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

- Favorable US economic gains persisted, outpacing the moderating growth of other countries. Beneficiaries included the US dollar and domestic equities. Feeling the heat of a higher dollar, emerging market indices posted negative returns. Interest rates rose across the yield curve (a curve that shows the relationship among bond yields across the maturity spectrum), propelled by the indications of favorable growth and expectations of higher inflation.
- US dollar strength put downward pressure on emerging markets, particularly in the more vulnerable countries where valuations were a bit stretched relative to fundamentals. Capital flowed out of emerging markets, reflecting investor hesitation regarding allocations.
- High yield bonds outdistanced those in other credit sectors. The sector's relatively lower duration (duration refers to a security's price sensitivity to interest rate changes) and attractive income properties, in addition to the favorable corporate earnings environment, attracted investors. While most high yield credit tiers posted positive returns, the lowest-rated tier generated the highest gain.

Portfolio Review

- The fund underperformed its benchmark, the Bloomberg Barclays US Aggregate Index, primarily due to allocations to US dividend-paying equities and emerging market credits.

CLASS Y PERFORMANCE AS OF JUNE 30, 2018 (%)

	CUMULATIVE TOTAL RETURN		AVERAGE ANNUALIZED RETURN			
	3 MONTH	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
FUND	-0.71	-2.26	4.45	6.93	6.89	7.88
BENCHMARK	-0.16	-1.62	-0.40	1.72	2.27	3.72

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.

Winners

- The fund's exposure to master limited partnerships (MLPs), expressed through exchange-traded funds (ETFs), contributed to performance as energy prices rallied during the quarter following several quarters of negative performance. In addition to higher oil prices, the sector benefited from an uptick in merger and acquisition activity. Infrastructure constraints in the Permian basin demonstrated a clear need for more pipelines, which led to wider differentials in the price of Permian oil and lifted sentiment toward the sector.
- High yield corporate bonds aided return as spreads (the difference in yield between non-Treasury and Treasury securities of similar maturity) slightly tightened during the quarter after widening somewhat during the first quarter. Solid earnings reports, stable equity markets, relatively range-bound US Treasury rates, and a continued dearth of supply have supported the asset class. Individual energy and consumer non-cyclical names added the most to the fund's return.

Laggards

- Despite general market strength during the quarter, US dividend-paying equities detracted from performance. The fund's exposure to the banking space muted return due to uncertainty about the outlook for lenders as the US yield curve continued to flatten. In addition, the escalating US-China trade posturing hurt equity holdings in the capital goods sector as they are particularly sensitive to trade-related issues.
- Emerging market exposure weighed on return as credits in this space were again in negative territory. Higher inflation expectations and the reality that central banks will not be supportive forever overshadowed the current environment of synchronized global growth. Escalation in global trade tensions also contributed to risk aversion as US-China trade talks failed to deliver a sustainable agreement. Meanwhile, the US moved to extend steel and aluminum tariffs to the European Union, Canada and Mexico, resulting in the announcement of retaliatory measures. Within the fund's emerging market exposure, energy issues and sovereigns were among the largest detractors.

Outlook

- Tighter monetary policy has exposed cracks in the foundation of synchronized global growth. Escalating conflicts abroad, financial stress among a select group of sovereigns and trade war fears have dampened risk appetite over recent months. Financial conditions are a bit tighter and the US dollar has rallied. However, we do not believe the damage is severe enough to knock the US Federal Reserve (Fed) off its tightening track. We find the Fed likely to hike twice more this year, as consistently strong economic data and fiscal stimulus in the pipeline have increased the likelihood of a fourth hike in 2018.
- Our outlook for rising global profits remains intact. Corporate debt levels remain high, though growth rates have been trending lower. At the same time, corporate profits have continued to recover from their 2016 lows and are now growing faster than debt levels. However, we expect increased volatility, growing concerns about trade wars and political instability ahead of the US midterm elections.

- Global growth has stabilized and we expect the growth differential between emerging and developed markets to widen into 2019. In emerging markets, inflation trends are mixed, but many economies have been improving. The improvement in global trade has had positive implications for emerging markets, but the trade tariff bickering is causing headwinds. Additionally, commodities are expected to remain supportive. In Europe, corporate fundamentals remain solid and 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 stage due to the constructive 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 current 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 the fund during its prior fiscal year. Based on the most recent quarterly analysis (as of June 30, 2018), fund officers believe that realized currency losses may have less of an impact on the distributions in the 2018 fiscal year when compared to the annual amounts experienced by the fund in the prior fiscal year. However, due to recent market and/or portfolio activity, the fund may experience increased currency loss impacts to the scheduled distributions for the remainder of its 2018 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 fund's 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.

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

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