Multi-Asset Income Fund

FUND FACTS

OBJECTIVE

Seeks current income with a secondary objective of capital appreciation

Share class	Y
Inception	12/3/2012
Ticker	YIDPX
CUSIP	63872R582

Market Conditions

- Volatility made a comeback in the first quarter as US equity markets saw their first 10% correction in well over a year. Meanwhile, US Treasury yields spiked higher as investors anticipated further improvement in the US economy and higher inflation. Global growth revisions moved higher for many countries and a weaker US dollar supported emerging markets.
- Global equity markets extended robust gains through January, but stumbled in February. After a brief recovery in the latter part of February, positive sentiment was interrupted again in March by concerns about the possibility of a trade war between the United States and China.
- High yield corporate bonds sold off but held up better than other fixed income asset classes, supported by better corporate earnings and stable financial conditions. The sector outperformed investment grade corporate bonds, largely due to its higher yields and lower duration (price sensitivity to interest rate changes).

Portfolio Review

- The fund underperformed its benchmark, the Bloomberg Barclays US Aggregate Index, primarily due to holdings in master limited partnerships (MLPs) and US dividend-paying equities.

CLASS Y PERFORMANCE AS OF MARCH 31, 2018 (%)

	CUMULATIVE TOTAL RETURN		AVERAGE ANNUALIZED RETURN			
	3 MONTH	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
FUND	-1.56	-1.56	6.96	5.69	6.59	7.49
BENCHMARK	-1.46	-1.46	1.20	1.20	1.83	3.63

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.

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 0.97% (Class Y). Net expense ratio 0.83%. As of the most recent prospectus, the investment advisor has contractually agreed to waive fees and/or reimburse expenses 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 fund may have similar expense ratios and/or yields.

The Class Y inception date is 12/3/2012. Class Y shares are sold to eligible investors without a sales charge; other Classes are available for purchase. Prior to the inception of 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. See the prospectus for more details.

Effective August 31, 2015, the Natixis Diversified Income Fund changed its name to the Loomis Sayles Multi-Asset Income Fund. Prior to the stock market close August 31, 2015, the fund had multiple sub-advisers. The performance results shown above for the periods prior to the stock market close August 31, 2015, reflect results achieved by those sub-advisers using different investment strategies.

Winners

- The fund's highly diversified exposure to bank loans contributed to return. Selected communications, consumer cyclical and non-cyclical names contributed the most to performance. The floating-rate nature of bank loans and their senior position in the capital structure appear attractive relative to other sectors.
- The fund's exposure to higher-quality fixed income aided return as investors sought safety during the rise in market volatility. Demand for US Treasury bonds across the yield curve (a curve that shows the relationship among bond yields across the maturity spectrum) increased as geopolitical events and trade war concerns drove investors to reduce risk.

Laggards

- The fund's exposure to MLPs, expressed through exchange-traded funds, detracted from performance despite a slight rise in energy prices during the quarter. Investor sentiment was rattled by the Federal Energy Regulatory Commission's decision to reverse a longstanding policy on tax costs for interstate pipelines and reduced tax advantages resulting from US tax reform.
- US equity exposure weighed on return amid heightened volatility and unfavorable macro headlines during the quarter. Robust quarterly earnings reports from individual companies contributed to strong equity performance in January. However, sentiment turned negative in February as inflation fears dominated the narrative and volatility spiked. Finally, just as it appeared that calm had returned to the markets, fears of a trade war with China sparked another selloff in March. Communications, consumer non-cyclical and insurance names were the largest detractors from performance.

Outlook

- As labor market, personal income and confidence measures continue to show strength, we are keeping an eye on potential outcomes that could lead to upside in the federal funds rate. The US economy is now running above trend, while the unemployment rate remains subdued and is set to move lower. We see two more rate hikes during the rest of the year. We expect core PCE inflation to average 1.8% in 2018 and 2.0% in 2019, which suggests aggressive tightening is unlikely to happen. However, the likelihood of a fourth hike in 2018 has increased given consistently strong economic data and fiscal stimulus in the pipeline.
- We believe synchronized global growth and rising global profits are key themes that should support credit assets over the next year. US tax reform, while largely priced in, should also provide support. We believe US inflation will remain under 2.0% and that Fed rate hikes should not trigger volatility in rates or risk markets. However, we do expect increased volatility and concerns about trade wars, mergers and acquisitions, and potential uncertainty around the US midterm elections.

- Growth in emerging markets has picked up and continues to improve. While inflation trends are mixed, emerging market economies have been strengthening. The improvement in global trade has had positive implications for the more open economies within the asset class. Additionally, commodities are expected to remain supportive. In Europe, corporate fundamentals remain notably better-positioned than US fundamentals, with improving balance sheets and stable margins. We remain cautious about the potential for corporate re-leveraging, but are not overly concerned at this point due to the improving global growth outlook.

Fund officers have analyzed the 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 fund. 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 fund in the 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.

About Risk

Asset allocation strategies do not guarantee a profit or protect against a loss. **Equity securities** are volatile and can decline significantly in response to broad market and economic conditions. **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 securities** may involve heightened risk due to currency fluctuations. Additionally, they may be subject to greater political, economic, environmental, credit and information risks. Foreign securities may be subject to higher volatility than US securities due to varying degrees of regulation and limited liquidity. **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. **Derivatives** involve risk of loss and may entail additional risks. Because derivatives depend on the performance of an underlying asset, they can be highly volatile and are subject to market and credit risks.

The Bloomberg Barclays US Aggregate Index *represents securities that are SEC-registered, taxable, and dollar denominated. The Index covers the US investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis. Indexes are unmanaged and do not incur fees. It is not possible to invest directly in an index.*

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.

Before investing, consider the fund's investment objectives, risks, charges, and expenses. Please visit www.loomissayles.com or call 800-225-5478 for a prospectus and a summary prospectus, if available, containing this and other information. Read it carefully.