

# Book Yield Long

4Q11

all data as of December 31, 2011

MILES *Capital*

## Objective

To produce a high level of book yield appropriate for clients' liabilities and risk tolerances while targeting an effective duration longer than 6 years.

## Benchmark

Barclays Capital Long Liability, Barclays Capital U.S. Aggregate 7-10 yr, Custom

## Inception

January 1, 1995

## Strategy

Employ a strong risk framework to produce a high level of book yield primarily through sector and security selection, emphasizing both top-down macroeconomic and bottom-up fundamental assessment.

## Investment Professionals

Laurie L. Mardis, CFA  
Director, Fixed Income  
19 Years Experience  
MBA, Drake University

Doug Earney, CFA  
Portfolio Manager, Fixed Income  
14 Years Experience  
MBA, University of Chicago

## Risk Management

Duration +/- 10% v. benchmark  
Diversification by issuer and sector  
Controlled sector weights  
Overall quality of AA or better

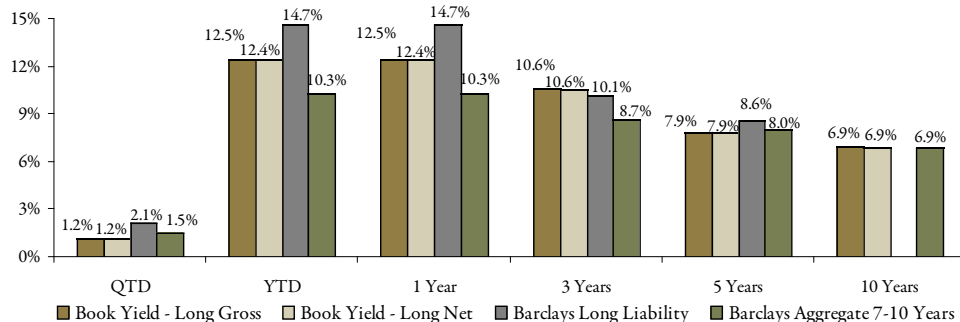
## Distinguishing Features

Independent proprietary analysis  
High-touch service, including access to investment decision makers

## Contact Miles Capital

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## Composite Performance (annualized)



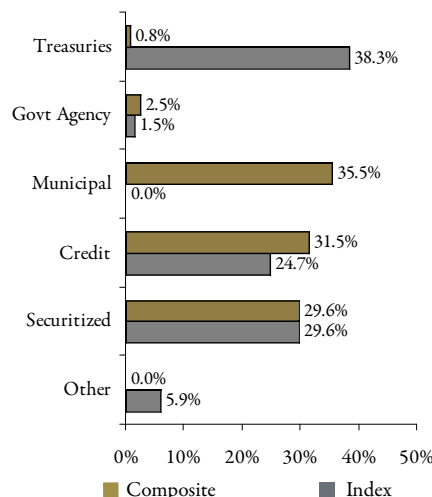
Return data provided represents total return including the reinvestment of dividends, interest received and realized capital gains.

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Total Return Gross %	12.5	9.5	9.8	1.9	6.2	4.3	4.3	6.7	5.3	9.2	9.5
Total Return Net %	12.4	9.5	9.8	1.9	6.1	4.3	4.3	6.6	5.3	9.1	9.5
Barclays Long Liab %	14.7	9.2	6.7	5.3	7.2	3.7	3.7	N/A	N/A	N/A	N/A
Barclays Agg 7-10 Yr	10.3	9.9	5.8	7.7	6.5	4.4	2.2	5.5	4.7	12.6	8.2

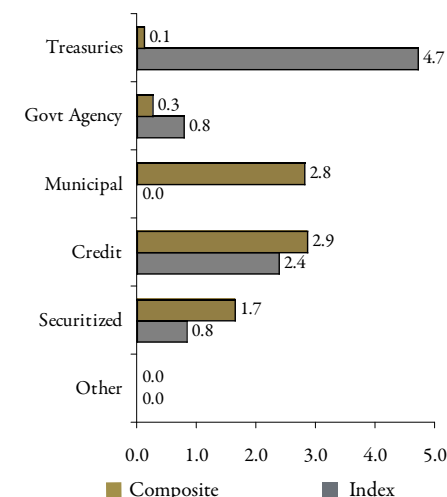
## Characteristics

Analytics	Composite	Index	Quality	Composite %	Index %
Effective Duration (years)	7.68	8.30	AAA	37.2	69.8
Average Quality	AA-	AA	AA	29.8	3.6
Average Coupon	5.53	4.83	A	23.5	10.6
Average Maturity (years)	12.46	13.04	BBB	7.8	12.8
Yield to Maturity	3.85	3.20	BB	0.1	1.5
			Other	1.6	1.9

## Sector Distribution



## Sector Contribution to Duration



# Book Yield Long

## Fixed Income Philosophy

We believe consistent excess returns can be achieved through a disciplined risk-managed investment process focused on diversification, income advantage and capital preservation. Our value-driven approach incorporates fundamental research with relative value analysis to produce excess returns over a variety of market environments. Primary sources of excess return include sector rotation, security selection and structural positioning. Our team approach adds value while controlling risk relative to benchmark parameters.

## Fixed Income Process

Risk management is embedded throughout Miles Capital's team-based fixed income investment process. It guides the distillation of economic and market variables. It informs our dissection of market sectors and individual securities, and it frames the portfolio construction process.

Our process begins with a top-down economic and risk environment assessment. This assessment establishes a common framework for our sector analysis and fundamental research and sets expectations for market variables. The goal of our sector analysis is to identify sectors offering attractive risk/reward characteristics that should contribute to portfolio excess performance. At the security level, our process emphasizes fundamental research and relative value analysis. This analysis results in buy, hold, and sell recommendations which are updated routinely as the environment changes.

Once these opportunities have been identified, they are prioritized in terms of the risk/reward profile and then applied to the portfolio. Risk is controlled through duration, sector, security, and quality limits that prevent undue concentration in even the most attractive opportunities. Portfolios are constantly monitored to ensure they reflect the best investment opportunities given the changing market and economic environment. This risk management overlay is the foundation of a process that produces consistent excess returns.

## Book Yield Long GIPS Compliant Presentation

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Total Return Gross %	12.45	9.53	9.81	1.89	6.15	4.33	4.34	6.65	5.33	9.15	9.54
Total Return Net %	12.40	9.50	9.78	1.86	6.11	4.28	4.30	6.61	5.30	9.11	9.49
Barclays Long Liab %	14.66	9.18	6.70	5.34	7.16	3.65	3.67	N/A	N/A	N/A	N/A
Barclays Agg 7-10 Yr	10.25	9.90	5.82	7.68	6.53	4.44	2.15	5.48	4.70	12.59	8.21
Composite 3-Yr Standard Deviation	4.24	6.10	5.92	5.73	4.11	N/A	N/A	N/A	N/A	N/A	N/A
Index 3-Yr Standard Deviation	4.94	7.39	7.16	6.89	4.26	N/A	N/A	N/A	N/A	N/A	N/A
# of Portfolios	5 or fewer	5 or fewer	5 or fewer	5 or fewer	5 or fewer	5 or fewer	5 or fewer	5 or fewer	5 or fewer	5 or fewer	5 or fewer
Dispersion %	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Composite Assets (\$ mil)	2,082.42	1,798.26	1,580.45	1,354.41	1,294.70	1,170.55	1,044.87	931.63	815.42	713.10	623.75
Total Firm Assets (\$ mil)	3,672.10	3,462.04	4,591.43	4,333.19	4,485.17	4,432.47	4,606.84	4,663.06	4,580.27	4,869.06	5,051.58

1. Miles Capital, Inc. is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940. WB Capital Management Inc. was sold by West Bancorporation to advisor Miles Capital Holdings, Inc. on December 31, 2009, and also changed its name. This event constitutes a change in ownership only. The investment strategies and personnel have remained the same. WB Capital was formed as a result of the merger of VMF Capital and Investors Management Group effective October 1, 2006. Miles Capital is a wholly owned subsidiary of Miles Capital Holdings, Inc. and manages a variety of equity, fixed income, and balanced assets for institutional and individual clients.

2. Miles Capital reserves the right to negotiate all advisory fees. A sample fee schedule is as follows: 1.0% on first \$1 million; 0.75% on the next \$2 million; 0.65% on next \$2 million; 0.55% on the next \$10 million; 0.50% on the next \$10 million ; 0.45% on the next \$25 million; 0.40% on the next \$50 million. Minimum Investment: \$10 million.

3. The composite includes fixed income accounts managed on a book yield basis, which primarily invest in investment grade securities and typically target a portfolio effective duration longer than 6 years.

4. Valuation and returns are computed and stated in U.S. Dollars. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

5. The composite has two benchmarks, the Barclays Long Liability and the Barclays Aggregate 7-10 yrs Index. A second index was added due to the limited history of the primary benchmark. The primary benchmark changed from the Barclays Intermediate Aggregate effective July 1, 2010, and applied retroactively. The new benchmark more appropriately reflects the duration and composition of the strategy. The Barclays Capital Aggregate 7-10 Year Index represents securities in the 7-10 year maturity range of the Barclays Capital U.S. Aggregate Index that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-throughs, and asset-backed securities.

6. The minimum portfolio size for inclusion in the Composite is \$10 million.

7. Any account having a significant external cash flow above 20% is removed from the composite at the end of the month prior to the cash flow.

8. Dispersion is calculated as the equally-weighted standard deviation of portfolios that are in the composite for the entire year. YTD dispersion is not presented, as it is not required and is not considered comparable to annual dispersion measures. Dispersion statistics are not considered meaningful in years when 5 or fewer portfolios are members of the composite for the entire year.

9. This composite was created in December, 2002. A complete list and description of all firm composites and additional information regarding policies for calculating and reporting returns is available upon request. Net of fees returns are calculated by deducting the maximum applicable fee of the underlying accounts from the gross of fees quarterly returns from 1993 to 2006. Net of fees returns from 2007 going forward will be actual management fees taken from the account. Gross of fee returns are calculated gross of management fees and custodian fees and net of transaction costs. Net of fee returns are calculated gross of custodian fees and net of management fees and transaction costs. The composite was redefined on July 1, 2010 to include all accounts with target duration longer than 6 years; whereas, the composite was previously defined to include only life insurance accounts.

10. Effective July 1, 2010 the Life composite was renamed the Book Yield- Long composite to accurately reflect the underlying strategy.

11. Miles Capital claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Miles Capital has been independently verified for the periods June 30, 2004 through June 30, 2011, and former IMG has been verified for the period December 31, 1992 through June 30, 2006. The verification report(s) is/are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.