

# Income Securities

BUILDING YOUR WEALTH WITH BONDS, CONVERTIBLES & PREFERREDS INVESTOR

**CELEBRATING OUR 40TH YEAR**

Volume XXXX Issue 1

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ALL PRICING AS OF 12/31/21

Martin Fridson, CFA, Editor

## Pick of the Month

Pfizer's common stock currently offers a 2.71% annualized yield and its current price is 16% below our fair value estimate. Its 2021 total return was a robust 66.74%. This leading pharmaceutical company, founded in 1849, produces vaccines and medicines for immunology, oncology, cardiology, endocrinology, and neurology. It has developed such successful drugs as Lipitor, Viagra, and Zolofit. Currently, Pfizer is playing a leading role in the treatment of COVID-19 with its vaccine and its plan to receive approval from the FDA for its oral antiviral drug PAXLOVID. Dividends are qualified and taxed at the lower, more favorable Federal tax rate. For details see page 4.

## Smart Investing in 2022

The Fed has already begun cutting back on its bond purchases and is expected to start raising short-term interest rates this year. Higher rates are unfavorable for fixed-rate income securities and there is a risk that the Powell and company will overshoot and trigger an economic setback. It is also possible that the Fed will act too slowly, causing an inflationary mindset to take hold.

No law requires you to choose one scenario and go all-in on it with your investment choices. After all, the most celebrated economic forecasters got famous

## You need not go all-in on one economic forecast.

by making one spectacularly good call and boasting about it ever since, not by compiling a long record of consistently accurate predictions. A better way to invest is to follow two principles: (1) Own a variety of assets, so that part of your portfolio will be the best type to hold, whatever conditions prevail. (2) Focus on returns over a full market cycle rather than hurting yourself by reacting to each rally and pullback along the way.

*continued on page 11*

Model Portfolios*	2017	2018	2019	2020	2021	Cum. Growth of \$1
Low Risk	9.50%	4.92%	18.06%	6.48%	12.52%	\$1.63
Medium Risk	7.67%	10.20%	13.34%	-0.11%	9.53%	\$1.47
High Risk	8.38%	12.54%	8.28%	-3.45%	14.93%	\$1.47
Multi-Driver	15.54%	9.38%	19.91%	11.40%	14.31%	\$1.93

  

Mkt. Indexes*	2017	2018	2019	2020	2021	Cum. Growth of \$1
BIG Bonds	7.48%	-2.27%	14.41%	6.17%	5.36%	\$1.34
BIG Preferreds	10.43%	-4.99%	19.59%	8.61%	6.24%	\$1.45
REITs	5.13%	-4.51%	25.89%	-7.83%	42.46%	\$1.66

\*Total Return

## Preferreds versus Bonds

A subscriber told us his broker offered a free portfolio review. The main result was a recommendation to replace all his preferreds with bonds. Preferreds, the broker reportedly said, are essentially no different from common stocks.

Of course, that statement is incorrect in the sense that preferred dividends are contractual commitments, while common dividends are legally at the board's discretion every quarter. Missing a preferred dividend is not an event of default, unlike failing to pay a scheduled bond coupon, but it is not without consequences for the company. No common dividends can be paid until the preferred dividend arrearages are made up.

The broker's real criticism of preferreds, however, is that they have a lower priority than bonds for recovery in the event of bankruptcy. This is a valid point, but it omits half the story. The market rewards pre-

ferred holders for the greater risk of principal loss in the relatively rare instance of the issuer going bust and consequently failing to repay principal in full.

## Every investment decision involves a risk-reward tradeoff.

If expected recovery in bankruptcy were the sole consideration for deciding what kinds of securities to own, no rational investor would ever buy a common stock. In that asset class, a likely recovery percentage is zero. At the other extreme, bankruptcy and principal loss are effectively non-considerations for Treasuries, currently yielding 1.50% for a 10-year maturity. The point is that like every other investment decision, the choice between preferreds and bonds involves a risk-reward tradeoff.

*continued on page 2*

## SEE PAGE 10 for 2022 Model Portfolio Composition

### Low-Risk 2021 Model Portfolio Removed Issues

Bank of America Corp. – 7.25% Optional Convertible Preferred (BAC-L)  
Federal Agricultural Mortgage Corp.(Farmer Mac) – 5.70% Preferred Stock (AGM-D)  
Nuveen Enhanced AMT-Free Municipal Credit Opportunities Fund – Closed-End Fund (NVG)  
Portland General Electric Co. – Common Stock (POR)  
UGI Corp.- Common Stock (UGI)  
Truist Financial Corp. - 5.25% Preferred Stock (TFC-O)  
Virtus Dividend, Interest & Premium Strategy Fund – Closed-End Fund (NFJ)

### Low-Risk Model Portfolio Replacements for 2022 (Alphabetically)

Charles Schwab Corp. – 4.45% Preferred Stock (SCHW-J)  
Delaware Enhanced Global Dividend & Income Fund – Closed-End Fund (DEX)  
Entergy Corp. – Common Stock (ETR)  
Federal Agricultural Mortgage Corp. (Farmer Mac) – 5.25% Preferred Stock (AGM-F)  
Pfizer, Inc. – Common Stock (PFE)  
Virtus AllianzGI Artificial Intelligence & Technology Opportunities Fund – Closed-End Fund (AIO)  
Wells Fargo & Company – 4.70% Preferred Stock (WFC-A)

### Medium-Risk 2021 Model Portfolio Removed Issues

Boston Scientific Corp. – 5.50% Mandatory Convertible Preferred (BSX-A)  
Bunge Ltd. – 4.875% Optional Convertible Preferred (BGEPF)  
First Horizon Corp.- 6.50% Preferred Stock (FHN-E)  
Flaherty & Crumrine Total Return Fund, Inc. – Closed-End Fund (FLC)  
KeyCorp, Inc. – 6.125% Preferred Stock (KEY-I)  
Nuveen Core Equity Alpha Fund – Closed-End Fund (JCE)

### Medium-Risk Model Portfolio Replacements for 2022 (Alphabetically)

Atlantic Union Bankshares Corp. – 6.875% Preferred Stock (AUBAP)  
Liberty All-Star Growth Fund, Inc. – Closed-End Fund (ASG)  
Selective Insurance Group, Inc. – 4.60% Preferred Stock (SIGIP)  
Tekla World Healthcare Fund – Closed-End Fund (THW)  
UGI Corp. – 7.25% Mandatory Convertible Preferred Stock (UGIC)  
Viper Energy Partners, LP – Master Limited Partnership/Common Stock (VNOM)

### High-Risk 2021 Model Portfolio Removed Issues

Broadcom, Inc. – 8.00% Mandatory Convertible Preferred Stock (AVGOP)  
B. Riley Financial, Inc. – 6.875% Preferred Stock (RILYP)  
CHS, Inc. – 7.50% Preferred Stock (CHSCL)  
Dominion Energy, Inc. – 7.25% Mandatory Convertible Equity Units (DCUE)  
Dynex Capital, Inc. – Common Stock (DX)  
Neuberger Berman High Yield Strategies Fund – Closed-End Fund (NHS)  
PIMCO Dynamic Credit and Mortgage Income Fund – Closed-End Fund (PCI)

### High-Risk Model Portfolio Replacements for 2022 (Alphabetically)

Calamos Global Total Return Fund – Closed-End Fund (CGO)  
Clarivate Plc – 5.25% Mandatory Convertible Preferred Stock (CLVT-A)  
Clough Global Opportunities Fund – Closed-End Fund (GLO)  
Crestwood Equity Partners, LP – Master Limited Partnership (CEQP)  
Gaming and Leisure Properties, Inc – Common Stock (GLPI)  
Medallion Bank – 8.00% Preferred Stock (MBNKP)  
Sunoco, LP – Master Limited Partnership (SUN)

### Multi-Driver 2021 Model Portfolio Removed Issues

Athene Holding, Ltd. – 6.375% Preferred Stock (ATH-C)  
Bancroft Fund, Ltd. – Closed-End Fund (BCV)  
BlackRock Health Sciences Trust – Closed-End Fund (BME)  
Citizens Financial Corp. – 5.00% Preferred Stock (CFG-E)  
Cohen & Steers Infrastructure Fund – Closed-End Fund (UTF)  
Duke Energy Corp. – Common Stock (DUK)  
Eaton Vance Tax-Advantaged Dividend Income Fund – Closed-End Fund (EVT)  
First Trust Enhanced Equity Income Fund – Closed-End Fund (FFA)  
NextEra Energy, Inc. – 6.219% Mandatory Equity Units (NEE-Q)

### Multi-Driver Model Portfolio Replacements for 2022 (Alphabetically)

AbbVie, Inc. – Common Stock (ABBV)  
BlackRock Utilities Infrastructure & Power Opportunities Trust – Closed-End Fund (BUI)  
Huntington Bancshares, Inc. – 4.50% Preferred Stock (HBANP)  
II-VI, Inc. – 6.00% Mandatory Convertible Preferred Stock (IIVIP)  
Medical Properties Trust, Inc. – Common Stock/REIT (MPW)  
PGIM Global High Yield Fund, Inc. – Closed-End Fund (GHY)  
John Hancock Financial Opportunities Fund – Closed-End Fund (BTO)  
Signature Bank – 5.00% Preferred Stock (SBNYP)  
TC Energy Corp. – Common Stock (TRP)

## Preferreds versus Bonds

(continued from page 1)

Using the 2021 Model Portfolios displayed on page 9, we were able to compare eight nonconvertible preferreds with same-issuer bonds, matched as closely as possible by dividend rate and coupon percentage. As of November 15, 2021, yield-to-worst (YTW) was higher on the preferreds than on the corresponding bonds by an average of 109 basis points.

Because outliers can distort computations on such a small sample, we also calculated the average excluding the preferred-bond pair with the biggest yield advantage for the preferred and the one pair in which the bond had a higher YTW. The answer was unchanged at 109 basis points.

Sacrificing 1.09 percentage points of annual income is no minor consideration with interest rates currently at extremely low levels by historical standards. True, preferreds' lower place in the creditor hierarchy does not matter solely in bankruptcy. When credit risk in-

creases for specific issuers or for corporations as a group, preferreds generally experience bigger percentage price declines than bonds. But as long as the preferred dividend is being paid, income investors' primary objective continues to be satisfied. And those who view downturns as buying opportunities can expect bigger rebounds on preferreds than on bonds.

Assessing the tradeoff between yield and value in bankruptcy is ultimately a subjective decision. Highly risk-averse investors will feel better satisfied with bonds' lower yields than their more risk-tolerant peers. Investors who are comfortable with preferreds' price swings needn't simply resign themselves to a rollercoaster ride. They can manage volatility by paying attention to credit ratings, remembering that the highest-yielding preferreds are generally the riskiest, and diversifying by industry and issuer.

### Preferred Stocks

**Brookfield Infrastructure Partners, LP;** 5.00% Fixed Rate, Class A Cumulative Perpetual Partnership Units; Par \$25.00; Annual Cash Distribution \$1.25; Current Price \$25.33; Current Indicated Yield 4.93%; Call Date 02/16/26 at \$25.00; Yield to Call 4.65%; Pay Cycle 3m; Exchange NYSE; Ratings, Moody's NR, S&P BBB-; CUSIP G16252275; Symbol BIP-B ([www.bip.brookfield.com](http://www.bip.brookfield.com))

Brookfield Infrastructure Partners, L.P. (BIP) is an MLP and one of the largest owner-operators of global infrastructure networks, facilitating the transportation of energy, water, freight, data and passengers. The partnership's strategy is to acquire high-quality businesses and dispose of assets for capital reinvestment. BIP's assets are located in North and South America, Europe, Asia, and Australia. This issue is callable at par, plus any declared and unpaid distributions on 02/16/26 or any time thereafter. **Distributions are not qualified and taxed as ordinary income. Investors will receive a K-1 from the partnership, which will provide a single income item equal to the preferred return.** BIP reported 3Q 2021 funds from operations (FFO) of \$422.0 million or \$0.89 per common unit, topping analysts' estimates by a penny. FFO results rose 15.6% from a year ago, supported by strong growth from the partnership's base businesses and the contribution from Inter Pipeline, Ltd, which was privatized on October 28, 2021. Capital and cash flow remained robust, while revenue and earnings momentum strong. **This investment is suitable for medium-risk taxable portfolios. Buy at \$25.75 or lower for a 4.85% current yield and a 4.21% yield to call.**

**Medallion Bank;** 8.00% Fixed-to-Float, Series F, Non-Cumulative Perpetual; Par \$25.00; Annual Fixed Rate Cash Dividend \$2.00; Current Price \$23.55; Current Indicated Yield 8.49%; Call Date 04/01/25 at \$25.00; Yield to Call 10.08%; Pay Cycle 1b; Exchange NASDAQ; Ratings, Moody's NR, S&P NR; CUSIP 58403B205; Symbol MBNKP ([www.medallion.com](http://www.medallion.com))

Medallion Bank (MBNK) is a subsidiary of Medallion Financial Corp. (MFN), a specialty finance company. MBNK, based in Salt Lake City, specializes in non-prime recreational financing and prime-credit sales financing for home improvement contractors. The bank is regulated by the FDIC and the Utah Department of Financial Institutions. MFN provides flexible debt solutions for a range of transactions in-

### Closed-End Funds

**BlackRock Utilities, Infrastructure & Power Opportunities Trust (REVIEW);** Current Price \$26.62; Current Annualized Yield 5.45%; Exchange NYSE; Premium to Net Asset Value +2.53%; Pay Cycle Me; Expense Ratio 1.13%; Leverage Ratio 0.00%; CUSIP 09248D104; Family Closed-End Fund; Symbol BUI ([www.blackrock.com](http://www.blackrock.com))

BlackRock Utilities, Infrastructure & Power Opportunities Trust (BUI) is a non-leveraged closed-end fund with a five-star rating by Morningstar. **We initially recommended BUI for low- to medium-risk portfolios in June 2016 (see June 2016 Newsletter or Website for details). The fund revised its name from BlackRock Utility and Infrastructure Trust in September 2017.** BUI seeks to provide total return through a combination of current income, current gains, and long-term capital appreciation by investing in equity securities of Utilities and Infrastructure companies worldwide. Under normal

cluding buyouts and acquisitions. The bank reported record quarterly net income of \$19.7 million in 3Q 2021, with exceptionally strong capital ratios. MBNK's earnings results helped its parent company's financial results top analysts' estimates. Credit quality remains sound with lower consumer defaults and increased recoveries. Annualized net charge-offs of 1.6% of average loans were down sharply from 5.1% a year ago. Note that MBNK lacks size and scale, with just \$1.5 billion in total assets despite solid financials. This issue is fixed rate up until, but not including the 04/01/25 call date. The dividend floats at the Secured Overnight Financing Rate (SOFR) +6.46% on 04/01/25, and adjusts on every payment date thereafter. Dividends on this preferred are qualified and taxed at the 15%-20% rate. **This security is suitable for high-risk taxable portfolios. Buy at \$26.50 or lower for a 7.55% current yield and a 5.98% yield to call.**

**Selective Insurance Group, Inc.** 4.60% Fixed Rate; Non-Cumulative Perpetual; Par \$25.00; Annual Cash Dividend \$1.15; Current Price \$25.90; Current Indicated Yield 4.44%; Call Date 12/15/25 at \$25.00; Yield to Call 3.63%; Pay Cycle 3m; Exchange NASDAQ; Ratings, Moody's Ba1, S&P BB+; CUSIP 816300503; Symbol SIGIP ([www.selective.com](http://www.selective.com))

Selective Insurance Group, Inc. (SIGI) is a commercial property and casualty (P&C) insurance company with a large portion of its operations in the New York metropolitan area. SIGI also operates a small personal lines segment that underwrites auto and homeowners insurance coverage. The company offers a broad range of commercial products and services to small businesses, public entities, and individuals through independent agents located nationwide. Commercial products typically include workers' compensation, general liability, property insurance, and auto. SIGI's preferred is callable on 12/15/25, or any time thereafter, at par plus any declared but unpaid dividends. Net operating income was a solid \$71.3 million or \$1.18 per share in 3Q 2021, closely approaching analysts' \$1.17 estimates. Operating results rose 12% from a year ago on higher revenues, helped by 13% net premium growth and a 35% jump in net investment income. The recently reported quarter's underwriting results were profitable, despite Hurricane Ida accounting for net catastrophe losses of \$43.0 million. **This preferred issue is suitable for medium-risk taxable portfolios. Dividends are qualified and taxed at the 15%-20% rate. Buy at or below \$26.30 for a current yield of 4.37% and yield to call of 3.20%.**

market conditions, the Trust invests at least 80% of total assets in equity securities of Utilities or Infrastructure companies. In addition to common stocks, ETFs, and MLPs, BUI may invest in preferred and convertible securities. As of 09/30/21, the portfolio was largely composed of Utilities (48.8%), Capital Goods (24.8%), and Energy (8.0%). The fund's top five holdings were NextEra Energy (7.63%), Enel SpA (4.78%), RWE AG (3.12%), Johnson Controls (2.90%), and Waste Management (2.90%). Performance has been solid, with BUI reporting +12.41% market price total return for 2021. Dividends on this investment are taxed on a variable basis, based on the mix of income, gains, and appreciation. **We continue to recommend BUI as a BUY for low- to medium-risk portfolios and are raising the fund's fair value price from \$19.90 to \$33.50 for a 4.33% current yield.**

# 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.

## Common Stocks

**Pfizer, Inc. (REVIEW);** Current Price \$59.05; Current Annualized Yield 2.71%; Last Dividend Paid 12/06/21; Exchange NYSE; Ratings, A2, S&P A+; Pay Cycle 3b; CUSIP 717081103; Family Common Stock; Symbol PFE ([www.pfizer.com](http://www.pfizer.com))

Pfizer, Inc (PFE) is a leading pharmaceutical company that develops and manufactures healthcare products worldwide. PFE operates its business through segments that include Primary Care, Primary Specialty Care and Oncology, Established Products and Emerging Markets, Animal and Consumer Healthcare, and Nutrition. The company offers both branded and generic medications. **We initially recommended PFE as a Buy for all risk portfolios in October 2015** (see Newsletter or Website for details). Dividends are qualified and taxed at the lower, more favorable Federal tax rate. The company is

leading the treatment of COVID-19 with its vaccine and its plan to receive approval from the FDA for its oral antiviral drug PAXLOVID. PFE reported exceptionally strong 3Q 2021 earnings, with adjusted net income of \$7.69 billion or \$1.34 per share, easily beating analysts' \$1.08 estimates. Bottom-line adjusted earnings soared 133% from a year ago on the strength of the company's vaccine, now marketed under the name Comirnaty. Record quarterly revenue of \$24.1 billion was more than double the year-ago figure. As result of the exceptional results, management raised PFE's full-year 2021 revenue and earnings guidance. Look for 2022 guidance to be raised as well. Although vaccine shots are likely to decline in 2022, the approval of PAXLOVID should bridge a good part of the decline. **With this review we recommend PFE for low- to medium- risk taxable portfolios and raise the fair value price to \$70.00 from \$33.90 for a 2.29% annualized yield.**

## Mandatory Convertible Preferred Stocks

**Clarivate Plc** 5.25% Series A, Mandatory Convertible, Cumulative Preferred, due 06/01/24; Par \$100; Annual Cash Dividend \$5.25; Current Price \$90.86; Current Indicated Yield 5.78%; Conversion/Maturity Date 06/01/24; Yield to Call NA; Pay Cycle 3b; Exchange NYSE; Ratings, Moody's NR, S&P NR; CUSIP G21810208; Symbol CLVT-A ([www.clarivate.com](http://www.clarivate.com))

Clarivate Plc (CLVT) is a leading global provider of actionable information and analytics for customers who require resources and solutions for timely and critical decisions. Based in London, the company focuses on five key segments: Academia, Corporate, Government, Legal Services, and Life Sciences and Healthcare. The 5.25% preferred shares are mandatorily convertible on 06/01/24 into CLVT common shares, based on the average common price for 20 consecutive trading days immediately prior to the conversion date. The conversion rate is 3.2052 common shares for each preferred share if the common market price is equal to or greater than \$31.20 and 3.8462 common shares if the common price is equal to or less than \$25.99. For market prices between the aforementioned values, the settlement will be \$100 divided by the common value. Preferred shares can be converted at any time by holders into 3.2052 common shares. CLVT reported 3Q 2021 adjusted net income of \$113.6 million, up 94% from a year ago on strong revenue growth, which jumped 54% year-over-year. Adjusted earnings per share of \$0.16 matched analysts' estimates. Revenues of \$442.2 million were in line with expectations. **CLVT's convertible preferred pays qualified dividends that are taxed at the 15% - 20% rate. This investment is suitable for medium- to high-risk taxable portfolios. Buy at or below \$100.00 for a 5.25% current yield.**

Current Price \$283.02 Current Indicated Yield 4.24%; Conversion/Maturity Date 07/01/23; Yield to Call NA; Pay Cycle 1b; Exchange NASDAQ; Ratings, Moody's NR, S&P NR; CUSIP 902104306; Symbol IIVIP ([www.ii-vi.com](http://www.ii-vi.com))

II-VI, Inc. (IIVI) is a global leader in engineered materials and optoelectronic components. IIVI develops products for diversified applications in the Industrial, Aerospace & Defense, Life Sciences, Communications, Semiconductor Capital Equipment, and Consumer Electronics sectors. **We initially recommended this mandatory convertible preferred in November 2020 for medium-risk taxable portfolios (see Newsletter or Website for details). Dividends are qualified and taxed at the 15% - 20% rate.** Preferred shares mandatorily convert into IIVI common shares on 07/01/23. The conversion will be based on the price of common shares for 20 consecutive trading days immediately preceding the conversion date. The settlement rate is 3.8760 common shares for each preferred unit if the common price is equal to or greater than \$51.5996 and 4.6512 common shares if the common is equal to or less than \$42.997. For market prices between the two aforementioned values, the settlement is \$200 divided by the market value. IIVI reported strong fiscal 3Q 2021 adjusted net operating income of \$141.0 million or \$0.91 per share, topping analysts' \$0.88 estimates. Adjusted results were up 50% from a year earlier on higher sales and total revenue. The company is set to acquire Coherent, Inc. (COHR), one of the world's leading providers of laser-based technologies and solutions for \$6.9 billion in early 2022. We expect the acquisition to be accretive to IIVI's earnings. **With this review we continue to recommend IIVI's convertible preferred for medium-risk taxable portfolios. We are also raising the issue's fair value price to \$295.00 from \$220.00.**

**II-VI, Inc. (REVIEW);** 6.00% Series A, Mandatory Convertible Preferred Stock, due 07/01/23; Par \$200; Annual Cash Dividend \$12.00;

## Master Limited Partnerships

**Lazard Ltd.;** Current Price \$43.63; Current Annualized Yield 4.31%; Last Dividend Paid 11/19/21; Exchange NYSE; Ratings, Moody's Baa3, S&P BBB+; Pay Cycle 3b; CUSIP G54050102; Family Master Limited Partnership; Symbol LAZ ([www.lazard.com](http://www.lazard.com))

Lazard Ltd. (LAZ) is a financial advisory and asset management MLP. The partnership operates through two primary business segments – Financial Advisory and Asset Management. LAZ

serves a range of clients worldwide that include corporations, governments, financial institutions, partnerships, and individuals. The Financial Advisory segment offers advisory services to corporate, partnership, institutional, government, and individual clients. The Asset Management segment provides investment solutions and management services in equity and fixed income strategies, alternative

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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
<b>BONDS</b>													
NYSE	ANR Pipeline Co	7.000	6/1/2025	001814AS1	115.02	6.1	2.3	A3	BBB+	N/A	N/A	2.3	BUY
OTC	BB&T Corporation	3.875	3/19/2029	05531GAB7	110.72	3.5	2.2	A3	BBB+	2/16/2029	100.0	2.2	BUY
OTC	Boeing Company	5.150	5/1/2030	097023CY9	116.96	4.4	2.8	Baa2	BBB-	2/1/2030	100.0	2.8	BUY
OTC	Consolidated Natural Gas	6.800	12/15/2027	209615BS1	123.00	5.5	2.5	Baa2	BBB	N/A	N/A	2.5	SELL
OTC	Energy Transfer Operating, LP	3.750	5/15/2030	29278NAQ6	106.27	3.5	2.9	Baa3	BBB-	2/15/2030	100.0	2.8	BUY
OTC	JPMorgan Chase & Co	4.625	N/A	48128BAD3	99.84	4.6	2.8	Baa2	BBB-	11/1/2022	100.0	2.8	BUY
OTC	Kentucky Utilities Company	4.375	10/1/2045	491674BL0	118.83	3.7	3.2	A1	A	4/1/2045	100.0	3.2	BUY
OTC	Louisville Gas & Electric Co	4.250	4/1/2049	546676AY3	122.32	3.5	3.0	A1	A	10/1/2048	100.0	3.0	BUY
OTC	Office Depot Inc	5.000	3/1/2030	023663AB3	85.21	5.9	7.4	WR	NR	1/31/2022	101.5	7.4	HOLD
OTC	PG&E	5.250	7/1/2030	69331CAJ7	104.86	5.0	4.5	B1	BB-	7/1/2025	102.6	4.4	BUY
OTC	Safeway Inc	7.250	2/1/2031	786514BA6	118.30	6.1	4.7	Ba3	B+	N/A	N/A	4.7	BUY
OTC	Sprint Capital Corp	6.875	11/15/2028	852060Ad4	126.99	5.4	2.5	Ba2	BB+	N/A	N/A	2.5	HOLD
OTC	Vale Overseas Limited	6.875	11/21/2036	91911TAH6	132.83	5.2	3.9	Baa3	BBB-	N/A	N/A	3.9	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
<b>BELOW INVESTMENT GRADE CONVERTIBLE BONDS</b>												
NYSE	Dish Network Corp	3.4	8/15/2026	94.8	3.6	4.6	B2	CCC	15.34	32.4	4.64	BUY
OTC	Liberty Interactive LLC	4.0	11/15/2029	75.5	5.3	8.2	B2	B	1.000	N/A	8.22	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
CQP	NYSE	Cheniere Energy Partners, LP	42.24	6.46	Var	45.75	34.54	11/12/2021	3e	6.46	48.00	BUY
CEQP	NYSE	Crestwood Equity Partners, LP	27.59	9.06	Var	33.94	18.05	11/12/2021	2m	9.06	35.00	BUY
DKL	NYSE	Delek Logistics Partners, LP	42.73	8.89	Var	51.56	31.01	11/10/2021	2m	8.89	48.00	BUY
ET	NYSE	Energy Transfer Limited	8.23	7.41	Var	11.55	6.03	11/19/2021	2m	7.41	10.00	BUY
EPD	NYSE	Enterprise Products Partners, LP	21.96	8.20	Var	25.69	19.28	11/12/2021	2m	8.20	30.00	BUY
EVA	NYSE	Enviva Partners LP	70.42	4.77	Var	73.34	44.40	11/26/2021	2e	4.77	58.00	BUY
GPP	NYSE	Green Plains Partners Ltd	14.2	12.21	Var	16.02	8.03	11/12/2021	3m	12.21	15.00	HOLD
HESM	NYSE	Hess Midstream Partners LP	27.63	7.39	Var	30.35	18.88	11/12/2021	3m	7.39	21.00	BUY
HEP	NYSE	Holly Energy Partners, L.P	16.49	8.49	Var	23.69	13.71	11/12/2021	2m	8.49	28.00	BUY
LAZ	NYSE	Lazard Ltd	43.63	4.31	Var	53.00	38.68	11/19/2021	3b	4.31	55.00	BUY
MMP	NYSE	Magellan Midstream Partners, LP	46.44	8.94	Var	53.85	39.93	11/12/2021	2m	8.94	50.00	BUY
MPLX	NYSE	MPLX LP	29.59	9.53	Var	31.68	21.27	11/19/2021	2m	9.53	25.00	BUY
NEP	NYSE	NextEra Energy Partners, LP	84.4	3.25	OI	88.80	63.50	11/12/2021	2m	3.25	57.00	BUY
OMP	NYSE	Oasis Midstream Partners, LP	23.91	9.37	Var	35.70	11.48	11/29/2021	2e	9.37	24.00	BUY
PSXP	NYSE	Phillips 66 Partners LP	36.07	9.67	Var	42.17	24.21	11/12/2021	3m	9.67	56.25	HOLD
SUN	NYSE	Sunoco LP	40.83	8.09	Var	42.57	28.33	11/19/2021	2m	8.09	54.00	BUY
VNOMNASDAQ		Viper Energy Partners LP	21.31	7.13	15%	25.32	11.35	11/18/2021	3m	7.13	28.50	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
<b>PREFERRED</b>															
AUBAP	Atlantic Union Bankshares Corp	6.88	1.72	15%	3b	04911A206	28.00	6.17	N/A/N/A	9/1/2025	25.00	3.55	PERP	28.50	BUY
RILYP	B Riley Financial Inc	6.88	1.72	15%	1e	05580M876	27.00	6.38	N/A/N/A	10/7/2024	25.00	4.18	PERP	24.25	BUY
BIP B	Brookfield Infrastructure Partners, LP;	5.50	1.38	OI	3m	G16252275	26.50	5.19	N/A/BBB-	12/31/2025	25.00	3.89	PERP	25.75	BUY
SCHW J	Charles Schwab Corp.	4.45	1.11	15%	3b	808513865	26.11	4.26	Baa2/BBB	6/1/2026	25.00	3.37	PERP	27.00	BUY
CHWCL	CHS Inc	7.50	1.88	15%	3e	12542R803	28.48	6.57	N/A/N/A	1/21/2025	25.00	2.59	PERP	28.40	BUY
EQHC	Equitable Holdings, Inc	4.30	1.08	15%	3m	29452E408	25.25	4.27	Ba1/BBB-	3/15/2026	25.00	4.10	PERP	25.85	BUY
AGM F	Federal Agricultural Mortgage Corp.	5.25	1.31	15%	1m	313148868	26.21	5.02	N/A/N/A	10/17/2025	25.00	3.81	PERP	26.80	BUY
AGM D	Federal Agricultural Mortgage Corp.	5.70	1.43	15%	3m	313148868	27.07	5.29	N/A/N/A	7/17/2024	25.00	2.23	PERP	26.85	BUY
FHN E	First Horizon Corp	6.50	1.63	15%	1m	320517402	27.59	5.88	Baa2/N/A	10/10/2025	25.00	3.38	PERP	27.30	BUY
FMBIO	First Midwest Bancorp Inc	7.00	1.75	15%	2m	320867500	28.34	6.21	Ba1 *+NR	8/20/2025	25.00	3.33	PERP	28.80	BUY
HWCPZ	Hancock Whitney Corp.	6.25	1.56	15%	3m	410120406	28.98	5.43	Baa3/BBB-	6/15/2025	25.00	1.48	6/15/2060	29.50	BUY
HBANP	Huntington Bancshares, Inc.	4.50	1.13	15%	1m	S44615082	26.28	4.28	Baa3/BB+	4/15/2026	25.00	3.17	PERP	26.80	BUY
JPM J	JP Morgan Chase & Co	4.75	1.19	15%	3b	48128B622	26.34	4.49	Baa2/BBB-	12/1/2024	25.00	2.82	PERP	27.85	BUY
JPM K	JP Morgan Chase & Co	4.55	1.14	15%	3b	48128B580	26.11	4.34	Baa2/BBB-	6/1/2026	25.00	3.45	PERP	27.00	BUY
KEY I	KeyCorp	6.13	1.53	15%	3m	493267702	30.24	5.04	Baa3/BB+	12/15/2026	25.00	1.61	PERP	28.65	BUY
MBNKP	Medallion Bank	8.00	2.00	15%	1b	58403B205	23.55	8.55	N/A/N/A	4/1/2025	25.00	9.78	PERP	26.50	BUY
RF C	Regions Financial Corp.	5.70	1.43	15%	2m	7591EP704	28.90	4.91	Ba1 *+BB+	5/15/2029	25.00	3.33	PERP	29.00	BUY
RF E	Regions Financial Corp	4.45	1.11	15%	3m	7591EP886	25.40	4.39	Ba1 *+BB+	6/15/2026	25.00	4.14	PERP	25.90	BUY
SIGIP	Selective Insurance Group, Inc	4.60	1.15	15%	3m	816300503	25.90	4.45	Ba1/BB+	12/15/2025	25.00	3.68	PERP	26.30	BUY
SBNYP	Signature Bank New York	5.00	1.25	15%	3e	82669G203	26.18	4.78	Ba1/N/A	12/30/2025	25.00	3.74	PERP	26.65	BUY
SF C	Stifel Financial Corp.	6.13	1.53	15%	3m	860630870	27.13	5.65	N/A/BB-	6/15/2025	25.00	3.56	PERP	28.25	BUY
TDS U	Telephone and Data Systems, Inc	6.63	1.66	15%	3e	879433787	27.46	6.01	Ba3/B	3/31/2026	25.00	3.90	PERP	27.75	BUY
TCBIO	Texas Capital Bancshares, Inc	5.75	1.44	15%	3m	88224Q305	27.01	5.35	Ba2/B+	6/15/2026	25.00	3.77	PERP	26.85	BUY
TFC O	Truist Financial	5.25	1.31	15%	3b	89832Q745	27.78	4.72	Baa2/BBB-	6/1/2025	25.00	1.92	PERP	27.80	BUY
WAFDP	Washington Federal Inc	4.88	1.22	15%	1m	938824307	26.21	4.67	Baa3/N/A	4/15/2026	25.00	3.61	PERP	26.20	BUY
WFC A	Wells Fargo & Co.	4.70	1.18	15%	3m	94988U128	25.80	4.54	Baa2/BB+	12/15/2025	25.00	3.78	PERP	26.35	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.

Symbol	Issuer	Issue %	Div. \$	Tax	CUSIP	Current Price \$	Current Yield %	Moody's/S&P Ratings	Conversion Rate	Premium Percent %	Common Price \$	Fair Value \$	Recom- mend
<b>MANDATORY CONVERTIBLE PREFERRED</b>													
HIVIP	MD II-VI, Inc.	6.00	12.00	15%	902104306	283.02	4.24	N/A/N/A	3.880	6.86	68.33	295.00	BUY
AEPZ	MD American Electric Power Co.	6.13	3.06	OI	816851505	52.60	5.84	N/A/BBB	0.500	17.95	88.97	57.00	BUY
AVGOP	MD Broadcom, inc.	8.00	80.00	15%	11135F200	2075.39	3.86	N/A/N/A	3.070	1.29	665.41	1625.00	BUY
BDXB	MD Becton Dickinson	6.00	3.00	15%	075887109	52.75	5.69	N/A/N/A	0.174	20.82	251.48	70.00	BUY
CLVT A	MD Clarivate Plc	5.25	5.25	15%	G21810208	90.86	5.79	N/A/N/A	3.210	20.46	23.52	100.00	BUY
NEEQ	MD NextEra Energy Inc.	6.22	3.11	OI	65339F739	57.91	5.37	N/A/BBB	0.541	14.57	93.36	58.00	BUY
UGIC	MD UGI Corp	7.25	7.25	15%	902681113	104.98	6.95	N/A/N/A	1.900	19.60	45.91	110.00	BUY
<b>OPTIONAL CONVERTIBLE PREFERRED</b>													
BACL	OP Bank Of America Corp	7.25	72.50	15%	060505682	1445.40	5.01	Baa3/BBB-	20.000	62.8	44.49	1450.00	BUY
BGEPF	OP Bunge Ltd	4.88	4.88	OI	EP0237628	126.74	3.85	Ba1/BB+	1.251	6.3	93.36	110.00	BUY
RPT D	OP RPT Realty	7.25	3.63	OI	751452608	58.91	6.15	N/A/N/A	3.796	16.2	13.38	60.00	BUY
WFCL	OP Wells Fargo & Company	7.50	75.00	15%	949746804	1490.53	5.03	Baa2/BB+	6.381	387.9	47.98	1650.00	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
ABBV	NYSE	AbbVie, Inc.	00287Y109	135.40	4.17	15%	136.83	101.81	2/15/2022	4.17	US	145.00	BUY
BX	NYSE	Blackstone Group LP	09253U108	129.39	3.37	15%	149.78	61.27	11/8/2021	3.37	US	100.00	BUY
DOW	NYSE	Dow Inc	260557103	56.72	4.94	15%	71.38	51.33	12/10/2021	4.94	US	65.00	BUY
DUK	NYSE	Duke Energy Corp.	26441C204	104.90	3.76	15%	108.38	85.56	12/16/2021	3.76	US	88.00	BUY
DEA	NYSE	Easterly Government Properties, Inc.	27616P103	22.92	4.62	OI	23.65	19.64	11/24/2021	4.62	US	26.00	BUY
ETR	NYSE	Entergy Corp	29364G103	112.65	3.59	15%	115.02	85.78	12/1/2021	3.59	US	120.00	BUY
XOM	NYSE	Exxon Mobil Corp	30231G102	61.19	5.75	15%	66.38	41.00	12/10/2021	5.75	US	55.00	BUY
AGM	NYSE	Federal Agriculture Mortgage Corp.	313148306	123.93	2.84	15%	137.01	73.14	12/31/2021	2.84	US	115.00	BUY
GLPI	NASDAQ	Gaming and Leisure Properties, Inc.	36467J108	48.66	5.51	OI	51.19	38.88	1/7/2022	5.51	US	56.00	BUY
HP	NYSE	Helmerich & Payne, Inc	423452101	23.70	4.22	15%	36.26	20.93	2/28/2022	4.22	US	36.00	BUY
IBM	NYSE	International Business Machines, Corp.	459200101	133.66	4.91	15%	145.99	112.10	12/10/2021	4.91	US	125.00	BUY
KIM	NYSE	Kimco Realty Corp.	49446R109	24.65	2.76	OI	24.95	14.28	12/23/2021	2.76	US	25.00	BUY
MPW	NYSE	Medical Properties Trust	58463J304	23.63	4.74	OI	23.74	19.39	1/13/2022	4.74	US	25.00	BUY
NWE	NASDAQ	Northwestern Corp	668074305	57.16	4.34	15%	70.80	53.16	12/31/2021	4.34	US	60.00	BUY
PFE	NYSE	Pfizer, Inc	717081103	59.05	2.71	15%	61.71	33.36	3/4/2022	2.71	US	70.00	BUY
POR	NYSE	Portland General Electric Co.	736508847	52.92	3.25	15%	53.12	40.83	1/18/2022	3.25	US	48.00	BUY
PEG	NASDAQ	The Principal Financial Group	74251V102	72.33	3.54	15%	74.30	47.52	12/21/2021	3.54	US	72.00	BUY
UGI	NYSE	UGI Corp.	902681105	45.91	3.01	15%	48.55	34.37	1/1/2022	3.01	US	41.00	BUY
VLO	NYSE	Valero Energy Corp	91913Y100	75.11	5.22	15%	84.95	54.78	12/9/2021	5.22	US	90.00	BUY
TRP	NYSE	TC Energy Corp	89353D107	46.54	5.85	15%	55.34	40.17	1/31/2022	5.85	CA	65.00	BUY

**COMMON STOCKS**

**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	52 Week Low \$	52 Week Low Date	Pay Cycle	Fair Value \$	Recommend
BCV	Bancroft Fund, Ltd.	26.43	47.98	28.51	-7.30	36.33	25.50	2/8/2021	12/17/2021	25.50	12/17/2021	3e	30.00	BUY
DSU	BlackRock Debt Strategies Fund	11.70	6.21	11.56	1.21	12.5	10.31	11/11/2021	1/4/2021	10.31	1/4/2021	1m	13.50	BUY
BME	BlackRock Health Sciences Trust	48.50	5.27	47.96	1.13	50.94	44.00	1/20/2021	3/5/2021	44.00	3/5/2021	Me	50.00	BUY
BST	BlackRock Science and Technology Trust	49.97	6.00	52.40	-4.64	59.4646	47.00	2/16/2021	12/20/2021	47.00	12/20/2021	Me	60.00	BUY
BUI	BlackRock Utilities, Infracor & Power Opp Trust	26.62	5.45	25.85	2.98	27.79	23.82	11/16/2021	10/4/2021	23.82	10/4/2021	Me	33.50	BUY
CGO	Calamos Global Total Return Fund	15.38	7.80	15.26	0.79	17.47	14.19	9/8/2021	1/4/2021	14.19	1/4/2021	Mm	18.50	BUY
IGR	CBRE Clarion Real Estate Income Fund	9.79	6.13	10.48	-6.58	9.83	6.64	12/31/2021	1/4/2021	6.64	1/4/2021	Me	12.00	BUY
GLO	Cough Global Opportunities Fund	10.64	12.26	11.26	-5.51	13.17	10.59	8/17/2021	12/31/2021	10.59	12/31/2021	Me	16.00	BUY
UTF	Cohen & Steers Infrastructure Fund.	28.50	6.53	28.28	0.78	29.95	24.81	4/16/2021	2/25/2021	24.81	2/25/2021	Me	33.00	BUY
DEX	Delaware Enhanced Global Div & Inc Fund	10.15	7.66	11.13	-8.81	11.14	9.40	7/7/2021	1/29/2021	9.40	1/29/2021	Me	12.00	BUY
EVT	Eaton Vance Tax-Advantaged Div Inc Fund	29.79	6.55	28.99	2.76	29.86	22.92	12/31/2021	1/29/2021	22.92	1/29/2021	Me	27.00	BUY
FFA	First Trust Enhanced Equity Income Fund	21.29	5.92	21.38	-0.42	22.16	16.55	9/8/2021	1/4/2021	16.55	1/4/2021	3e	19.00	BUY
FIC	Flaherty & Crumrine Total Return Fund	22.79	6.74	22.48	1.38	25.34	22.17	4/21/2021	1/12/2021	22.17	1/12/2021	Me	26.50	BUY
BTO	John Hancock Financial Opportunities Fund	46.59	4.72	39.82	17.00	46.59	29.06	12/31/2021	1/4/2021	29.06	1/4/2021	3e	48.00	BUY
ASG	Liberty All-Star Growth Fund, Inc.	9.00	8.00	8.25	9.09	9.8365	7.57	11/15/2021	1/4/2021	7.57	1/4/2021	1b	11.50	BUY
USA	Liberty All-Star Equity Fund	8.38	10.02	8.20	2.20	9.46	6.70	10/12/2021	1/4/2021	6.70	1/4/2021	3b	8.85	BUY
NHS	Neuberger Berman High Yield Strategies Fund	12.43	8.74	12.31	0.97	13.57	11.56	7/6/2021	1/4/2021	11.56	1/4/2021	Me	14.50	BUY
JCE	Nuveen Core Equity Alpha Fund	18.58	6.54	17.33	7.21	18.6	13.15	12/31/2021	1/4/2021	13.15	1/4/2021	1b	17.50	BUY
GHY	PGIM Global High Yield Fund, Inc.;	15.09	8.35	16.14	-6.51	16.1	14.26	9/10/2021	1/12/2021	14.26	1/12/2021	Me	17.50	BUY
THW	Tekla World Healthcare Fund	16.29	8.60	15.75	3.43	17.6161	14.29	1/20/2021	3/5/2021	14.29	3/5/2021	Me	21.00	BUY
AIO	Virtus AllianzGI Artificial Intel & Tech Opp Fund	24.79	7.26	26.67	-7.05	26.205	21.86	2/10/2021	5/13/2021	21.86	5/13/2021	Mb	36.00	BUY

1. Tax: OI=Ordinary Income Rate, 15%=15% tax rate. 2. Recommendation: 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., 5/11: semiannual pay.

# RATING CHANGES AND NEW ISSUANCE

## Corporate Bond Rating Changes

Issuer	Agency	New Action	Rating
Alaska Air Group Inc	S	+	BB
Allied World Insurance Co	M	+	A2
Alpha Metallurgic Resources Inc	S	+	B-
American Finance Trust	S		BB*+
API Holding III Corp	S	-	CCC+
Apple Inc	M	+	Aaa
Array Technologies Inc	M	-	B2
Ball Metalpack LLC	M		B3*+
Bank of the west	M		A2*-
Baxter International Inc	S	-	BBB
BVI Medical Inc	M	-	Caa1
Caleres Inc	M	+	B1
Chassix Inc	M	-	B3
Crocs Inc	M		Ba3*-
Cvent Inc	M	+	B1
Emerson Electric Co	M	+	A2
Entegries Inc	M		Ba2*-
Exela Technologies	S	+	CCC-
FirstMerit Bank	M	+	A3
Freeport-McMoRan Inc	M	+	Baa3
GCP Applied Technologies Inc	S		BB*+
Griffon Corp	S		B*+*

Issuer	Agency	New Action	Rating
Grubhub Holdings Inc	M	-	B3
Hornblower Sub LLC	M	+	Caa1
Kamc Holdings Inc	M	-	Caa1
Mariner Wealth Advisors LLC	S	-	B-
Navitas Midstream Midland Basin LLC	M	+	B2
Nelnet Inc	M	+	Ba1
Oracle Corp	M		Baa2*-
Ortho-Clinical Diagnostics Bermuda Co Ltd	S		B*+
Party City Holdings Inc	M	+	Caa2
Peabody Energy Corp	M	+	B3
PM General Purchaser LLC	S	-	B-
ProFrac Services LLC	M		Caa1*+
Qualcom Inc	S	+	A
Ryerson Holding Corp	S	+	B+
Terminix Co LLC	M		Ba2*+
Under Armor Inc	M	+	Ba3
Union Security Insurance Co	S	-	BBB+
United States Steel Corp	M	+	B1
Weatherford International Plc	S	+	B-
Wynn Las Vegas LLC	M	-	B2
Yellow Corp	M	+	B3

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

## Preferred Rating Changes

Issuer	Agency	Action	Rating
No Rating Changes			

## New Preferreds

Issuer	Symbol	Issue (%)	Moody/S&P Ratings	Par Value
Babcock & Wilcox Enterprises	BW	6.50	NR/NR	25
Green Brick Partners Inc	GRBK A	5.75	NR/NR	25
OFS Credit Company	OCCI E	5.25	NR/NR	25
Suro Capital Corp	SSSS	6.00	NR/NR	25

cv = convertible

## Master Limited Partnerships

continued from page 4

investments, and private equity funds to corporate entities, public funds, and sovereigns. LAZ reported solid 3Q 2021 earnings, with adjusted net income of \$111.4 million or \$0.98 per share that topped analysts' \$0.94 estimates. Bottom-line results grew 46% from a year ago, with adjusted operating revenues of \$701.6 million up 23%. As of 09/30/21, assets under management (AUM) of \$272.6 billion, grew 5.5% from a year earlier. Revenue results exceeded expectations. A 20% year-over-year increase in operating costs was largely due to greater compensation expense, although compensation expense to operating revenues declined from a year ago. **This MLP investment is suitable for low- to medium-risk taxable portfolios. Common unit distributions are typically taxed on a variable, albeit favorable basis for investors. LAZ issues a K-1 to investors for tax purposes. Buy at \$55.00 or lower for a 3.42% annualized yield.**

**Viper Energy Partners, LP (REVIEW);** Current Price \$21.31; Current Annualized Yield 7.13%; Last Dividend Paid 11/18/21; Exchange NASDAQ; Ratings, Moody's NR, S&P NR; Pay Cycle 3m; CUSIP 92763M105; Family Master Limited Partnership; Symbol VNOM ([www.viperenergy.com](http://www.viperenergy.com))

Viper Energy Partners, LP (VNOM) is an MLP that was formed by Diamondback Energy (FANG) to own and acquire oil and natural gas properties in North America. The partnership has pursued distribution growth through accretive acquisition opportunities. Asset purchases have been largely composed of mineral interests in oil and natural gas properties from the Permian Basin in West Texas.

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*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
BAC L	Bank Of America Corp	5.01	1,445.40	7	6/19	\$1,450.00
AGM D	Farmer Mac	5.29	27.07	368	7/19	\$26.85
HWCPZ	Hancock Whitney Corp	5.43	28.98	374	44124	\$28.00
JPM J	JP Morgan Chase & Co	4.49	26.34	361	44217	\$27.85
NWE	NorthWestern Corp	4.34	57.16	171	9/20	\$60.00
NVG	Nuveen AMT-Free Mun Cred	4.52	17.93	596	5/19	\$17.00
POR	Portland General Electric Co	3.25	52.92	234	1/21	\$48.00
TFC O	Truist Financial Corp	4.72	27.78	359	44124	\$27.80
UGI	UGI Corp	3.01	45.91	286	12/20	\$41.00
NFJ	Virtus Dividend Interest & Pre	6.10	16.06	743	10/19	\$17.00

**Summary Statistics**

Monthly Payout Average:	\$430
Current yield on portfolio:	4.57%
Inception Value: (1/1/21)	\$100,596
Last month's value:	\$107,609
Current value of portfolio	\$108,307
Current value + year to date income:	\$113,186
<b>Year to Date Total Return</b>	<b>12.52%</b>

**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 and Co	5.69	52.75	181	44063	\$70.00
BST	BlackRock Science & Tech	6.00	49.97	188	1/21	\$60.00
BSX A	Boston Scientific Corp	4.81	114.66	91	10/20	\$122.00
BGEPF	Bunge Ltd	3.85	126.74	92	10/19	\$110.00
DOW	Dow Inc	4.94	56.72	180	43818	\$65.00
FHN E	First Horizon Corp	5.88	27.59	355	44094	\$27.30
FLC	Flaherty & Crumrine Total Retu	6.74	22.79	422	9/19	\$26.50
KEY I	KeyCorp Inc	5.04	30.24	342	43361	\$28.65
JCE	Nuveen Core Equity Alpha Fund	6.54	18.58	711	44002	\$17.50
SF C	Stifel Financial Corp	5.65	27.13	356	44217	\$28.25

**Summary Statistics**

Monthly Payout Average:	\$475
Current yield on portfolio:	5.49%
Inception Value: (1/1/21)	\$100,005
Last month's value:	\$100,557
Current value of portfolio	\$103,868
Current value + year to date income:	\$109,540
<b>Year to Date Total Return</b>	<b>9.53%</b>

*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	3.86	2,075.39	7	11/19	\$1,625.00
RILYP	B Riley Financial Inc	6.38	27.00	390	44155	\$24.25
DSU	BlackRock Debt Strategies Fund	6.21	11.70	957	3/20	\$13.50
CQP	Cheniere Energy Partners LP	6.46	42.24	284	7/20	\$48.00
CHSCL	CHS Inc	6.57	28.48	338	43910	\$28.40
DCUE	Dominion Energy Inc	7.21	100.64	100	2/20	\$122.00
DX	Dynex Capital Inc	9.34	16.71	562	2/20	\$18.50
FMBIO	First Midwest Bancorp	6.21	28.34	350	44155	\$28.15
NHS	Neuberger Berman High Yield St	8.74	12.43	855	2/20	\$14.50
PCI	PIMCO Dyn Credit & Mortg	10.20	20.63	472	11/19	\$29.00

**Summary Statistics**

Monthly Payout Average:	\$623
Current yield on portfolio:	6.95%
Inception Value: (1/1/21)	\$99,991
Last month's value:	\$104,513
Current value of portfolio	\$107,616
Current value + year to date income:	\$115,001
<b>Year to Date Total Return</b>	<b>15.01%</b>

**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	5.84	52.60	198	1/21	\$57.00
ATH C	Athene Holding Ltd	5.57	28.52	358	9/20	\$27.20
BCV	Bancroft Fund Ltd	47.98	26.43	332	1/21	\$30.00
BME	BlackRock Health Sciences Tr	5.27	48.50	210	12/20	\$50.00
CFG E	Citizens Financial Corp	4.72	26.47	374	3/20	\$26.20
UTF	Cohen & Steers Infrastructure	6.53	28.50	387	11/19	\$33.00
DUK	Duke Energy Corp	3.76	104.90	109	10/18	\$88.00
EVT	Eaton Vance Tax-Adv Div	6.55	29.79	423	3/19	\$27.00
FFA	First Trust Enhanced Eq In	5.92	21.29	568	12/20	\$19.00
NEE Q	NextEra Energy Inc	5.37	57.91	195	2/21	\$58.00

**Summary Statistics**

Monthly Payout Average:	\$807
Current yield on portfolio:	8.98%
Inception Value: (1/1/21)	\$100,026
Last month's value:	\$102,848
Current value of portfolio	\$107,934
Current value + year to date income:	\$114,641
<b>Year to Date Total Return</b>	<b>14.61%</b>

# REVISED MODEL PORTFOLIOS FOR 2022

Here are the updated Model Portfolios for 2022. We will begin reporting returns for these portfolios in next month's newsletter. The returns shown on page 9 are full-year results for the 2021 portfolios.

**IMPORTANT:** Removal of a security from an updated Model Portfolio does NOT mean that it has been downgraded to a Sell. It may just have reached its Fair Value price. The yield on your original cost may remain attractive. Consult your tax advisor before making a sale that may generate a capital gains liability.

## Low-Risk Portfolio

Symbol	Issuer	Description	Fair Value
SCHW-J	Charles Schwab Corp	4.45% Preferred Stock	\$27.00
DEX	Delaware Enhanced Global Div. & Inc.	Closed-End Fund	\$12.00
ETR	Entergy Corp.	Common Stock	\$115.00
AGM-F	Federal Agri. Mtge. Corp. (Farmer Mac)	5.25% Preferred Stock	\$26.80
HWCPZ	Hancock Whitney Corp.	6.25% Junior Subordinated PET Notes	\$28.00
JPM	JP Morgan Chase & Co.	4.75% Preferred Stock	\$27.85
NEW	NorthWestern Corp.	Common Stock	\$60.00
PFE	Pfizer, Inc.	Common Stock	\$70.00
AIO	Virtus AllianzGI AI & Tech Opps.	Closed-End Fund	\$36.00
WFC-A	Wells Fargo & Company	4.70% Preferred Stock	\$26.35

## High-Risk Portfolio

Symbol	Issuer	Description	Fair Value
DSU	BlackRock Debt Strategies Fund	Closed-End Fund	\$13.50
CGO	Calamos Global Total Return Fund	Closed-End Fund	\$18.50
CQP	Cheniere Energy Partners, L.P.	Master Limited Partnership	\$48.00
CLVT-A	Clarivate Plc	5.25% Mandatory Convertible Pref	\$100.00
GLO	Clough Global Opportunities Fund	Closed-End Fund	\$16.00
CEQP	Crestwood Equity Partners, LP	Master Limited Partnership	\$35.00
FMBIO	First Midwest Bancorp	7.00% Preferred Stock	\$28.15
GLPI	Gaming and Leisure Properties, Inc.	Common Stock	\$52.00
MBNKP	Medallion Bank	8.00% Preferred Stock	\$28.00
SUN	Sunoco, LP	Master Limited Partnership	\$54.00

## Medium-Risk Portfolio

Symbol	Issuer	Description	Fair Value
AUBAP	Atlantic Union Bankshares Corp.	6.875% Preferred Stock	\$28.00
BDXB	Becton Dickinson and Co.	6.00% Mandatory Convertible Pref	\$70.00
BST	BlackRock Science & Technology Trust	Closed-End Fund	\$60.00
DOW	Dow, Inc.	Common Stock	\$65.00
ASG	Liberty All-Star Growth Fund, Inc.	Closed-End Fund	\$11.50
SIGIP	Selective Insurance Group, Inc.	4.60% Preferred Stock	\$26.00
SF-C	Stifel Financial Corp.-	6.125% Preferred Stock	\$28.25
THW	Tekla World Healthcare Fund	Closed-End Fund	\$21.00
UGIC	UGI Corp	7.25% Mandatory Convertible Pref	\$110.00
VNOM	Viper Energy Partners, L.P.	Master Limited Partnership	\$28.50

## Multi-Driver Portfolio

Symbol	Issuer	Description	Fair Value
ABBV	AbbVie, Inc.	Common Stock	\$140.00
AEPZ	American Electric Power	6.125% Mandatory Convertible Pref	\$57.00
BUI	BlackRock Util., Infr. & Power Opps.	Closed-End Fund	\$32.50
HBANP	Huntington Bancshares, Inc.	4.50% Preferred Stock	\$26.00
IIVIP	II-VI, Inc.	6.00% Mandatory Convertible Pref	\$305.00
BTO	John Hancock Financial Opps.	Closed-End Fund	\$48.00
MPW	Medical Properties Trust	Common Stock	\$25.00
GHY	PGIM Global High Yield Fund, Inc.	Closed-End Fund	\$17.50
SBNYP	Signature Bank	5.00% Preferred Stock	\$26.65
TRP	TC Energy Corp.	Common Stock	\$65.00

## Master Limited Partnerships continued from page 8

We initially recommended VNOM in January 2019 for medium-risk taxable portfolios, subsequently reviewing the company as part of an energy MLP sector review in May 2020 (see Newsletter or Website for details). Distribution growth and coverage ratios were challenged in 2020, as energy prices sharply declined. With the uncertainty in the commodity markets, VNOM temporarily reduced its distribution policy to 25% of cash available for distribution, down from 100%. Although energy prices have improved from a year ago, VNOM's more conservative policies may remain in place through

the first half of 2022. The partnership reported 3Q 2021 adjusted net income of \$16.8 million or \$0.26 per share, easily exceeding analysts' \$0.09 estimates. Cash available for distribution (CAD) comfortably covered the distribution by 1.42X. **VNOM issues a 1099 to shareholders, with dividends taxed at the 15% - 20% rate. We are changing our recommendation for medium-risk taxable portfolios to Buy from Hold, as VNOM should now experience greater revenue and earnings momentum. Buy at \$28.50 or lower for a 5.33% annualized yield.**

# INTEREST RATES

## Comparative Current Yields

Security Type	Yield 12/31/21	Net Change Month	Net Change Y.T.D.	Spread 12/31/20	Spread 12/31/21
<b>U.S. TREASURIES &amp; EURO BENCHMARKS</b>					
Ten Year	1.51	6	0%	N/A	N/A
Inflation Indexed	-1.10	-2	0%	-253	-262
Ten Year Euro(1)	-0.18	17	0%	-180	-169
Euro Spot Rate	1.14	1	0%	N/A	N/A
<b>CORPORATE BONDS<sup>2</sup></b>					
AAA	2.03	3	0%	55	52
AA	2.02	7	0%	50	51
BBB	2.60	5	0%	110	109
BB	3.40	-41	0%	236	189
B	4.74	-54	0%	383	323
CCC-C	7.96	-36	0%	687	645
<b>PREFERRED STOCKS<sup>3</sup></b>					
AA&A	4.84	1	0%	339	333
BBB	5.23	-1	0%	379	372
BB	5.49	-9	0%	413	398
B	6.65	0	0%	520	513
<b>QUALIFIED DIVIDEND INCOME (QDI) PFDS<sup>4</sup> — Yields —</b>					
Investment Grade	5.20	-2	0%	361%	344%
Below Inv. Grade	5.61	-4	0%	390%	371%
<b>MUNICIPAL BONDS<sup>5</sup> — Yields —</b>					
AA	1.13	3	0%	76%	75%
A	1.31	1	0%	90%	87%
BBB	1.55	0	0%	107%	103%

<sup>1</sup>Rate for ten-year German government bonds.

<sup>2</sup>Per ICE BofA Index System

<sup>3</sup>Per ICE BofA Index System

<sup>4</sup>Eligible for 15% tax rate. Yields shown as after tax % of US Treasuries rate.

<sup>5</sup>Per 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.

## Smart Investing in 2022

(continued from page 1)

The wisdom of asset class diversification is demonstrated in the accompanying table. All four Model Portfolios far outperformed both BIG\* bonds and BIG preferreds in 2021. Dividend stocks, closed-end funds, and convertible preferreds helped investors capture more benefits of the rebounding economy than fixed-income instruments provided. As for the value of taking the long view, REITs delivered a humongous return in 2021, but just one year earlier they were the table's worst performer. Over the full five-year period shown, the Multi-Driver Portfolio racked up more wealth accumulation than REITs.

\*Below Investment Grade, i.e., rated BB or lower.

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