



PIA CORPORATE MACS

INVESTMENT OBJECTIVE¹

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

INVESTMENT PHILOSOPHY

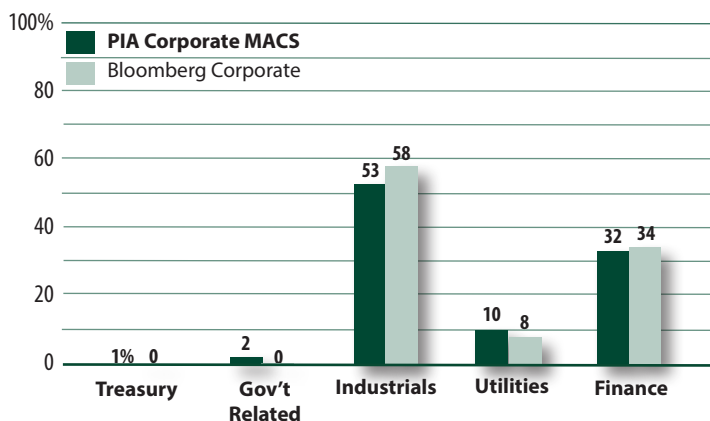
We know that the various sectors within the bond market are periodically torqued by cyclical, monetary or market pressures, which can lead to mispricings and create opportunities to produce excess return. We intend to exploit these periodic opportunities by risk-adjusting the various bond market sectors, 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	El Segundo, California
Employees	14
Firm Assets	\$2 billion
Strategy Assets	\$18 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** The Investment Strategy Group uses quantitative and fundamental inputs to set sector weights, duration decision and yield curve positioning for the portfolios. Sector weights reflect our the firm's opinion on relative value across sectors adjusting for current fundamentals, spreads and spread volatility. Security selection is based upon analyst research to identify securities that best meet the risk-return objectives of the portfolio. Additionally, PIA utilizes a proprietary (completion) mutual fund to invest in BBB-rated credit, which provides 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.

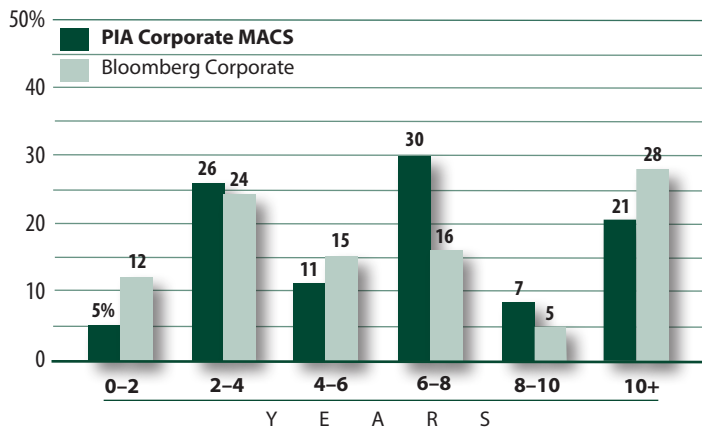
²Please see corresponding disclosure on the reverse side of this document.

PORTFOLIO CHARACTERISTICS²

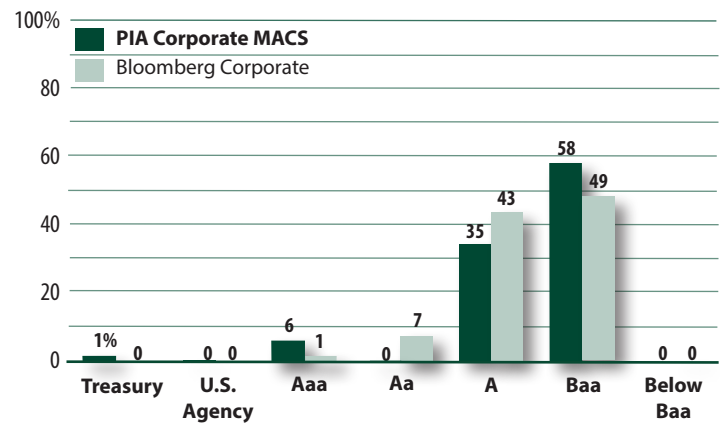
	PIA	BLOOMBERG CORPORATE
Duration	7.1	7.1
Weighted Avg. Life	10.5 yrs	10.9 yrs
Yield to Maturity	5.4%	5.4%
Current Yield	4.0%	4.2%
Avg. Credit Quality	Baa	Baa
No. of Securities	17	7,344



DURATION DISTRIBUTION²



QUALITY DISTRIBUTION²



PORTFOLIO SECTOR CHARACTERISTICS²

	Duration	Weighted Avg. Life	Coupon	Yield to Maturity	Average Quality
Portfolio Industrials	8.5	12.7 yrs	3.4	5.4%	Baa
Bloomberg Corporate (Industrials)	7.9	12.6 yrs	3.8	5.3%	Baa
Portfolio Utilities	8.7	14.4 yrs	3.5	5.5%	Baa
Bloomberg Corporate (Utilities)	8.9	14.2 yrs	3.8	5.4%	Baa
Portfolio Financials	4.6	5.6 yrs	3.4	5.5%	A
Bloomberg Corporate (Financials)	5.3	7.4 yrs	3.6	5.6%	A

Pacific Income Advisers is an investment management firm registered with the U.S. Securities and Exchange Commission under the Investment Advisers Act of 1940. Registration does not imply a certain level of skill or training. PIA manages a variety of fixed income and equity assets for primarily United States clients.

Investing involves the risk of loss, including the loss of principal invested. Past performance is not an indicator of future results.

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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.

Bloomberg 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.



Pacific Income Advisers

2321 Rosecrans Avenue, Suite 1260 El Segundo, California 90245

tel 310. 255. 4453 fax 310. 434. 0100 www.pacificincome.com