

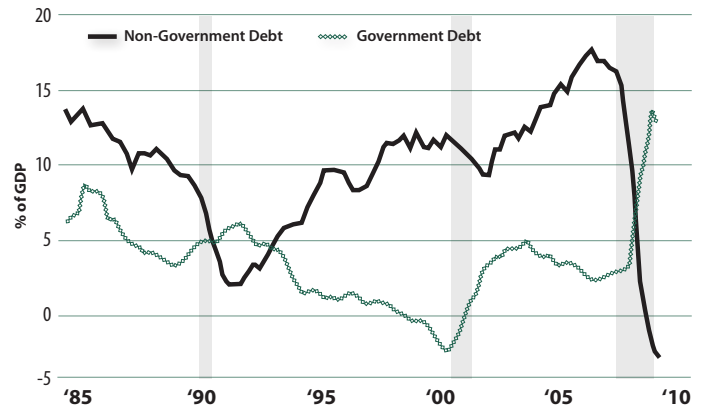


IN REVIEW, economic data reported in the fourth quarter offered clear signs of improvement in the U.S. economy, indicating an end to the worst recession since the Great Depression. Third quarter GDP rose at an annual rate of 2.2%; however, it fell well short of Wall Street estimates following two downward revisions. The national unemployment rate leveled off at 10% in November, while the U-6 unemployment rate, which includes people working part-time for economic reasons and marginally attached workers, improved slightly to 17.3%. The IMF released their global economic forecasts for 2010, which projected slow growth for advanced economies (1.3% GDP) but solid growth for emerging economies (5.1% GDP). However, Dominique Strauss-Kahn, head of the IMF, stated that "it's possible that 50% of bank losses are still hidden in their balance sheets". Traditionally, the health of the banking sector is directly tied to employment and economic growth. Despite recent signs of economic improvement, global economic fragility was illuminated by several sovereign debt downgrades throughout 2009 including Portugal, Ireland, Greece, Spain, Italy and Dubai World. As a general rule, global instability will lead to a flight to quality, which may explain the recent strength in the U.S. dollar.

The FOMC convened twice during the quarter, each time leaving the fed funds target rate unchanged at 0-0.25%, while also affirming that the federal funds rate is likely to remain at or near zero for a while. Additionally, the FOMC noted in their December statement, "With substantial resource slack likely to continue to dampen cost pressures and with longer-term inflation expectations stable, the Committee expects that inflation will remain subdued for some time". The yield curve steepened over the quarter, as the spread between 2- and 10-year treasuries widened by 34 bps to 2.70%. Higher interest rates led to negative total returns for Treasury securities (-1.30%); however, investment grade (+1.35%) and high yield (+6.19%) corporate bonds continued to produce strong positive returns as credit spreads continued to contract.

LOOKING FORWARD to the New Year and the beginning of a new decade, the key concern underlying our mid- to long-term investment outlook is can the U.S. successfully

GOVERNMENT BORROWING REPLACES PRIVATE BORROWING



Source: Flow of Funds Data
NOTE: Shading denotes NBER-designated recessions

WHO'S BUYING TREASURIES?

3Q2008 to 3Q2009*

	In Billions	Percent
Total Change	1893.9	100.0
Treasury Purchases:		
Fed Holdings	177.6	9.4
Foreigners	889.7	47.0
State and Local Governments	6.1	0.3
Households	239.2	12.6
Commercial Banking**	30.5	1.6
Life and P&C Insurance Companies	26.6	1.4
Retirement Funds	44.3	2.3
Money Market Mutual Funds	205.4	10.8
Other***	274.4	14.5

* Source: Flow of Funds, Federal Reserve

** Includes Savings Institutions and Credit Unions

*** Includes Closed-end Funds, ETFs, GSEs, ABS Issuers & Brokers and Dealers, Nonfinancial Corporate Business, Nonfarm Noncorporate Business and Mutual Funds

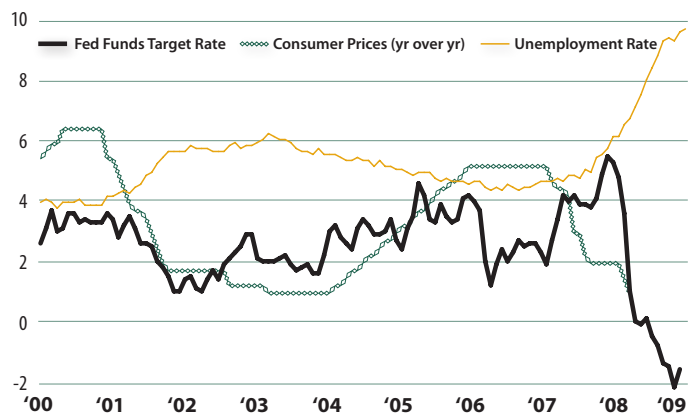
borrow and spend its way out of an economic meltdown that was created by too much borrowing and spending? We appear to be entering an advanced phase of the post-WWII debt super-cycle as the U.S. attempts to deleverage the private sector utilizing public sector debt. Thus, inflation is the least of our concerns at this point in the cycle. We believe the widespread fiscal stimulus was entirely responsible for the 2.2% GDP growth reported



in 3Q, and consumer spending will not return to trend levels in 2010. It should take years to rebuild personal savings and unwind the massive private sector credit overshoot, largely due to protracted high levels of systemic unemployment and very modest returns for real estate and financial assets. Over the past decade, growth in spending and consumption was principally debt-fueled, which means that a rebound in consumption during a period of deleveraging seems unlikely regardless of the level of fiscal stimulus. Combine all of this with existing high levels of productivity, a dramatic output gap and a dysfunctional global credit system, and we envision a slow growth economy throughout 2010. However, we believe there is a modest upward bias for interest rates driven by supply and demand. Demand for U.S. debt should improve globally with a stable U.S. dollar and from any form of global unrest, while private sector demand should also increase with savings rates. Nonetheless, we do not anticipate sufficient demand to off-set the substantial increase in supply created by current fiscal policy.

We believe in the near term interest rates will continue to remain range bound, with 10-year treasury yields between 3.5% and 4.25%. However, based on Federal Reserve estimates, the equilibrium 10-year bond yield tends to increase by 3-4 basis points for every percentage point increase in the federal government debt-to-GDP ratio. If we were to apply the IMF projections for increases in the U.S. government debt-to-GDP ratio through 2014, this would portend a future increase in 10-year bond yields of as much as 125 basis points. We also believe that short-term interest rates should remain low through the first half of 2010, anchored by the current accommodative monetary policy. In light of the tremendous appetite for risk assets in 2009, looking forward into 2010 we are modestly cautious about the credit markets. Despite the recent improvements in the U.S. economy, we believe that strong demand coupled with constricted liquidity has left corporate credits with only modest return potential relative to fundamental valuations. Additionally, the Federal Reserve purchase programs for U.S. Agency and Mortgage-backed Securities contributed to significant spread contraction in 2009. Therefore, we anticipate that Agency and MBS securities will underperform in 2010 once the Fed purchase program is complete in 1Q10.

FED'S MANDATE



The federal funds rate target compared to measures of unemployment and inflation
Source: Labor Department and Federal Reserve

PIA PORTFOLIOS are currently structured more bulleted and with shorter duration relative to the benchmark. We believe the efforts of our fiscal policy makers to reflate our economy to health will continue to increase our deficits and ultimately push longer maturity interest rates higher and cause the yield curve to steepen. We continue to believe that TIPS offer better value than nominal Treasuries, and we look for additional opportunities to add to our sector overweight in portfolios that can own TIPS. The corporate sector is now at fair valuation levels on a risk adjusted basis. We believe that, unlike the indiscriminant credit rally of 2009, navigating the credit markets will require greater diligence in 2010. Going forward, we favor the more liquid higher quality credits as we anticipate increased spread volatility in 2010. We believe the PIA BBB Fund is ideally positioned to benefit from the attractive expected returns of the BBB sector but with sufficient diversification to manage the anticipated volatility. We will maintain a modest overweight in high-quality Agency Mortgage pass-throughs only as long as the TBA dollar roll market remains attractive. We favor premium coupon MBS, because we believe that, due to tighter refinancing standards, the prepayment speeds should be lower than what are currently priced into these securities. Additionally, premium MBS should perform better in a rising rate environment.

Timothy B. Tarpenting
Executive Vice President
Senior Portfolio Strategist



KEY RATES

	12/31/09	9/30/09	12/31/08
Fed Funds Target Rate	0-0.25%	0-0.25%	0-0.25%
3 Month LIBOR	0.25	0.29	1.43
On-the-run Treasuries:			
3 Months	0.05	0.11	0.08
6 Months	0.19	0.17	0.26
2 Years	1.14	0.95	0.76
5 Years	2.68	2.31	1.55
10 Years	3.84	3.31	2.21
30 Years	4.64	4.05	2.68

Source: Bloomberg

INDEX RETURNS

	4Q'09	YTD	1-Year
Barclays Capital –			
Universal	0.58%	8.60%	8.60%
Aggregate	0.20	5.93	5.93
Aggregate ex-credit	-0.05	3.14	3.14
Gov-Credit	-0.21	4.52	4.52
Int. Gov-Credit	0.31	5.24	5.24
Corporate	1.35	18.68	18.68
Treasury only	-1.30	-3.57	-3.57
1-3 year Gov	0.09	1.41	1.41
BofA Merrill – 1-yr T-Note	0.15	0.80	0.80
Int. High Yield	6.04	55.73	55.73
International Debt	-1.55	7.53	7.53
Emerging Markets Debt	2.39	34.23	34.23
S&P 500	6.04	26.47	26.47
DJIA	8.10	22.68	22.68
NASDAQ	8.39	54.63	54.63
EAFE AWI	2.25	32.18	32.18

Source: Bloomberg & Barclays Capital

KEY ECONOMIC INDICATORS

	as of	12/31/09	12/31/08
DXY		77.86	81.31
Oil		79.36	44.60
Gold		1096.95	882.05
CRB		283.38	229.54
GDP		2.2	-5.4
CPI		1.8	0.1
Core PCE Deflator		1.5	0.6
Unemployment Rate		10.0	7.2
Consumer Confidence		52.90	38.60
S&P/Case-Shiller – Comp-20		-7.28	-18.61

Source: Bloomberg

SECTOR RETURNS

4Q'09	Total Return	Excess Return
U.S. Treasuries	-1.30%	0.00%
Government-related U.S. Agency	-0.19	0.47
Government-related Credit	-0.38	0.88
Corporate	1.35	3.07
Corporate Financials	2.60	3.82
Corporate Industrials	0.77	2.68
Corporate Utilities	0.16	2.56
Corporate AAA-rated	-1.30	1.11
Corporate AA-rated	0.53	2.00
Corporate A-rated	0.91	2.68
Corporate BBB-rated	2.28	4.05
Corporate High-Yield	6.19	6.90
Mortgage-backed Securities-FR	0.55	0.76
Mortgage-backed Securities-Hybrid	0.95	0.58
CMBS	3.27	3.74
ABS	1.34	1.68

Source: Barclays Capital



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BENCHMARK DESCRIPTION

Barclays Capital U.S. Universal Index represents the union of the U.S. Aggregate Index, U.S. Corporate High-Yield Index, Investment-Grade 144A Index, Eurodollar Index, U.S. Emerging Markets Index, and the non-ERISA eligible portion of the CMBS Index. The index covers USD-denominated, taxable bonds that are rated either investment-grade or below investment-grade. Some U.S. Universal Index constituents may be eligible for one or more of its contributing subcomponents that are not mutually exclusive. These securities are not double-counted in the index. You can not invest directly in an index.

Barclays Capital U.S. Aggregate Bond Index is an unmanaged index that covers the investment grade fixed rate bond market with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. The issues must be rated investment grade, be publicly traded, and meet certain maturity and issue size requirements. You can not invest directly in an index.

Barclays Capital U.S. Aggregate Ex-Credit Index (LB Agg (Ex-Credit)) The index covers the U.S. investment grade fixed rate bond market, with index components for government, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis. You can not invest directly in an index.

Barclays Capital U.S. Government/Credit Bond Index includes securities in the Government and Credit Indices. The Government Index includes treasuries (i.e., public obligations of the U.S. Treasury that have remaining maturities of more than one year) and agencies (i.e., publicly issued debt of U.S. Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. Government). The Credit Index includes publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements. You can not invest directly in an index.

Barclays Capital U.S. Intermediate Government/Credit Bond Index is the Intermediate component of the U.S. Government/Credit index. The Government/Credit Index includes securities in the Government and Credit Indices. The Government Index includes treasuries (i.e., public obligations of the U.S. Treasury that have remaining maturities of more than one year) and agencies (i.e., publicly issued debt of U.S. Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. Government). The Credit Index includes publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements. You can not invest directly in an index.

Barclays Capital U.S. 1-3 Year Government Bond Index consist of securities in the U.S. Government Index with a maturity from 1 up to (but not including) 3 years. Securities issued by the U.S. Government (i.e., securities in the Treasury and Agency Indices). Inclusions: Public obligations of the U.S. Treasury with a remaining maturity of one year or more. Publicly issued debt of U.S. Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. Government. You can not invest directly in an index.

Barclays Capital U.S. Treasury Index includes public obligations of the U.S. Treasury. Treasury bills are excluded by the maturity constraint but are part of a separate Short Treasury Index. In addition, certain special issues, such as state and local government series bonds (SLGs), as well as U.S. Treasury TIPS, are excluded. STRIPS are excluded from the index because their inclusion would result in double-counting. Securities in the Index roll up to the U.S. Aggregate, U.S. Universal, and Global Aggregate Indices. You can not invest directly in an index.

Barclays Capital U.S. Corporate Bond Index covers USD-denominated, investment-grade, fixed-rate, taxable

securities sold by industrial, utility, and financial issuers. It includes publicly issued U.S. corporate debentures and secured notes that meet specific maturity, liquidity, and quality requirements. Securities in the index roll up to the U.S. Credit and U.S. Aggregate indices. The U.S. Corporate Index was launched on January 1, 1973. You can not invest directly in an index.

BofA Merrill Lynch 1-Year US Treasury Note Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month that issue is sold and rolled into a newly selected issue. The issue selected at each month-end rebalancing is the outstanding Treasury note that matures closest to, but not beyond, one year from the rebalancing date. To qualify for selection, an issue must have settled on or before the month-end rebalancing date. You can not invest directly in an index.

Barclays Capital Corporate Intermediate U.S. High Yield Index - is the Intermediate component of the U.S. Corporate High Yield index. The Barclays Capital U.S. High Yield Index covers the universe of fixed rate, non-investment grade debt. Pay-in-kind (PIK) bonds, Eurobonds, and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, and 144-As are also included. You can not invest directly in an index.

Barclays Capital Global Aggregate Index provides a broad-based measure of the global investment-grade fixed-rate debt markets. The Global Aggregate Index contains three major components: the U.S. Aggregate Index (USD 300 million), the Pan-European Aggregate Index (EUR 300 million), and the Asian-Pacific Aggregate Index (JPY 35 billion). In addition to securities from these three benchmarks (94.4% of the overall Global Aggregate market value), the Global Aggregate Index includes Global Treasury, Eurodollar (USD 300 million), Euro-Yen (JPY 35 billion), Canadian (CAD 300 million), and Investment-Grade 144A (USD 300 million) index-eligible securities not already in the three regional aggregate indices. The Global Aggregate Index family includes a wide range of standard and customized subindices by liquidity constraint, sector, quality, and maturity. The Global Aggregate Index is a component of the Multiverse Index. You can not invest directly in an index.

Barclays Capital Global Emerging Markets Index consists of the fixed and floating-rate USD-denominated U.S. Emerging Markets Index and the primarily EUR and GBP-denominated fixed-rate Pan-European Emerging Markets Index and includes emerging markets debt from the following regions: Americas, Europe, Asia, Middle East, and Africa. For the index, an emerging market is defined as any country that has a long term foreign currency debt sovereign rating of Baa1/BBB+/BBB+ or below using the middle rating of Moody's, S&P, and Fitch. The index does not overlap with the U.S. Corporate High-Yield Index or the Pan Euro Corporate High-Yield Index, but may overlap with other investment-grade Aggregate Indices if the securities meet their index eligibility rules. You can not invest directly in an index.

S&P 500 Index - The S&P 500 index includes 500 leading companies in leading industries of the U.S. economy. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe. You can not invest directly in an index.

The NASDAQ-100 Index is a modified capitalization-weighted index of the 100 largest and most active non-financial domestic and international issues listed on the NASDAQ. No security can have more than a 24% weighting. The index was developed with a base value of 125 as of February 1, 1985. Prior to December 21, 1998 the Nasdaq 100 was a cap-weighted index. You can not invest directly in an index.

The Dow Jones Industrial Average (DJIA) is an index used to measure the performance of the U.S. financial markets. Introduced on May 26, 1896 by Charles H. Dow, it is the oldest stock price measure in continuous use. Over the past century "the Dow" has become the most widely recognized stock market indication in the U.S. and probably in the entire world. Most of the stocks included in the index are listed on the New York Stock Exchange, and are all large blue-chip companies that reflect the health of the U.S. economy. All but a handful of these have major business operations throughout the world, thus providing some insight into the economic well-being of the global economy. You can not invest directly in an index.

MSCI EAFE Index is a capitalization weighted index that monitors the performance of stocks from Europe, Australasia, and the Far East. You can not invest directly in an index.



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