

# Global Aggregate Bond in USD (High Yield Eligible)

## MANAGEMENT TEAM

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## OBJECTIVE

Seeks to identify undervalued securities worldwide and create diversified global bond portfolios that provide risk-adjusted performance superior to the benchmark through balanced contributions of top-down and bottom-up sources

## HIGHLIGHTS

- Our investment philosophy combines top-down macroeconomic insights with intensive bottom-up credit research across major sectors of the bond market
- Our sovereign research universe is comprised of more than 90 countries, and portfolios are typically invested in 25 to 35 countries
- Invests across a broad global universe of securities including government, quasi-government and agency securities, corporate credits, and asset-backed securities including mortgages
- Seeks to identify and create diversified portfolios with undervalued and preferably discount securities across relevant risk factors, including country, currency, curve, sector and specific credit
- Seeks to manage risk through diversification and continuous monitoring of absolute risk and tracking error from the benchmark
- Below investment grade is typically limited to 20%
- Emerging markets debt allocation: generally less than 25%
- Typical tracking error: 1% to 4%, depending on the market environment
- Typical portfolio: greater than 200 issues

## BENCHMARK

Bloomberg Barclays Global Aggregate Index

### FACTS

Strategy inception	12/31/86
Composite inception	8/1/04
Strategy assets*	\$17,173.2M
Composite assets	\$2,774.6M

### PORTFOLIO CHARACTERISTICS

	Composite	Index
Average maturity	7.85 yrs	8.75 yrs
Average duration	6.40 yrs	6.93 yrs
Average yield	2.71%	2.14%
Average credit quality	A1	AA3
Average number of issues	316	-

## COMPOSITE PERFORMANCE (%)

	CUMULATIVE RETURN		AVERAGE ANNUALIZED RETURN				
	3 MO	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION
<b>GROSS</b>	-0.63	-2.28	-1.25	3.20	1.40	4.28	4.28
<b>NET</b>	-0.69	-2.45	-1.49	2.93	1.12	3.95	3.95
<b>BENCHMARK</b>	-0.92	-2.37	-1.32	1.98	0.75	2.89	3.50

## COMPOSITE PERIOD PERFORMANCE (%)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>GROSS</b>	9.18	4.05	-3.96	0.65	-2.53	8.08	4.15	7.50	19.49	-5.52
<b>NET</b>	8.92	3.76	-4.27	0.33	-2.84	7.73	3.82	7.13	19.05	-5.83
<b>BENCHMARK</b>	7.39	2.09	-3.15	0.59	-2.60	4.32	5.64	5.54	6.93	4.79

\*Strategy assets are comprised of Loomis Sayles Global Bond style accounts including Global Aggregate Bond, Global World Bond, and Global Debt Unconstrained and other Global Bond investment styles.

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.

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

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SECTOR DISTRIBUTION (%)		
	Composite	Index
Global Treasuries	45.9	53.8
Corporates	24.6	19.0
Securitized	19.3	15.2
Government Related	8.2	12.0
Cash & Equivalents	1.9	-

CURRENCY DISTRIBUTION (%)		
	Composite	Index
US Dollar	38.4	44.8
Euro Countries	24.4	25.0
Japanese Yen	15.7	16.4
Developing Countries	6.0	3.0
British Pound Sterling	5.0	4.9
Non-Euro	4.5	1.7
Canadian Dollar	3.7	2.8
Australia & New Zealand	2.4	1.4

COUNTRY DISTRIBUTION (%)		
	Composite	Index
United States	35.3	38.7
Japan	10.0	16.7
United Kingdom	8.0	5.4
Germany	7.7	5.3
Canada	4.6	3.4
France	4.5	6.2
Italy	3.0	3.7
Spain	2.6	2.7
Australia	2.5	1.6
Other	21.7	16.3

CREDIT QUALITY (%)		
	Composite	Index
AAA	36.8	39.6
AA	14.4	16.4
A	24.1	26.7
BAA	19.9	17.1
BA	2.6	0.2
B	0.2	-
CAA & Lower	-	-
Not Rated	-	-
Cash & Equivalents	1.9	-

DURATION DISTRIBUTION (%)		
	Composite	Index
Less than 1 Yr.	1.0	1.3
1 to 3 Yrs.	22.6	23.2
3 to 5 Yrs.	19.6	22.1
5 to 7 Yrs.	22.1	20.6
7 to 10 Yrs.	19.4	12.5
10 Yrs. or more	13.2	20.3
Cash & Equivalents	1.9	-

MATURITY DISTRIBUTION (%)		
	Composite	Index
Less than 1 Yr.	0.4	1.1
1 to 3 Yrs.	21.7	22.3
3 to 5 Yrs.	17.0	18.3
5 to 7 Yrs.	15.1	13.9
7 to 10 Yrs.	26.4	21.4
10 Yrs. or more	17.5	23.0
Cash & Equivalents	1.9	-

## 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, 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.*

*The Composite includes all discretionary accounts with market values greater than \$20 million managed by Loomis Sayles with guidelines prescribing investment in investment grade and high yield foreign bonds as well as U.S. dollar denominated bonds, that are benchmarked against the Bloomberg Barclays Global Aggregate or similar Index, and with the following characteristics. The out of benchmark high yield allocation is typically below 20%. The accounts and the benchmarks associated with the Composite are all unhedged and expressed in U.S. Dollars. Prior to July 1, 2016 the Composite minimum account size requirement was \$5 million. The composite was created in 2016.*

## ERISA FIDUCIARY DISCLOSURE

(For ERISA accounts only)

We are not undertaking to provide impartial advice or advice in a fiduciary capacity in connection with the sales and distribution of our investment products or services.

We have a financial interest in connection with the sale of our products and services. We are compensated through the receipt of investment management fees with respect to the assets we manage, which can be found in our Form ADV and other documents provided to clients pertaining to the provision of our investment products and services.

MALR020760 -0918