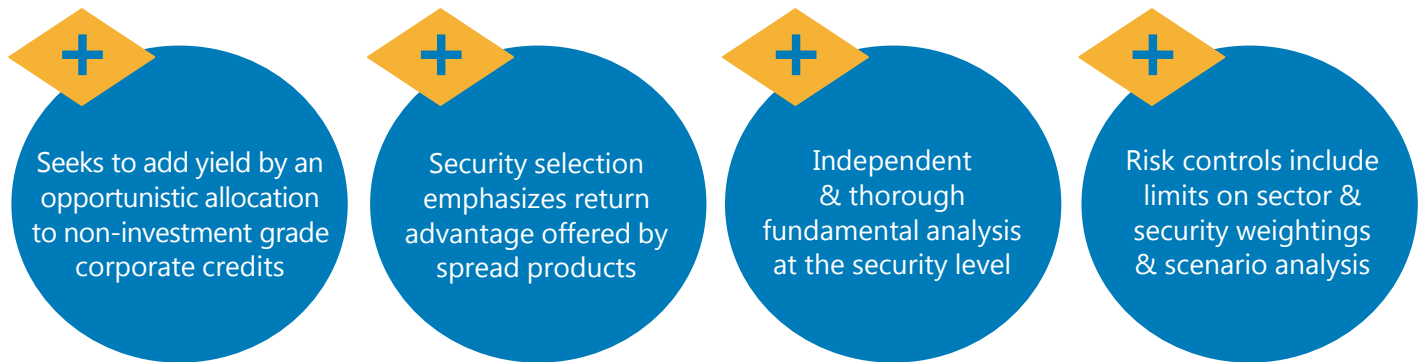


CORE-PLUS FIXED INCOME

INVESTMENT PHILOSOPHY

Washington Capital (WaCap) believes that spread products offer investors the opportunity to add incremental returns versus government securities over interest rate cycles. As such, our fixed income investment process seeks to add value by overweighting spread product securities.

PROCESS HIGHLIGHTS



INVESTMENT PROCESS

WaCap's Core-Plus Fixed Income strategy seeks to add yield to portfolios by opportunistically allocating up to 20% of the portfolio to corporate credits that are rated as below-investment grade. Portfolio duration is limited to +/- 20% of a client's benchmark, and sector exposure limits are actively maintained to provide opportunity to add value while controlling risk. All portfolios are managed relative to a client's specific investment guidelines, objectives and benchmark.

Our fixed income investment process combines top-down macro research with rigorous, bottom-up fundamental analysis in constructing client portfolios. At the macro-level, we evaluate interest rate volatility, identify sectors that are likely to outperform and determine appropriate portfolio duration. Our bottom-up analysis includes performing independent, exhaustive fundamental research and identifying those corporate sectors and issuers which we believe have the potential to offer excellent relative value opportunities. For securitized issues, we seek to identify bonds offering predictable and stable cash flows to minimize duration shift in the portfolio.

CREDIT SECTOR ANALYSIS OVERVIEW

Securities with a credit rating below investment grade are limited to 20% of the total portfolio. WaCap's corporate security review process is made efficient by the use of proprietary screening models to filter the corporate universe on a number of factors. At the security level, our research process focuses on fundamental research with the goal of identifying superior performers across the maturity and quality spectrum. WaCap's research process for high-yield credits is an extension of our investment grade credit research process. In addition to our typical analysis, we also strive to identify issuers with a demonstrated ability to meet their financial obligations or bondholders' requirements. We also look for credits which offer the best opportunity for credit rating agency upgrade — particularly for those securities moving from a high yield to investment grade rating.

MORTGAGE/SECURITIZED SECTOR ANALYSIS OVERVIEW

WaCap actively manages its mortgage sector allocations relative to the index. We recognize the diversification advantage and income benefits mortgages may offer relative to government securities. Our sector research begins with an analysis of interest rate volatility to identify which part of the curve we believe offers the best return potential. We employ a relative value analysis at the security level, by comparing portfolio candidates with existing securitized bonds and credits.

The information provided herein represents the opinion of WaCap and is not intended to be a forecast of future events, a guarantee of future results, nor investment advice. The information herein does not constitute an offer, solicitation or recommendation to purchase any security or investment advisory service. For further information about our advisory services, please contact Washington Capital.