

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

- The bond market delivered a solid total return with low volatility in the fourth quarter, closing out a generally positive year for the asset class. Fixed-income assets remained supported by a backdrop of slow but positive economic growth, an annualized inflation rate that largely held below 3%, and accommodative US Federal Reserve (Fed) policy. The Fed enacted two-quarter point interest rate cuts and announced the end of its multi-year effort to reduce the size of its balance sheet. Additionally, investors appeared to anticipate that the Fed was likely to continue easing in 2026. These developments, in combination, fueled positive returns across all major segments of the market.
- US Treasuries registered positive returns in the quarter, adding to their gain for the full calendar year. Government debt benefited from the environment of low inflation, accommodative US Federal Reserve policy, and expectations for further interest rate cuts in 2026. Yields on Treasury issues with maturities of five years and below declined, while longer-term yields rose. The yield curve steepened over the course of the quarter as a result. Two-year Treasuries were the quarter's top performing market segment in terms of total return, while 30-year bonds posted a small loss.
- Investment-grade corporates produced positive returns but finished slightly behind US Treasuries in the fourth quarter. Although income and falling Treasury yields supported performance, a modest increase in yield spreads offset much of the benefit. With spreads already near multi-year lows coming into the quarter, there was little room for further compression. Lower-quality corporates generally outpaced their higher-quality counterparts. Corporates outperformed Treasuries for the full year, reflecting the environment of solid economic growth, robust corporate earnings and healthy investor risk appetites.

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

	CUMULATIVE TOTAL RETURN		AVERAGE ANNUALIZED RETURN			
	3 MONTH	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
FUND	1.07	6.85	6.85	5.48	1.14	2.67
BENCHMARK	1.20	6.97	6.97	5.06	0.96	2.29

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) outperformed Treasuries and over duration-equivalent US Treasuries. Securitized credit broadly outperformed in Treasuries and over duration-equivalent US Treasuries across asset-backed securities (ABS), non-agency residential mortgage-backed securities (NARMBS), commercial mortgage-backed securities (CMBS) and collateralized loan obligations (CLOs).

Portfolio Review

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

Contributors

- Investment grade corporate bond exposure was beneficial to performance due to positive allocation decisions.
- US Treasury positions slightly improved performance.
- Exposure to securitized agency generated small but positive issue selection effects.

Detractors

- Effects from duration and yield curve positioning had a slight negative impact on performance over the quarter.
- The lack of municipals exposure dragged on excess return marginally.
- High yield corporate bond exposure generated very small but negative effects from allocation and security selection.

Outlook

- Fixed income markets delivered a solid positive total return as rates declined while the curve steepened on the back of two 25 bps Federal Reserve (Fed) cuts during the fourth quarter. Risk premiums, or credit spreads, drifted slightly higher but remained near historic tights. The Federal Reserve continues to grapple with their dual mandate as inflation remains elevated while labor market conditions have deteriorated. The lack of official data due to the extended government shutdown made policy decisions more challenging for the Federal Reserve and there was an increase in voting member dissents over the last two meetings. The Fed Funds Rate target now stands at 3.75%. Markets are currently pricing in only a 50% probability of another cut in the first quarter of 2026, although just over 2 more cuts are priced by year end, 2026. Spread sectors remained well supported with new supply easily absorbed.
- Corporate fundamentals remain at a healthy level by historical standards. Growth in the first quarter of 2026 may receive a boost through higher tax refunds and a reversal of the negative impacts from the shutdown. However, weak corporate pricing power and rising debt service costs suggest margin compression going forward. On the consumer front, we believe that moderating demand for labor, the continued decline in excess savings, and increasing impatience with higher prices are potential catalysts for weaker spending, which may be further exacerbated by higher prices for goods.



- We continue to believe that we are in the late expansion phase of the credit cycle, with growth slowing to below trend, while inflation - which is still above target, should moderate as the effects of tariffs dissipate. While we do not anticipate that the US will enter a recession, we continue to see elevated risk of a downturn scenario. We are concerned that slowing rates of hiring and reduced affordability may weigh more heavily on incomes and consumption. Additionally, the risk of additional Federal Government stimulus leading up to mid-term elections may also add to the growing fiscal burden. This concern has been evident in the still elevated level of term premium in the longer end of the yield curve. Market volatility may remain elevated due to ongoing geopolitical tensions and interventionism.
- We continue to favor spread sectors, such as corporate bonds and securitized assets.
- The strategy's corporate bond risk relative to benchmark decreased over the quarter. Current relative risk exposure is approaching one-third of risk budget. For mandates which allow for non-investment grade allocations, the team continues to hold a small number of issuers we believe offer value.
- We believe asset backed securities (ABS) continue to be a favorable alternative to front end US Treasuries. We generally 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. Currently, the strategy's ABS risk relative to benchmark is around one-third of risk budget.
- The strategy continues to hold commercial mortgage-backed securities (CMBS), with the current benchmark relative risk in the lower half of the risk budget. When opportunities arise within CMBS, we tend to favor senior parts of the capital stack.
- We continue to follow our process of seeking building diversified portfolio while favoring asset classes that we believe can generate security selection.



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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