International 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]	$41.3 million
Fund AUM	$28.6 million
Share Class	Y
Inception	12/15/2020
Ticker	LIGYX
Benchmark	MSCI ACWI ex USA Index (Net)
CUSIP	543488563
Portfolio Manager	Aziz Hamzaogullari
Manager Since	Inception

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

Portfolio Review

- The fund posted negative returns of -1.41% vs. 5.23% for the MSCI ACWI Ex USA Index (Net), underperforming the benchmark by -6.64% during the quarter. MercadoLibre, Tencent Holdings Limited, and Roche were the three largest contributors to performance during the quarter. Tesla, WiseTech Global Limited, and Novo Nordisk were the three lowest contributors to performance.

- Stock selection in the consumer staples and communication services sectors, as well as our allocation to the consumer staples sector, contributed positively to relative performance. Stock selection in the consumer discretionary, financials, and information technology sectors, as well as our allocations to the information technology, financials, healthcare, consumer discretionary, and communication services 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).

Top Ten Holdings (%)

MercadoLibre, Inc.	7.3
Adyen N.V.	5.8
Tencent Holdings Limited	5.5
Trip.com Group Limited	5.4
SAP SE	5.2
Tesla, Inc.	4.6
Novo Nordisk A/S	4.4
WiseTech Global Limited	4.2
Shopify Inc.	4.0
Roche Holding AG	3.7
Total	50.1

MSCI ACWI ex USA Index (Net) *is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed (excluding the USA) and emerging markets. The index is shown with minimum dividend reinvested after deduction of withholding tax.*

Class Y Performance as of March 31, 2025 (%)

	CUMULATIVE TOTAL RETURN		ANNUALIZED TOTAL RETURN			
	3 MONTH	YTD	1 YEAR	3 YEAR	5 YEAR	SINCE INCEPTION
FUND	-1.41	-1.41	6.64	7.11	-	1.96
BENCHMARK	5.23	5.23	6.09	4.48	-	4.15
EXCESS RETURN	-6.64	-6.64	+0.55	+2.63	-	-2.19

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 1.62% (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 4/30/2025. 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 added to our existing position in Wisetech as near-term price weakness created an attractive reward-to-risk opportunity.

Contributors

MercadoLibre, Tencent Holdings Limited, and Roche were the three largest contributors to fund performance.

- **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 59% of net revenue, while payments and fintech solutions accounted for approximately 41%. The company operates in 18 countries representing the vast majority of Latin American GDP, and its 218 million active users, last disclosed in 2023, represented over 45% 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 for gross merchandise volume (GMV), revenue, operating income, and earnings per share. The company continues to execute well and gained market share in e-commerce, payments, and financial services. Despite remaining in a period of elevated investment spending, the company also showed improvements in operating profits that were materially above consensus expectations, as well strong growth in free cash flow. Since 2019, the company's GMV has increased by approximately 3.5 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 $6.1 billion grew by 96% 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 59% of revenue. "Fintech" accounted for 41% 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 $3.5 billion rose 106% year over year in constant currency. GMV of $14.5 billion rose approximately 56% year over year on a constant currency basis, driven by strong growth in Brazil and Mexico. While benefiting in part from a highly inflationary environment in Argentina, this follows solid GMV growth of 79% 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 that demonstrates the broad and growing number of products available through the company's marketplaces, rose by approximately 7% to 446 million in the quarter, while the number of active users of MercadoLibre's commerce and fintech businesses grew by 24% and 34%, respectively. Fintech revenue of $2.5 billion grew 84% in constant currency, driven by strong growth in merchant acquiring and credit services. Credit services in particular benefited from 74% growth in the company's $6.6 billion credit portfolio that extends credit to both consumers and merchants. Total platform payment volumes increased by 49% to $59 billion. Acquiring payment volumes represented 71% of the total volume and increased by 36% while payment volumes related to fintech services represented 29% of volume and increased by 101%. The company also reported that its emerging asset management business now has $10.6 billion in assets under management, which grew 129% year over year.

We believe MercadoLibre continues to have an attractive financial model which has been impacted over the past few years by an elevated investment cycle intended to strengthen the company's ecosystem and long-term competitive positioning. Reported operating margins of 13.5% rose 60 basis points year-over-year, and have improved materially over the past few years from the low-to-mid single digits. Margin improvement was driven by strong execution and cost discipline in the company's logistics network, efficiencies in collecting fees in its fintech businesses, and operating leverage. 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. In its commerce business, the company opened six new fulfilment centers during the prior quarter, including five in Brazil that will increase same-day delivery cities by 40%, and the company anticipates opening a further six by the end of 2025. 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.

- **Tencent Holdings** is one of the largest internet services companies in China and globally, offering a wide array of value-added services that span social networking and communication, gaming, media and entertainment, and e-commerce and local services. The company also offers online advertising, cloud services, fintech solutions that include payment and wealth management offerings, and has investments in other related businesses. Founded in 1998, the company's mission is to improve the quality of human life through internet services, and through its platform and ecosystem the company has become a leader in most segments of the internet industry in China.

  A fund holding since inception, Tencent reported quarterly financial results that were fundamentally strong and above consensus expectations for revenue, operating profit, and net income. Shares also responded positively to news that the company would integrate DeepSeek, a Chinese chatbot that appears to rival OpenAI from the standpoint of industry performance metrics, into its Weixin/WeChat social media platform. The announcement does not impact our long-term structural investment thesis for the company. In early January the US Department of Defense (DOD) published its annual list of companies deemed to be Chinese Military Companies. Tencent was one of 134 companies included on the list. We do not believe Tencent operates as a defense company, nor does it engage in other activities on behalf of the Chinese People's Liberation Army that are harmful to US national security or other foreign policy interests. While we don't have insight into why the DOD placed Tencent on the list, as the largest company by market capitalization in Hong Kong, and with ownership interests in both private and public companies in the US, including Epic Games, Riot Games, and SNAP, it is possible political issues are at play. The company has disputed the grounds for its inclusion on the list and expects to engage with the DOD to resolve the misunderstanding and pursue legal action if necessary. There have been prior such instances where companies have successfully had this designation lifted. In 2021, Xiaomi appealed its inclusion on the list and was successfully removed within approximately 6 months after a court ruled there was insufficient evidence to support the claim. As with other such corporate developments, we will continue to monitor the situation for developments that impact our structural investment thesis for the company. The company currently derives approximately 3% of revenue from the US, with 90% derived directly from China. At the current time there are no changes to our structural investment thesis for the company. While the company is operating in a challenging near-term environment, we believe Tencent's leading digital enterprise and consumer platforms remain structurally well positioned for long term growth and benefit from strong and sustainable competitive advantages that stem from Tencent's network, distribution, brand and scale.

For the quarter, total revenue of renminbi (RMB) 172 billion rose 11% year over year and growth accelerated versus the previous quarter. Tencent reports in four segments; value added services (VAS) (46% of quarterly revenue), fintech and business services (33% of revenue), marketing services (20% of quarterly revenue), and other revenue (1% of quarterly revenue). VAS includes the company's gaming and social networking businesses, which accounted for 62% and 38% of VAS revenues, respectively. VAS total revenues of RMB 79 billion rose 14% year over year, with double-digit growth in both domestic and international gaming and 6% growth in social network revenue. Gaming revenue benefited from both existing games and new launches and represented continued improvement over the prior several quarters. Social network revenue benefitted from growth in music subscriptions and in-game virtual item sales. The company now has 262 million fee-based subscribers to its video and music services, which increased 7% year over year. The company's Weixin/WeChat platform ended the quarter with 1.39 billion monthly active users, up 3% year over year.

Fintech and business services, which consists primarily of payments and cloud services, rose 3% year over year to RMB 56 billion. Growth benefited from higher wealth management and consumer loan revenue, as well as modest growth in cloud services where a decision to prioritize internal usage of GPUs limited the company's ability to provide GPUs to external cloud services clients. The company anticipates its increased investments in GPUs will contribute to accelerating cloud services growth. Marketing services revenues of RMB 35 billion grew 17% year over year, benefitting from strong advertising demand for video accounts, mini programs, and growth within the Weixin search business.

Adjusted operating profit of RMB 61 billion rose 21% year over year on margins that expanded 300 basis points to 34.5%, due primarily to an expansion in gross margins across all business segments. While operating cash flow increased modestly and represented 31% of revenue, free cash flow was pressured by an almost 400% increase in capital expenditures, focused on GPU and CPU servers anticipated to benefit future growth. The company also repurchased RMB 33 billion worth of shares and announced a 32% increase in its annual dividend.

We believe Tencent is one of the best-positioned companies in the China internet services industry. We believe the near-term uncertainty regarding the regulatory and economic environment does not change the long-term fundamentals; as a leading consumer platform provider, we believe the structural expansion of internet users in China will position Tencent to benefit from multiple secular growth drivers, including gaming, media, advertising, payments, and cloud-computing growth. We believe Tencent'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 significant discount to our estimate of intrinsic value, offering a compelling reward-to-risk opportunity.

- **Roche** is a global biopharmaceutical and diagnostics company which derives over 75% of its revenues from pharmaceutical products and almost 25% from diagnostics. An industry leader in the development and marketing of oncology products (33% of pharma revenues), Roche also has a broad product profile with industry-leading therapies and a robust development pipeline across major indications including neuroscience (19% of pharma revenues), hematology (18%), immunology (15%), ophthalmology (9%), and other treatment areas (6%). The company was founded in Basel, Switzerland in 1896 and employs over 90,000 people in more than 100 countries. The company generates approximately 50% of revenues from North America, with the rest broadly diversified globally.

  A holding in the fund since inception, Roche reported financial results for the year ended December 31, 2024 that were better than consensus expectations and reflected solid performance from its differentiated core therapies, which continue to successfully penetrate international markets, supported by continued leadership in its diagnostics business. The company also provided solid guidance for the current calendar year. For the year, total revenues grew 7% year over year in constant currency to CHF 60.5 billion, despite the waning of the last remnants of Covid-related sales in both its pharmaceuticals and diagnostics divisions. Pharmaceutical sales rose 8% in constant currency and accounted for 76% of revenues, while the company's diagnostics division rose 4% and accounted for 24% of revenues. During the pandemic, Roche's diagnostics business was instrumental in developing and providing leading diagnostics, including PCR and antigen testing supplies and services that were critical to helping navigate the global crisis. This global societal contribution drove a rapid rise to prominence for the diagnostics business, which was followed by an eventual waning in Covid-related revenues as the pandemic came to an end. We believe the company's ability to rapidly develop testing and other Covid therapies reflects positively on its substantial competitive advantages, and the decline in reported financials due to the easing of Covid-related sales did not impact our assessment of the attractiveness of the company's core franchise. Excluding the final cessation of Covid-related contributions, the company's core businesses grew approximately 7% year over year.

In pharmaceuticals, Roche showed continued meaningful uptake in a number of growth products and now has 17 therapies with annualized sales of at least $1 billion, up from 8 in 2015. Ocrevus is a highly efficacious, class-leading treatment for multiple sclerosis (MS) that represents the fastest launch in the company's history. Launched in 2017, the MS therapy generated CHF 6.7 billion in 2024, up 9% year over year. Hemlibra, a 2018-launched therapy which could change the quality of life for patients afflicted with hemophilia A, generated CHF 4.5 billion of annual revenues, up 12% year over year. The therapy has already captured over 40% of the US hemophilia A market and continues to penetrate patient populations with and without inhibitors to standard clotting treatment in the US and Europe. Vabysmo, a therapy for diseases of the back of the eye and the first competitor to market leader Eylea from Regeneron, grew 68% year over year and generated sales of CHF 3.9 billion in 2024. The company also reported that Evrysdi, the only therapy for spinal muscular atrophy (SMA) that can be administered at home, is seeing strong uptake and generated sales of CHF 1.6 billion, up 18% year over year, after being launched in 2020.

In addition to its newly launched growth products, Roche is continuing its leadership in cancer treatments where its deep knowledge is a strong foundation for developing and marketing future therapies. As Roche's mature, category-leading cancer therapies, Herceptin, Rituxan, and Avastin, have lost patent exclusivity, Roche is successfully advancing its next generation cancer therapy franchise through innovative follow-on and combination therapies, and improved administration methods such as subcutaneous formulations. For example, Roche has brought to market Polivy, a next generation of the same mechanism that underpins Rituxan, but has improved on efficacy and side effects through utilization of its antibody-drug-conjugate (ADC) technology that allows for more targeted delivery of the therapeutic. Perjeta, a combination therapy demonstrated to be more effective in treating breast cancer than Herceptin alone, grew revenues 1% year over year to CHF 3.6 billion. To add to and extend Perjeta's benefit, in 2020, Roche launched Phesgo, a single-shot, co-formulation of Perjeta and Herceptin that rose 62% year over year and contributed an additional CHF 1.7 billion, providing a partial offset to the biosimilar impact on Herceptin. Kadcyla, a follow-on to Herceptin used in combination with chemotherapy, grew global sales by 7% year over year to CHF 2 billion, driven by patients switching to the new standard of treatment for early usage in breast cancer. Roche continues to expand into new indications and expects four key phase 3 trial readouts in 2025, and a further seven new molecular entities that could enable phase 3 studies.

In addition to its more-recently launched growth products, we believe Roche's deep internally developed pipeline, combined with its ability to identify and capitalize on externally developed technologies such as its acquisition of Carmot Therapeutics and its platform of programs in metabolic disease, and Poseida Therapeutics and its cell-therapy program that could potentially transform treatment of auto-immune disease. Reflecting over CHF 110 billion invested in research and development over the past decade, the pipeline includes over 75 new molecular entities and over 60 existing products in trials for new indications. We believe the market is assigning little value to the company's robust pipeline due to near-term concerns over biosimilar competition in the mature oncology franchise.

Roche's base diagnostics business rose 8% year over year. While the decline in Covid-related revenues still weighs on year-over-year top-line financial comparisons, we believe Roche's success in rapid development and deployment of Covid testing highlighted its leadership position in the diagnostics market and provided a valuable offset to the pandemic pressures in the pharmaceuticals division. We believe the true long-term value of the diagnostics business resides in Roche's ability to support and differentiate the innovation within the company's pharmaceuticals business.

We believe Roche continues to execute well operationally, redeploying the cash flows from its mature core franchise to support product extensions and ongoing innovation. The company has a strong line-up of marketed biologic therapies, a growing suite of newly introduced products, and robust pipeline assets that can drive significant long-term value for Roche. We believe the current market price for Roche shares embeds expectations for key revenue and cash flow growth drivers that are below our long-term assumptions and sell at a meaningful discount to our estimate of intrinsic value, offering an attractive reward-to-risk opportunity.

Detractors

Tesla, WiseTech Global Limited, and Novo Nordisk were the largest detractors to performance during the quarter.

- Founded in 2003, **Tesla** is a global leader in the design, manufacturing, and sales of high-performance fully electric (battery) vehicles (EVs). The company's automotive unit sells its products directly to customers through its website and retail locations and continues to grow its customer-facing infrastructure through a global network of vehicle service centers, mobile service technicians, body shops, Supercharger stations, and Destination Chargers to accelerate widespread adoption of its products. Tesla also designs, manufactures, sells, and installs solar energy generation and energy storage products to residential, commercial, and industrial clients through its energy generation and storage unit. The company generated approximately 90% of its sales from its automotive segment and 10% from its energy generation and storage segment in its 2024 fiscal year. From a geographic standpoint, the US and China are the company's two largest markets and accounted for approximately 49% and 21% of 2024 sales, respectively, while the rest of the world collectively accounts for approximately 30%.

  A fund holding since the fourth quarter of 2022, Tesla shares declined during the quarter, after appreciating 60% in the fourth quarter following the US election results in which CEO Elon Musk publicly supported President Trump. We believe the election results, which have no impact on our long-term structural investment thesis for the company, brought renewed focus on full-self driving (FSD) and other software opportunities for Tesla. Tesla's monetization of its growing installed base of vehicles through software sales, primarily FSD, has always been a key aspect of our investment thesis. More recently, Musk's greater involvement in US and global politics is thought to have brought negative attention to the brand, which is believed to be one of the primary drivers for current share price weakness. While we believe this could be impacting some sales, we believe the greater impact to current sales is customers awaiting the full availability of the new model Y, which is Tesla's most popular vehicle. Despite this near-term uncertainty, we believe the concurrent pullback in EV investments by many traditional auto manufacturers will enable Tesla to extend its product and technology advantages, driving even further differentiation as consumers consider the full suite of Tesla products, including new models anticipated in 2025. 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 intrinsic value.

  In its most-recent financial results, Tesla reported record quarterly deliveries in the fourth quarter, but had its first fiscal year in which deliveries declined year over year. Given that affordability in the auto industry is being impacted by multi-decade-high interest rates and lingering materials and logistics cost inflation, we believe Tesla has been prudently managing the business, which included the company's Model Y becoming the highest selling vehicle on a global basis in both 2023 and 2024. The company was also able to lower its cost of goods sold (COGS) per car to an all-time low. We believe ongoing near-term industry weakness does not reflect on Tesla's long-term prospects, nor does it change our expectation for long-term secular growth in EV penetration and software sales around the world, irrespective of the level of interest rates.

Quarterly revenue of $25.7 billion rose 2% year over year. Despite working to lower the price of its vehicles to increase affordability, higher interest rates have impacted the core mass market customer Tesla ultimately seeks to win over. Tesla has a pricing strategy where they price their vehicles to maximize overall profit dollars. Historically the company had reduced price annually as it leveraged its growing scale to lower the total cost of ownership for potential buyers and drive EV adoption. The company is focused on penetrating mass-market buyers, where pricing sensitivity is a greater factor, and rising rates effectively increased the price of Tesla's cars by 10% over the past few years. The company also reiterated that it would be launching new passenger-driven vehicles and more affordable models starting in the first half of 2025 to further drive adoption of EVs. We estimate Tesla's existing models currently address a potential market of approximately 20 million cars sold annually. We believe a lower-priced car could increase the company's addressable market to 50 million units. We believe this is the correct strategy as long as Tesla continues to protect its brand equity, which is one of the company's most important intangible assets. Given that Tesla manufacturing factories have high fixed costs that benefit from scale, increasing EV sales from current levels would improve production utilization and generate higher profit per vehicle. We believe that increased volumes will offset near-term margin pressure over time. Further, unlike traditional auto manufacturers, Tesla has the ability to sell software to car owners after the initial sale, providing incentive to grow an installed base that can later be monetized through software sales. The company is making strong progress on its industry-leading software which benefits from its data leadership in autonomous driving. In the last six months, the company captured more data than in the prior 2.5 years combined, and the company is ramping up customer education by demonstrating the technology at every new vehicle pick up, which it will extend to every service appointment as well.

Despite further lowering COGS per car, operating margins of 6.2% declined by 200 basis points during the period, due primarily to lower average selling prices as the company provided heavy incentives to clear inventory in advance of the launch of a new Model Y in 2025. However, the Cybertruck posted positive gross margins less than one year after its launch, while competitors such as Rivian still generate gross losses. We believe this underscores the company's cost leadership, scale advantages, and the maturity of its manufacturing operations. We believe these recent margin impacts are temporary and that over the long term, Tesla can generate operating margins in the mid-20% range, supported in part by an increasing mix of FSD sales. After posting negative free cash flow in the first quarter of 2024, free cash flow was positive for the third quarter in a row, and we believe it will remain positive as profits and capital expenditure efficiencies improve. Despite an automotive industry slowdown, we believe that Tesla is a structural share gainer in the overall auto industry and will continue to gain share and grow faster than the industry as a whole.

We believe the secular growth driver for Tesla is increasing penetration of electric vehicles as a share of global automotive sales. Around the world, EVs accounted for a low-double-digit percentage of new light vehicle sales in 2024, with penetration rates ranging from high-single digits in North America to low double-digits in Western Europe and almost 30% in China. We believe the pace of EV adoption will accelerate, driven by advances in battery technology that will drive cost parity, lower ongoing cost of ownership for consumers, government incentives, and numerous global initiatives to phase out internal combustion engine sales over the next two decades. Tesla is the global leader in battery EV sales, with high-teens unit share, around 25% revenue share, and a much higher share of industry profitability. While we expect competition to increase substantially, we believe Tesla's superior brand, focus, technology leadership, and strong ongoing consumer demand will enable the company to maintain a leading global market position.

In 2024, we believe the company made great progress towards its vision of an autonomous driving future. Tesla replaced the current FSD offering with FSD (Supervised), which allows the company to offer full-self-driving functionality but requiring consumers to remain alert. In addition, the company debuted FSD version 13 that was used to power the cybercab and the unmanned Model 3 and Model Y as the company announced its robotaxi strategy. FSD 13, which represents the first version of FSD software based solely on AI training on the company's super computers, delivers a step change improvement in autonomous driving capabilities and has been rolled out to existing subscribers. We believe most consumers will ultimately adopt FSD functionality over the long term. Tesla's software offerings carry profit margins that are significantly greater than the current company average and we believe they will drive strong profit growth. Over time, we believe uptake of high-margin software capabilities, which we believe can increase from a negligible percentage of profits today to approximately 25%, will contribute to expanding the company's operating margins. We believe the assumptions embedded in Tesla's share price underestimate the company's significant long-term growth opportunities and the sustainability of its global market share. We believe the company's shares currently sell at a significant discount to our estimate of intrinsic value and thereby offer a compelling reward-to-risk opportunity.

- **Wisetech Global** is the leading software solutions provider to the global logistics industry. Founded in 1994 to provide freight-forwarding and customs software to the Australian logistics industry, Wisetech solutions are used in whole or in part by over 90% of the world's 50 largest third-party logistics providers (3PLs) and all of the 25 largest freight forwarders, led by the company's primary SAAS (software-as-a-service) platform, CargoWise One (CW1). From a single unified platform, the company offers function-specific and enterprise-wide modules that support the complex international movement of goods and create substantial efficiencies for its logistics clients. The company's vision is to become the world's operating system for global logistics.

  A holding since fund inception, Wisetech reported financial results for the first half of its 2025 fiscal year ended December 2024 that reflected continued strong penetration of its end markets, 15% organic revenue growth, and EBITDA (earnings before interest, taxes, depreciation and amortization) margins of over 50% that expanded 460 basis points to reach their second highest level ever. After having substantially slowed its pace of acquisition activity, the company announced two sizeable acquisitions in landside logistics in 2023, which continued to expand the company's capabilities outside of forwarding to execute on its strategy of building a universal operating system for global logistics, but were expected to depress its operating margins for the next few years. We did not believe the decline in margins was structural, and margins rebounded a year sooner than expected.

  During the quarter, shares were pressured following the announcement that four of six board members resigned, and founder Richard White would return as Chairman. In October 2024, media reports of potential personal misconduct on the part of CEO and founder Richard White, including potential workplace misconduct, led to Mr. White stepping down as CEO and transitioning to a consulting role focused on product and business development. Andrew Cartledge, who has served as CFO since 2015, during which time the company grew from approximately AUD 80 million in revenue to over AUD 1 billion in its latest fiscal year, was appointed interim CEO while the Board launched a global search for a new CEO. While the circumstances were unfortunate, as Mr. White's vision and strategy were key to building the company to the leading position it holds today, pending further negative developments, we believed his ongoing involvement, with the prospect of adding a more operationally focused CEO, represented an acceptable compromise under the circumstances. White remained fully committed to the company, in which he continues to hold an approximately 35% equity interest. He further agreed to a 10-year consulting arrangement, with a five-year extension option and a two-year termination notice period. Shares fully recovered after CEO White agreed to step aside, but declined again more recently on concerns arising from the organizational changes. As we do with any regulatory or corporate development, we will continue to monitor and assess any potential structural impact on our investment thesis for Wisetech and on the company's market share or growth. However, we continue to believe Wisetech benefits from strong and sustainable competitive advantages that include an installed client base with high switching costs, its freight-forwarding industry expertise, significant investments in research and development, its brand, and network. We further believe that White remains key to the company's ongoing product development and strategy execution. We took advantage of near-term price weakness to add to our holdings following the news.

  Consistent with recent history, the company showed continued growth among its existing client base, with every calendar-year cohort of new clients going back to 2006 showing growth over the prior year, and client attrition remained under 1% for the 12th year in a row. The company also continues to sign large new forwarders, with another global roll-out with a top-25 freight forwarder in the quarter and a further roll-out announced shortly after. This brings Wisetech's total relationship with large forwarders to 53, including 14 of the top 25. We believe that given the company's proven value proposition to clients and lack of lack of any meaningful competition, it is eventually likely to succeed in serving as the operating system for virtually all freight forwarders. Finally, the company previously announced two new products, as well as an upgrade to CW1, all of which are expected to be further rolled out in 2025. The company's Container Transport Optimization product packages functionality from several acquired companies to facilitate planning and execution of container moves within ports. Its ComplianceWise product similarly builds on expertise assembled through dozens of acquisitions to offer a global customs platform to protect against breaches of international trade laws. And with Cargowise Next, the company is upgrading the technology backbone of its CW1 platform which will facilitate the introduction of new applications and modules anticipated to further expand average revenue per user.

We believe Wisetech benefits from strong and sustainable competitive advantages that include an installed client base with high switching costs, its freight-forwarding industry expertise, significant investments in research and development, its brand, and network. We believe Wisetech will benefit from secular growth in logistics software and services as companies increasingly move towards outsourcing and away from less effective in-house solutions. With virtually no comparable off-the-shelf competition to its unified global platform, Wisetech is the dominant market share leader in its legacy freight-forwarding market. We estimate the company now captures around 30% share of its addressable freight forwarding market, up from the high-single digits five years ago, with gains coming at the expense of proprietary solutions or competitor offerings that addressed only limited industry functions or geographies.

Through underlying industry growth, continued market share gains in its legacy freight-forwarding market, and ongoing penetration of other parts of the logistics industry performed by 3PLs, including warehouse management, land transportation, and cargo handling, we believe the company can generate compounded annual revenue growth of approximately 20% over our long-term investment horizon, with faster growth in operating profits and free cash flow as the company benefits from scale and operating leverage. We continue to believe the expectations embedded in Wisetech's share price underestimate the company's superior positioning and the sustainability of its growth. 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.

- **Novo Nordisk** is a global healthcare company with over 100 years of innovation and leadership in protein science and diabetes care. Over this time, Novo's focus on the biology and causes of diabetes have led to unparalleled endocrine and metabolic disorder expertise, experience, and competitive advantage. The company's understanding of the biology of diabetes has not only sustained Novo as a global leader in the market for decades, but also provided the foundation for Novo to be the leading innovator and first mover in using GLP-1s to treat obesity. Today, with over 90% of Novo sales coming from diabetes and obesity, Novo captures over one third of global diabetes value share and over 60% value share of the global obesity market. In its rare disease business segment, which represents approximately 10% of annual revenues, Novo Nordisk has leading positions within hemophilia care, growth hormone therapy, and hormone replacement therapy. Headquartered in Denmark, Novo Nordisk employs over 60,000 people globally and markets its products in 170 countries. We believe this expertise, commercial scale, and manufacturing footprint, combined with its relentless commitment to ongoing innovation, provides the foundation for sustained growth.

  A fund holding since inception, Novo reported quarterly financial results that were ahead of consensus expectations for both revenue and profitability and provided an estimate for robust 2025 revenue growth in the 16% to 24% range. Shares have been under pressure the past two quarters due to near-term growth in the company's GLP-1 franchise that was below consensus expectations, trial results for Cagrisema in obesity that were also below expectations, ongoing uncertainty regarding potential changes in the regulatory environment, and addressing the transient rise of compounded forms of the therapies while the leading branded therapies were deemed in "shortage" by the FDA. There are no changes to our view that Novo remains a high quality company that we anticipate will remain at the forefront of innovation in the treatment of obesity and related comorbidities for the forseeable future.

Cagrisema is a combination therapy that pairs Novo's leading GLP-1 therapy (semaglutide) with Cagrilintide, an amylin agonist, and offered the potential for increased weight loss versus semaglutide alone. In December, the company published summary results for usage of the therapy in the treatment of non-diabetic obese patients. While not a head-to-head trial versus Tirzepatide, Eli Lily's competing GLP-1 molecule, the results implied efficacy comparable to Tirzepatide and were better than semaglutide alone. Still, the approximately 22% weight loss experience was less than market expectations, which anticipated that Novo would demonstrate the clear lead in next-generation obesity therapies. In March, the company published results for a second trial in obese patients who also had type-2 diabetes. Results were again on par with those achieved using Tirzepatide. In both trials, the company provided patients with the flexibility to modify their own dosing, such that only approximately 60% of patients were using the highest dose at the end of the trials. The company is conducting two further trials, including a cardiovascular outcomes trial and a head-to-head comparison with Tirzepatide, both of which will have a substantially longer duration which we and the company believe will enable it to better demonstrate the full potential efficacy of the therapy. While disappointing relative to expectations, the therapy nonetheless represents an advancement over Novo's existing therapy and perpetuates the strong leading duopoly of Novo and Lilly in terms of weight loss efficacy.

Prior to the Cagrisema results, shares of both Novo and competitor Eli Lilly had been under pressure as very robust GLP-1 growth was below lofty market expectations, as well as post-election uncertainty regarding potential changes in US healthcare regulatory leadership. We believe the slower-than-expected growth doesn't reflect any structural changes in the market or level of demand, as demand continues to far outstrip supply. Rather, we believe both companies are managing supply to ensure new patients can maintain uninterrupted treatment as they progress from starter doses to higher doses, and to ensure consistent weekly supply increases to stay off the drug shortage list, benefiting patient continuity as well as defending against pharmacies' legal standing to market compounded versions of the therapies. Thus, while near-term results may be resetting near-term expectations, we believe there will be continued robust and consistent growth over the long term. Regarding regulatory and access uncertainty, while we believe that both leading competitors will employ pricing as a lever for access, we view the balance between pricing decisions and resulting volume benefit will drive continued growth and drive incremental competitive advantages, allowing the leading GLP-1 therapies continue to further penetrate the market. There is no change to our view of the attractiveness of the market, where Novo remains a clear market share and innovation leader and the two incumbents maintain an ever-widening manufacturing scale advantage while demand continues to substantially outstrip current supply. We believe that by optimizing price and volume for access and market penetration, Novo continues to build economic scale advantages, enabling it to remain structurally the lowest cost producer in the world. In addition, as Novo continues to innovate differentiated therapies that provide incremental value over the standard of care/existing generation, these new therapies will continue to command incremental pricing commensurate with the value they add to the health care system, even as undifferentiated therapies see increasing pricing pressure. There is no change to our view that Novo Nordisk remains a high quality business that is positioned to remain an innovator and leader in providing therapies for a broad range of diseases that afflict hundreds of millions of people globally.

GLP-1 therapies are a quickly growing class of medications that were first indicated for type 2 diabetes and are now indicated for the broad obesity market and being further tested in a range of comorbidities, including heart failure, sleep apnea, MASH/NASH (metabolic dysfunction-associated steatohepatitis aka nonalcoholic steatohepatitis), and kidney disease. Wegovy, the brand name for Novo's semaglutide molecule in obesity indications, is the first GLP-1 approved for obesity and is seeing rapid growth as patient demand from the approximately 130 million obese patients in the US and over 900 million obese people worldwide learn of the substantial weight loss benefits the treatment can provide. Ozempic, the brand name for Novo's GLP-1 semaglutide molecule in the type 2 diabetes setting, is the latest generation non-insulin, once weekly, anti-diabetic treatment that can postpone the need for insulin for two-to-four years. Novo continues to transition patients to Ozempic from its prior generation, lower-efficacy and once-daily Victoza, which should further insulate the company from pending biosimilar competition for this earlier class. The GLP-1 market continues to innovate and grow rapidly, and Novo is at the forefront. While rival therapy Tirzepatide (brand name Mounjaro in Type 2 diabetes and Zepbound in obesity) from competitor Eli Lilly has posted very solid competitive data, we believe Novo will sustain its competitive position as a leader in the global duopoly. In addition to innovation, Novo's results also reflect its success in its next generation therapies continuing to penetrate earlier into the treatment paradigm. With Novo's leading clinical profile and continued dedication to innovation leveraging its growing scale advantages and established share of the GLP-1 market, we believe Novo will continue to maintain its leading position in the market.

While we expect Novo will maintain its strong market position, we believe both Eli Lilly and Novo will continue to innovate and compete in GLP-1s, driving increased penetration of the overall addressable market and sustaining double-digit market growth over our long-term investment horizon. We believe that Novo's product differentiation and first-mover advantage will drive continued penetration across a growing range of obesity and comorbidity patients, contributing to double-digit growth in revenues and free cash flows. Despite competitive pressures, we believe continued innovation in products still in development as well as ongoing operational execution will enable the company's continued long-term success. We believe the company's shares are currently selling at a significant discount to our estimate of intrinsic value and offer a compelling reward-to-risk opportunity.

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 consumer discretionary, healthcare, consumer staples, information technology, and communication services sectors. We were underweight in the financials and industrials sectors. We held no positions in the materials, energy, 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 portfolio turnover since the inception of the fund is approximately 7.8%. The overall portfolio discount to intrinsic value was approximately 43.3% as of March 31, 2025.

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. **Growth stocks** may be more sensitive to market conditions than other equities as their prices strongly reflect future expectations. **Investments in small and mid-size companies** can be more volatile than those of larger companies. **Currency** exchange rates between the US dollar and foreign currencies may cause the value of the fund's investments to decline.

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.

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.

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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 800-225-5478 for a prospectus and a summary prospectus, containing this and other information. Read it carefully.

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