

# Short Duration Fixed Income

## Management Team

**Portfolio Manager**  
Christopher T. Harms  
Cliff V. Rowe, CFA  
Daniel T. Conklin, CFA

## Highlights

- Individual investment ideas are evaluated on the basis of their investment return potential and contribution to portfolio risk
- Top-down macroeconomic analysis combined with bottom-up security selection helps drive portfolio construction
- Seeks to create portfolios diversified by sector, industry and issuer
- Securities rated below investment grade are limited to 10% of the portfolio, depending on client guidelines
- Duration bands: +/- 0.5 year (typically within +/- 0.25 year) relative to the index
- All investments must be US dollar denominated
- Issuer maximum of 3% or benchmark weight plus 2% (whichever is greater at the time of purchase), Treasuries and GSEs excluded
- Industry maximum of 25% or the benchmark weight plus 10% (whichever is greater at the time of purchase)
- Investment universe typically includes US Treasuries, agencies, mortgage-backed securities (MBS), asset-backed securities (ABS), commercial mortgage-backed securities (CMBS), investment grade corporate bonds, Yankee bonds (including emerging markets) and high yield corporate bonds

## Objective

Seeks to outperform the Bloomberg US Government/Credit 1-3 Year Index while maintaining a benchmark-aware risk return objective

## Benchmark

Bloomberg US Government/  
Credit 1-3 Year Index

Facts		Portfolio Characteristics <sup>^</sup>	Composite	Index
Strategy inception	8/1/07	Average maturity	2.11 yrs	1.89 yrs
Composite inception	8/1/07	Average duration	1.82 yrs	1.79 yrs
Strategy assets	\$6,147.5M	Average yield	4.14%	3.62%
Composite assets	\$1,632.2M	Average credit quality	A1	AA2
		Average number of issues	481	-
		Weighted average coupon	4.63%	3.29%
		OAS	61 bps	12 bps

## Composite Performance (%) as of December 31, 2025

	CUMULATIVE RETURN		ANNUALIZED TOTAL RETURN				
	3 MO	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION
<b>GROSS</b>	1.27	6.21	6.21	6.21	3.05	3.30	3.72
<b>NET</b>	1.21	5.96	5.96	5.95	2.82	3.08	3.48
<b>BENCHMARK</b>	1.16	5.35	5.35	4.77	1.97	2.09	2.23

## Calendar Year Performance (%)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>GROSS</b>	6.21	5.76	6.64	-3.12	0.13	5.16	5.76	1.60	2.32	2.98
<b>NET</b>	5.96	5.51	6.38	-3.32	-0.05	4.96	5.56	1.40	2.08	2.74
<b>BENCHMARK</b>	5.35	4.36	4.61	-3.69	-0.47	3.33	4.03	1.60	0.84	1.28

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

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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 for one and 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.**

**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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SECTOR DISTRIBUTION (%)		
	Composite	Index
Investment Grade Corporate	44.3	22.3
Securitized Credit	24.9	-
US Treasurys	24.8	72.3
High Yield Corporate	3.7	-
Securitized Agency	1.3	-
Government Related	0.2	4.3
US Agency	-	1.1
Municipals	-	0.1
Cash & Equivalents	0.8	-

CURRENCY DISTRIBUTION (%)		
	Composite	Index
US Dollar	100	100

COUNTRY DISTRIBUTION (%)		
	Composite	Index
United States	88.2	91.6
Canada	3.4	1.5
United Kingdom	2.1	1.2
France	1.1	-
Germany	1.1	0.7
Ireland	0.9	0.2
Sweden	0.5	0.1
New Zealand	0.5	-
Spain	0.4	0.2
Other	1.8	4.6

CREDIT QUALITY (%)		
	Composite	Index
US Treasurys	24.8	72.3
AAA	21.4	3.3
AA	8.5	6.2
A	19.3	10.3
BAA	20.3	8.0
BA	3.0	-
B	-	-
CAA & Lower	-	-
Not Rated	1.8	-
Cash & Equivalents	0.8	-

DURATION DISTRIBUTION (%)		
	Composite	Index
Less than 1 Yr.	20.5	5.9
1 to 3 Yrs.	67.2	94.1
3 to 5 Yrs.	12.4	-
5 to 7 Yrs.	-1.3	-
7 to 10 Yrs.	0.3	-
10 Yrs. or more	0.2	-
Cash & Equivalents	0.8	-

MATURITY DISTRIBUTION (%)		
	Composite	Index
Less than 1 Yr.	20.1	4.1
1 to 3 Yrs.	61.4	95.9
3 to 5 Yrs.	14.8	-
5 to 7 Yrs.	1.7	-
7 to 10 Yrs.	1.0	-
10 Yrs. or more	0.2	-
Cash & Equivalents	0.8	-

## KEY RISKS

Credit Risk, Issuer Risk, Interest Rate Risk, Liquidity Risk, Prepayment Risk and Extension Risk. Investing involves risk including possible loss of principal.

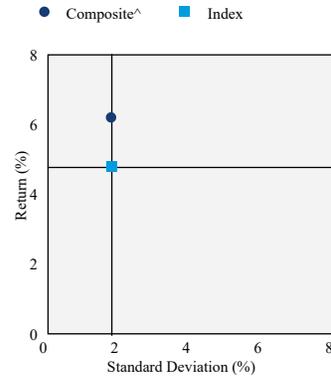
*Due to rounding, Sector, Currency, Country, Credit Quality, Duration and Maturity distribution totals may not equal 100%. This portfolio is actively managed and characteristics are subject to change. Credit Quality reflects the highest credit rating assigned to individual holdings of the composite among Moody's, S&P or Fitch; ratings are subject to change. Cash & Equivalents may include unsettled trades, fees and/or derivatives.*

*The Composite includes all discretionary separate accounts with market values greater than \$5 million managed by Loomis Sayles and invests primarily in investment grade fixed income securities of all major fixed income sectors such as corporates, governments, and mortgages with short term maturities. As of December 1, 2022 the Composite was redefined to exclude stable value accounts previously stable value accounts were included. The Composite inception date is August 1, 2007. The Composite was created in June 2009. For additional information on this and other Loomis Sayles strategies, please visit our web site at [www.loomisayles.com](http://www.loomisayles.com).*



ANNUALIZED RISK/RETURN ANALYSIS^

Three Year

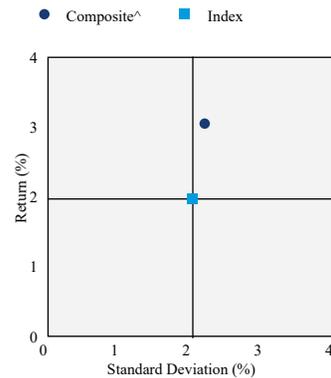


Up Capture	114.25%
Down Capture	39.81%
Alpha (gross)	1.35%
Alpha (net)	1.11%
Beta	0.90
Information Ratio	2.00
R-Squared	84.55%
Batting Average	86.11%
Sharpe Ratio	0.52

^Performance and risk metrics 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.

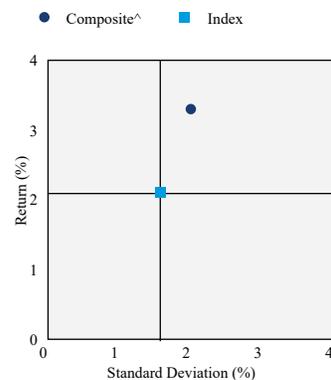
**Standard Deviation** is a statistical measure of the historical volatility of the composite. **Up/ Down Capture Ratios** are based on historical returns and illustrate the sensitivity of portfolio returns to benchmark returns during up and down markets, respectively. **Alpha** is the excess return above or below the return predicted by the portfolio's beta. **Beta** is a measure of co-movement of portfolio returns to changes in the market return. It conveys risk relative to a benchmark. **Information Ratio** is also known as "manager skill", and is the quotient of a portfolio's excess return and the volatility of the excess returns. **R-Squared** is the percentage of a portfolio's return that can be explained by the performance of a given benchmark. **Batting Average** is a percentage of months that the portfolio outperformed the benchmark. **Sharpe Ratio** is a measure of risk-adjusted return. It is the quotient of the portfolio's return over the absolute risk.

Five Year



Up Capture	119.87%
Down Capture	84.36%
Alpha (gross)	1.07%
Alpha (net)	0.84%
Beta	1.00
Information Ratio	1.60
R-Squared	90.58%
Batting Average	75.00%
Sharpe Ratio	-0.22

Ten Year



Up Capture	127.86%
Down Capture	72.98%
Alpha (gross)	1.20%
Alpha (net)	0.98%
Beta	1.02
Information Ratio	1.02
R-Squared	64.45%
Batting Average	76.67%
Sharpe Ratio	0.43

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

Past performance is no guarantee of future results.



### Fixed Income Investment Process

#### PHILOSOPHY

We believe in an investment process combining bottom-up investment analysis with a clear macroeconomic and market perspective. Our performance-driven portfolios are constructed by small, focused teams supported by extensive economic, market, sector, issuer, security, trading and quantitative analysis.

#### MACRO OUTLOOK

Our macro strategies team delivers a research- and data-driven assessment of global macro investment conditions, opportunities and risks. Data and insights from the firm’s other research groups are integrated into the team’s views.

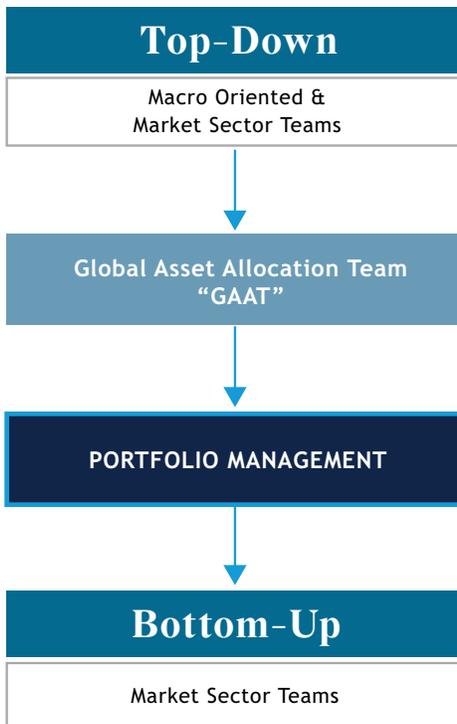
#### SECTOR TEAMS

Sector teams bring together professionals from each of the key investment disciplines – research, portfolio management and trading. Sector teams assess their respective sectors seeking to determine risk /return value and performance potential of preferred securities within that market segment. Expected horizon returns and outcome dispersions are important contributions made by these teams.

#### PRODUCT TEAMS

Product teams are small groups of portfolio managers focused on strategy development and implementation for similar portfolios. Key investment themes are developed reflective of the fixed income macro perspective and sector teams’ assessments. Applied IQ tools assist portfolio managers in constructing portfolios. Portfolio construction seeks to maximize risk-aware performance for our clients.

#### PORTFOLIO CONSTRUCTION



#### SECTOR TEAMS

- Bank Loans
- Developed Markets/ Non-US Sovereign
- Convertibles
- Emerging Markets
- Equity
- Global Credit
- High Yield
- Investment Grade Corporate
- Municipals
- Mortgage & Structured Finance
- US Yield Curve
- Global Asset Allocation