



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

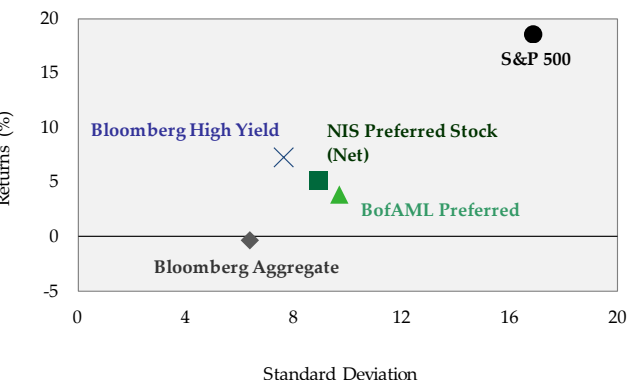
- Investable Universe primarily includes:
 - Long positions: preferred stocks, preferred-like securities, debt securities
 - Short positions: preferred stocks, preferred ETFs, debt securities
- The strategy intends to maintain at least **60% of its portfolio in investment grade securities**
- No more 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

Performance



Note: Performance over 1 Year is annualized. Performance disclosure on last page.

5 Year Risk / Return and Correlation Analysis*



	Return (%)	Standard Deviation (%)	Growth of \$100	Correlation
NIS Preferred Stock Composite (Net)	5.08	8.94	\$128.1	-
ICE BofAML Fixed Rate Preferred Index	3.87	9.68	\$120.9	0.98
Bloomberg Aggregate Index	-0.40	6.37	\$98.0	0.74
Bloomberg High Yield Index	7.29	7.62	\$142.2	0.81
S&P 500 Index	18.59	16.90	\$234.6	0.73

*Source: eVestment Alliance

Commentary

Market Recap

2025 started off with a bang, or perhaps three bangs, as the Trump administration took office for their second term. Risk assets enjoyed positive returns early in the quarter spurred by relatively strong economic data. Yet, inflation prints continued to come in above the Federal Reserve's (the Fed) 2% target. February is when things became much more complicated for market participants as well as the Fed when the Trump administration announced its first wave of tariffs on neighboring countries, Canada and Mexico. Market angst grew and volatility increased as the possibility of stagflation began to mount given tariffs tend to slow economic growth and increase prices. Despite a large sell off in risk assets late in the quarter, the conservative positioning of the NIS Preferred Stock Strategy (the Strategy) enjoyed a positive gross return of 0.68% for the first quarter of 2025. The Strategy outperformed its benchmark, the ICE BofA Fixed Rate Preferred Securities Index, by 60bps which finished higher by just 0.08%.

Outlook

We continue to be cautious in our approach managing the Preferred Stock Strategy. Rates have lowered substantially across the curve since the end of last year, which is typically supportive of duration, but risk appetite has faded as credit spreads continue their widening bias. The Trump administration's on again, off again tariff policy adds a new layer of complexity for the Fed to achieve its dual mandate of maximum employment and stable prices. For now, the labor market, appears to be stable, but the weakening in the unemployment rate is something to keep tabs on. Inflation remains sticky and above the Fed's 2% target, and with the new tariff policies, we could see inflation further accelerate. All-in yields continue to screen as attractive, and with the more recent spread move wider, we believe there are opportunities to add duration with the preference for higher quality and increased liquidity. At present, our view of the Strategy achieving mid-single digit returns for 2025 remains unchanged.

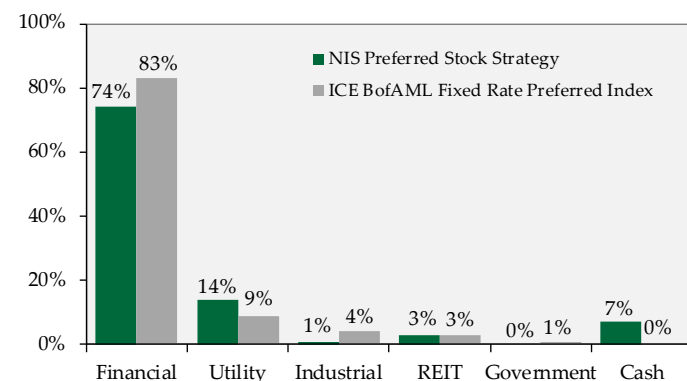
Statistics

	NIS Preferred Stock Strategy	ICE BofAML Fixed Rate Preferred Index
Preferred Stock AUM	\$415.2 Million	\$150 Billion
Ratio : Long vs. Short Positions	99.7% : 0.3%	100% Long
Yield to Worst	6.43%	5.75%
Effective Duration	6.95	5.30
Option-Adjusted Spread	245	186
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

NIS Preferred Stock Strategy - GIPS Report

Year	Composite Gross Return (%)	Composite Net Return (%)	ICE BofAML Fixed Rate Preferred Securities Index (%)	Bloomberg Aggregate (%)	Composite 3-Yr St. Dev (%)	ICE BofAML Fixed Rate Preferred Securities Index 3-Yr St. Dev (%)	Bloomberg Aggregate 3-Yr St. Dev (%)	# of Accounts	AUM (in USD MM)	Firm AUM (in USD MM)	Dispersion
2024	9.37	8.13	7.06	1.25	10.18	11.35	7.83	1	327.9	12,876	-
2023	9.54	8.84	10.20	5.53	9.82	11.03	7.24	1	317.8	9,771	-
2022	-12.06	-12.62	-14.60	-13.01	10.84	10.13	5.85	1	307.4	7,923	-
2021	3.71	2.77	2.24	-1.54	9.27	7.71	3.40	1	386.5	9,993	-
2020	6.77	5.26	6.95	7.51	9.55	7.85	3.36	1	363.5	9,411	-
2019	17.67	14.96	17.71	8.72	3.52	4.59	2.87	1	363.6	8,751	-
2018	-2.78	-3.38	-4.34	0.01	3.57	4.21	2.88	1	300.5	7,210	-
2017	11.59	9.64	10.58	3.54	3.20	3.80	2.81	1	312.5	6,709	-
2016	5.73	4.30	2.32	2.65	3.30	4.35	2.98	1	282.4	6,261	-
2015	8.03	6.18	7.58	0.55	2.76	4.62	2.88	1	213.4	4,899	-
2014	11.96	9.55	15.44	5.97	3.15	5.07	2.66	1	146.2	4,122	-
2013	2.48	1.55	-3.65	-2.02	3.31	5.08	2.78	1	142.4	3,678	-
2012	18.00	14.61	13.59	4.22	3.55	5.26	2.38	1	91.07	3,463	-
2011	6.73	5.03	4.11	7.84	13.09	20.65	2.78	1	32.50	3,031	-
2010	20.09	16.28	13.66	6.54				1	25.52	2,827	-
2009	42.94	35.53	20.07	5.93				1	27.46	2,931	-
2008	19.43	15.92	-25.24	5.24				1	23.78	3,024	-
2007	-0.53	-1.56	-11.31	6.97				1	34.94	3,181	-
2006	10.12	7.11	8.10	4.33				1	43.49	3,081	-
2005	5.53	3.48	0.96	2.43				1	40.89	3,088	-

National Investment Services (NIS) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS Standards. NIS has been independently verified for the periods of January 1, 1997 to December 31, 2022. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

NIS is defined as an SEC registered investment management firm established in 1993. Resolute Investment Managers acquired a controlling interest in NIS on December 30, 2019. NIS employees retained minority ownership of the firm. NIS manages fixed-income and preferred stock assets for primarily United States institutional clients. The strategy's investment objective is to provide attractive risk-sensitive incremental returns through investments in an actively traded, non-leveraged diversified portfolio of preferred stocks and fixed-income securities with "preferred-like" characteristics. The strategy is targeted to U.S. tax-exempt investors. The ICE BofAML Fixed Rate Preferred Securities Index tracks the performance of fixed rate US dollar denominated preferred securities which are investment grade and issued in the US domestic market. The Bloomberg Aggregate Index is comprised of all outstanding U.S. Treasury and Agency issues, investment grade credit bond issues, asset-backed securities and agency-sponsored, mortgage-backed securities greater than one year in maturity. The inception of the strategy is 9/01/2002. The composite was created on September 1, 2002. Net performance returns reflect an actual annual management fee of .60%, annual incentive fee of 15% and custodial fees, as well as trading commissions and strategy expenses. Investment advisory fees are described in Part 2 of the firm's form ADV. Valuations and returns are computed and stated in US Dollars. Past performance is not a guarantee of future results. Market conditions can vary widely over time and can result in the loss of portfolio value. Performance results are total returns which includes the reinvestment of all income. A complete list of firm composites and performance results is available upon request. This material is not an offer to buy or a solicitation of an offer to sell any security. Any such offering will only be made in conjunction with the delivery of an offering memorandum, operating agreement, and subscription agreement, all of which will contain information that supersedes the information contained herein. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. The standard deviation is not presented for the other calendar years because it is not a requirement for periods prior to 2011. The dispersion information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.