



Small Cap Value Fund

Fund Facts

OBJECTIVE

Seeks to produce long-term capital growth

Share class	I
Inception	5/13/1991
Ticker	LSSCX
CUSIP	543495816
Benchmark	Russell 2000® Value Index

Russell 2000® Value Index measures the performance of the small cap value segment of the US equity universe. It includes those Russell 2000® companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000® Value Index is constructed to provide a comprehensive and unbiased barometer for the small cap value segment.

Market Conditions

- US equities delivered strong gains during the third quarter of 2025, building upon the rally off market lows set in early April of this year. Key drivers included easing tariff concerns, a pro-growth budget passed by the U.S. Congress, and expectations for future Federal Reserve (Fed) rate cuts. Corporate earnings were resilient, and forward estimates improved as previous tariff-driven estimate cuts have proven so far to be overly pessimistic. Inflation remained above Fed targets - but steady, and softer employment data could support future rate cuts. Finally, investors continued to favor Artificial Intelligence (AI) investment themes including the significant infrastructure required to build this exciting new technology.
- With so many market and economic tailwinds, domestic equities rallied to new highs across the range of market capitalizations and investment styles. Of note was a broadening of market participation, with small caps noticeably outperforming large caps for only the second time in the last eight quarters. Coincident with the growing investor optimism was an embrace of higher risk, perhaps best demonstrated by the outsized returns achieved by the lower-quality stocks within our small-cap universe. In defining low quality, we refer to companies in the bottom quartile of our Russell 2000 Value Index in terms of Return on Equity, as well as those stocks in the index with negative earnings per share over the trailing 12 months.
- The “quality trade” that was a notable tailwind for our strategy for most of 2024 and into early-April of this year, was not only absent during the most recent quarter, but has reversed course in recent months. Leadership in our small cap universe has shifted not just to those “non-earning” companies in our benchmark, but also to those stocks at the very low end of our market cap range as well as stocks with the highest short-interest outstanding.
- Domestic stock returns were positive across all market cap ranges and styles, while small cap value stocks provided the highest return.

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

	CUMULATIVE TOTAL RETURN		ANNUALIZED TOTAL RETURN			
	3 MONTH	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
FUND	6.21	4.93	5.10	15.90	15.13	9.32
BENCHMARK	12.60	9.04	7.88	13.56	14.59	9.23

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 0.96% (Class I). Net expense ratio 0.90%. 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 5/13/1991. Class I shares are only available to certain institutional investors only; minimum initial investment of \$100,000.

**Top Ten Equity Holdings (%)**

TTM Technologies, Inc.	1.9
Moog Inc.	1.9
Bel Fuse Inc.	1.8
Popular, Inc.	1.7
Array Digital Infrastructure, Inc.	1.7
Ameris Bancorp	1.6
Vontier Corporation	1.5
SouthState Bank Corporation	1.5
TD SYNEX Corporation	1.5
Garrett Motion Inc.	1.4
Total	16.6

Portfolio Review

- The fund underperformed its benchmark, the Russell 2000® Value Index, due to lagging security selection across all sectors which detracted from relative performance.

Contributors

- Fund performance was aided by higher exposure to outperforming index sectors such as communication services and information technology and lower exposure to underperforming sectors such as real estate and financials. While overall stock selection metrics lagged the index, the Fund owned several top-performing individual stocks with larger portfolio weights which aided overall relative performance. Among individual stocks CECO Environmental Corp, TTM Technologies, Inc. and Bel Fuse Inc. provided the most significant positive contributions to relative performance during the quarter.
- CECO Environmental provides equipment for air, gas and water filtration, as well as ventilation, silencers and scrubbers for industrial applications. The stock was added to the Fund in September of 2023 while the company was off the radar screen of most investors and in the earlier stages of a turnaround implemented by a new management team. Over the past two-years, management has continued to improve the business, both organically and through acquisitions, while key end markets such as energy and power infrastructure have strengthened. During the third quarter, CECO reported strong earnings and a third consecutive quarter of exceptional incoming orders for future delivery. On price strength and a notably higher valuation, we reduced our position size in the quarter at share prices significantly above our original purchase.
- TTM is the largest US-domiciled supplier of printed circuit boards, a foundational component for many electronic products. The company has worked for years to improve revenue quality and margins through factory consolidation, with notable success this year, combined with accelerated revenue growth during the third quarter which was driven by Artificial Intelligence servers and the aerospace/defense industry. The Fund's investment is maintained given strong revenue visibility in the defense end market and further opportunities to increase margins.
- Bel Fuse is a global industrial company that supplies electronic components that power, protect, and connect industrial and technology products, with aerospace/defense and computer networking as its largest markets. Over the course of the past few years, the company has simplified operations, improved pricing, and optimized capital allocation over the past several years. The stock price outperformance has been driven by a savvy aerospace acquisition and a rebound in the computer networking segment. The investment is maintained in the Fund.

Detractors

- The market leadership change toward “risk-on” and “low-quality” stocks is common around market pivot points and has continued into the third quarter of the year. Regarding our Fund, stock selection measures trailed the index given the style mismatch with our high-quality approach. From an individual stock perspective Haemonetics Corporation, Alight, Inc. and Kyndryl Holdings Incorporated detracted the most from performance.
- Haemonetics is a global healthcare company offering innovative products and solutions for blood and plasma collection, surgical procedures, and hospital transfusion services. After a planned exit of a major customer from its legacy plasma business, the company expanded into the hospital surgical market through acquisitions, gaining exposure to higher-growth, innovative procedures. Recently, the hospital segment experienced softness due to increased competition, and raised concerns about management's ability to meet stated long-term growth targets. Additionally, the US plasma collections market has been weaker than historical levels. Despite these challenges, long-term demand for immunoglobulin therapies and technological advancements are expected to drive future plasma growth, though caution remains regarding a turnaround in the hospital business.
- Alight is a leading human capital solutions provider with a focus on helping large enterprise customers manage employee healthcare and retirement savings benefits. Historically, the company has enjoyed a loyal customer base, but customer service missteps in 2022 and



2023 led to increased client turnover. Over the past 18 months, significant changes to both the board of directors and company management, along with the sale of its payroll division, are expected to help Alight refocus on retaining existing clients and attracting new ones. While margins and cash flow have improved, sales growth slowed in the second quarter, raising concerns about the new management's business strategy and the ability to drive organic growth. We attribute the weak quarter to several unique, fixable issues, aside from a possible slowdown in employee growth due to broader economic trends. Despite only minor changes to the company's fundamentals, its valuation dropped sharply. We remain confident that as fundamentals improve, the stock's share price will recover toward its intrinsic value.

- Kyndryl is the largest third-party provider of data center operations, spun off from IBM in 2021 with significant scale and extensive customer relationships. Gross margins were low initially, burdened by several existing low-to-no margin contracts IBM had established within product bundles to sell higher margin hardware and software applications. Now, as a stand-alone company, Kyndryl has spent the last three years establishing new growth opportunities, and re-pricing long-term service contracts now up for renewal which has improved contract terms and expanded service offerings, driving early share gains. The share price underperformed this quarter, however, after reporting weak bookings in the important consulting business which will cause inconsistent future sales growth. While the Fund has maintained its position, we are more critical of future quarterly execution.

Outlook

- We remain committed to identifying inefficiencies in the small-cap market that result in stock prices and valuations that do not accurately reflect our assessment of the underlying value of corporate enterprises. This approach is applied consistently over time, regardless of the current market environment.
- While many forms of inefficiency may exist, we focus on companies that are misunderstood, underfollowed or in the midst of a "special situation" where we believe we can use our strengths in the form of our time horizon, resource deployment or a willingness to solve complex situations. We require fundamentally sound business models, capable management teams and financial stability. Key to our process is identifying distinct, company-specific catalysts on the horizon to sustain, enhance or highlight the fundamental outlook.
- Our goal is to achieve an attractive total return for our investors, while managing to an appropriate level of risk over a market cycle.

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. **Value** investing carries the risk that a security can continue to be undervalued by the market for long periods of time. **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 depositary 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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