UCITS governed by European Directive 2009/65/EC

OSTRUM SRI EURO SOVEREIGN BONDS SICAV

PROSPECTUS

AS AT 25 APRIL 2024

I GENERAL FEATURES

I-1 Form of the UCITS

• ***Name:*** OSTRUM SRI EURO SOVEREIGN BONDS, hereinafter referred to in this document as "the SICAV" or "the UCITS".
Registered office: 43 Avenue Pierre Mendès France, 75013 Paris, France

• ***Legal form:*** French open-ended investment company with variable capital (SICAV).

• ***Inception date and intended duration:*** The SICAV was created on 19 January 1994 for an initial term of 99 years.

• ***Date of AMF approval:***
The SICAV was approved by the Autorité des marchés financiers (AMF), the French financial markets authority, on 23 November 1993.

• ***Summary of the management offer:***

Type of share	Subscribers concerned	Minimum initial subscription	Minimum subsequent subscription amount	ISIN code	Allocation of distributable income	Base currency	Initial net asset value
R shares	All subscribers	One ten-thousandth of a share	One ten-thousandth of a share	R(C) shares: FR0000003196 R(D) shares: FR0000171233	Accumulation And/or Distribution	EUR	EUR 152.45

Type of share	Subscribers concerned	Minimum initial subscription	Minimum subsequent subscription amount	ISIN code	Allocation of distributable income	Base currency	Initial net asset value
I(C) shares	All subscribers meeting the conditions in the 'target subscribers' section	EUR 100,000	One ten-thousandth of a share	FR0010655456	Accumulation	EUR	EUR 100,000
N shares	All subscribers meeting the conditions in the 'target subscribers' section	One ten-thousandth of a share	One ten-thousandth of a share	N(C) shares: FR0011505098 N(D) shares: FR0013309846	Accumulation Distribution	EUR	EUR 1,000
UNICREDIT shares	All investors, intended particularly for Unicredit	EUR 100,000	One ten-thousandth of a share	FR0012872083	Accumulation	EUR	EUR 1,000
SN(C) shares	All investors, intended particularly for the NGAM-D distribution network	EUR 25,000,000	One ten-thousandth of a share	FR0013029113	Accumulation	EUR	EUR 1,000

• Address from which the SICAV's articles of association, if not appended to this document, the latest annual and interim reports and the asset composition may be obtained:

The latest annual report and asset composition details will be sent to the shareholder within eight business days of receipt of a written request to:

Natixis Investment Managers International
43 Avenue Pierre Mendès France, 75013 Paris, France
These documents are also available on request from the following email address:
ClientServicingAM@natixis.com

• ***Information for professional investors***:

Natixis Investment Managers International may send the breakdown of the Fund's portfolio to professional investors under the control of the ACPR (Autorité de contrôle prudentiel et de résolution [French prudential supervision and resolution authority]), the AMF or equivalent European authorities, for the purpose of calculating regulatory requirements under Directive 2009/138/EC (Solvency II).

II – PARTIES INVOLVED

• Delegated financial, administrative and accounting manager:
Company name: Natixis Investment Managers International
Legal form: Limited company (société anonyme) approved by the Autorité des marchés financiers, hereinafter referred to as 'the AMF', under number GP 90-009 on 22 May 1990.
43 Avenue Pierre Mendès France, 75013 Paris, France

• Depositary and custodian:
- Company name: CACEIS BANK
- Legal form: Credit institution approved by the ACPR (French Prudential Control Authority).
- Registered office: 89–91 Rue Gabriel Péri, 92120 Montrouge, France
- Postal address: 12 Place des États-Unis, 92549 Montrouge Cedex, France

As set out in the applicable Regulations, the depositary's duties include custody of the assets, verifying that the Management Company's decisions are lawful, and monitoring UCITS' cash flows. The depositary is independent of the Management Company.
The description of the delegated custodial duties, the list of custodians and sub-custodians of CACEIS Bank and information relating to conflicts of interest that may result from these delegations are available on the CACEIS website: www.caceis.com
Updated information is available to investors upon request.

• Prime broker:
None.

• Statutory auditor:
- Company name: MAZARS
- Registered office: 67 rue Henri Regnault, 92075 PARIS LA DEFENSE CEDEX, France
- Signatory: Mr Pierre Masieri

• Marketing agents:
- Company name: Natixis Investment Managers International

Legal form: Limited company (société anonyme) approved as a management company under number GP 90-009 on 22 May 1990
43 Avenue Pierre Mendès France, 75013 Paris, France

Natixis Investment Managers International reserves the right to delegate all or part of the investment activity relating to the SICAV's shares to distributor networks with which it has entered into an investment agreement.

The marketing agent is the organisation responsible for the marketing of the SICAV's shares.

• Sub-delegation:

Sub-delegated party responsible for accounting:
- Company name: CACEIS FUND ADMINISTRATION
- Registered office: 89–91 Rue Gabriel Péri, 92120 Montrouge, France
- Postal address: 12 Place des États-Unis, 92549 Montrouge Cedex, France

Nationality: CACEIS FUND ADMINISTRATION is a company under French law.

Sub-delegation of financial management:
Company name: Ostrum Asset Management
Legal form: A société anonyme (public limited company) authorised by the AMF to operate as a portfolio management company
Registered office: 43, avenue Pierre Mendès France, 75013 Paris, France

The sub-delegation of management covers all aspects of the SICAV's financial management.

The Management Company has not identified any conflicts of interest that may arise from such arrangements.

• Advisers: None

• Identity and functions of the members of the governing bodies of the SICAV and principal business activities of these individuals outside the company:
The composition of the SICAV's Board of Directors, at the time of publishing this prospectus, is detailed in the SICAV's annual report.

III – OPERATING AND MANAGEMENT PROCEDURES

1. General characteristics

- ***Features of the shares:***
  - Rights associated with the share class: The investor has a right of ownership to the SICAV's capital.
  - Voting rights: The investor has a voting right attached to shares for use at general meetings of shareholders.
  - Type of shares: registered and bearer. For registered shares, these are subject to entry in an individual account in accordance with the terms and conditions defined by current legislative and regulatory provisions.
    The rights of the holders of these registered shares are represented by an entry in the account in their name with the issuer, as a 'pure registered account'.
  - Decimalisation (fractioning): R, I(C), N(C), N(D), UNICREDIT and SN(C) shares may be divided, at the discretion of the Board of Directors, into ten-thousandths of a share known as fractions of shares.
  - Registration of shares on Euroclear France: yes.

• Financial year-end:
The last Paris stock exchange trading day in March.
First year-end: last stock exchange trading day in March 1995.

• Tax information:
The SICAV is not subject to corporation tax in France on profits made in connection with its legal purpose and it is not considered a French tax resident under French law.

The tax regime applicable for the income, remuneration and/or capital gains that may be distributed by the SICAV or associated with the holding of shares in this SICAV will depend on the specific tax status of the shareholder. The tax regime may vary depending on the tax jurisdiction applicable to the shareholder and to the transactions carried out as part of the management of the SICAV.

Any income, remuneration and/or capital gains relating to transactions carried out in connection with the management of the SICAV and/or the holding of shares in the SICAV could be subject to withholding

and/or taxation at source in some of the jurisdictions involved. Any income, remuneration and/or capital gains are also liable to be subject to withholding tax and/or taxation at source in France when distributed by the SICAV.

Shareholders are advised to contact their adviser or another investment professional if they have any questions regarding their tax situation.

2. Specific provisions

• ***ISIN codes:***

Type of shares	ISIN code
R shares	R(C) shares: FR0000003196 R(D) shares: FR0000171233
I(C) shares	FR0010655456
N shares	N(C) shares: FR0011505098 N(D) shares: FR0013309846
UNICREDIT shares	FR0012872083
SN(C) shares	FR0013029113

• ***Classification:*** Bonds and other debt securities denominated in euros.

• ***Holding of shares or units in other UCITS, AIFs or investment funds:***
The SICAV's level of exposure to UCITS/AIFs/investment funds is less than 10% of its net assets.

• ***Management objective:***

The SICAV has two objectives:
- to outperform the JP Morgan Global EMU index (closing value) by way of active management of modified duration and of the yield curve of the different eurozone states,
- to implement a socially responsible investment (SRI) strategy.

This UCITS promotes environmental, social and governance (ESG) criteria, but its objective is not sustainable investment. It may invest partially in assets with a sustainable objective, e.g. those defined by the European Union classification.

The pre-contractual information on the environmental or social characteristics of this SICAV, required by Regulations (EU) 2019/2088 "SFDR" and (EU) 2020/852 "TAXONOMY", are appended to this prospectus.

• ***Benchmark:***

The benchmark index is the JP Morgan Global EMU index. This index measures the performance of eurozone government bonds of any maturity.
It is calculated with coupons included.

The JP Morgan Global EMU index provider is JP Morgan, whose website is: www.jpmorgan.com. As of the date of this prospectus, the administrator of the benchmark index is not yet recorded on the register of administrators and benchmark indices held by ESMA.

It must be noted that as the management of the SICAV is not index-based, the SICAV's performance may potentially differ considerably from that of its benchmark index.

In accordance with Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016, the management company has a procedure for monitoring the benchmarks that it uses, wherein the measures to be implemented in the event of a substantial change to an index, or of that index no longer being provided, are described.

The benchmark index as defined by Regulation (EU) 2019/2088 on sustainability reporting in the Financial Services sector (the so-called "SFDR Regulation") is not intended to be aligned with the environmental or social ambitions promoted by the SICAV.

• Investment strategy:

The SICAV forms part of Ostrum Asset Management's global 'Euro bond' management process, an active and fundamental management style based on a 'top down' approach, i.e. an approach that consists of focusing on the overall distribution of the portfolio and then selecting the securities that make up the portfolio based on criteria such as the term of the securities, the yield curve, the level of inflation and a 'bottom up' approach, in which sovereign securities are selected for inclusion in the portfolio, followed by overall analysis of the portfolio.

Investments are made in securities issued or guaranteed by eurozone Member States, whether they are fixed-rate, variable-rate or inflation-indexed securities.

1) Description of the strategies used to achieve the management objective:

With a view to outperforming its benchmark, the manager may, at their discretion, overexpose or underexpose the SICAV's portfolio, namely via forward financial instruments or temporary sales/purchases or securities within the applicable regulatory limits[1].

The portfolio is constructed by allocating sources of added value: active management of modified duration, active management of the yield curve, country selection and possible diversification into inflation-indexed securities. This construction is based on tactical choices regarding the above criteria and the analysis of the relative value of the securities comprising the investment universe.

The main source of added value stems primarily from a rigorous and structured investment process with the aim of profiting from:

- the active management of the portfolio's modified duration (process of selecting securities and using forward financial instruments to cause the modified duration to vary in relation to that of its benchmark index, within a range of 1 to 15 at its broadest and 3 to 9 in its target range;
- the active management of the yield curve: this consists of selecting the most attractive areas of the euro yield curve in terms of return and according to the yield curve distortion scenarios drawn up by Ostrum Asset Management's management committees;
- the diversification of the portfolio, particularly via inflation-indexed bonds to anticipate changes in the level of inflation;
- the selection of portfolio securities (inter-market arbitrage in the eurozone).

[1] For more details on the limits of use of forward financial instruments and temporary sales/purchases of securities, investors should read the most recent amendments to this section and consult the 'risk profile' section.

1) Socially responsible investment (SRI) strategies

The incorporation of non-financial criteria is a two-step process:

1. The non-financial analysis

The SICAV applies the following non-exhaustive list of ESG policies put in place by Ostrum Asset Management:

- sectoral policies;
- exclusion policies;
- controversy management policies (including ethical controversies with the "Worst Offenders" policy, which includes governance issues).

Ostrum Asset Management's ESG policies can be found on its website at www.ostrum.com

After having excluded the most controversial issuers from the investment universe, the investment teams systematically assess, for each underlying issuer, whether non-financial factors have an impact on issuers' credit risk profile, both in terms of risk and opportunity, as well as their likelihood of occurrence. Non-financial factors are thus systematically incorporated into the risk assessment and the fundamental analysis of public issuers.
The SICAV takes non-financial criteria into account, including environmental, social and governance (ESG) criteria.

Up to 70% of the portfolio may be composed of debt securities, including sovereign debt and debt securities other than green bonds. They are not considered eligible for the SRI label, however, they have an ESG rating.

Excluding cash, derivatives and non-eligible assets, the securities that make up the remaining portion of the portfolio are also subject to an ESG assessment in comparison with a benchmark universe.
These securities "eligible" for the SRI label are green borrowings from sovereign issuers, borrowings from quasi-public issuers (supranational agencies and national guarantee agencies) and UCIs. The green bonds, social bonds, sustainability bonds and sustainability-linked bonds that may be held by the UCITS must at least comply with the Green Bond Principles, the Social Bond Principles, the SBG (Sustainability Bond Guidelines) and the Sustainability-linked Bond Principles, respectively. These principles and guidelines are all published as part of the ICMA (International Capital Market Association) Principles and are available in the Sustainable Finance section of the association's website: https://www.icmagroup.org/sustainable-finance/.

The proportion of issuers of securities "eligible" for the SRI label that have undergone an ESG analysis must remain above 90%.

The non-financial rating of countries is based on the Sustainable Development Goals (SDGs), which refer to the 17 goals established by United Nations (UN) Member States that seek to guide international collaboration towards sustainable development.
The non-financial evaluation of sovereign and equivalent issuers (government agencies, local authorities etc.), carried out by the Investment Manager, is based on the SDG Index, which is based on the 17 SDGs. Available to all management teams, the SDG Index is published by the SDSN (Sustainable Development Solutions Network — a global UN initiative) and the Bertelsmann Stiftung (a foundation under German law) for sovereign securities.

The SDG Index collates all available data for each of the 17 SDGs and produces an evaluation report comparing countries' performances. Its main role is to help each country:

(i) to identify priorities surrounding sustainable development and put in place an action plan;
(ii) to understand the challenges and identify weaknesses that need to be addressed in order to

achieve the SDGs by 2030. The index also allows each country to compare itself with the rest of its region, or with other "peer" countries that have been given similar ratings.

The SDG Index is a numerical score between 0 (the worst rating) and 100 (the best rating), which tracks the progress made by countries for each of the SDGs. The report drawn up by the SDG Index also shows the SDG Dashboards for each country covered.

In order to evaluate each of these goals, the SDG Index relies upon official data (provided by national governments or international organisations) and unofficial data (collected by non-state actors such as research institutes, universities, NGOs and the private sector). Half of the official data used comes from three organisations: the OECD, the WHO and UNICEF.

Investors can find more information on SDG Index's website: https://www.sdgindex.org/

For example, non-financial criteria used may include the following:

- Social: Public spending on education (% of GDP): General public spending on education (current, in capital and transfers) is expressed as a percentage of GDP. It includes spending financed by transfers from international sources to the government. The term "Public authorities" generally refers to local, regional and central authorities. (Source: World Bank)
- Governance: The proportion of seats occupied by women in national parliaments (%). Women in parliament is the percentage of parliament seats in a single or lower house held by women.
- Human rights: Ratio of the average number of years of education women and men receive (%). The average number of years of education received by women aged 25 or more, divided by the average number of years of education received by men aged 25 or more.

Although government securities that are not green bonds are subject to the ESG assessment outlined above based on the Sustainable Development Goals, the results of the assessment are not measurably reflected in the SRI strategy described below (See Section 2 Selection of issuers).

2. Selection of issuers

The portfolio is built following a "Best-in-Universe" approach

The average ESG rating of the universe of assets "eligible" for the SRI label is calculated by distinguishing between the green bonds from sovereign issuers and those from equivalent sovereign issuers, i.e. from supranational agencies and guarantee agencies.

- For investments in green borrowings from countries: we calculate an average ESG rating for the adjusted investment universe by removing the 20% worst-assessed issuers, so that this ESG rating is weighted by the assets of the remaining 80% of issuers.

- For investments in equivalent sovereign green securities, i.e. from supranational agencies and guarantee agencies, we also calculate an average ESG rating for this adjusted investment universe by removing the 20% worst-assessed issuers (including the most controversial issuers according to Ostrum's exclusion and sectoral policies and the worst-rated issuers), so that this ESG rating is weighted by the assets of the remaining 80% of issuers.

The final average ESG rating of the SRI "eligible" universe is calculated by applying a 70% weighting to the score obtained for the universe of green borrowings from national governments and a 30% weighting to the score obtained for the universe of equivalent green sovereign securities.

The portfolio is built with a view to achieving a better average ESG rating for all of its eligible assets than that of the comparison universe calculated above.

The SICAV's SRI approach could lead to underrepresentation of certain issuers due to poor ESG ratings.

The SICAV is SRI-labelled from 24 January 2022.

2) Description of asset classes and financial contracts in which UCITS intends to invest and their contribution to the achievement of the management objective:

2.1 Equities
None

2.2 Debt securities and money market instruments
Beyond cash and units and/or shares of UCITS, AIFs or investment funds, the SICAV is invested exclusively in securities issued and/or guaranteed by eurozone member states and denominated in EUR, which may take the form, for example, of:

- **Bonds**:
  - Fixed rates
  - Variable rates (particularly inflation-indexed bonds)

- **Negotiable debt securities:**
  - Fixed-rate treasury bills (BTF)
  - Fixed-rate annual interest treasury bills (BTAN)

The SICAV will not invest in securities representative of private-sector debt.
Furthermore, as regards exclusive investment in sovereign securities, there will be no minimum rating constraint on the securities in which the SICAV invests.

The modified duration of the SICAV's portfolio will be between 1 and 15.

		Minimum	**Maximum**
Modified duration range for interest rates		1	15
Issuers' geographic region*	Eurozone exposure	0	200%
	Exposure outside the eurozone	0	0

*Calculations based on a % of the UCITS' total exposure

2.3 Specific instruments

2.3.1 Holding of units or shares of other UCITS/AIFs/investment funds
The SICAV may hold units or shares of UCITS, AIFs or investment funds, up to a limit of 10% of its net assets:

UCITS **under French law***	X
UCITS **under European law***	X
AIFs under French law that comply with Article R. 214-13 of the French Monetary and Financial Code	X
European AIFs that comply with Article R. 214-13 of the French Monetary and Financial Code	
Investment funds **under foreign law** that comply with Article R. 214-13 of the French Monetary and Financial Code	

**These UCITS/AIFs/investment funds may not themselves hold more than 10% of their assets in UCITS, AIFs or investment funds.*

These UCIs may be managed by the management company or an entity of the Natixis Investment Managers.

2.3.2 Derivatives

The UCITS may enter into financial contracts (derivatives) traded on regulated, organised, or over-the-counter markets, whether French or foreign, subject to a limit of 100% of the SICAV's net assets, as set out in the table below.

In this context, and with a view to achieving the management objective, the manager may take particular positions with a view to:

TABLE OF DERIVATIVES

	MARKET TYPE			RISK TYPE					OPERATION TYPE			
Type of instruments used	*Admitted to regulated markets**	*Organised markets*	*Over-the-counter markets*	*Equities*	*Interest rate*	*Foreign exchange*	*Credit*	*Other risk(s)*	*Hedging*	*Exposure*	*Arbitrage*	*Other strategy(-ies)*
Futures on												
Equities												
Interest rate	X	X			X				X	X		
Foreign exchange												
Indices												
Options on												
Equities												
Interest rate	X	X	X						X	X		
Foreign exchange												
Indices												
Swaps												
Equities												
Interest rate			X		X				X	X		
Foreign exchange												
Indices												
Foreign exchange forwards												
Currency(-ies)												
Credit derivatives												
Credit default swaps (CDS)												
First-to-default												
First-loss credit default swaps												

* See the management company's policy on order execution available at www.im.natixis.com

The SICAV will not use Total Return Swaps.

2.3.2 a Information relating to over-the-counter financial contracts

The counterparties are leading credit institutions and/or first-rate investment companies. They are selected and regularly assessed in accordance with the counterparty selection procedure, which is available on the management company's website: www.im.natixis.com (see section "Our commitments", "Intermediary/counterparty selection policy") or upon request from the Management Company. These transactions are systematically covered by a signed contract between the UCITS and the counterparty that defines the procedures for reducing counterparty risk.

The counterparty/counterparties does/do not have any discretionary decision-making powers over the composition or management of the UCITS' investment portfolio or the assets underlying the derivative.

2.3.3 Securities with embedded derivatives

The SICAV will not invest its assets in securities with embedded derivatives.

2.3.4 Specific securities

None

2.4Deposits

The SICAV may make deposits in compliance with the French Monetary and Financial Code, of a maximum duration of twelve months. In this respect, these deposits, which make it possible to manage all or part of the SICAV's cash, contribute to the achievement of the management objective.

2.5 Cash and cash equivalents

On an ancillary basis, the SICAV may hold cash and cash equivalents.

2.6 Cash borrowings

The SICAV may borrow cash up to a limit of 10% of its assets and only on a temporary basis.

2.7 Temporary purchases and sales of securities

The management company may carry out temporary purchases or sales of securities (also known as securities financing transactions), up to a limit of 100% of the assets. It is expected that 50% of the assets under management will be subject to securities financing transactions.

Types of transactions used	
Repurchase and reverse repurchase agreements in accordance with the French Monetary and Financial Code	X
Securities lending and borrowing in accordance with the French Monetary and Financial Code	X
Other	

Types of operation, all of which must be limited to achieving the management objective	
Cash management	
Optimisation of the Fund's income and performance	X
Other	

2.7 a Information on the use of temporary purchases and sales of securities

The purpose of using temporary sales of securities is to obtain an additional return for the UCITS and therefore to contribute to its performance. Furthermore, the UCITS may enter into reverse repurchase agreements as part of the reinvestment of cash collateral and/or into repurchase agreements to meet liquidity needs. Temporary purchases and sales of securities will be guaranteed pursuant to the principles set out under "Contracts constituting collateral" below.

Details of the fees associated with these transactions are given in the "Fees and commissions" section.

2.8 Information on collateral

In connection with the conclusion of financial contracts and/or securities financing transactions, the SICAV may receive/pay collateral in the form of a transfer of full ownership of securities and/or cash.
Securities received as collateral must meet the criteria laid down by the regulations and must be granted by credit institutions or other entities that meet the legal, country and other financial criteria set out in the French Monetary and Financial Code.

The level of collateral and the discount policy are set by the Management Company's eligibility policy for collateral in accordance with the regulations in force, and include the following categories:

- Cash collateral in various currencies according to a predefined list, such as EUR and USD;
- Collateral as debt or equity securities on the basis of a specific designation.

The eligibility policy for collateral explicitly defines the level of collateral required and the discounts applied to each type of collateral on the basis of rules that depend on their specific characteristics. In accordance with the regulations in force, it also specifies the rules for the diversification of risks, correlation, valuation, credit quality and regular stress tests on the collateral's liquidity.

In accordance with the conditions set out in the regulations, in the event that collateral is received in cash, it may only be:

- placed on deposit;
- invested in high-quality government bonds;
- used in reverse repurchase agreements;
- invested in short-term money market undertakings for collective investment (UCIs).

Collateral received other than in cash may not be sold, reinvested or pledged as security.

In accordance with the valuation rules laid down in this prospectus, the Management Company will conduct a daily valuation of collateral received on a mark-to-market basis. Margin calls will be made on a daily basis.

The collateral received by the SICAV will be held by the SICAV's depositary or, failing that, by any third-party depositary that is subject to regulatory supervision and that has no connection with the provider of the collateral.

The risks associated with securities financing transactions, financial contracts and the management of inherent collateral are described in the risk profile section.

- ***Information about the sub-delegation of investment management's consideration of the principal adverse impacts of investment decisions on sustainability factors:***

Information about the sub-delegation of investment management's consideration of the principal adverse impacts of this SICAV can be found in the pre-contractual disclosures on environmental or social characteristics appended to this prospectus and in the SICAV's annual report pursuant to Article 11(2) of Regulation (EU) 2019/2088 (the SFDR).

• Information on the Taxonomy Regulation (EU) 2020/852:

Information on the Taxonomy relating to this SICAV can be found in the pre-contractual information on environmental or social characteristics attached to this prospectus.

• Risk profile:

"Your money will be invested in financial instruments selected by the financial, administrative and accounting manager delegated by your SICAV. These instruments will be subject to market trends and risks".

The SICAV's risk profile is adapted to an investment horizon of more than three years.
The various potential risks that may arise in connection with the management of the SICAV and that may cause the net asset value of the SICAV to fall are:

=) Risk of capital loss
The net asset value may fluctuate significantly due to the financial instruments included in the portfolio. This means that you may not get back all the capital you invested and this applies equally to investments made over the recommended investment period.

=) Risk associated with temporary purchases and sales of securities and the management of collateral:
Temporary purchases and sales of securities may create risks for the SICAV, such as the counterparty risk defined above. The management of collateral may create risks for the SICAV, such as liquidity risk (i.e. the risk that a security received as collateral is not sufficiently liquid and cannot be sold quickly in the event that the counterparty defaults) and, where applicable, risks related to the reuse of cash collateral (i.e. primarily the risk that the SICAV cannot reimburse the counterparty).

=) Risks associated with classification

Interest rate risk:
This is the risk of a fall in the value of interest rate instruments due to fluctuations in interest rates. It is measured by modified duration. Modified duration represents the average movement in the price of fixed-rate securities held in the portfolio when interest rates vary by 1%. Interest rate risk is the risk of depreciation (loss of value) of interest rate instruments due to fluctuations in interest rates, which causes the net asset value to decrease.

Credit risk:
Credit risk is the risk that the economic or financial position of an issuer may deteriorate, potentially leading to a decline in the value of the issuer's security and therefore a fall in the SICAV's net asset value. Investments are made in securities issued and/or guaranteed by member states of the eurozone, and/or in units or shares of UCIs invested in sovereign securities.

=) Risk associated with inflation
A portion of the SICAV's portfolio may be invested in inflation-indexed bonds. If anticipated inflation for future years were to fall, the value of inflation-indexed bonds may also fall, which could lead to a decline in the SICAV's net asset value.

=) Risk associated with exposure
The use of derivatives and temporary purchases and sales of securities is permitted within the limit of 100% of the net assets.
The SICAV could thus amplify the movements of the market and, as a result, its net asset value could fall to a greater extent than that of the market. However, this maximum exposure will not be used systematically. Any such use will be at the discretion of the manager of the SICAV.

=) Discretionary management risk
The SICAV's discretionary management style is based on anticipating changes in the various bond markets. Consequently, there is a risk that the SICAV will not be invested in the best-performing markets at all times.

=) Counterparty risk

The SICAV may present a counterparty risk from over-the-counter transactions on derivatives markets and temporary purchases and sales of securities, which could lead to a decline in its net asset value.
Counterparty risk measures losses incurred by an entity as a result of its commitments to a counterparty in the event of the bankruptcy of that party or its inability to fulfil its contractual obligations.

=) Sustainability risk:

This SICAV is subject to sustainability risks as defined in Article 2(22) of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR Regulation"), which establishes "sustainability risk" to mean an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.
Environmental and/or Social and Governance criteria are incorporated into the portfolio management process as outlined above, to ensure that sustainability risks are taken into account in investment decisions. The sustainability risk management policy is available on the delegated Management Company's website.
All these policies, as well as the sustainability risk management policy, are available on the Management Company's website.

• Target subscribers and typical investor profile:

The SICAV is intended for all subscribers.
Nevertheless, it is specifically intended for institutional investors and/or legal entities:

- seeking medium-term appreciation of all or part of their portfolio with a regular increase in the net asset value and who accept compensation close to the money market, and/or;
- obliged to invest in stocks issued or guaranteed by European Union member states or states party to the agreement on the European Economic Area.

The minimum recommended investment period is more than three years.

The shares of the SICAV may not be offered or sold in the United States of America or to or on behalf of a "U.S. Person" within the meaning of Rule 902 of Regulation S, in accordance with the US Securities Act of 1933. Prospective shareholders must confirm that they are not a US Person and that they are not subscribing on behalf of a US Person or with the intention of reselling the units to a US Person.

Taking into account the provisions of Council Regulation (EU) No 833/2014, subscription to shares of this SICAV is prohibited to any Russian or Belarusian national, to any natural person residing in Russia or Belarus, to any legal person, entity or body located in Russia or Belarus, except for nationals of a Member State or any natural person holding a temporary or permanent residence permit in a Member State.

The SICAV has five share classes.
'R' shares are open to all subscribers.
'I(C)' shares are open to all subscribers, but are specifically intended for institutional investors and legal entities, subscribing for an initial amount of EUR 100,000.
N(C) and N(D) shares are reserved for investors subscribing through distributors or intermediaries:
- subject to national legislation prohibiting all retrocessions to distributors
Or
- that provide an independent advisory service as defined by the MiFID II European regulation or individual management under mandate
'UNICREDIT' shares are open to all subscribers, but are specifically intended for Unicredit.
'SN' shares are open to all subscribers, but are specifically intended for shareholders investing through an NGAM distributor.

The amount that it is appropriate to invest in this SICAV depends on the personal, regulated and fiscal circumstances of each investor. To determine this amount, investors should consider their personal assets, the applicable regulations, their current and future financial needs over the recommended investment horizon, and the extent to which they are prepared to take risks or whether they would prefer to opt for a more cautious investment.

Investors/shareholders are strongly advised to diversify their investments sufficiently so that they are not exposed solely to the risks of this SICAV.

• Procedures for determining and allocating distributable income and distribution frequency:

- ***R shares:***

This share class may involve either accumulation or distribution.
Switching from one share class to another is treated as a sale followed by a subscription and is subject to the tax regime for capital gains related to the disposal of securities.
The distributable income is divided between the two share classes.
The share attributable to R(C) shares is transferred to the capital of this share class and that attributable to R(D) shares is distributed by way of an annual dividend.

- ***N shares:***

This share class may involve either accumulation or distribution.
Switching from one share class to another is treated as a sale followed by a subscription and is subject to the tax regime for capital gains related to the disposal of securities.
The distributable income is divided between the two share classes.
The share attributable to N(C) shares is transferred to the capital of this share class and that attributable to N(D) shares is distributed by way of an annual dividend.

- ***I(C), UNICREDIT and SN(C) shares:***

I(C), UNICREDIT and SN(C) shares are accumulation shares. The sums available for distribution are reinvested in full, with the exception of amounts subject to mandatory distribution as required under French law.

Revenue is recognised using the accrued coupon method.

• Features of the shares:

Equities	ISIN code	Base currency	Fractional shares	Original net asset value	Tax provisions
R shares	R(C) shares: FR0000003196 R(D) shares: FR0000171233	EUR	One ten-thousandth of a share	EUR 152.45	None
I(C) shares	FR0010655456	EUR	One ten-thousandth of a share	EUR 100,000	None
N(C) shares	FR0011505098	EUR	One ten-thousandth of a share	EUR 1,000	None
N(D) shares	FR0013309846	EUR	One ten-thousandth of a share	EUR 1,000	None

Equities	ISIN code	Base currency	Fractional shares	Original net asset value	Tax provisions
UNICREDIT shares	FR0012872083	EUR	One ten-thousandth of a share	EUR 1,000	None
SN(C) shares	FR0013029113	EUR	One ten-thousandth of a share	EUR 1,000	None

• Subscription and redemption procedures:

Subscription and redemption orders can be submitted at any time and are centralised on each net asset value calculation day (D) at 12:30 p.m. at the latest. They are executed on the basis of this net asset value (D).
Subscriptions and redemptions may be made in ten-thousandths of a share.

- Subscription and redemption orders for R, I(C), N(C), N(D), UNICREDIT and SN(C) shares are received from CACEIS BANK: Registered office: 89–91 Rue Gabriel Péri, 92120 Montrouge, France
- Postal address: 12 Place des États-Unis, 92549 Montrouge Cedex, France

Orders are executed in accordance with the table below:

D	D	D: NAV calculation day	D + 1 business day	D + 2 business days	D + 2 business days
Clearing of subscription orders before 12:30 p.m.[1]	Clearing of redemption orders before 12:30 p.m.[1]	Execution of the order on D at the latest	Publication of the net asset value	Settlement of subscriptions[1]	Settlement of redemptions[1]

1 Unless a specific deadline has been agreed with your financial institution.

Redemption capping mechanism (gates mechanism):

The management company may implement the so-called “gate mechanism” to spread redemption requests of the SICAV’s shareholders over several net asset values when they exceed a certain level, determined in an objective manner.

It may decide not to execute all redemptions at the same net asset value, irrespective of the implementation of the management strategy, in the event of “unusual” market conditions degrading liquidity on the financial markets and if the interests of shareholders so dictate.

Description of the method used:

The Management Company may decide not to carry out all redemptions at the same net asset value if its predetermined threshold is reached at the same net asset value.

Shareholders of the SICAV are reminded that the threshold for triggering the gates mechanism is linked to the ratio between:

- the difference, at the same clearing date, between the number of shares of the SICAV whose redemption is requested, expressed as an amount (number of units multiplied by the last net asset value), and the number of shares of this SICAV whose subscription is requested or the total amount of these subscriptions; and
- the net assets or the total number of shares of the SICAV.

Redemption capping may be triggered by the Management Company when a 5% threshold of net assets is reached.

The trigger threshold is the same for all SICAV share classes.

When redemption requests exceed the trigger threshold, the Management Company may decide to honour them beyond said threshold and thus execute some or all orders that may be blocked.

The redemption capping mechanism shall not be applied across more than 20 net asset values over 3 months.

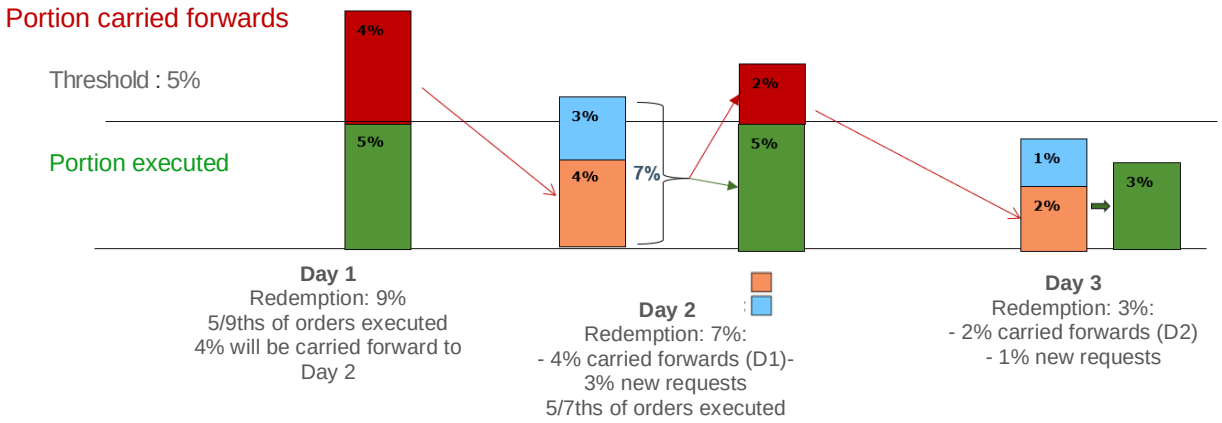
Information procedures for shareholders:

If a redemption capping mechanism is activated, shareholders will be informed by any means on the website: https://www.im.natixis.com/uk/home.
The SICAV's shareholders whose orders have not been executed will be informed individually as soon as possible.

Processing of non-executed orders:
Redemption orders will be executed in the same proportions for SICAV shareholders who have requested a redemption since the last clearing date. Non-executed orders will automatically be carried forwards to the next net asset value and will not take priority over new redemption orders sent for execution at the following net asset value.

In any event, non-executed redemption orders that are automatically carried forwards may not be cancelled by the shareholders of the SICAV.

Example of implementing the mechanism on the SICAV:



Day 1: Assuming that the threshold is set at 5% and that total redemption requests amount to 9% for Day 1, ≅ 4% of requests cannot be executed on Day 1 and will be carried forward to Day 2.

Day 2: Let us assume that total redemption requests amount to 7% (including 3% new requests). As the threshold is set at 5%, ≅ 2% of the requests will therefore not be executed on Day 2 and will be carried forward to Day 3.

Net asset value

The net asset value is calculated and published on each Paris stock exchange trading day, with the exception of public holidays as defined by the French labour code and days on which the Paris stock exchange is closed.

The calculation of the net asset value prior to a weekend and/or a French public holiday as defined by the French labour code and a day on which the Paris stock exchange is closed will not include coupons accrued over this period. It will be dated on the day before this period of closure.

The net asset value is published at the registered office of the management company: Natixis Investment Managers International,
43 Avenue Pierre Mendès France, 75013 Paris, France.

• Fees and commissions:

Subscription and redemption fees:

Subscription and redemption fees increase the subscription price paid by the investor or reduce the redemption price. The fees payable to the SICAV serve to offset the charges it incurs when investing and divesting investors' assets. Remaining fees are paid back to the Management Company, marketing agent etc.

Fees charged to the investor, payable at the time of subscription or redemption	Base	Rate scale
Maximum subscription fee not retained by the SICAV	net asset value × number of shares	R and N(D) shares: 3%* I(C), N(C) and SN(C) shares: None UNICREDIT shares: 5%*
Subscription fee retained by the SICAV	net asset value × number of shares	None
Maximum redemption fee not retained by the SICAV	net asset value × number of shares	None
Redemption fee retained by the SICAV	net asset value × number of shares	None

* Exception: Redemption orders followed by subscriptions made on the same day and at the same net asset value and for the same number of shares.

Fees charged to the UCITS:
These fees cover:
- Financial management fees;
- Administrative fees not related to the management company (statutory auditor, depositary, distribution, lawyers);

- Maximum indirect costs (management fees and expenses) if the UCITS has an investment of more than 20% in other UCITS, AIFs or investment funds;
- Transfer fees;
- Performance fees.

Fees invoiced to the UCITS	Base	Rate scale
Financial management fees	Net assets	R shares: 0.70% incl. tax, maximum rate I(C) and UNICREDIT shares: 0.45% incl. tax, maximum rate N(C) and N(D) shares: 0.50% incl. tax, maximum rate SN(C) shares: 0.30% incl. tax, maximum rate
Administrative fees not related to the management company		
Transfer fees	Deduction from each transaction	See rate scale, below
Performance fee	Net assets	None

Rates and fixed amounts of the shared transfer fee by financial instrument and transaction

Product	Fee scale, incl. tax charged	Fee ceiling incl. tax (in EUR)
Equities	1‰ gross amount	3000
Convertible bonds	1‰ gross amount	3000
Euro government bonds	0.05‰ gross amount (excluding accrued coupon)	2500
Other bonds, bond warrants and special purpose vehicles	0.1‰ gross amount (excluding accrued coupon)	2500
BTAN	0.025‰ weighted traded nominal (*) (*)	2500
BTF (French fixed-rate bills), negotiable debt securities	0.1‰ weighted traded nominal (*) (*)	2500
Interest rate swaps, foreign interest rate swaps	1 centime rate	None
Asset swap < 3 years	1 centime rate	None
Asset swap > 3 years	2 centimes rate	None
Forex spot	None	None
Foreign exchange forwards	1 centime rate	None
Currency swap	1 centime rate	None
Repurchase and reverse repurchase agreements	1 centime rate	None
Securities lending and borrowing Rate or share	None	None
Organised derivatives - Futures	EUR 1 per lot (**)	None

- Rates, futures options - Equity and index options	EUR 0.3 per lot (**) 0.1% of the premium.	None None

(*): More precisely, the transfer fee equals: nominal traded amount × coefficient × (maturity date – value date) / 365.
(**): For non-EUR currencies, the transfer fee is calculated by applying the EUR exchange value at the final conversion rate for the previous year. This rate is revised at the start of each year.

n

Information on remuneration generated by temporary purchases and sales of securities:

Any proceeds resulting from temporary purchases and sales of securities are paid to the UCITS, net of operating costs.

Temporary sales of securities may be transacted with NATIXIS TradEx Solutions, a company belonging to the management company's group. In certain cases, such transactions may be made with market counterparties through the intermediary of NATIXIS TradEx Solutions. By way of these activities, NATIXIS TradEx Solutions receives remuneration equal to 40% incl. tax of the income generated by temporary purchases and sales of securities, the amount of which appears in the UCITS' annual report.

For further information, unitholders should refer to the SICAV's annual report.

Procedure for selecting intermediaries:

The Management Company has implemented a selection and assessment procedure for intermediaries, which takes into account such objective criteria as quality of research, commercial monitoring and execution. This procedure is available on the Natixis Investment Managers International website, at: www.im.natixis.com

Information on the risks of potential conflicts of interest associated with the use of temporary purchases and sales of securities:

The delegated financial manager has entrusted the intermediation service to NATIXIS TradEx Solutions, a French public limited company (société anonyme) with share capital of €15 million; NATIXIS TradEx Solutions obtained a banking licence for investment services from the ACPR on 23 July 2009. Both companies belong to the same group.

The purpose of NATIXIS TradEx Solutions is to provide an intermediation service (i.e. receipt/transmission and execution of orders for third parties) primarily with the group's management companies.

As part of its activities, the delegated financial manager is required to place orders for the portfolios it manages. The delegated financial manager transmits almost all of its orders for financial instruments arising as a result of management decisions to NATIXIS TradEx Solutions.

In order to improve the portfolios' yields and financial income, the delegated financial manager may use securities borrowing/lending transactions and repurchase/reverse repurchase agreements. Almost all temporary purchases/sales of securities are also carried out by NATIXIS TradEx Solutions. Furthermore, the portfolios may enter into reverse repurchase agreements as part of the reinvestment of cash collateral under these temporary purchases and sales of securities.

NATIXIS TradEx Solutions may act as a "principal" or "agent". Acting as a "principal" corresponds to acting as a counterparty to portfolios managed by the delegated financial manager. Acting as an "agent" means that NATIXIS TradEx Solutions works as an intermediary between the portfolios and the market counterparties. These may be entities belonging to the Management Company's group or to the depositary's group.

The volume of temporary sales transactions handled by NATIXIS TradEx Solutions means that it has sound knowledge of this market and the portfolios managed by the delegated financial manager are thus able to benefit from this knowledge.

For further information, shareholders should refer to the SICAV's annual report.

III – COMMERCIAL INFORMATION

- Natixis Investment Managers International reserves the right to delegate all or part of the investment activity relating to the SICAV's shares to distributor networks with which it has entered into an investment agreement.

- Information relating to the SICAV (including the prospectus and the latest annual and interim reports) can be obtained directly from the management company:
  Natixis Investment Managers International
  Direction 'Service Clients' [Customer Service Department]
  43 avenue Pierre Mendès France
  75013 Paris, France
  ClientServicingAM@natixis.com
  These documents will be sent within eight business days.

These documents are also available online at www.im.natixis.com
Further information can be obtained from branches of the marketing agents.

• ***Communication of the net asset value***
The net asset value may be obtained from Natixis Investment Managers International, from the branches of the marketing agents and online at www.im.natixis.com

• ***Information in the event of a change in the UCITS' operating procedures***
Shareholders will be informed of any changes concerning the UCITS in accordance with the procedures drawn up by the AMF (*Autorité des Marchés Financiers* - the French financial markets authority).
If applicable, this information may be provided via Euroclear France and its associated financial intermediaries.

• ***Environmental, Social and Governance (ESG) criteria***
Information on the procedures for taking into account criteria relating to compliance with environmental, social and governance (ESG) quality objectives can be found in the annual reports of the relevant UCITS and on the Management Company's website.

IV – INVESTMENT RULES

The UCITS complies with the investment rules for UCITS as stipulated by the French Monetary and Financial Code.
The UCITS uses the exemption provided for in Sections IV-1 and VI of Article R214-21 and Article R214-23 of the French monetary and financial code, namely that: It may invest up to 35% of its net assets in eligible financial securities or money market instruments that are issued or guaranteed by a single entity, provided that the entity in question is a European Union or European Economic Area member state, a local public authority, a third country or an
international pubic body to which one or more European Union or European Economic Area member states belong, or that the securities in question are issued by CADES (Caisse d'amortissement de la dette sociale — the French social security debt repayment fund). The limit of 35% per entity may be increased to 100%, on the condition that the 100% is spread across at least six issues, none of which represent more than 30% of the UCITS's assets."

V – OVERALL RISK

The method of calculation used by the SICAV is the commitment method.

VI – ASSET VALUATION AND ACCOUNTING RULES

A) Asset valuation rules

I Securities portfolio

The SICAV's portfolio is valued each time the net asset value is calculated and when the accounts are closed, as follows: the management company has entrusted valuation and accounting reporting pertaining to the SICAV to CACEIS FUND ADMINISTRATION.

The SICAV is valued at the closing price.

The Fund's annual financial statements and risk exposure tables are drawn up on the basis of the final net asset value for the financial year.

The SICAV complies with the accounting rules and methods prescribed by current regulations and with the UCIs chart of accounts which, at the time of publishing this prospectus, are as follows:

The UCI's annual financial statements are prepared on the basis of the final net asset value for the financial year.

⇒ Financial instruments

- ***Equities***

French equities are valued on the basis of the latest quoted price in the case of securities admitted to a deferred settlement system or a spot market.

Foreign shares are valued on the basis of the latest price on the Paris stock exchange if the securities are listed in Paris, or on the last trading day of their main market, converted into euro in accordance with the WMR rate for the currency on the day of valuation.

- ***Bonds***

Bonds are valued on the basis of an average of contributed prices obtained daily from market makers and converted into euros, if necessary, at the WMR rate for the currency on the valuation date.

- ***UCITS/AIFs or investment funds***

Units or shares of UCITS/AIFs or investment funds are valued at the last known net asset value. Foreign undertakings for collective investment, which carry out valuations at times incompatible with the calculation of the net asset value of the UCITS, the AIF or the investment fund are valued on the basis of estimates supplied by the administrators of such undertakings, under the supervision and responsibility of the management company.

- ***Negotiable debt securities***

Negotiable debt securities are valued in accordance with the following rules:
- BTANs (fixed-rate treasury bills with annual interest) and BTFs (fixed-rate treasury bills) are valued on the basis of an average of contributed prices obtained from market makers.

- Other fixed-rate negotiable debt securities (certificates of deposit, commercial paper, warrants issued by financial institutions etc.) are valued on the basis of their market price. In the absence of an indisputable market price, these are valued by applying a yield curve that may be adjusted with a margin calculated on the basis of the features of the security.
- Unlisted variable-rate debt securities are valued at cost price, adjusted for any variations in the credit spread.

However, negotiable debt securities with a residual maturity of three months or less may be valued using the straight-line method.

II Futures and options transactions

⇒ Regulated and over-the-counter forward financial instruments

- ***Organised futures and options markets***

Commitments on organised futures and options markets are valued on the basis of the closing price.

- ***Asset swaps***

Asset swaps are valued at the market price, based on the issuer's credit spread, as indicated by the market makers. In the absence of a market maker, the spreads will be obtained by any means from the available contributors.

Asset swaps with a maturity of three months or less may be valued using the straight-line method.

- ***Other types of swaps***

Swaps are valued at market price based on yield curves.

Complex instruments such as CDS, SES and complex options are valued on the basis of their specific features, applying an appropriate method.

⇒ Temporary purchases and sales of securities

Contracts for temporary sales or purchases of transferable securities and similar transactions are valued at the contract rate, adjusted for any margin calls.

For unlisted securities or those for which the price is not reported on the valuation date, as well as other balance sheet items, the Board of the management company adjusts the valuation on the basis of variations that are likely in view of current events.

III Off-balance sheet commitments

Off-balance sheet commitments are valued as follows:

A) Commitments on futures markets:

1) Futures:

commitment = settlement price x nominal contract value x quantity

With the exception of commitments under the Euribor contract traded on MATIF, which are recorded at their nominal value.

2) Swap commitments:

a) interest rate swaps

 interest rate swaps
.secured:
° Fixed rate/Variable rate
- valuation of the fixed-rate leg at the market price
° Variable rate/Fixed rate
- valuation of the variable-rate leg at the market price

.unsecured:
° Fixed rate/Variable rate
- valuation of the fixed-rate leg at the market price
° Variable rate/Fixed rate
- valuation of the variable-rate leg at the market price

b) other swaps
These will be valued at their market value.

B) Commitments on options markets:
Commitment = quantity x nominal contract value (portion) x price of underlying x delta.

IV Currencies
Foreign currency prices are converted into *euro* at the WMR rate for the currency on the valuation date.

V Unlisted financial instruments and other securities

- Financial instruments whose price has not been recorded on the valuation date are valued at the most recent officially published price or at their likely trading value, under the responsibility of the Management Company.

- Foreign securities are converted into the equivalent value in EUR in accordance with the WMR rate on the valuation date.

- Financial instruments not traded on a regulated market are valued under the responsibility of the Management Company at their likely trading value.

- Other financial instruments are valued at their market value as calculated by the counterparties, under the supervision and responsibility of the management company.

⇒ Swing pricing mechanism of the net asset value with trigger threshold (from 10 October 2016)

On 10 October 2016, the sub-delegate for financial management implemented a method of adjusting the net asset value (NAV) with a trigger threshold.
This mechanism means that investors subscribing or redeeming shares must bear the costs relating to transactions made using the SICAV's assets as a result of the movement (subscription/redemption) of the SICAV's liabilities. The purpose of this mechanism, which is governed by a policy, is to protect the shareholders who remain in the SICAV by making them bear the lowest possible cost. This results in an adjusted "swung" NAV.
If, on a NAV calculation date, the total of investors' net subscription/redemption orders over all the SICAV's share classes exceeds a predetermined threshold, set by the sub-delegate for financial management on the basis of objective criteria as a percentage of net assets, the NAV may be adjusted upwards or downwards, to take account of readjustment costs attributable to net subscription/redemption orders, respectively. If the SICAV issues several share classes, the NAV of each share class is calculated separately, but any adjustment has, as a percentage, the same impact on the total NAV of the SICAV's

share classes.
The cost parameters for readjustments and the trigger threshold are determined by the sub-delegate for financial management and reviewed periodically. These costs are estimated by the sub-delegate for financial management on the basis of transaction costs, purchase and sale price ranges, and any taxes applicable to the SICAV.
It is not possible to accurately foresee whether the adjustment mechanism will be applied in the future, or the frequency with which the sub-delegate for financial management will make such adjustments.
Investors are advised that the volatility of the SICAV's NAV may not reflect only the volatility of the securities held in the portfolio owing to the application of the adjustment mechanism.
The swing-out NAV is the SICAV's only net asset value and the only one communicated to the SICAV's shareholders. However, if there is a performance fee, this is calculated based on the NAV before the adjustment mechanism is applied.

B) Accounting policies

Income is recognised using the accrued interest method.
Trading fees are stated in the specific accounts of the UCITS and are not added to the price.
The weighted average cost method is used for the settlement of securities. However, for derivative products, the FIFO ('First In, First Out') method is used.
The calculation of the net asset value prior to a weekend and/or a French public holiday as defined by the French Labour Code and a day on which the Paris stock exchange is closed will not include coupons accrued over this period. It will be dated on the day before this period of closure.

VII REMUNERATION

Details of the remuneration policy are available at www.im.natixis.com

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities.** That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: OSTRUM SRI EURO SOVEREIGN BONDS
Legal entity identifier: 9695 00T0C120332EZB 79

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

●● ☐ **Yes**	●○ ☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective**: ___%	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 40% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective**: ___%	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

What environmental and/or social characteristics are promoted by this financial product?

The SICAV promotes environmental and social characteristics, that are based on the following approach:

- Excluding the most controversial issuers through the Delegated Investment Manager's exclusion policies
- Keeping the carbon intensity of the portfolio below that of the initial investment universe
- Holding at least 40% in sustainable investments.
- For the SRI-eligible portion (which is a minimum of 30% of the Fund's net assets), selecting the highest-rated issuers according to an ESG rating with the objective of:
  - Maintaining an average ESG rating that is better than that of the filtered initial investment universe*
  - Maintaining a better health and education expenditure indicator than the initial investment universe

  *Filtered initial investment universe means the initial investment universe (securities issued or guaranteed by the countries of the European Economic Area (EEA), or issued by supranational agencies, whether they are fixed-rate, variable-rate or inflation-indexed securities) from which 20% of the issuers with the lowest ESG assessments within each issuer category are excluded and sovereign debt.

Non-financial criteria used may include the following examples:

- Social: Public spending on education (% of GDP): General public spending on education (current, in capital and transfers) is expressed as a percentage of GDP. It includes spending financed by transfers from international sources to the government. The term "Public authorities" generally refers to local, regional and central authorities. (Source: World Bank)
- Governance: The proportion of seats occupied by women in national parliaments (%). Women in parliament is the percentage of parliament seats in a single or lower house held by women.
- Environment: carbon intensity

  No reference benchmark has been designated with the aim of achieving the environmental or social characteristics promoted by the SICAV.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

- Average ESG rating of the fund
- Average ESG rating of the filtered initial investment universe*
- Carbon intensity of the Fund
- Carbon intensity of the initial investment universe
- Indicator of expenditure on health and education for the Fund
- Indicator of expenditure on health and education for the initial investment universe*
- Percentage of sustainable investments

  These calculations are made excluding non-eligible assets within the meaning of the SRI label.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.
As part of its sustainable investments, the portfolio may invest in green bonds, social bonds or sustainability-linked bonds whose funds raised finance activities that contribute to an environmental and/or social objective, or sustainability-linked bonds associated with environmental and/or social indicators which, after examination by our team of sustainable bonds analysts, have not been "disqualified".
Lastly, certain securities from sovereign issuers analysed in accordance with the 17 UN Sustainable Development Goals that favourably comply with internal selectivity criteria qualify as making a positive contribution to an E or S objective.
All these securities then undergo an in-depth analysis to ensure that they do not significantly harm any environmental and/or social objective.
Finally, we ensure that the companies or sovereigns in which the portfolio invests follow good governance practices.
Investments which pass these three phases qualify as sustainable investments. A detailed definition can be found at the following address: https://www.ostrum.com/en/our-csr-and-esg-publications#esg-policy

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

In order to ensure that the sustainable investments of this SICAV do not cause any significant harm to an environmental or social sustainable objective, the Delegated Investment Manager considers the principal adverse impacts (PAIs) on sustainability factors when making investment decisions.

The methodology is available on the Ostrum Asset Management website at (https://www.ostrum.com/en/our-csr-and-esg-publications). The Delegated Investment Manager also follows Ostrum Asset Management's exclusion policies.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Ostrum Asset Management takes PAIs into account on several levels, as described in the methodology that appears on the Ostrum Asset Management website https://www.ostrum.com/en/our-csr-and-esg-publications and summarised below:

1. Quantitative measurement of PAIs Each PAI (mandatory and optional) is calculated using data supplied by the data provider MSCI ESG Research for each issuer and aggregated at portfolio level.
2. ESG and Human Rights indicators and ESG ratings supplied by an external data provider Ostrum Asset Management takes into account PAIs corresponding to indicators monitored by the portfolio by integrating them into its rating methodology or establishing a SICAV-specific investment restriction. For example, the SICAV's

carbon intensity is monitored and must be lower than that of its filtered investment universe (these calculations exclude ineligible assets as defined by the French SRI label).

— — How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The Delegated Investment Manager applies exclusion, sectoral and worst offenders policies. They essentially concern private issuers and can be found on the Ostrum Asset Management website (www.ostrum.com) under "ESG".

The SICAV, which does not invest in private issuers, only applies Ostrum Asset Management's exclusion policy concerning blacklisted states (exclusion of countries with strategic deficiencies in their anti-money laundering and anti-terrorist financing systems).

The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

X Yes

The SICAV takes into account the two principal adverse impacts listed in Annex 1 relating to the principal adverse sustainability impacts statement of Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022, which concerns sovereign and quasi-sovereign issuers (the SICAV will not invest in private issuers).

The methodology is available on the Ostrum Asset Management website (https://www.ostrum.com/en/our-csr-and-esg-publications)

If one or more PAIs are monitored by the SICAV, they are taken into consideration by the Delegated Investment Manager when analysing private or equivalent sovereign issuers and form part of the overall score for the private or equivalent sovereign issuer that contributes to the investment decision.

No

The **investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

What investment strategy does this financial product follow?

The incorporation of non-financial criteria is a two-step process:

- The non-financial analysis

The SICAV takes non-financial criteria into account, including environmental, social and governance (ESG) criteria.

The exclusion policy is applied to the initial investment universe.

The SICAV applies the following non-exhaustive list of exclusion policies put in place by Ostrum Asset Management: These can be found on its website at www.ostrum.com.

After having excluded the most controversial issuers from the investment universe through the exclusion policies implemented by the Delegated Investment Manager, the investment teams systematically assess, for each underlying issuer, whether non-financial factors have an impact on issuers' credit risk profile, both in terms of risk and opportunity, as well as their likelihood of occurrence. Non-financial factors are thus systematically incorporated into the risk assessment and the fundamental analysis of public issuers.

Up to 70% of the portfolio may be composed of debt securities, including sovereign debt and debt securities other than green bonds. These securities are not considered eligible for the SRI label, however, they have an ESG rating.

Excluding cash, derivatives and non-eligible assets, the securities that make up the remaining portion of the portfolio are also subject to an ESG assessment and qualified accordingly, in comparison with a benchmark universe. These "eligible" securities are: green borrowings from sovereign issuers, borrowings from quasi-public issuers (supranational agencies, national guaranteed agencies and local authorities) and UCIs. . The green bonds, social bonds, sustainability bonds and sustainability-linked bonds that may be held by the UCITS must at least comply with the Green Bond Principles, the Social

Bond Principles, the SBG (Sustainability Bond Guidelines) and the Sustainability-linked Bond Principles, respectively. These principles and guidelines are all published as part of the ICMA (International Capital Market Association) Principles and are available in the Sustainable Finance section of the association's website: https://www.icmagroup.org/sustainable-finance/. The proportion of issuers of securities "eligible" for the SRI label that have undergone an ESG analysis must remain above 90%.

The non-financial rating of countries is based on the Sustainable Development Goals (SDGs), which refer to the 17 goals established by United Nations (UN) Member States that seek to guide international collaboration towards sustainable development.

The non-financial evaluation of sovereign and quasi-sovereign issuers (government agencies, local authorities etc.), carried out by the Delegated Investment Manager, is based on the SDG Index, which is based on the 17 SDGs. Available to all management teams, the SDG Index is published by the SDSN (Sustainable Development Solutions Network — a global UN initiative) and the Bertelsmann Stiftung (a foundation under German law) for sovereign securities.

The SDG Index collates all available data for each of the 17 SDGs and produces an evaluation report comparing countries' performances. Its main role is to help each country (i) to identify priorities for sustainable development and put in place an action plan, and (ii) to understand the challenges and identify weaknesses that need to be addressed in order to achieve the SDGs by 2030. The index also allows each country to compare itself with the rest of its region, or with other "peer" countries that have been given similar ratings.

The SDG Index is a numerical score between 0 (the worst rating) and 100 (the best rating), which tracks the progress made by countries for each of the SDGs. The report drawn up by the SDG Index also shows the SDG Dashboards for each country covered.

In order to evaluate each of these goals, the SDG Index relies upon official data (provided by national governments or international organisations) and unofficial data (collected by non-state actors such as research institutes, universities, NGOs and the private sector). Half of the official data used comes from three organisations: the OECD, the WHO and UNICEF.

Investors can find more information on the SDG Index website: https://www.sdgindex.org/

For example, non-financial criteria used may include the following:

- Social: Public spending on education (% of GDP): General public spending on education (current, in capital and transfers) is expressed as a percentage of GDP. It includes spending financed by transfers from international sources to the government. The term "Public authorities" generally refers to local, regional and central authorities. (Source: World Bank)
- Governance: The proportion of seats occupied by women in national parliaments (%). Women in parliament is the percentage of parliament seats in a single or lower house held by women.
- Environment: carbon intensity

Although government securities that are not green bonds are subject to ESG assessment based on the Sustainable Development Goals outlined above, the results of the assessment are not measurably reflected in the SRI strategy described below (See Section 2 Selection of issuers).

- Selection of issuers

The portfolio is built following a “Best-in-Universe” approach.

The average ESG rating of the universe of assets “eligible” for the SRI label is calculated by distinguishing between the green bonds from sovereign issuers, and quasi-sovereign securities from supranational agencies, guarantee agencies and local authorities.

- For investments in green borrowings from national governments: we calculate an average ESG rating for this adjusted investment universe by removing the 20% worst-rated issuers (including the most controversial issuers according to Ostrum Asset Management’s exclusion policies and the worst-rated issuers), so that this ESG rating is weighted by the assets of the remaining 80% of issuers.
- For investments in quasi-sovereign securities, including from supranational agencies, guaranteed agencies and local authorities, we also calculate an average ESG rating for this adjusted investment universe by removing the 20% worst-rated issuers (including the most controversial issuers according to Ostrum Asset Management’s exclusion policies and the worst-rated issuers), so that this ESG rating is weighted by the assets of the remaining 80% of issuers.

The SICAV will hold a minimum of 40% in sustainable investments.

The SICAV must also obtain a better score than its universe for two of the E and S indicators:

- Keeping the carbon intensity of the SICAV below the carbon intensity of the initial investment universe (these calculations are made excluding non-eligible assets within the meaning of the SRI label)
- Keeping an indicator of expenditure on health and education for the SICAV that is better than the indicator of expenditure on health and education for the initial investment universe

These calculations are made excluding non-eligible assets within the meaning of the SRI label.

The SICAV follows Ostrum Asset Management’s exclusion policies.

The SICAV’s SRI approach could lead to underrepresentation of certain issuers due to poor ESG ratings.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

- Obtaining an average ESG score of the SICAV that is higher than the average ESG score of the filtered initial investment universe
- Keeping the carbon intensity of the SICAV below the carbon intensity of the initial investment universe (these calculations are made excluding non-eligible assets within the meaning of the SRI label)
- Keeping an indicator of expenditure on health and education for the SICAV that is better than the indicator of expenditure on health and education for the initial investment universe
- Applying the following non-exhaustive list of exclusion policies put in place by Ostrum Asset Management
- Holding at least 40% in sustainable investments.

Ostrum Asset Management's exclusion policies can be found on the "ESG" section of the website www.ostrum.com.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

Not applicable.

What is the policy to assess good governance practices of the investee companies?

Not applicable. The SICAV does not invest in private issuers.

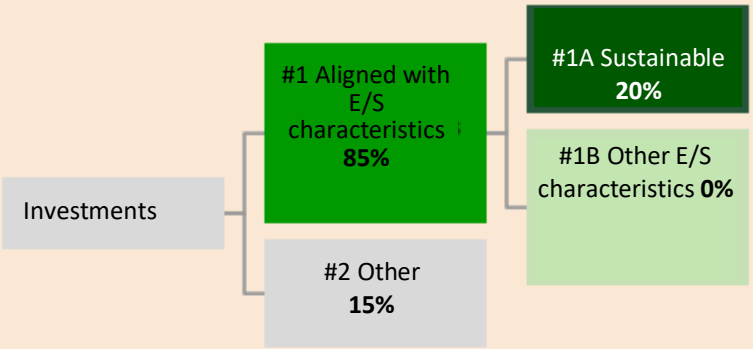
Asset allocation describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?

The share of investments aligned with the E/S characteristics is at least 85% with a minimum of 40% sustainable investments.

The SICAV may invest up to 15% of its net assets in instruments that are not aligned with E/S characteristics.

Taxonomy-aligned activities are expressed as a share of:
- **Turnover** reflecting the share of revenue from green activities of investee companies.
- **Capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **Operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product that are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Derivatives are not used to achieve the environmental or social characteristics promoted by the SICAV.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Delegated Investment Manager deems it preferable, as a precaution, to state that the percentage of the SICAV's investments in activities aligned with the environmental and social objectives of the Taxonomy is 0% of the SICAV's net assets, at the date of this appendix.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy,** the criteria include comprehensive safety and waste management rules. **Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?

☐ Yes:

☐ In gas ☐ In nuclear energy

☒ No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. 1. Taxonomy-alignment of investments including sovereign bonds*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned (no fossil gas & nuclear)
- Non Taxonomy-aligned

2. 2. Taxonomy-alignment of investments excluding sovereign bonds*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned (no fossil gas & nuclear)
- Non Taxonomy-aligned

This graph represents 100% of the total investments.

*** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.**

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of investments in transitional and enabling activities?

The minimum share of sustainable investments with a taxonomy-aligned environmental objective is 0%. Therefore, the minimum share of investments in transitional and enabling activities within the meaning of the European Taxonomy Regulation is also set at 0%.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

No minimum investment in sustainable investments with an environmental objective is applied.

What is the minimum share of socially sustainable investments?

The minimum share of socially sustainable investments is set at 0%.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The following investments are included in "#2 Other": securities without an ESG rating or securities with no carbon intensity indicator, the proportion of unaligned UCIs, futures (derivatives) traded on regulated markets or OTC exclusively as hedges, and reverse repurchase agreements for cash management and optimisation of Fund income and performance.

Information on the list of asset classes and financial instruments used and their use can be found in this prospectus under the heading "Description of the asset classes and financial instruments in which the UCITS intends to invest"

Minimum environmental or social safeguards are not systematically applied.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Not applicable

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

  Not applicable

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

  Not applicable

- **How does the designated index differ from a relevant broad market index?**

  Not applicable

- **Where can the methodology used for the calculation of the designated index be found?**

  Not applicable

Where can I find more product-specific information online?

More product-specific information can be found on the website:

https://www.ostrum.com/en/fund/372/ostrum-sri-euro-sovereign-bonds