



8 August 2022

Statement Regarding Loomis Sayles Trust Company, LLC v Citigroup Global Markets Inc

On 6 August 2022, Loomis Sayles Trust Company, LLC (LSTC) filed a class action complaint against Citigroup in the United States District Court for the Southern District of New York alleging Citigroup's failure to properly execute trades as LSTC's broker. The complaint alleges that Citigroup failed to achieve best execution in connection with two large orders completed for the Loomis Sayles Growth Equity Strategies (GES) portfolios on 18 March 2022 resulting in harm to LSTC's funds and Loomis Sayles clients.

We¹ engaged Citigroup, a large global broker with which our firm has a longstanding relationship, to sell certain securities and purchase others to effectuate changes to the GES portfolios on 18 March. We provided Citigroup with instructions regarding a specific group of securities to execute the orders in a way that the market could absorb without affecting price. We specifically added that the trades did not need to be completed that day.

We believe Citigroup failed to meet its legal obligations to take diligent and reasonable efforts to maximize the economic benefit to LSTC's funds and the clients of Loomis Sayles. In our complaint, we allege that Citigroup failed to discharge its fiduciary duty, including its duty of care, by failing to reasonably evaluate liquidity, by putting the entirety of the affected orders into the closing auction despite the fact that there was inadequate liquidity, by failing to pull back the orders and/or seek a halt to the closing auction when the imbalances were or should have been apparent to Citigroup and by failing to achieve best execution. The complaint further alleges that Citigroup's conduct resulted in significantly dislocated prices on the executed trades.

We take this matter very seriously and believe that Citigroup must be held accountable for the damages it has caused. Above all, we believe this is the best course of action we can pursue on behalf of clients.

In total, LSTC's funds and over 250 Loomis Sayles clients have been affected by this incident, sustaining total damages in excess of \$70 million resulting from the undue dislocated prices. Though the relative impact on any individual investor may be modest, we are committed to fighting for every basis point of return for our clients, and will continue to do so in this case.

It is important to note that this complaint is specific to the failed execution of two trades on 18 March and does not extend to other aspects of Loomis Sayles' work with Citigroup. We intend to continue to engage constructively with Citigroup on other client matters, but we determined litigation in this instance is a necessary step to protect clients.

¹ Please note that any use of "we" encompasses Loomis Sayles Trust Company, LLC and Loomis, Sayles & Company, L.P.

This is not a decision we took lightly. Over the last four months, we have carefully reviewed this situation with two law firms with specialized experience: one with subject matter expertise and one with deep litigation experience. Our goal during this period has been to identify the optimal legal strategy that will maximize our chances of recouping losses for clients. We have also attempted to directly engage Citigroup; they have been minimally responsive to our requests for information.

These legal proceedings, which will be managed by our outside counsel, Foley Hoag LLP, will have no effect on the day-to-day work of the firm. For the vast majority of us, it is business as usual. Now more than ever, we will continue to work together as a team to be sure that our clients know that nothing has changed, and they remain our top priority.

Thank you for your continued trust in Loomis Sayles and for your patience as we endeavor to resolve this issue as swiftly as possible.