

SSI Investment Management

Convertible Income Strategy



Strategy History

Inception 1/1/1995

Strategy Description

Diversified portfolio of convertible securities in a market neutral framework

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

90 Day T-Bills + 300 bps

Standard Deviation

< 3% annualized

Risk Controls

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

Fixed Income Alternative

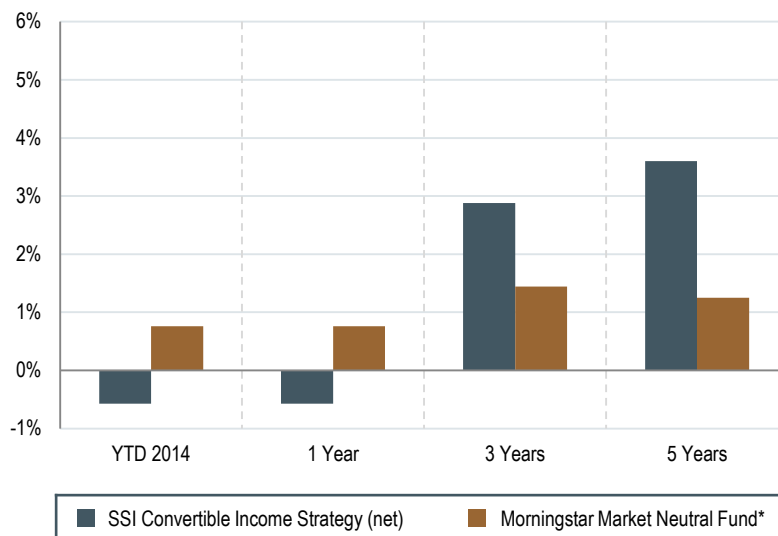
SSI Convertible Income Strategy is a fixed income alternative utilizing an absolute return focus to derive total return from three distinct sources: income, mispriced securities and volatility trading.

Investment Professionals

- Nine investment professionals dedicated to convertible securities
- Three senior Portfolio Managers with an average of 23 years of industry experience and 13 years of managing the strategy at SSI
- Six additional professionals with an average of 18 years of industry experience and 13 years at SSI

Annualized Performance Data

Preliminary net of fee performance as of 12/31/2014
Inception 1/1/1995



Return Expectation

90 Day T-Bills + 300 bps

	YEAR 2014	Annualized Performance					Since Inception	Cumulative Since Inception
		1 YR	3 YR	5 YR	10 YR			
SSI Convertible Income Strategy (net)	-0.57%	-0.57%	2.88%	3.60%	4.67%	5.85%	212.04%	
90 Day T-Bills	0.03%	0.03%	0.05%	0.07%	1.46%	2.72%	71.12%	

*Returns are simple averages published by Morningstar for the Market Neutral category as of 9/30/2014

Investment Process

Step 1: Quantitative Screen

500 Securities	The universe is screened for convexity, issue size, liquidity, market cap and income profile
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Step 2: Fundamental Analysis

200-250 Securities	Traditional fundamental credit metrics are combined with equity analysis to determine fair value
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Step 3: Portfolio Construction

80-120 Securities	Convertible securities that appear undervalued and have attractive income characteristics – underlying common stock sold short
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Step 4: Portfolio Management

Diversified Portfolio	<ul style="list-style-type: none"> Monitor credit metrics, volatility, news flow and trading activity Actively adjust delta hedges Risk is managed by adjusting the composition of the portfolio based on liquidity, credit spreads, interest rates and volatility
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Step 5: Review/Sell Process

Sell Discipline	Securities where characteristics become unattractive or have deteriorating fundamentals are sold
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Top Five Holdings

BUNGE LIMITED CVT PFD	1.61%
TESLA MOTORS CVT SR NOTES "B"	1.57%
MGIC INVST CORP CVT NTS 144A	1.47%
VERISIGN INC CVT SUB NOTES	1.45%
ENCORE CAPITAL CVT SR NTS	1.41%

Key Strategy Attributes
12/31/2014SSI Convertible
Income Strategy

Number of Positions	112
Static Portfolio Income	2.86%
Avg. Hedge Ratio	65%
Median Issue Size	\$250M
Bond Quality*	Average B to BB
Avg. Percentage Below Theoretical (Fair) Value	4.13%

*Based on SSI assigned spreads. These are "equivalent" ratings

About SSI Investment Management – Established 1973

Integrity	SSI has a distinguished 40 year history
Experience	SSI is a pioneer in managing alternative portfolio strategies with one of the industry's longest track records
Continuity	SSI's Investment Team exemplifies longevity and consistency
Risk Management	SSI's culture embodies strict discipline and rigorous risk controls
Performance	SSI has consistently met or exceeded long-term expectations and demonstrated the ability to navigate difficult market environments

The SSI Convertible Income Strategy invests long in a diversified portfolio of convertible bonds/preferreds and short in a diversified portfolio of 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 90-Day Treasury Bill is appropriate. The volatility of this strategy is expected to be greater than the volatility of the 90-Day 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. All returns are 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, 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 90-Day Treasury bill.

Net performance is reduced by SSI's investment management fees (which may include performance fees). Gross performance does not include deduction of SSI's investment management fees (which may include 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 II for a complete description of the investment management 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).

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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