



## Overview

- Objective: To provide returns well in excess of conventional fixed income investments with lower volatility than equities
- Active long/short trading strategy investing primarily in \$25/par board listed & \$1000/par preferred & hybrid securities
- Attempts to take advantage of an inefficient market via a close monitoring of the marketplace & searching for relative value
- Primary sources of return: Dividend Income and Short term trading profits
- **Does not use leverage**

## Risk Management

- Investable Universe primarily includes:
  - Long positions: preferred stocks, preferred-like securities, debt securities
  - Short positions: preferred stocks, preferred ETFs, debt securities
- The strategy intends to maintain at least **60% of its portfolio in investment grade securities**
- No more than **10% of total assets will be invested in securities of a single issuer**
- Diversification is achieved by typically **maintaining over 150 positions**
- The strategy maintains **ability to short** and most always has a portion of the portfolio that is short
  - Can **take advantage of pricing inefficiencies** and **provide downside protection** during severe selloffs
  - Short position typically ranges from 5% to 15%
- Dual modes of trading improves liquidity. Can **raise cash quickly** in a defensive manner

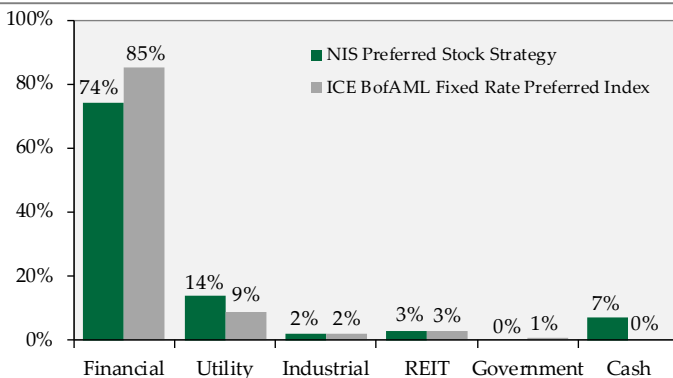
## Statistics

	NIS Preferred Stock Strategy	ICE BofAML Fixed Rate Preferred Index
Preferred Stock AUM	\$319 Million	\$150 Billion
Ratio : Long vs. Short Positions	99% : 1%	100% Long
Yield to Worst	7.65%	7.05%
Effective Duration	6.32	5.67
Option-Adjusted Spread	363	258
Average Quality	BBB	BBB

## Strategy Information

Minimum Investment	\$250,000
Liquidity	Redemptions permitted quarterly with 30 days written notice
Fee Schedule	60 BPS Management Fee and 15% Performance Incentive Fee

## Sector Breakdown



## Portfolio Management Team

Jeffrey F. Parker	Lead Manager: 23 years with the firm, 32 years of experience
Mark R. Anderson, CFA	Portfolio Manager: 22 years with the firm, 29 years of experience
Jay Dirienzo	Assistant Portfolio Manager: 7 years with the firm, 7 years of experience

The ICE BofAML Fixed Rate Preferred Securities Index is unmanaged and tracks the performance of fixed rate US dollar denominated preferred securities, which are investment grade and issued in the US domestic market. The Bloomberg Intermediate Government/Credit Index is comprised of all outstanding U.S. Treasury and Agency issues and investment grade credit bonds greater than one year, but less than ten years in maturity. Comparative data was provided by or compiled based on information gathered from Bloomberg which is a third party source. Although we believe this source is reliable, we have not independently verified any such information and make no representations or warranties as to the accuracy, timeliness or completeness of such information. All investments are subject to a risk of loss.