NATIXIS INVESTMENT MANAGERS

NATIXIS INVESTMENT MANAGERS INTERNATIONAL

UCITS under French law

OSTRUM EURO ABS IG

ANNUAL REPORT as at 28 March 2024

Management Company: Natixis Investment Managers International

Depositary: CACEIS Bank

Statutory Auditor: Deloitte & Associés

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1) Economic situation in the year to 31/03/2024

Macroeconomic environment

Global growth slowed during the past year due to the loss of purchasing power of households, a lack of impetus from foreign trade and the increasingly significant impact of strong monetary tightening by central banks. Inflation eased more quickly than the central banks expected, settling at a higher than targeted level. Pressure on domestic prices remained, owing to wage increases aimed at recovering some of the lost purchasing power.

There was a divergence between the United States and other economies. US growth remained very strong despite the restrictive policy pursued by the Federal Reserve (Fed). Growth was 2.5% on average over 2023, rising from 1.9% in 2022. This dichotomy is linked to high levels of public spending by the government. Household consumption was thus strong, taking advantage of the resilience of the labour market (unemployment of 3.8% in March 2024). The property market was penalised by the sharp rise in mortgage rates and high prices. Data published in the first quarter of 2024 showed continued resilient growth, driven by household consumption.

Growth in the eurozone was sluggish, at 0.5% on average over 2023, falling from 3.5% in 2022. The economy was affected by persistently high inflation weighing on household purchasing power, the impact of the ECB’s monetary tightening and the lack of impetus from foreign trade. Of the major economies, Germany was the only one to record negative growth in 2023 (-0.3%). The country was affected by its former heavy dependence on Russian energy, the relatively greater weight of the manufacturing sector, which continued to shrink, and its greater exposure to foreign trade, particularly with China, where growth proved disappointing. Growth was weak in the other eurozone countries, in particular France (0.9%), whose biggest trading partner is Germany, and Italy (1%). Growth was more dynamic in the peripheral countries due primarily to the momentum of the tourism sector: 2.5% in Spain, 2.3% in Portugal and 2% in Greece. While the figures published at the start of 2024 suggested that growth would continue to be sluggish over the first quarter, surveys conducted among business leaders showed initial signs of a recovery in spring, driven by the peripheral countries.

In China, growth proved disappointing despite the abandonment of the zero-Covid policy announced, to everyone's surprise, on 7 December 2022. After a post-Covid recovery in the first quarter of 2023 with the reopening of the economy, growth was then disappointing due to the contraction in real estate investment, weak household consumption and lacklustre exports following the slowdown in global demand. Against this backdrop of weak domestic demand, inflation fell sharply into negative territory in the final months of the year, reaching just 0.1% in March 2024. The government took steps to support domestic demand and the central bank lowered its reserve requirement rate three times: in June and September of 2023 and again in February 2024. Further measures to support growth are expected. In the first quarter, surveys conducted with business leaders were more positive, suggesting stronger activity, driven by services. The government's target for growth in 2024 is 5%.

The disinflation process initially continued at a rapid rate, before subsequently stopping. The high disinflation was mainly linked to a significant base effect from energy prices. These had risen sharply in 2022, in the wake of the conflict in Ukraine, before falling again, which led to a significant negative contribution from energy prices. This contribution subsequently became less negative, from July in the United States and from December in the eurozone, before becoming slightly positive

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in the United States in March 2024. This brought a temporary stop to the disinflation process. At the same time, while prices for food and goods (excluding energy) continued to slow, prices in services tended to stabilise at a high level, or even rise in the United States, owing to the persistence of wage pressure. In this context, inflation in the eurozone fell to 2.4% in March 2024 after reaching a historic peak of 10.6% in October 2022. Core inflation, which excludes food and energy, stood at 2.9% in March 2024, compared with a peak of 5.7% in March 2023. Inflation in services stabilised at 4% as of November in the eurozone, which reflected wage pressure in a context of low productivity. In the United States, inflation slowed rapidly to 3% in June 2023, compared with a 40-year peak of 9.1% in June 2022. Following this, it tended to strengthen before returning to 3.5% in March 2024. Core inflation stood at 3.8% in March 2024, compared with 6.6% in September 2022. The sharp acceleration in inflation in services (excluding energy and property) to 4.8% in March compared with 3.9% in December 2023 was cause for concern.

To fight inflation, central banks further tightened their monetary policy during the year, before subsequently opting for the status quo.

The Fed continued with the key rate increases initiated in March 2022, by raising its rates by 25 basis points in May and July 2023, to bring the Fed funds rate into the [5.25%; 5.50%] range. This represents a cumulative increase in rates of 525 bp since March 2022. It also continued to reduce the reinvestments of maturing bond repayments it holds on its balance sheet. While the central bank insisted on keeping interest rates high for a long time, the tone changed from November onwards. At the December meeting, Fed Chairman Jerome Powell sprang a surprise when he said that discussions had been held on when it would be appropriate to ease monetary policy. The members of the FOMC also revised their rate expectations downwards in December 2023. Three rate cuts are expected in 2024, whereas in September they were expecting a final rate hike at the end of 2023 (which did not take place) followed by two cuts in 2024. These expectations were confirmed in March 2024, when the Fed issued a sharp upwards revision of its growth outlook and, to a lesser extent, core inflation. The Fed also suggested that it would very soon announce an easing of the pace of its quantitative tightening (QT).

The ECB also continued its rate hikes to tackle inflation levels expected to remain “far too high, for too long”. It therefore increased the deposit rate by 100 bp over the year (+25 bp in May, June, July and September 2023) to bring it to 4% in September 2023, a historic high, representing a total of 450 bp of rate hikes since July 2022. In December, unlike the Fed, Christine Lagarde stated that rate cuts had not been discussed and that this was totally premature given the persistence of domestic price tensions. In March 2024, the ECB opted for the status quo for the fourth consecutive meeting. It stated that it would await further data, in particular the results of spring wage negotiations, so as to be more confident in the continued convergence of inflation towards the 2% medium-term target and thus to be able lower its rates. Despite the status quo on key rates since October, monetary policy became more restrictive as the ECB continued to reduce the size of its balance sheet.

This took the form of repayments of targeted longer-term refinancing operations (TLTROs) and the end of reinvestments of the proceeds from the APP from July 2023. In December, the ECB announced that it would halve its reinvestments of proceeds from the PEPP from July 2024 onwards (by €7.5 billion per month) and stop them at the end of 2024.

On 19 March 2024, the Bank of Japan decided to raise its rates for the first time since 2007. It ended its negative interest rate policy, introduced in 2016, to bring the intervention rate into the 0% to 0.10% range, compared with -0.10% previously. It also halted its targeting of the 10-year rate, limiting potential tensions by continuing its massive bond purchases. This historic decision signalled that monetary policy was starting to normalise rather than tighten, while still remaining very

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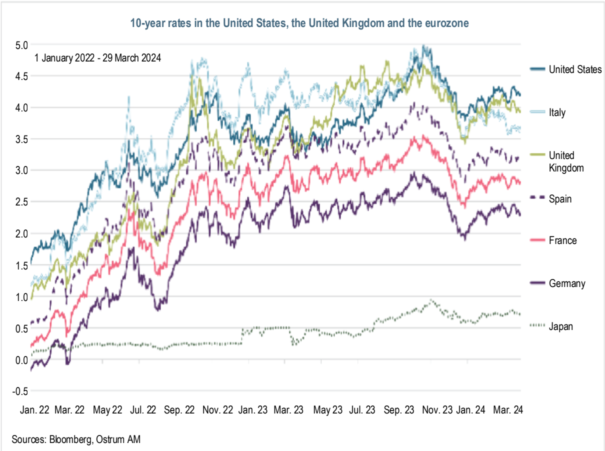
accommodative. The decision was prompted by the first results of spring wage negotiations, which indicated the biggest annual wage increase since 1991. This made the BoJ more confident in the exit from deflation and a sustainable return of inflation to the 2% target.

Financial markets

Sovereign bond markets

Sovereign bond markets saw three distinct phases over the past year.

In the wake of US rates, global sovereign bond rates rose until mid-October 2023. This was due to the adoption of a more restrictive monetary policy than the markets had expected, and to the rhetoric of central bankers insisting on maintaining rates for a long time to combat excessively high inflation. Tensions were much more marked on US yields: the 10-year yield rose by 150 bp between 31 March and 19 October 2023, to 5%, its highest level since July 2007. The German 10-year yield came close to 3% (2.9% on 19 October), its highest level since July 2011, at the time of the sovereign debt crisis, and 65 bp higher than at the end of March 2023. The French 10-year yield rose by 75 bp to reach 3.5% on 19 October, compared with 2.8% on 31 March 2023.



Sources: Bloomberg, Ostrum AM

The trend was completely reversed at the end of 2023, with a rally in the bond markets. This was triggered by a faster-than-expected slowdown in inflation on both sides of the Atlantic and a change in tone on the part of the central banks. By suggesting that they had probably completed their rate hike cycle, the markets anticipated rapid rate cuts. These expectations were heightened in December following the Fed's meeting and Jerome Powell's statements confirming them. The US 10-year yield thus fell sharply (-110 bp compared with 19 October), returning on 29 December 2023 to the level seen at the end of 2022, at 3.9%. The German 10-year yield also eased rapidly over this period (-90 bp) to close at 2% on 29 December 2023, while the French 10-year yield fell by 100 bp to 2.6% at the end of 2023.

Sovereign rates once again rose over the first quarter of 2024. Above-expected inflation on both sides of the Atlantic and US figures showing growth and a labour market both stronger than expected were behind this. Investors accordingly made a sharp downwards revision of their expectations of monetary easing by the Fed. The US 10-year yield therefore closed at 4.2% on 29 March 2024, a rise of 73 bp over the past year. German and French 10-year yields rose in the wake of US yields, returning, at the end of March 2024, to levels reached one year previously, at 2.3% and 2.8%, respectively.

Spreads in peripheral countries eased over the past year despite the end of ECB reinvestments of proceeds under the APP and a flurry of issues by governments. The continued reinvestment of proceeds in the PEPP, providing a certain flexibility if necessary, was a decisive factor in the tightening of spreads. Investors were also reassured by the ECB's decision to reduce these reinvestments only from July 2024. Furthermore, the ECB's reduced presence on bond markets was more than offset by household and foreign investor purchasing, especially in Italy, given the success of BTP Valore issues. Investors wanted to lock in higher rates before the central banks began to lower their key rates. As a result, the Italian spread narrowed by 40 bp over the year to 138 bp at 29 March 2024, the Portuguese spread by 13 bp to 70 bp and the Spanish spread by 15 bp to 86 bp. Performance was stronger for Greece, with a tightening of the spread by 80 bp to

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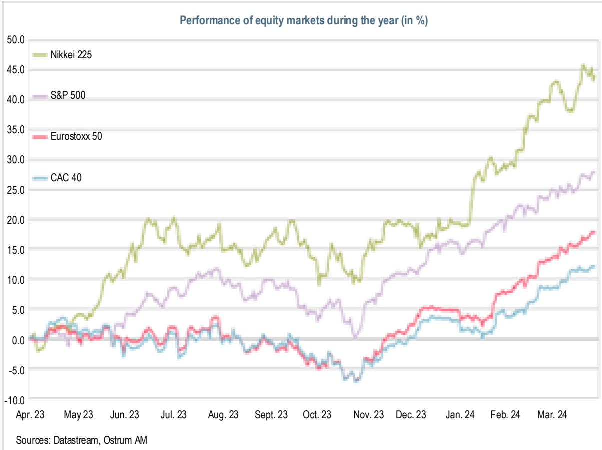
108 bp, well below that of Italy. This was due to Greek sovereign debt being reclassified as investment grade (IG) by rating agencies S&P and Fitch and its inclusion in bond indices at the beginning of 2024. The fiscal slipping seen in France and Italy in 2023 did, however, contribute to a slight widening of spreads in March.

Equity markets

Equity markets rose sharply over the year despite the slowdown in global growth and monetary tightening by central banks. They benefited from healthy corporate earnings, resilient margins and the prospect of rate cuts by the central banks.



However, the equity markets were hit by profit-taking between August and October 2023, affected by fears that central banks would keep interest rates higher for longer than expected. These concerns gave way to euphoria in the remaining months of the year due to the faster-than-expected slowdown in inflation and the change in tone of central bankers, particularly the Fed, from November onwards. Investors were anticipating sharp, rapid rate cuts in 2024, amplified in December following the Fed meeting, before easing off in the first quarter of 2024. The S&P 500 index thus gained 27.9% over the year to finish at one of its all-time highs of 5,254 points. The rally was mainly driven by large technology stocks. The Euro Stoxx 50 gained 17.8% over the year, despite sluggish growth in the eurozone, while the CAC 40 rose by 12.1% to reach an all-time high of 8,206 points. The Nikkei recorded the best performance: +44% to over 40,000 points, reaching an all-time high and beating the previous record set in December 1989. The fall in the yen benefited export stocks, while financing conditions remained very attractive.

2) ABS market commentary

MARCH 2023

In March, economic data was in line with previous months. Leading indicators continued to recover slowly. The IFO, which had reached catastrophic levels in the autumn, returned to a level compatible with growth close to the trend. The INSEE survey also stabilised at a compatible level, with growth close to its potential. Finally, the preliminary PMIs for March continued to show relative weakness in industry (49.0 compared with 48.5), while services were much more buoyant (55.6 compared with 52.7).

While Q4 2022 growth was confirmed at a very slightly lower level (rounded down to 0.0% quarter-on-quarter), the data was therefore compatible with a reacceleration in activity and growth in Q1 which, while positive, was very lack-lustre. We expected the figure to be 0.2%. The figures also showed an improvement over the quarter, pointing to slightly stronger growth in Q2.

On the inflation front, base effects on the energy component allowed inflation to fall rapidly. As a result, the index fell from 8.5% in February to 6.9% in March. But this fall was deceptive. The other components remained very dynamic, with core

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inflation rising once again to 5.7%. Underlying pressures remained strong, and wages rose by an all-time high of 5.7% in Q4 last year. Inflation was expected to remain well above the ECB's target by the end of the year.

As for the markets, risk aversion was marked by the collapse of SVB, Signature and then Crédit Suisse. However, we were a long way from a systemic banking crisis, and the authorities' response was particularly swift and effective. While we had to remain very cautious on this subject, it was also important to point out that the Euro Stoxx banking index had risen by more than 6% since the start of the year. However, the consequences could be significant in terms of banks' ability and willingness to grant credit to the economy. This represented a downside risk for the economy in the second half of the year.

In more detail, on the sovereign debt market, long-term rates fell sharply in the first half of March following concerns about banks. The Bund, which was at 2.74% on 2 March, fell back to 2.10% on 17 March before ending the month at 2.29% as concerns subsided. Interest rate volatility also broke records, with an intraday spread of 40 bp for the Bund on 15 March, for example. Peripheral spreads, on the other hand, were hardly affected by this movement: a small spread on the volatility shock, but this was subsequently corrected. Italy tightened by 2 bp over the month, Portugal by 3 bp, while the semi-cores diverged slightly, France by 3 bp.

On the credit market, risk premiums suffered during the period of high interest rate volatility. Over the month, the IG Bloomberg Euro Aggregate Corporate index diverged by 13 bp against swap, ending the month at 97 bp after peaking at 118 bp on 20 March. Similarly, the HY Bloomberg Euro Aggregate Corporate index diverged by 55 bp against swap, ending the month at 427 bp after peaking at 485 bp on 20 March. Financials underperformed, most notably subordinated insurance debt and real estate. The fact that Crédit Suisse's AT1s had not been repaid contributed to increasing stress on banks, and in particular on these instruments, which had been penalised by the market, even though the ECB was quick to issue a statement reiterating the hierarchy of liability instruments.

On the European ABS market, the asset class showed a degree of resilience over the month, marked overall by a slight widening of spreads across the entire capital structure, aided by very strong technical factors against a backdrop of very limited overall supply on both the primary and secondary markets, and continuing strong investor demand for floating-rate products as interest rates gradually rose. The Bloomberg Pan-European FRN ABS index diverged by just 5 bp over the month against swap, ending the month at 80 bp after peaking at 84 bp.

On a positive note, despite the very high volatility triggered by recent events, there was no forced selling on the market, even at the height of the uncertainty between 13 and 17 March. In the last weeks of the month, ABS spreads almost retraced the entire spread of the first part of the month and were now close to the tightest levels of mid-February, although the CLO segment, which was still trading wide (180-215 bp) compared with the tight levels of February (145-185 bp), had fallen slightly behind. Overall, the underperformance of the ABS/CLO asset class relative to the credit market, particularly on the basis of the recent decompression seen in the IG and HY credit indices, had potentially created an attractive entry point for our asset class.

In terms of market levels for senior ABS, German AAA Auto ABS were currently trading at 40 bp against Euribor, Italian AAA Auto ABS at 60-70 bp, Dutch AAA Prime RMBS at 30 bp, Dutch AAA Buy-to-Let RMBS at 110 bp and UK Non-Conforming RMBS at 130-140 bp. For mezzanine ABS, AA-rated 2nd pay bonds on STS-labelled Auto ABS transactions with maturities of less than one year were currently trading at between 120 and 185 bp on the basis of recent trades, which were becoming rare on the mezzanine segment.

In terms of available supply, March remained very quiet in terms of issuance volume, bringing to a close a first quarter in

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which issuance volume (€13.3 billion) was lower than in the first quarter of 2022 (€21.9 billion) and 2021 (€22.3 billion). However, at the very beginning of the month, before the stress on the US banking sector, RCI Banque issued a securitisation of German car loans and Obvion issued a securitisation of green-labelled Dutch residential property loans. These opportunities, which offered AAA risk, were very well received by investors, as evidenced by the hedging ratios, and enabled us to pursue our investment policy across all of our ABS strategies under management and to take advantage of attractive levels of carry.

Ostrum Euro ABS IG ended March 2023 with a slight improvement in performance for each unit:
+0.09%/+0.08%/+0.07% for SI/I/N units respectively.

APRIL 2023

Despite the emergence of financial risks linked to the US regional banks, the global economy continued to show resilience to monetary tightening in April. GDP growth remained robust in the United States in Q1, buoyed by strong household consumption. The eurozone recorded slack growth (+0.1% q-o-q, or 1.3% annualised growth) in the first quarter, but avoided recession. Growth was also lacklustre in France (0.2%), despite the government’s proactive economic policy. The deterioration in the trajectory of public finances combined with sluggish growth led Fitch to lower its sovereign rating by one notch to AA-. Spain (0.5%) and Italy (0.5%) fared better, buoyed by the upturn in exports. China’s growth picked up strongly in Q1 following the end of strict mobility restrictions, supported by consumption. The S&P PMI surveys continued to show a divergence between activity in services, which remained strong, while manufacturing activity contracted. The inflation profile improved in the main money markets, reflecting the negative contribution of energy. By contrast, core inflation remained persistent and above the central banks’ 2% target.

On the markets, the resilience of the global economy supported risky assets, despite the banking stress. On sovereign rates, investors continued to anticipate a 25 bp rise in Fed fund rates to 5%, followed by a pause. US government bonds returned +0.5% over the month, outperforming their European counterparts. In the eurozone, better-than-expected economic data, especially persistent inflation, pushed up European sovereign bond yields (-0.1% over the month). The worst performances were recorded in the United Kingdom at -1.8%, reflecting the worsening inflation outlook. On the credit market, risk premiums benefited during the month from the lull in bank stress. The IG Bloomberg Euro Aggregate Corporate index narrowed by 9 bp against swap, ending the month at 89 bp. Conversely, the HY Bloomberg Euro Aggregate Corporate index widened by 6 bp against swap, ending the month at 433 bp.

On the European ABS market, the mood was fairly upbeat over the month, with the asset class performing well in relative terms across all sub-segments. Overall over the month, the market was characterised by strong investor demand in Europe against a backdrop of declining supply of secondary paper (BWIC). The growing pipeline of new primary ABS/RMBS issues also saw strong investor participation, with high levels of subscriptions fuelling renewed activity and good participation by secondary investors. As a result, the market rallied in April, with ABS spreads tightening across the board over the month, initiated mainly at the top end of the capital structure, notably by IG senior ABS/RMBS, returning close to the tightest levels seen in February 2023 before the stress on the US banking sector. AAA CLOs ended up following the trend, as did mezzanine CLOs at the end of the month, particularly for high-quality transactions managed by leading CLO managers, with BB CLOs appearing as the month’s outperformer, with a tightening of almost 85 bp. As regards the CMBS segment, with the risk of contagion from US commercial real estate continuing to loom large, senior European CMBS widened by around 20 bp over the month, in contrast to the movement seen in other segments.

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In detail, on the RMBS segment, secondary activity fell slightly over the month, as the market was distracted by a large pipeline of new issues. Nevertheless, spreads tightened gradually, helped by good investor demand with UK NC/BTL senior RMBS back in a 100-110 bp context in terms of spread in line with recent primary levels. Fundamental performance remained generally good over the month for European RMBS despite rising mortgage rates and a slight increase in arrears, as highlighted in some research reports. In addition, this month saw the redemption of several transactions in the market on their first call date, including DELFT 2020 and Tower Bridge Funding 2020-1. Meanwhile, activity on RMBS in the southern European periphery remained fairly calm over the month, against a backdrop of lighter supply/demand from investors and spreads that remained fairly firm within a range of around 70–90 bp, but still 10 bp wider than February’s levels.

On the ABS segment, the theme was broadly similar, with a lighter supply of paper, healthier demand and spreads tightening over the month. In terms of spreads, European ABS performed well over the month, with German Auto ABS seniors returning to the +30 bp environment that prevailed in February. Investor interest in mezzanine tranches also remained strong over the month, particularly for UK Auto ABS and European Consumer ABS.

With regard to CMBS, as mentioned above, spreads on senior CMBS widened by around 20 bp over the month, with investor demand remaining highly selective and the market preferring the most liquid and least exposed paper, such as in the logistics sector.

Finally, European CLOs started April slightly down, lagging behind the spread tightening movement initiated in other segments. But towards the end of the month, CLOs finally caught up with the credit market. On AAA CLOs, flows remained very substantial, with trading volumes almost doubling month-on-month to more than €500 million and spreads trading in a range of 165-190 bp. The return of demand from banks and real money enabled AAA CLO spreads to tighten by around 10 bp over the month, although they are still 10-15 bp wider than last February’s levels. In the mezzanine segment, good quality CLOs outperformed with BBBs and BBs ~50 bp and ~85 bp tighter over the month respectively and back to the tight levels of earlier this year. Most of the movement took place in the last fortnight of the month, catching up with the HY credit market after limited supply in March and early April. As regards activity on the primary market, the supply of new issues was low over the month given that the primary market for European loans remained closed and economic arbitrage was still considered a deterrent to placing a transaction, with the volume of issues in 2023 currently below that of 2022 at the same period. Furthermore, on the secondary market, it was a fairly healthy month for European CLOs, despite a difficult primary market. Most of the paper in the entire capital structure that we saw offered for sale in list format (BWIC) was well absorbed, with the DNT (‘did not trade’) ratio now down by half to around 15% in April.

In terms of movements in the Fund, in April we continued our investment policy of focusing on high-quality assets, both on new issuers to diversify our portfolio and on high-beta sectors such as Dutch BTL RMBS to increase the Fund’s carry. At the same time, we made several paper sales, which until then had narrowed and which offered limited potential for tightening in relation to recent movement and the market environment. In terms of the Fund's metrics at the end of April, the average rating of the Fund was AA-, the average spread was +110 bp against Euribor, the average maturity (WAL) was less than two years, the interest rate sensitivity was less than 0.25 and the yield to maturity of the Fund was currently +4.5%.

Ostrum Euro ABS IG ended April 2023 with an improvement in performance for each unit: +0.633%/+0.624%/+0.614% for SI/I/N units respectively.

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MAY 2023

The month of May was marked by the negotiations over the debt ceiling in the United States and the threat of a payment default. An agreement was reached at the end of the month to suspend the debt crisis at the price of a freeze on expenditures. The United States economy continued to create a high number of jobs (+253k in April) despite the slowdown in growth to 1.3% in annualised terms in Q1. The unemployment rate hit a new low at 3.4%. Household consumption remained the main driver of demand, while business investment slowed slightly with an adjustment to inventories. On the other hand, the manufacturing sector was not very dynamic. Activity in the services sector was stronger. The same pattern could be seen in Europe. Germany was in recession following a 0.3% contraction in GDP in Q1. Consumption, including public spending, was weak, however investment was looking better. France posted modest growth of 0.2%, while Italy (+0.5%) and Spain (+0.5%) benefited from the recovery in tourism and, more generally, an upturn in services. The Chinese recovery showed signs of fragility despite the notable upturn in consumption. Industrial activity remained particularly weak.

The Fed raised rates by 25 bp to 5.25%, which should be the last rate hike despite persistent inflation. The T-Note yield rose to 3.65% at the end of the month (+24 bp). The Bund was more stable, losing 4 bp over the month to 2.27%. Inflation slowed more rapidly than expected in the eurozone. On the other hand, prices continued to rise sharply in the United Kingdom, meaning that the BoE will no doubt be forced to take sustained action on interest rates. The Gilt yield rose by 48 bp. Generally speaking, interest rate volatility remained significant.

On the ABS side, market dynamics were fairly good and proved resilient in the face of the volatility experienced on the financial markets throughout the month.

On the secondary market, flows were initially weak due to some resurgence of fears about the banking system combined with shorter weeks, which naturally had a negative impact on activity. Nevertheless, flows picked up as the month progressed, enabling monthly volumes to rise by 40% compared with the previous month, driven mainly by CLOs.

The primary market was also very dynamic, making May the busiest month since the start of the year and bringing the total volume issued in 2023 to €25.8 billion. In fact, the monthly volume issued reached €7.3 billion, which is 35% above the monthly average of recent years. This solid performance in May enabled the market to make up lost ground compared with 2022, going from a decline of 20% at the end of April to 9% at the end of May. However, issuance volumes were expected to slow with the arrival of the annual ABS conference in mid-June, which would monopolise all market players.

In terms of spreads, ABS remained broadly unchanged from the previous month and outperformed CLOs. On the ABS side, however, there was a slight underperformance in the UK residential and commercial property segments. Within the CLO market, we noted a decompression and increased hierarchisation of transactions with one constant: the performance of tranches rated single “B”, which were trading at their tightest level of the year.

Ostrum Euro ABS IG ended May 2023 with an improvement in performance for each unit: +0.42%/+0.41%/+0.40% for SI/I/N units respectively.

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JUNE 2023

June was a month of contrasts. The US economy proved resilient to the Fed's monetary tightening, with Q1 growth revised upwards to 2%. Job creation remained buoyant. Against this backdrop, and despite prices slowing to 4%, the Fed announced two further hikes in 2023, which would bring Fed funds to 5.75% from September. Core inflation in excess of 5% remained a source of concern. In the eurozone, economic signals were mixed, with a major weakening in the manufacturing PMIs and even in the services survey in France. The national surveys showed more nuance, however, and the Bundesbank saw Germany exiting recession in Q2 2023. Inflation declined gradually to 5.5% in June, while core inflation stood at 5.4%. The economic situation in China remained precarious with disappointing industrial production due to a lack of domestic demand. The PBoC lowered its rates in order to stimulate demand.

In this context, US rates resumed their upwards trend, breaking through the 3.80% threshold at the end of the month. The upturn in European rates was held back by the June PMIs, but IG credit spreads narrowed. High yield and equities ended the half-year on a positive note. US stock indices continued to be driven by the theme of artificial intelligence, but the rest of the market nonetheless benefited from occasional rotations. Oil and industrial metals stabilised.

On sovereign interest rates, the Fed took a pause in June while announcing two additional hikes by the end of the year. Persistent price pressures called for a further tightening. The T-Note yield rose to 3.84% at the end of the month (+19 bp), while the German 10-year yield rose by 11 bp over the month to 2.39%. Inflation gradually eased in the eurozone. However, the BoE faced renewed tensions and was forced to act by raising rates by 50 bp in June. At mid-year, the Gilt yield stood at 4.43%. Generally speaking, interest rate volatility fell but remained historically high.

On the credit side, spreads narrowed by 7 bp in Europe and 10 bp in the United States. These movements remained fairly modest given the significant rise in interest rates. High yield performed well despite some profit-taking in the middle of the month. High yield spreads fell by 36 bp in June.

On the European ABS front, activity remained buoyant over the month, with almost €2.5 billion of paper traded on the secondary market, up 25% on the previous month. This high level of activity over the month was due in particular to investors adjusting their portfolios ahead of the customary ABS conference in Barcelona, which brings together all the market players, and to the rather upbeat mood expressed by these same investors at the end of the conference. This month, a number of key monetary policy issues dominated the news, with inflation figures for the eurozone remaining high and a surprise 50 bp rise in BoE rates. However, the ABS market was largely insulated from the volatility generated on rates. Spreads widened briefly in mid-June and tightened in the latter part of the month to end the month relatively unchanged.

As we entered the second half of the year, investors' attention gradually began to shift towards fundamental considerations over the medium to long term, such as the rise in mortgage rates on RMBS structures and the impact of the ECB's withdrawal from its purchase programme (ABS PP) on ABS spreads. Despite this, the volume of paper flows remained stable over the month and was very well absorbed ('Did Not Trade' ratio < 10%, i.e. 4% less than the previous month). Moreover, generic levels remained firm overall on all ABS types, even though the primary market was starting to slow down as the summer period approached, demonstrating that market demand for paper remained as strong as ever.

In terms of market spread, senior Auto ABS were currently trading in a range of 30-60 bp, ~30 bp for senior German Auto ABS and ~50-60 bp for senior French Auto ABS. Senior prime RMBS were trading at around 30-40 bp for core Europe and 60-70 bp for southern Europe, while short-dated senior Dutch Buy-to-Let RMBS were trading at around ~80/90 bp.

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Spreads on European CLOs ended the month tighter across the capital structure, with mezzanine tranches outperforming, particularly BB-rated tranches, which ended the month 50-90 bp tighter. Over the month, the supply of CLO paper was also fairly high, with almost €1.4 billion of paper traded compared with a monthly average of €1.2 billion since the start of the year, concentrated mainly on the top end of the capital structure, i.e. the AAA tranches, as investors sought to take their gains at the end of the month. Investor demand fell back slightly over the month, causing AAA spreads to widen slightly by around 5 bp in the last few weeks of June in response to this influx of paper sales. Nevertheless, overall, CLO spreads ended the month 10 bp tighter at +170s-190 bp for AAA tranches, with a flattening effect on the duration curve.

In terms of movements in the Fund, we continued our investment policy in June, focusing on high-quality assets, both new issuers to diversify our portfolio and sectors/jurisdictions with strong carry (peripheral zone ABS) to increase the Fund’s carry.

In terms of metrics at the end of June, the average rating of the Fund was AA, the average spread was +105 bp against Euribor, the average maturity (WAL) was less than two years, the interest rate sensitivity was less than 0.25 and the yield to maturity of the Fund was currently +4.6%.

Ostrum Euro ABS IG ended June 2023 with an improvement in net performance for each unit: +0.37%/+0.36%/+0.36% for SI/I/N units respectively, giving a net performance since the beginning of 2023 of +2.54%/+2.49%/+2.45% respectively.

JULY 2023

Publications in July confirmed the resilience of the US economy. GDP for the second quarter rose by 2.4% year on year, thanks to a pick-up in investment and a weaker-than-expected slowdown in household consumption. Employment remained healthy in the United States, especially as redundancies declined. Disinflation was confirmed, with the price index returning to 3% in June. The Fed proceeded with its planned 25 bp hike, but Jerome Powell remained coy about the need for further tightening in September. In the eurozone, growth unexpectedly picked up (+0.3%Q in Q2) thanks to good French figures (+0.5%Q) driven by foreign trade. The technical recession was erased after Q1 GDP was revised to 0%. Germany appeared to be emerging from recession (0%Q), while Italy was disappointing (-0.3%Q). Overall, the data was much better than the PMI surveys suggested. The ECB continued to take action on inflation by raising rates to 3.75% (deposit rate) and accelerating the reduction in its balance sheet (total write-down of the APP since 1 July). A further hike in September was on the table due to the persistence of core inflation, published at 5.5% for July. Total inflation was gradually decelerating and stood at 5.3% in July (flash estimate).

Against this backdrop, US rates accelerated upwards at the end of July, closing at 3.95%, while the Bund fell back towards 2.5% as yield curves once again steepened. Equity markets rose in July, with the American markets performing better (+3.1%). The EuroStoxx 50 gained 1.6%, held back by the rise in the euro. Credit performed considerably better, as did emerging market external debt.

In detail, the Fed raised its rate as expected in July, with the FOMC continuing to pay close attention to the data ahead of the September FOMC meeting. The probability of a rate hike in the coming months decreased slightly. On the fixed-income market, the curves’ degree of inversion diminished. The 2-10 year spread widened by 14 bp in July but remained very negative at -92 bp at the end of the month. In the eurozone, the Bund yield resumed its upwards trend in line with monetary tightening. The Bund stood at 2.49% at the end of July. Sovereign spreads fell slightly by 1 bp to 54 bp on the 10-year OAT and by 7 bp to 166 bp on 10-year BTPs.

1. Management report

On the credit market, spreads on investment grade bonds narrowed by 16 bp in Europe and 11 bp in the United States. The continued rise in interest rates proved harmless for risky assets. High-yield credit also performed well, with a similar tightening to investment grade. European high-yield spreads fell by 16 bp in July.

The European ABS market remained buoyant for July, with a number of public transactions issued on the primary market, which we were able to take advantage of as part of our investment policy. The secondary market was also very active, although volume was limited, including in the last week of the month, with a supply of mainly AAA-rated paper that was very well absorbed by the market, as well as some rare BBB/BB-rated mezzanine tranches offered for sale, which were readily snapped up by clients specialising in mezzanine ABS. Overall for the month, the general trend was for generic European ABS levels to tighten by around 5-10 bp on the AAA side, with different ranges depending on the type of ABS, and up to 20 bp on average for BBB/BB-rated mezzanine ABS, reflecting continuing fairly strong demand for paper from investors, hedge funds and bank treasuries as we approached the traditional summer break in August.

In terms of levels, AAA Auto ABS remained stable over the month, trading in the range of 30-60 bp, ~30 bp for AAA German Auto ABS and ~50-60 bp for AAA Spanish/Italian Auto ABS. AAA Prime RMBS continued to trade at around 30-40 bp for core countries (Netherlands & France) and 60-70 bp for southern European countries, Dutch AAA Buy-to-Let RMBS at around ~70-80 bp, i.e. 5-10 bp tighter over the month, and Irish AAA RPL at around ~130-140 bp, i.e. 20 bp tighter over the month, driven by strong demand from hedge fund investors.

On the mezzanine side, the movement over the month was more towards stability on the residential segment (RMBS) while in the Auto/Consumer ABS segment, we noted tightening movements of more than 20 bp with reference to secondary execution levels.
German BBB Consumer ABS were currently trading in a spread environment of LM300s, and BB Consumer ABS in an environment of H400-L500s, i.e. 20 bp tighter than in the previous month. In southern Europe, A/BBB Consumer and Auto ABS were trading in an environment of LM300s and BB Consumer and Auto ABS in an environment of MH600s.
As regards European CLOs, the theme of the month was also one of spread compression, against a backdrop of technical factors that were as supportive as ever, carry and relative value that were still attractive compared with credit, and a macroeconomic context that played in favour of risky assets over the month, with very strong investor participation in the secondary CLO market.

The Cross Over credit index ended the month 30 bp tighter. CLO tranches across the capital structure therefore converged towards their tightest levels of the year, with mezzanine tranches performing well, particularly those rated BBB and BB, which ended the month ~40 bp and ~30-50 bp tighter respectively. This can be explained by strong demand from US hedge funds/investors due to an attractive cross-currency base and wider spreads in Europe than in the US. At the end of the month, BBB tranches were now trading in a spread environment of L400s-H500s versus 700-L900s for BB tranches. AAA tranches also tightened by 10-15 bp over the month, ending the month in a spread environment of 140-170s compared with 170s-190 bp in the previous month. The difference in spreads between AAA tranches of Tier 1 and Tier 2 CLO managers also followed a similar compression trend, narrowing to just 20 bp compared with 30 bp in the previous month. Now that we were halfway through the year, the target of a 100 bp spread at the end of the year for AAA tranches, which many investors called for at the ABS conference in Barcelona in June, was not so far away...

As regards movements in the Fund this month, we continued our investment policy, focusing on good-quality, very highly rated (AAA) ABS, issued by issuers already in the portfolio and offering an attractive carry. We also maintained our liquidity component in the Fund at 5%, which would be partially utilised in August given the settlement dates for purchases made in July.

1. Management report

In terms of the Fund's main metrics at the end of July, the average rating of the Fund was AA, the average spread was +85 bp against Euribor, the average maturity (WAL) was less than two years, the interest rate sensitivity was less than 0.25 and the yield to maturity of the Fund was currently +4.3%.

Ostrum Euro ABS IG ended July 2023 with an improvement in net performance for each unit:
+0.39%/+0.38%/+0.37% for SI/I/N units respectively, giving a net performance since the beginning of 2023 of +2.94%/+2.88%/+2.83% respectively.

AUGUST 2023

Inflation made a comeback in August, reviving fears of a second round of monetary tightening by the major central banks. Conversely, China eased its monetary policy to revive its economy against the backdrop of a property crisis. The US economy, for its part, stood out from the other zones due to its incredible resilience, which pointed to an acceleration in growth in the next quarter. In the eurozone, the risk of recession increased, with S&P PMI surveys published during the month indicating a deterioration in employment. Inflation rates rose overall in August due to the rise in energy prices. However, the favourable base effects linked to energy looked set to dissipate in the autumn. Crude oil prices remained firm at around $86 for Brent, reflecting the resilience of the US economy and the recent measures announced by China to boost growth. Core inflation also remained high, reflecting the persistent rise in service prices despite the fall in input prices. As regards monetary policy, Jerome Powell and Christine Lagarde confirmed at the Fed Economic Symposium in Jackson Hole that key rates would remain high for some time to come, as long as inflation did not converge towards the 2% target.

On the markets before Jackson Hole, investors had to digest the announcement of the US Treasury's quarterly refinancing, leading to a rise in US nominal long-term rates. At the end of the month, concerns about a global economic slowdown against a backdrop of persistent inflation curbed the rise in nominal interest rates that had begun in mid-July.

Looking in detail at the government bond market, the US 10-year yield rose to 4.34% on 21 August from 3.96% at the close of July, exceeding the October 2022 highs. This rise in long-term yields reflected an increase in the term premium, which was also justified by Fitch's downgrading of the US rating to AA+ at the beginning of the month. In the eurozone, the German 10-year was surprisingly inert, struggling to break through the 2.60% ceiling on a sustained basis due to mediocre economic data. The T-Note spread widened significantly. The relative inertia of the Bund contained any potential tensions on sovereign spreads. After lengthy negotiations, Italy finally secured payment of the third tranche of European aid, with the result that the political noise surrounding the exceptional tax on bank surpluses had no major impact on the BTP spread.

The credit market adjusted in the wake of the turnaround in the equity markets after the good performance at the start of the summer. The widening of spreads had been wiping out the performance of European investment grade securities since 10 July. The high yield market experienced similar profit-taking.

As regards the European ABS market, August was fairly active on the secondary market, with almost €300 million of securities offered for sale in BWIC format, compared with over €500 million in July. The primary market remained closed, as was usual at that time of the year. Around 60% of secondary market flows were concentrated in senior ABS, 30% in IG mezzanine ABS and fewer than 10% in sub-IG mezzanine ABS.

1. Management report

Based on observed market levels, overall execution was quite solid in August despite some volatility observed in the credit indices – the Itraxx Main index started the month at ~68 bp, widened to 79 bp and was currently trading at around 70 bp, while the Xover started the month at ~385 bp, widened to 430 bp and was currently trading at around 390 bp. Overall, ABS spreads ended August tighter, supported by the absence of primary issues and continued demand from secondary investors for both senior and mezzanine ABS.

By risk level, senior ABS ended the month unchanged or slightly tighter. The latest levels observed: Dutch Prime AAAs were trading in the L30-M30 range, German Auto AAAs in the M30-H30 range and non-ECB-eligible Auto AAAs at around 40 bp. Non-core ABS also performed well over the month with Dutch AAA Buy-to-Let RMBS around 5-10 bp tighter at M70s, UK AAA Non-Prime and Buy-to-Let RMBS around 10 bp tighter, as well as UK AAA BTL RMBS in the 90 bp range and UK AAA Non-Prime RMBS in the 100-115 bp range.

In mezzanine ABS, interest remained robust over the period with many investors like us very active in BWICs on the secondary market. IG mezzanine ABS spreads ended the month around 5-15 bp tighter and sub-IG mezzanine ABS were surprisingly active, with spreads around 25-50 bp tighter, which was a very good performance in August. Overall, BBB-rated ABS were currently trading at around MH300, BB-rated ABS at around MH400-M500 and B-rated ABS at around M600-700 in spread, comparing relatively well with corporate credit. The Itraxx XOVER index was currently trading at around 390 basis points for a duration of five years.

However, we anticipated that the momentum of ABS spread tightening would be put to the test very soon with the reopening of the primary market in September. As expected, a wave of new ABS deals had recently been announced (around 10 ABS deals announced) and a strong pipeline was expected over the coming weeks. This looked set to provide us with a number of attractive investment opportunities for our ABS funds, but was also likely to put pressure on ABS spread dynamics over time, particularly in senior ABS, which generally account for the bulk of flows, with issuers expected to offer potential spread concessions to encourage investors to take part in their new transactions.

As regards mezzanine ABS, which are traditionally smaller in size than senior ABS, demand from investors (asset managers and hedge funds) was likely to remain strong in a market characterised by a limited overall volume of mezzanine ABS on both secondary and primary markets. In other words, technical factors would continue to support mezzanine ABS in our view. Barring unexpected macroeconomic events, these technical factors would help to limit any possible correction in spreads in the event of reduced investor appetite in the face of this high level of activity on the primary market. Generally speaking, in the event of an unfavourable adjustment, we did not anticipate any exacerbated movements in spreads on mezzanine ABS. Conversely, we did expect this to provide interesting new entry points for investment over the coming weeks.

In terms of movements in the Fund, there was little to report over the month. We maintained our liquidity component in the Fund at 4% to allow us to take advantage of new opportunities over the coming month.

In terms of the Fund’s main metrics at the end of August, the average rating of the Fund was AA, the average spread was +87 bp against Euribor, the average maturity (WAL) was less than two years, the interest rate sensitivity was less than 0.25 and the yield to maturity of the Fund was currently +4.3%.

Ostrum Euro ABS IG ended August 2023 with an improvement in net performance for each unit: +0.44%/+0.43%/+0.43% for SI/I/N units respectively, giving a net performance since the beginning of 2023 of +3.39%/+3.32%/+3.28% respectively.

1. Management report

SEPTEMBER 2023

In September, activity diverged between the main monetary centres. While activity remained robust in the United States, the economic outlook was more uncertain in the eurozone, where domestic demand was showing signs of weakness. In China, activity stabilised overall, although segments of the economy such as the export and private sectors continued to show signs of weakness. The disinflation process continued. European inflation slowed to 4.3% in September from 5.2% in August. Core inflation also eased to 4.5% from 5.3%. Personal consumption by households (real), the Fed's preferred measure of inflation, rose by 0.1% in August after 0.6%. However, against a backdrop of rising oil prices, the focus remained on inflation. Brent crude oil prices rose by more than 27% over the quarter, the biggest quarterly increase since the Russian invasion of Ukraine. Saudi Arabia and Russia indicated that they would extend their production cuts until the end of the year. European gas prices also rose by almost 13% to €42 MWh.

With regard to monetary policy, the Fed and the ECB postponed expectations of rate cuts for 2024. The Fed kept its federal fund rates unchanged at 5.25-5.5%, but indicated another hike between now and the end of the year. The median dot for 2024 was revised upwards to 5.125% (vs. 4.6%), suggesting that the Fed would keep rates high for a long time to come. The vote on the US administration's budget was postponed to 17 November in order to prevent the country from coming to a standstill. The ECB raised its main interest rates by 25 bp, including its deposit rate to 4%, suggesting an end to its monetary tightening cycle. The PBoC lowered its reserve requirement rate by -25 bp to 10.5% for large banks, in order to support the recovery. Other central banks in emerging countries cut their key rates, including the Brazilian central bank, which was the first to raise its Selic rate before the Fed.

On the financial markets, the "higher for longer" mantra initiated by the Fed and the ECB was the catalyst in September for a major sell-off on the world's sovereign bond markets. The rise in real rates led to a correction in the equity markets, which nonetheless performed well since the start of the year. The S&P 500 lost 5% over the month, as did other equity indices such as the Euro Stoxx 600 (-2%) and the Nikkei (-3.4%). Indeed, the third quarter was marked by a strong sell-off on sovereign interest rate markets around the world. The US 10-year interest rate reached its highest level since 2007 at 4.57%, an increase of 77 bp. All maturities adjusted, leading to a steepening of the US sovereign yield curve, albeit with some disparities. The 30-year interest rate reached its highest level since 2009 at 4.7% (+84 bp), while the 2-year interest rate reached 5.04% (+15 bp). European rates followed in the wake of their American counterparts. Germany's yield curve was therefore inverted, reflecting high short-term rates. The German 10-year interest rate reached 2.8% (+45 bp), its highest level since 2011. Japan's 10-year sovereign bond yield reached its highest level since 2013 at 0.76%. It is worth noting that UK Gilts outperformed over the month, reflecting fears of recession in the UK.

On the credit market, we note the performance over the month of euro credit (-0.9%), particularly for euro high yield, compared with US credit (-2.4%).

As expected, the European ABS market was particularly active in September, with almost 26 ABS transactions issued on the primary market for a total issued volume of €12.6 billion, making it the busiest September since 2010. This record volume of issues brings annual issuance to €47.3 billion, a volume in line with the average for the same period in recent years. One encouraging trend that should be mentioned throughout such a busy month of issuance was how well the market absorbed the transactions on offer in a relatively short space of time. In our opinion, this underlines the extent to which the imbalance between supply and demand for ABS in Europe was particularly significant for much of the year, given the previously moderate pace of supply, especially as the macroeconomic environment had been relatively less volatile (or at least as investors became more comfortable with the degree of uncertainty inherent in the macroeconomic

1. Management report

outlook). More generally, the placement and execution of the transactions on offer were carried out under perfectly sound conditions, against a backdrop of strong investor demand for paper, with particularly robust hedging ratios, especially on the mezzanine part of the capital structure.

On the secondary market, while European ABS spreads held up remarkably well during the first three weeks of the month, given the abundant supply of primary paper, with stable or tighter spread levels (up to 5-8 bp for senior bonds and 10-15 bp for mezzanine bonds), the final week of September saw a slight decompression in spread dynamics, with a slight widening in most sectors in the context of the end of the quarter, volatile interest rates and decompression on the credit market.

Almost all UK and eurozone AAA bonds across all sectors experienced a moderate widening of spreads in the region of 2 to 3 bp over that final week, marking the first week of generalised spread widening since mid-July – while mezzanine bond spreads across all market segments (as well as eurozone senior CMBS) remained virtually unchanged during that final week.

In terms of generic levels on senior bonds in the core segments, Dutch AAA Prime RMBS were trading in a spread environment of M30-MH30, German Auto AAAs in the M30-H30 range and non-ECB-eligible Auto AAAs in the 50-60 bp range. Senior bonds in non-core segments also performed well over the month, with Dutch AAA BTL RMBS trading in the 70-80 bp range, UK AAA BTL RMBS in the 90-100 bp range and UK AAA Non-Prime RMBS in the 100-110 bp range. As regards mezzanine bonds, overall, BBB ABS were currently trading at around MH300, BB ABS around MH400-M500 and Bs ABS around M600-700 bp.

In terms of outlook, if we look ahead a little, given the slower pace of spread tightening over successive quarters of the year, and taking into account the slight decompression observed on senior bonds at the end of the month/quarter in the core segments that are well supplied in terms of volume on the primary market (AAA Auto and Consumer ABS, Dutch AAA RMBS), we are adopting a moderately cautious stance with regard to the direction of spreads over the coming weeks/months, particularly if the supply of primary paper continues at the same pace.

As regards movements in the Fund, we pursued our investment policy over the month, taking advantage of many opportunities on the primary market by focusing on high-quality assets, new issuers to diversify our portfolio and sectors/jurisdictions with strong carry to increase the carry of the Fund. At the same time we also took our profits on several securities in the portfolio, particularly in the Auto and Consumer ABS segment, to maintain our sector allocation as well as a liquidity component in the Fund of sufficient size to enable us to seize new and equally attractive opportunities in the coming weeks.

In terms of the Fund's main metrics at the end of September, the average rating of the Fund was AA, the average spread was +85 bp against Euribor, the average maturity (WAL) was less than two years, the interest rate sensitivity was less than 0.25 and the yield to maturity of the Fund was currently +4.5% gross.

Ostrum Euro ABS IG ended September 2023 with an improvement in net performance for each unit: +0.40%/+0.39%/+0.38% for SI/I/N units respectively, giving a net performance since the beginning of 2023 of +3.81%/+3.73%/+3.67% respectively.

1. Management report

OCTOBER 2023

The US economy posted very strong growth in July and September. In the third quarter, GDP rose by an annualised rate of 4.9%. Household consumption and a pick-up in housing investment offset a downturn in company capital expenditure. Restocking contributed more than one growth point. The balance of trade remained stable despite strong domestic demand. In the eurozone, surveys suggested a slowdown in growth since the summer. Eurozone GDP fell by 0.1% between July and September. Germany shrank by 0.1%, while France posted slightly positive growth (+0.1%). In China, activity picked up in the third quarter (+1.3%) following a second quarter revised downwards (+0.5%).

Domestic demand remained weak, still restrained by the situation in the property sector. The surveys were flat despite government measures to ease financial constraints weighing on households and local authorities.

In terms of monetary policy, the ECB was expected to have implemented its final rate hike in September. The deposit rate was expected to remain at 4% until the middle of the following year. The asset purchase programme (APP) had slowed to the expected pace but proceeds from the PEPP would be fully reinvested until the end of 2024 at least. On the other side of the Atlantic, the Fed's communications foreshadowed a status quo. The last rate hike, expected in September, did not occur. Federal fund rates peaked at 5.50%. Finally, the Bank of Japan would allow a gradual 10-year increase above 1%. The end of its negative rate policy was expected to take effect in 2024, given the upwards revision of the BoJ’s inflation projections.

On the financial markets, October was marked by continued rise in bond yields. This increase would prove unfavourable for shares, which fell between 2% and 3% in October. The S&P dipped back below 4,200 points at month-end, while the Euro Stoxx 50 stood at 4,061. This fall was seen to be consistent across the sector. However, defensive stocks such as public service securities and food withstood this trend. Health, on the other hand, plummeted by nearly 10%.

With regard to sovereign rates, the US 10-year yield rose by 36 bp in October, reaching 4.91% at month-end. The rate curve steepened, primarily as a result of long-term yield swing pricing (+32 bp for the 2–10 years). The Bund was virtually unchanged above 2.80%. By contrast, upwards pressure remained stronger on long-term maturities. Australian and New Zealand rates also increased strongly in the wake of the 18 bp increase in the Japanese 10-year rate (0.94% at 31 October). In the eurozone, sovereign spreads widened more than 60 bp in France and stabilised to under 200 bp in Italy, albeit with some volatility.

On the credit side, both investment grade and high yield spreads widened. The credit market experienced a rise in risk-free rates. Over the month, the euro investment grade widened by 7 bp against the Bund. High yield underperformed, with spreads widening 42 bp. By the end of the month, CDS indices also widened by 5 bp on Itraxx IG and by 18 on Crossover. CDX high yield underperformed, widening by 37 bp.

As regards the European ABS market, October was a particularly active month for the primary market, despite a slight slowdown in new issues compared with the record levels in the previous month. October’s total issued volume, however, was €8.3 billion, compared with €12.6 billion last September. This issued volume was nevertheless higher than the historical average for any month of October between 2010 and 2022, and brought the total issued volume over the year to €56.9 billion. Unlike October 2002, which was hit hard by volatility brought about by the UK LDI crisis, it could be said that, despite some headwind, the ABS primary market has since recovered well. More generally, the placement and execution of ABS transactions on offer occurred against a backdrop of strong investor demand for paper, with particularly robust hedging ratios, especially on the mezzanine part of the capital structure. In contrast, because of abundant supply

1. Management report

at the top end of the capital structure, i.e. AAA-rated ABS bonds, we saw the market gradually run out of steam, with order books reasonably full and a slight widening of ABS spreads.

On the secondary market, whereas European ABS spreads had held up remarkably well despite the abundant supply of primary paper, this continued abundant supply on both primary and secondary markets, coupled with investors' reduced appetite for risk as we approached the end of the year in a more uncertain market environment, both macroeconomically (ECB, inflation, growth etc.) and geopolitically, given the outbreak of the conflict in the Middle East, finally rocked the stability of European ABS spread levels observed until that point. Senior ABS bonds therefore widened by between 5 bp and 10 bp on average over the month and mezzanine ABS bonds by 10-15 bp. Despite these movements, which mainly occurred in the first three weeks of the month, as ABS spreads were close to stable in the last week of October, the ABS asset class as a whole outperformed all other fixed-income asset classes that month.

In terms of generic levels on ABS senior bonds in the core segments, Dutch AAA Prime RMBS were now trading in a spread environment of M40s-MH40s, UK Prime AAAs in an environment of LM50s and German AAA Auto ABS in the LM-MH40s range. Senior bonds in non-core segments and/or in the southern periphery were trading in the 70–80 bp range for Dutch AAA BTL RMSB, in the 100–110s range for UK RMBS BTL AAA and in the 70s–80s range for Italian AA Auto ABS. As regards ABS mezzanine bonds, overall BBB-rated ABS were then trading in a spread environment of around MH300–L400s on average, while BB-rated ABS were trading at around MH400-LM500s.

In terms of European CLOs, a disparity corresponding to the quality of managers and the underlying portfolios became increasingly evident, which translated into more or less significant differences in spreads as we descend into the capital structure. Over the month, AAA-rated CLO spreads remained almost stable overall, even tightening slightly by a few bp, while BBB CLO spreads narrowed by around 10 bp. AAA-rated CLOs were currently trading at around 170-190 bp, while BBB-rated CLOs were trading in a spread environment of LM–MH500.

In terms of outlook, considering the slowdown in primary activity and no clear deterioration in market sentiment, we maintained a resolutely prudent approach with regard to the direction of ABS spreads during the coming weeks. Although our central scenario expected ABS spreads to remain relatively stable following the episode of volatility that we saw in October, we believed that the more uncertain macroeconomic and geopolitical climate would intensify risks relating to ABS spread dynamics at the end of the year.

As regards movements in the Fund, we pursued our investment policy over the month, taking advantage of opportunities on the primary and secondary markets by focusing on high-quality assets, new issuers to diversify our portfolio and sectors/jurisdictions with strong carry to increase the carry/yield of the Fund. At the same time we also took our profits on several securities in the portfolio, particularly in the Auto and Consumer ABS segment, to maintain our sector allocation as well as a liquidity component in the Fund of sufficient size to enable us to benefit from any new and attractive opportunities towards the end of this year.

In terms of metrics, we believed that the Fund's positioning was still very attractive: at the end of October, the average rating of the fund was AA, the average spread was +90 bp against Euribor, the average maturity (WAL) was less than two years, the interest rate sensitivity was less than 0.25 (# ABS floating rate) and the Fund's gross yield to maturity was currently +4.3%.

Ostrum Euro ABS IG ended October 2023 with an improvement in net performance for each unit: +0.34%/+0.33%/+0.32 for SI/I/N units respectively, giving a net performance since the beginning of 2023 of +4.16%/+4.07%/+4.01% respectively.

1. Management report

NOVEMBER 2023

The disinflation process accelerated, particularly within the main monetary centres. In the US, inflation reached 3.2% for October after 3.7% in September. In the eurozone, inflation decelerated sharply to 2.4% from 2.9% in September, linked to the falling contribution from energy prices, rapidly converging towards the ECB's target. The fall was recorded in every country in the eurozone, most notably in Italy, where inflation was 0.8%. Core inflation, however, remained high from a historical perspective. Core inflation in the US was 4% and 3.6% in the eurozone; it therefore seemed premature to say that the page had been turned on inflation, particularly as budgetary aid delivered to mitigate the effect on households and companies of the energy shock linked to the war in Ukraine would be gradually withdrawn in the following year. Conversely, inflation was -0.2% in China, reflecting a fall in food prices. The US economy continued to record robust growth in Q3 of 5.2% at an annualised rate, supported by investment and public spending, where contributions were revised upwards compared with the initial estimate in October. US consumption normalised after a strong post-Covid recovery. In the eurozone, the outlook for growth was rapidly deteriorating. In Germany and France, GDP shrank by -0.1% in Q3 on the back of -0.1% and +0.6% respectively in Q2, linked to the contraction in domestic demand. In China, activity stabilised but property continued to hamper recovery. The Chinese authorities changed their property sector strategy, shifting from measures to support demand to financial support for the property sector.

In the financial markets, following months of weak performances, November saw a strong rally. Investors were pivotal to the Fed (and the ECB) and to the prospect of a soft landing. The absence of any knock-on effects of the situation in the Middle East on the rest of the region deflated the geopolitical premium on oil prices, also helping to sustain the rally.

November saw a rally in sovereign rates globally. The Bloomberg Global Aggregate Bond index posted a monthly performance of 5%, its best since the 2008 financial crisis. The prospect of a pivot in monetary policies in the main monetary centres and an acceleration in the disinflation process were the principal catalysts. The Bloomberg US Aggregate Bond index posted its best monthly performance since May 1985, at 4.53%. The US 10-year interest rate fell by 50 bp over the month to 4.33%, its sharpest drop since July 2021. Investor expectations of Fed rate cuts in May 2024 reached 100%, compared with only 8% at the start of the month. In the European sovereign rate markets, the Bund posted a monthly performance of 2.6%. BTPs performed well during the month, rising 3.3% compared with 3.1% for UK government bonds. Investor expectations of ECB interest rate cuts had now reached 100% for April 2024.

On the credit market, November was also characterised by a more favourable environment when the publication of lower-than-expected inflation data resulted in a renewed appetite for credit, seeing the Itraxx Xover index tighten by 80 bp over the month to close the month at 375 bp. The Itraxx Main index, meanwhile, tightened by 20 bp to end the month at 68 bp, compared with 88 bp at the start. The performance of European IG credit was up +2.4% over the month compared with +2.8% for European high yield.

With regard to European ABS, over the month our market followed this strong rally with spread levels contracting by a few basis points across all sub-funds in the European ABS market. In the residential segment, senior UK RMBS outperformed over the month with spread levels at their lowest for the year to date, closing the month with a spread of around 80-VL100 bp. During the month, senior Auto ABS logically retraced the widening spread from the previous two months that was brought about by an abundant primary, closing at around 30-50 bp. European CLOs, meanwhile, found a more sustained rhythm during the second half of the month, thanks to an increased supply of paper and greater demand from investors wishing to take profits at the end of the year, which enabled AAA tranches to tighten by around 20 bp over the month to close with a spread environment of around 150-170 bp.

1. Management report

In the mezzanine segment, strong demand fed by a “risk on” market sentiment as well as a traditionally weak supply of available paper led to a more marked narrowing in market spreads. Demand remained robust on some ABS issues on the primary market, particularly the mezzanine tranches, as evidenced by the strong hedging ratios (5-8x) and significant narrowing of spreads by 25 to 50 bp below initial guidance. As for CLOs, having lagged behind the rally on the Xover and as the primary market contracted, BBB and BB tranches ended up narrowing by 70 bp and 100 bp respectively on the secondary market on the back of strong RM/HF investor demand.

In terms of generic levels on ABS senior bonds in the core segments, Dutch -AAA Prime RMBS were trading in a spread environment of 30s-L40s, UK Prime RMBS in the 30s-L50s range and German AAA Auto ABS in the 30s-50s bp range. Senior bonds in non-core segments and/or in the southern periphery were trading in the 70–80 bp range for Dutch AAA BTL RMSB, in the 100–110s range for UK RMBS BTL AAA and in the 70s–80s range for Italian AA Auto ABS. As regards ABS mezzanine bonds, the current spread for BBB-rated ABS was around LM300s on average, while BB-rated ABS were around MH400s.

In terms of European CLOs, a disparity corresponding to the quality of managers (Tier s vs. Tier 2) and the underlying portfolios and structures (post-RP or not) became increasingly evident, which translated into spreads widening to a greater or lesser degree as we descended into the capital structure. AAA CLOs were currently trading at around 150-170 bp and 130-140 bp for shorter profiles, and AA CLOs at around LM200s, while BBB CLOs were now trading in a spread environment of L400–MH500s.

As regards movement in the Fund, we pursued our investment policy over the month, taking advantage of some opportunities on the primary market by focusing on high-quality assets to diversify our portfolios, while seeking to increase the carry/yield of the Fund. At the same time, we maintained a liquidity component in the Fund of sufficient size to be able to take advantage of any opportunities arising in the secondary market at the end of this year.

In terms of metrics, we believed that the Fund's positioning remained very attractive: at the end of November, the average rating of the fund was AA, the average spread was +92 bp against Euribor, the average maturity (WAL) was less than two years, the interest rate sensitivity was less than 0.25 (# ABS floating rate) and the Fund’s gross yield to maturity was currently +4.05%.

Ostrum Euro ABS IG ended November 2023 with an improvement in net performance for each unit: +0.42%/+0.41%/+0.40% for SI/I/N units respectively, giving a net performance since the beginning of 2023 of +4.62%/+4.52%/+4.44% respectively.

DECEMBER 2023

December was fully in line with November, prompted by a change in rhetoric from the Fed. While the US economy continued to grow at a steady pace, with employment improving by 199k in November and unemployment returning to 3.7%, US inflation continued to fall due to imported energy and goods. Inflation thus stood at 3.1% in November. The eurozone experienced similar trends with inflation falling to 2.4% in November, while expectations of a contraction of activity in Q4 2023 hastened expectations of ECB rate cuts. The market was expecting six rate cuts by the ECB and the Fed in 2024.

As a result, on the bond market, sovereign bonds had a resoundingly successful year-end. There was a sharp easing in sovereign rates over the month (-42 bp on the Bund to 2.03% and -45 bp on 10-year T-Notes to 3.88%), enabling risky

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assets to perform well overall. As long-term yields fell and credit spreads intensified, the equity market ended the year on a very positive note, with a gain of +5% to +6% for the main US indices and over +3% for the Euro Stoxx 50 index, which took its annual performance to close to +20%.

On the credit market, the upturn in global bonds benefited credit spreads. Euro IG ended the month narrowing -9 bp against the Bund. In terms of asset swaps, good quality credit was trading under 90 bp. European high yield posted a substantial outperformance with spreads tightening by -33 bp. In the US, there were similar spread dynamics with narrowing of -6 bp and -58 bp respectively.

The same trend was observed in European structured credit. Over the month, European ABS had as a whole benefited from this strong rally, with spread levels contracting several basis points across all sub-funds in the market and a more markedly narrow range for the high beta sectors and mezzanine bonds. The Bloomberg ABS Pan-European Floating Aggregate index, comprising 96% AAA-rated senior ABS, delivered an annualised performance of +5.24% over the month to close 2023 with a cumulative performance of +4.72%.

As regards UK residential, the non-conforming RMBS and Buy-to-Let “high beta” sectors performed well in the senior segment with spread levels now lower, closing the year in a spread environment of around 80-90 bp against Euribor. Prime RMBS were also well supported by strong demand from bank treasury departments, ending the year with spread levels of 30-H40 bp against Euribor. In continental Europe, peripheral zone RMBS also performed well, notably in certain Spanish and Portuguese transactions with a clean-up call option, offering an attractive upside. Irish re-performing RMBS also ended the year well on their tightest spread levels in a spread environment of around LM-M100s vs. MH100s a few months prior.

For the core sectors, senior Auto ABS remained stable overall or slightly narrower during the month, closing the year in a spread environment of around 30s-40s bp against Euribor with no real change compared with the previous month.

In contrast, on European CLOs, December saw a fairly significant volume of activity on the secondary market, due to an increased supply of paper and greater demand from investors wishing to take their profits before the end of 2023. This high volume of activity over the month enabled AAA tranches to narrow by around 10 bp during the month to close the year in a spread environment of around 130-150 bp against Euribor.

In the mezzanine risk segment, a more “risk on” market sentiment as well as a traditionally weak supply of available paper led to a more marked narrowing of ABS spreads. While the primary offer gradually reduced, demand, particularly from RM/HF customers, remained particularly strong on the secondary market for sub-IG mezzanine tranches (BB and B-rated bonds), which were still experiencing some delay in terms of spread tightening.

In terms of activity, 2023 saw a global rise in the primary volume of +36% compared with 2022, to a total of €90 billion, including €26 billion in CLOs. Despite a volatile environment in 2023, we saw seven new CLO managers enter the market, such as M&G, MV Credit and Arini. Another development was the return to the market as issuers by banking institutions such as Lloyds, with two successive transactions following a four-year absence, and ING, with the issue of a Dutch Green MBS following a 17-year absence. In 2024, once the end of the Bank of England’s term funding scheme (TFSME) and the ECB’s Targeted Longer-term Refinancing Operations (TLTRO) had been announced, banks had to return to centre stage, with Anglo-Saxon banks predominating whereas European banks until then had generally had a preference for covered bonds as financing instruments. According to the market consensus, the volume of issues should reach over €100 billion in 2024, close to the post-GFC record of 2021.

As regards credit fundamentals, we expect a managed deterioration in 2024 and beyond for both borrowers and

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companies, principally for the relatively solid structures offered by ABS. Property prices should continue their downwards trend against the current backdrop of higher rates, although this adjustment will be mitigated by a structural housing shortage, company profits will probably continue to slow and the effects of more costly financing conditions will begin to be felt. The latest performance reports to date show a normalising of securitisation performance, particularly in the UK, whereas much of this in 2023 was limited to variable rate indexed loans assuming all the weight of previous rate hikes. In this inflationary environment, UK RMBS unsurprisingly posted a marked increase in payment defaults during the last 18 months, while Dutch and French RMBS remained more stable during the same period, supported by predominantly fixed-rate and cheap loans.

In terms of remuneration, after the sharp tightening of spreads which benefited European ABS and CLO in 2023, the asset class spreads remained attractive compared with other fixed-income products, offering more attractive premiums as we descended the rating scale. We also believe that the significant number of rate cuts integrated by the market in 2024 seem excessive and conducive to significant volatility for rates, assuming the very likely repricing of market expectations. In this context, ABS/CLO floaters should, in our opinion, prove to be an attractive allocation solution, at least during the first part of 2024, even if the current geopolitical environment, particularly in the Middle East, requires us to remain cautious regarding allocation.

In terms of generic levels in the core segments, Dutch AAA Prime RMBS were trading in a spread environment of 30s-L40s, UK Prime RMBS in the 30s-H40s range and German AAA Auto ABS in the 30s-40s bp range. Senior bonds in “high beta” segments and/or in the southern periphery were trading in the 70–80 bp range for Dutch AAA BTL RMSB, in the 80–90s range for UK AAA BTL RMBS and in the 70s–L100s range for Italian AA Auto ABS. ABS mezzanines and BBB-rated ABS were trading at around LM300s on average against Euribor, while BB-rated ABS were trading at around MH400s.

In terms of European CLOs, we continued to observe this increasing disparity, corresponding to the quality of managers (Tier 1 Tier 2), the underlying portfolios and the flexibility in the documentation of transactions in terms of reinvestment policy, which automatically translated into more or less significant differences in spreads as we descend into the capital structure. CLO AAA were trading at around 130-150 bp and CLO AA at around 195-240 bp, while CLO BBB were now trading in a spread environment of around 375-525 bp.

As regards movement in the Fund, there was little to comment on this month, given the gradual market closure towards year-end. However, we maintained a liquidity component in the Fund of sufficient size to be able to take advantage of any significant opportunities that might arise on the primary market in early 2024.

In terms of metrics, at the end of December, the average rating of the Fund was AA, the average spread was +80 bp against Euribor, the average maturity (WAL) was less than two years, the interest rate sensitivity was less than 0.25 (# ABS floating rate) and the Fund’s gross yield to maturity was +3.5%.

Ostrum Euro ABS IG ended December 2023 with a marked improvement in performance for each unit: +0.54%/+0.53%/+0.53% for SI/I/N units respectively, giving a net cumulative performance across the whole of 2023 of +5.16%/+5.06%/+4.97% respectively.

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JANUARY 2024

In January, the macroeconomic environment driven by positive growth and inflation news on both sides of the Atlantic meant that geopolitical risk was no longer a primary concern. In effect, the global economy dynamic had sent reassuring signals during recent weeks, first of all in the US, where the resilience demonstrated in growth, activity and consumption indicators surpassed expectations. US GDP was +3.3% at an annualised rate, compared with the general consensus of 2%, while the US labour market proved very dynamic, with +353,000 jobs created in January, a marked upturn from December, and an employment rate returning in January to close to its all-time low, at 3.7%. This dynamism contrasted with a lacklustre eurozone economy, which narrowly avoided recession with no sign of any significant recovery imminent. Growth in the fourth quarter was zero, following -0.1% in Q3 and an average of only 0.5% over the rest of the year. Domestic demand was affected by stubbornly high inflation, the increasingly significant impact of strong restrictive monetary policy from the ECB and weak global trade. Surveys conducted with business leaders continued to indicate a contraction in business activity during January, but at a more moderate pace. The eurozone appeared to have moved on from its low point.

However, these factors were reassuring, especially since inflation now seemed to be under control on both sides of the Atlantic, even if prices were still falling very steadily. In fact, inflation on both sides of the Atlantic had eased significantly compared with the peak observed during the post-Covid recovery. In the US, it settled at 3.4% in December, following 3.1% in November, as a result of a base effect linked to energy. Core inflation stood at 3.9%, compared with 4% in November. In the eurozone, inflation eased in January to 2.8% compared with 2.9%, and core inflation stood at 3.3% compared with 3.4%. Inflation in the services sector, on the other hand, stabilised at 4%. This sector is more labour-intensive and therefore crystallised the impact of salary increases to compensate in part for the loss of purchasing power.

Geopolitical risk linked to the intensifying conflict in the Middle East and the disruption to maritime freight in the Red Sea resulting from attacks on vessels by Houthi rebels continued to be a secondary concern in this environment. Only crude oil prices were significantly affected (+5% for Brent to return to over $80/b), also resulting in an improvement in the outlook for global demand.

Unsurprisingly therefore, the central banks, including the Fed and ECB, skipped their turn this month and left their key rates unchanged, satisfying themselves with tempering investors' still-too-optimistic expectations on the timing of the easing of monetary conditions. This reset, also driven by better-than-expected growth figures, resulted in sovereign bond rates rising this month for the third consecutive month, although more conservatively. The German 10-year rate rose by +14 bp to reach 2.2% and the French 10-year rate rose by +11 bp, closing at 2.7% on 31 January. Conversely, tensions on the US 10-year were not as strong: +3.3 bp over the month to close at 3.9%.

In the eurozone, spreads narrowed despite a flurry of issues by governments. These met with strong investor demand, with investors wanting to lock in higher rates before the central banks began to ease their monetary policies. They also benefited from a favourable risk environment and from the later-than-anticipated continued reduction in the ECB PEPP programme (from July onwards). The Italian spread also narrowed by 11 bp and the Spanish spread by 4 bp. The Greek spread in turn stabilised at around 100 bp after sharply narrowing at the prospect of imminent inclusion of the Greek debt in bond indices.

The European IG credit market also narrowed 7 bp and the high yield market by 18 bp; the issues were keenly welcomed by investors who benefited from higher rates before upcoming rate cuts by central banks. It was a similar situation for US IG credit (-3 bp). By contrast, US high yield diverged by +21 bp after narrowing over the final two months of 2023.

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In the European ABS market, the primary market was particularly dynamic this month compared with previous years, making the 2024 month of January the most prolific in terms of volume of distributed transactions since the GFC. Over the month, more than €8 billion of ABS transactions were issued and placed publicly with investors. Among this €8 billion of ABS transactions issued, €6 billion were primarily UK RMBS and €2 billion were Auto and German and Dutch Consumer ABS transactions. On the residential segment (RMBS), specialist lender Dilosk came to the market with an STS-labelled transaction backed by a portfolio of prime owner-occupied mortgage loans. This was its eighth transaction in Ireland and its second on the prime STS segment. On the Auto ABS segment, VW came to the market with its forty-first car leases transaction in Germany. Auxmoney, a digital platform which specialises in personal loans in Germany, also brought its third transaction backed by non-prime clients. All its transactions were completely absorbed and placed in excellent conditions, as evidenced by both the hedging ratios (2x for AAA and between 5-8x for mezzanines) and the final spread levels in relation to initial guidance primarily around mezzanine bonds (narrowing by around 10 bp) as a result of strong demand from investors seeking spread/yield in the current market context. Conversely, the forthcoming ABS pipeline appears modest, with only one UK BTL RMBS (Elstree Funding 4) transaction and one Finnish Auto ABS (Tommi 5) transaction announced.

With regard to CLOs, several transactions took place in January, including two new Tritinas CLO VI and Sound Point Euro CLO 10 transactions, with AAA tranches placed in a spread environment of around 150-160 bp, as well as refinancing transactions (resets) having passed their non-call periods, for which current market spreads presented a refinancing opportunity at lower cost, for example Palmer Square and Bain Capital Euro CLO 2022-2. In contrast with ABS, the CLO pipeline included to date around half a dozen new CLO transactions and at least as many refinancing transactions.

On the secondary market, the month began somewhat hesitantly in terms of activity, but the volume picked up during the course of the month, with a marked increase in BWIC, notably on mezzanine CLOs, against a backdrop of profit-taking following the unexpected and rapid spread compression of the preceding weeks. In general, while the credit market narrowed in line with the previous month, European ABS and CLO spreads continued to compress in January, particularly mezzanine bonds.

In terms of spread levels, senior Core ABS and RMBS remained almost unchanged over the month, but narrowed by 5 to 10 bp in the NC and BTL RMBS high-beta sectors. On mezzanine ABS, the BBB-rated ABS spread environment was in the 300-350 range, far lower than observed in Q4 of last year. AAA-rated CLOs narrowed further by 5 bp to 10 bp over the month, reaching +120 bp for tier 1 paper and 140 bp for longer and lower-rated profiles. For shorter profiles having passed their reinvestment period, AAA were now trading at a range of 80-90 bp. Further down in the capital structure and under the influence of strong investor demand, CLO BBB were also strongly compressed by around 30-40 bp and then began to be traded in a spread environment of 350-500 bp, depending on the profile.

As regards management of the Fund, in January we continued our policy of selective management in a context of generally tighter spreads, participating in some ABS transactions issued on the primary market while conserving a substantial liquidity component in the Fund in order to take advantage of any significant opportunities that might arise on the market in the coming weeks and/or any possible new entry points.

In terms of metrics, despite the tightening of ABS spreads during recent weeks, the Fund remained very attractive in both absolute and in relative terms: at the end of January, the average rating of the Fund was AA, the average spread was +95 bp against Euribor, the average maturity (WAL) was less than two years, the interest rate sensitivity was less than 0.25 and the Fund’s gross yield to maturity was +3.7%.

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In this month, January 2024, Ostrum Euro ABS IG posted positive performances in each of its units: +0.47%/+0.46%/+0.45% for SI/I/N units respectively.

FEBRUARY 2024

In February, short-term indicators published throughout the month suggested a significant recovery in global activity, despite the strong monetary tightening of previous years. Manufacturing activity worldwide showed signs of recovery, principally linked to the recovery of developed countries, driven by the US. In the eurozone, despite the sluggish growth in 2023, surveys stabilised, pointing to a gradual recovery in activity. Activity in China also stabilised, benefiting not only from the recovery in global demand but also in its domestic consumption. The US labour market remained tight, evidenced by the number of weekly unemployment claims which stood below their 2019 average. In the eurozone, job creation also remained high, fuelling pay increases. According to the wage tracker tool developed by the ECB, salaries would continue to rise at a sustained pace in 2024 (at around 4.5% per quarter). On the other side of the coin was the resurgence of inflationary pressures. US underlying inflation jumped +0.4% (monthly growth) in January, i.e. +4% at an annualised rate for the quarter. In the eurozone, inflation slowed less rapidly than expected in February, to 2.6%. Core inflation decreased from 3.3% to 3.1%, due to persistent inflation in services, which recorded 3.9% annualised growth. The strong growth in salaries would continue to fuel increased service prices. Crude oil prices had risen by more than 10% since the start of the year to 15%, after the low of March 2023. The negative effect of energy prices on inflation rates would quickly wane.

For the main central banks, caution was the watchword. The Fed did not want to lower its federal funds rates prematurely for fear of a resurgence in inflation. The ECB also paused, highlighting the strong wage increases, which are a key factor in eurozone inflation dynamics. China unexpectedly lowered the reserve requirement rate by 50 bp to 10% for large banks, and interest rates for 5-year preferential loans by -25 bp, both in order to support the property sector.

On the financial markets, February was another strong month for risky asset markets, particularly for equity indices, which reached historic highs, including the S&P 500 (+5.3%), topping 5,000 points, and the Nikkei (+8%), reaching its highest level since 1989. The euphoria surrounding AI dominated US stock markets. The “Magnificent 7” (+12% over the month, posting their best monthly performance since May 2023) outperformed the S&P 500 index. The resilience of activity and inflation corrected (and postponed) expectations of rate cuts by the Fed and the ECB, penalising sovereign rate markets. Fears over commercial real estate continued to weigh negatively on US regional banks, with the KBW index falling -2.8% over the month, i.e. -9.5% since the start of the year. The Euro Stoxx 600 index, meanwhile, posted a monthly performance of +2%.

On the sovereign rate market, the key point was the repricing of expectations by the market operators of key rate cuts by the Fed and ECB. For the Fed, therefore, December 2024 futures contracts suggested federal funds rate cuts of 85 bp, constituting a fall of 61 bp since December 2023. For the eurozone, market operators also revised their expectations of rate cuts by the ECB downwards from 160 bp to 91 bp. This resulted in a rise in sovereign bond yields. The eurozone sovereign bond index recorded a decrease of -1.2% and its US counterpart -1.4%, their worst performances since September 2023. We should also note the outperformance of BTPs (+18 bp on the 10-year rate) compared with the Bund (+28 bp), reducing the spread to 145 bp, i.e. -12 bp over the month. Meanwhile, the Spanish 10-year rate rose by +26 bp to 3.34%.

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Euphoria also took over the credit market. The European IG credit market narrowed by 8 bp to 128 bp and the high yield segment by -28 bp to 348 bp, representing a tightening of -51 bp since the start of the year. US IG credit remained almost unchanged (+2 bp) at 96 bp. The US high-yield segment tightened by 15 bp to 312 bp.

On the European ABS market, the volume of activity was more modest in February compared with the record volume on the fixed-income market, particularly in the corporate segment. Over the month, almost €4.5 billion of new ABS transactions alone were publicly issued, compared with €7.6 billion issued in January, i.e. a decrease in activity of almost 40% over the month, bringing the total publicly issued volume since the start of the year to €12 billion, 30% lower than the volume issued in the same period of 2023. The transactions issued over the month included €3 billion of primarily UK non-conforming RMBS and €1.5 billion of European transactions, mainly Auto ABS and Consumer ABS.

In Europe, in the Auto ABS segment, LocalTapiola and BMV Bank each issued one car loans transaction: Finnish (Tommi 5) and German (Bsky Germany 13) respectively. These transactions were very well received by investors with very full order books (almost twice over) and were of significant size, i.e. €500 million to €750 million for the senior tranches. After tightening initial guidance, senior tranches rated AAA were placed in a spread of around 40-50 bp against Euribor, while the only mezzanine tranche offered in the Tommi 5 transaction was placed at 90 bp. In the Consumer ABS Buy Way Personal Finance segment, a consumer credit specialist in Belgium and Luxembourg, formerly known as BNP Paribas Personal Finance Belgium, also came to the market with its second credit card transaction (BL Cards 2024-1) following its inaugural issue in 2021. As part of a deconsolidation transaction, all the mezzanine and subordinate tranches were thus offered, welcomed by mezzanine investors looking for returns. Similarly, the transaction was executed under excellent conditions with full order books. After tightening guidance, the senior tranche rated AAA was finally priced at relatively tight spread levels, at 63 bp for the AAA tranche and 250 bp and 410 bp for the BBB and BB mezzanine tranches.

On the secondary market, BWIC flows (€2.3 billion in February vs. €2.5 billion in January) in both the senior and mezzanine segments were very well absorbed by the market overall. The variable-rate ABS asset class, mainly in the mezzanine segment, remained very popular among investors in a context of high rate volatility following repricing of market expectations for future key rate cuts by the ECB and still supportive fundamentals. In terms of spread movement, following January's rally, ABS spread narrowing in February was much more limited and primarily concentrated in the mezzanine segment. In the AAA-rated senior segment spreads remained relatively unchanged over the month, whereas in the mezzanine segment, driven by purely technical effects, a narrowing of spreads by 5 bp to 25 bp was observed according to risk type.

Spread levels for AAA-rated Core ABS and RMBS remained almost unchanged over the month. German AAA Auto ABS were trading between 30-40 bp compared with 50-60 bp for Spanish Auto ABS. AAA-rated Core Consumer ABS were trading at around 50 bp. In the residential segment, Dutch AAA Prime RMBS were trading at around MH30s and French RMBS were trading at around 50s, whereas in the Dutch and Irish BTL RMBS segment, AAA paper was trading in a 60-80 bp spread.

As regards IG mezzanines, AA paper (2nd Pay) was trading in a spread of 90-110 bp, single-A (3rd Pay) between 140 bp (Core Consumer ABS) and 190 bp (Dutch BTL RMBS) and BBB (4th Pay) in a spread of 230-270 bp (Core Consumer ABS), which were all levels close to those of 2021. In the sub-IG environment, BB-rated credit card ABS were currently trading at LM-M400s and the UK B-rated NC RMBS in H500s.

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As regards CLO, February saw renewed activity with the placement of new transactions as well as refinancing transactions in a context of generally tighter CLO spreads since the beginning of the year. Since the start of the year, the volume of new CLO transaction issues reached €6 billion. The pipeline of financing transactions (Voya Euro CLO 6, Penta CLO 12 and Corda 24) filled quickly as investors sought to benefit from improved refinancing conditions at the start of this year. The newly issued transactions included the placement of Chenavari (Toro European CLO 9) and CVC (Cordatus Loan Fund 30), one of the more active managers in 2023. The AAA tranches were placed in a spread of 148 bp while the BBB tranches were priced at between 400 bp and 450 bp respectively. However, we continued to see a larger pricing disparity for the AAA tranches of new transactions due to more pronounced tiering between CLO managers. AAA tranches were placed on the primary market between 148 bp for a tier 1 manager and 170 bp for a tier 2 manager, offering attractive carry opportunities to any investor or manager to whom the transaction liquidity would not present a problem. Transactions on the primary market also offered a not insignificant spread pick-up, since AAA on the secondary market were trading 20 bp lower in a spread environment of around 120-150 bp. Further down in the capital structure and influenced by strong investor demand, BBB CLO were also strongly compressed and trading in a spread environment of 315-500 bp according to profile.

As regards the management of the Fund, in February we continued our policy of selective management in a context of relatively tight spreads, while conserving a substantial liquidity component in the Fund in order to take advantage of any significant opportunities that might arise on the market in the coming weeks and/or any possible new entry points.

In terms of metrics, despite the tightening of ABS spreads during recent weeks, the Fund remained very attractive in both absolute and relative terms: at the end of February, the average rating of the Fund was AA, the average spread was +85 bp against 3-month Euribor, the average maturity (WAL) was less than two years, the interest rate sensitivity was less than 0.25 (# ABS floating rate) and the Fund’s gross yield to maturity rose slightly to +3.9% against a backdrop of repricing of expected Euribor forward rates.

In this month, February 2024, Ostrum Euro ABS IG posted strong performances in each of its units +0.463%/+0.455%/+0.453% for SI/I/N units respectively.

MARCH 2024

The expected disinflation and the schedule of actions of central banks continued to stimulate the financial markets in March, with a growing dichotomy between the United States and the eurozone. In fact, the US economy remained on a positive trend with good business figures evidencing the continued strength of the economy and delaying a fall in US inflation, as can be observed from the latest figures. GDP for the fourth quarter of 2023 was revised upwards to 3.4% in annualised terms. Housing sector data was positive and household consumption remained the main driver of US growth. After the negative surprises from the CPI, the deflator followed by the Fed rose to 2.5% in February. Nevertheless, like the Fed, we believed that these were transitory effects and that Jerome Powell would implement his first rates cut before the summer, making three moves before the end of the year. In the eurozone, the latest inflation figures (2.4% in March vs. 2.5% predicted) were below expectations and reassuring, giving the ECB latitude to implement its first rates cut before the summer and adjust its short rates by the same amount as the Fed.

On the financial markets, March was also another excellent month for risky assets, despite profit-taking towards quarter-end. European equity indices posted particularly robust performances, whereas US and Asian indices also recorded gains, but to a lesser extent. The S&P 500 closed at 5,254.35, posting a rise of 3.10% over the month. Meanwhile, the Nasdaq

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Composite gained 1.79%, while the major FANG stocks underperformed. The European banking sector recorded an impressive performance of 13.98% over the month. The insurance sector also posted solid performances of 6.45% in March. The technology sector evidenced sector rotation with a high of only 1.49% over the month.

Bond markets also performed well over the month. Rate volatility dropped sharply, as evidenced by the MOVE index, which fell from 126 to 86 over the quarter. This index is relevant to US rates, with a T-Note that hardly moved this month, decreasing from 4.25% to 4.20%, i.e. 5 basis points, with a 5 bp flattening of the 2-10-year curve. In the eurozone, the Bund fell from 2.41% to 2.30%, a decrease of 11 basis points in the context of a decrease in the 2-10 year spread, demonstrating that the markets are validating the ECB's economic forecasts of an end-of-year recovery. In this context, short rates remained higher than long rates, an unusual situation that had lasted for about a year and a half. We believed that this anomaly would correct itself as key rates fell. In terms of sovereign spreads, Italian BTPs narrowed from 143 basis points to 138 basis points, with profit-taking at the end of the month, and even reached 1.21% mid-month, a particularly tight level not seen since 2021. The French spread saw a similar trend as the budgetary issue returned to the fore. The Gilt yield fell from 4.12% to 3.93%, a decrease of 19 basis points. Monetary easing was taking shape for the BoE after it abandoned its restrictive bias. In Japan, the rise in short rates led the 10-year bond to increase from 0.71% to 0.73%.

The credit market also continued to perform well over the month with investment grade credit doing slightly better than high-yield speculative credit. Investment grade credit in fact benefited from rate changes and carry levels, particularly on subordinated debt. It should be noted that the market was particularly agitated by specific risks during the month. One notable instance was Altice France's announcement that it would backtrack on its commitments relating to deleveraging, which disrupted the narrowing of high yield spreads. The month was marked overall by positive credit flows and a significant appetite for credit. The primary market remained dynamic with issues amounting to €68 billion over the month, €30 billion of which were by financial institutions and €38 billion were corporate, meaning that issue premiums decreased. The weight of flows towards the asset class with subscription rates in the region of four times higher than average put pressure on credit spreads and resulted in a strong performance for new issues. The BBEAC cash credit index ended the month with a positive performance of +1.22% thanks to the L-OAS spread falling by 6 bp from 86 bp to 80 bp. The Itraxx Main Synthetic index remained stable at 55 bp while high beta performed well overall during the month; the Xover Synthetic index tightened by 10 bp to 295 bp.

On the European ABS market, the sustained volume of activity recorded over the month supported the compression of spreads observed since the end of last year across all ABS asset classes, essentially assisted by purely technical factors. The Bloomberg Pan-European FRN ABS index tightened by just 2 bp over the month against swap, ending the month at 60 bp compared with 68 bp at the start of the year. Over the month, activity on the primary market was strong, as evidenced by the volume of issues during the month, amounting to €7.8 billion in March compared with €4.6 billion in February, bringing the total issuance for the quarter to €18.5 billion. The flows on the secondary market were sustained both by traditional investor interest in IG ABS risk and also by increased demand for discounted paper from investors seeking returns in a context of generally tighter spreads.

The transactions issued during the month included an Italian Consumer ABS issued by Agos Ducato, SUNRISE 2024-1, with an AA-rated senior tranche issued at 80 bp against Euribor, i.e. 20 bp tighter than the same transaction issued in September 2023. Crédit Agricole also came to the market in March with its French RMBS programme, ACAHB 2024-1, to issue an AAA-rated tranche at 56 bp against Euribor, i.e. 15 bp tighter than the same transaction issued by BPCE at the end of last year. Also worth noting is a Belgian consumer loan transaction issued by Buyway, a consumer credit specialist,

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in addition to four UK non-conforming transactions, including an inaugural transaction by Equifinance (EAST1 2024-1) and a BTL mortgage transaction (PMF 2024-1). On the green front, Obvion, a mortgage lending specialist in the Netherlands and subsidiary of Rabobank, issued a transaction backed by a portfolio of 100% “green” Dutch residential mortgage loans conforming to STS criteria. The AAA tranche thus placed generated strong demand among investors and priced at 36 bp against 3-month Euribor, i.e. 2 bp tighter than the March 2023 tranche.

On the secondary market, the flows observed in both the senior and the mezzanine segments were very well absorbed by the market overall. The variable rate ABS asset class, mainly in the mezzanine segment, offered an attractive carry and remained well received by investors in a context of high rate volatility and still sound fundamentals. The spread movement for AAA-rated Core ABS and RMBS remained almost unchanged over the month. AAA Auto ABS were trading in a spread of 30-50 bp while AA mezzanine tranches were trading in a spread of 70-100 bp, i.e. ~3-5 bp narrower over the month. IG and sub-IG mezzanine ABS continued to garner a great deal of interest with strong participation by hedge fund and asset management customers. AAA-rated Core Consumer ABS were trading at around 50 bp. In the residential segment, Dutch AAA Prime RMBS were trading in a spread of 30s-40s and French RMBS were trading at around 50s, whereas in the Dutch and Irish BTL RMBS segment, AAA paper was trading in a 60-80 bp spread.

In the RMBS segment, UK securitisations have seen a strong compression since the beginning of the year, with spreads narrowing along the entire capital structure, in both senior and mezzanine tranches, due to very high demand from banks and asset managers. UK AAA NC/BTL RMBS were currently trading around 70-80 bp in spreads and LM300s bp for BBB tranches, whereas core assets such as UK AAA Prime RMBS were trading in a spread of L20s-40s bp at the very short part of the curve (<1 yr WAL) but still 10 bp wider than the narrowest historical levels. In the peripheral segment, an increase in flows was observed, particularly in Irish Prime RMBS, where demand intensified during the month, with AAA-rated senior tranches now trading in a spread of 50/60 bp and around 250 bp for BBB-rated mezzanine tranches.

For the time being, the European CLO market sentiment also remained positive despite an increase in idiosyncratic risk. The sub-IG segment outperformed during the month, driven essentially by lower-quality transactions, which until then had been lagging behind the performance of good-quality transaction short securities. On the primary market, the volume of issues was sustained in March with €5.4 billion issued during the month, i.e. an increase of 17% compared with February, assisted by a favourable spread context, bringing the total issuance during the first quarter to €11.8 billion. Spread levels remained stable and firm during the month, but continued to lag behind credit, which had been tightening strongly until then. AAA tranches were trading in a spread of 147-150 bp, driven by continuing sustained market flows in both buying and selling, tightening 3-5 bp over the month for shorter profiles from leading managers. In the IG segment, AA/A-rated mezzanines nonetheless narrowed by 10 bp over the month and the BBB tranches by 20-30 bp to trade at 370–380 bp vs. L400–H300 in the previous month. BB/B-rated tranches were in turn trading at 10-30 bp tighter in a spread of H500s/L700s and M800s/1200a respectively.

As regards the management of the Fund, in March we continued our policy of selective management in a context of now tighter spreads, while conserving a substantial liquidity component in the Fund in order to take advantage of any opportunities that might arise in the coming weeks.

In terms of metrics, despite the tightening of ABS spreads, the Fund remained very attractive both in absolute and in relative terms: at the end of March, the average rating of the Fund was AA, the average spread was +85 bp against Euribor, the average maturity (WAL) was less than two years, the interest rate sensitivity was less than 0.25 and the gross spot yield of the Fund was 4.7% while its yield to maturity was slightly lower at +3.8%, due to expectations of lower Euribor forward rates to reflect forthcoming ECB rate cuts.

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In March 2024, Ostrum EURO ABS IG posted strong performances in each of its units: +0.43%/+0.42%/+0.40% for SI/I/N units respectively.

3) Management policy from 31/03/2023 to 31/03/2024

During the period, and in line with its management objective, the management team pursued its investment policy of favouring exposure to European senior ABS securities with reflected high credit quality and relatively short expected future cash flows, in order to take advantage of the inversion of the yield curve, with a short end of the curve that was currently very attractive due to the ECB's very restrictive monetary policy aimed at bringing eurozone inflation down to its target of 2%. In addition, European senior ABS offer a particularly attractive return compared with money market rates and the returns offered on other traditional bond asset classes with a similar profile in terms of rating and duration.

However, over the period, despite the attractiveness of the ABS asset class, the Ostrum EURO ABS IG Fund saw a fall in its assets under management of around -€20 million, from total net assets of €122.7 million to €103.4 million. This can be explained by a reallocation of customer investments towards products such as money market funds or futures contracts, which are free from volatility problems in the current market environment and still offer attractive yields on the short part of the curve.

Despite this outflow, the Fund maintained an active management policy throughout the year to take advantage of market opportunities and generate performance, while maintaining a risk profile in line with that of previous years, i.e. a high average rating for the assets in the portfolio (AAA - AA), very low interest rate sensitivity (below 0.25) and a relatively short average residual maturity of less than two years to limit volatility in the Fund.

In terms of fundamental performance, securitisation portfolios have so far performed relatively well, although we have been seeing the beginnings of a deterioration in the last few months, as evidenced by the trend in delinquencies in securitised loan portfolios, which have been slowly rising, albeit still contained by a labour market that remains solid. This can be explained by the difficult macroeconomic environment, with inflation in Europe still high, despite a sharp slowdown over the last few months, and stagnant European activity, as evidenced by the main activity indicators (PMIs) in the most recent surveys. That said, this increase in delinquencies is still limited and should, in all likelihood, be more than offset by the securitisations held in the portfolio, especially given their intrinsic quality based on structural elements (liquidity line, excess spread, reserve funds etc.) and the significant levels of credit enhancement offered by European senior securitisations.

During the year, there were some rating upgrades and no downgrades, once again supporting the quality of securitisations held in the portfolio.

Over the past financial year, the performance of each of the units of the Ostrum Euro ABS IG Fund remained positive but decreased slightly in against its benchmark. Over the period, it was:

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Denomination	NAV 28/03/2024	NAV 31/03/2024	NAV performance
C1	1,083.55	1,029.55	5.25%
C4	133,174.22	126,410.48	5.35%
C5	104.52	99.39	5.16%

Past performance is no guarantee of future results.

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b) Information on the UCI

■ Main changes in the portfolio during the financial year

Securities	Changes (“accounting currency”)	
	Purchases	Sales
OSTRUM SRI MONEY PLUS IC	9,874,748.16	11,936,456.11
HARVEST CLO XII E3R+0.87% 18-11-30	0.00	7,178,044.12
DILOSK RMBS NO6 STS DAC E3R+0.87% 20-07-61	4,000,800.00	1,681,465.18
HILL FL 20231 BV E1R+0.76% 18-05-31	2,800,560.00	2,070,078.67
SCF RAHOITUSPALVELUT XII DAC E1R+0.7% 25-06-33	2,500,500.00	2,052,035.29
CARTESIAN RESIDENTIAL MORTGAGES 6 E3R+0.65% 25-11-56	0.00	4,144,546.42
HFHL 2021-1 A	0.00	4,110,658.49
BUMPER NL 2023 1 BV E1R+0.67% 22-03-35	3,000,600.00	1,003,174.00
LT AUTORAHOITUS IV DESIGNATED ACTIVITY E1R+0.69% 18-07-33	2,300,460.00	1,464,978.41
QUARZO SRL E3R+0.95% 15-12-39	2,500,500.00	1,005,330.28

■ Substantial changes during the financial year and in the future

There were no material changes in this UCI.

■ Index-linked UCIs

This UCI is not included in the classification of index-linked UCIs.

■ Alternative funds of funds

This UCI is not included in the classification of alternative funds of funds.

■ SFTR regulation in EUR

The UCI did not conduct any transactions during the financial year that fall within the scope of the SFTR.

■ Access to documentation

The legal documentation for the Fund (KIID, prospectus, periodic reports etc.) is available from the Management Company at its head office or from the following email address: **ClientServicingAM@natixis.com**

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■ **Efficient portfolio management techniques and derivatives (ESMA) in EUR**

a) Exposure obtained through efficient portfolio management techniques and derivatives

- **Exposure obtained through efficient management techniques: 0.00**
  - o Securities lending: 0.00
  - o Securities borrowing: 0.00
  - o Reverse repurchase agreements: 0.00
  - o Repurchase agreements: 0.00
- **Underlying exposure achieved through derivatives: 0.00**
  - o Forward foreign exchange contracts: 0.00
  - o Futures: 0.00
  - o Options: 0.00
  - o Swaps: 0.00

b) Identity of the counterparty/counterparties to efficient portfolio management techniques and derivatives

Efficient management techniques	Derivatives(*)

(*) Except listed derivatives.

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c) Collateral received by the UCITS to reduce counterparty risk

Types of instruments	Amount in portfolio in foreign currency
Efficient management techniques	
. Term deposits	0.00
. Equities	0.00
. Bonds	0.00
. UCITS	0.00
. Cash (*)	0.00
Total	**0.00**
Derivatives	
. Term deposits	0.00
. Equities	0.00
. Bonds	0.00
. UCITS	0.00
. Cash	0.00
Total	**0.00**

(*) The Cash account also includes cash and cash equivalents resulting from repurchase transactions.

d) Operating income and expenses associated with efficient management techniques

Operating income and expenses	Amount in portfolio in foreign currency
. Income (*)	0.00
. Other income	0.00
Total income	**0.00**
. Direct operating expenses	0.00
. Indirect operating expenses	0.00
. Other expenses	0.00
Total expenses	**0.00**

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c) Information on risks

■ Overall risk calculation method

The Management Company uses the commitment method to measure the overall risk of this Fund.

■ Exposure to securitisation

Investments in securitisations are subject to formal multi-criteria analysis prior to investment which specifically includes:

- collateral analysis (originator's origination policy, characteristics and quality of underlying loans),
- analysis of the structure.

Regular monitoring of securitisations is carried out and stress tests are conducted on portfolios that are significantly exposed to securitisations. To this end, the Management Company has access to information and simulation tools, namely reports from the Bloomberg and Intex rating agencies.

■ Risk management

None.

■ Cash management

None.

■ Processing of non-liquid assets

Assets subject to special processing due to their illiquid nature: 1.92%.

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d) Environmental, social and governance (ESG) criteria

The UCI has not promoted any sustainable investment: neither sustainable investment objectives,nor environmental, social or governance characteristics.

<u>Information on the Taxonomy Regulation (EU) 2020/852: Article 6</u>

The investments underlying this financial product do not take into account the European Union’s criteria for environmentally sustainable economic activities.

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■ Procedure for selecting and assessing intermediaries and counterparties – Order execution

For the Management Company to meet its best execution obligation, the selection and monitoring of fixed-income intermediaries, stockbrokers and counterparties are governed by a specific process.
The Management Company's policy regarding the selection of intermediaries/counterparties and order execution can be found on its website at: https://www.im.natixis.com/fr/resources/politique-selection-des-intermediaires.

■ Voting policy

The latest annual report and details of the conditions under which the Management Company intends to exercise the voting rights associated with securities held in the portfolio by the funds it manages are available from the company's registered office, or online at: https://www.im.natixis.com/intl/resources/natixis-investment-managers-international-report-on-voting-rights.

■ Remuneration policy of the delegating management company

This NIMI remuneration policy consists of general principles applicable to all employees (see point I), specific principles applicable to identified staff under AIFM and UCITS V (see point II) and a governance mechanism applicable to all employees (see point III).
It falls under the remuneration policy defined by Natixis and is established in compliance with the provisions relating to remuneration stipulated in the following regulatory texts, as well as the guidelines of the European Securities and Markets Authority (ESMA) and the positions of the French Financial Markets Authority (Autorité des Marchés Financiers – AMF) resulting therefrom:

- Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers, transposed into the French Monetary and Financial Code by Order No. 2013-676 of 27 July 2013 ("AIFM Directive").
- Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 on undertakings for collective investment in transferable securities, transposed into the French Monetary and Financial Code by Order No. 2016-312 of 17 March 2016 ("UCITS V Directive").
- Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, transposed into the French Monetary and Financial Code by Order No. 2016-827 of 23 June 2016, supplemented by the Delegated Regulation 2017/565/EU of 25 April 2016 ("MIFID II Directive").
- Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

I- GENERAL PRINCIPLES OF THE REMUNERATION POLICY

The remuneration policy is a strategic aspect of the NIMI policy. As a tool to enhance employee motivation and commitment, it aims to be competitive and attractive in relation to the rest of the industry while fully complying with key financial indicators and regulations.

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NIMI's remuneration policy, which applies to all employees, counts the alignment of employees' interests with those of investors among its fundamental principles:

- It is consistent and promotes sound and efficient risk management and does not encourage risk-taking that would be incompatible with the risk profiles, regulations or documents constituting the products managed.
- It is in line with the economic strategy, objectives, values and interests of the Management Company and the products it manages, as well as those of investors, and includes measures aimed at preventing conflicts of interest.

The remuneration policy covers all components of remuneration, which include fixed remuneration and, where applicable, variable remuneration.

Fixed remuneration rewards skills, professional experience and level of responsibility. It takes market conditions into account.

Variable remuneration depends on the assessment of collective performance – measured at the level of the Management Company and the products managed – and individual performance. It considers quantitative and qualitative factors, which may be established on a yearly or multi-year basis.

I-1. Definition of performance

The objective and transparent assessment of annual and multi-year performance based on predefined objectives is the prerequisite for the application of NIMI's remuneration policy. It ensures the fair and selective treatment of employees. This assessment is shared between the employee and their manager during an individual appraisal interview.

The contribution and performance level of each employee are evaluated with regard to their duties, assignments and level of responsibility in the Management Company. In this context, the remuneration policy distinguishes several categories of staff:

- The Management Committee is assessed on its contribution to the definition and implementation of the Management Company's strategy, which forms part of the international distribution platform and Solutions strategies. The Management Committee is also assessed on its ability to expand the performance of product and service offerings, on the performance of the distribution activity and, more generally, on the development of the group's multi-boutique model, as well as on the risk-adjusted financial performance within its scope of supervision. For this category, performance is assessed annually through quantitative indicators linked to changes in NIMI's financial results and supervised activities, as well as a contribution to the overall performance of Natixis IM. Performance is also assessed through the achievement of qualitative objectives, such as the quality of management and/or responsibility for/contribution to cross-functional projects.

- Support functions are assessed on their ability to proactively support the strategic challenges of the Management Company. Individual performance is assessed annually through the achievement of qualitative objectives, such as the quality of recurring business activity and/or the degree of participation in cross-functional projects or strategic/regulatory plans. These objectives are defined annually in accordance with those of NIMI, those of the international distribution platform and, where applicable, those of Solutions.

- Assessment of the performance of control functions is based on the evaluation of qualitative criteria only, such as

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participation in cross-functional projects or in strategic/regulatory projects, defined annually, so as to avoid compromising their independence or creating conflicts of interest with the activities they control.

- The performance of management functions is assessed according to a quantitative criterion linked to the generation of value through allocation, supplemented by qualitative criteria.

The quantitative criterion reflects the challenges of achieving the management performance sought by investors without, however, authorising excessive risk-taking, which may have an impact on the risk profile of NIMI and/or the products managed.

This quantitative criterion is calculated over a predefined period in line with the risk-adjusted performance horizon of the funds managed and of the Management Company.

Specific criteria incorporating risks related to sustainability, i.e. environmental, social and governance issues, must be defined for all management team employees.

- Assessment of the performance of real asset private debt management functions is based on two criteria (one quantitative, one qualitative), the achievement of which means that the interests of the Management Company and investor clients are both being served by the funds and strategies managed by the team.

The quantitative criterion measures the amount of funds raised from investors and reflects each manager's involvement in the development of the assets under management, which generate income for the business activity. The qualitative criterion is designed to ensure that investments made on behalf of clients have been made with strict application of the investment criteria defined with those clients. It also aims to ensure that the manager has performed an exhaustive advance analysis of the risk factors expected during the investment and throughout the entire holding period. In the event that any risk factor occurs, the relevance of the corrective measures that will be carried out diligently, and in the sole interest of the investor, will be taken into account. In other words, this criterion does not penalise the manager for the occurrence of a credit event (credit risk is in fact inherent in this business activity). It aims to assure clients that an exhaustive analysis of the risks and their mitigation factors has been carried out *ab initio*, followed by a control process conducted for the duration of the holding period. This enables a well-considered and effective response in case of a credit event in order to neutralise or limit the impact for investors.

- The assessment of the performance of the distribution functions is based on the evaluation of quantitative and qualitative criteria. The quantitative criteria are based on gross inflows, net inflows, revenue, the profitability of the assets under management and how these change. The qualitative criteria include the diversification and development of the business (new clients, new affiliates, new expertise etc.) and the joint consideration of NIMI's interests and those of the clients.

For all categories of staff, the performance assessment incorporates qualitative criteria.

These qualitative criteria always include compliance with regulations and NIMI's internal procedures in terms of risk management and compliance.

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They may also include the quality of the relationship with clients, including the level of expertise and advice provided, improving the reliability of a process, participating in a cross-disciplinary project, participating in the development of new expertise, contributing to the development of operational efficiencies or any other aspects defined by the strategic objectives set out by NIMI.

For each category of staff, all quantitative and qualitative objectives are defined and communicated individually at the start of the year, in line with NIMI's strategic objectives.

I-2. Remuneration components

I-2.1. Fixed remuneration

NIMI strives to maintain a level of fixed remuneration that sufficiently remunerates employees for their professional activity.

Fixed remuneration rewards the skills, professional experience and level of responsibility expected of an employee when performing their duties.

The positioning of fixed remuneration is reviewed periodically to ensure that it is consistent with regard to geographical and professional market practices.

Fixed salaries are reviewed once a year as part of the annual remuneration review. Outside that period, only promotions, internal job moves or exceptional individual circumstances may lead to a review.

I-2.2. Variable remuneration

Variable remuneration packages are defined on the basis of the annual results of NIMI, the international distribution platform and Solutions, and also as a function of qualitative elements, such as the practices of competitor companies, the general market conditions applicable at the time the results were obtained and any factors that may have temporarily influenced the business line's performance.

Variable remuneration, where awarded, is paid to reward an individual annual performance achieved as part of a collective performance.

NIMI's collective variable remuneration consists of a profit-sharing and incentive scheme, together with a company savings plan (*plan d'épargne d'entreprise* – PEE) and a company collective retirement savings plan (*plan d'épargne pour la retraite collectif* – PERCOL). Employees can benefit from a matching scheme under these plans.

This collective variable remuneration has no incentive impact on the risk management of NIMI and/or the managed products and does not fall within the scope of the AIFM or UCITS V Directives.

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In compliance with the total variable remuneration packages, individual variable remuneration is allocated as part of the annual remuneration review in an objective and discretionary manner, on the basis of the assessment of individual performance and the way in which this performance is achieved. Variable remuneration awarded to employees is affected by inappropriate risk and compliance management or non-compliance with regulations and internal procedures over the year considered (see I-1. above).

Identified staff are subject to specific obligations for adherence to the rules on risks and compliance. A breach of these obligations may result in a partial reduction or total cancellation of the individual variable remuneration awarded.

In the event of a loss or a significant fall in its profits, NIMI may also decide to reduce or entirely cancel the amount allocated to individual variable remuneration, together with any deferred instalments of variable remuneration previously awarded and in the process of vesting.

Similarly, in the event that a major sustainability-related risk materialises, i.e. an environmental, social or governance event or situation occurs that could have a material and lasting adverse impact on the value of the funds/products under management, the package allocated to individual variable remuneration may be reduced or even cancelled, as may any deferred instalments of variable remuneration previously awarded and not yet fully vested.

There are no contractual guarantees for variable remuneration, with the occasional exception of variable remuneration awarded for the first year of work in connection with external recruitment.

“Golden parachute” agreements are forbidden. Payments related to the early termination of an employment contract are defined in accordance with legal provisions (legal and contractual indemnities) and the performance of the beneficiary, the area of the business to which they belong and the performance of the entire Management Company over the period. They are designed to avoid rewarding failure.

Variable remuneration is not paid through instruments or methods that facilitate circumvention of the requirements established in the regulations.

I-2.3. Key employee retention scheme

NIMI wants to ensure that its investors have confidence in the stability of its teams.

In order to achieve this, a deferred remuneration system has been incorporated into its remuneration policies.

Beyond a certain variable threshold, this scheme leads to the allocation of a portion of the variable remuneration in the form of a cash payment indexed to the change in the consolidated financial performance of Natixis IM measured by its earnings before tax (EBT), recorded each year over a minimum period of three years. The portion of variable remuneration thus deferred is vested in equal tranches over a period of at least three years and gives employees a stake in the performance of Natixis IM. The deferred variable remuneration rate is calculated by applying a deferred remuneration table.

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This scheme is subject to the employee meeting conditions relating to continued employment and the absence of conduct inconsistent with the company's standards that could have an impact on NIMI's level of risk. Vesting of these tranches may be subject to a repayment commitment, either in full or in part, in order to ensure ex-post risk adjustment.

I-2.4. Balance between fixed and variable remuneration

NIMI ensures that there is an appropriate balance between the fixed and variable components of overall remuneration and that the fixed component represents a sufficiently high proportion of overall remuneration so that a fully flexible policy can be exercised with regard to variable components of remuneration, including the option of paying no variable component. All individual situations for which variable remuneration represents more than twice the fixed remuneration and which can be explained by market practice and/or an exceptional level of responsibility, performance and behaviour, are documented by the Human Resources Department as part of the annual remuneration review.

II- APPLICATION OF THE SCHEME APPLICABLE TO IDENTIFIED STAFF UNDER THE AIFM AND/OR UCITS V DIRECTIVES

II-1. Identified staff

In accordance with regulatory provisions, NIMI's identified staff include the categories of employee, including Executive Management, risk-takers and those exercising a control function, as well as any employee who, based on their total remuneration, is in the same remuneration bracket as Executive Management and risk-takers, whose employment activities have a material impact on the risk profile of the Management Company and/or the products managed by the Management Company. These persons are identified based on their employment activities, their level of responsibility or their overall level of remuneration.

To maintain consistency and alignment, NIMI has decided to implement the system applicable to identified staff across the full scope of products managed (mandates, UCITS and AIFs).

The following employee categories are identified:
- Members of the management body,
- Employees responsible for portfolio management,
- Managers of control functions (risk, compliance and internal control),
- Managers of support or administrative functions,
- Other risk-takers,
- Employees who, given their total remuneration, are in the same remuneration bracket as Executive Management and risk-takers.

Each year, prior to the annual remuneration review, the Human Resources Department draws up and formally records the identification methodology and scope of NIMI's identified staff in conjunction with the Director of Permanent Controls. The scope of the entire identified staff population is then validated by NIMI's Executive Management and sent for approval to the Board of Directors in its supervisory function, before being provided to the Natixis Remuneration Committee.

The entire identification process is documented and archived by the Human Resources Department. The employees

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concerned are also informed of their status.

II-2. Scheme applicable to variable remuneration allocated to identified staff

In accordance with regulations and in order to ensure alignment between employees, investors and the Management Company, as soon as the variable remuneration of identified staff exceeds a certain threshold, it is partly deferred and partly awarded in the form of a financial instrument vesting pro rata temporis over a period of at least three years.

The proportion of the variable remuneration that is deferred over three years increases with the amount of variable remuneration awarded and can reach 60% for the highest remuneration at NIMI. Currently, the application methods for the deferred payment are as follows:

- Up to €199,000 in variable remuneration: no deferral,
- Between €200,000 and €499,000: 50% of the amount deferred from the first euro,
- From €500,000: 60% of the amount deferred from the first euro.

The thresholds for triggering deferred variable remuneration are subject to change depending on regulations or changes to internal policies. In this case, the new thresholds are subject to approval by NIMI's Management Committee and the Natixis Remuneration Committee.

A minimum of 50% of the variable remuneration is also awarded in financial instruments in the form of indexed cash payments:

- For teams directly involved in portfolio management, with the exception of those managing real asset private debt, on the basis of the performance of a basket of products managed by NIMI;
- For teams that are not directly involved in portfolio management and teams managing real asset private debt, on the basis of changes in Natixis IM's consolidated financial performance measured by its earnings before tax (EBT), recorded each year over a minimum period of three years.

The vesting of the deferred portion of variable remuneration is subject to conditions relating to continued employment and to Natixis IM's consolidated financial performance as well as the absence of conduct inconsistent with the company's standards that could have an impact on the level of risk for NIMI and/or the products managed.

This vesting is also subject to obligations in terms of adherence to the rules on risks and compliance. Failure to comply with these obligations may result in a partial reduction or total cancellation of the vested portion. It may also be subject to a full or partial repayment commitment in order to ensure ex-post risk adjustment.

Employees in receipt of deferred variable remuneration are prohibited from using personal hedging or insurance strategies over the entire vesting period.

The terms and conditions for calculating, valuing, allocating, vesting and paying deferred variable remuneration in equivalent financial instruments are set out in the NIMI and Natixis IM Long-Term Incentive Plans (LTIP).

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III- GOVERNANCE

The general and specific principles of the remuneration policy are drawn up and formally documented by NIMI's Human Resources Department in line with the policy applicable to the global distribution platform.

NIMI's Permanent Controls Department and Risk Department have an active role in the development, ongoing monitoring and assessment of the remuneration policy. They are thus involved in determining the overall strategy applicable to the Management Company to promote the development of effective risk management. As such, they are involved in determining the scope of identified staff. They are also responsible for assessing the impact of the variable remuneration structure on the risk profile of managers.

NIMI's remuneration policy is approved by the NIMI Board of Directors in its supervisory function.

The general and specific principles, application methods and quantified data of the remuneration policy, including identified staff and the highest remuneration levels, are approved in turn and in detail by the members of NIMI's Management Committee, then by an Intermediary Committee established at Federation level that encompasses all of the distribution, support and control functions of the Natixis IM Group, and which includes NIMI, in particular. This Intermediary Committee brings together the Executive Management teams of NIMI and Natixis IM. It then submits the above information in summary form for the approval of Natixis Executive Management, which then transmits it to the Natixis Remuneration Committee.

NIMI does not have its own remuneration committee but, as a member of the Natixis Group, reports to the Natixis Remuneration Committee.
The Natixis Remuneration Committee was established and acts in accordance with regulations[1]:

- Both in terms of its composition: the independence and expertise of its members, the majority of whom, like its Chairman, do not perform executive functions within NIMI, are outside the Natixis Group and are, therefore, completely independent.
- And in the exercise of its duties, which, in management companies, more specifically include the following roles:

o Providing recommendations and assistance to the Board of Directors in the development and implementation of the Management Company's remuneration policy.

o Providing assistance to the Board of Directors in supervising the development and operation of the Management Company's remuneration system.

o Special attention is paid to the evaluation of the mechanisms used to ensure that the remuneration system takes proper account of all categories of risk, liquidity and the levels of assets under management and that the remuneration policy is compatible with the economic strategy, objectives, values and interests of the Management Company and the products managed are compatible with those of investors.

In this context, the general and specific principles, the compliance of NIMI's remuneration policy with the applicable regulations and the application methods and summary calculated data of its remuneration policy, including details of identified staff and the highest remuneration levels, are submitted to the Natixis Remuneration Committee for a final review, before being approved by its Board of Directors in its supervisory role.
The remuneration of NIMI's Chief Executive Officer is set by the Executive Management teams of Natixis IM and Natixis,

[1] For more details on the composition and role of the Natixis Remuneration Committee, see the company's Registration Document.

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then presented to the Natixis Remuneration Committee.

The remuneration packages of NIMI's Risk and Compliance Directors are reviewed by Natixis IM's Risk and Compliance Directors as part of the independent reviews carried out by the risk and compliance functions. They are then submitted to the Natixis Remuneration Committee.
In short, all roles assigned to remuneration committees and set out in the regulatory texts are, in practice, performed by the Intermediary Committee established at Federation level, which incorporates NIMI, and/or by the Natixis Remuneration Committee.

The general and specific principles of the remuneration policy are communicated internally to all employees and members of the Works Council. NIMI also complies with all its obligations in terms of external advertising.

This entire review, validation and communication process takes place every year. It includes any regulatory and contextual changes and is conducted in line with the Natixis remuneration policy.

Finally, the entire NIMI remuneration policy is subject to a centralised and independent annual review by Natixis IM's Internal Audit Department.

When NIMI delegates the financial management of one of the portfolios that it manages to another management company, it ensures that this delegated company complies with the regulations in force.

2. Governance and compliance commitments

Remuneration paid for the last financial year

The total amount of remuneration for the financial year, broken down into fixed and variable remuneration, paid by the Management Company to its staff and the number of beneficiaries, is as follows:

Fixed remuneration for 2023*: €26,475,811
Variable remuneration awarded for 2023: €9,380,558
Employees concerned: 336
* *Theoretical fixed remuneration for full-time equivalents (FTE) in December 2023*

The aggregate amount of the remuneration, broken down between the senior managers and members of staff of the Management Company whose activities have a significant impact on the risk profile of the Management Company and/or the portfolios is as follows:

Total remuneration awarded for 2023: €5,818,749
- Senior managers: €2,777,750
- Staff: €3,040,999

Employees concerned: 32

2. Governance and compliance commitments

■ Remuneration policy of the delegated management company

I- INTRODUCTION

This Ostrum Asset Management remuneration policy is composed of general principles applicable to all employees (see point "2. General principles"), specific principles applicable to the identified staff under AIFM and UCITS V (see "Breakdown of the system applicable to identified staff under AIFM and/or UCITS V") and a governance system applicable to all employees (see "Governance").

It falls under the remuneration policy defined by Natixis and is established in compliance with the provisions relating to remuneration stipulated in the following regulatory texts, as well as the guidelines of the European Securities and Markets Authority (ESMA) and the positions of the French Financial Markets Authority (Autorité des Marchés Financiers – AMF) resulting therefrom:

- Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers, transposed into the French Monetary and Financial Code by Order No. 2013-676 of 27 July 2013 ("AIFM Directive")
- Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 on undertakings for collective investment in transferable securities, transposed into the French Monetary and Financial Code by Order No. 2016-312 of 17 March 2016 ("UCITS V Directive")
- Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, transposed into the French Monetary and Financial Code by Order No. 2016-827 of 23 June 2016, supplemented by Delegated Regulation (EU) 2017/565 of 25 April 2016 ("MiFID II Directive")
- Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector

II- GENERAL PRINCIPLES OF THE REMUNERATION POLICY

The remuneration policy is a strategic aspect of Ostrum Asset Management's policy. As a tool to enhance employee motivation and commitment, it aims to be competitive and attractive in relation to the rest of the industry while fully complying with key financial indicators and regulations.

Ostrum Asset Management's remuneration policy, which applies to all employees, counts the alignment of employees' interests with those of investors among its fundamental principles:

- It is consistent and promotes sound and efficient risk management and does not encourage risk-taking that would be incompatible with the risk profiles, regulations or documents constituting the products managed.
- It is in line with the economic strategy, objectives, values and interests of the Management Company and the products it manages, as well as those of investors, and includes measures aimed at preventing conflicts of interest.

The remuneration policy covers all components of remuneration, which include fixed remuneration and, where applicable, variable remuneration.

Fixed remuneration rewards skills, professional experience and level of responsibility. It takes market conditions into account.

2. Governance and compliance commitments

Variable remuneration depends on the assessment of collective performance – measured at the level of the Management Company and the products managed – and individual performance. It considers quantitative and qualitative factors, which may be established on a yearly or multi-year basis.

II-1. Definition of performance

The objective and transparent evaluation of annual and multi-year performance based on predefined objectives is the prerequisite for the application of Ostrum Asset Management's remuneration policy. It ensures the fair and selective treatment of employees. This assessment is shared between the employee and their manager during an individual appraisal interview.

The contribution and performance level of each employee are evaluated with regard to their duties, assignments and level of responsibility in the Management Company. In this context, the remuneration policy distinguishes several categories of staff:

- The Executive Committee is evaluated on its contribution to the definition and implementation of the Management Company's strategy and on its ability to increase performance in terms of product and service offerings and the risk-adjusted financial performance for its scope of supervision. For this category, performance is assessed annually through quantitative indicators, such as changes in Ostrum Asset Management's financial results and supervised activities, as well as qualitative elements, such as the quality of management and/or responsibility/contribution to cross-functional projects.
- Support functions are assessed on their ability to assist with the strategic challenges of the Management Company. Individual performance is assessed annually as a function of the quality of recurring business activity and/or the degree of participation in cross-functional projects or strategic/regulatory projects.
- Assessment of the performance of control functions is based solely on the evaluation of qualitative criteria, such as participation in cross-functional projects or in strategic/regulatory projects, defined annually, to avoid compromising their independence or creating conflicts of interest with the activities they control.
- The performance of management functions is assessed according to quantitative criteria, supplemented by qualitative criteria. The quantitative criteria reflect the challenges of developing the management performance sought by investors without causing excessive risk-taking that could have an impact on the risk profile of Ostrum Asset Management and/or the products managed. These quantitative criteria are calculated over a predefined period in line with the risk-adjusted performance horizon of the funds managed and of the Management Company.

For all categories of staff, the performance assessment incorporates qualitative criteria. These qualitative criteria always incorporate adherence to regulations and internal risk management procedures and respect for the compliance of Ostrum Asset Management.

They may also concern the quality of the relationship with clients, including the level of expertise and advice provided, the contribution to improving the reliability of a process, participation in a cross-disciplinary project, the development of new expertise, participation in the development of operational efficiency or any other areas defined as part of Ostrum Asset Management's strategic objectives.

The method for determining the variable remuneration of the managers is in line with the goal of best serving the interests of clients, with an evaluation of their satisfaction assessed through answers to a questionnaire. The business managers supplement this assessment with an analysis of the information provided by clients and ensure that the asset managers

2. Governance and compliance commitments

exercise the appropriate level of vigilance with regard to client requests, in particular by ensuring that they remain appropriate.
Specific criteria incorporating risks related to sustainability, i.e. social, environmental and governance issues, must be defined for the members of the Executive Committee, as well as for managers and analysts working within the management teams.

For each category of staff, all quantitative and qualitative objectives are defined and communicated individually at the start of the year, in line with the strategic objectives of Ostrum Asset Management.

II-2. Remuneration components

Fixed remuneration

Ostrum Asset Management strives to maintain a level of fixed remuneration that sufficiently remunerates employees for their professional activity.

Fixed remuneration rewards the skills, professional experience and level of responsibility expected of an employee when performing their duties.

The positioning of fixed remuneration is reviewed periodically to ensure that it is consistent with regard to geographical and professional market practices.

Fixed salaries are reviewed once a year as part of the annual remuneration review. Outside that period, only promotions, internal job moves or exceptional individual circumstances may lead to a review.

Variable remuneration

Variable remuneration packages are defined on the basis of the annual results of Ostrum Asset Management, as well as on qualitative elements, such as the practices of competitors, the general market conditions in which the results were obtained and any factors that may have temporarily influenced the performance of the business line.

Variable remuneration, which may be allocated if applicable, remunerates annual performance, both collective and/or individual.

Ostrum Asset Management's collective variable remuneration consists of a profit-sharing and incentive scheme, together with a company savings plan (*plan d'épargne d'entreprise* – PEE) and a company collective retirement savings plan (*plan d'épargne pour la retraite collectif* – PERCOL). Employees can benefit from a matching scheme under these plans.
This collective variable remuneration has no incentive effect on Ostrum Asset Management's risk management and/or the products managed, and does not fall within the scope the AIFM or UCITS V directives.

In compliance with the total variable remuneration packages, individual variable remuneration is allocated as part of the annual remuneration review in an objective and discretionary manner, on the basis of the assessment of individual performance and the way in which this performance is achieved.

2. Governance and compliance commitments

Variable remuneration awarded to employees is affected by inappropriate risk and compliance management, or non-compliance with regulations and internal procedures over the year considered (see “2.1. Definition of performance” above).

Identified staff are subject to specific obligations for adherence to the rules on risks and compliance. A breach of these obligations may result in a partial reduction or total cancellation of the individual variable remuneration awarded.

In the event of a loss or a significant fall in its profits, Ostrum Asset Management may also decide to reduce or entirely cancel the amount allocated to individual variable remuneration, together with any deferred instalments of variable remuneration previously awarded and in the process of vesting.

Similarly, in the event that a major sustainability-related risk materialises, i.e. an environmental, social or governance event or situation occurs that could have a material and lasting adverse impact on the value of the funds/products under management, the package allocated to individual variable remuneration may be reduced or even cancelled, as may any deferred instalments of variable remuneration previously awarded and not yet fully vested.

There are no contractual guarantees for variable remuneration, with the occasional exception of variable remuneration awarded for the first year of work in connection with external recruitment.

“Golden parachute” agreements are forbidden. Payments related to the early termination of an employment contract are defined in accordance with legal provisions (legal and contractual indemnities) and the performance of the beneficiary, the area of the business to which they belong and the performance of the entire Management Company over the period. They are designed to avoid rewarding failure.

Variable remuneration is not paid through instruments or methods that facilitate circumvention of the requirements established in the regulations.

Key employee retention scheme

Ostrum Asset Management wants to ensure that its investors benefit from the continuity of service of its most talented employees and those identified as key in terms of their commitment or contribution to results.

In order to achieve this, a deferred remuneration system has been incorporated into its remuneration policies.

Beyond a certain variable threshold, this system leads to the allocation of a portion of the variable remuneration in the form of a cash payment indexed to the performance of a basket of products managed by Ostrum Asset Management. The portion of variable remuneration thus deferred is vested in equal tranches over a period of at least three years and gives employees a stake in the performance of Ostrum Asset Management.
This scheme is subject to conditions of employment and the absence of conduct inconsistent with the company’s standards that could have an impact on the level of risk of Ostrum Asset Management and/or the products managed. Vesting of these tranches may be subject to a repayment commitment, either in full or in part, in order to ensure ex-post risk adjustment.

2. Governance and compliance commitments

Balance between fixed and variable remuneration

Ostrum Asset Management ensures that there is an appropriate balance between the fixed and variable components of the total remuneration and that the fixed component represents a sufficiently high portion of the total remuneration so that a fully flexible policy can be exercised with regard to variable components of remuneration, including the option of not paying any variable component. All individual situations for which variable remuneration represents more than twice the fixed remuneration, and which can be explained by market practice and/or exceptional level of responsibility, performance and behaviour, are documented by the Human Resources Department as part of the annual remuneration review.

III- APPLICATION OF THE SCHEME APPLICABLE TO IDENTIFIED STAFF UNDER THE AIFM AND/OR UCITS V DIRECTIVES

III-1. Identified staff

In accordance with regulatory provisions, Ostrum Asset Management's identified staff comprises employee categories, including Executive Management, risk-takers and individuals exercising a control function, as well as any employee who, on the basis of their total remuneration, is in the same remuneration bracket as Executive Management and risk-takers, whose professional activities have a material impact on the risk profile of the Management Company and/or the products managed by the Management Company. These individuals are identified on the basis of their employment activities, their level of responsibility or their level of total remuneration.

To maintain consistency and alignment, Ostrum Asset Management has decided to implement the system applicable to identified staff across the full scope of products managed (mandates, UCITS and AIFs).

The following employee categories are identified:

- Members of the management body
- Staff members responsible for portfolio management
- Managers of control functions (risks, compliance and internal control)
- Those responsible for support or administrative activities
- Other risk-takers
- Employees who, given their total remuneration, are in the same remuneration bracket as Executive Management and risk-takers.

Each year, prior to the annual remuneration review, the Human Resources Department draws up and formalises the identification methodology and scope of Ostrum Asset Management's identified staff, in conjunction with the Department of Permanent Controls.

The scope of all identified staff is then validated by the Executive Management of Ostrum Asset Management and sent for approval to the Board of Directors in its supervisory role, before being presented to the Natixis Remuneration Committee.

The entire identification process is documented and archived by the Human Resources Department. The employees concerned are also informed of their status.

2. Governance and compliance commitments

III-2. Scheme applicable to variable remuneration allocated to identified staff

In accordance with regulations and in order to ensure alignment between employees, investors and the Management Company, as soon as the variable remuneration of identified staff exceeds a certain threshold, it is partly deferred and partly awarded in the form of a financial instrument vesting pro rata temporis over a period of at least three years.

The proportion of the variable remuneration that is deferred over three years increases with the amount of variable remuneration awarded and can reach 60% for those with the highest remuneration at Ostrum Asset Management. Currently, the application methods for the deferred payment are as follows:

- Up to €199,000 in variable remuneration: no deferral
- Between €200,000 and €499,000 in variable remuneration: 50% of the amount deferred from the first euro
- From €500,000 in variable remuneration: 60% of the amount deferred from the first euro

The thresholds for triggering deferred variable remuneration are subject to change depending on regulations or changes to internal policies. In this case, the new thresholds defined are subject to approval by the Ostrum Asset Management Executive Committee and the Natixis Remuneration Committee.

A minimum of 50% of the variable remuneration is also awarded in financial instruments in the form of cash payments indexed to the performance of a basket of products managed by Ostrum Asset Management.

The vesting of the deferred portion of variable remuneration is subject to conditions of continued employment, the financial performance of the Management Company and the absence of conduct inconsistent with the company's standards that could have an impact on the level of risk for Ostrum Asset Management and/or the products managed.

This vesting is also subject to obligations in terms of adherence to the rules on risks and compliance. Failure to comply with these obligations may result in a partial reduction or total cancellation of the vested portion. It may also be subject to a full or partial repayment commitment in order to ensure ex-post risk adjustment.

Employees in receipt of deferred variable remuneration are prohibited from using personal hedging or insurance strategies over the entire vesting period.

The terms and conditions for determining, valuing, awarding, vesting and paying deferred variable remuneration as an equivalent financial instrument are detailed in Ostrum Asset Management's Long-Term Incentive Plan (LTIP).

IV- GOVERNANCE

The general and specific principles of the remuneration policy are defined and documented by the Ostrum Asset Management **Human Resources** Department.

Ostrum Asset Management's Permanent Controls Department and Risk Department have an active role in **the development, ongoing monitoring and assessment of the remuneration policy. They are thus** involved in determining the overall strategy applicable to the Management Company to **promote the development of effective risk management. In this respect, they are involved in** determining the scope of the identified staff population for the

2. Governance and compliance commitments

Permanent Controls Department and in **determining the indexing and the basket of funds for the LTIP for the Risk Department.** The Risk Department is also responsible for **assessing the impact of the variable remuneration structure on the risk profile** of managers.

Ostrum Asset Management's **remuneration policy is approved by the Ostrum Asset Management Board of Directors** in its supervisory role.

The general and specific principles, application methods and quantified data of the remuneration policy, including the identified staff and the highest levels of remuneration, are approved **in detail by the members of the Executive Committee** of Ostrum Asset Management.

The Ostrum Asset Management Remuneration Committee is established and acts in accordance with regulations[1]:

- Both in its composition: the independence and expertise of its members, the majority of whom, **including its Chairman, do not perform executive functions within** Ostrum Asset Management, and are therefore independent
- **And in the exercise of its duties, which include the following roles**:
    - **Advice and assistance to the Board of Directors for the development and implementation** of the Management Company's remuneration policy;
    - **Assistance to the Board of Directors in overseeing the development and** operation of the Management Company's remuneration system;
    - **Special attention is paid to the evaluation of the mechanisms used to ensure** that the remuneration system takes proper account of all categories of **risk, liquidity and the levels of assets under management and that the remuneration policy is compatible** with the economic strategy, objectives, values and interests of the Management Company and the products managed are compatible with those of investors.

In this context, the general and specific principles, the compliance of Ostrum Asset Management's remuneration policy with the applicable regulations to which **it is subject and the application methods** and quantified summary data of its remuneration policy, including the identified staff and the highest levels of remuneration, are submitted to the Ostrum Asset Management Remuneration Committee for review, **before being approved by its Board of Directors in its supervisory role.**

The Executive Management of Natixis Investment Managers then submits the above information in summary form for approval by Natixis's Executive Management, which then transmits it to the Natixis Remuneration Committee, **before it is approved by its Board of Directors** in its supervisory role.

The Natixis Remuneration Committee itself is established and acts in accordance with regulations, **both in its membership (the independence and expertise of its members) and in the exercise of its duties. The majority of its members, including its Chairman, do not perform executive functions within** Ostrum Asset Management, are outside the Natixis Group and are therefore completely independent[2].

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[1] **For more details on the composition and role of Ostrum Asset Management's Remuneration Committee, see the Rules** of Procedure of the Appointments and Remuneration Committee.
[2] For more details on the composition and role of the Natixis Remuneration Committee, see the company's Registration Document

2. Governance and compliance commitments

The remuneration of Ostrum Asset Management's **Chief Executive Officer** is proposed by the Executive Management of Natixis Investment Managers and Natixis, then presented to the Ostrum Asset Management **Remuneration Committee** and finally to the Natixis Remuneration Committee.

The remuneration packages of Risk and Compliance Directors of Ostrum Asset Management are reviewed, as part of the independent reviews carried out by the Risk and Compliance units, by the Risk and Compliance Directors of Natixis Investment Managers. They are then submitted to the Ostrum Asset Management **Remuneration Committee**, and then to the Natixis Remuneration Committee.

In short, all roles assigned to remuneration committees and set out in the regulatory texts are in practice performed by the **Remuneration Committee established at** Ostrum Asset Management and/or by the Natixis Remuneration Committee.

The general and specific principles of the remuneration policy are communicated internally to **all employees and members of the Works Council.** Ostrum Asset Management also complies with **all its obligations in terms of external advertising.**

This entire review, validation and communication process takes place every year. It includes any regulatory and contextual changes and is conducted in line with the Natixis remuneration policy. **Finally, the entire remuneration policy of** Ostrum Asset Management **is subject to a centralised and independent annual review** by the **Internal Audit Department of Natixis Investment Managers.**

When Ostrum Asset Management **delegates the financial management of one of the portfolios that it manages** to **another management company, it ensures that** the delegated company is in compliance with the regulations in force.

2. Governance and compliance commitments

Remuneration paid for the last financial year

The total amount of remuneration for the financial year, broken down into fixed and variable remuneration, paid by the Management Company to its staff and the number of beneficiaries, is as follows:

Fixed remuneration for 2023*: €33,136,152
Variable remuneration awarded for 2023: €14,108,065
Employees concerned: 412
** Theoretical fixed remuneration for full-time equivalents (FTE) in December 2023*

The aggregate amount of the remuneration, broken down between the senior managers and members of staff of the Management Company whose activities have a significant impact on the risk profile of the Management Company and/or the portfolios is as follows:

Total remuneration awarded for 2023: €19,510,380 including:
- Senior managers: €4,731,500
- Staff: €14,778,880

Employees concerned: 97

3. Fees and taxation

■ Intermediation fees

Detailed information on the terms and conditions applied by the Management Company for order execution or investment decision-making support services during the year ended can be found on its website at: **http://www.im.natixis.com**.

■ Withholdings at source

This UCI is not involved in recoveries of withholding tax in respect of this year.

4. Statutory Auditor's report

Deloitte & Associés
6 place de la Pyramide
92908 Paris-La Défense Cedex
France
Telephone: + 33 (0) 1 40 88 28 00
www.deloitte.fr

Postal address:
TSA 20303
92030 La Défense Cedex, France

OSTRUM EURO ABS IG

Mutual investment fund

Management Company:
Natixis Investment Managers International

43 Avenue Pierre Mendès France
75013 Paris, France

Statutory Auditor's report on the annual financial statements

Financial year ended 28 March 2024

To the unitholders of the OSTRUM EURO ABS IG Fund

Opinion

In execution of the assignment entrusted to us by the Management Company, we have audited the annual financial statements of the OSTRUM EURO ABS IG undertaking for collective investment, constituted in the form of a mutual investment fund, relating to the financial year ended 28 March 2024, as attached to this report.

We certify that the annual financial statements are, in compliance with French accounting rules and principles, accurate and consistent, and give a true and fair view of the financial performance for the previous financial year as well as the financial position and holdings of the Fund at the end of this financial year.

Basis of opinion on the annual financial statements

Audit terms of reference

We conducted our audit in accordance with the standards of professional practice applicable in France. We believe that the information that we collected is sufficient and appropriate to form a basis for our opinion.

Our responsibilities pursuant to these standards are set out in the section of this report entitled "Statutory Auditor's responsibilities regarding the audit of the annual financial statements".

Independence
We performed our audit assignment in accordance with the rules of independence stipulated in the French Commercial Code and French Code of Ethics for Statutory Auditors, for the period from 1 April 2023 to the issue date of our report.

Justification of our assessments

In accordance with the provisions of Articles L. 821-53 and R. 821-180 of the French Commercial Code relating to the justification of our assessments, we hereby inform you that, in our professional opinion, the most significant assessments we conducted were based on the appropriateness of the accounting principles applied, with specific regard to the financial instruments held in the portfolio and on the overall presentation of the financial statements, in respect of the chart of accounts for open-ended undertakings for collective investment.

The assessments were made as part of our audit of the annual financial statements, taken as a whole, and therefore contributed to the formation of the opinion expressed above. We have no comments to make on any individual aspects of these annual financial statements.

Specific verifications

We also performed the specific verifications required by the relevant legal and regulatory provisions, and in accordance with professional auditing standards in France.

We have no observations to make concerning the accuracy and consistency with the annual financial statements of the information provided in the management report prepared by the Management Company.

Responsibilities of the Management Company with respect to the annual financial statements

It is the Management Company's responsibility to prepare annual financial statements that provide a true and fair view, in accordance with French accounting rules and principles, and to implement the internal controls it deems necessary for the preparation of annual financial statements that are free of material misstatement, whether due to fraud or error.

When preparing the annual financial statements, it is the Management Company's responsibility to assess the Fund's ability to continue as a going concern, to present in said financial statements, where applicable, the necessary information relating to its viability as a going concern, and to apply the going concern accounting policy unless it intends to wind up the Fund or to cease trading.

The annual financial statements were prepared by the Management Company.

Statutory Auditor's responsibilities regarding the audit of the annual financial statements

It is our responsibility to draft a report on the annual financial statements. Our aim is to obtain reasonable assurance that the annual financial statements, taken as a whole, are free from material misstatements. Reasonable assurance corresponds to a high level of assurance, but does not guarantee that an audit performed in accordance with the standards of professional practice can systematically detect any material misstatement. Misstatements may arise due to fraud or error and are considered material where it might reasonably be expected that, taken individually or together, they could influence the economic decisions made by users of the financial statements that are based upon such misstatements.

As specified in Article L. 821-55 of the French Commercial Code, our task is to certify the financial statements and not to guarantee the viability or the quality of the management of your Fund.

In conducting an audit in accordance with the standards of professional practice applicable in France, the Statutory Auditor exercises its professional judgement throughout. In addition:

- they identify and assess the risks of material misstatements in the annual financial statements, whether due to fraud or error, design and carry out audit procedures intended to counter these risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement due to fraud is greater than for a material misstatement due to error, because fraud may involve collusion, forgery, deliberate omissions, misrepresentations or the circumvention of internal control processes;

- they obtain an understanding of the internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls;

- they assess the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company in the annual financial statements;

- they assess the appropriateness of the management company’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund’s ability to continue as a going concern. This assessment is based on the information gathered up to the date of their report, on the understanding that subsequent events or circumstances may affect the Fund’s viability as a going concern. If the Statutory Auditor concludes that significant uncertainty exists, they draw the attention of the reader of the report to the information provided in the annual financial statements about this uncertainty or, if such information is not provided or is not relevant, the Auditor may issue a qualified report or refuse to certify;

- they appraise the overall presentation of the annual financial statements, and assess whether said statements reflect the transactions and underlying events, and thus provide a true and fair view thereof.

Paris La Défense, 29 July 2024

Statutory Auditor

Deloitte & Associés

[Signature]

Olivier Galienne

5. Annual financial statements

a) Annual financial statements

■ BALANCE SHEET – ASSETS AT 28/03/2024 IN EUR

	28/03/2024	31/03/2023
NET FIXED ASSETS	**0.00**	**0.00**
DEPOSITS	**0.00**	**0.00**
FINANCIAL INSTRUMENTS	**96,187,721.10**	**111,013,691.69**
Equities and equivalent securities	**0.00**	**0.00**
Traded on a regulated or equivalent market	0.00	0.00
Not traded on a regulated or equivalent market	0.00	0.00
Bonds and equivalent securities	**75,251,175.38**	**85,100,581.57**
Traded on a regulated or equivalent market	75,251,175.38	85,100,581.57
Not traded on a regulated or equivalent market	0.00	0.00
Debt securities	**0.00**	**0.00**
Traded on a regulated or equivalent market	0.00	0.00
Negotiable debt securities	0.00	0.00
Other debt securities	0.00	0.00
Not traded on a regulated or equivalent market	0.00	0.00
Undertakings for collective investment	**20,936,545.72**	**25,913,110.12**
General-purpose UCITS and AIFs intended for non-professionals, and equivalents in other countries	10,261,987.89	11,659,159.82
Other funds intended for non-professionals, and equivalents in other EU Member States	0.00	0.00
General-purpose funds for professional investors, equivalents in other EU Member States and listed securitisation vehicles	10,674,557.83	14,253,950.30
Other professional investment funds and their equivalents in other EU Member States and unlisted securitisation vehicles	0.00	0.00
Other non-European undertakings	0.00	0.00
Temporary securities transactions	**0.00**	**0.00**
Receivables on securities received under repurchase agreements	0.00	0.00
Receivables on loaned securities	0.00	0.00
Borrowed securities	0.00	0.00
Securities transferred under repurchase agreements	0.00	0.00
Other temporary transactions	0.00	0.00
Forward financial instruments	**0.00**	**0.00**
Transactions on a regulated or equivalent market	0.00	0.00
Other transactions	0.00	0.00
Other financial instruments	**0.00**	**0.00**
RECEIVABLES	**0.00**	**10,725,329.69**
Forward foreign exchange transactions	0.00	0.00
Other	0.00	10,725,329.69
FINANCIAL ACCOUNTS	**7,192,920.66**	**6,063,606.44**
Cash and cash equivalents	7,192,920.66	6,063,606.44
TOTAL ASSETS	**103,380,641.76**	**127,802,627.82**

5. Annual financial statements

■ BALANCE SHEET – EQUITY AND LIABILITIES AT 28/03/2024 IN EUR

	28/03/2024	31/03/2023
SHAREHOLDERS' EQUITY		
Capital	99,986,187.97	122,208,980.63
Undistributed prior net profits and losses (a)	0.00	0.00
Retained earnings (a)	0.00	0.00
Net profits and losses for the financial year (a, b)	-183,531.05	-476,668.90
Income for the financial year (a, b)	3,560,913.12	1,049,885.29
TOTAL SHAREHOLDERS' EQUITY*	**103,363,570.04**	**122,782,197.02**
** Amount representative of net assets*		
FINANCIAL INSTRUMENTS	**0.00**	**1,403.24**
Sales of financial instruments	0.00	1,403.24
Temporary securities transactions	0.00	0.00
Payables on securities transferred under repurchase agreements	0.00	0.00
Payables on borrowed securities	0.00	0.00
Other temporary transactions	0.00	0.00
Forward financial instruments	0.00	0.00
Transactions on a regulated or equivalent market	0.00	0.00
Other transactions	0.00	0.00
PAYABLES	**17,071.72**	**5,019,027.56**
Forward foreign exchange transactions	0.00	0.00
Other	**17,071.72**	5,019,027.56
FINANCIAL ACCOUNTS	**0.00**	**0.00**
Current bank loans	0.00	0.00
Borrowings	0.00	0.00
TOTAL LIABILITIES	**103,380,641.76**	**127,802,627.82**

(a) Including equalisation.

(b) Less interim dividends paid during the financial year.

5. Annual financial statements

■ OFF-BALANCE SHEET ITEMS AT 28/03/2024 IN EUR

	28/03/2024	31/03/2023
HEDGING TRANSACTIONS	0.00	0.00
Commitments on regulated or equivalent markets	0.00	0.00
Commitments on over-the-counter markets	0.00	0.00
Other commitments	0.00	0.00
OTHER TRANSACTIONS	0.00	0.00
Commitments on regulated or equivalent markets	0.00	0.00
Commitments on over-the-counter markets	0.00	0.00
Other commitments	0.00	0.00

5. Annual financial statements

■ INCOME STATEMENT AT 28/03/2024 IN EUR

	28/03/2024	31/03/2023
Income from financial transactions		
Income from deposits and financial accounts	145,742.10	58,546.68
Income from equities and equivalent securities	0.00	0.00
Income from bonds and equivalent securities	3,363,237.99	1,134,012.42
Income from debt securities	0.00	0.00
Income from temporary acquisitions and sales of securities	0.00	0.00
Income from forward financial instruments	0.00	0.00
Other financial income	314,825.32	226,288.46
TOTAL (1)	**3,823,805.41**	**1,418,847.56**
Expenses on financial transactions		
Expenses on temporary acquisitions and sales of securities	0.00	0.00
Expenses on forward financial instruments	0.00	0.00
Expenses on financial debt	0.00	16,985.51
Other financial expenses	0.00	0.00
TOTAL (2)	**0.00**	**16,985.51**
PROFIT/LOSS FROM FINANCIAL TRANSACTIONS (1 - 2)	**3,823,805.41**	**1,401,862.05**
Other income (3)	0.00	0.00
Management fees and provisions for depreciation and amortisation (4)	191,728.11	280,809.54
NET PROFIT/LOSS FOR THE FINANCIAL YEAR (L. 214-17-1) (1 - 2 + 3 - 4)	**3,632,077.30**	**1,121,052.51**
Income equalisation for the financial year (5)	-71,164.18	-71,167.22
Interim dividends paid for the financial year (6)	0.00	0.00
PROFIT/LOSS (1 - 2 + 3 - 4 + 5 - 6)	**3,560,913.12**	**1,049,885.29**

5. Annual financial statements

b) Annual financial statements – Accounting summaries

1. Accounting rules and methods

The annual financial statements are presented in the form provided for by ANC Regulation 2014-01, as amended.

The following general accounting principles apply:
- a true and fair view, comparability and going concern,
- regularity and accuracy,
- prudence,
- consistency in accounting methods from one financial year to the next.

The reference currency of the portfolio is the EURO.
The length of the financial year is 12 months.

The annual financial statements are prepared on the basis of the latest net asset value for the year.

The certified annual financial statements for the prior year are available from the Management Company.

Asset valuation rules

SECURITIES PORTFOLIO

The Management Company has delegated accounting management (including the valuation of the Fund's portfolio) to CACEIS FUND ADMINISTRATION.
The Fund's portfolio is valued each time the net asset value is calculated and when the accounts are closed, at the closing price. The Fund's annual financial statements are drawn up on the basis of the final net asset value for the financial year.
The Fund complies with the accounting rules and methods prescribed by current regulations and with the UCI chart of accounts which, on the day of publication of the prospectus, are as follows:

Equities

French equities are measured on the basis of the last quoted price in the case of securities admitted to a deferred settlement system or a spot market.

Foreign shares are measured on the basis of the latest price on the Paris stock exchange if the securities are listed in Paris, or the latest price on the last trading day of their main market converted into euros in accordance with the WMR rate for the currency on the day of valuation.

5. Annual financial statements

Bonds

Bonds are measured based on an average of contributed prices obtained daily from market makers and converted into euros, if necessary, at the WMR rate for the currency on the valuation date. Interest on bonds and transferable debt securities is calculated using the income-received method.

Transferable securities

Transferable securities whose prices were not recorded on the valuation date or have been adjusted are measured by the Management Company at their likely trading value.
In the case of transferable securities that are not listed or those for which a price is not listed on the valuation date, as well as other items on the balance sheet, the Management Company adjusts its valuation on the basis of changes that seem likely in view of current events. The statutory auditor is informed of these valuations and the justifications for them during their audits.
Foreign securities are converted into the equivalent value in euros in accordance with the WMR currency rate on the valuation date.

UCITS, AIFs or investment funds

Units or shares of UCITS, AIFs or investment funds are measured at the last known net asset value. Foreign undertakings for collective investment that carry out measurements at times that are incompatible with the calculation of the Fund's net asset value are measured on the basis of estimates supplied by the administrators of these undertakings, under the supervision and responsibility of the Management Company.

Negotiable debt securities

Negotiable debt securities are measured in accordance with the following rules:

- French fixed-rate, annual interest treasury bills (*Bons du Trésor à taux fixes et à intérêt annuel* – BTANs) and fixed-rate bills (*Bons du Trésor à taux fixe* – BTFs) are measured on the basis of an average of contributed prices obtained from market makers;
- Unlisted variable-rate debt securities are measured at cost price, adjusted to take account of any potential variations in credit spread;
- other fixed-rate negotiable debt securities (certificates of deposit, commercial papers, warrants issued by financial institutions etc.) are measured on the basis of their market price,

In the absence of an indisputable market price, negotiable debt securities are measured by applying a yield curve, adjusted, if necessary, by a margin calculated on the basis of the security's (or the issuer's) characteristics:
However, negotiable debt securities with a residual maturity of three months or less may be measured using the straight-line method.
Interest on bonds and transferable debt securities is calculated using the income-received method.

5. Annual financial statements

Temporary purchases and sales of securities

Contracts for securities financing transactions and equivalent transactions are measured at the contract rate, adjusted for any margin calls (measured in accordance with the conditions set out in the contract).
In the case of transferable securities that are not listed or those for which a price is not listed on the valuation date, as well as other items on the balance sheet, the Management Company adjusts its valuation on the basis of changes that seem likely in view of current events.
Certain fixed-rate transactions with a maturity of over three months may be measured at the market price.

FUTURES AND OPTIONS TRANSACTIONS

Organised futures and options markets

Derivatives listed on an organised market are measured on the basis of the settlement price.

Swaps

Asset swaps are measured at their market price, based on the issuer's credit spread, as indicated by the market makers. In the absence of a market maker, spreads will be obtained by any means from the available contributors.

Asset swaps with a maturity of less than or equal to three months may be measured using the straight-line method.
Other swaps are measured at their market price based on the observed yield curves.
Complex instruments such as CDS and complex options are measured on the basis of their type, applying an appropriate method.

Forward exchange contracts

These may be measured at the exchange rate for the currencies on the valuation date, allowing for the amortisation of the carry-forward/discount.
They may be measured at market price based on the observed forward foreign exchange curves.

OFF-BALANCE SHEET COMMITMENT

Off-balance sheet commitments are measured as follows:

A - Commitments on futures markets

1) Futures
Commitment = settlement price x nominal contract value x quantity
With the exception of commitments under the Euribor contract traded on MATIF, which are recorded at their nominal value.

2) Swap commitments

5. Annual financial statements

- **Interest rate swaps**

- interest rate swaps

Backed: ° Fixed rate/Variable rate
- valuation of the fixed-rate leg at the market price
° Variable rate/Fixed rate
- valuation of the variable-rate leg at the market price

Non-backed: ° Fixed rate/Variable rate
- valuation of the fixed-rate leg at the market price
° Variable rate/Fixed rate
- valuation of the variable-rate leg at the market price

- **Other swaps**

These will be measured at their market value.

B - Commitments on options markets

Commitment = quantity x nominal contract value (quotient) x price of underlying x delta.

CURRENCIES

Foreign currency prices are converted into *euros* at the WMR rate for the currency on the valuation date.

UNLISTED FINANCIAL INSTRUMENTS AND OTHER SECURITIES

- Financial instruments whose price has not been recorded on the valuation date are measured at the most recent officially published price or at their likely trading value under the responsibility of the Management Company.
- Foreign securities are converted into the equivalent value in euros by applying the WMR currency rate on the valuation date.
- Financial instruments not traded on a regulated market are measured by the Management Company at their likely trading value.
- Other financial instruments are measured at their market value as calculated by the counterparties, under the supervision and responsibility of the Management Company.

The statutory auditor is informed of the valuations of unlisted financial instruments and of the other securities referred to in this paragraph, together with the justifications for them, during its audits.

5. Annual financial statements

SWING PRICING MECHANISM WITH TRIGGER THRESHOLD FOR ADJUSTMENT OF THE NET ASSET VALUE (FROM 27 JULY 2015)

On 27 July 2015, the Management Company implemented a method of adjusting the net asset value (NAV) with a trigger threshold.

This mechanism means that investors subscribing to or redeeming units must bear the costs relating to transactions made using the Fund's assets as a result of the movement (subscription/redemption) of Fund liabilities. This mechanism, supported by a policy, is designed to protect the investors who remain in the Fund by ensuring that they bear the lowest possible charges. This results in the calculation of an adjusted ("swung") NAV.

This means that if, on a NAV calculation day, the total number of net subscription/redemption orders from investors across all unit classes of the Fund exceeds a predetermined threshold based on the objective criteria set out by the Management Company, as a percentage of net assets, the NAV can be adjusted upwards or downwards to take into account the readjustment costs attributable to the respective net subscription/redemption orders. If the Fund issues more than one unit class, the NAV of each unit class is calculated separately, but any adjustment has the same impact on the total NAV of the unit classes of the Fund.

The readjustment cost and trigger threshold parameters are determined by the Management Company and periodically reviewed.
These costs are estimated by the Management Company based on the transaction fees, the bid-ask spreads and any taxes applicable to the Fund.

It is not possible to accurately predict whether the swing pricing mechanism will be applied in the future, or the frequency with which the Management Company will make such adjustments.

Investors are notified that the volatility of the Fund's NAV cannot reflect only that of the securities held in the portfolio because of the application of the adjustment mechanism.

The "swung" NAV is the Fund's only net asset value and the only one communicated to the Fund's unitholders.
However, if there is a performance fee, this is calculated based on the NAV before the swing pricing mechanism is applied.

B - ACCOUNTING METHODS

Trading fees are stated in the specific Fund accounts and are not included in the price.
The weighted average cost method is used for the settlement of securities. For derivative products, however, the FIFO (First In, First Out) method is used.
The net asset value preceding a non-working day (weekends and public holidays) takes account of the accrued interest for that period. The date will be the last day of the non-working period.
Additions to the portfolio are recorded at their acquisition price, excluding fees, and disposals are recorded at their sale price, excluding fees.

5. Annual financial statements

Management fees

These fees cover:
- Investment management fees;
- Administrative fees not related to the Management Company (statutory auditor, depositary, distribution, lawyers);
- Maximum indirect fees (commissions and management fees) for UCITS investing more than 20% of their assets in other UCITS, AIFs or foreign investment funds;
- Transfer fees;
- Performance fees.

<table>
<tr><th>Fees charged to the UCITS</th><th>Base</th><th>Rate scale</th></tr>
<tr><td>Investment management fees</td><td>Net assets</td><td rowspan="2">SI and I units: 0.30% incl. tax
Maximum rate
N units: 0.35% incl. tax
Maximum rate</td></tr>
<tr><td>Administrative fees not related to the Management Company</td><td>Net assets</td></tr>
<tr><td>Transfer fees</td><td>Deduction from each transaction</td><td>None</td></tr>
<tr><td>Performance fee</td><td>Net assets</td><td>None</td></tr>
</table>

Allocation of distributable income

***Definition of distributable income*:**

Distributable income consists of:

Income:

Net income for the financial year is equal to the amount of interest, arrears, premiums and bonuses, dividends, directors' fees and all other income generated by the securities held in the portfolio, plus income generated by temporary cash holdings, less management fees and borrowing costs.
It is increased by retained earnings and increased or reduced by the balance of the accrual account.

5. Annual financial statements

Profits and losses:

The profits realised, net of fees, less the losses realised, net of fees, recorded in the financial year, plus the net profits of the same type recognised in previous years that have not been distributed or accumulated, plus or minus the balance of the profits/losses equalisation account.

Procedures for allocating distributable income:

Unit(s)	***Allocation of net income***	***Allocation of net realised profits or losses***
OSTRUM EURO ABS IG I units	Accumulation	Accumulation
OSTRUM EURO ABS IG N units	Accumulation	Accumulation
OSTRUM EURO ABS IG SI units	Accumulation	Accumulation

5. Annual financial statements

■ 2. CHANGE IN NET ASSETS AT 28/03/2024 IN EUR

	28/03/2024	31/03/2023
NET ASSETS AT THE START OF THE FINANCIAL YEAR	**122,782,197.02**	**186,378,243.41**
Subscriptions (including subscription fees accruing to the UCI)	5,621,459.13	23,679,309.90
Redemptions (less redemption fees accruing to the UCI)	-30,367,131.91	-87,333,917.79
Profits realised on deposits and financial instruments	654,697.95	207,571.74
Losses realised on deposits and financial instruments	-846,640.60	-810,619.71
Profits realised on forward financial instruments	0.01	13,356.37
Losses realised on forward financial instruments	0.00	0.00
Transaction fees	-146.00	-402.04
Exchange rate differences	0.00	0.00
Changes in the valuation difference for deposits and financial instruments	1,887,057.14	-472,265.37
Valuation difference, financial year N	*1,196,606.51*	*-690,450.63*
Valuation difference, financial year N-1	*690,450.63*	*218,185.26*
Changes in the valuation difference for forward financial instruments	0.00	0.00
Valuation difference, financial year N	*0.00*	*0.00*
Valuation difference, financial year N-1	*0.00*	*0.00*
Dividends paid in the previous financial year on net profits and losses	0.00	0.00
Dividends paid in the previous financial year on income	0.00	0.00
Net income for the financial year before equalisation	3,632,077.30	1,121,052.51
Interim dividend(s) paid during the financial year on net profits and losses	0.00	0.00
Interim dividend(s) paid during the financial year on income	0.00	0.00
Other items	0.00	-132.00(*)
NET ASSETS AT THE END OF THE FINANCIAL YEAR	**103,363,570.04**	**122,782,197.02**

(*) 31/03/2023: Other items: Annual LEI certification fees: €-132.00

5. Annual financial statements

■ 3. ADDITIONAL INFORMATION

■ 3.1. BREAKDOWN OF FINANCIAL INSTRUMENTS BY LEGAL OR ECONOMIC TYPE

	Amount	%
ASSETS		
BONDS AND EQUIVALENT SECURITIES		
Mortgages traded on a regulated or equivalent market	75,251,175.38	72.80
TOTAL BONDS AND EQUIVALENT SECURITIES	**75,251,175.38**	**72.80**
DEBT SECURITIES		
TOTAL DEBT SECURITIES	**0.00**	**0.00**
LIABILITIES		
SALES OF FINANCIAL INSTRUMENTS		
TOTAL SALES OF FINANCIAL INSTRUMENTS	**0.00**	**0.00**
OFF-BALANCE SHEET ITEMS		
HEDGING TRANSACTIONS		
TOTAL HEDGING TRANSACTIONS	**0.00**	**0.00**
OTHER TRANSACTIONS		
TOTAL OTHER TRANSACTIONS	**0.00**	**0.00**

■ 3.2. BREAKDOWN OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS BY RATE TYPE

	Fixed rate	%	Variable rate	%	Adjustable rate	%	Other	%
ASSETS								
Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bonds and equivalent securities	0.00	0.00	0.00	0.00	75,251,175.38	72.80	0.00	0.00
Debt securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Temporary securities transactions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial accounts	0.00	0.00	0.00	0.00	0.00	0.00	7,192,920.66	6.96
LIABILITIES								
Temporary securities transactions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial accounts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OFF-BALANCE SHEET ITEMS								
Hedging transactions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other transactions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

5. Annual financial statements

■ 3.3. BREAKDOWN OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS BY RESIDUAL MATURITY(*)

	< 3 months	%	]3 months - 1 year]	%	]1 - 3 years]	%	]3 - 5 years]	%	> 5 years	%
ASSETS										
Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bonds and equivalent securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	75,251,175.38	72.80
Debt securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Temporary securities transactions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial accounts	7,192,920.66	6.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LIABILITIES										
Temporary securities transactions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial accounts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OFF-BALANCE SHEET ITEMS										
Hedging transactions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other transactions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

(*) Positions in interest rate futures are shown based on the maturity of the underlying asset.

■ 3.4. BREAKDOWN OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS BY LISTING OR VALUATION CURRENCY (NON-EURO)

	Currency 1		Currency 2		Currency 3		Currency N OTHER(S)	
	Amount	%	Amount	%	Amount	%	Amount	%
ASSETS								
Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equities and equivalent securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bonds and equivalent securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Debt securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
UCIs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Temporary securities transactions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial accounts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LIABILITIES								
Sales of financial instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Temporary securities transactions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Payables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial accounts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OFF-BALANCE SHEET ITEMS								
Hedging transactions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other transactions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

5. Annual financial statements

■ 3.5. RECEIVABLES AND PAYABLES: BREAKDOWN BY TYPE

	Type of debit/credit	28/03/2024
RECEIVABLES		
TOTAL RECEIVABLES		**0.00**
PAYABLES		
	Fixed management fees	17,071.72
TOTAL PAYABLES		**17,071.72**
TOTAL PAYABLES AND RECEIVABLES		**-17,071.72**

■ 3.6. SHAREHOLDERS' EQUITY

• 3.6.1. Number of securities issued or redeemed

	Units	Amount
OSTRUM EURO ABS IG I unit		
Units subscribed during the financial year	3,061.2260	3,205,814.86
Units redeemed during the financial year	-16,331.8664	-16,794,732.19
Net subscriptions/redemptions	-13,270.6404	-13,588,917.33
Number of units outstanding at the end of the financial year	17,318.6748	
OSTRUM EURO ABS IG N unit		
Units subscribed during the financial year	0.00	0.00
Units redeemed during the financial year	0.00	0.00
Net subscriptions/redemptions	0.00	0.00
Number of units outstanding at the end of the financial year	352.3608	
OSTRUM EURO ABS IG SI unit		
Units subscribed during the financial year	18.5706	2,415,644.27
Units redeemed during the financial year	-105.4905	-13,572,399.72
Net subscriptions/redemptions	-86.9199	-11,156,755.45
Number of units outstanding at the end of the financial year	634.9653	

5. Annual financial statements

• 3.6.2. Subscription and/or redemption fees

	Amount
OSTRUM EURO ABS IG I unit	
Total subscription and/or redemption fees accrued	0.00
Subscription fees accrued	0.00
Redemption fees accrued	0.00
OSTRUM EURO ABS IG N unit	
Total subscription and/or redemption fees accrued	0.00
Subscription fees accrued	0.00
Redemption fees accrued	0.00
OSTRUM EURO ABS IG SI unit	
Total subscription and/or redemption fees accrued	0.00
Subscription fees accrued	0.00
Redemption fees accrued	0.00

5. Annual financial statements

■ 3.7. MANAGEMENT FEES

	28/03/2024
OSTRUM EURO ABS IG I units	
Guarantee fees	0.00
Fixed management fees	47,371.83
Percentage of fixed management fees	0.27
Provisioned variable management fees	0.00
Percentage of provisioned variable management fees	0.00
Acquired variable management fees	0.00
Percentage of acquired variable management fees	0.00
Retrocessions of management fees	0.00
OSTRUM EURO ABS IG N units	
Guarantee fees	0.00
Fixed management fees	124.75
Percentage of fixed management fees	0.35
Provisioned variable management fees	0.00
Percentage of provisioned variable management fees	0.00
Acquired variable management fees	0.00
Percentage of acquired variable management fees	0.00
Retrocessions of management fees	0.00
OSTRUM EURO ABS IG SI units	
Guarantee fees	0.00
Fixed management fees	144,231.53
Percentage of fixed management fees	0.17
Provisioned variable management fees	0.00
Percentage of provisioned variable management fees	0.00
Acquired variable management fees	0.00
Percentage of acquired variable management fees	0.00
Retrocessions of management fees	0.00

■ 3.8. COMMITMENTS RECEIVED AND GIVEN

• 3.8.1. Guarantees received by the UCI:

None.

• 3.8.2. Other commitments received and/or given:

None.

5. Annual financial statements

■ 3.9. OTHER INFORMATION

• 3.9.1. Current value of financial instruments acquired under securities financing transactions

	28/03/2024
Securities received under reverse repurchase agreements	0.00
Borrowed securities	0.00

• 3.9.2. Current value of financial instruments constituting collateral deposits

	28/03/2024
Financial instruments given as collateral and retained under their original entry	0.00
Financial instruments received as collateral and not posted in the balance sheet	0.00

• 3.9.3. Financial instruments held, issued and/or managed by the Group

	ISIN code	Denomination	28/03/2024
Equities			0.00
Bonds			0.00
Negotiable debt securities			0.00
UCIs			10,261,987.89
	FR0010227512	OSTRUM EURO ABS OPPORTUNITIES SI C	10,261,987.89
Forward financial instruments			0.00
Total Group securities			**10,261,987.89**

5. Annual financial statements

■ 3.10. ALLOCATION OF DISTRIBUTABLE INCOME

• Allocation of the portion of distributable sums relating to income

	28/03/2024	31/03/2023
Amounts still to be allocated		
Retained earnings	0.00	0.00
Income	3,560,913.12	1,049,885.29
Interim dividends paid on income for the financial year	0.00	0.00
Total	**3,560,913.12**	**1,049,885.29**

	28/03/2024	31/03/2023
OSTRUM EURO ABS IG I unit		
Allocation		
Distribution	0.00	0.00
Retained earnings for the financial year	0.00	0.00
Accumulation	631,876.13	246,195.22
Total	**631,876.13**	**246,195.22**

	28/03/2024	31/03/2023
OSTRUM EURO ABS IG N unit		
Allocation		
Distribution	0.00	0.00
Retained earnings for the financial year	0.00	0.00
Accumulation	1,211.98	245.46
Total	**1,211.98**	**245.46**

	28/03/2024	31/03/2023
OSTRUM EURO ABS IG SI unit		
Allocation		
Distribution	0.00	0.00
Retained earnings for the financial year	0.00	0.00
Accumulation	2,927,825.01	803,444.61
Total	**2,927,825.01**	**803,444.61**

5. Annual financial statements

• **Allocation of the portion of distributable sums relating to net profits and losses**

	28/03/2024	31/03/2023
Amounts still to be allocated		
Undistributed prior net profits and losses	0.00	0.00
Net profits and losses for the financial year	-183,531.05	-476,668.90
Interim dividends paid on net profits and losses for the financial year	0.00	0.00
Total	**-183,531.05**	**-476,668.90**

	28/03/2024	31/03/2023
OSTRUM EURO ABS IG I unit		
Allocation		
Distribution	0.00	0.00
Undistributed net profits and losses	0.00	0.00
Accumulation	-33,341.69	-122,317.78
Total	**-33,341.69**	**-122,317.78**

	28/03/2024	31/03/2023
OSTRUM EURO ABS IG N unit		
Allocation		
Distribution	0.00	0.00
Undistributed net profits and losses	0.00	0.00
Accumulation	-65.48	-136.13
Total	**-65.48**	**-136.13**

	28/03/2024	31/03/2023
OSTRUM EURO ABS IG SI unit		
Allocation		
Distribution	0.00	0.00
Undistributed net profits and losses	0.00	0.00
Accumulation	-150,123.88	-354,214.99
Total	**-150,123.88**	**-354,214.99**

5. Annual financial statements

■ 3.11. TABLE OF RESULTS AND OTHER SIGNIFICANT ITEMS OVER THE LAST FIVE FINANCIAL YEARS

	31/03/2020	31/03/2021	31/03/2022	31/03/2023	28/03/2024
Total net assets in EUR	**190,942,432.97**	**131,477,407.11**	**186,378,243.41**	**122,782,197.02**	**103,363,570.04**
OSTRUM EURO ABS IG I unit in EUR					
Net assets	20,499,304.68	14,760,181.08	37,962,024.87	31,493,317.58	18,765,729.19
Number of securities	20,148.0472	14,315.3896	37,010.4517	30,589.3152	17,318.6748
Net asset value per unit	1,017.43	1,031.07	1,025.71	1,029.55	1,083.55
Accumulation per unit from net profits/losses	-7.02	-1.27	-1.03	-3.99	-1.92
Accumulation per unit from income	0.90	-0.08	-0.97	8.04	36.48
OSTRUM EURO ABS IG N unit in EUR					
Net assets	1,617,982.64	35,140.31	34,922.25	35,024.42	36,832.02
Number of securities	16,420.9280	352.3608	352.3608	352.3608	352.3608
Net asset value per unit	98.53	99.72	99.10	99.39	104.52
Accumulation per unit from net profits/losses	-0.68	-0.12	-0.10	-0.38	-0.18
Accumulation per unit from income	-0.01	-0.10	-0.19	0.69	3.43
OSTRUM EURO ABS IG SI unit in EUR					
Net assets	168,825,145.65	116,682,085.72	148,381,296.29	91,253,855.02	84,561,008.83
Number of securities	1,355.5258	923.5308	1,179.3808	721.8852	634.9653
Net asset value per unit	124,545.87	126,343.46	125,812.88	126,410.48	133,174.22
Accumulation per unit from net profits/losses	-860.39	-155.67	-127.26	-490.68	-236.42
Accumulation per unit from income	237.61	115.06	6.98	1,112.98	4,611.00

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■ 3.12. DETAILED INVENTORY OF FINANCIAL INSTRUMENTS IN EUR

Name of security	Currency	Quantity (number or nominal value)	Current value	% of net assets
Bonds and equivalent securities				
Bonds and equivalent securities traded on a regulated or equivalent market				
SPAIN				
AUTONORIA SPAIN 2023 E1R+0.7% 30-09-41	EUR	2,100,000	2,104,922.82	2.04
FTA SANTANDER CONSUMO 4 E3R+0.7% 18-09-32	EUR	4,500,000	1,570,960.65	1.52
FTA SANTANDER CONSUMO 5 E3R+0.85% 21-03-36	EUR	1,100,000	861,813.75	0.83
FT RMBS PRADO 8 E3R+0.7% 15-03-55	EUR	3,300,000	2,161,439.24	2.09
FT RMBS PRADO VII E3R+0.7% 15-09-55	EUR	1,000,000	611,402.03	0.59
FT SANTANDER CONSUMER SPAIN AUTO 20201 E3R+0.7% 20-03-33	EUR	800,000	218,031.34	0.21
SABADELL CONSUMO 1 FDT E3R+0.41% 24-03-31	EUR	6,900,000	537,876.71	0.52
TOTAL SPAIN			**8,066,446.54**	**7.80**
FRANCE				
FCT CA LEASING 20231 E1R+0.86% 26-02-42	EUR	2,000,000	1,633,265.97	1.58
GINKGO SALES FINANCE 2022 FCT E1R+0.7% 25-11-49	EUR	1,000,000	677,106.56	0.66
TOTAL FRANCE			**2,310,372.53**	**2.24**
IRELAND				
BLACKROCK EUROPEAN CLO XIII DAC E3R+1.15% 20-10-34	EUR	1,000,000	999,986.67	0.97
CITIZEN IRISH AUTO RECEIVABLES TRUST E1R+0.77% 15-10-32	EUR	1,700,000	1,330,655.26	1.29
CVC CORDALUS LOAN FUND XVII DAC E3R+0.94% 18-11-33	EUR	400,000	397,635.94	0.39
DILOSK RMBS 3 E3R+1.0% 20-10-62	EUR	400,000	361,076.54	0.35
DILOSK RMBS NO 5 DAC E3R+0.7% 20-12-60	EUR	1,696,000	1,298,570.91	1.26
DILOSK RMBS NO6 STS DAC E3R+0.87% 20-07-61	EUR	2,500,000	2,365,437.21	2.29
FINANCE IRELAND AUTO RECEIVABLES NO 1 E1R+0.85% 12-09-33	EUR	1,700,000	1,495,342.43	1.44
FINANCE IRELAND RMBS NO 3 DAC E3R+0.75% 24-06-61	EUR	2,000,000	1,006,100.59	0.97
FORTUNA CONSUMER LOAN ABS 20231 DAC E1R+0.8% 18-09-32	EUR	1,200,000	1,188,265.44	1.15
FORTUNA CONSUMER LOAN ABS 20241 E1R+0.78% 18-02-34	EUR	800,000	803,209.96	0.77
HARVEST CLO XII E3R+0.87% 18-11-30	EUR	3,000,000	2,334,241.55	2.26
LT AUTORAHOITUS IV DESIGNATED ACTIVITY E1R+0.69% 18-07-33	EUR	1,300,000	839,999.85	0.81
NORTH WESTERLY VII ESG CLO DAC E3R+0.84% 15-05-34	EUR	1,000,000	991,531.17	0.96
OAK HILL EUROPEAN CREDIT PARTNERS IV DES E3R+0.73% 20-01-32	EUR	750,000	645,076.19	0.62
PURPLE FINANCE CLO 2 DAC E3R+1.0% 20-04-32	EUR	1,000,000	1,003,284.94	0.97
SCF RAHOITUSPALVELUT XII DAC E1R+0.7% 25-06-33	EUR	500,000	455,454.65	0.44
TOTAL IRELAND			**17,515,869.30**	**16.94**
ITALY				
AUTOFLORENCE 3 SRL E1R+0.95% 25-12-46	EUR	1,700,000	1,709,393.41	1.65
BRIGNOLE CO 2021 SRL E1R+0.75% 24-07-36	EUR	1,800,000	978,862.95	0.95
KOROMO ITALY SRL E1R+0.8% 26-02-35	EUR	3,000,000	2,321,619.95	2.25
MARZIO FINANCE SRL E1R+1.09% 29-02-48	EUR	1,300,000	1,140,051.05	1.10
POPOLARE BARI RMBS SRL E3R+0.4% 30-04-58	EUR	7,000,000	1,000,173.23	0.96
QUARZO SRL E3R+0.7% 15-11-38	EUR	1,500,000	840,074.17	0.81
QUARZO SRL E3R+0.95% 15-12-39	EUR	1,500,000	1,509,689.30	1.46
RED BLACK AUTO ITALY SRL E1R+1.0% 28-07-34	EUR	2,100,000	1,800,550.65	1.75

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■ 3.12. DETAILED INVENTORY OF FINANCIAL INSTRUMENTS IN EUR

Name of security	Currency	Quantity (number or nominal value)	Current value	% of net assets
SUNRISE SPV 50 SRL E1R+1.0% 27-07-48	EUR	1,200,000	1,206,842.40	1.17
TOTAL ITALY			**12,507,257.11**	**12.10**
LUXEMBOURG				
MIRAVET SARL COMPARTMENT 20201 E3R+0.85% 26-05-65	EUR	2,000,000	1,231,771.12	1.20
MIRAVET SARL E3R+0.75% 26-05-65	EUR	1,000,000	544,524.81	0.52
PRIMROSE RESIDENTIAL 20211 DAC E1R+0.75% 24-03-61	EUR	2,800,000	1,960,804.72	1.90
SC GERMANY SA COMPARTMENT CONSUM 2023 1 E1R+0.72% 15-09-37	EUR	1,500,000	1,509,342.08	1.46
TOTAL LUXEMBOURG			**5,246,442.73**	**5.08**
NETHERLANDS				
BABSON EURO CLO E3R+0.88% 25-11-29	EUR	3,000,000	191,088.19	0.19
BUMPER NL 2023 1 BV E1R+0.67% 22-03-35	EUR	2,000,000	2,006,835.27	1.94
DELPHINUS 2023I BV E3R+0.46% 22-03-02	EUR	1,300,000	1,283,659.41	1.24
DOMI 20201 A MTGE E3R+0.8% 15-04-52	EUR	2,500,000	900,825.09	0.87
DOMI 20211 BV E3R+0.63% 15-06-53	EUR	2,400,000	1,413,423.44	1.36
DUTCH PROPERTY FINANCE 20191 BV E3R+0.75% 28-10-52	EUR	2,000,000	200,163.77	0.19
DUTCH PROPERTY FINANCE 20201 E3R+0.65% 28-07-54	EUR	2,500,000	941,912.01	0.91
DUTCH PROPERTY FINANCE E3R+0.75% 28-10-59	EUR	2,000,000	1,685,650.95	1.63
GREEN LION 20231 BV E3R+0.45% 23-07-65	EUR	2,500,000	2,528,443.22	2.45
GREEN STORM 2021 BV E3R+0.75% 22-02-68	EUR	1,400,000	1,417,965.69	1.37
GREEN STORM 2023 BV E3R+0.38% 22-02-70	EUR	1,600,000	1,608,244.67	1.55
GREEN STORM 2024 BV E3R+0.36% 22-02-71	EUR	2,900,000	2,904,208.03	2.81
HILL FL 20231 BV E1R+0.76% 18-05-31	EUR	800,000	745,234.58	0.73
HILL FL 20241 BV E1R+0.73% 18-02-32	EUR	1,100,000	1,105,916.33	1.07
TIKEHAU E3R+0.87% 04-08-34	EUR	2,300,000	2,298,240.12	2.23
TULPENHUIS 20191 A MTGE E3R+0.65% 18-10-56	EUR	1,500,000	1,012,949.41	0.98
TOTAL NETHERLANDS			**22,244,760.18**	**21.52**
PORTUGAL				
ARES LUSITANISTC SAPELICAN FINANCE 2 E1R+0.7% 25-01-35	EUR	3,000,000	1,312,858.15	1.27
SAGRES SOCIEDAD DE TITULIZACAO NO2 E1R+0.7% 23-09-38	EUR	1,800,000	1,141,491.95	1.10
TAGUS SOCIEDADE DE TITULARIZAC E1R+1.4% 27-10-40	EUR	2,000,000	2,006,138.62	1.95
TOTAL PORTUGAL			**4,460,488.72**	**4.32**
UNITED KINGDOM				
RESLOC UK 20071 PLC E3R+0.16% 15-12-43	EUR	8,000,000	1,861,907.06	1.80
TOTAL UNITED KINGDOM			**1,861,907.06**	**1.80**
SWITZERLAND				
TREVA E1R+0.7% 27-07-34	EUR	5,000,000	1,037,631.21	1.00
TOTAL SWITZERLAND			**1,037,631.21**	**1.00**
TOTAL Bonds and equivalent securities traded on a regulated or equivalent market			**75,251,175.38**	**72.80**
TOTAL Bonds and equivalent securities			**75,251,175.38**	**72.80**
Undertakings for collective investment				
General-purpose UCITS and AIFs intended for non-professionals, and equivalents in other countries				
FRANCE				
OSTRUM EURO ABS OPPORTUNITIES SI C	EUR	77	10,261,987.89	9.93
TOTAL FRANCE			**10,261,987.89**	**9.93**

5. Annual financial statements

■ 3.12. DETAILED INVENTORY OF FINANCIAL INSTRUMENTS IN EUR

Name of security	Currency	Quantity (number or nominal value)	Current value	% of net assets
TOTAL General-purpose UCITS and AIFs intended for non-professional investors, and equivalents in other countries			**10,261,987.89**	**9.93**
General-purpose funds for professional investors and their equivalents in other EU Member States and listed securitisation special purpose vehicles				
FRANCE				
AUTO ABS FRENCH LEASES 2023 E1R 0.75 28-10-35	EUR	2,100,000	2,109,296.28	2.04
BPCE HOME LOANS FCT 2023 E3R+0.7 31-10-57	EUR	1,700,000	1,694,896.70	1.64
CARS ALLIANCE AUTO LEASES FRA V 20231 E1R+0.65% 21-10-38	EUR	1,700,000	1,706,187.38	1.65
FCT PIXEL 2021 E3R+0.7% 25-02-38	EUR	2,000,000	946,829.56	0.92
GINKGO PERSONAL LOANS 2023 E1R+0.79 23-09-44	EUR	1,700,000	1,707,004.17	1.65
HLFCT 2021-G A	EUR	2,000,000	1,508,115.43	1.46
RED BLACK AUTO LEASE FRANCE 2 FR FCT E1R+0.68% 27-06-35	EUR	1,000,000	1,002,228.31	0.97
TOTAL FRANCE			**10,674,557.83**	**10.33**
TOTAL General-purpose funds for professional investors, equivalents in other EU Member States and listed special purpose vehicles			**10,674,557.83**	**10.33**
TOTAL Undertakings for collective investment			**20,936,545.72**	**20.26**
Payables			**-17,071.72**	**-0.02**
Financial accounts			**7,192,920.66**	**6.96**
Net assets			**103,363,570.04**	**100.00**

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NATIXIS INVESTMENT MANAGERS INTERNATIONAL
43 Avenue Pierre Mendès-France, CS 41432, 75648 Paris Cedex 13, France – Tel.: +33 (0)1 78 40 80 00
Public limited company with capital of €51,371,060.28
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