

# CONVERTIBLES: FOR AN EQUITY OR BOND ALLOCATION

Ask **the** PORTFOLIO MANAGER

## How do convertibles fit in an asset allocation?

Transcript of a video recorded on May 1, 2018

### **Convertibles work particularly well in a rising rate environment.**

Convertibles can work a couple different ways in the asset allocation. The most common is as a strategic part of the equity allocation as a way to reduce risk. Typically, convertibles over a whole market cycle can perform similar or even better than the equity market with a substantial reduction in volatility.

Convertibles also can work well as a tactical part of the asset allocation to reduce interest rate risk in the bond allocation. Convertibles tend to perform well in a rising rate environment. In fact, in most rising rate environments, convertibles are up while the bond market is down. While they're the risky part of the fixed income allocation [convertibles] offer a nice way to reduce interest rate risk in a fixed income portfolio.



**ELI PARS**

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and Co-Head of  
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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.

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INVESTMENTS

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