



The case for a flexible approach to investing

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Your success. Our priority.

In investing, when everyone does something a certain way, it gets very competitive and it leaves opportunities for the people that do it differently.

Investing across the capital spectrum can provide interesting opportunities because no company's capital structure is quite like another. So in some companies, it might be very risky to buy an equity but that same company might have a bond that's below par and offers somewhat of an equity-like return with income or might have a convertible security.

So the flexibility to move across a cap structure allows an investor to identify their risk preference point and focus on that.

But within that risk budget, I might want to be exposed to biotechnology, or I might want to be exposed SaaS, or self-driving automobiles, or something. And you'd say, "Well, you can't be exposed to that because you're a conservative investor. You can't own those stocks." But it's not a question of stocks, it's a question of investing.

There's a different way to do it which is to say, "Well, let's just look for an outcome. Let's look for a very satisfactory current yield with some capital appreciation," and rather than saying, "We're going to find that in an equity, we're going to find that in a convertible, we're going to find that in a bond," we're just looking for the outcome and we find it where it is.

And we select securities on a bottom-up basis using research. Our approach is definitely the different approach of saying, we don't necessarily care whether it's a stock, or a bond, or a convert, or a preferred, or an MLP, or a REIT, if it's an income-generating security with capital appreciation, we'll examine it.

And therefore, we're ruling out super-risky equities with no dividend, we're ruling out super boring bonds that are definitely going to pay you your 3% and that's it, because we'd like to do a little better than that, and focusing on everything in the middle, and not worrying about what it's defined as but just worrying about what it's going to do for you.

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