



Loomis Sayles Funds Distribution Update

April 2018

THINK BROADLY.
ACT DECISIVELY.

BACKGROUND

Since early 2015, monthly or quarterly ordinary income distributions for certain Loomis Sayles-managed fixed income funds have been below historic averages. This is primarily due to the impact of foreign currency losses. While the value of currencies is subject to change on a daily basis, continued currency losses from bond maturities, derivatives transactions and/or security sales could result in further income distribution reductions or potentially a temporary elimination of the scheduled distributions.

This update covers the following topics:

- How currency can impact income distributions.
- Outlook moving forward.
- Why income distributions do not affect an investor's total return.
- Accounting details concerning specific funds' income distributions.
- Implications for different types of investors.

This update covers the following funds:

Funds with a September 30 Fiscal Year-End:

- Loomis Sayles Bond Fund
- Loomis Sayles Core Plus Bond Fund
- Loomis Sayles High Income Fund
- Loomis Sayles Investment Grade Bond Fund
- Loomis Sayles Investment Grade Fixed Income Fund
- Loomis Sayles Strategic Income Fund

Funds with a December 31 Fiscal Year-End:

- Loomis Sayles Multi-Asset Income Fund
- Loomis Sayles Strategic Alpha Fund

IMPACT OF NON-US-DOLLAR CURRENCY ON INCOME DISTRIBUTIONS

During periods in which the US dollar appreciates relative to foreign currencies, funds that hold non-US-dollar-denominated bonds may realize currency losses in connection with the maturity or sale of certain bonds. These losses impact a fund's ordinary income distributions (to the extent that losses are not offset by realized currency gains within the fund's fiscal year). A recognized currency loss, in accordance with federal tax rules, decreases the amount of ordinary income a fund has available to distribute, even though these bonds continue to generate coupon income.

Fund officers are continually monitoring the funds' realized currency losses relative to the amount of income generated by each fund in an effort to avoid distributing more income to shareholders than the funds earn from their underlying securities after net realized currency transactions. This would result in a return of capital, whereby the excess income payment received by a shareholder is accounted for by a reduction in their principal balance. The funds will not knowingly declare a return of capital distribution.

OUTLOOK MOVING FORWARD

For the funds indicated above having fiscal year ends in 2018, fund officers have analyzed each fund's current portfolio of investments, realized currency gains and losses, schedule of maturities, and the corresponding amounts of unrealized currency losses that may become realized during the fiscal year. This analysis is performed regularly to determine how realized currency losses will impact periodic ordinary income distributions for the funds.

As part of this analysis, fund officers compare current currency impacts in 2018 to the annual currency impacts for each fund during its prior fiscal year. Based on the most recent quarterly analysis, fund officers believe that realized currency losses may have less of an impact on the current distributions in 2018 when compared to the annual amounts experienced by the funds in the prior fiscal year for the following funds:

- Loomis Sayles Bond Fund
- Loomis Sayles Core Plus Bond Fund
- Loomis Sayles High Income Fund
- Loomis Sayles Multi-Asset Income Fund
- Loomis Sayles Strategic Income Fund

Fund officers believe that realized currency losses will continue to have a similar impact on the Loomis Sayles Investment Grade Bond Fund and Loomis Sayles Strategic Alpha Fund's current distributions in 2018 when compared to the annual amounts experienced by the funds in the prior fiscal year. Realized currency losses are also believed to impact distributions for the Loomis Sayles Investment Grade Fixed Income Fund in its 2018 fiscal year, where there was no corresponding impact in the fund's prior fiscal year. This analysis is based on certain assumptions including, but not limited to, the level of foreign currency exchange rates, security prices, interest rates, the fund advisers' ability to manage realized currency losses, and the net asset level of the fund. Changes to these assumptions could materially impact the analysis and the amounts of future fund distributions. Fund officers will continue to monitor these amounts on a regular basis and take the necessary actions required to manage the funds' distributions to address realized currency losses while seeking to avoid a return of capital distribution.

The table below highlights the 30-day SEC yield, which reflects the income being generated by each fund's underlying investments. Please note that the 30-day SEC yield does not reflect the impact of foreign currency losses on a fund's distribution rate and that actual income distributions may be higher or lower than the 30-day SEC yield amounts.

AS OF 3/31/2018	30-DAY SEC YIELD (%) (SUBSIDIZED)	30-DAY SEC YIELD (%) (UNSUBSIDIZED*)
Loomis Sayles Bond Fund (Institutional)	3.56%	3.56%
Loomis Sayles Core Plus Bond Fund (Class Y)	2.60%	2.60%
Loomis Sayles High Income Fund (Class Y)	4.72%	4.67%
Loomis Sayles Investment Grade Bond Fund (Class Y)	2.64%	2.62%
Loomis Sayles Investment Grade Fixed Income Fund (Institutional)	2.75%	2.75%
Loomis Sayles Multi-Asset Income Fund (Class Y)	3.38%	3.30%
Loomis Sayles Strategic Alpha Fund (Class Y)	N/A	N/A
Loomis Sayles Strategic Income Fund (Class Y)	3.83%	3.83%

*Unsubsidized 30-day SEC yield is calculated using the gross expenses of the fund. Gross expenses do not include any fee waivers or reimbursement.

INCOME DISTRIBUTIONS DO NOT IMPACT TOTAL RETURN

It is important to note that securities held by US-registered mutual funds are “marked to market” on a daily basis and net asset values (NAVs) are also calculated daily. Changes in bond prices and currency values along with investment security income amounts are factored into a fund’s NAV at the end of each trading day. Therefore, the amount of distributed income, if any, does not impact the total return realized by a fund investor, as income and currency losses/gains have already been factored into the daily fund NAV.

ACCOUNTING DETAILS CONCERNING FUND DISTRIBUTIONS

Each fund’s most recent shareholder report provides detailed information about the amount of net realized foreign currency losses that reduced the fund’s monthly distributions paid from ordinary income; the approximate net unrealized depreciation from foreign currency translations; and the fund’s net investment income amount computed without regard to foreign currency losses and other tax adjustments. This information can be found in each report’s “Notes to Financial Statements” within the “Significant Accounting Policies; Foreign Currency Translation” section and “Significant Accounting Policies; Dividends and Distributions to Shareholders” section. Net investment income for the relevant period is within each report’s “Statement of Operations” section.

OTHER IMPLICATIONS FOR INVESTORS

The impact of currency losses on ordinary income distribution rates will have different implications for different types of investors.

The decreased distribution rates are most impactful to investors expecting to receive a monthly or quarterly income payment. For investors who reinvest their monthly or quarterly distribution, the impact may not be significant, as income they receive would have been reinvested in additional fund shares. For example, when a fund distribution is paid, the fund’s NAV per share is reduced by the amount of the distribution. So, if a fund’s NAV per share is \$5, and the fund pays a distribution of \$1 per share, the fund’s NAV would drop to \$4 per share, assuming there was no other market activity affecting the share price. Shareholders who choose to reinvest their dividends instead of taking them as income receive additional fund shares equal to the amount of the distribution. As a result, the shareholder’s total account value remains the same.

For tax-sensitive investors, the fact that the funds are distributing less taxable income than they might have otherwise paid out may be considered advantageous.

Before investing, consider the fund’s investment objectives, risks, charges, and expenses. For Loomis Sayles Core Plus Bond Fund, Loomis Sayles High Income Fund, Loomis Sayles Investment Grade Bond Fund, Loomis Sayles Multi-Asset Income Fund, Loomis Sayles Strategic Alpha Fund and Loomis Sayles Strategic Income Fund please visit im.natixis.com or call us at 800-225-5478 for a prospectus or a summary prospectus, containing this and other information. For Loomis Sayles Bond Fund and Loomis Sayles Investment Grade Fixed Income Fund please visit loomissayles.com or call 800-633-3330. Read the prospectus or summary prospectus carefully.

This material is provided for informational purposes only and should not be construed as investment advice. Any opinions or forecasts contained herein reflect the subjective judgments and assumptions of the authors. Investment recommendations may be inconsistent with these opinions. There is no assurance that developments will transpire as forecasted and actual results will be different. 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.

ANNUALIZED TOTAL RETURNS (AS OF MARCH 31, 2018)

FUND NAME & SHARE CLASS	TICKER SYMBOL	1 YEAR	3 YEARS	5 YEARS	10 YEARS/ LIFE OF CLASS	CLASS INCEPTION DATE
Loomis Sayles Bond Fund Institutional	LSBDX	4.10%	3.25%	3.39%	6.00%	5/16/1991
Loomis Sayles Core Plus Bond Fund Y	NERYX	2.44%	2.28%	2.57%	5.86%	12/30/1994
Loomis Sayles High Income Fund Y	NEHYX	3.70%	4.29%	4.15%	6.88%	2/29/2008
Loomis Sayles Investment Grade Bond Fund Y	LSIIX	4.10%	2.65%	2.54%	5.41%	12/31/1996
Loomis Sayles Investment Grade Fixed Income Fund Institutional	LSIGX	4.07%	3.19%	2.75%	5.66%	7/1/1994
Loomis Sayles Multi-Asset Income Fund Y*	YIDPX	6.96%	5.69%	6.59%	7.49%	12/3/2012
Loomis Sayles Strategic Alpha Fund Y**	LASYX	3.29%	2.64%	2.22%	3.00%	12/15/2010
Loomis Sayles Strategic Income Fund Y	NEZYX	4.71%	3.00%	4.36%	6.54%	12/1/1999

* Prior to the inception of Loomis Sayles Multi-Asset Income Fund Class Y shares (12/3/2012), performance is that of Class A shares and reflects the higher net expenses of that share class. Not all share classes are available for purchase by all investors. Effective August 31, 2015, the Natixis Diversified Income Fund changed its name to the Loomis Sayles Multi-Asset Income Fund.

**Since inception performance shown for Loomis Sayles Strategic Alpha Fund Y, incepted less than 10 years ago.

Performance data quoted represents past performance and is no guarantee of future results. Total 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 loomissayles.com. Performance for other share classes will be greater or less than shown based on differences in fees and sales charges. 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.

Loomis Sayles Bond Fund (Institutional Class) – Gross/Net expense ratio 0.66%/0.66%. Loomis Sayles Core Plus Bond Fund (Class Y) – Gross/Net expense ratio 0.48%/0.48%. Loomis Sayles Investment Grade Fixed Income Fund (Institutional Class) – Gross/Net expense ratio 0.49%/0.49%. Loomis Sayles Strategic Income Fund (Class Y) – Gross/Net expense ratio 0.71%/0.71%. Loomis Sayles Investment Grade Bond Fund (Class Y) – Gross/Net expense ratio 0.57%/0.55%. Loomis Sayles High Income Fund (Class Y) – Gross/Net expense ratio 0.90%/0.80%. 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 cap of the fund has been exceeded. This arrangement is set to expire on 1/31/2019. When an expense cap has not been exceeded, the gross and net expense ratios and/or yields may be the same.

Loomis Sayles Multi-Asset Income Fund (Class Y) – Gross/Net Expense Ratio 0.97%/0.83%. 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 cap of the fund has been exceeded. This arrangement is set to expire on 4/30/2018. When an expense cap has not been exceeded, the gross and net expense ratios and/or yields may be the same.

Loomis Sayles Strategic Alpha Fund (Class Y) – Gross/Net expense ratio 0.75%/0.75%. 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 cap of the fund has been exceeded. This arrangement is set to expire on 4/30/2019. When an expense cap has not been exceeded, the gross and net expense ratios and/or yields may be the same.

RISKS

Fund Name	Fixed Income Securities	Below Investment Grade Fixed Income Securities	Foreign & Emerging Market Securities	Currency Exchange Rates	Equity Securities	Mortgage Related & Asset Backed Securities	Derivatives	Commodity Related Investments	Asset Allocation Strategies	Real Estate Investing	Master Limited Partnerships	Treasury Inflation-Protected Securities	Non-Diversified	Short Exposure
Loomis Sayles Bond	✓	✓	✓	✓	✓									
Loomis Sayles Core Plus	✓	✓	✓	✓		✓						✓		
Loomis Sayles High Income	✓	✓	✓	✓			✓							
Loomis Sayles Investment Grade Bond	✓	✓	✓	✓	✓									
Loomis Sayles Investment Grade Fixed Income	✓	✓	✓	✓	✓									
Loomis Sayles Multi-Asset Income	✓	✓	✓	✓	✓		✓		✓	✓	✓			
Loomis Sayles Strategic Alpha	✓	✓	✓	✓		✓	✓	✓					✓	✓
Loomis Sayles Strategic Income	✓	✓	✓	✓	✓									

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.

Below investment grade fixed income securities: may be subject to greater risks (including the risk of default) than other fixed income securities.

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.

Currency exchange rates: between the US dollar and foreign currencies may cause the value of the fund's investments to decline.

Equity securities: are volatile and can decline significantly in response to broad market and economic conditions.

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.

Derivatives: involve risk of loss and may entail additional risks.

Commodity-related investments: including derivatives, may be affected by a number of factors including commodity prices, world events, import controls, and economic conditions and therefore may involve substantial risk of loss.

Asset allocation strategies: do not guarantee a profit or protect against a loss.

Real estate investing: may be subject to risks including, but not limited to, declines in the value of real estate, risks related to general economic conditions, changes in the value of the underlying property owned by the trust and defaults by borrowers.

Master Limited Partnerships (MLPs): may trade less frequently than traditional investments such as equities, which may result in erratic price movement or difficulty in buying or selling. MLPs are subject to significant regulation and may be adversely affected by changes in the regulatory environment, including the risk that an MLP could lose its tax status as a partnership.

Inflation-Protected Securities: move with the rate of inflation and carry the risk that in deflationary conditions (when inflation is negative) the value of the bond may decrease.

Non-diversified: funds invest a greater portion of assets in fewer securities and therefore may be more vulnerable to adverse changes in the market.

Short exposures: using derivatives may present various risks. If the value of the asset, asset class or index on which the fund holds short investment exposure increases, the fund will incur a loss. The potential risk of loss from a short exposure is theoretically unlimited, and there can be no assurance that securities necessary to cover a short position will be available for purchase.

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