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GDF .15 HJK 1.25 RTY 1.23 IOP .05 BNM 12.0 XCV .20 QEV .65 GDF .15 HJK 1.25 R

S i l v e r c r e e k



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.15 HJK 1.25 RTY 1.23 IOP .05 BNM 12.0 XCV .20 QEV .65 GDF .15 HJK 1.25 R Y 1.23  
GDF .15 HJK 1.25 RTY 1.23 IOP .05 BNM 12.0 XCV .20 QEV .65 GDF .15 HJK 1.25 R

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GDF .15 HJK 1.25 RTY 1.23 IOP .05 BNM 12.0 XCV .20 QEW .65 GDF .15 HJK 1.25 R

# Bryn Joynt, CPA, CA

Vice President

.15 HJK 1.25 RTY 1.23 IOP .05 BNM 12.0 XCV .20 QEW .65 GDF .15  
GDF .15 HJK 1.25 RTY 1.23 IOP .05 BNM 12.0 XCV .20 QEW .65



Silvercreek



management inc.

- Founded in 2000
- Two open investment vehicles
- SMI Defensive LP
- SMI Income LP

# SMI Defensive LP

- Established November 2008
- Short equity biased
- Annualized return of 14.1% since inception

# Investment Objectives

**1** Provide Attractive Absolute Returns

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**2** Superior Performance in Weak Equity Markets

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# Hedged Convertible Bond Positions

Buy Convertible Bond

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Sell Short Exactly What Bond Converts Into

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Create Synthetic Put  
on Underlying Common Equity

# Hedged Convertible Bond Positions





# Hedged Convertible Bond Positions

Downside

Value ↑

**\$100**  
Buy  
Convertible  
Bond

**\$10 Net Investment**  
**\$90**  
Sell Short  
Underlying  
Common

2 Years Later  
@ 4.5% = \$9

Potential Loss  
10% = \$1

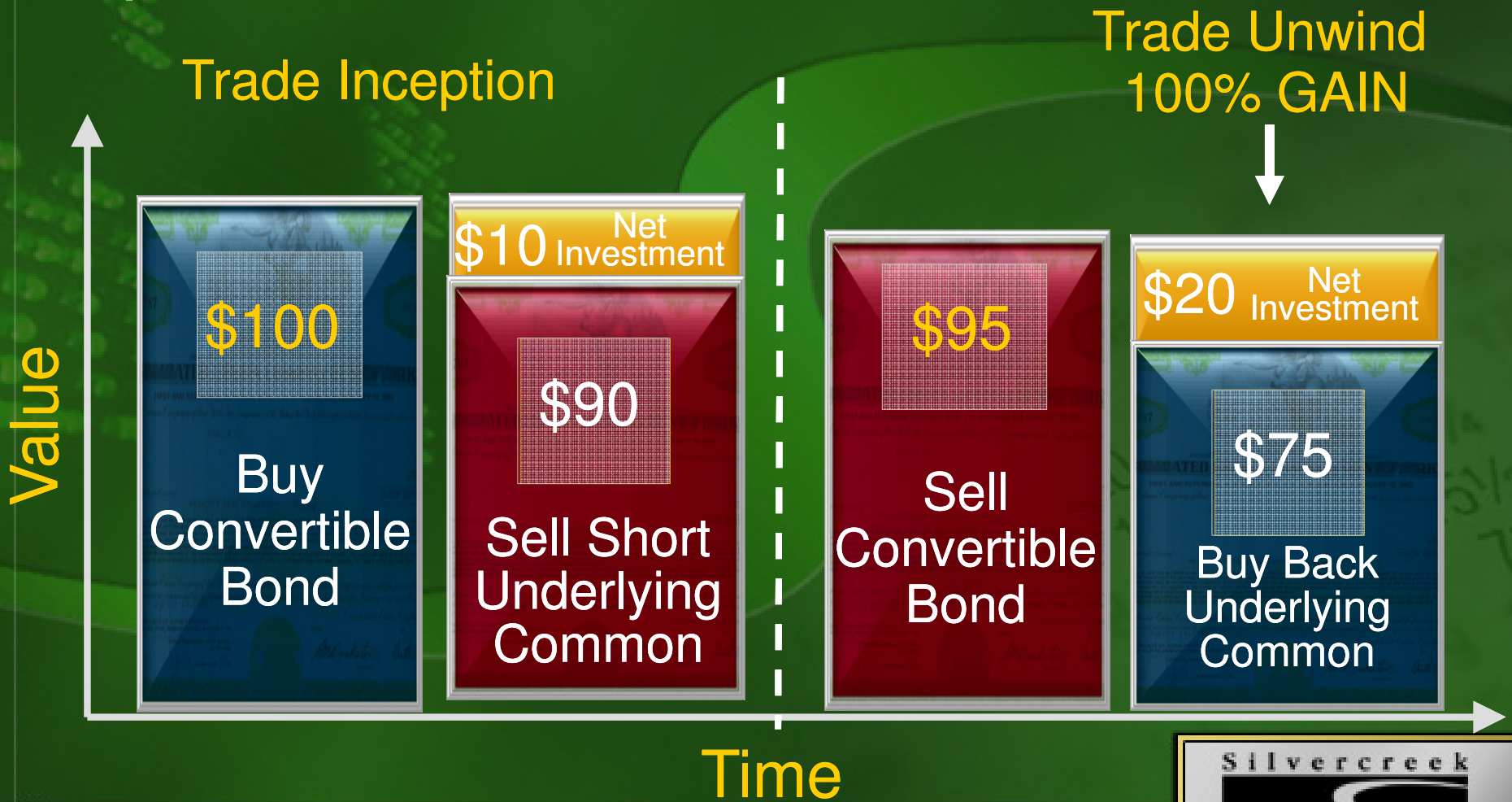
**\$9 Interest**  
Convert  
Bond To  
Cover Short  
Position

Time →



# Hedged Convertible Bond Positions

## Upside



# Hedged Convertible Bond Positions

## Portfolio Approach



- Establish portfolio of multiple positions
  - Small potential losses
  - Large potential returns
- A few large returns can offset many small losses



# Hedged Convertible Bond Positions

## Portfolio Approach

Market

North American Convertible Market

Downside Analysis

Reasonable Return Profile

Fundamental  
Analysis

Overvalued Stocks

Target  
Portfolio

GDP 1.2 HJK 1.5 RTY 1.8 IDP 2.1 BNM 2.4 XCV 2.7 QEV 3.0 GDP 3.3 HJK 3.6 RTY 3.9 IDP 4.2 BNM 4.5 XCV 4.8 QEV 5.1

# SMI Defensive LP Performance

As of July 31, 2014	Total Return from Inception <sup>(1)</sup>	Annualized Return	2014 YTD Return
<b>SMI Defensive LP</b> (after all fees)	113.3%	14.1%	4.6%

1. Launched November 2008

# SMI Income LP

- Established June 2012
- Income oriented
- Annualized return of 22.0% since inception



# SMI Income LP Performance

As of July 31, 2014	Total Return from Inception <sup>(1)</sup>	Annualized Return	2014 YTD Return
<b>SMI Income LP</b> (after all fees)	53.8%	22.0%	11.8%

1. Launched June 2012



# Contact Information



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GDP +1% HJK +1.5% RTY +0.5% IDP +0.5% BNM +12.0% XCV +0.5% QEV +0.5%