

Natixis Loomis Sayles Focused Growth ETF



Analyst-Driven %
100%*
Data Coverage %
100%*

THE FOCUSED GROWTH ETF EARNS GOLD FROM MORNINGSTAR SINCE DECEMBER 22, 2025*.

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	\$695.5 million
Inception	6/29/2023
Ticker	LSGR
Benchmark	Russell 1000 [®] Growth Index
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.

*© 2026 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

Please see risks and disclosures on the last page for additional important information.

Portfolio Review

- The fund posted negative returns of -12.01% (NAV)¹ vs. -9.78% for the Russell 1000[®] Growth Index, underperforming the benchmark by -2.23% net during the quarter. Netflix, Starbucks, and Regeneron Pharmaceuticals were the three largest contributors to performance during the quarter. Tesla, Meta Platforms, and Microsoft were the three largest detractors to performance.
- Stock selection in the communication services and healthcare sectors, as well as our allocations to the consumer staples, information technology, financials, and healthcare sectors, contributed positively to relative performance. Stock selection in the information technology, consumer staples, industrials, and financials sectors, as well as our allocations to the industrials and consumer discretionary sectors, detracted from relative performance.
- The fund is managed with a highly selective, 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 March 31, 2026 (%)

	CUMULATIVE TOTAL RETURN		ANNUALIZED TOTAL RETURN			
	3 MONTH	YTD	1 YEAR	3 YEAR	5 YEAR	SINCE INCEPTION
ETF (NAV) ¹	-12.01	-12.01	13.43	-	-	17.95
ETF (MARKET PRICE) ²	-12.00	-12.00	13.48	-	-	17.98
BENCHMARK	-9.78	-9.78	18.81	-	-	18.66
EXCESS RETURN ¹	-2.23	-2.23	-5.38	-	-	-0.71
EXCESS RETURN ²	-2.22	-2.22	-5.33	-	-	-0.68

¹Focused Growth ETF Net Asset Value ²Focused Growth ETF At-Market Value

Performance data shown represents past performance and is no guarantee of future results. Investment return and value will vary and you may have a gain or loss when shares are sold. The investment return and principal value of an investment will fluctuate so that an investors' shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than quoted. For most recent month-end performance, visit www.loomissayles.com

Beginning 06/12/2025 market price returns are calculated based on the Primary Exchange Official Close Price and account for distributions from the fund. Prior to 06/12/2025, market price returns were calculated based on the midpoint of the bid/ask spread at 4:00 p.m. Eastern time, when the NAV is normally calculated for ETFs and accounted for distributions from the fund. Mutual fund shares may be bought from, and redeemed with, the issuing fund for cash at NAV typically calculated once at the end of each business day. Shares of the Fund, by contrast, cannot be purchased from or redeemed with the Fund except by or through Authorized Participants and then typically for an in-kind basket of securities. In contrast, investors who are not Authorized Participants purchase and sell shares generally for cash on a secondary market at the prevailing market price. In addition, the Fund issues and redeems shares on a continuous basis only in large blocks of shares, typically 100,000 shares, called Creation Units.

Gross expense ratio 0.67%. 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 4/30/28 and may be terminated before then only with the consent of the Fund's Board of Trustees.



Top Ten Holdings (%)

NVIDIA Corporation	16.3
Alphabet Inc.	10.8
Meta Platforms, Inc.	8.1
Tesla, Inc.	7.3
Amazon.com, Inc.	7.2
Netflix, Inc.	4.7
Monster Beverage Corporation	4.7
Vertex Pharmaceuticals Incorporated	4.6
Microsoft Corporation	4.2
Boeing Company	3.9
Total	72.0

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 trimmed our position in Illumina.

Contributors

Netflix, Starbucks, and Regeneron Pharmaceuticals were the three largest contributors to performance during the quarter.

- Founded in 1997, **Netflix** is one of the world's leading internet entertainment platforms and a pioneer of subscription video on demand (SVOD), which it first launched in 2007. Today the company is a global leader with over 300 million paid subscribers, out of what we estimate is a total addressable market of one billion households outside of China, who access TV series, movies, mobile games, and other entertainment content across a wide variety of genres, languages, and devices. The company has subscribers in over 190 countries, with an estimated global audience in excess of 700 million, and generates almost 60% of its revenue from outside of North America.

We believe Netflix's strong and sustainable competitive advantages include its focus, scale, brand, and a large installed base of clients that are protected by high barriers to entry. As a pioneer in SVOD, Netflix has amassed a subscriber base that we estimate to represent just under 40% of all SVOD subscribers globally and approximately 50% of the industry revenue share of the leading global providers. The company's strong brand is reflected in both its premium pricing versus peers and mid-single-digit growth in average revenue per user over the past five years. Over the past decade, Netflix has invested over \$130 billion in content and amassed an estimated over 14,000 hours of original content, which is estimated to represent just under two times the next five largest streaming competitors combined. Of course, it is not just the quantity, but quality of the content that matters. Over this same period, Netflix received over 1000 Emmy nominations and had 246 wins. The company has captured the first or second spot in total Emmy Awards in nine out of the last ten years, which we believe reflects the quality of its content. We believe the ability to create and acquire high quality content, based on cumulative knowledge and insights attained from its large installed base of subscribers, contributes to very high barriers to entry.

A fund holding since inception, Netflix's most-recently reported financial results were fundamentally solid and above consensus expectations for revenue, operating income and margins, and earnings per share. Shares responded positively following news that the company was dropping its bid for Warner Bros after Paramount made a competing offer worth almost \$30 billion more than Netflix's initial bid. As we have written previously, our investment thesis for Netflix was not predicated on a successful acquisition of Warner Bros, and there is no change to our long-term structural investment thesis following the news.

For the quarter, revenue of \$12.1 billion rose 18%, driven by higher subscriptions, higher subscription pricing, and increased ad revenue. The company highlighted its advertising business, which expanded by over 2.5 times to exceed \$1.5 billion, and is expected to double again in 2026. The company believes that both paid sharing and its ad-supported pricing plan, which was initially rolled out in 12 markets in November 2022, will further broaden its addressable subscriber base and has contributed to accelerating revenue growth and greater monetization per user. The company previously commented that the paid-sharing initiative was resulting in better-than-expected retention and conversion of borrowing households into full-paying members.

We believe Netflix has an attractive and improving financial model. Operating income of \$3.0 billion rose 30% year over year on margins of 24.5%. Free cash flow of \$1.9 billion rose 35% from the prior-year quarter and represented 16% of total revenue. The company's balance sheet continues to improve, with long-term debt to equity of 58% declining from over 200% in 2019.

We believe SVOD will continue to benefit from a secular shift from linear television to streaming entertainment due to growing global penetration of broadband internet connections, the proliferation of internet-connected devices, and consumers' desire for on-demand personalized entertainment at prices that are generally significantly below paid TV.



As a leading provider of SVOD, we believe Netflix will take its share of global consumer entertainment spending from about 3% today to over 5% over our long-term investment horizon, contributing to low-double-digit growth in revenue. We expect substantial recent investments in content will moderate, and we believe the company will benefit from higher gross margins as its content library is leveraged over a growing global subscriber base. We recently increased our longer-term projected operating margins for Netflix, driven by our expectation of greater scale benefits, and we now expect Netflix to generate longer-term operating margins in the mid-to-high-30% range, up from approximately 30%, previously. As a result, we expect both operating profits and free cash flow will grow faster than revenues, in the mid teens. We believe current market expectations substantially underestimate the strength of Netflix's business model and its ability to generate sustainable growth in free cash flow over our long-term investment horizon. As a result, we believe the shares trade at a significant discount to our estimate of intrinsic value and offer a compelling reward-to-risk opportunity.

- **Starbucks** is the world's leading retailer and roaster of specialty coffee, with more than 41,000 coffee shops in 89 markets worldwide. The company operates through owned (52%) and licensed (48%) retail stores, which it reports in two geographic segments: North America (74% of revenues) and International (21% of revenues). Starbucks' channel development segment accounts for 5% of revenues and features its global coffee alliance, in which Nestle now markets and distributes Starbucks packaged and single-serve coffee globally. The channel development segment also includes Starbucks' ready-to-drink business, which is also distributed through partners such as PepsiCo in North America and Tingyi in China.

A fund holding since inception, Starbucks reported quarterly financial results that reflected better-than-expected revenue growth, driven by increased comparable-store-sales ("comps"). Comps rose 4% globally year over year, including 4% growth in North America where transaction volumes rose for the first time in eight quarters. Positive comps were observed across all dayparts, suggesting the company's "green apron" strategy that seeks to improve in-store experience, execution efficiency, and enhance barista support is demonstrating positive results. The company also reported loyalty members rose 3% to an all-time high of 35.5 million. Transaction growth among non-loyalty members was also positive, indicating the company is successfully bringing back less-frequent visitors through its marketing and innovation initiatives. Other signs of progress include improving customer perception scores on measures such as brand affinity, visit consideration, partner connection, and convenience.

International comps rose 5% year over year, including 7% comps growth in China. In November 2025, Starbucks announced that it had entered into an agreement with Boyu Capital to create a joint venture for its China business. While the company had originally sought to control its China operations directly given the growth and profitability of the China market, increasing competitive pressures, a challenging consumer spending environment, and heightened geopolitical tensions collectively increased the value of adding local expertise. We believe the deal, in which Starbucks will retain a 40% interest, will benefit the company through the addition of local knowledge and relationships, maintaining exposure to a faster growing market while reducing risk, and enabling management to focus on its US operations which are central to its turnaround strategy. The deal is expected to close in the second quarter of 2026.

For the quarter, the company generated adjusted operating margins of 10.1%, which declined 180 basis points year over year due in part to investments in its "Back-to-Starbucks" plan, particularly in labor, as well as inflation in coffee prices and tariffs. Over our long-term investment horizon, we expect the company to reattain its industry-leading margins and for returns on invested capital to expand as the business becomes increasingly streamlined and asset light and continues to benefit from overall scale and growth in North America, China and large international markets which are under-penetrated and represent attractive licensed-market opportunities.

We believe the Starbucks brand is among the most iconic in the quick-service restaurant category, and ranks among the world's most powerful brands. By far the largest specialty coffee provider, Starbucks' scale provides it with advantages in procurement and advertising that have historically resulted in higher profitability levels than competitors, while also enabling it to spend far more on advertising and marketing. A unique culture of employee development has contributed to lower employee turnover and better customer experience than many restaurant competitors, and the company has been a pioneer in customer engagement through its loyalty program. We believe Starbucks' global sales growth will be supported by a long tail of away-from-home coffee consumption, pricing power, ongoing



premiumization, improved loyalty, and targeted marketing. As a result, we believe that Starbucks is trading at a meaningful discount to our estimate of intrinsic value and offers an attractive reward-to-risk opportunity.

- **Regeneron Pharmaceuticals** is a fully integrated biopharmaceutical company that discovers, develops, manufactures, and commercializes medicines for the treatment of serious medical conditions. The company was established in 1988 with the vision of empowering scientists to shape the path of the business by advancing long-term scientific outcomes over short-term results. Regeneron-invented technologies include VelocImmune, a patented technology for creating fully human monoclonal antibodies, enabling rapid discovery and development of viable candidates for clinical trials. With this accelerated process, the time and capital required for pre-clinical research is reduced, which we believe allows Regeneron to significantly outpace its competition in bringing new therapies to trial, and ultimately to market. As a result, while many biotechnology companies have the ability to pursue only one or two drugs, Regeneron has over 40 fully human antibodies in clinical development, including nine currently marketed therapies for which it is investigating additional indications. Early in its clinical lifecycle, Regeneron's technology enabled it to negotiate risk-mitigating and platform-validating collaborations with larger biopharmaceutical company partners which fund early-stage research and development (R&D) in exchange for a share of potential profits and research cost reimbursement, and through which Regeneron accesses scale and distribution strength. Today Regeneron stands on its own as one of the leading innovators and commercial powerhouses in biopharma; the company markets therapies for eye diseases, atopic dermatitis, asthma, oncology, high LDL cholesterol, and a rare inflammatory condition. The company has also developed a robust pipeline of candidates in areas of high unmet medical need including oncology, allergic disease, central nervous system (CNS) diseases, hematology, and infectious diseases. We believe that Regeneron's science-driven culture, unique technology, and long-term focus on delivering innovative medical solutions will result in substantial value creation over our investment horizon.

A holding since fund inception, Regeneron reported quarterly financial results that were above expectations for both revenues and profitability, due in part to patients switching from 2mg Eylea to Eylea HD more quickly than expected during the period. We have long expected Eylea, a treatment for diseases of the back of the eye and historically the company's largest revenue generator, to face heightened competition, most immediately from the 2022 approval of Roche's Vabysmo, as well as the eventual introduction of biosimilar competition for 2mg Eylea. However, we believe Eylea's efficacy and greater than 10-year safety profile provides a very strong competitive advantage that remains difficult for competitors to overcome. Regeneron responded to the competitive threats with an increased (8mg) dose of Eylea (Eylea HD) that was approved by the FDA in 2023. We believe Eylea HD's potential is clinically superior to any existing or clinical therapy, carries the benefit of less-frequent dosing than 2mg Eylea, earlier-generation competitors, and all current biosimilars, and benefits from Eylea's 10-year safety history, once again illustrating Regeneron's demonstrated ability to innovate and sustain its market leadership. The company has made good progress in switching patients from the regular dose of Eylea, as well as capturing those that are not well managed on existing alternative therapies, despite competition from Vabysmo. However, near-term affordability issues arising from a funding gap at copay assistance foundations that led cost-sensitive consumers to off-label Avastin, along with what we believed were temporary labeling disadvantages, benefited competitors over the past few quarters.

We believe that Roche's Vabysmo will continue to be a legitimate competitor to Eylea HD. However, we believe that Eylea HD's label parity, which it achieved in the prior quarter with its approval for RVO, a particular type of macular edema following retinal vein occlusion, as well as for more frequent 4-week interval dosage, will remove barriers to some physicians prescribing of Eylea HD, allowing Regeneron to showcase the overall greater efficacy and leverage the long-term safety track record of the underlying aflibercept molecule to compete effectively for share leadership in the market. Further, while Eylea HD is available in a more-convenient pre-filled syringe (PFS) outside the US, temporary issues with a contract manufacturer in the US have delayed the availability of the PFS in the US. The company is expecting an FDA decision regarding the PFS in the second quarter of 2026, that if approved would further narrow a temporary competitive gap and help to re-establish the therapy's superior competitive positioning in the market given its unmatched history of safety and efficacy. We believe the Eylea franchise's competitive advantages remain intact. Eylea has established itself as the leading branded therapy in treating a broad and expanding range of diseases of the back of the eye. Its leading efficacy over both the short and long term and attractive safety and side effect profile have made it the market leader and choice of physicians across multiple indications - a position that we believe will



be difficult for new competitors to replicate.

Outside of potentially heightened competitive intensity for Eylea in the US, the company continues to perform well. Global sales of Dupixent, part of which are recognized by collaboration partner Sanofi, rose 34% versus the prior-year quarter to \$4.9 billion, benefiting from its differentiated efficacy profile, first-mover advantage, benign side effects, and growing list of indications, while maintaining competitive advantage versus new entrants. Dupixent continued to penetrate patient populations in its atopic dermatitis, allergic asthma, and chronic rhinosinusitis, and Eosinophilic Esophagitis indications, and in September 2024 received FDA approval for patients with chronic obstructive pulmonary disease (COPD), which is independent of the company's more recent trial for COPD in former smokers.

Libtayo, the company's PD-1 therapy for cutaneous squamous cell carcinoma (CSCC), basal cell carcinoma (BCC), and non-small cell lung cancer (NSCLC), grew 16% year over year. Although in its nascent stages relative to its potential with \$425 million in quarterly sales, the therapy continued to penetrate global markets. Libtayo has ongoing trials as a backbone for combination therapies with both chemo and other agents in numerous additional indications, and was recently approved by the FDA as the first and only immunotherapy indicated for high-risk adjuvant CSCC. We believe Libtayo's results to date continue to reflect positively on the likelihood that Libtayo will serve as a foundational therapy for Regeneron to successfully compete in other, large immuno-oncology (IO) indications both as monotherapy and in combination with other agents.

We believe Regeneron is among the highest quality businesses in healthcare, with both broad-based established therapies and meaningful pipeline assets that include over 40 product candidates in clinical development that were generated primarily using the company's proprietary VelociSuite of technologies. We believe the share price embeds a lack of appreciation for the company's multiple growth opportunities and the uniqueness of its business model. As a result, the company's shares trade at a significant discount to our estimate of intrinsic value and represent a compelling reward-to-risk opportunity.

Detractors

Tesla, Meta Platforms, and Microsoft were the three largest detractors to performance.

- 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 generated over 90% of its sales from its automotive segment and under 10% from its energy generation and storage segment in its 2025 fiscal year. From a geographic standpoint, the US and China are the company's two largest markets and accounted for approximately 50% and 22% of 2025 sales, respectively, while the rest of the world collectively accounts for under 30%.

A fund holding since inception, Tesla reported quarterly financial results that were better-than-expected for revenues and operating margins, driven by improving software sales and strong performance in its energy generation and storage system business. Shares may have responded negatively to the company's plans to more than double its capital expenditures as it invests substantially in new factories and AI-computing infrastructure. While vehicle deliveries declined for a second straight year in 2025, Tesla reported record vehicle sales in Asia Pacific and average selling prices increased 4% year over year due to the higher-priced new model Y. We believe the concurrent pullback in EV investments by many traditional auto manufacturers will enable Tesla to extend its product and technology advantages, driving even further differentiation as consumers consider the full suite of Tesla products. The company also highlighted its rapid evolution from a hardware-centric company to one focused on physical AI and enabling autonomy. There is no change to our long-term structural investment thesis for Tesla, which continues to trade at a significant discount to our estimate of intrinsic value.

Quarterly revenue of \$24.9 billion declined 3% year over year as 27% growth at the small-but-growing energy generation and storage unit was more than offset by an 11% decline in



automotive revenues. The company continues to make progress on full self driving (FSD), reporting that subscriptions rose 38% year over year to 1.1 million, representing 12% of the company's fleet of approximately 8.7 million cars. 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 we believe benefits from its data leadership in autonomous driving. The company continues to gather data from a fleet now averaging over 500 million miles of FSD driving per quarter. The company is also ramping up customer education by demonstrating the technology at every new vehicle pick up, which it will extend to every service appointment as well. In addition to the US, FSD is available in Canada, China, Mexico, Puerto Rico, Australia, and New Zealand. The company is awaiting a decision in Europe.

Despite making continued progress in lowering its cost per car, operating margins of 5.7% declined by approximately 50 basis points during the period, due to increased research and development expenses to support future product launches. We believe these recent margin impacts are temporary and that over the long term, Tesla can generate operating margins in the low-to-mid-20% range, supported in part by a recovery in auto margins and an increasing mix of FSD sales. After posting negative free cash flow in the first quarter of 2024, free cash flow was positive for the seventh quarter in a row, and we believe it will remain positive as profits and capital expenditure efficiencies improve. 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 2024, 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 a global leader in battery EV sales. The company recently had low-teens unit share, which is down from high teens in 2024 as a result of the refresh of the Model Y at the start of the year, while the company maintains around 25% revenue share and a much higher share of industry profitability. While we expect competition to increase substantially, we believe Tesla's brand, focus, technology leadership, and strong ongoing consumer demand will enable the company to maintain a leading global market position.

In October, the company debuted FSD version 14 that brings capabilities from the Robotaxi FSD model to its passenger cars and advances the company towards unsupervised FSD. Over the long term, we believe most consumers will ultimately adopt FSD functionality, and the company has eliminated the one-time purchase option in favor of its subscription-based model. 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 a negligible percentage 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 management guidance and consensus expectations for revenue, operating income, and earnings per share. In late March, Meta (along with Alphabet) was found liable in a California social media addiction case. The plaintiff argued that the design features of Instagram and YouTube contributed to mental harm from using the platforms at a young age, and the jury ruled against both companies. In a separate case in March, Meta also received an unfavorable ruling in New Mexico, where it was found liable for misleading the public about platform safety and endangering children, resulting in a \$375 million



civil penalty. Over the course of our ownership period, Meta has faced numerous legal and media challenges related to its effects on the mental health of teens, privacy practices, policing of hate speech, and elections integrity. As we have in all prior such instances, we continue to monitor and assess any potential structural impact to our investment thesis for Meta, Alphabet, and all portfolio holdings.

We believe Meta remains a high-quality company, and that management's decisions and actions illustrate its commitment to preserve platform integrity and to sustain the company's leadership and long-term growth. We expect Meta to appeal both rulings, which could take multiple years or longer to move through the appeals process to final resolution. Regardless of the outcome, Meta will need to ensure that it protects the well-being of all constituents on its platforms, and we believe the company will continue to make policy adjustments and investments that ensure a safe and healthy ecosystem. We believe management is focused on the long-term success of the business and does not manage the business for short-term profit at the expense of platform integrity. We believe this view is supported by their significant expenditures on research and development and investments to support growth over the next ten years – at the expense of short-term profitability. Meta requires users to be at least 13 years old to sign up for Facebook or Instagram, and has added a number of teen and parent safeguards over time, including supervision tools, Family Center, Teen Accounts, and tighter defaults around messaging, content, and advertising for younger users. Even should the company be forced to make further changes to business practices as a result of these developments, we believe teens represent a relatively small part of Meta's overall revenue base.

Year over year revenue growth of 26% reflected growth in daily active people and strong user engagement, with both Facebook and WhatsApp reporting over 2 billion daily active users and Instagram just below 2 billion. The company had previously signaled that it 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. For 2026, the company projected capital expenditures in the range of \$115 billion to \$135 billion, which is higher than consensus expectations for \$111 billion. The increase in expected capital expenditures reflects continued build out of data centers, servers, and network infrastructure to support the company's AI efforts. We believe this is a necessary cycle for maintaining sustainable competitive advantages and long-term growth, and the company's initiatives are already contributing positively to ad creation, improved targeting, and higher consumer engagement, yielding better return on advertising spending for customers and strong growth in average revenue per user. Through its AI investments, the company is focusing on further improving its advertising business, creating more engaging consumer experiences, messaging for businesses, making Meta AI the leading personal AI assistant, and innovating in AI devices, predominantly through glasses where sales tripled in 2025. 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 reported losses of \$6 billion in its Reality Labs segment during the quarter and expects similar losses in 2026, the company also believes this represents the peak and that losses will begin to decline. Meta's core family of apps generated strong operating profit of \$31 billion on 53% operating margins. As a result, the investment in Reality Labs represented under 20% 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 \$255 billion on research and development (R&D) and almost \$240 billion on capital expenditures, including almost \$200 billion and over \$180 billion, respectively, in the last five years. We believe 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 while also training the company's Meta AI assistant that is used in its family of apps business. Today, Meta AI has over 1 billion 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 enable 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 Meta's desire to sustain its leadership position through future computing cycles and the potential size of



a more immersive opportunity around AI devices, which we estimate could impact over \$1 trillion of advertising, commerce, and hardware spending over the long term, 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 3.5 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, the company reported revenue from Meta's family of apps, which is primarily advertising revenue, accounted for 99% of the company's \$59 billion in total revenue and rose 25% 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 7% year over year to 3.58 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, over 7 million at the end of 2018, and our estimate of less than 1 million advertisers and 4 million business users at the time of the IPO in 2012. Total average revenue per person (ARPP) for the quarter of \$16.56 rose 16% year over year. Since 2012, annual monetization per user has increased globally from \$5 per user to \$57 in 2025, a compounded annual growth rate of over 20%, 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 declined 12% year over year due to a challenging comparison with the prior-year when the Quest 3 headset was released.

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 \$25 billion rose 6% year over year on margins of 41% that declined from 48% in the prior-year period due to higher losses in reality labs and general and administrative expenses. The company's family of apps generated \$31 billion of EBIT on operating margins of 53%. 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. Within this segment, Meta has shifted more investment focus to its AI glasses, driven by increased demand, innovation and AI experiences Meta is building for wearable products. The reality labs segment generated a quarterly operating loss of \$6 billion, up from \$4.97 billion in the prior-year period. Meta continues to observe strong benefits from leveraging AI throughout its business and is accelerating investment to increase more resources on AI. The company is seeing benefits in several areas of its business which are contributing to improved monetization and revenue growth. One area is in the creation of advertising on its varied platforms. The company's AI tools enable all advertisers, especially small- and medium-sized businesses, the ability to create ads (facilitating the creative process), and contributes to making it easier to use Meta's ad products, in addition to improving both relevance and targeting. AI is contributing to growing engagement across Meta's platforms from all users. AI contributes to engagement by driving improvements in its content recommendation systems for users. Creators are also benefiting from AI tools which contribute to creations of more personalized content. Meta's total free cash flow of \$14.1 billion rose 7% year over year despite elevated capital expenditures that rose 49%.

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 over 3.5 billion daily users and over 200 million businesses worldwide using its family of apps, we believe 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 approximately \$2 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 low-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.

- **Microsoft** is the world's largest software company, offering productivity and collaboration tools, cloud services, and personal computing products to businesses and consumers. The company has a massive installed base of over one billion customers for both its Windows operating system and Office software products, which are deeply embedded into enterprise workflows, resulting in significant switching costs and high customer retention. Microsoft's massive scale has enabled it to invest tens of billions of dollars in research and development to sustain its competitive position as enterprise work processes and platforms increasingly shift to the cloud.

A fund holding since inception, Microsoft reported fundamentally solid quarterly financials that were above management guidance and consensus expectations for revenue, operating income and margins, and earnings per share. Total revenue grew 15% year-over-year in constant currency, which is above our long-term expectations. The market may have been disappointed that 39% growth in the company's Azure cloud platform was modestly below expectations and 1% lower than the prior quarter. The company also provided guidance for Azure to grow at approximately 37% to 38% in the coming quarter as it continues to invest in capital expenditures intended to ease its capacity constraints. We believe this is extremely strong growth for a business that is generating over \$20 billion of revenue on a quarterly basis, and the company's ongoing investments should be supportive of growth over the next decade. For perspective, total cloud revenue in the quarter of \$51.5 billion grew 26% year over year and now represents over 60% of Microsoft's total revenue. The company's over \$200 billion cloud revenue run-rate is up from approximately \$68 billion five years ago. Microsoft also continues to have a high-quality financial model, which included operating margins that expanded 200 basis points to 47% for the quarter.

As Microsoft continues its transition to a cloud and subscription-based revenue model, we expect it to expand gross margins and realize higher lifetime customer value. Over our long-term investment horizon, we believe Microsoft can generate revenue, operating profit, and free cash flow growth in the low double digits. We believe the assumptions embedded in Microsoft's share price continue to show a lack of appreciation for the company's significant long-term growth opportunities and the sustainability of its business model. As a result, we believe the shares are trading at a significant discount to our estimate of its intrinsic value and offer 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, consumer discretionary, healthcare, and consumer staples sectors. We were underweight in the information technology, industrials, and financials sectors. We held no positions in the energy, real estate, materials, 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 1.7% since the inception of the ETF on June 29, 2023. The overall portfolio discount to intrinsic value was approximately 51.1% as of March 31, 2026.



About Risk

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.

Investing involves risk including possible loss of principal.

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.

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.

The Morningstar Medalist Rating™ is the summary expression of Morningstar's forwardlooking analysis of investment strategies as offered through specific vehicles using a rating scale of Gold, Silver, Bronze, Neutral, and Negative. The Medalist Ratings indicate which investments Morningstar believes are likely to outperform a relevant index or peer fund group average on a riskadjusted basis over time. Investment products are evaluated on three key pillars--People, Parent, and Process--which, when coupled with a fee assessment, form the basis for Morningstar's conviction in those products' investment merits and determines the Medalist Rating they've assigned. Pillar ratings take the form of Low, Below Average, Average, Above Average, and High. Pillars may be evaluated by an analyst's qualitative assessment (either directly to a vehicle the analyst covers or indirectly when the pillar ratings of a covered vehicle are mapped to a related uncovered vehicle) or using algorithmic techniques. Vehicles are sorted by their expected performance into rating groups defined by their Morningstar category and their active or passive status. When analysts directly cover a vehicle, they assign the three pillar ratings based on their qualitative assessment, subject to the oversight of the Analyst Rating Committee, and monitor and reevaluate them at least every 14 months. When the vehicles are covered either indirectly by analysts or by algorithm, the ratings are assigned monthly. For more detailed information about these ratings, including their methodology, please go to global.morningstar.com/managerdisclosures/.

The Morningstar Medalist Ratings are not statements of fact, nor are they credit or risk ratings. The Morningstar Medalist Rating (i) should not be used as the sole basis in evaluating an investment product; (ii) involves unknown risks and uncertainties that may cause expectations not to occur or to differ significantly from what was expected; (iii) are not guaranteed to be based on complete or accurate assumptions or models when determined algorithmically; (iv) involve the risk that the return target will not be met due to such things as unforeseen changes in management, technology, economic development, interest-rate development, operating and/or material costs; competitive pressure, supervisory law, exchange rate, tax rates, exchange rate changes, and/or changes in political and social conditions; and (v) should not be considered an offer or solicitation to buy or sell the investment product. A change in the fundamental factors underlying the Morningstar Medalist Rating can mean that the rating is subsequently no longer accurate.



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.

Natixis Distribution, LLC (fund distributor, member FINRA|SIPC) and Loomis, Sayles & Company L.P. are affiliated.

ALPS Distributors, Inc. is the distributor of the Natixis Loomis Sayles Focused Growth ETF. Natixis

Distribution, LLC is a marketing agent. ALPS Distributors, Inc. is not affiliated with Natixis Distribution, LLC.

LS Loomis | Sayles is a trademark of Loomis, Sayles & Company, L.P. registered in the US Patent and Trademark Office.