

Natixis/Mirova Global Sustainable Equity ADR Strategy



QUARTERLY PORTFOLIO COMMENTARY

Global equity markets were essentially flat (MSCI World: -0.2%) during the quarter as modestly positive US Equity markets (S&P 500: 2.4%) were offset by negative returns in both the developed (MSCI EAFE: -8.1%) and emerging markets (MSCI EM: -8.0%). The Fed continued to ease in line with market expectations, cutting rates by 25bps at both the November and December FOMC meetings, but indicating fewer rate cuts in 2025 due to persistent inflation and steady economic growth. The Federal Funds target rate ended the year at 4.25%-4.50%, a full 100bp lower than its 2024 peak. Annual US inflation continued to moderate from highs set in 2022, with a reading of 2.7% in November, and the unemployment rate held steady at 4.2%. United States GDP rose by an annualized rate of 2.8% in the third quarter of 2024, down from 3.0% in the second quarter. The MSCI All Country World Index fell (-1.0%) in the fourth quarter and the best performing sectors were Consumer Discretionary (+8.7%), Communication Services (+7.0%), and Information Technology (+4.7%). The worst performing sectors were Materials (-14.3%), Healthcare (-11.4%), and Real Estate (-9.3%). The Middle East and United States showed strength, while Emerging Markets, Europe ex UK, Asia ex Japan, and the United Kingdom experienced declines.

The Natixis/Mirova Global Sustainable Equity ADR Strategy fell in value and underperformed the MSCI World Index gross and net of fees. Security selection was the driver of relative underperformance during the quarter, although sector allocation was also a detractor. Securities selected in Consumer Discretionary, Industrials, and Financials were the largest detractors. On the other hand, selections made in materials contributed to results. From a sector allocation perspective, overweights to Materials and Healthcare and a lack of exposure to Communication Services detracted from returns. An underweight to Consumer Staples and an overweight to Information Technology were additive.

QTD Top/Bottom contributors to relative performance:

- The top five relative contributors were: Taiwan Semiconductor, Shopify, Mastercard, SAP, and Visa.
- The bottom five relative detractors were Novo Nordisk, not owning Tesla, Thermo Fisher Scientific, Danaher and Symrise.

Trades & Positioning:

- At the end of the quarter, the largest overweight sector was Health-care while the largest underweight sector was Communication Services.
- There were three new purchases and zero full sellouts during the trailing three months ended November 2024. The new purchases were: Smurfit Westrock, Salesforce, and Advanced Drainage Systems.

Year to date, the strategy rose in value and underperformed the benchmark gross and net of fees. Sector allocation was the driver of relative underperformance, while security selection also detracted. An overweight to Healthcare and Materials, a lack of exposure to Communication Services, and an underweight to Financials were the largest detractors. An underweight to Consumer Staples, a lack of exposure to Energy, and an overweight to Information Technology were additive. From a security selection perspective, stocks selected within Industrials, Financials, and Consumer Discretionary detracted from relative returns. On the other hand, selections in Healthcare and Materials contributed.

YTD Top/Bottom contributors to relative performance:

- The top five relative contributors were Taiwan Semiconductor, NVIDIA, eBay, SAP, and Intuitive Surgical.
- The bottom five relative detractors were Vestas Wind Systems, Aptiv PLC, Adobe, Novo Nordisk, and Roper Technologies.

Markets performed well in 2024, as strong economic data and Global Central Bank rate cuts have buoyed risk assets. Traditionally, markets have reacted positively in election years, and 2024 proved to be no different. Unemployment, consumer spending, and recession risks remain key concerns in 2025, and ongoing geopolitical tensions and macroeconomic weakness may spur additional 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 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.

Investment Risks: All securities are subject to risk, including possible loss of principal. Please read the risks associated with each investment prior to investing. Detailed discussions of each investment's risks are included in Part 2A of each firm's respective Form ADV. The investments highlighted in this commentary may be subject to certain additional risks.

Definitions

The **S&P 500® Index** is an unmanaged index of US common stocks frequently used as a measure of stock market performance. The **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.

This document may contain references to third-party copyrights, indexes, and trademarks, each of which is the property of its respective owner. Such owner is not affiliated with Natixis Investment Managers or any of its related or affiliated companies (collectively "Natixis") and does not sponsor, endorse or participate in the provision of any Natixis services, funds or other financial products.

The index information contained herein is derived from third parties and is provided on an "as is" basis. The user of this information assumes the entire risk of use of this information. Each of the third-party entities involved in compiling, computing or creating index information disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to such information.

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.

Natixis Advisors, LLC provides discretionary advisory services through its division Natixis Investment Managers Solutions. Discretionary advisory services are generally provided with the assistance of model portfolio providers, some of which are affiliates of Natixis Investment Managers, LLC.



Natixis Distribution, LLC is a limited purpose broker-dealer and the distributor of various registered investment companies for which advisory services are provided by affiliates of Natixis Investment Managers.

Natixis Advisors, LLC and Natixis Distribution, LLC are located at 888 Boylston Street, Suite 800, Boston, MA 02199. 800-862-4863 • im.natixis.com

NOT FDIC INSURED • MAY LOSE VALUE • NO BANK GUARANTEE

NIM-02042025-wplbd6j3
Exp. 5/15/25
P-NMGSEADR03-1224