

# 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
Primary Benchmark	MSCI All Country World Index (Net)
Secondary Benchmark	60% MSCI All Country World Index (Net)/ 40% Bloomberg Global Aggregate Bond Index

*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.*

## Market Conditions

- Most segments of the world financial markets moved higher in the fourth quarter. A favorable backdrop characterized by more stimulative central bank policies, continued global economic growth, and robust corporate earnings, proved supportive for investor risk appetites.
- The US bond market delivered a solid total return with low volatility in the quarter, closing out a positive year. Fixed-income assets remained supported by a backdrop of 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 modest gains across all major segments of the market. Investment grade credit spreads were rangebound to slightly wider during the quarter but ended the year overall tighter.
- Developed-market government bonds, while slightly positive in absolute terms, lagged the United States. European bond markets performance was mixed, 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.
- The US dollar rose against the basket of G-10 currencies after exhibiting weakness through most of 2025, but the majority of the gain was the result of a sharp decline in the Japanese yen. The dollar in fact lost ground against six of the other nine major currencies, with the weakest performance occurring against the Swedish krona and Canadian dollar. The US Dollar Index fell about 9% in 2025, its worst showing since 2017 and second-worst since 2003. This marked only the fifth calendar year since 2010 in which the dollar posted a loss.
- The world equity markets registered solid gains, helping the major indexes record their third consecutive year of double-digit returns. Performance was uneven over the first half of the quarter on concerns that AI-related stocks were in a "bubble." However, stocks staged an impressive rebound and went on to achieve new all-time highs by year end behind the favorable trends in economic growth, corporate earnings, and interest rates.

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

	CUMULATIVE TOTAL RETURN		ANNUALIZED TOTAL RETURN			
	3 MONTH	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
<b>FUND</b>	2.83	13.06	13.06	15.92	6.51	9.31
<b>PRIMARY BENCHMARK</b>	3.29	22.34	22.34	20.66	11.19	11.72
<b>SECONDARY BENCHMARK</b>	2.07	16.60	16.60	13.80	5.79	7.62

*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](http://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 0.91% (Class Y). Net expense ratio 0.91%. 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 1/31/2026. 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 (%)

NVIDIA Corp	4.8
Taiwan Semiconductor Manufacturing Co Lt	3.5
Alphabet Inc	3.3
S&P Global Inc	3.1
Parker-Hannifin Corp	3.1
Amazon.com Inc	3.0
ASML Holding NV	2.9
Mastercard Inc	2.9
BlackRock Inc	2.6
Hilton Worldwide Holdings Inc	2.3
<b>Total</b>	<b>31.1</b>

*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.*

## Performance Review

- The fund performed in-line with its all-equity benchmark, the MSCI All Country World Index, primarily due to outperformance in the fund's equity component. The fund's fixed income component also contributed to fund performance; however fixed income returns did not keep pace with equities. The fund outperformed its secondary blended benchmark (60% MSCI ACWI/40% Bloomberg Global Aggregate).

## Contributors

- The largest three contributors to performance in equities were Alphabet, TSMC and Cummins.
- Shares of Google parent Alphabet were supported by a series of positive developments in the fourth quarter. On October 27, shares rose after the company announced a multi-billion-dollar cloud computing agreement with Anthropic, a leading AI firm. Strong third quarter earnings released on October 29 added further momentum, highlighted by approximately 80% growth in cloud backlog and 15% growth in Google Search. Later in the quarter, the stock reacted positively to reports that Meta was in discussions to use Google's in-house TPU chips designed to accelerate the pace of machine learning in AI models. Such a deal would be a significant validation of TPU technology adoption by external partners and raise the prospect of a new revenue stream for Google. Alphabet remains attractive based on our discounted cash flow methodology.
- TSMC was a top contributor for the quarter, bolstered by continued progress on AI development globally. Importantly, due to its market share in leading edge nodes, TSMC is indifferent to the chips being produced and is instead directly impacted by aggregate chip spending. To this end, TSMC also saw a major development in the fourth quarter with the first NVIDIA Blackwell chip being produced in Arizona, where TSMC is investing roughly \$165 billion in the coming years to build out a manufacturing footprint. We continue to find TSMC attractive based on our discounted cash flow methodology.
- Cummins was a leading contributor for the fourth quarter, demonstrating strong business momentum despite ongoing weakness in truck markets. The engine and generator manufacturer company has benefited from a combination of internal efficiency initiatives—such as cost reductions that have driven exceptional margin performance across segments. In addition, Cummins has experienced external demand tailwinds, particularly for its large diesel generators used as backup power for data centers. Optimism is building that the prolonged four-year downturn in trucking markets may be nearing an end, supported by regulatory enforcement with respect to non-domiciled commercial driver's licenses, English-language proficiency, and electronic logging devices. These measures are beginning to reduce excess capacity, improving profitability for for-hire carriers. Against this backdrop, we continue to view Cummins as attractive based on our discounted cash flow methodology.
- Within fixed income, the allocation to corporate credit sectors and issuers contributed over the quarter. Allocations to the communications, consumer non-cyclical and bank loan sectors contributed strongly to performance. Within communications, holdings of Echostar Corp. highlighted contributions, while Teva Pharmaceuticals within consumer non-cyclical and Ardonagh Group Finance Ltd. within bank loans were standout performers.
- The fund's positioning along the yield curve (which depicts the relationship among bond yields across the maturity spectrum) and stance with respect to duration and corresponding interest rate sensitivity also contributed to returns over the quarter. In particular, interest rate positioning in the US dollar, British pound sterling and South African rand-pay markets was beneficial.

## Detractors

- In equities, the three largest detractors from performance were Home Depot, O'Reilly Automotive and BlackRock.
- Home Depot shares underperformed in the quarter, with management attributing continued sluggish sales performance to elevated consumer uncertainty. In addition, negative year-over-year comparisons were driven by less elevated storm activity relative to 2024, which especially impacted Home Depot's recently acquired roofing supply business. Finally, at its recent investor day, the company communicated a persistently low degree of visibility with respect to any catalyst for an upturn in home building and improvement activity. Nonetheless, management continues to execute well in the do-it-yourself customer space while driving market share gains with professional contractors. Over the long term, we continue to expect Home Depot to experience meaningful share gains, both organically and



through acquisitions, within its professional customer base, and we are encouraged by the company's continued strong free cash flow growth. We continue to view Home Depot as attractive based on our scenario-based valuation framework.

- O'Reilly detracted in the fourth quarter, as the stock reacted negatively to earnings released in October after management noted that tariff-related price increases were causing some consumers to defer purchases. Despite this, the company raised its full-year 2025 comparable store sales growth guidance from 3-4.5% to 4-5%. The stock faced additional pressure in December amid concerns over gross margin compression at peer AutoZone, driven by tariffs and higher per store operating costs. While these headwinds are impacting the auto parts industry, we believe O'Reilly remains better positioned than peers, with exceptional cost control and continued market share gains. The company is outperforming competitors on comparable sales and managing growth in operating costs more effectively, reinforcing our confidence in its long-term outlook.
- BlackRock detracted during the period as well. While the drivers of the stock's weakness were not entirely clear, investor concerns may have centered on the asset manager's growing presence in private credit following its acquisition of HPS Investment Partners. Although 2025 saw isolated credit market challenges, there is little evidence of systemic risk that would materially impair BlackRock's private credit earnings potential. Another factor impacting the stock could be volatility in digital assets, a key pillar of BlackRock's organic growth strategy alongside systematic strategies, private credit, cash, and outsourced portfolios. Bitcoin prices fell roughly 25% during the quarter, which may have raised questions about the growth trajectory of this asset class and contributed to share volatility. Despite these near-term pressures, BlackRock continues to deliver substantial net inflows and strong organic growth, and we view this short-term weakness as unlikely to impact its long-term outlook.
- Currency allocation detracted over the quarter. Most notably, exposure to the Japanese yen, Brazilian real, and euro detracted.

## Outlook

- Entering 2026, we believe the stage is set for robust earnings growth across developed and emerging markets, supported by healthy economic growth and moderating inflation. The expansion phase of the credit cycle is likely to persist, as corporate fundamentals remain solid and 2026 profit margins should remain near multi-year highs in most regions. We expect earnings growth to accelerate in Europe but still lag emerging market and U.S. growth rates.
- Globally, risk premiums appear slim across both credit and equity market valuations. However, that does not imply the potential for a market drawdown. In our view, it seems more likely that fixed income and equity assets can post modest total returns given the supportive economic and earnings backdrop.
- The markets have continued to display optimism about the direction of Fed policy. The unemployment rate has climbed off of its 2023 lows, and data from ADP, Challenger and the Fed's Beige Book has indicated weak demand from employers. That said, headline inflation registered between 2.7% and 3.0% (annualized) over the second half of 2025, as gauged by the Consumer Price Index. Measured inflation has now exceeded the Fed's 2% target for four consecutive years.
- Eurozone inflation has been more in check, trending near the 2.0% target for the past year. Growth remains sluggish, but forecasts for most EU countries anticipate a pick-up in 2026 given the shift toward more expansionary fiscal policy. The European Central Bank is expected to stay on hold for the next several meetings. In Japan, stubborn inflation, rising wages and a recent surge in industrial production support the more hawkish rhetoric from the Bank of Japan. We see little change in China's policy rates, even though consensus forecasts show most economic activity indicators there growing at a sub-5% pace in 2026.

## 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.

## Important Disclosure

*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. 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.*

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***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](http://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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