Strategic Alpha Fund

Fund Facts

OBJECTIVE

Seeks to provide an attractive absolute total return, complemented by prudent investment management designed to manage risks and protect investor capital. The secondary goal of the fund is to achieve these returns with relatively low volatility

Share class	Y
Inception	12/15/2010
Ticker	LASYX
CUSIP	63872T620
Benchmark	Bloomberg US Aggregate Bond Index

Effective May 1, 2024, the fund's primary broad-based performance index changed to the Bloomberg US Aggregate Index. The Bloomberg US Aggregate Index is a broad-based securities market index that represents the overall market applicable to the fund. The fund's secondary benchmark is the ICE BofA

Bloomberg US Aggregate Bond Index.

The Bloomberg US Aggregate Bond Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the US investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis. Indexes are unmanaged and do not incur fees. It is not possible to invest directly in an index.

ICE BofA 3-monthTreasury Bill Index.

The ICE BofA 3-MonthTreasury Bill Index tracks the performance of 3-MonthTreasury Bills. Indexes are unmanaged and do not incurfees. It is not possible to investdirectly in an index.

Market Conditions

- The US bond market produced a gain in the first quarter, with positive total returns across all major segments of the asset class. The Trump administration announced a series of tariffs on the United States' global trading partners, raising concerns that the US economy could fall into a recession in the second half of the year if the policies aren't reversed. The prospect of slower growth revived expectations that the US Federal Reserve would be compelled to cut interest rates as 2025 progresses. This marked a meaningful contrast to the start of the year, when the consensus view was that the White House was likely to pursue pro-growth policies that would limit the Fed's ability to reduce rates. The shift in tone led to a decline in government bond yields, providing a tailwind for the credit sectors.
- Investment-grade corporate bonds produced positive returns in the first quarter but slightly underperformed US Treasuries. Corporates benefited from the decline in prevailing yields that accompanied mounting concerns about the impact tariffs could have on economic growth. The resulting uncertainty contributed to an increase in yield spreads, however, causing the asset class to lag government issues. Investor caution was also evident in the relative strength for higher-quality investment-grade issues relative to their lower-rated counterparts.
- Despite a sell-off in March, high-yield bonds recorded an overall gain in the first quarter. While a decline in US Treasury yields provided a tailwind for the asset class, spreads rose as investors grew increasingly uncertain about the impact tariffs could have on economic growth. As a result, high yield lagged the investment-grade market.
- The "risk-off" tone in the financial markets contributed to outperformance for higher-rated below investment-grade bonds relative to their lower-quality counterparts. In addition,

Class Y Performance as of March 31, 2025 (%)

	CUMULATIVE TOTAL RETURN		ANNUALIZED TOTAL RETURN			
	3 MONTH	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
FUND	1.68	1.68	8.80	4.54	5.27	3.17
BENCHMARK*	2.78	2.78	4.88	0.52	-0.40	1.46

Performance data shown represents past performance and is no guarantee 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.loomissayles.com.

Additional share classes may be available for eligible investors. Performance will vary based on the share class. 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.

**Bloomberg US Aggregate Bond Index.*

Gross expense ratio 0.78% (Class Y). Net expense ratio 0.73%. 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 Class Y inception date is 12/15/2010. Class Y shares are sold to eligible investors without a sales charge; other Classes are available for purchase.

more defensive sectors in the category generally outpaced those with a greater degree of economic sensitivity.

Portfolio Review

- The fund underperformed its benchmark, the Bloomberg US Aggregate Index, primarily due to emerging market exposure.

Contributors

- Securitized assets were positive for the quarter, as assets within the Non-Agency and ABS sectors had the largest positive impact.
- Investment Grade Corporate exposure was impactful, particularly within capital goods, consumer non-cyclical and technology names.
- Within high yield, our credit default swap hedge was beneficial as well as selection within capital goods, consumer non-cyclical and technology having a positive impact.

Detractors

- Exposure to emerging market bonds detracted for the quarter, particularly within the financials sector.

Outlook

- Entering 2025, market sentiment was largely positive, supported by the new administration's potential pro-growth policies, such as tax cuts and deregulation. With the inauguration of Donald Trump on January 20th came immediate influx of multiple executive orders targeting immigration, energy, DEI initiatives and Biden-era policies. In addition, the Department of Government Efficiency (DOGE) was created to reduce federal spending and bureaucracy. Investors awakened to the idea that the new administration's policy actions could potentially cause disruption in the economy and financial markets in the back half of the quarter. The Federal Reserve (Fed) met on March 18-19th and held policy rates steady, however, the press statement did note that "uncertainty around the economic outlook has increased." During the quarter, the Treasury curve shifted lower, with the 10-year US Treasury decreasing from 4.57% to 4.21%. Investment grade and high yield spreads widened as uncertainty increased surrounding government policies, such as tariffs, and the market digested the long-term impacts to growth and inflation.
- Our base case is that the US economy will remain in the late cycle phase, but we are decreasing our growth projections and moderately increasing the potential of a downturn. We do not anticipate a recession at this time, however, the implementation of tariffs and the potential for further escalation of a global trade war supports our view for a higher probability of stagflation going forward. On a global basis, the policy of "America First" could potentially force European leaders to recommit to substantial borrowing for security infrastructure. By loosening the constraints of its budget deficit limit, Europe could see a surge in deficit spending, more government bond issuance and large investments in the economy. Trump's plan to "Make America Great Again" may have the unintended effect to "Make Europe Great Again." Like Europe, China has been overly dependent upon external trade and could face weak economic conditions. The Chinese government will likely continue to bolster domestic demand while it seeks to play defense in the face of tariff

pressures, however, we believe uncertainty remains regarding the scale and effectiveness of such measures.

- US inflation has been sticky and unpredictable. Absent a quick reversal of policy or negotiations that lower or eliminate tariffs, we believe there is upside risk to inflation in the short-term. On a long-term basis, we have been suggesting that inflation may remain unstable and potentially experience higher lows in future cycles due to structural factors, such as the fiscal deficit, trade protectionism, deglobalization, decarbonization and aging demographics. From a growth perspective, as a result of escalating tariffs, we would expect a negative domestic demand shock. Our view is that economic growth needs to be marked down, which has already started to manifest itself with lower consumer confidence. This has put the Fed in a tough position – focus on growth or inflation? In our view, the Fed may be comfortable with inflation hovering above their 2% target, explaining it away as transitory (again), in order to prevent the labor market from softening too much. The Fed seems to be in a “wait-and-see” mode and its “dovish pause” could abruptly change under a stagflation scenario in which the labor market weakens meaningfully but inflation hooks upward. The dual mandate of the Fed is back in focus, so a measured response is likely, and we expect a shallower cycle with a trough rate likely reached in 2026.

- We believe the fiscal deficit is a key structural factor to monitor as it could be the Achilles heel of the Trump administration. Currently, the fiscal deficit is unsustainable and has the potential to stimulate inflation, which in turn could raise borrowing costs across the economy. A solution to the fiscal deficit problem would likely require bigger cuts than what DOGE has implemented, including in defense and entitlements as the “third rail” of the political domain, and that will likely be difficult for Trump or Congress to complete, in our view. Indeed, the House budget, passed on February 28th, calls for an extension of the tax cuts without offsetting enough spending cuts, but the net result could actually see the fiscal deficit grow by another $3T over the next ten years, in our view. Fiscal rectitude does not seem to be attainable, and this may reflect the reality that the mid-term elections are approaching quickly. Our structural view of higher interest rates remains intact, however, the increasing risk of a downturn has pushed rates lower in the short term. We believe Treasury supply will continue to be a topic of heavy discussion, which could increase interest rate volatility and put a floor under long-term Treasury yields. We believe long-term fair value for the 10-year US Treasury is approximately 4.50-4.75%, based on a 1.75-2.00% real rate and 2.75% breakeven rate; however, Trump’s policies could push the fair value target slightly higher.

- Our investment process lends itself to constantly reassessing value through our risk premium framework. Our Credit Health Index (CHIN) and risk premium framework within investment grade and high yield corporate credit suggest defaults/losses will be in line with historical averages for this part of the cycle. Based on recent market volatility, risk premiums have widened and entered the lower end of a value range. We believe that credit health remains stable as corporate fundamentals, technicals and earnings growth continue to be positive even as the economy has potentially started to downshift. It is difficult to see any real signs of credit deterioration, and in our opinion, corporate balance sheets can weather potential volatility in the macroeconomic backdrop.

- We believe that long-term value has returned to fixed income markets with a combination of discount-to-par (positive convexity) and favorable yields. As investors sit on record levels of cash, we expect strong demand will likely support bond markets. We have largely kept risk unchanged given the lack of clarity around tariffs, however, elevated dispersion within various credit markets has created potential opportunities in investment grade credit, high yield credit, bank loans and securitized credit, in our opinion. Our view is that risk premiums have become more attractive and, as a result, we believe investors should also consider moderately leaning into credit risk for any potential extra carry pick-up. We are mindful of the risks going forward, such as a growing US deficit, trade protectionism (tariffs) and geopolitical risk. Each of these risks could further elevate market volatility and create additional buying opportunities in credit, interest rates and currencies, for which we would consider redeploying reserves faster.

- During periods in which the US dollar appreciates relative to foreign currencies, funds that hold non-US-dollar-denominated bonds, foreign currency or foreign currency-based derivative securities ("Foreign Currency Exposures") may realize currency losses inconnection with the maturity or sale of certain Foreign Currency Exposures. These losses impact a fund's ordinary income distributions (to the extent that losses are not offset by realized currency gains within the fund's fiscal year). A recognized currencyloss, in accordance with federal tax rules, decreases the amount of ordinary income a fund has available to distribute, even though non-US-dollar-denominated bonds continue to generate coupon income.
- Fund officers have analyzed the fund's current portfolio of investments, realized currency gains and losses, schedule of maturities, and the corresponding amounts of unrealized currency losses that may become realized during the current fiscal year. This analysisis performed regularly to determine how realized currency losses have and will impact periodic ordinary income distributions for the fund. Based on the most recent quarterly analysis (as of March 31, 2025), realized currency losses could continue to have an impact on the distributions in the 2025 fiscal year. This analysis is based on certain assumptions including, but not limited to, the amount of Foreign Currency Exposures held by the funds', the level of foreign currency exchange rates,security prices, interest rates, the fund advisers' ability to manage realized currency losses, and the net asset level of the fund. Changes to these assumptions could materially impact the analysis and the amounts of future fund distributions. Fund officerswill continue to monitor these amounts on a regular basis and take the necessary actions required to manage the fund's distributions to address realized currency losses while seeking to avoid a return of capital distribution.

[1]*A credit cycle is a cyclical pattern that follows credit availability and corporate health.*

About Risk

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. **Currency** exchange rates between the US dollar and foreign currencies may cause the value of the fund's investments to decline. **Derivatives** involve risk of loss and may entail additional risks. Because derivatives depend on the performance of an underlying asset, they can be highly volatile and are subject to market and credit risks. **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. **Mortgage-related and asset-backed securities** are subject to the risks of the mortgages and assets underlying the securities. Other related risks include prepayment risk, which is the risk that the securities may be prepaid, potentially resulting in the reinvestment of the prepaid amounts into securities with lower yields. **Commodity-related** investments, including derivatives, may be affected by a number of factors including commodity prices, world events, import controls and economic conditions, and therefore may involve substantial risk of loss. **Non-diversified funds** invest a greater portion of assets in fewer securities and therefore may be more vulnerable to adverse changes in the market. **Short exposures** using derivatives may present various risks. If the value of the asset, asset class or index on which the Fund holds short investment exposure increases, the Fund will incur a loss. The potential risk of loss from a short exposure is theoretically unlimited, and there can be no assurance that securities necessary to cover a short position will be available for purchase.

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.

Commodity, interest and derivative trading involves substantial risk of 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 800-225-5478 for a prospectus and a summary prospectus, containing this and other information. Read it carefully.

Natixis Distribution, LLC (fund distributor, member FINRA|SIPC) and Loomis, Sayles & Company L.P. are affiliated.

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