STONEBRIDGE
Advisors LLC

An Introduction to Preferred Securities –
Market Primer, Overview and Outlook

Introduction

Stonebridge Advisors LLC, an affiliate of First Trust Portfolios L.P., has created this *Introduction to Preferred Securities* to help our clients and prospective clients better understand preferred securities and their fundamental characteristics. It is our hope that this primer will help you decide what role preferred securities should play in your investment portfolios.

Key features

Preferred securities (”preferreds”) are a commonly overlooked asset class of the investment universe. The investment community has often been unclear on whether to classify preferreds as fixed-income or equity. In actuality, preferreds combine many of the characteristics of fixed-income securities: scheduled dividend/interest payments, defined par amounts, credit ratings, with those of equities: perpetual or long-dated terms; lower priority in the capital structure and quarterly dividend/interest payments. Securities that fall under the preferreds heading include traditional preferred stock, trust preferreds, subordinated and junior subordinated hybrid securities, and contingent capital (“Coco”) securities. In addition, there are also senior debt securities, known as baby bonds, issued in the $25 par retail form, which are also considered part of the preferred securities market because of their structure. We believe the numerous characteristics and varying structures of preferreds, combined with relatively attractive income, allow for this asset class to be a potential beneficial allocation to a diversified investment portfolio.

Historically, much of the preferreds market was composed of securities issued in U.S. dollars (“USD”) by U.S. companies. However, in recent years, there has been an increasing amount of issuance by non-U.S. issuers in the USD market, particularly from Europe. Many of the non-U.S. issuer structures are targeted at institutional investors and more often have fixed-to-floating-rate coupon structures. This has added substantial diversification to the overall preferreds market in terms of ratings, geography, industry and structure. Institutionally targeted preferred securities can be bought and owned by funds, but usually cannot be purchased by individual retail buyers. We expect the role and importance of non-U.S. issuers in the USD preferreds market to continue to grow over time.

Who issues them and why?

Preferreds have historically been an important source of capital for companies that need to meet certain minimum regulatory requirements to issue loss-absorbing capital other than common equity. A secondary value of preferreds for some issuers is their use as capital in rating agency analysis. Banks, insurance companies and utilities have been the biggest issuers of preferreds for these reasons. Preferreds are best defined as a fixed-income credit product (similar to a corporate bond) with equity-like features, and includes traditional preferred stock, trust preferred securities and hybrid securities. Generally, to meet the eligibility of being considered regulatory or rating agency capital for the issuer, the securities are perpetual or have long-dated maturities and the dividend/interest payments have the option of deferral. There are other unique features of preferreds that may allow them to count towards equity treatment for the issuer, such as non-cumulative and cumulative dividend/interest and whether the dividend/interest is paid out of pre-tax or after-tax income. As the name implies, cumulative dividend/interest payments that are deferred will accumulate and be paid if/when the issuer reinstates the dividend/interest payments. Non-cumulative dividend/interest payments that are deferred will not be paid.

Dividends that are paid out of after-tax income may be eligible as qualified dividend income (“QDI”)[1] for individual investors. Those paid by U.S. issuers are also eligible for the dividend received deduction

[1] Qualified Dividend Income (QDI): For individuals, dividends from U.S. corporations and qualified foreign corporations on securities held for a minimum of 61 days, during the 120-day period beginning 60 days before the ex-dividend payment, receive favorable tax treatment and are considered Qualified Dividend Income (QDI). The maximum QDI tax rate is 23.8% beginning in 2013 (20% Qualified Dividend Tax and 3.8% Unearned Income Medicare Contribution Tax).

("DRD")[2] for corporations. All securities that pay DRD-eligible dividends are QDI eligible; however, not all QDI-eligible dividends are DRD eligible.

The importance of coupons and call features

Coupon type is also an important feature of preferreds, as they can vary from security to security within the preferreds market and provide investors opportunities to adjust duration[3] of the portfolio. Historically, the bulk of the preferreds universe has had a fixed-rate coupon that generally does not reset for the life of the security. However, some securities have adjustable-rate coupons and variable-rate coupons, such as fixed-to-float. The adjustable rate securities (or "floaters") offer interest rates that adjust periodically tied to a specific index rate. Typically, floaters carry a margin or spread over the three-month LIBOR or Treasury swap rates and can be used as a hedge against rising interest rate risk. More recently, the most common coupon structure in the institutional market is the fixed-to-floating-rate structure. As the name implies, these securities carry a fixed rate of interest for a specific period, usually until a first call date in 5-10 years after which, if they are not called, they will become a floater, adjusting periodically at a predefined spread over a specific floating index for the remaining life of the security. The fixed-to-float variable rate type can also prove to be advantageous for managing interest rate risk as the rate duration is limited to the initial fixed-rate period.

Most preferred and hybrid securities have an issuer call feature which shortens the effective duration of the longer dated or perpetual securities when the securities are trading at a premium, since the call dates are usually within 5 to 10 years of the issuance date. Preferred securities are usually called at par value plus accrued dividends or interest. Fixed rate for life securities with par calls exhibit substantially greater interest rate risk than fixed-to-floating-rate securities with similar call characteristics. The risk that a security is not called at its first call is known as extension risk. Extension risk for fixed-for-life securities is really just pure market interest rate risk. In contrast, the extension risk associated with fixed-to-floating-rate securities is less about pure interest rate duration risk and more about whether the issuer can refinance at a credit spread level equal or better than indicated in that security's floating-rate formula following the first call date. The above-mentioned characteristics are just a few of the variances available in preferred securities structures and it requires diligent review of prospectuses and prospectus supplements to know the exact features of a particular security.

During periods of declining interest rates, overweighting longer duration and fixed-for-life securities historically generates strong performance relative to the overall market. In contrast, in a rising interest rate environment, overweighting fixed-to-floating-rate or floating-rate securities with lower duration historically performs better as the investor often gets paid a similar current yield while being far less exposed to interest-rate risk when compared to fixed-rate for life securities.

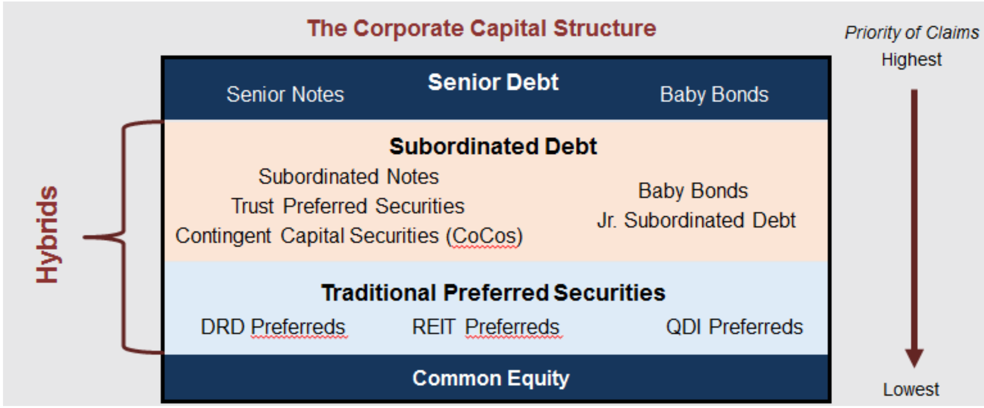
Understanding credit risk and subordination are critical to success

Analysis of both issuer fundamentals and security structure are critically important to success in managing a portfolio of preferreds. The majority of preferreds are assigned a credit rating by one or more of the major rating agencies. Securities carrying an AAA down to BBB- rating are considered "investment grade." Anything below BBB- is considered non-investment grade. Higher credit ratings imply a lower probability of default and deferral of dividend/interest payments going forward. As you can see in Figure 3 on page 5, approximately 21% of the preferred universe is rated below investment grade and the most common preferred rating is in the BBB category.

The position of a security in the capital structure is important in terms of claims on interest payments and, ultimately, principal. The top rung of the capital structure is the safest place to invest, while the bottom of the capital structure is the riskiest. To use a typical U.S. bank as an example, depositors are first in order of claims, followed by senior secured loans and debt, senior unsecured debt, subordinated debt, trust preferred securities, traditional preferred stock and, at the bottom, common stock. In the $25 par retail preferreds market, investors have access to senior unsecured quarterly income notes (otherwise known as baby bonds) down to traditional preferred stock (Figure 1). In a normal environment, a risk premium is assigned to those securities lower in the capital structure (e.g. non-cumulative traditional preferred stock) over securities higher in the capital structure. This is most easily recognizable by the difference in assigned credit ratings and spread; however, market inefficiencies occur regularly, increasing the need for familiarity with security features.

[2] Dividend Received Deduction (DRD): For corporations, Dividend Received Deduction (DRD) currently allows corporations to deduct 70% of the dividend income from taxation as long as shares are held for a minimum of 46 days.
[3] Duration: a measure of the sensitivity of the price of a fixed-income investment to a change in interest rates.

Figure 1. Preferred Securities in the Capital Structure



Source: Stonebridge Advisors LLC

Types of preferred securities

We have provided the following table to define the most common types of preferred/hybrid securities.

Figure 2. Types of Preferred Securities

Typical Features	Retail $25 par Senior/Sub Notes	Trust Preferred	Hybrid	Contingent Capital (Coco)	ADR/ADS Preferred	REIT Preferred	DRD/QDI Preferred
Priority of Claims	Senior to trust preferreds, hybrids, preferred and common equity	Senior to hybrids, preferreds, common equity	Senior to preferreds, common equity	Senior to common equity, unless triggered and written down or converted to equity	Senior to common equity	Senior to common equity	Senior to common equity
Payment Dividend / Interest	Interest	Interest	Interest	Interest	Dividend	Dividend	Dividend
Paid out of Pre-Tax/After Tax Earnings	Pre-Tax	Pre-Tax	Pre-Tax	Generally Pre-tax	After-tax	After-tax	After-tax
US Tax Treatment	Fully Taxable	Fully Taxable	Some DRD/QDI	Fully Taxable	Mostly QDI	Fully Taxable	DRD/QDI
Payment Deferral Option	None	Yes	Yes	Yes	Yes	Yes	Yes
Cumulative / Non-cumulative	Cumulative	Cumulative	Cumulative or Non-Cumulative	Non-Cumulative	Mostly Non-Cumulative	Cumulative	Mostly Non-Cumulative
Term	Dated	Usually Dated 30+ Yrs	Usually Dated 60+ Yrs or Perpetual	Perpetual	Perpetual	Perpetual	Perpetual
Issuer Treatment	Liability	Liability	Liability	Liability	Equity Capital	Equity Capital	Equity Capital
Non Resident Alien (NRA) suitable?	Yes	Yes	Yes	Yes	Yes	No	No
How does it trade?	Retail: Dirty*	Retail issues: Dirty*; Inst'l: Clean w/ Accrued Interest	Inst'l: Clean w/ Accrued Interest	Inst'l: Clean w/ Accrued Interest	Retail issues: Dirty*; Inst'l: Clean w/ Accrued Interest	Retail issues: Dirty*; Inst'l: Clean w/ Accrued Interest	Retail issues: Dirty*; Inst'l: Clean w/ Accrued Interest

Source: ICE BofAML, Stonebridge Advisors LLC
*Dirty price includes the accrued dividend/interest in the price of the security, while clean price excludes the accrued dividend/interest from the price.
+ADR: American Depositary Receipts - is a negotiable security that represents securities of a non-U.S. company that trades in the U.S. financial markets.
ADS: American Depositary Shares - Securities of a foreign company that are represented by an ADR are called American depositary shares.

Market characteristics and outlook

The approximate size of the USD-denominated preferreds market is $721 billion as of December 31, 2017, inclusive of retail ($10, $25, $50, $100 par value) and institutional markets ($1000 par value) based on market value (Figure 3). The majority of the retail market is listed on U.S. equity exchanges, while institutional securities and larger blocks of retail securities trade over-the-counter ("OTC"). The preferreds market is generally less liquid than the equity market and therefore it is beneficial to have the ability to trade both on the exchanges and OTC to improve trading efficiency and achieve the best possible execution.

The dominant sector in the preferreds universe is Financials, accounting for approximately 83% of the total market value. Financials include Banks, Insurance, Real Estate Investment Trusts ("REITs") and other Financial Services Companies. The next largest sector is Utilities (~4.6%), followed by Energy (~2.9%), Media/Telecom (~2.5%), and Industrials (~2.0%). Due to the heavy weighting in Financials, investors will likely find that a well-diversified portfolio of preferreds will have a sector concentration in Financials.

Over half of the preferreds market is investment-grade rated and, as noted in the previous section, there are multiple structures to preferreds. This provides the opportunity to diversify structure and credit quality to create a portfolio of preferreds that meet the investor's needs. In addition, regulatory and rating agency rules surrounding the characteristics they expect for capital are often changing – being able to anticipate these changes and take advantage of grandfathering rules or the potential for early tenders or calls creates opportunities for outperformance. The pie charts in Figure 3 show breakdowns of the preferred market by industry, credit quality and security structure.

For a number of years now, issuance in the institutional markets has been growing more rapidly than issuance in the retail market. The retail market now accounts for less than 1/3 of the total outstanding market in USD and we believe this relative shift in favor of institutional issues is likely to continue in the future. Additionally, non-U.S. banks and insurers, formerly a large component of the retail preferreds market, have been redeeming their retail securities and replacing them with newly issued institutional structures that meet their current regulatory capital needs. This has further increased the importance of the institutional market vs. the retail market.

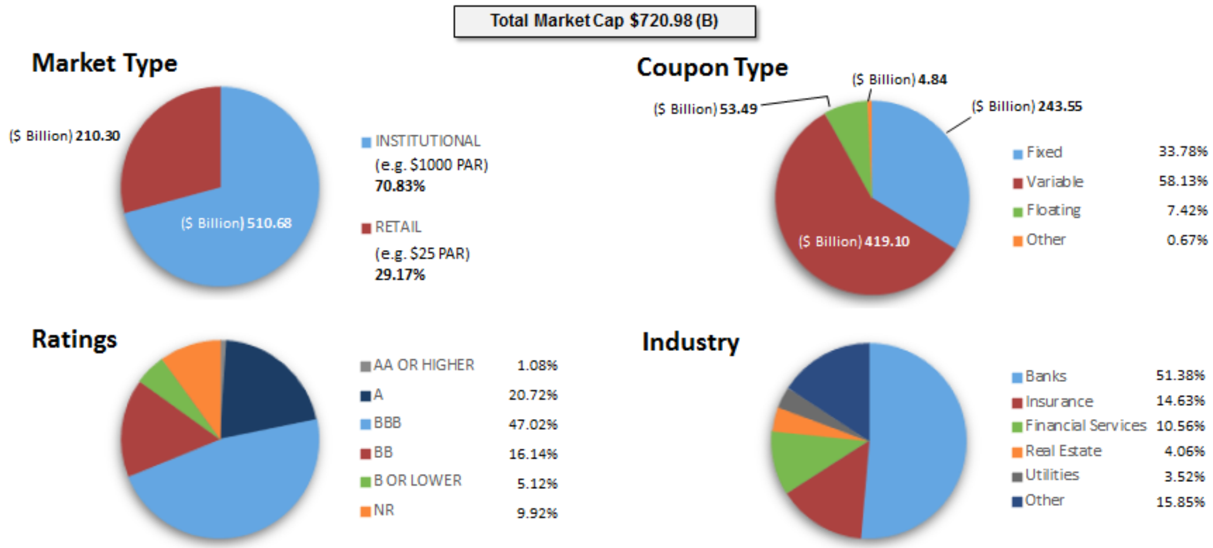
Preferred securities – retail $25 par issues vs institutional $1,000 par issues

Preferred securities in USD are issued to both retail investors directly and to institutional investors. Traditionally, retail securities are issued with $25 par formats and are usually listed and traded on either the NASDAQ or NYSE stock exchanges. In contrast, institutionally targeted securities usually have $1,000 par formats, are typically traded over the counter rather than via an exchange and often have larger minimum holding sizes between $1,000 and $200,000. Institutionally targeted preferreds can be bought and owned by funds but often cannot be purchased by individual retail investors in separately managed accounts. In addition, institutional preferreds are usually not listed on public exchanges such as the NYSE or NASDAQ which can limit their liquidity and the ability to trade in smaller increments.

The $25 par retail market is mostly characterized by fixed for life perpetual or long maturity structures with a relatively high degree of embedded duration, convexity, and interest rate risk. Less interest rate sensitive fixed-to-floating-rate securities are growing in importance in the retail market but remain a relatively low 18% of total retail issue volume outstanding. In contrast, the $1,000 par institutional market is dominated by less interest rate sensitive fixed-to-floating-rate and floating-rate structures and contains relatively few longer duration fixed for life perpetual structures. In recent years, issuers have tended to issue larger volumes of preferred and hybrid securities in the institutional $1,000 par market than the $25 retail market partly because of lower issuance costs in the institutional market.

In recent years, passively managed exchange-traded funds ("ETFs") focused on the $25 par retail market have grown substantially and now dominate trading in many individual retail preferred issues. The largest passive ETFs trade under tickers PFF, PGX, PSK, VRP and PGF. In some cases, these funds, in aggregate, own as much as 15% to 20% of each issue in the $25 par retail market. As these passive ETFs experience inflows and outflows from investors, they have contributed to increased volatility in the retail market when compared to the institutional market where passive ETFs are not large investors. In contrast, actively managed preferred ETFs, such as FPE, and open-end and closed-end preferred funds, such as FPEIX and FPF, can potentially generate better performance and alpha by adjusting their allocations between both the retail and institutional preferred markets based on changes in relative value and risk. Additionally, actively managed preferred ETFs that focus on the $1000 par institutional market, such as FPEI, can allow an investor to do their own asset allocation between the retail and institutional market or complement existing $25 par holdings.

Figure 3. Preferred Securities Market Characteristics – US$ denominated issues



Source: Bloomberg and Stonebridge Advisors LLC as of 12/31/2017. Includes all USD Preferreds, Hybrid Securities, and other securities reported on Bloomberg or otherwise known to Stonebridge, that have an initial market capitalization of at least $25 million and trade on the preferred and hybrid securities desks on Wall Street. Ratings are based on the high rating of a security's Moody's, S&P, Fitch, Kroll, Egan Jones, A.M. Best, and DBRS ratings.

Correlation of preferred securities to other asset classes

Preferreds provide added balance to an asset allocation strategy. The historical correlation between preferreds and many other asset classes is low, as indicated by Figure 4. Investors looking to diversify an investment portfolio and reduce volatility without a corresponding reduction in expected portfolio return should consider preferreds, in our opinion. In particular, preferred strategies can often offer similar or higher levels of yield when compared to traditional high-yield bond strategies while experiencing lower volatility and a higher-rated credit profile.

Figure 4. Correlation of Preferred Securities to Other Asset Classes (12/31/1997 – 12/31/2017)

	ICE BofAML Fixed-Rate Pfd Index	ICE BofAML U.S. IG Institutional Capital Securities Index	ICE BofAML Municipal Bond Index	ICE BofAML U.S. Corporate Index	ICE BofAML U.S. Cash Pay High Yield Index	ICE BofAML Current 10yr U.S. Treasury Index	S&P 500 Index	ICE BofA ML U.S. Convertible Bond Index
ICE BofAML Fixed-Rate Preferreds Index	1.00							
ICE BofAML U.S. Investment Grade Institutional Capital Securities Index	0.61	1.00						
ICE BofAML Municipal Bond Index	0.31	0.41	1.00					
ICE BofAML U.S. Corporate Index	0.48	0.74	0.65	1.00				
ICE BofAML U.S. Cash Pay High Yield Index	0.43	0.63	0.27	0.56	1.00			
ICE BofAML Current 10yr U.S. Treasury Index	0.12	0.17	0.57	0.60	-0.16	1.00		
S&P 500 Index	0.33	0.37	-0.05	0.19	0.62	-0.31	1.00	
ICE BofAML U.S. Convertible Bond Index	0.24	0.40	0.08	0.31	0.69	-0.25	0.78	1.00

Return dates: 12/31/1997 – 12/31/2017
Source: Stonebridge Advisors LLC, ICE BofAML. See Index Definitions at the end of this presentation.

Preferred securities are an attractive source of potential income

The additional yield potential achieved by investing in preferreds over other investment-grade securities is significant. The ICE BofAML Fixed Rate Preferred Index (P0P1) is a long established and widely followed preferred index, and provides a good representation of the entire market.

P0P1 carries an average credit rating of BBB and has achieved an annualized return of 6.25% for the past 5 years through December 31, 2017. Investment-grade corporates with an A average credit rating, as represented by the ICE BofAML Corporate Master index (C0A0), are the next closest investment-grade product with an annualized return of 3.50% over the same time period. As of December 31, 2017, the current yield difference between the between P0P1 (duration of 4.0 years) and C0A0 (duration of 7.3 years) was approximately 1.8%. On a taxable equivalent basis, for an individual investor in the highest Federal tax bracket, preferreds look even more attractive, providing approximately 3.6% excess yield.

Preferreds are also attractive when compared to traditional high-yield investments. The ICE BofAML US High Yield Index (J0A0) is the most widely recognized high-yield index in the industry and carries an average credit rating of between BB and B. J0A0's current yield is slightly higher than P0P1 at 6.2%, but on a taxable equivalent basis is approximately 1.1% lower, for an individual investor in the highest Federal tax bracket, and is composed of substantially lower-rated securities. From a spread point of view, preferreds yield just over 325 basis points more than 10yr U.S. Treasuries.

Figure 5. Yield Comparison of Various Fixed-Income Asset Classes

ICE BofAML Index	Asset Class (Rating)	Current Yield	Taxable Equivalent*	Effective Duration
P0P4	**Fixed-Rate Core Plus Preferreds (BBB3)**	**5.99%**	**7.33%**	**3.90**
P0P1	**Fixed-Rate Taxable Preferreds (BBB2)**	**5.57%**	**6.94%**	**3.97**
CIPS	**US IG Institutional Capital Securities (BBB2)**	**5.37%**	**6.09%**	**5.32**
COCO	**Contingent Capital Index – Hedged** (BB2)**	**6.17%**	**6.51%**	**3.70**
U0A0	U.S. Municipals (AA3)	4.25%	7.50%	6.63
J0A0	U.S. Cash Pay High Yield (B1)	6.22%	6.22%	4.06
C0A0	Investment Grade Corporates (A3)	3.77%	3.77%	7.29
GA10	Current U.S. 10-Year Treasuries (AAA)	2.28%	2.28%	8.82
M0A0	U.S. Mortgage Backed Securities (AAA)	3.42%	3.42%	4.43

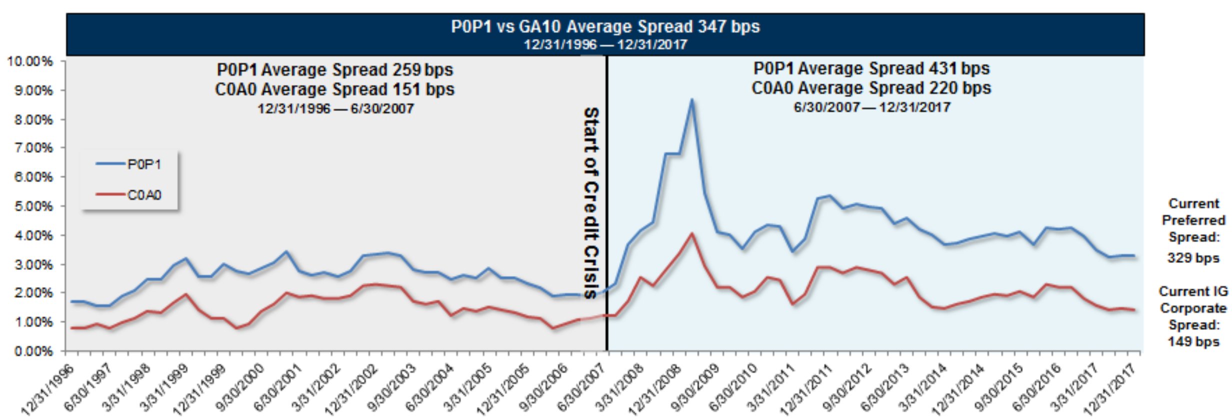
As of 12/31/2017

* Assumes 43.4% Federal Tax Rate, no state tax. Changes to US Tax law enacted in December 2017 will reduce the top federal income tax rate on Ordinary Income from 39.6% to 37%. This change will be reflected in the Q1 2018 presentation.

**Hedged represents the return on the index assuming that all currency risks in non-USD securities were fully hedged to USD at the start of the period.

See Glossary and Index Definitions at end of presentation. Source: ICE BofAML and Stonebridge. Index statistics are based on the "new" index holdings after the 12/31/17 rebalance. Past performance is not a guarantee of future results. For illustrative purposes only and not indicative of any investment.

Figure 6. Attractive Spreads of Preferreds Offer Potential for Total Return



12/31/1996 – 12/31/2017

Preferred Securities are represented by the ICE BofAML Fixed-Rate Preferred Securities Index (P0P1) which tracks the performance of fixed-rate U.S. dollar-denominated preferred securities issued in the U.S. domestic market.

Investment Grade Corporate Securities are represented by the ICE BofAML US Corporate Index (C0A0) which tracks the performance of US dollar denominated investment grade corporate debt publicly issued in the U.S. domestic market.

10-Year Treasuries are represented by the ICE BofAML Current 10-Year U.S. Treasury Index (GA10) which is comprised of the most recently issued 10-year U.S. Treasury note.

Source: ICE BofAML and Stonebridge Advisors LLC

Past performance is not indicative of future results and there can be no guarantee historical attractive spreads will continue into the future.

Who should consider owning preferred securities?

Investors seeking a fixed-income product with above-average yields might consider preferreds as a core part of their investment portfolio. As previously noted, preferreds offer diversification and low correlation with other asset classes, potentially reducing portfolio volatility. Preferreds produce a relatively high income stream, compensating investors for going down the capital structure as yields are higher on average than other investment-grade securities. Preferreds have also proven to be a safer source of income compared to common stocks as they are senior in the capital structure, produce a more stable stream of income and have historically been less volatile. It is important to note that diversification does not guarantee a profit or protect against a loss.

The value of investing with Stonebridge Advisors LLC

Investment team

Stonebridge is one of only a few firms that truly specialize in preferred and hybrid securities. The investment team has an average level of experience of 18 years, with the CEO having specialized in preferred securities for the majority of his 36-year career and the CIO spending the majority of his 18-year career dedicated to the asset class. This experience has allowed Stonebridge to navigate through various market cycles and deal with the many nuances specific to the preferred securities market. In order to manage preferred securities with consistent success, it is our belief that there should be a singular focus on the preferreds market.

Key members of the investment team are:

Scott Fleming, Founder, *President and CEO*
Robert Wolf, *Chief Investment Officer*
Eric Weaver, *Chief Strategist*
John Paulsen CFA, *Head of Research*
Allen Shepard, PhD, *Senior Risk and Portfolio Analyst*
Connor Fleming CFA, *Analyst*
Jeff Vinca, *Trader*
Marie-Belle Mikue, *Junior Trader*

Investment philosophy

The Stonebridge investment philosophy is rooted in our commitment to our clients and attention to risk management. We add value through comprehensive analysis of financial markets and individual investment opportunities. In addition to thorough fundamental analysis, we draw upon our experience and understanding of the asset class and its unique structures to take advantage of market inefficiencies using an active management approach. Although past performance is never a guarantee of future performance, adhering to our conservative and disciplined principles has resulted in consistent and superior investment returns for our clients.

Our fundamental investment philosophy in managing tax-advantaged and taxable preferred securities is to obtain an attractive total return while preserving capital. Stonebridge purchases diversified portfolios of high-quality preferred securities and seeks to manage duration through active portfolio management and/or by employing a cross hedge (depending on mandates in a client's investment guidelines). All securities that Stonebridge purchases must first be evaluated based on relative value analysis, credit fundamentals, and market technical analysis.

Stonebridge advantages

Experience – Stonebridge’s experienced investment team has successfully navigated through a variety of market conditions:

- Rising interest rates
- Credit events
- Overload of demand or supply of new issues
- Tax law changes
- Changes in regulatory capital treatment of preferreds

Style – Stonebridge employs a conservative investment style that has achieved consistently strong results for clients in all market types. Our repeatable and disciplined investment process is hinged on a bottom-up security selection process that includes credit fundamental, relative value and market technical analysis.

Performance – Past performance is no guarantee of future performance. Stonebridge has been able to perform for clients in both bull and bear markets, achieving relative strong outperformance as demonstrated by our performance track record.

Index Definitions

The **ICE BofAML Fixed-Rate Preferred Securities Index (P0P1)** – tracks the performance of investment-grade only, fixed-rate U.S. dollar-denominated preferred securities issued in the U.S. domestic market.

The **ICE BofAML Fixed-Rate Core Plus Preferred Securities Index (P0P4)** – tracks the performance of fixed-rate U.S. dollar-denominated preferred securities issued in the U.S. domestic market.

The **ICE BofAML Contingent Capital Index (COCO)** – tracks the performance of all contingent capital debt publicly issued in the major domestic and Eurobond markets, including investment grade and sub investment grade issues.

The **ICE BofAML U.S. Cash Pay High Yield Index (J0A0)** – tracks the performance of U.S. dollar-denominated below investment-grade corporate debt, currently in a coupon-paying period, that is publicly issued in the U.S. domestic market.

The **ICE BofAML U.S. Municipal Securities Index (U0A0)** – tracks the performance of U.S. dollar-denominated investment-grade tax-exempt debt publicly issued by U.S. states and territories, and their political subdivisions, in the U.S. domestic market.

The **ICE BofAML U.S. Corporate Index (C0A0)** – tracks the performance of U.S. dollar-denominated investment-grade corporate debt publicly issued in the U.S. domestic market.

The **ICE BofAML U.S. Capital Securities Index (C0CS)** – is a subset of The BofA Merrill Lynch U.S. Corporate Index including all fixed-to-floating rate, perpetual callable and capital securities.

The **ICE BofAML U.S. Investment Grade Institutional Capital Securities Index (CIPS)** – tracks the performance of U.S. dollar-denominated investment grade hybrid capital corporate and preferred securities issued in the U.S. domestic market.

The **ICE BofAML U.S. Mortgage Backed Securities Index (M0A0)** – tracks the performance of U.S. dollar-denominated fixed rate and hybrid residential mortgage pass-through securities publicly issued by U.S. agencies in the U.S. domestic market.

The **ICE BofAML Current 10-Year U.S. Treasury Index (GA10)** – a one-security index comprised of the most recently issued 10-year U.S. Treasury note.

The **ICE BofAML Current 8% Constrained Core West Preferred and Jr Subordinated Securities Index (P8JC)** – tracks the performance of US dollar denominated high grade and high yield preferred securities and deeply subordinated corporate debt issued in the US domestic market.

S&P 500 Index (SPX) – A stock market index based on the market capitalizations of 500 large companies having common stock listed on the NYSE or NASDAQ.