



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	\$51.0 million
Fund AUM	\$32.7 million
Share Class	Y
Inception	12/15/2020
Ticker	LIGYX
Benchmark	MSCI ACWI ex-US Index Net
CUSIP	543488563
Portfolio Manager	Aziz Hamzaogullari
Manager Since	Inception

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

Portfolio Review

- The fund posted positive returns of 5.17% vs. 6.89% for the MSCI ACWI ex-US Index Net, underperforming the benchmark by 1.72% during the quarter. Tesla, Tencent Holdings Limited, and Shopify Inc. were the three largest contributors to performance during the quarter. MercadoLibre, WiseTech Global Limited, and Novo Nordisk were the three lowest contributors to performance.
- Stock selection in the communication services, consumer discretionary, and healthcare sectors, as well as our allocations to the consumer discretionary, information technology, industrials, and financials sectors, contributed positively to relative performance. Stock selection in the information technology, financials, industrials, and consumer staples sectors, as well as our allocations to the consumer staples and healthcare sectors, detracted from relative performance.
- The fund is managed with a highly selective, 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.	7.6
Tesla, Inc.	6.8
Tencent Holdings Limited	6.3
Trip.com Group Limited	5.5
Shopify Inc.	5.4
Adyen N.V.	5.3
SAP SE	4.5
WiseTech Global Limited	4.2
Arm Holdings plc	4.0
Novo Nordisk A/S	3.4
Total	53.1

MSCI ACWI ex-US 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 September 30, 2025 (%)

	CUMULATIVE TOTAL RETURN		ANNUALIZED TOTAL RETURN			
	3 MONTH	YTD	1 YEAR	3 YEAR	5 YEAR	SINCE INCEPTION
FUND	5.17	14.55	9.20	20.28	-	4.99
BENCHMARK	6.89	26.02	16.45	20.67	-	7.68
EXCESS RETURN	-1.72	-11.47	-7.25	-0.39	-	-2.69

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 1.50% (Class Y). Net expense ratio 0.96%. 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 4/30/2026. 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 Novo Nordisk as near-term price weakness created an attractive reward-to-risk opportunity. We trimmed our position in Alibaba to finance the purchase based on reward to risk.

Contributors

Tesla, Tencent Holdings Limited, and Shopify Inc. were the three largest contributors to fund performance.

- 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%.

Tesla has been a fund holding since the fourth quarter of 2022. During the quarter, the company put forth a new compensation plan for CEO Elon Musk that will be voted on at the company's upcoming annual shareholder meeting in November. Following the proposed compensation package, shares may have responded positively to news that Musk had purchased \$1 billion worth of company shares, which represents his first meaningful purchase since 2018. While representing a small percentage of his total net worth, we believe the investment reflects positively on his continued belief in the company's prospects.

Regarding the proposed compensation package the CEO Performance Award covers the next 10 years and follows a methodology similar to prior plans in 2012 and 2018 that set very ambitious targets for which Musk will be highly compensated if achieved. Under the current proposal Musk can earn up to 12 tranches of restricted stock for the achievement of a combination of market capitalization-related and operational milestones. Each tranche would represent 1% of the company's outstanding share count and would vest 7.5 years to 10 years after the initial date the compensation plan is approved by shareholders. After the 10 year anniversary, any stock not earned will be forfeited. Earning the first tranche would require Tesla achieving a market capitalization of \$2 trillion, which was approximately 2x the company's value prior to the proposal, as well as the achievement of at least one operational milestone. Operational milestones, which can only be used once in the achievement of a tranche, are closely aligned with corporate goals and include total vehicle deliveries, active full-self-driving (FSD) subscriptions, robotaxis, humanoid robots, and the achievement of various EBITDA (earnings before interest, taxes, depreciation, and amortization) levels. Only if Tesla is able to achieve a market capitalization of \$ 8.5 trillion, which would be approximately eight times the company's value prior to the proposal and twice the market cap of Nvidia, currently the most valuable company in the world, generate \$400 billion in EBITDA, which at the time of the proposal would be equivalent to the trailing 12-month EBITDA of Microsoft, Apple and Nvidia, combined, and developed a CEO succession plan can Musk earn all 12 tranches. We believe compensation plans should include long-term fundamental and company valuation targets that align CEOs and management with long-term shareholders. We believe the prior plan and current proposal both achieve that objective.

After a record year for deliveries in 2023, deliveries declined in 2024, representing the first fiscal year in which deliveries declined year over year. Declines extended into the first half of 2025, which represented the company's weakest results in three years. We believe this



near-term weakness does not reflect on Tesla's long-term prospects, nor does it change our expectation for long-term secular growth in EV penetration around the world. 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 2023 and 2024. More recently, CEO Elon Musk's involvement in US and global politics is thought to have brought negative attention to the brand, which was believed to be one of the primary drivers for share price weakness earlier in 2025. While we believe this could be impacting some sales, we believe the greater impact to current sales is the introduction of the new model Y, which is Tesla's most popular vehicle, representing close to 70% of the company's units sold. To accommodate the necessary updates for the new model, the company shut down all factories to retool production during the first quarter. Even with the lower availability of the Y, it nonetheless remained the highest selling vehicle on a global basis in the first quarter. Further, in California, the company's model 3 was the best-selling car in the past two quarters after having recently trailed the Honda Civic and Toyota Camry, while the Model Y was the best-selling SUV. Despite the recent sales decline, 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.

For the quarter, Tesla reported financial results that reflected weak deliveries and revenue that declined year over year, both of which we attribute primarily to issues with the introduction of the new model Y, but both improved versus the previous quarter. The company also noted that the pending elimination of US tax credits for EV purchases was likely to impact sales later this year and into the first half of 2026. Quarterly revenue of \$22.5 billion declined 12% year over year, but rose 16% from the prior quarter. 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 confirmed that it began initial production on a more affordable model, with production at volume expected in the second half of 2025. 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. Over time, we believe that increased volumes will offset near-term margin pressure. 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. The company continues to gather data from a fleet now averaging over 500 million miles of FSD driving per quarter. The company is also ramping up customer education by demonstrating the technology at every new vehicle pick up, which it will extend to every service appointment as well. In addition to the US, FSD is available in Canada, China, Mexico, Puerto Rico, Australia, and New Zealand. The company is awaiting a decision in Europe.

Despite making continued progress in lowering its cost per car, operating margins of 4.1% declined by approximately 220 basis points during the period, due primarily to lower deliveries and increased research and development expenses to support future product launches. However, the Cybertruck has achieved positive gross margins within the first 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 fifth 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 a global leader in battery EV sales. The company recently had low-teens unit share, which is down from high teens in 2024 as a result of the refresh of the Model Y at the start of the year, while the company maintains around 25% revenue share, and a much higher share of industry profitability. While we expect competition to increase substantially, we believe Tesla's brand, focus, technology leadership, and strong ongoing consumer demand will enable the company to maintain a leading global market position.

In late 2024, 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, delivered a step change improvement in autonomous driving capabilities. The company is expected to release FSD 14, which we believe will further extend FSD capabilities as the company makes progress toward unsupervised FSD. 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.

- **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 strong and above consensus expectations for revenue, operating profit, and net income. For the quarter, total revenue of renminbi (RMB) 185 billion rose 15% year over year and growth accelerated versus the previous quarter to reach the highest level of growth in over three years. Tencent reports in four segments; value added services (VAS) (50% of quarterly revenue), fintech and business services (30% of revenue), marketing services (19% of quarterly revenue), and other revenue (1% of quarterly revenue). VAS includes the company's gaming and social networking businesses, which accounted for 65% and 35% of VAS revenues, respectively. VAS total revenues of RMB 91 billion rose 16% 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, while social network revenue benefitted from growth of in-game virtual item sales, video accounts live-streaming, and music subscription revenues. The company now has 264 million total fee-based subscribers to its digital content services, which increased slightly year over year. The company's Weixin/WeChat platform ended the quarter with 1.4 billion monthly active users, up 3% year over year.

Fintech and business services, which consists primarily of payments and cloud services,



rose 10% year over year to RMB 56 billion. Fintech growth benefited from higher consumer loan services, commercial payment activity, and wealth management services, while businesses services saw increased demand for AI-related services as well as increased e-commerce technology service fees. Marketing services revenues of RMB 36 billion grew 20% year over year, benefitting from AI-driven improvements to its advertising platform.

Adjusted operating profit of RMB 69 billion rose 18% year over year on margins that expanded 200 basis points to 38%, due primarily to an expansion in gross margins across all business segments. Operating cash flow increased 37%, benefitting from a modest improvement in profitability and represented 40% of revenue. Free cash flow was pressured by an almost 149% increase in operating capital expenditures, focused on GPU and CPU servers to expand its AI capabilities. The company also repurchased RMB 18 billion worth of shares.

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.

- **Shopify** is a leading global provider of mission-critical commerce infrastructure that enables retail companies to start, grow, market, and manage a retail business of any size. Shopify's cloud-based platform offers merchants an end-to-end solution that was previously only available to significantly larger businesses. From a single global storefront, the company offers merchants a multi-channel solution through which they can display, manage, market, and sell products across all sales channels, including web and mobile storefronts, physical retail locations, social media, marketplaces, and other retail formats. The platform enables merchants to sell anywhere and in any language, facilitating cross-border commerce for end customers who can shop using their local currencies, languages, domains, and payment methods. Shopify also provides merchants a single, integrated back-end platform through which merchants can manage and source inventory, process orders and payments, fulfill and ship orders, build customer relationships, leverage reporting and analytic tools, and access financing. With a mission to improve commerce and empower merchants to realize their potential by making a complex process simple, the company has effectively created a retail operating system used by over two million merchants in over 175 countries. The company generates approximately 71% of revenues in North America, with Europe, the Middle East and Africa accounting for 19%, and Asia-Pacific contributing 10%.

A fund holding since the first quarter of 2022, Shopify reported strong quarterly results that were above consensus expectations for most key metrics, including gross merchandise volume (GMV), revenue, adjusted operating profit, and free cash flow. The company also provided revenue guidance for the current quarter that was above expectations. Revenue of \$2.7 billion rose 31% year over year, benefitting from new client acquisition, strong growth among existing clients, and continued penetration of its merchant solutions. The company generated approximately \$88 billion of GMV on its platform during the quarter, which increased by 29% and was well above our estimates of the growth in both e-commerce and overall retail sales, indicating that the company grew its market share during the quarter. Subscription revenue represented 24% of revenue and grew 17% year over year, driven by merchant additions and a greater contribution from higher-priced plans. Merchant solutions represented 76% of revenue and grew 37% year over year, benefitting from strong growth in GMV and greater usage of the company's value-added services. Operating income of \$424 million rose from \$289 million in the prior-year period on adjusted operating margins of 16% that expanded 200 basis points as the company also benefited from disciplined expense management. Positive free cash flow of \$422 million rose 27% year over year and was above consensus expectations. The company has seen its free cash flow margins increase from -3% in 2022 following a period of elevated investments to 13% in 2023 and 26% of revenue in the most-recent quarter.

We believe Shopify's strong and sustainable competitive advantages include its network and ecosystem, scale, brand, and an installed base of clients for whom its mission-critical platform serves as a retail operating system. Shopify's network includes software developers



that have built over 10,000 applications that extend the functionality of the company's core commerce solutions, as well as over 40,000 partners such as design and marketing agencies, photographers, and other digital and service professionals and experts that add further solutions and services to merchants. Because merchants wish to partner with a leading platform that offers numerous tools and solutions by partners that are in turn attracted to the platform by the merchants' growth and success, a difficult-to-replicate network effect is created which ultimately increases the value to all participants. With over two million merchants and over \$290 billion of GMV in 2024, Shopify is the second largest merchant platform in the US behind Amazon. As a function of its scale, the company can provide merchant services including software, payments, capital, shipping, and fulfillment at a cost that only a large merchant could achieve, enabling Shopify's small and mid-sized business (SMB) clients to better compete against larger merchants. The company's scale also allows it to reinvest substantially in the business, all of which is focused on growing its platform and driving success for its merchants. As a result of its embedded nature and centrality to merchants' daily operations and success, switching costs are high, which contributes to high client retention, and merchants tend to expand their relationship with the company over time. Individually and collectively, we believe Shopify's strong and sustainable competitive advantages would be difficult for a competitor to replicate and can become stronger still over time as growth in its ecosystem continues to add value for all participants.

We believe Shopify will benefit from several secular growth drivers, all focused on driving merchant and commerce growth. While most of Shopify's revenue and GMV is linked to e-commerce, we expect omnichannel commerce will also become a growth driver for Shopify. We believe merchants will look to have an integrated software solution for all of their commerce needs, which we expect will benefit Shopify by expanding its addressable market to all retail commerce while simultaneously increasing client stickiness. As a function of strong secular growth drivers and numerous competitive advantages, we believe Shopify can sustain mid-to-high-teens total revenue growth over our long-term investment horizon. While we expect investments to remain elevated in the near-term, over time we believe Shopify will benefit from increased operating expense leverage in all expense categories, including product and development, general and administrative, and sales and marketing. As a result, we expect operating profits and free cash flow to grow faster than revenues over our forecast period, in excess of 20% compounded annually. We believe current market expectations are substantially underestimating the company's multiple long-term secular growth drivers and the strength of the company's business model and competitive positioning. As a result we believe the shares trade at a significant discount to our estimate of intrinsic value and offer a compelling reward-to-risk opportunity.

Detractors

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

- **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) and revenue but below expectations for operating income, and earnings per share due to elevated investments in the period. The company continues to execute well and gained market share



in e-commerce, payments, and financial services. Since 2019, the company's GMV has increased by almost 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 \$6.8 billion grew by 53% 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 57% of revenue. "Fintech" accounted for 43% 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 \$3.8 billion rose 45% year over year in constant currency. GMV of \$15.3 billion rose approximately 37% year over year on a constant currency basis, driven by strong growth in Brazil and Mexico and improving performance in Argentina. We believe the healthy growth in 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. Commerce revenue also benefited from continued growth in its advertising business, which grew 59% year over year in constant currency. 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 20% to 536 million in the quarter, while the number of active users of MercadoLibre's commerce and fintech businesses grew by 25% and 30%, respectively. Fintech revenue of \$3 billion grew 63% in constant currency, driven by strong growth in merchant acquiring and credit services. Credit services in particular benefited from 91% growth in the company's \$9.4 billion credit portfolio that extends credit to both consumers and merchants. Total platform payment volumes increased by 61% to \$65 billion. Acquiring payment volumes represented 69% of the total volume and increased by 53% while payment volumes related to fintech services represented 31% of volume and increased by 83%. The company also reported that its emerging asset management business now has \$13.8 billion in assets under management, which grew 109% 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 12.2% declined 210 basis points year-over-year, due primarily to the company's decision to lower free-shipping thresholds, provide seller shipping discounts, as well as a higher portion of first-party sales and increased credit loss provisions. Margins benefited in part from operating leverage in both general-and-administrative and product-and-development expenses. Despite the decision to accelerate investments in the most recent quarter, margins have improved materially over the past few years from the low-to-mid single digits. We believe 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. For instance, in its commerce business, the company opened six new fulfillment centers in the latter half of 2024, including five in Brazil that will increase same-day delivery cities by 40%, and the company anticipates opening a total of six more 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.

- **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 24 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 its 2025 fiscal year



ended June 2025 that were fundamentally solid but below expectations for revenue growth and forward guidance, due in part to a delay in new products, including its container transport optimization (CTO) software. While 17% organic growth revenue growth for its CW1 platform, which represented 88% of revenue, was the lowest level since the company's initial public offering, the company continued to penetrate its end markets, adding two new large global rollouts for top-25 freight forwarders for the first time since its 2016 fiscal year. EBITDA (earnings before interest, taxes, depreciation and amortization) margins of 52.6% expanded 500 basis points, near their record high.

In May, the company announced the acquisition of E2open, a U.S.-based cloud logistics company, for \$2.1 billion, including the assumption of \$0.9 billion in net debt. While Wisetech has focused predominantly on logistics providers, where they have a dominant position with freight forwarders, it has been expanding into adjacent areas, including customs/compliance and landside logistics. E2open has historically focused on the end customers of logistics providers, including manufacturers and retailers, with a smaller presence with logistics providers themselves. While there is risk in integration, the acquisition provides Wisetech a scaled platform to its customer's customers, advancing the company's vision to become the standard operating system for global trade and logistics, versus its legacy focus on just logistics.

At the end of July, the company appointed Zubin Appoo as its new CEO. The CEO search had been underway since late 2024 when CEO and founder Richard White stepped down from the CEO role. Appoo returned to the company earlier in the year and was serving as its Chief of Staff and Deputy Chief Innovation Officer. White remains fully committed to the company, in which he continues to hold an approximately 35% equity interest. In April, White and the company finalized their new agreement, with White becoming Executive Chairman and Chief Innovation Officer for the next 10 years, with a 5-year extension agreement. As we do with any regulatory or corporate developments such as management changes or acquisitions, 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 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 over 20% share of its addressable freight forwarding market, up from the mid-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, we believe 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 pre-announced first-half financial results that reflected revenue and operating profits that expanded by 18% and 29%, respectively, year over year. However, the company lowered its full-year guidance for both measures due to lower sales expectations for both Wegovy and Ozempic, the company's leading GLP-1 treatments for obesity and type-2 diabetes. In particular, the company highlighted the persistence of unlawful mass compounding despite the FDA's ban on the practice which went into effect in late May. In 2022, due to Novo's inability to meet the strong demand for semaglutide – the molecule underlying both Ozempic and Wegovy – the molecule was placed on the FDA's shortage list, which enabled third parties to provide compounded versions of the therapy. With the therapy now no longer in shortage, the FDA suspended the ability of third parties to provide substitute solutions, and Novo is pursuing multiple strategies, including litigation, to prevent the sale of "knockoff" semaglutide drugs. There are no changes to our view that Novo remains a high quality company 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.

Prior to the pre-announcement, shares had been under pressure over the past year 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, as well as the transient rise of compounded forms of the therapies while the leading branded therapies were deemed in shortage. 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 Lilly'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 already been under pressure as very robust GLP-1 growth was nonetheless 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 recent results may have reset 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, we believe 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.

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 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. We took advantage of near-term pricing weakness to add to our position during the quarter.

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, information technology, consumer staples, 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 7.7%. The overall portfolio discount to intrinsic value was approximately 42.0% as of September 30, 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.

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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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