MARKETING DOCUMENT

Mirova takes short-term view on maturities, not on impact

Mirova Euro Short Term Sustainable Bond Fund

Mirova Euro Short Term 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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An affiliate of NATIXIS INVESTMENT MANAGERS

Mirova Euro Short Term Sustainable Bond Fund

Performance[1]

4.33 %

(vs 4.01% for the benchmark index)

net return year-on-year
at 30/06/24

ESG strategy[2]

SFDR **Article 9**

<2°C

73 %[3]
invested in green, social and sustainable bonds

Mirova Euro Short Term Sustainable

455 M€[3]
in assets under management

Labels[4]

Label ISR

Towards Sustainability label

2024 awards[4]

ESG Champion award

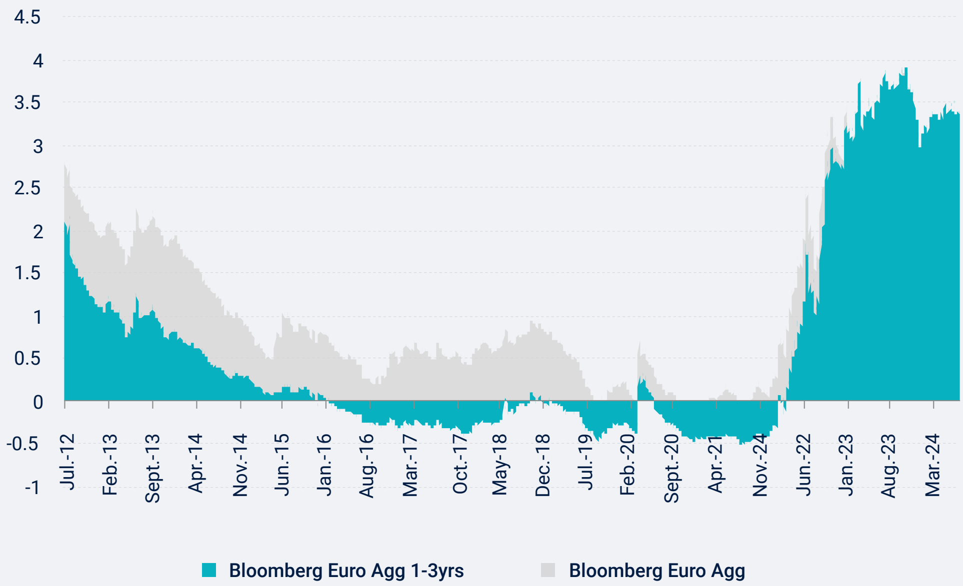
Environmental Finance Sustainable Investment Awards 2024 Winner Fixed income manager of the year

1. Return on the Mirova Euro Short Term Sustainable Bond Fund, EUR SI/A unit – ISIN code: LU2478818912. Past performance is not indicative of future performance. The investment presents a risk of capital loss. Any investment is exposed to risks, including the risk of capital loss, sustainability risk and liquidity risk.
2. Article 9 and Climate Strategy < 2°C: please refer to the end of the presentation for more information about Article 9 and the 2-degree pathway.
3. Percentage of green, social and sustainable bonds, Mirova data at 30/06/24.
4. References to a ranking, award or label have no bearing on the future performance of the ranking/award/label or of the fund or fund manager.

A particularly relevant investment strategy

The first signs of a potentially stagflation-inducing configuration appeared in mid-2021, suggesting to Mirova that central banks would begin to increase their interest rates. And indeed they did, beginning with the BoE[1] which raised its key interest rates in late 2021 followed by the Fed[2] and then the ECB[3] . The momentum kept going throughout 2022 and also 2023; while inflation did end up being brought under control in Western economies, local economic growth proved far more resilient than expected against these interest rate hikes. The short end of the yield curve benefited two-fold: the yield curve inverted and has stayed that way, and interest rates remained relatively high and attractive compared with the levels that had prevailed in previous years.

RETURNS ON A 1-3 YEAR INDEX AND AN ALL MATURITIES INDEX



Source: Bloomberg, July 2024.

1. BoE: Bank of England
2. Fed (Federal Reserve System): US central bank
3. ECB: European Central Bank

The information provided reflects Mirova's opinions/situation at the date of this document and is subject to change without notice.

Mirova Euro Short Term Sustainable Bond Fund

Inflation has continued to ease since the start of the year but at a slower pace owing to economic strength in mainland Europe, the United Kingdom and the United States. All this has pushed back the prospect of monetary easing. Having not lowered its interest rates for five years, the ECB finally launched its monetary easing cycle in early June with a 0.25-percentage point cut[4]. Another downward revision is expected by year-end. This is therefore going to be a gradual and cautious easing process, one that supports Europe's soft economic rebound (especially in Germany and Italy) and that keeps the term premium[5] at a decent level in light of the heavy debt loads being carried by Western countries. Monetary support, having until now yielded returns in the region of 4%, is therefore likely to become less appealing[6].

The Mirova Euro Short Term Sustainable Bond Fund invests primarily in green and sustainable bonds with maturities of less than 4 years and stands to benefit as key interest rates gradually fall and the inverted yield curve creates attractive carry opportunities.

Agathe Foussard, CFA
Bond Portfolio Manager

"Volatility continues apace on the bond markets. Our Mirova Euro Short Term Sustainable strategy offers investors a short-duration bond solution suited to the new market configuration while contributing to efforts to finance a low-carbon economy"

Mirova Euro Short Term Sustainable Bond Fund

Tap into the yield offered on maturities of less than 4 years while financing the low-carbon transition.

- Article 9, Label ISR (France's SRI label), Towards Sustainability label[7]
- A short-term Euro Aggregate fund[8]
- Share of green, social and sustainable bonds: 73%
- Issuers: a large proportion of bonds are issued by companies benefiting from and working towards a low-carbon economy
- Advantages: flexible allocation, short duration

The Mirova Euro Short Term Sustainable Bond Fund presents the following risks: capital loss; derivative instruments; debt securities; liquidity; interest rates; emerging markets; credit; sustainability; foreign exchange; counterparty; changes in laws and/or tax regimes; securities rated below Investment Grade or unrated; ESG-based investments.

Mirova data at 30/06/2024

4. Source: Bloomberg, August 2024.
5. The term premium corresponds to the risk premium on the bond market. It is the excess return offered to bond investors to compensate for their "patience" in investing for the long term rather than the short term.
6. Source: Bloomberg, August 2024.
7. References to a ranking, award or label have no bearing on the future performance of the ranking/award/label or of the fund or fund manager. The information provided reflects Mirova's opinions/situation at the date of this document and is subject to change without notice.
8. Which invests in the following types of bonds: corporate, sovereign, agency/quasi-sovereign and supranational.

The focus is now on short-term financing

We could see it coming for some time, and now it's happening: a growing number of green and sustainable bond issuers are obtaining financing with shorter maturities than they used to before. This is excellent news for the Mirova Euro Short Term Sustainable Bond Fund, whose investment universe is expanding faster than we had expected when we launched it two years ago. Green, social and sustainable bonds with maturities of less than 5 years accounted for 33% of total issuance in 2023, compared with 21% in 2021 (source Mirova, BNEF).

There is a very simple reason for this. From 2022 until only very recently, the financial backdrop has consisted of the main central banks hiking interest rates in their determination to tackle inflation. As a result, issuers having until recently obtained financing with long maturities and low interest rates have now revised their strategies. Many have opted for shorter maturities.

Another reason for issuers to prefer short-term projects is that a broad consensus has now emerged on the need to speed up the energy transition, and this is an objective that can easily be met with green and sustainable bonds. The transition needs to take place at each and every level of the economy in an effort to pave the way for a prosperous low-carbon economy. Issuers require funding for a large number of projects in their drive to successfully complete this transition or to develop innovative solutions that will help them do so.

This is no longer merely a question of promoting projects spanning fifteen/twenty years, if not longer, but indeed of also funding immediate, concrete developments over three/four-year periods. One particularly telling example is that of sovereigns and quasi-sovereigns, which are increasingly issuing bonds to address ESG[9] issues, be it on a local, national or even supranational level. The average maturity of bonds issued by municipal and regional authorities has thus shortened from 8 years in 2021 to just over 5 years since the start of the year[10].

9. Environmental, Social, Governance.
10. Source: Mirova, Bloomberg NEF, at 30/06/24.
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Investing in sustainability

Created by the French Ministry of Finance in early 2016, with support of Asset Management professionals, the public "Investissement Socialement Responsable" (ISR) Label aims at giving Socially Responsible Investment (SRI) management an extra visibility with savers. It will make easier for investors to identify financial products integrating Environmental, Social and Governance (ESG) criteria into their investment process.
www.lelabelisr.fr

Febelfin developed a quality standard in February 2019 to ensure clarity and transparency regarding sustainable investments. The «Towards-Sustainability» label was developed by the association representing the banking sector in Belgium. www.towardssustainability.be/en/quality-standard

The ESG Champions awards recognise a select number of funds and asset managers that have excelled within a universe of 7,700 strategies managed by over 360 asset managers. The methodology includes a holistic assessment of three core pillars: Asset Manager, Strategy, and Portfolio. www.mspartners.org

Environmental Finance's Sustainable Investment Awards are global and seek to recognise asset managers, analysts and data providers incorporating ESG across all asset classes. The evaluation criteria include several key aspects: impact reporting, contribution to industry best practices and policy advances, case studies and alignment with relevant industry groups. https://www.environmental-finance.com/content/awards/

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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. 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. The amount that is reasonable to invest in this UCITS/FIA depends on the personal situation of each unitholder. To determine this amount, each holder must take into account his personal wealth, 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 the 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 is advised to 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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ARTICLE 9 SFDR CLASSIFICATION

With exception of certain dedicated funds and funds delegated by management companies outside Groupe BPCE. 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).

ALIGNMENT OBJECTIVE AT 2°C

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, Impact Private Equity and Natural Capital funds), calculated from a proprietary methodology that may involve biases.

ESG INVESTMENTS– INVESTING RISK & METHODOLOGICAL LIMITS

By using ESG criteria in the investment policy, the relevant Fund's objective would in particular be to better manage sustainability risk and generate sustainable, long-term returns. ESG criteria may be generated using Mirova's proprietary models, third party models and data or a combination of both. The assessment criteria may change over time or vary depending on the sector or industry in which the relevant issuer operates. 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 visit our Mirova website : www.mirova.com/fr/durabilite

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 €31.1 billion in assets under management as at 30 June 2024. Mirova is a mission-driven company, labelled B Corp*.

** Reference to a label is not an indicator of the future performance of the funds or of its fund managers*

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