

Flaherty & Crumrine PREFERRED SECURITIES INCOME FUND INC  
Form N-Q  
October 26, 2018

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT  
INVESTMENT COMPANY**

Investment Company Act file number 811-21129

Flaherty & Crumrine Preferred Securities Income Fund Incorporated  
(Exact name of registrant as specified in charter)

301 E. Colorado Boulevard, Suite 720  
Pasadena, CA 91101  
(Address of principal executive offices) (Zip code)

R. Eric Chadwick  
Flaherty & Crumrine Incorporated  
301 E. Colorado Boulevard, Suite 720  
Pasadena, CA 91101  
(Name and address of agent for service)

Registrant's telephone number, including area code: 626-795-7300

Date of fiscal year end: November 30

Date of reporting period: August 31, 2018

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (§§ 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

**Item 1. Schedule of Investments.**

The Schedule(s) of Investments is attached herewith.

*FLAHERTY & CRUMRINE Preferred Securities Income Fund*

To the Shareholders of Flaherty & Crumrine Preferred Securities Income Fund (“FFC”):

Preferreds performed well in the third fiscal quarter<sup>1</sup>, bringing total return for the year just back into positive territory. While these returns have not kept pace with returns in recent years, preferreds continue to outperform certain areas of the fixed income market. Total return<sup>2</sup> on net asset value (“NAV”) was 2.3% for the quarter, and 0.7% for the first nine months of fiscal 2018. Total return on market price over the same periods was 4.4% and -2.0%, respectively.

By most accounts, it has been a challenging year for corporate bond investments. As the current economic cycle has matured, interest rates rose modestly and credit spreads gradually widened. The yield curve flattened as the Federal Reserve methodically raised its benchmark rate while the long end of the Treasury yield curve moved up only modestly given a limited increase in broad-based inflation and subdued expectations for long-term economic growth. Over the first nine months of the Fund’s fiscal year, the Bloomberg Barclays U.S. Aggregate Index returned -0.5%, while the Bloomberg Barclays Long U.S. Credit Index returned -2.7%.

Preferreds outperformed these fixed-income benchmarks for a few key reasons. First, duration is moderate for many preferreds – and for the Fund’s portfolio specifically. We won’t repeat the merits of fixed-to-float preferreds here, but as previously discussed they offer attractive yields with intermediate duration. Owning both fixed-rate and fixed-to-float preferreds allows for management of portfolio duration despite the long-term nature of the Fund’s investments.

Second, an issuer’s preferreds generally yield more than its corporate bonds. The Fund’s strategy is to identify investment-grade issuers and invest down the capital structure (into preferreds) to earn extra yield for what is, in most cases, similar default risk. For issuers with solid credit quality, preferreds have consistently outperformed corporate bonds over a credit cycle. Over time, higher yields can make up for a lot of principal change and dampen effects of higher interest rates.

Outperformance of preferreds over other fixed income securities has been even better when considered after-tax. If shareholders missed our discussion on taxes in the semi-annual report dated May 31, 2018, we encourage a read. Most preferreds offer tax-advantaged income, which further enhances the extra yield earned for subordination (i.e. being lower in the capital structure than senior debt).

We believe the case for preferreds as an income investment remains largely intact, with a combination of higher relative yields, tax advantages, and benign credit conditions. Returns may be bumpy as markets navigate a late-cycle economy (albeit one that’s currently showing few signs of weakness) and an active Federal Reserve. For fixed-income investors, however, preferreds’ combination of credit quality, intermediate duration and yield should remain attractive.

Sincerely,

The Flaherty & Crumrine Portfolio Management Team

September 30, 2018

<sup>1</sup> June 1, 2018 – August 31, 2018

<sup>2</sup> Following the methodology required by the Securities and Exchange Commission, total return assumes dividend reinvestment.

Flaherty & Crumrine Preferred Securities Income Fund Incorporated

## PORTFOLIO OVERVIEW

**August 31, 2018 (Unaudited)**

### Fund Statistics

Net Asset Value	\$ 19.42	
Market Price	\$ 19.13	
Discount	1.49	%
Yield on Market Price	7.15	%
Common Stock Shares Outstanding	44,252,635	

### Security Ratings\*\* % of Net Assets†

A	0.6	%
BBB	56.8	%
BB	32.4	%
Below "BB"	1.1	%
Not Rated***	7.7	%

### Portfolio Rating Guidelines % of Net Assets†

Security Rated Below Investment Grade By All*****	31.9	%
Issuer or Senior Debt Rated Below Investment Grade by All*****	2.1	%

\*\*Ratings are from Moody's Investors Service, Inc. "Not Rated" securities are those with no ratings available from Moody's.

\*\*\*Excludes common stock and money market fund investments and net other assets and liabilities of 1.4%.

\*\*\*\*Security rating below investment grade by all of Moody's, Standard & Poor's, and Fitch Ratings.

\*\*\*\*\*Security rating and issuer's senior unsecured debt or issuer rating are below investment grade by all of Moody's, S&P, and Fitch. The Fund's investment policy currently limits such securities to 10% of Net Assets.

### Industry Categories\* % of Net Assets†

<b>Top 10 Holdings by Issuer</b>	<b>% of Net Assets†</b>
JPMorgan Chase & Co	4.7 %

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PNC Financial Services Group	4.4	%
Wells Fargo & Company	4.3	%
MetLife Inc	4.2	%
Citigroup Inc	3.8	%
Liberty Mutual Group	3.6	%
Morgan Stanley	3.5	%
BNP Paribas	3.3	%
Fifth Third Bancorp	3.2	%
Enbridge Energy Partners	2.9	%

	<b>% of Net Assets*****†</b>	
Holdings Generating Qualified Dividend Income (QDI) for Individuals	61	%
Holdings Generating Income Eligible for the Corporate Dividends Received Deduction (DRD)	44	%

\*\*\*\*\*This does not reflect year-end results or actual tax categorization of Fund distributions. These percentages can, and do, change, perhaps significantly, depending on market conditions. Investors should consult their tax advisor regarding their personal situation.

†Net Assets includes assets attributable to the use of leverage.

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## Flaherty &amp; Crumrine Preferred Securities Income Fund Incorporated

**PORTFOLIO OF INVESTMENTS****August 31, 2018 (Unaudited)**

Shares/\$ Par	Value		
<b>Preferred Securities<sup>§</sup> —</b>			
<b>93.8%</b>			
<b>Banking — 56.0%</b>			
\$ 5,103,000	Australia & New Zealand Banking Group Ltd., 6.75% to 06/15/26 then ISDA5 + 5.168%, 144A*****	\$ 5,307,120	** (1)(2)
\$ 12,800,000	Banco Bilbao Vizcaya Argentaria SA, 6.125% to 11/16/27 then SW5 + 3.87%	11,322,496	** (1)(2)
\$ 2,970,000	Banco Mercantil del Norte SA, 7.625% to 01/06/28 then T10Y + 5.353%, 144A*****	3,027,915	** (2)
\$ 14,800,000	Bank of America Corporation, 5.875% to 03/15/28 then 3ML + 2.931%, Series FF	14,818,500	* (1)
	Barclays Bank PLC:		
300,036	8.125%, Series 5	7,932,952	** (1)(2)
\$ 5,615,000	7.75%, to 09/15/23 then SW5 + 4.842%	5,678,450	** (2)
\$ 18,863,000	7.875% to 03/15/22 then SW5 + 6.772%, 144A*****	19,627,499	** (1)(2)
	BNP Paribas:		
\$ 2,340,000	7.00%, to 08/16/28 then SW5 + 3.98%, 144A*****	2,345,850	** (2)
\$ 31,040,000	7.375% to 08/19/25 then SW5 + 5.15%, 144A*****	32,723,920	** (1)(2)
\$ 8,000,000	7.625% to 03/30/21 then SW5 + 6.314%, 144A*****	8,520,000	** (2)
	Capital One Financial Corporation:		
13,893	6.00%, Series B	356,425	*
58,600	6.00%, Series H	1,542,645	*
34,000	6.20%, Series F	891,480	*
120,900	6.70%, Series D	3,189,946	* (1)
	Citigroup, Inc.:		
\$ 4,590,000	5.95% to 05/15/25 then 3ML + 3.905%, Series P	4,680,423	*
1,036,484	6.875% to 11/15/23 then 3ML + 4.13%, Series K	28,871,262	* (1)
572,357	7.125% to 09/30/23 then 3ML + 4.04%, Series J	16,286,418	* (1)
	CoBank ACB:		
38,420	6.125%, Series G, 144A*****	3,861,210	*
104,000	6.20% to 01/01/25 then 3ML + 3.744%, Series H, 144A*****	11,128,000	*

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60,000	6.25% to 10/01/22 then 3ML + 4.557%, Series F, 144A****	6,270,000	*(1)
\$ 2,498,000	6.25% to 10/01/26 then 3ML + 4.66%, Series I, 144A****	2,660,370	*
\$ 35,100,000	Colonial BancGroup, 7.114%, 144A****	3,510	(3)(4)††
\$ 1,630,000	Credit Agricole SA, 7.875% to 01/23/24 then SW5 + 4.898%,144A****	1,733,823	** (2)
1,483,814	Fifth Third Bancorp, 6.625% to 12/31/23 then 3ML + 3.71%, Series I	41,465,182	*(1)
	First Horizon National Corporation:		
3,730	First Tennessee Bank, 3ML + 0.85%, min 3.75%, 3.75% <sup>(5)</sup> ,144A****	2,909,788	*
9	FT Real Estate Securities Company, 9.50% 03/31/31, 144A****	11,664,000	
	Goldman Sachs Group:		
\$ 12,000,000	5.00% to 11/10/22 then 3ML + 2.874%, Series P	11,381,902	*(1)
\$ 390,000	5.70% to 05/10/19 then 3ML + 3.884%, Series L	395,893	*
140,000	6.375% to 05/10/24 then 3ML + 3.55%, Series K	3,812,200	*(1)
	HSBC Holdings PLC:		
\$ 2,100,000	6.00% to 05/22/27 then ISDA5 + 3.746%	2,039,730	** (1)(2)
\$ 20,770,000	6.50% to 03/23/28 then ISDA5 + 3.606%	20,354,600	** (1)(2)
\$ 5,243,000	6.875% to 06/01/21 then ISDA5 + 5.514%	5,472,381	** (1)(2)
\$ 4,400,000	HSBC Capital Funding LP, 10.176% to 06/30/30 then 3ML + 4.98%, 144A****	6,567,000	(1)(2)

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Flaherty &amp; Crumrine Preferred Securities Income Fund Incorporated

**PORTFOLIO OF INVESTMENTS (Continued)****August 31, 2018 (Unaudited)****Shares/\$ Par      Value****Preferred Securities —  
(Continued)****Banking — (Continued)**

	Huntington Bancshares, Inc.:	
590,000	6.25%, Series D	\$ 15,682,200 *(1)
\$ 5,800,000	5.70% to 04/15/23 then 3ML + 2.88%, Series E	5,796,375 *(1)
300,000	ING Groep NV, 6.375%	7,704,000 **(2)
	JPMorgan Chase & Company:	
56,600	6.125%, Series Y	1,497,353 *
183,700	6.70%, Series T	4,779,874 *(1)
\$ 32,000,000	3ML + 3.47%, 5.8089% <sup>(5)</sup> , Series I	32,264,000 *(1)
\$ 5,450,000	6.00% to 08/01/23 then 3ML + 3.30%, Series R	5,693,996 *(1)
\$ 15,155,000	6.75% to 02/01/24 then 3ML + 3.78%, Series S	16,700,052 *(1)
502,300	KeyCorp, 6.125% to 12/15/26 then 3ML + 3.892%, Series E	14,081,980 *(1)
\$ 9,340,000	Lloyds TSB Bank PLC, 12.00% to 12/16/24 then 3ML + 11.756%, 144A****	11,367,303 (1)(2)
\$ 16,750,000	M&T Bank Corporation, 6.45% to 02/15/24 then 3ML + 3.61%, Series E	17,964,375 *(1)
\$ 3,000,000	Macquarie Bank Ltd., 6.125% to 03/08/27 then SW5 + 3.703%, 144A****	2,756,250 **(2)
242,340	MB Financial, Inc., 6.00%, Series C	6,325,074 *(1)
	Morgan Stanley:	
879,089	5.85% to 04/15/27 then 3ML + 3.491%, Series K	23,010,155 *(1)
502,400	6.875% to 01/15/24 then 3ML + 3.94%, Series F	14,145,072 *(1)
298,300	7.125% to 10/15/23 then 3ML + 4.32%, Series E	8,595,514 *(1)
977,000	New York Community Bancorp, Inc., 6.375% to 03/17/27 then 3ML + 3.821%, Series A	27,248,530 *(1)
	PNC Financial Services Group, Inc.:	
1,941,960	6.125% to 05/01/22 then 3ML + 4.067%, Series P	54,073,876 *(1)
\$ 3,043,000	6.75% to 08/01/21 then 3ML + 3.678%, Series O	3,312,305 *(1)
\$ 7,885,000	RaboBank Nederland, 11.00% to 06/30/19 then 3ML + 10.868%, 144A****	8,377,812 (1)(2)
27,213	Regions Financial Corporation, 6.375% to 09/15/24 then 3ML + 3.536%, Series B	744,137 *

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	Societe Generale SA:	
\$ 17,750,000	6.75% to 04/06/28 then SW5 + 3.929%, 144A****	16,818,125 *(1)(2)
\$ 7,000,000	7.375% to 09/13/21 then SW5 + 6.238%, 144A****	7,332,500 *(2)
	Sovereign Bancorp:	
8,641	Sovereign REIT, 12.00%, Series A, 144A****	10,174,777
	Standard Chartered PLC:	
\$ 11,370,000	7.50% to 04/02/22 then SW5 + 6.301%, 144A****	11,767,950 *(1)(2)
\$ 8,000,000	7.75% to 04/02/23 then SW5 + 5.723%, 144A****	8,310,000 *(1)(2)
505,500	State Street Corporation, 5.90% to 03/15/24 then 3ML + 3.108%, Series D	13,721,797 *(1)
59,724	Sterling Bancorp, 6.50%, Series A	1,590,773 *
174,959	US Bancorp, 6.50% to 01/15/22 then 3ML + 4.468%, Series F	4,938,218 *(1)
165,000	Valley National Bancorp, 5.50% to 09/30/22 then 3ML + 3.578%, Series B	4,323,000 *(1)

## Flaherty &amp; Crumrine Preferred Securities Income Fund Incorporated

**PORTFOLIO OF INVESTMENTS (Continued)**

August 31, 2018 (Unaudited)

Shares/\$ Par	Value		
<b>Preferred Securities —</b>			
<b>(Continued)</b>			
<b>Banking — (Continued)</b>			
	Wells Fargo & Company:		
55,000	5.625%, Series Y	\$ 1,401,119	*
1,353	7.50%, Series L	1,756,174	*
550,500	8.00%, Series J	13,825,807	*(1)
339,095	5.85% to 09/15/23 then 3ML + 3.09%, Series Q	8,780,865	*(1)
\$ 3,000,000	5.875% to 06/15/25 then 3ML + 3.99%, Series U	3,165,000	*(1)
\$ 16,314,000	3ML + 3.77%, 6.1106% <sup>(5)</sup> , Series K	16,544,843	*(1)
402,925	6.625% to 03/15/24 then 3ML + 3.69%, Series R	11,084,467	*(1)
\$ 6,700,000	Westpac Banking Corporation, 5.00% to 09/21/27 then ISDA5 + 2.888%	6,018,682	** <sup>(1)(2)</sup>
	Zions Bancorporation:		
20,000	6.30% to 03/15/23 then 3ML + 4.24%, Series G	543,920	*
\$ 9,000,000	7.20% to 09/15/23 then 3ML + 4.44%, Series J	9,652,500	*(1)
		732,713,640	
<b>Financial Services — 1.4%</b>			
\$ 2,540,000	AerCap Global Aviation Trust, 6.50% to 06/15/25 then 3ML + 4.30%, 06/15/45, 144A****	2,628,900	(2)
	Charles Schwab Corporation:		
13,600	5.95%, Series D	355,232	*
176,400	6.00%, Series C	4,629,618	*(1)
\$ 4,700,000	Credit Suisse Group AG, 7.50% to 07/17/23 then SW5 + 4.60%, 144A****	4,871,550	** <sup>(2)</sup>
\$ 2,600,000	E*TRADE Financial Corporation, 5.30% to 03/15/23 then 3ML + 3.16%, Series B	2,592,200	*
\$ 2,625,000	General Motors Financial Company, 5.75% to 09/30/27 then 3ML + 3.598%, Series A	2,561,016	*
		17,638,516	
<b>Insurance — 19.9%</b>			
612,382	Allstate Corporation, 6.625%, Series E	15,929,954	*(1)

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\$ 718,000	Aon Corporation, 8.205% 01/01/27	881,345	(1)
	Arch Capital Group, Ltd.:		
67,000	5.25%, Series E	1,624,562	** (2)
56,500	5.45%, Series F	1,400,635	** (2)
	Aspen Insurance Holdings Ltd.:		
65,962	5.625%	1,653,008	** (2)
65,830	5.95% to 07/01/23 then 3ML + 4.06%	1,708,288	** (2)
\$ 3,315,000	AXA SA, 6.379% to 12/14/36 then 3ML + 2.256%, 144A****	3,547,050	** (1)(2)
52,191	Axis Capital Holdings Ltd., 5.50%, Series E	1,304,253	** (2)
\$ 4,566,000	Chubb Ltd.:		
	Ace Capital Trust II, 9.70% 04/01/30	6,426,645	(1)(2)
732,250	Delphi Financial Group, 3ML + 3.19%, 5.5038% <sup>(5)</sup> 05/15/37	16,567,156	(1)
254,000	Enstar Group Ltd., 7.00% to 08/31/28 then 3ML + 4.015%, Series D	6,676,390	** (1)(2)
\$ 7,310,000	Everest Reinsurance Holdings, 3ML + 2.385%, 4.6988% <sup>(5)</sup> 05/15/37	7,236,900	(1)

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Flaherty &amp; Crumrine Preferred Securities Income Fund Incorporated

**PORTFOLIO OF INVESTMENTS (Continued)****August 31, 2018 (Unaudited)****Shares/\$ Par      Value****Preferred Securities —  
(Continued)****Insurance — (Continued)**

50,000	Hartford Financial Services Group, Inc., 7.875% to 04/15/22 then 3ML + 5.596%, 04/15/42	\$ 1,429,750	
\$ 24,634,000	Liberty Mutual Group, 7.80% 03/15/37, 144A**** MetLife, Inc.:	29,129,705	(1)
\$ 18,250,000	9.25% 04/08/38, 144A****	24,911,250	(1)
\$ 17,895,000	10.75% 08/01/39	27,603,038	(1)
\$ 2,250,000	MetLife Capital Trust IV, 7.875% 12/15/37, 144A**** PartnerRe Ltd.:	2,801,250	(1)
140,000	5.875%, Series I	3,521,000	** (1)(2)
36,394	6.50%, Series G	955,706	** (1)(2)
475,799	7.25%, Series H Prudential Financial, Inc.:	13,324,751	** (1)(2)
\$ 4,906,000	5.625% to 06/15/23 then 3ML + 3.92%, 06/15/43	5,136,484	(1)
\$ 3,900,000	5.875% to 09/15/22 then 3ML + 4.175%, 09/15/42	4,158,375	(1)
\$ 21,757,000	QBE Insurance Group Ltd., 7.50% to 11/24/23 then SW10 + 6.03%, 11/24/43, 144A****	23,796,719	(1)(2)
100,000	RenaissanceRe Holdings Ltd., 5.75%, Series F	2,539,500	** (2)
\$ 21,105,000	Unum Group: Provident Financing Trust I, 7.405% 03/15/38	23,226,053	(1)
144,335	W.R. Berkley Corporation, 5.75% 06/01/56 XL Group Limited:	3,593,220	(1)
\$ 8,000,000	Catlin Insurance Company Ltd., 3ML + 2.975%, 5.3169% <sup>(5)</sup> , 144A****	7,920,000	(1)(2)
\$ 21,893,000	XL Capital Ltd., 3ML + 2.4575%, 4.7967% <sup>(5)</sup> , Series E	21,566,794	(1)(2)
		260,569,781	
<b>Utilities — 6.8%</b>			
\$ 3,752,000	CenterPoint Energy, Inc., 6.125% to 09/01/23 then 3ML + 3.27%, Series A	3,827,040	*
\$ 16,798,000		17,821,166	(1)

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	Commonwealth Edison: COMED Financing III, 6.35% 03/15/33		
802,012	Dominion Energy, Inc., 5.25% 07/30/76, Series A	19,773,606	(1)
	DTE Energy Company:		
164,000	5.375% 06/01/76, Series B	4,056,868	(1)
55,000	6.00% 12/15/76, Series F	1,445,400	
\$ 12,170,000	Emera, Inc., 6.75% to 06/15/26 then 3ML + 5.44%, 06/15/76, Series 2016A	12,962,519	(1)(2)
2,500	Georgia Power Company, 5.00% 10/01/77, Series 2017A	61,413	
98,800	Indianapolis Power & Light Company, 5.65%	10,135,892	*
463,700	Integrus Energy Group, Inc., 6.00% to 08/01/23 then 3ML + 3.22%, 08/01/73	12,021,423	(1)
	NextEra Energy:		
\$ 707,000	FPL Group Capital, Inc., 3ML + 2.125%, 4.4656% <sup>(5)</sup> 06/15/67, Series C	681,419	(1)
\$ 1,900,000	NiSource, Inc., 5.65% to 06/15/23 then T5Y + 2.843%, 144A****	1,926,125	*

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## Flaherty &amp; Crumrine Preferred Securities Income Fund Incorporated

**PORTFOLIO OF INVESTMENTS (Continued)****August 31, 2018 (Unaudited)**

Shares/\$ Par	Value		
<b>Preferred Securities —</b>			
<b>(Continued)</b>			
<b>Utilities — (Continued)</b>			
\$ 2,386,000	PECO Energy: PECO Energy Capital Trust III, 7.38% 04/06/28, Series D	\$ 2,715,751	(1)
70,000	Southern California Edison: SCE Trust V, 5.45% to 03/15/26 then 3ML + 3.79%, Series K	1,823,850	*(1)
		89,252,472	
<b>Energy — 6.9%</b>			
\$ 2,510,000	DCP Midstream LLC, 5.85% to 05/21/23 then 3ML + 3.85%, 05/21/43, 144A****	2,321,750	
	DCP Midstream LP:		
\$ 6,450,000	7.375% to 12/15/22 then 3ML + 5.148%, Series A	6,462,094	(1)
21,500	7.875% to 06/15/23 then 3ML + 4.919%, Series B	556,528	
\$ 6,200,000	Enbridge, Inc., 6.00% to 01/15/27 then 3ML + 3.89%, 01/15/77	6,060,500	(1)(2)
\$ 38,198,000	Enbridge Energy Partners LP, 3ML + 3.7975%, 6.1349% <sup>(5)</sup> 10/01/37	38,409,294	(1)
	Energy Transfer Partners LP:		
631,750	7.375% to 05/15/23 then 3ML + 4.53%, Series C	16,212,537	(1)
8,600	7.625% to 08/15/23 then 3ML + 4.738%, Series D	225,750	
\$ 3,700,000	Enterprise Products Operating L.P., 5.25% to 08/16/27 then 3ML + 3.033%, 08/16/77, Series E	3,505,750	
11,900	Kinder Morgan, Inc., 9.75% 10/26/18, Series A	395,385	*
191,783	NuStar Logistics LP, 3ML + 6.734%, 9.0732% <sup>(5)</sup> 01/15/43	4,975,810	
	Transcanada Pipelines, Ltd.:		
\$ 4,000,000	5.30% to 03/15/27 then 3ML + 3.208%, 03/15/77, Series 2017-A	3,842,500	(1)(2)
\$ 7,000,000	5.875% to 08/15/26 then 3ML + 4.64%, 08/15/76, Series 2016-A	7,157,500	(1)(2)
		90,125,398	
<b>Real Estate Investment Trust (REIT) — 0.1%</b>			
19,210	Annaly Capital Management, Inc., 6.95% to 09/30/22 then 3ML + 4.993%, Series F	492,737	

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20,064	National Retail Properties, Inc., 5.20%, Series F	477,924	
37,673	PS Business Parks, Inc., 5.20%, Series W	906,224	
		1,876,885	
<b>Miscellaneous Industries — 2.7%</b>			
	BHP Billiton Limited:		
\$ 2,500,000	BHP Billiton Finance U.S.A., Ltd., 6.75% to 10/19/25 then SW5 + 5.093%, 10/19/75, 144A****	2,750,000	(2)
\$ 5,074,000	General Electric Company, 5.00% to 01/21/21 then 3ML + 3.33%, Series D Land O' Lakes, Inc.:	5,001,061	*(1)
\$ 7,900,000	7.25%, Series B, 144A****	8,551,750	*
\$ 9,500,000	8.00%, Series A, 144A****	10,450,000	*(1)
97,900	Ocean Spray Cranberries, Inc., 6.25%, 144A****	8,688,625	*
		35,441,436	
	<b>Total Preferred Securities</b>		
	(Cost \$1,207,575,101)	1,227,618,128	

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Flaherty &amp; Crumrine Preferred Securities Income Fund Incorporated

**PORTFOLIO OF INVESTMENTS (Continued)****August 31, 2018 (Unaudited)****Shares/\$ Par      Value****Corporate Debt****Securities<sup>§</sup> — 4.8%****Banking — 2.0%**

\$ 3,077,000	Regions Financial Corporation, 7.375% 12/10/37, Sub Notes	\$ 4,026,589	(1)
806,700	Texas Capital Bancshares Inc., 6.50% 09/21/42, Sub Notes	20,776,559	(1)
25,000	Zions Bancorporation, 6.95% to 09/15/23 then 3ML + 3.89%, 09/15/28, Sub Notes	739,625	
		25,542,773	
<b>Financial Services — 0.0%</b>			
15,000	B. Riley Financial, Inc., 7.50% 05/31/27	381,825	
\$ 4,726,012	Lehman Brothers, Guaranteed Note, 5.843% 12/16/16,144A****	46,788	(3)(4)††
		428,613	
<b>Insurance — 1.4%</b>			
\$ 13,500,000	Liberty Mutual Insurance, 7.697% 10/15/97, 144A****	18,375,975	(1)
		18,375,975	
<b>Energy — 0.6%</b>			
\$ 6,717,000	Energy Transfer Partners LP, 8.25% 11/15/29	8,199,332	(1)
		8,199,332	
<b>Communication — 0.5%</b>			
	Qwest Corporation:		
127,729	6.50% 09/01/56	3,009,934	
155,921	6.75% 06/15/57	3,813,048	
2,300	7.00% 04/01/52	58,432	
		6,881,414	
<b>Miscellaneous Industries — 0.3%</b>			
\$ 3,550,000	Pulte Group, Inc., 7.875% 06/15/32	3,984,875	(1)
		3,984,875	
	<b>Total Corporate Debt Securities</b>	63,412,982	
	(Cost \$54,853,273)		

**Common Stock — 0.0%**

**Insurance — 0.0%**

241,737	WMI Holdings Corporation, 144A****	365,023	*†
		365,023	
	<b>Total Common Stock</b>	365,023	
	(Cost \$12,130,446)		

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Flaherty &amp; Crumrine Preferred Securities Income Fund Incorporated

**PORTFOLIO OF INVESTMENTS (Continued)****August 31, 2018 (Unaudited)****Shares/\$ Par      Value****Money Market Fund —****0.4%**

	BlackRock Liquidity Funds:		
4,787,457	T-Fund, Institutional Class	\$	4,787,457
	<b>Total Money Market Fund</b>		4,787,457
	(Cost \$4,787,457)		

<b>Total Investments</b> (Cost \$1,279,346,277***)	99.0	%	1,296,183,590
<b>Other Assets And Liabilities</b> (Net)	1.0	%	12,828,383
<b>Total Managed Assets</b>	100.0	%‡	\$ 1,309,011,973
<b>Loan Principal Balance</b>			(449,575,000 )
<b>Total Net Assets Available To Common Stock</b>			\$ 859,436,973

§Date shown is maturity date unless referencing the end of the fixed-rate period of a fixed-to-floating rate security.

\*Securities eligible for the Dividends Received Deduction and distributing Qualified Dividend Income.

\*\*Securities distributing Qualified Dividend Income only.

\*\*\*Aggregate cost of securities held.

\*\*\*\*Securities exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional buyers. At August 31, 2018, these securities amounted to \$348,337,182 or 26.6% of total managed assets.

(1)All or a portion of this security is pledged as collateral for the Fund's loan. The total value of such securities was \$790,579,678 at August 31, 2018.

(2)Foreign Issuer.

(3)Level 3, illiquid security (designation is unaudited; see Note 2: Additional Accounting Standards).

<sup>(4)</sup>Valued at fair value as determined in good faith by or under the direction of the Board of Directors as of August 31, 2018.

<sup>(5)</sup>Represents the rate in effect as of the reporting date.

†Non-income producing.

††The issuer has filed for bankruptcy protection. As a result, the Fund may not be able to recover the principal invested and also does not expect to receive income on this security going forward.

‡The percentage shown for each investment category is the total value of that category as a percentage of total managed assets.

**ABBREVIATIONS:**

**3ML** — 3-Month ICE LIBOR USD A/360

**ISDA5** — 5-year USD ICE Swap Semiannual 30/360

**SW5** — 5-year USD Swap Semiannual 30/360

**SW10** — 10-year USD Swap Semiannual 30/360

**T5Y** — Federal Reserve H.15 5-Yr Constant Maturity Treasury Semiannual yield

**T10Y** — Federal Reserve H.15 10-Yr Constant Maturity Treasury Semiannual yield

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Flaherty & Crumrine Preferred Securities Income Fund Incorporated

**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE TO COMMON STOCK<sup>(1)</sup>**

**For the period from December 1, 2017 through August 31, 2018 (Unaudited)**

**Value**

**OPERATIONS:**

Net  
invested  
income \$48,238,022

Net  
realized  
gain/(loss)  
on  
investments  
sold  
during  
the  
period (7,463,465 )

Change  
in  
net  
unrealized  
appreciation/(depreciation)  
of  
investments (2,072,376 )

**Net  
increase  
in  
net  
assets 4,713,181  
resulting  
from  
operations**

**DISTRIBUTIONS:**

Dividends  
paid  
from  
net  
investment  
income to (4,843,261 )

Common  
Stock  
Shareholders<sup>(2)</sup>

**Total  
Distributions**

to **(45,843,261** )  
**Common  
Stock  
Shareholders**

**FUND  
SHARE  
TRANSACTIONS:**

Increase  
from  
shares  
issued  
under  
the  
Dividend **838,921**  
Reinvestment  
and  
Cash  
Purchase  
Plan  
**Net  
increase  
in  
net  
assets  
available  
to **838,921**  
Common  
Stock  
resulting  
from  
Fund  
share  
transactions**

**NET \$(40,291,159** )  
**DECREASE  
IN  
NET  
ASSETS  
AVAILABLE  
TO  
COMMON  
STOCK  
FOR**

**THE  
period**

**NET  
ASSETS  
AVAILABLE  
TO  
COMMON  
STOCK:**

Beginning  
of \$ 899,728,132  
period

Net  
decrease  
in  
net  
assets (40,291,159 )  
during  
the  
period

End  
of \$ 859,436,973  
period

(1)These tables summarize the nine months ended August 31, 2018 and should be read in conjunction with the Fund's audited financial statements, including notes to the financial statements, in its Annual Report dated November 30, 2017.

(2)May include income earned, but not paid out, in prior fiscal year.

## Flaherty &amp; Crumrine Preferred Securities Income Fund Incorporated

**Financial Highlights<sup>(1)</sup>**

**For the period December 1, 2017 through August 31, 2018 (Unaudited)**  
**For a Common Stock share outstanding throughout the period**

**PER SHARE OPERATING PERFORMANCE:**

Net asset value, beginning of period	\$ 20.35
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**INVESTMENT OPERATIONS:**

Net investment income	0.98
Net realized and unrealized gain/(loss) on investments	(0.87 )
Total from investment operations	0.11

**DISTRIBUTIONS TO COMMON STOCK SHAREHOLDERS:**

From net investment income	(1.04 )
Total distributions to Common Stock Shareholders	(1.04 )
Net asset value, end of period	\$ 19.42
Market value, end of period	\$ 19.13
Common Stock shares outstanding, end of period	44,252,635

**RATIOS TO AVERAGE NET ASSETS AVAILABLE TO COMMON STOCK SHAREHOLDERS:**

Net investment income†	6.59	%*
Operating expenses including interest expense	2.20	%*
Operating expenses excluding interest expense	0.85	%*

**SUPPLEMENTAL DATA: ††**

Portfolio turnover rate	10	%**
Total managed assets, end of period (in 000's)	\$ 1,309,012	
Ratio of operating expenses including interest expense to average total managed assets	1.46	%*
Ratio of operating expenses excluding interest expense to average total managed assets	0.56	%*

<sup>(1)</sup>These tables summarize the nine months ended August 31, 2018 and should be read in conjunction with the Fund's audited financial statements, including notes to the financial statements, in its Annual Report dated November 30, 2017.

\*Annualized.

\*\*Not annualized.

†The net investment income ratio reflects income net of operating expenses, including interest expense.

††Information presented under heading Supplemental Data includes loan principal balance.

Flaherty & Crumrine Preferred Securities Income Fund Incorporated

**Financial Highlights (Continued)**

**Per Share of Common Stock (Unaudited)**

	<b>Total Dividends Paid</b>	<b>Net Asset Value</b>	<b>NYSE Closing Price</b>	<b>Dividend Reinvestment Price<sup>(1)</sup></b>
December 29, 2017	\$0.1190	\$20.33	\$20.46	\$20.33
January 31, 2018	0.1190	20.11	18.71	18.94
February 28, 2018	0.1140	19.95	19.20	19.26
March 29, 2018	0.1140	19.83	19.00	18.89
April 30, 2018	0.1140	19.55	18.49	18.53
May 31, 2018	0.1140	19.33	18.66	18.72
June 29, 2018	0.1140	19.23	18.92	18.99
July 31, 2018	0.1140	19.33	19.15	19.17
August 31, 2018	0.1140	19.42	19.13	19.07

<sup>(1)</sup>Whenever the net asset value per share of the Fund's Common Stock is less than or equal to the market price per share on the reinvestment date, new shares issued will be valued at the higher of net asset value or 95% of the then current market price. Otherwise, the reinvestment shares of Common Stock will be purchased in the open market.

Flaherty & Crumrine Preferred Securities Income Fund Incorporated

**Notes to Financial Statements (Unaudited)**

**1. Aggregate Information for Federal Income Tax Purposes**

At August 31, 2018, the aggregate cost of securities for federal income tax purposes was \$1,317,342,589, the aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost was \$71,453,942 and the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value was \$92,612,941.

**2. Additional Accounting Standards**

*Fair Value Measurements:* The Fund has analyzed all existing investments to determine the significance and character of all inputs to their fair value determination. The levels of fair value inputs used to measure the Fund's investments are characterized into a fair value hierarchy. Where inputs for an asset or liability fall into more than one level in the fair value hierarchy, the investment is classified in its entirety based on the lowest level input that is significant to that investment's valuation. The three levels of the fair value hierarchy are described below:

Level 1 – quoted prices in active markets for identical securities

Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Transfers in and out of levels are recognized at market value at the end of the period.

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Flaherty & Crumrine Preferred Securities Income Fund Incorporated

**Notes to Financial Statements (Unaudited) (Continued)**

A summary of the inputs used to value the Fund's investments as of August 31, 2018 is as follows:

	<b>Level 2</b>	<b>Level 3</b>
<b>Total</b>	<b>Level 1</b>	<b>Significant</b>