NATIXIS INVESTMENT MANAGERS INTERNATIONAL

UCITS under French law

OSTRUM SRI EURO BONDS 3-5

ANNUAL REPORT as at 30 June 2023

Management Company: Natixis Investment Managers International

Depositary: CACEIS Bank

Statutory Auditor: Deloitte & Associés

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a) Investment guidelines

■ Management policy

The year was marked by a sharp acceleration of inflation. The war in Ukraine had intensified pressures on prices, especially for energy and food, while inflation was already high due to the major adjustments that were made during and after the Covid-19 crisis. Russia was the leading energy supplier of the European Union before the war (40% of EU imports). The marked decline in Russian natural gas supplies, within a context of low inventory levels, therefore generated a sharp increase in its price. The price of natural gas in Europe (TTF index) hit a historic high at nearly €340 per megawatt hour (MWh) on 26 August, before falling below €50, to €48, on 31 June 2023. This decline is related to the strong reconstitution of natural gas inventories by the various countries, primarily through the increase use of liquefied natural gas from reliable suppliers and lower demand. Prices, however, still remain high compared to the average of €16 per MWh over the period from 2015–2020. The war also led to a significant increase in tensions on food prices. Russia and Ukraine are the world's leading grain suppliers, and the price of fertilisers rose sharply with the increase in the price of natural gas.

As a result, inflation in the eurozone reached a historic high at 10.6% in October 2022, driven primarily by the increase in energy prices, before beginning to slow to return to 6.9% in March 2023. This is tied to the smaller contribution of energy prices as a result of a significant base effect. Underlying inflation (excluding food and energy) also rose sharply to reach a historic high of 5.7% in March 2023. This is the result of the spread of rising energy prices to a greater number of sectors, but also of domestic tensions linked to rising wages and unit profits. In the United States, inflation rose to a 40-year high of 9.1% in June, before falling to 5% in March 2023. It has eased because of the smaller contribution of energy and goods and, to a lesser extent, of food prices. It still remains high and well above the target of 2% followed by the Federal Reserve (Fed). Underlying inflation also accelerated sharply to reach a 40-year high of 6.6% in September before falling to 5.7% in December and 5.6% in March 2023. This reflects the domestics pressures in the services sector related primarily to salary increases.

In the United States, growth slowed down over the course of the previous year after benefiting from a strong upturn in 2021 following the massive recovery measures taken by the Biden government to ease the shock of the Covid-19 crisis. Household consumption was curbed due to the loss of purchasing power linked to high inflation. While business investment remained sound, the residential real estate market contracted sharply due to the sharp rise in mortgage rates and continued high prices in the real estate sector. Nevertheless, it showed signs of stabilising over the first months of 2023. The labour market remained very strong (historically low unemployment rate at 3.5% in March 2023), which notably allowed consumption to rebound in the first quarter of 2023. Surveys conducted with business leaders in March 2023 suggested a slowdown in growth, with the Fed's strong monetary tightening expected to weigh on domestic demand. Adding to these concerns were fears of the further tightening of credit terms following the turbulence in the banking sector, which could impact demand even more and intensify the risk of recession in the second half of 2023. GDP growth remained robust in Q1 buoyed by strong household consumption. The month of May was marked by the negotiations over the debt ceiling in the United States and the threat of a payment default.

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An agreement was reached at the end of the month to suspend the debt crisis at the price of a freeze on expenditures. The United States economy continued to create a high number of jobs (+253k in April) despite the slowdown in growth to 1.3% in annualised terms in Q1. The unemployment rate hit a new low at 3.4%. Household consumption remained the main driver of demand, while business investment slowed slightly with an adjustment to inventories. On the other hand, the manufacturing sector was not very dynamic. Activity in the services sector was stronger.

Although the war in Ukraine generated fears of a severe recession in the eurozone, given its high dependency on Russian energy, growth remained resilient thanks to the broad measures taken by the governments to protect households and companies from the energy shock and the decline in gas prices as from September. Germany has been by far the most reactive and has spared no resources, given the fragility of its heavy dependence on Russian energy and its considerable budgetary leeway. Thus, it announced measures for a total of €265 billion, representing more than 7% of its GDP according to Bruegel. This represents slightly more than 40% of the support measures taken by all the governments of the European Union (€646 billion between September 2021 and March 2023). In Spain and Italy, growth benefited from the resumption of service activities, particularly tourism and catering. However, this impetus gradually died out at year-end 2022, due to the end of the catch-up effect and then the loss of purchasing power suffered by households. After recording no growth in the fourth quarter, recovery began in the eurozone in the first quarter of 2023 in light of the improvement in surveys conducted with business leaders. The eurozone recorded lacklustre growth (growth rate of +0.1% q-o-q, i.e. 1.3% annualised growth) in the first quarter of 2023 but avoided recession. For Q2 2023, the economic signs were mixed, with a major weakening in the manufacturing PMI, as well as in the services survey in France. The national surveys showed more nuance, however, and the Bundesbank sees Germany exiting recession in Q2 2023. Inflation declined gradually to 5.5% in June, while underlying inflation stood at 5.4%.

After recording a strong post-Covid upturn, growth slowed sharply in the United Kingdom, barely avoiding a recession in the second half of 2022. Household consumption has been affected by loss of purchasing power. Faced with the sharp deterioration in the growth outlook, the brief government of Liz Truss announced a “mini” budget on 23 September 2022, containing vast unfinanced tax cuts. This created genuine panic on the bond markets due to the risks that it caused for debt sustainability, forcing the Bank of England to intervene urgently to preserve financial stability. The United Kingdom ultimately escaped recession, but saw flat growth over the last three quarters of 2022. Consumption benefited from the continued robust labour market and the government support measures to protect the country from the increase in energy prices. Early in 2023, the surveys improved suggesting a slight improvement in activity.

In China, growth slowed after being one of the few economies not to experience a recession in 2020 before recovering early in 2023. It was affected by the different waves of Covid-19, which led it to introduce strict lockdown measures in view of its zero-Covid policy. The government’s clampdown on certain sectors was also a factor. Added to this was the marked slowdown in the property market as a result of the measures taken by the government as part of President Xi Jinping’s campaign to combat income inequality. This resulted in a fall in property prices, weakening the most indebted developers, such as Evergrande. Fears about the sector led the Chinese central bank to relax its monetary policy and the government to take targeted support measures (infrastructure and real estate).

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On 7 December, China surprised the world when it announced it was abandoning its zero-Covid policy with a general relaxing of the health rules. In Q1 2023, growth in China rebounded strongly, as a result of the end of the strict restrictions on mobility, buoyed by consumption. The S&P PMI surveys still showed a divergence between activity in services, which remained strong, while manufacturing activity contracted. The inflation profile improved in the principal monetary markets, reflecting the negative contribution of energy. The Chinese recovery shows signs of fragility despite the notable rebound in consumption. Industrial activity remained particularly weak. The economic situation in China remained precarious with disappointing industrial production due to a lack of domestic demand. The PBoC lowered its rates in order to stimulate demand.

Central banks made a 180-degree turn by ending the highly accommodative monetary policies that had been adopted as a way of dealing with the Covid-19 crisis, and sharply increasing their key rates. The absolute priority is to combat inflation at the risk of impacting growth and triggering a recession.

In the United States, the Fed increased its rates by a total of 350 basis points between June 2022 and June 2023, bringing the range for federal funds to [5%; 5.25%]. The Fed took a pause in June 2023 while communicating two additional hikes by the end of the year. The central bank has also ended its purchases of financial assets since the end of March 2022 and then began to reduce reinvestments in bonds reaching maturity beginning in June.

Following the announcement of the failures of the regional banks SVB and Signature Bank, the Fed intervened massively and rapidly in March 2023, creating a new loan facility and the Treasury, together with the banking supervisory authority (the FDIC), guaranteed all the deposits of these two banks, including those that were not insured. These measures prevented a spread to the entire banking system.

The ECB was the last of the major central banks to raise its rates, excluding the Bank of Japan. Until June 2022, it maintained its rates at historically low levels (0% for the refinancing rate, -0.50% for the deposit rate and 0.25% for the marginal lending rate). After reducing its purchases under the Pandemic Emergency Purchase Programme (PEPP), it ended the programme at the end of March 2022, as expected. To avoid tapering too quickly, it temporarily increased the size of its financial asset purchase programme (APP) to €40 billion a month in April and €30 billion a month in May, before dropping back down to €20 billion in June. It ended its APP purchases as of 1 July 2022. It also extended the reinvestment period for securities acquired under the PEPP reaching maturity until the end of 2024, providing some flexibility if required. The ECB began to raise its rates on 21 July 2022 (+50 bp, up from the +25 bp announced earlier in June) to counter the high inflation. From July 2022 to June 2023, the central bank raised rates by a total of 450 basis points to bring the deposit rate to 4%, having been negative since June 2014. Like the Fed, it raised interest rates by 75 bp in September and October for the first time. In order to fight the risk of fragmentation, which prevents the transmission of the monetary policy to all countries of the eurozone, the ECB created a new instrument: The “Transmission Protection Instrument” (TPI). It may be activated “as a tool against unwarranted disorderly market dynamics that represent a serious threat for the transmission of monetary policy in the eurozone”. Unlimited in size, all States are eligible for it provided that they meet four criteria: compliance with the EU fiscal framework, absence of severe macroeconomic imbalances, sustainability of the trajectory of public debt and sound and sustainable macroeconomic policies, compliant with the recovery and resilience plans. In October, the ECB also announced the first measures intended to reduce the size of its balance sheet via a change in the conditions of the TLTRO. By making these targeted long-term refinancing operations less attractive, early repayments have increased, leading to a reduction in the size of its balance sheet.

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Finally, beginning in March 2023, the ECB began its quantitative tightening (QT) by reducing the reinvestments of securities acquired under the Asset Purchase Programme (APP) and reaching maturity. The reduction has been set at an average at €15 billion per month between March and June, and this rate may be subsequently revised. In the United Kingdom, the Bank of England, which was the first of the large central banks to raise its rates in December 2021, continued to tighten its monetary policy in order to fight inflation. It has raised rates by 350 bp over the past year, taking its key rate to 4.25% in March 2023 from 0.10% in November 2021. The announcement of the “mini” budget from the Truss government on 23 September forced the BoE to postpone the reduction of its balance sheet by one month and to take urgent measures in view of the risks affecting financial stability. The sharp rise in long-term rates resulted in unprecedented margin calls for pension funds which, due to a lack of sufficient liquidity, found themselves forced to sell the bonds held in their assets, thereby accentuating the tensions on the long-term rates. To calm the markets, the BoE intervened massively by purchasing bonds. Then the nomination of Jeremy Hunt as Chancellor of the Exchequer and Rishi Sunak as Prime Minister reassured investors. Most of the massive unfinanced tax cuts that had previously been announced by the brief government of Liz Truss were eliminated.

The Bank of Japan (BoJ) surprised the markets on 20 December by expanding the fluctuation band around the 0% target for the 10-year rate, bringing it to [-0.50%; +0.50%] compared to [-0.25%; +0.25%] previously. This generated a strong increase in bond rates and forced the BoJ to make massive purchases of government bonds to defend this new range. This decision was justified to improve the functioning of the zero-rate policy, but investors interpreted it as a step towards normalising the monetary policy. This difficult task would fall to Kazuo Ueda, who took over as head of the BoJ in April 2023.

FINANCIAL MARKETS

Over the past year, sovereign bond yields have risen sharply on both sides of the Atlantic, with the sharp acceleration and persistence of inflation justifying a faster and stronger than expected tightening of monetary policy.

Sovereign bond rates increased sharply over the past year when they had been established at very low levels following the Covid-19 crisis. The war in Ukraine and its consequences on energy prices, food prices and supply chain tensions caused a strong surge in inflation from already high levels. Thus, the central banks clearly hardened their tone and raised their key rates more than predicted.

This movement of sharp increases was not linear. It was punctuated by temporary phases of easing rates.

The first took place between mid-June and the month of July. Investors wrongly anticipated that Fed funds rates would reach a pivot in 2023 and that the Fed would back down because of the risks to growth. The speeches delivered by central bankers at the end of August in Jackson Hole completely reversed the trend. They reasserted their unconditional commitment to combating inflation that was far too high at the risk of affecting growth. Rates therefore rose once again starting in August. Tensions were also significantly heightened between 23 and 28 September, due to the effect of contagion of the tensions affecting British rates after the announcement of the “mini” budget.

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After reaching a high for the past year of 4.2% for the US 10-year on 24 October, long-term rates eased again temporarily until mid-December. While the Fed raised its rates by 75 bp as expected on 2 November, it suggested a more moderate

rate hike in December. The rate decline then intensified with the publication of an American inflation rate lower than expected by the markets. Thus, the American 10-year rate eased by 75 bp over the period and the German 10-year rate by nearly 50 bp.

As from mid-December, bond rates once again suffered from strong tensions until the end of 2022. During meetings – on 14 December for the Fed and 15 December for the ECB – the central bankers reiterated their strong determination to fight inflation and the prospects of still too high inflation. The tone of the ECB was hawkish. While it slowed the pace of its rate hikes (+50 bp in December compared to 75 bp in October), it was very clear about the fact that this did not, in any way, constitute a pivot. It will continue to raise its rates until the monetary policy has become sufficiently restrictive to fight high inflation. This resolutely hawkish tone was motivated by the clear easing of financial conditions since mid-October and the new measures taken by the governments to protect households and businesses from the increase in energy prices. These two factors run counter to the monetary tightening operated by the ECB. This resulted in strong pressures on rates, which were more marked in the eurozone than in the United States.

In the first two weeks of January, rates eased again as inflation slowed down due to the smaller contribution from energy prices. Investors thus anticipated a slowdown in the pace of key rate increases, which would be followed by an easing of monetary policies. These hopes were soon dashed as central bankers insisted that underlying inflation remained far too high and justified further rate hikes. Rates then rose again from mid-January to early March. The German 10-year rate reached its high for last year, closing at 2.75% on 2 March.

The bond markets experienced a final sharp turnaround on 10 March, following the announcement of the collapse of two US banks (SVB and Signature Bank) and the forced takeover of Credit Suisse. This created a real shockwave, with investors initially fearing a systemic crisis similar to that of 2008, following the collapse of Lehman Brothers. Strong risk aversion drove a flight to profitable quality in the bond markets and generated unprecedented volatility. The American and German 10-year rates thus lost more than 50 bp in the space of seven days. They then stabilised and recovered slightly as investors were reassured by the decisive measures taken by authorities.

Over the second quarter of 2023, in a context of resilient US growth, the US 10-year rate rose to 3.80% (up nearly 40 bp). In contrast, in the eurozone we saw a series of negative economic surprises. At the same time, inflation slowed more rapidly than expected in the eurozone. In total, the Bund rose to a lesser extent by 13 bp to 2.39%. In the United Kingdom, the increase in prices remained strong, meaning that the Bank of England will undoubtedly be forced to act on rates in a lasting manner. The Gilt rose 90 bp to 4.39% between the end of March and the end of June 2023.

In total, over all of last year, the American 10-year rate rose 80 bp, closing at 3.8% on 3 June 2023. The German 10-year rate rose by 107 bp, closing at 2.39% and the French 10-year rate by 100 bp, ending at 2.93%. Tensions were much stronger on short rates and particularly on 2-year rates, the latter reflecting monetary policy expectations. In the United States, the two-year rate increased by 200 bp over the year to close at 4.89%. The 2-10 year rate curve thus was negative, which has always been followed by recession in the US economy in the past. The rate curve was also inverted in Germany, as from the month of November.

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The spreads in the peripheral countries saw fluctuations over the year. They began the period by widening. The resignation of Mario Draghi as Prime Minister, following the breakup of the national union government, was the cause. To limit tensions about the spreads of peripheral countries, in June and July the ECB used flexibility in reinvesting securities acquired under the PEPP reaching maturity. Italy and Spain were favoured. Moreover, in July the ECB announced a new anti-fragmentation tool. The Transmission Protection Instrument (TPI) was presented on 21 July. It may be activated to “fight against unwarranted disorderly market dynamics that represent a serious threat for the transmission of monetary policy in the eurozone". These two instruments thus contributed to limiting tensions over Italy's spread in September (moving between 240 and 250 bp) despite the victory of the right-wing coalition in the Italian early legislative elections on 25 September, then the nomination of Giorgia Meloni, the head of the extreme-right Brothers of Italy party, as Prime Minister. The spreads of the peripheral countries began to ease in October. Investors were reassured by the formation of the new Italian government, which has given guarantees to the European Union so that it will benefit from NextGenerationEU funds. Giorgia Meloni appointed Giancarlo Giorgetti, a close associate of Mario Draghi, as Minister of the Economy and Finance, and appointed to the position of Minister of Foreign Affairs and Deputy Prime Minister the former president of the European Parliament, Antonio Tajani. Spreads subsequently held up fairly well, despite the ECB announcement at its December meeting that QT would begin in March 2023, strong issues from the government, primarily to finance support measures for households and businesses, and the banking stress in March 2023.

Italy's spread thus closed at 170 bp on 30 June 2023, a tightening of 20 bp over the year, after peaking at 250 bp on 7 October. Spain's spread narrowed by 10 bp to close at 74 bp, and Portugal's spread narrowed by 30 bp over the year (to close at 76 bp at end-June 2023). Greece stands out from the other countries with a tightening of the spread by over 100 bp over the year, closing at 120 bp. This is due in particular to strong nominal growth, the continued reduction in deficits and public debt, and the measures taken by the government, both in terms of structural reforms and investment, to benefit from EU payments under Next Generation EU. All this could allow a rating upgrade to the investment category this year at the earliest.

What management policy was adopted in this climate?

The duration of the portfolio was most often below that of the index over the period under review.

We began the period with sensitivity around 100% because of the risk aversion and fears of recession. From July to August 2022, fears that an aggressive monetary tightening by the central banks of the principal monetary markets would lead to a recession complicated the assessment of the economic outlook. In September and October, the Fund had a defensive positioning with a sensitivity at 84/98% in relation to that of its index with hawkish announcements from the central banks despite the fears of recession. At the end of 2022, the Fund had a neutral positioning with a sensitivity at around 100% compared with that of its index in a context of risk reduction and reduced visibility. Early in 2023, the Fund had a defensive positioning with a sensitivity around 88/100% compared with that of its index. The idea was to protect the Fund against a rate increase because of the high financing needs of the governments, persistent inflation and the hike in the central bank rates. Beginning in March, the Fund had a sensitivity close to that of its index, at 95/100% in March, and then 100% in April.

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Then, in May and June, we reduced the sensitivity of the Fund in a range of 95-100% around that of its index. The ECB remained determined to fight the high inflation (over 5% for underlying inflation), making it likely that it would continue to harden its monetary policy. We were expecting two 25 bp increases in June and July. However, over the quarter, we maintained a more neutral vision on rates because of well advanced treasury programmes and weaker economic data, particularly for the sentiment (PMI) and inflation indicators. Moreover, over the period we tactically set up a position on a steepening of the 10/30-year at 14 bp; the slope was at 0 bp at end-June. For the strategies on global rates, we initiated a position on a narrowing of the US/Germany spread in an environment of a pause by the Fed and more rate hikes by the ECB. The strategy was initiated at a spread of 135bp and this spread ended the month of June at 141bp.

For the peripheral countries, in June 2022, we reduced the underweighting to get closer to the index following the ECB's announcements that it was creating an anti-fragmentation tool designed to reduce the spread differentials among eurozone countries. In July and August, we again increased the underweighting because of the tensions relating to the Italian government and the uncertainties about the ECB's future anti-fragmentation tool. From September 2022 to January 2023, we maintained an underweighting at -10/-30cts of sensitivity. Beginning in February 2023, we reduced this underexposure. In the second quarter of 2023, we had a neutral exposure to the peripheral countries and we were overexposed to Greece at +10 cts. Greece's rating was raised several times. We believe that the adjustment is not finished and that other improvements are to come; a rating upgrade to the investment category is expected for this year at the earliest.

On the core countries over the period, we were underweighted in French, Dutch, Finnish and Austrian debt in favour of German debt because of the tight level of the spreads and as a trade against agencies. We were at -10/20 cts between June and November and an average of -10 cts over the rest of 2022. In 2023, we underweighted France up to -40bp and we unwound the underweighting starting at the end of April as a result of the widening of the France/Germany spread in April.

Moreover, we participated in the primary issues of the A-rated Eastern European countries (Slovakia and Lithuania) in order to profit from the issue premium in a context of a dissipated risk aversion post-SVB.

In 2022, we were most often overexposed to agencies in a context of attractive spreads with the tension on swap spreads in 2022 (over the second half in particular) and in March 2023 this year. Throughout 2022 and 2023, we participated in the primary issues in arbitrage versus secondary issues. As from May, we raised our exposure to swap spreads around 80/85bp. We lowered it in August during the sharp widening of agency spreads versus sovereign debt in connection with the widening of the swap spreads beyond 90bp for the 5-year. In November, we raised our exposure again (60cts in sensitivity over the fourth quarter) to swap spreads at around 90/95bp. The swap spreads ended the year at around 65bp. The exposure was 13.4% and 60cts in sensitivity contribution at end-December 2022.

The swap spreads rose in 2022 for the following reasons:

- the decrease, then the end of the QE, was more negative for risky sovereigns than for the Bund (even though the Bund's share is the highest);
- the seller flows of peripherals favoured Bund redemptions and the widening of the swap spread.

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- Strong risk aversion with the central banks inclined to raise rates, the war in Ukraine and the fears of recession, notably in the eurozone: decompression of spreads and reconstitution of risk premiums as rates rise;
- Large issues by the supranational issuer, the European Union: 50% of the 2022 programme remained to be completed at end-June 2022.

The swap spreads eased sharply as from October 2022 for the following reasons:

- The initiatives of the ECB (remuneration of deposits) and the German treasury (which increased 18 issues by €3bn each over the entire curve) which limited the shortage of collateral,
- The prospect of quantitative tightening and the end of asset purchases under the asset purchase programme (“APP”)
- The repayments of the ECB loans (“TLTRO”) which released collateral.

In March and April 2023, we strengthened our exposure. We were at 15% at end-April (i.e. 73 bp of sensitivity) versus 11.7% at end-February (42 bp of sensitivity). The performance of the agencies and supranationals compared with that of the sovereign markets was lower in March because of the risk aversion, the increase in yield spreads compared with State borrowings and the widening of swap spreads. In order to take profits, we reduced exposures to 14% in May. We participates in the primary issues of agencies: EIB, EFSF, KFW, NRWBK, EFSF, Flemish. The agencies allocation was positive for the Fund in the second quarter of 2023.

For the inflation diversification positions, between the end of June and July 2022, we maintained a small exposure of around 1% to the index-linked bonds. On one hand, the inflationary theme remained strong with high inflation figures, But on the other hand, the tough message of the ECB and market fears about future growth had a downwards impact on inflation expectations. In August, we increased diversifications in bonds indexed to inflation to 3% in a context of rising natural gas prices with the prospect of high storage needs for the winter with risks of a cut-off of Russian natural gas. In September, we reduced and maintained an exposure of around 1.6% for the index-linked bonds. We reduced it again in November to around 1%, in a context of easing inflation breakevens because of the decrease in commodities prices and the credibility of the central banks in anchoring inflationary expectations. In 2023, we moderately reduced our exposure to around 0.5% (5 bp) at end-March, after increasing it to 1.1% in February (11 bp). After a sharp rise in inflation expectations in early March, inflation breakevens dropped as a result of fears in the financial sector. Beginning in mid-April, we increased the diversification in bonds indexed to inflation to 1% versus 0.5% at the end of March. After having fallen sharply at end-March and early April, breakevens again moved upwards because fears on the financial sector were alleviated, and persistent inflation figures with a high and sticky underlying inflation returned to the foreground. Nevertheless, we are monitoring the restrictive message and actions of the central banks that could lead to a contraction in inflation expectations and an underperformance of the markets for bonds indexed to inflation.

OSTRUM SRI EURO BONDS 3-5 recorded a gross performance almost in line with its benchmark index (-3.64% for the Fund versus -3.62% for the benchmark). For the I unit, the net performance was -3.853%, for the E unit it was -4.14% and for the GP unit it was -4.15%.

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In 2022, the Fund profited from the mostly defensive positioning and from the diversification in bonds indexed to inflation. In contrast, the underexposure to the peripheral countries (Italy in particular) weighed on the performance in a context of tighter yield spreads between Italy and the core countries (France, Germany etc.), especially in October 2022. Likewise, the overexposure to agencies reduced the performance of the Fund because the swap spreads widened sharply in 2022 and agencies therefore underperformed in relation to sovereigns.

In 2023, the risk aversion countered our strategies. The defensive directional position on rates contributed negatively to performance. The curve positions, and the underexposure to the 2-year in particular, did not allow us to offset this. Inflation as well as the diversification in agencies and supranationals contributed very little. The overweighting on peripherals early in 2023 also contributed negatively. Over the second quarter of 2023, the Fund benefited from the defensive positioning on duration, and the diversification in Greece. To a lesser extent, the overexposure to the agencies and the bonds indexed to inflation made a positive contribution. Conversely, the position on the steepening of the German 10/30-year and the position on a narrowing of the US/Germany spread contributed negatively.

Past performance is no guarantee of future results.

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b) Information regarding the UCI

■ Main changes to the portfolio during the financial year

Securities	Changes (“Accounting currency”)	
	Purchases	Sales
OSTRUM SRI CASH M unit	848,509,927.72	834,365,638.54
BUNDSOBLIGATION 1.3% 15/10/27	189,482,363.01	0.00
BUNDSOBLIGATION 0.0% 10/10/25	29,622,900.00	120,117,080.00
BUNDSOBLIGATION 0.0% 16/04/27	74,957,610.00	72,889,590.40
FRANCE GOVERNMENT BOND OAT 0.0% 25-02-27	81,821,710.00	62,145,680.00
BUNDESREPUBLIK DEUTSCHLAND 0.25% 15-02-27	74,342,302.88	68,194,728.49
FRANCE GOVERNMENT BOND OAT 0.75% 25-02-28	136,337,887.70	0.00
FRAN GOVE BON 0.25% 25-11-26	33,901,884.24	87,271,441.79
ITAL BUON POL 1.6% 01-06-26	0.00	78,400,797.40
KFW 0 09/15/28	43,529,050.00	32,367,650.00

■ Material changes occurring during the financial year and in the future

There were no substantial changes to this UCI.

■ Index-linked UCI

This UCI is not classified as an index-linked UCI.

■ Alternative funds of funds

This UCI is not classified as an alternative fund of funds.

1. Management report

■ **Efficient portfolio management techniques and financial derivative instruments (ESMA) in EUR**

a) Exposure obtained through efficient portfolio management techniques and derivatives

- **Exposure obtained through efficient management techniques: 246,933,828.84**
  - o Securities lending: 0.00
  - o Securities borrowing: 0.00
  - o Reverse repurchase agreements: 0.00
  - o Repurchase agreements: 246,933,828.84
- **Underlying exposure achieved through derivatives: 217,652,586.22**
  - o Forward foreign exchange: 0.00
  - o Futures: 217,652,586.22
  - o Options: 0.00
  - o Swaps: 0.00

b) Identity of the counterparty/counterparties to efficient portfolio management techniques and derivatives

Efficient management techniques	Derivatives (*)
CACEIS BANK (FRANCE) Natixis TradEx Solutions	

(*) Except listed derivatives.

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c) Collateral received by the UCITS to reduce counterparty risk

Types of instruments	Amount in portfolio currency
Efficient management techniques	
. Forward deposits	0.00
. Equities	0.00
. Bonds	0.00
. UCITS	0.00
. Cash (*)	247,890,003.85
Total	**247,890,003.85**
Derivatives	
. Forward deposits	0.00
. Equities	0.00
. Bonds	0.00
. UCITS	0.00
. Cash	0.00
Total	**0.00**

(*) The Cash account also includes cash and cash equivalents resulting from repurchase transactions.

d) Operating income and expenses related to efficient management techniques

Operating income and expenses	Amount in portfolio currency
. Income (*)	146,027.52
. Other income	0.00
Total income	**146,027.52**
. Direct operating expenses	2,695,314.39
. Indirect operating expenses	0.00
. Other expenses	0.00
Total expenses	**2,695,314.39**

(*) Net remuneration received by Natixis TradEx Solutions, which may not exceed 40% of the income generated by these transactions. Other income and other expenses relate to remuneration from the investment in deposit accounts of collateral received in cash, which varies according to market conditions, and to any other income on financial accounts and expenses on financial debts not linked to efficient management techniques.

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■ **SFTR in EUR**

	Securities lending	Securities borrowing	Repurchase agreements	Reverse repurchase agreements	TRS
a) Securities and commodities lending					
Amount	0.00				
% of Net Assets*	0.00				

*** % excluding cash and cash equivalents**

	Securities lending	Securities borrowing	Repurchase agreements	Reverse repurchase agreements	TRS
b) Assets committed for each type of securities financing transaction and TRS, expressed in terms of absolute value					
Amount	0.00	0.00	246,251,726.59	0.00	0.00
% of Net Assets	0.00	0.00	16.87%	0.00	0.00
c) Top 10 issuers of collateral received (excluding cash) for all types of financing transactions					
	0.00			0.00	0.00
d) Top 10 counterparties in terms of absolute value of assets and liabilities without offsetting					
Natixis TradEx Solutions FRANCE	0.00	0.00	232,612,824.90	0.00	0.00
CACEIS BANK (FRANCE) FRANCE	0.00	0.00	13,638,901.69	0.00	0.00
e) Type and quality of collateral					
Type					
- Equities	0.00			0.00	0.00
- Bonds	0.00			0.00	0.00
- UCIs	0.00			0.00	0.00
- Negotiable debt securities	0.00			0.00	0.00
- Cash	0.00		247,747,764.71		0.00
Rating	0.00	0.00	0.00	0.00	0.00
Collateral currency					
Euro	0.00		247,747,764.71	0.00	0.00
f) Settlement and clearing of contracts					
Tripartite				X	
Central counterparty					
Bilateral	X			X	

1. Management report

	Securities lending	Securities borrowing	Repurchase agreements	Reverse repurchase agreements	TRS
g) Collateral maturity broken down by tranche					
Less than 1 day	0.00			0.00	0.00
1 day–1 week	0.00			0.00	0.00
1 week–1 month	0.00			0.00	0.00
1–3 months	0.00			0.00	0.00
3 months–1 year	0.00			0.00	0.00
More than 1 year	0.00			0.00	0.00
Open	0.00			0.00	0.00
h) Maturity of securities financing transactions and TRS, broken down by tranche					
Less than 1 day	0.00	0.00	0.00	0.00	0.00
1 day–1 week	0.00	0.00	0.00	0.00	0.00
1 week–1 month	0.00	0.00	28,857,673.97	0.00	0.00
1–3 months	0.00	0.00	0.00	0.00	0.00
3 months–1 year	0.00	0.00	0.00	0.00	0.00
More than 1 year	0.00	0.00	0.00	0.00	0.00
Open	0.00	0.00	217,394,052.62	0.00	0.00
i) Data on the reuse of collateral					
Maximum amount (%)	0.00	0.00	0.00	0.00	0.00
Amount used (%)	0.00	0.00	0.00	0.00	0.00
Income for the UCI following reinvestment of cash collateral in euros	0.00	0.00	0.00	0.00	0.00
j) Data on the custody of collateral received by the UCI					
Caceis Bank					
Securities	0.00			0.00	0.00
Cash	0.00				0.00
k) Data on the custody of collateral provided by the UCI					
Securities	0.00	0.00	0.00	0.00	0.00
Cash	0.00	0.00	0.00	0.00	0.00

1. Management report

	Securities lending	Securities borrowing	Repurchase agreements	Reverse repurchase agreements	TRS
l) Breakdown of data on income and costs					
Income					
- UCIs	0.00	0.00	146,027.52	0.00	
- Manager	0.00	0.00	0.00	0.00	
- Third parties	0.00	0.00	0.00	0.00	
Costs					
- UCIs	0.00	0.00	2,695,314.39	0.00	
- Manager	0.00	0.00	0.00	0.00	
- Third parties	0.00	0.00	0.00	0.00	

e) Data on the type and quality of collateral

Collateral received must comply with the Natixis Investment Managers International policy, which was established to guarantee a high level of quality and liquidity as well as the absence of direct correlation with the counterparty to the transaction. Additionally, the Natixis Investment Managers International collateralisation policy sets out levels of over-collateralisation for each type of security, intended to offset any variation in their value. Lastly, a daily margin call system is in place to offset the mark-to-market variations of securities.

i) Data on the reuse of collateral

UCITS funds must reinvest all of their cash collateral (i.e. maximum amount = maximum amount used = 100%) but cannot reuse their securities collateral (i.e. maximum amount = amount used = 0%).

Furthermore, in accordance with the conditions set out in the regulations, in the event that collateral is received in cash, it may only be:
- deposited;
- invested in high-quality government bonds;
- used in reverse repurchase agreements;
- invested in short-term money-market undertakings for collective investment (UCI).

For transactions made by Natixis TradEx Solutions, acting as an “agent” or “principal”, the amounts received in respect of cash collateral on temporary sales of securities are invested in an interest-bearing deposit account.

k) Data on the custody of collateral provided by the UCI

All collateral provided by the UCI is transferred under full ownership.

1. Management report

I) Breakdown of data on income and costs

The Management Company has entrusted Natixis TradEx Solutions with performing securities lending and repurchase agreement transactions for the UCITS.

Income from these transactions is returned to the UCITS. These transactions give rise to costs that are borne by the UCITS. Natixis TradEx Solutions' invoicing cannot exceed 40% of the revenue generated by these transactions and is deducted from the income recognised by the UCITS.

The amounts shown do not include remuneration from the investment of cash collateral in deposit accounts.

■ Access to documentation

The legal documentation for the Fund (KIID, prospectus, periodic reports etc.) is available from the Management Company at its head office or from the following email address: **ClientServicingAM@natixis.com**

1. Management report

c) Information regarding risks

■ Overall risk calculation method

The Management Company uses the commitment method to measure the overall risk of this Fund.

■ Exposure to securitisation

This UCI has no exposure to securitisation.

■ Risk management

None.

■ Cash management

None.

■ Handling of non-liquid assets

This is not relevant to this UCI.

1. Management report

d) Environmental, social and governance (ESG) criteria

How ESG criteria are taken into account in the investment process is described in detail in the pre-contractual document appended to the Fund’s prospectus.

Information on the Taxonomy Regulation (EU) 2020/852: Article 8

Pursuant to Article 50 of the SFDR Level 2 Delegated Regulation, information about the environmental or social characteristics promoted by the financial product is available in an annex to this report.

1. Management report

e) French Law on Energy and Climate

This annual report will be supplemented by the information that meets the requirements of Decree No. 2021-663 of 27 May 2021 implementing Article 29 of the French Law on Energy and Climate within six months of the end of the accounting year.

2. Governance and compliance commitments

■ Procedure for selecting and assessing intermediaries and counterparties – Order execution

For the Management Company to meet its best execution obligation, the selection and monitoring of fixed income intermediaries, stockbrokers and counterparties are governed by a specific process.
The Management Company's policy regarding the selection of intermediaries/counterparties and order execution is available online at: https://www.im.natixis.com/intl/resources/policy-best-execution-best-selection.

■ Voting policy

Details of the conditions under which the Management Company intends to exercise the voting rights associated with securities held in the portfolio by the fund it manages, as well as the latest annual report, are available from the company's registered office, or online at: https://www.im.natixis.com/intl/resources/natixis-investment-managers-international-report-on-voting-rights.

■ Remuneration policy of the delegating management company

This NIMI remuneration policy consists of general principles applicable to all employees (see point I), specific principles applicable to employees identified by AIFM and UCITS V (see point II) and a governance mechanism applicable to all employees (see point III).
It falls under the remuneration policy defined by Natixis and is established in compliance with the provisions relating to remuneration stipulated in the following regulatory texts, as well as the guidelines of the European Securities and Markets Authority (ESMA) and the positions of the French Financial Markets Authority (Autorité des Marchés Financiers – AMF) resulting therefrom:

- Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers, transposed into the French Monetary and Financial Code by Order No. 2013-676 of 27 July 2013 ("AIFM Directive").
- Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 on undertakings for collective investment in transferable securities (UCITS), transposed into the French Monetary and Financial Code by Order No. 2016-312 of 17 March 2016 ("UCITS V Directive").
- Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, transposed into the French Monetary and Financial Code by Order No. 2016-827 of 23 June 2016, supplemented by Delegated Regulation 2017/565/EU of 25 April 2016 ("MiFID II Directive").
- Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

I- GENERAL PRINCIPLES OF THE REMUNERATION POLICY

The remuneration policy is a strategic element of the NIMI policy. As a tool to enhance employee motivation and commitment, it aims to be competitive and attractive in relation to the rest of the industry while fully complying with key financial indicators and regulations.

2. Governance and compliance commitments

NIMI's remuneration policy, which applies to all employees, counts the alignment of employees' interests with those of investors among its fundamental principles:

- It is consistent and promotes sound and efficient risk management and does not encourage risk-taking that would be incompatible with the risk profiles, regulations or documents constituting the products managed.
- It is in line with the economic strategy, objectives, values and interests of the Management Company and the products it manages, as well as those of investors, and includes measures aimed at preventing conflicts of interest.

The remuneration policy covers all components of remuneration, which include fixed remuneration and, where applicable, variable remuneration.

Fixed remuneration rewards skills, professional experience and level of responsibility. It takes into account market conditions.

Variable remuneration depends on the assessment of collective performance – measured at the level of the Management Company and the products managed – and individual performance. It considers quantitative and qualitative factors, which may be established on a yearly or multi-year basis.

I-1. Definition of performance

The objective and transparent assessment of annual and multi-year performance based on predefined objectives is the prerequisite for the application of NIMI's remuneration policy. It ensures the fair and selective treatment of employees. This assessment is shared between the employee and their manager during an individual appraisal interview.

The contribution and performance level of each employee are evaluated with regard to their duties, assignments and level of responsibility in the Management Company. In this context, the remuneration policy distinguishes several categories of staff:

- The Management Committee is assessed on its contribution to the definition and implementation of the Management Company's strategy, this strategy being part of that of the international distribution platform and that of Solutions. The Management Committee is also assessed on its ability to expand the performance of product and service offerings, on the performance of the distribution activity and, more generally, on the development of the group's multi-boutique model, as well as on the risk-adjusted financial performance within its scope of supervision.
For this category, performance is assessed annually through quantitative indicators linked to changes in NIMI's financial results and supervised activities, as well as a contribution to the overall performance of Natixis IM. Performance is also assessed through the achievement of qualitative objectives, such as the quality of management and/or responsibility for/contribution to cross-functional projects.

- Support functions are assessed on their ability to proactively support the strategic challenges of the Management Company. Individual performance is assessed annually through the achievement of qualitative objectives, such as the quality of recurring business activity and/or the degree of participation in cross-functional projects or strategic/regulatory projects. These objectives are defined annually in accordance with those of NIMI, those of the international distribution platform and, where applicable, those of Solutions.

2. Governance and compliance commitments

- Assessment of the performance of control functions is based solely on the evaluation of qualitative criteria, such as participation in cross-functional projects or in strategic/regulatory plans, defined annually, to avoid compromising their independence or creating conflicts of interest with the activities they control.

- The performance of management functions is assessed according to a quantitative criterion linked to the generation of value through allocation, supplemented by qualitative criteria.

The quantitative criterion reflects the challenges of achieving the management performance sought by investors without, however, authorising excessive risk-taking, which may have an impact on the risk profile of NIMI and/or the products managed.

This quantitative criterion is calculated over a predefined period in line with the risk-adjusted performance horizon of the funds managed and of the Management Company.

Specific criteria incorporating risks related to sustainability, i.e. environmental, social and governance issues, must be defined for all management team employees.

- Assessment of the performance of real asset private debt management functions is based on two criteria (one quantitative, one qualitative), which, if successfully met, means that the interests of the Management Company and investor clients are both being served by the funds and strategies managed by the team.

The quantitative criterion measures the amount of funds raised from investors and reflects each manager’s involvement in the development of the assets under management, which generate income for the business activity. The qualitative criterion is designed to ensure that investments made on behalf of clients have been made with strict application of the investment criteria defined with those clients. It also aims to ensure that the manager has performed an exhaustive advance analysis of the risk factors expected during the investment and throughout the entire holding period. In the event that any risk factor occurs, the relevance of the corrective measures that will be carried out diligently, and in the sole interest of the investor, will be taken into account. In other words, this criterion does not penalise the manager for the occurrence of a credit event (credit risk is in fact inherent in this business activity). It aims to guarantee clients that an exhaustive analysis of the risks and their mitigation factors has been carried out *ab initio*, followed by a control process conducted for the duration of the holding period. This enables a well-considered and effective response in case of a credit event in order to neutralise or limit the impact for investors.

- Assessment of the performance of the distribution functions is based on the evaluation of quantitative and qualitative criteria. The quantitative criteria are based on gross inflows, net inflows, revenue, the profitability of the assets under management and how these change. The qualitative criteria include the diversification and development of the business (new clients, new affiliates, new expertise etc.) and the joint consideration of NIMI’s interests and those of the clients.

For all categories of staff, the performance assessment incorporates qualitative criteria.

These qualitative criteria always include compliance with regulations and NIMI’s internal procedures in terms of risk management and compliance.

2. Governance and compliance commitments

They may also include the quality of the relationship with clients, including the level of expertise and advice provided, improving the reliability of a process, participating in a cross-disciplinary project, participating in the development of new expertise, contributing to the development of operational efficiencies or any other aspects defined by the strategic objectives set out by NIMI.

For each category of staff, all quantitative and qualitative objectives are defined and communicated individually at the start of the year, in line with NIMI's strategic objectives.

I-2. Remuneration components

I-2.1. Fixed remuneration

NIMI strives to maintain a level of fixed remuneration that sufficiently remunerates employees for their professional activity.

Fixed remuneration rewards the skills, professional experience and level of responsibility expected of an employee when performing their duties.

The positioning of fixed remuneration is reviewed periodically to ensure that it is consistent with regard to geographical and professional market practices.

Fixed salaries are reviewed once a year as part of the annual remuneration review. Outside that period, only promotions, internal job moves or exceptional individual circumstances may lead to a review.

I-2.2. Variable remuneration

Variable remuneration packages are defined on the basis of the annual results of NIMI, the international distribution platform and Solutions, and also as a function of qualitative elements, such as the practices of competitor companies, the general market conditions applicable at the time the results were obtained and any factors that may have temporarily influenced the business line's performance.

Variable remuneration, where awarded, is paid to reward an individual annual performance achieved as part of a collective performance.

NIMI's collective variable remuneration consists of a profit-sharing and incentive scheme, together with a company savings plan (*plan d'épargne d'entreprise* – PEE) and a company collective retirement savings plan (*plan d'épargne pour la retraite collectif* – PERCO). Employees can benefit from a matching scheme under these plans.

This collective variable remuneration has no incentive impact on the risk management of NIMI and/or the managed products and does not fall within the scope of the AIFM or UCITS V directives.

2. Governance and compliance commitments

In compliance with the total variable remuneration packages, individual variable remuneration is allocated as part of the annual remuneration review in an objective and discretionary manner, on the basis of the assessment of individual performance and the way in which this performance is achieved. Variable remuneration awarded to employees is affected by inappropriate risk and compliance management or non-compliance with regulations and internal procedures over the year considered (see I-1. above).

Identified employees are subject to specific obligations for adherence to the rules on risks and compliance. A breach of these obligations may result in a partial reduction or total cancellation of the individual variable remuneration awarded.

In the event of a loss or a significant fall in its profits, NIMI may also decide to reduce or entirely cancel the amount allocated to individual variable remuneration, together with any deferred instalments of variable remuneration previously awarded and in the process of vesting.

Similarly, in the event that a major sustainability-related risk materialises, i.e. an environmental, social or governance event or situation occurs that could have a material and lasting adverse impact on the value of the funds/products under management, the package allocated to individual variable remuneration may be reduced or even cancelled, as may any deferred instalments of variable remuneration previously awarded and not yet fully vested.

There are no contractual guarantees for variable remuneration, with the occasional exception of variable remuneration awarded for the first year of work in connection with external recruitment.

“Golden parachute” agreements are forbidden. Payments related to the early termination of an employment contract are defined in accordance with legal provisions (legal and contractual indemnities) and the performance of the beneficiary, the area of the business to which they belong and the performance of the entire Management Company over the period. They are designed to avoid rewarding failure.

Variable remuneration is not paid through instruments or methods that facilitate circumvention of the requirements established in the regulations.

I-2.3. Key employee retention scheme

NIMI wants to ensure that its investors have confidence in the stability of its teams.

In order to achieve this, a deferred remuneration system has been incorporated into its remuneration policies.

Beyond a certain variable threshold, this scheme leads to the allocation of a portion of the variable remuneration in the form of a cash payment indexed to the change in the consolidated financial performance of Natixis IM measured by its earnings before tax (EBT), recorded each year over a minimum period of three years. The portion of variable remuneration thus deferred is vested in equal tranches over a period of at least three years and gives employees a stake in the performance of Natixis IM. The deferred variable remuneration rate is calculated by applying a deferred remuneration table.

2. Governance and compliance commitments

This scheme is subject to the employee meeting conditions relating to continued employment and the absence of conduct inconsistent with the company's standards that could have an impact on NIMI's level of risk. Vesting of these tranches may be subject to a repayment commitment, either in full or in part, in order to ensure ex-post risk adjustment.

I-2.4. Balance between fixed and variable remuneration

NIMI ensures that there is an appropriate balance between the fixed and variable components of overall remuneration and that the fixed component represents a sufficiently high proportion of overall remuneration so that a fully flexible policy can be exercised with regard to variable components of remuneration, including the option of paying no variable component. All individual situations for which variable remuneration represents more than 100% of fixed remuneration and which can be explained by market practice and/or an exceptional level of responsibility, performance and behaviour, are documented by the Human Resources Department as part of the annual remuneration review.

II- APPLICATION OF THE SCHEME APPLICABLE TO IDENTIFIED EMPLOYEES UNDER THE AIFM AND/OR UCITS V DIRECTIVES

II-1. Identified employees

In accordance with regulatory provisions, NIMI's identified employees include the categories of employee, including executive managers, risk-takers and those exercising a control function, as well as any employee who, based on their total remuneration, is in the same remuneration bracket as executive managers and risk-takers, whose employment activities have a material impact on the risk profile of the Management Company and/or the products managed by the Management Company. These persons are identified based on their employment activities, their level of responsibility or their overall level of remuneration.

To maintain consistency and alignment, NIMI has decided to implement the system applicable to identified employees across the full scope of products managed (mandates, UCITS and AIFs).

The following employee categories are identified:

- Members of the management body,
- Members of staff responsible for portfolio management,
- Managers of control functions (risk, compliance and internal control),
- Managers of support or administrative activities,
- Other risk-takers,
- Employees who, given their overall remuneration, are in the same remuneration bracket as executive management and risk-takers.

Each year, prior to the annual remuneration review, the Human Resources Department draws up and formally records the identification methodology and scope of NIMI's identified population in conjunction with the Director of Permanent Controls.

2. Governance and compliance commitments

The scope of the entire identified employee population is then validated by NIMI's General Management and sent for approval to the Board of Directors in its supervisory function, before being provided to the Natixis Remuneration Committee.

The entire identification process is documented and archived by the Human Resources Department. The employees concerned are also informed of their status.

II-2. Scheme applicable to variable remuneration allocated to identified employees

In accordance with regulations and in order to ensure alignment between employees, investors and the management company, as soon as the variable remuneration of identified employees exceeds a certain threshold, it is partly deferred and partly awarded in the form of a financial instrument vesting pro rata temporis over a period of at least three years.

The proportion of the variable remuneration that is deferred over three years increases with the amount of variable remuneration awarded and can reach 60% for the highest remuneration at NIMI. Currently, the application methods for the deferred payment are as follows:

- Up to €199,000 in variable remuneration: no deferral,
- Between €200,000 and €499,000: 50% of the amount deferred from the first euro,
- From €500,000: 60% of the amount deferred from the first euro.

The thresholds for triggering deferred variable remuneration are subject to change depending on regulations or changes to internal policies. In this case, the new thresholds are subject to approval by NIMI's Management Committee and the Natixis Remuneration Committee.

A minimum of 50% of the variable remuneration is also awarded in financial instruments in the form of indexed cash payments:

- For teams directly involved in portfolio management, with the exception of those managing real asset private debt, on the basis of the performance of a basket of products managed by NIMI;
- For teams that are not directly involved in portfolio management and teams managing real asset private debt, on the basis of changes in Natixis IM's consolidated financial performance measured by its earnings before tax (EBT), recorded each year over a minimum period of three years.

The vesting of the deferred portion of variable remuneration is subject to conditions relating to continued employment and to Natixis IM's consolidated financial performance as well as the absence of conduct inconsistent with the company's standards that could have an impact on the level of risk for NIMI and/or the products managed.

This vesting is also subject to obligations in terms of adherence to the rules on risks and compliance. Failure to comply with these obligations may result in a partial or total reduction of the vested portion. It may also be subject to a full or partial repayment commitment in order to ensure ex-post risk adjustment.

Employees in receipt of deferred variable remuneration are prohibited from using personal hedging or insurance strategies over the entire vesting period.

2. Governance and compliance commitments

The terms and conditions for calculating, valuing, allocating, vesting and paying deferred variable remuneration in equivalent financial instruments are set out in the NIMI and Natixis IM Long-Term Incentive Plan (LTIP).

III- GOVERNANCE

The general and specific principles of the remuneration policy are drawn up and formally documented by NIMI's Human Resources Department in line with the policy applicable to the global distribution platform.

NIMI's Permanent Controls Department and Risk Department have an active role in the development, ongoing monitoring and assessment of the remuneration policy. They are thus involved in determining the overall strategy applicable to the Management Company to promote the development of effective risk management. As such, they are involved in determining the scope of identified employees. They are also responsible for assessing the impact of the variable remuneration structure on the risk profile of managers.

NIMI's remuneration policy is approved by the NIMI Board of Directors in its supervisory function.

The general and specific principles, the application methods and quantified data of the remuneration policy, including identified employees and the highest remuneration levels, are approved in turn and in detail by the members of NIMI's Management Committee, then by an Intermediary Committee established at Federation level that encompasses all of the distribution, support and control functions of the Natixis IM Group, and which includes NIMI, in particular. This Intermediary Committee brings together the General Management teams of NIMI and Natixis IM. It then submits the above information in summary form for the approval of Natixis General Management, which then transmits it to the Natixis Remuneration Committee.

NIMI does not have its own remuneration committee but, as a member of the Natixis Group, reports to the Natixis Remuneration Committee.
The Natixis Remuneration Committee was established and acts in accordance with regulations[1]:
- Both in its composition: the independence and expertise of its members, the majority of whom, like its Chairman, do not perform executive functions within NIMI, are external to the Natixis Group and are therefore completely independent.
- And in the exercise of its duties, which in management companies more specifically includes the following roles:
o Advice and assistance to the Board of Directors for the development and implementation of the Management Company's remuneration policy.
o Assistance to the Board of Directors in supervising the development and operation of the Management Company's remuneration system.

[1] For more details on the composition and role of the Natixis Remuneration Committee, see the company's Registration Document.

2. Governance and compliance commitments

o Specific attention is paid to the evaluation of the mechanisms used to ensure that the remuneration system takes proper account of all categories of risk, liquidity and the levels of assets under management, and that the remuneration policy is compatible with the economic strategy, objectives, values and interests of the Management Company, the products managed and those of investors.

In this context, the general and specific principles, the compliance of NIMI's remuneration policy with the applicable regulations, and the application methods and summary calculated data of its remuneration policy, including details of identified employees and the highest remuneration levels, are submitted to the Natixis Remuneration Committee for a final review, before being approved by its Board of Directors in its supervisory role.

The remuneration of NIMI's Chief Executive Officer is set by the General Management teams of Natixis IM and Natixis, then presented to the Natixis Remuneration Committee.

The remuneration packages of NIMI's Risk and Compliance Directors are reviewed by Natixis IM's Risk and Compliance Directors as part of the independent reviews carried out by the risk and compliance functions. They are then submitted to the Natixis Remuneration Committee.
In short, all roles assigned to remuneration committees and set out in the regulatory texts are, in practice, performed by the Intermediary Committee established at Federation level, which incorporates NIMI, and/or by the Natixis Remuneration Committee.

The general and specific principles of the remuneration policy are communicated internally to all employees and members of the Works Council. NIMI also complies with all its obligations in terms of external advertising.

This entire review, validation and communication process takes place every year. It includes any regulatory and contextual changes and is conducted in line with the Natixis remuneration policy.

Finally, the entire NIMI remuneration policy is subject to a centralised and independent annual review by Natixis IM's Internal Audit Department.

When NIMI delegates the financial management of one of the portfolios that it manages to another management company, it ensures that this delegated company complies with the regulations in force.

2. Governance and compliance commitments

Remuneration paid during the last financial year

The total amount of fixed and variable remuneration for the financial year paid by the Management Company to its staff, and the number of beneficiaries, is as follows:

Fixed remuneration in 2022*: €27,383,602
Variable remuneration awarded for 2022: €9,378,250
Employees concerned: 363
** Theoretical fixed remuneration for full-time equivalents (FTE) in December 2022*

The aggregate amount of remuneration, broken down between the Management Company's senior executives and members of staff whose activities have a material impact on the risk profile of the Management Company and/or the portfolios is as follows:

Total remuneration awarded for 2022: €9,689,885 including:
- Senior executives: €2,647,162
- Members of staff: €7,042,723
Employees concerned: 54

2. Governance and compliance commitments

■ Remuneration policy of the delegated management company

This OSTRUM AM remuneration policy consists of general principles applicable to all employees (see point I), specific principles applicable to employees identified by the AIFMD and UCITS V (see point II) and a governance mechanism applicable to all employees (see point III).
It falls under the remuneration policy defined by Natixis and is established in compliance with the provisions relating to remuneration stipulated in the following regulatory texts, as well as the guidelines of the European Securities and Markets Authority (ESMA) and the positions of the French Financial Markets Authority (Autorité des Marchés Financiers – AMF) resulting therefrom:

- Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers, transposed into the French Monetary and Financial Code by Order No. 2013-676 of 27 July 2013 ("AIFM Directive").
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- Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, transposed into the French Monetary and Financial Code by Order No. 2016-827 of 23 June 2016, supplemented by Delegated Regulation 2017/565/EU of 25 April 2016 ("MiFID II Directive").
- Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

I- GENERAL PRINCIPLES OF THE REMUNERATION POLICY

The remuneration policy is a strategic aspect of OSTRUM AM's policy. As a tool to enhance employee motivation and commitment, it aims to be competitive and attractive in relation to the rest of the industry while fully complying with key financial indicators and regulations.

The OSTRUM AM remuneration policy, which applies to all employees, incorporates in its fundamental principles the alignment of the interests of its employees with those of investors:

- It is consistent and promotes sound and efficient risk management and does not encourage risk-taking that would be incompatible with the risk profiles, regulations or documents constituting the products managed.
- It is in line with the economic strategy, objectives, values and interests of the Management Company and the products it manages, as well as those of investors, and includes measures aimed at preventing conflicts of interest.

The remuneration policy covers all components of remuneration, which include fixed remuneration and, where applicable, variable remuneration.

Fixed remuneration rewards skills, professional experience and level of responsibility. It takes into account market conditions.

2. Governance and compliance commitments

Variable remuneration depends on the assessment of collective performance – measured at the level of the Management Company and the products managed – and individual performance. It considers quantitative and qualitative factors, which may be established on a yearly or multi-year basis.

I-1. Definition of performance

The objective and transparent evaluation of annual and multi-year performance based on predefined objectives is the prerequisite for application of OSTRUM AM's remuneration policy. It ensures the fair and selective treatment of employees. This assessment is shared between the employee and their manager during an individual appraisal interview.

The contribution and performance level of each employee are evaluated with regard to their duties, assignments and level of responsibility in the Management Company. In this context, the remuneration policy distinguishes several categories of staff:

- The Executive Committee is evaluated on its contribution to the definition and implementation of the Management Company's strategy and on its ability to increase performance in terms of product and service offerings and the risk-adjusted financial performance for its scope of supervision. For this category, performance is assessed annually through quantitative indicators, such as changes in OSTRUM AM's financial results and supervised activities, as well as qualitative elements, such as the quality of management and/or responsibility/contribution to cross-functional projects.

- Support functions are assessed on their ability to support the strategic challenges of the Management Company. Individual performance is assessed annually depending on the quality of recurring business activity and/or the degree of participation in cross-functional projects or strategic/regulatory plans.

- Assessment of the performance of control functions is based solely on the evaluation of qualitative criteria, such as participation in cross-functional projects or in strategic/regulatory plans, defined annually, to avoid compromising their independence or creating conflicts of interest with the activities they control.

- The performance of management functions is assessed according to quantitative criteria, supplemented by qualitative criteria.

Quantitative criteria reflect the development issues of the management performance sought by investors without causing excessive risk-taking, which may have an impact on the risk profile of OSTRUM AM and/or the products managed.
These quantitative criteria are calculated over a predefined period in line with the risk-adjusted performance horizon of the funds managed and of the Management Company.

For all categories of staff, the performance assessment incorporates qualitative criteria.
These qualitative criteria always incorporate adherence to internal regulations and procedures with regard to OSTRUM AM risk management and compliance.

2. Governance and compliance commitments

They may also concern the quality of the relationship with clients, including the level of expertise and advice provided, involvement in improving the reliability of a process, participation in a cross-disciplinary project, developing new expertise, involvement in developing operational efficiency or any other matters otherwise defined as part of OSTRUM AM's strategic objectives.
Specific criteria incorporating risks related to sustainability, i.e. social, environmental and governance issues, must be defined for the members of the Executive Committee, as well as for managers and analysts working within the management teams.

For each category of staff, all quantitative and qualitative objectives are defined and communicated individually at the start of the year, defined by the strategic objectives set out by OSTRUM AM.

I-2. Remuneration components

I-2.1. Fixed remuneration

OSTRUM AM strives to maintain a level of fixed remuneration that sufficiently remunerates employees for their professional activity.

Fixed remuneration rewards the skills, professional experience and level of responsibility expected of an employee when performing their duties.

The positioning of fixed remuneration is reviewed periodically to ensure that it is consistent with regard to geographical and professional market practices.

Fixed salaries are reviewed once a year as part of the annual remuneration review. Outside that period, only promotions, internal job moves or exceptional individual circumstances may lead to a review.

I-2.2. Variable remuneration

Variable remuneration packages are defined on the basis of OSTRUM AM's annual results, as well as on qualitative information, such as the practices of competitors, the general market conditions in which the results were obtained and any factors that may have temporarily influenced the performance of the business line.
Variable remuneration, which may be allocated if applicable, remunerates annual performance, both collective and/or individual.

OSTRUM AM's collective variable remuneration consists of a profit-sharing and incentive scheme, together with a company savings plan (*plan d'épargne d'entreprise* – PEE) and a company collective retirement savings plan (*plan d'épargne pour la retraite collectif* – PERCO). Employees can benefit from a matching scheme under these plans.

This collective variable remuneration has no incentive effect on OSTRUM AM's risk management and/or the products managed and does not fall within the scope the AIFM or UCITS V directives.

2. Governance and compliance commitments

In compliance with the total variable remuneration packages, individual variable remuneration is allocated as part of the annual remuneration review in an objective and discretionary manner, on the basis of the assessment of individual performance and the way in which this performance is achieved. Variable remuneration awarded to employees is affected by inappropriate risk and compliance management, or non-compliance with regulations and internal procedures over the year considered (see I-1. above).

Identified employees are subject to specific obligations for adherence to the rules on risks and compliance. A breach of these obligations may result in a partial reduction or total cancellation of the individual variable remuneration awarded.

In the event of a loss or a significant decline in its profits, OSTRUM AM may also decide to reduce or entirely cancel the amount allocated to individual variable remuneration, together with any deferred instalments of variable remuneration previously awarded and in the process of vesting.

Similarly, in the event that a major sustainability-related risk materialises, i.e. an environmental, social or governance event or situation occurs that could have a material and lasting adverse impact on the value of the funds/products under management, the package allocated to individual variable remuneration may be reduced or even cancelled, as may any deferred instalments of variable remuneration previously awarded and not yet fully vested.

There are no contractual guarantees for variable remuneration, with the occasional exception of variable remuneration awarded for the first year of work in connection with external recruitment.

“Golden parachute” agreements are forbidden. Payments related to the early termination of an employment contract are defined in accordance with legal provisions (legal and contractual indemnities) and the performance of the beneficiary, the area of the business to which they belong and the performance of the entire Management Company over the period. They are designed to avoid rewarding failure.

Variable remuneration is not paid through instruments or methods that facilitate circumvention of the requirements established in the regulations.

I-2.3. Key employee retention scheme

OSTRUM AM wants to ensure that its investors benefit from the continuity of service of its most talented employees and those identified as key in terms of their commitment or contribution to results.

In order to achieve this, a deferred remuneration system has been incorporated into its remuneration policies.

Beyond a certain variable threshold, this system leads to the allocation of a proportion of the variable remuneration in the form of a cash payment indexed to the performance of an equally weighted basket of products managed by OSTRUM AM. The proportion of variable remuneration thus deferred is vested in equal tranches over a period of at least three years and gives employees a stake in the performance of OSTRUM AM.

2. Governance and compliance commitments

This scheme is subject to conditions of continued employment and the absence of conduct inconsistent with the company's standards that could have an impact on the level of risk for OSTRUM AM and/or the products managed. Vesting of these tranches may be subject to a repayment commitment, either in full or in part, in order to ensure ex-post risk adjustment.

I-2.4. Balance between fixed and variable remuneration

OSTRUM AM ensures that there is an appropriate balance between the fixed and variable components of the total remuneration received and that the fixed component represents a sufficiently high proportion of the total remuneration so that a fully flexible policy can be exercised with regard to variable components of remuneration, including the option of not paying a variable component. All individual situations for which variable remuneration represents more than 100% of fixed remuneration and which can be explained by market practice and/or an exceptional level of responsibility, performance and behaviour, are documented by the Human Resources Department as part of the annual remuneration review.

II- APPLICATION OF THE SCHEME APPLICABLE TO IDENTIFIED EMPLOYEES UNDER THE AIFM AND/OR UCITS V DIRECTIVES

II-1. Identified employees

In accordance with regulatory provisions, OSTRUM AM's identified staff comprise the categories of employee, including executive managers, risk-takers and individuals exercising a control function, as well as any employee who, on the basis of their total remuneration, is in the same remuneration bracket as executive managers and risk-takers, whose employment activities have a material impact on the risk profile of the Management Company and/or the products managed by the Management Company. These individuals are identified on the basis of their employment activities, their level of responsibility or their level of total remuneration.

To maintain consistency and alignment, OSTRUM AM has decided to implement the system applicable to identified staff across the full scope of products managed (mandates, UCITS and AIFs).

The following employee categories are identified:
- Members of the management body,
- Members of staff responsible for portfolio management,
- Managers of control functions (risk, compliance and internal control),
- Managers of support or administrative activities,
- Other risk-takers,
- Employees who, given their overall remuneration, are in the same remuneration bracket as executive management and risk-takers.

Each year, prior to the annual remuneration review, the Human Resources Department draws up and formally records the identification methodology and scope of OSTRUM AM's identified staff, in conjunction with the Department of Permanent Controls.

2. Governance and compliance commitments

The names of all identified staff are then validated by OSTRUM AM's General Management and sent for approval to the Board of Directors in its supervisory function, before being provided to the Natixis Remuneration Committee.

The entire identification process is documented and archived by the Human Resources Department. The employees concerned are also informed of their status.

II-2. Scheme applicable to variable remuneration allocated to identified employees

In accordance with regulations and in order to ensure alignment between employees, investors and the management company, as soon as the variable remuneration of identified employees exceeds a certain threshold, it is partly deferred and partly awarded in the form of a financial instrument vesting pro rata temporis over a period of at least three years.

The proportion of the variable remuneration that is deferred over three years increases with the amount of variable remuneration awarded and can reach 60% for those with the highest remuneration at OSTRUM AM. Currently, the application methods for the deferred payment are as follows:

- Up to €199,000 in variable remuneration: no deferral,
- Between €200,000 and €499,000 in variable remuneration: 50% of the amount deferred from the first euro,
- From €500,000 in variable remuneration: 60% of the amount deferred from the first euro.

The thresholds for triggering deferred variable remuneration are subject to change depending on regulations or changes to internal policies. In this case, the new thresholds defined are subject to approval by the OSTRUM AM Executive Committee and the Natixis Remuneration Committee.

A minimum of 50% of the variable remuneration is also awarded in financial instruments in the form of cash payments indexed to the performance of a basket of products managed by OSTRUM AM.

The vesting of the deferred portion of variable remuneration is subject to conditions of continued employment, to the Management Company's financial performance, and to the absence of conduct inconsistent with the company's standards that could have an impact on the level of risk for OSTRUM AM and/or the products managed.
This vesting is also subject to obligations in terms of adherence to the rules on risks and compliance. Failure to comply with these obligations may result in a partial or total reduction of the vested portion. It may also be subject to a full or partial repayment commitment in order to ensure ex-post risk adjustment.

Employees in receipt of deferred variable remuneration are prohibited from using personal hedging or insurance strategies over the entire vesting period.

The terms and conditions for determining, valuing, awarding, vesting and paying deferred variable remuneration as an equivalent financial instrument are detailed in OSTRUM AM's Long-Term Incentive Plan (LTIP).

2. Governance and compliance commitments

III- GOVERNANCE

The general and specific principles of the remuneration policy are defined and documented by the OSTRUM AM Human Resources Department.

OSTRUM AM's Permanent Controls Department and Risk Department have an active role in the development, ongoing monitoring and assessment of the remuneration policy. They are thus involved in determining the overall strategy applicable to the Management Company to promote the development of effective risk management. In this respect, they are involved in determining the scope of the identified staff for the Permanent Controls Department and in determining the indexation and the basket of funds for the LTIP for the Risk Department. The Risk Department is also responsible for assessing the impact of the variable remuneration structure on the risk profile of managers.

OSTRUM AM's remuneration policy is approved by the OSTRUM AM Board of Directors in its supervisory function.

The general and specific principles, application methods and quantified data of the remuneration policy, including the identified staff and the highest levels of remuneration, are approved in detail by the members of the OSTRUM AM Executive Committee.

The OSTRUM AM Remuneration Committee was established and acts in accordance with regulations[1]:

- Both in its composition: the independence and expertise of its members, the majority of whom, like its Chairman, do not perform executive functions within OSTRUM AM and are, therefore, independent
- And in the exercise of its duties, which include the following roles:
  - Providing recommendations and assistance to the Board of Directors in the development and implementation of the Management Company's remuneration policy.
  - Providing assistance to the Board of Directors in supervising the development and operation of the Management Company's remuneration system.
  - Special attention is paid to the evaluation of the mechanisms used to ensure that the remuneration system takes proper account of all categories of risk, liquidity and the levels of assets under management and that the remuneration policy is compatible with the economic strategy, objectives, values and interests of the Management Company and the products managed and with those of investors.

In this context, the general and specific principles, the compliance of OSTRUM AM's remuneration policy with the applicable regulations and application methods, and quantified summary data of the remuneration policy, including the identified population and the highest levels of remuneration, are submitted to the OSTRUM AM Remuneration Committee for review, before being approved by its Board of Directors in its supervisory function.

2. Governance and compliance commitments

1 For more details on the composition and role of OSTRUM AM's Remuneration Committee, see the Rules of Procedure of the Appointments and Remuneration Committee.

Natixis IM's General Management then submits the above information in summary form for the approval of Natixis's General Management, which then transmits it to the Natixis Remuneration Committee, before it is approved by its Board of Directors in its supervisory function.

The Natixis Remuneration Committee itself has been established and acts in accordance with regulations, both in its composition (the independence and expertise of its members) and in the exercise of its duties. The majority of its members, its Chairman included, do not perform executive functions within OSTRUM AM, are external to the NATIXIS Group and are therefore completely independent.

The remuneration of OSTRUM AM's Chief Executive Officer is proposed by the General Management of Natixis IM and of Natixis, then presented to the OSTRUM AM Remuneration Committee and finally to the Natixis Remuneration Committee.

The remuneration packages of OSTRUM AM's Risk and Compliance Directors are reviewed, as part of the independent reviews carried out by the risk and compliance functions, by Natixis IM's Risk and Compliance Directors. They are then submitted to the OSTRUM AM Remuneration Committee, and then to the Natixis Remuneration Committee.

In short, all roles assigned to remuneration committees and set out in the regulatory texts are in practice performed by the Remuneration Committee established at OSTRUM AM-company level and/or by the Natixis Remuneration Committee.

The general and specific principles of the remuneration policy are communicated internally to all employees and members of the Works Council. OSTRUM AM also complies with all its obligations in terms of external advertising.

This entire review, validation and communication process takes place every year. It includes any regulatory and contextual changes and is conducted in line with the Natixis remuneration policy.

Finally, the entire OSTRUM AM remuneration policy is subject to a centralised and independent annual review by the Natixis IM Internal Audit Department.

When OSTRUM AM delegates the financial management of one of the portfolios that it manages to another management company, it ensures that this delegated company complies with the regulations in force.

2. Governance and compliance commitments

Remuneration paid during the last financial year

The total amount of remuneration for the financial year paid by the Management Company to its staff, broken down into fixed and variable remuneration, and the number of beneficiaries, is as follows:

Fixed remuneration in 2022*: €27,364,506
Variable remuneration awarded for 2022: €10,419,005
Employees concerned: 357
** Theoretical fixed remuneration for full-time equivalents (FTE) in December 2022*

The aggregate amount of remuneration, broken down between the Management Company's senior executives and members of staff whose activities have a material impact on the risk profile of the Management Company and/or the portfolios is as follows:

Total remuneration awarded for 2022: €15,943,236 including:
- Senior executives: €3,850,000
- Members of staff: €12,093,236

Employees concerned: 83

3. Fees and taxation

■ Intermediation fees

Detailed information on the terms and conditions applied by the Management Company for order execution or investment decision-making support services during the year ended can be found on its website at **http://www.im.natixis.com**.

■ Withholding tax

This UCI is not involved in recoveries of withholding tax in respect of this year.

4. Statutory Auditor’s report

Deloitte.

Deloitte & Associés
6 place de la Pyramide
92908 Paris-la Défense Cedex
France
Telephone: + 33 (0)1 40 88 28 00
www.deloitte.fr

Postal address:
TSA 20303
92030 La Défense Cedex, France

OSTRUM SRI EURO BONDS 3-5

Mutual Fund

Management company:
Natixis Investment Managers International

43 Avenue Pierre Mendès France
75013 Paris, France

Statutory Auditor’s report on the annual financial statements

Financial year ended 30 June 2023

To the unitholders of the OSTRUM SRI EURO BONDS 3-5 Fund,

Opinion

In the performance of the assignment entrusted to us by the Management Company, we have audited the annual financial statements of the OSTRUM SRI EURO BONDS 3-5 undertaking for collective investment, constituted in the form of a mutual fund, relating to the financial year ended 30 June 2023, as attached to this report.

We certify that the annual financial statements are, in compliance with French accounting rules and principles, accurate and consistent, and give a true and fair view of the financial performance for the previous financial year as well as the financial position and holdings of the Fund at the end of this financial year.

Basis of the opinion on the annual financial statements

Audit framework

We conducted our audit in accordance with the standards of professional practice applicable in France. We believe that the information that we collected is sufficient and appropriate to form a basis for our opinion.

Our responsibilities pursuant to these standards are set out in the section of this report titled “Statutory Auditor’s responsibilities regarding the audit of the annual financial statements”.

Independence

We conducted our audit in accordance with the rules of independence set out in the French Commercial Code and in the Code of Ethics for Statutory Auditors, for the period from 1 July 2022 to the date of issue of our report.

Justification of our assessments

In accordance with the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we would inform you that, in our professional opinion, the most significant assessments we conducted were based on the appropriateness of the accounting principles applied, with specific regard to the financial instruments held in the portfolio and on the overall presentation of the financial statements, in respect of the Chart of Accounts for open-ended undertakings for collective investment.

The assessments were made as part of our audit of the annual financial statements, taken as a whole, and therefore contributed to the formation of the opinion expressed in the first part of this report. We have no comment to make on any individual aspect of these annual financial statements.

Specific verifications

We also performed the specific verifications required by the relevant legal and regulatory provisions and in accordance with professional auditing standards in France.

We have no observations to make concerning the accuracy and consistency with the annual financial statements of the information provided in the management report prepared by the management company.

Responsibilities of the Management Company with respect to the annual financial statements

It is the Management Company's responsibility to prepare annual financial statements that give a true and fair view, in accordance with French accounting rules and principles, and to implement the internal controls it deems necessary for the preparation of annual financial statements that are free of material misstatement, whether due to fraud or error.

When preparing the annual financial statements, it is the Management Company's responsibility to assess the Fund's ability to continue as a going concern, to present in said financial statements, where applicable, the necessary information relating to its viability as a going concern, and to apply the going concern accounting convention unless it intends to wind up the Fund or to cease trading.

The annual financial statements were prepared by the Management Company.

Statutory Auditor's responsibilities regarding the audit of the annual financial statements

It is our responsibility to draw up a report on the annual financial statements. Our aim is to obtain reasonable assurance that the annual financial statements taken as a whole are free of material misstatement. Reasonable assurance corresponds to a high level of assurance, but does not guarantee that an audit performed in accordance with the standards of professional practice will always detect all material misstatement. Misstatements may arise from fraud or error and are considered material where it can reasonably be expected that, taken individually or together, they may influence the economic decisions made by users taking the financial statements as their basis.

As specified by Article L. 823-10-1 of the French Commercial Code, our task is to certify the financial statements, and not to guarantee the viability or the quality of the management of your Fund.

As part of an audit conducted in accordance with the professional practice standards applicable in France, the Statutory Auditor exercises their professional judgement throughout this audit. In addition:

- they identify and assess the risks that the annual financial statements may contain material misstatement, whether due to fraud or error, set out and implement the audit procedures intended to counter these risks, and collate the items that they deem sufficient and appropriate to justify their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than from one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation or the override of internal control;

- they take note of the internal control processes relevant to the audit so as to set out audit procedures that are appropriate to the circumstances; their role in so doing is not to express an opinion on the effectiveness of the internal control processes;

- they assess the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management Company, as well as the information provided in their regard in the annual financial statements;

- they assess the appropriateness of the application by the management company of the going concern accounting policy and, based on the evidence gathered, whether there is significant uncertainty relating to events or circumstances that may affect the Fund’s ability to continue as a going concern. This assessment is based on the items collected up to the date of the audit report, on the understanding that subsequent events or circumstances may affect viability as a going concern. If they conclude that significant uncertainty exists, they draw the attention of the reader of the report to the information provided in the annual financial statements about this uncertainty or, if this information is not provided or is not relevant, they issue a certification with reserve or a refusal to certify;

- they appraise the overall presentation of the annual financial statements and assesses whether said statements reflect the transactions and underlying events, and thus provide a true and fair view thereof.

Paris La Défense, 13 October 2023

Statutory Auditor

Deloitte & Associés

Olivier Galienne

5. Annual financial statements

a) Annual financial statements

■ BALANCE SHEET – ASSETS AT 30/06/2023 IN EUR

	30/06/2023	30/06/2022
NET FIXED ASSETS	**0.00**	**0.00**
DEPOSITS	**247,856,650.40**	**147,999,019.60**
FINANCIAL INSTRUMENTS	**1,456,606,481.44**	**963,017,971.54**
Equities and equivalent securities	**0.00**	**0.00**
Traded on a regulated or equivalent market	0.00	0.00
Not traded on a regulated or equivalent market	0.00	0.00
Bonds and equivalent securities	**1,147,313,676.93**	**774,753,062.70**
Traded on a regulated or equivalent market	1,147,313,676.93	774,753,062.70
Not traded on a regulated or equivalent market	0.00	0.00
Debt securities	**0.00**	**0.00**
Traded on a regulated or equivalent market	0.00	0.00
Negotiable debt securities	0.00	0.00
Other debt securities	0.00	0.00
Not traded on a regulated or equivalent market	0.00	0.00
Undertakings for collective investment	**62,382,122.80**	**38,817,298.80**
General-purpose UCITS and AIFs intended for non-professionals, and equivalents in other countries	62,382,122.80	38,817,298.80
Other funds intended for non-professionals, and equivalents in other EU Member States	0.00	0.00
General-purpose investment funds intended for professionals, equivalents in other EU Member States and listed securitisation vehicles	0.00	0.00
Other professional investment funds and their equivalents in other EU Member States and unlisted securitisation vehicles	0.00	0.00
Other non-European undertakings	0.00	0.00
Temporary securities transactions	**246,251,726.59**	**148,634,791.92**
Receivables on securities received under repurchase agreements	0.00	0.00
Receivables on loaned securities	0.00	0.00
Borrowed securities	0.00	0.00
Securities transferred under repurchase agreements	246,251,726.59	148,634,791.92
Other temporary transactions	0.00	0.00
Forward financial instruments	**658,955.12**	**812,818.12**
Transactions on a regulated or equivalent market	658,955.12	812,818.12
Other transactions	0.00	0.00
Other financial instruments	**0.00**	**0.00**
RECEIVABLES	**4,943,153.82**	**9,917,385.98**
Forward foreign exchange transactions	0.00	0.00
Other	4,943,153.82	9,917,385.98
FINANCIAL ACCOUNTS	**432,038.78**	**141,473.92**
Cash and cash equivalents	432,038.78	141,473.92
TOTAL ASSETS	**1,709,838,324.44**	**1,121,075,851.04**

5. Annual financial statements

■ **BALANCE SHEET – LIABILITIES AT 30/06/2023 IN EUR**

	30/06/2023	30/06/2022
SHAREHOLDERS' EQUITY		
Capital	1,514,265,075.68	980,250,218.80
Undistributed prior net gains and losses (a)	0.00	0.00
Retained earnings (a)	0.00	0.00
Net gains and losses for the financial year (a, b)	-58,466,099.78	-14,673,748.82
Income for the financial year (a, b)	4,135,990.81	3,994,763.81
TOTAL SHAREHOLDERS' EQUITY*	**1,459,934,966.71**	**969,571,233.79**
** Amount representative of net assets*		
FINANCIAL INSTRUMENTS	**248,406,719.83**	**150,646,040.03**
Sales of financial instruments	0.00	0.00
Temporary securities transactions	247,747,764.71	149,810,199.98
Payables on securities transferred under repurchase agreements	247,747,764.71	149,810,199.98
Payables on borrowed securities	0.00	0.00
Other temporary transactions	0.00	0.00
Forward financial instruments	658,955.12	835,840.05
Transactions on a regulated or equivalent market	658,955.12	835,840.05
Other transactions	0.00	0.00
PAYABLES	**662,789.88**	**549,715.17**
Forward foreign exchange transactions	0.00	0.00
Other	662,789.88	549,715.17
FINANCIAL ACCOUNTS	**833,848.02**	**308,862.05**
Current bank loans	833,848.02	308,862.05
Borrowings	0.00	0.00
TOTAL LIABILITIES	**1,709,838,324.44**	**1,121,075,851.04**

(a) Including adjustments.

(b) Minus interim dividends paid over the financial year.

5. Annual financial statements

■ OFF-BALANCE SHEET ITEMS AT 30/06/2023 IN EUR

	30/06/2023	30/06/2022
HEDGING TRANSACTIONS		
Commitments on regulated or equivalent markets		
Futures contracts		
EURO SCHATZ 0922	0.00	38,200,750.00
XEUR FBTP BTP 0922	0.00	4,186,080.00
XEUR FOAT EUR 0923	8,988,000.00	0.00
FGBL BUND 10A 0922	0.00	38,682,800.00
EURO BUND 0923	138,153,420.00	0.00
XEUR FGBX BUX 0923	3,490,000.00	0.00
Commitments on over-the-counter markets		
Other commitments		
OTHER TRANSACTIONS		
Commitments on regulated or equivalent markets		
Futures contracts		
EURO SCHATZ 0923	104,850.00	0.00
EURO BTP 0923	15,094,300.00	0.00
EURO BOBL 0922	0.00	54,891,980.00
EURO BOBL 0923	31,241,700.00	0.00
US 10YR NOTE 0923	20,580,316.22	0.00
Commitments on over-the-counter markets		
Other commitments		

5. Annual financial statements

■ INCOME STATEMENT AT 30/06/2023 IN EUR

	30/06/2023	30/06/2022
Income from financial transactions		
Income from deposits and financial accounts	3,243,517.05	182.30
Income from equities and equivalent securities	0.00	0.00
Income from bonds and equivalent securities	7,301,319.34	3,757,304.59
Income from debt securities	0.00	0.00
Income from securities financing transactions	146,027.52	431,267.29
Income from forward financial instruments	0.00	0.00
Other financial income	0.00	0.00
TOTAL (1)	**10,690,863.91**	**4,188,754.18**
Expenses on financial transactions		
Expenses in respect of securities financing transactions	2,695,314.39	11,524.34
Expenses on forward financial instruments	0.00	0.00
Expenses on financial debt	130,330.99	303,261.99
Other financial expenses	0.00	0.00
TOTAL (2)	**2,825,645.38**	**314,786.33**
PROFIT/LOSS FROM FINANCIAL TRANSACTIONS (1 - 2)	**7,865,218.53**	**3,873,967.85**
Other income (3)	0.00	0.00
Management fees and provisions for depreciation and amortisation (4)	4,154,350.86	1,678,515.82
NET PROFIT/LOSS FOR THE FINANCIAL YEAR (L. 214-17-1) (1 - 2 + 3 - 4)	**3,710,867.67**	**2,195,452.03**
Income equalisation for the financial year (5)	425,123.14	1,799,311.78
Interim dividends paid over the financial year (6)	0.00	0.00
PROFIT/LOSS (1 - 2 + 3 - 4 + 5 - 6)	**4,135,990.81**	**3,994,763.81**

5. Annual financial statements

b) Annual financial statements – Notes

1. Accounting rules and methods

The annual financial statements are presented in the form prescribed by ANC Regulation 2014-01, as amended.

The following general accounting principles apply:
- a true and fair view, comparability and going concern;
- lawfulness and fairness;
- prudence;
- consistency in accounting methods from one financial year to the next.

The reference currency of the portfolio is the EURO.
The length of the financial year is 12 months.

Asset valuation rules

The value of the portfolio is calculated as follows:

1. Financial instruments traded on a regulated market are valued on the basis of prices that seem most representative among stock market prices, prices provided by market specialists, prices used for the calculation of recognised market indices, or prices published in representative databases.
   Financial instruments traded on a regulated European market are valued on each trading day on the basis of the day's closing price.
   Financial instruments traded on a regulated market in the Asia-Pacific region are valued each trading day on the basis of the day's closing price.
   Financial instruments traded on a regulated market in the Americas are valued each trading day on the basis of the day's closing price.

2. Financial instruments traded on a regulated market outside the European Monetary Union are valued on each trading day based on the price on their main market, converted into euros according to the WM Reuters rate recorded at 4:00 p.m. London time.

3. Units or shares of listed UCIs are valued on the basis of the prices that appear to be the most representative among stock market prices (closing price) or net asset values (last known net asset value).
   Units or shares of unlisted UCIs and other unlisted investment funds are valued at the last known net asset value or, failing that, at their last estimated value.

4. With the exception of Warrants issued by States in the eurozone, whose price is published on representative databases or reported by market specialists, negotiable debt securities and equivalent securities are valued actuarially by applying the swap rate calculated by interpolating the corresponding maturity which is increased or decreased by an estimated margin depending on the intrinsic characteristics of the issuer of the security.

5. Annual financial statements

5. Securities financing transactions are valued as follows:
   a. Securities lent and borrowed: borrowed securities are valued at their market value. The receivable representing the securities lent or the debt representing the securities borrowed is also valued at the securities' market value.
   b. Securities transferred or received under repurchase/reverse repurchase agreements: securities received under repurchase/reverse repurchase agreements recorded as receivables are valued at the value set out in the agreement. Securities assigned under repurchase agreements are valued at market value. The debt representing the securities transferred under a repurchase agreement is valued at the value set out in the agreement.

6. Transactions in futures and options are valued as follows:
   a. Transactions involving futures and options traded on organised markets in the European Monetary Union are valued each trading day on the basis of the clearing price on the valuation day.
   b. Transactions involving futures and options traded on foreign organised markets are valued each trading day on the basis of the price on their main market converted into euros according to the WM Reuters price recorded at 4.00 pm GMT.
   c. Commitments corresponding to transactions on the futures markets are recorded off-balance sheet at their market value, while those corresponding to transactions on the options markets are translated into their underlying equivalent.

7. Interest rate and currency swaps are valued as follows:
   a. Interest rate and/or currency swaps are appraised at their market value based on a price calculated by discounting future cash flows (principal and interest) at market interest rates and/or exchange rates.
   b. The combination of a security and its interest rate and/or currency swap contract may be subject to an overall valuation at the market rate and/or the rate of the currency resulting from the swap pursuant to the terms of the contract. This method may only be used in the specific case of a swap allocated to an identified security. The assimilated combination is then valued as a debt security.
   c. Credit default swaps (CDS) are valued according to the standard method published by the International Swaps and Derivatives Association "ISDA Upfront Standard".
   d. Volatility swaps are valued taking the realised variance and anticipated variance into account.

8. Forward foreign exchange transactions are valued on the basis of a revaluation of currencies using the daily exchange rate, taking into account the carry forward/discount calculated in line with the contract expiry date.
   Term deposits are recorded and valued at their nominal amount. Any associated accrued interest is added to this amount.

9. Other swap transactions or balance sheet products with complex embedded derivatives are valued by means of models that use analytical (e.g. Black & Scholes) or digital (e.g. Monte Carlo) methods approved by the Management Company.

10. Financial instruments, the prices of which were not recorded on the valuation day or for which the prices have been adjusted, are valued at their probable trading value at the Management Company's liability.

11. Valuation of off-balance sheet financial swaps.
    The commitment corresponds to the nominal value of the contract.

5. Annual financial statements

12. Additions to the portfolio are recorded at their acquisition price excluding fees, and disposals are recorded at their sale price excluding fees.

13. The subscription fee does not accrue to the Fund; it reverts to the Management Company and the marketer.

14. Income is recognised using the "coupons received" method.

15. The annual financial statements are prepared on the basis of the latest published net asset value for the month of June.

Accounting method

Income is recognised in accordance with the coupon received method.

Additions to the portfolio are recorded at their acquisition price excluding fees, and disposals are recorded at their sale price excluding fees.

Management fees

Management fees are a maximum of 0.80% including tax of net assets for the E and I units.

Management fees for the GP unit is a maximum of 0.70% including tax of the net assets.

These fees are charged directly to the income statement.

Allocation of distributable income

***Definition of distributable income*:**

Distributable income consists of:

Income:

Net income for the financial year is equal to the amount of interest, arrears, premiums and bonuses, dividends, directors' fees and all other income generated by the securities held in the portfolio, plus income generated by temporary cash holdings, less management fees and borrowing costs.
It is increased by retained earnings and increased or reduced by the balance of the accrual account.

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Gains and losses:

The gains realised, net of fees, less the losses realised, net of fees, recorded in the financial year, plus the net gains of the same type recognised in previous years that have not been distributed or accumulated, plus or minus the balance of the profit/loss equalisation account.

Procedures for allocating distributable income:

Distributable income	*E EUR units*	*M EUR units*	*GP EUR units*
Allocation of net income	Accumulation and/or distribution (and/or retained); possibility of interim dividend distribution	Accumulation and/or distribution (and/or retained); possibility of interim dividend distribution	Accumulation and/or distribution (and/or retained); possibility of interim dividend distribution
Allocation of net realised profits or losses	Accumulation and/or distribution (and/or retained); possibility of interim dividend distribution	Accumulation and/or distribution (and/or retained); possibility of interim dividend distribution	Accumulation and/or distribution (and/or retained); possibility of interim dividend distribution

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■ 2. CHANGE IN NET ASSETS AT 30/06/2023 IN EUR

	30/06/2023	30/06/2022
NET ASSETS AT THE START OF THE FINANCIAL YEAR	**969,571,233.79**	**168,676,570.09**
Subscriptions (including subscription fees accruing to the UCI)	825,832,865.42	935,794,791.95
Redemptions (less redemption fees accruing to the UCI)	-283,351,987.73	-89,989,327.90
Gains realised on deposits and financial instruments	4,044,984.72	338,324.61
Losses realised on deposits and financial instruments	-58,354,052.07	-10,355,591.58
Gains realised on forward financial instruments	21,875,429.67	6,211,579.20
Losses realised on forward financial instruments	-22,448,215.71	-3,987,822.60
Transaction fees	-290,170.77	-155,860.73
Exchange rate differences	-7,343.20	7,678.22
Changes in the valuation difference for deposits and financial instruments	-677,779.96	-38,729,899.61
Valuation difference, financial year N	*-40,738,590.98*	*-40,060,811.02*
Valuation difference, financial year N-1	*40,060,811.02*	*1,330,911.41*
Changes in the valuation difference for forward financial instruments	29,184.88	-434,660.00
Valuation difference, financial year N	*-446,955.12*	*-476,140.00*
Valuation difference, financial year N-1	*476,140.00*	*41,480.00*
Dividends paid in the previous financial year on net gains and losses	0.00	0.00
Dividends paid in the previous financial year on income	0.00	0.00
Net income for the financial year before accruals	3,710,867.67	2,195,452.03
Interim dividend(s) paid during the financial year on net gains and losses	0.00	0.00
Interim dividend(s) paid during the financial year on income	0.00	0.00
Other items	-50.00 (**)	0.11(*)
NET ASSETS AT THE END OF THE FINANCIAL YEAR	**1,459,934,966.71**	**969,571,233.79**

(*) 30/06/2022: Merger cash payment 010573 12/01/2022.
(**) 30/06/2023: Annual LEI certification fees: €-50.00

5. Annual financial statements

■ 3. ADDITIONAL INFORMATION

■ 3.1. BREAKDOWN OF FINANCIAL INSTRUMENTS BY LEGAL OR ECONOMIC TYPE

	Amount	%
ASSETS		
BONDS AND EQUIVALENT SECURITIES		
Other bonds (indexed, equity securities)	1,472,948.01	0.10
Fixed-rate bonds traded on a regulated or equivalent market	1,145,840,728.92	78.49
TOTAL BONDS AND EQUIVALENT SECURITIES	**1,147,313,676.93**	**78.59**
DEBT SECURITIES		
TOTAL DEBT SECURITIES	**0.00**	**0.00**
LIABILITIES		
SALES OF FINANCIAL INSTRUMENTS		
TOTAL SALES OF FINANCIAL INSTRUMENTS	**0.00**	**0.00**
OFF-BALANCE SHEET ITEMS		
HEDGING TRANSACTIONS		
Interest rate	150,631,420.00	10.32
TOTAL HEDGING TRANSACTIONS	**150,631,420.00**	**10.32**
OTHER TRANSACTIONS		
Interest rate	67,021,166.22	4.59
TOTAL OTHER TRANSACTIONS	**67,021,166.22**	**4.59**

■ 3.2. BREAKDOWN OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS BY RATE TYPE

	Fixed rate	%	Variable rate	%	Adjustable rate	%	Other	%
ASSETS								
Deposits	0.00	0.00	0.00	0.00	0.00	0.00	247,856,650.40	16.98
Bonds and equivalent securities	1,145,840,728.92	78.49	0.00	0.00	0.00	0.00	1,472,948.01	0.10
Debt securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Temporary securities transactions	231,227,643.74	15.84	0.00	0.00	0.00	0.00	15,024,082.85	1.03
Financial accounts	0.00	0.00	0.00	0.00	0.00	0.00	432,038.78	0.03
LIABILITIES								
Temporary securities transactions	0.00	0.00	242,860,275.33	16.64	4,887,489.38	0.33	0.00	0.00
Financial accounts	0.00	0.00	0.00	0.00	0.00	0.00	833,848.02	0.06
OFF-BALANCE SHEET ITEMS								
Hedging transactions	150,631,420.00	10.32	0.00	0.00	0.00	0.00	0.00	0.00
Other transactions	67,021,166.22	4.59	0.00	0.00	0.00	0.00	0.00	0.00

5. Annual financial statements

■ 3.3. BREAKDOWN OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS BY RESIDUAL MATURITY(*)

	< 3 months	%	]3 months - 1 year]	%	]1 - 3 years]	%	]3 - 5 years]	%	> 5 years	%
ASSETS										
Deposits	247,856,650.40	16.98	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bonds and equivalent securities	0.00	0.00	4,882,332.59	0.33	40,411,199.73	2.77	858,650,226.77	58.81	243,369,917.84	16.67
Debt securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Temporary securities transactions	0.00	0.00	0.00	0.00	26,332,424.07	1.80	172,419,435.89	11.81	47,499,866.63	3.25
Financial accounts	432,038.78	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LIABILITIES										
Temporary securities transactions	29,512,444.02	2.02	0.00	0.00	0.00	0.00	0.00	0.00	218,235,320.69	14.95
Financial accounts	833,848.02	0.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OFF-BALANCE SHEET ITEMS										
Hedging transactions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	150,631,420.00	10.32
Other transactions	0.00	0.00	0.00	0.00	104,850.00	0.01	31,241,700.00	2.14	35,674,616.22	2.44

(*) Positions in interest rate futures are shown based on the maturity of the underlying asset.

■ 3.4. BREAKDOWN OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS BY LISTING OR VALUATION CURRENCY (NON-EURO)

	Currency 1 USD		Currency 2		Currency 3		Currency N OTHER(S)	
	Amount	%	Amount	%	Amount	%	Amount	%
ASSETS								
Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equities and equivalent securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bonds and equivalent securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Debt securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
UCIs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Temporary securities transactions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Receivables	550,504.12	0.04	0.00	0.00	0.00	0.00	0.00	0.00
Financial accounts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LIABILITIES								
Sales of financial instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Temporary securities transactions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Payables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial accounts	833,848.02	0.06	0.00	0.00	0.00	0.00	0.00	0.00
OFF-BALANCE SHEET ITEMS								
Hedging transactions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other transactions	20,580,316.22	1.41	0.00	0.00	0.00	0.00	0.00	0.00

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■ 3.5. RECEIVABLES AND PAYABLES: BREAKDOWN BY TYPE

	Type of debit/credit	30/06/2023
RECEIVABLES		
	Subscriptions receivable	138,130.54
	Cash collateral deposits	4,804,690.42
	Other receivables	332.86
TOTAL RECEIVABLES		**4,943,153.82**
PAYABLES		
	Redemptions payable	158,589.13
	Fixed management fees	361,961.61
	Collateral	142,239.14
TOTAL PAYABLES		**662,789.88**
TOTAL PAYABLES AND RECEIVABLES		**4,280,363.94**

■ 3.6. SHAREHOLDERS' EQUITY

• 3.6.1. Number of securities issued or redeemed

	Units	Amount
OSTRUM SRI EURO BONDS 3-5 E unit		
Units subscribed during the financial year	139,846.75986	149,837,399.65
Units redeemed during the financial year	-95,370.75227	-98,938,930.41
Net subscriptions/redemptions	44,476.00759	50,898,469.24
Number of units outstanding at the end of the financial year	364,537.32671	
OSTRUM SRI EURO BONDS 3-5 GP unit		
Units subscribed during the financial year	163,404.99918	15,233,341.52
Units redeemed during the financial year	-114,116.99915	-10,646,033.29
Net subscriptions/redemptions	49,288.00003	4,587,308.23
Number of units outstanding at the end of the financial year	178,551.05810	
OSTRUM SRI EURO BONDS 3-5 I unit		
Units subscribed during the financial year	61,266.42596	660,762,124.25
Units redeemed during the financial year	-16,281.88803	-173,767,024.03
Net subscriptions/redemptions	44,984.53793	486,995,100.22
Number of units outstanding at the end of the financial year	100,428.98282	

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• 3.6.2. Subscription and/or redemption fees

	Amount
OSTRUM SRI EURO BONDS 3-5 E unit	
Total subscription and/or redemption fees accrued	0.00
Subscription fees accrued	0.00
Redemption fees accrued	0.00
OSTRUM SRI EURO BONDS 3-5 GP unit	
Total subscription and/or redemption fees accrued	0.00
Subscription fees accrued	0.00
Redemption fees accrued	0.00
OSTRUM SRI EURO BONDS 3-5 I unit	
Total subscription and/or redemption fees accrued	0.00
Subscription fees accrued	0.00
Redemption fees accrued	0.00

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■ 3.7. MANAGEMENT FEES

	30/06/2023
OSTRUM SRI EURO BONDS 3-5 E unit	
Guarantee fees	0.00
Fixed management fees	2,077,612.34
Percentage of fixed management fees	0.52
Retrocessions of management fees	0.00
OSTRUM SRI EURO BONDS 3-5 GP unit	
Guarantee fees	0.00
Fixed management fees	82,856.54
Percentage of fixed management fees	0.52
Retrocessions of management fees	0.00
OSTRUM SRI EURO BONDS 3-5 I unit	
Guarantee fees	0.00
Fixed management fees	1,993,881.98
Percentage of fixed management fees	0.22
Retrocessions of management fees	0.00

■ 3.8. COMMITMENTS RECEIVED AND GIVEN

• 3.8.1. Guarantees received by the UCI:

None.

• 3.8.2. Other commitments received and/or given:

None.

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■ 3.9. OTHER INFORMATION

• 3.9.1. Current value of financial instruments acquired under securities financing transactions

	30/06/2023
Securities received under reverse repurchase agreements	0.00
Borrowed securities	0.00

• 3.9.2. Current value of financial instruments constituting collateral deposits

	30/06/2023
Financial instruments given as collateral and retained under their original entry	0.00
Financial instruments received as collateral and not posted in the balance sheet	0.00

• 3.9.3. Financial instruments held, issued and/or managed by the Group

	ISIN code	Denomination	30/06/2023
Equities			0.00
Bonds			0.00
Negotiable debt securities			0.00
UCIs			62,382,122.80
	LU1117699071	OSTRUM EURO BDS OPP 12M SI A EUR CAP	8,612,100.00
	FR0010392951	OSTRUM SRI CASH M unit	53,770,022.80
Forward financial instruments			0.00
Total Group securities			**62,382,122.80**

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■ 3.10. ALLOCATION OF DISTRIBUTABLE INCOME

• Allocation table for the portion of distributable income relating to profit/loss

	30/06/2023	30/06/2022
Amounts still to be allocated		
Retained earnings	0.00	0.00
Income	4,135,990.81	3,994,763.81
Interim dividends paid on income for the financial year	0.00	0.00
Total	**4,135,990.81**	**3,994,763.81**

	30/06/2023	30/06/2022
OSTRUM SRI EURO BONDS 3-5 E unit		
Allocation		
Distribution	0.00	0.00
Retained earnings for the financial year	0.00	0.00
Accumulation	227,054.14	852,050.81
Total	**227,054.14**	**852,050.81**

	30/06/2023	30/06/2022
OSTRUM SRI EURO BONDS 3-5 GP unit		
Allocation		
Distribution	0.00	0.00
Retained earnings for the financial year	0.00	0.00
Accumulation	9,944.16	36,881.63
Total	**9,944.16**	**36,881.63**

	30/06/2023	30/06/2022
OSTRUM SRI EURO BONDS 3-5 I unit		
Allocation		
Distribution	0.00	0.00
Retained earnings for the financial year	0.00	0.00
Accumulation	3,898,992.51	3,105,831.37
Total	**3,898,992.51**	**3,105,831.37**

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• Allocation table for the portion of distributable income relating to net profits and losses

	30/06/2023	30/06/2022
Amounts still to be allocated		
Undistributed prior net gains and losses	0.00	0.00
Net gains and losses for the financial year	-58,466,099.78	-14,673,748.82
Interim dividends paid on net gains and losses for the financial year	0.00	0.00
Total	**-58,466,099.78**	**-14,673,748.82**

	30/06/2023	30/06/2022
OSTRUM SRI EURO BONDS 3-5 E unit		
Allocation		
Distribution	0.00	0.00
Undistributed net gains and losses	0.00	0.00
Accumulation	-15,041,424.65	-5,208,526.24
Total	**-15,041,424.65**	**-5,208,526.24**

	30/06/2023	30/06/2022
OSTRUM SRI EURO BONDS 3-5 GP unit		
Allocation		
Distribution	0.00	0.00
Undistributed net gains and losses	0.00	0.00
Accumulation	-658,885.82	-188,134.80
Total	**-658,885.82**	**-188,134.80**

	30/06/2023	30/06/2022
OSTRUM SRI EURO BONDS 3-5 I unit		
Allocation		
Distribution	0.00	0.00
Undistributed net gains and losses	0.00	0.00
Accumulation	-42,765,789.31	-9,277,087.78
Total	**-42,765,789.31**	**-9,277,087.78**

5. Annual financial statements

■ 3.11. TABLE OF RESULTS AND OTHER SIGNIFICANT ITEMS OVER THE LAST FIVE FINANCIAL YEARS

	28/06/2019	30/06/2020	30/06/2021	30/06/2022	30/06/2023
Total net assets in EUR	**394,693,003.72**	**338,144,882.08**	**168,676,570.09**	**969,571,233.79**	**1,459,934,966.71**
OSTRUM SRI EURO BONDS 3-5 E unit in EUR					
Net assets	238,875,159.06	193,115,022.77	157,469,541.46	343,871,350.72	375,434,938.07
Number of securities	208,453.28878	168,424.80893	137,073.39602	320,061.31912	364,537.32671
Net asset value per unit	1,145.94	1,146.59	1,148.79	1,074.39	1,029.89
Accumulation per unit from net gains/losses	-25.82	-2.89	-10.96	-16.27	-41.26
Accumulation per unit from income	23.66	19.10	11.48	2.66	0.62
OSTRUM SRI EURO BONDS 3-5 GP unit in EUR					
Net assets	2,926,577.29	2,531,326.06	2,440,637.75	12,421,822.84	16,446,227.71
Number of securities	28,652.92295	24,731.71521	23,764.27132	129,263.05807	178,551.05810
Net asset value per unit	102.13	102.35	102.70	96.09	92.10
Accumulation per unit from net gains/losses	-2.29	-0.25	-0.98	-1.45	-3.69
Accumulation per unit from income	2.25	1.85	1.18	0.28	0.05
OSTRUM SRI EURO BONDS 3-5 I unit in EUR					
Net assets	152,891,267.37	142,498,533.25	8,766,390.88	613,278,060.23	1,068,053,800.93
Number of securities	13,043.93094	12,125.93094	743.05941	55,444.44489	100,428.98282
Net asset value per unit	11,721.25	11,751.55	11,797.69	11,061.12	10,634.91
Accumulation per unit from net gains/losses	-263.86	-29.73	-112.61	-167.32	-425.83
Accumulation per unit from income	264.76	219.14	141.53	56.01	38.82

5. Annual financial statements

■ 3.12. DETAILED INVENTORY OF FINANCIAL INSTRUMENTS IN EUR

Name of security	Currency	Quantity (number or nominal value)	Current value	% of net assets
Deposits				
Cash collat. p/e	EUR	247,856,650.4	247,856,650.40	16.98
TOTAL Deposits			**247,856,650.40**	**16.98**
Bonds and equivalent securities				
Bonds and equivalent securities traded on a regulated or equivalent market				
GERMANY				
BUNDESREPUBLIK DEUTSCHLAND 0.0% 15-08-31	EUR	57,000,000	47,226,780.00	3.24
BUNDESREPUBLIK DEUTSCHLAND 0.25% 15-02-27	EUR	500,000	458,496.03	0.03
BUNDSOBLIGATION 0.0% 10/10/25	EUR	25,600,001	23,938,816.94	1.64
BUNDSOBLIGATION 0.0% 16/04/27	EUR	100,000	90,382.00	0.01
BUNDSOBLIGATION 1.3% 15/10/27	EUR	120,000,000	115,430,695.90	7.90
DEUTSCHE BUNDES INFLATION LINKED BOND 0.1% 15-04-33	EUR	1,249,999	1,472,948.01	0.10
KFW 0.0% 18-02-25 EMTN	EUR	3,000,000	2,836,890.00	0.20
KFW 0.01% 31-03-25 EMTN	EUR	2,000,000	1,884,231.91	0.13
KFW 0 09/15/28	EUR	12,500,000	10,689,000.00	0.73
KREDITANSTALT FUER WIEDERAUFBAU KFW 0.0% 30/04/27	EUR	7,700,000	6,823,509.00	0.46
KREDITANSTALT FUER WIEDERAUFBAU KFW 2.75% 15/03/28	EUR	500,000	497,250.08	0.03
KREDITANSTALT FUER WIEDERAUFBAU KFW 2.75% 15/05/30	EUR	29,500,000	29,198,527.73	2.00
KREDITANSTALT FUER WIEDERAUFBAU KFW 3,125% 07/06/30	EUR	8,000,000	8,092,762.62	0.55
LAND BERLIN 0.01% 21-11-23	EUR	1,000,000	986,671.64	0.07
LAND BERLIN 0.01% 26-10-28	EUR	5,000,000	4,248,393.84	0.29
LAND HESSEN 0.0% 10-06-26	EUR	400,000	362,092.00	0.02
LANDWIRTSCHAFTLICHE RENTENBANK 0.0% 28-09-26	EUR	2,700,000	2,428,488.00	0.17
NRW 3.0% 27-01-28	EUR	3,900,000	3,916,443.58	0.27
BPIFRANCE 0.25% 26-01-32 EMTN	EUR	100,000	79,249.90	0.01
NRWBANK 2.875% 05-04-33 EMTN	EUR	10,000,000	9,935,396.72	0.68
NRW BANK EX L 0.5% 11-05-26	EUR	100,000	91,994.77	0.00
SACHSENANHALT 0.0% 10-03-31	EUR	700,000	556,325.00	0.04
STATE OF LOWER SAXONY 0.01% 26-05-28	EUR	500,000	428,960.33	0.03
STATE OF LOWER SAXONY 0.125% 09-01-32	EUR	1,000,000	785,572.74	0.06
TOTAL GERMANY			**272,459,878.74**	**18.66**
AUSTRIA				
AUSTRIA GOVERNMENT BOND 2.9% 20-02-33	EUR	5,200,000	5,216,248.22	0.36
AUSTRIA GOVERNMENT BOND 2.9% 23-05-29	EUR	4,623,000	4,637,805.28	0.31
AUSTRIA GOVERNMENT BOND 0.5% 20-04-27	EUR	16,000,000	14,598,473.44	1.00
TOTAL AUSTRIA			**24,452,526.94**	**1.67**
BELGIUM				
BELGIUM GOVERNMENT BOND 0.8% 22/06/27	EUR	27,000,000	24,831,691.97	1.70
BGB 0.1 06/22/30	EUR	25,000,000	20,674,069.67	1.42
EUROPEAN UNION 0.0% 04-10-28	EUR	900,000	766,278.00	0.05
EUROPEAN UNION 2.75% 05-10-26	EUR	9,400,000	9,287,968.74	0.64
FLEMISH COM 0.3% 20-10-31 EMTN	EUR	600,000	474,271.40	0.03
FLEMISH COM 3.25% 05-04-33	EUR	3,500,000	3,501,826.31	0.24
TOTAL BELGIUM			**59,536,106.09**	**4.08**

5. Annual financial statements

3.12. DETAILED INVENTORY OF FINANCIAL INSTRUMENTS IN EUR

Name of security	Currency	Quantity (number or nominal value)	Current value	% of net assets
SPAIN				
INSTITUTO DE CREDITO OFICIAL 0.0% 30-04-25	EUR	1,700,000	1,592,441.00	0.11
INSTITUTO DE CREDITO OFICIAL 2.65% 31-01-28	EUR	5,600,000	5,474,788.60	0.38
INSTITUTO DE CREDITO OFICIAL 3.05% 31-10-27	EUR	3,000,000	2,995,375.89	0.21
SPAIN GOVERNMENT BOND 0.0% 31-01-27	EUR	27,000,000	24,036,210.00	1.65
SPAIN GOVERNMENT BOND 0.0% 31-01-28	EUR	63,000,000	54,430,740.00	3.73
SPAIN GOVERNMENT BOND 0.8% 30-07-27	EUR	58,000,000	53,064,787.95	3.63
SPAIN GOVERNMENT BOND 1.3% 31-10-26	EUR	27,500,000	26,054,645.21	1.79
SPAIN GOVERNMENT BOND 1.4% 30-04-28	EUR	30,000,000	27,659,290.16	1.89
SPAIN GOVERNMENT BOND 3.55% 31-10-33	EUR	9,600,000	9,706,417.97	0.66
TOTAL SPAIN			**205,014,696.78**	**14.05**
FINLAND				
FINNVER 0.5% 13-04-26 EMTN	EUR	500,000	460,405.11	0.03
FINNVERA OYJ 2.125% 08-03-28	EUR	1,700,000	1,630,709.86	0.11
NORD INV 0.125% 10-06-24 EMTN	EUR	1,500,000	1,449,137.95	0.10
TOTAL FINLAND			**3,540,252.92**	**0.24**
FRANCE				
BPIFRANCE 0.125% 25-11-28	EUR	8,900,000	7,553,312.96	0.51
BPIFRANCE 2,125% 29/11/27 EMTN	EUR	2,900,000	2,797,002.33	0.19
BPIFRANCE 3.0% 10/09/26 EMTN	EUR	11,000,000	11,080,565.21	0.76
CADES 0.0% 25-02-26	EUR	10,100,000	9,244,328.00	0.64
CADES 0.0% 25-11-26 EMTN	EUR	10,000,000	8,957,000.00	0.61
CADES 2.875% 25-05-27 EMTN	EUR	100,000	98,863.21	0.01
CAISSE CENTRALE DE CREDIT IMMOBILIE 0.0% 17-01-24	EUR	2,300,000	2,253,333.00	0.16
DEXIA 0.0% 29-05-24 EMTN	EUR	200,000	193,190.00	0.01
FRANCE GOVERNMENT BOND OAT 0.0% 25-02-27	EUR	32,000,000	28,750,400.00	1.97
FRANCE GOVERNMENT BOND OAT 0.75% 25-02-28	EUR	150,000,000	136,437,102.74	9.34
FRAN GOVE BON 0.25% 25-11-26	EUR	435,280	397,547.19	0.03
SYNDICAT TRANSPORTS ILE DE FRANCE STIF 0.4% 28-05-31	EUR	400,000	323,017.75	0.02
UNION NAT INTERPRO EMPLOI COMM IND 0.01% 25-05-31	EUR	100,000	79,173.09	0.00
TOTAL FRANCE			**208,164,835.48**	**14.25**
GREECE				
HELLENIC REPUBLIC GOVERNMENT BOND 4.25% 15/06/33	EUR	6,000,000	6,294,877.70	0.44
TOTAL GREECE			**6,294,877.70**	**0.44**
ITALY				
ITALY BUONI POLIENNALI DEL TESORO 0.0% 01-08-26	EUR	41,000,000	36,585,530.00	2.51
ITALY BUONI POLIENNALI DEL TESORO 0.85% 15-01-27	EUR	36,000,000	32,783,101.66	2.24
ITALY BUONI POLIENNALI DEL TESORO 2.0% 01-02-28	EUR	68,000,000	63,761,766.63	4.37
ITALY BUONI POLIENNALI DEL TESORO 2.2% 01-06-27	EUR	60,410,000	57,303,331.57	3.92
ITALY BUONI POLIENNALI DEL TESORO 2.65% 01-12-27	EUR	45,000,000	43,185,120.49	2.96
ITALY BUONI POLIENNALI DEL TESORO 3.8% 01-08-28	EUR	39,000,000	39,225,969.45	2.69
TOTAL ITALY			**272,844,819.80**	**18.69**

5. Annual financial statements

3.12. DETAILED INVENTORY OF FINANCIAL INSTRUMENTS IN EUR

Name of security	Currency	Quantity (number or nominal value)	Current value	% of net assets
LITHUANIA				
LITHUANIA GOVERNMENT INTL BOND 3.875% 14-06-33	EUR	1,200,000	1,209,512.98	0.08
TOTAL LITHUANIA			**1,209,512.98**	**0.08**
LUXEMBOURG				
BANQUE EUROPEAN D INVESTISSEMENT 2.75% 28-07-28	EUR	2,900,000	2,885,014.55	0.20
EUROPEAN FINL STABILITY FACIL 0.125% 18-03-30	EUR	1,000,000	824,138.85	0.06
EUROPEAN FINL STABILITY FACIL 2.375% 11-04-28	EUR	7,000,000	6,791,545.74	0.46
EUROPEAN FINL STABILITY FACIL 2.75% 16-08-26	EUR	1,700,000	1,692,422.89	0.12
EUROPEAN STABILITY MECHANISM 1.0% 23/06/27	EUR	1	0.92	0.00
TOTAL LUXEMBOURG			**12,193,122.95**	**0.84**
NETHERLANDS				
NETHER 0 3/4 07/15/28	EUR	25,000,000	22,833,849.32	1.56
NETHERLANDS GOVERNMENT 0.0% 15-01-27	EUR	29,000,000	26,213,390.00	1.80
NETHERLANDS GOVERNMENT 0.75% 15-07-27	EUR	15,000,000	13,933,559.59	0.95
TOTAL NETHERLANDS			**62,980,798.91**	**4.31**
PORTUGAL				
PORTUGAL OBRIGACOES DO TESOURO OT 0.7% 15/10/27	EUR	15,000,000	13,743,069.86	0.94
PORTUGAL OBRIGACOES DO TESOURO OT 2,125% 17/10/28	EUR	5,000,000	4,877,184.93	0.33
TOTAL PORTUGAL			**18,620,254.79**	**1.27**
SLOVAKIA				
SLOVAKIA GOVERNMENT BOND 3.625% 08-06-33	EUR	1,999	1,992.85	0.00
TOTAL SLOVAKIA			**1,992.85**	**0.00**
TOTAL Bonds and equivalent securities traded on a regulated or equivalent market			**1,147,313,676.93**	**78.58**
TOTAL Bonds and equivalent securities			**1,147,313,676.93**	**78.58**
Undertakings for collective investment				
General-purpose UCITS and AIFs intended for non-professionals, and equivalents in other countries				
FRANCE				
OSTRUM SRI CASH M unit	EUR	5,395	53,770,022.80	3.69
TOTAL FRANCE			**53,770,022.80**	**3.69**
LUXEMBOURG				
OSTRUM EURO BDS OPP 12M SI A EUR CAP	EUR	90,000	8,612,100.00	0.59
TOTAL LUXEMBOURG			**8,612,100.00**	**0.59**
TOTAL Retail UCITS and AIFs and their equivalents in other countries intended for non-professional investors			**62,382,122.80**	**4.28**
TOTAL Undertakings for collective investment			**62,382,122.80**	**4.28**
Securities transferred under repurchase agreements				
GERMANY				
BUNDESREPUBLIK DEUTSCHLAND 0.25% 15-02-27	EUR	20,000,000	18,339,841.10	1.26
BUNDSOBLIGATION 0.0% 10/10/25	EUR	26,299,999	24,593,392.07	1.69
BUNDSOBLIGATION 1.3% 15/10/27	EUR	70,000,000	67,334,572.60	4.61
DEUTSCHE BUNDES INFLATION LINKED BOND 0.1% 15-04-33	EUR	12,750,001	15,024,082.85	1.03
KREDITANSTALT FUER WIEDERAUFBAU KFW 2.75% 15/03/28	EUR	9,000,000	8,950,501.48	0.60
KREDITANSTALT FUER WIEDERAUFBAU KFW 2.75% 15/05/30	EUR	2,700,000	2,672,407.62	0.18
TOTAL GERMANY			**136,914,797.72**	**9.37**

5. Annual financial statements

■ 3.12. DETAILED INVENTORY OF FINANCIAL INSTRUMENTS IN EUR

Name of security	Currency	Quantity (number or nominal value)	Current value	% of net assets
AUSTRIA				
AUSTRIA GOVERNMENT BOND 2.9% 23-05-29	EUR	9,077,000	9,106,069.33	0.62
TOTAL AUSTRIA			**9,106,069.33**	**0.62**
SPAIN				
INSTITUTO DE CREDITO OFICIAL 2.65% 31-01-28	EUR	4,000,000	3,910,563.29	0.27
TOTAL SPAIN			**3,910,563.29**	**0.27**
FRANCE				
BPIFRANCE 0.125% 25-11-28	EUR	5,500,000	4,667,777.67	0.32
BPIFRANCE 2,125% 29/11/27 EMTN	EUR	2,100,000	2,025,415.48	0.14
CADES 0.0% 25-02-26	EUR	1,900,000	1,739,032.00	0.11
CADES 2.875% 25-05-27 EMTN	EUR	9,900,000	9,787,457.56	0.67
FRANCE GOVERNMENT BOND OAT 0.0% 25-02-27	EUR	50,000,000	44,922,500.00	3.08
FRAN GOVE BON 0.25% 25-11-26	EUR	11,564,720	10,562,217.20	0.73
TOTAL FRANCE			**73,704,399.91**	**5.05**
GREECE				
HELLENIC REPUBLIC GOVERNMENT BOND 4.25% 15/06/33	EUR	13,000,000	13,638,901.69	0.94
TOTAL GREECE			**13,638,901.69**	**0.94**
ITALY				
ITALY BUONI POLIENNALI DEL TESORO 2.2% 01-06-27	EUR	2,590,000	2,456,805.64	0.17
TOTAL ITALY			**2,456,805.64**	**0.17**
LUXEMBOURG				
EUROPEAN STABILITY MECHANISM 1.0% 23/06/27	EUR	4,499,999	4,129,561.54	0.28
TOTAL LUXEMBOURG			**4,129,561.54**	**0.28**
SLOVAKIA				
SLOVAKIA GOVERNMENT BOND 3.625% 08-06-33	EUR	2,398,001	2,390,627.47	0.16
TOTAL SLOVAKIA			**2,390,627.47**	**0.16**
TOTAL Securities transferred under repurchase agreements			**246,251,726.59**	**16.86**
Payables representing securities transferred under repurchase agreements			-246,933,828.84	-16.91
Indemnities on securities transferred under repurchase agreements			-813,935.87	-0.06
Derivatives				
Futures commitments				
Futures commitments on a regulated or equivalent market				
EURO BOBL 0923	EUR	270	-272,700.00	-0.02
EURO BTP 0923	EUR	130	81,220.00	0.01
EURO BUND 0923	EUR	-1,033	125,880.00	0.01
EURO SCHATZ 0923	EUR	1	-685.00	0.00
US 10YR NOTE 0923	USD	200	-283,570.12	-0.02
XEUR FGBX BUX 0923	EUR	-25	-102,000.00	-0.01
XEUR FOAT EUR 0923	EUR	-70	4,900.00	0.00
TOTAL Futures commitments on a regulated or equivalent market			**-446,955.12**	**-0.03**
TOTAL Futures commitments			**-446,955.12**	**-0.03**
TOTAL Derivatives			**-446,955.12**	**-0.03**

5. Annual financial statements

■ 3.12. DETAILED INVENTORY OF FINANCIAL INSTRUMENTS IN EUR

Name of security	Currency	Quantity (number or nominal value)	Current value	% of net assets
Margin calls				
CACEIS MARGIN CALL	USD	309,375	283,570.12	0.02
CACEIS MARGIN CALL	EUR	163,385	163,385.00	0.01
TOTAL Margin calls			**446,955.12**	**0.03**
Receivables			**4,943,153.82**	**0.34**
Payables			**-662,789.88**	**-0.04**
Financial accounts			**-401,809.24**	**-0.03**
Net assets			**1,459,934,966.71**	**100.00**

6. Note(s) to the Financial Statements

Periodic 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

Product name: **OSTRUM SRI EURO BONDS 3-5**

Legal entity identifier: 969500ALV5VLO5MKK851

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.

Environmental and/or Social characteristics

Did this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It made **sustainable investments with an environmental objective**: ___%	☒ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 10% 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 made **sustainable investments with a social objective:** ___%	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Fund promoted environmental and social characteristics These characteristics are based on the following approach:

- Excluding the most controversial issuers through the delegated asset manager's exclusion policies;
- Holding at least 10% sustainable investments
- Selecting the highest-rated issuers based on an ESG rating with the objective of:
- Ensuring that the portfolio's average ESG rating remains better than that of its filtered initial investment universe*;
- Keeping the carbon intensity of the portfolio below that of the 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 countries in 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 (including the most controversial issuers according to Ostrum's exclusion policies, as well as the lowest-rated issuers) and sovereign debt. These calculations are made excluding ineligible assets as defined by the SRI label.

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. Public authorities generally refer 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 index has been designated with the aim of achieving the environmental or social characteristics promoted by the Fund.

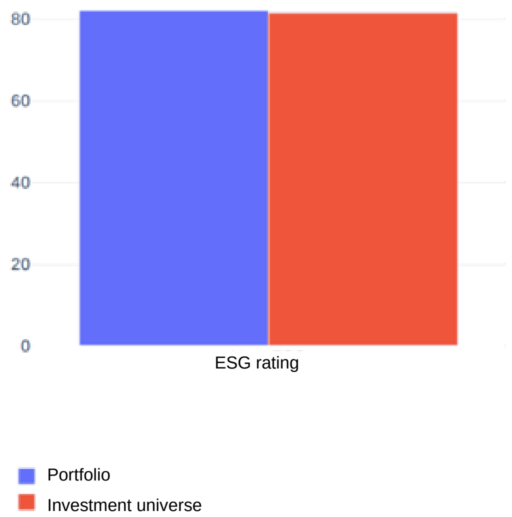
Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

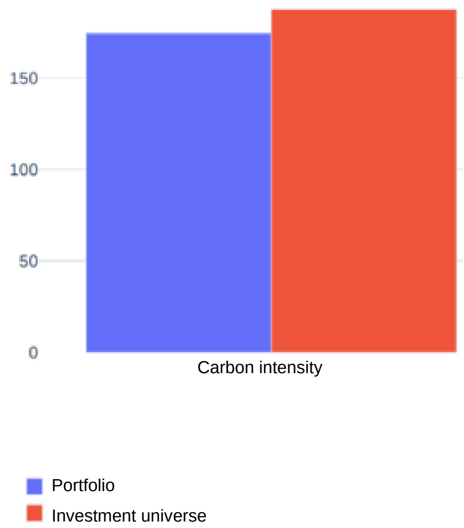
How did the sustainability indicators perform?

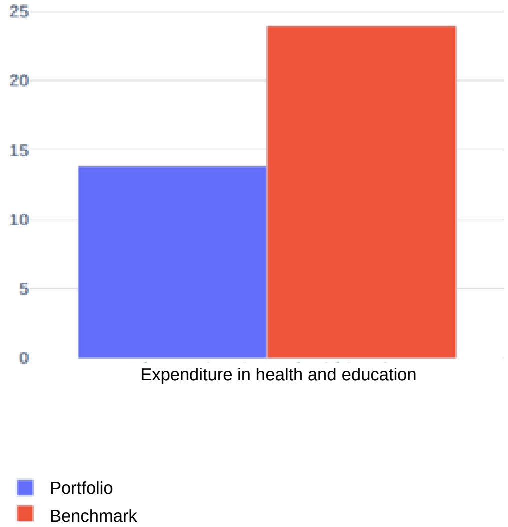
At 30 June 2023, the results of the sustainability indicators were as follows:

- ESG rating of the Fund: 81.93 (SDG Index score ranging from 0 to 100)
- Average ESG rating of the filtered initial investment universe: 81.37 (SDG Index score ranging from 0 to 100)
- Carbon intensity of the Fund: 174.68
- Carbon intensity of the initial investment universe: 187.95
- Indicator of the Fund's expenditure on health and education: 13.83%
- Indicator of expenditure on health and education of the initial investment universe: 12.83%
- Percent holding of sustainable investments: 23.93%

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







- **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

Sustainable investment is an investment in an economic activity that contributes to an environmental or social objective. As part of its sustainable investments, the Fund may invest in green bonds or sustainability-linked bonds whose funds raised finance activities that contribute to an environmental objective and/or in social bonds whose funds raised finance activities that contribute to a social objective.

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 did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

In order to ensure that the sustainable investments of this Fund do not cause any significant harm to a sustainable environmental or social objective, the manager took into account the principal adverse impacts (PAIs) on sustainability factors when making investment decisions.

Information on the principal adverse impacts on sustainability factors can be found in the Fund's periodic report under Article 11(2) of the SFDR Regulation and on Ostrum's website (www.ostrum.com) under the heading "ESG". The asset manager also follows Ostrum Asset Management's exclusion policies.

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

At the Ostrum entity level, we took into account the 14 principal adverse impacts listed in Annex 1 on the declaration of the principal adverse impacts on sustainability pursuant to Delegated Regulation (EU) 2022/1288 of 6 April 2022. The Fund took into account the two principal adverse impacts listed in Appendix 1 concerning the declaration of the principal adverse impacts on sustainability pursuant to Delegated Regulation (EU) 2022/1288 of 6 April 2022, which concerns sovereign and quasi-sovereign issuers (the Fund will not invest in private issuers). The PAIs are calculated on the basis of the information provided by our data provider. Information on the principal adverse impacts on sustainability factors can be found in the Fund's periodic report under Article 11(2) of the SFDR Regulation and on Ostrum's website (www.ostrum.com) under the heading "ESG".

Were 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 followed exclusion, sectoral and worst offenders policies. They essentially concern private issuers and can be found on the Ostrum website (www.ostrum.com) under “ESG”.

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

How did this financial product consider principal adverse impacts on sustainability factors?

The Fund took into account the two principal adverse impacts listed in Appendix 1 concerning the declaration of the principal adverse impacts on sustainability pursuant to Delegated Regulation (EU) 2022/1288 of 6 April 2022, which concerns sovereign and quasi-sovereign issuers (the Fund will not invest in private issuers). Information on the principal adverse sustainability impacts is available in the periodic report for the Fund pursuant to Article 11(2) of the SFDR Regulation and on the “ESG” section of the Ostrum website (www.ostrum.com).

What were the top investments of this financial product?

Please refer to the Top 15 Investments below:

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: **01/07/2022 – 30/06/2023**

Largest investments	Sector	% Assets	Country
BUNDESOBL-120 1.300% 15-10-27	Sovereign	12:52:00	Germany
FRANCE O.A.T. 0.750% 25/02/2028	Sovereign	09:35:00	France

FRANCE O.A.T. 0% 25/02/2027	Sovereign	05:05:00	France
BTPS 2.000% 01-02-28	Sovereign	04:37:00	Italy
BTPS 2.200% 01-06-27	Sovereign	04:09:00	Italy
SPANISH GOV'T 0% 31-01-28	Sovereign	3.73	Spain
OSTRUM SRI CASH M (C/D) EUR	Advisory services	3.68	France
SPANISH GOV'T 0.800% 30-07-27	Sovereign	3.63	Spain
BUNDESOBL-120 0% 10-10-25*	Sovereign	03:32:00	Germany
DEUTSCHLAND REP 0% 15/08/31	Sovereign	03:23:00	Germany
BTPS 2.650% 01-12-27	Sovereign	2.96	Italy
BTPS 3.800% 01-08-28	Sovereign	2.69	Italy
BTPS 0% 01-08-26	Sovereign	02:51:00	Italy
BTPS 0.850% 15-01-27	Sovereign	02:25:00	Italy
KFW 2.750% 15-05-30	Special purpose banks	02:18:00	Germany

** Green bonds*

The country shown is the risk country.

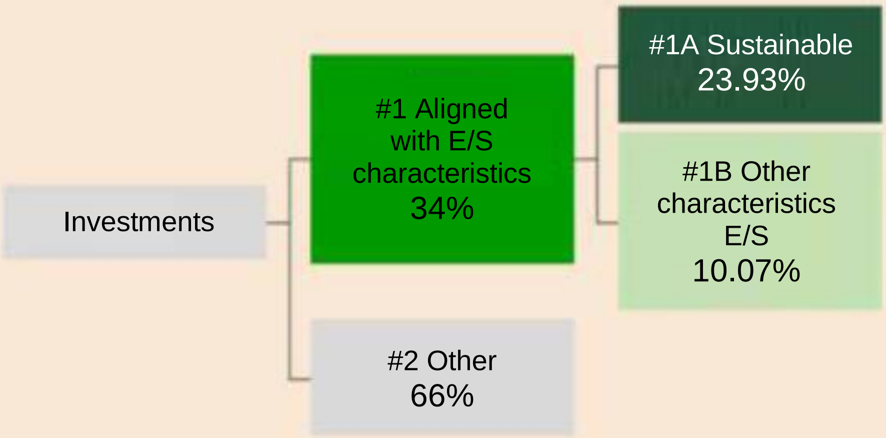
Asset allocation describes the share of investments in specific assets.

What was the proportion of sustainability-related investments?

At 30 June 2023, the proportion of sustainable investments was 23.93%

- ***What was the asset allocation?***

As at 30 June 2023, the Fund invests 34% of its net assets in securities that are aligned with Environmental and Social characteristics (#1 Aligned with E/S characteristics). As a result, the Fund has invested 66% of its net assets in category #2. Other.



#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 which 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 environmentally and socially sustainable investments.
- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

- ***In which economic sectors were the investments made?***

All economic sectors belonging to the investment universe except those subject to exclusions, in accordance with the exclusion policies applying to the fund.

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.

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

Not applicable

- **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[1]?**

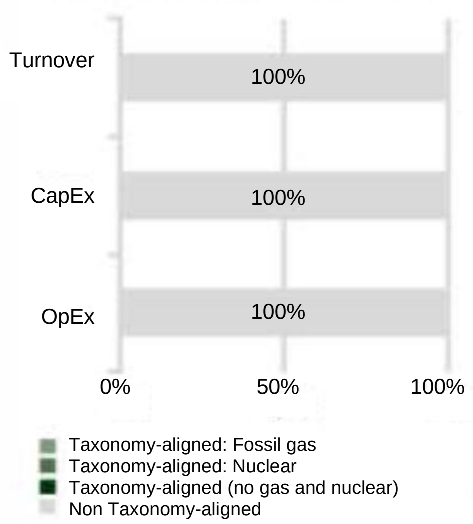
☐ Yes

☐ In fossil gas ☐ In nuclear energy

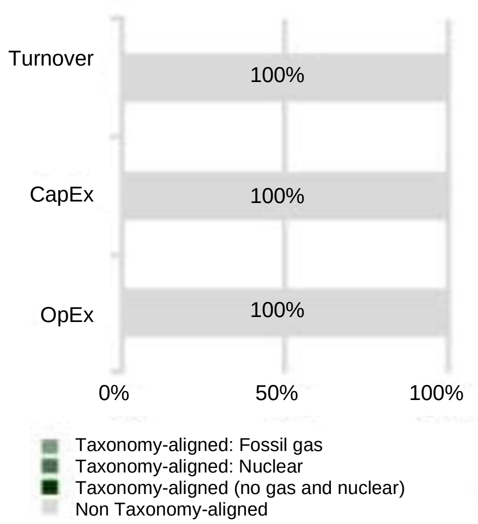
☒ No

The graphs below show in green the percentage of investments that were 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. Taxonomy-alignment of investments **including sovereign bonds***



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



This graph represents 100% of the total investments.

**For the purpose of these graphs, “sovereign bonds” covers 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.

At the reporting date, taking into account the data reported/estimated by the issuers, the Management Company did not identify any Taxonomy-aligned natural gas and nuclear investments in the portfolio.

- ***What was the share of investments made in transitional and enabling activities?***

The minimum share of sustainable investments with an environmental objective that is aligned with the Taxonomy 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%.

The symbol represents sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

Sustainable investments are green bonds, social bonds or sustainability-linked bonds that contribute to an environmental and/or social objective but no minimum investment in sustainable investments with an environmental or social objective is applied.

What was the share of socially sustainable investments?

Sustainable investments are green bonds, social bonds or sustainability-linked bonds that contribute to an environmental and/or social objective but no minimum investment in sustainable investments with an environmental or social objective is applied

What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

The following investments were included in “#2 Other”: sovereign debt (excluding green), liquid funds (excluding uninvested cash), the proportion of unaligned UCIs, derivatives traded on regulated markets or OTC for hedging and/or exposure, reverse repurchase agreements for the cash management and income optimisation and performance of the Fund.

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.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

In line with the application of the models, the Management teams have systematically integrated environmental, social and governance considerations in the investment selection process. Regular monitoring of changes in the non-financial ratings of the securities is conducted to ensure that none of the investments violates the ESG philosophy of the Fund.

How did this financial product perform compared to the reference benchmark?

Not applicable

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

- ***How does the reference benchmark differ from a broad market index?***

  Not applicable

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

  Not applicable

- ***How did this financial product perform compared with the reference benchmark?***

  Not applicable

- ***How did this financial product perform compared with the broad market index?***

Not applicable

FRENCH LAW ON ENERGY AND CLIMATE

OSTRUM SRI EURO BONDS 3-5

For the financial year ended 30/06/2023

September 2023

OSTRUM SRI EURO BONDS 3-5, a French investment fund (hereinafter the “FCP" or the “Fund”) is approved by the French Autorité des marchés financiers (AMF).

The management company is Natixis Investment Managers International.

Ostrum Asset Management is the financial management delegate.

CONTENTS

This document lists the information required for funds with assets of over €500m (net assets) pursuant to Article 29 of the French Law on Energy and Climate.

1. INFORMATION ON THE STRATEGY FOR ALIGNMENT WITH THE INTERNATIONAL GOALS TO LIMIT GLOBAL WARMING STIPULATED BY THE PARIS AGREEMENT

1.1. Our quantitative targets by 2030

Ostrum AM has been focused on the issues of sustainable development and responsible financing for more than 35 years. Thus, it can inform and assist its customers, influence issuers and contribute to the discussions of the financial market. Ostrum AM's aim in terms of responsible management naturally leads to the involvement of a growing number of employees, with different levels of responsibility and activities, in the implementation of this aim.

The OSTRUM SRI EURO BONDS 3-5 fund (the "Fund") is classified as Article 8 under the European SFDR regulation and is labelled SRI (Socially Responsible Investment).

At this date, the Fund has no temperature alignment commitment in accordance with the Paris Agreement. However, the Fund's goal is to maintain a carbon intensity of the portfolio lower than that of the initial investment universe.

1.2. Our methodology

The Fund used S&P Trucost, a supplier of financial and non-financial data (https://www.spglobal.com/esg/trucost) to obtain all the Scope 1 and 2 carbon emissions of the companies, sponsored agencies and non-guaranteed agencies present in the portfolios. This data is then used to calculate the total carbon emissions.

Greenhouse gas (GHG) emissions are classified in three categories called "scopes". ADEME (French ecological transition agency) defines scopes 1, 2 and 3 as follows:

- **Scope 1:** direct emissions of each of the business sectors
- **Scope 2**: indirect emissions of the different sectors linked to their energy consumption
- **Scope 3**: emissions resulting from the operators and activities of the territory

Ostrum AM uses Trucost to retrieve all the scope 1 and 2 carbon intensities of the companies, sponsored agencies and non-guaranteed agencies present in the portfolio. Once the intensity of each issuer has been collected, the carbon intensity of each portfolio is calculated by adding the intensity of each issuer, weighted by its weight in the portfolio. The carbon intensity obtained in this way allows the managers to measure the volume of carbon emissions per dollar of turnover generated by these issuers in their portfolio over a given period.

With respect to the carbon intensity of the sovereign issuers, Ostrum AM also retrieves the data from Trucost Sovereign. The value of the intensity is defined by the volume of CO_2 emitted per X million of GDP.

1.3. Quantification of the results using an indicator

At 30 June 2023, the Fund used carbon intensity as a climate indicator on the portion of the Fund eligible within the meaning of the SRI* label. Since September 2023, the Fund uses carbon intensity for all the assets of the Fund (Sovereign non-green bonds and eligible assets within the meaning of the SRI label*). The goal of the Fund is to maintain a carbon intensity of the portfolio below that of the initial investment universe.

*Assets eligible under the SRI label: sovereign green bonds and equivalents: guaranteed agencies, supranationals, local authorities and government green bonds.

1.4. E.U. Benchmark index

The Fund does not track PAB/CTB indices (Paris-aligned Benchmarks and Climate Transition Benchmarks)

1.5. Role and use of our assessment in the investment strategy

Since September 2023, in the context of its "Article 8" classification (SFDR regulation), the Fund must maintain a portfolio carbon intensity that is lower than that of the initial investment universe. Calculations are made for all the assets of the Fund (Sovereign non green bonds and assets eligible for the SRI label).

Moreover, under the SRI label, the Fund must maintain a portfolio carbon intensity that is lower than that of the initial investment universe*. Calculations are made on the portion of the Fund eligible for the SRI label.

This climate indicator is regularly tracked.

*Only for the SRI-eligible portion (sovereign and quasi-sovereign green bonds issued by guaranteed agencies, supranational agencies, local authorities and borrowing of government green bonds)

1.6. Our investment strategy in connection with the strategy of alignment with the Paris Agreement

Ostrum Asset Management has developed stringent sector and exclusion policies that exclude from the portfolios companies that present major climate risks Ostrum Asset Management refuses to support sectors or issuers that do not respect certain basic principles of responsibility. This is necessary for the credibility of our approach and our fiduciary responsibility to our customers. Thus, we have defined exclusion policies that define an initial scope for our investment universe.

By 2030, Ostrum Asset Management will completely withdraw from unconventional and/or controversial oil and gas exploration and production activities (upstream activities).

- **As from 2022, end of purchases on a threshold for unconventional and controversial production**

Since 2022, Ostrum Asset Management has no longer made new investments in companies for which over 10% of their production in volume concerns these activities[1]. This policy extends to companies involved in the entire production value chain (exploration, development, production – the entire upstream chain, and de facto a significant portion of the downstream chain since the oil majors integrate both). The investment restrictions have been applied since July 2022.

[1] Threshold applicable when the companies targeted produce 10 million barrels a year. With a view to a full withdrawal in 2030

- **Voting and engagement policy for unconventional/controversial and conventional**

Ostrum Asset Management intends to exit fully from unconventional and/or controversial oil and gas exploration and production activities by 2030, a priority area of engagement with the companies in whose shares or bonds it invests, both in terms of dialogue and voting policy. Furthermore, Ostrum Asset Management engages in active dialogue with all issuers in the sector on the adequacy of their strategy in terms of the International Energy Agency recommendations aimed at complying with the Paris Agreement, and combines this commitment policy with a voting policy consistent with this approach.

- **Policy evolving over time**

The Ostrum Asset Management policy will evolve over time and therefore be revisable to support companies toward the transition while maintaining a high degree of stringency. The thresholds and criteria used may gradually be made stricter and the relevant value chain expanded, taking account of the results of the engagement and the availability of the data.

To learn more, please consult the policy published here:

https://www.ostrum.com/sites/default/files/1-ostrum-mediatheque/esg-rse/politique-petrole-et-eaz/PO_VF_P%C3%A9trole%20et%20Gaz_FR.pdf

In addition, since 2018, Ostrum AM has implemented an ambitious sector policy on coal. Through its management choices and its commitments, Ostrum Asset Management contributes to the reduction of this form of fossil energy in the global energy mix and reaffirms its responsible manager approach. We also assist our customers in the establishment of their climate policy, both through adapted measures and through management programmes that enable them to demonstrate their commitments. Thus, Ostrum Asset Management excludes the companies that are developing new coal capacities, as well as those that have not defined since 2021 a plan to withdraw from coal in line with the Paris Agreement. Ostrum AM also excludes the companies that are exceeding the following thresholds in 2023:

- 20% of their revenue from the production of energy is generated by coal or from coal production;
- 10 million tonnes of annual thermal coal production;
- 5 GW of installed capacity;
- 20% of energy is generated by coal.

To learn more, please consult the policy published here: https://www.ostrum.com/sites/default/files/1-ostrum-mediatheque/esg-rse/politiques%20sectorielles/PO_VF_Exclusion%20Charbon_FR.pdf

1.7. Our actions to monitor results and changes made

Ostrum Asset Management continues to reinforce its climate strategy through the ongoing implementation of its policy to withdraw from coal. After implementing the requirements of the Oil and Gas Policy in 2022, it is working to deploy its engagement campaign in 2023.

Finally, Ostrum AM continues to strengthen its presence with the market bodies and to contribute to discussions in the financial sector on the improvement of ESG practices.

1.8. Our evaluation

The data comes from data suppliers such as Trucost, MSCI, Vireo, Sustainalytics and SDG Index and is integrated into the infocentres of Ostrum AM.

- https://www.spglobal.com/esg/trucost
- https://www.msci.com/
- https://www.moodys.com/
- https://www.sustainalytics.com/
- https://www.sdgindex.org/

The limit for the data relates to the update of the data for the suppliers, which may not reflect events that have occurred post-update and that could lead to a change in the data. The data is updated at least once a year.

2. INFORMATION ON THE STRATEGY OF ALIGNMENT WITH THE LONG-TERM GOALS FOR BIODIVERSITY

2.1. Compliance with the Convention on Biological Diversity

In 2022, Ostrum AM defined a biodiversity strategy aimed at establishing the measures necessary to meet, by 2030, the three main goals in the Convention on Biological Diversity of 5 June 1992:

- The conservation of biological diversity;
- The sustainable use of its components;
- The fair and equitable sharing of benefits arising from genetic resources.

By 2030, we therefore make a commitment to:

- Strengthen our expertise in the identification and monitoring of the components of biodiversity that are important for its conservation and sustainable use as required by the Convention through our evaluation of the issuers;
- Measure and monitor our biodiversity footprint;
- Monitor and strengthen our investment in sustainable bonds relating to the challenges of biodiversity;
- Continue our exclusion of the issuers most harmful to ecosystems;
- Strengthen our engagement with issuers in the most dependent and most impactful sectors:

The biodiversity strategy of Ostrum Asset Management can be viewed at the following address:

https://www.ostrum.com/fr/notre-documentation-rse-et-esg#strat%C3%A9gie-biodiversit%C3%A9

2.2. Analysis of the contribution to the reduction of the main pressures and impacts on biodiversity

To date, the Fund is not in a position to provide an analysis of the contribution to the reduction of the main pressures and impacts on biodiversity. Nevertheless, the impact on biodiversity and non-financial factors more generally are systematically integrated into the analysis of issuers, when they are considered to be material, i.e. having an impact on the issuer's credit risk.

2.3. Use of a biodiversity indicator

To date, Ostrum Asset Management calculates only its impact on biodiversity for the cumulative total of its portfolios. To do this, we have chosen to use Iceberg DataLab[2] (IDL) for the biodiversity footprint. Its evaluation is given using the MSA measurement per km^2. The Mean Species Abundance (MSA) measures the average abundance of native species within a given area in relation to the undisturbed reference ecosystems. In concrete terms, the biodiversity footprint of Ostrum AM is estimated at around -0.12 MSA.km^2/€m invested at 31 December 2022. This means that for each million euros invested, 0.12km^2 of land passes from an intact state to a disturbed state. At this stage, the calculation takes into account scopes 1, 2 and 3. Thus, there is a risk of double counting at the level of a portfolio.

[2] https://icebergdatalab.com/

3. INFORMATION ON THE PROCESSES TO TAKE INTO ACCOUNT ENVIRONMENTAL, SOCIAL AND GOVERNANCE CRITERIA IN THE MANAGEMENT OF RISKS

3.1. Process for the identification, evaluation, prioritisation and risk management related to the inclusion of ESG criteria

In order to identify the risks that could have a material impact in its investments, a complete analysis by sector is performed, thus covering all the activities of the companies in which Ostrum AM has invested. These different research methods allow the Fund not only to concentrate on the short-term risks, the most visible, because they impact its investments today, but also to aim at anticipating the medium and long-term risks, which are sometimes more complicated to project.

The identification of ESG and climate risks and opportunities is done at the following levels:

- the sectors, with sector analyses and indicators/scores;
- the issuers, with qualitative and controversy analyses and indicators/scores;
- the portfolios, with analyses of portfolios and related indicators.

In addition to the different tools, indicators and alerts from the data providers, the identification of the risks and opportunities is specific to the different assets classes. It includes, notably, qualitative analyses.

All these actions combined enable us to identify an environmental, social or governance event that, if it occurs, could cause an actual or a potential material adverse impact on the value of the investment.

The different risks related to the consideration of the ESG criteria identified by Ostrum Asset Management (transition risks, acute and chronic physical risks, risks of controversies, risks related to climate change and risks related to biodiversity) are set forth in Ostrum AM's 2023 Responsible Investment Report for the 2022 financial year available here: https://www.ostrum.com/fr/notre-documentation-rse-et-esg#rapport-article-29-lec-et-risques-de-durabilit%C3%A9

3.2. Principal environmental, social and governance risks taken into account and analysed

The identification of climate risks and opportunities is a major challenge for Ostrum Asset Management. This is done, in particular, through the work of the teams of the Risk and Management Department, which increasingly includes the consideration of these risks and opportunities in their activities. The holistic view of the climate risks and opportunities targets the physical and transition risks, both for the companies in which it invests and for itself. These may include reputational, legal and regulatory, operational, strategic or market risks.

3.3. Frequency of the review of the risk management framework

ESG risks and opportunities are taken into consideration in the evaluation of the industrial sectors and the companies in the context of our quality and risk analysis. These risks are taken into consideration through several vectors: our sector and exclusion policies; the controversy management policy (Worst Offenders); the integration of the ESG criteria; on the credit portion, the ESG components are systematically integrated into the analysis of the issuers when they are considered material, i.e. having an impact on the issuer's credit risk; the engagement/global policy that applies to all management at Ostrum AM.

Moreover, the Risk Department participates in the various sector committees – Worst Offenders, coal, controversial weapons, oil and gas – and ahead of each Worst Offenders committee meeting ensures that the alerts on Global Norms raised by the data supplier (Sustainalytics) are studied in the meeting.

The review of the list of exclusions is carried out on a periodic basis by several Committees (for example: Sector Committee, Worst Offenders Committee, Oil and Gas Committee, Coal Committee) and results in an update of the lists of exclusions.

3.4. Action plan aimed at reducing the Fund's exposure to the principal environmental, social and governance risks

The management of the Fund's exposure to ESG risks includes:

- **Monitoring non-financial indicators**
- **Applying sector and exclusion policies**
- **The engagement policy**

Blocking pre-trade controls are used for the regulatory lists, the norms-based exclusions (Worst Offenders, controversial weapons), and sector exclusions (coal, tobacco). Post-trade controls are also set up for prohibited issuers.

The monitoring and treatment of potential excesses follows the same process of alerts and escalation as the other regulatory and contractual investment requirements.

In addition, Ostrum AM intends to reduce the exposures of its portfolios to ESG risks via its engagement policy. Thus, in 2022, 242 commitments and 149 meetings and contacts were conducted with 123 different companies on financial and non-financial issues.

Principal dialogue themes in 2022:

- **Participate in climate change mitigation and adaptation**
- **Limit the impact on the environmental ecosystem**

- **Ensure business ethics**
- **Value human capital**
- **Strengthen relations with stakeholders**

- **Balance powers and remuneration**
- **Improve data transparency**
- **Guarantee consumer security and protect their data**

Source: Ostrum AM

3.5. Financial impact of the principal environmental, social and governance risks

The various climate risks and opportunities identified in the investments of Ostrum AM could impact its activities. All the risks identified above could become material for the activity of Ostrum AM.

For example, the amount to be paid in the event of conviction (fines, but also reparation for damages) could weaken the financial strength of a company and thus increase the credit risk. The repayment capacity of the borrower could be reduced, which could result in a decrease in the value of its security and,, therefore, a negative impact on performance.

Climate risks may also be the source of disruption in certain business sectors. If the companies do not succeed in adapting to new trends, their profiles will become less attractive for investors, because they are less profitable. It is therefore essential that Ostrum AM identifies them to avoid suffering losses. The inverse (opportunity side) is just as important.

As a result, Ostrum AM works to monitor the regulatory, legal, reputational, and operational risks or those related to market changes, companies invested in by the managers or in which they wish to invest, because these risks would result in a direct financial loss for Ostrum AM.

While Ostrum AM seeks to minimise potential defaults on its investments, it is also very attentive to opportunities. Companies that succeed in creating low carbon new business/offer (renewable energy, clean consumption, for example) de facto create new revenue.

Ostrum AM uses the materiality analysis of the ESG factors to assess the sector and/or specific risks and the probability of their occurrence. This analysis helps to identify long-term trends that could disrupt certain sectors of activity. Adding research in material ESG factors to the traditional financial analysis improves Ostrom's view of the sustainability risks and the long-term quality of the issuers.

Ostrum AM is convinced that its duty as an asset manager is to make informed decisions and to use all information available, including ESG factors.

In addition, the reputation of Ostrum AM as an investor could also be damaged when controversies occur arise for a security or if it invests in a company with poor ESG practices (coal financing, weapons etc.).

3.6. Change in methodology choices and results

In 2018, Ostrum AM credit research decided to adopt a scale to measure the risk intensity and opportunities of ESG factors on corporate credit profiles. This proprietary scale assigns a specific ESG materiality score to each issuer.

In 2022, we took an additional step by leading a common approach to ESG integration for equities and credit. With this approach, we not only consider the implications of ESG items on corporate credit profiles, but we also assess their implications for the overall robustness of companies. We define robustness as the ability of companies to sustain revenues over the long term, to cope with potential sector disruptions and/or to address risks as they arise.

4. IMPROVEMENT PROCESS AND CORRECTIVE MEASURES

4.1. Strategy of alignment with the goals of the Paris Agreement

The portfolios managed by Ostrum AM were aligned with a scenario 2 (scopes 1 and 2) at 31 December 2022.

Ostrum AM's goal is to publish its temperature alignment scenarios in compliance with the Paris Agreement.

4.2. Strategy of alignment with the long-term goals linked to biodiversity

Ostrum Asset Management has defined its biodiversity strategy aimed at implementing the measures necessary to meet, by 2030, the three main goals set forth in the Convention on Biological Diversity. We have solicited Iceberg Datalab for the calculation of the biodiversity footprint. Therefore, our goal is to publish and monitor over time, for all our products, our alignment with the long-term biodiversity-related goals and our contribution to the reduction of the main pressures and impacts on biodiversity.

4.3. Management of sustainability risks

In order to further strengthen its sustainable finance policy and risk management, the Risk Department planned in 2023 to add to the non-financial control reporting the physical and transition risks, Taxonomy indicators, the PAI (Principal Adverse Impacts) and the exposure to fossil fuels. The production of this reporting will be used to manage sustainability risks in order to reduce the Fund's exposure.

A deployment of the reinforced control process for ESG data is in progress.

5. GLOSSARY

Abbreviations and acronyms used in this report:

AMF	Autorité des Marchés Financiers (French markets authority)
CTB	Climate Transition Benchmark
ESG	Environmental, social and governance (Factors)
GHG	Greenhouse Gases
IDL	Iceberg DataLab (biodiversity data provider)
SRI	Socially Responsible Investment
LEC	French Law on Energy and Climate
MSA	Mean Species Abundance
MSCI	A non-financial data provider
PAB	Paris Aligned Benchmark
PAI	Principal Adverse Impacts
CSR	Corporate Social Responsibility
SBTi	Science Based Targets initiative
SDG	Sustainable Development Goal
SFDR	Sustainable Finance Disclosure Regulation
Sustainalytics	A non-financial data provider
Trucost	A non-financial data provider
Vigeo	A non-financial data provider

You can also view Ostrum's SRI glossary on our website: https//www.ostrum.com/fr/abecedaire-de-lisr

LEGAL NOTICES

OSTRUM ASSET MANAGEMENT

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The characteristics, risk/reward profile and the fees for an investment in a UCITS/AIF are described in the KIID. The KIID and the periodic documents are available free of charge on request, from Ostrum Asset Management. The KIID must be provided to subscribers before subscription. In the event a UCITS/AIF is subject to a specific tax treatment, it is specified that this treatment depends on the individual situation of each customer and that is could subsequently change.

The outlook indicated could change and does not constitute a commitment or a guarantee. Within the framework of its social responsibility policy, and in accordance with the agreements signed by France, Ostrum Asset Management excludes from the funds it manages directly any company involved in the manufacture, trade or storage of anti-personnel mines and cluster bombs.

Ostrum Asset Management
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