

NORTHEAST INVESTORS TRUST  
A NO LOAD INCOME FUND  
PROSPECTUS  
FEBRUARY 1, 2016

NORTHEAST INVESTORS TRUST (“NTHEx”)  
125 High Street  
Boston, Massachusetts 02110  
(800) 225-6704  
[www.northeastinvestors.com](http://www.northeastinvestors.com)

SHARES OF BENEFICIAL INTEREST  
PROSPECTUS

February 1, 2016

This prospectus explains the investment objective, policies, strategies and risks associated with the fund. Please read it carefully before you invest. We suggest that you keep this prospectus for future reference.

Like securities of all mutual funds, neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or passed upon the adequacy of this prospectus. Any representation to the contrary is a criminal offense.

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## SUMMARY SECTION

You can find the Trust's prospectus and other information about the Trust, including the [Statement of Additional Information](#) and the most recent reports to shareholders online at [www.northeastinvestors.com](http://www.northeastinvestors.com). You can also get this information at no cost by calling 800-225-6704 or by sending an email to [website@northeastinvestors.com](mailto:website@northeastinvestors.com).

### Investment Objectives

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

### Fees and Expenses

These tables describe the fees and expenses that you may pay if you buy and hold shares of the Trust.

#### *Shareholder Fees* (Fees Paid Directly From Your Investment)

Maximum Sales Charge (Load) Imposed on Purchases	None
Maximum Deferred Sales Charge (Load)	None
Maximum Sales Charge (Load) Imposed on Reinvested Dividends	None
Redemption Fee	None

#### *Annual Trust Operating Expenses* (Expenses Deducted From Fund Assets)

Trustees' Fees	0.50%
Distribution Expenses (12b-1)	None
Other Expenses	0.77%
Including:	
Interest Expense	0.18%
Operating Expense	0.59%
Total Annual Trust Operating Expenses	1.27%

### *Example*

This example is intended to help you compare the cost of investing in the Trust with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Trust for the time periods indicated and redeem at the end of the period. The example also assumes that your investment has a 5% return each year, including reinvested dividends and distributions, and that the Trust's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

1 year	3 years	5 years	10 years
\$129	\$403	\$697	\$1,534

### Portfolio Turnover

The Trust pays transaction costs, such as commissions, when it buys or sells securities (or 'turns over' its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Trust shares are held in a taxable account. These costs, which are not reflected in annual Trust operating expenses or in the Example, may affect the Trust's performance. During the most recent fiscal year, the Trust's portfolio turnover rate was 7.72% of the average value of its portfolio.

### Primary Investment Strategies

The Trust invests primarily in marketable securities of established companies which the Trustees believe provide reasonable income and which, where consistent with the objective, may have potential for capital appreciation. The Trust's portfolio emphasizes high yield corporate bonds (sometimes referred to as 'junk bonds')

which are rated as lower than investment grade by either of the two principal rating services or unrated securities having similar characteristics.

Principal Risks

*Risk of Lower Rated Debt Securities:* Lower rated debt securities 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 which may present an increased risk of investment loss.

*Income Risk:* The risk that falling interest rates and/or defaults will cause the Trust’s income to decline. Shareholders should expect the Trust’s quarterly income to fluctuate.

*Interest Rate Risk:* The risk that the value of bonds tends to fall as interest rates rise. Longer-term debt securities are more sensitive to interest rate changes than those with shorter maturities.

Performance Information

The following performance related information provides some indication of the risks of investing in the Trust. The table shows the average annual returns (including operating expenses) compared with those of a relevant market index over set periods of time. The table also presents the impact of taxes on the Trust’s returns. To calculate these figures, we used the highest individual federal marginal income and capital gains tax rates in effect at the time of each distribution, but we do not take into consideration state or local income taxes. Return after taxes on distributions and sale of Trust shares may be higher than other returns for the same period due to the tax benefit of realizing a capital loss on the sale of Trust shares. Actual after-tax returns depend on the individual investor’s tax situation and may differ from those shown. The bar chart illustrates how the Trust’s performance (including operating expenses) varied from one calendar year to another over the past ten years.

Please note that if you own the Trust in a tax-deferred account, such as an Individual Retirement Account (IRA) or a 401(k) plan, this after-tax information does not apply to your investment, because such accounts are subject to taxes only upon distribution. Keep in mind that past performance – whether before taxes or after taxes – does not guarantee future results.

The Trust may experience short-term swings of performance as suggested by the best and worst calendar quarter returns shown below the Annual Total Returns table.

Average Annual Total Returns for the Periods Ended December 31, 2015

	1 Year	5 Years	10 Years
Northeast Investors Trust			
Return before taxes	-17.99%	-0.04%	2.14%
Return after taxes on distributions	-20.54%	-2.75%	-0.64%
Return after taxes on distributions and sale of Trust shares	-9.95%	-0.91%	0.68%
Bank of America Merrill Lynch High Yield Index <sup>1</sup>	-4.64%	4.84%	6.81%

<sup>1</sup> The Bank of America Merrill Lynch High Yield Index is an unmanaged market value-weighted index comprised of over 2,300 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. It is shown for comparative purposes only and reflects no deductions for fees, expenses or taxes.

Annual Total Returns:

The following bar chart shows the change in value of the Trust's shares over the past 10 years. It illustrates how the returns can differ from one year to the next.

Calendar Years:	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	12.10%	0.17%	-37.27%	53.79%	14.25%	-0.72%	14.63%	13.01%	-5.36%	-17.99%

(object omitted)

Best quarter: 2<sup>nd</sup> quarter 2009, up 31.46%

Worst quarter: 4<sup>th</sup> quarter 2008, down 28.22%

Fund Management

The Trustees principally responsible for the day-to-day management of the Trust's portfolio are Ernest E. Monrad and Bruce H. Monrad. Ernest E. Monrad has served as Trustee since 1960 and served as its Chairman from 1969 to 2000. Bruce H. Monrad has been associated with the Trust since 1989 and was appointed Chairman in 2000.

Purchasing and Redeeming Shares

You may purchase or redeem shares of the Trust on any business day by mail (125 High Street, Boston, MA 02110) or fax (617) 742-5666. You may also purchase additional shares for an established account by telephone at 800-225-6704. Shares may be purchased by electronic bank transfers, by check or by wire. All redemption requests must be in writing and must include a medallion signature guarantee if the redemption is in excess of \$25,000. You will receive redemption proceeds by check or by electronic bank transfer. You generally buy and redeem shares at the Trust's next-determined net asset value (NAV) after the Trust receives your request in good order. The NAV is determined only on days when the New York Stock Exchange (NYSE) is open for regular trading. The minimum initial purchase is \$1,000 (\$500 for IRAs). There is no minimum for subsequent investments.

Tax Information

The Trust's distributions are generally taxable to you as ordinary income, capital gains, or a combination of the two, unless you are investing through a tax-deferred arrangement, such as a 401(k) or an Individual Retirement Account (IRA).

Payments to Broker-Dealers or Other Financial Intermediaries

The Trust does not pay broker-dealers or financial intermediaries for the sale of Trust shares.

## FUND PROFILE

### Objectives

The Trust's primary objective is the production of income. Capital appreciation is also an objective of the Trust, but its achievement must be compatible with the primary objective.

### Principal Strategies

The Trustees invest primarily in marketable securities of established companies which the Trustees believe provide reasonable income and which, where consistent with this objective, may have potential for capital appreciation. This would include bonds which may be purchased at a discount or premium, preferred stocks, common stocks, securities convertible into common stocks and securities with warrants attached. Subject to its investment restrictions, the proportion of the Trust's assets invested in each type of security will vary from time to time depending on market and economic conditions. The Trust emphasizes fixed income securities and generally more than 80% of its assets are held in bonds or other debt securities. The Trust does not impose any particular rating standards or maturity guidelines which must be applied in making investment decisions.

The Trust's portfolio emphasizes high yield corporate bonds (sometimes referred to as "junk bonds") which are rated as lower than investment grade by either of the two principal rating services or unrated securities having similar characteristics. High-yield fixed income securities are typically issued with maturities of less than ten years; and the Trust's holdings are generally within this range. The Trustees have usually relied upon their own credit analysis in making decisions concerning the Trust's portfolio. For equity investments the Trustees consider their potential for appreciation based upon growth and value analysis.

From time to time the Trust will make use of borrowed funds in order to raise additional funds for investment or to avoid the untimely liquidation of securities for cash needs such as redemptions. Leverage is restricted to one quarter of the Trust's total assets. Leverage may be increased temporarily up to a maximum of 30% for extraordinary or emergency purposes. The amount of leverage outstanding at any one time cannot be determined in advance. The Trustees may vary the amount of borrowings from time to time within the authorized limits, including having no borrowings at all.

In response to adverse market or economic conditions the Trust may invest for relatively short periods of time in short-term, highly liquid securities with maturities of 180 days or less. These securities may include commercial paper or securities issued or guaranteed by the U.S. Government. This would be likely to happen when the Trustees believe that liquidity is highly desirable in response to adverse market or economic conditions and that therefore the Trust should adopt a temporary defensive policy. When so invested the Trust may not achieve its investment objectives.

Events in the financial markets have resulted in, and may continue to cause, increased volatility. Further, economic events may have a disproportionate effect on certain market sectors. In addition, investments which were traditionally liquid may experience periods of diminished liquidity. Due to the interdependence among markets, events in one market may adversely impact other markets or issuers in unforeseen ways. In addition, governmental and regulatory responses to market events may impair the Trust's ability to pursue certain investment techniques or strategies or may have unexpected consequences on particular markets or issuers.

## Principal Risks

Risks of Lower Rated Debt Securities. Lower rated debt securities (sometimes referred to as “junk bonds”) may be subject to increased market volatility and can present an increased risk of investment loss. These risks include:

- ◆ The creditworthiness of an issuer affecting its ability to make current interest payments on debt;
- ◆ Potential for loss of principal of debt securities if an issuer goes into default or bankruptcy;
- ◆ Liquidity/Marketability of investments; i.e. potential difficulty in disposing of securities under adverse market conditions in a timely manner at a desired price;
- ◆ The prices of lower rated debt securities are sometimes more sensitive to changes in economic conditions.

Lower rated securities are subject to greater sensitivity to these risks than higher rated securities. Bonds which are rated as less than investment grade may be more susceptible than higher rated securities to real or perceived adverse economic conditions, such as a projected recession, which may cause a lessening of confidence in the ability of highly leveraged issuers to service outstanding debt.

You should consider the relative risk of investing in these types of securities, which are generally not meant as short-term investments.

Equity Risk To the extent the Trust invests in equity securities, it runs the risk that deterioration in general market conditions or adverse changes in an issuer’s revenues or profitability can result in loss.

Financial Markets Risk Movements in financial markets, both domestic and foreign, may adversely affect the price of the Trust’s investments, irrespective of the performance of the companies in which the Trust invests. The market as a whole may not favor the types of investments the Trust makes.

Foreign Investing Risk Foreign markets, particularly emerging markets, can be more volatile than the U.S. markets due to increased risks of adverse issuer, political, regulatory, market or economic developments and can perform differently than the U.S. markets.

Income Risk There is the chance that falling interest rates and / or defaults will cause the Trust’s income to decline. Shareholders should expect the Trust’s quarterly income to fluctuate.

Interest Rate Risk In addition to credit risk, the value of some fixed income investments such as bonds tends to fall as interest rates rise. Longer-term debt securities are more sensitive to changes in interest rates than those with shorter maturities.

Leverage Borrowed funds can cause net asset value to decrease faster in a falling market. If, for example, the Trust makes a \$1,000 investment for which it had borrowed \$200 (20%) of the purchase price and the investment lost 20% of its value, to \$800, the Trust would have a loss of \$200 on an \$800 investment, or 25% of the amount invested and be obligated to repay the borrowed \$200 with interest. Leverage can, therefore, involve additional risk.

Manager Risk There is the chance that poor security selection will cause the Trust to underperform other funds with similar investment objectives.

Prepayment Risk The ability of an issuer of a debt security to repay principal prior to a security’s maturity can cause greater price volatility if interest rates change.

## Suitability

The Trust may be appropriate for investors who seek one or more of the following:

- production of income over the long-term;
- a fund emphasizing fixed income investments in companies issuing higher yielding, lower rated securities.

You should also consider the following:

- an investment in the Trust involves risk and should be part of a balanced investment program;
- the Trust is generally for investors with longer-term investment horizons, and should not be used for short term trading purposes;
- there is a risk that you could lose money by investing in the Trust, and there is no assurance that it will achieve its investment objectives;
- Trust shares are not bank deposits and are not guaranteed, endorsed or insured by any financial institution, government entity or the FDIC.

## FUND MANAGEMENT

The Trustees principally responsible for the day-to-day management of the Trust's portfolio are Ernest E. Monrad and Bruce H. Monrad. Ernest E. Monrad has served as a Trustee of the Trust since 1960 and served as its Chairman from 1969 to 2000. Bruce H. Monrad has been associated with the Trust since July, 1989 as co-portfolio manager and was appointed a Trustee in May, 1993 and Chairman in May, 2000. Further information relating to the compensation, share ownership and portfolio management responsibilities of the portfolio managers may be found in the Statement of Additional Information.

From time to time a Trustee or an employee of Northeast Investors Trust may express views regarding a particular company, security, industry or market sector. The views expressed by any such person are the views of only that individual as of the time expressed and do not necessarily represent the views of the Trust or any other person in the Northeast Investors Trust organization. Any such views are subject to change at any time based upon market or other conditions, and Northeast Investors Trust disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for Northeast Investors Trust are based on numerous factors, may not be relied on as an indication of trading intent on behalf of the Trust.

Northeast Investors Trust personnel may invest in securities for their own investment accounts, including securities that may be purchased or held by the Trust, pursuant to a Code of Ethics that establishes procedures for personal investing and restricts certain transactions.

## EXPENSES

Trustees' compensation has been computed at the rate of 1/8<sup>th</sup> of 1% of the net assets (before the deduction of accrued Trustees' compensation) at the close of each quarter, from which the Trustees have paid certain expenses specified in the Declaration of Trust. Other than the fee to the Trustees, the Trust pays no compensation to any person other than in the ordinary course of business. There are other expenses of the Trust which are paid by it directly. These include expenses such as taxes, custodian's fees and expenses, legal and auditing fees and expenses, bookkeeping expenses, and the expense of qualifying shares for sale under federal and state laws. The Trust also acts as its own transfer agent and, as such, carries out all functions relating to the maintenance of its shareholder accounts, subscriptions, transfers and redemptions of shares, and mailings to shareholders. It pays the expenses relating thereto, including the compensation of persons performing these functions and data processing expenses.



## SALES WITHOUT "SALES CHARGE"

The Trust offers investors an opportunity to share in the benefits of a mutual fund without requiring that they pay a sales commission or distribution expense. It has no "sales charge", "load charge" or "12b-1 fee". The purchase of shares of numerous other mutual funds requires the investor to pay amounts for a selling commission and related expenses. This reduces the net amount invested which these funds actually receive.

## SHAREHOLDER INFORMATION

### General Information

For account, product and service information, please use the following website, telephone number or address:

- For information over the Internet including on-line access to your account visit the Trust's website at **[www.northeastinvestors.com](http://www.northeastinvestors.com)**;
- For information over the telephone call 1-800-225-6704;
- For information by mail use

Northeast Investors Trust  
125 High Street  
Boston, MA 02110

Backup withholding - By law Northeast Investors Trust must withhold 28% of any taxable distributions or redemptions from your account if you do not:

- Provide us with your correct taxpayer identification number;
- Certify that the taxpayer identification is correct; and
- Confirm that you are not subject to backup withholding.

Similarly, Northeast Investors Trust must withhold taxes from your account if the IRS instructs us to do so.

Foreign investors - Northeast Investors Trust is not sold outside the United States, except under limited circumstances to certain qualifying investors at the discretion of the Trust. Foreign investors should be aware that U.S. withholding and estate taxes may apply to any investments in the Trust.

Invalid addresses – If a dividend or capital gains distribution check mailed to your address of record is returned as undeliverable, Northeast Investors Trust will automatically reinvest all future distributions until you provide us with a valid mailing address.

Tax consequences – This prospectus provides general tax information only. If you are investing through a tax-deferred retirement account, such as an IRA, special tax rules apply. Please consult your tax adviser for detailed information about the Trust's tax consequences for you.

## Account Types

Some of the different account types that are available to investors in the Trust are listed below. For certain accounts, beneficiary designation forms and agreements are available permitting the designated beneficiary(ies) to own the account after the death of the original owner(s) without probate or similar legal steps. These materials are available from the Trust.

### Individual or Joint Tenant

For your general investment needs

### Transfer on Death (TOD)/Pay on Death (POD)

Beneficiary designation on account (special application required)

### Retirement

For tax-advantaged retirement savings

- Traditional Individual Retirement Accounts (IRAs)
- Roth IRAs
- Roth Conversion IRAs
- Rollover IRAs
- Coverdell Education Savings Plan (formerly Educational IRAs)
- Simplified Employee Pension Plans (SEP-IRAs)

### Uniform Gifts or Transfers to a Minor Account (UGMA, UTMA)

To invest for a child's education or other future needs

### Trust

For money being invested by a trust

### Business or Organization

For investment needs of corporations, associations, partnerships or other groups

## Buying Shares

Your initial investment must be accompanied by a completed application. The form can be obtained from the Trust's website. You may purchase shares of the Trust at the per share net asset value ("NAV") next determined after the Trust or an authorized broker or agent receives your purchase order. There is no sales charge or commission. The Trust computes net asset value per share by dividing the market value of all securities plus other assets, less liabilities, by the total number of shares outstanding. NAV is determined as of the close of the New York Stock Exchange on each day when it is open.

The value of equity securities or equity-like securities such as warrants for which market quotations are readily available, shall be determined on the basis of the last quoted sale prices taken from the primary market or exchange on which they are traded. A bid price may be used if it more closely reflects the fair value of the security as of the close of regular trading on the New York Stock Exchange. Fixed income securities, including securities convertible into equity, shall be valued on the basis of evaluated prices furnished by independent pricing services or from quotations received from dealers who make markets in such securities. The evaluations provided by the pricing services are based on expert analysis of market data and other factors such as last sale, dealer bids, yields, quality, coupon rate, maturity, type of issue, trading characteristics and other relevant bond market data. When pricing service or reliable market quotations for certain securities are not readily available, such securities are priced at their fair value as determined in good faith under consistently applied procedures approved by the Board of Trustees. Methodologies used to fair value securities may include, but are not limited to, the analysis of current debt to cash flow, information of any recent sales, the analysis of the company's financial statements, quotations or evaluated prices from broker-dealers, information obtained from the issuer or analysts and the nature of the existing market for securities with characteristics similar to such obligations. The Trust may use fair value pricing for foreign securities if a material event occurs that may affect the price of a security after the close of the foreign market or exchange (or on days the foreign market is closed) but before the Trust prices its portfolio, generally at 4:00 p.m. ET. Fair value pricing may also be used for securities acquired as a result of corporate restructurings or reorganizations as reliable market quotations for such issues may not be readily available. Brokers or dealers may accept purchase and sale orders for shares of the Trust and may impose a transaction charge for this service. Any investor may, however, purchase or redeem shares without such additional charge by dealing directly with the Trust.

Short-term or excessive trading into and out of the Trust may harm performance by disrupting portfolio management strategies and by increasing expenses. Excessive trading can increase costs as it may cause the Trust to utilize its lines of credit or initiate portfolio transactions during unfavorable periods in markets in which the Trust trades. Excessive trading can also cause the Trust to maintain higher cash balances than it otherwise would, which may lower the Trust's performance in times of rising markets. The costs incurred from short-term traders are borne by all investors. While the Trust cannot assure that it can detect and prevent all excessive and short-term trading, especially as it relates to the activity occurring in omnibus accounts maintained with intermediaries where the Trust does not receive the underlying individual trading activity, the Trust's Board of Trustees has adopted policies and procedures designed to help identify such short-term trading activity, and the Trust has entered into agreements with intermediaries to improve the information it receives concerning omnibus accounts. The Trust reserves the right, based either on the size or frequency of the transaction, but does not have the obligation, to reject any purchase request that it regards as potentially disruptive to efficient portfolio management. Depending on the availability of transaction information, purchase and sale transactions of Trust shares are monitored daily. In general, whenever such monitoring discloses that a shareholder has made two or more purchases and sales of Trust shares within a 90 day period, further reviews are made to determine if the trading activity was excessive and, if so, whether the effect upon the Trust could be harmful. If it is determined that there could be such an effect, the shareholder will be either warned or notified that further purchases of shares of the Trust will not be accepted. The Trust may reply to inquiries concerning its policies, but does not enter into arrangements with any person to permit frequent purchases and redemptions of Trust shares. The Trust does not consider transactions from automatic purchase or redemption plans in this category.

#### How to buy shares:

- By Check:** Mail your check and a completed application to the Trust. When adding to an existing account, send your check with an Invest-By-Mail form detached from your last statement. Make your check payable to: Northeast Investors Trust and mail to 125 High Street, Boston, MA, 02110.
- By Telephone:** You may make purchases to your already existing account via the telephone. The trade will be processed on the same day if received prior to the close of the New York Stock Exchange. A trade confirmation is generated and mailed the following business day. Your check or EFT payment must be received within 14 days of the transaction.\*
- By EFT:** You may make purchases to your already existing account via electronic funds transfer (EFT) from your eligible bank account by utilizing the Automated Investment Plan (AIP) feature. Mail or fax to (617)742-5666 your completed AIP form obtained from the Trust's website along with a voided check and the Trust will automatically purchase shares based on your desired schedule and amount.

\* If you place an order to purchase shares and your payment is not received within 14 calendar days, your transaction will be canceled and you may be prohibited from placing orders in the future unless such orders are accompanied with check or EFT payment. You may also be responsible for any losses or fees the Trust may have incurred as a result. Telephone purchases may dilute the future appreciation of the NAV if payment is not made promptly.

#### Your purchase price:

You buy shares at the Trust's next determined NAV after Northeast Investors Trust receives your purchase request. As long as your request is received before the close of regular trading on the New York Stock Exchange (NYSE), generally 4 p.m., Eastern Time (ET), you will buy your shares at that day's NAV. This is known as trade date.

When you place an order to buy shares, note the following:

- The minimum initial investment in the Trust for each account is \$1,000 (\$500 for IRAs). There is no minimum for subsequent investments either by mail or telephone. The Trust, in its discretion, may waive or lower purchase minimums in certain circumstances (*e.g.* accounts opened with the proceeds of distributions from existing retirements accounts, accounts utilizing the AIP feature, etc.);
- Checks must be drawn on U.S. banks and must be in U.S. dollars. Third party checks are not acceptable;
- The Trust does not accept cash, money orders, starter checks or post dated checks for payment of share purchases;
- There is a \$50,000 maximum for telephone purchases for individual investors. Net account payables resulting from telephone purchases outstanding at any one time cannot exceed this limit. This limit may not pertain to institutional accounts;
- No cancellations. The Trust will not cancel any transaction at the request of an investor once it has been processed;
- Future purchases. The Trust reserves the right to stop selling shares at any time, or reject specific purchase requests;

- The Trust may reject initial investments if certain required information is not supplied on the new account application.
- Under applicable anti-money laundering regulations and other federal regulations, purchase orders may be suspended, restricted or canceled and the monies withheld.

No specific election is required on the application to obtain telephone purchase privileges. The Trust will employ reasonable procedures, including requiring personal identification, prior to acting on telephone instructions to confirm that such instructions are genuine. If the Trust does not follow such procedures it may be liable for losses due to unauthorized or fraudulent instructions. Otherwise it will not be liable for following instructions communicated by telephone that it reasonably believes to be genuine.

### Selling Shares

You are entitled to redeem all or any portion of the shares credited to your account by submitting a written request for redemption to the Trust. Within seven days after the receipt of such a request in "good order" as described below, a check or electronic funds transfer will be sent to you or your bank in an amount equal to the NAV of the redeemed shares. This will be the NAV next determined at the close of the New York Stock Exchange (NYSE) after the redemption request has been received. Redemptions may be suspended or payment dates delayed on days when the NYSE is closed other than weekends or holidays. The Trust does not wire redemption proceeds to individual shareholders. You will not receive interest on amounts represented by uncashed redemption checks.

A redemption request will be considered to be in "good order" if it meets the following requirements:

- The request is in writing, indicates the number of shares or dollars to be redeemed and identifies your account. The letter must be signed by all registered owners. The letter can be mailed or faxed to (617) 742-5666 before the close of the NYSE;
- The request includes any certificates issued representing the shares, endorsed for transfer (or accompanied by a stock power in customary form) exactly as the shares are registered;
- **For redemptions in excess of \$25,000**, your signature has been guaranteed by a U.S. bank or trust company, member of a national securities exchange or other eligible guarantor institution. Mere witnessing of a signature is not sufficient; a specific signature guarantee must be made with respect to all signatures. Signature guarantees are designed to protect you and the Trust from fraudulent activity. A notary public is **not** an acceptable guarantor;
- In the case of corporations, executors, administrators, trustees or other organizations you must enclose evidence of authority to sell (i.e. a corporate resolution);
- If shares to be redeemed represent an investment made by check, the Trust reserves the right to delay payment until the check has been cleared up to a maximum of 10 days;
- Redemption checks will only be made payable to the registered shareholder(s);
- A signature guarantee as described above is required on all redemptions when the check is mailed to an address other than the address of record or if an address change occurred in the past 30 days;
- Telephone redemptions will not be made;
- The Trust reserves the right not to process redemption requests from shareholders who on consecutive days request redemptions of less than \$25,000 without a signature guarantee;

- Under the applicable anti-money laundering regulations and other federal regulations, redemption orders may be suspended, restricted or canceled and the monies withheld.

You may make scheduled redemptions from your account via electronic funds transfer (EFT) directly to your eligible bank account by utilizing the Scheduled Withdrawal Plan (SWP) feature. Mail or fax to (617)742-5666 your completed SWP form obtained from the Trust's website along with a voided check and the Trust will automatically redeem shares based on your desired schedule and amount

The Trust reserves the right to deliver assets in whole or in part in kind in lieu of cash. The Trust is obligated to redeem shares solely in cash up to the lesser of \$250,000 or 1 percent of the net asset value of the Fund during any 90 day period for any one shareholder. Shareholders receiving redemptions in kind will incur brokerage costs in converting securities received to cash.

If you are an investor in a tax-advantaged retirement plan you should consider specific taxpayer restrictions, penalties and procedures that may be associated with redemptions from your retirement plan in order to qualify under the provisions of the Internal Revenue Code. The Trust assumes no responsibility for determining whether any specific redemption satisfies the conditions of federal tax laws. That determination is your responsibility. Penalties, if any, apply to withdrawals from the plan, not to redemptions from the Trust, and are governed by federal tax law alone.

#### Dividends and Distributions

The Trust has paid dividends in each quarter since its organization. The Trust earns dividends, interest and other income from its investments, and distributes this income (less expenses) to shareholders as dividends. These payments are generally made around the end of February, May, August and November. The Trust may also realize net capital gains from its investments, and would distribute these gains (net of any losses) to shareholders as capital gain distributions. Such distributions, if any, would occur between October 31 and December 31. The Trust has made only one such distribution since 1970, in 1998.

When you open an account, specify on your application how you want to receive your distributions. The following options are available for the Trust's distributions:

(1) Reinvestment Option. Your dividends and capital gains distributions will be automatically invested in additional shares of the Trust. If you do not indicate a choice on your application, you will be assigned this option;

(2) Cash/Reinvest Option. Your dividends will be paid in cash. Your capital gains distributions will be automatically reinvested in additional shares of the Trust;

(3) Cash Option. Your dividends and capital gains distributions will be paid in cash.

Note: For quicker access to your cash distributions the Trust recommends direct deposit for shareholders electing Option 2 or 3.

If you elect to receive your distributions paid by check and your check remains uncashed for a period of six months, your distribution option may be converted to the Reinvestment Option. You will not receive interest on amounts represented by uncashed distribution checks.

## Tax Consequences

As with any investment, your investment in the Trust could have tax consequences for you. This prospectus provides only general tax information. If you are investing through a tax-advantaged retirement account, such as an IRA, special tax rules may apply. Otherwise you should consider these tax consequences.

Taxes on Distributions. Distributions you receive from the Trust are subject to federal income tax, and may also be subject to state or local taxes.

For federal tax purposes, the Trust's dividends made from income and distributions of short-term capital gains are taxable to you as ordinary income. The Trust's distributions of long-term capital gains are taxable to you generally as capital gains.

If you buy shares when the Trust has realized but not yet distributed income or capital gains, you will be "buying a dividend" by paying the full price for the shares and then receiving a portion of the price back in the form of a taxable distribution.

Any taxable distributions you receive from the Trust will normally be taxable to you when you receive them, regardless of your distribution option.

Taxes on transactions. Your redemptions may result in a capital gain or loss for federal tax purposes. A capital gain or loss on your investment in the Trust is the difference between the cost of your shares and price you receive when you sell them. Reinvested distributions add to the cost basis of your investment.

A 3.8% Medicare contribution tax may also be imposed on net investment income, including dividends and capital gains.

## Trust Policies

The Trust will make available the following statements and reports by mail or email:

- Confirmation of each purchase and sale;
- Confirmation of dividend / capital gains payments;
- Financial reports (every six months);
- Summary Prospectus;
- Year-end statement.

The financial reports and Summary Prospectus referred to above are also available on the Trust's website, and the other reports can also be made available through the Trust's website by a password protected login procedure.

When you sign your account application, you will be asked to certify that your social security or taxpayer identification number is correct, that you are a U.S. person (including a U.S. resident alien) and that you are not subject to 28% backup withholding for failing to report income to the IRS. If you violate IRS regulations, the IRS can require the Trust to withhold 28% of your taxable distributions and redemptions.

## FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand the Trust's financial performance for the past 5 years. Certain information reflects financial results for a single Trust share. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in the Trust (assuming reinvestment of all dividends and distributions).

The information has been audited by Ernst & Young LLP, independent registered public accounting firm, whose report on the financial statements and financial highlights for the year ended September 30, 2015 is included in the Statement of Additional Information, which is available upon request and without charge.

Per Share Data	Year Ended September 30,				
	2015	2014	2013	2012	2011
Net Asset Value:					
Beginning of Period	<u>\$6.48</u>	<u>\$6.44</u>	<u>\$6.03</u>	<u>\$5.52</u>	<u>\$6.03</u>
Income From Investment Operations:					
Net investment income ^	0.37	0.46	0.40	0.40	0.40
Net realized and unrealized gain (loss) on investment	<u>-1.56</u>	<u>0.05</u>	<u>0.38</u>	<u>0.52</u>	<u>-0.47</u>
Total from investment operations	<u>-1.19</u>	<u>0.51</u>	<u>0.78</u>	<u>0.92</u>	<u>-0.07</u>
Less Distributions:					
Net investment income	<u>-0.43</u>	<u>-0.47</u>	<u>-0.37</u>	<u>-0.41</u>	<u>-0.44</u>
Net Asset Value:					
End of Period	<u>\$4.86</u>	<u>\$6.48</u>	<u>\$6.44</u>	<u>\$6.03</u>	<u>\$5.52</u>
Total Return #	-19.12%	8.06%	13.17%	17.17%	-1.60%
Ratios & Supplemental Data					
Net assets end of period (in thousands)	\$335,875	\$543,361	\$875,172	\$601,338	\$468,926
Ratio of operating expenses to average net assets*	1.27%	0.98%	0.96%	1.05%	0.92%
Ratio of interest expense to average net assets	0.18%	0.10%	0.03%	0.05%	0.10%
Ratio of net investment income to average net assets	6.50%	6.94%	6.26%	6.83%	6.45%
Portfolio turnover rate	7.72%	29.34%	20.88%	25.36%	33.34%

\*Includes Interest Expense when applicable

^ Calculated using the Average Share Method

# Total Return reflects the rate that an investor would have earned on an investment in the Trust during each period, assuming reinvestment of all distributions.



## ADDITIONAL INFORMATION

You can find additional information about the Trust in the following documents:

**STATEMENT OF ADDITIONAL INFORMATION (SAI).** The SAI contains more detailed information about the Trust and its investment limitations and policies. A current SAI has been filed with the Securities and Exchange Commission and is incorporated by reference into this Prospectus (The SAI is legally part of this prospectus).

**ANNUAL AND SEMIANNUAL REPORTS.** Additional information about the Trust's investments is available in the Trust's Annual and Semiannual reports to shareholders. In the Annual Report, you will find a discussion of the market conditions and investment strategy that significantly affected the Trust's performance during its last fiscal year.

**QUARTERLY FUND HOLDINGS.** The Trust has adopted policies and procedures relating to disclosure of the Trust's portfolio holdings, a full description of which is available in the SAI. The portfolio holdings are included in the Trust's Annual and Semiannual reports to shareholders. The portfolio holdings for the first and third quarters of the fiscal year are filed with the Securities and Exchange Commission ("SEC") and may be accessed on the Trust's website or the SEC's website free of charge.

You may obtain a free copy of the Trust's current Annual/Semiannual report, Quarterly Holdings Report or SAI or make any other shareholder inquiry by writing or calling the Trust at:

Northeast Investors Trust  
125 High Street  
Boston, MA 02110  
(800) 225-6704  
[www.northeastinvestors.com](http://www.northeastinvestors.com)

You can also review and copy information about the Trust at the SEC's Public Reference Room in Washington, D.C. You can call the SEC at 1-202-942-8090 for information about the operation of the Public Reference Room. Reports and other information about the Trust are available on the SEC's internet site at <http://www.sec.gov> and copies may be obtained for a duplicating fee by electronic request at the following e-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov) or by writing the Public Reference Center of the Securities and Exchange Commission, Washington, D.C. 20549-0102.

The Trust's reference number as a registrant under the Investment Company Act of 1940 is 811-576.