5 Growth Stock Picks from the Loomis Sayles Growth Fund

The manager of this top-performing fund highlights some of his favorite stock holdings.

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Key Takeaways

- Loomis' Aziz Hamzaogullari has owned Meta since its IPO, longer than 99% of funds which owned the stock at any point during that period.
- Controversy has provided buying opportunities for the fund, such as when it picked up Boeing in early 2020.
- Hamzaogullari says he is ignoring the headline frenzy around Elon Musk and focusing on Tesla's business model.

Though the top stocks in the $17.2 billion Loomis Sayles Growth Fund LSGRX, like Tesla TSLA and Meta Platforms META, garner heavy media attention, fund manager Aziz Hamzaogullari ignores the headlines.

In his more than 15 years as a portfolio manager on the Gold-rated fund, Hamzaogullari has displayed consistent adherence to his investing process. Even as others jump ship and send his names down sharply, he holds to those positions and looks for big declines as buying opportunities. He'll stick with his positions, at times even adding to them as others jump ship, picking up stocks roiled by bad news.

"We believe the vast majority of headlines do not fundamentally implicate the long-term structural quality or growth of a business," says Hamzaogullari, who is also founder and chief investment officer of the Growth Equity Strategies Team at Loomis, Sayles & Co. "However, investor overreaction to this stream of 'noise' often creates buying opportunities."

Many portfolio managers claim to focus on the long term and ignore the noise of fluctuations in market sentiment, but the Loomis Sayles Growth fund has the stats to back it up. The fund's reported turnover percentage (the percent of its portfolio changes each year) is 10% as of September 2024. That's about a fifth of the large-cap growth category average of 48.6%.

Hamzaogullari's approach has rewarded investors, with the fund placing it in the top decile of its category over the past 10 years. During that time, Loomis Sayles Growth returned an average of 16.6% per year, compared with 14% per year for the large growth category and 14.5% for the Morningstar Large-Cap Growth Index. In the past five years, the fund has ranked in the 15th percentile of its category, and in the top 4% based on three-year trailing total returns.

We asked Hamzaogullari to talk about five of his picks—two that have performed well, one that's struggled, and two others of his choosing. Here's a look at those five stocks.

Loomis Sayles Growth Fund Picks

Name	Ticker	Economic Moat	Portfolio Weight (%)	YTD Return (%)	3-Year Return Annualized (%)
Oracle	ORCL	Wide	4.70	50.11	53.05
Netflix	NFLX	Narrow	7.52	42.95	88.87
Tesla	TSLA	Narrow	7.29	–20.91	9.99
Boeing	BA	Wide	5.12	30.51	16.07
Meta Platforms	META	Wide	7.74	19.97	62.33

Source: Morningstar Direct. Data as of July 17, 2025. Portfolio: Loomis Sayles Growth N.

Loomis Sayles Growth Fund's Process

Hamzaogullari approach to picking stocks follows a framework based on quality, growth, and valuation, in that order. "We define high quality as a company whose business will be very difficult or close to impossible to replicate in our time horizon of 10 years or longer," he says. This doesn't rely on screens, which he says can be easily replicated by other investors.

While he acknowledges this judgment is qualitative, Hamzaogullari and his team do utilize quantitative metrics, such as the size of a company's customer base or customer retention rate. "We quantify all these qualitative factors," he says.

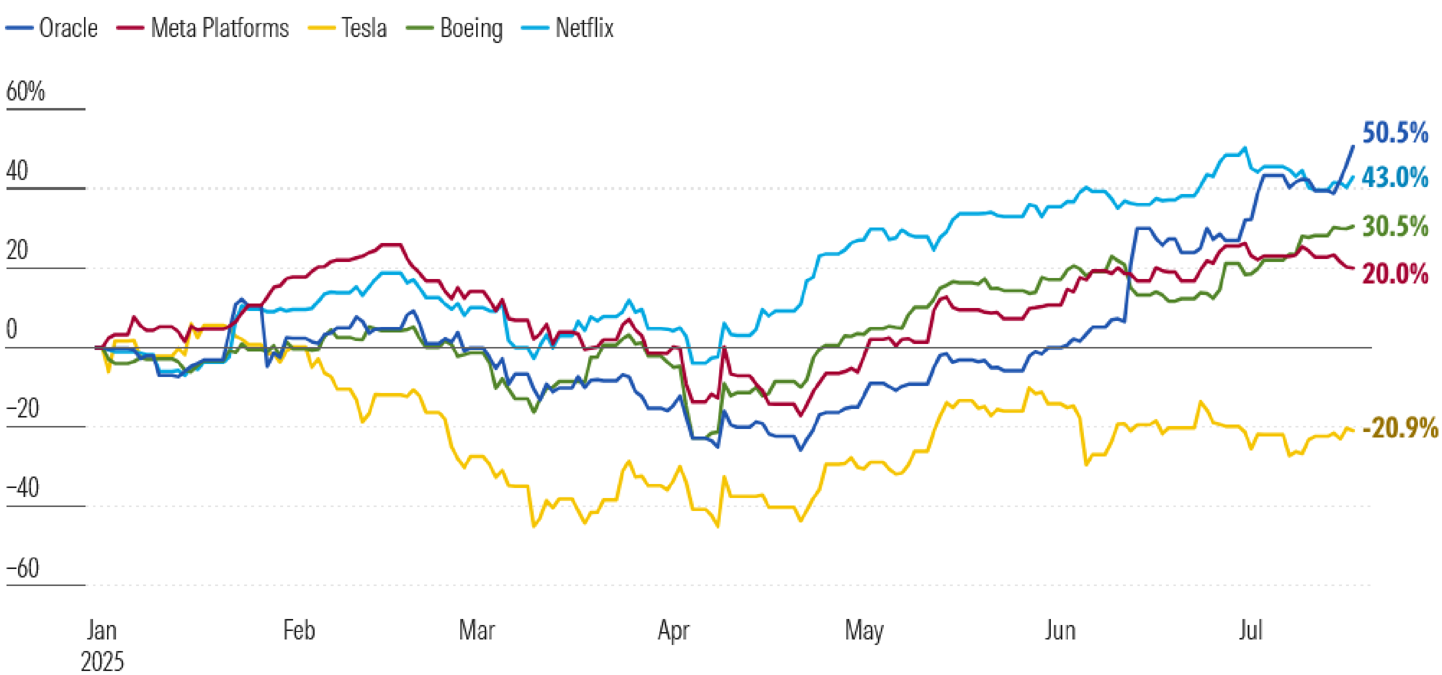
> *"We always say it's not what you own, but how you own it."*

Hamzaogullari's judgments mesh with those of Morningstar analysts, who rate a firm's competitive advantage in terms of its "economic moat" being wide, narrow, or nonexistent. Across the fund's 37 stocks, not one has a "no moat" rating.

Once companies with major competitive advantages have been identified, Hamzaogullari focuses on those with high average cash flow growth over the past 10 years and high projected cash flow growth over the next five years. "Earnings can be manipulated through accounting practices, whereas cash flow is a truer metric of success," he says. He estimates a company's intrinsic value by comparing its projected 10-year forward cash flow to the perceived downside risk of its stock.

The fund's strategy has one last key aspect: holding onto its picks as long as the underlying fundamental analysis holds, regardless of broader market sentiment. "We always say it's not what you own, but how you own it," says Hamzaogullari.

Loomis Sayles Growth Fund Picks Performance



Source: Morningstar Direct. Data as of July 17, 2025.

Two Recent Winners for Loomis Sayles Growth

Oracle

A stock that exemplifies the fund's "how you own it" approach is tech firm Oracle ORCL. The fund purchased the stock in 2008, and Hamzaogullari has held it in institutional accounts he manages since 2006. "How many funds owned Oracle in the last 19 years? The number is 9,209,"he says. "Of those, how many owned it for the entirety of that time frame? 66, or 0.7%."

The stock is the fund's eighth-largest holding, making up 4.7% of its portfolio. It's continued to be a strong performer, and is up 50% in 2025 so far.

Concerning its competitive advantage, Hamzaogullari points to Oracle's very large customer base of more than 300,000, with a retention rate over 90%. "The purchase of database and application software is typically a very long-term decision (usually 10 years or longer), due to the mission-critical nature of these products and the high switching costs involved for customers deciding to go with another vendor," he explains.

He also points to the firm's high ongoing sales from maintenance, and increasingly subscriptions as well. These avenues ensure consistent growth and allow opportunities for the company to cross-sell its products to customers. Hamzaogullari says Oracle obtained this commanding position by being ahead of other tech firms in moving from centralized database mainframes to distributed servers, which increased reliability.

He doesn't see Oracle as sitting on its laurels. "They continuously invest in their intellectual property portfolio," he says. "They make very large and long-duration capital investments in research and development." According to Hamzaogullari, this means competitors need to outspend Oracle just to catch up to the enormous cumulative investment the firm has made over its lifetime, much less get ahead.

Netflix

While Oracle highlights the Loomis Sayles Growth Fund's willingness to hold onto picks for the long haul, streaming giant Netflix NFLX shows how it's willing to push past headlines.

The fund bought Netflix—its third-largest holding, with a 7.5% weighting—in January 2022. At the time, the stock had lost 38% over just three months. The firm's subscriber growth had slowed in 2021, and it would report losses in the first two quarters of 2022.

Hamzaogullari recounts: "When its growth rate slowed substantially, people were saying, 'Okay, growth is over for this company.' During the pandemic, they had grown their subscriber base by around 30%. That's not a natural growth rate. Demand was pulled forward by people just being trapped in their homes." This means investors mistook a temporary shift in demand for a structural shift for the company.

Netflix shares rose 65% in 2023, 83% in 2024, and 43% so far in 2025. "It was one of the worst-performing stocks in 2022, and we took full advantage of that when we established our position. Since then, it has been one of the best-performing companies in our portfolio and the broader market," says Hamzaogullari.

Behind his confidence was his view that Netflix's subscriber base gives it a competitive advantage due to the data it provides. Since more people spend more time on Netflix, it can use that data concerning watching habits to better target the content it makes. This in turn keeps people watching, generating more data.

A Stock That Hasn't Been Working

Tesla

Hamzaogullari describes Tesla as "a bit of a controversial name."

The electric car company—the fund's fourth-largest holding, making up 7.3% of its portfolio—has lost 21% so far in 2025. CEO Elon Musk has generated controversy by joining President Donald Trump administration as head of the Department of Government Efficiency, appearing to perform a Nazi salute at the inauguration in January, then suffering a major falling out with the president in which he accused Trump of being a client of Jeffrey Epstein.

None of this phases Hamzaogullari, who initially purchased Tesla stock in 2022, when it had undergone another steep decline. "I don't think there will be a long-term effect, because I don't think that a year from now, people will still be thinking about Elon Musk and what happened in the election," he says.

He thinks Tesla's business model matters much more, allowing the firm to take customers from competitors and retain them. While there are plenty of other car companies, Hamzaogullari argues that their experience creating internal combustion engine automobiles is largely not applicable to electric vehicle manufacturing.

In addition, he says the business model is different due to the much larger software component for electric cars. Electric vehicle firms can sell software subscriptions, changing and iterating on cars with updates in the same way a smartphone does. He adds that this aspect will only grow as autonomous driving gets more advanced.

The other factor helping Tesla is that it is vertically integrated in a way other car companies are not, meaning other companies are looking to adopt the firm's charging stations or batteries. This gives Tesla an even larger advantage, due to its competitors potentially relying on it for inputs.

The firm has posted weaker sales recently. Deliveries fell year-over-year in 2024, with the decline continuing into 2025. While Hamzaogullari says Musk's political activities could be a cause for Tesla's dip in sales, he argues the larger factor has been the introduction of the Model Y, the firm's most popular brand. "To accommodate the necessary updates for the new model, the company shut down all factories to retool production during the first quarter," he says.

"We believe this near-term weakness does not reflect on Tesla's long-term prospects, nor does it change our expectation for long-term secular growth in EV penetration around the world," Hamzaogullari continues. "Given that affordability in the auto industry is being impacted by high interest rates and lingering materials and logistics cost inflation, we believe Tesla has been prudently managing the business. There is no change to our long-term structural investment thesis for Tesla, which continues to trade at a significant discount to our estimate of its intrinsic value." not what you own, but how you own it," says Hamzaogullari.

Loomis Sayles Growth Fund Picks Growth and Capital Allocation

Company	Ticker	10-Year Estimated Cash Flow Growth (%)
Oracle	ORCL	Around 20
Netflix	NFLX	Around 15
Tesla	TSLA	Above 40
Meta Platforms	META	Around 15
Boeing	BA	Around 20

Source: Loomis Sayles Growth Equity Strategies Team.

Two More Stock Picks

Boeing

Another example of Hamzaogullari's philosophy that even the worst headlines won't affect the long-term prospects of a firm is Boeing BA, which he highlighted in 2023.

The stock—which accounts for 5.1% of the fund's holdings and is its seventh-largest position—fell 60% in the year prior to the fund picking it up in March 2020. At the time, Boeing was mired in controversy after its 737 MAX was involved in multiple deadly crashes, combined with enormous uncertainty about the future of air travel as the covid-19 pandemic unfolded. The stock has risen and fallen since then, but it's up nearly 30% in 2025 so far.

Hamzaogullari says multiple factors are lined up in Boeing's favor. First is that the commercial airline industry is largely a duopoly, with Boeing and European firm Airbus having a roughly 90% market share. He cites the enormous amount of expertise and infrastructure required to produce commercial aircraft as presenting large barriers to entry for new competitors.

"This is the reason we didn't see any credible new entrants into the space over the past few decades. The only player in the process of getting into the market is [Chinese company] Comac, but after a decade-plus of spending enormous sums, they're still struggling to produce more than a few planes a year," Hamzaogullari explains.

The long period it takes to manufacture planes means orders are done years in advance, so temporary controversy will have less effect on sales than in other industries.

Meta Platforms

Meta is the firm's second-largest holding at 7.7%, just after chip giant Nvidia NVDA. The stock, up 20% in the year to date, is another longtime holding of the fund. "We've owned Meta since their IPO," says Hamzaogullari. "There were close to 8,000 active fund that owned Meta at one time or another since 2012, but only 50 (0.6%) owned it for that whole period."

The fund held the stock through multiple cycles of controversy and shifts in its business model. He says the IPO was an excellent time to buy the firm, as it was in the process of transforming from a business model based on desktop computers to a primarily mobile-based company.

Meta's competitive advantage is based in its more than 3.2 billion active daily users. This offers Meta huge scale in its operations, as well as an advantage due to the network effect integral to social media platforms.

Like Netflix, Meta's enormous customer base gives it data that lets it better target ads, granting them a pricing advantage over smaller platforms with less data to rely on. In addition, Hamzaogullari cites the $100 billion the firm invests annually in research and development and capital expenditures. Potential competitors have an enormous hurdle to clear if they want to replicate Facebook's intellectual property and infrastructure.

Hamzaogullari thinks Meta's enormous size doesn't cut off the potential for continued growth. He points out that only a quarter of ad spending currently goes to online advertising, but customers spend 50% or more of their time online. He argues that as people spend ever more time online, the pressure to move a larger proportion of ad dollars online will be Facebook's major source of growth, even if its userbase may not have as much room to increase.

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Average Annual Total Returns (%) as of 6/30/25	3 Months	1 Year	3 Years	5 Years	10 Years
Loomis Sayles Growth Fund Class A at NAV	18.51	23.12	30.19	17.38	16.64
Loomis Sayles Growth Fund Class A with 5.75% maximum sales charge	11.68	16.04	27.66	16.00	15.95
Loomis Sayles Growth Fund Class Y	18.58	23.43	30.51	17.66	16.92
Russell 1000 Growth Index	17.84	17.22	25.75	18.15	17.01

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Gross expense ratio 0.92% / 0.67% (Class A / Class Y). Net expense ratio 0.91% / 0.66% (Class A / Class Y). As of the most recent prospectus, the investment advisor has contractually agreed to waive fees and/or reimburse expenses (with certain exceptions) once the expense cap of the fund has been exceeded. This arrangement is set to expire on 01/31/2026. When an expense cap has not been exceeded, the gross and net expense ratios may be the same.

Loomis Sayles Growth Fund Risks

Equity Securities Risk:
Equity securities are volatile and can decline significantly in response to broad market and economic conditions.

Foreign and Emerging Market Securities Risk:
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.

Small and Mid-Cap Stocks Risk:
Investments in small and midsize companies can be more volatile than those of larger companies.

Growth Stocks Risk:
Growth stocks may be more sensitive to market conditions than other equities as their prices strongly reflect future expectations.

Currency Risk:
Currency exchange rates between the US dollar and foreign currencies may cause the value of the fund's investments to decline.

Past performance is not guaranteed in future results.

Morningstar Ratings as of 6/30/25	3-Years	5-Years	10-Years
Loomis Sayles Growth Fund Class Y	★★★★★ Out of 1,033 funds	★★★★ Out of 954 funds	★★★★★ Out of 754 funds

Overall rating derived from weighted average of the 3-, 5- and 10-year (if applicable) Morningstar Rating metrics; other ratings based on risk-adjusted returns.

For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ used to rank the fund against other funds in the same category. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly excess performance, without any adjustments for loads (front-end, deferred, or redemption fees), placing more emphasis on downward variations and rewarding consistent performance. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star (each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages). Past performance is no guarantee of future results. The funds have multiple share classes; however fee structure may differ.

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Click here for the most recent quarter end fund performance and holdings information:
https://www.loomissayles.com/website/advisor-solutions/Growth-Fund

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