



Objective

To build and maintain a portfolio that represents the best relative value available based on the expected economic and market environment. We alter portfolio composition based on the liquidity constraints of the client. We look to add incremental return by taking advantage of market anomalies. Our goal is to outperform the Bloomberg US Aggregate Index and to rank in the upper quartile in a universe of our peers.

Strategy

We seek total rate of return through the active management of all structural components of the portfolio, including sector/industry allocation, credit quality, liquidity, yield curve, maturity exposure and call structure. Our primary focus is issue selection and sector rotation. We seek to buy credits or structure that should perform well in the current economic environment. We typically do not look to benefit from duration management.

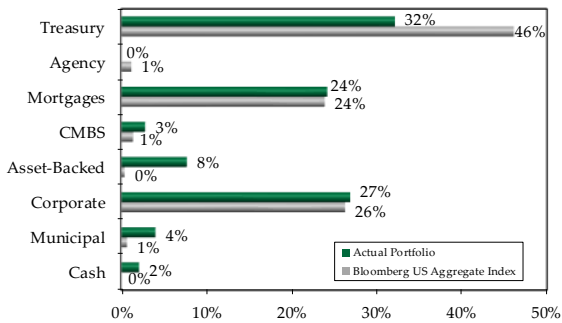
Philosophy

Fixed Income returns correlate to the economic cycle, so our portfolio strategy emanates from a detailed, ongoing assessment of the economy. Our bias is to maximize yield, but with great respect for the risk inherent in such a strategy. We believe over the long term, that maximizing yield and relative value with sensitivity to credit risk leads to higher returns.

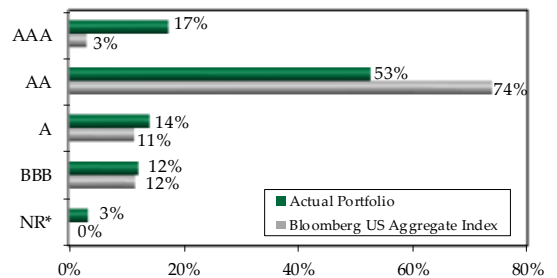
Minimum separate account size \$25 million.

Minimum commingled vehicle account size: \$5 million.

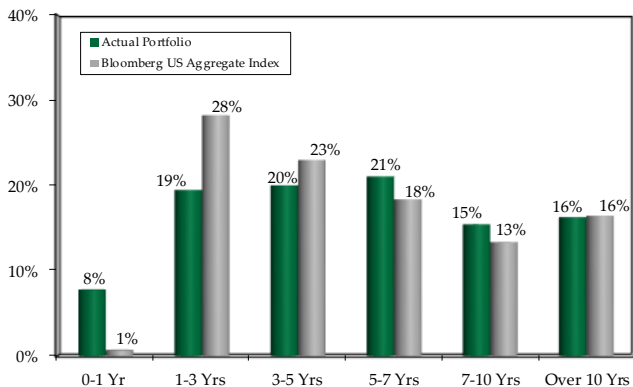
Sector Distribution



Quality Distribution



Duration Distribution



Portfolio Statistics

| | Actual Portfolio | Bloomberg US Aggregate Index |
|--------------------|-------------------------|-------------------------------------|
| Average Yield | 4.79 | 4.57 |
| Average Maturity | 8.00 | 8.17 |
| Average Coupon | 4.16 | 3.69 |
| Effective Duration | 5.77 | 5.88 |
| Average Quality | AA- | AA |

Strategy AUM: \$7.8 Billion

Accounts in the Strategy: 25

Portfolio Managers

| Focus | Years at NIS | Years of Industry Experience |
|----------------------|--------------|------------------------------|
| Jason Berrie, CFA | 22 | 33 |
| Mark Anderson, CFA | 25 | 32 |
| James Kaplan, CFA | 17 | 44 |
| Barbara Schalla, CFA | 34 | 41 |
| Vincent Russo, CFA | 11 | 27 |
| Lesly Barnes | 18 | 23 |
| Stefan Martin | 8 | 26 |
| Stephen Smitley | 5 | 27 |

*NR are MBS securities that are investment grade and rated by Morningstar or Kroll Bond Rating Agency. Distribution totals may not equal 100% due to rounding. The Sample Portfolio data shown represents an actual portfolio that NIS believes to be representative of the NIS Core Fixed Income strategy. The Bloomberg US Aggregate Index is unmanaged, comprised of all outstanding U.S. Treasury and Agency issues, investment grade credit bond issues, asset-backed securities and agency-sponsored, mortgage-backed securities greater than one year in maturity. 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.