

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

- Despite interim volatility, the stock market continued its upward trend from the fourth quarter of 2018. From the market bottom in late December, the Russell 2500 Index is now up over 33% through the end of the second quarter.
- Despite what has been a very strong start for small-cap stocks, as measured by the broad Russell 2000 Index, they have lagged their large-cap peers during the first half of 2019. Mid-cap stocks have performed the best over this time period.
- Growth maintained its outperformance over value during the second quarter, and as a result those companies with faster sales growth outperformed slower growers.

Portfolio Review

- The fund outperformed its benchmark, the Russell 2500 Growth Index, during the quarter, primarily due to stock selection in the industrials, information technology and financials sectors.

Contributors

- While stock selection was positive in all sectors, selection in the industrials, information technology and financials sectors contributed the most to performance.
- Among individual companies, HEICO Corporation, Generac Holdings and MarketAxess were the top contributors to performance.
- Aerospace component manufacturer HEICO Corporation reported better-than-expected results driven by robust growth in its flight support and electronics segments; acquisitions

CLASS I PERFORMANCE (%)

	CUMULATIVE TOTAL RETURN		AVERAGE ANNUALIZED RETURN			
	3 MONTH	YTD	1 YEAR	3 YEAR	5 YEAR	SINCE INCEPTION
FUND	7.28	26.48	8.29	18.36	--	11.86
BENCHMARK	4.14	23.92	6.13	16.14	--	9.66

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 1.42% (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 1/31/2020. 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 (%)

HEICO Corporation	2.1
Live Nation Entertainment, Inc	1.8
Insulet Corp	1.8
Generac Holdings Inc	1.8
Grand Canyon Education, Inc	1.8
EPAM Systems Inc	1.7
Bright Horizons Family Solutions Inc	1.7
Ingevity Corp.	1.7
Guidewire Software, Inc	1.6
HubSpot, Inc	1.6
Total	17.5

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 depository receipts. Portfolio weight calculations include accrued interest. For current holdings, please visit our website.

have also been contributing positively to results.

- Generator manufacturer Generac was another strong performer. The company reported robust results and raised guidance as residential and commercial demand continue to grow.
- Fixed income electronic trading platform provider MarketAxess reported very strong volumes and cited a favorable environment as narrow credit spreads highlight the value of its service.

Detractors

- No sector experienced negative stock selection during the quarter.
- The three largest detractors from performance among individual companies were LivaNova, Covetrus and Texas Roadhouse.
- Medical technology company LivaNova saw declining sales of its heart valves, which had a negative impact on results; its neuromodulation business was also weak.
- Animal health technology and services company Covetrus also detracted from performance, as start-up related and foreign currency exchange issues weighed on results during the quarter.
- Restaurant owner and operator Texas Roadhouse reported higher-than-expected labor costs during the quarter, which negatively impacted results.

Outlook

- As we look forward, we continue to be focused on the underlying business trends of our existing holdings and potential new additions to ensure revenue and earnings growth trends can remain intact, which may prove challenging if earnings estimates continue to see downward pressure.
- The financial markets continue to face heightened uncertainty. The US-China trade war has most definitely contributed to this, and if this is resolved there could be a rebound in the broader global economy towards the end of the year. Central bank policy has been a strong influence on markets going back to 2008, and remains the case today. The Fed indicated at its June meeting it would be more inclined towards a policy of monetary easing, setting the stage for potential rate cuts due to expectations of declining global growth. Markets appear to have priced in these rates cuts already, but the ultimate consequences are highly uncertain given the unprecedented nature of current monetary policy worldwide. Volatility remains somewhat subdued, but these macroeconomic and geopolitical events could cause volatility to return.
- While the outlook is uncertain, we will adhere to our process. Our goal, as always, is to deliver a compelling level of positive risk-adjusted returns. Our investment process pursues small-cap growth investing with a low volatility approach. We employ a bottom-up investment process and strive to make active stock selection the primary driver of returns. Each investment idea is thoroughly researched and analyzed from a fundamental perspective. There is a high-quality bias to the companies we own, focusing on characteristics such as business model strength, visibility and predictability of growth drivers and strength of competitive advantage.

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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