



# Long/Short Growth Equity

## Investment Approach

Seeks to generate attractive long term absolute positive returns regardless of market direction.

- Since inception of short exposure (6/1/2012), the strategy has generated 4.01% of annualized gross alpha (2.75% net) versus the S&P 500. Long positions generated 1.68% of gross alpha (1.15% net) during this period with the remaining incremental alpha coming from short positions.
- During this period the strategy generated 1.68% of annualized (gross) excess returns (0.24% net) versus a hypothetical S&P 500 50% Hedged Index.

Seek to capture long and short alpha insights in a hedged vehicle to deliver equity-like returns with below-market beta and volatility.

Long-term structural approach to investing with a concentrated portfolio and differentiated risk profile.

## Facts

Strategy assets as of 12/31/22 **\$218M**  
Strategy Inception **2/01/2012**

## Fee Schedule

**Foundational Fee Class** 0% management fees  
10% incentive fee  
**Standard Fee Class** 1% management fees  
20% incentive fee

## Portfolio Manager

**Aziz V. Hamzaogullari, CFA**

## Demonstrated Ability to Add Value Through Concentrating Our Best Ideas and Shorting

- Individual short positions outperformed a broad market short (S&P 500) by 8.95% gross annualized (8.69% net), adding meaningful value to the overall strategy since shorts were initiated.
- In all down market days since additional short positions were initiated (4/7/2014), the strategy outperformed the S&P 500 by 31% gross annualized (30% net).
- Since inception, the strategy achieved a very differentiated risk profile with factor risk (factors including momentum, beta) accounting for less than 1% of the total risk of the strategy.

## PERFORMANCE FROM 5/23/2012 - 12/31/2022

	Beta <sup>1</sup>	Volatility <sup>2</sup>	IR	Sharpe Ratio	Alpha gross/net	Sortino Ratio	Max Drawdown	Average Drawdown
<b>Long/Short Growth Equity</b>	0.34	9.59	0.21 <sup>3</sup>	0.79	4.01/2.75	1.49	16.55	3.44
<b>S&amp;P 500</b>	1.00	14.43	N/A	0.84	0.00	1.41	23.87	5.38

## RETURNS SINCE STRATEGY INCEPTION as of 12/31/2022

	YTD	One Year	Three Years	Five Years	Ten Years	Since Initiation of Short Exposure 5/23/2012	Since Inception 2/1/2012
<b>Long/Short Growth Equity (Gross)</b>	-1.71	-1.71	0.43	1.94	7.36	8.17	7.63
<b>Long/Short Growth Equity (Net - Foundational)</b>	-2.48	-2.48	-0.44	1.00	5.96	6.73	6.20
<b>Long/Short Growth Equity (Net - Standard)</b>	-3.55	-3.55	-1.53	-0.07	4.55	5.29	4.75

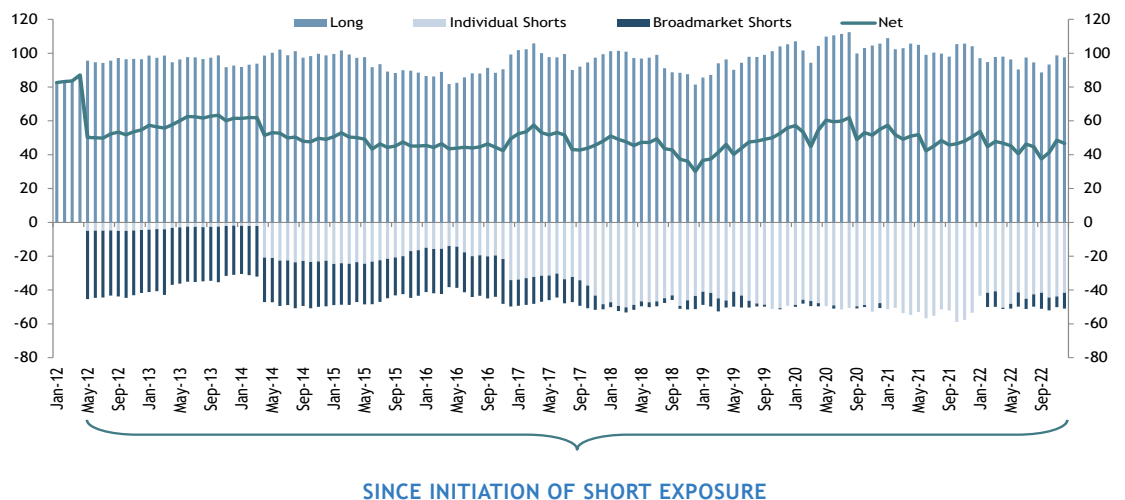
Initiation of short exposures was 5/23/2012, although no investor was offered the opportunity to invest as of such date. Additional short positions were initiated 4/4/2014 - 4/7/2014. Net return information for that period is based on a high water mark of an account that invested at inception (2/1/2012); use of a 5/23/2012 or 6/1/2012 high water mark would result in lower performance. All other statistics are based on a monthly data frequency starting with the first full month of performance that includes short exposure, June 2012. Although the Composite's investment strategy is no longer consistent with the strategy from inception through 5/23/12, information regarding the Composite's returns from inception is found above.

## Exposure Since Strategy Inception

Data as of 12/31/2022. Net alpha, of both long and shorts, is determined by the proportional (42% long/ 58% short and hedge positions) deduction of fees and expenses from the gross alpha of each. Performance data shown represents past performance and is no guarantee of, and not necessarily indicative of, future results.

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

Please see important disclosures at the end of this fact sheet for further information, including key investment risks on the Long/Short Growth Equity Strategy.



## Same Alpha Engine Drives Both Long and Short Idea Generation

Seeks to recognize mispricing of structurally attractive as well as deficient business models

Imbue value into the portfolio through positive and negative security selection.

	LONG ← VALUE CREATION	OPPORTUNISTIC SHORT	STRUCTURAL SHORT VALUE DESTRUCTION →
QUALITY	<ul style="list-style-type: none"> <li>Differentiated business models</li> <li>Sustainable competitive advantages</li> <li>High barriers to entry</li> </ul>	<ul style="list-style-type: none"> <li>Viable businesses</li> </ul>	<ul style="list-style-type: none"> <li>Impaired business model</li> <li>Low/no differentiation</li> <li>No Moat</li> </ul>
GROWTH	<ul style="list-style-type: none"> <li>Secular growth drivers</li> <li>Sustainable, above-average growth</li> <li>Profitable growth</li> </ul>	<ul style="list-style-type: none"> <li>Growth rate can vary</li> </ul>	<ul style="list-style-type: none"> <li>Secular decline in growth</li> <li>Unprofitable growth</li> </ul>
VALUATION	<ul style="list-style-type: none"> <li>Low embedded expectations relative to long-term intrinsic value</li> <li>Margin of safety</li> </ul>	<ul style="list-style-type: none"> <li>High embedded expectations relative to long-term intrinsic value</li> <li>Best case priced-in</li> </ul>	<ul style="list-style-type: none"> <li>High embedded expectations relative to long-term intrinsic value</li> </ul>

The information presented above is shown for illustrative purposes only. It is an example of how we might approach our analysis of different businesses but not all situations necessarily go through the same process.

### Alpha Thesis: Our Tenets, Process, Proof Points as of 12/31/2022

4.01% Alpha (gross), 2.75% (net)<sup>†</sup> vs. S&P 500  
Gross/Net Alpha from longs = 1.68%/1.15%

Gross/Net Alpha from shorts = 2.33%/1.60%

TENET	PROCESS	PROOF POINT
Long-term investor	Time arbitrage	Low turnover Longs: 13.1% Shorts: 24.5%
Deep understanding	7-step research framework	High-conviction portfolio: 42 names Longs: 23 Shorts: 19
Quality	Difficult-to-replicate business models	High active share: 88.3%*
Growth	Secular drivers; sustainable profitable growth	Growth Rate: 18.1%**
Valuation	Longs: low embedded expectations Shorts: high embedded expectations	Median downside market capture: 47.5% Shorts Premium to Intrinsic Value***: 29.8%
	Margin of safety	Longs Discount to Intrinsic Value***: 49.4%
Absolute risk focus	Active risk management	Sortino Ratio (gross): 1.5

**We believe active investment management and active risk management are integral to alpha generation**

<sup>†</sup>Net alpha, of both long and shorts, is determined by the proportional (42% long/ 58% short and hedge positions) deduction of fees and expenses from the gross alpha of each.

Alpha given for long-short strategy. Alpha calculated based on a monthly data frequency starting with the first full month of performance that includes short positions, June 2012. Initiation of short exposure was 5/23/2012, although no investor was offered the opportunity to invest as of such date. Additional short positions were initiated 4/4/2014 - 4/7/2014. Alpha is based on a high water mark of an account that invested at inception (2/1/2012); use of a 5/23/2012 or 6/1/2012 high water mark would result in lower alpha. Although the Composite investment strategy is no longer consistent with the strategy from inception through 5/23/12, information regarding the Composite's returns from inception is available later in the presentation book. Please see Ability to Add Value through Protection slide later in the presentation book for additional information.

\*Active Share indicates the proportion of portfolio's holdings (by market value) that are different than the benchmark S&P 500. A higher active share indicates a larger difference between the benchmark and the portfolio. Figure shown is the Median Active Share % since strategy inception using monthly observations.

\*\*Growth rate is our internal estimate of cash flow growth over the next five years of the entire long portion of the Loomis Sayles Long/Short Growth Equity strategy. Our estimates may differ from the estimates of other industry members. Growth rate does not imply any specific or positive return.

\*\*\*Intrinsic value is what the investment team believes share prices should be based on discount cash flow (DCF) valuation models.

**Past performance is no guarantee of future results.**



## Exposure, Opportunity, Goals

Seek to capture long and short alpha insights in a hedged vehicle to deliver equity-like returns with below market beta and volatility

EXPOSURE	OPPORTUNITY	GOAL
<p><b>100% LONG EXPOSURE</b></p> <p>Up to 25 Positions</p>	<ul style="list-style-type: none"> <li>Structurally attractive</li> <li>Low embedded expectations</li> </ul>	<ul style="list-style-type: none"> <li>Generate long-term alpha</li> </ul>
<p><b>50% SHORT EXPOSURE</b></p> <p>Up to 25 Positions</p>	<p>Individual Shorts</p> <ul style="list-style-type: none"> <li>Opportunistic: Structurally attractive; High embedded expectations</li> <li>Structural: Structurally deficient; High embedded expectations</li> </ul>	<ul style="list-style-type: none"> <li>Generate alpha</li> <li>Manage downside risk</li> </ul>
	<p>Broad Market Short</p> <ul style="list-style-type: none"> <li>Used periodically to maintain 50% net exposure</li> </ul>	<ul style="list-style-type: none"> <li>Manage downside risk</li> </ul>

## Rolling Periods of Performance – Persistency and Consistency

The strategy has demonstrated meaningful positive asymmetry to the S&P 500 50% Hedged benchmark.

Rolling Period	% of Periods With Positive Excess Gross/Net Return	Average Positive Excess Gross/Net Return	% of Periods With Negative Excess Gross/Net Return	Average Negative Excess Gross/Net Return
1 Year	59%/56%	+710 bps/+557 bps	41%/44%	-743 bps/-773 bps
3 Years (Annualized)	66%/61%	+475 bps/+341 bps	34%/39%	-458 bps/-492 bps
5 Years (Annualized)	62%/62%	+454 bps/+290 bps	38%/38%	-261 bps/-379bps

As of 12/31/2022. Source: Loomis Sayles.

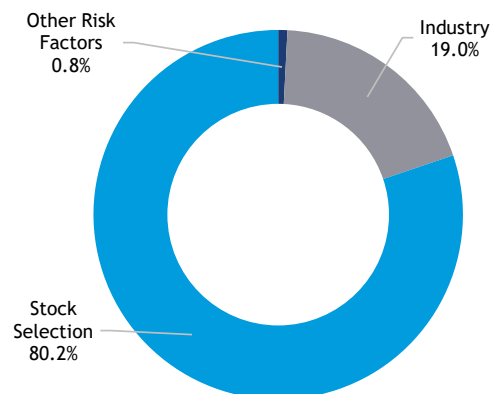
Hypothetical S&P 500 50% Hedged Index. Loomis Sayles uses the monthly S&P 500 returns multiplied by 0.5 for monthly rebalancing. Performance for multi-year periods is annualized. Gross returns are gross of management fees and net of trading costs. See performance net of fees on the first page of this fact sheet.

Past performance is no guarantee of future results.

## Sources Of Risk (Since Inception)

As of 12/31/2022.

Pie chart based on absolute values of return impact. US Barra risk factors are comprised of Country, Growth Size, Non-linear Size, Dividend Yield, Book-to-Price, Earnings Yield, Beta, Residual Volatility, Non-linear Beta, Momentum, Leverage and Liquidity.



Please see important disclosures at the end of this fact sheet for further information, including key investment risks on the strategy.



## End Notes

<sup>1</sup>Holdings based, ex-ante statistics. Source: FactSet, Barra. Betas are calculated using the S&P 500.

<sup>2</sup>Holdings based, ex-ante statistics. Source: FactSet, Barra. Volatility (Standard Deviation): A measure of the average deviations of a return series from its mean; often used as a risk measure. A large standard deviation implies that there have been large swings or volatility in the manager's return series.

<sup>3</sup>Hypothetical S&P 500 50% Hedged Index. Loomis Sayles uses the monthly S&P 500 returns multiplied by 0.5 for monthly rebalancing.

## Important Disclosures

Gross returns are net of trading costs. Net returns are gross returns less effective management fees. Standard net returns include the application of an effective management fee of 1% per year and an incentive fee of 20% on positive performance for the calendar year. Foundational net returns include the application of an effective management fee of 0% per year and an incentive fee of 10% on positive performance for the calendar year.

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

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

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

***Indices are unmanaged and do not incur fees. It is not possible to invest directly in an index.***

***Performance data shown represents past performance and is no guarantee of, and not necessarily indicative of, future results.***

**Key Investment Risks:** Equity Risk, Short Sale Risk, Non-US Securities Risk, Non-Diversification Risk, Currency Risk, Derivatives Risk, Leverage Risk, Counterparty Risk

Statistics shown in the fact sheet that are based on monthly data frequencies are the following for the period since Composite inception (2/1/12) through 12/31/2022: Alpha 3.11, Realized Beta 0.37, Standard Deviation/Realized Volatility 9.99, Sharpe Ratio 0.69, Sortino Ratio 1.23, Down Market Beta 0.01, Up Market Capture 50.68, Down Market Capture 55.40, Max Drawdown 16.55, Average Drawdown 3.82.

The Composite includes all discretionary accounts managed by Loomis Sayles that are managed to generate long-term absolute positive returns regardless of market direction through selective global equity investing in a long-biased long-short portfolio. Shorting range 0-50% of the portfolios and is done opportunistically. The portfolios are concentrated with equities of companies of any market cap and will maintain long investments in 5-20 companies and short investments in 0-20 companies. Some of the accounts in this Composite may from time to time enter into total return swaps as a substitute for investment directly in individual equities, baskets of equities, exchange traded funds or equity indices. The Composite inception date is February 1, 2012. The Composite was created in 2013.

Loomis, Sayles & Company, L.P. ("Loomis Sayles") is an independent advisory firm registered under the Investment Advisors Act of 1940. For additional information on this and other Loomis Sayles strategies, please visit our website at [www.loomissayles.com](http://www.loomissayles.com).