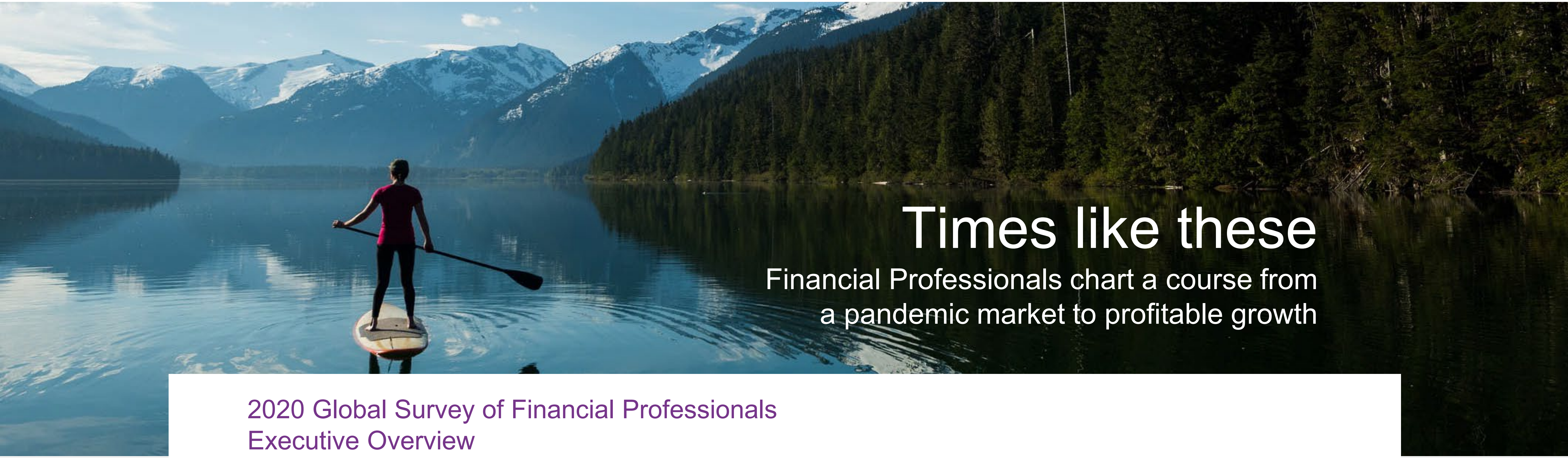
NATIXIS INVESTMENT MANAGERS



Times like these

Financial Professionals chart a course from a pandemic market to profitable growth

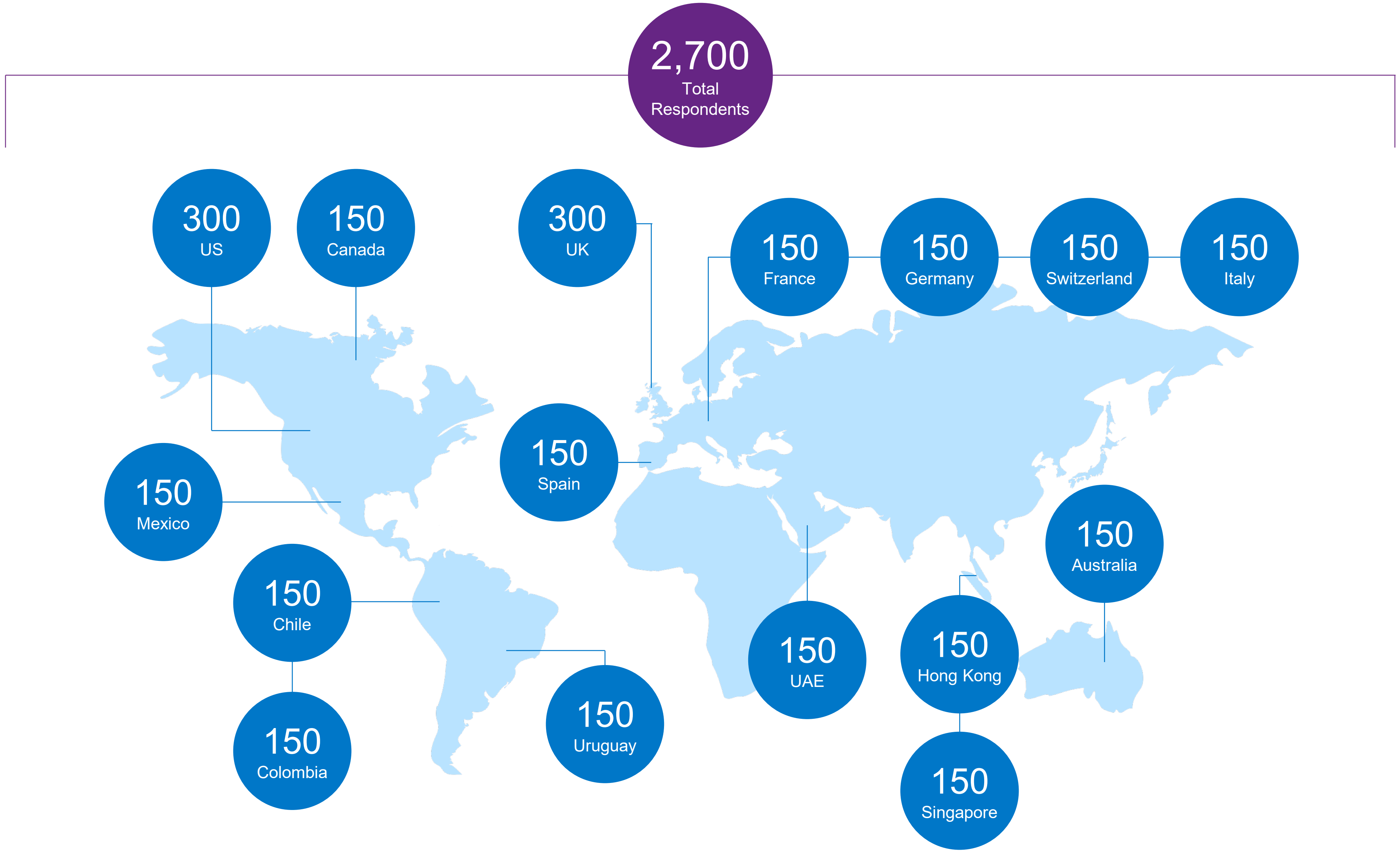
2020 Global Survey of Financial Professionals
Executive Overview

Faced with the turmoil and uncertainty of the pandemic market, financial professionals across the globe are remarkably optimistic. Professionals find they project business growth of 2.5% in 2020 and 13.7% over the next three years. This despite anticipating that the S&P 500[1] will suffer a -7.0% loss and the MSCI World Index[2] will lose -7.3% when the year ends. As these professionals surveyed contemplate the reality of the biggest market drawdown since the Global Financial Crisis, they know the road to profitable long-term growth won't follow the status quo. Instead, the pandemic market will accelerate changes already shaping industry and demand that financial professionals up their game in three critical areas.

1. Client service: Demonstrating value and earning trust
2. Business planning: Expanding the opportunity set
3. Investment strategy: Finding greater efficiency

About the survey

Natixis Investment Managers, Global Survey of Financial Professionals conducted by CoreData Research in March and April 2020. Survey included 2,700 financial professionals throughout 16 countries.



1. Client service: Demonstrating value and earning trust

Investors expect more than financial professionals say is realistic

Global Average Expectations		
11.7%	121%	5.3%
Individual investor annual return expectations (above inflation) [1]	The % difference between investor and professional expectations	Financial professionals' annual return expectations (above inflation)

- Three-quarters of professionals say investors forget that 12-year bull market was unprecedented.
- Eight in ten say the bull market made investors complacent about risk.
- One-third of financial professionals say they need to get better at managing client return expectations.

	Investors[1]	Expectation Gap	Financial Professionals
Argentina/Uruguay	10.7%	95%	5.5%
Australia	11.9%	98%	6.0%
Canada	10.1%	98%	5.1%
Chile	12.8%	113%	6.0%
Colombia/Peru	14.0%	164%	5.3%
France	9.5%	102%	4.7%
Germany	9.1%	86%	4.9%
Hong Kong	12.9%	148%	5.2%
Italy	10.5%	177%	3.8%
Mexico	13.5%	194%	4.6%
Singapore	11.0%	111%	5.2%
Spain	13.3%	92%	6.9%
Switzerland	11.6%	128%	5.1%
UK	10.8%	136%	4.6%
US	10.9%	62%	6.7%

Clients and professionals aren't always on the same page. Our data shows that clients expect 11.7% returns above inflation. But professionals say 5.3% is more realistic. That's a 121% gap.

1 Natixis Investment Managers, Global Survey of Individual Investors conducted by CoreData Research, February-March 2019. Survey included 9,100 investors from 25 countries.

1. Client service: Demonstrating value and earning trust

Shoring up emotions and assets

- Two-thirds (67%) say investors were unprepared for a market downturn.
- Almost six in ten (57%) say investors don't understand the risks of the current market.
- Three-quarters (76%) say investors don't recognize risk until it's already realized.

Professionals see the blind spots investors miss

"I understand the risks of the current markets."	
80% of investors say, **"Yes, I do."**	57% of professionals say, **"No, you don't."**

"I am focused on short-term returns."	
60% of investors say, **"No, I'm not."**	79% of professionals say, **"Yes, you are."**

As the first step to growth, financial professionals will need to shore up current AUM by helping clients overcome emotional reactions to the pandemic market. Their ability to help clients navigate market turbulence will be a success factor for many.

1. Client service: Demonstrating value and earning trust

Key skills needed for growth

Top 5 skills professionals feel they must improve on

1.	Demonstrating value beyond asset allocation	47%
2.	Preventing clients from making emotional decisions	44%
3.	Getting to know clients' next generation heirs	43%
4.	Managing client return expectations	31%
5.	Focusing on client communications	28%

When asked what would help them achieve growth goals, few financial professionals think they will win on investment selection and portfolio construction alone. Most think improved communication and client service skills will have the biggest impact.

1. Client service: Demonstrating value and earning trust

Communication critical to success and client retention

Keys to nurturing new and existing client relationships

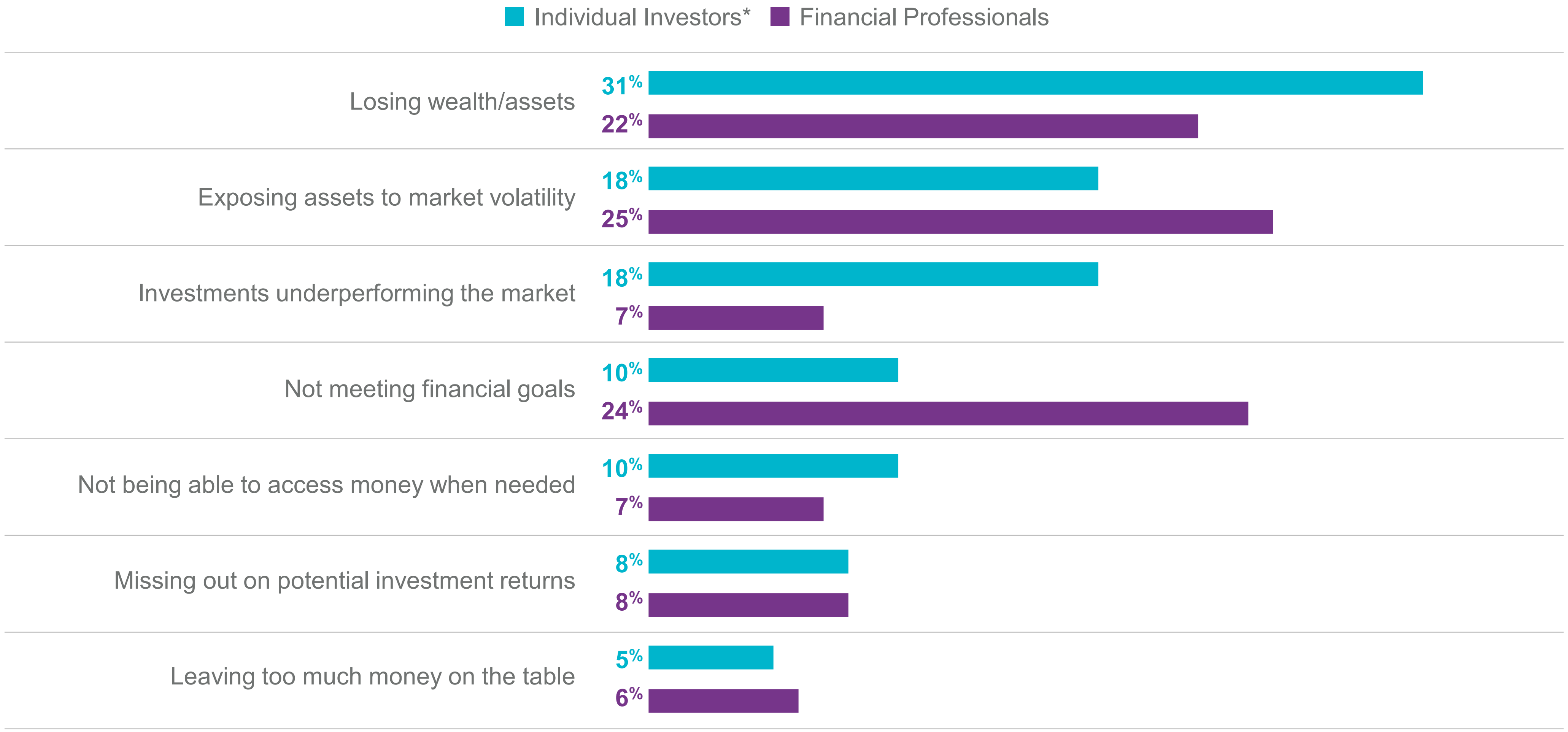
Regular communication	54%
Get to know clients on a personal level	50%
Proactive outreach during market turbulence / notable market events	43%
Regular review of financial plan	41%
Build relationships with clients' families	35%

When asked what it takes to successfully grow client relationships, financial professionals put communications at the top of the list. Faced with current market uncertainties, they'll have ample opportunity to build and solidify relationships.

1. Client service: Demonstrating value and earning trust

Effective communication begins with clarity

Clients and professionals aren’t always on the same page about risk



One way to enhance communication is to ensure financial professionals are on the same page as clients about the fundamentals. Risk is a primary example.

*Natixis Investment Managers, Global Survey of Individual Investors conducted by CoreData Research, August 2018. Survey included 9,100 investors from 25 countries.

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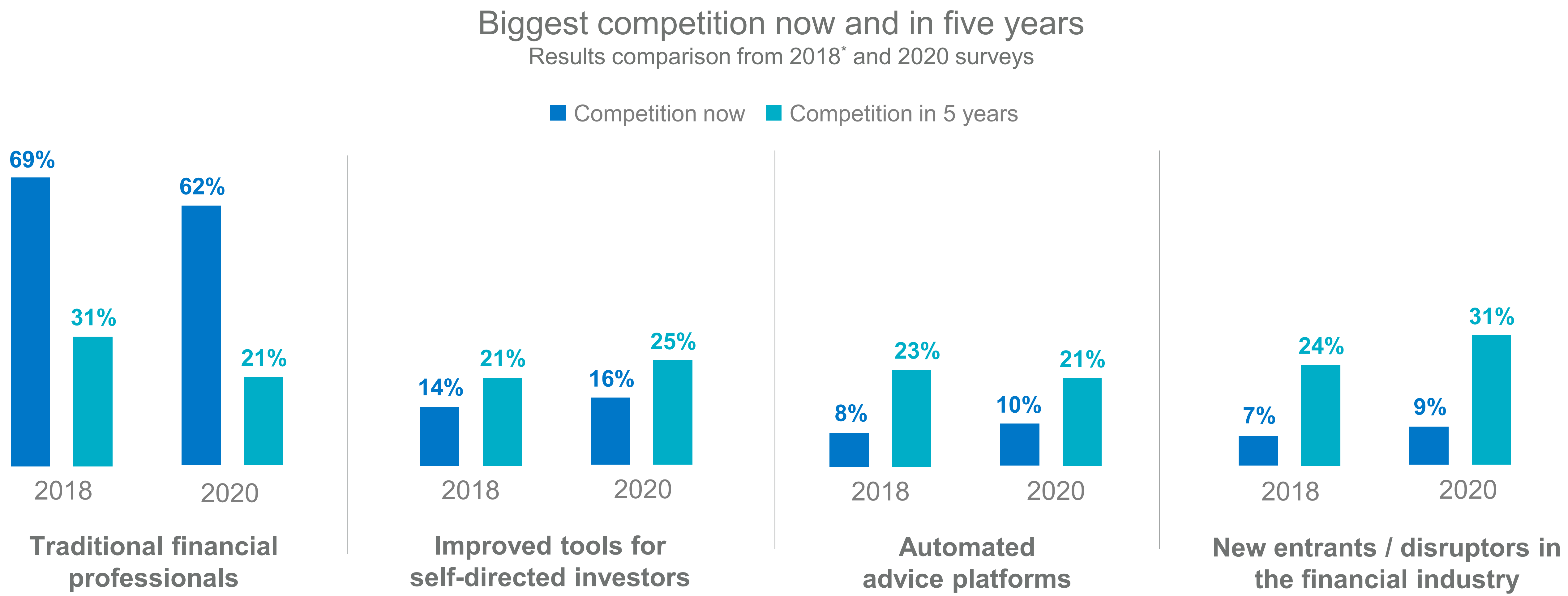
2. Business planning: Expanding the opportunity set

Digital competition expected to accelerate

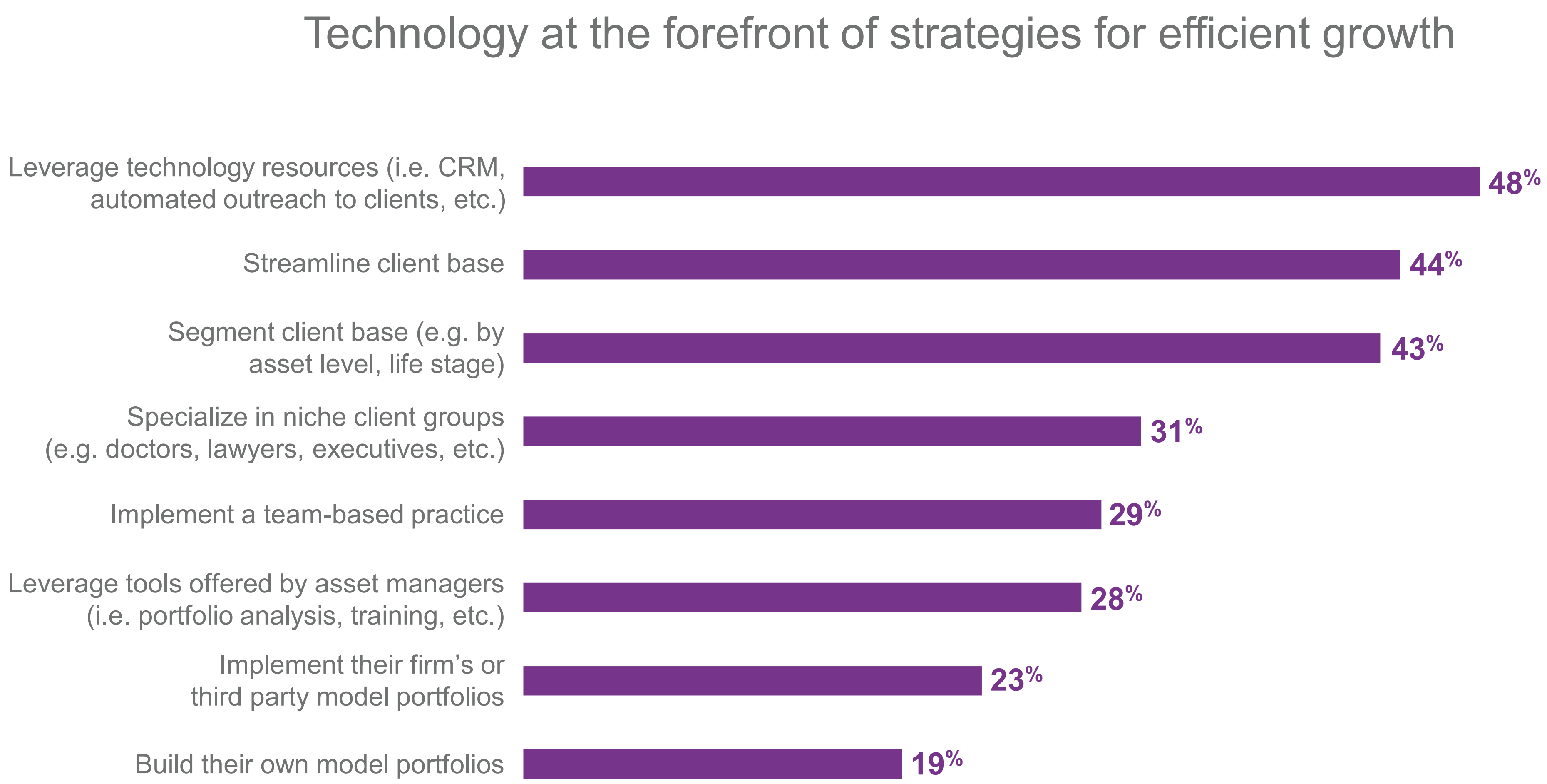


Only 17% think financial professionals lose clients to disruptors today. But when they look to the future, they're most concerned with questions like: "What happens if Amazon, or Apple, or Google decides to get into the financial advice business?"

*Natixis Investment Managers, Global Survey of Financial Professionals conducted by CoreData Research in March 2018. Survey included 2,775 financial professionals in 16 countries.

2. Business planning: Expanding the opportunity set

The tech opportunity for financial professionals

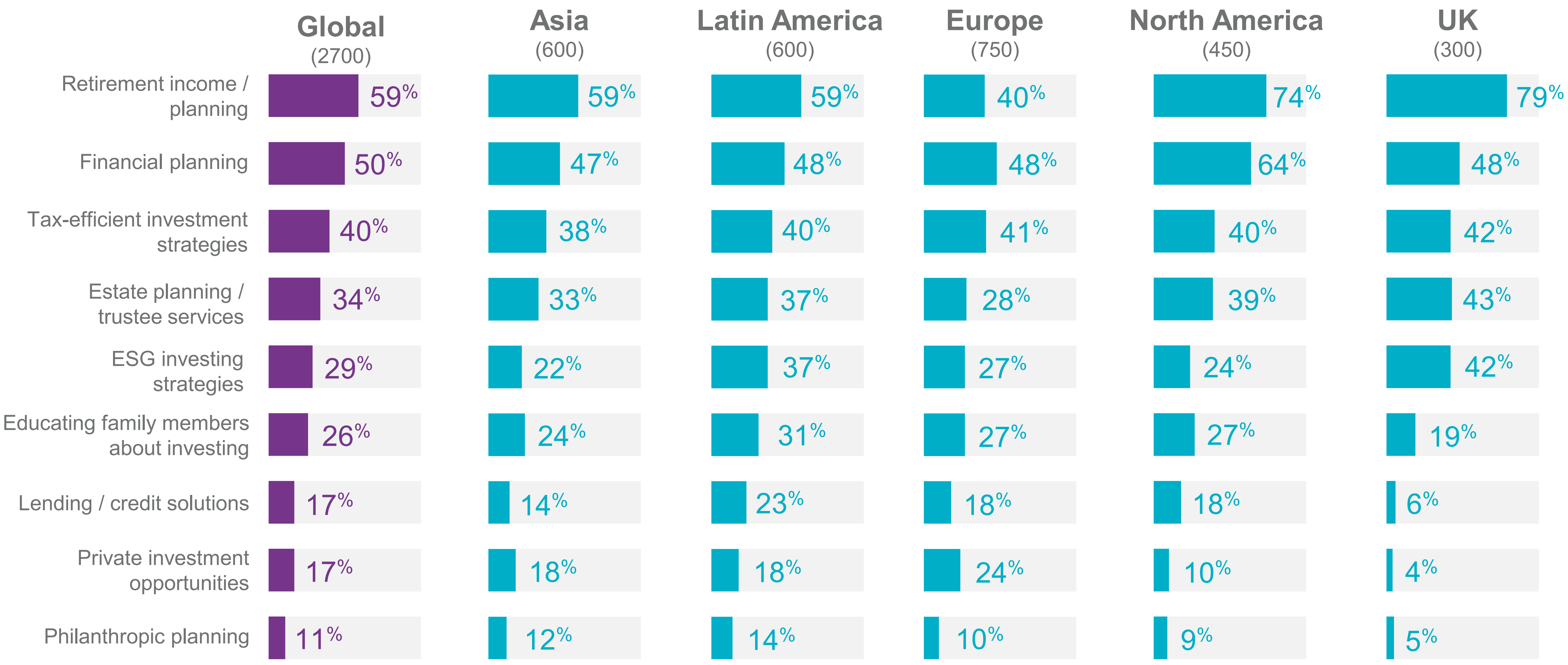


Financial professionals are not going to sit back and let technology take business away. Many also see it as a powerful business resource.

2. Business planning: Expanding the opportunity set

Services are critical opportunities to differentiate

What have clients been demanding more of in the past year?



Traditionally, many professionals have succeeded by positioning themselves as experts in investment selection and portfolio construction. Today, clients are demanding a wider array of services, leading many professionals to reframe their value proposition.

2. Business planning: Expanding the opportunity set

An expanding role for financial professionals

Roles financial professionals play to clients

Financial Planner	Financial Coach	Retirement Expert	Portfolio Architect
I help clients navigate all of their financial needs	I educate clients on markets and investments	I advise clients on navigating retirement	I build portfolios and select investments
76%	50%	39%	35%

Therapist	Consultant	Mediator
I help clients rationalize their emotions about investing and the markets	I help clients with their business planning and needs	I help clients with family-related affairs (such as mediating conflicts, trust and estate planning, etc.)
34%	22%	8%

Most frequently, financial professionals describe their role as a financial planner. That means they take on a broader set of responsibilities, help clients establish goals and integrate services such as tax planning, estate planning, philanthropic planning and college funding planning.

2. Business planning: Expanding the opportunity set

The prospecting challenge

Personal trust and reputation important when prospecting

Most effective		Least effective	
85%	Referrals from my current clients and contacts	11%	Email marketing
46%	Referrals from other professionals (e.g. lawyers, accountants)	10%	Affinity groups (i.e. private social clubs, hobby clubs, etc.)
39%	Establishing relationships across family generations	7%	Social media engagement (e.g. LinkedIn, Facebook)
24%	Events and experiences (e.g. client seminars, dinners)	6%	Advertisements and sponsorships

With two-thirds of financial professionals reporting that growth depends on winning new clients, the stakes have been raised on prospecting efforts.

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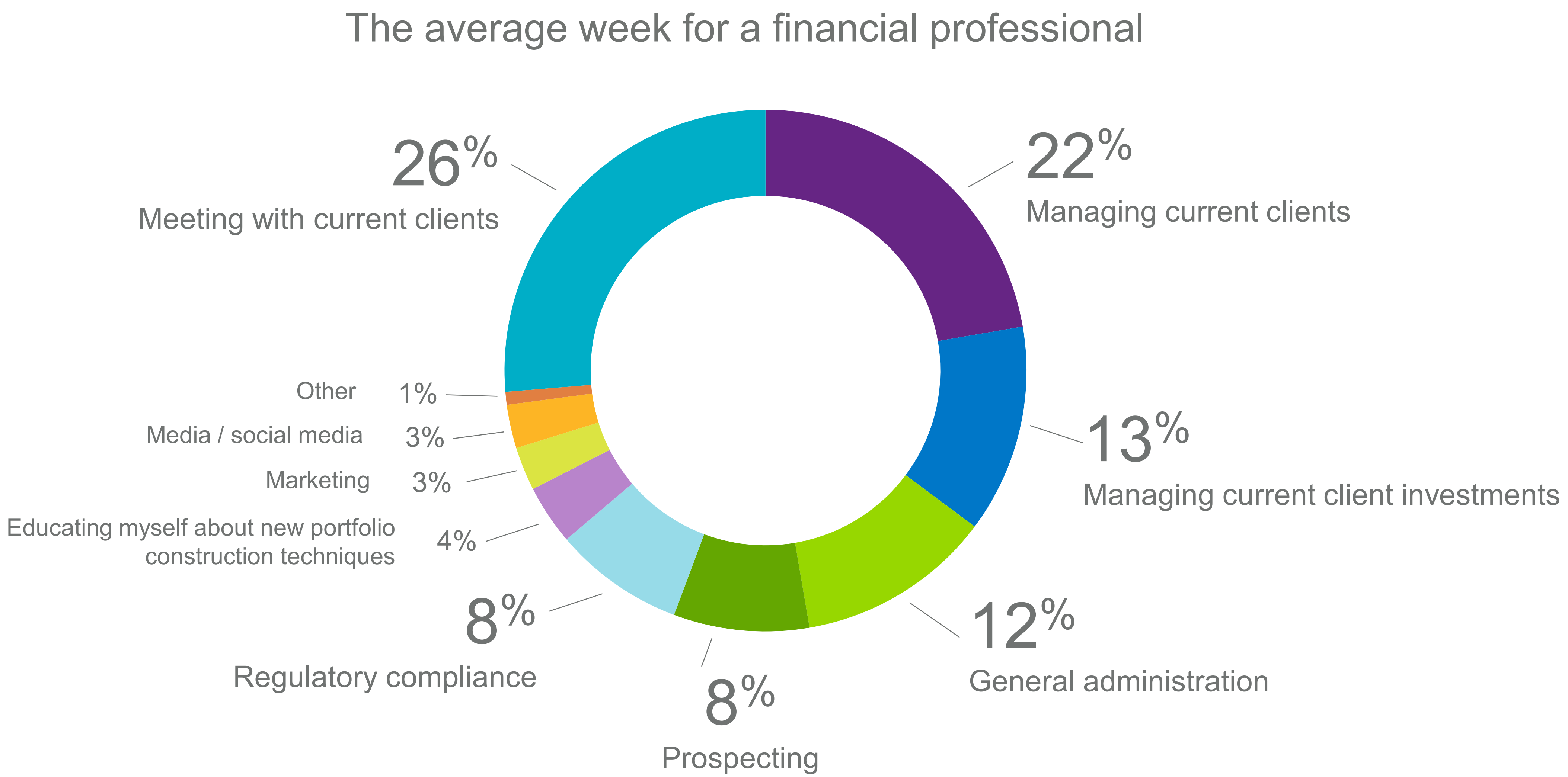
2. Business planning: Expanding the opportunity set

Finding the time to find new clients



Financial professionals only spend 8% of their work week (about 30 minutes a day), on prospecting activities. They spend even less time on marketing (3%). If advisors are going to achieve their high growth expectations by bringing new clients and new assets, they will need to find efficiencies in other areas of their practice.

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3. Investment strategy: Finding greater efficiency

The model of efficiency

Motivations for implementing model portfolios vary by region

	Global (2452)	Asia (547)	Latin America (558)	Europe (661)	North America (418)	UK (268)
Efficient access to a wider range of asset classes and strategies	45%	38%	50%	49%	41%	46%
Lower administration burden	42%	44%	46%	31%	44%	49%
More efficient and consistent client reviews	38%	47%	35%	24%	44%	52%
Access to investment expertise	38%	40%	37%	34%	38%	48%
More time to deepen relationships with and service current clients	37%	34%	36%	35%	46%	32%
Better reporting (i.e. easier to meet regulatory and compliance requirements)	35%	36%	30%	40%	28%	44%
Easier to scale my business	35%	45%	23%	21%	63%	29%
Consistent performance	28%	27%	30%	16%	39%	40%
More time for prospecting new clients	18%	17%	11%	21%	28%	11%

Advisors are looking for ways to make their investment process more efficient. In many cases, they are finding that shifting client assets to model portfolios gives them an advantage.

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3. Investment strategy: Finding greater efficiency

Active management: The coaches' call

Active/Passive Allocations: Now and in 3 years

	Currently	3 years from now
Active Investments	69%	65%
Passive Investments	31%	35%

After the unprecedented 12-year bull market, volatility returned in earnest in early 2020. With volatility comes greater dispersion of returns, leading 8 in 10 financial professionals to say the market will favor active management.

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3. Investment strategy: Finding greater efficiency

Volatile markets show the limitations of passive funds

Financial professionals:

68% say investors have a false sense of security about passive

72% say investors were not aware of the risks of passive

Investors:[1]

62% think index funds are less risky

64% believe index funds will protect them on the downside

Financial professionals suggest that investors may be learning tough lessons about the limitations of passive investments as a result of the pandemic downturn. With markets down substantially in 2020, investors may be feeling doubly surprised by losses on their first quarter statements.

1 Natixis Investment Managers, Global Survey of Individual Investors conducted by CoreData Research, February-March 2019. Survey included 9,100 investors from 25 countries.

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3. Investment strategy: Finding greater efficiency

Taking the alternative route

Financial professionals' most used alternatives by region

Global	Real estate/REITs **38%**	Real assets **35%**	Infrastructure **34%**

Canada	Real estate/REITs **47%**	Infrastructure **36%**	Real assets **31%**
US	Real estate/REITs **54%**	Commodities **26%**	Real assets **25%**

Chile	Real assets **52%**	Real estate/REITs **35%** Infrastructure **35%**	Commodities **31%**
Colombia	Real assets **50%**	Real estate/REITs **47%**	Infrastructure **39%**
Mexico	Real assets **55%**	Infrastructure **44%**	Private equity **36%**
Uruguay	Real assets **56%**	Real estate/REITs **44%**	Infrastructure **42%**

France	Real estate/REITs **51%**	Real assets **45%**	Infrastructure **40%**
Germany	Real assets **61%**	Real estate/REITs **50%**	Infrastructure **37%**
Italy	Infrastructure **38%**	Private equity **32%**	Real assets **23%**
Spain	Hedge fund strategies **42%**	Private equity **39%**	Commodities **34%**
Switzerland	Private equity **55%**	Hedge fund strategies **48%**	Real estate/REITs **29%**
UAE	Real estate/REITs **37%**	Real assets **30%**	Commodities **29%**
UK	Infrastructure **42%**	Real estate/REITs **23%**	Commodities **21%**

Australia	Infrastructure **63%**	Real estate/REITs **40%**	Real assets **17%**
Hong Kong	Real estate/REITs **39%**	Real assets **31%**	Hedge fund strategies **29%**
Singapore	Real estate/REITs **44%**	Real assets **42%**	Private equity **29%** Commodities **29%**

Three-quarters (76%) of investment professionals report that they use alternative investments in client portfolios. On average, they rely most on real estate (38%), real assets (35%) and infrastructure strategies (34%).

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3. Investment strategy: Finding greater efficiency

It’s not just which alternative, but why they’re implemented

	Enhance returns	Reduce risk	Diversify	Protect against volatility	Generate steady income	Hedge against inflation	I don’t know
Long-short equity	19%	21%	15%	15%	3%	3%	24%
Global tactical asset allocation	18%	14%	37%	11%	2%	2%	16%
Managed futures	16%	13%	18%	13%	2%	3%	35%
Option writing	16%	14%	11%	11%	10%	3%	37%
Long-short credit	9%	17%	18%	15%	6%	4%	31%
Multi-alternative	5%	12%	44%	11%	4%	1%	24%
Real estate	4%	4%	39%	10%	18%	12%	13%
Market neutral	3%	22%	17%	26%	5%	3%	25%

% who said response listed was the best use for the respective alternative strategy
% who did not know the best use for the respective alternative strategy
Columns may not add to 100% due to rounding

While 48% of financial professionals say alternatives are too complicated to explain to clients, 8 in 10 say that their peers also need more education on alts. It’s no wonder that 68% say they would implement alternatives more if there were an easier way to do it.

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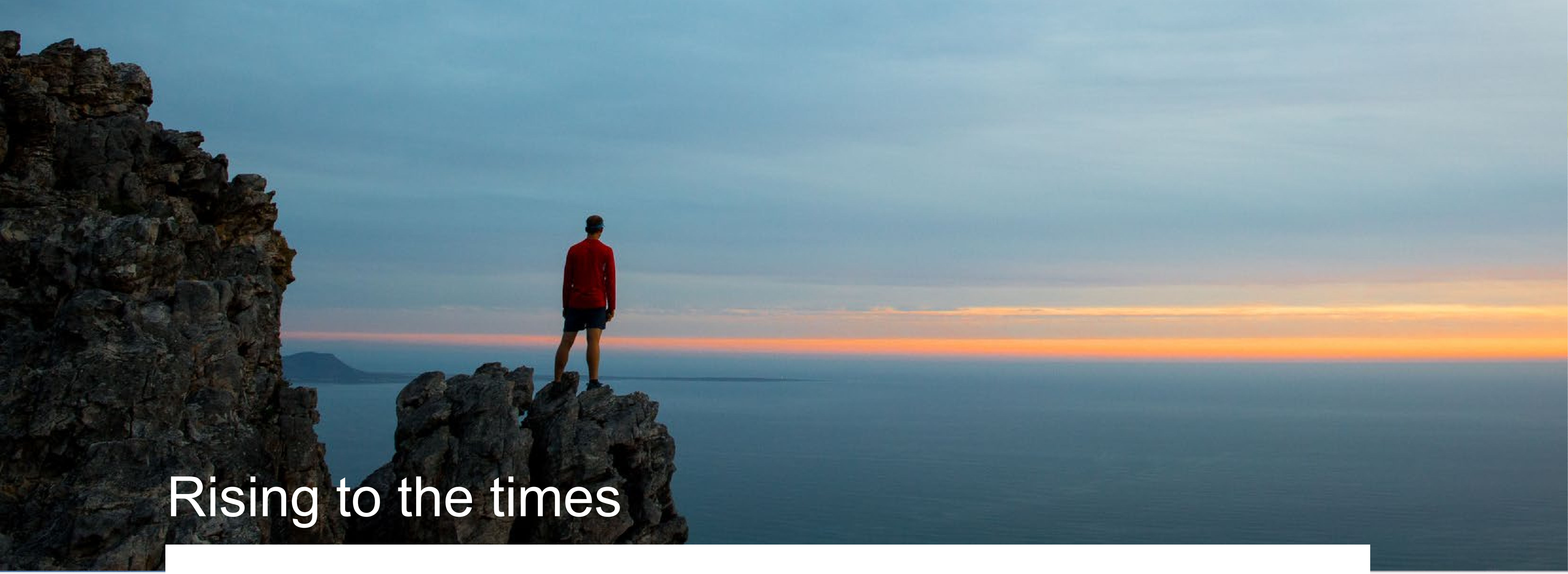

Rising to the times

1. **Client service: Demonstrating value and earning trust** – Professionals will need to evaluate and address the expectations of clients struggling with an uncertain world and risky investment landscape.
2. **Business planning: Expanding the opportunity set** – Professionals will look for expanded services and enhanced efficiencies that allow them to capture more clients and a great share of assets.
3. **Investment strategy: Finding greater efficiency** – Professionals will need to reevaluate both where and how they invest to thrive in a new market environment.

IMPORTANT INFORMATION

1 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.

2 MSCI World Index (Net) is an unmanaged index that is designed to measure the equity market performance of developed markets. It is comprised of common stocks of companies representative of the market structure of developed market countries in North America, Europe, and the Asia/Pacific Region. The index is calculated without dividends, with net or with gross dividends reinvested, in both U.S. dollars and local currencies. You cannot invest directly in an index. Indexes are not investments, do not incur fees and expenses and are not professionally managed.

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