

Emerging Markets Debt Local Currency

MANAGEMENT TEAM

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OBJECTIVE

Seeks to outperform the benchmark over a full market cycle with index-like volatility and to manage risk through diversification and monitoring of absolute risk and tracking error versus the benchmark

HIGHLIGHTS

- Value-oriented portfolio investing primarily in local currency debt of sovereign and quasi-sovereign entities located in emerging market economies
- May opportunistically hold local currency corporates as well as hard currency securities
- Seeks to add value by combining top-down macroeconomic analysis with research-driven, bottom-up security selection
- Leverages Loomis Sayles' extensive macroeconomic and credit research including coverage of more than 70 emerging markets countries and over 650 emerging markets corporate, sovereign and quasi-sovereign issuers
- Ability to express views on broad market exposure through derivatives (inclusive of options, forwards, futures, forward contracts and swap contracts)
- Effective duration: typically +/- 2 years relative to the Index
- Typical average quality: BBB
- Allocation to high yield: typically less than 40%
- Targeted tracking error: 150 to 350 basis points
- Typical portfolio: 60 to 120 issues

BENCHMARK

JP Morgan Government Bond Index - Emerging Markets Global Diversified Index

**Prior to 9/1/09, the Composite benchmark was the JP Morgan GBI-EM Index.*

FACTS

Strategy inception	9/26/06
Composite inception	11/1/06
Strategy assets	\$801.5M
Composite assets	\$22.7M

PORTFOLIO CHARACTERISTICS

	Composite	Index
Average maturity	7.39 yrs	7.26 yrs
Average duration	5.67 yrs	5.37
Average credit quality	BAA2	BAA2
Average number of issues	74	-

COMPOSITE PERFORMANCE (%)

	CUMULATIVE RETURN		AVERAGE ANNUALIZED RETURN				
	3 MO	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION
GROSS	3.96	-3.71	7.10	4.39	3.37	0.44	3.62
NET	3.80	-4.01	6.46	3.77	2.76	-0.01	3.16
BENCHMARK*	3.54	-3.38	6.57	4.12	3.25	0.47	3.83

COMPOSITE PERIOD PERFORMANCE (%)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
GROSS	3.15	13.95	-7.99	17.10	10.21	-14.77	-5.22	-8.97	16.00	-2.10
NET	2.55	13.26	-8.53	16.45	9.53	-15.13	-5.37	-9.14	15.75	-2.54
BENCHMARK	2.69	13.47	-6.21	15.21	9.94	-14.92	-5.72	-8.98	16.76	-1.75

Diversification does not ensure a profit or guarantee against a loss.

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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.

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

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SECTOR DISTRIBUTION (%)

	Composite	Index
Sovereigns	97.9	99.7
Corporates	0.7	0.3
Cash & Equivalents	1.5	-

CURRENCY DISTRIBUTION (%)

	Composite	Index
Mexican Peso	11.5	9.0
Brazilian Real	11.3	8.4
Indonesian Rupiah	11.1	9.5
South African Rand	9.2	8.0
Russian Ruble	8.2	7.4
Chinese Renminbi Spot	7.9	-
Polish Zloty	6.6	8.6
Thailand Bhat	6.0	8.6
Malaysian Ringgit	4.6	7.5
New Romanian Leu	3.7	3.1
Other Currencies	19.9	29.9
TOTAL	100	100

COUNTRY DISTRIBUTION (%)

Top 10	Composite	Index
Mexico	11.5	9.0
Brazil	11.3	8.4
Indonesia	11.1	9.5
South Africa	9.2	8.0
Russia	8.2	7.4
China	7.9	10.0
Poland	6.6	8.6
Thailand	6.0	8.6
Malaysia	4.6	7.5
Romania	3.7	3.1

CREDIT QUALITY (%)

	Composite	Index
AAA	1.0	-
AA	3.3	4.1
A	23.0	34.4
BAA	47.2	42.7
Below BAA	24.8	18.8
Not Rated	0.8	-

DURATION DISTRIBUTION (%)

	Composite	Index
Less than 1 Yr.	2.4	4.5
1 to 2 Yrs.	0.6	9.4
2 to 4 Yrs.	18.7	26.3
4 to 6 Yrs.	41.8	22.9
6 to 8 Yrs.	20.2	15.9
8 Yrs. or more	15.5	21.0
Not Rated	0.8	-

MATURITY DISTRIBUTION (%)

	Composite	Index
Less than 1 Yr.	2.4	3.2
1 to 3 Yrs.	8.3	20.7
3 to 5 Yrs.	12.5	20.2
5 to 10 Yrs.	58.4	34.8
10 to 20 Yrs.	17.2	16.5
20 Yrs. or more	1.2	4.6

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. Commodity interest and derivative trading involves substantial risk of loss.

Due to rounding, Sector, Currency, Credit Quality, Duration and Maturity distribution totals may not equal 100%. Country Distribution reflects breakdown of the top 10 country allocations only and therefore does not total 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. Duration and Maturity Distribution Less than 1 Yr. may include cash and equivalents. Cash & Equivalents may include unsettled trades, fees and/or derivatives.

The Emerging Markets Debt Local Currency Composite includes all discretionary accounts managed by Loomis Sayles with guidelines prescribing investment in local currency debt of sovereign, quasi-sovereign and corporate entities located in emerging market economies and that are benchmarked to a local currency emerging market index. Loomis Sayles's security level research, allocation to non-index sectors, and significant tactical country, sector and currency allocation are primary alpha sources for this product. The Composite inception date is November 1, 2006. The Composite was created in 2007. For additional information on this and other Loomis Sayles strategies, please visit our website at www.loomisayles.com.

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