Loomis Sayles Global Equity Fund
Stocks in Focus

ABOUT LOOMIS, SAYLES & COMPANY

Boston-based Loomis Sayles has been managing money for investors since 1926. The firm currently manages over $250 billion USD on behalf of clients worldwide. With extensive resources across the US, Europe and Asia, Loomis Sayles is well positioned to manage global equities and seek long term performance.

THE LOOMIS SAYLES GLOBAL EQUITY FUND

- The Loomis Sayles Global Equity Fund uses a disciplined, bottom-up, unconstrained approach to investing.
- Based on deep, fundamental research, the Fund features a concentrated portfolio of high-quality companies with the ability to grow their intrinsic value.
- The Loomis Sayles Global Equity Fund's investment strategy features a long-term track record going back to 2004*.

** This refers to the Loomis Sayles Global Equity Opportunity Composite upon which the strategy of the Loomis Sayles Global Equity Fund is based. The Loomis Sayles Global Equity Fund was launched on 1 November 2018.*

Top 5 Stocks In The Portfolio

AMAZON

Amazon is a leading global retail online shopping service. The company also operates Amazon Web Services (AWS) which offers cloud-based storage and database services.

Amazon is led by a management team with a long-term strategic vision.

The company is well-positioned within e-commerce and Cloud (via Amazon Web Services), two large growth markets. We also see Advertising emerging as a high margin growth driver for Amazon, with significant room for future growth.

We expect intrinsic value growth will be driven by double-digit top-line growth and margin expansion over time.

DANAHER

Danaher is a medical company which designs, manufactures, and markets professional, medical, industrial and commercial products and services. Danaher is a technology-focused healthcare company with a highly durable portfolio. Approximately three-quarters of its businesses are healthcare-centric which are supported by secular drivers such as an ageing population, growth of chronic disease, and rising healthcare costs.

Danaher rates well across the Loomis Sayles team's quality metrics. Its solid management team has a successful record of mergers and acquisitions. The company has recognised brands in niche markets and its business model has delivered a high proportion of recurring revenues. It also has a diversified customer base, and a favourable market structure with fragmented competition. The company continues to generate strong free cashflow which exceeds net income.

ROPER TECHNOLOGIES

Roper Technologies manufactures and distributes industrial equipment and software across four market segments: Application Software, Network Software, Measurement & Analytical Solutions, and Process Technologies.

Roper rates highly across our quality criteria. Its management team successfully executes an acquisitive business model, focused on purchasing cash-generative, asset-lite companies in niche industries.

By pivoting to focus on software and consumables, the company has generated an attractive recurring revenue stream (currently greater than 50% of total revenue) which we forecast to grow over time.

The company has a consistent record of growing its dividend, with the most recent increase announced in December 2019.

MASTERCARD

MasterCard is a global credit and debit payments processing technology company. The firm connects consumers, financial institutions, merchants, governments and business.

We believe MasterCard will benefit from multiple structural growth drivers including the shift from cash and cheques to cards, and the expansion into business payments.

The company's market structure drives our conviction in quality. MasterCard is in an effective duopoly (albeit the smaller player) in global payments processing (excluding China). While there is risk of displacement by new technology, we believe this has declined over the past five years (e.g. given that Apple is using Visa/MasterCard payments processing).

MasterCard has low capital requirements and its opportunistic bolt-on acquisition strategy can create additional growth levers. The Company's network effect and global leading brand name reinforce its competitive moat.

ALPHABET

Alphabet is the holding company for Google which includes its main internet products such as ads, Android, Chrome, hardware, Google Cloud, Google Maps, Google Play, Search, and YouTube. Alphabet's Other Bets segment consists of businesses such as Access, Calico, CapitalG, GV, Verily, Waymo, and X.

Alphabet, through Google, dominates the global search market, with 65-95% market share across geographies (outside of China). The company amasses consumer data from Google Search and its other properties which has increased its value proposition to advertisers. We believe Alphabet is well-positioned to benefit from growth in digital advertising with few other companies offering the ability to reach desired audiences.

The company is currently highly cash-generative and the CFO has instilled a culture that focuses on transparency and cost control.

A New Addition To The Portfolio

PELOTON

Peloton is an at-home connected fitness platform company which has grown popular with consumers in the wake of quarantine orders and associated gym closures. We have seen Peleton grow its member-base substantially in a short period of time.

We believe Peloton's addressable market has meaningfully increased from when we first purchased the company, driven by our expectation that a greater portion of the workforce may work from home for an extended period and there will likely be permanent closures of some gyms and fitness studios. We see a significant opportunity for Peloton to gain market share with its first mover advantage, brand awareness, and network effect.