Forbes / Lehmann

September 2011

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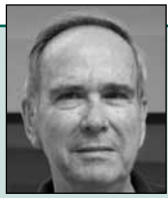

Richard Lehmann

Volume XXVIII Issue 9

ALL PRICING AS OF 8/31/2011

Pick of the Month

Bunge Ltd is a US based world class food commodities company and the second largest sugar trader. They just announced a major expansion of their ethanol producing capacity from their eight mills in Brazil. Food processors do well in any economy and expansion of ethanol production will look smart once the US stops subsidizing less efficient production here. The company has a convertible preferred (BGEPF) which we have been recommending for years. At current low interest rates, the 5.05% yield along with a possible gain on optional conversion makes it an attractive buy. See page 4 for more details.

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The New Economic Reality

Following WWII, the United States and subsequently, the rest of the world, entered into an economic growth phase of unprecedented dimensions. This was driven by a population spurt as post-war family formation quickly reached new heights despite the losses in the war. A principal feature of this economic growth was that it was driven by and dependent on consumer spending. Because of the resulting prosperity, salary levels and benefit commitments were made based on the belief that the rate of growth could be maintained.

The weakness in this assumption of endless growth lay in the fact that the "baby boomer" generation adopted a mentality different from their parents who had lived through the great depression. They saw government and employer promised retirement and health benefits as mitigating the need for saving or for having children who would support them in their old age. Hence, consumption and self- satisfaction became not just acceptable, it was patriotic. Witness the current efforts by government to stimulate demand despite the fact that 2008 saw the retirement savings of so many baby boomers decimated, a situation that cries out for people to save, not spend more (which is in effect what is taking place proving that people are smarter than their government).

In their downgrade of the United States from AAA, S&P failed to grasp that process is no indicator of outcome.

We, and most of the industrialized world, now face a situation where a disproportionate number of workers (the baby boomer generation) want to retire and collect benefits promised them, but never funded. They feel a sense of entitlement and are, therefore, very vocal and adamant in their demands. While one can sympathize with them, especially since much of their meager savings were decimated in 2008, the reality is that their expectation cannot and will not be met. They just did not leave enough children and enough savings behind to provide the economic resources to fund all the commitments made by government.

It is clear that many politicians do not accept this reality and those that do are at a political disadvan-

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Money for Free

We live in interesting times. Fears of a financial crisis are driving income investors into high quality debt that, adjusted for inflation, is free. Witness the August month end rates (see the Comparative Current Yield table on Page 10) for ten year Treasuries (2.23%), AAA corporates (2.20%), TIPS (0.14%) and AAA munis (2.33%). Why does anyone accept such yields? After all, AA and A rated preferreds yield 5.94% and QDI investment grade preferreds yielding 5.58%. These aren't exactly high risk securities.

In fact, junk bonds took a serious hit in August with yields increasing by 82 to 250 basis points for B and CCC issues, respectively. Junk bond funds are yielding north of 7% and trading at a discount to boot. This seems to be an emotional reaction to the fears of a European banking crisis since the poor economic outlook would argue for yields to be dropping. Keep an eye on these funds as they will become compelling buys soon given that the spread between Treasuries and CCC issues is up to 1085 basis points. Such high spreads usually occur when the fear of defaults is high, but given the excess liquidity in the banking system, a default wave does not appear to be in the offing.

Also extraordinary is that the dividend yields on blue chip stocks remains in the 4% to 5% range. This makes them a compelling buy even if the outlook for earnings growth is bleak. Poor earnings will likely impact mainly on the dividend distributions by smaller companies who are paying out more than 70% of their free cash flow. Blue chip companies, however, set sus-

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Burlington Northern Santa Fe Corporation

Burlington Northern Santa Fe Corporation operates a railroad system in the United States and Canada. The company's 3.80% bonds of 2020 were recommended in March 1999 at a price of 63.50 for a then current yield of 5.98% Cusip (121899CC). Burlington was acquired by Berkshire Hathaway Inc on Feb. 12, 2010. The bonds have been trading at 100.60 and the current yield is 3.78% and a yield to maturity of 3.71%. The bond is currently rate BBB+/A1. There is no ticker symbol for Burlington Northern since Berkshire Hathaway (BRK) acquired it, but before the acquisition, it was BNI. The company is still producing financial reports and they are available at the company web site www.bnsf.com. At current prices, the yield may seem paltry, but compared to other, lower rated bonds, its yield is about the same and with a better rating. It may even have some appreciation potential. Yields are difficult to judge when 10-year Treasuries only yield 2%! **Recommendation: Hold.**

Chesapeake Energy Corporation

Chesapeake Energy (CHK) is the second largest producer of natural gas and the most active driller of new wells in the US. The company's 4.50% convertible preferreds (CHK D) were recommended in May 2011 at a price of $96.86 for a then current yield of 4.64%. With the exception of liquefied natural gas (LNG), natural gas is mostly a domestic product and market. The revolution in fracking technology has raised production of natural gas and depressed prices to under $4 per MMBtu. The low prices have spurred natural gas consumption, but production has outpaced new demand to the point that some in the industry are speculating on the U.S. exporting natural gas by way of LNG. Oil, on the other hand, has seen steadily rising prices and is a global commodity, not just a local one. Chesapeake has recognized the poor prospects of increasing natural gas prices and has turned its attention to using its resources to produce more oil. This highly leveraged company is in a good position to produce more oil in the future. The convertible preferred is now trading at $97.58 and still pays a great 4.61% yield, which is high for an optional convertible, especially because the dividend is eligible for the 15% tax rate. The optional part means that shareholders have the right to convert to common shares at any time and receive 2.2727 shares of Chesapeake Energy common stock, currently at $32.36. If the preferred were converted at today's prices, the preferred would be worth $73.61. The premium is typical for convertible preferreds and is still a buy at these levels. **Recommendation: Buy**

Leucadia National Corporation

Leucadia (LUK) is a conglomerate that is engaged in manufacturing, telecommunications, real estate, gaming, medical product development, and winery operations in the United States. The company's 7.75% bonds of August 2013 were recommended in September 2003 at a price of 105.50 for a then yield to maturity of 6.97%. We last mentioned this bond in July 2009 when it was trading at 95, had a yield to maturity of 8.04%, and was recommended to hold it to maturity. However, now, two years later the bond is trading at 107.50 and has only two years left to maturity. The bond is currently rated B1/BB+. With such a short time to amortize and 7.5 points over par, the bonds yield to maturity is only 3.71%. This is not too bad for bonds, but preferreds with similar ratings are yielding more. Even floating rate preferreds are yielding north of 5%. Investors may wish to upgrade their yield by selling the bond and buying a preferred. **Recommendation: Sell over 107.**

MGM Mirage Inc

MGM Mirage (MGM) is a hotel and one of the world's largest gaming companies. The company's 6.75% bonds of 2012 were recommended in September 2005 for medium-risk investors at a price of 103 for a then current yield of 6.55% and a yield to maturity of 6.21%. However, with the bond currently trading at 102, the current yield is about the same but the yield to maturity has dropped to only 3.79%. That's because maturity is in about one year. With such a short time to amortize the extra 2 points, the yield drops precipitously. Also, since our recommendation, the credit rating has dropped from Ba2/BB to its current rating of Caa1/CCC+. The yield to maturity is better than any one-year certificate of deposit, but not as good as other bond or preferred opportunities. We recommend a sale at current prices. **Recommendation: Sell over 102.**

United Rentals, Inc.

United Rentals (URI) is the largest equipment rental company in North America. The company's 6.50% optional convertible preferreds (URIRP) were recommended in October 2006 at a price of $46.00 for a then current yield of 7.07%. The preferred is callable at anytime at $51.30. The call provision should not be a problem since the preferred last traded at $37.05. The conversion ratio is 1.2189. That is, for each convertible preferred the holder has the right to convert into common shares at any time. United Rentals common stock is trading at $16.64. Thus, the conversion value of the preferred is $20.28. Clearly the preferred is trading on its yield of 8.7% rather than its conversion value. We last mentioned this preferred in July 2009 when it was trading at $19.00 for a yield of 17.10%, so the preferred is quite volatile. The interesting thing about the equipment rental business is that contractors were renting rather than buying construction tools. This trend led to a trebling of a competitiors quarterly profits. We think the same trend might benefit United Rentals. Their credit rating is a low Caa1/CCC, but might improve if profits show a similar uptrend. This preferred is for high-risk investors. It tends to trade infrequently and has poor liquidity so make sure to place limit orders. We think this is a buy at prices below $38.00. **Recommendation: Buy below $38.00**

Preferreds

Aegon NV, *6.375%; Par $25.00; Current Price $21.66; Current Yield 7.35%; Exchange NYSE; Rated Baa1/BBB Call 06/15 at $25.00; Yield to Call 10.66%; Pay Cycle 3m; CUSIP 007924301; Family Foreign; Acronym Depositary Shares; Symbol AEH (no preferred designation)*

AEGON N.V. (AEG) is an international company, which provides a wide variety of insurance and financial products to customers around the world. Its three core markets are life insurance, pensions, and asset management. It serves more than 40 million customers in over 20 markets in the Americas, Europe and Asia. AEGON is also growing its business in emerging markets in Central and Eastern Europe and Asia such as China, Hungary, India, Poland, Taiwan, Turkey and Romania. Aegon recently sold its life reinsurance division and Transamerica reinsurance. They also paid-off the bail-out funds they received from the Dutch government in 2008. Revenue for the second quarter 2011 was $10.51 billion, which compares to the $10.42 billion reported for the same periods in 2010. For the Second quarter reported net income was $580.2 million. Net income for the same periods 2010 was posted at $525.9 million. Standard & Poor's has revised its outlook to stable from negative. This security qualifies for the 15% tax rate and is a good investment for medium-risk investors. **Buy at or below $23.25.**

Boeing Company / The, *6.05%; Series BA; Par $25.00; Current Price $25.24; Current Yield 5.97% Exchange NYSE; Rated A2/A; Call Anytime at $25.00; Yield to Call 2.32%; Pay Cycle 2/8; CUSIP 21988G262; Family Third Party Trust Preferreds; Symbol XVG (no preferred designation).*

This hybrid preferred is a Lehman ABS Corporate Backed Trust Certificate, titled Boeing Note-Backed Series 2003-7. The underlying security is a 6.125% note due 2033, issued by The Boeing Company (BA). Boeing is the world's largest aerospace company, the second largest manufacturer of large commercial jetliners and the number two defense contractor. They also design and manufacture military aircraft, rotorcraft, electronic and defense systems, missiles, satellites, launch systems and advanced information and communication systems. The company is a major service provider to airlines and governments in more than 90 countries. Second quarter revenue increased almost 6% to $16.54 billion from last year's second quarter revenue of $15.57 billion. For the same period2011 Boeing reported net income of $941 million, much better than last years posted net income of $787 million. Boeings backlog ended the quarter at $320 billion. This preferred would be a good addition to a low-risk portfolio. We do not expect this issue will be called. **Buy at or below $25.60.**

Health Care REIT, Inc., *7.625%; Series F; Par $25.00; Current Price $25.53; Current Yield 7.46%; Exchange NYSE; Rated Baa3/BB; Call Anytime at $25.00; Yield to Call 0.04%; Pay Cycle 1m; CUSIP 42217K403; Family REIT; Symbol HCN F (need preferred designation)*

Health Care REIT (HCN) is a real estate investment trust that invests across the spectrum of senior housing and health care real estate including; independent living/continuing care retirement communities, assisted living and skilled nursing facilities, hospitals, long-term acute care hospitals and medical office buildings. Health Care REIT's current property portfolio, valued at over $14 billion, consists of over 680 facilities in 41 states. Health Care's total revenue for the second quarter 2011 was $381.1 million. For the same period last year, they reported total revenue of $153.75 million. Net income for second quarter 2011 increased 70% to $87.2 million, from the $51.13 million posted last year. Being a REIT, this issue does not qualify for reduced tax dividends; thus, it is best bought for a tax-deferred medium-risk portfolio. We do not expect this issue will be called. **Buy at or below $25.75.**

Closed End Funds

Eaton Vance Tax-Managed Global Diversified Equity Income Fund; *Current Price $9.07; Current Indicated Yield 12.54%; Exchange NYSE; Discount from Net Asset Value -9.60%; Pay Cycle 2e; Total Expense Ratio 1.04%; Family Closed-End Fund; CUSIP 27829F108; Symbol EXG; (no preferred designation).*

The Fund's primary investment objective is to provide current income and gains, with a secondary objective of capital appreciation. Under normal market conditions, the Fund's investment program will consist primarily of owning a diversified portfolio of domestic and foreign common stocks. The Fund will seek to achieve its objectives by investing in stocks that pay dividends that qualify for favorable federal income tax treatment and writing (selling) call options on about 48% of the portfolio value on broad based domestic, foreign country and regional stock indexes. The average duration of these calls is 15 days. The funds current portfolio includes 134 stocks of which 36.69% are United States issuers, 17.18% from the United Kingdom, 11.75% from Germany and 8.62% from France. We like the diversification this global fund provides since it is not dependent on interest rates or energy prices and is international in scope. **Buy at or below $10.50.**

Nuveen Diversified Commodity Fund, *Current Price $25.15; Current Indicated Yield 6.92%; Exchange NYSE Amex; Discount to Net Asset Value -4.67%; Pay Cycle Monthly; Expense Ratio 2.00%; Leverage None; Family Closed-End Fund; CUSIP 67074P104; Symbol CFD (no preferred designation).*

This Fund is commodities pool not a traditional closed end fund or a mutual fund. Its investment objective is to generate higher risk-adjusted total return than leading commodity market benchmarks, specifically the Dow Jones-UBS Commodity Index, the S&P GSCI Commodity Index and passively managed commodity funds. The Fund invests directly in a diversified portfolio of commodity futures and forward contracts to obtain broad exposure to all principal groups in the global commodity markets. The Fund also writes commodity call options seeking to enhance the Fund's risk-adjusted total return. Currently 35% of their assets are in the energy sector, 19.5% in industrial metals, 15.2% in precious metal, 14.8% in agriculture, 8.3% in food and fibers and 7.2% in livestock futures. Commodities represent a different asset class than bonds and stocks thus this issue offers a choice for diversification. The Fund issues a schedule K-1, so for those wishing to avoid complicated tax reporting buy this fund for a tax deferred account. This is a good investment for high-risk growth and income investors. **Buy at or below $26.25.**

Convertibles

AES Trust III, *6.75%; (Preferred) Par $50.00; Current Price $47.92; Current Yield 7.01%; Exchange NYSE; Rated B3/B; Call Anytime at $50.00; Conversion Rate 1.4216; Common Stock Price $10.83; Premium 211%; Pay Cycle 1m; CUSIP 00808N202; Family Optional; Symbol AES C (need preferred designation)*

The Trust is a subsidiary of AES Corporation (AES), one of the world's largest power companies. They own and operate a diverse and growing portfolio of generation and distribution businesses made up of over 132 generation plants and 14 distribution companies spread over 29 countries on 5 continents. AES's power plants use a broad range of technologies and fuels including coal, oil, natural gas and renewables such as wind, hydro, solar and biomass. AES operates over 1700 megawatts of wind capacity in China, Europe and the U.S. The company also mines coal, and operates facilities to convert salt water into drinking water. Second quarter 2011 revenues were $4.55 billion and net income was reported at $174 million. Last year's second quarter revenue was $3.92 billion and net income was posted at $144 million. This would be a good issue for a high-risk growth and income portfolio. **Buy at or below $49.00.**

Apache Corporation, *6.00% (Preferred) Series D; Par $50.00; Current Price $58.26; Current Yield 5.15%; Exchange NYSE; Rated NR/NR; Mandatory Conversion to Common Stock 08/01/2013; Conversion Rate Variable; Common Stock Price $102.88; Premium 23.59%; Pay Cycle 2b; CUSIP 037411808; Family Mandatory; Symbol APA D; (need preferred designation)*

These depositary shares each represent one-twentieth interest in a share of Mandatory Convertible Preferred Stock, Series D with an initial liquidation preference of $1000. On August 01, 2013 this issue will be mandatorily convert to .4582 shares of common stock if the common is at or above $109.12. If the common is at or below $88.00, the conversion rate will be 0.5682. Between the two common prices, holders will receive $50.00 worth of common. Apache Corporation is an independent energy company that explores for, develops and produces natural gas, crude oil and natural gas liquids. They have both onshore and offshore operations in Argentina, Australia, Egypt, North America, the UK and offshore only in the North Sea. They have estimated reserves of about 2.8 billion barrels of oil equivalent product. Second quarter 2011 revenue was $4.36 billion and net income for the same period was $1.24 billion. Last year's second quarter revenue was $2.97 billion and net income was $860.22 million. Apache has shown marked improvement year-over-year and this trend is expected to continue. Fitch rating service has a BBB+ rating on this security. This mandatory preferred is best suited for medium to low-risk growth and income investors. **Buy up to $59.50.**

Bunge Limited, *4.875%; (Preferred); Par $100.00 Current Price $96.00; Current Yield 5.05%; Exchange OTC; Rated Ba1/BB; SoftCall beginning 12/11; Conversion Rate 1.0938; Common Stock Price $64.71; Premium 40.42%; Pay Cycle 3b; CUSIP G169622047; Family Optional; Symbol BGEPF; (no preferred designation).*

Bunge Ltd (BG) is a global agribusiness and food company about 500 facilities in over 35 countries. Its capabilities span the entire food chain from farmer to consumer. The company processes soybeans, oilseeds, corn, wheat and other products for commercial customers and consumers. In addition, it supplies raw materials and services to the biofuels industry and produces and supplies fertilizer to farmers in South America. Bunge reported second quarter 2011 revenue of $14.49 billion, well above the second quarter 2010 revenue of $10.97 billion. Net income for the same period decreased dramatically to $316 million from a net income of $1.78 billion a year earlier. Bunge, the world's second largest sugar trader, plans to invest $2.5 billion in its Brazil operations over the next five years. This investment will almost double the company's sugar and ethanol capacity. Bunge is in a strong defensive industry thus this issue would be ideal for a medium-risk growth and income portfolio. **Buy at or below $98.00.**

PPL Corporation*, 9.50%; (Preferred) Par $50.00; Current Price $57.43; Current Yield 8.02%; Exchange NYSE; Rated NR/NR; Mandatory Conversion to Common Stock 07/01/2013; Conversion Rate Variable; Common Stock Price $28.00; Premium 14.86%; Pay Cycle 1b; CUSIP 69351T601; Family Mandatory; Symbol PPL U; (need preferred designation)*

This hybrid preferred is an Equity Security Unit consisting of a purchase contract and a piece of a 4.624% junior subordinate note. On July 1 2013 this issue will be mandatorily convert to 1.7361 shares of common stock if the common is at or above $28.80. If the common is at or below $24.00 the conversion rate will be 2.0833. Between the two common prices, holders will receive $50.00 worth of common. PPL

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The New Economic Reality *continued from page 1*

tage in proposing remedies. The result is double talk and political grid-lock. This is why democracy is such a messy process. Standard & Poor's failed to grasp this fundamental fact when they downgraded the credit rating of the United States from AAA to AA+. They failed to grasp that process is no indicator of outcome. They would have been better served to follow Winston Churchill's advice that, "Americans can always be counted on to do the right thing...after they have exhausted all other possibilities."

In a perfect world, we would face the problem head on and reset the commitments to the level that the system can fund. Under democracy, however, this is not what will happen. Yes, the economy can be tweaked to produce more revenue and the tax system can be changed to distribute more pain to more people, but this will not come close to closing the gap between promises made and promises to keep. The only long term solution for government is to inflate away the unfunded promises by debasing the currency. They will deny this vehemently, and many will actually believe it, but there is really no choice to make.

We are fated to undergo a painful process of compromise wherein there will be losers and winners. The new manifesto will be "From each according to his vulnerability, to each according to his clout." Come to think of it, there's nothing new in this manifesto, that's really how democracy works!

Exch	Issuer	Coupon Rate %	Maturity	CUSIP	Current Price	Current Yield %	Yield to Maturity %	Ratings Moody	Ratings S&P	Call Date	Call Price	Yield to Worst %	[1]Recommend
INVESTMENT GRADE													
NY	Con N Gas (Dom Res)	6.80	12/15/27	209615BS1	107.36	6.33	6.08	Baa2	A-	NC	NA	6.08	Hold
NY	Hanover Insurance Gp	7.63	10/15/25	410867AA3	118.77	6.42	5.67	Baa3	BBB-	NC	NA	5.67	Hold
OTC	Home Depot Inc	5.88	12/16/36	437076AS1	108.30	5.42	5.19	A3	BBB+	NC	NA	5.19	Hold
OTC	JP Morgan Chase C XV	5.88	03/15/35	46627NAA3	100.63	5.84	5.83	A2	BBB+	NC	NA	5.83	102
NY	NR Pipeline Co	7.00	06/01/25	001814AS1	110.16	6.35	5.91	A3	A-	NC	NA	5.91	111
N/L	Safeway Inc	7.25	02/01/31	786514BA6	122.16	5.93	4.96	Baa2	BBB	Any	Var	4.96	Hold
OTC	Sara Lee Corp	6.13	11/01/32	803111AM5	98.18	6.24	6.18	Baa1	BBB	NC	NA	6.18	100
OTC	US West Comm	7.13	11/15/43	912920AG0	96.82	7.36	7.38	Baa3	BBB-	11/13	102.74	7.38	100
OTC	Vale Overseas Limited	6.88	11/21/36	91911TAH6	114.84	5.99	5.70	Baa2	BBB+	NC	NA	5.70	Hold
BELOW INVESTMENT GRADE													
NY	Amer & Foreign Power	5.00	03/01/30	023663AB3	59.55	8.40	9.77	B2	B-	Any	107.50	9.77	62
OTC	Autonation Inc	7.00	04/15/14	05329WAH5	99.25	7.05	7.32	Ba2	BB+	Any	105.25	7.32	101
NY	Bausch & Lomb INC	7.13	08/01/28	071707AG8	81.38	8.76	9.34	NR	NR	NC	NA	9.34	84
OTC	Berry Plastics Corp	5.00	02/15/15	085790AP8	94.00	5.32	7.03	B1	B	09/11	101.00	7.03	97
OTC	Cincinnati Bell Inc	7.25	06/15/23	171870AK4	87.56	8.28	8.98	Ba1	BB-	NC	NA	8.98	90
NY	Crown Cork & Seal	7.38	12/15/26	228255AH8	88.00	8.38	7.32	B1	BB-	NC	NA	7.32	93
OTC	GenOn Energy Inc	7.88	06/15/17	74971XAC1	96.71	8.14	8.43	B3	B	NC	NA	8.43	102
NY	MBNA Capital Sec	8.28	12/01/26	55263BAA9	99.70	8.30	8.31	Baa3	BB+	Any	104.14	8.31	102
OTC	Masco Corp	6.13	10/03/16	574599BD7	99.17	6.18	5.98	Ba2	BBB	NC	NA	5.98	101
OTC	Owens Corning Inc	7.00	12/01/36	690742AB3	101.00	6.93	6.75	Ba1	BBB-	NA	NA	6.75	103
OTC	Sprint Capital Corp	6.88	11/15/28	852060AD4	95.00	7.24	7.61	B1	BB-	NC	NA	7.61	97
OTC	Tesoro Corp	6.50	06/01/17	881609AT8	101.87	6.38	5.96	Ba1	BB+	06/12	103.25	5.72	103
N/L	Union Pacific Resc	7.50	10/15/26	907834AB1	108.97	6.88	6.55	Ba1	BBB-	NC	NA	6.55	110

CLOSED END FUNDS

Symbol	Issuer	Current Price $	Current Yield %	12 Mo Yield %	Net Asset Value $	Premium Discount %	52 Week High $	52 Week High Date	52 Week Low $	52 Week Low Date	Pay Periods	[1]Recommend $
(NCZ)	AGIC Conv & Income Fund II	8.53	11.96	13.60	7.50	12.27	10.31	02/18/11	7.31	08/09/11	M	10.00
(NIE)	AGIC Eqty & Conv Income Fd	16.71	6.70	6.70	18.52	-9.67	19.88	04/06/11	14.48	08/09/11	3m	19.25
(UTF)	Cohen & Steers Infracst Fd	16.34	8.81	8.81	18.04	-9.70	18.48	05/02/11	14.05	08/08/11	M	18.70
(ETW)	Eaton Vance T/M Glb Buy-W Opp	10.90	11.10	11.91	12.15	-10.45	13.38	09/20/10	9.56	08/09/11	3e	12.20
(ECF)	Ellsworth Fund Ltd	6.92	3.53	3.67	7.95	-13.46	7.80	05/02/11	6.30	08/08/11	2e	7.95
(ENDTF)	EnerVest Divfd Incom Tr	14.21	8.63	8.54	0.00	0.00	16.46	07/15/11	12.30	08/31/10	M	16.10
(GGN)	Gabelli Glbl Gold Nat Resc	17.11	9.82	9.82	16.67	1.86	19.50	02/18/11	15.52	08/05/11	M	18.90
(GLU)	Gabelli Glbl Utlty & Inc Tr	19.75	6.08	6.08	20.29	-2.66	21.43	07/06/11	16.29	08/09/11	M	20.75
(HCF)	Highland Credit Stgies Fd	6.58	7.29	8.78	7.06	-6.23	8.09	02/03/11	6.02	08/09/11	3e	8.25
(HPF)	J.Hancock Pfd Inc Fd II	21.53	7.80	7.21	20.59	3.69	21.78	08/31/11	17.51	11/16/10	M	22.60
(JQC)	Nuveen Mlti-Stgy Inc & Gw 2	8.71	9.18	8.49	9.65	-10.67	9.44	06/01/11	7.57	08/09/11	1b	9.50
(PFL)	PIMCO Income Stragy Fd	11.34	7.94	10.67	10.41	8.26	13.24	07/08/11	10.36	12/13/10	M	12.50
(PMM)	Putnam Magd Muni Incom Tr	7.38	7.15	7.15	7.31	-0.14	7.93	08/31/10	6.41	01/14/11	M	7.65

CANADIAN ENERGY CORPORATIONS

Symbol	Issuer	CUSIP	Current Price $	Indicated Yield %	Tax	52 Week High $	52 Week High Date	52 Week Low $	52 Week Low Date	Currency	Pay Periods	Country	[1]Recommend $
(ERF)	Enerplus Corporation	292766102	29.14	7.58	15%	33.29	01/12/11	22.55	08/31/10	USD	Monthly	Canada	32.25
(JSTEF)	Just Energy Group I	48213W101	13.11	9.57	15%	16.48	04/06/11	12.25	09/27/10	USD	Monthly	Canada	15.10
(PBNPF)	Pembina Pipeline Co	706327103	26.45	6.24	15%	27.30	07/25/11	20.10	01/27/11	USD	Monthly	Canada	27.50
(PWE)	Penn West Petroleum	707887105	18.69	5.91	15%	28.98	02/28/11	17.20	08/26/11	USD	Monthly	Canada	21.00
(PVX)	Provident Energy Lt	74386V100	8.68	6.29	15%	9.48	04/29/11	6.22	08/31/10	USD	Monthly	Canada	9.30

1. Recommend: *accumulate at or below this price.* ***NA:*** *not applicable.*

CONVERTIBLES *previously recommended*

Exch	Issuer	Coupon Rate %	Maturity	CUSIP	Current Price	Current Yield %	Yield to Maturity %	Moody Rating	S&P Rating	Conversion Rate	Common Price $	Premium Percent %	Call Date	Call Price $	Yield to Worst %
INVESTMENT GRADE CONVERTIBLE BONDS															
OTC	Intel Corp	2.95	12/15/35	458140AD2	100.98	2.91	2.87	NR	A-	31.7162	20.21	57.54	12/12	100.00	2.87
OTC	Jefferies Group	3.88	11/01/29	472319AG7	95.63	4.05	4.22	Baa2	BBB	25.5076	16.41	128.46	11/17	100.00	4.70
BELOW INVESTMENT GRADE CONVERTIBLE BONDS															
OTC	Exterran Holdings	4.25	06/15/14	30225XAA1	95.12	4.47	6.19	NR	BB	43.1951	11.85	85.83	NC	NA	6.19
OTC	Liberty Media Cor	4.00	11/15/29	530715AG6	58.98	6.78	8.46	B1	BB-	11.4743	0.00	****.**	Any	100.00	8.46
OTC	LifePoint Hospita	3.50	05/15/14	53219LAH2	101.88	3.41	2.51	NR	B	19.3095	36.77	43.49	NC	NA	2.51
OTC	NII Holdings Inc	3.13	06/15/12	62913FAJ1	101.00	3.09	1.82	NA	B-	8.4517	38.48	210.56	NC	NA	1.82
OTC	Bristow Group Inc	3.00	06/15/38	110394AC7	98.00	3.06	3.11	NR	BB	12.9307	43.85	72.84	06/15	100.00	3.57

[1]Symbol	[3]Family	Issuer	Issue %	Div. $	[4]Tax	CUSIP	Current Price $	Current Yield %	Moody/S&P Ratings	Conversion Rate	Premium Percent %	Common Price $	[2]Call Date	Call Price $	Yield to Call %
MANDATORY CONVERTIBLE PREFERREDS															
APA D	MD	Apache Corp	6.000% D	3.00	OI	037411808	58.26	5.15	NR/NR	0.4582	23.59	102.88	08/13*	Variable	NA
C H	MD	Citigroup Inc	7.500%	7.50	OI	172967416	94.43	7.93	NR/NR	25.3968	-88.00	30.99	12/12*	Variable	NA
GM B	MD	General Motors Co	4.750% B	2.38	15%	37045V209	40.08	5.91	NR/NR	1.2626	31.50	24.14	12/13*	Variable	NA
GXP F	MD	Great Plains Ener	12.00%	6.00	OI	391164803	61.59	9.81	NR/NR	2.9800	5.83	19.53	06/12*	Variable	NA
(NEEXU)	MD	NextEra Energy, I	8.375%	4.19	OI	65339F309	52.23	8.02	NR/NR	0.7500	23.00	56.62	06/12*	Variable	NA
PPL U	MD	PPL Corp	9.500%	4.75	OI	69351T601	57.43	8.27	NR/NR	1.7361	14.86	28.80	07/13*	Variable	NA
OPTIONAL CONVERTIBLE PREFERREDS															
(AMGZO)	OP	AMG capital Trust	5.100%	2.55	OI	00169X203	42.75	5.80	NR/BB	0.3333	47.43	87.00	Sft C	50.00	NA
AHL	OP	Aspen Insur Hldgs	5.625% AH	2.82	15%	EP0179044	51.43	5.43	Ba1/BBB-	1.7077	25.28	24.04	Sft C	50.00	NA
BAC L	OP	Bank of America C	7.250% L	72.50	15%	060505682	892.00	8.12	Ba3/BB+	20.0000	443.24	8.21	01/13	Variable	NA
(BGEPF)	OP	Bunge Ltd	4.875%	4.88	OI	EP0237628	96.00	5.05	Ba1/BB	1.0846	36.78	64.71	NC	NA	NA
CHK D	OP	Chesapeake Energy	4.500%	4.50	15%	165167842	97.58	4.61	NR/NR	2.2639	33.20	32.36	Sft C	100.00	NA
CBB B	OP	Cincinnati Bell I	6.750% B	3.38	15%	171871403	40.40	8.35	B3/CCC	1.4420	736.32	3.35	Any	50.67	High
(CCIKO)	OP	Crown Castle Intl	6.250%	3.13	15%	228227401	61.24	4.92	NR/NR	1.3559	4.40	43.26	NC	NA	NA
EP C	OP	El Paso Egy Cptl	4.750%	2.38	OI	283678209	44.14	5.38	B2/B /	1.2022	91.93	19.13	Any	50.48	High
EPR C	OP	Entertainment Pro	5.750% C	1.44	OI	29380T402	19.40	7.34	NR/NR	0.3504	31.76	42.02	Sft C	25.00	NA
EPR E	OP	Entertainment Pro	9.000% E	2.25	OI	29380T600	27.27	8.18	NR/NR	0.4512	43.83	42.02	04/13	25.00	NA
(HBANP)	OP	Huntington Bancsh	8.500% A	85.00	15%	446150401	1100.00	7.73	Ba2/NR	83.6680	162.94	5.00	NC	NA	NA
KEY G	OP	Keycorp	7.750% A	7.75	15%	493267405	102.65	7.55	Ba1/BB	7.0922	118.31	6.63	NC	NA	NA
NYB U	OP	NY Comm Cap Tr V	6.000%	3.00	OI	64944P307	46.25	6.41	Baa2/BB-	2.4953	44.24	12.85	Sft C	50.00	NA
NHC A	OP	Natl Healthcare C	0.800% A	0.80	15%	635906209	14.00	5.68	NR/NR	0.2420	69.11	34.21	11/15	15.75	8.39
(NEFIO)	OP	Newell Fncl Tr I	5.250%	2.63	OI	651195307	43.25	5.97	WR/BB	0.9865	217.23	13.82	Any	50.79	High
OCR B	OP	Omnicare Inc	4.000% B	2.00	OI	68214Q200	43.77	4.44	B2/B	1.2248	20.37	29.69	Any	50.00	High
(SNCTO)	OP	Sovereign Capital	4.375%	2.16	OI	846048205	46.00	4.76	Baa3/BBB+	0.5482	810.10	9.22	Sft C	50.00	NA
(URIRP)	OP	United Rentals Tr	6.500%	3.25	OI	91136H306	37.05	8.77	Caa1/CCC	1.2189	82.67	16.64	Any	51.30	High
WFC L	OP	Wells Fargo Compa	7.500% L	75.00	15%	949746804	1040.50	7.20	Baa3/A-	6.3814	525.92	26.05	NC	NA	NA

1. Symbol: *symbols in parentheses require no delimiters, all others require a preferred designation.* **z:** *zero-coupon bonds.* **2.** **maturity or mandatory conversion date.* **3. Family:** *MD=Mandatory, OP=Optional* **4. Tax:** *OI=Ordinary Income Rate, 15%=15% tax rate.*

[1]Symbol	Exch.	[4]Family	Issuer	Issue %	Div. $	[5]Tax	[2]Cycle	CUSIP	Current Price $	Current Yield %	Moody/S&P Rating	Call Date	Call Price $	Yield to Call %	Debt Maturity	[3]Recommend $
INVESTMENT GRADE																
(AEB)	NYS	Fg	Aegon NV	Flt 1	1.00	15%	3m	007924509	19.26	5.16	Baa1/BBB	Any	25.00	108.53	NA	21.25
(XFP)	NYS	TPTP	Amer Intl Gp (CBTCS)	6.125% AIG	1.53	OI	6/12	21988G353	18.81	8.06	Baa2/BBB-	Any	25.00	524.30	12/20	21.25
AGO E	NYS	PB	Assured Guaranty Muni	6.250%	1.56	OI	2b	04623A304	23.53	6.64	A3/A+	Any	25.00	182.72	11/02	23.60
BCS C	NYS	Fg	Barclays Bank PLC	7.750% 4	1.94	15%	3m	06739H511	24.44	7.93	Baa3/A-	03/13	25.00	9.21	NA	26.00
(DTT)	NYS	Perp	Deutsche Bk Cptl Fdg IX	6.625%	1.66	15%	2m	25153Y206	22.52	7.35	Baa2/BBB	08/12	25.00	18.48	NA	24.75
(GYB)	NYS	TPTP	Goldman Sachs Cpt I(CAB	Flt GS	0.81	OI	2m	12679N203	17.74	4.58	A3/NR	Any	25.00	212.09	02/34	20.30
GS A	NYS	Perp	Goldman Sachs Group Inc	Flt A	0.94	15%	2m	38143Y665	20.14	4.64	Baa2/BBB-	Any	25.00	370.93	NA	22.35
HBA D	NYS	Fg	HSBC USA Inc	Flt D	1.13	15%	1b	40428H706	23.45	4.83	Baa1/NR	Any	25.00	128.69	NA	25.45
(IPB)	AME	TPTP	IndexPlus Trust	6.050% 03-	1.51	OI	6/12	45408V203	23.91	6.28	A3/NR	NC	NA	0.00	05/33	24.00
MET A	NYS	Perp	Metlife Inc	Flt A	1.00	15%	3m	59156R504	23.32	4.27	Baa2/BBB-	Any	25.00	115.81	NA	24.90
PSA P	NYS	REIT	Public Storage	6.500% P	1.63	OI	3e	74460D158	26.52	6.14	Baa1/BBB+	10/15	25.00	5.27	NA	26.30
RNR C	NYS	Fg	RenaissanceRe Hldg Ltd	6.080% C	1.52	15%	3b	EP0112524	22.84	6.66	NR/BBB+	Any	25.00	137.85	NA	24.25
STD B	NYS	Fgn	Santander Fnce Pfd SA	Flt% 6	1.00	15%	3b	80281R888	14.55	6.83	Baa2/A-	03/17	25.00	15.34	NA	20.50
(SCEDO)	OTC	Perp	Southern Cal Ed Co	6.125% B	6.13	15%	3e	842400749	100.00	6.06	Baa2/BBB-	Any	100.00	5.65	NA	98.00
(SOCGP)	OTC	Perp	Southern Cal Gas Co	6.000% A	1.50	15%	1m	842434300	25.60	5.67	Baa1/BBB+	NC	0.00	0.00		25.40
(TDE)	NYS	PB	Telephone & Data Sys In	6.875%	1.72	OI	2m	879433845	25.14	6.82	Baa2/BBB-	11/15	25.00	6.80	11/59	25.50
(GJH)	NYS	TPTP	US Cellular (STRATS)	6.375% USM	0.64	OI	6/12	86311Q204	9.06	6.89	Baa2/BBB-	Any	10.00	168.00	12/33	9.75
BELOW INVESTMENT GRADE																
AHL A	NYS	Fg	Aspen Insur Hldgs Ltd	7.400%	1.75	15%	M	EP0237453	25.00	7.40	Ba1/BBB-	01/17	25.00	7.75	NA	25.15
BML L	NYS	Perp	Bank of America Corp	Flt 5	1.00	15%	2m	060505583	16.61	6.01	Ba3/BB+	05/12	25.00	67.26	NA	20.10
C J	NYS	TP	Citigroup Capital XII	8.500%	2.13	OI	3e	17315D204	25.62	8.29	Ba1/BB+	03/15	25.00	8.19	03/40	26.00
DFT A	NYS	REIT	DuPont Fabros Tech Inc	7.875% A	1.97	OI	1m	26613Q205	25.11	7.80	Ba3/B-	10/15	25.00	8.00	NA	25.90
FCH C	NYS	REIT	Felcor Lodging Tr Inc	8.000%	2.00	OI	1e	31430F507	22.48	8.82	Caa3/CCC-	Any	25.00	182.16	NA	Hold
FTB B	NYS	TP	Fifth Third Cptl Tr VI	7.250%	1.81	OI	2m	31678V206	25.05	7.22	Baa3/BB	11/12	25.00	7.37	11/67	25.75
ALLY A	NYS	TP	GMAC Capital Tr I	8.125% 2	2.03	OI	2m	361860208	21.34	9.52	B3/CCC	02/16	25.00	12.65	02/40	26.25
(IGK)	NYS	Fg	ING Groep NV	8.500%	2.13	15%	3m	456837806	24.43	8.68	Ba1/BBB-	09/13	25.00	9.57	NA	25.25
(HJV)	NYS	TPTP	J.C.Penney (SATURNS)	7.000% JCP	1.75	OI	3/9	80412E202	23.67	7.35	Ba1/BB+	03/12	25.00	18.83	03/97	25.00
(PYA)	NYS	TPTP	Liberty Media (PPLUS)	7.000% LMG	1.75	OI	2/8	73941X668	23.95	7.16	B1/BB-	Any	25.00	76.16	02/30	23.95
(HJR)	NYS	TPTP	Limited Brands Inc	7.000% LTD	1.75	OI	3/9	80410Q207	23.78	7.24	Ba2/BB+	Any	25.00	59.27	12/33	Hold
(DKQ)	NYS	TPTP	May Dept Strs (SATURN)	6.250% MAY	1.56	OI	1/7	80411E203	22.24	6.80	Ba1/BBB-	Any	25.00	177.19	01/32	23.85
MS A	NYS	Perp	Morgan Stanley Gp	Flt A	1.00	15%	1m	61747S504	19.31	5.15	Ba1/BB+	Any	25.00	463.81	NA	22.00
PFG B	NYS	Perp	Principal Financial Gro	6.518%	1.63	15%	3e	74251V300	25.46	6.40	Baa3/BB	06/15	25.00	6.42	NA	25.95
(PYS)	NYS	TPTP	R.R.Donnelley (PPLUS)	6.300% RRD	1.58	OI	4/10	73941X593	21.04	7.49	Ba1/BB+	Any	25.00	343.86	04/29	23.30
(OSM)	NYS	PB	SLM Corp	Flt A	1.41	OI	M	78442P403	21.04	6.69	Ba1/BBB-	03/17	25.00	0.00	03/17	23.25
(JZK)	NYS	TPTP	Sprint Corp (CBTCS)	7.000% FON	1.75	OI	5/11	21988K404	24.75	7.00	B1/BB-	Any	25.00	47.13	11/28	24.95

MASTER LIMITED PARTNERSHIPS

Symbol	Issuer	Price new $	Curr Yld %	High 52wk $	Low 52wk $	High 52dt	Low 52dt	Pay months	Exch.	Ex Div Date	Paydate	Recomm $
(EPD)	Enterprise Prod Ptns LP	42.05	5.76	44.35	27.85	02/18/11	03/15/11	Feb,May,Aug,Nov	NYSE	07/27/11	08/10/11	43.85
(PAA)	Plains All Amer Pipel LP	60.54	6.49	65.96	56.41	03/01/11	08/08/11	Feb,May,Aug,Nov	NYSE	07/29/11	08/12/11	63.40
(STON)	StoneMor Partners LP	28.95	8.08	33.51	23.10	01/24/11	05/24/11	Feb,May,Aug,Nov	OTC	08/03/11	08/15/11	30.80
(TOO)	Teekay Offshore Ptns LP	26.88	7.58	29.79	17.79	11/19/10	05/20/10	Feb,May,Aug,Nov	NYSE	08/04/10	08/13/10	29.00
(CPNO)	Copano Energy LLC	32.35	7.11	37.40	24.49	04/26/11	09/01/10	Feb,May,Aug,Nov	OTC	07/28/11	08/11/11	34.00

1. Symbol: *symbols in parentheses require no preferred designation, all others require a preferred designation.* **2. 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. Recommend:** *accumulate at or below this price.* ***NR:*** *not rated.* ***NA:*** *not applicable.* **4. Family:** ***Fg****=foreign,* ***PB****=PET Bonds,* ***TP****= Trust Preferreds,* ***TPTP****= Third Party Trust Preferreds,* ***PERP*** *= Perpetual.* ***pshp****=partnership* **5. Tax:** ***OI****=Ordinary Income Rate,* ***15%****=15% tax rate.*

RATING CHANGES AND NEW ISSUANCE

Corporate Bond Rating Changes

Issuer	Agency	Action	New Rating
Aegon NV	M	+	Baa2
Broadcom Corp	S	+	A-
CNO Financial Group	S	+	B+
Choice Hotels Intl	M	+	Baa2
Coventry Health Care	M	+	Baa3
Cox Enterprises Inc	S	+	BBB
Federal Home Loan Bk	S	-	AA+
Fisher Communication	M	+	B1
GMX Resources Inc	S	-	CCC+
Gentiva Health Svcs	S	-	CCC+
Lafarge SA	M	Alrt-	
Land O'Lakes Inc	S	+	BB
Libbey Inc	S	+	B+
MGM Resorts Intl	S	Alrt+	
Marine Corps Comm Sv	S	-	AA-

Issuer	Agency	Action	New Rating
MediMedia USA Inc	S	-	CCC-
Metals USA Holdings	S	+	B+
New Enterprise Stone	M	-	Caa2
New York Life Insur	S	-	AA-
NewPage Hldg Corp	S	-	CC
Northwestern Mutual	S	-	AA-
Old National Bancorp	M	Alrt-	
PAETEC Holding Corp	M/S	Alrt+	
PMI Group Inc/The	S	-	CC
Penson Worldwide Inc	M	-	B2
PolyOne Corp	M	+	Ba2
Real Mex Restaurants	S	+	CC
Ryland Group Inc	M	-	B1
Sanmina-SCI Corp	M	-	B3
Seitel Inc	M	+	Caa1

Issuer	Agency	Action	New Rating
Skilled Healthcare	S	Alrt-	
Smithfield Foods Inc	M	+	Ba2
Sunoco Inc	M	-	Ba1
Teachers Insur & Ann	S	-	AA-
Tenn Valley Author	S	-	AA+
USG Corp	S	-	BB-
United Svcs Auto Aut	S	+	AA+
Viasystems Group Inc	S	+	BB-
Vodafone Group PLC	M	+	A3
Washington Post Co	S	-	A-
Windsor Petro Transp	M/S	-	Caa1/BB-

+ : *upgrade;* **- :** *downgrade;*
Alrt - : *possible downgrade;* **Alrt + :** *possible upgrade*

Preferred Rating Changes

Issuer	Agency	Action	Rating
Aegon NV	M	+	Baa1
SCANA Corp	M	Alrt-	
Tenn Valley Author	S	-	AA+

New Preferreds Issued in August

Issuer	Symbol	Issue	Moody/S&P Ratings	Par Value
Bank of America Corp		6.000 % WI		****.**
Centl Valley Comm Bkc		5.000 % C		1000.00

Q & A Section

Q. Where can I learn more about income investing??

A. Try the World Money Show in Chicago this October. Richard Lehmann will be speaking on Income Investing for Volatile Markets on 10/21/11 and Income Investing for 2012 on 10/21/2011.

Convertibles *continued from page 4*

Corporation (PPL) is an energy and utility holding company. Through its subsidiaries they generate electricity and market wholesale and retail energy to about 10 million customers in Kentucky, Pennsylvania, Montana, the United Kingdom and Wales. PPL reported second quarter 2011 revenue of $2.49 billion witch compares favorably to the $1.47 billion posted last year. Net income for the quarter was $595 million which is more than double last year's posted net income of $226 million. This convertible would fit a medium to high-risk growth and income portfolio. **Buy at or below $58.50.**

For Investors Seeking Steady Monthly Income

Low-risk Portfolio

This investment-grade portfolio comprises securities with 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	Issuer	Coupon Series	Price	Qty	Rpt Date
AGO E	Assured Guaranty Muni	6.250	23.53	500	05/11
(FFC)	Flrty&Crum/Clay Pfd In	NA	17.38	600	07/11
(GGN)	Gabelli Glbl Gold Nat	NA	17.11	600	08/10
MET A	Metlife Inc	4.000	23.32	500	12/10
(NEEXU)	NextEra Energy, Inc	8.375	52.23	200	06/10
(PFL)	PIMCO Income Stratg Fd	NA	11.34	1100	01/11
PSA P	Public Storage	6.500	26.52	500	11/10
RNR C	RenaissanceRe Hldg Ltd	6.080	22.84	500	10/10
WFC L	Wells Fargo Company	7.500	1040.50	10	10/10

Summary Statistics

Monthly Payout Average:	$635
Current yield on portfolio:	7.40%
Inception Value: (1/1/11)	$100,922
Last month's value:	$104,176
Current value of portfolio	$102,124
Current value + year to date income:	$107,204
Year to Date Total Return	**6.22%**

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	Issuer	Coupon Series	Price	Qty	Rpt Date
(NIE)	AGIC Eqty & Conv Incom	NA	16.71	600	06/10
(AEB)	Aegon NV	4.000	19.26	500	05/11
(BGEPF)	Bunge Ltd	4.875	96.00	100	09/11
FTB B	Fifth Third Cptl Tr VI	7.250	25.05	400	10/10
(GGN)	Gabelli Glbl Gold Nat	NA	17.11	500	08/10
MS A	Morgan Stanley Gp	4.000	19.31	600	01/11
PPL U	PPL Corp	9.500	57.43	200	09/11
(PAA)	Plains All Amer Pipel	NA	60.54	200	01/11
PFG B	Principal Financial Gr	6.518	25.46	400	12/10
(PYS)	R.R.Donnelley (PPLUS)	6.300	21.04	500	10/10

Summary Statistics

Monthly Payout Average:	$582
Current yield on portfolio:	6.74%
Inception Value: (1/1/11)	$106,637
Last month's value:	$106,777
Current value of portfolio	$103,715
Current value + year to date income:	$108,371
Year to Date Total Return	**1.63%**

For Investors Seeking Income and Growth

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	Issuer	Coupon Series	Price	Qty	Rpt Date
APA D	Apache Corp	6.000	58.26	200	09/11
BML L	Bank of America Corp	4.000	16.61	500	01/11
C J	Citigroup Capital XII	8.500	25.62	400	01/11
DFT A	DuPont Fabros Tech Inc	7.875	25.11	400	11/10
(ENDTF)	EnerVest Divfd Incm Tr	NA	14.21	700	06/11
HCF	Highland Credit Stgies	NA	6.58	1200	12/10
(JSTEF)	Just Energy Group Inc	NA	15.00	700	01/11
(DKQ)	May Dept Strs (SATURN)	6.250	22.24	400	06/11
OCR B	Omnicare Capital Tr II	4.000	43.77	230	07/10
(JZK)	Sprint Corp (CBTCS)	7.000	24.75	500	01/10

Summary Statistics

Monthly Payout Average:	$628
Current yield on portfolio:	7.54%
Inception Value: (1/1/11)	$103,357
Last month's value:	$104,050
Current value of portfolio	$99,930
Current value + year to date income:	$104,954
Year to Date Total Return	**1.55%**

Multi-driver Portfolio

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

Symbol	Issuer	Coupon Series	Price	Qty	Rpt Date
(NCZ)	AGIC Conv & Income FdI	NA	8.53	900	11/10
(AMGZO)	AMG Capital Trust	5.100	42.75	200	06/11
(UTF)	Cohen & Steers Infract	NA	16.34	600	07/10
(CPNO)	Copano Energy LLC	NA	32.35	300	11/10
EPR E	Entertainment Prop Tr	9.000	27.27	500	05/11
(GGN)	Gabelli Glbl Gold Nat	NA	17.11	500	08/10
GM B	General Motors Co	4.750	40.08	200	12/11
GXP F	Great Plains Energy In	12.000	61.59	200	01/11
(PWE)	Penn West Pteroleum Lt	NA	27.50	500	02/11
(STON)	Stonemor Partners LP	NA	28.95	300	01/11

Summary Statistics

Monthly Payout Average:	$651
Current yield on portfolio:	7.77%
Inception Value: (1/1/11)	$103,869
Last month's value:	$105,131
Current value of portfolio	$100,695
Current value + year to date income:	$105,903
Year to Date Total Return	**1.96%**

Symbol: *symbols in parentheses require no preferred designation, all others require a preferred designation. *15% Taxable Dividend*

Comparative Current Yields

Security Type	Yields 8/31/11	Net Change Month	Net Change Y.T.D.	Spread 12/31/10	Spread 8/31/11
U.S. TREASURIES & EURO BENCHMARKS					
Ten Year	2.23	-57	-107		
Inflation Indexed	0.14	-21	-83	-233	-209
Ten Year Euro(1)	2.22	-32	-74	-34	-1
Euro Spot Rate	1.437	-7	748		
CORPORATE BONDS[2]					
AAA	2.20	-32	-65	-45	-3
A	3.60	4	-39	69	137
BBB	4.32	3	-42	144	209
BB	6.94	82	46	318	471
B	8.98	125	124	444	675
CCC	13.08	250	212	766	1085
PREFERRED STOCKS[3]					
AA & A	5.86	-8	-163	419	363
BBB	6.93	-20	-2	365	470
BB	7.52	12	-16	438	529
B	8.42	46	-36	548	619
QUALIFIED DIVIDEND INCOME (QDI) PFDS[4]				— Yields —	
Invstmt.Grade	5.41	-17	-10	142%	206%
Below Inv.Grade	5.87	-6	-8	153%	224%
MUNICIPAL BONDS[5]				— Yields —	
AAA	2.33	-60	-111	104%	104%
A	3.78	-46	-61	133%	170%
BBB	3.99	-35	-84	146%	179%

[1] *Rate for ten-year German government bonds.*
[2] *Per Bloomberg.*
[3] *Per the Income Securities Advisor Index.*
[4] *Eligible for 15% tax rate. Yields shown at after tax % of US Treasuries rate.*
[5] *Per Bloomberg. Yields shown at after tax % 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 needs to be, to make munis attractive or to look at them another way, more of their income is retained after taxes.*

Money for Free *continued from page 1*

tainable dividend policies which will continue to hold up their share prices.

Those who read Forbes magazine will see my article in the latest issue which extoll the virtues of adjustable rate bonds and preferreds. The fact that their benchmark rates are well below their minimum payout has been viewed as a negative and thus, the market is pricing them to provide yields comparable to fixed rate issues. This means you can, in effect, get inflation protection for free. In addition, you have call protection since they trade well below par so a call is a positive event. I say call protection, but some will be called because the 4% floor that most of these securities have is way too high in this market. At some point, before Fed Chairman Bernanke's promise to hold interest rates down for the next two years, income investors will become 'fed' up with lending their money for free. This will be good news for the stock market. But meanwhile, our subscribers should continue to feast on preferreds, adjustables and keep their eyes on junk bond funds. And don't discount a position in gold.

Forbes/Lehmann Income Securities Investor

is published monthly by

Income Securities Advisor Inc.
6175 NW 153 Street, Suite 201
Miami Lakes, FL 33014

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