LOOMIS | SAYLES

FACT SHEET MARCH 31, 2025

Loomis Sayles Global Bond Fund (AUD)

WHOLESALE INVESTORS ONLY

Objective
Seek to offer excess total returns (income and capital appreciation) relative to the Benchmark.

Benchmark Bloomberg Global Aggregate Index (AUD Hedged)

Portfolio Managers

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FUND FACTS	
APIR	ETL9501AU
ARSN	674 487 686
Inception	29 Apr 2024
Distributions	Annual
Inv't timeframe	>3 years
Management fee & costs	0.28% p.a.
Buy/Sell spread	0.05%
No performance fee	

FUND RATINGS	
Lonsec	Recommended
Zenith	Recommended

PLATFORM ACCESS	
AMP North	Macquarie
Netwealth	

Fund performance

	CUMULATIVE RETURN (%)			AVERAGE ANNUALIZED RETURN (%)				
	1 MTH	3 MTH	6 MTH	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION[1]
FUND	-0.35	1.62	-0.14					4.56
BENCHMARK	-0.44	1.14	-0.09					5.25

[1]Since inception returns calculated from 29April 2024. Fund returns are calculated using the net asset value per unit at the start and end of the relevant period in AUD, net of management fees, and assuming all distributions are re-invested. Past performance is not a reliable indicator of future performance. Returns can be volatile, reflecting rises and falls in the value of underlying investments.

Portfolio characteristics

	FUND	BENCHMARK
Average maturity	8.08	8.29
Average duration	6.21	6.44
Average yield	4.19	3.61
Yield to maturity	4.21	3.62
Average credit quality	A1	AA3
Number of issues	179	30,808

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

CREDIT QUALITY (%)	FUND	BENCHMARK
AAA	41.66%	42.31%
AA	11.47%	14.17%
A	26.60%	30.81%
BAA	16.96%	12.71%
BA	3.88%	0.00%
CAA & lower	-	-
Not rated	-	-

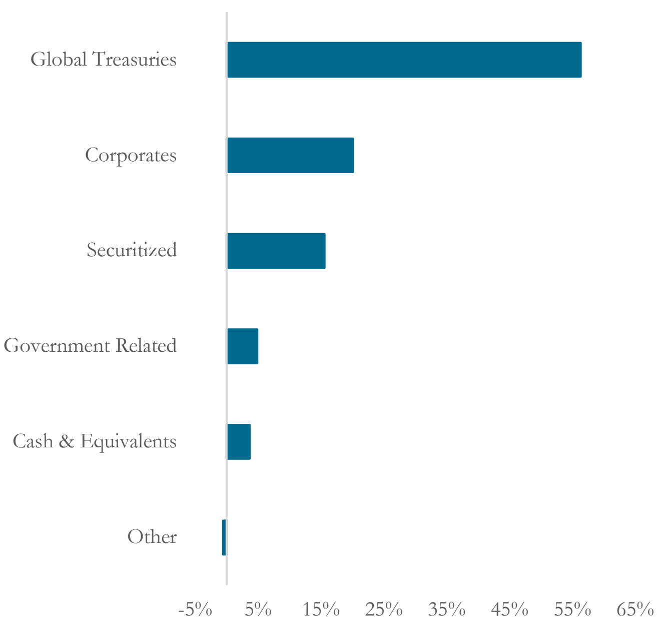
MATURITY DISTRIBUTION (%)	FUND	BENCHMARK
Less than 1 yr	5.09%	1.57%
1-3 years	17.11%	23.77%
3-5 years	15.32%	19.96%
5-10 years	44.92%	32.86%
10-20 years	10.41%	11.48%
20 years or more	7.15%	10.35%

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. **Duration** and **Maturity** Distribution Less than 1 Yr. may include cash and equivalents. **Cash & Equivalents** may include unsettled trades, fees and/or derivatives.

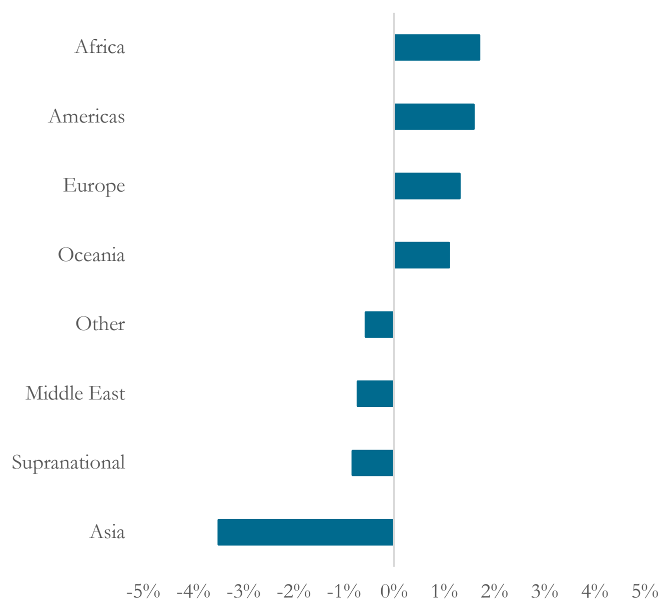
GLOBAL BOND FUND

Portfolio Data as of March 31, 2024

SECTOR WEIGHT (%)



ACTIVE COUNTRY DISTRIBUTION (%)



Outlook & strategy

It is a cliché of military history that it is easier to start a war than to end one, and the war one starts may not be the war one gets. We will see if the same themes apply to trade wars in coming months, but a trade war analysis is not the only lens by which Liberation Day can be viewed. The US tariff hikes are largely being analyzed in trade policy terms, which in isolation would imply a stronger US dollar. While there are differing opinions across Loomis Research and the portfolio teams, another way to organize thinking about currency consequences is to consider the tariff hikes as a fiscal policy tightening and then employ portfolio theory. This analysis points to the conclusions we wrote about last month: weaker equities, lower yields, lower oil prices, and a weaker USD.

The US government needs money. Total net Treasury debt is 100% of GDP, or $30T. Revenues are in the 17% of GDP range, spending is about 24%. The deficit is 7% of GDP. The bond vigilantes are grooming their horses. So, what to do? Spending cuts are the first resort, but the Polymarket bettors have grown more pessimistic since the beginning of the year, and now place only a 25% probability that Doge, etc. can cut as much as $250bn from spending. Some sell-side bank guesses are materially lower, at $60-100bn, or about 0.25%-0.35% of GDP. This is not enough. The alternative is to go after transfer payments… Medicare, Medicaid, and Social Security …in a serious way, but this is politically fraught, and we think meaningful cuts here will take some time. So where to get money? Taxes! But how?

There is approximately zero appetite for a bipartisan tax and spending package along the lines of the Bowles-Simpson proposal of 2010 (which failed) in a deeply divided, tax-averse Congress, but there is one kind of tax that can be enacted by Presidential decree: tariffs. The initial average tariff proposed on Liberation Day was about 22-23%. This was estimated as a 1.5%-2.0% of GDP fiscal tightening. This would raise serious cash. but probably slow the economy into recession via supply shocks, lost purchasing power, and negative wealth effects. We doubt that this will ultimately be the effective rate, but a baseline of 10% on everything with much higher rates for China is where we might see the policy settle. So perhaps we are looking at an ultimate effective rate of 12-15%. Stay tuned. This is not equivalent to a Value-added tax, but it rhymes. We believe consumers ultimately pay most of it, like a VAT (incidence attribution is complicated).

Current policy settings and portfolio positioning look like the opposite of what we saw in the first Reagan administration, in 1980-82. Then we had a massive fiscal ease (tax cuts, defense) and an even more massive monetary tightening (Volcker!). US equities and bond markets were massively under-owned by the rest of the world after the 1970s inflation decade. The USD rose for four years.

Today the situation is the reverse. US equities are heavily held by the RoW, (about 30% of total) as are Treasuries (25%), and equities were priced for optimism. Fiscal policy looks like imposing the highest tax hike since 1968, and Fed funds futures imply 100bp of cuts this year. So if the first mix sent the USD up, maybe the opposite mix will send it down.

The investment strategy of the Fund has been designed to replicate that of the Loomis Sayles Global Aggregate Bond (AUD Hedge) Strategy which is a separate investment vehicle offered to qualified investors by the Fund Manager, Loomis Sayles and Company, L.P. Given the Fund is new, the table below summarises the recent performance of the Strategy, which may be a useful reference point for the Fund. However, you should be aware that the Fund itself is new and has limited performance history – the past performance information below is NOT the past performance of the Fund. Past performance is not a reliable indicator of future performance.

Composite performance

	CUMULATIVE RETURN (%)			AVERAGE ANNUALIZED RETURN (%)				
	1 MTH	3 MTH	6 MTH	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION[1]
Composite	-0.38%	1.50%	-0.23%	2.55%	-0.17%	0.56%	2.11%	6.30%
BENCHMARK	-0.44%	1.14%	-0.10%	3.72%	0.17%	-0.49%	1.70%	5.33%

[1]Since inception returns calculated from 31 October 1998. Composite returns are calculated using the net asset value per unit at the start and end of the relevant period in AUD, net of management fees, and assuming all distributions are re-invested. Investors should be aware that past performance is not a reliable indicator of future performance. Returns can be volatile, reflecting rises and falls in the value of underlying investments.

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