

SSI Investment Management

Convertible Investment Strategy

Inception: January 1, 1983

SEPTEMBER 2020



Non-Core Fixed Income/Low Vol Equity

SSI Convertible Investment Strategy is designed to capture broad equity market upside while establishing a soft floor that limits downside risk through its debt component. The Strategy is a diversified portfolio of convertible securities.

Benefits

- Investment Team displays exemplary depth, continuity and capacity
- Participation in the appreciation of common stocks
- Less volatility than common stocks
- Typically higher current income than corresponding common stocks
- Debt component provides downside protection and the ability to collect interest and principal
- 1.15 up/down capture ratio vs. S&P 500 since inception¹

Securities Utilized

- Convertible bonds
- Convertible preferreds

Return Expectation

- Participate in 70%-80% of the upside returns generated by the S&P 500
- Limit participation to 60%-70% of the downside returns generated by the S&P 500
- Outperform the ICE BofA All Convertibles Index (VXA0)

Risk Controls

- Emphasize the convex zone
- Manage credit quality
- Manage duration
- Maintain diversification

About SSI

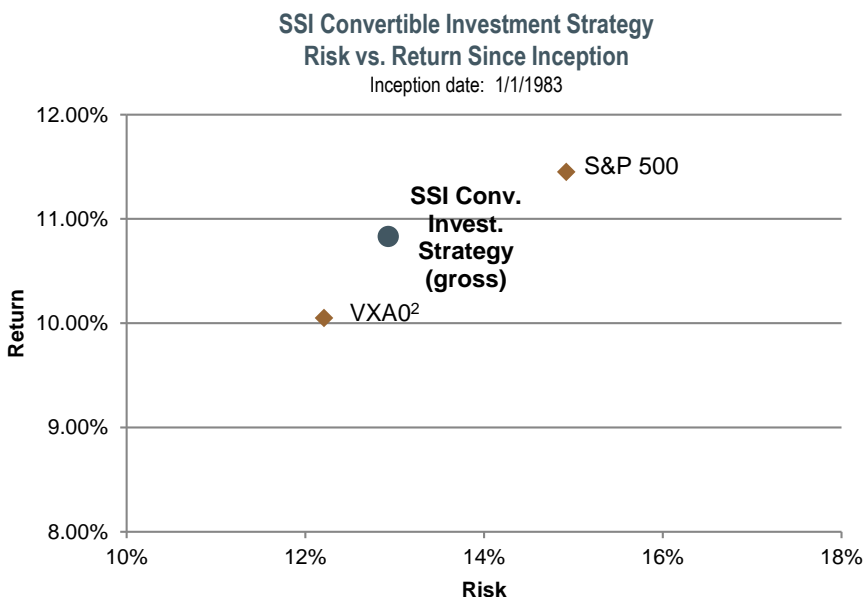
- Headquartered in Los Angeles, California
- Founded in 1973
- Registered Investment Advisor
- \$2.09 Billion AUM
- 28 Employees
- 11 Investment Professionals

Developments

After five consecutive, strong months, the S&P 500 pulled back in September, declining 3.80%. The political environment moved to the forefront as the death of Ruth Bader Ginsburg created a vacancy on the Supreme Court, the first Presidential debate was especially contentious and Congress failed to come to an agreement on a fourth stimulus plan. COVID-19 continues to be a major concern with cases rising in Europe and across some regions of the US. Despite these challenges, economic data continues to be generally positive and estimates of third quarter GDP are rising. Credit spreads widened modestly during the month, while volatility and interest rates were essentially unchanged.

SSI's Convertible Investment Strategy declined approximately 2.68% (gross of fee) in September, which trailed the 2.16% decline in the ICE BofA All US Convertible Index (VXA0). Year-to-date, the Strategy is still up approximately 23.00% (gross of fee), which is ahead of most equity and fixed income indices and the VXA0 Index. During September, several growth oriented positions which had performed very well earlier in the year, pulled back. Telecommunications and Industrials were the best performing sectors in the portfolio, while Consumer Discretionary and Financials were the weakest. Balanced convertibles outperformed equity sensitive securities and bond substitutes. New issuance was healthy in September, totaling \$6.2 billion. This brings the year-to-date total to \$91.7 billion, which is the highest level since 2007.

Performance (Preliminary as of September 30, 2020)



	Annualized Performance						
	SEPT 2020	YTD 2020	1YR	3YRS	5YRS	10YRS	Annualized Since Inception (1/1/1983)
SSI Convertible Invest. Strategy (Gross)	-2.68%	23.00%	32.73%	15.06%	13.34%	10.97%	10.83%
SSI Convertible Invest. Strategy (Net)	-2.72%	22.50%	32.01%	14.44%	12.76%	10.43%	10.37%
VXA0 Index ²	-2.16%	22.18%	31.20%	15.24%	13.80%	11.38%	10.05%

¹Source: SSI internal research. Based off of quarterly gross of fee returns (1/1983-9/2020). Net Up/Down capture ratio vs. S&P 500: 1.11

²ICE BofA All Convertibles Index (VXA0)



Ravi Malik, CFA
Portfolio Manager
26 Yrs. Experience



Florian Eitner, CFA
Portfolio Manager
23 Yrs. Experience



Michael Opre, CFA
Portfolio Manager
32 Yrs. Experience



Steve Wachtel, CFA
Portfolio Manager
20 Yrs. Experience

Investment Professionals

- Four Portfolio Managers on the Convertible Investment Strategy team with an average of 25 years of industry experience and 19 years of managing the Strategy at SSI
- 11 Investment professionals who have been with SSI for an average of 20 years
- 25 Years average experience for investment professionals

Compliance Statement

SSI Investment Management LLC ("SSI") claims compliance with the Global Investment Performance Standards (GIPS®).

Definition of the Firm

SSI was established in 1973 and is a Registered Investment Advisor based in Los Angeles, CA. SSI manages assets in domestic and global capital markets. SSI applies quantitative disciplines and fundamental research in its management of alternative and traditional portfolios for institutional and high net-worth investors. SSI manages separate accounts, a limited partnership, and acts as sub-advisor to mutual funds and an ETF. Effective June 1, 2019, Resolute Investment Managers, Inc. has a majority interest in SSI, however, SSI continues to operate independently. SSI does not have any subsidiaries. SSI acquired the assets of Frole, Revy Investment Co., Inc. ("Frole, Revy") and its composites as of March 1, 2009.

Policies

SSI's policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

The Composite & Benchmark

The Convertible Investment Strategy (composite created January 1983) is invested in convertible bonds and convertible preferred stocks, and do not have credit quality restrictions. The Strategy may hold 144A securities. The composite contains fully discretionary accounts including those no longer with the firm. SSI believes a performance comparison versus the ICE BofA All Convertibles Index (the "VXA0") is appropriate. The VXA0 measures the return of all U.S. convertibles. SSI does not hold all convertibles in the VXA0 and may also hold convertibles that are not included in the VXA0. The Strategy is less diversified than the VXA0. The volatility of this strategy may be greater than the volatility of the VXA0 as the strategy holds a smaller number of positions than the Index. The return, if any, above the VXA0 is dependent upon SSI's discretionary management. Any other indices shown are not necessarily comparable to SSI's Convertible Investment Strategy. These are widely recognized market indices that are shown for informational purposes only. The composite name was formally known as SSI Outright Discretionary Convertible Strategy from 1/1/1983 – 3/31/2016 and on 4/1/2016 the new composite name became the SSI Convertible Investment Strategy.

Use of Leverage, Derivatives, and Shorts

The strategy may invest in synthetic convertible bonds and convertible preferred securities. Synthetic convertible securities are generally issued through an investment bank and may provide exposure to the credit of the bank while being linked to the equity upside of an entity we select, that is generally not connected with the bank. The synthetic convertible securities we employ do not generally involve the use of leverage and generally do not provide leveraged exposure.

Investment Management Fees

Returns are presented gross and net of management fee. Actual results of an individual account may be materially different from the performance shown herein because of differences in inception date, transaction and related costs, investment guideline restrictions, fees and other factors. All performance is based in U.S. dollars and reflect, on a percentage basis for each of the periods indicated: (a) the net increase (decrease) of all SSI Convertible Investment Strategy portfolios, dollar-weighted, including adjustments for unrealized gains and losses, the reinvestment of dividends and other earnings, the deduction of investment costs except any separate custodial or related fees, time-weighted to adjust for additions and withdrawals, and (b) the net increase (decrease) of the VXA0.

Net performance is reduced by SSI's actual investment management fees. Gross performance does not include deduction of SSI's investment management fees.

If performance is gross of management fees, client's actual return will be reduced by the management fees and any other expenses which may be incurred in the management of an investment advisory account. See SSI's Form ADV, Part 2A for a complete description of the investment advisory fees customarily charged by SSI. As an example, an account with an initial \$1,000,000 investment on January 1, 2003, earning a recurring 5% semi-annual gross return (10.25% annualized), and paying a .5% semi-annual management fee (1% annual fee) would have grown to \$1,340,096 on a gross of fees basis and \$1,300,392 on a net of fees basis by December 31, 2005 (3 years).

Additional Disclosure

- SSI operated under the name of SSI Investment Management, Inc. (1/1/1973-4/30/2019) and as of 5/1/2019 operates as SSI Investment Management LLC.
- When representative portfolio information is shown the representative portfolio is selected by comparing any one (but not limited to) the following criteria: most in line with composite investment objectives /consistency of investment strategy, investment restrictions, fee structure, time frame managed, type of client, size of account.
- Performance prior to January 1, 2000 does not comply with the GIPS standards.
- SSI acquired Frole, Revy and its composites as of March 1, 2009. Prior to the acquisition, Frole, Revy claimed GIPS compliance for the periods of 1983-2008 and was independently verified by Ashland Partners.

Investors must assess the suitability of any particular investment opportunity and carry out any due diligence that they require in relation to the strategy or investments or individual holdings of the strategies that SSI manages. In doing this, investors should seek separate advice. It should not be assumed that recommendations made will be profitable and any investment is at risk of loss. This summary represents the views of the portfolio managers as of the date noted at the beginning of this document. Any holdings mentioned in the accompanying summary are from its stated strategy. Portfolio holdings are subject to change without notice and are not intended as recommendations of individual securities. The information in this article is not intended to be personalized recommendations to buy, hold or sell investments. The information, statements, views and opinions included in this article are based on sources (both internal and external sources) considered to be reliable, but no representation or warranty, express or implied, is made as to their accuracy, completeness or correctness. Such information, statements, views and opinions are expressed as of the date of this article, are subject to change without further notice and do not constitute a solicitation for the purchase or sale of any investment referenced in the article. Changes in any assumptions may have a material impact on the results. Due to various risks and uncertainties, actual events or projected results may differ materially from those reflected in the document.

THIS MATERIAL IS INTENDED ONLY FOR QUALIFIED INVESTORS. IT DOES NOT CONSTITUTE AN OFFER TO PURCHASE AN INTEREST IN ANY PRIVATELY OFFERED FUND MANAGED BY SSI. SSI BELIEVES THAT RESULTS WERE GENERATED WITH AN INVESTMENT PHILOSOPHY AND METHODOLOGY SIMILAR TO THAT DESCRIBED HEREIN. FURTHERMORE, THE PERFORMANCE DISCUSSED HEREIN REFLECTS INVESTMENT OF LIMITED FUNDS FOR A LIMITED PERIOD OF TIME AND DOES NOT REFLECT PERFORMANCE IN DIFFERENT ECONOMIC OR MARKET CYCLES. FUTURE INVESTMENTS, HOWEVER, WILL BE MADE UNDER DIFFERENT ECONOMIC CONDITIONS, IN DIFFERENT SECURITIES AND USING DIFFERENT INVESTMENT STRATEGIES. IT SHOULD NOT BE ASSUMED THAT FUTURE INVESTORS WILL EXPERIENCE RETURNS, IF ANY, COMPARABLE TO THOSE DISCLOSED HEREIN. THE INFORMATION GIVEN IS HISTORIC AND SHOULD NOT BE TAKEN AS ANY INDICATION OF FUTURE PERFORMANCE. THE PERFORMANCE DATA WAS PREPARED BY SSI AND WAS NOT COMPILED, REVIEWED OR AUDITED BY AN INDEPENDENT ACCOUNTANT. BEING REGISTERED AS A REGISTERED INVESTMENT ADVISOR DOES NOT IMPLY A CERTAIN LEVEL OF SKILL OR TRAINING. ANY INVESTMENT IS SUBJECT TO RISK OF LOSS. ANY USE OF LEVERAGE INCREASES THE INVESTMENT GAIN OR LOSS IN DIRECT PROPORTION TO THE DEGREE OF LEVERAGE USED.