Small Cap Growth Fund

Fund Facts

OBJECTIVE

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

Share class	I
Inception	12/31/1996
Ticker	LSSIX
CUSIP	543487854
Benchmark	Russell 2000® Growth Index

Russell 2000® Growth Index *measures the performance of the small cap growth segment of the US equity universe. It includes those Russell 2000® companies with higher price-to-value ratios and higher forecasted growth values. The Russell 2000® Growth Index is constructed to provide a comprehensive and unbiased barometer for the small cap growth segment. Indexes are unmanaged and do not incur fees. It is not possible to invest directly in an index. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Russell Investment Group.*

Market Conditions

- Low quality and high beta names outperformed the broader index during the quarter with the lowest ROE, non-earners, non-revenue and highly shorted cohorts all outperforming within the small cap space. High beta and high volatility names in particular outperformed lower beta and lower volatility cohorts.
- The impact of these factors was further pronounced in moving down cap with micro-cap names outperforming all other cap ranges during the quarter.
- These market dynamics have historically presented significant headwinds for our process.
- Trailing 6 months have been the worst 6-month stretch on record for active Small Cap Growth managers with the median manager trailing by 8.45% bps during the powerful V-shaped type rally following April 8, 2025.

Portfolio Review

- The Small Cap Growth Fund underperformed its benchmark, the Russell 2000® Growth Index, primarily due to security selection within the higher beta information technology and industrials sectors.

Contributors

- Kratos Defense & Security Solutions, Sterling Infrastructure and Ligand Pharmaceuticals were the top individual contributors to performance.
- Kratos Defense & Security Solutions is a leader in both hardware and software solutions

Class I Performance as of September 30, 2025 (%)

	CUMULATIVE TOTAL RETURN		ANNUALIZED TOTAL RETURN			
	3 MONTH	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
FUND	5.71	3.13	4.78	12.71	7.06	10.29
BENCHMARK	12.19	11.65	13.56	16.68	8.41	9.91

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 0.94% (Class I). Net expense ratio 0.94%. 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 1/31/2026. When an expense cap has not been exceeded, the fund may have similar expense ratios.

The Class I inception date is 12/31/1996. Class I shares are only available to certain institutional investors only; minimum initial investment of $100,000.

TOP TEN EQUITY HOLDINGS (%)

Construction Partners, Inc.	2.0
Sterling Infrastructure, Inc.	2.0
Kratos Defense & Security Solutions, Inc.	1.9
ESCO Technologies Inc.	1.8
Ligand Pharmaceuticals Incorporated	1.8
Varonis Systems, Inc.	1.7
MACOM Technology Solutions Holdings, Inc.	1.6
RBC Bearings Incorporated	1.6
Advanced Energy Industries, Inc.	1.5
PJT Partners Inc.	1.5
Total	17.4

supporting space exploration and monitoring and has a high growth target drone business with the US government as its main customer. This company also has a potentially even larger opportunity with its tactical drone offering, which we believe should continue to draw attention from the US military.

- Sterling Infrastructure is an infrastructure services business that specializes in transportation, e-infrastructure, and building solutions in the United States. The stock recovered after a sharp selloff in the first quarter on the news of DeepSeek's AI offering. The company had a solid Q1 report, and its data center business is booming. Backlog growth inflected higher, and management spoke confidently about its visibility for the next few years.
- Ligand Pharmaceuticals is a unique business where the company acquires royalties of drugs, leading to a strong stream of very high margin revenue with a consistently improving outlook. One of the reasons the outlook for royalties has improved is that one of their important drugs with royalty streams has posted strong revenue growth, expanded the number of patients being prescribed to, and has had safety improvements. In addition, the company has acquired more royalty streams at very favorable prices.

Detractors

- PROCEPT BioRobotics, ACV Auctions and PAR Technology were the largest individual detractors from performance.
- PROCEPT BioRobotics is a medical device company focused on the treatment of enlarged prostates and entering into the treatment of localized prostate cancer. Despite continued strong execution, the stock sold off as reimbursement was reset lower for the entire category.
- ACV Auctions stock retreated sharply this quarter despite reporting a good quarter. This was largely because the company did not grow as fast as another competitor, raising the concern that they may not hold on to their leadership position in digital auto auctions.
- PAR Technology is a software and services (payments) business targeting Quick Services Restaurants (QSR). After landing their largest deal with Burger King, the deployment was shifted to the right one quarter, which caused weakness in the stock. PAR was sold on stop loss.

Outlook

- Small cap stocks have shown signs of reversing their long period of underperformance relative to large caps but this has come with a price for investors like ourselves. That price is two pronged.
- First, the outperformance has been significantly influenced by a small group of thematic high growth names at the top of the benchmark. Those names tend to trade at exceedingly high valuations and with characteristics (such as share turnover) that do not fit our process. Second, and more broadly speaking, the main driver of performance has come from factors such as high beta, low quality, and high residual volatility.
- While frustrating to active managers with a disciplined process that has excelled over the long term, such as ourselves, we also know these pockets of excess are usually transitory and eventually collapse under their own weight. The timing of this is what is difficult to predict.
- We are currently in a place where both the market and the economy are being driven by the

same theme - the build out of the AI infrastructure. With the prospect for lower rates in the months to come, one wonders if the tail on this driver could be longer than expected. This is, in fact, what we witnessed as investors during the build out of the internet 30 years ago (although the Fed was tightening at the end of this). And while one could argue that the business models of the market leaders driving this trend today are of higher quality than their internet peers of the past, we will likely arrive at the same outcome; an overbuild of the infrastructure.

- Our strategy will be to continue to play these secular themes through high quality names that fit our process and possess upside to their intrinsic values. We will not chase highly exploited names in these popular themes just to show our clients we were "in the game." This is not a game. To us, the business of generating compelling risk-adjusted returns for our clients is quite serious. As we navigate through the excesses of the current market, we do it knowing we will ultimately deliver for our clients over the long term.

About Risk

Equity securities are volatile and can decline significantly in response to broad market and economic conditions. **Smaller company** investments 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.

Important Disclosure

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 800-633-3330 for a prospectus and a summary prospectus, containing this and other information. Read it carefully.

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