

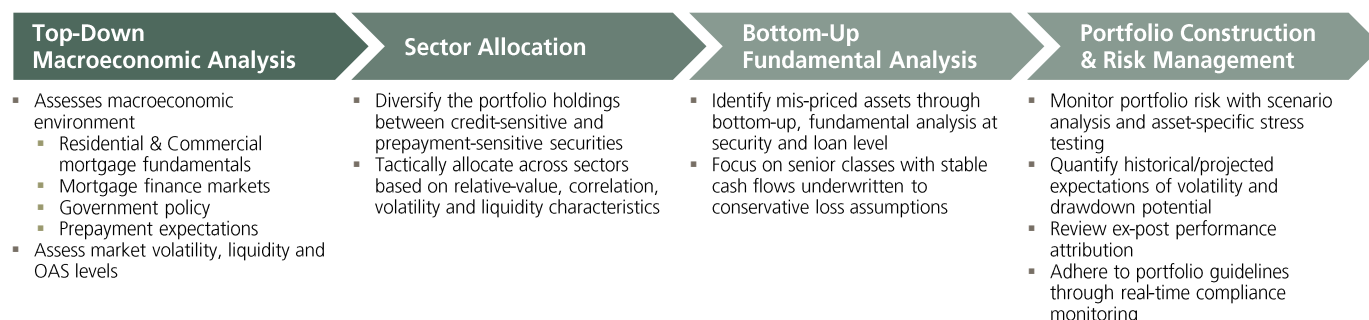
Total Return Bond Strategy

Investment Philosophy¹

As an active manager seeking risk-efficient excess returns, we like markets that are large, complex and segmented. We believe securitized assets offer interesting sourcing opportunities due to information barriers and limited competition. As a value investor, we seek securities trading below their intrinsic value as a result of market dislocations, supply-demand imbalances, public policy effects, mortgage underwriting practices and issue-specific anomalies.

Strategy Inception:	February 2011
Target Return:	6–10%
Credit Profile:	Moderate
Duration:	0–5 years

Investment Process²



Composite Performance*

Total Returns as of June 30, 2015 (%)

	1 Month	3 Month	YTD	1 Year	Since Inception
Total Return Bond — Gross ³	-0.08	0.24	2.01	4.28	7.83
Total Return Bond — Net ³	-0.14	0.06	1.63	3.50	6.90
BarCap High Yield Bond Index	-1.49	0.00	2.53	-0.40	6.90
BarCap High Yield Loan Index	-0.43	0.63	2.96	1.96	4.27
BarCap US Aggregate Bond Index	-1.09	-1.68	-0.10	1.86	3.50
BoA ML 3-M Libor Constant Maturity	0.03	0.07	0.13	0.25	0.32

Since Inception Risk Data (%)

	Standard Deviation	Worst Return 1-Month	Worst Return 3-Month
Total Return Bond — Gross ³	2.53	-2.11	-2.27
Total Return Bond — Net ³	2.54	-2.18	-2.42
BarCap High Yield Bond Index	5.92	-4.00	-6.06
BarCap High Yield Loan Index	3.50	-4.70	-5.03
BarCap US Aggregate Bond Index	2.83	-1.79	-3.17
BoA ML 3-M Libor Constant Maturity	0.04	0.01	0.04

*Past performance is not indicative of future results. Performance shown is the Declaration Management & Research (DMR) Total Return Bond composite as of June 30, 2015 in USD. The portfolio management team for the Total Return Bond Strategy are dual employees of both firms as of April 1, 2012. Please see the disclosure on page 2 for further detail on the indices. Composite Inception date, January 2011.

Strategy Highlights

Experienced Investment Team

- A well-resourced team that has been managing securitized assets since 1989 for institutional investors
- Securitized assets specialist with research capabilities, loan level analysis and trading experience over multiple market cycles

Benefits of Securitized Assets

- The goal of the strategy is to deliver high risk efficient returns which are not closely correlated to high yield bonds, loans or equities

In-depth Loan Level Analysis

- Combines fundamental research with quantitative loan-level loss projections on a wide range of collateral types
- Security selection involves a review of vintage, servicer analysis, issue structure and pricing

Investment Team	Years of Experience
Peter Farley, CFA	20
Bond Griffin, CFA	12
Jeffrey Given, CFA	22

Portfolio Summary⁴

Total Return Bond Strategy	
Loss Adjusted Yield (%)	5.10
OAS vs LIBOR (bps)	314
Duration (Years)	3.38
Weighted Average Life (Years)	6.85

Loss Adjusted Yield assumes base case defaults on each asset and pricing to the forward curve over the full maturity of each holding.

Correlation Summary⁴

	Total Return Bond Strategy	Barclays HY Bond	Barclays HY Loan	Barclays US Aggregate	BofA 3-M Libor
Total Return Bond	1.00				
Barclays HY Bond	0.55	1.00			
Barclays HY Loan	0.44	0.80	1.00		
Barclays US Aggregate	0.57	0.20	-0.06	1.00	
BofA 3-M LIBOR	0.55	0.40	0.43	0.06	1.00

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The Total Return Bond strategy's investment objective is to generate a 6%-10% net annualized total return over the market cycle. The strategy's goal is "risk efficiency" as defined by the ratio of total return per unit of volatility or standard deviation. As a secondary goal, the strategy seeks to provide diversification versus high yield bond, bank loan and pure credit strategies.

The Barclays US Aggregate Bond Index represents securities that are US domestic, taxable, dollar-denominated. The index covers the US investment-grade fixed-rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

The Barclays US High Yield Index covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (sovereign rating of Baa1/BBB+/BBB+ and below using the middle of Moody's, S&P, and Fitch) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, 144-As and pay-in-kind bonds are also included

The Barclays US High Yield Loan Index, also known as the Bank Loan Index, provides broad and comprehensive total return metrics of the universe of syndicated term loans. To be included in the index, a bank loan must be dollar denominated, have at least \$150 million funded loan, a minimum term of one year, and a minimum initial spread of LIBOR+125.

The BoA ML US Dollar LIBOR 3-Month Constant Maturity Index is based on the assumed purchase of a synthetic instrument having 3 months to maturity and with a coupon equal to the closing quote for 3-Month LIBOR. That issue is sold the following day (priced at a yield equal to the current day closing 3-Month LIBOR rate) and is rolled into a new 3-Month instrument. The index, therefore, will always have a constant maturity equal to exactly 3 months.

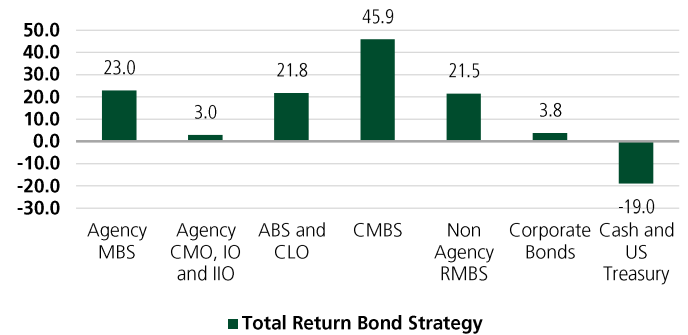
It is not possible to invest directly in an index.

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Sector Allocation⁴



Quality Breakdown⁴

	Total Return Bond Strategy
AAA	29.9
AA	2.8
A	8.2
BAA	17.6
BA & Below	41.5

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² No investment strategy or risk management techniques can guarantee returns or eliminate risk in any market environment.

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