Global Bond Fund

Fund Facts

OBJECTIVE

Seeks high total investment return through a combination of high current income and capital appreciation

Share class	I
Inception	5/10/1991
Ticker	LSGBX
CUSIP	543495782
Benchmark	Bloomberg Global Aggregate Index

Bloomberg Global Aggregate Index *provides a broad-based measure of the global investment grade fixed income markets. The three major components of this Index are the US Aggregate, the Pan-European Aggregate and the Asian-Pacific Aggregate Indices. The Index also includes Eurodollar and Euro-Yen corporate bonds, Canadian government, agency and corporate securities, and USD investment grade 144A securities. Indexes are unmanaged and do not incur fees. It is not possible to invest directly in an index.*

Market Conditions

- First-quarter financial market performance generally reflected a continued appetite for risk among investors. Market participants appeared encouraged by the backdrop of robust global growth and indications that the world economy could be on track for a "soft landing" following the long series of interest rate increases by major central banks. In addition, signs that China is poised to adopt a more stimulative approach raised hopes that global growth could continue to accelerate as the year progresses. These factors drove credit spreads tighter despite a tense geopolitical backdrop and a repricing of market expectations for the path of US Federal Reserve policy, pushing government bond yields higher.
- Investment-grade bonds finished the first quarter with a narrow loss. Tighter spreads and positive excess returns for investment grade credit were overcome by the move higher in yields. 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 overdone, as still elevated services inflation, rising oil prices and robust economic data began to fuel concerns that inflation may not yet be firmly on a path to the Fed's target. The consensus number of rate cuts fell to three by quarter-end as a result, with the likely timing of the first reduction pushed back to June. Although Fed Chairman Jerome Powell reiterated his December statement that the central bank is indeed 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 and underperformance for longer-term debt. Investment-grade corporate bonds outpaced Treasurys, while US high yield and emerging-markets debt both registered gains.
- The shift in the outlook for Fed policy led to strength in the US dollar in the first quarter. The greenback gained ground against all G-10 currencies, but emerging-market currencies held up better in relative terms.
- Global equities climbed steadily higher through the quarter, helping broad-based world indexes finish near the all-time highs achieved in late 2021. Much of the gain was the result of valuation expansion, which reflected the positive news regarding the economy and the associated increase in investor risk appetites. The United States was a top performer, with

Class I Performance as of March 31, 2024 (%)

	CUMULATIVE TOTAL RETURN		AVERAGE ANNUALIZED RETURN			
	3 MONTH	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
FUND	-2.25	-2.25	0.35	-5.29	-0.83	0.07
BENCHMARK	-2.08	-2.08	0.49	-4.73	-1.17	-0.07

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.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.

Gross expense ratio 0.75% (Class I). Net expense ratio 0.70%. 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 1/31/2024. When an expense limitation has not been exceeded, the fund may have similar expense ratios and/or yields.

The Class I inception date is 5/10/1991. Class I shares are only available to certain institutional investors only; minimum initial investment of $100,000.

the large-cap growth style again representing the key driver of returns behind strength in technology-related stocks. In Japan, the Nikkei 225 Index hit its highest level since 1989 behind improving economic growth, falling inflation, and the central bank's decision to move interest rates into positive territory for the first time in 17 years. The emerging markets, although positive in absolute terms, continued to underperform due in part to the rising US dollar and concerns about the potential for less accommodative Fed policy.

Portfolio Review

- The fund underperformed its benchmark, the Bloomberg Global Aggregate Index, primarily due to currency allocation and yield curve and duration positioning. The allocation to credit sectors and issuers was a positive source of alpha.

Contributors

- The allocation to US investment grade corporate credit had a positive impact on relative performance, led by the risk-adjusted overweight to the consumer non-cyclical, energy, and communications industries. Within consumer non-cyclicals, the overweight to select healthcare issuers contributed as they outperformed similarly rated peers.
- The overweight to securitized credit contributed to relative performance as the sector outperformed the broader index. In particular, select holdings within non-agency RMBS and aircraft ABS added value as they benefited from spread tightening during the period.
- While currency allocation and yield curve and duration positioning detracted from overall performance, local market positioning along the euro-pay curve contributed. The underweight to the euro also had a positive impact on excess returns as the US dollar outperformed all G-10 peers during the quarter. The overweight to the Mexican peso was also a modest contributor as it was the top performing emerging market currency.

Detractors

- Currency allocation was the primary detractor from relative performance. The overweight to the Japanese yen detracted as the yen was the bottom performing G-10 currencies during the quarter. The overweight to the Brazilian real also dampened performance as Broad US dollar strength weighed on most emerging market currencies.
- Yield curve and duration positioning detracted from relative performance. The duration overweight in the US, particularly in the belly of the curve, detracted amid the gradual rise in Treasury yields during the quarter. Local market positioning the in South African rand-pay market also detracted modestly.
- The allocation to global treasuries was a drag on relative performance. An underweight to Italian government bonds, which trade with a spread to German bunds, detracted as the spread narrowed during the quarter. Holdings of local government bonds within select emerging market countries such as Mexico and Indonesia were modest detractors from relative performance.

Outlook

- Most incoming data confirms a stable US economy and recent easing of financial conditions reinforces near term resilience. We believe that disinflationary trends are likely to remain in place now that global supply chains have normalized, wage data suggests a downtrend in services inflation and evidence of housing disinflation is apparent. However traditional leading recessionary indicators are still flashing yellow and we remain unwilling to dismiss the risks of growth reverting to a below-trend pace or worse. While central banks have not reached their targets for absolute inflation, we believe that the trend in core inflation is lower. In addition, emerging-market central banks have been reducing interest rates for some time. Developed-market central banks have now joined in, with the Swiss National Bank enacting a surprise rate cut in March. We believe the Fed is also prepared to lower rates in 2024, notwithstanding recent developments. The European Central Bank and Bank of England are expected to initiate rate-cutting cycles as well although, while not as strong

as the US, Euro-zone has seen some positive surprises of late.

- We view global credit fundamentals as mixed in the US and weaker in Europe where earnings are still negative. Defaults are contained, US margins appear to have rebounded a bit and balance sheet leverage remains high in the US. In our view, strong the strong technical factor of high yields has contributed to strong fund flows into investment grade corporates. Valuations, however, look stretched and potential impacts of higher rates and tight credit keep us cautious on global credit.
- In currencies, given that the global economy appears to be in decent shape, we think select non-USD FX could perform well. Within the global economy, we are focused on a return to growth in weaker pockets. In that event, we believe investor capital would flow overseas toward higher-yielding assets and non-dollar opportunities. China is one area where we remain cautious, but view upside surprise as possible. A growth impulse out of China would be highly beneficial to other emerging market neighboring countries and their currencies.
- US corporations are showing leadership, and global market fundamentals look set to bottom soon and improve throughout the remainder of the year. We estimate US real (after inflation) GDP growth will be 2.5% in 2024, driven by services and goods consumption. Our forecast indicates US core Personal Consumption Expenditures (PCE) Price Index inflation will come in under 2.5% in the second quarter, which would be the lowest level in the current cycle. With this said, the markets could be vulnerable if stickier-than-expected inflation fuels expectations that rates may stay elevated for an extended period. We anticipate the unemployment rate could climb somewhat from the latest 3.9% reading, but we do not believe this will alarm the Fed given that economic and profit growth trends intact. We see green shoots across continental Europe, with most countries inching higher off of a flat-to-slightly-negative second half of 2023.

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. **Currency** exchange rates between the US dollar and foreign currencies may cause the value of the fund's investments to decline. **Below investment grade fixed income securities** may be subject to greater risks (including the risk of default) than other fixed income securities. **Foreign securities** may involve heightened risk due to currency fluctuations. Additionally, they may be subject to greater political, economic, environmental, credit and information risks. Foreign securities may be subject to higher volatility than US securities due to varying degrees of regulation and limited liquidity. **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.

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 800-633-3330 for a prospectus and a summary prospectus, containing this and other information. Read it carefully.

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