

## Strategy Update

# Convertible Investment Strategy

Inception: January 1, 1983

## Strategy Performance<sup>1</sup>

	Annualized Performance					
	DEC 2022	1YR	3YRS	5YRS	10YRS	Since Inception (1/1/1983)
	%	%	%	%	%	%
SSI Convertible Investment (G)	-2.89	-19.45	8.20	9.08	9.98	10.27
SSI Convertible Investment (N)	-2.94	-19.85	7.63	8.50	9.43	9.81
VXA0 Index <sup>2</sup>	-3.14	-18.71	8.12	9.29	10.01	9.55
Refinitiv US Focus Conv. Index	-2.94	-21.07	1.36	4.21	5.78	--

### 3 Years: US Risk-Adjusted Metrics<sup>3</sup>

	Annualized Return (%)	Sharpe Ratio <sup>4</sup>	Sortino Ratio <sup>4</sup>
SSI Convertible Investment (G)	8.20	0.39	0.63
SSI Convertible Investment (N)	7.63	0.36	0.58
VXA0 Index <sup>2</sup>	8.12	0.40	0.62
ICE BofA US High Yield	-0.23	-0.08	-0.10
Bloomberg US Aggregate Bond Index	-2.71	-0.58	-0.71
S&P 500 Low Volatility Index	5.49	0.27	0.39

## Market Update

After moving significantly higher for two consecutive months, equity markets reversed course in December, with the S&P 500 falling 5.77%. Inflation continued to decline from peak levels, but recession concerns moved to the forefront as economic data generally weakened. The Fed slowed the pace of rate hikes, although they also indicated that Fed Funds would remain relatively high for longer than investors expected. Longer term interest rates moved higher, as the yield on 10-Year US Treasuries rose 27 basis points to 3.88%. All 12 sectors in the convertible market declined, with Health Care and Consumer Staples holding up best, while Materials and Consumer Discretionary posted the largest declines.

SSI's Convertible Investment Strategy declined approximately 2.89% (gross of fee) / 2.94% (net of fee), outperforming the ICE BofA All US Convertible Index (VXA0), which lost 3.14%. Returns relative to the index were helped by strong returns in several international convertibles. The Strategy continues to emphasize quality and is significantly overweight balanced convertibles, which offer an attractive risk / return profile. With many bonds trading near bond floors, the convertible asset class currently offers the potential for significant downside protection, while also providing upside participation. New issuance during December was \$3.7 Billion, which brings the total for 2022 to \$28.4 Billion.

<sup>1</sup>Preliminary performance as of December 31, 2022

<sup>2</sup>ICE BofA All Convertibles Index (VXA0)

<sup>3</sup>Source: eVestment, data as of December 31, 2022

<sup>4</sup>Sharpe and Sortino Ratio compared against FTSE 3-Month Treasury Bill

Note: Benchmark information in addition to the VXA0 is supplemental to SSI's GIPS reports.

## Diversifying Fixed Income Strategy

SSI Convertible Investment Strategy is a diversified portfolio of convertible securities. It is designed to capture the upside of rising equity markets while retaining fixed income characteristics to limit downside risk.

### Benefits

- Long tenure of Investment Team provides confidence in repeatability
- Low Duration coupled with enhanced yield
- Uncapped total return potential
- Issuer diversification, and minimal correlation to Core Fixed Income
- Actively manage risk/reward profile with emphasis on convexity
- Liquid asset class
- Participation in the appreciation of common stocks
- Typically higher current income than underlying common stocks

### Securities Utilized

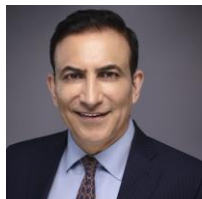
- Convertible bonds
- Convertible preferreds

### Risk Controls

- Convexity provides downside protection
- Actively manage credit quality
- Actively manage duration
- Maintain sector diversification

### About SSI

- Headquartered in Los Angeles, CA
- Registered Investment Advisor
- \$2.1 Billion AUM
- 30 Employees
- 11 Investment Professionals



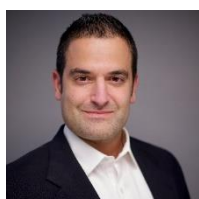
**Ravi Malik, CFA**  
Portfolio Manager  
28 Yrs. Experience



**Florian Eitner, CFA**  
Portfolio Manager  
25 Yrs. Experience



**Michael Opre, CFA**  
Portfolio Manager  
34 Yrs. Experience



**Steve Wachtel, CFA**  
Portfolio Manager  
22 Yrs. Experience

## Investment Professionals

- Convertible asset class thought leaders delivering customizable portfolio solutions
- Four Portfolio Managers on the Convertible Investment Strategy team with an average of 27 years of industry experience and 21 years of managing the Strategy at SSI
- Deep bench of investment professionals who focus on the Convertible asset class

### Compliance Statement

SSI Investment Management LLC ("SSI") claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

### 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 investments, calculating performance, and preparing GIPS reports are available upon request.

### The Composite & Benchmark (Description & Material Risks)

The Convertible Investment Strategy (composite inception date January 1, 1983; composite created January 1983) invests 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 (as of January 1, 2005). 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. Prior to 2005 the Credit Suisse First Boston ("CSFB") Convertible Bond Index was used. As of December 31, 2004, CSFB discontinued their index and the VXA0 was used. 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/or 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, asset-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, 2022, 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, 2024 (3 years).

### List of Composites

A list of the Firm's composite descriptions, limited distribution pooled funds (LDPFs) and/or GIPS reports are available upon request. Please contact [helenm@ssi-invest.com](mailto:helenm@ssi-invest.com).

### Additional Disclosure

- Benchmark - 1/1/2005 to present: ICE BofA All US Convertible Bond Index (VXA0). Prior to 2005 the Credit Suisse First Boston ("CSFB") Convertible Bond Index was used as CSFB discontinued their index 12/31/2004.
- 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.

## Strategy Update

# Convertible Income Strategy

Inception: January 1, 1995

## Strategy Performance<sup>1</sup>

### Annualized Performance

	DEC 2022	1YR	3YRS	5YRS	10YRS	Since Inception (1/1/1995)
	%	%	%	%	%	%
SSI Convertible Income (G)	0.15	-3.90	4.49	4.84	4.14	6.18
SSI Convertible Income (N)	0.07	-4.80	3.51	3.85	3.14	5.22
3 Month T-Bill <sup>2</sup>	0.34	1.50	0.71	1.25	0.74	2.20

### 5 Years: US Risk-Adjusted Metrics<sup>3</sup>

### Annualized Return (%)

### Sharpe Ratio

### Sortino Ratio

SSI Convertible Income Strategy (G)	4.84	0.73	0.99
SSI Convertible Income Strategy (N)	3.85	0.53	0.70
HFN Relative Value Aggregate Index	2.66	0.47	0.62
Bloomberg US Aggregate Bond Index	0.02	-0.24	-0.31
ICE BofA US High Yield	2.12	0.09	0.12
3 Month T-Bill <sup>2</sup>	1.25	---	---

## Market Update

After moving significantly higher for two consecutive months, equity markets reversed course in December, with the S&P 500 falling 5.77%. Inflation continued to decline from peak levels, but recession concerns moved to the forefront as economic data generally weakened. The Fed slowed the pace of rate hikes, although they also indicated that Fed Funds would remain relatively high for longer than investors expected. Longer term interest rates moved higher, as the yield on 10-Year US Treasuries rose 27 basis points (to 3.88%) and the Bloomberg U.S. Aggregate Bond Index declined 0.45%. All 12 sectors in the convertible market declined, with Health Care and Consumer Staples holding up best, while Materials and Consumer Discretionary posted the largest declines.

SSI's Convertible Income Strategy generated a gain of approximately 0.15% (gross) / 0.07% (net) for the month. The Strategy's attractive income profile was the primary driver of December's positive returns. Volatility among convertible issuers remains elevated and is a consistent source of profits for the strategies. With many bonds trading below par and the short interest rebate rising as the Fed raises rates, the standstill yield should continue to be an important contributor to Strategy returns. New issuance during December was \$3.7 Billion, which brings the total for 2022 to \$28.4 Billion.

## Fixed Income Alternative

SSI Convertible Income Strategy is a fixed income / liquid alternative utilizing an absolute return focus to derive total return from three distinct sources: income, mispriced securities and volatility trading.

## Benefits

- Investment Team displays exemplary depth, continuity and capacity
- Low volatility and the ability to produce positive returns in both advancing and declining market environments
- Equity risk is reduced through the utilization of hedging techniques
- Full transparency and liquidity

## Securities Utilized

- Convertible bonds
- Convertible preferreds
- Offsetting short equity positions

## Return Expectation

- 300 bps above 3 Month T-Bill<sup>2</sup> with a standard deviation of < 3% annually

## Risk Controls

- Manage equity exposure
- Manage credit quality
- Manage duration
- Maintain diversification

## About SSI

- Headquartered in Los Angeles, California
- Founded in 1973
- Registered Investment Advisor
- \$2.1 Billion AUM
- 30 Employees
- 11 Investment Professionals

<sup>1</sup>Preliminary performance as of December 31, 2022

<sup>2</sup>FTSE 3-Month Treasury Bill

<sup>3</sup>Source: eVestment, data as of December 31, 2022

Note: Benchmark information in addition to the 3 Month T-Bill is supplemental to SSI's GIPS reports



**George Douglas, CFA**  
Chief Investment Officer  
45 Yrs. Experience



**Dagney Maseda, CFA**  
Portfolio Manager  
21 Yrs. Experience



**Alex Volz**  
Portfolio Manager  
26 Yrs. Experience

## Investment Professionals

- Three Portfolio Managers on the Convertible Income Strategy team with an average of over 31 years of industry experience and 22 years of managing the Strategy at SSI
- Deep bench of investment professionals who focus on the Convertible asset class with an average of 27 years experience

### Compliance Statement

SSI Investment Management LLC ("SSI") claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

### 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 will continue 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 investments, calculating performance, and preparing GIPS reports are available upon request.

### The Composite & Benchmark (Description & Material Risks)

The SSI Convertible Income Strategy (composite inception date January 1, 1995; composite created January 1, 1995) invests long in a diversified portfolio of convertible bonds/preferreds and short the underlying common stocks or call options to attempt to achieve an absolute return. The composite contains fully discretionary accounts including those no longer with the firm. With interest rebates on short sales and coupon interest on convertible bonds comprising a consistent and important component of the return of the SSI Convertible Income Strategy, SSI believes a performance comparison versus the FTSE 3 Month Treasury Bill ("3 Month T-Bill") is appropriate. The volatility of this strategy is expected to be greater than the volatility of the 3 Month Treasury Bill due to the inclusion of convertible and equity positions. The return, if any, above the 3 Month T-Bill is dependent upon higher interest income available in the convertible market and SSI's discretionary management. Any other indices shown are not necessarily comparable to SSI's Convertible Income Strategy. These are widely recognized market indices that are shown for informational purposes only. The composite name was formally known as SSI Hedged Convertible Income Strategy from 1/1/1995 – 6/30/2008 and on 7/1/2008 the new composite name became the SSI Convertible Income Strategy. Citigroup's 90 Day T-Bill was acquired by London Stock Exchange Group (LSEG) and beginning 8/1/2018 the new name is FTSE 3 Month Treasury Bill ("3 Month T-Bill").

### Use of Leverage, Derivatives, and Shorts

Leverage is not used in SSI's Convertible Income Strategy and the use of derivatives is not material. The Strategy is generally fully hedged and involves buying a convertible bond/preferred and shorting the underlying common stock or call option in order to reduce the equity exposure.

### Investment Management Fees

Returns are presented gross and/or 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 Income Strategy portfolios, asset-weighted, including adjustments for unrealized gains and losses, the reinvestment of dividends and other earnings, the deduction of investment costs, the deduction of limited partnership and/or mutual fund costs (if any), time-weighted to adjust for additions and withdrawals, and (b) the net increase (decrease) of the 3 Month T-Bill.

Net performance for fee paying portfolios is reduced by SSI's actual investment management fees and non-fee paying portfolios are reduced by a 1% annual model fee (1995-2020). Model fees are deducted on a monthly basis. 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, 2022, 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, 2024 (3 years).

### List of Composites

A list of the Firm's composite descriptions, limited distribution pooled funds (LDPFs) and/or GIPS reports are available upon request. Please contact [helenm@ssi-invest.com](mailto:helenm@ssi-invest.com).

### 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.



## Strategy Update

# Investment Grade Convertible Strategy

Inception: January 1, 1999

### Strategy Performance<sup>1</sup>

	Annualized Performance					
	DEC 2022	1YR	3YRS	5YRS	10YRS	Since Inception (1/1/1999)
	%	%	%	%	%	%
SSI Inv. Grade Convertible (G)	-4.56	-5.49	6.73	7.92	11.78	7.98
SSI Inv. Grade Convertible (N)	-4.62	-6.21	5.93	7.09	10.83	7.27
V0S1 Index <sup>2</sup>	-4.85	-0.93	4.41	7.07	11.56	7.43

### 3 Years: US Risk-Adjusted Metrics<sup>3</sup>

	Annualized Return (%)	Sharpe Ratio <sup>4</sup>	Sortino Ratio <sup>4</sup>
SSI Investment Grade Convertible Strategy (G)	6.73	0.35	0.52
SSI Investment Grade Convertible Strategy (N)	5.93	0.30	0.45
ICE BofA US High Yield Index	-0.23	-0.08	-0.10
Bloomberg US Aggregate Bond Index	-2.71	-0.58	-0.71
S&P 500 Low Volatility Index	5.49	0.27	0.39

## Market Update

After moving significantly higher for two consecutive months, equity markets reversed course in December, with the S&P 500 falling 5.77%. Inflation continued to decline from peak levels, but recession concerns moved to the forefront as economic data generally weakened. The Fed slowed the pace of rate hikes, although they also indicated that Fed Funds would remain relatively high for longer than investors expected. Longer term interest rates moved higher, as the yield on 10-Year US Treasuries rose 27 basis points to 3.88%. All 12 sectors in the convertible market declined, with Health Care and Consumer Staples holding up best, while Materials and Consumer Discretionary posted the largest declines.

SSI's Investment Grade Convertible Strategy declined approximately 4.56% (gross of fee) / 4.62% (net of fee), outperforming the ICE BofA Investment Grade US Convertible Bond ex-Mandatory & Preferred Index (V0S1), which fell 4.85%. Returns relative to the index were helped by strength in some of the differentiated positions. The Strategy continues to hold bonds from a wide range of economic sectors and is significantly overweight balanced convertibles, which offer an attractive risk / return profile. With many bonds trading near par, the convertible asset class continues to offer an attractive combination of upside participation and the potential for downside protection. New issuance during December was \$3.7 Billion, which brings the total for 2022 to \$28.4 Billion.

<sup>1</sup>Preliminary performance as of December 31, 2022

<sup>2</sup>ICE BofA Investment Grade US Convertible Bond ex-Mandatory & Preferred Index (V0S1)

<sup>3</sup>Source: eVestment, data as of December 31, 2022

<sup>4</sup>Sharpe and Sortino Ratio compared against FTSE 3-Month Treasury Bill

Note: Benchmark information in addition to the V0S1 is supplemental to SSI's GIPS reports

## Investment Grade Fixed Income Alternative

SSI Investment Grade Convertible Strategy is a diversified portfolio of Investment Grade and near Investment Grade convertible securities, seeking enhanced income and equity upside participation while establishing a soft floor that limits downside risk through its debt component.

### Benefits

- Long Tenure of Investment Team provides confidence in repeatability
- Low Duration coupled with enhanced yield
- Uncapped total return potential
- Issuer diversification, and minimal correlation to Core Fixed Income
- Actively manage risk/reward profile with emphasis on convexity
- Liquid asset class
- Participation in the appreciation of common stocks
- Typically higher current income than underlying common stocks

### Strategy Description

- Diversified portfolio of higher quality convertible securities

### Securities Utilized

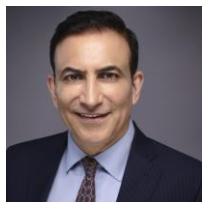
- Investment Grade and near Investment Grade convertible securities

### Risk Controls

- Convexity provides downside protection
- Actively manage credit quality
- Actively manage duration
- Maintain sector diversification

### About SSI

- Headquartered in Los Angeles, CA
- Founded in 1973
- Registered Investment Advisor
- \$2.1 Billion AUM
- 30 Employees
- 11 Investment Professionals



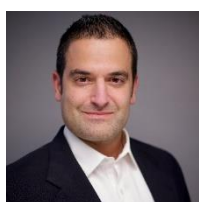
**Ravi Malik, CFA**  
Portfolio Manager  
28 Yrs. Experience



**Florian Eitner, CFA**  
Portfolio Manager  
25 Yrs. Experience



**Michael Opre, CFA**  
Portfolio Manager  
34 Yrs. Experience



**Steve Wachtel, CFA**  
Portfolio Manager  
22 Yrs. Experience

## Investment Professionals

- Convertible asset class thought leaders delivering customizable portfolio solutions
- Four Portfolio Managers on the Convertible Investment Strategy team with an average of 27 years of industry experience and 21 years of managing the Strategy at SSI
- Deep bench of investment professionals who focus on the Convertible asset class

### Compliance Statement

SSI Investment Management LLC ("SSI") claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

### 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 investments, calculating performance, and preparing GIPS reports are available upon request.

### The Composite & Benchmark (Description & Material Risks)

The SSI Investment Grade Convertible Strategy (composite inception date January 1, 1999; composite created September 1, 2013) was created when SSI modified its Investment Grade composite by adding two more Investment Grade composites to properly address the clients varying investment guidelines. Accounts are now in a composite that reflects their investment guidelines. The SSI Investment Grade Convertible Strategy invests in investment grade and up to 25% non-investment grade convertible securities, and may include 144A securities. The composite contains fully discretionary accounts including those no longer with the firm. The composite may include accounts invested in investment grade convertible preferred shares up to generally 25% of the portfolio. SSI believes a performance comparison versus the ICE BofA Investment Grade US Convertible Bond ex-Mandatory & Preferred Index ("VOS1") is appropriate. The VOS1 measures all Investment Grade US Convertible bonds (as stated by ICE BofA). SSI may not hold all convertibles in the VOS1 and may also hold convertibles that are not included in the VOS1. The Strategy may be less diversified than the VOS1. The volatility of this strategy may be greater than the volatility of the VOS1 as the strategy may hold a smaller number of positions than the Index, may include investment grade convertible preferred securities, and non-investment grade convertible securities. The return, if any, above the VOS1 is dependent upon SSI's discretionary management. Any other indices shown are not necessarily comparable to SSI's Investment Grade Convertible Strategy. These are widely recognized market indices that are shown for informational purposes only. The composite name was formally known as SSI Outright Investment Grade Convertible Strategy from 1/1/1999 – 3/31/2016 and on 4/1/2016 the new composite name became the SSI Investment Grade Convertible 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/or 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 Investment Grade Convertible Strategy portfolios, asset-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 VOS1.

Net performance for fee paying portfolios is reduced by SSI's actual investment management fees and non-fee paying portfolios are reduced by a 1% annual model fee (2015-2020). Model fees are deducted on a monthly basis. 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, 2022, 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, 2024 (3 years).

### List of Composites

A list of the Firm's composite descriptions, limited distribution pooled funds (LDPFs) and/or GIPS reports are available upon request. Please contact [helenm@ssi-invest.com](mailto:helenm@ssi-invest.com).

### 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.