

## FIRM OVERVIEW

FIRM ASSETS UNDER MANAGEMENT: **\$4.2B**

Palisade Capital Management is a privately-held investment management firm that offers a solutions-based approach towards client portfolios. Through our fundamental, research-intensive culture, our traditional and alternative investment strategies seek to deliver attractive returns aligned with our investors' priorities. Founded in 1995, Palisade's diversified client base includes corporations, public plans, financial institutions, family offices, and individuals.

## SHORT DURATION CONVERTIBLE BOND OVERVIEW

Strategy assets: **\$258M**

Inception date: **March 1, 2016**

Palisade seeks to generate asymmetric returns by investing in short-term domestic convertible bonds. Palisade believes these securities are an under-utilized asset class and that a portfolio composed of short term convertible bonds may offer investors liquid, low beta, low volatility-type exposures. The team seeks to invest in bonds that have a strong likelihood to repay principal at maturity or put date, and strives to build portfolios having compelling upside/downside capture ratios, attractive yields, and strong cash flows. Duration of the portfolio is generally expected to be less than two years.

## INVESTMENT TEAM

Assets Managed: **\$752M**

### William Lee

Managing Director,  
Senior Portfolio Manager,  
Convertible Strategies  
Joined Firm: 2006  
25 years investment experience

### Ray Lam, CFA

Lead Portfolio Manager,  
Short Duration Convertible Bonds;  
Senior Vice President, Analyst,  
Convertible Strategies  
Joined Firm: 2012  
30 years investment experience

### Mitchell Leung, CFA

Associate Portfolio Manager,  
Convertible Securities;  
Senior Vice President, Analyst,  
Convertible Strategies  
Joined Firm: 2011  
27 years investment experience

### Michael Chizmar

Vice President, Convertible Strategies  
Joined Firm: 2006  
21 years investment experience

## FOR MORE INFORMATION, CONTACT:

### Jim Marrone

Managing Director, Head of Institutional Sales and Investor Relations

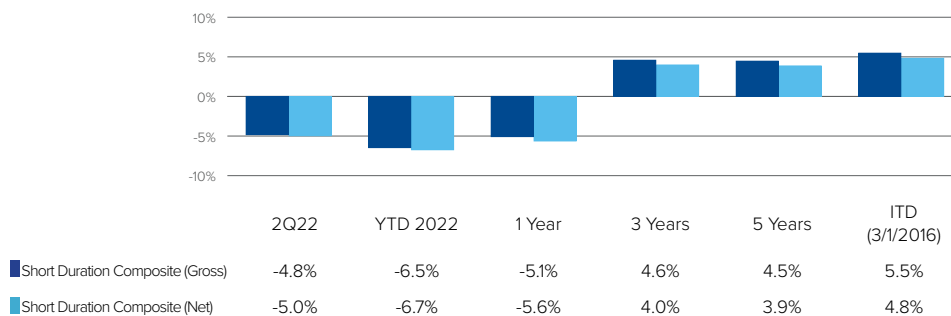
Email: [jmarrone@palcap.com](mailto:jmarrone@palcap.com)  
Phone: (201) 346-5736

### Don Triveline

Vice President, Business Development

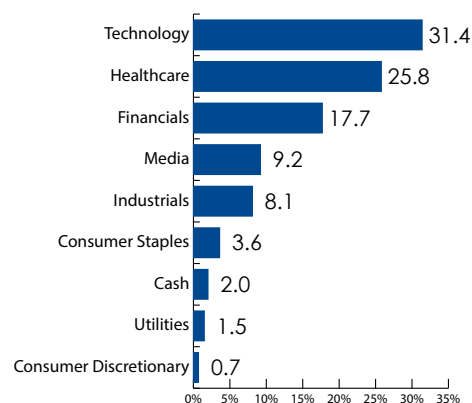
Email: [dtriveline@palcap.com](mailto:dtriveline@palcap.com)  
Phone: (201) 346-5732

## PERFORMANCE



Performance periods greater than one year are annualized.

## SECTOR ANALYSIS



Source: FactSet Research Systems, Inc.

## CHARACTERISTICS

|                             | SD Composite |
|-----------------------------|--------------|
| Coupon                      | 1.83%        |
| Price                       | 95.66        |
| Years to Maturity/Put       | 1.32         |
| Conversion Premium (Median) | 72.11        |
| Delta                       | 0.10         |

Source: Palisade, Bloomberg, L.P.

## STATISTICS (SINCE INCEPTION 3/1/2016)

|   | Annualized |                    |              |       | Upside Capture | Downside Capture |
|---|------------|--------------------|--------------|-------|----------------|------------------|
|   | Return     | Standard Deviation | Sharpe Ratio | Alpha |                |                  |
| Short Duration Convertible Composite (Gross)  | 5.5%       | 5.1%               | 0.9%         | -     | -              | -                |
| Bloomberg Barclays U.S. Aggregate             | 1.1%       | 3.8%               | 0.1%         | 5.3%  | 87.2%          | -12.2%           |
| Bloomberg Barclays U.S. Agg. Corp. High Yield | 5.2%       | 7.8%               | 0.5%         | 2.7%  | 58.7%          | 40.6%            |
| ICE BofA U.S. Convertible Index               | 11.9%      | 13.6%              | 0.8%         | 1.4%  | 22.3%          | 36.7%            |
| S&P 500® Index                                | 13.3%      | 15.3%              | 0.8%         | 2.1%  | 14.2%          | 25.5%            |

Source: FactSet Research Systems, Inc.

### TOP 10 HOLDINGS BY WEIGHT

|  | Weight       |
|--|--------------|
| New Mountain Finance Corporation 5.75% 15-aug-2023     | 3.8%         |
| Western Digital Corporation 1.5% 01-feb-2024           | 3.7%         |
| Jazz Investments I Ltd. 1.5% 15-aug-2024               | 3.6%         |
| Herbalife Nutrition Ltd. 2.625% 15-mar-2024            | 3.6%         |
| Ligand Pharmaceuticals Incorporated 0.75% 15-may-2023  | 3.5%         |
| Biomarin Pharmaceutical Inc. 0.599% 01-aug-2024        | 3.5%         |
| Gsk Finance (no. 3) Plc 0.0% 22-jun-2023               | 3.4%         |
| New Relic, Inc. 0.5% 01-may-2023                       | 3.4%         |
| Kaman Corporation 3.25% 01-may-2024                    | 3.3%         |
| Nuvasive, Inc. 1.0% 01-jun-2023                        | 3.3%         |
| <b>Short Duration Convertible Bond Composite Total</b> | <b>35.1%</b> |

Source: FactSet Research Systems, Inc.

### CALENDAR YEAR PERFORMANCE

|      | SD Composite Gross Return | SD Composite Net Return |
|------|---------------------------|-------------------------|
| 2021 | 6.5%                      | 5.9%                    |
| 2020 | 10.5%                     | 9.9%                    |
| 2019 | 9.6%                      | 9.0%                    |
| 2018 | 0.4%                      | -0.2%                   |
| 2017 | 6.2%                      | 5.4%                    |

### IMPORTANT INFORMATION

**Past performance is not a guarantee of future results.** No assurance can be given that the Strategy will be successful. The performance of the Strategy can be volatile and involve a high degree of risk. Investors may lose some or all of their investment.

Gross return results shown do not show the deduction of fees and expenses. Returns are presented net of management fees and include the reinvestment of all income.

Palisade Capital Management, L.L.C. ("Palisade" or the "Firm") is an SEC registered independent investment management firm established in 1995. Beginning December 31, 2007, Palisade was redefined to include private equity investments. Based in Fort Lee, NJ, Palisade manages a variety of assets for a diversified client base including institutions, foundations, endowments, pension and profit-sharing plans, retirement plans, mutual funds, private limited partnerships, family offices, and high net worth individuals. Registration with the Securities and Exchange Commission does not imply a certain level of skill or expertise.

Palisade Capital Management, L.L.C. claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. To receive a complete list and description of the Firm's composites and/or a presentation that adheres to the GIPS® standards, please contact Allison J. Chase, CIPM at (201) 346-5742 or achase@palcap.com.

Short Duration Convertible Bond Composite includes all tax-exempt portfolios invested in convertible bonds which meet the following criteria: a maturity or put date within three years or less from the date of purchase and priced between 90%-106% of par value at purchase. There is no available industry benchmark that invests solely in convertible bonds meeting these criteria; therefore, no benchmark is being disclosed. The minimum account size for this composite is \$3 million. Valuations are computed and performance results are reported in U.S. dollars. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual investment management fees. Actual investment management fees incurred by clients may vary. The Short Duration Convertible Bond Composite was created April 1, 2016.

The Bloomberg Barclays U.S. Capital Aggregate Bond Index covers the USD-denominated, investment-grade, fixed-rate, taxable bond market of SEC-registered securities.

The Bloomberg Barclays U.S. Capital Corporate High Yield Index covers the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market.

The ICE BofA U.S. Convertible Index (VXAO) (the "ICE BofA Conv Index") is a capitalization weighted index consisting of convertible securities designed to represent the universe of U.S. corporate convertible securities. Index data presented herein uses the most recent estimates available. Index performance is shown strictly for the purpose of comparison between the Strategy and the ICE BofA Conv Index. It is not possible to invest directly in the ICE BofA Conv Index. The performance and volatility of the Strategy will be different than those of the ICE BofA Conv Index.

The S&P 500® Index is an unmanaged index that is widely recognized as an indicator of general market performance. The S&P 500® does not have a defined investment objective nor does it charge fees and expenses.

Holdings, sector weights, and characteristics reflect those of the Short Duration Convertible Bond Composite. Holdings and weightings are subject to change at any time at Palisade's discretion. Individual portfolios may vary. It should not be assumed that any of the securities transactions or holdings shown were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities shown herein. The information provided in this report should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any security discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. Information is supplemental to the composite disclosure presentation, which is available upon request. Discussions regarding potential future events and their impact on any portfolio are based solely on historic information and Palisade's estimates and/or opinions, are provided for illustrative purposes only, and are subject to further limitations as specified elsewhere in this material. No guarantee can be made of the occurrence of such events or the actual impact such events would have on any portfolio's future performance.

Palisade is the source of all data unless otherwise noted.

The information herein is correct to the best of Palisade's knowledge as of the date indicated and is subject to change without notice. This information is confidential and for the use of the intended recipients only. It may not be reproduced, redistributed, or copied in whole or in part for any purpose without prior written consent. This document is not intended for distribution to, or use by, any party in any jurisdiction where such distribution or use would be contrary to local law or regulation.