LOOMIS | SAYLES

MUTUAL FUND COMMENTARY

SEPTEMBER 30 2021

Global Allocation Fund

FUND FACTS

OBJECTIVE

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

Share class	Y
Inception	5/1/1996
Ticker	LSWWX
CUSIP	543487870

Market Conditions

- Following strong performance in July and August, global equity markets pulled back in September as ongoing pandemic pressures, supply chain issues, and regulatory and economic developments in China worried investors. The MSCI All Country World Index ended the period in negative territory. The consumer discretionary sector registered the largest decline, followed by the materials and communication services sectors. The energy, financials and information technology sectors were positive for the period.
- In the US, a wide variety of inflation measures, including the Producer Price Index, Consumer Price Index and Personal Consumption Expenditure Price Index (the Federal Reserve's preferred inflation barometer), increased well above the central bank's target of 2% per annum. Inflation in the euro zone remained more contained, despite rising energy prices. In response to these greater pressures, central banks in advanced economies have started to remove certain aspects of their extraordinary accommodation. Central banks in Norway and South Korea hiked rates while central banks in Australia, New Zealand, Sweden and the UK began to reduce asset purchases. Following its September policy meeting, the Federal Reserve moved up its timeline for initiating the tapering of asset purchases to late 2021.
- Evergrande Group's liquidity crisis sent shockwaves through global financial markets and put the spotlight on China's property sector, particularly for sub-investment grade rated firms. Nevertheless, investment grade corporate bond spreads stayed in a fairly tight range during the period, as positive fund flows provided a technical tailwind.

CLASS Y PERFORMANCE AS OF SEPTEMBER 30, 2021 (%)

	CUMULATIVE TOTAL RETURN		AVERAGE ANNUALIZED RETURN			
	3 MONTH	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
FUND	-0.41	8.22	17.02	12.83	12.47	11.31
PRIMARY BENCHMARK	-1.05	11.12	27.44	12.58	13.20	11.90
SECONDARY BENCHMARK	-0.97	4.86	15.48	9.55	8.83	7.99

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 0.90% (Class Y). Net expense ratio 0.90%. 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 1/31/2022. When an expense cap has not been exceeded, the fund may have similar expense ratios and/or yields.

The Class Y inception date is 5/1/1996. Class Y shares are sold to eligible investors without a sales charge; other Classes are available for purchase.

TOP TEN EQUITY HOLDINGS (%)

ASML Holding NV	3.5
Airbnb, Inc.	3.3
Danaher Corporation	3.1
Alphabet Inc.	2.9
Amazon.com, Inc.	2.9
salesforce.com, inc.	2.8
IQVIA Holdings, Inc.	2.6
S&P Global, Inc.	2.4
Facebook, Inc.	2.2
Linde Plc	2.2
Total	27.8

Data is based on total gross assets before any fees are paid; any cash held is included. The portfolio is actively managed and holdings are subject to change. References to specific securities or industries should not be considered a recommendation. Holdings may combine more than one security from the same issuer and related depositary receipts. Portfolio weight calculations include accrued interest. For current holdings, please visit our website.

Portfolio Review

- The fund outperformed its primary benchmark, the MSCI All Country Word Index, primarily due to its equity allocation. The fund's US fixed income allocation also contributed to relative results. The fund also outperformed its secondary blended index (60% MSCI All Country World Index/ 40% Bloomberg Global Aggregate).

Contributors

- In equities, the largest contributors to performance were Danaher, ASML and Airbnb.
- Shares of Danaher, a technology driven healthcare company, outperformed as the rise in COVID-19 cases increased demand for testing and vaccine supplies. Shares were also supported by the company's acquisition of Aldevron, a supplier of critical genomic components used to make next generation cell and gene therapies, messenger RNA vaccines and gene editing technologies. We believe Danaher is well positioned moving forward; its diagnostics business supplies the world with molecular diagnostic tests while its bioprocessing businesses provide equipment and consumables which power the majority of COVID-19 vaccines and treatments. Longer-term, we expect Danaher to consolidate the life science and tools industry.
- Shares of ASML, the leader in photolithography equipment for the semiconductor industry, outperformed over the period. The company, with its critical manufacturing equipment, has been a beneficiary of the chip shortage as it has prompted governments to invest in semiconductor production.
- Shares of Airbnb, an alternative accommodations platform company, rose as the company benefited from the continued easing of pandemic restrictions as well as a rise in new hosts. Airbnb's capital-light platform, where it collects commissions for each rental, benefits from a powerful network effect. The more property owners who list their properties the more renters it attracts and vice versa.
- In fixed income, the fund's investment grade corporate credit allocation was a positive source of return during the period. Particularly helpful to performance were overweight allocations to the technology, communications and transportation sectors. In particular, issuer selection within the communications sector was helpful to performance as cable and wireless operators continued to benefit from data demand.
- Allocations to high yield corporate credit also contributed to performance. In particular, BB-rated holdings contributed to results, generally outpacing higher-grade names as investors sought yield. Favored names within the transportation sector were additive to performance as improving vaccination rates and pent-up consumer demand supported the sector.
- The fund's positioning along the yield curve (which depicts the relationship among bond yields across the maturity spectrum) contributed modestly to performance, as did the fund's stance with respect to duration and corresponding interest rate sensitivity. Select local market exposures within the US dollar and Indonesian rupiah-pay markets were the primary contributors in terms of interest rate positioning.

Detractors

- The largest detractors from performance in equities were Alibaba, Peloton and Farfetch.
- Shares of Alibaba, a Chinese e-commerce company, underperformed along with the broader Chinese technology sector due to increased regulatory actions by the Chinese government.
- Shares of Peloton, an interactive at-home fitness company, lagged after the company lowered guidance for the first quarter of 2022 and announced a price decrease for its original bike. Our investment thesis remains unchanged; the company's full year guidance remains strong and we believe the price change increases its value proposition for customers.

- Shares of Farfetch, a luxury goods marketplace platform, underperformed as physical stores reopened, moderating the surge in online shopping seen in 2020.
- In fixed income, currency allocation was the primary detractor from performance, particularly bonds denominated in the euro and South Korean won. The US dollar strengthened against the majority of developed and emerging market currencies during the quarter.
- Allocations to the consumer non-cyclical sector also detracted from performance. In particular, holdings within healthcare lagged comparable bonds held in the benchmark.
- Allocations to select hard currency emerging market names also detracted from performance.

Outlook

- The economic outlook in large part continues to depend on the successful management of the pandemic on a global scale. While much of the developed world has made demonstrable progress in terms of infection rates, and some emerging markets have gained better control of the virus, there remain regions which continue to struggle to manage the virus, such as Africa. The recent increase in vaccine production is positive, but with a lack of consensus on duration of antibodies and the potential for new variants uncertainty persists. The outlook is also reliant on the duration of fiscal and monetary support, and other relief packages, in the US and globally. Supply chain issues and inflation surprises remain risks. Thus, our focus remains on investing in companies we believe have the ability to successfully navigate the current environment and generate value over the longer term.
- In equities, we currently hold a diverse group of technology names spanning digital payments, cloud storage and collaboration, and semiconductor manufacturing and equipment. We have selective exposure to consumer-related names, focusing on best-in-class e-commerce platform retailers and physical retailers with compelling value propositions. We also have exposure to the growing online fitness industry. We have focused our health care exposure toward higher growth areas in the industry, and away from areas which are exposed to reimbursement risk. We continue to have no direct exposure to the energy or utilities sectors, as we typically do not find many opportunities which meet our three alpha drivers.
- As the pandemic continues to evolve, there could be further volatility in global equities. However, we believe our portfolio companies have sustainable competitive advantages and strong balance sheets which will prove resilient. This is evidenced by the portfolio's return on equity, which is meaningfully higher than the MSCI ACWI benchmark, and financial leverage, which is significantly less than the benchmark by key measures. This profile should allow our holdings the flexibility to weather challenging environments, and quite possibly emerge stronger.
- In fixed income, most major developed market government bonds are expensive and we think yields are likely to see some upside pressure as the cyclical upturn gradually progresses, output gaps compress and central banks look to move towards policy normalization. Although investment grade corporate credit spreads look fair-to-slightly-rich, we still like the yield advantage they offer. The fundamental backdrop underpinned by corporate profit growth and technical backdrop remain supportive.
- Our primary US dollar view is for moderate softening as global growth starts to catch up to the US. Healthy investor risk appetites and cyclical improvement abroad are typically consistent with a weaker dollar. Rising twin deficits and higher commodities prices are additional headwinds for the dollar.

About Risk

Equity securities are volatile and can decline significantly in response to broad market and economic conditions. **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. **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. **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.

*The fund's primary benchmark is the **MSCI All Country World Index (Net)**. The fund's secondary benchmark is a blended benchmark of **60% MSCI All Country World Index (Net)/ 40% Bloomberg Global Aggregate Bond Index**. Indexes are unmanaged and do not incur fees. It is not possible to invest directly in an index.*

*The **MSCI All Country World Index (Net)** is a free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed and emerging markets.*

*The **Bloomberg Global Aggregate Bond 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.*

*The **Standard & Poor's 500® Index** is a market capitalization weighted index consisting of 500 US industrial, transportation, financial, and utility companies, calculated on a total return basis with dividends reinvested.*

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.

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

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

1037405.29.1