

SSI Investment Management Hedged Convertible Opportunity Strategy

Inception: April 1, 2001

JUNE 2019



Fixed Income Alternative

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

Leverage

- SSI's Hedged Convertible Opportunity Strategy may be levered up to 3x.

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

- 3 Month T-Bill + 600 bps

Risk Controls

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

About SSI

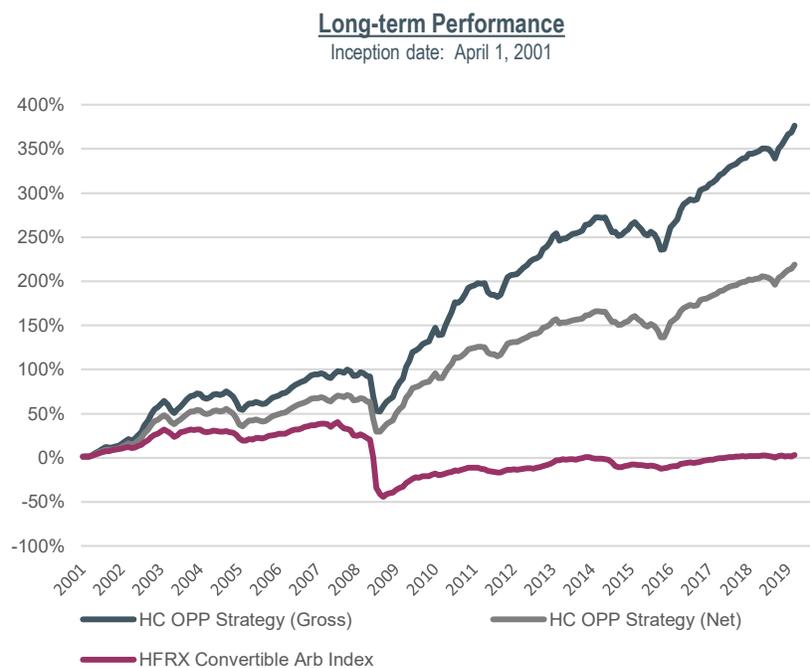
- Headquartered in Los Angeles, California
- Founded in 1973
- Registered Investment Advisor
- \$1.9 Billion AUM
- 33 Employees
- 12 Investment Professionals

Developments

June was a strong month for the financial markets as the S&P 500 rose 7.05%. A more accommodative stance by the Federal Reserve and a trade "truce" with China contributed to the favorable environment. Credit markets were also strong as spreads narrowed substantially, more than offsetting the widening seen in May. Volatility, as measured by the VIX Index, also retraced to more benign levels, finishing the month near 15. Interest rates continued to decline with yield on the 10-Year US Treasury falling under 2% near month end, yet finished at 2.01% for June.

Against this backdrop, SSI's Hedged Convertible Opportunity Strategy had a strong June, generating a gain of approximately 1.74% (gross of fee). The Strategy has generated positive returns in each month of 2019 and has a year-to-date return of approximately 8.49% (gross of fee). In addition to the income component, Strategy returns were helped by improving valuations as credit spreads narrowed and interest rates declined. New issuance was healthy in June, totaling approximately \$5.3 Billion.

Performance (preliminary as of June 30, 2019)



Annualized Performance

	JUNE 2019	2Q 2019	YTD 2019	1YR	3YRS	5YRS	10YRS	Annualized Since Inception (4/1/2001)
SSI HC Opp (Gross)	1.74%	3.41%	8.49%	6.93%	8.78%	5.07%	9.66%	8.93%
SSI HC Opp (Net)	1.58%	2.96%	7.61%	5.42%	7.14%	3.70%	7.25%	6.56%
HFRX Conv. Arb. Index	1.40%	1.58%	2.64%	0.88%	4.30%	0.79%	4.41%	0.16%
3 Month T-Bill*	0.20%	0.61%	1.21%	2.30%	1.36%	0.84%	0.46%	1.40%

*FTSE 3 Month Treasury Bill performance data is supplemental information.



George Douglas, CFA
Chief Investment Officer
42 Yrs. Experience



Dagney Hollander
Portfolio Manager
18 Yrs. Experience



Alex Volz
Portfolio Manager
23 Yrs. Experience

Investment Professionals

- Three senior Portfolio Managers with an average of 28 years of industry experience and 19 years of managing the strategy at SSI
- Nine investment professionals dedicated to convertible securities
- Three additional professionals with an average of 27 years of industry experience and 22 years at SSI

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, limited partnerships and acts as sub-advisor to mutual funds. Effective June 1, 2019, Resolute Investment Managers, Inc. will have a majority interest in SSI, however, SSI will continue to operate independently. SSI does not have any subsidiaries. SSI acquired the assets of Froye, Revy Investment Co., Inc. ("Froye, Revy") and its composites as of March 1, 2009.

Policies

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

The Composite & Benchmark

The SSI Hedged Convertible Opportunity Strategy composite was created on April 1, 2001 and invests long in a diversified portfolio of convertible bonds/preferreds and short the underlying common stocks to The SSI Hedged Convertible Opportunity Strategy composite was created on April 1, 2001 and invests long in a diversified portfolio of convertible bonds/preferreds and short the underlying common stocks to attempt to achieve an absolute return. We expect to use leverage all or most of the time within this strategy. The composite contains fully discretionary accounts including those no longer with the firm. Interest rebates on short sales and coupon interest on convertible bonds/preferreds comprise a consistent and important component of the return. SSI has historically used the FTSE 3 Month Treasury Bill ("3 Month T-Bill"), formerly called 90 Day T-Bill (name change as of 8/1/2018 when Citigroup's 90 Day T-Bill was acquired by London Stock Exchange Group - LSEG) as the benchmark for its Hedged Convertible Opportunity Strategy (4/1/2001 – 12/31/2016), however, as of 1/1/2017 the benchmark was retroactively changed to the HFRX Convertible Arbitrage Index. HFRX Convertible Arbitrage Index includes strategies based on a realized spread between related instruments in which one or multiple components of the spread is a convertible fixed income instrument. SSI believes a performance comparison versus the HFRX Convertible Arbitrage Index is appropriate as the portfolios in the new benchmark better match the characteristics of SSI's Hedged Convertible Opportunity Strategy than the FTSE 3 Month Treasury Bill. The volatility of this strategy may be materially different although we expect it to be generally lower than the volatility of the HFRX Convertible Arbitrage Index due to SSI's lower leverage and hedging techniques as well as other potential differences. The return, if any, above the HFRX Convertible Arbitrage Index is typically dependent upon SSI's discretionary management. Any other indices shown are not necessarily comparable to SSI's Hedged Convertible Opportunity Strategy. These are widely recognized market indices that are shown for informational purposes only. The composite name was formally known as SSI Hedged Convertible Market Neutral Leveraged Strategy from 4/1/2001 – 6/30/2008 and on 7/1/2008 the new composite name became the SSI Hedged Convertible Opportunity Strategy.

Use of Leverage, Derivatives, and Shorts

Leverage is utilized in the HC Opportunity Strategy. Leverage is defined as gross longs over capital. The strategy has the ability to be levered up to 3Xs but is generally in the 1.5 – 2Xs range 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 in order to reduce the equity exposure. Every long position is hedged with an offsetting short.

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, 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 Hedged Convertible Opportunity Strategy portfolios during the period, dollar-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 HFRX Convertible Arbitrage Index. The SSI Hedged Convertible Opportunity Fund, SPC which is included in the SSI Hedged Convertible Opportunity Strategy Composite from May 2008 to December 2009, incurred administrative costs that are approximately between two and eight basis points higher per month than the costs of other accounts included in the composite. Effective February 2017 foreign investor withholding tax is treated as a cash flow. Prior to February 2017, it was treated as an expense.

Net performance is reduced by SSI's investment management fees which includes performance fees. Gross performance does not include deduction of SSI's investment management or performance 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).

List of Composites

A list of the Firm's composite descriptions and/or compliant presentations are available upon request. Please contact juliea@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 Froye Revy and its composites as of March 1, 2009. Prior to the acquisition, Froye Revy claimed GIPS compliance for the periods of 1983-2008 and was independently verified by Ashland Partners & Co.

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.

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SSI Investment Management Convertible Income Strategy

Inception: January 1, 1995

JUNE 2019



Fixed Income Alternative

SSI Convertible Income Strategy is a fixed income 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** with a standard deviation of < 3% annually

Risk Controls

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

About SSI

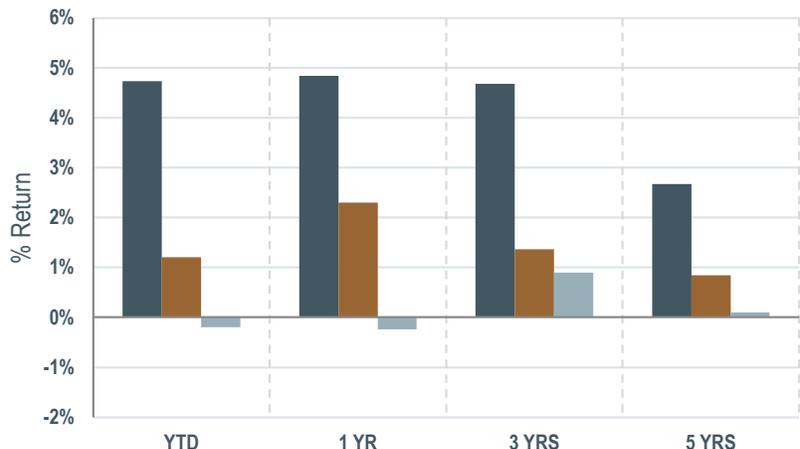
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Against this backdrop, SSI’s Convertible Income Strategy had a strong June, generating a gain of approximately 0.99% (gross of fee). The Strategy has generated positive returns in each month of 2019 and has a year-to-date return of approximately 5.23% (gross of fee). In addition to the income component, Strategy returns were helped by improving valuations as credit spreads narrowed and interest rates declined. New issuance was healthy in June, totaling approximately \$5.3 Billion.

Performance (Preliminary performance as of June 30, 2019)



Legend: SSI Convertible Income Strategy (net) (Dark Blue), Morningstar Market Neutral Fund* (Light Blue), 3 Month T-Bill** (Brown)

	Annualized Performance							
	JUNE 2019	2Q 2019	YTD 2019	1 YR	3 YRS	5 YRS	10 YRS	Annualized Since Inception (1/1/1995)
SSI Conv. Inc. (Gross)	0.99%	2.07%	5.23%	5.86%	5.70%	3.67%	5.46%	6.39%
SSI Conv. Inc. (Net)	0.91%	1.82%	4.73%	4.84%	4.68%	2.67%	4.42%	5.43%
3 Month T-Bill**	0.20%	0.61%	1.21%	2.30%	1.36%	0.84%	0.46%	2.39%

*Returns are simple averages published by Morningstar for the Market Neutral category. Morningstar peer group performance data is supplemental information.

**FTSE 3 Month Treasury Bill.



George Douglas, CFA
Chief Investment Officer
42 Yrs. Experience



Dagny Hollander
Portfolio Manager
18 Yrs. Experience



Alex Volz
Portfolio Manager
23 Yrs. Experience

Investment Professionals

- Three senior Portfolio Managers with an average of 28 years of industry experience and 19 years of managing the strategy at SSI
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Policies

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

The Composite & Benchmark

The SSI Convertible Income Strategy (composite created January 1, 1995) invests long in a diversified portfolio of convertible bonds/preferreds and short the underlying common stocks 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 90-Day Treasury 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 in order to reduce the equity exposure. Every long position is hedged with an offsetting short.

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Net performance is reduced by SSI's actual investment management fees and model fees (1995-2018). 1% annual fee is used for any model 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).

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