ASG Dynamic Allocation Fund

QUARTERLY PORTFOLIO COMMENTARY

Average annualized total returns (%) † as of 6/30/2019

	3 months	YTD	1 year	3 years	Life of class (11/30/15)
Class Y	4.24	8.64	1.40	7.03	5.42
Class A at NAV	4.16	8.45	1.18	6.74	5.15
Class A with 5.75% maximum sales charge	-1.86	2.24	-4.61	4.66	3.42
Morningstar® Global Allocation Index	3.42	11.77	6.02	8.16	7.80
Blended Index	3.75	12.71	7.33	8.07	7.13

Performance data shown represents past performance and is no guarantee of, and not necessarily indicative 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. †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. Benchmark since inception performance is calculated from 12/1/2015.

Gross expense ratio 1.41% (Class Y share) / 1.68% (Class A share). Net expense ratio 0.96% (Class Y share) / 1.21% (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 4/30/20. 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.

Market commentary

In the second quarter of 2019, global interest rates underwent a correlated move downward amid heightened volatility. Meanwhile, commodity prices were volatile across the complex and US equities appreciated despite temporary downside volatility in the middle of the quarter. The downward pressure on rates in the US and Europe was principally anchored by investor sentiment concerning central bank easing in the near to mid term. As economic conditions in the US appeared to synchronize with softer data from the rest of the world, consensus drove the 10-year US Treasury yield lower at a faster pace through May, ending the quarter at the lowest level since the election-related spike in 2016. Forward-looking US Treasury interest rate volatility expectations, as measured by the Merrill Lynch Option Volatility Estimate (MOVE) Index, jumped to the highest level since December 2016, potentially linked to increased hedging of long bond positions.

The drop in US interest rates in the second quarter pushed the yield curve down in a parallel move, while the relationship between the 2-year and 30-year yields steepened as the quarter drew to a close. At the same time, German benchmark government bond yields approached the -0.40% European Central Bank (ECB) overnight deposit rate; French benchmark government bonds approached negative yields for the first time ever; and Italian spreads to German Bunds compressed to the lowest level in over a year.

Consensus around global central banks re-coordinating into an easing policy grew during the quarter with mixed economic data from the US, and increased mentions of quantitative easing coming from the ECB in the face of disappointing economic activity in Europe, specifically in the periphery. These factors coincided with a clear tapering off of US dollar strength that led into the second quarter, while other reserve currencies like the euro, yen, and Swiss franc appreciated against the dollar.

Also noteworthy during the second quarter were movements in commodity prices. Gold futures appreciated markedly, while silver was nearly unchanged, and industrial metals' valuations fell, reflecting a lackluster demand outlook. At the same time, weather-related devastation to crops in the Midwest US pushed prices up abruptly following steady downward pressure from tariffs. WTI crude came under significant selling pressure on supply dynamics related to storage in the US and Middle East production before bouncing on renewed tensions with Iran.

Explanation of Fund performance

ASG Dynamic Allocation Fund Class Y shares returned 4.24% during the second quarter of 2019. The Fund's benchmark, the Morningstar Global Allocation Index, returned 3.42% over the same period. The Fund's outperformance, relative to its benchmark was largely the result of its overweight exposure to global bonds. Despite generating gains during the quarter, the Fund's underweight to global equities detracted from relative returns. The Fund's currency hedge generated a modest gain for the Fund.

The Fund's strategy is to vary its asset class exposures from 0% to 200%[1] systematically, according to a proprietary set of investment models. These models are separated into two types: risk-adjusted momentum (trend) and an estimation of hedge fund exposures. Both sets of models are dynamic and can experience meaningful changes in their asset recommendations over time. The Fund's strategy is to overweight and/or underweight assets within global stock and fixed income markets based on these models. The Fund uses exchange-traded funds and derivative instruments, such as futures contracts, to gain exposure to six classes of global assets: U.S. stocks, developed international stocks, emerging market stocks, U.S. bonds, developed international bonds, and emerging market bonds.

The Fund began the quarter with a 37% allocation to global equities, significantly below the benchmark's 59% weight. After posting significant gains during the first quarter, stocks continued to advance as volatility declined, which resulted in the Fund increasing its equity exposure during the second quarter. By quarter end, the Fund's global equity exposure reached 62.4%, a small overweight relative to the benchmark. Within the three equity groups, the U.S. and developed international groups increased, while the emerging market exposure declined. From a performance standpoint, the U.S. and developed international equity groups generated gains while emerging market equities posted a small loss.

Global bonds produced gains throughout the quarter as interest rates continued to decline from their 2018 highs. While the Fund's bond weight declined from 77% to 71% during the quarter, a significant overweight was maintained relative to the benchmark's 40.7% average weight. All three bond groups contributed positively to the Fund's returns with U.S. bonds providing the largest contribution to Fund returns. An additional benefit of the sizeable bond position was the diversification provided by low bond volatility relative to stocks, along with a negative correlation between the two asset classes.

Risk management

The Fund relies primarily on a systematic process to identify trends and changes in the asset allocation of the broad hedge fund universe. The Fund has the ability to adjust its total exposure from 0% to 200%. Mostly a result of volatility and trend changes observed across markets towards the end of 2018, the Fund entered 2019 positioned defensively with an underweight in stocks and an overweight in bonds. As the quarter progressed, the Fund increased its exposures to both groups, increasing the overweight to bonds and decreasing the underweight to stocks.

The Fund seeks to maintain an annualized volatility below 20%[2] as measured by the standard deviation of the Fund's returns. We scale portfolio positions as often as daily in an effort to keep total portfolio risk within its target range. As market volatility increases, position sizes are reduced; as market volatility decreases, position sizes are increased. The Fund's volatility of 3.2% for the period was well below the benchmark's 5.8%. Positioning at quarter end, in part, reflects the decrease in market volatility over the quarter, as well as performance trends that we have recently observed across equity and fixed income markets.

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[1] Leverage can vary over time based on market conditions and the net notional value of the Dynamic Allocation Portion's investment exposure will not exceed 200% of the Fund's total assets. The Fund's total investment exposure may be greater than 200% of the Fund's total assets because it includes exposures obtained through both the Dynamic Allocation Portion and the Money Market Portion.

[2] The Fund seeks a relatively stable level of annualized volatility (as measured by standard deviation), but the targeted volatility is subject to change. There is no guarantee that the target will be achieved, and the realized volatility level of the Fund can be higher or lower than its target volatility at any given point in time. Volatility is not an indicator of expected return or a measure of protection against loss.

Outlook

Though coordinated easing by developed market central banks may continue, the path is not equally accessible to all policy makers. The Federal Reserve Open Market Committee, Bank of Canada, Bank of England, and the Reserve Bank of Australia all have room to cut interest rates to work toward their stated economic and inflation objectives. By contrast, a number of central banks such as the European Central Bank, the Bank of Japan, and the Riksbank of Sweden, have remained at financially repressive negative rates for many years, which may constrain the future direction of their policy paths. In the context of an environment with opportunities and challenges, monetary conditions are expected to be eased in the near future.

Easing expectations may already be priced into equity and bond markets, especially in the US. As such, should central bank actions not meet market expectations, the risk of downward repricing of equities and fixed income may be elevated. Emerging market currencies are likely to respond to developed market central bank easing policy with renewed strength, extending the softening of the US dollar seen to date in 2019.

The 2020 US presidential election takes on more significance every day as geopolitical uncertainty continues to ebb and flow around the world, adding to potential volatility in risk assets across global markets. The resolution of outstanding trade issues and the Iranian nuclear deal may have increased significance as the election comes into greater focus.

In commodities, gold prices, in particular, may also be negatively impacted by disappointed expectations in central bank easing. Crop yields in the US will be closely watched to determine if the storms in the Midwest were as destructive as initially feared. Energy prices will continue to be influenced by supply and demand fundamentals, but will also be sensitive to headlines and developments related to Iran.

Risks

Leverage can increase market exposure and magnify investment risk. **Futures and forward contracts,** like other derivatives, can involve a high degree of risk and may result in unlimited losses. Because they depend on the performance of an underlying asset, they can be highly volatile and are subject to market, credit, and counterparty risks. **Equity securities** are volatile and can decline significantly in response to broad market and economic conditions. **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. **Interest rate risk** is a major risk to all bondholders. As rates rise, existing bonds that offer a lower rate of return decline in value because newly issued bonds that pay higher rates are more attractive to investors. **Exchange-Traded Funds (ETFs)** trade like stocks, are subject to investment risk, and will fluctuate in market value. Unlike mutual funds, ETF shares are not individually redeemable directly with the Fund, and are bought and sold on the secondary market at market price, which may be higher or lower than the ETF's net asset value (NAV). Transactions in shares of ETFs will result in brokerage commissions, which will reduce returns. **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. **Non-diversified funds** invest a greater portion of assets in fewer securities and therefore may be more vulnerable to adverse changes in the market. **Concentrated investments** in a particular region, sector, or industry may be more vulnerable to adverse changes in that industry or the market as a whole.

Index definitions

The Morningstar® Global Allocation Index represents a diverse multi-asset-class portfolio of liquid global asset classes that reflects the global investment opportunities available to an investor with a moderate risk tolerance.

Blended Index is an unmanaged, blended index composed of the following weights: 60% MSCI World Index (Net) / 40% Bloomberg Barclays US Aggregate Bond Index. The weightings of the indices that compose the Blended Index are rebalanced on a monthly basis to maintain the allocations as described above. These rebalances will not necessarily correspond to the rebalancing of the Fund’s investment portfolio, and the relative weightings of the asset classes in the Fund will generally differ to some extent from the weightings in the Blended Index.

DAX Index is a stock index that represents 30 of the largest and most liquid German companies that trade on the Frankfurt Exchange. The prices used to calculate the DAX Index come through Xetra, an electronic trading system. A free-float methodology is used to calculate the index weightings along with a measure of average trading volume. The DAX was created in 1988 with a base index value of 1,000. DAX member companies represent roughly 75% of the aggregate market cap that trades on the Frankfurt Exchange.

The Merrill Lynch Option Volatility Estimate Index (MOVE) is the bond market's equivalent of the Chicago Board of Options Exchange Volatility Index (VIX), and helps to gauge the current level of fear or complacency in fixed income markets.

You may not invest directly in an index.

Disclosure

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Before investing, consider the Fund’s investment objectives, risks, charges, and expenses. Please visit im.natixis.com or call us at 800-225-5478 for a prospectus or a summary prospectus containing this and other information. Read it carefully.

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