

High Yield Full Discretion

MANAGEMENT TEAM

Daniel J. Fuss, CFA, CIC
Matthew J. Eagan, CFA
Elaine M. Stokes

OBJECTIVE

Seeks to maximize total return through research driven security selection while managing downside risk through careful portfolio construction

HIGHLIGHTS

- Portfolio guidelines are broad, offering significant investment flexibility
- Bottom-up investment evaluation drives portfolio investments and the resulting sector allocation
- Bottom-up security selection in the US high yield market is the primary driver of performance; other sources of excess return consist of country/currency management and yield curve/duration positioning
- Security selection in additional sectors of the market as opportunity is identified through bottom-up process consistent with top-down themes:
 - Investment grade corporate debt
 - Emerging markets debt
 - Non-US dollar issues
 - Convertible securities
 - Preferreds
- Typical portfolio holds 100 to 150 issuers
- 5% maximum per issuer with typical positions of 1% (GSEs excluded)
- Industry maximum: 25%

BENCHMARK

Bloomberg Barclays US
Corporate High Yield Index

FACTS

Strategy inception	1/1/89
Composite inception	1/1/89
Strategy assets	\$7,949.5M
Composite assets	\$5,205.7M

PORTFOLIO CHARACTERISTICS

	Composite	Index
Average maturity	5.36 yrs	5.10 yrs
Average duration	3.79 yrs	3.80 yrs
Average yield	5.95%	6.24%
Average credit quality	BA2	B1
Average number of issues	273	-
Weighted average coupon	5.16%	6.35%
OAS	258 bps	314 bps

COMPOSITE PERFORMANCE (%)

	CUMULATIVE RETURN		AVERAGE ANNUALIZED RETURN				
	3 MO	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION
GROSS	2.15	2.34	3.41	8.08	5.81	10.20	9.89
NET	2.02	1.96	2.90	7.55	5.32	9.72	9.49
BENCHMARK	2.40	2.57	3.05	8.15	5.54	9.46	8.11

COMPOSITE PERIOD PERFORMANCE (%)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
GROSS	8.68	17.74	-6.78	4.86	9.28	20.71	2.29	16.57	59.87	-27.22
NET	8.15	17.16	-7.22	4.45	8.85	20.23	1.87	16.09	59.21	-27.52
BENCHMARK	7.50	17.13	-4.47	2.45	7.44	15.81	4.98	15.12	58.21	-26.16

The composite includes out-of-benchmark allocations to sectors or investments that evolve over time.

Loomis, Sayles & Company, L.P. ("Loomis Sayles") is an independent advisory firm registered under the Investment Advisors Act of 1940. For additional information on this and other Loomis Sayles strategies, please visit our website at www.loomissayles.com.

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.

For Institutional Use Only. Not For Further Distribution.



SECTOR DISTRIBUTION (%)		
	Composite	Index
High Yield Credit	61.6	99.2
Convertibles	9.1	-
Investment Grade Credit	5.5	0.2
Emerging Market Credit	4.3	0.6
Securitized	3.5	-
US Treasury	3.1	-
Non-US Dollar	2.9	-
Bank Loans	2.0	-
Equity	1.0	-
Cash & Equivalents	6.8	-

CURRENCY DISTRIBUTION (%)		
	Composite	Index
US Dollar	97.8	100
Developing Countries	1.4	-
Australia & New Zealand	0.4	-
Euro Countries	0.2	-
Canadian Dollar	0.1	-

COUNTRY DISTRIBUTION (%)		
	Composite	Index
United States	81.7	85.8
Canada	2.8	4.1
United Kingdom	1.7	2.0
Brazil	1.6	0.1
Netherlands	1.5	0.9
Germany	1.4	0.7
Mexico	1.3	-
Italy	1.3	0.9
Zambia	0.9	-
Other	5.8	5.5

CREDIT QUALITY (%)		
	Composite	Index
US Treasuries	-	-
AAA	3.3	-
AA	0.4	-
A	1.5	-
BAA	7.2	0.2
BA	38.5	42.7
B	25.8	42.0
CAA & Lower	10.7	15.0
Not Rated	5.7	0.1
Cash & Equivalents	6.8	-

DURATION DISTRIBUTION (%)		
	Composite	Index
Less than 1 Yr.	10.3	7.2
1 to 3 Yrs.	21.5	29.1
3 to 5 Yrs.	33.3	41.9
5 to 7 Yrs.	17.0	16.1
7 to 10 Yrs.	8.4	3.4
10 Yrs. or more	2.6	2.3
Cash & Equivalents	6.8	-

MATURITY DISTRIBUTION (%)		
	Composite	Index
Less than 1 Yr.	7.4	8.9
1 to 3 Yrs.	18.1	20.9
3 to 5 Yrs.	21.3	27.6
5 to 7 Yrs.	20.3	21.5
7 to 10 Yrs.	16.4	16.0
10 Yrs. or more	9.6	5.2
Cash & Equivalents	6.8	-

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 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 High Yield Full Discretion Composite includes all discretionary separate accounts with market values greater than \$5 million managed by Loomis Sayles with the objective of maximizing total rate of return, allow greater than 50% in high yield, and are considered fully discretionary (must allow exposure to all of the following non-index sectors: foreign issuers, foreign currency and emerging market debt). Loomis Sayles's security level research and significant allocations to non-index sectors are primary alpha sources for this product. The Composite was created in 2003. For additional information on this and other Loomis Sayles strategies, please visit our web site 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.

MALR022267-0819