

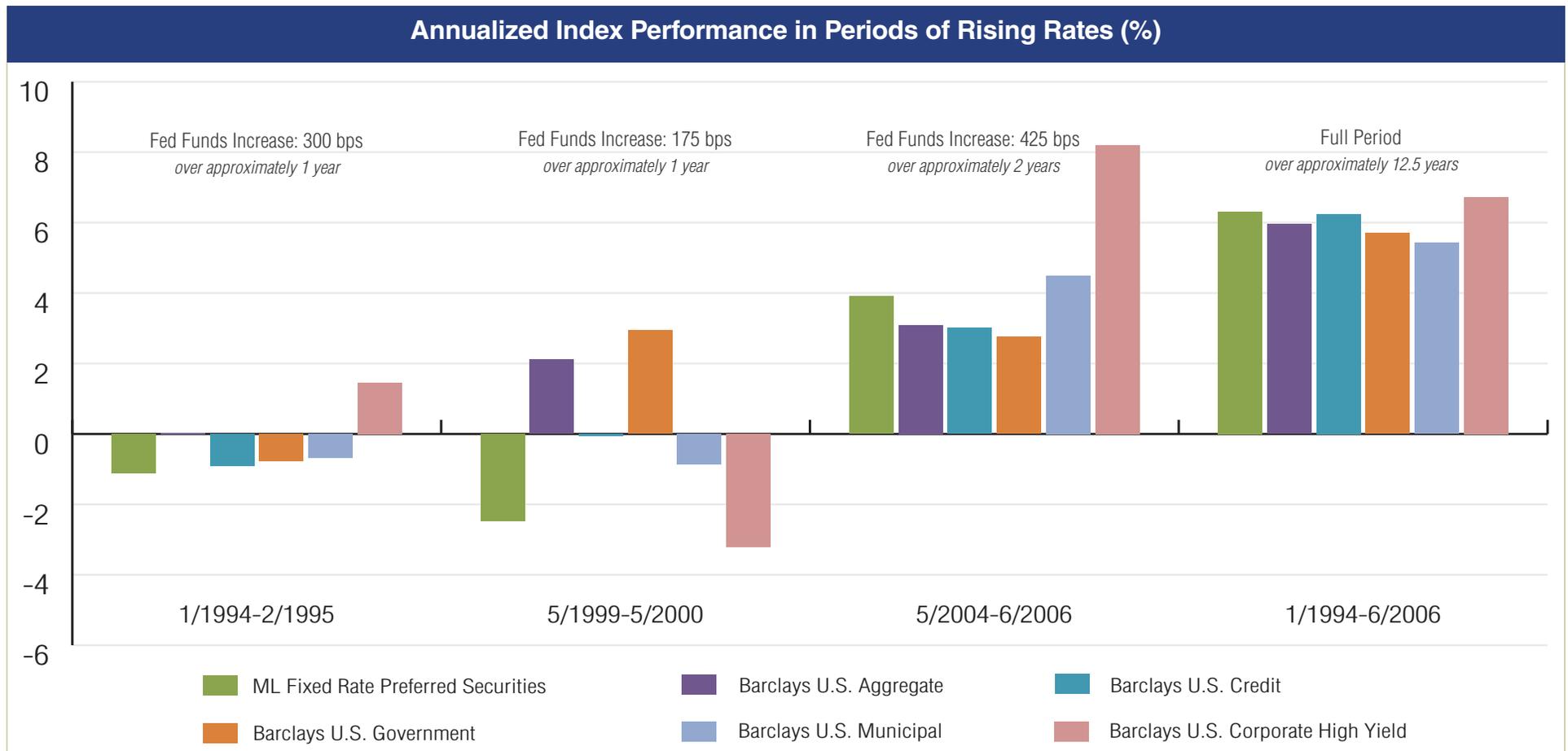
What Happens to Preferred Securities When Rates Rise?



Surprisingly, Preferred Securities Hold up Relatively Well

Since the inception of preferred securities market indices in the early 1990s, there have been three periods of prolonged increases in the Federal Funds Rate. Preferred securities posted modestly negative total returns in two of the periods, but gained in the third. Over the full period, they performed in line with the broad fixed income market.

For income investors, total returns are ultimately less of a concern. The high, stable coupon payments that preferred securities typically offer are generally more meaningful.



Source: Informa Investment Solutions Plan Sponsor Network (PSN) and Federal Reserve Board.

Past performance is not indicative of future results. All investing involves the risk of loss. There is no guarantee that any strategy will be successful.

Glossary

BofA Merrill Lynch Fixed Rate Preferred Securities Index is comprised of investment grade fixed rate U.S. dollar denominated preferred securities issued in the U.S. domestic market.

Barclays U.S. Government Index is comprised of all Treasuries and U.S. agency debentures in the U.S. Treasury and U.S. Agency Indices.

Barclays U.S. Aggregate Index is a broad-based benchmark comprised of investment grade, U.S. dollar denominated, fixed rate taxable bonds, including Treasuries, government-related and corporate securities, and mortgage- and asset-backed securities.

Barclays U.S. Municipal Index is comprised of U.S. dollar denominated long-term tax exempt bonds, with four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds.

Barclays U.S. Credit Index is comprised of the U.S. Corporate Index and a non-corporate component that includes foreign agencies, sovereigns, supranationals, and local authorities.

Barclays U.S. Corporate High Yield Index is comprised of U.S. dollar denominated, non-investment grade, fixed rate, taxable corporate bonds with a median rating of Ba1/BB+/BB+ or below across Moody's, Fitch, and S&P.

Indices are unmanaged, may include the reinvestment of earnings, and may not reflect transaction costs or management fees and other expenses. Unlike indices, the strategy is actively managed and may include substantially fewer securities than the number of securities comprising the indices, and may have volatility, investment, and other characteristics that differ from the strategy. Investments cannot be made directly into an index.