

AEW Global Focused Real Estate Fund*



QUARTERLY PORTFOLIO COMMENTARY

Average annualized total returns (%)[†] as of 9/30/2019

	3 months	YTD	1 year	3 years	5 years	10 years
Class Y	5.11	21.64	14.21	5.49	8.93	12.12
Class A at NAV	4.97	21.34	13.89	5.21	8.64	11.83
Class A with 5.75% maximum sales charge	-1.04	14.40	7.37	3.15	7.36	11.17
FTSE EPRA Nareit Developed Real Estate Index	4.63	19.82	13.00	5.61	6.81	8.63

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 im.natixis.com. Performance for other share classes will be greater or less than shown based on differences in fees and sales charges. You may not invest directly in an index. [†]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.

Gross expense ratio 1.15% (Class Y share) / 1.40% (Class A share). Net expense ratio 0.90% (Class Y share) / 1.15% (Class A share). As of the most recent prospectus, the investment adviser 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 5/31/20. When an expense cap has not been exceeded, the gross and net expense ratios and/or yields may be the same. Not all share classes available for purchase by all investors. Class Y shares are available to institutional investors with a minimum initial investment of \$100,000 and through certain wrap-fee programs, retirement plans, and investment advisory accounts with no minimum. See prospectus for more details. * Effective at the close of business, the Fund adopted AEW's Global Focused investment strategy. The new strategy follows a similar approach to the former AEW Real Estate Fund, applying value-driven, bottom-up security selection to the global REIT universe. In addition, the Fund's name, portfolio managers, primary prospectus index, advisory fee and expense caps have changed. Please refer to the prospectus for more details.

Portfolio review

For the quarter ended September 30, 2019, the AEW Global Focused Real Estate Fund – Class Y returned 5.11%, outperforming the FTSE EPRA Nareit Developed Index which returned 4.63%. Outperformance was driven by positive stock selection in North America and Europe, which was partially offset by negative regional allocation results, as well as the portfolio's small cash position. In North America, stock selection and sector allocation were both positive. Regarding stock selection, results were strongest in the data center and industrial sectors and weakest in the office and apartment sectors. Regarding sector allocation, the portfolio's lack of exposure to the underperforming hotel and diversified sectors and overweight to the outperforming data center sectors were the largest contributors.

In Europe, positive stock selection was partially offset by negative country allocation. Regarding stock selection, results were strongest in the United Kingdom and France and weakest in Spain and Germany. Regarding country allocation, the portfolio's lack of exposure to outperforming Switzerland and Belgium were the largest detractors. In Asia Pacific, negative stock selection was partially offset by positive country allocation. Regarding stock selection, results were strongest in Hong Kong and Singapore and weakest in Japan and Australia.

Market review & outlook

The FTSE EPRA Nareit North America Index returned 7.5% in U.S. dollar terms in the third quarter, bringing year-to-date returns to 25.6%. REITs strongly outperformed general equities during the quarter as continued U.S.-China trade tensions drove volatility in other stocks. Meanwhile, long-term interest rates declined with the 10-year U.S. Treasury yield ending the quarter 34 basis points lower at 1.66% and nearly 160 basis points below a recent peak in November 2018. The Federal Reserve implemented a second 25 basis-point cut in short-term interest rates and intervened in the overnight repo market. Looking ahead, uncertainty has increased as economic growth remains solid but slower, and manufacturing appears to be particularly weak. Trade and global growth concerns may continue to weigh on economic sentiment and business investing. With inflation largely dormant, the Federal Reserve has the flexibility to make additional cuts in the federal funds rate to shore up the economy if needed. Property fundamentals are steady as construction has peaked in most sectors. With the exception of malls and power centers, demand for space remains strong enough to keep vacancy rates near recent cyclical lows. Overall, we continue to expect 5%–6% growth in REIT cash flows in the near term as rents continue to rise at a slowing but still positive pace. At quarter-end, REITs traded at an 11% premium to net asset value. Dividend yield spreads were very attractive at only nine basis points below corporate bonds and 213 basis points above the 10-year Treasury yield.

The FTSE EPRA Nareit Developed Europe Index posted a total return of 8.8% in euros and 4.1% in U.S. dollar terms in the third quarter, bringing year-to-date returns to 19.0% in euros and 13.5% in U.S. dollar terms. European REITs outperformed general equities during the quarter as the FTSE Eurotop 100 Index returned 2.6%. The European Central Bank (ECB) delivered a full package of easing measures in the third quarter, including a rate cut and asset purchase program, both measures that aim to keep sovereign bond yields low, which should free up room for fiscal stimulus for the struggling Eurozone economies. Property companies in Sweden and Switzerland outperformed due to solid property fundamentals and attractive yield spreads, respectively, while shopping center REITs bounced from their recent lows following some merger activity. Looking ahead, European property equities are expected to post attractive relative performance compared to lower and/or negative yield alternatives. While Brexit uncertainty remains, we expect more clarity in the next three to six months. At quarter-end, European property equities were reasonably valued, trading at an average 3% discount to net asset value with a cash flow yield of 5.2% and dividend yield of 4.1%.

The FTSE EPRA Nareit Asia Index posted a total return of -0.5% in U.S. dollar terms in the third quarter, bringing year-to-date returns to 14.8%. Slowing global growth, coupled with regional issues such as Hong Kong social unrest and Japan-Korea trade/political tensions, drove GDP growth expectations lower to roughly 0.5%–2.0% for 2019, with risks to the downside if Hong Kong remains in turmoil into 2020. Japan was the best performing market and the only market that delivered positive performance in U.S. dollar terms during the quarter, driven by a combination of merger and acquisition activity and demand for yield. Office market fundamentals remain attractive across the region, although slower economic growth has resulted in somewhat weaker demand. Fundamentals in logistics are also positive, driven by structural demand for modern logistics facilities. Looking ahead, the more dovish central bank environment should be conducive to property stocks as relative yields become more attractive. We expect average earnings growth of 3% for the region in the near term, with upside potential from lower debt cost and acquisitions. At quarter-end, Asia Pacific property securities were fairly valued, trading at an average premium of 10% to net asset value but with further increases in capital values expected for Australia and Japan. Dividend yield spreads were attractive at 300–380 basis points with interest rates expected to move lower.

Disclosure

Top 10 Holdings (as of 8/31/19)

Company	% of Portfolio
AvalonBay Communities, Inc.	5.48
Duke Realty Corp.	5.01
Americold Realty Trust	4.61
VICI Properties, Inc.	4.27
Canadian Apartment Properties REIT	4.26
Boston Properties, Inc.	4.23
CyrusOne, Inc.	3.91
Invitation Homes, Inc.	3.80
Healthcare Trust of America, Inc. Class A	3.62
HCP, Inc.	3.56

Risks

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. **Smaller company investments** can be more volatile than those of larger companies. **Equity securities** are volatile and can decline significantly in response to broad market and economic conditions. **Currency** exchange rates between the US dollar and foreign currencies may cause the value of the Fund's investments to decline. **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. **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.

Index definitions

The FTSE NAREIT Equity REITs Index is an unmanaged index reflecting performance of the US real estate investment trust market.

The FTSE EPRA Nareit Developed Index is designed to track the performance of listed real estate companies and REITs worldwide. By making the index constituents free-float adjusted, liquidity, size and revenue screened, the series is suitable for use as the basis for investment products, such as derivatives and Exchange-Traded Funds (ETFs).

The Dow Jones US Select Real Estate Securities Index™ (RESI) measures the performance of publicly traded real estate securities. The index is designed to serve as proxies for direct real estate investment, in part by excluding companies whose performance may be driven by factors other than the value of real estate. The index represents equity real estate investment trusts and real estate operating companies traded in the US.

The NASDAQ Composite Index measures approximately 3,000 common equities listed on the Nasdaq Stock Market.

The MSCI US REIT Index is an unmanaged index that is composed of the most actively traded equity REIT (real estate investment trust) securities.

S&P 500® Index is a widely recognized measure of US stock market performance. It is an unmanaged index of 500 common stocks chosen for market size, liquidity, and industry group representation, among other factors. It also measures the performance of the large-cap segment of the US equities market.

Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq.

You may not invest directly in an index.

Disclosure

This portfolio is actively managed and holdings are subject to change. There is no guarantee the fund continues to invest in the securities referenced. Reference to specific securities or holdings should not be considered recommendations for action by investors.

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