

Short Duration Bond Strategy

December 2016

OBJECTIVE

The Short Duration Bond Strategy seeks to outperform the Barclays 1-3yr Gov/Credit Index through a credit focused approach. The Strategy focuses on BBB rated corporate bonds.

INVESTMENT STRATEGY

The Strategy invests primarily in short maturity investment grade corporate bonds. The Strategy may invest up to 30% in BB/B rated bank loans and high yield bonds. The Strategy expects to maintain a duration range of +/- 1 year to that of the Index.

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.

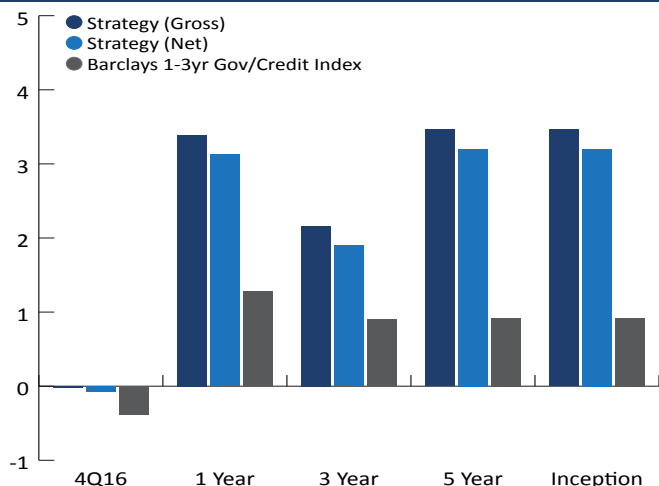
Investment team consists of 16 professionals who, on average, have 16 years investment experience and have worked together for over 10 years.

STRATEGY BENEFITS

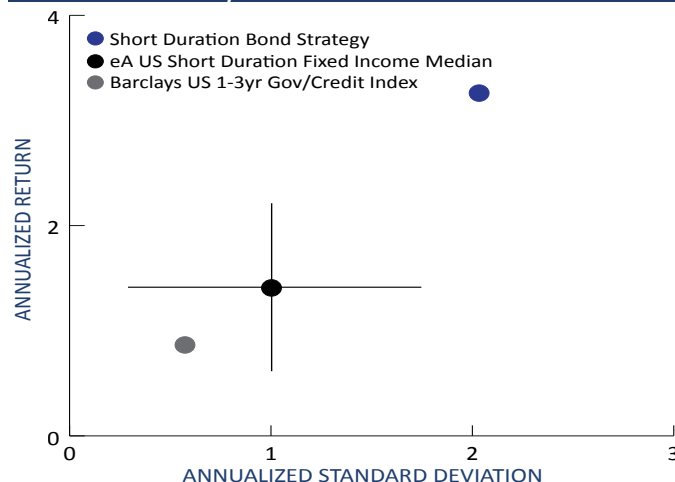
The Strategy provides investors a short maturity corporate bond portfolio with the ability to invest through the entire capital structure.

This flexible approach provides access to our investment team's experience throughout the credit spectrum in managing Investment Grade, High Yield, and Bank Loan securities.

HISTORICAL RETURNS



RISK/REWARD ANALYSIS



| ANNUALIZED - ENDING 4Q16 | 1 YEAR | 2 YEAR | 3 YEAR | 4 YEAR | 5 YEAR | INCEPTION |
|--------------------------------------|--------|--------|--------|--------|--------|-----------|
| Short Duration Bond Strategy (Gross) | 3.39 | 2.45 | 2.16 | 2.45 | 3.46 | 3.46 |
| Short Duration Bond Strategy (Net) | 3.13 | 2.19 | 1.90 | 2.20 | 3.20 | 3.20 |
| Barclays 1-3yr Gov/Credit Index | 1.28 | 0.97 | 0.90 | 0.84 | 0.92 | 0.92 |

| CALENDAR YEAR RETURNS | 4Q16 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--------------------------------------|-------|------|------|------|------|------|
| Short Duration Bond Strategy (Gross) | -0.02 | 3.39 | 1.51 | 1.59 | 3.33 | 7.60 |
| Short Duration Bond Strategy (Net) | -0.08 | 3.13 | 1.26 | 1.34 | 3.07 | 7.33 |
| Barclays 1-3yr Gov/Credit Index | -0.39 | 1.28 | 0.65 | 0.77 | 0.65 | 1.26 |

*Inception of the Short Duration Bond Strategy was January, 2012
 Past performance is not indicative of future results. Indexes are unmanaged and unavailable for investment.*

Short Duration Bond Strategy

December 2016



Inception

January 2012

Benchmark

Barclays 1-3yr Gov/Credit Index

Strategy Assets

\$ 277m

Portfolio Managers (experience)

David Weismiller, CFA (19 years)

Michael Marzouk, CFA (19 years)

SINCE INCEPTION RISK-REWARD STATISTICS

| | Strategy | Index |
|--------------------|----------|-------|
| Standard Deviation | 2.02 | 0.65 |
| Beta | 1.92 | 1.00 |
| Sharpe Ratio | 1.68 | 1.29 |
| Information Ratio | 1.50 | 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 Short Duration Bond Strategy consists of fixed income portfolios comprised primarily of short maturity corporate bonds.

RETURNS - presented gross and net of fees.

BENCHMARK DESCRIPTION - The Barclays 1-3 Year Gov/Credit Index covers Government and Credit Securities of 1-3 year maturities.

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@PacificLife.com.

CHARACTERISTICS

| | Strategy | Index |
|-----------------------|----------|--------|
| Duration | 1.64 | 1.92 |
| Yield to maturity (%) | 2.77 | 1.45 |
| Average maturity | 3.85 | 1.98 |
| Average price | 100.76 | 101.06 |
| Average quality | BBB | AA+/AA |
| Average coupon (%) | 2.79 | 2.02 |
| # of issues | 190 | 1,734 |
| # of issuers | 146 | 614 |

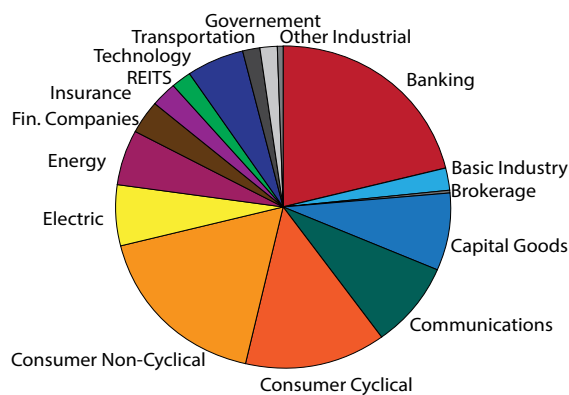
CREDIT QUALITY (%)

| | | |
|--------------|----|----|
| Cash | 4 | 0 |
| AAA | 7 | 70 |
| AA | 3 | 8 |
| A | 24 | 11 |
| BBB | 44 | 11 |
| BB | 13 | 0 |
| B | 5 | 0 |
| CCC or below | 0 | 0 |

ASSET BREAKDOWN (%)

| | | |
|------------------|----|----|
| Government | 1 | 75 |
| Corporate Bonds | 66 | 25 |
| High Yield Bonds | 5 | 0 |
| Bank Loans | 15 | 0 |
| ABS | 9 | 0 |
| CMBS | 0 | 0 |
| Cash | 4 | 0 |

SECTOR BREAKDOWN



IMPORTANT NOTES AND DISCLOSURES

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