Municipal Employees' Retirement System of Louisiana

PRESENTED BY:
Christopher Lazzaro
VP, Relationship Manager

LOOMIS | SAYLES

June 20, 2019

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loomis sayles at a glance

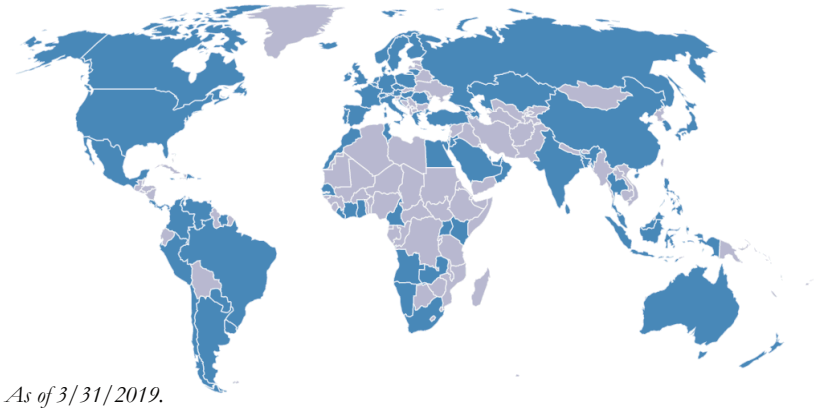
A RICH INVESTMENT TRADITION

Serving clients with integrity since 1926
$263.5 billion assets under management*
Expertise across all major asset classes
75% of investment professionals dedicated to research & trading; 166 CFA® charterholders**
Global perspective: investors in Boston, San Francisco, Detroit, Chicago***, London and Singapore

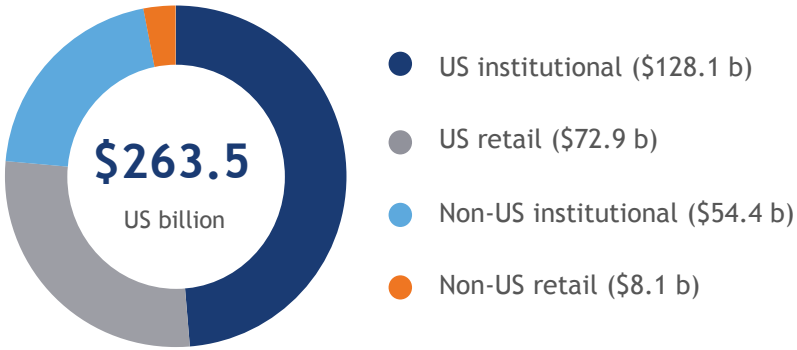
WHAT DEFINES US

Core attributes: integrity, transparency and a team-oriented culture
Rigorous fundamental analysis complemented by robust macro and market insight
Portfolio managers, strategists, research analysts and traders collaborating to identify our best ideas
Small, accountable product teams implementing portfolio decisions
Disciplined risk awareness integrated into a high conviction investment process

WHERE WE INVEST



AUM BY GLOBAL ACCOUNTS

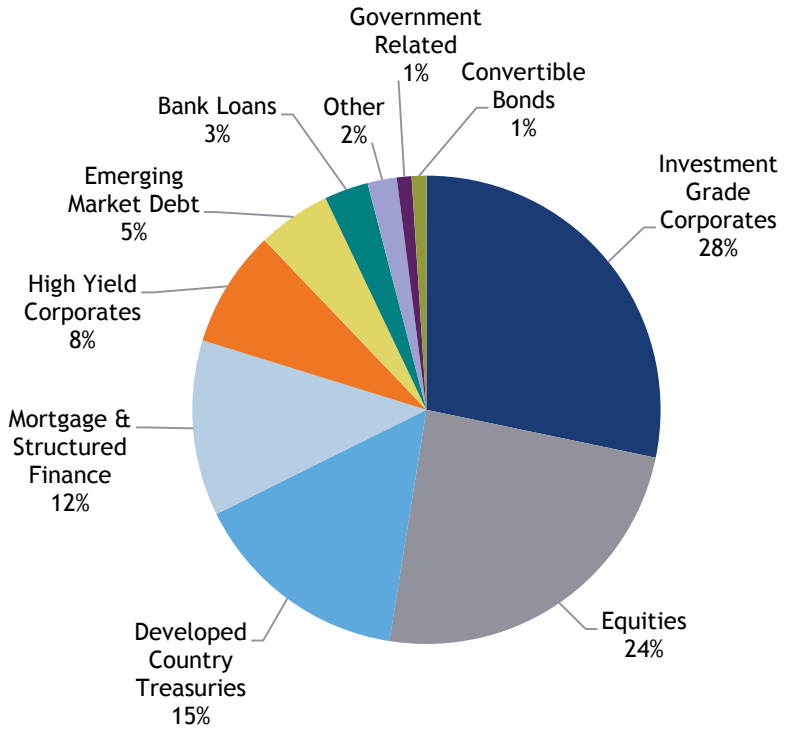


As of 3/31/2019.

**Includes the assets of both Loomis, Sayles & Co., LP, and Loomis Sayles Trust Company, LLC. ($23.6 billion for the Loomis Sayles Trust Company). Loomis Sayles Trust Company is a wholly owned subsidiary of Loomis, Sayles & Company, L.P. **As of 12/31/2018. 293 investment professionals. 81% of CFA charterholders are investment professionals and 19% are non-investment professionals. ***Reflects the McDonnell Investment Management office.*

comprehensive expertise

By Global Sector	Assets ($ Millions)
Investment Grade Corporates	75,273
Equities	64,821
Developed Country Treasuries	39,259
Mortgage & Structured Finance	31,548
High Yield Corporates	21,765
Emerging Market Debt	13,509
Bank Loans	8,435
Other	4,253
Government Related	3,208
Convertible Bonds	2,909



As of 3/31/2019. Due to rounding, pie chart total may not equal 100%.
Sector level assets include all accrued interest, cash and unrealized gain/loss on currency forwards.
Other includes municipals, cash & equivalents, and derivatives.
Includes the assets of both Loomis, Sayles & Co., LP, and Loomis Sayles Trust Company LLC.

our investment platform

MICHAEL GILES
Chief Investment Risk Officer

JAE PARK
Chief Investment Officer

DAVID WALDMAN
Deputy CIO

ALPHA STRATEGIES	BANK LOANS	DISCIPLINED ALPHA	EMERGING MARKET DEBT	FULL DISCRETION	GLOBAL	RELATIVE RETURN	MORTGAGE & STRUCTURED FINANCE	MUNICIPAL**
Credit Asset	Senior Loans	Core	Corporate	Multisector	Global Bond	Short Duration	Agency MBS	Short
World Credit Asset	Senior Floating Rate and Fixed Income	Corporate	Local Currency	Core Plus	Global Credit	Inter. Duration	Investment Grade	Intermediate
Multi-Asset Income	Credit Opportunities	Intermediate	Short Duration	High Yield Full Discretion	Global Debt Unconstrained	Core	Securitized Credit (ERISA)	Long
Inflation Protected (TIPS)	CLOs	Long Corporate	Asia Credit	Global High Yield	Global Disciplined Alpha*	Core Plus	High Yield	Crossover
Risk Premia Strategies		Long Credit		US High Yield		IG Corporate	Private Debt and Equity	Customized
		Long Gov't/Corp		High Yield Conservative		IG Inter. Corporate		
		Global Disciplined Alpha*		Strategic Alpha		Long Corporate		
						Long Credit		
						Long Gov't/Credit		
						Custom LDI		

GLOBAL EQUITY OPPORTUNITIES	GROWTH EQUITY STRATEGIES	SMALL CAP GROWTH	SMALL CAP VALUE
Global Allocation	All Cap Growth	Small Cap Growth	Small Cap Value
Global Equity Opportunities	Global Growth	Small/Mid Cap Growth	Small/Mid Cap Core
	Large Cap Growth		
	Long/Short Equity		

As of 3/31/2019.
** Co-managed investment strategy*
***Reflects McDonnell Investment Management capabilities.*

deep insight fuels our pursuit of alpha

MACRO STRATEGIES

- 2 Directors*
  18 years average experience
- Senior Equity Strategist
  33 years experience
- Economist
  38 years experience
- Senior Commodities Analyst
  10 *years experience*
- Research Analyst
  7 *years experience*
- 2 Research Assistants

CREDIT RESEARCH

- Director
  35 years experience
- 32 Senior Credit Analysts
  20 years average experience
- 9 Credit Analysts
  8 years average experience
- 8 MIM Municipal Research Analysts**
  22 years average experience
- 2 Credit Research Associates
- 10 Credit Research Assistants
- Proprietary credit rating system since the 1930s

QUANTITATIVE RESEARCH & RISK ANALYSIS

- 2 Directors
  22 years average experience
- Associate Director, Fixed Income QRRA
  11 years experience
- Senior Asset Allocation Analyst
  23 years experience
- Director, LDI & Solutions***
  16 years experience
- 3 Senior Quantitative Analysts
  15 years average experience
- 9 Quantitative Analysts
  8 years average experience

TRADING

- Head of Trading
  30 years experience
- 3 Trading Directors
  25 years average experience
- 31 Traders (incl. 3 directors above)
  16 years average experience
- Dir. of Portfolio Implementation
  12 years experience
- 19 Portfolio Specialists
  20 years average experience
- Dir. of Operational Trading Risk Mgmt.
  17 years experience
- Risk Analyst
  11 years experience
- 10 distinct asset class teams

SOVEREIGN RESEARCH

- 4 Senior Sovereign Analysts
  16 years average experience
- Analyst
  3 years experience
- Research Associate

MORTGAGE & STRUCTURED FINANCE

- Head
  21 years experience
- Portfolio Manager
  9 years experience
- 4 Strategists
  21 years average experience
- 4 Senior Analysts
  13 years average experience
- Research Analyst
  7 years experience
- 2 Research Associates
- Director, MSF Trading
  29 years experience
- 3 MSF Traders/Trading Assistants

CONVERTIBLES & SPECIAL SITUATIONS

- Associate Director
  23 years experience
- 3 Senior Research Analysts
  17 years average experience
- Research Analyst
  7 years experience
- Research Associate

EQUITY RESEARCH

- 13 Senior Analysts
  20 years average experience
- 8 Analysts
  8 years average experience
- Research Associate

As of 3/31/2019; Years experience indicates industry experience.
**As of 4/9/2019. **Reflects Loomis Sayles' McDonnell integration. MIM analysts will officially become LS employees as of 6/30/2019. ***As of 6/3/2019.*

strategy overview

PRODUCT OBJECTIVE, PHILOSOPHY AND PRODUCT UNIVERSE

Objective

- Seeks to maximize total return through research driven security selection while managing downside risk through careful portfolio construction

Philosophy

- Value driven, opportunistic approach
- Long term investment horizon
- Allocations to out-of-benchmark securities can provide value and diversification

Strategy Inception: January 1, 1989

Benchmark: Bloomberg Barclays U.S. Government/Credit Index

Product Universe

Benchmark Universe

- US Investment Grade Corporates
- US Government Debt

Asset Class Substitute

- ABS/CMBS

Opportunistic Sectors

- Emerging Markets
- Non-US dollar
- High Yield
- Equity Sensitive Convertibles
- Non-Equity Sensitive Convertibles
- Non-Agency RMBS
- Sovereign Debt
- Preferred/Equity
- Bank Loans

There is no guarantee that any investment objective will be realized, or that the strategy will be able to generate any positive or *excess return. Diversification does not ensure a profit or guarantee against a loss.*

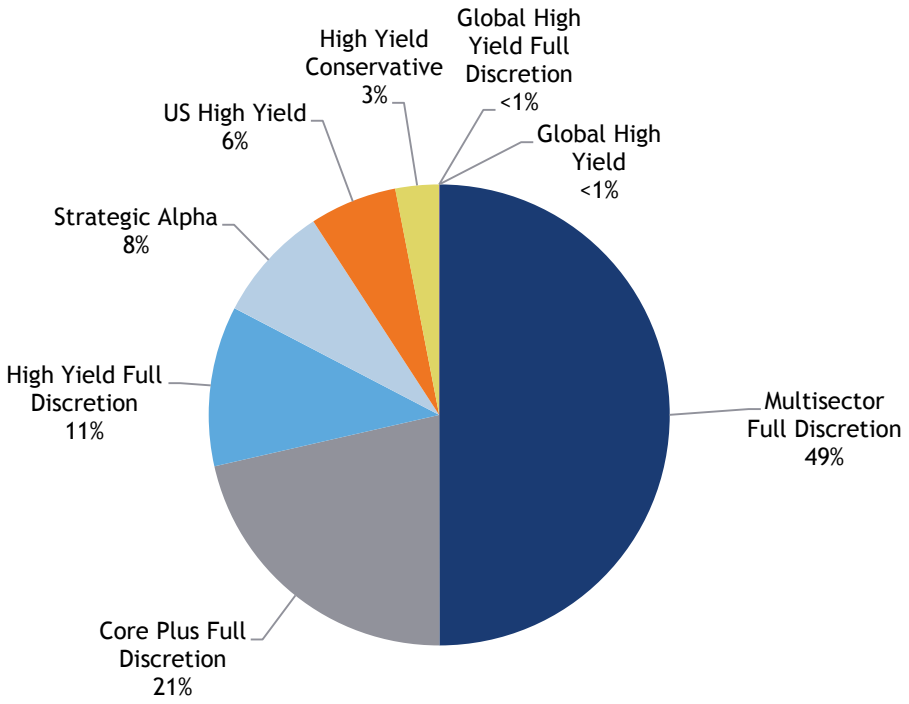
Mulfisector Full Discretion

investment process

LOOMIS SAYLES FULL DISCRETION TEAM ASSETS UNDER MANAGEMENT

$67 billion as of March 31, 2019

	ASSETS ($ millions)
Multisector Full Discretion	33,111
Core Plus Full Discretion	14,172
High Yield Full Discretion	7,333
Strategic Alpha	5,371
US High Yield	3,887
High Yield Conservative	2,152
Global High Yield	409
Global High Yield Full Discretion	504



As of 3/31/2019. Due to rounding, pie chart total may not equal 100%.

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investment process

HIGHLY EXPERIENCED, SEASONED TEAM

PRODUCT TEAM	MATTHEW EAGAN Portfolio Manager	DAN FUSS Portfolio Manager	BRIAN KENNEDY Portfolio Manager	ELAINE STOKES Portfolio Manager
Yrs of industry experience:	28	60	28	31
Yrs with firm:	21	42	24	30

	SCOTT DARCI Equity and Derivatives Strategist	JOHN DEVOY Senior Credit Strategist	BRIAN HESS Global Strategist	VISHAL PATEL Emerging Market Corporate Strategist	PETER SHEEHAN Convertibles and Special Situations Strategist	TODD VANDAM Portfolio Manager
Yrs of industry experience:	12	19	15	16	11	24
Yrs with firm:	10	3	4	3	6	24

	KEN JOHNSON Product Manager	FRED SWEENEY Product Manager
Yrs of industry experience:	27	31
Yrs with firm:	18	23

KEY SUPPORT	Investment Analysts		Portfolio Specialists	
	K. Doyle	C. Romanelli	M. Fitzgerald	A. Steede
	B. Hazelton	S. Xiao	R. Gartaganis	M. Tierney

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

FIRM RESOURCES				
Macro Strategies	Credit Research	Quantitative Research & Risk Analysis	Fixed Income Trading
Sovereign Research	Mortgage & Structured Finance	Convertibles & Special Situations	Equity Research

Full Discretion

As of 3/31/2019.

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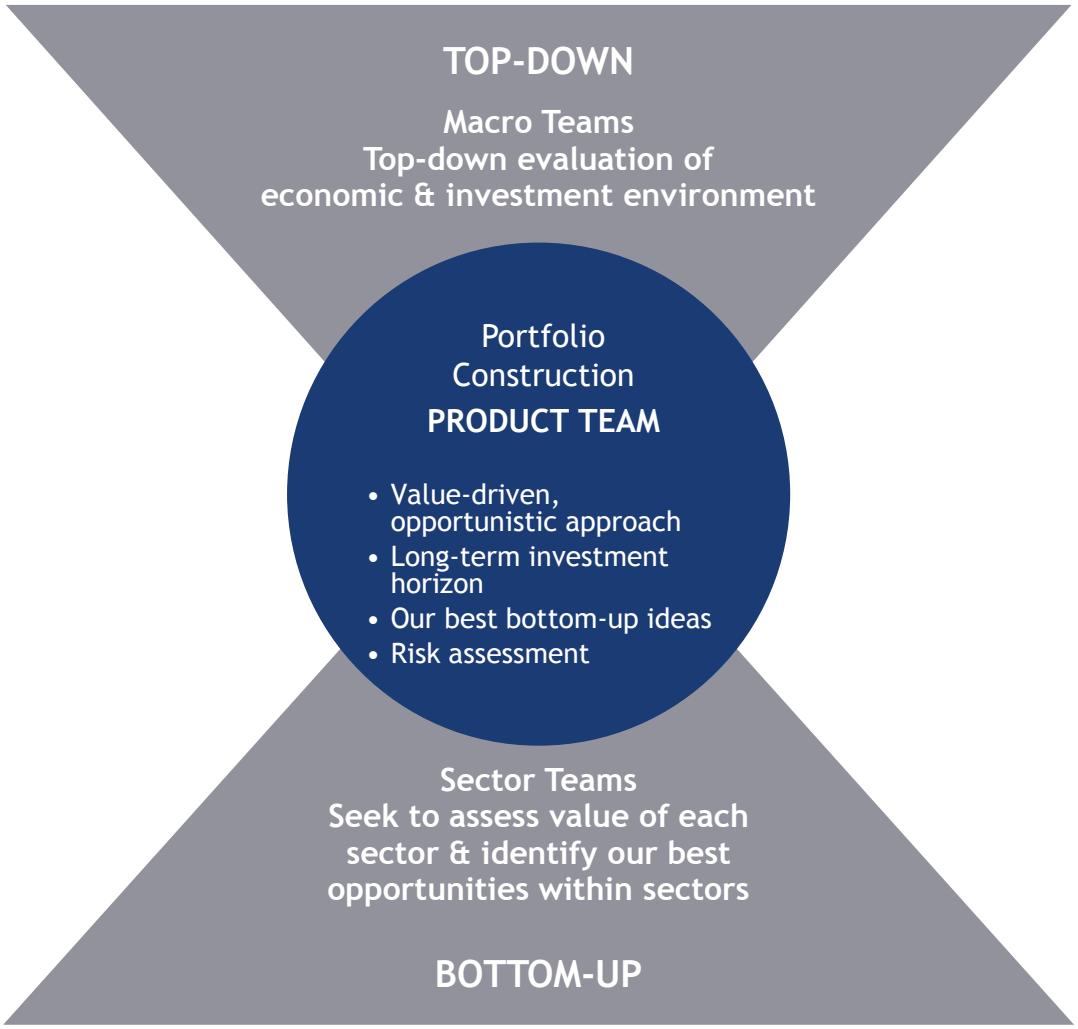
investment process



investment process – top down

TOP-DOWN ECONOMIC AND SECTOR ANALYSIS

Determine:

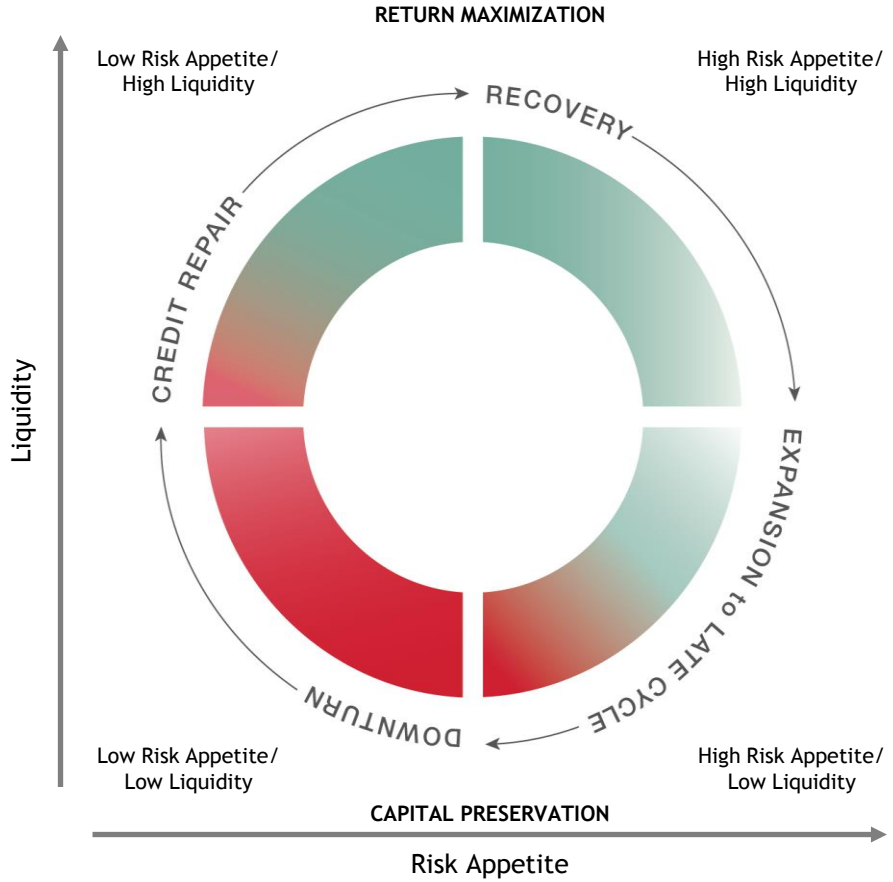
- Risk profile/quality and liquidity emphasis
- Broad sector allocation
- Duration/yield curve strategy

Inputs:

- Macroeconomic analysis
- Credit cycle analysis
- Sector return forecasts
- Yield Curve forecasts

Resources:

- Macro Strategies Group/Yield Curve Team
- GAAT (Global Asset Allocation Team)
- Sector Teams



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 sector team and views are subject to change at any time without notice. Other industry analysts and investment personnel may have different views and opinions.

investment process

SECTOR TEAMS

Deeper perspective through the collaboration of Portfolio Managers, Strategists, Research Analysts and Traders

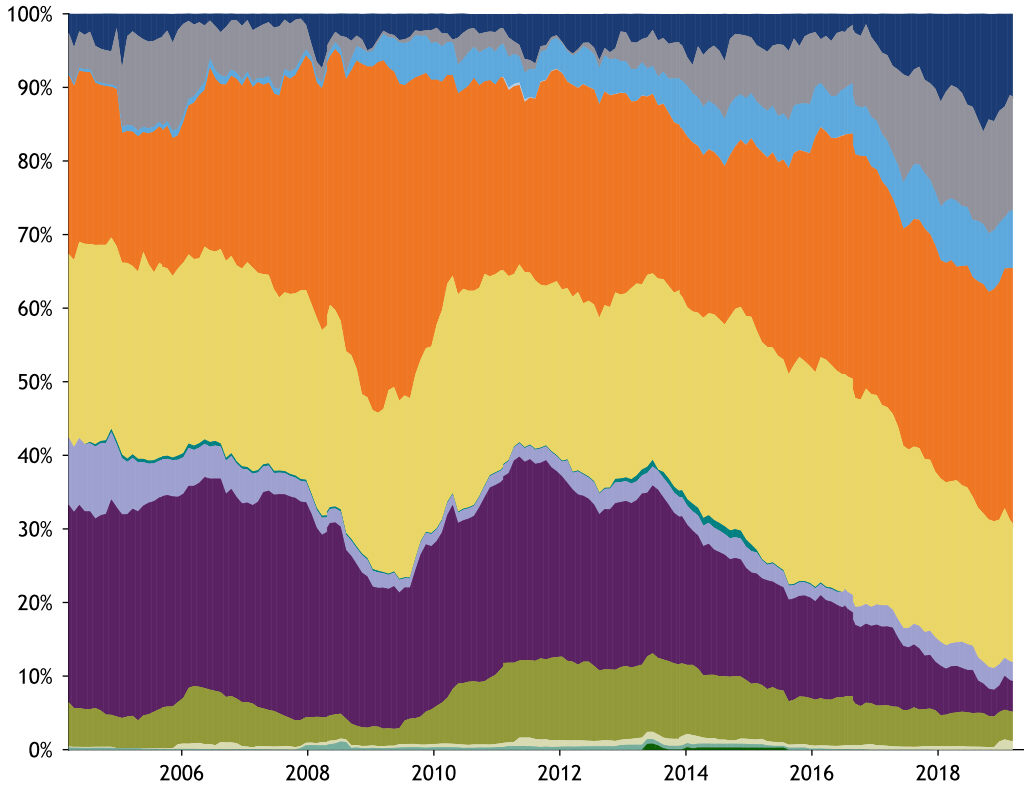
- Develop top-down and bottom-up valuation frameworks and market analysis
- Identify where investment value may lie in various markets and/or what we view as the most attractive securities in each sector
- Monitor and measure sector performance and trends

MACRO-ORIENTED TEAMS	MARKET SECTOR TEAMS
Global Asset Allocation	Bank Loans
US Yield Curve	Commodities
Developed Non-US Markets	Convertibles
	Emerging Markets
	Equity
	Global Credit
	High Yield
	Investment Grade Corporate
	Municipals
	Mortgage & Structured Finance
	US Government

investment process

MULTISECTOR FULL DISCRETION

Historical sector allocations – 15 year data



15 Years ending 3/31/2019	Actual Min (%)	Actual Max (%)	3/31/2019 (%)
Cash/Equivalents	0.65	16.00	11.52
US Treasury	0.20	15.77	15.14
Securitized	0.30	8.93	7.86
Municipals	0.01	0.36	0.01
Investment Grade Credit	16.26	47.63	35.22
High Yield Credit	18.43	30.96	18.43
Bank Loans	0.11	1.07	-
Emerging Market Credit *	1.25	9.80	2.62
Non-US Dollar	3.57	30.24	4.12
Convertibles	2.16	11.36	3.92
Equity	0.01	1.39	1.15
Preferred	0.01	1.10	0.01
Other	0.03	0.81	-

Data Source: Loomis, Sayles & Company and index data provider. As of 3/31/2019 based on monthly calculations. Benchmark is Bloomberg Barclays U.S. Government/Credit Index.
** Emerging market credit in the sector distribution is defined as US dollar denominated bonds from a country on the firm Emerging Market list based on Bloomberg Barclays Emerging Markets Ex-Aggregate Index.*
Due to active management, sector allocation will evolve over time. Sector values are rounded to the nearest percent, and those with a value of less than 0.5% may appear in the chart though they are rounded to zero in the legend.

The Disclosure Statement at the end of this presentation displays performance, including dispersion, for the Loomis Sayles Multisector Full Discretion Composite.

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guideline summary

BENCHMARK

- Bloomberg Barclays Capital US Government/Credit Index

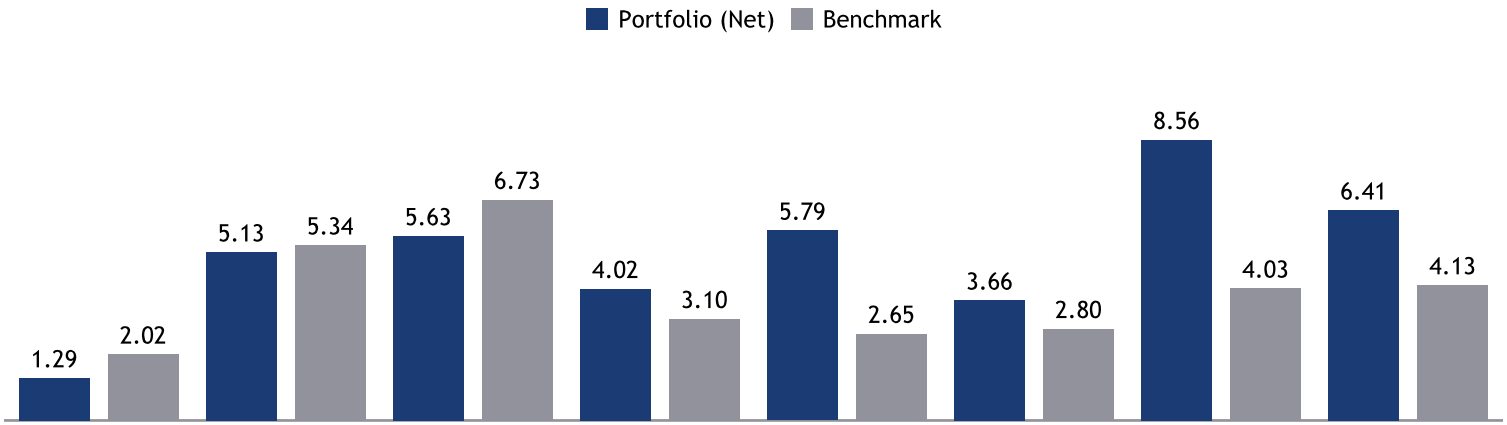
GUIDELINES & LIMITATIONS

- Minimum Credit Quality: Account must hold at least 65% MV rated equal to or above Moody, 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 LS Senior Loan Fund 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 5/31/2019 (%)



	QTD	YTD	1 Year	2 Years	3 Years	5 Years	10 Years	Since Inception 10/31/2007
Excess Return (Net)	-0.72	-0.21	-1.11	+0.92	+3.14	+0.87	+4.53	+2.28

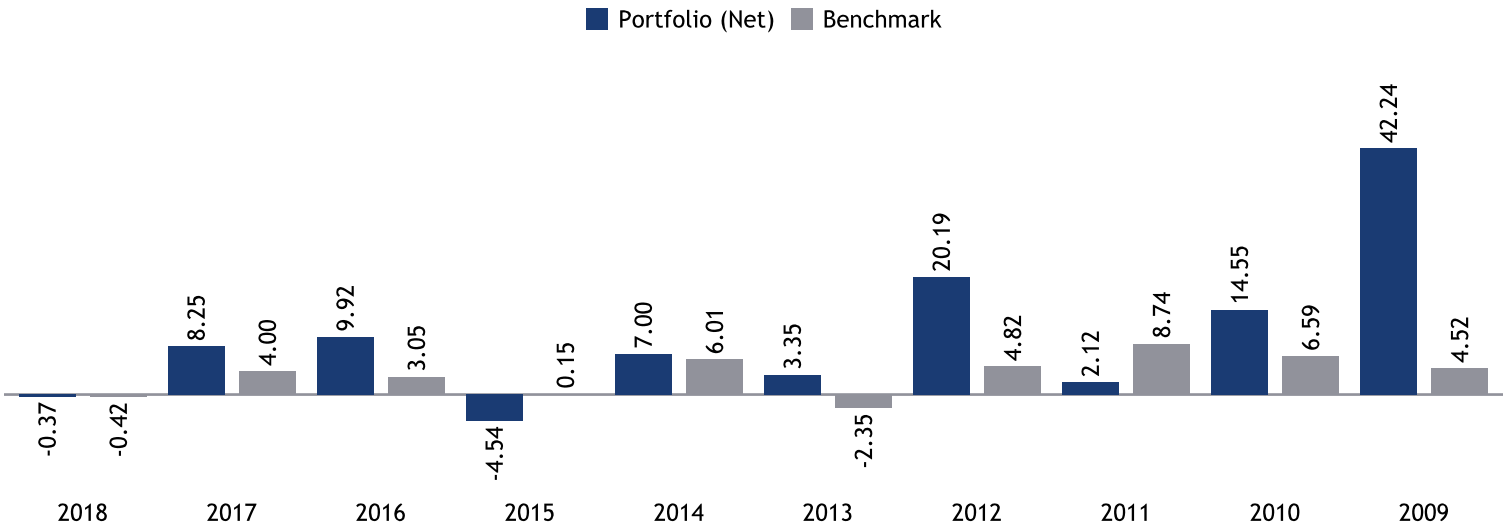
PORTFOLIO VALUATION (USD)

	Portfolio 5/31/2018	Portfolio 5/31/2019
Total	38,760,811	49,514,014

Benchmarks: BBG BARC Govt Credit (10/31/2007 - 5/31/2019).
The current benchmark is Bloomberg Barclays U.S. Government/Credit Index.

performance

CALENDAR YEAR RETURNS AS OF 5/31/2019 (%)

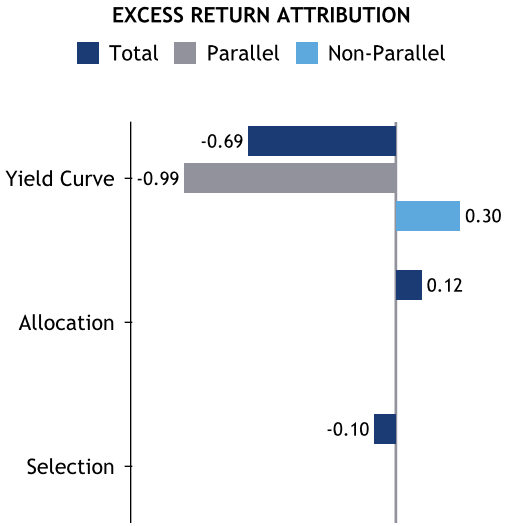


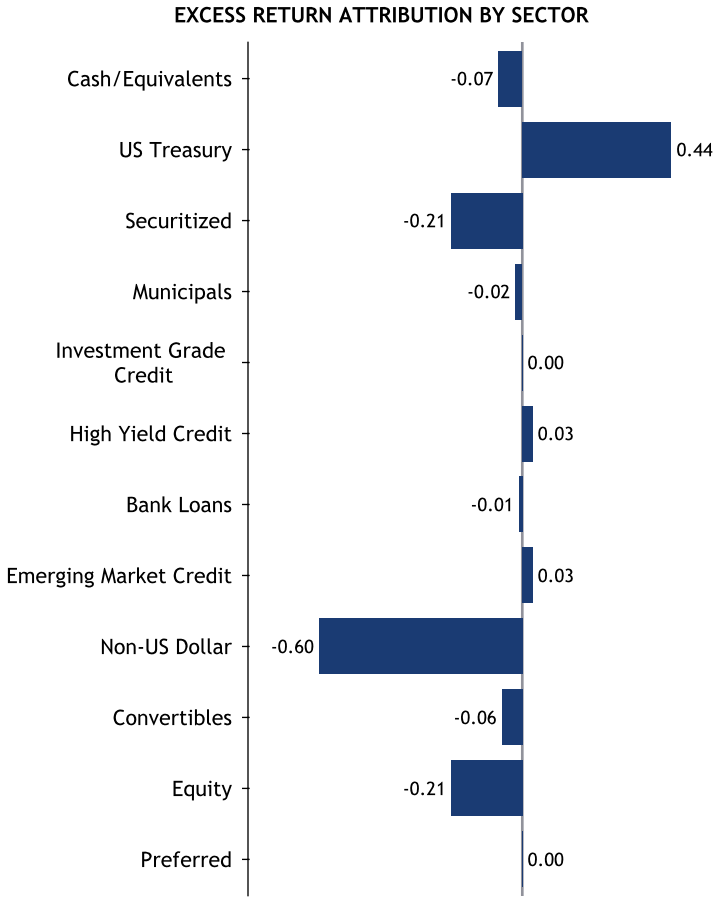
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Excess Return (Net)	+0.05	+4.25	+6.87	-4.69	+0.99	+5.70	+15.37	-6.61	+7.96	+37.72

Benchmarks: BBG BARC Govt Credit (10/31/2007 - 5/31/2019).
The current benchmark is Bloomberg Barclays U.S. Government/Credit Index.

attribution analysis

5/31/2018 TO 5/31/2019





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 Barclays U.S. Government/Credit Index.

attribution analysis

5/31/2018 TO 5/31/2019

SECTOR DISTRIBUTION

	Portfolio Final Weight	Benchmark Final Weight	Portfolio Average Weight	Benchmark Average Weight	Portfolio Return	Benchmark Return	Total Effect
US Treasury	13.28	56.27	8.29	55.26	6.43	6.28	0.44
High Yield Credit	8.06	0.01	9.47	0.01	6.77	3.05	0.03
Emerging Market Credit	4.63	2.44	6.23	2.51	6.93	8.88	0.03
Investment Grade Credit	39.03	40.87	37.60	41.81	7.26	7.19	0.00
Preferred	0.01	0.00	0.01	0.00	-1.06	6.74	0.00
Bank Loans	0.61	0.00	0.78	0.00	5.04	6.74	-0.01
Municipals	0.01	0.41	0.01	0.42	12.81	10.56	-0.02
Convertibles	3.20	0.00	4.62	0.00	2.33	6.74	-0.06
Cash/Equivalents	1.68	0.00	3.06	0.00	2.24	6.74	-0.07
Equity	0.21	0.00	0.53	0.00	-37.06	6.74	-0.21
Securitized	25.35	0.00	25.36	0.00	5.60	6.74	-0.21
Non-US Dollar	3.93	0.00	4.03	0.00	-1.78	6.74	-0.60

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

attribution analysis

5/31/2018 TO 5/31/2019

TOP 10 INDUSTRIES BY TOTAL EFFECT

	Portfolio Weight	Benchmark Weight	Total Effect
Treasuries	10.42	55.26	0.17
Communications	4.62	3.22	0.12
Banking	7.79	8.35	0.10
Consumer Non Cyclical	8.14	5.83	0.09
Finance Companies	2.00	0.34	0.03
Government Sponsored	0.11	0.74	0.02
Government Guarantee	0.00	1.32	0.02
Basic Industry	3.86	1.09	0.01
Reits	2.16	0.91	0.01
Student Lns	0.05	0.00	0.00

BOTTOM 10 INDUSTRIES BY TOTAL EFFECT

	Portfolio Weight	Benchmark Weight	Total Effect
Local Authorities	0.82	1.33	-0.28
Energy	8.74	3.26	-0.23
Utility Other	0.22	0.04	-0.20
Sovereign	0.27	1.36	-0.18
Home Equity	7.20	0.00	-0.09
Credit Card	2.50	0.00	-0.05
ABS Other	4.55	0.00	-0.04
Supranational	1.66	2.15	-0.04
Car Loan	5.86	0.00	-0.03
Consumer Cyclical	4.94	2.57	-0.03

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

attribution analysis

5/31/2018 TO 5/31/2019

CURRENCY DISTRIBUTION

	Portfolio Weight Pre-Hedge	Portfolio Weight Post-Hedge	Currency Contribution	Bond Contribution	Hedging Effect	Total Effect
Argentine Peso	0.78	0.78	-0.50	0.15	0.00	-0.35
Mexican Peso	1.06	0.62	0.10	-0.09	-0.01	0.00
South African Rand	1.01	0.07	-0.15	-0.01	0.10	-0.06
US Dollar	95.94	95.94	0.00	-0.06	0.00	-0.06
Unrealized FX Gain/Loss	0.02	0.02	0.00	0.00	0.00	0.00
Colombian Peso	0.24	0.24	-0.03	0.00	0.00	-0.04
Hungarian Forint	0.18	0.18	-0.02	-0.02	0.00	-0.04
Malaysian Ringgit	0.27	0.27	-0.01	-0.02	0.00	-0.04
Norwegian Krone	0.27	0.27	-0.02	-0.04	0.00	-0.06
Polish Zloty	0.17	0.17	-0.01	-0.02	0.00	-0.03
Canadian Dollar	0.06	0.05	0.00	-0.01	0.00	-0.01

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 Barclays U.S. Government/Credit Index.

portfolio summary

AS OF 5/31/2019

	Portfolio 5/31/2019	Benchmark 5/31/2019	Portfolio 5/31/2018	Benchmark 5/31/2018
Yield to Worst (%)	4.28	2.63	5.02	3.14
Effective Duration (years)	5.01	6.58	4.91	6.41
Effective Maturity (years)	6.94	8.86	7.09	8.72
OAS * (bps)	158	51	163	46
Coupon (%)	4.09	3.07	4.28	2.91
Current Yield (%)	4.31	2.96	4.72	2.91
Average Quality	BAA1	AA3	BAA2	AA3
Number of Securities	432	7,127	466	6,917
Number of Issuers	251	934	274	911

Quality	Portfolio 5/31/2019	Benchmark 5/31/2019	Portfolio 5/31/2018	Benchmark 5/31/2018
AAA	24.70	61.72	11.04	60.68
AA	3.90	7.28	2.82	6.96
A	18.03	17.26	21.93	18.37
BAA	36.88	13.73	40.59	13.99
BA	11.10	0.00	13.75	0.00
B	4.08	0.01	6.35	0.01
CAA	0.82	0.00	2.44	0.00
C	0.07	0.00	0.04	0.00
NR	0.42	0.00	1.04	0.00

** OAS is option adjusted spread.*
Client Guideline Quality Methodology presented.
The current benchmark is Bloomberg Barclays U.S. Government/Credit Index.

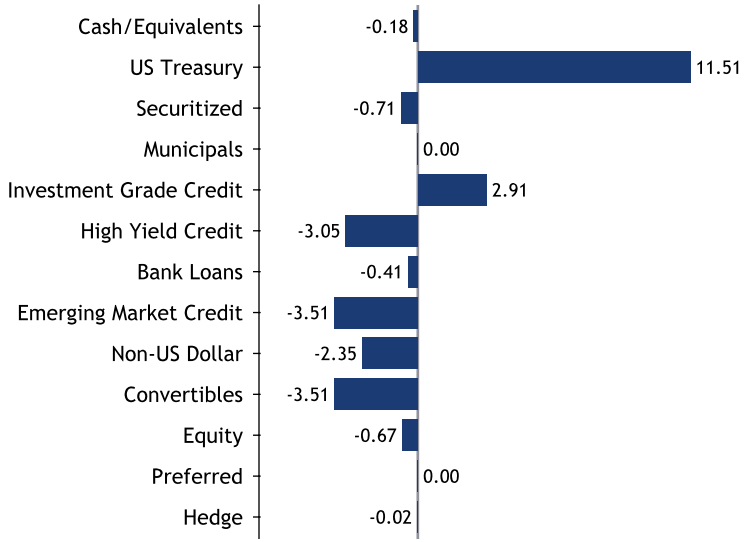
sector allocation

5/31/2018 TO 5/31/2019 (%)

SECTOR DISTRIBUTION

	Portfolio 5/31/2019	Over/Under Weight
Cash/Equivalents	1.68	1.68
US Treasury	13.28	-42.99
Securitized	25.35	25.35
Municipals	0.01	-0.41
Investment Grade Credit	39.03	-1.84
High Yield Credit	8.06	8.04
Bank Loans	0.61	0.61
Emerging Market Credit	4.63	2.19
Non-US Dollar	2.87	2.87
Convertibles	3.20	3.20
Equity	0.21	0.21
Preferred	0.01	0.01
Hedge	1.07	1.07

SECTOR ALLOCATION CHANGE



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

country of risk allocation

AS OF 5/31/2019

Total Developed Countries Exposure	Portfolio Weight %	Benchmark Weight %
Developed	92.40	97.57
Americas	81.42	89.88
United States	79.14	88.24
Canada	1.17	1.62
Cayman Islands	0.81	0.00
Bermuda	0.29	0.03
Asia	0.00	0.75
Other	0.00	0.75
Europe	9.04	4.61
United Kingdom	2.24	1.69
France	0.98	0.24
Switzerland	0.97	0.27
Italy	0.90	0.05
Spain	0.85	0.16
Netherlands	0.81	0.46
Norway	0.80	0.07
Denmark	0.56	0.00
Germany	0.52	0.92
Luxembourg	0.28	0.03
Finland	0.08	0.00
Ireland	0.06	0.08
Other	0.00	0.63
Oceania	0.16	0.34
Australia	0.16	0.34
Supranational **	1.78	1.98
Supranational	1.78	1.98

Total EM Countries Exposure (USD & Non USD)	Portfolio Weight %	Benchmark Weight %
Emerging Markets *	7.60	2.43
Africa	1.80	0.02
South Africa	1.69	0.02
Zambia	0.11	0.00
Americas	3.38	1.48
Brazil	1.42	0.12
Argentina	1.06	0.00
Mexico	0.59	0.75
Colombia	0.31	0.24
Other	0.00	0.38
Asia	0.66	0.72
Malaysia	0.66	0.00
Other	0.00	0.72
Europe	0.87	0.15
Poland	0.44	0.07
Hungary	0.43	0.07
Middle East	0.88	0.05
Israel	0.88	0.05
Total	100.00	100.00

Non Dollar Exposure	Portfolio Weight %	Benchmark Weight %
Total Non USD †	2.88	0.00
Developed	0.73	0.00
Norwegian Krone	0.63	0.00
Canadian Dollar	0.09	0.00
Emerging Markets	2.16	0.00
Malaysian Ringgit	0.66	0.00
Argentine Peso	0.53	0.00
Polish Zloty	0.44	0.00
Hungarian Forint	0.43	0.00
South African Rand	0.08	0.00
Mexican Peso	0.02	0.00

** 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 Barclays U.S. Government/Credit Index.

contacts

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