



Natixis Global Asset Management

Annual Meeting di studio dedicato alle Compagnie di Assicurazione

Lo scenario del Private Debt

8-9 Giugno 2017, Venezia

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Private Debt development

Structural changes create new opportunities

Market environment



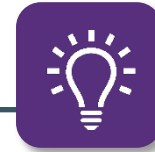
- Bank regulatory pressure
- Favorable investment environment
- Positive regulatory evolution
- High market volatility
- Low interest rate

Investors' objective



- Find new sources of yield
- Diversify asset allocation
- Decrease volatility

Solutions for Investors



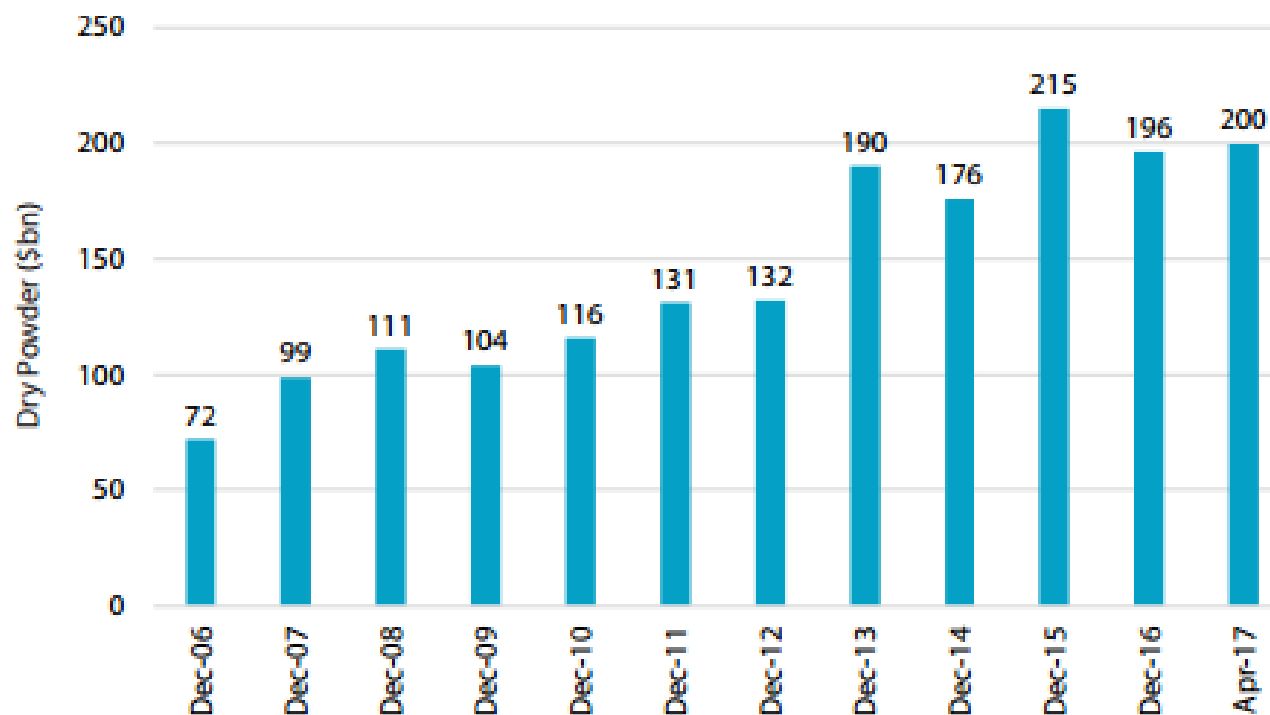
- Strategies uncorrelated to bond market
- Attractive adjusted risk/return
- Diversifying asset classes/issuers

The Private Debt asset class appears as a possible solution

Private Debt development

A healthy growth

Private Debt Dry Powder
December 2005 - April 2017

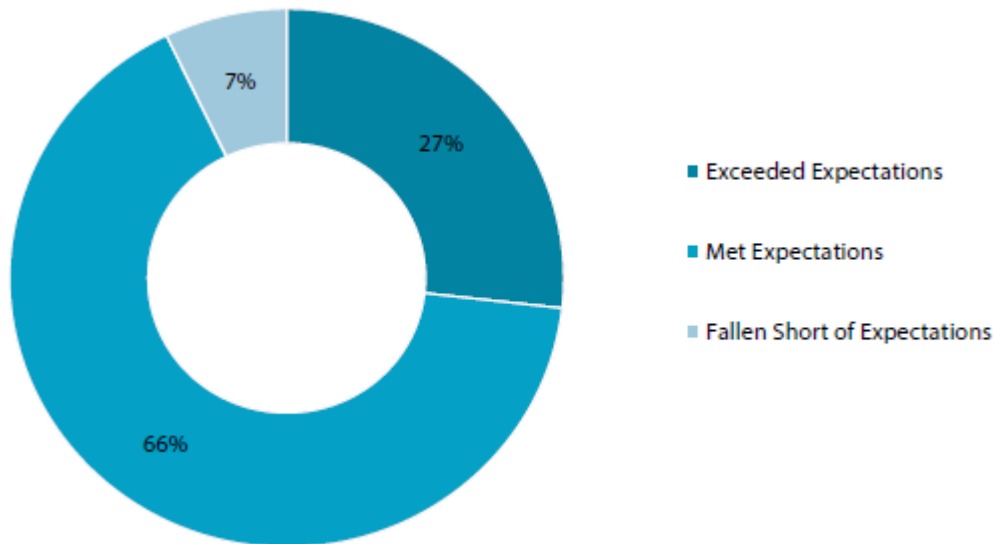


Source: Preqin Private Debt Spotlight (May 2017). © 2017 Preqin Ltd – All rights reserved

What do investors say?

93% of institutional investors surveyed worldwide feel that their private debt investments have met or exceeded their expectations

**Investor Views on Private Debt Portfolio Performance Over The Last 12 Months Relative To Expectations -
From December 2015 To December 2016**

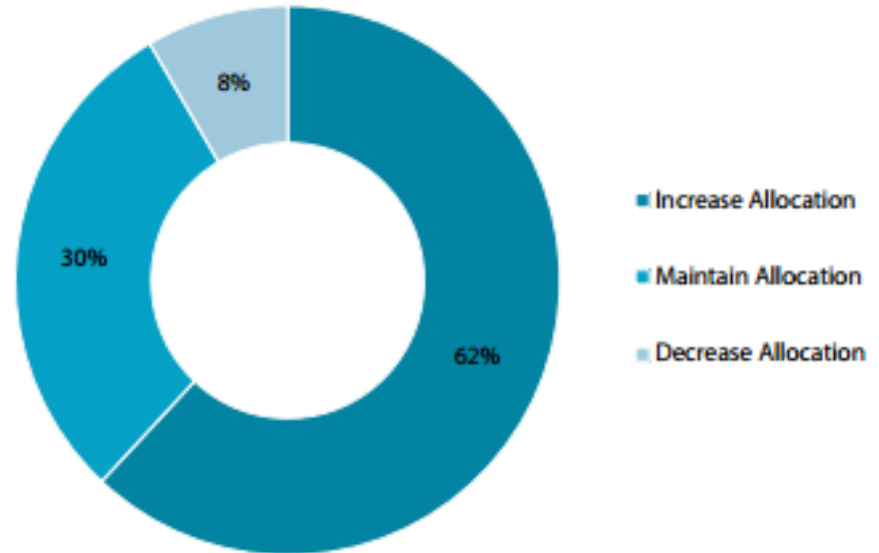


Source: 2017 Preqin Investor outlook: Private Debt H1 2017. © 2017 Preqin Ltd – All rights reserved

What do investors say?

Investors' Intentions For Their Private Debt Allocations Over The Long Term

92% of institutional investors surveyed worldwide want to maintain or increase their allocation to private debt



For Insurance Companies, the average current allocation to private debt instruments is 2.6%, with a target allocation of 5.1%

Source: 2017 Preqin Investor outlook: Private Debt H1 2017. © 2017 Preqin Ltd – All rights reserved

Investors' potential benefits

Underlying Market



- Real Economy Investments
- Deep and diversified markets
- Global markets
- Steadily growing markets
- Strong visibility

Debt Characteristics



- Highly predictable cash-flows
- Secured⁽¹⁾ by tangible assets and strong security package
- Potentially low default and high recovery rates
- Uncorrelated to bond markets
- Floating rate
- Hold to maturity
- Amortizing to bullet debt

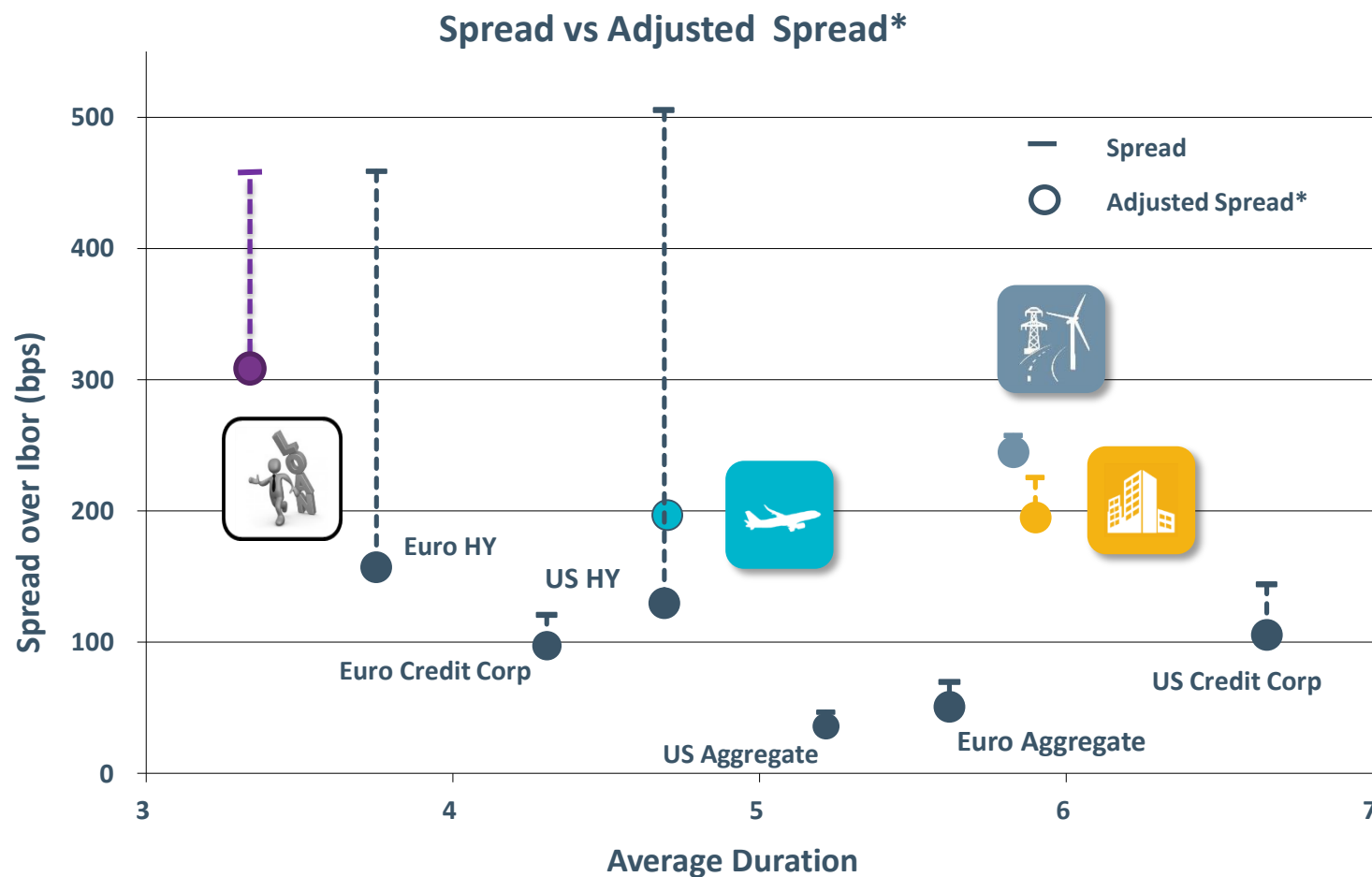
Investors' Potential Benefits⁽²⁾



- Long term and predictable cash-flows
- Diversity of risk/return profiles
- Yield pick-up
- Diversification of issuers
- Reduced volatility
- No interest rate sensitivity
- Illiquidity premium
- Favorable Solvency II treatment

Investors' potential benefits

Private Debt compares favorably to Fixed Income universe



*Adjusted Spread: Spread lowered by the cost of risk resulting from default and recovery rates

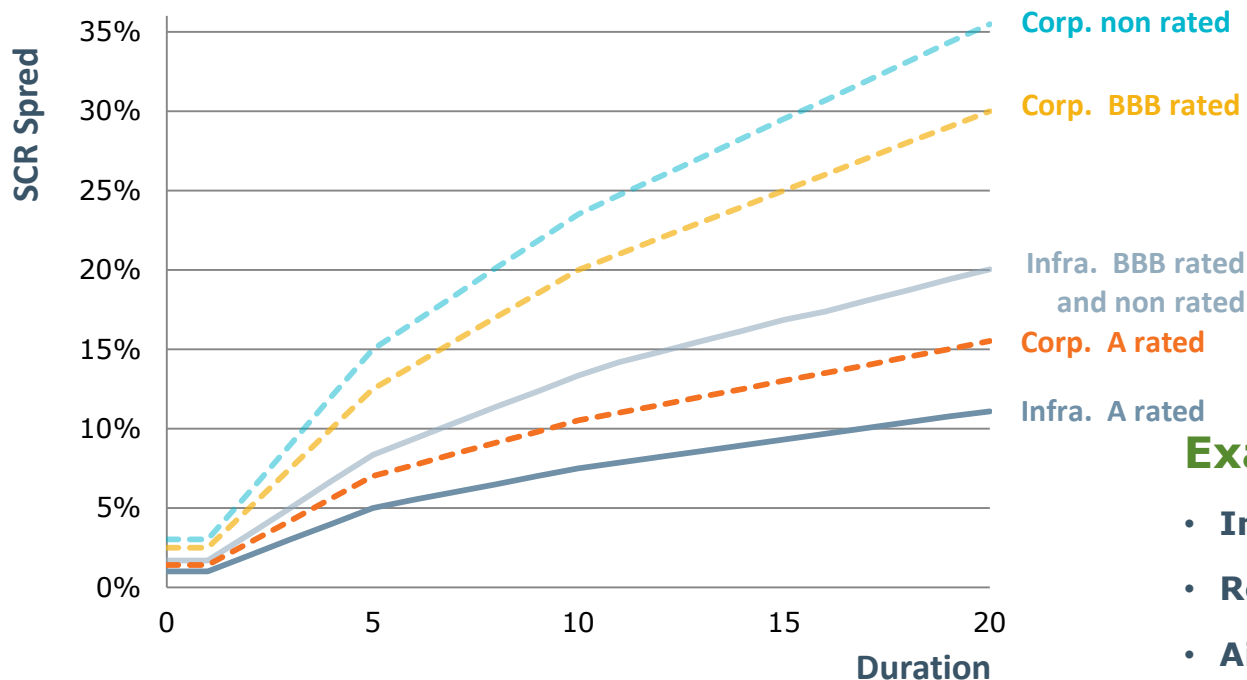
Investors' potential benefits

Private Debt real assets benefits from a favorable SCR treatment

30% reduced spread SCR shock for infrastructure rated debt

44% reduced spread SCR shock for infrastructure non rated debt

SCR infrastructure vs SCR Corporate



Examples

- Infrastructure: SCR 13% for 10Y
- Real Estate: SCR 8% for 8Y
- Aircraft: SCR 8% for 6Y

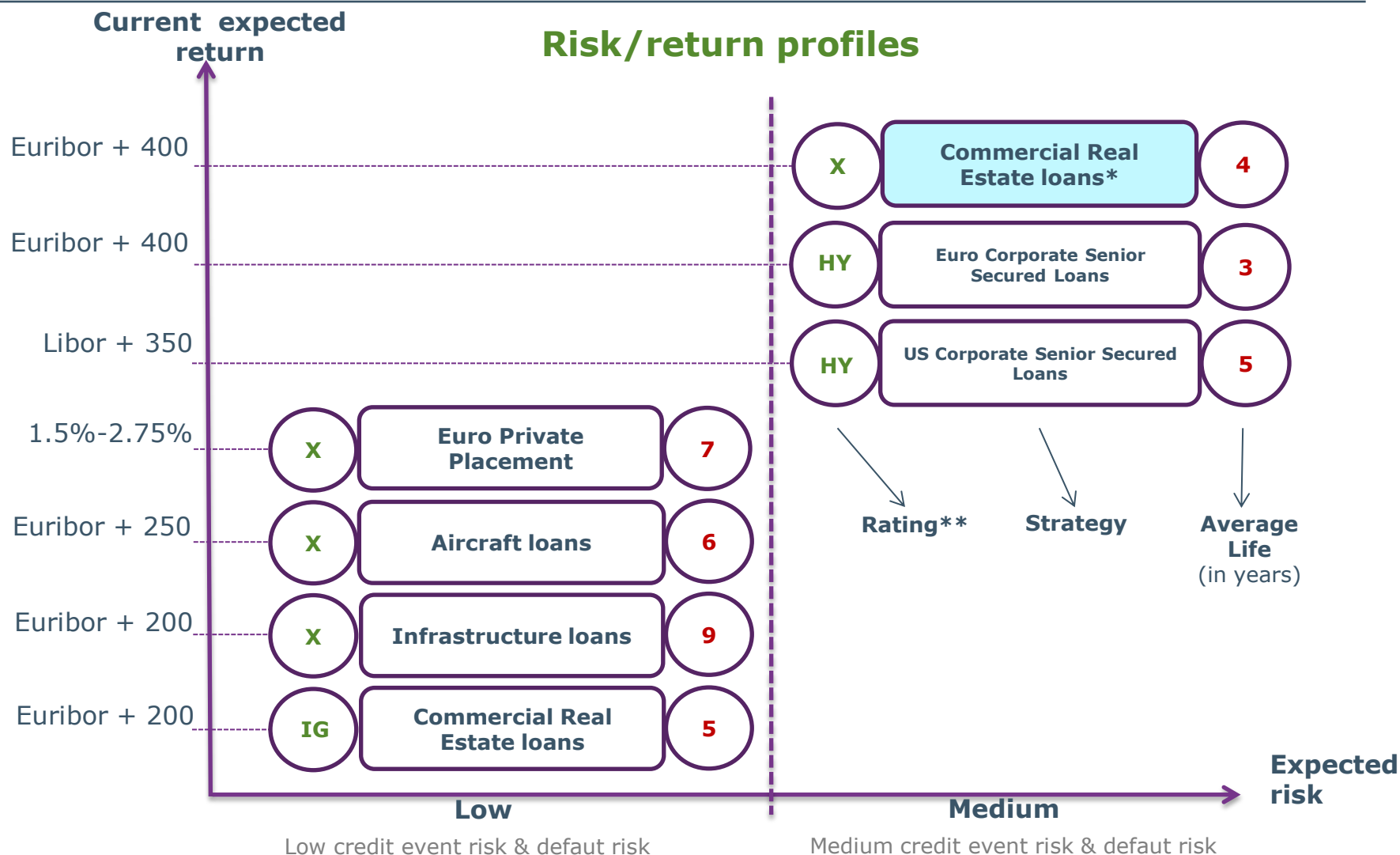
In order to benefit from a favorable SCR treatment, infrastructure debts have to comply with specific criteria

Natixis Private Debt investment solutions

What to look at with your Private Debt fund manager?

- **Sourcing transactions**
 - Multi sourcing**
 - Bankers' experience**
- **Asset taking**
 - Buy and Hold strategies**
 - Strong asset selection process**
- **Managing portfolios**
 - Debt transactions monitoring**
 - Pro-active control of risk and compliance**
- **Capacity to handle stressed/distressed assets**
 - Managing transactions when risk materializes**
 - Experience with enforcement of securities**

Natixis Private Debt investment solutions



Sources: NGAM, May 2017. * Project. **: IG: Investment Grade, X: Cross-Over, HY: High Yield,

Natixis Private Debt investment solutions:

Our affiliates

-  **NATIXIS**
ASSET MANAGEMENT

Private Debt Corporate



Private Debt Real Assets



 **AEW** EUROPE

-  **LOOMIS | SAYLES**

Private Debt Corporate



- **Seasoned teams**
- **Large asset sourcing capacities**
- **Dedicated credit analyst resources**
- **Proven track-record**

Markets' perspectives

- **Private Debt Corporate**

Leverage multiples tend to increase but borrowers remain well capitalized

Default rate should remain low: expected at 2.7%* in 2017

High recovery rate at 76%*

Spreads expected at ibor + **400/450 bps** for senior secured loans

Demand should remain strong

- **Private Debt Real Assets**

Spreads expected at ibor + **100/300 bps** for senior secured loans

Desintermediation from banks should intensify

Default rates on historical lows and high recovery rates

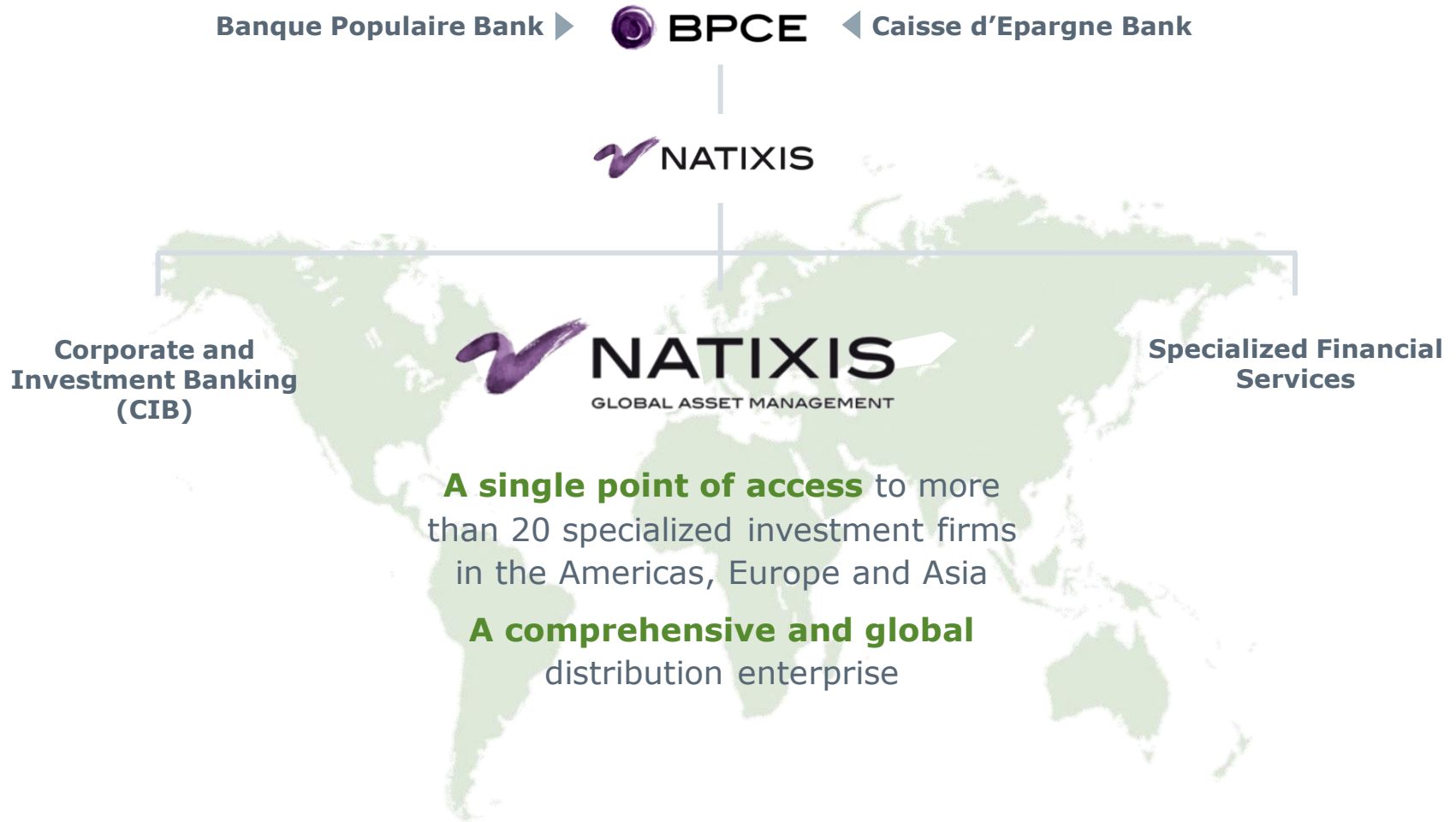
Strong demand

Sources: NGAM, February 2017. * S&P

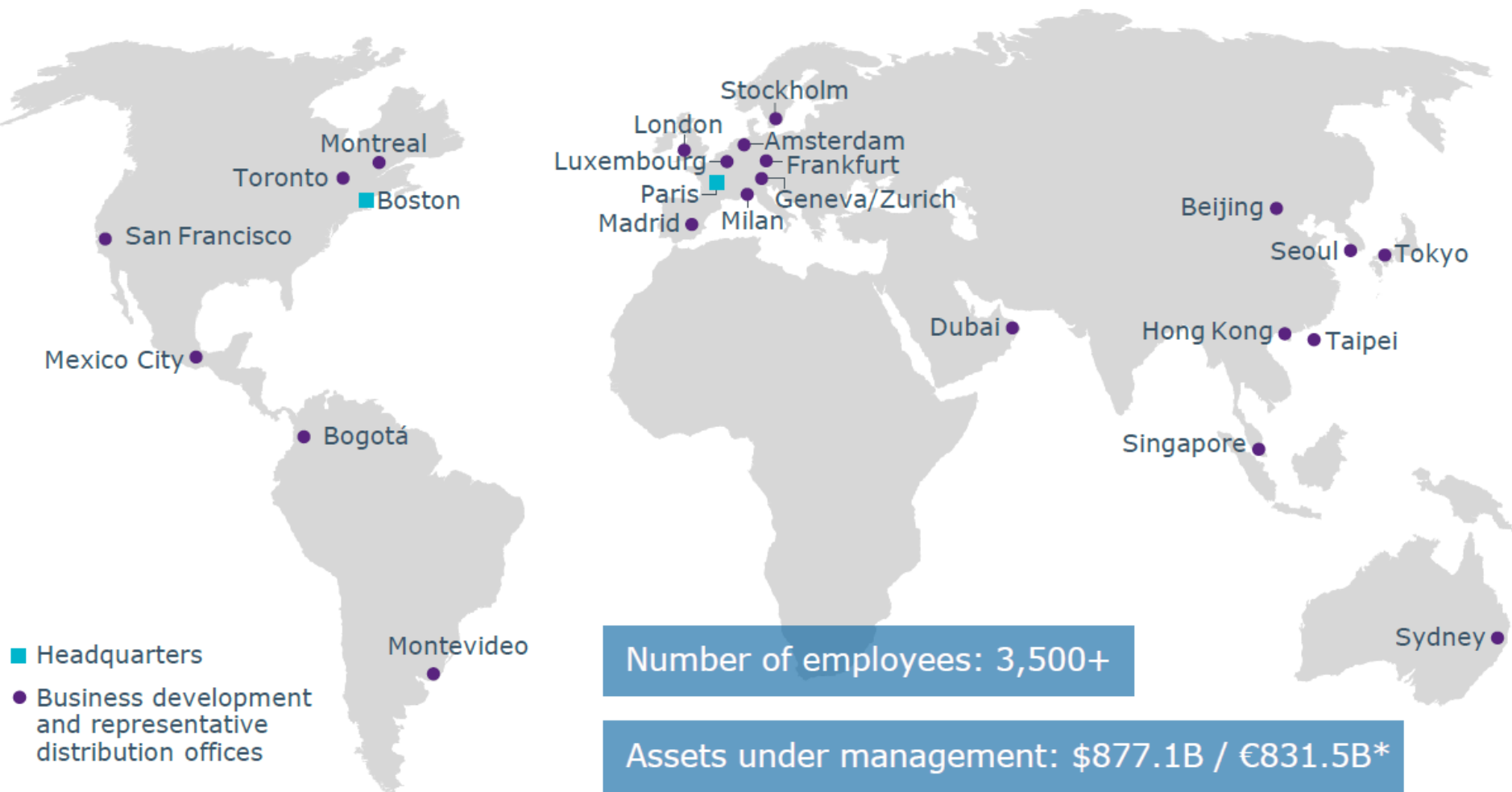
The analyses and opinions referenced herein represent the subjective views of the author(s) as referenced, are as of the date shown and are subject to change without prior notice.

Appendix

Asset management: core business for Natixis



Global distribution capabilities



*Net asset value as of December 31, 2016. Assets under management (AUM) may include assets for which non-regulatory AUM services are provided. Non-regulatory AUM includes assets which do not fall within the SEC's definition of 'regulatory AUM' in Form ADV, Part 1.

Diverse investment capabilities

Our portfolio of affiliated investment managers¹



2

Index-based solutions
AUM: \$728 M / €690 M



Flexible management
AUM: \$1.0 B / €949 M



Fixed-income specialist managing
taxable & tax-exempt bond portfolios
AUM: \$11.3 B / €10.7 B



Real estate investments
AUM: \$22.8 B / €21.6 B



Emerging market equities
AUM: \$585 M / €555 M



Responsible investment solutions
AUM: \$6.8 B / €6.4 B



European real estate
AUM: \$27.5 B / €26.0 B



Hedged equity strategies
AUM: \$11.5 B / €10.9 B



Money market, fixed-income, equity
and balanced portfolio investments
AUM: \$355.6 B / €337.1 B



Alternative investment strategies
AUM: \$6.3 B / €6.0 B



Alternative global fixed-income
and global macro management
AUM: \$12.1 B / €11.5 B



Smart beta ETFs
AUM: \$2.4 B / €2.2 B



Fund Platform & Investment
Advice Services



Value investments
AUM: \$108.4 B / €102.8 B

PRIVATE EQUITY DIVISION 7

Private equity
AUM: \$7.4 B / €7.0 B



Private Equity Investments
AUM: \$1.9 B / €1.8 B*



Indian equity / fixed-income
investments
AUM: \$8.6 B / €8.1 B



Active management
AUM: \$15.5 B / €14.7B*



Customized hedge fund solutions
AUM: \$402 M / €381 M



Actively managed, research-driven
equity and fixed-income portfolios
AUM: \$229.5 B / €217.5 B



U.S. equity investments
AUM: \$11.2 B / €10.6 B



Conviction-based equity, bond,
diversified and total return portfolios
AUM: \$20.9 B / €19.8 B



Overlay management
Assets Serviced: \$24.0 B / €22.7 B



Multi-management solutions
specialists
AUM: \$6.1 B / €5.8 B

1. Not all offerings available in all jurisdictions. 2. A division of NGAM Advisors, L.P. 3. Caspian Private Equity is a joint venture between Natixis Global Asset Management, L.P., Natixis and Caspian Management Holdings, LLC. 4. A brand of DNCA Finance. 5. A subsidiary of Natixis Asset Management. 6. A brand of Natixis Asset Management and Natixis Asset Management Asia Limited, based in Singapore and Paris. 7. Comprising six distinct private equity companies. Not all offerings available in all jurisdictions. 8. A brand of Natixis Asset Management. AUM's as of 12/31/2016. *Assets for Caspian Private Equity are also reflected in Private Equity Division AUM; Assets for Seeyond are also reflected in Natixis Asset Management's AUM.

Our culture

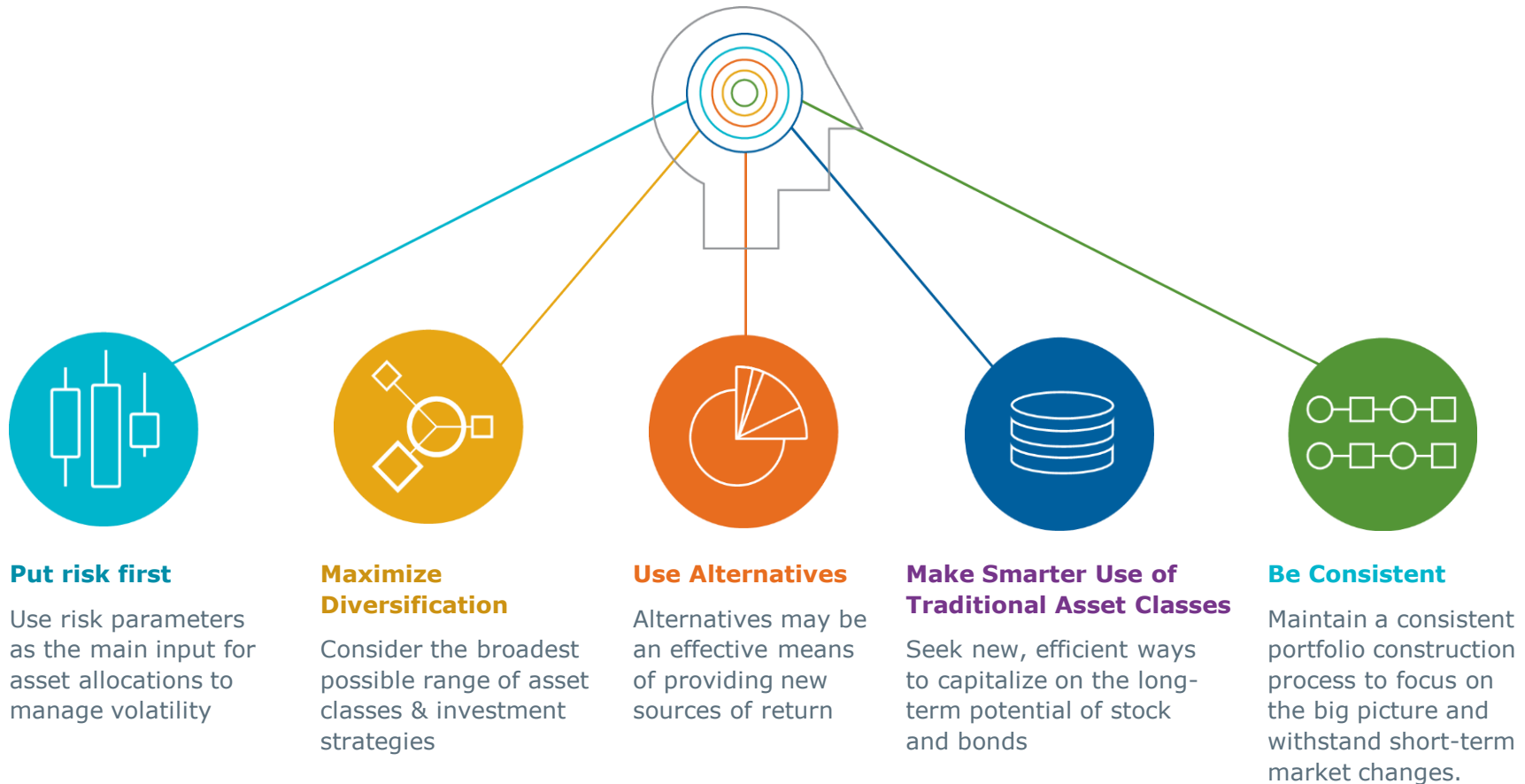
Putting investors first...

from the way we build our **business**, to the way we think about **portfolios**.

We believe in...

- **Independent thinking, trust and transparency**
- **Long-term value creation**, not transaction-oriented, **short-term thinking**
- **Diversification** for all markets, not just difficult ones
- Delivering expertise across a **range of asset classes** and investment strategies

Our approach: Durable Portfolio Construction®



Investing involves risk, including the risk of loss. Investment risk exists with equity, fixed-income, and alternative investments. There is no assurance that any investment will meet its performance objectives or that losses will be avoided. Durable Portfolio Construction® does not guarantee a profit or protect against a loss.

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