



Strategy

The strategy seeks to provide consistently higher current income than investment grade short duration products through the active management of credit risk. Under normal market conditions at least 70% of the strategy will be invested in corporate bonds. The majority of the corporate bonds will be rated BB and B in most market environments. Other sectors that are strategically utilized to attain diversification include municipal bonds, MBS, CMBS, ABS and government bonds.

Philosophy

The focused emphasis is to maximize yield on a risk adjusted basis. The strategy seeks to add value primarily by security selection and sector rotation. NIS believes the overall yield or risk profile of the portfolio can be consistently improved through a careful analysis of short term changes in markets. Longer term, performance will rely on the on-going credit analysis of individual securities.

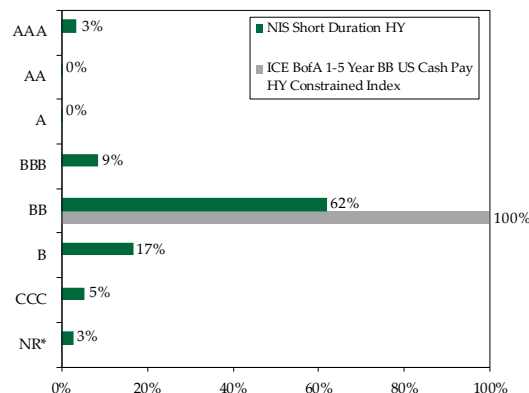
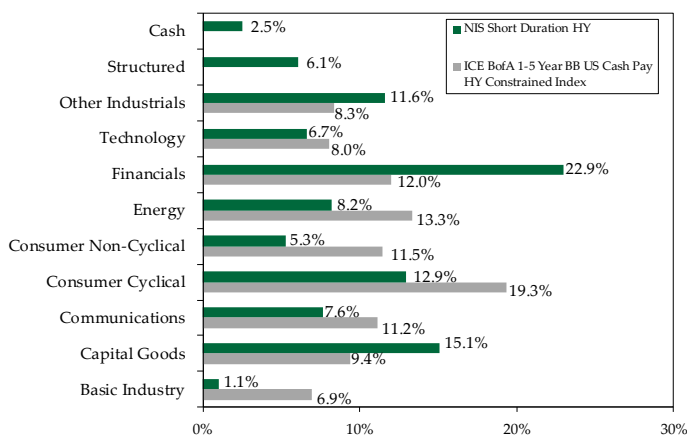
Performance Goal

The primary goal is to outperform the ICE BofA 1-5 Year BB US Cash Pay High Yield Constrained Index over a full market cycle, attained with lower volatility than the index. The second goal is for risk adjusted returns to exceed that of traditional short duration fixed income products over a rolling three year period.

Minimum account size \$1 million.

Sector Distribution

Quality Distribution



Characteristics

| | NIS Short Duration <u>High Yield</u> | ICE BofA 1-5 Year <u>BB US Cash HY Constrained Index</u> |
|---------------------------|---|---|
| Average Yield | 5.42 | 5.15 |
| Average Maturity | 2.48 | 3.27 |
| Average Coupon | 6.08 | 5.80 |
| Effective Duration | 2.15 | 2.00 |
| Average Quality | BB- | BB |
| Strategy AUM: | \$48 Million | |
| Accounts in the Strategy: | 4 | |
| Fee Schedule: | 40 bps on the Total Market Value | |
| Minimum Investment: | \$1 Million | |

The ICE BofA 1-5 Year BB US Cash Pay High Yield Constrained Index is unmanaged and is a subset of ICE BofA US High Yield Index including all below investment grade corporate debt publicly issued in the US domestic market with a remaining term to final maturity less than 5 years and rated BB1 through BB3, inclusive. Issuer is capped at 2%. Comparative data was provided by or compiled based on information gathered from Bloomberg which is a third party source. Although we believe this source is reliable, we have not independently verified any such information and make no representations or warranties as to the accuracy, timeliness or completeness of such information. All investments are subject to a risk of loss.