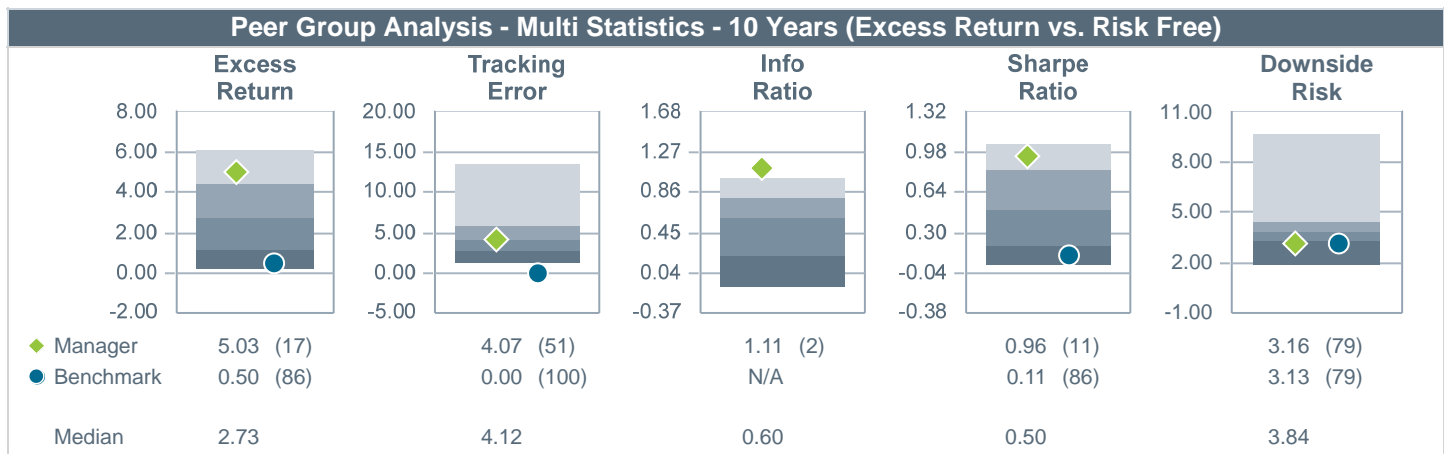
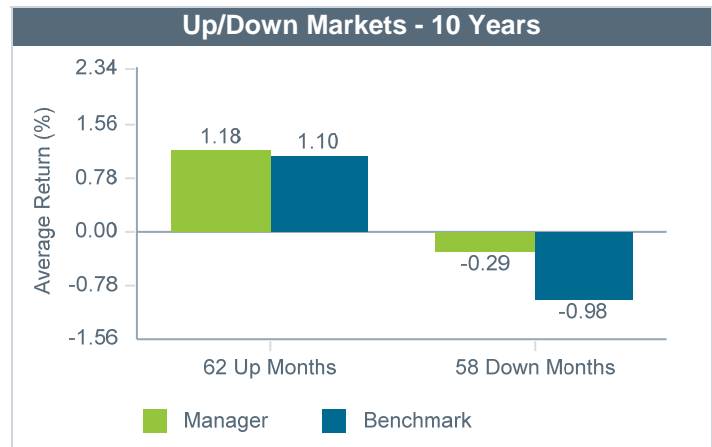
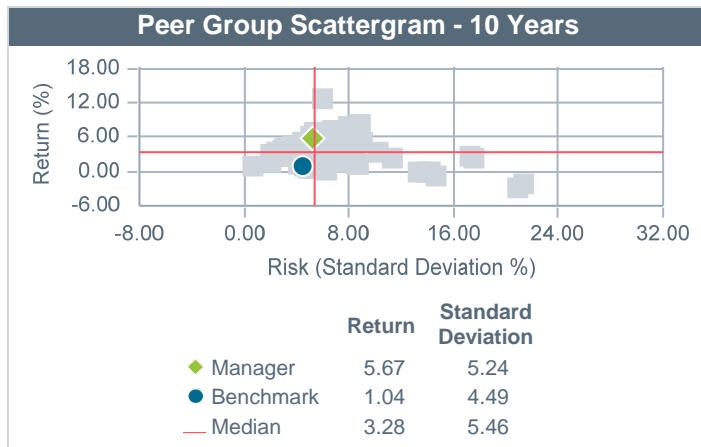


**BOARD OF PENSION TRUSTEES  
FOR THE  
CITY OF JACKSONVILLE RETIREMENT SYSTEM  
Thursday, August 4, 2022, at 12:30 PM  
City Hall Conference Room 3C**

**AGENDA**

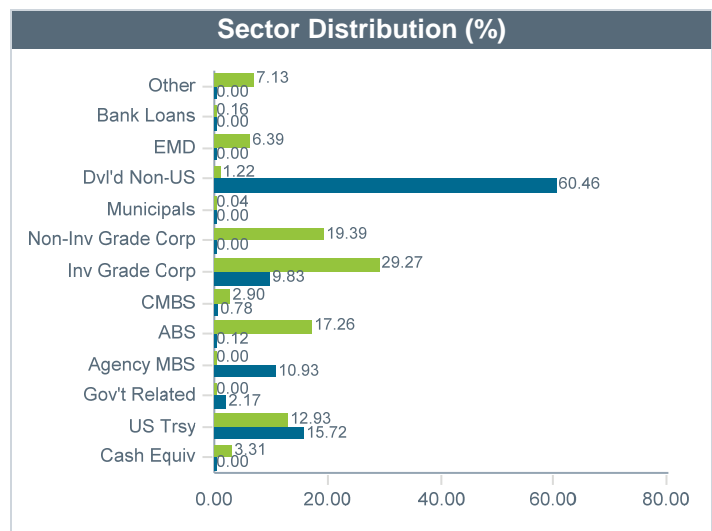
1. **CALL TO ORDER**
2. **PUBLIC COMMENT**
3. **INVESTMENT AND FINANCIAL MATTERS**
  - a. Loomis Sayles – Fixed Income
4. **INFORMATION**
  - a. Next regular BOT meeting scheduled for Thursday, August 25, 2022, at 2 PM
  - b. Manager Review Meeting with Baird – Core Fixed Income scheduled for Thursday, September 1, 2022, at 12:30 PM
5. **PRIVILEGE OF THE FLOOR**
6. **ADJOURNMENT**

| Performance       |       |        |         |         |         |          |       |       |      |       |      |
|-------------------|-------|--------|---------|---------|---------|----------|-------|-------|------|-------|------|
|                   | QTD   | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years | 2021  | 2020  | 2019 | 2018  | 2017 |
| Manager           | -5.39 | -2.61  | 4.97    | 4.87    | 4.47    | 5.67     | 0.55  | 15.08 | 9.80 | 0.09  | 8.74 |
| Benchmark         | -6.16 | -6.40  | 0.69    | 1.70    | 1.58    | 1.04     | -4.71 | 9.20  | 6.84 | -1.19 | 7.39 |
| Difference        | 0.77  | 3.79   | 4.28    | 3.17    | 2.89    | 4.63     | 5.26  | 5.88  | 2.96 | 1.28  | 1.35 |
| Peer Group Median | -4.62 | -3.27  | 3.45    | 3.57    | 3.42    | 3.28     | 0.13  | 8.61  | 9.48 | -1.81 | 7.67 |
| Rank              | 63    | 45     | 22      | 22      | 34      | 17       | 44    | 8     | 47   | 23    | 31   |
| Population        | 179   | 179    | 177     | 171     | 166     | 135      | 194   | 224   | 239  | 255   | 263  |



### Portfolio Characteristics

|                       | Portfolio | Benchmark |
|-----------------------|-----------|-----------|
| Effective Duration    | 4.54      | 7.28      |
| Spread Duration       | 4.32      | N/A       |
| Avg. Maturity         | 6.62      | 9.05      |
| Avg. Quality          | Baa2      | N/A       |
| Yield To Maturity (%) | 4.32      | 2.15      |
| Coupon Rate (%)       | 3.35      | 2.18      |
| Current Yield (%)     | 3.54      | N/A       |
| Holdings Count        | 930       | 28,086    |



Performance shown is gross of fees and product specific. Calculation is based on monthly periodicity. Parentheses contain percentile ranks. Allocation to "Other" consists of preferred equity, hedges, and convertibles.



# City of Jacksonville

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**AUGUST 4, 2022**

## **Presented By**

Brian Kennedy  
Vice President, Portfolio Manager

Kenneth Johnson  
Director of US Relationship Management



**THINK BROADLY.  
ACT DECISIVELY.**

presented by:



**BRIAN KENNEDY**  
Vice President, Portfolio Manager



**KENNETH JOHNSON**  
Director of US Relationship Management

# loomis sayles at a glance

Firm Overview



## ASSETS UNDER MANAGEMENT BY CLIENT BASE

- US institutional
- Non-US institutional
- US retail
- Non-US retail

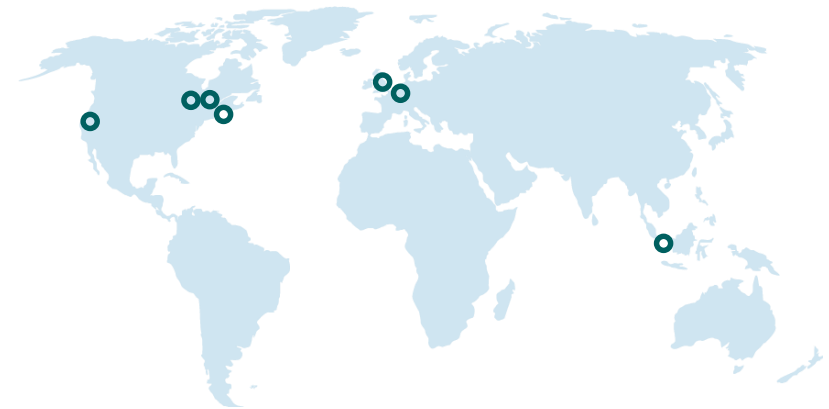


## INVESTMENT EXPERTISE ACROSS ASSET CLASSES

- Fixed income: **\$220.0 B**      Equity: **\$70.9 B**
- Investment Grade Corporates
  - Equities
  - Developed Country Treasuries
  - Mortgage & Structured Finance
  - High Yield Corporates
  - Emerging Market Debt
  - Municipals
  - Other
  - Bank Loans
  - Convertible Bonds
  - Government Related

SERVING CLIENTS WITH INTEGRITY  
& A GLOBAL PERSPECTIVE SINCE

**1926**



**BOSTON • CHICAGO •**  
**DETROIT • SAN FRANCISCO**  
**LONDON • SINGAPORE • UTRECHT**

*As of 6/30/2022. The Utrecht office opened on November 1, 2020.*

*Due to rounding, pie chart total may not equal 100%. Other includes cash & equivalents and derivatives.*

*Total AUM includes the assets of both Loomis, Sayles & Co., LP, and Loomis Sayles Trust Company, LLC. (\$34.8 billion for the Loomis Sayles Trust Company).*

*Loomis Sayles Trust Company is a wholly owned subsidiary of Loomis, Sayles & Company, L.P.*

# foundation for alpha

Firm Overview

## CREDIT RESEARCH

Alpha generation through differentiated insights

Providing insight and differentiated perspectives across the credit classes, risk spectrum, and capital structure

## EQUITY

Driving alpha through independent thinking

Active long-term strategies built on differentiated non-consensus insight

## MACRO STRATEGIES

Focused insights for investment team impact

Tailor-made research and data driven assessments of global macro investment conditions, opportunities and risks

## MORTGAGE & STRUCTURED FINANCE

Opportunities outside traditional asset classes

Deploying fundamental research to uncover hidden alpha potential in complex structured markets

## QUANTITATIVE RESEARCH & RISK ANALYSIS

Bringing together the art and science of investing

Translating market data and investor intuition into actionable signals

## TRADING

Beyond trade execution

+50 trading professionals integrated within all investment processes every step of the way

## ESG

Integrate and engage

Education and tools for investment teams to incorporate material ESG factors

## INVESTMENT RISK OVERSIGHT

Ensuring investment teams meet client objectives

A common foundation underlying all strategies:

- Sound philosophy
- Rigorous, repeatable process
- Proprietary research
- Disciplined portfolio construction
- Integrated risk management

## TECHNOLOGY

Translating data into insight

Tapping the power of our proprietary In2! technology platform, integrating more than 5 billion data points each day

## BUSINESS INFRASTRUCTURE

Specialized expertise for critical services

Integrated legal, compliance, distribution, marketing, relationship management & client service teams

# alpha engines

Firm Overview

## FIXED INCOME

| ALPHA STRATEGIES                | BANK LOANS                            | DISCIPLINED ALPHA          | EMERGING MARKET DEBT | FULL DISCRETION            | GLOBAL                     | MORTGAGE & STRUCTURED FINANCE    | MUNICIPAL      | PRIVATE CREDIT†                 | RELATIVE RETURN   |
|---------------------------------|---------------------------------------|----------------------------|----------------------|----------------------------|----------------------------|----------------------------------|----------------|---------------------------------|-------------------|
| Credit Asset                    | Senior Loans                          | Core                       | Corporate            | Multisector                | Global Bond                | Agency MBS                       | Short          | Investment Grade Private Credit | Short Duration    |
| Emerging Market Debt Blended    | Senior Floating Rate and Fixed Income | Intermediate Corporate     | Local Currency       | Multisector Credit         | Global Credit              | Core Securitized                 | Intermediate   | Opportunistic Private Credit    | Inter. Duration   |
| World Credit Asset              | CLOs                                  | Long Corporate             | Short Duration       | Core Plus Full Discretion  | Global Debt Unconstrained  | IG Securitized Credit (ERISA)    | Medium         |                                 | Core              |
| Multi-Asset Income              |                                       | Long Gov't Corp            | Asia Credit          | High Yield Full Discretion | Global Disciplined Alpha** | Opportunistic Securitized Credit | Crossover†     |                                 | Core Plus         |
| Inflation Protected (TIPS)      |                                       | Long Credit                |                      | Global High Yield          |                            |                                  |                |                                 | IG Corporate      |
| Systematic Investing Strategies |                                       | Global Disciplined Alpha** |                      | US High Yield              |                            |                                  |                |                                 | IG Inter. Corp    |
|                                 |                                       |                            |                      | High Yield Conservative    |                            |                                  |                |                                 | Long Corporate    |
|                                 |                                       |                            |                      | Strategic Alpha            |                            |                                  |                |                                 | Long Credit       |
|                                 |                                       |                            |                      |                            |                            |                                  |                |                                 | Long Gov't/Credit |
| <b>\$10.1 B*</b>                | <b>\$3.9 B</b>                        | <b>\$16.7 B</b>            | <b>\$2.9 B</b>       | <b>\$62.1 B</b>            | <b>\$27.3 B</b>            | <b>\$13.3 B*</b>                 | <b>\$5.9 B</b> | <b>-</b>                        | <b>\$88.7 B</b>   |

## EQUITY

| GROWTH EQUITY STRATEGIES | GLOBAL EMERGING MARKETS EQUITY            | GLOBAL EQUITY OPPORTUNITIES | SPECIALTY GROWTH STRATEGIES | SMALL CAP VALUE    |
|--------------------------|---|-----------------------------|-----------------------------|--------------------|
| All Cap Growth           | Global Emerging Markets Equity            | Global Allocation           | Small Cap Growth            | Small Cap Value    |
| Global Growth            | Global Emerging Markets Equity Long/Short | Global Equity Opportunities | Small/Mid Cap Growth        | Small/Mid Cap Core |
| International Growth     |   |                             | Mid Cap Growth              |                    |
| Large Cap Growth         |   |                             |                             |                    |
| Long/Short Growth Equity |   |                             |                             |                    |
| <b>\$55.5 B</b>          | <b>\$117.1 M***</b>                       | <b>\$7.3 B</b>              | <b>\$5.6 B</b>              | <b>\$2.4 B</b>     |

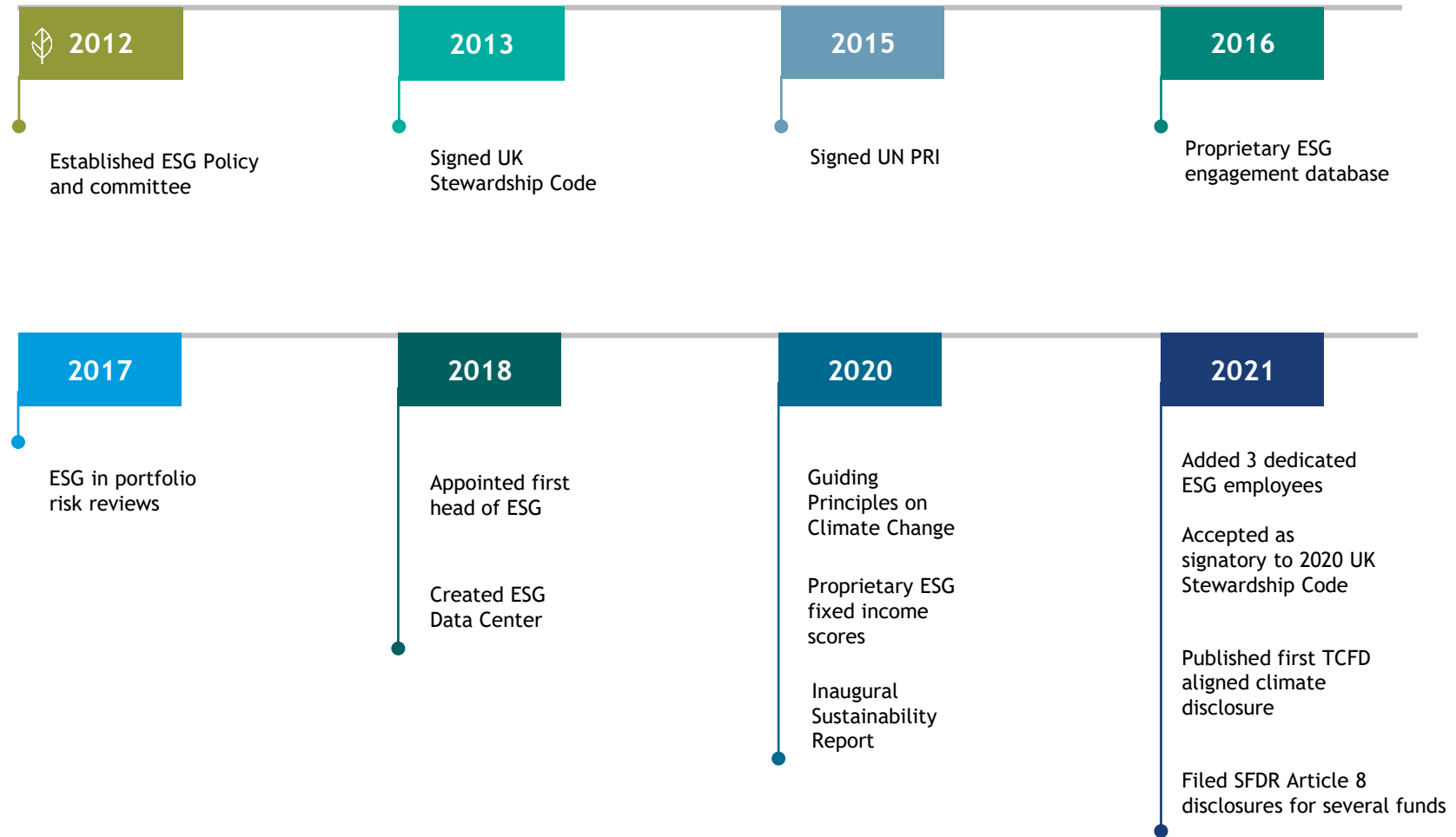
As of 6/30/2022.

\*Includes accounts that may also be counted as part of other strategies \*\*Co-managed investment strategy \*\*\*Assets include seed money from our parent company. †Accounts may be co-managed along with other teams as appropriate.

‡ The Private Credit team joined the firm in January 2022.

# ESG advancement at loomis sayles

## OUR APPROACH HAS BEEN FORMALIZED AND ENHANCED BY A NUMBER OF ESG INITIATIVES



As of 3/31/2022.



# full discretion investing

## TEAM BELIEFS




**The market is inefficient at pricing specific risk.**

Fundamental research paints a clearer picture of intrinsic value. We use this foundation to identify mispriced securities when markets are short-term focused, illiquid, or irrational due to factors including fear and greed.



**A credit cycle view can help identify opportunities and risks.**

We follow a disciplined top-down framework to analyze the factors driving the macroeconomic cycle, evaluate how they might affect asset valuations, and harvest credit risk premiums.



**Risk management is integral, not an add-on.**

We believe in a rigorous investment process that seeks to balance risk/reward tradeoffs effectively and integrates risk management at every step.

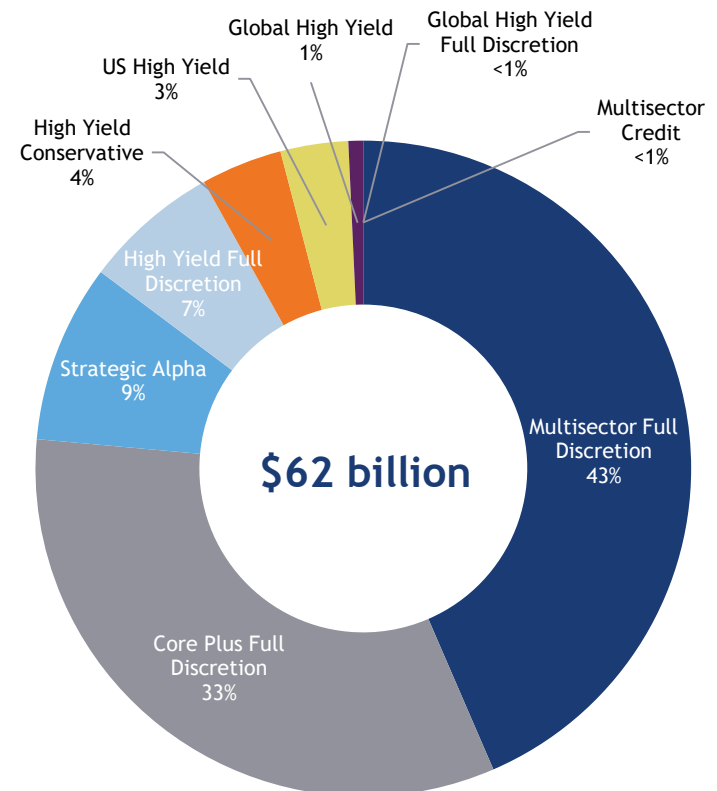
|           | MULTISECTOR                |                           |                    |                             | HIGH YIELD            |                            |                            |
|-----------|----------------------------|---------------------------|--------------------|-----------------------------|-----------------------|----------------------------|----------------------------|
|           | STRATEGIC ALPHA            | CORE PLUS FULL DISCRETION | MULTISECTOR CREDIT | MULTISECTOR FULL DISCRETION | US HIGH YIELD         | GLOBAL HIGH YIELD          | HIGH YIELD FULL DISCRETION |
| BENCHMARK | ICE BofA 3Mo Treasury Bill | BBG US Agg                | BBG US Credit      | BBG US Gov/Credit           | BBG US Corp HY 2% Cap | ICE BofA Global High Yield | BBG US Corp High Yield     |
| STYLE     | Unconstrained              | Opportunistic             | Opportunistic      | Opportunistic               | Benchmark Aware       | Benchmark Aware            | Opportunistic              |
| INCEPTION | 2010                       | 1989                      | 2010               | 1989                        | 2009                  | 2016                       | 1989                       |

# full discretion product

## LOOMIS SAYLES FULL DISCRETION TEAM ASSETS UNDER MANAGEMENT

\$62 billion as of June 30, 2022

|                                   | ASSETS<br>(\$ millions) |
|-----------------------------------|-------------------------|
| Multisector Full Discretion       | 26,720                  |
| Core Plus Full Discretion         | 20,219                  |
| Strategic Alpha                   | 5,404                   |
| High Yield Full Discretion        | 4,112                   |
| High Yield Conservative           | 2,463                   |
| US High Yield                     | 2,052                   |
| Global High Yield                 | 448                     |
| Global High Yield Full Discretion | 221                     |
| Multisector Credit                | 140                     |



*As of 6/30/2022. Due to rounding, pie chart total may not equal 100%.*

# investment team

## HIGHLY EXPERIENCED TEAM SUPPORTED BY DEEP FIRM RESOURCES

### PORTFOLIO MANAGEMENT (Years of Industry Experience/Years with the firm)

|  |  |  |   |
|--|--|--|---|
| <p><b>Matt Eagan, CFA</b></p> <p>Portfolio Manager<br/>32 / 25</p> | <p><b>Brian Kennedy</b></p> <p>Portfolio Manager<br/>32 / 28</p> | <p><b>Elaine Stokes</b></p> <p>Portfolio Manager<br/>35 / 34</p> | <p><b>Dan Fuss, CFA</b></p> <p>Senior Advisor<br/>64 / 46</p> |
|--|--|--|---|

### KEY SUPPORT

|  |  |   |   |
|--|--|---|---|
| <p><b>Strategists</b></p> <p>Todd Vandam, CFA*<br/>Bryan Hazelton, CFA<br/>Brian Hess<br/>Stephen Laplante, CFA</p> <p>Vishal Patel, CFA<br/>Chris Romanelli, CFA<br/>Peter Sheehan<br/>Scott Darci, CFA</p> | <p><b>Investment Directors</b></p> <p>Fred Sweeney, CFA<br/>David Zielinski, CFA<br/>Kristen Doyle</p> | <p><b>Investment Analysts</b></p> <p>Shong Xiao, CFA<br/>Chidiebere Okpoebo<br/>Elizabeth Ditomasso**</p> | <p><b>Portfolio Specialists</b></p> <p>Rigas Gartaganis<br/>Boeurn Kan-Crawford</p> <p>Matt Tierney<br/>Modestas Ilkys<br/>Amy Steede</p> |
|--|--|---|---|

### SPECIALTY RESEARCH†

|  |   |  |
|--|---|--|
| <p><b>Convertibles</b></p> <p>Rich Crable<br/>Mark Ravanese<br/>Olga Tatar, CFA</p> <p>Greg Jones, CFA<br/>Kenneth Wallace</p> | <p><b>Distressed/Restructuring</b></p> <p>Colin Wilson Murphy<br/>Matt Sabourin</p> | <p><b>Customized</b></p> <p>Nicole Ranzinger<br/>Zachary South<br/>Ryan Yackel</p> |
|--|---|--|

### SECTOR TEAMS

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

### FIRM RESOURCES

|  |  |  |  |  |   |
|--|--|--|--|--|---|
| <p><b>Macro Strategies</b></p> <ul style="list-style-type: none"> <li>• 2 Directors</li> <li>• Associate Director</li> <li>• Chief US Economist</li> <li>• 5 Senior Sovereign Analysts</li> <li>• 2 Sovereign Analysts</li> <li>• Senior Commodities Analyst</li> <li>• Senior Research Analyst</li> <li>• Research Analyst</li> <li>• 2 Senior Research Associates</li> </ul> | <p><b>Credit Research</b></p> <ul style="list-style-type: none"> <li>• Director</li> <li>• 2 Associate Directors</li> <li>• Head of Municipal Research</li> <li>• Head of Convertibles Research</li> <li>• 39 Senior Analysts</li> <li>• 14 Analysts</li> <li>• 6 Research Senior Associates</li> <li>• 7 Research Associates</li> </ul> | <p><b>Mortgage &amp; Structured Finance</b></p> <ul style="list-style-type: none"> <li>• Head</li> <li>• 4 Portfolio Managers</li> <li>• 3 Strategists</li> <li>• 3 Senior Analysts</li> <li>• 2 Research Analysts</li> <li>• 2 Senior Research Associate</li> <li>• Director, MSF Trading</li> <li>• 4 MSF Traders/Tas</li> </ul> | <p><b>Fixed Income Trading</b></p> <ul style="list-style-type: none"> <li>• 27 Traders/TAs</li> <li>• Director, Portfolio Implementation</li> <li>• 18 Portfolio Specialists</li> <li>• Director, Operational Trading Risk Mgt.</li> <li>• Risk Analyst</li> </ul> | <p><b>Investment Risk and Strategy Management</b></p> <ul style="list-style-type: none"> <li>• Chief Inv. Risk Officer</li> <li>• Deputy Chief Inv. Risk Officer/Model Risk Officer</li> <li>• Risk Engineer</li> <li>• Investment Risk Manager</li> <li>• 3 Senior Inv. Risk Analysts</li> <li>• 2 Inv. Risk Analysts</li> <li>• Inv. Risk Associate</li> </ul> | <p><b>Quant. Research &amp; Risk Analysis</b></p> <ul style="list-style-type: none"> <li>• Director</li> <li>• 2 Associate Directors</li> <li>• 8 Quantitative Analysts</li> </ul> <p><b>ESG</b></p> <ul style="list-style-type: none"> <li>• Head</li> <li>• Senior Analyst</li> <li>• Marketing Manager</li> <li>• Project Associate</li> </ul> |
|--|--|--|--|--|---|

As of 6/30/2022.

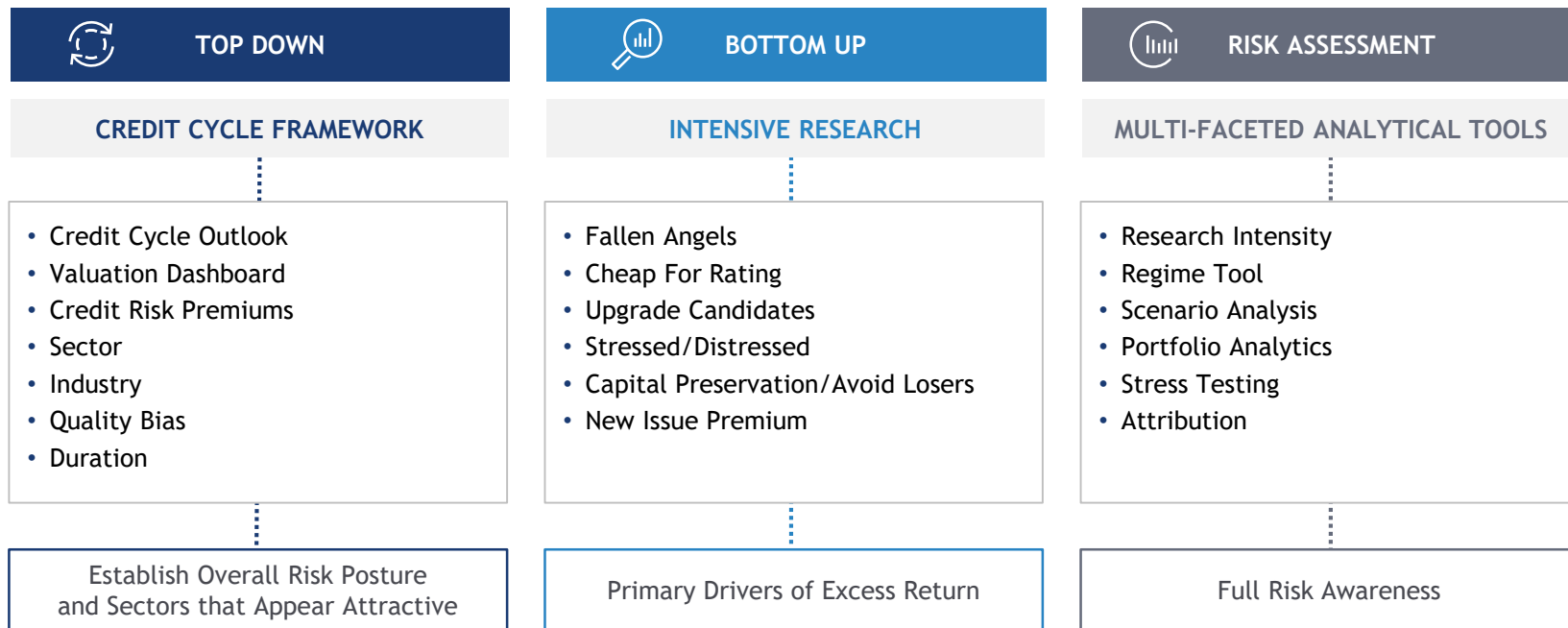
\*Portfolio manager on the High Yield strategies and Strategic Alpha \*\*Investment Associate †Specialty Research resides within the Credit Research group.

^Full Discretion Strategies managed by this team include: Multisector Full Discretion, Strategic Income, Core Plus Full Discretion, and Investment Grade Fixed Income.

Full Discretion^

# investment process




OUR RIGOROUS INVESTMENT PROCESS COMBINES A TOP DOWN FRAMEWORK, BOTTOM UP RESEARCH AND RISK ASSESSMENT



*There is no guarantee that the investment objective will be realized or that the strategy will generate positive or excess return. Any investment that has the possibility for profits also has the possibility of losses.*

# bottom up - core philosophy

## WHAT DISTINGUISHES LOOMIS SAYLES FULL DISCRETION INVESTING

|   |  |
|---|--|
|  <p><b>ENTERPRISE VALUE</b></p>        | <ul style="list-style-type: none"><li>• We follow an equity-like approach to valuation by focusing on long-term enterprise value and identifying risks to that value.</li><li>• This gives us the conviction to buy in dislocated markets and take contrarian positions.</li></ul>                   |
|  <p><b>POSITIVE CONVEXITY</b></p>      | <ul style="list-style-type: none"><li>• We are deep value investors, targeting discount bonds backed by call protection and strong fundamentals.</li><li>• By building positive convexity into our portfolios, we seek to maximize total return while minimizing downside risks.</li></ul>           |
|  <p><b>REPEATABLE STRATEGIES</b></p> | <ul style="list-style-type: none"><li>• Enterprise value and portfolio convexity are the core of what we do.</li><li>• We consistently use six security selection strategies—each rooted in these core principles—to help identify and capitalize on mispricings throughout market cycles.</li></ul> |

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

# guideline summary

## BENCHMARK

- Bloomberg Capital US Government/Credit Index

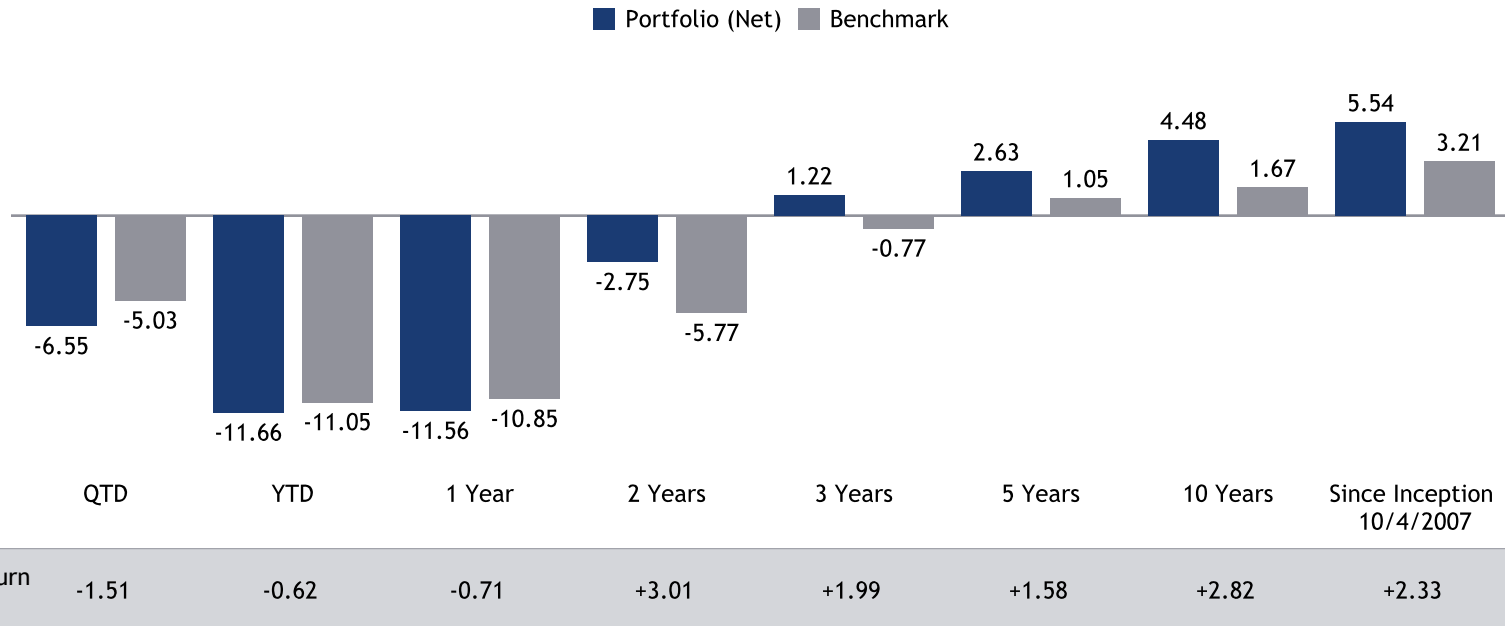
## GUIDELINES & LIMITATIONS

- Minimum Credit Quality: Account must hold at least 65% MV rated equal to or above Moody's, S&P or Fitch, Baa3/BBB-/BBB-, at the time of purchase. Loomis rating applies if security is not rated by S&P, Moody's, or Fitch.
- Split Rated Securities: Higher rating will govern split-rated securities.
- Issue: May not hold more than 5% MV in any one issue, excluding US Treasuries & Government Agencies, the Senior Floating Rate Fund LLC and the LS Full Discretion Securitized Asset Fund at the time of purchase.
- Investment Classes: The portfolio may invest up to 15% in the LS Full Discretion Institutional Securitized Fund at the time of purchase.
- Investment Classes: Account may not purchase or hold mutual funds excluding the Senior Floating Rate Fund LLC and the Loomis Sayles Full Discretion Institutional Securitized Fund
- Convertibles & Residual Equity: 10% in Common stock, at the time of purchase.
- Industry Concentration: No industry, as defined by Bloomberg Barclays Capital, except securities issued or guaranteed by the U.S. Government, its agencies, instrumentalities, or government sponsored entities will comprise more than 25% of the market value of the Fund, at the time of purchase.
- Currency: 60% minimum in US dollar denominated securities, including cash and cash equivalents, at the time of purchase.

*Guideline summary is not a complete restatement of guidelines. The slide is intended to be a summary to aid in the review process.*

# performance

## TRAILING RETURNS AS OF 6/30/2022 (%)



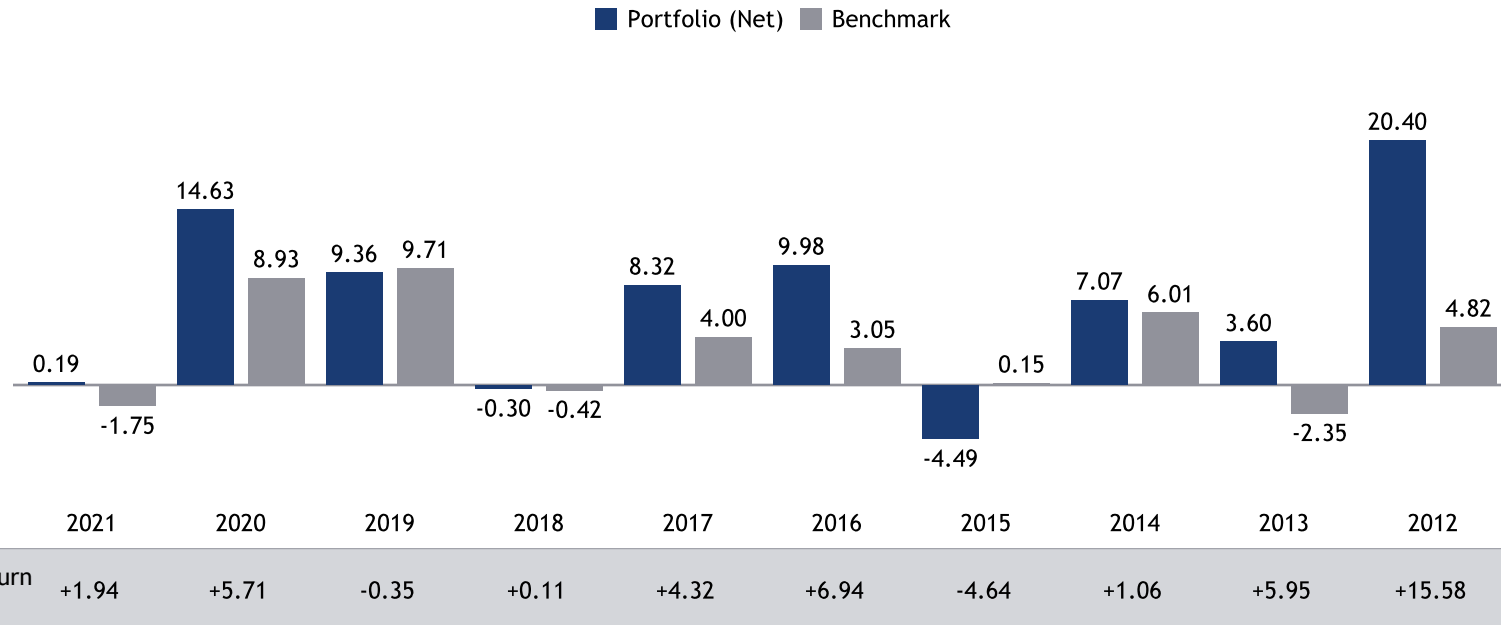
### PORTFOLIO VALUATION (USD)

|       | Portfolio 12/31/2021 | Portfolio 6/30/2022 |
|-------|----------------------|---------------------|
| Total | 142,519,077          | 125,892,790         |

Benchmarks: BBG Govt Credit (10/4/2007 - 6/30/2022).  
The current benchmark is Bloomberg U.S. Government/Credit Index.

# performance

## CALENDAR YEAR RETURNS AS OF 6/30/2022 (%)



Benchmarks: BBG Govt Credit (10/4/2007 - 6/30/2022).  
The current benchmark is Bloomberg U.S. Government/Credit Index.



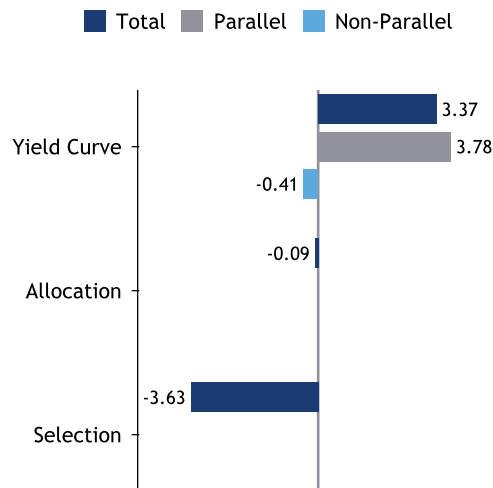
# attribution analysis

12/31/2021 TO 6/30/2022

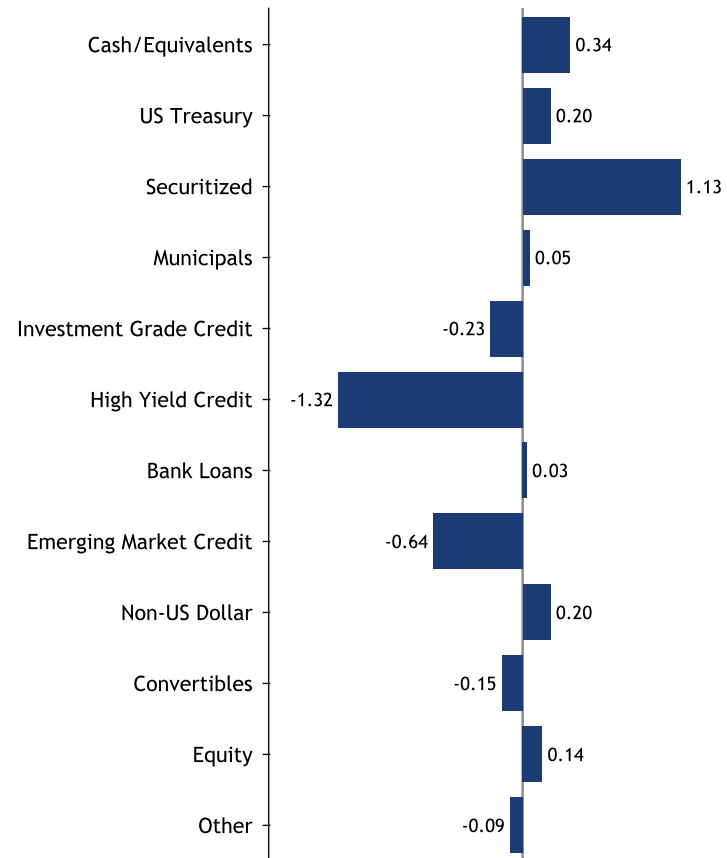
## TOTAL RETURNS

|                  | Total Return |
|------------------|--------------|
| Portfolio Return | -11.52       |
| Benchmark Return | -11.05       |
| Excess Return    | -0.47        |

## EXCESS RETURN ATTRIBUTION



## EXCESS RETURN ATTRIBUTION BY SECTOR



Figures on the bar chart may not add up to total excess return as they exclude impact of trading and pricing differences.  
The current benchmark is Bloomberg U.S. Government/ Credit Index.



# attribution analysis

12/31/2021 TO 6/30/2022

## SECTOR DISTRIBUTION

|                         | Portfolio Final Weight | Benchmark Final Weight | Portfolio Average Weight | Benchmark Average Weight | Portfolio Return | Benchmark Return | Total Effect |
|-------------------------|------------------------|------------------------|--------------------------|--------------------------|------------------|------------------|--------------|
| Securitized             | 20.53                  | 0.00                   | 20.38                    | 0.00                     | -5.37            | -1.65            | 1.13         |
| Cash/Equivalents        | 4.85                   | 0.00                   | 3.55                     | 0.00                     | 1.97             | -11.05           | 0.34         |
| US Treasury             | 12.71                  | 57.69                  | 12.35                    | 56.69                    | -0.59            | -9.14            | 0.20         |
| Non-US Dollar           | 0.85                   | 0.00                   | 1.14                     | 0.00                     | 8.23             | -11.05           | 0.20         |
| Equity                  | 2.60                   | 0.00                   | 2.59                     | 0.00                     | -5.92            | -11.05           | 0.14         |
| Municipals              | 0.00                   | 0.95                   | 0.00                     | 0.96                     | 0.00             | -16.11           | 0.05         |
| Bank Loans              | 0.11                   | 0.00                   | 0.27                     | 0.00                     | -3.89            | -11.05           | 0.03         |
| Other                   | 0.00                   | 1.90                   | 0.00                     | 1.92                     | 0.00             | -6.00            | -0.09        |
| Convertibles            | 4.49                   | 0.00                   | 4.52                     | 0.00                     | -14.62           | -11.05           | -0.15        |
| Investment Grade Credit | 29.31                  | 37.47                  | 29.09                    | 38.40                    | -15.26           | -13.66           | -0.23        |
| Emerging Market Credit  | 5.83                   | 1.97                   | 6.52                     | 2.03                     | -21.67           | -15.39           | -0.64        |
| High Yield Credit       | 18.72                  | 0.02                   | 19.60                    | 0.00                     | -18.01           | -2.93            | -1.32        |

*Total Effects are impacted by sector returns, allocation shifts and market timing. Total Effect includes yield curve impact.  
The current benchmark is Bloomberg U.S. Government/Credit Index.*



LOOMIS SAYLES®

Sources: Loomis, Sayles & Company, L.P. and others

For Institutional Investor Use Only. Not for Further Distribution

June 30, 2022

# attribution analysis

12/31/2021 TO 6/30/2022

## TOP 10 INDUSTRIES BY TOTAL EFFECT

|                   | Portfolio Weight | Benchmark Weight | Total Effect |
|-------------------|------------------|------------------|--------------|
| Car Loan          | 5.43             | 0.00             | 0.38         |
| Home Equity       | 5.50             | 0.00             | 0.27         |
| Non Agency CMBS   | 2.76             | 0.00             | 0.21         |
| ABS Other         | 3.43             | 0.00             | 0.13         |
| Local Authorities | 0.08             | 1.33             | 0.12         |
| Electric          | 1.21             | 2.61             | 0.09         |
| Transportation    | 1.16             | 0.86             | 0.06         |
| Student Loan      | 1.07             | 0.00             | 0.05         |
| Sovereign         | 0.32             | 1.44             | 0.05         |
| Reits             | 1.00             | 1.05             | 0.04         |

## BOTTOM 10 INDUSTRIES BY TOTAL EFFECT

|                    | Portfolio Weight | Benchmark Weight | Total Effect |
|--------------------|------------------|------------------|--------------|
| Consumer Cyclical  | 8.16             | 2.43             | -0.65        |
| Communications     | 10.93            | 3.16             | -0.45        |
| Financial Other    | 1.10             | 0.02             | -0.37        |
| Finance Companies  | 4.83             | 0.45             | -0.26        |
| Treasuries         | 14.19            | 56.69            | -0.21        |
| Technology         | 4.46             | 3.54             | -0.14        |
| Owned No Guarantee | 1.10             | 1.47             | -0.12        |
| Banking            | 6.28             | 7.85             | -0.10        |
| Supranational      | 0.11             | 1.98             | -0.10        |
| Energy             | 4.55             | 2.68             | -0.07        |

*Out-of-benchmark allocations defaulted to security selection.  
The current benchmark is Bloomberg U.S. Government/ Credit Index.*



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June 30, 2022

# attribution analysis

12/31/2021 TO 6/30/2022

TOP 10 ISSUERS BY TOTAL EFFECT

|                                     | Portfolio Weight | Benchmark Weight | Total Effect |
|-------------------------------------|------------------|------------------|--------------|
| T-Mobile US Inc                     | 2.18             | 0.19             | 0.18         |
| AT&T Inc                            | 0.57             | 0.54             | 0.12         |
| Provincia DE Buenos Aire            | 0.04             | 0.00             | 0.09         |
| GOVT of Mexico                      | 1.12             | 0.32             | 0.08         |
| 2020 Cash Exch Trust                | 0.29             | 0.00             | 0.06         |
| Argentine Peso                      | 0.03             | 0.00             | 0.05         |
| BioMarin Pharmaceutical Inc         | 0.68             | 0.00             | 0.04         |
| Santander Drive Auto Rec Tr         | 0.46             | 0.00             | 0.04         |
| Volt 2011-NI3A A1                   | 0.51             | 0.00             | 0.04         |
| B&D Holding di Marco Drago e C Sapa | 0.42             | 0.00             | 0.03         |

BOTTOM 10 ISSUERS BY TOTAL EFFECT

|                            | Portfolio Weight | Benchmark Weight | Total Effect |
|----------------------------|------------------|------------------|--------------|
| U S Treasury               | 12.82            | 56.69            | -0.37        |
| Charter Communications Inc | 2.49             | 0.29             | -0.32        |
| Rocket Mortgage LLC        | 1.34             | 0.00             | -0.15        |
| CSC Holdings LLC           | 0.86             | 0.00             | -0.14        |
| General Motors Co          | 0.64             | 0.26             | -0.13        |
| Kraft Heinz Co/The         | 0.60             | 0.05             | -0.13        |
| DISH Network Corp          | 1.45             | 0.00             | -0.12        |
| Boeing Co/The              | 1.54             | 0.30             | -0.12        |
| Altice USA Inc             | 0.28             | 0.00             | -0.11        |
| Sunac China Holdings Ltd   | 0.09             | 0.00             | -0.10        |

The current benchmark is Bloomberg U.S. Government/ Credit Index.



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June 30, 2022

# attribution analysis

12/31/2021 TO 6/30/2022

## CURRENCY DISTRIBUTION

|                         | Portfolio Weight<br>Pre-Hedge | Portfolio Weight<br>Post-Hedge | Currency<br>Contribution | Bond<br>Contribution | Hedging<br>Effect | Total<br>Effect |
|-------------------------|-------------------------------|--------------------------------|--------------------------|----------------------|-------------------|-----------------|
| Argentine Peso          | 0.08                          | 0.08                           | 0.13                     | 0.03                 | 0.00              | 0.16            |
| Canadian Dollar         | 0.20                          | 0.05                           | 0.00                     | 0.02                 | 0.00              | 0.02            |
| Indian Rupee            | 0.28                          | 0.28                           | -0.02                    | 0.03                 | 0.00              | 0.02            |
| Mexican Peso            | 0.80                          | 0.80                           | 0.01                     | 0.07                 | 0.00              | 0.08            |
| US Dollar               | 98.63                         | 98.63                          | 0.00                     | -0.62                | 0.00              | -0.62           |
| Unrealized FX Gain/Loss | 0.00                          | 0.00                           | 0.00                     | 0.00                 | 0.00              | 0.00            |

*Weights reflect end of period holdings. Effects are as of the entire period. Bond Contribution is the sum of Country Allocation and Local Market effects.  
The current benchmark is Bloomberg U.S. Government/Credit Index.*



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June 30, 2022

# portfolio summary

AS OF 6/30/2022

|                            | Portfolio<br>6/30/2022 | Benchmark<br>6/30/2022 | Portfolio<br>12/31/2021 | Benchmark<br>12/31/2021 | Quality | Portfolio<br>6/30/2022 | Benchmark<br>6/30/2022 | Portfolio<br>12/31/2021 | Benchmark<br>12/31/2021 |
|----------------------------|------------------------|------------------------|-------------------------|-------------------------|---------|------------------------|------------------------|-------------------------|-------------------------|
| Yield to Worst (%)         | 5.97                   | 3.69                   | 2.97                    | 1.67                    | AAA     | 22.93                  | 63.12                  | 16.36                   | 60.81                   |
| Effective Duration (years) | 4.62                   | 6.68                   | 4.22                    | 7.57                    | AA      | 1.85                   | 6.37                   | 2.82                    | 6.61                    |
| Effective Maturity (years) | 5.77                   | 8.98                   | 6.48                    | 9.69                    | A       | 7.35                   | 15.22                  | 7.26                    | 16.14                   |
| OAS * (bps)                | 280                    | 58                     | 168                     | 38                      | BAA     | 39.14                  | 15.28                  | 43.55                   | 16.42                   |
| Coupon (%)                 | 3.36                   | 2.40                   | 3.41                    | 2.35                    | BA      | 15.05                  | 0.00                   | 16.56                   | 0.01                    |
| Current Yield (%)          | 3.81                   | 2.60                   | 3.27                    | 2.23                    | B       | 6.71                   | 0.00                   | 6.99                    | 0.00                    |
| Average Quality            | BAA2                   | AA3                    | BAA2                    | AA3                     | CAA     | 1.06                   | 0.00                   | 0.76                    | 0.00                    |
| Number of Securities       | 926                    | 8,755                  | 970                     | 8,529                   | CA      | 0.04                   | 0.00                   | 0.07                    | 0.00                    |
| Number of Issuers          | 419                    | 1,086                  | 436                     | 1,059                   | C       | 0.22                   | 0.00                   | 0.17                    | 0.00                    |
|                            |                        |                        |                         |                         | NR      | 5.66                   | 0.00                   | 5.46                    | 0.00                    |

\* OAS is option adjusted spread.

Client Guideline Quality Methodology presented.

The current benchmark is Bloomberg U.S. Government/ Credit Index.



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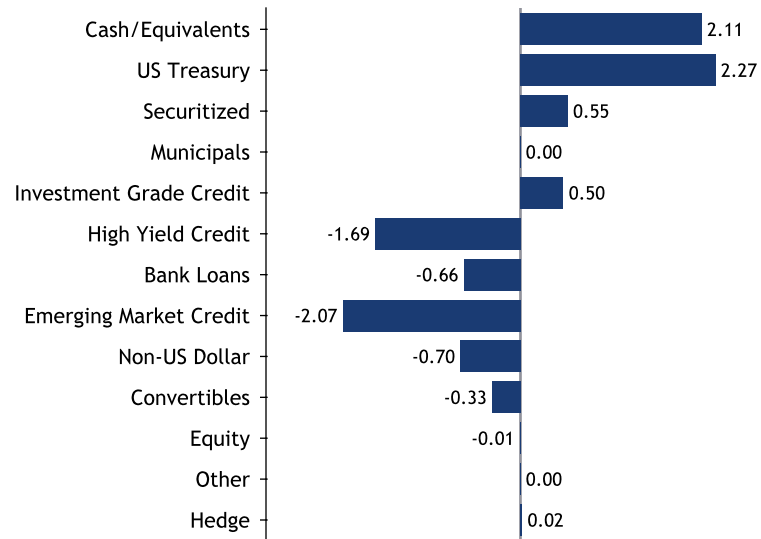
# sector allocation

12/31/2021 TO 6/30/2022 (%)

SECTOR DISTRIBUTION

|                         | Portfolio<br>6/30/2022 | Over/Under<br>Weight |
|-------------------------|------------------------|----------------------|
| Cash/Equivalents        | 4.85                   | 4.85                 |
| US Treasury             | 12.71                  | -44.98               |
| Securitized             | 20.53                  | 20.53                |
| Municipals              | 0.00                   | -0.95                |
| Investment Grade Credit | 29.31                  | -8.17                |
| High Yield Credit       | 18.72                  | 18.70                |
| Bank Loans              | 0.11                   | 0.11                 |
| Emerging Market Credit  | 5.83                   | 3.87                 |
| Non-US Dollar           | 0.70                   | 0.70                 |
| Convertibles            | 4.49                   | 4.49                 |
| Equity                  | 2.60                   | 2.60                 |
| Other                   | 0.00                   | -1.90                |
| Hedge                   | 0.16                   | 0.16                 |

SECTOR ALLOCATION CHANGE



The current benchmark is Bloomberg U.S. Government/Credit Index.

# country of risk allocation

AS OF 6/30/2022

| Total Developed Countries Exposure | Portfolio Weight % | Benchmark Weight % | Total EM Countries Exposure (USD & Non USD) | Portfolio Weight % | Benchmark Weight % | Non Dollar Exposure     | Portfolio Weight % | Benchmark Weight % |
|------------------------------------|--------------------|--------------------|---|--------------------|--------------------|-------------------------|--------------------|--------------------|
| <b>Developed</b>                   | <b>93.26</b>       | <b>98.04</b>       | <b>Emerging Markets *</b>                   | <b>6.74</b>        | <b>1.96</b>        | <b>Total Non USD †</b>  | <b>0.92</b>        | <b>0.00</b>        |
| Americas                           | 87.68              | 91.26              | Africa                                      | 1.52               | 0.01               | Developed               | 0.03               | 0.00               |
| United States                      | 85.01              | 89.54              | Zambia                                      | 0.73               | 0.00               | Canadian Dollar         | 0.03               | 0.00               |
| Cayman Islands                     | 1.39               | 0.00               | South Africa                                | 0.67               | 0.01               | <b>Emerging Markets</b> | <b>0.89</b>        | <b>0.00</b>        |
| Canada                             | 0.82               | 1.71               | Nigeria                                     | 0.12               | 0.00               | Mexican Peso            | 0.82               | 0.00               |
| Bermuda                            | 0.45               | 0.02               | <b>Americas</b>                             | <b>3.11</b>        | <b>0.99</b>        | Argentine Peso          | 0.08               | 0.00               |
| Asia                               | 0.14               | 0.93               | Mexico                                      | 2.02               | 0.40               |                         |                    |                    |
| Japan                              | 0.14               | 0.93               | Brazil                                      | 0.77               | 0.08               |                         |                    |                    |
| <b>Europe</b>                      | <b>4.59</b>        | <b>3.70</b>        | Argentina                                   | 0.19               | 0.00               |                         |                    |                    |
| United Kingdom                     | 1.76               | 1.45               | Colombia                                    | 0.11               | 0.00               |                         |                    |                    |
| France                             | 1.17               | 0.15               | Peru  | 0.03               | 0.16               |                         |                    |                    |
| Norway                             | 0.46               | 0.08               | Other                                       | 0.00               | 0.35               |                         |                    |                    |
| Ireland                            | 0.46               | 0.16               | <b>Asia</b>                                 | <b>0.92</b>        | <b>0.83</b>        |                         |                    |                    |
| Germany                            | 0.38               | 0.58               | China                                       | 0.56               | 0.26               |                         |                    |                    |
| Spain                              | 0.15               | 0.20               | Malaysia                                    | 0.19               | 0.00               |                         |                    |                    |
| Finland                            | 0.10               | 0.00               | India                                       | 0.17               | 0.00               |                         |                    |                    |
| Italy                              | 0.09               | 0.12               | Other                                       | 0.00               | 0.57               |                         |                    |                    |
| Netherlands                        | 0.02               | 0.32               | <b>Europe</b>                               | <b>0.00</b>        | <b>0.05</b>        |                         |                    |                    |
| Other                              | 0.00               | 0.64               | Other                                       | 0.00               | 0.05               |                         |                    |                    |
| <b>Oceania</b>                     | <b>0.78</b>        | <b>0.20</b>        | <b>Middle East</b>                          | <b>1.19</b>        | <b>0.07</b>        |                         |                    |                    |
| Australia                          | 0.78               | 0.20               | Israel                                      | 1.19               | 0.07               |                         |                    |                    |
| <b>Supranational **</b>            | <b>0.08</b>        | <b>1.96</b>        | <b>Total</b>                                | <b>100.00</b>      | <b>100.00</b>      |                         |                    |                    |
| Supranational                      | 0.08               | 1.96               |   |                    |                    |                         |                    |                    |

\* Emerging markets includes countries with middle or low income economies, as designed by the World Bank, also taking into consideration capital market liquidity and accessibility.

\*\* Supranational includes debt from an entity sponsored by a combination of multiple governments to promote economic development.

† Values shown include impact of hedging, if utilized.

Due to active management, country and currency allocation will evolve over time. Due to rounding, totals may not equal 100%.

The current benchmark is Bloomberg U.S. Government/ Credit Index.



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Sources: Loomis, Sayles & Company, L.P. and others

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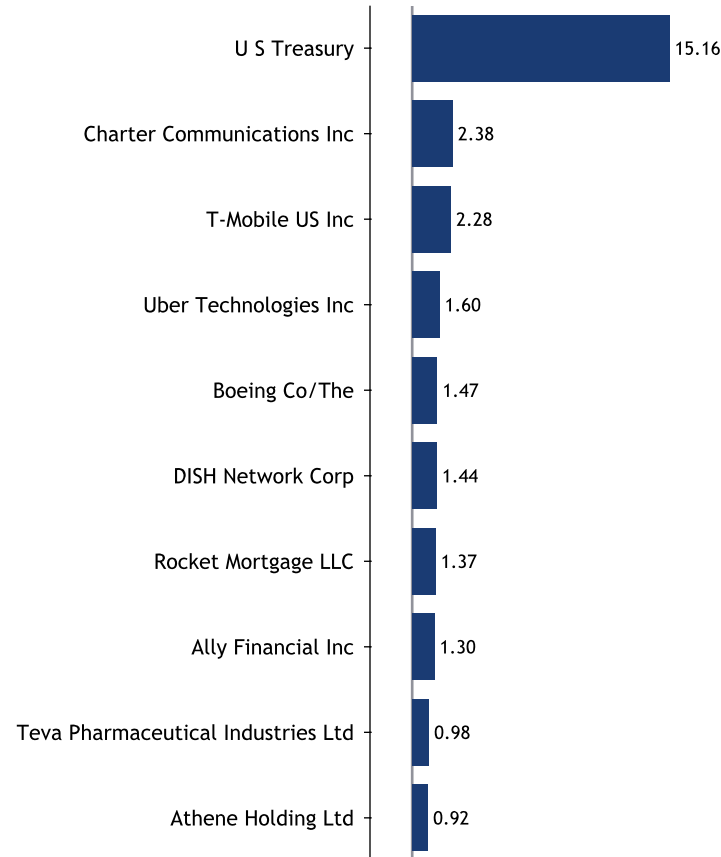
June 30, 2022



# absolute exposures by issuer

AS OF 6/30/2022 (%)

TOP TEN ABSOLUTE EXPOSURES BY ISSUER



The current benchmark is Bloomberg U.S. Government/Credit Index.

# FULL DISCRETION

# macroeconomic environment and outlook

| YEAR-END FORECAST                          | US DOMESTIC |       | GLOBAL |      | WESTERN EUROPE |      | ASIA PACIFIC |      | LATIN AMERICA |       |
|--|-------------|-------|--------|------|----------------|------|--------------|------|---------------|-------|
|  | 2022        | 2023  | 2022   | 2023 | 2022           | 2023 | 2022         | 2023 | 2022          | 2023  |
| Real GDP Growth                            | 1.4%        | 1.2%  | 3.0%   | 2.9% | 2.8%           | 1.5% | 3.8%         | 4.6% | 2.5%          | 1.7%  |
| Headline CPI Inflation                     | 8.3%        | 4.8%  | 7.1%   | 4.2% | 7.0%           | 3.3% | 3.0%         | 2.8% | 16.8%         | 11.8% |
| Current Account Balance (% GDP)            | -4.1%       | -3.6% | -      | -    | -              | -    | -            | -    | -             | -     |
| Interest Rates (10-year); End Of Year 2022 | 3.5%        |       | -      | -    | -              | -    | -            | -    | -             | -     |

## OUR VIEW:

### SLOWING GROWTH, STUBBORN INFLATION

- US growth forecasts continue to be revised downward with tightening financial conditions, elevated commodity prices, and ongoing supply pressure. We expect growth to continue losing momentum this year and note that risks have been rising, but we could avoid a sharp slowdown given healthy consumer and corporate balance sheets.
- Q1 and Q2 growth will likely be negative, but it is unlikely that the NBER would classify 1H22 as a recession given that a variety of indicators, particularly employment, remain solid and have not been pointing to a recession.
- CPI surprised to the upside yet again in June, with headline reaching 9.1% and core CPI only falling to 5.9% despite more moderations in goods prices. Inflationary pressure has been broad based. Supply issues have been persistent, shelter prices have been rising and we expect commodity prices to remain elevated.

### CONSUMER AND CORPORATE FUNDAMENTALS STILL HEALTHY

- Consumer confidence has dropped with elevated food/energy prices, but consumer balance sheets remain strong overall.
- Margin outlooks have started to deteriorate, though leverage metrics continue to look supportive for credit.
- Default expectations have been rising, though remain low relative to history given the solid fundamental backdrop. We acknowledge risks if profits start to materially slow.
- We anticipate solid S&P 500 earnings growth in the 10% range to be delivered in 2022, but see flat to slightly negative earnings growth in 2023.

### BUMPY GROWTH EXPECTED GLOBALLY

- Global manufacturing PMIs (purchasing manager's index) were relatively stable in June, but were inflated by a rebound in China. Developed market PMIs continue on a downtrend, and forward-looking demand indicators (orders/inventory) continue to slip. Supply/price indicators have improved from extremes, but remain stressed.
- We note significant risks to both European *and* global growth if Russia significantly cuts gas supplies to Europe.
- We expect China growth at around 3.5% this year given drags from “zero-Covid” policies and a weak property sector. Near-term growth is vulnerable given Covid policies, but we expect stronger growth towards end-of-year resulting from stimulus efforts.

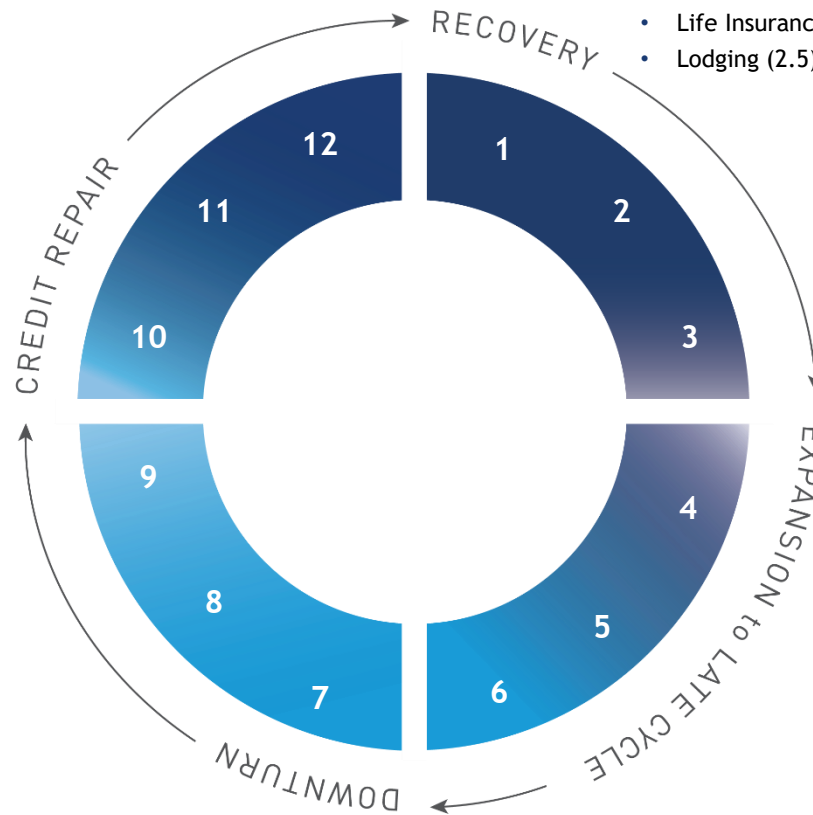
### MONETARY POLICY AND INTEREST RATES

- The market has been pricing aggressive Fed tightening in 2022, but has priced in cuts for 2023. While longer term inflation expectations have crept up, they remain anchored overall.
- We see scope for the Fed to hike the Fed Funds rate up towards 4% given our view of stubborn inflation, but the economy would have to remain resilient through 2022 in order for that to come to fruition.
- Quantitative tightening is beginning at a pace of \$47.5 bn per month, before transitioning to a pace of \$95 bn per month in September.

*Source: Loomis Sayles Macro Strategies Group, data as of 7/21/2022. This material is provided for informational purposes only and should not be construed as investment advice. The forecasted views and opinions expressed reflect those of the authors and do not necessarily reflect the views of Loomis, Sayles & Company L.P. All statements are made as of the date of the presentation and are subject to change at any time without notice.*

# credit cycle

## INDUSTRIES

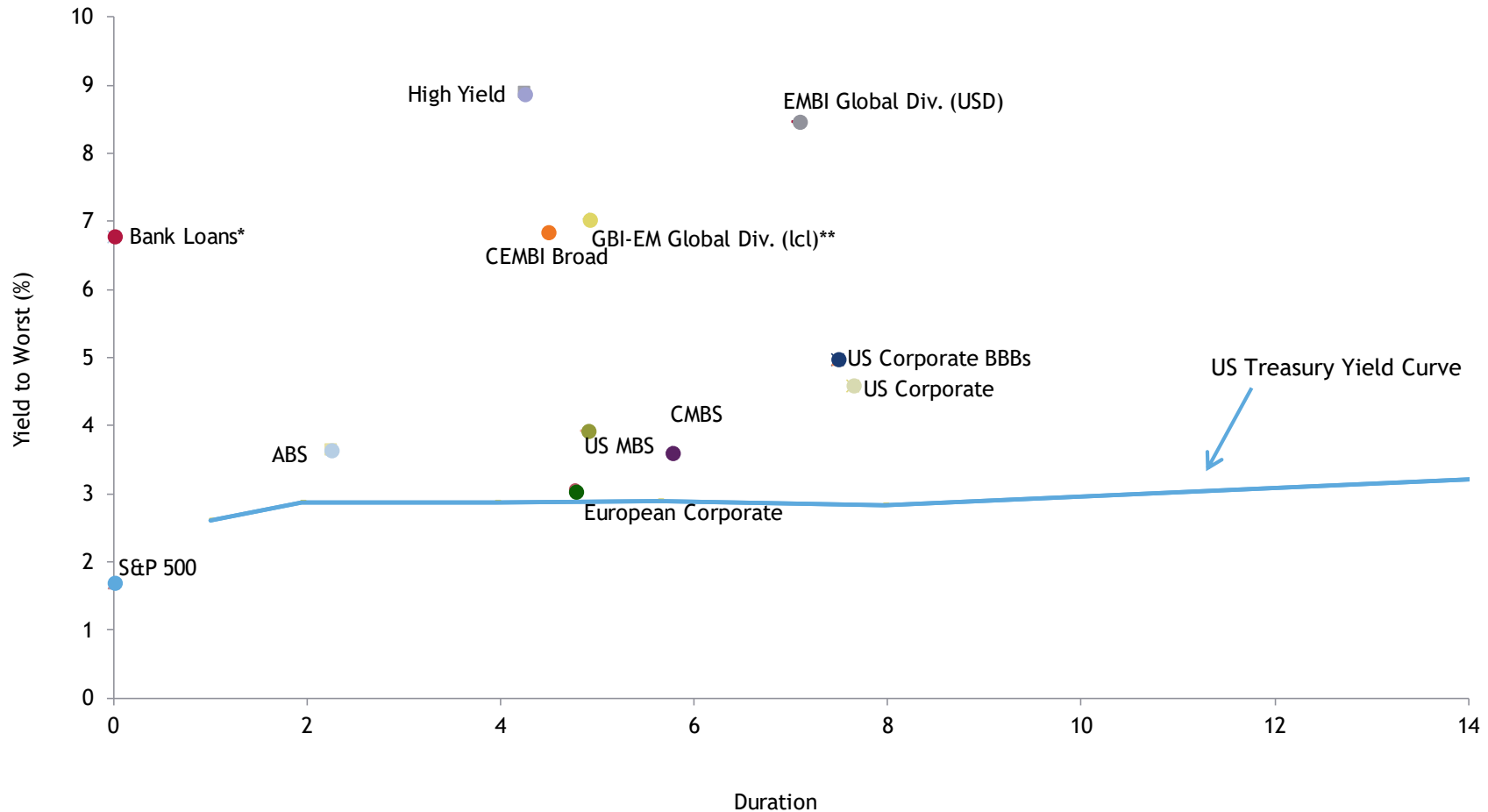


- Airlines (1)
- Oil Field Services (1)
- Refiners (1)
- US Banks (1)
- Aerospace (1)
- REITS (2)
- Life Insurance (2)
- Lodging (2.5)
- Finance Companies (3)
- Global Banks (3)
- Cable/Satellite (3)
- Telecom - Wireline (3)
- Telecom - Wireless (3)
- Defense (3.5)
- Construction Machinery (3.5)
- Independents (3.5)
- Midstream (4)
- Restaurants (4)
- Supermarkets (4)
- Integrated (4)
- Diversified Manufacturing (4.5)
- Metals & Mining (4.5)
- Packaging (4.5)
- Environmental (4.5)
- Railroads (5)
- Automotive (5)
- Retailers, incl Specialty (5)
- Home Construction (5)
- US Building Materials (5)
- Technology (5)
- Chemicals (5)
- P&C (5)
- Paper (5)
- Healthcare (5)
- Consumer Products (5)
- Food & Beverage (5)
- Health Insurers (5)
- Pharmaceuticals (5)
- Tobacco (5.5)
- Media/Entertainment (6)
- Electric (6)

Views as of 6/29/2022. This material 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. This reflects the current opinions of the presenter and views are subject to change at any time without notice. Other industry analysts and investment personnel may have different views and opinions.

# multisector flexibility is key

## SECTOR YIELDS VS. LIKE DURATION TREASURYS YTD



Sources: JPMorgan, Bloomberg. As of 6/30/2022.

\*Bank loan effective yield and S&P dividend yield replace YTW. Bank Loan effective yield is as of 7/1/2022.

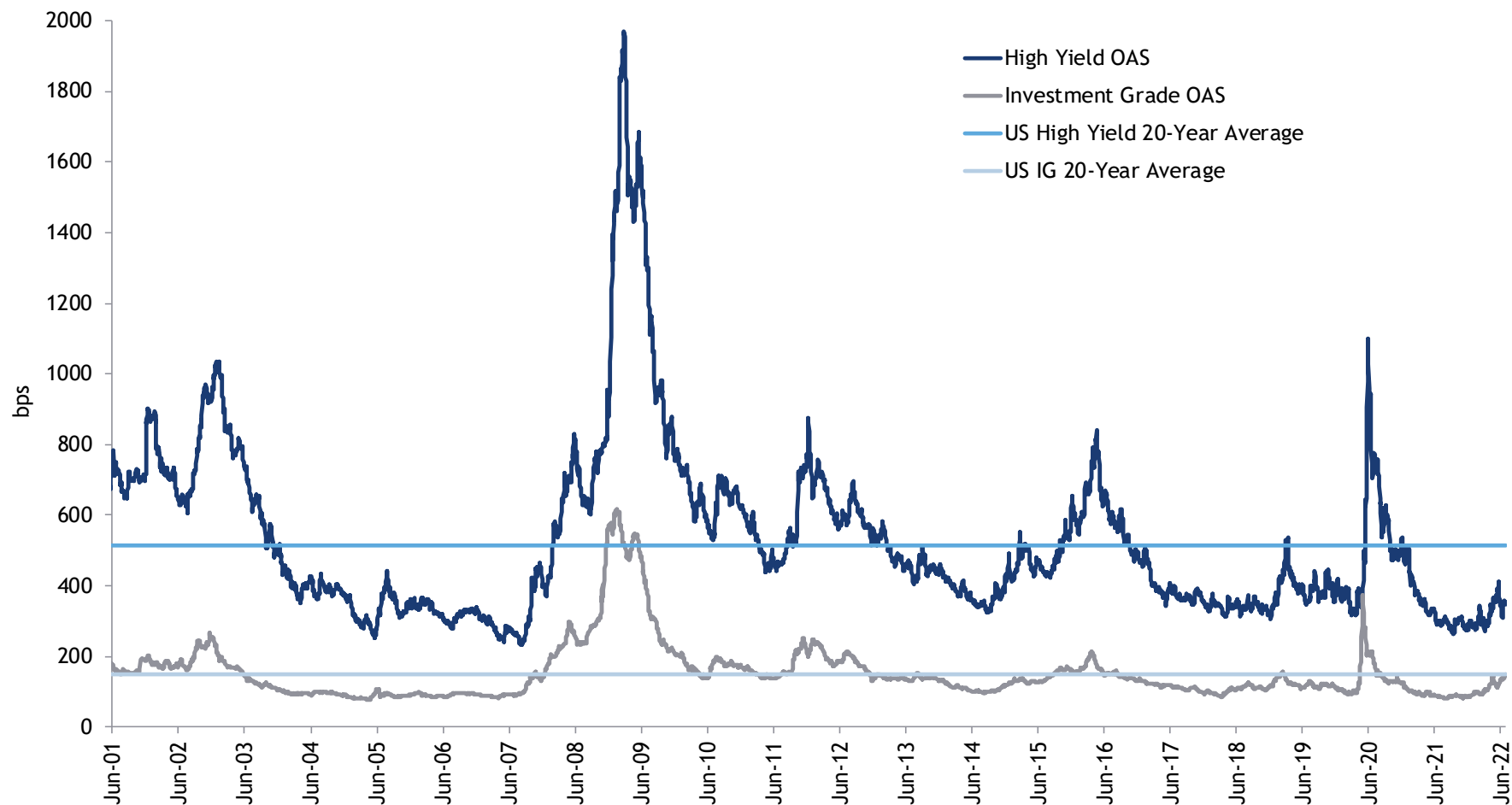
\*\*GBI-EM YTM replaces YTW.

**Past performance is no guarantee of future results.**

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

# bond market environment

## US INVESTMENT GRADE AND HIGH YIELD OPTION-ADJUSTED SPREADS



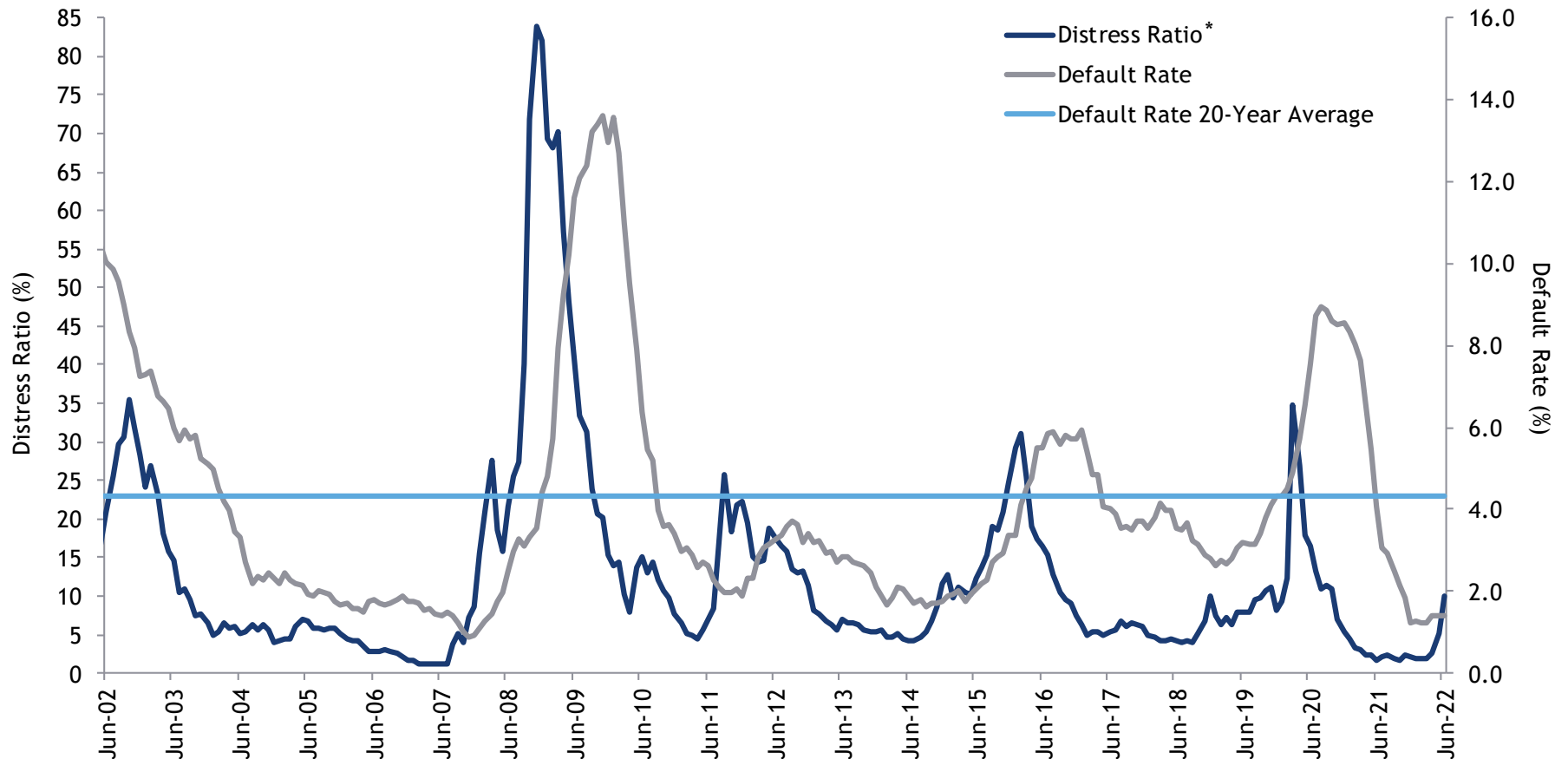
Source: Barclays. As of 6/30/2022.

**Past performance is no guarantee of future results.**

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

# bond market environment

“DISTRESSED” SECURITIES AND DEFAULT RATES HAVE DECREASED SINCE EARLY 2010



‘Distressed’ securities reached pre-Lehman levels in December 2009.

Source: Bloomberg, Merrill Lynch, Moody's. As of 6/30/2022.

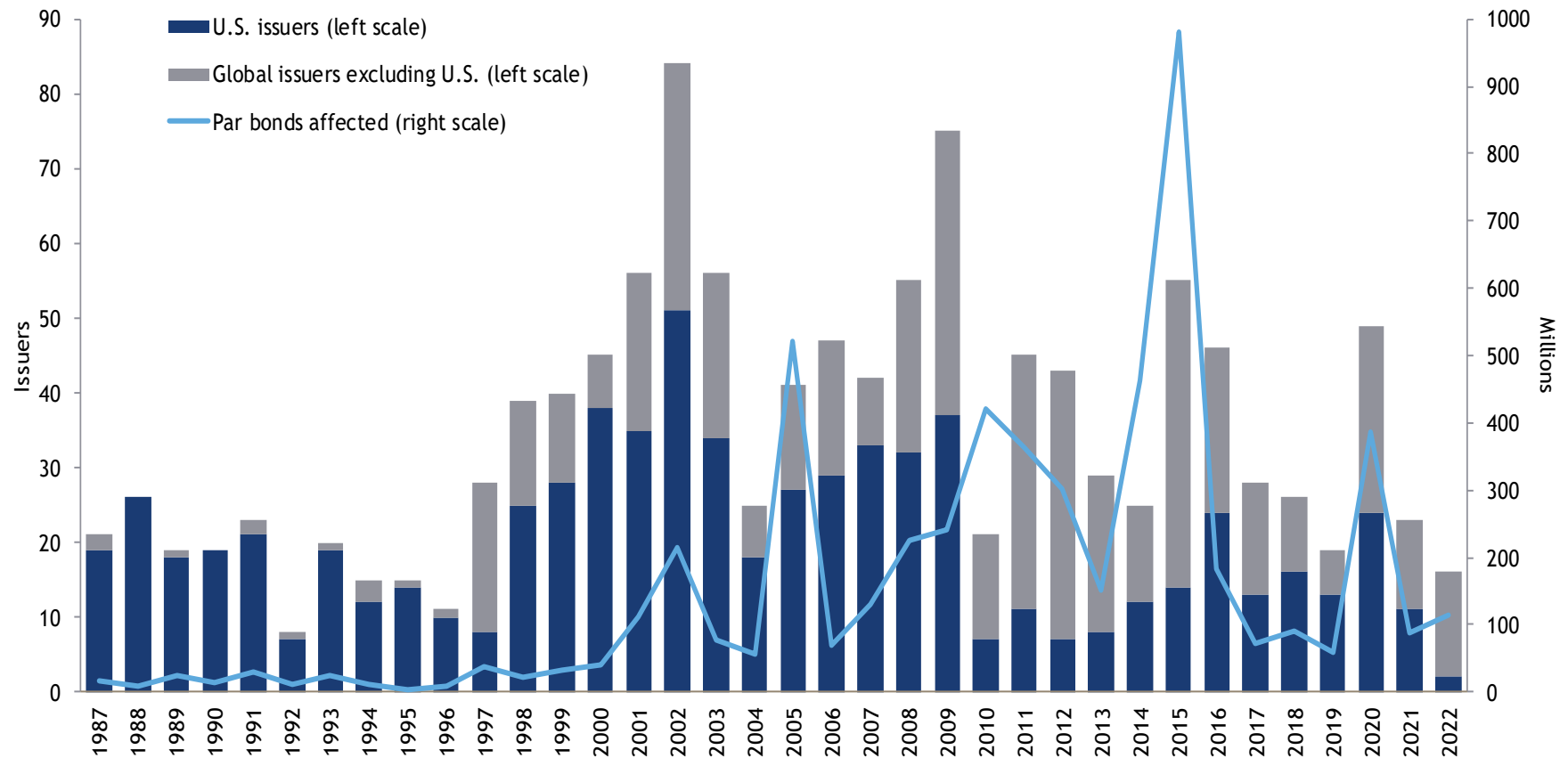
\*Percent of bonds in Merrill Lynch High Yield Master Index with Spreads 1000 bps over Treasuries.

Past market experience is no guarantee of future results.

# bond market environment

## GLOBAL AND US “FALLEN ANGELS”

As of 5/31/2022



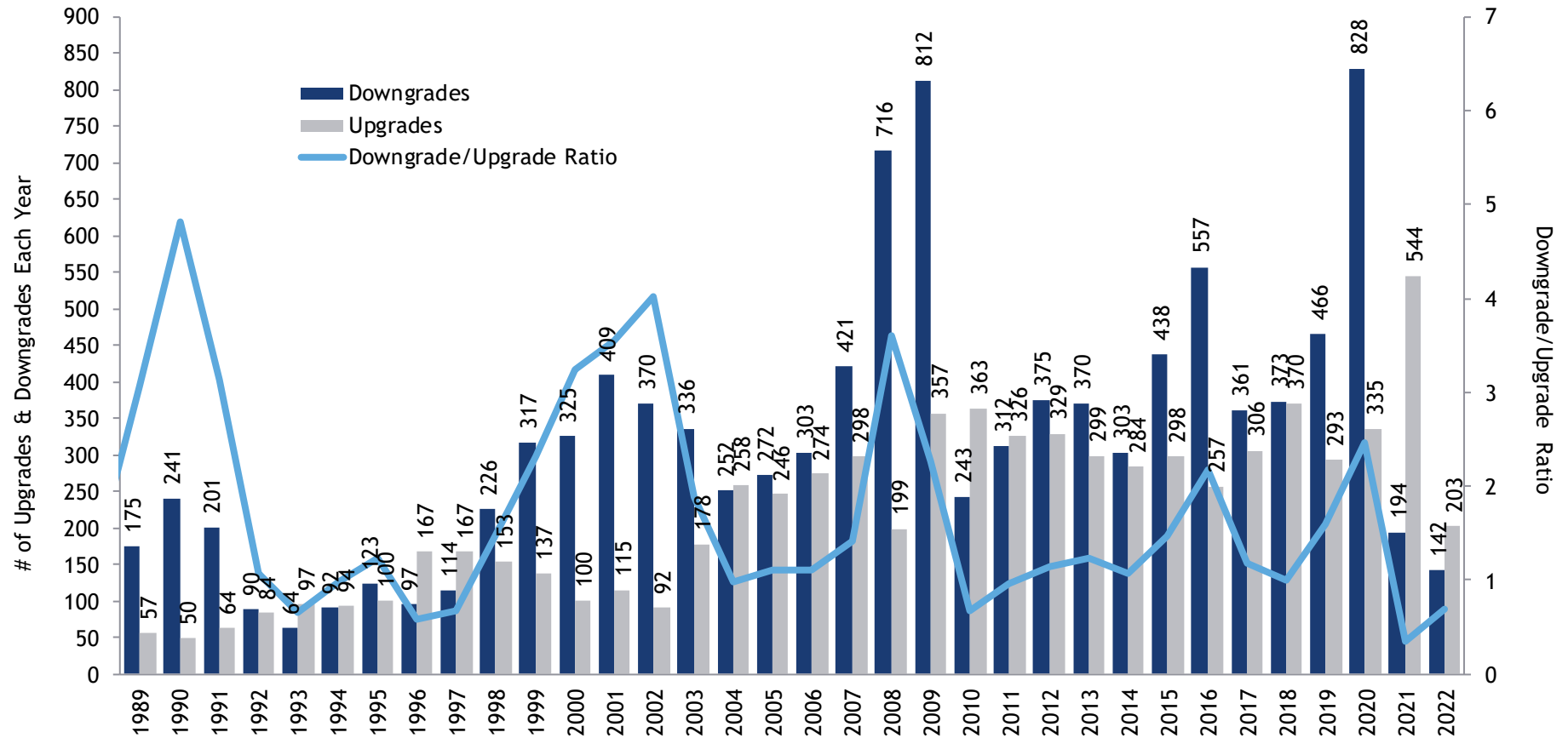
Source: S&P as of 5/31/2022.  
 Number of issuers in a given year whose rating has fallen from investment grade to speculative grade.



# bond market environment

## US HIGH YIELD CREDIT QUALITY TRENDS

As of 6/30/2022

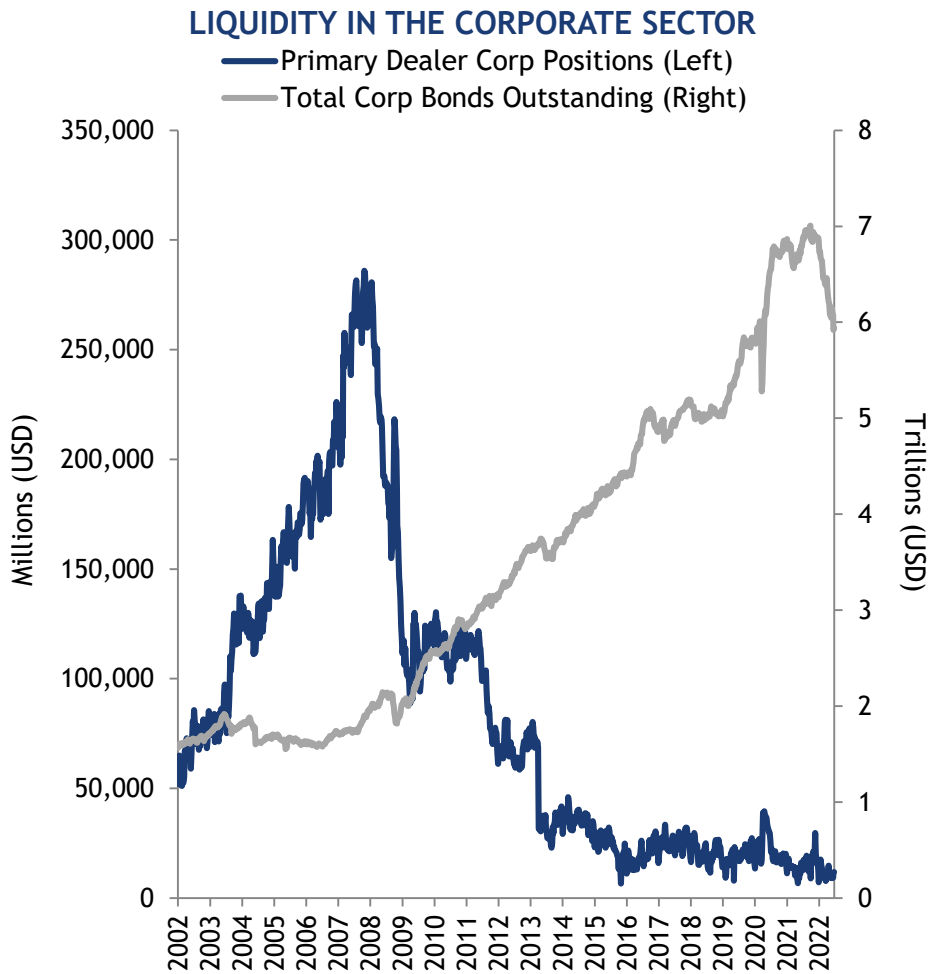


Source: Moodys. As of 6/30/2022.

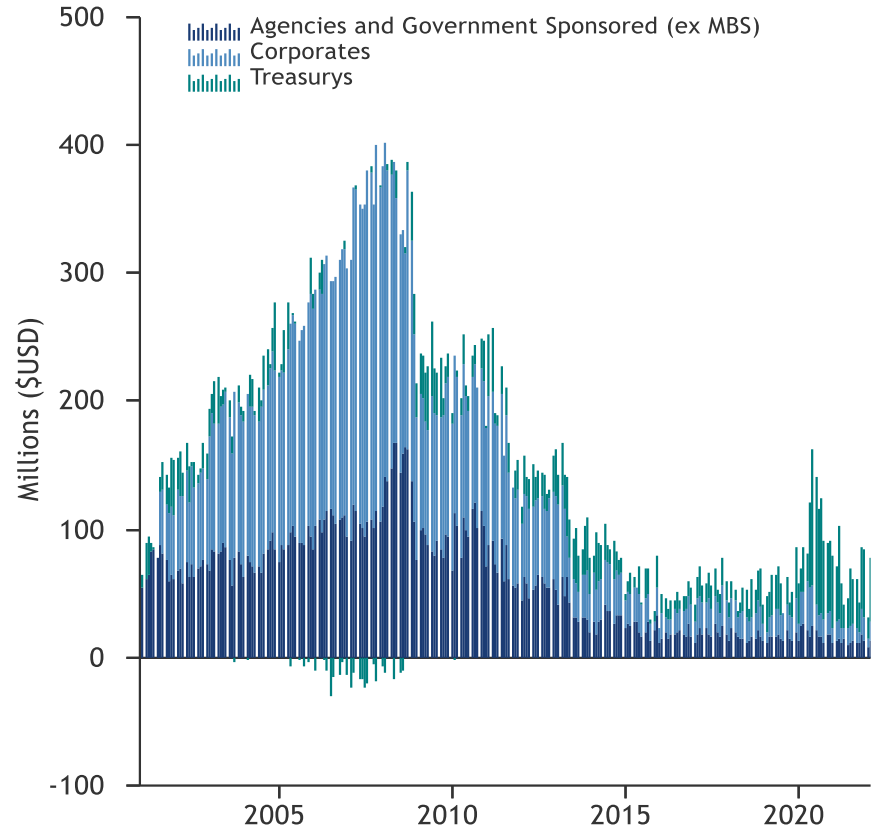
Trends are based on historical data.

Past market experience is no guarantee of future results.

# market illiquidity remains a concern



### US PRIMARY DEALER HOLDINGS



Source: Refinitiv Datastream, data as of 2/23/2022.

Data: Bloomberg, as of 6/22/2022.

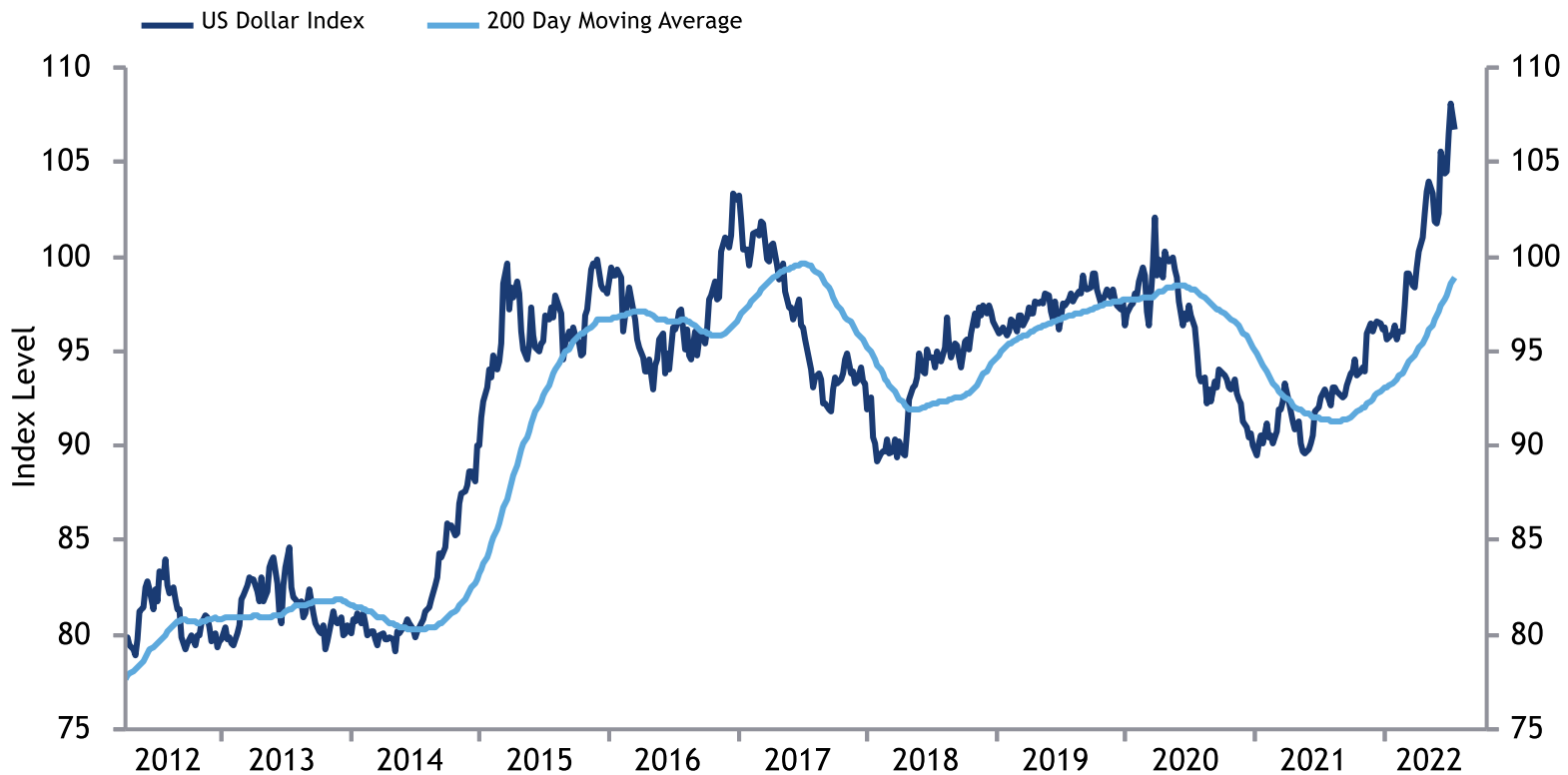
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Past market experience is no guarantee of future results.

# dollar strength continues

**A HAWKISH FED AND POTENTIAL BUMPS IN THE GLOBAL GROWTH OUTLOOK MAKE IT DIFFICULT TO ARGUE FOR SIGNIFICANT DOLLAR WEAKNESS IN THE NEAR-TERM**

DXY Index



Source: Refinitiv Datastream, data as of 7/19/2022

*All indices are unmanaged and do not incur fees. You cannot invest directly in an index.*

*Any opinions or forecasts contained herein reflect the current subjective judgments and assumptions of the presenter only, and do not necessarily reflect the views of Loomis, Sayles & Company, L.P. This information is subject to change at any time without notice.*

# contacts

## RELATIONSHIP MANAGEMENT

Matthew Buxton  
Vice President, Senior Relationship Manager  
617-960-2054  
mbuxton@loomissayles.com

John DeMelo  
Vice President, Client Administration Manager  
617-748-1707  
jdemelo@loomissayles.com

Jack Rotondi  
Client Portfolio Analyst  
617-603-7223  
jrotondi@loomissayles.com

Caitlin Murphy  
Administrative Assistant  
617-960-4449  
cmurphy@loomissayles.com

John Meyer, CFA, CAIA, FRM  
Vice President  
617-346-9753  
john.meyer@loomissayles.com