

# Emerging Markets Corporate Debt

## MANAGEMENT TEAM

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## OBJECTIVE

Seeks to outperform the benchmark based on absolute and risk adjusted performance and manage risk through diversification and monitoring of absolute risk and tracking error versus the benchmark

## HIGHLIGHTS

- Value-oriented portfolio investing primarily in hard currency emerging markets fixed income securities of corporations and quasi-sovereigns
- Focused on US dollar-denominated securities but may make small opportunistic allocations to local market currencies
- Seeks to add value by combining top-down macroeconomic analysis with research-driven, bottom-up security selection
- Leverages Loomis Sayles' extensive macroeconomic and credit research including coverage of more than 60 emerging markets countries and over 650 emerging markets corporate, sovereign, and quasi-sovereign issuers
- Ability to express views on broad market exposure through derivatives (inclusive of options, forwards, futures, forward contracts and swap contracts)
- Effective duration: typically +/- 2 years relative to the Index
- Allocation to high yield: generally greater than 40%
- Targeted tracking error: 100 to 200 basis points
- Typical portfolio: 100 to 300 issues

## BENCHMARK

JP Morgan Corporate Emerging Markets Bond Index (CEMBI)  
Broad Diversified

### FACTS

Strategy inception	5/10/06
Composite inception	7/1/06
Strategy assets	\$2,049.3M
Composite assets	\$96.3M

### PORTFOLIO CHARACTERISTICS

	Composite	Index
Average maturity	5.31 yrs	4.86 yrs
Average duration	5.02 yrs	4.46 yrs
Average yield	5.20%	4.46%
Average credit quality	BA1	BA1
Average number of issues	139	-

## COMPOSITE PERFORMANCE (%)

	CUMULATIVE RETURN	
	3 MO	YTD
<b>GROSS</b>	1.66	11.59
<b>NET</b>	1.51	11.11
<b>BENCHMARK*</b>	1.66	10.64

AVERAGE ANNUALIZED RETURN				
1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION
11.20	5.73	5.21	6.82	7.69
10.56	5.10	4.62	6.32	7.21
10.59	5.05	5.21	6.32	6.48

## COMPOSITE PERIOD PERFORMANCE (%)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>GROSS</b>	-1.62	8.99	10.23	-1.15	6.20	-2.44	16.57	3.69	15.64	39.57
<b>NET</b>	-2.21	8.33	9.56	-1.66	5.94	-2.83	16.11	3.28	15.18	39.02
<b>BENCHMARK</b>	-1.65	7.96	9.65	1.30	4.96	-0.60	15.01	2.32	13.08	34.88

**Performance data shown represents past performance and is no guarantee of future results. Current performance may be lower or higher than quoted.** Returns are shown in US dollars and are annualized for one and multi-year periods. Gross returns are net of trading costs. Net returns are gross returns less effective management fees.

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

Average Yield for the Composite is Yield to Worst, while Average Yield for the Index is Yield to Maturity.

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

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

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## SECTOR DISTRIBUTION (%)

	Composite	Index
Oil & Gas	16.6	14.1
Financial	13.5	29.8
Consumer	12.5	9.1
Metals & Mining	12.5	6.4
TMT	11.7	11.3
Utilities	11.0	11.9
Industrial	7.0	5.1
Sovereign	5.1	-
Real Estate	3.2	5.5
Diversified	1.7	1.9
Pulp & Paper	1.6	1.2
Infrastructure	1.5	2.4
Transport	1.5	1.0
Cash & Equivalents	0.5	-

## CURRENCY DISTRIBUTION (%)

	Composite	Index
US Dollar	100	100

## COUNTRY DISTRIBUTION (%)

Top 10	Composite	Index
China	11.2	8.2
Brazil	7.9	6.0
Mexico	7.1	5.0
India	5.5	4.6
South Africa	5.2	2.8
Turkey	5.0	4.0
Peru	4.1	3.6
United Arab Emirates	4.0	4.5
Colombia	3.9	4.4
Chile	3.4	4.0

## CREDIT QUALITY (%)

	Composite	Index
AAA	0.5	-
AA	3.7	2.9
A	10.7	20.2
BAA	30.2	38.7
BA	35.1	19.7
Below BA	19.8	14.4
Not Rated	-	4.1

## DURATION DISTRIBUTION (%)

	Composite	Index
Less than 1 Yr.	3.5	4.9
1 to 2 Yrs.	11.5	11.3
2 to 4 Yrs.	31.9	39.6
4 to 6 Yrs.	22.7	22.7
6 to 8 Yrs.	18.8	12.8
8 Yrs. or more	11.7	8.8

## MATURITY DISTRIBUTION (%)

	Composite	Index
Less than 1 Yr.	2.7	3.6
1 to 3 Yrs.	19.2	23.6
3 to 5 Yrs.	28.2	34.6
5 to 10 Yrs.	38.7	28.3
10 to 20 Yrs.	5.4	3.7
20 Yrs. or more	5.7	6.2

## KEY RISKS

Credit Risk, Issuer Risk, Interest Rate Risk, Liquidity Risk, Non-US Securities Risk, Currency Risk, Prepayment Risk and Extension Risk. Investing involves risk including possible loss of principal. Commodity interest and derivative trading involves substantial risk of loss.

*Due to rounding, Sector, Currency, Credit Quality, Duration and Maturity distribution totals may not equal 100%. Country Distribution reflects breakdown of the top 10 country allocations only and therefore does not total 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. Duration and Maturity Distribution Less than 1 Yr. may include cash and equivalents. Cash & Equivalents may include unsettled trades, fees and/or derivatives. TMT: Technology, Media, and Telecom.*

*The Emerging Markets Corporate Debt Composite includes all discretionary accounts managed by Loomis Sayles with market values greater than \$5 million and primarily invests in hard currency debt of corporate, sovereign, and quasi-sovereign entities located in emerging market economies and that are benchmarked to hard currency emerging market indices. Loomis Sayles's security level research, allocation to non-index sectors, and significant tactical country, sector and currency allocation are primary alpha sources for this product. The Composite was created in 2006. For additional information on this and other Loomis Sayles strategies, please visit our website at [www.loomisayles.com](http://www.loomisayles.com).*

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