



PIA MODERATE DURATION MACS

INVESTMENT OBJECTIVE¹

PIA's Moderate Duration MACS Strategy seeks to outperform the Bloomberg Barclays Aggregate Index over a full economic cycle, with equal to or lower volatility.

INVESTMENT PHILOSOPHY

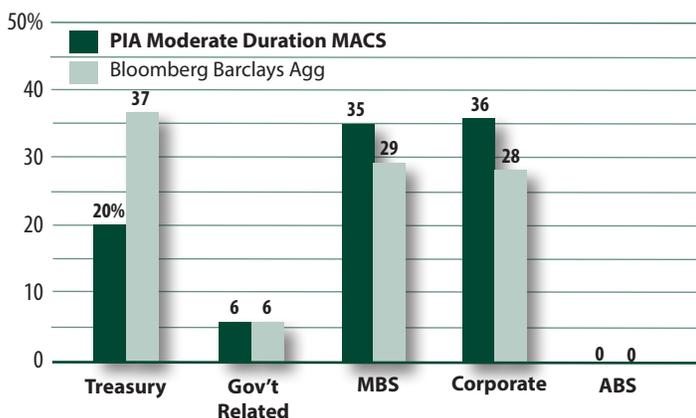
We know that the various sectors within the bond market are periodically torqued by cyclical, monetary or market pressures, which can lead to mispricings and create opportunities to produce excess return. We intend to exploit these periodic opportunities by risk-adjusting the various bond market sectors, 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	28
Firm Assets	\$5 billion
Strategy Assets	\$372 million
GIPS Verified	Yes
Firm Verifier	ACA Performance Services, LLC

INVESTMENT PROCESS

- » **Yield Curve and Sector Analysis** PIA deconstructs the bond market into yield curve, quality and industry sectors and utilizes quantitative yield curve and sector analysis to identify sectors that are undervalued on a risk adjusted basis. We further apply qualitative bottom-up fundamental analysis to identify the issues that best reflect our sector views.
- » **Security Research** We combine fundamental top-down industry analysis with bottom-up fundamental security and ratio analysis to select credit securities. Additionally, we utilize multi-factor models that produce value and risk metrics to identify attractive Mortgage-backed and Asset-backed Securities.
- » **Portfolio Construction** Portfolio Managers construct portfolios to meet the strategic portfolio objectives set forth by the PIA Investment Strategy Group for duration, sector weights and yield curve positioning. The PIA Neural Network, which produces probabilistic insights into factors affecting sector valuations, is a tool utilized by the Investment Strategy Group in tactical decision-making. Credit securities are selected by our credit analysts, while mortgage-backed securities are selected with the support of our MBS specialists. PIA believes that diversification is the optimal method to manage security specific risk. PIA utilizes proprietary (completion) mutual funds to invest in BBB-rated credits, as well as securitized debt to offer accounts the benefit of greater diversification.
- » **Portfolio Management** Portfolio Managers strive to consistently maintain the risk / return composition goals stated in the client's investment policy statement (IPS). The firm's Portfolio Administrator is responsible for quarterly verification that client portfolios adhered to their IPS.

SECTOR ALLOCATION²

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

²Please see corresponding disclosure on the reverse side of this document.

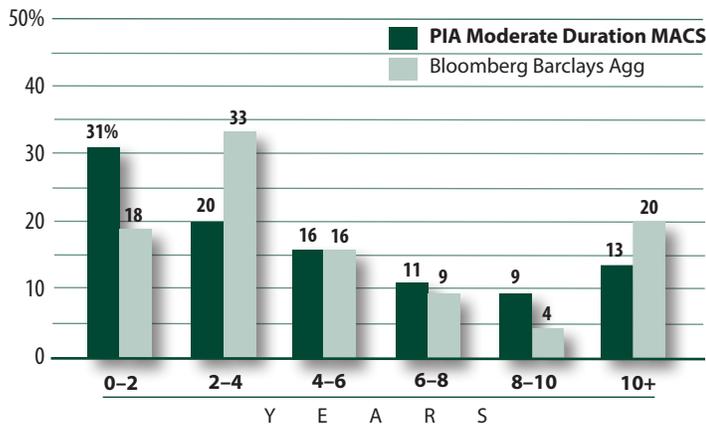
PORTFOLIO CHARACTERISTICS²

	PIA	BARCLAYS AGG
Duration	5.7	6.2
Weighted Avg. Life	6.7 yrs	8.3 yrs
Current Yield	2.6%	2.5%
Yield to Maturity	1.2%	1.1%
Avg. Credit Quality	Aa	Aa
No. of Securities	17	11,984

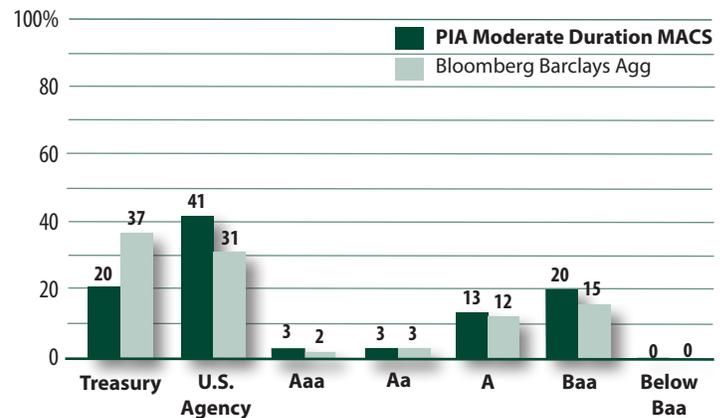


PIA MODERATE DURATION MACS

DURATION DISTRIBUTION²



QUALITY DISTRIBUTION²



PORTFOLIO SECTOR CHARACTERISTICS²

	Duration	Weighted Avg. Life	Coupon	Yield to Maturity	Average Quality
Portfolio Treasuries	4.9	5.4 yrs	1.2	0.5%	Aaa
Bloomberg Barclays Aggregate (Treasuries)	7.2	8.5 yrs	1.8	0.6%	Aaa
Portfolio Gov Related	1.8	1.8 yrs	2.6	0.2%	Aaa
Bloomberg Barclays Aggregate (Gov Related)	6.0	8.9 yrs	2.7	1.1%	Aa
Portfolio Corporate	7.7	9.6 yrs	3.7	1.9%	Baa
Bloomberg Barclays Aggregate (Corporate)	8.8	12.3 yrs	3.8	1.8%	A
Portfolio MBS	2.4	3.9 yrs	2.8	1.3%	Aaa
Bloomberg Barclays Aggregate (Securitized)	2.6	4.2 yrs	3.1	1.2%	Aaa

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.

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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 Barclays Live systems and is assumed to be reliable.

The Bloomberg Barclays U.S. Aggregate Bond Index represents securities that are SEC-registered, taxable and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis. You cannot invest directly in an index.



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