Pacific Income Advisers

AS OF DECEMBER 31, 2014

PIA INTERMEDIATE CORE PLUS

INVESTMENT **OBJECTIVE**

PIA's Intermediate Core Plus Strategy seeks to outperform the **Barclays Intermediate Government-Credit Index** over a full interest rate cycle on average by 0.75% per year gross of PIA management fees, with similar volatility.

INVESTMENT **PHILOSOPHY**

We know that the various sectors within the bond market are periodically torqued by cyclical, monetary or market pressures, which can lead to mispricings and create opportunities to produce excess return. **We intend** to exploit these periodic opportunities by risk-adjusting the various bond market sectors, utilizing yield curve and sector analysis, and fundamental bottom-up risk measurement. **We seek** to capitalize on these opportunities to earn above-average risk-adjusted yields, while creating the potential for capital gains as these sectors revert toward their fair value.

THE **FIRM**

Ownership	**Independent and Employee-owned**
Inception	**1986**
Location	**Santa Monica, California**
Employees	**43**
Firm Assets	**$11 billion**
Strategy Assets	**$78 million**
GIPS Verified	**Yes**
Firm Verifier	**Ashland Partners**

INVESTMENT **PROCESS**

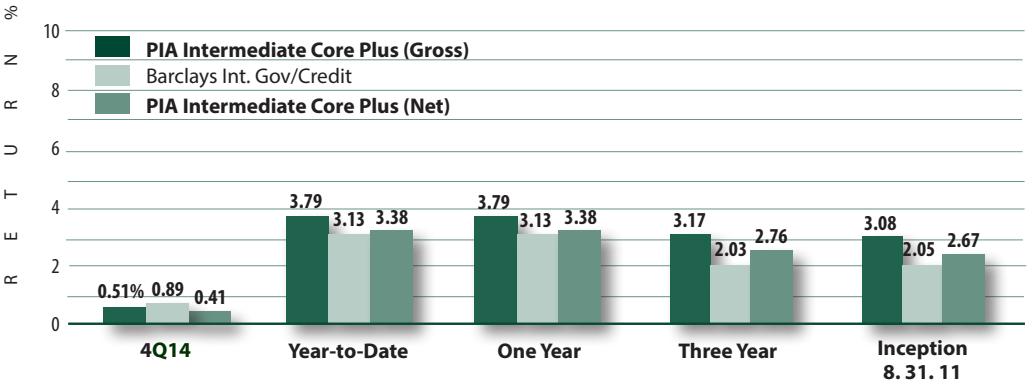
» **Sector & Industry Analysis** PIA seeks to identify sectors that offer attractive risk-adjusted value. The concept of mean reversion is integral to our yield curve analysis of investment grade sectors, as we expect those sectors to revert to their fair value after being torqued by market inefficiencies. For non-investment grade sectors, we are willing to underweight or completely avoid industries that we believe do not warrant leveraged finance throughout a full business cycle.

» **Security Research** Given the asymmetric return potential in credit, we take a defensive approach in selecting securities that we believe are undervalued and provide attractive yield per unit of risk. Portfolios are highly diversified via the PIA Managed Account Completion Shares (MACS) for exposures to BBB Credit, High Yield Credit and Mortgage-Backed Securities (MBS). Investment Grade Corporate security analysis is focused on securities with sound fundamentals and liquidity. High Yield Corporate security selection is very granular in the less followed smaller issues, where we believe we have an information advantage. In the securitized debt space, PIA employs option-cost analysis that utilizes multi-factor interest and prepayment rate models.

» **Duration Management & Yield Curve Positioning** Duration is driven by both our relative value sector model and the firm's fundamental outlook, which leads to both a strategic and tactical duration opinion. Barbell or bulleted structures are driven by quantitative yield curve analysis accompanied by a fundamental overlay.

» **Portfolio Construction** The Macro Strategy Group uses quantitative and fundamental inputs to set sector weights, duration decision and yield curve positioning for the portfolios. Sector weights reflect our opinion on relative value across sectors adjusting for spreads and spread volatility. The allocation to (MACS) for BBB Credit, High Yield and Mortgage-Backed Securities is a function of sector valuation models and the fundamental outlook for those sectors. Security selection is based upon analyst research to identify securities that best meet the risk-return objectives of the portfolio.

ANNUALIZED **PERFORMANCE**[1] as of 12. 31. 14



[1] *Periods less than one year are not annualized.*

Intermediate Plus Composite Composite consists of portfolios benchmarked to the Barclays U.S. Intermediate Government/Credit Bond Index and is constructed from all major fixed income sectors. Portfolios managed in this style seek to maximize total return and allow the use of non-investment grade securities as well as other non-benchmark sectors. The composite will tactically invest in sectors outside the index (typically ranging from 10% - 40%) and hold more concentrated positions to enhance returns and diversify risk. Returns are presented gross and net of fees and include the reinvestment of all income. Gross and net of fee returns are net of all transaction cost. Past performance is not indicative of future results.

The U.S. Dollar is the currency used to express performance. Intermediate Core Plus Composite was created December 2014. The inception date is August 31, 2011.

Net of fee performance was calculated using the highest annual management fee of 0.35%, applied to the gross results on a monthly basis.

The management fee schedule is as follows: 0.35% on the first $25 million, 0.30% on the next $25 million, and 0.25% on the balance. Actual investment advisory fees incurred by clients may vary.

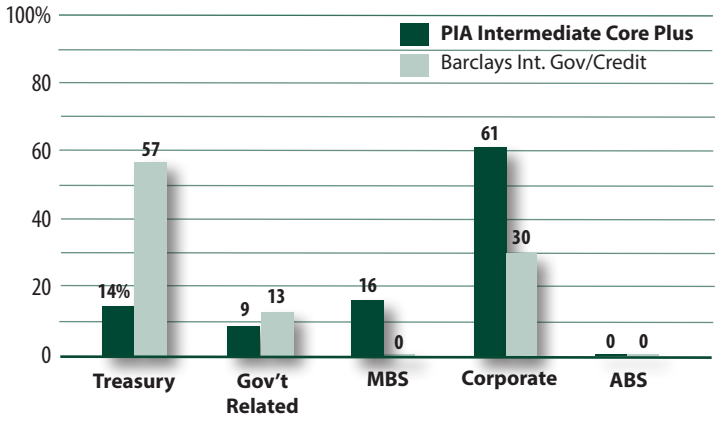
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PIA INTERMEDIATE CORE PLUS

SECTOR **ALLOCATION**[1]

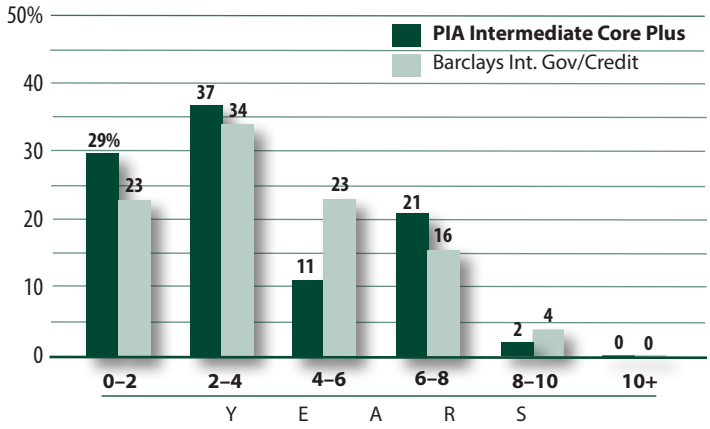


Percentages shown may not total 100% due to rounding and/or incidental allocation to cash.

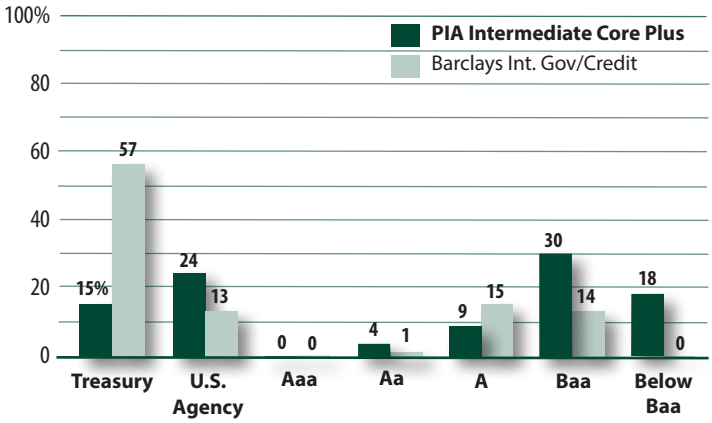
PORTFOLIO **CHARACTERISTICS**[1]

	PIA	BARCLAYS INT. GOV/CREDIT
Duration	**3.7**	3.9
Weighted Avg. Life	**4.3 yrs**	4.2 yrs
Current Yield	**3.3%**	2.5%
Yield to Maturity	**2.9%**	1.7%
Avg. Credit Quality	**A1**	Aa1
No. of Securities	**75**	4854

DURATION **DISTRIBUTION**[1]



QUALITY **DISTRIBUTION**[1]



[1]The portfolio characteristics shown above relate to a single account as of the date noted above, deemed by Pacific Income Advisers to be generally representative of its standard account. Not every client's account will have these exact characteristics. The actual characteristics with respect to any particular client account will vary based on a number of factors including but not limited to: (i) the size of the account; (ii) investment restrictions applicable to the account, if any; and (iii) market exigencies at the time of investment. The supplemental information complements the Limited Duration Composite's full disclosure presentation. Pacific Income Advisers, Inc. (PIA) is an autonomous investment management firm registered under the Investment Advisers Act of 1940. PIA manages a variety of fixed income, equity, and balanced assets for primarily United States clients.

PIA claims compliance with the Global Investment Performance Standards (GIPS®)

To receive a complete list and description of PIA's composites and or a presentation that adheres to the GIPS standards, contact Nicholas Parenti, at (310) 255-4427 or by email at nparenti@pacificincome.com.

Barclays U.S. Intermediate Government/Credit Bond Index is the Intermediate component of the U.S. Government/Credit index. The Government/Credit Index includes securities in the Government and Credit Indices. The Government Index includes treasuries (i.e., public obligations of the U.S. Treasury that have remaining maturities of more than one year) and agencies (i.e., publicly issued debt of U.S. Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. Government). The Credit Index includes publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements. You can not invest directly in an index.

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