

PHOENIX CONVERTIBLE STRATEGY BROCHURE

PROFILE | JUNE 2020



ADVENT
CAPITAL MANAGEMENT, LLC

OVERVIEW

Advent Capital Management, LLC was founded in 1995 and is a registered investment advisor with the SEC. Advent manages approximately \$8.6 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 its fundamental, bottom-up credit and equity research. Advent's team is among the largest and most experienced in the industry with 21 investment professionals. The firm has been managing assets in traditional and alternative strategies for nearly 25 years.

EXPERIENCED TEAM

Advent's investment team is among the largest and most experienced in the industry with 21 seasoned professionals. The portfolio managers have on average 29 years of investment experience in convertible and high yield securities, and our 7 research analysts have on average 22 years of experience covering their sectors.

INVESTMENT APPROACH

The Strategy seeks high returns with low volatility by investing in convertibles that trade close to bond value. Advent selects convertibles with a high bond value content that have favorable credit and equity fundamentals as well as positive asymmetry. Positive asymmetry means capturing meaningful equity upside with significantly less downside risk. These convertibles with higher bond content demonstrate structural alpha. Advent's fundamental research is critical in evaluating cash flow and balance sheet trends in order to identify attractive investments. Our disciplined investment process with a rigorous credit focus has resulted in a zero default rate and only four down years since the inception of the Phoenix Strategy in 1996.

OVERLOOKED INVESTMENT OPPORTUNITIES

Phoenix exploits the inherent advantages of income convertibles by identifying opportunities among companies that have temporarily fallen into market disfavor yet the selected investments tend to have long corporate histories and a stable to improving credit profile. Yields on income convertibles approach—and sometimes exceed—yields on non convertible securities of the same companies. Phoenix is a growth and income strategy, with a value profile, targeting companies and sectors that are temporarily out-of-favor in the market, but have attractive valuations and high potential returns.

There are multiple catalysts for income convertibles to appreciate: the underlying stock may advance; the bonds accrete to par at maturity; the company may be acquired (which often triggers a change-in-control put). Investors in income convertibles are “paid to wait” for appreciation. Downside protection is provided by our proprietary credit research process and by the favorable structure of high income convertibles that tend to have short maturities typically averaging under five years. Attractive income convertibles have often “fallen between the cracks,” having been sold by equity portfolio managers, but not yet identified by fixed-income investors.

CALENDAR YEAR RETURNS (%): ONLY FOUR DOWN YEARS IN 23 YEARS (GROSS)

| 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|------|-------|------|-------|------|-------|------|-------|------|------|-------|------|---------|-------|-------|--------|-------|-------|------|--------|------|------|--------|-------|
| 1.94 | 12.88 | 5.86 | 11.55 | 8.17 | 18.59 | 5.44 | 30.09 | 4.91 | 3.31 | 11.06 | 3.05 | (20.82) | 35.39 | 14.90 | (1.73) | 11.66 | 13.83 | 4.94 | (1.10) | 7.77 | 8.33 | (1.10) | 13.19 |

RISK AND RETURN CHARACTERISTICS: LONG TERM TRACK RECORD OF EQUITY-LIKE RETURNS WITH LOWER RISK

| | YTD (%) | 1 Yr (%) | 3 Yr Ann. (%) | 5 Yr Ann. (%) | 10 Yr Ann. (%) | 15 Yr Ann. (%) | Since Inception Ann. Return (%) | Standard Deviation Since Inception Ann. (%) | Sharpe Ratio Since Inception Ann. |
|---|---------|----------|---------------|---------------|----------------|----------------|---------------------------------|---|-----------------------------------|
| Phoenix Convertible Institutional Composite (Gross) | 0.61 | 4.83 | 5.11 | 4.91 | 6.84 | 6.37 | 8.02 | 8.07 | 0.73 |
| Phoenix Convertible Institutional Composite (Net) | 0.34 | 4.27 | 4.55 | 4.35 | 6.25 | 5.75 | 7.17 | 8.03 | 0.63 |
| ICE BofA Yield Alternatives Index (VYLD) | (3.06) | 2.92 | 4.68 | 4.02 | 5.41 | 4.81 | N/A | N/A | N/A |
| ICE BofA All Traditional Convertible Index (VOA0) | 9.64 | 17.79 | 12.99 | 10.45 | 11.65 | 8.95 | 8.65 | 12.72 | 0.51 |
| ICE BofA US High Yield Index (HOA0) | (4.78) | (1.10) | 2.94 | 4.58 | 6.48 | 6.68 | 6.60 | 8.90 | 0.50 |
| Bloomberg Barclays Capital US Aggregate Index | 6.14 | 8.74 | 5.32 | 4.30 | 3.82 | 4.39 | 5.30 | 3.38 | 0.94 |
| S&P 500 Index | (3.08) | 7.51 | 10.73 | 10.73 | 13.99 | 8.83 | 8.44 | 15.30 | 0.41 |
| Russell 2000 Index | (12.98) | (6.63) | 2.01 | 4.29 | 10.50 | 7.01 | 7.61 | 20.11 | 0.27 |

The above performance reflects preliminary returns of the Phoenix Convertible Income Institutional Composite (“Phoenix Institutional Composite”, or the “Composite”). Inception date of the Phoenix Composite was October 18, 1996. VYLD represents the ICE BofA Yield Alternatives Index. VOA0 represents the ICE BofA All U.S. Convertibles Index Excluding Mandatories. 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. Past performance is not a guarantee of future results. Please see the “Disclosures” section at the end of this presentation. AUM data as of June 30, 2020 and performance data as of June 30, 2020.

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Advent Capital Management, LLC (Advent) is an investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Advent is an independent, privately held limited liability company. Advent Capital Management UK Limited, a wholly-owned subsidiary of Advent located in London, is authorized and regulated by the U.K. Financial Conduct Authority. Advent specializes in global and domestic convertible, high yield, and event-driven strategies based on a credit focused investment process with offices in New York and London. Advent has approximately \$8.6 billion in assets under management (as of 6/30/2020). We manage institutional assets across long-only, alternative and closed end fund strategies. A list of all firm composites is available upon request.

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 – 12/31/19. 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 Phoenix Convertible Income Institutional Composite has been examined for the periods 10/18/96 - 12/31/19. 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. Performance reflects the reinvestment of dividends and other earnings.

Phoenix Convertible Income Institutional Composite

| Year | Total Return Gross of Fees % | Total Return Net of Fees % | Primary Benchmark: ICE BofA Yield Alternatives Index % | Secondary Benchmark: ICE BofA All Convertibles Excluding Mandatories Index % | Number of Portfolios | Dispersion % | Total Composite Assets End of Period (\$MM) | Total Firm Assets End of Period (\$MM) |
|------|---------------------------------|-------------------------------|--|---|----------------------|--------------|--|---|
| 2010 | 14.90 | 14.21 | 12.99 | 16.52 | 10 | 0.14 | 893.4 | 5,799.9 |
| 2011 | -1.73 | -2.29 | -1.73 | -3.41 | 10 | 0.31 | 1,047.6 | 5,537.9 |
| 2012 | 11.66 | 11.03 | 12.21 | 14.41 | 9 | 0.04 | 1,204.2 | 6,092.1 |
| 2013 | 13.83 | 13.20 | 10.33 | 25.00 | 9 | 0.03 | 1,356.2 | 7,591.3 |
| 2014 | 4.94 | 4.36 | 2.75 | 9.33 | 13 | 0.07 | 1,958.1 | 8,427.9 |
| 2015 | -1.08 | -1.63 | -8.77 | -2.75 | 14 | 0.26 | 1,932.2 | 8,563.3 |
| 2016 | 7.77 | 7.19 | 9.96 | 11.71 | 14 | 0.15 | 2,055.8 | 8,835.2 |
| 2017 | 8.31 | 7.74 | 9.44 | 15.70 | 13 | 0.23 | 2,044.7 | 9,350.1 |
| 2018 | -1.10 | -1.61 | -0.42 | 0.65 | 14 | 0.17 | 2,236.5 | 8,479.6 |
| 2019 | 13.19 | 12.59 | 14.40 | 22.89 | 15 | 0.34 | 2,525.0 | 9,300.1 |

Composite Characteristics:

1) Advent's Phoenix Convertible Income Institutional Composite (Composite) consists of the following:

- Inception of the Composite was October 18, 1996 and the creation of the Composite was September 2006.
- From inception, October 31, 1996, to August 31, 2001, the performance of the Composite represents that of a pooled investment vehicle (fund), which is counted as one separate account. The fund was comprised of accredited investors that could not invest in Rule 144A securities. The fund was no longer inclusive in the Composite as of August 31, 2001.
- The Composite was redefined as an Institutional composite with inception of the first managed account in the strategy on September 1, 2001.
- No leverage or derivatives are used in the strategy.
- All accounts included in the Composite invest in convertible securities that trade near their bond floors and provide positive asymmetry.
- As of 12/31/11, the 3-year ex-post standard deviation for the Composite was 8.55%. The ICE BofA Yield Alternatives Index (VYLD) 3-year ex-post standard deviation was 8.93%. The ICE BofA All Convertibles Ex. Mandatories Index (VOAO) 3-year ex-post standard deviation, as of the same date, was 12.20%.
- As of 12/31/12, the 3-year ex-post standard deviation for the Composite was 7.72%. The ICE BofA Yield Alternatives Index (VYLD) 3-year ex-post standard deviation was 6.12%. The ICE BofA All Convertibles Ex. Mandatories Index (VOAO) 3-year ex-post standard deviation, as of the same date, was 10.15%.
- As of 12/31/13, the 3-year ex-post standard deviation for the Composite was 6.84%. The ICE BofA Yield Alternatives Index (VYLD) 3-year ex-post standard deviation was 5.69%. The ICE BofA All Convertibles Ex. Mandatories Index (VOAO) 3-year ex-post standard deviation, as of the same date, was 9.09%.
- As of 12/31/14, the 3-year ex-post standard deviation for the Composite was 5.51%. The ICE BofA Yield Alternatives Index (VYLD) 3-year ex-post standard deviation was 4.71%. The ICE BofA All Convertibles Ex. Mandatories Index (VOAO) 3-year ex-post standard deviation, as of the same date, was 7.63%.
- As of 12/31/15, the 3-year ex-post standard deviation for the Composite was 5.16%. The ICE BofA Yield Alternatives Index (VYLD) 3-year ex-post standard deviation was 5.43%. The ICE BofA All Convertibles Ex. Mandatories Index (VOAO) 3-year ex-post standard deviation, as of the same date, was 8.35%.
- As of 12/31/16, the 3-year ex-post standard deviation for the Composite was 5.24%. The ICE BofA Yield Alternatives Index (VYLD) 3-year ex-post standard deviation was 6.31%. The ICE BofA All Convertibles Ex. Mandatories Index (VOAO) 3-year ex-post standard deviation, as of the same date, was 9.14%.
- As of 12/31/17, the 3-year ex-post standard deviation for the Composite was 4.69%. The ICE BofA Yield Alternatives Index (VYLD) 3-year ex-post standard deviation was 6.12%. The ICE BofA All Convertibles Ex. Mandatories Index (VOAO) 3-year ex-post standard deviation, as of the same date, was 8.18%.
- As of 12/31/18, the 3-year ex-post standard deviation for the Composite was 4.54%. The ICE BofA Yield Alternatives Index (VYLD) 3-year ex-post standard deviation was 5.12%. The ICE BofA All Convertibles Ex. Mandatories Index (VOAO) 3-year ex-post standard deviation, as of the same date, was 8.49%.
- As of 12/31/19, the 3-year ex-post standard deviation for the Composite was 4.46%. The ICE BofA Yield Alternatives Index (VYLD) 3-year ex-post standard deviation was 4.08%. The ICE BofA All Convertibles Ex. Mandatories Index (VOAO) 3-year ex-post standard deviation, as of the same date, was 8.39%.

2) The following is the criteria for inclusion in the Composite:

- Through 3/31/11, all accounts must have had an initial account value of at least \$5,000,000. As of 04/01/11, all account must have an initial account value of at least \$3,000,000.
- The Composite will be composed of all accounts that meet the criteria to invest in Rule 144A securities.
- The Composite does not include accounts of investors who are not Qualified Institutional Buyers due to their inability to invest in Rule 144A securities.

3) The following pertains to performance results:

- All performance is presented in U.S. Dollars.
- Returns for the Composite are presented both gross of fees and net of actual management fees paid by the Advent accounts but not expenses paid by the clients. The Phoenix Convertible Income Strategy's advertised fee schedule is 1% on the first 25 million, 0.80% on the next 25 million, 0.65% on the next 50 million and 0.55% over 100 million. The management fees are described in Part 2 of Advent's Form ADV. 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.
- Past performance is not necessarily indicative of future results

4) Benchmark Information:

- The Composite is benchmarked to the ICE BofA Yield Alternatives Index. The benchmark is defined as convertible securities with deltas less than 40%. Advent uses the ICE BofA All Convertible Index excluding Mandatories as a secondary benchmark because it's track record dates back to the inception of the Composite.
- Benchmark returns are not covered by the report of the independent verifiers.

Calculation Methodology:

The dispersion measure is the asset-weighted standard deviation for accounts in the composite for the entire year.

IMPORTANT INFORMATION ABOUT THIS DOCUMENT:

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