



# 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 Treasuries (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

- Investment-grade bonds finished the first quarter with a narrow loss, as the benefit of narrowing spreads was outmatched by rising US rates. Bonds rallied significantly in the final two months of 2023 on expectations that falling inflation would allow the US Federal Reserve (Fed) to begin reducing interest rates. Coming into the year, the futures markets were indicating that the Fed would enact as many as six to seven rate cuts in 2024, with the first potentially occurring in March. This positive outlook ultimately proved to be premature, as rising oil prices and robust economic data began to fuel concerns that inflation may be set to reaccelerate. The consensus number of rate cuts fell to three by quarter-end as a result, with the likely timing of the first cut pushed back to June. While Fed Chairman Jerome Powell reiterated his December statement that the Fed indeed is on track to begin cutting rates this year, market participants appeared to display a lower degree of confidence. In combination, these factors led to uninspiring returns for most segments of the bond market.
- The less favorable interest rate outlook led to a slightly negative total return for US Treasuries. Although bonds with maturities of two years and below finished with small gains, the benefit was outweighed by weakness in longer-term issues. The yield on the two-year note rose from 4.23% to 4.59% (as its price fell) over the course of the quarter, while the 10-year climbed from 3.88% to 4.22%. The yield curve remained inverted—meaning that short-term yields were above those on longer-term debt—extending the duration of the inversion to the longest in history and exceeding the previous high set in 1978.
- Corporate bonds posted a small loss but slightly outperformed Treasuries in the quarter. The category benefited from the combination of better-than-expected economic growth,

## Class Y Performance As of March 31, 2024 (%)

	CUMULATIVE TOTAL RETURN		AVERAGE ANNUALIZED RETURN			
	3 MONTH	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
<b>FUND</b>	0.38	0.38	3.84	-0.89	1.55	1.96
<b>BENCHMARK</b>	-0.15	-0.15	2.69	-1.06	1.09	1.61

*Performance data shown represents past performance and is no guarantee of, and not necessarily indicative 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](http://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 0.44% (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 1/31/2024. 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.*



positive corporate earnings results, and investors' hearty appetite for risk. These factors led to a modest decline in yield spreads that augmented corporates' above-average income.

- Securitized credit posted strong positive total and excess returns in the first quarter. Receding fears of an economic "hard landing" and further rising expectations for Fed rate cuts in 2024 were beneficial for the sector. Commercial mortgage-backed securities were particularly strong performers following a significant selloff in 2023 that was brought about by concerns about fundamentals in commercial real estate. Commercial ABS and consumer asset-backed securities also delivered strong returns amid a broader rally in risk assets. Collateralized loan obligations and non-agency residential mortgage-backed securities (MBS) were also positive. Agency MBS experienced negative total returns, with lower-coupon issues generally underperforming those with higher coupons.

## Portfolio Review

- The fund outperformed its benchmark, the Bloomberg US Intermediate Government/Credit Index, due primarily to security selection.

## Contributors

- Exposure to investment grade corporate bonds was the primary contributor to performance, due primarily to positive security selection. The sector also generated some positive allocation effects.
- Securitized credit exposure was also beneficial to performance way of positive issue selection.
- US Treasury holdings generated some positive allocation effects over the quarter as well.

## Detractors

- Yield curve positioning was slightly negative over the period.
- Selection effects within US Treasuries were slightly negative.
- Municipals exposure nominally detracted from performance due to negative allocation effects.

## Outlook

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## 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](http://www.loomissayles.com) or call 800-633-3330 for a prospectus and a summary prospectus, if available, containing this and other information. Read it carefully.***

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