

Income Securities

BUILDING YOUR WEALTH WITH BONDS, CONVERTIBLES & PREFERREDS

INVESTOR



Richard Lehmann

Volume XXXIV Issue 1

Corporate Updates2

Recommendations

Common Stocks3

Preferred Stocks4

Pricing

Corp. Bonds & MLPs ...5

Preferreds6

Common Stock7

Closed End Funds7

Rating Changes8

New Preferreds8

Model Portfolios9

Interest Rates & Yields ..10

ALL PRICING AS OF 12/30/16

Pick of the Month

With 2017 looking like a year for significant volatility, where does a low risk investor look for a stable return? How about being landlord to the U.S. Government. Sounds very stable, which usually means low return. Well if you can live with a paltry yield of 9.02% buy a load of Government Properties Income Trust (GOV), a REIT with a client list of government entities at the federal and state level; people that only grow over time and don't go bargain hunting. See page 3 for more details.

Out With the Old, In With the New

Isn't it great, another politician promising Hope and Change, this time packaged as 'Make America Great Again'. Like most of you, I wish President-elect Trump well and hope he can change the course we are on. Markets have taken a hopeful stance by pricing in a level of growth not likely to occur for some time to come. But such market euphoria gives rise to opportunity, especially for income oriented investors who have taken a beating since November 8th. Market pundits attribute the rise in fixed income yields to fear that interest rates will rise precipitously due to Fed rate increases and rising credit demand as economic growth rises. This is nonsense.

Yields are rising because a lot of money moved from income securities into the stock market. The minute the market figures out that things have gotten too pricey, watch stocks fall and income security prices rise as all that smart money gets smart again. To summarize, equity prices are driven by perception while fixed income security prices are driven by reality. It's just that in the short term, one can influence the other which is what is happening today. Fortunately, the longer term outlook for fixed income is for a gradual rate rise so, expect yields to come back down soon.

Once the Presidential inauguration is over the hard work that lies ahead will quickly become apparent. Corporate earnings reports for year end 2016 will also be well underway, and that's one place where perception tends to give way to reality, at least for those who can see beyond the Trumped up numbers. I advised income investors in our November issue to trim their portfolio and raise cash levels to 20%. If you did this, you are now in a position to invest in our new model portfolios and lock up some very attractive yields. How good an investment are these portfolios? Below is their performance over the last five years compared to the major stock market indexes adjusted for dividend income. As can be seen, income investing has kept pace with equities with the added bonus that more of its gains were in cash income rather than volatile capital appreciation. It is clear evidence that chasing capital gains or thinking you can time the market exposes you to much greater volatility and no long term benefits. This has been true for the last decade and is most likely to be true for the coming year. Hence, I contend that the current weakness in the income market is a time to buy. 2017

continued on page 10

Model Portfolios*	2012	2013	2014	2015	2016	Cumm. Growth of \$1
Low Risk	17.64%	7.67%	22.44%	-6.97%	12.34%	1.62
Medium Risk	11.89%	3.98%	22.11%	-7.64%	14.47%	1.52
High Risk	15.72%	4.09%	9.07%	5.92%	16.00%	1.61
Multi-Driver	2.66%	14.24%	4.22%	1.26%	6.08%	1.31
Mkt. Indexes*	2012	2013	2014	2015	2016	Cumm. Growth of \$1
S&P 500	14.08%	31.02%	11.28%	-0.71%	9.68%	1.81
Dow Jones IA	8.00%	26.40%	7.38%	-2.11%	13.64%	1.63
NASDAQ	16.79%	35.81%	13.30%	5.73%	6.15%	1.78

*Total Return

The Bright Side of Market Upheaval

Martin Fridson – Chief Investment Officer, LLF Advisors LLP

The final weeks of 2016 were a challenging time for income investors. Bonds and preferreds declined between Election Day and year-end,

as the yield on ten-year Treasuries¹ rose by ___ basis points. (A basis point equals 1/100 of a percentage point.) It's an ill wind that blows no good, however.

continued on page 2

Aspen Insurance Holdings Limited

We last recommended this Aspen Insurance Holdings Limited, 7.401% preferred stock in September 2013 at \$26.24 with a current yield of 7.05%. Aspen, a Bermuda-based insurance holding company, provides property and casualty insurance principally in the UK and the US, property and casualty reinsurance globally, and specialty insurance and reinsurance to the marine, aviation and energy markets worldwide. The dividend rate on this issue is fixed until 01/01/2017 at which time it would have adjusted to the 3 month LIBOR plus 328 basis points. The company called this preferred on 01/01/2017 at \$25.00. **Recommendation: called.**

PS Business Parks, Inc

PS Business Parks, Inc. (PSB) a Real Estate Investment Trust specializing in leasing commercial multi-tenant flex, office and industrial space, announced they will redeem their 6.45%, Series S Preferred security (PSB S) on January 18, 2017 at \$25.00 par value plus accrued dividends. Our last recommendation on this security was September 2015 at \$26.05 yielding 6.19%. PS Business Parks, Inc. (PSB) specializes in leasing commercial multi-tenant flex, office and industrial space. It also offers property management services. The Company owns and operates about 32.8 million rentable square feet of commercial space located in Arizona, California, Florida, Maryland, Texas, Virginia, and Washington. They also manage approximately 2 million square feet on behalf of Public Storage, Inc. and its affiliated entities. The company focuses on flexible properties that can be easily configured to suit a variety of uses and

are located in high growth markets. PS Business Parks' stated strategies include: maximizing portfolio cash flow, maintaining focus on core markets and acquiring and developing well positioned quality properties. **Recommendation; Hold until Called.**

Qwest Corporation/ CenturyLink Inc

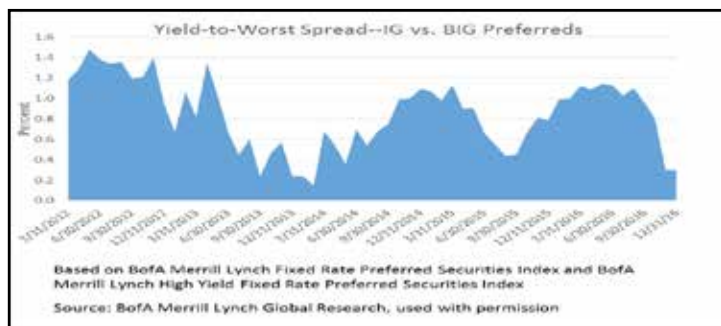
Qwest Corporation/ CenturyLink Inc operates as an integrated telecommunications company serving residential, business and government clients in the United States. We last recommended the Qwest Corporation 7.375% Series 06/01/51 (CTQ) in July 2013 at a price of \$26.46 for a current yield of 6.58%. The trust called the entire issue of the preferreds effective August 27, 2016. The call was at par \$25.00 plus accrued interest. **Recommendation: Called**

Morgan Stanley Capital Trust III

Morgan Stanley Capital Trust III, 6.25% (MWR) was recommended in the November 2011 issue at a price of \$22.00 and had a current Yield of 7.10%. These capital securities were fully and unconditionally guaranteed by Morgan Stanley a global financial services firm in 42 countries. The issuer called this security on August 18 2016 at par value of \$25.00 plus accrued dividends. This issue could have been called at any time but because the price was below the call price delayed until par was reached. **Recommendation: Called**

The Bright Side of Market Upheaval

(continued from page 1)



The sudden market upheaval created investment opportunities by disrupting some traditional relative value relationships.

A prominent example is the yield spread between investment grade (IG) and below investment grade (BIG) preferreds.² The graph below shows that on December 31, IG preferreds yielded just 32 basis points less than BIG preferreds. That compares with the historical average of 84 basis points. In 90% of all previous months the yield difference was greater than in December. In other words, IG preferreds are currently cheap compared with BIG preferreds.

Let's examine the underlying yield changes that caused the spread to shrink. Between November 8 and December 31 the IG yield rose by 66 basis points. The BIG yield rose by only 28 basis points.

These changes make sense in light of investors' interpretation of the election results. They believe the change in administration will put U.S.

economic growth onto a higher trajectory. That implies increased demand for credit, pushing interest rates higher. Faster economic growth also implies acceleration in corporate earnings, which in turn implies reduced risk of companies omitting their preferred dividends. That risk of a missed dividend is a more immediate concern for BIG preferreds than for IG preferreds. So it stands to reason that BIG preferreds obtained some relief from the reduced risk of dividend omissions, while IG preferred yields basically tracked the rise in Treasury rates.

But even if today's unusually narrow yield spread between IG and BIG preferreds makes logical sense, it probably won't last for long, based on the graph shown above. That spells opportunity.

Consider another point at which the IG-BIG yield spread was unusually narrow—May 31, 2014, when it stood at 36 basis points. Over the next six months, the prices of the two indexes moved in opposite directions. The relatively expensive BIG index lost 0.20 points while the relatively cheap IG index gained 0.65 points.

Investors who buy individual securities won't exactly match the results of the indexes. Transaction costs also matter, especially with the less liquid preferred issues. But the recent yield spread contraction makes a case for putting new money into IG preferreds and switching into BIG issues later on, when their relative pricing looks more attractive.

The larger point is that volatility is not entirely bad for investors. Without it, valuations tend to stay strictly in line with the risk-reward fundamentals. There's nothing like a temporary selloff to shake things up and create a few bargains.

Common Stocks

Easterly Government Properties Inc., Current Price \$20.02; Current Indicated Yield 4.02%; Last Dividend Paid \$0.24; 12/22/2016; Exchange NYSE; Ratings, Moody's NR, S&P NR; Pay Cycle 3m; CUSIP 27616P103; Family, Common Stock; Symbol DEA. (www.easterlyreit.com)

In 2014 Easterly Government Properties teamed up with Western Devcom to form an internally managed REIT focused on the acquisition, development and management on commercial properties that are leased primarily to U.S. Government agencies through the General Services Administration (GSA). To create their initial portfolio, the Easterly Funds contributed 15 properties to the new REIT while Western Devcon contributed 14 properties. Of the 37 properties the company owned at the end of the third quarter 2016, 34 were leased to the federal government and the remaining 3 were entirely leased to private tenants. The average age of Easterly Government Properties portfolio is 11.6 years. Less than 17% of leases are scheduled to expire before 2019. Third quarter 2016 revenue was \$27.04 million, net income was \$0.96 million and Funds From Operation (FFO) was posted at \$10.42. For the same period 2015 reported revenue was \$19.93 million, net income of \$0.53 million and FFO \$10.12 million. This security is not eligible for QDI tax rate but would be a good choice for a medium-risk income tax deferred accounts. **Buy up to \$22.00.**

Government Properties Income Trust, Current Price \$19.07; Current Indicated Yield 9.02%; Last Dividend Paid \$0.43, 11/21/2016; Exchange NYSE; Ratings, Moody's Baa3, S&P BBB-; Pay Cycle 2e; CUSIP 38376A103; Family Common Stock; Acronym REIT; Symbol GOV (www.govreit.com)

Government Properties Income Trust is a real estate investment trust (REIT) that, as of September 30, 2013, owned about \$1.9 billion of office properties with approximately 11 million square feet located in 31 states and the District of Columbia. Their 72 properties are leased to the U.S. Government (50), state governments (18) and one to the United Nations. Most of GOV's properties have been continuously occupied by government tenants since the properties were acquired, developed or re-developed. As of September 30, 2016, GOV also owned about 28%, of the common shares of Select Income REIT (: SIR), a publicly traded REIT that primarily owns and invests in single tenant properties throughout the United States and leased lands in Hawaii. Third quarter 2016 revenues was \$64.50 million slightly above the \$62.0 million posted the previous year. Net income for the same period in 2016 was \$11.62 million well below the previous year's third quarter \$16.95 million. Dividends are not QDI eligible. This is a very unusual diversified REIT which would fit nicely in a low-risk income portfolio. **Buy up to \$21.00.**

Medical Properties Trust Inc., Current Price \$12.30; Current Indicated Yield 7.40%; Last Dividend Paid \$0.23 10/13/16; Exchange NASDAQ; Rat-

ings, Moody's Ba1, S&P BB+; Pay Cycle 1m; CUSIP 58463J304; Family Real Estate Investment Trust; Acronym REIT; Symbol MPW. (www.medicalpropertytrust.com)

Medical Properties Trust is a real estate investment trust formed to capitalize on healthcare delivery by acquiring and developing net-leased healthcare facilities. These facilities include inpatient rehabilitation hospitals, long-term acute care hospitals, regional acute care hospitals, women's and children's hospitals, ambulatory surgery centers and other single-discipline healthcare facilities. The trust is the "established leader" in the hospital REIT sector, with over 240 facilities in its portfolio. MPT provides facility operators access to capital for facility improvements, technology upgrades, staff additions and new construction through long-term net leases of real estate assets. They focus exclusively on providing 100 percent financing through long-term triple-net leases. This rapidly growing REIT reported third quarter 2016 revenue of \$73.1 million and net income of \$7.2 million. Their revenue was well above the \$57.6 million posted last year's third quarter but net income was far below the \$26.2 million in the same period 2015. This non QDI eligible Stock would fit both medium and high-risk growth and income portfolios. **Buy at or below \$14.00.**

Vodafone Group PLC.; Current Price \$24.43; Current Indicated Yield 4.12%; Last Dividend declared \$0.489, 11/17/16; Pay Cycle 2/8; Exchange NASDAQ; Ratings, Moody's Baa1, S&P BBB+; Rating, CUSIP 92857W209; Family Common Stock; Acronym ADR (Depositary Receipt); Symbol (VOD) (www.vodafone.com).

Vodafone Group Plc is the fourth largest wireless carrier and an overall leading telecommunications groups in the world in terms of subscribers. They now operate in around 30 countries and partner with networks in over 50 more. The company offers its customers a wide range of services including voice, messaging, data, broadband internet and fixed-line phone service. Vodafone has over 400 million customers, over 238,000 base stations, 14000 phone stores and operate in more than 30 countries across 5 continents as well as partner with networks in over 50 more. The Group's operations are split into three geographic regions; Northern and Central Europe, Southern Europe and AMPS (Africa, Middle East and Asia Pacific). In 2014 Vodafone sold its 45% share in Verizon Wireless for \$58.9 billion in cash, \$60.2 billion in common stock, and \$5 billion in notes. First half semiannual financials (ending 9/30/16 in US dollars) show revenue at \$30.38 billion and a net loss of \$5.76 billion. For the same period in the preceding year, reported revenue was \$31.23 billion and the net loss was \$2.16 billion. This U.K. based company would make a good diverse security in any portfolio. Its next semiannual pay is in February. **Buy at or below \$27.20.**

Preferred Stocks

Aflac Incorporated, 5.50%; Par \$25.00; Current Price \$24.01; Current Yield 5.73%; Exchange NYSE; Rated Baa1/BBB+; Call; 09/26/17; Yield to Call 11.02%; Pay Cycle 3m; CUSIP 001055300; Family Pet Bond; Acronym Jr Sub; Symbol AFSD (no preferred designation) (www.aflac.com).

Aflac does business in the two largest insurance markets in the world, the United States and Japan. Their individual and group insurance products help provide protection to more than 50 million people worldwide. Aflac is the No. 1 provider of voluntary insurance at the work site in the United States. Its insurance products include coverage for; income and/or asset-loss, short-term disability, life (term, whole), accident, cancer, critical illness, supplemental medical, dental and vision. We would be remiss if we didn't mention the "Aflac Duck" who made his first appearance in 2000 and since then has starred in 70 commercials and has helped Aflac become a household name. The company reported third quarter 2016 revenue of \$5.72 billion and net income of \$629 million. For the same period last year, revenue was \$5.04 billion and net income was \$567 million. This preferred would be a good addition to a conservative low-risk income portfolio. **Buy up to \$ 25.50.**

Agricultural Mortgage Corporation (Farmer Mac), 6.875%; Par: \$25.00; Current Price: \$26.10; Current Yield 6.59%; Exchange: NYSE; Rated: NR/NR; Call: 04/17/2019 at \$25.00; Yield to Call 5.41%; Pay Cycle: 1m; CUSIP: 313148888; Family: Perpetual; Symbol: AGM B (need preferred designation) (www.farmermac.com).

The Federal Agricultural Mortgage Corporation (AGM), commonly known as Farmer Mac, is a stockholder-owned, government sponsored enterprise created by Congress to improve the availability of long-term credit for America's farmers, ranchers, rural utilities, businesses and communities. They accomplish this mission by providing a secondary market for agricultural mortgage loans, rural utilities loans and the guaranteed portions of agricultural and rural development loans guaranteed by the United States Department of Agriculture. Farmer Mac is known as a government-sponsored enterprise by virtue of the status conferred by its charter. Farmer Mac is an institution of the Farm Credit System (the "FCS"), which is composed of the banks, associations and related entities, including Farmer Mac and its subsidiaries, regulated by the Farm Credit Administration, an independent agency in the executive branch of the United States government. All of Farmer Mac's preferreds were issued by an agency of the US Government thus they are considered low-risk. This security is eligible for the 15%-20% (QDI) tax rate and is ideal for long term income investors. **Buy at or below \$27.00.**

CoreSite Realty Corp, 7.250%; Par: \$25.00; Current Price: \$25.70; Current Yield 7.05%; Exchange: NYSE; Rated: NR/NR; Call: 12/12/2017 at \$25.00; Yield to Call 5.58%; Pay Cycle: 1m; CUSIP: 21870Q204; Family: Real Estate Investment Trust; Acronym REIT; Symbol: COR A (need preferred designation) (www.coresite.com).

CoreSite Realty Corporation delivers secure, high-performance data centers and interconnection solutions to its customers. As of

today they have 17 operational data centers—with two more under construction in eight major communications markets across the United States, CoreSite currently serve more than 900 customers from their portfolio of more than 2.8 million square feet of data center space. Some of the key markets they serve are; Boston, Los Angeles, New York, Northern Virginia & D.C. and Silicon Valley. Third quarter 2016 revenue was \$101.32 million, well above the \$86.45 million posted last year. Net income came in at \$14.37 million this year's third quarter compared to the \$9.0 million reported for 2015 third quarter. Being a REIT, this cumulative preferred is not eligible for QDI tax treatment. This security would fit any risk level income portfolio. **Buy up to \$26.00.**

Discover Financial Services, 6.50%; Series B; Par \$25.00; Current Price \$25.60; Current Yield 6.35%; Exchange NYSE; Rated Ba3/BB-; Call 12/01/2017 at \$25.00; Yield to Call 4.32%; Pay Cycle 2e; CUSIP 254709207; Family Perpetual; Symbol DFS B (need preferred designation) (www.discover.com)

Discover Financial Services (DFS), a direct banking and payment services company, operates the Discover card and offers home loans, private student loans, personal loans, online savings accounts, certificates of deposit and money market accounts through its direct banking business. Its payment businesses consist of Discover Network with millions of merchant and cash access locations; PULSE, one of the nation's leading ATM/debit networks and Diners Club International, a global payments network in more than 185 countries. Discover reported third quarter 2016 total revenue of \$2.66 billion and net income of \$639 million. For the same period 2015 total revenue was \$2.51 billion and net income was \$612 million. This new issue is eligible for the qualified dividend income (QDI) 15% - 20% tax rate and would fit nicely into a medium-risk portfolio. **Buy up to \$26.05.**

Northern Trust Corp, 5.85%; Non-Cumulative; Series C; Par \$25.00; Current Price \$25.14; Current Yield 5.82%; Exchange OTC; Rated Baa1/BBB; Call 10/01/19 at \$25.00; Yield to Call 5.56%; Pay Cycle 1b; CUSIP 665859872; Family Perpetual; Symbol NTRSP (no preferred designation) (www.northerntrust.com)

Northern Trust (NTRS), a financial holding company, is a global leader in providing asset management, fiduciary, banking, asset servicing and fund administration solutions for individuals, families, corporations and institutions worldwide. This 125 year old company serves clients in more than 40 countries from offices in 18 U.S. states, and 18 international locations in North America, Europe, the Middle East, and the Asia-Pacific region. As of June 30, 2014 they had \$106 billion in banking assets, \$6.0 trillion in assets under custody and \$924.4 billion in assets under management. Third quarter 2016 total revenue was \$1.214 billion and net income was \$257.6 million. For the same period 2015, total revenue was \$1.16 billion and net income was \$234.6 million. Low-risk investors should look at this QDI eligible issue for taxable or tax-deferred accounts. **Buy at or below \$26.00.**

Exch	Issuer	Coupon Rate %	Maturity	CUSIP	Current Price	Current Yield %	Yield to Maturity %	Ratings Moody	Ratings S&P	Call Date	Call Price	Yield to Worst %	Recommend
BONDS													
OTC	ANR Pipeline Co	7.00	06/01/25	001814AS1	123.03	5.69	3.85	A3	A-	NC	NA	3.85	Hold
OTC	Bausch & Lomb INC	7.13	08/01/28	071707AG8	94.00	7.58	7.91	NR	NR	NC	NA	7.91	102
OTC	Clear Channel Comm.	6.88	06/15/18	184502AD4	82.13	8.37	19.79	Ca	CC	NC	NA	19.79	85
OTC	Crown Cork & Seal	7.38	12/15/26	228255AH8	112.25	6.57	5.77	B1	B+	NC	NA	5.77	114
OTC	GenOn Energy Inc	7.88	06/15/17	74971XAC1	82.65	9.53	38.65	Caa2	CCC+	NC	NA	38.65	88
OTC	Intl Lease Fincc Co	5.88	04/01/19	459745GL3	106.59	5.48	2.69	Ba3	BBB-	NC	NA	2.69	108
NY	OfficeMax Inc	5.00	03/01/30	023663AB3	60.20	8.31	10.64	B3	NR	Any	107.50	10.64	67
OTC	Owens Corning Inc	7.00	12/01/36	690742AB7	128.44	5.45	4.78	Ba1	BBB	NC	NA	4.78	Hold
OTC	Precision Drilling Corp	6.63	11/15/20	740212AC9	94.12	7.04	8.34	B3	BB	11/15	103.31	8.34	98
OTC	Safeway Inc	7.25	02/01/31	786514BA6	102.10	7.25	7.24	B3	B-	Any	Var	7.24	104
OTC	Sprint Capital Corp	6.88	11/15/28	852060AD4	93.92	7.27	7.57	Caa1	B	NC	NA	7.57	99
OTC	US West Comm	7.13	11/15/43	912920AG0	100.80	7.03	7.02	Ba1	BBB-	Any	102.74	6.96	102
OTC	United States Steel Corp	7.00	02/01/18	912656AG0	104.24	6.68	3.30	Caa1	B	NC	NA	3.30	106
OTC	Vale Overseas Limited	6.88	11/21/36	91911TAH6	97.34	7.02	7.07	Ba3	BBB-	NC	NA	7.07	100

Exch	Issuer	Coupon Rate %	Maturity	CUSIP	Current Price	Current Yield %	Yield to Maturity %	Moody Rating	S&P Rating	Conversion Rate	Common Price \$	Premium %	Call Date	Call Price	Yield to Worst %	
OTC	Jefferies Group	3.88	11/01/29	472319AG7	100.38	3.86	3.84	Baa3	BBB-	25.5076	19.04	11/17	100.00	3.51		
INVESTMENT GRADE CONVERTIBLE BONDS																
BELOW INVESTMENT GRADE CONVERTIBLE BONDS																
OTC	Liberty Media Cor	4.00	11/15/29	530715AG6	62.00	6.45	8.99	B2	BB	11.4743	0.00	Any	100.00	8.99		
OTC	Intel Corp	2.95	12/15/35	458140AD2	138.10	2.13	0.79	NR	A-	31.7162	37.75	12/12	100.00	0.79		

MASTER LIMITED PARTNERSHIPS																
Symbol	Exch	Issuer	Current Price	Dvd Yield %	Tax	52 Wk High	52 Wk Low	Ex Dvd Date	Pay Date	Pay Periods	12 Mo Dvd \$	Recommend \$				
ARLP	OTC	Alliance Resource P	22.45	7.80	Var	26.60	9.96	11/03/16	11/14/16	Quarter	1.750	24.00				
ATAX	OTC	Amer Fst Multifamil	5.40	9.26	Var	6.10	4.27	12/28/16	01/30/17	Quarter	0.500	6.30				
APU	NYSE	AmeriGas Partners L	47.92	7.85	Var	50.10	32.40	11/08/16	11/18/16	Quarter	3.760	51.20				
UAN	NYSE	CVR Partners LP	6.01	0.00	Var	9.75	4.05	11/07/16	/ /	Quarter	0.000	11.50				
FUN	NYSE	Cedar Fair L	64.20	5.33	Var	64.90	48.48	12/01/16	12/15/16	Quarter	3.420	67.20				
CAPL	NYSE	CrossAmerica Partne	25.19	9.65	Var	27.76	17.64	11/02/16	11/15/16	Quarter	2.430	27.00				
DLNG	NYSE	Dynagas LNG Partner	15.98	10.58	Var	16.24	6.70	10/06/16	10/18/16	Quarter	1.690	17.40				
ETP	NYSE	Energy Transfer Ptn	35.81	11.78	Var	43.50	18.62	11/03/16	11/14/16	Quarter	4.220	37.80				
GMLP	OTC	Golar LNG Partners	24.04	9.61	Var	24.60	17.67	10/19/16	11/21/16	Quarter	2.310	26.00				
IEP	OTC	Icahn Enterprises L	59.92	10.01	Var	67.46	42.50	11/09/16	12/19/16	Quarter	6.000	61.00				
KKR	NYSE	KKR & Co LP	15.39	4.16	Var	17.57	10.89	11/02/16	11/22/16	Quarter	0.640	17.60				
NS	NYSE	NuStar Energy LP	49.80	8.80	Var	53.39	25.65	11/04/16	11/14/16	Quarter	4.380	51.20				
OKS	NYSE	ONEOK Partners LP	43.01	7.34	Var	47.01	22.00	10/27/16	11/14/16	Quarter	3.160	45.30				
OAK	NYSE	Oaktree Capital Gp	37.50	6.93	Var	50.14	36.95	11/03/16	11/14/16	Quarter	2.600	40.20				
PAA	NYSE	Plains All American	32.29	6.82	Var	33.95	14.82	10/27/16	11/14/16	Quarter	2.200	34.60				
SUN	NYSE	Sunoco LP	26.89	12.28	Var	39.92	21.01	11/03/16	11/15/16	Quarter	3.302	29.00				
USAC	NYSE	USA Compression Par	17.30	12.14	Var	19.33	7.03	11/02/16	11/14/16	Quarter	2.100	21.10				
WPZ	NYSE	Williams Partners L	38.03	8.94	Var	40.31	12.69	11/02/16	11/11/16	Quarter	3.400	40.30				

1. **Recommend:** accumulate at or below this price. NA: not applicable.

PREFERREDS *previously recommended*

¹ Symbol	Exch.	Family	Issuer	Issue %	Div. \$	Tax	Cycle	CUSIP	Current Price \$	Current Yield %	Moody/S&P Rating	Call Date	Call Price \$	Yield to Call %	Debt Maturity	Recom- mend \$
INVESTMENT GRADE PREFERREDS																
AFSD	NYS	PB	Aflac Inc	5.500%	1.38	OI	3m	001055300	24.20	5.57	Baa1/BBB	09/17	25.00	0.00	09/52	25.80
AGO F	NYS	PB	Assured Guaranty Muni	5.600%	1.40	OI	1b	04623A403	23.76	5.89	Baa2/A	Any	25.00	110.10	07/03	25.50
KTBA	NYS	TPTP	BellSouth Corp (Cor-TS)	7.000%	1.75	OI	6/12	22080E205	27.80	6.03	WR/NR	NC	0.00	0.00	12/95	29.10
BOFIL	OTC	PB	Bofi Holding Inc	6.250%	1.56	OI	2e	05566U306	25.00	6.25	NR/NR	02/21	25.00	6.45	NA	26.40
CHSCL	OTC	Perp	CHS Inc	7.500%	1.88	15%	3e	12542R803	27.14	5.95	NR/NR	01/25	25.00	5.16	NA	30.80
schw c	OTC	pERP	Charles Schwab Corp	6.000%	1.50	15%	3B	808513402	25.26	5.40	Baa2/BBB	12/20	25.00	5.85	NA	26.20
AGM B	NYS	Perp	Farmer Mac	6.875%	1.72	15%	1m	131148884	26.05	6.00	NR/NR	04/19	25.00	4.82	NA	26.90
GEK	NYS	PB	General Electric Cptl C	4.700%	1.18	OI	2m	369622394	24.56	4.75	A1/A-	05/18	25.00	7.47	NA	25.60
KKR B	NYS	Perp	KKR & Co LP	6.500%	1.63	OI	3m	48248M300	24.85	6.54	NR/BBB+	09/21	25.00	6.75	NA	25.85
NEE G	NYS	PB	NextEra Energy Inc	5.700%	1.43	OI	3b	65339K605	24.26	5.34	Baa1/BBB	03/17	25.00	38.58	03/72	25.40
NTRSP	OTC	Perp	Northern Trust Corp	5.850%	1.46	15%	1b	665859872	25.06	0.00	Baa1/BBB+	10/19	25.00	-212.06	NA	26.00
PRH	NYS	PB	Prudential Financial In	5.700%	1.43	OI	3m	744320706	24.74	5.48	Baa2/BBB+	03/18	25.00	6.84	03/53	26.00
RNRE	NYS	Fg	RenaissanceRe Hldg Ltd	5.375%	1.34	15%	3b	EP0444109	22.49	5.44	Baa2/BBB+	06/18	25.00	13.78	NA	24.50
STT C	NYS	Perp	State Street Corp	5.250%	1.31	15%	3m	857477509	23.38	5.11	Baa1/BBB	09/17	25.00	8.87	NA	25.10
BELOW INVESTMENT GRADE PREFERREDS																
AHT F	NYS	REIT	Ashford Hospitality Tr	7.380%	1.84	OI	1m	044103604	23.87	7.72	NR/NR	07/21	25.00	8.68	NA	25.30
COF P	NYS	Perp	Capital One Encl Corp	6.000%	1.50	15%	3b	14040H402	24.51	6.06	Baa3/BB	09/17	25.00	10.62	NA	25.85
COR A	NYS	REIT	CoreSite Realty Corp	7.25%	1.81	OI	1m	21870Q204	25.31	6.84	NR/NR	12/17	25.00	3.19	NA	26.00
DTK	OTC	Perp	Deutsche Bank Cptl Fdg	7.600%	1.90	15%	2m	25154A108	24.96	7.42	B1/B+	02/18	25.00	9.25	NA	25.95
DFS B	NYS	Perp	Discover Financial Svs	6.500%	1.63	15%	3b	254709207	25.68	5.76	Baa3/BB-	12/17	25.00	0.10	NA	26.40
DFT C	NYS	REIT	DuPont Fabros Tech Inc	6.625%	1.66	OI	2m	26613Q403	25.39	6.52	Baa2/B-	05/21	25.00	6.47	NA	26.40
GSC	NYS	Perp	Goldman Sachs Gp Inc	Flt C	1.00	15%	2m	38144X609	21.77	4.58	Ba1/BB	Any	25.00	290.04	NA	24.20
HTGX	NYS	PT	Hercules Tech Gwth Cptl	6.250%	1.56	OI	1e	427096862	25.40	5.59	NR/BBB-	07/17	25.00	5.43	NA	26.10
LTS A	NYS	Perp	Ladenburg Thalmann FncI	8.000%	2.00	15%	M	50575Q201	23.94	8.35	NR/NR	05/18	25.00	11.54	NA	25.60
PYS	NYS	TPTP	R.R.Donnelley (PPLUS)	6.300%	1.58	OI	4/10	73941X593	21.20	7.40	B2/B+	Any	25.00	58.12	04/29	24.50
TANP	NYS	PB	TravelCenters of Amer L	8.000%	2.00	OI	1m	894174408	25.07	7.98	NR/NR	10/18	25.00	7.72	10/30	25.95
MANDATORY CONVERTIBLE PREFERREDS																
DTV	MD	DTE Energy Co	6.500%	3.08	OI	233331883	53.00	6.13	NR/BBB-	0.4299	25.66	98.51	10/19*	0.00	NA	NA
ARNC B	MD	Arconic Inc (Alco)	5.375%	1	2.69	OI	03965L308	30.90	8.64	NR/BB	2.5784	0.00	10/17*	0.00	NA	NA
HES A	MD	Hess Corp	8.000%	4.00	OI	42809H404	73.66	4.94	NR	1.0911	19.25	62.29	02/19*	0.00	NA	NA
KMI A	MD	Kinder-Morgan Inc	9.750%	A	4.88	OI	49456B200	48.65	9.66	NR	1.5440	20.71	10/18*	0.00	NA	NA
OPTIONAL CONVERTIBLE PREFERREDS																
AES C	OP	AES Trust III	6.750%	3.38	OI	00808N202	50.40	6.13	B2/B	1.4216	233.25	11.62	Any	50.00	28.30	NA
BGEPF	OP	Bunge Ltd	4.875%	4.88	OI	EP0237628	102.11	4.77	Ba1/BB+	1.0846	23.01	72.24	NC	0.00	NA	NA
EPR E	OP	EPR Properties	9.000%	E	2.25	OI	26884U307	35.88	5.44	NR/NR	0.4512	71.77	Sft C	25.00	13.78	NA
KEY G	OP	Keycorp	7.750%	A	7.75	15%	493267405	135.00	5.74	Baa3/BB+	7.0922	18.27	NC	0.00	NA	NA
NYCB U	OP	NY Comm Cap Tr-V	6.000%	3.00	OI	64944P307	49.82	5.91	Baa3/BB-	2.4953	27.76	15.91	Sft C	50.00	NA	NA
WFC L	OP	Wells Fargo & Co	7.500%	L	75.00	15%	949746804	1190.00	6.29	Baa2/BBB	6.3814	55.11	NC	0.00	NA	NA
HCN I	OP	Welltower REIT In	6.500%	I	3.25	OI	95040Q203	60.18	0.00	Baa2/BBB-	0.8460	66.93	NC	0.00	NA	NA
AEUA	MD	Anadarko Petroleum	8.000%	3.75	OI	032511404	41.35	9.07	NR/NR	0.0000	36.39	42.35	06/18	0.00	NA	NA

1. Symbol: symbols in parentheses require no delimiters, all others require a preferred designation. 2. *maturity or mandatory conversion date. 3. Family: MD=Mandatory, OP=Optional 4. Tax: OI=Ordinary Income Rate, 15%=15% tax rate.

Symbol	Exch	Issuer	CUSIP	Current Price \$	Indicated Yield %	Tax	52 Week High \$	52 Week Low \$	Ex Div Date	Paydate	Pay Periods	12 Mo Div	Country	Recom- mend \$
T	NYSE	AT&T Inc	00206R102	42.53	4.61	15%	43.89	33.42	01/06/17	02/01/17	Quarter	1.960	US	44.70
BCE	NYSE	BCE Inc	05534B760	43.24	4.81	15%	49.03	35.99	12/13/16	01/15/17	Quarter	2.081	Canada	48.50
CNP	NYSE	CenterPoint Energy Inc	15189T107	24.64	4.18	15%	24.98	16.39	11/14/16	12/09/16	Quarter	1.030	US	26.60
CORR	NYSE	CorEnergy Infrastr Tr	21870U502	34.88	8.60	15%	36.04	10.97	11/10/16	11/30/16	Quarter	3.000	US	37.00
CVA	NYSE	Covanta Holding Corp	22282E102	15.60	6.41	15%	17.74	12.49	12/28/16	01/06/17	Quarter	1.000	US	17.50
GSK	NYSE	GlaxoSmithKline PLC	37733W105	38.51	4.82	15%	45.58	37.20	11/02/16	01/12/17	Quarter	1.857	GB	43.80
GOV	OTC	Government Properties	38376A103	19.07	9.02	OI	24.60	18.66	10/19/16	11/21/16	Quarter	1.720	US	21.00
HTGC	NYSE	Hercules Tech Gwth Cap	427096508	14.11	8.78	OI	14.30	9.93	11/09/16	11/21/16	Quarter	1.240	US	16.20
MPW	NYSE	Medical Properties Tru	58463J304	12.30	7.48	OI	15.92	9.62	12/06/16	01/12/17	Quarter	0.920	US	14.80
OHI	NYSE	Omega Healthcare Inves	681936100	31.26	7.81	OI	38.09	26.97	10/27/16	11/15/16	Quarter	2.440	US	35.00
DOC	NYSE	Physicians Realty Tru	71943U104	18.96	4.75	OI	22.03	15.43	01/03/17	01/18/17	Quarter	0.900	US	21.70
SNH	OTC	Senior Housing Ppty T	81721M109	18.93	8.24	OI	23.85	17.14	10/19/16	11/17/16	Quarter	1.560	US	21.60
TLSS	US	Telstra Corp Ltd	87969N204	18.26	6.46	15%	22.04	17.60	08/22/16	10/03/16	Semi-Anl	1.180	US	21.75
TOT	NYSE	Total SA	89151E109	50.97	5.15	15%	51.36	39.06	12/16/16	01/20/17	Quarter	2.623	US	52.10
TCAP	NYSE	Triangle Capital Co	895848109	18.34	9.81	15%	21.33	14.91	12/05/16	12/21/16	Quarter	1.800	US	22.30
VTR	NYSE	Ventias Inc	92276F100	62.52	4.96	15%	76.80	46.87	12/16/16	12/30/16	Quarter	3.100	US	64.00
VZ	NYSE	Verizon Comm Inc	92343V104	53.38	4.33	15%	56.94	43.79	01/06/17	02/01/17	Quarter	2.310	US	55.40
VOD	OTC	Vodafone Group PLC	92857W308	24.43	4.12	15%	34.70	24.18	11/22/16	02/03/17	Semi-Anl	1.007	US	27.20
WPC	NYSE	WP Carey Inc	92936U109	59.09	6.70	OI	72.87	51.15	12/28/16	01/13/17	Quarter	3.960	US	63.50
HCN	NYSE	Welltower Inc	95040Q104	66.93	5.14	15%	80.16	52.80	11/04/16	11/21/16	Quarter	3.440	US	68.10
Symbol	Issuer	Current Price \$	Current Yield %	12 Mo Yield %	Net Asset Value \$	52 Week High \$	52 Week Low \$	52 Week Premium Discount %	52 Week High Date	52 Week Low Date	Pay Periods	Recom- mend \$		
AVK	Advent Claymore Conv Inc Fd	14.68	7.68	7.68	16.72	15.38	10.92	-1.20	09/06/16	02/11/16	M	16.20		
AWP	Alpine Gbl Premier Ppties	5.13	11.70	11.70	6.25	5.90	4.63	-17.92	09/02/16	02/11/16	M	7.50		
BME	BlackRock Hlth Sciences Tr	31.75	7.56	9.45	31.30	39.28	29.14	1.44	01/04/16	02/11/16	3e	38.50		
BST	BlackRock Science & Technology	17.94	6.69	6.69	20.10	19.13	14.01	-10.75	10/10/16	02/11/16	M	21.10		
UTF	Cohen & Steers Infrastr Fd	19.36	8.31	10.54	22.00	21.66	15.50	-12.00	09/08/16	01/20/16	3e	22.00		
STK	Columbia Seligman Prem Tech	18.74	9.87	9.87	17.78	19.41	13.69	5.40	11/25/16	01/20/16	2m	20.90		
SRV	Cushing MLP Total Return Fund/	13.59	7.95	7.95	15.88	14.42	6.81	-14.42	12/28/16	01/20/16	M	13.30		
FMO	Fiduciary/Claymore MLP Opportu	14.89	11.57	11.57	15.40	16.03	8.04	-3.31	11/22/16	02/11/16	2m	17.50		
FFC	Fliry&Crum Pfd Sec Inc Fd	18.84	8.15	8.62	18.69	22.25	18.18	0.80	08/18/16	11/14/16	M	22.55		
FGB	FstTr Spclty Fnce.Finc Op	7.06	9.92	9.92	6.96	7.65	4.45	1.44	12/21/16	01/20/16	2e	8.05		
GGN	GAMCO Gbl Gold Nat Resc	5.30	11.32	15.85	5.68	7.14	3.62	-6.69	05/02/16	01/20/16	M	7.60		
HPE	J.Hancock Pfd Inc Fd II	20.25	8.30	8.30	20.69	23.24	18.49	-2.13	09/07/16	01/20/16	M	23.60		
KYN	Kayne Anderson MLP Invmt Co	19.58	11.24	11.24	20.06	20.58	9.24	-2.39	09/08/16	01/20/16	1m	22.00		
NHF	NexPoint Credit Strgies Fd	22.77	10.54	12.30	25.74	23.18	16.68	-11.54	12/20/16	01/20/16	M	24.20		
JQC	Nuveen Credit Stgy Inc Fd	8.85	7.12	6.99	9.43	8.87	7.06	-6.15	12/30/16	01/20/16	1b	9.95		
NVG	Nuveen Enhd AMT-Free Muni Cdt	14.46	6.02	5.73	15.40	16.54	13.82	-6.10	07/11/16	12/02/16	M	17.40		
QQXX	Nuveen NASDAQ 100 Dyn Overw	18.57	0.00	0.00	0.00	19.98	15.86	-5.22	12/02/15	02/11/16	1b	19.50		
JRS	Nuveen Real Estate Inc Fd	10.77	9.29	9.10	11.39	12.53	9.06	-5.44	07/25/16	02/12/16	1m	13.50		
RIF	RMR Real Estate Income Fund	20.46	6.45	6.45	25.54	22.75	15.94	-19.89	08/01/16	02/11/16	3e	23.30		
THQ	Tekla Healthcare Oppt	15.52	8.70	8.70	17.25	18.38	13.80	-10.03	08/15/16	01/20/16	M	18.60		
HQL	Tekla Life Sciences Inves	16.99	9.42	12.18	18.11	23.48	15.85	-6.18	01/05/16	02/11/16	3e	19.60		
IDE	Voya Infrs Indu and Matl Fd	12.98	8.94	10.67	14.72	13.96	10.33	-11.82	11/25/16	01/20/16	1m	15.50		
PPR	Voya Prime Rate Trust	5.54	5.85	5.74	5.78	5.58	4.57	-4.15	12/23/16	02/11/16	M	6.30		

1. Symbol: symbols in parentheses require no preferred designation, all others require a preferred designation. 2. Cycle: denotes dividend payment months. 1: Jan., Apr., Jul., Oct.; 2: Feb., May, Aug., Nov.; 3: Mar., Jun., Sep., Dec.; M: monthly; b: beginning of month; m: middle of month; e: end of month; two numbers, e.g. 5/11: semiannual pay. 3. Recommend: accumulate at or below this price. NR: not rated. NA: not applicable. 4. Family: Fg=foreign, PB=PET Bonds, TP= Trust Preferreds, TPTP= Third Party Trust Preferreds. PERP = Perpetual, pshp=partnership. 5. Tax: OI=Ordinary Income Rate, 15%=15% tax rate.

RATING CHANGES AND NEW ISSUANCE

Corporate Bond Rating Changes

Issuer	Agency	New Action	Rating	Issuer	Agency	Action	New Rating	Issuer	Agency	Action	New Rating
AM General LLC	S	+	B-	Hasbro Inc	M	+	Baa1	Roper Technologies	M	-	Ba1
Acuity Brands Ltng	M	+	Baa1	J Crew Group Inc	S	-	CCC-	Ryder System Inc	S	+	BBB+
Alaska Airlines Inc	S	-	BB+	Johnson Controls Inc	M	-	Baa2	Sheridan Invest Ptne	S	+	CCC+
Avis Budget Car Rntl	S	-	BB	Kiowa Power Ptns LLC	M	+	Baa2	Simmons Foods Inc	M	+	B3
Boston Scientific	M	+	Baa2	Merrill Lynch Prc Fe	S	+	A+	Starbucks Corp	S	+	A
Caterpillar Inc	M	-	A3	Morga Stanley & Co	S	+	A+	Starwood Ppty Tr	M	+	Ba2
Chinos Intermediate	M	-	Ca	Mosaic Co/The	S	-	BBB-	Tenaska Georgia Ptns	M	+	Baa2
Citigroup	M/S	+	A2/A+	NetApp Inc	M	-	Baa2	Time Inc	S	-	B+
Credit Suisse USA	M	+	A1	Norfolk Southern RR	M	+	A3	Tribune Media Co	M	-	B3
Duke Realty Corp	S	+	BBB+	Ohio National Fncl	S	-	BBB+	US Concrete Inc	M	+	B2
First Horizon Natl	S	+	BBB-	Payless Inc	S	-	B-	Viskase Cos Inc	M	-	B3
First Tennessee Bk	S	+	BBB	Penske Truck Leasing	S	+	BBB	Whiting Petroleum	S	+	BB-
Flex-Van Leasing Inc	M	-	Caa1	Prologis Inc	S	+	A-	Zekelman Industries	M	+	Caa1
Glodman SWachs & Co	S	+	A+	Qualitytech LP	M	+	Ba2				

+ : upgrade; - : downgrade; Alrt - : possible downgrade; Alrt + : possible upgrade

Preferred Rating Changes

Issuer	Agency	Action	Rating
Bank of America NA	S	+	A+
Barclays Fncl LLC	M	+	A1
Black Hills Corp	M	-	Baa2
Citigroup	M/S	+	A2/A+
Colonial Realty LP	S	+	BBB+
Credit Suisse USA	M	+	A1
FelCor Lodging Tr	M	+	Caa1
Glodman SWachs & Co	S	+	A+
Morga Stanley & Co	S	+	A+
Prologis Inc	S	+	A-
Renaissance Reinsur	S	+	AA-
Starwood Ppty Tr	M	+	Ba2
Sunoco LP	M	-	B1

New Preferreds

Issuer	Symbol	Issue	Moody/S&P Ratings	Par Value
Saratoga Investment	SAB			25.00
NuStar Energy LP	NS A		Ba3/BB+	25.00
KeyCorp	KEY I		Baa3/BB+	25.00
cv REXNORD Corp	RXN A			50.00
DTE Energy Co	DTY		Baa2/BBB-	25.00

cv = convertible

For Investors Seeking Steady Monthly Income

Low-risk Portfolio

This investment-grade portfolio comprises securities with ratings of BBB or better. It will be the lowest yielding, but also the most secure. Capital appreciation is not a goal. Principal protection is primary.

Symbol	Issuer	Yield	Price	Qty	Rpt Date
AFSD	Aflac Inc	5.61	24.46	400	01/17
KTBA	BellSouth Corp (CorTS)	6.03	27.80	400	01/16
AGM B	Farmer Mac	6.00	26.05	400	02/15
FFC	Flrty&Crum/Clay Pfd In	8.15	18.84	500	12/15
GOV	Government Pptys Inc T	9.02	19.07	400	01/17
NEE G	NextEra Energy Cptl HI	5.34	24.26	400	01/14
NTRSP	Northern Trust Corp	5.82	25.78	400	01/17
NVG	Nuveen Enhd AMT-Fr Mun	6.02	14.46	900	06/16
RNR E	RenaissanceRe Hldgs Lt	5.44	22.49	400	01/15
WFC L	Wells Fargo Company	6.29	1190.00	10	06/15

Summary Statistics

Monthly Payout Average:	\$537
Current yield on portfolio:	6.30%
Inception Value: (1/1/16)	\$102,298
Last month's value:	\$0
Current value of portfolio	\$102,298
Current value + year to date income:	\$102,298
Year to Date Total Return	0.00%

Medium-risk Portfolio

Some of the securities are rated below BBB. Capital appreciation is not a goal in this portfolio, but rather high current income. Safety of principal and yield are given equal weight.

Symbol	Issuer	Yield	Price	Qty	Rpt Date
BOFIL	BOFI Holdings Inc	6.35	24.50	400	06/15
BGEPF	Bunge Ltd	4.77	102.11	100	06/15
COF P	Capital One Fncl Co	6.06	24.51	400	02/15
FUN	Cedar Fair L.P.	5.33	64.20	100	12/14
KYN	Kayne Anderson MLP	11.24	19.58	600	12/14
KEY G	KeyCorp	5.70	135.90	100	07/15
KMIA	Kinder Morgan Inc/Delw	10.10	48.06	200	12/15
MPW	Medical Properties Tr	7.55	12.19	800	01/17
RIF	RMR Real Estate Inc Fd	6.45	20.46	500	05/15
SNH	Senior Housing Pptys	8.24	18.93	500	03/15

Summary Statistics

Monthly Payout Average:	\$607
Current yield on portfolio:	7.24%
Inception Value: (1/1/16)	\$100,632
Last month's value:	\$0
Current value of portfolio	\$100,632
Current value + year to date income:	\$100,632
Year to Date Total Return	0.00%

For Investors Seeking Income and Growth

High-risk Portfolio

These securities are all below investment grade, and some are not rated. High current income is the primary goal, but capital appreciation can also be expected. Safety of principal is secondary to yield.

Symbol	Issuer	Yield	Price	Qty	Rpt Date
T	AT&T Inc	4.61	42.53	300	03/14
AHT E	Ashford Hospitality Tr	8.50	26.48	400	02/14
CHSCL	CHS Inc	5.95	27.14	400	02/15
CEF	Cedar Fair L.P.	5.33	64.20	200	02/16
STK	Columbia Seligman Tech	9.87	18.74	500	12/15
COR A	CoreSite Realty Corp	7.05	25.68	400	01/16
LTS A	Ladenburg Thalmann	8.35	23.94	400	02/16
JQC	Nuveen Credit Strtgs In	7.21	8.74	1100	05/14
PYS	R.R.Donnelley (PPLUS)	7.40	21.20	400	01/15
TANNZ	Travelcenters of Amer	7.98	25.07	400	11/15

Summary Statistics

Monthly Payout Average:	\$636
Current yield on portfolio:	7.56%
Inception Value: (1/1/16)	\$100,917
Last month's value:	\$0
Current value of portfolio	\$100,917
Current value + year to date income:	\$100,917
Year to Date Total Return	0.00%

Multi-driver Portfolio

The Multiple Driver Portfolio includes diverse income generating sources (drivers).

Symbol	Issuer	Yield	Price	Qty	Rpt Date
UTF	Cohen & Steers Infracr	8.43	19.36	500	01/15
DFS B	Discover Financial Svs	6.34	25.62	400	01/17
DFT C	DuPont Fabros Tech Inc	6.61	25.06	400	03/14
(GGN)	GAMCO Gbl Gold Nat Re	10.69	5.30	2000	08/10
GS C	Goldman Sachs Gp	4.58	21.77	500	12/15
HES A	Hess Corp	5.33	74.83	150	03/16
HQL	Tekla Life Scis Invst	9.42	16.99	600	01/15
VOD	Vodafone Group PLC	5.99	25.48	400	09/12
IDE	Voya Infrst Ind and Ma	8.94	12.98	700	01/16
PPR	Voya Prime Rate Trust	5.94	5.45	2000	01/17

Summary Statistics

Monthly Payout Average:	\$589
Current yield on portfolio:	7.09%
Inception Value: (1/1/16)	\$99,636
Last month's value:	\$0
Current value of portfolio	\$99,636
Current value + year to date income:	\$99,636
Year to Date Total Return	0.00%

Comparative Current Yields

Security Type	Yields 12/31/16	Net Change Month	Net Change Y.T.D.	Spread 12/31/15	Spread 12/31/16
U.S. TREASURIES & EURO BENCHMARKS					
Ten Year	2.44	6	7.5%		
Inflation Indexed	0.50	4	25.0%	-187	-194
Ten Year Euro(1)	0.26	-5	-58.7%	-164	-218
Euro Spot Rate	1.052	-1	-3.1%		

CORPORATE BONDS²

AAA	3.05	6	0.7%	76	61
A	3.54	2	-4.1%	142	110
BBB	4.06	-6	-12.5%	237	162
BB	5.63	-16	-14.8%	434	319
B	6.63	-77	-12.2%	528	419
CCC	8.59	30	-7.8%	705	615

PREFERRED STOCKS³

AA & A	5.12	2	-2.7%	299	268
BBB	5.55	7	-11.3%	399	311
BB	6.71	13	-12.1%	536	427
B	7.45	18	-15.1%	651	501

QUALIFIED DIVIDEND INCOME (QDI) PFDS⁴ — Yields —

Invstmt. Grade	5.34	15	-6.5%	214%	186%
Below Inv. Grade	5.61	8	-13.6%	243%	195%

MUNICIPAL BONDS⁵ — Yields —

AA	2.62	-36	21.9%	95%	107%
A	2.97	-30	18.3%	111%	122%
BBB	4.03	29	38.0%	129%	165%

¹Rate for ten-year German government bonds.

²Per Merrill Lynch.

³Per the Income Securities Advisor Index.

⁴Eligible for 15% tax rate. Yields shown at after tax % of US Treasuries rate.

⁵Per Bloomberg. Yields shown at % of US Treasuries rate.

EXPLANATION OF INTEREST RATE TABLE

The monthly table displays **Current Yields** for ten-year maturities of various debt instruments compared to the benchmark ten-year Treasuries. Note that preferred stocks often have no maturity or are callable in less than ten years.

The **Net Change** for the month- and year-to-date shows the change in basis points (100 basis points equals 1% in yield). A change in the U.S. Treasury rate is considered a change in the risk-free interest rate. The changes for the other securities reflect this same change plus whatever other risks investors perceive at the time.

The change in **Spreads** represents the difference between risk-free ten-year U.S. Treasuries and each security. A widening of spreads means an increased concern about credit quality. A sudden widening of spreads is considered a flight to quality. Spreads identify which securities are out of line with historical relationships and represent buying opportunities.

Since **Municipal Bonds** are tax exempt, their **yields** should be looked at in terms of their percentage of Treasury yields. Thus, if a muni yields 87% of Treasuries, it means it should be considered by anyone whose incremental tax rate is higher than the reciprocal of that number, or 13%. Hence, the higher the yield percentage, the lower your incremental tax needs to be, to make munis attractive or to look at them another way, more of their income is retained after taxes.

Out With the Old, In With the New

continued from page 1

promises volatility and disappointment for equities, but I don't believe it will be a bad year for income investing, that is more likely for 2018.

As for 'in with the new,' we introduce our new model portfolios for 2017. As before, don't think this means you need to trade out those securities not being carried over from 2016. The new models drop previous selections mainly because they are fully priced or are in industries not seen as favorably as last year or a number of other factors. The good news is that, except for the low risk portfolio, the other three have built in yields of over 7%. This will begin looking very attractive once those corporate earnings for 2016 come in and the new administration is put to the test. When adding new holdings, keep an eye out for the next x-dividend date. Perhaps you can snag an additional dividend going in. This is one of the few times market timing does pay.

Forbes/Lehmann Income Securities Investor

is published monthly by
Income Securities Advisor Inc.
6175 NW 153 Street, Suite 201
Miami Lakes, FL 33014

To subscribe, call toll free: (800) 472-2680.

Subscription by postal or E-mail delivery:

To subscribe go to www.incomesecurities.com

1 year (12 issues), \$195.00 (\$220.00 mail copy); 2 years (24 issues), \$345.00 (\$395.00 mail copy).

Bloomberg terminal users may receive electronic delivery.

Punch BIA <GO> for menu of services.

Copyright 2017 by Forbes Inc. and Income Securities Advisor Inc.

Forbes/Lehman Income Securities Investor (ISI) is a monthly newsletter which is published by Income Securities Advisor, Inc. and offered to the general public on a subscription basis. ISI's publisher Richard Lehmann is Chairman of Lehmann, Livian, Fridson Advisors LLC, a registered investment adviser firm. This Newsletter is not a solicitation for the services of that firm. Nothing in this newsletter represents the results of securities portfolios of clients using the services of that firm.

ISI provides information, pricing, recommendations and investment ideas on bonds, preferred stocks and other income securities. Current and past recommendations are available to subscribers at www.incomesecurities.com. ISI does not guarantee that these securities will produce profits or that they will equal past performance. Although all content is derived from data believed to be reliable, accuracy cannot be guaranteed. Principals, employees and advisory clients of Income Securities Advisors, Inc., its affiliates and Forbes, Inc. may be holders of securities recommended herein. ISI is not a dealer in bonds or other securities, nor are its principals engaged in such activities. For information on research or advisory services call (305) 557-1832 or e-mail chiefeditor@incomesecurities.com. Richard Lehmann is a columnist with Forbes and also publishes the Distressed Debt Securities Newsletter. Richard Lehmann is Chairman of Lehmann Livian Fridson Advisors LLC.

Publisher: Richard Lehmann
Senior Analyst: George W. Weinfurtner
Subscriber Services: 800-472-2680

Forbes Newsletter Group
Editor: Matthew Schifrin
Subscription Services: Diane Schmid
 212-367-3374