SUB-ADVISOR COMMENTARY - MAY 31, 2020

Symphony Floating Rate Senior Loan Fund (the "Fund") returned +3.5% for the month of May 2020. The Credit Suisse Leveraged Loan Index returned +3.8% for the same period.

According to J.P. Morgan, U.S. capital markets continued to advance in May following a strong April rebound. Investor risk sentiment rose on better-than-expected early results from a phase one U.S. clinical stage trial for a COVID-19 vaccine, as well as optimism surrounding the reopening of the U.S. economy. At month end, ~55% of the U.S. economy by GDP had exited lockdown. The risk-on sentiment remained strong throughout the month despite a reemergence of political tension between the U.S. and China and continued weak economic data (April unemployment rate was 14.7%). Against this backdrop, U.S. senior loans and high yield bonds, represented by the Credit Suisse Leveraged Loan Index and the BofA Merrill Lynch High Yield index rose +3.80% and 4.56%, respectively. The S&P 500 index returned +4.76%. Aided by an expected decline in supply from OPEC and Russia, WTI crude oil price rebounded from historical low levels to $35.49.

In May, all 21 industries within senior loans recorded positive returns led by commodity sectors; Energy and Metals/Mining. Transportation generated the lowest return. Despite the rally, Energy remains the worst performing industry year-to-date. In terms of credit quality, lower credit quality (Bs/CCCs) loans outperformed higher quality (BBBs/BBs) loans as investors became more comfortable adding risk. A total of eight companies filed for bankruptcy or missed an interest payment in May, affecting $11.2 billion in bonds ($5.1bn) and loans ($6.1bn). U.S. retail funds withdrew $1.2 billion out of senior loan funds in May, but flows turned positive by $25 million during the week ending May 27. In addition, primary CLO markets produced ~$6 billion in new deals, up from ~$4 billion in both March and April, respectively. On the supply side, the primary market issuances remained slow, with $9.4 billion of senior loans issued in May.

The Fund underperformed the benchmark during the month, partially reflecting its overweight to higher rated issues that underperformed. While the Fund selectively added risk in the period, it remained biased toward larger, more liquid, higher quality loans. Also detracting from relative performance was disappointing issue selection within Energy and an overweight to Health Care. Partially offsetting weak relative results was good issue selection in aggregate and exposure to select re-org equity that rose with the broader equity market. Notably, the re-org equity of Avaya, a communication software provider, rallied on stronger-than-expected earnings outlook. The Fund took advantage of the rise in share price to reduce the position.

Over the past year, the Fund underperformed the benchmark largely because it employs leverage within the investment strategy to enhance cash distributions. As the market declined in March and into the second quarter, the Fund's leverage would have exacerbated the downside performance, however as the market for senior loans recovers, this leverage will also serve to enhance the upside in net asset value growth.

Even with the recent capital market rally, loan levels in terms of price and yield remain favorable. While some COVID-facing industry sectors and issues face near existential challenges, for a large portion of the loan market investors are being overcompensated for potential default risks. Moreover, market dynamics in terms of supply and demand should be a tailwind for the asset class, as primary loan issuance remains relatively low and retail loan outflows ebb and CLO formation rises.

SYMPHONY
from nuveen

| Annual Compound Returns[3] | 1-YR | 3-YR | 5-YR | Since Inception A & U | Since Inception C & F |
|---|---|---|---|---|---|
| Symphony Floating Rate Senior Loan Fund - Class A | (14.6%) | (3.2%) | (0.5%) | 3.3% | - |
| Symphony Floating Rate Senior Loan Fund - Class C | (14.7%) | (3.4%) | - | - | (2.4%) |
| Symphony Floating Rate Senior Loan Fund - Class F | (14.7%) | (3.1%) | - | - | (2.0%) |
| Symphony Floating Rate Senior Loan Fund - Class U | (13.2%) | (2.6%) | (0.2%) | 3.2% | - |
| Credit Suisse Leveraged Loan Index | (3.4%) | 1.7% | 2.6% | 3.9% | 2.0% |

*(1) Returns are for the periods ended May 31, 2020. The table shows the Fund's compound return for each period indicated compared with the Credit Suisse Leveraged Loan Index ("Loan Index"). The Loan Index is an appropriate benchmark as it is designed to mirror the investable universe of the US dollar denominated leveraged loan market in which the Fund also invests. The Loan Index is unleveraged and its returns are calculated without the deduction of fees, fund expenses, and trading commissions whereas the performance of the Fund includes the impact of leverage and is calculated after deducting such fees and expenses. Since the Fund is actively managed, the sector weightings may differ from those of the Loan Index.*

*(2) Inception date November 1, 2011.*

*(3) Inception date January 10, 2017.*





**Investor Relations**
PHONE 416.642.6000
TOLL FREE 1.866.642.6001
FAX 416.642.6001
EMAIL info@bromptongroup.com

**Website**
www.bromptongroup.com

**Address**
Bay Wellington Tower,
Brookfield Place
181 Bay Street
Suite 2930, Box 793
Toronto, Ontario M5J 2T3