

MacKay Shields Convertible Securities Portfolio

All data as of 6/30/24

Portfolio managed by:



Objective

The portfolio managers seek to employ an active equity-oriented convertible investment strategy that provides participation in the equity markets while emphasizing downside participation. The strategy is designed to help provide competitive performance with below-market risk while focusing on those convertible securities that offer the best risk/reward profile. There is no assurance the investment objectives will be met.

Investment process

From a universe of approximately 500 companies, the portfolio managers identify individual securities that have an underlying equity with a market capitalization of more than \$300 million. The portfolio managers look to reduce risk by targeting balanced convertible securities that are neither “busted” nor deep “in the money.” In particular, they seek convertibles that are expected to participate in 60%–80% of the underlying equity’s price appreciation, but only 30%–50% of its downside. The portfolio managers perform fundamental research to determine which companies display characteristics that they believe will lead to outperformance of the benchmark.

Portfolio management team

Edward Silverstein, CFA
Senior Managing Director

Buy/Sell Disciplines

Buy:

- In-depth company financial analysis
- Positive risk/reward profile
- Evaluate company management

Sell:

- Change in fundamentals
- Change in valuation
- Diversification

Portfolio Performance¹

	Pure Gross Return	BofA U.S. Convertible EX 144A Index	Net Return*
2023	4.8%	13.2%	1.7%
2022	-13.5	-17.6	-16.1
2021	8.5	7.3	5.3
2020	33.6	46.8	29.8
2019	21.4	22.4	17.8
2018	-2.9	-1.4	-5.8
2017	11.1	13.8	7.8
2016	10.8	11.0	7.6
2015	0.1	-3.1	-2.9
2014	4.7	9.7	1.6
2013	18.8	24.3	15.4
2012	9.9	14.9	6.8
2011	-4.7	-5.5	-7.6

Annualized Performance^{1,2}

	Pure Gross Return	BofA U.S. Convertible EX 144A Index	Net Return*
1 Year	3.7	8.1	0.6
3 Year	-1.2	-0.8	-4.1
5 Year	7.3	10.4	4.1
10 Year	7.0	8.5	3.9

Firm Overview

History:	1938 – Founded as an economic consulting firm 1969 – Became a registered investment advisor 1984 – Purchased by New York Life Insurance Company
Firm Assets:	\$144 billion as of June 30, 2024.
Ownership:	Wholly owned independent subsidiary of New York Life Investment Management Holdings LLC

Key Differentiators

- “Sweet Spot” orientation: MacKay Shields conducts intensive bottom-up, fundamental research to identify convertible securities with the most attractive risk/reward profile. The team seeks a balance between capital appreciation and attractive income potential while avoiding “busted” and “deep in the money” convertibles.
- Managing downside exposure: The investment team seeks to generate alpha while managing credit risk and adhering to a strict sell discipline. A security may be sold based on valuations, deteriorating fundamentals, or if better risk/reward opportunities are identified.
- A proven disciplined valuation process with an experienced research team. The Convertible Team’s research efforts are supported by the MacKay Shields High Yield Investment Team which includes four former Institutional Investor All American ranked analysts.



INVESTMENTS

www.newyorklifeinvestments.com

Past performance is no guarantee of future results, which will vary.

1. Pure Gross and Net composite performance reflects reinvestment of income and dividends. Performance is of the MacKay Shields Convertible Securities Composite. Individual account results may vary.

2. Supplemental information as of 6/30/2024.

3. Based upon a representative account. Provided for informational purposes only and may change daily.

Sectors and holdings are subject to change. This is not a recommendation to buy or sell any of the securities shown. There is no assurance that these securities will be profitable. All investments are subject to market risk, including possible loss of principal. Diversification cannot assure a profit or protect against loss in a declining market.

* Maximum program fee or highest advisory fee of 3% per annum (75 basis points per quarter).

Results shown in U.S. dollars.

This portfolio does not use derivatives.

ICE BofA U.S. Convertible Ex 144A Index is an unmanaged market-capitalization weighted index of domestic corporate convertible securities. To be included in the Index, bonds and preferred stocks must be convertible only to common stock and have a market value or original par value of at least \$50 million. Securities issued under Rule 144A are not included in the Index. Results assume the reinvestment of all capital gains and distributions. An investment cannot be made directly into an index.

MacKay Shields LLC is an asset management affiliate of New York Life Investment Management LLC (NYLIM) and is a Registered Investment Advisor. New York Life Investments, an SEC-registered investment advisor, claims compliance with the Global Investment Performance Standards (GIPS®). To receive a complete list and description of MacKay Shields' composites that adhere to the GIPS standards, please use the contact information below.

Investment objectives may not be met as the underlying investment options are subject to market risk and fluctuate in value. Please keep in mind that there are fees and expenses associated with investing in managed accounts. Accordingly, you can lose money investing in a separately managed account.

New York Life Investment Management LLC is an indirect wholly-owned subsidiary of New York Life Insurance Company ("New York Life") and a wholly-owned subsidiary of New York Life Investment Management Holdings LLC.

New York Life Investments

Managed Accounts

30 Hudson Street
Jersey City, NJ 07302

888-474-7725

newyorklifeinvestments.com

Top 10 Holdings^{2, 3}

3.7%	Palo Alto Networks, Inc.	2.2%	Apollo Global Management, Inc.
3.1	NextEra Energy, Inc.	2.1	Nutanix, Inc.
2.7	NICE Ltd.	2.1	Datadog, Inc.
2.6	Patrick Industries, Inc.	2.1	ON Semiconductor Corporation
2.4	Zscaler, Inc.	2.1	Shift4 Payments, Inc.

Portfolio Characteristics^{2, 3}

Number of Positions	49
Current Yield	0.83%
Wtd. Avg. Market Cap.	\$25.8 billion
Wtd. Avg. Delta	0.52

Market Cap Breakdown

Small (< \$2.5 billion)	15%
Mid (\$2.5–\$19 billion)	49%
Large (>\$19 billion)	35%

Sector Diversification^{2, 3}

