NATIXIS INVESTMENT MANAGERS

Q1 | MARCH 31, 2019

Mirova Global Green Bond Fund

mirova Responsible Investing

QUARTERLY PORTFOLIO COMMENTARY

Average annualized total returns (%) † as of 3/31/2019

	3 months	YTD	1 year	Life of class (2/28/17)
Class Y	3.89	3.89	4.95	3.09
Class A at NAV	3.84	3.84	4.69	2.85
Class A with 4.25% maximum sales charge	-0.57	-0.57	0.21	0.75
Bloomberg Barclays MSCI Green Bond Index	3.89	3.89	6.12	4.33

Performance data shown represents past performance and is no guarantee of, and not necessarily indicative of, future results. Total return and value will vary, and you may have a gain or loss when shares are sold. Current performance may be lower or higher than quoted. For most recent month-end performance, visit im.natixis.com. Performance for other share classes will be greater or less than shown based on differences in fees and sales charges. †Performance for periods less than one year is cumulative, not annualized. Returns reflect changes in share price and reinvestment of dividends and capital gains, if any. You may not invest directly in an index. Benchmark since inception performance is calculated from 2/28/17.

Gross expense ratio 3.62% (Class Y share) / 5.23% (Class A share). Net expense ratio 0.71% (Class Y share) / 0.96% (Class A share). As of the most recent prospectus, the investment adviser has contractually agreed to waive fees and/or reimburse expenses (with certain exceptions) once the expense cap of the Fund has been exceeded. This arrangement is set to expire on 4/30/19. When an expense cap has not been exceeded, the gross and net expense ratios and/or yields may be the same. Not all share classes available for purchase by all investors. Class Y shares are available to institutional investors with a minimum initial investment of $100,000 and through certain wrap-fee programs, retirement plans, and investment advisory accounts with no minimum. See prospectus for more details.

Market environment

2018: growth is there; risks are being accumulated

Last year, a combination of political uncertainties – the US-China trade war, fear of a hard Brexit, the conflict between the Italian government and the EU, emerging market woes, etc. – weighed on the global economy's prospects which led to central banks becoming increasingly cautious and ultimately deciding to delay any rate hikes. Credit spreads also widened dramatically, especially during the fourth quarter.

1Q 2019: lower risks, lower growth, lower rates

As was the case throughout January and February, markets continued to rally throughout March, though for different reasons.

Over the first two months of the year, the increased optimism towards the situation in Italy, the likelihood of an agreement between US and Chinese authorities or of Brexit being postponed fed the market's appetite for credit, in spite of what we thought was a generally gloomier outlook for global growth. For March, however, the market's positive move was buoyed by central banks, especially the US Federal Reserve, which adopted a more cautious stance acknowledging a gloomier outlook.

The higher probability that the Fed might reduce its rates by year-end has driven rates lower:

- German 10-year rates fell from about 0.24% at the beginning of January to enter negative territory after the Fed's speech and then reach a low of -0.08% on March 27, 2019; it ended the quarter at -0.07%.
- Credit spreads versus government bonds continued to tighten, after a slight widening which we believe might have been prompted by the large supply amounts.

Explanation of Fund performance

Mirova Global Green Bond Fund Class Y shares returned 3.89% in the first quarter of 2019, which matched the Bloomberg Barclays MSCI Green Bond Index at 3.89%.

Security selection

Issue selection had a positive impact on the Fund's performance, spread over all sectors, with more positive contribution from Government and Corporate bonds.

Allocation

Allocation also had a positive impact on the performance of the portfolio, largely thanks to our overweight position in Corporate and Government-related sectors.

Duration & curve

Our duration flattening curve position had a positive impact.

Fund's strategy

Security selection

Green and Social Bonds represented 93.48% of the assets in the Fund as at March end vs. 90.51% in December. The Fund is still in accordance with a 1.5°C global warming scenario, in alignment with the Paris Agreement.

Positions added during the first quarter of 2019:

- **Digital Realty Green Bond**: The use of proceeds of the bond will be used to finance projects that have or will receive above minimum certifications levels from LEED, BREEAM, BCA Green Mark, Green Globes, CEEDA or CASBEE, projects with at least 15% increased efficiency in energy or water as determined by an external party, and renewable energy and low carbon energy supply solutions. In its first report after issuance, Digital Reality Trust indicates that nine buildings have been financed thanks to the proceeds, of which three LEED Gold or Platinum, 2 BREEAM excellent and one CEEDA Gold.

- **Royal Schiphol Airport Green Bond**: Aviation is the least environmentally friendly way of transportation. However, there are currently no alternatives for long distance travel and as such cannot completely be avoided. Schiphol Airport aims to be the world's sustainable airport with targets to have zero waste by 2030 and to be carbon neutral by 2040. Proceeds from their Green Bond will finance some of their programs aimed at reducing their direct carbon emissions. The main projects to be financed are green buildings (90%) and clean transportation (10%).

- **EDP perpetual Green Bond** (subordinated debt): Proceeds from these Green Bonds will be used to finance or refinance wind power plants (onshore and offshore) and solar power plants (photovoltaic and concentrated solar power). Projects based on fossil fuel or hydro energy production are excluded under the framework, as well as transmission and distribution projects.

Based on valuations and weak economic data in Italy, the Fund had a reduction in exposure to Italian issuers in the beginning of January and March: Green Bonds sold were issues from Enel, Hera, Ferrovie and Intesa SanPaolo.

Allocation

Credit: The Fund remains overweight Corporates at 58% of assets versus 45% for the index.

The Fund has an overweight position in Defensive sectors (29% vs. 20%), believing that some utilities offer a great way to benefit from, and contribute to, the environmental transition. The Fund remained slightly overweight cyclicals (8% vs. 3%) holding that there is value on the short term (ACS, Fibria). The Fund is also slightly overweight Financials (20% vs. 18%).

Sovereign: The Fund is underexposed as yields remain very low. The main sovereign issuers in the Fund remained – French OAT, Belgium and Indonesia.

Agencies and quasi-government sectors remain underexposed versus the benchmark as we believe there is little value there, presently.

Geographically speaking, the biggest exposures remain the US (Digital Realty, Apple, Southern Power etc.), Japan (Mizuho, Sumitomo, Mitsubishi), UK (TFL, Anglian Water) and Netherlands (Tennet, Schiphol Airport). With regard to Italy, the Fund went from an overweight position to underweight (-1% vs index) as uncertainties might resurface in the coming months.

Zone

Beginning in March, an overweight position in Eurozone versus US has been implemented in the portfolio (-33bp for US and +10bp for Eurozone vs the index), anticipating a USD/EUR spread widening during the year due to a weaker Eurozone (no rate hike) against US (perhaps one rate hike though with better fundamentals). Unfortunately, the Fed was more dovish than anticipated.

Duration and Curve

The 10-year German yield reached historical lows but major political uncertainties (trade war, Brexit) suggest that it's too early to implement a sizeable short position; the Fund's modified duration remained neutral (6.85 for the Fund versus 6.81 for the index as of the end of March).

Yield

The yield to maturity is at 1.64% (before currency hedge) as of March 31, 2019 vs. 1.33% for the index.

Outlook

The U.S. and China may yet reach an agreement in the so-called trade war; however, tougher discussions about patent property rights remain. The potential, albeit diminishing potential, of a hard Brexit and the uncertainties around the outcome of the European Parliament election will remain sources of concerns.

In that context, we believe and maintain that:

- the ECB will have to remain on hold, with no hike before year-end, and
- the FED will postpone further hikes and will opt for a cautious approach to tapering.

Because of this, the increase in long-term yields will be limited.

We also believe Corporate bonds still offer value, as spreads are back to 2016 levels. Banks will benefit from a renewal of the LTRO program, which was finally announced in early March. Volatility will probably remain high, which create value opportunities in certain assets that should outperform in the long run. The US administration might start to turn its attention towards Europe, especially Germany, once it inks a deal with China.

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Definitions

The Bloomberg Barclays MSCI Green Bond Index provides a broad-based measure of global fixed income securities issued to fund projects with direct environmental benefits according to MSCI ESG Research's Green Bond criteria. The Green Bonds are primarily investment grade, or may be classified by other sources when bond ratings are not available. The Index may include Green Bonds from the corporate, securitized, Treasury, or government-related sectors. You may not invest directly in an index.

LEED is the Leadership in Energy and Environmental Design is one of the most popular green building certification programs used worldwide.

BREEAM is the world's leading sustainability assessment method for masterplanning projects, infrastructure and buildings.

BCA Green Mark is a green building rating system to evaluate a building for its environmental impact and performance.

Green Globes is an online assessment protocol, rating system, and guidance for green building design, operation and management.

CEEDA provides an audited and certified assessment of the implementation of eneregy efficiency best practices within a data center.

CASBEE (Comprehensive Assessment System for Built Environment Efficiency) is the green building management system in Japan.

The ESG Opinion assesses whether the investment is compatible with the UN Sustainable Development Goals.

Committed: Contributes very favorably to achieving the Sustainable Development Goals
Positive: Contributes positively to achieving the Sustainable Development Goals
Neutral: In line with some of the Sustainable Development Goals, but impacts are low or unquantified
Risk: Hinders achievement of the Sustainable Development Goals
Negative: Strongly opposes achievement of the Sustainable Development Goals
Worst Offender: Serious breach of the UN Global Compact with no appropriate corrective action taken

The ESG Opinion is designed to assess whether the investment is compatible with the UN Sustainable Development Goals and is based upon the analysis of Mirova and Oekem, a third party. The assessment does not guarantee a profit or protect against a loss, and does not ensure the stability or safety of the overall portfolio.

Disclosure

Top 10 Countries (as of 3/31/19)

Company	% of Portfolio
France	16.25
United States	15.16
Netherlands	10.04
Supranational	6.35
United Kingdom	5.57
Japan	5.21
Spain	4.46
Lithuania	3.35
Germany	3.04
Belgium	3.03

Top 10 Holdings (as of 3/31/19)

Company	% of Portfolio
France Government Bond OAT	8.49
Nederlandse Waterschapsbank NV	3.83
Apple, Inc.	2.90
Svensk Exportkredit AB	2.89
Electricite de France S.A.	2.64
Sumitomo Mitsui Financial Group, Inc.	2.59
Mizuho Financial Group, Inc.	2.59
Citigroup, Inc.	2.57
Province of Ontario Canada	2.43
European Investment Bank	2.28

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Before investing, consider the Fund's investment objectives, risks, charges, and expenses. Please visit im.natixis.com or call us at 800-225-5478 for a prospectus or a summary prospectus containing this and other information. Read it carefully.

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