

An experienced portfolio manager like Frolely, Revy skillfully customizes accounts by identifying the most convex convertible securities within the client's parameters of risk tolerance and objectives.

INVESTORS BENEFIT FROM CONVEXITY, AN INVESTMENT CONCEPT THAT INDICATES VALUE. CONVERTIBLES WITH HIGH CONVEXITY ARE LIKELY TO ENJOY A GREATER DEGREE OF EQUITY SENSITIVITY ON THE UPSIDE, WHILE SIMULTANEOUSLY PROVIDING A BUFFER IN THE EVENT OF A MARKET PULLBACK.

Convertible securities that capture an attractive risk/return relationship are priced near par, have call protection, and carry reduced spread between conversion and investment value premium.

Securities such as these are characterized as mid-market, or balanced, issues. We believe that highly convex, mid-market issues generate the best risk-adjusted returns over time.

INVEST WITH FROLEY • REVY

HIGHLY RESPECTED MANAGER

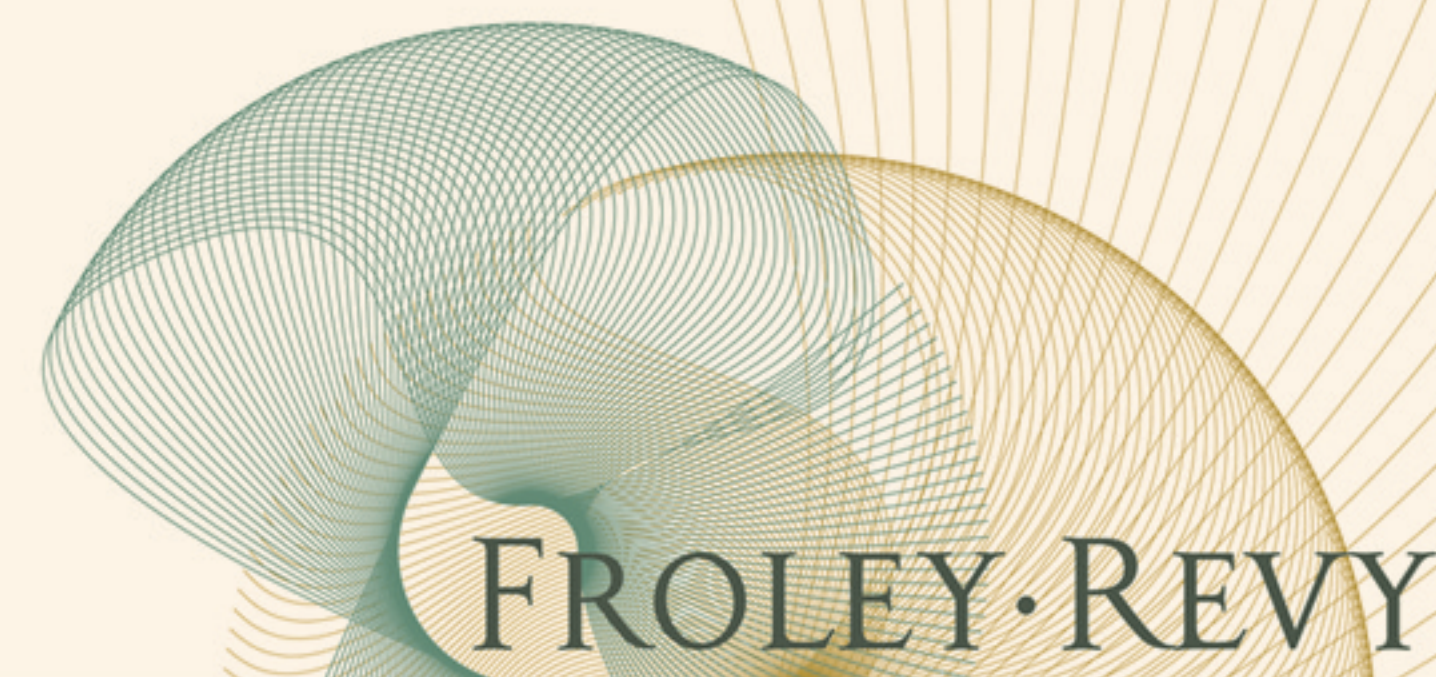
Our close relationships with top-tier Wall Street firms provide Frolely, Revy with direct access to corporate managements as well as liquidity.

MARKET VETERANS

Frolely, Revy's longevity and depth of experience in this asset class allows us to effectively navigate changing market conditions.

CLIENT FOCUSED

Our boutique size enables Frolely, Revy to engage in personal and transparent client relationships. The result is a highly engineered product, or portfolio, customized to your needs and designed to benefit you and your organization.



WE LIKE CONVEXITY... THE ALPHA OF THE CONVERTIBLE UNIVERSE

Founded in 1975, Frolely, Revy focuses exclusively on convertible securities, serving both individual and institutional investors. Frolely, Revy is a registered investment advisor and operates as a 100% employee-owned company.



FROLEY • REVY
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An innovative firm operating in a specialized market, Los Angeles-based Frolely, Revy Investment Co., Inc. employs both fundamental and quantitative processes to manage convertible securities. Our experience – continually informed by fresh insight – positions us to add value across varying market environments.

IT'S A STOCK, IT'S A BOND...

CONVERTIBLES COMBINE INTO ONE INVESTMENT VEHICLE THE BEST ATTRIBUTES OF BOTH STOCKS AND BONDS.

When the stock market rises, the convertible's equity characteristics add value. When the market falls, the fixed-income components provide the investor with downside protection.

As a means of earning equity-like returns with substantially reduced risk, this hybrid instrument plays a uniquely valuable role in the portfolio.

WE BELIEVE...

...convertible securities provide an appealing way to boost return to a bond portfolio without adding significant risk. On the equity side, this versatile asset class appeals to investors who seek a conservative means of gaining equity market exposure while protecting against market volatility.

WHEN EVALUATING THE RANGE OF AVAILABLE INVESTMENT INSTRUMENTS, CONVERTIBLE SECURITIES ARE AN ATTRACTIVE OPTION TO CONSIDER.

DID YOU KNOW..?

- In the years 1990 – 2006, convertibles returned 10.49% on an annualized basis with a standard deviation of 11.36%. For the same time period, the S&P 500 had a similar return of 10.85% but a standard deviation of 13.95%, 259 basis points higher than that of convertibles (source: Zephyr Style Advisor).
- Convertible securities can give return characteristics similar to many investment products in the market today. Just tell us what you are looking for.
- A vast amount of innovation goes into both the strategy and structure of our portfolios. We are able to deploy a surprising amount of flexibility by adjusting along the risk/reward continuum in response to each client's risk appetite.
- Convertible arbitrage is a core hedge-fund strategy tested for over twenty years. It's a strategy that has particular appeal in today's market environment.

A FLEXIBLE MENU OF STRATEGIES TAILORED TO EACH CLIENT'S INDIVIDUAL OBJECTIVE FOR RISK/REWARD. DESIGNED TO MAXIMIZE THE CONVEXITY INHERENT IN CONVERTIBLE SECURITIES.

INVEST WITH A LEADER
IN CONVERTIBLE SECURITIES
FROLEY • REVY

