

SSI Investment Management Fact Sheet

Convertible Income Strategy

Inception: January 1, 1995

JUNE 2022



Liquid Alts/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

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

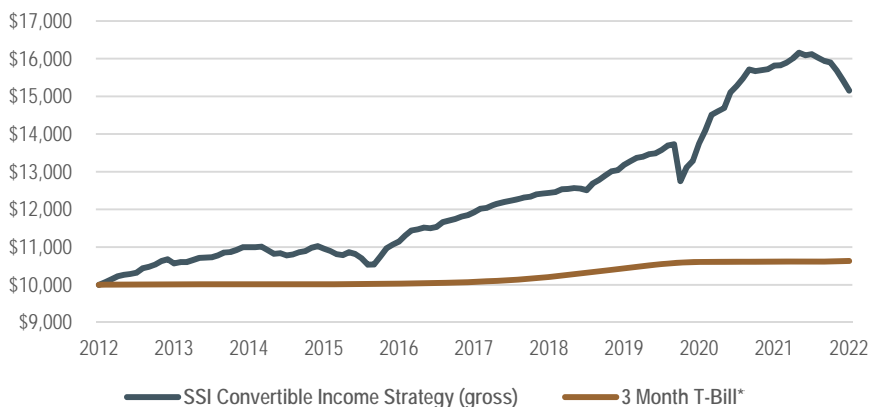
Developments

Most financial markets suffered significant declines during June, as the S&P 500 fell 8.26%. The adverse environment was driven by rising recession fears, as persistently high inflation prompted the Federal Reserve to raise the Fed Funds rate by 0.75%. Within the equity markets, more defensive sectors (Health Care, Consumer Staples, Utilities) posted the smallest declines, while Energy, which has been the strongest sector throughout the year, had the largest loss. Credit markets were also under pressure, as the Bloomberg High Yield Index fell 6.73% during the month. Interest rates moved higher with the yield on the 10-Year US Treasury rising to 3.02%.

SSI's Convertible Income Strategy declined approximately 1.80% (gross of fee) as the extreme weakness across the financial markets pressured convertible valuations. Our focus on higher quality companies with positive cash flows, relatively low debt levels and favorable business trends helped the Strategy hold up relatively well, when compared to other managers and asset classes. The portfolio currently offers the attractive combination of a historically high yield, a relatively low effective duration and especially strong profit potential from volatility monetization. June new issuance was \$1.7 Billion, which brings the year-to-date total to \$9.0 Billion.

SSI Convertible Income Strategy – 10 Year Growth of \$10,000

Preliminary performance as of June 30, 2022



Preliminary Performance as of 6/30/2022

	Preliminary Performance as of 6/30/2022		Annualized Performance				
	JUN 2022	YTD 2022	1 YR	3 YRS	5 YRS	10 YRS	Annualized SI (1/1/1995)
	%	%	%	%	%	%	%
Convertible Inc. (Gross)	-1.80	-6.02	-4.20	4.74	4.91	4.24	6.21
Convertible Inc. (Net)	-1.88	-6.47	-5.09	3.75	3.90	3.24	5.25
3 Month T-Bill*	0.07	0.17	0.19	0.61	1.09	0.62	2.20

*FTSE 3 Month Treasury Bill.



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
- 12 Investment professionals who have been with SSI for an average of 19 years
- 25 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 Frolely, Revy Investment Co., Inc. ("Frolely, 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.

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 Frolely, Revy and its composites as of March 1, 2009. Prior to the acquisition, Frolely, 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.