



# Euro High Yield Credit

## Management Team

Rik den Hartog, CFA  
 Pim van Mourik Broekman, CFA  
 Luuk Cummins, CFA  
 Sipke Moes, CFA  
 Quirijn Landman, CFA  
 Marco Zanotto, CFA  
 Ronald Schep

## Objective

Seeks to generate consistent excess returns versus the benchmark utilizing a conservative alpha investment process which combines a top-down market view with bottom-up corporate fundamental analysis

## Benchmark

The reference benchmark is a combination of:

- 85% BB ICE BofA Euro High Yield Non-Financial Constrained Index
- 15% ICE BofA Euro Subordinated Financial Index

## Highlights

- Combines a top-down market view with bottom-up corporate fundamental analysis
- Actively managed strategy that invests primarily in the BB segment of the euro-denominated high yield corporate bond market
- Strong beta-driven risk orientation and focus on quality
- Diversified strategy with uncorrelated positions

### Portfolio Construction:

- BB Corporates 60-100%
- B Corporates 0-10%
- Investment Grade Corporates 0-30%

### Beta Ranges vs Benchmark:

- Overall portfolio (-30% | +30%)
- Sector level (-5% | +5%)
- Issuer level (-3% | +3%)
- Duration is managed within a narrow range to the benchmark

Facts		Portfolio characteristics	Composite	Index
Strategy inception	2/5/21	Average maturity	3.41 yrs	3.53 yrs
Composite inception	4/1/21	Average duration	2.98 yrs	2.98 yrs
Strategy assets	\$294.6M	Average yield	5.19%	5.36%
Composite assets	\$34.5M	Average credit quality	BAA3	BA1
		Average number of issues	222	603
		Weighted average coupon	3.40%	3.56%
		Z-Spread	173	198

## Composite Performance (%)

	CUMULATIVE RETURN		AVERAGE ANNUALIZED RETURN				
	3 MO	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION
<b>GROSS</b>	1.95	1.95	11.00	2.38	-	-	2.38
<b>NET</b>	1.82	1.82	10.45	1.87	-	-	1.87
<b>BENCHMARK</b>	1.84	1.84	9.85	0.21	-	-	0.21

Returns are shown in EUR. Returns may increase or decrease as a result of currency fluctuations.

**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.

The Z-spread, also known as the zero-volatility spread, is a measure used in fixed income markets to measure a portfolio's credit risk in relation to the risk-free rate. A larger Z-spread indicates higher credit risk and, a smaller Z-spread indicates lower credit risk.

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](http://www.loomissayles.com).

**SECTOR DISTRIBUTION (%)**

	Composite	Index
Automobiles & Parts	13.1	13.7
Telecommunications	12.5	11.5
Banks	9.6	8.4
Health Care	9.3	8.5
Utilities	8.8	11.3
Industrial Goods & Services	6.5	9.2
Insurance	5.5	6.4
Real Estate	4.3	4.5
Oil & Gas	3.8	3.8
Travel & Leisure	3.5	4.6
Chemicals	3.2	3.1
Infrastructure	2.9	2.7
Construction & Materials	2.9	2.1
Media	2.2	2.2
Food & Beverage	1.7	1.0
Retail	1.7	1.8
Personal & Household Goods	1.7	2.2
Basic Resources	1.6	1.4
Technology	1.0	0.6
Financial Services	0.3	0.6
Futures	-	-
Cash	3.9	0.3

**COUNTRY DISTRIBUTION (%)**

	Composite	Index
France	23.7	25.6
Germany	11.6	11.8
United States	9.6	10.1
United Kingdom	9.3	9.1
Italy	7.1	6.1
Spain	6.9	9.3
Netherlands	5.7	3.4
Israel	3.3	2.5
Sweden	2.5	2.6
Other	20.4	19.4

**CREDIT QUALITY (%)**

	Composite	Index
AA	0.3	0.1
A	9.0	7.4
BAA	29.3	30.7
BA	57.5	61.4
B	-	0.2
Cash & Equivalents	3.9	0.3

**MATURITY DISTRIBUTION (%)**

	Composite	Index
Less than 1 Yr.	6.4	3.5
1 to 3 Yrs.	37.7	41.8
3 to 5 Yrs.	36.1	39.6
5 to 7 Yrs.	11.3	8.9
7 to 10 Yrs.	3.5	4.9
10 Yrs. or more	1.2	0.9
Cash & Equivalents	3.9	0.3

**For US:** 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.loomisayles.com](http://www.loomisayles.com).

**For UK:** Loomis, Sayles & Company, L.P., a subsidiary of Natixis Investment Management LLC, is an investment adviser registered with the US Securities and Exchange Commission and is authorized to provide investment management services in the United States. The company conducts all investment management services in and from the United States.

Loomis Sayles’s services and products managed by Loomis Sayles, are only available in the United Kingdom to professional clients. This document is communicated in the UK to such persons by Loomis Sayles Investments Limited (“LSIL”) which is authorised and regulated by the Financial Conduct Authority. The services and products discussed are provided by Loomis, Sayles & Company, L.P., which is an SEC-registered investment adviser, and its affiliates, including LSIL, may not be covered by UK regulatory protections. For more complete information, including performance, please visit [www.loomisaylesinvestmentslimited.co.uk](http://www.loomisaylesinvestmentslimited.co.uk).

**Key Risks**

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

Due to rounding, **Sector, Country, Credit Quality** 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.

The Composite includes all discretionary accounts with market values greater than €20 million managed by Loomis Sayles that seek to add value for clients primarily through seeking to generate consistent excess returns versus the benchmark utilizing a conservative alpha investment process. This process combines a top-down market view with bottom-up corporate fundamental analysis whereby ESG is fully integrated. This results in an actively managed, diversified strategy, with strong beta-driven risk orientation and uncorrelated positions. The Composite invests primarily in BB-rated, euro-denominated corporate bonds. Accounts may allow up to 30% in securities rated investment grade, up to 10% in B-rated securities and up to 10% in non-EUR denominated securities, albeit hedged for currency and interest rate risk. Portfolio duration is managed within a narrow range to the benchmark. The Composite inception date is April 1, 2021. The Composite was created in 2023. For additional information on this and other Loomis Sayles strategies, please visit our web site at [www.loomisayles.com](http://www.loomisayles.com).