

Global Disciplined Alpha - Credit AUD Hedged

MANAGEMENT TEAM

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OBJECTIVE

Seeks to deliver excess return over the Bloomberg Barclays Global Aggregate Ex Treasury Ex US MBS Hedged (AUD) Index

HIGHLIGHTS

- We believe that combining fundamental research with a security selection risk management philosophy can deliver a competitive benchmark-oriented global bond portfolio
- Research driven investing
 - Seeks to gain an edge through better research and use of market information
 - Each security decision is driven by an assessment of relative value based on fundamental research
 - Each duration, country, and currency decision is also based on an assessment of relative value, informed by global macroeconomic analysis and fundamental sovereign research
- Risk management is integral to the process
 - Security selection decisions are made in a risk-adjusted framework
 - Each duration, country, and currency decision is sized like an individual security decision
 - We monitor and seek to control risks at the individual risk level as well as contribution to total portfolio risk
- Effective duration between +/- 0.5 years of the benchmark effective duration
- Typical portfolio: 300 to 600 issues

BENCHMARK

Bloomberg Barclays Global Aggregate Ex Treasury Ex US MBS Hedged (AUD) Index

FACTS

Strategy inception	10/31/13
Composite inception	9/1/14
Strategy assets*	\$1,072.8M
Composite assets	AU\$292.2M

PORTFOLIO CHARACTERISTICS

	Composite	Index
Average maturity	7.97 yrs	8.07 yrs
Average duration	6.11 yrs	6.13 yrs
Average yield	2.60%	2.52%
Average credit quality	A1	A1
Average number of issues	609	19,955
Weighted average coupon	2.96%	3.05%
OAS	99 bps	95 bps

COMPOSITE PERFORMANCE (%)

	CUMULATIVE RETURN		AVERAGE ANNUALIZED RETURN				
	3 MO	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION
GROSS	0.00	-0.86	1.60	4.21	-	-	4.12
NET	-0.07	-0.99	1.35	3.96	-	-	3.88
BENCHMARK	-0.05	-0.89	1.40	4.01	-	-	3.88

COMPOSITE PERIOD PERFORMANCE (%)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
GROSS	5.39	6.71	2.52	2.14	-	-	-	-	-	-
NET	5.13	6.46	2.29	2.08	-	-	-	-	-	-
BENCHMARK	5.25	6.15	2.52	1.92	-	-	-	-	-	-

2014: since composite inception of 9/1/14

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 Australian 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.

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*Strategy assets are comprised of assets managed by both the Global team and the Disciplined Alpha team.

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

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
Treasuries	3.9	-
Government Related	21.9	35.1
Corporates	50.3	53.8
Securitized	22.5	11.1
Cash & Equivalents	1.5	-

CURRENCY DISTRIBUTION (%)

	Composite	Index
Australian Dollar	100.2	100
US Dollar	-0.1	-
Other	-0.1	-

CREDIT QUALITY (%)

	Composite	Index
AAA	28.8	24.5
AA	16.3	20.1
A	30.3	32.3
BAA	22.7	23.1
BA	0.3	-
B	-	-
CAA & Lower	-	-
Not Rated	0.2	-
Cash & Equivalents	1.5	-

DURATION DISTRIBUTION (%)

	Composite	Index
Less than 1 Yr.	8.6	1.5
1 to 3 Yrs.	19.0	26.6
3 to 5 Yrs.	20.7	23.7
5 to 7 Yrs.	15.3	17.0
7 to 10 Yrs.	17.6	13.8
10 Yrs. or more	17.8	17.5
Cash & Equivalents	1.1	-

MATURITY DISTRIBUTION (%)

	Composite	Index
Less than 1 Yr.	6.6	1.3
1 to 3 Yrs.	19.4	25.6
3 to 5 Yrs.	18.2	22.0
5 to 7 Yrs.	15.4	14.7
7 to 10 Yrs.	18.2	16.2
10 Yrs. or more	21.1	20.2
Cash & Equivalents	1.1	-

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, 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. Negative Cash & Equivalents reflect the market value of future trade commitments for the portfolio.

The Global Disciplined Alpha - Credit AUD Hedged Composite includes all discretionary accounts with market values greater than \$75 million, managed by Loomis Sayles with investment guidelines that allow for US dollar-denominated and non-US dollar-denominated fixed income securities, primarily investment grade credit and securitized debt with the following additional considerations. Composite mandates focus on high grade bonds of benchmark-like securities resulting in diversified portfolios. The portfolios and the benchmark associated with the Composite are all expressed and hedged to Australian dollar. With a focus on generating alpha from bottom-up security selection, the team seeks to limit top-down macro bets such as duration, curve and country risk. The Composite was created in 2014. For additional information on this and other Loomis Sayles strategies, please visit our website at www.loomisayles.com.

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.

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