Natixis/Loomis Sayles Global Growth ADR Strategy

LOOMIS | SAYLES®

QUARTERLY PORTFOLIO COMMENTARY

Global equity markets continued to move higher in the third quarter, with both the S&P 500® and Dow Jones Industrial Average ending September at record highs. The Fed embarked on its much-anticipated easing cycle by cutting rates 50 basis points to 4.75%-5.00% at the September FOMC meeting, its first rate cut in four years. With inflation softening and closing in on its long-term target, the Fed's focus has shifted to supporting the labor market. Unemployment continued to tick meaningfully higher, albeit from a near-historical low starting point. As Q3 brought more normalized economic data, investors are increasingly expecting a soft landing. Annual US inflation was 2.5% in August, the lowest since February 2021, and unemployment rose to 4.2%. United States GDP rose by an annualized rate of 2.8% in the second quarter of 2024, significantly higher than last quarter's 1.4% increase. The MSCI World Index rose (+6.4%) over the quarter, and the MSCI Emerging Markets Index rose (+8.7%). The MSCI All Country World Index rose (+6.6%). The best performing sectors over the quarter were utilities (+17.6%), real estate (+16.9%), and financials (+10.7%). The worst performing sectors were energy (-2.9%), information technology (+1.5%), and communication services (+2.8%). North America, United Kingdom, Latin America, China, Japan, and the Middle East all showed strength.

The Natixis/Loomis Sayles Global Growth portfolio rose in value and outperformed the MSCI All Country World Index gross and net of fees. Outperformance was primarily driven by stock selection, while sector allocation was a slight detractor. Looking at stock selection, securities selected in consumer discretionary, information technology, and communication services were the largest positive contributors. Securities selected in industrials and healthcare were a drag on relative return. In terms of sector allocation, an underweight to financials, an overweight to communication services, and an underweight to utilities detracted from results. An overweight to consumer discretionary, a lack of exposure to energy, and an underweight to information technology positively contributed to relative return.

Quarter to date top/bottom contributors to relative performance:

- The most significant relative contributors were MercadoLibre, Tesla, Ayden, Oracle, and Doximity.
- The most significant relative detractors were Novo Nordisk, Boeing, Alphabet, ARM Holdings, and Amazon.

Trades and positioning:

- At the end of the quarter, the largest overweight sector was consumer discretionary, while the largest underweight sector was financials.
- There were no new purchases or full sellouts during the trailing three months ended August 2024.

Year to date (YTD), the strategy rose in value and outperformed the benchmark gross fees (lagged net of fees). Outperformance was primarily driven by sector allocation, although security selection was a positive contributor as well. An overweight to communication services and underweights to energy and materials were the largest positive contributors. On the other hand, an overweight to consumer discretionary and underweights to information technology and financials detracted from relative returns. From a security selection standpoint, stocks selected in communication services, consumer discretionary, and healthcare positively contributed to relative returns. Securities selected in industrials, financials, consumer staples, and information technology detracted from results.

YTD top/bottom contributors to relative performance:

- The top five relative contributors were Meta Platforms, Oracle, Trip.com, ARM Holdings, and Netflix.
- The bottom five relative detractors were Boeing, NVIDIA (not owned), CRISPR Therapeutics, Ambev, and Shopify.

Markets have performed well thus far in 2024, with Q3 being no exception, as expectations of Global Central Bank rate cuts have buoyed risk assets. Traditionally, markets have reacted positively in election years, although unemployment and consumer spending remain key concerns for investors. With these uncertainties, ongoing geopolitical tensions and macroeconomic weakness may spur market volatility. 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.

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 Distribution, LLC and Loomis, Sayles & Company, L.P. are affiliated.

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

2222584.27.1
Exp. 2/15/25
P-NLSGGADR03-0924