



Small Cap Growth Fund

FUND FACTS

OBJECTIVE

Seeks long-term capital growth from investments in common stocks or other equity securities

Share class	I
Inception	12/31/1996
Ticker	LSSIX
CUSIP	543487854

Market Conditions

- The month of September was the key part of the quarter. Market dynamics changed dramatically, and trends that had previously been in favor sharply reversed, giving way to new leadership groups during the last month of the quarter.
- A style rotation from growth to value occurred in the small cap segment of the market. A rotation of that magnitude hadn't occurred in more than a decade.
- The Russell 2000 Value index outperformed the Russell 2000 Growth index by about 6 percentage points during the month of September.
- Those companies with slower growth profiles and less expensive valuations (using P/E) outperformed their faster growth and more expensive counterparts.

Portfolio Review

- The fund underperformed its benchmark, the Russell 2000 Growth Index, primarily due to stock selection in the consumer discretionary and information technology sectors.

Contributors

- Stock selection in the health care, industrials and consumer staples sectors were the largest positive contributors to relative performance.
- Among individual companies, medical device company Insulet Corp. and industrials companies Trex Company Inc. and Generac Holdings Inc. were the top contributors to performance.

CLASS I PERFORMANCE (%)

	CUMULATIVE TOTAL RETURN		AVERAGE ANNUALIZED RETURN			
	3 MONTH	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
FUND	-5.29	15.15	-6.88	14.50	11.17	14.32
BENCHMARK	-4.17	15.34	-9.63	9.79	9.08	12.25

Performance data shown represents past performance and is no guarantee of, and not necessarily indicative 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.

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 0.94% (Class I). Net expense ratio 0.94%. 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 1/31/2020. When an expense cap has not been exceeded, the fund may have similar expense ratios.

The Class I inception date is 12/31/1996. Class I shares are only available to certain institutional investors only; minimum initial investment of \$100,000.

TOP TEN EQUITY HOLDINGS (%)

Kinsale Capital Group, Inc.	1.8
Pool Corporation	1.8
WNS (Holdings) Limited	1.7
Albany International Corp.	1.7
InterXion Holding NV	1.7
Mercury Systems, Inc.	1.6
Trex Company, Inc.	1.6
Goosehead Insurance Inc.	1.6
SiteOne Landscape Supply, Inc.	1.6
RBC Bearings Inc.	1.5
Total	16.7

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 our website.

- Insulet reported a very strong quarter. The company saw patient starts at record highs, as new channels helped drive demand and a newer product showed strong initial market penetration.
- Home decking specialist Trex also reported a strong quarter. Demand was robust for residential products, and Trex increased its production levels to meet that strong demand.
- Generator manufacturer Generac Holdings was also a strong performer as the company continued to execute well, particularly in its home standby generator business.

Detractors

- Stock selection in the consumer discretionary and information technology sectors detracted the most from relative performance.
- The three largest detractors from performance among individual companies were casino gaming products specialist PlayAGS Inc., industrial services company Harsco Corp. and disposable medical device manufacturer Merit Medical Systems Inc..
- PlayAGS reported results that fell short of expectations during the quarter. The shortfall was due to a variety of issues including regional weakness in product sales, weather and expenses that were higher than anticipated. Declines in PlayAGS stock triggered the fund's stop-loss provisions, leading the fund to sell the stock from the portfolio.
- Industrial services company Harsco also declined during the quarter. The company made several strategic moves, including acquisitions and divestitures, that made its financial statements much more complex than usual. Harsco's method of providing guidance also changed, and its outlook disappointed shareholders.
- Merit Medical Systems reported revenue that fell short of expectations and lowered its guidance. There were concerns about the confidence in future guidance as well as about declining margins. Merit Medical's stock declines also triggered the fund's stop-loss provisions, resulting in the stock's sale from the portfolio.

Outlook

- As we look forward, we continue to be focused on the underlying business trends of our existing holdings and potential new additions to ensure revenue and earnings growth trends can remain intact, which may prove challenging if earnings estimates continue to see downward pressure.
- Markets may become more volatile as investors search for clues about the health of the global economy. Central banks appear to be willing to support the global economy, which may reduce some near-term risks. However, US trade policy remains a source of uncertainty for corporate decision makers and investors. If the US-China trade war is resolved, there could be a rebound in the broader global economy towards the end of the year. Business confidence indicators in the US have shown some signs of weakness, and the inversion of the yield curve further supports the markets position at the later stages of the cycle. Volatility remained subdued at period-end, but macroeconomic and geopolitical events could cause volatility to return.
- While this outlook isn't entirely clear, we will not attempt to alter our process. Our goal, as always, is to deliver to our clients a compelling level of positive risk-adjusted returns that compound over time.

About Risk

Equity securities are volatile and can decline significantly in response to broad market and economic conditions. **Smaller company** investments 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.

***Russell 2000® Growth Index** measures the performance of the small cap growth segment of the US equity universe. It includes those Russell 2000 companies with higher price-to-value ratios and higher forecasted growth values. The Russell 2000 Growth Index is constructed to provide a comprehensive and unbiased barometer for the small cap growth segment. 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.*

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.

Before investing, consider the fund's investment objectives, risks, charges, and expenses. Please visit www.loomissayles.com or call 800-633-3330 for a prospectus and a summary prospectus, if available, containing this and other information. Read it carefully.

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