High Yield Strategy

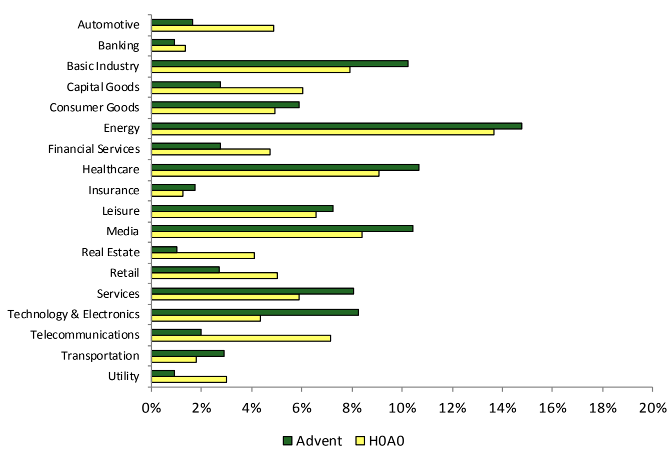
Newsletter| 3rd Quarter 2021

Returns

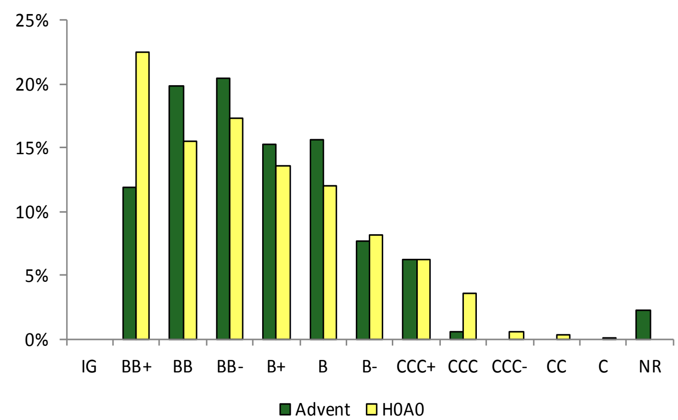
	3Q 2021 (%)	1 Year (%)	3 Year Ann. (%)	5 Year Ann. (%)	Since Inception Ann. (%)
High Yield Strategy (gross of fees)	0.83	12.91	7.34	6.80	6.86
High Yield Strategy (net of fees)	0.70	12.35	6.81	6.27	6.33
ICE BofA US High Yield Index (H0A0)	0.94	11.46	6.62	6.35	6.60

The above performance reflects that of the Long Only High Yield Composite ("High Yield Composite" or the "Composite"). Please see full disclosures at the end of this letter. Inception date of the Composite was January 1, 2011. Advent claims compliance with Global Investments Performance Standards (GIPS). Past performance is not a guarantee of future results. Performance is through September 30, 2021.

Sector Breakdown



Rating Breakdown



Top Performers[1]

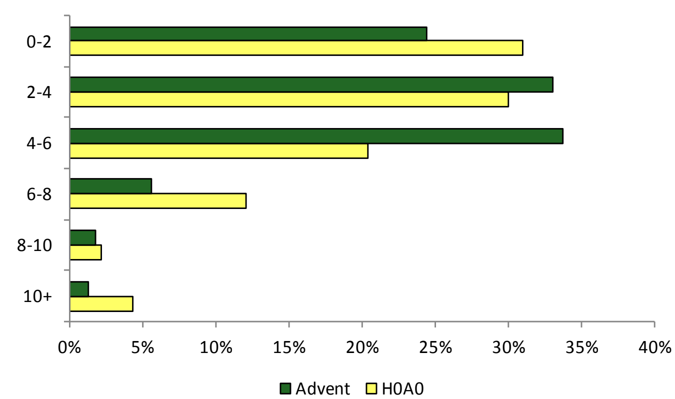
1. Occidental Petroleum
2. Kraft Heinz Foods
3. Stagwell

Bottom Performers[1]

1. PBF Holdings
2. Cooper-Standard Automotive
3. New Fortress Energy

[1]The holdings identified as top contributors to or detractors from performance do not represent all of the strategy's holdings during the period. Past performance does not guarantee future results.

Duration Breakdown



Characteristics	High Yield Strategy	H0A0
Yield to Worst	4.4%	4.1%
Spread	343	315
Modified Duration	3.5	3.8
Credit Quality	B+	B+
Number of Issues	122	2127
Top Five Issuers	6.5%	9.1%
Top Ten Issuers	12.4%	13.7%

Portfolio statistics are as of September 30, 2021.

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The coronavirus took center stage again in the third quarter, as the highly contagious Delta variant became the dominant strain across the globe and case rates increased dramatically throughout most of the summer. Investors initially fretted over the potential impact on the economic recovery, but these concerns were partially allayed as cases peaked in late August and steadily declined in September. Investors were also comforted by data indicating that the vaccines are working as intended, as the vast majority of hospitalizations and deaths are occurring among the unvaccinated population. The Fed also remained in the spotlight as recent statements and data indicated a likely tapering of asset purchases later this year and the potential for several rate hikes beginning in 2022 and extending into 2024. Although this led to increased volatility in the Treasury market, which was exacerbated by ongoing inflation fears and the drama around the U.S. debt ceiling limit, interest rates ended the quarter generally unchanged. Rounding out the contributors to increased volatility was the negative impact of continuing supply chain pressures on corporate earnings, and the Evergrande storyline that began to unfold in China as the quarter came to a close.

In the high yield market, spreads ended the quarter only slightly wider than where they began, and one could be forgiven for thinking that the low volatility environment in the second quarter persisted into the third quarter. However, all of the factors mentioned above contributed to increased intra-quarter volatility, with spreads widening over 40 basis points before moving tighter in the latter half of the quarter. Unsurprising, the sectors most vulnerable to a potential economic slowdown experienced the greatest volatility. Energy, for example, went from being the worst performing sector by mid-August to the top performing sector by the end of September. Sectors most vulnerable to supply chain issues were also impacted disproportionally, including Autos, where lingering chip shortages continued to impact production levels. Despite the relatively increased volatility, both spreads and rates remain near historic lows and contributed to a robust primary market. New issue volumes now stand close to $400 billion year-to-date and remain on pace to meet or exceed last year's record issuance. The ICE BofA US High Yield Index (H0A0) returned +0.94% for the quarter. Although we were able to capitalize on several alpha opportunities presented by the increased volatility, the Advent High Yield Strategy's (the "Strategy") return of +0.83% lagged the index, primarily due to the negative impact of several names most impacted by the factors mentioned above.

Capital Markets Performance

The increased volatility in the third quarter led to uneven and mostly muted returns across asset classes, with none gaining or losing more than 1%. Equity performance was mixed, with the S&P 500 gaining 0.58% and the Wilshire 5000 losing 0.58%, although this performance was impressive given the 46.18% increase in the CBOE Volatility Index. Treasuries eked out a small gain thanks to coupon income, with the 10-Year Treasury gaining 0.39%. Investment grade corporate bonds (represented by the ICE BofA US Corporate Master Index) lost 0.06%, as coupon income largely offset modest price declines.

High yield was a top performer with a +0.94% return, as its relatively high coupons more than offset small price declines. The higher quality double-B segment outperformed with a +1.08% return, driven entirely by coupon income. The single-B and CCC & Lower segments returned +0.69% and +1.01%, respectively, as the larger coupons in these segments were able to overcome price declines resulting from modest spread widening. All high yield industry groups posted positive returns for the third quarter. The best performing sectors were Energy, Banking, and Real Estate, while the Automotive, Media, and Transportation sectors lagged.

Top Performers[1]

The Strategy's top absolute performers during the quarter included Occidental Petroleum, Kraft Heinz Foods and Stagwell. Occidental Petroleum benefited from an almost 6% rise in crude oil prices, driven by increasing demand related to a reopening economy, and supply side discipline by both OPEC and U.S. shale producers. Occidental also benefited from the company's continued progress on debt reduction, which now stands at $4.5 billion for the year. Although we continue to believe that additional deleveraging from asset sales and free cash flow will move the company towards an investment grade rating profile over time, we reduced our exposure after the bonds reached our fair value target. Kraft Heinz Foods rallied after the company reported strong quarterly results. Although management called out cost inflation as a headwind, full year results are expected to be ahead of expectations as price increases and cost savings initiatives should mitigate these inflationary pressures. We continue to own the bonds and expect that additional debt paydowns from free cash flow and asset sales proceeds will drive this credit towards an investment grade rating over time. Stagwell, an advertising agency, rallied after the company reported strong quarterly results and completed its merger with MDC Holdings. As part of the merger, the company refinanced its secured bonds with unsecured bonds, which subsequently traded higher. We participated in this new offering, and believe the bonds have further upside as the company's digital business continues to grow and it uses free cash flow to deleverage its balance sheet.

Bottom Performers[1]

The largest detractors in the portfolio included PBF Holdings, Cooper-Standard Automotive, and New Fortress Energy. PBF Holdings, a merchant oil refiner, declined despite the positive expected impact of improving crack spreads and declining RIN (Renewable Identification Numbers) prices during the quarter. Although RIN prices improved, investors remain focused on the impact of still-elevated prices, rising natural gas input costs, and the impact of the Delta variant on the economy and the demand for refined products. We have reduced our overall exposure to the credit but maintain a position in the secured bonds given the company's strong liquidity, attractive assets, and our expectation that demand for PBF's products will increase as the economy continues to grow. Cooper-Standard Automotive, an auto parts supplier, declined after reporting a weak quarter. Results were negatively impacted by the ongoing global chip shortage, which has caused production shortfalls at many of its largest customers, and by rising raw materials costs. We exited this name as we expect these issues to further impact this credit over the near-to-intermediate term. New Fortress Energy, an integrated owner and operator of regassification terminals and power plants, fell as investors worried about the uncertain impact to the company of sharply rising natural gas and LNG prices during the quarter. We believe any impact will be manageable as the company's pricing agreements on both the supply side and the sales side serve to mitigate commodity price exposure. We continue to own the bonds as we believe long-term demand for natural gas remains intact, and the company's results should benefit from recently constructed plants coming on-line and new customer contracts.

Market Outlook and Portfolio Positioning

As the second quarter ended, tight absolute spread levels had left the high yield market vulnerable to a sell-off from exogenous factors, and this dynamic played out as the third quarter began. The sell-off was short lived; however, as an improving economy, a generally accommodative Fed, declining COVID case rates, and exceptionally low default rates continue to support spreads and limit the magnitude of any spread widening.

Although spreads are only slightly wider than where they ended the second quarter, the risk of increased and more frequent bouts of volatility has increased. Ongoing supply chain bottlenecks have begun to negatively impact a broad swath of industries and the ultimate impact and duration of these disruptions remains to be seen. The rise in oil prices, the recent stratospheric rise in natural gas prices, and labor shortages in certain industries could also negatively impact the economy and have fueled fears of higher inflation. Uncertainty about the Fed's plans for tapering and future rate increases will also likely contribute to interest rate volatility. Some or all of these issues may ultimately prove to be transitory, but many will likely contribute to increased volatility in the high yield market over the near to intermediate term. While these increasing risks have made us somewhat more cautious, we believe that in most cases any resulting spread widening will be limited in magnitude and duration, as the continued economic recovery benefits company fundamentals and keeps default rates near historic lows.

We will maintain overall portfolio duration close to that of the benchmark while underweighting long duration bonds to mitigate the impact of further rising rates, and keep the portfolio populated with strong, stable or improving credits that should perform well in a growing economy. We will keep cash on hand as dry powder and leverage our investment process to capitalize on attractive trading opportunities when periods of volatility arise, and a robust new issue market.

Marc Aylett
Portfolio Manager

Disclosures:

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Long Only High Yield Composite

Year	Total Return Gross of Fees %	Total Return Net of Fees %	ICE BofA ML US High Yield Index %	Number of Portfolios	Dispersion %	Total Composite Assets End of Period ($MM)	Total Firm Assets End of Period ($MM)
2011	4.49	3.91	4.38	≤ 5	N/A	192.1	5,537.9
2012	16.74	16.14	15.58	≤ 5	N/A	224.2	6,092.1
2013	9.26	8.74	7.42	≤ 5	N/A	218.6	7,591.3
2014	0.37	(0.15)	2.50	≤ 5	N/A	219.5	8,427.9
2015	(2.28)	(2.77)	(4.66)	≤ 5	N/A	318.7	8,563.3
2016	14.38	13.82	17.49	≤ 5	N/A	370.2	8,835.2
2017	7.54	7.03	7.48	≤ 5	N/A	408.4	9,350.1
2018	(1.49)	(1.98)	(2.29)	≤ 5	N/A	402.4	8,479.6
2019	14.05	13.48	14.41	≤ 5	N/A	596.7	9,300.1
2020	7.37	6.83	6.17	≤ 5	N/A	444.5	10,940.3

Composite Characteristics:
1) Advent's Long Only High Yield Composite (Composite) consists of the following:
- Inception of the Advent Long Only High Yield Composite is January 1, 2011 and the creation of the composite is September 2011.
- From inception through December 31, 2011, the Composite includes the performance of a sub-account (sleeve) within one of Advent's closed-end funds. From December 31, 2011 through June 30, 2015, the Composite includes a weighted average of two sleeves within two of Advent's closed end funds. From June 30, 2015 through October 31, 2015, the Composite includes a weighted average of three sleeves within three of Advent's closed end funds. The portfolios are long-only portfolios that seek to invest in high yield bonds to achieve both yield and investment gains. The portfolios are maintained separately on our books and records as well as by the custodian/administrator, BNY Mellon, including cash balances.
- From October 31, 2015 forward, the Composite also includes separately managed account(s) that are not sub-accounts of the above mentioned closed-end investment companies.
- No leverage or derivatives are used in the strategy.
- Accounts in the Composite primarily invest in USD denominated high yield bonds. The Strategy seeks to identify undervalued sectors and securities, based on relative value within and among the credit quality and industry segments of the market.
- As the inception of the strategy was January 1, 2011, there is no three year ex-post standard deviation statistics for the composite as of 12/31/2011 or 12/31/2012.
- As of 12/31/13, the 3-year ex-post standard deviation for the Composite was 6.79%. The ICE BofA Merrill Lynch U.S. High Yield Index (H0A0) 3-year ex-post standard deviation was 6.51%.
- As of 12/31/14, the 3-year ex-post standard deviation for the Composite was 4.84%. The ICE BofA Merrill Lynch U.S. High Yield Index (H0A0) 3-year ex-post standard deviation was 4.50%.
- As of 12/31/15, the 3-year ex-post standard deviation for the Composite was 5.23%. The ICE BofA Merrill Lynch U.S. High Yield Index (H0A0) 3-year ex-post standard deviation was 5.35%.
- As of 12/31/16, the 3-year ex-post standard deviation for the Composite was 5.74%. The ICE BofA Merrill Lynch U.S. High Yield Index (H0A0) 3-year ex-post standard deviation was 6.11%.
- As of 12/31/17, the 3-year ex-post standard deviation for the Composite was 5.21%. The ICE BofA Merrill Lynch U.S. High Yield Index (H0A0) 3-year ex-post standard deviation was 5.68%.
- As of 12/31/18, the 3-year ex-post standard deviation for the Composite was 4.32%. The ICE BofA ML US High Yield Index (H0A0) 3-year ex-post standard deviation was 4.64%.
- As of 12/31/19, the 3-year ex-post standard deviation for the Composite was 3.94%. The ICE BofA ML US High Yield Index (H0A0) 3-year ex-post standard deviation was 4.13%.
- As of 12/31/20, the 3-year ex-post standard deviation for the Composite was 9.42%. The ICE BofA US High Yield Index (H0A0) 3-year ex-post standard deviation was 9.39%.

2) The following is the criteria for inclusion in the Advent Long Only High Yield Composite:
- All new accounts will be included at the start of the measurement period following the date the portfolio begins being managed. This is true except when an account is the first account to enter the Composite, in which case the account enters the Composite immediately.
- Performance periods will be on a monthly basis.
- Portfolios that are terminated will be excluded from the Composite after the last full month the portfolio was under management.
- The Composite will be comprised of all accounts that meet the criteria to invest in Rule144A securities.

3) The following pertains to performance results:
- All performance is presented in US dollars.
- Annual returns for the Advent High Yield Composite are presented both gross and net of management fees. A model management fee is used for the sub-accounts within the three Funds and for any other accounts in the Composite. The model fee used for all accounts in the Composite is 50 basis points per year. Returns presented on a gross basis are substantially higher than returns presented on a net basis because gross returns do not reflect the deduction of investment advisory fees and other expenses that would be incurred by a client. The returns of a client investment in any Advent investment strategy will be reduced by the advisory fees and any other expenses it may incur in the management of its account. Investment advisory fees have a compounding effect in reducing the value of a client portfolio over time.
- The Advent High Yield strategy's advertised fee schedule is 0.50% on the first $50 million, 0.45% on the next $150 million, and 0.40% on over $200 million.
- Past performance is not necessarily indicative of future results.

4) Benchmark Information:
- The Composite is benchmarked to the ICE BofA Merrill Lynch U.S. High Yield Index (H0A0). The benchmark tracks the performance of US dollar denominated below investment grade corporate debt publicly issued in the US domestic market.

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