Natixis/Loomis Sayles Large Cap Growth Strategy

LOOMIS | SAYLES®

QUARTERLY PORTFOLIO COMMENTARY

US equity markets continued to move higher in the second quarter, although leadership of a few mega cap stocks continued to be the dominant theme. The Fed continued their holding pattern on overnight interest rates, now signaling a single rate cut later this year as their base case. Inflation continued to soften, although it remains above target. It remains a key watchpoint along with a backdrop of greater geopolitical unease heading into a fall US election. The US economy has had resilient growth and historically low unemployment levels. As Q2 brought more normalized economic data, investors are increasingly expecting a soft landing. Annual US inflation was 3.3% in May, down slightly from Q1 levels, and unemployment rose slightly to 4.0%. United States GDP rose by an annualized rate of 1.4% in the first quarter of 2024, significantly lower than last year's robust growth. The S&P 500® Index rose (4.3%) for the quarter, with broadly positive results. Information Technology (+13.8%), Communication Services (+9.4%), and Utilities (+4.7%) were the top performers during the quarter. Materials (-4.5%), Industrials (-2.9%), Energy (-2.4%), and Real Estate (-0.6%) were the top detracting sectors during the quarter. Growth substantially outperformed value over the quarter, with the Russell 1000® Growth Index (+8.3%) versus the Russell 1000® Value Index (-2.2%), and the Russell 1000® Index (+3.6%) outperformed the Russell 2000® Index (-3.3%).

The Natixis/Loomis Sayles Large Cap Growth Strategy rose in value during the quarter but underperformed the Russell 1000® Growth Index gross of fees and net of fees. Security selection drove relative underperformance and sector allocation was also a detractor. Securities selected in Communication Services, Information Technology, Financials, and Consumer Staples were the largest detractors, while selections made in Consumer Discretionary and Health Care were additive. From a sector allocation perspective, an underweight to Information Technology and an overweight to Financials detracted from relative returns, while an overweight to Communication Services positively contributed to results.

QTD Top/Bottom contributors to relative performance:

- The most significant relative contributors were: Home Depot (not owned), MasterCard (not owned), Tesla, Oracle, and Accenture (not owned).
- The most significant relative detractors were: Apple (not owned), Disney, Boeing, Monster Beverage, and Salesforce.

Trades & Positioning:

- At the end of the quarter, the largest overweight sector was Communication Services, while the largest Underweight Sector was information technology.
- There were no new purchases and no full sellouts during the trailing three months ended May 2024.

Year-to-date, the strategy rose in value but underperformed the benchmark gross and net of fees. Stock selection drove relative underperformance, while sector allocation was also detracted. Selections in Industrials, Financials, Consumer Discretionary, and Consumer Staples drove underperformance, offset partially by positive selections in Information Technology and Communication Services. From a sector allocation perspective, an underweight to Information Technology detracted the most, followed by an overweight to Financials. An overweight to Communication Services, an underweight to Real Estate positively contributed to relative returns.

YTD Top/Bottom contributors to relative performance:

- The most significant relative contributors were: Apple (not owned), Meta, NVIDIA, Netflix, and Oracle.
- The most significant relative detractors were: Boeing, Monster Beverage, Tesla, Shopify, and Visa.

Markets have performed well thus far in 2024, although gains leveled off during Q2. Traditionally, markets have reacted positively in election years, although slowing GDP growth, inflation, and future monetary policy remain key concerns for investors. With these uncertainties, ongoing geopolitical tensions and macroeconomic weakness may spur market volatility. The resulting market environment has increasingly proven challenging to navigate. We continue to believe that active fundamental research, combined with investment discipline, provides an attractive way to navigate market uncertainty.

The **S&P 500® Index** is an unmanaged index of US common stocks frequently used as a measure of stock market performance. The **Russell 1000® Growth Index** is an unmanaged index consisting of those companies in the Russell 1000® Index with higher than average price-to-book ratios and forecasted growth. **The Russell 1000® Value Index** is an unmanaged index consisting of those companies in the Russell 1000® Index with lower than average price-to-book ratios and forecasted growth. The **Russell 1000® Index** measures the performance of the 1,000 largest companies in the Russell 3000® Index. **The Russell 2000® Index** measures the performance of the small-cap segment of the US equity universe. The Russell 2000® is a subset of the Russell 3000® Index and includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. 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. The **NASDAQ Composite Index** is a market-capitalization-weighted index of the more than 3,000 common equities listed on the Nasdaq stock exchange. The types of securities in the index include American depositary receipts, common stocks, real estate investment trusts (REITs) and tracking stocks. The index includes all Nasdaq listed stocks that are not derivatives, preferred shares, funds, exchange-traded funds (ETFs) or debentures. Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ. These indexes are referred to for comparative purposes only and are not necessarily intended to parallel the risk or investment approach of the accounts included in the composites or the accounts managed by Natixis Advisors. Indexes are unmanaged and not available for direct investment. You may not invest directly in an index.

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