

Investment PHILOSOPHY

In the spectrum of capital allocation, preferred shares bridge the gap between equity investors and creditors. Preferred stock investors have a greater claim on a company's earnings and assets than common shareholders but are subordinate to all creditors. Generally, the dividend yield on preferred stock is higher than that of the common stock and most often higher than the yield on senior and subordinated debt.

FCI believes the entire capital market structure should be considered as investors seek to obtain greater diversification and incremental yield. We believe that an actively managed, diversified portfolio of tax-advantaged preferred shares may help investors achieve both objectives.

Investment OBJECTIVE

Leveraging FCI's corporate credit expertise, the objective of the strategy is to provide a superior investment alternative to a passively constructed preferred ETF portfolio. From a risk and return perspective, the objective is to outperform the SPDR Wells Fargo Preferred Stock ETF (PSK) while delivering a lower risk profile. We believe that our preferred stock strategy can outperform the PSK over a market cycle.

TOP TEN CREDIT POSITIONS & COUPON RATE

<i>Morgan Stanley</i>	6.375%
<i>CHS, Inc.</i>	7.500%
<i>State Street Corporation</i>	5.900%
<i>First Citizens BancShares, Inc</i>	5.375%
<i>Fifth Third Bank</i>	4.950%
<i>AllState Corporation</i>	5.625%
<i>Capital One</i>	4.800%
<i>Capital One</i>	5.000%
<i>Synchrony Financial</i>	5.625%
<i>AT&T, Inc.</i>	4.700%

ABOUT FCI ADVISORS

FCI Advisors (FCI) strives to be recognized as a premier provider of investment management, risk management and advisory services. FCI was founded in 1966 and is a SEC Registered Investment Advisory (RIA) firm. The firm manages portfolios and provides investment solutions for a broad array of investors that include corporate, public and union pension plans, bank trust departments, insurance companies, mutual funds, endowments, foundations, charities and individuals nationwide. FCI is owned by MTC Holding Corporation. Our Midwestern fiduciary culture means that caring about clients' interests is at the heart of every decision we make. Our professionals average over 20 years of experience.



TAX-ADVANTAGED PREFERRED STRATEGY

As of June 30, 2021

STRATEGY CHARACTERISTICS

Characteristic	Tax-Advantaged Preferred Strategy
Average Dividend	5.52%
Current Yield	5.12%
Yield to Call	3.04%
Option Adjusted Duration	4.04
Weighted Percent of Par ¹	109.64%
Average Quality (S&P)	BB+
Average Quality (Moody's)	Baa3
QDI Eligibility	87.75%

PORTFOLIO MANAGERS

Gary Cloud, CFA Co-CIO
 Peter Greig, CFA Co-CIO
 James Braunsdorf, CFA

STRATEGY ASSETS UNDER MANAGEMENT

FCI manages **\$122.6 million** in the Tax Advantaged Preferred Strategy.

DISCLOSURES

Factual materials obtained from sources believed to be reliable but cannot be guaranteed. Strategy weightings and holdings are as of the reporting date and are subject to change.

For further information, please contact us at:
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