

## Flaherty & Crumrine Total Return Fund

June 2017

### Investment Objective

The Fund's investment objective is to provide high current income consistent with preservation of capital.

### Fund Yield and Distributions as of 6.30.17

Current Distribution Rate <sup>1</sup>	<b>7.16%</b>
Monthly Dividend Per Share	<b>\$0.13300</b>
Record Date	<b>June 23, 2017</b>
Payable Date	<b>June 30, 2017</b>

<sup>1</sup> Monthly dividend per share annualized and divided by the June 30, 2017 market price per share. The Fund's June 2017 distributions were comprised of net investment income and short-term capital gains. The distribution rate alone is not indicative of Fund performance. To the extent that any portion of the current distributions were estimated to be sourced from something other than income, such as return of capital, the source would have been disclosed in a Section 19(a) Notice located under the "Investor Information" section of the Fund's website. Please note that the distribution classifications are preliminary and certain distributions may be re-classified at year end. Please refer to year-end tax documents for the final classifications of the Fund's distributions for a given year.

<sup>2</sup> The closing price at which the Fund can be bought or sold on the exchange.

<sup>3</sup> Per-share dollar amount of the Fund, calculated by dividing the total value of all the securities in its portfolio, less any liabilities, by the number of Fund shares outstanding.

<sup>4</sup> As a percentage of total assets. This figure is calculated on a weekly basis.

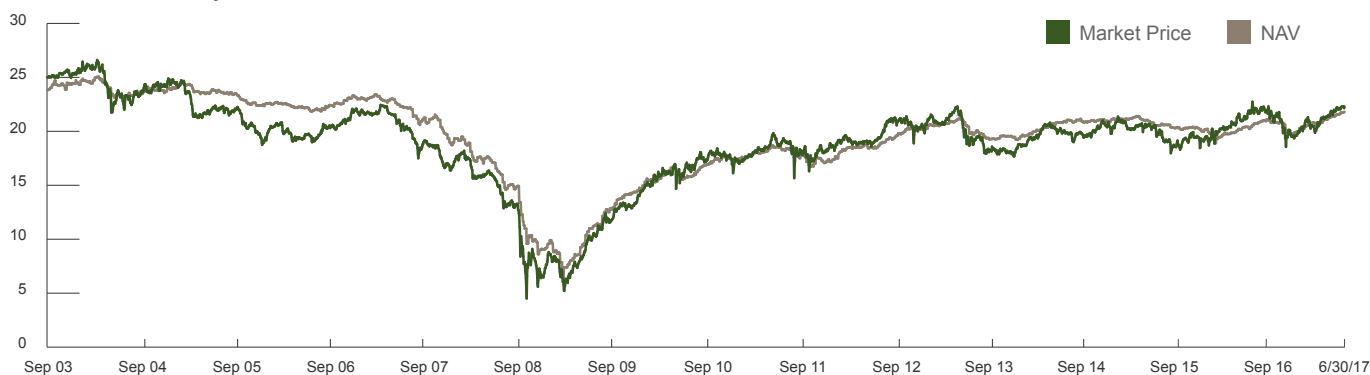
<sup>5</sup> Annualized, excluding interest expense associated with the Fund's financial leverage strategy for the fiscal year ended November 30, 2016.

<sup>6</sup> As of June 30, 2017. Percent of Net Assets. 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. See accompanying notes to financial statements for the tax characterization of 2016 distributions. Net Assets includes assets attributable to the use of leverage.

### Fund Overview and Characteristics as of 6.30.17

Market Price <sup>2</sup>	<b>\$22.29</b>
NAV <sup>3</sup>	<b>\$21.81</b>
Premium/(Discount)	<b>2.20%</b>
Average 30 Day Volume	<b>20,434</b>
Net Assets	<b>\$217,114,406</b>
Leverage Outstanding	<b>\$104,800,000</b>
Total Leverage Ratio <sup>4</sup>	<b>32.6%</b>
Expense Ratio <sup>5</sup>	<b>1.30%</b>
Holdings Generating Qualified Dividend Income (QDI) for Individuals <sup>6</sup>	<b>57.8%</b>
Fixed-to-Float Exposure	<b>68%</b>
Ticker	<b>FLC</b>
NAV Ticker	<b>XFLCX</b>
Inception Date	<b>8/26/03</b>
CUSIP	<b>338479108</b>

### Price and NAV History as of 6.30.17\*



### Total Return as of 6.30.17

	Market Price	NAV
1 Year	<b>9.99%</b>	<b>15.56%</b>
3 Year	<b>12.30%</b>	<b>9.70%</b>
5 Year	<b>11.76%</b>	<b>11.96%</b>
10 Year	<b>11.09%</b>	<b>9.36%</b>
Since Inception*	<b>8.59%</b>	<b>8.24%</b>

\*Since Inception of fund (8/26/2003). Past performance is not indicative of future results. Source: Morningstar

Performance data quoted represents past performance, which is no guarantee of future results, and current performance may be lower or higher than the figures shown. Since Inception returns assume a purchase of common shares at the initial offering price of \$20.00 per share for market price returns or initial net asset value (NAV) of \$19.10 per share for NAV returns. The NAV total return takes into account the fund's total annual expenses and does not reflect transaction charges. All distributions are assumed to be reinvested either in accordance with the dividend reinvestment plan (DRIP) for market price returns or NAV for NAV returns. Until the DRIP price is available from the Plan Agent, the market price returns reflect the reinvestment at the closing market price on the last business day of the month. Once the DRIP is available around mid-month, the market price returns are updated to reflect reinvestment at the DRIP price.

### Top 10 Issuers as of 6.30.17

Security	Weight
MetLife	<b>4.86%</b>
PNC Financial Services Group	<b>4.81%</b>
JPMorgan Chase	<b>4.72%</b>
Wells Fargo & Company	<b>4.16%</b>
Liberty Mutual Group	<b>3.78%</b>
Citigroup	<b>3.58%</b>
BNP Paribas	<b>3.39%</b>
Fifth Third Bancorp	<b>3.15%</b>
Enbridge Energy Partners	<b>2.96%</b>
XL Group Limited	<b>2.69%</b>

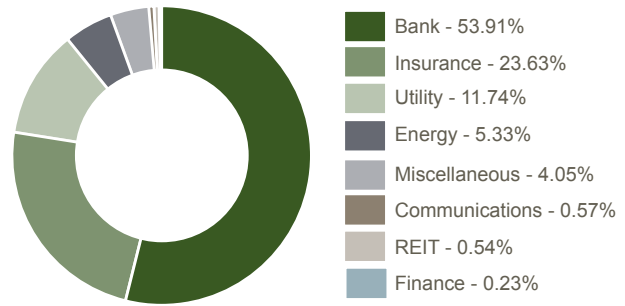
This data is subject to change on a daily basis. Each issuer may represent multiple issues.

## Portfolio Managers

R. Eric Chadwick, CFA  
*Portfolio Manager and President*  
 19 Years Experience

Bradford S. Stone  
*Portfolio Manager, Executive Vice President and Chief Financial Officer*  
 32 Years Experience

## Sector Allocation as of 6.30.17

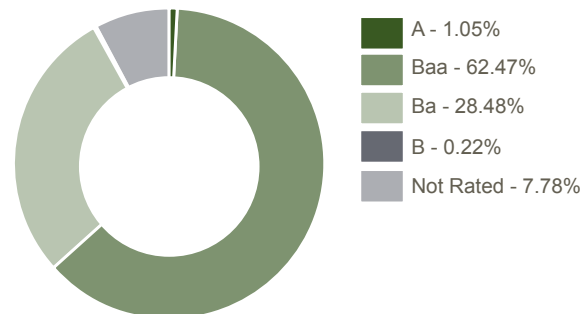


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## About Flaherty & Crumrine

Founded in 1983, Flaherty & Crumrine is an independent, employee-controlled investment adviser and is one of the oldest and most experienced firms specializing in the management of preferred securities. Flaherty & Crumrine manages assets for clients including insurance companies, other institutions, and open-end and closed-end funds – with its first closed-end fund launched over 25 years ago.

## Credit Quality as of 6.30.17



*Credit quality, as rated by 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 its 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.*

## Geographic Breakdown as of 6.30.17

Country	Weight
United States	77.23%
Bermuda	6.55%
United Kingdom	5.34%
France	3.66%
Australia	3.28%
Canada	2.55%
Netherlands	1.17%
Mexico	0.23%

*This data is subject to change on a daily basis.*



***This material is not intended to be a recommendation or investment advice, does not constitute a solicitation to buy or sell securities, and is not provided in a fiduciary capacity. The information provided does not take into account the specific objectives or circumstances of any particular investor, or suggest any specific course of action. Investment decisions should be made based on an investor's objectives and circumstances and in consultation with his or her advisors.***

## Risk Considerations

*This information does not represent an offer to sell securities of the Fund nor is it soliciting an offer to buy securities of the Fund. There can be no assurance that the Fund will achieve its investment objective. The value of the Fund will fluctuate with the value of the underlying securities. Historically, closed-end funds often trade at a discount to their net asset value. Both the net asset value and the market value of shares of common stock may be subject to higher volatility and a decline in value. Certain risks are associated with the leveraging of common stock. An investment in the Fund includes, but is not limited to, risks and considerations such as: **Interest Rate Risk, Credit Risk, Investment and Market Risk, Management Risk, Hedging Risk, Leverage Risk, Concentration Risk, Inflation Risk, Anti-Takeover Provisions, Market Disruption, Subordination, Limited Voting Rights, Deferral Risk, Special Redemption Rights, Illiquidity and Tax Risks.** Please consider the Fund's investment objective and risks carefully before you invest. Preferred securities, which will constitute the principal portion of the Fund's assets, may be substantially less liquid than many other securities such as common stocks or Government Securities. At any particular time, a preferred security may not be actively traded in the secondary market, even though it may be listed on the New York Stock Exchange or other securities exchange. Many preferred securities currently outstanding are listed on the New York Stock Exchange, although secondary market transactions in preferred securities are frequently effected in the over-the-counter market, even in those preferred securities that are listed. The prices of illiquid securities may be more volatile than more actively traded securities and the absence of a liquid secondary market may adversely affect the ability of the Fund to buy or sell its preferred securities holdings at the times and prices desired and the ability of the Fund to determine its net asset value. The Fund will only purchase investment-grade securities or securities issued by companies whose senior debt is rated investment grade. Additionally, there is interest rate risk associated with the Fund. Changes in the level of interest rates are expected to affect the value of the Fund's portfolio holdings of fixed rate securities, and, under certain circumstances, its holdings of adjustable rate securities. Significant changes in the interest rate environment, as well as other factors, may cause the Fund's holding of preferred and debt securities to be redeemed by the issuers, thereby reducing the Fund's holdings of higher-income paying securities at a time when the Fund may be unable to acquire other securities paying comparable income rates with the redemption proceeds. The Fund may seek to enhance the level of the Fund's current income through the use of leverage. Certain risks are associated with the leveraging of common stock. Both the net asset value and the market value of shares of common stock may be subject to higher volatility and a decline in value.*

*Flaherty & Crumrine Incorporated is the Fund's investment manager, Destra Capital Investments, a broker/dealer, is providing secondary market servicing for the fund.*