

Short Duration Fixed Income

MANAGEMENT TEAM

Christopher T. Harms
Cliff V. Rowe, CFA
Daniel Conklin, CFA

OBJECTIVE

Seeks to outperform the Bloomberg Barclays US Government/Credit 1-3 Year Index while maintaining a benchmark-aware risk return objective

HIGHLIGHTS

- Individual investment ideas are evaluated on the basis of their investment return potential and contribution to portfolio risk
- Top-down macroeconomic analysis combined with bottom-up security selection drives portfolio construction
- Create portfolios diversified by sector, industry and issuer
- Securities rated below investment grade are limited to 10% of the portfolio, depending on client guidelines
- Duration bands: +/- 0.5 year (typically within +/- 0.25 year) relative to the index
- Typical portfolio: approximately 100 to 150 issuers, 150 to 225 issues
- All investments must be US dollar denominated
- Issuer maximum of 3% or benchmark weight plus 2% (whichever is greater at the time of purchase), Treasuries and GSEs excluded
- Industry maximum of 25% or the benchmark weight plus 10% (whichever is greater at the time of purchase)
- Investment universe typically includes US Treasuries, agencies, mortgage-backed securities (MBS), asset-backed securities (ABS), commercial mortgage-backed securities (CMBS), investment grade corporate bonds, Yankee bonds (including emerging markets) and high yield corporate bonds

BENCHMARK

Bloomberg Barclays US Government/Credit 1-3 Year Index

FACTS

Strategy inception	8/1/07
Composite inception	8/1/07
Strategy assets	\$7,507.1M
Composite assets	\$2,257.4M

PORTFOLIO CHARACTERISTICS

	Composite	Index
Average maturity	2.21 yrs	1.89 yrs
Average duration	1.88 yrs	1.85 yrs
Average yield	0.72%	0.28%
Average credit quality	A1	AA2
Average number of issues	347	-
Weighted average coupon	1.43%	1.80%
OAS	45 bps	9 bps

COMPOSITE PERFORMANCE (%)

	CUMULATIVE RETURN		AVERAGE ANNUALIZED RETURN				
	3 MO	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION
GROSS	-0.11	-0.11	6.19	4.22	3.28	2.75	3.89
NET	-0.15	-0.15	6.00	4.02	3.06	2.51	3.64
BENCHMARK	-0.04	-0.04	1.57	3.04	2.00	1.57	2.28

COMPOSITE PERIOD PERFORMANCE (%)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
GROSS	5.16	5.76	1.60	2.32	2.98	0.99	1.55	0.90	4.43	2.76
NET	4.96	5.56	1.40	2.08	2.74	0.75	1.25	0.65	4.17	2.49
BENCHMARK	3.33	4.03	1.60	0.84	1.28	0.65	0.77	0.64	1.26	1.59

2007: since composite inception 8/1/2007

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.

06/30/20 As announced in October 2019, Kurt Wagner is no longer a Portfolio Manager and Dan Conklin has been elevated to Portfolio Manager, effective June 30, 2020.

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

Loomis, Sayles & Company, L.P. ("Loomis Sayles") is an independent advisory firm registered under the Investment Advisors Act of 1940. For additional information on this and other Loomis Sayles strategies, please visit our website at www.loomissayles.com.



SECTOR DISTRIBUTION (%)		
	Composite	Index
Investment Grade Corporate	50.4	22.8
Securitized Credit	21.4	-
US Treasurys	19.7	66.4
High Yield Corporate	2.6	-
Securitized Agency	2.0	-
Government Related	0.1	7.1
Municipals	-	0.1
US Agency	-	3.7
Cash & Equivalents	3.8	-

CURRENCY DISTRIBUTION (%)		
	Composite	Index
US Dollar	100	100

COUNTRY DISTRIBUTION (%)		
	Composite	Index
United States	82.2	88.2
Canada	3.9	2.0
United Kingdom	3.5	1.4
Germany	2.2	1.1
Japan	1.4	1.1
Netherlands	1.3	0.3
France	1.3	0.1
Switzerland	1.1	0.3
Sweden	0.6	0.3
Other	2.5	5.2

CREDIT QUALITY (%)		
	Composite	Index
US Treasurys	19.7	66.4
AAA	20.3	8.6
AA	9.9	5.4
A	26.6	11.5
BAA	17.3	8.1
BA	2.5	-
B	-	-
CAA & Lower	-	-
Not Rated	-	-
Cash & Equivalents	3.8	-

DURATION DISTRIBUTION (%)		
	Composite	Index
Less than 1 Yr.	23.0	5.8
1 to 3 Yrs.	60.0	94.2
3 to 5 Yrs.	9.0	-
5 to 7 Yrs.	4.1	-
7 to 10 Yrs.	0.1	-
Cash & Equivalents	3.8	-

MATURITY DISTRIBUTION (%)		
	Composite	Index
Less than 1 Yr.	18.8	5.6
1 to 3 Yrs.	57.5	94.4
3 to 5 Yrs.	13.2	-
5 to 7 Yrs.	5.2	-
7 to 10 Yrs.	1.4	-
10 Yrs. or more	0.1	-
Cash & Equivalents	3.8	-

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 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/RMBS: Asset-Backed Securities/Residential Mortgage-Backed Securities. Agency MBS: Agency Mortgage-Backed Securities. CMBS: Commercial Mortgage-Backed Securities.

The Short Duration Fixed Income Composite includes all discretionary separate accounts with market values greater than \$5 million managed by Loomis Sayles and invests primarily in investment grade fixed income securities of all major fixed income sectors such as corporates, governments, and mortgages with short term maturities. The Composite inception date is August 1, 2007. The Composite was created in 2009. For additional information on this and other Loomis Sayles strategies, please visit our web site at www.loomisayles.com.