Limited Term Government and Agency Fund

Fund Facts

OBJECTIVE

Seeks high current return consistent with preservation of capital

Share class	Y
Inception	3/31/1994
Ticker	NELYX
CUSIP	543487326
Benchmark	Bloomberg US 1-5 Year Government Bond Index

Bloomberg US 1-5 Year Government Bond Index *is an unmanaged, market-weighted index of bonds issued by the US government and its agencies, with maturities between one and five years. Indices are unmanaged and do not incur fees. It is not possible to invest directly in an index.*

Market Conditions

- The first quarter saw a reversal in US sentiment as softer economic data coincided with a uncertainty surrounding the roll-out of the new administration's tariff policy, significant retaliatory responses from US trading partners, and bold Department of Government Efficiency (DOGE) efforts to downsize Government employment. By mid-February, equities faltered and credit spreads gapped wider in a flight-to-quality bid. In March, the Federal Reserve held policy rates steady as expected, but the yield curve steepened as market expectations for a more dovish fed increased.
- We are generally constructive on corporate fundamentals, which remain at a healthy level by historical standards. In the US, a potential reduction in the corporate tax rate, as well as de-regulation, may provide another boost. However, an uncertain operating and business environment, rising debt service costs, lagged effects of tighter credit conditions, and depleted excess savings may dampen growth ahead of tax cuts and de-regulations.
- We continue to believe that we are in the late expansion phase of the credit cycle, with stalling growth below trend and a sharp, short-term increase in inflation. We have also increased the probability of a downturn scenario as a result of the tariffs. We are concerned about the growing fiscal burden in the US, the impact of retaliatory tariffs, and a significant slowdown in China affecting global growth. We also remain concerned about potential exogenous shocks, possibly emanating out of the ongoing conflicts in the Middle East and Ukraine. Lastly, we are monitoring the vulnerability surrounding the US dollar as demand seemingly moves towards economies with perceived higher growth rates.

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

	CUMULATIVE TOTAL RETURN		AVERAGE ANNUALIZED RETURN			
	3 MONTH	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
FUND	1.87	1.87	5.32	2.97	1.28	1.54
BENCHMARK	2.04	2.04	5.46	2.49	0.67	1.45

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.

Gross expense ratio 0.52% (Class Y). Net expense ratio 0.45%. 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 1/31/2026. When an expense limitation has not been exceeded, the fund may have similar expense ratios and/or yields.

The Class Y inception date is 3/31/1994. Class Y shares are sold to eligible investors without a sales charge; other Classes are available for purchase.

- Our forward looking view on investment grade corporate fundamentals remains stable, although we believe we inched forward slightly on the credit cycle clock from 5:07 to 5:08, where the outlook for margins and free cash flow has softened. The majority of industries have either a positive or stable outlook, with only 8.5% of industries with a deteriorating outlook. We believe a modest relative overweight to credit risk is still warranted, although we have been keeping our credit beta overweight at the low end of our risk budget.
- Where permitted, we have a very small allocation to high yield and are being highly selective with high yield corporate issues. Within high yield, our preference remains for higher quality companies that have been focusing on deleveraging and that we believe have the potential to crossover to investment grade status.
- We will continue to maintain duration and yield curve positioning closely in line with that of the benchmark.
- We expect demand for new issuance to remain strong and believe that this should be a positive technical for the investment grade corporate market. We will continue to participate in the primary market, seeking to take advantage of new issue concessions, while also looking for opportunities to purchase secondary market bonds that may offer an attractive risk/return. Additionally, we will continue to look for potential opportunities by identifying what we believe are both under- and over-valued bonds along an individual issuer's credit curve.

Portfolio Review

- The fund returned 1.87% during the quarter, underperforming its benchmark, the Bloomberg Barclays US Government 1-5 Year Index which returned 2.04%.

Contributors

- Agency backed mortgage exposure continues to be the dominant asset class in the fund and was the largest asset class contributor to performance.
- Non-government exposure (ABS and CMBS) neither contributed nor detracted from performance during the period. CMBS exposure was the dominant driver of performance as compared to ABS.

Detractors

- Duration continues to be managed near our target of 2 years, and the Fund's short duration posture detracted the most from results during the quarter as yields declined during the quarter.

Outlook

- The first quarter saw a reversal in US sentiment as softer economic data coincided with uncertainty surrounding the roll-out of the new administration's tariff policy, significant retaliatory responses from US trading partners, and bold Department of Government Efficiency (DOGE) efforts to downsize Government employment. By mid-February, equities faltered and credit spreads gapped wider in a flight-to-quality bid. In March, the Federal Reserve held policy rates steady as expected, but the yield curve steepened as market expectations for a more dovish fed increased.
- We are generally constructive on corporate fundamentals, which remain at a healthy level by historical standards. In the US, a potential reduction in the corporate tax rate, as well as de-regulation, may provide another boost. However, an uncertain operating and business environment, rising debt service costs, lagged effects of tighter credit conditions, and depleted excess savings may dampen growth ahead of tax cuts and de-regulations.
- We continue to believe that we are in the late expansion phase of the credit cycle. While a "Soft Landing" remains our base case scenario, we have increased the likelihood of a "Growth Scare". We are concerned about the growing fiscal burden in the US, the impact of retaliatory tariffs, and a significant slowdown in China affecting global growth. We also remain concerned about potential exogenous shocks, possibly emanating out of the ongoing conflicts in the Middle East and Ukraine. Lastly, we are monitoring the vulnerability surrounding the US dollar as demand seemingly moves towards economies with perceived higher growth rates.
- Agency mortgage-backed securities (MBS) spreads (the difference in yield between agency MBS and Treasurys of similar maturity) are currently trending near their longer-term averages. We continue to favor MBS securities that are less likely to face refinancing and extension risk, such as low loan balance mortgages and home equity conversion mortgages.
- Within the commercial real estate sector, we remain focused on agency commercial mortgage-backed securities.
- Our non-agency securitized exposures remain steady, utilizing asset-backed securities (ABS) and commercial mortgage-backed securities (CMBS) equally. In aggregate, non-agency exposure is in the upper band of our allowed range.

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. **US government agency securities** are not insured and may not be guaranteed by the US government. **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. **Securities purchased on a forward commitment, when-issued or delayed delivery basis** are subject to many of the same risks (such as market risk and interest rate risk) as other securities. In addition, when-issued and delayed delivery securities are subject to other risks including loss of value prior to delivery; the security may not be issued; or a counterparty to the transaction may not meet its obligations.

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.

NIM-04152025-iesq8yx8
LSLT03-0325