

High Yield Bond Strategy

December 2018

OBJECTIVE

The High Yield Bond Strategy seeks to outperform the Bloomberg Barclays High Yield 2% Capped Index.

INVESTMENT STRATEGY

The Strategy seeks its objective by investing primarily in non-investment grade corporate debt securities.

The Strategy's investment process is fundamental credit analysis with a top-down overlay. The process emphasizes relative value and liquidity, allowing flexibility and enables us to express our views with conviction.

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.

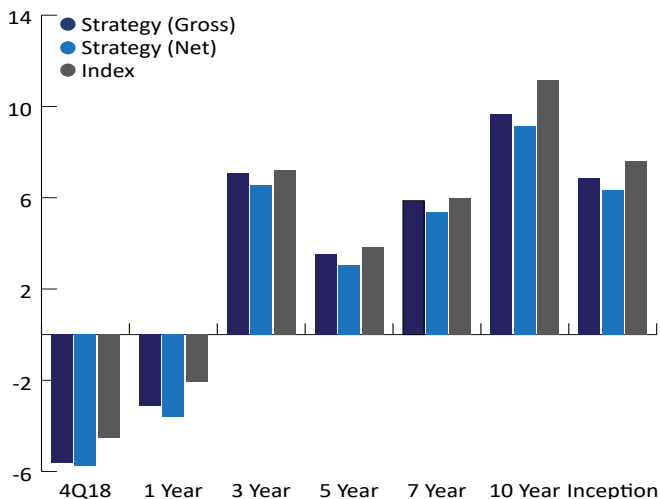
Investment team consists of 21 professionals who, on average, have 17 years investment experience and have worked together for over 11 years.

STRATEGY BENEFITS

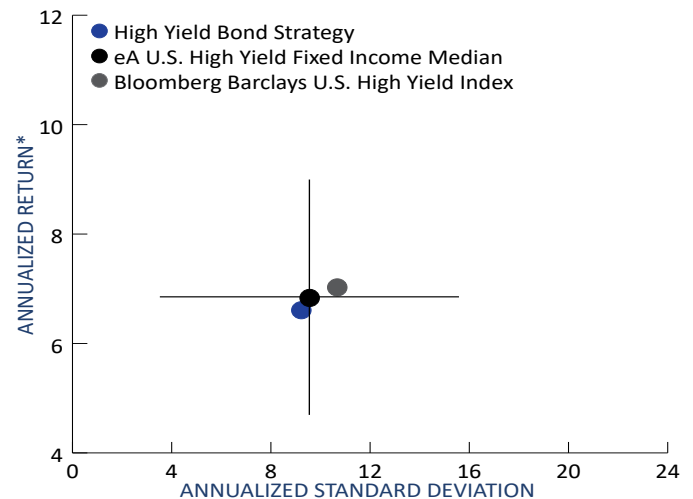
High Yield bonds provide investors higher income and return potential than investment grade bonds. Additionally, High Yield bonds have provided diversification to an overall portfolio through lower correlation and interest rate sensitivity than investment grade bonds.

The Strategy provides investors exposure to High Yield 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 4Q18

	4Q18	1 Year	3 Year	5 Year	7 Year	10 Year	INCEPTION
High Yield Bond Strategy (Gross)	-5.64	-3.13	7.10	3.54	5.87	9.67	6.87
High Yield Bond Strategy (Net)	-5.76	-3.62	6.57	3.03	5.35	9.13	6.34
Bloomberg Barclays U.S. High Yield Index 2% Cap	-4.54	-2.08	7.23	3.84	5.98	11.14	7.60

CALENDAR YEAR RETURNS

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
High Yield Bond Strategy (Gross)	-3.13	9.29	16.06	-4.09	1.00	7.94	16.04	4.07	15.26	40.75	-18.84
High Yield Bond Strategy (Net)	-3.62	8.75	15.49	-4.57	0.50	7.41	15.47	3.55	14.69	40.07	-19.12
Bloomberg Barclays U.S. High Yield Index 2% Cap	-2.08	7.51	17.13	-4.43	2.46	7.44	15.78	4.96	14.94	58.76	-23.61

Inception of the High Yield Bond Strategy is April 1, 2008. Past performance is not indicative of future results. Indexes are unmanaged and unavailable for investment. Gross-of-fee returns are presented before management fees but after all trading expenses. Net-of-fee returns are presented after management fees and trading expenses. * Risk/Reward Analysis chart provides annualized inception return and annualized inception standard deviation. Risk/Reward Analysis performance represents gross-of-fee returns.

High Yield Bond Strategy

December 2018



Inception

April 1, 2008

Benchmark

Bloomberg Barclays High Yield 2% Capped Index

Strategy Assets

\$ 59m

Portfolio Managers (experience)

Bob Boyd (20 years)

Brian Robertson, CFA (15 years)

SINCE INCEPTION RISK-REWARD STATISTICS

	Strategy	Index
Standard Deviation	9.68	11.82
Beta	0.79	1.00
Sharpe Ratio	0.67	0.61
Information Ratio	-0.20	N/A
Upside Capture	93.17	N/A
Downside Capture	98.22	N/A

Source: eVestment, as of 12/31/2018

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 High Yield Strategy consists of portfolios primarily invested in non-investment grade securities.

RETURNS - presented gross and net of fees.

BENCHMARK DESCRIPTION - The Bloomberg Barclays High Yield Index covers the universe of fixed rate, non-investment grade debt.

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

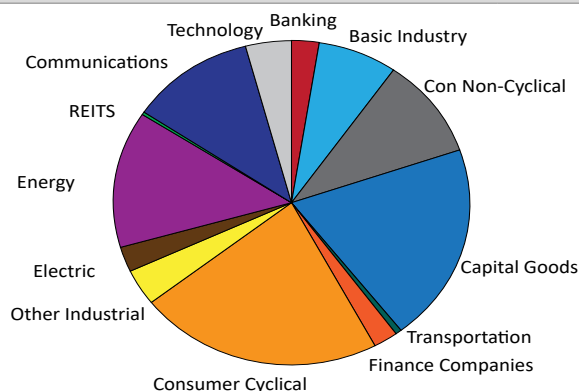
OBTAINING A COMPLIANT PRESENTATION along with a list of the firms composite descriptions can be obtained by emailing contactPAM@PacifiLife.com.

CHARACTERISTICS	Strategy	Index
Duration	3.96	3.96
Yield to worst (%)	8.26	7.96
Yield to maturity (%)	8.27	8.00
Average maturity	6.20	5.82
Average price	93.31	92.55
Average quality	B+	B+/B
Average coupon (%)	6.43	6.36
# of issues	177	1,947
# of issuers	128	911

CREDIT QUALITY (%)		
Cash	3	0
BBB or above	3	0
BB	39	46
B	36	40
CCC or below	16	14
Other / Not Rated	2	0

ASSET BREAKDOWN (%)		
Corporate	3	0
High Yield	86	100
Bank Loans	4	0
Equities	2	0
ABS	2	0
Cash	3	0

SECTOR BREAKDOWN



IMPORTANT NOTES AND DISCLOSURES

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