



# LOOMIS SAYLES SMALL CAP GROWTH FUND

September 30, 2021



[www.loomissayles.com](http://www.loomissayles.com) | One Financial Center Boston, MA 02111  
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# specialty growth strategies

## INVESTMENT TEAM

### PORTFOLIO MANAGEMENT (years: industry/firm)

	<b>Mark Burns, CFA</b> Portfolio Manager Consumer Discretionary, Health Care 25 / 22	<b>John Slavik, CFA</b> Portfolio Manager Technology, Industrials, Energy 30 / 16	
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### DEDICATED PRODUCT RESEARCH

Senior Equity Research Analyst <b>James Lamb, CFA</b> Communication Services, Technology 17 / 13	Senior Equity Research Analyst <b>Chris O'Brien, CFA</b> Consumer Discretionary, Financials 28 / 8	Senior Equity Research Analyst <b>Nathaniel Roberts</b> Industrials 20 / 14	Senior Equity Research Analyst <b>Anand Vankawala</b> Health Care 12 / 4	Equity Research Analyst <b>Autumn Zhong, CFA</b> Consumer Discretionary, Consumer Staples 5 / <1
	Research Associate <b>Claudine Daneri De Leon</b> <1 / <1	Research Associate <b>Colin Hickey</b> 2 / 2		

### PRODUCT MANAGEMENT

	Investment Director* <b>TBD</b>	Product Associate <b>George Jean-Claude</b> <1 / <1	
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\*The Investment Director left Loomis Sayles on 9/14/2021.  
As of 9/30/2021.

# strategy overview

## TEAM ASSETS AND CLIENTS

### Team assets under management

- Approximately \$5 billion - Small Cap Growth
- Approximately \$2.6 billion - Small/Mid Cap Growth
- Approximately \$6 million - Mid Cap Growth

### Capacity

- Small Cap Growth - institutional separate account and CIT channels are closed to new investors; mutual fund remains open
- Small/Mid Cap Growth - approximately \$3 billion

### Vehicles

- Small Cap Growth: Separate accounts, mutual fund and collective investment trust
- Small/Mid Cap Growth: Separate accounts, mutual fund and collective investment trust

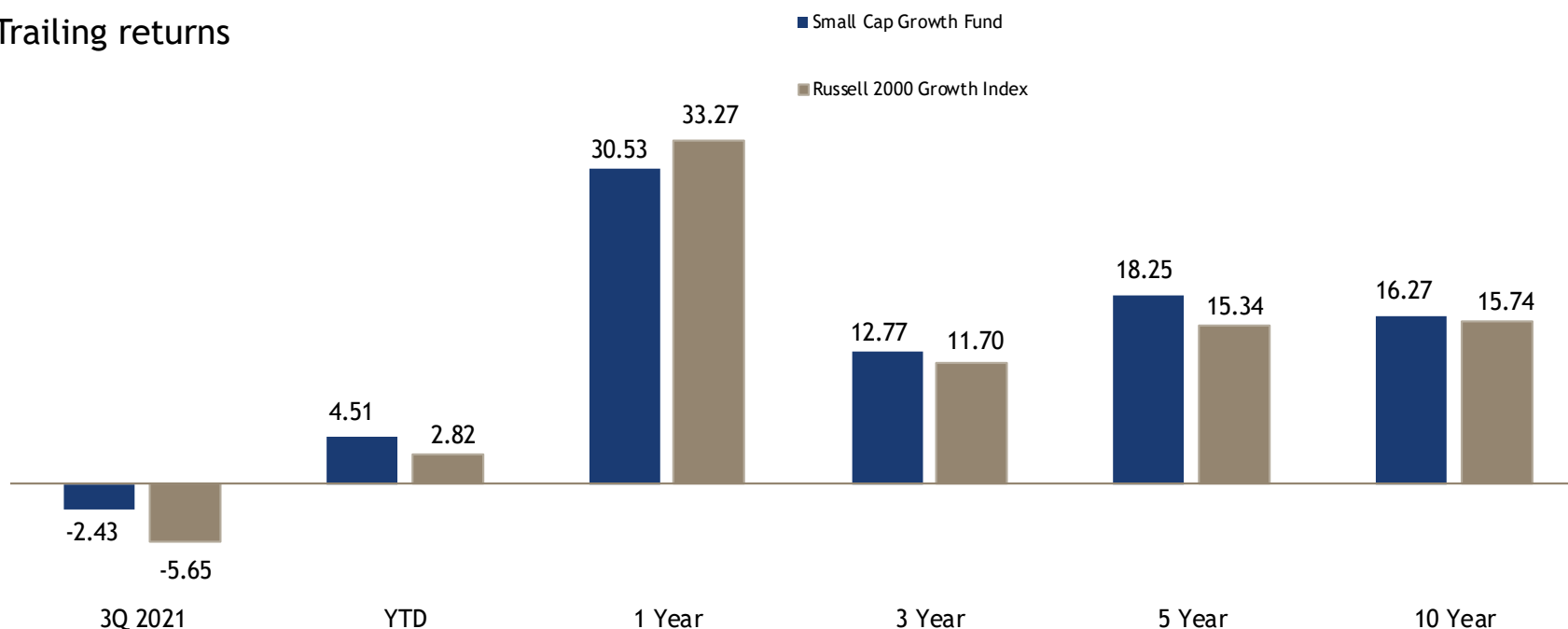
*As of 9/30/2021*

# investment performance

## SMALL CAP GROWTH FUND (I CLASS) AS OF 9/30/2021 (%)

### Trailing returns

Small Cap Growth Fund



	3Q 2021	YTD	1 Year	3 Year	5 Year	10 Year
Excess return I shares (Net)	3.22	1.69	-2.74	1.07	2.91	0.53

Data source: NGAM Distribution, L.P. and Russell. Total returns reflect Fund fees and expenses and assume reinvestment of dividends and capital gains distributions. Performance data reflects certain fee waivers and reimbursements. Without such waivers, performance would be lower. Class I shares are only available to certain institutional investors. Minimum initial investment: \$100,000.

Please see the Appendix at the end of this presentation for additional information on the Loomis Sayles Small Cap Growth Fund.

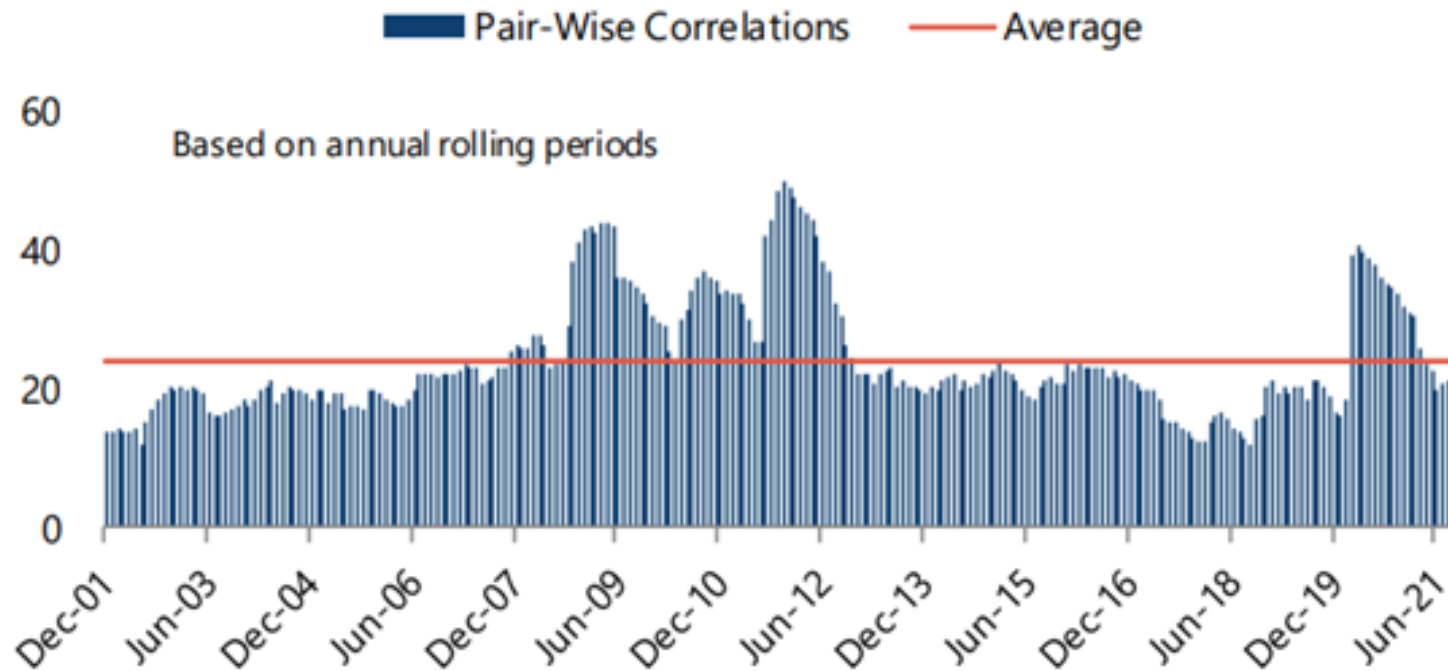
**Past performance is no guarantee of future results. Investment return and principal value may fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Performance data quoted represents past performance and current returns may be higher or lower. For performance current to the most recent month-end, please visit [www.loomissayles.com](http://www.loomissayles.com).**

# market overview

## REVIEW & OUTLOOK

- For the first time since the start of the pandemic, the market turned in a negative quarter
- As is often the case in periods with negative returns, more speculative areas of the market suffered the most. Lower quality companies underperformed their counterparts
- Given the Small Cap Growth strategy's higher quality bias, the backdrop was favorable from a relative return basis which combined with stock selection enabled the strategy to outperform its benchmark
- Going forward, as market correlations fall, we see more of a focus on company specific fundamentals which, in turn, should lead to earnings growth as being the primary drivers of stock returns
- And while the economic outlook is still positive, there remain uncertainties such as difficult growth comparisons in future quarters, continued supply chain disruptions, lingering Covid-19 variant concerns and (everyone's favorite) policy uncertainty out of D.C.
- Uncertainty, however, drives markets and with market correlations low, earnings growth increasing in importance, and small caps looking ready to play catch up, we feel well positioned with our process

# market overview



Source: FactSet; FTSE Russell; Jefferies

# portfolio highlights

## THIRD QUARTER 2021

Top 5 Stocks	Total Return (%)*	Contribution to Total Return (Bps)	Bottom 5 Stocks	Total Return (%)*	Contribution to Total Return (Bps)
Globant SA	31.69	41	Dicerna Pharmaceuticals, Inc.	-40.92	-48
Kornit Digital Ltd.	16.42	30	Stoneridge, Inc.	-30.88	-30
Rapid7 Inc.	19.43	30	Kratos Defense & Security Solutions, Inc.	-21.69	-30
SiteOne Landscape Supply, Inc.	17.85	30	PetIQ, Inc. Class A	-34.17	-29
Evolent Health Inc Class A	46.78	28	Itron, Inc.	-24.35	-29

Top 3 Sectors	Total Return (%)	Attribution of Excess Return (Bps)	Bottom 3 Sectors	Total Return (%)*	Attribution of Excess Return (Bps)
Consumer Discretionary	-0.71	91	Real Estate	--	-16
Information Technology	3.35	88	Consumer Staples	-8.68	-09
Health Care	-10.08	62	Utilities	--	-04
<b>Contribution from stock selection:</b>		<b>2.69%</b>			
<b>Contribution from sector allocation:</b>		<b>0.68%</b>			
<b>Net outperformance</b>		<b>3.37%</b>			

Relative return vs. Russell 2000 Growth Index

Source: FactSet. Dates: 6/30/21 – 9/30/21

Where a security is bought and/or sold within the period, in-portfolio return may not equal stock's return during calendar period

Past performance is no guarantee of future results.

# portfolio highlights

YEAR TO DATE AS OF 9/30/2021

Top 5 Stocks	Total Return (%)*	Contribution to Total Return (Bps)	Bottom 5 Stocks	Total Return (%)*	Contribution to Total Return (Bps)
Kornit Digital Ltd.	62.39	81	Mercury Systems, Inc.	-46.15	-52
STAAR Surgical Company	62.24	56	Q2 Holdings, Inc.	-36.66	-52
GW Pharmaceuticals PLC Sponsored ADR	89.71	50	Stoneridge, Inc.	-32.55	-37
Shutterstock, Inc.	59.09	50	LHC Group, Inc.	-26.44	-36
Fox Factory Holding Corp.	36.73	42	Rocket Pharmaceuticals, Inc.	-39.82	-35

Top 3 Sectors	Total Return (%)	Attribution of Excess Return (Bps)	Bottom 3 Sectors	Total Return (%)	Attribution of Excess Return (Bps)
Health Care	-3.22	282	Information Technology	5.03	-98
Communication Services	39.43	60	Real Estate	--	-13
Industrials	10.20	29	Consumer Staples	4.13	-12
<b>Contribution from stock selection:</b>		<b>1.53%</b>			
<b>Contribution from sector allocation:</b>		<b>0.76%</b>			
<b>Net outperformance</b>		<b>2.30%</b>			

Relative return vs. Russell 2000 Growth Index

Source: FactSet.. Dates: 12/31/20 – 9/30/21

Where a security is bought and/or sold within the period, in-portfolio return may not equal stock's return during calendar period

Past performance is no guarantee of future results.



# portfolio highlights

ONE YEAR AS OF 9/30/2021

Top 5 Stocks	Total Return (%)*	Contribution to Total Return (Bps)	Bottom 5 Stocks	Total Return (%)*	Contribution to Total Return (Bps)
Kornit Digital Ltd.	123.12	130	Palomar Holdings, Inc.	-29.89	-62
SiteOne Landscape Supply, Inc.	63.57	98	Inovalon Holdings, Inc. Class A	-30.93	-53
Rapid7 Inc.	84.55	97	Mercury Systems, Inc.	-38.78	-38
STAAR Surgical Company	127.25	96	LHC Group, Inc.	-26.18	-35
Inspire Medical Systems, Inc.	80.46	92	iRhythm Technologies, Inc.	-22.49	-31

Top 3 Sectors	Total Return (%)	Attribution of Excess Return (Bps)	Bottom 3 Sectors	Total Return (%)	Attribution of Excess Return (Bps)
Health Care	21.98	125	Financials	19.53	-106
Communication Services	87.49	73	Information Technology	42.00	-95
Utilities	--	25	Industrials	37.07	-81

**Contribution from stock selection:** -2.05%  
**Contribution from sector allocation:** 0.46%  
**Net outperformance** -1.59%

Relative return vs. Russell 2000 Growth Index

Source: FactSet.. Dates: 9/30/20 – 9/30/21

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# 3Q21 investment highlights

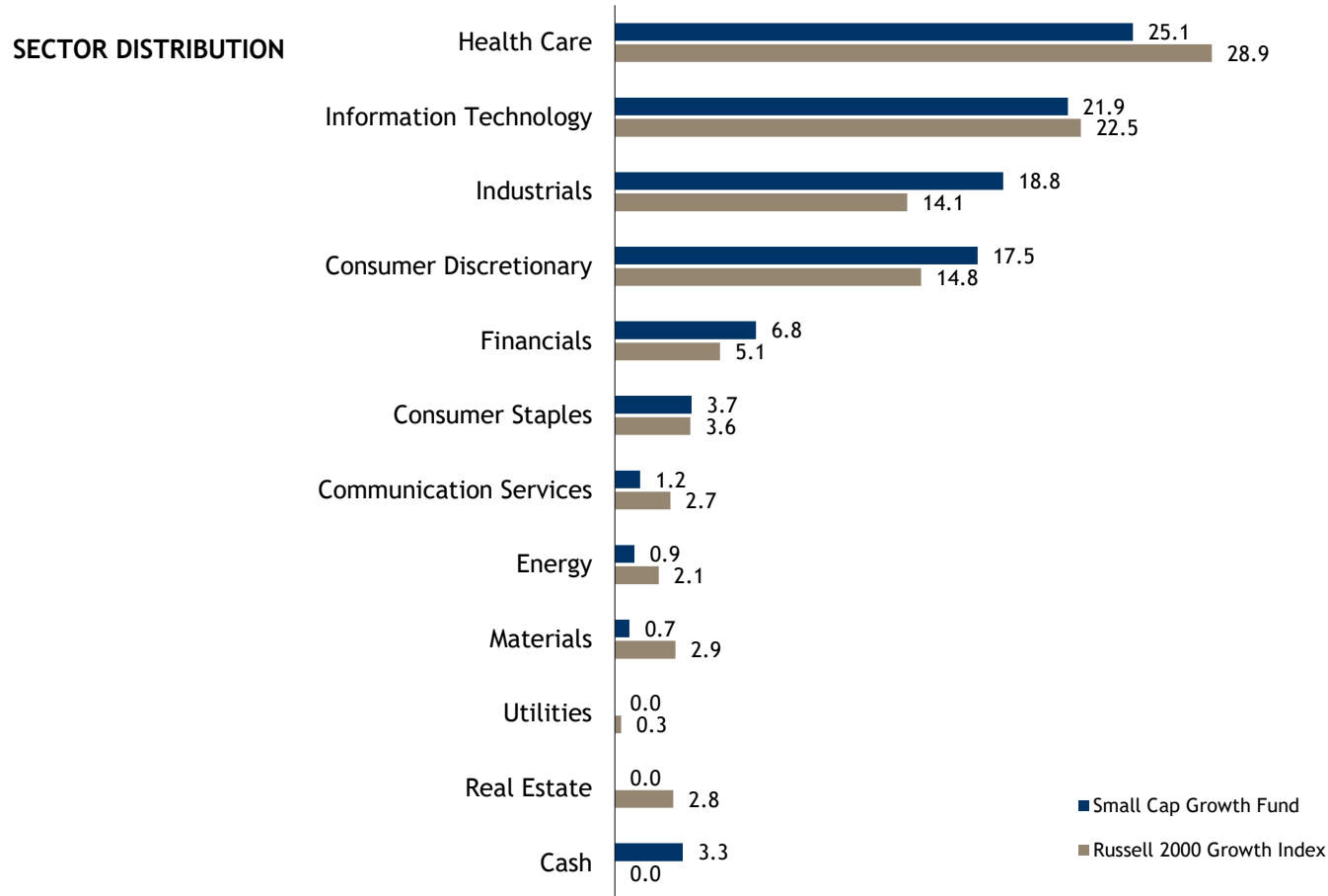
BUYS	SELLS
<b>Calix, Inc</b> <ul style="list-style-type: none"> <li>Access equipment and software provider selling to communication services providers</li> <li>Mngmt has evolved the business model toward a more recurring revenue stream in the form of software</li> <li>Market share growth will be accompanied by a continued shift in the business model toward higher margin software revenue</li> </ul>	<b>Globant</b> <ul style="list-style-type: none"> <li>A provider of high-value IT Services capabilities to clients worldwide</li> <li>The stock was sold out of SCG due to market cap reasons</li> </ul>
<b>Option Care Health, Inc</b> <ul style="list-style-type: none"> <li>A national provider of home and alternative site infusion therapy</li> <li>They have just finished a major integration and are focused on expanding their relationships in local markets and filling in smaller geographic gaps</li> </ul>	<b>AAON, Inc</b> <ul style="list-style-type: none"> <li>Designs, manufactures and sells semi-custom heating, ventilation and air conditioning equipment for commercial and residential use</li> <li>Sold due to supply chain challenges that have continued to impact the stock</li> </ul>
<b>e.l.f Beauty</b> <ul style="list-style-type: none"> <li>A multi-brand beauty company offers cruelty-free cosmetics and skincare products</li> <li>It uses creative marketing coupled with speed to market initiative which has created brand momentum</li> <li>Skincare and clean beauty category growth provides secular tailwind</li> </ul>	<b>PetIQ, Inc</b> <ul style="list-style-type: none"> <li>Distributor of pet supplies, as well as an opener of pet wellness centers</li> <li>Unfortunately, the distribution part of the business lost a customer, causing investors concern and the stock to retreat, which lead to the stock triggering our stop loss</li> </ul>

As of 9/30/2021

# comparative sector diversification

AS OF 9/30/2021

Small Cap Growth Fund

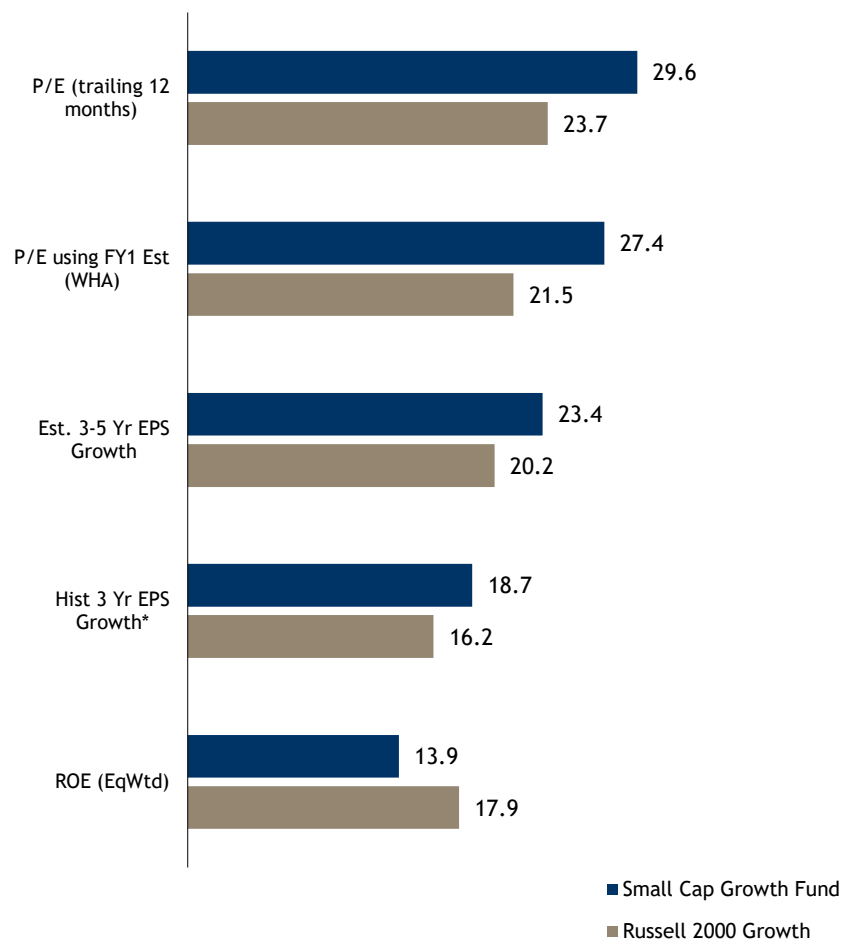


Data Source: FactSet

# portfolio characteristics

AS OF 9/30/2021

Small Cap Growth Fund



Data source: FactSet. \*IBES

Market Capitalization Statistics	SCG Fund	Russell 2000 Growth Index
> 6000.0	23.29	17.74
4000.0 - 6000.0	20.55	25.46
2000.0 - 4000.0	39.33	33.79
< 2000.0	13.54	23.01
Weighted Average	4,138	3,842
Median	3,303	1,375
Minimum	554	42
Maximum	10,451	19,096