

CONVERTIBLE BONDS OFFER AN ASYMMETRIC RETURN PROFILE

Ask  the PORTFOLIO
MANAGER

What makes convertible investing so attractive?

Transcript of a video recorded on May 1, 2018

The convertible bond's appeal: Equity-like returns with less volatility over a full market cycle.

Converts are really the only way to get asymmetric return profile into a portfolio in any kind of institutional size.

By that we mean because of the skew in convertibles and how they perform in a rising market versus a falling market, convertibles tend to have higher participation in the upside than they do the downside. It's that asymmetric return profile that allows convertibles over a full market cycle to generate returns similar or better than the equity market with substantially less volatility.

At this point, a lot of people would push back and say, "Boy, that sounds like a free lunch. How can that exist?"

And the reason is that you have to own them over the whole market cycle to realize that. So, for the patient investor that makes a strategic allocation in convertibles, it really is kind of a unique product.



ELI PARS

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Video recorded 5/1/18.

Before investing, carefully consider the fund's investment objectives, risks, charges and expenses. Please see the prospectus and summary prospectus containing this and other information which can be obtained by calling 1-800-582-6959. Read it carefully before investing.

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Convertible securities consist of the potential for a decline in value during periods of rising interest rates and the risk of the borrower to miss payment.

Skew describes asymmetry from the normal distribution in a set of statistical data. Standard deviation is a statistical measure of the historical volatility of a mutual fund or portfolio.

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INVESTMENTS

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