Natixis Loomis Sayles Short Duration Income ETF

Fund Facts

OBJECTIVE

Seeks current income consistent with preservation of capital

Inception	12/27/2017
Ticker	LSST
CUSIP	63873X208
Benchmark	Bloomberg US 1-5 Year Government Bond Index

Bloomberg US Government/ Credit 1-3 Year Index *is the 1-3 year component of the Bloomberg US Government/Credit Index. The US Government/Credit Index includes securities in the government and credit indices. The Government Index includes Treasurys (i.e., public obligations of the US Treasury that have remaining maturities of more than one year) and agencies (i.e., publicly issued debt of US Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the US Government). The Credit Index includes publicly issued US corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements. Indexes are unmanaged and do not incur fees. It is not possible to invest directly in an index.*

Investment grade refers to bonds rated BBB/Baa or higher. Ratings are determined by third-party rating agencies such as Standard & Poor's or Moody's and are an indication of a bond's credit quality.

Market Conditions

- Investment-grade bonds finished the first quarter with a narrow loss, as the benefit of narrowing spreads was outmatched by rising US rates. Bonds rallied significantly in the final two months of 2023 on expectations that falling inflation would allow the US Federal Reserve (Fed) to begin reducing interest rates. Coming into the year, the futures markets were indicating that the Fed would enact as many as six to seven rate cuts in 2024, with the first potentially occurring in March. This positive outlook ultimately proved to be premature, as rising oil prices and robust economic data began to fuel concerns that inflation may be set to reaccelerate. The consensus number of rate cuts fell to three by quarter-end as a result, with the likely timing of the first cut pushed back to June. While Fed Chairman Jerome Powell reiterated his December statement that the Fed indeed is on track to begin cutting rates this year, market participants appeared to display a lower degree of confidence. In combination, these factors led to uninspiring returns for most segments of the bond market.
- The less favorable interest rate outlook led to a slightly negative total return for US Treasurys. Although bonds with maturities of two years and below finished with small gains, the benefit was outweighed by weakness in longer-term issues. The yield on the two-year note rose from 4.23% to 4.59% (as its price fell) over the course of the quarter, while the 10-year climbed from 3.88% to 4.22%. The yield curve remained inverted—meaning that short-term yields were above those on longer-term debt)—extending the duration of the inversion to the longest in history and exceeding the previous high set in 1978.

Performance as of March 31, 2024 (%)

	CUMULATIVE TOTAL RETURN		AVERAGE ANNUALIZED RETURN			
	3 MONTH	YTD	1 YEAR	3 YEAR	5 YEAR	SINCE INCEPTION
ETF (NAV)	0.81	0.81	4.94	0.87	2.25	2.31
ETF (MARKET PRICE)	0.85	0.85	4.81	0.82	2.25	2.30
BENCHMARK	0.42	0.42	3.49	0.25	1.36	1.54

Performance data shown represents past performance and is no guarantee of, and not necessarily indicative of, future results. Investment return and value will vary and you may have a gain or loss when shares are sold. Current performance may be lower or higher than quoted. For most recent month-end performance, visit www.im.natixis.com.

Performance for periods less than one year is cumulative, not annualized. Returns reflect changes in share price and reinvestment of dividends and capital gains, if any. You may not invest directly in an index. An exchange-traded fund's market price is the price at which shares in the ETF can be bought or sold on the exchanges during trading hours, while the net asset value (NAV) represents the value of each share's portion of the fund's underlying assets and cash at the end of the trading day. ETFs calculate the NAV at 4 p.m. EST, after the markets close.

Gross expense ratio 0.88%. Net expense ratio 0.35%. As of the most recent prospectus, the investment advisor has contractually agreed to waive fees and/or reimburse expenses (with certain exceptions) once the expense limitation of the fund has been exceeded. This arrangement is set to expire on 4/30/2026. When an expense limitation has not been exceeded, the fund may have similar expense ratios and/or yields. The Investment Advisor has given a binding contractual undertaking to the Fund to limit the amount of the Fund's total annual fund operating expenses to 0.38% of the Fund's average daily net assets, exclusive of brokerage expenses, interest expense, taxes, acquired fund fees and expenses, organizational and extraordinary expenses, such as litigation and indemnification expenses. This undertaking is in effect through April 30, 2026 and may be terminated before then only with the consent of the Fund's Board of Trustees.

- Corporate bonds posted a small loss but slightly outperformed Treasurys in the quarter. The category benefited from the combination of better-than-expected economic growth, positive corporate earnings results, and investors' hearty appetite for risk. These factors led to a modest decline in yield spreads that augmented corporates' above-average income.
- Securitized credit posted strong positive total and excess returns in the first quarter. Receding fears of an economic "hard landing" and further rising expectations for Fed rate cuts in 2024 were beneficial for the sector. Commercial mortgage-backed securities were particularly strong performers following a significant selloff in 2023 that was brought about by concerns about fundamentals in commercial real estate. Commercial ABS and consumer asset-backed securities also delivered strong returns amid a broader rally in risk assets. Collateralized loan obligations and non-agency residential mortgage-backed securities (MBS) were also positive. Agency MBS experienced negative total returns, with lower-coupon issues generally underperforming those with higher coupons.

Portfolio Review

- The Natixis Loomis Sayles Short Duration Income ETF returned 0.88% over the first quarter of 2024, outperforming its Benchmark, the Barclays US Government/Credit 1-3 Years Index, which returned 0.42%.

Contributors

- Corporate bond exposure was the largest benefit to performance due to positive allocation effects from an overweight position in the sector while spreads contracted in addition to positive issue selection sourced from a number of corporate industries. Non-investment grade corporate bond exposure also contributed to performance in accounts that allow HY.
- Securitized exposures contributed to performance due to an overweight position while spreads compressed and positive issue selection. Auto ABS provided the bulk of ballast during the period but CMBS also contributed.
- Duration continues to be managed in line with the benchmark but duration differences along the yield curve resulted in a positive performance effect during the quarter.

Detractors

- Security selection effect within US Treasurys was negative for the quarter.

Outlook

- The Federal Reserve held the Fed Funds rate steady at 5.25% throughout the first quarter. Markets reacted to inflation prints that came in hotter than expected, partly due to residual seasonality, but ended the quarter with expectations for 75 bps of cuts between now and year-end. This market expectation is consistent with the Fed's Summary of Economic Projections and a "soft landing" narrative. Meanwhile, risk appetites remained robust and spreads continued to tighten during the quarter. The yield curve remained inverted, with higher yields on shorter maturity Treasurys relative to longer-dated notes and bonds. We believe that growth and inflation are likely to be slightly lower throughout the remainder of this year, with potential for the unemployment rate to edge up slightly. We think This implies some chance the Fed may be more accommodative than the market currently

anticipates. Yields on 10-year Treasurys returned to the 2023 year-end level 3.88% in early February before pushing higher, ending the quarter at 4.20%.

- We continue to hold the view that we are in the late phase of the credit cycle. Corporate balance sheets have deteriorated, but from a very strong starting point; profit margins could continue to be pressured amid higher input costs, tighter credit conditions, and a slowdown in de-leveraging trends. We believe a relatively healthy middle class consumer and resilient labor market should prevent the economy from entering into a severe recession in this cycle.
- We anticipate continued volatility in interest rate markets should inflation data come in much higher or lower than expectations, even as the broad disinflation trend remains intact. We remain concerned about the lagged effects of significant monetary tightening and potential exogenous shocks to growth, possibly emanating from the ongoing conflict in the Middle East. We do not believe that current spreads provide adequate compensation for the risks facing the economy and markets.
- We continue to favor spread sectors, such as corporate bonds and securitized assets.
- The strategy's corporate bond risk relative to benchmark continues to be in the middle of the range. For mandates which allow for non-investment grade allocations, the team continues to hold a small number of issuers we believe offer value.
- We believe asset backed securities (ABS) continue to be a favorable alternative in the front end of the curve. We continue to favor consumer related collateral and prefer the top of the capital stack but are not limited to the highest quality band of the structure. The strategy's ABS risk relative to benchmark remains around two-thirds of risk budget.
- While the strategy continues to hold commercial mortgage backed securities (CMBS), the exposure is typically on the low end of our risk range relative to benchmark. When opportunities arise within CMBS we tend to favor senior parts of the capital stack.
- We continue to follow our process of seeking to build diversified exposures by asset class, industry and issuers.

About Risk

Exchange-traded funds (ETFs) trade like stocks, are subject to investment risk and will fluctuate in market value. Unlike mutual funds, ETF shares are not individually redeemable directly with the fund and are bought and sold at market price, which may be higher or lower than the ETF's net asset value (NAV). Transactions in shares of ETFs will result in brokerage commissions, which will reduce returns. **Unlike typical exchange-traded funds**, there are no indexes that the fund attempts to track or replicate. Thus, the ability of the fund to achieve its objectives will depend on the effectiveness of the portfolio manager. There is no assurance that the investment process will consistently lead to successful investing. **Fixed income securities** may carry one or more of the following risks: credit, interest rate (as interest rates rise, bond prices usually fall), inflation and liquidity. **Below investment grade fixed income securities** may be subject to greater risks (including the risk of default) than other fixed income securities. **Foreign and emerging market securities** may be subject to greater political, economic, environmental, credit, currency and information risks. Foreign securities may be subject to higher volatility than US securities, due to varying degrees of regulation and limited liquidity. These risks are magnified in emerging markets. **Interest rate risk** is a major risk to all bondholders. As rates rise, existing bonds that offer a lower rate of return decline in value because newly issued bonds that pay higher rates are more attractive to investors.

[1]Commercial Mortgage-Backed Securities (CMBS) are secured by loans on commercial property.

[2]Mortgage-Backed Securities (MBS) derive cash flows from debt such as mortgages, home-equity loans and subprime mortgage
[3]Collateralized Loan Obligations (CLO) are structured securities backed by leveraged bank loans.
[4]Asset Backed Securities (ABS) are backed by loans, leases or receivables against assets other than real estate or mortgage backed securities.
[5]Residential Mortgage-Backed Securities (RMBS) derive cash flows from residential debt such as mortgages, home-equity loans and subprime mortgages.

Important Disclosure

Outlook as presented in this material reflects subjective judgments and assumptions of the portfolio team and does not necessarily reflect the views of Loomis, Sayles & Company, L.P. There is no assurance that developments will transpire as stated. Opinions expressed will evolve as future events unfold. These perspectives are as of the date indicated and may change based on market and other conditions. Actual results may vary. Please refer to the Fund prospectus for a comprehensive discussion of risks.

This marketing communication 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 Investment recommendations may be inconsistent with these opinions. Information, including that obtained from outside sources, is believed to be correct, but we cannot guarantee its accuracy. This information is subject to change at any time without notice.

Market conditions are extremely fluid and change frequently.

Diversification does not ensure a profit or guarantee against a loss.

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

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

Past performance is no guarantee of future results.

Before investing, consider the fund's investment objectives, risks, charges, and expenses. Please visit www.loomissayles.com or call 800-458-7452 for a prospectus and a summary prospectus, containing this and other information. Read it carefully.

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