

Income Securities

BUILDING YOUR WEALTH WITH BONDS, CONVERTIBLES & PREFERREDS

INVESTOR



Richard Lehmann

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ALL PRICING AS OF 4/30/15

Fed Policy 4.0

As finances around the world begin to experience shock waves from a rising and then falling dollar exchange rate, our Federal Reserve Bank sits studying its reams of data which tells them whatever they want to believe. That's the beauty of statistics, there's always some to support any position you want to take. That's also why it's such a poor way to lead an economy, it replaces good judgement with consensus thinking. I suspect they will do nothing about the turmoil the dollar is creating until it creates a crisis, an event that may not be far off.

At the heart of most Fed policy failures are the conflicted mandates they have been given by Congress. Those mandates are to stimulate maximum employment and maintain price stability. Economic stability creates the environment for growth and only in this way can the Fed stimulate higher employment. But trying to stimulate growth through zero interest rates and quantitative easing achieves neither goal. They only lead to financial speculation and excessive lever-

age which creates no new jobs, just financial bubbles destined to burst.

Monetary policy can do little to create jobs; only fiscal policy, the mandate of Congress, can make this happen, and we all know how ineffective Congress has been the last six years in this endeavor. Fed policy to date has had the perverse effect of making it easier for Congress to shirk their responsibilities by driving interest rates so low that the federal budget deficit, through shrinking debt service costs, begin to look reasonable by today's world standards.

We, as investors, focus on a Fed rate hike as a negative because of its effect on the valuation of our interest sensitive securities. This is very short term thinking. Think of the effect on your portfolio of another 2008 style crisis. That will be much worse than any value erosion from a steady climb of short term rates to about a 3.5% level over several years. This is a level where retirees and savers can find a reasonable return

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Pick of the Month

If your portfolio is not already too heavy with pipeline MLPs, we have another candidate for you. Williams Partners LP (WPZ) was recently formed by the merger of Williams Partners and Access Midstream Partners who's combined pipeline network moves 20% of the natural gas produced in this country. The US is already the world leader in natural gas production and will soon become an export powerhouse. It yields a 6.88% tax sheltered yield. See page 4 for more details.

www.incomesecurities.com

Nontraded REITs are a Nonstarter

By Martin Fridson, CFA

Not every sponsor of nontraded REITs goes through tribulations as sensational as American Realty Capital Properties has during the past year. In October the company disclosed that it erroneously overstated its cash flow in the first quarter of 2014, then intentionally covered up the error by misstating its results in the second quarter. Furthermore, an internal investigation uncovered at least \$8.5 million of inappropriate payments to a company controlled, with some partners, by Nicholas Schorsch, who resigned as CEO of ARCP in the wake of criminal probes.

It's never reassuring to learn about hanky-panky by parties who have a role in your investments. When you invest in nontraded REITs, however, it could always be worse. The sales pitch is that in addition to receiving a fat dividend yield of 6% or more, you stand to profit when the REIT eventually goes public, liquidates its properties, or gets acquired. Unfortunately, that's not how things worked out for investors in Columbia Property Trust, which went public in 2013. The IPO share price was about 45% below the price paid

by those who invested a decade earlier. Over the same period the Vanguard REIT Index Fund, composed of public REITs, increased in value by half.1

That was exceptionally bad outcome, but nonpublic REITs as a group have not been stellar investments. Securities Litigation & Consulting Group studied 27 deals that went the full cycle - from raising money to buying properties to liquidating—between June 1990 and October 2013. Net of the hefty fees and expenses, they delivered a 5.2% average annual rate of return. Over the same period the Vanguard REIT Index Fund more than doubled that performance with an 11.9% return. A 2012 study by the University of Texas at Austin and BlueVault Partners was less scathing, but still found that after fees the nonpublic REITs underperformed their performance benchmarks by about 1.4 percentage points. Yet another study of nontraded REITs that completed the full cycle was conducted by Green Street Advisors. It found an average annualized, dollar-weighted return of 19.9%, versus 14.5% for

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Alabama Power Company

Alabama Power Company is a subsidiary of the Southern Company (SO). The company's 5.20% preferreds (ALP N) were recommended in December of 2003 at a price of \$24.95 for a then current yield of 5.21% and a yield to call of 5.49%. This preferred became callable in 2008 at par (\$25.00). We last wrote about this security in February 2012, when the preferred was trading at \$25.85 for a yield of 5.02%. We recommended a sale at that price. For those subscribers who did not sell, the company announced a full call on April 16, 2015. The call is effective on May 15, 2015 at par (\$25.00). **Recommendation: Called**

Ally Financial Inc

GMAC changed its name to Ally Financial Inc in May 2010. In addition to being a full service online bank, Ally provides financing for automobiles for a number of companies, including General Motors. The company's, 8.500% Series A adjustable preferred (ALLY B) was recommended in April of 2014. Note that its ticker symbol actually refers to the series A although it might seem to indicate a B. The coupon on this security is fixed at 8.500% until May 15, 2016 at which time it will be reset on a quarterly basis to the three-month LIBOR plus 624 basis points. Since LIBOR is still near zero, it gives the preferred a minimum coupon of 6.24% in 2016. Ally recently announced a tender offer for 13 million shares of the 40 million shares outstanding. The tender is for \$26.65 per share, below its high for the year of \$27.70. Subscribers tendering their shares may not have all their shares taken in the tender since they are tendering for less than half of the shares outstanding. **Recommendation: Hold**

Cliffs Natural Resources Inc.

Cliffs Natural Resources Inc. is an international mining and natural resources company. The company is a major global producer of iron ore and metallurgical coal serving the world's largest steel markets. Since our original recommendation, the company has gone through some hard times due to a decline in global iron ore prices and higher costs. It had to cut its dividend to \$0.15 per quarter and the common stock plummeted to a low of \$13.60. The company's earnings depend on iron ore prices and they have continued to hit new lows. In addition, competitors planned new mining ventures because of high iron ore prices a few years ago and these are nearing completion. The additional supply in the face of slack demand will cause even lower prices in the future. The company recently omitted its dividend and is

thus no longer an income security. We recommend selling the stock.

Recommendation: Sell

Government Properties Income Trust

Government Properties Income Trust (GOV) is a real estate investment trust (REIT). It specializes in leasing property to the U.S. and state governments. The common stock was recommended in April 2015 at a price of \$22.85 for a then current yield of 7.53%. The stock has been declining mainly because of the controversial purchase of 3,400,000 shares of Select Income REIT (SIR). Select Income primarily owns and invests in single tenant and net leased properties. GOV purchased the shares at a 12.8% premium to the market price of \$24.69 paying \$27.85 per share. The company stated that Select Income was a compelling buy, but its price has declined to \$22.79. The purchase was controversial because some critics say it was done at the behest of the REIT's common manager in order for it to retain control. We think the shares will recover eventually and recommend they be held. **Recommendation: Buy**

HealthSouth Corporation

HealthSouth Corporation (HLS) is one of the largest inpatient rehabilitation providers. The company's 6.50% convertible preferred (HSRPP) was recommended in May 2013 at a price of \$1,208.79 for a then current yield of 5.44%. The soft call provision is a mandatory conversion when the stock price equals or exceeds \$45.75 for 20 business days out of 30 consecutive business days. HealthSouth common stock has met this criterion and the preferred converted to common shares on April 23, 2015. Each share of preferred stock was automatically converted into 33.9905 shares of common stock, which is currently trading at \$45.95. **The preferred is currently trading at \$1,557.37.**

PartnerRe Ltd

PartnerRe Ltd (PRE) is a Bermuda based multi-line reinsurer, providing reinsurance to insurance companies worldwide through their wholly owned subsidiaries. The company's 7.25% Series F preferred was recommended in September of 2014 at a price of \$24.51 for a then current yield of 5.99%. The first possible call date is March 1, 2018 at a price of \$25.00. Partner Re is in discussions to merge with AXIS Capital Holdings Limited and has received preliminary regulatory approval. The preferred shares should be unaffected by the merger. We recommend holding. **Recommendation: Hold**

Nontraded Reits are a Nonstarter *continued from page 1*

public REITs that were matched for property type and measured over the same period.

Aside from the repeated finding that nontraded REITs underperform, financial writer Dan McCrum recently noted some additional disadvantages of nontraded REITs. They include upfront fees of as much as 15%, large enough to offset the first two or more years of dividends; little ability to sell in a falling market; and the absence of monitoring by stock analysts, whose firms cannot earn any trading commissions on these nonpublic instruments.

Considering all these facts, it's hard to imagine a true fiduciary, that is,

an investment advisor who is obliged to put the client's interest first, justifying the recommendation of a nontraded REITs as an investment. It's not hard to understand why sales of the product have grown dramatically in recent years. A substantial portion of the 12%-15% fees on nontraded REITs goes to the brokers who sell them. Brokers are not required to act as fiduciaries, but merely to determine whether an investment is suitable for a client. Let's just say that a broker who receives a sizable fee for selling a nontraded REIT may have a different perception than an objective onlooker would about how suitable it is.

Common Stock

Ventas, Inc., Current Price \$68.90; Current Indicated Yield 4.59%; Last Dividend Paid \$0.79, 03/31/2015; Exchange NYSE; Ratings, Moody's Baa2 S&P BBB+; Pay Cycle 3e; CUSIP 92276F100; Family Common Stock; Acronym REIT; Symbol VTR (www.ventasreit.com)

Ventas, Inc., a real estate investment trust with a diverse portfolio of more than 1,600 assets in the United States, Canada and the United Kingdom consisting of seniors housing communities, medical office buildings, skilled nursing facilities, hospitals and other properties. Through its subsidiary, the trust provides management, leasing, marketing, facility development and advisory services to hospitals and health systems throughout the United States. Ventas Inc announced that its board of directors has approved a plan to spin off most of its post-acute/skilled nursing facility ("SNF") portfolio into an indepen-

dent, publicly traded REIT ("SpinCo"). The transaction is expected to be completed in the second half of 2015 and is intended to qualify as a tax-free distribution to Ventas shareholders. It is expected Ventas and SpinCo will have strong balance sheets that provide the financial flexibility necessary to pursue future growth opportunities. There is no change expected to Ventas's credit ratings or related outlook. The combined dividend is expected to increase following completion of the spin-off. First quarter 2015 revenue was \$884 million, substantially higher than the \$741.5 million posted for the 2014 first quarter. Net income for the same periods was \$120.4 and \$121 million. Fully diluted Funds From Operation (FFO) was \$1.09 and \$1.05. This REIT would be a good addition to a low-risk growth and income portfolio. **Buy up to \$70.00.**

Closed End Funds

Eaton Vance Senior Floating-Rate Trust; Current Price \$14.75; Current Indicated Yield 6.35%; Exchange NYSE; Premium to Net Asset Value -3.20%; Pay Cycle Monthly; Expense Ratio 1.38%; Leverage 27.10%; CUSIP 00119R108; Family Closed-End Fund; Symbol EFR (www.eatonvance.com)

The fund's investment primary objective is to provide a high level of current income and its secondary objective is to preserve capital. The fund invests at least 80% of its assets in senior secured floating-rate loans. Currently the fund has 889 holding which include 439 loan issuers and 320 high yield corporate bonds issues. All but 3 of the senior loans are below investment grade or non-rated. The funds top 5 loan sector are health care 10.22%, business equipment and services 7.72%, electronic/electrical 7.65%, Retailers (except food and drug) 5.54% and chemicals and plastics 5.42%. Investment in floating rate loans is expected to minimize erosion in the underlying principal value of the senior loans and, therefore, the fund's net asset value, resulting from rising interest rates. This fund is best suited for high-risk portfolios. **Buy up to \$16.50.**

RMR Real Estate Income Fund, Current Price \$20.49; Current Indicated Yield 6.44%; Exchange NYSE; Discount to Net Asset Value -18.12%; Pay Cycle 3e; Expense Ratio 1.74%; Leverage 28.48%; CUSIP 76970B101; Family Closed End Fund; Symbol RIF. (www.ftportfolios.com)

RMR Real Estate Income Fund is a closed-end mutual fund that invests primarily in common and preferred securities issued by REITs and other real estate companies. Its primary objective is to earn and pay a high level of current income and their secondary

objective is capital appreciation. In normal market conditions, the fund will invest at least 90% of their managed assets in income-producing securities issued by real estate companies, including common shares, preferred shares and debt. Several years ago the fund merged with and into RMR Asia Pacific Real Estate Fund and assumed the current name as well as the objectives and policies of RMR Real Estate Income Fund. Currently 97% of the funds' assets are in U.S. securities. Their portfolio is made up of more than 59% equities and about 40% preferreds. This fund will give a portfolio a broad diversification of REITs. This fund is best suited for multi-driver or high-risk portfolios. **Buy at or below \$21.50.**

The Macquarie/First Trust Global Infrastructure/Utilities Dividend & Income Fund; Current Price \$16.97; Current Indicated Yield 8.25%; Exchange NYSE; Discount from Net Asset Value -2.90%; Pay Cycle 2e; Expense Ratio 1.63%; Leverage Factor 27.79%; Family Closed-End Fund; CUSIP 55607W100; Symbol MFD. (ftportfolios.com)

MFDs investment objective is to seek a high level of current return consisting of dividends, interest and capital gains while preserving capital. It invests in companies involved in the management, ownership and/or operation of infrastructure and utility assets, including utilities (electricity, gas and water), tollroads, airports, railways, schools, hospitals and correctional facilities. Their top 5 holdings as of February 28 2015 were National Grid plc 5.51%, GDF Suez 5.00%, Centrica plc 3.95%, Hutchison Port Holdings Trust 3.86%, Veresen Inc 3.83%. Currently about 43% of their holdings were issued by U.S. companies. This fund would be a good investment for medium to high-risk income investors. **Buy at or below \$17.50.**

Preferred Stock

Assured Guaranty Municipal Holdings Inc., 5.60%; Par \$25.00; Current Price \$25.02; Current Yield 5.95%; Exchange NYSE; Rated Baa2/A-; Call Anytime at \$25.00; Yield to Call 26.17%; Pay Cycle 1m; CUSIP 04623A403; Family Pet Bonds; Acronym QUIBS; Symbol AGO F (need preferred designation)

The ultimate parent of Assured Guaranty Municipal Holdings Inc. is Assured Guaranty Ltd (AGO), a direct financial guaranty company for the structured finance and municipal bond markets. AGO bought FSA from Dexia SA, thus expanding its operation in the bond insurance industry and significantly increasing its capabilities to serve issuers and investors in the municipal, public infrastructure and structured finance sectors worldwide. Assured also provides reinsurance to financial guarantors and is the only active company in that market today. For the fourth quarter and full year 2014 AGO reported revenues of \$921 million and \$1.99 billion. For 2013 the company reported revenues of \$649 million and \$1.61 billion. Net income for the fourth quarter and full year 2014 was \$532 million and \$1.09 billion. For the fourth quarter 2013 AGO's net income was \$349 million and they reported full year net income of \$110 million. This Pet Bond would fit in a low-risk portfolio. **Buy at or below \$25.30.**

Bellsouth Telecommunications Inc 7.00%; Par \$25.00; Current Price \$27.96; Current Yield 6.14%; Exchange OTC; Rated NR/A; No Call; Yield to Maturity 6.43%; Pay Cycle 6/12; CUSIP 22080E205; Family Third Party Trust Preferreds; Acronym CorTS; Symbol KTBA (no preferred designation)

This hybrid issued by Structured Products Corp is a Corporate-Backed Trust Securities (CorTS). The underlying security for this preferred is a 7% One Hundred Year Debenture due 12/01/95 issued by Bellsouth Telecommunications Inc, a subsidiary of AT&T Inc

Master Limited Partnerships

StoneMor Partners L.P., Current Price \$30.60; Current Indicated Yield 8.38%; Exchange NASDAQ; Debt Rated at B2/B-; Pay Cycle 2m; CUSIP 86183Q100; Family Master Limited Partnership; Symbol STON (www.stonemor.com)

StoneMor Partners L.P., a MLP to die for, is the second largest owner developer and operator of cemeteries and funeral homes in the United State with 303 cemeteries and 98 funeral homes in 28 states and Puerto Rico. In short, they are in the deathcare business. The cemetery products include burial lots, lawn and mausoleum crypts, burial vaults, caskets, memorials and services for the installation of cemetery merchandise. The partnership generates distributable cash flow through acquisitions, pre-need and at-need sales of interment rights, cemetery merchandise and services. Revenue for the fourth quarter and full year 2014 increased to \$74.00 and \$288.10 million from \$63.10 and \$246.60 million for the same periods in 2013. For the same periods in 2014 StoneMor showed net losses of \$7.80 and

(T). This grand old company was broken apart in 1984 in a major antitrust case. It was recreated in 2005 when SBC bought AT&T to form the largest telecom company in the US. SBC adopted the AT&T name after the merger. In 2006, the company bought another baby bell, BellSouth, which was the largest telecom takeover in US history. In addition to its vast menu of telecom, internet and VoIP services, AT&T also provides digital TV under the U-verse brand. AT&T's first quarter 2015 revenue was \$32.58 billion and net income was \$3.20 billion. First quarter 2014 revenue was \$32.48 billion and net income was \$ 3.65 billion. This is a good preferred for low-risk long term income investors. **Buy at or below \$31.50.**

Pebblebrook Hotel Trust,6.50%; Series C; Par \$25.00; Current Price \$25.90; Current Yield 6.27%; Exchange NYSE; Rated NR/NR; Call 03/18; Yield to Call 5.45%; Pay Cycle 1m; CUSIP 70509V407; Family Real Estate Investment Trust; Acronym REIT; Symbol PEB C (need preferred designation) (pebblebrookhotels.com)

Pebblebrook Hotel Trust is a real estate investment trust ("REIT") organized to acquire and invest primarily in upper upscale, full service hotel properties located in urban markets in major United States gateway cities. They currently own 35 hotels in 13 markets, comprised of 29 wholly-owned hotels and a 49% interest in 6 additional hotels. Pebblebrooks property portfolio includes; the W Boston hotel, Viceroy in Miami, The Benjamin in New York City, Hotel Monaco in Washington DC, and the Sir Francis Drake in San Francisco. First quarter 2015 revenue was \$163.40 million and net income was posted at \$7.10 million. For the same period in 2014, revenue was \$125.72 million and net income was reported at \$4.13 million. Being a REIT the dividends on this security are not eligible for QDI tax rates. This issue would fit into a medium to high-risk portfolio. **Buy up to \$26.25.**

\$10.80 million. Fourth quarter and full year 2013 net losses were \$3.50 and \$19.00 million. These units (shares) are best suited for high-risk portfolios. Because of the tax structure of MLP's, they are best bought in a taxable account. Note that the companies dividends in the face of reported net losses is explained by the company as due to GAAP accounting principles not being suitable for their unique business and we tend to agree. This security fits well in a diversified income medium to high-risk portfolio. **Buy at or below \$31.40.**

Williams Partners, LP, Current Price \$49.40; Current Indicated Yield 6.88%; Exchange NYSE; Ratings, Moody's Baa2, S&P BBB; Pay Cycle 2b; CUSIP 96950F104; Family Master Limited Partner; Symbol WPZ (www.williams.com)

The recent merger of Williams Partners and Access Midstream Partners created a leading MLP focused on natural gas infrastructure

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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
INVESTMENT GRADE BONDS													
OTC	BellSouth Telec	7.00	10/01/25	079867AM9	122.99	5.69	4.24	NR	BBB+	NC	NA	4.24	Hold
OTC	US West Comm	7.13	11/15/43	912920AG0	104.03	6.85	6.80	Baa3	BBB-	Any	102.74	-12.94	106
BELOW INVESTMENT GRADE BONDS													
OTC	Advanced Micro Dev Inc	7.75	08/01/20	007903AU1	82.56	9.39	12.37	Caa1	B-	08/15	103.88	12.37	Hold
OTC	Bausch & Lomb INC	7.13	08/01/28	071707AG8	100.16	7.11	7.10	NR	NR	NC	NA	7.10	105
OTC	Cincinnati Bell Inc	7.25	06/15/23	171870AK4	104.60	6.93	6.51	Ba3	BB-	NC	NA	6.51	106
OTC	Clear Channel Comm.	6.88	06/15/18	184502AD4	91.50	7.51	10.12	Ca	CCC-	NC	NA	10.12	94
OTC	Crown Cork & Seal	7.38	12/15/26	228255AH8	114.60	6.44	5.64	B1	B+	NC	NA	5.64	116
OTC	GenOn Energy Inc	7.88	06/15/17	74971XAC1	100.81	7.81	7.07	B3	B	NC	NA	7.07	103
NY	OfficeMax Inc	5.00	03/01/30	023663AB3	75.63	6.61	7.80	B3	NR	Any	107.50	7.80	77
OTC	Precision Drilling Corp	6.63	11/15/20	740212AC9	100.29	6.61	6.40	Ba1	BB	11/15	103.31	6.29	101
OTC	Safeway Inc	7.25	02/01/31	786514BA6	101.24	7.16	7.02	B2	CCC+	Any	Var	7.02	103
OTC	Sprint Capital Corp	6.88	11/15/28	852060AD4	90.92	7.56	7.92	B2	B+	NC	NA	7.92	94

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 %
INVESTMENT GRADE CONVERTIBLE BONDS															
OTC	Intel Corp	3.48	12/15/35	458140AD2	125.88	2.77	1.49	NR	A-	31.7162	32.55	21.93	12/12	100.00	1.49
OTC	Jefferies Group	3.88	11/01/29	472319AG7	102.25	3.79	3.67	Baa3	BBB-	25.5076	23.77	68.64	11/17	100.00	2.93
BELOW INVESTMENT GRADE CONVERTIBLE BONDS															
OTC	Bristow Group Inc	3.00	06/15/38	110394AC7	100.50	2.99	2.97	NR	BB-	12.9307	62.13	25.10	06/15	100.00	-1.59
OTC	Liberty Media Cor	4.00	11/15/29	530715AG6	63.75	6.27	8.35	B2	BB	11.4743	0.00	**** *	Any	100.00	8.35

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	34.47	7.69	Var	53.76	31.20	05/06/15	05/15/15	Quarter	2.650	37.00
BEP	NYSE	Brookfield Renewel E	31.56	5.26	Var	32.85	28.13	02/25/15	03/31/15	Quarter	1.660	32.50
UAN	NYSE	CVR Partners LP	14.56	12.35	Var	21.25	8.52	05/07/15	05/18/15	Quarter	1.800	16.50
EMES	NYSE	Emerge Energy Servi	42.01	9.52	Var	145.60	39.05	05/04/15	05/14/15	Quarter	4.000	45.00
ETP	NYSE	Energy Transfer Ptn	57.78	7.03	Var	69.66	53.12	05/06/15	05/15/15	Quarter	4.060	59.30
EPD	NYSE	Enterprise Products	34.25	4.38	Var	41.38	30.71	04/28/15	05/07/15	Quarter	1.500	35.50
GMLP	OTC	Golar LNG Partners	28.35	8.37	Var	39.35	24.15	02/03/15	02/13/15	Quarter	2.250	29.70
IEP	OTC	Icahn Enterprises L	91.55	6.55	Var	113.80	87.83	03/05/15	04/22/15	Quarter	6.000	94.00
NMM	NYSE	Navios Maritime Ptn	11.14	15.89	Var	20.50	9.25	02/09/15	02/13/15	Quarter	1.770	12.50
OKS	NYSE	ONEOK Partners LP	41.95	7.53	Var	59.67	36.67	04/28/15	05/15/15	Quarter	3.160	44.85
OAK	NYSE	Oaktree Capital Gp	53.48	4.79	Var	57.07	45.30	05/07/15	05/14/15	Quarter	2.560	54.20
OZM	NYSE	Och-Ziff Cptl Mgt G	12.91	14.56	Var	14.44	10.03	02/12/15	02/24/15	Quarter	1.880	13.50
PAA	NYSE	Plains All American	50.11	5.47	Var	61.09	43.61	04/29/15	05/15/15	Quarter	2.740	51.60
STON	NYSE	Stonemor Partners L	30.60	8.38	Var	30.89	23.35	05/01/15	05/15/15	Quarter	2.560	31.40
TOO	NYSE	Teekay Offshore Ptn	21.11	10.20	Var	37.46	18.91	01/13/15	02/13/15	Quarter	2.154	24.25
WPZ	NYSE	Williams Partners L	49.40	6.88	Var	62.87	44.86	05/05/15	05/14/15	Quarter	3.400	52.00

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

PREFERRED

previously recommended

'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 PREFERRED																
MGR	NYS	PB	Affiliated Mngrs Gp Inc	6.375%	1.38	OI	2m	008252876	26.37	6.05	NR/BBB+	08/17	25.00	3.92	08/42	Hold
BBT D	NYS	Perp	BB&T Corp	5.850%	1.41	15%	2b	054937206	25.32	5.77	Baa2/BBB-	05/17	25.00	5.70	NA	25.95
AGM A	NYS	Perp	Farmer Mac	5.875%	1.72	15%	1m	313148801	25.45	5.75	NR/NR	01/18	25.00	5.22	NA	25.90
FRC C	NYS	Perp	First Republic Bank	5.625%	1.38	15%	3e	33616C605	24.90	5.65	Baa3/BBB-	12/17	25.00	6.04	NA	25.45
KIM K	NYS	REIT	Kimco Realty Corp	5.625%	80.00	OI	1m	49446R745	24.64	5.70	Baa2/BBB-	12/17	25.00	6.42	NA	25.30
NEE G	NYS	PB	NextEra Energy Inc	5.700%	1.41	OI	3b	65339K605	25.43	5.60	Baa2/BBB	03/17	25.00	5.28	03/72	26.00
PRE F	NYS	Fg	PartnerRe Ltd	5.875%	1.97	15%	3b	EP0438218	25.13	5.81	Baa2/BBB	03/18	25.00	5.95	NA	25.70
RNR E	NYS	Fg	RenaissanceRe Hldg Ltd	5.375% E	2.13	15%	3b	EP0444109	24.53	5.47	Baa2/BBB+	06/18	25.00	6.39	NA	25.20
SWJ	NYS	PB	Stanley Black & Decker	5.750%	4.75	OI	3m	854502705	25.34	5.67	Baa2/BBB+	07/17	25.00	5.46	07/52	25.75
WFC P	NYS	Perp	Wells Fargo & Co	5.250%	1.46	15%	1m	949746655	24.64	5.32	Baa3/BBB	06/18	25.00	6.01	NA	25.10
BELOW INVESTMENT GRADE PREFERRED																
ALLY B	NYS	Perp	Ally Financial Inc	8.500%	A	15%	2m	02005N308	26.49	8.02	Caa1/B	05/16	25.00	2.36	NA	26.90
AF C	NYS	Perp	Astoria Financial Corp	6.500%	C	15%	1m	046265401	25.25	6.42	Ba2/BB-	04/18	25.00	6.21	NA	25.50
BAC D	NYS	Perp	Bank of America Corp	6.204%	D	15%	3m	060505831	25.54	6.07	Ba3/BB	Any	25.00	-6.02	NA	25.55
CCG A	NYS	REIT	Campus Crest Comms Inc	8.000%	A	15%	1m	13466Y204	23.86	8.36	NR/NR	02/17	25.00	11.10	NA	25.00
DLR F	NYS	REIT	Digital Realty Tr Inc	6.625%	F	15%	OI	253868806	26.44	6.25	Baa3/BB+	04/17	25.00	3.84	NA	26.70
DFT A	NYS	REIT	DuPont Fabros Tech Inc	7.875%	A	15%	OI	26613Q205	25.76	7.64	Ba2/B-	10/15	25.00	2.07	NA	Hold
GS B	NYS	Perp	Goldman Sachs Gp Inc	6.200%	P	15%	2m	38144X500	25.36	6.11	Ba2/BB	Any	25.00	-13.97	NA	25.60
JPM A	NYS	Perp	JPMorgan Chase & Co	5.450%	P	15%	3b	46637G124	24.41	5.58	Ba1/BBB-	03/18	25.00	6.21	NA	25.20
JPM F	NYS	Perp	JPMorgan Chase & Co	6.125%	Y	15%	3b	48127R461	25.19	6.08	Ba1/BBB-	03/20	25.00	5.84	NA	25.50
LTS A	NYS	Perp	Ladenburg Thalmann Fnd	8.000% A	A	15%	M	50575Q201	24.80	8.06	NR/NR	05/18	25.00	8.39	NA	25.30
JSM	NYS	PB	Navient LLC	6.000%		15%	OI	78442P304	22.48	6.64	Ba3/BB	Any	25.00	170.91	12/43	24.00
KTH	NYS	TPTP	PECO Energy Cap (CorTS)	8.000%		15%	OI	22080R206	32.25	6.11	A3/BB+	NC	NA	0.00	04/28	32.90
PYS	NYS	TPTP	R.R.Donnelley (PPLUS)	6.300%	RRD	15%	OI	73941X593	25.21	6.24	Ba3/BB-	Any	25.00	7.25	04/29	25.40
SSW D	NYS	Perp	Seaspun Corp	7.950%	D	15%	1e	EP0434100	26.25	7.54	NR/NR	01/18	25.00	5.99	NA	26.80
UZB	NYS	TPTP	US Cellular Corp	7.250%		15%	OI	911684504	25.40	7.14	Ba1/BB	12/19	25.00	7.19	12/63	26.00

'Symbol	'Family	Issuer	Issue %	Div. \$	'Tax	CUSIP	Current Price \$	Current Yield %	Moody/S&P Rating	Conversion Rate	Premium %	Common Price \$	'Call Date	Call Price \$	Yield to Call %
MANDATORY CONVERTIBLE PREFERRED															
AA B	MD	Alcoa Inc	5.375%	I	12.00	OI	013817309	45.50	5.91	NR/BB	2.5784	13.41	10/17*	Variable	NA
I A	MD	Intelsat SA	5.750%	A	1.28	15%	EP0442194	35.76	8.07	NR/NR	2.2676	12.39	05/16*	Variable	NA
MCDFE	MD	McDermott Intl In	6.250%		4.70	OI	580037141	19.00	8.22	NR/NR	2.9030	5.15	04/17*	Variable	NA
OPTIONAL CONVERTIBLE PREFERRED															
AES C	OP	AES Trust III	6.750%		1.31	OI	00808N202	50.93	6.63	B2/B	1.4216	13.23	Any	50.00	-13.02
BAC L	OP	Bank of America C	7.250%	L	1.66	15%	060505682	1156.00	6.27	Ba3/BB	20.0000	15.88	Any	Variable	NA
CBB B	OP	Cincinnati Bell I	6.750%	B	1.97	15%	171871403	48.49	6.95	Caa1/CCC	1.4420	873.88	Any	50.67	57.69
EPR C	OP	EPR Properties	5.750%	C	2.25	OI	26884U208	23.85	6.02	NR/NR	0.3504	57.85	Sft C	25.00	NA
EPR E	OP	EPR Properties	9.000%	E	1.66	OI	26884U307	35.13	6.38	NR/NR	0.4512	57.85	Sft C	25.00	NA
HCN I	OP	Health Care REIT	6.500%	I	1.63	OI	42217K601	63.66	5.09	Baa3/BB+	0.8460	71.84	NC	NA	NA
KEY G	OP	Keycorp	7.750%	A	1.72	15%	493267405	132.50	5.85	Ba1/BB+	7.0922	14.48	NC	NA	NA
NHC A	OP	Natl Healthcare C	0.800%	A	1.66	15%	635906209	15.65	5.11	NR/NR	0.2420	63.56	11/15	15.75	7.68
RPT D	OP	Ramco-Gershenson	7.250%	D	1.73	OI	751452608	62.82	5.76	NR/NR	3.4699	17.37	Sft C	Variable	NA

1. Symbol: symbols in parentheses require no delimiters, all others require a preferred designation. 2. zero-coupon bonds. 3. maturity or mandatory conversion date. 4. Tax: MD=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	34.64	5.43	15%	37.45	32.07	04/08/15	05/01/15	Quarter	1.880	US	35.00
MO	NYSE	Altria Group Inc	02209S103	50.05	4.16	15%	56.69	39.60	03/12/15	04/10/15	Quarter	2.080	US	53.75
ACC	NYSE	American Campus Commu	02483S100	40.14	3.79	OI	45.37	35.71	02/05/15	02/20/15	Quarter	1.520	US	42.15
BCE	NYSE	BCE Inc	05534B760	44.11	4.88	15%	48.27	41.00	06/11/15	07/15/15	Quarter	2.152	Canada	45.50
CORR	NYSE	CorEnergy Infrastr Tr	21870U205	6.79	7.95	15%	8.54	5.59	05/13/15	05/29/15	Quarter	0.540	US	8.00
DX	NYSE	Dynex Capital Inc	26817Q506	8.00	12.00	OI	8.87	7.75	04/01/15	04/30/15	Quarter	0.960	US	10.20
EDR	NYSE	Education Realty Trust	28140H203	33.62	4.28	OI	39.65	30.18	04/28/15	05/15/15	Quarter	1.440	US	37.50
ERF	NYSE	Enerplus Corp	292766102	12.61	3.96	15%	25.36	7.75	04/28/15	05/15/15	Monthly	0.499	Canada	14.10
GSK	NYSE	GlaxoSmithKline PLC	37733W105	46.15	6.03	15%	55.62	41.25	02/18/15	04/09/15	Quarter	2.781	GB	47.80
GOV	NYSE	Government Properties	38376A103	20.84	8.25	OI	26.28	20.47	04/22/15	05/25/15	Quarter	1.720	US	23.50
JE	NYSE	Just Energy Group Inc	48213W101	5.36	7.35	15%	8.14	4.20	03/12/15	03/31/15	Quarter	0.394	Canada	6.30
KMI	NYSE	Kinder Morgan Inc	49456B101	42.95	4.47	15%	44.70	32.10	04/28/15	05/15/15	Quarter	1.920	US	43.50
LEG	NYSE	Leggett & Platt Inc	524660107	42.47	2.92	15%	46.95	32.17	03/11/15	04/15/15	Quarter	1.240	US	43.80
MPW	NYSE	Medical Properties Tru	58463J304	13.98	6.29	OI	15.62	12.19	03/10/15	04/09/15	Quarter	0.880	US	15.80
OHI	NYSE	Omega Healthcare Inves	681936100	36.09	2.00	OI	45.46	33.70	04/28/15	05/15/15	Quarter	0.720	US	39.85
PCL	NYSE	Plum Creek Timber Co I	729251108	42.20	4.17	OI%	45.44	38.70	02/11/15	02/27/15	Quarter	1.760	US	45.40
SNH	NYSE	Senior Housing Pptyys T	81721M109	20.47	7.62	OI	24.60	20.38	04/22/15	05/21/15	Quarter	1.560	US	23.00
TE	NYSE	TECO Energy Inc	872375100	18.95	4.75	15%	22.02	16.91	05/11/15	05/28/15	Quarter	0.900	US	21.00
TCAP	NYSE	Triangle Capital Co	895848109	24.03	9.00	15%	28.49	18.16	03/09/15	03/25/15	Quarter	2.160	US	25.30
VET	NYSE	Vermilion Energy Inc	923725105	48.14	4.42	15%	72.62	38.23	04/23/15	05/15/15	Monthly	2.126	Canada	51.00

CLOSED END FUNDS

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	Recom- mend \$
NCZ	AllianzGI Conv & Income Fund	8.32	12.26	12.26	0.00	12.55	10.10	07/07/14	07/07/14	12/16/14	M	10.50
AWP	Alpine Gbl Premier Ppties	6.95	8.63	8.63	0.00	-13.15	7.48	07/01/14	07/01/14	10/16/14	M	7.50
BCX	BlackRock Resrce & Comdity St	9.91	7.93	10.54	0.00	-13.24	12.35	07/03/14	07/03/14	12/16/14	3e	11.25
ENDTF	Canoe EIT Income Fund	10.12	9.70	10.33	0.00	0.00	12.00	07/01/14	07/01/14	01/30/15	M	11.70
UTF	Cohen & Steers Infrastrct Fd	23.01	6.95	6.56	26.59	-12.64	25.03	07/01/14	07/01/14	10/15/14	3e	25.00
RNP	Cohen & Str REIT & Pfd Fd	18.90	7.83	7.20	0.00	-13.06	20.03	01/28/15	01/28/15	09/26/14	3e	21.50
DMF	Dreyfus Muni Income Inc	9.70	6.49	6.49	0.00	0.41	10.10	02/03/15	02/03/15	08/05/14	M	10.50
EVV	Eaton Vance Lmtd Duration I	14.55	8.39	8.39	0.00	-9.32	15.65	06/19/14	06/19/14	12/16/14	M	16.65
FMO	Fiduciary/Claymore MLP Opportu	25.85	6.57	6.52	25.64	0.70	29.09	08/29/14	08/29/14	01/14/15	2m	26.50
FFC	Flirty&Crum Pfd Sec Inc Fd	20.60	7.92	7.92	19.92	3.51	20.99	02/03/15	02/03/15	08/05/14	M	22.40
FGB	FstTr Spely Fnce,Fncd Op	7.51	9.19	9.15	0.00	-0.66	9.25	08/29/14	08/29/14	12/16/14	2e	9.05
GGN	GAMCO Gbl Gold Nat Resc	7.41	11.34	13.50	0.00	-5.42	11.38	07/16/14	07/16/14	12/16/14	M	8.30
GLU	Gabelli Gbl Utily & Inc Tr	19.32	6.21	6.21	0.00	-13.64	21.14	07/03/14	07/03/14	10/16/14	M	21.35
BTO	J Hancock Bk & Thrift Opp Fd	23.51	5.04	5.04	0.00	-7.87	24.09	12/31/14	12/31/14	10/15/14	3e	24.95
KYN	Kayne Anderson MLP Invmt	35.71	7.28	9.04	32.84	8.53	39.88	09/02/14	09/02/14	01/13/15	1m	37.80
MCN	Madison/Claymore Covd Call	8.21	8.77	8.77	0.00	-11.93	8.99	07/11/14	07/11/14	10/15/14	2e	9.30
NHF	NexPoint Credit Strgies Fd	7.87	9.15	9.15	0.00	-11.55	7.97	04/16/15	04/16/15	10/16/14	M	8.20
CTF	Nuveen Long/Short Comdity Tot	16.29	8.77	9.65	17.44	-6.59	17.25	12/19/14	12/19/14	10/16/14	M	17.50
JPC	Nuveen Pfd Incm Oppt Fd	9.66	8.14	7.91	10.65	-9.01	9.78	04/28/15	04/28/15	10/15/14	3m	10.75
HQL	Tekla Life Sciences Inves	26.20	7.63	7.01	0.00	-0.88	29.15	03/20/15	03/20/15	10/15/14	3e	28.60
IDE	Voya Infrs Indu and Matl Fd	15.25	10.62	10.62	0.00	0.00	18.90	07/25/14	07/25/14	10/10/14	1m	17.50

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; L: 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=PET Bonds, TP= Trust Preferreds, TPTP= Third Party Trust Preferreds, PERP= Perpetual, pslp=partnership. **5. Tax:** OI=Ordinary Income Rate, 15%=15% tax rate.

RATING CHANGES AND NEW ISSUANCE

Corporate Bond Rating Changes

Issuer	Agency	Action	New Rating	Issuer	Agency	Action	New Rating	Issuer	Agency	Action	New Rating
AbbVie Inc	M	+	Baa1	Glen Meadow Pass-Thr	M	+	Baa3	Perry Ellis Intl	M	-	B3
Advanced Micro Dev	M	-	Caa1	Go Daddy Oper Co	S	+	B+	Preferred Proppants	M	-	Caa2
Alta Mesa Hldgs LP	M	-	Caa1	Goodyear Tire & Rubb	S	+	BB	Progress Energy	S	+	A-
Apache Corp	S	-	BBB+	Harris Corp	M	-	Baa3	RP Crown Parent LLC	S	-	CCC+
AvalonBay Commun	S	+	A-	Harsco Corp	S	-	BB	Ryland Group Inc	M	+	Ba3
Burlington Stores	S	+	B+	Hartford Holdings	M/S	+	A1/A+	Sabine Oil& Gas LLC	M	-	Ca
CE Generation LLC	M	-	B1	Hughes Satellite Sys	S	+	BB-	Salton Sea Funding	M	-	Ba1
Claire's Stores Inc	M/S	-	B3/CCC	John Alden Life Insu	M	-	Baa3	Samson Resources Co	S	-	CCC-
Crossmark Hldgs Inc	S	-	B-	Key Energy Services	S	-	B	Service Corp Intl	M	+	Ba3
Diamond Offshore Dr	S	-	BBB+	Levi Strauss & Co	M	+	Ba2	Swift Energy Co	M	-	B3
Diamond Resorts Corp	M	+	B1	Michaels Cos Inc	S	+	B+	Titan Intl Inc	S	-	B
Diamondback Energy	S	+	B+	Missouri Pacific RR	M	+	A1	WW Grainger Inc	S	-	AA
DynCorp Intl	S	-	B-	NSTAR Electric Co	S	+	A				
Extended Stay Amer	S	+	BB-	NYDJ Apparel LLC	M	-	Caa1				
Florida Progress	S	+	A-	Nexeo Solutions	M	-	Caa2				

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

Preferred Rating Changes

Issuer	Agency	Action	Rating
Ameren Illinois Co	M	+	Baa2
BPM Capital Trust I	M		WR
Duke Energy Corp	S	+	A-
FelCor Lodging Tr	S	+	B
JPMorgan Chase Capit	M		WR

New Preferreds

Issuer	Symbol	Issue	Moody/S&P Ratings	Par Value
cv A Schulman Inc	SLMNP	6.000%		1000.00
AdCare Health Syste	ADK A	10.875% A		25.00
Atlas Resource Part	ARP E	10.750% E		25.00
Banc of California	BANC	7.375% D		25.00
Colony Capital Inc	CLNY	7.125%		25.00
GasLog Ltd	GLOG	8.750% A		25.00
New York Mortgage T	NYMTO	7.875% C		25.00
Teekay Offshore Par	TOO B	8.500% B		25.00
Tsakos Energy Navig	TNP D	8.750% D		25.00

cv = convertible

Master Limited Partnerships

(continued from page 4)

and further positions it to take advantage of long-term natural gas demand growth for power generation, manufacturing and exports. Williams Partners L.P. partnerships diversified operations include gathering, treating, storage, natural gas liquid (NGL) fractionation and processing midstream assets. They are concentrated in Colorado, New Mexico, Wyoming, both onshore and offshore along the Gulf of Mexico and the Marcellus Shale in Pennsylvania. They also own and operate more than 33,000 miles of interstate gas pipelines which

move approximately 20 percent of the natural gas consumed in the United States. Williams also have over 1,000 miles of NGL transportation pipelines, and more than 10,000 miles of oil and gas gathering pipelines. The company's facilities include processing for natural gas, and production of NGL, olefins, ethylene and propylene. For the first quarter of 2015 the merged Williams Partners L.P. reported revenue of \$1.71 billion and net income of \$89 million. These units (shares) are best suited for medium-risk portfolios. **Buy at or below \$52.00.**

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
MO	Altria Group Inc	4.16	50.05	200	04/14
BBT D	BB&T Corp	5.77	25.32	400	03/14
RNP	Cohen & Str REIT&Pfd F	7.83	18.90	500	02/15
AGM A	Farmer Mac	5.75	25.45	400	02/15
FFC	Flrty&Crum/Clay Pfd In	7.92	20.60	500	08/13
GSK	GlaxoSmithKline PLC	6.03	46.15	200	12/14
KYN	Kayne Anderson MLP Inv	7.28	35.71	250	12/14
NEE G	NextEra Energy Cptl Hl	5.60	25.43	400	01/14
PAA	Plains All Amer Pipel	5.47	50.11	200	02/13
RNR E	RenaissanceRe Hldgs Lt	5.47	24.53	400	01/15
WFC P	Wells Fargo & Co	5.32	24.64	400	06/14

Summary Statistics

Monthly Payout Average:	\$536
Current yield on portfolio:	5.95%
Inception Value: (1/1/14)	\$108,852
Last month's value:	\$108,137
Current value of portfolio	\$108,088
Current value + year to date income:	\$110,232
Year to Date Total Return	1.27%

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
MGR	Affiliated Mngrs Gp In	6.05	26.37	400	01/14
BCE	BCE Inc	4.88	44.11	200	10/14
DLR F	Digital Realty Trust I	6.25	26.44	400	02/15
GGN	GAMCO Glbl Gold Nat Re	11.34	7.41	1300	12/14
GS B	Goldman Sachs Gp	6.11	25.36	400	06/14
JPM A	JPMorgan Chase & Co	5.58	24.41	400	01/15
JSM	Navient Corp	6.64	22.48	500	09/14
OHI	Omega Healthcare Inves	2.00	36.09	300	10/13
SNH	Senior Housing Pptys	7.62	20.47	500	03/15
WPZ	Williams Partners LP	6.88	49.40	250	05/15

Summary Statistics

Monthly Payout Average:	\$594
Current yield on portfolio:	6.85%
Inception Value: (1/1/14)	\$103,136
Last month's value:	\$105,627
Current value of portfolio	\$104,139
Current value + year to date income:	\$106,515
Year to Date Total Return	3.28%

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	5.43	34.64	300	03/14
ALLY B	Ally Financial Inc	8.02	26.49	400	04/14
FUN	Cedar Fair L.P.	5.33	56.43	200	08/14
DFT A	DuPont Fabros Tech Inc	7.64	25.76	400	03/14
DX	Dynex Capital Inc	12.00	8.00	1200	03/14
EPR E	EPR Properties	6.38	35.13	300	02/15
EVV	Eaton Vance Lmted Durat	8.39	14.55	800	12/14
LTS A	Ladenburg Thalmann	8.06	24.80	400	06/14
PYS	R.R.Donnelley (PPLUS)	6.24	25.21	500	01/15
RIF	RMR Real Estate Inc Fd	6.44	20.49	500	05/15

Summary Statistics

Monthly Payout Average:	\$657
Current yield on portfolio:	7.36%
Inception Value: (1/1/14)	\$102,063
Last month's value:	\$106,515
Current value of portfolio	\$107,127
Current value + year to date income:	\$109,755
Year to Date Total Return	7.54%

Multi-driver Portfolio

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

Symbol	Issuer	Yield	Price	Qty	Rpt Date
CCG A	Campus Crest Comm Inc	8.36	23.86	400	01/15
CBB B	Cincinnati Bell Inc	6.95	48.49	200	02/15
UTF	Cohen & Steers Infracr	6.95	23.01	400	01/15
CCI	Crown Castle Intl Corp	3.93	83.53	200	12/14
FMO	Fiduciary/Claymore MLP	6.57	25.85	400	01/15
CTF	Nuveen Long/Short Com	8.77	16.29	600	01/14
PCL	Plum Creek Timber Co	4.17	42.20	250	12/14
SSW D	Seaspan Corp	7.54	26.25	400	02/15
STON	Stonemor Partners LP	8.38	30.60	400	05/15
HQL	Tekla Life Scis Invst	7.63	26.20	400	01/15

Summary Statistics

Monthly Payout Average:	\$612
Current yield on portfolio:	6.74%
Inception Value: (1/1/14)	\$106,606
Last month's value:	\$110,077
Current value of portfolio	\$109,036
Current value + year to date income:	\$111,484
Year to Date Total Return	4.58%

Comparative Current Yields

Security Type	Yields 4/31/15	Net Change Month	Net Change Y.T.D.	Spread 12/31/13	Spread 4/31/15
U.S. TREASURIES & EURO BENCHMARKS					
Ten Year	2.03	11	-14		
Inflation Indexed	0.10	-4	-28	-161	-193
Ten Year Euro(1)	0.36	18	-18	-133	-167
Euro Spot Rate	1.122	5	-9		

CORPORATE BONDS²					
AAA	2.74	13	57	54	71
A	3.69	13	31	171	166
BBB	4.33	9	25	242	230
BB	5.49	-3	-14	392	346
B	6.24	3	-32	484	421
CCC	8.52	-23	-56	728	649

PREFERRED STOCKS³					
AA & A	5.53	-6	2	383	356
BBB	6.18	2	-9	445	413
BB	7.12	8	-16	563	518
B	7.35	7	-62	568	525

QUALIFIED DIVIDEND INCOME (QDI) PFDS⁴					
				— Yields —	
Invstmt. Grade	5.58	-8	1	299%	237%
Below Inv. Grade	5.92	1	-12	306%	247%

MUNICIPAL BONDS⁵					
				— Yields —	
AA	2.33	2	6	121%	115%
A	2.68	14	12	137%	132%
BBB	3.11	23	16	157%	153%

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 after tax % 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.

on their savings. It has the added benefit that it raises the budget deficit by over \$500 billion annually thereby forcing Congress to put politics aside and start working on tax reforms, trade reforms, investment incentives and direct government capital projects which can create jobs and growth. What are the chances of this happening, slim.

Last week I attended John Malden's Strategic Investment Conference. This annual event brings some of the best financial and economic thinkers in the world together to give their views and debate differences. There was a lot of happy talk about the future if only... No one wanted to go into how the Fed can get out of the position it has put itself in without a painful correction. Also, no one wanted to address the possible crisis scenarios which would take the decision making out of the Fed's hands and force them back into a defensive role rather than a pro-active role; pro-active meaning normalizing interest rates. We did, however get an indication of what events could occur that would cause the next crisis; the strengthening of the dollar, the disjoint between stock market valuations and the performance of the economy and a resurgent housing price bubble. It's going to be an interesting year.

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