

# 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

- When we wrote to you a year ago, we discussed the prospect of small/mid cap earnings reaccelerating throughout 2025. Our forecast was correct in that we did start to see small/mid cap earnings reaccelerate, particularly since the second quarter. What we did not anticipate was the powerful low quality, high beta rally that occurred following the market bottom on 4/8 (post Liberation Day) through October of this year, leading to the most challenging environment on record for active managers.
- Despite the short reversal that we started to see in November, low quality meaningfully outperformed for the quarter and particularly for the calendar year within the small/mid cap space.
- 2025 has been a historically challenging period for quality where the S&P Small Cap 600® Quality Index had its worst year ever relative to the Russell 2000 index, underperforming by over 11% in 2025.
- This backdrop translated into a very difficult period for active management where only 17% of all active small/mid cap growth managers were able to outperform during 2025 (average small/mid cap growth manager trailed by over 5.4%). This data is derived from Jefferies Investment Bank for Lipper peer group rankings.

## Portfolio Review

- The Small/Mid Cap Growth Fund slightly underperformed its benchmark, the Russell 2500 Growth index, primarily due to security selection within the healthcare and consumer discretionary sectors.

### Class I Performance as of December 31, 2025 (%)

	CUMULATIVE TOTAL RETURN		ANNUALIZED TOTAL RETURN			
	3 MONTH	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
<b>FUND</b>	0.14	5.71	5.71	9.92	2.61	10.11
<b>BENCHMARK</b>	0.33	10.31	10.31	14.32	2.98	10.55

**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 (%)

Insmid Inc	2.1
Allegheny Technologies Inc	2.1
Ciena Corp	2.1
BMX Technologies Inc	2.0
Natera Inc	2.0
Advanced Energy Industries Inc	2.0
Regal Beloit Corp	2.0
MKS Instruments Inc	1.8
Laureate Education Inc	1.8
Casey's General Store Inc	1.8
<b>Total</b>	

## Contributors

- Ciena, Natera and ATI were the top individual contributors overall.
- 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 its products. Recently, the legacy service provider market has also re-accelerated its spending trends. As a result, management has continued to increase revenue growth estimates for the year as well as longer-term growth outlook.
- Natera is a diagnostics company focused on prenatal screening and oncology testing. The company is continuing to define and create the minimal residual disease market, which is leading to outsized growth and continued performance above expectations.
- ATI is a global supplier of melt and mill products to the aerospace & defense, oil and gas, and medical markets. The stock rebounded strongly in the quarter after a strong Q3 earnings report when the company showed improving and accelerating trends from the previous quarter. The stock regained its lost momentum, and investors came back to the strong secular growth story, supported by a robust aerospace and defense outlook.

## Detractors

- Doximity, Commvault Systems and Genius Sports were the bottom individual detractors overall.
- Doximity had a volatile quarter due to weak guidance. Although the company beat its estimates during the quarter, management suggested that some of the year-end spend may have been brought forward in Q3. This led to a broad sell off in the stock as well as heightened competition concerns around its AI native product, OpenEvidence. The volatility triggered our stop loss and we sold the position.
- Commvault Systems helps customers protect their data and be cyber resilient in a multi-cloud environment. The stock triggered our stop loss following its Q2 earning release as its term license revenue fell short with customers anticipating to migrate to the cloud.
- Genius Sports is a B2B sports data and technology provider that serves sports leagues, sportsbooks, and marketers worldwide. The stock triggered our stop loss during the quarter due to prediction market concerns that have been proliferating throughout the gaming industry.

## Outlook

- There are a host of reasons to be optimistic about the economy, earnings growth, and the stock market in 2026. These include a variety of tax cuts, tax incentives for capital investments, lapping the negative impact of the tariffs, easing inflationary pressures, interest rate cuts, continued investment in artificial intelligence and potentially productivity gains from these investments.
- All of these items should drive economic growth and corporate earnings higher, which stock prices usually follow. If this does happen, the broadening out of the economy and the stock market will most likely continue, which should enable small/mid cap stocks to outperform.
- One concern we have is that the bullish view above seems to be widely held, which is reflected in valuations and raises potential for downside volatility if this path becomes less



certain.

- As always, there are risks to the outlook. Most prominent are geopolitical events and the employment environment could continue to worsen. If that happens and there's a hint that inflation could come back, stagflation concerns could arise.
- Consequently, while we have a positive outlook and are finding compelling companies to invest in from the bottom up, we will continue to manage risk carefully.

## 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.*

*The **S&P SmallCap 600® Quality Index** is designed to measure the 120 highest-quality stocks in the S&P SmallCap 600 on the basis of their quality score, which is calculated using three fundamental measures: return on equity, accruals ratio, and financial leverage ratio.*

*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 depository 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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