

Audited annual report  
**IndexIQ**

31 December 2022

01.01.2022 – 31.12.2022  
SICAV under Luxembourg Law  
R.C.S. Luxembourg B-214117



# IndexIQ

SICAV under Luxembourg Law

Audited annual report for the year  
from January 1, 2022 to December 31, 2022



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## Administration of the SICAV

### Board of Directors

#### Chairman

Mr Tanguy DE VILLENFAGNE  
Member of the Group Strategic Committee  
Candriam - Belgian Branch (previously Candriam Belgium)

#### Board members:

Mr Koen VAN DE MAELE  
Global Head of Investment Solutions  
Candriam - Belgian Branch (previously Candriam Belgium)

Mr Pascal DEQUENNE  
Global Head of Operations  
Candriam - Belgian Branch (previously Candriam Belgium)

Mr Bertrand GIBEAU  
Independent Director

Mr Jean-Yves MALDAGUE  
Member of the Group Strategic Committee  
Candriam (previously Candriam Luxembourg)

Ms Myriam VANNESTE  
Global Head of Product Management  
Candriam - Belgian Branch (previously Candriam Belgium)

Ms Isabelle Marie-Anne CABIE  
Global Head of Corporate Responsible Development  
Candriam - Belgian Branch (previously Candriam Belgium)

### Registered Office

CACEIS Bank, Luxembourg Branch  
5, Allée Scheffer  
L-2520 Luxembourg  
Grand Duchy of Luxembourg

### Management Company

Candriam (previously Candriam Luxembourg)  
19-21, route d'Arlon  
L-8009 Strassen  
Grand Duchy of Luxembourg

### Depository

CACEIS Bank, Luxembourg Branch  
5, Allée Scheffer  
L-2520 Luxembourg  
Grand Duchy of Luxembourg

The functions of **Administrative Agent, Domiciliary Agent** and **Transfer Agent** (including **the Register Holding** business) are delegated to:

CACEIS Bank, Luxembourg Branch  
5, Allée Scheffer  
L-2520 Luxembourg  
Grand Duchy of Luxembourg

**Investment Managers:** Candriam (previously Candriam Luxembourg) directly and/or by one or more of its branches:

Candriam - Belgian Branch (previously Candriam Belgium)  
58, Avenue des Arts  
B-1000 Brussels

Candriam Succursale française (previously Candriam France)  
40, rue Washington  
F-75408 Paris Cedex 08

Candriam – UK Establishment  
Aldersgate Street 200, London EC1A 4 HD

### “Réviseur d’entreprises agréé”

PricewaterhouseCoopers, Société coopérative  
2, rue Gerhard Mercator , BP1443  
L - 1014 Luxembourg  
Grand Duchy of Luxembourg

### Paying Agent in Germany

Marcard Stein, Co AG  
Ballindamm 36,  
D-20095 Hamburg  
Germany



## Report of the Board of Directors

### EQUITY CONTEXT

#### Global

Global financial markets started the year on a false note. After finishing 2021 strong, the market was spooked by a more hawkish Federal Reserve. This resulted in a sell-off of long duration stocks and one of the most violent rotations to value in years. February was even worse due to Russia's invasion of Ukraine, leading to historic reactions and sanctions from the Western world and threatening both the geopolitical situation and the macroeconomic environment with energy and commodity prices going through the roof. Investors had to wait for the end of March to finally see a minor stock market recovery after the sell-off, as the FED embarked on its tightening campaign and raised interest rates to fight inflation. Almost all sectors dropped significantly in this context, except for energy and materials benefiting from increase commodity prices, and the more defensive utilities sector.

The second quarter wasn't easy either for equity markets, even after an already tough start to the year on the back of geopolitical tensions, inflation, and recession fears. The Federal Reserve said to do all it takes to get inflation under control, while energy prices remained high with a barrel of Brent crude oil ending the quarter at almost 115 US dollar. As a result, equity markets dropped significantly in the second quarter of the year. The energy sector continued to outperform the broader market, benefiting from high energy prices, and was the best performing sector in Q2. Also, the more defensive sectors, such as consumer staples and health care, outperformed the broader market, whereas consumer discretionary and information technology were the strongest underperformers.

In the third quarter, equity markets dropped for the third consecutive quarter. Despite the initial relief rally in July, investors were shocked by aggressive central banks trying to bring down sticky high inflation. Central banks increased hawkishness with policy rate hikes totalling 150 bps from the Fed and 125 bps from the European Central Bank. US 10-year yields ended the quarter significantly higher at more than 3.8%. As a result, equity markets dropped significantly in Q3 as well. Consumer discretionary and energy outperformed the broader market, whereas real estate and communication services were amongst the worst performing sectors. Both sectors were penalized by the strong increase in long-term interest rates.

Finally, global equity markets were able to rebound in the fourth quarter. October was marked by a strong rebound on the back of easing global supply-chain constraints, European governments taking steps to reduce the energy crisis and mitigate the recession risks. Meanwhile, inflation remained at high levels and growth fears were unchanged, suggesting a lot of bad news was already integrated in equity markets. The recovery continued into November and December, buoyed by easing US inflation figures and the first steps in China towards the end of the Zero Covid-19 policy. In the end, global equity markets ended the year with a strong loss, with Europe outperforming both the US and emerging markets. From a sector perspective, energy was the sole sector posting a positive performance over the year, whereas the defensive sectors utilities, health care and consumer staples were the strongest outperformers. Communication services, consumer discretionary, information technology and real estate were the strongest underperformers in 2022.

#### Europe

European equities closed the first quarter of 2022 lower. Europe having been a huge importer of oil and natural gas from Russia, the area became highly vulnerable to the Russia-Ukraine conflict. Consumer confidence moved sharply lower in March, hurt by the surge in prices. The European Commission announced ambitious plans to reduce imports of gas from Russia via more diversification, energy efficiency and by accelerating investments in wind and solar power plants.

European equities dropped again in the second quarter. In Europe, consumer confidence continued to fall dramatically. The reduction in gas supplies coming from Russia has driven prices up significantly and raised fears of outright shortages and rationing. Europe started to anticipate grave consequences from gas shortages for its economy. Even without gas rationing, the business surveys have started to weaken in Q2. At the same time, the difference between the rate at which the Italian and German governments could borrow has widened materially, as it did in the run up to the eurozone sovereign debt crisis about a decade ago.

Q3 was the third consecutive quarter of negative performance for the European equity market. In Europe, the energy crisis continued to dominate the headlines as Russia completely halted gas flows through the key Nord Stream 1 pipeline at the start of September. However, what had been considered the worst-case scenario for Europe didn't lead to new highs in gas prices. On the economic front, the situation continued to deteriorate during the third quarter, to the extent that a recession became the main scenario. Most economic data published in the quarter pointed to a slowdown, such as the euro area composite PMI business survey. Industrial production also dropped sharply in July. While growth was decelerating in Europe, this was not the case for inflation. In this context, the European Central Bank has become more hawkish, hiking its policy rate by 0.75% in September.

European equities finally closed the fourth quarter higher. Of the Stoxx600 companies that have reported Q3, 62% beat EPS estimates. The war in Ukraine and central banks' battle against inflation have been the main sources of equity markets' struggles. However, the final quarter of the year has at least brought some relief although China reopening did not go as expected. Regarding ECB, mid-December meeting marked an abrupt hawkish shift, even if some aspects feel odd. Consumer confidence in December improved more than expected.

### FIXED INCOME CONTEXT

#### Market Environment

2022 was marked by geopolitical tensions and the end of monetary easing, resulting in a sharp rise in rates across bond markets. In the beginning of the year, the geopolitical tensions between the West and Russia culminated in the Russian invasion of Ukraine. This was followed by historic and record levels of sanctions implemented by most developed countries. The result has been a strong increase in volatility and sharp negative performance in risky assets. The fallout from this event was felt throughout the year as commodity (and especially oil prices) saw sharp upwards movement, and a potential energy crisis loomed over Europe. Ukraine's resistance and the resolve of the US, EU and the UK to support it led to a lasting conflict that weighed on markets throughout the year. Additionally, the political situation in the Europe was not uneventful as the rise of far-right parties (in Italy and Sweden in particular) highlighted that populism and deglobalisation was still very much present. The UK saw 3 different prime ministers (and governments) over the course of the year, underlining the instability that it was facing, and the Democratic party surrendered control of congress to the republicans during the mid-terms in the US. Within Emerging markets, China's zero-covid policy was implemented throughout 2022, before the country finally decided to remove it. Aside from the lower growth the country faced as a result, supply-chain constraints were exacerbated, leading to shortages and an increase in inflation.



## Report of the Board of Directors

### FIXED INCOME CONTEXT (continued)

#### Market Environment (continued)

The above context contributed to the rise in prices that were already being felt in 2021, and led to multi-decade historic levels of inflation across developed markets. Facing the prospect of a primarily supply-driven inflation, central banks responded by making inflation-control their priority, irrespective of the effects it would have on growth. The FED and the ECB not only increased their rates substantially over the course of the year, but also adopted an extremely hawkish rhetoric and engaged in quantitative tightening. This was a sharp shift for bond markets that were used to monetary easing (and low-rate environment) for over a decade and rates rose rapidly to significantly high levels, impacting all bond markets. Not only did spread assets (Credit and Emerging Debt) suffer, but even high-quality assets and safe havens delivered negative returns over the year. Some respite was seen over the 4th quarter, as inflation levels appeared to be peaking and markets began anticipating the end of monetary tightening, though central banks appeared to be resolved in their quest to see materially lower inflation levels before ending the rise in rates. Over the final quarter, spreads moved lower and positive performance was seen on asset class, though overall, Fixed income markets delivered negative performance. At year-end however, it is important to note that yields were at very elevated levels and significant potential was created on the asset class, following many years of weak valuations. This entails the return of opportunities within bond markets, following a difficult 2022.

#### Government Bonds

Returns on developed market sovereign bonds saw a bruising year, with the lowest returns in decades. The aftermath of the Covid crisis and the return of war to the European continent also saw supply chains tightly squeezed and energy markets in turmoil. As a result, inflation also reached the highest levels in over a generation. These developments triggered a spike in rates back to levels not seen since the global financial crisis. We saw strongly negative performance in most major developed markets rates throughout the year, with only a fleeting respite in November when markets rallied briefly on hopes of central bank pivots. The US 10Y treasury note saw a yield uplift of 237 bps to 3.88%. EUR rates saw even greater rises. German 10Y rates, which had still closed 2021 in negative territory, climbed by 275 bps to close the year at 2.57%. Non-core EUR rates also saw their spreads rise in addition to rate rises: Italian BTP yields rose by over 350 bps to end the year at 4.71%; the highest yields among G7 countries. UK rates, fed by domestic political uncertainty, saw the greatest volatility of major developed markets but managed to end the year largely in line with peers; up 270 bps to 3.67%. Unsurprisingly, Japan remained something of an outlier with 10Y yields rising by only 35 bps to 0.42% Nonetheless, in the context of the Bank of Japan's yield curve control policy even this relatively modest rise is noteworthy.

Central bank action swiftly followed on the back of rhetoric that had already begun to turn markedly more hawkish at the end of 2021. Beginning in March, the Federal Reserve announced no fewer than 7 rate hikes during the year, for a cumulative rise in the Fed funds rate of 425 bps to 4.5%. While not unprecedented in absolute terms, the steepness of these hikes was indeed exceptional and demonstrated the Fed's commitment to combating inflation. The European Central Bank waited slightly longer to begin its hiking cycle, but in July moved the headline interest rate over 0% for the first time in years. Another three hikes followed this initial lift-off to reach 2.5% by the end of the year.

Given the combination of the war's effects and aggressive central bank tightening, rates investors kept a keen eye on macroeconomic indicators and whether central banks could achieve their aim of controlling inflation. Indeed, while in spring prospects seemed cloudy in the US and grim in Europe, both major blocs' economies have proven more resilient than initially expected by most.

#### Corporate Investment Grade

The new year started with a difficult context for financial markets as investors adjusted to a more hawkish stance from major central banks and geopolitical tensions increased between the West and Russia. The 1st quarter of the year was marked by the geopolitical tensions between the West and Russia, culminating in the Russian invasion of Ukraine. This was followed by historic and record levels of sanctions implemented by most developed countries. The economic damage from the war in Ukraine, and China's covid-zero strategy and rising case numbers in Asia added to the pressure on global supply chains. Raw materials and energy reached exorbitant prices, leading to inflation prints not seen since the eighties. The result was a strong increase in volatility and sharp negative performance in risky assets. Rising inflationary pressures in Europe and the US present additional risks to recovery. The Eurozone, however, continued to lag behind the US as it struggled with supply bottlenecks weighing on manufacturing, coronavirus curbs impacting services and personnel shortages causing wider disruption. Corporate results were well-received overall, especially in the US where the strong run of corporate profitability continued over Q4. Of the companies that had posted results, A major portion (roughly 80%) had met or exceeded expectations.

Turbulence continued in the 2nd quarter as the geopolitical crisis in Ukraine remained a focal point, along with central bank policies considering record inflation prints and China's zero-COVID strategy that disrupted supply chains, leaving market participants to ponder the effects of this toxic cocktail of events on economic growth. High inflation numbers remained a concern for central banks on both sides of the Atlantic, with prints as high as 8.5% in the US, the highest in over four decades, and 7.5% in the eurozone. Hawkish comments from the Fed confirmed expectations of rate hikes of more than 25 bps, while the ECB indicated that a lift-off could happen over the summer of 2022. Overall, although credit markets suffered from the rising yields though fundamentals still appeared resilient, with company results still broadly in line with expectations. Corporate results were scrutinised, with investors fearing eroded margins and lower earnings. However, despite mostly positive guidance and earning releases beating expectations, the markets remained cautious on the outlook.

Throughout the third quarter, the combined theme of tighter monetary policies and stubbornly resilient inflation (and labor markets) weighed heavily on asset returns. Credit markets posted another negative quarter though an extremely volatile one. Despite some temporary relief in July, when markets returned to their previous habits of hoping for a Central Bank pivot that would save the day, the trend remained that of negative credit markets. throughout the quarter. The European Central Bank has clearly communicated to investors that it did not intend to operate a dovish pivot before inflation is under control. The ECB lifted its rates by 50 bps in July and another 75 bps in September, and admitted that inflation will continue to run above target for the next two years and possibly further accelerate. Expectations of a "jumbo" hike had built in the weeks prior to the meeting, as ECB members picked up their hawkish rhetoric. Tensions between Russia and the rest of Europe remained vivid as gas flows continued to decline. While company fundamentals did generally remain strong, with second quarter results indicating no major surprises, we do note that forward guidance and future expectations were towards the downside, with macro slowdown and potential recession being cited as the primary reason for lower potential earnings. In terms of ESG developments, the ECB announced its plan to decarbonize its corporate bond buying program. This included an internal "climate" scoring of eligible issuers through the prism of their backward-looking carbon emissions, as well as forward-looking carbon reduction targets and the quality of their carbon disclosure.



## Report of the Board of Directors

### **FIXED INCOME CONTEXT (continued)**

#### **Corporate Investment Grade (continued)**

The fourth quarter of 2022 saw a strong rally in risk assets, particularly over November, with tentative signs of inflation slowing providing some relief and risk sentiment improving as China hinted at a “new era” in covid measures, away from the draconian zero-covid policy so far. In the US, the economy appeared to hold up well, keeping the door open for the FED to achieve a soft landing. Meanwhile, inflation showed tentative signs of having peaked. However, although headline inflation subsided to about 10% as energy prices cooled, core inflation remains elevated and sticky. The ECB’s Lagarde expressed scepticism about peak inflation, though Schnabel said that “incoming data so far suggest that room for slowing down the pace of interest rate adjustments remains limited”. Corporate results in general were better than feared, and though there are large differences between firms that could pass on their rising input costs to consumers (at the cost of lower volumes) and those that cannot, they are alarmingly like-minded in their gloomy outlooks. Primary markets were very calm around this period because of the blackout period surrounding earnings releases, while secondary markets remain tight and very competitively bid.

Overall, the ICE BofA-Merrill Lynch Euro Corporate index delivered a strong negative performance (-14.17%) over the course of the year. Rise in core rates over the course of the year was a 1st quarter, that impacted IG market performance.

The Board of Directors

Luxembourg, March 30, 2023.



## **Audit report**

To the Shareholders of  
**IndexIQ**

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## **Report on the audit of the financial statements**

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### **Our opinion**

In our opinion, the accompanying financial statements give a true and fair view of the financial position of IndexIQ (the “Fund”) and of each of its sub-funds as at 31 December 2022, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

#### *What we have audited*

The Fund’s financial statements comprise:

- the statement of net assets as at 31 December 2022;
- the statement of changes in net assets for the year then ended;
- the Investment portfolio for each of the sub-funds as at 31 December 2022; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of the EU Regulation No 537/2014.

The non-audit services that we have provided to the Fund, for the year then ended, are disclosed in Note 14 to the financial statements.



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**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

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**Other information**

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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**Responsibilities of the Board of Directors of the Fund for the financial statements**

The Board of Directors of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Fund is responsible for assessing the Fund's and each of its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Fund either intends to liquidate the Fund or close any of its sub-funds or to cease operations, or has no realistic alternative but to do so.

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**Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the financial statements**

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control 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 Fund's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund;
- conclude on the appropriateness of the Board of Directors of the Fund'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 or any of its sub-funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Fund or any of its sub-funds to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

### **Report on other legal and regulatory requirements**

We have been appointed as “Réviseur d’entreprises agréé” of the Fund by the General Meeting of the Shareholders on 20 April 2022 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 6 years.

PricewaterhouseCoopers, Société coopérative  
Represented by

Luxembourg, 6 April 2023

Christelle Crépin



## Statement of net assets as at December 31, 2022

		IndexIQ Factors Sustainable Corporate Euro Bond	IndexIQ Factors Sustainable EMU Equity	IndexIQ Factors Sustainable Europe Equity
		EUR	EUR	EUR
<b>Assets</b>				
Investment portfolio at market value	2c	68,258,051	5,658,032	171,912,025
Cash at bank and broker		990,738	5,546	487,024
Receivable for investments sold		966,078	0	0
Interest and dividends receivable, net		563,623	29,129	729,000
Other assets		0	22,163	103,264
<b>Total assets</b>		<b>70,778,490</b>	<b>5,714,870</b>	<b>173,231,313</b>
<b>Liabilities</b>				
Management fees payable	3	19,235	0	33,832
Operating and Administrative Expenses payable	5	10,488	1,299	22,822
Subscription tax payable	6	3	9	10
Other liabilities		0	0	12,465
<b>Total liabilities</b>		<b>29,726</b>	<b>1,308</b>	<b>69,129</b>
<b>Total net assets</b>		<b>70,748,764</b>	<b>5,713,562</b>	<b>173,162,184</b>



## Statement of net assets as at December 31, 2022

		IndexIQ Factors Sustainable Japan Equity	IndexIQ Factors Sustainable Sovereign Euro Bond	Combined
		EUR	EUR	EUR
<b>Assets</b>				
Investment portfolio at market value	2c	139,591,442	108,591,342	494,010,892
Cash at bank and broker		415,810	2,369,292	4,268,410
Receivable for investments sold		0	0	966,078
Interest and dividends receivable, net		159,242	1,279,183	2,760,177
Other assets		0	0	125,427
<b>Total assets</b>		<b>140,166,494</b>	<b>112,239,817</b>	<b>502,130,984</b>
<b>Liabilities</b>				
Management fees payable	3	38,687	25,203	116,957
Operating and Administrative Expenses payable	5	18,395	14,659	67,663
Subscription tax payable	6	5	25	52
Other liabilities		0	0	12,465
<b>Total liabilities</b>		<b>57,087</b>	<b>39,887</b>	<b>197,137</b>
<b>Total net assets</b>		<b>140,109,407</b>	<b>112,199,930</b>	<b>501,933,847</b>



## Statement of changes in net assets for the year ended December 31, 2022

		IndexIQ Factors Sustainable Corporate Euro Bond	IndexIQ Factors Sustainable EMU Equity	IndexIQ Factors Sustainable Europe Equity
		EUR	EUR	EUR
<b>Net assets at the beginning of the year</b>		<b>83,683,394</b>	<b>11,273,625</b>	<b>213,264,586</b>
<b>Income</b>				
Dividends, net		0	409,160	10,674,422
Interest on bonds and money market instruments, net		1,102,996	0	0
Bank interest		4,662	92	4,046
Other income		310	108	2,739
<b>Total income</b>		<b>1,107,968</b>	<b>409,360</b>	<b>10,681,207</b>
<b>Expenses</b>				
Investment management fees	3	111,442	10,433	224,167
Operating and Administrative Expenses	5	108,112	14,930	326,100
Depositary fees	4	3,257	453	9,866
Subscription tax	6	14	34	41
Transaction costs	2f	0	27,133	784,705
Bank interest		5,354	191	7,248
Other expenses		0	5	11
<b>Total expenses</b>		<b>228,179</b>	<b>53,179</b>	<b>1,352,138</b>
<b>Net income / (loss) from investments</b>		<b>879,789</b>	<b>356,181</b>	<b>9,329,069</b>
Net realised gain / (loss) on sales of investments		(3,517,277)	(225,373)	(16,611,269)
Net realised gain / (loss) on foreign exchange		2	46	1,282,496
<b>Net realised gain / (loss)</b>		<b>(2,637,486)</b>	<b>130,854</b>	<b>(5,999,704)</b>
Change in net unrealised appreciation / depreciation on investments		(5,367,215)	(1,336,310)	(29,184,324)
<b>Net increase / (decrease) in net assets as a result of operations</b>		<b>(8,004,701)</b>	<b>(1,205,456)</b>	<b>(35,184,028)</b>
<b>Evolution of the capital</b>				
Subscriptions of shares		9,971,670	8,885,590	226,800,139
Redemptions of shares		(14,423,249)	(13,240,197)	(231,718,513)
Dividends distributed	7	(478,350)	0	0
<b>Net assets at the end of the year</b>		<b>70,748,764</b>	<b>5,713,562</b>	<b>173,162,184</b>



## Statement of changes in net assets for the year ended December 31, 2022

		IndexIQ Factors Sustainable Japan Equity	IndexIQ Factors Sustainable Sovereign Euro Bond	Combined
		EUR	EUR	EUR
<b>Net assets at the beginning of the year</b>		<b>141,948,972</b>	<b>179,759,142</b>	<b>629,929,719</b>
<b>Income</b>				
Dividends, net		3,721,867	0	14,805,449
Interest on bonds and money market instruments, net		0	2,930,148	4,033,144
Bank interest		593	3,854	13,247
Other income		0	207	3,364
<b>Total income</b>		<b>3,722,460</b>	<b>2,934,209</b>	<b>18,855,204</b>
<b>Expenses</b>				
Investment management fees	3	215,681	78,449	640,172
Operating and Administrative Expenses	5	208,669	225,708	883,519
Depositary fees	4	6,308	6,797	26,681
Subscription tax	6	19	96	204
Transaction costs	2f	45,564	0	857,402
Bank interest		2,851	6,024	21,668
Other expenses		0	59	75
<b>Total expenses</b>		<b>479,092</b>	<b>317,133</b>	<b>2,429,721</b>
<b>Net income / (loss) from investments</b>		<b>3,243,368</b>	<b>2,617,076</b>	<b>16,425,483</b>
Net realised gain / (loss) on sales of investments		3,516,984	(12,958,592)	(29,795,527)
Net realised gain / (loss) on foreign exchange		(6,904,820)	(2)	(5,622,278)
<b>Net realised gain / (loss)</b>		<b>(144,468)</b>	<b>(10,341,518)</b>	<b>(18,992,322)</b>
Change in net unrealised appreciation / depreciation on investments		(8,211,927)	(18,475,883)	(62,575,659)
<b>Net increase / (decrease) in net assets as a result of operations</b>		<b>(8,356,395)</b>	<b>(28,817,401)</b>	<b>(81,567,981)</b>
<b>Evolution of the capital</b>				
Subscriptions of shares		30,257,350	65,186,706	341,101,455
Redemptions of shares		(23,740,520)	(103,611,512)	(386,733,991)
Dividends distributed	7	0	(317,005)	(795,355)
<b>Net assets at the end of the year</b>		<b>140,109,407</b>	<b>112,199,930</b>	<b>501,933,847</b>



## Statistics

## IndexIQ Factors Sustainable Corporate Euro Bond

Name	ISIN	Share type	Currency	Number of shares outstanding	Net asset value per share as at 31.12.2022	Net asset value per share as at 31.12.2021	Net asset value per share as at 31.12.2020
<b>Total net assets</b>			<b>EUR</b>		<b>70,748,764</b>	<b>83,683,394</b>	<b>79,052,897</b>
S	LU1603777555	Capitalisation	EUR	1,500,000.00	0.09	0.10	0.10
UCITS ETF	LU1603790731	Distribution	EUR	3,144,000.00	22.46	25.11	25.56

## IndexIQ Factors Sustainable EMU Equity

Name	ISIN	Share type	Currency	Number of shares outstanding	Net asset value per share as at 31.12.2022	Net asset value per share as at 31.12.2021	Net asset value per share as at 31.12.2020
<b>Total net assets</b>			<b>EUR</b>		<b>5,713,562</b>	<b>11,273,625</b>	<b>13,394,827</b>
S	LU1603778363	Capitalisation	EUR	3,000,000.00	0.12	0.13	0.11
UCITS ETF	LU1603797074	Capitalisation	EUR	181,500.00	29.53	32.82	26.60

## IndexIQ Factors Sustainable Europe Equity

Name	ISIN	Share type	Currency	Number of shares outstanding	Net asset value per share as at 31.12.2022	Net asset value per share as at 31.12.2021	Net asset value per share as at 31.12.2020
<b>Total net assets</b>			<b>EUR</b>		<b>173,162,184</b>	<b>213,264,586</b>	<b>179,330,582</b>
S	LU1603778108	Capitalisation	EUR	3,378,287.00	0.12	0.14	0.11
UCITS ETF	LU1603795458	Capitalisation	EUR	5,561,000.00	31.06	34.92	27.86

## IndexIQ Factors Sustainable Japan Equity

Name	ISIN	Share type	Currency	Number of shares outstanding	Net asset value per share as at 31.12.2022	Net asset value per share as at 31.12.2021	Net asset value per share as at 31.12.2020
<b>Total net assets</b>			<b>EUR</b>		<b>140,109,407</b>	<b>141,948,972</b>	<b>116,763,862</b>
S	LU1603778520	Capitalisation	EUR	1,500,000.00	0.12	0.13	0.12
UCITS ETF	LU1603797587	Capitalisation	EUR	4,565,000.00	30.65	32.55	28.82

## IndexIQ Factors Sustainable Sovereign Euro Bond

Name	ISIN	Share type	Currency	Number of shares outstanding	Net asset value per share as at 31.12.2022	Net asset value per share as at 31.12.2021	Net asset value per share as at 31.12.2020
<b>Total net assets</b>			<b>EUR</b>		<b>112,199,930</b>	<b>179,759,142</b>	<b>172,950,876</b>
S	LU1603777985	Capitalisation	EUR	11,103,984.00	0.09	0.11	0.11
UCITS ETF	LU1603795292	Distribution	EUR	5,115,100.00	21.74	26.33	27.27





## IndexIQ Factors Sustainable Corporate Euro Bond

Investment portfolio as at December 31, 2022

Description	Quantity	Currency	Market value (in EUR)	% net assets
<b>Transferable securities admitted to an official stock exchange listing or dealt in another regulated market</b>				
<b>Bonds</b>				
<b>Australia</b>				
AUSNET SERVICES HOLD 20-30 25/02A	100,000	EUR	76,469	0.11
GOODMAN AUST 1.375 17-25 27/09A	200,000	EUR	183,604	0.26
MACQUARIE GROUP LTD 0.35 20-28 03/12A	100,000	EUR	81,063	0.11
MACQUARIE GROUP LTD 0.943 22-29 19/01A	100,000	EUR	81,076	0.11
NAT.AUST.BK 1.25 16-26 18/05A	400,000	EUR	376,360	0.53
NATIONAL AUSTRALIA 0.25 19-24 20/05A	200,000	EUR	192,421	0.27
NATIONAL AUSTRALIA BK 2.125 22-28 24/05A	200,000	EUR	185,308	0.26
OPTUS FINANCE P 1.0000 19-29 20/06A	100,000	EUR	81,262	0.11
SCENTRE MGMT LTD 2.25 14-24 16/07A	300,000	EUR	291,275	0.41
TELSTRA CORP EMTN 2.50 13-23 15/09A	400,000	EUR	398,008	0.56
TELSTRA CORPORATION 1 20-30 23/04A	100,000	EUR	82,836	0.12
TELSTRA CORPORATION 1.375 19-29 26/03A	200,000	EUR	173,440	0.25
TOYOTA FINANCE 0.2500 19-24 09/04A	100,000	EUR	96,268	0.14
TOYOTA FINANCE AUSTR 2.004 20-24 21/04A	400,000	EUR	390,419	0.55
TRANSURBAN FINANCE 1.75 17-28 29/03A	269,000	EUR	237,474	0.34
WESFARMERS LTD 0.954 21-33 21/10A	100,000	EUR	72,238	0.10
WESTPAC BANKING 1.125 17-27 05/09A	100,000	EUR	88,980	0.13
WESTPAC BANKING 1.45 18-28 17/07A	200,000	EUR	177,278	0.25
WESTPAC BANKING CORP 0.75 18-23 17/10A	200,000	EUR	196,782	0.28
			<b>3,462,561</b>	<b>4.89</b>
<b>Austria</b>				
ERSTE GROUP BANK AG 0.875 20 27 13/05A	300,000	EUR	262,936	0.37
			<b>262,936</b>	<b>0.37</b>
<b>Belgium</b>				
BELFIUS BANQUE SA/NV 0.01 20-25 15/10A	200,000	EUR	181,850	0.26
BELFIUS BANQUE SA/NV 0.375 21-27 08/06A	400,000	EUR	345,086	0.49
COFINIMMO SA 0.875 20-30 02/12A	100,000	EUR	72,467	0.10
KBC GROUPE SA 19-24 25/01A	300,000	EUR	294,043	0.42
PROXIMUS 2.375 14-24 01/04A	800,000	EUR	788,920	1.12
			<b>1,682,366</b>	<b>2.38</b>
<b>Canada</b>				
BANK OF MONTREAL 2.75 22-27 15/06A	300,000	EUR	283,845	0.40
BANK OF NOVA SCOTIA 0.5 19-24 30/04A	300,000	EUR	288,531	0.41
ROYAL BANK OF CANADA 0.125 19-24 23/07A	400,000	EUR	381,240	0.54
ROYAL BANK OF CANADA 2.125 22-29 26/04A	200,000	EUR	178,543	0.25
TORONTO DOMINION BANK 0.375 19-24 25/04A	500,000	EUR	481,201	0.68
TORONTO DOMINION BK 1.952 22-30 08/04A	100,000	EUR	86,259	0.12
TORONTO-DOMINIO 3.1290 22-32 03/08A	200,000	EUR	182,564	0.26
			<b>1,882,183</b>	<b>2.66</b>
<b>Denmark</b>				
AP MOLLER MAERSK 1.75 18-26 16/03A	500,000	EUR	468,899	0.66
ISS GLOBAL A/S 2.125 14-24 02/12A	100,000	EUR	96,928	0.14
NOVO NORDISK FINANCE 0 21-24 04/06U	600,000	EUR	573,402	0.81
			<b>1,139,229</b>	<b>1.61</b>
<b>Finland</b>				
FORTUM CORP 1.625 19-26 27/02A	100,000	EUR	92,611	0.13
UPM-KYMMENE CORP 0.125 20-28 19/11A	200,000	EUR	161,766	0.23
			<b>254,377</b>	<b>0.36</b>
<b>France</b>				
ALD SA 4.0000 22-27 05/07A	100,000	EUR	99,983	0.14
AXA SA 5.125 13-43 04/07A	194,000	EUR	195,013	0.28
BFCM BQUE FED CRED MUT 0.01 21-25 07/03A	100,000	EUR	92,479	0.13
BNP PARIBAS 1.50 17-25 17/11A	200,000	EUR	188,644	0.27
BNP PARIBAS 2.875 13-23 26/09A	500,000	EUR	500,050	0.71
BNP PARIBAS SA 0.25 21-27 13/04A	100,000	EUR	87,275	0.12

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## IndexIQ Factors Sustainable Corporate Euro Bond

Investment portfolio as at December 31, 2022

Description	Quantity	Currency	Market value (in EUR)	% net assets
BOUYGUES 1.375 16-27 07/06A	100,000	EUR	90,774	0.13
BPCE 0.6250 18-23 26/09A	100,000	EUR	98,401	0.14
BPCE S.A. 0.25 20-26 15/01A	100,000	EUR	90,323	0.13
BPCE S.A. 0.625 20-25 28/04A	100,000	EUR	93,359	0.13
CARREFOUR SA 0.75 16-24 26/04A	200,000	EUR	193,102	0.27
CARREFOUR SA 1.0000 19-27 17/05A	100,000	EUR	88,600	0.13
CARREFOUR SA 1.875 22-26 30/10A	100,000	EUR	93,318	0.13
CARREFOUR SA 2.625 20-27 01/04A	100,000	EUR	94,583	0.13
CM ARKEA 1.25 17-24 31/05A	100,000	EUR	96,849	0.14
COVIVIO SA 1.625 20-30 23/06A	100,000	EUR	84,682	0.12
CREDIT MUTUEL ARKEA 0.375 19-28 03/10A	100,000	EUR	81,408	0.12
DASSAULT SYSTEM 0.1250 19-26 16/09A	400,000	EUR	355,648	0.50
EDENRED SA 1.375 15-25 10/03A	200,000	EUR	190,209	0.27
FONCIERE DES REGIO 1.50 17-27 21/06A	100,000	EUR	89,648	0.13
ICADE SANTE SAS 1.375 20-30 17/09A	100,000	EUR	72,907	0.10
JC DECAUX 1.00 16-23 01/06A	100,000	EUR	99,184	0.14
KERING 1.2500 22-25 05/05A	100,000	EUR	95,671	0.14
KERING SA 0.25 20-23 13/05A	200,000	EUR	198,464	0.28
KLEPIERRE 0.625 19-30 01/07A	100,000	EUR	73,023	0.10
LA POSTE 0.3750 19-27 17/09A	100,000	EUR	85,551	0.12
LA POSTE 0.625 21-36 18/01A	100,000	EUR	64,823	0.09
LVMH MOET HENNE 0.0000 20-26 11/02U	100,000	EUR	91,113	0.13
LVMH MOET HENNESSY 0.125 20-28 11/02A	100,000	EUR	86,051	0.12
LVMH MOET HENNESSY L 0 20-24 11/02U	200,000	EUR	194,325	0.27
PUBLICIS GROUP 0.50 16-23 03/11A	200,000	EUR	196,045	0.28
SANOFI SA 1 20-25 30/03A	600,000	EUR	573,828	0.81
SCHNEIDER ELECTRIC SE 0.25 16-24 09/09A	400,000	EUR	380,085	0.54
SOCIETE DES AUTOROUTE 1.375 19-31 21/02A	100,000	EUR	84,784	0.12
SOCIETE GENERALE 1.125 18-25 23/01A	100,000	EUR	94,673	0.13
SODEXHO 2.50 14-26 24/06A	300,000	EUR	290,537	0.41
STE FONCIERE LYONNAISE 1.50 18-25 29/05A	100,000	EUR	92,855	0.13
STELLANTIS 2.75 20-26 15/05A	100,000	EUR	95,720	0.14
UNIBAIL RODAMCO 1.0000 19-27 27/02A	300,000	EUR	260,919	0.37
UNIBAIL-RODAMCO SE 1.125 18-25 15/09A	100,000	EUR	91,995	0.13
VALEO SA 1.625 16-26 18/03A	200,000	EUR	179,562	0.25
WPP FINANCE SA EMTN 2.25 14-26 22/09A	104,000	EUR	98,164	0.14
			<b>6,404,627</b>	<b>9.05</b>
<b>Germany</b>				
COMMERZBANK AG 0.5000 18-23 28/08A	100,000	EUR	98,561	0.14
COMMERZBANK AG 0.875 20-27 22/01A	300,000	EUR	256,655	0.36
COMMERZBANK AG 1.00 19-26 25/02A	300,000	EUR	275,293	0.39
COMMERZBANK AG 4.00 16-26 23/03A	100,000	EUR	97,307	0.14
CONTINENTAL AG 0.00 19-23 05/09U	100,000	EUR	98,008	0.14
CONTINENTAL AG 0.375 19-25 27/06A	400,000	EUR	369,682	0.52
CONTINENTAL AG 2.5 20-26 27/05A	200,000	EUR	191,822	0.27
COVESTRO AG 1.375 20-30 12/06A	300,000	EUR	239,295	0.34
DAIMLER AG 2 20-26 22/05A	100,000	EUR	95,644	0.14
DEUTSCHE BAHN FINANC 0.5 20-27 09/04A	500,000	EUR	445,540	0.63
DEUTSCHE BOERSE AG 0.125 21-31 22/02A	600,000	EUR	458,299	0.65
DEUTSCHE BOERSE AG 1.625 15-25 08/10A	600,000	EUR	583,513	0.82
DEUTSCHE POST AG 0.75 20-29 20/05A	200,000	EUR	171,842	0.24
DEUTSCHE TELEKOM AG 0.50 19-27 05/07A	300,000	EUR	266,079	0.38
DEUTSCHE TELEKOM AG 1.375 19-34 05/07A	100,000	EUR	76,961	0.11
DEUTSCHE WOHNEN SE 1.5 20-30 30/04A	200,000	EUR	155,615	0.22
HANNOVER RUECK SE 1.125 18-28 18/04A	200,000	EUR	174,956	0.25
HENKEL AG AND CO.KGAA 0.5 21-32 17/11A	300,000	EUR	228,424	0.32
INFINEON TECHNO 0.7500 20-23 24/06A	300,000	EUR	297,093	0.42
KNORR-BREMSE AG 1.1250 18-25 13/06A	200,000	EUR	190,444	0.27

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## IndexIQ Factors Sustainable Corporate Euro Bond

Investment portfolio as at December 31, 2022

Description	Quantity	Currency	Market value (in EUR)	% net assets
LEG IMMOBILIEN 1.25 17-24 23/01A	200,000	EUR	192,800	0.27
METRO AG 1.50 15-25 19/03A	200,000	EUR	193,704	0.27
MUNICH REINSURANCE C 1.25 20-41 23/09A	100,000	EUR	74,474	0.11
VOLKSWAGEN LEASING G 0.00 21-24 19/05U	100,000	EUR	93,871	0.13
			<b>5,325,882</b>	<b>7.53</b>
<b>Ireland</b>				
CCEP FINANCE (IRELAN 0.5 21-29 06/05A	200,000	EUR	161,892	0.23
CLOVERIE PLC ZURICH 1.50 18-28 15/12A	200,000	EUR	174,248	0.25
CLOVERIE PLC ZURICH 1.75 14-24 16/09A	200,000	EUR	193,318	0.27
DELL BANK INTL DAC 1.625 20-24 24/06A	300,000	EUR	289,261	0.41
FCA BANK SPA 0.00 21-24 16/04U	100,000	EUR	95,158	0.13
FCA BANK SPA 0.50 19-24 13/09A	100,000	EUR	94,147	0.13
JOHNSON CONTROLS 1.00 17-23 15/09A	200,000	EUR	197,095	0.28
			<b>1,205,119</b>	<b>1.70</b>
<b>Italy</b>				
ACEA SPA 2.625 14-24 15/07A	200,000	EUR	195,890	0.28
FERROVIE DELLO STA 3.36 17-25 27/06A	200,000	EUR	187,616	0.27
INTESA SANPAOLO 2.1250 20-25 26/05A	150,000	EUR	143,444	0.20
MEDIOBANCA - BANCA D 1.125 20-25 23/01A	200,000	EUR	188,278	0.27
MEDIOBANCA-BCA CREDITO 1.6 19-24 25/01A	500,000	EUR	499,287	0.71
POSTE ITALIANE SPA 0.50 20-28 10/12A	200,000	EUR	154,366	0.22
UNICREDIT SPA 0.325 21-26 19/01A	150,000	EUR	133,035	0.19
			<b>1,501,916</b>	<b>2.12</b>
<b>Japan</b>				
EAST JAPAN RAIL 1.1040 21-39 15/09A	100,000	EUR	64,692	0.09
EAST JAPAN RAILWAY 1.85 22-33 13/04A/04A	100,000	EUR	82,986	0.12
MIZUHO FINANCIAL GRO 0.797 20-30 14/01A	200,000	EUR	157,580	0.22
MIZUHO FINANCIAL GRO 1.631 22-27 08/04A	100,000	EUR	90,491	0.13
MIZUHO FINANCIAL GRP 0.214 20-25 07/10A	100,000	EUR	91,256	0.13
NTT FINANCE CORP 0.01 21-25 03/03A	400,000	EUR	370,969	0.52
NTT FINANCE CORP 0.082 21-25 13/12A	200,000	EUR	181,138	0.26
NTT FINANCE CORP 0.342 21-30 03/03A	100,000	EUR	78,736	0.11
SUMITOMO MITSUI FINL 0.303 20-27 28/10A	500,000	EUR	417,882	0.59
TAKEDA PHARMACEUTICA 1 20-29 09/07A	200,000	EUR	167,885	0.24
TAKEDA PHARMACEUTICA 1.375 20-32 09/07A	100,000	EUR	78,971	0.11
TAKEDA PHARMACEUTICA 2 20-40 09/07A	100,000	EUR	70,934	0.10
			<b>1,853,520</b>	<b>2.62</b>
<b>Jersey</b>				
SWISS RE FINANCE UK 1.375 16-23 27/05A	200,000	EUR	198,735	0.28
WPP FINANCE SA 3.00 13-23 20/11A	100,000	EUR	99,870	0.14
			<b>298,605</b>	<b>0.42</b>
<b>Luxembourg</b>				
AQUARIUS INVESTMENTS 4.25 13-42 02/10A	100,000	EUR	100,000	0.14
CHINA CONSTRUCTION BAN 0.00 21-24 22/04U	200,000	EUR	190,828	0.27
COMPASS GROUP 0.625 17-24 03/07A	400,000	EUR	384,383	0.54
DH EUROPE FIN 0.20 19-26 18/03A	300,000	EUR	270,606	0.38
DH EUROPE FIN 0.45 19-28 18/03A	100,000	EUR	85,266	0.12
DH EUROPE FIN 0.75 19-31 18/09A	200,000	EUR	156,040	0.22
GRAND CITY PROPERTIES 1.375 17-26 03/08A	100,000	EUR	79,890	0.11
GRAND CITY PROPERTIES 1.50 -49 31/12A	100,000	EUR	41,330	0.06
INTESA SANPAOLO 1.375 17-24 18/01A	300,000	EUR	294,936	0.42
JOHN DEERE CASH 1.6500 19-39 13/06A	100,000	EUR	74,684	0.11
NESTLE FINANCE INTER 1.5 20-30 01/04A	200,000	EUR	176,774	0.25
NESTLE FINANCE INTL 1.75 17-37 02/11A	450,000	EUR	359,721	0.51
NOVARTIS 1.625 14-26 09/11A	300,000	EUR	282,560	0.40
NOVARTIS FINANCE S 1.125 17-27 30/09A	100,000	EUR	90,518	0.13
NOVARTIS FINANCE SA 0 20-28 23/09U	300,000	EUR	248,006	0.35
RICHEMONT INTERNATIO 1.125 20-32 26/05A	100,000	EUR	81,154	0.11
RICHEMONT INTL HLDG 1 18-26 26/03A	100,000	EUR	93,274	0.13

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## IndexIQ Factors Sustainable Corporate Euro Bond

Investment portfolio as at December 31, 2022

Description	Quantity	Currency	Market value (in EUR)	% net assets
SIMON INTERNATIONAL 1.125 21-33 19/03A	100,000	EUR	72,078	0.10
TRATON FINANCE LUXEM 0 21-24 14/06U	100,000	EUR	94,263	0.13
WHIRLPOOL EMEA FINAN 0.5 20-28 21/02A	100,000	EUR	82,590	0.12
			<b>3,258,901</b>	<b>4.61</b>
<b>Mexico</b>				
AMERICA MOVIL 2.125 16-28 10/03A	100,000	EUR	91,886	0.13
FOMENTO ECONOMIC MEX 0.5 21-28 28/05A	100,000	EUR	81,492	0.12
			<b>173,378</b>	<b>0.25</b>
<b>Netherlands</b>				
ABN AMRO BANK 0.875 19-24 15/01A	500,000	EUR	490,120	0.69
ABN AMRO BANK REGS 1.00 15-25 16/04A	500,000	EUR	478,672	0.68
ADECCO INT FINA 0.1250 21-28 21/09A	150,000	EUR	121,732	0.17
ADECCO INTERNATIONAL 16-24 02/12A	100,000	EUR	95,690	0.14
AKZO NOBEL NV 1.625 20-30 14/04A	100,000	EUR	85,771	0.12
AKZO NOBEL NV 1.75 14-24 07/11A	100,000	EUR	97,759	0.14
ALLIANDER N.V. 0.375 20-30 10/06A	200,000	EUR	158,874	0.22
ALLIANZ FINANCE II BV 0.5 20-31 14/01A	200,000	EUR	158,420	0.22
ASML HOLDING NV 1.375 16-26 07/07S	300,000	EUR	281,837	0.40
BMW FINANCE NV 0 21-26 11/01U	200,000	EUR	181,580	0.26
BMW FINANCE NV 0.375 18-23 10/07A	100,000	EUR	98,908	0.14
BMW FINANCE NV 0.6250 19-23 06/10A	300,000	EUR	294,960	0.42
BMW FINANCE NV 1.00 18-24 14/11A	200,000	EUR	192,353	0.27
CRH FINANCE 1.375 16-28 18/10A	200,000	EUR	175,554	0.25
DEUT TELEKOM INT FIN 0.875 17-24 30/01A	400,000	EUR	391,150	0.55
EDP FINANCE 2.00 15-25 22/04A	100,000	EUR	96,271	0.14
ENEL FINANCE IN 0.00 21-26 28/05U	100,000	EUR	87,955	0.12
EURONEXT NV 1 18-25 18/04A	100,000	EUR	93,820	0.13
IBERDROLA INTL BV 1.45 21-99 31/12A	100,000	EUR	84,723	0.12
KONINKLIJKE AHOLD DE 1.75 20-27 02/04A	200,000	EUR	185,608	0.26
MONDELEZ INTL HLDINGS 1.25 21-41 09/09A	100,000	EUR	62,473	0.09
NN GROUP NV 1.625 17-27 01/06A	400,000	EUR	361,500	0.51
RABOBANK REGS 2256A 4.125 10-25 14/07A	400,000	EUR	409,478	0.58
ROCHE HOLDINGS REGS 0.875 15-25 25/02A	500,000	EUR	482,834	0.68
ROYAL SCHIPHOL GROUP 0.375 20-27 08/09A	200,000	EUR	169,710	0.24
SIEMENS FIN NV 1.3750 18-30 06/09A	200,000	EUR	174,074	0.25
SIEMENS FIN NV 2.875 13-28 10/03A	200,000	EUR	196,105	0.28
SIEMENS FINANCIERING 0.375 18-23 06/09A	200,000	EUR	197,398	0.28
STELLANTIS N.V. 0.625 21-27 30/03A	200,000	EUR	172,580	0.24
STELLANTIS N.V. 3.875 20-26 07/07A	100,000	EUR	99,400	0.14
UNILEVER NV 1.125 16-28 29/04A	100,000	EUR	89,541	0.13
VESTAS WIND SYS 1.5000 22-29 15/06A	100,000	EUR	87,264	0.12
VOLKSWAGEN FINANCE F.LR 22-99 31/12A	100,000	EUR	81,372	0.12
VOLKSWAGEN INTL FIN 1.875 17-27 30/03A	200,000	EUR	180,004	0.25
WPC EUROBOND BV 1.350 19-28 15/04A	100,000	EUR	83,015	0.12
			<b>6,698,505</b>	<b>9.47</b>
<b>Norway</b>				
NORSK HYDRO ASA 1.125 19-25 11/04A	200,000	EUR	186,736	0.26
SPAREBANK 1 OSTLANDE 1.75 22-27 27/04A	200,000	EUR	181,562	0.26
STATKRAFT 1.125 17-25 20/03A	100,000	EUR	94,777	0.13
TELENOR ASA 0.25 20-28 14/02A	100,000	EUR	83,838	0.12
			<b>546,913</b>	<b>0.77</b>
<b>Portugal</b>				
BC PORTUGUES 1.125 21/27 12/02A	100,000	EUR	81,375	0.12
			<b>81,375</b>	<b>0.12</b>
<b>Spain</b>				
AMADEUS IT GROUP 0.875 18-23 18/09A	100,000	EUR	98,306	0.14
BANCO BILBAO VIZCAYA 1.00 19-26 21/06A	100,000	EUR	91,265	0.13
BANCO BILBAO VIZCAYA 3.50 17-27 10/02A	200,000	EUR	194,716	0.28
BANCO DE SABADELL SA 1.125 19-25 27/03A	400,000	EUR	365,725	0.52

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## IndexIQ Factors Sustainable Corporate Euro Bond

Investment portfolio as at December 31, 2022

Description	Quantity	Currency	Market value (in EUR)	% net assets
BANCO DE SABADELL SA 1.75 19-24 10/05A	300,000	EUR	288,579	0.41
BANKINTER SA 0.625 20-27 06/02A	300,000	EUR	252,583	0.36
FERROVIAL EMISIONES 0.54 20-28 12/11A	200,000	EUR	157,207	0.22
FERROVIAL REGS 1.375 17-25 31/03A	300,000	EUR	282,026	0.40
MERLIN PROPERTIES 1.875 19-34 04/12A	100,000	EUR	69,204	0.10
MERLIN PROPERTIES SO 1.375 21-30 01/06A	100,000	EUR	77,031	0.11
			<b>1,876,642</b>	<b>2.65</b>
<b>Sweden</b>				
ELECTROLUX AB 1.00 22-30 16/05A	100,000	EUR	87,106	0.12
ESSITY AB 1.125 17-24 27/03A	300,000	EUR	291,484	0.41
ESSITY AB 1.625 17-27 30/03A	100,000	EUR	91,634	0.13
SBAB BANK AB 1.875 22-25 10/12AA	100,000	EUR	95,284	0.13
SKANDINAVISKA ENSKIL 0.25 20-23 19/05A	100,000	EUR	99,198	0.14
SVENSKA HANDELS 0.1250 21-26 03/11A	800,000	EUR	700,672	0.99
SWEDBANK AB 0.25 21-26 02/11A	100,000	EUR	87,435	0.12
TELE2 AB 2.1250 18-28 15/05A	200,000	EUR	180,402	0.25
TELIA COMPANY AB 3.00 12-27 07/09A	200,000	EUR	194,002	0.27
			<b>1,827,217</b>	<b>2.58</b>
<b>United Arab Emirates</b>				
BANK OF ABU DHABI 1.625 22-27 07/04A	100,000	EUR	91,368	0.13
EMIRATES TELECOMMUNI 0.875 21-33 17/05A	100,000	EUR	73,843	0.10
FIRST ABU DHABI BANK 0.125 21-26 16/02A	100,000	EUR	89,234	0.13
			<b>254,445</b>	<b>0.36</b>
<b>United Kingdom</b>				
ANZ NEW ZEALAND 1.125 18-25 20/03A	200,000	EUR	190,388	0.27
ASTRAZENECA PLC 0.375 21-29 03/06A	200,000	EUR	165,236	0.23
AVIVA PLC 3.375 15-45 04/12A	100,000	EUR	93,948	0.13
B SKY B GROUP 2.50 14-26 15/09A	200,000	EUR	192,122	0.27
CREDIT AGRICOLE LDN 1.25 16-26 14/04A	200,000	EUR	185,400	0.26
CREDIT AGRICOLE LDN 1.375 17-27 03/05A	100,000	EUR	90,445	0.13
DS SMITH PLC 1.375 17-24 26/07A	200,000	EUR	193,054	0.27
INFORMA PLC 2.125 20-25 06/10A	100,000	EUR	94,940	0.13
LLOYDS BANK PLC 1.25 15-25 13/01A	300,000	EUR	286,137	0.40
LONDON STOCK EX 1.7500 18-27 06/12A	200,000	EUR	184,244	0.26
MONDI FINANCE 1.50 16-24 15/04A	200,000	EUR	194,630	0.28
NATIONWIDE BUILDING SO 0.25 21-28 14/09A	100,000	EUR	80,265	0.11
NATWEST MARKETS PLC 1 19-24 28/05A	100,000	EUR	96,407	0.14
NATWEST MARKETS PLC 2 22-25 27/08A	100,000	EUR	95,038	0.13
RENTOKIL INITIAL PLC 0.5 20-28 14/10A	100,000	EUR	81,716	0.12
SKY REGS 2.25 15-25 17/11A	300,000	EUR	288,551	0.41
SSE PLC FL.R 22-XX 21/04A	100,000	EUR	90,982	0.13
VODAFONE GROUP PLC 1.75 16-23 25/08A	100,000	EUR	99,387	0.14
WESTPAC SECURITIES 1.099 22-26 24/03A	200,000	EUR	182,361	0.26
WESTPAC SECURITIES N 0.1 21-27 13/07A	100,000	EUR	82,968	0.12
			<b>2,968,219</b>	<b>4.20</b>
<b>United States of America</b>				
3M EMTN 1.75 15-30 15/05A	300,000	EUR	268,697	0.38
AMERICAN HONDA FINAN 0.3 21-28 09/07A	300,000	EUR	248,151	0.35
AMERICAN INTL GRP 1.875 17-27 21/06A	300,000	EUR	270,384	0.38
AMERICAN TOWER 1.95 18-26 22/05U	100,000	EUR	92,496	0.13
AMGEN INC 2.00 16-26 25/02A	200,000	EUR	190,762	0.27
APPLE INC 0.5 19-31 15/11A	200,000	EUR	158,803	0.22
APPLE INC 1.375 15-24 17/01A	400,000	EUR	396,564	0.56
APPLE INC 1.375 17-29 24/05A	620,000	EUR	553,805	0.78
APPLE INC 1.625 14-26 10/11A	900,000	EUR	854,046	1.21
APPLE INC 2.00 15-27 17/09A	300,000	EUR	285,693	0.40
ARVAL SERVICE L 0.8750 22-25 17/02A	200,000	EUR	188,158	0.27
AT&T INC 1.6 20-28 27/05A	200,000	EUR	177,434	0.25
AT&T INC 2.40 14-24 15/03A	100,000	EUR	98,719	0.14

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## IndexIQ Factors Sustainable Corporate Euro Bond

Investment portfolio as at December 31, 2022

Description	Quantity	Currency	Market value (in EUR)	% net assets
AT&T INC 3.15 17-36 04/09A	100,000	EUR	86,314	0.12
AT&T INC 3.50 13-25 17/12A	700,000	EUR	705,450	1.00
AT&T INC 3.55 12-32 17/12A	100,000	EUR	94,585	0.13
BANK OF AMERICA CORP 0.75 16-23 26/07A	300,000	EUR	296,909	0.42
BAXTER INTERNATIONAL 0.40 19-24 15/05A	200,000	EUR	191,919	0.27
BK AMERICA F.LR 22-23 27/04A	100,000	EUR	87,355	0.12
BK AMERICA F.LR 22-26 27/10A	500,000	EUR	469,212	0.66
BOOKING HOLDINGS INC 0.1 21-25 08/03A	200,000	EUR	184,952	0.26
BRISTOL MYERS SQUIBB 1.00 15-25 15/05A	400,000	EUR	379,270	0.54
CAPITAL ONE FIN 1.65 19-29 12/06A	100,000	EUR	79,638	0.11
CHUBB INA HOLDINGS 1.40 19-31 15/06A	100,000	EUR	79,804	0.11
CHUBB INA HOLDINGS 1.55 18-28 15/03A	200,000	EUR	176,468	0.25
CITIGROUP INC 1.25 19-29 10/04A	200,000	EUR	167,378	0.24
CITIGROUP INC 1.625 18-28 21/03A	100,000	EUR	88,522	0.13
COLGATE-PALMOLIVE CO 0.875 19-29 12/11S	100,000	EUR	68,586	0.10
COLGATE-PALMOLIVE CO 1.375 19-34 06/03A	200,000	EUR	163,146	0.23
COMCAST CORP 0.25 20-27 20/05A	200,000	EUR	172,211	0.24
COMCAST CORP 0.7500 20-32 20/02A	200,000	EUR	152,042	0.21
COMCAST CORP 1.2500 20-40 20/02A	100,000	EUR	67,325	0.10
DOVER CORP 1.25 16-26 09/11	100,000	EUR	90,527	0.13
ECOLAB INC 1.00 16-24 15/01A	100,000	EUR	98,135	0.14
ECOLAB INC 2.625 15-25 08/07A	200,000	EUR	195,770	0.28
ELI LILLY 1.625 15-26 02/06A	155,000	EUR	146,039	0.21
EQUINIX INC 1 21-33 10/03A	100,000	EUR	72,618	0.10
FEDEX CORP 0.45 19-25 05/08A	200,000	EUR	185,563	0.26
FEDEX CORP 1.625 16-27 11/01A	149,000	EUR	137,304	0.19
FISERV INC 1.125 19-27 01/07A	400,000	EUR	354,916	0.50
FISERV INC 1.625 19-30 01/07A	200,000	EUR	165,420	0.23
ILLINOIS TOOL WORKS 0.25 19-24 05/12A	100,000	EUR	94,327	0.13
INTL FLAVORS & FRAG 1.80 18-26 25/09A	100,000	EUR	91,039	0.13
KELLOGG CO 1.00 16-24 17/05A	148,000	EUR	143,728	0.20
KIMBERLY CLARK 0.625 17-24 07/09A	300,000	EUR	287,310	0.41
KRAFT HEINZ FOODS CO 2.25 16-28 25/05A	200,000	EUR	183,550	0.26
LIBERTY MUTUAL GROUP 2.75 16-26 04/05A	200,000	EUR	190,138	0.27
MARSH & MCLENNA 1.9790 19-30 21/03A	100,000	EUR	85,394	0.12
MASTERCARD INC 1.00 22-29 22/02A	700,000	EUR	606,823	0.86
MERCK & CO 2.50 14-34 15/10A	200,000	EUR	180,995	0.26
MERCK & CO INC 1.375 16-36 02/11A	100,000	EUR	77,070	0.11
METROPOLITAN LIFE G F 1.75 22-25 25/05A	100,000	EUR	96,077	0.14
METROPOLITAN LIFE GL 0.55 20-27 16/06A	300,000	EUR	263,163	0.37
MICROSOFT CORP 3.125 13-28 06/12A	500,000	EUR	513,100	0.73
MOODY'S CORP 0.95 19-30 25/02A	100,000	EUR	81,823	0.12
MORGAN STANLEY 1.875 17-27 27/04A	100,000	EUR	91,061	0.13
NASDAQ INC 1.7500 19-29 28/03A	100,000	EUR	86,800	0.12
PARKER HANNIFIN CORP 1.125 17-25 01/03A	100,000	EUR	94,960	0.13
PEPSICO INC 0.875 16-28 18/07A	100,000	EUR	87,164	0.12
PEPSICO INC 0.8750 19-39 16/10A	350,000	EUR	229,781	0.32
PPG INDUSTRIES INC 2.75 22-29 01/06A	100,000	EUR	92,979	0.13
PROCTER & GAMBL 0.3500 21-30 05/05A	100,000	EUR	81,627	0.12
PROCTER & GAMBLE CO 1.125 15-23 02/11	385,000	EUR	380,226	0.54
PROCTER & GAMBLE CO 4.875 07-27 11/05A	1,000,000	EUR	1,071,552	1.51
PROLOGIS EURO F 1.0000 22-29 08/02A	200,000	EUR	165,050	0.23
PROLOGIS EURO FINANCE 0.5 21-32 16/02A	200,000	EUR	141,848	0.20
PROLOGIS EURO FINANCE 1.875 18-29 05/01A	200,000	EUR	174,826	0.25
PUBLIC STORAGE INC 0.5 21-30 09/09A	100,000	EUR	75,166	0.11
TOYOTA MOTOR 0.625 17-24 21/11A	200,000	EUR	189,903	0.27
TOYOTA MOTOR CREDIT 0.25 20-26 16/01A	700,000	EUR	627,997	0.89
UNITED PARCEL 1.50 17-32 15/11A	158,000	EUR	128,310	0.18

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## IndexIQ Factors Sustainable Corporate Euro Bond

Investment portfolio as at December 31, 2022

Description	Quantity	Currency	Market value (in EUR)	% net assets
UNITED PARCEL 1.625 15-25 15/11A	600,000	EUR	574,784	0.81
UNITED PARCEL SERVICE 0.375 17-23 15/11A	100,000	EUR	98,072	0.14
US BANCORP 0.85 17-24 07/06A	150,000	EUR	144,830	0.20
VERIZON COMM 3.25 14-26 17/02A	500,000	EUR	493,127	0.70
VERIZON COMMUNICATIO 0.375 21-29 22/03A	200,000	EUR	161,251	0.23
VERIZON COMMUNICATION 0.875 16-25 02/04A	200,000	EUR	188,378	0.27
VERIZON COMMUNICATION 1.625 14-24 01/03A	600,000	EUR	587,906	0.83
VERIZON COMMUNICATION 2.625 14-31 01/12A	400,000	EUR	359,080	0.51
VISA INC 2.3750 22-34 15/06A	147,000	EUR	129,389	0.18
WAL MART INC 2.55 14-26 08/04A	500,000	EUR	491,264	0.69
WALGREENS BOOTS 2.125 14-26 20/11A	400,000	EUR	369,920	0.52
WAL-MART STORES INC 4.875 09-29 21/09A	200,000	EUR	217,419	0.31
			<b>19,370,297</b>	<b>27.38</b>
<b>Virgin Islands (UK)</b>				
SWISS LIFE FINANCE 0.5 21-31 15/09A	200,000	EUR	141,784	0.20
			<b>141,784</b>	<b>0.20</b>
<b>Total bonds</b>			<b>62,470,997</b>	<b>88.30</b>
<b>Floating rate notes</b>				
<b>Denmark</b>				
JYSKE BANK DNK FL.R 21-26 02/09A	100,000	EUR	87,780	0.12
			<b>87,780</b>	<b>0.12</b>
<b>France</b>				
AXA SA FL.R 18-49 28/05A	100,000	EUR	88,612	0.13
AXA SA FL.R 22-42 10/07A	100,000	EUR	74,162	0.10
SOCIETE GENERALE FL.R 18-28 23/02A	100,000	EUR	98,937	0.14
SUEZ FL.R 17-XX 19/04A	100,000	EUR	96,920	0.14
SUEZ FL.R 19-XX XX/XXA	100,000	EUR	86,000	0.12
			<b>444,631</b>	<b>0.63</b>
<b>Germany</b>				
ALLIANZ SE FL.R 15-45 07/07A	200,000	EUR	186,620	0.26
ALLIANZ SE FL.R 20-50 22/05A	100,000	EUR	80,711	0.11
MUNICH RE FL.R 18-49 26/05A	200,000	EUR	178,742	0.25
TALANX AG FL.R 17-47 05/12A	100,000	EUR	85,495	0.12
TALANX AG FL.R 21-42 01/12A	100,000	EUR	72,059	0.10
			<b>603,627</b>	<b>0.85</b>
<b>Hong Kong</b>				
AIA GROUP LTD FL.R 21-33 09/09A	339,000	EUR	262,467	0.37
			<b>262,467</b>	<b>0.37</b>
<b>Ireland</b>				
AIB GROUP PLC FL.R 22-28 04/04A	100,000	EUR	89,219	0.13
BANK OF IRELAND GRP FL.R 19-25 25/11A	400,000	EUR	374,111	0.53
ZURICH FIN IRELAND FL.R 20-50 17/09A	100,000	EUR	78,800	0.11
			<b>542,130</b>	<b>0.77</b>
<b>Italy</b>				
ASSICURAZ GENERALI FL.R 16-48 08/06A	200,000	EUR	198,493	0.28
UNICREDIT SPA FL.R 20-26 20/01A	750,000	EUR	694,393	0.98
			<b>892,886</b>	<b>1.26</b>
<b>Netherlands</b>				
ALLIANZ SE FL.R 14-24 19/08A	100,000	EUR	96,450	0.14
ELM BV FL.R 15-XX 01/09A	100,000	EUR	92,565	0.13
ING GROEP NV FL.R 21-25 29/11A	100,000	EUR	92,618	0.13
ING GROEP NV FL.R 22-26 23/05A	100,000	EUR	95,170	0.13
TENNET HOLDING BV FL.R 17-49 12/04A	100,000	EUR	97,000	0.14
TENNET HOLDING BV FL.R 20-XX 22/10A	100,000	EUR	91,937	0.13
VOLKSWAGEN INTL FIN FL.R 14-26 24/03A	100,000	EUR	94,601	0.13
VOLKSWAGEN INTL FIN FL.R 20-XX 17/06A	200,000	EUR	184,750	0.26
VOLKSWAGEN INTL FIN FL.R 8-XX 27/06A	200,000	EUR	176,830	0.25
			<b>1,021,921</b>	<b>1.44</b>

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## IndexIQ Factors Sustainable Corporate Euro Bond

Investment portfolio as at December 31, 2022

Description	Quantity	Currency	Market value (in EUR)	% net assets
<b>Norway</b>				
DNB BANK ASA FL.R 22-28 18/01A	100,000	EUR	87,106	0.12
			<b>87,106</b>	<b>0.12</b>
<b>Spain</b>				
BANCO BILBAO VIZCAYA FL.R 21-27 24/03A	100,000	EUR	88,138	0.12
			<b>88,138</b>	<b>0.12</b>
<b>Sweden</b>				
VOLVO TREASURY FL.R 21-24 09/05A	100,000	EUR	95,564	0.14
			<b>95,564</b>	<b>0.14</b>
<b>United Kingdom</b>				
AVIVA PLC FL.R 14-44 03/07A	200,000	EUR	195,267	0.28
LLOYDS BANKING GROUP FL.R 20-30 16/03A	200,000	EUR	192,232	0.27
NATIONWIDE BUILDING FL.R 18-26 08/03A	100,000	EUR	93,436	0.13
NATWEST GROUP PLC FL.R 18-26 02/03A	69,000	EUR	64,919	0.09
VIRGIN MONEY UK PLC FL.R 20-25 24/06S	100,000	EUR	95,727	0.14
			<b>641,581</b>	<b>0.91</b>
<b>United States of America</b>				
BANK OF AMERICA 1.381 19-30 09/05A	500,000	EUR	415,955	0.59
BANK OF AMERICA CORP FL.R 17-27 04/05A	300,000	EUR	276,479	0.39
BANK OF AMERICA CORP FL.R 20-31 26/10A	100,000	EUR	75,315	0.11
BANK OF AMERICA CORP FL.R 21-31 22/03A	100,000	EUR	77,354	0.11
CITIGROUP INC FL.R 19-27 08/10A	200,000	EUR	174,120	0.25
			<b>1,019,223</b>	<b>1.44</b>
<b>Total floating rate notes</b>			<b>5,787,054</b>	<b>8.18</b>
<b>Total transferable securities admitted to an official stock exchange listing or dealt in another regulated market</b>			<b>68,258,051</b>	<b>96.48</b>
<b>Total investment portfolio</b>			<b>68,258,051</b>	<b>96.48</b>
Acquisition cost			73,558,873	





## IndexIQ Factors Sustainable Corporate Euro Bond

Geographical and economic breakdown of investments as at December 31, 2022

### Geographical breakdown (in % of net assets)

United States of America	28.82
Netherlands	10.91
France	9.68
Germany	8.38
United Kingdom	5.10
Australia	4.89
Luxembourg	4.61
Italy	3.38
Spain	2.78
Sweden	2.72
Canada	2.66
Japan	2.62
Ireland	2.47
Belgium	2.38
Denmark	1.73
Norway	0.90
Jersey	0.42
Austria	0.37
Hong Kong	0.37
Finland	0.36
United Arab Emirates	0.36
Mexico	0.25
Virgin Islands (UK)	0.20
Portugal	0.12
	<b>96.48</b>

### Economic breakdown (in % of net assets)

Banks and other financial institutions	47.31
Communication	8.40
Insurance	4.86
Pharmaceuticals	4.37
Transportation	4.31
Miscellaneous consumer goods	3.60
Office supplies and computing	3.18
Real estate	3.16
Retail trade and department stores	2.87
Internet and internet services	2.36
Utilities	1.29
Foods and non alcoholic drinks	1.18
Chemicals	1.14
Graphic art and publishing	1.10
Miscellaneous services	0.93
Tires and rubber	0.93
Road vehicles	0.91
Electronics and semiconductors	0.82
Electrical engineering	0.66
Machine and apparatus construction	0.66
Paper and forest products	0.63
Textiles and garments	0.53
Non classifiable Institutions	0.39
Packaging industries	0.27
Petroleum	0.24
Building materials	0.13
Non Classifiable Institutions	0.13
Tobacco and alcoholic drinks	0.12
	<b>96.48</b>

Any differences in the percentage of Net Assets are the result of roundings.



## IndexIQ Factors Sustainable EMU Equity

Investment portfolio as at December 31, 2022

Description	Quantity	Currency	Market value (in EUR)	% net assets
<b>Transferable securities admitted to an official stock exchange listing or dealt in another regulated market</b>				
<b>Shares</b>				
<b>Austria</b>				
ANDRITZ AG	895	EUR	47,927	0.84
ERSTE GROUP BANK AG	458	EUR	13,694	0.24
VOESTALPINE AG	1,421	EUR	35,212	0.62
			<b>96,833</b>	<b>1.69</b>
<b>Belgium</b>				
AGEAS NOM	869	EUR	35,994	0.63
D'ITEREN	138	EUR	24,730	0.43
ELIA SYSTEM OPERATOR SA	180	EUR	23,904	0.42
KBC GROUPE SA	594	EUR	35,688	0.62
LOTUS BAKERIES NV	2	EUR	12,640	0.22
SOFINA SA	114	EUR	23,438	0.41
SOLVAY	511	EUR	48,269	0.84
UCB	676	EUR	49,727	0.87
UMICORE SA	1,054	EUR	36,173	0.63
WAREHOUSES DE PAUW SCA - REGISTERED SHS	493	EUR	13,163	0.23
			<b>303,726</b>	<b>5.32</b>
<b>Finland</b>				
ELISA CORPORATION -A-	986	EUR	48,768	0.85
KONE -B-	513	EUR	24,778	0.43
METSO OUTOTEC OYJ	2,768	EUR	26,606	0.47
NESTE	546	EUR	23,489	0.41
NOKIA OYJ	10,330	EUR	44,698	0.78
ORION CORPORATION (NEW) -B-	257	EUR	13,169	0.23
STORA ENSO -R-	2,494	EUR	32,796	0.57
UPM KYMMENE CORP	993	EUR	34,685	0.61
VALMET CORPORATION	1,426	EUR	35,878	0.63
WARTSILA CORPORATION -B-	1,579	EUR	12,424	0.22
			<b>297,291</b>	<b>5.20</b>
<b>France</b>				
AIR LIQUIDE SA	356	EUR	47,134	0.82
AMUNDI SA	455	EUR	24,115	0.42
AXA SA	4,627	EUR	120,556	2.11
BNP PARIBAS SA	2,585	EUR	137,651	2.41
BOUYGUES SA	1,708	EUR	47,892	0.84
BUREAU VERITAS SA	2,008	EUR	49,417	0.86
CAPGEMINI SE	145	EUR	22,613	0.40
CARREFOUR SA	3,538	EUR	55,334	0.97
CIE DE SAINT-GOBAIN	1,021	EUR	46,609	0.82
CIE GENERALE DES ETABLISSEMENTS MICHELIN	1,463	EUR	38,016	0.67
COVIVIO SA	439	EUR	24,343	0.43
CREDIT AGRICOLE SA	11,032	EUR	108,456	1.90
DANONE SA	1,106	EUR	54,448	0.95
DASSAULT SYST.	380	EUR	12,728	0.22
EDENRED SA	475	EUR	24,168	0.42
EIFFAGE	504	EUR	46,328	0.81
ESSILORLUXOTTICA SA	101	EUR	17,089	0.30
EURAZEO	609	EUR	35,383	0.62
GECINA	137	EUR	13,036	0.23
GETLINK ACT	838	EUR	12,549	0.22
HERMES INTERNATIONAL SA	9	EUR	13,005	0.23
IPSEN	472	EUR	47,436	0.83
KERING	77	EUR	36,614	0.64
LEGRAND SA	337	EUR	25,214	0.44
L'OREAL SA	176	EUR	58,714	1.03
LVMH MOET HENNESSY LOUIS VUITTON SE	147	EUR	99,945	1.75

The accompanying notes form an integral part of the financial statements.  
Any differences in the percentage of Net Assets are the result of roundings.



## IndexIQ Factors Sustainable EMU Equity

Investment portfolio as at December 31, 2022

Description	Quantity	Currency	Market value (in EUR)	% net assets
PUBLICIS GROUPE	793	EUR	47,120	0.82
SANOFI	1,237	EUR	111,132	1.95
SCHNEIDER ELECTRIC SE	277	EUR	36,209	0.63
SOCIETE GENERALE SA	2,217	EUR	52,055	0.91
SODEXO SA	383	EUR	34,271	0.60
VALEO SA	790	EUR	13,193	0.23
VIVENDI SA	2,772	EUR	24,710	0.43
			<b>1,537,483</b>	<b>26.91</b>
<b>Germany</b>				
ADIDAS AG NAMEN AKT	210	EUR	26,767	0.47
ALLIANZ SE REG SHS	867	EUR	174,180	3.05
BECHTLE	365	EUR	12,067	0.21
BEIERSDORF AG	346	EUR	37,091	0.65
BMW AG	1,707	EUR	142,330	2.49
BRENNTAG - NAMEN AKT	416	EUR	24,844	0.43
CARL ZEISS MEDITEC AG	109	EUR	12,851	0.22
COMMERZBK	823	EUR	7,272	0.13
CONTINENTAL AG	354	EUR	19,817	0.35
COVESTRO AG	1,001	EUR	36,587	0.64
DAIMLER AG NAMEN-AKT	2,352	EUR	144,413	2.53
DEUTSCHE BOERSE AG REG SHS	213	EUR	34,378	0.60
DEUTSCHE POST AG REG SHS	2,139	EUR	75,250	1.32
DEUTSCHE TELEKOM AG REG SHS	7,047	EUR	131,342	2.30
EVONIK INDUSTRIES	2,768	EUR	49,644	0.87
GEA GROUP AG	1,214	EUR	46,375	0.81
HANNOVER RUECK SE	258	EUR	47,859	0.84
HAPAG-LLOYDS NAM-AKT	230	EUR	40,848	0.71
HEIDELBERGCEMENT AG	704	EUR	37,509	0.66
HENKEL AG & CO KGAA	613	EUR	39,857	0.70
INFINEON TECHNOLOGIES REG SHS	422	EUR	11,997	0.21
KNORR-BREMSE - BEARER SHS	483	EUR	24,652	0.43
LEG IMMOBILIEN - NAMEN AKT	395	EUR	24,040	0.42
MERCK KGAA	183	EUR	33,105	0.58
MUENCHENER RUECKVERSICHERUNGS AG REG SHS	236	EUR	71,744	1.26
NEMETSCHEK	278	EUR	13,258	0.23
PUMA AG	254	EUR	14,402	0.25
SAP AG	563	EUR	54,268	0.95
SIEMENS AG REG	621	EUR	80,506	1.41
SYMRISE AG	126	EUR	12,808	0.22
TALANX AG NAM AKT	1,274	EUR	56,464	0.99
TELEFONICA NAMEN AKT	16,164	EUR	37,226	0.65
VOLKSWAGEN AG VORZ.AKT	1,812	EUR	210,953	3.69
VONOVIA SE	217	EUR	4,778	0.08
ZALANDO SE	423	EUR	14,006	0.25
			<b>1,805,488</b>	<b>31.60</b>
<b>Ireland</b>				
KERRY GROUP -A-	290	EUR	24,430	0.43
			<b>24,430</b>	<b>0.43</b>
<b>Italy</b>				
AMPLIFON SPA	472	EUR	13,131	0.23
ASSICURAZIONI GENERALI SPA	6,040	EUR	100,355	1.76
ENEL SPA	13,717	EUR	68,997	1.21
INTESA SANPAOLO	28,187	EUR	58,573	1.03
MEDIOBANCA	2,735	EUR	24,571	0.43
PIRELLI & C.SPA	6,104	EUR	24,440	0.43
POSTE ITALIANE SPA	5,166	EUR	47,145	0.83
PRYSMIAN SPA	703	EUR	24,366	0.43
RECORDATI SPA	611	EUR	23,676	0.41
TERNA SPA	4,984	EUR	34,390	0.60

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## IndexIQ Factors Sustainable EMU Equity

Investment portfolio as at December 31, 2022

Description	Quantity	Currency	Market value (in EUR)	% net assets
UNICREDIT SPA REGS	1,119	EUR	14,851	0.26
			<b>434,495</b>	<b>7.60</b>
<b>Luxembourg</b>				
BAWAG GROUP AG	516	EUR	25,697	0.45
MONCLER SPA	268	EUR	13,266	0.23
			<b>38,963</b>	<b>0.68</b>
<b>Netherlands</b>				
AEGON NV	2,817	EUR	13,347	0.23
AKZO NOBEL NV	383	EUR	23,960	0.42
ASML HOLDING NV	37	EUR	18,641	0.33
ASR NEDERLAND NV	1,127	EUR	49,982	0.87
BESI -REGISTERED SHS	211	EUR	11,934	0.21
DSM KONINKLIJKE	205	EUR	23,432	0.41
EURONEXT NV	353	EUR	24,413	0.43
IMCD	90	EUR	11,984	0.21
ING GROUP NV	2,981	EUR	33,948	0.59
JDE PEET S BV	1,750	EUR	47,285	0.83
KONINKLIJKE AHOLD DELHAIZE NV	2,472	EUR	66,348	1.16
KONINKLIJKE KPN NV	16,188	EUR	46,783	0.82
NN GROUP NV	1,178	EUR	44,952	0.79
OCI REG.SHS	977	EUR	32,651	0.57
RANDSTAD BR	653	EUR	37,195	0.65
STMICROELECTRONICS NV	676	EUR	22,311	0.39
WOLTERS KLUWER NV	462	EUR	45,165	0.79
			<b>554,331</b>	<b>9.70</b>
<b>Portugal</b>				
EDP-ENERGIAS DE PORTUGAL SA - REG.SHS	5,450	EUR	25,375	0.44
JERONIMO MARTINS SGPS SA	2,367	EUR	47,766	0.84
			<b>73,141</b>	<b>1.28</b>
<b>Spain</b>				
ACCIONA SA	74	EUR	12,721	0.22
ACS	1,346	EUR	36,032	0.63
AMADEUS IT GROUP SA -A-	255	EUR	12,380	0.22
BANCO BILBAO VIZCAYA ARGENTARIA SA	23,998	EUR	135,205	2.37
BANKINTER SA REGS	2,261	EUR	14,172	0.25
FERROVIAL SA	1,428	EUR	34,943	0.61
IBERDROLA SA	6,458	EUR	70,586	1.24
INDITEX SHARE FROM SPLIT	2,111	EUR	52,458	0.92
RED ELECTRICA	2,146	EUR	34,894	0.61
TELEFONICA SA	26,133	EUR	88,460	1.55
			<b>491,851</b>	<b>8.61</b>
<b>Total Shares</b>			<b>5,658,032</b>	<b>99.03</b>
<b>Total transferable securities admitted to an official stock exchange listing or dealt in another regulated market</b>			<b>5,658,032</b>	<b>99.03</b>
<b>Total investment portfolio</b>			<b>5,658,032</b>	<b>99.03</b>
Acquisition cost			5,573,108	

The accompanying notes form an integral part of the financial statements.  
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## IndexIQ Factors Sustainable EMU Equity

### Geographical and economic breakdown of investments as at December 31, 2022

#### Geographical breakdown (in % of net assets)

Germany	31.60
France	26.91
Netherlands	9.70
Spain	8.61
Italy	7.60
Belgium	5.32
Finland	5.20
Austria	1.69
Portugal	1.28
Luxembourg	0.68
Ireland	0.43
	<b>99.03</b>

#### Economic breakdown (in % of net assets)

Banks and other financial institutions	16.75
Insurance	12.72
Road vehicles	9.37
Pharmaceuticals	7.30
Communication	6.95
Chemicals	5.67
Retail trade and department stores	4.52
Utilities	4.52
Building materials	3.97
Textiles and garments	3.17
Transportation	2.86
Machine and apparatus construction	2.73
Electrical engineering	2.48
Internet and internet services	2.23
Graphic art and publishing	2.05
Paper and forest products	1.81
Foods and non alcoholic drinks	1.60
Electronics and semiconductors	1.56
Miscellaneous services	1.52
Real estate	1.39
Non ferrous metals	1.10
Tires and rubber	1.01
Miscellaneous consumer goods	0.70
Coal mining and steel industry & Chemicals	0.62
Petroleum	0.41
	<b>99.03</b>



## IndexIQ Factors Sustainable Europe Equity

Investment portfolio as at December 31, 2022

Description	Quantity	Currency	Market value (in EUR)	% net assets
<b>Transferable securities admitted to an official stock exchange listing or dealt in another regulated market</b>				
<b>Shares</b>				
<b>Austria</b>				
ANDRITZ AG	13,939	EUR	746,433	0.43
ERSTE GROUP BANK AG	7,479	EUR	223,622	0.13
VOESTALPINE AG	22,254	EUR	551,454	0.32
			<b>1,521,509</b>	<b>0.88</b>
<b>Belgium</b>				
AGEAS NOM	13,607	EUR	563,602	0.33
D'ITEREN	2,178	EUR	390,298	0.23
ELIA SYSTEM OPERATOR SA	2,844	EUR	377,683	0.22
KBC GROUPE SA	12,262	EUR	736,701	0.43
LOTUS BAKERIES NV	34	EUR	214,880	0.12
SOFINA SA	1,800	EUR	370,080	0.21
SOLVAY	7,963	EUR	752,185	0.43
UCB	10,523	EUR	774,072	0.45
UMICORE SA	16,440	EUR	564,221	0.33
WAREHOUSES DE PAUW SCA - REGISTERED SHS	8,049	EUR	214,908	0.12
			<b>4,958,630</b>	<b>2.86</b>
<b>Denmark</b>				
A.P. MOELLER-MAERSK A/S -B-	828	DKK	1,739,185	1.00
CHRISTIAN HANSEN	3,609	DKK	242,511	0.14
NOVO NORDISK	5,915	DKK	746,091	0.43
NOVOZYMES -B-	3,720	DKK	176,034	0.10
PANDORA	3,006	DKK	197,302	0.11
ROCKWOOL INT SHS -B-	1,029	DKK	225,962	0.13
TRYG A/S	17,988	DKK	399,964	0.23
			<b>3,727,049</b>	<b>2.15</b>
<b>Finland</b>				
ELISA CORPORATION -A-	14,809	EUR	732,453	0.42
FORTUM CORP	6,930	EUR	107,692	0.06
KONE -B-	8,129	EUR	392,631	0.23
METSO OUTOTEC OYJ	43,828	EUR	421,275	0.24
NESTE	8,637	EUR	371,564	0.21
NOKIA OYJ	160,843	EUR	695,968	0.40
NORDEA BANK	90,331	SEK	907,189	0.52
STORA ENSO -R-	51,248	EUR	673,911	0.39
UPM KYMMENE CORP	15,550	EUR	543,162	0.31
VALMET CORPORATION	29,297	EUR	737,113	0.43
WARTSILA CORPORATION -B-	25,771	EUR	202,766	0.12
			<b>5,785,724</b>	<b>3.34</b>
<b>France</b>				
AIR LIQUIDE SA	6,486	EUR	858,746	0.50
AMUNDI SA	7,203	EUR	381,759	0.22
AXA SA	84,911	EUR	2,212,356	1.28
BNP PARIBAS SA	50,083	EUR	2,666,920	1.54
BOUYGUES SA	29,879	EUR	837,807	0.48
BUREAU VERITAS SA	30,176	EUR	742,631	0.43
CAPGEMINI SE	2,298	EUR	358,373	0.21
CARREFOUR SA	63,854	EUR	998,677	0.58
CIE DE SAINT-GOBAIN	18,845	EUR	860,274	0.50
CIE GENERALE DES ETABLISSEMENTS MICHELIN	26,400	EUR	686,004	0.40
COVIVIO SA	6,956	EUR	385,710	0.22
CREDIT AGRICOLE SA	214,299	EUR	2,106,773	1.22
DANONE SA	19,332	EUR	951,714	0.55
DASSAULT SYST.	6,196	EUR	207,535	0.12
EDENRED SA	7,525	EUR	382,872	0.22
EIFFAGE	7,847	EUR	721,296	0.42

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## IndexIQ Factors Sustainable Europe Equity

Investment portfolio as at December 31, 2022

Description	Quantity	Currency	Market value (in EUR)	% net assets
ESSILORLUXOTTICA SA	3,237	EUR	547,700	0.32
EURAZEO	9,537	EUR	554,100	0.32
GECINA	2,234	EUR	212,565	0.12
GETLINK ACT	13,680	EUR	204,858	0.12
HERMES INTERNATIONAL SA	141	EUR	203,745	0.12
IPSEN	7,350	EUR	738,675	0.43
KERING	1,367	EUR	650,008	0.38
LEGRAND SA	7,262	EUR	543,343	0.31
L'OREAL SA	3,220	EUR	1,074,192	0.62
LVMH MOET HENNESSY LOUIS VUITTON SE	2,728	EUR	1,854,767	1.07
PUBLICIS GROUPE	12,354	EUR	734,075	0.42
SANOFI	22,192	EUR	1,993,729	1.15
SCHNEIDER ELECTRIC SE	5,299	EUR	692,685	0.40
SOCIETE GENERALE SA	45,168	EUR	1,060,545	0.61
SODEXO SA	5,999	EUR	536,791	0.31
VIVENDI SA	43,896	EUR	391,289	0.23
			<b>27,352,514</b>	<b>15.80</b>
<b>Germany</b>				
ADIDAS AG NAMEN AKT	3,324	EUR	423,677	0.24
ALLIANZ SE REG SHS	16,132	EUR	3,240,919	1.87
BECHTLE	5,956	EUR	196,905	0.11
BEIERSDORF AG	5,423	EUR	581,346	0.34
BMW AG	31,628	EUR	2,637,143	1.52
BRENNTAG - NAMEN AKT	3,596	EUR	214,753	0.12
CARL ZEISS MEDITEC AG	1,772	EUR	208,919	0.12
COMMERZBK	29,920	EUR	264,373	0.15
CONTINENTAL AG	7,781	EUR	435,580	0.25
COVESTRO AG	15,669	EUR	572,702	0.33
DAIMLER AG NAMEN-AKT	44,180	EUR	2,712,652	1.57
DEUTSCHE BOERSE AG REG SHS	3,338	EUR	538,753	0.31
DEUTSCHE POST AG REG SHS	38,771	EUR	1,363,964	0.79
DEUTSCHE TELEKOM AG REG SHS	132,324	EUR	2,466,255	1.42
EVONIK INDUSTRIES	41,606	EUR	746,204	0.43
GEA GROUP AG	18,895	EUR	721,789	0.42
HANNOVER RUECK SE	3,174	EUR	588,777	0.34
HAPAG-LLOYDS NAM-AKT	4,155	EUR	737,928	0.43
HEIDELBERGCEMENT AG	11,028	EUR	587,572	0.34
HENKEL AG & CO KGAA	11,028	EUR	717,041	0.41
INFINEON TECHNOLOGIES REG SHS	12,628	EUR	359,014	0.21
KNORR-BREMSE - BEARER SHS	7,641	EUR	389,997	0.23
LEG IMMOBILIEN - NAMEN AKT	3,415	EUR	207,837	0.12
MERCK KGAA	4,503	EUR	814,593	0.47
MUENCHENER RUECKVERSICHERUNGS AG REG SHS	4,277	EUR	1,300,208	0.75
PUMA AG	4,139	EUR	234,681	0.14
SAP AG	10,675	EUR	1,028,963	0.59
SIEMENS AG REG	11,928	EUR	1,546,346	0.89
SYMRISE AG	2,050	EUR	208,382	0.12
TALANX AG NAM AKT	22,668	EUR	1,004,646	0.58
TELEFONICA NAMEN AKT	332,204	EUR	765,066	0.44
VOLKSWAGEN AG VORZ.AKT	34,346	EUR	3,998,561	2.31
VONOVIA SE	7,708	EUR	169,730	0.10
			<b>31,985,276</b>	<b>18.47</b>
<b>Ireland</b>				
CRH PLC	24,867	EUR	924,612	0.53
KERRY GROUP -A-	6,686	EUR	563,229	0.33
SMURFIT KAPPA PLC	6,048	EUR	209,019	0.12
			<b>1,696,860</b>	<b>0.98</b>
<b>Italy</b>				
ASSICURAZIONI GENERALI SPA	112,094	EUR	1,862,442	1.08

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## IndexIQ Factors Sustainable Europe Equity

Investment portfolio as at December 31, 2022

Description	Quantity	Currency	Market value (in EUR)	% net assets
ENEL SPA	265,378	EUR	1,334,851	0.77
INTESA SANPAOLO	586,802	EUR	1,219,375	0.70
MEDIOBANCA	43,026	EUR	386,546	0.22
PIRELLI & C.SPA	140,554	EUR	562,778	0.33
POSTE ITALIANE SPA	86,298	EUR	787,556	0.45
PRYSMIAN SPA	11,128	EUR	385,696	0.22
RECORDATI SPA	14,069	EUR	545,174	0.31
TELECOM ITALIA	460,699	EUR	99,649	0.06
TERNA SPA	78,047	EUR	538,524	0.31
UNICREDIT SPA REGS	29,543	EUR	392,095	0.23
			<b>8,114,686</b>	<b>4.69</b>
<b>Jersey</b>				
WPP PLC	58,652	GBP	542,196	0.31
			<b>542,196</b>	<b>0.31</b>
<b>Luxembourg</b>				
BAWAG GROUP AG	8,173	EUR	407,015	0.24
MONCLER SPA	4,366	EUR	216,117	0.12
			<b>623,132</b>	<b>0.36</b>
<b>Netherlands</b>				
ABN AMRO GROUP DEP RECEIPT	5,173	EUR	66,861	0.04
AEGON NV	51,401	EUR	243,538	0.14
AKZO NOBEL NV	8,821	EUR	551,842	0.32
ASML HOLDING NV	761	EUR	383,392	0.22
ASR NEDERLAND NV	17,542	EUR	777,988	0.45
BESI -REGISTERED SHS	3,444	EUR	194,793	0.11
DSM KONINKLIJKE	3,243	EUR	370,675	0.21
EURONEXT NV	5,583	EUR	386,120	0.22
IMCD	1,466	EUR	195,198	0.11
ING GROUP NV	63,929	EUR	728,023	0.42
JDE PEET S BV	27,244	EUR	736,133	0.43
KONINKLIJKE AHOLD DELHAIZE NV	44,688	EUR	1,199,426	0.69
KONINKLIJKE KPN NV	252,039	EUR	728,393	0.42
NN GROUP NV	19,624	EUR	748,852	0.43
OCI REG.SHS	15,306	EUR	511,527	0.30
RANDSTAD BR	10,224	EUR	582,359	0.34
STMICROELECTRONICS NV	10,709	EUR	353,451	0.20
WOLTERS KLUWER NV	7,192	EUR	703,090	0.41
			<b>9,461,661</b>	<b>5.46</b>
<b>Norway</b>				
DNB BK ASA	37,112	NOK	686,396	0.40
EQUINOR ASA	51,818	NOK	1,733,920	1.00
GJENSIDIGE FORSIKRING ASA	41,188	NOK	752,968	0.43
MOWI ASA	14,563	NOK	231,601	0.13
NORSK HYDRO ASA	30,370	NOK	211,797	0.12
ORKLA ASA	86,151	NOK	581,305	0.34
TELENOR ASA	85,152	NOK	741,896	0.43
			<b>4,939,883</b>	<b>2.85</b>
<b>Portugal</b>				
EDP-ENERGIAS DE PORTUGAL SA - REG.SHS	86,297	EUR	401,799	0.23
JERONIMO MARTINS SGPS SA	36,858	EUR	743,794	0.43
			<b>1,145,593</b>	<b>0.66</b>
<b>Spain</b>				
ACCIONA SA	1,209	EUR	207,827	0.12
ACS	27,663	EUR	740,539	0.43
AMADEUS IT GROUP SA -A-	4,153	EUR	201,628	0.12
BANCO BILBAO VIZCAYA ARGENTARIA SA	458,942	EUR	2,585,679	1.49
BANCO SABADELL REG.SHS	152,841	EUR	134,622	0.08
BANKINTER SA REGS	36,896	EUR	231,264	0.13
FERROVIAL SA	22,366	EUR	547,296	0.32

The accompanying notes form an integral part of the financial statements.  
Any differences in the percentage of Net Assets are the result of roundings.





## IndexIQ Factors Sustainable Europe Equity

Investment portfolio as at December 31, 2022

Description	Quantity	Currency	Market value (in EUR)	% net assets
IBERDROLA SA	119,730	EUR	1,308,649	0.76
INDITEX SHARE FROM SPLIT	37,195	EUR	924,296	0.53
RED ELECTRICA	33,601	EUR	546,352	0.32
TELEFONICA SA	477,490	EUR	1,616,304	0.93
			<b>9,044,456</b>	<b>5.22</b>
<b>Sweden</b>				
ALFA LAVAL	7,621	SEK	206,352	0.12
ASSA ABLOY -B- NEW I	18,183	SEK	365,777	0.21
AXFOOD AB	14,985	SEK	385,262	0.22
BOLIDEN --- REGISTERED SHS	10,781	SEK	379,314	0.22
EPIROC --- REGISTERED SHS -A-	12,107	SEK	206,696	0.12
ESSITY AB REGISTERED -B-	23,399	SEK	575,072	0.33
HENNES AND MAURITZ AB	36,596	SEK	369,374	0.21
HOLMEN -REGISTERED SHS	9,737	SEK	362,415	0.21
HUSQVARNA -B-	53,067	SEK	348,936	0.20
SECURITAS -B- FREE	50,716	SEK	396,598	0.23
SKANDINAVISKA ENSKILDA BANKEN -A-	52,710	SEK	568,563	0.33
SKANSKA -B- FREE	25,526	SEK	378,750	0.22
SSAB - REGISTERED -B-	103,736	SEK	505,608	0.29
SVENSKA CELLULOSEA SCA AB-SHS-B-	29,712	SEK	352,555	0.20
SVENSKA HANDELSBANKEN AB-A-	49,699	SEK	469,716	0.27
SWEDBANK -A-	36,975	SEK	589,525	0.34
TELE2 AB	87,320	SEK	668,234	0.39
TELIA COMPANY AB	290,387	SEK	696,182	0.40
TRELLEBORG -B- FREE	16,727	SEK	362,210	0.21
VOLVO AB -B-	59,913	SEK	1,015,481	0.59
			<b>9,202,620</b>	<b>5.31</b>
<b>Switzerland</b>				
ADECCO REG.SHS	18,161	CHF	560,215	0.32
ALCON - REGISTERED SHS	3,282	CHF	209,992	0.12
BALOISE HOLDING REG.SHS	5,168	CHF	746,847	0.43
BARRY CALLEBAUT - NAMEN-AKT	404	CHF	748,307	0.43
BC VAUDOISE - REGISTERED SHS	6,295	CHF	565,782	0.33
CHOCOLADEFABRIKEN LINDT & SP PARTIZIPSCH	40	CHF	381,994	0.22
CLARIANT NAMEN AKT	37,769	CHF	560,348	0.32
DKSH HOLDING SA	10,571	CHF	751,516	0.43
GEBERIT AG	1,244	CHF	548,648	0.32
GEORG FISCHER LTD	3,761	CHF	215,578	0.12
HELVETIA HLDG - REGISTERED SHS	6,854	CHF	748,252	0.43
JULIUS BAER GROUP NAMEN AKT	10,402	CHF	567,372	0.33
KUEHNE + NAGEL INTERNATIONAL AG	2,588	CHF	564,016	0.33
LOGITECH NAMEN AKT	6,857	CHF	396,233	0.23
LONZA GROUP (CHF)	464	CHF	212,910	0.12
NESTLE SA REG SHS	24,082	CHF	2,612,938	1.51
NOVARTIS AG REG SHS	28,490	CHF	2,411,747	1.39
PARTNERS GROUP HLDG NAMEN AKT	242	CHF	200,178	0.12
PSP SWISS PROPERTY AG	5,232	CHF	574,887	0.33
ROCHE HOLDING LTD	8,219	CHF	2,417,965	1.40
SCHINDLER HOLDING SA	3,140	CHF	552,986	0.32
SGS SA REG SHS	260	CHF	566,105	0.33
SIG COMBIBLOC GROUP AG	9,970	CHF	203,954	0.12
SONOVA HOLDING NAM-AKT	1,590	CHF	353,119	0.20
SWISS LIFE HOLDING N-NAMEN REGISTERED	1,142	CHF	551,426	0.32
SWISS PRIME SITE AG-NAMEN AKT	9,304	CHF	755,193	0.44
SWISS RE REGS	7,763	CHF	679,877	0.39
SWISSCOM SHS NOM	1,501	CHF	770,071	0.44
ZURICH INSURANCE GROUP NAMEN AKT	3,152	CHF	1,411,848	0.82
			<b>21,840,304</b>	<b>12.61</b>

The accompanying notes form an integral part of the financial statements.  
Any differences in the percentage of Net Assets are the result of roundings.



## IndexIQ Factors Sustainable Europe Equity

Investment portfolio as at December 31, 2022

Description	Quantity	Currency	Market value (in EUR)	% net assets
<b>United Kingdom</b>				
3I GROUP PLC	36,822	GBP	556,740	0.32
ABRDN PLC	99,793	GBP	212,858	0.12
ADMIRAL GROUP PLC	16,811	GBP	404,904	0.23
ANTOFAGASTA PLC	23,250	GBP	404,992	0.23
ASSOCIATED BRITISH FOODS PLC	20,668	GBP	367,121	0.21
ASTRAZENECA PLC	2,802	GBP	354,273	0.20
AUTO TRADER GROUP PLC	60,254	GBP	350,149	0.20
AVIVA PLC	237,366	GBP	1,184,623	0.68
BARRATT DEVELOPMENTS PLC	120,783	GBP	540,171	0.31
BEAZLEY PLC	52,277	GBP	400,363	0.23
BT GROUP PLC	528,103	GBP	666,936	0.39
BUNZL PLC	21,389	GBP	665,114	0.38
BURBERRY GROUP PLC	23,055	GBP	527,491	0.30
CENTRICA	534,126	GBP	581,052	0.34
COMPASS GROUP	17,648	GBP	381,404	0.22
CONVATEC GROUP REGD	147,538	GBP	386,783	0.22
DS SMITH HOLDING	103,372	GBP	374,574	0.22
EXPERIAN GROUP	11,702	GBP	371,008	0.21
GSK --- REGISTERED SHS	82,088	GBP	1,330,062	0.77
HALMA PLC	8,665	GBP	192,783	0.11
HARGREAVES LANS - REGISTERED SHS	21,371	GBP	206,231	0.12
INFORMA PLC	29,495	GBP	205,975	0.12
INTERCONTINENTAL HOTELS GROUP PLC	3,707	GBP	198,208	0.11
INTERTEK GROUP PLC	15,848	GBP	720,550	0.42
INVESTEC	38,714	GBP	223,143	0.13
J SAINSBURY PLC	285,604	GBP	700,772	0.40
JOHNSON MATTHEY	16,349	GBP	391,934	0.23
KINGFISHER PLC	267,635	GBP	712,185	0.41
LAND SEC R.E.I.T	29,495	GBP	206,573	0.12
LEGAL & GENERAL GROUP PLC	260,188	GBP	731,664	0.42
LLOYDS BANKING GROUP PLC	2,111,923	GBP	1,080,895	0.62
LSE GROUP	2,496	GBP	200,749	0.12
M AND G REGISTERED SHS	100,469	GBP	212,715	0.12
MELROSE INDUSTRIES PLC-ORDSHR 0.5	145,127	GBP	220,001	0.13
MONDI PLC	12,425	GBP	197,386	0.11
NATWEST GROUP PLC	121,210	GBP	362,298	0.21
NEXT PLC	5,795	GBP	379,214	0.22
PEARSON PLC	19,733	GBP	208,884	0.12
PHOENIX GROUP HOLDINGS PLC - REG SHS	81,595	GBP	559,692	0.32
PRUDENTIAL PLC	42,246	GBP	536,854	0.31
RECKITT BENCKISER GROUP PLC	5,800	GBP	376,142	0.22
RELX PLC	21,154	GBP	546,619	0.32
RENTOKIL INITIAL PLC	34,546	GBP	197,795	0.11
RIGHTMOVE -REGISTERED SHS	33,628	GBP	193,828	0.11
RIO TINTO PLC	36,565	GBP	2,389,449	1.38
RS GRP --- REGISTERED SHS	36,463	GBP	368,020	0.21
SAGE GROUP	43,496	GBP	365,518	0.21
SCHRODERS PLC	74,944	GBP	368,279	0.21
SEGRO (REIT)	23,022	GBP	198,136	0.11
SEVERN TRENT PLC	12,363	GBP	369,392	0.21
SPIRAX-SARCO ENGIN	1,681	GBP	201,114	0.12
SSE PLC	38,125	GBP	735,644	0.42
ST JAME'S PLACE CAPITAL	56,795	GBP	700,936	0.40
THE BERKELEY GROUP HOLDINGS	8,891	GBP	378,087	0.22
UNILEVER	35,625	GBP	1,679,163	0.97
UNITE GROUP PLC	19,916	GBP	204,267	0.12
UNITED UTILITIES GROUP PLC	32,760	GBP	366,055	0.21

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Any differences in the percentage of Net Assets are the result of roundings.



## IndexIQ Factors Sustainable Europe Equity

Investment portfolio as at December 31, 2022

Description	Quantity	Currency	Market value (in EUR)	% net assets
VODAFONE GROUP PLC	1,705,346	GBP	1,619,142	0.94
WHITBREAD	7,009	GBP	203,022	0.12
			<b>29,969,932</b>	<b>17.31</b>
<b>Total Shares</b>			<b>171,912,025</b>	<b>99.28</b>
<b>Total transferable securities admitted to an official stock exchange listing or dealt in another regulated market</b>			<b>171,912,025</b>	<b>99.28</b>
<b>Total investment portfolio</b>			<b>171,912,025</b>	<b>99.28</b>
Acquisition cost			174,120,251	



## IndexIQ Factors Sustainable Europe Equity

Geographical and economic breakdown of investments as at December 31, 2022

### Geographical breakdown (in % of net assets)

Germany	18.47
United Kingdom	17.31
France	15.80
Switzerland	12.61
Netherlands	5.46
Sweden	5.31
Spain	5.22
Italy	4.69
Finland	3.34
Belgium	2.86
Norway	2.85
Denmark	2.15
Ireland	0.98
Austria	0.88
Portugal	0.66
Luxembourg	0.36
Jersey	0.31
	<b>99.28</b>

### Economic breakdown (in % of net assets)

Banks and other financial institutions	15.98
Insurance	12.84
Pharmaceuticals	8.93
Communication	7.08
Road vehicles	6.21
Foods and non alcoholic drinks	4.68
Retail trade and department stores	4.08
Building materials	4.01
Utilities	3.91
Chemicals	3.64
Transportation	2.98
Machine and apparatus construction	2.76
Textiles and garments	2.41
Miscellaneous services	2.18
Non ferrous metals	2.18
Paper and forest products	2.16
Graphic art and publishing	1.92
Real estate	1.81
Electrical engineering	1.61
Internet and internet services	1.47
Petroleum	1.28
Electronics and semiconductors	1.08
Tires and rubber	0.86
Coal mining and steel industry & Chemicals	0.83
Miscellaneous consumer goods	0.75
Hotels and restaurants	0.45
Office supplies and computing	0.23
Precious metals and stones	0.23
Packaging industries	0.22
Biotechnology	0.14
Agriculture and fishery	0.13
Healthcare	0.12
Non Classifiable Institutions	0.12
	<b>99.28</b>

Any differences in the percentage of Net Assets are the result of roundings.



## IndexIQ Factors Sustainable Japan Equity

Investment portfolio as at December 31, 2022

Description	Quantity	Currency	Market value (in EUR)	% net assets
<b>Transferable securities admitted to an official stock exchange listing or dealt in another regulated market</b>				
<b>Shares</b>				
<b>Japan</b>				
ADVANTEST CORP	4,200	JPY	252,922	0.18
AEON CO LTD	37,300	JPY	737,162	0.53
AISIN CORPORATION	41,000	JPY	1,027,778	0.73
AJINOMOTO CO INC	36,600	JPY	1,047,695	0.75
ASAHI KASEI CORPORATION	129,900	JPY	868,409	0.62
ASTELLAS PHARMA	60,400	JPY	860,631	0.61
BRIDGESTONE CORP	38,700	JPY	1,289,191	0.92
BROTHER INDUSTRIES	77,300	JPY	1,101,711	0.79
CANON INC	74,100	JPY	1,502,593	1.07
CAPCOM CO LTD	18,800	JPY	562,058	0.40
CENTRAL JAPAN RAILWAY CO	2,700	JPY	310,709	0.22
CHIBA BANK	49,700	JPY	339,525	0.24
CHUGAI PHARMACEUTICAL	34,100	JPY	815,582	0.58
CONCORDIA FIN GRP	91,000	JPY	355,423	0.25
DAI NIPPON PRINTING CO LTD	59,400	JPY	1,117,823	0.80
DAIFUKU CO	6,000	JPY	263,318	0.19
DAIKIN INDUSTRIES LTD	3,300	JPY	473,376	0.34
DAITO TRUST CONSTRUCTION CO LTD	11,300	JPY	1,086,521	0.78
DAIWA HOUSE INDUSTRY CO LTD	71,900	JPY	1,551,674	1.11
DAIWA HOUSE REIT INV SHS	280	JPY	583,390	0.42
DAIWA SECURITIES GROUP INC	209,400	JPY	866,934	0.62
DENSO CORP	15,000	JPY	696,216	0.50
DENTSU GROUP - REGISTERED SHS	29,000	JPY	853,618	0.61
DISCO CO LTD	2,000	JPY	536,152	0.38
DON QUIJOTE HLD	17,100	JPY	297,875	0.21
EAST JAPAN RAILWAY CO	1,700	JPY	90,784	0.06
FANUC CORP SHS	2,000	JPY	281,711	0.20
FAST RETAILING CO LTD	1,200	JPY	686,246	0.49
FUJIFILM HOLDINGS CORP	21,800	JPY	1,025,612	0.73
FUJITSU LTD	6,100	JPY	763,051	0.54
HAKUHODO DY HOLDINGS INC	62,100	JPY	586,522	0.42
HANKYU HANSHIN HOLDINGS INC	9,900	JPY	275,589	0.20
HITACHI CONST MACH.	26,200	JPY	550,538	0.39
HITACHI LTD	40,200	JPY	1,910,108	1.36
HONDA MOTOR CO LTD	186,400	JPY	4,013,433	2.86
HOSHIZAKI	17,900	JPY	591,716	0.42
HOYA CORP	3,100	JPY	279,690	0.20
HULIC CO LTD	107,400	JPY	793,192	0.57
IBIDEN	7,400	JPY	251,452	0.18
ISUZU MOTORS LTD	47,300	JPY	519,628	0.37
ITO EN LTD	8,000	JPY	272,124	0.19
ITOCHU CORP	95,300	JPY	2,805,841	2.00
ITOCHU TECHNO-SOLUTIONS CORP CTC	38,400	JPY	837,164	0.60
JAPAN METRO FUND INVESTMENT CORP	774	JPY	575,478	0.41
JFE HOLDINGS INC	66,400	JPY	724,270	0.52
JP REAL ESTATE INVESTMENT	138	JPY	565,452	0.40
KAJIMA CORP	53,100	JPY	579,197	0.41
KAO CORP	14,900	JPY	556,032	0.40
KDDI CORP	107,800	JPY	3,048,323	2.18
KEIO	8,300	JPY	285,275	0.20
KIKKOMAN CORP	10,800	JPY	532,260	0.38
KINTETSU HLDG SHS	26,200	JPY	810,271	0.58
KOBAYASHI PHARMACEUTICAL CO	9,700	JPY	622,014	0.44
KOMATSU LTD	37,300	JPY	761,796	0.54

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## IndexIQ Factors Sustainable Japan Equity

Investment portfolio as at December 31, 2022

Description	Quantity	Currency	Market value (in EUR)	% net assets
KYOCERA CORP	25,200	JPY	1,172,507	0.84
KYOWA KIRIN CO LTD	39,800	JPY	853,554	0.61
LIXIL CORPORATION	39,100	JPY	555,603	0.40
MAZDA MOTOR CORP	38,800	JPY	276,910	0.20
MC DONALD'S CO (JAPAN)	32,000	JPY	1,135,080	0.81
MEIJI HLDGS	24,300	JPY	1,163,073	0.83
MINEBEA MITSUMI	18,900	JPY	264,539	0.19
MISUMI GROUP	12,200	JPY	249,426	0.18
MITSUBISHI CHEM	221,000	JPY	1,074,567	0.77
MITSUBISHI CORP	102,900	JPY	3,129,712	2.23
MITSUBISHI ESTATE	73,500	JPY	893,055	0.64
MITSUBISHI HC CAPITAL INC	256,200	JPY	1,180,768	0.84
mitsui chemicals	39,400	JPY	832,385	0.59
mitsui fudosan co ltd	37,600	JPY	645,365	0.46
MIZUHO FINANCIAL GROUP INC	234,700	JPY	3,093,371	2.21
MS&AD INSURANCE GROUP HOLDING	61,800	JPY	1,853,759	1.32
NEC CORP	35,300	JPY	1,161,891	0.83
NGK INSULATORS LTD	91,300	JPY	1,087,937	0.78
NINTENDO CO LTD	36,000	JPY	1,414,248	1.01
NIPPON BUILDING FD	133	JPY	555,354	0.40
NIPPON SANJO HOLDINGS CORP	55,800	JPY	759,225	0.54
NIPPON SHINYU CO LTD	10,400	JPY	552,428	0.39
NIPPON STEEL CORP	96,800	JPY	1,575,545	1.12
NIPPON TELEGRAPH AND TELEPHONE CORP	197,500	JPY	5,276,267	3.77
NIPPON YUSEN KK	48,500	JPY	1,071,132	0.76
NISSAN CHEMICAL CORP	6,400	JPY	262,693	0.19
NISSHIN FLOUR MILL.	77,500	JPY	909,736	0.65
NISSHIN FOODS	15,400	JPY	1,139,539	0.81
NITTO DENKO CORP	19,500	JPY	1,059,344	0.76
NOMURA HOLDINGS INC	311,500	JPY	1,080,818	0.77
NOMURA REAL ESTATE HOLDINGS INC	39,000	JPY	783,776	0.56
NOMURA REAL ESTATE MASTER FUND	726	JPY	840,360	0.60
NOMURA RESEARCH INSTITUTE	12,700	JPY	280,933	0.20
NTT DATA CORP	41,300	JPY	566,628	0.40
OBAYASHI CORP	121,400	JPY	860,380	0.61
ODAKYU ELECTRIC RAILWAY CO LTD	23,600	JPY	286,750	0.20
OJI HOLDINGS	305,500	JPY	1,151,985	0.82
OLYMPUS CORP	15,500	JPY	258,887	0.18
ONO PHARMACEUTICAL CO LTD	35,800	JPY	783,786	0.56
ORIX CORP	107,400	JPY	1,615,748	1.15
OSAKA SECURITIES EXCHANGE	63,500	JPY	855,651	0.61
OTSUKA HOLDINGS	35,700	JPY	1,091,396	0.78
PANASONIC CORP	131,100	JPY	1,033,861	0.74
PERSOL HOLDINGS CO LTD	27,200	JPY	546,247	0.39
RECRUIT HOLDINGS CO LTD	15,600	JPY	462,732	0.33
RICOH CO LTD	77,400	JPY	553,492	0.40
ROHM CO LTD	3,800	JPY	257,168	0.18
SCSK CORP	78,700	JPY	1,118,311	0.80
SECOM CO LTD	19,800	JPY	1,060,597	0.76
SEIKO EPSON CORP	79,200	JPY	1,083,234	0.77
SEKISUI CHEMICAL CO LTD	64,800	JPY	849,009	0.61
SEKISUI HOUSE LTD	69,800	JPY	1,156,656	0.83
SG HOLDINGS CO LTD	60,500	JPY	786,226	0.56
SHARP CORP	119,700	JPY	803,280	0.57
SHIMANO INC	1,700	JPY	252,552	0.18
SHIMIZU CORP	111,600	JPY	557,927	0.40
SHIN-ETSU CHEM. CO LTD	11,800	JPY	1,359,589	0.97
SHINOBI CO LTD	6,100	JPY	285,294	0.20

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## IndexIQ Factors Sustainable Japan Equity

Investment portfolio as at December 31, 2022

Description	Quantity	Currency	Market value (in EUR)	% net assets
SOMPO HOLDINGS INC	36,300	JPY	1,510,585	1.08
SONY CORP	36,000	JPY	2,565,434	1.83
SQUARE ENIX HDLGS	13,000	JPY	565,907	0.40
SUBARU CORPORATION	28,800	JPY	414,662	0.30
SUMCO CORP	21,300	JPY	265,762	0.19
SUMITOMO CHEMICAL CO LTD	337,900	JPY	1,137,385	0.81
SUMITOMO CORP	93,900	JPY	1,464,330	1.05
SUMITOMO ELECTRIC INDUSTRIES LTD	32,900	JPY	351,503	0.25
SUMITOMO METAL MINING CO LTD	25,000	JPY	829,260	0.59
SUMITOMO MITSUI FINANCIAL GROUP INC	83,700	JPY	3,147,852	2.25
SUMITOMO MITSUI TRUST - SHS	9,600	JPY	312,778	0.22
SUNTORY	35,500	JPY	1,134,441	0.81
TAKEDA PHARMACEUTICAL	70,000	JPY	2,043,555	1.46
TECMO KOEI HOLDINGS	33,900	JPY	575,840	0.41
TERUMO CORP.	10,300	JPY	273,997	0.20
TIS SHS	32,900	JPY	813,048	0.58
TOBU RAILWAY CO LTD	25,700	JPY	562,114	0.40
TOKIO MARINE HOLDINGS INC	118,200	JPY	2,373,346	1.69
TOKYO ELECTRON LTD	400	JPY	110,440	0.08
TOKYU CORP	24,900	JPY	294,058	0.21
TOPPAN INC	79,500	JPY	1,103,145	0.79
TOTO LTD	8,400	JPY	268,431	0.19
TOYOTA MOTOR CORP	737,600	JPY	9,493,794	6.78
UNI CHARM	8,000	JPY	287,917	0.21
USS	37,600	JPY	559,388	0.40
WELCIA HLDG	26,400	JPY	576,488	0.41
YAKULT HONSHA CO LTD	18,500	JPY	1,124,570	0.80
YAMAHA CORP.	15,000	JPY	524,080	0.37
YAMAHA MOTOR CO LTD	37,100	JPY	793,015	0.57
YAMATAKE CORP	10,700	JPY	252,648	0.18
YAMATO HOLDINGS CO LTD	70,600	JPY	1,046,328	0.75
			<b>139,591,442</b>	<b>99.63</b>
<b>Total Shares</b>			<b>139,591,442</b>	<b>99.63</b>
<b>Total transferable securities admitted to an official stock exchange listing or dealt in another regulated market</b>			<b>139,591,442</b>	<b>99.63</b>
<b>Total investment portfolio</b>			<b>139,591,442</b>	<b>99.63</b>
Acquisition cost			142,246,120	



## IndexIQ Factors Sustainable Japan Equity

Geographical and economic breakdown of investments as at December 31, 2022

### Geographical breakdown (in % of net assets)

Japan	99.63
	<b>99.63</b>

### Economic breakdown (in % of net assets)

Banks and other financial institutions	27.26
Road vehicles	12.88
Electronics and semiconductors	10.17
Communication	5.94
Pharmaceuticals	5.63
Chemicals	5.09
Real estate	4.67
Building materials	4.16
Foods and non alcoholic drinks	4.03
Transportation	3.21
Machine and apparatus construction	2.85
Graphic art and publishing	2.52
Internet and internet services	2.40
Office supplies and computing	1.37
Electrical engineering	1.24
Retail trade and department stores	1.23
Coal mining and steel industry & Chemicals	1.12
Tires and rubber	0.92
Paper and forest products	0.82
Miscellaneous services	0.76
Non ferrous metals	0.59
Miscellaneous consumer goods	0.58
Photographic and optics	0.18
	<b>99.63</b>





## IndexIQ Factors Sustainable Sovereign Euro Bond

Investment portfolio as at December 31, 2022

Description	Quantity	Currency	Market value (in EUR)	% net assets
<b>Transferable securities admitted to an official stock exchange listing or dealt in another regulated market</b>				
<b>Bonds</b>				
<b>Austria</b>				
AUSTRIA 0.75 16-26 20/10A	136,000	EUR	126,495	0.11
AUSTRIA 1.20 15-25 20/10A	50,000	EUR	48,031	0.04
AUSTRIA 3.15 12-44 20/06A	50,000	EUR	49,677	0.04
REPUBLIC OF AUS 0.2500 21-36 20/10A	50,000	EUR	33,940	0.03
			<b>258,143</b>	<b>0.23</b>
<b>Belgium</b>				
BELGIUM 0.0000 20-27 22/10U	150,000	EUR	131,098	0.12
BELGIUM 0.1000 20-30 22/06A	150,000	EUR	121,723	0.11
BELGIUM 0.4000 20-40 22/06A	200,000	EUR	121,946	0.11
BELGIUM 0.50 17-24 22/10A	100,000	EUR	96,153	0.09
BELGIUM 0.80 15-25 22/06A	200,000	EUR	191,150	0.17
BELGIUM 0.80 17-27 22/06A	220,000	EUR	201,793	0.18
BELGIUM 1.7 19-50 05/02A	200,000	EUR	141,136	0.13
			<b>1,004,999</b>	<b>0.90</b>
<b>Bulgaria</b>				
BULGARIA (REP OF) 2.625 15-27 26/03A	200,000	EUR	193,300	0.17
BULGARIA (REP OF) 2.95 14-24 03/09A	100,000	EUR	99,461	0.09
BULGARIA 0.375 20-30 23/09A	350,000	EUR	261,712	0.23
BULGARIA 1.375 20-50 23/09A	750,000	EUR	423,750	0.38
			<b>978,223</b>	<b>0.87</b>
<b>Croatia</b>				
CROATIA 1.125 19-29 19/06A	500,000	EUR	423,725	0.38
CROATIA 1.125 21-33 04/03A	900,000	EUR	688,810	0.61
CROATIA 1.50 20-31 17/06A	1,000,000	EUR	825,612	0.74
CROATIA 1.75 21-41 04/03A	200,000	EUR	140,660	0.13
CROATIA 2.75 17-30 27/01A	1,000,000	EUR	929,740	0.83
CROATIA 3.00 15-25 11/03A	600,000	EUR	596,811	0.53
CROATIA 3.00 17-27 20/03A	400,000	EUR	395,200	0.35
			<b>4,000,558</b>	<b>3.57</b>
<b>Cyprus</b>				
CYPRUS 0.625 19-24 03/12A	500,000	EUR	473,720	0.42
CYPRUS 0.6250 20-30 21/01A	100,000	EUR	78,305	0.07
CYPRUS 1.5 20-27 16/04A	1,000,000	EUR	908,433	0.81
CYPRUS 2.375 18-28 25/09A	600,000	EUR	550,651	0.49
CYPRUS GOVE 19-34 26/02U	1,050,000	EUR	898,800	0.80
REPUBLIC OF CYP 2.7500 19-49 03/05A	300,000	EUR	239,170	0.21
			<b>3,149,079</b>	<b>2.81</b>
<b>Estonia</b>				
ESTONIA 0.125 20-30 10/06A	1,175,000	EUR	919,964	0.82
			<b>919,964</b>	<b>0.82</b>
<b>France</b>				
FRANCE (GOVT OF) 0.0000 22-32 25/05U	800,000	EUR	605,376	0.54
FRANCE 0.00 19-25 25/03U	700,000	EUR	657,933	0.59
FRANCE 0.00 21-31 25/11U	797,000	EUR	615,533	0.55
FRANCE 0.0000 20-30 25/11U	800,000	EUR	638,504	0.57
FRANCE 0.25 15-26 25/11A	1,200,000	EUR	1,089,863	0.97
FRANCE 0.5 18-29 25/05A	1,000,000	EUR	864,620	0.77
FRANCE 0.50 15-25 25/05A	1,501,000	EUR	1,422,426	1.27
FRANCE 0.50 15-26 25/05A	600,000	EUR	556,332	0.50
FRANCE 0.50 21-72 25/05A	300,000	EUR	112,353	0.10
FRANCE 0.75 17-28 25/05A	700,000	EUR	628,193	0.56
FRANCE 0.75 17-28 25/11A	400,000	EUR	355,850	0.32
FRANCE 1.00 16-27 25/05A	500,000	EUR	463,295	0.41
FRANCE 1.25 16-36 25/05A	400,000	EUR	313,432	0.28
FRANCE 1.25 18-34 25/05A	500,000	EUR	408,750	0.36

The accompanying notes form an integral part of the financial statements.  
Any differences in the percentage of Net Assets are the result of roundings.



## IndexIQ Factors Sustainable Sovereign Euro Bond

Investment portfolio as at December 31, 2022

Description	Quantity	Currency	Market value (in EUR)	% net assets
FRANCE 1.50 15-31 25/05A	700,000	EUR	630,043	0.56
FRANCE 1.50 18-50 25/05A	400,000	EUR	273,790	0.24
FRANCE 1.75 17-39 25/06A	150,000	EUR	122,334	0.11
FRANCE 2.00 17-48 25/05A	200,000	EUR	156,264	0.14
FRANCE 2.25 13-24 25/05A	1,000,000	EUR	992,572	0.88
FRANCE 2.50 13-30 25/05A	242,000	EUR	236,675	0.21
FRANCE 2.75 12-27 25/10A	400,000	EUR	399,609	0.36
FRANCE 3.25 12-45 25/05A	550,000	EUR	546,931	0.49
FRANCE 3.50 10-26 25/04A	650,000	EUR	664,383	0.59
FRANCE 4.00 04-55 25/04A	400,000	EUR	455,284	0.41
FRANCE 4.00 06-38 25/10A	400,000	EUR	434,712	0.39
FRANCE 4.00 09-60 25/04A	550,000	EUR	639,304	0.57
FRANCE 4.50 09-41 25/04A	719,000	EUR	837,980	0.75
FRANCE 4.75 04-35 25/04A	300,000	EUR	345,667	0.31
FRANCE 5.50 98-29 25/04A	800,000	EUR	921,893	0.82
			<b>16,389,901</b>	<b>14.61</b>
<b>Germany</b>				
ALLEMAGNE 0.25 17-27 15/02A	1,100,000	EUR	1,005,688	0.90
BUNDESREPUB. DE 0.0000 19-29 15/08U	700,000	EUR	596,016	0.53
BUNDESREPUBLIK DEUT 1.0 22-38 15/05A	500,000	EUR	399,685	0.36
BUNDESREPUBLIK DEUTS 0.00 21-31 15/08U	500,000	EUR	405,695	0.36
BUNDESREPUBLIK DEUTS 0.00 23-32 15/02U	500,000	EUR	399,918	0.36
GERMANY 0.00 16-26 15/08U	1,000,000	EUR	915,516	0.82
GERMANY 0.00 19-24 25/01U	2,400,000	EUR	2,327,424	2.07
GERMANY 0.00 19-50 15/08U	1,000,000	EUR	522,505	0.47
GERMANY 0.00 20-25 10/10U	1,000,000	EUR	936,680	0.83
GERMANY 0.00 20-25 11/04U	2,000,000	EUR	1,889,140	1.68
GERMANY 0.00 20-30 15/08U	1,050,000	EUR	873,842	0.78
GERMANY 0.00 20-30 15/08U	1,000,000	EUR	832,262	0.74
GERMANY 0.00 20-35 15/05U	257,000	EUR	187,390	0.17
GERMANY 0.00 21-28 15/11U	900,000	EUR	780,829	0.70
GERMANY 0.00 21-31 15/02U	1,000,000	EUR	820,844	0.73
GERMANY 0.00 21-36 15/05U	300,000	EUR	213,124	0.19
GERMANY 0.00 21-50 15/08U	284,000	EUR	148,575	0.13
GERMANY 0.00 21-52 15/08U	776,000	EUR	387,654	0.35
GERMANY 0.25 18-28 15/08A	300,000	EUR	265,601	0.24
GERMANY 0.25 19-29 11/01A	700,000	EUR	613,539	0.55
GERMANY 0.50 17-27 15/08A	1,000,000	EUR	915,090	0.82
GERMANY 1.00 14-24 15/08A	1,900,000	EUR	1,854,187	1.65
GERMANY 1.25 17-48 15/08A	850,000	EUR	661,130	0.59
GERMANY 2.50 12-44 04/07A	350,000	EUR	349,649	0.31
GERMANY 2.50 14-46 15/08A	800,000	EUR	804,966	0.72
GERMANY 3.25 10-42 04/07A	750,000	EUR	831,960	0.74
GERMANY 4.00 05-37 04/01A	400,000	EUR	466,351	0.42
GERMANY 4.25 07-39 04/07A	400,000	EUR	488,678	0.44
GERMANY 4.75 08-40 04/07A	300,000	EUR	390,152	0.35
GERMANY 4.75 98-28 04/07A	800,000	EUR	890,990	0.79
GERMANY 5.50 00-31 04/01A	900,000	EUR	1,090,739	0.97
GERMANY 5.625 98-28 04/01A	350,000	EUR	400,716	0.36
GERMANY 6.50 97-27 04/07A	1,200,000	EUR	1,400,074	1.25
			<b>25,066,609</b>	<b>22.34</b>
<b>Hungary</b>				
HUNGARY 0.50 20-30 18/11A	180,000	EUR	123,134	0.11
HUNGARY 1.1250 20-26 28/04A	200,000	EUR	177,925	0.16
HUNGARY 1.50 20-50 17/11A	700,000	EUR	345,918	0.31
HUNGARY 1.6250 20-32 28/04A	600,000	EUR	429,720	0.38
HUNGARY 1.75 17-27 10/10A	200,000	EUR	174,655	0.16
HUNGARY 1.75 20-35 05/06A	300,000	EUR	196,491	0.18
HUNGARY GOVERNMENT IN 0.125 21-28 21/09A	300,000	EUR	221,300	0.20

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## IndexIQ Factors Sustainable Sovereign Euro Bond

Investment portfolio as at December 31, 2022

Description	Quantity	Currency	Market value (in EUR)	% net assets
			<b>1,669,143</b>	<b>1.49</b>
<b>Ireland</b>				
IRELAND 0.00 21-31 18/10U	300,000	EUR	231,221	0.21
IRELAND 0.40 20-35 15/05A	250,000	EUR	179,150	0.16
IRELAND 0.90 18-28 15/05A	200,000	EUR	181,034	0.16
IRELAND 1.00 16-26 15/05A	200,000	EUR	189,544	0.17
IRELAND 2.00 15-45 18/02A	250,000	EUR	200,140	0.18
IRELAND 2.40 14-30 15/05A	100,000	EUR	96,757	0.09
IRELAND 5.40 09-25 13/03A	200,000	EUR	210,941	0.19
			<b>1,288,787</b>	<b>1.15</b>
<b>Italy</b>				
BUONI POLIENNAL 0.8500 19-27 15/01S	500,000	EUR	447,440	0.40
BUONI POLIENNALI TES 2.45 20-50 01/09S	500,000	EUR	332,739	0.30
ITALIAN REPUBLIC 0.45 21-29 15/02S	300,000	EUR	240,756	0.21
ITALY 0.5 21-28 15/07S	400,000	EUR	330,599	0.29
ITALY 0.95 21-37 01/03S	600,000	EUR	374,394	0.33
ITALY 1.35 19-30 01/04S	800,000	EUR	656,973	0.59
ITALY 1.50 15-25 01/06S	1,100,000	EUR	1,052,099	0.94
ITALY 1.65 15-32 01/03S	1,000,000	EUR	793,300	0.71
ITALY 2.05 17-27 01/08S	800,000	EUR	742,272	0.66
ITALY 2.20 17-27 01/06S	250,000	EUR	234,770	0.21
ITALY 2.50 14-24 01/12S	1,250,000	EUR	1,234,120	1.10
ITALY 3.25 14-46 01/09S	600,000	EUR	480,805	0.43
ITALY 3.45 17-48 01/03S	550,000	EUR	452,361	0.40
ITALY 3.50 14-30 01/03S	800,000	EUR	767,123	0.68
ITALY 3.75 14-24 01/09S	1,500,000	EUR	1,512,471	1.35
ITALY 4.00 05-37 01/02S	500,000	EUR	466,980	0.42
ITALY 4.75 13-28 01/09S	1,500,000	EUR	1,556,415	1.39
ITALY 5.00 03-34 01/08S	750,000	EUR	764,415	0.68
ITALY 5.00 07-39 01/08S	600,000	EUR	614,592	0.55
ITALY 5.00 09-40 01/09S	700,000	EUR	719,550	0.64
ITALY 6.00 00-31 01/05S	900,000	EUR	1,007,568	0.90
ITALY BTP 6.50 97-27 01/11S	1,000,000	EUR	1,119,280	1.00
ITALY TB 2.10 19-26 15/07S	259,000	EUR	245,632	0.22
ITALY TREASURY BONDS 2.15 22-52 01/09S	500,000	EUR	302,912	0.27
REPUBLIQUE ITALIENNE 2.5 18-25 15/11S	700,000	EUR	681,898	0.61
			<b>17,131,464</b>	<b>15.27</b>
<b>Latvia</b>				
LATVIA 0.00 21-31 17/03U	200,000	EUR	146,606	0.13
			<b>146,606</b>	<b>0.13</b>
<b>Lithuania</b>				
LITHUANIA 0.50 20-50 28/07A	400,000	EUR	183,886	0.16
LITHUANIA 0.75 20-30 06/05A	250,000	EUR	203,247	0.18
LITHUANIA 0.95 17-27 26/05A	250,000	EUR	223,608	0.20
REPUBLIC OF LITHUANIA 2.125 15-35 22/10A	150,000	EUR	125,527	0.11
			<b>736,268</b>	<b>0.66</b>
<b>Luxembourg</b>				
GRAND DUCHY OF 1.3750 22-29 25/05A	300,000	EUR	271,731	0.24
LUXEMBOURG 0.00 19-26 13/11U	500,000	EUR	446,036	0.40
LUXEMBOURG 0.00 20-25 28/04U	400,000	EUR	372,253	0.33
LUXEMBOURG 0.00 20-32 14/09U	800,000	EUR	599,339	0.53
LUXEMBOURG GOVERNMENT0.0000 20-30 28/04A	550,000	EUR	443,455	0.40
			<b>2,132,814</b>	<b>1.90</b>
<b>Netherlands</b>				
NETHERLANDS 0.00 20-27 15/01U	500,000	EUR	449,050	0.40
NETHERLANDS 0.00 20-52 15/01U	400,000	EUR	193,652	0.17
NETHERLANDS 0.00 21-31 15/07U	800,000	EUR	632,774	0.56
NETHERLANDS 0.25 15-25 15/07A	750,000	EUR	706,305	0.63
NETHERLANDS 0.25 19-29 14/02A	900,000	EUR	768,276	0.68

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## IndexIQ Factors Sustainable Sovereign Euro Bond

Investment portfolio as at December 31, 2022

Description	Quantity	Currency	Market value (in EUR)	% net assets
NETHERLANDS 2.75 14-47 15/01A	300,000	EUR	302,940	0.27
NETHERLANDS 3.75 10-42 15/01A	650,000	EUR	737,055	0.66
NETHERLANDS 4.00 05-37 15/01A	350,000	EUR	393,911	0.35
ROYAUME PAYS-BAS 0.75 18-28 15/07A	100,000	EUR	90,291	0.08
			<b>4,274,254</b>	<b>3.81</b>
<b>Poland</b>				
POLAND 0.00 20-25 10/02U	1,000,000	EUR	932,052	0.83
POLAND 0.875 15-27 10/05A	150,000	EUR	135,243	0.12
POLAND 1.00 19-29 07/03A	1,500,000	EUR	1,286,658	1.15
POLAND 1.125 18-26 07/08A	1,000,000	EUR	931,282	0.83
POLAND 1.375 17-27 22/10A	1,475,000	EUR	1,346,386	1.20
POLAND 1.50 15-25 09/09A	590,000	EUR	563,420	0.50
POLAND 2.375 16-36 18/01A	1,300,000	EUR	1,088,386	0.97
POLAND 2.75 22-32 25/05A	500,000	EUR	459,618	0.41
POLAND 3.375 12-24 09/07A	500,000	EUR	501,420	0.45
POLAND 5.25 10-11 20/01A	1,900,000	EUR	1,976,057	1.76
POLOGNE (REP OF) 3.00 14-24 15/01S	1,500,000	EUR	1,499,265	1.34
			<b>10,719,787</b>	<b>9.55</b>
<b>Portugal</b>				
OBRIGACOES DO T 1.1500 22-42 11/04A	250,000	EUR	159,312	0.14
PORTUGAL 0.70 20-27 15/10A	500,000	EUR	450,937	0.40
PORTUGAL 1.95 19-29 15/06A	550,000	EUR	513,251	0.46
PORTUGAL 2.25 18-34 18/04A	500,000	EUR	439,312	0.39
PORTUGAL 2.875 15-25 15/10A	400,000	EUR	400,000	0.36
PORTUGAL 2.875 16-26 21/07A	400,000	EUR	400,073	0.36
PORTUGAL 3.875 14-30 15/02A	850,000	EUR	886,754	0.79
PORTUGAL 4.10 15-45 15/02A	200,000	EUR	208,381	0.19
PORTUGAL 4.125 17-27 14/04A	100,000	EUR	104,785	0.09
			<b>3,562,805</b>	<b>3.18</b>
<b>Romania</b>				
ROMANIA 2.0 21-33 14/04A	1,200,000	EUR	766,704	0.68
ROMANIA 2.00 20-32 28/01A	800,000	EUR	532,000	0.47
ROMANIA 2.375 17-27 19/04A	500,000	EUR	446,879	0.40
ROMANIA 2.75 15-25 29/10A	500,000	EUR	480,254	0.43
ROMANIA 2.875 18-29 11/03A	1,000,000	EUR	823,480	0.73
ROMANIA 3.375 18-38 08/02A	500,000	EUR	336,989	0.30
ROMANIA 3.6240 20-30 26/05A	300,000	EUR	244,688	0.22
ROMANIA 3.875 15-35 29/10A	700,000	EUR	514,764	0.46
ROMANIA 4.625 19-49 03/04A	800,000	EUR	577,143	0.51
ROMANIA EMTN 3.625 14-24 24/04A	500,000	EUR	499,250	0.44
			<b>5,222,151</b>	<b>4.65</b>
<b>Slovakia</b>				
SLOVAKIA 1.00 20-32 14/05A	100,000	EUR	79,767	0.07
			<b>79,767</b>	<b>0.07</b>
<b>Slovenia</b>				
SLOVENIA 1.50 15-35 25/03A	150,000	EUR	114,229	0.10
SLOVENIA 2.25 16-32 03/03A	100,000	EUR	88,571	0.08
SLOVENIA 21-31 12/02A	200,000	EUR	147,816	0.13
			<b>350,616</b>	<b>0.31</b>
<b>Spain</b>				
SPAIN 0.00 20-25 31/01U	700,000	EUR	659,225	0.59
SPAIN 0.00 21-27 31/01U	118,000	EUR	104,155	0.09
SPAIN 0.1 21-31 30/04A	300,000	EUR	229,440	0.20
SPAIN 1.00 20-50 31/10A	250,000	EUR	130,220	0.12
SPAIN 1.45 17-27 31/10A	1,300,000	EUR	1,204,573	1.07
SPAIN 1.45 19-29 29/01A	1,300,000	EUR	1,171,563	1.04
SPAIN 1.50 17-27 30/04A	900,000	EUR	844,524	0.75
SPAIN 1.95 15-30 30/07A	2,100,000	EUR	1,909,719	1.70
SPAIN 2.70 18-48 31/10A	290,000	EUR	236,513	0.21

The accompanying notes form an integral part of the financial statements.  
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## IndexIQ Factors Sustainable Sovereign Euro Bond

Investment portfolio as at December 31, 2022

Description	Quantity	Currency	Market value (in EUR)	% net assets
SPAIN 3.45 16-66 30/07A	400,000	EUR	356,560	0.32
SPAIN 4.20 05-37 31/01A	450,000	EUR	471,493	0.42
SPAIN 4.65 10-25 30/07A	250,000	EUR	260,545	0.23
SPAIN 4.70 09-41 30/07A	500,000	EUR	557,933	0.50
SPAIN 4.90 07-40 30/07A	500,000	EUR	572,280	0.51
SPAIN 5.15 13-44 31/10A	350,000	EUR	416,558	0.37
SPAIN 5.90 11-26 30/07A	350,000	EUR	384,103	0.34
			<b>9,509,404</b>	<b>8.48</b>
<b>Total bonds</b>			<b>108,591,342</b>	<b>96.78</b>
<b>Total transferable securities admitted to an official stock exchange listing or dealt in another regulated market</b>			<b>108,591,342</b>	<b>96.78</b>
<b>Total investment portfolio</b>			<b>108,591,342</b>	<b>96.78</b>
Acquisition cost			128,483,947	



## IndexIQ Factors Sustainable Sovereign Euro Bond

Geographical and economic breakdown of investments as at December 31, 2022

### Geographical breakdown (in % of net assets)

Germany	22.34
Italy	15.27
France	14.61
Poland	9.55
Spain	8.48
Romania	4.65
Netherlands	3.81
Croatia	3.57
Portugal	3.18
Cyprus	2.81
Luxembourg	1.90
Hungary	1.49
Ireland	1.15
Belgium	0.90
Bulgaria	0.87
Estonia	0.82
Lithuania	0.66
Slovenia	0.31
Austria	0.23
Latvia	0.13
Slovakia	0.07
	<b>96.78</b>

### Economic breakdown (in % of net assets)

Bonds of States, Provinces and municipalities	95.90
Healthcare	0.40
Non classifiable Institutions	0.35
Investments funds	0.14
	<b>96.78</b>



## Notes to the financial statements

### Note 1 - General Information

IndexIQ (the "Company" or the "Fund") is a public limited company (société anonyme) incorporated on April 6, 2017 under the laws of Luxembourg as an investment company with variable share capital (société d'investissement à capital variable). The Fund is subject to Part I of the Luxembourg law of December 17, 2010 relating to undertakings for collective investment, as amended or supplemented from time to time and qualifies as a UCITS.

The Fund is registered with the Luxembourg Trade and Companies Register under number B-214117. The latest version of the Articles of Association was published on the Recueil électronique des sociétés et associations (RESA), the central electronic platform of the Grand-Duchy of Luxembourg on April 21, 2017.

The Fund is a single legal entity incorporated as an umbrella fund comprised of separate Sub-Funds.

In order to offer investments with different levels of risks, IndexIQ is subdivided into Sub-Funds. On December 31, 2022, five Sub-Funds are active and are detailed as follows:

#### Sub-funds

#### Reference currency

IndexIQ Factors Sustainable Corporate Euro Bond	EUR
IndexIQ Factors Sustainable EMU Equity	EUR
IndexIQ Factors Sustainable Europe Equity	EUR
IndexIQ Factors Sustainable Japan Equity	EUR
IndexIQ Factors Sustainable Sovereign Euro Bond	EUR

The Fund may issue Shares of different Share Classes in each Sub-Fund. Such Share Classes may each have specific characteristics. Certain Share Classes may be reserved to certain categories of investors: the Share Class UCITS ETF is reserved for Authorized Participants designated by the Fund and Share Class S is reserved for limited Institutional Investors designated by the Management Company.

On December 31, 2022, the Share classes available are the following:

#### **IndexIQ Factors Sustainable Corporate Euro Bond**

##### **Share Class name**

Class UCITS ETF Acc (EUR)  
Class UCITS ETF Dis (EUR)  
Class S Acc (EUR)

##### **Launch Date**

Not yet launched  
June 28, 2017  
June 28, 2017

#### **IndexIQ Factors Sustainable Sovereign Euro Bond**

##### **Share Class name**

Class UCITS ETF Acc (EUR)  
Class UCITS ETF Dis (EUR)  
Class S Acc (EUR)

##### **Launch Date**

Not yet launched  
June 28, 2017  
June 28, 2017

#### **IndexIQ Factors Sustainable Europe Equity**

##### **Share Class name**

Class UCITS ETF Acc (EUR)  
Class UCITS ETF Dis (EUR)  
Class S Acc (EUR)

##### **Launch Date**

June 28, 2017  
Not yet launched  
June 28, 2017

#### **IndexIQ Factors Sustainable EMU Equity**

##### **Share Class name**

Class UCITS ETF Acc (EUR)  
Class UCITS ETF Dis (EUR)  
Class S Acc (EUR)

##### **Launch Date**

June 28, 2017  
Not yet launched  
June 28, 2017

#### **IndexIQ Factors Sustainable Japan Equity**

##### **Share Class name**

Class UCITS ETF Acc (EUR)  
Class UCITS ETF Dis (EUR)  
Class S Acc (EUR)

##### **Launch Date**

June 29, 2017  
Not yet launched  
June 29, 2017

The Company's financial year ends on 31 December of each year.

The annual general meeting of shareholders will be held within six (6) months of the end of each financial year in Luxembourg in order to approve the financial statements of the Fund for the previous financial year. The annual general meeting of shareholders will be held at the registered office of the Fund, or at such alternative location in Luxembourg as may be specified in the convening notice of such meeting.

Audited annual reports will be made available for public inspection at the registered offices of the Company.



## Notes to the financial statements

### Note 1 - General Information (continued)

The annual report will be available at the registered office of the Company at least eight (8) days before the annual general meeting - cf art. 461-6 law 1915: each shareholder shall be entitled to obtain a copy of the annual report, free of charge, upon request and against evidence of his title, eight (8) days before the annual general meeting.

Unaudited semi-annual reports will be published within two (2) months after the end of the relevant period.

In the frame of the Sustainable Finance Disclosure Regulation (SFDR), information on environmental and/or social characteristics and/or sustainable investments is available in the relevant annexes under the (unaudited) Sustainable Finance Disclosure Regulation section.

### Note 2 - Principal accounting policies

#### a) Presentation of the financial statements

The financial statements are prepared in accordance with Luxembourg legal and regulatory requirements relating to investment funds.

This annual report is prepared on the basis of the last unofficial technical net asset values, calculated for the purpose of the financial statements as at December 31, 2022.

#### b) Investment objective and policy

The objective of the Sub-Fund - **IndexIQ Factors Sustainable Corporate Euro Bond** is to track, before the Sub-Fund fees and expenses, the performance of Solactive Candriam Factors Sustainable Corporate Euro Bond Index.

The objective of the Sub-Fund - **IndexIQ Factors Sustainable Sovereign Euro Bond** is to track, before the Sub-Fund fees and expenses, the performance of Solactive Candriam Factors Sustainable Sovereign Euro Bond Index.

The objective of the Sub-Fund - **IndexIQ Factors Sustainable Europe Equity** is to track the performance, before the Sub-Fund fees and expenses, of Solactive Candriam Factors Sustainable Europe Equity Index.

The objective of the Sub-Fund - **IndexIQ Factors Sustainable EMU Equity** is to track the performance, before the Sub-Fund fees and expenses, of Solactive Candriam Factors Sustainable EMU Equity Index.

The objective of the Sub-Fund - **IndexIQ Factors Sustainable Japan Equity** is to track the performance, before the Sub-Fund fees and expenses, of Solactive Candriam Factors Sustainable Japan Equity Index.

There can be no assurance that the Sub-Funds will achieve their investment objective.

The Sub-Funds will seek to track the performance of the Reference Index mainly by making direct investments in Transferable Securities representing an optimized sample of the underlying components of the Reference Index.

#### c) Valuation of each sub-fund's portfolio

##### i. Equities, warrants and rights:

Equities are valued at the closing (or alternatively last available) price on the various stock exchanges on the reference date or in the absence thereof the preceding date.

##### ii. Exchange Traded Fund ("ETF") and UCI:

ETF and UCI are valued at the Net Asset Value (or alternatively based on the method applied for equities for quoted, listed or traded funds) representative of the markets on the reference date or in the absence thereof the preceding date.

##### iii. Bonds:

Bonds are valued at the closing price on the basis of contributor prices on the reference date or in the absence thereof the preceding date.

##### iv. Negotiable debt securities and other money market instruments:

Negotiable debt securities are valued at the closing price on the basis of contributor prices on the reference date (or in the absence thereof the preceding date) or according to the straight-line method.

##### v. Spot exchange rates

The spot exchange rates are valued from the market data available from specialized data providers on the reference date or in the absence thereof the preceding date.

##### vi. Derivatives

Other derivatives are valued based on counterparties prices, market prices or are calculated based on models validated on the reference date or in the absence thereof the preceding date.

##### vii. Exceptional treatment

Any asset in which there are not significant amounts of transactions or for which the price is not available or clearly not representative of the market, will be valued based on the probable realization value estimated with care and in good faith by the Management Company using any valuation method approved by the Board of Directors.

#### d) Foreign currency translation

The accounting and the financial statements of the sub-funds are drawn up in EUR.

Cash held with banks, the other net assets and the market value of investments denominated in currencies other than EUR are converted into EUR at the exchange rate available on December 31, 2022.





## Notes to the financial statements

### Note 2 - Principal accounting policies (continued)

The income and expenses denominated in currencies other than the EUR are converted into EUR at the exchange rate applicable at the date of the transaction.

The resulting currency conversion gains and losses are recorded in the statement of changes in net assets.

Exchange rates used as at December 31, 2022 are the following:

1 EUR =	0.987450	CHF	1 EUR =	0.887250	GBP	1 EUR =	10.513500	NOK	1 EUR =	1.067250	USD
1 EUR =	7.436450	DKK	1 EUR =	140.818300	JPY	1 EUR =	11.120250	SEK			

### e) Combined financial statements of the SICAV

The financial statements of the SICAV are drawn up in EUR. The different items of the combined statement of the SICAV's net assets as at December 31, 2022 are equal to the sum of the corresponding items in the financial statements of each Sub-Fund.

### f) Transaction costs

For the year ended December 31, 2022, the SICAV incurred transaction costs and broker's charges related to the purchase and sale of transferable securities, money market instruments, other eligible assets and derivatives instruments.

Furthermore, in accordance with the practices of the bond markets, a bid-offer spread is applied to securities purchase or sale transactions. According to this principle, the selling and buying prices applied by the broker to a given transaction are not identical and the difference between them constitutes the broker's remuneration.

### g) Income

Interest income is accrued daily. Investment transactions are accounted for on a trade date basis. Dividend income is recorded on the ex-dividend date, net of withholding tax. Interest income comprises the amortization / accretion income using the effective interest yield method.

### Note 3 – Investment Manager fees

Until June 30, 2022, the Management Company had appointed Candriam Belgium as Investment Manager for all Sub-Funds except for the IndexIQ Factors Sustainable Corporate Euro Bond Sub-Fund, pursuant to an Investment Management Agreement.

Candriam Belgium was a public limited company incorporated under the laws of Belgium on January 30, 1998. The Investment Manager was authorized for the purpose of asset management and regulated by the Financial Services and Markets Authority (FSMA) in Belgium. The Investment Manager was an affiliated company of Candriam. Its main business activity is asset management.

Until June 30, 2022, the Management Company had appointed Candriam France as Investment Manager for the IndexIQ Factors Sustainable Corporate Euro Bond Sub-Fund pursuant to an Investment Management Agreement.

Candriam France was a simplified joint-stock company incorporated under the laws of France on 28 March 1988. The Investment Manager was authorised for the purpose of asset management and regulated by the Autorité des Marchés Financiers (AMF) in France. The Investment Manager was an affiliated company of Candriam. Its main business activity is asset management.

Under the terms of the Investment Management Agreement, the Investment Managers have full discretion, subject to the overall review and control of the Management Company and, ultimately, the Board of Directors, to manage the assets of each Sub-Fund on a discretionary basis, in accordance with the investment objective and policy of the Sub-Fund and any additional investment restrictions or guidelines imposed by the Board of Directors. Within this function, the Investment Managers have authority to act on behalf of the Fund.

Since July 1, 2022, the portfolio management function is performed directly by Candriam and/or by one or more of its branches: Candriam-Belgian Branch, Candriam – Succursale française, Candriam – UK Establishment.

The annual investment manager fees as at December 31, 2022 were:

Sub-funds	Share class	Share type	ISIN	Management fee
IndexIQ Factors Sustainable Corporate Euro Bond	S	Capitalisation	LU1603777555	0.20%
	UCITS ETF	Distribution	LU1603790731	0.15%
IndexIQ Factors Sustainable EMU Equity	S	Capitalisation	LU1603778363	0.15%
	UCITS ETF	Capitalisation	LU1603797074	0.10%
IndexIQ Factors Sustainable Europe Equity	S	Capitalisation	LU1603778108	0.15%
	UCITS ETF	Capitalisation	LU1603795458	0.10%
IndexIQ Factors Sustainable Japan Equity	S	Capitalisation	LU1603778520	0.20%
	UCITS ETF	Capitalisation	LU1603797587	0.15%
IndexIQ Factors Sustainable Sovereign Euro Bond	S	Capitalisation	LU1603777985	0.15%
	UCITS ETF	Distribution	LU1603795292	0.05%

### Note 4 - Depositary fees

CACEIS Bank, Luxembourg Branch acts as the depositary of the SICAV ("Depositary") in accordance with a depositary bank agreement for an unlimited term as amended from time to time ("Depositary Bank Agreement") and with the relevant provisions of the Law and applicable regulations.



## Notes to the financial statements

### Note 5 - Operating and Administrative Expenses

The Fund will bear the day-to-day operational and administrative expenses incurred to cover all the overhead, variable costs, charges, fees and other expenses, as described below (the "Operational and Administrative Expenses").

The Operational and Administrative Charges cover the following costs, although this list is not exhaustive:

(a) expenses incurred directly by the Fund, including, among others, fees and charges owing to the Depositary, to the principal paying agent, commissions and fees for certified auditors, share classes hedging fees, including those charged by the Management Company, the fees paid to Directors and the reasonable costs and expenses incurred by or for the Directors;

(b) a "service fee" which includes the remaining amount of Operational and Administrative Charges after deducting the costs indicated in section (a) above, being, among others, the fees and costs of the domiciliary agent, the Administrator the costs associated with registration and for maintaining this registration in all jurisdictions (such as fees levied by the supervisory authorities concerned, translation costs and payment for representatives abroad and local paying agents), stock exchange listing and maintenance fees, share price publication costs, postal and communication costs, the costs for preparing, printing, translating and distributing prospectuses, key investor information documents, notices to the shareholders, financial reports or any other documents for shareholders, legal fees and expenses, the costs and fees associated with the subscription for any account or license or any other use of paid information or data, the fees incurred for using a trademark registered by the Fund and the fees and expenses for the Management Company and/or its delegates and/or any other agent appointed by the Fund itself and/or independent experts.

Operational and Administrative Charges are expressed as an annual percentage of the average Net Asset Value of each Sub-Fund or Share Class and are payable monthly.

At the end of a given year, if the charges and expenses were to exceed the percentage of the Operational or Administrative Charges set for share classes then the Management Company would pay the difference. Conversely if the actual charges and expenses were to be less than the percentage of the Operational and Administrative Charges set for classes of shares, then the Management Company would retain the difference.

The Management Company may instruct the Fund to settle all or part of the expenses as stated above directly on its assets. In such case, the amount of Operational and Administrative Charges will be reduced accordingly.

The total expense level including investment manager fees as per Prospectus as at December 31, 2022 were:

Sub-funds	Share class	Share type	ISIN	Maximum rate
IndexIQ Factors Sustainable Corporate Euro Bond	S	Capitalisation	LU1603777555	0.35%
	UCITS ETF	Distribution	LU1603790731	0.35%
IndexIQ Factors Sustainable EMU Equity	S	Capitalisation	LU1603778363	0.30%
	UCITS ETF	Capitalisation	LU1603797074	0.30%
IndexIQ Factors Sustainable Europe Equity	S	Capitalisation	LU1603778108	0.30%
	UCITS ETF	Capitalisation	LU1603795458	0.30%
IndexIQ Factors Sustainable Japan Equity	S	Capitalisation	LU1603778520	0.35%
	UCITS ETF	Capitalisation	LU1603797587	0.35%
IndexIQ Factors Sustainable Sovereign Euro Bond	S	Capitalisation	LU1603777985	0.30%
	UCITS ETF	Distribution	LU1603795292	0.30%

### Note 6 - Subscription tax

The Fund is normally subject to a subscription tax ("taxe d'abonnement"). For the Sub-Funds whose securities are listed on a Stock Exchange and whose exclusive object is to replicate the performance of one or more indices, the Fund is exempted from the "taxe d'abonnement" pursuant to article 175 (e) of the 2010 Law as amended. Only the ETF share classes are exempted from the "taxe d'abonnement", the share classes "S" has to bear the tax since it's not quoted on a stock exchange.

The Fund is not currently subject to any other Luxembourg taxes on income or capital gains (except on dividends from asset source in Luxembourg which are normally paid to the Fund after deduction of a 15% withholding tax). Distributions paid by the Fund are not subject to any form of Luxembourg withholding tax.

Certain revenues of the Fund in terms of dividends and interest, or capital gain, from asset sources outside Luxembourg may, however, be liable to taxes at variable rates, which are generally deducted at source. Generally speaking, these taxes or deductions at source are not fully or partly recoverable. Within this context, the relief on these taxes and deductions at source provided for by the international double taxation prevention treaties entered into by the Grand Duchy of Luxembourg and the respective countries is not always applicable. Moreover, some transaction taxes or stamp duties may be applied on subscription, purchase, sale, exchange, transfer, or conversion of assets sources outside Luxembourg.

While the above tax information is accurate to the best of the Board of Directors' knowledge, it is possible that a tax authority may impose new taxes (including retroactive taxes).

### Note 7 - Dividends

The Fund distributed the following dividends during the year ended December 31, 2022:

Sub-funds	Share class	Currency	Dividend	Ex-date
IndexIQ Factors Sustainable Corporate Euro Bond	UCITS ETF	EUR	0.15	28/04/2022
IndexIQ Factors Sustainable Sovereign Euro Bond	UCITS ETF	EUR	0.05	28/04/2022



## Notes to the financial statements

### Note 8 – Conflict of interest

The Board of Directors, the Management Company, the Investment Manager, the Depositary, the Administrator and the other service providers of the Fund, and/or their respective affiliates, members, employees or any person connected with them may be subject to various conflicts of interest in their relationships with the Fund.

As further described in the Articles of Association, any director of the Fund who has, directly or indirectly, an interest in a transaction submitted to the approval of the Board of Directors which conflicts with the Fund's interest, must inform the Board of Directors. The director may not take part in the discussions on and may not vote on the transaction. Where, by reason of a conflicting interest, the number of directors required in order to validly deliberate is not met, the board of directors may submit the decision on this specific item to the general meeting of shareholders.

The Management Company has adopted and implemented a conflicts of interest policy and has made appropriate organizational and administrative arrangements to identify and manage conflicts of interests so as to minimize the risk of the Fund's interests being prejudiced, and if they cannot be avoided, ensure that the Fund is treated fairly.

### Note 9 – Global exposure

The global exposure of the Sub-Fund is calculated and monitored under the commitment approach. The global exposure of the Sub-Fund may not exceed its Net Asset Value.

### Note 10 – Listing

The sub-funds contain UCITS ETF Shares. As a consequence, the UCITS ETF Shares shall be traded throughout the day on one or several Regulated Market or multilateral trading facilities with at least one Market Maker which takes action to ensure that the Stock Exchange value of the Shares does not significantly vary from its NAV.

### Note 11 - Changes in portfolio composition

A list including the transactions (sales and purchases) in the investment portfolios is available free of charge at the Fund's registered office.

### Note 12 – Significant event during the year

With effect as of July 1, 2022 (the "Effective Date"), Candriam Luxembourg has absorbed its subsidiaries Candriam Belgium and Candriam France via a Luxembourg merger by absorption in accordance with Article 1021-1 (et seq.) of the Luxembourg law on commercial companies of 10 August 1915, as amended. As of the Effective Date, the name of Candriam Luxembourg has been changed to Candriam.

### Note 13 - Subsequent events

There is no subsequent event.

### Note 14 - Auditor's other services

During the year from January 1, 2022 to December 31, 2022, the external auditor's services delivered to the Fund included:

- Other assurance related work:
  - Contributions in kind reports
  - Redemptions in kind reports



## Additional unaudited information

### Additional Information for Investors in the Federal Republic of Germany

Facilities referred to in Article 92(1) of Directive 2009/65/EC as amended by Directive (EU) 2019/1160

Marcard, Stein & Co AG, Ballindamm 36, D-20095 Hamburg:

- Applications for the issue, redemption and conversion of shares may be submitted to this facility.
- All payments to a shareholder, including redemption proceeds and distributions, if any, may be remitted through this facility at the request of the shareholder.
- The prospectus, Key Investor Information Documents, the SICAV's Articles of Incorporation, the latest annual and semi-annual reports – upon request in paper form – as well as other documents and information are available free of charge at this facility.
- The net asset value per share and the issue, redemption and conversion prices are available free of charge at this facility.
- This facility acts as a contact point for communicating with the Bundesanstalt für Finanzdienstleistungsaufsicht.

The website [www.indexiq.eu](http://www.indexiq.eu):

- The prospectus, Key Investor Information Documents, the SICAV's Articles of Incorporation, the latest annual and semi-annual reports as well as other documents and information are published at this website and are available there free of charge.
- The net asset value per share and the issue, redemption and conversion prices are published at this website and are available there free of charge.

The registered office of the SICAV:

- The prospectus, Key Investor Information Documents, the SICAV's Articles of Incorporation, the latest annual and semi-annual reports – upon request in paper form – as well as other documents and information are available free of charge at the registered office of the SICAV.
- The net asset value per share and the issue, redemption and conversion prices are available free of charge at the registered office of the SICAV.

Any notices to shareholders are published at [www.indexiq.eu](http://www.indexiq.eu) and are sent to all shareholders at their address registered in the register of shareholders. In the following cases, a notice to shareholders will be published by means of a durable medium: suspension of the redemption of the shares; termination of the management of the fund or the winding-up of the fund; amendments to the fund rules which are inconsistent with existing investment principles, amendments to material investor rights to the detriment of investors, or amendments to the detriment of investors relating to remuneration or the reimbursement of expenses that may be taken out of the fund (including the reasons for the amendments and the rights of investors); the merger of the fund or a sub-fund; and the conversion of the fund or a sub-fund into a feeder fund.

### Additional Information for Investors in Austria

Facility in Austria according to EU directive 2019/1160 article 92:

Erste Bank der oesterreichischen Sparkassen AG  
Am Belvedere 1,  
A-1100 Vienna/Austria  
E-Mail: [foreignfunds0540@erstebank.at](mailto:foreignfunds0540@erstebank.at)

### Additional information on the fund's investment strategy - European directive on shareholders' rights (SRD II)<sup>1</sup>

In accordance with the transparency rules set out in the "Shareholders' Rights" European directive and related to annual disclosures to institutional investors, you can obtain additional information on the investment strategy implemented by Candriam and the contribution of this strategy to the medium to long-term performance of the Fund.

You may submit your request to the following address: <https://www.candriam.fr/contact/>.

<sup>1</sup>Directive (EU) 2017/828 of the European Parliament and of the Council amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement.

Sub-Funds	Portfolio Turnover Rate (in %)*
IndexIQ Factors Sustainable EMU Equity	155.40
IndexIQ Factors Sustainable Europe Equity	153.83
IndexIQ Factors Sustainable Japan Equity	126.80

\* Formula used:  $[(Total\ purchases + total\ sales) - (total\ subscriptions + total\ redemptions)] / Average\ of\ net\ assets\ during\ the\ year\ under\ review.$

### Engagement & voting policies, use of voting rights

Candriam exercises voting rights for the considered funds.

For all engagement matters, please refer to the engagement policy and to the associated reports, all available under Candriam website

<https://www.candriam.com/en/professional/investment-solutions/sustainability-documents/#engagement-activities>



## Additional unaudited information

### Proxy Voting

Since January 1, 2004, Candriam Luxembourg has decided to actively exercise the voting rights attached to the shares of top-tier European companies that it manages on behalf of its clients. This decision indicates Candriam Luxembourg's determination to assume its responsibilities in the context of corporate governance, and to fully exercise its voting rights in companies in which it invests. The details of the voting are available on the web site <https://www.candriam.com/en/professional/investment-solutions/sustainability-documents/#engagement-activities>.

Non voted meetings result from operational / technical burdens defined in our voting policy (for more details please refer to Candriam voting policy) or others encountered at our third party levels and for which remediation plans have been defined.

For the present SICAV, Candriam exercised voting rights for the following sub-funds:

- IndexIQ Factors Sustainable EMU Equity
- IndexIQ Factors Sustainable Europe Equity
- IndexIQ Factors Sustainable Japan Equity

As announced above, details of the voting are available on the web site <https://www.candriam.com/en/professional/investment-solutions/sustainability-documents/#engagement-activities>.

All General Assembly Meetings the Management company attended or was represented at are detailed, as well as the voted resolutions, effective votes and associated rationales when votes against management were registered.

Other non voted meetings result from either the change of custodian which occurred during the year 2020 for all the funds, the defined voting scope itself (for more details please refer to Candriam voting policy) or from delays in reception of needed powers of attorney."

The voting rights are exercised for each sub-fund of the SICAV on the basis of its positions in the portfolio.

Candriam Luxembourg has formulated and implemented a voting policy based on four principles of corporate governance. Voting decisions are taken in accordance with these principles:

1. Protection of all shareholders' rights in accordance with the "one share – one vote – one dividend" rule.
2. Guaranteed equality of treatment of shareholders, including minority and foreign shareholders.
3. Communication of accurate and transparent financial information.
4. Accountability and independence of the Board of Directors and the external auditors.

As part of its voting decisions, Candriam Luxembourg satisfies itself that it has obtained all the information required for the decision to be taken. Candriam Luxembourg's ESG and financial analysts examine the resolutions presented to the shareholders, taking into account the voting recommendations provided by external corporate governance advisors. Candriam Luxembourg does, however, retain total independence as regards its votes.

This voting policy is available under Candriam website (\*) and notably details:

- The definition of the voting scope,
- How conflict of interest are identified and managed,
- The Role of proxy Advisers.

In addition, a Proxy Voting Committee has been established within Candriam Luxembourg. Its role is to evaluate the voting policy and make changes to it when deemed appropriate.

The Committee consists of internal representatives from the Management, Operations, Risk and ESG Research & Stewardship Teams. Representatives of the Legal department may attend meetings upon request.

There are no securities lending programs for funds which are part of the present SICAV.

(\*)<https://www.candriam.com/en/professional/investment-solutions/sustainability-documents/#engagement-activities>



## Additional unaudited information

### Information concerning the remuneration policy

European Directive 2014/91/EU amending Directive 2009/65/EC on undertakings for collective investment in transferable securities, which is applicable to the SICAV, came into force on 18 March 2016. It is implemented in national law under the Luxembourg Act of 10 May 2016 implementing Directive 2014/91/EU. Due to these new regulations, the SICAV is required to publish information relating to the remuneration of identified employees within the meaning of the Act in the annual report.

Candriam holds a double license, first, as a management company in accordance with section 15 of the Law of December 17, 2010 on undertakings for collective investment and, second, as a manager of alternative investment funds in accordance with the Law of July 12, 2013 relating to alternative investment fund managers. The responsibilities incumbent on Candriam under these two laws are relatively similar and Candriam considers that its personnel is remunerated in the same manner for tasks relating to administration of UCITS and of alternative investment funds.

During its financial year ended on December 31, 2022, Candriam paid the following amounts to its personnel:

- Total gross amount of fixed remunerations paid (excluding payments or benefits that can be considered to be part of a general and nondiscretionary policy and to have no incentive effect on risk management): EUR 16,496,391.
- Total gross amount of variable remunerations paid: EUR 7,603,281.
- Number of beneficiaries: 147.

Aggregate amount of remunerations, broken down between senior management and the members of the personnel of the investment manager whose activities have a significant impact on the funds risk profile. The systems of Candriam do not permit such an identification for each fund under management. The numbers below also show the aggregate amount of overall remunerations at Candriam.

- Aggregate amount of the remunerations of the senior management: EUR 4,123,181.
- Aggregate amount of the remunerations of the members of the personnel of Candriam whose activities have a significant impact on the risk profile of the funds of which it is the management company (excluding senior management): EUR 2,274,454.

Remunerations paid by Candriam to the personnel of its Belgian branch (i.e. Candriam – Belgian Branch), acting as investment manager, during the financial year ended on December 31, 2022:

- Total gross amount of fixed remunerations paid (excluding payments or benefits that can be considered to be part of a general and nondiscretionary policy and to have no incentive effect on risk management): EUR 24,652,347.
- Total gross amount of variable remunerations paid: EUR 10,435,950.
- Number of beneficiaries: 256.

Aggregate amount of remunerations, broken down between senior management and the members of the personnel of the investment manager whose activities have a significant impact on the funds risk profile. The systems of the investment manager do not permit such an identification for each fund under management. The numbers below also show the aggregate amount of overall remunerations at the level of the investment manager.

- Aggregate amount of the remunerations of the senior management: EUR: 5,059,679.
- Aggregate amount of the remunerations of the members of the personnel of the investment manager whose activities have a significant impact on the risk profile of the funds of which it is the investment manager (excluding senior management): EUR 4,582,833.

Remunerations paid by Candriam to the personnel of its French branch (i.e. Candriam – Succursale française), acting as investment manager(s), during the financial year ended on December 31, 2022:

- Total gross amount of fixed remunerations paid (excluding payments or benefits that can be considered to be part of a general and nondiscretionary policy and to have no incentive effect on risk management): EUR 18,384,879.
- Total gross amount of variable remunerations paid: EUR 9,558,325.
- Number of beneficiaries: 202.

Aggregate amount of remunerations, broken down between senior management and the members of the personnel of the investment manager whose activities have a significant impact on the funds risk profile. The systems of the investment manager do not permit such an identification for each fund under management. The numbers below also show the aggregate amount of overall remunerations at the level of the investment manager.

- Aggregate amount of the remunerations of the senior management: EUR 3,634,215.
- Aggregate amount of the remunerations of the members of the personnel of the investment manager whose activities have a significant impact on the risk profile of the funds of which it is the investment manager (excluding senior management): EUR 3,398,975.

The remuneration policy was last reviewed by the remuneration committee of Candriam on January 29, 2021 and was adopted by the Board of Directors of Candriam.

### Transparency of Securities Financing Transactions of Reuse and amending Regulation (SFTR) (EU) N°648/2012

There were no securities financing transactions according to the above mentioned regulation.



## Additional unaudited information

### Index tracking portfolios as at December 31, 2022

The following disclosures are required for Index-Tracking Portfolio's based on European Securities and Market Authority ("ESMA") guidelines and other UCITS issues (ESMA/2014/937EN), issued on August 01, 2014:

Sub-Funds	Share Class	NAV Performance*	Index Tracked	Index Performance	Performance difference	Level of Expenses	Expected tracking error	Effective tracking error	Tracking error difference
IndexIQ Factors Sustainable Corporate Euro Bond	UCITS ETF Dis	-10.00%	Solactive Candriam Factors Sustainable Corporate Bond Index	-9.93%	-0.07%	0.35%	0.30%	0.27%	0.03%
	S Acc	-10.06%							
IndexIQ Factors Sustainable EMU Equity	UCITS ETF Acc	-10.03%	Solactive Candriam Sustainable EMU Equity Index	-10.37%	0.34%	0.30%	0.10%	0.24%	-0.14%
	S Acc	-10.08%							
IndexIQ Factors Sustainable Europe Equity	UCITS ETF Acc	-11.04%	Solactive Candriam Factors Sustainable Europe Equity Index	-11.33%	0.29%	0.30%	0.10%	0.20%	-0.10%
	S Acc	-11.10%							
IndexIQ Factors Sustainable Japan Equity	UCITS ETF Acc	-6.10%	Solactive Candriam Factors Sustainable Japan Equity Index	-5.50%	-0.60%	0.35%	0.15%	0.23%	-0.08%
	S Acc	-6.15%							
IndexIQ Factors Sustainable Sovereign Euro Bond	UCITS ETF Dis	-17.23%	Solactive Candriam Factors Sustainable Euro Bond Index	-16.93%	-0.30%	0.30%	0.20%	0.13%	0.07%
	S Acc	-17.32%							

\*The figures reflect the percentages changes of official NAV per share (cum dividends).

The anticipated tracking error for each portfolio under normal market circumstances is set out in the table above. Investors should note that the actual performance of the portfolios will not necessarily be aligned with the anticipated tracking error as detailed above. Anticipated tracking error has been calculated using historical data and therefore may not capture all factors that will impact a portfolio's actual performance against its benchmark index.

The performances are covering the period from January 1, 2022 to December 31, 2022.

#### Fixed Income:

##### IndexIQ Factors Sustainable Corporate Euro Bond:

The performance of IndexIQ Factors Sustainable Corporate Euro Bond for the year ended is -10.00%. Performances, gross of fees and distribution are in line with the benchmark as shown on table above.

The level of realised tracking error in 2022 was within the expected range, due to the effectiveness of replication techniques utilized.

##### IndexIQ Factors Sustainable Sovereign Euro Bond

The performance of IndexIQ Factors Sustainable Sovereign Euro Bond for the year ended December 31, 2022 is -17.23%. Performances, gross of fees and distribution are in line with the benchmark as shown on table above.

The level of realised tracking error in 2022 was within the expected range, due to the effectiveness of replication techniques utilized.

#### Equities:

##### IndexIQ Factors Sustainable Europe Equity:

The performance of IndexIQ Factors Sustainable Europe Equity for the year ended December 31, 2022 is -11.04%. Performances, gross of fees are in line with the benchmark as shown on table above.

The level of realised tracking error in 2022 was outside the expected range.

##### IndexIQ Factors Sustainable EMU Equity:

The performance of IndexIQ Factors Sustainable EMU Equity for the year ended December 31, 2022 is -10.03 %. Performances, gross of fees are in line with the benchmark as shown on table on previous page.

The level of realised tracking error in 2022 was outside the expected range.

##### IndexIQ Factors Sustainable Japan Equity:

The performance of IndexIQ Factors Sustainable Japan Equity for the year ended December 31, 2022 is -6.10%. Performances, gross of fees are in line with the benchmark as shown on table above.

The level of realised tracking error in 2022 was outside the expected range.

Sources: Candriam, Bloomberg.



## Additional unaudited information

### **Sustainable Finance Disclosure Regulation (SFDR)**

All the sub-funds of the SICAV are falling under article 8 of SFDR.



## Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input type="checkbox"/> <b>YES</b>	<input type="radio"/> <input checked="" type="checkbox"/> <b>NO</b>
<input type="checkbox"/> It made <b>sustainable investments with an environmental objective: ____%</b>	<input checked="" type="checkbox"/> It <b>promoted Environmental/Social (E/S) characteristics</b> and while it did not have as its objective a sustainable investment, it had a proportion of 87% of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> It made <b>sustainable investments with a social objective: ____%</b>	<input checked="" type="checkbox"/> with a social objective
	<input type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b>



### To what extent were the environmental and/or social characteristics promoted by this financial product met?

The environmental and social characteristics promoted by the Sub-fund have been achieved by:

- avoiding exposure to companies that present structural risks that are both material and severe and are most seriously in breach of normative principles taking into account practices in environmental and social issues as well as compliance with standards such as the United Nations Global Compact and the OECD Guidelines for Business standards;
- avoiding exposure to companies that are significantly exposed to controversial activities such extraction, transportation or distribution of thermal coal, the manufacturing or retailing of Tobacco and production or sale of controversial weapons (anti-personnel mines, cluster bombs, chemical, biological, phosphorus weapons white and depleted uranium).
- integrating Candriam's ESG research methodology into the investment process and investing a proportion of its assets in Sustainable Investments.

### How did the sustainability indicators perform?

For the selection of sustainable investments, the portfolio manager has taken into account ESG assessments of issuers, produced by Candriam's ESG analyst team.

For companies, these assessments are based on the analysis of the company's interactions with its key stakeholders and the analysis of its business activities and their impact, positive or negative, on key sustainability challenges such

as climate change and resource depletion. In addition, Candriam's ESG analysis includes exclusion filters based on compliance with international standards and involvement in controversial activities.

For sovereign issuers, these assessments are based on the analysis of the countries' management of their natural, human, social and economic capital. In addition, exclusion filters are used to screen out issuers that do not meet democratic and governance standards.

Candriam's ESG research and analysis for sustainable investments also assesses the compliance of investments with the «do no harm» principle to a sustainable investment objective and with good governance practices.

This integration of Candriam's ESG research methodology has enabled the Fund to meet the minimum proportion of sustainable investments defined in the prospectus (minimum 33%). The proportion of sustainable investments in the Fund was therefore above this minimum threshold, as detailed in the section «What was the proportion of sustainability-related investments?»

### ● **... And compared to previous periods?**

Not applicable because no previous period data is available.

### ● **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objective?**

The sustainable investments which the Sub-fund intended to achieve for a portion of the portfolio were to have a positive impact on environment and social domains in the long-term.

The proportion of sustainable investments was higher than the minimum defined in the prospectus (minimum 33%). It allowed the Sub-fund to exceed the objectives initially set.

However, the Sub-fund is not able to publish a percentage of alignment with the Taxonomy since a small number of companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy.

### ● **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

Candriam ensured that those investments have not cause significant harm to any environmental and/or social sustainable investment objective by means of its ESG research and analysis of corporate and sovereign issuers.

Based on its proprietary ESG Ratings and Scorings, Candriam's ESG methodology sets criteria and minimum thresholds to identify those issuers that qualify as 'sustainable investment' and, in particular, have not cause significant harm to any environmental and/or social sustainable investment objective.

The 'Do not significant harm' principle, in particular, was assessed for corporates through:

- the consideration of "principal adverse impacts";
- the alignment with the OECD Guidelines for Multinational Enterprises and the UN Global Compact to ensure minimum environmental & social safeguards.

For more details, refer to the section below on the consideration of principal adverse impacts on sustainability factors.

### ----- **How were the indicators for adverse impacts on sustainability factors taken into account?**

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The consideration of adverse impacts is central to Candriam's sustainable investment approach. Principal adverse impacts were taken into account throughout the entire ESG research and analysis process and through a wide range of methods:

1. ESG rating of corporates: the ESG research and screening methodology considers and assesses the principal adverse impact on sustainability from two distinct, but interlinked, angles:

- the company's issuers' business activities and how they impact, either positively or negatively, key sustainable challenges such as climate change and resource depletion;
- company's interactions with key stakeholders.

2. Negative screening of companies, which includes a norms-based exclusion and an exclusion of companies involved in controversial activities.

3. Engagement activities with companies, through dialogue and voting activities, which contribute to avoiding or reducing the extent of the adverse impacts. The ESG analysis framework and its results feed our engagement process, and vice versa.

The integration of the principal adverse impacts on sustainability factors has been based on the materiality or likely materiality of each indicator for each specific industry / sector to which the company belongs. The materiality is dependent on several factors, such as: type of information, data quality and breadth, applicability, relevance, and geographical coverage.

### ***Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:***

The sustainable investments of the Sub-fund have been compliant with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights.

They are subject to a norms-based controversy analysis that considers the compliance with the international social, human, environmental and anti-corruption standards, as defined by the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises. The International Labour Organisation and International Bill of Human Rights are part of the many international references integrated into our norms-based analysis and ESG model.

This analysis aimed to exclude companies that have significantly and repeatedly breached any of these principles.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.*

*The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.*

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## **How did this financial product consider principal adverse impacts on sustainability factors?**

At Sub-Fund level, the principal adverse impacts (PAI) on sustainability factors were considered through one or several means (cfr. Candriam's PAI statement : <https://www.candriam.com/en/private/sfdr/>):

- Engagement : in order to avoid and/or reduce the adverse impact on sustainable objectives, the Sub-Fund also considered the adverse impacts in its interactions with companies, through dialogue. Candriam prioritised its engagement activities according to an evaluation of the most material and relevant ESG challenges, facing industries and issuers, by considering both the financial and societal / stakeholder impacts. Therefore, the level of engagement with each company within the same product may vary and is subject to Candriam's prioritisation methodology.
  - Dialogue:

Climate (PAI1 to PAI6) is obviously central in our exchanges with companies. Priorities of Climate-engagement on the corporate side are identified taking into account :

- issuers presenting a weak transition profile (proprietary risk transition model), and/or still highly carbon intensive (Scope 1-2) or with large Scope 3 emissions,
- issuers from financial sectors still largely exposed to fossil fuel and with a key role in financing the transition
- relative exposure of managed Sub-funds to the above issuers.

Our objective is obviously to encourage companies to publicly report on how they align with a 1.5D trajectory and to support such an alignment. Beyond any Net Zero commitment and Scope1-2-3 absolute emissions disclosure, Candriam thus encourage them to provide insights on how short / mid term targets are aligned with scientifically recognized 1.5D trajectory. We expect issuers in particular to explain how their strategy and capital expenditures plan serve their decarbonisation commitment. We usually combine individual and collaborative dialogue. As in previous year, we continue to support and actively participate to several collaborative initiatives such Climate Action 100+ . These initiatives contribute not only to increase the level of transparency on Greenhouse gas emissions and related strategy, but also to gain fundamental leverage for supporting strategic changes. Outcomes of these engagements are detailed in our annual engagement & voting report, available on our public website (<https://www.candriam.com/en/professional/insight-overview/publications/#sri-publications>) .

Given the geopolitical context and observed increase of inequalities, several engagements have also been performed in relation to the protection of fundamental human rights at direct or indirect workforce level (supply chain due diligence) (PAI10, PAI11). We also conducted a dedicated Post-covid direct engagement campaign aiming at investigating how relationships with stakeholders were impacted and the changes now integrated as the “new normal” course of business for Candriam’s investee companies. In the same vein, Human capital management is an aspect we address in most of our exchanges with companies. We continue to support Workforce Disclosure Initiative defending a better access to reliable, relevant and comparable data on companies’ direct and indirect workforces.

- Exclusion: Candriam's negative screening of companies or countries aimed to avoid investments in harmful activities or practices and may led to exclusions linked to comparnies' or issuers' adverse impact.
- Monitoring: calculation and evaluation of the principal adverse impact indicators including the reporting at Sub-Fund level. Some of these indicators may have explicit targets and can be used to measure the attainment of the sustainable investment objective of the sub-fund. See below the results of the indicators of this Sub-fund :

PAI indicators	Value
10 - Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	0.00%
14 - Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	0.00%



## What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 31/12/2022

Top investments	Sector	Proportion	Country
PROCTER & GAMBLE CO 4.875 07-27 11/05A	Miscellaneous consumer goods	1.51%	US
APPLE INC 1.625 14-26 10/11A	Office supplies and computing	1.21%	US
PROXIMUS 2.375 14-24 01/04A	Communication	1.12%	BE
AT&T INC 3.50 13-25 17/12A	Communication	1.00%	US
SVENSKA HANDELS 0.1250 21-26 03/11A	Banks and other financial institutions	0.99%	SE
UNICREDIT SPA FL.R 20-26 20/01A	Banks and other financial institutions	0.98%	IT
TOYOTA MOTOR CREDIT 0.25 20-26 16/01A	Banks and other financial institutions	0.89%	US
MASTERCARD INC 1.00 22-29 22/02A	Banks and other financial institutions	0.86%	US
VERIZON COMMUNICATION 1.625 14-24 01/03A	Communication	0.83%	US
DEUTSCHE BOERSE AG 1.625 15-25 08/10A	Banks and other financial institutions	0.82%	DE
UNITED PARCEL 1.625 15-25 15/11A	Transportation	0.81%	US
SANOFI SA 1 20-25 30/03A	Pharmaceuticals	0.81%	FR
NOVO NORDISK FINANCE 0 21-24 04/06U	Banks and other financial institutions	0.81%	DK
APPLE INC 1.375 17-29 24/05A	Office supplies and computing	0.78%	US
MICROSOFT CORP 3.125 13-28 06/12A	Internet and internet services	0.73%	US

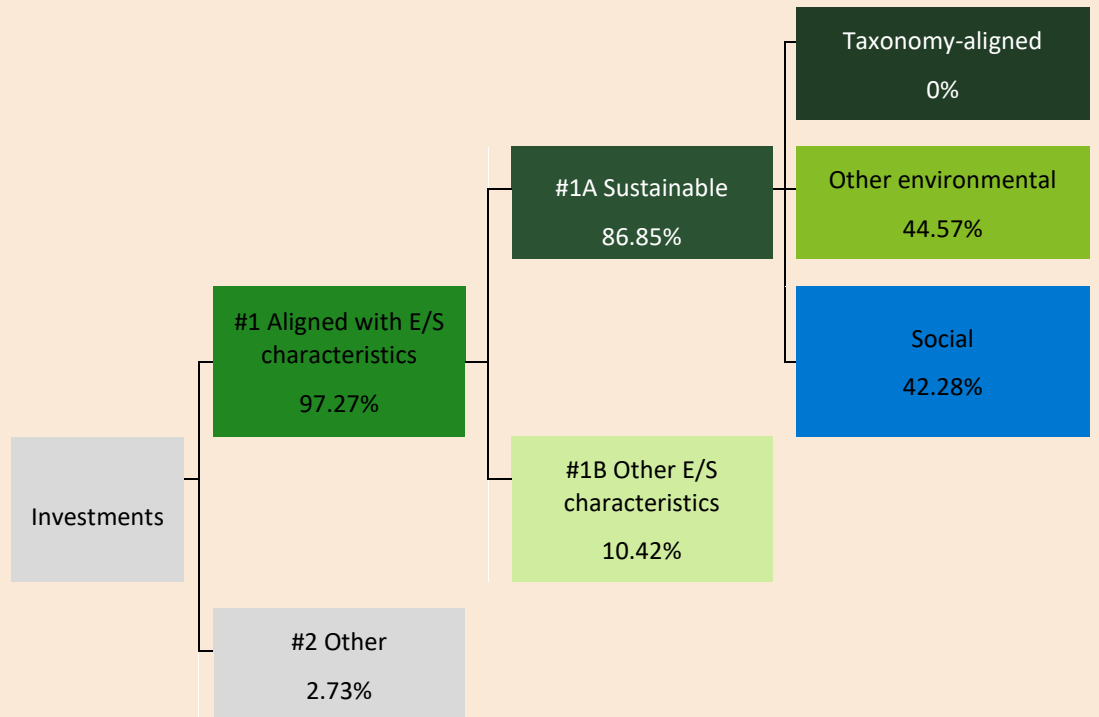
*Minor differences may be present between the data above and the corresponding ones in the section "Investment portfolio" of the annual report due to the number rounding process*



## What was the proportion of sustainability-related investments?

### What was the asset allocation?

**Asset allocation** describes the share of investments in specific assets.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

● ***In which economic sectors were the investments made?***

Top sector	Proportion
Banks and other financial institutions	47.31%
Communication	8.40%
Insurance	4.86%
Pharmaceuticals	4.37%
Transportation	4.31%
Miscellaneous consumer goods	3.60%
Office supplies and computing	3.18%
Real estate	3.16%
Retail trade and department stores	2.87%
Internet and internet services	2.36%
Utilities	1.29%
Foods and non alcoholic drinks	1.18%
Chemicals	1.14%
Graphic art and publishing	1.10%
Tires and rubber	0.93%

*Minor differences may be present between the data above and the corresponding ones in the section "Investment portfolio" of the annual report due to the number rounding process*





## To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:

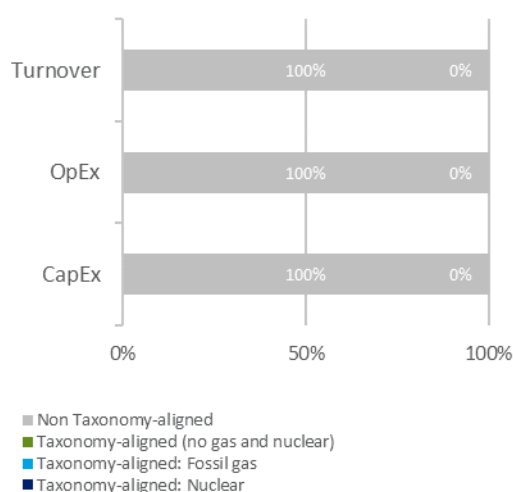
- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting the green operational activities of investee companies.

### Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy <sup>1</sup>?

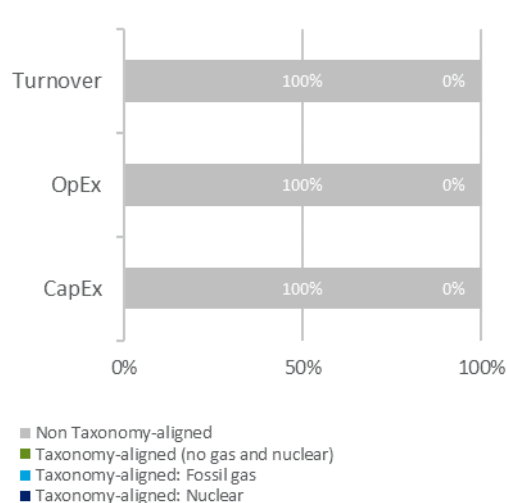
- ☐ Yes
- ☐ In fossil gas ☐ In nuclear energy
- ☒ No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

### What was the share of investments made in transitional and enabling activities?

The Sub-Fund is unable to publish a percentage of alignment with the Taxonomy, nor on the transitional and enabling activities, as very few companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy.

### How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?


Not applicable because no previous period data is available

### What is the breakdown of the proportion of the investments per each of the EU Taxonomy to which those investments contributed?

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The Sub-Fund is unable to publish a percentage of alignment with the Taxonomy, as very few companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy

Therefore, this percentage is considered as nul.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

### **What was the share of sustainable investments with an environmental objective not aligned with the EU taxonomy?**

The Sub-Fund had a share of 44.57% in sustainable investments on the environmental plan not aligned with the EU taxonomy.

Indeed to date, only two of the six objectives have entered into force in 2022 and very few companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy.

### **What was the share of socially sustainable investments?**

The Sub-fund had a share of investments with a social objective of 42.28%

### **What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**

The investments included under «Other» are present in the Sub-fund for 2.73% of the total net assets.

These investments include one or more of the following assets:

- Cash: Cash at sight, cash deposit, reverse repo needed to manage the liquidity of the Sub-fund following subscriptions/redemptions ;
- Investments with issuers with E/S characteristics at the moment of the investment and are not fully aligned anymore with the Candriam investment with E/S criteria. These investments are planned to be sold;
- Other investments (including single name derivatives) purchased for diversification purposes and that might not be subject to an ESG screening or for which ESG data is not available;
- Non single name derivatives used for efficient portfolio management and/or for hedging purposes and/or temporarily following subscriptions/redemptions.



### **What actions have been taken to meet the environmental and/or social characteristics during the reference period?**

In order to respect the environmental and/or social characteristics during 2022, the IndexIQ Factors Sustainable Corporate Euro Bond Sold its positions in Ericsson, based on Candriam's independent ESG rating assessment.

Telefonaktiebolaget LM Ericsson (“Ericsson”) disclosed corruption-related misconduct and potential funding of terrorism within its Iraq unit in a press release issued in the evening of Tuesday 15th February.

In the light of these facts and of the gravity of the CEO's statement associating Ericsson's operations with the funding of terrorist organizations, we identify a significant violation of international standards and principles on Human Rights protection. The issuer receives a red category in the Human Rights pillar of our Norms-based assessment.



### **How did this financial product perform compared to the reference benchmark?**

No index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

## Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

### Did this financial product have a sustainable investment objective?



☐ **YES**

- ☐ It made **sustainable investments with an environmental objective**: \_\_\_\_%
- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ It made **sustainable investments with a social objective**: \_\_\_\_%



☒ **NO**

- ☒ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 91% of sustainable investments
- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☒ with a social objective
- ☐ It promoted E/S characteristics, but **did not make any sustainable investments**



### To what extent were the environmental and/or social characteristics promoted by this financial product met?

The environmental and social characteristics promoted by the Sub-fund have been achieved by:

- avoiding exposure to companies that present structural risks that are both material and severe and are most seriously in breach of normative principles taking into account practices in environmental and social issues as well as compliance with standards such as the United Nations Global Compact and the OECD Guidelines for Business standards;
- avoiding exposure to companies that are significantly exposed to controversial activities such extraction, transportation or distribution of thermal coal, the manufacturing or retailing of Tobacco and production or sale of controversial weapons (anti-personnel mines, cluster bombs, chemical, biological, phosphorus weapons white and depleted uranium).
- integrating Candriam's ESG research methodology into the investment process and investing a proportion of its assets in Sustainable Investments.

### How did the sustainability indicators perform?

For the selection of sustainable investments, the portfolio manager has taken into account ESG assessments of issuers, produced by Candriam's ESG analyst team.

For companies, these assessments are based on the analysis of the company's interactions with its key stakeholders and the analysis of its business activities and their impact, positive or negative, on key sustainability challenges such

as climate change and resource depletion. In addition, Candriam's ESG analysis includes exclusion filters based on compliance with international standards and involvement in controversial activities.

For sovereign issuers, these assessments are based on the analysis of the countries' management of their natural, human, social and economic capital. In addition, exclusion filters are used to screen out issuers that do not meet democratic and governance standards.

Candriam's ESG research and analysis for sustainable investments also assesses the compliance of investments with the «do no harm» principle to a sustainable investment objective and with good governance practices.

This integration of Candriam's ESG research methodology has enabled the Fund to meet the minimum proportion of sustainable investments defined in the prospectus (minimum 33%). The proportion of sustainable investments in the Fund was therefore above this minimum threshold, as detailed in the section «What was the proportion of sustainability-related investments?»

### ● ... And compared to previous periods?

Not applicable because no previous period data is available.

### ● ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objective?***

The sustainable investments which the Sub-fund intended to achieve for a portion of the portfolio were to have a positive impact on environment and social domains in the long-term.

The proportion of sustainable investments was higher than the minimum defined in the prospectus (minimum 33%). It allowed the Sub-fund to exceed the objectives initially set.

However, the Sub-fund is not able to publish a percentage of alignment with the Taxonomy since a small number of companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy.

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The 'Do not significant harm' principle, in particular, was assessed for corporates through:

- the consideration of "principal adverse impacts";
- the alignment with the OECD Guidelines for Multinational Enterprises and the UN Global Compact to ensure minimum environmental & social safeguards.

For more details, refer to the section below on the consideration of principal adverse impacts on sustainability factors.

### ----- ***How were the indicators for adverse impacts on sustainability factors taken into account?***

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The consideration of adverse impacts is central to Candriam's sustainable investment approach. Principal adverse impacts were taken into account throughout the entire ESG research and analysis process and through a wide range of methods:

1. ESG rating of corporates: the ESG research and screening methodology considers and assesses the principal adverse impact on sustainability from two distinct, but interlinked, angles:

- the company's issuers' business activities and how they impact, either positively or negatively, key sustainable challenges such as climate change and resource depletion;
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*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## **How did this financial product consider principal adverse impacts on sustainability factors?**

At Sub-Fund level, the principal adverse impacts (PAI) on sustainability factors were considered through one or several means (cfr. Candriam's PAI statement : <https://www.candriam.com/en/private/sfdr/>):

- Engagement & Voting: in order to avoid and/or reduce the adverse impact on sustainable objectives, the Sub-Fund also considered the adverse impacts in its interactions with companies, through dialogue and voting. Candriam prioritised its engagement and voting activities according to an evaluation of the most material and relevant ESG challenges, facing industries and issuers, by considering both the financial and societal / stakeholder impacts. Therefore, the level of engagement with each company within the same product may vary and is subject to Candriam's prioritisation methodology.
  - Dialogue:

Climate (PAI1 to PAI6) is obviously central in our exchanges with companies. Priorities of Climate-engagement on the corporate side are identified taking into account :

- issuers presenting a weak transition profile (proprietary risk transition model), and/or still highly carbon intensive (Scope 1-2) or with large Scope 3 emissions,
- issuers from financial sectors still largely exposed to fossil fuel and with a key role in financing the transition
- relative exposure of managed portfolios to the above issuers.

Our objective is obviously to encourage companies to publicly report on how they align with a 1.5D trajectory and to support such an alignment. Beyond any Net Zero commitment and Scope1-2-3 absolute emissions disclosure, Candriam thus encourage them to provide insights on how short / mid term targets are aligned with scientifically recognized 1.5D trajectory. We expect issuers in particular to explain how their strategy and capital expenditures plan serve their decarbonisation commitment. We usually combine individual and collaborative dialogue. As in previous year, we continue to support and actively participate to several collaborative initiatives such Climate Action 100+ . These initiatives contribute not only to increase the level of transparency on Greenhouse gas emissions and related strategy, but also to gain fundamental leverage for supporting strategic changes. Outcomes of these engagements are detailed in our annual engagement & voting report, available on our public website (<https://www.candriam.com/en/professional/insight-overview/publications/#sri-publications>) .

Given the geopolitical context and observed increase of inequalities, several engagements have also been performed in relation to the protection of fundamental human rights at direct or indirect workforce level (supply chain due diligence) (PAI10, PAI11). We also conducted a dedicated Post-covid direct engagement campaign aiming at investigating how relationships with stakeholders were impacted and the changes now integrated as the “new normal” course of business for Candriam’s investee companies. In the same vein, Human capital management is an aspect we address in most of our exchanges with companies. We continue to support Workforce Disclosure Initiative defending a better access to reliable, relevant and comparable data on companies’ direct and indirect workforces.

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The Candriam’s approach to Corporate Governance relies on internationally-recognized standards, notably the principles laid down by the OECD as well as by the International Corporate Governance Network (ICGN).

In that respect, Candriam has exercised its voting rights when available on positions of the portfolio. Shareholders’ rights, equality of shareholders, board accountability, transparency and integrity of financial statements are core pillars of our voting policy. Remuneration and directors’ election concentrate most of our votes against management. Indeed, we require companies to respect the pay-for-performance principle and will show our disagreement as soon as we consider the level of remuneration excessive or conditions of attribution not transparent enough nor challenging. Equally, we expect companies to comply with our minimum independence requirements : at boards failing to meet this requirement, we oppose (re-)election of any non-independent director, except CEO.

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PAI indicators	Value
10 - Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	0.00%
14 - Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	0.00%



## What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 31/12/2022

Top investments	Sector	Proportion	Country
VOLKSWAGEN AG VORZ.AKT	Road vehicles	3.69%	DE
ALLIANZ SE REG SHS	Insurance	3.05%	DE
DAIMLER AG NAMEN-AKT	Road vehicles	2.53%	DE
BMW AG	Road vehicles	2.49%	DE
BNP PARIBAS SA	Banks and other financial institutions	2.41%	FR
BANCO BILBAO VIZCAYA ARGENTARIA SA	Banks and other financial institutions	2.37%	ES
DEUTSCHE TELEKOM AG REG SHS	Communication	2.30%	DE
AXA SA	Insurance	2.11%	FR
SANOFI	Pharmaceuticals	1.95%	FR
CREDIT AGRICOLE SA	Banks and other financial institutions	1.90%	FR
ASSICURAZIONI GENERALI SPA	Insurance	1.76%	IT
LVMH MOET HENNESSY LOUIS VUITTON SE	Textiles and garments	1.75%	FR
TELEFONICA SA	Communication	1.55%	ES
SIEMENS AG REG	Electrical engineering	1.41%	DE
DEUTSCHE POST AG REG SHS	Transportation	1.32%	DE

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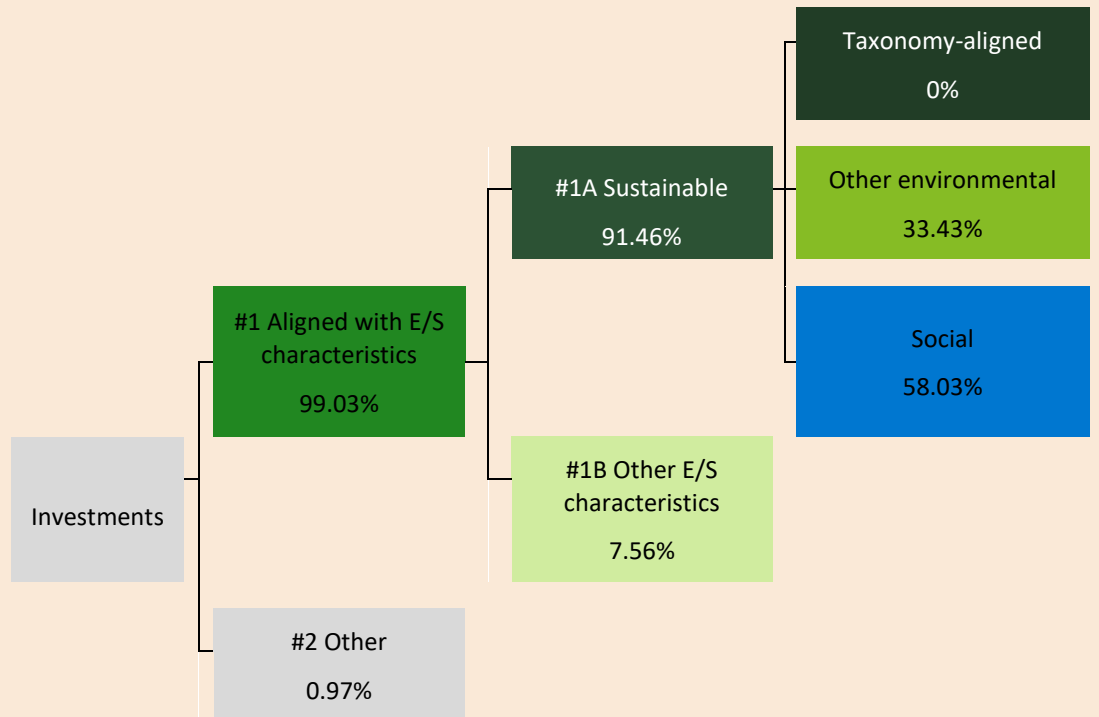




## What was the proportion of sustainability-related investments?

### What was the asset allocation?

**Asset allocation** describes the share of investments in specific assets.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

● ***In which economic sectors were the investments made?***

Top sector	Proportion
Banks and other financial institutions	16.75%
Insurance	12.72%
Road vehicles	9.88%
Pharmaceuticals	7.30%
Communication	6.95%
Chemicals	5.67%
Retail trade and department stores	4.52%
Utilities	4.52%
Building materials	3.97%
Textiles and garments	3.17%
Transportation	2.86%
Machine and apparatus construction	2.73%
Electrical engineering	2.48%
Internet and internet services	2.23%
Graphic art and publishing	2.05%

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## To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:

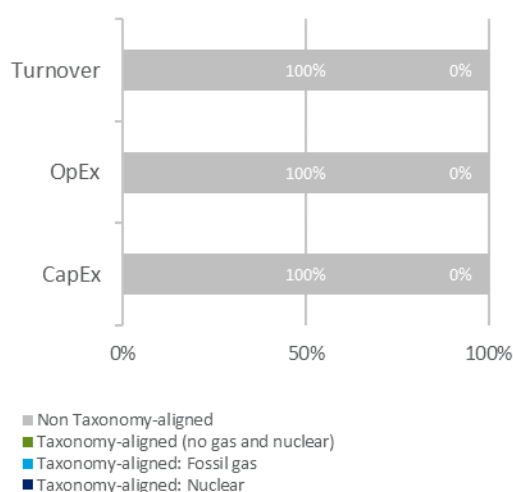
- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting the green operational activities of investee companies.

### Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy <sup>1</sup>?

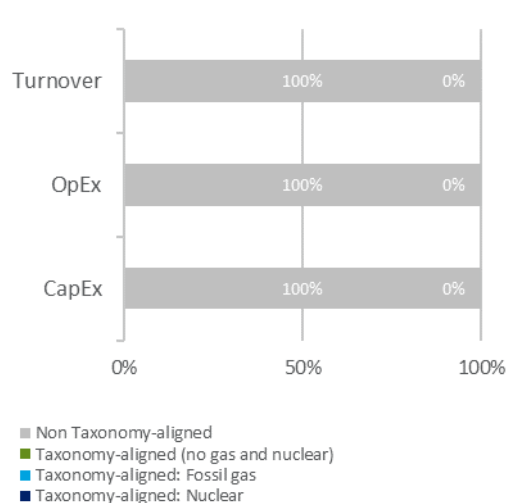
- ☐ Yes
- ☐ In fossil gas ☐ In nuclear energy
- ☒ No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

### What was the share of investments made in transitional and enabling activities?

The Sub-Fund is unable to publish a percentage of alignment with the Taxonomy, nor on the transitional and enabling activities, as very few companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy.

### How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?


Not applicable because no previous period data is available

### What is the breakdown of the proportion of the investments per each of the EU Taxonomy to which those investments contributed?

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The Sub-Fund is unable to publish a percentage of alignment with the Taxonomy, as very few companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy

Therefore, this percentage is considered as nul.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

### **What was the share of sustainable investments with an environmental objective not aligned with the EU taxonomy?**

The Sub-Fund had a share of 33.43% in sustainable investments on the environmental plan not aligned with the EU taxonomy.

Indeed to date, only two of the six objectives have entered into force in 2022 and very few companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy.

### **What was the share of socially sustainable investments?**

The Sub-fund had a share of investments with a social objective of 58.03%

### **What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**

The investments included under «Other» are present in the Sub-fund for 0.97% of the total net assets.

These investments include one or more of the following assets:

- Cash: Cash at sight, cash deposit, reverse repo needed to manage the liquidity of the Sub-fund following subscriptions/redemptions ;
- Investments with issuers with E/S characteristics at the moment of the investment and are not fully aligned anymore with the Candriam investment with E/S criteria. These investments are planned to be sold;
- Other investments (including single name derivatives) purchased for diversification purposes and that might not be subject to an ESG screening or for which ESG data is not available;
- Non single name derivatives used for efficient portfolio management and/or for hedging purposes and/or temporarily following subscriptions/redemptions.



### **What actions have been taken to meet the environmental and/or social characteristics during the reference period?**

In order to respect the environmental and/or social characteristics during 2022, the IndexIQ Factors Sustainable EMU Equity Sold its positions in Orpea, based on Candriam’s independent ESG rating assessment.

Orpea was sold because of normsbased restrictions. Orpea being involved in a fraud scandal on misappropriation of public funds. Candriam has decided to downgrade Orpea's ESG rating after reading the book Les fossoyeurs and taking note of the ousting of CEO Yves Le Masne on Sunday January 30th.



### **How did this financial product perform compared to the reference benchmark?**

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

No index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund

## Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

### Did this financial product have a sustainable investment objective?

<input checked="" type="radio"/> <input type="checkbox"/> <b>YES</b>	<input type="radio"/> <input checked="" type="checkbox"/> <b>NO</b>
<input type="checkbox"/> It made <b>sustainable investments with an environmental objective: ____%</b>	<input checked="" type="checkbox"/> It <b>promoted Environmental/Social (E/S) characteristics</b> and while it did not have as its objective a sustainable investment, it had a proportion of 91% of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> It made <b>sustainable investments with a social objective: ____%</b>	<input checked="" type="checkbox"/> with a social objective
	<input type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b>



### To what extent were the environmental and/or social characteristics promoted by this financial product met?

The environmental and social characteristics promoted by the Sub-fund have been achieved by:

- avoiding exposure to companies that present structural risks that are both material and severe and are most seriously in breach of normative principles taking into account practices in environmental and social issues as well as compliance with standards such as the United Nations Global Compact and the OECD Guidelines for Business standards;
- avoiding exposure to companies that are significantly exposed to controversial activities such extraction, transportation or distribution of thermal coal, the manufacturing or retailing of Tobacco and production or sale of controversial weapons (anti-personnel mines, cluster bombs, chemical, biological, phosphorus weapons white and depleted uranium).
- integrating Candriam's ESG research methodology into the investment process and investing a proportion of its assets in Sustainable Investments.

### How did the sustainability indicators perform?

For the selection of sustainable investments, the portfolio manager has taken into account ESG assessments of issuers, produced by Candriam's ESG analyst team.

For companies, these assessments are based on the analysis of the company's interactions with its key stakeholders and the analysis of its business activities and their impact, positive or negative, on key sustainability challenges such

as climate change and resource depletion. In addition, Candriam's ESG analysis includes exclusion filters based on compliance with international standards and involvement in controversial activities.

For sovereign issuers, these assessments are based on the analysis of the countries' management of their natural, human, social and economic capital. In addition, exclusion filters are used to screen out issuers that do not meet democratic and governance standards.

Candriam's ESG research and analysis for sustainable investments also assesses the compliance of investments with the «do no harm» principle to a sustainable investment objective and with good governance practices.

This integration of Candriam's ESG research methodology has enabled the Fund to meet the minimum proportion of sustainable investments defined in the prospectus (minimum 33%). The proportion of sustainable investments in the Fund was therefore above this minimum threshold, as detailed in the section «What was the proportion of sustainability-related investments?»

### ● **... And compared to previous periods?**

Not applicable because no previous period data is available.

### ● **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objective?**

The sustainable investments which the Sub-fund intended to achieve for a portion of the portfolio were to have a positive impact on environment and social domains in the long-term.

The proportion of sustainable investments was higher than the minimum defined in the prospectus (minimum 33%). It allowed the Sub-fund to exceed the objectives initially set.

However, the Sub-fund is not able to publish a percentage of alignment with the Taxonomy since a small number of companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy.

### ● **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

Candriam ensured that those investments have not cause significant harm to any environmental and/or social sustainable investment objective by means of its ESG research and analysis of corporate and sovereign issuers.

Based on its proprietary ESG Ratings and Scorings, Candriam's ESG methodology sets criteria and minimum thresholds to identify those issuers that qualify as 'sustainable investment' and, in particular, have not cause significant harm to any environmental and/or social sustainable investment objective.

The 'Do not significant harm' principle, in particular, was assessed for corporates through:

- the consideration of "principal adverse impacts";
- the alignment with the OECD Guidelines for Multinational Enterprises and the UN Global Compact to ensure minimum environmental & social safeguards.

For more details, refer to the section below on the consideration of principal adverse impacts on sustainability factors.

### ----- **How were the indicators for adverse impacts on sustainability factors taken into account?**

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The consideration of adverse impacts is central to Candriam's sustainable investment approach. Principal adverse impacts were taken into account throughout the entire ESG research and analysis process and through a wide range of methods:

1. ESG rating of corporates: the ESG research and screening methodology considers and assesses the principal adverse impact on sustainability from two distinct, but interlinked, angles:

- the company's issuers' business activities and how they impact, either positively or negatively, key sustainable challenges such as climate change and resource depletion;
- company's interactions with key stakeholders.

2. Negative screening of companies, which includes a norms-based exclusion and an exclusion of companies involved in controversial activities.

3. Engagement activities with companies, through dialogue and voting activities, which contribute to avoiding or reducing the extent of the adverse impacts. The ESG analysis framework and its results feed our engagement process, and vice versa.

The integration of the principal adverse impacts on sustainability factors has been based on the materiality or likely materiality of each indicator for each specific industry / sector to which the company belongs. The materiality is dependent on several factors, such as: type of information, data quality and breadth, applicability, relevance, and geographical coverage.

### ***Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:***

The sustainable investments of the Sub-fund have been compliant with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights.

They are subject to a norms-based controversy analysis that considers the compliance with the international social, human, environmental and anti-corruption standards, as defined by the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises. The International Labour Organisation and International Bill of Human Rights are part of the many international references integrated into our norms-based analysis and ESG model.

This analysis aimed to exclude companies that have significantly and repeatedly breached any of these principles.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.*

*The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.*

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BMW AG	Road vehicles	1.52%	DE
NESTLE SA REG SHS	Foods and non alcoholic drinks	1.51%	CH
BANCO BILBAO VIZCAYA ARGENTARIA SA	Banks and other financial institutions	1.49%	ES
DEUTSCHE TELEKOM AG REG SHS	Communication	1.42%	DE
ROCHE HOLDING LTD	Pharmaceuticals	1.40%	CH
NOVARTIS AG REG SHS	Pharmaceuticals	1.39%	CH
RIO TINTO PLC	Non ferrous metals	1.38%	GB
AXA SA	Insurance	1.28%	FR
CREDIT AGRICOLE SA	Banks and other financial institutions	1.22%	FR
SANOFI	Pharmaceuticals	1.15%	FR
ASSICURAZIONI GENERALI SPA	Insurance	1.08%	IT

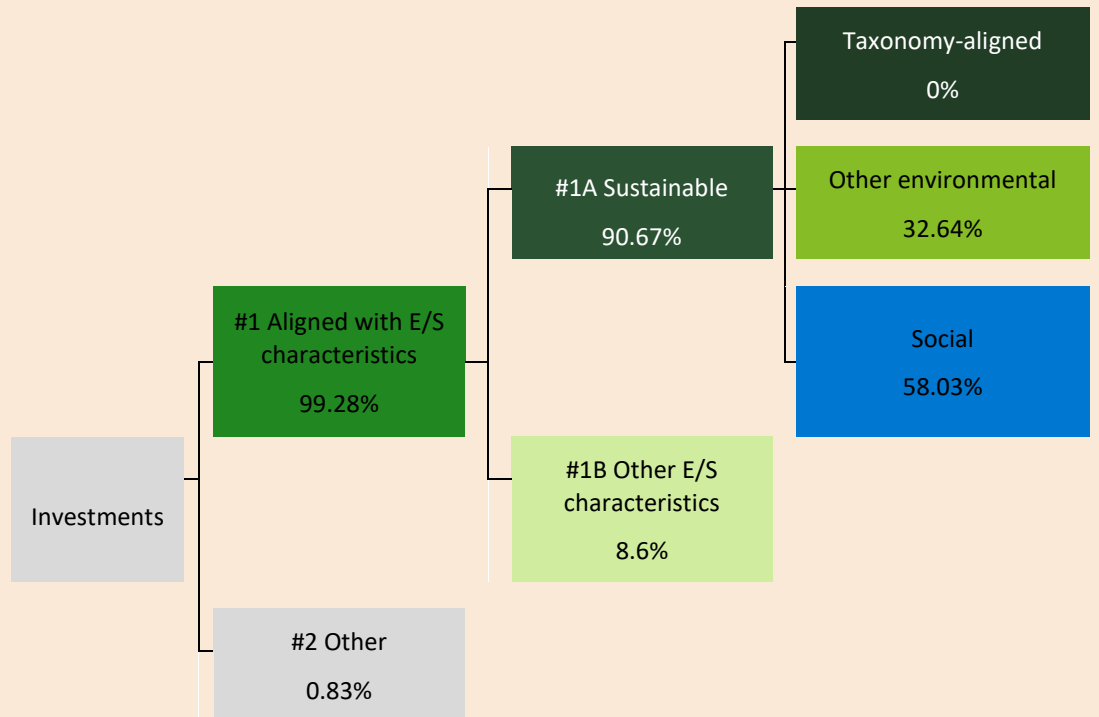
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Building materials	4.01%
Utilities	3.92%
Chemicals	3.64%
Transportation	2.98%
Machine and apparatus construction	2.76%
Textiles and garments	2.42%
Miscellaneous services	2.18%
Non ferrous metals	2.18%

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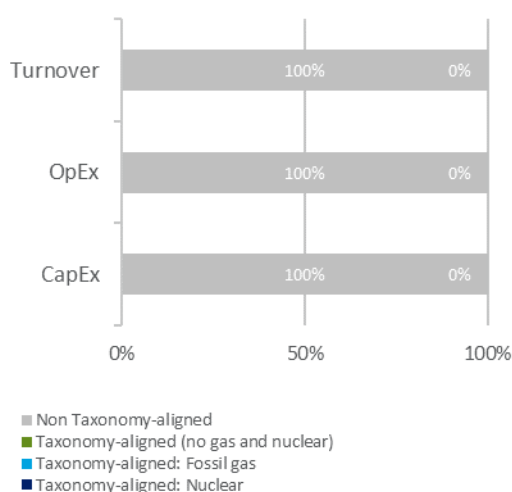
- **turnover** reflecting the share of revenue from green activities of investee companies.
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### Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy <sup>1</sup>?

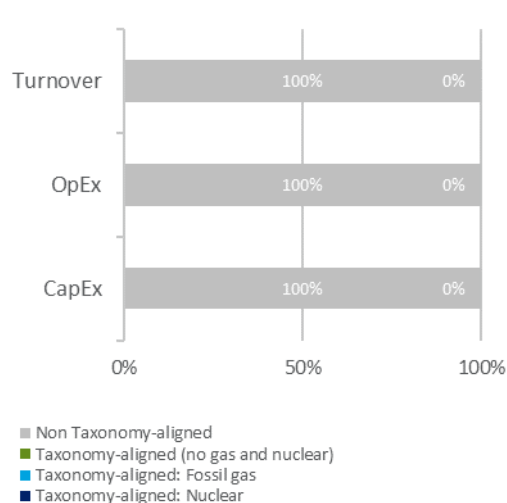
- ☐ Yes
- ☐ In fossil gas ☐ In nuclear energy
- ☒ No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

### What was the share of investments made in transitional and enabling activities?

The Sub-Fund is unable to publish a percentage of alignment with the Taxonomy, nor on the transitional and enabling activities, as very few companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy.

### How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?


Not applicable because no previous period data is available

### What is the breakdown of the proportion of the investments per each of the EU Taxonomy to which those investments contributed?

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The Sub-Fund is unable to publish a percentage of alignment with the Taxonomy, as very few companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy

Therefore, this percentage is considered as nul.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

### **What was the share of sustainable investments with an environmental objective not aligned with the EU taxonomy?**

The Sub-Fund had a share of 32.64% in sustainable investments on the environmental plan not aligned with the EU taxonomy.

Indeed to date, only two of the six objectives have entered into force in 2022 and very few companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy.

### **What was the share of socially sustainable investments?**

The Sub-fund had a share of investments with a social objective of 58.03%

### **What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**

The investments included under «Other» are present in the Sub-fund for 0.83% of the total net assets.

These investments include one or more of the following assets:

- Cash: Cash at sight, cash deposit, reverse repo needed to manage the liquidity of the Sub-fund following subscriptions/redemptions ;
- Investments with issuers with E/S characteristics at the moment of the investment and are not fully aligned anymore with the Candriam investment with E/S criteria. These investments are planned to be sold;
- Other investments (including single name derivatives) purchased for diversification purposes and that might not be subject to an ESG screening or for which ESG data is not available;
- Non single name derivatives used for efficient portfolio management and/or for hedging purposes and/or temporarily following subscriptions/redemptions.



### **What actions have been taken to meet the environmental and/or social characteristics during the reference period?**

In order to respect the environmental and/or social characteristics during 2022, the IndexIQ Factors Sustainable Europe Equity Sold its positions in Orpea and and Ericsson, based on Candriam’s independent ESG rating assessment.

Orpea was sold because of normsbased restrictions. Orpea being involved in a fraud scandal on misappropriation of public funds. Candriam has decided to downgrade Orpea's ESG rating after reading the book Les fossoyeurs and taking note of the ousting of CEO Yves Le Masne on Sunday January 30th.

Telefonaktiebolaget LM Ericsson (“Ericsson”) disclosed corruption-related misconduct and potential funding of terrorism within its Iraq unit in a press release issued in the evening of Tuesday 15th February.

In the light of these facts and of the gravity of the CEO’s statement associating Ericsson’s operations with the funding of terrorist organizations, we identify a significant violation of international standards and principles on Human Rights protection. The issuer receives a red category in the Human Rights pillar of our Norms-based assessment.



### **How did this financial product perform compared to the reference benchmark?**

No index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

## Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input type="checkbox"/> <b>YES</b>	<input type="radio"/> <input checked="" type="checkbox"/> <b>NO</b>
<input type="checkbox"/> It made <b>sustainable investments with an environmental objective: ____%</b>	<input checked="" type="checkbox"/> It <b>promoted Environmental/Social (E/S) characteristics</b> and while it did not have as its objective a sustainable investment, it had a proportion of 76% of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> It made <b>sustainable investments with a social objective: ____%</b>	<input checked="" type="checkbox"/> with a social objective
	<input type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b>



### To what extent were the environmental and/or social characteristics promoted by this financial product met?

The environmental and social characteristics promoted by the Sub-fund have been achieved by:

- avoiding exposure to companies that present structural risks that are both material and severe and are most seriously in breach of normative principles taking into account practices in environmental and social issues as well as compliance with standards such as the United Nations Global Compact and the OECD Guidelines for Business standards;
- avoiding exposure to companies that are significantly exposed to controversial activities such extraction, transportation or distribution of thermal coal, the manufacturing or retailing of Tobacco and production or sale of controversial weapons (anti-personnel mines, cluster bombs, chemical, biological, phosphorus weapons white and depleted uranium).
- integrating Candriam's ESG research methodology into the investment process and investing a proportion of its assets in Sustainable Investments.

### How did the sustainability indicators perform?

For the selection of sustainable investments, the portfolio manager has taken into account ESG assessments of issuers, produced by Candriam's ESG analyst team.

For companies, these assessments are based on the analysis of the company's interactions with its key stakeholders and the analysis of its business activities and their impact, positive or negative, on key sustainability challenges such

as climate change and resource depletion. In addition, Candriam's ESG analysis includes exclusion filters based on compliance with international standards and involvement in controversial activities.

For sovereign issuers, these assessments are based on the analysis of the countries' management of their natural, human, social and economic capital. In addition, exclusion filters are used to screen out issuers that do not meet democratic and governance standards.

Candriam's ESG research and analysis for sustainable investments also assesses the compliance of investments with the «do no harm» principle to a sustainable investment objective and with good governance practices.

This integration of Candriam's ESG research methodology has enabled the Fund to meet the minimum proportion of sustainable investments defined in the prospectus (minimum 33%). The proportion of sustainable investments in the Fund was therefore above this minimum threshold, as detailed in the section «What was the proportion of sustainability-related investments?»

### ● ... And compared to previous periods?

Not applicable because no previous period data is available.

### ● ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objective?***

The sustainable investments which the Sub-fund intended to achieve for a portion of the portfolio were to have a positive impact on environment and social domains in the long-term.

The proportion of sustainable investments was higher than the minimum defined in the prospectus (minimum 33%). It allowed the Sub-fund to exceed the objectives initially set.

However, the Sub-fund is not able to publish a percentage of alignment with the Taxonomy since a small number of companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy.

### ● ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

Candriam ensured that those investments have not cause significant harm to any environmental and/or social sustainable investment objective by means of its ESG research and analysis of corporate and sovereign issuers.

Based on its proprietary ESG Ratings and Scorings, Candriam's ESG methodology sets criteria and minimum thresholds to identify those issuers that qualify as 'sustainable investment' and, in particular, have not cause significant harm to any environmental and/or social sustainable investment objective.

The 'Do not significant harm' principle, in particular, was assessed for corporates through:

- the consideration of "principal adverse impacts";
- the alignment with the OECD Guidelines for Multinational Enterprises and the UN Global Compact to ensure minimum environmental & social safeguards.

For more details, refer to the section below on the consideration of principal adverse impacts on sustainability factors.

### ----- ***How were the indicators for adverse impacts on sustainability factors taken into account?***

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



The consideration of adverse impacts is central to Candriam's sustainable investment approach. Principal adverse impacts were taken into account throughout the entire ESG research and analysis process and through a wide range of methods:

1. ESG rating of corporates: the ESG research and screening methodology considers and assesses the principal adverse impact on sustainability from two distinct, but interlinked, angles:

- the company's issuers' business activities and how they impact, either positively or negatively, key sustainable challenges such as climate change and resource depletion;
- company's interactions with key stakeholders.

2. Negative screening of companies, which includes a norms-based exclusion and an exclusion of companies involved in controversial activities.

3. Engagement activities with companies, through dialogue and voting activities, which contribute to avoiding or reducing the extent of the adverse impacts. The ESG analysis framework and its results feed our engagement process, and vice versa.

The integration of the principal adverse impacts on sustainability factors has been based on the materiality or likely materiality of each indicator for each specific industry / sector to which the company belongs. The materiality is dependent on several factors, such as: type of information, data quality and breadth, applicability, relevance, and geographical coverage.

### ***Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:***

The sustainable investments of the Sub-fund have been compliant with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights.

They are subject to a norms-based controversy analysis that considers the compliance with the international social, human, environmental and anti-corruption standards, as defined by the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises. The International Labour Organisation and International Bill of Human Rights are part of the many international references integrated into our norms-based analysis and ESG model.

This analysis aimed to exclude companies that have significantly and repeatedly breached any of these principles.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.*

*The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.*

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## **How did this financial product consider principal adverse impacts on sustainability factors?**

At Sub-Fund level, the principal adverse impacts (PAI) on sustainability factors were considered through one or several means (cfr. Candriam's PAI statement : <https://www.candriam.com/en/private/sfdr/>):

- Engagement & Voting: in order to avoid and/or reduce the adverse impact on sustainable objectives, the Sub-Fund also considered the adverse impacts in its interactions with companies, through dialogue and voting. Candriam prioritised its engagement and voting activities according to an evaluation of the most material and relevant ESG challenges, facing industries and issuers, by considering both the financial and societal / stakeholder impacts. Therefore, the level of engagement with each company within the same product may vary and is subject to Candriam's prioritisation methodology.
  - Dialogue:

Climate (PAI1 to PAI6) is obviously central in our exchanges with companies. Priorities of Climate-engagement on the corporate side are identified taking into account :

- issuers presenting a weak transition profile (proprietary risk transition model), and/or still highly carbon intensive (Scope 1-2) or with large Scope 3 emissions,
- issuers from financial sectors still largely exposed to fossil fuel and with a key role in financing the transition
- relative exposure of managed portfolios to the above issuers.

Our objective is obviously to encourage companies to publicly report on how they align with a 1.5D trajectory and to support such an alignment. Beyond any Net Zero commitment and Scope1-2-3 absolute emissions disclosure, Candriam thus encourage them to provide insights on how short / mid term targets are aligned with scientifically recognized 1.5D trajectory. We expect issuers in particular to explain how their strategy and capital expenditures plan serve their decarbonisation commitment. We usually combine individual and collaborative dialogue. As in previous year, we continue to support and actively participate to several collaborative initiatives such Climate Action 100+ . These initiatives contribute not only to increase the level of transparency on Greenhouse gas emissions and related strategy, but also to gain fundamental leverage for supporting strategic changes. Outcomes of these engagements are detailed in our annual engagement & voting report, available on our public website (<https://www.candriam.com/en/professional/insight-overview/publications/#sri-publications>) .

Given the geopolitical context and observed increase of inequalities, several engagements have also been performed in relation to the protection of fundamental human rights at direct or indirect workforce level (supply chain due diligence) (PAI10, PAI11). We also conducted a dedicated Post-covid direct engagement campaign aiming at investigating how relationships with stakeholders were impacted and the changes now integrated as the “new normal” course of business for Candriam’s investee companies. In the same vein, Human capital management is an aspect we address in most of our exchanges with companies. We continue to support Workforce Disclosure Initiative defending a better access to reliable, relevant and comparable data on companies’ direct and indirect workforces.

o Voting:

The Candriam’s approach to Corporate Governance relies on internationally-recognized standards, notably the principles laid down by the OECD as well as by the International Corporate Governance Network (ICGN).

In that respect, Candriam has exercised its voting rights when available on positions of the portfolio. Shareholders’ rights, equality of shareholders, board accountability, transparency and integrity of financial statements are core pillars of our voting policy. Remuneration and directors’ election concentrate most of our votes against management. Indeed, we require companies to respect the pay-for-performance principle and will show our disagreement as soon as we consider the level of remuneration excessive or conditions of attribution not transparent enough nor challenging. Equally, we expect companies to comply with our minimum independence requirements : at boards failing to meet this requirement, we oppose (re-)election of any non-independent director, except CEO.

Diversity (PAI13) and expertise level of the board are of course also taken into account in these votes.

In addition, Candriam always considers the relevance, consistence and feasibility of measures sponsored by any ESG resolution before casting vote.

In the best interest of its clients, Candriam considers internal ESG opinion on the investee companies but also any outcomes of engagement with them, in its voting choices.

In the context of Candriam’s voting policy, specific guidelines are applied for a range of environmental- (e.g. climate (PAI1 to PAI6), biodiversity (PAI7)), social- (e.g. diversity, gender pay gap (PAI12), human rights (PAI10, PAI11)) and governance-related management and shareholder resolutions. More specifically, Candriam welcomes the introduction of management-sponsored ‘Say-on-Climate’ resolutions. Candriam built a detailed framework to be applied to every Say-on-Climate resolution, which assesses the stringency and the alignment of the company transition strategy with a 2050 net zero emissions pathway. As a result, most of these did not get our support during the period.

- Exclusion: Candriam's negative screening of companies or countries aimed to avoid investments in harmful activities or practices and may led to exclusions linked to companies' or issuers' adverse impact.
- Monitoring: calculation and evaluation of the principal adverse impact indicators including the reporting at Sub-Fund level. Some of these indicators may have explicit targets and can be used to measure the attainment of the sustainable investment objective of the sub-fund. See below the results of the indicators of this Sub-fund :

PAI indicators	Value
10 - Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	0.00%
14 - Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	0.00%



## What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 31/12/2022

Top investments	Sector	Proportion	Country
TOYOTA MOTOR CORP	Road vehicles	6.78%	JP
NIPPON TELEGRAPH AND TELEPHONE CORP	Communication	3.77%	JP
HONDA MOTOR CO LTD	Road vehicles	2.86%	JP
SUMITOMO MITSUI FINANCIAL GROUP INC	Banks and other financial institutions	2.25%	JP
MITSUBISHI CORP	Banks and other financial institutions	2.23%	JP
MIZUHO FINANCIAL GROUP INC	Banks and other financial institutions	2.21%	JP
KDDI CORP	Communication	2.18%	JP
ITOCHU CORP	Banks and other financial institutions	2.00%	JP
SONY CORP	Electronics and semiconductors	1.83%	JP
TOKIO MARINE HOLDINGS INC	Banks and other financial institutions	1.69%	JP
TAKEDA PHARMACEUTICAL	Pharmaceuticals	1.46%	JP
HITACHI LTD	Electronics and semiconductors	1.36%	JP
MS&AD INSURANCE GROUP HOLDING	Banks and other financial institutions	1.32%	JP
ORIX CORP	Banks and other financial institutions	1.15%	JP
NIPPON STEEL CORP	Coal mining and steel industry & Chemicals	1.12%	JP

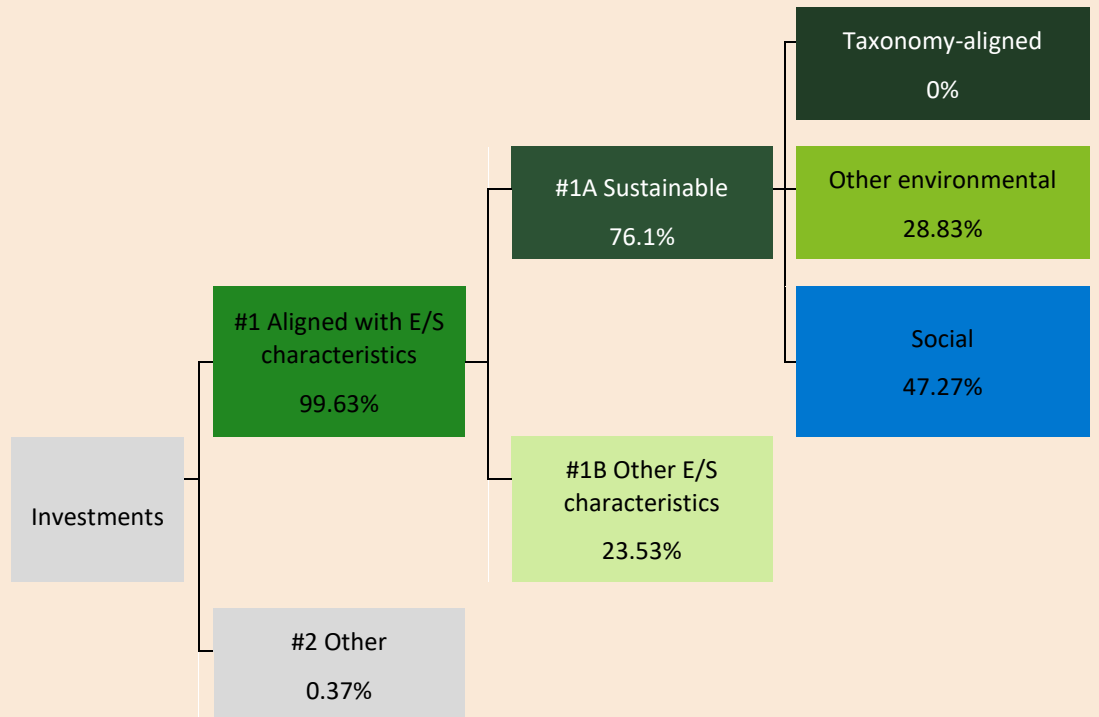
*Minor differences may be present between the data above and the corresponding ones in the section "Investment portfolio" of the annual report due to the number rounding process*



## What was the proportion of sustainability-related investments?

### What was the asset allocation?

**Asset allocation** describes the share of investments in specific assets.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

● ***In which economic sectors were the investments made?***

Top sector	Proportion
Banks and other financial institutions	27.26%
Road vehicles	12.89%
Electronics and semiconductors	10.19%
Communication	5.94%
Pharmaceuticals	5.65%
Chemicals	5.09%
Real estate	4.69%
Building materials	4.16%
Foods and non alcoholic drinks	4.04%
Transportation	3.21%
Machine and apparatus construction	2.85%
Graphic art and publishing	2.53%
Internet and internet services	2.40%
Office supplies and computing	1.37%
Electrical engineering	1.24%

*Minor differences may be present between the data above and the corresponding ones in the section "Investment portfolio" of the annual report due to the number rounding process*



## To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:

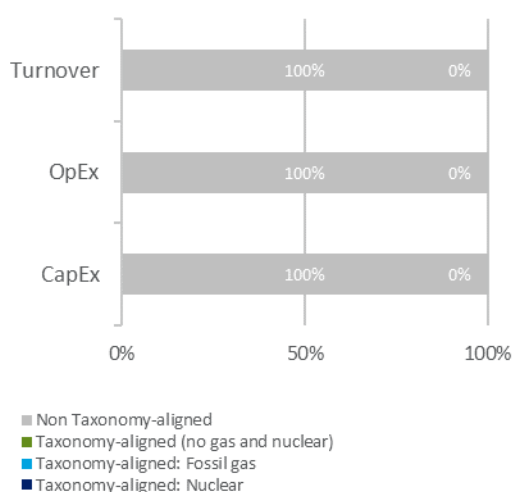
- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting the green operational activities of investee companies.

### Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy <sup>1</sup>?

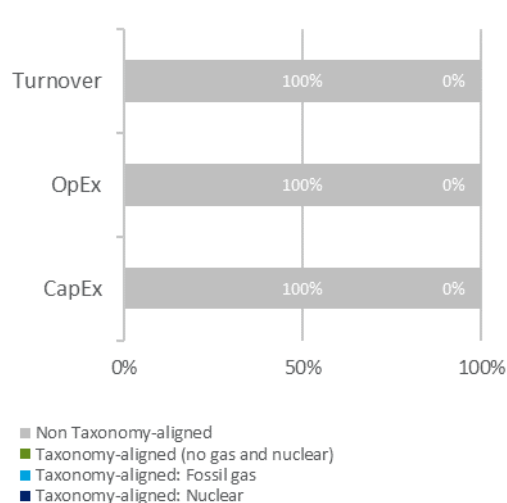
- ☐ Yes
- ☐ In fossil gas ☐ In nuclear energy
- ☒ No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

### What was the share of investments made in transitional and enabling activities?

The Sub-Fund is unable to publish a percentage of alignment with the Taxonomy, nor on the transitional and enabling activities, as very few companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy.

### How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?


Not applicable because no previous period data is available

### What is the breakdown of the proportion of the investments per each of the EU Taxonomy to which those investments contributed?

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The Sub-Fund is unable to publish a percentage of alignment with the Taxonomy, as very few companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy

Therefore, this percentage is considered as nul.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

## **What was the share of sustainable investments with an environmental objective not aligned with the EU taxonomy?**

The Sub-Fund had a share of 28.83% in sustainable investments on the environmental plan not aligned with the EU taxonomy.

Indeed to date, only two of the six objectives have entered into force in 2022 and very few companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy.

## **What was the share of socially sustainable investments?**

The Sub-fund had a share of investments with a social objective of 47.27%

## **What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**

The investments included under «Other» are present in the Sub-fund for 0.37% of the total net assets.

These investments include one or more of the following assets:

- Cash: Cash at sight, cash deposit, reverse repo needed to manage the liquidity of the Sub-fund following subscriptions/redemptions ;
- Investments with issuers with E/S characteristics at the moment of the investment and are not fully aligned anymore with the Candriam investment with E/S criteria. These investments are planned to be sold;
- Other investments (including single name derivatives) purchased for diversification purposes and that might not be subject to an ESG screening or for which ESG data is not available;
- Non single name derivatives used for efficient portfolio management and/or for hedging purposes and/or temporarily following subscriptions/redemptions.



## **What actions have been taken to meet the environmental and/or social characteristics during the reference period?**

In order to respect the environmental and/or social characteristics during 2022, the IndexIQ Factors Sustainable Japan Equity maintained its positions in Mitsubishi Estate Company and Panasonic Holdings Corporation, based on Candriam's independent ESG rating assessment.

Mitsubishi Estate Co., Ltd. a comprehensive real estate developer, boasting the leading position in the Japanese market, operating a spectrum of businesses in diverse fields related to real estate, including an office building business centered on the Marunouchi district in central Tokyo, a retail property business, a residential business and a hotel business. Mitsubishi Estate Co also operates internationally and operates 10 airports in Japan. From 2020, the carbon footprint of Mitsubishi Estate has been reduced by 12%.

Panasonic Corporation is a Japan-based company engaged in the integrated electronics related business. The Company has four business segments: Appliance, Eco, Connected, Automotive and Industrial Systems. From 2020, the carbon footprint of Panasonic Corporation has been reduced by 11%. Its emission intensity was in 2021 at 35 tCO<sub>2</sub>eq/m\$ revenue which is below industry average (51.2 tCo<sub>2</sub>eq)



## **How did this financial product perform compared to the reference benchmark?**

No index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



## Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?	
<div>●● <input type="checkbox"/> YES</div>	<div>●● <input checked="" type="checkbox"/> NO</div>
<input type="checkbox"/> It made <b>sustainable investments with an environmental objective: ____%</b>	<input checked="" type="checkbox"/> It <b>promoted Environmental/Social (E/S) characteristics</b> and while it did not have as its objective a sustainable investment, it had a proportion of 98% of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> It made <b>sustainable investments with a social objective: ____%</b>	<input checked="" type="checkbox"/> with a social objective
	<input type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b>



### To what extent were the environmental and/or social characteristics promoted by this financial product met?

The environmental and social characteristics promoted by the Sub-fund have been achieved by:

- avoiding exposure to countries considered as oppressive regimes
- investing a proportion of its assets in Sustainable Investments.

#### ● **How did the sustainability indicators perform?**

For the selection of sustainable investments, the portfolio manager has taken into account ESG assessments of issuers, produced by Candriam's ESG analyst team.

For companies, these assessments are based on the analysis of the company's interactions with its key stakeholders and the analysis of its business activities and their impact, positive or negative, on key sustainability challenges such as climate change and resource depletion. In addition, Candriam's ESG analysis includes exclusion filters based on compliance with international standards and involvement in controversial activities.

For sovereign issuers, these assessments are based on the analysis of the countries' management of their natural, human, social and economic capital. In addition, exclusion filters are used to screen out issuers that do not meet democratic and governance standards.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

Candriam's ESG research and analysis for sustainable investments also assesses the compliance of investments with the «do no harm» principle to a sustainable investment objective and with good governance practices.

This integration of Candriam's ESG research methodology has enabled the Fund to meet the minimum proportion of sustainable investments defined in the prospectus (minimum 33%). The proportion of sustainable investments in the Fund was therefore above this minimum threshold, as detailed in the section «What was the proportion of sustainability-related investments?»

### ● ... And compared to previous periods?

Not applicable because no previous period data is available.

### ● ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objective?***

The sustainable investments which the Sub-fund intended to achieve for a portion of the portfolio were to have a positive impact on environment and social domains in the long-term.

The proportion of sustainable investments was higher than the minimum defined in the prospectus (minimum 33%). It allowed the Sub-fund to exceed the objectives initially set.

However, the Sub-fund is not able to publish a percentage of alignment with the Taxonomy since a small number of companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy.

### ● ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

Candriam ensured that those investments have not cause significant harm to any environmental and/or social sustainable investment objective by means of its ESG research and analysis of corporate and sovereign issuers.

Based on its proprietary ESG Ratings and Scorings, Candriam's ESG methodology sets criteria and minimum thresholds to identify those issuers that qualify as 'sustainable investment' and, in particular, have not cause significant harm to any environmental and/or social sustainable investment objective.

The 'Do not significant harm' principle, in particular, was assessed for sovereign issuers through:

- the consideration of "principal adverse impacts"

For more details, refer to the section below on the consideration of principal adverse impacts on sustainability factors.

### ----- ***How were the indicators for adverse impacts on sustainability factors taken into account?***

The consideration of adverse impacts is central to Candriam's sustainable investment approach. Principal adverse impacts were taken into account throughout the entire ESG research and analysis process and through a wide range of methods:

For the analysis of sovereign issuers, these methods included:

1. Country ESG Scores: the ESG research and screening methodology considers and assesses key negative sustainability impacts around four sustainability dimensions: Natural capital, Human capital, Social capital, and Economic capital.
2. Negative Country Screening, which includes the following:
  - Candriam's list of highly oppressive regimes

The integration of the principal adverse impacts on sustainability factors has been based on the materiality or likely materiality of each indicator for each country to ensure that a country's score adequately reflects the short, medium and long-term problems, challenges and/or opportunities that matter for that country's future development. This materiality depends on several elements, such as the type of information, quality and extent of data, applicability, relevance and geographical coverage.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

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### ***Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:***

The sustainable investments of the Sub-fund have been compliant with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights.

They are subject to a norms-based controversy analysis that considers the compliance with the international social, human, environmental and anti-corruption standards, as defined by the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises. The International Labour Organisation and International Bill of Human Rights are part of the many international references integrated into our norms-based analysis and ESG model.

This analysis aimed to exclude companies that have significantly and repeatedly breached any of these principles.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.*

*The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.*

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



### **How did this financial product consider principal adverse impacts on sustainability factors?**

At Sub-fund level, the principal adverse impacts (PAI) on sustainability factors were considered through one or several means (cfr. Candriam's PAI statement <https://www.candriam.com/en/private/sfdr/>):

- Exclusion: Candriam's negative screening of companies or countries aimed to avoid investments in harmful activities or practices and may led to exclusions linked to companies' or issuers' adverse impact.
- Monitoring: calculation and evaluation of the principal adverse impact indicators including the regular reporting at Sub-Fund level. Some of these indicators may have explicit targets and can be used to measure the attainment of the sustainable investment objective of the product.

See below the results of the indicators of this Sub-fund :

PAI indicators	Value
10 - Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	0.00%
16 - Investee countries subject to social violations	0.00%



## What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 31/12/2022

Top investments	Sector	Proportion	Country
GERMANY 0.00 19-24 25/01U	Bonds of States. Provinces and municipalities	2.07%	DE
POLAND 5.25 10-11 20/01A	Bonds of States. Provinces and municipalities	1.76%	PL
SPAIN 1.95 15-30 30/07A	Bonds of States. Provinces and municipalities	1.70%	ES
GERMANY 0.00 20-25 11/04U	Bonds of States. Provinces and municipalities	1.68%	DE
GERMANY 1.00 14-24 15/08A	Bonds of States. Provinces and municipalities	1.65%	DE
ITALY 4.75 13-28 01/09S	Bonds of States. Provinces and municipalities	1.39%	IT
ITALY 3.75 14-24 01/09S	Bonds of States. Provinces and municipalities	1.35%	IT
POLOGNE (REP OF) 3.00 14-24 15/01S	Bonds of States. Provinces and municipalities	1.34%	PL
FRANCE 0.50 15-25 25/05A	Bonds of States. Provinces and municipalities	1.27%	FR
GERMANY 6.50 97-27 04/07A	Bonds of States. Provinces and municipalities	1.25%	DE
POLAND 1.375 17-27 22/10A	Bonds of States. Provinces and municipalities	1.20%	PL
POLAND 1.00 19-29 07/03A	Bonds of States. Provinces and municipalities	1.15%	PL
ITALY 2.50 14-24 01/12S	Bonds of States. Provinces and municipalities	1.10%	IT
SPAIN 1.45 17-27 31/10A	Bonds of States. Provinces and municipalities	1.07%	ES
SPAIN 1.45 19-29 29/01A	Bonds of States. Provinces and municipalities	1.04%	ES

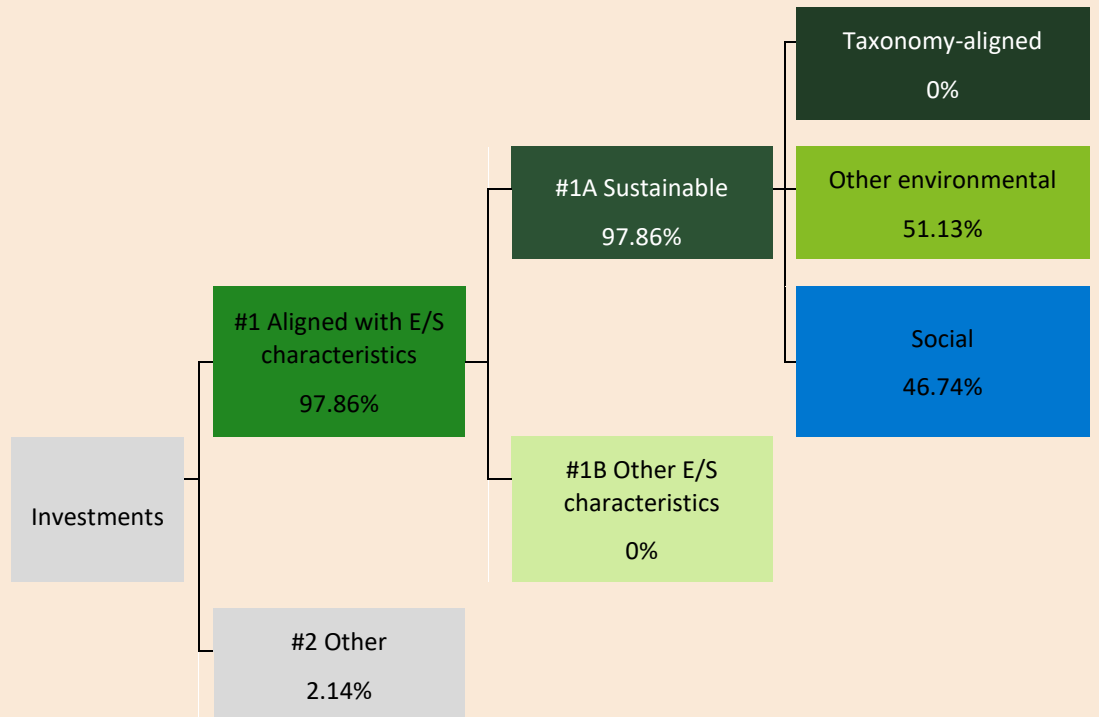
*Minor differences may be present between the data above and the corresponding ones in the section "Investment portfolio" of the annual report due to the number rounding process*



## What was the proportion of sustainability-related investments?

### What was the asset allocation?

**Asset allocation** describes the share of investments in specific assets.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

● ***In which economic sectors were the investments made?***

Top sector	Proportion
Bonds of States, Provinces and municipalities	95.96%
Healthcare	0.40%
Non Classifiable Institutions	0.35%
Investments funds	0.14%

*Minor differences may be present between the data above and the corresponding ones in the section "Investment portfolio" of the annual report due to the number rounding process*



## To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:

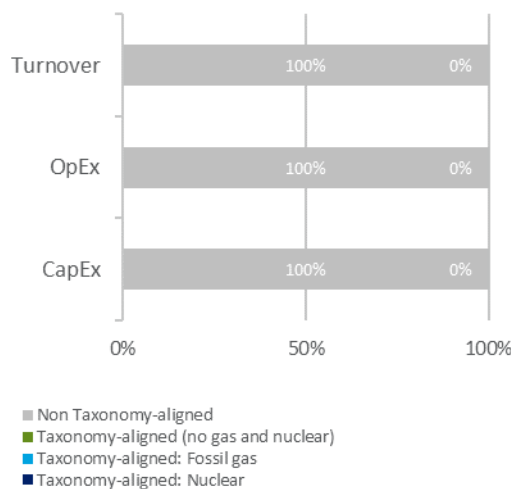
- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting the green operational activities of investee companies.

### Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy <sup>1</sup>?

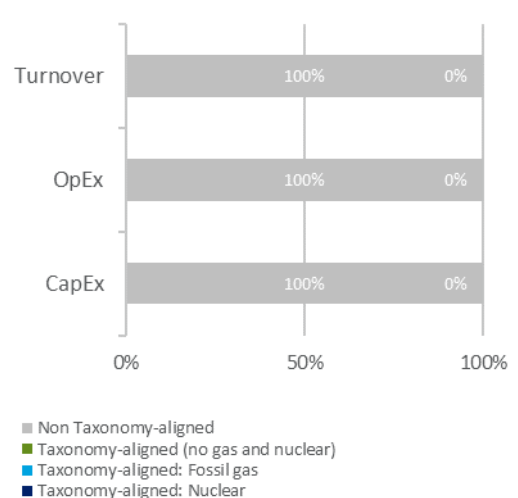
- ☐ Yes
- ☐ In fossil gas ☐ In nuclear energy
- ☒ No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

### What was the share of investments made in transitional and enabling activities?

The Sub-Fund is unable to publish a percentage of alignment with the Taxonomy, nor on the transitional and enabling activities, as very few companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy.

### How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

Not applicable because no previous period data is available


### What is the breakdown of the proportion of the investments per each of the EU Taxonomy to which those investments contributed?

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



The Sub-Fund is unable to publish a percentage of alignment with the Taxonomy, as very few companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy

Therefore, this percentage is considered as nul.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.



### **What was the share of sustainable investments with an environmental objective not aligned with the EU taxonomy?**

The Sub-Fund had a share of 51.13% in sustainable investments with an environmental objective not aligned with the EU taxonomy.

Indeed to date, only two of the six objectives have entered into force in 2022 and very few companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy.



### **What was the share of socially sustainable investments?**

The Sub-fund had a share of investments with a social objective of 46.74%



### **What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**

The investments included under «Other» are present in the Sub-fund for 2.14% of the total net assets.

These investments include one or more of the following assets:

- Cash: Cash at sight, cash deposit, reverse repo needed to manage the liquidity of the Sub-fund following subscriptions/redemptions ;
- Investments with issuers with E/S characteristics at the moment of the investment and are not fully aligned anymore with the Candriam investment with E/S criteria. These investments are planned to be sold;
- Other investments (including single name derivatives) purchased for diversification purposes and that might not be subject to an ESG screening or for which ESG data is not available;
- Non single name derivatives used for efficient portfolio management and/or for hedging purposes and/or temporarily following subscriptions/redemptions.



### **What actions have been taken to meet the environmental and/or social characteristics during the reference period?**

In order to respect the environmental and/or social characteristics during 2022, the IndexIQ Factors Sustainable Sovereign Euro Bond no issuers needed to be sold, based on Candriam's independent ESG rating assessment.



### **How did this financial product perform compared to the reference benchmark?**

No index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.