

# Global High Yield Full Discretion - EUR Hedged

## MANAGEMENT TEAM

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## OBJECTIVE

- Seeks to identify attractive total rate of return investment opportunities in the global high yield market
- Create portfolios diversified by industry and issuer
- Manage numerous risks associated with the product through fundamental analysis and quantitative risk measurement tools

## HIGHLIGHTS

- Portfolio guidelines are broad, offering significant investment flexibility
- Security selection is a primary driver of performance
- Bottom-up investment evaluation drives portfolio investments and the resulting sector allocation
- Seeks to manage benchmark currency risk
- Bottom-up security selection in the global high yield market and additional sectors of the global marketplace as opportunities are identified through bottom-up process consistent with top-down themes:
  - Investment grade corporate debt, convertible securities, structured finance, sovereign debt, preferred equity, emerging markets debt
- Typical portfolio: 100 to 150 issuers
- 5% max per issuer with typical positions of 1% (GSEs excluded)
- Maximum industry exposure: 25%

## BENCHMARK

Bloomberg Barclays Global High Yield (EUR-Hedged)

### FACTS

Strategy inception	9/30/11
Composite inception	10/1/11
Strategy assets	\$408.0M
Composite assets	\$93.5M

### PORTFOLIO CHARACTERISTICS

	Composite	Index
Average maturity	5.64 yrs	5.58 yrs
Average duration	4.38 yrs	4.12 yrs
Average yield	3.99%	4.47%
Average credit quality	BA3	BA3
Average number of issues	459	-
Weighted average coupon	5.45%	5.42%
OAS	335 bps	407 bps

## COMPOSITE PERFORMANCE (%)

	CUMULATIVE RETURN		AVERAGE ANNUALIZED RETURN				
	3 MO	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION
<b>GROSS</b>	7.47	8.99	8.99	4.38	6.73	-	7.33
<b>NET</b>	7.34	8.45	8.45	3.86	6.20	-	6.79
<b>BENCHMARK</b>	6.42	3.93	3.93	2.57	5.48	-	6.27

## COMPOSITE PERIOD PERFORMANCE (%)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>GROSS</b>	8.99	9.49	-4.70	6.07	14.83	-5.10	4.80	8.09	22.63	5.34
<b>NET</b>	8.45	8.95	-5.18	5.54	14.26	-5.58	4.27	7.55	22.02	5.21
<b>BENCHMARK</b>	3.93	9.92	-5.53	6.32	13.79	-1.22	2.28	6.15	18.55	5.73

**2011: since composite inception 9/30/2011**

**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.**

*Average Yield is Yield to Effective Maturity. Duration and Maturity for equity securities are deemed to be zero.*

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SECTOR DISTRIBUTION (%)		
	Composite	Index
Non-US Dollar	99.5	100
High Yield Credit	65.7	51.0
Emerging Market Credit	12.8	29.4
Convertibles	7.0	-
Investment Grade Credit	4.1	0.1
Equity	0.4	-
Hedge	-95.1	-80.5
Cash & Equivalents	5.5	-

CURRENCY DISTRIBUTION (%)		
	Composite	Index
Euro Countries	99.6	100
US Dollar	0.4	-

COUNTRY DISTRIBUTION (%)		
	Composite	Index
United States	75.3	47.7
Mexico	3.6	2.8
Canada	3.1	2.0
United Kingdom	2.5	3.2
Israel	2.1	0.8
Brazil	1.8	4.4
Italy	1.6	3.4
Zambia	1.3	0.3
Luxembourg	1.0	1.4
Other	7.7	34.1

CREDIT QUALITY (%)		
	Composite	Index
US Treasurys	-	-
AAA	-	-
AA	-	0.2
A	-	-
BAA	4.7	0.1
BA	43.2	54.1
B	27.5	32.9
CAA & Lower	15.0	11.6
Not Rated	4.1	1.0
Cash & Equivalents	5.5	-

DURATION DISTRIBUTION (%)		
	Composite	Index
Less than 1 Yr.	5.0	10.1
1 to 3 Yrs.	28.4	34.7
3 to 5 Yrs.	29.4	27.2
5 to 7 Yrs.	15.9	13.4
7 to 10 Yrs.	8.3	7.1
10 Yrs. or more	7.5	7.5
Cash & Equivalents	5.5	-

MATURITY DISTRIBUTION (%)		
	Composite	Index
Less than 1 Yr.	6.2	10.1
1 to 3 Yrs.	26.8	30.7
3 to 5 Yrs.	26.4	25.8
5 to 7 Yrs.	11.4	12.1
7 to 10 Yrs.	10.8	9.5
10 Yrs. or more	12.6	11.8
Cash & Equivalents	5.5	-

## KEY RISKS

Credit Risk, Issuer Risk, Interest Rate Risk, Liquidity Risk, Prepayment Risk and Extension Risk. Investing involves risk including possible loss of principal.

*Due to rounding, Sector, Currency, Country, Credit Quality, Duration and Maturity distribution totals may not equal 100%. This portfolio is actively managed and characteristics are subject to change. Credit Quality reflects the middle 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/RMBS: Asset-Backed Securities/Residential Mortgage-Backed Securities. Agency MBS: Agency Mortgage-Backed Securities. CMBS: Commercial Mortgage-Backed Securities. Emerging Markets Debt in the sector distribution is defined as US dollar denominated, non-investment grade bonds, which are from a country on the firm approved Emerging Markets list based on Bloomberg Barclays Emerging Markets Ex-Aggregate Index.*

*Effective 3/1/2016, the Global High Yield – Hedged to Euro composite changed its name to the Global High Yield Full Discretion – EUR Hedged Composite. The Global High Yield Full Discretion - EUR Hedged Composite includes all discretionary accounts with market values greater than \$5 million managed by Loomis Sayles with the objective of maximizing total rate of return, allowing greater than 50% in high yield, and is benchmarked against a global high yield index that is hedged to euro. Loomis Sayles's security level research and significant allocations to non-index sectors are primary alpha sources for this product. The Composite was created in 2012. For additional information on this and other Loomis Sayles strategies, please visit our web site at www.loomisayles.com.*