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

- Bonds produced a modest gain in the second quarter, with income accounting for the bulk of the total return. Expectations that the lingering effects of the conflict in Iran would cause inflation to reaccelerate prompted investors to price in tighter central bank policy. While in the autumn of 2025 the markets were anticipating that the US Federal Reserve (Fed) would enact as many as five quarter-point interest rate cuts over the coming year, by the end of June expectations had shifted toward the possibility of at least one rate hike in the second half of 2026.
- Kevin Warsh replaced Jerome Powell as Fed Chairman in May. While investors speculated that Warsh would have a bias toward lower rates when his name was first floated as a potential Powell replacement in 2025, the new chair's initial comments pointed to a more hawkish tone. Most notably, Warsh indicated a desire to reinstate the Fed's 2% inflation target – a level not reached since before the COVID-19 supply shock in early 2021.
- US Treasurys produced tepid total returns in the quarter, reflecting investors' expectation that the US Federal Reserve may be compelled to begin raising interest rates in the second half of the year to head off rising inflation. The changing outlook for Fed policy led to underperformance for the belly of the yield curve, as the five-year bellwether maturity bucket produced the worst returns across the maturity spectrum. The yield on the two-year Treasury note climbed from 3.79% to 4.14% (as its price fell). Still, the two-year finished with a positive total return for the quarter due to the contribution from income. Longer-dated debt, which is less sensitive to Fed policy, held up better. The yield on the 10-year note rose less dramatically, moving from 4.30% to 4.44%. Interest return was more than enough

Class Y Performance as of June 30, 2026 (%)

	CUMULATIVE TOTAL RETURN		ANNUALIZED TOTAL RETURN			
	3 MONTH	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
FUND	0.87	0.81	3.98	3.94	0.05	2.10
BENCHMARK	0.67	0.62	3.79	4.16	0.08	1.54

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 0.49% (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.

to offset the negative price return, allowing the longer end of the curve record positive total returns. The yield curve flattened as a result of these moves.

- Investment-grade corporates produced a healthy total return in the second quarter. Yield spreads experienced a meaningful decline as hopes for an end to the conflict in Iran led to a resurgence in investors' appetite for risk. According to the Federal Reserve Bank of St. Louis, the option-adjusted spread on the ICE BofA US Corporate Index fell from 90 basis points (0.90 percentage points) on March 31 to 76 basis points on June 30. This trend, in combination with the contribution from income, helped corporates outpace Treasurys by a comfortable margin.
- High-yield bonds registered robust total returns in the second quarter. Yield spreads declined considerably as movement toward a resolution of the war in Iran fueled a recovery in investors' appetite for risk. According to the Federal Reserve Bank of St. Louis, the option-adjusted spread on the ICE BofA US High Yield Index fell from 328 basis points (3.28 percentage points) at the start of the period to 275 basis points on June 30. This trend, together with the contribution from income, contributed to outperformance for high-yield bonds relative to US Treasurys and the investment-grade market more broadly.
- While securitized credit generated positive returns during the quarter, the category lagged corporate bonds. Agency mortgage-backed securities (MBS) posted gains. The category was supported by favorable technicals, with limited net supply and steady demand from government-sponsored enterprises and other market participants. In securitized credit, collateralized loan obligations (CLOs), asset-backed securities (ABS), residential mortgage-backed securities (RMBS), and consumer ABS were the leaders in terms of total returns, while commercial mortgage-backed securities (CMBS) delivered more muted performance.
- The foreign developed markets produced a modest gain, but returns were dampened by weakness in non-US currencies against the dollar. Eight of the G-10 currencies lost ground in the quarter, while the Australian dollar and British pound moved modestly higher. Emerging-market bonds registered solid returns, with dollar-denominated debt strongly outperforming the domestic US market. Much of the gain occurred in the first half of April, when higher-risk assets rallied on hopes for a resolution to the conflict in Iran.

Portfolio Review

- The fund outperformed its benchmark, the Blomberg U.S. Aggregate, primarily due to sector allocation.

Contributors

- The roughly 4% allocation to high yield corporates added value as the sector benefitted from healthy risk appetites resulting in spread compression, and positive excess returns.
- Other out-of-benchmark sector allocations, including 2.3% in LATAM non-US dollar government bonds, and 5.5% in investment grade CLOs, also contributed.
- Security selection was positive across corporate, government related, and securitized sectors.

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Detractors

- The market value underweight to investment grade corporates and small position in cash and cash equivalents modestly detracted.
- The decision to carry more interest rate risk than the benchmark by being 4/10ths of a year long duration weighed on excess returns as US Treasury yields rose.
- A steepening bias, overweight to the 2-Year portion of the yield curve and underweight to the 30-Year portion of the yield curve, detracted as the yield curve flattened over the period.

Outlook

- Fixed income markets delivered solid total returns for the second quarter as rates reversed from the mid-May peak, despite a backdrop of a strong US economy and record quarterly equity market returns. US corporate earnings continued to impress (driven in large part by continued robust AI spend) and jobs growth exceeded expectations. Under this stronger economic backdrop, a sharp drop in Middle East tensions helped moderate rates and fueled risk markets. By end of quarter, global oil prices had fallen back to pre-war levels, as the US and Iran implemented a 60-day cease-fire. Credit spreads also narrowed and as anticipated, The Federal Reserve (Fed) stayed on hold in Kevin Warsh's first meeting as new Fed Chair, but with a more hawkish press conference post FOMC (Federal Open Market Committee) and Statement of Economic Projections. The lack of forward guidance was also in focus, fulfilling one of Warsh's pre-nomination promises. Treasury yields initially rose across the board immediately following the Fed statement, before moderating in the following weeks as markets digested the Fed's new more hawkish stance. Fed Fund Futures markets are currently pricing in around 35 bps of rate hikes by year-end, a reversal of what was priced just three months prior, when investors had anticipated as many as one or more cuts by year-end 2026.
- Corporate fundamentals remain at a healthy level by historical standards, buoyed by the boom in AI-related capex. However, corporations may eventually seek to pass through higher input prices or shed labor to preserve margins. Consumer demand in aggregate has remained resilient, despite higher inflation, supported by stable job markets and wealth effects. The "K"-shaped economy continues to be the narrative, with higher income earners maintaining strong spending, but lower income earners feeling the pinch from higher food, energy and housing/rental costs.
- We continue to believe that we are in the late expansion phase of the credit cycle, and anticipate an eventual return to more trend-like growth and importantly, moderating inflation, as the effects of tariffs and disruptions to the supply of oil dissipate. Aggregate demand could continue to be resilient, increasing the probability of continued upside surprises. Recession risks now appear closer to historic norms, but remain a concern, especially in light of current risk market valuations. Key risks include a stock market correction and diminished wealth effect, a resumption in the conflict in Iran, continued tight oil supplies through summer and the fall, an increase to the fiscal burden, and potentially overly reactive monetary policy.
- 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 over 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 maintained our modestly long duration target, as we continue to believe that the balance of risks seems to favor lower rates. We are currently roughly 4/10ths of a year long on a nominal basis and 2/10ths of a year long on an empirical basis. We are moderately overweight the front end of the yield curve and moderately underweight the very long end, as we believe the market implied Fed Funds path is too hawkish. A pivot to pricing a stable Fed Funds rate, and eventual easing, should drive a steepening of the yield curve. Further, we believe that moderate exposure to yield curve steepening can be a good risk diversifier, helping to provide an offset to potential spread widening in the event of a growth scare.
- 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 currently 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 3.4% in developed fixed rate high yield corporates and an additional 1.5% 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 5.5% (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 seemingly more attractive concessions.
- Currently, non-US dollar exposure is approximately 2.1% of total market value, with 1.0% in Brazil, 0.9% in Uruguay and 0.2% in Mexico. We continue to favor the significant carry and diversification potential versus US dollar from these positions. Remain near historic tights, with demand for new issues remaining robust.

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 securitie**s 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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