

# Global High Yield in EUR

## MANAGEMENT TEAM

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## OBJECTIVE

- Seeks to outperform the ICE BofA ML Global High Yield Index through diversified and actively managed exposure to the global high yield credit market

## HIGHLIGHTS

- Primarily seeks to leverage the insights of Loomis Sayles' global high yield sector team to outperform through issue and sector selection
- Modify relative market exposure based on macro views of credit cycle
- Seeks to add value through limited exposure of off-benchmark positions
- Seeks to achieve gross returns of 100-150 basis points in excess of the ICE BofA Merrill Lynch Global High Yield Index with a tracking error of 200-300\* basis points over a market cycle

## PORTFOLIO CONSTRUCTION

- Typical portfolio: 100 to 200 issuers
- 3% maximum per issuer with typical positions of 1% (Government & GSEs excluded), or benchmark weighting +/-2%, as determined at the time of purchase
- 25% maximum per industry or benchmark weighting +/-15%, as determined at the time of purchase
- Typical average duration range: +/- 2 years relative to the duration of the index
- Minimum average quality: B- or higher at purchase. There is no minimum credit quality requirement for any individual investment

## BENCHMARK

ICE BofA ML Global High Yield in EUR Index

### FACTS

Strategy inception	3/1/16
Composite inception	1/31/17
Strategy assets	\$671.1M
Composite assets	\$548.5M

### PORTFOLIO CHARACTERISTICS

	Composite	Index
Average maturity	5.46 yrs	4.69 yrs
Average duration	4.28 yrs	3.54 yrs
Average yield	4.13%	4.20%
Average credit quality	BA3	BA3
Average number of issues	455	-
Weighted average coupon	5.45%	5.56%
OAS	354 bps	386 bps

## COMPOSITE PERFORMANCE (%)

	CUMULATIVE RETURN		AVERAGE ANNUALIZED RETURN				
	3 MO	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION
<b>GROSS</b>	3.84	1.50	1.50	5.77	-	-	3.62
<b>NET</b>	3.71	0.99	0.99	5.25	-	-	3.11
<b>BENCHMARK</b>	3.05	-0.89	-0.89	5.24	-	-	3.28

## COMPOSITE PERIOD PERFORMANCE (%)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>GROSS</b>	1.50	15.22	1.19	-2.86	-	-	-	-	-	-
<b>NET</b>	0.99	14.65	0.68	-3.31	-	-	-	-	-	-
<b>BENCHMARK</b>	-0.89	15.82	1.53	-2.62	-	-	-	-	-	-

2017: since composite inception 1/31/2017

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.

\*Tracking error is a range and the strategy may not always be able to remain within it.

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
High Yield Credit	61.2	57.1
Non-US Dollar	18.0	21.7
Emerging Market Credit	13.8	20.6
Investment Grade Credit	3.1	0.3
Convertibles	2.8	-
Bank Loans	2.3	-
Hedge	-3.8	-
Cash & Equivalents	2.6	0.3

CURRENCY DISTRIBUTION (%)		
	Composite	Index
US Dollar	78.4	78.2
Euro Countries	19.4	19.4
British Pound Sterling	1.9	2.0
Canadian Dollar	0.4	0.4

COUNTRY DISTRIBUTION (%)		
	Composite	Index
United States	67.0	53.1
Mexico	3.7	3.5
Canada	3.1	2.7
Israel	3.0	0.9
United Kingdom	2.7	3.6
Brazil	2.1	4.1
Netherlands	2.0	1.5
Germany	1.8	2.8
Zambia	1.7	0.2
Other	12.9	27.6

CREDIT QUALITY (%)		
	Composite	Index
US Treasuries	-	-
AAA	-	-
AA	-	-
A	-	-
BAA	3.5	1.4
BA	45.3	58.6
B	33.4	29.1
CAA & Lower	14.1	10.6
Not Rated	1.1	-
Cash & Equivalents	2.6	0.3

DURATION DISTRIBUTION (%)		
	Composite	Index
Less than 1 Yr.	7.1	11.9
1 to 3 Yrs.	28.9	39.0
3 to 5 Yrs.	27.5	28.3
5 to 7 Yrs.	18.6	11.6
7 to 10 Yrs.	10.1	4.3
10 Yrs. or more	5.2	4.6
Cash & Equivalents	2.6	0.3

MATURITY DISTRIBUTION (%)		
	Composite	Index
Less than 1 Yr.	5.0	12.0
1 to 3 Yrs.	27.4	34.6
3 to 5 Yrs.	27.9	27.1
5 to 7 Yrs.	12.2	10.1
7 to 10 Yrs.	14.8	7.7
10 Yrs. or more	10.0	8.2
Cash & Equivalents	2.6	0.3

## 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, 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 middle 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. ABS/RMBS: Asset-Backed Securities/Residential Mortgage-Backed Securities. Agency MBS: Agency Mortgage-Backed Securities. CMBS: Commercial Mortgage-Backed Securities. Emerging Markets Debt in the sector distribution is defined as US dollar denominated, non-investment grade bonds, which are from a country on the firm approved Emerging Markets list based on Bloomberg Barclays Emerging Markets Ex-Aggregate Index.*

*The Global High Yield in EUR Composite includes all discretionary separate accounts with market values greater than \$5 million managed by Loomis Sayles with investment guidelines that allow for a diversified, actively managed exposure to the Global High Yield credit market which emphasizes a disciplined portfolio construction and risk assessment process in fixed income and related investments of any maturity and credit quality, including lower-rated fixed income investments, derivatives, and bonds with equity-like features. The Composite was created in 2017. For additional information on this and other Loomis Sayles strategies, please visit our web site at www.loomisayles.com.*