Focused Growth ETF

Fund Facts

The fund seeks to invest in companies with sustainable competitive advantages, long-term structural growth drivers, attractive cash flow returns on invested capital, and management teams focused on creating long-term value for shareholders. The fund's portfolio manager also aims to invest in companies when they trade at a significant discount to the estimate of intrinsic value.

Fund AUM	$263.6 million
Inception	6/29/2023
Ticker	LSGR
Benchmark	Russell 1000® Growth
CUSIP	63875W406
Portfolio Manager	Aziz Hamzaogullari
Manager Since	Inception

Russell 1000® Growth Index *measures the performance of the large cap growth segment of the US equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000® Growth Index is constructed to provide a comprehensive and unbiased barometer for the large 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.*

Portfolio Review

- The fund posted positive returns of 4.24% (NAV)[1] vs. 3.19% for the Russell 1000® Growth Index, outperforming the benchmark by 1.05% net during the quarter. Tesla, Meta Platforms, and Oracle were the three largest contributors to performance during the quarter. Alphabet, Boeing, and Amazon were the three lowest contributors to performance.

- Stock selection in the consumer discretionary and healthcare sectors, as well as our allocation to the information technology, consumer discretionary, communication services, and healthcare sectors, as well as our allocation to the information technology sector, contributed positively to relative performance. Stock selection in the industrials and financials sectors, as well as our allocation to the communication services and industrials sectors, detracted from relative performance.

- The fund is actively managed with a long-term, private equity approach to investing. Through our proprietary bottom-up research framework, we look to invest in those few high-quality businesses with sustainable competitive advantages and profitable growth when they trade at a significant discount to intrinsic value (our estimate of the true worth of a business, which we define as the present value of all expected future net cash flows to the company).

Performance as of September 30, 2024 (%)

	CUMULATIVE TOTAL RETURN		AVERAGE ANNUALIZED RETURN			
	3 MONTH	YTD	1 YEAR	3 YEAR	5 YEAR	SINCE INCEPTION
ETF (NAV)[1]	4.24	26.08	44.08	-	-	31.87
ETF (MARKET PRICE)[2]	4.21	26.04	43.92	-	-	31.84
BENCHMARK	3.19	24.55	42.19	-	-	30.59
EXCESS RETURN[1]	+1.05	+1.53	+1.89	-	-	+1.28
EXCESS RETURN[2]	+1.02	+1.49	+1.73	-	-	+1.25

[1]Focused Growth ETF Net Asset Value *[2]Focused Growth ETF At-Market Value*

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.im.natixis.com.

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. An exchange-traded fund's market price is the price at which shares in the ETF can be bought or sold on the exchanges during trading hours, while the net asset value (NAV) represents the value of each share's portion of the fund's underlying assets and cash at the end of the trading day. ETFs calculate the NAV at 4 p.m. EST, after the markets close.

Gross expense ratio 3.97%. Net expense ratio 0.59%. The Investment Advisor has given a binding contractual undertaking to the Fund to limit the amount of the Fund's total annual fund operating expenses to 0.59% of the Fund's average daily net assets, exclusive of brokerage expenses, interest expense, taxes, acquired fund fees and expenses, organizational and extraordinary expenses, such as litigation and indemnification expenses. This undertaking is in effect through 4/30/26 and may be terminated before then only with the consent of the Fund's Board of Trustees.

Top Ten Holdings (%)

NVIDIA Corporation	13.1
Meta Platforms, Inc.	9.4
Amazon.com, Inc.	7.5
Alphabet Inc.	7.2
Microsoft Corporation	6.7
Tesla, Inc.	5.9
Netflix, Inc.	5.0
Oracle Corporation	5.0
Vertex Pharmaceuticals Incorporated	4.5
Autodesk, Inc.	4.5
Total	68.8

New Purchase Highlights

There were no new purchases during the period.

Portfolio Activity

- All aspects of our quality-growth-valuation investment thesis must be present for us to make an investment. Often our research is completed well in advance of the opportunity to invest. We are patient investors and maintain coverage of high-quality businesses in order to take advantage of meaningful price dislocations if and when they occur. During the quarter, we sold the small position in Grail we recently received via spin-off as a function of our ownership in Illumina.

Contributors

Tesla, Meta, and Oracle were the three largest contributors to performance during the quarter.

- Founded in 2003, **Tesla** is a global leader in the design, manufacturing, and sales of high-performance fully electric (battery) vehicles (EVs). The company's automotive unit sells its products directly to customers through its website and retail locations and continues to grow its customer-facing infrastructure through a global network of vehicle service centers, mobile service technicians, body shops, Supercharger stations, and Destination Chargers to accelerate widespread adoption of its products. Tesla also designs, manufactures, sells, and installs solar energy generation and energy storage products to residential, commercial, and industrial clients through its energy generation and storage unit. The company generates approximately 95% of its sales from its automotive segment and 5% from its energy generation and storage segment. From a geographic standpoint, the US and China are the company's two largest markets, accounting for approximately 47% and 23% of sales, respectively, while the rest of the world collectively accounts for approximately 33%.

  A fund holding since inception, Tesla reported quarterly financial results that reflected a year-over- year decline in unit sales for only the second time since the launch of its model Y. The company highlighted a number of factors weighing on demand, including economic weakness in major EV markets and affordability challenges due to still-high interest rates. The company also again provided guidance for slower-than-expected growth in 2024 as global EV adoption has slowed, despite showing signs of recovery. Given that affordability in the auto industry is being impacted by multi-decade-high interest rates and lingering materials and logistics cost inflation, we believe Tesla has been prudently managing the business, which included record auto production and deliveries in 2023, as well as the company's Model Y becoming the highest selling vehicle on a global basis, which has continued year-to-date in 2024. We believe this near-term weakness does not reflect on Tesla's long-term prospects, nor does it change our expectation for long-term secular growth in EV penetration around the world, irrespective of the level of interest rates.

  Revenue of $25.5 billion rose 2% year over year. Despite working to lower the price of its vehicles to increase affordability, higher interest rates have impacted the core mass market customer Tesla ultimately seeks to win over. Tesla has a pricing strategy where they price their vehicles to maximize overall profit dollars. Historically the company had reduced price annually as it leveraged its growing scale to lower the total cost of ownership for potential buyers and drive EV adoption. The company is focused on penetrating mass-market buyers, where pricing sensitivity is a greater factor, and rising rates effectively increased the price of Tesla's cars by 10% over the past two years. We believe this is the correct strategy as long as Tesla continues to protect its brand equity, which is one of the company's most important intangible assets. Given that Tesla manufacturing factories have high fixed costs that benefit from scale, increasing EV sales from current levels would improve production utilization and generate higher profit per vehicle. We believe that increased volumes will offset near-term margin pressure over time. Further, unlike traditional auto manufacturers, Tesla has the ability to sell software to car owners after the initial sale, providing incentive to grow an installed base that can later be monetized through software sales. The company is making strong progress on its industry-leading software which benefits from its data leadership in autonomous driving. In the last six months, the company captured more data than in the prior 2.5 years combined, and Tesla is rolling out version 12 and already working on version 12.5 of its FSD (full self driving) beta software. Despite a substantial year-over-year decline in operating margins due to lower average selling prices, new factories that are not yet

operating at full efficiency, higher raw materials and logistics costs, and strong investments in research and development to support the Cybertruck and its AI robot, we believe these impacts are temporary and that over the long term, Tesla can generate operating margins in the mid-20% range. Despite an automotive industry slowdown, we believe that Tesla is a structural share gainer in the overall auto industry and will continue to gain share and grow faster than the industry as a whole.

We believe the secular growth driver for Tesla is increasing penetration of electric vehicles as a share of global automotive sales. Around the world, EVs accounted for a low-double-digit percentage of new light vehicle sales in 2023, with penetration rates ranging from high-single digits in North America to low double-digits in Western Europe and almost 30% in China. We believe the pace of EV adoption will accelerate, driven by advances in battery technology that will drive cost parity, lower ongoing cost of ownership for consumers, government incentives, and numerous global initiatives to phase out internal combustion engine sales over the next two decades. Tesla is the global leader in battery EV sales, with over 20% unit share, around 25% revenue share, and a much higher share of industry profitability. While we expect competition to increase substantially, we believe Tesla's superior brand, focus, technology leadership, and strong ongoing consumer demand will enable the company to maintain a leading global market position.

In 2022, Tesla launched an enhanced autopilot feature for customers who only want self-driving functionality on highways. While we believe most consumers will ultimately adopt FSD functionality over the long term, at 50% of the cost of FSD, we believe the enhanced autopilot option will accelerate uptake of its software offerings. Over the past few months, the company has begun to further sharpen its FSD strategy. First, the company rolled out a free trial to all US car owners with hardware 3 and higher, which represented 1.8 million cars, for which the company saw 50% usage. The company also created a lower pricing tier for "supervised" FSD, which provides access to a scaled-down version of FSD that is allowed by current regulations, but at half the price of FSD. Tesla's software offerings carry profit margins that are significantly greater than the current company average and we believe they will drive strong profit growth. Over time, we believe uptake of high-margin software capabilities, which we believe can increase from 0% of profits today to approximately 25%, will contribute to expanding the company's operating margins. We believe the assumptions embedded in Tesla's share price underestimate the company's significant long-term growth opportunities and the sustainability of its global market share. We believe the company's shares currently sell at a significant discount to our estimate of intrinsic value and thereby offer a compelling reward-to-risk opportunity.

- **Meta Platforms** operates online social networking platforms that allow people to connect, share, and interact with friends and communities. The company's Facebook platform allows message exchange, photo and video sharing, and common-interest user groups, and Meta's family of apps also includes leading global social and messaging applications Instagram, Messenger, and WhatsApp.

  A fund holding since inception, Meta reported quarterly financial results that were strong and above expectations for revenue, operating income, and earnings per share. The company also provided revenue guidance for the coming quarter that was above expectations, while reiterating its annual expense outlook and modestly increasing its capital expenditures (capex) forecast. Meta expects capex to remain elevated over the next few years as it levers its talent, data, and scalable infrastructure to build new solutions for its family of apps and become one of the world's leading AI companies. We believe this is a necessary cycle for maintaining sustainable competitive advantages and long-term growth. The company continues to invest significantly in its early-stage Reality Labs segment, which includes augmented- and virtual-reality (VR) products that the company views as building its long-term vision for the metaverse. While the company lost $4.5 billion in its Reality Labs segment during the quarter, Meta's core family of apps generated strong operating profit of $19.3 billion on 50% operating margins that expanded by 900 basis points year over year. As a result, the investment represented just over 23% of the operating profit generated by the company's highly profitable core business. We believe Mark Zuckerberg has always managed the company with a long-term focus and strong strategic vision. Over the past ten years, Meta has spent over $160 billion on research and development and $135 billion on capital expenditures, including over $130 billion and over $100 billion,

respectively, in the last five years. This represents a level of investment that few firms can match and creates high barriers to entry for competitors that are further compounded by Meta's growth of cumulative knowledge over time. We expect Meta to continue to invest in products around virtual and augmented reality with the long-term vision of creating a metaverse platform. We believe the company's overall AI initiatives and those within its family of apps businesses are complementary to and overlap with its reality labs product-focused areas. For instance, Meta has invested in its Llama large language model, which is a product supporting developers but also training the company's Meta AI assistant that is used in its family of apps business. Today, Meta AI has nearly 500 million monthly active users, and the company's goal is for Meta AI to become the most-used AI assistant in the world. Meta AI is also expected to be used in its recently released Orion augmented-reality glasses prototype, as well as other smart glasses products. Orion leverages both Meta AI and its family of apps products to conduct calls, videos, and messages. We expect Meta to continue to invest around virtual, augmented, and mixed-reality devices and software and to lever investments in AI and the ecosystem of its family of apps businesses. Given the potential size of the opportunity, which we estimate could impact over $1 trillion of spending over the long term, and Meta's positioning with billions of users and hundreds of millions of businesses, we believe Meta's current balanced approach to its forward looking investments make sense.

We believe Meta continues to have significant advantages arising from its network of over 3.2 billion daily users of its family of apps, over 200 million businesses that use its platforms and tools every month, and approximately 10 million advertisers who have consistently paid more per user for access to its rare network. We expect that businesses and decision makers in all sectors will continue to allocate an increasing proportion of their advertising spending online, and Meta remains one of very few platforms where advertisers can reach consumers at such scale in such a targeted and effective fashion.

For the quarter, revenue from Meta's family of apps, which is primarily advertising revenue, accounted for 99% of the company's $39 billion in total revenue and rose 22% year over year in constant currency. User data, coupled with the scale and frequency of engagement, allows Meta an unprecedented ability to specifically target direct marketing. The ability of advertisers to deliver relevant content, in turn, increases user engagement, and contributes to growth in the overall ecosystem. Across its family of apps – Facebook, Messenger, WhatsApp, and Instagram – daily active users grew 6.5% year over year to 3.27 billion. As users grow, more advertisers come to the platform. Meta now has over 200 million businesses that use its platforms or tools every month, and the company last reported the number of advertisers grew to over 10 million, up from over 8 million at the end of 2019 and over 7 million at the end of 2018. Total average revenue per person (ARPP) for the quarter of $11.90 rose 14% year over year. Since 2012, annual monetization per user has increased globally from $5 per user to over $44 in 2023, a compounded annual growth rate of 22%, which we believe is a secular trend that reflects Facebook's strong pricing power and ability to monetize its global user base. The company's reality labs segment, which includes augmented- and virtual-reality consumer hardware, software, and content, accounted for 1% of total revenues, which rose 40% year over year due primarily to higher sales of its Quest VR headsets.

Despite the impact of elevated investment spending, we believe Meta continues to have an attractive financial profile. Quarterly earnings before interest and taxes (EBIT) of $14.8 billion rose 58% year over year on margins of 38% that rose from 29% in the prior-year period. The company's family of apps generated $19 billion of EBIT on operating margins of 50%. Meta continues to invest heavily in new growth drivers, such as Reality Labs, which is the division that focuses on VR and augmented reality hardware and software. The reality labs segment generated a quarterly operating loss of $4.5 billion. Meta's total free cash flow of $10.9 billion declined 1% year over year due to elevated capital expenditures that rose 33%. During the quarter, the company repurchased $6.6 billion of shares and paid over $1 billion in dividends.

We believe Meta is a high-quality company, benefiting from the secular shift from traditional advertising to online advertising and positioned for strong and sustainable growth over our investment time horizon. We believe Meta benefits from the competitive advantages of its network, scale, strong brands, platform strategy, and a targeting advantage. With 3.27 billion daily users and over 200 million businesses worldwide using

its family of apps, the scale and reach of Meta's network is unrivaled. When excluding China, where Meta is not currently operating, we estimate that the unique users of the company's Family of Apps exceed 80% of the world's internet population. We expect that businesses will continue to allocate an increasing proportion of their advertising spending online, and Meta remains one of very few platforms where advertisers can reach consumers at such scale in such a targeted and effective fashion. We believe Meta's brands, network, and targeting advantage position the company to take increasing share of the industry's profit pool and grow the company's market share from approximately 7% currently to over 10% of the estimated over $1.85 trillion total global advertising market over our investment time horizon. We also believe that the expectations embedded in Meta's current share price show a lack of appreciation for the company's growth opportunities and the sustainability of its business model. We believe the consensus expectations and current market price reflect assumptions for free cash flow growth that are well below our long-term expectations of strong double-digit cash flow growth. As a result, we believe the shares trade at a significant discount to our estimate of intrinsic value, creating a compelling reward-to-risk opportunity.

- **Oracle** is a leader in the enterprise software market, with a strong market position in database, infrastructure and application software, and cloud-based software and services. The company's competitive advantages include its large direct sales force, a founder-driven management team that reinvests relentlessly to maintain a differentiated product suite and leading intellectual property portfolio, and a large installed base of clients with high switching costs where it consistently achieves client renewal and retention rates in the mid-90% range. We believe Oracle is well positioned to benefit from the continuing growth in data storage and enterprise application software, as well as the shift to cloud-based solutions.

  A holding in the fund since inception, Oracle reported quarterly financials that were fundamentally solid and better than consensus expectations for revenue, operating income, and operating margins. The company also reported strong remaining performance obligation (RPO), a forward-looking measure of revenue. As a result, the company reiterated its guidance for double-digit revenue growth in its 2025 fiscal year. The company also announced a new relationship with Amazon's AWS, and has now secured relationships with all the leading hyperscalers, including Microsoft and Google, highlighting the company's momentum within its AI and cloud initiatives. For the quarter, total revenue of $13.3 billion rose 8% year over year in constant currency. At $11.4 billion, software sales represented 86% of total revenue and rose 10% year over year, benefitting from 22% growth in cloud revenues during the quarter. Cloud revenue now represents over 40% of Oracle's total revenue. Oracle's infrastructure and cloud services and support business (54% of total software, cloud services and support revenue) grew 14% year over year and continued to show improved growth relative to the past few years. Revenue drivers included Oracle cloud infrastructure (OCI), which grew by 46% versus the prior-year quarter, and autonomous database growth of 23%. Oracle's applications business (46% of total software, cloud services and support revenue) generated 7% organic growth in constant currency. Driven by 18% growth in its strategic back office applications, which include its Fusion suite of cloud-enabled enterprise software solutions, the company experienced strong growth in several key cloud products such as enterprise resource planning (ERP) and its NetSuite small-business ERP offerings, demonstrating the company's progress in transitioning to a cloud-based model and positioning the company to improve its growth rate over time. While Oracle remains the world leader in its largest business segment, enterprise database software used in customer on-premise IT environments, the company continues to focus on transitioning its business from a traditional on-premise, up-front software licensing and maintenance revenue model to a cloud-computing subscription-based model where software revenue is recognized over the life of the client's contract. While there has been pressure on year-over-year overall revenue comparisons during this transition as up-front license revenue shifts to subscription revenue, we expect this to lead to faster growth over time due to a higher customer lifetime value as the transition progresses. The cloud model also allows Oracle to monetize its services and technology more efficiently and yield savings to the customer.

  In Oracle's hardware segment, revenue of $655 million was down 8% year over year. The hardware business accounted for approximately 5% of total revenue and a smaller

percentage of total cash flow. With the ongoing transition to the cloud and faster growth in its larger software businesses, we expect hardware to continue to decline as a percentage of revenue and cash flow. In its services segment (about 9% of revenue), revenue of $1.3 billion declined 8% compared with the same quarter last year.

Even though the company is in the midst of a major business model transition, Oracle's financials remain strong. Adjusted EBIT of $5.7 billion rose 14% versus the prior-year quarter in constant currency and was above consensus expectations. Operating margins expanded approximately 232 basis points to 43%. We expect operating margins will further improve over time as recently acquired Cerner benefits from Oracle's technology and scale. Over the trailing twelve months, Oracle generated $11.3 billion in free cash flow, which rose 19% year over year and represented 21% of total revenue. Capital expenditures of approximately $7.8 billion over the past 12 months remained elevated as Oracle continues to build capacity to support the strong growth in its cloud services. Following the acquisition of Cerner, the company continues to have a high degree of financial leverage, with long-term debt to capital of 79%. However, given its persistently strong cash flow and resulting debt servicing capability, we believe the balance sheet remains solid and expect to the company to focus on decreasing leverage in the near to immediate term. We believe Oracle's stock price embeds free cash flow growth assumptions that are well below our long-term forecast. As a result, we believe its shares are selling at a significant discount to our estimate of intrinsic value and offer a compelling reward-to-risk opportunity.

Detractors

Alphabet, Boeing, and Amazon were the three lowest contributors to performance.

- **Alphabet** is a holding company that owns a collection of businesses, the largest and most important of which by far is Google. Google is the global leader in online search and advertising and also offers cloud solutions to businesses and consumers globally, with a goal of organizing the world's information and making it universally accessible and useful. Google dominates the US and global search market with a greater than 80% share of search volumes. As a function of seeing more searches, Google is able to provide better search results, resulting in a higher customer conversion rate for advertisers and enabling Google to capture a leading share of search revenue. Google's large network of consumers, advertisers, and publishers is a powerful business ecosystem as third-party participants such as marketing affiliates and independent software vendors add value to the user experience. As a result, consumers get their best and most relevant search results and advertisers get the best returns on their advertising dollars. Such a robust ecosystem attracts increasing numbers of participants and thereby creates a virtuous cycle for a sustainable business model and long-term growth. In its emerging cloud business, we estimate that Google captures less than 10% market share of the global market for public cloud services. We believe Google remains one of the few global companies that has the scale, research and development (R&D), and technical talent to effectively compete in this market over the long term. Non-Google businesses comprise less than 1% of Alphabet revenues and are held in the company's Other Bets segment.

  A holding in the fund since inception, Alphabet's most-recently reported quarterly financial results were strong and above consensus expectations for revenue, operating income, operating margin, and earnings per share. In August, in a case originally filed in 2020 by the U.S. Justice Department (DOJ) and multiple U.S. states, a U.S. District Court ruled that Google had acted illegally to maintain a monopoly in online search by paying companies such as Apple to present its search engine as the default choice on their devices and web browsers. Google has announced that it will appeal the decision, but may have to wait until after the remedy phase is complete before an appeal is heard. For perspective, it took approximately three years for remedies to be ultimately decided following an anti-trust lawsuit against Microsoft a number of years ago, and it took Alphabet over four years to win its appeal of a $1.7 billion EU anti-trust fine that was levied in 2019 and annulled in September 2024. We expect this process will likely take multiple years before it is ultimately settled and any changes are implemented. And while we do not know what the final outcome will be, based on its ongoing innovation and substantial competitive advantages, we do not believe the company's competitive positioning will ultimately be diminished, and

we believe the company continues to represent an attractive reward-to-risk opportunity.

Alphabet has been a holding in our strategy since inception in July 2006. Different authorities in different jurisdictions have investigated Alphabet over the course of our holding period – sometimes finding it guilty of violating anti-trust laws and sometimes finding it had not violated any statutes. For instance, in 2011, a U.S. Federal Trade Commission (FTC) anti-trust investigation focused on Google's ability to leverage its strong position in search to enhance its own competitive advantage. The investigation lasted two years and the FTC elected not to pursue any lawsuits, levy any fines, nor require any changes in business practices. More recently, the European Commission (EC) found Google guilty of violating its anti-trust laws around its practices with Google Shopping, the licensing of Android to device manufacturers, and for placing restrictive clauses in contracts with third-party websites which prevented ads from Google competitors. The company incurred fines of approximately $10 billion and in each instance was required to modify is businesses practices. We observed no material change in the company's competitive positioning as a result of these changes.

We believe Google's dominance in the online search and advertising market is a function of its superior product offerings and strong and sustainable competitive advantages – not the product of anti-competitive business practices. In Europe, where Google was required to provide users with a choice of browsers on its Android devices, the company maintains over 90% market share – suggesting the company's dominance is a function of consumer preference and not its default positioning. Even on desktop devices pre-installed with Microsoft's edge browser, the company captures over 80% of search activity. Further, if Google is enjoined from paying companies to secure default positioning, it may realize savings from the more than $20 billion it currently spends annually on customer acquisition costs.

As we did with earlier legal and regulatory challenges against the company, we will continue to monitor and assess any potential structural impact on our investment thesis for Alphabet and on the company's market share or growth. However, we believe Alphabet remains well positioned to benefit from the secular shift of the approximately $1.85 trillion in global annual advertising and marketing expenditures outside of China to online and mobile advertising from traditional advertising media. We believe market expectations underestimate Alphabet's long-term sustainable growth rate. Therefore, we believe the company is selling at a significant discount to our estimate of intrinsic value and offers a compelling reward-to-risk opportunity.

- Founded in 1916, **Boeing** is a global leader in the commercial and defense aerospace industries. The company manufactures commercial aircraft for passenger and cargo traffic as well as manned and unmanned military aircraft, missile and defense systems, satellites and launch systems, and other space and security systems. The company operates primarily through three segments: commercial airplanes (historically around 60% of revenues), defense, space and security (historically 20-25% of revenues), and global services (historically 15-20% of revenues). Along with Airbus, Boeing is part of a global duopoly that accounts for almost all commercial planes sold with greater than 125 seats – the largest market segment. The company serves customers in over 150 countries and non-US sales typically account for greater than 40% of total revenues.

  Boeing has been a holding in our fund since inception, and since the first quarter of 2020 in our longer-dated funds when the Covid-19 outbreak prompted a record decline in air travel, creating substantial uncertainty around the near-term demand for aircraft and resulting in a substantial near-term disruption in the company's stock price. We believed the impact of Covid-19, along with the 2019 grounding of the 737 MAX, represented temporary, not structural, issues and created the opportunity to initiate our position. Since our investment, global air travel has almost fully returned to pre-pandemic levels, and the MAX has been cleared to fly in all major countries, including China. More recently, the company has faced new challenges which have again created near-term uncertainty among investors. We believe Boeing is one of only two companies globally which possess the requisite expertise and scale to profitably serve the global demand for commercial aircraft, and we believe the company's long-term earnings power and our long-term structural investment thesis for Boeing remain intact, as we outline below.

On January 5th, a Boeing 737 MAX-9, flown by Alaska Airlines, suffered a mid-air structural failure when a panel fell off in flight. While the FAA grounded all MAX-9 planes following the incident, after inspecting the whole MAX-9 fleet, all the aircraft are now back in service. The MAX-9 fuselage is provided to Boeing by Spirit Aerosystems, which was once part of Boeing and is the company's largest supplier. In July, Boeing announced a definitive agreement to acquire Spirit, a move that we believe makes sense and that we previously suggested to management as execution issues from Spirit before the Alaska accident cost the company more in lost profits than the market cap of Spirit. Following the accident, to improve product quality and safety, Boeing has focused on reducing "travelled work," or work done out of sequence due to part availability or defective parts. Despite the near-term challenges, we do not view the issues as structural and believe the long-term earnings power of the company remains unchanged and significantly underappreciated.

Following the initial missteps with the MAX, which led to the departure of the prior CEO, we believe that Boeing took meaningful steps to strengthen the culture of safety throughout the company and the broader aerospace industry. The company has been accommodative with customers around compensation for lost income and taken a more constructive approach to its relationship with the FAA. The company also tailored compensation to reflect its execution priorities, realigning the engineering function as part of the company's commitment to safety. While the Alaska accident showed that there are further steps to take, we're confident that the steps to which Boeing committed after the accident will strengthen the company's product quality. In May, the company submitted a comprehensive plan to the FAA, which has capped production rates for the 737 to 38 per month until it is satisfied with Boeing's improvements. While production rates are still hampered by Spirit's ability to produce compliant fuselages, production rates have increased steadily over the year to reach mid-20s per month, and the FAA recently allowed Boeing to reopen a third assembly line.

In September, members of Boeing's largest union, the International Association of Machinists and Aerospace Workers (IAM), voted to go on strike, rejecting a contract offer that had been recommended by union leadership. The IAM has a history of striking somewhat frequently against Boeing (most recently in 2008 and 2005), and we anticipated a substantial increase in labor costs as part of the current negotiations. Manufacturing labor costs represent a small percentage of the company's overall costs, and our investment thesis was not predicated on a strike being avoided or even short-lived. While the strike has a near-term impact on free cash flows, it does not impact our long-term view of the company's cash-generation ability. And while we believe internally generated free cash flow will satisfy the majority of the company's funding needs over our long-term investment horizon, the company has multiple funding options if needed in the near-term, which might include raising equity as the company deals with the impact of the strike and continuing production limitations.

Boeing's most-recently reported quarterly financial results were challenging and included a cash outflow of over $4 billion as the company continued to accept inventory at a level that exceeded current assembly rates in order to keep its supply chain on pace. The company has since taken steps to reduce cash outlays, including furloughing workers who are not part of the strike and slowing its inventory build. The company also noted that some customers are withholding progress payments until production rates improve, which also negatively impacted free cash flow. While improving production rates will be the biggest driver of improved cash flow, we believe the company has made tangible progress since the Alaska Airlines incident. Further, we estimate that Boeing has approximately $39 billion of aircraft currently in inventory, which will generate substantial revenue and cash flow as they are likely delivered over the next 12-to-24 months. As of June quarter-end, the commercial airline backlog of $437 billion, or over 5,400 aircraft, was up 20% year over year. Despite still uneven quarterly results and the uncertain duration of the strike, absent further issues with the MAX and 787, we believe the company's long-term earnings power remains intact.

In July, Boeing announced that Kelly Ortberg would replace David Calhoun as CEO, beginning in early-August. Calhoun had previously announced that he would step down at the end of 2024. We have not yet met Mr. Ortberg, who was formerly the CEO of aerospace and defense supplier Rockwell Collins until its 2018 acquisition by United Technologies, where he later led a segment with approximately $25 billion in revenues until retiring in 2021. Mr Ortberg has over 35 years of aerospace industry experience including a

number of important leadership posts, and is an engineer by background.

We believe Boeing is one of only two companies globally which possess the requisite expertise and scale to profitably serve the global demand for commercial aircraft. As we do with any regulatory or corporate development, we will continue to monitor and assess any potential structural impact on our investment thesis for Boeing and on the company's market share or growth. However, we believe the current market price embeds expectations for aircraft deliveries, margins, and free cash flow growth that are well below our long-term assumptions. As a result, we believe the company is selling at a significant discount to our estimate of intrinsic value and offers a compelling reward-to-risk opportunity.

- Online retailer **Amazon** offers millions of products – sold by Amazon or by third parties – with the value proposition to consumers of selection, price, and convenience. Amazon's enterprise IT business, Amazon Web Services (AWS), offers a suite of secure, on-demand, cloud-computing services, with a value proposition to clients of speed, agility, and savings. In both of its core markets, Amazon possesses strong and sustainable competitive advantages that would be difficult for competitors to replicate. In e-commerce, these include its brand, scale, technology platform, network advantage, and logistics and distribution systems. AWS benefits from its brand, technology platform, and massive scale, which allows it to pass along cost savings while continuing to innovate. Growing well in excess of their underlying markets, both of Amazon's businesses are gaining market share. Led by visionary founder and Executive Chairman Jeff Bezos, Amazon invests aggressively to expand and leverage its customer base, brand, and infrastructure, targeting businesses with strong financial returns that are anticipated to offer large and enduring growth opportunities.

A fund holding since inception, Amazon reported fundamentally solid quarterly financial results that were above management's guidance but modestly below consensus expectations for revenue, while operating profit and earnings per share were both above consensus expectations. The company gained market share in its core markets, showed improved profitability and solid free cash flow generation. Shares may have responded negatively to guidance for the current quarter that reflected continued solid growth but were below expectations for revenues and operating profits. For the quarter, net sales of $148 billion increased 11% year over year in constant currency. E-commerce and related revenue, which accounted for approximately 79% of revenue, was driven by 13% growth in third-party services, 18% growth in advertising, and 10% growth in retail subscription services such as Prime membership and digital media subscriptions. Comprising 18% of total net sales at $26 billion, AWS revenue grew 19% in constant currency compared with the year-ago quarter, and accelerated from 17% in the prior quarter and approximately 13% in the past few quarters. Amazon is the world's largest cloud vendor, with mid-30% overall market share that we estimate to be 1.4x that of next largest competitor Microsoft, which has approximately 20% share. All other providers each have less than 10% share. The acceleration of growth represents stabilization in spending after businesses spent the past year optimizing their cloud spending following a period of economic weakness. The company now sees clients bringing more workloads to the cloud and again focusing on innovation as opposed to cost reductions. Physical stores accounted for approximately 4% of revenues and rose 4% year over year. We believe Amazon is one of the best-positioned companies in e-commerce and enterprise IT – in each case addressing large, underpenetrated markets that benefit from secular growth that is still in its early stages. In both of its core markets, we believe Amazon possesses strong and sustainable competitive advantages that would be difficult for competitors to replicate.

Amazon's sales mix has been shifting over the past few years to higher-margin product categories such as third-party e-commerce sales, AWS, and advertising. Gross margins for the quarter rose approximately 100 basis points year over year to 49%. Overall, Amazon reported adjusted operating income of $21.4 billion, up 89% compared with the year-ago quarter. Over the past few years, Amazon has made substantial investments to ensure that its fulfillment and transportation network remained unconstrained during the pandemic. As a result, the company has doubled its fulfillment footprint – which took 25 years to build – and built out a transportation network to support last-mile delivery. Given the company's long-tailed secular growth opportunities, over time we believe it will realize greater productivity and fixed cost leverage from these investments in labor, fulfillment, and

distribution. The company showed efficiency gains in the most recent quarter, due in part to its decision to transition away from a national network and towards several smaller regional networks that resulted in faster and less expensive deliveries in the quarter. The company also benefited from a decrease in marketing as a percentage of sales, which contributed to adjusted operating margins expanding by approximately 350 basis points. AWS operating income rose by 72% to $9.3 billion, with operating margins of 36% that expanded 1,200 basis points versus the year-ago quarter. Over the trailing twelve months, the company generated positive free cash flow of $53 billion that compared with free cash flow of $8 billion in the previous-year period.

On a global basis, e-commerce represents over 12% of an estimated $23 trillion of global retail sales outside of China, where Amazon does not have a substantial presence. We estimate that Amazon generated approximately $700 billion in gross merchandise volume (GMV) in 2023, which would represent market share of total e-commerce across these markets in the mid-20% range and approximately 3% of total retail sales. We believe a long-term, secular shift from traditional brick-and-mortar retail to e-commerce is still in its early stages and that e-commerce will come to represent a significantly higher portion of the global retail market. We believe Amazon's structural operational advantages, network effect, and relentless focus on customer service position the company to grow faster and more efficiently than its traditional or online retail competitors. We also believe AWS is well positioned in the nascent and underpenetrated cloud-computing services market. We estimate the segment can realize mid-teens compounded annual revenue growth with operating margins sustainably improving to the mid-30% range. As a result, we believe the long-term operating profit potential of AWS can approach 50% or more of the company's core retail opportunity. Over our investment time horizon, we believe Amazon can sustain low-double-digit revenue growth and faster growth in operating profits and free cash flow that is not currently reflected in the share price. As a result, we believe the company is selling at a significant discount to our estimate of intrinsic value and offers a compelling reward-to-risk opportunity.

Outlook

- Our investment process is characterized by bottom-up, fundamental research and a long-term investment time horizon. The nature of the process has led to a lower-turnover portfolio in which sector positioning is the result of stock selection.

- At quarter end, we were overweight in the communication services, healthcare, consumer discretionary, and financials sectors. We were underweight in the information technology, industrials, and consumer staples sectors. We held no positions in the real estate, materials, energy, or utilities sectors.

- We remain committed to our long-term investment approach to invest in those few high quality businesses with sustainable competitive advantages and profitable growth when they trade at a significant discount to intrinsic value. Though we have no stated portfolio turnover target, as a result of our long-term investment horizon, our annualized strategy turnover is approximately 4.6% since the inception of the ETF on June 29, 2023. The overall portfolio discount to intrinsic value was approximately 47.7% as of September 30, 2024.

About Risk

The fund is new with a limited operating history. **General Risk: Exchange-Traded Funds (ETFs)** trade like stocks, are subject to investment risk, and will fluctuate in market value. Unlike mutual funds, ETF shares are not individually redeemable directly with the Fund, and are bought and sold on the secondary market at market price, which may be higher or lower than the ETF's net asset value (NAV). Transactions in shares of ETFs will result in brokerage commissions, which will reduce returns. **Active ETF: Unlike typical exchange-traded funds,** there are no indexes that the Fund attempts to track or replicate. Thus, the ability of the Fund to achieve its objectives will depend on the effectiveness of the portfolio manager. There is no assurance that the investment process will consistently lead to successful investing. **Equity Securities Risk:** Equity securities are volatile and can decline significantly in response to broad market and economic conditions. **Growth Stocks Risk:** Growth stocks may be more sensitive to market conditions than other equities as their prices strongly reflect future expectations.

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.

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 depositary receipts. Portfolio weight calculations include accrued interest. For current holdings, please visit www.loomissayles.com.

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 depositary receipts. Portfolio weight calculations include accrued interest. For current holdings, please visit 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 or call 800-225-5478 for a prospectus and a summary prospectus, containing this and other information. Read it carefully.

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