

# Loomis Sayles Strategic Alpha Fund

Q1 • March 31, 2019

## Fund Highlights<sup>1,2,3</sup>

- A flexible, global absolute return-oriented fixed-income strategy without benchmark constraints, enabling the management team to respond tactically to shifting economic environments and market events
- Mobility to pursue opportunities across a wide range of global fixed-income asset classes and markets, and the ability to go long or short to implement desired exposures, to help mitigate volatility and to add alpha
- Actively managed to lower volatility, with the goal of maintaining standard deviation between 4% and 6%
- Seasoned management team with more than 55 years of combined investment experience – backed by Loomis, Sayles & Company's fixed-income resources, including 85 macro, credit, securitized, sovereign and quantitative analysts

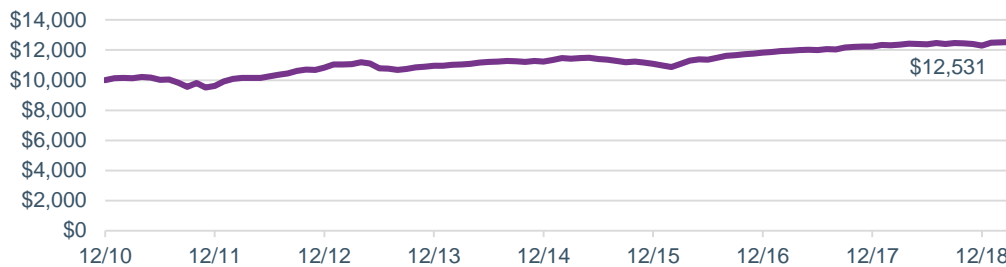
## Average annualized total returns† (%)

	3 months	YTD	1 year	3 years	5 years	Life of class 12/15/2010
Class Y	1.88	1.88	1.42	4.17	2.57	2.81
Class A at NAV	1.72	1.72	1.07	3.91	2.31	2.56
Class A with 4.25% maximum sales charge	-2.63	-2.63	-3.21	2.40	1.42	2.03
3-Month LIBOR <sup>8</sup>	0.66	0.66	2.50	1.61	1.09	0.79
3-Month LIBOR + 300 bps <sup>9</sup>	1.40	1.40	5.50	4.61	4.09	3.78

## Calendar year returns (%)

	2009	2010 <sup>4</sup>	2011	2012	2013	2014	2015	2016	2017	2018
Class Y	-	0.41	-3.78	12.57	1.19	2.52	-1.43	6.86	3.38	0.53
3-Month LIBOR <sup>8</sup>	-	0.01	0.27	0.51	0.29	0.23	0.23	0.66	1.10	2.31
3-Month LIBOR + 300 bps <sup>9</sup>	-	0.14	3.32	3.56	3.34	3.28	3.28	3.73	4.18	5.31

## Investment return – Hypothetical growth of \$10,000 investment<sup>7</sup>



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](http://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.

1 "Long" or "long position" is the purchase of a security such as a stock, commodity or currency with the expectation that the asset will rise in value. "Short" or "short position" is the sale of a borrowed security, commodity or currency with the expectation that the asset will fall in value. 2 Alpha is a measure of the difference between a portfolio's actual returns and its expected performance, given its level of systematic market risk. A positive alpha indicates outperformance and negative alpha indicates underperformance relative to the portfolio's level of systematic risk. 3 The fund seeks to target 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. 4 The calendar year performance shown for 2010 is a partial year of performance since inception on 12/15/2010 through 12/31/2010. 5 Unsubsidized 30-day SEC yield is calculated using the gross expenses of the fund. Gross expenses do not include any fee waivers or reimbursement. 6 As of the most recent prospectus, the investment advisor 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 04/30/2019. When an expense cap has not been exceeded, the gross and net expense ratios and/or yields may be the same. 7 This chart tracks the hypothetical growth of a \$10,000 investment in Class Y shares. Investment returns would be lower for Class A share investments, which are subject to higher fees and may also include sales charges.

Not all share classes are 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 the prospectus for more details.

For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ used to rank the fund against other funds in the same category. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly excess performance, without any adjustments for loads (frontend, deferred, or redemption fees), placing more emphasis on downward variations and rewarding consistent performance. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star (each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages). Past performance is no guarantee of future results. ©2019 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

## Morningstar Rating

Nontraditional Bond – Class Y

Overall rating derived from weighted average of the 3-, 5- and 10-year (if applicable) Morningstar Rating metrics; other ratings based on risk-adjusted returns

Overall out of 278 funds **★★★★**  
 Three years out of 278 funds **★★★**  
 Five years of 187 funds **★★★★**

## Fund Facts

### Objective

Seeks to provide an attractive absolute total return, complemented by prudent investment management designed to manage risks and protect investor capital

Share Class	Ticker	Cusip
Class Y	LASYX	63872T-62-0
Class A	LABAX	63872T-64-6
Class C	LACBX	63872T-63-8
Class N	LASNK	63873P-81-7

Class A maximum sales charge of 4.25%  
 Class C maximum CDSC of 1.00%

Total net assets	\$1.6 billion
Inception date	12/15/2010
Turnover as of 12/31/2018	379%
Effective duration	0.17 years
Average maturity	4.13 years
30 Day SEC Yield (Y, Subsidized)	3.25%
30 Day SEC Yield (Y, Unsubsidized) <sup>5</sup>	3.25%
Distribution frequency	Quarterly
Gross Expense Ratios (Y/A) <sup>6</sup>	0.76%/1.01%
Net Expense Ratios (Y/A) <sup>6</sup>	0.75%/1.00%

## Portfolio Overview

Strategy allocation<sup>10</sup>

	Long total	Short total	% Net exposure
Securitized	36.5	-0.8	35.7
Investment Grade Corporate	33.3	-0.9	32.5
Bank Loans	6.1	0.0	6.1
High Yield Corporate	3.4	0.0	3.4
Currency	2.3	0.0	2.3
Convertibles	1.9	0.0	1.9
Emerging Market	2.3	-1.5	0.9
Global Credit	0.7	-0.4	0.4
Global Rates	1.9	-1.5	0.3
Dividend Equity	3.8	-3.6	0.3
Risk Management	0.0	0.0	0.0
Cash and Equivalents	10.1	0.0	10.1

Top ten currencies<sup>11</sup>

Currency	% of Portfolio
1. Malaysian Ringgit	0.71
2. Norwegian Krone	0.70
3. Argentine Peso	0.66
4. Polish Zloty	0.46
5. Hungarian Forint	0.46
6. Canadian Dollar	0.07
7. British Pound Sterling	0.04
8. Colombian Peso	0.04
9. Mexican Peso	0.03
10. Euro	-0.84

Top ten countries<sup>12</sup>

Country	% of Portfolio
1. United States	76.58
2. United Kingdom	2.47
3. Japan	2.40
4. Germany	2.04
5. Cayman Islands	1.23
6. Argentina	1.15
7. Canada	0.96
8. Netherlands	0.84
9. Malaysia	0.71
10. Norway	0.70

Credit quality<sup>13</sup>

	Long total	Short total	% Net exposure
Aaa	26.6	-0.3	26.3
Aa	10.9	-0.5	10.3
A	21.3	-0.9	20.4
Baa	22.3	-1.5	20.8
Ba	7.0	0.0	7.0
B	6.6	0.0	6.6
Caa and lower	1.7	0.0	1.7
Not Rated	6.2	-5.4	0.8



## Manager Overview

## Investment Manager

Loomis, Sayles & Company helps fulfill the investment needs of institutional and mutual fund clients worldwide. The firm's performance-driven investors integrate deep proprietary research and integrated risk analysis to make informed, judicious decisions. Loomis Sayles looks for value across traditional asset classes and alternative investments to pursue attractive, sustainable returns.

**Headquarters:** Boston, MA

**Founded:** 1926

**Assets under management:** \$234.4 billion (as of 12/31/2018)<sup>14</sup>

Portfolio Managers<sup>15</sup>

**Matthew J. Eagan, CFA®**  
**Kevin Kearns**  
**Todd Vandam, CFA®**

## Risks

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. Currency exchange rates between the US dollar and foreign currencies may cause the value of the Fund's investments to decline. 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. 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. Mortgage-related and asset-backed securities are subject to the risks of the mortgages and assets underlying the securities. Other related risks include prepayment risk, which is the risk that the securities may be prepaid, potentially resulting in the reinvestment of the prepaid amounts into securities with lower yields. 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. Short exposures using derivatives may present various risks. If the value of the asset, asset class or index on which the Fund holds short investment exposure increases, the Fund will incur a loss. The potential risk of loss from a short exposure is theoretically unlimited, and there can be no assurance that securities necessary to cover a short position will be available for purchase.

8 3-Month LIBOR, or the London InterBank Offered Rate, represents the average rate at which a leading bank, for a given currency (in this case, U.S. dollars), can obtain unsecured funding, and is representative of short-term interest rates. 9 3-Month LIBOR +300 basis points is created by adding 3.00% to the annual percentage change of the 3-month LIBOR. The calculation is performed on a monthly basis and is subject to the effects of compounding. 10 The strategy allocation exposures presented above are intended to illustrate the Fund's exposure to certain asset classes. The Fund may use the market value, the notional value or an adjusted notional value of a derivative in order to reflect what the Adviser believes to be the most accurate assessment of the Fund's real economic exposure. The Fund's long and short investment exposures may, at times, exceed 100% of the assets invested in the Fund (excluding instruments primarily used for duration management or yield curve management and short-term investments such as cash and money market instruments), although these exposures may be higher or lower at any given time. The Net Exposures reflect the Gross Long exposures minus the Gross Short exposures. There is no guarantee that Gross Short exposures will exactly offset Gross Long exposures. 11 Top ten currencies are shown on an absolute basis. 12 Top ten countries are shown on an absolute basis. 13 Credit Quality is ranked highest to lowest. Credit quality reflects the highest credit rating assigned to individual holdings of the fund among Moody's, S&P or Fitch; ratings are subject to change. The fund's shares are not rated by any rating agency and no credit rating for fund shares is implied. The credit quality distribution shown includes only the debt securities and credit default swaps on the individual debt issues. Given some asset groups are excluded, the Total Fund percentages may not equal 100%. 14 Assets under management ("AUM"), as reported, may include notional assets, assets serviced, gross assets and other types of non-regulatory AUM. 15 CFA® and Chartered Financial Analyst® are registered trademarks owned by the CFA Institute.

Before investing, consider the fund's investment objectives, risks, charges, and expenses. Visit [im.natixis.com](http://im.natixis.com) or call 800-225-5478 for a prospectus or a summary prospectus containing this and other information. Read it carefully.

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