

CLO Opportunity Strategy

December 2019

OBJECTIVE

The CLO Opportunity Strategy seeks to provide high risk-adjusted returns with a secondary objective of mitigating downside risk.

INVESTMENT STRATEGY

The Strategy invests across the liabilities and equity of CLOs backed by higher quality broadly syndicated loans managed by experienced credit focused managers.

Our investment process uses a comprehensive approach of manager evaluation, quantitative assessment, collateral review, deal structure, and relative value.

PHILOSOPHY & DIFFERENTIATION

We believe better returns can be achieved by focusing on higher quality collateral managed by experienced credit focused managers.

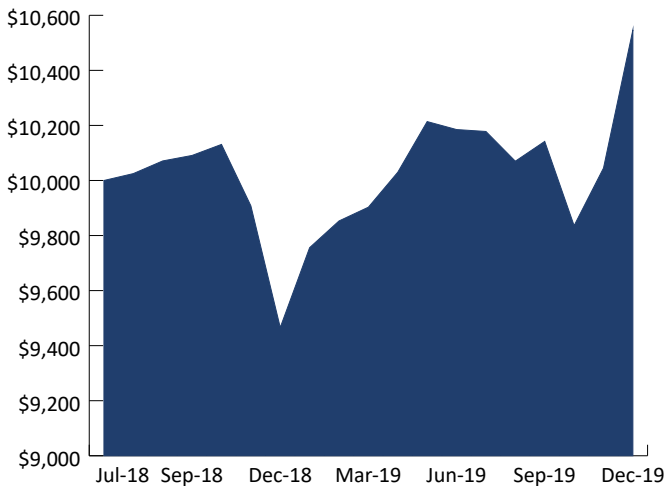
Our experience across bank loan portfolio management, credit research, structured product analysis, CLO deal structure evaluation, and risk analysis provides a differentiated approach to underwriting and investing in CLOs.

We invest where we have knowledge, experience, and a thorough understanding of the manager's style, platform and incentives.

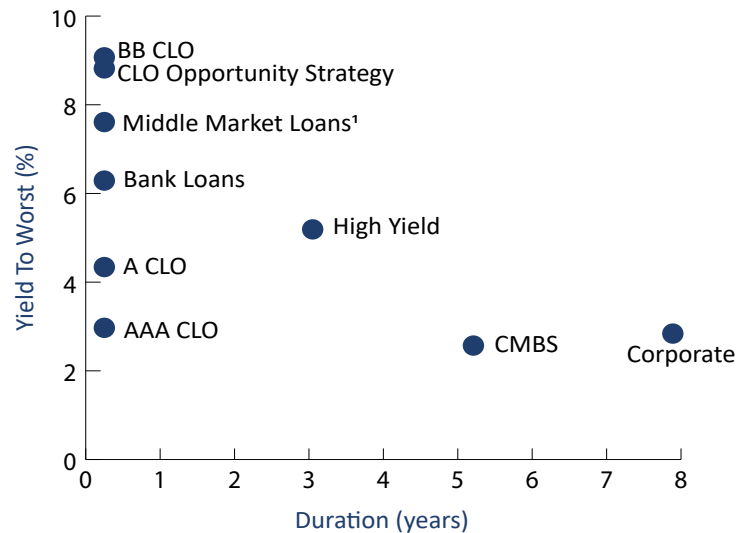
STRATEGY BENEFITS

CLO securities provide attractive yield pick-up relative to similarly rated corporate bonds and high yield securities. Floating rate CLO coupons result in less interest rate sensitivity (duration). Due to securitization, credit support, and covenants, CLO tranche default rates have historically been significantly lower than similarly rated debt securities.

CUMULATIVE GROWTH OF \$10,000



RELATIVE VALUE



STRATEGY NET PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019	3.06	1.00	0.50	1.28	1.84	-0.29	-0.07	-1.06	0.71	-3.02	2.13	5.00	11.42
2018	-	-	-	-	-	-	0.25	0.44	0.19	0.40	-2.21	-4.46	-5.36

Inception of the CLO Opportunity Strategy Composite was July 1, 2018. Past performance is not indicative of future results. For Institutional Investor use only. Net-of-fee returns are presented after management fees and trading expenses. ¹ Representing weekly clearing yields of \$50m or less in facility size bank loans. Source LCD.

CLO Opportunity Strategy

December 2019



Inception

July 1, 2018

Strategy Assets

\$ 290m

Portfolio Managers (Experience)

Bob Boyd (20 years)

Ying Qiu, CFA (19 years)

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

FIRM DEFINITION - Pacific Asset Management LLC, specializes in institutional fixed income management with a focus on corporate credit. The Firm definition changed on December 31, 2019. Prior to that date, the firm definition referred to Pacific Asset Management, a business division of Pacific Life Fund Advisors LLC ("PLFA"). As part of an internal restructuring initiative, the business division of PLFA, known as Pacific Asset Management, was reorganized into Pacific Asset Management LLC, an SEC registered investment adviser and an indirect wholly-owned subsidiary of Pacific Life Insurance Company (Pacific Life).

COMPOSITE DESCRIPTION - The CLO Opportunity Strategy composite consists of fixed income portfolios comprised of primarily CLO securities, including senior, mezzanine, and subordinated (equity) tranches.

RETURNS - Presented net of fees.

BENCHMARK DESCRIPTION - The CLO Opportunity Strategy Composite is not managed against a benchmark. The Strategy targets high single digit returns and compares itself to a hurdle rate of 7%. The Strategy's performance may differ materially from the composite return target or performance hurdles. The performance information is not audited and accordingly no assurance is given with respect to its accuracy.

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

OBTAINING A COMPLIANT PRESENTATION along with a list of the firm's composite descriptions can be obtained by emailing compliance@PacificAM.com.

CHARACTERISTICS

CHARACTERISTICS	Strategy
Duration	0.25
Spread Duration	5.56
Maturity	11.34
Average price (\$)	94.01
Average quality	BB-
Average coupon (%)	7.57
Yield-to-Worst (%)	8.82
Option Adjusted Spread (OAS)	713
# of issues	44
# of issuers (collateral managers)	28

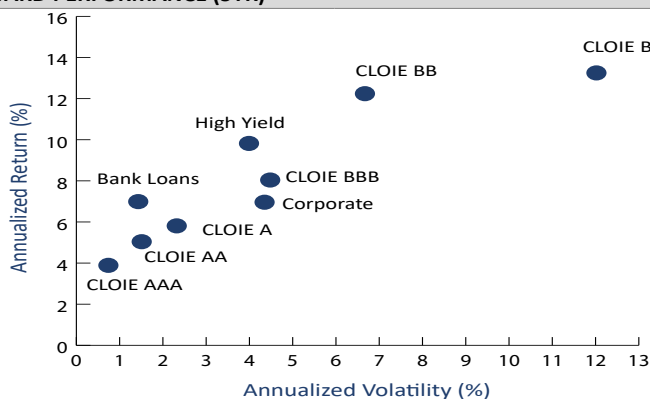
CREDIT QUALITY (%)

Cash	0
AAA	0
AA	0
A	0
BBB	1
BB	95
B	2
Subordinated (Equity)	2

ASSET BREAKDOWN (%)

Cash	0
CLO Debt	98
CLO Equity	2
Bank Loans	0
Other	0

RISK/REWARD PERFORMANCE (5YR)



Source: J.P. Morgan, December 31, 2019

IMPORTANT NOTES AND DISCLOSURES

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