

Income Securities

BUILDING YOUR WEALTH WITH BONDS, CONVERTIBLES & PREFERREDS **INVESTOR**

Volume XXXIX Issue 1

Corporate Updates 2

Recommendations

Preferred Stocks 3

CEFs 3, 4

Common Stocks 4

Mandatory Convertible Preferred Stocks 4, 8

Pricing

Corp. Bonds & MLPs... 5

Preferreds 6

Common Stocks 7

Closed End Funds 7

Rating Changes 8

New Preferreds 8

Model Portfolios 9

Interest Rates & Yields... 10

ALL PRICING AS OF 12/31/20

Martin Fridson, CFA, *Editor*

Update: Model Portfolios and Bank Stocks

ISI's Model Portfolios rebounded strongly in 4Q 2020 (see accompanying table). All four were laid low by COVID-19 in the year's first nine months. Rebounding from the red, Low-Risk beat two and Multi-Driver beat all three benchmark Market Indexes for the full year. Medium-Risk and High-Risk sharply reduced their losses in 2020's final three months. In the more important long-run (five-year) return comparison, three Model Portfolios outperformed all three Market Indexes. High-Risk outpaced two of them and nearly tied the third.

Revisions to the Model Portfolios for 2021 appear on page 2 and new lineups are displayed on page 9. Note that removal from a Model Portfolio is not equivalent to a SELL recommendation. For example, preferreds that are close to their call dates and far above their call prices are typically replaced with issues that have greater upside.

Bank Common Stock BUYs Reinstated

We are reinstating BUY recommendations on the common stocks of banks and insurance companies listed on page 10.

Model Portfolios rebounded in 4Q.

In an April 7 special notice to ISI subscribers we revised all recommendations on bank and insurance companies' common stocks from BUY to HOLD. We emphasized that the revision was not a downgrade to SELL, but simply an advisory to investors planning to put new money into the market to look elsewhere. This action did not affect our outstanding recommendations on bank and insurance companies' preferred stocks, as we considered the dividends safe on our recommended preferred issues.

On December 18, the Federal Reserve loosened

continued on page 10

Pick of the Month

Stifel Financial Corp (SF) is a St. Louis-based, global wealth management and investment banking company that offers diversified financial services through its primary broker-dealer subsidiary, Stifel, Nicolaus & Company, a full-service investment banking and brokerage institution. Over the last 15 years its growth has been facilitated by acquisitions in a variety of financial businesses. The company provides services both to the retail sector and to institutions and corporations. SF's 6.125% preferred issue, with a current indicated yield of 5.52%, may be redeemed on 06/15/25, or anytime thereafter, at par plus any declared but unpaid dividends. For details see page 3.

Model Portfolios*	2016	2017	2018	2019	2020	Cum. Growth of \$1
Low Risk	12.34%	9.50%	4.92%	18.06%	6.48%	\$1.62
Medium Risk	14.47%	7.67%	10.20%	13.34%	-0.11%	\$1.54
High Risk	16.00%	8.38%	12.54%	8.28%	-3.45%	\$1.48
Multi-Driver	6.08%	15.54%	9.38%	19.91%	11.40%	\$1.79
Mkt. Indexes*	2016	2017	2018	2019	2020	Cum. Growth of \$1
BIG Bonds	17.49%	7.48%	-2.27%	14.41%	6.17%	\$1.50
BIG Preferreds	4.95%	10.43%	-4.99%	19.59%	8.61%	\$1.43
REITs	8.62%	5.13%	-4.51%	25.89%	-7.83%	\$1.27

*Total Return

Rates, Bonds, and Preferreds

The ICE BofA Current 10-Year U.S. Treasury Index's yield ended 2020 at 0.91%, shattering the previous record year-end low of 1.74% in 2012. With the Fed maintaining its policy of holding down interest rates to combat the pandemic-induced economic weakness, no major rise in the ten-year yield appears likely in 2021. At some point, though, income investors will have to take into account the possibility of a rate rise in determining their optimal asset mix.

Historical experience can offer guidance, but there's

a catch. Interest rate increases don't occur in a vacuum. In the same period in which Treasury rates are climbing, the economic outlook is usually changing. That

Preferred prices rose as interest rates climbed in our test month.

affects different types of income investments—bonds, preferreds, dividend stocks, etc.—differently. How can we isolate the price change in these asset classes that's

continued on page 2

CORPORATE UPDATES

Model Portfolio Changes for 2021

Low-Risk Model Portfolio Removed Issues

Bank of America Corp. - 5.375% Preferred Stock (BAC-M)
Morgan Stanley - 5.85% Preferred Stock (MS-K)
Northern Trust Group - 4.70% Preferred Stock (NTRSO)
Prudential Financial, Inc. - Common Stock (PRU)
Synovus Financial Group - 6.30% Preferred Stock (SNV-D)
Wells Fargo & Company - 7.50% Optional Convertible Preferred Stock (WFC-L)

Low-Risk Model Portfolio Replacements (Alphabetically)

Hancock Whitney Corp. - 6.25% Preferred Exchange Traded Sub. Notes (HWCPZ)
JPMorgan Chase & Co. - 4.75% Preferred Stock (JPM-J)
NorthWestern Corp. - Common Stock (NWE)
Portland General Electric Co. - Common Stock (POR)
Truist Financial Corp. - 5.25% Preferred Stock (TFC-O)
UGI Corp. - Common Stock (UGI)

Medium-Risk Model Portfolio Removed Issues

Assurant, Inc. - 6.50% Mandatory Convertible Preferred Stock (AIZP)
Brookfield Real Assets Income Fund, Inc. - Closed-End Fund (RA)
John Hancock Investors Trust - Closed-End Fund (JHI)
Sempra Energy - 6.75% Mandatory Convertible Preferred Stock (SRE-B)
State Street Corp. - 5.35% Preferred Stock (STT-G)

Medium-Risk Model Portfolio Replacements (Alphabetically)

Becton Dickinson and Co. - 6.00% Mandatory Convertible Preferred Stock (BDXB)
BlackRock Sciences and Technology Trust - Closed-End Fund (BST)
Boston Scientific Corp. - 5.50% Mandatory Convertible Preferred Stock (BSX-A)
First Horizon National Corp. - 6.50% Preferred Stock (FHN-E)
Stifel Financial Corp. - 6.125% Preferred Stock (SF-C)

High-Risk Model Portfolio Removed Issues

Calamos Convertible & High Income Fund - Closed-End Fund (CHY)
Capital Southwest Corp. - 5.95% Preferred Exchange Traded Senior Notes (CSWCL)
First Trust Energy Infrastructure Fund - Closed-End Fund (FIF)
Gabelli Multimedia Trust - Closed-End Fund (GGT)
Kimbell Royalty Partners, LP - Master Limited Partnership (KRP)
LMP Capital & Income Fund, Inc. - Closed-End Fund (SCD)
Miller/Howard High Income Equity Fund - Closed-End Fund (HIE)

High-Risk Model Portfolio Replacements (Alphabetically)

B. Riley Financial, Inc. - 6.875% Preferred Stock (RILYP)
BlackRock Debt Strategies Fund, Inc. - Closed-End Fund (DSU)
Cheniere Energy Partners, LP - Master Limited Partnership (CQP)
Dominion Energy, Inc. - 7.25% Mandatory Convertible Preferred Stock (DCUE)
Dynex Capital, Inc. - Common Stock Mortgage REIT (DX)
First Midwest Bancorp, Inc. - 7.00% Preferred Stock (FMBIO)
Neuberger Berman High Yield Strategies Fund - Closed-End Fund (NHS)

Multi-Driver Model Portfolio Removed Issues

Allstate Corp. - 5.10% Preferred Stock (ALL-H)
Aspen Insurance Holdings, Inc. - 5.625% Preferred Stock (AHL-E)
BlackRock Global Energy & Resources Trust - Closed-End Fund (BGR)
Digital Realty Trust - 5.20% Preferred Stock (DLR-L)
QUALCOMM, Inc. - Common Stock (QCOM)
Voya Financial, Inc. - 5.35% Preferred Stock (VOYA-B)

Multi-Driver Model Portfolio Replacements (Alphabetically)

American Electric Power - 6.125% Mandatory Convertible Preferred Stock (AEPPZ)
Athene Holding Ltd. - 6.375% Preferred Stock (ATH-C)
BlackRock Health Sciences Trust - Closed-End Fund (BME)
Citizens Financial Group, Inc. - 5.00% Preferred Stock (CFG-E)
First Trust Enhanced Equity Income Fund - Closed-End Fund (FFA)
NextEra Energy, Inc. - 6.219% Mandatory Convertible Equity Units (NEE-Q)

Rates, Bonds and Preferreds

(continued from page 1)

specifically attributable to rising interest rates?

We solved this problem by studying how the various kinds of investments recommended in this newsletter performed in June 2017. During that month, the ten-year Treasury yield rose by 10 basis points. The rise was nearly the same in all other maturities. And the spread-versus-Treasuries on BBB corporate bonds held fairly steady, indicating that the economic outlook didn't change much. All this made June 2017 an ideal laboratory for our study.

Research assistant Jaden Livian's work uncovered an interesting fact: For bonds, the median bond's price change, as Treasury rates rose, was -0.34 points. But the average investment grade preferred posted a *gain* of +0.21 points. Those weren't big moves, but they suggest that preferreds are a comparatively good place to be if a bigger interest rate rise is coming.

[Small sample sizes](#) and large [outliers](#) made it difficult to prove that this finding was actually meaningful in a statistical sense. Accordingly, we tested the proposition on samples consisting of one bond of each issuer represented in the BBB corporate bond index of

ICE Indices, LLC and one preferred of each BBB issuer represented in the firm's fixed-rate preferred index. That gave us robust samples of 84 preferreds and 776 BBB corporate bonds.

In June 2017 the average bond's price change was -0.23 points and the average preferred's was a *gain* of +0.69 points. This outcome was no statistical fluke. Standard analysis showed that with 99.9% confidence, preferreds genuinely outperformed bonds in a period of rising interest rates during which there was no material change in the economic outlook.

These findings do not mean that every preferred in your portfolio will go up by 0.69 points in every month of a protracted rise in Treasury rates. But it does suggest that if you expect interest rates to move up substantially, a diversified basket of preferreds is a comparatively good holding within your income portfolio. Preferreds do have downside price risk, but it's more related to faltering GDP and financial market disruption. Those conditions should not be present in 2021, provided the COVID-19 vaccines roll out successfully, facilitating a reopening of the economy.

Preferred Stocks

JPMorgan Chase & Co.; 4.75% Fixed Rate, Series GG, Non-Cumulative Perpetual; Par \$25.00; Annual Cash Dividend \$1.1875; Current Price \$27.71; Current Indicated Yield 4.29%; Call Date 12/01/24 at \$25.00; Yield to Call 1.88%; Pay Period 3b; Exchange NYSE; Ratings, Moody's Baa2, S&P BBB-; CUSIP 48128B622; Symbol JPM-J (www.jpmorgan.com)

JPMorgan Chase & Co. (JPM) is one of the largest global financial institutions, with \$3.2 trillion in total assets on 09/30/20, and \$2.86 trillion in assets under management. The banking company conducts its business in more than 60 countries, with a presence in over 100 markets. JPM provides services for consumers, small businesses, middle-market companies, large corporate institutions, and government clients. The company operates through four key segments: Consumer and Community Banking; Corporate and Investment Banking; Commercial Banking; and Asset & Wealth Management. JPM's 4.75% fixed rate preferred is callable on 12/01/24, or on any dividend payment date thereafter. Third quarter 2020 net income of \$9.44 billion, or \$2.92 per share, easily surpassed analysts' \$2.23 estimates. Top line revenue of approximately \$30.0 billion also topped expectations. Results were paced by lower provisions for credit loss, strong revenue, trading profits from capital markets, and record wealth management revenue. Despite a sharp decline in loan loss provisions from the 1Q and 2Q 2020 periods, JPM maintained \$34.0 billion in credit reserves, reflecting the significant worldwide economic uncertainty. Dividends on this 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 \$27.85 for a current yield of 4.26% and a 1.74% yield to call.**

KeyCorp; 5.65% Fixed Rate, Non-Cumulative Preferred; Par \$25.00; Annual Cash Dividend \$1.4125; Current Price \$27.78; Current Indicated Yield 5.08%; Call Date 12/15/23 at \$25.00; Yield to Call 1.79%; Pay Cycle 3m; Exchange NYSE; Ratings, Moody's Baa3, S&P BB+; CUSIP 493267876; Symbol KEY-J (www.keycorp.com)

KeyCorp (KEY) is a major regional bank holding company based in Cleveland, Ohio. KEY's branch operations and full-service corporate banking offices are located in 15 states from the Northeast to the Pacific Northwest, including Alaska. The banking company has additional corporate banking offices in the Mid-Atlantic Region, the Southeast, Southwest,

Texas, and California. KEY is one of the nation's largest bank holding companies with total assets of \$171 billion as of 09/30/20. Banking services include Personal Banking, Small Business Lending, Commercial Banking, Real Estate Lending, Equipment Finance, Wealth Management, Capital Markets, and Institutional Assets Services. KEY's 5.65% fixed rate preferred is callable on 12/15/23 or on any dividend payment date thereafter. The company reported 3Q 2020 net income of \$397.0 million or \$0.41 per share, beating analysts' \$0.35 estimates. Revenues also surpassed expectations on considerably stronger loan growth and lower provisions for loan loss. However, persistent low interest rates contributed to net interest margin pressure, and non-interest expense rose 10.4% from a year ago. Overall, it was a decent quarter and marked solid improvement from early 2020. Dividends on this preferred stock are qualified and taxed at the 15%-20% rate. **This issue is suitable for low- to medium-risk taxable portfolios. KEY's senior debt credit ratings are investment grade. Buy up to \$27.85 for a 5.07% current yield and a 1.70% yield to call.**

Stifel Financial Corp.; 6.125% Fixed Rate, Non-Cumulative Perpetual; Par \$25.00; Annual Cash Dividend \$1.53125; Current Price \$28.10; Current Indicated Yield 5.45%; Call Date 06/15/25 at \$25.00; Yield to Call 3.15%; Pay Cycle 3m; Exchange NYSE; Ratings, Moody's NR, S&P BB-; CUSIP 860630870; Symbol SF-C (www.stifel.com)

Stifel Financial Corp (SF) is a St. Louis-based, global wealth management and investment banking company. Its diversified financial services are offered through its primary broker-dealer subsidiary, Stifel, Nicolaus & Company, a full-service investment banking and brokerage institution. The company provides its financial services across the retail sector, as well as to institutions and corporations. This 6.125% preferred issue may be redeemed on 06/15/25, or anytime thereafter, at par plus any declared but unpaid dividends. SF reported 3Q 2020 adjusted net income of \$120.5 million or \$1.59 per share, exceeding analysts' \$1.33 estimates. Third quarter net revenue rose 7.5% to \$883.3 million, reflecting increased client activity. Bottom line results rebounded from early 2020 on the back of much improved market conditions, leading to considerably higher asset prices. We expect operating revenue and net results to maintain traction in 2021, as the economy continues its steady improvement. Dividends on this preferred stock are qualified and taxed at the 15%-20% rate. **This investment is suitable for medium-risk, taxable portfolios. Buy up to \$28.25 for a 5.42% current yield and a 3.01% yield to call.**

Closed-End Funds

AllianzGI Artificial Intelligence & Technologies Opportunity Fund; Current Price \$26.37; Current Annualized Yield 4.98%; Exchange NYSE; Discount to Net Asset Value -6.21%; Pay Cycle Mb; Expense Ratio 1.34%; Leverage Ratio 3.04%; CUSIP 01883M101; Family Closed-End Fund; Symbol AIO (www.allianzgi.com)

AllianzGI Artificial Intelligence & Technologies Opportunity Fund (AIO) focuses on leading ideas in artificial intelligence (AI) and other new technologies through the allocation of its investments to various parts of a company's capital structure. AIO is a relatively new closed-end fund with a 10/29/19 inception date. The fund seeks to provide total return through a combination of current income, current gains, and long-term capital appreciation. AIO typically employs little if any leverage. This fund offers investors the opportunity to gain exposure to public and private investments tied to the AI space, while achieving growth and a reasonable cash distribution. As of 09/30/20, the portfolio included Convertible Securities

(52.6%), Common Equities (43.7%), and Cash & Equivalents (3.7%). The fund's top five holdings as of 09/30/20, consisted of Amazon (1.94%), Microsoft (1.91%), UnitedHealth Group (1.75%), Deere (1.73%), and ON Semiconductor (Convertible) (1.62%). AIO's cumulative performance has been solid, with a 14.06% market price total return since its inception. Through 09/30/20, the fund's market price YTD total return was 12.89%. In 2020, cash distributions have consisted almost entirely of capital gains but AIO has yet to determine the percentages of gains considered long-term and short-term. **This investment is most suitable for low- to medium-risk tax-deferred portfolios. Buy up to \$30.00 for an annualized 4.32% yield.**

BlackRock Science and Technology Trust (REVIEW); Current Price \$53.30; Current Annualized Yield 4.20%; Exchange NYSE; Premium to Net Asset Value +4.21%; Pay Cycle Me; Expense Ratio 1.08%; Leverage Ratio 0.22%; CUSIP 09258G104; Family Closed-End Fund;

continued on page 4

CURRENT RECOMMENDATIONS

continued

Pay 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.

Closed End Funds *continued from page 3*

Symbol **BST** (www.blackrock.com)

BlackRock Science and Technology Trust's (BST) investment objective are to provide income and total return through a combination of current income, current gains, and long-term capital appreciation. The trust typically invests at least 80% of its assets in equity securities issued by U.S. and non-U.S. science and technology companies. Additionally, the trust has a strategy of writing (selling) covered call options on a portion of the portfolio's equities to enhance return. **We initially recommended BST in March 2016 as a suitable investment for medium- to high-risk portfolios, with a \$17.00 fair-value price (see Newsletter or Website for de-**

tails). The trust reported strong performance for full-year 2019 and YTD 2020 through 09/30/20. BSR posted market price total returns of +35.24% and +35.14%, for the respective periods, fueled by strength in Technology, Semiconductors, Media & Entertainment, and Telecom. The portfolio's list of top sectors is typically dominated by Software & Services, Media & Entertainment, and Semiconductors & Equipment. Top holdings as of 11/30/20 included Apple (3.91%), Microsoft (3.51%), Amazon (2.92%), Square (2.56%), and Alibaba Group (2.47%). Performance in 2021 is likely to be solid, although it may prove difficult to match the 2019 and 2020 results. **With this review we are recommending BST as a Buy for all risk portfolios, noting the trust's performance and growth potential. We are also raising BST's fair-value price to \$60.00 from \$17.00.**

Common Stocks

Farmland Partners, Inc. (REVIEW); Current Price \$8.70; Current Annualized Yield 2.30%; Last Dividend Paid 10/15/20; Exchange NYSE; Ratings, Moody's NR, S&P NR; Pay Cycle 1m; CUSIP 31154R109; Family Common Stock; Symbol **FPI** (www.farmlandpartners.com)

Farmland Partners, Inc. (FPI) is a real estate investment trust (REIT) that owns and seeks to acquire high-quality farmland throughout North America. As of June 2, 2020 FPI owned approximately 157,000 acres in 16 states that are farmed by more than 100 tenant farmers. The company's operating objective is to work with its tenant base to lower input costs and improve profitability for both tenants and FPI's farms. The COVID-19 pandemic in 2020 has had a growing impact on FPI's business. **We initially recommended FPI in June 2018 as a suitable investment for medium-risk, tax-deferred portfolios (see Newsletter or Website for details). Dividend distributions are taxed as ordinary income.** For 3Q 2020 FPI reported an adjusted funds from operations (AFFO) loss of \$1.4 million or \$(0.04) per share. AFFO for the nine months ended 09/30/20 was a loss of \$3.2 million or \$(0.10) per share. Although the third quarter loss narrowed from a year ago, results missed analysts' estimates by a penny. Operating earnings and adjusted bottom line results have been challenged by the company's high leverage and associated interest expense. Common stock dividends over the last two years have barely been covered, if at all, by adjusted earnings. **A dividend adjustment in 2021 cannot be ruled out, despite a 62% cut in late 2018. As a result of the sharp**

dividend cut, we are changing our recommendation to Sell from Buy for medium-risk, tax-deferred portfolios.

Portland General Electric Co.; Current Price \$42.77; Current Annualized Yield 3.81%; Last Dividend Paid 10/15/20; Exchange NYSE; Ratings, Moody's A3, S&P BBB+; Pay Cycle 1m; CUSIP 736508847; Family Common Stock; Symbol **POR** (www.portlandgeneral.com)

Portland General Electric Company (POR) is engaged in the generation, transmission, and distribution of electricity to over 900,000 residential, commercial, and industrial customers in 51 cities and seven counties throughout Oregon. POR is the largest utility operating company in Oregon, offering a mix of resources that includes hydropower, coal and gas combustion, wind, and solar, in addition to transmission resources. The utility's power plants have a combined generating capacity of more than 3,800 megawatts. POR is transitioning its generation portfolio, as the utility aims to replace its coal-fired generation to comply with Oregon's legal directive; 50% of the company's power must be obtained from renewable resources by 2040 and none from coal by 2035. POR is a pure play utility operating company in that it is not a holding company and does not own any material non-utility businesses. The company reported 3Q 2020 adjusted net income of \$80.0 million or \$0.90 per share, well ahead of \$(0.33) consensus estimates. Revenue was in line with expectations and up slightly from a year earlier. The utility has a solid track record of steady annual dividend growth. Dividends are qualified and taxed at the 15%-20% rate. **This common stock investment is suitable for low-risk, taxable portfolios. Buy up to \$48.00 for a 3.39% yield.**

Mandatory Convertible Preferred Stocks

American Electric Power Co.; 6.125% Equity Units, due 08/15/23; Par \$50.00; Annual Cash Dividend \$3.0625; Current Price \$50.63; Current Indicated Yield 6.05%; Conversion/Maturity Date 08/15/23; Yield to Call NA; Pay Cycle 2m; Exchange NASDAQ; Ratings, Moody's Baa3, S&P BBB; CUSIP 02557T307; Symbol **AEP** (www.aep.com)

American Electric Power Co. (AEP) ranks among the nation's largest electric energy companies. The company services approximately 5.5 million customers across 200,000 square miles, covering Ohio, Michigan, Indiana, Kentucky, Tennessee, Virginia, West Virginia, Arkansas, Louisiana, Texas, and Oklahoma. The 6.125% equity units consist of a purchase contract and a 1/20 undivided beneficial ownership interest in \$1,000 principal amount of AEP's 1.30% junior subordinated debentures due 2025. The debentures are subject to reset and remarketing between 05/11/23 and 07/27/23 (see prospectus). The purchase contract requires the holder to purchase for \$50.00 a

variable number of AEP common, paying the holder an annual contract adjustment rate of 4.825%. The stock purchase settlement rate is 0.5003 AEP common shares per unit if AEP common is equal to or greater than \$99.95 and 0.6003 AEP common shares if the common is equal to or less than \$83.29. For market prices between the aforementioned values, the settlement rate will be \$50.00 divided by the common market value.

Holders may settle the stock purchase contract at any time for 0.5003 AEP common shares for each purchase contract. AEP reported solid 3Q 2020 adjusted net earnings of \$722.3 million or \$1.47 per share, edging out analysts' \$1.46 estimates. Results benefited from improved operating efficiencies and a federal tax benefit from the CARES Act. Dividends from this issue are not qualified and are taxed as ordinary income. **AEP's convertible preferred is suitable for low-to medium-risk, tax-deferred portfolios. Buy up to \$57.00 for a 5.37% current yield.**

continued on page 8

Exch	Issuer	Coupon Rate %	Maturity	CUSIP	Current Price	Current Yield %	Yield to Maturity %	Moody's Rating	S&P Rating	Call Date	Call Price	Yield to Worst %	Recommend
BONDS													
NYSE	ANR Pipeline Co	7.000	6/1/2025	001814AS1	121.85	5.7	1.8	A3	BBB+	N/A	N/A	1.8	BUY
OTC	BB&T Corporation	3.875	3/19/2029	05531GAB7	117.64	3.3	1.5	A3	BBB+	2/16/2029	100.0	1.5	BUY
OTC	Boeing Company	5.150	5/1/2030	097023CY9	121.10	4.3	2.6	Baa2	BBB-	2/1/2030	100.0	2.5	BUY
OTC	Consolidated Natural Gas	6.800	12/15/2027	209615BS1	129.26	5.3	2.1	Baa2	BBB	N/A	N/A	2.1	SELL
OTC	Energy Transfer Operating, LP	3.750	5/15/2030	29278NAQ6	108.16	3.5	2.7	Baa3	BBB-	2/15/2030	100.0	2.7	BUY
OTC	JPMorgan Chase & Co	4.625	N/A	48128BAD3	99.93	4.6	2.9	Baa2	BBB-	11/1/2022	100.0	2.9	BUY
OTC	Kentucky Utilities Company	4.375	10/1/2045	491674BL0	129.61	3.4	2.7	A1	A	4/1/2045	100.0	2.7	BUY
OTC	Louisville Gas & Electric Co	4.250	4/1/2049	546676AY3	128.91	3.3	2.7	A1	A	10/1/2048	100.0	2.7	BUY
OTC	Office Depot Inc	5.000	3/1/2030	023663AB3	76.49	6.5	8.8	WR	NR	2/1/2021	102.0	8.8	HOLD
OTC	PG&E	5.250	7/1/2030	69331CAJ7	110.54	4.7	3.9	B1	BB-	7/1/2025	102.6	3.2	BUY
OTC	Safeway Inc	7.250	2/1/2031	786514BA6	115.39	6.3	5.2	B1	B	N/A	N/A	5.2	BUY
OTC	Sprint Capital Corp	6.875	11/15/2028	852060AD4	132.09	5.2	2.3	B1	BB	N/A	N/A	2.3	HOLD
OTC	Vale Overseas Limited	6.875	11/21/2036	91911TAH6	146.76	4.7	3.1	Baa3	BBB-	N/A	N/A	3.1	HOLD

Exch	Issuer	Coupon Rate %	Maturity	Current Price	Current Yield %	Yield to Maturity %	Moody's Rating	S&P Rating	Conversion Ratio	Common Price \$	Yield to Worst %	Recommend
BELOW INVESTMENT GRADE CONVERTIBLE BONDS												
NYSE	Dish Network Corp	3.4	8/15/2026	94.99	3.6	4.4	B1	CCC+	15.3429	32.340	4.4	BUY
OTC	Liberty Interactive LLC	4.0	11/15/2029	77.23	5.2	7.4	B2	B	1.0000	N/A	7.4	BUY

MASTER LIMITED PARTNERSHIPS

Symbol	Exch	Issuer	Current Price \$	Dvd Yield %	Tax	52 Wk High \$	52 Wk Low \$	Pay Date	Pay Periods	Curr Ann Yield %	Fair Value \$	Recommend
AB	NYSE	AllianceBernstein Holding, LP	33.77	8.17	Var	36.06	13.24	11/12/2020	2m	8.17	39.00	BUY
BPMP	NYSE	BP Midstream Partners LP	10.6	13.11	Var	17.08	6.41	11/12/2020	3m	13.11	22.00	HOLD
BPY	NASDAQ	Brookfield Property Partners, LP	14.47	9.19	Var	20.13	7.10	12/31/2020	3e	9.19	16.00	BUY
BEP	NYSE	Brookfield Renewable Partners, LP	43.15	2.68	Var	43.42	16.04	12/31/2020	3e	2.68	39.50	BUY
CQP	NYSE	Cheniere Energy Partners, LP	35.25	7.34	Var	42.88	17.75	11/13/2020	2m	7.34	48.00	BUY
MPLX	NYSE	MPLX LP	21.65	12.70	Var	27.36	6.87	11/13/2020	2m	12.70	25.00	BUY
EPD	NYSE	Enterprise Products Partners, LP	19.59	9.09	Var	29.22	10.27	11/12/2020	2m	9.09	30.00	BUY
HESM	NYSE	Hess Midstream Partners LP	19.57	9.06	Var	25.66	5.70	11/13/2020	3m	9.06	21.00	BUY
HEP	NYSE	Holly Energy Partners, L.P	14.2	9.86	Var	24.59	6.57	11/12/2020	2m	9.86	36.75	HOLD
KRP	NYSE	Kimbell Royalty Partners, LP	7.91	9.61	Var	17.72	3.51	11/9/2020	3m	9.61	23.00	HOLD
MMP	NYSE	Magellan Midstream Partners, LP	42.44	9.68	Var	65.34	22.02	11/13/2020	2m	9.68	50.00	BUY
NEP	NYSE	NextEra Energy Partners, LP	67.05	3.55	OI	69.15	29.01	11/13/2020	2m	3.55	57.00	BUY
NS	NYSE	NuStar Energy, LP	14.41	11.10	Var	29.36	4.98	11/13/2020	2m	11.10	35.00	HOLD
PSXP	NYSE	Phillips 66 Partners LP	26.41	13.25	Var	65.23	19.00	11/13/2020	3m	13.25	56.25	HOLD
SUN	NYSE	Sunoco LP	28.78	11.47	Var	32.89	10.46	11/19/2020	2m	11.47	42.00	HOLD
TCP	NYSE	TC Pipelines, LP	29.45	8.83	Var	44.65	18.00	11/13/2020	2m	8.83	45.00	BUY
WLKP	NYSE	Westlake Chemical Partners LP	23.84	7.89	Var	26.48	10.31	11/24/2020	3m	7.89	30.00	BUY

1. Fair Value \$: accumulate at or below this price. N/A: not applicable. *Ratings watchlisting: + Positive, - Negative, or (no sign) Direction uncertain.

PREFERRED

previously recommended

Symbol	Issuer	Coupon	Div. \$	Tax	Pay Cycle	CUSIP	Current Price \$	Current Yield %	Moody's/S&P Ratings	Call Date	Call Price \$	Yield to Call %	Debt Maturity	Fair Val \$	Recom- mend
PREFERRED															
BAC M	Bank of America Corp.	5.38	1.34	15%	3e	06053U601	27.31	4.92	Baa3/BBB-	6/25/2024	25.00	2.58	PERP	27.30	BUY
RILYP	B Riley Financial Inc	6.88	1.72	15%	1e	05580M876	25.63	6.66	N/A/N/A	10/7/2024	25.00	6.05	PERP	24.25	BUY
BHFAP	Brighthouse Financial Inc.	6.60	1.65	15%	3e	10922N301	27.80	5.94	Baa2/BBB-	3/25/2024	25.00	2.98	PERP	27.00	BUY
COF-J	Capital One Financial Corp	4.80	1.20	15%	3m	14040H782	26.00	4.66	Baa3/BB	6/1/2025	25.00	3.79	PERP	24.00	BUY
CHSCL	CHS Inc	7.50	1.88	15%	3e	12542R803	29.57	6.36	N/A/N/A	1/21/2025	25.00	2.81	PERP	28.40	BUY
DUK A	Duke Energy Corp.	5.75	1.44	15%	3m	26441C501	28.51	5.04	Baa3/BBB	6/15/2024	25.00	1.65	PERP	28.50	BUY
AGM D	Federal Agricultural Mortgage Corp.	5.70	1.43	15%	3m	313148868	27.16	5.28	N/A/N/A	7/17/2024	25.00	3.05	PERP	26.85	BUY
FITBO	Fifth Third Bancorp.	4.95	1.24	15%	3e	316773860	27.72	4.45	Baa3/BB+	9/30/2024	25.00	1.74	PERP	26.85	BUY
FMBIO	First Midwest Bancorp Inc	7.00	1.75	15%	2m	320867500	28.56	6.17	Ba1/BB-	8/20/2025	25.00	3.89	PERP	28.15	BUY
FHN E	First Horizon Corp	6.50	1.63	15%	1m	320517402	28.20	5.75	Baa2/N/A	10/10/2025	25.00	3.48	PERP	27.30	BUY
HWCPZ	Hancock Whitney Corp.	6.25	1.56	15%	3m	410120406	26.74	5.82	Baa3/BBB-	6/15/2025	25.00	4.42	6/15/2060	28.00	BUY
JPM J	JP Morgan Chase & Co	4.75	1.19	15%	3b	48128B622	27.71	4.29	Baa2/BBB-	12/1/2024	25.00	1.97	PERP	27.85	BUY
KEY J	KeyCorp	5.65	1.41	15%	3m	493267876	27.78	5.09	Baa3/BB+	12/15/2023	25.00	1.88	PERP	27.85	BUY
KEY I	KeyCorp	6.13	1.53	15%	3m	493267702	29.27	5.21	Baa3/BB+	12/15/2026	25.00	2.87	PERP	28.65	BUY
MET E	MetLife, Inc.	5.63	1.41	15%	3m	59156R876	28.27	4.98	Baa2/N/A	6/15/2023	25.00	0.38	PERP	26.35	BUY
MS K	Morgan Stanley	5.85	1.46	15%	3m	61762V606	28.85	5.07	Baa3/BB+	4/15/2027	25.00	3.11	PERP	26.00	BUY
NRUC	National Rural Utilities Coop Fin Corp.	5.50	1.38	15%	3m	637432105	29.28	4.72	A3/BBB+	5/15/2024	25.00	0.51	5/15/2064	28.75	BUY
NTRSO	Northern Trust Corp.	4.70	1.18	15%	1b	665859856	27.78	4.23	Baa1/BBB+	1/1/2025	25.00	1.82	PERP	26.15	BUY
HBANO	Huntington Bancshares	6.25	1.56	15%	1m	446150708	25.42	6.15	Baa3/BB+	4/15/2021	25.00	-0.27	PERP	25.80	BUY
RF C	Regions Financial Corp.	5.70	1.43	15%	2m	7591EP704	28.80	4.95	Ba1/BB+	5/15/2029	25.00	2.75	PERP	29.00	BUY
SOJD	Southern Company	4.95	1.24	-	1e	842587800	27.40	4.67	Baa3/BBB	1/30/2025	25.00	2.61	1/30/2080	26.95	BUY
STT G	State Street Corp	5.35	1.34	15%	3m	857477855	28.96	4.76	Baa1/BBB	3/15/2026	25.00	2.00	PERP	27.25	BUY
SF-C	Stifel Financial Corp.	6.13	1.53	15%	3m	860630870	28.10	5.42	N/A/BB-	6/15/2025	25.00	1.57	PERP	28.25	BUY
SIVBP	SVB Financial Group	5.25	1.31	15%	2m	78486Q200	26.88	4.88	Baa2/BB	2/15/2025	25.00	3.47	PERP	25.50	BUY
SNV D	Synovus Financial Corp	6.30	1.58	15%	3m	87161C600	26.62	5.73	N/A/BB-	6/21/2023	25.00	0.75	PERP	25.50	BUY
TFC O	Truist Financial	5.25	1.31	15%	3b	89832Q745	27.82	4.71	Baa2/BBB-	6/1/2025	25.00	2.58	PERP	27.80	BUY

1. Tax: OI=Ordinary Income Rate, 15%=15% tax rate. **2. Pay 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. Fair Value:** accumulate at or below this price. NR: not rated. NA: not applicable. *Ratings watchlisting: + Positive, - Negative, or (no sign) Direction uncertain.

MANDATORY CONVERTIBLE PREFERRED

Symbol	Issuer	Issue %	Div. \$	Tax	Pay Cycle	CUSIP	Current Price \$	Current Yield %	Moody's/S&P Ratings	Conversion Rate	Premium Percent %	Common Price \$	Fair Value \$	Recom- mend
IIVIP	MD II-VI Inc.	6.00	12.00	15%	902104306	320.61	3.76	N/A/N/A	3.876	8.90	75.96	220.00	220.00	BUY
AEPZ	MD American Electric Power Co.	6.13	3.06	OI	816851505	50.63	6.08	N/A/BBB	0.500	21.75	83.27	57.00	57.00	BUY
BXS A	MD Boston Scientific	5.50	5.50	15%	101137107	109.57	5.01	N/A/N/A	2.383	28.48	35.95	122.00	122.00	BUY
AVGOP	MD Broadcom, inc.	8.00	80.00	15%	11135F200	1422.47	5.61	N/A/N/A	3.046	6.72	437.85	1335.00	1335.00	BUY
BDXB	MD Becton Dickinson	6.00	3.00	15%	075887109	55.13	5.42	N/A/N/A	0.174	27.55	250.22	70.00	70.00	BUY
NEEQ	MD Nextera Energy Inc.	6.22	3.11	OI	65339F739	51.37	6.04	N/A/N/A	0.541	24.30	77.15	58.00	58.00	BUY
SRE B	MD Sempra Energy	6.75	6.75	15%	816851505	103.73	6.52	N/A/N/A	0.733	11.34	127.41	108.00	108.00	BUY

OPTIONAL CONVERTIBLE PREFERRED

BAC L	OP Bank Of America Corp	7.25	72.50	15%	060505682	1518.58	4.77	Baa3/BBB-	20.000	151.0	30.31	1450.00	1450.00	BUY
BGEPF	OP Bunge Ltd	4.88	4.88	OI	EP0237628	109.00	4.47	Ba2/BB+	1.251	33.3	65.58	110.00	110.00	BUY
EPR E	OP EPR Properties	9.00	2.25	OI	26884U307	31.68	7.08	N/A/B+	0.483	104.5	32.50	35.25	35.25	HOLD
WFC L	OP Wells Fargo & Company	7.50	75.00	15%	949746804	1517.90	4.96	Baa2/BB+	6.381	686.8	30.18	1650.00	1650.00	BUY
BKDKP	OP Stanley Black & Decker Inc	5.00	50.00	15%	854502853	1200.00	4.02	Baa3/BBB+	6.735	6.0	178.56	1235.00	1235.00	BUY

1. Tax: OI=Ordinary Income Rate, 15%=15% tax rate. z: zero-coupon bonds. *Ratings watchlisting: + Positive, - Negative, or (no sign) Direction uncertain.

Symbol	Exch	Issuer	CUSIP	Current Price \$	Indicated Yield %	Tax %	52 Week High \$	52 Week Low \$	Paydate	Current Ann Yield %	Country	Fair Value \$	Recommend
MO	NYSE	Altria Group Inc	02209S103	41.00	8.39	0I	51.78	30.95	1/11/2021	8.39	US	52.00	BUY
BTI	NYSE	British American Tobacco	110448107	37.49	7.22	15%	45.64	27.32	2/8/2021	7.22	GB	43.00	BUY
CAT	NYSE	Caterpillar Inc	149123101	182.02	2.26	15%	183.81	87.50	2/19/2021	2.26	US	170.00	BUY
COR	NYSE	CoreSite Realty Corp.	21870Q105	125.28	3.93	15%	131.36	90.07	1/15/2021	3.93	US	145.00	BUY
CONE	NASDAQ	CyrusOne Inc.	23283R100	73.15	2.79	0I	86.77	43.72	1/8/2021	2.79	US	75.00	BUY
D	NYSE	Dominion Energy, Inc.	25746U109	75.20	3.35	15%	90.89	57.79	N/A	3.35	US	85.00	BUY
DUK	NYSE	Duke Energy Corp.	26441C204	91.56	4.22	15%	103.79	62.13	12/16/2020	4.22	US	88.00	BUY
EIX	NYSE	Edison International	281020107	62.82	4.22	15%	78.93	43.63	1/31/2021	4.22	US	60.00	BUY
EPR	NYSE	EPR Properties	26884U109	32.50	N/A	0I	73.59	12.56	N/A	N/A	US	85.00	SELL
XOM	NYSE	Exxon Mobil Corp	30231G102	41.22	8.44	15%	71.37	30.11	12/10/2020	8.44	US	55.00	BUY
NWE	NASDAQ	Northwestern Corp	668074305	58.31	4.12	15%	80.52	45.06	12/31/2020	4.12	US	60.00	BUY
PRU	NYSE	Prudential Financial, Inc.	744320102	78.07	5.64	15%	97.24	38.62	12/17/2020	5.64	US	107.00	HOLD
POR	NYSE	Portland General Electric Co.	736508847	42.77	3.81	15%	63.08	31.96	1/15/2021	3.81	US	48.00	BUY
QCOM	NASDAQ	Qualcomm Inc	747525103	152.34	1.71	15%	161.07	58.00	12/17/2020	1.71	US	94.00	HOLD
STOR	NYSE	Store Capital Corp.	862121100	33.98	4.24	0I	40.11	13.00	1/15/2021	4.24	US	38.00	BUY
UGI	NYSE	UGI Corp.	902681105	34.96	3.78	15%	45.26	21.75	1/1/2021	3.78	US	41.00	BUY
VER	NYSE	VEREIT, Inc.	92339V100	37.79	4.08	0I	50.90	17.78	1/15/2021	N/A	US	13.00	BUY
VZ	NYSE	Verizon Communications, Inc.	92343V104	58.75	4.28	15%	61.95	48.84	2/1/2021	4.28	US	65.00	BUY
WPC	NYSE	W.P. Carey, Inc	92936U109	70.58	5.93	15%	88.99	38.62	1/15/2021	5.93	US	68.50	BUY
WELL	NYSE	Welltower, Inc.	95040Q104	64.62	3.78	15%	89.99	24.27	11/19/2020	3.78	US	61.00	BUY

CLOSED END FUNDS

Symbol	Issuer	Current Price \$	Indicated Yield %	Net Asset Value \$	Premium Discount %	52 Week High \$	52 Week Low \$	52 Week High Date	52 Week Low Date	Pay Cycle	Fair Value \$	Recommend
AIO	AllianzGI Artificial Intelligence & Tech Opp Fund	26.37	4.93	27.88	-5.42	27.8	10.26	12/28/2020	3/19/2020	Mb	30.00	BUY
NFJ	AllianzGI NFJ Divid, Int & Prem Strat Fund	13.46	6.69	15.36	-12.37	13.62	7.53	2/14/2020	3/23/2020	3e	17.00	BUY
BCV	Bancroft Fund, Ltd.	30.14	29.86	32.47	-7.18	32.8069	14.27	12/24/2020	3/18/2020	3e	30.00	BUY
BTZ	Blackrock Credit Allocation Income Trust	14.71	6.84	15.71	-6.37	15	9.12	12/21/2020	3/23/2020	Me	16.50	BUY
BME	BlackRock Health Sciences Trust	47.59	5.04	45.66	4.23	48.72	27.00	12/18/2020	3/23/2020	Me	50.00	BUY
BST	BlackRock Science and Technology Trust	53.30	4.21	52.05	2.40	54	22.41	12/23/2020	3/19/2020	Me	60.00	BUY
UTF	Cohen & Steers Infrastructure Fund.	25.82	7.20	24.62	4.87	27.6501	12.10	2/19/2020	3/19/2020	Me	33.00	BUY
EVT	Eaton Vance Tax-Advantaged Divid Inc Fund	23.65	7.36	24.62	-3.94	26.495	11.87	2/19/2020	3/19/2020	Me	27.00	BUY
FIF	First Trust Energy Infrastructure Fund	10.48	7.16	12.46	-15.89	17.5	6.05	1/16/2020	3/18/2020	Me	19.50	HOLD
FEA	First Trust Enhanced Equity Income Fund	17.62	6.47	18.29	-3.66	17.78	9.17	12/30/2020	3/23/2020	3e	19.00	BUY
FLC	Flaherty & Crumrine Total Return Fund	23.67	6.69	22.33	6.00	24.48	8.87	12/21/2020	3/19/2020	Me	26.50	BUY
GGT	Gabelli Multimedia Trust Inc	7.96	11.06	8.15	-2.33	8.37	3.04	2/21/2020	3/19/2020	3m	10.50	BUY
SPXX	Nuveen S&P 500 Dynamic Overwrite Fund	15.24	6.43	16.17	-5.75	16.97	8.64	2/19/2020	3/18/2020	1b	18.00	BUY
SCD	LMP Capital & Income Fund, Inc.	11.65	8.93	13.44	-13.32	15.9895	5.60	1/17/2020	3/18/2020	1b	17.00	HOLD
HIE	Miller/Howard High Income Equity Fund	7.75	7.43	8.59	-9.78	11.67	3.11	1/22/2020	3/19/2020	Me	8.50	BUY
NHS	Neuberger Berman High Yield Strategies Fund	11.69	9.29	12.75	-8.31	12.8	6.59	1/10/2020	3/23/2020	Me	14.50	BUY
NVG	Nuveen AMT-Free Mun Credit Income Fund	16.78	4.83	17.32	-3.12	17.0607	11.49	3/4/2020	3/19/2020	Mb	17.00	BUY
JCE	Nuveen Core Equity Alpha Fund	14.07	6.40	15.21	-7.50	15.43	8.05	2/19/2020	3/19/2020	1b	17.50	BUY
PCN	Pimco Corporate & Income Strategy Fund	17.24	7.83	14.24	21.07	20.25	8.84	2/10/2020	3/19/2020	Mb	21.50	BUY
PCI	PIMCO Dynamic Credit and Mgt Inc Fund	21.20	9.85	20.25	4.69	25.56	13.46	2/11/2020	3/19/2020	Mb	29.00	BUY
UTG	Reaves Utility Income Fund	32.79	6.59	32.82	-0.09	40.2	19.45	2/12/2020	3/23/2020	Mm	35.00	BUY
GDO	Western Asset Global Corporate Defined	18.10	6.70	18.98	-4.64	18.42	11.10	1/2/2020	3/19/2020	Mb	21.00	BUY

1. Tax: 0I=Ordinary Income Rate, 15%=15% tax rate. **2. Recommend:** accumulate at or below this price. NR=not rated. NA=not applicable. **3. Pay 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. 5/1: semiannual pay.

RATING CHANGES AND NEW ISSUANCE

Corporate Bond Rating Changes

Issuer	Agency	New Action	Rating
Ace Cash Express	M	+	B3
Alorica Inc.	M	+	Caa1
ARCH Resources Inc.	S	-	B-
AVSC Holding Corp.	S	+	CCC
BJ's Wholesale club Holdings	S	+	BB
Brown Jordan Inc.	M	-	Caa1
BWAY Corp.	S	-	B-
California Pizza Kitchen	S	+	CCC+
Cengage Learning Inc.	M	+	B3
Centara Holdco Inc.	M	-	B2
Century Insurance Group	S		BBB*-
Dollar Tree Inc.	S	+	BBB
Dunn Paper Holdings	M	-	B3
EWT Holdings III Corp.	M	+	B1
Fc Compassus LLC	M	+	B2
Fluor Corp.	M	+	Ba1
iQor Inc. US	M	+	Caa1
Jo-Ann Stores Holding Inc.	S	+	B-
M/I Homes Inc.	M	+	Ba3
Macom Technologies Solution	S	+	B
Masco Corp.	M	+	Baa2

Issuer	Agency	New Action	Rating
Mauser Packaging Solutions	S	-	B-
MDC Partners Inc.	M	+	B2
Mednax Inc.	M		B1
Mid-Century Insurance Co.	S		A*-
Nabors Industries Inc.	S	+	CCC+
NAPA Management Services	M	+	Caa1
Northern Oil Gas & Co.	S	+	CCC+
Ohio National Financial Services	S	-	BB+
Outerstuff LLC	S	+	CCC
PLH Group Inc.	M	+	B2
Revlon Inc.	S	+	CCC-
Robertshaw US Holding Corp.	M	-	Caa1
Shift4 Payments LLC	M	+	Ba3
SM Energy Co	S	+	CCC+
Sotera Health Holdings LLC	S	+	B+
Talos Energy Inc.	S	+	B-
TTM Technologies Inc	M	+	Ba2
Tupperware Brands Corp.	S	+	B
URS Holdco	S	-	CCC+
VF Corp.	S	-	A-
WEI Sales LLC	M	-	B1

+ : upgrade; - : downgrade; *- : possible downgrade; *+ : possible upgrade
M: Moody's S: Standard & Poor's F: Fitch Ratings

Preferred Rating Changes

Issuer	Agency	Action	Rating
Prologis Inc	F	-	WD
Signature Bank	M		Ba1
Simon Property Group	F	-	BBB
TCF Financial Corp.	M		Ba1

WL-D = Watchlist - Down WL-U = Watchlist - Up

New Preferreds

Issuer	Symbol	Issue (%)	Moody/S&P Ratings	Par Value
American Finance Trust	AFINO	7.38	N/A/N/A	25
Athene Holding Ltd	ATH D	4.88	N/A/BBB-	25
Selective Insurance Group	SIGIP	4.60	Ba1/BB+	25
Xoma Corp.	XOMAP	8.63	N/A/N/A	25

cv = convertible

Mandatory Convertible Preferred Stocks continued from page 4

Sempra Energy (REVIEW); 6.75% Mandatory Convertible Cumulative Preferred, Series B, due 07/15/21; Par \$100; Annual Cash Dividend \$6.75; Current Price \$103.73; Current Indicated Yield 6.51%; Conversion/Maturity Date 07/15/21; Yield to Call NA; Pay Cycle 3m; Exchange NYSE; Ratings, Moody's NR, S&P NR; CUSIP 816851505; Symbol SRE-B (www.sempra.com)

Sempra Energy (SRE) based is a natural gas, electric utility, and infrastructure company. SRE's utility subsidiaries include Southern California Gas, San Diego Gas & Electric, Oncor Electric, and Sempra South American Utilities. The company's 6.75% mandatory preferred will be converted into common shares of SRE on 07/15/21. **This issue was recommended in November 2018, for medium- to high-risk taxable portfolios and sub-**

sequently reviewed in November 2019 (see Newsletter or Website). The company's 6.75% mandatory convertible preferred issue was in the 2020 Medium-Risk Model Portfolio. SRE reported 3Q 2020 adjusted net income of \$380.0 million or \$1.31 per share, falling short of analysts' \$1.47 estimates. Weaker bottom line results were attributed to stagnant revenue growth due to lower contributions from SRE's utilities and energy-related businesses. SRE continues to sell assets that are no longer strategic fits for the company, deploying the proceeds to strengthen the balance sheet and increase liquidity in the face of economic weakness. **Terms for the conversion into SRE common shares can be found in the November 2018 Newsletter or on the Website. As a result of the upcoming 07/15/21 conversion, we are removing this convertible investment from the Medium-Risk Model Portfolio, but continue to recommend this issue. However, we are lowering the fair-value price to \$108.00 from \$127.50**

For Investors Seeking Steady Monthly Income

Low-Risk Portfolio

This portfolio comprises securities of companies with senior 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	Fair Value
NFJ	AllianzGI Div Int & Prem Strat	6.69	13.46	743	10/19	\$17.00
BAC L	Bank of America Corp.	4.77	1,518.58	7	6/19	\$1,450.00
AGM D	Federal Agriculture Mortgage	5.28	27.16	368	7/19	\$26.85
HWCPZ	Hancock Whitney Corp.	5.82	26.74	374	10/20	\$28.00
JPM J	JP Morgan Chase & Co.	4.29	27.71	361	1/21	\$26.00
NWE	NorthWestern Corp.	4.12	58.31	171	9/20	\$60.00
NVG	Nuveen AMT-Free Mun Cred Fd	4.83	16.78	596	5/19	\$17.00
UGI	UGI Corp	3.62	34.96	286	12/20	\$41.00
POR	Portland General Electric Co.	3.81	42.77	234	1/21	\$48.00
TFC O	Truist Financial Corp.	4.71	27.82	359	10/20	\$27.80

Summary Statistics

Monthly Payout Average:	\$549
Current yield on portfolio:	5.04%
Inception Value: (1/1/21)	\$104,888
Last month's value:	\$104,888
Current value of portfolio	\$104,888
Current value + year to date income:	\$104,888
Year to Date Total Return	0.00%

Medium-Risk Portfolio

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

Symbol	Issuer	Yield	Price	Qty	Rpt Date	Fair Value
BDXB	Becton Dickinson & Co.	5.42	55.13	181	8/20	\$70.00
BST	Blackrock Science & Tech Trust	4.21	53.30	188	1/21	\$60.00
BSX A	Boston Scientific Corp.	5.01	109.57	91	10/20	\$122.00
BGEPF	Bunge Ltd.	4.47	109.00	92	10/19	\$110.00
DOW	Dow Inc.	5.05	55.50	180	12/19	\$65.00
FHN E	First Horizon Corp.	5.75	28.20	355	9/20	\$27.30
FLC	Flaherty & Crumrine Total Ret Fd	6.69	23.67	422	9/19	\$26.50
KEY I	Keycorp Inc.	5.21	29.27	342	9/18	\$28.65
JCE	Nuveen Core Equity Alpha Fund	6.40	14.07	711	6/20	\$17.50
SF C	Stifel Financial Corp.	5.43	28.10	356	1/21	\$28.25

Summary Statistics

Monthly Payout Average:	\$565
Current yield on portfolio:	5.20%
Inception Value: (1/1/21)	\$94,031
Last month's value:	\$94,031
Current value of portfolio	\$94,031
Current value + year to date income:	\$94,031
Year to Date Total Return	0.00%

For Investors Seeking Income and Growth

High-Risk Portfolio

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

Symbol	Issuer	Yield	Price	Qty	Rpt Date	Fair Value
AVGOP	Broadcom Inc.	5.61	1,422.47	7	11/19	\$1,335.00
RILYP	B Riley Financial Inc.	6.66	25.63	390	11/20	\$24.25
DSU	BlackRock Debt Strategies Fund	6.95	10.45	957	3/20	\$13.50
CQP	Cheniere Energy Partners LP	7.34	35.25	284	7/20	\$48.00
CHSCL	CHS Inc.	6.36	29.57	338	3/20	\$28.40
DCUE	Dominion Energy	7.25	100.33	100	2/20	\$122.00
DX	Dynex Capital Inc.	8.76	17.80	562	2/20	\$18.50
FMBIO	First Midwest Corp.	6.17	28.56	350	11/20	\$28.15
NHS	Neuberger Berman High Yield Strat Fd	9.29	11.69	855	2/20	\$14.50
PCI	PIMCO Dyn Cred & Mort Inc Fd	9.85	21.20	472	11/19	\$29.00

Summary Statistics

Monthly Payout Average:	\$647
Current yield on portfolio:	7.43%
Inception Value: (1/1/21)	\$104,189
Last month's value:	\$104,189
Current value of portfolio	\$104,189
Current value + year to date income:	\$104,189
Year to Date Total Return	0.00%

Multi-Driver Portfolio

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

Symbol	Issuer	Yield	Price	Qty	Rpt Date	Fair Value
AEPZ	American Electric Power Co.	6.08	50.63	198	1/21	\$57.00
ATH C	Athene Holding Ltd.	5.71	27.94	358	9/20	\$27.40
BCV	Bancroft Fund LTD	5.21	30.14	332	1/20	\$30.00
BME	BlackRock Health Sci Trust	5.04	47.59	210	12/20	\$50.00
CFG E	Citizen Financial Group	4.72	26.73	374	3/20	\$26.20
UTF	Cohen & Steers Infra Fund Inc.	7.20	25.82	387	11/19	\$33.00
DUK	Duke Energy Corp.	4.22	91.56	109	10/18	\$88.00
EVT	Eaton Vance Tax-Adv Div Inc Fd	7.36	23.65	423	3/19	\$27.00
FFA	First Trust Enhanced Eq Inc Fd	6.47	17.62	568	12/20	\$19.00
NEE Q	NextEra Energy Inc.	6.04	51.37	195	12/20	\$58.00

Summary Statistics

Monthly Payout Average:	\$469
Current yield on portfolio:	5.79%
Inception Value: (1/1/21)	\$99,893
Last month's value:	\$99,893
Current value of portfolio	\$99,893
Current value + year to date income:	\$99,893
Year to Date Total Return	0.00%

INTEREST RATES

Comparative Current Yields

Security Type	Yields 12/31/20	Net Change Month	Net Change Y.T.D.	Spread 12/31/19	Spread 12/31/20
U.S. TREASURIES & EURO BENCHMARKS					
Ten Year	0.92	8	-52%	N/A	N/A
Inflation Indexed	-1.09	-13	-943%	-181	-201
Ten Year Euro(1)	-0.57	0	204%	-141	-149
Euro Spot Rate	1.22	3	9%	N/A	N/A

CORPORATE BONDS²

AAA	1.55	-1	-39%	72	63
AA	1.41	-4	-41%	61	49
BBB	2.05	-11	-36%	132	113
BB	3.32	-27	-12%	275	240
B	4.56	-54	-14%	426	364
CCC-C	8.36	-131	-29%	883	744

PREFERRED STOCKS³

AA&A	4.89	0	-1%	405	397
BBB	5.20	-3	-1%	439	428
BB	5.59	-9	-3%	484	467
B	7.02	5	-3%	613	610

QUALIFIED DIVIDEND INCOME (QDI) PFDS⁴ — Yields —

Investment Grade	5.19	1	0%	616%	567%
Below Inv Grade	5.67	-7	-4%	683%	619%

MUNICIPAL BONDS⁵ — Yields —

AA	2.16	57	19%	189%	236%
A	2.74	84	27%	226%	299%
BBB	3.88	121	50%	317%	424%

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 as 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 rate needs to be, to make munis attractive or to look at them another way, more of their income is retained after taxes.

Update: Model Portfolios and Bank Stocks

(continued from page 1)

certain restrictions imposed earlier in 2020, saying that a second round of stress tests found “strong capital levels.” at the largest U.S. banks. With the change, effective in 1Q 2020, the most profitable banks can pay dividends and make share repurchases as long as they do not exceed average quarterly net income over the prior year. Dividend increases are still prohibited for the time being. This regulatory move acknowledged how well the banking sector has held up during the COVID-19 pandemic.

Here is an issue-specific update on our recommendations:

Common Stocks Revised from HOLD to BUY:

BANKS

Bank of Montreal BMO
Huntington Bancshares HBAN
JPMorgan Chase & Co. JPM
US Bancorp USB

INSURANCE COMPANIES

Mercury General MCY
Principal Financial Group PFG

Common Stocks Remaining at HOLD:

BANKS

New York Community Bancorp NYCB
PacWest Bancorp PACW
Valley National Bancorp VLY

Forbes/Fridson Income Securities Investor

is published monthly by

Income Securities Advisors LLC
244 Fifth Avenue, Suite L229
New York, NY 10001

To subscribe, call toll free: (800) 785 7090.

Subscription by postal or E-mail delivery:

To subscribe go to www.isinewsletter.com

1 year (12 issues), \$195.00 (\$235.00 mail copy); 2 years (24 issues), \$345.00 (\$425.00 mail copy).

Copyright 2021 by Forbes Inc. and Income Securities Advisors LLC

Forbes/Fridson Income Securities Investor (ISI) is a monthly newsletter that is published by Income Securities Advisors LLC and offered to the general public on a subscription basis. ISI's publisher is Martin Fridson, who is CEO of Income Securities Advisors LLC and Chief Investment Officer of Lehmann Livian Fridson Advisors LLC. (See <https://www.llfadvisors.com/>)

ISI provides information, pricing, recommendations, and investment ideas on bonds, preferred stocks, and other income securities. Current and past recommendations are available to subscribers at www.isinewsletter.com. ISI does not guarantee that these securities will produce profits or that they will equal past performance. Although all content is derived from data believed to be reliable, accuracy cannot be guaranteed. Principals, employees, and advisory clients of Income Securities Advisors LLC, companies with which Martin Fridson is affiliated, and Forbes, Inc. may be holders of securities recommended herein. ISI is not a dealer in bonds or other securities, nor are its principals engaged in such activities. For information: **Newsletter:** 800-785-7090, ext. 10 (Administrator), ext. 11 (Editor), ext. 12 (General Information) or chiefeditor@isinewsletter.com. **Advisory services:** 212-319-8903 or mlivian@llfadvisors.com.

Editor: Martin Fridson
Senior Contributing Analyst: Joe Labriola
Copy Editor: Sagar Shah
Subscriber Services: 800-785 7090

Forbes Newsletter Group
Editor: Matthew Schiffrin
Subscription Services:
866-891-2748