



Small Cap Growth Fund

Fund Facts

OBJECTIVE

Seeks long-term capital growth from investments in common stocks or other equity securities

Share class	I
Inception	12/31/1996
Ticker	LSSIX
CUSIP	543487854
Benchmark	Russell 2000® Growth Index

***Russell 2000® Growth Index** measures the performance of the small cap growth segment of the US equity universe. It includes those Russell 2000® companies with higher price-to-value ratios and higher forecasted growth values. The Russell 2000® Growth Index is constructed to provide a comprehensive and unbiased barometer for the small cap growth segment. Indexes are unmanaged and do not incur fees. It is not possible to invest directly in an index. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Russell Investment Group.*

Market Conditions

- The second quarter of 2025 started on a volatile note. We entered the quarter at an extreme level of policy uncertainty (using the US Policy Uncertainty index) but concluded the quarter at an all-time high for the S&P 500.
- The market sell-off that followed the Liberation Day tariff announcements on April 2nd formed a V-type bottom that was followed by a strong rally after the April 9th announcement of a 90-day pause.
- The market proceeded to gain momentum as it concluded that trade policy would be significantly less restrictive than initially feared. Our benchmark rallied sharply off the early quarter lows to close approximately 30% higher than these levels but remaining below its late 2024 highs.
- These types of powerful v-bottom rallies have historically presented very challenging headwinds for our process, which emphasizes higher quality, lower share turnover and slightly lower beta names and the most recent period was no exception.

Portfolio Review

- The Small Cap Growth Fund underperformed its benchmark, the Russell 2000 Growth Index, primarily due to security selection within the information technology and financials sectors.

Class I Performance as of June 30, 2025 (%)

	CUMULATIVE TOTAL RETURN		ANNUALIZED TOTAL RETURN			
	3 MONTH	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
FUND	9.37	-2.44	5.49	10.79	7.63	8.32
BENCHMARK	11.97	-0.48	9.73	12.38	7.42	7.14

Performance data shown represents past performance and is no guarantee of future results. Investment 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 www.loomissayles.com.

Additional share classes may be available for eligible investors. Performance will vary based on the share class. 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.

Gross expense ratio 0.94% (Class I). Net expense ratio 0.94%. As of the most recent prospectus, the investment advisor has contractually agreed to waive fees and/or reimburse expenses once the expense cap of the fund has been exceeded. This arrangement is set to expire on 1/31/2026. When an expense cap has not been exceeded, the fund may have similar expense ratios.

The Class I inception date is 12/31/1996. Class I shares are only available to certain institutional investors only; minimum initial investment of \$100,000.

**TOP TEN EQUITY HOLDINGS (%)**

Sterling Infrastructure, Inc.	2.1
Kratos Defense & Security Solutions, Inc.	2.0
ESCO Technologies Inc.	2.0
MACOM Technology Solutions Holdings, Inc.	2.0
Construction Partners, Inc.	1.8
RBC Bearings Incorporated	1.7
Casella Waste Systems, Inc.	1.6
Intapp, Inc.	1.6
Verona Pharma Plc	1.6
Varonis Systems, Inc.	1.6
Total	18.1

Contributors

- Sterling Infrastructure, Kratos Defense & Security Solutions and Construction Partners were the top individual contributors to performance.
- Sterling Infrastructure is an infrastructure services business that specializes in transportation, e-infrastructure, and building solutions in the United States. The stock recovered after a sharp selloff in the first quarter on the news of DeepSeek's AI offering. The company had a solid Q1 report, and its data center business is booming. Backlog growth inflected higher, and management spoke confidently about its visibility for the next few years.
- Kratos Defense & Security Solutions is a leader in both hardware and software solutions supporting space exploration and monitoring and has a high growth target drone business with the US government as its main customer. This company also has a potentially even larger opportunity with its tactical drone offering, which we believe should continue to draw attention from the US military.
- Construction Partners provides road building and paving services in the south/southeast region of the country. The company has been able to grow revenue in the mid-teens range through a combination of organic growth and M&A. This name outperformed during the quarter with a large M&A deal in Texas as well as other deals in existing markets that have accelerated revenue growth, all of which have led to higher revisions.

Detractors

- Grid Dynamics, Clearwater Analytics Holdings and Merit Medical Systems were the largest individual detractors from performance.
- Grid Dynamics struggled during the period mainly due to the guidance that the company gave in February, which was viewed by analysts as being overly aggressive. The company did not raise guidance for the fiscal year in May, breaking a three-quarter trend of 'beat and raise' reports. These dynamics along with broader pressures in the IT Service industry with companies cutting guidance have added to fears of potential earnings cut, which has exacerbated selling pressures on the stock.
- Clearwater Analytics Holdings provides cloud native software in investment lifecycle management for the insurance and asset management industry. Earlier this year, the company made three acquisitions and is currently in the midst of integrating these acquisitions. The uncertainty around interest rates post-election also weighed on the stock.
- Merit Medical Systems is a medical device manufacturer that is focused on interventional cardiology and radiology. Tariff and trade policy concerns during the quarter negatively impacted the stock given that approximately 40% of the company's revenues are ex-US and the fact that the company has been shifting more manufacturing to lower cost jurisdictions outside the US.

Outlook

- As we write this, volatility has decreased by many measures. The VIX index, which measures stock market volatility, has retreated to below average levels, as has the MOVE index, which measures bond market volatility. While the US Economic Policy Uncertainty Index has come in from the very high levels of April, it is still quite high when compared to



history.

- Meanwhile, the broader stock market has gone on to make new highs, likely building in expectations of an economic acceleration. This may come to fruition as the result of the continued large investments being made in Artificial Intelligence, as well as the stimulus that is imbedded in the recently passed budget.
- If this does occur, it could possibly bring with it higher inflation, which may not be well received by the markets. If the acceleration does not occur, the budget deficit could remain high and may cause interest rates to move higher. The deficit could also be offset via tariff revenue, but there are potential negative implications for tariffs as well.
- While we are paying attention to these macro drivers, we have not built the portfolio with a point of view on these matters, but rather stock by stock on the individual company's own merits.
- We believe this is particularly important at this point in time given that earnings expectations are high, as indicated by the 22x forward earnings multiple on the S&P 500, which is high compared to history.
- We do believe there are more opportunities in small cap from a valuation perspective, given the underperformance over the last several years. This could be unleashed if small cap earnings accelerate to a pace faster than large caps, as we expect will happen over the balance of the year.
- We will continue to build the portfolio stock by stock with an eye towards these opportunities while carefully measuring the risks at the company and macro level.



About Risk

Equity securities are volatile and can decline significantly in response to broad market and economic conditions. **Smaller company** investments can be more volatile than those of larger companies. **Growth stocks** may be more sensitive to market conditions than other equities, as their prices strongly reflect future expectations. **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.

Important Disclosure

Outlook as presented in this material reflects subjective judgments and assumptions of the portfolio team and does not necessarily reflect the views of Loomis, Sayles & Company, L.P. There is no assurance that developments will transpire as stated. Opinions expressed will evolve as future events unfold. These perspectives are as of the date indicated and may change based on market and other conditions. Actual results may vary. Please refer to the Fund prospectus for a comprehensive discussion of risks.

This marketing communication is provided for informational purposes only and should not be construed as investment advice. Investment decisions should consider the individual circumstances of the particular investor. Investment recommendations may be inconsistent with these opinions. Information, including that obtained from outside sources, is believed to be correct, but we cannot guarantee its accuracy. This information is subject to change at any time without notice.

Holdings data is based on total gross assets before any fees are paid; any cash held is included. The portfolio is actively managed and holdings are subject to change. References to specific securities or industries should not be considered a recommendation. Holdings may combine more than one security from the same issuer and related depository receipts. Portfolio weight calculations include accrued interest. For current holdings, please visit www.loomissayles.com.

Market conditions are extremely fluid and change frequently.

Diversification does not ensure a profit or guarantee against a loss.

Commodity, interest and derivative trading involves substantial risk of loss.

Any investment that has the possibility for profits also has the possibility of losses, including the loss of principal.

There is no guarantee that the investment objective will be realized or that the Fund will generate positive or excess return.

Past performance is no guarantee of future results.

Before investing, consider the fund's investment objectives, risks, charges, and expenses. Please visit www.loomissayles.com or call 800-633-3330 for a prospectus and a summary prospectus, containing this and other information. Read it carefully.

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