LOOMIS | SAYLES

MUTUAL FUND COMMENTARY

DECEMBER 31 2023

Global Growth Fund

Fund Facts

The fund seeks to invest in companies with sustainable competitive advantages, long-term structural growth drivers, attractive cash flow returns on invested capital, and management teams focused on creating long-term value for shareholders. The fund's portfolio manager also aims to invest in companies when they trade at a significant discount to the estimate of intrinsic value.

Strategy AUM[1]	$2.2 billion
Fund AUM	$100.7 million
Share Class	Y
Inception	3/31/2016
Ticker	LSGGX
Benchmark	MSCI ACWI Net
CUSIP	63872T224
Portfolio Manager	Aziz Hamzaogullari
Manager Since	Inception

[1]Strategy assets are comprised of Loomis Sayles Global Growth style accounts.

Top Ten Holdings (%)

Meta Platforms, Inc.	7.5
MercadoLibre, Inc.	6.4
Amazon.com, Inc.	5.7
Alphabet Inc.	5.0
Boeing Company	4.5
Microsoft Corporation	4.0
Shopify Inc.	3.8
Visa Inc.	3.7
Novartis AG	3.5
Netflix, Inc.	3.4
Total	47.4

***MSCI All Country World Index (Net)** is a free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed and emerging markets.*

Portfolio Review

- The fund posted positive returns of 15.80% vs. 11.03% for the MSCI ACWI Net Index, outperforming the benchmark by 4.77% net during the quarter. Adyen N.V., MercadoLibre, and Boeing were the three largest contributors to performance during the quarter. Yum China, Baidu, Inc., and Alibaba were the three lowest contributors to performance.
- Stock selection in the financials, healthcare, industrials, information technology, communication services, and consumer discretionary sectors, as well as our allocation to the consumer staples sector, contributed positively to relative performance. Stock allocations in the information technology, communication services, healthcare, consumer discretionary, and financials sectors, detracted from relative performance.
- The fund is actively managed with a long-term, private equity approach to investing. Through our proprietary bottom-up research framework, we look to invest in those few high-quality businesses with sustainable competitive advantages and profitable growth when they trade at a significant discount to intrinsic value (our estimate of the true worth of a business, which we define as the present value of all expected future net cash flows to the company).

Class Y Performance as of December 31, 2023 (%)

	CUMULATIVE TOTAL RETURN		AVERAGE ANNUALIZED RETURN			
	3 MONTH	YTD	1 YEAR	3 YEAR	5 YEAR	SINCE INCEPTION
FUND	15.80	36.10	36.10	2.21	13.54	12.34
BENCHMARK	11.03	22.20	22.20	5.75	11.72	10.07
EXCESS RETURN	+4.77	+13.90	+13.90	-3.54	+1.82	+2.27

Performance data shown represents past performance and is no guarantee of, and not necessarily indicative 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 1.10% (Class Y). Net expense ratio 0.95%. 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 3/31/2024. When an expense cap has not been exceeded, the fund may have similar expense ratios.

Institutional Class shares (Class Y) are available to institutional investors only; minimum initial investment of $100,000.

New Purchase Highlights

There were no new purchases during the period.

Portfolio Activity

All aspects of our quality-growth-valuation investment thesis must be present for us to make an investment. Often our research is completed well in advance of the opportunity to invest. We are patient investors and maintain coverage of high-quality businesses in order to take advantage of meaningful price dislocations if and when they occur. During the quarter, we trimmed our position in Meta Platforms as it reached our maximum allowable position size. During the quarter, Novartis completed a spinoff of its Sandoz business to shareholders. As a result of our ownership in Novartis, we received an approximately 22 basis point allocation in Sandoz Group.

Contributors

Adyen N.V., MercadoLibre, and Boeing were the three largest contributors to fund performance.

- **Adyen** is a global merchant acquisition and payment solutions provider based in Amsterdam. Surinamese for "to start over again," the company was founded in 2006 by executives who previously founded Bibit, which was sold to Worldpay in 2004 and became the e-commerce platform for the world's largest merchant acquisition company. Adyen was created to serve as a next-generation, integrated provider of payment solutions to merchants, and today the company supports over 250 payment methods globally across online, mobile, and point-of-sale (POS) transactions for clients that include Facebook, Microsoft, Netflix, and Uber.

  A holding since its initial public offering (IPO) in the second quarter of 2018, shares rebounded substantially following the company's brief third quarter update as well as a positive business review during its November analyst day. Adyen reported that third quarter revenue rose 27% in constant currency to €414 million, which represented an acceleration from 19% constant currency growth during the first half of 2023 and was well above consensus expectations. Shares had previously fallen sharply following lower-than-expected results in its prior financial report in August – which we took advantage of to increase our holdings. While we believe the prior report reflected solid fundamentals and continued market share gains, 23% year-over-year growth in North America was below consensus expectations after the company had grown 55% in the prior-year period. Adyen observed merchants prioritizing cost savings over functionality, which it has experienced in prior periods and contributed to heightened competition for digital payment volumes. Growth was further pressured by a slower than desired pace of hiring for its North America sales team given the company's stringent hiring standards – a headwind the company has discussed previously. Despite a smaller-than-desired sales staff, the company remains in an elevated investment cycle and has grown its headcount by over 85% year to date. While positively reflecting the company's long-term focus, the investments in staffing also pressured EBITDA (earnings before interest, taxes, depreciation, and amortization) margins, which declined to 43% in the first half of 2023 from 59% in the prior-year period. As the pace of hiring slows, the company expects to benefit from operating leverage and for EBITDA margins to again exceed 50% within a few years.

  We believe Adyen remains a high quality company with sustainable competitive advantages and secular growth opportunities that are not reflected in its current share price. We believe the secular shift to electronic-based payments from traditional paper-based systems represents the most significant growth driver for Adyen. While Adyen has been growing substantially faster than the leading global acquirers over the past few years, the company still captures only a small percentage of overall industry volumes. We believe a combination of industry- and company-specific factors will enable Adyen to continue to grow at more than twice the rate of growth in the overall payments industry over our long-term investment horizon. We also expect Adyen to benefit from the high incremental margins of its business, contributing to margin expansion and substantial cash flow growth over our forecast period. We believe Adyen's strong growth prospects are not currently reflected in its share price. As a result, we believe the company's shares are trading at a meaningful discount to our estimate of intrinsic value, offering an attractive reward-to-risk opportunity.

- **MercadoLibre** is the largest online commerce platform in Latin America. The company offers its users an ecosystem of six integrated e-commerce services that include its marketplace, payment and fintech solutions, shipping and logistics, advertising, classified listings, and merchant web services. In its most recent fiscal year, commerce and related services accounted for approximately 55% of net revenue, while payments and fintech solutions accounted for approximately 45%. The company operates in 18 countries representing the vast majority of Latin American GDP, and its 148 million active users in 2022 represented over 30% of the region's estimated 480 million total internet users. We believe MercadoLibre benefits from strong and sustainable competitive advantages that include its network and ecosystem, brand, and understanding of local markets that collectively contribute to its leadership position in each market it serves. With continued growth in internet access, increasing availability of credit, and the company's continuing investments to improve the ease and convenience of transacting online, we believe MercadoLibre remains well positioned for sustained growth over the next decade, driven by the secular growth of e-commerce across Latin America.

  A fund holding since inception, MercadoLibre reported strong quarterly financial results that were above consensus expectations and reflected strong growth in revenues, gross merchandise volume (GMV), and payments volume, and the company gained market share in e-commerce, payments, advertising, and financial services. Despite remaining in a period of elevated investment spending, the company also showed strong improvements in operating profits that were materially above consensus expectations, as well strong free cash flow generation. Since 2019, the company's GMV has increased by approximately 2.5 times, reflecting the high value proposition to consumers, and the company continues to invest in providing better selection, price, and service.

  For the quarter, net revenue of $3.8 billion grew by 69% year over year in constant currency. The services provided by MercadoLibre generally fall into two distinct revenue streams. "Commerce" includes MercadoLibre's core e-commerce marketplace and related services and solutions, and accounted for 57% of revenue. "Fintech" accounted for 43% of revenue and includes items such as off-platform payment fees generated through the company's Mercado Pago payments platform, financing fees, and revenues from the sale of mobile point-of-sale (POS) products. Commerce revenue of $2.1 billion rose 76% year over year in constant currency. GMV of $11.4 billion rose approximately 59% year over year on a constant currency basis, driven by strong growth in Argentina, Mexico, and Brazil, where GMV growth was 147%, 34%, and 28%, respectively. While benefiting in part from a highly inflationary environment in Argentina, this solid growth follows GMV growth of 32% in the prior-year quarter, which suggests to us that the accelerated shift to e-commerce is persisting due to the high value proposition to consumers and merchants and the lower penetration rate of e-commerce in Latin America versus other geographies. The company continues to focus on expanding its product categories and deepening its selection. Live listings, one of the company's key performance indicators which demonstrates the broad and growing number of products available through the company's marketplaces, grew 15% to 457 million in the quarter, while the number of active users of MercadoLibre's commerce and fintech businesses increased 36% year over year to 120 million. Fintech revenue of $1.6 billion grew 61% in constant currency, driven primarily by payment processing and fintech solutions as well as credit revenue. Total platform payment volumes settled through Mercado Pago were $47 billion and rose 121% year over year in constant currency. Off-platform payment volumes, which represent processed transactions that occur outside of the company's Marketplace platform, accounted for 74% of total payment volumes and grew 145% year over year, benefiting from mobile POS, QR code payments, and the company's digital accounts business. The company also reported that its emerging asset management business now has $5.5 billion in assets under management, which grew 331% year over year, and the company has originated $3.4 billion through its growing array of credit offerings, which rose 23% year over year.

We believe MercadoLibre continues to have an attractive financial model which continues to be impacted by an elevated investment cycle intended to strengthen the company's ecosystem and long-term competitive positioning. Operating margins during the period of 18% expanded from 11% in the prior-year period and were well above expectations. We believe management has demonstrated its long-term focus and commitment to investing everywhere needed to add value for users, including greater selection, frictionless payment options, and reduced cost and increased speed of delivery. The company also expects to increase its investments in several areas, including first-party sales, an improved loyalty program, and advertising technology. While its elevated investments over the past few years have pressured near-term profits, management remains focused on balancing the investments needed to further improve user experience and extend the company's leadership in e-commerce and payments with maintaining a sustainable and profitable financial model. We believe the current market price embeds expectations for revenue and cash flow growth that are well below our long-term assumptions. As a result, we believe the shares trade at a significant discount to our estimate of intrinsic value and represent a compelling reward-to-risk opportunity.

- Founded in 1916, **Boeing** is a global leader in the commercial and defense aerospace industries. The company manufactures commercial aircraft for passenger and cargo traffic as well as manned and unmanned military aircraft, missile and defense systems, satellites and launch systems, and other space and security systems. The company operates primarily through three segments: commercial airplanes (historically around 60% of revenues), defense, space and security (historically 20-25% of revenues), and global services (historically 15-20% of revenues). Along with Airbus, Boeing is part of a global duopoly that accounts for almost all commercial planes sold with greater than 125 seats – the largest market segment. The company serves customers in over 150 countries and non-US sales typically account for greater than 40% of total revenues.

  A fund holding since March 2020, Boeing's reported quarterly financial results that were below consensus expectations for most key metrics, with the exception of free cash flow, which we view as one of the single most important metrics in measuring the fundamentals and economic performance of a business. The company maintained its guidance for generating $3 billion to $5 billion of free cash flow for the full year, and expects annual free cash flow generation of $10 billion by 2025 or 2026. Results were below expectations in part due to issues with supplier Spirit Aerosystems, which resulted in a pause on deliveries of the 737 MAX, as well as a slowdown in production. While the companies are resolving the issue, it will still result in lower-than-expected deliveries and free cash flow for the year. To assist Spirit in improving its quality standards and output capacity, Boeing is providing financial assistance in return for greater operational control. The arrangement was reached after Spirit replaced its CEO with former Boeing executive and current Spirit board member, Pat Shanahan. Despite the near-term challenges, we do not view the issues as structural and believe the long-term earnings power of the company remain unchanged and significantly underappreciated. Boeing has made significant progress with the 737 MAX, which is now cleared to fly in almost all countries, including China. In December, the company confirmed that 100% of the MAX fleet in China is back in service, and the company also acknowledged it had recently made new deliveries to Chinese customers (models unspecified) for the first time since 2019. Boeing has already remarketed over one-third of planes originally earmarked for Chinese customers to other customers. We estimate that Boeing has approximately $38 billion of aircraft currently in inventory, including 250 MAXs and 75 787s, which will likely generate substantial revenue and cash flow as they are expected to be delivered over the next 12-to-24 months. As of September quarter-end, the backlog of $470 billion, or over 5,000 aircraft, was up 23% year over year. Despite still uneven quarterly results, air traffic recovery is underway and absent further issues with the

MAX and 787, we believe the company's long-term earnings power remains intact.

The company's defense business incurred approximately $1 billion in charges during the quarter, which has been a recurring theme over the past three years. Most charges relate to approximately 15% of the defense segment's portfolio that are fixed cost projects, including the Air Force One project in the current quarter. Some of these programs will soon end or move to production, limiting further risk, but the company has recognized the need to improve execution in parts of its defense portfolio by taking a more disciplined approach in evaluating new projects with a focus on profitability. While the company expects cash flow in the segment to remain negative in 2023, the segment has historically been a strong free cash flow generator. We believe the company's execution in its commercial airplane segment and ability to increase production rates for the 737 and 787 models will be the single largest and most important value driver for the business.

Boeing's financial results remain impacted by the decline in global air travel due to Covid-19. At its low point in April 2020, travel demand, as measured by revenue passenger kilometer (RPK), which represents distance flown by paying passengers, had declined 94% from April 2019. And while demand year to date has returned to 92% of pre-pandemic levels, with domestic travel exceeding 2019 levels, international travel remains at 86%, due primarily to China. Since 1980, RPK has grown at a 5.3% compounded annual rate, and had been negative on just three prior occasions: during the 1991 Gulf War, following 9/11, and in 2009 after the financial crisis. Even in those instances it never declined more than 3% year over year. While 2020 represented the fourth and by far the largest such occasion due to Covid-19, RPK has historically grown at approximately 1.5-times global GDP, which we expect will continue, contributing to mid-single-digit growth in global air travel over our long-term investment horizon. We took advantage of this steepest-ever decline in global air travel to initiate our position in Boeing. More importantly, we believe that as with many other cyclical growth businesses we successfully purchased in prior downturns, it is not the exact timing of the recovery, but rather the margin of safety that is created between the expectations embedded by the marketplace and what we believe will happen directionally over the long term that matters. We believe Boeing is one of only two companies globally which possess the requisite expertise and scale to profitably serve the global demand for commercial aircraft, and that its strong and sustainable competitive advantages would be very difficult to replicate. We believe the current market price is embedding expectations for aircraft deliveries, margins, and free cash flow growth that are well below our long term assumptions. As a result, we believe the company is selling at a significant discount to our estimate of intrinsic value and offers a compelling reward-to-risk opportunity.

Detractors

Yum China, Baidu, Inc., and Alibaba were the largest detractors to performance during the quarter.

- **Yum China** is the largest restaurant company in China, operating over 14,000 restaurants primarily under the KFC and Pizza Hut brands. A fund holding since the fourth quarter of 2016 when it was spun off from existing portfolio holding Yum! Brands, Yum China reported quarterly financial results that that were below consensus expectations, despite including record revenues, operating profits, and net new store openings. The company observed a noticeable slowdown in consumer traffic in September that continued into the fourth quarter as consumer spending softened and more local competitors have returned to the market as China continues to normalize post Covid-19. We believe the financial and operating results reflect the company's continued success in navigating a challenging consumer spending environment. Yum China continues to expand into lower-tier cities while consistently innovating to sustain consumer purchases – especially among its over 460 million loyalty members. We also believe the company has the products and scale to offer increasingly value conscious consumers attractive food options at all price points. With its iconic brands, large and complex supply-chain infrastructure, and real estate procurement expertise, we believe Yum China remains well positioned to benefit from the secular growth of consumer spending on restaurants in China.

Total sales of $2.9 billion reflected system sales that rose 15% year over year. At the company's larger, more-profitable KFC segment, system sales rose 15% in constant currency. KFC same-store sales grew by 4%, in line with our long-run expectation for mid-single-digit same-store-sales growth. The company also continued to open new units, with 355 net new KFC units in the quarter, while maintaining attractive cash payback periods of approximately two years. As of September 30, 2023, KFC operated in approximately 1,900 cities out of more than 3,000 suitable cities and continues to have a long runway for continued expansion.

After a multi-year recovery, Pizza Hut continues to show positive signs, with system sales, same-store sales, and new store openings all growing year over year as a result of strong execution on steps to revitalize the brand. Despite the ongoing impact from Covid on in-restaurant dining, Pizza Hut's economics have improved, and the payback period for its redesigned new units is an attractive three years – which has led to an acceleration of new store openings. During the quarter, system sales rose 13% in constant currency, and same-store sales grew 2%. The company opened 130 net new stores during the quarter, which contributed to 14% year-over-year growth in new units. Pizza Hut currently operates in approximately 700 to 800 cities and also has a substantial growth runway for new store openings.

Yum China continues to have success with its loyalty programs and its delivery initiatives, although delivery has been normalizing of late as the economy moves into the post-pandemic era. The company's loyalty programs grew to over 460 million members from approximately 400 million one year ago. In comparison, Starbucks, considered one of the pioneers in loyalty programs, has approximately 31 million members in North America. Members of Yum China loyalty programs tend to visit more frequently, have larger average ticket sizes, and provide ongoing customer feedback. Yum China estimated that its loyalty members accounted for 65% of sales in the quarter.

Restaurant margins declined quarter over quarter to approximately 17%, management's goal for the full year, due in part to Covid relief benefits in the prior-year quarter as well as increased promotional activities. However, year-to-date margins expanded by almost 300 basis points over the prior-year period and we believe margins may approach 20% over time driven by growing scale and business efficiencies. Overall, we believe the long-term secular growth driver remains intact as food options such as Pizza Hut and KFC become increasingly affordable to an emerging middle class with rising levels of disposable income. We expect this demand will, in turn, drive unit growth in China for both restaurant brands where the per capita penetration is much lower than in developed countries. Beyond its core brands, the company remains focused on addressing new meal occasions and testing new restaurant concepts, including Lavazza which is focused on premium coffee, hotpot chains Little Sheep and Huang Ji Huang, and Taco Bell, which collectively have over 950 locations. We believe current market expectations do not reflect the company's long-term opportunity for increased sales due to unit growth and consumer recovery, as well as the resulting improvement in margins and free cash flow. As a result, we believe the company is selling at a significant discount to our estimate of intrinsic value and offers a compelling reward-to-risk opportunity.

- **Baidu** is the leading online search and advertising provider in China. A holding in the fund since inception, Baidu reported fundamentally solid quarterly financial results that were better than consensus expectations for revenue, operating profit, and earnings per share (EPS). However, results remain impacted by cyclical weakness that has weighed on growth in its online marketing and cloud businesses, as well as the company's decision to focus on more profitable segments of its cloud business. We believe Baidu is a high quality company whose sustainable competitive advantages include its strong brand recognition, economies of scale, a powerful network and business ecosystem, and strong distribution. Baidu's brand was rated the 26th most valuable brand in China in 2023 by MillwardBrown's annual BrandZ study.[2] The Baidu family of apps and products, which includes search & feed, video, tools, knowledge and information-centric products, location-based services, and industry-specific verticals, reaches over 1 billion monthly average devices, hundreds of millions of users, millions of developers, and hundreds of thousands of enterprises, illustrating the scale of the platform. Within this application ecosystem, Baidu continues to be driven by its core search and feed app where the company continues to dominate China's internet search market, capturing approximately 70% share of search revenues. While the company is experiencing near-term pressure on its advertising business that is similar to other Chinese internet companies, we believe Baidu's family of apps positions the company to benefit from long-term, secular growth in China online advertising.

For the quarter, total revenue grew 6% year-over-year to RMB 32.5 billion. Accounting for over 60% of Baidu's total revenue, online marketing services associated with the company's core search business and advertising revenue from iQiyi increased 7% year over year. Growth was driven by the healthcare and travel verticals along with online video growth, and offset in part by weakness in the China e-commerce vertical. Growth also benefited from a 5% increase in monthly average users on the Baidu App, which numbered 663 million during September 2023. The Baidu App is the company's focus for search and personalized news fee services. Baidu is also leveraging its strength in search, knowledge graph, and dialogue to provide its own generative AI solution called ERNIE Bot, which is being incorporated into each of the company's businesses and is expected to increase the effectiveness and return on investment for clients' advertising spending and support sustained revenue growth for Baidu.

Other revenue, predominantly subscription revenue from iQiyi, Baidu's majority-owned online video site, as well as cloud services revenue and other AI businesses, accounted for almost 40% of total revenue and grew 4% year over year. Growth was driven by iQiyi, which grew its subscription revenue by 19% year over year and saw a 6% increase in daily subscribers to 107.5 million. Baidu's cloud business declined 2% year over year, due to weak demand for the company's smart transportation services. Outside of smart transportation, the company reported solid growth in its other cloud businesses and expects cloud growth to rebound to the low-double-digits in the current quarter. Baidu also reported that its focus on profitable growth had resulted in the cloud business achieving profitability on an adjusted basis during the quarter.

Baidu's adjusted EBIT (earnings before interest and taxes) rose 6% year over year to RMB 7.6 billion. EBIT margins of 22% were flat versus the prior-year period. Baidu core margins of 26% declined 1 percentage point over the prior-year quarter, while a focus on efficiency contributed to a 400 basis point margin expansion in the company's iQiyi business. Free cash flow of RMB 6 billion declined 8% year over year due to a 31% increase in capital expenditures and represented 17% of revenues. The company maintains a strong balance sheet with net cash of approximately $16 billion. We continue to believe Baidu is a high quality company with sustainable competitive advantages that is poised to benefit from secular growth in China online advertising. We believe the assumptions embedded in Baidu's share price show a lack of appreciation for the company's significant long-term growth opportunities and the sustainability of its business model. The shares sell at a significant discount to our estimate of intrinsic value and offer a compelling reward-to-risk opportunity.

[2]Source: Kantar Brandz 2023 Most Valuable Global Brands report.

- **Alibaba Group** is a leading China e-commerce and consumer-engagement platform provider, operating several businesses across commerce, technology, advertising, digital media and entertainment, logistics, payments, and local services. With over 50% of China's e-commerce transactions estimated to take place through its Taobao and Tmall marketplaces, we believe Alibaba's scale and brand would be difficult-to-replicate.

A fund holding since inception, Alibaba reported solid quarterly financial results that were modestly ahead of consensus expectations for revenue, operating profit, and earnings per share. We believe the results showed evidence of improved growth from its collection of businesses, as well as margin and free cash flow improvement. However, shares may have responded negatively to the announcement that the company would not proceed with an anticipated 2024 spin-off of its cloud business in light of uncertainties arising from recent US export restrictions on advanced computing chips. In March 2023, Alibaba announced its intention to reorganize the company into six independent business units, each of which would have its own CEO and Board of Directors and could seek to raise outside capital and potentially pursue its own initial public offering (IPO). The company continues to anticipate an IPO of its Cainiao Smart Logistics business in Hong Kong in 2024, but also decided to postpone a planned IPO for its Freshippo grocery chain while it waits for stronger market conditions.

As currently constructed, Alibaba meets each of our quality, growth, and valuation criteria and trades at a meaningful discount to our estimate of intrinsic value. We will continue to evaluate whether the current business and any potential spin-offs meet each of our quality, growth, and valuation criteria as more details become available. In the interim, we expect the company to continue to benefit from improving growth and margin expansion as China consumption growth and cloud spending eventually improves.

For the quarter, revenue growth of 9% year over year was driven by the company's international commerce retail business, which represented 8% of revenue and grew 73%, as well as logistics and local services, which collectively represented 15% of revenues and grew 25% and 16%, respectively. Despite a modest year-over-year decline in gross merchandise volumes on Taobao and Tmall, the core China commerce business grew 4%, benefiting from faster growth in advertising and first-party sales, but below our estimate for overall China e-commerce growth. In recent quarters the company has emphasized its focus on pursuing healthy, high-quality revenue growth and optimizing its cost structure to improve and sustain strong operating profit and cash flow. During the quarter, the company demonstrated the benefits of its efficiency focus through adjusted operating margins that expanded by 260 basis points to 19%. The company announced its intention to continue to increase capital returns to shareholders with the initiation of an annual dividend, as well as $4.7 billion of year-to-date stock repurchases with a further $15 billion of authorized purchases remaining.

Outlook

- Our investment process is characterized by bottom-up, fundamental research and a long-term investment time horizon. The nature of the process has led to a lower-turnover portfolio in which sector positioning is the result of stock selection.

- At quarter end, we were overweight in the communication services, consumer discretionary, and healthcare sectors. We were underweight in the financials, information technology, consumer staples, and industrials sectors. We held no positions in the energy, materials, utilities, or real estate sectors.

- We remain committed to our long-term investment approach to invest in those few high-quality businesses with sustainable competitive advantages and profitable growth when they trade at a significant discount to intrinsic value. Though we have no stated portfolio turnover target, as a result of our long-term investment horizon, our estimated annualized portfolio turnover since the inception of the fund is approximately 10.3%. The overall portfolio discount to intrinsic value was approximately 45.8% as of December 31, 2023.

About Risk

Equity securities are volatile and can decline significantly in response to broad market and economic conditions. **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. **Investments in small and mid-size companies** 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.

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.

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.

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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.

Natixis Distribution, LLC (fund distributor, member FINRA|SIPC) and Loomis, Sayles & Company L.P. are affiliated.

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