



# PIA LIMITED DURATION SMA

## INVESTMENT OBJECTIVE<sup>1</sup>

**PIA's Limited Duration SMA Strategy** seeks to outperform the **Bloomberg Intermediate Government-Credit 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.

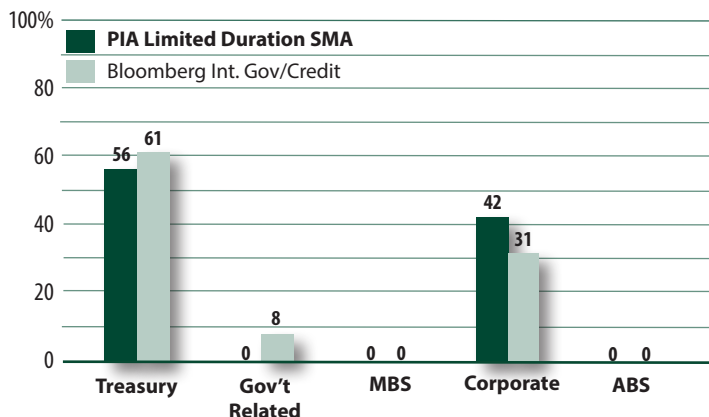
## THE FIRM

Ownership	<b>Independent and Employee-owned</b>
Inception	<b>1986</b>
Location	<b>Santa Monica, California</b>
Employees	<b>16</b>
Firm Assets	<b>\$2 billion</b>
Strategy Assets	<b>\$885 million</b>
GIPS Verified	<b>Yes</b>
Firm Verifier	<b>ACA Performance Services, LLC</b>

## 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.
- » **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 ALLOCATION<sup>2</sup>



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

<sup>2</sup>Please see corresponding disclosure on the reverse side of this document.

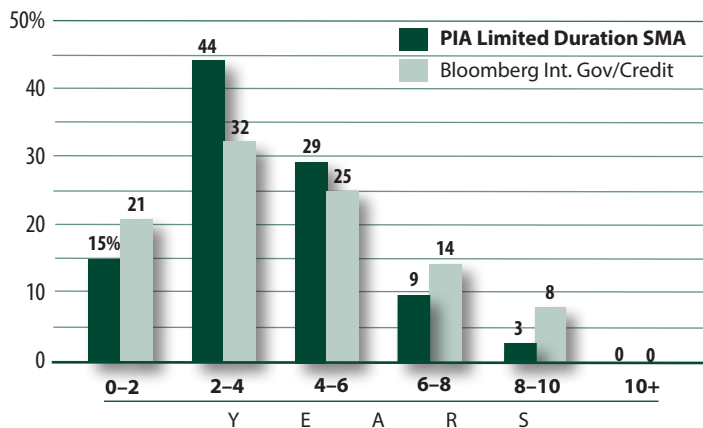
## PORTFOLIO CHARACTERISTICS<sup>2</sup>

	PIA	BLOOMBERG INT. GOV/CREDIT
Duration	<b>3.7</b>	4.1
Weighted Avg. Life	<b>4.0 yrs</b>	4.4 yrs
Current Yield	<b>2.2%</b>	1.9%
Yield to Maturity	<b>1.4%</b>	1.3%
Avg. Credit Quality	<b>Aa</b>	Aa
No. of Securities	<b>26</b>	5,388

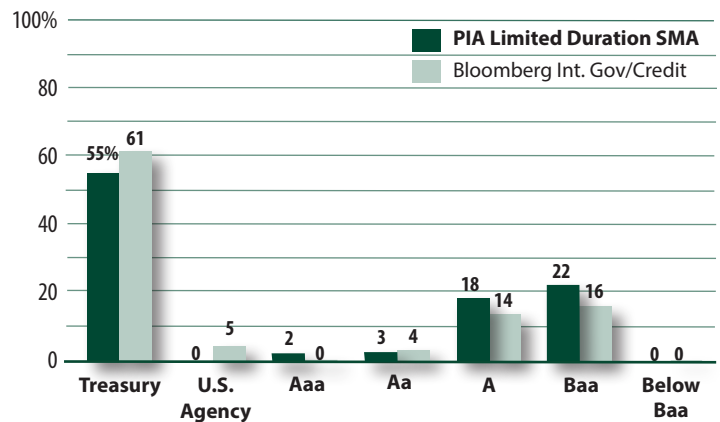


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## DURATION DISTRIBUTION<sup>2</sup>



## QUALITY DISTRIBUTION<sup>2</sup>



## PORTFOLIO SECTOR CHARACTERISTICS<sup>2</sup>

	Duration	Weighted Avg. Life	Coupon	Yield to Maturity	Average Quality
<b>Portfolio Treasuries</b>	3.2	3.3 yrs	1.8	1.0%	Aaa
Bloomberg Int. Gov/Credit (Treasuries)	4.0	4.2 yrs	1.3	1.1%	Aaa
<b>Portfolio Gov Related</b>	N/A	N/A	N/A	N/A	N/A
Bloomberg Int. Gov/Credit (Gov Related)	3.6	4.0 yrs	1.9	1.2%	Aa
<b>Portfolio Corporate</b>	4.7	5.3 yrs	3.0	1.9%	Baa
Bloomberg Int. Gov/Credit (Corporate)	4.5	5.0 yrs	3.1	1.9%	A

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

<sup>2</sup>The 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. Intermediate Government/Credit Bond Index is the Intermediate component of the U.S. Government/Credit index. The Government/Credit Index includes securities in the Government and Credit Indices. The Government Index includes treasuries (i.e., public obligations of the U.S. Treasury that have remaining maturities of more than one year) and agencies (i.e., publicly issued debt of U.S. Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. Government). The Credit Index includes publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements. You can not invest directly in an index.



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