

Wellesley Investment Advisors, Inc.

Protecting the Portfolio: *Using Convertible
Bonds to Preserve and Grow Family Wealth*



*Limited Risk
Investing™*

Wellesley Investment Advisors, Inc.

20 William Street,

Wellesley, MA 02481

(781) 416-4000

Greg Miller, CPA, CEO

- Over 30 years experience advising high net worth individuals and investment professionals





The Wellesley Team



Michael Miller
Vice President



Jim Wiegel
Vice President



Joseph Buscaino
Senior Vice President

Historical Bear Markets: DJIA

<u>Year</u>	<u>Number of Bear Markets</u>	<u>Percent Decline</u>
1900s	3	46%, 49%, 27%
1910s	3	24%, 40%, 47%
1920s	1	89%
1930s	3	23%, 49%, 41%
1940s	1	24%
1950s	1	19%, S&P 500 fell 22%
1960s	3	27%, 26%, 36%
1970s	2	45%, 27%
1980s	2	24%, 36%
1990s	1	21%
2000s	2	38%, 53%

Investing with Convertibles

- Uncomplicated strategy
- Disciplined strategy
- Focus on absolute return and wealth protection
- Minimal volatility
- Annualized returns of over 10% for the last 14 years
- Only one down year in the last 14 years (2008: -12.21%)
- Convertibles can outperform both stocks and bonds over complete market cycles (6.5 years)



*Limited Risk
Investing™*

Rule #1

Capital Preservation is Primary Goal

Rule #2

Invest for Absolute Returns Not Relative Returns

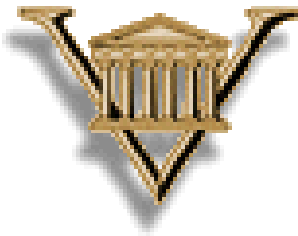
Rule #3

Invest with a Time Horizon Through Complete Market Cycles



*Limited Risk
Investing™*

Convertible Bond Performance



“Surprisingly, over long periods, convertibles typically provide a better total return than stocks.”

“In a volatile stock market, convertibles can reduce risk without sacrificing future returns.”



Performance Record

Year	<u>WIA</u>	<u>S&P 500</u>	<u>MLV0A0</u>
1995	18.88%	34.11%	25.93%
1996	9.06%	20.26%	15.35%
1997	21.71%	31.01%	20.34%
1998	15.42%	26.67%	9.62%
1999	18.42%	19.53%	42.35%
2000	16.17%	-10.14%	-12.18%
2001	10.64%	-13.04%	-5.68%
2002	2.05%	-23.37%	-4.73%
2003	14.15%	26.38%	25.06%
2004	5.53%	8.99%	7.69%
2005	2.57%	3.00%	-0.47%
2006	8.49%	13.62%	12.54%
2007	6.26%	3.53%	5.19%
2008	-11.99%	-38.49%	-32.85%
2009	12.04%	-2.49%	12.34%
Annualized	10.10%	6.48%	6.79%

Returns are from January 1995 to April 2009. Please see performance notes in appendix.

The ML V0A0 represents the US Convertible Market excluding mandatory convertibles.

© Wellesley Investment Advisors, Inc. 2009

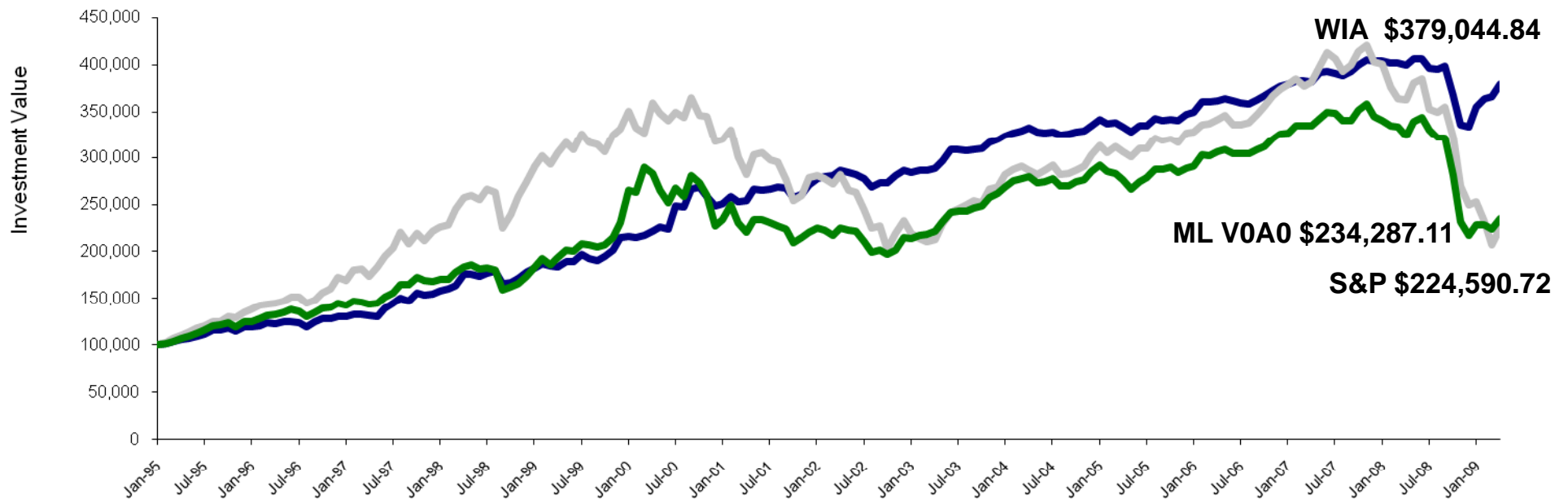
All numbers are approximate on all relevant slides.



*Limited Risk
Investing™*

Performance Record

Growth of \$100,000 : January 1995 – April 2009



Sources: ML VOA0 is the Merrill Lynch VOA0 US Convertible Index.
Please see performance notes in appendix.
© Wellesley Investment Advisors, Inc. 2009
All numbers are approximate on all relevant slides.



Performance Record

	Wellesley Convertibles	S&P 500	ML VOA0
Since Jan 1, 1995	10.10%	6.48%	6.79%
10 Years	7.72%	-2.48%	2.44%

Returns through April 2009

Sources: VOA0 is the Merrill Lynch VOA0 US Convertible Index. The S&P 500 Index is designed to be a leading indicator of US Equities.

Please see performance notes in appendix © Wellesley Investment Advisors, Inc. 2009 All numbers are approximate on all relevant slides.



*Limited Risk
Investing™*

How Are Convertible Bonds Doing in the Current Market Environment?

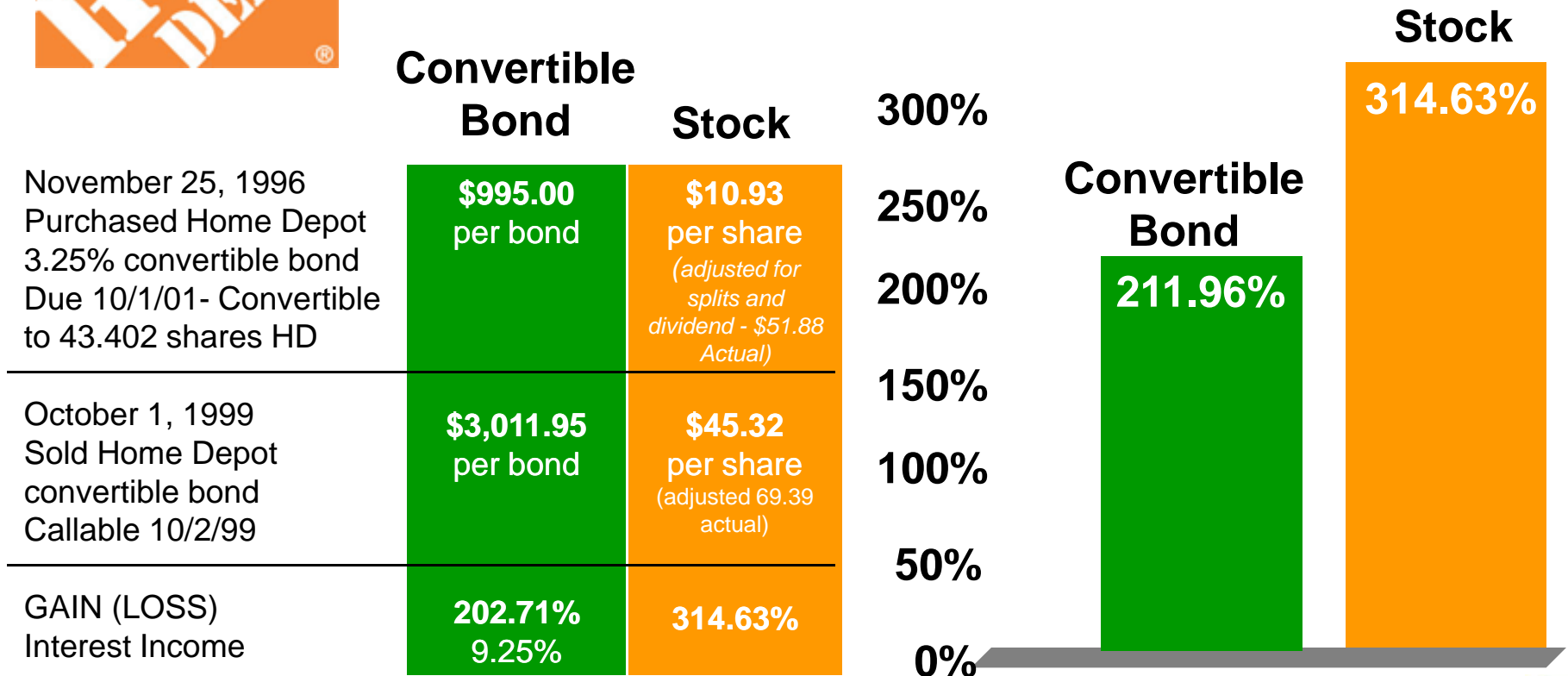
	S&P 500	WIA	MCFAX
5 months ended May 09	2.96%	16.35%	14.65%





Hypothetical Example: Home Depot

What Happens When the Stock Appreciates



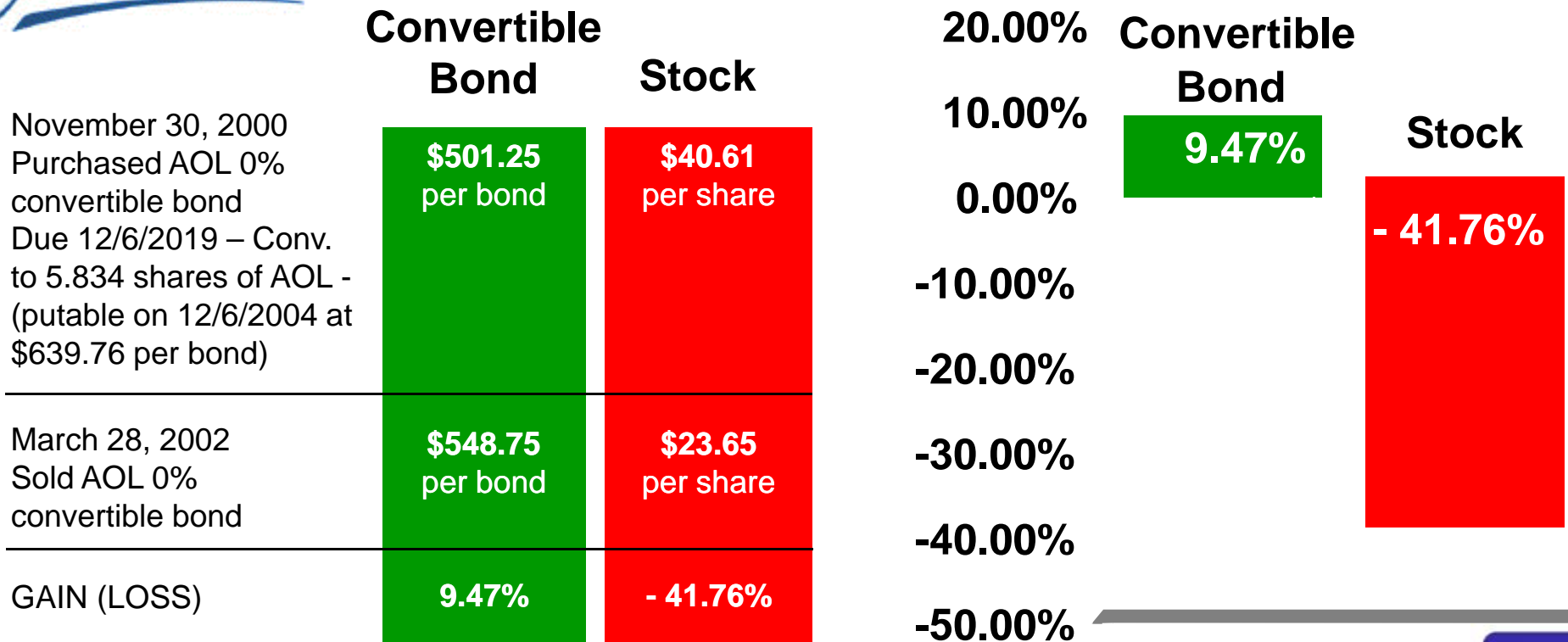
© Wellesley Investment Advisors, Inc. 2009. A complete list of securities recommended by the firm during the past year is available upon request. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities listed. All numbers are approximate on all relevant slides.





Hypothetical Example: AOL Time Warner

What Happens When the Stock Depreciates



© Wellesley Investment Advisors, Inc. 2009. A complete list of securities recommended by the firm during the past year is available upon request. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities listed. All numbers are approximate on all relevant slides.



Wellesley Investment Advisors

Three Laws of Convertible Investing for Absolute Return Investing

1. Invest in long convertibles.

The goal is to maximize returns and protect principal over periods of 6.5 years.

2. Buy converts that have no (or minimal) loss to the next ‘liquidity event.’

A liquidity event is the next call, put or maturity.

3. Buy converts with short-term liquidity events.

A short-term liquidity event is a put or maturity of 6.5 years or less.



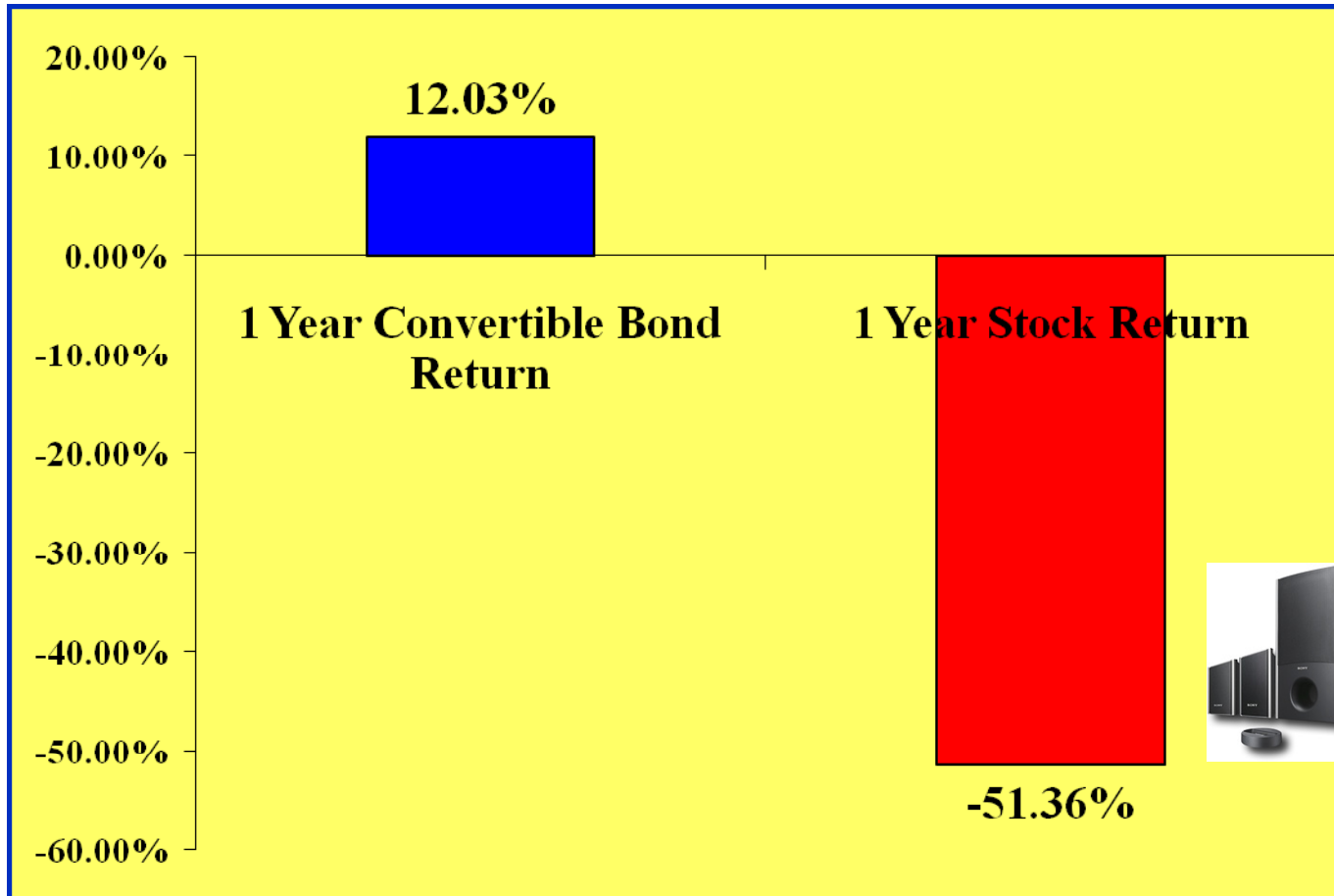
*Limited Risk
Investing™*

The Advantages of Puts in Convertible Bonds

Wellesley Investment Advisors' Three Laws of Convertible Bond Investing for Absolute Return



Example from 2002



© Wellesley Investment Advisors, Inc. 2009. A complete list of securities recommended by the firm during the past year is available upon request. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities listed. All numbers are approximate on all relevant slides.



Investing with Convertibles

Wellesley Investment Advisors' Long-Term Goal:

Choose convertible bonds which will earn 9% or more per year over 6.5 year periods – combining Yield + Capital Appreciation

Historically, the convertible bonds Wellesley Investment Advisors has selected

Yield = 3%

Capital Appreciation = 6%

Today, many high quality convertible bonds have

Yield to worst of 8%

All numbers are approximate. Numbers as of 4/30/2008 yield to worst will vary depending on the bond and credit quality.



Convertible Bond Definitions

Parity – What the investor would receive if they converted the convertible now.

Conversion Premium – The percentage difference between the convertible price and the parity

Yield to Put (“YTP”) Sometimes called **Yield to Worst (“YTP”)** and **Yield to Maturity** – The Discount rate that equates the current market price with the present value of the expected future cash flows. **Yield to Put** is the interest rate that investors would receive if they held the bond until its **put** date

Delta – The expected price participation of a convertible bond in the movement of a 1% move in the underlying stock price.



*Limited Risk
Investing™*

*Examples of Convertible Bonds for Sale
Now*



*Limited Risk
Investing™*

Investing with Convertibles



AAR 1.75% Feb 1, 2026

AAR Corp. is the premier supplier of products and services to the worldwide aviation/aerospace industry.

Convertible Bond Price	=	\$79.375
Investment Grade	=	BB
Yield to Worst	=	8.28%
Time to Next Put/Maturity	=	3.76 Years
Conversion Premium	=	55.01%
Delta	=	33.99

Stock Price: \$15.07

Stock: 52 Week Range \$9.69 - \$24.96

EPS: Last Year = \$0.52; Current Year = \$1.88; Next Year = \$1.91



© Wellesley Investment Advisors, Inc. 2009. 1. The bonds in these examples are not recommendations to buy. Before purchasing convertible bonds, investors should carefully review the bond prospectus and consult with a financial advisor who has experience in investing in and trading convertible bonds. Individual convertible bonds should be purchased based on risk tolerance, time horizons and other factors in concert with an investment professional. 2. All prices are approximate and as of May 1, 2009 from Kynex, Inc. 3. Current Year and Next Year EPS are from Zacks Investment Research. 4. Investment Grades are from FINRA and represent either S&P, Moody's or Fitch ratings.



*Limited Risk
Investing™*

AMGEN®

AMGEN 0.38% Feb 1, 2013

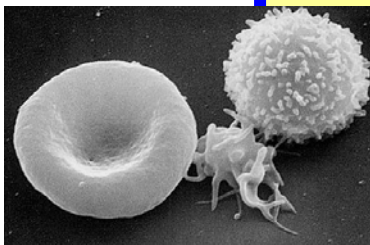
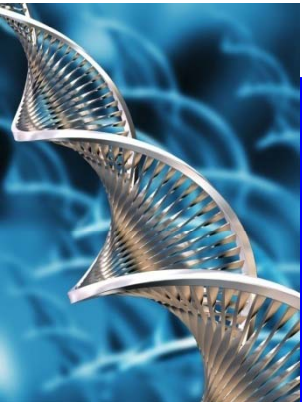
Amgen, Inc., a biotechnology company, engages in the discovery, development, manufacture, and marketing of human therapeutics based on advances in cellular and molecular biology.

Convertible Bond Price	=	\$90.904
Investment Grade	=	A+
Yield to Worst	=	2.96%
Time to Next Put/Maturity	=	3.76 Years
Conversion Premium	=	49.07%
Delta	=	17.88

Stock Price: \$48.47

Stock: 52 Week Range \$41.55 - \$66.51

EPS: Last Year = \$1.14; Current Year = \$4.557; Next Year = \$4.98



Limited Risk
Investing™

© Wellesley Investment Advisors, Inc. 2009. 1. The bonds in these examples are not recommendations to buy. Before purchasing convertible bonds, investors should carefully review the bond prospectus and consult with a financial advisor who has experience in investing in and trading convertible bonds. Individual convertible bonds should be purchased based on risk tolerance, time horizons and other factors in concert with an investment professional. 2. All prices are approximate and as of May 1, 2009 from Kynex, Inc. 3. Current Year and Next Year EPS are from Zacks Investment Research. 4. Investment Grades are from FINRA and represent either S&P, Moody's or Fitch ratings.



Alpha Natural Resources

Alpha Natural Resources 2.375% Apr. 15, 2015

Alpha Natural Resources is a coal producer that engages in underground room and pillar mining, and surface mining

Convertible Bond Price	=	\$71.045
Investment Grade	=	B+
Yield to Worst	=	8.72%
Time to Next Put/Maturity	=	5.95 Years
Conversion Premium	=	89.60%
Delta	=	47.63

Stock Price: \$20.48

Stock: 52 Week Range \$13.93 - \$119.30

EPS: Last Year = \$0.39; Current Year = \$2.00; Next Year = \$2.08



© Wellesley Investment Advisors, Inc. 2009. 1. The bonds in these examples are not recommendations to buy. Before purchasing convertible bonds, investors should carefully review the bond prospectus and consult with a financial advisor who has experience in investing in and trading convertible bonds. Individual convertible bonds should be purchased based on risk tolerance, time horizons and other factors in concert with an investment professional. 2. All prices are approximate and as of May 1, 2009 from Kynex, Inc. 3. Current Year and Next Year EPS are from Zacks Investment Research. 4. Investment Grades are from FINRA and represent either S&P, Moody's or Fitch ratings.



*Limited Risk
Investing™*

Investing with Convertibles



EnerSys 3.375% Jun 01, 2038

EnerSys is the global leader in stored energy solutions for industrial applications.



Convertible Bond Price	=	\$71.643
Investment Grade	=	BB
Yield to Worst	=	9.66%
Time to Next Put/Maturity	=	6.08 Years
Conversion Premium	=	70.60%
Delta	=	42.65



Stock Price: \$17.05

Stock: 52 Week Range \$5.71 - \$37.71

EPS: Last Year = \$0.42; Current Year = \$1.94; Next Year = \$1.44

© Wellesley Investment Advisors, Inc. 2009. 1. The bonds in these examples are not recommendations to buy. Before purchasing convertible bonds, investors should carefully review the bond prospectus and consult with a financial advisor who has experience in investing in and trading convertible bonds. Individual convertible bonds should be purchased based on risk tolerance, time horizons and other factors in concert with an investment professional. 2. All prices are approximate and as of May 1, 2009 from Kynex, Inc. 3. Current Year and Next Year EPS are from Zacks Investment Research. 4. Investment Grades are from FINRA and represent either S&P, Moody's or Fitch ratings.



Limited Risk
Investing™

Investing with Convertibles



JAKKS Pacific 4.625% Jun 15, 2023

JAKKS Pacific is a multi-brand company that designs and markets a broad range of toys and leisure products.

JEOPARDY!



Convertible Bond Price	=	\$95.531
Investment Grade	=	NR
Yield to Worst	=	9.12%
Time to Next Put/Maturity	=	1.12 Years
Conversion Premium	=	50.75%
Delta	=	24.48

Stock Price: \$12.65

Stock: 52 Week Range \$10.17 - \$27.12

EPS: Last Year = \$0.15; Current Year = \$1.74; Next Year = \$1.92



*Limited Risk
Investing™*

© Wellesley Investment Advisors, Inc. 2009. 1. The bonds in these examples are not recommendations to buy. Before purchasing convertible bonds, investors should carefully review the bond prospectus and consult with a financial advisor who has experience in investing in and trading convertible bonds. Individual convertible bonds should be purchased based on risk tolerance, time horizons and other factors in concert with an investment professional. 2. All prices are approximate and as of May 1, 2009 from Kynex, Inc. 3. Current Year and Next Year EPS are from Zacks Investment Research. 4. Investment Grades are from FINRA and represent either S&P, Moody's or Fitch ratings.

Investing with Convertibles



Liberty Media / AOL (TWX+TWC) 3.125% Mar 30, 2023

Time Warner, Inc. is a media and entertainment company integrating AOL, cable, filmed entertainment, networks and publishing services.



Convertible Bond Price	=	\$82.154
Investment Grade	=	BB+
Yield to Worst	=	8.61%
Time to Next Put/Maturity	=	3.91 Years
Conversion Premium	=	43.49%
Delta	=	37.11



Stock Price: \$29.92

Stock: 52 Week Range \$17.81 - \$50.70

EPS: Last Year = \$0.72; Current Year = \$1.97; Next Year = \$2.22

© Wellesley Investment Advisors, Inc. 2009. 1. The bonds in these examples are not recommendations to buy. Before purchasing convertible bonds, investors should carefully review the bond prospectus and consult with a financial advisor who has experience in investing in and trading convertible bonds. Individual convertible bonds should be purchased based on risk tolerance, time horizons and other factors in concert with an investment professional. 2. All prices are approximate and as of May1, 2009 from Kynex, Inc. 3. Current Year and Next Year EPS are from Zacks Investment Research. 4. Investment Grades are from FINRA and represent either S&P, Moody's or Fitch ratings.



*Limited Risk
Investing™*

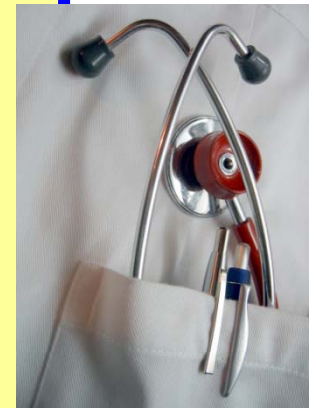
Investing with Convertibles



Molina Healthcare 3.750% Oct 01, 2014

Molina Healthcare, Inc. operates as a multi-state managed care organization participating in government-sponsored healthcare programs.

Convertible Bond Price	=	\$76.60
Investment Grade	=	NR
Yield to Worst	=	9.37%
Time to Next Put/Maturity	=	5.42 Years
Conversion Premium	=	66.06%
Delta	=	53.86



Stock Price: \$21.65

Stock: 52 Week Range \$16.12 - \$35.65

EPS: Last Year = \$0.59; Current Year = \$2.25; Next Year = \$2.51

© Wellesley Investment Advisors, Inc. 2009. 1. The bonds in these examples are not recommendations to buy. Before purchasing convertible bonds, investors should carefully review the bond prospectus and consult with a financial advisor who has experience in investing in and trading convertible bonds. Individual convertible bonds should be purchased based on risk tolerance, time horizons and other factors in concert with an investment professional. 2. All prices are approximate and as of May 1, 2009 from Kynex, Inc. 3. Current Year and Next Year EPS are from Zacks Investment Research. 4. Investment Grades are from FINRA and represent either S&P, Moody's or Fitch ratings.



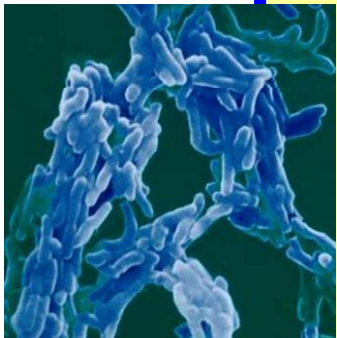
*Limited Risk
Investing™*

(OSI)™ pharmaceuticals

OSI pharmaceuticals 3.00% Jan 15, 2038

OSI Pharmaceuticals, Inc., an international biotechnology company, discovers, develops, and commercializes molecular targeted therapies for oncology, diabetes, and obesity.

Convertible Bond Price	=	\$84.512
Investment Grade	=	NR
Yield to Worst	=	7.92%
Time to Next Put/Maturity	=	3.7 Years
Conversion Premium	=	85.84%
Delta	=	56.06



 **Tarceva**
erlotinib



Stock Price: \$33.57

Stock: 52 Week Range \$31.05 - \$53.71

EPS: Last Year = \$0.52; Current Year = \$1.42; Next Year = \$1.74

© Wellesley Investment Advisors, Inc. 2009. 1. The bonds in these examples are not recommendations to buy. Before purchasing convertible bonds, investors should carefully review the bond prospectus and consult with a financial advisor who has experience in investing in and trading convertible bonds. Individual convertible bonds should be purchased based on risk tolerance, time horizons and other factors in concert with an investment professional. 2. All prices are approximate and as of May 1, 2009 from Kynex, Inc. 3. Current Year and Next Year EPS are from Zacks Investment Research. 4. Investment Grades are from FINRA and represent either S&P, Moody's or Fitch ratings.



*Limited Risk
Investing™*



SonoSite, Inc. 3.750% Jul 15, 2014

SonoSite, Inc. is the world leader in hand-carried ultrasound. Through their design expertise, they can offer imaging performance of 300 pound ultrasound machines in a system weighing as much as a laptop computer.

Convertible Bond Price	=	\$86.753
Investment Grade	=	NR
Yield to Worst	=	6.82%
Time to Next Put/Maturity	=	5.2 Years
Conversion Premium	=	83.69%
Delta	=	52.36

Stock Price: \$18.04

Stock: 52 Week Range \$15.27 - \$38.74

EPS: Last Year = \$0.14; Current Year = \$0.80; Next Year = \$1.08



© Wellesley Investment Advisors, Inc. 2009. 1. The bonds in these examples are not recommendations to buy. Before purchasing convertible bonds, investors should carefully review the bond prospectus and consult with a financial advisor who has experience in investing in and trading convertible bonds. Individual convertible bonds should be purchased based on risk tolerance, time horizons and other factors in concert with an investment professional. 2. All prices are approximate and as of May 1, 2009 from Kynex, Inc. 3. Current Year and Next Year EPS are from Zacks Investment Research. 4. Investment Grades are from FINRA and represent either S&P, Moody's or Fitch ratings.



*Limited Risk
Investing™*

Risk Reward Analysis – One Year

SonoSite, Inc. 3.750% Due 06/15/2014

As of May 2, 2009

Scenario	Stock Price	Credit Spread	Stk Vol	Pct Chp	Convert Price	Cv Rtn	Stk Rtn	Pt cpn	CY	YTM	YTP	Conv Prem	BE	CP	Prem/IV	Fair Value	Invest Value	Delta 1%	Gamma1	Rho
Current	18.060	1,547	50	(14.0)	86.476			-	4.34	6.89	6.9	82.90	0.0	5.2	61.2	75.8	53.6	46.1	0.277	(1.63)
-20%	14.448	2,320	50	(21.1)	73.000	(11.2)	(20.0)	56.2	5.14	12.13	12.1	93.00	0.0	4.2	63.4	60.3	44.7	44.0	0.330	(1.08)
-10%	16.254	2,166	50	(19.7)	78.286	(5.1)	(10.0)	51.3	4.79	10.22	10.2	83.98	0.0	4.2	66.1	65.4	47.1	46.9	0.320	(1.12)
0%	18.060	1,702	50	(15.4)	86.181	4.0		*4.0	4.35	7.65	7.7	82.28	0.0	4.2	55.4	74.7	55.5	44.2	0.335	(1.40)
10%	19.866	1,547	50	(14.0)	91.516	10.2	10.0	101.6	4.10	6.06	6.1	75.97	0.0	4.2	56.1	80.3	58.6	46.0	0.329	(1.47)
20%	21.672	1,547	50	(14.0)	95.479	14.7	20.0	73.7	3.93	4.95	5.0	68.29	0.0	4.2	62.9	83.7	58.6	50.0	0.312	(1.41)

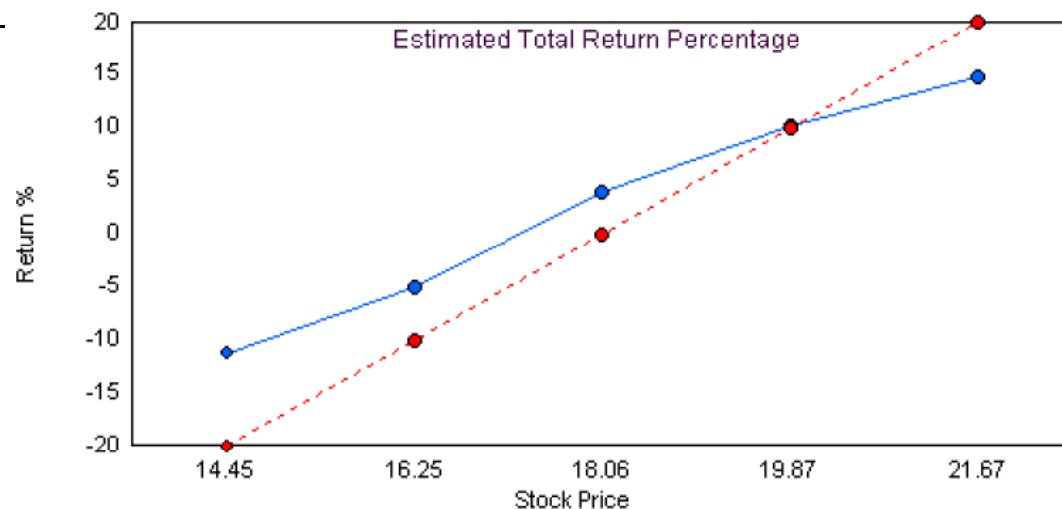
Stock Fundamentals

Year	Eps	P/E	PEGY
FY1	0.80	22.6x	0.8x
FY2	1.08	16.7x	0.6x

Market Cap	0.30b	Long Term Growth	27.33%
From 52Wk Hi	(53.38)%	Volatility 250d	52.21%
Volatility 90d	46.69%	Stock Dividend/Yr	0.00
Ratings	Nr/nr		

Convertible Indicative Terms

Amount Outstanding	120m	Frequency	Semi-Annually
Redemption	100%	Industry	Bio-Technology
Conversion Price	38.20	Eco Sector	Consumer
Conversion Ratio ,000	9.600	Call Date	N/A
Put Date	N/A	Call Price	N/A
Put Price	N/A	Trigger	



Limited Risk Investing™

Risk Reward Analysis – To Maturity

SonoSite, Inc. 3.750% Due 06/15/2014

As of May 2, 2009

Secenario	Stock Price	Credit Spread	Stk Vol	Pct Chp	Convert Price	Cv Rtn	Stk Rtn	Pt cpn	CY	YTM	YTP	Conv Prem	BE	CP	Prem/IV	Fair Value	Invest Value	Delta 1%	Gamma1	Rho
Current	18.060	1,547	50	(13.9)	86.476			-	4.34	6.89	6.9	82.90	0.0	5.2	61.2	75.9	53.6	46.1	0.275	(1.63)
-50%	9.030	2,320	50	0.0	100.000	38.2	(50.0)	*88.2	3.75			323.02	0.0		0.0	100.0	100.0	0.0	0.000	0.00
-25%	13.545	2,166	50	0.0	100.000	38.2	(25.0)	*63.2	3.75			182.01	0.0		0.0	100.0	100.0	0.0	0.000	0.00
0%	18.060	1,702	50	0.0	100.000	38.2		*38.2	3.75			111.51	0.0		0.0	100.0	100.0	0.0	0.000	0.00
30%	23.478	1,547	50	0.0	100.000	38.2	30.0	127.2	3.75			62.70	0.0		0.0	100.0	100.0	0.0	0.000	0.00
100%	36.120	1,547	50	0.0	100.000	38.2	100.0	38.2	3.75			5.75	0.0		0.0	100.0	100.0	0.0	0.000	0.00
150%	45.150	1,547	50	(13.9)	134.614	78.2	150.0	52.1	2.79			13.89	0.0		34.6	118.2	100.0	100.0	0.000	0.00
188%	52.013	1,547	50	(13.9)	155.076	101.8	188.0	54.2	2.42			13.89	0.0		55.1	136.2	100.0	100.0	0.000	0.00
250%	63.210	1,547	50	(13.9)	188.460	140.4	250.0	56.2	1.99			13.89	0.0		88.5	165.5	100.0	100.0	0.000	0.00

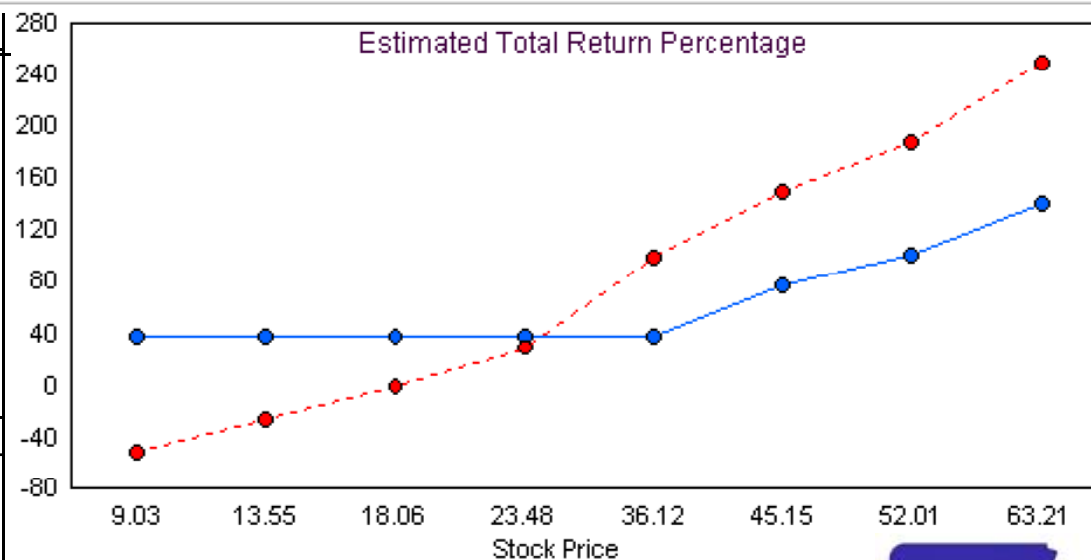
Stock Fundamentals

Year	Eps	P/E	PEGY
FY1	0.80	22.6x	0.8x
FY2	1.08	16.7x	0.6x

Market Cap	0.30b	Long Term Growth	27.33%
From 52Wk Hi	(53.38)%	Volatility 250d	52.21%
Volatility 90d	46.69%	Stock Dividend/Yr	0.00
Ratings	Nr/nr		

Convertible Indicative Terms

Amount Outstanding	120m	Frequency	Semi-Annually
Redemption	100%	Industry	Bio-Technology
Conversion Price	38.20	Eco Sector	Consumer
Conversion Ratio ,000	9.600	Call Date	N/A
Put Date	N/A	Call Price	N/A
Put Price	N/A	Trigger	



Limited Risk Investing™

Convertible Bonds as a Bond Replacement Strategy



*Limited Risk
Investing™*

Investing with Convertibles



<u>Features</u>	<u>Straight Corporate Bond</u>	<u>Convertible Bond</u>
Price	105.07	75.64
Maturity / Next Put	Aug. 15, 2013	Nov. 21, 2012
Yield	3.1%	5.0%
Credit Rating	AA-	AA-
Upside Potential Beside Yield	None	Yes
Conversion Premium	None	57%
Delta	None	14%
YTM or YTP (if bond returns to 2008 high)	3.1%	5.9%

All prices and calculations are from Kynex, Inc. as of March 27, 2009, except YTM or YTP (Yield to Maturity or Yield to Put) if bond returns to 2008 high, which was approximated by Wellesley Investment Advisors, Inc. Guaranteed yields assume no default/bankruptcy by the issuer. All bonds, with the exception of Treasuries, carry the risk of default. YTM or YTP (Yield to Maturity or Yield to Put) if bond returns to 2008 high in no way implies the bond values will return to their 2008 values. The above examples are not to be construed as recommendations and all investments in bonds should be made only after a review of the prospectus and consultation of an investment professional.

Investing with Convertibles



<u>Features</u>	<u>Straight Corporate Bond</u>	<u>Convertible Bond</u>
Price	104.94	86.57
Maturity / Next Put	Apr. 15, 2011	Dec. 15, 2011
Yield	4.1%	7.0%
Credit Rating	BBB+	BBB+
Upside Potential Beside Yield	None	Yes
Conversion Premium	None	128.15%
Delta	None	11%
YTM or YTP (if bond returns to 2008 high)	4.1%	13.4%

All prices and calculations are from Kynex, Inc. as of March 27, 2009, except YTM or YTP (Yield to Maturity or Yield to Put) if bond returns to 2008 high, which was approximated by Wellesley Investment Advisors, Inc. Guaranteed yields assume no default/bankruptcy by the issuer. All bonds, with the exception of Treasuries, carry the risk of default. YTM or YTP (Yield to Maturity or Yield to Put) if bond returns to 2008 high in no way implies the bond values will return to their 2008 values. The above examples are not to be construed as recommendations and all investments in bonds should be made only after a review of the prospectus and consultation of an investment professional.

Investing with Convertibles

Medtronic

<u>Features</u>	<u>Straight Corporate Bond</u>	<u>Convertible Bond</u>
Price	101.82	94.62
Maturity / Next Put	Mar. 15, 2014	Apr. 15, 2013
Yield	4.1%	4.7%
Credit Rating	AA-	AA-
Upside Potential Beside Yield	None	Yes
Conversion Premium	None	72.93%
Delta	None	24%
YTM or YTP (if bond returns to 2008 high)	4.1%	7.8%

All prices and calculations are from Kynex, Inc. as of March 27, 2009, except YTM or YTP (Yield to Maturity or Yield to Put) if bond returns to 2008 high, which was approximated by Wellesley Investment Advisors, Inc. Guaranteed yields assume no default/bankruptcy by the issuer. All bonds, with the exception of Treasuries, carry the risk of default. YTM or YTP (Yield to Maturity or Yield to Put) if bond returns to 2008 high in no way implies the bond values will return to their 2008 values. The above examples are not to be construed as recommendations and all investments in bonds should be made only after a review of the prospectus and consultation of an investment professional.

Convertibles As An Inflation Hedge



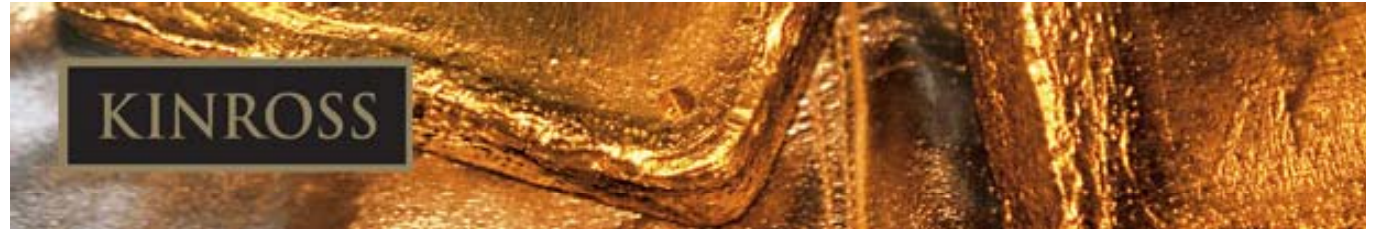
Investing in Gold to Hedge Against Inflation

- **Price of Gold August 1979 = \$870 an ounce**
- **Price of Gold May 1, 2009 = \$886 an ounce**
- **Assume inflation of 3.5% for last 30 years Gold today would have to be \$2,359 an ounce just to hedge inflation**
- **Over last three decades: Gold investors have lost approximately 70% of their spending power!**



Investing with Convertibles

Kinross Gold Corp. Convertible Bond Example



Kinross Gold Corp through it's subsidiaries, operates in gold mining activities such as exploration, extraction, processing and production of gold-mining properties.



Yield to Put	=	4.5%
Put on March 15, 2013	=	3.9 Years
Delta	=	48%



Stock: Price \$15.52

Stock: 52 Week Range \$6.85 - \$25.36

Stock price, 52 week range, convertible bond details as of May 1, 2009
© Wellesley Investment Advisors, Inc. 2009. A complete list of securities recommended by the firm during the past year is available upon request. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities listed. All numbers are approximate on all relevant slides.



Absolute Return Investing with Convertibles

- Convertible Bonds are ideal investments for absolute return long-term investors, through both bull & bear markets
- Equity market exposure plus the interest yields and principal protection of bonds
- In today's market environment, minimum returns of 8% per year can be locked in, not including possible stock appreciation gains



Ways to Invest in Convertibles Using an Absolute Return Strategy

- Separately Managed Accounts for Portfolios over \$1,000,000
- Miller Convertible Fund (MCFAX)

2008 LIPPER PERFORMANCE ACHIEVEMENT CERTIFICATE

Miller Investment Trust:
Miller Convertible Fund; Class I Shares

Ranks Number One in the
Lipper Equity Fund Performance Analysis Service
One Year Period Ending December 31, 2008

Investment Objective/Lipper Classification
Convertible Securities Funds



A handwritten signature in black ink, appearing to read "Eric F. Almquist".

ERIC ALMQUIST
CHIEF OPERATING OFFICER



Limited Risk
Investing™

Quote from Forbes Magazine

“If you stay out of stocks, you might miss the rally. If you buy stocks, you might get creamed in another slump. But convertible(s)...let you have it both ways.

Making good selections from among convertible securities with so many variables is challenging, but very rewarding. Finding the right convertibles is like a game where you can win or, alternatively, get your money back – with interest.”



QUESTIONS?



*Limited Risk
Investing™*

Who is Wellesley Investment Advisors, Inc?

- **Wellesley** is an SEC-registered investment advisory firm serving institutions, RIA's, and other investment advisors.
- **Established in 1991**
- **Number of Professionals: 10**
- **Located:** Wellesley, Massachusetts
- **Primary Goal:** To preserve capital and generate positive returns in all market environments.
- **Investment Strategy:** Absolute return strategy deploying the use of convertible bonds.



*Limited Risk
Investing™*



Limited Risk
Investing™

Wellesley Biographies

Greg Miller CPA, CEO

(781) 416-4000 Ext.122

gregmiller@wia.cc

CEO and co-founder of Wellesley Investment Advisors, Inc., Greg draws on over thirty years of investment and financial experience. Greg is a nationally recognized provider of investment advisory services specializing in convertible bonds. He has directed the Limited Risk Investing philosophy of Wellesley Investment Advisors for over 15 years with the primary goal of principal protection combined with investment growth. His extensive background in absolute return investing has earned the respect of Registered Investment Advisors, financial planners, and other investment professionals nationwide, many of whom are clients of the firm.

Greg has written several articles and has been written up in various investment and prominent financial publications, including Institutional Investor, The Wall Street Transcript, Investment Advisor Magazine, the National Association of Active Investment Managers, and Forbes and BusinessWeek.

Greg also serves as the firm's Chief Investment Officer of Wellesley, developing investment strategies for each client in pursuit of their individual objectives. On December 27, 2007, Wellesley Investment Advisors, Inc. launched a convertible mutual fund that Greg serves as the Fund Manager. The Fund's investment objective is to maximize total return while keeping volatility low and preserving principal.

On December 27, 2007, Wellesley Investment Advisors, Inc. launched a convertible mutual fund that Greg serves as the Fund Manager. The Fund's investment objective is to maximize total return while keeping volatility low and preserving principal.

Greg is also a member of the Investment Committee of Investors Capital, a publicly traded investment company.

Greg began his career with PricewaterhouseCoopers (formerly Coopers & Lybrand), an international accounting and consulting firm. Subsequently, he formed his own CPA firm, and for twenty-five years provided a broad range of financial and consulting services to established businesses, professionals, and executives. In the context of his work as a CPA, Greg has for many years advised clients on investments and financial planning. In 1991, he formed Wellesley Investment Advisors in response to increased demand for investment advice from clients.

Greg graduated from Boston University with a B.S. degree in Business Administration, and holds a Master's of Business Administration in Finance with High Distinction from Babson College. Greg lectures frequently on a broad range of investment topics to other investment professionals, institutional clients, and high net worth individuals on topics including convertible bonds and absolute return investing.

Recently, Greg has been a guest speaker at the TD Ameritrade National Institutional Partnership Conference, the Uncommon Knowledge Conference for the National Association of Active Investment Managers, and Investors Capital's Managing Wealth Symposium. Greg has been a Director for various private companies, charities, and associations. Greg resides with his family in Weston, Massachusetts.



Wellesley Biographies

Paul Samuels, Chief Operating Officer

(781) 416-4000 Ext.117

psamuels@wia.cc

As Chief Operating Officer of Wellesley Investment Advisors, Paul contributes immeasurably to both the day-to-day operations of the firm and to the firm's overall investment strategy. Paul serves not only as the firm's COO, but also the CFO and the Head Investment Trader. He assists in executing the firm's investment strategies and in the creation of custom synthetic convertible products, research, and other investment policies deployed by the firm. Paul's efforts also impact both client retention and satisfaction.

Paul Samuels has over twenty-five years of financial and senior management experience. Responsible for the accounting, operational and customer service areas, Paul joined Wellesley Investment Advisors, Inc. in 2000.

A graduate of Sir George Williams University in Montreal (now known as Concordia University), Paul received his M.B.A. from The University of New Hampshire and a CA designation from the Order of Chartered Accountants of Quebec. Paul is a Past President of the Rotary Club of Wellesley.

Joseph M. Buscaino, Senior Vice President

(781) 416-4000 Ext.118

jbuscaino@wia.cc

Joseph Buscaino is a Senior Vice President at Wellesley Investment Advisors, Inc. having started with the firm in 2002. Joe specializes in obtaining and retaining relationships with other Registered Investment Advisors, investment professionals and high net worth individuals. Besides being a specialist in convertible securities and Limited Risk Investing, Joe has an expert knowledge of mutual funds and mutual fund investing. Prior to joining Wellesley Investment Advisors, Joe practiced with a billion dollar RIA firm that focused solely in mutual fund investing. Joe is working with Wellesley Investment Advisors to develop and market a convertible security mutual fund to Wellesley's professional and institutional clientele. Joe graduated from Northeastern University with a Bachelor's Degree in Business Administration with a dual major in Business Management and Marketing. He has completed a Graduate Certificate in Financial Planning. Joe is also a member of the Society of Certified Senior Advisors and has passed the NASD Series 7 and Series 65 exams. He resides with his wife and daughter in the Boston area.



Wellesley Biographies

Jim Wiegel, CFP®, Vice President

(781) 416-4000 Ext. 114

jwiegel@wia.cc

Jim Wiegel is a Vice President at Wellesley Investment Advisors, Inc. and recently joined the firm from FundQuest, a turn-key-asset management provider. Jim specializes in consulting with financial intermediaries relative to investments employed at their firm and specifically, how the Wellesley's absolute return seeking convertibles strategy can fit into a well-diversified asset allocation strategy. He is responsible for distribution of Wellesley Investment Advisors, Inc. investment strategies in the United States focusing on financial intermediaries.

Jim brings over 30 years of investment consulting, business development, product management, and information technology experience to his post at Wellesley Investment Advisors. Prior to joining the Firm, he was accountable for distribution efforts of FundQuest's separate managed accounts in the west and southwest. During his career, Jim has served as an investment advisor representative, independent RIA, portfolio manager, and investment wholesaler.

He is a graduate of West Point with a B.S. in Engineering, George Washington University with a M.S. in Telecommunications, Babson College with an M.B.A. concentrating in Finance, and Boston University with a diploma in Financial Planning. He is a retired Colonel in the U.S. Army Reserves. Jim resides with his wife and two children in the Sudbury.

Michael D. Miller, Vice President

(781) 416-4000 Ext. 132

mmiller@wia.cc

Michael Miller recently joined Wellesley Investment Advisors, Inc. as a Vice President and Senior Analyst. Michael is responsible for convertible research and product development. Additionally, he analyzes, monitors, reports and communicates performance and other portfolio and fund data. Michael also assists in constructing and analyzing client portfolios.

Previously, Michael was employed with Convergent Wealth Advisors (formerly Lydian Wealth Management), as a Senior analyst. Convergent is a firm that provides ultra-affluent investors with progressive wealth management. At Convergent, Mr. Miller worked with clients to build and monitor customized investment portfolios. Mr. Miller was also involved in the overall supervision and administration of high-level executive projects such as the implementation of a new trading platform.

Mr. Miller received his Bachelors of Science degree in Business Administration from The American University Kogod School of Business in Washington, DC., where he specialized in finance. Michael has passed the Series 65 exam and is currently a candidate for a Master's degree in Business Administration.

Footnotes for WIA Convertible Bond Returns

1. This presentation reflects only the convertible bond portion of WIA's client accounts. Returns are based on all convertible bond positions held in accounts of all WIA clients during the periods reflected. Actual client accounts include positions other than convertible bond positions. Such other positions are not included in this performance presentation. Accordingly, the actual return of WIA client accounts is different, in some cases substantially, from the performance information presented for convertible bonds. During the periods reflected, WIA did not manage any other accounts that included convertible bonds in their portfolios.
2. Returns include a 1.00% annual management fees. WIA's standard fee schedule is included in its Form ADV Part II.
3. Past performance is not indicative of future results.
4. No representation is made that the investor will obtain similar results to those shown above. The performance presented may not be representative of investments held in any one client account or performance realized in any one client account. An investor's actual performance may differ from the performance presented above due to timing of investment, contributions and withdrawals. Performance does not reflect the effects of taxation, which result in lower returns to taxable investors.
5. This report is meant for broad discussion purposes only, and is not intended as a recommendation to buy or sell any security.
6. An investment in convertible bonds involves a risk of loss. The value of an investment in convertible bonds may decrease as well as increase.

Footnotes for WIA Convertible Bond Returns (continued)

7. WIA's convertible returns have been calculated using the methodology set forth below. Such methodology includes several assumptions that result from systems limitations on aggregating the convertible bond portion of multiple client accounts.

Although information has been obtained from and is based on sources WIA believes to be reliable, WIA does not guarantee the accuracy

of the information, and it may be incomplete or condensed. Returns do not reflect reinvestment of interest and dividend income.

8. Methodology for WIA Convertible Bond Returns:

- (a) Listed the market value of all convertible bonds held on the last day of each month.
- (b) Determined the weight of each bond holding in the portfolio (individual bond value / total bond value).
- (c) Determined each bond's return for the month (monthly interest earned plus / minus monthly price change).
- (d) Assumed that a bond entered the portfolio on the first day of the month in which it was first purchased.
- (e) When a bond is completely sold out of the portfolio, its prior month end value is adjusted to reflect the final sales price.
- (f) Weighted each bond's return for the month by the bond's weight in the portfolio.
- (g) Summed each bond's weighted return for the month to get the portfolio's return for the month.
- (h) Compounded monthly returns to calculate annual return.

