

STRATEGY HIGHLIGHTS

Core Plus Fixed Income Core Plus Full Discretion

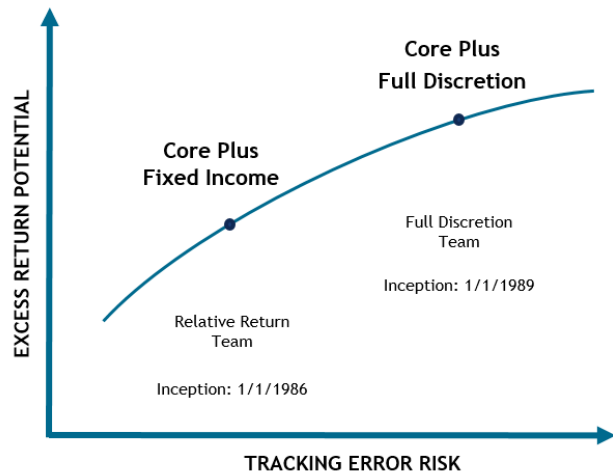
DIFFERENT APPROACHES, EACH SUPPORTED BY LOOMIS SAYLES RESEARCH ENGINES

Distinct Investment Processes Seeking to Deliver Consistent Returns

The Relative Return and Full Discretion teams both utilize a credit cycle framework and input from Loomis Sayles research analysts, including credit, securitized and macro, to help inform their respective investment decisions; however, their processes are distinct, resulting in differentiated performance objectives and outcomes. Each team offers a strategy designed to meet clients’ specific needs and can also be paired together to offer a diversified risk/return profile.

Staying true to their team names, the Relative Return team takes a benchmark-aware approach to active risk exposures and positioning while the Full Discretion team is benchmark-agnostic, focusing on total return and risk in making investment decisions. This typically results in a lower credit quality and a wider duration range for Core Plus Full Discretion (CPFD) relative to Relative Return’s Core Plus Fixed Income (CPFIF).

DIFFERENTIATED APPROACHES		
	Core Plus Fixed Income	Core Plus Full Discretion
Index Awareness	Benchmark-Aware	Benchmark-Agnostic
Portfolio Construction & Alpha Drivers	Top-Down Sector Allocation	Bottom-Up Security Selection
Duration	Index +/- 2 years	Index +/- 3 years
Active Risk (Tracking Error)	Typically 1-3%	Typically 2-5%



Tracking error is a range and the strategy may not always be able to remain within it. Although the Investment Manager actively seeks to manage risk for a targeted level, there is no guarantee that the portfolio will be able to maintain its targeted risk level. There is no guarantee that the investment objective will be realized or that the strategy will generate positive or excess return.



The two teams also hold distinctive investment philosophies, which have influenced the emphasis each team places on individual drivers of excess returns. The Relative Return team seeks to deliver the majority of its excess return potential through sector allocation, which is primarily driven by the team’s top-down macro views. Investment grade credit and “plus” sectors are typically favored during stable and improving environments, while government securities tend to be favored for quality and liquidity through downturns. Within sectors, the team focuses on their best relative value opportunities and seeks to limit idiosyncratic and liquidity risk. In contrast, the Full Discretion team seeks to deliver the majority of its excess return potential through bottom-up security selection, predicated on long-term enterprise value and a philosophy that uses six pillars of security selection.

Typical Sector Ranges

CPFD’s general bias is to have an increased level of spread exposure and to seek a yield advantage through higher allocations to investment grade corporates, its differentiation in security selection within the securitized credit allocation (the use of non-agency RMBS, ABS, CMBS and CLOs over agency MBS) and a wider duration band. CPFI, on the other hand, generally does not exhibit sector biases; rather, the team applies their top-down view to sector allocations. They also tend to utilize a wider range of sectors (TIPS, agency MBS, and non-US dollar), which have historically provided diversification benefits. In general, CPFI will seek a yield advantage, but will typically weigh the tradeoffs between yield, liquidity, and quality in the context of the credit cycle. The ranges and averages below demonstrate the typical ranges and also how the strategies have positioned themselves on average historically.

TYPICAL SECTOR RANGES (%)			HISTORICAL AVERAGES (%)					
	CPFI	CPFD	3 YEAR		5 YEAR		10 YEAR	
	CPFI	CPFD	CPFI	CPFD	CPFI	CPFD	CPFI	CPFD
US Government <i>(US Treasury, Agency, TIPS, Agency MBS, Cash)</i>	20-70	5-20	59	21	54	19	52	16
Corporate Credit <i>(Investment Grade, High Yield, Bank Loans)</i>	15-45	25-60	27	56	33	58	35	59
Securitized Credit <i>(Non-agency, RMBS/CMBS/ABS/CLO)</i>	2-10	5-30	8	20	7	20	7	19
Non-US Dollar Denominated	0-10	0-10	4	2	3	1	3	3
Converts	0-5	0-10	0	2	0	2	0	2
Preferreds	Not Permitted	Not Permitted	0	0	0	0	0	0
Common	Not Permitted	Not Permitted	0	0	0	0	0	0

Typical sector ranges are approximate and apply under normal market conditions. They are based on guidelines that are subject to change. Historical averages are as of 12/31/2024. Due to active management, sector allocations will evolve over time.



Core Plus Options that Help Meet Varying Investor Needs

Determining investor preferences, such as overall return objective (absolute versus relative), style bias (top-down versus bottom-up) or impact to the broader portfolio risk (fit against other strategies in an investor's asset allocation) may be helpful when considering the two strategies. We believe Loomis Sayles offers an interesting opportunity to provide clients with two differentiated, yet complementary, Core Plus options. For investors who are considering a relative return style strategy focused on top-down views informed by macro inputs, which seeks to balance credit risk with yield, Core Plus Fixed Income could be an appropriate fit. While other investors may want to consider Core Plus Full Discretion, which can offer absolute returns as a result of bottom-up security selection and potentially higher yields driven by increased idiosyncratic risk. For investors who are undecided on which way to allocate their Core Plus allocation, we believe over longer time periods a combination of CPFID and CPFI could potentially provide a compelling combined risk/return profile.

IMPORTANT DISCLOSURE:

This document was written as of December 31, 2024. We update the content as necessary and otherwise believe the information is relevant. This is subject to change.

KEY RISKS: Credit Risk, Issuer Risk, Interest Rate Risk, Liquidity Risk, Non-US Securities Risk, Currency Risk, Prepayment Risk and Extension Risk.

Indices are unmanaged and do not incur fees. It is not possible to invest directly in an index. Commodity, interest and derivative trading involves substantial risk of loss.

Diversification does not ensure a profit or guarantee against a loss.

Any investment that has the possibility for profits also has the possibility for 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.

Past performance is no guarantee of future results.

This marketing communication is provided for informational purposes only and should not be construed as investment advice. Investment decisions should consider the individual circumstances of the particular investor. Any opinions or forecasts contained herein, reflect the subjective judgments and assumptions of the authors only, and do not necessarily reflect the views of Loomis, Sayles & Company, L.P. Investment recommendations may be inconsistent with these opinions. There is no assurance that developments will transpire as forecasted and actual results will be different. Information, including that obtained from outside sources, is believed to be correct, but we cannot guarantee its accuracy. This information is subject to change at any time without notice.

For more information on the Loomis Sayles Core Plus Fixed Income and Core Plus Full Discretion strategies, please request a full presentation book.



MEET THE RELATIVE RETURN PORTFOLIO MANAGEMENT TEAM



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MEET THE FULL DISCRETION PORTFOLIO MANAGEMENT TEAM



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