Intermediate Duration Bond Fund

Fund Facts

OBJECTIVE

Seeks above-average total return through a combination of current income and capital appreciation

Share class	Y
Inception	1/28/1998
Ticker	LSDIX
CUSIP	543495709
Benchmark	Bloomberg US Intermediate Government/Credit Bond Index

Bloomberg US Intermediate Government/Credit Bond Index *includes securities which have a remaining maturity of 1-10 years and includes Treasurys (public obligations of the US Treasury that have remaining maturities of more than one year) and agencies (publicly issued debt of US government agencies, quasi-federal corporations and corporate or foreign debt guaranteed by the US government), as well as other publicly issued investment grade corporate and noncorporate debentures that meet specified maturity, liquidity, and quality requirements. Indices are unmanaged. It is not possible to invest directly in an index.*

Market Conditions

- The US bond market produced a gain in the first quarter, with positive total returns across all major segments of the asset class. The Trump administration announced a series of tariffs on the United States' global trading partners, raising concerns that the US economy could fall into a recession in the second half of the year if the policies aren't reversed. The prospect of slower growth revived expectations that the US Federal Reserve would be compelled to cut interest rates as 2025 progresses. This marked a meaningful contrast to the start of the year, when the consensus view was that the White House was likely to pursue pro-growth policies that would limit the Fed's ability to reduce rates. The shift in tone led to a decline in government bond yields, providing a tailwind for the credit sectors.
- The US Treasury market delivered positive returns in the first quarter as investors began to factor in the possibility that slowing growth would allow the US Federal Reserve to cut interest rates more aggressively than the markets expected at the beginning of 2025. The yield on the two-year note fell from 4.25% at the start of the year to 3.89% on March 31, while the 10-year yield declined from 4.58% to 4.23%. On a total return basis, longer-term issues outpaced short-term debt.
- Investment-grade corporate bonds produced positive returns in the first quarter but slightly underperformed US Treasuries. Corporates benefited from the decline in prevailing yields that accompanied mounting concerns about the impact tariffs could have on economic growth. The resulting uncertainty contributed to an increase in yield spreads, however, causing the asset class to lag government issues. Investor caution was also evident in the relative strength for higher-quality investment-grade issues relative to their lower-rated counterparts.

Class Y Performance As of March 31, 2025 (%)

	CUMULATIVE TOTAL RETURN		AVERAGE ANNUALIZED RETURN			
	3 MONTH	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
FUND	2.23	2.23	5.78	2.57	1.67	2.13
BENCHMARK	2.42	2.42	5.65	2.18	0.86	1.81

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 0.48% (Class Y). Net expense ratio 0.40%. 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 1/31/2026. When an expense limitation has not been exceeded, the fund may have similar expense ratios and/or yields.

Effective August 31, 2016, the fund's Institutional Class shares were redesignated as Class Y shares. Accordingly, the returns shown in the table for Class Y shares prior to August 31, 2016 are those of Institutional Class shares. The fund revised its investment strategies on 5/28/2010; performance may have been different had the current investment strategies been in place for all periods shown.

- Agency mortgage-backed securities (AMBS) registered positive total returns in the first quarter due to their sensitivity to falling US Treasury yields, with higher-coupon issues outperforming duration-equivalent Treasurys and lower-coupon securities underperforming. Securitized credit generally produced positive total returns that exceeded those of Treasurys, with some pockets of underperformance for subsectors affected by policy uncertainty. Asset-backed securities (ABS), commercial mortgage-backed securities (CMBS), and non-agency residential mortgage-backed securities (NARMBS) provided broadly positive returns, while lower-mezzanine collateralized loan obligations (CLOs) lagged.

Portfolio Review

- The fund underperformed its benchmark, the Bloomberg US Intermediate Government/ Credit Index, primarily due to allocation decisions

Contributors

- Effects from duration and yield curve positioning had a positive impact on performance over the quarter.
- Security selection effects had a slight positive contribution to performance.
- Exposure to securitized credit was beneficial to performance as well by way of positive issue selection.

Detractors

- Overall sector allocation effects were negative over the quarter.
- US Treasury positions hampered excess return over the period.
- Investment grade corporate bond exposure was a detractor due to negative allocation effects.

Outlook

- The first quarter saw a reversal in US sentiment as softer economic data coincided with uncertainty surrounding the roll-out of the new administration's tariff policy, significant retaliatory responses from US trading partners, and aggressive Department of Government Efficiency (DOGE) efforts to downsize Government employment. By mid-February, equities faltered and credit spreads gapped wider in a flight-to-quality bid. In March, the Federal Reserve held policy rates steady as expected, but the yield curve steepened as market expectations for a more dovish fed increased.
- We are generally constructive on corporate fundamentals, which remain at a healthy level by historical standards. In the US, a potential reduction in the corporate tax rate, as well as de-regulation, may provide another boost. However, an uncertain operating and business environment, rising debt service costs, lagged effects of tighter credit conditions, and depleted excess savings may dampen growth ahead of tax cuts and de-regulations.

- We continue to believe that we are in the late expansion phase of the credit cycle. While a "Soft Landing" remains our base case scenario, we have increased the likelihood of a "Growth Scare". We are concerned about the growing fiscal burden in the US, the impact of retaliatory tariffs, and a significant slowdown in China affecting global growth. We also remain concerned about potential exogenous shocks, possibly emanating out of the ongoing conflicts in the Middle East and Ukraine. Lastly, we are monitoring the vulnerability surrounding the US dollar as demand seemingly moves towards economies with perceived higher growth rates.
- We continue to favor spread sectors, such as corporate bonds and securitized assets.
- The strategy's corporate bond risk relative to benchmark has increased during the quarter and is currently sized near one-third of risk budget. We continue to see opportunities in primary market issuance to add what we consider specifically cheap securities. For mandates which allow non-investment grade allocations, the team continues to hold a small number of issuers we believe offer value.
- Asset backed securities (ABS) continue to be a favorable alternative in the front end of the curve. We currently favor consumer related collateral and prefer the top part of the capital stack but are not limited to the highest quality band of the capital structure. ABS risk relative to benchmark is approximately one-third of budget.
- Commercial mortgage-backed securities (CMBS), including both agency and non-agency backed securities continue to offer value. CMBS risk relative to benchmark is near one-third of risk budget. Similar to ABS, we favor senior parts of the capital stack in CMBS opportunities.
- We continue to follow our process of seeking to build diversified exposures by asset class, industry and issuers.

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. **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. **Foreign and emerging market securities** may be subject to greater political, economic, environmental, credit, currency and information risks. Foreign securities may be subject to higher volatility than US securities due to varying degrees of regulation and limited liquidity. These risks are magnified in emerging markets. **Below investment grade fixed income securities** may be subject to greater risks (including the risk of default) than other fixed income securities.

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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