More Than A Trade.

The convertible bond market has experienced a notable resurgence as companies take advantage of attractive financing levels to diversify capital profiles.
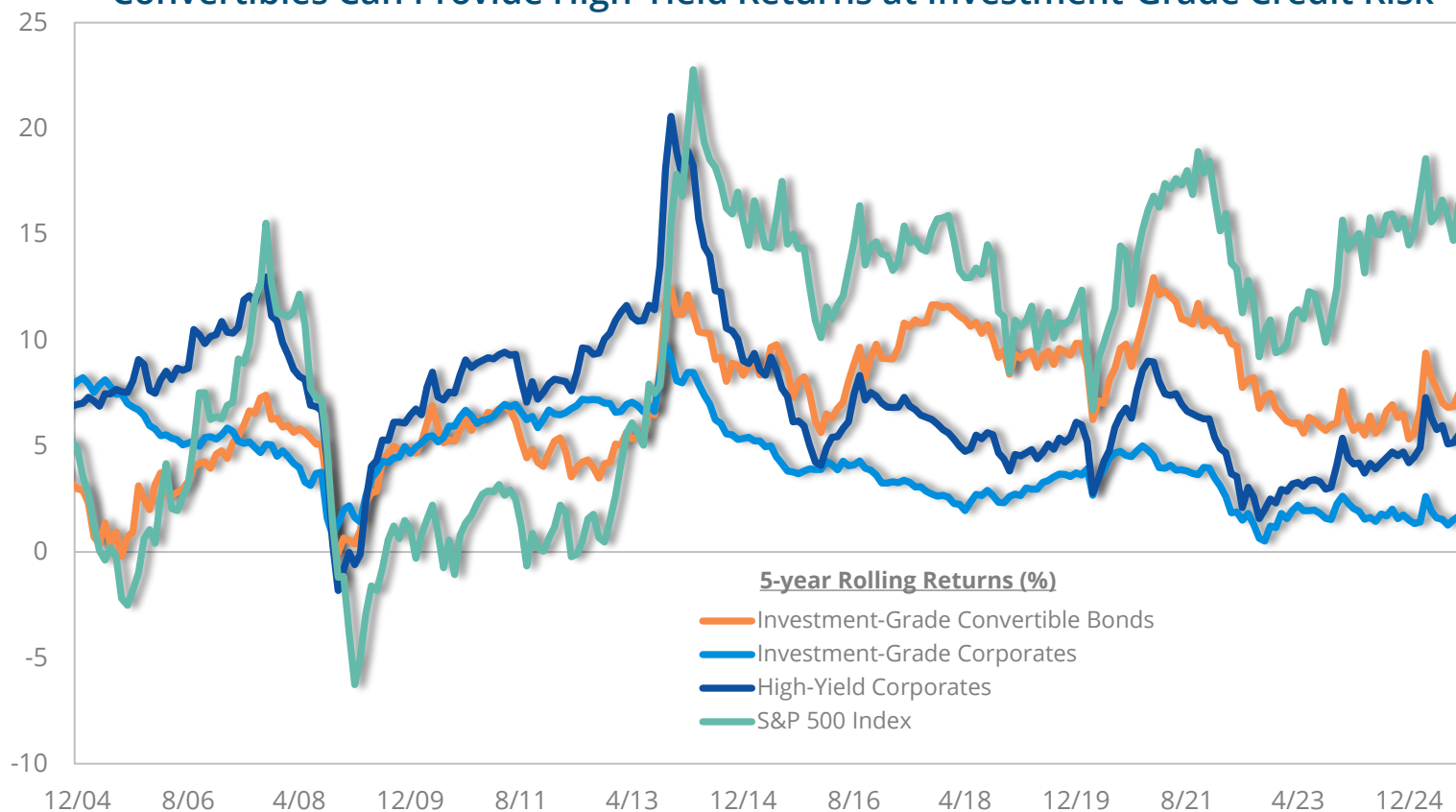
Utility issuance in particular has picked up and could be a precursor for other capex heavy issuers to do the same, such as those involved in artificial intelligence (AI).

Changes to accounting standards have simplified and reduced the cost of reporting convertible debt on corporate balance sheets, providing an additional incentive for companies to issue convertible bonds.

With renewed interest from issuers and investors, we think the asset class's consistent long-term return profile argues for inclusion as a strategic – rather than tactical – component within diversified asset allocations.

Convertibles Can Provide High-Yield Returns at Investment-Grade Credit Risk

5-year Rolling Returns (%)
- Investment-Grade Convertible Bonds
- Investment-Grade Corporates
- High-Yield Corporates
- S&P 500 Index