Natixis/Loomis Sayles Global Growth ADR Strategy

QUARTERLY PORTFOLIO COMMENTARY

Global equity moved higher in the first quarter as the Fed continued their holding pattern on overnight interest rates. Inflation continued to moderate, although it remains a key watchpoint along with a backdrop of greater geopolitical unease heading into a fall US election. The US economy has exhibited resilience with robust unemployment levels and strong GDP growth. Investors have piled into risk assets as potential Fed rate cuts, combined with more stable economic data, suggest a soft-landing scenario. Annual US inflation was 3.5% in March, up slightly from February. Unemployment moderated at 3.8% in March, maintaining historically robust levels. United States GDP rose by an annualized rate of 3.4% in the fourth quarter of 2023. The MSCI World Index rose (9.0%) over the quarter, while the MSCI Emerging Markets Index rose (2.4%). The MSCI All Country World Index rose (8.3%). The best performing sectors over the quarter were communication services (+12.8%), information-technology (+12.3%), financials (+10.4%), and energy (+9.7%). The worst performing sectors were real estate (-0.5%) and utilities (+1.2%). North America, Middle East, and Japan showed strength, while Asia and Latin American experienced declines.

The Natixis/Loomis Sayles Global Growth portfolio rose in value but underperformed the MSCI All Country World Index, gross and net of fees. Underperformance was primarily driven by stock selection, while sector allocation was a positive contributor. Securities selected in industrials, consumer discretionary, health care, and consumer staples were the largest detractors. Security selection in communication services, financials, and information technology partially offset and benefited relative return. Looking at sector allocation, an overweight to communication services and underweights to materials and real estate positively contributed to relative return. An overweight to consumer discretionary and an underweight to information technology detracted modestly from results.

QTD Top/Bottom contributors to relative performance:

- The most significant relative contributors were: Meta Platforms, Apple (not owned), Adyen, ARM Holdings, and Netflix.
- The most significant relative detractors were: Boeing, NVIDIA (not owned), Tesla, MercadoLibre, and Alnylam Pharmaceuticals.

Trades & Positioning:

- At the end of the quarter, the largest overweight sector was communication services, while the largest underweight sector was financials.
- There were no new purchases and one full sellout during the trailing three months ended February 2024. The full sellout was Sandoz Group.

Markets have soared to new highs with better than expected economic growth, and investors remain upbeat on the economic outlook. 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.

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The **S&P 500® Index** is an unmanaged index of US common stocks frequently used as a measure of stock market performance. The **Russell 1000® Growth Index** is an unmanaged index consisting of those companies in the Russell 1000® Index with higher than average price-to-book ratios and forecasted growth. The **NASDAQ Composite** includes 100 of the largest domestic and international non-financial companies listed on the Nasdaq Stock Market based on market capitalization. The Index reflects companies across major industry groups including computer hardware and software, telecommunications, retail/wholesale trade and biotechnology. It does not contain securities of financial companies including investment companies. The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ. The **MSCI World Index** is an unmanaged index that is designed to measure the equity market performance of developed markets. It is composed of common stocks of companies representative of the market structure of developed market countries in North America, Europe, and the Asia/Pacific Region. The index is calculated without dividends, with net or with gross dividends reinvested, in both US dollars and local currencies. The **MSCI All Country World Index** ("MSCI ACWI") is a free float-adjusted market capitalization weighted index designed to provide a broad measure of equity-market performance throughout the world. The MSCI ACWI is composed of stocks from 23 developed countries and 24 emerging markets. The **MSCI Emerging Markets Index** is an unmanaged index that is designed to measure the equity market performance of emerging markets. These 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.

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