



# Systematic US High Yield

## Management Team

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## Objective

Seeks to maximize risk-adjusted returns relative to the benchmark over a full market cycle. This approach is designed to focus on individual security selection that seeks to outperform the benchmark while using portfolio construction techniques which help to control deviation of risk factors such as beta, yield curve, credit rating, and sector exposure.

## Benchmark

Bloomberg US Corporate High Yield - 2% Issuer Capped

## Highlights

- An actively managed credit strategy that utilizes a multi-factor approach that seeks to capitalize on market inefficiencies and capture issue and issuer-level factor risk premiums
- An “all-weather” strategy that is designed to pursue a better Sharpe ratio than the benchmark with excess return potential that is complementary with other fixed-income strategies
- Manages potential risk through strict portfolio construction rules, promoting diversification and controlling tracking error
- Applies multiple cost reduction methods that seeks to maximize liquidity and reduce portfolio slippage (liquidity filters, incorporating bid-ask into the optimization, restricting turnover and trade execution)
- The strategy is fully invested at all times and can be customized to client-specific risk-return objectives

## Portfolio Construction

- Universe: benchmark securities
- Duration: +/- 0.1 yr relative to benchmark duration
- Maximum issuer: +1% relative to benchmark exposure
- Maximum below investment grade: 100%
- Currency: US dollar only
- Leverage: None

## Facts

Strategy inception	3/31/21
Composite inception	10/1/21
Strategy assets	\$242.2M
Composite assets	\$161.8M

## Portfolio characteristics<sup>^</sup>

	Composite	Index
Average maturity	3.72 yrs	3.59 yrs
Average duration	2.84 yrs	2.77 yrs
Yield to worst	6.34%	6.66%
Average credit quality	B1	B1

## Composite Performance<sup>^</sup> (%) as of September 30, 2025

TRAILING PERIOD	COMPOSITE GROSS RETURN (%)	COMPOSITE NET RETURN (%)	BENCHMARK RETURN (%)	TRACKING ERROR (%)	INFORMATION RATIO	COMPOSITE SHARPE RATIO	BENCHMARK SHARPE RATIO	COMPOSITE MAX DRAWDOWN (%)	BENCHMARK MAX DRAWDOWN (%)	RISK-FREE RETURN (%)
<b>YTD</b>	7.63	7.27	7.22	0.83	0.49	1.52	1.68	-1.65	-1.04	3.17
<b>1 YEAR</b>	7.81	7.33	7.41	0.72	0.56	0.89	0.91	-1.65	-1.04	4.38
<b>3 YEAR</b>	11.76	11.27	11.09	0.81	0.84	1.29	1.21	-2.14	-2.36	4.77
<b>SINCE INCEPTION (10/1/2021)</b>	5.07	4.60	4.16	1.25	0.73	0.22	0.10	-13.38	-14.73	3.71

<sup>^</sup>Performance and risk statistics are calculated on a gross-of-fee basis and do not reflect the deduction of fees and expenses. Please see the Composite trailing returns for standard gross and net performance.

Source: Loomis Sayles

Since composite inception: 10/1/21

**Performance data shown represents past performance and is no guarantee of future results. Current performance may be lower or higher than quoted.** Returns for multi-year periods are annualized. Gross returns are net of trading costs. Net returns are gross returns less effective management fees. Returns may increase or decrease as a result of currency fluctuations.

Indices are unmanaged and do not incur fees. It is not possible to invest directly in an index.

**Any investment that has the possibility for profits also has the possibility of losses, including the loss of principal.**

**There is no guarantee that the investment objective will be realized or that the strategy will generate positive or excess return.**

Duration and Maturity for equity securities are deemed to be zero.

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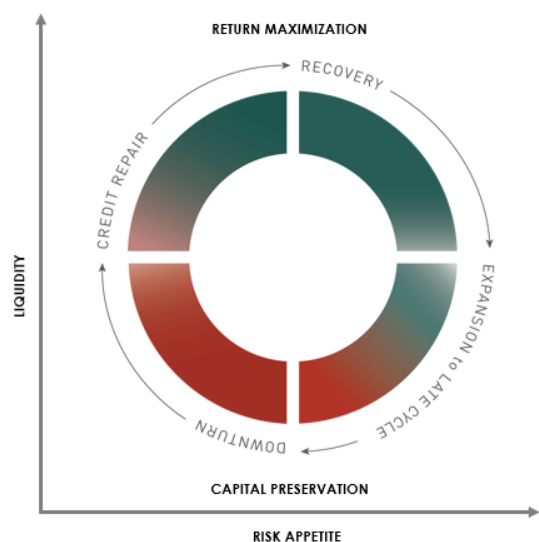
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SECTOR DISTRIBUTION (%)			CREDIT QUALITY (%)			INDUSTRY DISTRIBUTION (%)		
	Composite	Index		Composite	Index		Composite	Index
High Yield Credit	96.8	99.3	AAA	-	-	Industrial	80.3	85.0
Emerging Markets Debt	1.4	0.7	AA	0.4	-	Financial Institutions	14.0	12.0
Investment Grade Credit	1.4	0.1	A	-	-	Utility	5.3	3.0
			BAA	1.4	0.1			
			BA	60.0	52.5			
			B	27.2	34.8			
			CAA & Lower	10.8	12.7			
			Not Rated / Other	0.3	-			

## Top-Down Credit Cycle Theory

Categorizing opportunities by stage of the Credit Cycle



The above chart is being shown for illustrative purposes only and should not be construed as investment advice. The information is not intended to represent any actual portfolio managed by Loomis Sayles.

## KEY RISKS

Credit Risk, Issuer Risk, Interest Rate Risk, Liquidity Risk, Non-US Securities Risk, Currency Risk, Derivatives Risk, Leverage Risk, Counterparty Risk, Prepayment Risk and Extension Risk. Investing involves risk including possible loss of principal.

Due to rounding, **Sector** and **Credit Quality** 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. **NR** consists of non-rated issues plus securities such as common stock, ADRs, ETFs, CDXs and forwards. Commodity, interest and derivative trading involves substantial risk of loss. **Cash & Equivalents** may include unsettled trades, fees and/or derivatives. **ABS**: Asset-Backed Securities. **CMBS**: Commercial Mortgage-Backed Securities. **RMBS**: Residential Mortgage-Backed Securities.

The Systematic US High Yield Composite includes all discretionary accounts with market values at least \$2 million managed by Loomis Sayles that adopt a systematic enhanced index approach, seeking to deliver alpha while harvesting US high yield credit beta in a risk-controlled manner. Accounts in this Composite are permitted to use derivative instruments but have historically employed them on a limited basis. Instruments may include futures, options, forward contracts and swaps in order to gain exposure to, or hedge against, risks linked to interest rates, credit and exchange rates. Over the Counter (OTC) derivative contracts involve counterparty risk, or the risk of default to a derivative contract, and liquidity risk; market volatility may prevent accounts from closing out contracts at the desired time and price. All Composite accounts share the same portfolio construction methodology. All Composite accounts share the same performance benchmark. The Composite inception date is October 1, 2021. The Composite was created in June 2023. For additional information on this and other Loomis Sayles strategies, please visit our web site at [www.loomisayles.com](http://www.loomisayles.com).

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