



## 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

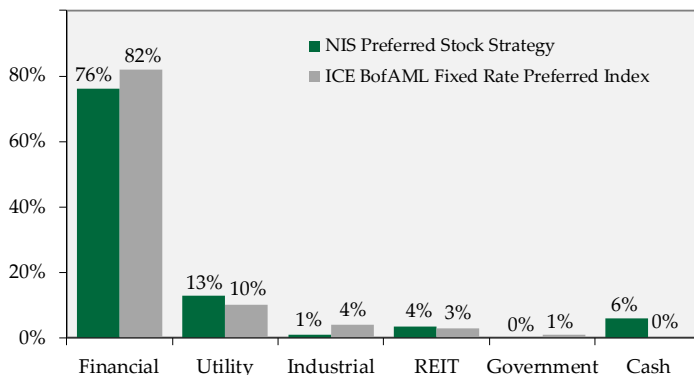
## Statistics

	NIS Preferred Stock Strategy	ICE BofAML Fixed Rate Preferred Index
<b>Preferred Stock AUM</b>	\$350 Million	\$150 Billion
<b>Ratio : Long vs. Short Positions</b>	99.5% : 0.5%	100% Long
<b>Yield to Worst</b>	5.93%	5.99%
<b>Effective Duration</b>	7.45	5.14
<b>Option-Adjusted Spread</b>	189	137
<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: 9 years with the firm, 9 years of experience
Mark Anderson, CFA	Portfolio Manager: 24 years with the firm, 31 years of experience