What differentiates SiM from peers? And what explains the strategy's long-term top ranking within the universe?

In our view, SiM differentiates itself through a combination of genuine benchmark agnostic investing, high conviction portfolio construction and a very consistent investment philosophy that has now been applied for more than 25 years.

Unlike many traditional High Yield managers, SiM is not managed close to the benchmark. The portfolio typically consists of only 80-110 issuers, versus several hundreds for many peers. Sector positioning can differ materially from the index and from competitors.

This creates a portfolio that is truly active.

The strategy is built around three buckets:

* Core positions in resilient industries with long-term secular support,
* Out of Favor positions in recovery situations,
* and Deep Out of Favor opportunities where viable industries temporarily dislocate and create distressed valuations.

Historically, this approach has been a major driver of excess returns.

Importantly, the strategy is not driven by macro forecasting. The focus remains bottom-up:

* industry structure,
* free cash flow generation,
* liquidity,
* asset coverage,
* and downside protection.

The team also avoids excessive exposure to highly cyclical and capital intensive businesses.

Another important differentiator is the structure of the investment team itself.

SiM operates with a relatively small and experienced team where portfolio managers remain active credit analysts. Decision making is centralized, fast and highly aligned internally.

This has historically allowed the strategy to reposition much faster during stressed markets than larger and more committee-driven organizations.

The investment process itself also appears unusually disciplined.

Every investment is challenged internally through a formal "devil's advocate" framework before entering the portfolio. Any portfolio manager retains veto authority.

That discipline has translated into strong downside management over time.

Since inception, the strategy has delivered:

* approximately 110% upside capture,
* while downside capture remained below 90%.

That asymmetry is important in High Yield.

Over full cycles, avoiding large drawdowns often matters more than maximizing upside participation during strong markets.

The long-term performance record remains exceptional:

* approximately 180-190bps annualized gross outperformance since inception,
* with consistent excess returns across most calendar years and market environments.

The strategy has also historically added significant value during periods of market stress and dislocation, including:

* the Euro crisis,
* COVID,
* the 2023 Fed rate shock,
* and multiple energy and real estate dislocations.

In the current environment, this differentiation may become increasingly relevant.

Index-level spreads are relatively tight and broad beta exposure appears less attractive than in previous years. In this type of market, manager selection, issuer selection and active sector allocation become increasingly important drivers of returns.

This is historically the environment where SiM has differentiated itself most strongly.