

Investment Grade Bond Strategy

December 2016

OBJECTIVE

The Investment Grade Bond Strategy seeks to outperform the Barclays U.S. Credit Index.

INVESTMENT STRATEGY

The Strategy seeks the objective by investing primarily in investment grade corporate securities.

The Strategy allows a degree of flexibility within the investment process to allocate up to 20% to non-investment grade securities, primarily high yield and bank loans.

DIFFERENTIATING FEATURES

We focus on fundamental corporate credit research across the credit spectrum. Our single integrated research and portfolio management team's coverage through the capital structure provides the perspective to identify opportunities and relative value through all areas of the credit markets.

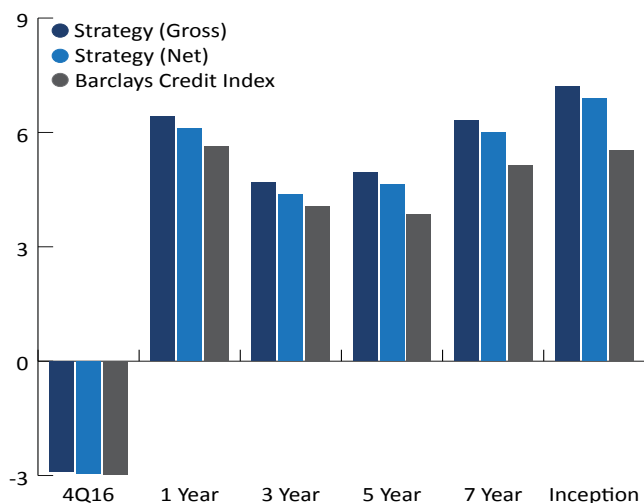
Investment team consists of 16 professionals who, on average, have 16 years investment experience and have worked together for over ten years.

STRATEGY BENEFITS

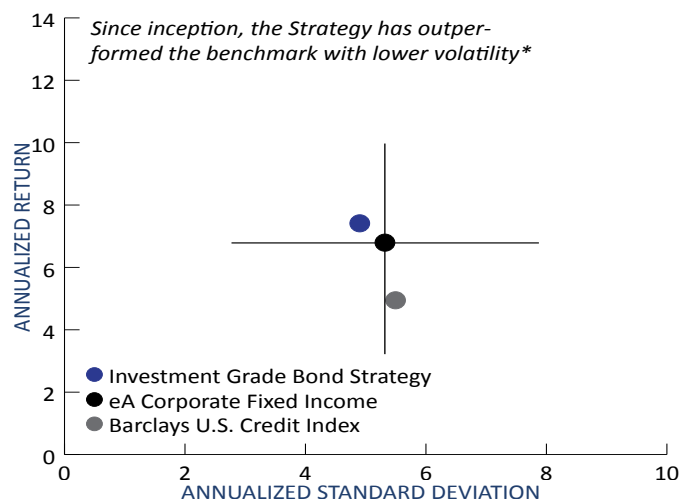
Corporate bonds have historically provided an attractive risk-reward profile over Government fixed income securities through higher yield, income levels and less sensitivity to interest rates.

The Strategy provides investors exposure to Corporate Bonds with a flexibility to invest across the capital structure, providing access to our investment team's expertise throughout the credit spectrum.

HISTORICAL RETURNS



RISK-REWARD ANALYSIS



ANNUALIZED - ENDING 4Q16	1 YEAR	2 YEAR	3 YEAR	4 YEAR	5 YEAR	6 YEAR	7 YEAR	8 YEAR	INCEPTION
Investment Grade Bond Strategy (Gross)	6.41	3.19	4.68	3.34	4.95	5.48	6.31	7.88	7.21
Investment Grade Bond Strategy (Net)	6.10	2.88	4.37	3.03	4.64	5.16	5.99	7.56	6.89
Barclays U.S. Credit Index	5.63	2.38	4.07	2.51	3.85	4.59	5.13	6.44	5.52

CALENDAR YEAR RETURNS	4Q16	2016	2015	2014	2013	2012	2011	2010	2009	2008
Investment Grade Bond Strategy (Gross)	-2.89	6.41	0.06	7.73	-0.60	11.69	8.12	11.44	19.58	-0.17
Investment Grade Bond Strategy (Net)	-2.96	6.10	-0.24	7.41	-0.90	11.36	7.80	11.11	19.23	-0.47
Barclays U.S. Credit Index	-2.97	5.63	-0.77	7.53	-2.01	9.37	8.35	8.47	16.04	-3.08

Inception of the Investment Grade Bond Strategy was July 1, 2007

* Source: Evestment Alliance Corporate Fixed Income Category

Past performance is not indicative of future results. Indexes are unmanaged and unavailable for investment.

Investment Grade Bond Strategy

December 2016



Inception

July 1, 2007

Benchmark

Barclays U.S. Credit Index

Strategy Assets

\$ 93m

Portfolio Managers (experience)

David Weismiller, CFA (19 years)

SINCE INCEPTION RISK-REWARD STATISTICS

	Strategy	Index
Standard Deviation	5.34	5.68
Beta	0.92	1.00
Sharpe Ratio	1.21	0.88
Information Ratio	1.12	N/A
Upside Capture	109.85	N/A
Downside Capture	72.43	N/A

Source: Evestment Alliance as of 12/31/2016

Pacific Asset Management claims compliance with the Global Investment Performance Standards (GIPS®).

FIRM DEFINITION - Pacific Asset Management is a business division of Pacific Life Fund Advisors LLC, an SEC registered investment adviser and a wholly owned subsidiary of Pacific Life Insurance Company.

COMPOSITE DESCRIPTION - The Composite consists of fixed income portfolios comprised primarily of Investment Grade securities.

RETURNS - presented gross and net of fees.

BENCHMARK DESCRIPTION - The Barclays Credit Index is comprised of U.S. Investment Grade Securities.

CURRENCY - Valuations are computed and performance is reported in U.S. dollars.

OBTAINING A COMPLIANT PRESENTATION along with a list of the firms composite descriptions can be obtained by emailing contactPAM@PacifiLife.com.

CHARACTERISTICS

	Strategy	Index
Duration	6.89	7.07
Yield to maturity (%)	3.63	3.30
Average maturity	9.83	10.50
Average price	102.04	104.11
Average quality	BBB	A/A-
Average coupon (%)	3.89	3.96
# of issues	155	6,754
# of issuers	123	1,267

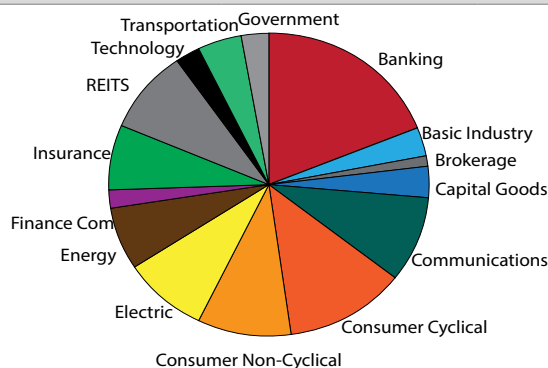
CREDIT QUALITY (%)

Cash	3	0
AAA	2	9
AA	4	13
A	24	35
BBB	64	43
BB	2	0
B	1	0
CCC or below	0	0

ASSET BREAKDOWN (%)

Government	1	17
Corporate	91	83
High Yield	3	0
Bank Loans	0	0
ABS	2	0
Cash	3	0

SECTOR BREAKDOWN



IMPORTANT NOTES AND DISCLOSURES

For U.S. Institutional Investor use only. The opinions expressed are not intended as an offer or solicitation with respect to the purchase or sale of any security. The information presented in this material has been developed internally and/or obtained from sources believed to be reliable; however Pacific Asset Management does not guarantee the accuracy, adequacy, or the completeness of such information. This material has been distributed for informational purposes only without regard to any particular user's investment objectives, financial situation, or means, and Pacific Asset Management is not soliciting any action based upon such information, and should not be considered as investment advice or a recommendation of any particular security, strategy or investment product. Statements concerning financial market trends are based on current market conditions, which will fluctuate. There is no guarantee that these investment strategies will work under all market conditions, and each investor should evaluate their ability to invest for the long-term. The information provided herein should not be construed as providing any assurance or guarantee as to returns that may be realized in the future from investments in any asset or asset class described herein. This material contains forward-looking statements that speak only as of the date they are made, Pacific Asset Management assumes no duty to and does not undertake to update forward-looking statements. Forward-looking statements are subject to numerous assumptions, risks, and uncertainties, which change over time. No part of this material may be reproduced in any form, or referred to in any other publication, without express written permission.