



## 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 and hybrid securities
- Attempts to take advantage of an inefficient market via a close monitoring of the marketplace and 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 the **ability to short** and typically 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

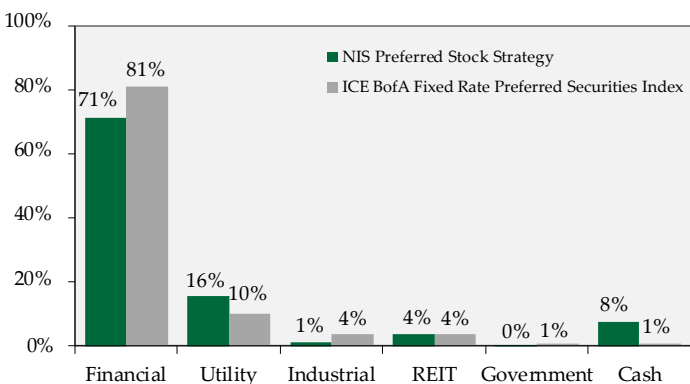
## Statistics

	NIS Preferred Stock Strategy	ICE BofA Fixed Rate Preferred Securities Index
<b>Preferred Stock AUM</b>	\$422 Million	\$119 Billion
<b>Ratio : Long vs. Short Positions</b>	99.6% : 0.4%	100% Long
<b>Yield to Worst</b>	6.01%	5.66%
<b>Effective Duration</b>	7.35	6.31
<b>Option-Adjusted Spread</b>	232	180
<b>Average Quality</b>	BBB	BBB

## Strategy Information

<b>Minimum Investment</b>	\$250,000
<b>Liquidity</b>	Redemptions permitted quarterly with 30 days written notice
<b>Fee Schedule</b>	60 BPS Management Fee and 15% Performance Incentive Fee
<b>Liquidity</b>	1st and 15th of each month

## Sector Breakdown



## Portfolio Management Team

Jay Dirienzo	Lead Manager: 10 years with the firm, 10 years of industry experience
Mark Anderson, CFA	Portfolio Manager: 25 years with the firm, 32 years of industry experience

The ICE BofA Fixed Rate Preferred Securities Index is unmanaged and tracks the performance of fixed rate US dollar denominated preferred securities, which investment grade and are issued in the US domestic market. 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.