

Convertibles Top Performance in 2009
Convertible Arbitrage: The Highest Returning Hedge Fund Strategy in 2009[†]

Highlights of Convertibles:

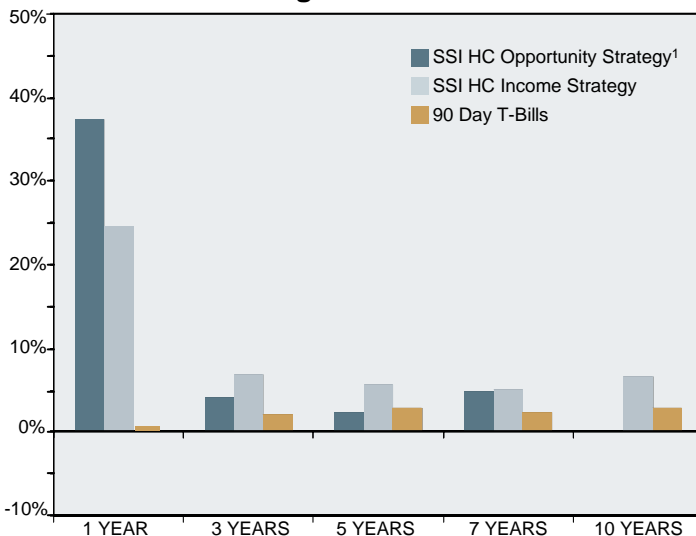
- Outperformance:** Convertibles beat most equities over market cycles, including: 1-year, 3-year, 5-year and 10-year time periods
- Sweet Spot** Risk-adjusted returns were compelling in 2009 and are expected to continue to be attractive as the economic recovery continues in 2010
- Attractive Yields** Convertibles continue to offer attractive yields and provide an income advantage; current weighted Yield-to-Best is 5.29%
- Tightening Credit Spreads** Corporate credit spreads are near prior cycles' highs; current levels are still wide at 248 bps over treasuries for BBB, 473 bps for BB, 597 bps for B and 990 bps for CCC
- Heightened Market Volatility** Stock-specific volatility remains above most caps and is becoming easier to monetize; currently mid-cap issuers are discounted 3-5%
- Accelerating New Issuance** Companies continue to take advantage of the recent strengthening in the stock market; current and historic new issuance significantly adds to returns

December 31, 2009

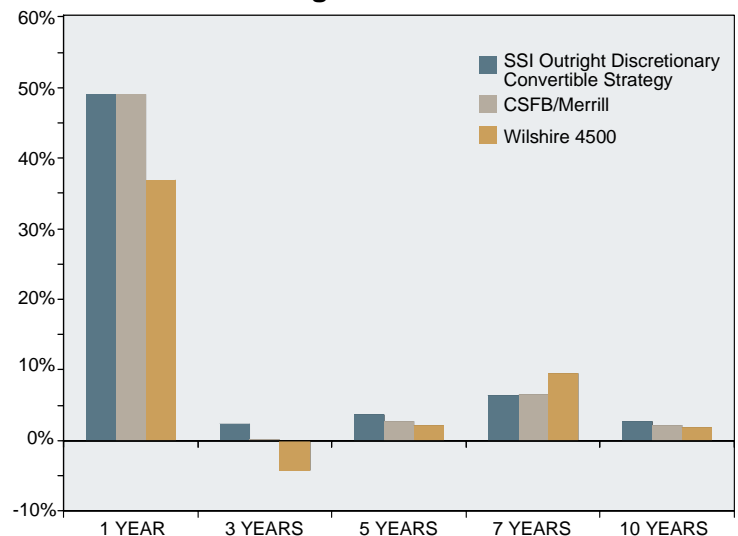
Performance Leader

YTD & Annualized Performance as of December 31, 2009 (Net of Fee)

Hedged Convertibles



Outright Convertibles



¹ SSI HC Opportunity Strategy inception date is April 1, 2001 and does not have a 10 Year track record. Please see net performance numbers on page 4. 90 Day T-Bill not drawn to scale for 1-year performance.

About SSI

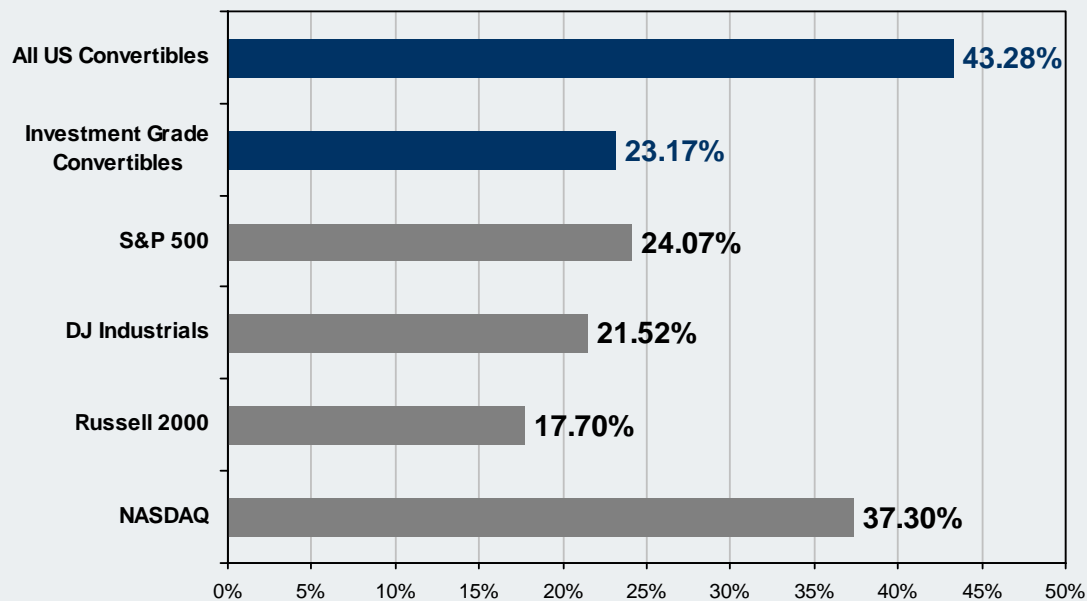
SSI Investment Management is a Registered Investment Advisor specializing in the creation of alpha-generating investment solutions for clients. Founded in 1973, SSI is recognized as an innovator in systematic investment strategies and the integration of a disciplined quantitative process with fundamental analysis. SSI's expertise in Market-Neutral strategies and short selling has been honed by the Firm's 36 years of experience. SSI's Senior Investment Team has worked together for more than 15 years with no turnover. Based in Los Angeles, California, SSI is 100% employee-owned.

[†]Barclays Capital Americas Top Picks 2010

The Convertible Investment Opportunity

Convertibles Outperform Most Benchmarks in 2009

2009 Year-to-Date Performance Results as of November 30, 2009



Source: Banc of America Securities-Merrill Lynch *US Convertible Market Overview and Preliminary Thoughts on 2010* November 2009
 All US Convertibles is the VXA0 Index.

Convertibles Have Outperformed Equities Over Market Cycles

Convertibles outperform Equity Indexes in the 1-Year, 3-Years, 5-Years, and 10-Years time periods on a cumulative basis.

Cumulative performance results as of November 30, 2009

	1-Year	3-Years	5-Years	10-Years
All US Convertibles	50.95%	-3.37%	12.40%	36.51%
S&P 500	25.38%	-16.37%	3.58%	-5.58%
NASDAQ Composite	41.13%	-9.37%	6.72%	-31.63%

Source: Banc of America Securities-Merrill Lynch *US Convertible Market Overview and Preliminary Thoughts on 2010* November 2009
 All US Convertibles is the VXA0 Index.

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Risk/Return of Convertibles Is Compelling

“As we head into 2010 with a sense of balanced optimism, we believe the convertible asset class is in the sweet spot of risk/reward.”

– Barclays Capital Americas Top Picks 2010

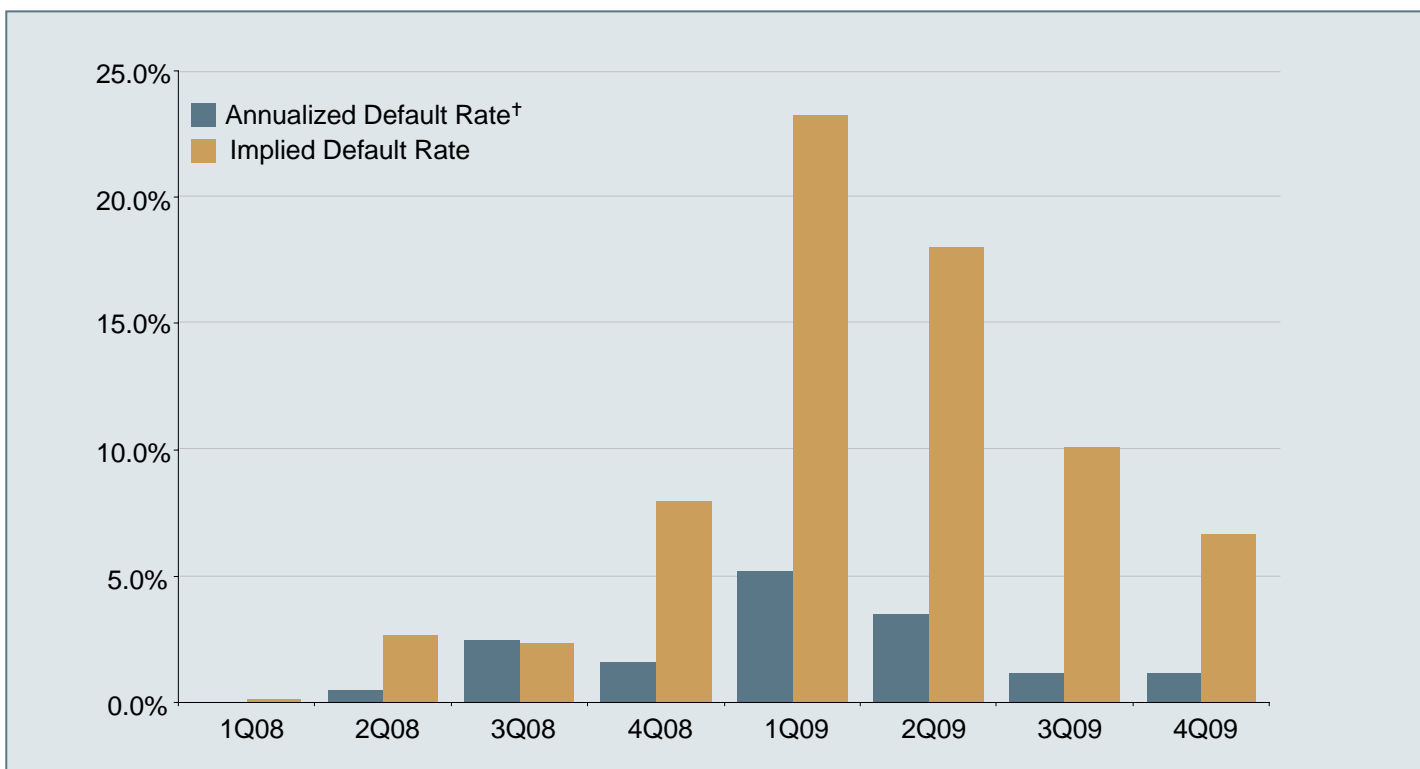
(December 1, 1989 – September 30, 2009)	Annualized Return	Standard Deviation	Sharpe Ratio
All Traditional Convertibles	8.81%	11.56%	0.40
S&P 500	7.97%	16.87%	0.23
NASDAQ Composite	9.01%	23.85%	0.20

Source: Banc of America Securities-Merrill Lynch *US Convertible Market Overview and Preliminary Thoughts on 2010* November 2009

All Traditional Convertibles is the V0A0 Index.

Actual Defaults Lag Implied Default Rates

As of November 30, 2009, busted and distressed convertibles account for 30% of the market; the implied default rate for convertibles remains much higher than current/ actual default rates and expectations for 2010.



†SSI calculates the annualized default rate using data from Merrill Lynch and Barclay's. The default rate is based on the number of issues that defaulted as a percentage of the total issues outstanding in the convertible universe.

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Hangover Effect After Two Extreme Years

The carry over effect due to extreme performance in both 2008 and 2009 is expected to be quite strong for 2010. Looking back to 1990, the prior cycle's worst period, convertibles continued to generate above trend returns for the following 36 months.

	SSI OUTRIGHT DISCRETIONARY CONVERTIBLE STRATEGY	CSFB CVT INDEX	BARCLAYS* G/C BOND INDEX	S&P 500
Quarter Ending Sept. 1990	-14.05%	-10.67%	0.60%	-13.75%
6 Month Forward	23.05%	16.93%	7.91%	24.79%
12 Month Forward	32.50%	27.06%	15.84%	31.17%
18 Month Forward	45.37%	39.43%	20.18%	38.57%
36 Month Forward	94.99%	81.07%	46.19%	64.61%

Source: Merrill Lynch, Barclays and Bloomberg
 Past performance is not necessarily indicative of future results. SSI performance results are net of fee.
 Please see the performance disclosure at the end of this document.
 *Formerly Lehman Brothers.

Longer-term Opportunity in the Convertible Market

“Strategists’ views are still supportive of convertibles going forward”

– Bank of America Merrill Lynch

Outright Convertible and Hedged Convertible strategies will continue above trend performance if the economic recovery continues.

Weighted Yield-to-Best for the portfolio is currently 5.29%, offering a strong income component for 2010.

Credit spreads are near prior cycles’ highs and have room for further narrowing in 2010.

New Issuance is likely to be a continued source of value.

Improved liquidity conditions, normalized funding and borrowing costs, stronger outright and cross-over investor participation and increased funds flowing back into Convertible strategies are all positives for the Convertible Market.

The Convertible Investment Opportunity

SSI Convertible Strategies – Performance Results

as of December 31, 2009 (Net of fee)

SSI Hedged Convertible Opportunity Strategy

	SSI HC Opportunity Strategy	90 Day T-Bill	SSI Value Added
1 YEAR	37.30%	0.16%	37.14%
3 YEARS	4.15%	2.22%	1.93%
5 YEARS	2.44%	2.88%	-0.44%
7 YEARS	4.82%	2.38%	2.44%
Annualized Since Inception	7.21%	2.40%	4.81%
Cumulative Since Inception	83.85%	23.10%	60.75%

SSI Hedged Convertible Income Strategy

	SSI HC Income Strategy	90 Day T-Bill	SSI Value Added
1 YEAR	24.45%	0.16%	24.29%
3 YEARS	7.00%	2.22%	4.78%
5 YEARS	5.75%	2.88%	2.87%
7 YEARS	5.20%	2.38%	2.82%
10 YEARS	6.55%	2.84%	3.71%
Annualized Since Inception	6.62%	3.62%	3.00%
Cumulative Since Inception	161.45%	70.50%	90.95%

SSI Outright Discretionary Convertible Strategy

	SSI Outright Discretionary Convertible Strategy	CSFB/Merrill	Wilshire 4500
1 YEAR	48.97%	49.12%	36.99%
3 YEARS	2.36%	0.06%	-4.30%
5 YEARS	3.55%	2.69%	2.14%
7 YEARS	6.31%	6.63%	9.51%
10 YEARS	2.76%	2.19%	1.74%
Annualized Since Inception	10.36%	9.51%	9.71%
Cumulative Since Inception	1331.14%	1062.42%	1012.64%

Past performance is not necessarily indicative of future results. Performance results are net of fee. SSI HC Opportunity Strategy inception date: 04/01/2001. SSI HC Income Strategy inception date: 01/01/1995. SSI Outright Discretionary Convertible Strategy inception date: 01/01/1983. Please see the performance disclosure at the end of this document.

The Convertible Investment Opportunity

SSI Hedged Convertible Investment Strategy

SSI's Hedged Convertible Market-Neutral strategy seeks absolute returns significantly greater than prevailing short-term interest rates, with moderate volatility and minimal correlation to major capital markets. Utilizing both quantitative and fundamental analysis to determine the best portfolio candidates, SSI's portfolio team constructs a diversified portfolio of convertible bonds and preferred stocks that have been evaluated on relative valuation and risk attributes. The portfolio is hedged at the position level through the short-sale of the underlying common stock. Treasury bond futures and credit default swaps may be utilized on a tactical basis for risk management. The Firm's proprietary models offer proven, systematic and low volatility portfolios for its institutional clients.

SSI Outright Convertible Investment Strategy

SSI's Outright Convertible strategy is opportunistic in that it is geared towards selecting convertibles that have low conversion premiums and investment value premiums, are "cheap" when compared to their theoretical value, have good call protection, and the underlying equity has strong fundamentals. Utilizing both quantitative and fundamental analysis to determine the best portfolio candidates, SSI's portfolio team constructs a diversified portfolio of convertible bonds and convertible preferred stocks that have been evaluated on relative valuation and risk attributes. Benefits of Outright Convertibles include: income stream of a bond, relative safety of principal, growth potential of common stock and reduction of equity market risk.

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Convertible Performance Disclosure

The SSI Hedged Convertible Market-Neutral Unlevered and Levered Composite 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. We expect to use leverage all or most of the time within the levered strategy. The composites contain fully discretionary accounts including those no longer with the firm. With interest rebates on short sales and coupon interest on convertible bonds/preferreds comprising a consistent and important component of the return of both composites, SSI believes a performance comparison versus 90-Day Treasury Bills is appropriate. However, 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, and leverage in the levered strategy. The return, if any, above 90-Day Treasury Bill is dependent upon higher interest income available in the convertible market and SSI's discretionary management. The other indices shown, if any, are not necessarily comparable to SSI's 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 Unlevered and Levered Hedged Convertible Market-Neutral portfolios during the period, dollar-weighted, including adjustments for unrealized gains and losses, the reinvestment of dividends and other earnings, the deduction of costs, time-weighted to adjust for additions and withdrawals, and reduced by the management fees (which may include performance fees) paid by such accounts, and (b) the net increase (decrease) of the 90-Day Treasury Bill. The SSI Hedged Convertible Opportunity Fund, which was added to the Levered Composite in May, 2008, is expected to incur administrative costs that are approximately between two and eight basis points higher per month than the costs of other accounts included in the composite, and also use a model management fee of the highest management fee used for the strategy.

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 INVESTMENT MANAGEMENT INC. BELIEVES THAT RESULTS WERE GENERATED WITH AN INVESTMENT PHILOSOPHY AND METHODOLOGY SIMILAR TO THAT DESCRIBED HEREIN. 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 INVESTMENT MANAGEMENT INC. AND WAS NOT COMPILED, REVIEWED OR AUDITED BY AN INDEPENDENT ACCOUNTANT. ANY INVESTMENT IS SUBJECT TO RISK OF LOSS. THE USE OF LEVERAGE INCREASES THE INVESTMENT GAIN OR LOSS IN DIRECT PROPORTION TO THE DEGREE OF LEVERAGE USED.

SSI Investment Management, Inc. acquired the assets of Frolely Revy Investment Co., Inc and its composites as of March 1st, 2009. SSI is not and does not claim to be GIPS compliant. However, from January 1, 1983 through December 31, 2008, Frolely, Revy claimed GIPS compliance and was verified by Ashland Partners & Company, LLP.

The Outright Discretionary Convertible strategy is invested in convertible bonds and convertible preferred stocks, and do not have credit quality restrictions. This composite was created in January 1983. The composite contains fully discretionary accounts including those no longer with the firm. SSI believes a performance comparison versus the Merrill Lynch All Convertibles (VXA0) index is appropriate. However, the volatility of this strategy is expected to be greater than the volatility of the Merrill Lynch All Convertibles index as the strategy holds a smaller number of positions as the index. The return, if any, above the Merrill Lynch All Convertibles index is dependent upon SSI's discretionary management. The other indices shown, if any, are not necessarily comparable to SSI's strategy. These are widely recognized market indices that are shown for informational purposes only. 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. The annual composite dispersion presented is an asset-weighted standard deviation calculated for accounts in the composite the entire year. 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 Outright Discretionary Convertible portfolios, dollar-weighted, including adjustments for unrealized gains and losses, the reinvestment of dividends and other earnings, the deduction of costs, except for any separate custodial fees, time-weighted to adjust for additions and withdrawals.

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