

Income Securities

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INVESTOR

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ALL PRICING AS OF 12/31/18

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 Editor

The 2018 Slump Created Opportunities

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In 2018 our Model Portfolios produced the high current yield sought by income investors. In addition, three of the four outperformed equities. The Low-, Medium-, and High-Risk Portfolios all posted better total returns than any of the common stock indexes shown in the accompanying table.

Our Multi-Driver Portfolio was an exception. Its 2018 total return was dragged down by one Master Limited Partnership. MLPs in general had a tough year, with the Alerian Index returning -12.36% as energy prices dropped sharply.

The silver lining is that Master Limited Partnership valuations are exceptionally alluring following last year’s selloff. On December 31, 2018, the Alerian MLP Index yielded 623 basis points more than the ICE BofAML Current 10-Year US Treasury Index. That was 50% greater than the median of 414 basis points during the preceding 10 years. The extra yield

available on MLPs to compensate for their greater risk, relative to Treasuries, was about the same as now, at 614 basis point, at the end of 2015. Over the succeeding 12 months, the Alerian Index generated a whopping 18.31% total return. Ten-year Treasuries returned just 0.91% over the same period

Marked-down MLPs are not the only opportunities that have arisen for income investors from the recent bear market. For example, at the end of 2017, 84% of the issues in the ICE BofAML Fixed Rate Preferred Securities Index were trading above par. It was hard to find attractive values under those conditions, since preferreds are typically callable at modest premiums to par. The upside was very limited on many issues and investors faced potential losses on preferreds that were trading above their call prices. At the end of 2018 the situation was very different, with only 24% of fixed-rate preferreds quoted above par.

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Pick of the Month

This month’s top pick is the common stock of JPMorgan Chase, the largest U.S. banking company and the world’s most valuable, measured by market capitalization. JPM’s oldest predecessor, the Bank of the Manhattan Company, was launched by Aaron Burr in 1799 as a water carrier. The present company is the result of numerous mergers and acquisitions encompassing such institutions as Bank One, Bear Stearns, Chase Manhattan, Chemical Bank, First Chicago Bank, Great Western Bank, J.P. Morgan & Co., Manufacturers Hanover, National Bank of Detroit, Provident Financial, Texas Commerce Bank, and Washington Mutual. For details see page 4.

Model Portfolios*	2014	2015	2016	2017	2018	Cum. Growth of \$1
Low Risk	22.44%	-6.97%	12.34%	9.50%	-3.15%	\$1.36
Medium Risk	22.11%	-7.64%	14.47%	7.67%	-1.83%	\$1.36
High Risk	9.07%	5.92%	16.00%	8.38%	-2.06%	\$1.42
Multi-Driver	4.22%	1.26%	6.08%	15.54%	-8.04%	\$1.19
Mkt. Indexes*	2014	2015	2016	2017	2018	Cum. Growth of \$1
S&P 500	13.52%	1.72%	11.76%	21.60%	-4.37%	\$1.50
Dow Jones IA	9.86%	0.21%	16.16%	27.70%	-3.46%	\$1.58
NASDAQ	14.71%	7.08%	8.84%	29.58%	-2.79%	\$1.68

*Total Return

“What Happened to the Safe Haven?”

Market pundits are summing up the year just ended with the phrase, “There was nowhere to hide.” Late in 2018, Deutsche Bank reported that of the 70 asset classes from all around the world for which it has data going back to 1901, 90% posted negative total returns for the year. That broke the previous record of 84%, set in 1920. In 2017, by contrast, a record-low 1% of all asset classes posted negative total returns.

U.S. stocks and bonds didn’t escape the general trend. The Dow Jones Industrial Average returned -3.46% in 2018. The ICE BofAML US Corporate & Government Index returned -2.25%.

The spectacle of everything going down together confounded investors who thought they were hedged by virtue of holding a combination of stocks and bonds.

The record does not uphold the notion that stocks and bonds naturally move in opposite directions.

After all, the idea behind owning a “balanced portfolio,” is that stocks go down when the economy falters. A slower economy, however, reduces the demand for credit, causing interest rates to fall and bond prices to

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CORPORATE UPDATES

Model Portfolio Changes:

Low-Risk Portfolio

Stifel Financial Corp. (SFB) – SFB is a financial services institution. The company's 5.20% Senior Note PET issue is a long-dated fixed rate structure. **We are removing SFB's issue from the Low-Risk Portfolio, but maintaining our Buy recommendation, while lowering the target price from \$26.20 to \$23.50.** SFB trades at \$20.52 for a current yield of 6.33%, and a YTC 10.30%.

We are replacing SFB with JPMorgan & Chase (JPM) Common Stock. JPM trades at \$97.62 with a current yield of 3.28%. See January 2019 Newsletter for details.

Medium-Risk Portfolio

KKR & Co., LP (KKR) – KKR & Co. is a global investment firm that manages alternative asset classes. **We are removing KKR's 6.50% fixed rate preferred (KKR-B) from the Medium-Risk Portfolio, but maintaining our Buy recommendation on the issue.** Higher interest rates suggest greater extension risk for this currently callable issue.

We are replacing KKR-B with Sempra Energy's (SRE) 6.75% Mandatory Convertible Preferred issue (SRE-B) (816851505), due 07/15/21. SRE is a natural gas, electric utility, and infrastructure company. The firm's 6.75% mandatory preferred will convert into common shares of SRE on 07/15/21 at a ratio depending on SRE's stock price. See November 2018 Newsletter for details.

High-Risk Portfolio

Ashford Hospitality Trust, Inc. (AHT) – AHT focuses on high-end full-service hotels. The REIT's momentum has been challenged recently on both the revenue and earnings front. **With financial pressures and higher interest rates, we are removing AHT's fixed rate 7.375% Cumulative Preferred (AHT-F) from the High-Risk Portfolio and changing the Buy recommendation to Hold.**

We are replacing AHT-F in the High-Risk portfolio The Gabelli Multimedia Trust (GGT). GGT is a closed-end fund that invests in equity related opportunities, for long-term growth in the Telecom, Media, and Entertainment sectors. The price of the fund was \$7.06 at the close on 12/31/19, a 13.22% indicated yield. **Buy up to \$10.50 for**

an annualized yield of 9.14%. See January 2019 Newsletter for details.

StoneCastle Financial Corp. (BANX) – BANX is a management investment company. The firm's objective is to provide shareholders with high current income through investments across the capital structure of U.S. community banks. **We are removing BANX from the High-Risk Portfolio, although we continue to maintain a Buy recommendation on BANX.** The stock trades at \$19.30 for a current yield of 7.88%.

We are replacing BANX in the High-Risk Portfolio with Miller/Howard High Income Equity Fund (HIE). HIE is a term closed-end fund that trades at \$9.53 for a current annualized yield of 14.61%. See November 2018 Newsletter for details.

Multi-Driver Portfolio

TCF Financial Corp. (TCF) – TCF is a small regional bank holding company based in Wayzata, Minnesota. **We are removing TCF's 5.70% fixed rate, perpetual preferred stock (TCF-D) from the Multi-Driver Portfolio, due to the fixed rate, low-coupon structure of the issue. We are maintaining a Buy recommendation on the preferred, but changing the target price from \$26.35 to \$24.00.**

As a replacement for TCF-D in the Multi-Driver Portfolio, we are adding Nuveen Diversified Dividend and Income Fund (JDD). JDD is a closed-end fund, largely invested in U.S. and non-U.S. dividend-paying common stocks and REITs. JDD trades at \$9.23 for an annualized yield of 10.40%. See July 2018 Newsletter for details.

Vodafone Group ADRs (VOD) – VOD is one of the world's largest telecom companies. **However, we are removing VOD from the Multi-Driver Portfolio, and changing our recommendation to Hold from Buy.** The risk of a dividend cut, on the heels of VOD's \$22 billion partial acquisition of Liberty Global, will lead to a substantial increase in leverage.

We are replacing VOD in the Multi-Driver Portfolio with the common stock of Duke Energy Corp. (DUK), one of the largest energy companies in the U.S., focused on electric power and gas distribution in the Americas. The stock trades at \$86.30 for an annualized 4.30% yield. See October 2018 Newsletter for details.

Advantage Data provides financial information invaluable to the analysis underlying these recommendations.

"What Happened to the Safe Haven?"

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rise. Furthermore, the theory goes, investors dump stocks when the Dow starts heading lower. They shift to bonds, amplifying both the decline in equities and the jump in bond prices. Given those dynamics, how is it possible for both stocks and bonds to go down at the same time?

In reality, that outcome is not only possible but more the rule than the exception. Let's focus for the moment on price change, as opposed to total return. This way of measuring results addresses a major concern of many investors, namely, preservation of capital. Between 1977 and 2017, the Dow suffered 11 down years. In seven cases, or 64% of the total, the bond index fell, as well.

Neither does the full 41-year record uphold the notion that by their very nature stocks and bonds must always go in opposite directions. In 24 of those years, the Dow and the ICE BAML Corporate & Government Index moved in the same direction. In only 17 years, or 41% of the total, did gains in bonds offset losses in stocks or vice versa.

Investors can draw two valuable conclusions from these facts:

1. Equities and income investments are not reliable hedges of each other over a period as short as 12 months. The benefits of a balanced portfolio, for investors striving to grow their wealth while protecting what they already have, are realized over decades rather than years.
2. The worst strategy of all is to jump back and forth between equities and income investments, based on short-term forecasts of returns. Even if one can reliably time the markets' short-run downturns—which is extremely doubtful—the probability of avoiding a loss by switching to the other asset class is not high.

For ISI subscribers whose primary objective is generating income, the key to success is picking good securities and remaining calm in the face of inevitable fluctuations.

Preferred Stocks

Duke Energy Corp.; 5.625% Fixed Rate, Junior Subordinated Debentures (PET Bond), due 09/15/78; Par \$25.00; Annual Cash Dividend \$1.40625; Current Price \$23.80; Current Indicated Yield 5.91%; Call Date 09/15/23 at \$25.00; Yield to Call 6.81%; Pay Cycle 3m; Moody's Baa2, S&P BBB; CUSIP 26441C402; Symbol DUKB (www.duke-energy.com)

Duke Energy Corp. (DUK), based in Charlotte, NC, is one of the largest energy companies focused on electric power and gas distribution in the Americas. The company also has a growing portfolio of renewable energy assets. DUK services approximately 7.6 million retail customers, with almost half in North Carolina. The company's commercial and international businesses own and operate a diverse portfolio of power generation assets. The financial impact from Hurricane Florence has proven manageable and DUK's ability to service its debt obligations and its preferred and common dividends has not been compromised. In fact, the company's common stock, which we recommended in October 2018 at \$80.02, has performed very well. **As a result, we are raising the common's target price from \$88.00 to \$93.00.** DUK reported solid Q318 adjusted net earnings of \$1.18 billion or \$1.65 per share, easily surpassing analysts' estimates of \$1.52. Earnings rose 13.7% from a year earlier. DUK's 5.625% issue is a preferred exchange traded (PET) debt security. Distributions are interest payments, and therefore, treated as ordinary income for tax purposes. Payments are also cumulative and contractual, but can be deferred up to 40 consecutive quarters. This investment is suitable for low- to medium-risk tax-deferred portfolios. **Buy up to \$25.25 for a current yield of 5.57% and a yield to call of 5.39%.**

U.S. Bancorp; 5.50% Fixed Rate, Non-Cumulative Perpetual; Par \$25.00; Annual Cash Dividend \$1.375; Current Price \$24.69; Current Indicated Yield 5.57%; Call Date 10/15/23 at \$25.00; Yield to Call 5.79%; Pay Cycle 3m; Exchange NYSE; Ratings, Moody's A3, S&P BBB; CUSIP 902973759; Symbol USB-P (need preferred designation before P) (www.usbank.com)

U.S. Bancorp (USB) is a major regional bank holding company based in Minneapolis, with \$465 billion in total assets at 09/30/18. The company's banking subsidiary, U.S. Bank, NA, is the fifth-

Closed End Funds

The Gabelli Multimedia Trust, Inc.; Current Price \$7.06; Current Indicated Yield 13.22%; Exchange NYSE; Premium to Net Asset Value +3.43%; Pay Cycle 3m; Expense Ratio 1.45%; Leverage Ratio 8.52%; CUSIP 36239Q109; Family Closed-End Fund; Symbol GGT (www.gabelli.com)

The Gabelli Multimedia Trust's (GGT) primary investment objective is long-term growth of capital, with income as a secondary objective. The fund seeks opportunities for long-term growth in sectors that include global telecom, media, publishing, and entertainment. The fund also will invest in companies that participate in emerging technological advances in interactive services and products. GGT invests at least 80% of its assets in common and preferred stocks, convertible securities, options, and warrants in the aforementioned sectors. The fund may also elect to invest up to 15% of its net assets in securities for which markets are illiquid. As of 06/30/18, the fund's top five sectors included Entertainment (18.6%), Computer Software & Services, Broadcasting (9.6%), Cable (9.1%), and Hotels & Gaming (7.7%). GGT's top holdings in the portfolio included, but were

largest commercial bank in the United States. USB serves retail customers and community businesses, as well as middle-market borrowers and large corporate accounts. The banking company also provides investment services, wealth management, and treasury services for its customers across the U.S. and abroad. This issue is a fixed rate structure that is callable on 10/15/23 or anytime thereafter at par. USB reported Q318 adjusted net income of \$1.80 billion, up 12.5% from a year ago. Earnings per share of \$1.06 topped analysts' \$1.04 estimates on stronger than expected revenue growth and lower provisions for loss. Non-interest expenses were higher than expectations. Dividend distributions on the preferred issue are qualified and taxed at the 15-20% rate. This investment is suitable for low- to medium-risk taxable portfolios. **Buy up to \$26.00 for a current yield of 5.29%, and a yield to call of 4.57%.**

Brighthouse Financial, Inc.; 6.25% Fixed Rate, Junior Subordinated Debentures (PET Bond), due 09/15/58; Par \$25.00; Annual Cash Dividend \$1.5625; Current Price \$21.22; Current Indicated Yield 7.36%; Cal Date 09/15/23 at \$25.00; Yield to Call 10.23%; Pay Cycle 3m; Moody's Ba1, S&P BBB-; CUSIP 10922N202; Symbol BHFAL (www.brighthousefinancial.com)

Brighthouse Financial, Inc. (BHF) based in Charlotte, NC, is a major provider of annuities and life insurance in the U.S., with approximately \$220 billion in total assets and 2.6 million insurance policies and annuity contracts in force as of 06/30/18. BHF was established by MetLife (MET) in August 2017, following MET's intention, announced in early 2016, to separate a substantial portion of its U.S. retail life and annuity business. MET retains a 19.3% stake in BHF. The company's financial strength ratings at its operating subsidiaries are 'A3' (Moody's), 'A+' (S&P), 'A' (Fitch), and 'A' (A.M. Best). BHF reported Q318 adjusted net earnings of \$270 million, driven by lower corporate expenses, lower claims, and higher net investment income. Annuity sales saw a 43% jump from Q317. BHF reaffirmed its full-year 2018 guidance. The company's 6.25% issue is a preferred exchange traded (PET) debt security. Distributions are considered interest payments and therefore treated as ordinary income for tax purposes. Payments are also cumulative and contractual, but can be deferred for one or more consecutive interest periods, not to exceed five years. **Buy up to \$23.50 for a current yield of 6.65% and a 7.76% yield to call.**

not limited to Twenty-First Century Fox, Altaba, Sony, Facebook, Alphabet, and Naspers. The fund's performance was strong in 2017, with a total return of 40.48%, based on market price. The total market price return for 2018 was -13.05%, given the sharp Q418 downturn in equity markets. This fund is suitable for medium- high-risk portfolios. **Buy up to \$10.50 for an annualized 9.14% yield.**

Eaton Vance Tax-Advantaged Dividend Income Fund; Current Price \$18.99; Current Indicated Yield 8.76%; Exchange NYSE; Discount to Net Asset Value -6.58%; Pay Cycle 1m; Expense Ratio 1.88%; Leverage Ratio 21.03%; CUSIP 27828G107; Symbol EVT (www.funds.eatonvance.com)

Eaton Vance Tax-Advantaged Dividend Income Fund's (EVT) investment objective is to provide a high level of after-tax total return, largely composed of tax-advantaged dividend income and capital appreciation. Under normal market conditions, the fund will look to invest at least 80% of its total managed assets in dividend-paying common and preferred stocks with qualified dividend distributions.

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Closed End Funds *(continued from page 3)*

At 09/30/18, the fund's managed assets largely consisted of U.S. Common Stocks (73.09%), followed by High Yield Corporate Bonds (9.21%), Investment Grade Corporate Bonds (7.83%), and Preferred Stocks (6.14%). EVT's top five holdings were JPMorgan Chase (3.54%), Verizon Communications (2.96%), Exxon Mobil Corp. (2.94%), Johnson & Johnson (2.71%), and First Trust Preferred

Securities and Income ETF (2.25%). The fund's performance record has been solid, with a total return based on market price of 21.82% in 2017, but -12.31% for the full-year 2018 with the decline in equities and fixed income asset classes. This closed-end fund is suitable for low- to medium-risk taxable portfolios. **Buy up to \$25.00 for a 6.96% annualized yield.**

Common Stocks

JPMorgan Chase & Co.; *Current Price \$97.62; Current Annualized Yield 3.28%; Last Dividend Paid 10/31/18; Exchange NYSE; Ratings, Moody's A2, S&P A-; Pay Cycle 3m; CUSIP 46625H100; Family Common Stock; Symbol JPM (www.jpmorganchase.com)*

JPMorgan Chase & Co. (JPM) is one of the world's largest financial institutions. The banking company has approximately \$2.6 trillion in total assets and conducts its business in more than 60 countries. JPM provides services for consumers, small businesses, middle-market companies, large corporate institutions, and government clients. The company operates its business through four key segments: Consumer and Community Banking; Corporate and Investment Banking; Commercial Banking; and Asset & Wealth Management. JPM common stock has sold off considerably in 2018, along with most of the equity market. The company's common shares are down approximately 10% in 2018, but the stock has declined by almost 18% from its high closing price on September 20. By comparison, the S&P 500 was down 7.01% in 2018, but was down 14.5% from its high on 09/20/18. Financial shares have been under pressure

tied to the flat yield curve and the potential for a sustained inverted yield curve. The increasing threat of a recession is real, although we believe any recession will not be severe. Further interest rate hikes in 2019 have apparently become less likely, but considering that we are looking at two hikes at the maximum, and that we have already endured nine hikes since 2015, it appears that we are at the end of the tightening phase and focus will now be on GDP and the potential for a recession. In any event, we view JPM as the world's pre-eminent banking company. The company reported Q318 net income of \$ 8.38 billion, a 24% increase from a year earlier. Earnings per share of \$2.34 easily topped analysts' \$2.25 estimates. Lower trading revenues, which declined 2% year-over-year due to a 10% drop in fixed-income trading, were overshadowed by strong revenue growth from JPM's consumer business. The consumer bank posted a 60% spike in profits from a year ago, to \$4.09 billion. JPM's common is suitable for low- to medium-risk taxable portfolios. Dividends are qualified and taxed at the 15-20% rate, and coverage is solid. JPM increased its dividend 21.6% in 2018 from 2017. **Buy up to \$107 for an annualized yield of 3.00%.**

Master Limited Partnerships

BP Midstream Partners, LP; *Current Price \$15.54; Current Annualized Yield 7.52%; Exchange NYSE; Ratings, Moody's NR, S&P NR; Pay Cycle 3m; CUSIP 0556EL109; Family Limited Partnership; Symbol BPMP (www.bp.com)*

BP Midstream Partners, LP (BPMP) is a fee-based MLP that was formed by BP Pipelines, an indirect wholly owned subsidiary of BP, plc (BP). BPMP's IPO was launched just last year in late October. The partnership's business objective is to own, operate, develop, and acquire pipelines and other midstream assets. BPMP's assets are interests in entities that own crude oil, natural gas, refined products, diluent pipelines, and refined product terminals, which serve as key infrastructure for BP and its affiliates, as well as third-party customers. We are somewhat positively disposed towards the midstream energy sector in 2019, reinforced by a more positive outlook by the rating agencies, which see EBITDA growing 10% this year and next. BPMP reported Q318 net income of \$35.2 million or \$0.34 per share, well above management's guidance of \$29.8 million and ahead of consensus estimates. The Q318 distribution coverage ratio was 1.12x. Stronger than expected results paved the way for the MLP's third consecutive distribution hike, a sequential 7% increase. Distributions are taxed on a variable basis, pursuant to the partnership's K-1 filing for investors. This investment is suitable for medium-risk taxable portfolios. **Buy up to \$22.00 for an annualized yield of 5.31%.**

Viper Energy Partners, LP; *Current Price \$26.04; Current Annualized Yield 8.91%; Exchange NASDAQ; Ratings, Moody's NR, S&P NR; Pay Cycle 3m; CUSIP 92763M105; Family Master Limited Partnership; Symbol VNOM (www.viperenergy.com)*

Viper Energy Partners, LP (VNOM), based in Midland, Texas, was formed by Diamondback Energy, (FANG) to own, acquire, and capitalize on oil and natural gas properties in North America. VNOM's focuses largely on the Permian Basin. The MLP's primary business objective is to provide an attractive rate of return to unitholders, by delivering solid business results. VNOM looks to maximize distributions by pursuing accretive growth opportunities through acquisitions, typically from the purchase of drop-down assets from FANG, as well as assets from third parties. Asset purchases initially consist of mineral interests in oil and natural gas properties from the Permian Basin in West Texas. Properties are leased to working interest owners who are responsible for the costs of operation and development. The partnership reported Q318 total operating income of \$78.6 million, with consolidated net income of \$50.8 million. Earnings excluding non-controlling interest were \$2.3 million or \$0.05 per share, well short of analysts' estimates. VNOM's unit shares were up 16.5% in 2018, on the expectation of strong underlying operational results and distribution growth. The Q318 period was a bit of a wake-up call, but most analysts covering the MLP believe in management's game plan and guidance for 2019. VNOM's production growth has been strong and is expected to be solid in 2019 as well. This MLP is suitable for medium-risk taxable portfolios, as VNOM issues a K-1. **Buy up to \$32.00 for an annualized 7.25% yield.**

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													
NYSE	ANR Pipeline Co	7.0	6/1/2025	001814AS1	109.93	6.4	5.1	A3	BBB+	N/A	N/A	5.1	Buy
OTC	Cincinnati Bell Inc	7.3	6/15/2023	171870AK4	99.11	7.3	6.9	Ba3	BB-	N/A	N/A	6.9	Hold
OTC	Consolidated Natural Gas	6.8	12/15/2027	209615BS1	112.62	6.0	5.0	Baa2	BBB	N/A	N/A	5.0	Hold
OTC	Crown Cork & Seal Co Inc	7.4	12/15/2026	228255AH8	107.46	6.9	6.1	B1	BB-	N/A	N/A	6.1	Hold
NYSE	EQT Corp	3.9	10/1/2027	26884LAF6	86.85	4.5	5.8	Baa3	BBB-	7/1/2027	100.0	5.8	Buy
OTC	Hillshire Brands Co/The	6.1	11/1/2032	803111AM5	108.36	5.7	5.2	WR	BBB	N/A	N/A	5.2	Hold
OTC	Mondelez International	6.5	11/1/2031	50075NAC8	116.53	5.6	4.7	Baa1	BBB	N/A	N/A	4.7	Hold
OTC	Office Depot Inc	5.0	3/1/2030	023663AB3	74.41	6.7	8.6	B1	NR	2/4/2019	103.0	8.6	Hold
OTC	Owens Corning	7.0	12/1/2036	690742AB7	112.08	6.2	5.9	Ba1	BBB	N/A	N/A	5.9	Hold
OTC	Qwest Corp	7.1	11/15/2043	912920AG0	91.54	7.8	7.8	Ba2	BBB-	2/4/2019	101.8	7.8	Buy
OTC	Safeway Inc	7.3	2/1/2031	786514BA6	84.78	8.5	9.3	B3	B	N/A	N/A	9.3	Buy
OTC	Sprint Capital Corp	6.9	11/15/2028	852060AD4	97.55	7.1	7.2	B3 *+	B *+	N/A	N/A	7.2	Hold
OTC	Summit Midstream Prtmrs, LP	9.5	N/A	866142AA0	93.89	10.1	10.7	B3	B-	12/15/2022	104.0	10.7	Buy
OTC	Vale Overseas Limited	6.9	11/21/2036	91911TAH6	114.82	6.0	5.5	Baa3	BBB-	N/A	N/A	5.5	Hold

Exch	Issuer	Coupon Rate %	Maturity	CUSIP	Current Price	Current Yield %	Yield to Maturity %	Moody Rating	S&P Rating	Conversion Rate	Common Price \$	Yield to Worst %
INVESTMENT GRADE CONVERTIBLE BONDS												
BELOW INVESTMENT GRADE CONVERTIBLE BONDS												
OTC	Liberty Interactive LLC4.0	11/15/2029	530715AG6	66.74	6.0	8.7	B2	B2		22.9486	N/A	8.7

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 \$	Target \$
BPY	NASDAQ	Brookfield Prop Partners, LP;	16.95	7.43	Var	22.29	14.96	2/27/2019	12/31/2018	Quarter	N/A	25.00
BPMP	NYSE	BP Midstream Partners LP	16.78	6.97	Var	23.00	14.26	N/A	11/15/2018	Quarter	0.2	24.00
CCR	NYSE	Consolid Coal Resources, LP	16.67	12.14	Var	21.13	13.40	N/A	11/15/2018	Quarter	2.1	23.00
DKL	NYSE	Delek Logistics Partners, LP;	29.27	10.80	Var	35.50	26.50	N/A	11/9/2018	Quarter	2.8	38.00
GEL	NYSE	Genesis Energy	19.93	10.83	Var	25.87	17.55	1/30/2019	11/14/2018	Quarter	2.5	26.00
HESM	NYSE	Hess Midstream Partners LP	18.58	7.72	Var	24.51	16.17	N/A	11/13/2018	Quarter	0.9	25.00
HEP	NYSE	Holly Energy Partners, L.P	29.97	8.89	Var	34.00	26.09	2/1/2019	11/8/2018	Quarter	2.5	36.75
NGL	NYSE	NGL Energy Partners LP	10.39	15.01	Var	17.65	8.71	2/4/2019	11/14/2018	Quarter	1.6	17.00
NBLX	NYSE	Noble Midstream Partners LP	33.44	6.81	Var	57.98	26.08	N/A	11/13/2018	Quarter	1.8	56.00
OMP	NYSE	Oasis Midstream Partners LP	18.10	9.53	Var	24.21	14.98	N/A	11/27/2018	Quarter	0.0	26.50
PSXP	NYSE	Phillips 66 Partners LP	45.34	6.99	Var	56.48	40.76	1/30/2019	11/13/2018	Quarter	2.4	56.25
POPE	NASDAQ	Pope Resources LP	65.95	6.07	Var	73.50	62.50	2/28/2019	11/15/2018	Quarter	2.8	78.00
SUN	NYSE	Sunoco LP	27.56	12.00	Var	33.11	23.80	2/6/2019	11/14/2018	Quarter	3.3	30.00
VLP	NYSE	Valero Energy Partners LP	42.24	5.22	Var	48.66	33.25	N/A	11/9/2018	Quarter	1.9	44.85
VNOM	NASDAQ	Viper Energy Partner LP	27.38	8.47	Var	44.00	21.46	N/A	11/19/2018	Quarter	1.4	34.00
WES	NYSE	Western Gas Partners LP	44.87	8.60	Var	54.40	38.35	1/30/2019	11/13/2018	Quarter	3.6	55.00
WLKP	NYSE	Westlake Chemical Partners LP	23.35	7.19	Var	27.75	20.25	2/6/2019	11/26/2018	Quarter	1.4	30.00

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

PREFERRED

previously recommended

Symbol	Exch.	Family	Issuer	Coupon	Div. \$	Tax	Cycle	CUSIP	Current Price \$	Current Yield %	Moody/S&P Rating	Call Date	Call Price \$	Yield to Call %	Debt Maturity	Target \$
PREFERRED																
AGNCN	OTC	Perp	AGNC Investment Corp	7.00	1.75	OI	3m	00123Q500	25.46	6.87	NR/NR	10/15/2022	25.00	6.38	N/A	26.50
ALLG	NYS	Perp	Allstate Corp	5.63	1.41	15%	3m	020002127	24.67	5.70	Baa3/BBB-	4/15/2023	25.00	5.92	N/A	26.75
NLYG	NYS	Perp	Annaly Capital Mgmt	6.50	1.63	OI	3m	035710862	23.29	6.98	NR/NR	3/31/2023	25.00	8.50	N/A	26.50
ASB D	NYS	Perp	Assoc Banc-Corp	5.38	1.34	15%	3e	045488608	22.70	5.92	Baa3/BB	9/15/2021	25.00	8.92	N/A	25.65
RILYG	NAS	PET	B. Riley Financial, Inc	7.25	1.81	OI	3m	05580M405	24.20	7.55	NR/NR	12/31/2020	25.00	9.82	12/31/2027	26.25
RILYH	NYS	Perp	B. Riley Financial, Inc	7.38	1.84	OI	3m	05580M504	25.39	7.28	NR/NR	5/31/2020	25.00	9.29	5/31/2023	26.50
BAC B	NYS	Perp	Bank of America Corp	6.00	1.50	15%	3m	060505229	25.63	5.85	Ba1/BBB-	5/16/2023	25.00	5.57	N/A	27.25
BAC K	NYS	Perp	Bank of America Corp	5.88	1.47	15%	3m	060505195	24.87	5.91	Ba1/BBB-	7/24/2023	25.00	5.93	N/A	26.85
BHEAL	NYS	PET	BrightHouse Financial Inc	6.25	1.56	OI	3m	10922N202	23.42	6.61	Ba1/BBB-	9/15/2023	25.00	7.54	9/15/2058	26.00
CALB	NYS	Perp	CAI International Inc	8.50	2.13	15%	3m	12477X304	23.64	9.04	NR/NR	8/15/2023	25.00	9.96	N/A	27.00
SCHW D	NYS	Perp	Charles Schwab Corp	5.95	1.49	15%	3m	808513600	25.58	5.81	Baa2/BBB	6/1/2021	25.00	5.10	N/A	27.00
CHSCL	NYS	Perp	CHS Inc	7.50	1.88	15%	3e	12542R803	26.48	7.10	NR/NR	1/21/2025	25.00	6.35	N/A	30.80
CMSA	NYS	PB	CMS Energy Corp	5.63	1.41	15%	3m	12589G860	24.54	5.74	Baa2/BBB-	3/15/2023	25.00	6.23	3/15/2078	26.75
CUBLF	NYS	Perp	Customers Bancorp Inc	6.00	1.50	15%	3m	23204G704	24.20	6.26	NR/NR	12/15/2021	25.00	7.38	N/A	27.00
DUKB	NYS	PET	Duke Energy Corp	5.63	1.41	OI	3m	26441C402	24.28	5.79	Baa2/BBB	9/15/2023	25.00	6.42	9/15/2078	25.50
FITBI	NAS	Perp	Fifth Third Bancorp	6.63	1.66	15%	3m	316773605	26.26	6.33	Baa3/BB+	12/31/2023	25.00	5.53	N/A	27.50
JPM D	Perp	JPMorgan Chase & Co	5.75	1.44	15%	3m	48128B655	25.09	5.73	Baa2/BBB-	12/1/2023	25.00	5.79	N/A	26.25	
KEY I	NYS	Perp	KeyCorp Inc	6.13	1.53	15%	3m	493267702	25.99	5.90	Baa3/BB+	12/15/2026	25.00	5.56	N/A	27.85
OAK B	NYS	Perp	Oaktree Capital Group LLC	6.55	1.64	OI	3m	674001409	23.23	7.05	NR/BBB	9/15/2023	25.00	8.47	N/A	26.25
PRS	NYS	PET	Prudential Financial Inc	5.63	1.41	OI	3m	744320805	24.46	5.75	Baa2/BBB+	8/15/2023	25.00	6.38	8/15/2058	26.25
STT G	NYS	Perp	State Street Corp	5.35	1.34	15%	3m	857477855	24.51	5.47	Baa1/BBB	3/15/2026	25.00	5.75	N/A	27.25
SFBNS	PB	Stifel Financial Corp	5.20	1.30	OI	3m	860630607	21.75	5.96	NR/BBB-	10/15/2022	25.00	8.97	10/15/2047	26.35	
SNV D	NYS	Perp	Synovus Financial Corp	6.30	1.58	15%	3m	87161c600	24.42	6.48	NR/BB-	6/21/2023	25.00	7.08	N/A	27.30
TCF D	NYS	Perp	TCF Financial Corp	5.70	1.43	15%	3m	872275300	23.28	6.12	Ba1/BB-	12/1/2022	25.00	7.91	N/A	26.35
TSCAP	NAS	Perp	TrisState Capital Holdings, Inc	6.75	1.69	15%	3m	89678F209	25.97	6.50	NR/NR	4/1/2023	25.00	5.53	N/A	27.75
USB P	NYS	Perp	U.S. Bancorp	5.50	1.38	15%	3m	902973759	24.96	5.51	A3/BBB	10/15/2023	25.00	1/4	N/A	26.30
VRB	NYS	Perp	Validus Holdings Ltd	5.80	1.45	15%	3m	91915W300	26.01	5.58	Baa3/BBB-	N/A	25.00	N/A	N/A	26.15
WRBE	NYS	Perp	W.R. Berkley Corp	5.70	1.43	OI	3m	084423703	23.29	6.12	Baa2/BBB-	3/30/2023	25.00	7.64	3/30/2058	26.25
MANDATORY CONVERTIBLE PREFERRED																
AIZP	MD	Assurant Inc	6.50	6.50	15%	04621X207	99.35	6.55	NR/NR	0.935	17.60	90.45	12/18*	N/A	N/A	N/A
CNP B	MD	CenterPoint Energy Inc	7.00	3.50	0.15	15189T503	2/19	6.85	NR/NR	1.529	1/15	28.68	09/21*	N/A	N/A	N/A
DTV	MD	DTE Energy Co	6.50	3.25	OI	233331883	52.22	6.23	NR/NR	2.835	10.33	109.99	10/19*	N/A	N/A	N/A
HESA	MD	Hess Corp	8.00	4.00	OI	42809H404	51.85	7.61	NR/NR	1.544	5.53	45.69	02/19*	N/A	N/A	N/A
NYCB U	MD	New York Comm Cap Trust	6.00	3.00	15%	64944P307	45.75	6.56	Baa3/BB-	2.495	84.45	9.94	N/A	N/A	N/A	N/A
SRE B	MD	Sempra Energy	6.75	6.75	15%	816851505	97.50	1/5	NR/NR	0.879	1/19	4/19	N/A	N/A	N/A	N/A
OPTIONAL CONVERTIBLE PREFERRED																
BAC L	OP	Bank Of America Corp	7.25	72.50	15%	060505682	1256.01	5.77	Ba1/BBB-	20.000	146.0	25.58	NC	N/A	N/A	N/A
BGEFF	OP	Bunge Ltd	4.88	4.88	OI	EP0237628	97.72	4.93	Ba1/BB+	1.085	52.8	54.89	NC	N/A	N/A	N/A
WFC L	OP	Wells Fargo & Company	7.50	75.00	15%	949746804	1268.00	5.89	Baa2/BBB	6.381	316.8	47.95	NC	N/A	N/A	N/A
WELL I	OP	Welltower Inc	6.50	3.25	OI	95040Q203	62.83	5.19	Baa2/BBB-	0.846	4.0	68.28	NC	N/A	N/A	N/A

1. Symbol: symbols in parentheses require no delimiters, all others require a preferred designation. 2. Family. MD=Mandatory. OP=Optional. 3. Tax. OI=Ordinary Income Rate, 15%=15% tax rate. 4. *maturity or mandatory conversion date. 5. zero-coupon bonds.

Symbol	Exch	Issuer	CUSIP	Current Price \$	Indicated Yield %	Tax Yield %	52 Week High \$	52 Week Low \$	Ex Div Date	Paydate	Pay Periods	12 Mo Div	Country	Target \$
COMMON STOCKS														
NLY	NYSE	Annaly Capital Management	035710409	10.02	11.98	OI	11.66	9.57	3/28/2019	1/31/2019	Quarter	1.20	US	13.50
BGS	NYSE	B&G	05508R106	28.29	6.71	15%	35.50	22.00	3/28/2019	1/30/2019	Quarter	1.86	US	31.50
BBVA	NYSE	BBVA	05946K101	5.54	4.15	15%	9.54	4.99	4/5/2019	10/25/2018	Quarter	N/A	SP	9.85
BMO	NYSE	BMO Financial Group	063671101	67.28	4.41	15%	84.71	62.79	4/30/2019	2/26/2019	Quarter	N/A	US	83.50
CXW	NYSE	CoreCivic, Inc.	21871N101	17.91	9.60	OI	26.09	17.16	3/29/2019	1/15/2019	Quarter	1.68	US	28.00
DUK	NYSE	Duke Energy Corp.	26441C204	85.37	4.35	15%	91.35	71.96	5/16/2019	3/18/2019	Quarter	3.49	US	88.00
ENB	NYSE	Enbridge Inc	29250N105	32.62	6.71	15%	41.21	28.82	5/14/2019	3/1/2019	Quarter	N/A	CA	38.50
HTGC	NYSE	Hercules Capital Inc	427096508	11.68	10.62	OI	13.68	10.57	3/1/2019	11/19/2018	Quarter	1.24	US	16.20
HPT	NYSE	Hospitality Properties Trust	44106M102	24.17	8.77	OI	29.81	22.47	1/25/2019	11/15/2018	Quarter	2.07	US	31.50
ING	NYSE	ING Group N.V. (ADRs)	04930A104	11.23	4.85	15%	20.58	10.21	4/25/2019	8/21/2018	Quarter	N/A	NE	18.50
JPM	NYSE	JPMorgan Chase & Co	46625H100	100.69	3.18	0.15	119.33	91.11	4/4/2019	1/31/2019	Quarter	2.12	US	107.00
LTC	NYSE	LTC Properties Inc	502175102	41.34	5.52	OI	47.07	34.46	4/18/2019	1/31/2019	Monthly	2.28	US	52.00
OKE	NYSE	ONEOK Inc	682680103	56.65	6.04	15%	71.99	50.26	2/14/2019	11/14/2018	Quarter	2.72	US	72.00
PACW	OTC	PacWest Bancorp	695263103	34.33	6.99	15%	55.86	31.16	2/19/2019	11/30/2018	Quarter	2.00	US	54.00
PBI	NYSE	Pitney Bowes, Inc	724479100	6.48	11.57	15%	14.80	5.51	2/14/2019	12/11/2018	Monthly	0.75	US	12.50
PPL	NYSE	PPL Corp.	69351T106	28.87	5.68	15%	32.46	25.30	3/7/2019	1/2/2019	Quarter	1.58	US	33.50
APTS	NYSE	Preferred Apartment Comm Inc	74039L103	15.29	6.80	OI	19.71	13.14	3/14/2019	1/15/2019	Quarter	0.94	US	23.50
SBRA	OTC	Sabra Health Care REIT, Inc.	78573L106	17.29	10.41	15%	23.83	15.70	2/14/2019	11/30/2018	Quarter	1.73	US	23.25
SKT	NYSE	Tanger Factory Outlet Ctrs, Inc.	875465106	20.95	6.68	OI	26.28	19.76	1/30/2019	11/15/2018	Quarter	1.35	US	27.50
KHC	NASDAQ	The Kraft Heinz Company	500754106	44.49	5.62	15%	80.67	41.60	3/7/2019	12/14/2018	Quarter	2.45	US	60.00
WRI	OTC	Weingarten Realty Investors	948741103	25.08	6.30	Var	30.87	23.80	3/7/2019	12/27/2018	Quarter	2.29	US	32.00

Symbol	Issuer	Current Price \$	Current Yield %	12 Mo Yield %	Net Asset Value \$	Premium Discount %	52 Week High \$	52 Week Low \$	52 Week High Date	52 Week Low Date	Pay Periods	Target \$
CLOSED END FUNDS												
AWF	AllianceBernstein Global High Inc Fund	10.95	7.66	7.66	12.43	-12.26	12.82	10.16	1/4/2018	12/21/2018	1m	15.00
CII	BlackRock Enhanced Capital & Inc Fund	14.18	7.01	7.01	15.44	-6.61	17.36	13.13	8/29/2018	12/24/2018	1m	21.00
BCX	BlackRock Resources & Commodity	7.28	8.51	8.51	8.64	-13.84	10.4977	6.65	1/16/2018	12/24/2018	3c	10.25
FOF	Cohen & Steers Closed-End Oppo	11.23	9.30	9.30	12.02	-6.10	13.52	10.09	1/26/2018	12/21/2018	M	14.85
DDF	Delaware Investments Div & Inc Fund Inc	11.54	9.50	9.09	10.18	14.07	14.389	9.63	9/11/2018	12/26/2018	1m	16.00
DNP	DNP Select Income Fund Inc	10.56	7.39	7.39	8.67	19.79	11.22	9.71	9/13/2018	2/6/2018	1m	15.30
EGIF	Eagle Growth & Income Opp Fund	13.11	7.32	6.90	16.08	-19.78	16.8377	12.22	1/16/2018	12/26/2018	1m	20.00
EVV	Eaton Vance Lid Duration Inc Fund	12.09	6.65	6.99	13.85	-14.15	13.65	11.28	1/4/2018	12/20/2018	1m	16.00
EVT	Eaton Vance Tax-Advant Div Inc Fund	19.45	8.95	8.95	20.75	-5.61	24.91	17.45	10/3/2018	12/24/2018	1m	25.00
FEO	First Trust Aberdeen Emerging	12.58	7.95	11.13	14.64	-13.98	16.9506	11.76	1/25/2018	12/21/2018	3m	18.25
GGT	Gabelli Multimedia Trust Inc	7.14	13.45	12.61	7.31	0.71	10.09	6.90	3/7/2018	12/26/2018	3m	10.50
GOF	Guggenheim Strategic Opp Fund	18.82	11.61	11.61	17.92	5.25	22.39	16.72	7/10/2018	12/21/2018	1m	25.25
INSI	Insight Select Income Fund	17.77	4.50	4.50	19.56	-9.15	20.5	17.39	1/4/2018	12/18/2018	1m	20.85
VBF	Invesco Bond Fund	17.13	4.83	5.29	18.60	-7.94	20.0677	16.68	1/8/2018	12/18/2018	M	21.00
HEQ	John Hancock Hedged Eq & Inc Fund	13.17	11.42	11.42	14.68	-10.21	17.68	11.82	5/14/2018	12/24/2018	3m	20.50
HIE	Miller/Howard High Inc Equity Fund	10.22	13.62	13.62	10.05	-1.59	13.34	8.75	1/17/2018	12/24/2018	1m	16.50
JDD	Nuveen Diversified Divid and Inc Fund	9.23	10.40	10.73	10.47	-11.27	12.69	8.55	3/7/2018	12/24/2018	3m	16.50
PCN	Pimco Corporate & Inc Strategy Fund	15.44	8.74	9.26	14.04	9.21	19.1484	13.35	9/14/2018	12/21/2018	M	21.50
RMT	Royce Micro-Cap Trust	7.64	10.99	9.82	8.78	-11.99	10.68	6.91	8/27/2018	12/24/2018	3m	12.30
TSI	TCW Strategic Income Fund, Inc.	5.32	9.70	7.01	5.67	-6.17	5.80644	5.20	1/16/2018	12/28/2018	3m	7.00
TEI	Templeton Emerg Mkts Inc Fund Inc	9.71	8.09	8.66	11.03	-10.63	11.98	8.96	2/13/2018	12/20/2018	M	14.50
IGI	Western Asset Inv. Grade Defined Opp. Trust	18.55	5.50	5.66	19.34	-4.71	23.5584	17.26	3/15/2018	12/20/2018	1m	23.00

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. Recommendation:** accumulate at or below this price. **NR:** not rated. **NA:** not applicable. **4. Family:** Fg=foreign, PB=PB=PEI Bonds, TP= Trust Preferreds, TPTP= Third Party Trust Preferreds, PERP = Perpetual. **psbp**=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
Affinion Group Holdings Inc.	S	-	CCC-
Alta Mesa Holdings LP	S	-	CCC+
Alta Mesa Resources Inc	S	-	CCC+
AP Exhaust Acquisition LLC	M	-	Caa1
Avista Corp.	M	-	A3
BMC Stock Holdings Inc	S	+	BB-
Bristol-Myers Squibb Co.	S	-	A-1+ *-
Carastar Industries Inc	S	+	B+ *+
Cboe Global Markets Inc.	M	+	A3
Celgene Corp	S	+	A-2 *+
Checkout Holding Corp	M	-	WR
Cigna Health & Life Insurance Co	M	-	A2
Cigna Holding Co.	M	-	Baa2
Citizens Bank of Pennsylvania	S	-	NR
Constellis Holdings LLC	S	-	B
Cowlitz Tribal Gaming Authority	M	-	WR
CY US Equity	M	+	Ba2
Dominion Energy Questar Pipeline LLC	S	+	BBB+
Express Scripts Holding Co	S	+	A-
Fireman's Fund Insurance Co of Hawaii Inc.	S	-	NR
Gem Acquisition Inc.	S	-	Bu

Issuer	Agency	New Action	Rating
GENEX Holdings Inc.	S	-	NR
Greif Inc	M	-	Ba3 *-
Harper Lake Solar Funding Corp	M	-	WR
LBI Media Inc	S	-	NR
Life Insurance Co of North America	M	-	A2
Medco Health Solutions Inc.	M	+	Baa2
National Mentor Holdings Inc.	M	-	B1 *-
Oasis Outsourcing Holdings Inc	M	-	WR
Pier 1 Imports Inc.	S	-	CCC+
Premiere Global Services Inc	S	-	CCC-
Public Service Co of North Carolina Inc	S	+	BBB+
Rockwell Collins Inc.	M	-	WR
SCANA Corp.	S	+	BBB+
Select Income REIT	S	-	NR
Shell Energy North America US LP	S	+	A+
South Carolina Electric & Gas Co.	S	+	A-2
Traverse Midstream Partners LLC	M	-	B2
Ultra Petroleum Corp	S	-	SD
Ultra Resources Inc.	M	-	Caa3
Weatherford International LLC	M	-	Caa3
WME IMG LLC	M	-	B2 *-

+ : upgrade; - : downgrade; * - : possible downgrade; * + : possible upgrade

Preferred Rating Changes

Issuer	Agency	Action	Rating
BAC Capital Trust XIII	M	+	Ba1 *+
CBL & Associates Properties Inc	F	-	B
El Paso Energy Capital Trust I	M	+	Baa3
KN Capital Trust I	M	+	Baa3

New Preferreds

Issuer	Symbol	Issue	Moody/S&P Ratings	Par Value
CommonWealth Bank Aust	CBAAU	5.720	NR/NR	100.00
PerbbleBrook Hotel Trust	PEB	6.375	NR/NR	25.00
Perferred Apt Comnty Inc	APTS	6.000	NR/NR	1000.00
WestPac Banking Corp	WSTP	5.733	NR/NR	100.00

*initial rating

Mandatory Convertible Preferred Stocks

CenterPoint Energy, Inc.; 7.00% Mandatory Convertible Cumulative Preferred, Series B, due 09/01/21; Par \$50.00; Annual Cash Dividend \$3.50; Current Price \$50.37; Current Indicated Yield 6.95%; Conversion Maturity Date 09/01/21; Yield to Call N/A; Pay Cycle 3m; Exchange NYSE; Ratings, Moody's Baa3 (implied), S&P BBB; CUSIP 15189T503; Symbol CNP-B (need the preferred designation before B) (www.centerpointenergy.com)

CenterPoint Energy, Inc. (CNP), based in Houston, ranks among the leading energy delivery, infrastructure, and services companies in the U.S. CNP's primary businesses include electric transmission and distribution, natural gas distribution, and natural gas sales and services. The company's natural gas distribution network cuts across Arkansas,

Louisiana, Minnesota, Mississippi, Oklahoma, and Texas. CNP's electric transmission and distribution business serves a 5,000-square-mile territory in the Houston metropolitan area. The company reported Q318 net income of \$153.0 million or \$0.35 per share. Adjusted EPS was \$0.39, missing analysts' estimates by \$0.03. Revenue, however, surpassed analysts' expectations. This preferred issue mandatorily converts to CNP common shares on 09/01/21. The conversion ratios are based on the average price of CNP stock for the 20 consecutive trading days prior to the conversion date (see Prospectus). Dividends are qualified and taxed at the 15-20% rate. This mandatory convertible preferred is suitable for medium- to high-risk taxable portfolios. **Buy up to \$57.00 for a current yield of 6.15%.**

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	Target
BGS	B&G Foods	6.71	28.91	317	4/18	\$31.50
SCHW D	Charles Schwab Corp	5.81	25.00	370	9/30	\$27.00
DNP	DNP Select Income Fund	7.39	10.40	900	1/18	\$15.30
AGM B	Farmer Mac	6.57	25.86	400	2/15	\$26.80
JPM	JPMorgan Chase & Co	3.18	97.62	84	12/31	\$107.00
MS K	Morgan Stanley	5.92	24.28	350	6/17	\$27.50
NTRSP	Northern Trust Corp	5.82	24.81	400	1/17	\$26.50
NVG	Nuveen Enhd AMT-Fr Mun	5.53	13.98	600	6/16	\$15.35
SNV D	Synovus Financial Corp	6.48	24.04	307	10/31	\$27.30
WFC L	Wells Fargo Company	5.89	1,261.90	10	6/15	\$1,400.00

Summary Statistics

Monthly Payout Average:	\$463
Current yield on portfolio:	5.96%
Inception Value: (1/1/18)	\$102,184
Last month's value:	\$94,420
Current value of portfolio	\$93,128
Current value + year to date income:	\$98,962
Year to Date Total Return	-3.15%

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	Target
AIZP	Assurant Inc	6.55	98.16	57	10/25	\$122.00
BAC L	Bank of America	5.77	1,252.50	9	5/17	\$1,600.00
BGEPF	Bunge Ltd	4.93	97.00	100	6/15	\$110.00
GOF	Guggenheim Strategic Opp Fund	11.61	18.27	440	12/15	\$25.25
JHI	John Hancock Investors Trust	8.67	14.12	650	1/18	\$20.75
KEY I	KeyCorp Inc	5.90	25.82	345	8/31	\$27.85
APTS	Preferred Apartment Commun A	6.80	14.06	349	11/30	\$23.50
SRE B	Sempra Energy	6.91	96.44	134	12/31	\$117.00
STT G	State Street Corp	5.47	23.88	500	5/18	\$27.25
SKT	Tanger Factory Outlet Center	6.68	20.22	584	11/30	\$27.50

Summary Statistics

Monthly Payout Average:	\$535
Current yield on portfolio:	6.81%
Inception Value: (1/1/18)	\$103,471
Last month's value:	\$98,531
Current value of portfolio	\$94,271
Current value + year to date income:	\$101,579
Year to Date Total Return	-1.83%

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	Target
CHY	Calamos Cvt & High inc Fund	10.47	9.40	850	1/18	\$14.90
CSWCL	Capital Southwest Corp	5.95	24.85	343	10/31	\$26.35
CHSCL	CHS Inc	7.10	25.26	350	2/15	\$29.00
STK	Columbia Seligman Tech	11.01	16.81	450	12/15	\$28.00
CCR	Consol Coal Resources LP	12.14	16.41	468	11/30	\$23.00
GGT	Gabelli Multimedia Trust	13.45	7.06	1052	12/31	\$10.50
HEP	Holly Energy Partners L.P.	8.89	28.56	300	12/17	\$36.75
HIE	Miller/Howard High Inc Eq Fund	13.62	9.53	1013	12/31	\$16.50
PHK	PIMCO High Income Fund	11.78	8.01	1350	1/17	\$9.65
SMLP	Summit Midstream Partners LP	12.32	93.08	99	10/31	\$105.50

Summary Statistics

Monthly Payout Average:	\$768
Current yield on portfolio:	10.69%
Inception Value: (1/1/18)	\$99,839
Last month's value:	\$92,145
Current value of portfolio	\$86,276
Current value + year to date income:	\$97,778
Year to Date Total Return	-2.06%

Multi-driver Portfolio

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

Symbol	Issuer	Yield	Price	Qty	Rpt Date	Target
ALL B	Allstate Corp	5.25	23.84	400	1/18	\$27.20
UTF	Cohen & Steers Infr	9.09	19.76	400	1/15	\$28.50
CUBI F	Customers Bancorp Pfd	6.26	23.61	400	12/18	\$27.00
DLR C	Digital Realty Trust	6.31	26.48	350	3/14	\$27.25
DUK	Duke Energy Corp	4.35	86.30	67	12/31	\$93.00
HCP	HCP Inc	5.29	27.93	400	1/18	\$27.50
HES A	Hess Corp	7.61	49.65	150	3/16	\$67.00
JDD	Nuveen Divers Div & Inc Fund	10.40	9.23	990	12/31	\$16.50
HQL	Tekla Life Scis Invst	10.38	15.11	500	1/15	\$24.75
IDE	Voya Infrst	10.21	11.06	600	1/16	\$21.50

Summary Statistics

Monthly Payout Average:	\$518
Current yield on portfolio:	7.41%
Inception Value: (1/1/18)	\$99,141
Last month's value:	\$89,966
Current value of portfolio	\$83,882
Current value + year to date income:	\$91,171
Year to Date Total Return	-8.04%

Comparative Current Yields

Security Type	Yields 12/31/18	Net Change Month	Net Change Y.T.D.	Spread 12/31/17	Spread 12/31/18
U.S. TREASURIES & EURO BENCHMARKS					
Ten Year	2.69	-30	11.4%	N/A	N/A
Inflation Indexed	0.97	-5	130.8%	-199	-172
Ten Year Euro(1)	0.24	-7	-44.4%	-198	-245
Euro Spot Rate	1.15	1	-4.5%	N/A	N/A

CORPORATE BONDS²

AAA	3.53	-24	20.5%	52	85
AA	3.51	-24	26.7%	36	83
BBB	4.68	-15	30.7%	117	200
BB	6.18	47	42.7%	192	350
B	8.28	80	42.3%	341	560
CCC	13.55	149	43.4%	704	1087

PREFERRED STOCKS³

AA&A	5.35	-15	9.2%	249	267
BBB	5.77	-11	4.7%	310	309
BB	6.32	4	5.7%	357	364
B	8.11	-3	5.9%	525	543

QUALIFIED DIVIDEND INCOME (QDI) PFDS⁴ — Yields —

Investment Grade	5.71	-13	4.8%	227%	213%
Below Inv. Grade	6.45	14	11.6%	240%	240%

MUNICIPAL BONDS⁵ — Yields —

AA	2.52	-17	14.5%	91%	94%
A	2.91	-15	23.8%	98%	108%
BBB	3.48	-13	13.4%	128%	130%

¹Rate for ten-year German government bonds.

²Per ICE BofA Merrill Lynch Index System

³Per ICE BofA Merrill Lynch Index System

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.

The 2018 Slump Created Opportunities

continued from page 1

Turning to the latest five-year performance, our Model Portfolios showed lower cumulative growth on \$1.00 than the equity indexes. It would be a mistake to conclude from this result that income investing has lost its mojo. These numbers are very sensitive to the business cycle.

For example, the five years ending in 2012 included the recession of 2008-2009. Over that half-decade, all four Model Portfolios accumulated more per dollar than the S&P 500, by margins of \$0.22 to \$0.88. By contrast, there was no recession during the latest five years. That gave stocks an inherent advantage, since they have bigger upside when the economy booms.

This all suggests that the next five years may look very different from the last five years. The current expansion has been exceptionally long by historical standards and forecasters widely expect a recession in 2020. If that happens, income securities will likely demonstrate their superior resistance to economic downturns. A company that is covering its bond coupons or preferred dividends with a comfortable margin will continue making those payments even if its earnings decline somewhat in a recession. Its stock price will fall, however, as its price-earnings multiple gets applied to lower earnings. Looking forward, rather than backward, income investments currently look attractive.

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