Natixis/Mirova Global Sustainable Equity ADR Strategy

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QUARTERLY PORTFOLIO COMMENTARY

Global equity markets continued to move higher in the third quarter with both the S&P 500® and Dow Jones Industrial Average ending September at record highs. Most notably, the Fed embarked on its much-anticipated easing cycle by cutting rates 50 basis points to 4.75%-5.00% at the September FOMC meeting, its first rate cut in four years. With inflation softening and closing in on its long-term target, the Fed's focus has shifted to supporting the labor market as unemployment continued to tick meaningfully higher, albeit from a near-historical low starting point. As Q3 brought more normalized economic data, investors are increasingly expecting a soft landing. Annual US inflation was 2.5% in August, the lowest since February 2021, and unemployment rose to 4.2%. United States GDP rose by an annualized rate of 2.8% in the second quarter of 2024, significantly higher than last quarter's 1.4% increase. The MSCI World Index rose (+6.4%) over the quarter, and the MSCI Emerging Markets Index rose (+8.7%). The MSCI All Country World Index rose (+6.6%). The best performing sectors over the quarter were utilities (+17.6%), real estate (+16.9%), and financials (+10.7%). The worst performing sectors were energy (-2.9%), information technology (+1.5%), and communication services (+2.8%). North America, United Kingdom, Latin America, China, Japan, and the Middle East all showed strength.

The Natixis/Mirova Global Sustainable Equity ADR Strategy rose in value but underperformed the MSCI World Index gross of fees and net of fees. Security selection was the driver of relative underperformance during the quarter, while sector allocation was additive. Securities selected in healthcare, industrials, and information technology were the largest detractors. On the other hand, selections made in consumer discretionary and financials contributed to results. From a sector allocation perspective, an overweight to utilities and having no exposure to energy and communication services were positive contributors. A lack of exposure to real estate and an underweight to financials detracted from results.

Quarter-to-date top/bottom contributors to relative performance:

- The top five relative contributors were eBay Inc., Ayden, Iberdrola, AIA Group, and NextEra Energy.
- The bottom five relative detractors were Novo Nordisk, ASML Holdings, Eli Lilly, Adobe, and Taiwan Semiconductor.

Trades and positioning:

- At the end of the quarter, the largest overweight sector was healthcare while the largest underweight sector was communication services.
- There were no new purchases or full sellouts during the trailing three months ended August 2024.

Year to date (YTD), the strategy rose in value and outperformed the benchmark gross and net of fees. Security selection was the driver of relative outperformance, while sector allocation was neutral. Securities selected within healthcare, information technology, materials, and consumer discretionary were the largest positive contributors. On the other hand, selections in industrials and financials detracted from relative return. From a sector allocation perspective, a lack of exposure to communication services, and overweights to healthcare and materials were the largest detractors. A lack of exposure to energy, an underweight to consumer staples, and an overweight to utilities were additive.

YTD top/bottom contributors to relative performance:

- The top five relative contributors were NVIDIA, Taiwan Semiconductor, eBay, Eli Lilly, and NextEra Energy.
- The bottom five relative detractors were Vestas Wind Systems, Adobe, Aptiv PLC, Meta Platforms (not owned), and Roper Technologies.

Markets have performed well thus far in 2024, with Q3 being no exception, as expectations of Global Central Bank rate cuts have buoyed risk assets. Traditionally markets have reacted positively in election years, although unemployment and consumer spending remain key concerns for investors. With these uncertainties, ongoing geopolitical tensions and macroeconomic weakness may spur market volatility. The resulting market environment has increasingly proven challenging to navigate. We continue to believe that active fundamental research combined with investment discipline provides an attractive way to navigate market uncertainty.

Performance data shown represents past performance and is no guarantee of, and not necessarily indicative of, future results. The commentary reflects the opinions of the commentators as of the date indicated. This commentary is a service provided to customers of Natixis Advisors, LLC ("Natixis Advisors") for informational purposes. We believe the information contained in this commentary is reliable, but do not guarantee its accuracy. This economic overview is provided for informational purposes only and is not meant as investment advice. Reference to specific securities or industries should not be considered recommendations or advice for individual investors. The reader should not assume that an investment in these securities was or will be profitable. A complete list of all past recommendations made within the immediately preceding 12-month period is available upon request. There is no assurance that any predictions or projections will occur. This material is dated as indicated, and opinions and viewpoints may change as economic conditions change.

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Definitions

The **S&P 500® Index** is an unmanaged index of US common stocks frequently used as a measure of stock market performance. **Russell 1000® Growth Index** is an unmanaged index consisting of those companies in the Russell 1000® Index with higher-than-average price-to-book ratios and forecasted growth. The **NASDAQ Composite** includes 100 of the largest domestic and international non-financial companies listed on the Nasdaq Stock Market based on market capitalization. The Index reflects companies across major industry groups including computer hardware and software, telecommunications, retail/wholesale trade and biotechnology. It does not contain securities of financial companies including investment companies. The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ. The **MSCI All Country World Index ex US** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed (excluding the USA) and emerging markets. The index is shown with minimum dividend reinvested after deduction of withholding tax. The **MSCI Emerging Markets Index** is an unmanaged index that is designed to measure the equity market performance of emerging markets. The **MSCI All Country World Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. These indexes are referred to for comparative purposes only and are not necessarily intended to parallel the risk or investment approach of the accounts included in the composites or the accounts managed by Natixis Advisors. Indexes are unmanaged and not available for direct investment. You may not invest directly in an index.

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Actual holdings in client accounts may vary from the model portfolio. Natixis Advisors will combine the investment recommendations from the subadvisor with the ability to customize and tailor individual portfolios to meet clients' specific needs, such as cash flows, tax issues and other needs. These recommendations will typically mirror those implemented by the subadvisor for its discretionary client portfolios, subject to differences relating to client guidelines, account size, tax needs and other factors. Portfolio transactions will be effected either by Natixis Advisors or the model portfolio provider. When effected by the model portfolio provider, transactions will be aggregated with those of its other clients in an effort to seek best overall execution. Significant dispersion may occur among the holdings and performance of the model portfolio, the client accounts managed by Natixis Advisors using the model portfolio, and the accounts managed by the model portfolio provider on a discretionary basis included in the institutional composite for a variety of reasons. Such reasons include differing account sizes, differing cash flows, the timing and terms of execution of trades, individual client needs, and differing tax situations. The holdings, characteristics and performance of your portfolio may be different from the holdings, characteristics and performance information presented here in this report. For more complete information, please see Part II of Natixis Advisors' Form ADV.

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