



MODERATE DURATION MACS

As of December 31, 2014

QUARTERLY RETURNS (%)

2014	Q1	Q2	Q3	Q4	YTD
PIA (Gross)	2.18	2.31	0.04	1.26	5.90
Barclays Aggregate ¹	1.84	2.04	0.17	1.79	5.97
PIA (Net) ²	1.47	1.59	-0.66	0.55	2.96

ANNUAL RETURNS (%)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
PIA (Gross)	3.88	2.68	4.79	7.51	7.29	6.64	6.31	6.64	4.42	-2.09
Barclays Aggregate ¹	4.34	2.43	4.33	6.97	5.24	5.93	6.54	7.84	4.22	-2.02
PIA (Net) ²	1.00	-0.17	1.88	4.53	4.32	3.69	3.36	3.68	1.53	-4.82

ANNUALIZED RETURNS (%)

	1 Year	3 Year	5 Year	7 Year	10 Year	Inception (12/31/93)
PIA (Gross)	5.90	2.68	4.18	4.97	4.97	5.91
Barclays Aggregate ¹	5.97	2.66	4.45	4.77	4.71	5.75
PIA (Net) ²	2.96	-0.17	1.29	2.06	2.06	2.98

The **Moderate Duration MACS Composite** was created in January 2006 and is managed by Pacific Income Advisers (PIA). Returns are presented gross and net of fees and include the reinvestment of all income. Accounts in the composite will pay an all-inclusive fee based on a percentage of assets under management. Other than portfolio management, the all-inclusive fee includes brokerage commissions, consulting services, and in some cases, custodial services. Beginning January 1, 2007, wrap accounts make up 100% of the composite. For this period, gross returns are shown as supplemental information and are stated gross of all fees and transaction costs. Prior to January 1, 2007, performance presented represents that of the Moderate Duration Composite, which does not contain any wrap fee accounts. For this period, gross returns were reduced by transaction costs. **The attached disclosure is an integral part of this performance presentation. Past performance is not indicative of future results.**

¹Barclays U.S. Aggregate Bond Index is an unmanaged index that covers the investment grade fixed rate bond market with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. The issues must be rated investment grade, be publicly traded, and meet certain maturity and issue size requirements. You cannot invest directly in an index.

²Net of fee performance was calculated using the highest annual wrap fee of 2.82%, applied monthly. In presentations shown prior to January 1, 2012, the net of fee returns were calculated using a highest fee of 1.50%. The net returns were restated to reflect the highest applicable wrap fee incurred in client accounts.



MODERATE DURATION MACS CONTINUED

ANNUAL DISCLOSURE PRESENTATION

Year End	Total firm assets (millions)	Composite assets		Annual Performance Results					
		USD (millions)	Number of accounts	*Composite pure gross	Composite Net	Barclays Aggregate	Composite Dispersion	Composite 3 Yr. Ex-Post STD	Index 3 Yr. Ex-Post STD
2014	10,478	163	15	5.90%	2.96%	5.97%	0.4%	2.72%	2.63%
2013	11,829	152	15	(2.09)	(4.82)	(2.02)	0.2	2.63	2.71
2012	13,344	264	13	4.42	1.53	4.22	0.2	2.09	2.38
2011	3,895	202	Five or fewer	6.64	3.68	7.84	N.A. ¹	2.39	2.78
2010	4,387	122	Five or fewer	6.31	3.36	6.54	N.A.	3.94	4.17
2009	4,467	212	Five or fewer	6.64	3.69	5.93	N.A.	4.07	4.11
2008	4,341	167	Five or fewer	7.29	4.32	5.24	N.A.	4.02	3.97
2007	3,978	164	Five or fewer	7.51	4.53	6.97	N.A.	2.70	2.77
2006	4,167	348	8	4.79	1.88	4.33	0.3	2.81	3.21
2005	4,366	420	12	2.68	(0.17)	2.43	0.3	3.47	4.07
2004	4,542	524	17	3.88	1.00	4.34	0.2	3.61	4.28
2003	4,296	533	19	5.02	2.11	4.10	0.8	3.45	4.20
2002	4,353	411	12	8.78	5.78	10.26	1.1	2.87	3.35
2001	3,967	537	11	9.30	6.27	8.44	0.2	3.10	3.34
2000	3,593	643	15	11.37	8.30	11.63	0.4	3.11	3.01
1999	4,296	299	12	(0.48)	(3.25)	(0.82)	0.2	3.19	3.20
1998	5,593	813	13	8.51	5.51	8.69	0.2	3.43	3.52
1997	5,496	830	11	9.60	6.57	9.66	0.2	3.94	4.00
1996	2,868	511	11	4.46	1.56	3.63	0.3	4.60	4.59
1995	2,238	554	13	18.85	15.59	18.47	0.5	N.A. ²	N.A. ²
1994	1,609	160	7	(3.08)	(5.78)	(2.92)	N.A.	N.A.	N.A.

¹N/A = Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

²N.A.=The 3 year Ex-post standard deviation isn't presented since there aren't 36 monthly returns available prior to this period.

*- Beginning January 1, 2007, "pure" gross-of-fees returns do not reflect the deduction of any expenses including trading costs and are supplemental to net returns.

The **Moderate Duration MACS Composite** consists of wrap portfolios benchmarked to the Barclays U.S. Aggregate Bond Index and is constructed from all major fixed income sectors. Portfolios managed in this style tend to be conservative in terms of sector weights, quality and duration ranges, compared to that of the index. The composite may invest in sectors that are not included in the Index and may not necessarily be representative of its benchmark. Prior to July 1, 2008, the composite was named the Moderate Duration SMA Composite. Prior to January 1, 2007 returns were from institutional non-bundled accounts. The minimum account size for this composite is \$75 thousand. Prior to April 1, 2009 the minimum account size was \$5 million.



MODERATE DURATION MACS CONTINUED

Pacific Income Advisers is an autonomous investment management firm registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. The firm maintains a complete list and description of composites, which is available upon request.

Pacific Income Advisers claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Pacific Income Advisers has been independently verified for the periods January 1, 1994 through September 30, 2014. A copy of the verification report is available upon request.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

The Moderate Duration MACS Composite was created in January 2006.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Past performance is not indicative of future results.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of fees and include the reinvestment of all income. Accounts in the composite will pay an all-inclusive fee based on a percentage of assets under management. Other than portfolio management, the all-inclusive fee includes brokerage commissions, consulting services, and in some cases, custodial services. Beginning January 1, 2007 wrap accounts make up 100% of the composite. For this period, gross returns are shown as supplemental information and are stated gross of all fees and transaction costs. Prior to January 1, 2007, performance presented represents that of the Moderate Duration Composite, previously known as the Moderate Duration Traditional Composite, which does not contain any wrap fee accounts. For this period, gross returns were reduced by transaction costs. For all periods, net of fee performance was calculated using the highest annual wrap fee of 2.82%. In presentations shown prior to January 1, 2012, the net of fee returns were calculated using a highest fee of 1.50%. The net returns were restated to reflect the highest applicable wrap fee incurred in client accounts. The highest wrap fee may change over time. The annual composite dispersion presented is an equal-weighted standard deviation calculated for the accounts in the composite the entire year. Each wrap program is considered one account for the purposes of calculating composite dispersion. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

The wrap fee schedule is as follows: The maximum allowable wrap fee for the Moderate Duration MACS Composite is 2.82%. Complete wrap fee schedules are provided by independent wrap sponsors and are available upon request from the respective wrap sponsor. Wrap fees incurred by clients may vary.