

Natixis Vaughan Nelson Select ETF



QUARTERLY PORTFOLIO COMMENTARY

Market Overview

US equity markets continued their decline during the second quarter with the S&P 500 falling 16.10% and the Russell 2000 Value falling 15.28%. International equity markets also declined with the MSCI EAFE Index decreasing 14.32%. Risk assets continued to be pressured by accelerating inflationary pressures, decelerating economic growth, and tightening financial conditions. Inflationary pressures in the US have moved from goods to services and housing, in the form of owner's equivalent rent. In our opinion, inflation will ease as we move through the third and fourth quarter but will remain elevated entering 2023. While interest rates have shifted materially higher, the yield curve has flattened with the M2 money supply decelerating materially. The rapid slowdown in economic growth and tightening financial conditions are creating a recessionary environment in the US, Europe, and most export-led economies.

Capital markets are signaling recessionary conditions becoming a greater concern than inflation. The greater recessionary concern is evidenced by the rapid decline in commodity prices, flattening yield curves, widening credit spreads, and an inverted Eurodollar futures curve. In prior slowdowns, the market and economy were quickly supported by the Federal Reserve's action that loosened financial conditions. During this cycle, we believe the Federal Reserve will be procyclical as it continues to tighten financial conditions despite the recessionary warnings.

The Federal Reserve's top priority is to ensure the US Treasury remains solvent while funding federal deficits. At quarter end, should the prevailing yield curve remain in place, annual interest costs for the U.S. Treasury would equal approximately 20% of annual tax receipts. Such a level is unsustainable even without considering that trailing tax receipts are inflated by excess capital gains. Beyond taming inflation, we believe the Federal Reserve needs to create conditions that drive the US Treasury close to 2% across the curve so the US Treasury can remain solvent. If market forces will not bring sovereign rates to acceptable levels, the Federal Reserve may be forced to implement yield curve control with open-ended quantitative easing.

Portfolio Positioning

As a result of buys and sells and market action, the portfolio is overweight Materials, Consumer Staples, Utilities, Financials, and Industrials while underweight Information Technology, Real Estate, Communication Services, Consumer Discretionary, Energy, and Health Care.

Contributors to Performance

During the quarter, the portfolio experienced negative absolute and positive relative performance. Positive contributions from Information Technology, Consumer Discretionary, Health Care, Communication Services, and Utilities were offset by negative contributions from Financials, Industrials, Materials, Energy, Real Estate, and Consumer Staples.

These ETFs are different from traditional ETFs. Traditional ETFs tell the public what assets they hold each day. These ETFs will not. This may create additional risks for your investment. For example: You may have to pay more money to trade these ETFs' shares. These ETFs will provide less information to traders, who tend to charge more for trades when they have less information. The price you pay to buy ETF shares on an exchange may not match the value of the ETF's portfolio. The same is true when you sell shares. These price differences may be greater for these ETFs compared to other ETFs because they provide less information to traders. These additional risks may be even greater in bad or uncertain market conditions. These ETFs will publish on their websites each day a Proxy Portfolio ("Proxy Portfolio") designed to help trading in shares of the ETFs. While the Proxy Portfolio includes some of these ETFs' holdings, it is not the ETFs' Actual Portfolio ("Actual Portfolio"). The differences between these ETFs and other ETFs may also have advantages. By keeping certain information about the ETFs secret, these ETFs may face less risk that other traders can predict or copy its investment strategy. This may improve the ETFs' performance. If other traders are able to copy or predict the ETFs' investment strategy, however, this may hurt the ETFs' performance. For additional information regarding the unique attributes and risks of these ETFs, see the discussion on the Proxy Portfolio and the "Proxy Portfolio Structure Risk," "Authorized Participant Concentration Risk," "Predatory Trading Practices Risk," "Premium/Discount Risk," and "Trading Issues Risk" within the prospectus.

Average annualized total returns (%) † as of 6/30/2022

	3 months	YTD	1 year	3 years	5 years	Since Inception (9/16/20)
ETF (NAV)	-15.68	-17.95	-3.74	-	-	14.03
ETF (Market Price)	-15.73	-18.00	-3.82	-	-	14.03
S&P 500® Index	-16.10	-19.96	-10.62	-	-	8.01

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. An exchange-traded fund's market price is the price at which shares in the ETF can be bought or sold on the exchanges during trading hours, while the net asset value (NAV) represents the value of each share's portion of the fund's underlying assets and cash at the end of the trading day. ETFs calculate the NAV at 4 p.m. ET, after the markets close. †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.

Gross expense ratio 3.05%. Net expense ratio 0.80%. As of the most recent prospectus, the investment advisor 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 4/30/25. When an expense cap has not been exceeded, the gross and net expense ratios may be the same.

Risks

ETF General Risk: Exchange-Traded Funds (ETFs) trade like stocks, are subject to investment risk, and will fluctuate in market value. Unlike mutual funds, ETF shares are not individually redeemable directly with the Fund, and are bought and sold on the secondary market at market price, which may be higher or lower than the ETF's net asset value (NAV). Transactions in shares of ETFs will result in brokerage commissions, which will reduce returns. **Active ETF:** Unlike typical exchange-traded funds, there are no indexes that the Fund attempts to track or replicate. Thus, the ability of the Fund to achieve its objectives will depend on the effectiveness of the portfolio manager. There is no assurance that the investment process will consistently lead to successful investing. **Equity Securities Risk:** Equity securities are volatile and can decline significantly in response to broad market and economic conditions. **Small and Mid-Cap Stocks Risk:** Investments in small and midsize companies can be more volatile than those of larger companies. **Value Investing Risk:** Value investing carries the risk that a security can continue to be undervalued by the market for long periods of time. **Predatory Trading Practices Risk:** Although the Fund seeks to benefit from keeping its portfolio holdings information secret, market participants may attempt to use the Proxy Portfolio and related Proxy Portfolio Disclosures to identify the Fund's holdings and trading strategy. If successful, this could result in such market participants engaging in predatory trading practices that could harm the Fund and its shareholders. **Proxy Portfolio Structure Risk:** Unlike traditional ETFs that provide daily disclosure of their portfolio holdings, the Fund does not disclose the daily holdings of the Actual Portfolio. Instead, the Fund discloses a Proxy Portfolio that is designed to reflect the economic exposure and risk characteristics of the Fund's Actual Portfolio on any given trading day. Although the Proxy Portfolio and Proxy Portfolio Disclosures are intended to provide Authorized Participants and other market participants with enough information to allow them to engage in effective arbitrage transactions that will keep the market price of the Fund's shares trading at or close to the underlying NAV per share of the Fund, while at the same time enabling them to establish cost-effective hedging strategies to reduce risk, there is a risk that market prices will vary significantly from the underlying NAV of the Fund. **Authorized Participant Concentration Risk:** Only an authorized participant ("Authorized Participant") may engage in creation or redemption transactions directly with the Fund. The Fund has a limited number of institutions that act as Authorized Participants, none of which are or will be obligated to engage in creation or redemption transactions. To the extent that these institutions exit the business or are unable to proceed with creation and/or redemption orders with respect to the Fund and no other Authorized Participant is able to step forward to create or redeem Creation Units, Fund shares may trade at a discount to NAV and possibly face trading halts and/or delisting. The Fund's novel structure may affect the number of entities willing to act as Authorized Participants, and this risk may be exacerbated during times of market stress. **Trading Issues Risk:** Trading in Fund shares on the NYSE Arca may be halted in certain circumstances. If 10% or more of the Fund's Actual Portfolio does not have readily available market quotations, the Fund will promptly request that the NYSE Arca halt trading in the Fund's shares. Such trading halts may have a greater impact on the Fund compared to other ETFs due to its lack of transparency. **Premium/Discount Risk:** The market value of the Fund's shares will fluctuate, in some cases materially, in response to changes in the Fund's NAV, the intraday value of the Fund's holdings, and the relative supply and demand for the Fund's shares on the exchange. There is a risk (which may increase during periods of market disruption or volatility) that market prices for Fund shares will vary significantly from the Fund's NAV. This risk may be greater for the Fund than for traditional ETFs that disclose their full portfolio holdings on a daily basis because the publication of the Proxy Portfolio does not provide the same level of transparency as the publication of the full portfolio by a fully transparent active ETF. Fund is new with a limited operating history.

Definitions

The **Russell 2000® Value Index** is an unmanaged index that measures the performance of the small-cap value segment of the US equity universe. It includes those Russell 2000® companies with lower price-to-book ratios and lower forecasted growth values. **S&P 500® Index** is a widely recognized measure of US stock market performance. It is an unmanaged index of 500 common stocks chosen for market size, liquidity, and industry group representation, among other factors. It also measures the performance of the large-cap segment of the US equities market. The **MSCI EAFE Index** is a market cap-weighted index, which means stocks are weighted according to their market capitalization. This is calculated as stock price multiplied

by the total number of shares outstanding. The **Bloomberg Aggregate Bond Index** broadly tracks the performance of the U.S. investment-grade bond market. **M2** is a measure of the money supply that includes cash, checking deposits, and easily-convertible near money. It is closely watched as an indicator of money supply and future inflation, and as a target of central bank monetary policy.

Disclosure

Top 10 Holdings (as of 6/30/2022)*

Security Description	% of Portfolio
Vertex Pharmaceuticals, Inc.	6.26
Johnson & Johnson	5.47
NextEra Energy, Inc.	5.41
Dollar General Corp.	5.30
Microsoft Corp.	5.15
Berkshire Hathaway, Inc. Class B	5.09
Clorox Co. (The)	4.85
Union Pacific Corp.	4.80
Intercontinental Exchange, Inc.	4.46
McCormick & Co., Inc.	4.43

*Subject to change

This information is dated and cannot be relied upon as current thereafter. This portfolio is actively managed and holdings are subject to change. There is no guarantee the fund continues to invest in the securities referenced, and the holdings identified do not represent all of the securities purchased, sold or recommended. Reference to specific securities or holdings should not be considered recommendations for action by investors.

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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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