

Income Securities

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INVESTOR

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ALL PRICING AS OF 9/30/24

Martin Fridson, CFA, Editor

Pick of the Month

Invesco High Yield Bond Factor ETF (IHVF) is a closed-end fund that invests mainly in fixed income securities rated BB or B. It employs a factor-based strategy that targets securities with characteristics that management believes will cause them to outperform others in their category. The fund does not use leverage, has a moderate 0.39% expense ratio, and pays a monthly dividend. IHVF currently trades at a small discount to net asset value. At \$22.69, the fund has a 7.46% current annualized yield. This investment is suitable for medium- to high-risk portfolios. Distributions are taxed largely as ordinary income. For details, see page 4.

Fed Cut Feeds Market Gains

After seemingly interminable opinionizing about whether the Fed would cut interest rates and if so, by how much, Chairman Jerome Powell finally ended the suspense on September 18. His announcement of a 50-basis-point reduction in the Fed funds rate—with the first Open Market Committee dissent since 2005—had an immediate and predictable effect: One group of pundits complained that the rate reduction was unnecessary and inflation-inducing, while another group complained that Powell had not sent a strong signal that further rates would be forthcoming by year-end. Critics on both sides spoke as if the eventual economic impact of Fed monetary decisions are as knowable as, say, the results of chemical reactions. If your job

Monetary policy does not resemble a chemical reaction.

consists of chlorinating swimming pools, you need to concern yourself with just two factors—the amount of chlorine you infuse and the air temperature at the time that you infuse it. Control those factors and you will obtain the intended effect every single time. The economy and the financial system are not like that. Many more factors influence the outcome and not all of them are known. Moreover, Fed actions famously work with a lag. No one can predict with certainty what

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	2020	2021	2022	2023	2024 Thru Sep 30	Cum. Growth of \$1
Model Portfolios*						
Low-Risk	18.06%	12.52%	-15.38%	3.24%	11.24%	\$1.29
Medium-Risk	13.34%	9.53%	-8.86%	2.39%	21.01%	\$1.40
High-Risk	8.28%	15.01%	-13.15%	14.32%	6.93%	\$1.32
Multi-Driver	19.91%	14.61%	-17.42%	10.67%	10.92%	\$1.39
Market Indexes*						
BIG Bonds	6.17%	5.36%	-11.22%	13.46%	8.03%	\$1.22
BIG Preferreds	8.61%	6.24%	-18.46%	6.44%	15.81%	\$1.16
REITs	25.89%	43.08%	-24.21%	13.74%	15.84%	\$1.80

*Total Return

Preferred Prices Are (Moderately) Attractive

Investment grade preferred stock prices currently suggest that this a better-than-average time for active investors to be accumulating these securities. The table on page 2 shows a strong connection between the weighted average price of issues in the ICE

We ranked the preferred index's prices for the 44 years ending 1989-2022 and collected the total returns for each succeeding year (1990-2023). The average total return following the 22 highest-price years was just 1.11%. Investors did far better by buying when the index's price was in the bottom half, earning an average total return 10 times as great, or 11.0%. And that's not just a chance outcome; the difference between 1.11% and 11.0% is statistically significant with 99% confidence.

Buying low provides a statistical edge.

BofA Fixed Rate Preferred Securities Index and the asset category's total return over the next 12 months. (Prices are expressed as a percentage of par value. For example, 90 is equivalent to 22.50 on a \$25 preferred or 45 on a \$50 preferred.)

Certainly, buying cheap isn't the whole story. Many other factors affect performance. At the end of 2007,

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Caterpillar, Inc.; Current Price \$391.12; Current Annualized Yield 1.44%; Last Dividend Paid 08/20/24; Exchange NYSE; Ratings, Moody's A2, S&P A; Pay Cycle 2m; CUSIP 149123101; Family Common Stock; Symbol CAT(www.caterpillar.com)

Caterpillar, Inc. (CAT) is the world's leading manufacturer of construction and mining equipment, off-highway diesel and natural gas engines, industrial turbines, and diesel-electric locomotives. CAT operates across every continent principally through three primary business segments – Construction Industries, Resource Industries, and Energy & Transportation. The company also provides financing for the purchase of its products through its captive finance arm, Caterpillar or CAT Financial. **We initially recommended CAT's common shares in November 2020 as a suitable investment for low-risk taxable portfolios seeking long-term growth. The company's dividend distributions are qualified and taxed at the 15%-20% rate.** CAT's 'A' credit ratings for senior debt are viewed as very stable to positive by the rating agencies, reflecting the company's leading market position, strong cash flow and coverage ratios, solid liquidity characteristics, and moderate leverage. The financial flexibility of CAT and its finance subsidiary remains strong. Long-term demand fundamentals for CAT's equipment and services are quite good, despite cyclical downturns. CAT benefits from an imposing independent dealer network, along with the retail and wholesale financing provided by the company's captive finance operations. The company reported strong 2Q 2024 financial results, with adjusted net operating income of \$3.74 billion or \$5.99 per share, up almost 8.0% year-over-year. Earnings per share surpassed analysts' \$5.53 estimates. Total revenues of \$16.7 billion declined 4.0% from a year ago, but nonetheless topped analysts' expectations. The revenue decline was largely due to lower sales volume of \$1.21 billion, partially offset by favorable price realization of \$578 million. The decrease in

sales volume was driven by lower dealer inventories during the recent quarterly period. Among CAT's three primary business segments, sales were lower in Construction Industries and Resource Industries, while higher in Energy & Transportation. **With this corporate update, we are changing our recommendation to Hold from Buy for low-risk taxable portfolios. Income investors should no longer accumulate CAT shares, reflecting the substantial stock price appreciation since we initially recommended the company's common shares. Moreover, further stock accumulation is unattractive for income investors, given the low dividend yield at present price levels.**

Safeway, Inc.; 7.250% Senior Notes, due 02/01/31; Par \$1,000; Annual Cash Interest Payment \$72.50; Current Price \$105.035.; Current Yield 6.90%; Modified Duration 5.008; YTM 6.30%; Exchange OTC; Ratings, Moody's Ba3, S&P BB+; CUSIP 786514BA6; Symbol ACI (www.albertsonscompanies.com)

Safeway, Inc. (ACI) operates as a banner of Albertsons Companies, one of the largest food and drug retailers in the United States. With more than 2,250 stores across 34 states and the District of Columbia, Albertsons's well-known banners in addition to Safeway include Vons, Acme, Carrs, Balducci's Food Lovers Market, Kings Food Markets, Pavilions, Tom Thumb, Shaw's, and more. **We recommended Safeway's 7.250% senior notes in June 2004 as a Buy for low- to high-risk portfolios. In March 2014, we initiated a Corporate Update, as Safeway was being sold to an investor group (AB Acquisition) led by Cerberus Capital Management and merged into Albertsons. We reiterated our Buy recommendation at \$100.00 or lower.** The company's senior debt ratings were cut to non-investment grade on January 30, 2015, following its merger with Albertsons. On October 14, 2022,

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Preferred Prices Are (Moderately) Attractive *(continued from page 1)*

the index stood at a fairly low 86.67, but that didn't save buyers from the Global Financial Crisis, which broke out the next year. The preferred index's 2008 total return was -25.24%, by far the worst of the entire period.

That outcome was highly exceptional, though. Total returns were positive in all 21 other years that ranked in the top half by previous-December 31 price. On the other hand, total returns were negative in 5 of the 22, or 23%, of the bottom-half years.

Index Price versus Next-Year Performance		
Investment Grade Preferreds: 1990-2023 Returns		
Price Category	Observed Price Range	Average Total Return
Top Half	100.87-108.07	1.11%
Bottom Half	70.93-100.77	11.06%

Source: ICE Indices, LLC

So buying low does provide a statistical edge. *On average*, when the preferred index is at a price of x, you can expect to earn a next-12-

months total return that's calculated by the following formula:

$$\text{Expected Return} = -0.53x + 57.64$$

At the September 30, 2024 index price of 95.42, the total return you can expect to earn in the 12 months beginning October 2024 comes to 7.18%. That's 1.10 percentage points more than the 6.08% average return for all years. So judging solely by the current prices of investment grade preferreds, now is an attractive, rather than an unattractive, time to increase exposure to the asset class.

Note that these findings apply only if you're striving to maximize short-run total return. Many—perhaps most—ISI subscribers instead focus mainly on the income component of total return. They seek high yields, subject to avoiding permanent hits to capital, and don't worry much about market fluctuations.

Another caveat is that the preceding analysis covers only investment grade preferreds. The ICE BofA Fixed Rate Preferred Securities Index contains mostly BBB issues. (A few are rated A.) The ICE BofA High Yield Fixed Rate Preferred Securities Index has too short a history to generate reliable analysis for issues rated BB or lower.

In the future, we'll alert ISI subscribers when investment grade preferreds are priced especially attractively or unattractively.

Preferred Stocks

CMS Energy Corp. (REVIEW); 5.625% Fixed Rate, Junior Subordinated, Preferred Exchange Traded Notes (PET Notes), due 03/15/78; Par \$25.00; Annual Cash Interest Payment \$1.40625; Current Price \$24.96; Current Indicated Yield 5.63%; Modified Duration 16.803; Call Date 03/15/23 at \$25.00 – Currently Callable; YTC NA; YTM 5.63%; Pay Cycle 3m; Exchange NYSE; Ratings, Moody's Baa3, S&P BBB-; CUSIP 125896860; Symbol CMSA (www.cmsenergy.com)

CMS Energy Corp (CMS) is a natural gas and electric utility holding company based in Michigan. The utility provides natural gas and electricity service to almost 7.0 million Michigan residents in 68 of the Lower Peninsula counties. Natural gas distribution spans 13,000 square miles. CMS has low industry risk and an excellent competitive position. Leverage, however, is relatively elevated, although manageable. **We initially recommended the company's PET Note issue in August 2018, as a suitable investment for low- to medium-risk tax-deferred portfolios. Interest payments are taxed as ordinary income.** CMS reported strong 2Q 2024 operating results, with adjusted net income of \$197.0 million or \$0.66 per share, beating consensus estimates of \$0.62. Quarterly revenue of \$1.61 billion rose 3.3% year-over-year but was a bit short of expectations. The company's earnings guidance for 2024 was reaffirmed, with long-term adjusted EPS growth of 6%-8%. CMS's 5.625% PET notes are currently callable. With refinancing rates on the decline, we think the probability of a redemption will likely increase throughout 2025. **With this review, we continue to recommend CMS's PET Notes as suitable for low- to medium-risk tax- deferred portfolios. Buy at \$25.50 or lower for a 5.57% annualized yield and a 5.53% YTM.**

Bonds

HCA Healthcare, Inc.; 5.600% Senior Notes, due 04/01/34; Par \$1,000; Annual Cash Interest Payment \$56.00; Current Price \$104.125; Credit Spread+125 Basis Points / 10-Year Treasury; Current Yield 5.06%; Modified Duration 7.206; YTM 4.95%; Pay Cycle – Semi-Annual 4/10; Exchange OTC; Ratings, Moody's Baa3, S&P BBB-; CUSIP 404119CU1; Symbol HCA (www.hcahealthcare.com)

HCA Healthcare, Inc. (HCA) is one of the nation's leading providers of healthcare service. As of 06/30/24, HCA owned and operated 182 hospitals and approximately 2,200 sites for ambulatory care that include surgery centers, freestanding emergency rooms, urgent care centers and clinics across 20 states and the United Kingdom. The company ranks first in market share in major metro areas that include Miami/South Florida, Tampa/St. Petersburg, Denver, San Antonio and Austin, Nashville, and Kansas City. **HCA's 5.600% senior notes trade over the counter and through the inter-dealer markets. The securities can be bought or sold using the issue's CUSIP number.** Investment grade ratings are supported by HCA's significant scale, solid competitive position and strong liquidity. Leverage is moderate, with debt to EBITDA of 3-4x. The company reported strong 2Q 2024 financial results, with net income of \$1.46 billion or \$5.53 per share, beating analysts' \$5.01 estimates. Total revenues of \$17.5 billion climbed 10.3% year-over-year, and topped estimates by 2.2%. Same-facility admissions grew a solid 5.8%. HCA continued to experience strong demand, higher per-patient revenues, and better cost control measures, which drove quarterly results.

MFA Financial, Inc.; 8.875% Fixed Rate, Senior, Preferred Exchange Traded (PET) Notes, due 02/15/29; Par \$25.00; Annual Cash Interest Payment \$2.21875; Current Price \$25.51; Current Indicated Yield 8.70%; Modified Duration 1.269; Call Date 02/15/26 at \$25.00; YTC 7.34%; YTM 8.20%; Pay Cycle 2m; Exchange NYSE; Ratings, Moody's NR, S&P NR; CUSIP 55272X706; Symbol MFAN (www.mfafinancial.com)

MFA Financial, Inc. (MFA) is a mortgage REIT that invests in residential mortgage assets. The company's focus is the purchase of residential whole loans, including performing loans, loans with deteriorating credit quality, as well as non-performing loans. MFA also originates and services business purpose loans for real estate investors. The company actively manages a residential real estate owned (REO) portfolio, acquired through foreclosure or other liquidation of delinquent whole loans. Targeted investments include residential mortgage-backed securities (MBS), Fannie Mae and Freddie Mac securitized mortgage product, and mortgage servicing rights (MSR). The company's senior PET notes may be redeemed on the initial 02/15/26 call date or any time thereafter. **This issue has Change of Control (COC) language, which requires MFA to purchase all outstanding PET notes at a price equal to 101% of the principal amount, plus accrued and unpaid interest.** MFA reported 2Q 2024 non-GAAP distributable earnings of \$45.6 million or \$0.44 per share, exceeding analysts' \$0.38 estimates. Net interest income of \$53.5 million also topped expectations and rose a sharp 20.2% from a year earlier. Unrestricted cash at quarter-end was \$289.4 million. **This PET note issue is suitable for high-risk portfolios. Interest payments are taxed as ordinary income. Buy at \$26.25 or lower for an 8.45% current yield, a 5.11% yield to call, and a 7.21% yield to maturity.**

The company's senior notes are suitable for low- to medium-risk tax-deferred portfolios. Interest payments are taxed as ordinary income. Buy at \$108.50 or lower for a 4.51% YTM.

NextEra Energy, Inc.; 5.200% Senior Notes, due 03/15/34; Par \$1,000; Annual Cash Interest Payment \$52.00; Current Price \$103.50; Credit Spread +98 Basis Points/10-Year Treasury; Current Yield 4.77%; Modified Duration 7.267; YTM 4.75%; Pay Cycle – Semi-Annual 3/9; Exchange OTC; Ratings, Moody's Baa1 S&P A-; CUSIP 65339KC2; Symbol NEE (www.nexteraenergy.com)

NextEra Energy, Inc. (NEE) is an electric power and energy company, providing sustainable energy generation and distribution services. The company's principal subsidiary is Florida Power & Light (FPL), which is the nation's largest electric utility by amount of power sold. FPL provides reliable electricity to almost 6.0 million customer accounts, or more than 12 million people across Florida. NEE also owns a clean energy business, NextEra Energy Resources, which together with its affiliates is the world's largest generator of renewable energy. The company is a leader in battery storage. NEE generates clean, emissions-free electricity from seven commercial nuclear power units in Florida, New Hampshire, and Wisconsin. **The company's 5.200% senior notes trade over the counter and through the inter-dealer markets and can be bought or sold using the issue's CUSIP number.** NEE reported solid 2Q 2024 earnings, with adjusted net income of \$1.97 billion or \$0.96 per share, topping analysts'

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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.

Bonds (continued from page 3)

estimates by a penny. Adjusted bottom line results climbed 10.7% from a year ago. However, quarterly revenue of \$6.07 billion missed estimates. The company's FPL subsidiary posted 2Q 2024 adjusted net income of \$1.23 billion, up 6.9% from the prior-year 2Q period. **NEE's stable**

outlook, strong cash flow, and conservative management are credit positives. Senior notes are suitable for low-risk tax-deferred portfolios. Interest payments are taxed as ordinary income. Buy at \$108.00 or lower for a 4.18% YTM.

Closed End Funds

ArrowMark Financial Corp. (REVIEW); Current Price \$20.69; Current Annualized Yield 8.70%; Exchange NASDAQ; Discount to Net Asset Value -3.90%; Pay Cycle 3e; Expense Ratio 6.67%; Leverage Ratio 27.72%; CUSIP 861780104; Family Closed-End Fund; Symbol BANX (ir.stonecastle-financial.com)

ArrowMark Financial Corp. (BANX), formerly known as StoneCastle Financial Corp., is a closed-end fund that seeks to provide shareholders with current income, capital preservation, and total risk-adjusted returns. The fund invests primarily in regulatory capital securities of large global financial institutions, regional banks and community banks. Capital securities are predominately regulatory relief instruments, preferred stocks, trust preferred securities, and term loans. Under normal market conditions, the fund invests at least 80% of total assets in bank capital debt instruments. **Earlier this year, BANX changed its corporate name to ArrowMark Financial Corp., although the ticker symbol remains unchanged. We initially recommended this fund in August 2017 as a suitable investment for medium-risk portfolios. Dividends are taxed on a variable basis, combining dividend income, capital gains, and return of capital.** As of 06/30/24, the portfolio was largely composed of Regulatory Capital Relief Securities (RCRS) (88.6%), which typically include a variety of transactions used by financial institutions to optimize capital, reduce balance sheet concentrations, manage lending capacity, and respond to regulatory changes. **Historical total return performance has been relatively good, with the fund posting a strong +20.61% market price total return for the full-year 2023, and a +6.41% market price total return for the YTD period ended 06/30/24. BANX continues to be a suitable closed-end fund investment for medium-risk portfolios. Buy at \$25.00 or lower for a 7.20% annualized yield.**

Invesco High Yield Bond Factor ETF; Current Price \$22.69; Current Annualized Yield 7.46%; Exchange NASDAQ; Premium to Net Asset Value -0.26%; Pay Cycle Me; Expense Ratio 0.39%; Leverage Ratio 0.00; CUSIP 46090A853; Family Closed-End Fund; Symbol IHYF (www.invesco.com)

Invesco High Yield Bond Factor ETF (IHYF) is a closed-end fund that seeks total return by investing at least 80% of its net assets in noninvestment grade, fixed income securities. The fund also invests in derivatives and other debt-like instruments. IHYF employs a factor-based strategy that seeks to outperform a market-weighted benchmark, the Bloomberg Barclays U.S Corporate High Yield - 2% Issuer Capped Index. The index imposes a limit of 2% maximum exposure to any one issuer. The fund targets securities within the index with issuer characteristics that IHYF believes will deliver higher returns than other securities with similar characteristics. As of 06/30/24, the fund's holdings consisted largely of high yield issues, accounting for 93.12% of the portfolio. Credit ratings were largely represented by BB (67.51%) and B (21.54%). The top five holdings in the fund as of 06/31/24 were Churchill Downs, Inc. 5.50% '27 (0.96%), USA Compression Partners LP 6.875% '27 (0.79%), Air Transport Services Group 4.75% '28 (0.78%), AMN Healthcare Services 4.00% '29 (0.77%), and Bausch Health Companies 8.375% '28 (0.76%). IHYF reported a market price total return of +14.17% for the full-year period ended 12/31/23, compared with the Bloomberg Barclays high yield index's total return of +13.44%. The fund's market price total return for the YTD period ended 06/30/24 was +2.56% versus +2.58% for the index. **This closed-end ETF is suitable for medium- to high-risk portfolios. Distributions are taxed largely as ordinary income. Buy at \$28.00 or lower for a 6.05% annualized yield.**

Common Stocks

Office Properties Income Trust (REVIEW); Current Price \$2.17; Current Annualized Yield 1.84%; Last Dividend Paid 08/15/24; Exchange NASDAQ; Ratings, Moody's Caa3, S&P CC; Pay Cycle 2m; CUSIP 67623C109; Family Common Stock; Symbol OPI (www.opireit.com)

Office Properties Income Trust (OPI) is a REIT that owns and leases office properties to tenants with high credit quality characteristics, including government entities. More than 60% of revenue was derived from investment grade tenants as of 06/30/24. Occupancy at quarter-end was relatively solid at almost 90%. OPI has faced considerable challenges, however, due to its significant financial leverage, high-interest rate costs, and weak liquidity. **We last reviewed OPI in June 2023 as part of a Corporate Update, which resulted in our recommendation being lowered to Hold from Buy for low- to medium-risk tax-deferred port-**

folios. A planned all-stock merger with Diversified Healthcare Trust (DHC) announced in April 2023, was called off on September 01, 2023. In November 2023, OPI cut its quarterly dividend by 55% and in February 2024, the company all but eliminated the quarterly dividend, reducing it to \$0.01. In May 2024, S&P lowered OPI's senior credit rating to CC from CCC for senior notes that were part of a distressed exchange. Moody's cut the REIT's senior ratings to Caa3 from Caa2 in June 2024, with both rating agencies citing high financial leverage, increased operating risks, and poor liquidity. OPI's credit outlook remains negative. **With substantial challenges ahead and given the fact that the company no longer pays a meaningful dividend for income investors, we are lowering our recommendation to Sell from Hold.**

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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 %	Duration	Recommend
BONDS														
NYSE	Boston Properties LP	6.750	12/1/2027	10112RBC8	105.80	6.38	4.77	Baa2	BBB	11/1/2027	100.000	4.66	2.72	BUY
TRACE	Brinker International Inc	8.250	7/15/2030	109641AKS	107.41	7.68	6.68	B1	BB-	7/15/2026	104.125	6.10	2.44	BUY
TRACE	Civitas Resources Inc	8.750	7/1/2031	17888HAB9	105.88	8.26	7.62	B1	BB-	7/1/2026	104.375	6.87	3.12	BUY
TRACE	Daimler Truck Holding AG	5.125	1/19/2028	233853AQ3	102.30	5.01	4.40	A3	A-	Non-Callable	Non-Callable	4.37	2.98	BUY
NYSE	DTE Electric Co	5.200	3/1/2034	23338YAV8	104.91	4.96	5.51	Aa3	A	12/1/2033	100.000	4.51	7.26	BUY
NYSE	HCA Healthcare Inc	5.600	4/1/2034	404119CV1	104.35	5.37	5.03	Baa3	BBB-	1/1/2034	100.000	4.99	7.21	BUY
TRACE	ITC Holdings Corp	4.950	9/22/2027	465685AR6	101.56	4.87	4.40	Baa2	BBB+	8/22/2027	100.000	4.35	2.67	BUY
NYSE	Kellanova	5.750	5/16/2054	487836CA4	109.26	5.26	5.17	Baa2	NR	11/16/2053	100.000	5.17	14.41	BUY
NYSE	NextEra Energy Inc	5.250	3/15/2034	65339KCU2	103.89	5.05	4.74	Baa1	BBB+	12/15/2033	100.000	4.71	7.27	BUY
NYSE	Owens Corning	7.000	12/1/2036	690742AB7	116.84	5.99	5.15	Baa1	BBB	Non-Callable	Non-Callable	5.13	8.32	BUY
TRACE	Patterson-UTI Energy Inc	7.150	10/1/2033	703481AD3	107.78	6.63	6.02	Baa3	BBB-	7/1/2033	100.000	5.86	6.54	BUY
TRACE	Plains All American Pipeline	5.700	9/15/2034	72650RBP6	104.06	5.48	5.18	Baa3	BBB	6/15/2034	100.000	5.11	7.35	BUY
NYSE	Realty Income Corp	5.125	2/15/2034	756109CG7	102.37	5.01	4.82	A3	A-	11/15/2033	100.000	4.77	7.21	BUY
NYSE	Southern California Edison	5.200	6/1/2034	842400HZ9	103.93	5.00	4.70	A2	A-	3/1/2034	100.000	4.66	7.31	BUY
TRACE	Trinity Industries Inc	7.750	7/15/2028	896522AJ8	104.91	7.39	6.27	Ba2	BB+	7/15/2025	103.875	5.82	2.46	BUY
NYSE	VICI Properties LP	4.750	2/15/2028	925650AB9	100.37	4.73	4.63	Ba1	BBB-	1/15/2028	100.000	4.59	2.99	BUY
\$1,000 PAR PREFERRED SHARES														
TRACE	Citigroup Inc	7.200	Perpetual	172967PJ4	105.75	6.81	6.81	Ba1	BB+	5/15/2029	100.000	6.81	3.90	BUY
TRACE	Goldman Sachs Group Inc	7.500	Perpetual	38141GA38	107.78	6.96	6.96	Ba1	BB+	2/10/2029	100.000	6.96	3.68	BUY
TRACE	JPMorgan Chase & Co	8.089	Perpetual	48128BAD3	100.80	8.03	8.03	Baa2	BBB-	11/1/2024	100.000	8.03	0.08	BUY
TRACE	Lincoln National Corp	9.250	Perpetual	534187BR9	110.65	8.36	8.36	Ba1	BBB-	12/1/2027	100.000	8.36	2.73	BUY
TRACE	State Street Corp	6.700	Perpetual	857477CH4	103.95	6.45	6.45	Baa1	BBB	3/15/2029	100.000	6.45	3.83	BUY
TRACE	Wells Fargo & Co	7.625	Perpetual	95002YAA1	109.56	6.96	6.96	Baa2	BB+	9/15/2028	100.000	6.96	3.42	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
ARLP	NASDAQ	GS Alliance Resource Partners LP	25.01	11.20	K-1	26.21	18.32	11/14/2024	2m	11.20	28.00	BUY
BIP	NYSE	Brookfield Infrastructure Part	35.07	4.62	K-1	35.48	21.03	12/31/2024	3e	4.56	46.50	BUY
ENLC	NYSE	EnLink Midstream LLC	14.51	3.65	K-1	14.80	10.98	11/13/2024	2m	3.60	14.50	BUY
EPD	NYSE	Enterprise Products Partners LP	29.14	7.21	Var	30.05	25.61	11/14/2024	2m	7.06	30.00	BUY
GLP	NYSE	Global Partners LP/MA	46.56	6.19	K-1	50.85	27.07	11/14/2024	2m	6.05	37.50	BUY
GHI	NYSE	Greystone Housing Impact Inv	14.03	10.55	Var	17.40	13.30	1/31/2025	2e	11.55	23.50	BUY
HESM	NYSE	Hess Midstream LP	35.29	7.57	Var	39.11	27.57	11/14/2024	3m	7.29	37.00	BUY
IEP	NASDAQ	GS Icahn Enterprises LP	13.54	29.59	K-1	22.59	9.72	12/24/2024	3m	29.59	75.00	HOLD
KRP	NYSE	Kimbell Royalty Partners LP	16.09	10.44	15-20%	17.11	14.26	11/22/2024	2e	11.50	23.00	BUY
MPLX	NYSE	MPLX LP	44.48	7.65	K-1	45.24	34.52	11/18/2024	2m	7.65	55.00	BUY
NRP	NYSE	Natural Resource Partners LP	97.80	3.07	Var	101.50	63.21	11/26/2024	2m	5.56	60.00	BUY
NEP	NYSE	NextEra Energy Partners LP	27.61	13.11	OI	35.15	20.17	11/14/2024	2m	12.83	57.00	BUY
PAA	NASDAQ	GS Plains All American Pipeline LP	17.37	7.31	Var	19.17	14.25	11/14/2024	2m	7.02	15.00	BUY
SGU	NYSE	Star Group LP	11.89	5.88	15-20%	14.76	9.64	10/28/2024	3m	5.71	11.00	BUY
SUN	NYSE	Sunoco LP	53.73	6.52	Var	64.89	46.55	11/20/2024	2m	6.40	70.00	BUY
VNOM	NASDAQ	GS Viper Energy Inc	45.12	5.68	1099-DIV	49.37	26.73	11/14/2024	2e	5.23	35.00	BUY
WES	NYSE	Western Midstream Partners LP	38.25	9.15	K-1	42.80	26.14	11/15/2024	2m	7.58	32.00	BUY

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

PREFERREDS *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 %	Maturity	Fair Val \$	Duration	Recommend
ABLL	Abacus Life Inc	9.875	2.47	OI	2m	00258Y203	26.79	9.22	NA/NA	2/15/2027	25	7.58	11/15/2028	26.50	2.09	BUY
AGNCL	AGNC Investment Corp	7.750	1.94	OI	1m	00123Q856	24.94	7.77	NA/NA	10/15/2027	25	8.49	Perpetual	25.85	2.69	BUY
ALLJ	Allstate Corp/The	7.375	1.84	15-20%	1m	020002788	27.80	6.63	Baa2/BBB-	7/15/2028	25	4.20	Perpetual	28.50	3.34	BUY
ATH E	Athene Holding Ltd	7.750	1.94	15-20%	3e	04686J507	26.80	7.23	Baa3/BBB	12/30/2027	25	5.65	Perpetual	27.30	2.87	BUY
BIFI	Brookfield Infrastructure LP	5.125	1.28	15-20%	3e	05554M100	20.07	6.38	NA/BBB-	1/21/2027	25	15.60	Perpetual	20.50	15.53	BUY
CMSA	CMS Energy Corp	5.625	1.41	OI	3m	12589E860	25.01	5.62	Baa3/BBB-	Current Call	25	21.43	3/15/2078	25.50	0.03	BUY
FGN	F&G Annuities & Life Inc	7.950	1.99	OI	3m	30190A203	27.19	7.31	NA/BBB-	12/15/2028	25	5.68	12/15/2053	27.25	3.58	BUY
FITBI	Fifth Third Bancorp	9.296	2.32	15-20%	3e	31677J605	25.47	9.12	Baa3/BBB+	Current Call	25	-20.85	Perpetual	25.65	0.08	BUY
JXN A	Jackson Financial Inc	8.000	2.00	15-20%	3e	46817M206	27.01	7.40	Ba2/BBB+	3/30/2028	25	5.82	Perpetual	26.75	3.06	BUY
LNC D	Lincoln National Corp	9.000	2.25	15-20%	3b	534187885	28.46	7.91	Ba1/BBB-	12/1/2027	25	4.78	Perpetual	28.75	2.76	BUY
MEAN	MFA Financial Inc	8.875	2.22	OI	2m	55272X706	25.68	8.64	NA/NA	2/15/2026	25	8.17	2/15/2029	26.25	1.27	BUY
MSBIP	Midland States Bancorp Inc	7.750	1.94	15-20%	3e	597742303	25.20	7.69	NA/NA	9/30/2027	25	7.65	Perpetual	27.25	2.66	BUY
MS P	Morgan Stanley	6.500	1.63	15-20%	1m	61762V853	26.65	6.10	Baa3/BBB-	10/15/2027	25	4.17	Perpetual	27.75	2.77	BUY
NMFCZ	New Mountain Finance Corp	8.250	2.06	OI	2m	64755I308	25.90	7.96	Baa3/NA	11/15/2025	25	6.07	11/15/2028	26.25	1.05	BUY
ONBPO	Old National Bancorp/IN	7.000	1.75	OI	3m	68003D303	25.35	6.90	Baa3/NA	8/20/2025	25	6.81	Perpetual	26.50	0.84	BUY
PRH	Prudential Financial Inc	5.950	1.49	OI	3b	744320870	26.15	5.69	Baa1/BBB+	9/1/2027	25	4.43	9/1/2062	26.50	2.66	BUY
RWT A	Redwood Trust Inc	10.000	2.50	OI	1m	758075808	25.95	9.63	NA/NA	4/15/2028	25	9.57	Perpetual	26.25	2.97	BUY
SCCE	Sachem Capital Corp	6.000	1.50	OI	3m	78590A703	22.08	6.79	NA/NA	Current Call	25	176.98	3/30/2027	23.50	2.26	BUY
SCE M	SCE Trust VII	7.500	1.88	OI	3m	783892201	26.93	6.96	Baa3/BBB+	11/22/2028	25	5.66	Perpetual	27.50	3.56	BUY
SPNT B	SiriusPoint Ltd	8.000	2.00	15-20%	2e	G8192H155	25.27	7.91	NA/BBB+	2/26/2026	25	7.97	Perpetual	26.75	1.31	BUY
SF C	Stifel Financial Corp	6.125	1.53	15-20%	3m	860630870	26.47	5.78	NA/BB	6/15/2025	25	0.44	Perpetual	28.25	0.69	BUY
SWKHL	SWK Holdings Corp	9.000	2.25	OI	3e	78501P302	25.55	8.81	NA/NA	9/30/2025	26	8.85	1/31/2027	26.15	1.81	BUY
SYFB	Synchrony Financial	8.250	2.06	15-20%	2m	87165B400	25.67	8.03	NA/BB-	5/15/2029	25	8.05	Perpetual	26.50	3.77	BUY
SNV E	Synovus Financial Corp	8.397	2.10	15-20%	3m	87161C709	26.67	7.87	NA/BB-	7/1/2029	25	7.07	Perpetual	25.50	3.92	BUY
TRINL	Trinity Capital Inc	7.000	1.75	15-20%	3m	896442506	25.27	6.93	NA/NA	Current Call	25	5.87	1/16/2025	26.75	0.08	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 \$	Duration	Recommend
ALB A	Albemarle Corp	7.250	3.63	OI	012653200	45.04	8.05	NA/NA	0.381	25.06	94.32	72.50	2.14	BUY
APO A	Apollo Global Management	6.750	3.38	15-20%	03769M304	68.43	4.93	Baa1/BBB+	0.505	7.51	132.01	67.00	1.80	BUY
BTSGU	Brightspring Health Serv	6.750	3.38	OI	10950A205	56.99	5.92	NA/NA	3.273	17.05	14.78	68.00	2.16	BUY
GTLS B	Chart Industries Inc	6.750	3.38	OI	16115Q407	50.47	6.69	NA/NA	0.353	16.48	119.65	78.00	1.14	BUY
NEE R	NextEra Energy Inc	6.926	3.46	OI	65339F713	46.69	7.42	NA/BBB	0.450	22.36	85.27	56.50	0.86	BUY

OPTIONAL CONVERTIBLE PREFERREDS

AATRL	Affiliated Managers Group Inc	5.150	2.58	OI	00170F209	51.79	4.97	NA/BBB-	0.256	16.55	175.77	58.50	9.55	BUY
BAC L	Bank of America Corp	7.250	72.50	15-20%	060505682	1273.01	5.70	Baa2/BBB-	20.000	61.26	39.22	1350.00	17.42	BUY
NYCB U	New York Comm Capital Trust	6.000	3.00	OI	64944P307	38.72	7.75	B3/NR	2.495	46.29	10.78	46.00	11.43	SELL
WFC L	Wells Fargo & Co	7.500	75.00	15-20%	949746804	1282.20	5.85	Baa2/BBB+	6.381	262.69	55.39	1250.00	16.89	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
COMMON STOCKS													
ABBY	New York	AbbVie Inc	00287Y109	197.44	3.14	15-20%	199.95	135.85	2/14/2025	3.10	US	175.00	BUY
CAH	New York	Cardinal Health Inc	14149Y108	110.50	1.83	15-20%	116.05	85.82	1/15/2025	1.82	US	59.56	HOLD
CAT	New York	Caterpillar Inc	149123101	391.12	1.44	15-20%	397.22	223.76	11/20/2024	1.36	US	170.00	HOLD
CVX	New York	Chevron Corp	166764100	147.26	4.43	15-20%	170.17	135.37	12/10/2024	4.35	US	185.00	BUY
CIVI	New York	Civitas Resources Inc	17888H103	50.74	12.00	15-20%	80.96	49.10	12/31/2024	11.96	US	85.00	BUY
CLX	New York	Clorox Co/The	189054109	162.94	3.00	15-20%	169.09	114.69	2/7/2025	2.96	US	180.00	BUY
DRI	New York	Darden Restaurants Inc	237194105	164.05	3.41	15-20%	176.84	133.36	2/3/2025	3.25	US	165.00	BUY
DUK	New York	Duke Energy Corp	26441C204	115.27	3.63	15-20%	118.31	83.06	12/18/2024	3.57	US	110.00	BUY
ETR	New York	Entergy Corp	29364G103	131.60	3.43	15-20%	133.38	87.10	12/2/2024	3.43	US	115.00	BUY
EPRT	New York	Essential Properties Realty Tr	29670E107	34.16	3.40	OI	34.51	20.49	1/14/2025	3.37	US	38.00	BUY
IRM	New York	Iron Mountain Inc	46284V101	118.82	2.41	OI	120.54	56.51	1/3/2025	2.24	US	78.00	BUY
LAMR	NASDAQ	Lamar Advertising Co	512816109	133.72	4.19	OI	137.40	77.21	12/30/2024	3.93	US	145.00	BUY
LYB	New York	LyondellBasell Industries NV	NL0009434992	95.90	5.59	OI	107.02	88.46	12/4/2024	5.40	US	110.00	BUY
NNN	New York	NNN REIT Inc	637417106	48.51	4.78	OI	49.10	34.38	11/15/2024	4.69	US	55.00	BUY
OPI	NASDAQ	GS Office Properties Income Trust	67623C109	2.18	1.83	OI	7.53	1.81	11/15/2024	12.84	US	N/M	SELL
PNW	New York	Pinnacle West Capital Corp	723484101	88.59	3.97	OI	91.57	65.20	12/2/2024	3.97	US	83.00	BUY
O	New York	Realty Income Corp	756109104	63.46	4.99	OI	63.61	45.04	11/15/2024	4.89	US	75.00	BUY
RHP	New York	Ryman Hospitality Properties I	78377T107	107.18	4.10	OI	122.91	81.36	1/15/2025	4.10	US	135.00	BUY
TTE	New York	TotalEnergies SE	89151E109	64.67	5.41	15-20%	74.97	62.28	1/6/2025	5.15	FR	82.00	BUY
VZ	New York	Verizon Communications Inc	92343V104	44.92	6.03	15-20%	45.36	30.14	2/3/2025	5.92	US	53.00	BUY
WHR	New York	Whirlpool Corp	963320106	107.04	6.54	15-20%	134.28	84.18	12/15/2024	6.54	US	130.00	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	52 Week Low Date	Pay Cycle	Fair Value \$	Recommend
BANX	ArrowMark Financial Corp	20.85	8.70	20.85	0.00	21.67	16.19	9/23/2024	10/26/2023	10/26/2023	3e	25.00	BUY
BCV	Bancroft Fund, Ltd.	16.77	7.63	19.20	-12.66	16.78	14.09	10/1/2024	10/27/2023	10/27/2023	3e	20.00	BUY
BIT	BlackRock Multi-Sector Income	15.16	9.77	14.88	2.15	15.98	13.65	3/28/2024	10/23/2023	10/23/2023	Me	20.50	BUY
BSL	Blackstone Senior Floating Rate	14.12	9.69	14.78	-4.47	14.56	12.50	3/14/2024	10/27/2023	10/27/2023	Me	16.00	BUY
EIPI	FT Energy Income Partners Enh Inc	19.35	7.75	19.35	0.02	19.71	18.17	9/24/2024	6/14/2024	6/14/2024	Me	25.00	BUY
GPIQ	GS Nasdaq - 100 Core Premium Inc	47.98	10.30	47.83	0.26	49.81	38.66	7/11/2024	10/26/2023	10/26/2023	Mb	65.00	BUY
BSCX	Invesco BulletShares 2033 Corp	21.58	4.69	21.55	0.14	23.29	19.05	12/18/2023	10/19/2023	10/19/2023	Me	26.50	BUY
IHYF	Invesco High Yield Bond Factor	22.72	7.46	22.77	-0.31	22.96	20.78	9/19/2024	10/23/2023	10/23/2023	Me	28.00	BUY
IIM	Invesco Value Municipal Income	12.86	7.18	13.69	-5.92	13.10	9.94	9/13/2024	10/26/2023	10/26/2023	Me	13.50	BUY
IBDY	iShares iBonds Dec 2033 Term	26.39	4.74	26.31	0.32	26.87	23.18	8/19/2024	10/19/2023	10/19/2023	Mb	28.50	BUY
JEPI	JPMorgan Equity Premium Income ETF	59.50	7.91	59.47	0.06	59.58	51.38	9/27/2024	10/27/2023	10/27/2023	Mb	70.00	BUY
NBXG	Neuberger Berman Next Gen Conn	12.81	9.35	14.46	-11.27	13.43	9.31	7/9/2024	10/26/2023	10/26/2023	Me	16.00	BUY
JFR	Nuveen Floating Rate Income	8.81	11.56	9.23	-4.44	9.03	7.61	9/12/2024	10/26/2023	10/26/2023	Md	13.50	BUY
ISD	PGIM High Yield Bond Fund Inc	14.02	9.04	14.37	-2.99	14.05	10.98	10/1/2024	10/26/2023	10/26/2023	Mb	16.00	BUY
PML	PIMCO Municipal Income Fund	9.35	5.05	9.01	4.22	9.52	6.92	10/1/2024	10/30/2023	10/30/2023	Mm	14.25	BUY
HYHG	ProShares High Yield-Interest	64.95	6.74	64.71	0.15	66.57	58.86	7/24/2024	11/9/2023	11/9/2023	Mb	72.00	BUY
IGHG	ProShares Investment Grade	77.49	5.01	77.15	-0.17	77.83	70.68	9/24/2024	8/5/2024	8/5/2024	Mb	80.00	BUY
PMO	Putnam Municipal Opp	10.91	3.85	11.78	-7.47	10.96	8.57	10/1/2024	10/24/2023	10/24/2023	Mb	13.75	BUY
RMMZ	RiverNorth Managed Dur Muni	16.35	7.15	17.55	-6.84	16.49	12.92	10/1/2024	10/30/2023	10/30/2023	Me	19.00	BUY
AIO	Virtus Artificial Intelligence	21.97	8.19	22.23	-1.17	22.18	15.09	7/10/2024	10/27/2023	10/27/2023	Mb	30.00	BUY
HYI	Western Asset High Yield	12.38	9.21	12.44	-0.48	12.44	10.99	9/20/2024	10/31/2023	10/31/2023	Mb	13.75	BUY
WEA	Western Asset Premier Bond Fund	11.28	7.45	11.57	-2.51	11.32	9.60	10/1/2024	10/26/2023	10/26/2023	Mb	13.00	BUY

1. Tax: OI=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; 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	M	-	Ba1
Alpha Bank SA	S	+	BB+
American Builders & Contractors Supply Co Inc	S	+	BB+
American Tower Corp	S	+	BBB
Ares Capital Corp	M	+	Baa2
Beasley Broadcast Group Inc	S	-	CC
Bell Telephone Co of Canada	S	-	BBB
Belron Finance 2019 LLC	S	-	BBB- *-
Bunge Global SA	S	+	BBB+ *+
City of Zagreb Croatia	S	+	BBB+
Comerica Bank	M	-	Baa1 *-
Coty Inc	S	+	BB+
Diamond Offshore Drilling Inc	S	+	BB-
EW Scripps Co/The	S	-	B-
First Advantage Holdings LLC	S	+	B+
Gabelli Multimedia Trust Inc/The	S	-	BBB- *-
Glatfelter Corp	S	+	B+
Glencore PLC	M	+	A3
Harbour Energy PLC	S	+	BBB-
Hawaiian Holdings Inc	S	+	BB-
Hudson Pacific Properties Inc	S	-	BB-
Iceland Government International Bond	M	+	A1
JD.com Inc	M	+	A3
Kazakhstan Treasury Bond	M	+	Baa1
Level 3 Communications Inc	S	+	CC

Issuer	Agency	New Action	Rating
Lumen Technologies Inc	S	+	CC
Macquarie Airfinance Holdings Ltd	S	+	BBB-
Manufacturers & Traders Trust Co	M	+	Baa1 *+
Meituan	S	+	BBB+
Naked Juice LLC	S	-	CCC+
National Bank of Canada	M	+	A3 *+
Navient Corp	S	+	BB
Norinchukin Bank/The	M	+	A1
Old National Bancorp/IN	M	+	Baa1
Republic of Maldives	M	-	Caa2 *-
Service Properties Trust	S	-	B
Sierra Enterprises LLC/DE	S	+	CCC+ *+
Sirius XM Radio Inc	S	+	BB+
SL Green Realty Corp	S	-	BB
Sumitomo Electric Industries Ltd	M	-	A3
TalkTalk Telecom Group Ltd	S	-	D
TD Bank USA NA	S	+	BBB-
Therapy Brands Holdings LLC	S	-	CCC+
Universal Entertainment Corp	S	+	B
Viper Energy Inc	S	+	BBB-
Weatherford International PLC	S	+	BB-
Wellington City Council Ltd	S	-	AA
Wilmington Trust Co	M	+	Baa1 *+
Zurich Capital Markets Inc	M	+	Aa2

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

Preferred Rating Changes

Issuer	Agency	Action	Rating
BlackRock MuniHoldings	M	+	Aa2
Comerica Inc	M	-	Baa3
First Midwest Capital Trust	M	+	Baa2
Zurich Insurance Co Ltd	M	+	A2

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

New Preferreds

Issuer	Symbol	Issue (%)	Moody/S&P Ratings	Par Value
AltaGas Ltd	ALACN	VAR	NR/BB	25
HP Enterprise	HPE	7.625	Baa2/BBB	50
NewtekOne	NEWT	8.625	NR/BBB+	25
Westpac NZ Ltd	WSTPNZ	VAR	A3/A	100

cv = convertible

For Investors Seeking Steady Monthly Income

Low-Risk Portfolio

This portfolio consists of 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	Asset Type	CUSIP	Issuer	Coupon	Maturity	Yield	Price	Qty	Rpt Date	Fair Value
ALL J	Pref	020002788	Allstate Corp	7.375%	Perp	6.63	27.80	369	Dec-23	\$28.50
CEG	Bond	210385AD2	Constellation Energy LLC	6.125%	1/15/2034	4.77	110.06	9	Jan-24	\$110.75
DTRGR	Bond	233853AQ3	Daimler Truck Fin NA	5.125%	1/19/2028	4.37	102.30	10	May-23	\$104.50
DUK	Common	26441C204	Duke Energy Corp			3.63	115.27	103	Dec-22	\$110.00
ETR	Common	29364G103	Entergy Corp			3.43	131.60	99	Jul-21	\$115.00
IIM	CEF	46132P108	Invesco Value Muni Inc			7.19	12.86	862	Jun-23	\$13.50
ITC	Bond	465685AR6	ITC Holdings Corp	4.950%	9/22/2027	4.38	101.56	10	Mar-23	\$104.25
MSP	Pref	61762V853	Morgan Stanley	6.500%	Perp	6.10	26.65	382	Oct-22	\$27.75
IGHG	CEF	74347B607	ProShares IG Hedged			5.07	77.49	133	Jan-23	\$80.00
PRH	Pref	744320870	Prudential Financial Inc	5.950%	9/1/2062	5.69	26.15	392	Sep-23	\$26.50

Summary Statistics

Monthly Payout Average	\$441
Current yield on portfolio	5.08%
Inception Value (1/1/24)	\$100,006
Last month's value	\$108,498
Current value of portfolio	\$107,273
Current value + year to date income	\$111,241
Year to Date Total Return	11.24%

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	Asset Type	CUSIP	Issuer	Coupon	Maturity	Yield	Price	Qty	Rpt Date	Fair Value
APO A	Conv Pref	03769M304	Apollo Global Mmnt	6.750%	7/31/2026	4.93	68.43	177	Sep-23	\$67.00
ATH E	Pref	04686J507	Athene Holding Ltd	7.750%	Perp	7.23	26.80	391	Feb-23	\$27.30
BIT	CEF	09258A107	BlackRock Multi-Sector Inc			9.79	15.16	664	Apr-22	\$20.50
BXP	Bond	10112RBG8	Boston Properties LP	6.750%	12/1/2027	4.75	105.80	10	Jun-23	\$108.50
GS	\$1000 Pref	38141GA38	Goldman Sachs Group Inc	7.500%	Perp	6.42	107.78	10	Dec-23	\$107.50
IRM	Common	46284V101	Iron Mountain Inc			2.41	118.82	143	Aug-23	\$78.00
JFR	CEF	67072T108	Nuveen Float Rate Inc			11.58	8.81	1050	May-22	\$13.50
VICI	Bond	925650AB9	VICI Properties LP	4.750%	2/25/2028	4.63	100.37	10	Jan-23	\$103.25
VNOM	MLP	927959106	Viper Energy Inc			5.67	45.12	319	Mar-23	\$35.00
WFC	\$1000 Pref	95002YAA1	Wells Fargo & Company	7.625%	Perp	6.65	109.56	10	Oct-23	\$109.25

Summary Statistics

Monthly Payout Average	\$598
Current yield on portfolio	6.08%
Inception Value (1/1/24)	\$100,007
Last month's value	\$119,052
Current value of portfolio	\$115,643
Current value + year to date income	\$121,023
Year to Date Total Return	21.01%

For Investors Seeking Steady Monthly Income

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	Asset Type	CUSIP	Issuer	Coupon	Maturity	Yield	Price	Qty	Rpt Date	Fair Value
EAT	Bond	109641AK6	Brinker International	8.250%	7/15/2030	6.68	107.41	9	Sep-23	\$109.00
GTLS B	Conv Pref	16115Q407	Chart Industries Inc	6.750%	12/15/2025	6.69	50.47	180	Aug-23	\$78.00
CIVI	Bond	17888HAB9	Civitas Resources Inc	8.750%	7/1/2031	7.62	105.88	9	Oct-23	\$109.50
HESM	MLP	428103105	Hess Midstream LP - Cl A			7.57	35.29	316	Nov-23	\$37.00
MSBIP	Pref	597742303	Midland States Bancorp	7.750%	Perp	7.69	25.20	406	Jan-23	\$27.25
ONBPO	Pref	68003D303	Old Natl Bancorp	7.000%	Perp	6.90	25.35	395	May-21	\$26.50
ISD	CEF	69346H100	PGIM HY Bond Fund			8.99	14.02	886	Aug-23	\$16.00
HYHG	CEF	74348A541	ProShares High Yield Int			6.89	64.95	159	Apr-23	\$72.00
SUN	MLP	86765K109	Sunoco LP			6.52	53.73	167	Dec-21	\$70.00
TRINL	Pref	896442506	Trinity Capital Inc	7.000%	1/16/2025	6.93	25.27	395	Nov-22	\$26.75

Summary Statistics

Monthly Payout Average	\$617
Current yield on portfolio	7.30%
Inception Value (1/1/24)	\$100,003
Last month's value	\$106,797
Current value of portfolio	\$101,380
Current value + year to date income	\$106,934
Year to Date Total Return	6.93%

Multi-Driver Portfolio

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

Symbol	Asset Type	CUSIP	Issuer	Coupon	Maturity	Yield	Price	Qty	Rpt Date	Fair Value
BSL	CEF	09256U105	Blackstone Senior Float Rt			9.69	14.12	734	May-22	\$19.00
CVX	Common	166764100	Chevron Corp			4.43	147.26	67	Nov-23	\$185.00
C	\$1000 Pref	172967PE5	Citigroup Inc	7.625%	Perp	6.51	107.38	10	Nov-23	\$108.00
JXN A	Preferred	46817M206	Jackson Financial Inc	8.000%	Perp	7.40	27.01	389	Aug-23	\$26.75
LNC D	Preferred	534187885	Lincoln National Corp	9.000%	Perp	7.91	28.46	363	Dec-22	\$28.75
LYB	Common	NL0009434992	LyondellBasell Indu-Cl A			5.59	95.90	105	Oct-22	\$110.00
PTEN	Bond	703481AD3	Patterson-UTI Energy Inc	7.150%	10/1/2033	6.02	107.78	9	Jan-24	\$109.75
PNW	Common	723484101	Pinnacle West Capital			3.97	88.59	139	May-22	\$83.00
RMM	CEF	76882H105	Rivernorth Managed Dur			6.82	16.11	704	Nov-22	\$19.00
TRN	Bond	896522AJ8	Trinity Industries Inc	7.750%	7/15/2028	6.21	105.11	10	Nov-23	\$108.25

Summary Statistics

Monthly Payout Average	\$581
Current yield on portfolio	6.43%
Inception Value (1/1/24)	\$100,046
Last month's value	\$109,820
Current value of portfolio	\$105,743
Current value + year to date income	\$110,973
Year to Date Total Return	10.92%

CORPORATE UPDATES

continued from page 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.

The Kroger Company (KR) and Albertsons announced a definitive merger agreement, whereby KR would acquire Albertsons for \$34.10 per share for a total enterprise value of \$24.6 billion. The transaction was expected to close early this year, but in February 2024, the Federal Trade Commission (FTC), along with eight states and Washington D.C., sued to block the transaction, alleging the deal would be anti-competitive. KR subsequently sued the FTC on August 19, 2024, seeking to block the regulator from reviewing the proposed \$24.6 billion merger. As part of KR's acquisition of Albertsons, 579 stores are to be sold from both companies. On August 20, 2024, KR priced a seven-part \$10.0 billion-plus bond deal, with proceeds earmarked to help fund the cash component of its planned merger with Albertsons. KR offered two-year, five-year, and seven-year notes, as well as 10-year, 30-year, and 40-year bonds. Short-dated or front-end notes will be repurchased

from investors at \$101.00 if the transaction does not go through, while longer-dated maturities will be used for general corporate purposes. In a three-week hearing that commenced on September 17, 2024, the FTC is seeking a preliminary injunction that would block the merger while its complaint would go before an administrative law judge, according to the Associated Press. KR and Albertson's insist the FTC's objections do not take into consideration the rising competition in the grocery sector from the likes of Walmart, Costco, Aldi, Lidl, and Trader Joe's, all enjoying tremendous sales and profit growth over the last ten years. **Safeway's 7.250% senior note issue has \$262.0 million outstanding. The issue is dwarfed, however, by the size of Albertson's newer issues, which stand to see considerably more trading activity. As a result, we are changing our recommendation to Hold from Buy on Safeway's 7.250% senior notes.**

CURRENT RECOMMENDATIONS

continued from page 4

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 (continued from page 4)

Verizon Communications, Inc. (REVIEW); Current Price \$44.91; Current Annualized Yield 6.03%; Last Dividend Paid 08/01/24; Exchange NYSE; Ratings, Moody's Baa1, S&P BBB+; Pay Cycle 2b; CUSIP 92343V104; Family Common Stock; Symbol VZ (www.verizon.com)

Verizon Communications, Inc. (VZ) is one of the largest telecom service providers in the world. The company is a leader in delivering broadband and other wireless and wireline communications services to consumers, businesses, government entities, and wholesalers. VZ's wireless segment accounts for approximately 40% of the U.S. wireless market, providing voice and data services, as well as equipment sales. The wireline segment offers broadband video and data, corporate networking solutions, cloud and security services, and voice services. VZ's stable Baa1/BBB+ debt ratings reflect its strong business profile, as well as its position as the largest U.S. mobile and telecom operator. The company's credit outlook also benefits from its large-scale competitive strengths,

business diversification, stable EBITDA, and positive free cash flow. **VZ announced in early September that it signed a definitive agreement to acquire Frontier Communications in an all-cash transaction valued at \$20 billion.** VZ expects that the transaction, which is subject to customary conditions and regulatory approvals, will not close until 1Q 2026. Leverage is expected to tick up slightly. The rating agencies have, however, confirmed the company's stable outlook. The acquisition of Frontier, with more than 7 million fiber passings across 25 states, should complement VZ's wireless footprint and strengthen its capabilities across a larger market, enhancing the trajectory of its revenue growth. **We last reviewed VZ in October 2019, reaffirming our Buy recommendation for low- to high-risk taxable portfolios. Dividends are taxed at the 15%-20% federal rate. We believe that the common dividend is safe, although dividend growth may be protracted due to the Frontier transaction. As a result, we are recommending the purchase of VZ's common shares at \$53.00 or lower, which is down from \$65.00.**

Master Limited Partnerships

BrightSpring Health Services, Inc.; 6.750% Tangible Equity Units, due 02/01/27; Par \$50.00; Annual Cash Dividend \$3.375; Current Price \$55.74; Current Indicated Yield 6.05%; Modified Duration 2.159; Mandatory Conversion Date 02/01/27; Yield to Call NA; Pay Cycle 2b; Exchange NASDAQ; Ratings, Moody's NR, S&P NR; CUSIP 10950A205; Symbol BTSGU (www.brightspringhealth.com)

BrightSpring Health Services, Inc. (BTSG) is a provider of home and community-based health services, offering specialized and chronic care. The company provides services for high-need patients, such as supportive care, and clinical and pharmacy solutions. BTSG has more than 45 years of experience in health care, but its first day as a public company was January 26, 2024. The Equity Units consist of a stock purchase contract valued at \$41.3382 and a 10.00% senior amortizing note valued at \$8.6618. BTSG will pay quarterly installments of \$0.8438 for each

note. Cash payments in the aggregate will equal 6.750% annually (see Prospectus for details). **On or after 11/01/24, BTSG may elect to settle all outstanding purchase contracts at the maximum settlement rate of 3.8461 common shares divided by \$50.00, if the common is equal to or less than the \$13.00 reference price. Should the common price exceed 130% of the reference price for 20 of any 30 consecutive trading days, the settlement amount will be 3.2733 shares divided by \$50.00. Equity note holders may settle any or all purchase contracts, based on the minimum settlement rate of 3.2733 shares divided by \$50.00.** BTSG reported 2Q 2024 net income of \$19.4 million or \$0.10 per share, short of analysts' \$0.17 estimates. Revenue of \$2.73 billion was ahead of consensus estimates and up 26.0% from a year ago. **This convertible preferred security is suitable for high-risk portfolios. Distributions are taxed as ordinary income. Buy at \$68.00 or lower for a 4.96% current yield.**

INTEREST RATES

Comparative Current Yields

Security Type	Yield 9/30/24	Net Change Month	Net Change Y.T.D.	Spread 12/31/23	Spread 9/30/24
U.S. TREASURIES & EURO BENCHMARKS					
Ten Year	3.78	-12	-2.5%	-	-
Inflation Indexed	1.60	-16	-6.7%	-217	-219
Ten Year Euro(1)	2.12	-18	5.0%	-186	-166
Euro Spot Rate	1.1135	+0.9	0.9%	-	-
CORPORATE BONDS²					
AAA	4.24	-20	-6.0%	+64	+46
AA	4.37	-21	-6.5%	+79	+58
A	4.62	-21	-7.7%	+113	+84
BBB	4.97	-21	-7.3%	+148	+118
BB	5.52	-12	-8.5%	+216	+174
B	6.62	-20	-10.6%	+352	+284
CCC-C	11.63	-166	-10.9%	+917	+785
PREFERRED STOCKS³					
AA & A	5.21	+18	11.1%	+81	+143
BBB	5.84	-37	-4.5%	+224	+206
BB	6.53	-23	-17.2%	+400	+274
B	8.66	-66	-21.4%	+714	+488
QUALIFIED DIVIDEND INCOME (QDI) PFDS⁴ — Yields —					
Investment Grade	5.65	-31	-10.2%	162%	149%
Below Inv. Grade	6.63	-6	-13.8%	198%	175%
MUNICIPAL BONDS⁵ — Yields —					
AA	2.92	-10	4.1%	72%	77%
A	3.24	-12	8.7%	77%	86%
BBB	3.58	-11	1.8%	91%	95%

¹Rate for ten-year German government bonds.

²Per ICE BofA Index System

³Per ICE BofA 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.

Fed Cut Feeds Market Gains

(continued from page 1)

unpredicted events may counteract Powell & Company's latest move or the time at which it will ultimately take hold. Bottom line: Take those economic pundits' confident—or dogmatic—pronouncements with a large grain of salt.

Another sound principle to keep in mind: Play the long game instead of speculating on short-run events such as Fed meetings. The table on page 1 shows that all four of our Model Portfolios have outperformed two of their three benchmarks over the past 4.75 years. One key to their success is diversification by asset class as well as by issue.

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