

# Natixis/Loomis Sayles Small/Mid Cap Strategy



Q4 | December 31, 2023

## Manager Overview

Loomis, Sayles & Company, L.P. (“Loomis Sayles”) has served the needs of institutional and individual investors for more than 80 years. An active, multi-style investment manager, the firm offers both traditional and highly specialized asset classes. Employing an opportunistic approach, balanced with disciplined, bottom-up research and quantitative risk analysis, the investment teams strive to produce above-average returns across asset classes and categories.

**Founded: 1926**  
AUM: \$303.1 billion (as of 9/30/23)

### Portfolio team:

**Joseph R. Gatz, CFA®**, Vice President, Portfolio Manager; began investment career in 1985; BA, Michigan State University; MBA, Indiana University  
**Jeffrey Schwartz, CFA®**, Vice President, Portfolio Manager; began investment career in 1992; BA, State University of New York at Binghamton; MBA, University of Michigan

## Strategy Overview – Investment Philosophy

- The strategy seeks to construct a high quality, diversified portfolio of stocks selling below the teams assessment of intrinsic value.
- The investment universe includes all stocks generally within the market cap range of the Russell 2500™ Index benchmark at initial purchase
- The team believes that known and recurring inefficiencies are available in the small cap market causing stock prices to deviate from their intrinsic value. These inefficiencies can be categorized into three areas: misunderstood franchises, underfollowed and special situations



- TEAM-DRIVEN
- BOTTOM-UP
- PROPRIETARY RESEARCH



RISK MANAGEMENT

RESEARCH COMPONENTS

- FUNDAMENTAL ANALYSIS
- VALUATION FRAMEWORK
- MARKET INEFFICIENCY



PORTFOLIO CONSTRUCTION WITH A LONG-TERM VIEW

## The Natixis approach

Natixis Advisors, LLC (“Natixis Advisors”) manages portfolios based on the specific models and recommendations of Loomis Sayles, the strategy’s model portfolio provider. Loomis Sayles continually adjusts these recommendations based on changing market conditions. Our goal is to mirror these recommendations in portfolios that can be customized to address the tax and cash flow considerations of each investor.

Natixis Advisors is one of the independent affiliated managers comprising Natixis Investment Managers. Natixis Advisors provides discretionary advisory services through its division Natixis Investment Managers Solutions.

Natixis Investment Managers’ multi-affiliate approach connects you to the independent thinking and focused expertise of more than 20 active managers. We deliver a diverse range of solutions across asset classes, styles, and vehicles. We’re dedicated to advancing sustainable finance and developing innovative ESG products. We consult and partner with our clients, and continually evaluate markets and assumptions to ensure their strategy delivers on long-term goals. Natixis ranks among the world’s largest asset management firms<sup>1</sup> (\$1,179.7 billion AUM).<sup>2</sup>

<sup>1</sup> Cerulli Quantitative Update: Global Markets 2023 ranked Natixis Investment Managers as the 17th largest asset manager in the world based on assets under management as of December 31, 2022.

<sup>2</sup> Assets as of September 30, 2023. Assets under management (“AUM”), as reported, may include notional assets, assets serviced, gross assets, assets of minority-owned affiliated entities and other types of non-regulatory AUM managed or serviced by firms affiliated with Natixis Investment Managers.

PERFORMANCE OVERVIEW (AS OF 12/31/2023)

Natixis/Loomis Sayles Small/Mid Cap wrap composite<sup>1</sup>

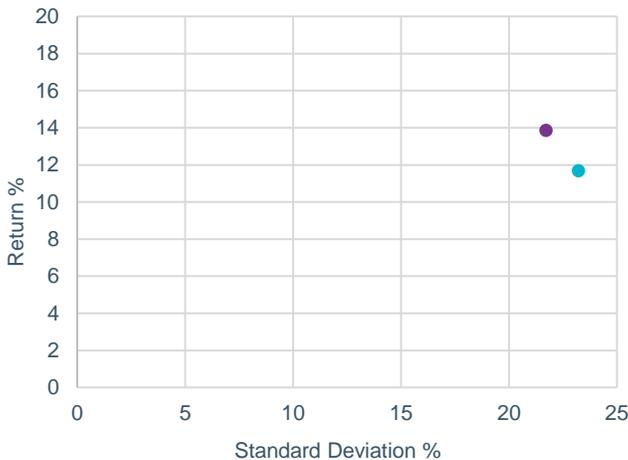
Annualized returns<sup>2</sup> %

	3 months	YTD	1 year	3 years	5 years	10 years	Since inception (11/2002)
Gross of fees	10.13	20.15	20.15	8.40	13.86	8.89	12.25
Net of fees <sup>3</sup>	9.33	16.64	16.64	5.20	10.52	5.68	8.95
Russell 2500 Index	13.35	17.42	17.42	4.24	11.67	8.36	10.67

Calendar year returns<sup>2</sup> %

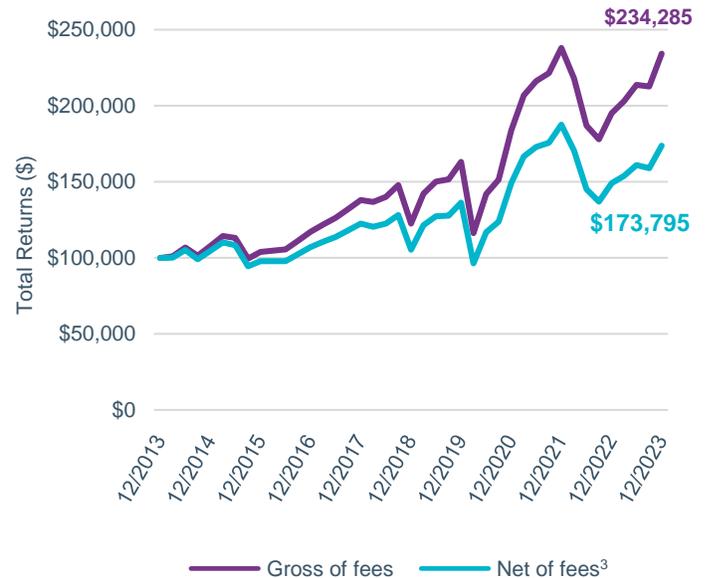
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Gross of fees	7.59	-3.39	12.65	17.90	-11.31	33.13	12.86	29.40	-18.08	20.15
Net of fees <sup>3</sup>	4.42	-6.26	9.34	14.46	-13.96	29.28	9.54	25.65	-20.55	16.64
Russell 2500 Index	7.07	-2.90	17.59	16.81	-10.00	27.77	19.99	18.18	-18.37	17.42

5-Year annualized standard deviation and return



- Natixis/Loomis Sayles Small/Mid Cap composite
- Russell 2500 Index

10-Year hypothetical growth of \$100,000 investment



**Performance data shown represents past performance and is no guarantee of, and not necessarily indicative of, future results.** Returns shown are considered to be preliminary and are subject to change. Gross performance does not take into account transaction costs, investment advisory fees, custody fees, or other expenses that were charged to clients' accounts, or deductions for income taxes. Such fees will reduce investment performance over time. Standard deviation measures the risk of a portfolio or market. Indexes are not investments and do not incur fees and expenses and are not professionally managed. It is not possible to invest directly in an index.

- 1 Please see the back page for important disclosures and performance information about the Natixis/Loomis Sayles Small/Mid Cap wrap composite.
- 2 Performance for less than one year is not annualized.
- 3 Net-of-fees performance reflects deduction of a 3% annual fee, the highest separate account wrap program fee applicable to a client account.

## Natixis/Loomis Sayles Small/Mid Cap Strategy

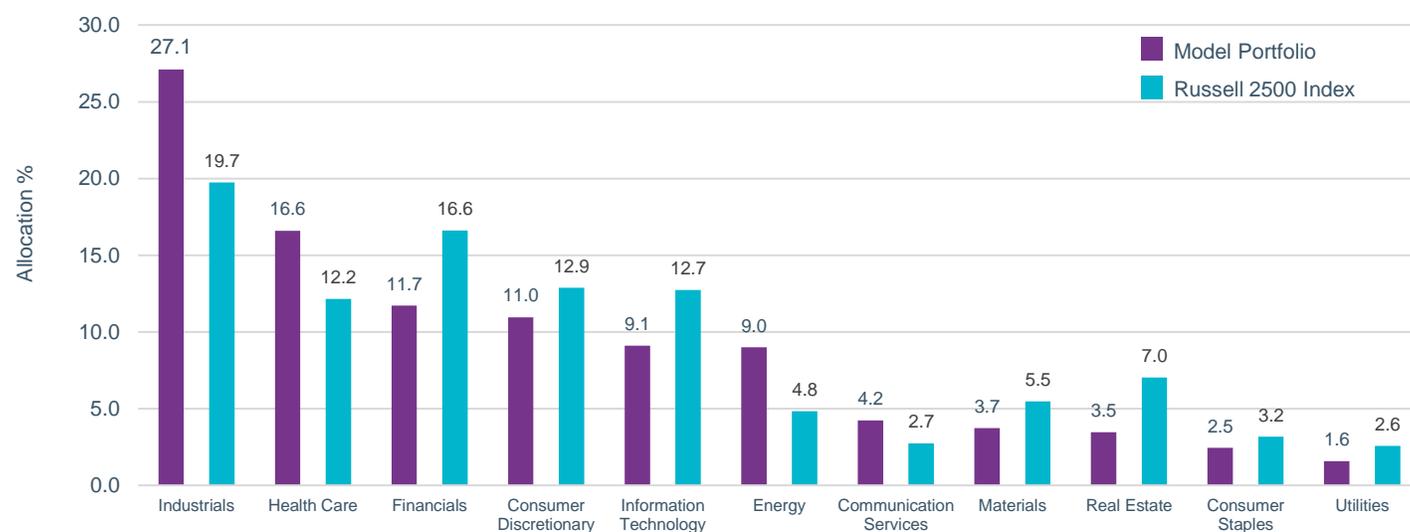
### Model portfolio top ten holdings

Company	Percentage of total portfolio
Kadant Inc.	2.23
Tidewater Inc	2.10
TD SYNEX Corporation	2.02
Tenet Healthcare Corporation	2.00
ICON Plc	1.93
Teledyne Technologies Incorporated	1.90
W. R. Berkley Corporation	1.77
PulteGroup, Inc.	1.75
Churchill Downs Incorporated	1.75
WEX Inc.	1.72

### Model portfolio characteristics

	Model Portfolio
Number of holdings (Not Incl Cash)	82
Weighted Ave Market Cap (\$ B)	9.26
P/E (Forward)	14.50
P/B (Trailing)	2.42
Average dividend yield	0.89
EPS Growth (3-5 Yr Est)	10.95
Turnover (2023)	34.66

### Model portfolio sector allocations %



The above information is for the Natixis/Loomis Sayles Small/Mid Cap model portfolio. The model portfolio represents the investment recommendations of the portfolio team as of the date indicated. The holdings, characteristics and performance of your portfolio may be different from the holdings, characteristics and performance information presented in this report. As the portfolio is actively managed, its holdings are subject to change. At any date any particular account may include securities not held in the model portfolio. Significant dispersion may occur among the holdings and performance of the model portfolio, the client accounts managed by Natixis Advisors using the model portfolio, and the accounts managed by the model portfolio provider on a discretionary basis included in the institutional composite for a variety of reasons. Such reasons include differing account sizes, differing cash flows, the timing and terms of execution of trades, individual client needs, and differing tax situations. This information should not be considered a recommendation or solicitation by Natixis Advisors or the model portfolio provider to buy or sell any security shown. Investors should not assume that any of the holdings were or will be profitable. Recommendations over the last year are available on request. Indexes do not incur expenses and are not available for direct investment. The characteristics shown are for illustrative purposes only. Source: FactSet. The projected characteristics are based upon estimates and reflect subjective judgments and assumptions. There can be no assurance that developments will transpire as forecasted and that the estimates are accurate.

Natixis/Loomis Sayles Small/Mid Cap wrap composite (as of calendar year end)

Year	Total return (gross of fees) %	Total return (net of fees) %	Russell 2500 Index %	Number of portfolios in composite	Total composite assets at end of period (\$ mm)	Standard deviation of account returns %	Percentage of total firm assets %
2023	20.15	16.64	17.42	129	86.1	0.42	0.13
2022	-18.08	-20.55	-18.37	139	78.0	0.47	0.17
2021	29.40	25.65	18.18	149	104.1	1.06	0.22
2020	12.86	9.54	19.99	155	96.4	1.26	0.27
2019	33.13	29.28	27.77	188	107.6	0.93	0.39
2018	-11.31	-13.96	-10.00	202	92.0	0.32	0.43
2017	17.90	14.46	16.81	222	116.1	0.22	0.52
2016	12.65	9.34	17.59	250	112.5	0.80	0.61
2015	-3.41	-6.28	-2.90	735	344.7	0.35	2.09
2014	7.59	4.42	7.07	789	376.0	0.28	2.67

Returns shown are preliminary and are subject to change. Performance for periods of less than one year is not annualized. The composite was created in November 2002. **The Natixis/Loomis Sayles Small/Mid Cap wrap composite includes all fully discretionary separate account wrap portfolios managed in the Loomis Sayles Small/Mid Cap style.** Natixis Advisors, LLC defines fully discretionary accounts as accounts in which Natixis Advisors has the unrestricted ability to create and maintain an investment program for each account in a manner consistent with the client investment objectives. Accounts are included in the composite in the first full calendar month after management begins. Closed accounts remain in the composite through the last full month under management. The composite includes all discretionary separately managed accounts (i.e., wrap or non-commission-paying accounts) managed in the Natixis/Loomis Sayles Small/Mid Cap strategy and sub advised by Loomis Sayles. All accounts are included regardless of size, tax status, or client-imposed restrictions. Performance is expressed in U.S. dollars. Returns are calculated on a total-return basis (appreciation and income), include cash equivalents, and are time weighted using average capital base monthly valuations. Quarterly returns are calculated by linking monthly composite returns through compound multiplication, and annual returns are calculated by linking quarterly returns. Leverage is not used in the composite. Gross performance does not take into account transaction costs, investment advisory fees, custody fees, or other expenses that were charged to clients' accounts or deductions for income taxes. Such fees will reduce investment performance over time. Net returns reflect the deduction of a 3% annual fee, which is the highest wrap program fee applicable to a client account. Standard deviation measures the consistency of the composite's performance results with respect to the individual portfolio returns within the composite. Only portfolios that have been managed for the full year are included in the standard deviation calculation. A complete list and description of the firm's composites are available upon request.

**Performance data shown represents past performance and is no guarantee of, and not necessarily indicative of, future results.** Performance of the Natixis/Loomis Sayles Small/Mid Cap wrap composite and the Russell 2500® Index reflects the reinvestment of dividends and other earnings. Russell® is a trademark of Russell Investment Group. The securities holdings of the composite may differ materially from those of the index used for comparative purposes. The Russell 2500 Index measures the performance of the 2500 smallest companies in the Russell 3000® Index. The Russell 3000® Index measures the performance of the 3,000 largest US companies based on total market capitalization. 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 securities holdings of the composite may differ materially from those of the index used for comparative purposes. Indexes are not investments and do not incur fees and expenses and are not professionally managed. It is not possible to invest directly in an index. The information presented in this report has been developed internally and/or obtained from sources believed to be reliable; however, neither the model portfolio provider or Natixis Advisors guarantees the accuracy, adequacy or completeness of such information nor do we guarantee the appropriateness of any strategy referred to in this report for any particular investor. This report is provided for informational purposes only and is not to be construed as advice or a recommendation for the purchase or sale of any security. Natixis Advisors will combine the investment recommendations from the model portfolio provider with the ability to customize individual portfolios to meet clients' specific needs, such as cash flows, tax issues and other considerations. Natixis Advisors will combine the investment recommendations from the model portfolio provider with the ability to customize individual portfolios to meet clients' specific needs, such as cash flows, tax issues and other considerations. In most cases, Natixis Advisors expects to invest substantially in line with the recommendations provided by the model portfolio provider in an effort to seek best overall execution.

Significant dispersion may occur among the holdings and performance of the model portfolio, the client accounts managed by Natixis Advisors using the model portfolio, and the accounts managed by the model portfolio provider on a discretionary basis included in the institutional composite for a variety of reasons. Such reasons include differing account sizes, differing cash flows, the timing and terms of execution of trades, individual client needs, and differing tax situations.

It is important to note that under the agreement between the model portfolio provider and Natixis Advisors, pursuant to which model portfolio provider supplies the model portfolio, model portfolio provider's role is limited to assembling the model portfolio and under certain circumstances, trading certain securities. Portfolio transactions will be effected either by Natixis Advisors or the model portfolio provider. When effected by the model portfolio provider, transactions will be aggregated with transactions of the model portfolio provider's other clients when feasible, in an effort to seek best overall execution. All other investment tasks are the responsibility of Natixis Advisors, the investment advisor, including the discretion of what portion of client accounts will be invested using the model portfolio. Accordingly, the information shown may not be representative of the performance of client accounts managed by Natixis Advisors. For more information, please see Part 2 of Natixis Advisors' most recent Form ADV.

**Investment Risks:** All securities are subject to risk, including possible loss of principal. Please read the risks associated with each investment prior to investing. Detailed discussions of each investment's risks are included in Part 2A of each firm's respective Form ADV. The investments highlighted in this presentation may be subject to certain additional risks. The views and opinions expressed may change based on market and other conditions. This material is provided for informational purposes only and should not be construed as investment advice. There can be no assurance that developments will transpire as forecasted. Actual results may vary. This document may contain references to third party copyrights, indexes, and trademarks, each of which is the property of its respective owner. Such owner is not affiliated with Natixis Investment Managers or any of its related or affiliated companies (collectively "Natixis") and does not sponsor, endorse or participate in the provision of any Natixis services, funds or other financial products. The index information contained herein is derived from third parties and is provided on an "as is" basis. The user of this information assumes the entire risk of use of this information. Each of the third party entities involved in compiling, computing or creating index information disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to such information.

Natixis Advisors, LLC provides advisory services through its division Natixis Investment Managers Solutions. Advisory services are generally provided with the assistance of model portfolio providers, some of which are affiliates of Natixis Investment Managers, LLC.

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