsized risks in the markets… including a new strategy to which we will introduce you soon. We thought it would be beneficial for our readers to see what John has been up to recently and how it can benefit you, so I asked John to write today's e-letter. —Rodney

Making More Income... and That's No Bull

Income.

We could all use a bit more of it, especially these days. Have you been to the grocery store or gas station lately? We're getting gouged.

Getting more income into our investment portfolio will be critical over the coming years to grow our wealth in real terms. Fortunately, income investing is one of the few areas where we as investors still have an edge over Wall Street. Most of the time, it's Wall Street picking our pockets.

Last month, I discussed how microcap investing is an area with a defined edge over the wolves on Wall Street. My *Microcap Millions* strategy has crushed the market. It's still kicking a** and taking names in 2023.

But how do we get an edge in income investing?

Easy.

You see, not all dividends are the same. Many of the investment options we have in dividend funds are flawed. Most screen for high yield. The yield can be high for a simple reason, and that reason may not always be great for the investor. For example, let's say the business is crappy. As the stock falls due to poor prospects, the yield goes up… at least until, eventually, the dividend gets cut. Screening for high yield is a loser's game.

I don't focus on yield alone. Instead, I use the trusty Forensic Accounting Stock Tracker (FAST) model I developed over 13 years ago that can separate the wheat from the chaff (or in this case, the loser stocks from the winners). The FAST tracker uses sound fundamental principles to help investors avoid businesses that are melting ice cubes wasting away and instead directs hard-earned capital to companies on solid footing that have strong prospects to raise their dividends.

The beauty is that my process also can help **you** analyze income stocks without needing a background in accounting. It's so easy to use that even a little kid could do it. It works so well I've applied it to a portfolio system I will introduce soon, The No BS Growth and Income Portfolio.

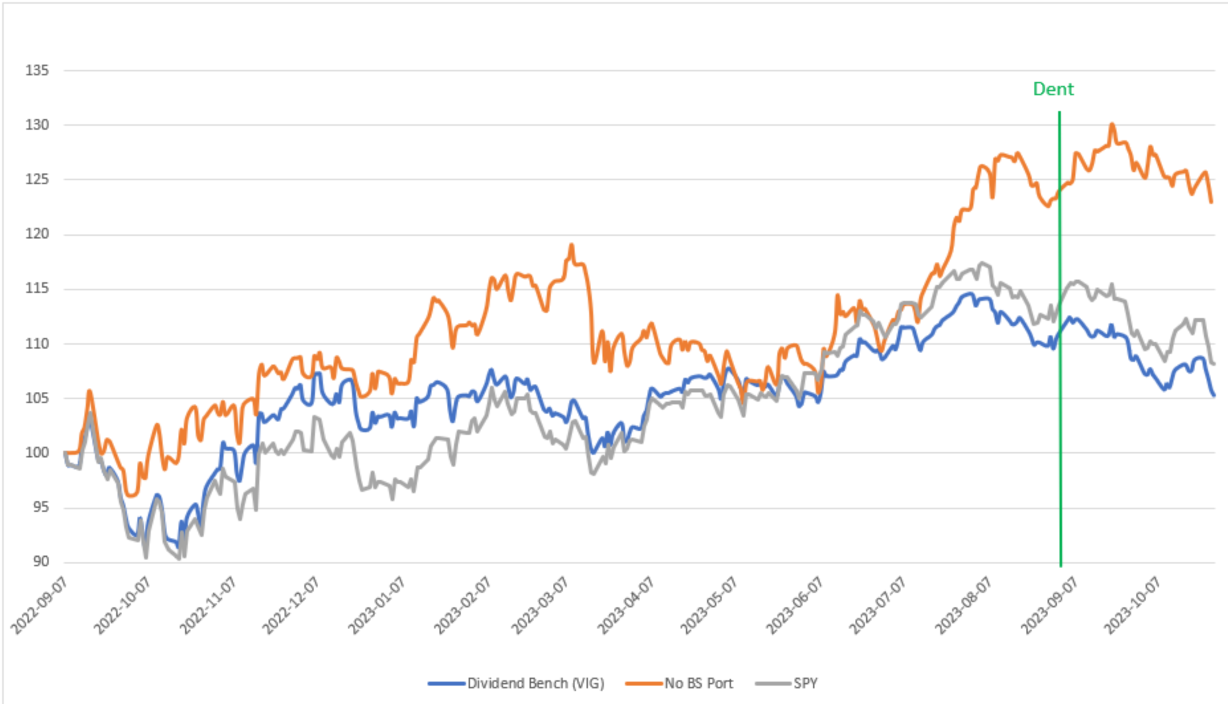
There's no fluff. It's a no-BS approach to income investing that focuses on regular stocks. Want proof?

Here are the historical, back-tested data by year:

Performance by Calendar Year

Return (%)	2001*	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Model	36.68	23.98	51.69	31.33	17.09	30.63	6.30	-12.11	30.74	18.04	12.35	29.86	50.47	8.89	5.53	48.27	36.89	-15.06	38.76	16.49	43.96	-3.62
Benchmark	-11.76	-21.58	28.18	10.70	4.83	15.85	5.15	-36.79	26.35	15.06	1.89	15.99	32.31	13.46	1.23	12.00	21.71	-4.57	31.22	18.33	28.73	-18.18
Excess	**48.44**	**45.56**	**23.51**	**20.63**	**12.26**	**14.78**	**1.16**	**24.68**	**4.39**	**2.98**	**10.45**	**13.87**	**18.16**	**-4.58**	**4.29**	**36.27**	**15.18**	**-10.49**	**7.54**	**-1.84**	**15.23**	**14.56**

Of course, back tests of models tend to look good. Otherwise, they would never see the light of day. However, I've also tracked my dividend model in real time for over a year. Take a look.



Kicking a** and taking names, indeed.

The S&P 500 and the dividend ETF (VIG) benchmark have lagged well behind. In 2023, the portfolio is up 11.7%, compared with 9% for the market and 1.3% for the dividend benchmark.

Those are numbers I can take to the bank, and soon you can, too! I'm working with Rodney and Harry to make my income strategy available to their readers. You'll hear more about it in the days to come, so watch your inbox!

John

Got a question or comment? You can contact us at info@hsdent.com.