How to Ride Spending Waves
— All the Way to Profit

As a year-round Floridian, I can vouch for the fact that summer in the Sunshine State is a real pain. The heat is oppressive and the humidity is worse.

The rain rarely stops and hurricanes here are not only common, they can wipe out everything you have. Meanwhile, the mosquitoes often look as though they’re on steroids, and many of those blood-suckers are not even afraid of the daylight.

However, none of these irritations dampen the enthusiasm of the millions of tourists from every part of the globe who flock to the state’s beautiful beaches and vacation meccas. And while the onslaught of tourists can gum up a local’s day — restaurants become packed, roads gridlocked, and grocery stores get jammed with people who are clearly lost in life — most residents take it in stride. They recognize that we — and more importantly our economy — are darned lucky to attract so many people and their wallets.

Of course, Floridians also know something else: Eventually, the tourists go home. They take their kids, minivans, accents and dollars back home, leaving the state quieter and less congested. Life returns to normal and the beach traffic is breezy to say the least.

If the end of tourist season brings on a collective sigh from my fellow Floridians, I’ve got some advice for you: Take another big breath because demographics are against you.

However, if you own a business whether you own a restaurant, grocery store, drug store, financial advisory, law firm, auto dealership or repair shop, the boom times are about to begin.

21 Million Boomers on the Move

As we scan the demographic landscape, one fact is inescapable: Americans are getting older.

Of particular interest to us, the massive Baby Boomer generation is aging. Most of the Boomers are now well into in
their 50s, progressing toward retirement age and setting the stage for a huge spending shift. Think of it: Roughly 60 million Boomers will retire over the next 12 years.

An estimated 65% of those newly minted retirees, or nearly 39 million people, will stay where they now live. However, the other 21 million will be on the move.

Many will relocate to typical retirement destinations, like Florida, Arizona and Nevada. Without question, the so-called “Sand States” are about to experience a population influx driven by massive domestic migration as Boomers exit the job market and look for nice, sunny places to relax.

Given that Florida’s current population is about 19 million, this migration wave will seem like a tidal wave of people — and dollars.

Naturally, the ramifications will be profound. Can the roads handle it? What about water supply and medical care? Can our medical community handle the influx, particularly of a population requiring increased levels of care? Do we have enough police and highway patrol members?

However, many of the issues surrounding the forthcoming migration come down to private commerce. These people will need housing, groceries and clothes. Most will need their cars serviced. They’ll also need lawyers, accountants, financial advisors and a multitude of other goods and services.

In short, the shift of retirees to new locales provides a rich vein of growth — and profits — that businesses can tap if they know where to look.

Welcome to the world of Dent Research.

**Information Means Profits**

All of this may seem like common sense, but most people don’t connect the dots or even know enough about the dots to draw the picture. That is what makes the work of Dent Research unique and useful to business owners of all stripes.

This month I’m going to highlight some of the research recently published in our new book, *Spending Waves: The Scientific Key to Predicting Market Behavior for the Next 20 Years*.

The goal is to shed light on some current economic trends and show where they are headed over the next few years.

This kind of research is not only the basis for our publications; it is also the cornerstone of our Irrational Economics Summit — November 6-8 in La Jolla, California.

We always begin by reviewing the Immigration Adjusted Birth Index (see chart below), which shows the number of live births in the U.S. each year plus the number of immigrants to the U.S. who share that birth year.

**Immigration-Adjusted Births**

![Immigration-Adjusted Births Chart](chart.png)

The Birth Index provides a starting point for estimating the number of people currently at each age, thereby allowing us to spot coming trends.

Looking at this chart, we can see the number of retirees (63-year-olds) — people born after 1950 — will rise over the next decade as the Boomers grow older.
At the same time, the highest spenders (47-year-olds) — those born after 1966 and known as “Gen-X” — are moving out of that peak spending period. And the Boomers’ children, those called the “Echo Boom Generation,” are forming a rising wave of young parents (30-to 35-year-olds).

Armed with this information, we can use proven consumer spending patterns to reveal which types of businesses will grow and which ones face tougher times ahead.

The following are just a few examples of how spending waves work…

**Back to School**

Over the past decade, the percentage of kids attending private elementary schools and private high schools has remained fairly constant at 12% and 9%, respectively. As the Gen-Xers went through the education phase with their kids, the total numbers of students have declined. However, that trend is over.

The next chart shows that the spending trend on education climbs as the heads of household reach 30 to 40 years old. This is the time when most young parents have children who are ready to attend school.

![Tuition for Elementary and High School](image)

Note the big peak at age 40, the drop in the mid-40s and the lower, secondary peak around age 47. This pattern indicates that more people are sending their young children to private elementary schools, while fewer send their teenagers on to private high schools.

Here we can put together the two pieces of information (the Birth Index and consumer spending on private schools) to forecast what lies ahead. By moving the Birth Index chart forward by the age that matches the peak spending age for private education (40 years), we can develop a demand chart for private elementary and high school education.

We do this simply by adding 40 to each year at the bottom of the Birth Index, so that 1969 becomes 2009 and 1989 becomes 2029. The recent bottom in births was in 1973, which would mark 2013 (1973 plus 40) as the bottom for peak spending in education.

In other words, for the next 20 years or so there should be a broad increase in the number of people sending their children — and their dollars — to private elementary and high school.

If you know how to use the data, spending waves are easy to find. This is valuable information for companies in the education business.

Nonetheless, it also makes life difficult for the parents, because the competition for seats increases. This is what happened with college admissions from the early 1980s through the early 1990s.

The Boomers exploded onto the college scene in the 1960s and 1970s thanks to the sheer number of college-age kids, as well as the heavy influx of female students.

However, the decline in births beginning in 1961 and ending in 1973, as seen on the Birth Index, led to an overall drop in the number of college-age kids 20 years later — 1981 through 1993. This made college entrance easier because of reduced competition.
Since then, college enrollment skyrocketed, leading to increased costs and heated competition for placement.

The only mitigating factor is the severe economic downturn, which caused a sudden, sharp drop in U.S. births for two years at the end of the last decade.

While the birth rate has not yet recovered to a level sufficient to replace the population, enough children are being born to put future price pressure on private schools.

If history is any guide and the rising tide of applications causes prices to jump, then parents will find themselves in a tough spot economically.

In addition to their children’s student loans and mandatory health care coverage, parents will face rising tuition rates. This is one more economic reality that will eat further into the family budget.

From a business standpoint, this trend presents many opportunities. The rising number of kids attending private institutions will strain the resources of the schools and parents. However, this will lead to a number of innovations. Virtual learning is already a well-known trend, with several companies currently offering online college degrees.

The business of virtual tutoring is still fragmented, but marrying technology with information and instruction could be yet another of the many ways to become involved in a growing market.

**All I Want is a Bicycle**

Just like the demand for private elementary school education, household demand for bicycles peaks when parents are in their early 30s. It’s the time when young parents are searching for their kids’ first bicycles and then trying to hide them until Christmas morning.

But the Bicycle Consumer Spending chart below shows there is more to this product than just first-time bikes for tykes. It shows bicycle spending by age with three smaller but notable spending peaks after the big peak in the early 30s.

After the massive spending peak around age 33 (when most people’s children turn five or six), there are smaller peaks around ages 42, 55 and 64. These coincide with the stages of life wherein parents are buying bicycles for their own needs (exercise, commuting or both).

These other ages are notable because when this information is combined with the Birth Index, it reveals potential surges in bicycle sales leading up to 2016. Demographics also show a drop from 2017 through 2022, followed by another surge in 2025.

The U.S. Census Bureau reports that from 2000 through 2011, the number of bicycle commuters increased by 47%. In Washington, D.C. alone the number of bicycle commuters increased by 166%.

As major U.S. cities, like New York, work to make their roads more bike-friendly through programs such as bike sharing and the addition of bike lanes, the trend should continue.

This year alone 18 cities plan to set up bike-
sharing programs, in addition to the 12 cities that did so last year.

However, don’t underestimate the power of demographics. Boomers have been in the sweet spot (40s to early 50s) of spending on exercise and themselves.

The previous chart shows that as consumers move into their late 50s, there is a dramatic drop in spending on bicycles. This can be explained by rising health issues. Then there is another small peak as consumers begin retirement in their early 60s. But it doesn’t last long!

Will these city bike programs be put in place just in time for Americans to age past the point at which they make sense? Or will younger generations increase their use dramatically and compensate for the drop in older riders?

These are interesting questions that should be considered before municipalities devote precious resources to such programs.

As for business owners and investors… if you are not currently involved in the cycling trend, then it might be better to focus elsewhere.

Hitting the Slopes

For this popular outdoor activity the pattern is clear. If you are involved in snow skiing or winter sports in general, chances are you have kids who still live at home. The following chart shows spending on winter sports equipment by age.

Winter sports equipment spending gets a significant boost around age 30. This is the time when households have children old enough to attend ski school.

This higher spending level is maintained for a while. It then spikes higher among people in their early 40s, as their kids attain sufficient skill and interest to want their own skis, boots, snowboards and other winter gear.

Spending drops sharply thereafter, but still hovers at the higher level until it falls off once consumers reach their early 50s. Anyone who participates in winter sports, particularly mountain sports like skiing and snowboarding, can relate to this chart immediately.

I have taken my kids skiing and snowboarding for years and have joined them in both activities. As time went on, I got slower and my kids got faster.

Just a few years ago my teenage son and I were snowboarding through the trees in Colorado. When he came out ahead of me, I thought it was a fluke. At least, that’s what I told myself. On the next run, he proved it was no fluke. He had officially passed me and never looked back.

While my family has continued spending on this sport, we will have fewer opportunities to share as the kids go off to college. And without a doubt, each year I look at the mountains a little bit more skeptically.

As for the economic trend, we go back to the very first chart. If we add roughly 40 years to the dates across the bottom axis (to account for the run up in spending to age 40), we find that spending on winter sports equipment should maintain a high level. It should even rise in the years ahead, with strong growth in the early 2020s.

This bodes well for the primary businesses as-
associated with these sports. Not just ski manufacturers and clothing retailers, but also ski resorts, travel companies and specialty luggage retailers.

If we look a bit further, we find this trend should also give a lift to real estate at ski destinations, which will provide real estate investors with a new area of focus supported by demographics.

**Smile! You’re on Camera**

The last category I’ll address is home security. The following chart illustrates spending by age on home security systems.

![Security Systems Chart](image)

This chart has two interesting parts. The first thing that draws our attention is the high spike after age 80.

It would appear that a bunch of octogenarians are suddenly choosing to guard their homes against theft.

Of course, this isn’t the case. Instead, this particular data point highlights one of the shortcomings of this type of survey. Very few 80-somethings fill out the Consumer Expenditure Survey, so the responses of the few who do fill out the survey get magnified.

Because we know this, we dismiss outlier numbers from age groups that tend to have few respondents.

The second noticeable piece of information is that, after a small bump in spending among those in their 30s, there is no discernible change in the spending rate as people age.

The trend line is fairly constant, sloping upward to the right. This implies that homeowners of all ages are candidates for home security systems and that spending in this area rises as age increases.

If we refer once again to the very first chart, you can see that the bulk of the Boomers are in their mid-50s. Consequently, home security should be a prime market for higher spending over the next 15 years.

One of the great things about home security is that the market has changed so dramatically in the past 10 years, thanks to innovations in video technology and Internet access.

Now homeowners can use their smartphones to see live video feeds from their home and can even speak to someone at the door through an intercom.

This is a long way from a simple beeping sound when a door is opened or a window breaks. These developments are opening this industry to an entirely new group of providers. Instead of just technicians that install cable and access panels, technology companies that develop software and integrate video are able to meet the changing needs of clients.

Knowing that a very large group of consumers is about to increase spending on such technology and products should push offerings and profits in this sector much higher in the years to come.

**Preparing for the Future**

These different spending categories — primary school tuition, bicycles, winter sports and home security systems — are just four of more than 100 categories that we cover in our *Spending Waves* resource.
Each category gives business owners and investors a new way to evaluate the opportunities and pitfalls that lie ahead.

A casual glance at such charts can lead business owners to realize they’re either in a dying industry or on the verge of a major breakout.

Either way, once you understand how to look at the data, it can be grasped in an instant and can guide your business to profit through whatever the future holds.

Rodney

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**Boomers Quickening the Pulse of ADT**

By Adam O’Dell

Grab your children. Lock your doors. Sound the alarm.

I have another demographic-driven, winter-season-certified stock recommendation for you!

And once your neighbors know you’re in possession of this newsletter, I think they’ll be willing to squeeze through your smallest window, cat-burglar style, to get it.

Are you prepared?!

Scare tactics aside, this story is as much about technology as it is about security.

The latter — security — is a valued basic necessity. According to Maslow’s hierarchy of need, it’s the most fundamental of all, after food and water. And now, technological advances in the home security and home automation markets will provide that peace of mind to the 60 million Baby Boomers entering their golden years.

And for investors in search of the next upwelling of demographic demand… following the profits is easy.

**Meet Deb and Merle Balboni**

Just a decade ago, Boomers like them firmly believed that home security systems — like those sold by The ADT Corp. (NYSE: ADT) — were:

1) A hassle to install (think: blindly fishing for wires behind drywall), and

2) Expensive ($3,000 or more)

But thanks to improvements in wireless and video technology, today’s systems are more advanced and less expensive. They’re also extremely user-friendly, making them more a lifeline than a noose.

In a Boston Globe article published earlier this year, Deb and Merle Balboni, Plymouth, Massachusetts residents in their 50s, had this to say about their newly-installed ADT system:

“It’s awesome! We can go away for the day or even a week and can remotely check in on our mobile phones to see how our two dogs are doing, whether the cleaning service people came that day or whether there’s any trouble going on. It’s about peace of mind.”

Home security systems have long made loud, screeching noises when a door or window is opened. But now systems are so much more. They allow users to activate and deactivate remotely… to scan video feeds to keeps tabs on Fido, family members or hired help… even to turn off the oven remotely when they suddenly remember, “#*@#! My frittata’s been cooking for an hour!”
Trust me. This isn’t your father’s home security system.

**Pulse is the Future**

ADT, with its 6.5 million customers, is the largest security company in North America. And with a virtual stranglehold on its 25% market share, it would be easy to assume that ADT has all but squeezed the last drop of juice from an already ripe piece of fruit. Yet nothing could be further from the truth.

Pulse is ADT’s home automation platform. And at just $50 per month, it’s also the very first home automation platform to hit the market at an affordable price.

For consumers, particularly Baby Boomers like Deb and Merle, that means a soup-to-nuts security and home automation system is affordable to nearly all homeowners, not just the wealthiest.

For ADT and its investors, Pulse is the key to future growth and profitability.

Just two years ago, only about 5% of ADT’s new customers signed up for Pulse. Today, that figure is 40%. And the company has yet to unleash the full power of its sales force.

You see, ADT sells its systems through two channels: direct (its own, internal sales staff) and indirect (licensed dealers). In the early years, ADT only allowed its direct sales force to push Pulse. But last year, the company began allowing dealers to sell it, too. Within one year, dealers’ Pulse uptake rate jumped to 15% of new customers.

At the current trajectory, within two years one out of every two customers signed by ADT’s dealers will include Pulse as part of their service package.

Remember the S-curve? It’s the forecasting tool we use to determine when a product or service jumps from “it’s called what?” to “everybody’s got one.” Well, based on how Pulse sales have been trending, I think it will only take a year or two before at least 80% of ADT’s new customers are signing up for the service. So, what does that mean for ADT’s top and bottom lines… and for investors’ portfolios?

Money in our pockets!

Pulse customers are worth 25% more in annual revenue than ADT’s traditional customers, making them profit margin fatteners. The company’s margins are already showing a strengthening trend: Net Income Margin is up 39%, from 9.2% to 12.8%, since 2010. And the best is yet to come.

That’s because it takes about three years for ADT to recoup the cost associated with each new customer acquisition. Pulse was introduced in 2010, so ADT is just beginning to break even on early adopters. As more and more Pulse subscribers reach that three-year mark, more and more of ADT’s monthly subscription revenue will go directly to its bottom line.

At present ADT’s stock is trading just over $41, after finding solid support at $39 twice this year. I think the stock is easily worth $50 a share over the next 12 to 18 months, as ADT’s dealers ratchet up sales of Pulse and drive profit margins even higher. Credit Suisse thinks the stock is worth even more, with a price target of $55.

These upside targets put potential gains of between 21% and 33% within our sights. And that doesn’t even account for the 1.2% in annual yield we stand to collect from ADT’s quarterly dividend payments. A nice little “security blanket,” if you will.
**Action to Take:** Buy ADT Corp. (NYSE: ADT) up to $43 a share.

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**Portfolio Update**

**Thor Industries (NYSE: THO),** our play on the growing demand for recreational vehicles (RVs) being driven mainly by retiring Baby Boomers, is still the #1 company in the RV market. And now more than ever it’s a great market to be in. In fact, Investor’s Business Daily ranks the industry group 19 out of 197. Through July, motor home sales have increased 35% year-over-year, providing a forceful tailwind at the company’s back.

Thor’s stock has been a star performer, too! Our model portfolio is holding open gains of more than 33%, including the $0.18/share dividend we collected on June 14.

Thor’s rock solid balance sheet — remember that it holds absolutely zero debt — allows it to make strategic acquisitions, with cash of course, aimed at increasing revenue and earnings. Just recently, Thor acquired Livin’ Lite, a small RV maker based in Indiana.

The company, which is known for making lightweight trailers, will be a welcomed addition to Thor’s product line. But there’s nothing “lightweight” about Livin’ Lite’s business. Bolstered by a lucrative partnership with Jeep, Livin’ Lite is expected to generate $24 million in sales for Thor this year.

It seems the RV trend is really gathering steam. In the past two months, feature articles on the RV industry — citing both Thor and the swell of Baby Boomer demand — have appeared in the Financial Times and Bloomberg. The latter focused on China, where RV sales are rising as consumers seek innovative ways to survive the long hours of gridlocked traffic. Thor began selling RVs in China earlier this year.

With the announcement of its 408th consecutive dividend payout, **Dow Chemical (NYSE: DOW)** continues to drop coin in the accounts of shareholders. What a streak! And this is precisely the type of income-generating investment that is vital for a winter season shakeout portfolio.

The upcoming dividend payment is due to hit shareholders’ accounts on October 30. To collect, you must be a shareholder of record as of the close of trading on September 30. The dividend payment will be $0.32/share, for an annual yield of about 3.3%.

The central thesis behind recommending Dow was, and remains, its ties to the burgeoning natural gas market. Ever since hydraulic fracturing (fracking) and horizontal drilling techniques made large-scale extraction operations both feasible and profitable, natural gas has been held out as the wunderkind in the hydrocarbon energy complex.

As the largest chemical maker in the U.S. and the second largest in the world, Dow depends on abundant and cheap supplies of “feedstock,” which are derived from natural gas by-products, known as natural gas liquids. So for Dow cheap natural gas means cheap feedstock… and, consequently, higher profit margins.

Announced just days ago, Dow entered into a partnership with Argentinian energy producer, YPF S.A. (NYSE: YPF). Why? Well, the partnership gives Dow access to one of the world’s biggest shale deposits: the Vaca Muerta formation, in Argentina.
You see, Argentina uses natural gas for about half of its energy needs. But it doesn’t yet produce enough energy at home to be a net exporter, leading to an energy deficit that has sent $5.4 billion overseas this year. Of course, it’s in Argentina’s national interest to stem that outflow by producing more natural gas to keep for itself. Their partnership with Dow shows the country’s commitment to ramping up production at a breakneck pace.

Argentina is home to 802 trillion cubic feet of natural gas reserves, second in the world to China. Dow’s entrance into this market virtually ensures its seat at the table and should be a boon to investors over the coming years.

Our model portfolio positions in Dow are still treating us well, up 15% and 35% currently. We’ll continue to hold Dow to capture its steady stream of dividend payments, funded in large part by the natural gas revolution.

On the short side, Southern Copper Corp (NYSE: SCCO) continues to slide under the weight of declining copper prices. Why are copper prices trending lower? For one, what’s been called the commodity “supercycle” seems to have peaked in 2011. That’s put downward pressure on the price of metals for the past two years.

More recently, there’s been a growing glut of copper which, according to the classic law of supply and demand, means falling prices.

The Chinese are largely to blame for this situation, particularly this year. In the midst of a credit crunch, Chinese importers have increasingly left copper purchases in storage.

After doubling this year, copper inventory levels are now at a 10-year high. Simply put: There are “tons” of tons of copper just sitting in storage warehouses around the world. And that’s for two reasons, each tied to Shanghai:

1. A “credit crunch” hit China this year. This prompted many Chinese importers to offer their copper stocks as collateral for loans. More copper left in storage (and not consumed) equals more loans. So stockpiles have built up as the year has progressed.

2. Shanghai “premiums” (i.e., the added cost of importing copper into China, above the London Metal Exchange’s rate) haven’t “cooperated” with arbitrage traders who were seeking a quick “flip” profit.

You see, to point #2, metal traders in Shanghai thought they’d be able to pull a slick one:
• Buy copper at a premium of roughly $150…
• Store it in London for a few months…
• Wait for premiums to hop back over $200…
• Then import it, pocketing the $50 spread…

As the year progressed, copper stocks doubled, reaching an elevated level not seen in more than a decade. It was considered to be a “risk-free arbitrage.” That is until premiums started going lower instead of higher as these traders expected.

Soon enough, much of this excess copper in storage will be drawn down by Chinese buyers. That means, instead of buying more copper on the open market, many Chinese importers will simply take it out of storage, leaving a glut of copper on the international market and driving prices even lower than their already depressed levels.

When that happens, copper could drop all the way down to 2009 levels. Here’s a chart showing what that would mean for the stock price of Southern Copper Corp:
A move from $28/share, the current price, to $10/share would represent a gain of more than 60%.

Southern Copper has struggled all year, missing Wall Street’s expectations for the past three quarters. I see no signs of improvement, neither within the company nor in the copper market as a whole.

We’ll continue to hold this short position on the “Bust” side of the Boom & Bust model portfolio. Not only is it a tactical bet against a weak commodity, it also provides a natural hedge as copper prices tend to track the stock market, particularly in downturns. We’re already holding open gains of almost 15%, which we earned while the stock market has been moving higher. Stay the course on this position.

I discussed these copper “storage wars” in greater detail in a recent issue of Cycle 9. To get more information on the Cycle 9 service and how it’s helping subscribers score double- and sometimes triple-digit returns, please go to www.cycle9alert.com.

Finally, the spiraling yen trade has been in pregnant pause since May, when the Fed first mentioned plans to taper. Our position in the ProShares UltraShort Yen ETF (NYSE: YCS) is still holding open gains of about 50%. But I think the best is yet to come.

Here’s a chart of YCS, showing a consolidation pattern that’s allowed the ETF to “catch its breath” after making a dramatic 75% surge higher in just seven months.

This is a typical consolidation pattern, and once YCS breaks out of the pattern with a move above $65/share we can expect to see another $30-move higher. That would put YCS trading at $95/share, or 126% above our July 2012 entry price of $41.96. This is a long-term trade, so don’t expect these gains to come overnight. But with the Fed’s decision to delay tapering its $85 billion a month in bond purchases, it seems the global game of central bank easing is still in force.

Watch for Japanese Prime Minister Shinzo Abe to continue his pursuit of a weaker yen well into 2014. YCS buyers should profit handsomely in this environment.

Adam
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<td>$14.83</td>
<td>25%</td>
<td>$1.62</td>
<td>1.90%</td>
<td>Buy</td>
</tr>
<tr>
<td><strong>Bust Portfolio</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Southern Copper Corp</td>
<td>SCCO/NYSE</td>
<td>05/01/13</td>
<td>$33.01</td>
<td>$28.17</td>
<td>30%</td>
<td></td>
<td>13.69%</td>
<td>Short</td>
</tr>
<tr>
<td>ProShares UltraShort Yen</td>
<td>YCS/ARCX</td>
<td>07/27/12</td>
<td>$41.96</td>
<td>$62.78</td>
<td>15%</td>
<td></td>
<td>49.62%</td>
<td>Buy</td>
</tr>
<tr>
<td>iShares MSCI Canada Index Fund</td>
<td>EWC/NYSEArca</td>
<td>02/28/12</td>
<td>$29.10</td>
<td>$28.39</td>
<td>20%</td>
<td>$0.59</td>
<td>-0.64%</td>
<td>Short</td>
</tr>
<tr>
<td>SPDR Barclays Capital High Yield Bond ETF</td>
<td>JNK/NYSE</td>
<td>07/28/11</td>
<td>$40.25</td>
<td>$40.00</td>
<td>20%</td>
<td>$5.68</td>
<td>-13.49%</td>
<td>Short</td>
</tr>
</tbody>
</table>

NOTES: The Boom & Bust Portfolio is an equally-weighted strategy and does not include dealing charges to purchase or sell securities, if any. Taxes are not included in total return calculations. “Total return” includes gains from price appreciation, dividend payments, interest payments and stock splits. Securities listed on non-U.S. exchanges; total return also includes any change in the value of the underlying currency versus the U.S. dollar. For transparency sake, we want you to know that we have an advertising relationship with EverBank. As such, we may receive fees if you choose to invest in their products. Stop-losses: The Boom & Bust Portfolio maintains stop-losses on every stock, ETF and bond recommendation; stop-losses are not exercised for mutual funds unless otherwise noted. Sources for price data: Yahoo! Finance (finance.yahoo.com), Financial Times Portfolio Service (www.ft.com), TradeNet (www.trade-net.ch/EN), and websites maintained by securities issuers.

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