



# Systematic US High Yield

## Management Team

Harish Sundaresh  
David Liu, CFA  
Mark LaRochelle, CFA  
Kairui Huo, CFA

## Objective

Seeks to maximize risk-adjusted returns relative to the benchmark over a full market cycle. This approach is designed to focus on individual security selection that seeks to outperform the benchmark while using portfolio construction techniques which help to control deviation of risk factors such as beta, yield curve, credit rating, and sector exposure.

## Benchmark

Bloomberg US Corporate High Yield - 2% Issuer Capped

## Highlights

- An actively managed credit strategy that utilizes a multi-factor approach that seeks to capitalize on market inefficiencies and capture issue and issuer-level factor risk premiums
- An “all-weather” strategy that is designed to pursue a better Sharpe ratio than the benchmark with excess return potential that is complementary with other fixed-income strategies
- Manages potential risk through strict portfolio construction rules, promoting diversification and controlling tracking error
- Applies multiple cost reduction methods that seeks to maximize liquidity and reduce portfolio slippage (liquidity filters, incorporating bid-ask into the optimization, restricting turnover and trade execution)
- The strategy is fully invested at all times and can be customized to client-specific risk-return objectives

## Portfolio Construction

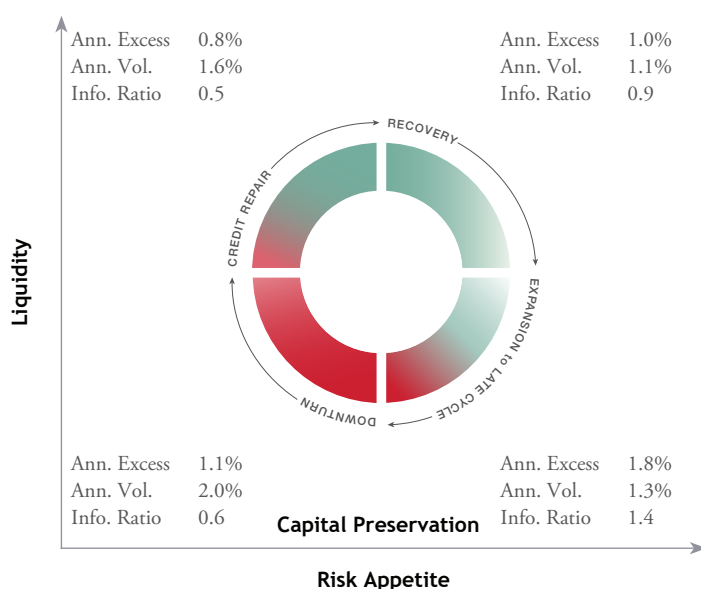
- Universe: benchmark securities
- Duration: +/- 0.1 yr relative to benchmark duration
- Maximum issuer: +1% relative to benchmark exposure
- Maximum below investment grade: 100%
- Currency: US dollar only
- Leverage: None

## Facts

Strategy inception	3/31/21
Composite inception	10/1/21
Strategy assets	\$138.4M
Composite assets	\$93.7M

## Credit Cycle

Strong Risk-Adjusted Performance over a Full Market Cycle



Portfolio characteristics	Composite	Index
Average maturity	4.73 yrs	4.80 yrs
Average duration	3.56 yrs	3.40 yrs
Yield to worst	7.37%	7.66%
Average credit quality	B+	B

The above chart is being shown for illustrative purposes only and should not be construed as investment advice.



SECTOR DISTRIBUTION (%)		
	Composite	Index
High Yield Credit	98.6	99.1
Investment Grade Credit	1.4	0.9
Cash & Equivalents	-	-

INDUSTRY DISTRIBUTION (%)		
	Composite	Index
Industrial	86.3	86.1
Financial Institutions	9.2	11.1
Utility	4.0	2.8

CREDIT QUALITY (%)		
	Composite	Index
AAA	-	-
AA	0.5	-
A	-	-
BAA	1.4	0.9
BA	53.4	47.3
B	33.3	38.2
CAA & Lower	11.4	13.7

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### Composite Performance (%)

TRAILING PERIOD	COMPOSITE GROSS RETURN (%)	COMPOSITE NET RETURN (%)	BENCHMARK RETURN (%)	TRACKING ERROR (%)	INFORMATION RATIO (%)	COMPOSITE MAX DRAWDOWN (%)	BENCHMARK MAX DRAWDOWN (%)	RISK-FREE RETURN (%)
<b>SINCE INCEPTION (10/1/2021)</b>	2.60	2.14	1.17	1.49	0.96	-13.38	-14.73	3.10
<b>YTD</b>	2.05	1.94	1.47	0.89	0.65	-0.07	0.00	1.29
<b>1 YEAR</b>	12.54	12.04	11.15	1.04	1.33	-2.14	-2.36	5.24

Since composite inception: 10/1/21

**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.**

Duration and Maturity for equity securities are deemed to be zero.

Investments carry the possibility for loss as well as for profit. Commodity, interest and derivative trading involve substantial risk of loss.

### KEY RISKS

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

Due to rounding, **Sector** and **Credit Quality** 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. **NR** consists of non-rated issues plus securities such as common stock, ADRs, ETFs, CDXs and forwards. Commodity, interest and derivative trading involves substantial risk of loss. **Cash & Equivalents** may include unsettled trades, fees and/or derivatives. **ABS**: Asset-Backed Securities. **CMBS**: Commercial Mortgage-Backed Securities. **RMBS**: Residential Mortgage-Backed Securities.

The Systematic US High Yield Composite includes all discretionary accounts with market values greater than \$2 million managed by Loomis Sayles that adopt a systematic enhanced index approach, seeking to deliver alpha while harvesting US High Yield credit beta in a risk-controlled manner. All composite accounts are eligible to use derivatives. The enhanced index approach may at times use derivatives as an additional alpha source. All composite accounts share the same portfolio construction methodology. All composite accounts share the same performance benchmark. The Composite inception date is October 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).

MALR032693-0325