SOLUTIONS

Natixis/Loomis Sayles Core Fixed Income Strategy (with Securitized Asset Fund)

QUARTERLY PORTFOLIO COMMENTARY

Q1 | March 31, 2024

Fixed income markets declined in the first quarter as investor optimism about rate cuts turned out to be premature. Inflation data remained higher than the Fed's target rate and economic data remains stronger than anticipated. Rises in rates drove the decline in fixed income during the period and less rate-sensitive sectors of the fixed income market outperformed. Annual US inflation rose to 3.5% in March from 3.4% in December. Unemployment remained fairly steady, moving to 3.8% in March, up slightly from 3.7% in December. United States GDP rose by an annual rate of 3.4% in the fourth quarter of 2023, decreasing from 4.9% in the third quarter of 2023, but still stronger than anticipated given the pace of interest rate rise.

As yields rose during the quarter, the US Treasury yield curve shape remained consistent with the 10-year rate rising 25 basis points versus the 30-year rising 26 basis points. The Bloomberg U.S. Aggregate Index fell by -0.8% during the quarter, dragged down by longer-term bonds and Agency MBS. The 10+-year group fell by -2.4% compared to an increase of +0.4% in the 1- to 3-year group. Investment grade credit fell by -0.41% compared to -0.96% for US Treasuries. Overall, securitized assets fell by -0.9% with US MBS down -1.0% and ABS increasing +0.7%. During the quarter, AAA-rated credit (+0.0%) was the best performer, with BBB credit (-0.2%) performing second best, while credits in the middle performed significantly worse.

The Natixis/Loomis Sayles Core Fixed Income Strategy (with Securitized Asset Fund) fell in value but outperformed the Bloomberg US Aggregate Bond Index gross of fees (lagged net of fees). Sector allocation during the quarter was the largest contributor. An underweight to US Treasury, an overweight to investment grade credit, and an overweight to CMBS were the largest contributors. Security selection in investment grade credit was a detractor, but was largely offset by positive selection in ABS/RMBS.

Markets have soared to new highs with better than expected economic growth and investor sentiment. Inflation, monetary policy, and the trajectory of the US economy are watchpoints for investors. While economic data and investor sentiment have been strong, uncertainties linger. Geopolitical and macroeconomic weakness may continue to drive market volatility and dispersion. The resulting market environment has increasingly proven challenging to navigate. We continue to believe that active fundamental research, combined with investment discipline, provides an attractive way to navigate market uncertainty.

Performance data shown represents past performance and is no guarantee of, and not necessarily indicative of, future results. The commentary reflects the opinions of the commentators as of the date indicated. This commentary is a service provided to customers of Natixis Advisors, LLC ("Natixis Advisors") for informational purposes. We believe the information contained in this commentary is reliable, but do not guarantee its accuracy. This economic overview is provided for informational purposes only and is not meant as investment advice. Reference to specific securities or industries should not be considered recommendations or advice for individual investors. There is no assurance that any predictions or projections will occur. This material is dated as indicated, and opinions and viewpoints may change as economic conditions change.

Investment Risks: All securities are subject to risk, including possible loss of principal. Please read the risks associated with each investment prior to investing. Detailed discussions of each investment's risks are included in Part 2A of each firm's respective Form ADV. The investments highlighted in this presentation may be subject to certain additional risks.

The views and opinions expressed may change based on market and other conditions. This material is provided for informational purposes only and should not be construed as investment advice. There can be no assurance that developments will transpire as forecasted. Actual results may vary.

Definitions:

The **Bloomberg US Aggregate Bond Index** is a broad-based benchmark that measures the investment-grade, US dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS. Bloomberg US Aggregate Bond Index rolls up into other Bloomberg flagship indexes, such as the multi-currency Global Aggregate Index and the US Universal Index, which includes high yield and emerging markets debt. Bloomberg US Aggregate Bond Index was created in 1986, with index history backfilled to January 1, 1976. Indexes are referred to for comparative purposes only and are not necessarily intended to parallel the risk or investment approach of the accounts included in the composites or the accounts managed by Natixis Advisors. Indexes are unmanaged and not available for direct investment.

The index information contained herein is derived from third parties and is provided on an "as is" basis. The user of this information assumes the entire risk of use of this information. Each of the third-party entities involved in compiling, computing or creating index information disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to such information.

Actual holdings in client accounts may vary from the model portfolio. Natixis Advisors will combine the investment recommendations from the model portfolio provider with the ability to customize and tailor individual portfolios to meet clients' specific needs, such as cash flows, tax issues and other needs. These recommendations will typically mirror those implemented by the model portfolio provider for its discretionary client portfolios, subject to differences relating to client guidelines, account size, tax needs and other factors. Portfolio transactions will be effected either by Natixis Advisors or the model portfolio provider. When effected by the model portfolio provider, transactions will be aggregated with those of its other clients, in an effort to seek best overall execution. Significant dispersion may occur among the holdings and performance of the model portfolio, the client accounts managed by Natixis Advisors using the model portfolio, and the accounts managed by the model portfolio provider on a discretionary basis included in the institutional composite for a variety of reasons. Such reasons include differing account sizes, differing cash flows, the timing and terms of execution of trades, individual client needs, and differing tax situations. The holdings, characteristics and performance of your portfolio may be different from the holdings, characteristics and performance information presented here in this report. For more complete information, please see Part II of Natixis Advisors' Form ADV.

Natixis Advisors, LLC provides advisory services through its division Natixis Investment Managers Solutions. Advisory services are generally provided with the assistance of model portfolio providers, some of which are affiliates of Natixis Investment Managers, LLC.

Natixis Distribution, LLC is a limited purpose broker-dealer and the distributor of various registered investment companies for which advisory services are provided by affiliates of Natixis Investment Managers.

Natixis Advisors, LLC and Natixis Distribution, LLC are located at 888 Boylston Street, Suite 800, Boston, MA 02199-8197. 800-862-4863, im.natixis.com

NOT FDIC INSURED • MAY LOSE VALUE • NO BANK GUARANTEE

1089276.40.1
Exp. 8/15/24
P-NLSCFSAF03-0324