Market Conditions

• Global financial markets experienced significant disruptions in the first quarter, as the emergence of the coronavirus brought a likely end to the longest US economic expansion on record. Investors reacted by selling positions in higher-risk asset classes and moving into perceived safe havens such as US Treasurys. Policy makers, for their part, responded with extraordinary measures. The US Federal Reserve (Fed) cut short-term interest rates to zero, expanded its lending facilities and announced an asset-purchase program that encompassed Treasurys, mortgage-backed securities, municipal bonds and corporate issues. In addition, the US government passed a $2 trillion fiscal stimulus package in late March (the CARES Act). The response was similar overseas, with a combination of accelerated interest rate cuts and a wide range of fiscal measures designed to support growth. While these efforts helped arrest the decline in risk assets late in the quarter, most asset classes nonetheless finished with sizable losses.

• US Treasurys were the prime beneficiaries of expectations for negative growth, the Fed’s aggressive rate cuts and the global “flight to safety.” The 10-year note, which closed 2019 with a yield of 1.92%, fell below 0.4% at its intraday low on March 9 – the lowest level in history. (Prices and yields move in opposite directions.) The unusual market action also led to an inverted yield curve in early March, meaning that yields on short-term issues were higher than those on longer-term securities. While the Fed’s rate cuts helped normalize the curve by the end of the quarter, yields across the entire curve nonetheless finished near their historical lows.

• Expectations for negative economic growth created extreme uncertainty surrounding the outlook for corporate earnings, contributing to a sharp sell-off in investment-grade corporate debt in late February and most of March. However, the category staged an

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<th>CLASS I PERFORMANCE (%)</th>
<th>CUMULATIVE TOTAL RETURN</th>
<th>AVERAGE ANNUALIZED RETURN</th>
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<tbody>
<tr>
<td></td>
<td>3 MONTH</td>
<td>YTD</td>
</tr>
<tr>
<td>FUND</td>
<td>-11.75</td>
<td>-11.75</td>
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<tr>
<td>BENCHMARK</td>
<td>3.37</td>
<td>3.37</td>
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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 0.67% (Class I). Net expense ratio 0.67%. As of the most recent prospectus, the investment advisor has contractually agreed to waive fees and/or reimburse expenses once the expense cap of the fund has been exceeded. This arrangement is set to expire on 1/31/2021. When an expense cap has not been exceeded, the fund may have similar expense ratios and/or yields.

The Class I inception date is 5/16/1991. Class I shares are only available to certain institutional investors only; minimum initial investment of $100,000.
impressive rally late in the month following news of the Fed’s intent to include corporates in its asset-purchase program.

- High yield bonds were one of the worst-performing areas of the US fixed income market. In addition to facing pressure from the general downturn in riskier assets, high yield faced the additional challenges of falling oil prices and poor liquidity conditions. As a result, the asset class experienced its worst quarterly return since the fourth quarter of 2008.

- As is typically the case in “risk-off” markets, emerging market bonds posted a loss and underperformed US investment grade debt by a wide margin. The asset class, in addition to experiencing headwinds from slowing global growth, was hurt by the strong rally in the US dollar relative to emerging market currencies.

Portfolio Review
- The fund underperformed its benchmark, the Bloomberg Barclays US Government/Credit Index, primarily due to security selection.

Winners
- The fund’s underweight exposure to investment grade corporate credit contributed to relative return as this sector produced negative absolute returns.

- An underweight allocation to emerging market credit was modestly positive for performance.

Laggards
- The fund’s shorter-than-benchmark positioning with respect to duration (and corresponding interest rate sensitivity) hurt relative performance as yields declined over the period.

- An allocation to high yield corporate credit was the main detractor of relative return. Uncertainty surrounding the outbreak of the COVID-19 pandemic weighed heavily on the commodities sector, and oil prices dropped significantly throughout the quarter. As a result, energy holdings within high yield had a negative impact on performance.

- Our exposure to non-US-dollar-denominated securities detracted from performance, most notably holdings denominated in the Mexican peso and Canadian dollar.

- Equity holdings within the fund, particularly the communications and consumer cyclical sectors, were laggards of performance as stock markets were roiled by the widespread impact of COVID-19.

Outlook
- The financial markets are currently experiencing unprecedented levels of volatility and uncertainty due to the COVID-19 outbreak. Signs point to global governments continuing to use tools at their disposal to help stabilize the global economy and restore confidence in consumer, business and investor sentiment. We are encouraged by the monetary and fiscal policy efforts being made in the US to combat the health crisis and help prevent a financial crisis. At the same time, we recognize the need for ongoing support from governments to facilitate the recovery process.
• Global credit markets have experienced a shock with volatility spiking, corporate bond spreads widening and liquidity declining sharply. Recent central bank actions and a two trillion dollar US government support package have improved market functioning and liquidity. Nonetheless, spreads remain notably wider relative to the end of 2019 and we do view this as an opportunity to add exposure to corporate credit markets. The investment grade new issue markets have been robust with large issuance in the final weeks of first quarter. In general, those issues have been well supported.

• Growth expectations and economic forecasts continue to be revised down both globally and in the US. Supply and demand are currently both contracting. The service, travel and leisure, and energy sectors, which represent nearly two-thirds of GDP, are among the hardest hit areas due to lockdown restrictions being put in place across the country. We believe the economy has moved firmly into the downturn phase and is possibly approaching more severe conditions. Fundamental pressures have been growing but we expect federal support to buffer some of these pressures.

• We continue to wait patiently on opportunities in markets outside the US. The US dollar is likely benefiting from the relative safe haven trade and is currently outperforming both emerging and developed foreign market currencies as it appears the currency of choice in this risk-off market environment.

• Downgrade and default risk expectations have risen with the spike in volatility. We have revised upward our forecast for “fallen angels” - larger investment grade companies that are downgraded to high yield ratings. We have been using the dislocation to search for areas of opportunity and to add where we see value and survivorship. Our investment philosophy is rooted in the belief that markets are inefficient over the short-term, and we view current conditions as a major example of this. Consistent with our process, we try to identify where investors are mispricing risk and seek to capture that risk premium. We have maintained a higher level of reserves in our portfolios in order to position us to bring liquidity to illiquid markets. We are seeking opportunities to selectively invest across various sectors.

• Looking ahead, we cannot say with strong conviction when the recovery will begin. We recognize this is a humanitarian crisis that will likely worsen near-term before there can be a turnaround. We are hopeful that social distancing efforts do help flatten the infection rate curves and relieve pressure on our health care system and our front line providers. In the meantime, we expect uncertainty to remain an overhang on the markets. This scenario may create potentially attractive investment opportunities and we are positioned to act quickly where we see value.

• During periods in which the US dollar appreciates relative to foreign currencies, funds that hold non-US-dollar-denominated bonds may realize currency losses in connection with the maturity or sale of certain bonds. 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 currency loss, in accordance with federal tax rules, decreases the amount of ordinary income a fund has available to distribute, even though these 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 analysis is performed regularly to determine how realized currency losses will impact periodic ordinary
income distributions for the fund. Based on the most recent quarterly analysis (as of March 31, 2020), fund officers believe that realized currency losses will have an impact on the distributions in the 2020 fiscal year. This analysis is based on certain assumptions including, but not limited to, 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 officers will 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.

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. 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. Currency exchange rates between the US dollar and foreign currencies may cause the value of the fund’s investments to decline. Equity securities are volatile and can decline significantly in response to broad market and economic conditions.

Barclays 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.

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.

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, if available, containing this and other information. Read it carefully.

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