Global Bond Fund

Fund Facts

OBJECTIVE

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

Share class	I
Inception	5/10/1991
Ticker	LSGBX
CUSIP	543495782
Benchmark	Bloomberg Global Aggregate Index

Bloomberg Global Aggregate 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. Indexes are unmanaged and do not incur fees. It is not possible to invest directly in an index.*

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.

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

	CUMULATIVE TOTAL RETURN		AVERAGE ANNUALIZED RETURN			
	3 MONTH	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
FUND	-0.02	8.52	8.52	3.74	-2.55	1.60
BENCHMARK	0.24	8.17	8.17	3.98	-2.15	1.26

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 0.77% (Class I). Net expense ratio 0.67%. 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 I inception date is 5/10/1991. Class I shares are only available to certain institutional investors only; minimum initial investment of $100,000.

- The rally in precious metals was a notable headline event of the quarter, with gold and silver climbing sharply higher due to looser Fed policy, increased speculative activity, and the rise in Japanese bond yields. Both metals closed 2025 with their best return in a calendar year since 1979.

Portfolio Review

- The fund underperformed its benchmark, the Bloomberg Global Aggregate Index, primarily due to Currency allocation.

Contributors

- Yield curve and duration positioning contributed to excess return, led by targeted local market overweights in select emerging market countries such as Brazil, South Africa, and Mexico.
- Within emerging market credit, the overweight to select hard currency emerging market sovereign issuers in countries such as South Africa and Romania had a positive impact on relative performance. Allocation to EM consumer non-cyclical names contributed to excess return, driven by a risk-adjusted overweight and positive issuer-specific selection.
- Within investment grade corporate credit, banking was the top contributor, driven by the risk-adjusted overweight to US and European banking names as well as positive security specific selection within US investment grade banking names.
- While overall currency allocation detracted from relative performance, the overweights to the Swedish krona and Australia dollar modestly contributed to performance.

Detractors

- Negative excess return was the result of currency allocation. The overweight to the Japanese yen was the main detractor as the yen finished the period as the bottom performing G-10 currency. Within EM currencies, the overweight to the Brazilian real detracted from relative performance as fiscal and political uncertainty weighed on the currency.
- While overall yield curve and duration positioning contributed to performance, positioning in the US dollar-pay market had a negative impact on excess return. In Japan, the duration overweight in the long-end of the curve detracted as yields rose during the period.
- Within investment grade corporate credit, allocation to the communications industry detracted, driven by the risk-adjusted overweight and negative security specific selection within media entertainment names.

Outlook

- We believe the stage is set for robust earnings growth across developed and emerging markets. In 2026, healthy economic growth and moderating inflation should bolster most markets. The expansion phase of the credit cycle is likely to persist. Corporate fundamentals have been solid and 2026 profit margins should remain near multi-year highs in most regions. Earnings growth is likely to accelerate in Europe but still lag MSCI Emerging Markets Index and S&P 500 Index growth rates. Globally, risk premiums look slim across both credit and equity market valuations. But that does not imply potential for a market drawdown. In our view, it seems more likely that fixed income and equity assets can post modest total returns while the economic and earnings backdrop remains supportive.
- US GDP likely grew about 2.3% in 2025 and we expect similar growth in 2026. AI-driven capital spending and healthy corporate profits are the key positives, plus a bit of push from tax cuts which will add stimulus in the spring. Against this, payroll employment has slowed, falling from 1.2% yoy in late 2024 to 0.6% in late 2025. Average hourly earnings have also slowed, from about 4.0% yoy to 3.5% over the same period. Over the year to November, the unemployment rate edged up from 4.2% to 4.6%. Capex strength and employment listlessness are expected to continue.

- The markets displayed continued optimism about the direction of Fed policy. The unemployment rate climbed off of its 2023 low, and data from ADP, Challenger, and the Fed's Beige Book showed weak demand from employers. However, labor market weakness contrasted with headline inflation that came in between 2.7% to 3.0% (annualized) in the second half of 2025, as gauged by the Consumer Price Index. Measured inflation has now exceeded the Fed's target for four consecutive years.
- Current financial conditions in the United States do not signal that monetary policy is tight, in our view. Equities finished the year near all-time highs, while credit spreads were close to all-time lows. Corporate bankruptcies are low, and recent issues in credit appear idiosyncratic rather than systemic. Given the generally positive outlook for corporate profits and fiscal stimulus in 2026, we doubt that more than one more Fed cut after December can be justified unless US economic conditions take a pronounced turn for the worse.
- Eurozone inflation has been better-behaved, 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 activity indicators growing at a sub-5% pace in 2026.
- We expect foreign currency appreciation in 2026 against the US dollar. The US current account deficit is running at 4%, the Federal deficit is 5%, and the unemployment rate is increasing. Twin deficits and a weakening labor market could pressure the US dollar lower. Additionally, investor positioning in US tech stocks could contribute to a weaker dollar given high valuations and potential for further hedging of US assets or diversification away from US assets. Geopolitics and the desire for a weaker dollar from the US administration could be other catalysts for US dollar depreciation. In Europe—particularly in Germany—the shift toward a more expansionary fiscal policy should raise long-term-trend growth rates for those economies. The euro likely has upside relative to the US dollar over the long run.

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. **Currency** exchange rates between the US dollar and foreign currencies may cause the value of the fund's investments to decline. **Below investment grade fixed income securities** may be subject to greater risks (including the risk of default) than other fixed income securities. **Foreign securities** may involve heightened risk due to currency fluctuations. Additionally, they may be subject to greater political, economic, environmental, credit and information risks. Foreign securities may be subject to higher volatility than US securities due to varying degrees of regulation and limited 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.

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 800-633-3330 for a prospectus and a summary prospectus, containing this and other information. Read it carefully.

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