

Year	Total Returns		Number of Portfolios	Dispersion	Total Composite Assets End of Period (\$ millions)	Index Total Returns			Total Firm Assets End of Period (\$ millions)
	Gross of Fees	Net of Fees				Market Benchmark	S&P 500	Bloomberg U.S. Corp.	
1998 *	4.68%	4.58%	1	N/A	52	4.51%	10.41%	4.35%	1,352
1999 *	-2.18%	-2.43%	1	N/A	48	-3.84%	8.34%	-3.04%	826
2001 *	7.18%	6.97%	5	N/A	98	9.25%	-6.37%	6.34%	825
2002	9.72%	9.45%	6	0.0%	149	11.16%	-22.10%	10.12%	880
2003	12.08%	11.81%	6	0.4%	204	11.61%	28.68%	8.24%	3,027
2004	7.81%	7.54%	10	0.4%	246	6.17%	10.88%	5.39%	3,722
2005	3.14%	2.88%	10	0.2%	254	2.38%	4.91%	1.68%	3,570
2006	7.38%	7.11%	8	0.1%	264	6.63%	15.79%	4.30%	3,967
2007	-7.17%	-7.44%	7	0.7%	185	-8.00%	5.49%	4.56%	3,645
2008	-20.24%	-20.49%	14	2.6%	1,482	-20.08%	-37.00%	-4.94%	2,289
2009	55.28%	54.63%	13	6.3%	2,363	32.98%	26.47%	18.68%	3,265
2010	19.61%	19.14%	13	0.6%	3,033	15.40%	15.06%	9.00%	4,080
2011	6.19%	5.80%	15	1.5%	3,273	3.14%	2.11%	8.15%	4,313
2012	19.31%	18.87%	16	0.9%	3,861	15.26%	16.00%	9.82%	5,110
2013	3.85%	3.46%	13	0.5%	4,301	0.15%	32.38%	-1.53%	5,541
2014	13.26%	12.79%	13	0.3%	3,764	13.39%	13.68%	7.46%	5,041
2015	3.40%	2.96%	13	1.2%	3,989	4.65%	1.37%	-0.68%	4,977
2016	6.82%	6.38%	13	0.9%	3,592	3.74%	11.95%	6.11%	4,767
2017	12.46%	11.94%	11	0.2%	3,339	10.80%	21.82%	6.42%	4,428
2018	-3.46%	-3.92%	12	0.4%	2,959	-4.55%	-4.39%	-2.51%	4,033
2019	18.58%	18.02%	12	0.6%	3,392	18.25%	31.48%	14.54%	4,563
2020	6.87%	6.37%	12	0.4%	3,436	7.82%	18.39%	9.89%	4,627
2021	6.27%	5.78%	10	0.3%	3,716	3.66%	28.68%	-1.04%	4,861
2022	-11.24%	-11.65%	10	0.6%	3,064	-14.33%	-18.13%	-15.76%	3,943

\* The returns for 1998, 1999, 2001 and 2022 are partial year returns, are not annualized and reflect the actual returns for shorter periods. We only had one portfolio invested in this strategy from August 1, 1998 through August 31, 1999. No portfolios again became eligible for this composite until March 1, 2001.

Period Ending 12/31/2022	Annualized Returns				
	Composite		Market Benchmark	S&P 500	Bloomberg U.S. Corp. Bond
	Gross of fees	Net of fees			
1 Year	-11.24%	-11.65%	-14.33%	-18.13%	-15.76%
3 Year	0.27%	-0.20%	-1.44%	7.64%	-2.88%
5 Year	2.91%	2.42%	1.56%	9.41%	0.45%
10 Year	5.36%	4.90%	3.97%	12.55%	1.96%

Flaherty & Crumrine Incorporated claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Flaherty & Crumrine has been independently verified for the periods January 1, 1990 through December 31, 2022 by ACA Group.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis.

The Preferred Securities Composite has been examined for the periods August 1, 1998 through December 31, 2022. The verification and performance examination reports are available upon request.

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*Firm.* Flaherty & Crumrine Incorporated is registered as an investment adviser with the U.S. Securities and Exchange Commission under the Investment Advisers Act of 1940. Flaherty & Crumrine specializes in the management of preferred and other fixed-income securities. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

*Composite Construction.* The Preferred Securities Composite was created in March 2018 for periods beginning August 1, 1998 and includes institutional accounts which have a primary investment objective of achieving a high level of pre-tax income and which are not actively using any hedging strategies to shelter

the portfolio from the effects of changes in long-term Treasury rates. Our strategy is to invest in preferred and other fixed income securities. There is no minimum portfolio size for the composite. New accounts that fit the composite definition are added at the beginning of the first full calendar month for which the account is under management. Closed account data is included in the composite as mandated by the standards in order to eliminate a survivorship bias. A complete list and description of all firm composites and pooled funds is available upon request.

The dispersion measure is the asset-weighted standard deviation of the pre-tax, gross-of-fee returns of accounts in the composite for the entire year.

The following table shows the three year ex-post standard deviation of returns of the composite (gross-of-fee), the benchmark, the S&P 500 and the Bloomberg Barclays U.S. Corporate Index<sup>SM</sup>.

Year	3 Year Ex-Post standard deviation			
	Composite	Market Benchmark	S&P 500	Bloomberg U.S. Corp. Bond
2011	13.12%	18.16%	18.70%	5.17%
2012	5.74%	5.34%	15.09%	3.92%
2013	4.77%	4.92%	11.94%	4.43%
2014	3.72%	4.26%	8.97%	4.01%
2015	3.12%	3.89%	10.47%	4.13%
2016	3.33%	3.84%	10.59%	4.15%
2017	3.38%	3.64%	9.92%	3.88%
2018	3.83%	4.02%	10.80%	3.65%
2019	3.88%	4.34%	11.93%	3.63%
2020	10.73%	8.96%	18.53%	6.86%
2021	10.57%	8.75%	17.17%	6.93%
2022	11.49%	10.51%	20.87%	9.32%

*Total Return Methodology.* Valuations and returns are computed and stated in U.S. dollars. Since January 1, 2010, portfolios are valued monthly using market prices and on any other date of a large cash flow. Until January 1, 2010, portfolios are valued monthly using market prices.

Gross of fees returns are calculated gross of management and custodial fees and net of transaction costs. Net of fees returns are calculated net of actual management fees and transaction costs and gross of custodian fees. The current fee schedule is 0.45% on assets under management of \$0 - \$50 million, 0.40% on assets of \$50 - \$250 million and 0.35% on assets greater than \$250 million and includes a minimum fee of \$150,000. Both returns are calculated gross of all withholding taxes on foreign dividends. The composite results portrayed reflect the reinvestment of dividends, capital gains, and other earnings when appropriate. Where appropriate, accruals for fixed income and equity securities are included in calculations.

*Index Total Returns.* All index returns include interest income and do not reflect any expenses. Unlike the accounts included in the composite, the index returns are unmanaged. Benchmark returns are not covered by the report of independent verifiers.

From inception through June 2015, the Market Benchmark is rebalanced monthly as an equally weighted average of the performance of the ICE BofA Hybrid Preferred Securities 8% Constrained Index<sup>SM</sup> and the ICE BofA US Capital Securities 8% Constrained Index<sup>SM</sup>.

The ICE BofA Hybrid Preferred Securities 8% Constrained Index<sup>SM</sup> is a subset of the ICE BofA Fixed Rate Preferred Securities Index<sup>SM</sup> that contains all subordinated constituents of the fixed rate index with a payment deferral feature and with issuer concentration capped at a maximum of 8%. The ICE BofA US Capital Securities 8% Constrained Index<sup>SM</sup> is a subset of the ICE BofA US Capital Securities Index<sup>SM</sup> that contains securities issued by US corporations.

From July 2015 through the present, the Market Benchmark is the ICE BofA 8% Constrained Core West Preferred & Jr Subordinated Securities Index. The index includes U.S. dollar denominated securities issued by U.S. and foreign issuers. The index is comprised of fixed rate or adjustable rate securities that generally receive some degree of equity credit from the rating agencies or their regulators and with issuer concentration capped at a maximum of 8%. The firm switched to this newer index as a benchmark because it combines the two equally-weighted indices of the prior benchmark and contains a broader and more diverse selection of the securities that could be purchased by portfolios using the composite strategy.

The benchmarks from ICE Data Indices, LLC ("ICE Data") are used with permission. ICE Data, its affiliates and their respective third party suppliers disclaim any and all warranties and representations, express and/or implied, including any warranties of merchantability or fitness for a particular purpose or use, including the indices, index data and any data included in, related to, or derived therefrom. Neither ICE Data, its affiliates nor their respective third party providers shall be subject to any damages or liability with respect to the adequacy, accuracy, timeliness or completeness of the indices or the index data or any component thereof, and the indices and index data and all components thereof are provided on an "as is" basis and your use is at your own risk. ICE Data, its affiliates and their respective third party suppliers do not sponsor, endorse, or recommend Flaherty & Crumrine Incorporated, or any of its products or services.

The Bloomberg U.S. Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers. Beginning in October 2022, the firm began using this index for all periods reflected, replacing its prior use of the Bloomberg Long U.S. Corporate Index which is a subset of the Bloomberg U.S. Corporate Bond Index.

The S&P 500 is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of a broad domestic economy through

changes in the aggregate market value of 500 stocks representing all major industries.

*Other Information.* Past performance does not guarantee future results. This performance report should not be construed as a recommendation to purchase or sell any particular securities held in composite accounts. Market conditions can vary widely over time and can result in a loss of portfolio value.