



FELRA & UFCW PENSION PLAN



December 15, 2021

www.loomissayles.com | One Financial Center Boston, MA 02111
617 482-2450 | BOSTON CHICAGO DETROIT SAN FRANCISCO LONDON SINGAPORE UTRECHT

For FELRA & UFCW Pension Plan Use Only. Not For Further Distribution.

presented by:



PRAMILA AGRAWAL, PhD, CFA

Vice President, Portfolio Manager, Director of Custom Income Strategies



JUSTIN TEMAN, CFA, ASA

Vice President, Director, LDI Solutions



JONATHAN SIEGEL

Vice President, Director, Taft-Hartley Team

contents

Introduction	4
Overview of Plan Analysis	8
Appendix	18

firm overview

TAFT-HARTLEY BUSINESS

- Serving Taft-Hartley Trust Funds since 1962
- \$21.5 billion in Taft-Hartley assets under management
- 374 multi-employer accounts
- Experienced team of relationship professionals focused exclusively on multi-employer Trust Funds



LOOMIS | SAYLES
TAFT-HARTLEY

As of 9/30/2021.



investment research

PROPRIETARY RESEARCH: INTEGRAL TO OUR INVESTMENT PROCESS

\$109 million committed to proprietary research in 2021

- Active interaction and idea sharing between research groups adds insight

MACRO STRATEGIES	CREDIT RESEARCH	QUANTITATIVE RESEARCH & RISK ANALYSIS
2 Directors <i>21 years average experience</i> - Associate Director <i>34 years experience</i> - Economist <i>41 years experience</i> 2 Senior Sovereign Analysts <i>12 years average experience</i> 3 Sovereign Analysts <i>8 years average experience</i> - Senior Commodities Analyst <i>13 years experience</i> - Senior Research Analyst <i>10 years experience</i> - Research Analyst 2 Senior Research Associates	- Director <i>38 years experience</i> 2 Associate Directors <i>30 years average experience</i> - Head of Municipal Research <i>30 years experience</i> - Head of Convertibles Research <i>26 years experience</i> 38 Senior Credit Analysts <i>21 years average experience*</i> 11 Credit Analysts <i>9 years average experience*</i> 11 Credit Research Senior Associates 5 Credit Research Associates - Proprietary credit rating system since the 1930s	- Director <i>16 years average experience</i> 2 Associate Directors <i>24 years experience</i> 8 Quantitative Analysts <i>12 years average experience</i>
TRADING	MORTGAGE & STRUCTURED FINANCE	EQUITY RESEARCH
- Head of Trading <i>33 years experience</i> 4 Trading Directors <i>24 years average experience</i> 31 Traders (incl. 4 directors above) <i>18 years average experience</i> - Dir. of Portfolio Implementation <i>15 years experience</i> 18 Portfolio Specialists <i>23 years average experience</i> - Dir. of Operational Trading Risk Mgmt. <i>20 years experience</i> - Risk Analyst <i>14 years experience</i> 10 distinct asset class teams	- Head <i>24 years experience</i> 3 Portfolio Managers <i>15 years experience</i> 3 Strategists <i>28 years average experience</i> 3 Senior Analysts <i>11 years average experience</i> - Research Analyst <i>6 years experience</i> 2 Senior Research Associates <i>9 years experience</i> - Director, MSF Trading <i>32 years experience</i> 4 MSF Traders/Trading Assistants	12 Senior Analysts <i>23 years average experience</i> 11 Analysts <i>10 years average experience</i> 3 Research Associates

As of 9/30/2021; Years experience indicates industry experience. *Includes years employed at McDonnell Investment Management, prior to 6/30/2019, the date of McDonnell's integration into Loomis Sayles.



LOOMIS SAYLES

MEP cash flow generation

A CASE FOR CASH FLOW MATCHING (CFM) FOR MULTI-EMPLOYER PLANS RECEIVING SFA

The Multi-Employer Special Financial Assistance (SFA) Program presents an opportunity to use a cash flow matching structure designed to increase the ability to meet near-term benefit payments

We recommend considering allocating a portion of the SFA relief to a cash flow generation strategy that seeks to:

- Provide reliable income to meet near-term benefit payments
- Help avoid being a forced seller in a downturn
- Increase liquidity flexibility
- Provide optionality to adjust strategy depending on market environment
- Potentially lower transaction costs via low turnover nature

The ability of an actual portfolio to deliver the required cash flows is not guaranteed and is subject to a variety of factors including, but not limited to, the availability of bonds, active management, and trading, transaction costs, default risk, reinvestment risk, rebalancing risk and liquidity risk.

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

Please see the Disclosure Statement and Model Description, an integral part of this presentation, for more information.

overview of fixed income styles

	PASSIVE	ACTIVE	LOW TURNOVER	CASH FLOW MATCHED	BUY & MAINTAIN
OBJECTIVE	Seeks to provide a return and volatility to closely matched to an index	Emphasizes long term total return potential	Strives to outperform an index while limiting capital gains and losses from transactions	Seeks to meet future liabilities through cash flow matching	Targets a specific yield/return within maturity parameters
RETURN POTENTIAL	Similar to index	Benchmark + alpha	Benchmark agnostic	Benchmark agnostic	Benchmark agnostic
TYPICAL TURNOVER	Similar to index	Greater than 100% per year	Between 50-75% per year	Less than 10%*	Less than 10%**
NEED FOR BOND LIQUIDITY	Higher	Higher	Moderate	Lower	Lower
REALIZED INTEREST RATE SENSITIVITY	Similar to index	Moderate***	Moderate	Lower	Lower
GAIN/LOSS SENSITIVITY	Agnostic	Agnostic	Client directed	Client directed	Significant
FEES	Lower	Higher	Moderate	Low to moderate	Low to moderate
NEED FOR DEEP RESEARCH	None	Higher	Higher	Higher	Higher

*Typically less than 10% if cash flow schedule is fixed and portfolio duration rolls down, and less than 50% if a constant duration is maintained

**Typically less than 10% if portfolio duration rolls down, and less than 25% if a constant duration is maintained

*** +/- 1 year of the index.

Classifications are considered typical for the style. This style grid reflects the current management style philosophies of the team. It is intended to show the relative standings among the listed styles and should not be construed as investment advice. Actual investment decisions should consider the individual circumstances of each particular investor. Views are subject to change at any time without notice. Other industry investment personnel may have different views and assumptions. Descriptions assume normal market conditions. Numbers are approximate. 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.

CFM vs bloomberg aggregate index

CASH FLOW MATCH WOULD PROVIDE HIGHER YIELD WITH LESS THAN HALF THE DURATION

	Bloomberg US Aggregate Index	Hypothetical Investment Grade Cash Flow Match Portfolio (5 Years)
Duration (years)	6.3	2.9
Yield	1.44%	1.80%
Spread (bps)	24	104
Average Quality	AA2	BAA2

Source: Bloomberg. Data as of October 31, 2021.

Hypothetical portfolios have been created by Loomis Sayles based on your specific request; information is subject to change.

The use of model or hypothetical portfolios has inherent limitations. They are heavily dependent on the assumptions used and do not take into account actual trading or market conditions. The portfolios constructed were created by projecting cash flows from the universe of bonds available on the date of analysis which includes assumptions about bonds cash flows that may not materialize in actual accounts. The hypothetical portfolios are intended to convey one measure of the characteristics of an asset class or combination of asset classes, and a different analysis may yield different results. Material market and economic factors may affect investment decisions differently when managers are investing actual client assets.

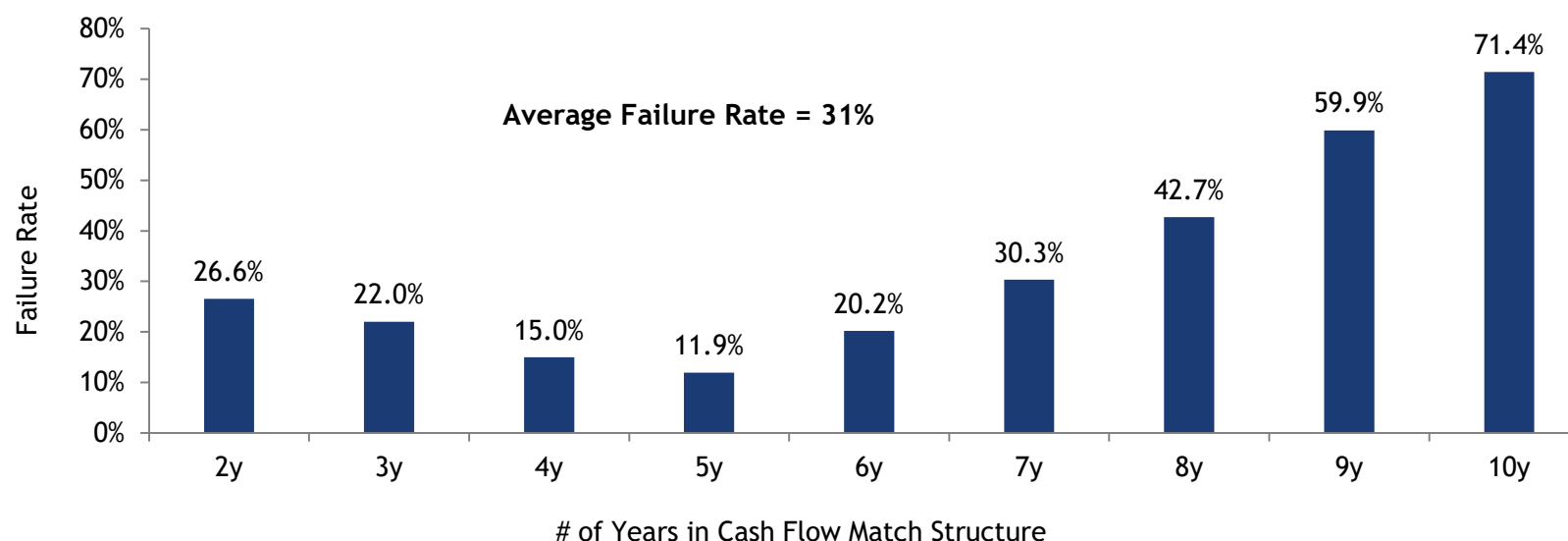
Please see the Disclosure Statement and Model Description, an integral part of this presentation, for more information.

CFM vs bloomberg aggregate index

HOW CASH FLOW MATCH FARES VERSUS BLOOMBERG AGGREGATE

When compared to a series of hypothetical cash flow matching portfolios, the Bloomberg US Aggregate Index would have failed to meet a generic set of liability cash flows nearly 1/3 of the time for the period December 31, 1996 through September 30, 2021

% OF PERIODS WHERE BBG AGGREGATE INDEX FAILED TO MEET CASH FLOWS



Source: Bloomberg, Loomis Sayles analysis. Cash flow matching analysis has been created by Loomis Sayles based on your specific request; information is subject to change. Data from December 31, 1996 through September 30, 2021. The use of model or hypothetical portfolios has inherent limitations. They are heavily dependent on the assumptions used and do not take into account actual trading or market conditions. The portfolios constructed were created by projecting cash flows from the universe of bonds available on the date of analysis which includes assumptions about bonds cash flows that may not materialize in actual accounts. The hypothetical portfolios are intended to convey one measure of the characteristics of an asset class or combination of asset classes, and a different analysis may yield different results. Material market and economic factors may affect investment decisions differently when managers are investing actual client assets.

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

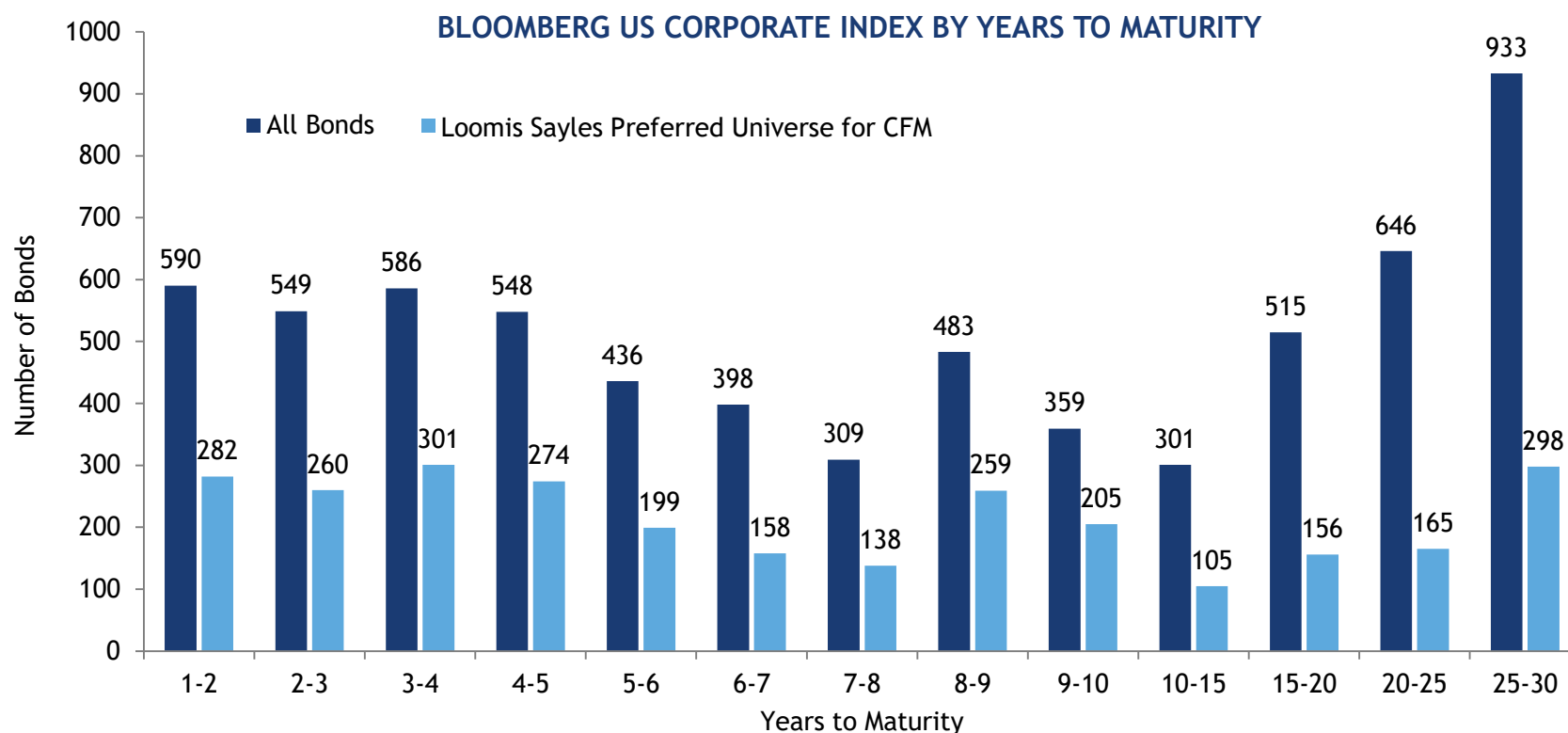
The ability of an actual portfolio to deliver the required cash flows is not guaranteed and is subject to a variety of factors including, but not limited to, the availability of bonds, active management, and trading, transaction costs, default risk, reinvestment risk, rebalancing risk and liquidity risk.

Please see the Disclosure Statement and Model Description, an integral part of this presentation, for more information.

cash flow matching

AVAILABILITY OF RELEVANT BONDS FOR CFM BEGINS TO DWINDLE BEYOND 5 YEARS

Strict cash flow matching beyond 5-7 years can be challenging; we suggest targeting near-term cash flows



Source: Bloomberg, Loomis Sayles analysis. Cash flow matching analysis has been created by Loomis Sayles based on your specific request; information is subject to change. Data as of September 30, 2021.

Loomis Sayles Preferred Universe for CFM includes filters described in model description.

Indices are unmanaged and do not incur fees. You cannot invest directly in an index.

The ability of an actual portfolio to deliver the required cash flows is not guaranteed and is subject to a variety of factors including, but not limited to, the availability of bonds, active management, and trading, transaction costs, default risk, reinvestment risk, rebalancing risk and liquidity risk.

MEP cash flow matching solution

FELRA & UFCW PENSION PLAN

Implementation may vary depending on a few factors:

- Amount of SFA received relative to legacy DB assets
 - Higher SFA = typically more flexibility for investment structure (e.g. CFM first x years, total return for the remainder)
 - Lower SFA = may be depleted more quickly (e.g. limited to 5 or less years of CFM)
- Risk tolerance
 - Client or consultant preference for duration and/or spread risk

Under the assumptions that the FELRA & UFCW Pension Plan has approximately \$150M in legacy assets and receives approximately \$1 billion of SFA relief, we believe one of the following Cash Flow Matching strategies should be considered:

- Option 1: \$300M invested in CFM would cover approximately 3 years of net cash flows
- Option 2: \$500M invested in CFM would cover approximately 5 years of net cash flows

In either scenario, the remaining SFA relief money could be invested in other fixed income

Cash flow coverage estimated based on cash flows provided by Investment Performance Services, LLC. (IPS) on November 11, 2021. Approximate asset value based on Form 5500 filing. The ability of an actual portfolio to deliver the required cash flows is not guaranteed and is subject to a variety of factors including, but not limited to, the availability of bonds, active management, and trading, transaction costs, default risk, reinvestment risk, rebalancing risk and liquidity risk.

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

MEP cash flow match

HYPOTHETICAL SCENARIOS

Option 1: \$300M CFM = approx. 3 years coverage

	(\$ millions)		PROPOSED STRATEGY
LEGACY ASSETS	150		\$300M CASH FLOW MATCH
ESTIMATED SFA RELIEF	1,000	→	PLUS
TOTAL ASSETS AFTER RELIEF	1,150		\$700M OTHER FIXED INCOME

Option 2: \$500M CFM = approx. 5 years coverage

	(\$ millions)		PROPOSED STRATEGY
LEGACY ASSETS	150		\$500M CASH FLOW MATCH
ESTIMATED SFA RELIEF	1,000	→	PLUS
TOTAL ASSETS AFTER RELIEF	1,150		\$500M OTHER FIXED INCOME

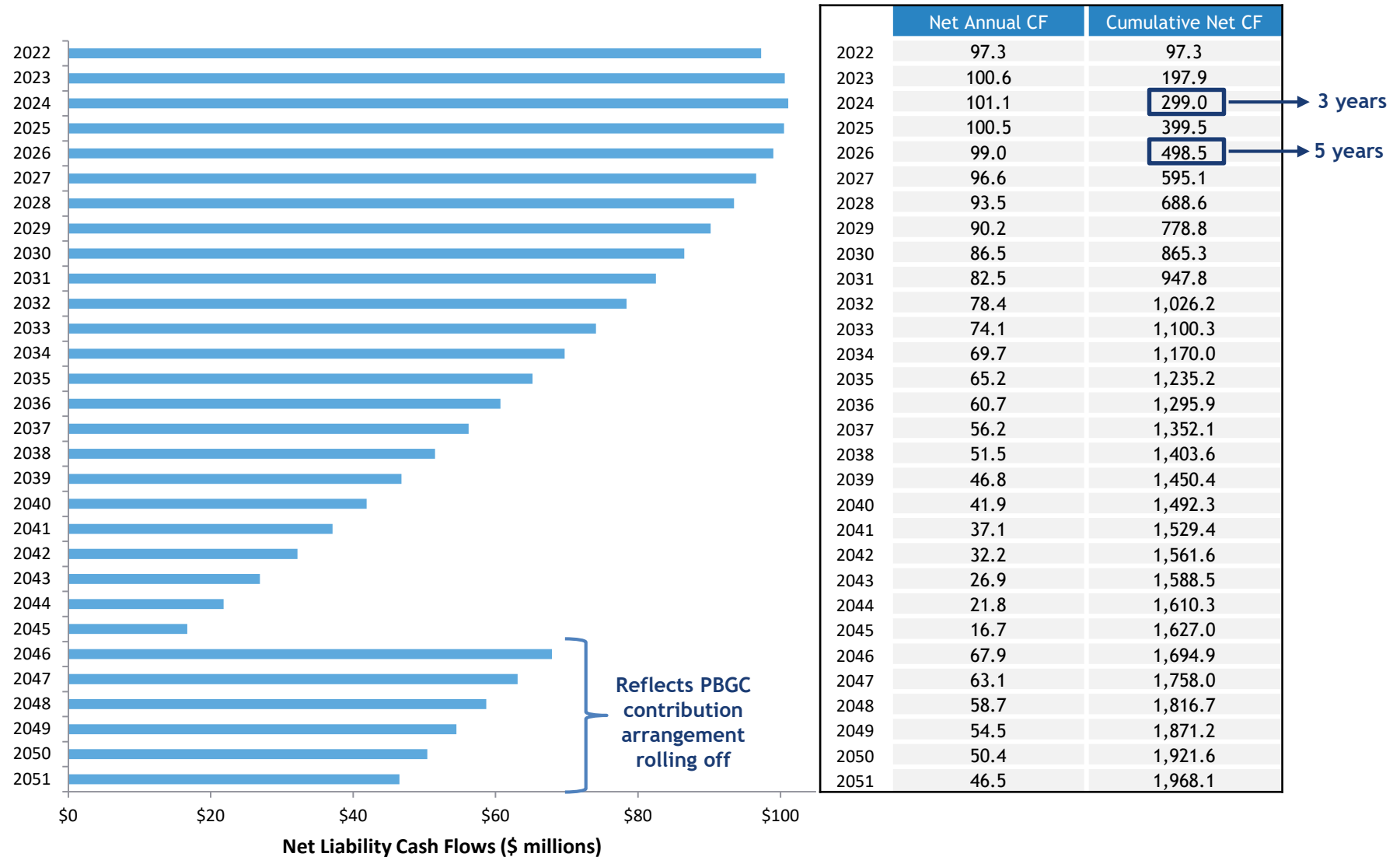
The proposed strategies are shown for illustrative purposes only. This does not represent an actual account managed by Loomis Sayles or any specific investment recommendation. The use of hypothetical scenarios has inherent limitations. They are heavily dependent on the assumptions used and does not take into account actual trading or market conditions. Material economic and market factors may affect investment decisions differently when the managers are investing actual client assets. This information is subject to change at any time without notice.

The ability of an actual portfolio to deliver the required cash flows is not guaranteed and is subject to a variety of factors including, but not limited to, the availability of bonds, active management, and trading, transaction costs, default risk, reinvestment risk, rebalancing risk and liquidity risk.

Please see the Disclosure Statement and Model Description, an integral part of this presentation, for more information.

FELRA & UFCW pension plan

NET LIABILITY CASH FLOWS (GROSS BENEFIT PAYMENTS + EXPENSES - CONTRIBUTIONS)



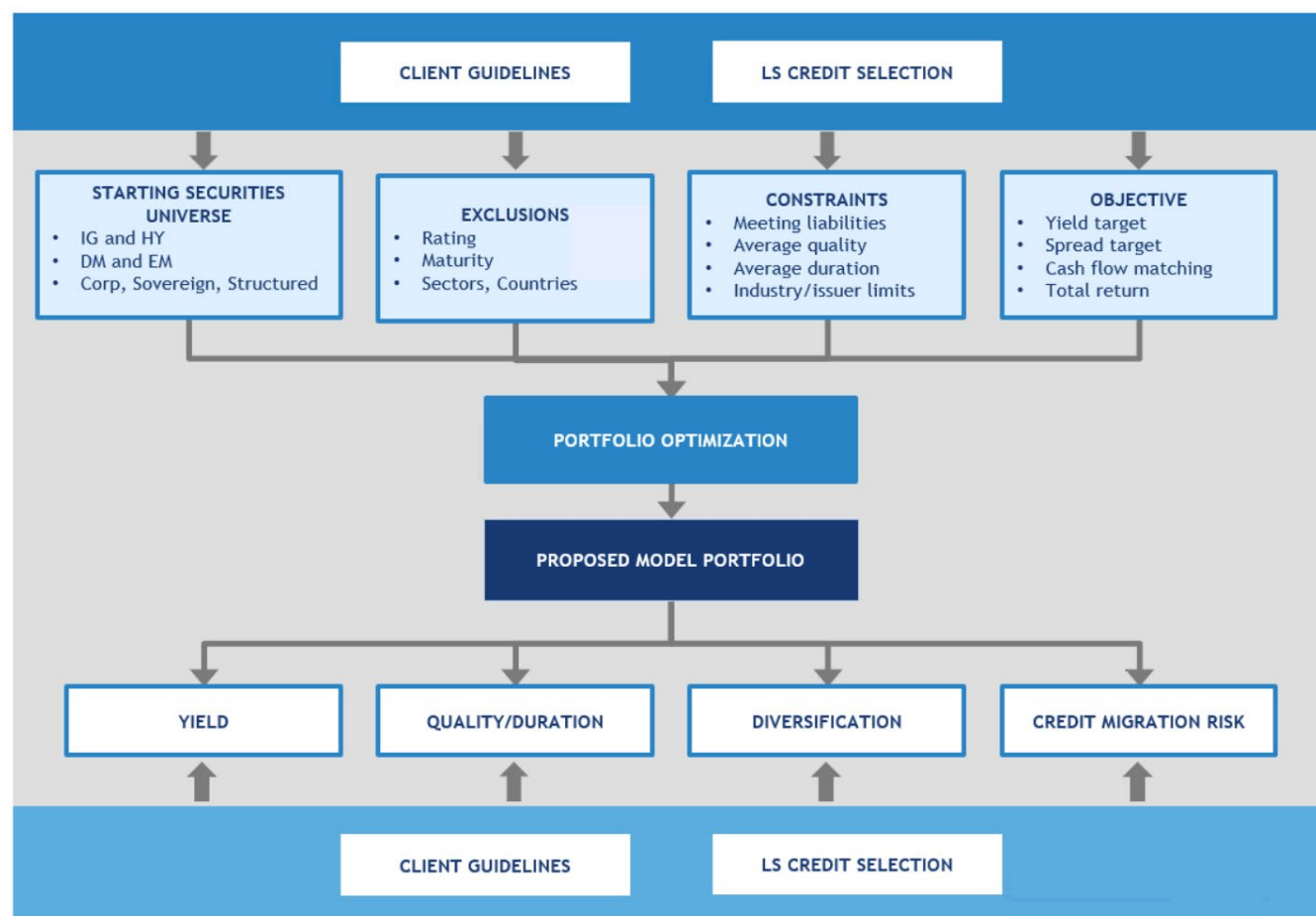
Cash flows were provided by IPS on November 11, 2021.

The ability of an actual portfolio to deliver the required cash flows is not guaranteed and is subject to a variety of factors including, but not limited to, the availability of bonds, active management, and trading, transaction costs, default risk, reinvestment risk, rebalancing risk and liquidity risk.

cash flow matching platform

WE HAVE A SYSTEMATIC AND THOUGHTFUL APPROACH TO PORTFOLIO CONSTRUCTION AND MANAGEMENT FOR CUSTOM CASH FLOW MANDATES

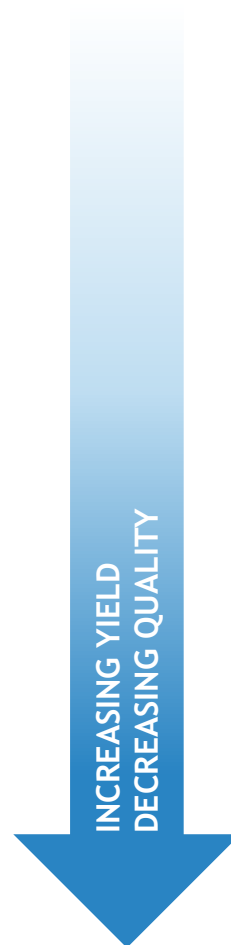
- A main objective is to leverage the deep credit research of Loomis Sayles for security selection
- Proprietary portfolio construction/management platform helps us to efficiently implement internal and external guidelines, construct, monitor and manage custom mandates
- Our approach has flexibility to evolve with client needs



The chart presented above is shown for illustrative purposes only. Specific elements are subject to change without notice.

defining hypothetical portfolios

Portfolio	Hypothetical Portfolio Name
1	All Treasury
2	A or Better
3	BBB or Better
4	BB or Better (10% Max BB)



- We have defined 4 portfolios that vary based on quality:
 - Portfolio 1 only invests in Treasuries
 - Portfolio 2 consists of bonds rated A or better
 - Portfolio 3 allows only fixed income securities that are rated BBB or better by rating agencies
 - Portfolio 4 invests in bonds rated BB or better, allowing only 10% in below investment grade bonds.
- Our optimization process determines the weights within each portfolio
- As we allow for lower quality credits, we can potentially achieve a higher yield to cover more benefit payments
- However, lower quality credits may increase downward credit migration which increases risk of loss

The use of model or hypothetical portfolios has inherent limitations. They are heavily dependent on the assumptions used and do not take into account actual trading or market conditions. The portfolios constructed were created by projecting cash flows from the universe of bonds available on the date of analysis which includes assumptions about bonds cash flows that may not materialize in actual accounts. The hypothetical portfolios are intended to convey one measure of the characteristics of an asset class or combination of asset classes, and a different analysis may yield different results. Material market and economic factors may affect investment decisions differently when managers are investing actual client assets.

Please see the Disclosure Statement and Model Description, an integral part of this presentation, for more information.

option 1: \$300m cash flow match

CASH FLOW MATCH AS MANY YEARS AS POSSIBLE WITH \$300M SFA

Hypothetical Portfolio	Estimated Yield	Estimated Duration	Estimated Average Quality	Years of Cash Flows Covered	Months of Cash Flows Covered	Potential Cumulative Savings vs Cash Portfolio* (\$M)
All Treasury	0.60%	2.2	AAA	3.0	36.6	\$3.6
A or Better	0.89%	2.1	A2	3.1	36.8	\$5.4
BBB or Better	1.34%	2.0	BAA2	3.1	37.1	\$8.2
BB or Better (10% max BB)	1.44%	2.0	BAA2	3.1	37.2	\$8.8

A \$300M investment grade CFM portfolio would seek to cover \$308.2M of benefit payments

Analysis as of 10/31/2021. Source: Bloomberg. Cash flows were provided by IPS; hypothetical portfolios created by Loomis Sayles based on your specific request. Information is subject to change.

**Cumulative savings is equal to the dollar amount of liability payments covered by the portfolio less a credit buffer which assumes mean historical defaults as compared to a cash portfolio.*

The use of hypothetical scenarios has inherent limitations. They are heavily dependent on the assumptions used and do not take into account actual trading or market conditions. The portfolios constructed were created by projecting cash flows from the universe of bonds available on the date of analysis which includes assumptions about bonds cash flows that may not materialize in actual accounts. The hypothetical portfolios are intended to convey one measure of the characteristics of an asset class or combination of asset classes, and a different analysis may yield different results. Material market and economic factors may affect investment decisions differently when managers are investing actual client assets.

The ability of an actual portfolio to deliver the required cash flows is not guaranteed and is subject to a variety of factors including, but not limited to, the availability of bonds, active management, and trading, transaction costs, default risk, reinvestment risk, rebalancing risk and liquidity risk.

Please see the Disclosure Statement and Model Description, an integral part of this presentation, for more information.

option 2: \$500m cash flow match

CASH FLOW MATCH AS MANY YEARS AS POSSIBLE WITH \$500M SFA

Hypothetical Portfolio	Estimated Yield	Estimated Duration	Estimated Average Quality	Years of Cash Flows Covered	Months of Cash Flows Covered	Potential Cumulative Savings vs Cash Portfolio* (\$M)
All Treasury	0.82%	3.1	AAA	5.1	61.8	\$13.0
A or Better	1.23%	3.1	A2	5.2	62.6	\$19.8
BBB or Better	1.80%	3.0	BAA2	5.3	63.7	\$29.4
BB or Better (10% max BB)	1.96%	2.9	BAA2	5.3	64.0	\$32.1

A \$500M investment grade CFM portfolio could cover \$529.4M of benefit payments

Analysis as of 10/31/2021. Source: Bloomberg. Cash flows were provided by IPS; hypothetical portfolios created by Loomis Sayles based on your specific request. Information is subject to change.

**Cumulative savings is equal to the dollar amount of liability payments covered by the portfolio less a credit buffer which assumes mean historical defaults as compared to a cash portfolio.*

The use of hypothetical scenarios has inherent limitations. They are heavily dependent on the assumptions used and do not take into account actual trading or market conditions. The portfolios constructed were created by projecting cash flows from the universe of bonds available on the date of analysis which includes assumptions about bonds cash flows that may not materialize in actual accounts. The hypothetical portfolios are intended to convey one measure of the characteristics of an asset class or combination of asset classes, and a different analysis may yield different results. Material market and economic factors may affect investment decisions differently when managers are investing actual client assets.

The ability of an actual portfolio to deliver the required cash flows is not guaranteed and is subject to a variety of factors including, but not limited to, the availability of bonds, active management, and trading, transaction costs, default risk, reinvestment risk, rebalancing risk and liquidity risk.

Please see the Disclosure Statement and Model Description, an integral part of this presentation, for more information.

APPENDIX

FELRA & UFCW proposed fee schedule

Annual rates applied to separate account assets under management:

0.14% on first \$250 million

0.10% on the value over \$250 million

Minimum account size: \$50 million

Minimum annual fee: \$70,000

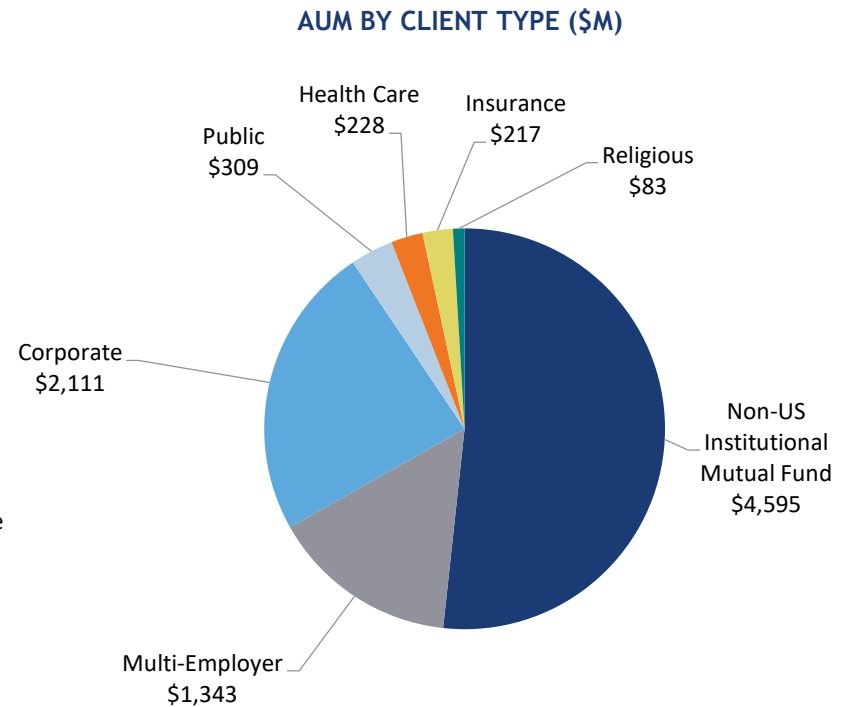
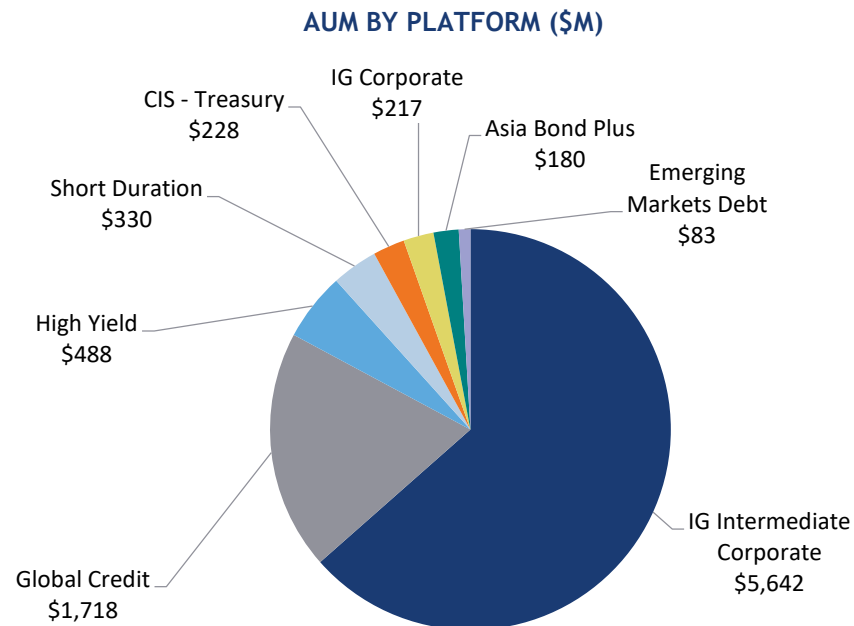
Note: Fee schedule applies to accounts primarily using investment grade bonds. Accounts with significant high yield allocations are subject to higher fees.

This fee proposal expires on the earlier of: (1) 90 days from the date offered, or (2) any date on which the fee proposed would violate a most-favored fee provision entered into subsequent to the date of this fee proposal. Additional information about fees can be found in Loomis Sayles' Form ADV, which is available upon request. For FELRA & UFCW Pension Plan use only. Not for further distribution.

experienced manager of custom strategies

LOOMIS SAYLES MANAGES OVER \$8.8 BILLION IN BUY & MAINTAIN AND RELATED ASSETS

As of 9/30/2021



The following analysis has been provided in response to your specific request. The analysis contained herein is hypothetical and is provided for illustrative purposes only. It does not include the actual or expected performance of any actual Loomis Sayles product or portfolio. The ability of an actual portfolio to deliver the required cash flows is not guaranteed and is subject to a variety of factors including, but not limited to, the availability of bonds, transaction costs, default risk, rebalancing risk, liquidity risk and management risk.

cash flow matching philosophy

FUNDAMENTAL RESEARCH CAN HELP IDENTIFY ATTRACTIVE LONGER-TERM INVESTMENT OPPORTUNITIES

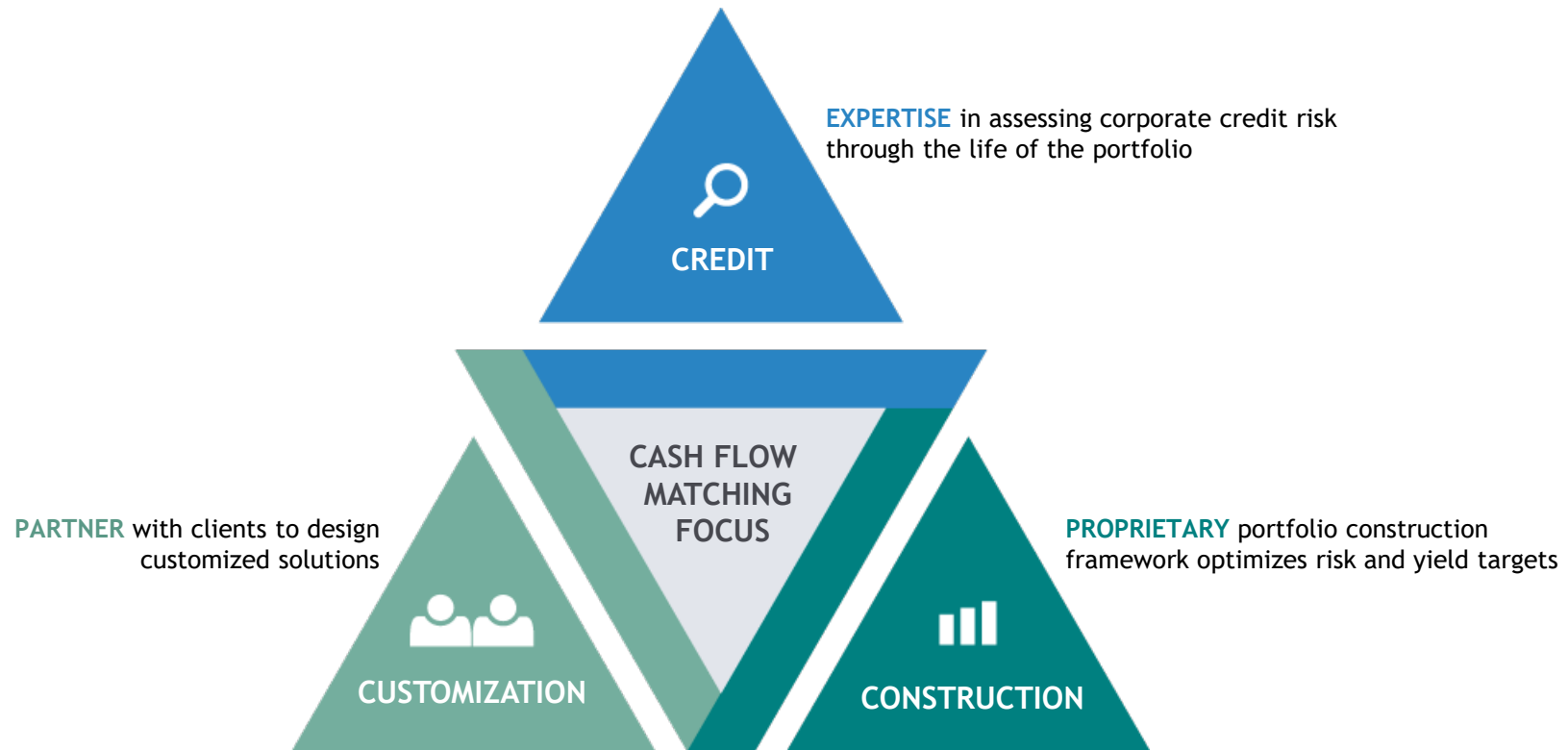
We believe

- Fixed income markets are inefficient and research based security selection can be an effective way of capturing fixed income credit risk premia.
- Traditional fixed income benchmarks are not ideal for these mandates. Effective cash flow matching requires thoughtful, benchmark agnostic portfolio construction.
- ‘Success’ can be defined in more than one way. While downgrade and default avoidance are paramount, it is also critical to ensure open lines of communication between all parties, maintain a nimble approach to adjusting the portfolio over time, and produce clear and customized reporting.

*Views and opinions expressed reflect the current opinions of the team, and views are subject to change at any time without notice. Other industry analysts and investment personnel may have different views and opinions. **There is no guarantee that the investment objective will be realized or that the strategy will be able to generate excess or positive return.** The ability of an actual portfolio to deliver the required cash flows is not guaranteed and is subject to a variety of factors including, but not limited to, the availability of bonds, transaction costs, default risk, rebalancing risk, liquidity risk and management risk.*

cash flow matching investment strengths

FOCUS ON CREDIT, CONSTRUCTION AND CUSTOMIZATION



*Any investment that has the possibility for profits also has the possibility of losses, including loss of principal.
The ability of an actual portfolio to deliver the required cash flows is not guaranteed and is subject to a variety of factors including, but not limited to, the availability of bonds, transaction costs, default risk, rebalancing risk, liquidity risk and management risk.*

cash flow matching investment process

CONTINUOUS PARTNERSHIP THROUGH EACH STEP OF THE INVESTMENT PROCESS

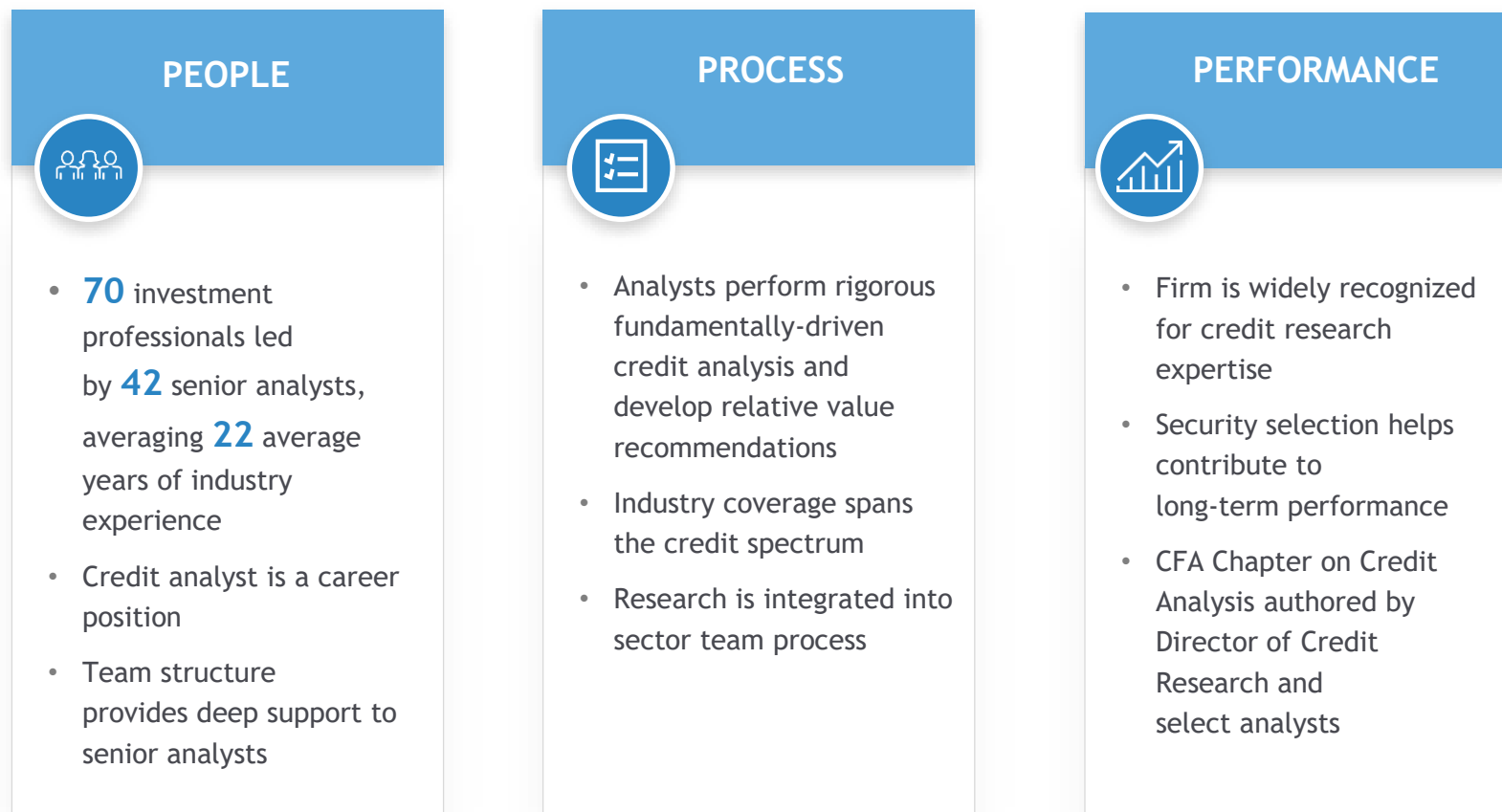
STEP	OBJECTIVE	TEAM INVOLVEMENT
1 PORTFOLIO DESIGN	Incorporate client objectives and guidelines, LS strategy, and the available universe to create the portfolio parameters	INVESTMENT TEAM RESEARCH TRADING
2 PORTFOLIO CONSTRUCTION	View the potential risk /return spectrum via portfolio optimization	INVESTMENT TEAM RESEARCH TRADING
3 INVESTMENT TEAM REVIEW	Review issuers and portfolio characteristics for the best fit to portfolio design. Re-run portfolio construction step to optimize the final portfolio	INVESTMENT TEAM RESEARCH TRADING
4 IMPLEMENTATION	Establish and constantly monitor timeline, goals and execution margin for funding	INVESTMENT TEAM RESEARCH TRADING
5 OVERSIGHT	Monitor credit worthiness of holdings, review quality and characteristics for shifts or deterioration. Deploy available cash into best available opportunities	INVESTMENT TEAM RESEARCH TRADING
6 CREDIT REVIEW & SELL DISCIPLINE	Review quality migration schedules and assess for any credit impairments. Typically, utilize turnover budget (per client guidelines) when there is high conviction on credit impairment	INVESTMENT TEAM RESEARCH TRADING

The chart presented above is shown for illustrative purposes only.

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

credit research

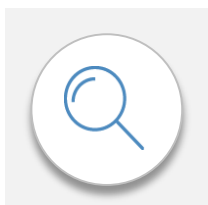
PROPRIETARY RESEARCH: THE CORNERSTONE OF OUR INVESTING PROCESS



As of 9/30/2021.

why loomis sayles

DEMONSTRATED EXPERTISE AND DEEP RESOURCES



RENOWNED CREDIT RESEARCH CAPABILITIES

Long standing independent credit rating process complemented by deep macro, sovereign, securitized and quantitative research



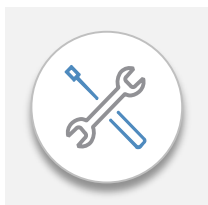
IMPLEMENTATION EXPERTISE

Dedicated fixed income trading and continuous collaboration between portfolio managers, strategists, research analysts and traders



CLIENT FOCUS

Loomis Sayles is the largest active manager of Taft-Hartley assets in the US*, and those clients are supported by a dedicated, experienced, Taft-Hartley only client service team



INTEGRATED PORTFOLIO CONSTRUCTION AND RISK MANAGEMENT

A dedicated team using proprietary tools to construct, manage and effectively measure bespoke portfolios

*Source: eVestment, as of date is 12/31/2020.

additional notes – key investment risks

Credit Risk

The risk that the issuer or borrower will fail to make timely payments of interest and/or principal. This risk is heightened for lower rated or higher yielding fixed income securities and lower rated borrowers.

Issuer Risk

The risk that the value of securities may decline due to a number of reasons relating to the issuer or the borrower or their industries or sectors. This risk is heightened for lower rated fixed income securities or borrowers.

Liquidity Risk

The risk that the strategy may be unable to find a buyer for its investments when it seeks to sell them, which is heightened for high yield, mortgage-backed and asset-backed securities.

Interest Rate Risk

The risk that the value of a debt obligation falls as interest rates rise.

Non-U.S. Securities Risk

The risk that the value of non-U.S. investments will fall as a result of political, social, economic or currency factors or other issues relating to non-U.S. investing generally. Among other things, nationalization, expropriation or confiscatory taxation, currency blockage, political changes or diplomatic developments can negatively impact the value of investments. Non-U.S. securities markets may be relatively small or underdeveloped, and non-U.S. companies may not be subject to the same degree of regulation or reporting requirements as comparable U.S. companies. This risk is heightened for underdeveloped or emerging markets, which may be more likely to experience political or economic stability than larger, more established countries. Settlement issues may occur.

Currency Risk

The risk that the value of investments will fall as a result of changes in exchange rates, particularly for global portfolios.

Derivatives Risk (for portfolios that utilize derivatives)

The risk that the value of the Strategy's derivatives instruments will fall because of changes in the value of the underlying reference instrument, pricing difficulties or lack of correlation with the underlying investment.

Leverage Risk (for portfolios that utilize leverage)

The risk of increased loss in value or volatility due to the use of leverage, or obtaining investment exposure greater than the value of an account.

Counterparty Risk

The risk that the counterparty to a swap or other derivatives contract will default on its obligations.

Prepayment Risk

The risk that debt securities, particularly mortgage-related securities, may be prepaid, resulting in reinvestment of proceeds in securities with lower yields. An investment may also incur a loss when there is a prepayment of securities purchased at a premium. Prepayments are likely to be greater during periods of declining interest rates.

Extension Risk

The risk that an unexpected rise in interest rates will extend the life of a mortgage or asset-backed security beyond the expected prepayment time, typically reducing the security's value.

Equity Risk

The risk that the value of stock may decline for issuer-related or other reasons.

Non-Diversified Strategies

Non-diversified strategies tend to be more volatile than diversified strategies and the market as a whole.

Municipal Securities Risk

The risk that municipal markets may be volatile and can be significantly affected by adverse tax, legislative or political changes and the financial condition of the issuers of municipal securities.

Models and Data Risk

The strategy may utilize quantitative model based strategies. This is the risk that one or all of the quantitative or systematic models used may fail to identify profitable opportunities at any time. These models may incorrectly identify opportunities and these misidentified opportunities may lead to substantial losses. Models may be predictive in nature and may result in an incorrect assessment of future events. Data used in the construction of models may prove to be inaccurate or stale, which may result in investment losses.

General Risk

Any investment that has the possibility for profits also has the possibility of losses, including loss of principal.

disclosure statement

We have produced this analysis using a cash flow sufficiency algorithm. This material is for informational purposes only and it 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 subjective judgments and assumptions of the author and do not necessarily reflect the views of Loomis, Sayles & Company, L. P. Investment recommendations may be inconsistent with these opinions. There can be no assurance that developments will transpire as forecasted. Data and analysis does not represent the actual or expected future performance of any investment products. Accuracy of data is not guaranteed but represents our best judgment and can be derived from a variety of sources. Opinions are subject to change at any time without notice.

Market scenarios have inherent limitations, including but not limited to, their inability to reflect the impact of actual trading on a portfolio or economic and market factors on investment decisions. The scenarios rely on assumptions that may not occur or opinions that may be wrong. These opinions and assumptions are often based on past events and do not consider unforeseen events or developments. The scenarios utilize hypothetical portfolios of bonds with particular characteristics. They assume that bonds are purchased at current valuations and held throughout the period rather than traded, which would not be the case with an actual portfolio. Scenarios rely on mathematical models that do not take into account all potential factors that could impact actual results, and can be wrong even in cases where the assumptions used turn out to be valid. Actual market events or results could be much worse.

The use of hypothetical portfolios has inherent limitations. They are heavily dependent on the assumptions used in construction and do not reflect actual portfolios that could have been implemented during the time periods shown. The portfolios constructed were created by projecting cash flows from the universe of bonds available on the date of analysis which includes assumptions about bonds cash flows that may not materialize in actual accounts. The hypothetical portfolios are intended to convey one measure of the characteristics of an asset class or combination of asset classes, and a different analysis may yield different results. Material market and economic factors may affect investment decisions differently when managers are investing actual client assets. The construction of model portfolios does not reflect the impact of actual portfolio trading which may impact the price and availability of securities. An actual portfolio will be impacted by the market conditions at the time of funding and other factors. Past experience is not indicative of future results. The analysis does not take into account the deduction of any advisory fees, brokerage or other commissions or other expenses that would apply to actual accounts.

Scenarios do not deduct trading costs and other fees and expenses.

Certain information uses comparisons to one or more market indexes which are unmanaged and are generally unavailable for investment. Individual accounts are actively managed, will have different investment guidelines, and carry expenses and fees, all of which would negatively impact results.

This does not represent the expected or future performance of any investment product. Past performance and experience are no guarantee of future results.

The ability of an actual portfolio to deliver the required cash flows is not guaranteed and is subject to a variety of factors including, but not limited to, the availability of bonds, transaction costs, default risk, rebalancing risk, liquidity risk and management risk.

The analysis reflected in this presentation is limited to certain recent periods for which data is available. We make no representation that the experience of any other periods is comparable.

See model description, an integral part of this presentation, and portfolio construction assumptions on the following pages

model description

Cashflow sufficiency study involves modeling the cheapest model or hypothetical portfolios(based on bond prices) for six different lower rating cutoffs where liability cash flows past 30yrs, if any, are rolled up to the 30yr point based on an assumed discount rate. Investable universe includes Bloomberg's Treasury Strips, IG corporate, and High Yield. Detailed constraints used for the construction are as follows:

Securities Universe : IG Corporate bonds, High Yield, Universal, Treasury securities

Liquidity: Average traded volume over past month: > \$12.5 MM, Amount Outstanding > 250MM

Diversification: Max Entity Wt (Mkt Value)
Corporate : 1.5%
Max Ticker Wt (Mkt Value)
Corporate : 1.5%
Max Industry Wt (Mkt Value)
Bloomberg's level 3: 15%
Bloomberg's level 4 15%

Eliminations: Loomis credit trend : Limited Coverage, Negative Trend and Negative Trend with event risk
Loomis risk rating : speculative
Loomis research recommendation : 4
Callable (call filter), Sinkable, Putable

Bond proceeds between cash flow payment dates were re-invested at 0% and residual cash flows (post liability cash flow payments) were reinvested at 0%. Once the portfolios were constructed based on nominal projected cash flows, the portfolio cash flows were recomputed based on a scenario of "Mean Defaults", "3x Max Defaults". Recovery rate has been assumed at 40%. We assumed all securities are available and can be purchased at the Bloomberg's index price. The model assumes bonds are held throughout the period without being traded which would not be the case with an actively managed portfolio. As such, the model does not take into account the impact of market liquidity of actual trading, among other things. Actual default experience including recovery rates will differ and would impact the analysis.

Default adjusted cash flows:

Individual bond cash flows based on historically observed default cohorts as provided by Moody's. For cash flows extending beyond 20 yrs, the annualized default rate from year 15 to year 20 was used to extend the cumulative default cohorts. For the "mean" default scenarios the average cohorts from 1983 to 2020 (Average Cumulative Issuer-Weighted Global Default Rates By Letter Rating, 1983-2020 from Moody's Annual Default Study) were used. For the "3x mean" default scenarios, the average cohorts from 1983 to 2020 were used (Average Cumulative Issuer-Weighted Global Default Rates By Letter Rating, 1983-2020 from Moody's Annual Default Study), where the implied annualized default rates were multiplied by 3 so as to construct a "3x" mean default cohort. On each coupon / principal pay date, a bond could either default and pay recovery or pay the coupon and be revisited on the next coupon date. Actual default experience, including recovery assumptions and timing of payments, could be worse which would impact the analysis.

See the attached Disclosure statement for important information, an integral part of this presentation.

portfolio construction assumptions

Cash flows and payment dates have been provided by the consultant

The universe of securities used in constructing the example portfolio includes securities that are available for purchase.

All securities are available at the Bloomberg's index price.

There is no market impact assumed as a result of transactions in these securities.

Analytics for all securities, including but not limited to key rate duration, yield, convexity, option adjusted duration, option adjusted spread, rating, maturity and coupon is provided by Bloomberg.

The example portfolios are constructed using a standard search algorithm, which iterates the weight distribution in the universe of available securities to achieve an objective function within the specified set of constraints.

As indicated above, the example portfolios assume that portfolio securities are purchased at the current benchmark price and held for the period, whereas an actual portfolio would be actively managed according to its own guidelines and expected liabilities. As a result, an actual portfolio would be impacted by additional factors which could negatively impact the portfolio, including the costs and pricing impact of actual trading, the risk that replacement securities with comparable yields and characteristics are not available and the impact of market liquidity.

The example portfolios are constructed based on assumptions about the expected liquidity and availability of securities, which is dependent upon market conditions and other factors. There is no guarantee that a portfolio with similar characteristics can be created or that securities could be purchased at the expected price.

Analysis comparing cash flow match to Bloomberg Aggregate index uses a hypothetical liability of \$10 million per month. Hypothetical cash flow match portfolios are constructed using historical yield data of the Bloomberg US Corporate index. For each cash flow match structure, both portfolios are projected forward with returns (using the yield of the cash flow match portfolio and actual return of Bloomberg Aggregate index) while also taking out \$10 million cash flow each month. If the Bloomberg Aggregate becomes depleted during the period, it is classified as a failure.

See the attached Disclosure statement for important information, an integral part of this presentation.