

## Natixis/Loomis Sayles Large Cap Growth Strategy



### QUARTERLY PORTFOLIO COMMENTARY

US equity markets moderated their growth in the fourth quarter with the S&P 500® Index and Dow Jones Industrial Average gaining 2.4% and 0.9%, respectively. The Fed continued to ease in line with market expectations, cutting rates by 25bps at both the November and December FOMC meetings, but indicating fewer rate cuts in 2025 due to persistent inflation and steady economic growth. The federal funds target rate ended the year at 4.25%-4.50%, a full 100bp lower than its 2024 peak. Annual US inflation continued to moderate from highs set in 2022, with a reading of 2.7% in November, and the unemployment rate held steady at 4.2%. United States GDP rose by an annualized rate of 2.8% in the third quarter of 2024, down from 3.0% in the second quarter. Within the S&P 500®, Consumer Discretionary (+14.2%), Communication Services (+8.8%), and Financials (+7.0) were the top contributing sectors while Materials (-12.6%), Healthcare (-10.4%), and Real Estate (-8.2%), were the largest detractors. Growth sharply outperformed value over the quarter, as the Russell 1000® Growth Index (+7.1%) outperformed the Russell 1000® Value Index (-2.0%), and the Russell 1000® Index (+2.8%) outperformed the Russell 2000® Index (+0.3%).

The Natixis/Loomis Sayles Large Cap Growth Strategy rose in value during the quarter and outperformed the Russell 1000® Growth index gross and net of fees. While security selection primarily drove outperformance, sector allocation also contributed positively. Securities selected in Consumer Discretionary, Industrials, and Financials were the largest contributors, while selections made in Healthcare detracted from results. From a sector allocation perspective, an overweight to Consumer Discretionary and Communication Services, and a lack of exposure to Real Estate contributed to relative returns, while an overweight to Healthcare and Industrials detracted from results.

#### QTD Top/Bottom contributors to relative performance:

- The most significant relative contributors were: Tesla, Netflix, Microsoft, Shopify, and Eli Lilly (not owned).
- The most significant relative detractors were: Broadcom (not owned), Regeneron, Novo Nordisk, Vertex, and Oracle.

#### 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 one full sale in the trailing three months ended November 2024. The full sale was Grail Inc (spin-out).

Year-to-date, the strategy rose in value and outperformed the benchmark gross of fees (lagged net of fees). Stock selection drove relative outperformance, while sector allocation slightly detracted. Securities selected in Information Technology, Consumer Discretionary, and Communication Services were the largest contributors to relative returns while stocks selected in Industrials, Financials, and Healthcare detracted. From a sector allocation perspective, an underweight to Information Technology, and an overweight to Healthcare detracted. This was partially offset by overweights to Communication Services and Consumer Discretionary which positively contributed to returns.

#### YTD Top/Bottom contributors to relative performance:

- The most significant relative contributors were: Tesla, Netflix, Microsoft, Meta Platforms, and NVIDIA.
- The most significant relative detractors were: Boeing, Broadcom (not owned), Monster Beverage, Regeneron, and Novo Nordisk.

Markets performed well in 2024, as strong economic data and Global Central Bank rate cuts have buoyed risk assets. Traditionally markets have reacted positively in election years, and 2024 proved to be no different. Unemployment, consumer spending, and recession risks remain key concerns in 2025, and ongoing geopolitical tensions and macroeconomic weakness may spur additional volatility. The resulting market environment has proven increasingly challenging to navigate. We continue to believe that active fundamental research combined with investment discipline provides an attractive way to navigate market uncertainty.

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The S&P 500® Index is an unmanaged index of US common stocks frequently used as a measure of stock market performance. 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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