MyStratWeekly

Market views and strategy

Ostrum
ASSET MANAGEMENT

This document is intended for professional clients in accordance with MIFID

N° 016 // **29 March 2021**

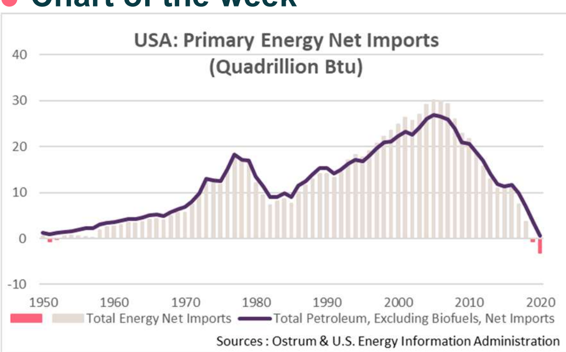
Topic of the week: Europe at the forefront in the fight against climate change

- **Among the major economies, Europe is a leader in reducing greenhouse gas emissions.**
- **With the Green Deal, the European Union has set itself an ambitious intermediate objective aimed at achieving climate neutrality by 2050.**
- **International cooperation is necessary. The recovery plans, in a context of low interest rates, and the return of the United States to the Paris agreement, under the aegis of Joe Biden, constitute a real opportunity to accelerate the energy transition.**

Market review: Suez, stuck in the sand

- **Suez Canal blockage: impediment to trade recovery**
- **Geopolitical risks rise amid US-China rift**
- **Quarter-end close triggers profit-taking, rotation**
- **Strong dollar across the board**

Chart of the week



While the United States was one of the main importers of oil, the trend has reversed itself sharply over the past two decades.

This is mainly due to the balance on petroleum products which has been divided by 40 since its peak in 2005 and has returned to balance in 2020.

This is a major change for the United States, whose economy is therefore much less sensitive to changes in the price of oil. But also, of course, for the balance of the world oil market.

Figure of the week

87

Source : Ostrum AM

The US trade deficit for goods in February was $86.7 billion. An all time high.
This reflects the magnitude of the US fiscal stimulus.

Stéphane Déo
Head of markets strategy

Axel Botte
Global strategist

Zouhoure Bousbih
Emerging countries strategist

Aline Goupil- Raguénès
Developed countries strategist

Topic of the week

Europe at the forefront in the fight against climate change

Europe is a leader among major economies in the fight against global warming. The green pact aims to accelerate the energy transition to become the first carbon neutral continent in 2050. To achieve this, the production quota trading system will have to be strengthened in particular. As climate risk is recognized as a systemic risk, the ECB is studying ways to integrate it into its monetary policy. But beyond the action of Europe, international cooperation is absolutely necessary.

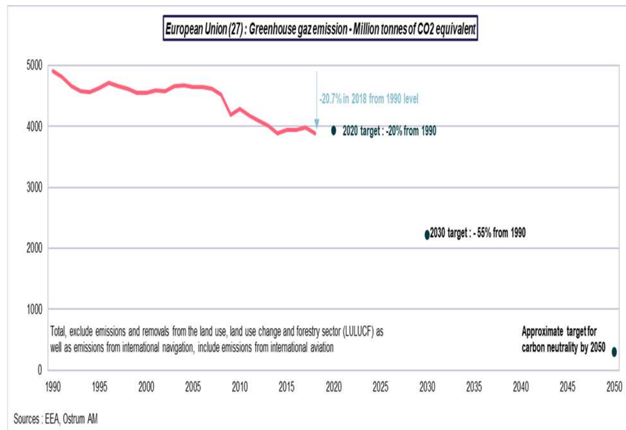
An action for almost 15 years

For almost 15 years, Europe has been setting targets and taking measures to gradually reduce its greenhouse gas emissions and thus help limit global warming of temperatures by less than 2 degrees compared to the era pre-industrial. This strategy can be broken down into three main stages: the climate and energy package by 2020 (aiming in particular to reduce greenhouse gas emissions by 20% compared to the 1990 level), the framework on climate and energy by 2030 (aiming to reduce these emissions by at least 40% compared to 1990) then a long-term strategy presented in November 2018. This aims to become the first continent to achieve climate neutrality by 2050 while respecting the Paris Agreement signed in 2015. To achieve this, the European Commission has set itself a roadmap: the European Green Deal.

The European green deal

The "green deal" was proposed in December 2019, two weeks after the arrival of Ursula Von der Leyen as President of the European Commission. It was presented as a growth strategy aimed at transforming the European economy with the aim of achieving climate neutrality by 2050. To this end, the intermediate objective of reducing greenhouse gas emissions was raised to 55% by 2030, against 40% previously. The European Commission has also proposed a European climate law to enshrine these goals and the framework to achieve them into law.

In 2018, the greenhouse gas emissions of the European Union (27) fell by 20.7%, compared to 1990, as shown in the following graph. According to the latest report from the European Environment Agency (EEA), the reduction continued in 2019 to reach 24% compared to 1990. Given the reduction in emissions resulting from the health crisis, the objective of -20% in 2020 will be reached. For 2030, the measures taken and planned by member countries would allow, according to the EEA, a reduction in emissions of 36% in 2030, compared to 1990, well below the new target of 55%. There are also significant disparities between countries. The European Union must therefore accelerate the energy transition in order to achieve its intermediate objective and carbon neutrality by 2050.



Sources : EEA, Ostrum AM

What sectors are targeted by the Green Deal?

The Green Deal concerns all sectors, foremost among which is the energy sector, responsible for 75% of greenhouse gas emissions. The European Union wants to decarbonise it by significantly increasing the share of electricity in final energy demand (at least doubling it by 2050) and energy production. By 2030, the share of electricity production from renewable sources should double to 65% and 80% by 2050. In buildings, the pace of renovations should also be doubled to reach 2% per year by 2030 and improve energy efficiency. In transport, the green pact aims to reduce greenhouse gas emissions by 90% by 2050. This will be achieved in particular through the development of the transport of goods by sea and rail as well as strong development of charging points for electric vehicles. The Green Deal also concerns the areas of agriculture and biodiversity.
To help the countries and regions that will be the most affected by the energy transition, because they are more dependent on fossil energy, the green pact includes the creation of a just transition fund to mobilize 100 billion euros over the period 2021-2027.

Financing of investments

In order to accelerate the energy transition and achieve carbon neutrality, the Green Deal plans public and private investments, the financing of which is intended to mobilize at least 1,000 billion euros over 10 years. It will be financed in particular by the European budget (503 billion euros), the Member States (114 billion euros), funds from the emission quota system (25 billion) and the private sector (279 billion). The latter should be an incentive to invest in the green economy through guarantees provided by the European

Investment Bank.

The Green Deal is at the heart of the European recovery plan

The unprecedented shock of the health crisis has prompted governments to take far-reaching measures to cushion the impact on the economy and create the conditions for recovery. The European recovery plan, amounting to 750 billion euros, is within this historic framework in two respects. It allows the European Union to borrow a significant amount on the financial markets on behalf of all countries and it includes a significant portion of grants (390 billion euros) intended to come to the aid of the most affected countries by the crisis and having the least room for maneuver to face it. This recovery plan is included in the European Union budget for 2021-2027. To benefit from the disbursements, countries must submit their final recovery and resilience plan by April 2030. They will have to meet certain criteria and in particular devote 37% of investments to energy transition and 20% to the digitalization of the economy. The European recovery plan thus aims to accelerate the transition to a carbon neutral economy. The expenditure made within the framework of the European budget 2021-2027 must amount to 30% in the energy transition. The resumption of growth will be green and will benefit from the maintenance of very advantageous financing conditions made possible by the very accommodating monetary policy carried out by the ECB.

Strengthen the quota trading system

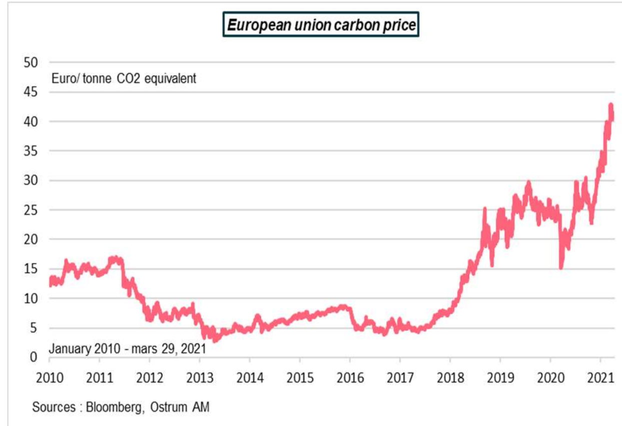
The emissions trading system is at the heart of the EU's climate strategy. Created in 2005, it is the world's first major carbon market and the largest.

Market operation

This system sets a ceiling on greenhouse gas emissions for heavy industries, power plants and aviation in particular. This ceiling gradually decreases each year. Within the limit of this, companies receive or buy allowances and can exchange them between themselves according to their needs (1 quota = 1 tonne of CO_2). Each year, companies must surrender as many allowances as the emissions observed the previous year. Those who have used more than the quotas allocated to them can buy the surplus quotas from less polluting companies. This system thus constitutes the largest carbon market.

Significant increase in the price of carbon

After remaining at low levels for a long time, due in particular to an excess of allocated quotas, the European Union has adopted reforms to improve the functioning of the market. This resulted in an increase in the price of carbon from 2018. It went from around 5 euros per tonne, between 2016 and mid-2017, to 25 euros at the end of 2018. A higher carbon price is an essential factor in encouraging private companies to adopt measures aimed at making their production less polluting and increasing their energy efficiency.



After reaching 30 euros in 2019 and falling following the covid-19 crisis, the price of carbon has rebounded sharply with the global recovery. The increase accelerated significantly from the end of 2020. This coincided with the decision of the governments of the European Union, on December 11, 2020, to approve the increase in the objective of reducing greenhouse gas emissions to 55% by 2030 and enshrine it in law. This resulted in a sharp rise in the price of carbon to reach levels of 40 euros per tonne of CO_2. This decision suggests a lower emissions ceiling, more limited quotas and therefore an increase in the price of carbon helping to promote the energy transition. However, further action is needed to achieve the goal of climate neutrality by 2050.

Necessary improvements to the quota trading system

This system needs to be extended to other industries, as the latter currently covers only 45% of the EU's greenhouse gas emissions. In particular, it does not concern transport, waste, agriculture and a large part of the construction sector. These sectors are covered by the distribution of the effort (binding targets for reducing greenhouse gas emissions are set for each country). The European Parliament approved last September the European Commission's proposal to include sea freight in the emissions trading system. The European Commission would also like to extend it to road transport and the entire construction sector.

Another point of improvement is a further reduction in the quotas distributed free of charge to companies. They represent 40% of the quotas distributed according to the European Court of Auditors. These have been allocated free of charge to certain companies, notably those in the aviation sector, for two reasons. The first: to avoid "carbon leaks", that is to say the relocation of companies to escape the additional costs associated with this system, which would result in an increase in greenhouse gas emissions worldwide. The second reason concerns companies that do not have the capacity to pass the costs on to their customers. According to the Court of Auditors, a large part of these subsidies are no longer justified.

Carbon adjustment mechanism at borders

As part of the Green Deal, the European Commission wants to establish a carbon adjustment mechanism at the borders by 2023, compatible with WTO rules. It aims to avoid competition from imported products whose production requires significant greenhouse gas emissions and to reduce the EU's carbon footprint. Imported products with a carbon footprint above a certain threshold would incur additional costs. These revenues would constitute own resources for the European Commission likely to contribute to the financing of the European recovery plan from 1 January 2023. The Commission will present its proposal in June. This border adjustment mechanism could be part of the EU Emissions Trading System. The United States has expressed concern about the project and said it should only be used as a last resort.

The ECB makes climate one of its priorities

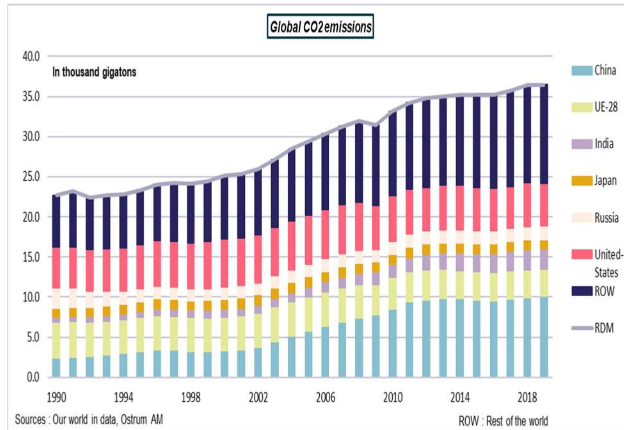
Since taking over as head of the ECB, Christine Lagarde has made the fight against global warming one of her priorities. This factor, which may have lasting consequences on growth and inflation, has thus been incorporated into the central bank's strategic review, the results of which should be known in mid 2021. In January 2021, it created a center on climate change to define and guide the ECB's climate action. Since the start of the year, ECB communications on the subject have intensified. The central bank is exploring ways of taking the climate factor into account in the conduct of its monetary policy and studying to what extent, the action of governments being the most able to respond to this long-term challenge. This will obviously be done within the limits imposed by the treaties, foremost among which is the objective of price stability.

In a recent speech, Isabelle Shnabel, member of the ECB's executive committee, revealed that the principle of market neutrality followed by the ECB, within the framework of its asset purchase programs, resulted in a bias of issue in the portfolio of bonds held. This results from the fact that large companies belonging to sectors with the largest carbon footprint were often the most bond issuers, in particular because of the large amount of fixed capital that can be provided as collateral. Discussions are therefore underway to improve the notion of market neutrality and correct this emission bias by including sustainability criteria.

The ECB also recently released the preliminary results of its first economy-wide climate risk stress test. It is intended to assess the impact on businesses and banks over the next 30 years. The results show that climate risk is a systemic risk in particular for banks with portfolios concentrated in certain sectors and geographic areas. This requires an urgent response to respect the Paris Agreement and limit the long-term consequences on the economy. The final results will be published in mid 2021. They could lead to an increase in the capital requirements of banks and insurers to better integrate climate risk.

Need for coordinated action at the international level

The European Union represents only 9% of global CO2 emissions and therefore cannot by itself allow a significant reduction in greenhouse gas emissions. As the following graph shows, China and the United States are the two largest emitting nations at 27.9% and 14.5% respectively. This shows the need for coordinated action at the global level. An agreement on a carbon floor price between the main emitting countries would in particular be a good way to limit global greenhouse gas emissions.



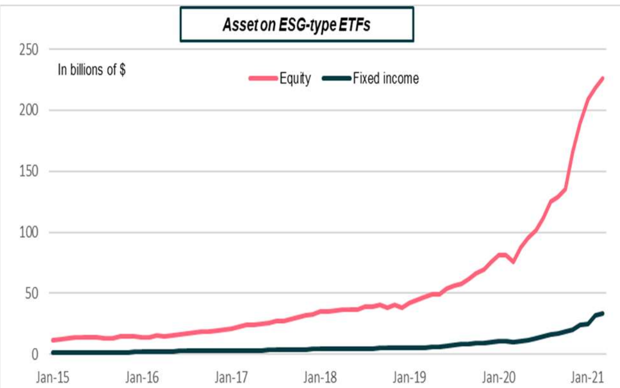
If the European Union has made progress over the past few years in the fight against global warming, China has not made much progress and the United States has fallen behind due to its withdrawal from the Paris Agreement under the Trump presidency. The post-Covid crisis and the arrival of Joe Biden as President of the United States offer a real opportunity to take comprehensive measures aimed at accelerating the energy transition.

Barely arrived at the White House, Joe Biden reintegrated the United States into the Paris Agreement and signed a series of presidential decrees aimed in particular at suspending the granting of new offshore drilling permits and protecting one third of federal lands from gas and gas drilling oil. Joe Biden wants to achieve carbon neutrality by 2050 and achieve neutral electricity production by 2035. To this end, he is preparing, among other things, to present an infrastructure plan. China for its part announced last September that it wanted to achieve carbon neutrality in 2060 without however making any ambitious commitments. It said, however, that it should reach peak C02 emissions before 2030.

While many countries have recently followed the European Union's drive to achieve carbon neutrality in 2050, only the latter and small countries have set ambitious intermediate targets. Cop 26, which will be held next November in Glasgow, will be an opportunity to review the climate objectives of countries which are currently proving to be very insufficient, according to the latest UN report. This will be an opportunity to secure firm commitments from countries with ambitious intermediate targets.

Net development of green finance

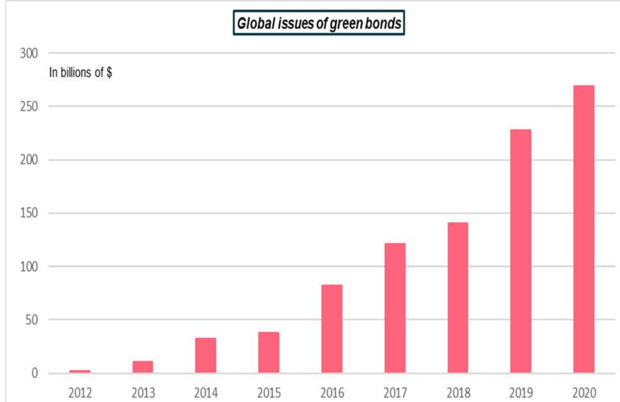
Since the signing of the Paris Agreement in 2015, green finance has experienced strong development. This includes financial transactions aimed at accelerating the energy transition. The graph below shows the amount of ESG-type ETF assets. These index funds thus take into account environmental, societal and governance criteria. They recorded a spectacular rise in the equity markets. The rise was later and more moderate on ESG-type ETF bonds. Companies taking measures to reduce their carbon emissions and increase their energy efficiency will benefit from the impulsion given by the European Union within the framework of the Green Deal and the enthusiasm of investors for this topic.



Sources : Bloomberg, Ostrum AM

Green bonds finance projects that reduce greenhouse gas emissions. As shown in the graph below, this market has grown strongly since 2015, going from a size of $ 104 billion to nearly 1,000 billion in February 2021. Europe occupies a predominant position, with Germany and France in the lead, followed by the United States. The green bond issues of European governments have met with great success, providing favorable financing conditions. France occupies the place of leader in this matter. This market is set to grow strongly over the next few years due to the political will of the European Union and the United States to step up the fight against global warming.

The European Union has made its recovery plan a key factor in its energy transition. It said it would finance 30% of it through green bond issues worth € 225 billion. This is a considerable sum which corresponds to the total amount raised on world markets in 2019. The standards for these bonds should be based on the taxonomy which is being finalized by the European Commission. This aims to define a new reference framework aimed at determining which activities can be considered climate-sustainable and thus help investors to make their decisions.



Sources : Bloomberg, Ostrum AM

Conclusion

The recovery plans adopted by governments, in a context of continued low interest rates, constitute a formidable opportunity to accelerate the energy transition and achieve climate neutrality in 2050. The European Union, through its green pact, has set itself an ambitious roadmap with an intermediate objective of reducing greenhouse gas emissions by 55% by 2030 (compared to 1990). Global action is absolutely necessary for this transition to be successful. The appointment is given at Cop26 in November so that the long-term carbon neutrality objectives, announced by many governments at the instigation of Europe, translate into urgent action and become reality.

Aline Goupil-Raguénès

Market review

Suez: stuck in the sand

End-of-quarter rotations, the Suez blockade and geopolitical tensions drive the markets.

The quarterly closing is conducive to movements in asset reallocations. Institutional investors tend to cash in on their profitable exposures. These adjustments in asset holdings partly explain the rebound in the US dollar, the brief drop in US yields below the 1.60% threshold which interrupted the upward momentum observed since the start of the year and the sector rotations observed in the US equity market. The steepening of sovereign yield curves in Europe is also prompting insurance companies to favor government bonds to the detriment of credit.

The repositioning seems unrelated with the latest political and economic developments. The economic situation remains subject to the evolution of the pandemic. Europe's ineffective vaccine strategy is delaying the recovery. European political mistakes in the management of the pandemic resonate with the dissensions perceptible in the ECB's communication. Christine Lagarde denies practicing a form of micro-management of the bond markets, but the acceleration of PEPP asset purchases to € 21 billion (against € 14 billion on average) and of the APP to € 8 billion (against € 5 billion) reflects, according to Board member Isabel Schnabel, a change in the policy objective for open market operations from quantities to prices. This indeed corresponds to a yield curve control policy, paving the way for a subsequent cutback in asset purchases. The terms of the consensus reached by the ECB Governing Council may revolve around a trade-off between leaning against upward pressure on bond yields in the short run whilst reducing quantitative support as the recovery gains traction. The BoJ had reduced quantitative easing purchases by announcing a 0% target for 10-year JGB yields. The ECB, which operates across 19 countries and heterogeneous markets, cannot communicate so simply.

Meanwhile, geopolitical tensions are increasing. Joe Biden’s America directly confronts China on issues such as human rights and the economic hegemony by seeking rapprochement with Japan, South Korea and India. Europe joined the US condemnations of China casting a chill after the bilateral investment deal reached last month. Cooperation with Taiwan or Korea for the production of semiconductors is stirring up the wrath of Chinese authorities. TSMC and Samsung are considering setting up production facilities in the United States as US subsidies worth $ 30 billion aims at fostering foreign direct investment in key technology sectors. This is one of the major targets of the infrastructure program that will be debated in Congress in April. The awakening of Kim Jong-Un's military ambitions constitutes yet another source of tension. In addition, the blockage of the Suez Canal through which nearly 12% of trade passes will curb the sharp pickup in world trade observed so far this year. The recovery in trade is hence at risk of stalling as more than 450 ships, including around 30 oil tankers, are immobilized. Crude oil prices proved sensitive to the prospects for a resumption in maritime traffic.

In financial markets, the pullback in equities after a strong first quarter helped bond yields decline. Flows into Treasuries ETFs turned positive again last week after a long period of fund outflows. T-note yields traded briefly below 1.60% before bond yields resumed rising again after another difficult auction for 7-year Treasuries ($ 62 billion). The US 10-year yield stabilized around 1.65%, about 10bp below March highs. Asian sessions often set the tone for Treasuries and the news of equity positions unwinding by a private investor reduced upward pressure on rates early on Monday. In addition, Japanese institutional accounts are extending their investments, taking advantage of recent tensions that sent 30-year yields to 2.50% at its highest on March 18. The weakness in the Japanese yen, which is unusual as the end of the fiscal year approaches, may be the result of these international arbitrages. The 10s30s spread stabilized around 70bp. It is premature to anticipate a reduction in Fed quantitative easing, but any sign of reduced monetary support would add to tightening pressure. The increase in the PEPP is helping to widen the spread between the Bund and the T-note, as the European Central Bank expressly seeks to protect local markets from a crowding-out effect from more attractive Treasuries. The spread is trading above 200bp. March's flash inflation estimate is likely to liven up markets this week. The month of March usually offers favorable seasonality for holders of index-linked bonds. However, the index reweighting, oil volatility and other transitory effects call for caution as breakeven inflation rates have already adjusted upwards.

Equity valuations may be a drag on the performance of US stock market indices, which gives rise to violent sectoral and style rotations within the equity market. The wave of short covering now appears complete. The most shorted stocks indeed no longer outperform. The Russell 2000 undergoes quarter-end profit taking rotation (-2.89% vs. + 1.57% for the S&P 500). Fire sales of equity holdings estimated at $ 20 billion from a private fund targeting US and Chinese technology stocks hit the wires on Friday. However, the FANG+ meltdown is sparing Europe, which remains driven by its cyclical and technology sectors and somewhat protected by attractive relative valuations.

Axel Botte
Global strategist

Main market indicators

Emprunts d'Etats	29-Mar-21	-1sem (pb)	-1m(pb)	2020 (pb)
EUR Bunds 2a	-0.71 %	-1	-5	-1
EUR Bunds 10a	-0.32%	-1	-6	+25
EUR Bunds 2s10s	39 bp	+0	-1	+26
USD Treasuries 2a	0.14 %	0	+2	+2
USD Treasuries 10a	1.7 %	+0	+29	+79
USD Treasuries 2s10s	156 bp	+1	+28	+76
GBP Gilt 10a	0.79 %	-3	-3	+59
JPY JGB 10a	0.08 %	-1	-9	+5
EUR Spreads Souverains (10a)	**29-Mar-21**	**-1sem (pb)**	**-1m(pb)**	**2020 (pb)**
France	25 bp	0	0	+2
Italie	96 bp	0	-6	-16
Espagne	63 bp	-2	-5	+2
Inflation Points-morts (10a)	**29-Mar-21**	**-1sem (pb)**	**-1m(pb)**	**2020 (pb)**
EUR OATi (9a)	121 bp	+6	+22	-
USD TIPS	237 bp	+5	+22	+38
GBP Gilt Indexés	355 bp	+7	+16	+55
EUR Indices Crédit	**29-Mar-21**	**-1sem (pb)**	**-1m(pb)**	**2020 (pb)**
EUR Credit IG OAS	92 bp	+0	+3	+0
EUR Agences OAS	40 bp	+1	+1	-1
EUR Obligations sécurisées OAS	33 bp	+1	+4	+0
EUR High Yield Pan-européen OAS	321 bp	+0	+3	-37
EUR/USD Indices CDS 5a	**29-Mar-21**	**-1sem (pb)**	**-1m(pb)**	**2020 (pb)**
iTraxx IG	54 bp	-1	+5	+6
iTraxx Crossover	263 bp	-9	+14	+22
CDX IG	57 bp	0	+3	+7
CDX High Yield	316 bp	+18	+20	+22
Marchés émergents	**29-Mar-21**	**-1sem (pb)**	**-1m(pb)**	**2020 (pb)**
USD JPM EMBI Global Div. Spread	355 bp	+8	-4	+3
Devises	**29-Mar-21**	**-1sem (%)**	**-1m(%)**	**2020 (%)**
EUR/USD	$1.178	-1.32	-2.27	-3.61
GBP/USD	$1.378	-0.64	-1.08	+0.77
USD/JPY	¥109.78	-0.85	-2.75	-5.95
Matières Premières	**29-Mar-21**	**-1sem ($)**	**-1m($)**	**2020 ($)**
Brent	$64.7	$0.1	$0.3	$13.0
Or	$1 713.6	-$25.4	-$11.5	-$184.8
Indices Actions	**29-Mar-21**	**-1sem (%)**	**-1m(%)**	**2020 (%)**
S&P 500	3 979	0.97	4.40	5.93
EuroStoxx 50	3 883	1.28	6.78	9.30
CAC 40	6 016	0.79	5.48	8.36
Nikkei 225	29 385	0.72	1.44	7.07
Shanghai Composite	3 435	-0.24	-2.10	-1.09
VIX - Volatilité implicite	20.37	7.89	-27.12	-10.46

Source: Bloomberg, Ostrum Asset Management

Additional notes

Ostrum Asset Management

Asset management company regulated by AMF under n° GP-18000014 – Limited company with a share capital of 48 518 602 €. Trade register n°525 192 753 Paris – VAT : FR 93 525 192 753 – Registered Office: 43, avenue Pierre Mendès-France, 75013 Paris – www.ostrum.com
This document is intended for professional, in accordance with MIFID. It may not be used for any purpose other than that for which it was conceived and may not be copied, distributed or communicated to third parties, in part or in whole, without the prior written authorization of Ostrum Asset Management.
None of the information contained in this document should be interpreted as having any contractual value. This document is produced purely for the purposes of providing indicative information. This document consists of a presentation created and prepared by Ostrum Asset Management based on sources it considers to be reliable.
Ostrum Asset Management reserves the right to modify the information presented in this document at any time without notice, which under no circumstances constitutes a commitment from Ostrum Asset Management.
The analyses and opinions referenced herein represent the subjective views of the author(s) as referenced, are as of the date shown and are subject to change without prior notice. There can be no assurance that developments will transpire as may be forecasted in this material. This simulation was carried out for indicative purposes, on the basis of hypothetical investments, and does not constitute a contractual agreement from the part of Ostrum Asset Management.
Ostrum Asset Management will not be held responsible for any decision taken or not taken on the basis of the information contained in this document, nor in the use that a third party might make of the information. Figures mentioned refer to previous years. Past performance does not guarantee future results. Any reference to a ranking, a rating or an award provides no guarantee for future performance and is not constant over time. Reference to a ranking and/or an award does not indicate the future performance of the UCITS/AIF or the fund manager.
Under Ostrum Asset Management's social responsibility policy, and in accordance with the treaties signed by the French government, the funds directly managed by Ostrum Asset Management do not invest in any company that manufactures, sells or stocks anti-personnel mines and cluster bombs.
Final version dated 29/03/2021

Natixis Investment Managers

This material has been provided for information purposes only to investment service providers or other Professional Clients, Qualified or Institutional Investors and, when required by local regulation, only at their written request. This material must not be used with Retail Investors.
In the E.U. (outside of the UK and France): Provided by Natixis Investment Managers S.A. or one of its branch offices listed below. Natixis Investment Managers S.A. is a Luxembourg management company that is authorized by the Commission de Surveillance du Secteur Financier and is incorporated under Luxembourg laws and registered under n. B 115843. Registered office of Natixis Investment Managers S.A.: 2, rue Jean Monnet, L-2180 Luxembourg, Grand Duchy of Luxembourg. Italy: Natixis Investment Managers S.A., Succursale Italiana (Bank of Italy Register of Italian Asset Management Companies no 23458.3). Registered office: Via San Clemente 1, 20122 Milan, Italy. Germany: Natixis Investment Managers S.A., Zweigniederlassung Deutschland (Registration number: HRB 88541). Registered office: Im Trutz Frankfurt 55, Westend Carrée, 7. Floor, Frankfurt am Main 60322, Germany. Netherlands: Natixis Investment Managers, Nederlands (Registration number 50774670). Registered office: Stadsplateau 7, 3521AZ Utrecht, the Netherlands. Sweden: Natixis Investment Managers, Nordics Filial (Registration number 516405-9601 - Swedish Companies Registration Office). Registered office: Kungsgatan 48 5tr, Stockholm 111 35, Sweden. Spain: Natixis Investment Managers, Sucursal en España. Serrano n°90, 6th Floor, 28006, Madrid, Spain. Belgium: Natixis Investment Managers S.A., Belgian Branch, Louizalaan 120 Avenue Louise, 1000 Brussel/Bruxelles, Belgium.
In France: Provided by Natixis Investment Managers International – a portfolio management company authorized by the Autorité des Marchés Financiers (French Financial Markets Authority - AMF) under no. GP 90-009, and a public limited company (société anonyme) registered in the Paris Trade and Companies Register under no. 329 450 738. Registered office: 43 avenue Pierre Mendès France, 75013 Paris.
In Switzerland: Provided for information purposes only by Natixis Investment Managers, Switzerland Sàrl, Rue du Vieux Collège 10, 1204 Geneva, Switzerland or its representative office in Zurich, Schweizergasse 6, 8001 Zürich.
In the British Isles: Provided by Natixis Investment Managers UK Limited which is authorised and regulated by the UK Financial Conduct Authority (register no. 190258) - registered office: Natixis Investment Managers UK Limited, One Carter Lane, London, EC4V 5ER. When permitted, the distribution of this material is intended to be made to persons as described as follows: in the United Kingdom: this material is intended to be communicated to and/or directed at investment professionals and professional investors only; in Ireland: this material is intended to be communicated to and/or directed at professional investors only; in Guernsey: this material is intended to be communicated to and/or directed at only financial services providers which hold a license from the Guernsey Financial Services Commission; in Jersey: this material is intended to be communicated to and/or directed at professional investors only; in the Isle of Man: this material is intended to be communicated to and/or directed at only financial services providers which hold a license from the Isle of Man Financial Services Authority or insurers authorised under section 8 of the Insurance Act 2008.
In the DIFC: Provided in and from the DIFC financial district by Natixis Investment Managers Middle East (DIFC Branch) which is regulated by the DFSA. Related financial products or services are only available to persons who have sufficient financial experience

and understanding to participate in financial markets within the DIFC, and qualify as Professional Clients or Market Counterparties as defined by the DFSA. No other Person should act upon this material. Registered office: Unit L10-02, Level 10 ,ICD Brookfield Place, DIFC, PO Box 506752, Dubai, United Arab Emirates

In Japan: Provided by Natixis Investment Managers Japan Co., Ltd., Registration No.: Director-General of the Kanto Local Financial Bureau (kinsho) No. 425. Content of Business: The Company conducts discretionary asset management business and investment advisory and agency business as a Financial Instruments Business Operator. Registered address: 1-4-5, Roppongi, Minato-ku, Tokyo.

In Taiwan: Provided by Natixis Investment Managers Securities Investment Consulting (Taipei) Co., Ltd., a Securities Investment Consulting Enterprise regulated by the Financial Supervisory Commission of the R.O.C. Registered address: 34F., No. 68, Sec. 5, Zhongxiao East Road, Xinyi Dist., Taipei City 11065, Taiwan (R.O.C.), license number 2020 FSC SICE No. 025, Tel. +886 2 8789 2788.

In Singapore: Provided by Natixis Investment Managers Singapore Limited (company registration no. 199801044D) to distributors and institutional investors for informational purposes only.

In Hong Kong: Provided by Natixis Investment Managers Hong Kong Limited to institutional/ corporate professional investors only.

In Australia: Provided by Natixis Investment Managers Australia Pty Limited (ABN 60 088 786 289) (AFSL No. 246830) and is intended for the general information of financial advisers and wholesale clients only .

In New Zealand: This document is intended for the general information of New Zealand wholesale investors only and does not constitute financial advice. This is not a regulated offer for the purposes of the Financial Markets Conduct Act 2013 (FMCA) and is only available to New Zealand investors who have certified that they meet the requirements in the FMCA for wholesale investors. Natixis Investment Managers Australia Pty Limited is not a registered financial service provider in New Zealand.

In Latin America: Provided by Natixis Investment Managers S.A.

In Uruguay: Provided by Natixis Investment Managers Uruguay S.A., a duly registered investment advisor, authorised and supervised by the Central Bank of Uruguay. Office: San Lucar 1491, Montevideo, Uruguay, CP 11500. The sale or offer of any units of a fund qualifies as a private placement pursuant to section 2 of Uruguayan law 18,627.

In Colombia: Provided by Natixis Investment Managers S.A. Oficina de Representación (Colombia) to professional clients for informational purposes only as permitted under Decree 2555 of 2010. Any products, services or investments referred to herein are rendered exclusively outside of Colombia. This material does not constitute a public offering in Colombia and is addressed to less than 100 specifically identified investors.

In Mexico Provided by Natixis IM Mexico, S. de R.L. de C.V., which is not a regulated financial entity, securities intermediary, or an investment manager in terms of the Mexican Securities Market Law (Ley del Mercado de Valores) and is not registered with the Comisión Nacional Bancaria y de Valores (CNBV) or any other Mexican authority. Any products, services or investments referred to herein that require authorization or license are rendered exclusively outside of Mexico. While shares of certain ETFs may be listed in the Sistema Internacional de Cotizaciones (SIC), such listing does not represent a public offering of securities in Mexico, and therefore the accuracy of this information has not been confirmed by the CNBV. Natixis Investment Managers is an entity organized under the laws of France and is not authorized by or registered with the CNBV or any other Mexican authority. Any reference contained herein to "Investment Managers" is made to Natixis Investment Managers and/or any of its investment management subsidiaries, which are also not authorized by or registered with the CNBV or any other Mexican authority.

The above referenced entities are business development units of Natixis Investment Managers, the holding company of a diverse line-up of specialised investment management and distribution entities worldwide. The investment management subsidiaries of Natixis Investment Managers conduct any regulated activities only in and from the jurisdictions in which they are licensed or authorized. Their services and the products they manage are not available to all investors in all jurisdictions. It is the responsibility of each investment service provider to ensure that the offering or sale of fund shares or third party investment services to its clients complies with the relevant national law.

The provision of this material and/or reference to specific securities, sectors, or markets within this material does not constitute investment advice, or a recommendation or an offer to buy or to sell any security, or an offer of any regulated financial activity. Investors should consider the investment objectives, risks and expenses of any investment carefully before investing. The analyses, opinions, and certain of the investment themes and processes referenced herein represent the views of the portfolio manager(s) as of the date indicated. These, as well as the portfolio holdings and characteristics shown, are subject to change. There can be no assurance that developments will transpire as may be forecasted in this material. Past performance information presented is not indicative of future performance.

Although Natixis Investment Managers believes the information provided in this material to be reliable, including that from third party sources, it does not guarantee the accuracy, adequacy, or completeness of such information. This material may not be distributed, published, or reproduced, in whole or in part.

All amounts shown are expressed in USD unless otherwise indicated.

www.ostrum.com