

Bargain 8% Preferred Stock With Best Protection Against Rising Interest Rates: SiriusPoint

Jul. 21, 2021 11:00 AM ET | **SiriusPoint Ltd. (SPNT), SPNT.PB** | ESGR, ESGRO, ESGRP... | 72 Comments | 31 Likes

Summary

- Preferred stock SPNT-B recently hit the market with a “qualified” current yield and yield-to-call that are just way above any other preferred stock with the same credit rating.
- If not called in 2026, SPNT-B’s dividend resets to an extremely high yield of 7.3% plus the 5-year Treasury Note yield providing extraordinary protection against higher interest rates.
- SPNT-B is mispriced with a current yield and floating rate that are far superior to any other BB+ rated preferred stocks in the market.

- The combination of low credit risk together with a reset rate that provides extraordinary protection against higher interest rates and inflation makes SPNT-B a core holding.
- We estimate the relative fair value price of SPNT-B to be \$32.00 per share. Once underwriter selling is finished, we expect SPNT-B to move significantly higher in price.
- Looking for a portfolio of ideas like this one? Members of High Dividend Opportunities get exclusive access to our model portfolio. [Learn More »](#)



designer491/iStock via Getty Images

Co-produced with Preferred Stock Trader

(This article was first published to HDO subscribers on July 13th, and all data is from that date.)

SiriusPoint Ltd.

Property/casualty insurer SiriusPoint Ltd. ([SPNT](#)) was formed in February of this year as a result of a merger between Third Point Reinsurance and Sirius Group. Here is what [Yahoo Finance](#) says about the company:

SiriusPoint Ltd. provides specialty property and casualty reinsurance products to insurance and reinsurance companies worldwide. It underwrites homeowners' and commercial, workers' compensation, personal and commercial automobile, mortgage, and multi-line reinsurance products; professional, transactional, and general liability reinsurance products; and cyber, marine, travel, and extended warranty reinsurance products.

The preferred stock, symbol **SPNT-B** ([SPNT.PB](#)), was created as a result of this merger for former Sirius Group preferred stockholders. Eight million preferred shares were created and at least 5 million shares are currently being sold by underwriters for current holders of SPNT-B. These preferred shares are not being sold by the company. **Both Fitch and S&P give SPNT an investment-grade credit rating.**

SiriusPoint Ltd. 8.0% Series B Resettable Cumulative Perpetual Preferred Stock

SPNT-B is called a “resettable” preferred stock. We have now seen a number of “resettable” preferred stocks issued during the past year. Previously, preferred stocks that have adjustments to their dividends on their call date were adjusted based on LIBOR. With LIBOR going away, this is likely the trigger for issuing these resettable preferred stocks whose dividends are adjusted based on the generally higher yielding 5-year Treasury Note.

Like fixed-to-floating rate preferreds based on LIBOR, resettable preferreds start out as fixed-rate preferred stocks. Then on their call date, if the stock is not called, its dividend is adjusted to equal some fixed-rate plus the yield on the 5-year Treasury Note. The adjustment or call date is generally 5 years after the issuance of the preferred stock. Once 5 years have passed and the first adjustment is made, future dividend adjustments will only be made once every 5 years.

In the case of SPNT-B, if it is not called on its first call date in 2026, the dividend will be adjusted to be equal to 7.3% plus the yield on the 5-year Treasury Note at the time the adjustment is made. **This extremely high adjusted yield is much higher than any other qualified dividend-paying preferred stock from an investment-grade company.**

Here are the important details on SPNT-B:

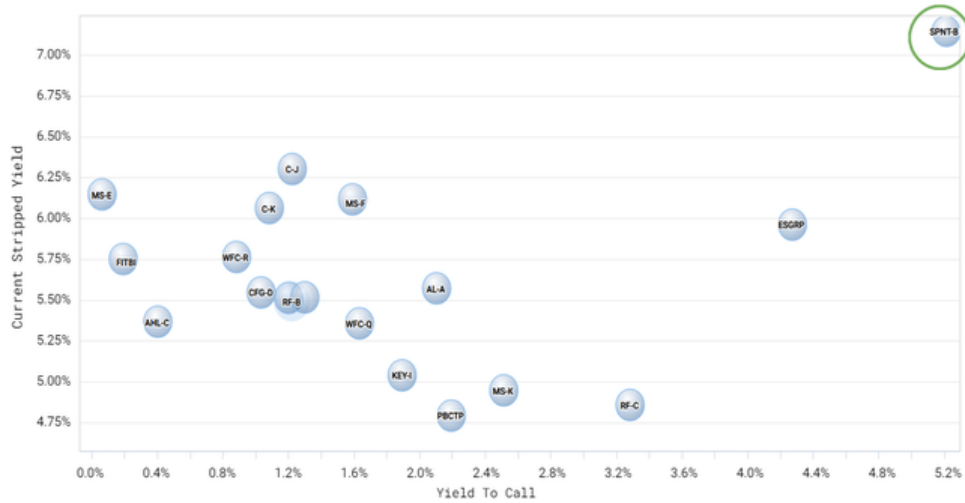
- Current Price: \$28.19 (July 11, 2021)
- Current Stripped Yield: 7.2%

- Yield-To-Call: 5.2%
- Call or Dividend Adjustment Date: 2/26/2026
- Adjustment Formula: 7.3% plus the yield on the 5-year Treasury Note
- Qualified Dividend: Yes
- Cumulative: Yes
- Credit Rating: BB+ by S&P and also BB+ by Fitch
- Approximate Next Ex-Dividend Date: August 13, 2021

Note that the **dividend on SPNT-B is qualified for the lower 15% tax rate** (for a small number of readers in very high or low tax rates, it may be different than 15%). The nice tax break that SPNT-B gets on its dividends provides a higher after-tax yield than other fixed-income securities that pay interest or a non-qualified dividend at the same yield.

SPNT-B Is Very Underpriced

Those who mostly invest in higher-yielding but lower-quality preferred stocks may not realize just how low interest rates are on preferred stocks from higher-quality, low-credit-risk companies. Companies with low credit risk tend to follow Treasury yields. The charts below demonstrate just how undervalued SPNT-B is relative to other fixed-to-floating rate preferred stocks with a BB+ credit rating.



Source: Author

The above chart represents all fixed-to-floating rate preferred stocks that pay qualified dividends and are rated BB+ by S&P. The Y-axis represents "current stripped yield" while the X-axis shows YTC (yield-to-call). As can be seen, SPNT-B is in the upper right-hand corner with a YTC and a current yield that is in a league by itself among BB+ rated preferred stocks. This is a graphical representation of the significant under-valuation of SPNT-B in this market. Below is a chart of the yield metrics of all of the preferred stocks in the above chart.

Symbol	Last price	YTC	Current Yield Stripped	Call Date	Rating	Specific	Nominal Yield	Stock type	Qualified
SPNT-B	28.19	5.21%	7.15%	2026-02-26	BB+	5y T-Note + 7.298%	8.00%	preferred stock fixed reset rate	☑
ESGRP	29.54	4.27%	5.96%	2028-09-01	BB+	FIXED/LIBOR / after 01.09.2028 lib + 4.015%	7.00%	preferred stock fixed to floating	☑
RF-C	29.55	3.28%	4.86%	2029-05-15	BB+	FIXED/LIBOR / after 15.05.2029 lib + 3.148%	5.70%	preferred stock fixed to floating	☑
MS-K	29.57	2.51%	4.95%	2027-04-15	BB+	FIXED/LIBOR / after 15.4.2027 Lib + 3.491%	5.85%	preferred stock fixed to floating	☑
PBCP	29.47	2.19%	4.79%	2026-12-15	BB+	FIXED/LIBOR / after 15.12.2026 Lib + 4.02%	5.63%	preferred stock fixed to floating	☑
AL-A	27.70	2.10%	5.57%	2024-03-15	BB+	FIXED/LIBOR / after 15.03.2024 lib + 3.65%	6.15%	preferred stock fixed to floating	☑
KEYI	30.52	1.89%	5.04%	2026-12-15	BB+	FIXED/LIBOR / after 15.12.2026 Lib + 3.892%	6.13%	preferred stock fixed to floating	☑
WFC-Q	27.40	1.63%	5.36%	2023-09-15	BB+	FIXED/LIBOR / after 15.9.2023 Lib + 3.09%	5.85%	preferred stock fixed to floating	☑
MS-F	28.22	1.61%	6.09%	2024-01-15	BB+	FIXED/LIBOR / after 15.1.2024 Lib + 3.94%	6.88%	preferred stock fixed to floating	☑
MS-I	29.03	1.32%	5.49%	2024-10-15	BB+	FIXED/LIBOR / after 15.10.2024 Lib + 3.708%	6.38%	preferred stock fixed to floating	☑
C-J	28.33	1.22%	6.30%	2023-09-30	BB+	FIXED/LIBOR / after 30.09.2023 lib + 4.04%	7.13%	preferred stock fixed to floating	☑
RF-B	29.15	1.22%	5.49%	2024-09-15	BB+	FIXED/LIBOR / after 15.9.2024 Lib + 3.536%	6.38%	preferred stock fixed to floating	☑
C-K	28.62	1.08%	6.06%	2023-11-15	BB+	FIXED/LIBOR / after 15.11.2023 lib + 4.13%	6.88%	preferred stock fixed to floating	☑
CFG-D	28.64	1.03%	5.55%	2024-04-06	BB+	FIXED/LIBOR / after 06.04.2024 lib + 3.642%	6.35%	preferred stock fixed to floating	☑
WFC-R	28.87	0.88%	5.76%	2024-03-15	BB+	FIXED/LIBOR / after 15.3.2024 Lib + 3.69%	6.63%	preferred stock fixed to floating	☑
AHL-C	27.75	0.40%	5.37%	2023-07-01	BB+	FIXED/LIBOR / after 1.7.2023 lib + 4.06%	5.95%	preferred stock fixed to floating	☑
FITBI	28.97	0.21%	5.73%	2023-12-31	BB+	FIXED/LIBOR / after 31.12.2023 lib + 3.71%	6.63%	preferred stock fixed to floating	☑
MS-E	29.00	0.06%	6.15%	2023-10-15	BB+	FIXED/LIBOR / after 15.10.2023 Lib + 4.32%	7.13%	preferred stock fixed to floating	☑
ZION	28.03	-0.67%	5.64%	2023-03-15	BB+	FIXED/LIBOR / after 15.3.2023 lib + 4.24 %	6.30%	preferred stock fixed to floating	☑

Source: Author

The above chart is sorted in the order of highest to lowest YTC. For stocks selling so much above their \$25 call price, YTC is the best metric of what you are likely to earn. Even if some of these stocks are not called on their call dates, they will likely not trade much above their \$25 call price due to fear of an imminent call.

1. Morgan Stanley ([MS.PK](#)) preferred stock I, MS- ([MS.PI](#)) represents the median YTC at 1.32% versus 5.2% for SPNT-B. One thing to notice is that generally the further out the call date, the higher the YTC, with the exception of SPNT-B. This is unsurprising as bonds with shorter maturities also pay lower yields than longer-term bonds.
2. If we look at the two preferred stocks that, like SPNT-B, are callable in 2026 they are KeyCorp DEP SHS 1/40 E ([KEY.PI](#)) and People's United Financial Preferred ([PBCTP](#)). Those have YTCs that average only slightly above 2%. So without even looking at the floating rate formulas of each preferred stock, SPNT-B is extremely mispriced.
3. If you look at the column marked "Specific", you will see the eventual floating rate of each preferred stock. On its call date, the yield on SPNT-B will adjust to 7.298% plus the yield on the 5-year Treasury Note while all of the others adjust to LIBOR plus somewhere between 3.09% and 4.32% (based on par). So if these were to all convert to their floating rate at current interest rates, SPNT-B would carry a yield of over 8% versus the LIBOR floaters which would average a yield of less than 4%. Historically, the 5-year Treasury Note provides a

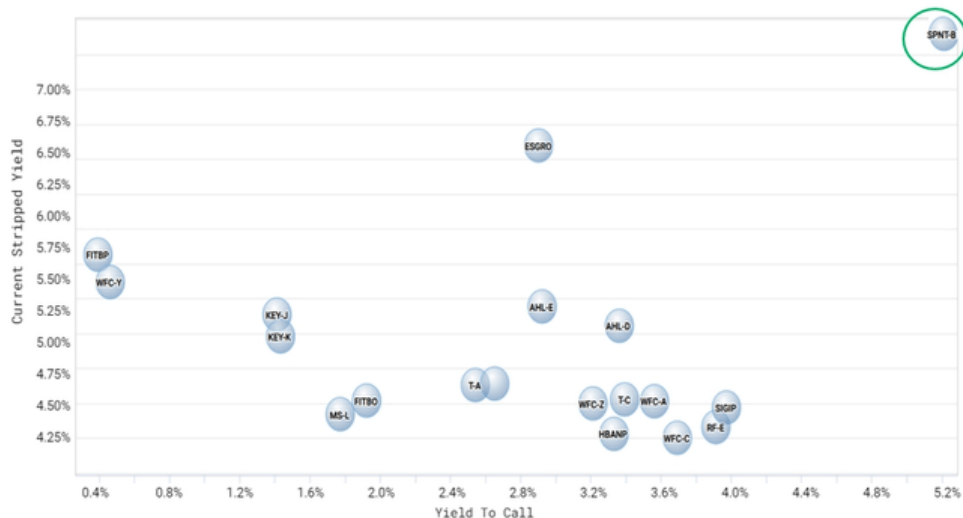
higher yield than LIBOR.

And what happens if rates rise 2% on LIBOR and the 5-year Note between now and the call dates of these preferred stocks. Let's look at KEY-I, with a similar call date to SPNT-B. While SPNT-B's yield would rise to 10.1% from its current 8% nominal yield (yield at par), KEY-I's yield would not rise from its nominal yield and would carry a much lower yield at 6.1%.

Once underwriters are finished selling their shares of SPNT-B, we expect it to move much higher in price.

With KEY-I currently trading at \$30.52, and much higher-yielding SPNT-B trading at \$28.19, you can see how mispriced SPNT-B is and how much room it has to move higher in price.

Now let's take a look at BB+ fixed-rate preferred stocks and see how they compare to SPNT-B.



Symbol	Last price	▼ YTC	Current Yield Stripped	Y Call Date	Y Rating S&P	Nominal Yield	Y Stock type	Y Qualified
SPNT-B	28.19	5.21%	7.15%	2026-02-26	BB+	8.00%	preferred stock fixed reset rate	✓
SIGIP	25.81	3.97%	4.47%	2025-12-15	BB+	4.60%	preferred stock fixed rate	✓
RF-E	25.78	3.91%	4.33%	2026-06-15	BB+	4.45%	preferred stock fixed rate	✓
WFC-C	25.80	3.69%	4.25%	2026-03-15	BB+	4.38%	preferred stock fixed rate	✓
WFC-A	26.39	3.56%	4.51%	2025-12-15	BB+	4.75%	preferred stock fixed rate	✓
T-C	26.45	3.39%	4.53%	2025-02-18	BB+	4.75%	preferred stock fixed rate	✓
AHL-D	27.88	3.36%	5.05%	2027-01-01	BB+	5.63%	preferred stock fixed rate	✓
HBANP	26.29	3.33%	4.28%	2026-04-15	BB+	4.50%	preferred stock fixed rate	✓
WFC-Z	26.48	3.21%	4.50%	2025-03-15	BB+	4.75%	preferred stock fixed rate	✓
AHL-E	27.11	2.92%	5.19%	2024-10-01	BB+	5.63%	preferred stock fixed rate	✓
ESGRO	27.75	2.90%	6.35%	2024-01-30	BB+	7.00%	preferred stock fixed rate	✓
CFG-E	26.95	2.65%	4.64%	2025-01-06	BB+	5.00%	preferred stock fixed rate	✓
T-A	27.23	2.54%	4.63%	2024-12-12	BB+	5.00%	preferred stock fixed rate	✓
FITBO	27.42	1.92%	4.52%	2024-09-30	BB+	4.95%	preferred stock fixed rate	✓
MS-L	27.57	1.77%	4.42%	2025-01-15	BB+	4.88%	preferred stock fixed rate	✓
KEY-K	28.34	1.43%	4.98%	2024-09-15	BB+	5.63%	preferred stock fixed rate	✓
KEY-J	27.60	1.41%	5.14%	2023-12-15	BB+	5.65%	preferred stock fixed rate	✓
WFC-Y	26.29	0.46%	5.37%	2022-06-15	BB+	5.63%	preferred stock fixed rate	✓
FITBP	27.14	0.39%	5.56%	2022-11-25	BB+	6.00%	preferred stock fixed rate	✓

Source: Author

As can be seen from the bubble chart above, Enstar Group Limited 7% preferred E (ESGRO) is the only fixed-rate preferred stock that has a current yield anywhere near SPNT-B, but its YTC is only 2.9%. And these fixed-rate preferreds provide no protection against higher interest rates like SPNT-B does. And if interest rates fall to zero, when SPNT-B floats, it will still have a yield of 7.298% on par versus around an average of 5.3% for these fixed-rate preferred stocks.



Source: Dreamstime

Fair Value for SPNT-B Is \$32.00 Per Share

Using KEY-I as the best comparable preferred stock, SPNT-B would carry the same YTC at \$32.00 as KEY-I does at its current price. And at \$32.00, SPNT-B would still have a 6.3% stripped current yield versus KEY-I at 5.04% and SPNT-B would still carry a far superior floating rate formula to KEY-I. So one could say that this is actually a conservative estimate.

Would we hold this stock until it hits \$32.00 per share? I doubt it. We don't want to buy KEY-I at \$30.54 and we would likely be quite happy if we could exit SPNT-B at \$1.00 below fair value at \$31.00.

SPNT-B 4-Month Price Target

We believe that once underwriters finish their selling that SPNT-B will move up price rather quickly to a more fair value level. **We are targeting a price of \$30.50 over the next 4 months.** We would also net two dividends during that period. Thus, **the expected total return on SPNT-B over four months is expected to be 11.7% which annualizes to a 35% total return.**

SPNT-B Looks Much Like WCC-A When It IPO'd

The IPO of SPNT-B reminds us very much of the IPO of WESCO International Preferred "A" stock ([WCC.PA](#)) which we recommended in an [article](#) back in September of 2020. It was trading at around \$28.00 at the time the article came out and has since traded above \$32.00 per share. It now sits at \$30.65 having gone ex-dividend 66 cents recently. The similarities are striking to SPNT-B.

Both SPNT-B and WCC-A were preferred stocks created as a result of a merger. Both were given extremely strong yields and floating rate formulas to satisfy the parties in the merger who would receive these preferred stocks. The floating rates and current yields were much higher than would have been offered if these were normal IPOs to the public rather than creations to close a merger. Both were grossly undervalued when they hit the market, and in both cases, the owners of these preferred stocks did not understand how undervalued they were.

In the case of WCC-A, as soon as it went public, holders of WCC-A proceeded to dump their shares simply wanting to cash out and run with the profits they made as a result of the merger. In the case with SPNT-B, 8 million shares were created and holders of at least 5 million of these shares simply want to cash out and sell their preferred shares. And history shows what a mistake the sellers made.

Once those who simply wanted to cash out finished selling, **WCC-A proceeded to rise from \$28.00 to \$31.00 in just 2 months as the chart below shows.**

We expect that once underwriters finish dumping their 5 million shares that SPNT-B will follow the same pattern but maybe not as high as \$31.00 and maybe not as quickly. Although WCC-A has a higher coupon and a higher reset rate than SPNT-B, SPNT-B has a credit rating that is some notches above that of WCC-A and has a current YTC that is higher than that of WCC-A.



Source: Etrade

Besides the catalyst that we expect from the completion of underwriters dumping their shares, the large **iShares Preferred and Income ETF** ([PFF](#)) will almost certainly be buying large amounts of SPNT-B at the end of July.

Summary/Conclusion

Preferred stock SPNT-B is a new, and quite undervalued, "qualified dividend"-paying preferred stock from an investment-grade property/casualty insurance company, SiriusPoint Ltd. Like preferred stock WCC-A, SPNT-B was created as a result of a merger where merger participants received incredibly generous preferred stock but simply wanted to sell, cash out and lock in their gains, not understanding the value of the preferred stock that they now owned. Once new and disinterested holders of WCC-A finished selling, these preferred shares quickly soared higher and at one point reached a price of over \$32.00 per share. We expect SPNT-B to follow suit and ultimately trade to a price closer to \$31.00. We calculate relative fair value at \$32.00 per share.

SPNT-B was IPO'd with an 8.0% yield at par and a reset rate of 7.298% plus the yield on the 5-year Treasury Note in 2026 when the rate is reset. As the article demonstrated, BB+ rated SPNT-B is very undervalued relative to other "qualified dividend"-paying BB+ rated preferred stocks. Its YTC, current yield, and reset rate are vastly superior to its peers including BB+ fixed-rate preferred stocks.

Due to its enormous reset rate, SPNT-B provides extraordinary protection against higher interest rates in the future. But it will also perform extremely well if rates stay the same or fall. Due to its high floor, even if rates on the 5-year Treasury Note go to zero, SPNT-B's rate will reset to 7.298% which will be an extraordinary yield for a low-credit-risk preferred stock with the 5-year Treasury yield at zero.

We feel that SPNT-B is a winner for long-term conservative investors due to its outsized relative yield, BB+ rating, and interest rate protection, but also a winner for those who are more trading oriented and would be very pleased to grab a \$2.00 capital gain in a very short time frame.

The combination of low credit risk, an oversized relative yield, and a preferred stock that should perform extraordinarily well in any interest rate environment makes SPNT-B a strong core holding for any fixed-income portfolio. There is no other preferred stock in the market, from an investment-grade company, that has yield metrics and a floating rate as good as SPNT-B – at least that we are aware of. We are open to suggestions from readers who think they have found a better one.

If you want full access to our Model Portfolio and all our current Top Picks, feel free to join us for a **2-week free trial** at High Dividend Opportunities.

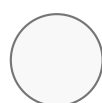
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This article was written by



Rida Morwa

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Author of [High Dividend Opportunities](#)

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Disclosure: I/we have a beneficial long position in the shares of SPNT.PB either through stock ownership, options, or other derivatives. I wrote this article myself, and it expresses my own opinions. I am not receiving compensation for it (other than from Seeking Alpha). I have no business relationship with any company whose stock is mentioned in this article.

Additional disclosure: Treading Softly, Beyond Saving, PendragonY, and Preferred Stock Trader all are supporting contributors for High Dividend Opportunities. Any recommendation posted in this article is not indefinite. We closely monitor all of our positions. We issue Buy and Sell alerts on our recommendations, which are exclusive to our members.

31 Likes

72 Comments

Comments (72)

Sort by

Newest



MegaDivGuy

Today, 8:47 AM



Comments (1.57K) | + Follow

Rida, this one I do not understand. TD Ameritrade has no information on it. The 5.2% YTC is unremarkable, and not anything to proverbially write home about.

With NRZ-A at about 7.3% current, and CMRE-E at 8.07%, I truly fail to see what this one offers.

➡ Reply 👍 Like



ChuckXX

Today, 8:26 AM



Comments (4.21K) | + Follow

Lots & lots of gobleygook in this article but no " Meat & Potatoes". How about digging into the company itself regarding their loss ratios, margins, gross revenue growth, competitors, & outlook after the merger over the next 5 years. I think that is more " Valuable" to investors than the gobleygook provided.

➤ Reply 👍 Like (3)



dmcooper2003

Today, 8:24 AM



Comments (117) | + Follow

For the long term conservative investor ? I am one of those and investment grade is BBB or better ! I was looking for an analysis that would argue that the credit ratings were off base. I see this recommendation as off the mark.

➤ Reply 👍 Like (1)



hdh12

Today, 8:00 AM



Marketplace

Comments (593) | + Follow

Yield-To-Call: 5.2%. Click bait headline of 8% you'll never see.

➤ Reply 👍 Like (7)



BuckingTrends

Yesterday, 11:03 PM



Premium

Comments (267) | + Follow

Note to self:

Check closing price before grinding through an article like this only to realize the ship already sailed.

As a new investor, however, I did learn a lot of new concepts...so thank you.

I did have a question: What are the mechanics of the underwriting process? In what way are they "dumping"? I'm fuzzy on how this went down. *(edited)*

↩ Reply 👍 Like (4)



motorstreet

Yesterday, 6:03 PM



Comments (45) | + Follow

Closing price today is \$29.40...too rich for me. Would take 2 1/2 years of dividends just to make up for the capital loss when it's called. That's half way to the call date.

↩ Reply 👍 Like (7)



Preferred Stock Trader

Yesterday, 6:12 PM



Contributor

Premium

Marketplace

Comments (2.77K) | + Follow

@motorstreet Understood. Those who focus on high yield won't like this idea. This is for those looking for a high level of safety, good credit quality, undervaluation to its peers (price appreciation), and great inflation protection (due to the reset rate).

↩ Reply 👍 Like (1)



NewToThis2015

Yesterday, 10:16 PM



Comments (847) | + Follow

[@Preferred Stock Trader](#) The real money here seems to be buying a large number of shares and waiting over a year to sell it for a long-term gain. Not that there is anything wrong with that. Assuming that it is purchased in a taxable account.

➤ Reply 👍 Like



richard48

Yesterday, 1:46 PM



Comments (1.32K) | + Follow

Author misses the point on capital gains. For those that sell this security in less than a year, the tax on gain is treated as ordinary income. If held 1 year or more it receives lower long term capital gains tax rates.

➤ Reply 👍 Like (2)



NewToThis2015

Yesterday, 12:36 PM



Comments (847) | + Follow

At \$28.19 I get a YTC of 4.97% on the spreadsheet I use. I wonder what i am missing.

➤ Reply 👍 Like



Preferred Stock Trader

Yesterday, 12:38 PM



Contributor

Premium

Marketplace

Comments (2.77K) | + Follow

[@NewToThis2015](#) Maybe you aren't calculating accrued interest. This one will go ex-dividend in 3 or 4 weeks. Deduct accrued interest from \$28.19 and you should match the numbers in the article.

➤ Reply 👍 Like



NewToThis2015

Yesterday, 12:51 PM



Comments (847) | + Follow

[@Preferred Stock Trader](#) That could be it. My calculation doesn't back that out.

➔ Reply 👍 Like



Preferred Stock Trader

Yesterday, 1:12 PM



Contributor

Premium

Marketplace

Comments (2.77K) | + Follow

[@NewToThis2015](#) For traditional bonds, accrued interest is in the price. But for baby bonds, you need to adjust by accrued interest.

➔ Reply 👍 Like (1)



WSLegend

Yesterday, 12:06 PM



Premium

Comments (2.21K) | + Follow

What is the likelihood that it will be called ASAP in 2026 ?

➔ Reply 👍 Like (1)



Preferred Stock Trader

Yesterday, 12:15 PM



Contributor

Premium

Marketplace

Comments (2.77K) | + Follow

[@WSLegend](#) Very high if the interest environment is like it is now. But that is a long time away to have any idea what rates will be and how preferred stocks will be priced at that time.

➔ Reply 👍 Like (1)



Rida Morwa

Yesterday, 12:19 PM



Marketplace Contributor

Premium

Comments (18.62K) | + Follow

Author's Reply @WSLegend Considering rising inflation, I expect rates will be raised in the next 2-3 year, to what extent remains to be seen. By 2026 its hard to forecast what type of economic environment we will be in.

➔ Reply 👍 Like



WSLegend

Yesterday, 12:28 PM



Premium

Comments (2.21K) | + Follow

@Preferred Stock Trader So if called ASAP, yield to call will only be 5.2%? Is that a likely scenario?

➔ Reply 👍 Like (1)

[See More Replies](#)



jdhoop

Yesterday, 12:03 PM



Comments (109) | + Follow

Can't seem to find the distribution dates..

➔ Reply 👍 Like



Preferred Stock Trader

Yesterday, 12:13 PM



Contributor

Premium

Marketplace

Comments (2.77K) | + Follow

@jdhoop quantumonline is the best source for this. End of Feb, May, Aug, Nov

➔ Reply 👍 Like



jdhoop

Yesterday, 12:17 PM



Comments (109) | + Follow

Nevermind.. found it - per the prospectus..

The last day of February, May, August and November of each year, from and including August 30, 2021.

➤ Reply 👍 Like



jdhoop

Yesterday, 12:17 PM



Comments (109) | + Follow

[@Preferred Stock Trader](#) yep - thanks!

➤ Reply 👍 Like



sethmcs

Yesterday, 11:57 AM



Comments (3.79K) | + Follow

A few questions: 1) a preferred stock cannot be both cumulative dividend and be qualified dividend for tax purposes. Which is it? Since this preferred has a high likelihood to be called what is the par value? \$25? That would be a built in capital loss.

➤ Reply 👍 Like (1)



Preferred Stock Trader

Yesterday, 12:04 PM



Contributor

Premium

Marketplace

Comments (2.77K) | + Follow

[@sethmcs](#) Certainly a preferred stock can have a qualified dividend and be cumulative. Generally all qualified dividend paying preferreds are cumulative except banks and insurance companies. However, surprisingly, this insurance company is cumulative according to their prospectus.

➤ Reply 👍 Like (2)



samk55

Yesterday, 11:44 AM



Marketplace

Comments (5) | + Follow

I guess I don't understand this. I don't see a dividend rate listed, ex-div date or frequency of payment.

↩ Reply 👍 Like



Preferred Stock Trader

Yesterday, 11:47 AM



Contributor

Premium

Marketplace

Comments (2.77K) | + Follow

@samk55 See comments below. This is a new preferred stock. It will pay its first dividend in mid-August. Then the websites will update their dividend rate. Go to quantumonline.com and type in SPNT-B and it will show you the dividend.

↩ Reply 👍 Like (2)



samk55

Yesterday, 2:37 PM



Marketplace

Comments (5) | + Follow

@Preferred Stock Trader @Rick Morwa Sorry for my confusion. This is new to me.

So at \$25 price, yield = 8%. Meaning a \$0.5 dividend. At today's price, yield about 6.8%?

Any I don't see Ex-Dividend date stated anywhere.

Thanks for your help.

↩ Reply 👍 Like



Preferred Stock Trader

Yesterday, 2:48 PM



Contributor

Premium

Marketplace

Comments (2.77K) | + Follow

@samk55 They have not yet announced their ex-dividend date yet. I would expect an announcement in early August. Yes, 8% at \$25 and 50 cents per quarter dividend. About 7% current yield at \$29.18 price.

↪ Reply 👍 Like

[See More Replies](#)



FredMK

Yesterday, 11:37 AM



Premium

Comments (4) | + Follow

Thanks, I assumed that, but wasn't sure.

↪ Reply 👍 Like



2whiteroses

Yesterday, 11:36 AM



Comments (1.83K) | + Follow

I'm long B as I am WCC-A. The way both are structured, they both have such a high likelihood of being called at first call date no matter what the interest rate scenario is at the time that you might as well look at B as having a 2026 maturity... If you do that, I think your \$32 price target is far too high... YTC right now at \$32 = 1.88% stripped... and of course, the longer the hold period, the lower the YTC goes at the same dollar price, so \$32 is pretty aggressive... \$31 only gives you 2.70% YTC and to my way of thinking, even that might be slightly high comparatively speaking to what's available as a 5 year or what SPNT might be able to raise if they issued a 5 year piece of paper... Nevertheless, point taken... Thanks for the article.

↪ Reply 👍 Like (2)



Preferred Stock Trader

Yesterday, 11:45 AM



Contributor

Premium

Marketplace

Comments (2.77K) | + Follow

[@2whiteroses](#) You're welcome and thanks for commenting. The YTCs on virtually all BB+ preferred stocks are incredibly low - lower than would attract my interest. But this is the market we have now, and in this market, SPNT-B stands out as very undervalued. I know you own SPNT-B, so you are in agreement on that. How high SPNT-B actually goes is certainly unknown. Did you ever expect WCC-A to hit \$32.00 when you bought it? I guess time will tell as to how high SPNT-B goes.

↩ Reply 👍 Like (1)



Arbitrage Trader

Yesterday, 11:46 AM



Marketplace Contributor

Premium

Comments (4.02K) | + Follow

[@2whiteroses](#)

The longer the hold period, the lower the YTC is mathematically wrong. The longer the hold period the more the YTC goes closer to the Current yield.

While you and I may not like 1.88% or even 2.7%, You and I don't matter. The market is ok with even <1% YTC for securities with a way lower redemption probability. So on a relative basis, the \$32 price target is just mathematically sound

↩ Reply 👍 Like (1)



2whiteroses

Yesterday, 12:01 PM



Comments (1.83K) | + Follow

[@Arbitrage Trader](#) Arb - My point is that if you calculate ytc today @ \$32 for settlement 7/23 and you calculate it 3 months out at the same dollar price your YTC will be lower than it is today.... That means that a target of \$32 has some immediacy to it because the bond math lowers what the target dollar price means the longer it's not hit.

↪ Reply 👍 Like (1)

[See More Replies](#)



FredMK

Yesterday, 11:35 AM



Premium

Comments (4) | + Follow

With no dividend, where is the 8% yield?

↪ Reply 👍 Like



Rida Morwa

Yesterday, 11:36 AM



Marketplace Contributor

Premium

Comments (18.62K) | + Follow

Author's Reply [@FredMK](#) SPNT-B is a newer issue to the public as such many websites will not have accurate data on it yet.

↪ Reply 👍 Like (1)



Preferred Stock Trader

Yesterday, 11:38 AM



Contributor

Premium

Marketplace

Comments (2.77K) | + Follow

[@FredMK](#) SPNT-B is a new preferred so it hasn't paid a dividend yet. That is normal. It will go ex-dividend in around 3 or 4 weeks. *(edited)*

↪ Reply 👍 Like (1)



PendragonY

Yesterday, 12:01 PM



Contributor

Premium

Marketplace

Comments (63.7K) | + Follow

@FredMK

It is definitely inconvenient that most 3rd party websites (including brokers) don't get yield info correct on new securities.

Here is a good link to see the dividend that will be paid.

www.quantumonline.com/...

↪ Reply 👍 Like (2)



Cuip99

Yesterday, 11:26 AM



Comments (5.5K) | + Follow

Thanks, I will take a look at it.

↪ Reply 👍 Like



atlasman

Yesterday, 11:14 AM



Marketplace

Comments (957) | + Follow

Please repost when price drops below \$26. 5.2% YtC is just not that attractive to me.

↪ Reply 👍 Like (2)



Preferred Stock Trader

Yesterday, 11:19 AM



Contributor

Premium

Marketplace

Comments (2.77K) | + Follow

[@atlasman](#) If you understand the pricing of high quality preferreds, SPNT-B is extremely attractive as you can see from the comparison chart. But I understand those that prefer high yield junk securities. I like those as well, but when I see a relative bargain, I am buying whether junk or high quality. Price appreciation is just as important as yield and this has a lot of price upside to get to relative fair value.

↩ Reply 👍 Like (3)



Arbitrage Trader

Yesterday, 11:23 AM



Marketplace Contributor

Premium

Comments (4.02K) | + Follow

[@atlasman](#)

I bet a large amount of money - you are not able to find a more decent bet at the moment among all preferred stocks. Please share if you can.

↩ Reply 👍 Like



thechosenone202

Yesterday, 12:13 PM



Comments (11) | + Follow

[@Preferred Stock Trader](#) I've been following (and appreciating) your advice for some time, so thank you for that. It's very interesting (and unlike many preferred suggestions I see) to buy preferred stock for anticipated price upside, when it's so above (\$25) par. I read your "Fair Value" paragraph as you thinking that others will think like you and won't trip over themselves to sell (to avoid the "built in loss" mentioned above) for some time, and by then, you'd have exited the position, correct?

↩ Reply 👍 Like

[See More Replies](#)



Basil6

Yesterday, 11:11 AM



Comments (704) | + Follow

@Rida Morwa Thanks for this. Maybe I missed it, but what is the par value?

➤ Reply 👍 Like (1)



Rida Morwa

Yesterday, 11:37 AM



Marketplace Contributor

Premium

Comments (18.62K) | + Follow

Author's Reply @Basil6 PAR is \$25, thank you for asking. However, preferreds like this are often best to evaluate against peers more so than PAR.

➤ Reply 👍 Like (1)



Philipsonh

Yesterday, 9:15 PM



Comments (4.47K) | + Follow

@Rida Morwa

The liquidation price, or face value, is \$25, not the PAR.

➤ Reply 👍 Like



Arbitrage Trader

Yesterday, 11:11 AM



Marketplace Contributor

Premium

Comments (4.02K) | + Follow

One of the best preferred stocks to own at the moment !!!

Nice comparisons that prove the relative value logic. My price target is \$31.50 but why not \$32 as well.

All the best.

➤ Reply 👍 Like (7)



Preferred Stock Trader

Yesterday, 11:12 AM



Contributor

Premium

Marketplace

Comments (2.77K) | + Follow

[@Arbitrage Trader](#) Given your expertise, your opinion means a lot. Thanks.

↩ Reply

👍 Like (4)