

Making the Most of Your Money

By [Susan Carr-Templeton](#) / 06/14/11[RSS feed](#)[Like](#)

4 High Yield Investments

These four high yield investments are my favorites, but be sure to consider the risks.

1. **Energy Transfer Partners, LP**. (ETP) Yield 7.70 percent. This master limited partnership is in the business of interstate storage of propane and natural gases. Master limited partnerships (MLPs) are unique investments that combine the tax benefits of a limited partnership (LP) with the liquidity of common stock. An MLP has a partnership structure but issues investment units that trade on an exchange like common stock. Like other limited partnerships, there is no tax at the company level. Investors generally receive higher cash payments than the amount upon which they are taxed, creating an efficient means of tax deferral. The downside? Investors have to deal with a K-1 form for tax filing purposes (unless the investment is held in an IRA or other retirement account). But the returns may well be worth the headache.

2. **Metropolitan West High Yield Bond Fund** (MWHIX). Yield 7.37 percent. This has been a longtime favorite of mine. This fund management team shows its experience through the fund's performance during a variety of market cycles and features a low management fee of 0.62 percent. The fund is called a high yield fund for a reason--because it can invest in low-quality bonds of all kinds to deliver the best investment opportunities and correspondingly excellent returns. The fund was started in 1997 by this management team, all of whom have had excellent performance at prior firms.

3. **Brazilian Government Bonds**. YTM (Yield to Maturity) 9.71 percent. The Brazilian government backs these bonds, which are rated AA and mature in 2022. If you think the dollar will continue to decline against other currencies, then you get the added benefit of this investment acting as a currency hedge. These bonds need to be bought in allocations of \$250,000, or you can ask your advisor to consider buying some for you and allocating the rest to other clients' portfolios.

4. **Solar Capital** (SLRC). Yield 9.75 percent. One year total return: 19 percent (as of June 13, 2011). Solar Capital is a closed-end fund that invests primarily in leveraged, middle-market companies in the form of senior secured loans, mezzanine loans and equity securities. The company's objective is to generate current income and capital appreciation through debt and equity investments. At this time 100 percent of its loans are performing (meaning no defaults). The company achieves its results in part, through leverage and continues to invest in additional opportunities. Investors do take on some risk because this fund invests in low-quality bonds, uses leverage and sells at a 6 percent premium over its net asset value.

As always, consider and understand all risks when you are investing.

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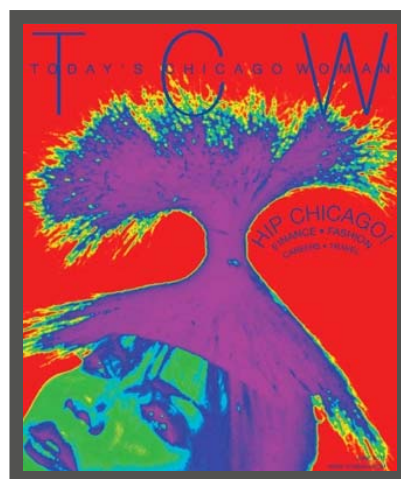
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