

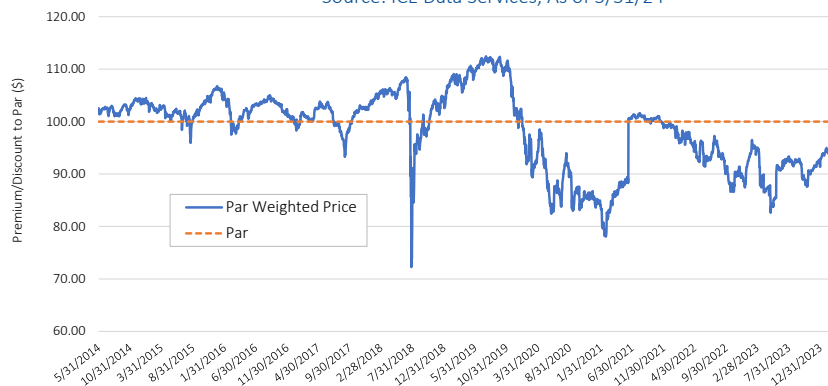
# The Case for Low Duration Preferreds

## 1 Attractive Valuations

Current discount prices make it a great time to own preferred securities. While preferreds typically trade at par value or a premium to par, current valuations are at historical lows making it an attractive offering.

**Historical Premium/Discount to Par (\$)**

Source: ICE Data Services, As of 3/31/24



Current Premium/Discount to Par: -10.09%  
Average Premium/Discount to Par: 0.19%  
(5/31/14-3/31/24)

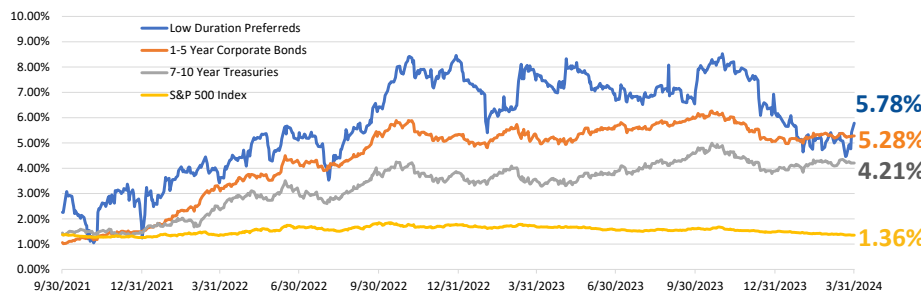
**Past performance is no guarantee of future results.** It is not possible to invest directly in an index. Indices do not include cash. See Disclosures for index definitions. Low Duration Preferreds represented by ICE 0-5 Year Duration Exchange-Listed Preferred & Hybrid Securities Index (PHLD).

## 2 Tax-Advantaged Income

For investors seeking income generation, preferreds have historically paid among the highest yields when compared to corporate bonds, 7-10 year treasuries and the S&P 500. The income is also considered a Qualified Distribution Income (QDI) and taxed at a lower rate.

**Historical Effective Yields (%)**

Source: ICE Data Services, As of 3/31/24



Average Effective Yields (9/30/21-3/31/24)	
Low Duration Preferreds	5.79%
1-5 Year Corporate Bonds	4.44%
7-10 Year Treasury	3.32%
S&P 500	1.55%

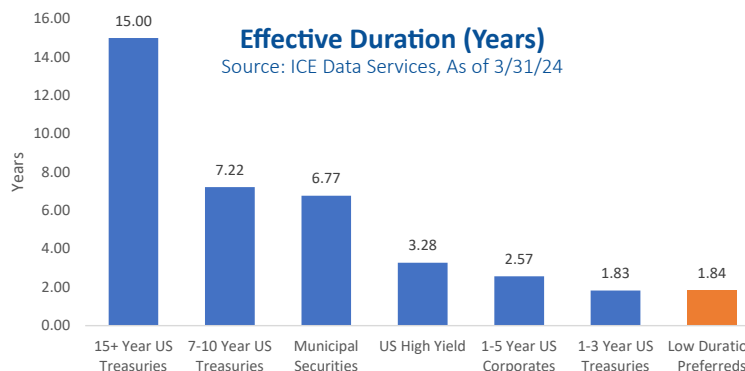
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## 3 Reduced Interest Rate Sensitivity

A low duration profile can help protect capital appreciation by having lower interest rate sensitivity than traditional fixed income.

**Effective Duration (Years)**

Source: ICE Data Services, As of 3/31/24



**Past performance is no guarantee of future results.** It is not possible to invest directly in an index. Indices do not include cash. See Disclosures for index definitions. 15+ Year US Treasuries represented by ICE BofA 15+ Year US Treasury Index (G802). 7-10 Year US Treasuries represented by ICE BofA 7-10 Year US Treasury Index (G402). Municipal securities represented by ICE BofA US Municipal Securities Index (U0A0). US High Yield represented by ICE BofA U.S. High-Yield Index (H0A0). US Corporates represented by ICE BofA US Corporate Index (CVA0). 1-3 year US Treasuries represented by ICE BofA 1-3 Year US Treasury Index (G102). Low Duration Preferreds represented by ICE 0-5 Year Duration Exchange-Listed Preferred & Hybrid Securities Index (PHLD). For illustrative purposes only.

**Bottom line:** Low duration preferreds have attractive characteristics that can help to improve the risk-reward profiles of traditional fixed income portfolios. They have historically offered higher yields and reduced interest rate risk compared to similarly rated bonds.

To learn more about investing in low duration preferreds contact your financial advisor or visit [www.aamlive.com/ETF](http://www.aamlive.com/ETF).

## Why AAM Exchange-Traded Funds?

**Invest with experts.** For over 40 years, Advisors Asset Management (AAM) has remained dedicated to developing and offering innovative solutions across various investment wrappers.

AAM offers a suite of innovative Exchange Traded Funds (ETFs). In addition to offering the benefits of the ETF wrapper – diversification, transparency, low-cost, trading flexibility and tax-efficiency – our practical ETF solutions focus on helping investors meet their cash-flow and capital appreciation goals.

**Past performance is no guarantee of future results. Investing involves risk, including the possible loss of principal.**

*The investment objectives, risks, charges and expenses must be considered carefully before investing. The Fund's statutory and summary prospectus contains this and other important information about the investment company, and may be obtained by calling 800.617.0004 or visiting [www.aamlive.com](http://www.aamlive.com). Read it carefully before investing.*

**Risks:** Shares of any ETF are bought and sold at market price (not NAV) and may trade at a discount or premium to NAV. Shares are not individually redeemable from the Fund and may only be acquired or redeemed from the fund in creation units. Brokerage commissions will reduce returns. Companies with high yield or payout ratio may underperform other securities in certain market conditions and reduce or discontinue paying dividends entirely while included in the index. The Fund's return may not match or achieve a high degree of correlation with the return of the underlying Index. To the extent the Fund utilizes a sampling approach, it may experience tracking error to a greater extent than if the Fund had sought to replicate the Index. Diversification does not assure a profit or protect against a loss in a declining market.

The value of a company's preferred stock will react more strongly than bonds and other debt to actual or perceived changes in the company's financial condition. Preferred stock is subject to the risks that a company may defer or not pay dividends, and, in certain situations, may call or redeem its preferred stock or convert it to common stock. During periods of falling interest rates, an issuer of a callable security held by the Fund may "call" or repay the security before its stated maturity, and the Fund may have to reinvest the proceeds at lower interest rates. Diversification does not assure a profit or protect against a loss in a declining market.

Any tax or legal information provided is a summary of our understanding and interpretation of some of the current income tax regulations and is not exhaustive. Investors must consult their tax professional or legal counsel for advice and information concerning their particular situation. Neither the Fund nor any of its representatives may give legal or tax advice.

**Index Definitions:** **ICE BofA US Municipal Securities Index (U0A0)** tracks the performance of US dollar denominated investment grade tax-exempt debt publicly issued by US states and territories, and their political subdivisions, in the US domestic market. **ICE BofA 7-10 Year US Treasury Index (G402)** is a subset of ICE BofA US Treasury Index including all securities with a remaining term to final maturity greater than or equal to 7 years and less than 10 years. **ICE BofA 15+ Year US Treasury Index (G802)** is a subset of ICE BofA US Treasury Index including all securities with a remaining term to final maturity greater than or equal to 15 years. **ICE BofA 1-3 Year US Treasury Index (G102)** is a subset of ICE BofA US Treasury Index including all securities with a remaining term to final maturity less than 3 years. **ICE BofA 1-5 Year US Corporate Index (CVA0)** is a subset of ICE BofA US Corporate Index including all securities with a remaining term to final maturity less than 5 years. **ICE BofA BB US High Yield Index (H0A1)** is a subset of ICE BofA US High Yield Index including all securities rated BB1 through BB3, inclusive. **ICE 0-5 Year Duration Exchange-Listed Preferred & Hybrid Securities Index (PHLD)** measures the performance of exchange-listed, U.S. dollar-denominated preferred securities and hybrid securities listed on the New York Stock Exchange ("NYSE") or NASDAQ Capital Market ("NASDAQ") with an option-adjusted duration of less than 5 years.

**Definitions: Preferred securities:** A type of investment that generally offers higher yields than traditional fixed income securities, such as U.S. Treasury securities or investment-grade corporate bonds.

**Duration:** A measure that helps approximate the degree of price sensitivity of a bond to changes in interest rates and is adjusted to account for the change in cash flows of the bond's embedded option.

**Yield:** The income earned from an investment, most often in the form of interest or dividend payments. **Effective yield** is the return on a bond that has its interest payments (or coupons) reinvested at the same rate by the bondholder. **Qualified dividends** are ordinary dividends that meet specific criteria to be taxed at the lower long-term capital gains tax rate rather than at higher tax rate for an individual's ordinary income.

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