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

- The market showed continued strength in the quarter largely due to the Federal Reserve taking a pause from raising rates and pivoting to a more dovish stance. Markets are expecting global central banks to continue accommodative monetary policy due to weakened global growth prospects and inflation concerns not yet coming to fruition.
- US and China trade policy remained in focus from a macro perspective due to the importance of both economies in driving global economic growth, and China particularly within emerging markets. Markets showed sensitivity to high frequency developments in trade talks, with May being marked by weakness in risk assets due to a sharp escalation in tensions.
- Solid economic and fundamental data has been constructive for markets; however the slowdown in global manufacturing is being closely watched as a key determinant of global growth. During the second quarter sentiment began to show signs of becoming disjointed as the purchasing managers' index continued its decline toward 50, i.e. a neutral level. Meanwhile consumer confidence remained strong despite falling in June in response to the prospect of increased tariffs resulting from US trade tensions with China.

CLASS Y PERFORMANCE (%)

	CUMULATIVE TOTAL RETURN		AVERAGE ANNUALIZED RETURN			
	3 MONTH	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
FUND	2.07	9.51	1.81	5.21	4.68	9.81
BENCHMARK	3.08	6.11	7.87	2.31	2.95	3.90

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 0.91% (Class Y). Net expense ratio 0.73%. 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 4/30/2019. 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.

Portfolio Review

- The fund underperformed its benchmark, the Bloomberg Barclays US Aggregate Index, primarily due to exposure to bank loans.

Contributors

- US dividend-paying equities were the top contributors to quarterly performance, as stocks finished higher for the period despite volatility reemerging in May due to an escalation in the US-China trade dispute. Technology, communication services and financial names particularly aided performance within the equity allocation.
- The fund's exposure to US Treasurys bolstered quarterly performance, as interest rates declined against a backdrop of low inflation and accommodative central bank policy.
- Exposure to preferred stock also benefited performance, as the category participated in the overall equity market strength driven by supportive central bank policy and stable fundamentals. In addition, a focus on financial issuers within preferreds aided return.
- Emerging market issues benefitted the fund's quarterly performance despite generally escalating US-China trade tensions and a persistently strong US dollar. Global central bank policies have provided a tailwind to emerging market assets as they have adopted an accommodative bias to offset weakening global growth prospects. The fund's holdings within Brazil, South Africa and Qatar provided the largest gains.

Detractors

- The fund's exposure to bank loans was the largest detractor for the quarter, as the Fed's pause in hiking rates and the expectation of rate cuts weighed on floating rate assets. Within the portfolio, energy-related loans had the largest negative impact on performance.
- Exposure to master limited partnerships marginally detracted from second quarter performance, as falling energy prices weighed on the segment.
- A small allocation to convertible securities slightly hurt quarterly performance as our holdings there were negatively impacted by lower energy prices.

Outlook

- We still expect stabilization in global growth, but the outlook is being challenged by poor manufacturing data. Uncertainty on the US-China trade conflict continues, but markets recently rallied on the prospect of a more dovish Fed. We don't view the recent bond rally as a sign that a deep slowdown is imminent, but rather as a function of low inflation and accommodative central banks.
- We project two Fed rate cuts in the second half of 2019 and no changes to the policy rate in 2020. The process for imposing tariffs on all remaining imports from China has started. We expect a controlled escalation in the trade conflict. There is still a serious risk of tariffs on automobiles, but not in the near-term.
- We maintain our cautious outlook on risk sentiment. The Fed is likely to cut rates in July and China continues to provide stimulus. However, there is potential for manufacturing activity to weaken further and there are elevated risks to profit growth. Spreads have not yet widened to a point where we would feel comfortable adding material credit risk to portfolios, given the late cycle background, declining earnings momentum and trade policy uncertainties.
- In our view, the US dollar should be weakening on lower expected US interest rates and growth prospects. However, global risk appetite is expected to remain challenged by weak growth and geopolitical uncertainties, and negative yields in Europe and Japan are likely to persist. As a result, absent better non-US growth we do not yet predict a significant dollar bear market. Signs of a true US recession rather than just a growth slowdown would change this view and we would likely grow more bearish on the dollar.
- Given the weaker global growth outlook, lackluster data from the euro zone and escalation in the US-China trade conflict, we are lowering our commodity price forecasts. Supply-side risks for crude oil seem to be superseded by demand fears, which have been provoked by the reduced prospects for a rapid resolution of the trade dispute between the US and China.

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.

Natixis Distribution, L.P. (fund distributor, member FINRA|SIPC) and Loomis, Sayles & Company L.P. are affiliated.

1373367.15.1