



Pacific Income Advisers PIA MBS BOND FUND

AS OF DECEMBER 31, 2011

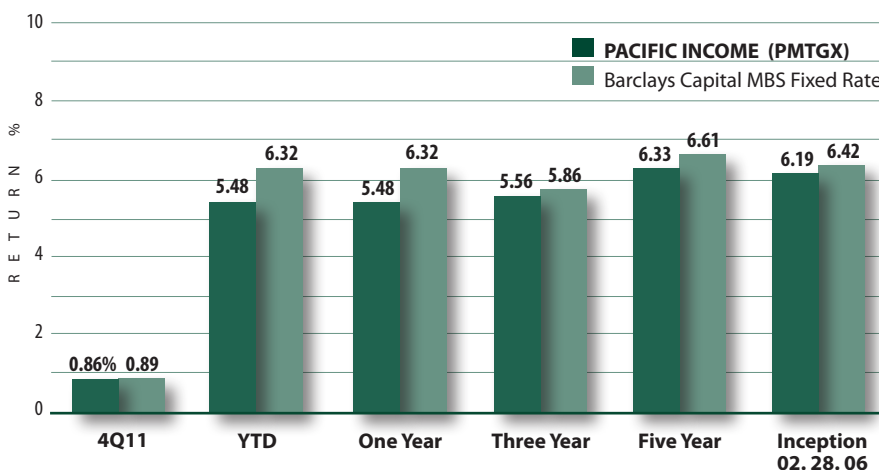
INVESTMENT PHILOSOPHY

We Know that the various yield curve sectors within the bond market are periodically torqued by cyclical, monetary or market pressures, which can lead to mispricings and create opportunities to produce excess return. **We Intend** to exploit these periodic opportunities by risk-adjusting the various yield curve sectors utilizing yield curve and sector analysis. **We Seek** to capitalize on these opportunities to earn above-average risk-adjusted yields, while creating the potential for capital gains as these sectors return to their fair value.

INVESTMENT PROCESS

- » **Yield Curve Analysis** The weighted average duration of the PIA MBS Bond Fund will generally range from plus or minus one year of the MBS index.
- » **Security Research** We employ option adjusted spread (OAS) analysis to help determine the value of various coupons within the various maturity structures compared to the MBS Index. Prepayment of principal is also analyzed on an historical and forecasted basis to help determine the average life of the MBS. The use of TBA (to be arranged) MBS securities are also analyzed to add value as an alternative to taking delivery of specified MBS pools.
- » **Portfolio Construction** The Fund primarily purchases securities that are eligible to be included in the MBS Index. After having determined the types of MBS in which to invest and the overall target duration, we look for the most attractive yields and OAS in the various asset classes. We attempt to approximate the MBS Index coupon distribution, as well as the distribution of other characteristics such as maturity and MBS program issuer.
- » **Portfolio Management** The Fund's portfolio management team follows the Macro Strategy Group's overall outlook for the bond market and adheres to the investment guidelines contained within the prospectus.

ANNUALIZED PERFORMANCE as of 12.31.11



INVESTMENT OBJECTIVE

The **PIA MBS Bond Fund's** investment objective is to seek to provide a total rate of return that approximates that of mortgage-backed securities ("MBS") included in the Barclays Capital U.S. MBS Fixed Rate Index ("the MBS index").

THE FIRM

| | |
|-------------|---------------------------------------|
| Ownership | Independent and Employee-owned |
| Inception | 1986 |
| Location | Santa Monica, California |
| Employees | 38 |
| Firm Assets | \$3.9 billion |

FUND FACTS

| | |
|-----------------------|--|
| Style Benchmark | Barclays Capital MBS Fixed Rate Index |
| Symbol | PMTGX |
| CUSIP | 007989494 |
| Net Asset Value (NAV) | \$9.99 |
| Fund Assets | \$150 million |
| Fund Inception | 02.28.06 |
| Expense Ratio | 0.22% |
| Net Expense Ratio* | 0.00% |



U.S.-domiciled Intermediate Government Fund Rating as of 12.31.11
 Overall ★★★★★ (out of 313 funds)
 3 Yr ★★★ (out of 313 funds)
 5 Yr ★★★★★ (out of 293 funds)

Peer Group Ranking as of 12.31.11
 1 Yr 78th % (out of 340 funds)
 3 Yr 46th % (out of 313 funds)
 5 Yr 27th % (out of 293 funds)

The Overall Morningstar Rating™ for a fund is derived from a weighted average of the risk-adjusted returns associated with its three-, five-, and ten-year Morningstar Rating™ metrics based on risk-adjusted performance.

*The Adviser has agreed to voluntarily reimburse the Fund to the extent necessary to limit the Net Expense Ratio for the MBS Bond Fund to an annual rate of 0.00%. The Adviser may discontinue reimbursing the Fund at any time.

Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 1-800-251-1970. Investment performance reflects fee waivers in effect. In the absence of such waivers, total return would be reduced.

**For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ (based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance, including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating metrics. The PIA MBS Bond Fund was rated against the following numbers of U.S. domiciled Intermediate Government funds over the following time periods: 313 funds in the last three years and 293 funds in the last five years. With respect to these Intermediate Government funds, the PIA MBS Bond Fund received a Morningstar Rating of 3 stars and 4 stars for the three- and five-year periods respectively. Past performance is not a guarantee of future results. Morningstar, Inc., is an independent mutual fund research and rating service. Each Morningstar category represents a universe of funds with similar investment objectives. Rankings for the periods shown are based on fund total returns with dividends and distributions reinvested and do not reflect sales charges. The highest percentile rank is 1 and the lowest is 100. © 2012 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

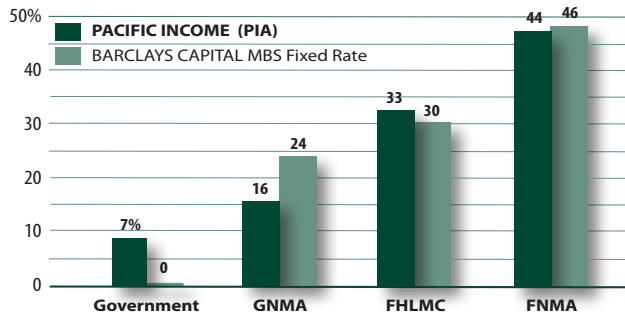
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ISSUER ALLOCATION %



COUPON DISTRIBUTION

| | PIA | BARCLAYS CAPITAL MBS |
|-------|-----|----------------------|
| 0 - 4 | 11% | 5% |
| 4 - 5 | 47% | 47% |
| 5 - 6 | 32% | 34% |
| 6 - 7 | 9% | 12% |
| 7 + | 1% | 1% |

MATURITY DISTRIBUTION

| | PIA | BARCLAYS CAPITAL MBS |
|--------------------|-----|----------------------|
| 30 Year Fixed Rate | 86% | 83% |
| 15 Year Fixed Rate | 7% | 14% |
| 20 Year Fixed Rate | 0% | 3% |
| Other | 7% | 0% |

PORTFOLIO CHARACTERISTICS

| | PIA | BARCLAYS CAPITAL MBS |
|---|------------|----------------------|
| Duration | 2.9 | 2.9 |
| Weighted Avg. Life | 4.6 yrs | 5.0 yrs |
| 30-day SEC Yield (subsidized/ unsubsidized) | 2.9 / 2.8% | n/a |
| No. of Securities | 226 | 434 |



Pacific Income Advisers

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BEST / WORST RETURNS

| | BEST | WORST |
|--------------|----------|----------|
| Three Month | 5.95% | -0.91% |
| <i>ended</i> | 1.31.09 | 5.31.06 |
| One Year | 12.08% | 3.66% |
| <i>ended</i> | 10.31.09 | 7.31.11 |
| Three Year | 8.21% | 5.56% |
| <i>ended</i> | 7.31.10 | 12.31.11 |

Pacific Income Advisers, Inc. (PIA) is an autonomous investment management firm registered under the Investment Advisers Act of 1940. PIA manages a variety of fixed income, equity, and balanced assets for primarily United States clients. The information contained herein is based on internal research derived from various sources and does not purport to be statements of all material facts relating to the securities mentioned. Fund holdings and/or sector allocations are subject to change at any time and are not recommendations to buy or sell any security.

The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectuses contain this and other important information about the investment company, and may be obtained by calling 800-251-1970 or visiting www.PIAMutualFunds.com. Read carefully before investing.

Mutual Fund investing involves risk. Principal loss is possible. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in Asset Backed and Mortgage Backed Securities include additional risks that investors should be aware of such as credit risk, prepayment risk, possible illiquidity and default, as well as increased susceptibility to adverse economic developments. The fund may also use options, futures contracts, and swaps, which have the risks of unlimited losses of the underlying holdings due to unanticipated market movements and failure to correctly predict the direction of securities prices, interest rates and currency exchange rates. Derivatives involve risks different from, and in certain cases, greater than the risks presented by more traditional investments. These risks are fully disclosed in the Prospectus.

Barclays Capital MBS Fixed Rate Index: is an unmanaged index that covers the mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA) and Freddie Mac (FHLMC). The MBS Index is formed by grouping the universe of over 600,000 individual fixed rate MBS pools into approximately 3,500 generic aggregates. Each aggregate is a proxy for the outstanding pools for a given agency, program, issue year and coupon. The index maturity and liquidity criteria are then applied to these aggregates to determine which qualify for inclusion in the index. About 600 of these generic aggregates meet the criteria. You can not invest directly in an index.

Duration is a commonly used measure of the potential volatility of the price of a debt security, or the aggregate market value of a portfolio of debt securities, prior to maturity. Securities with a longer duration generally have more volatile prices than securities of comparable quality with a shorter duration.

Bond rating services are provided by Standard & Poor's. Bond ratings start at AAA (denoting the highest investment quality) and usually end at D (meaning payment is in default).

SEC Yield is a standardized yield computed by dividing the net investment income per share earned during the 30-day period prior to quarter-end. The SEC Yield was created to allow for fairer comparisons among bond funds. The SEC yield (subsidized) reflects the effects of the fee waiver in place and the (unsubsidized) yield does not reflect the effects of the fee waiver.

The PIA Funds are distributed by Quasar Distributors, LLC