

Pure Agency MBS

MANAGEMENT TEAM

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OBJECTIVE

Seeks to maximize current income consistent with capital preservation

HIGHLIGHTS

- Benchmark-aware strategy targeting the full investment universe of agency mortgage-backed securities (agency MBS); all securities must have an explicit or effective guarantee from the US Government*
- Invests in fixed-rate and adjustable rate agency mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA) and Freddie Mac (FHLMC)
- Duration is typically +/- 1.5 years of the benchmark duration
- Investment style combines a top-down approach to inter-sector allocation decisions and an active bottom-up security selection framework
- Subject to client approval, portfolios may utilize mortgage-derivative collateralized mortgage obligations (CMOs), such as IOs and POs and interest rate hedging strategies
- Mortgage-backed To-Be-Announced (TBA) securities are used
- May invest in agency MBS that are not included in the benchmark
- US dollar-denominated securities

BENCHMARK

Bloomberg US Mortgage Backed Securities Index

FACTS

| | |
|---------------------|-------------|
| Strategy inception | 11/12/12 |
| Composite inception | 6/1/13 |
| Strategy assets | \$11,215.1M |
| Composite assets | \$4,372.5M |

PORTFOLIO CHARACTERISTICS

| | Composite | Index |
|--------------------------|-----------|----------|
| Average maturity | 5.43 yrs | 5.89 yrs |
| Average duration | 4.42 yrs | 4.57 yrs |
| Average yield | 2.21% | 1.83% |
| Average credit quality | AAA | AAA |
| Average number of issues | 797 | - |
| Weighted average coupon | 1.38% | 2.74% |
| OAS | 55 bps | 27 bps |

COMPOSITE PERFORMANCE (%)

| | CUMULATIVE RETURN | | AVERAGE ANNUALIZED RETURN | | | | |
|------------------|-------------------|-------|---------------------------|--------|--------|---------|-----------------|
| | 3 MO | YTD | 1 YEAR | 3 YEAR | 5 YEAR | 10 YEAR | SINCE INCEPTION |
| GROSS | 0.16 | 0.16 | 0.97 | 4.73 | 3.01 | - | 3.42 |
| NET | 0.11 | 0.01 | 0.77 | 4.52 | 2.80 | - | 3.21 |
| BENCHMARK | 0.10 | -0.67 | -0.43 | 3.85 | 2.17 | - | 2.60 |

COMPOSITE PERIOD PERFORMANCE (%)

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|------------------|------|------|------|------|------|------|------|-------|------|------|
| GROSS | 4.28 | 7.49 | 2.02 | 3.31 | 2.08 | 2.33 | 7.35 | -0.26 | - | - |
| NET | 4.06 | 7.27 | 1.81 | 3.09 | 1.86 | 2.10 | 7.16 | -0.38 | - | - |
| BENCHMARK | 3.87 | 6.35 | 0.99 | 2.47 | 1.67 | 1.51 | 6.08 | -0.36 | - | - |

2013: since composite inception of 6/1/13

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.

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Effective 6/30/2020, the Composite formerly known as Agency MBS changed its name.

**US Government guarantees relate to the timely payment of principal and interest of the strategy's portfolio securities only and not the shares of the underlying fund which fluctuate in value.*

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 |
| Agency Pass-thru | 66.4 | 100 |
| Agency CMO | 22.7 | - |
| Agency CMBS | 8.5 | - |
| Cash & Equivalents | 2.4 | - |

| ISSUER DISTRIBUTION (%) | | |
|-------------------------|-----------|-------|
| | Composite | Index |
| GNMA | 44.4 | 22.1 |
| FNMA | 47.5 | 22.1 |
| FHLMC | 5.1 | 33.4 |
| Other | - | - |
| Cash | 2.4 | - |

| COUNTRY DISTRIBUTION (%) | | |
|--------------------------|-----------|-------|
| | Composite | Index |
| United States | 100 | 100 |

| CREDIT QUALITY (%) | | |
|--------------------|-----------|-------|
| | Composite | Index |
| US Treasuries | - | - |
| AAA | 97.6 | 100 |
| AA | - | - |
| A | - | - |
| BAA | - | - |
| BA | - | - |
| B | - | - |
| CAA & Lower | - | - |
| Not Rated | - | - |
| Cash & Equivalents | 2.4 | - |

| DURATION DISTRIBUTION (%) | | |
|---------------------------|-----------|-------|
| | Composite | Index |
| Less than 1 Yr. | 18.8 | - |
| 1 to 3 Yrs. | 3.4 | 10.6 |
| 3 to 5 Yrs. | 40.6 | 50.0 |
| 5 to 7 Yrs. | 29.8 | 36.4 |
| 7 to 10 Yrs. | 0.8 | 2.9 |
| 10 Yrs. or more | 4.2 | - |
| Cash & Equivalents | 2.4 | - |

| MATURITY DISTRIBUTION (%) | | |
|---------------------------|-----------|-------|
| | Composite | Index |
| Less than 1 Yr. | 0.2 | - |
| 1 to 3 Yrs. | 2.9 | 2.3 |
| 3 to 5 Yrs. | 31.3 | 26.2 |
| 5 to 7 Yrs. | 54.9 | 45.4 |
| 7 to 10 Yrs. | 7.2 | 26.2 |
| 10 Yrs. or more | 1.2 | - |
| Cash & Equivalents | 2.4 | - |

KEY RISKS

Credit Risk, Issuer Risk, Interest Rate Risk, Liquidity Risk, Derivatives Risk, Leverage Risk, Counterparty Risk, Non-US Securities Risk, Prepayment Risk, Extension Risk and Management Risk. Investing involves risk including possible loss of principal.

Due to rounding, Issuer, Sector, Credit Quality, Country, Duration and Maturity distribution totals may not equal 100%. This portfolio is actively managed and characteristics are subject to change. Reference to specific issuers or holdings should not be considered recommendations for action by investors. There is no guarantee the portfolio continues to invest in the securities referenced. 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 includes unsettled trades and fees. Negative Cash & Equivalents reflect the market value of futures trade commitments, which may include TBA securities and other derivative instruments, for the composite. Cash exposure for the Index represents accrued income provided by Bloomberg. ABS: Asset-Backed Securities. Agency CMBS: Agency Commercial Mortgage-Backed Securities. Agency CMO: Agency Collateralized Mortgage Obligations. CMBS: Commercial Mortgage-Backed Securities. RMBS: Residential Mortgage-Backed Securities.

Effective 6/30/2020, the Composite formerly known as Agency MBS changed its name. The Composite includes all discretionary accounts with market values greater than \$10 million managed by Loomis Sayles with guidelines that allow for investing in fixed-rate agency mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC), and that allow for interest rate derivatives as well as CMO mortgage derivatives such as IOs and POs in the Agency MBS universe. Portfolios seek a high level of current income consistent with capital preservation. The Composite inception date is June 1, 2013. The Composite was created in 2013. For additional information on this and other Loomis Sayles Strategies, please visit our website at www.loomisayles.com.