

HIGH YIELD STRATEGY OVERVIEW

PROFILE | JUNE 30, 2019



ADVENT
CAPITAL MANAGEMENT, LLC

INVESTMENT PHILOSOPHY

Advent employs deep fundamental credit research, thorough scenario analysis, and sophisticated analytic models to provide real-time valuation and risk metrics that facilitate timely decision making and an opportunistic trading strategy. By utilizing an alpha-focused relative value investment strategy, we have achieved superior risk-adjusted returns in the high yield market.

Our focus on alpha to generate compelling risk-adjusted returns leads us to typically maintain a relatively conservative portfolio structure in terms of credit quality and duration. As a result, our core performing high yield portfolios generally exhibited lower volatility than the benchmark.

KEY DIFFERENTIATING CHARACTERISTICS

- Comprehensive Scenario Analysis - Forward-thinking and rigorous fundamental analysis conducted by experienced credit research team
- Proprietary Valuation Models - Incorporates scenario-based fundamental research with real-time data to enhance decision making
- Proactive Risk Management Approach - Managed at time of purchase based on worst case loss scenario from analyst model
- Opportunistic Trading Strategy - Comprehensive analysis and real-time updates to valuation models provides for greater conviction
- Nimble Platform - Advantageous size and proprietary, real-time valuation models provide the ability to capitalize on mispriced opportunities when markets exhibit high volatility or diminished liquidity

RETURNS & SHARPE RATIOS	YTD	1 Year	2 Year Ann.	3 Year Ann.	5 Year Ann.	Ann. Since Inception
High Yield Composite (Gross of Fees)	10.20%	8.25%	5.43%	7.36%	4.38%	6.77%
High Yield Composite (Net of Fees)	9.92%	7.72%	4.91%	6.83%	3.86%	6.24%
ICE BofA ML US High Yield Index (H0A0)	10.16%	7.58%	5.02%	7.54%	4.70%	6.60%
iShares iBoxx High Yield Corporate ETF (HYG)	9.89%	7.62%	4.69%	6.71%	4.19%	5.70%
Sharpe Ratio: High Yield Composite (Gross)	3.00	0.99	0.79	1.42	0.67	1.09
Sharpe Ratio: ICE BofAML HY (H0A0)	2.85	0.91	0.66	1.39	0.69	1.05

The above performance reflects that of the Advent Long Only High Yield Composite ("High Yield Composite", or the "Composite"). Inception date of the Composite was January 1, 2011. Performance is as of June 30, 2019. The model fee used for all accounts in the Composite is 50 basis points per year. Past performance is not a guarantee of future results. 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. Investment advisory fees have a compounding effect in reducing the value of a client portfolio over time. Please see the "Disclosures" section at the end of this presentation.

EXPERIENCED TEAM

Michael Brown - Co-Portfolio Manager

Over 30 years of investment experience in the high yield market as an analyst, workout specialist, and portfolio manager. Joined Advent in 2011 and previously held positions at Evergreen Investments, Deutsche Asset Management, and Merrill Lynch Investment Management.

Marc Aylett - Co-Portfolio Manager

25 years of investment experience in the credit markets, primarily as a high yield analyst and portfolio manager. Joined Advent in 2015 and previously held positions at Pomelo Capital, Barclays, Lehman Brothers, and Goldman Sachs.

Portfolio Characteristics 3-Years Ending June 30, 2019	High Yield Strategy	Benchmark (H0A0)
Upside Market Capture	94.2%	100.0%
Downside Market Capture	87.2%	100.0%
Standard Deviation	4.3%	4.5%
Beta	0.93	1.00
CCC and Below Exposure as of 6/30/2019	8.3%	11.9%

Strategy Facts	
Yield to Worst	6.3%
Option Adjusted Spread	438 bps
Modified Duration	3.3 years
Inception Date	January 1, 2011
Benchmark	ICE BofA ML US High Yield Index (H0A0)

INVESTMENT MANAGER OVERVIEW

Advent Capital Management, LLC was founded in 1995 and is a registered investment advisor with the SEC. Advent manages approximately \$9.3 billion* in assets across several traditional, alternative, and closed-end fund strategies for corporations, public pension plans, insurance companies, foundations, endowments and high-net-worth individuals. Advent's proficiency in investing across the entire capital structure is driven by the strength of proprietary fundamental, bottom-up credit research.

Sector Breakdown	High Yield Strategy	Benchmark (H0A0)
Automotive	3.0%	1.8%
Basic Industry	14.6%	11.5%
Capital Goods	4.7%	5.3%
Consumer Goods	18.0%	11.7%
Energy	14.1%	15.6%
Financials	4.7%	9.0%
Healthcare	8.5%	10.4%
Media	6.0%	11.1%
Services	7.7%	5.5%
Technology	4.2%	5.7%
Telecom	7.0%	9.0%
Transportation	1.4%	0.9%
Utilities	0.0%	2.4%

*AUM as of June 30, 2019.
Portfolio statistics are as of June 30, 2019.

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Disclosures:

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Advent claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. The verification report(s) is/are available upon request. Advent has been independently verified for the period 9/30/95 – 12/31/17. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Long Only High Yield Composite has been examined for the periods 1/1/11 - 12/31/17. The verification and performance examination reports are available upon request. Additional information regarding policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request. Past performance does not guarantee future results. This performance report should not be construed as a recommendation to purchase or sell any particular securities held in composite accounts. Market conditions can vary widely over time and can result in a loss of portfolio value.

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

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 BofA Merrill Lynch High Yield Index (HOAO) 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 BofA Merrill Lynch High Yield Index (HOAO) 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 BofA Merrill Lynch High Yield Index (HOAO) 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 BofA Merrill Lynch High Yield Index (HOAO) 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 BofA Merrill Lynch High Yield Index (HOAO) 3-year ex-post standard deviation was 5.68%.

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.

4) Benchmark Information:

- The Composite is benchmarked to the BofA Merrill Lynch High Yield Master II Index (HOAO). The benchmark tracks the performance of US dollar denominated below investment grade corporate debt publicly issued in the US domestic market.
- Benchmark returns are not covered by the report of the independent verifiers.
- The iShares iBoxx High Yield Corporate Bond ETF ("the HYG Fund") is an Exchange Traded Fund that seeks to provide investment results that, before fees and expenses, correspond generally to the price and yield performance of the Markit iBoxx USD Liquid High Yield Index. The Markit iBoxx USD Liquid High Yield Index consists of publicly issued U.S. dollar denominated high yield corporate bonds with above-average liquidity; it is unmanaged and is not available for direct investment. Neither the Markit iBoxx USD Liquid High Yield Index nor the HYG Fund are indicative of the investment strategies employed by Advent Capital and each may contain different securities than the securities in the Composite.

Calculation Methodology:

Advent calculates an asset-weighted return using the aggregate method. This method aggregates market values and cash flows for all accounts and treats the composite as if it were one account. The dispersion measure is the asset-weighted standard deviation for accounts in the composite for the entire year. The dispersion measure is not presented for periods where there are five or fewer portfolios included in the composite for the full annual period.



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