

Limited Term Government & 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 global fixed-income markets produced largely flat returns in the first three months of the year. Despite the uneven end result, bonds in fact performed well through January and February amid anticipation that the US Federal Reserve and other major central banks would continue cutting interest rates in 2026. This backdrop changed considerably in early March, when the outbreak of war in Iran caused a spike in crude oil prices and raised fears that other commodities could face shortages. Investor’s concerns over increased inflation rose as a result, and the markets quickly began to factor in the likelihood that central banks would need to hold rates steady or possibly even tighten policy. Yields rose sharply (as prices fell) in response to the shifting outlook, erasing the earlier gains and offsetting the contribution from income.
- US Treasuries posted a small loss in the aggregate in the first quarter, as the start of the war in Iran raised inflation expectations and reduced the odds that the US Federal Reserve could continue to cut interest rates. As a result, the government bond market didn’t fulfill its typical role as a “safe haven” during times of turmoil. The longer end of the yield curve modestly underperformed, while shorter-term issues (those with maturities of two years and below) finished with narrow gains.
- Securitized credit broadly outperformed corporate bonds at a time of geopolitical turmoil and rising inflation expectations. Agency mortgage-backed securities (MBS) posted gains, supported by Trump administration-directed Agency MBS purchases by government-sponsored enterprises. In securitized credit, collateralized loan obligations (CLOs), commercial asset-backed securities (ABS), residential mortgage-backed securities (RMBS), and consumer ABS were the leaders in terms of total returns, while commercial mortgage-

Class Y Performance as of March 31, 2026 (%)

	CUMULATIVE TOTAL RETURN		AVERAGE ANNUALIZED RETURN			
	3 MONTH	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
FUND	0.41	0.41	4.11	4.38	1.98	1.86
BENCHMARK	0.15	0.15	3.88	3.92	1.44	1.68

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 0.53% (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 1/31/2027. 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.



backed securities (CMBS) delivered more muted performance..

Portfolio Review

- The fund returned 0.41% during the quarter, outperforming its benchmark, the Bloomberg Barclays US Government 1-5 Year Index which returned 0.15%.

Contributors

- Duration continues to be managed near our 2-year target. The Fund's short duration posture contributed to results during the quarter as the front end of the yield curve increased with expectations of higher inflation and less monetary policy accommodation.
- 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) also contributed to performance during the period. CMBS exposure was the dominant driver of performance as compared to ABS.

Detractors

- Selection in US Treasuries was a slight detractor from performance relative to the benchmark for the quarter.
- The fund's position in US Agency had a marginal constraint on performance over the period.

Outlook

- Fixed income markets delivered negative returns for the first quarter, as the US-Israeli attacks on Iran pushed oil prices above \$100/barrel, renewing concerns that inflation would prevent the Federal Reserve (Fed) from easing in the near term. Risk appetites waned with increased geopolitical risk, artificial intelligence disrupting software companies and liquidity concerns of private credit funds suffering from heavy redemptions. The risk off sentiment impacted risk premiums and inflation premiums. The US term structure bear flattened with the short maturity yields rising more than longer term yields as market participants forecasted less monetary accommodation and a higher inflation impulse. Equities declined and credit spreads increased as investors favored higher quality assets with more economic uncertainty ahead.
- We are monitoring corporate fundamentals, which we expect will remain at a healthy level in aggregate, even as we expect corporate borrowing to pick up. US GDP growth in the first quarter of 2026 may be flattered by higher tax refunds and AI-fueled business spending. However, increases in the cost of energy and other key inputs alongside rising debt service costs suggest corporate margin compression going forward. On the consumer front, we believe that increasing impatience with higher prices, softer labor market conditions, and the continued decline in excess savings are potential catalysts for weaker spending.



- We continue to believe that we are in the late expansion phase of the credit cycle, with growth slowing to below trend. We expect inflation will subside after this temporary increase in energy prices. We believe the Fed is on hold over the next period to observe the impacts of higher energy costs and is not likely to tighten monetary policy from here. While we do not anticipate that the US will enter a recession, we continue to see elevated risk of a downturn scenario, which is not adequately reflected in compressed credit spreads and in rates markets currently. Market volatility and term premiums may remain elevated due to ongoing military interventionism and continued concerns over the growing fiscal burden, although a quicker resolution to the current military operations in Iran could clear the path towards one to two Fed Funds cuts late in 2026 as the current energy price “tax” wears on consumption.
- We continue to favor mortgage-backed securities (MBS) 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 issued by Fannie Mae and Freddie Mac.
- Our non-agency securitized exposures remain steady, utilizing asset-backed securities (ABS) and commercial mortgage-backed securities (CMBS) similarly. In aggregate, non-agency securitized exposure is currently in the upper zone 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.

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