

Core Plus Bond Fund

Fund Facts

OBJECTIVE

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

Share Class	Y
Inception	12/30/1994
Ticker	NERYX
CUSIP	63872R764
Benchmark	Bloomberg US Aggregate Bond Index

Bloomberg US Aggregate Bond Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the US investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis. Indices are unmanaged. It is not possible to invest directly in an index.

Market Conditions

- The bond market delivered a solid total return with low volatility in the fourth quarter, closing out a generally positive year for the asset class. Fixed-income assets remained supported by a backdrop of slow but positive economic growth, an annualized inflation rate that largely held below 3%, and accommodative US Federal Reserve (Fed) policy. The Fed enacted two-quarter point interest rate cuts and announced the end of its multi-year effort to reduce the size of its balance sheet. Additionally, investors appeared to anticipate that the Fed was likely to continue easing in 2026. These developments, in combination, fueled positive returns across all major segments of the market.
- US Treasurys registered positive returns in the quarter, adding to their gain for the full calendar year. Government debt benefited from the environment of low inflation, accommodative US Federal Reserve policy, and expectations for further interest rate cuts in 2026. Yields on Treasury issues with maturities of five years and below declined, while longer-term yields rose. The yield curve steepened over the course of the quarter as a result. Two-year Treasurys were the quarter's top performing market segment in terms of total return, while 30-year bonds posted a small loss.
- Investment-grade corporates produced positive returns but finished slightly behind US Treasurys in the fourth quarter. Although income and falling Treasury yields supported performance, a modest increase in yield spreads offset much of the benefit. With spreads already near multi-year lows coming into the quarter, there was little room for further compression. Lower-quality corporates generally outpaced their higher-quality counterparts. Corporates outperformed Treasurys for the full year, reflecting the environment of solid

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

	CUMULATIVE TOTAL RETURN		AVERAGE ANNUALIZED RETURN			
	3 MONTH	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
FUND	0.96	8.09	8.09	4.94	-0.12	3.01
BENCHMARK	1.10	7.30	7.30	4.66	-0.36	2.01

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 0.50% (Class Y). Net expense ratio 0.48%. 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 12/30/1994. Class Y shares are sold to eligible investors without a sales charge; other Classes are available for purchase.



economic growth, robust corporate earnings and healthy investor risk appetites.

- High-yield bonds gained ground and slightly outperformed the investment-grade market in the fourth quarter. Income and falling Treasury yields were the primary drivers of performance, since yield spreads rose slightly. With spreads already near multi-year lows coming into the quarter, there was little room for further compression. B rated bonds were the top performing credit tier, slightly outpacing those rated Ba. Lower-quality Caa issues lagged. High-yield bonds also outperformed investment-grade debt for the full year, reflecting the backdrop of solid economic growth, robust corporate earnings and healthy investor risk appetites.
- Agency mortgage-backed securities (AMBS) outperformed Treasurys and over duration-equivalent US Treasurys. Securitized credit broadly outperformed in Treasurys and over duration-equivalent US Treasurys across asset-backed securities (ABS), non-agency residential mortgage-backed securities (NARMBS), commercial mortgage-backed securities (CMBS) and collateralized loan obligations (CLOs).
- Developed-market government bonds, while slightly positive in absolute terms, lagged the United States. The European markets generally performed well, but a weak showing for Japan offset much of the gain. The Bank of Japan continued to raise interest rates in an effort to normalize its monetary policy, making it an outlier among its global peers. Emerging-market bonds gained ground in the quarter, closing out a strong year for the asset class. The combination of healthy global growth trends, falling US interest rates, and rising commodity prices boosted investor risk appetites and led to broad-based strength across all regions.

Portfolio Review

- The fund underperformed its benchmark, the Bloomberg U.S. Aggregate, with security selection, sector allocation and duration/yield curve positioning all adding value.

Contributors

- The out-of-benchmark non-US dollar position had a positive impact on performance, with good performance from the Mexican peso position offsetting weakness in the Brazilian real.
- Security selection was additive; within agency MBS pass-throughs, the decision to underweight Ginnie Maes in favor of conventional, and an overweight to lower coupons added value.
- The 5% out-of-benchmark allocation to high yield corporates contributed positively.

Detractors

- Security selection within investment grade corporates detracted, with selections in energy, technology, and basic industry weighing the most on performance.
- The decision to underweight to agency MBS pass-throughs detracted, given the sector's strong performance during the quarter.
- An allocation to cash and cash equivalents acted as a drag on excess returns.



Outlook

- Fixed income markets delivered a solid positive total return during the fourth quarter as yields declined and the curve bull-steepened, while credit spreads drifted slightly higher but remained near historic tights. The Federal Reserve (Fed) grappled with a break in official data due to the extended government shutdown, as well as risks to both sides of its dual mandate with inflation remaining above target and labor market conditions deteriorating. Monetary policy was eased another 50 bps in the fourth quarter, following the 25 bp rate cut in September, although voting member dissents among FOMC members increased. The Fed Funds Rate target now stands at 3.75%. Markets are currently pricing in only a 50% probability of another cut in the first quarter of 2026, although just over 2 more cuts are priced by year end, 2026. Spread sectors remained well supported with new supply easily absorbed.
- We are monitoring corporate fundamentals, which remain at a healthy level by historical standards. Growth in the first quarter of 2026 may be flattered by higher tax refunds and a reversal of the negative impacts from the shutdown. However, weak corporate pricing power and rising debt service costs suggest margin compression going forward. On the consumer front, we believe that moderating demand for labor, the continued decline in excess savings, and increasing impatience with higher prices are potential catalysts for weaker spending, which may be further exacerbated by higher prices for goods.
- We continue to believe that we are in the late expansion phase of the credit cycle, with growth slowing to below trend, while inflation - which is still above target, should moderate as the effects of tariffs dissipate. While we do not anticipate that the US will enter a recession, we continue to see elevated risk of a downturn scenario. We are concerned that slowing rates of hiring and reduced affordability may weigh more heavily on incomes and consumption. Additionally, the risk of additional Federal Government stimulus leading up to mid-term elections may also add to the growing fiscal burden. This concern has been evident in the still elevated level of term premium in the longer end of the yield curve. Market volatility may remain elevated due to ongoing geopolitical tensions and interventionism.
- We continue to maintain an "up in quality and price transparency" bias in the portfolio, given our base case view that the economy is more likely to slow than to re-accelerate from current elevated levels. We currently hold roughly 1/3 of the portfolio in US Treasurys. Looking ahead, we expect Treasurys to be supported by slowing economic activity and continued disinflation. Importantly, we have significant liquidity for re-entering spread markets should valuations cheapen meaningfully from current levels.
- During the quarter we reduced overall duration as rates rallied, though we continue to believe that the balance of risks seems to favor lower rates. We are currently targeting a nominal duration that is between .10 and .20 years longer than the benchmark. We continue to favor the belly (5-10 year) of the yield curve, which we believe currently offers better relative risk/reward in alternative scenarios including a sharper than anticipated economic slowdown.
- We continue to have a modest underweight agency mortgage-backed securities, in favor of more liquid and higher quality US Treasurys, and continue to emphasize favorable convexity and structure through coupon and specified pool selection.
- Within investment grade corporate credit, we remain underweight on both market value and contribution-to-duration measures. However, we do have a bias towards BBB-rated securities,



as we believe they offer attractive valuations within a sector where spreads are close to historical tights. We tend to favor industries that have benefitted from higher rates, such as banks and business development companies, and those with favorable demand dynamics such as aircraft leasing companies.

- We have a large overweight to high quality investment grade securitized credit, primarily in the front end of the yield curve, for more defensive, non-corporate carry. We continue to favor higher-rated asset-backed securities (ABS) related to consumer receivables, as well as aircraft-related, automotive rental fleet, infrastructure, and whole loan ABS. We have minimal exposure to commercial real estate.
- Within the Plus sectors, our allocation to high yield continues to be managed with a bias towards higher quality and more defensive industries and remains around 5% in total, including 3.5% in developed fixed rate high yield corporates and an additional 1.3% in emerging market high yield credits. We remain at the low end of our historical allocation range in high yield given stretched valuations, and continue to favor front-end, lower spread duration yield. We also continue to favor high-quality, investment grade collateralized loan obligations (CLOs) where permitted, and currently have approximately 5.4% (In accounts where guidelines do not allow CLOs, we have maintained an approximately 4.7% exposure to bank loans).
- We are maintaining the same level of overall portfolio credit risk, but have been trading out of issuers which we believe have more limited upside potential in favor of new issues with more attractive concessions.
- Currently, non-US dollar exposure is approximately 2.6% of total market value, with 1.0% in Uruguay, 1.0% in Brazil, and 0.6% in Mexico. We continue to favor the significant carry and diversification potential versus US dollar from these positions.

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. **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. **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. **Inflation protected securities** move with the rate of inflation and carry the risk that in deflationary conditions (when inflation is negative) the value of the bond may decrease.



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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