# HIGH YIELD

As of March 31, 2016

## **QUARTERLY** RETURNS (%)

| 2016 | Q1 | Q2 | Q3 | Q4 | YTD |
|---|---|---|---|---|---|
| PIA *(Gross)* | 2.62 | | | | 2.62 |
| Barclays High Yield[1] | 3.35 | | | | 3.35 |
| PIA *(Net)*[2] | 2.51 | | | | 2.51 |

## **ANNUAL** RETURNS (%)

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| PIA *(Gross)* | 18.61 | 7.59 | -17.70 | 44.33 | 16.94 | 4.44 | 14.63 | 9.41 | 3.14 | -1.02 |
| Barclays High Yield[1] | 11.85 | 1.87 | -26.16 | 58.21 | 15.12 | 4.98 | 15.81 | 7.44 | 2.45 | -4.47 |
| PIA *(Net)*[2] | 18.03 | 7.06 | -18.12 | 43.63 | 16.36 | 4.06 | 14.00 | 8.90 | 2.68 | -1.45 |

## **ANNUALIZED** RETURNS (%)

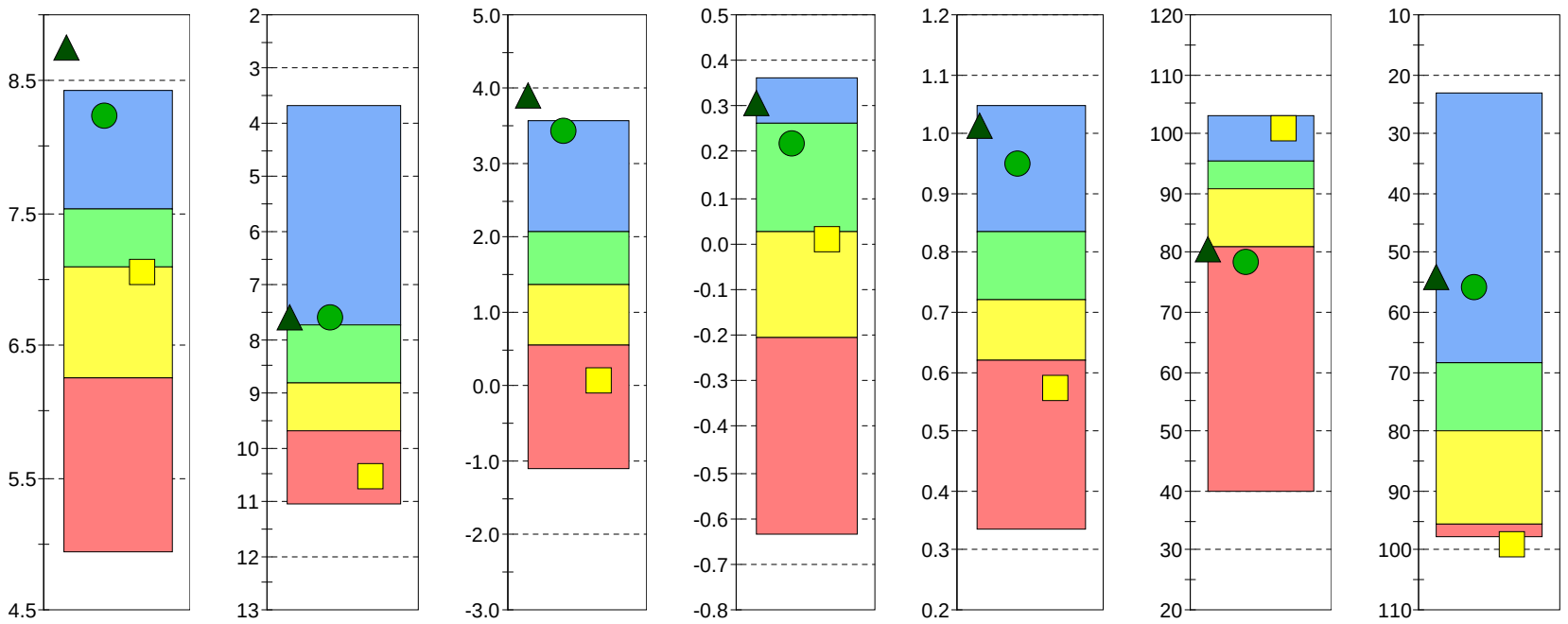
| | 1 Year | 3 Year | 5 Year | 7 Year | 10 Year | Inception *(2/28/99)* |
|---|---|---|---|---|---|---|
| PIA *(Gross)* | -0.94 | 3.39 | 5.86 | 12.21 | 8.72 | 8.88 |
| Barclays High Yield[1] | -3.69 | 1.84 | 4.93 | 12.43 | 7.01 | 6.55 |
| PIA *(Net)*[2] | -1.37 | 2.94 | 5.38 | 11.69 | 8.20 | 8.36 |

*The **High Yield Composite** was created in March 1999 and is managed by Pacific Income Advisers (PIA). 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 costs.* ***The attached disclosure is an integral part of this performance presentation. Past performance is not indicative of future results.***

*[1]Barclays U.S. Corporate High Yield Index covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, 144-As and pay-in-kind bonds (PIKs, as of October 1, 2009) are also included. The index includes both corporate and non-corporate sectors. The corporate sectors are Industrial, Utility, and Finance, which include both U.S. and non-U.S. corporations. The Yankee sector has been discontinued as of 7/1/00. The bonds in the former Yankee sector have not been removed from the index, but have been reclassified into other sectors. You cannot invest directly in an index.*

*[2]As of 10/1/13, net of fee performance was calculated using actual management fees. Prior to 10/1/13, net of fee performance was calculated using the highest annual management fee applied to the gross results on a monthly basis. For the period 4/1/11 through 9/30/13, the highest management fee was 0.65%. Prior to 3/31/11, the highest management fee was 0.50%.*

# PACIFIC INCOME ADVISERS
# MULTI-STATISTIC QUARTILE RANKING BAR
# PSN HIGH YIELD FIXED INCOME
# MARCH 31, 2006 TO MARCH 31, 2016




| | ROR | Std Dev Pop | Alpha | Info Ratio Pop | Sharpe Ratio Pop | Upside Cap Ratio | Dnside Cap Ratio |
|---|---|---|---|---|---|---|---|
| HIGH (0.95) | 8.40 | 3.76 | 3.51 | 0.35 | 1.04 | 102.19 | 23.91 |
| FIRST QUART | 7.50 | 7.84 | 2.00 | 0.25 | 0.83 | 94.62 | 69.23 |
| MEDIAN | 7.06 | 8.88 | 1.30 | 0.02 | 0.71 | 89.81 | 80.57 |
| THIRD QUART | 6.21 | 9.77 | 0.50 | -0.22 | 0.61 | 80.32 | 96.52 |
| LOW (0.05) | 4.91 | 11.16 | -1.16 | -0.65 | 0.33 | 39.22 | 98.50 |
| MEAN | 6.83 | 8.40 | 1.09 | -0.02 | 0.70 | 84.08 | 76.54 |
| VALID COUNT | 18 | 18 | 18 | 18 | 18 | 18 | 18 |

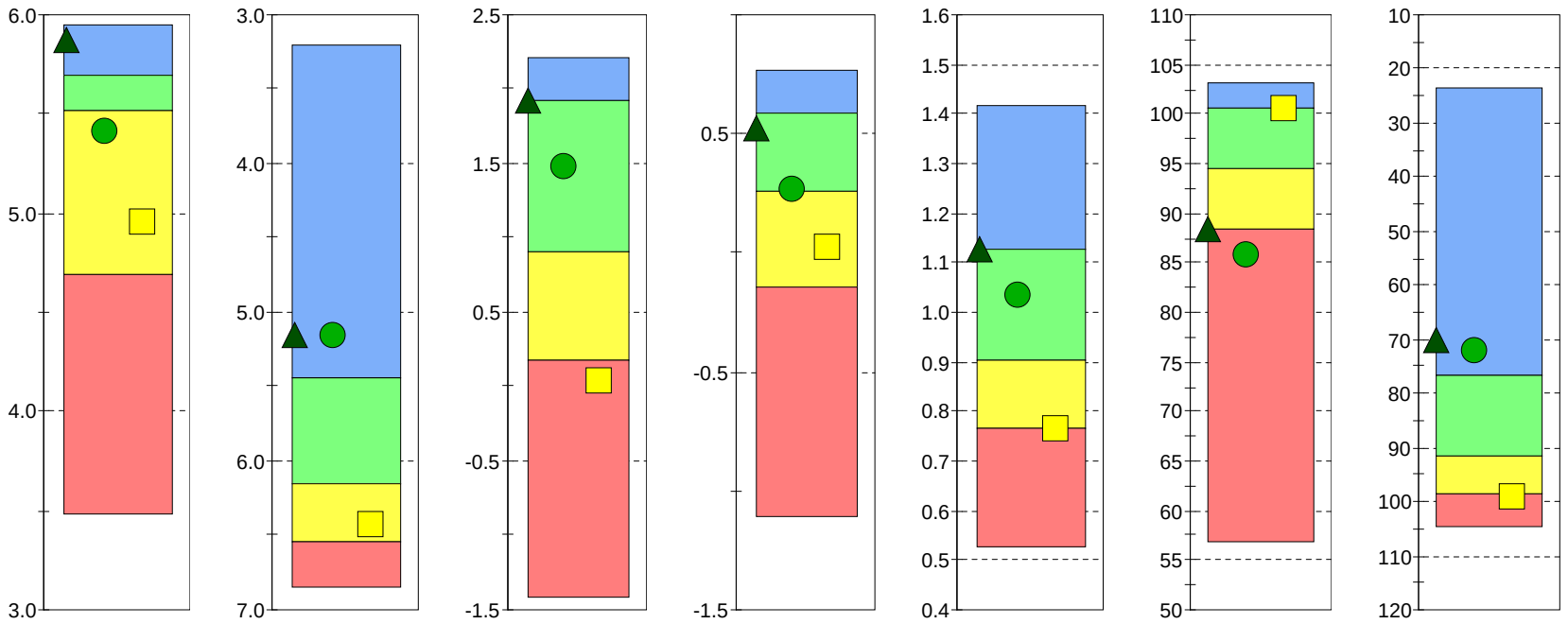
| | ROR | | Std Dev Pop | | Alpha | | Info Ratio Pop | | Sharpe Ratio Pop | | Upside Cap Ratio | | Dnside Cap Ratio | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | VALUE | RANK | VALUE | RANK | VALUE | RANK | VALUE | RANK | VALUE | RANK | VALUE | RANK | VALUE | RANK |
| ▲ Pacific Income High Yield | 8.71 | 1 | 7.67 | 17 | 3.84 | 1 | 0.30 | 16 | 1.01 | 11 | 79.70 | 88 | 55.00 | 12 |
| ● Pacific Income High Yield NET | 8.21 | 1 | 7.66 | 17 | 3.36 | 1 | 0.21 | 22 | 0.94 | 11 | 77.52 | 88 | 56.47 | 17 |
| ■ Barclays High Yield US Corp | 7.01 | 55 | 10.63 | 99 | 0.00 | 83 | 0.00 | 55 | 0.57 | 83 | 100.00 | 11 | 100.00 | 99 |

THE SUPPLEMENTAL INFORMATION COMPLEMENTS THE HIGH YIELD COMPOSITE'S FULL DISCLOSURE PRESENTATION.

THE HIGH YIELD COMPOSITE WAS CREATED IN MARCH 1999 AND IS MANAGED BY PACIFIC INCOME ADVISERS (PIA). 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. THE ATTACHED DISCLOSURE IS AN INTEGRAL PART OF THIS PERFORMANCE PRESENTATION. PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. AS OF 10/1/13, NET OF FEE PERFORMANCE WAS CALCULATED USING ACTUAL MANAGEMENT FEES. PRIOR TO 10/1/13, NET OF FEE PERFORMANCE WAS CALCULATED USING THE HIGHEST ANNUAL MANAGEMENT FEE APPLIED TO THE GROSS RESULTS ON A MONTHLY BASIS. FOR THE PERIOD 4/1/11 THROUGH 9/30/13, THE HIGHEST MANAGEMENT FEE WAS 0.65%. PRIOR TO 3/31/11, THE HIGHEST MANAGEMENT FEE WAS 0.50%.

PSN HIGH YIELD FIXED INCOME UNIVERSE IS COMPRISED OF 148 US FIXED INCOME PRODUCTS THAT CHOOSE LOWER QUALITY/HIGH YIELD AS THEIR PRIMARY STYLE OBJECTIVE. UNIVERSE IS AVAILABLE ON BOTH GROSS AND NET OF FEE BASIS.

# PACIFIC INCOME ADVISERS
# MULTI-STATISTIC QUARTILE RANKING BAR
# PSN HIGH YIELD FIXED INCOME
# MARCH 31, 2011 TO MARCH 31, 2016




| | ROR | Std Dev Pop | Alpha | Info Ratio Pop | Sharpe Ratio Pop | Upside Cap Ratio | Dnside Cap Ratio |
|---|---|---|---|---|---|---|---|
| HIGH (0.95) | 5.93 | 3.23 | 2.18 | 0.74 | 1.41 | 102.63 | 24.59 |
| FIRST QUART | 5.67 | 5.48 | 1.90 | 0.57 | 1.12 | 100.20 | 77.78 |
| MEDIAN | 5.49 | 6.18 | 0.88 | 0.24 | 0.90 | 93.93 | 92.40 |
| THIRD QUART | 4.67 | 6.58 | 0.14 | -0.17 | 0.76 | 87.97 | 99.47 |
| LOW (0.05) | 3.45 | 6.88 | -1.45 | -1.13 | 0.52 | 56.25 | 105.69 |
| MEAN | 5.10 | 5.92 | 0.76 | 0.16 | 0.91 | 91.98 | 84.47 |
| VALID COUNT | 22 | 22 | 22 | 22 | 22 | 22 | 22 |

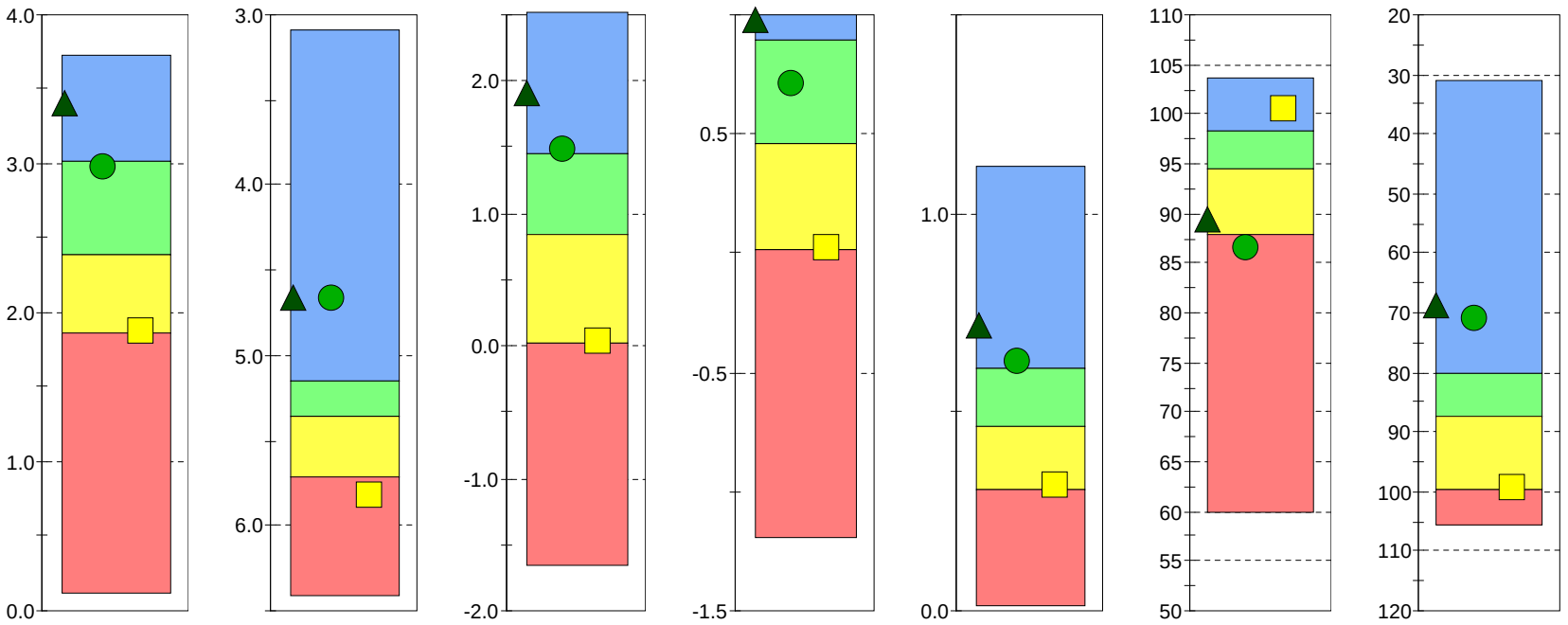
| | ROR VALUE | ROR RANK | Std Dev Pop VALUE | Std Dev Pop RANK | Alpha VALUE | Alpha RANK | Info Ratio Pop VALUE | Info Ratio Pop RANK | Sharpe Ratio Pop VALUE | Sharpe Ratio Pop RANK | Upside Cap Ratio VALUE | Upside Cap Ratio RANK | Dnside Cap Ratio VALUE | Dnside Cap Ratio RANK |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ▲ Pacific Income High Yield | 5.85 | 9 | 5.19 | 14 | 1.90 | 22 | 0.51 | 40 | 1.12 | 22 | 87.97 | 77 | 70.85 | 19 |
| ● Pacific Income High Yield NET | 5.39 | 50 | 5.18 | 14 | 1.45 | 27 | 0.25 | 45 | 1.03 | 27 | 85.28 | 81 | 72.79 | 23 |
| ■ Barclays High Yield US Corp | 4.93 | 59 | 6.45 | 73 | 0.00 | 77 | 0.00 | 59 | 0.75 | 77 | 100.00 | 22 | 100.00 | 82 |

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# PACIFIC INCOME ADVISERS
# MULTI-STATISTIC QUARTILE RANKING BAR
# PSN HIGH YIELD FIXED INCOME
# MARCH 31, 2013 TO MARCH 31, 2016




| | ROR | Std Dev Pop | Alpha | Info Ratio Pop | Sharpe Ratio Pop | Upside Cap Ratio | Dnside Cap Ratio |
|---|---|---|---|---|---|---|---|
| HIGH (0.95) | 3.69 | 3.12 | 2.48 | 0.97 | 1.11 | 103.06 | 31.83 |
| FIRST QUART | 2.99 | 5.19 | 1.41 | 0.87 | 0.59 | 97.90 | 81.23 |
| MEDIAN | 2.36 | 5.39 | 0.81 | 0.44 | 0.45 | 93.94 | 88.32 |
| THIRD QUART | 1.84 | 5.74 | -0.02 | -0.01 | 0.29 | 87.45 | 100.44 |
| LOW (0.05) | 0.08 | 6.43 | -1.69 | -1.21 | 0.00 | 59.28 | 106.56 |
| MEAN | 2.23 | 5.28 | 0.63 | 0.25 | 0.45 | 89.56 | 83.99 |
| VALID COUNT | 24 | 24 | 24 | 24 | 24 | 24 | 24 |

| | ROR VALUE | ROR RANK | Std Dev Pop VALUE | Std Dev Pop RANK | Alpha VALUE | Alpha RANK | Info Ratio Pop VALUE | Info Ratio Pop RANK | Sharpe Ratio Pop VALUE | Sharpe Ratio Pop RANK | Upside Cap Ratio VALUE | Upside Cap Ratio RANK | Dnside Cap Ratio VALUE | Dnside Cap Ratio RANK |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ▲ Pacific Income High Yield | 3.38 | 12 | 4.69 | 13 | 1.87 | 16 | 0.96 | 8 | 0.71 | 12 | 88.85 | 70 | 69.56 | 17 |
| ● Pacific Income High Yield NET | 2.95 | 33 | 4.69 | 17 | 1.45 | 20 | 0.69 | 29 | 0.61 | 20 | 86.11 | 75 | 71.77 | 21 |
| ▭ Barclays High Yield US Corp | 1.84 | 70 | 5.85 | 80 | 0.00 | 70 | 0.00 | 70 | 0.30 | 70 | 100.00 | 8 | 100.00 | 75 |

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## ANNUAL DISCLOSURE PRESENTATION

| Year End | Total firm assets (millions) | Composite assets | | | | Annual Performance Results | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | USD (millions) | Number of accounts | % of Non-Paying Fees | % Carve Out | Composite Gross | Composite Net | Barclays High Yield | Composite Dispersion | Composite 3 Yr. Ex-Post STD | Index 3 Yr. Ex-Post STD |
| 2015 | 10,167 | 617 | 8 | 1% | 0% | (1.02)% | (1.45)% | (4.47)% | 0.7% | 4.26% | 5.26% |
| 2014 | 10,478 | 593 | 8 | 1 | 0 | 3.14 | 2.68 | 2.45 | 0.7 | 4.01 | 4.50 |
| 2013 | 11,829 | 520 | 7 | 1 | 0 | 9.41 | 8.90 | 7.44 | N.A. [1] | 5.33 | 6.41 |
| 2012 | 13,344 | 40 | 1 | 0 | 0 | 14.63 | 14.00 | 15.81 | N.A. | 5.40 | 7.08 |
| 2011 | 3,895 | 27 | 2 | 0 | 0 | 4.44 | 4.06 | 4.98 | N.A. | 7.23 | 11.09 |
| 2010 | 4,387 | 11 | 1 | 100 | 0 | 16.94 | 16.36 | 15.12 | N.A. | 11.72 | 17.03 |
| 2009 | ——— | 10 | 1 | 100 | 100 | 44.33 | 43.63 | 58.21 | N.A. | 11.57 | 16.93 |
| 2008 | ——— | 8 | 1 | 100 | 100 | (17.70) | (18.12) | (26.16) | N.A. | 10.14 | 13.41 |
| 2007 | ——— | 11 | 1 | 100 | 100 | 7.59 | 7.06 | 1.87 | N.A. | 4.70 | 4.74 |
| 2006 | ——— | 14 | 1 | 100 | 100 | 18.61 | 18.03 | 11.85 | N.A. | 4.63 | 3.95 |
| 2005 | ——— | 1,536 | 2 | 1 | 1 | 6.81 | 6.28 | 2.74 | N.A. | 4.48 | 5.55 |
| 2004 | ——— | 1,522 | 3 | 1 | 1 | 16.00 | 15.43 | 11.13 | N.A. | 4.14 | 8.38 |
| 2003 | ——— | 1,265 | 2 | 1 | 1 | 23.64 | 23.03 | 28.97 | N.A. | 7.03 | 10.65 |
| 2002 | ——— | 888 | 2 | 1 | 1 | 11.63 | 11.08 | (1.41) | N.A. | 8.01 | 10.34 |
| 2001 | ——— | 648 | 2 | 1 | 1 | 7.14 | 6.60 | 5.28 | N.A. | N.A.[2] | N.A.[2] |
| 2000 | ——— | 465 | 2 | 1 | 1 | (8.42) | (8.88) | (5.86) | N.A. | N.A. | N.A. |
| 1999 | ——— | 507 | 2 | 1 | 1 | 4.81 | 4.38 | 1.49 | N.A. | N.A. | N.A. |

*[1]N/A = Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.*
*[2]N.A.=The 3 year Ex-post standard deviation isn't presented since there aren't 36 monthly returns availible prior to this period.*
*1999 is a partial period from March 1 through December 31.*

***The High Yield Composite** consists of portfolios whose major concentration is in high yield bonds, both public and private. Equity-linked securities purchased in conjunction with a debt security and equity securities obtained in exchange offers or insolvency proceedings, as well as leveraged corporate loans may also be included. The portfolios are constrained to be substantially fully invested with minor cash holding. On 1/1/09 a substantially large equity position (which included several securities) became non-discretionary and was transferred from the portfolio when the client restricted the portfolio manager from selling the positions due to tax consequences. The Performance presented from March 1, 1999 through April 30, 2010 was generated while the Portfolio Managers were affiliated with a prior firm. The current Portfolio Management Team consists of the original members, less one, and they are the only individuals responsible for selecting the securities to buy and sell. Prior to November 1, 2010, the composite was named the U.S. High Yield Composite. The primary benchmark was formerly the Credit Suisse High Yield Index. The benchmark was changed to the Barclays U.S. Corporate High Yield Index on May 01, 2010 since we believe it is more commonly recognized as the industry standard index for the high yield asset class.*

*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 December 31, 2015.*

*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. The High Yield composite has been examined for the periods May 1, 2010 through December 31, 2015. The verification and performance examination reports are available upon request.*

*Prior to May 1, 2010, the track record was reviewed for conformance with the portability requirements of GIPS standards. The predecessor firm was also verified and the composite underwent a performance examination from inception in 3/1/99 to 12/31/09 by Ashland Partners & Company LLP.*

*The High Yield Composite was created in March 1999.*

*Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Beginning May 1, 2010, composite policy requires the temporary removal of any portfolio incurring a client initiated significant cash inflow or outflow of 20% of portfolio assets or greater. Additional information regarding the treatment of significant cash flows is available upon request. 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 management fees and include the reinvestment of all income. As of 10/1/13, net of fee performance was calculated using actual management fees. Prior to 10/1/13, net of fee performance was calculated using the highest annual management fee applied to the gross results on a monthly basis. For the period 4/1/11 through 9/30/13, the highest management fee was 0.65%. Prior to 3/31/11, the highest management fee was 0.50%. Actual investment advisory fees incurred by clients may vary. When applicable the standard deviation will be calculated as an equal-weighted standard deviation calculated for the accounts in the composite the entire year. Prior to January 1, 2010 carve-outs reflect the capping of cash to 8% of Net Asset Value on an account which represents the personal holdings of one of the portfolio managers in order to align such cash amount to the level typical of an institutional account. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.*

*The management fee schedule is as follows: 0.50% on the first $50 million, 0.45% on the next $50 million, and 0.40% on the balance. Actual investment advisory fees incurred by clients may vary.*