SUB-ADVISOR COMMENTARY - OCTOBER 31, 2019

The Fund returned -1.2% for the month of October 2019. The Credit Suisse Leveraged Loan Index returned -0.49% for the same period.

According to J.P. Morgan, capital markets generally rose in October, as investor anxiety over slowing U.S. economic growth and U.S.-China trade relations ebbed due to the resumption of trade negotiations, a better-than-expected September jobs report, and an interest rate cut by the Federal Reserve. Against this backdrop, corporate risk assets were one of the few areas that experienced mixed results with U.S. stocks, investment grade and high yield bonds experiencing gains while U.S. senior loans declined.

Senior loan spreads widened during the month as a weak technical environment pushed loan prices generally lower. A confluence of factors resulted in an imbalance between demand and supply. Both institutional and retail demand weakened, as CLO formation slowed and retail investors continued to flee loan mutual funds and ETFs in favor of duration assets. At the same time, net loan issuance levels were robust. From a quality perspective, higher quality issues (BB-rated) outperformed lower quality issues (B- and CCC-rated). In terms of industry performance, 17 out of 21 loan industry sectors declined. Bucking the trend and experiencing gains were Retail and Housing that benefitted from improved U.S. economic expectations. Similar to September, global commodity-related industries – Energy and Metal & Mining – were the two industries that experienced the steepest declines. Interestingly, Energy loan issues fell significantly despite energy prices climbing slightly over the month (WTI Oil rose +0.20%). These declines were the result of seemingly unfounded investor rumors that a large energy company would not be able to proceed with planned asset sales. This sparked a late month sell-off in the name and industry sector. Both Energy and Metal & Mining issuers have recovered ground post month-end. Lastly in terms of default activity, five companies defaulted on a total of $2.0bn in bonds and $5.6bn in loans alongside two distressed transactions totaling $1.3bn in the month. This being said, loan default rates remain well below long-term historical averages.

Return comparisons for the portfolio notably benefitted from good issue selection within Health Care, primarily through the avoidance of weaker issuers within pharma/biotech that have been subject to growing litigation related to the ongoing opioid crisis. Also, good issue selection within Consumer Staples, namely within household & personal products, also helped relative and absolute return as exposure within the industry sector outperformed the broader loan market. Further, select issues within retail, technology hardware, and media added to absolute return. Most notably, a department store chain amended its loan terms, extending the issue maturity and increasing its coupon to the benefit of investors. More than offsetting good results were disappointing performance outcomes primarily from an overweight to and issue selection within relatively weak Energy and exposure to energy-related Capital Goods issues.

Although the loan portfolio remains defensively positioned given continued expectations for modestly slower U.S. and global growth over the cyclical horizon, we have begun to add risk on the margin through the new issue market. Generally speaking, new loan issues are coming to market at attractive yields and we believe the issues we have chosen to add to the portfolio should more than compensate investors for risks being taken. Further, we expect market volatility to continue into the first half of 2020 as several macro factors remain unresolved (U.S.-China trade, Brexit, etc.). As the portfolio continues to favor higher quality, more liquid loans, periodic spikes in volatility due to sudden shifts in investor risk aversion should present further opportunities to add incremental risk at depressed price levels.

SYMPHONY
from nuveen

Annual Compound Returns[1]	YTD	1-Year	3-Year	5-Year	Since Inception A & U[2]	Since Inception C & F[3]
Symphony Floating Rate Senior Loan Fund - Class A	5.5%	(1.5%)	3.7%	3.2%	5.4%	-
Symphony Floating Rate Senior Loan Fund - Class C	5.2%	(1.7%)	-	-	-	2.4%
Symphony Floating Rate Senior Loan Fund - Class F	5.3%	(1.7%)	-	-	-	2.8%
Symphony Floating Rate Senior Loan Fund - Class U	5.9%	(0.8%)	3.9%	3.2%	5.2%	-
Credit Suisse Leveraged Loan Index	5.9%	2.6%	4.2%	4.0%	4.8%	3.9%

(1) Returns are for the periods ended October 31, 2019.

(2) Inception date November 1, 2011.

(3) Inception date January 10, 2017.

The table shows the Fund's compound returns for each period indicated compared with the Credit Suisse Leveraged Loan Index. The Credit Suisse Leveraged Loan Index ("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.

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