Investment Grade Securitized Credit

Management Team
Alessandro Pagani, CFA

Objective
Pursues high current income and total return through diversified credit exposure to securitized assets including asset-backed securities (ABS), commercial mortgage-backed securities (CMBS) and non-agency residential mortgage-backed securities (RMBS).

Highlights
- Credit focused strategy that seeks to outperform through both security selection and sector allocation within the non-agency securitized asset classes.
- Seeks to maintain an investment grade risk profile but can hold securities if downgraded below investment grade.
- Minimum average rating: BBB- at time of purchase.
- Securitized credit generally results in a portfolio with shorter duration than the overall fixed income market.
- Duration is typically (+/-) 2 years of the benchmark duration.
- Ability to purchase agency mortgage-backed securities (agency MBS) for opportunistic as well as liquidity purposes.

Benchmark
ICE BofA Merrill Lynch US ABS & CMBS Index

Objectives
- Pursues high current income and total return through diversified credit exposure to securitized assets.

Portfolio Characteristics
- Average maturity: 4.65 yrs
- Average duration: 3.57 yrs
- Average yield: 4.38%
- Average credit quality: A3
- Average number of issues: 317
- Weighted average coupon: 3.19%
- OAS: 399 bps

Cumulative Performance (%)

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<thead>
<tr>
<th></th>
<th>GROSS</th>
<th>NET</th>
<th>BENCHMARK</th>
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<tbody>
<tr>
<td>CUMULATIVE RETURN</td>
<td>3 MO</td>
<td>YTD</td>
<td>1 YEAR</td>
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<tr>
<td>GROSS</td>
<td>7.51</td>
<td>0.50</td>
<td>1.99</td>
</tr>
<tr>
<td>NET</td>
<td>7.43</td>
<td>0.34</td>
<td>1.68</td>
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<tr>
<td>BENCHMARK</td>
<td>4.20</td>
<td>2.37</td>
<td>3.80</td>
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Average annualized return:

- 1 YEAR: Composite 4.65 yrs, Index 4.02 yrs
- 3 YEAR: Composite 3.57 yrs, Index 3.39 yrs
- 5 YEAR: Composite 4.38%, Index 2.36%
- 10 YEAR: Composite 5.69, Index 3.46
- SINCE INCEPTION: Composite 8.16, Index 7.80

Composite Period Performance (%)

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<tbody>
<tr>
<td>GROSS</td>
<td>5.72</td>
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<td>5.46</td>
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<td>0.62</td>
<td>6.38</td>
<td>4.08</td>
<td>11.78</td>
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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.

Effective 6/30/2020 the Composite formerly known as Securitized Credit changed its name.

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

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KEY RISKS


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. Negative Cash & Equivalents reflect the market value of future trade commitments for the portfolio. Cash exposure for the Index represents accrued income provided by Bloomberg Barclays. ABS: Asset-Backed Securities. Agency CMBS: Agency Commercial Mortgage-Backed Securities. Agency CMO: Agency Collateralized Mortgage Obligations. CMBS: Commercial Mortgage-Backed Securities. RMBS: Residential Mortgage-Backed Securities.

Effective 6/30/2020 the Composite formerly known as Securitized Credit changed its name. The Composite includes all discretionary accounts with market values greater than $25 million managed by Loomis Sayles, with a credit focused strategy and guidelines that allow for investment grade average credit risk profile with the following additional considerations. The Composite seeks a high level of current income and total return through diversified exposure to non-agency securitized sectors: ABS, CMBS, and Non-agency MBS. The Composite was created in 2010. For additional information on this and other Loomis Sayles Strategies, please visit our website at www.loomissayles.com.

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