NATIXIS INVESTMENT MANAGERS

Q2 | JUNE 30, 2022

Mirova U.S. Sustainable Equity Fund

QUARTERLY PORTFOLIO COMMENTARY

Market environment

2022 started out as a volatile year and the second quarter was no exception, with equity markets experiencing another significant down quarter and the big stock market averages like the S&P 500® finishing their worst first halves in decades. Interest rates, inflation, continued labor shortages, the Russia/Ukraine conflict and supply chain issues continued to weigh on global stock markets, although the peak inflation narrative began to gain traction after U.S. inflation readings for April and May showed possible signs of easing. While strong labor markets and high household savings levels remain supportive, Central Banks face the substantial challenge of taming what is still very high inflation without tipping economies into a recession. While the strategy outperformed the S&P 500 Index in the second quarter, many of the drivers of fourth quarter 2021 and first quarter 2022 underperformance for the strategy continued through the second quarter. The traditional Energy sector continued to be the best-performing sector year-to-date by a longshot and outperformed in the second quarter. The portfolio's lack of traditional Energy exposure was a main detractor from relative performance for the quarter. However, the Energy sector started to see a bit of a reversal in June as the price of oil (WTI) came in from over $120/bbl in early June to around $105/bbl by the end of the month, driven by demand and recession fears. Additionally, long-duration, growth-oriented stocks continued to underperform in a rising interest rate environment. The strategy's focus on long-term secular trends often results in a growth bias to the portfolio and many longer-duration stocks in the portfolio have sold off sharply as a result. Aside from traditional Energy, the sectors that held up better than others during the quarter included the more defensive Health Care and Utilities sectors, which the portfolio is overweight, and Consumer Staples, which the portfolio is underweight. As the team expects market volatility to continue in the near term until there is a higher level of visibility on the economic effect of sanctions on Russia, the potential for conflict escalation, the persistence of high inflation, interest rate increases, and underlying economic growth, they will look to take advantage of disconnects between current stock prices and long-term value of companies and will continue to focus on high-quality companies well positioned to address long-term secular trends.

Fund performance

Over the second quarter of 2022, the Mirova U.S. Sustainable Equity Fund – Class Y outperformed the U.S. equity market (as represented by the S&P 500® Index). The Fund was down -15.85%, outperforming the S&P 500® Index, which fell -16.10%.

Sector allocation impact contributed positively to relative performance overall, while stock selection was a slight relative detractor overall. Overweights to certain defensive sectors aided relative results, while selection within the Financials sector was the main relative detractor. From a factor perspective, quality, a structural factor bias in the portfolio, held up slightly better than the broad market.

GICS Sector

The portfolio's overweights to the more defensive Health Care and Utilities sectors and underweight to the more economically sensitive Consumer Discretionary sector aided relative results during the quarter. Within the Health Care sector, Eli Lilly, a global leader in diabetes and obesity therapies, was the best-performing stock in the portfolio during the quarter and also contributed strongly to relative performance, as the company delivered strong first-quarter results. Security selection within the Industrials and Communication Services sectors also benefitted relative results. Within Industrials, portfolio holding Waste Management outperformed the broader sector after the company delivered solid first-quarter results, noting the company was on a path to achieve previously issued full-year guidance. Within Communication Services, Verizon performed well, also delivering solid first-quarter results with a slight earnings beat and higher business subscriber growth. There was also positive sentiment following the company's May price increase announcement. The lack of exposure to the traditional GICS Energy sector continued to be a drag for the quarter, although that started to ease in June. Security selection within Financials was the largest relative detractor driven by underperformance from Signature Bank as the stock fell on macro concerns, the interest rate outlook and digital asset volatility. While Eli Lilly contributed strongly to relative performance, security selection within the Health Care sector overall was a relative detractor, driven by underperformance from Intuitive Surgical (minimally invasive robotic surgery systems). The stock fell following its first-

quarter report mainly due to the conservative tone on the deceleration of capital (system) demand and short-term margin pressure due to fixed costs linked to long-term investment as well as supply chain and logistics issues.

Mirova Sectors

The main contributor to relative performance by Mirova sector was sector allocation impact, driven by the portfolio's overweight to the Mirova Health sector. Within the Health sector, Eli Lilly, a global leader in diabetes and obesity therapies, was the best-performing stock in the portfolio during the quarter and also contributed strongly to relative performance, as the company delivered strong first-quarter results. Security selection within the Resources sector was a top contributor to relative results as well, driven by outperformance from Waste Management, American Water Works, and Xylem. Not owning the more cyclical metals & mining companies within the Resources sector was also additive. Security selection within the Mirova Health and Finance sectors was the main detractor from relative performance. Within Health, Intuitive Surgical and Bright Horizons detracted from relative results. Intuitive Surgical (minimally invasive robotic surgery systems) fell following its first-quarter report mainly due to the conservative tone on the deceleration of capital (system) demand and short-term margin pressure due to fixed costs linked to long-term investment as well as supply chain and logistics issues. Bright Horizons (employer-sponsored childcare) underperformed following a disappointing first-quarter report driven by COVID impacts continuing to weigh on the quarter's results and outlook. Within Finance, Signature Bank was the main detractor as the stock fell on macro concerns, the interest rate outlook and digital asset volatility.

Position

The best-performing position in the portfolio during the second quarter was Eli Lilly, a global leader in diabetes and obesity, oncology, and other therapies, as the company reported first-quarter earnings that beat analyst estimates and showed promising late-stage clinical trial results for its obesity drug Tirzepatide. Treatment for obesity continues to be a large unmet need, with around 630 million obese people globally and very few being treated today. Colgate-Palmolive was the second best-performing position, benefitting from the rotation toward high-quality, defensive stocks.

NVIDIA was the worst-performing holding, which fell in tandem with the broader tech sector and growth-oriented stocks in a rising rate environment and on concerns on the supply uncertainty of one key semiconductor material, neon gas, due to the Russia/Ukraine crisis. Signature Bank was the second worst-performing position, driven by macro concerns, the interest rate outlook and digital asset volatility.

Positioning

The portfolio invests in companies offering solutions to and/or expected to benefit from the demographic, technological, environmental and governance-related transitions that are expected to transform the world's economies and societies during the next decade.

As trends like the digitalization of our economy, which saw strong growth as a result of COVID-19, are expected to continue to grow strongly, and support for the health care sector is expected to show solid growth as a reaction to COVID-19 in the short term and as a result of an aging population and continued focus on health and well-being in the longer term, the portfolio remains overweight Technology and Health Care. The portfolio is underweight the GICS Financial sector, with no exposure to big banks, although the underweight is somewhat offset by exposure to names within the Technology sector that are connected to the digitalization of payments trend. With many governments still committed to keeping global warming limited to a 2-degree Celsius scenario, we expect climate change to remain a driver of political debate and the portfolio will continue to shy away from fossil fuel extraction in favor of renewables and companies focused on energy efficiency. As such, the portfolio has no exposure to the traditional Energy sector. The portfolio's overweight to the Utilities sector is driven partly part by the conviction in the transition away from fossil fuels. Our conviction in the transition away from fossil fuels, if anything, was strengthened as a result of the Russia/Ukraine conflict as the need for Europe to move toward energy independence was reinforced and alternative energy will need to be a part of that. The team continues to prefer companies with strong balance sheets, solid management teams, and positive exposure to long-term secular trends.

During the second quarter of 2022 the investment team added a new position in SVB Financial.

Additions (new position(s))

SVB Financial – SVB Financial was added to the portfolio. SVB specializes in serving growth companies in technology and life sciences and provides customized financing to associated financial sponsors and entrepreneurs. It is positively exposed to the Technology transition through its specialized sector focus and is uniquely positioned to benefit from the ongoing innovation-led disruption of the global economy and financial services. There is top-level commitment to sustainability issues and financing

sustainable solutions as well as integrating sustainability into its operations. ESG risks have been well managed, with special consideration for social and governance matters.

SVB enjoys a strong synergistic banking franchise based on its deep sector expertise and superior relationship network, and currently banks over 50% of U.S. venture-backed tech and life science companies. It has experienced industry-leading growth in tandem with the innovation economy and we believe it will continue to expand faster than its banking peers, with long-term opportunities to participate in client growth through warrants/investments and increased lending, deposit gathering, and fee income. With a focus on low-risk private equity capital call lending, highly limited early-stage lending exposure, and diversified net interest income and fee revenues, SVB's core businesses are more conservatively arrayed than its impressive growth trajectory and superior ROE would imply. It has a well-capitalized balance sheet and is favorably positioned for rising interest rates due to its asset mix/sensitivity and low beta deposit base. SVB has recently added complementary investment banking capabilities (life science and tech focus) and a wealth management segment (Boston Private) that should leverage its extensive sector expertise and banking relationships to cover all client life stages. Top management is highly experienced, with a strong record delivering growth over a variety of market/technology cycles.

We believe the recent pullback in the stock presented a buying opportunity, as the price did not incorporate the full long-term potential and growth dynamics associated with SVB's differentiated banking franchise. Opportunities also include expansion of its footprint globally to finance innovation abroad and participate in the international growth of clients. Domestically, its key fund lending business is supported by an estimated $800bn+ in annual industry capital calls from private equity funds alone. We took the opportunity to introduce a position in SVB into the portfolio at what we consider an attractive valuation.

Outlook

The team expects continued volatility at least in the near term, driven by many of the same issues markets have faced so far in 2022: interest rates, inflation, labor shortages, the Russia/Ukraine conflict, supply chain issues and, ultimately, growth and recession fears. While the team believes it still possible to avoid a recession in some economies such as the U.S., it will be much more difficult for Europe. The biggest risks to the downside, in the team's view, include an escalation in the Russia/Ukraine conflict and the chance that Russia extends the shutdown of the Nord Stream 1 pipeline beyond the scheduled maintenance period to restrict European gas supply. Should Russia decide to leverage its oil and gas supplies to apply political pressure, the impact on the European economy would be immense. Without access to the Nord Stream 1 supply, it could mean European industrial companies must slow or halt production and energy inflation could worsen, putting more pressure on supply chains, the economy, and consumers. In this scenario, European companies, and those with exposure to Europe, cyclicals in particular, would be hit hard. While short-term solutions such as importing liquid natural gas from other countries will be used, renewable energy is the only solution for Europe's energy security in the long term and can make the region truly energy independent. This should have a positive effect on wind, solar, and large-scale energy storage solutions such as hydrogen. It could take a few years, however, before this translates into higher earnings. High energy prices are also expected to have a positive impact on energy-efficient solutions for both the private and the corporate market. While the portfolio is overweight Europe relative to the benchmark, the European exposure tends to be high-quality companies that are active globally with geographically diverse revenue streams.

While there are signs that inflation may have peaked in the U.S., it will take some time before the same happens in Europe given that energy and food inflation in the region is exacerbated by the proximity to and reliance on Russia and Ukraine supplies. While increasing inflation may not be over for Europe yet, the team's base case assumes we are close to that top and long-term interest rates are not expected to rise significantly from here as a result. However, the view is not necessarily that inflation goes back to the 2%-3% of the last couple decades. Rather, the team can envision a scenario where inflation is higher for longer, buoyed in part by shifting supply chain practices where supply chains may be shortened to bring production closer to home (where labor is also likely more expensive) as companies and regions seek to reduce dependence on countries with autocratic regimes. After decades of globalization, which supported low inflation, this will be a costly and lengthy process.

Under the scenario of higher inflation (and therefore higher interest rates) for longer, companies with higher leverage are not in a good position relative to companies with lower leverage, which would favor high-quality stocks, a structural bias in the portfolio. If rates don't rise from here, growth is likely to be favored over value as valuations have become much more attractive, but selectivity will be key. Within growth, defensive growth is preferred, which can be found in sectors such as Health Care. A recessionary environment would put further pressure on highly levered companies and would favor defensives over cyclicals, further pressuring value overall. While higher inflation, supply chain issues, elevated energy prices, and economic and geopolitical uncertainty is generally bad news for equity investors in the short term, defensive sectors like Health Care, Utilities, and Consumer Staples as well as Information Technology tend to perform well in such a scenario on a relative basis. The portfolio is overweight Health Care, Utilities, Technology, and has exposure to companies in other sectors with more defensive businesses such as Materials names that are linked to the Consumer Staples sector.

While volatility may remain high and the outlook may be less positive in the near term until we have greater visibility on economic and geopolitical issues, valuations have become much more attractive in many parts of the market and are already reflecting much of the near-term risk we see. Maintaining a long-term perspective and a focus on fundamentals is key in difficult environments. If we look beyond the short term, nothing has changed regarding the long-term demographic, environmental, technological and governance trends shifting the economy the team focuses on, such as aging population, climate change and digitalization. These trends are secular in nature. The team continues to focus on individual company fundamentals to ensure that company fundamentals or the long-term thesis on the companies has not changed. Overall, while the portfolio may have to endure a challenging environment in the short term, the team believes that the portfolio is well positioned with high-quality companies addressing long-term thematic (secular) growth trends, believes that underlying fundamentals remain strong, and will continue to take advantage of disconnects between current stock prices and long-term value of companies.

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

	3 months	YTD	1 Year	Life of class (12/15/20)
Class Y	-15.85	-25.94	-15.79	-1.13
Class A at NAV	-15.88	-25.98	-15.97	-1.32
Class A with 5.75% maximum sales charge	-20.68	-30.26	-20.80	-5.04
S&P 500® Index	-16.10	-19.96	-10.62	3.07

Performance data shown represents past performance and is no guarantee of, and not necessarily indicative of, future results. Total return and value will vary, and you may have a gain or loss when shares are sold. Current performance may be lower or higher than quoted. For most recent month-end performance, visit im.natixis.com. Performance for other share classes will be greater or less than shown based on differences in fees and sales charges. †Performance for periods less than one year is cumulative, not annualized. Returns reflect changes in share price and reinvestment of dividends and capital gains, if any. You may not invest directly in an index. Benchmark since inception performance is calculated from 12/15/20.

Gross expense ratio 8.79% (Class Y share) / 8.99% (Class A share). Net expense ratio 0.80% (Class Y share) / 1.05% (Class A share). As of the most recent prospectus, the investment adviser has contractually agreed to waive fees and/or reimburse expenses (with certain exceptions) once the expense cap of the Fund has been exceeded. This arrangement is set to expire on 4/30/23. When an expense cap has not been exceeded, the gross and net expense ratios and/or yields may be the same. Not all share classes available for purchase by all investors. Class Y shares are available to institutional investors with a minimum initial investment of $100,000 and through certain wrap-fee programs, retirement plans, and investment advisory accounts with no minimum. See prospectus for more details.

Risks

Equity securities are volatile and can decline significantly in response to broad market and economic conditions. **Investments in small and midsize companies** can be more volatile than those of larger companies. **The Fund's Environmental, Social and Governance (ESG) investment approach** could cause the Fund to perform differently compared to funds that do not have such an approach or compared to the market as a whole. The Fund's application of ESG-related considerations may affect the Fund's exposure to certain issuers, industries, sectors, style factors or other characteristics and may impact the relative performance of the Fund – positively or negatively – depending on the relative performance of such investments.

Definitions

MSCI World Index (Net) is an unmanaged index that is designed to measure the equity market performance of developed markets. It is composed of common stocks of companies representative of the market structure of developed market countries in North America, Europe, and the Asia/Pacific Region. The index is calculated without dividends, with net or with gross dividends reinvested, in both US dollars and local currencies. You may not invest directly in an index.

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Disclosure

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

Security Description	% of Portfolio
Microsoft Corp.	7.90
Thermo Fisher Scientific, Inc.	6.51
Mastercard, Inc. Class A	5.19
Danaher Corp.	5.02
NextEra Energy, Inc.	5.01
Eli Lilly & Co.	4.49
Waste Management, Inc.	4.41
Roper Technologies, Inc.	4.33
American Water Works Co., Inc.	4.19
Adobe, Inc.	3.60

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

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