



# 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
Benchmark	Russell 2500™ Growth Index

***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. 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/mid 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/Mid Cap Growth Fund underperformed its benchmark, the Russell 2500™ Growth Index, primarily due to security selection within the industrials and healthcare sectors.

## Contributors

- Ciena, Insmid and Rambus were the top individual contributors to performance.
- Ciena is a provider of communications and networking equipment to communication service providers and hyper scalers. Business remains robust with hyper scalers as Ciena maintains a technological lead in their products. Recently, the legacy service provider market has also reaccelerated their spending trends. As a result, management has continued

## 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
<b>FUND</b>	4.57	5.56	6.57	11.75	6.23	10.45
<b>BENCHMARK</b>	10.73	9.95	12.62	15.97	7.76	10.93

*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](http://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 0.95% (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 1/31/2026. 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 (%)**

Ciena Corporation	2.4
BWX Technologies, Inc.	2.4
Insmmed Incorporated	2.0
Casey's General Stores, Inc.	1.8
Guidewire Software, Inc.	1.8
ITT Inc.	1.8
Trimble Inc.	1.7
Karman Holdings Inc.	1.7
RBC Bearings Incorporated	1.7
Laureate Education, Inc.	1.7
<b>Total</b>	<b>19.1</b>

to increase their revenue growth estimates for the year, as well as their longer-term growth outlook.

- Insmmed is a pharmaceutical company focused on respiratory disease. The stock continued to outperform following positive Phase 2 results in pulmonary arterial hypertension and a positive readthrough of a potential new area of development based on a competitor's data readout. We remain holders but have reduced our exposure.
- Rambus is a semiconductor company focused on product and IP revenue for memory - specifically DRAM and HBM. We initiated a position on the forecasts of high memory demand and accelerating product revenues for RMBS. This thesis quickly played out over the past 3 months.

## Detractors

- PROCEPT BioRobotics, Chime Financial and Glaukos 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.
- Chime Financial is a next generation bank focused on providing payment solutions to low to moderate income customers. The recent IPO sold off as the market has grown concerned over several high profile credit events impacting other companies serving low income customers.
- Glaukos is a medical device company focused on treating ophthalmic disease. The company underperformed in the quarter after continued slow insurance coverage gains weighed on their iDose product, which is used to treat glaucoma.

## Outlook

- Small/mid 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. 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.

## 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.*

*This marketing communication is provided for informational purposes only and should not be construed as investment advice. Investment decisions should consider the individual circumstances of the particular investor. Investment recommendations may be inconsistent with these opinions. Information, including that obtained from outside sources, is believed to be correct, but we cannot guarantee its accuracy. This information is subject to change at any time without notice.*

*Holdings 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 [www.loomissayles.com](http://www.loomissayles.com).*

***Market conditions are extremely fluid and change frequently.***

***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](http://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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