



INVESTMENT OBJECTIVE¹

PIA's High Yield Strategy seeks to outperform the **Bloomberg Barclays U.S. Corporate High Yield Index** over a full economic cycle, with equal to or lower volatility.

INVESTMENT PHILOSOPHY

We know the high yield market typically offers high current income that has historically over-compensated for default risk; as well as offering the potential to produce capital gains when issuers improve their credit quality. We know that defaults are highly correlated by industry, which is why we defensively seek to underweight those industries where we can identify negative secular trends in advance. **We believe** that "value" driven company-specific analysis can capture excess returns from companies that have demonstrated they can generate free cash flow throughout an economic cycle. These companies normally incur lower-than-index default losses, while earning an attractive yield.

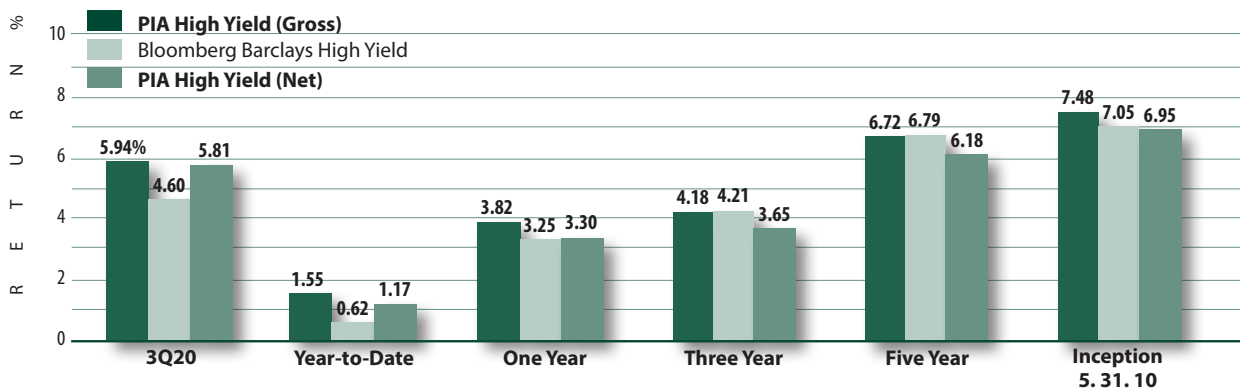
THE FIRM

| | |
|---------------|---------------------------------------|
| Ownership | Independent and Employee-owned |
| Inception | 1986 |
| Location | Santa Monica, California |
| Employees | 29 |
| Firm Assets | \$5 billion |
| Style Assets | \$162 million |
| GIPS Verified | Yes |
| Firm Verifier | ACA Performance Services, LLC |

INVESTMENT PROCESS

- » **Industry Research** We focus on industries we believe have sufficiently low cash flow volatility to service debt regardless of the next macro trend. We typically exclude approximately one third of industries, because they fail this first screen.
- » **Credit Research** We seek above average yielding opportunities within an industry that we deem favorably positioned to generate cash flow. These opportunities tend to be relatively small, privately owned issuers, not closely followed by our larger competitors or in brokerage research. This allows us to benefit from credit insights developed by researching the company, its competitors, suppliers and customers. We generally regard the judgments of the rating agencies as lagging indicators and place limited emphasis on them in our analysis.
- » **Portfolio Construction** The three senior members of our portfolio management team have discretion to optimize exposure in the industries in which they specialize, following a set of common investment themes; e.g. known demographic trends, the stability of processing as opposed to extractive industries and the critical importance of capacity utilization.
- » **Portfolio Management** We seek to capture alpha over the complete credit cycle. We rarely engage in large-scale sector rotation, and our turnover is consistently low. We monitor each credit's sensitivity to a small number of macro variables; e.g. consumer spending, credit availability, commodity prices. We sell when we believe a secular change is occurring that overturns our investment thesis.

ANNUALIZED PERFORMANCE² as of 9.30.20



¹Periods less than one year are not annualized.

The High Yield Composite consists of portfolios benchmarked to the Bloomberg Barclays U.S. High Yield Index. The Composite invests in high yield bonds, both public and private, as well as equity and equity-linked securities obtained in exchange offers or insolvency proceedings. There is no account minimum.

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. Past performance is not indicative of future results.

The U.S. Dollar is the currency used to express performance. High Yield Composite was created in October 2017. The inception date is May 31, 2010.

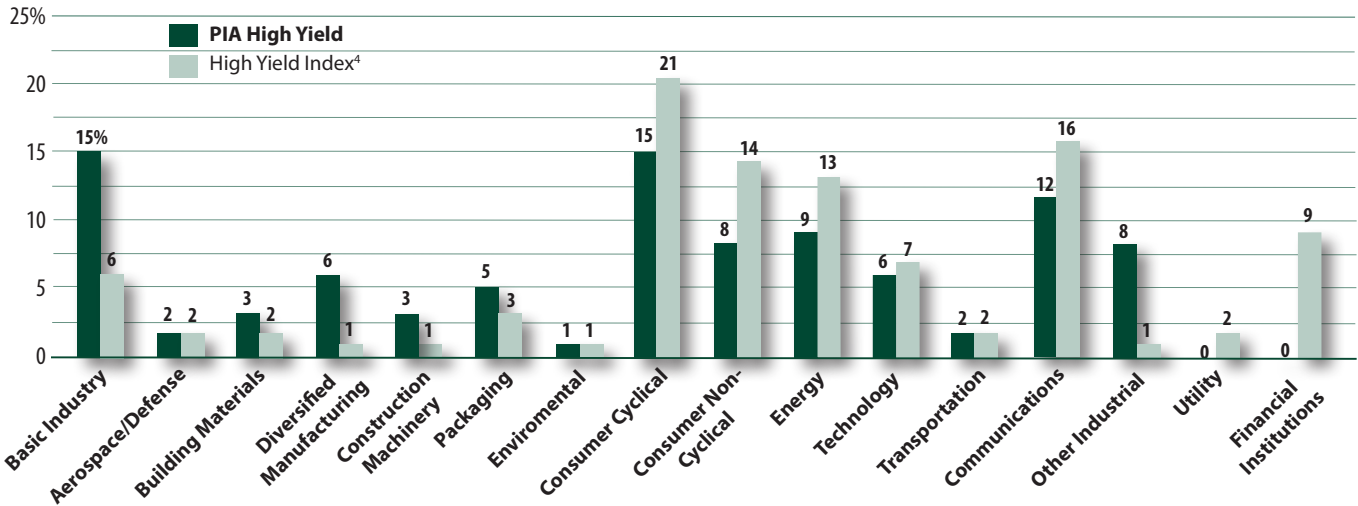
Net of fee performance was calculated using actual management fees. Prior to 1/1/11, net of fee performance was calculated using the highest annual management fee 0.50%, applied to the gross results on a monthly basis.

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.

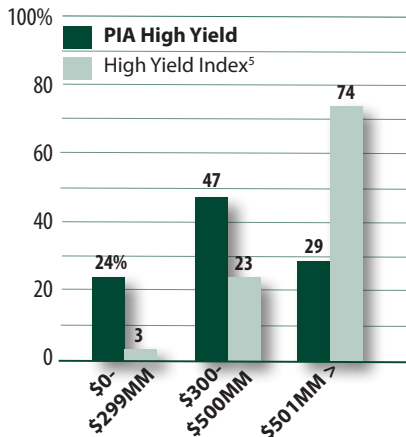


PIA HIGH YIELD

INDUSTRY WEIGHTING³



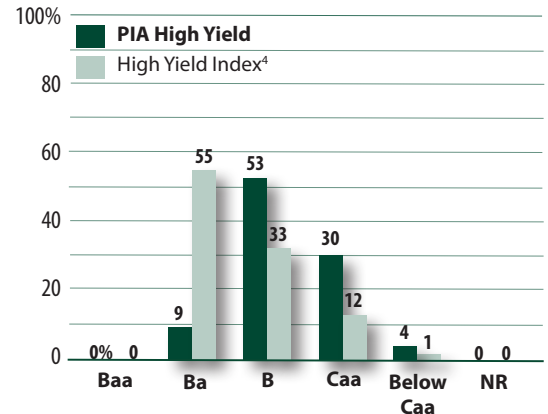
ISSUE SIZE³



PORTFOLIO CHARACTERISTICS³

| | PIA | HY Index ⁴ |
|---------------------|---------|-----------------------|
| Duration | 3.1 | 3.8 |
| Wtd. Avg. Maturity | 4.6 yrs | 6.3 yrs |
| Current Yield | 7.3% | 6.1% |
| Yield to Maturity | 9.5% | 6.1% |
| Yield to Worst | 9.3% | 5.8% |
| Avg. Credit Quality | B | Ba |
| # of Securities | 105 | 2,139 |

QUALITY DISTRIBUTION³



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 and equity assets for primarily United States clients.

PIA claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

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

¹There is, of course, no assurance that these goals will be realized. Portfolio values will fluctuate as market conditions change.

²The 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. Percentages shown may not total 100% due to rounding and/or incidental allocation to cash.

Data is obtained from Yield Book and Bloomberg Barclays systems and is assumed to be reliable.

³The Bloomberg Barclays U.S. 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.

⁴The FTSE US High-Yield Market Index is a US Dollar-denominated index which measures the performance of high-yield debt issued by corporations domiciled in the US or Canada. Recognized as a broad measure of the North American high-yield market, the index covers cash-pay, deferred-interest securities, and debt issued under Rule 144A in unregistered form. Sub-indexes are available in any combination of industry sector, maturity, and rating. You cannot invest directly in an index.



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