



PIA CORPORATE MACS

INVESTMENT OBJECTIVE¹

PIA's Corporate MACS Strategy seeks to outperform the **Bloomberg Barclays Corporate 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.

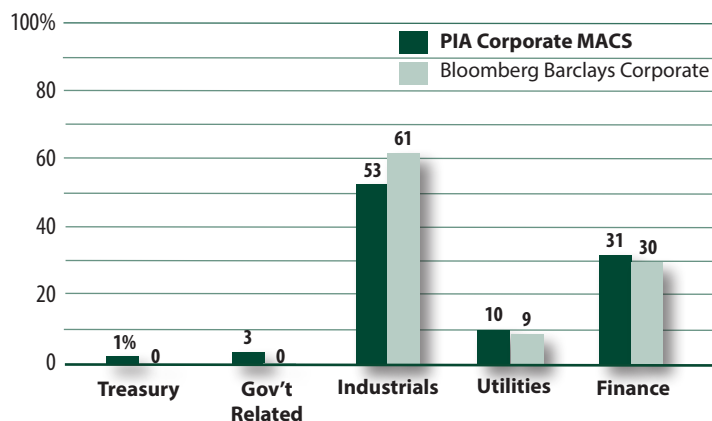
THE FIRM

| | |
|-----------------|---------------------------------------|
| Ownership | Independent and Employee-owned |
| Inception | 1986 |
| Location | Santa Monica, California |
| Employees | 17 |
| Firm Assets | \$2 billion |
| Strategy Assets | \$30 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.
- » **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. Securities are selected by our credit analysts. PIA believes that diversification is the optimal method to manage security specific risk. PIA utilizes a proprietary (completion) mutual fund to invest in BBB-rated credits 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 firms' 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.

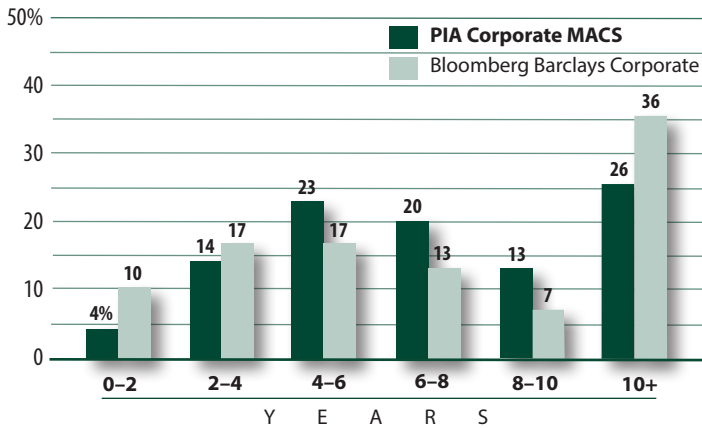
²Please see corresponding disclosure on the reverse side of this document.

PORTFOLIO CHARACTERISTICS²

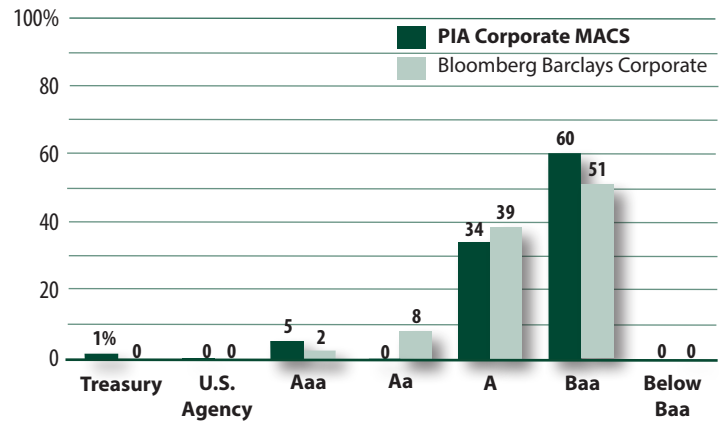
| | PIA | BARCLAYS CORPORATE |
|---------------------|-----------------|--------------------|
| Duration | 8.3 | 8.7 |
| Weighted Avg. Life | 10.7 yrs | 12.3 yrs |
| Current Yield | 3.2% | 3.3% |
| Yield to Maturity | 2.2% | 2.1% |
| Avg. Credit Quality | Baa | A |
| No. of Securities | 17 | 6,835 |



DURATION DISTRIBUTION²



QUALITY DISTRIBUTION²



PORTFOLIO SECTOR CHARACTERISTICS²

| | Duration | Weighted Avg. Life | Coupon | Yield to Maturity | Average Quality |
|--|----------|--------------------|--------|-------------------|-----------------|
| Portfolio Industrials | 8.3 | 10.7 yrs | 3.6 | 2.1% | Baa |
| Bloomberg Barclays Corporate (Industrials) | 9.5 | 13.7 yrs | 3.7 | 2.2% | A |
| Portfolio Utilities | 9.5 | 12.9 yrs | 4.9 | 3.0% | Baa |
| Bloomberg Barclays Corporate (Utilities) | 10.8 | 15.5 yrs | 3.7 | 2.4% | A |
| Portfolio Financials | 9.9 | 12.8 yrs | 3.4 | 2.3% | Baa |
| Bloomberg Barclays Corporate (Financials) | 6.6 | 8.5 yrs | 3.4 | 1.8% | A |

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®). 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 Barclays Live systems and is assumed to be reliable.

Bloomberg Barclays U.S. Corporate Bond Index covers USD-denominated, investment-grade, fixed-rate, taxable securities sold by industrial, utility, and financial issuers. It includes publicly issued U.S. corporate debentures and secured notes that meet specific maturity, liquidity, and quality requirements. Securities in the index roll up to the U.S. Credit and U.S. Aggregate indices. The U.S. Corporate Index was launched on January 1, 1973. You can not invest directly in an index.



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