

Small/Mid Cap Growth Fund

FUND FACTS

OBJECTIVE

Seeks long-term capital growth from investments in common stocks or other equity securities

Share class	I
Inception	6/30/2015
Ticker	LSMIX
CUSIP	543488779

Market Conditions

- The Russell 2000 Index posted its best quarterly performance on record in the fourth quarter, after having seen its worst quarterly performance ever earlier in the year.
- Small cap stocks significantly outperformed their large cap peers, moving aggressively higher and continuing to recover from the market's sharp decline in the first quarter.
- The US presidential election and encouraging COVID-19 news contributed to market strength in the fourth quarter, capping what was a remarkable year in the stock market.

Portfolio Review

- The fund underperformed its benchmark, the Russell 2500 Growth Index, primarily due to stock selection in the health care and information technology sectors.

Contributors

- Underweight positions in the materials and real estate sectors contributed the most to relative performance. On an individual stock basis, BlackLine Inc., Advanced Energy Industries Inc. and SiteOne Landscape Supply Inc. were the top contributors.
- BlackLine operates a cloud-based software platform that is designed to transform accounting and finance operations for organizations of all types and sizes. The company reported strong results during the quarter. Billings, in particular, were very strong and signaled strong demand. BlackLine also announced an acquisition that will help it expand its market opportunity.
- Advanced Energy Industries provides precision power conversion, measurement, and

CLASS I PERFORMANCE (%)

	CUMULATIVE TOTAL RETURN		AVERAGE ANNUALIZED RETURN			
	3 MONTH	YTD	1 YEAR	3 YEAR	5 YEAR	SINCE INCEPTION
FUND	19.09	31.56	31.56	17.68	18.17	14.94
BENCHMARK	25.89	40.47	40.47	19.91	18.68	15.17

Performance data shown represents past performance and is no guarantee of, and not necessarily indicative of, future results. Investment return and value will vary and you may have a gain or loss when shares are sold. Current performance may be lower or higher than quoted. For most recent month-end performance, visit www.loomissayles.com.

Additional share classes may be available for eligible investors. Performance will vary based on the share class. Performance for periods less than one year is cumulative, not annualized. Returns reflect changes in share price and reinvestment of dividends and capital gains, if any. You may not invest directly in an index.

Gross expense ratio 1.30% (Class I). Net expense ratio 0.85%. 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 1/31/2021. When an expense cap has not been exceeded, the fund may have similar expense ratios.

The Class I inception date is 6/30/2015. Class I shares are only available to certain institutional investors only; minimum initial investment of \$1,000,000.

TOP TEN EQUITY HOLDINGS (%)

SiteOne Landscape Supply, Inc.	2.3
EPAM Systems, Inc.	2.0
Freshpet Inc.	2.0
Insulet Corporation	1.9
Catalent, Inc.	1.8
Monolithic Power Systems, Inc.	1.8
Q2 Holdings, Inc.	1.8
Five9, Inc.	1.7
Paylocity Holding Corp.	1.7
Ares Management Corporation	1.6
Total	18.5

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 our website.

control solutions. The company reported strong third-quarter results and also held an analyst day during the quarter that gave confidence in its long-term business model. Advanced Energy Industries also benefitted from a stock market rotation into more cyclical areas of technology during the fourth quarter, which includes the semiconductor equipment space in which the company operates.

- SiteOne Landscape Supply distributes commercial and residential landscape supplies. The company saw an acceleration in organic daily sales growth continue during the fourth quarter. SiteOne should also benefit from the reopening of the economy once COVID-19 vaccines are administered more widely.

Detractors

- Stock selection in health care and information technology detracted the most from relative performance. On an individual stock basis, the three largest detractors to performance during the fourth quarter were health care companies Global Blood Therapeutics Inc., Emergent BioSolutions Inc. and Horizon Therapeutics PLC.
- Global Blood Therapeutics (GBT) is a clinical-stage biopharmaceutical company engaged in the discovery, development and commercialization of novel therapeutics to treat severe blood-based disorders. The company posted a weaker-than-expected quarter as COVID-19 interrupted new patient starts for its sickle cell disease candidate treatment. As a result, the stock sold off in the quarter, triggering our stop loss.
- Emergent BioSolutions engages in the development, manufacturing and commercialization of medical countermeasures for biological and chemical threats. The stock had been very strong earlier in the year, driven higher by several contract manufacturing deals for COVID-19 vaccines. However, disappointing news from clinical holds for both AstraZeneca and Johnson & Johnson caused the stock to decline and triggered our stop loss.
- Horizon Therapeutics is a biopharmaceutical company involved in the research, development, and marketing of various pharmaceutical products. After an incredibly strong run off the market bottom, Horizon declined slightly during the fourth quarter. News of a short-term supply disruption on its key thyroid eye disease treatment due to mandated COVID-19 vaccine production by its drug product contract manufacturer weighed on the stock.

Outlook

- 2020 was a volatile and challenging year for investors. However, the US election and the success in developing COVID-19 vaccines helped remove future uncertainty. In particular, encouraging vaccine news has increased hopes for broader-based economic reopening in 2021. However, 2020's strong stock market performance appears to have already priced in more certainty as conditions get closer to normal.
- 2020 was a better year for stocks than the economy; as we move into 2021, that trend may reverse with contracting multiples. In the near-term as we work through vaccine distribution in the face of surging COVID-19 cases, there may be some increased volatility and weaker economic data. Beyond that, though, there could be significant economic improvement in the latter part of 2021 as improving economic conditions catch up with Wall Street expectations.

- Regardless of the stock market's moves in 2021, we remain focused on the underlying fundamentals of our companies. We certainly take into account how the world may change as a result of what we are going through and the impact those changes may have on individual companies, but we continue to seek out long term secular winners that can grow and create value for stakeholders.

About Risk

Equity securities are volatile and can decline significantly in response to broad market and economic conditions. **Investments in small and mid-size companies** can be more volatile than those of larger companies. **Growth stocks** may be more sensitive to market conditions than other equities, as their prices strongly reflect future expectations. **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.

***Russell 2500™ Growth Index** measures the performance of the small to mid cap growth segment of the US equity universe. It includes those Russell 2500™ companies with higher growth earning potential as defined by Russell's leading style methodology. The Russell 2500™ Growth Index is constructed to provide a comprehensive and unbiased barometer of the small to mid cap growth market. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small to mid cap opportunity set and that the represented companies continue to reflect growth characteristics.*

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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.

Before investing, consider the fund's investment objectives, risks, charges, and expenses. Please visit www.loomissayles.com or call 800-633-3330 for a prospectus and a summary prospectus, if available, containing this and other information. Read it carefully.

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