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Irrespective of your plans, whether you are actually considering selling or buying, detecting the potential or annual return rates of preferred stock investment is crucial to any strategy. However, calculating accurately this key value can turn out to be trickier than it sounds.

There are several calculations involved and each one of these work by using assumptions. Hence, the values offered thereafter can vary immensely. The calculations used by people depend essentially on how closely the assumptions align with personal objectives.

Needless to point out, certain calculations are way more helpful for specific investment types over and above others. For instance, Bond investors are quiet used to observing yield to call or say, yield to maturity values..

Each one of the values described above is undoubtedly interesting and meaningful. However, that is not to say, they donâ€™t have weaknesses and strengths especially when applied to preferred stock. Yield to call, for instance, generates an annual return value which assumes that all your shares are actually redeemed by the issuing organization on the call date of the security.

It is important to know here that preferred stocks are rarely ever called on what can be described as their call date. The last as well as the first dividend quarters are generally not full quarter in terms of length so the last and first dividend payments are never for the same dollar amount. Additionally, you can never expect to use yield to call while considering a future purchase of preferred stocks that have exceeded their call dates.

For those who did not know, yield to maturity is basically a formula for calculating annual income of a person assuming that he or she holds stocks and shares until the final maturity date of the security..

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James Blee - About Author:
For more information on a preferred stock, check out the info available online; these will help you learn to find the http://www.epreferreds.com/!

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