

# Convertible Investment Strategy

Inception: January 1, 1983



## Non-Core Fixed Income/Low Vol Equity

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

### Benefits

- Depth and continuity of the Investment Team
- 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
- 1.16 up/down capture ratio vs. S&P 500 since inception<sup>1</sup>

### 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

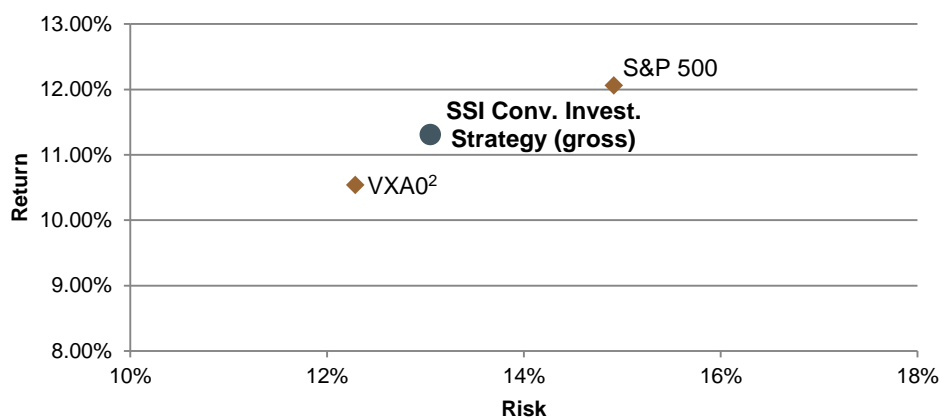
### About SSI

- Headquartered in Los Angeles, California
- Founded in 1973
- Registered Investment Advisor
- \$2.71 Billion AUM
- 29 Employees
- 12 Investment Professionals

## Developments

Equities resumed their uptrend in October, with the S&P 500 posting a gain of 7.01%. Markets were bolstered by strong corporate earnings, which exceeded expectations and grew at a very healthy rate. Third quarter GDP came in below expectations, but other economic data was generally favorable. Inflation continued to be a concern, as labor shortages and supply chain issues persisted. Investors now expect the Federal Reserve to begin raising rates late next year. During the month, the Bloomberg Aggregate Bond Index declined 0.03% and the VIX Index declined by 6.9 points to 16.3. During October, SSI's Convertible Investment Strategy posted a gain of approximately 3.44% (gross of fee), which trailed the 3.58% return of the ICE BofA All US Convertible Index (VXA0). Returns relative to the index were held back by an underweight in Utilities, which was one of the better performing sectors. The portfolio was helped by an overweight in its two best performing sectors, Energy and Materials. During the month, the allocation to Technology was increased to an overweight to take advantage of growth opportunities. The Strategy is significantly overweight balanced convertibles, which offer an attractive risk / return profile. New issuance slowed to \$155 Million in October, although the total for 2021 is a very healthy \$75 Billion.

**SSI Convertible Investment Strategy**  
Risk vs. Return Since Inception (1/1/1983)

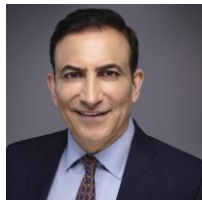


### Preliminary Performance as of 10/31/2021

	Preliminary Performance as of 10/31/2021		Annualized Performance					Annualized SI (1/1/1983)
	OCT 2021	YTD 2021	1YR	3YRS	5YRS	10YRS		
	%	%	%	%	%	%	%	
<b>Convertible Invest. (Gross)</b>	<b>3.44</b>	<b>8.51</b>	<b>33.48</b>	<b>24.70</b>	<b>18.34</b>	<b>13.75</b>	<b>11.31</b>	
<b>Convertible Invest. (Net)</b>	<b>3.39</b>	<b>8.02</b>	<b>32.75</b>	<b>24.01</b>	<b>17.72</b>	<b>13.18</b>	<b>10.85</b>	
VXA0 Index <sup>2</sup>	3.58	10.19	32.95	24.19	18.59	14.04	10.54	

<sup>1</sup> Source: SSI internal research. Based off of quarterly gross of fee returns (1/1/1983-9/30/2021). Net Up/Down capture ratio vs. S&P 500: 1.12

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



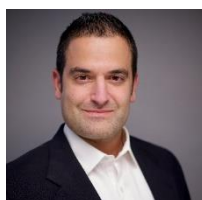
**Ravi Malik, CFA**  
Portfolio Manager  
27 Yrs. Experience



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



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



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

## Investment Professionals

- Four Portfolio Managers on the Convertible Investment Strategy team with an average of 26 years of industry experience and 20 years of managing the Strategy at SSI
- 12 Investment professionals who have been with SSI for an average of 19 years
- 24 Years average experience for investment professionals

### 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 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).

### List of Composites

A list of the Firm's composite descriptions and/or compliant presentations 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.

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