



# LOOMIS SAYLES SMALL CAP GROWTH FUND

September 30, 2022



[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 26 / 23	<b>John Slavik, CFA</b> Portfolio Manager Technology, Industrials, Energy 31 / 17	
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### DEDICATED PRODUCT RESEARCH

Senior Equity Research Analyst <b>Chris O'Brien, CFA</b> Consumer Discretionary, Financials 29 / 9	Senior Equity Research Analyst <b>Nathaniel Roberts</b> Industrials 21 / 15	Senior Equity Research Analyst <b>Anand Vankawala</b> Health Care, Energy 13 / 5	Equity Research Analyst <b>Autumn Zhong, CFA</b> Consumer Staples, Technology 6 / 1	Senior Research Associate <b>Colin Hickey</b> Health Care, Technology 3 / 3
	Research Associate <b>Claudine Daneri</b> 1 / 1	Research Associate <b>George Jean-Claude</b> 1 / 1		

### PRODUCT MANAGEMENT

	Associate Investment Director <b>Dmitri Raberov, CFA</b> 19 / 15	
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As of 9/30/2022.



LOOMIS SAYLES®

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# strategy overview

## TEAM ASSETS AND CLIENTS

### Team assets under management

- Approximately \$3.5 billion - Small Cap Growth
- Approximately \$2.0 billion - Small/Mid Cap Growth
- Approximately \$4.6 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
- Mid Cap Growth - approximately \$10 billion

### Vehicles

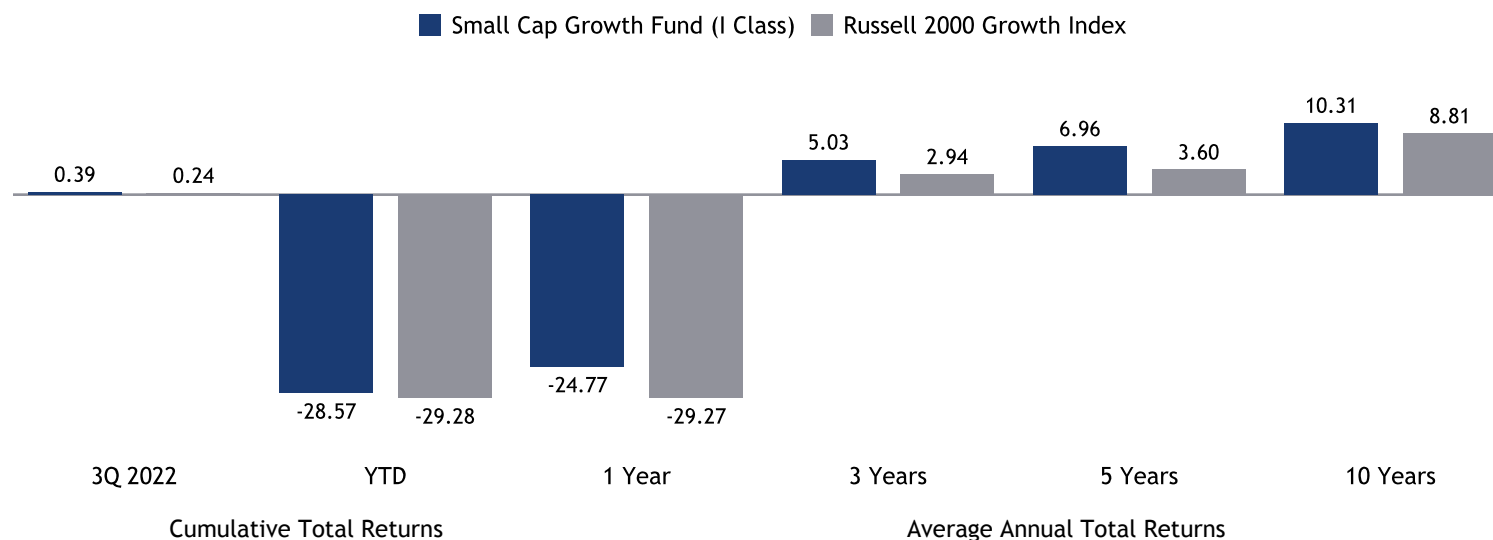
- Small Cap Growth: Separate accounts, mutual fund and collective investment trust
- Small/Mid Cap Growth: Separate accounts, mutual fund and collective investment trust
- Mid Cap Growth: Separate accounts

*As of 9/30/2022*

# investment performance

## SMALL CAP GROWTH FUND (I CLASS) AS OF 9/30/2022 (%)

### Trailing returns



Excess return I shares (Net)	+0.15	+0.71	+4.50	+2.09	+3.36	+1.51
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Data sources: Natixis Distribution, LLC 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. Performance for multi-year periods is annualized.

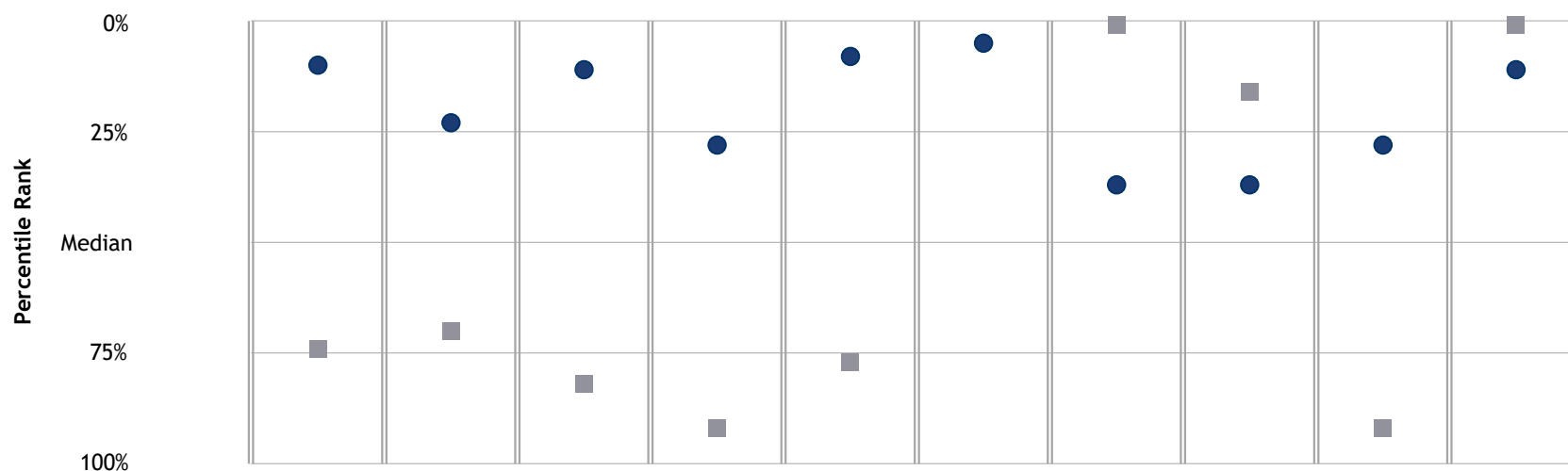
**Please see the Appendix at the end of this presentation for additional information, including risks, on the Loomis Sayles Small Cap Growth Fund.**

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).

# investment performance

## SMALL CAP GROWTH FUND (I CLASS) AS OF 9/30/2022

Risk-adjusted returns since team inception (4/1/2005)



	Annualized Returns	Standard Deviation	Annualized Alpha	Beta	Sharpe Ratio	Information Ratio	Tracking Error	Upside Market Capture	Downside Market Capture	Batting Average
● LS Small Cap Growth Fund	9.89	19.30	2.44	0.91	0.53	0.38	5.05	96.87	88.19	55.24
% Ranking*	10 <sup>th</sup>	23 <sup>rd</sup>	11 <sup>th</sup>	28 <sup>th</sup>	8 <sup>th</sup>	5 <sup>th</sup>	37 <sup>th</sup>	37 <sup>th</sup>	28 <sup>th</sup>	11 <sup>th</sup>
■ Russell 2000 Growth	7.81	20.55	0.00	1.00	0.41	N/A	0.00	100.00	100.00	100.00
% Ranking	74 <sup>th</sup>	70 <sup>th</sup>	82 <sup>nd</sup>	92 <sup>nd</sup>	77 <sup>th</sup>	N/A	1 <sup>st</sup>	16 <sup>th</sup>	92 <sup>nd</sup>	1 <sup>st</sup>
Median	8.49	20.06	1.07	0.95	0.45	0.11	5.59	95.80	92.91	51.43

Source: MorningStar. Ranking numbers are calculated by Loomis Sayles based on Morningstar data.

\*Ranking out of 441 Small Cap Growth funds. Rankings do not take into account sales charges, loads, and redemption fees if applicable, but include reinvestment of dividends and capital gains, if any. Rankings for the specified periods are relative to all funds that are in the same Morningstar categories. The highest (or most favorable) percentile rank is 1, and the lowest (or least favorable) percentile rank is 100. Rankings are subject to change. Information Ratio= Net Excess Return/Tracking Error. Although we believe it is reliable, we cannot guarantee the accuracy of data from a third party source. This information cannot be copied or redistributed in any form.

Past performance is no guarantee of future results.

# market overview

## REVIEW & OUTLOOK

- The bear market that started in 2021 continued to flex its muscles into Q3 2022, marking 4th worst start to the year for small and mid cap stocks going back to 1926.
- The quarter started with 'Fed Pivot' optimism and ended with the reality that inflation is going to be harder to tame than most originally thought with most Central Banks firmly in tightening mode.
- While we do expect earnings estimates to continue to move down, we believe the market has discounted a lot of this bad news to date given the 38% draw down.
- We believe small cap equities overall appear attractive where they currently represent less than 4% of total US equity market, marking lowest level since March 2020 and prior to that, since 1930's.

# portfolio highlights

## THIRD QUARTER 2022

Top 5 Stocks	Total Return (%)*	Contribution to Total Return (Bps)	Bottom 5 Stocks	Total Return (%)*	Contribution to Total Return (Bps)
Calix, Inc.	79.09	59	Dorman Products, Inc.	-25.15	-33
Advanced Drainage Systems, Inc.	38.20	47	Tenable Holdings, Inc.	-23.36	-26
Axonics, Inc.	24.30	35	Helios Technologies, Inc.	-23.52	-22
Evolent Health Inc Class A	17.00	35	Gentherm Incorporated	-20.32	-21
WillScot Mobile Mini Holdings Corp. Class A	24.40	32	Simply Good Foods Co	-15.30	-20

Top 3 Sectors	Total Return (%)	Attribution of Excess Return (Bps)	Bottom 3 Sectors	Total Return (%)*	Attribution of Excess Return (Bps)
Industrials	3.65	72	Consumer Discretionary	-10.61	-138
Information Technology	-1.88	49	Health Care	5.32	-49
Real Estate	--	47	Communication Services	-16.14	-31
<b>Contribution from stock selection:</b>		<b>-0.27%</b>			
<b>Contribution from sector allocation:</b>		<b>0.65%</b>			
<b>Net outperformance</b>		<b>0.38%</b>			

Relative return vs. Russell 2000 Growth Index

Source: FactSet. Dates: 6/30/22 – 9/30/22

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 9/30/2022

Top 5 Stocks	Total Return (%)*	Contribution to Total Return (Bps)	Bottom 5 Stocks	Total Return (%)*	Contribution to Total Return (Bps)
Evolent Health Inc Class A	29.85	61	Kornit Digital Ltd.	-74.58	-107
Axionics, Inc.	25.79	40	MaxLinear, Inc.	-56.73	-106
PTC Therapeutics, Inc.	26.04	32	SiteOne Landscape Supply, Inc.	-57.02	-94
Option Care Health Inc	10.65	31	Rapid7 Inc.	-51.14	-89
e.l.f. Beauty, Inc.	13.28	23	Shutterstock, Inc.	-54.25	-85

Top 3 Sectors	Total Return (%)	Attribution of Excess Return (Bps)	Bottom 3 Sectors	Total Return (%)	Attribution of Excess Return (Bps)
Health Care	-21.37	112	Energy	1.60	-88
Financials	-21.32	62	Consumer Discretionary	-40.79	-79
Real Estate	--	50	Materials	-53.91	-67

**Contribution from stock selection:** 0.36%  
**Contribution from sector allocation:** 0.82%  
**Net outperformance** 1.18%

*Relative return vs. Russell 2000 Growth Index*

*Source: FactSet.. Dates: 12/31/21 – 9/30/22*

*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 9/30/2022

Top 5 Stocks	Total Return (%)*	Contribution to Total Return (Bps)	Bottom 5 Stocks	Total Return (%)*	Contribution to Total Return (Bps)
Evolent Health Inc Class A	15.90	54	Kornit Digital Ltd.	-73.26	-98
Option Care Health Inc	29.72	40	Shutterstock, Inc.	-55.15	-87
PTC Therapeutics, Inc.	34.91	35	Rapid7 Inc.	-49.12	-82
e.l.f. Beauty, Inc.	29.50	31	Varonis Systems, Inc.	-56.42	-79
Axonics, Inc.	8.22	30	SiteOne Landscape Supply, Inc.	-47.79	-64

Top 3 Sectors	Total Return (%)	Attribution of Excess Return (Bps)	Bottom 3 Sectors	Total Return (%)	Attribution of Excess Return (Bps)
Health Care	-27.85	209	Energy	2.98	-90
Information Technology	-27.27	167	Materials	-35.42	-53
Industrials	-13.28	103	Consumer Discretionary	-37.53	-10

Contribution from stock selection:	3.84%
Contribution from sector allocation:	1.31%
Net outperformance	5.16%

Relative return vs. Russell 2000 Growth Index

Source: FactSet. Dates: 9/30/21 – 9/30/22

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

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# 3Q22 investment highlights

## BUYS

### Denbury Inc.

- A company focused on energy exploration & production (E&P) as well as carbon capture and underground storage (CCUS).
- The company's E&P segment is focused on third-pass oil extraction and is generating the cash flow necessary to stand up the company's CCUS business. Ultimately, the CCUS segment should make DEN a secular growth story as it becomes a leader in the green energy transition segment.

### Hexcel Corporation

- A manufacturer of composite materials which it provides to the Aerospace market, in addition to various Industrial markets.
- Demand for key aircraft post-COVID is beginning to accelerate, which should lead to outsize revenue growth and operating leverage for Hexcel.

### Sovo Brands

- A fast-growing food company focused on building and acquiring disruptive growth brands. Its four brands, with Raos Sauce being the largest, all currently have low household penetration.
- It plans to increase distribution points and awareness to drive household penetration, with upside potential from expanding into adjacent categories and opportunistically acquiring more brands.

## SELLS

### Fox Factory Holding Corp.

- A leading manufacturer of performance shocks and other accessories for the bike and truck market.
- The business thrived during COVID as consumers purchased an increased amount of recreational-type vehicles and bikes. Despite this, we had to sell the stock after it underperformed due to supply chain issues impacting revenue growth and very tough comps.

### Radware Ltd.

- An Israeli cyber security company providing DDoS and Web Application firewall technology to Enterprise customers.
- A crowded cybersecurity competitive landscape is causing customers to consolidate their vendor list, favoring platform offerings. This had a negative impact on the company's sales cycle.
- We sold due to revenue growth coming in below our expectations, as well as concerns around synergies with recent acquisitions.

### YETI Holdings

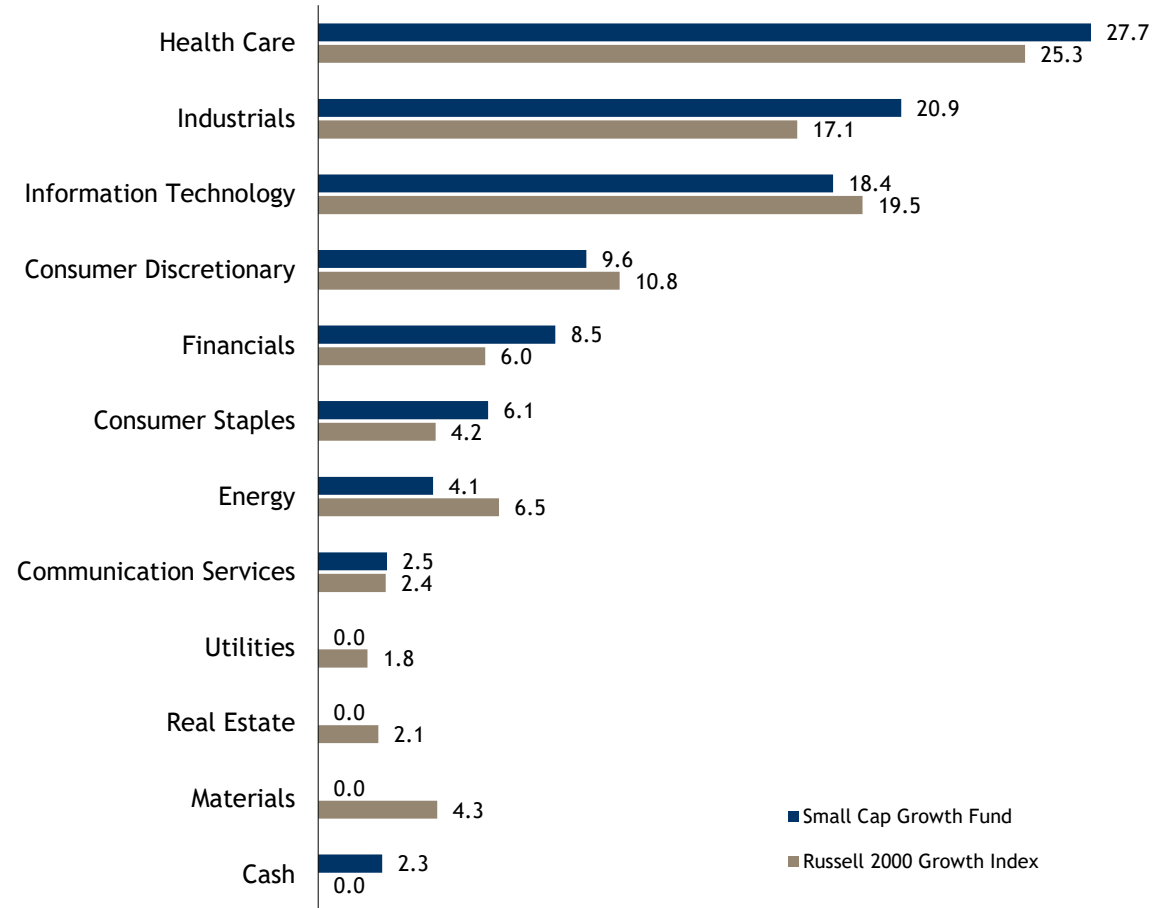
- A high-growth brand of products serving the outdoors market, most notably, coolers and drinkware.
- They reported a mostly inline quarter in August but demonstrated some margin compression due to a mix shift and channel shift. The market assumed that the margin compression was also due to demand weakness, which weighed on the stock price. It hit our stop loss and was sold.

# comparative sector diversification

AS OF 9/30/2022

Small Cap Growth Fund

## SECTOR DISTRIBUTION

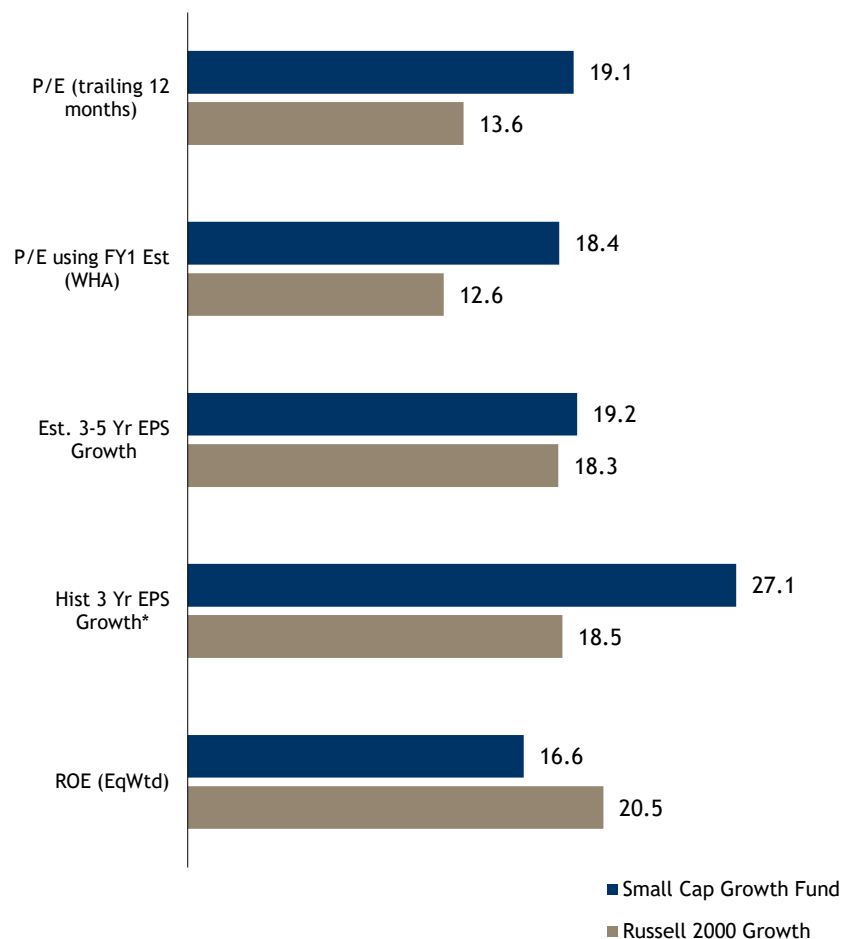


Source: FactSet.

*Past performance is no guarantee of future results.*

# portfolio characteristics

AS OF 9/30/2022



Market Capitalization Statistics	SCG Fund	Russell 2000 Growth Index
> 6000	10.18	4.84
4000 - 6000	17.79	19.16
2000 - 4000	47.87	42.84
< 2000	21.86	33.13
Weighted Average	3,547	2,987
Median	2,742	1,131
Minimum	701	15
Maximum	10,394	10,831

Data source: FactSet. \*IBES

**Past performance is no guarantee of future results.**