

Small/Mid Cap Growth

MANAGEMENT TEAM

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OBJECTIVE

- Seeks to identify under-exploited, high growth, small and mid-cap companies with positive fundamentals and attractive risk/reward profiles
- Seeks to generate superior risk-adjusted investment performance over a full market cycle relative to the Russell 2500® Growth Index

HIGHLIGHTS

- Our goal is a lower volatility approach to high growth investing
- Active stock selection primarily drives returns by focusing on what we define as high quality “emerging winners” that may benefit from secular growth stories
- Bottom-up portfolio construction is based on fundamental research and discounted cash flow valuation analysis
- Idea generation includes an internally developed growth screen
- Risk management approach integrated throughout the process, including a clear stop/loss discipline to help manage downside risk
- Turnover has historically been approximately 50%
- Typically 65 to 85 stocks; position size: typically 0.75% to 3%
- Sector weightings limited to +/- 50% of sectors greater than 10% of benchmark allocation
- Stock selection focuses primarily on companies with a market capitalization between \$1.0 to \$8.0 billion (at purchase); \$16 billion maximum
- IPOs and early-stage (non-profitable) companies are limited to 10% of the portfolio

BENCHMARK

Russell 2500™ Growth Index

FACTS

Strategy inception	1/1/12
Composite inception	1/1/12
Strategy assets	\$828.1M
Composite assets	\$268.5M

COMPOSITE PERFORMANCE (%)

	CUMULATIVE RETURN		AVERAGE ANNUALIZED RETURN				
	3 MO	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION
GROSS	7.73	18.52	27.00	20.82	14.85	-	18.66
NET	7.54	17.84	26.02	19.83	13.84	-	17.59
BENCHMARK	7.17	15.78	23.13	17.96	12.88	-	16.23

COMPOSITE PERIOD PERFORMANCE(%)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
GROSS	33.20	7.96	3.69	5.71	39.56	21.75	-	-	-	-
NET	32.11	7.04	2.75	4.66	38.21	20.56	-	-	-	-
BENCHMARK	24.46	9.73	-0.19	7.05	40.65	16.13	-	-	-	-

Performance data shown represents past performance and is no guarantee of future results. Current performance may be lower or higher than quoted. Returns are shown in US dollars and are annualized for one and multi-year periods. Gross returns are net of trading costs. Net returns are gross returns less effective management fees.

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

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PORTFOLIO CHARACTERISTICS

	Rep. Account	Index
Price/earnings (trailing 12 mths)	29.42x	23.71x
Est. P/E (forward 12 months)	28.69x	22.54x
3 Year Historical EPS Growth	18.48%	16.33%
3-5 yr EPS growth	19.30%	17.71%
ROE (1-yr equal wtd)	18.49%	17.02%
LT Debt/Capital	30.94	33.73
Wtd avg market cap	\$6,638M	\$5,641M
Median market cap	\$4,947M	\$1,302M
Active Share	87.92%	-

TOP 10 HOLDINGS (%)

	Rep. Account
PTC Inc	2.0
WellCare Health Plans Inc	1.8
ICON PLC	1.8
CoStar Group Inc	1.7
Grand Canyon Education Inc	1.7
HEICO Corp	1.7
Guidewire Software Inc	1.6
Ingevity Corp	1.6
HubSpot Inc	1.6
HealthEquity Inc	1.6
Total	17.1

SECTOR DISTRIBUTION (%)

	Rep. Account	Index
Information Technology	27.0	25.9
Industrials	20.3	16.9
Healthcare	18.7	22.9
Consumer Discretionary	13.2	15.8
Financials	8.2	6.9
Energy	3.5	1.6
Consumer Staples	1.8	2.0
Materials	1.6	4.6
Telecommunication Services	1.4	0.7
Real Estate	1.2	2.5
Utilities	-	0.2
Cash	3.1	-

Please note that effective 9/28/18, MSCI changed their GICS (Global Industry Classification Standard) sector classifications. Given the change occurred after market close, all data as of 9/28/18 will continue to reflect the former GICS sector classifications. As of 10/1/2018, all data will reflect the new GICS sector classifications as well as the new Communications Services sector title, also effective on 9/28/18.

MARKET CAPITALIZATION (%)

	Rep. Account	Index
> \$5 Billion	53.3	48.0
\$2 to 5 Billion	37.0	32.6
\$0.5 to 2 Billion	6.6	17.0
< \$0.5 Billion	-	2.3
Cash	3.1	-

KEY RISKS

Equity Risk, Market Risk, Non-US Securities Risk, Liquidity Risk. Investing involves risk including possible loss of principal.

Due to rounding, **Market Capitalization** and **Sector Distribution** totals may not equal 100%. This portfolio is actively managed and characteristics are subject to change. **Top 10 Holdings** may combine more than one security from the same issuer and related depository receipts. Portfolio weight calculations include accrued interest. Holdings are based on total gross assets before any fees are paid; any cash held is included. Reference to specific securities or holdings should not be considered recommendations for action by investors. There is no guarantee the account continues to invest in the securities referenced. **Cash** may include unsettled trades, fees and/or derivatives.

Characteristics are shown for a representative account. Due to systems limitations, it is difficult to analyze characteristics on a composite basis. The representative account was selected because it closely reflects the Loomis Sayles Small/Mid Cap Growth investment strategy. Due to guideline restrictions and other factors, there is some dispersion between the returns of this account and other accounts in the Composite.

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The Small/Mid Cap Growth Composite includes all separate discretionary accounts with market values greater than \$1 million managed by Loomis Sayles that seek to identify under-exploited, high growth, small and mid-cap companies with positive fundamentals and attractive risk/reward profiles. The strategy objective is to generate superior risk-adjusted performance over a full market cycle relative to the Russell 2500 Growth Index, and generally within the market capitalization range of the Index. The Composite was created in 2012. For additional information on this and other Loomis Sayles strategies, please visit our web site at www.loomisayles.com.

ERISA FIDUCIARY DISCLOSURE

(For ERISA accounts only)

We are not undertaking to provide impartial advice or advice in a fiduciary capacity in connection with the sales and distribution of our investment products or services.

We have a financial interest in connection with the sale of our products and services. We are compensated through the receipt of investment management fees with respect to the assets we manage, which can be found in our Form ADV and other documents provided to clients pertaining to the provision of our investment products and services.

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