

# Sustainable High Yield strategy

## When High Yield and Sustainability Go Hand in Hand



Mirova Euro High Yield Sustainable Bond Fund is a sub-fund of the Luxembourg SICAV Mirova Funds, approved by the Luxembourg Commission for the Supervision of the Financial Sector (the "CSSF"). Natixis Investment Managers International is the management company and has delegated financial management to Mirova. The fund is exposed to the following risks : Capital loss, Financial Derivatives Instruments, Debt securities, Liquidity, Changing interest rates, Emerging markets, Credit risk, Sustainability Risks, Below Investment Grade Securities or Unrated Securities, Counterparty risk, Investment in contingent convertibles securities, Exchange rates, Changes in laws and/or tax regimes, ESG Driven Investments.

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**11.37%**<sup>1</sup>  
**Net fund return for the year 2023**

### Primary Investment Themes:



**Recycling**



**Waste Treatment**



**Efficient Construction**



**Clean Mobility**

**€72.3 M**

**Assets under management**



**<2°C**  
**Climate Strategy<sup>3</sup>**



**Label ISR<sup>4</sup>**



**Label Towards Sustainability<sup>4</sup>**

**SRI<sup>2</sup> = 2**

**Article 9 Fund**

**4**

**Globe Morningstar rating<sup>4</sup>**



**Fund's contributions to SDGs<sup>5</sup>**



1. Return of the Mirova Euro High Yield Sustainable Bond Fund, EI NPF/A EUR share – ISIN Code: LU2478873008.

Past performance is no guarantee of future performance.

2. The "Summary Risk Indicator" (SRI), as defined by the PRIIPs regulation, is a risk measure based on both market risk and credit risk. It is based on the assumption that you stay invested in the fund for the recommended holding period. It is calculated periodically and may change over time. The indicator is presented on a numerical scale from 1 (the lowest risk) to 7 (the highest risk).

3. Mirova aims, for all its investments, to propose portfolios consistent with a climate trajectory of less than 2°C defined in the Paris Agreements of 2015, and systematically displays the carbon impact of its investments (excluding Social impact and Natural Capital funds), calculated from a proprietary methodology that may involve biases.

4. References to a ranking, award or label have no bearing on the future performance of any fund or manager.

5. Created by the United Nations in 2015, the 17 "Sustainable Development Goals" (SDGs) are the layout to achieve a better and more sustainable world for all by 2030. These goals are a call for action to address a series of global challenges, such as: poverty, inequality, climate, environmental degradation, and justice.



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## ► 4-Globe Morningstar<sup>6</sup> rating for the Mirova Euro High Yield Sustainable Bond Fund

In June 2023, our Mirova Euro High Yield Sustainable Bond Fund was awarded 4 Globes on the Morningstar Sustainability Rating scale, which assesses portfolios' level of ESG integration (environment, social and governance). We are proud of this recognition, which – above and beyond the several labels this fund has earned – confirms Mirova's leadership and recognised expertise in the realm of responsible investment.



*With high and attractive yields as well as limited volatility, sustainable high yield is an ideal asset class for diversifying your portfolio.*



**Nelson Ribeirinho**  
Portfolio Manager of Mirova Euro High Yield Sustainable Bond Fund, credit analyst



*The sound financial health of companies as well as the scarcity of supply make the high-yield bond segment a must.*



**Jean-René Meduri**  
Portfolio Manager of Mirova Euro High Yield Sustainable Bond Fund, credit analyst

6. References to a ranking, award or label have no bearing on the future performance of any fund or manager.

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### Sustainable High Yield – a multi-faceted asset class that combines: The pursuit of financial performance...

With a yield now approaching 6% and an average annual performance of around 5%<sup>7</sup> per year over the past 20 years, high-yield bonds

(BB/B) represent an attractive asset class for investors seeking returns higher than those of government and investment grade

corporate bonds<sup>8</sup>, while being relatively less exposed to interest rate fluctuations.

### ... and ESG criteria (Environmental, Social and Governance) to meet the challenges of transition

Beyond yield, the sustainable high-yield asset class provides solutions to the challenges of the low-carbon economy of tomorrow, particularly by funding a range of sustainable activities such as green technologies, energy efficiency, and renewable energies.

The selection of sustainable high-yield companies upstream in the value chain is a pivotal component of the ecological transition, enabling the financing of the entire value chain to empower key transition actors to accelerate their development.



7. Mirova, as of December 31, 2023.

8. Investment Grade bonds are bonds issued by borrowers with the highest ratings from the rating agencies.



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### How does the Mirova Euro High Yield Sustainable Bond Fund meet yield and sustainability requirements?

With a net performance of 11.37%<sup>9</sup> in 2023, the Mirova Euro High Yield Sustainable Bond Fund, classified as Article 9 under the SFDR regulation, confirms that high yield and responsible investment can go hand in hand. The fund's objective is to support SMEs with strong financing needs and committed to transitioning towards a more sustainable model. With a 2/3 allocation to environmental themes and 1/3 to social themes, the Mirova Euro High Yield Sustainable

Bond Fund particularly favors companies operating in recycling, waste treatment, clean mobility, sustainable packaging, real estate renovation, access to clean water, and responsible hygiene products. Our conviction is that bonds issued by these companies have a higher likelihood of experiencing favorable economic trajectories than their peers on average, often resulting in credit rating improvements. Viewing the transition to a sustainable economy as

an opportunity for growth, ESG criteria are integrated throughout the fund's investment process. All portfolio positions are vetted in advance by Mirova's team of ESG analysts. The fund's managers and analysts regularly meet with the management of these companies to ensure the achievement of financial and ESG objectives.

## In a nutshell

### ► Mirova Euro High Yield Sustainable Bond Fund

Supporting the real economy via SMEs in need of financing whose activities are essential to the sustainability transition.

- Credit fund
- B and BB high yield bond fund with a short duration (3–4 years on average)
- SRI of 2
- Article 9, Label ISR, Label Towards Sustainability
- Sustainability focus with 2/3 of securities positioned on environmental themes and 1/3 social themes
- Issuers: SMEs from the recycling/waste treatment, clean mobility and more efficient real estate construction/management
- Advantages: High Yield performance (greater than inflation) and decorrelation from interest rates

*Data as of December 31, 2023*

The Sustainable Finance Disclosure Reporting (SFDR) Regulation aims to provide more transparency in terms of environmental and social responsibility in financial markets, through the provision of sustainability information on financial products (integration of risks and negative sustainability impacts). Products classified as Article 9 within the meaning of SFDR have a sustainable investment objective compared to products classified as Article 6 (no sustainability objective) or Article 8 (environmental and social characteristics).

References to a ranking, prize or label do not anticipate the future results of the latter, or of the fund, or of the manager.

Past performances do not anticipate the future performances. Investments in the fund are mainly subject to risk of capital loss. Each investment is subject to risks, including the risk of capital loss, sustainability and liquidity.

<sup>9</sup> Source: Mirova, as of December 31, 2023.

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Mirova Euro High Yield Sustainable Bond Fund is a sub-fund of the Luxembourg SICAV Mirova Funds, approved by the Luxembourg Commission for the Supervision of the Financial Sector (the "CSSF"). Natixis Investment Managers International is the management company and has delegated financial management to Mirova. This fund is the subject of a key investor information document (KID) and of a prospectus. The KID of the fund must be delivered prior to any subscription. The reference documents on the fund (KID, prospectus and periodical document) are available at Mirova. You can obtain it on simple request and on the website [www.mirova.com](http://www.mirova.com). The fund may be subject to restrictions regarding some persons or in some countries under national regulations applicable to such persons or in those countries. Therefore, each investor must ensure of being authorized to invest in this fund.

This investment allows us to take advantage of the performance potential of financial markets in return for some risk-taking. Invested capital and performance are not guaranteed and there is a risk of capital loss. Performance figures are calculated net management and running fees, included safekeeping fees and commissions.

The fund is exposed to the following risks: Capital loss, Financial Derivatives Instruments, Debt securities, Liquidity, Changing interest rates, Emerging markets, Credit risk, Sustainability Risks, Below Investment Grade Securities or Unrated Securities, Counterparty risk, Investment in contingent convertibles securities, Exchange rates, Changes in laws and/or tax regimes, ESG Driven Investments.

The risk and return level (type) is an indicator rated from 1 to 7 corresponding to increasing levels of risks and returns. It is the result of a regulatory methodology based on the annualized volatility, calculated over 5 years. Regularly assessed, this indicator may change.

For more information, please refer to the prospectus on the fund available at MIROVA. You can obtain it on simple request or on the website [www.mirova.com](http://www.mirova.com). Your money is invested in financial instruments selected by MIROVA. These instruments will be exposed to developments and contingencies in financial markets. In accordance with the regulations in force, on simple request, the client can receive details of the remuneration relating to the marketing of this product.

According to the legislation in force, the tax treatment depends on the individual situation of each client.

The amount that it is reasonable to invest in this UCITS/FIA depends on the personal situation of each holder. To determine this amount, each holder must take into account his personal property, the regulations applicable to him, its current and future needs over the recommended investment horizon but also the level of risk to which he wishes to be exposed.

It is strongly recommended to diversify its assets sufficiently so as not to be exposed solely to the risks of this fund. Any person wishing to subscribe to shares of the fund should contact his or her usual advisor, prior to subscription, in order to benefit from information or advice suited to his or her personal situation.

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Applying ESG criteria to the investment process may lead Mirova to invest in or exclude securities for non-financial reasons, irrespective of market opportunities available. ESG data received from third parties may be incomplete, inaccurate or unavailable from time to time. As a result, there is a risk that Mirova may incorrectly assess a security or issuer, resulting in the incorrect direct or indirect inclusion or exclusion of a security in the portfolio of a Fund. For more information on our methodologies, please refer to our Mirova website: [www.mirova.com/en/sustainability](http://www.mirova.com/en/sustainability).

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## ABOUT MIROVA

Mirova is a global asset management company dedicated to sustainable investing and an affiliate of Natixis Investment Managers. At the forefront of sustainable finance for over a decade, Mirova has been developing innovative investment solutions across all asset classes, aiming to combine long term value creation with positive environmental and social impact. Headquartered in Paris, Mirova offers a broad range of equity, fixed income, multi-asset, energy transition infrastructure, natural capital and private equity solutions designed for institutional investors, distribution platforms and retail investors in Europe, North America, and Asia-Pacific. Mirova and its affiliates had €29.7 billion in assets under management and €1.2 billion in assets under advisory as of December 31, 2023. Mirova is a mission-driven company, labeled B Corp\*.

*\*The reference to a ranking or a label does not prejudice the future performance of the funds or its managers*

### MIROVA

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AMF Accreditation No. GP 02-014  
59, Avenue Pierre Mendès France 75013 Paris Mirova is an affiliate of Natixis Investment Managers.  
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### NATIXIS INVESTMENT MANAGERS

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Natixis Investment Managers is a subsidiary of Natixis.

### MIROVA US

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### MIROVA UK

UK Private limited company  
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