

# SSI Investment Management

## Investment Grade Convertible Strategy

Inception: January 1, 1999



### Conservative Equity Alternative with Enhanced Income

SSI Investment Grade Convertible Strategy is a diversified portfolio of Investment Grade and near Investment Grade convertible securities, seeking enhanced income and equity upside participation while establishing a soft floor that limits downside risk through its debt component

#### Benefits

- Investment Team displays exemplary depth, continuity and capacity
- Participation in the appreciation of common stocks
- Less volatility than common stock
- Higher quality bonds less susceptible to economic downturns
- Debt component provides downside protection and the ability to collect interest and principal
- 1.74 up/down capture ratio vs S&P 500 since inception date<sup>1</sup>

#### Strategy Description

Diversified portfolio of higher quality convertible securities

#### Securities Utilized

- Investment Grade and near Investment Grade convertible securities

#### Return Expectation

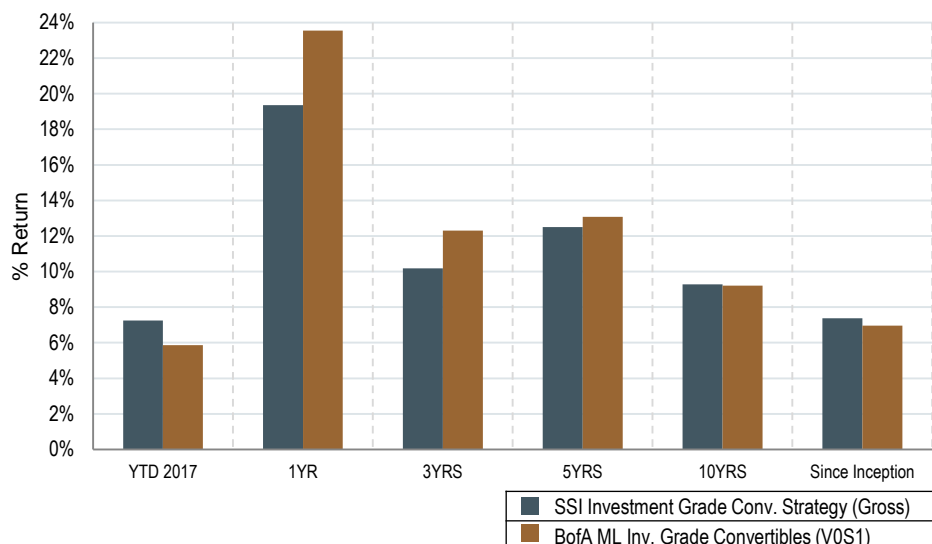
- Participate in 60%-70% of the upside returns generated by the S&P 500
- Limit participation to 50%-60% of the downside returns generated by the S&P 500
- Outperform the BofA ML Investment Grade Convertible Bond Index (VOS1)

#### About SSI

- Headquartered in Los Angeles, California
- Founded in 1973
- Registered Investment Advisor
- 100% Employee Owned
- \$1.4 Billion AUM
- 36 Employees
- 13 Investment Professionals

### Annualized Performance Data

Performance as of 3/31/2017



### Annualized Performance Data

Performance as of 3/31/2017  
Inception 1/1/1999

	Annualized Performance					
	YTD 2017	1 YR	3YRS	5YRS	10YRS	Annualized Since Inception
SSI Inv. Grade Conv. Strategy (Gross)	7.25%	19.35%	10.18%	12.50%	9.28%	7.38%
SSI Inv. Grade Conv. Strategy (Net)	7.04%	18.36%	9.17%	11.44%	8.38%	6.71%
VOS1 Index <sup>2</sup>	5.87%	23.55%	12.30%	13.08%	9.21%	6.96%

Key Strategy Attributes	SSI Investment Grade Strategy	BofA ML Inv. Grade Bonds (VOS1)
Number of Positions	44	43
Current Yield	1.15%	1.71%
Avg. Conversion Premium	7.48%	13.04%
Avg. Investment Value Premium	116.86%	115.34%
Duration	0.49	0.73
Avg. Issue Size (Millions)	\$1,025	\$660
Avg. Issuer Size (Millions)	\$70,703	\$61,705
Avg. Bond Quality	A-	BBB+

<sup>1</sup>Source: Zephyr StyleADVISOR. Based off of quarterly gross of fee returns (1/1999-3/2017). Net Up/Down capture ratio vs. S&P 500: 1.58

<sup>2</sup>BofA ML Investment Grade Convertible Bond Index (VOS1)



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



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



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



**Ethan Ganz**  
Associate Portfolio Manager  
14 Yrs. Experience

### Investment Professionals

- Three senior Portfolio Managers with an average of 24 years of industry experience and 14 years of managing the strategy at SSI
- Nine investment professionals dedicated to convertible securities
- Six additional professionals with an average of 19 years of industry experience and 14 years at SSI

#### Compliance Statement

SSI Investment Management, Inc. ("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 acquired the assets of Frolely, Revy Investment Co., Inc. ("Frolely Revy") and its composites as of March 1, 2009. SSI is 100% employee owned and is not affiliated with any parent organization nor does SSI have any subsidiaries. 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.

#### Policies

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

#### The Composite & Benchmark

The SSI Investment Grade Convertible Strategy began January 1, 1999 while the composite was created September 1, 2013 when SSI modified its Investment Grade composite by adding two more Investment Grade composites to properly address the clients varying investment guidelines. Accounts are now in a composite that reflects their investment guidelines. The SSI Investment Grade Convertible Strategy invests in investment grade and up to 25% non-investment grade convertible securities. The composite contains fully discretionary accounts including those no longer with the firm. The composite may include accounts invested in investment grade convertible preferred shares up to generally 25% of the portfolio. SSI believes a performance comparison versus the BofA Merrill Lynch Investment Grade Convertible Bond Index ("V0S1") is appropriate. The V0S1 measures all Investment Grade US Convertible bonds (as stated by BoA ML). SSI may not hold all convertibles in the V0S1 and may also hold convertibles that are not included in the V0S1. The Strategy may be less diversified than the V0S1. The volatility of this strategy may be greater than the volatility of the V0S1 as the strategy may hold a smaller number of positions than the Index, may include investment grade convertible preferred securities, and non-investment grade convertible securities. The return, if any, above the V0S1 is dependent upon SSI's discretionary management. Any other indices shown are not necessarily comparable to SSI's Investment Grade Convertible Strategy. These are widely recognized market indices that are shown for informational purposes only. The composite name was formally known as SSI Outright Investment Grade Convertible Strategy from 1/1/1999 – 3/31/2016 and on 4/1/2016 the new composite name became the SSI Investment Grade Convertible Strategy.

#### 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 Investment Grade Convertible 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 V0S1.

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 juliea@ssi-invest.com.

#### Additional Disclosure

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 & 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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