

Rise Above the Noise™

Preferreds: What's Old is New Again

Implications of the Fed's Proposed Bank Requirements

Authored by Flaherty & Crumrine Incorporated

Destra Capital Investments
901 Warrenville Road, Suite 15
Lisle, IL 60532
877.855.3434
destracapital.com

Agenda

destra

- Fed's proposed bank regulation changes
- Fiscal cliff
- Preferred portfolios

Presenters



Robert Huebscher

Chief Executive Officer
Advisor Perspectives

Pete Amendolair

Chief Investment Officer
Destra Capital Investments

Don Crumrine

Director and Chairman
Flaherty & Crumrine Incorporated

Chad Conwell

Director, Vice President, Chief Compliance Officer
Flaherty & Crumrine Incorporated

Under the Fed's Proposed Bank Requirements



- **Preferred Stock Would be Eligible Tier 1 Capital**
- **TruPS Would no Longer Qualify as Tier 1 Capital**
- **Banks Would Hold Substantially More Common Equity Below Preferreds and Debt**

Called Trust Preferred Securities

(June 7 – July 18, 2012)



Issuer/Security	Coupon	Effective Date	Total \$ amount Redeemed	Issuer/Security	Coupon	Effective Date	Total \$ amount Redeemed
JPMorgan Chase Cap XV	5.875	7/12/2012	92,939,000	BB&T Capital Trust IV	6.82	7/20/2012	600,000,000
JPMorgan Chase Cap XVII	5.85	7/12/2012	500,000,000	Webster Capital Trust IV	7.65	7/18/2012	136,070,000
JPMorgan Chase Cap XXV	6.8	7/12/2012	1,500,000,000	BAC Capital Trust X	6.25	7/25/2012	891,150,000
JPMorgan Chase Cap XXVIII	6.95	7/12/2012	750,000,000	BankAmerica Capital II	8	7/25/2012	450,000,000
JPMorgan Chase Cap XX	6.55	7/12/2012	909,576,000	BankAmerica Instit-A	8.07	7/25/2012	450,000,000
JPMorgan Chase Cap XXII	6.45	7/12/2012	913,773,000	Fleet Capital Trust II	7.92	7/25/2012	203,280,000
JPMorgan Chase Cap XXVI	8	7/12/2012	1,815,000,000	Fleet Capital Trust VIII	7.2	7/25/2012	534,000,000
JPMorgan Chase Cap XXVIII	7.2	7/12/2012	1,500,000,000	Fleet Capital Trust IX	6	7/25/2012	175,000,000
JPMorgan Chase Cap XXVII	7	7/12/2012	1,000,000,000	MBNA Capital	8.278	7/25/2012	250,000,000
Citigroup Capital XXI	8.3	7/18/2012	2,345,801,000	MBNA Capital D	8.125	7/25/2012	300,000,000
Citigroup Capital XII	8.5	7/18/2012	2,300,000,000	MBNA Capital E	8.1	7/25/2012	200,000,000
Suntrust Capital IX	7.875	7/11/2012	685,000,000	NB Capital Trust IV	8.25	7/25/2012	476,406,000
Suntrust Capital VIII	6.1	7/11/2012	607,872,000	USB Capital XIII	6.625	7/28/2012	500,000,000
Keycorp Capital X	8	7/12/2012	568,083,325	TCF Capital I	10.75	7/30/2012	115,000,000
Keycorp Capital VII	5.7	7/12/2012	139,108,000	National City Capital Trust IV	8	7/30/2012	517,500,000
BB&T Capital Trust I	5.85	7/18/2012	500,000,000	PNC Capital Trust E	7.75	7/30/2012	450,000,000
BB&T Capital Trust II	6.75	7/18/2012	600,000,000	Fifth Third Cap Trust VI	7.25	8/8/2012	862,500,000
BB&T Capital Trust V	8.95	7/18/2012	450,000,000	Citigroup Capital XIX	7.25	8/15/2012	569,299,200
BB&T Capital Trust VI	9.6	7/18/2012	575,000,000	Fifth Third Cap Trust V	7.25	8/15/2012	575,000,000
BB&T Capital Trust VII	8.1	7/18/2012	350,000,000				

The above chart is to illustrate Trust Preferred calls. It is not representative of the holdings of the Destra Preferred and Income Securities Fund.

For Investment Professional Use Only / Not for Public Viewing or Distribution

Phase-In Schedule of Proposed Requirements

Capital Requirement (percent of RWA)	2013	2014	2015	2016	2017	2018	2019
Minimum Common Equity (CET1)	3.5	4	4.5	4.5	4.5	4.5	4.5
Capital Conservation Buffer (CET1)	-	-	-	0.625	1.125	1.875	2.5
Countercyclical Capital Buffer (CET1)	-	-	-	0-0.625	0-1.125	0-1.875	0-2.5
SIFI Buffer (CET1)	-	-	-	0.25-0.625	0.45-1.125	0.75-1.875	1.0-2.5
Minimum Tier 1 (including T1 preferred)	4.5	5.5	6	6.0+buffers	6.0+buffers	6.0+buffers	6.0+buffers
Minimum Total Capital	8	8	8	8.0+buffers	8.0+buffers	8.0+buffers	8.0+buffers

Asset Class Correlations

(2/28/1997 to 6/30/2012)



	Taxable Preferreds	Long Corporate Bonds	High Yield Bonds	S&P 500	Municipal Bonds	30 Year Treasuries	EM Debt (USD)
Taxable Preferreds	1.00						
Long Corporate Bonds	0.59	1.00					
High Yield Bonds	0.51	0.51	1.00				
S&P 500	0.34	0.23	0.62	1.00			
Municipal Bonds	0.42	0.60	0.27	0.00	1.00		
30 Year Treasuries	0.11	0.62	0.45	-0.21	0.45	1.00	
EM Debt (USD)	0.31	0.50	0.24	0.63	0.24	0.03	1.00

"Long Corporate Bonds" refers to the Barclays Long U.S. Corporate Index, which is a subset of the Barclays U.S. Corporate Investment Grade Index that contains publicly issued U.S. corporate securities and global issues that are SEC-registered. The index includes investment grade fixed rate securities in the industrial, utility, and finance sectors. "High Yield Bonds" refers to the Barclays U.S. Corporate High Yield Index which is an unmanaged market value-weighted index that covers the universe of fixed rate, non-investment grade debt. "Municipal Bonds" refers to the Barclays Municipal Bond Index which is a market capitalization-weighted index of investment-grade municipal bonds with maturities of at least one year "30 Year Treasuries" refers to the Citigroup 30 Year Treasury Benchmark Index which measures the total return for the current 30 year on-the-run Treasury that settles by the end of the calendar month. The S&P 500 Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. EM Debt (USD) refers to the Barclays Emerging Markets (U.S. Dollar) Index. The correlations are calculated using the monthly returns since the inception of the B of A Merrill Lynch Indices beginning 2/28/1997 to 12/31/2011. The index returns do not reflect any fees or expenses and do not include the effect of any cash reserves.

The Fiscal Cliff and Preferreds



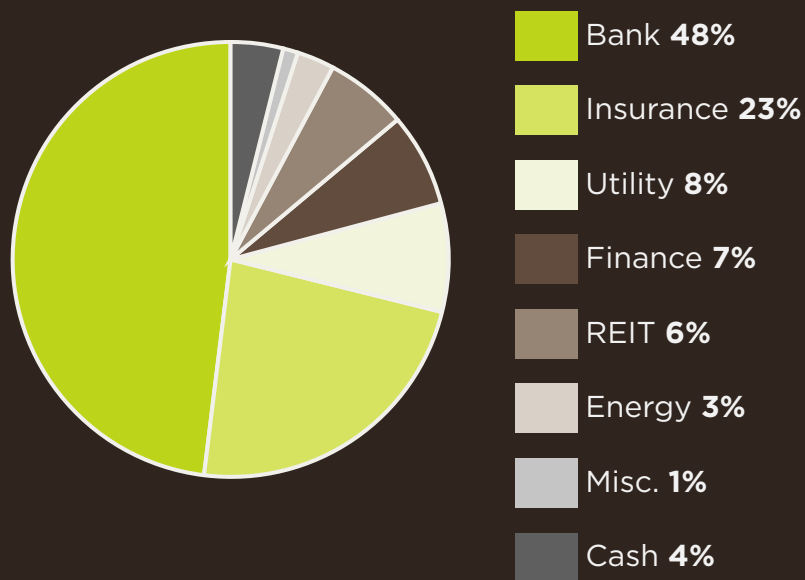
- Tax Rates Going Up
- Spending Cuts?
- Impact to firms that issue preferreds

Destra Preferred and Income Securities Fund

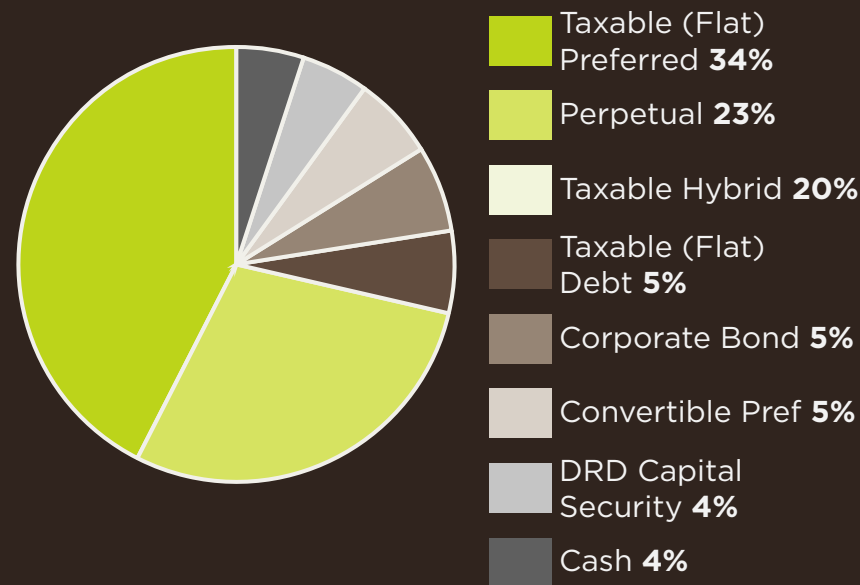
as of 9/30/12



Portfolio Sector Allocation



Security Types



Destra Preferred and Income Securities Fund

as of 9/30/12



Top 10 Issuers

• Morgan Stanley	4.6%
• HSBC PLC	4.3%
• Wells Fargo	4.2%
• Goldman Sachs Group	4.0%
• Bank of America	4.0%
• JPMorgan Chase	3.9%
• Ing Group Nv	3.8%
• MetLife	3.7%
• XL Group PLC	3.4%
• Citigroup	3.3%

Credit Rating

Moody's		Standard & Poor's	
Baa1	8%	AA-	1%
Baa2	16%	BBB+	15%
Baa3	37%	BBB	24%
Ba1	21%	BBB-	15%
Ba2	10%	BB+	34%
Ba3	1%	BB	8%
Less than Ba	4%	Not Rated	1%
Not Rated	1%		

Credit quality, as rated by S&P and Moody's, is an assessment of the credit worthiness of an issuer of a security. AAA is the highest rating; the obligors capacity to meet is financial commitments is strong. As ratings decrease, the obligor is considered more speculative by market participants. Credit ratings apply only to the bonds and preferred securities in the portfolio and not to the shares of the fund which will fluctuate in value.

Destra Preferred and Income Securities Fund



Class A Shares as of 11/30/12

fund name	ticker		1-mth	year to date	1-yr	from inception	distribution
Destra Preferred and Income Securities Fund Class A Shares Inception Date: April 12, 2011	DPIAX	at NAV	0.00	16.31	17.88	11.50	quarterly
		with load	-4.51	11.05	12.55	8.39	quarterly

This material is prepared for internal or financial professional use only. It may not be reproduced or shown to members of the public or used in written form as sales literature. Any such use would be contrary to FINRA Conduct Rules.

Data presented reflects past performance, which is no guarantee of future results. Investment results and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Due to market volatility, current performance may be higher or lower than the performance shown. Call 877.287.9646 or access our website at destracapital.com for performance current to the most recent month end. Performance shown for Class A Shares with load includes the Fund's maximum sales charge of 4.50%. Returns for period of less than one year are not annualized, and include reinvestment of all distributions.

The Adviser has agreed to cap expenses such that the total annual fund operating expenses, excluding brokerage commissions and other trading expenses, taxes, acquired fund fees and other extraordinary expenses (such as litigation and other expenses not incurred in the ordinary course of business) at 1.50% for Class A, 2.25% for Class C and 1.22% for Class I. This waiver will continue in effect until February 1, 2022. The waiver may be terminated or modified prior to February 1, 2022 only with the approval of the Board of Trustees of the Trust. The gross expenses for the Class A, Class C and Class I shares are 29.24%, 2.46% and 26.04% respectively. Class A shares have a 12b-1 fee of .25%.

Issuer Concentration in Industries with Regulated Capital Structure: Over 80% of preferred securities are issued by regulated companies in the banking, financial services, insurance, and utility industries, with the regulatory structure potentially providing insulation against credit default. In normal market conditions, the Fund will invest more than 25% of its assets in securities of companies principally engaged in the financial services industry. This policy makes the Fund more susceptible to adverse economic or regulatory occurrences affecting financial services companies, including the adverse effects of economic recession, currency exchange rates, government regulation, decreases in the availability of capital, volatile interest rates, portfolio concentration in geographic markets, and commercial and residential real estate loans.

Some important risks of the Fund are: **Market Risk:** The market values of securities owned by the Fund may decline, at times sharply and unpredictably, and therefore the value of Fund shares will fluctuate. **Preferred and Subordinated Security Risk:** Preferred and other subordinated securities rank lower than bonds and other debt instruments in a company's capital structure and therefore will be subject to a greater credit risk than those debt instruments. Distributions on some types of these securities may also be skipped or deferred by issuers without causing a default. **Credit Risk:** Credit risk is the risk that an issuer of a security will be unable or unwilling to make a dividend, interest, or principal payment when due and the related risk that the value of a security may decline because of an issuer's ability to make such payments. Credit risk may be heightened for the Fund because the Fund may invest in "high yield" or "high risk" securities, which involve greater risk, including the possibility of default or bankruptcy, and are regarded as predominantly speculative with respect to the issuer's capacity to pay dividends and interest and repay principal. Although the Fund intends to principally invest in investment-grade securities at the time of investment, there is no limit on the amount of below-investment-grade securities that the Fund may invest in. Therefore, an investment in the Fund should be considered speculative. **Interest Rate Risk:** If interest rates rise—long-term rates in particular—the prices of fixed-rate securities held by the Fund will fall. **Liquidity Risk:** The Fund is limited to investing up to 15% of its net assets in illiquid securities. These types of securities may have limited marketability and may be difficult to sell at favorable prices. **Non-U.S. Investment Risk:** Non-U.S. companies or U.S. companies with significant non-U.S. operations may be subject to risks in addition to those of companies that principally operate in the United States. This increased risk is a result of, among other things, regulatory, political, social, and economic developments abroad, different legal, regulatory, and tax environments, less liquidity and greater volatility, and a lack of uniform accounting, auditing, and financial reporting standards. **Currency Risk:** Changes in currency exchange rates may adversely affect the Fund's net asset value, the value of dividends and interest earned, and gains and losses realized on the sale of securities. **Non-Diversification Risk:** The Fund is non-diversified, which means that it may invest in the securities of fewer issuers than a diversified fund. As a result, it may be more susceptible to a single adverse economic or regulatory occurrence affecting one or more of these issuers, may experience increased volatility, and may be highly concentrated in certain securities. **Securities Selection Risk:** Securities selected by the Fund's portfolio manager may not perform to expectations. This could result in the Fund's underperformance compared to other funds with similar investment objectives. **Investment Risk:** When you sell your shares of the Fund, they could be worth more or less than what you paid for them. You may lose some or all of your investment in this Fund.

Investing in the market is subject to risk and possible loss of principal amount invested. Data provided by Destra Capital Investments unless otherwise noted.

NOT FDIC-INSURED, MAY LOSE VALUE, NO BANK GUARANTEE



To Contact Destra:

phone: **630.241.4200**

email: **info@destracapital.com**

web: **www.destracapital.com**

This material is prepared for internal or financial professional use only. It may not be reproduced or shown to members of the public or used in written form as sales literature. Any such use would be contrary to FINRA Conduct Rules. Investing in this investment is subject to risk and possible loss of principal amount invested. Please refer to the prospectus for more complete information including risks.

Investors should consider the investment objective and policies, risk considerations, charges and ongoing expenses of an investment carefully before investing. The prospectus and summary prospectus contains this and other information relevant to an investment in the fund. Please read the prospectus or summary prospectus carefully before you invest or send money. To obtain a prospectus, please contact your investment representative or Destra Capital Investments LLC at 877.287.9646 or access our website at destracapital.com.

Not FDIC-Insured, Not Bank Guaranteed, May Lose Value

For Investment Professional Use Only / Not for Public Viewing or Distribution