LOOMIS | SAYLES

COMPOSITE FACT SHEET

MARCH 31 2021

Senior Loan

MANAGEMENT TEAM

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OBJECTIVE

Designed to deliver pure bank loan exposure and outperform the benchmark over a full credit cycle

HIGHLIGHTS

The Senior Loan strategy is based primarily on defensive strategies:

- Investment philosophy is transparent, benchmark aware and long-only
- Intense fundamental research attempts to reduce default risk
- Favor higher quality, par loans that offer multiple credit cushions
- Portfolios are diversified by industry and security
- Avoid second lien loans under most market conditions

BENCHMARK

S&P/LSTA US BB Ratings Loan Index

FACTS

Strategy inception	7/1/04
Composite inception	9/1/04
Strategy assets	$2,806.6M
Composite assets	$2,125.2M
Current yield	3.17%
Average purchase price	$99.34
Average price	$99.16
Current rate	3.14%

Strategy assets exclude leveraged assets and assets allocated from other account types.

COMPOSITE PERFORMANCE (%)

	CUMULATIVE RETURN		AVERAGE ANNUALIZED RETURN				
	1 MO	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION
GROSS	-0.23	1.01	15.74	3.33	4.26	4.04	4.26
NET	-0.26	0.89	15.21	2.85	3.77	3.56	3.76
BENCHMARK	-0.27	0.75	13.90	2.98	3.80	3.70	3.83

COMPOSITE PERIOD PERFORMANCE (%)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
GROSS	1.59	8.56	0.20	3.72	8.04	1.48	1.64	4.71	8.62	3.03
NET	1.11	8.04	-0.27	3.24	7.53	1.00	1.17	4.22	8.12	2.53
BENCHMARK	0.75	9.31	-0.42	3.44	7.33	2.23	1.53	3.80	7.17	2.74

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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.

HOLDINGS BY INDUSTRY (%)

Industry	%
Technology	10.5
Media Entertainment	7.8
Chemicals	6.5
Building Materials	6.5
Industrials - Other	5.7
Healthcare	5.4
Consumer Cyclical Services	5.3
Consumer Products	5.0
Cable Satellite	4.7
Food & Beverage	3.7
P&C	3.3
Financial Other	3.1
Pharmaceuticals	3.1
Automotive	2.6
Transportation Services	2.5
Gaming	2.4
Retailers	1.8
Aerospace/Defense	1.7
Restaurants	1.6
Environmental	1.6
Internet & Data	1.5
Electric	1.3
Brokerage	1.2
Packaging	1.0
Home Construction	0.8
Lodging	0.8
Banking	0.8
Finance Companies	0.8
Diversified Manufacturing	0.7
Health Insurance	0.6
Metals and mining	0.6
Other Reits	0.6
Office Reits	0.5
Refining	0.5
Wireless	0.5
Construction Machinery	0.4
Midstream	0.4
Retail REITS	0.4
Leisure	0.3
Railroads	0.3
Paper	0.2
Non Captive Consumer	0.2
Energy - Integrated	0.2
Utility Other	0.1
Wirelines	0.1
Cash & Equivalents	0.4

CREDIT QUALITY (%)

	Portfolio	S&P/LSTA Leveraged Loan Index
AA	-	-
A	-	-
BBB	6.7	7.7
BB	45.8	21.1
B	45.2	60.6
CCC & Lower	1.6	9.0
Not Rated	0.3	1.6
Cash & Equivalents	0.4	-
Second Lien	-	2.4
Avg. Credit Quality	BB-	B+

Reflects the credit ratings assigned by Standard & Poors. If shown, the S&P/ LSTA US BB Ratings Loan Index would be rated 100% BB.

SECTOR DISTRIBUTION (%)

	Portfolio
Industrial	86.8
Financial	11.3
Utility	1.4
Cash & Equivalents	0.4

COUNTRY DISTRIBUTION (%)

	Portfolio
United States	92.1
Canada	2.4
Other	5.5

TOP FIVE HOLDINGS (%)

	Portfolio
Burger King Corporation	1.1
Nomad Foods Europe Midco Limited	0.9
Quikrete Holdings, Inc.	0.9
CommScope, Inc.	0.9
Penn National Gaming, Inc.	0.8

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, **Sector**, **Credit Quality** and **Country** distribution totals may not equal 100%. This portfolio is actively managed and characteristics are subject to change. **Top Five Holdings** may not be representative of current or future holdings and will evolve over time. Excludes cash and equivalents. **Credit Quality** reflects the credit rating assigned to individual holdings of the strategy by S&P; ratings are subject to change. **Cash & Equivalents** may include unsettled trades, fees and/or derivatives.*

The Senior Loan Composite includes all discretionary accounts with market values greater than $50 million managed by Loomis Sayles with a primary focus on attractive risk/return trade-offs within the bank loan sector. The Composite inception date is September 1, 2004. The Composite was created in 2007. For additional information on this and other Loomis Sayles Strategies, please visit our website at www.loomissayles.com.

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COMMENTARY

Market Performance

During the first quarter of 2021 positive risk sentiment in the loan market was supported by investor demand and a global hunt for yield. With respect to returns, the secondary market was strong in January and February before retrenching slightly during the month of March. During the first two months of the year lower-rated loan prices climbed steadily, at times pushing prices of more than half the loan index above par. Price appreciation combined with rising 10-year Treasury rates encouraged investors back toward floating rate debt. Loan supply was robust with heavy volumes of new issuance, refinancing, and repricing. Refinance activity comprised close to half of the quarter's record high $180.8 billion loan issuance, as issuers took advantage of demand to refinance debt with more favorable terms. Many issuers were able to lower the cost of their debt by a meaningful margin through both coupon and LIBOR floor cuts. Other activity included a resurgence of opportunistic merger and acquisition and leveraged buyout financing, an indicator of the loan market's positive tone. Demand was robust due to healthy CLO formation and retail loan inflows. CLO issuance totaled $38.8 billion during the first quarter thanks to tight liability costs, steady primary loan supply, and demand from unfinished CLO structures initiated in 2020. First quarter CLO formation also featured an influx of new managers and a return to standard post-GFC 5-year reinvestment periods. Retail loan inflows totaled $13.1 billion, benefitting from investors' search for yield and hesitancy to commit to fixed rate instruments.

The largest, most liquid loans represented by the S&P/LSTA Leveraged Loan 100 underperformed the overall index, returning 1.02% vs. the overall index return of 1.78%. The first quarter performances of the subcomponents of the Loan Index were: S&P's BB Loan Index returned 0.75%, their B Loan Index returned 1.60%, their CCC Loan Index returned 6.38%, and their D Loan Index returned 3.14%. By way of comparison, the BAML High Yield Index (H0A0) returned 0.90%, the 10YR Treasury (GA10) returned -7.10%, the S&P 500 (SPX) returned 6.17%, and the High-Grade Corp Index (C0A0) returned -4.49%.

Portfolio Highlights

The Portfolio experienced no defaults in March and had eleven days of negative performance. The Portfolio outperformed the S&P/LSTA BB Leveraged Loan Index benchmark and underperformed the S&P/LSTA Leveraged Loan Index which has a more risky profile than our BB-oriented portfolio. The fund ended the month with eight holdings rated CCC or below (183 basis points total). The portfolio maintained an average rating of BB- which is higher quality than the overall index. Our focus on higher quality loans leads us to avoid second lien loans.

Outlook

Demand for loans has been very strong and we think that is likely to remain the case if the US economy recovers through 2021, as we expect. CLO formation has been consistently healthy, but we have also seen retail inflows and global institutional investors buying loans given lack of yield alternatives and the relative richness of the high yield market, as well as sentiment shifts on longer rates. We agree with the market's expectation that default rates are likely to be low over the next year due to both company-specific circumstances (liquidity, few maturities, cost cutting and revenue retention) and macro stimulus (fiscal and monetary). Last year's downgrades have started to become this year's upgrades as the agencies began to reflect how well many companies have weathered the worst months of the pandemic. The vaccine roll-outs have been slower than we would have liked, but as we head into summer we expect significant reductions in COVID cases to start improving consumers' views towards getting out in the world and getting back to their offices.

Our macro base case is characterized by recovery with a higher probability of moving into an expansionary phase rather than back to a credit repair scenario. That view is predicated by our belief that the quick and sharp pandemic recession of 2020 reset the credit-cycle clock. While this scenario might reward high-risk investments, we will continue to invest conservatively in this strategy, which has always been more conservative than the full index. Our goal is to discriminate between winners and losers in the post-pandemic world, though we were not highly exposed to pandemic-sensitive industries before the March 2020 anyway.

Past performance is no guarantee of future results.

Indices are unmanaged. It is not possible to invest directly in an index.

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COMMENTARY

Three-month LIBOR[1] was 0.19% at the end of March, an increase of less than 1 basis point from the level seen at the end of February. We generally expect to see 3-month LIBOR 20-40 basis points higher than the 12-month forward Fed Funds rate, which we forecast at 7 basis points.

As always, exogenous shocks (of which pandemic is one), possibly political or geopolitical, may disrupt market expectations.

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[1] *Reflects the 3-month LIBOR rate (annualized) as implied by swap rates.*

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