

Northeast Investors Trust



March 31, 2018

125 High Street Boston, MA 02110

1-800-225-6704

Fund Overview

Northeast Investors Trust (NTHEX) is a no-load, high yield bond fund whose primary objective is the production of income.

The Trust focuses on marketable securities of established companies that are believed to provide reasonable income and, where consistent with the primary objective, may potentially have capital appreciation. This includes bonds, preferred stocks, dividend paying common stocks, securities convertible into common stocks and securities with warrants attached.

The Trust mainly invests in higher yielding and unrated or lower rated debt securities (commonly referred to as "junk bonds") to produce income for the shareholders.

Fund Facts

| | |
|---|------------------|
| Ticker..... | NTHEX |
| CUSIP..... | 664210101 |
| Inception Date..... | 3/1/1950 |
| Load..... | None |
| Dividends..... | Quarterly |
| Annualized Expense Ratio..... | 1.39% |
| (as of 9/30/17, not including interest) | |
| No. of Holdings..... | 52 |
| Total Net Assets..... | \$259,544,533 |
| Shares Outstanding..... | 57,043,123 |
| Calendar Year 2018 Prices: | |
| Current (3/31/18)..... | \$4.55 |
| High (1/29/18)..... | \$4.84 |
| Low (3/22/18)..... | \$4.53 |
| 30-Day SEC Yield..... | 4.64% |
| Leverage..... | 0.00% |

Asset Allocation (% of Market Value)

| | |
|-------------------------|--------|
| Repurchase Agreement | 1.13% |
| Fixed Income | |
| Corporate Bonds | 78.10% |
| Convertible Bonds | 3.80% |
| Foreign Bonds | 1.08% |
| Asset Backed Securities | 0.78% |
| Total Fixed Income | 83.76% |
| Common Stock & Warrants | 15.11% |

Top 5 Sectors (% of Market Value)

| | | |
|----|-----------------------------|--------|
| 1. | Metals & Mining | 10.60% |
| 2. | Energy/Natural Resources | 9.66% |
| 3. | Miscellaneous Manufacturing | 9.30% |
| 4. | Consumer Finance | 7.85% |
| 5. | Oil & Gas Drilling | 7.35% |

Portfolio Management (Tenure)

Ernest E. Monrad, Trustee (57 Years)
Bruce H. Monrad, Chairman (24 Years)

Dividend Information

| | | |
|-----------------------|---------------|----------------|
| Dividend Yield* | 6.37% | |
| Ex-Date | Dividend Rate | Reinvest Price |
| 2/13/18 | \$0.06 | \$4.58 |
| 11/21/17 | \$0.09 | \$4.65 |
| 8/15/17 | \$0.07 | \$4.77 |
| 5/23/17 | \$0.07 | \$4.74 |

*Trailing 12-Month

Top 10 Holdings (% of Net Assets)

| | | |
|-----|------------------------------------|-------|
| 1. | American Gilsonite (Bonds & Stock) | 5.89% |
| 2. | Gilbraltar Industries (Bonds) | 5.62% |
| 3. | Comstock Resources (Bonds) | 5.09% |
| 4. | Southern States (Bonds) | 5.02% |
| 5. | Tidewater (Bonds) | 4.89% |
| 6. | Alliance One (Bonds) | 4.27% |
| 7. | Frontier Communications (Bonds) | 4.16% |
| 8. | Targa Resources (Bonds) | 4.05% |
| 9. | First Data Corp (Bonds) | 4.04% |
| 10. | XPO Logistics, Inc (Bonds) | 3.97% |

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| Average Annual Returns (%) as of March 31, 2018 | | | | | | | |
|--|--------|--------|------|------|------|-------|------------|
| | 3 Mo | YTD | 1 YR | 3 YR | 5 YR | 10 YR | Inception* |
| Northeast Investors Trust (NTHSX) | (2.55) | (2.55) | 2.29 | 0.00 | 0.17 | 3.18 | 7.29 |
| BofA Merrill Lynch US High Yield Index | (0.92) | (0.92) | 3.67 | 5.18 | 5.01 | 8.12 | N/A |

| Calendar Year Returns (%) | | | | | | | | | | |
|-----------------------------------|---------|-------|-------|--------|-------|-------|--------|---------|-------|------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Northeast Investors Trust (NTHSX) | (37.27) | 53.79 | 14.25 | (0.72) | 14.63 | 13.01 | (5.36) | (17.99) | 16.72 | 6.28 |

Past Performance does not guarantee future results, and an investment in the Trust is not guaranteed. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than that quoted. Additional Performance data may be obtained by calling **1-800-225-6704** or by visiting <http://northeastinvestors.com/fund/performance-information>

The BofA Merrill Lynch US High Yield Index is an unmanaged market value-weighted index comprised of approximately 2,200 domestic and yankee high yield bonds, including deferred interest bonds and payment-in-kind securities. Issues included in the index have maturities of one year or more and have a credit rating lower than BBB-/Baa3, but are not in default.

*The inception date for the Trust is 3/1/1950; the inception date for the BofA Merrill Lynch US High Yield Index is 8/31/1986.

Investors should carefully consider investment objectives, risks, charges and expenses. This and other important information about the Trust is contained in the prospectus or summary prospectus, either of which may be obtained by calling **1-800-225-6704** or by visiting www.northeastinvestors.com. Please read either one carefully before investing.

Mutual Fund investing involves risk. The Trust invests in lower rated debt securities which may be subject to increased market volatility based on factors such as: the ability of an issuer to make current interest payments, the potential for principal loss if an issuer declares bankruptcy, and the potential difficulty in disposing of certain securities in a timely manner at a desired price and therefore can present an increased risk of investment loss.