



# PIA MODERATE DURATION BOND FUND

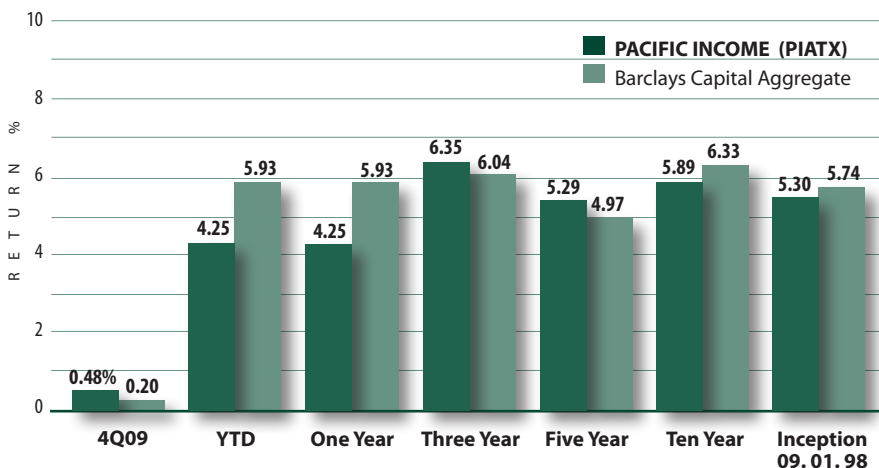
## INVESTMENT PHILOSOPHY

**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** PIA deconstructs the bond market utilizing yield curve and sector analysis; searching for sectors that offer the highest yields adjusted for duration and credit risks.
- » **Security Research** We employ top-down industry analysis; bottom-up, fundamental security; and ratio analysis when selecting credit securities. We utilize multi-factor models that produce value and risk metric to identify attractive structured securities; i.e., Mortgage-backed, Asset-backed and Commercial Mortgage-backed securities.
- » **Portfolio Construction** The PIA Macro-strategy Group establishes portfolio objectives for duration, sector selection and yield curve positioning. Macro-strategy Group utilizes all proprietary quantitative/qualitative resources including the PIA Neural Network, which produces probabilistic insights into short-term movements in interest rates.
- » **Portfolio Management** The Fund's portfolio management team follows the Macro-strategy Group portfolio objectives, utilizes the research department's "Focus List" when selecting securities, and adheres to the investment guidelines contained within the fund's prospectus.

## ANNUALIZED PERFORMANCE as of 12.31.09



## INVESTMENT OBJECTIVE

The **PIA Moderate Duration Fund's** investment objective is to seek to maximize total return through investing in bonds, while minimizing risk as compared to the market.

## THE FIRM

Ownership	<b>Independent and Employee-owned</b>
Inception	<b>1986</b>
Location	<b>Santa Monica, California</b>
Employees	<b>36</b>
Firm Assets	<b>\$4.5 billion</b>

## FUND FACTS

Style Benchmark	<b>Barclays Capital U.S. Aggregate Bond Index</b>
Symbol	<b>PIATX</b>
CUSIP	<b>007989544</b>
Net Asset Value (NAV)	<b>\$19.99</b>
Fund Assets	<b>\$45 million</b>
Fund Inception	<b>09.01.98</b>
Expense Ratio	<b>1.50%</b>
Net Expense Ratio*	<b>0.50%</b>



**U.S.-domiciled Intermediate-Term Bond Fund Rating as of 2.28.10**

Overall ★★★★★ (out of 992 funds)  
 3 Yr ★★★★★ (out of 992 funds)  
 5 Yr ★★★★★ (out of 872 funds)  
 10 Yr ★★★ (out of 503 funds)

**Peer Group Ranking as of 2.28.10**

1 Yr 97th % (out of 1147 funds)  
 3 Yr 25th % (out of 992 funds)  
 5 Yr 18th % (out of 872 funds)  
 10 Yr 39th % (out of 503 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 Expense Ratio for the Moderate Duration Fund to an annual rate of 0.50%. 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 Moderate Duration Bond Fund was rated against the following numbers of U.S. domiciled Intermediate Bond funds over the following time periods: 992 funds in the last three years, 872 funds in the last five years, and 503 funds in the last ten years. With respect to these Intermediate Bond funds, the PIA Moderate Duration Bond Fund received a Morningstar Rating of 4 stars, 4 stars and 3 stars for the three-, five-, and ten-year periods respectively. Past performance is not 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. © 2009 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.

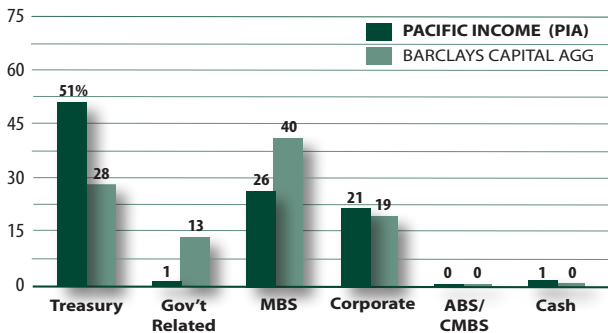


Pacific Income Advisers

AS OF DECEMBER 31, 2009

# PIA MODERATE DURATION BOND FUND

## SECTOR ALLOCATION %



## BEST / WORST RETURNS

	BEST	WORST
Three Month	<b>7.36%</b>	-3.42%
<i>ended</i>	1.31.09	8.31.03
One Year	<b>13.32%</b>	-2.11%
<i>ended</i>	10.31.01	1.31.00
Three Year	<b>9.77%</b>	1.17%
<i>ended</i>	5.31.03	5.31.06

## DURATION DISTRIBUTION

	PIA	BARCLAYS CAPITAL AGG
0-2 Year	29%	15%
2-4 Years	32%	38%
4-6 Years	19%	26%
6-8 Years	11%	11%
8-10 Years	2%	3%
10+ Years	7%	8%

## QUALITY DISTRIBUTION

	PIA	BARCLAYS CAPITAL AGG
Government	65%	78%
AAA	3% <sup>1</sup>	0%
AA	2%	4%
A	8%	10%
BBB	12% <sup>2</sup>	8%
Below BBB	10% <sup>3</sup>	0%



## Pacific Income Advisers

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## PORTFOLIO CHARACTERISTICS

	PIA	BARCLAYS CAPITAL AGG
Duration	4.0	4.6
Weighted Avg. Life	5.9 yrs	6.8 yrs
30-day SEC Yield (subsidized/ unsubsidized)	1.8 / 1.5%	n/a
Avg. Credit Rating	AA+	AA+
No. of Securities	58	8413

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 prospectus contains this and other important information about the investment company, and it may be obtained by calling 800-251-1970 or visiting [www.PIAMutualFunds.com](http://www.PIAMutualFunds.com). Read it 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 mortgage-backed securities involve additional risks, such as credit risk, prepayment risk, possible illiquidity and default, and susceptibility to adverse economic developments. The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual stock volatility than a diversified fund. The Fund may invest in swaps investment derivatives. 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.*

The 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 cannot 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.

Average Credit Rating is a specification of a bond issuer's probability of defaulting based on an analysis of the issuer's financial condition and profit potential. Bond rating services are provided by Standard & Poor's, Moody's Investors Service, and Fitch Investors Service. Bond ratings start at AAA (denoting the highest investment quality) and usually end at D (meaning payment is in default). The average credit rating for the Fund was determined by using a third party vendor's program. The program market weights each rating on a scale then converts it to an average quality rating with U.S. Government being the highest, agency next, then corporate ratings through high yield.

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.

<sup>1</sup> Includes 3% position in Commercial Mortgage-Backed Securities Credit Default Index Swap (CMBX). <sup>2</sup> Includes 3% position in CDX High Volatility Credit Default Index Swap. <sup>3</sup> Includes 8% position in CDX High Yield Credit Default Index Swap. Note : Credit Default Index Swaps (CDX) represent a spread overlay for U.S. Treasury positions.

The PIA Funds are distributed by Quasar Distributors, LLC (3/10)