FUNDLETTER

Getting active: How can your fixed income work harder?

A hands-off approach to fixed income may not be ideal in a world where markets are in constant motion. However, like equities, fixed income investments can be actively managed. Actively managed fixed income strategies apply a research-driven approach to uncovering income opportunities and avoiding unwanted risks. This means that an experienced team of fixed income experts searches far and wide for what they believe to be the best available investment opportunities. Next, they evaluate these opportunities collaboratively before making collective decisions on how to allocate within a portfolio.

One asset class, many methods

Some fixed income strategies have the flexibility to find value across fixed income sectors, including corporate and government-issued bonds. Other strategies can allocate tactically in response to changing market conditions, moving to different fixed income sectors in search of added return potential.

The Loomis Sayles approach

Loomis, Sayles & Company's high-conviction approach to fixed income has been helping investors pursue their goals through all types of markets since 1926. As active, multi-style bond managers, the firm offers both traditional and non-traditional fixed income funds, all of which are supported by Loomis Sayles' renowned global research platform. Its wide spectrum of funds can help investors pursue a variety of short-term, medium-term, and long-term goals – including current income and capital appreciation.

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Addressing short-term needs

For investors pursuing shorter-term financial goals, the Loomis Sayles Limited Term Government and Agency Fund (NEFLX) offers a total return strategy based on a conservative, high-quality, shorter-duration fixed income portfolio. Designed for investors who prefer intermediate-term US government or agency securities, it can help mitigate both credit risk and interest rate risk. Through an actively managed approach, the fund's managers pursue higher yields while seeking to maintain price stability.

Mid-term considerations

The Loomis Sayles Core Plus Bond Fund (NEFRX) and the Loomis Sayles Strategic Alpha Fund (LABAX) present an option for investors with mid-term financial objectives in mind. The Loomis Sayles Core Plus Bond Fund seeks competitive returns by tactically allocating to different fixed income sectors, including high-quality corporate and US government bonds. The Loomis Sayles Strategic Alpha Fund is a flexible fixed income fund that can help diversify more traditional fixed income portfolios. Designed to pursue returns in both rising and falling interest rate environments, it uses non-traditional investment techniques to dampen volatility while seeking to generate positive returns.

Choices for the long haul

The Loomis Sayles Investment Grade Bond Fund (LIGRX) maintains a long-term focus, with investment decisions based on extensive in-house research methods that evaluate the credit strength of issuers and potential market factors. The fund's management team takes a multisector approach that allows them to seek the best values across the global bond markets. The fund seeks to identify undervalued bonds that have strong prospects for price appreciation over time.

The Loomis Sayles fixed income spectrum

These and other Loomis Sayles fixed income funds use an active, high-conviction approach that can help optimize and diversify a portfolio's fixed income holdings. In today's challenging market environment, a dynamic approach to fixed income can help investors better ensure portfolio diversification and maximize growth potential.

For more information, and to see the full Loomis Sayles fixed income spectrum, contact your financial professional, or visit **im.natixis.com/us/active-fixed-income-yields-results.**

Fund Spectrum as of 12/31/18

	Fund name	Ticker	Morningstar category	Credit quality
Short-Term Needs	Limited Term Government and Agency Fund	NEFLX	Short Government	33.42 / 49.88 / 16.70
Mid-Term Objectives	Core Plus Bond Fund	NEFRX	Intermediate Term Bond	14.71 / 36.74 / 31.41 / 8.93 / 8.20
	Strategic Alpha Fund	LABAX	Nontraditional Bond	31.58 / 39.99 / 24.16 / 16.43
Long-Term Goals	Investment Grade Bond Fund	LIGRX	Intermediate-Term Bond	6.78 / 15.25 / 56.08 / 6.23 / 15.67

US Treasury | Aaa | Other Investment Grade | Below Baa/Not Rated | Cash & Equity Equivalents

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. Bond credit ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest). • **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 **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. **Below investment grade fixed income securities** may be subject to greater risks (including the risk of default) than other fixed income securities. 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. **Currency exchange** rates between the US dollar and foreign currencies may cause the value of the fund's investments to decline. **Inflation-protected securities** move with the rate of inflation and carry the risk that, in deflationary conditions (when inflation is negative), the value of the bond may decrease. • **US government agency securities** are not insured, and may not be guaranteed by the US government. **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. **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.

Investment virtues for trying times

Capital markets can be tough to figure out, and today's investment landscape is no exception. In challenging markets, it can be helpful to revisit some basic investment virtues. With that in mind, here are five ideas to fall back on when the outlook is uncertain.

Patience

Put time on your side

Security prices rise and fall throughout investment cycles, so many investments offer a decent chance of success if held for the right time period – or for the duration of the cycle. The only question is whether you will have the conviction to hold on long enough to see the profit.

Humility

Don't be too sure

There is no such thing as proof. Investing is by definition about the future, which is uncertain. All the data you evaluate is evidence that leads to a probability. This evidence, however, is not proof that anything will or won't happen.

Thrift

Buy low, sell high

While there are dozens of factors to consider, valuation is an essential component of investment selection. Is the asset cheap or expensive? You can't control the price at which you sell, but you can control the price at which you buy.

Diligence

Don't chase past performance

Investment selection based largely on recent performance is likely doomed to fail. Usually you're just buying a lucky manager or a hot asset – and all streaks eventually come to an end.

Prudence

Know your pain threshold

The starting point for portfolio construction is risk, not return. In the long run, you might get paid for taking on more risk, but you're unlikely to realize those returns if you sell at the wrong time because of fear. A candid evaluation of your risk tolerance can help avoid a portfolio that's too hot for you to handle.

Important risk considerations

All investing involves risk, including the risk of loss. Investment risk exists with equity, fixed income and alternative investments. There is no assurance that any investment will meet its performance objectives or that losses will be avoided. Diversification does not guarantee a profit or protect against a loss.

Investment decisions should be based on an individual's own goals, time horizon and tolerance for risk.

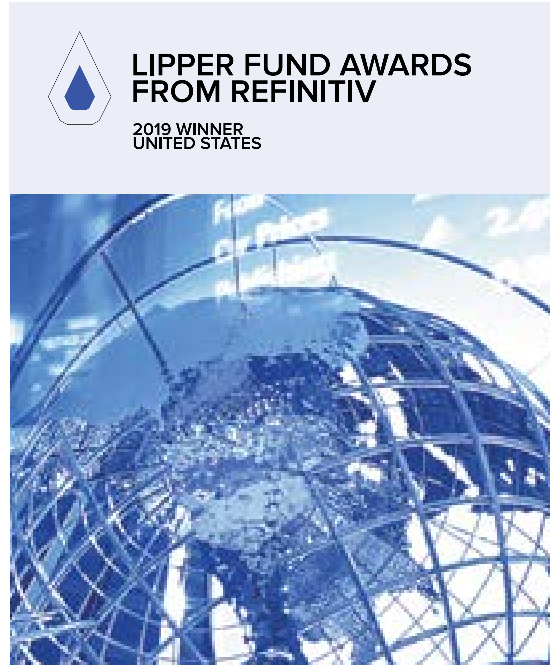
Natixis Investment Managers does not provide tax or legal advice.

Lipper Award winners 2019

The Lipper Fund Awards are part of an annual, global program of events held in 18 countries to honor "funds that have excelled in delivering consistently strong risk-adjusted performance, relative to their peers."

Four Natixis Funds received Lipper Awards for 2019 for the period ending November 30, 2018. Each fund earned recognition for top performance in its category:

- **ASG Tactical U.S. Market Fund, A Class [USMAX]**
  Ranked #1, based on 54 eligible US funds (127 share classes), for the five-year period ending November 30, 2018, in the Alternative Long/Short Equity Funds category.
- **Loomis Sayles Global Allocation Fund, Y Class [LSWWX]**
  Ranked #1, based on 57 eligible US funds (154 share classes), for the 10-year period ending November 30, 2018, in the Flexible Portfolio Funds category.
- **Loomis Sayles Limited Term Government and Agency Fund, Y Class [NELYX]**
  Ranked #1, based on 10 eligible US funds (21 share classes), for the 10-year period ending November 30, 2018, in the Short-Intermediate US Government Funds category.



Lipper Fund Classification Awards (2019): For funds with multiple share classes, Lipper selects the share class with the best Lipper Leader score as the basis for the award winner for demonstrating consistently strong risk-adjusted returns compared with peers. The highest Lipper Leader for Consistent Return (Effective Return) value determines the fund classification winner for each period. Lipper classification awards are given for the 3-, 5-, and 10-year periods and do not include the effect of sales charges. Past performance is no guarantee of, and not necessarily indicative of, future results. From Lipper Fund Awards from Refinitiv, ©Refinitiv. All rights reserved. Used under license. The printing, copying, redistribution or retransmission of this content without express written permission is prohibited. www.lipperfundawards.com

US government agency securities are not insured, and may not be guaranteed by the US government. **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. **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.

ASG Tactical U.S. Market Fund Risks: Leverage can increase market exposure and magnify investment risk. **Equity securities** are volatile and can decline significantly in response to broad market and economic conditions. **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 counter party risks. **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. **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.

Loomis Sayles Global Allocation Fund Risks: 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. **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 U.S. securities, due to varying degrees of regulation and limited liquidity. These risks are magnified in emerging markets. **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 U.S. dollar and foreign currencies may cause the value of the fund's investments to decline.

Loomis Sayles Limited Term Government and Agency Fund 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. **U.S. government agency securities** are not insured, and may not be guaranteed by the U.S. government. **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.

> To learn more, talk to your financial professional: Visit: im.natixis.com

Before investing, consider the fund's investment objectives, risks, charges, and expenses. Visit 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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The views and opinions expressed may change based on market and other conditions.

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