LOOMIS | SAYLES

BREAK OUT OF THE BOX WITH LOOMIS SAYLES MULTISECTOR

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Many bond investors are in an uncomfortable position today. Yields are low, spreads are tight, and durations have extended out. There's not a lot of cushion for making mistakes. In an environment like this, we do not want to be boxed in by an index.

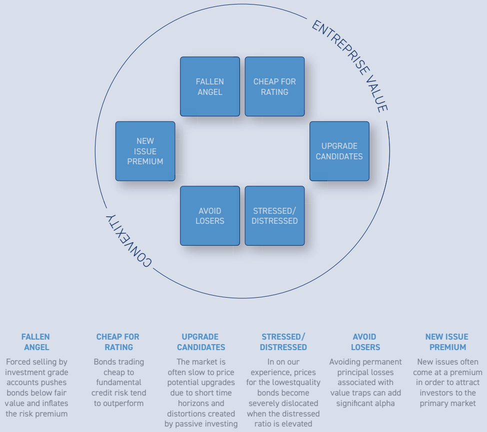
Despite the challenges, we think now is a time for investors to be discerning, not discouraged. During our decades as bond investors, we have consistently observed that the market is inefficient at pricing specific risk. Even a market like the one we are in today can offer opportunities to take security-specific risk.

We rely on two core philosophies to guide our go-anywhere style and help us capitalize on mispricings in corporate credit and drive excess return potential.

CORE PHILOSOPHIES & PILLARS OF SECURITY SELECTION

We believe these two core philosophies differentiate and define our multisector approach to investing:

1. **Determine Enterprise Value**: We take an equity-like view of company valuations by focusing on long-term enterprise value and identifying risks to that value. This foundation gives us the conviction to take contrarian positions.
2. **Build in Convexity:** We seek bonds that we believe can offer call protection and price appreciation potential. These bonds tend to have positive convexity, which can help maximize yield and total return potential while minimizing downside risks.



We also incorporate **six pillars of security selection**. Through fundamental research and active management, we seek to capture risk premiums that other investors may be unable or unwilling to access.

SO, WHERE ARE WE TODAY?

Investing with a cycle-based approach helps inform our understanding of which sectors could be coming in and out of favor. The majority of our alpha generating ideas are derived by layering the top-down view with our bottom-up research analysis.

With this in mind, our first step in identifying opportunities starts with a view of market fundamentals and where we are in the credit cycle and fundamentals.

We believe the credit cycle is firmly in expansion—a phase that has historically been positive for risk assets. Corporate health is generally strong and investor thirst for yield should continue to help support spreads. Overall, we see a number of drivers that can continue to support credit and other assets in this environment.

CREDIT CYCLE FIRMLY IN EXPANSION
This phase is historically supportive of risk

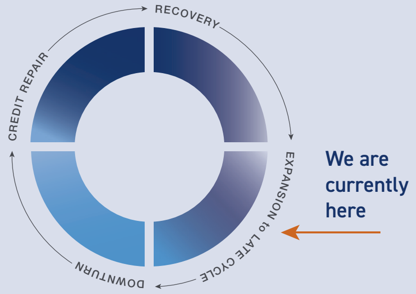


Chart shown for illustrative purposes only. Some or all of the information on this chart may be dated and, therefore, should not be the basis to purchase or sell any securities

GOING WHERE POTENTIAL OPPORTUNITIES ARE

High Yield: With absolute yields around 4%, the name high yield seems like a misnomer. But currently, this sector still can offer some of the highest yields in the world. When spreads are tight, investors should ask if they are being paid for the credit risk they're taking. Looking ahead, we believe expected losses for high yield will likely be low and stable. The economic disruption from the COVID-19 crisis pulled forward a wave of defaults. Unprecedented monetary policy support opened markets wide open, giving even distressed companies the ability to borrow. Companies have two essential ingredients: liquidity and time. Now, we've hit the expansion phase of the cycle where profits have improved. We could still see some spread tightening. Supply has calmed down this year after a wave of issuance in 2020, and we see signs there are not as many bonds coming to the market as there are people who want to buy them. Spreads are, in our estimation, at mid-expansion levels. Expansions don't tend to last a year, so we think we have time in the high yield market.

Convertibles: Converts are about sectors in our view. We think healthcare and technology, which are among the two largest sectors within the convertible bond market, could both have tailwinds. One thing we like about convertible bonds is the structure. The equity kicker is a source of potential upside. Upside is hard to find in this high dollar-price market, with a lot of callable debt.

Emerging Markets: We see a lot of inefficiencies and imbalances in the emerging world right now. Inefficiencies and imbalances can often lead to asset mispricings. There are countries exposed to risks related to China's growth slowdown and those that aren't. Countries have been impacted by the COVID-19 crisis to different degrees and these disparities, in our view, could mean it's a great time to be a bond picker in the EM world.

UN-BOX YOUR PORTFOLIO

For more than 40 years, we've been honing our multisector skills and applying our distinctive style of bond picking to help deliver solutions for our clients. We are passionate investors, dedicated to providing excess yield potential and low correlations to traditional benchmark-focused fixed income strategies. We believe having the flexibility to diversify away from broad-market risks, and the research backing and experience to uncover potential opportunities is key.

ADVERTISING FEATURE