LOOMIS | SAYLES

OCTOBER 2023

Investment Outlook

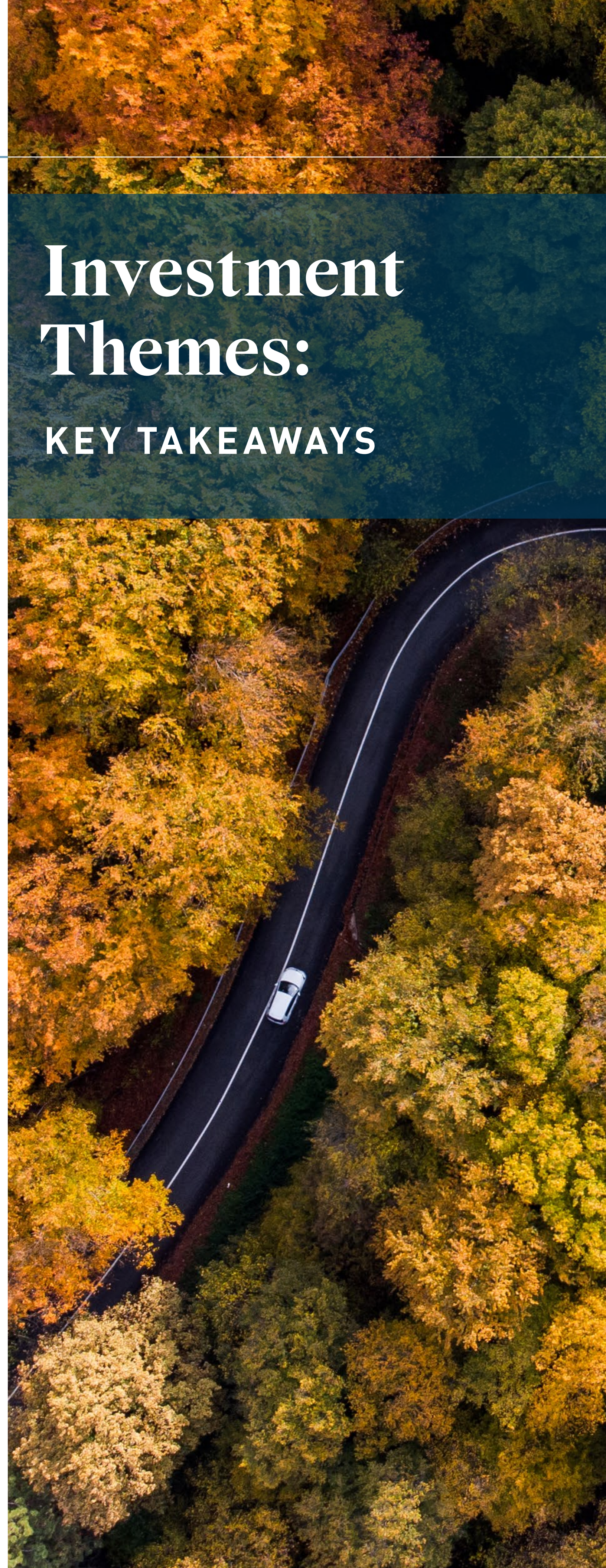
TOM FAHEY
Senior Global Macro Strategist,
Co-Director of Macro Strategies

We believe the US economy is late in the credit cycle as US Treasury bond yields move to highs not seen since 2007.

Mortgage rates have been forced higher and lending standards tighter, while oil prices have moved above $90 per barrel and the US dollar has hit new highs for the year. These factors will continue to tighten financial conditions and help move inflation back toward the Federal Reserve's (Fed's) goal of 2.0%.

Will these late-cycle dynamics lead to a soft landing, no landing or a hard landing? So far, US markets do not seem close to pricing in a hard landing given resilient GDP growth in 2023, elevated equity prices and tight credit spreads. However, European GDP growth has stagnated close to zero for three quarters while China's economy remains mired in deflation as its property bust continues. Can the US remain an island of stability in an increasingly unstable global economy?

We will explore these credit cycle dynamics to provide insights as we start to look toward 2024.



Investment Themes:

KEY TAKEAWAYS

PAGE 3 Macro Drivers

We see the US economy late in the credit cycle with heightened risks of heading into a downturn, while Europe appears on the brink of a downturn and China in a downturn.

PAGE 4 Corporate Credit

The Fed currently estimates 2024 US GDP to be 1.5%. Given the "risk-on" environment year to date, we view credit spreads as tight and likely to widen over the next six to twelve months. In our view, growth expectations seem too high.

PAGE 5 Government Debt & Policy

Economic growth expectations in the US have increased, contributing to investors anticipating a "higher for longer" fed funds rate.

PAGE 6 Currencies

Downturn phases of the credit cycle are most often associated with the US dollar outperforming foreign currencies. Recently, we have seen that interest rates in many markets have moved in favor of the US dollar.

PAGE 7 Equities

Notably, the market seems to be expecting a robust rebound in earnings for 2024, close to 10%. We expect a much more challenging earnings environment.

PAGE 8 Potential Risks

Most asset valuations are reflecting a soft landing scenario already. Our core view is that the global economy is currently in a vulnerable position and therefore at risk of entering the downturn phase of the credit cycle.

PAGE 8 Asset Class Outlook

We are constructive on duration and neutral on credit. We would look to add growth equity exposure on weakness.

Macro Drivers

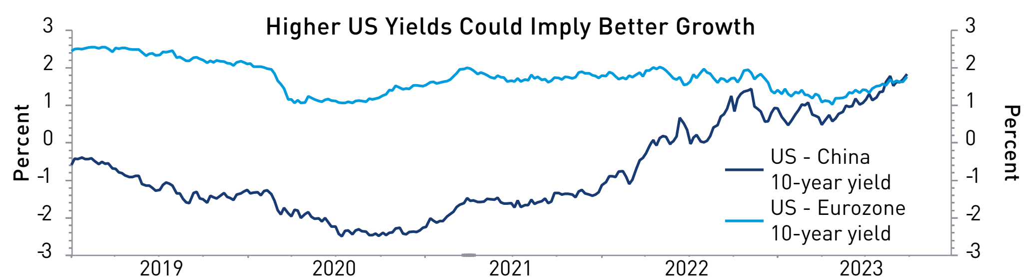
In our view, the shape of fiscal policy has been an important driver of where the major countries are currently in the global credit cycle. In terms of positioning, we see the US in late cycle with heightened risks of heading into a downturn, Europe on the brink of a downturn and China in a downturn.

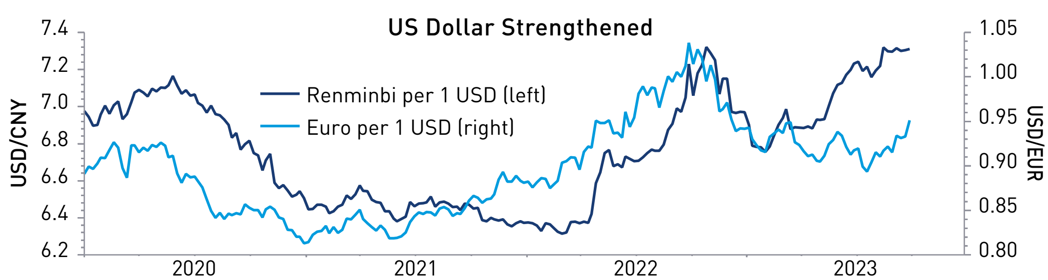
- Fiscal policy has provided significant support for the US consumer and corporate sector since the COVID-19 pandemic. In addition, both sectors took advantage of super-low interest rates in 2020 and 2021. These moves provided them with insulation during the most aggressive tightening cycle by the Fed since the early 1980s, which has brought the fed funds upper bound to 5.5%.
- Bond yields spiked higher in the third quarter largely due to economic growth optimism and uncertainty about necessary Treasury issuance to fund the growing fiscal deficit. The Fed confirmed the growth optimism by revising higher its 2023 GDP estimate to 2.1%, up from 1.0% in June.
- Postpandemic, European fiscal policy was generally geared toward incentivizing a green energy transition. This policy may have a longer-lasting impact on the economy as it incentivizes long-run energy investments, but it lacked the near-term shock and awe of direct payments. We believe that was a factor as to why eurozone GDP has only grown 0.5% in the last year, compared to 2.5% in the US (as of 30 June 2023).
- Chinese fiscal policy postpandemic was more oriented toward company production supports. Consumers have been forced to save to make up for lost incomes, plus the property bust is having a major impact on tertiary consumer spending. China is currently in a deflationary environment with consumer price inflation essentially at zero, producer prices deflating by 3% in the last year, the People's Bank of China cutting interest rates, government bond yields declining in 2023 and continued devaluing of the renminbi.

US YIELDS MOVED HIGHER YEAR TO DATE BASED ON ECONOMIC GROWTH AND UNCERTAINTY SURROUNDING FUNDING THE FISCAL DEFICIT

The focus of Chinese and European fiscal policies did not result in higher yields relative to those of the US.

Source: LSEG Datastream, data as of 27 September 2023.





This material is for informational purposes only and should not be construed as investment advice. Information obtained from outside sources is believed to be correct, but Loomis Sayles cannot guarantee its accuracy. This material cannot be copied, reproduced or redistributed without authorization. ***Past market experience is no guarantee of future results.***

Corporate Credit

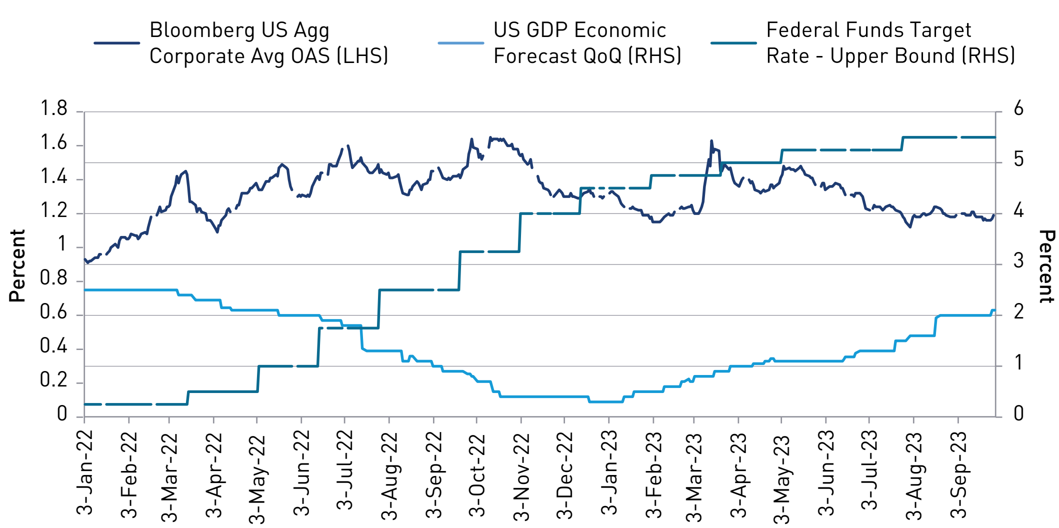
Despite the fed funds rate rising to an upper bound of 5.5%, GDP growth expectations for 2023 have steadily risen to 2.1%, which in our view has been a critical factor supporting riskier corporate credits.

- Credit spreads have tightened significantly during the past year. The US investment grade spread, represented by the Bloomberg US Aggregate Corporate Index average, peaked at 165 basis points (bps) on 12 October 2022, up from 116 bps as of 26 September 2023.
- As credit spreads to government bonds tightened, excess returns across the investment grade, high yield and bank loan sectors—in the US, Europe and emerging markets (EM)—were substantial.
- Looking back, when credit spreads peaked in October 2022, the Fed and other central banks were raising interest rates aggressively as economic growth expectations for 2023 were collapsing (see chart below). GDP growth expectations for 2023 collapsed to 0.4% by October 2022, very close to discounting an outright recession.
- So far, 2023 has been what we consider a "risk-on" environment with higher equity prices and tighter credit spreads. Even though S&P 500 earnings were negative for the past three quarters of 2023, they have not collapsed to the point where companies are shedding jobs, which typically heralds a downturn in the economy.
- We are watching 2024 GDP growth expectations closely. Bloomberg consensus estimates 0.9% for 2024 while the Fed currently estimates 1.5%. Currently, we would take the "under" on both those growth estimates. We view credit spreads as tight and likely to widen over the next six to twelve months. In our view, growth expectations seem too high as bond yields have surged, the US dollar has strengthened and energy prices have increased.

COUNTER TO EXPECTATIONS FOR 2023, AN ECONOMIC RECESSION DID NOT MATERIALIZE

When credit spreads peaked in October 2022 they coincided with a bottom in GDP growth expectations for 2023, setting up a risk-on environment.

Source: Bloomberg, data as of 28 September 2023.



This material is for informational purposes only and should not be construed as investment advice. Information obtained from outside sources is believed to be correct, but Loomis Sayles cannot guarantee its accuracy. This material cannot be copied, reproduced or redistributed without authorization. Indices are unmanaged and do not incur fees. It is not possible to invest directly in an index. ***Past performance is no guarantee of future results.***

Government Debt & Policy

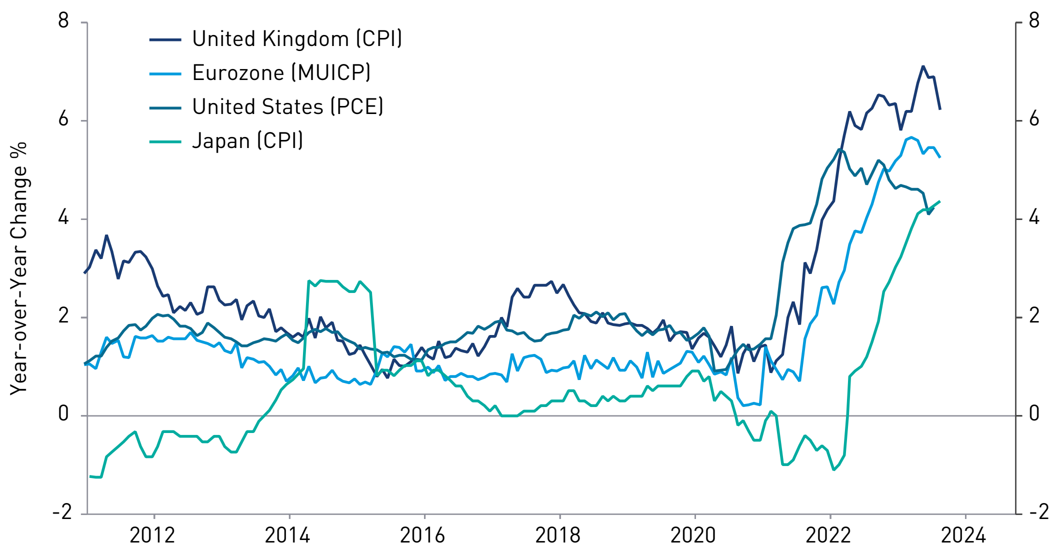
Economic growth expectations in the US have increased, contributing to investors anticipating a "higher for longer" fed funds rate.

- Current fed funds futures indicate only two cuts in 2024, compared to June 2023 when there were two cuts expected by the end of January 2024.
- Further bolstering the higher for longer view, the Fed's September Summary of Economic Projections raised 2023 and 2024 GDP growth forecasts, suggesting little to no risk of an economic downturn. The Fed also lowered its unemployment projections from 4.6% to 4.1% for 2024, which is the long-run equilibrium level.
- The Fed's September forecasts raised the median fed funds rate expected in 2024 from 4.6% to 5.1%.
- Large budget deficits coinciding with central banks reducing their government bond portfolios has led to much handwringing about who is going to purchase future Treasury supply.
- Globally, inflation remains far from the typical central bank's target range of +/- 2.0%. In our view, this adds to a growing belief that we are entering a higher for longer interest rate environment.
- Higher yields tend to tighten monetary conditions even further. We think this will eventually soften economic momentum, bring inflation down and help interest rates and bond yields fall as we move into 2024.

GLOBALLY, INFLATION RATES CONTINUE TO BE HIGHER THAN CENTRAL BANKS' PREFERRED TARGETS

Higher yields tend to tighten monetary conditions, which can undermine economic growth and slow inflation rates.

Source: LSEG Datastream, data as of 27 September 2023.



This material is for informational purposes only and should not be construed as investment advice. Information obtained from outside sources is believed to be correct, but Loomis Sayles cannot guarantee its accuracy. This material cannot be copied, reproduced or redistributed without authorization.

Currencies

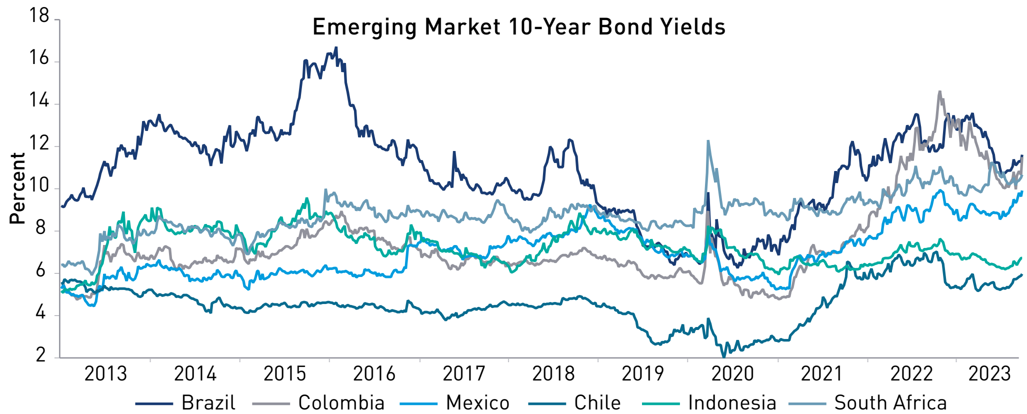
Downturn phases of the credit cycle are most often associated with the US dollar outperforming foreign currencies. We often remark that when bad things happen globally, the US dollar rallies.

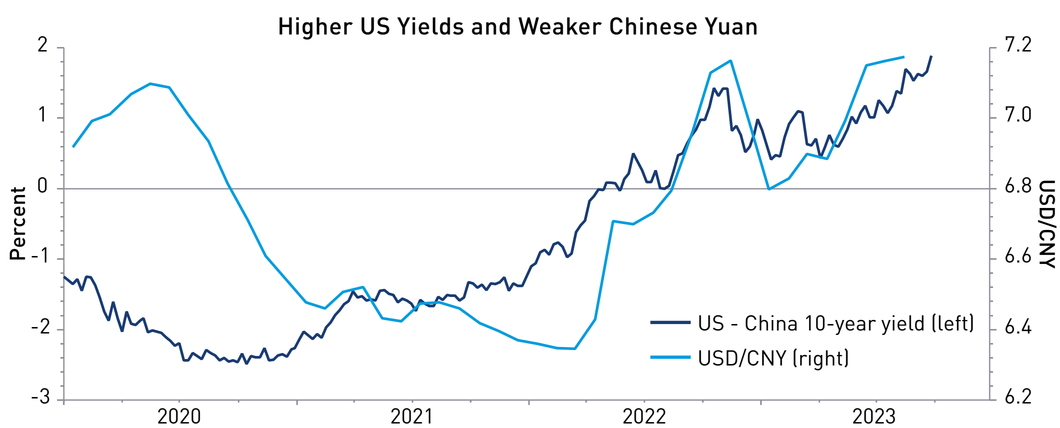
- Interest rates in many markets have moved in favor of the dollar more recently. We have seen this in the spread of US yields over China's. The Chinese renminbi is an important anchor for many EM currencies and could be considered an important bellwether. The currency is an important tool for China to help escape deflationary pressures.
- While European gas prices have collapsed from their highs of €80 to €11 per megawatt hour in 2022, they are still above prepandemic levels, which averaged around €6 per megawatt hour. An energy shock in Europe would likely be a negative trade shock relative to the US, which could add downward pressure on the euro as we move into 2024.
- Many EM countries currently have much higher interest rates compared to those of the US. We believe that should support their currencies in 2024, even if a global downturn occurs. Once inflation comes under control, the Fed and other central banks could be positioned to cut rates.

EMERGING MARKET COUNTRIES ARE CURRENTLY POSTING HIGHER RATES RELATIVE TO THAT OF THE US

The Chinese renminbi is an important anchor for many EM currencies and could be considered an important bellwether.

Source: LSEG Datastream, data as of 27 September 2023.





This material is for informational purposes only and should not be construed as investment advice. Information obtained from outside sources is believed to be correct, but Loomis Sayles cannot guarantee its accuracy. This material cannot be copied, reproduced or redistributed without authorization.
Past market experience is no guarantee of future results.

Equities

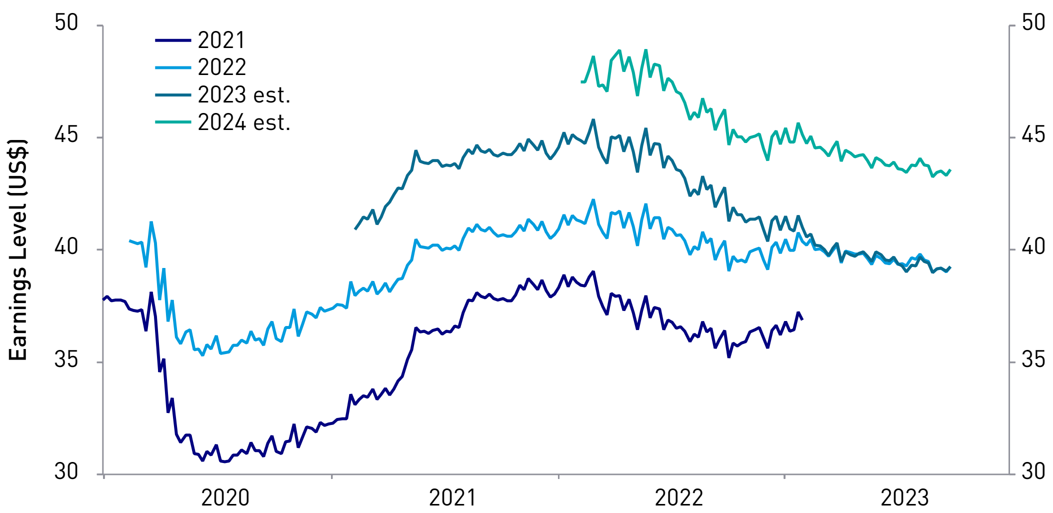
Notably, the market seems to be expecting a robust rebound in earnings for 2024, close to 10%. We expect a much more challenging earnings environment.

- Recent corrections in equity markets are coinciding with moves higher in bond yields, which in our view is not surprising as discounted cash flows decline with higher yields.
- Corporations have been losing pricing power and economic growth appears set to continue slowing. We believe top-line growth will be tougher to generate and we suspect further profit margin compression is ahead.
- Within the S&P 500, there is currently a huge divergence between the top-performing stocks and the rest. For example, year to date through 25 September, the equal-weighted S&P 500 Index returned 2.0%, versus 18% for the capitalization-weighted S&P 500 Index. Most stocks are seeing marginal performance in 2023.
- Equity market performance needs to broaden to include small-cap companies and less-defensive sectors, in our opinion. However, even if this were to occur, we would be reluctant to fully embrace such a trend at this late stage of the credit cycle.

CONSENSUS ESTIMATES FOR MSCI ALL COUNTRY WORLD EARNINGS

The consensus global earnings rebound of plus 10% for next year is very optimistic in our view.

Source: LSEG Datastream, IBES, data as of 27 September 2023.



Any opinions or forecasts contained herein reflect the current subjective judgments and assumptions of the Macro Strategies team only, and do not necessarily reflect the views of Loomis, Sayles & Company, L.P. This information is subject to change at any time without notice. This material is for informational purposes only and should not be construed as investment advice. Information obtained from outside sources is believed to be correct, but Loomis Sayles cannot guarantee its accuracy. This material cannot be copied, reproduced or redistributed without authorization.

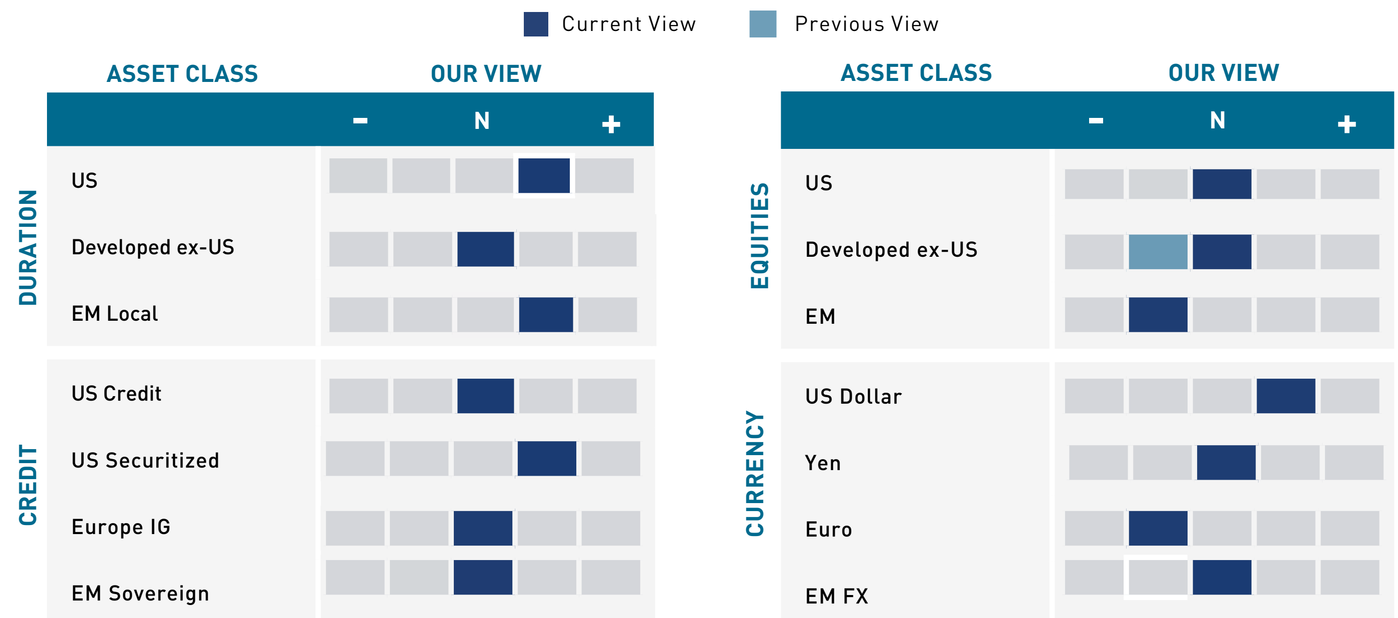
Potential Risks

In our view, a cautious asset allocation stance with a tilt toward fixed income is warranted given macroeconomic headwinds and a corporate profits recession appearing to take hold.

- Currently, our core view is that the global economy is in a vulnerable position and therefore at risk of entering the downturn phase of the credit cycle.
- Most asset valuations are reflecting a soft landing scenario already. We believe the probability of a soft landing is around 20% and therefore find markets optimistically priced.
- We anticipate a profits recession in the intermediate term. That said, corporations could find a way to manage through challenges and continue growing earnings despite economic weakness and higher interest rates.
- Inherent in a downturn scenario is a rising unemployment rate. If US unemployment doesn't head above 4.0%, then a soft landing could become the base case.
- Market performance suggests conditions are rosy. We are more cautious.

Asset Class Outlook

We are constructive on duration and neutral on credit. We would look to add growth equity exposure on weakness.



Third Quarter Review

INDEX RETURNS BY SECTOR
as of 30 September 2023

INDEX				
US BROAD MARKET	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG US AGGREGATE BOND	-2.54	-3.23	-4.05	0.64
BBG US GOVERNMENT/CREDIT	-2.34	-3.00	-3.90	0.93

The broad fixed income market experienced a second consecutive quarter of negative returns, largely attributable to the hawkish tone set during the September Fed meeting and the growing consensus of higher-for-longer interest rates. In Q3, we saw two favorable core CPI reports where inflation trended lower, however, those alone were not enough to deter the Fed from its hawkish stance.

US GOVERNMENTS	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG US TREASURYS	-2.21	-3.06	-4.40	-0.81
3-MONTH T-BILLS	0.44	1.33	2.57	4.65
2-YEAR TREASURY	-0.08	0.57	-0.32	1.65
5-YEAR TREASURY	-1.24	-1.20	-2.87	0.61
10-YEAR TREASURY	-3.46	-5.12	-6.93	-2.82
30-YEAR TREASURY	-7.60	-12.72	-14.78	-12.05
BBG US TIPS	-1.85	-2.60	-3.98	1.25
BBG US AGENCY	-0.62	-0.24	-0.68	2.10

US Treasurys sold off to varying degrees this quarter based on duration. While the entire yield curve saw an upward shift, the long end rose significantly more than the short end. Long duration Treasury performance suffered as a result.

US MUNICIPALS	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG US MUNICIPALS	-2.93	-3.95	-4.05	2.66

Municipal bonds saw negative returns this quarter due largely to the prevailing interest rate environment. Munis underperformed Treasurys as challenges in the commercial real estate market persisted. The muted transit recovery and the ongoing work from home phenomenon continued to disrupt business districts.

US SECURITIZED	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG MBS	-3.19	-4.05	-4.67	-0.17
BBG ABS	-0.43	0.25	0.13	2.81
BBG CMBS	-1.19	-1.02	-1.62	1.19

The securitized market produced positive returns in ABS, but experienced negative returns in both MBS and CMBS during the quarter. Underperformance in the MBS market can be attributed to its longer duration, whereas the ABS market outperformed due to its shorter duration.

Data Sources: Bloomberg indices from Bloomberg Live; currency returns, JPMorgan and Citigroup indices from Bloomberg; bank loans from S&P Global Market Intelligence.

All returns in US dollars, unless noted.

Past performance is no guarantee of future results.

INDEX RETURNS BY SECTOR
as of 30 September 2023

INDEX CORPORATES	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG US INVESTMENT GRADE	-2.67	-3.09	-3.37	3.65
AAA	-4.40	-6.31	-7.23	-0.07
AA	-3.21	-4.25	-4.92	1.60
A	-2.73	-3.24	-3.63	2.85
BBB	-2.50	-2.71	-2.80	4.77
BBG EUROPEAN INVESTMENT GRADE -*LOCAL CURRENCY RETURNS*	-0.86	0.34	0.77	3.65
AAA	-2.20	-1.10	-0.22	1.28
AA	-0.92	0.06	-0.01	1.49
A	-0.98	0.14	0.39	2.83
BBB	-0.74	0.55	1.20	4.63
BBG STERLING INVESTMENT GRADE -*LOCAL CURRENCY RETURNS*	0.04	2.21	-1.28	8.11
AAA	-0.72	0.62	-3.44	1.64
AA	-0.07	1.72	-2.43	5.09
A	-0.08	1.86	-1.90	7.17
BBB	0.18	2.64	-0.52	9.54

Across Europe and the US, lower-quality bonds outperformed their higher-quality counterparts. This aligns with the fact that higher-quality bonds generally have longer duration and duration underperformed this quarter. Sterling corporates outperformed other developed markets in Q3. European markets experienced modest gains, while US-domiciled bonds underperformed across the board.

CORPORATES	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG US HIGH YIELD	-1.18	0.46	2.21	10.28
BB	-1.41	-0.39	0.49	8.42
B	-1.03	0.84	2.76	11.57
CCC	-0.79	2.51	6.80	12.66
BBG PAN-EURO HIGH YIELD -*LOCAL CURRENCY RETURNS*	0.29	1.88	3.76	11.78
BB	-0.08	1.33	3.02	10.70
B	0.35	2.70	5.28	14.81
CCC	3.82	3.78	5.75	10.12

US high yield bonds outperformed their investment grade counterparts, whereas European high yield bonds lagged behind investment grade securities. Consistent with investment grade corporates, both US and European high yield markets saw lower-quality names outperform during the quarter.

Data Sources: Bloomberg indices from Bloomberg Live; currency returns, JPMorgan and Citigroup indices from Bloomberg; bank loans from S&P Global Market Intelligence.

All returns in US dollars, unless noted.

Past performance is no guarantee of future results.

INDEX RETURNS BY SECTOR
as of 30 September 2023

INDEX				
BANK LOANS	1 MONTH	3 MONTH	6 MONTH	1 YEAR
MORNINGSTAR LSTA US LEVERAGED LOAN	0.96	3.46	6.72	13.05
BB	0.63	2.21	5.09	11.36
B	1.06	3.85	7.22	14.31
CCC	1.59	6.05	10.70	12.46

Bank loans performed well in Q3. Bank loans typically have floating coupons that adjust with the market rate, resulting in lower duration. Given the significant increase in interest rates over the past quarter, bank loans continued to benefit from upward adjustments on floating coupons.

DEVELOPED COUNTRIES	1 MONTH	3 MONTH	6 MONTH	1 YEAR
CITIGROUP WGBI -*LOCAL CURRENCY RETURNS*	-2.01	-2.71	-3.42	-1.26
CITIGROUP NON-USD WGBI	-1.87	-2.46	-2.72	-1.66
UNITED STATES	-2.20	-3.04	-4.36	-0.78
CANADA	-2.35	-3.56	-4.98	-2.31
JAPAN	-0.90	-4.28	-3.79	-3.10
AUSTRALIA	-2.35	-1.34	-5.33	-0.04
UNITED KINGDOM	-1.22	-1.06	-7.22	-3.55
EUROPEAN GBI	-2.69	-2.53	-2.49	-2.22
FRANCE	-2.54	-2.46	-2.63	-3.06
GERMANY	-2.36	-2.37	-2.72	-3.71
IRELAND	-2.48	-2.50	-2.49	-2.92
ITALY	-3.22	-2.71	-1.87	0.98
SPAIN	-2.44	-2.20	-2.41	-2.15

All countries within the Citigroup World Government Bond Index (WGBI) posted losses in the third quarter. Higher interest rates have been casting a shadow over the overall global outlook.

EMERGING MARKET BONDS	1 MONTH	3 MONTH	6 MONTH	1 YEAR
JP MORGAN EMBIG -*SOVEREIGN/QUASI-SOVEREIGN, USD*	-2.81	-2.63	-1.14	8.61
JP MORGAN CEMBI BROAD DIVERSIFIED -*CORPORATES, USD*	-0.78	-0.26	1.12	8.25
JP MORGAN GBI-EM GLOBAL DIVERSIFIED -*GOVERNMENTS, LOCAL CURRENCY*	-1.31	-0.67	2.06	8.97

Emerging market debt incurred negative returns over the quarter, with the poorest performance seen in US-dollar-denominated debt. Emerging market corporates and local currency debt performed slightly better for the quarter even after losses in September.

Data Sources: Bloomberg indices from Bloomberg Live; currency returns, JPMorgan and Citigroup indices from Bloomberg; bank loans from S&P Global Market Intelligence.

All returns in US dollars, unless noted.

Past performance is no guarantee of future results.

INDEX RETURNS BY SECTOR
as of 30 September 2023

INDEX CURRENCY MARKETS	1 MONTH	3 MONTH	6 MONTH	1 YEAR
DOLLAR BLOC				
CANADIAN DOLLAR	-0.51	-2.47	-0.45	1.86
AUSTRALIAN DOLLAR	-0.76	-3.44	-3.74	0.55
NEW ZEALAND DOLLAR	0.52	-2.07	-4.15	7.11
WESTERN EUROPE				
EURO	-2.49	-3.08	-2.45	7.87
NORWEGIAN KRONE	-0.60	0.39	-2.07	1.78
SWEDISH KRONA	0.38	-1.05	-4.65	1.63
SWISS FRANC	-3.49	-2.15	0.00	7.83
BRITISH POUND	-3.74	-3.97	-1.12	9.21
EMERGING EUROPE & AFRICA				
CZECH KORUNA	-3.93	-5.74	-6.29	8.58
HUNGARIAN FORINT	-4.60	-7.27	-4.85	17.15
POLISH ZLOTY	-5.68	-7.09	-1.31	13.26
RUSSIAN RUBLE	-1.89	-8.44	-20.33	-38.36
SOUTH AFRICAN RAND	-0.25	-0.39	-5.95	-4.42
TURKISH NEW LIRA	-2.65	-5.13	-30.06	-32.43
ASIA				
JAPANESE YEN	-2.56	-3.39	-11.05	-3.10
CHINESE RENMINBI	-0.54	-0.61	-5.82	-2.49
INDONESIAN RUPIAH	-1.46	-2.99	-2.98	-1.47
MALAYSIAN RINGGIT	-1.21	-0.61	-5.97	-1.23
PHILIPPINE PESO	0.01	-2.45	-3.93	3.63
SINGAPORE DOLLAR	-1.10	-1.01	-2.58	5.06
SOUTH KOREAN WON	-1.98	-2.35	-3.52	6.06
LATIN AMERICA				
ARGENTINE PESO	0.00	-26.65	-40.29	-57.91
BRAZILIAN REAL	-1.57	-4.94	0.58	7.58
CHILEAN PESO	-4.40	-10.01	-10.77	8.65
COLOMBIAN PESO	0.69	2.55	13.65	13.30
MEXICAN PESO	-2.21	-1.71	3.58	15.59
PERUVIAN NEW SOL	-2.51	-4.22	-0.58	5.24

The US dollar rallied this quarter as it appeared markets began to internalize the resilience of the US economy and growth faltered in China and Europe. This led to a decline in FX risk appetite. Foreign currencies posted negative returns with the exception of the Norwegian krone and Colombian peso, which benefited from rising oil prices.

Data Sources: Bloomberg indices from Bloomberg Live; currency returns, JPMorgan and Citigroup indices from Bloomberg; bank loans from S&P Global Market Intelligence.

All returns in US dollars, unless noted.

Past performance is no guarantee of future results.

GLOBAL EQUITY MARKETS
as of 30 September 2023

INDEX TOTAL RETURNS (%)

INDEX	3 MONTH	1 YEAR	3 YEAR	5 YEAR
S&P 500®	-3.27	21.62	10.12	9.88
MSCI ALL COUNTRY WORLD	-3.30	21.41	7.37	6.96
MSCI EUROPE	-4.91	29.69	7.87	4.57
MSCI JAPAN	-1.45	26.40	3.18	2.43
MSCI EMERGING MARKETS	-2.79	12.17	-1.34	0.93

Global equities experienced negative returns in the third quarter. Dispersion of returns across regions was limited. European markets performed the worst, while Japanese markets demonstrated relatively stronger performance.

US EQUITY MARKETS
as of 30 September 2023

INDEX TOTAL RETURNS (%)

INDEX	3 MONTH	1 YEAR	3 YEAR	5 YEAR
RUSSELL 1000®	-3.15	21.19	9.50	9.59
GROWTH	-3.13	27.72	7.95	12.37
VALUE	-3.16	14.44	11.02	6.20
RUSSELL MIDCAP®	-4.68	13.45	8.07	6.36
GROWTH	-5.22	17.47	2.60	6.94
VALUE	-4.46	11.05	10.95	5.16
RUSSELL 2000®	-5.13	8.93	7.14	2.39
GROWTH	-7.32	9.59	1.08	1.55
VALUE	-2.96	7.84	13.28	2.58

The US equities market experienced negative returns this quarter. Large-cap equities, represented by the Russell 1000 Index, displayed relatively stronger performance compared to mid- and small-cap equities. Within mid- and small-cap equities, growth stocks were more negatively impacted by rates than value stocks.

Data Source: FactSet. All returns quoted in US dollars. Performance for one- and multi-year periods is annualized. Sorted by index quarterly returns. Due to rounding, sector totals may not equal 100%.

Past performance is no guarantee of future results.

S&P 500 SECTORS
as of 30 September 2023

SECTOR PERFORMANCE ATTRIBUTION (%)

INDEX	3 MONTH	1 YEAR	3 YEAR	5 YEAR
ENERGY	12.22	30.21	51.50	8.96
COMMUNICATION SERVICES	3.07	38.49	5.30	7.91
FINANCIALS	-1.13	14.26	14.42	6.52
HEALTHCARE	-2.65	8.22	8.64	8.22
MATERIALS	-4.76	18.05	9.38	8.55
CONSUMER DISCRETIONARY	-4.80	13.89	2.39	7.21
INDUSTRIALS	-5.16	24.71	11.42	7.27
INFORMATION TECHNOLOGY	-5.64	42.53	13.74	18.65
CONSUMER STAPLES	-5.97	7.00	5.99	8.44
REAL ESTATE	-8.90	-1.79	2.36	4.40
UTILITIES	-9.25	-7.02	2.91	5.65

Energy notably outperformed this quarter due to a surge in oil prices primarily driven by continued supply cuts from OPEC. While communication services also posted positive returns, all other nine sectors experienced negative returns.

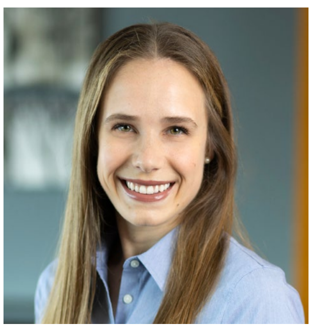
Data Source: FactSet. All returns quoted in US dollars. Performance for one- and multi-year periods is annualized. Sorted by index quarterly returns. Due to rounding, sector totals may not equal 100%.

Past performance is no guarantee of future results.

AUTHORS

TOM FAHEY

Senior Global Macro Strategist, Co-Director of Macro Strategies



EMMA EWAS

Macro Strategies Associate

Disclosure

All data and views are as of 30 September 2023, unless otherwise noted.

This marketing communication is provided for informational purposes only and should not be construed as investment advice. Any opinions or forecasts contained herein reflect the subjective judgments and assumptions of the authors only and do not necessarily reflect the views of Loomis, Sayles & Company, L.P. Investment recommendations may be inconsistent with these opinions. There is no assurance that developments will transpire as forecasted and actual results will be different. Data and analysis do not represent the actual or expected future performance of any investment product. Information, including that obtained from outside sources, is believed to be correct, but Loomis Sayles cannot guarantee its accuracy. This information is subject to change at any time without notice.

Past performance is no guarantee of future results.

Any investment that has the possibility for profits also has the possibility of losses, including the loss of principal.

Diversification does not ensure a profit or guarantee against a loss.

Market conditions are extremely fluid and change frequently.

Commodity, interest and derivative trading involves substantial risk of loss.

Indices are unmanaged and do not incur fees. It is not possible to invest directly in an index.

LS Loomis | Sayles is a trademark of Loomis, Sayles & Company, L.P. registered in the US Patent and Trademark Office.

Index Definitions

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.*

Bloomberg US Government/Credit Index *includes securities in the government and credit indices. The government index includes treasuries -i.e., public obligations of the US Treasury that have remaining maturities of more than one year and agencies -i.e., publicly issued debt of US Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the US Government. The credit index includes publicly issued US corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements.*

Bloomberg US Treasury Index *includes public obligations of the US Treasury with at least one year until final maturity, excluding certain special issues such as state and local government series bonds -SLGs, US Treasury TIPS and STRIPS.*

Bloomberg US Treasury Inflation Protected Securities Index *consists of inflation-protection securities issued by the US Treasury that have at least one year to maturity and at least $250 million par amount outstanding.*

Bloomberg US Agency Index *includes agency securities that are publicly issued by US Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the US Government -such as USAID securities.*

Bloomberg US Municipal Index *is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market. The index has four main sectors: general obligation bonds, revenue bonds, insured bonds -including all insured bonds with a Aaa/AAA rating, and prerefunded bonds.*

Bloomberg Mortgage-Backed Securities -MBS Index *is a component of the Bloomberg Aggregate Index covering mortgage-backed pass-through securities of Ginnie Mae -GNMA, Fannie Mae -FNMA and Freddie Mac -FHLMC.*

The MBS Index is formed by grouping the universe of over 600,000 individual fixed rate MBS pools into approximately 3,500 generic aggregates.

Bloomberg Asset-Backed Securities -ABS Index *is a component of the Bloomberg US Aggregate Index including pass-through, bullet and controlled amortization structures. The ABS Index includes only the senior class of each ABS issue and the ERISA-eligible B and C tranche. Constituents must have an average life of at least one year and a deal size of at least 500 million.*

Bloomberg Commercial Mortgage-Backed Securities -CMBS ERISA-Eligible Index *is a component of the Bloomberg US Aggregate Index and the ERISA-eligible component of the Bloomberg CMBS Index. This index, which includes investment grade securities that are ERISA eligible under the underwriter's exemption, is the only CMBS sector that is included in the US Aggregate Index.*

Bloomberg US Corporate Index *contains publicly issued US corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity and quality requirements. To qualify, bonds must be SEC-registered. The index includes both corporate and non-corporate sectors. The corporate sectors are Industrial, Utility, and Finance, which include both US and non-US corporations. The non-corporate sectors are Sovereign, Supranational, Foreign Agency, and Foreign Local Government.*

Bloomberg Euro-Aggregate Corporate Index *consists of bonds issued in the euro or the legacy currencies of the 16 sovereign countries participating in the European Monetary Union -EMU. All issues must be investment grade-rated, fixed-rate securities with at least one year remaining to maturity. The Euro-Aggregate Index excludes convertible securities, floating rate notes, perpetual notes, warrants, linked bonds, and structured products.*

Bloomberg Sterling Aggregate Corporate Index *is a broad-based benchmark that measures the investment grade, fixed-rate, taxable, corporate sterling-denominated bond market. Inclusion is based on the currency of the issue, not the domicile of the issuer. The index includes publically issued securities from industrial, utility, and financial companies that meet specified maturity, liquidity and quality requirements.*

Bloomberg US Corporate High-Yield Index *covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets -sovereign rating of Baa1/BBB+/BBB+ and below using the middle of Moody's, S&P, and Fitch are excluded, but Canadian and global bonds -SEC registered of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, 144-As and pay-in-kind bonds -PIKs, as of October 1, 2009 are also included.*

Bloomberg Pan-European High-Yield Index *covers the universe of fixed-rate, sub-investment grade debt denominated in euros or other European currencies -except Swiss francs. Securities must be rated high-yield -Ba1/BB+ or lower by at least two of the following rating agencies: Moody's, S&P, Fitch. Excludes emerging markets.*

Morningstar LSTA US Leveraged Loan Index*, is a market value-weighted index designed to measure the performance of the US leveraged loan market based upon market weightings, spreads and interest payments.*

Citigroup World Government Bond Index -WGBI *measures the performance of fixed-rate, local currency, investment grade sovereign bonds. The WGBI is a widely used benchmark that currently comprises sovereign debt from over 20 countries, denominated in a variety of currencies. The WGBI provides a broad benchmark for the global sovereign fixed income market.*

JPMorgan Emerging Markets Bond Index Global -EMBIG *tracks total returns for US dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds.*

JPMorgan Corporate Emerging Markets Bond Index -CEMBI Broad Diversified *tracks total returns of US dollar-denominated debt instruments issued by corporate entities in emerging markets countries. The CEMBI Broad is the most comprehensive corporate benchmark followed by the CEMBI, which consists of an investable universe of corporate bonds.*

MALR031841

Additional Notes

This material has been provided for information purposes only to investment service providers or other Professional Clients, Qualified or Institutional Investors and, when required by local regulation, only at their written request. This material must not be used with Retail Investors.

To obtain a summary of investor rights in the official language of your jurisdiction, please consult the legal documentation section of the website (im.natixis.com/intl/intl-fund-documents)

In the E.U.: Provided by Natixis Investment Managers International or one of its branch offices listed below. Natixis Investment Managers International is a portfolio management company authorized by the Autorité des Marchés Financiers (French Financial Markets Authority - AMF) under no. GP 90-009, and a public limited company (société anonyme) registered in the Paris Trade and Companies Register under no. 329 450 738. Registered office: 43 avenue Pierre Mendès France, 75013 Paris. Germany: Natixis Investment Managers International, Zweigniederlassung Deutschland (Registration number: HRB 129507): Senckenberganlage 21, 60325 Frankfurt am Main. Italy: Natixis Investment Managers International Succursale Italiana, Registered office: Via San Clemente 1, 20122 Milan, Italy. Netherlands: Natixis Investment Managers International, Nederlands (Registration number 000050438298). Registered office: Stadsplateau 7, 3521AZ Utrecht, the Netherlands. Spain: Natixis Investment Managers International S.A., Sucursal en España, Serrano n°90, 6th Floor, 28006 Madrid, Spain. Sweden: Natixis Investment Managers International, Nordics Filial (Registration number 516412-8372- Swedish Companies Registration Office). Registered office: Covendrum Stockholm City AB, Kungsgatan 9, 111 43 Stockholm, Box 2376, 103 18 Stockholm, Sweden. **Or,**

Provided by Natixis Investment Managers S.A. or one of its branch offices listed below. Natixis Investment Managers S.A. is a Luxembourg management company that is authorized by the Commission de Surveillance du Secteur Financier and is incorporated under Luxembourg laws and registered under n. B 115843. Registered office of Natixis Investment Managers S.A.: 2, rue Jean Monnet, L-2180 Luxembourg, Grand Duchy of Luxembourg. Belgium: Natixis Investment Managers S.A., Belgian Branch, Gare Maritime, Rue Picard 7, Bte 100, 1000 Bruxelles, Belgium.

In Switzerland: Provided for information purposes only by Natixis Investment Managers, Switzerland Sàrl, Rue du Vieux Collège 10, 1204 Geneva, Switzerland or its representative office in Zurich, Schweizergasse 6, 8001 Zürich.

In the British Isles: Provided by Natixis Investment Managers UK Limited which is authorised and regulated by the UK Financial Conduct Authority (register no. 190258) - registered office: Natixis Investment Managers UK Limited, One Carter Lane, London, EC4V 5ER. When permitted, the distribution of this material is intended to be made to persons as described as follows: **in the United Kingdom**: this material is intended to be communicated to and/or directed at investment professionals and professional investors only; **in Ireland**: this material is intended to be communicated to and/or directed at professional investors only; **in Guernsey**: this material is intended to be communicated to and/or directed at only financial services providers which hold a license from the Guernsey Financial Services Commission; **in Jersey**: this material is intended to be communicated to and/or directed at professional investors only; **in the Isle of Man**: this material is intended to be communicated to and/or directed at only financial services providers which hold a license from the Isle of Man Financial Services Authority or insurers authorised under section 8 of the Insurance Act 2008.

In the DIFC: Provided in and from the DIFC financial district by Natixis Investment Managers Middle East (DIFC Branch) which is regulated by the DFSA. Related financial products or services are only available to persons who have sufficient financial experience and understanding to participate in financial markets within the DIFC, and qualify as Professional Clients or Market Counterparties as defined by the DFSA. No other Person should act upon this material. Registered office: Unit L10-02, Level 10 ,ICD Brookfield Place, DIFC, PO Box 506752, Dubai, United Arab Emirates

In Japan: Provided by Natixis Investment Managers Japan Co., Ltd. Registration No.: Director-General of the Kanto Local Financial Bureau (kinsho) No.425. Content of Business: The Company conducts investment management business, investment advisory and agency business and Type II Financial Instruments Business as a Financial Instruments Business Operator.

In Taiwan: Provided by Natixis Investment Managers Securities Investment Consulting (Taipei) Co., Ltd., a Securities Investment Consulting Enterprise regulated by the Financial Supervisory Commission of the R.O.C. Registered address: 34F., No. 68, Sec. 5, Zhongxiao East Road, Xinyi Dist., Taipei City 11065, Taiwan (R.O.C.), license number 2020 FSC SICE No. 025, Tel. +886 2 8789 2788.

In Singapore: Provided by Natixis Investment Managers Singapore Limited (NIM Singapore) having office at 5 Shenton Way, #22-05/06, UIC Building, Singapore 068808 (Company Registration No. 199801044D) to distributors and qualified investors for information purpose only. NIM Singapore is regulated by the Monetary Authority of Singapore under a Capital Markets Services Licence to conduct fund management activities and is an exempt financial adviser. Mirova Division (Business Name Registration No.: 53431077W) and Ostrum Division (Business Name Registration No.: 53463468X) are part of NIM Singapore and are not separate legal entities. This advertisement or publication has not been reviewed by the Monetary Authority of Singapore.

In Hong Kong: Provided by Natixis Investment Managers Hong Kong Limited to professional investors for information purpose only.

In Australia: Provided by Natixis Investment Managers Australia Pty Limited (ABN 60 088 786 289) (AFSL No. 246830) and is intended for the general information of financial advisers and wholesale clients only.

In New Zealand: This document is intended for the general information of New Zealand wholesale investors only and does not constitute financial advice. This is not a regulated offer for the purposes of the Financial Markets Conduct Act 2013 (FMCA) and is only available to New Zealand investors who have certified that they meet the requirements in the FMCA for wholesale investors. Natixis Investment Managers Australia Pty Limited is not a registered financial service provider in New Zealand.

In Colombia: Provided by Natixis Investment Managers International Oficina de Representación (Colombia) to professional clients for informational purposes only as permitted under Decree 2555 of 2010. Any products, services or investments referred to herein are rendered exclusively outside of Colombia. This material does not constitute a public offering in Colombia and is addressed to less than 100 specifically identified investors.

In Latin America: Provided by Natixis Investment Managers International.

In Uruguay: Provided by Natixis Investment Managers Uruguay S.A., a duly registered investment advisor, authorised and supervised by the Central Bank of Uruguay. Office: San Lucar 1491, Montevideo, Uruguay, CP 11500. The sale or offer of any units of a fund qualifies as a private placement pursuant to section 2 of Uruguayan law 18,627.

In Mexico: Provided by Natixis IM Mexico, S. de R.L. de C.V., which is not a regulated financial entity, securities intermediary, or aninvestment manager in terms of the Mexican Securities Market Law (Ley del Mercado de Valores) and is not registered with the Comisión Nacional Bancaria y de Valores (CNBV) or any other Mexican authority. Any products, services or investments referred to herein that require authorization or license are rendered exclusively outside of Mexico. While shares of certain ETFs may be listed in the Sistema Internacional de Cotizaciones (SIC), such listing does not represent a public offering of securities in Mexico, and therefore the accuracy of this information has not been confirmed by the CNBV. Natixis Investment Managers is an entity organized under the laws of France and is not authorized by or registered with the CNBV or any other Mexican authority. Any reference contained herein to "Investment Managers" is made to Natixis Investment Managers and/or any of its investment management subsidiaries, which are also not authorized by or registered with the CNBV or any other Mexican authority.

In Brazil: Provided to a specific identified investment professional for information purposes only by Natixis Investment Managers International. This communication cannot be distributed other than to the identified addressee. Further, this communication should not be construed as a public offer of any securities or any related financial instruments. Natixis Investment Managers International is a portfolio management company authorized by the Autorité des Marchés Financiers (French Financial Markets Authority - AMF) under no. GP 90-009, and a public limited company (société anonyme) registered in the Paris Trade and Companies Register under no. 329 450 738. Registered office: 43 avenue Pierre Mendès France, 75013 Paris.

The above referenced entities are business development units of Natixis Investment Managers, the holding company of a diverse line-up of specialised investment management and distribution entities worldwide. The investment management subsidiaries of Natixis Investment Managers conduct any regulated activities only in and from the jurisdictions in which they are licensed or authorized. Their services and the products they manage are not available to all investors in all jurisdictions. It is the responsibility of each investment service provider to ensure that the offering or sale of fund shares or third party investment services to its clients complies with the relevant national law.

The provision of this material and/or reference to specific securities, sectors, or markets within this material does not constitute investment advice, or a recommendation or an offer to buy or to sell any security, or an offer of any regulated financial activity. Investors should consider the investment objectives, risks and expenses of any investment carefully before investing. The analyses, opinions, and certain of the investment themes and processes referenced herein represent the views of the portfolio manager(s) as of the date indicated. These, as well as the portfolio holdings and characteristics shown, are subject to change. There can be no assurance that developments will transpire as may be forecasted in this material. The analyses and opinions expressed by external third parties are independent and does not necessarily reflect those of Natixis Investment Managers. Past performance information presented is not indicative of future performance.

Although Natixis Investment Managers believes the information provided in this material to be reliable, including that from third party sources, it does not guarantee the accuracy, adequacy, or completeness of such information. This material may not be distributed, published, or reproduced, in whole or in part.

All amounts shown are expressed in USD unless otherwise indicated.

Natixis Investment Managers may decide to terminate its marketing arrangements for this product in accordance with the relevant legislation

NATIXIS
INVESTMENT MANAGERS