

# Emerging Markets Debt Blended Total Return

## MANAGEMENT TEAM

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## OBJECTIVE

Seeks to maximize return potential by investing in what we consider to be attractive issuers in external sovereign, local sovereign and corporate debt markets based on top-down regime analysis

## BENCHMARK

1/3 JP Morgan Emerging Markets Bond Index Global Diversified, 1/3 JP Morgan Government Bond Index-Emerging Markets Global Diversified, 1/3 JP Morgan Corporate Emerging Markets Bond Index Broad Diversified

## HIGHLIGHTS

- A total return strategy seeking potential alpha across the broadest emerging markets debt opportunity set
- Benchmark agnostic, tactical approach to emerging markets investing
- Blended opportunity set includes external sovereign, local sovereign and corporate debt markets
- Quantitatively driven top-down regime identification process based on value and momentum in credit and FX markets
  - Seeking to capture approximately 95% of the emerging markets debt return distribution, avoiding tail risks
- Bottom-up process structured to maximize regional relative value, supported by fundamental research
- Investment team integrates trading to help determine their best expression of each opportunity (sovereign versus corporate)
- Targets a volatility band of 5-7% with a Sharpe Ratio of 1.0 or higher over a full market cycle

## PORTFOLIO CONSTRUCTION

- Duration: 0 to 10 years
- Max. below investment grade: 100%
- Max. local sovereigns: 50%
- Leverage: None
- Use of Derivatives: futures, forwards, options and swaps

## FACTS

|                    |          |
|--------------------|----------|
| Strategy inception | 3/1/17   |
| Strategy assets    | \$508.4M |
| Composite assets   | \$262.1M |

## SECTOR RANGES (%)

|                              |       |
|------------------------------|-------|
| Investment grade investments | 0-100 |
| High yield investments       | 0-100 |
| Local sovereigns             | 0-50  |

## COMPOSITE PERFORMANCE (%)

|                  | CUMULATIVE RETURN |       | AVERAGE ANNUALIZED RETURN |        |        |         |                 |
|------------------|-------------------|-------|---------------------------|--------|--------|---------|-----------------|
|                  | 3 MO              | YTD   | 1 YEAR                    | 3 YEAR | 5 YEAR | 10 YEAR | SINCE INCEPTION |
| <b>GROSS</b>     | -2.91             | -2.91 | 25.08                     | 5.88   |        |         | 4.84            |
| <b>NET</b>       | -3.02             | -3.02 | 24.54                     | 5.39   |        |         | 4.33            |
| <b>BENCHMARK</b> | -4.02             | -4.02 | 15.81                     | 3.16   |        |         | 4.26            |

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**Performance data shown represents past performance and is no guarantee of future results. Current performance may be lower or higher than quoted.** Returns are shown in US dollars and are annualized for one and multi-year periods. Gross returns are net of trading costs. Net returns are gross returns less effective management fees.

There is no guarantee that the investment objective will be realized or that the strategy will generate positive or excess return.

Duration and Maturity for equity securities are deemed to be zero.

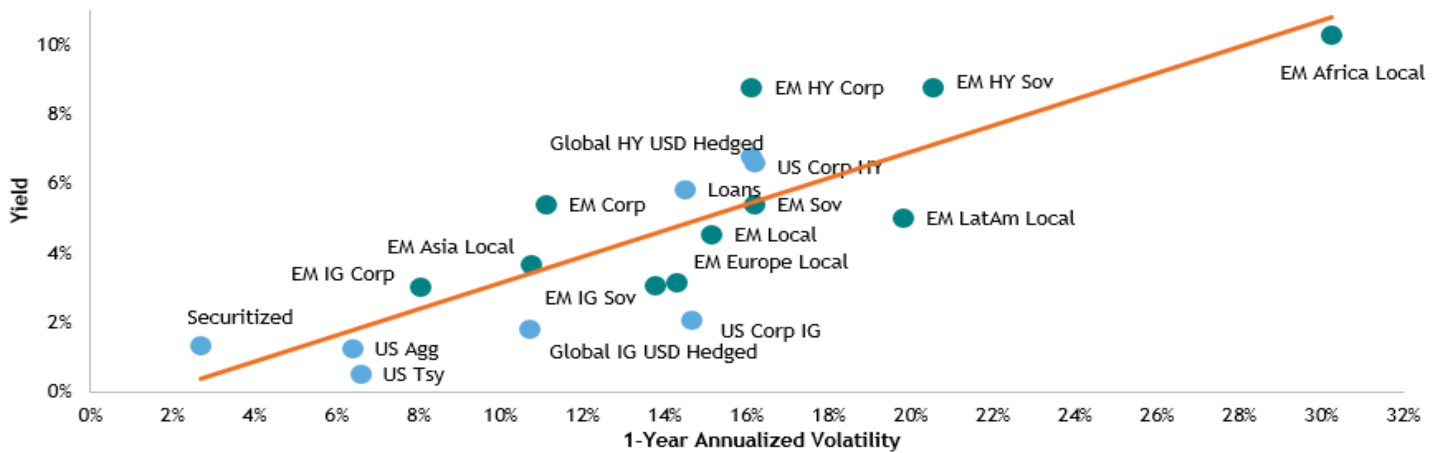
Since composite inception: 3/1/2017

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| PORTFOLIO CHARACTERISTICS |          | SECTOR DISTRIBUTION (%) |             | CREDIT QUALITY (%) |      |
|---------------------------|----------|-------------------------|-------------|--------------------|------|
| Average maturity          | 8.86 yrs | <b>EMBI</b>             | <b>19.6</b> | AAA                | -    |
| Average duration          | 6.45 yrs | Investment Grade        | 9.9         | AA                 | 10.8 |
| Yield to worst            | 4.31%    | High Yield Credit       | 9.7         | A                  | 8.7  |
| Average credit quality    | BA2      | <b>GBI-EM</b>           | <b>11.5</b> | BAA                | 14.2 |
|                           |          | Investment Grade        | 1.0         | BA                 | 32.0 |
|                           |          | High Yield Credit       | 10.5        | B                  | 32.7 |
|                           |          | <b>CEMBI</b>            | <b>59.3</b> | CAA & Lower        | 1.6  |
|                           |          | Investment Grade        | 14.5        | Not Rated / Other  | -    |
|                           |          | High Yield Credit       | 44.8        |                    |      |

MULTI-ASSET OPPORTUNITY SET



Source: Bloomberg as of 6/26/2020.

**Developed Market Indices** (shaded blue): **Securitized** (Bloomberg Barclays U.S. Securitized: MBS/ABS/CMBS and Covered TR Index Value Unhedged); **US Agg** (Bloomberg Barclays US Agg Total Return Value Unhedged USD); **US Treasury** (Bloomberg Barclays US Treasury Total Return Unhedged USD); **Global IG USD – Hedged USD** (Bloomberg Barclays Global Aggregate Corporate Total Return Index Hedged USD); **US Corp IG** (Bloomberg Barclays US Corporate Total Return Value Unhedged USD); **Loans** (S&P/LSTA Leveraged Loan Total Return Index); **US Corp HY** (Bloomberg Barclays US Corporate High Yield Total Return Index Value Unhedged USD); **Global HY USD Hedged** (Bloomberg Barclays Global High Yield Total Return Index Value Hedged USD).

**Emerging Market Indices** (shaded green): **EM IG Corp** (J.P. Morgan Corporate Broad EMBI Diversified High Grade Index Level); **Asia Local** (J.P. Morgan GBI-EM Global Diversified Asia Unhedged USD); **CEMBI** (J.P. Morgan Corporate EMBI Broad Diversified Composite Index Level); **EM IG Sov** (J.P. Morgan EMBI Global Diversified Inv Grade); **EM Local** (J.P. Morgan GBI-EM Global Diversified Composite Unhedged USD); **Europe Local** (J.P. Morgan GBI-EM Global Diversified Europe Unhedged USD); **EMBI** (J.P. Morgan EMBI Global Diversified Composite); **LatAm Local** (J.P. Morgan GBI-EM Global Diversified Latin America Unhedged USD); **EM HY Sov** (J.P. Morgan EMBI Global Diversified High Yield); **Africa Local** (J.P. Morgan GBI-EM Global Diversified Mideast/Africa Unhedged USD); **EM HY Corp** (J.P. Morgan Corporate Broad EMBI Diversified High Yield Index Level)

Indices are unmanaged and do not incur fees. It is not possible to invest directly in an index. Diversification does not ensure a profit or guarantee against a loss.

Past performance is no guarantee of future results.

KEY RISKS

Credit Risk, Issuer Risk, Interest Rate Risk, Liquidity Risk, Non-US Securities Risk, Currency Risk, Derivatives Risk, Leverage Risk, Counterparty Risk, Prepayment Risk and Extension Risk.

Investing involves risk including possible loss of principal.

Due to rounding, **Sector** and **Credit Quality** distribution totals may not equal 100%. This portfolio is actively managed and characteristics are subject to change. **Credit Quality** reflects the highest credit rating assigned to individual holdings of the Composite among Moody's, S&P or Fitch; ratings are subject to change. **Cash & Equivalents** may include unsettled trades, fees and/or derivatives. **ABS**: Asset-Backed Securities. **CMBS**: Commercial Mortgage-Backed Securities. **RMBS**: Residential Mortgage-Backed Securities.

The Emerging Markets Debt Blended Total Return Composite includes all discretionary accounts with market values greater than \$30 million managed by Loomis Sayles that adopt a total return approach to seek alpha across the broadest set of emerging markets debt asset classes. Accessing a broad investment opportunity set allows the product team to seek to create a diversified portfolio with what the team believes are the most attractive issuers in the external sovereign, local sovereign and corporate debt markets. Interest rate duration is managed from zero to ten years. The Composite inception date is March 1, 2017. The Composite was created in 2020. For additional information on this and other Loomis Sayles strategies, please visit our website at www.loomisayles.com.

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