

KEY FEATURES

Global diversification

Multi-sector fixed income opportunity set

Not benchmark constrained

Dynamically allocates across credit and non-credit sectors depending on market environment

Short positions may be used to exploit relative-value opportunities and manage risk exposures

Approximate Risk and Return Targets

Annualized, Over Full Market Cycles

Volatility 4%–8%

Return LIBOR +3%–5%

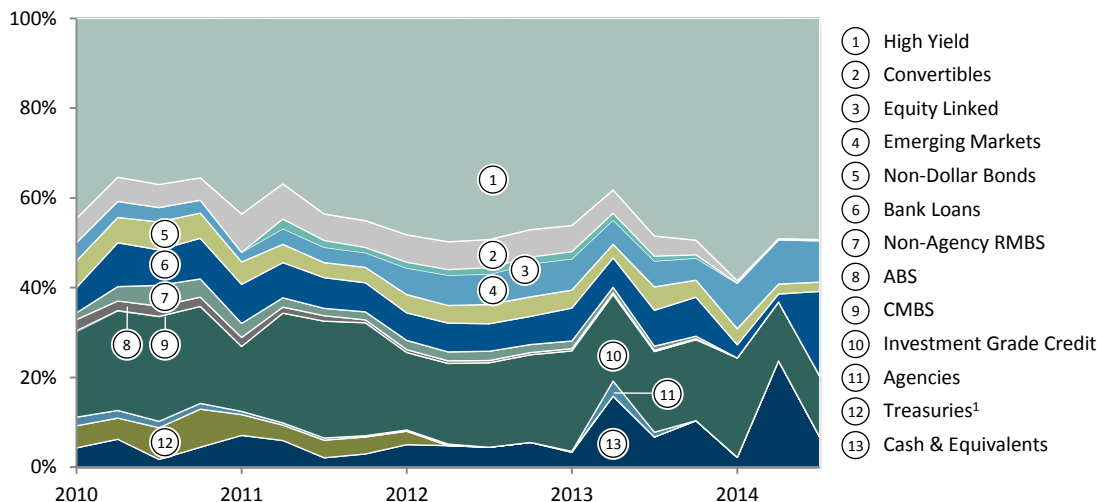
Sharpe Ratio >1

MacKay Shields Unconstrained Bond is a global multi-sector strategy that seeks to generate consistent alpha through top-down asset allocation and bottom-up security selection, with an emphasis on capital preservation. Defining features of this strategy include:

- **Top-Down Asset Allocation.** Different fixed income sectors outperform in different market environments. Dynamic sector allocation depends on accurate top-down analysis of the economic cycle, capital-market conditions and the global environment for risk taking.
- **Bottom-Up Security Selection.** Fundamental valuation assessments are made at the security and sector levels. High-conviction positions result in relatively low turnover and relatively long holding periods.
- **Capital Preservation.** The bonds we don't own are even more important than those we do. Our guiding principle is to avoid uncompensated risk. For example, a rigorous credit screen covers 32 indicators of risk, while duration management focuses on downside protection.

Responding to a Changing Environment

Historical Quarterly Sector Allocations



Past performance is not indicative of future results
Through September 30, 2014

¹Excludes the impact of Treasury futures

The chart above shows the historical quarterly relative weightings of sectors in two different representative portfolios. From January 1, 2014, the representative portfolio was selected because it is the oldest account not constrained by rules under the Investment Company Act of 1940 (the "40 Act"), which we believe better reflects the characteristics of the strategy for clients that are not regulated under the 40 Act. Before January 1, 2014, the representative portfolio was selected because it is the oldest and largest account in the composite. Neither portfolio was selected based on performance. The weighting of any one sector may be calculated by measuring the percent of such sector less the percent of the cumulative sectors beneath it. Actual holdings will vary for each client and there is no guarantee that a particular client's account will have the same characteristics. Portfolio holdings are subject to change without notice. For the purposes of presenting the representative portfolios' weightings after January 1, 2014, investments by the representative portfolio in commingled vehicles are presented on a "look-through" basis such that the holdings of such commingled vehicle (and not the commingled vehicle itself) were included.

Permitted Sector Weights

% Market Value





Credit	
Investment Grade Corporate	0–100
High Yield	0–70
Bank Loans	0–50
Emerging Markets Debt	0–40
Convertible	0–20
Securitized	
Agency	0–100
Non-Agency	0–50
Government	
Sovereign/Agency	0–100
Municipal	0–25
Duration Range	0–7 Years

MacKay Shields Global Fixed Income

The Global Fixed Income team has a high degree of autonomy within the firm over its philosophy, people and investment process. The team members have an average of more than 20 years' experience in the investment industry.

THE TEAM

Senior Portfolio Managers

 Dan Roberts, Ph.D. (CIO)	 Louis Cohen
 Michael Kimble	 Taylor Wagenseil

Portfolio analysts	6
Credit research analysts	9
Risk management analysts	3
Client portfolio manager	1
Traders	4

The MacKay Shields Advantage

The firm's history goes back more than 70 years. MacKay Shields was founded as an economic consulting firm in 1938, registered as an investment adviser in 1969 and acquired by the New York Life Insurance Company in 1984.

Small Enough to Be Nimble...

- Non-bureaucratic, entrepreneurial culture
- Able to be more agile in decision making and asset allocation

...Big Enough to Make an Impact

- Deep research resources
- Approximately 50 investment professionals and 150 employees in total
- \$89.9 billion in AUM as of September 30, 2014

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