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

- Second-quarter financial market performance generally reflected the evolving outlook for inflation, economic growth, and US Federal Reserve (Fed) policy. Investor sentiment was muted coming into the period, as a series of hotter-than-expected inflation reports dampened expectations for the number of interest-rate cuts the US Federal Reserve (Fed) was likely to enact before year-end. At the start of the year the futures markets were indicating as many as six quarter-point reductions in 2024, by April speculation had mounted that the Fed may in fact need to delay its first cut until 2025. These concerns waned during May and June, however, as inflation pressures showed signs of abating and a series of weaker-than-expected data releases indicated that the economy may be cooling. Although the timing and extent of rate cuts remained in question, these developments helped boost confidence that the Fed would loosen policy in the second half of the year with futures markets, at the end of the quarter, pricing one to two cuts (closer to two) by the end of the year.
- Investment-grade bonds produced mixed results in the quarter. US Treasurys registered a narrow gain, driven by shorter dated bonds. The longer end of the yield curve rose more leading to underperformance of the 10 and 30 year bonds. The two-year note moved from 4.59% to 4.71% over the course of the three-month period, while the 10-year climbed from 4.22% to 4.36%. Still, both finished well off of their late April highs of 5.04% and 4.70%, respectively. Investment-grade corporates finished with a narrow loss, as yield spreads—which began the period on the very low end of the historical range—inched higher toward the end of the quarter. High yield bonds registered a positive absolute return and outperformed the investment-grade market.
- Global developed-market government bonds posted a small loss, as a marginal "higher for longer" narrative was present across many global markets. French politics created some volatility in Europe, keeping some Euro government bond yields elevated relative to German bunds. Japan government bonds were a notable underperformer on the quarter as well. Emerging-market bonds delivered a gain, led by the Middle East/Africa region.

Class I Performance as of June 30, 2024 (%)

	CUMULATIVE TOTAL RETURN		AVERAGE ANNUALIZED RETURN			
	3 MONTH	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
FUND	-1.33	-3.55	0.64	-6.20	-1.71	-0.32
BENCHMARK	-1.10	-3.16	0.93	-5.49	-2.02	-0.42

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 majority of the G-10 currencies rose against the US dollar, but the yen was a notable exception. Despite intervention from the Bank of Japan, the currency remained under pressure from the large gap in the nation's bond yields relative to the United States. In the emerging markets, currencies in Latin America were sizable laggards due in part to an unexpected election outcome in Mexico and idiosyncratic dynamics in Brazil.
- Global equities gained ground in the quarter, as investor sentiment remained supported by stable global growth trends and healthy corporate earnings. After a weak showing in April, stocks recovered in May and June to help the major indexes close the quarter near all-time highs. The United States outperformed behind persistent strength in mega-cap technology stocks, but the major mid- and small-cap indexes finished in negative territory. Europe performed well overall, but the region's markets closed well off of their late-May highs following surprising election results in France and other nations. In Asia, Japan lagged due to the pronounced weakness in the yen. The emerging markets outpaced their developed-market peers behind strong gains for China, India, and Taiwan, reversing a multi-quarter stretch of underperformance for the category.

Portfolio Review

- The fund underperformed its benchmark, the Bloomberg Global Aggregate Index, primarily due to currency allocation. The allocation to credit sectors and issuers was a positive source of alpha. Duration and yield curve positioning also had a positive impact on excess returns.

Contributors

- Duration and yield curve positioning had a positive impact on relative performance, led by local market positioning in the South African rand-pay market, which contributed as yields declined during the period. Within developed markets, the duration underweight to Japan, particularly in the belly of the Japanese yen-pay curve, contributed as yields climbed higher during the period.
- The allocation to securitized credit contributed to relative performance as the sector outperformed the broader index. In particular, select holdings within ABS and non-agency RMBS added value as they benefited from spread tightening.
- The allocation to investment grade corporate credit had a positive impact on relative performance as an slight credit beta overweight during the period benefitted in the spread tightening environment. Within investment grade corporates, security specific selection in the communications, banking, and energy industries added value as favored holdings outperformed similarly rated peers.

Detractors

- Currency allocation was the primary detractor from relative performance. The overweight to the Brazilian real detracted as fiscal concerns and news surrounding government intervention weighed heavily on the currency. The overweight to the Japanese yen also detracted as the yen was the bottom performing G-10 currency during the quarter.
- The allocation to global treasuries was a drag on relative performance. In particular, holdings of local government bonds within select emerging market countries such as South Africa, Indonesia, and Brazil detracted from relative performance.
- While overall duration and yield curve positioning had a positive impact on relative performance, local market positioning in the Brazilian real and Chinese renmninbi-pay markets detracted from relative performance.

Outlook

- US nominal GDP growth has retreated from the exceptional level. We acknowledge signs of financial strain in lower-income consumers, but positive US consumption trends should continue as long as the labor market remains healthy. Lagged effects of monetary policy continue to emerge but Financial Conditions, the Wealth Effect, and elevated Fiscal spending are still providing support. Pockets of weakness in lower income consumers, commercial real estate and small businesses have so far been offset by strength among wealthy consumers and large cap companies. We think capital expenditures should further aid economic growth, largely driven by technology and research and development spending, which could rise at a strong pace over at least the next few quarters. We believe these factors indicate that the operating environment for corporations should remain positive even if growth fails to meet expectations. Nevertheless, slower-than-expected economic conditions would represent a key risk for risk assets and we do not believe valuations in credit markets justify taking undue risk.
- Elections are a market-moving factor across the globe this year. In the United States, neither presidential candidate appears interested in fiscal austerity. As a result, the US government budget deficit is unlikely to improve over the near term. The fiscal position of the US government introduces the risk of higher bond yields, but the market does not appear to be pricing this risk so far. Elsewhere in the globe France, Brazil, Mexico, and Indonesia are amongst the most market-influential countries to see the political landscape in 2024 raise concerns about fiscal discipline.
- Evidence continues to mount that the disinflationary trend toward the Fed's inflation objective continues slowly, however the easy disinflation in the supply chain influenced good sector is complete. The lagged impact on wages and service sector prices remains in play globally, and the possibility of a more persistent wage-price interaction remains a threat. However, as inflation moderates globally, we expect central banks around the world will continue to step away from restrictive policies.
- We believe artificial intelligence (AI) is a long-term secular trend that will take years to play out. However, caution may be warranted in the near term given the growing impact a narrow group of mega-cap, technology-related companies now has on the major equity benchmarks both in the United States and worldwide.

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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