

## Investment Philosophy

JAG's fixed-income investment philosophy is simple: we seek to obtain the maximum amount of total return for a minimum corresponding amount of risk. Specifically, we seek to provide consistently competitive bond returns with lower volatility than the benchmark indices.

## Investment Process

Portfolio holdings are selected using a value-centric buy discipline. We employ a relative value screen to identify securities which offer premium yields to both comparable Treasuries and peer securities. Remaining candidate securities are then further analyzed to evaluate their trading liquidity and fundamental strength. Fundamental credit research focuses on balance sheet strength, cash flow history, and interest coverage ratios. Value-priced securities with sufficient trading liquidity and strong fundamentals are considered suitable for purchase.

Our portfolio management strategy maintains a buy-and-hold bias in order to minimize trading cost frictions. Portfolio securities which experience deteriorating financial metrics and/or significant ratings downgrades are evaluated for potential sale.

## Benchmark

The preferred benchmark for this strategy is the Barclays Intermediate Corporate Index.

## Portfolio Structure

We maintain a consistent intermediate weighted average portfolio duration. Weighted average portfolio duration will typically be within one year of the benchmark. Typically, each portfolio will contain between 25 and 30 positions. Maximum exposure to any individual credit is capped at 5 percent, with individual positions targeted at 3.3 percent of the portfolio. This strategy seeks to add alpha through superior security selection. Portfolio sector weightings are maintained within a tight band of +/- 5 percent of benchmark sector weightings.

## Portfolio Management Team

Norman B. Conley, III  
President & CEO  
Portfolio Manager  
B.A., Notre Dame  
MBA, Washington University  
Entered industry in 1994

Anthony E. Lemon  
Fixed Income Analyst  
Assistant Portfolio Manager  
B.S., University of Richmond  
MBA, University of Rochester  
Entered industry in 1998

Alan D. Vogt  
VP/Fixed Income Trading & Analysis  
B.S., St. Louis University  
Entered industry in 1969

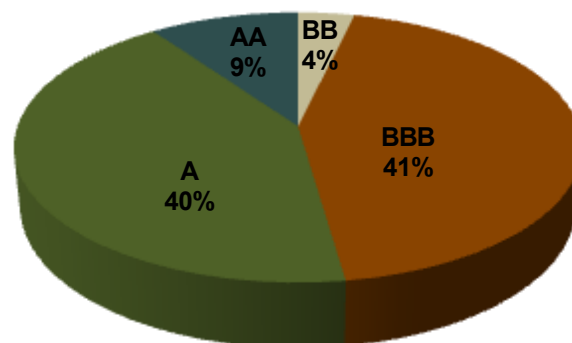
David W. Kingston  
AVP/Fixed Income Trading & Analysis  
Fontbonne University  
Entered industry in 2000

## Portfolio Characteristics \*

|                        | JAG Corp.<br>Fixed Income<br>Model | Barclays<br>Intermediate<br>Corporate |
|------------------------|------------------------------------|---------------------------------------|
| Avg. YTM/YTW           | 8.00%                              | 7.62%                                 |
| Avg. Maturity          | 5.3                                | 5.25                                  |
| Quality                | A3                                 | A3                                    |
| Avg. Coupon            | 5.87%                              | 5.94%                                 |
| Avg. Modified Duration | 4.13                               | 4.36                                  |

\* Weighted Averages

## JAG Corporate Fixed Income Model



## Sector Distribution

