



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

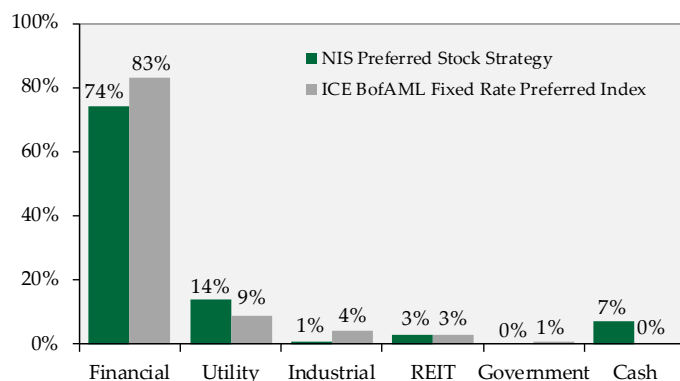
Statistics

	NIS Preferred Stock Strategy	ICE BofAML Fixed Rate Preferred Index
Preferred Stock AUM	\$358.6 Million	\$150 Billion
Ratio : Long vs. Short Positions	99.7% : 0.3%	100% Long
Yield to Worst	6.48%	5.75%
Effective Duration	6.78	5.30
Option-Adjusted Spread	219	132
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
Liquidity	1st and 15th of each month

Sector Breakdown



Portfolio Management Team

Jay Dirienzo	Lead Manager: 9 years with the firm, 9 years of experience
Mark Anderson, CFA	Portfolio Manager: 24 years with the firm, 31 years of experience