



Audited annual report
IndexIQ

31 December 2023

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SICAV under Luxembourg Law
R.C.S. Luxembourg B-214117



IndexIQ

SICAV under Luxembourg Law

Audited annual report for the year
from January 1, 2023 to December 31, 2023



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Administration of the SICAV

Board of Directors

Chairman

Mr Tanguy DE VILLENFAGNE
Advisor to the Group Strategic Committee
Candriam

Board members:

Mr Koen VAN DE MAELE
Global Head of Investment Solutions
Candriam

Mr Pascal DEQUENNE
Global Head of Operations
Candriam

Mr Bertrand GIBEAU
Independent Director

Mr Jean-Yves MALDAGUE
Member of the Group Strategic Committee
Candriam

Ms Myriam VANNESTE
Global Head of Product Management
Candriam

Ms Isabelle Marie-Anne CABIE
Global Head of Corporate Responsible Development
Candriam

Registered Office

CACEIS Bank, Luxembourg Branch
5, Allée Scheffer
L-2520 Luxembourg
Grand Duchy of Luxembourg

Management Company

Candriam
19-21, route d'Arlon
L-8009 Strassen
Grand Duchy of Luxembourg

Depositary

CACEIS Bank, Luxembourg Branch
5, Allée Scheffer
L-2520 Luxembourg
Grand Duchy of Luxembourg

The functions of **Administrative Agent, Domiciliary Agent and Transfer Agent** (including the **Register Holding** business) are delegated to:

CACEIS Bank, Luxembourg Branch
5, Allée Scheffer
L-2520 Luxembourg
Grand Duchy of Luxembourg

Implementation of the **Portfolio Management** activities is performed directly by Candriam and/or by one or more of its branches:

Candriam - Belgian Branch
58, Avenue des Arts
B-1000 Brussels

Candriam Succursale française
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F-75408 Paris Cedex 08

Candriam - UK Establishment
Aldersgate Street 200, London EC1A 4 HD

“Réviseur d’entreprises agréé”

PricewaterhouseCoopers, Société coopérative
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L - 1014 Luxembourg
Grand Duchy of Luxembourg

Paying Agent in Germany

Marcard Stein, Co AG
Ballindamm 36,
D-20095 Hamburg
Germany



Report of the Board of Directors

EQUITY CONTEXT

Global

Global equity markets started the year on a positive note. After an incredibly difficult 2022, investors started to price a more benign inflation environment in January, supporting interest-rate sensitive sectors, such as consumer discretionary and information technology. The market uptrend was temporarily interrupted by the collapse of Silicon Valley Bank and the struggle of Crédit Suisse, but investors basically embraced better-than-expected economic growth figures, easing inflation pressures and the first prospect of less monetary tightening. Information technology jumped over the quarter, together with communication services and consumer discretionary, whereas the defensive consumer staples and health care sectors underperformed.

The strong uptrend of the first quarter continued into the second one. Growth sectors strongly outperformed value on the back of weakening, but reasonable economic growth data, more visibility on central banks' monetary tightening and plateauing long-term rates. Information technology was the best performing sector over the quarter, mostly driven by positive sentiment around the development of artificial intelligence solutions. Also consumer discretionary continued to outperform the broader market quite significantly. Financials in the meantime started to recover from the regional banking crisis in the US and Crédit Suisse uncertainty, though still underperforming the broader equity market. The most remarkable performance over the quarter nevertheless came from the so-called Magnificent 7 that jumped another 30% bringing their half year close to close to 85%.

After two consecutive quarters of strong gains, global equity markets had to give away some ground in the third quarter of the year. This time growth stocks underperformed, whereas value was quite resilient. The main reason behind the equity market correction was the strong bond market sell-off due to rising interest rates. In addition, investors were spooked by the strong jump in energy prices on the back of Russia's and Saudi-Arabia's oil output cut extension. Without surprise, energy strongly outperformed over the quarter, even gaining more than 10%. Interest-rate sensitive sectors, such as information technology and utilities, were the main underperformers, whereas the defensive health care sector outperformed. Smaller companies continued to underperform large caps.

The last quarter of the year started on a false note. After reaching a high for the year in the third quarter, investors became worried about rising oil prices, a weak Chinese economy and especially a surprisingly strong US labour market. Investors feared the strong labour market might have put an end to cooling down inflation pressures, while the Federal Reserve stated to raise interest rates as long as needed to bring inflation down towards the targeted level. A strong US dollar and a spike in long-term interest rates penalized equity markets strongly in October. Fortunately, there was light at the end of the tunnel. A series of softer inflation prints in the US (and Europe) was enough to remove the fears and make investors shift to expect pre-emptive cuts from the central banks. That view was then confirmed the December Federal Open Market Committee meeting where the latest projections suggested at least three rate cuts over 2024. Investors finally got their year-end present after all with equity markets delivering a more than 10% gain in the final quarter.

To sum up 2023, it was an impressive year for equity markets. The MSCI World All Countries Net Return USD Index ended the year with a 22% gain. Developed markets outperformed emerging markets by more than 10%, as the latter were mainly penalized by the significant Chinese equity market drop. Information technology was the strongest outperformer over the year, driven by the artificial intelligence revolution and Magnificent 7, followed by communication services and consumer discretionary. The defensive utilities, consumer staples and health care sectors underperformed.

Europe

European equities ended the first quarter of 2023 significantly higher, despite continued inflation pressures, a rapid increase in long-term interest rates and the turmoil in the banking sector. Investors welcomed better-than-expected economic figures on the back of weak energy prices and a strong resilience of services activity. The European Central Bank meanwhile updated its macroeconomic expectations with higher growth and lower inflation. In this context, European stocks delivered a more than 10% gain over the quarter. Information technology, consumer discretionary and communication services outperformed the broader European market over the quarter. Energy and real estate were the sole sectors posting a negative quarterly performance.

The European equity market continued their uptrend in the second quarter. Investors' focus remained on inflation and economic figures. The latter appeared resilient at first sight, but the outlook for the manufacturing sector became quite bleak. Core inflation remained above 5%, urging the central bank for another rate hike. The European market gained around 2.3%, driven by the continuing strength of information technology and the rebound of the financial sector. Communication services and real estate were particularly weak over the quarter.

The third quarter was kind of reality check for investors, with European equities losing around 2%. Following the strong rally in the first half of the year, the deterioration of the region's growth data with continued inflationary pressures, scared investors off. PMI's dropped below 50 and the CPI remained well above the ECB's target on the back of rising oil and gas prices. It didn't come as a surprise in that context that energy was the best performing sector, even gaining almost 14% over the quarter. Also real estate performed well, while consumer discretionary and information technology were subject to profit taking after their impressive gain in the first six months of the year. The defensive health care sector also outperformed over the period.

After the reality check in the third quarter and a weak October-month on the back of surging yields and increased geopolitical uncertainty, investors received their year-end present. European equities gained more than 6.5% in the last three months of the year, recouping all the losses made during the summer correction. Markets welcomed slowing inflation figures, combined with a slowing, but resilient global economy that increased the likelihood of more accommodative central banks in the developing world. The German 10-year yield dropped almost 90 bps in that context, supporting interest-rate sensitive sectors such as real estate, information technology, utilities and consumer discretionary. Energy lagged significantly, dropping around 4%, while health care's performance was flat over the last quarter.



Report of the Board of Directors

FIXED INCOME CONTEXT

Market Environment

Bond markets were highly volatile over 2023, alternating between risk-off period in the first quarter (on the back of the turbulence in the banking sector) and the strong exuberance of the fourth quarter (as central banks opened the door to potential rate cuts). Overall, all fixed income asset classes delivered positive performance with spread asset classes (Investment grade, High Yield and Emerging Debt) leading the way. The macroeconomic data prints appeared to show resilience in the United States, while they were less positive in the EU. Over the first half, markets witnessed tremors in the banking sector as SVB and Credit Suisse filed for bankruptcy. In spite of the magnitude of the event, immediate central bank action prevented the risk from propagating to the rest of the financial sector. Growth in the emerging region was modest as Chinese growth disappointed over the year. Geopolitical risk remained omnipresent, not just with the Russia-Ukraine war but also the conflict in the middle east. In spite of this, inflation levels continued to move lower (particularly core inflation), as supply chain disruption normalized. Central banks continued to maintain a hawkish stance throughout the year, but with inflation moving lower, they indicated that rate cuts in 2024 were a possibility. Credit markets remained under pressure throughout the year as fundamentals were mixed and volatility was omnipresent, though ultimately both investment grade and high yield markets posted strong positive returns. Emerging debt also rose sharply over the last two months of the year. The year was marked also by increasing dispersion as CCC rated EM Debt delivered much higher returns than the rest of the markets.

Government Bonds

After a bruising 2022 that saw near-unprecedented losses in many sovereign bonds markets, the year 2023 began by offering investors some hope that the worst was behind them. On both sides of the Atlantic, the year began with inflation rates that – while down from their mid-2022 peaks – were still far above levels that central banks could be comfortable with. Ultimately, the US Federal Reserve (FED) was compelled to undertake four hikes (from 4.5% to 5.5%) whilst the European Central Bank (ECB) – battling even higher headline inflation rates – hiked six times for a cumulative 2% bringing the main refinancing rate from 2.0% to 4.0%. Like its continental European and US counterparts, the Bank of England (BOE) also hiked rates – 5 times – bringing the base rate from 3.5% to 5.25%. Unsurprisingly, Japan was the outlier among G4 markets. Higher CPI numbers may well have been welcomed by the Bank of Japan (BOJ), giving the country an opportunity to escape its deflationary spiral by spurring wage growth. A Policy Balance Rate stubbornly stuck at a negative -0.10% since 2015 implied that real JPY rates moved into deeply negative territory. That said, the BOJ did not remain inactive and began to gently soften its Yield Curve Control (YCC) policy.

The trajectory of government bond yields was, predictably, very much still tributary to inflation and other economic prints and resulting central bank announcements and rhetoric. With a US 10Y starting the year at 3.74%, successive FED rate hikes did not seem to miss their intended effect as headline inflation rapidly fell towards around 3.5% mid-year. After trading mostly in the range of 3.5% to 4.0% in the first half of the year, the 10Y benchmark rate broke through and consistently remained above this level until the last weeks of December. Notably, rates reached their peak after the Fed announced its very likely final hike of the cycle. The Fed's "hawkish hold", the "high for longer" discourse and continued surprisingly strong economic prints caused yields to surge. In October, even the psychologically important 5% level was nearly breached before markets appeared to take fright and reversed course. November and December then saw an impressive and rapid rates rally. The 10Y rate ended the year at 3.88% - marginally above its level at the beginning of the year, but ultimately still a positive return thanks to the already decent carry levels.

Euro rates followed much the same path, although in the absence of the same economic strength as the US, markets reacted more directly to the final hike in September, with both the 2Y and 10Y rates falling soon thereafter. Christine Lagarde, president of the ECB, explicitly mentioned the weakening growth outlook for the Eurozone, which markets did not hesitate to interpret as a dovish signal. Inflation also decelerated further over the course of the year with a November estimate surprising to the downside, supporting rate cut anticipations for 2024. The Germany 10Y rate began the year at 2.44% and peaked at 2.97% in October, before rapidly rallying and falling to end the year at 2.02%. Among Eurozone issuers, non-core countries belied fears of higher rates putting excessive strain on budgets. Although rather volatile, the BTP-Bund spread was at its peak level at the beginning of the year, at around 208 basis points, ending the year at 166 bps.

In the UK, the BOE's decision to hike by 25 basis points less than the ECB arguably put it in the dovish camp, given that UK inflation has been consistently higher than in the Eurozone. Nonetheless, the relative prudence of policymakers is explained at least in part by consistent economic weakness and more direct feed-through of policy rates to households via shorter-term mortgages. In the end, the benchmark 10Y gilt followed much the same path as its US and Euro counterparts. Starting at 3.65%, it peaked soon after the final BOE hike in August, at 4.74%. Thereafter, we witnessed at first a gradual and then rather rapid decline from October, closing out the year at 3.53%.

Uniquely among the world's major economies, the BOJ left its policy rate unchanged – at -0.10%, also giving Japan the distinction of being the only economy still with a negative rate. Nonetheless, the BOJ did undertake a major shift during July's policy meeting, deciding to soften its yield curve control (YCC) policy. Although it maintained the official 0% target yield for 10Y Japanese Government Bonds, the major change in the programme is that the range in which the bank now allows these instruments to trade was relaxed via several policy tweaks. This did not miss its intended effect. While the 10Y benchmark rate traded in the very narrow band of 0.22% to 0.5% during the first 7 months of the year, it peaked at 0.95% in November before mirroring US and European rates and rallying to end the year at 0.61%.

Corporate Investment Grade

While overall, 2023 saw strong positive performance for the Euro Investment Grade asset class, the year did see significant volatility, particularly over the first half when central banks were hiking rates. Furthermore, specific issues arose in the banking sector as SVB and Credit Suisse led to significant amount of volatility in the markets, though the turbulence was short lived. Over the second half of the year however, central banks appeared to mark a pause (particularly the FED) and acknowledged that inflation levels had peaked. In this context, investment grade markets offered positive (and yet volatile) performance, and following the October volatility (driven in part by the geopolitical context in the middle east), moved significant upwards. Indeed, the final two months resulted in very strong positive performance for the asset class, triggered by the surprising dovishness of the FED, that held rates constant, but did not push back against market expectations that the rate hikes were over. In the Eurozone, markets expect over 160 bps in rate cuts from the ECB over 2024 and the first cut as early as April 2024. Fundamentals of investment grade issuers remained resilient, though we did see cracks appearing and dispersion materializing across segments. Issuance remained strong, with the first half of the year seeing the financials coming to markets in a substantial manner. Overall, the Euro investment grade Corporate index, posted a performance of +8.2%, with yields fell sharply to 3.5% (from 4.2%) over the year. Spreads were extremely volatile reaching 195bps in March (from 167 bps in the beginning of the year) but then dropping towards tight levels of roughly 135 bps at year end.



Report of the Board of Directors

FIXED INCOME CONTEXT (continued)

Corporate Investment Grade (continued)

Volatility remained a staple during this first quarter of 2023, as January benefited from the exuberance of Q4 2022 and February and March saw the return of the bouts of risk-off periods. Towards the end of March 2023, Investment grade markets once again saw a rally on the back of less hawkish narrative from central banks. Overall spreads were stable (at 168bps) but volatility was significant as the low point (in early Feb when spreads were at 140 bps) contrasted sharply with the peak (20th March, at 195 bps). Yields saw a similar situation, climbing from lows of 3.6% to 4.4%, before settling at 4.2% at the end of the quarter. The January rally was driven by a combination of lower inflation in the US, the unexpected reopening in China and falling energy prices in Europe. In March, credit spreads widened substantially on the back of the financial crisis engineered by the collapse of SVB and Credit Suisse, and rates rallied in March as investors flocked towards low risk-assets. Both ECB and FED stated that they stand ready to provide liquidity through discount windows to ensure financial stability, despite the fact that both of them maintained their intention to fight inflation. The Q4 earnings were satisfactory on the back of low expectations, with analysts already projecting deeper profit declines for the next results. Most companies managed to exceed expectations, though the magnitude of surprise was quite small. On the other hand, some large misses and disappointing guidance came from big corporations like Intel, Microsoft, 3M, and Kimberly-Clark. The primary market was exceptionally active over the first two months of the quarter as companies started frontloading to lock in rates, particularly within the financial sector as supply was dominated by financials taking advantage of the tightening, with the total issued volume more than 50% higher than in January 2022. The increase in supply has been well-absorbed by the market, with investor demand exceeding supply and shorter tenors of multi-tranche issuances being the most oversubscribed.

Volatility continued across Investment grade markets as they posted a slightly positive second quarter (+0.45%) in spite of increasing rates and a generally weak macro-economic picture in the private sector. Noteworthy was the month of June, when spreads compressed sharply after debt ceiling deal got sealed in the US. Indeed, the month saw some respite as the Fed kicked off with a hawkish "skip" signaling that it might need to hike again at the next meeting, while indicating the need to wait for previous hikes to take effect. In Europe, the ECB kept hiking at a similar pace of 25 bps to bring rates to 3.5%. In this context, risky assets performed well, supported by lower rate volatility and lower inflation globally, with the UK being the exception. June proved to be extremely busy one for developed market central banks. In Sintra, the heads of the ECB, Fed and BoE shared a common hawkish tone, while BoJ Governor Kazuo Ueda maintained a more dovish one. Federal Reserve Chair Jerome Powell said the Fed will not take the option of two consecutive hikes off the table, and that he did not see inflation levels in the US getting back to 2% in 2023 or 2024. Elsewhere, the ECB President Christine Lagarde added that the central bank still has ground to cover and is very likely to hike in July while BoE Governor Andrew Bailey, having already hiked by 0.5% in June, said UK inflation is still acting stubbornly. Despite the uncertain macro backdrop, and the SVB/CSG turmoil in March, market perception has gradually improved on Banks, as reflected by May being the second busiest month of the year after January and the re-opening of the AT1 market in June. Banks' results were scrutinized by the market, with significant volatility surrounding the updated communications on their deposits. Consumer companies had a strong quarter, as price rises for food & beverages did not come at a significant cost to volume. On the other hand, large misses and disappointing guidance from big corporations (Maersk, UPS and Estee Lauder) suggested earnings estimates for the upcoming quarters might need to come down further. On the supply front, Banks had already fulfilled around two-thirds of their 2023 funding needs. For Non-Financials, primary activity was stronger YoY in H123, both for the IG and HY segment, including in Q2 despite a soft start to the quarter, especially the EUR senior segment. Meanwhile, the hybrid market was busy again in May and June, thanks to the Utilities and TMT sectors, after three weak months. Overall spreads did compress somewhat (from 168 bps to 161 bps) but volatility was significant as the low point (mid-April when spreads were at 154 bps) contrasted sharply with the peak (mid-May, at 172 bps). Yields, however, generally moved upwards (in-line with the rate hikes) ending the month at 4.4%. saw a similar situation, as they moved to lows of 6.6% (in end May) to 6.9% at the end of the quarter.

Euro Investment grade markets were yet again on shaky grounds, barely scraping together a positive quarter in Q3 (+0.3%) in spite of increasing rates and a generally weak macro-economic picture. The early portion of the quarter was dominated by a relatively resilient macro picture, particularly in the US, with a soft-landing scenario gaining prominence. Inflation prints moved significantly lower, though still far from the central bank long-term targets and hence, monetary policy remained restrictive with rate hikes being implemented across US and EU in July. The latter portion of the quarter saw a rate increase (US 10 year reaching 4.5%) on the back of rising commodity prices and strong labour markets in the US. While spreads and rates remained relatively stable over the first two months of the quarter, September saw high levels of volatility. Spreads initially compressed strongly to 144 bps (from 154 bps), on the back of lower inflation data and a generally more positive mood. However, the looming government shut down in the US and hawkish statements from FED policy makers led spreads to rise back to above 150 bps. In terms of fundamentals, reports suggest certain companies had a tougher time passing on higher prices to consumers (e.g., Unilever, LVMH, Reckitt Benckiser, Heineken, ...). Pricing pressure is expected to moderate over the remainder of the year, though dispersion is likely to increase as markets assess which companies truly have pricing power and can maintain their margins. The primary market was quiet due to the lock up period imposed by the earnings season, as well as the summer season. Though a few deals made it to the market around the end of August. Secondary markets remained tight with low liquidity for money market- and short term offers for the most part. September was exceptionally active as banks and nations took advantage of the stable window and tight spreads. Around 57 billion euro printed in IG credit, and new issue premiums averaged 15 bps on books that were over 2 times oversubscribed.



Report of the Board of Directors

FIXED INCOME CONTEXT (continued)

Corporate Investment Grade (continued)

A strong exuberance took hold of financial markets over the fourth quarter of 2023 (particularly in November and December), anticipating a dovish pivot of the central banks on the back of weaker inflation prints and NFP numbers. October saw Treasury yield curves continue to bear steepen in the US and in Europe, driven primarily by the better-than-expected economic prints from the US and its exceptionally resilient labor market. The unrelenting rise in long-term rates has been noted by the FED, with officials commenting that tightening financial conditions and the sharp increase in long-term real yields were doing some of the hard work for the Fed. Similarly, across the Atlantic, as the lagged impact of tighter financial conditions increasingly ripple through the economy and markets, the ECB also kept rates unchanged and gave a dovish impression as Lagarde repeatedly and explicitly mentioned the clearly weakening economic growth. In November, however, the picture changed quite suddenly as markets started pricing rate cuts in 2024 rather aggressively. A string of economic data highlighted that the transmission of restrictive monetary policy remains forceful across both sides of the Atlantic. In the US, despite the stronger than expected growth over Q3 at 5.2%, the economy showed signs of slowing down. Banks continued to tighten commercial credit, and indications were that households were pulling back on discretionary spending, and the labor market were gradually cooling. In the EU, headline inflation slowed more than policymakers expected at 2.4%, though core inflation remains well above the ECB's target at 3.6%. The German economy contracted over Q3, driven by a drop in household spending. However, the ECB hinted at expectations of a temporary rebound in inflation figures due to base effects as high energy prices from the autumn of 2022 drop out of the data. They also added that the Euro Area will probably avoid a recession as improving purchasing power among consumers drives a rebound. Euro investment grade markets posted a strong positive quarter (+5.5%) as spreads declined (from 151 bps to 136bps), primarily over the months of November and December. Yields saw a much stronger compression, as they moved from elevated levels of 4.5%, towards 3.6%, which still represents an over 10 year high. The earnings season saw large dispersion, and a material portion of the companies (both IG and HY) missed on top-line expectations. Although the majority could beat on the operating margin, guidance has generally become materially cautious and companies conceded increasing concern about their ability to defend margins. Markets witnessed some cautious guidance and notable warnings from Walmart, Burberry, Nordstrom, BASF. Critically, markets saw that cyclicals are reducing CAPEX and recently industrials and manufacturing sector issuers are reducing OPEX through layoffs.

The Board of Directors

Luxembourg, March 28, 2024



Audit report

To the Shareholders of
IndexIQ

Report on the audit of the financial statements

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of IndexIQ (the “Fund”) and of each of its sub-funds as at 31 December 2023, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

What we have audited

The Fund’s financial statements comprise:

- the statement of net assets as at 31 December 2023;
 - the statement of changes in net assets for the year then ended;
 - the Investment portfolio for each of the sub-funds as at 31 December 2023; and
 - the notes to the financial statements, which include a summary of significant accounting policies.
-

Basis for opinion

We conducted our audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of the EU Regulation No 537/2014.

The non-audit services that we have provided to the Fund, for the year then ended, are disclosed in Note 13 to the financial statements.

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*Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477 - TVA LU25482518*



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Other information

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors of the Fund for the financial statements

The Board of Directors of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Fund is responsible for assessing the Fund's and each of its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Fund either intends to liquidate the Fund or close any of its sub-funds or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund;
- conclude on the appropriateness of the Board of Directors of the Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's or any of its sub-funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Fund or any of its sub-funds to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as “Réviseur d’entreprises agréé” of the Fund by the General Meeting of the Shareholders on 20 April 2023 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 7 years.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 5 April 2024

Christelle Crépin



Statement of net assets as at December 31, 2023

		IndexIQ Factors Sustainable Corporate Euro Bond	IndexIQ Factors Sustainable EMU Equity	IndexIQ Factors Sustainable Europe Equity
		EUR	EUR	EUR
Assets				
Investment portfolio at market value	2c	77,993,985	2,052,208	172,461,253
Cash at bank and broker		1,389,577	3,732	346,272
Interest and dividends receivable, net		759,263	0	179,389
Other assets		0	11,296	97,804
Total assets		80,142,825	2,067,236	173,084,718
Liabilities				
Management fees payable	3	10,271	218	14,164
Operating and Administrative Expenses payable	5	10,264	302	21,217
Subscription tax payable	6	4	10	12
Total liabilities		20,539	530	35,393
Total net assets		80,122,286	2,066,706	173,049,325



Statement of net assets as at December 31, 2023

		IndexIQ Factors Sustainable Japan Equity	IndexIQ Factors Sustainable Sovereign Euro Bond	Combined
		EUR	EUR	EUR
Assets				
Investment portfolio at market value	2c	113,308,412	199,323,899	565,139,757
Cash at bank and broker		381,221	1,665,132	3,785,934
Interest and dividends receivable, net		122,100	2,537,105	3,597,857
Other assets		0	0	109,100
Total assets		113,811,733	203,526,136	572,632,648
Liabilities				
Management fees payable	3	14,467	8,604	47,724
Operating and Administrative Expenses payable	5	14,460	25,551	71,794
Subscription tax payable	6	5	26	57
Total liabilities		28,932	34,181	119,575
Total net assets		113,782,801	203,491,955	572,513,073



Statement of changes in net assets for the year ended December 31, 2023

		IndexIQ Factors Sustainable Corporate Euro Bond	IndexIQ Factors Sustainable EMU Equity	IndexIQ Factors Sustainable Europe Equity
		EUR	EUR	EUR
Net assets at the beginning of the year		70,748,764	5,713,562	173,162,184
Income				
Dividends, net	2g	0	110,006	4,964,542
Interest on bonds and money market instruments, net		1,284,783	0	0
Bank interest		28,170	333	14,666
Other income		1,903	604	1,865
Total income		1,314,856	110,943	4,981,073
Expenses				
Investment management fees	3	115,856	2,859	131,377
Operating and Administrative Expenses	5	111,799	4,295	191,637
Depository fees	5	3,369	130	5,784
Subscription tax	6	14	40	46
Transaction costs	2f	0	3,952	265,396
Bank interest		0	0	26
Other expenses		4	0	1
Total expenses		231,042	11,276	594,267
Net income / (loss) from investments		1,083,814	99,667	4,386,806
Net realised gain / (loss) on sales of investments		(2,203,733)	303,054	5,477,890
Net realised gain / (loss) on foreign exchange		751	(5)	(407,801)
Net realised gain / (loss)		(1,119,168)	402,716	9,456,895
Change in net unrealised appreciation / depreciation on investments		6,167,393	109,214	13,765,921
Net increase / (decrease) in net assets as a result of operations		5,048,225	511,930	23,222,816
Evolution of the capital				
Subscriptions of shares		9,956,431	0	53,071,674
Redemptions of shares		(5,192,514)	(4,158,786)	(76,407,349)
Dividends distributed	7	(438,620)	0	0
Net assets at the end of the year		80,122,286	2,066,706	173,049,325



Statement of changes in net assets for the year ended December 31, 2023

		IndexIQ Factors Sustainable Japan Equity	IndexIQ Factors Sustainable Sovereign Euro Bond	Combined
		EUR	EUR	EUR
Net assets at the beginning of the year		140,109,407	112,199,930	501,933,847
Income				
Dividends, net	2g	2,818,749	0	7,893,297
Interest on bonds and money market instruments, net		0	3,138,172	4,422,955
Bank interest		5,471	34,594	83,234
Other income		421	425	5,218
Total income		2,824,641	3,173,191	12,404,704
Expenses				
Investment management fees	3	179,242	69,338	498,672
Operating and Administrative Expenses	5	174,316	202,556	684,603
Depository fees	5	5,246	6,105	20,634
Subscription tax	6	20	101	221
Transaction costs	2f	37,120	0	306,468
Bank interest		469	0	495
Other expenses		0	666	671
Total expenses		396,413	278,766	1,511,764
Net income / (loss) from investments		2,428,228	2,894,425	10,892,940
Net realised gain / (loss) on sales of investments		14,487,761	(5,247,183)	12,817,789
Net realised gain / (loss) on foreign exchange		(8,328,710)	(1)	(8,735,766)
Net realised gain / (loss)		8,587,279	(2,352,759)	14,974,963
Change in net unrealised appreciation / depreciation on investments		8,896,274	14,581,103	43,519,905
Net increase / (decrease) in net assets as a result of operations		17,483,553	12,228,344	58,494,868
Evolution of the capital				
Subscriptions of shares		6,610,090	100,116,518	169,754,713
Redemptions of shares		(50,420,249)	(20,887,234)	(157,066,132)
Dividends distributed	7	0	(165,603)	(604,223)
Net assets at the end of the year		113,782,801	203,491,955	572,513,073



Statistics

IndexIQ Factors Sustainable Corporate Euro Bond

Name	ISIN	Share type	Currency	Number of shares outstanding	Net asset value per share as at 31.12.2023	Net asset value per share as at 31.12.2022	Net asset value per share as at 31.12.2021
Total net assets			EUR		80,122,286	70,748,764	83,683,394
S	LU1603777555	Capitalisation	EUR	1,500,000.00	0.10	0.09	0.10
UCITS ETF	LU1603790731	Distribution	EUR	3,359,000.00	23.81	22.46	25.11

IndexIQ Factors Sustainable EMU Equity

Name	ISIN	Share type	Currency	Number of shares outstanding	Net asset value per share as at 31.12.2023	Net asset value per share as at 31.12.2022	Net asset value per share as at 31.12.2021
Total net assets			EUR		2,066,706	5,713,562	11,273,625
S	LU1603778363	Capitalisation	EUR	3,000,000.00	0.14	0.12	0.13
UCITS ETF	LU1603797074	Capitalisation	EUR	48,177.00	34.36	29.53	32.82

IndexIQ Factors Sustainable Europe Equity

Name	ISIN	Share type	Currency	Number of shares outstanding	Net asset value per share as at 31.12.2023	Net asset value per share as at 31.12.2022	Net asset value per share as at 31.12.2021
Total net assets			EUR		173,049,325	173,162,184	213,264,586
S	LU1603778108	Capitalisation	EUR	3,378,287.00	0.14	0.12	0.14
UCITS ETF	LU1603795458	Capitalisation	EUR	4,815,977.00	35.83	31.06	34.92

IndexIQ Factors Sustainable Japan Equity

Name	ISIN	Share type	Currency	Number of shares outstanding	Net asset value per share as at 31.12.2023	Net asset value per share as at 31.12.2022	Net asset value per share as at 31.12.2021
Total net assets			EUR		113,782,801	140,109,407	141,948,972
S	LU1603778520	Capitalisation	EUR	1,500,000.00	0.14	0.12	0.13
UCITS ETF	LU1603797587	Capitalisation	EUR	3,190,016.00	35.60	30.65	32.55

IndexIQ Factors Sustainable Sovereign Euro Bond

Name	ISIN	Share type	Currency	Number of shares outstanding	Net asset value per share as at 31.12.2023	Net asset value per share as at 31.12.2022	Net asset value per share as at 31.12.2021
Total net assets			EUR		203,491,955	112,199,930	179,759,142
S	LU1603777985	Capitalisation	EUR	11,103,984.00	0.09	0.09	0.11
UCITS ETF	LU1603795292	Distribution	EUR	8,705,100.00	23.26	21.74	26.33



IndexIQ Factors Sustainable Corporate Euro Bond

Investment portfolio as at December 31, 2023

Description	Quantity	Currency	Market value (in EUR)	% net assets
Transferable securities admitted to an official stock exchange listing or dealt in another regulated market				
Bonds				
Australia				
COMPUTERSHARE LTD 1.125 21-31 07/10A	100,000	EUR	77,607	0.10
GOODMAN AUSTRALIA FIN 1.375 17-25 27/09A	200,000	EUR	193,186	0.24
MACQUARIE GROUP LTD 0.35 20-28 03/12A	100,000	EUR	88,426	0.11
MACQUARIE GROUP LTD 0.943 22-29 19/01A	135,000	EUR	118,571	0.15
MACQUARIE GROUP LTD 0.95 21-31 21/05A	200,000	EUR	165,841	0.21
NATIONAL BK AUSTRALIA 1.25 16-26 18/05A	400,000	EUR	385,648	0.48
NATL AUSTRALIA BANK 2.125 22-28 24/05A	200,000	EUR	193,040	0.24
OPTUS FINANCE P 1.0000 19-29 20/06A	100,000	EUR	87,351	0.11
SCENTRE MANAGEMENT LTD 1.45 19-29 28/03A	140,000	EUR	123,163	0.15
SCENTRE MGMT LTD 2.25 14-24 16/07A	300,000	EUR	296,094	0.37
TELSTRA GROUP 3.75 23-31 04/05A	186,000	EUR	195,098	0.24
TOYOTA FINANCE 0.4400 22-28 13/01A	300,000	EUR	270,943	0.34
TOYOTA FINANCE AUSTR 2.004 20-24 21/04A	400,000	EUR	394,284	0.49
TRANSURBAN FINANCE 1.75 17-28 29/03A	269,000	EUR	253,318	0.32
WESFARMERS LTD 0.954 21-33 21/10A	200,000	EUR	160,834	0.20
WESTPAC BANKING 1.125 17-27 05/09A	100,000	EUR	92,930	0.12
WESTPAC BANKING 1.45 18-28 17/07A	200,000	EUR	186,444	0.23
WOOLWORTHS GROUP 0.375 21-28 15/11A	226,000	EUR	194,102	0.24
			3,476,880	4.34
Austria				
BAWAG P.S.K. 4.1250 23-27 18/01A	100,000	EUR	101,321	0.13
ERSTE GROUP BANK AG 0.875 20 27 13/05A	100,000	EUR	92,646	0.12
VERBUND AG 0.9 21-41 01/04A	100,000	EUR	71,506	0.09
			265,473	0.33
Belgium				
AEDIFICA SA 0.75 21-31 09/09A	100,000	EUR	79,402	0.10
BELFIUS BANQUE SA/NV 0.01 20-25 15/10A	200,000	EUR	188,262	0.23
BELFIUS BANQUE SA/NV 0.375 21-27 08/06A	400,000	EUR	361,522	0.45
COFINIMMO SA 0.875 20-30 02/12A	100,000	EUR	80,991	0.10
COFINIMMO SA 1 22-28 24/01A 22-28 24/01A	100,000	EUR	90,460	0.11
LONZA FINANCE INTL N 3.875 23-33 25/05A	100,000	EUR	103,693	0.13
PROXIMUS SA 1.875 15-25 01/10A	100,000	EUR	97,586	0.12
PROXIMUS SA 4.0 23-30 08/03A	100,000	EUR	104,618	0.13
			1,106,534	1.38
Canada				
BANK OF MONTREAL 2.75 22-27 15/06A	400,000	EUR	393,295	0.49
BANK OF NOVA SCOTIA 0.25 21-28 01/11A	250,000	EUR	216,865	0.27
GREAT WEST LIFE 4.7 22-29 16/11A	146,000	EUR	156,151	0.19
GREAT WEST LIFECO 1.75 16-26 07/12A	163,000	EUR	158,045	0.20
MAGNA INTL 1.500 17-27 25/09A	100,000	EUR	95,281	0.12
MAGNA INTL 4.375 23-32 17/03A	110,000	EUR	117,271	0.15
NATL BANK OF CANADA 3.75 23-28 25/01A	156,000	EUR	157,713	0.20
RBC TORONTO 0.125 19-24 23/07A	400,000	EUR	391,575	0.49
ROYAL BANK OF CANADA 1.034 22-34 25/01A	156,000	EUR	120,338	0.15
ROYAL BANK OF CANADA 2.125 22-29 26/04A	700,000	EUR	659,230	0.82
ROYAL BANK OF CANADA 4.125 23-28 05/07A	274,000	EUR	282,657	0.35
TORONTO DOMINION BANK 0.5 22-27 18/01A	264,000	EUR	244,330	0.30
TORONTO DOMINION BANK 2.551 22-27 03/08A	250,000	EUR	244,528	0.31
TORONTO DOMINION BANK 3.129 22-32 03/08A	100,000	EUR	97,743	0.12
TORONTO DOMINION BANK 3.631 22-29 13/12A	100,000	EUR	101,145	0.13
TORONTO DOMINION BK 1.952 22-30 08/04A	500,000	EUR	458,906	0.57
			3,895,073	4.86
Cayman Islands				
BANK OF NOVA SCOTIA 0.125 19-26 04/09A	100,000	EUR	92,270	0.12
CK HUTCHISON EU 1.2500 18-25 13/04A	119,000	EUR	114,886	0.14

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Any differences in the percentage of Net Assets are the result of roundings.



IndexIQ Factors Sustainable Corporate Euro Bond

Investment portfolio as at December 31, 2023

Description	Quantity	Currency	Market value (in EUR)	% net assets
CK HUTCHISON EU 2.0000 18-30 13/04A	130,000	EUR	117,778	0.15
CK HUTCHISON TCOM FIN 0.75 19-26 17/04A	206,000	EUR	193,916	0.24
CKE HUTCHISON FINANCE 2.00 16-28 06/04A	124,000	EUR	117,584	0.15
CKH GRP TELECOM FIN 1.125 19-28 17/10A	218,000	EUR	196,527	0.25
			832,961	1.04
Denmark				
A.P. MOELLER-MAERSK 0.75 21-31 25/11A	347,000	EUR	284,008	0.35
AP MOLLER MAERSK 1.75 18-26 16/03A	700,000	EUR	677,298	0.85
ISS GLOBAL A/S 2.125 14-24 02/12A	100,000	EUR	98,033	0.12
ISS GLOBAL AS 1.5 17-27 31/08A	100,000	EUR	93,311	0.12
NOVO NORDISK FINANCE 0.125 21-28 04/06A	131,000	EUR	117,664	0.15
			1,270,314	1.59
Finland				
CASTELLUM HELSINKI 2.00 22-25 24/03A	100,000	EUR	96,366	0.12
NESTE OYJ 4.25 23-33 16/03A	100,000	EUR	107,006	0.13
NOKIA OYJ 3.125 20-28 15/05A5A	158,000	EUR	154,396	0.19
NORDEA BANK ABP 2.5000 22-29 23/05A	100,000	EUR	96,114	0.12
STORA ENSO OYJ 0.625 20-30 02/12A	136,000	EUR	110,680	0.14
			564,562	0.70
France				
ALD SA 1.25 22-26 02/03A	100,000	EUR	95,416	0.12
ALD SA 4.0000 22-27 05/07A	100,000	EUR	102,072	0.13
ALD SA 4.25 23-27 18/01A	200,000	EUR	204,429	0.26
ALD SA 4.75 22-25 13/10A	100,000	EUR	101,895	0.13
ALSTOM SA 0.25 19-26 14/10A	100,000	EUR	90,459	0.11
ARVAL SERVICE LEASE 4.0 22-26 22/09A	100,000	EUR	101,232	0.13
ARVAL SERVICE LEASE 4.75 22-27 22/05A	200,000	EUR	207,429	0.26
AUCHAN HOLDING SA 2.375 19-25 25/04A	100,000	EUR	97,553	0.12
AUCHAN HOLDING SA 2.875 20-26 29/04A	100,000	EUR	97,099	0.12
AUCHAN HOLDING SA 3.25 20-27 23/07A	100,000	EUR	96,934	0.12
AUCHAN HOLDING SA 4.875 22-28 08/12A	100,000	EUR	98,895	0.12
BANQUE STELLANTIS 0 21-25 22/01A	100,000	EUR	96,112	0.12
BFCM BQUE FED CRED MUT 0.01 21-25 07/03A	100,000	EUR	95,778	0.12
BNP PARIBAS 1.375 19-29 28/05A	100,000	EUR	89,867	0.11
BNP PARIBAS 1.50 17-25 17/11A	200,000	EUR	193,758	0.24
BNP PARIBAS 2.1 22-32 07/04A	100,000	EUR	89,258	0.11
BNP PARIBAS SA 0.25 21-27 13/04A	100,000	EUR	92,759	0.12
BNP PARIBAS SA 0.625 20-32 03/12A	200,000	EUR	155,671	0.19
BNP PARIBAS SA 2.375 15-25 17/02A	200,000	EUR	197,035	0.25
BNP PARIBAS SA 3.625 22-29 01/09A	100,000	EUR	100,334	0.13
BOUYGUES 1.375 16-27 07/06A	100,000	EUR	95,202	0.12
BPCE S.A. 0.25 20-26 15/01A	100,000	EUR	93,969	0.12
CARREFOUR SA 1.0000 19-27 17/05A	100,000	EUR	93,398	0.12
CARREFOUR SA 1.875 22-26 30/10A	100,000	EUR	96,588	0.12
CARREFOUR SA 2.625 20-27 01/04A	100,000	EUR	98,021	0.12
CREDIT AGRICOLE 0.8750 20-32 14/01A	100,000	EUR	82,112	0.10
CREDIT AGRICOLE 1.75 19-29 05/03A	200,000	EUR	184,597	0.23
CREDIT MUTUEL ARKEA 0.375 19-28 03/10A	100,000	EUR	87,442	0.11
CREDIT MUTUEL ARKEA 3.375 22-27 19/09A	100,000	EUR	100,313	0.13
DASSAULT SYSTEM 0.1250 19-26 16/09A	400,000	EUR	372,464	0.46
EDENRED SA 1.375 15-25 10/03A	200,000	EUR	194,893	0.24
FONCIERE DES REGIO 1.50 17-27 21/06A	100,000	EUR	93,846	0.12
FONCIERE DES REGIONS 1.125 15-21 31/01S	100,000	EUR	82,122	0.10
GECINA 0.875 22-33 25/01A	100,000	EUR	82,368	0.10
ICADE SA 1.00 22-30 19/01A	100,000	EUR	84,827	0.11
JC DECAUX SE 2.625 20-28 24/04A	200,000	EUR	195,665	0.24
JC DECAUX SE 5.0 3-29 11/01A	100,000	EUR	105,038	0.13
KLEPIERRE (EX-COMPAG 0.875 20-31 17/11A	100,000	EUR	83,018	0.10
KLEPIERRE (EX-COMPAG 2 20-29 12/05A	100,000	EUR	93,643	0.12

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IndexIQ Factors Sustainable Corporate Euro Bond

Investment portfolio as at December 31, 2023

Description	Quantity	Currency	Market value (in EUR)	% net assets
L OREAL S A 3.125 23-25 19/05A	100,000	EUR	99,819	0.12
LEGRAND SA 0.75 20-30 20/05A	100,000	EUR	87,636	0.11
SOCIETE FONCIER LYON 0.50 21-28 21/04A	100,000	EUR	89,570	0.11
STE FONCIERE LYONNAISE 1.50 18-25 29/05A	100,000	EUR	97,212	0.12
STELLANTIS 2.75 20-26 15/05A	100,000	EUR	98,855	0.12
VALEO SA 1.5000 18-25 18/06A	200,000	EUR	193,180	0.24
VALEO SA 5.375 22-27 28/05A	100,000	EUR	103,822	0.13
VALEO SE 1.625 16-26 18/03A	200,000	EUR	192,230	0.24
VERALLIA FRANCE SA 1.875 21-31 10/11A	100,000	EUR	87,751	0.11
VERALLIA SASU 1.625 21-28 14/05A	100,000	EUR	93,233	0.12
VIVENDI SA 1.1250 19-28 11/12A	100,000	EUR	94,676	0.12
WORLDLINE SA 0.875 20-27 30/06A	100,000	EUR	90,083	0.11
WPP FINANCE SA 2.25 14-26 22/09A6 22/09A	104,000	EUR	101,745	0.13
			6,153,323	7.68
Germany				
COMMERZBANK AG 0.375 20-27 01/09A	100,000	EUR	91,431	0.11
COMMERZBANK AG 0.875 20-27 22/01A	200,000	EUR	185,734	0.23
COMMERZBANK AG 1.00 19-26 25/02A	300,000	EUR	286,482	0.36
COMMERZBANK AG 4.00 16-26 23/03A	100,000	EUR	100,298	0.13
COVESTRO AG 1.375 20-30 12/06A	300,000	EUR	269,543	0.34
DAIMLER AG 2 20-26 22/05A	100,000	EUR	97,845	0.12
DEUT PF 4.375 22-26 28/08A	100,000	EUR	98,548	0.12
DEUTSCHE BAHN FINANC 0.5 20-27 09/04A	500,000	EUR	466,532	0.58
DEUTSCHE BOERSE AG 0.125 21-31 22/02A	100,000	EUR	82,912	0.10
DEUTSCHE POST AG 0.75 20-29 20/05A	200,000	EUR	182,728	0.23
DEUTSCHE TELEKOM AG 1.375 19-34 05/07A	45,000	EUR	38,882	0.05
DEUTSCHE TELEKOM AG 1.75 19-31 25/03A	41,000	EUR	38,492	0.05
DEUTSCHE WOHNEN SE 1.5 20-30 30/04A	200,000	EUR	174,363	0.22
FRESENIUS MEDICAL CA 1.5 20-30 29/05A	183,000	EUR	157,900	0.20
FRESENIUS SE 2.8750 22-30 24/05A	83,000	EUR	79,390	0.10
FRESENIUS SE 5.0 22-29 28/11A	100,000	EUR	106,703	0.13
FRESENIUS SE CO. KG 0.75 20-28 15/01A	86,000	EUR	78,402	0.10
FRESENIUS SE CO. KG 1.625 20-27 08/04A	82,000	EUR	77,530	0.10
HAMBURG COMMERCIAL B 0.375 21-26 09/03A	100,000	EUR	91,850	0.11
HOCHTIEF AG 0.5 19-27 03/09A	72,000	EUR	65,348	0.08
HOCHTIEF AG 0.625 21-29 26/04A	100,000	EUR	86,362	0.11
INFINEON TECHNO 1.1250 20-26 24/06A	200,000	EUR	190,100	0.24
KNORR-BREMSE AG 1.1250 18-25 13/06A	200,000	EUR	193,837	0.24
LANDESBANK BADEN-WUE 0.375 21-29 07/05A	100,000	EUR	83,618	0.10
LANXESS AG 1.75 22-28 22/03A	100,000	EUR	91,426	0.11
LBBW 0.25 21-28 21/07A0.25 21-28 21/07A	200,000	EUR	171,356	0.21
LEG IMMOBILIEN 1.0000 21-32 19/11A	200,000	EUR	155,271	0.19
LEG IMMOBILIEN SE 1.5 22-34 17/01A	100,000	EUR	78,240	0.10
MERCEDES-BENZ GROUP 0.75 20-30 10/09A	86,000	EUR	74,539	0.09
MERCEDES-BENZ GROUP 2.125 17-37 03/07S	43,000	EUR	38,875	0.05
MUENCHENER RUECK FL.R 20-41 26/05A	200,000	EUR	165,875	0.21
ROBERT BOSCH EMTN 2.625 13-28 24/05A	200,000	EUR	197,645	0.25
SCHAEFFLER AG 2.8750 19-27 26/03A	118,000	EUR	115,969	0.14
SCHAEFFLER AG 3.375 20-28 12/10A	100,000	EUR	96,750	0.12
TALANX AG 4.0 22-29 25/10A	200,000	EUR	208,214	0.26
VOLKSWAGEN LEASING GMB 0.00 21-24 19/05U	100,000	EUR	97,869	0.12
VONOVIA SE 1 21-33 16/06A	200,000	EUR	151,782	0.19
			4,968,641	6.20
Ireland				
ABBOTT IRL FINANCING 0.375 19-27 19/11A	214,000	EUR	196,011	0.24
CCEP FINANCE (IRELAN 0.5 21-29 06/05A	100,000	EUR	86,597	0.11
CLOVERIE PLC ZURICH 1.50 18-28 15/12A	200,000	EUR	187,534	0.23
CLOVERIE PLC ZURICH 1.75 14-24 16/09A	200,000	EUR	196,938	0.25
DELL BANK INTL DAC 1.625 20-24 24/06A	300,000	EUR	296,595	0.37

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IndexIQ Factors Sustainable Corporate Euro Bond

Investment portfolio as at December 31, 2023

Description	Quantity	Currency	Market value (in EUR)	% net assets
DELL BANK INTL DAC 4.5 22-27 18/10A	220,000	EUR	229,271	0.29
FRESENIUS FINANCE IR 0.875 21-31 01/04A	100,000	EUR	80,817	0.10
JOHN NT 3.0 22-28 15/09A	100,000	EUR	99,450	0.12
JOHNSON CONTROLS INT 1 20-32 15/09A	200,000	EUR	166,616	0.21
SECURITAS TREASURY I 4.25 23-27 04/04A	115,000	EUR	117,139	0.15
SMURFIT KAPPA 2.875 18-26 15/01S	150,000	EUR	147,690	0.18
			1,804,658	2.25
Italy				
ASSICURAZ GENERALI 1.713 21-32 30/06A	150,000	EUR	120,514	0.15
ASSICURAZ GENERALI 2.124 19-30 01/10A	100,000	EUR	87,993	0.11
ASSICURAZ GENERALI 2.429 20-31 14/07A	183,000	EUR	159,668	0.20
ASTM SPA 1.5000 21-30 25/01A	100,000	EUR	86,909	0.11
ASTM SPA 2.3750 21-33 25/11A	100,000	EUR	83,869	0.10
FERROVIE DELLO STA 3.36 17-25 27/06A	200,000	EUR	194,210	0.24
HERA 5.20 13-28 29/01A	100,000	EUR	107,829	0.13
HERA S.P.A. 0.25 20-30 03/12A	100,000	EUR	80,353	0.10
HERA SPA 1 21-34 25/04A	100,000	EUR	77,839	0.10
INTESA SANPAOLO 0.75 21-28 16/03A	200,000	EUR	179,881	0.22
INTESA SANPAOLO 2.125 20-25 26/05A	150,000	EUR	146,954	0.18
MEDIOBANCA 0.875 19-26 15/01A	150,000	EUR	142,623	0.18
MEDIOBANCA 1 20-27 08/09A8/09A	200,000	EUR	184,106	0.23
MEDIOBANCA 1.125 20-25 23/04A	200,000	EUR	192,764	0.24
MEDIOBANCA FL.R 19-24 25/01A	500,000	EUR	499,195	0.62
MEDIOBANCA-BCA CREDI 1.0 22-29 17/07A	100,000	EUR	89,170	0.11
POSTE ITALIANE SPA 0.50 20-28 10/12A	200,000	EUR	171,564	0.21
UNICREDIT FL.R 22-28 18/01A	200,000	EUR	185,598	0.23
			2,791,039	3.48
Japan				
EAST JAPAN RAIL 1.1040 21-39 15/09A	100,000	EUR	72,023	0.09
EAST JAPAN RAILWAY 1.85 22-33 13/04A/04A	100,000	EUR	89,425	0.11
MIZUHO FINANCIAL GRO 0.797 20-30 14/01A	400,000	EUR	339,180	0.42
MIZUHO FINANCIAL GRO 1.631 22-27 08/04A	200,000	EUR	189,289	0.24
MIZUHO FINANCIAL GRP 0.214 20-25 07/10A	100,000	EUR	94,863	0.12
MIZUHO FINANCIAL GRP 0.843 21-33 12/04A	100,000	EUR	80,700	0.10
MIZUHO FINANCIAL GRP 3.49 22-27 05/09A	100,000	EUR	100,304	0.13
NISSAN MOTOR CO 2.6520 20-26 17/03A	239,000	EUR	233,192	0.29
NISSAN MOTOR CO 3.2010 20-28 17/09A	244,000	EUR	234,045	0.29
NTT FINANCE CORP 0.01 21-25 03/03A	400,000	EUR	383,744	0.48
NTT FINANCE CORP 0.082 21-25 13/12A	200,000	EUR	188,317	0.24
NTT FINANCE CORP 0.342 21-30 03/03A	300,000	EUR	257,377	0.32
NTT FINANCE CORP 0.399 21-28 13/12A	234,000	EUR	207,862	0.26
ORIX CORP 4.477 23-28 01/06A	258,000	EUR	270,699	0.34
SUMITOMO MITSUI FIN 0.632 19-29 23/10A	145,000	EUR	123,997	0.15
SUMITOMO MITSUI FIN 0.934 17-24 11/10A	200,000	EUR	195,484	0.24
SUMITOMO MITSUI FIN 1.546 16-26 15/06A	162,000	EUR	155,260	0.19
SUMITOMO MITSUI FINA 4.492 23-30 12/06A	117,000	EUR	123,283	0.15
SUMITOMO MITSUI FINL 0.303 20-27 28/10A	500,000	EUR	448,983	0.56
TAKEDA PHARMA 2 20-40 09/07A	100,000	EUR	79,301	0.10
			3,867,328	4.83
Jersey				
APTIV PLC 1.60 16-28 15/09A	150,000	EUR	139,793	0.17
			139,793	0.17
Luxembourg				
AIR PROD CHEMICALS 0.8 20-32 05/05A	200,000	EUR	166,195	0.21
BLACKSTONE PP 1.7500 19-29 12/03A	248,000	EUR	208,398	0.26
BLACKSTONE PROPERTY 1.0 21-28 04/05A	100,000	EUR	83,676	0.10
BLACKSTONE PROPERTY PARTN 1 21-26 20/10A	100,000	EUR	89,549	0.11
CK HUTCHINSON E 1.0000 21-33 02/11A	102,000	EUR	78,137	0.10
COMPASS GRP FIN NL 0.625 17-24 03/07A	200,000	EUR	196,628	0.25

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Investment portfolio as at December 31, 2023

Description	Quantity	Currency	Market value (in EUR)	% net assets
DH EUROPE FIN 0.20 19-26 18/03A	300,000	EUR	281,622	0.35
DH EUROPE FIN 0.45 19-28 18/03A	100,000	EUR	90,339	0.11
DH EUROPE FINANCE II 0.75 19-31 18/09A	200,000	EUR	168,562	0.21
EUROFINS SCIENTIFIC 4 22-29 06/07A06/07A	121,000	EUR	122,632	0.15
EXPERIAN EUROPE DAC 1.56 22-31 16/05A	100,000	EUR	90,003	0.11
GRAND CITY PROPERTIES 1.375 17-26 03/08A	100,000	EUR	92,011	0.11
GRAND CITY PROPERTIES 1.50 18-27 22/02A	100,000	EUR	90,227	0.11
GRAND CITY PROPERTIES FL.R 20-XX 09/06A	200,000	EUR	88,012	0.11
ICBC LUXEMBOURG 0.125 21-24 28/10A28/10A	300,000	EUR	289,545	0.36
INTESA SANPAOLO 1.375 17-24 18/01A	50,000	EUR	49,940	0.06
MERLIN PROPERTIES 2.375 20-27 13/07A	100,000	EUR	96,198	0.12
NOVARTIS 1.625 14-26 09/11A	200,000	EUR	194,986	0.24
NOVARTIS FINANCE SA 0 20-28 23/09A	300,000	EUR	265,295	0.33
OMNICOM FINANCE HLDG 1.40 19-31 08/07A	100,000	EUR	89,610	0.11
ROYAL MAIL PLC 1.2500 19-26 08/10A	128,000	EUR	119,423	0.15
SIMON INTERNATIONAL 1.125 21-33 19/03A	100,000	EUR	80,560	0.10
TRATON FINANCE LUXEM 0 21-24 14/06A	300,000	EUR	294,493	0.37
TRATON FINANCE LUXEM 1.25 21-33 24/03A	100,000	EUR	80,136	0.10
VESTAS WIND SYSTEMS 2.0 22-34 15/06A	100,000	EUR	87,496	0.11
ZURICH FINANCE 1.6250 19-39 17/06A	209,000	EUR	168,813	0.21
			3,662,486	4.57
Mexico				
AMERICA MOVIL 0.75 19-27 26/06A	196,000	EUR	180,639	0.23
AMERICA MOVIL 2.125 16-28 10/03A	200,000	EUR	191,224	0.24
			371,863	0.46
Netherlands				
ABB FINANCE BV 3.25 23-27 16/01A	100,000	EUR	101,126	0.13
ADECCO INTL FIN SERV 0.125 21-28 21/09A	150,000	EUR	132,807	0.17
ADECCO INTL FIN SERV 1 16-24 02/12A	100,000	EUR	97,502	0.12
AGCO INTL HLDG BV 0.8 21-28 06/10A06/10A	100,000	EUR	87,533	0.11
AKZO NOBEL NV 1.625 20-30 14/04A	100,000	EUR	90,371	0.11
AKZO NOBEL NV 1.75 14-24 07/11A	100,000	EUR	98,223	0.12
ARCADIS NV 4.875 23-28 28/02A	100,000	EUR	103,460	0.13
ASML HOLDING NV 1.375 16-26 07/07S	300,000	EUR	289,118	0.36
BMW FINANCE NV 0 21-26 11/01A	200,000	EUR	188,705	0.24
BMW FINANCE NV 1.00 18-24 14/11A	200,000	EUR	195,384	0.24
COLOPLAST FINANCE 2.25 22-27 19/05A	100,000	EUR	97,018	0.12
COMPASS FINANCE 3.0 22-30 08/03A	100,000	EUR	99,526	0.12
COOPERATIEVE RABOBANK FL.R 21-27 01/12A	100,000	EUR	91,705	0.11
CRH FINANCE 1.375 16-28 18/10A	300,000	EUR	277,163	0.35
DEUT TELEKOM INT FIN 3.25 13-28 17/01A	74,000	EUR	76,057	0.09
DIGITAL DUTCH FINCO 1 20-32 23/09A	108,000	EUR	85,894	0.11
DSV PANALPINA FINANCE 0.875 21-36 17/09A	120,000	EUR	88,926	0.11
ENEL FIN INTL 0.8750 21-34 28/09A	105,000	EUR	78,961	0.10
ENEL FINANCE INTL 0.5 21-30 17/06A	200,000	EUR	167,466	0.21
EURONEXT NV 0.125 21-26 17/05A	100,000	EUR	92,958	0.12
EURONEXT NV 1 18-25 18/04A	100,000	EUR	96,572	0.12
EURONEXT NV 1.5 21-41 17/05A	100,000	EUR	75,030	0.09
GIVAUDAN FINANCE EUR 1.625 20-32 22/04A	44,000	EUR	39,333	0.05
IBERDROLA INTL BV FL.R 21-XX 09/02A	100,000	EUR	90,875	0.11
ING GROUP NV 1.75 22-31 16/02A	100,000	EUR	89,422	0.11
JDE PEET S BV 0.244 21-25 16/01A	200,000	EUR	192,442	0.24
JDE PEET'S B.V. 0.5 21-29 16/06A	350,000	EUR	303,106	0.38
KONINKLIJKE AHOLD DE 1.75 20-27 02/04A	200,000	EUR	193,148	0.24
KONINKLIJKE DSM NV 0.625 20-32 23/06A	100,000	EUR	82,603	0.10
KONINKLIJKE KPN NV 0.875 20-32 14/09A	100,000	EUR	81,476	0.10
LSEG NETHERLANDS B.V 0.75 21-33 06/04A	50,000	EUR	40,177	0.05
MONDELEZ INTL HLDINGS 1.25 21-41 09/09A	100,000	EUR	70,850	0.09
NATIONALE-NEDERLANDEN 0.375 19-25 26/02A	100,000	EUR	96,308	0.12

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Investment portfolio as at December 31, 2023

Description	Quantity	Currency	Market value (in EUR)	% net assets
NIBC BANK NV 6.3750 23-25 01/12A	100,000	EUR	104,627	0.13
NN GROUP NV 1.625 17-27 01/06A	400,000	EUR	384,506	0.48
NOVO NORDISK FINANCE 0.75 21-25 03/25A	119,000	EUR	115,367	0.14
NOVO NORDISK FINANCE 1.125 22-27 30/09A	122,000	EUR	115,554	0.14
ROCHE FINANCE EUROPE 3.204 23-29 27/08A	224,000	EUR	229,772	0.29
ROCHE FINANCE EUROPE 3.355 23-35 27/02A	184,000	EUR	191,932	0.24
ROYAL SCHIPHOL 0.7500 21-33 22/04A	100,000	EUR	80,341	0.10
ROYAL SCHIPHOL GROUP 0.375 20-27 08/09A	100,000	EUR	91,201	0.11
ROYAL SCHIPHOL GROUP 0.875 20-32 08/09A	100,000	EUR	83,010	0.10
ROYAL SCHIPHOL GROUP 2 20-29 06/04A	100,000	EUR	95,036	0.12
SIGNIFY N.V. 2 20-24 11/05A	150,000	EUR	148,670	0.19
SIGNIFY NV 2.375 20-27 11/05A05A	100,000	EUR	96,952	0.12
STELLANTIS N.V. 3.875 20-26 07/07A	100,000	EUR	100,835	0.13
STELLANTIS NV 0.625 21-27 30/03A	200,000	EUR	184,242	0.23
STELLANTIS NV 2.75 22-32 01/04A	128,000	EUR	119,625	0.15
STELLANTIS NV 4.5 20-28 07/07A	100,000	EUR	105,246	0.13
SWISSCOM FINANCE B.V 0.375 20-28 14/05A	177,000	EUR	157,856	0.20
TOYOTA MOTOR FINANCE 3.375 23-26 13/01A	100,000	EUR	100,361	0.13
UNIVERSAL MUSIC GP 3.75 22-32 30/06A	100,000	EUR	102,863	0.13
UNIVERSAL MUSIC GROUP N 3.0 22-27 30/06A	113,000	EUR	112,992	0.14
VESTAS WIND SYSTEMS 1.5000 22-29 15/06A	100,000	EUR	91,491	0.11
VOLKSWAGEN INTL FIN 1.875 17-27 30/03A	200,000	EUR	191,080	0.24
VOLKSWAGEN INTL FIN FL.R 22-XX 28/03A3A	200,000	EUR	181,011	0.23
VW INTL FINANCE 4.125 18-38 16/11A	100,000	EUR	103,490	0.13
WABTEC TRAN 1.2500 21-27 03/12U	129,000	EUR	118,716	0.15
WPC EUROBOND BV 1.350 19-28 15/04A	200,000	EUR	182,658	0.23
			7,580,679	9.46
New Zealand				
ASB FINANCE LTD 0.50 19-29 24/09A	195,000	EUR	167,868	0.21
			167,868	0.21
Norway				
SPAREBANK 1 OSTLANDE 1.75 22-27 27/04A	200,000	EUR	190,166	0.24
SPAREBANK 1 SMN 0.01 21-28 18/02A	140,000	EUR	122,906	0.15
STATKRAFT 1.125 17-25 20/03A	200,000	EUR	194,417	0.24
TELENOR ASA 0.2500 19-27 25/09A	100,000	EUR	90,736	0.11
			598,225	0.75
Portugal				
BC PORTUGUES 1.125 21/27 12/02A	100,000	EUR	94,457	0.12
			94,457	0.12
Romania				
NE PROPERTY BV 1.8750 19-26 09/10A	100,000	EUR	91,281	0.11
NE PROPERTY BV 2.0 22-30 20/01A	100,000	EUR	79,963	0.10
			171,244	0.21
Spain				
BANCO BILBAO VI -29 14/01A	200,000	EUR	181,224	0.23
BANCO BILBAO VIZCAYA 0.75 20-25 04/06A	100,000	EUR	96,338	0.12
BANCO BILBAO VIZCAYA 1.00 19-26 21/06A	100,000	EUR	94,924	0.12
BANCO BILBAO VIZCAYA 3.50 17-27 10/02A	200,000	EUR	200,163	0.25
BANCO BILBAO VIZCAYA A 1.75 22-25 26/11A	100,000	EUR	97,243	0.12
BANCO DE SABADELL SA 0.875 19-25 22/07A	300,000	EUR	288,570	0.36
BANKINTER SA 0.625 20-27 06/02A	200,000	EUR	181,892	0.23
BBVA 4.375 22-29 14/10A	100,000	EUR	106,212	0.13
INMOBILIARIA COLONIAL 0.75 21-29 22/06A	100,000	EUR	86,383	0.11
INMOBILIARIA COLONIAL 1.35 20-28 14/10A	100,000	EUR	92,126	0.11
MERLIN PROPERTIES 1.375 21-30 01/06A	100,000	EUR	84,650	0.11
			1,509,725	1.88
Sweden				
ELECTROLUX AB 1.00 22-30 16/05A	100,000	EUR	91,826	0.11
ESSITY AB 1.625 17-27 30/03A	100,000	EUR	95,655	0.12

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Investment portfolio as at December 31, 2023

Description	Quantity	Currency	Market value (in EUR)	% net assets
NORDEA BANK AB 1.125 17-27 27/09A	250,000	EUR	235,874	0.29
SBAB BANK AB 1.875 22-25 10/12AA	100,000	EUR	97,132	0.12
SKANDINAVISKA ENSKIL 0.375 21-28 21/06A	200,000	EUR	174,728	0.22
SKANDINAVISKA ENSKILDA 0.75 21-31 03/11A	200,000	EUR	181,994	0.23
SVENSKA HANDELSBANKEN 0.125 21-26 03/11A	597,000	EUR	548,624	0.68
SWEDBANK AB 0.25 21-26 02/11A	100,000	EUR	92,218	0.12
TELE2 AB 2.1250 18-28 15/05A	200,000	EUR	191,492	0.24
TELIA COMPANY AB 3.00 12-27 07/09A	200,000	EUR	200,460	0.25
VATTENFALL AB 0.5000 19-26 24/06A	100,000	EUR	93,890	0.12
VATTENFALL AB 3.75 22-26 18/10A26 18/10A	100,000	EUR	101,645	0.13
			2,105,538	2.63
Switzerland				
RAIFFEISEN SCHW 4.8400 23-28 03/11A	100,000	EUR	104,431	0.13
RAIFFEISEN SCHWEIZ 5.23 22-27 01/11A	200,000	EUR	211,657	0.26
			316,088	0.39
United Arab Emirates				
BANK OF ABU DHABI 1.625 22-27 07/04A	100,000	EUR	93,791	0.12
EMIRATES TELECOMMUNI 0.875 21-33 17/05A	200,000	EUR	159,470	0.20
FIRST ABU DHABI BANK 0.125 21-26 16/02A	100,000	EUR	92,267	0.12
			345,528	0.43
United Kingdom				
ASB FINANCE LTD 0.25 21-28 08/09A	300,000	EUR	260,870	0.33
ASTRAZENECA PLC 0.375 21-29 03/06A	200,000	EUR	175,956	0.22
AVIVA PLC 3.375 15-45 04/12A	100,000	EUR	97,483	0.12
BRAMBLES FINANCE PLC 1.5 17-27 04/10A	122,000	EUR	114,852	0.14
CREDIT AGRICOLE LDN 1.375 17-27 03/05A	100,000	EUR	94,728	0.12
DS SMITH PLC 1.375 17-24 26/07A	200,000	EUR	196,978	0.25
INFORMA PLC 2.125 20-25 06/10A	200,000	EUR	194,252	0.24
INTERMEDIATE CAPITAL 2.5 22-30 28/01A	101,000	EUR	88,637	0.11
LLOYDS BANK PLC 1.25 15-25 13/01A	300,000	EUR	292,167	0.36
LONDON STOCK EX 1.7500 18-27 06/12A	200,000	EUR	191,420	0.24
LSE GROUP 1.75 17-29 19/09A	59,000	EUR	55,113	0.07
MOTABILITY OPERATION 0.125 21-28 20/01A	136,000	EUR	119,741	0.15
MOTABILITY OPERATION 3.5 23-31 17/07A	100,000	EUR	102,468	0.13
NATIONWIDE BUILDING SO 0.25 21-28 14/09A	100,000	EUR	87,197	0.11
NATWEST MARKETS PLC 1 19-24 28/05A	100,000	EUR	98,800	0.12
NATWEST MARKETS PLC 2 22-25 27/08A	100,000	EUR	97,488	0.12
OMNICOM FINANCE HLDG 0.80 19-27 08/07A	100,000	EUR	92,308	0.12
RECKITT BENCKISER TR 0.375 20-26 19/05A	200,000	EUR	188,482	0.24
RENTOKIL INITIAL PLC 0.5 20-28 14/10A	100,000	EUR	88,471	0.11
SMITH & NEPHEW 4.5650 22-29 11/10A	107,000	EUR	113,471	0.14
SSE PLC 1.25 20-25 16/04A	100,000	EUR	97,040	0.12
WESTPAC SECURITIES 0.1 21-27 13/07A	100,000	EUR	89,430	0.11
WESTPAC SECURITIES 1.099 22-26 24/03A	200,000	EUR	189,738	0.24
			3,127,090	3.90
United States of America				
3M CO 1.50 16-31 02/06A	108,000	EUR	91,905	0.11
3M CO 1.75 15-30 15/05A	171,000	EUR	152,145	0.19
ALCON FINANCE CORP 2.375 22-28 31/05A	161,000	EUR	155,567	0.19
AMERICAN HONDA FINAN 0.3 21-28 09/07A	300,000	EUR	265,476	0.33
AMERICAN INTL GRP 1.875 17-27 21/06A	192,000	EUR	183,529	0.23
AMERICAN TOWER 0.5 20-28 10/09A	100,000	EUR	89,101	0.11
AMERICAN TOWER 1.95 18-26 22/05U	100,000	EUR	96,417	0.12
AMERICAN TOWER CORP 0.95 21-30 05/10A	100,000	EUR	83,895	0.10
AMERICAN TOWER CORP 1.25 21-33 21/05A	100,000	EUR	80,608	0.10
APPLE 0.875 17-25 24/05A	100,000	EUR	96,869	0.12
APPLE INC 0.00 19-25 15/11U	100,000	EUR	94,790	0.12
APPLE INC 0.5 19-31 15/11A	398,000	EUR	339,039	0.42
APPLE INC 1.375 17-29 24/05A	620,000	EUR	582,058	0.73

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Investment portfolio as at December 31, 2023

Description	Quantity	Currency	Market value (in EUR)	% net assets
APPLE INC 1.625 14-26 10/11A	200,000	EUR	194,162	0.24
APPLE INC 2.00 15-27 17/09A	300,000	EUR	293,555	0.37
ARVAL SERVICE LEASE 0.8750 22-25 17/02A	200,000	EUR	193,268	0.24
BANK OF AMERICA CORP 1.102 21-32 24/05A	191,000	EUR	159,036	0.20
BANK OF AMERICA CORP FL.R 22-26 27/10A	300,000	EUR	291,119	0.36
BANK OF AMERICA CORP FL.R 22-33 27/04A	168,000	EUR	157,626	0.20
BLACKSTONE HOLDINGS 1.5 19-29 10/04A	100,000	EUR	90,415	0.11
BRISTOL MYERS SQUIBB 1.00 15-25 15/05A	300,000	EUR	291,006	0.36
CAPITAL ONE FIN CORP 0.8 19-24 12/06A	343,000	EUR	337,192	0.42
CAPITAL ONE FIN CORP 1.65 19-29 12/06A	300,000	EUR	263,827	0.33
CITIGROUP INC 1.25 19-29 10/04A	200,000	EUR	179,723	0.22
CITIGROUP INC 1.50 16-28 26/10A	128,000	EUR	117,782	0.15
CITIGROUP INC 1.625 18-28 21/03A	100,000	EUR	93,772	0.12
COLGATE-PALMOLIVE CO 0.3 21-29 10/11A	300,000	EUR	262,290	0.33
COMCAST CORP 0.00 21-26 14/09U	300,000	EUR	276,574	0.35
COMCAST CORP 0.25 20-27 20/05A	200,000	EUR	183,330	0.23
COMCAST CORP 0.25 21-29 14/09A	194,000	EUR	167,613	0.21
COMCAST CORP 0.7500 20-32 20/02A	200,000	EUR	168,117	0.21
COMCAST CORP 1.2500 20-40 20/02A	163,000	EUR	123,404	0.15
DISCOVERY COMMUNIC 1.90 15-27 19/03A	205,000	EUR	194,869	0.24
DOVER CORP 0.75 19-27 04/11A	106,000	EUR	97,016	0.12
DOVER CORP 1.25 16-26 09/11	100,000	EUR	95,229	0.12
ECOLAB INC 2.625 15-25 08/07A	200,000	EUR	197,487	0.25
ELI LILLY & CO 1.625 15-26 02/06A	55,000	EUR	53,384	0.07
EMERSON ELECTRIC CO 2.00 19-29 15/10A	162,000	EUR	153,958	0.19
EQUINIX INC 0.2500 21-27 15/03A	200,000	EUR	181,896	0.23
EQUINIX INC 1 21-33 10/03A	100,000	EUR	80,725	0.10
FEDEX CORP 0.45 9-25 05/08A	200,000	EUR	191,180	0.24
FEDEX CORP 0.95 21-33 04/05A	150,000	EUR	118,235	0.15
FEDEX CORP 1.625 16-27 11/01A	149,000	EUR	142,505	0.18
FIDELITY NATIONAL INF 1.5 19-27 21/05A	100,000	EUR	94,580	0.12
FISERV 4.5 23-31 24/05A	118,000	EUR	125,007	0.16
FISERV INC 1.125 19-27 01/07A	400,000	EUR	374,977	0.47
FISERV INC 1.625 19-30 01/07A	200,000	EUR	180,695	0.23
GENERAL MILLS INC 3.907 23-29 13/04A	100,000	EUR	103,201	0.13
GLOBAL PAYMENTS 4.875 23-31 17/03A	119,000	EUR	124,755	0.16
HIGHLAND HOLDINGS 0.934 21-31 15/12A/12A	150,000	EUR	123,971	0.15
ILLINOIS TOOL WORKS 0.25 19-24 05/12A	100,000	EUR	96,880	0.12
ILLINOIS TOOL WORKS INC 1.0 19-31 25/06A	200,000	EUR	176,092	0.22
INTL FLAVORS AND FRAG 1.80 18-26 25/09A	100,000	EUR	94,868	0.12
KRAFT HEINZ FOODS CO 2.25 16-28 25/05A	200,000	EUR	193,178	0.24
LIBERTY MUTUAL GROUP 2.75 16-26 04/05A	200,000	EUR	196,702	0.25
LIBERTY MUTUAL GROUP 4.625 22-30 02/12A	150,000	EUR	156,848	0.20
MARSH & MCLENNA 1.9790 19-30 21/03A	200,000	EUR	188,188	0.23
MASSMUTUAL GLOBAL FU 3.75 23-30 19/01A	153,000	EUR	156,472	0.20
MASTERCARD INC 1.00 22-29 22/02A	700,000	EUR	642,844	0.80
MERCK & CO 2.50 14-34 15/10A	200,000	EUR	193,747	0.24
MICROSOFT 2.625 13-33 02/05A	300,000	EUR	302,186	0.38
MMS USA INVESTMENTS 1.25 19-28 13/06A	300,000	EUR	276,928	0.35
MOODY'S CORPORATION 0.95 19-30 25/02A	100,000	EUR	88,553	0.11
MORGAN STANLEY 0.406 21-27 30/04A	105,000	EUR	96,374	0.12
MORGAN STANLEY 1.875 17-27 27/04A	100,000	EUR	95,346	0.12
NASDAQ INC 0.9 21-33 30/07A	200,000	EUR	158,371	0.20
NASDAQ INC 1.7500 19-29 28/03A	100,000	EUR	92,753	0.12
NEW YORK LIFE GLOBAL 3.625 23-30 09/01A	155,000	EUR	159,371	0.20
NORTHWESTERN MUTUAL 4.109 23-30 15/03A	259,000	EUR	272,870	0.34
PARKER-HANNIFIN CORP 1.125 17-25 01/03AA	100,000	EUR	96,959	0.12
PEPSICO INC 0.875 16-28 18/07A	100,000	EUR	91,934	0.11

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IndexIQ Factors Sustainable Corporate Euro Bond

Investment portfolio as at December 31, 2023

Description	Quantity	Currency	Market value (in EUR)	% net assets
PPG INDUSTRIES 0.875 16-25 03/11A	100,000	EUR	95,539	0.12
PPG INDUSTRIES INC 2.75 22-29 01/06A	100,000	EUR	97,684	0.12
PROCTER & GAMBLE 1.25 17-29 25/10A	100,000	EUR	92,228	0.12
PROCTER & GAMBLE CO 4.875 07-27 11/05A	482,000	EUR	512,823	0.64
PROLOGIS EURO F 1.0000 22-29 08/02A	200,000	EUR	177,379	0.22
PUBLIC STORAGE INC 0.5 21-30 09/09A	200,000	EUR	165,202	0.21
PVH CORP 3.125 17-27 15/12S	100,000	EUR	98,110	0.12
SUMITOMO MITSUI FINL 1.143 17-27 14/06A	125,000	EUR	117,290	0.15
THERMO FISHER SCIENT 3.65 22-34 21/11A	100,000	EUR	104,099	0.13
TOYOTA MOTOR 0.625 17-24 21/11A	200,000	EUR	194,584	0.24
TOYOTA MOTOR CREDIT 0.125 21-27 06/05A	200,000	EUR	179,422	0.22
TOYOTA MOTOR CREDIT 0.25 20-26 16/01A	592,000	EUR	552,393	0.69
UNITED PARCEL 1.50 17-32 15/11A	158,000	EUR	138,589	0.17
UNITED PARCEL 1.625 15-25 15/11A	600,000	EUR	583,823	0.73
VF CORP 0.25 20-28 25/02A	200,000	EUR	168,070	0.21
VISA 2.0 22-29 15/06A	250,000	EUR	240,191	0.30
VISA INC 2.3750 22-34 15/06A	147,000	EUR	140,374	0.18
WALGREENS BOOTS 2.125 14-26 20/11A	400,000	EUR	371,394	0.46
ZIMMER BIOMET HLDG 1.164 19-27 15/11A	126,000	EUR	116,758	0.15
			16,762,296	20.92
Virgin Islands (UK)				
SWISS LIFE FINANCE 0.5 21-31 15/09A	200,000	EUR	161,999	0.20
			161,999	0.20
Total bonds			68,111,665	85.01
Floating rate notes				
Austria				
ERSTE GROUP BANK AG FL.R 22-33 07/06A	100,000	EUR	98,230	0.12
ERSTE GROUP BANK AG FL.R 23-31 16/01A	100,000	EUR	103,400	0.13
			201,630	0.25
Belgium				
AGEAS NV FL.R 19-XX 02/07A	100,000	EUR	93,262	0.12
AGEAS NV FL.R 20-51 24/11A	100,000	EUR	79,957	0.10
KBC GROUPE FL.R 22-27 23/11A	100,000	EUR	102,321	0.13
KBC GROUPE SA FL.R 21-27 01/03A27 01/03A	200,000	EUR	186,991	0.23
KBC GROUPE SA FL.R 21-31 07/12A	100,000	EUR	90,224	0.11
			552,755	0.69
Czech Republic				
CESKA SPORITELNA AS FL.R 22-25 14/11A	100,000	EUR	101,837	0.13
			101,837	0.13
Denmark				
JYSKE BANK DNK FL.R 21-26 02/09A	100,000	EUR	93,875	0.12
JYSKE BANK DNK FL.R 23-28 26/10A	100,000	EUR	103,900	0.13
SYDBANK AS FL.R 21-26 10/11A	125,000	EUR	117,148	0.15
			314,923	0.39
France				
AXA SA FL.R 18-49 28/05A	100,000	EUR	95,908	0.12
BNP PARIBAS SA FL.R 22-32 31/03A	100,000	EUR	94,569	0.12
UNIBAIL-RODAMCO FL.R 18-XX 25/04A	100,000	EUR	87,516	0.11
			277,993	0.35
Germany				
DEUTSCHE BAHN FINANCE FL.R 19-XX 22/04A	100,000	EUR	95,326	0.12
DEUTSCHE BOERSE AG FL.R 20-47 16/06A	100,000	EUR	90,250	0.11
EVONIK INDUSTRIES FL.R 21-81 02/12A	100,000	EUR	88,367	0.11
MUENCHENER RUECK FL.R 21-42 26/05A	200,000	EUR	157,487	0.20
MUNICH REINSURANCE FL.R 18-49 26/05A/05A	200,000	EUR	193,500	0.24
TALANX AG FL.R 17-47 05/12A	200,000	EUR	186,461	0.23
TALANX AG FL.R 21-42 01/12A	100,000	EUR	82,573	0.10
			893,964	1.12

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IndexIQ Factors Sustainable Corporate Euro Bond

Investment portfolio as at December 31, 2023

Description	Quantity	Currency	Market value (in EUR)	% net assets
Hong Kong				
AIA GROUP LTD FL.R 21-33 09/09A	440,000	EUR	374,770	0.47
			374,770	0.47
Hungary				
OTP BANK FL.R 22-26 04/03A	147,000	EUR	150,881	0.19
			150,881	0.19
Ireland				
AIB GROUP PLC FL.R 22-26 04/07A26 04/07A	200,000	EUR	199,962	0.25
AIB GROUP PLC FL.R 22-28 04/04A	100,000	EUR	95,848	0.12
AIB GROUP PLC FL.R 22-29 16/02A	100,000	EUR	107,469	0.13
BANK OF IRELAND GRP FL.R 19-25 25/11A	400,000	EUR	389,345	0.49
BANK OF IRELAND GRP FL.R 22-33 01/03A	100,000	EUR	107,935	0.13
BANK OF IRELAND GRP FL.R 23-28 16/07A	110,000	EUR	114,962	0.14
ZURICH FIN IRELAND FL.R 20-50 17/09A	200,000	EUR	174,236	0.22
			1,189,757	1.48
Italy				
ASSICURAZ GENERALI FL.R 16-48 08/06A	100,000	EUR	102,905	0.13
UNICREDIT SPA FL.R 20-26 20/01A	150,000	EUR	145,524	0.18
UNICREDIT SPA FL.R 20-27 22/07A	250,000	EUR	241,313	0.30
			489,742	0.61
Luxembourg				
HELVETIA EUROPE FL.R 20-41 30/06A	100,000	EUR	86,650	0.11
			86,650	0.11
Netherlands				
ACHMEA BV FL.R 15-XX 04/02AA	100,000	EUR	99,000	0.12
ADECCO INTL FIN SERV FL.R 21-82 21/03A	100,000	EUR	86,642	0.11
ALLIANDER NV FL.R 18-49 31/12A	100,000	EUR	95,580	0.12
ASR NEDERLAND NV FL.R 19-49 02/05A	100,000	EUR	92,714	0.12
ASR NEDERLAND NV FL.R 22-43 07/12A	100,000	EUR	112,610	0.14
ELM BV FL.R 15-XX 01/09A	100,000	EUR	96,453	0.12
ING GROEP NV FL.R 21-25 29/11A	100,000	EUR	96,550	0.12
ING GROUP NV FL.R 22-26 23/05A	100,000	EUR	97,805	0.12
VOLKSWAGEN INTL FIN FL.R 14-26 24/03A	100,000	EUR	99,129	0.12
VOLKSWAGEN INTL FIN FL.R 15-30 20/03A	182,000	EUR	162,486	0.20
VOLKSWAGEN INTL FIN FL.R 17-XX 14/06A	100,000	EUR	95,293	0.12
VOLKSWAGEN INTL FIN FL.R 18-XX 27/06A	200,000	EUR	193,558	0.24
VOLKSWAGEN INTL FIN FL.R 20-XX 17/06A	200,000	EUR	194,250	0.24
			1,522,070	1.90
Norway				
DNB BANK ASA 0.25 21-29 23/02A	150,000	EUR	131,504	0.16
DNB BANK ASA 0.375 22-28 18/01A	250,000	EUR	229,019	0.29
SPAREBANK 1 SR-BANK FL.R 21-27 15/07A	100,000	EUR	91,649	0.11
			452,172	0.56
Portugal				
BC PORTUGUES FL.R 21-28 07/04A	100,000	EUR	93,312	0.12
			93,312	0.12
Spain				
BBVA SA FL.R 21-27 24/03A	100,000	EUR	93,082	0.12
BFCM 1.25 17-27 26/05A	100,000	EUR	89,039	0.11
KUTXABANK FL.R 23-28 01/02A	100,000	EUR	101,182	0.13
MAPFRE FL.R 17-27 31/03A	100,000	EUR	98,347	0.12
			381,650	0.48
United Kingdom				
AVIVA PLC FL.R 14-44 03/07A	200,000	EUR	198,191	0.25
BANCO DE SABADELL FL.R 22-28 10/11A	100,000	EUR	105,098	0.13
LLOYDS BANKING GROUP FL.R 20-30 16/03A	200,000	EUR	199,571	0.25
LLOYDS BANKING GROUP FL.R 23-29 11/01A	100,000	EUR	103,802	0.13
NATIONWIDE BUILDING FL.R 18-26 08/03A	100,000	EUR	97,287	0.12
NATWEST GROUP PLC FL.R 18-26 02/03A	69,000	EUR	67,164	0.08
VIRGIN MONEY UK PLC FL.R 20-25 24/06S	100,000	EUR	99,305	0.12

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IndexIQ Factors Sustainable Corporate Euro Bond

Investment portfolio as at December 31, 2023

Description	Quantity	Currency	Market value (in EUR)	% net assets
			870,418	1.09
United States of America				
BANK OF AMERICA CORP FL.R 17-27 04/05A	300,000	EUR	288,022	0.36
BANK OF AMERICA CORP FL.R 18-28 25/04A	166,000	EUR	156,853	0.20
BANK OF AMERICA CORP FL.R 19-30 09/05A	200,000	EUR	178,708	0.22
BANK OF AMERICA CORP FL.R 20-29 31/03A	156,000	EUR	156,986	0.20
BANK OF AMERICA CORP FL.R 20-31 26/10A	100,000	EUR	81,860	0.10
BANK OF AMERICA CORP FL.R 21-31 22/03A	100,000	EUR	83,607	0.10
CITIGROUP INC FL.R 19-27 08/10A	300,000	EUR	277,131	0.35
CITIGROUP INC FL.R 20-26 06/05A	158,000	EUR	152,059	0.19
CITIGROUP INC FL.R 22-28 22/09A	149,000	EUR	151,116	0.19
CITIGROUP INC FL.R 22-33 22/09A	164,000	EUR	169,103	0.21
LIBERTY MUTUAL GROUP FL.R 19-59 23/05A	150,000	EUR	146,067	0.18
MORGAN STANLEY FL.R 20-29 26/10A	100,000	EUR	86,284	0.11
			1,927,796	2.41
Total floating rate notes			9,882,320	12.33
Total transferable securities admitted to an official stock exchange listing or dealt in another regulated market			77,993,985	97.34
Total investment portfolio			77,993,985	97.34
Acquisition cost			77,127,419	

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IndexIQ Factors Sustainable Corporate Euro Bond

Geographical and economic breakdown of investments as at December 31, 2023

Geographical breakdown (in % of net assets)

United States of America	23.33
Netherlands	11.36
France	8.03
Germany	7.32
United Kingdom	4.99
Canada	4.86
Japan	4.83
Luxembourg	4.68
Australia	4.34
Italy	4.09
Ireland	3.74
Sweden	2.63
Spain	2.36
Belgium	2.07
Denmark	1.98
Norway	1.31
Cayman Islands	1.04
Finland	0.70
Austria	0.58
Hong Kong	0.47
Mexico	0.46
United Arab Emirates	0.43
Switzerland	0.39
Portugal	0.23
New Zealand	0.21
Romania	0.21
Virgin Islands (UK)	0.20
Hungary	0.19
Jersey	0.17
Czech Republic	0.13
	97.34

Economic breakdown (in % of net assets)

Banks and other financial institutions	56.40
Insurance	5.45
Transportation	5.03
Real estate	4.09
Road vehicles	2.80
Pharmaceuticals	2.78
Office supplies and computing	2.24
Graphic art and publishing	2.13
Internet and internet services	2.08
Chemicals	1.94
Communication	1.91
Retail trade and department stores	1.79
Miscellaneous consumer goods	1.50
Miscellaneous services	1.42
Utilities	1.15
Machine and apparatus construction	0.94
Electrical engineering	0.83
Electronics and semiconductors	0.73
Foods and non alcoholic drinks	0.48
Packaging industries	0.47
Building materials	0.44
Textiles and garments	0.33
Healthcare	0.14
Paper and forest products	0.14
Petroleum	0.13
	97.34

Any differences in the percentage of Net Assets are the result of roundings.



IndexIQ Factors Sustainable EMU Equity

Investment portfolio as at December 31, 2023

Description	Quantity	Currency	Market value (in EUR)	% net assets
Transferable securities admitted to an official stock exchange listing or dealt in another regulated market				
Shares				
Austria				
ANDRITZ AG	321	EUR	18,104	0.88
ERSTE GROUP BANK AG	232	EUR	8,521	0.41
VERBUND AG	98	EUR	8,237	0.40
VOESTALPINE AG	475	EUR	13,566	0.66
			48,428	2.34
Belgium				
ACKERMANS AND VAN HAAREN NV	108	EUR	17,150	0.83
AGEAS NOM	413	EUR	16,235	0.79
AZELIS GROUP NV	202	EUR	4,480	0.22
D'IETEREN	27	EUR	4,776	0.23
KBC GROUPE SA	334	EUR	19,612	0.95
LOTUS BAKERIES NV	1	EUR	8,230	0.40
SOLVAY	153	EUR	4,243	0.21
SYENSQO SA	149	EUR	14,045	0.68
UCB	58	EUR	4,576	0.22
UMICORE SA	525	EUR	13,073	0.63
			106,420	5.15
Finland				
ELISA CORPORATION -A-	301	EUR	12,603	0.61
KONE OYJ -B-	309	EUR	13,954	0.68
METSO CORPORATION	493	EUR	4,521	0.22
NESTE	126	EUR	4,058	0.20
NOKIA OYJ	5,611	EUR	17,125	0.83
ORION CORPORATION (NEW) -B-	345	EUR	13,548	0.66
STORA ENSO -R-	712	EUR	8,918	0.43
UPM KYMMENE CORP	255	EUR	8,685	0.42
VALMET CORPORATION	335	EUR	8,747	0.42
			92,159	4.46
France				
AEROPORTS DE PARIS-ADP-	73	EUR	8,556	0.41
AIR LIQUIDE SA	101	EUR	17,788	0.86
AMUNDI SA	77	EUR	4,743	0.23
AXA SA	1,371	EUR	40,431	1.96
BIOMERIEUX SA	129	EUR	12,977	0.63
BNP PARIBAS SA	842	EUR	52,701	2.55
BOUYGUES SA	386	EUR	13,170	0.64
BUREAU VERITAS SA	774	EUR	17,701	0.86
CAPGEMINI SE	66	EUR	12,458	0.60
CARREFOUR SA	1,246	EUR	20,640	1.00
CIE DE SAINT-GOBAIN	289	EUR	19,265	0.93
CIE GENERALE DES ETABLISSEMENTS MICHELIN	437	EUR	14,185	0.69
COVIVIO SA	95	EUR	4,625	0.22
CREDIT AGRICOLE SA	2,545	EUR	32,708	1.58
DANONE SA	244	EUR	14,318	0.69
DASSAULT SYST.	101	EUR	4,468	0.22
EDENRED SA	237	EUR	12,831	0.62
ESSILORLUXOTTICA SA	87	EUR	15,799	0.76
EURAZEO	121	EUR	8,694	0.42
GETLINK ACT	736	EUR	12,192	0.59
HERMES INTERNATIONAL SA	4	EUR	7,675	0.37
KERING	27	EUR	10,773	0.52
KLEPIERRE SA	188	EUR	4,640	0.22
LEGRAND SA	135	EUR	12,704	0.61
L'OREAL SA	53	EUR	23,884	1.16
LVMH MOET HENNESSY LOUIS VUITTON SE	53	EUR	38,881	1.88

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IndexIQ Factors Sustainable EMU Equity

Investment portfolio as at December 31, 2023

Description	Quantity	Currency	Market value (in EUR)	% net assets
PUBLICIS GROUPE	211	EUR	17,724	0.86
SCHNEIDER ELECTRIC SE	105	EUR	19,087	0.92
SCOR SE ACT PROV REGROUPEMENT	161	EUR	4,260	0.21
SEB SA	40	EUR	4,520	0.22
SOCIETE GENERALE SA	580	EUR	13,935	0.67
SODEXO SA	167	EUR	16,637	0.81
SPIE SA	589	EUR	16,669	0.81
VIVENDI SA	1,884	EUR	18,230	0.88
			549,869	26.61
Germany				
BECHTLE	198	EUR	8,987	0.43
BEIERSDORF AG	95	EUR	12,892	0.62
BMW AG	569	EUR	57,343	2.77
BRENTAG - REG SHS	211	EUR	17,559	0.85
CARL ZEISS MEDITEC AG	51	EUR	5,041	0.24
COMMERZBK	542	EUR	5,832	0.28
DEUTSCHE BOERSE AG - REG SHS	70	EUR	13,055	0.63
DEUTSCHE POST AG - REG SHS	681	EUR	30,546	1.48
DEUTSCHE TELEKOM AG - REG SHS	2,397	EUR	52,135	2.52
E.ON SE	2,000	EUR	24,300	1.18
EVONIK INDUSTRIES	723	EUR	13,376	0.65
FRESENIUS MEDICAL CARE AG	117	EUR	4,441	0.21
FRESENIUS SE	323	EUR	9,067	0.44
GEA GROUP AG	486	EUR	18,317	0.89
HEIDELBERG MATERIALS AG	161	EUR	13,031	0.63
HENKEL AG & CO KGAA PREFERENTIAL SHARE	190	EUR	13,843	0.67
HOCHTIEF AG	167	EUR	16,750	0.81
HUGO BOSS AG	127	EUR	8,567	0.41
INFINEON TECHNOLOGIES - REG SHS	119	EUR	4,498	0.22
KNORR-BREMSE - BEARER SHS	77	EUR	4,528	0.22
MERCEDES-BENZ GROUP	983	EUR	61,486	2.98
MERCK KGAA	115	EUR	16,572	0.80
MUENCHENER RUECK - REG SHS	67	EUR	25,132	1.22
NEMETSCHKE	57	EUR	4,473	0.22
PUMA AG	79	EUR	3,991	0.19
SAP AG	134	EUR	18,690	0.90
SCOUT24	131	EUR	8,405	0.41
SIEMENS AG PREFERENTIAL SHARE	183	EUR	31,095	1.50
SYMRISE AG	42	EUR	4,185	0.20
TALANX AG NAM AKT	301	EUR	19,460	0.94
VOLKSWAGEN AG VORZ.AKT	807	EUR	90,222	4.37
WACKER CHEMIE AG	115	EUR	13,145	0.64
			630,964	30.53
Ireland				
AIB GRP - REGISTERED	1,130	EUR	4,384	0.21
BANK OF IRELAND - REGISTERED	547	EUR	4,495	0.22
KERRY GROUP -A-	170	EUR	13,372	0.65
KINGSPAN GROUP	60	EUR	4,704	0.23
			26,955	1.30
Italy				
AMPLIFON SPA	303	EUR	9,496	0.46
ASSICURAZIONI GENERALI SPA	1,938	EUR	37,025	1.79
BPER BANCA SPA	1,326	EUR	4,012	0.19
DIASORIN	49	EUR	4,569	0.22
ENEL SPA	4,061	EUR	27,331	1.32
INTESA SANPAOLO	8,136	EUR	21,508	1.04
MEDIOBANCA	1,136	EUR	12,729	0.62
MONCLER SPA	83	EUR	4,623	0.22
PRYSMIAN SPA	327	EUR	13,463	0.65

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IndexIQ Factors Sustainable EMU Equity

Investment portfolio as at December 31, 2023

Description	Quantity	Currency	Market value (in EUR)	% net assets
RECORDATI SPA	183	EUR	8,936	0.43
UNICREDIT SPA - REG SHS	253	EUR	6,215	0.30
			149,907	7.25
Luxembourg				
EUROFINS SCIENTIFIC SE	157	EUR	9,260	0.45
			9,260	0.45
Netherlands				
ABN AMRO GROUP DEP RECEIPT	651	EUR	8,847	0.43
AKZO NOBEL NV	118	EUR	8,829	0.43
ASML HOLDING NV	23	EUR	15,679	0.76
BESI - REG SHS	33	EUR	4,503	0.22
EURONEXT NV	110	EUR	8,652	0.42
IMCD	58	EUR	9,138	0.44
JDE PEET S BV	678	EUR	16,516	0.80
KONINKLIJKE AHOLD DELHAIZE NV	941	EUR	24,480	1.18
KONINKLIJKE KPN NV	5,337	EUR	16,641	0.81
RANDSTAD BR	299	EUR	16,959	0.82
STELLANTIS NV-BEARER AND REGISTERED SHS	2,626	EUR	55,527	2.69
STMICROELECTRONICS NV	193	EUR	8,726	0.42
UNIVERSAL MUSIC GROUP N.V.	341	EUR	8,801	0.43
WOLTERS KLUWER NV	129	EUR	16,602	0.80
			219,900	10.64
Portugal				
BCP SHARES FROM REVERSE SPLIT	14,138	EUR	3,879	0.19
EDP ENERGIAS DE PORTUGAL SA - REG SHS	1,892	EUR	8,618	0.42
JERONIMO MARTINS SGPS SA	538	EUR	12,396	0.60
			24,893	1.20
Spain				
ACCIONA SA	33	EUR	4,399	0.21
ACS	447	EUR	17,952	0.87
AMADEUS IT GROUP SA -A-	68	EUR	4,412	0.21
BANCO BILBAO VIZCAYA ARGENTARIA SA	7,223	EUR	59,415	2.87
BANCO SABADELL PREFERENTIAL SHARE	3,754	EUR	4,178	0.20
BANKINTER SA - REG SHS	1,399	EUR	8,109	0.39
IBERDROLA SA	2,210	EUR	26,233	1.27
MAPFRE REG-SHS	8,298	EUR	16,123	0.78
MERLIN PROPERTIES SOCIMI S.A.	461	EUR	4,638	0.22
REDEIA CORPORACION SA	812	EUR	12,107	0.59
TELEFONICA SA	7,715	EUR	27,265	1.32
			184,831	8.94
United States of America				
AEGON - REGISTERED SHS	1,643	EUR	8,622	0.42
			8,622	0.42
Total Shares			2,052,208	99.30
Total transferable securities admitted to an official stock exchange listing or dealt in another regulated market			2,052,208	99.30
Total investment portfolio			2,052,208	99.30
Acquisition cost			1,858,071	

The accompanying notes form an integral part of the financial statements.
Any differences in the percentage of Net Assets are the result of roundings.



IndexIQ Factors Sustainable EMU Equity

Geographical and economic breakdown of investments as at December 31, 2023

Geographical breakdown (in % of net assets)

Germany	30.53
France	26.61
Netherlands	10.64
Spain	8.94
Italy	7.25
Belgium	5.15
Finland	4.46
Austria	2.34
Ireland	1.30
Portugal	1.20
Luxembourg	0.45
United States of America	0.42
	99.30

Economic breakdown (in % of net assets)

Banks and other financial institutions	19.99
Road vehicles	13.03
Insurance	7.31
Pharmaceuticals	7.31
Communication	6.09
Utilities	5.17
Building materials	5.13
Chemicals	4.05
Retail trade and department stores	3.30
Textiles and garments	3.08
Electrical engineering	3.04
Machine and apparatus construction	2.66
Internet and internet services	2.59
Graphic art and publishing	2.54
Transportation	2.48
Electronics and semiconductors	2.27
Miscellaneous services	2.08
Foods and non alcoholic drinks	1.74
Paper and forest products	1.27
Miscellaneous consumer goods	0.89
Non ferrous metals	0.85
Tires and rubber	0.69
Real estate	0.67
Coal mining and steel industry & Chemicals	0.66
Banks and other financial institutions	0.21
Petroleum	0.20
	99.30



IndexIQ Factors Sustainable Europe Equity

Investment portfolio as at December 31, 2023

Description	Quantity	Currency	Market value (in EUR)	% net assets
Transferable securities admitted to an official stock exchange listing or dealt in another regulated market				
Shares				
Austria				
ANDRITZ AG	13,913	EUR	784,693	0.45
ERSTE GROUP BANK AG	12,013	EUR	441,237	0.25
VERBUND AG	4,360	EUR	366,458	0.21
VOESTALPINE AG	20,805	EUR	594,191	0.34
			2,186,579	1.26
Belgium				
ACKERMANS AND VAN HAAREN NV	4,687	EUR	744,296	0.43
AGEAS NOM	17,906	EUR	703,885	0.41
AZELIS GROUP NV	9,448	EUR	209,557	0.12
D'IETEREN	1,287	EUR	227,670	0.13
KBC GROUPE SA	18,600	EUR	1,092,192	0.63
LOTUS BAKERIES NV	26	EUR	213,980	0.12
SOLVAY	6,458	EUR	179,080	0.10
SYENSQO SA	6,458	EUR	608,731	0.35
UCB	2,713	EUR	214,056	0.12
UMICORE SA	22,946	EUR	571,355	0.33
			4,764,802	2.75
Denmark				
A.P. MOELLER-MAERSK A/S -B-	1,682	DKK	2,739,197	1.58
DEMANT A/S	5,285	DKK	209,853	0.12
GENMAB AS	688	DKK	198,891	0.11
NOVO NORDISK - BEARER AND/OR - REG SHS	7,538	DKK	705,915	0.41
PANDORA	3,025	DKK	378,686	0.22
TRYG A/S	18,777	DKK	370,021	0.21
			4,602,563	2.66
Finland				
ELISA CORPORATION -A-	17,288	EUR	723,849	0.42
KONE OYJ -B-	9,297	EUR	419,853	0.24
METSO CORPORATION	23,053	EUR	211,396	0.12
NESTE	5,901	EUR	190,071	0.11
NOKIA OYJ	257,289	EUR	785,246	0.45
NORDEA BANK	58,969	USD	660,643	0.38
ORION CORPORATION (NEW) -B-	15,109	EUR	593,330	0.34
STORA ENSO -R-	31,688	EUR	396,892	0.23
UPM KYMMENE CORP	11,342	EUR	386,309	0.22
VALMET CORPORATION	14,895	EUR	388,908	0.22
			4,756,497	2.75
France				
AEROPORTS DE PARIS-ADP-	3,251	EUR	381,017	0.22
AIR LIQUIDE SA	5,246	EUR	923,926	0.53
AMUNDI SA	3,596	EUR	221,514	0.13
AXA SA	72,563	EUR	2,139,883	1.24
BIOMERIEUX SA	5,650	EUR	568,390	0.33
BNP PARIBAS SA	46,651	EUR	2,919,885	1.69
BOUYGUES SA	20,042	EUR	683,833	0.40
BUREAU VERITAS SA	33,513	EUR	766,442	0.44
CAPGEMINI SE	2,878	EUR	543,223	0.31
CARREFOUR SA	64,018	EUR	1,060,458	0.61
CIE DE SAINT-GOBAIN	18,037	EUR	1,202,346	0.69
CIE GENERALE DES ETABLISSEMENTS MICHELIN	27,852	EUR	904,076	0.52
COVIVIO SA	4,458	EUR	217,015	0.13
CREDIT AGRICOLE SA	141,427	EUR	1,817,620	1.05
DANONE SA	12,661	EUR	742,947	0.43
DASSAULT SYST.	4,700	EUR	207,905	0.12
EDENRED SA	10,395	EUR	562,785	0.33

The accompanying notes form an integral part of the financial statements.
Any differences in the percentage of Net Assets are the result of roundings.



IndexIQ Factors Sustainable Europe Equity

Investment portfolio as at December 31, 2023

Description	Quantity	Currency	Market value (in EUR)	% net assets
ESSILORLUXOTTICA SA	4,568	EUR	829,549	0.48
EURAZEO	5,408	EUR	388,565	0.22
GETLINK ACT	32,169	EUR	532,879	0.31
HERMES INTERNATIONAL SA	221	EUR	424,055	0.25
KERING	1,433	EUR	571,767	0.33
KLEPIERRE SA	8,815	EUR	217,554	0.13
LEGRAND SA	5,890	EUR	554,249	0.32
L'OREAL SA	2,746	EUR	1,237,485	0.72
LVMH MOET HENNESSY LOUIS VUITTON SE	2,890	EUR	2,120,104	1.23
PUBLICIS GROUPE	9,154	EUR	768,936	0.44
SCHNEIDER ELECTRIC SE	5,424	EUR	985,975	0.57
SCOR SE ACT PROV REGROUPEMENT	7,528	EUR	199,191	0.12
SEB SA	1,878	EUR	212,214	0.12
SOCIETE GENERALE SA	37,230	EUR	894,451	0.52
SODEXO SA	7,252	EUR	722,444	0.42
SPIE SA	25,584	EUR	724,027	0.42
VIVENDI SA	81,615	EUR	789,707	0.46
			28,036,417	16.20
Germany				
BECHTLE	8,818	EUR	400,249	0.23
BEIERSDORF AG	4,173	EUR	566,276	0.33
BMW AG	30,163	EUR	3,039,826	1.76
BRENNTAG - REG SHS	9,163	EUR	762,545	0.44
CARL ZEISS MEDITEC AG	2,391	EUR	236,326	0.14
COMMERZBK	42,434	EUR	456,590	0.26
DEUTSCHE BOERSE AG - REG SHS	4,020	EUR	749,730	0.43
DEUTSCHE POST AG - REG SHS	35,276	EUR	1,582,305	0.91
DEUTSCHE TELEKOM AG - REG SHS	129,386	EUR	2,814,146	1.63
E.ON SE	102,487	EUR	1,245,217	0.72
EVONIK INDUSTRIES	31,627	EUR	585,100	0.34
FRESENIUS MEDICAL CARE AG	7,002	EUR	265,796	0.15
FRESENIUS SE	19,920	EUR	559,154	0.32
GEA GROUP AG	21,061	EUR	793,789	0.46
HEIDELBERG MATERIALS AG	7,571	EUR	612,797	0.35
HENKEL AG & CO KGAA PREFERENTIAL SHARE	9,727	EUR	708,709	0.41
HOCHTIEF AG	7,241	EUR	726,272	0.42
HUGO BOSS AG	5,685	EUR	383,510	0.22
INFINEON TECHNOLOGIES - REG SHS	7,532	EUR	284,710	0.16
KNORR-BREMSE - BEARER SHS	3,629	EUR	213,385	0.12
MERCEDES-BENZ GROUP	52,795	EUR	3,302,326	1.91
MERCK KGAA	5,937	EUR	855,522	0.49
MUENCHENER RUECK - REG SHS	3,446	EUR	1,292,595	0.75
PUMA AG	3,712	EUR	187,530	0.11
SAP AG	7,312	EUR	1,019,878	0.59
SCOUT24	5,840	EUR	374,694	0.22
SIEMENS AG PREFERENTIAL SHARE	10,048	EUR	1,707,356	0.99
TALANX AG NAM AKT	15,223	EUR	984,167	0.57
VOLKSWAGEN AG VORZ.AKT	44,308	EUR	4,953,633	2.86
VONOVIA SE	4,049	EUR	115,558	0.07
WACKER CHEMIE AG	5,004	EUR	571,957	0.33
			32,351,648	18.70
Ireland				
AIB GRP - REGISTERED	52,887	EUR	205,202	0.12
BANK OF IRELAND - REGISTERED	25,635	EUR	210,668	0.12
KERRY GROUP -A-	7,445	EUR	585,624	0.34
SMURFIT KAPPA PLC	10,786	EUR	387,002	0.22
			1,388,496	0.80
Italy				
AMPLIFON SPA	13,504	EUR	423,215	0.24

The accompanying notes form an integral part of the financial statements.
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IndexIQ Factors Sustainable Europe Equity

Investment portfolio as at December 31, 2023

Description	Quantity	Currency	Market value (in EUR)	% net assets
ASSICURAZIONI GENERALI SPA	103,026	EUR	1,968,312	1.14
BPER BANCA SPA	62,044	EUR	187,745	0.11
DIASORIN	2,303	EUR	214,732	0.12
ENEL SPA	226,693	EUR	1,525,644	0.88
INTESA SANPAOLO	448,029	EUR	1,184,365	0.68
MEDIOBANCA	49,685	EUR	556,720	0.32
MONCLER SPA	3,873	EUR	215,726	0.12
PRYSMIAN SPA	14,356	EUR	591,037	0.34
RECORDATI SPA	8,146	EUR	397,769	0.23
UNICREDIT SPA - REG SHS	18,392	EUR	451,799	0.26
			7,717,064	4.46
Jersey				
WPP PLC	65,695	GBP	570,865	0.33
			570,865	0.33
Luxembourg				
EUROFINS SCIENTIFIC SE	6,917	EUR	407,965	0.24
			407,965	0.24
Netherlands				
ABN AMRO GROUP DEP RECEIPT	35,896	EUR	487,827	0.28
AKZO NOBEL NV	2,876	EUR	215,182	0.12
ASML HOLDING NV	1,203	EUR	820,085	0.47
BESI - REG SHS	1,560	EUR	212,862	0.12
EURONEXT NV	4,896	EUR	385,070	0.22
IMCD	2,572	EUR	405,219	0.23
JDE PEET S BV	29,375	EUR	715,575	0.41
KONINKLIJKE AHOLD DELHAIZE NV	48,517	EUR	1,262,170	0.73
KONINKLIJKE KPN NV	231,218	EUR	720,938	0.42
NN GROUP NV	2,015	EUR	72,036	0.04
RANDSTAD BR	12,952	EUR	734,637	0.42
STELLANTIS NV-BEARER AND REGISTERED SHS	140,159	EUR	2,963,661	1.71
STMICROELECTRONICS NV	13,581	EUR	613,997	0.35
UNIVERSAL MUSIC GROUP N.V.	15,217	EUR	392,751	0.23
WOLTERS KLUWER NV	5,590	EUR	719,433	0.42
			10,721,443	6.20
Norway				
DNB BANK ASA	36,096	NOK	694,989	0.40
GJENSIDIGE FORSIKRING ASA	46,030	NOK	769,321	0.44
MOWI ASA	24,272	NOK	393,770	0.23
ORKLA ASA	80,095	NOK	562,882	0.33
TELENOR ASA	69,008	NOK	717,238	0.41
			3,138,200	1.81
Portugal				
BCP SHARES FROM REVERSE SPLIT	661,720	EUR	181,576	0.10
EDP ENERGIAS DE PORTUGAL SA - REG SHS	84,275	EUR	383,873	0.22
JERONIMO MARTINS SGPS SA	30,875	EUR	711,360	0.41
			1,276,809	0.74
Spain				
ACCIONA SA	1,530	EUR	203,949	0.12
ACS	19,374	EUR	778,060	0.45
AMADEUS IT GROUP SA -A-	3,170	EUR	205,670	0.12
BANCO BILBAO VIZCAYA ARGENTARIA SA	392,416	EUR	3,228,013	1.87
BANCO SABADELL PREFERENTIAL SHARE	261,169	EUR	290,681	0.17
BANKINTER SA - REG SHS	62,302	EUR	361,102	0.21
IBERDROLA SA	131,832	EUR	1,564,846	0.90
MAPFRE REG-SHS	359,544	EUR	698,594	0.40
MERLIN PROPERTIES SOCIMI S.A.	21,606	EUR	217,356	0.13
REDEIA CORPORACION SA	46,615	EUR	695,030	0.40
TELEFONICA SA	401,159	EUR	1,417,696	0.82
			9,660,997	5.58

The accompanying notes form an integral part of the financial statements.
Any differences in the percentage of Net Assets are the result of roundings.



IndexIQ Factors Sustainable Europe Equity

Investment portfolio as at December 31, 2023

Description	Quantity	Currency	Market value (in EUR)	% net assets
Sweden				
AAK - REGISTERED SHS	10,649	SEK	215,037	0.12
ALFA LAVAL	6,076	SEK	220,171	0.13
ATLAS COPCO AB -A-	14,172	SEK	220,934	0.13
AXFOOD AB	15,698	SEK	384,959	0.22
BIOVITRUM AB	9,777	SEK	234,490	0.14
BOLIDEN - REG SHS	7,909	SEK	223,434	0.13
ESSITY AB REGISTERED -B-	16,270	SEK	365,372	0.21
HOLMEN - REG SHS	14,032	SEK	536,575	0.31
SECURITAS -B- FREE	45,342	SEK	401,510	0.23
SKANDINAVISKA ENSKILDA BANKEN -A-	47,016	SEK	586,195	0.34
SKF AB -B-	11,530	SEK	208,488	0.12
SSAB - REG SHS -B-	55,940	SEK	387,321	0.22
SVENSKA CELLULOSA SCA AB-SHS-B-	27,321	SEK	370,824	0.21
SVENSKA HANDELSBANKEN AB-A-	49,284	SEK	484,539	0.28
SWEDBANK -A-	28,375	SEK	518,180	0.30
TELE2 AB	72,494	SEK	563,542	0.33
TELIA COMPANY AB	238,591	SEK	551,444	0.32
TRELLEBORG -B- FREE	7,145	SEK	216,677	0.13
VOLVO CAR AB	95,459	SEK	279,196	0.16
			6,968,888	4.03
Switzerland				
ABB LTD PREFERENTIAL SHARE	17,348	CHF	696,010	0.40
ADECCO REG.SHS	4,743	CHF	210,545	0.12
ALCON - REG SHS	5,711	CHF	403,216	0.23
BALOISE HOLDING - REG SHS	3,938	CHF	558,275	0.32
BARRY CALLEBAUT - NAMEN-AKT	367	CHF	560,152	0.32
BC VAUDOISE - REG SHS	6,705	CHF	782,502	0.45
CHOCOLADEFABRIKEN LINDT & SP PARTIZIPSCH	48	CHF	520,942	0.30
CLARIANT - REG SHS	40,955	CHF	547,124	0.32
EMMI AG NAM.AKT	571	CHF	559,515	0.32
GEBERIT AG	710	CHF	411,627	0.24
GEORG FISCHER LTD	6,160	CHF	404,836	0.23
GIVAUDAN SA - REG SHS	58	CHF	217,352	0.13
HELVETIA HLDG - REGISTERED SHS	5,874	CHF	732,276	0.42
JULIUS BAER GROUP - REG SHS	11,447	CHF	580,538	0.34
KUEHNE + NAGEL INTERNATIONAL AG	2,633	CHF	820,742	0.47
LOGITECH - REG SHS	2,518	CHF	216,022	0.12
NESTLE SA PREFERENTIAL SHARE	25,402	CHF	2,664,245	1.54
NOVARTIS AG PREFERENTIAL SHARE	25,622	CHF	2,338,969	1.35
PSP SWISS PROPERTY AG	3,133	CHF	396,301	0.23
ROCHE HOLDING LTD	9,973	CHF	2,622,780	1.52
SGS LTD	7,160	CHF	558,660	0.32
SIG GROUP PREFERENTIAL SHARE	9,884	CHF	205,717	0.12
SIKA - REGISTERED SHS	801	CHF	235,811	0.14
SONOVA HOLDING NAM-AKT	1,402	CHF	413,799	0.24
SWISS LIFE HOLDING - REG SHS	1,202	CHF	755,048	0.44
SWISS PRIME SITE AG-NAMEN AKT	5,919	CHF	572,036	0.33
SWISS RE - REG SHS	6,568	CHF	668,033	0.39
SWISSCOM SHS NOM	1,463	CHF	796,255	0.46
VAT GROUP SA	497	CHF	225,326	0.13
ZURICH INSURANCE GROUP - REG SHS	2,558	CHF	1,209,527	0.70
			21,884,181	12.65
United Kingdom				
3I GROUP PLC	27,716	GBP	774,340	0.45
ADMIRAL GROUP PLC	11,659	GBP	361,119	0.21
ANTOFAGASTA PLC	11,785	GBP	228,410	0.13
ASSOCIATED BRITISH FOODS PLC	19,600	GBP	535,378	0.31
ASTRAZENECA PLC	6,921	GBP	846,606	0.49

The accompanying notes form an integral part of the financial statements.
Any differences in the percentage of Net Assets are the result of roundings.



IndexIQ Factors Sustainable Europe Equity

Investment portfolio as at December 31, 2023

Description	Quantity	Currency	Market value (in EUR)	% net assets
AUTO TRADER GROUP PLC	44,251	GBP	368,388	0.21
AVIVA PLC	196,859	GBP	987,532	0.57
BARRATT DEVELOPMENTS PLC	60,859	GBP	395,122	0.23
BUNZL PLC	20,229	GBP	744,683	0.43
BURBERRY GROUP PLC	31,262	GBP	510,842	0.30
CENTRICA	416,767	GBP	676,456	0.39
COMPASS GROUP	30,207	GBP	748,072	0.43
CONVATEC GROUP REGD	78,533	GBP	221,312	0.13
CRODA INTL - REG SHS	3,743	GBP	218,131	0.13
DIPLOMA	5,205	GBP	215,156	0.12
DS SMITH HOLDING	156,671	GBP	555,594	0.32
EXPERIAN GROUP	5,791	GBP	213,984	0.12
GSK REG SHS	88,865	GBP	1,487,185	0.86
HALEON PLC REGISTERED SHARE	104,484	GBP	387,829	0.22
HALMA PLC	8,092	GBP	213,284	0.12
HIKMA PHARMACEUTICALS PLC	18,645	GBP	384,928	0.22
HOWDEN JOINERY GROUP	62,233	GBP	584,303	0.34
IMI	29,231	GBP	568,057	0.33
INFORMA PLC	61,301	GBP	552,632	0.32
INTERCONTINENTAL HOTELS GROUP PLC	4,781	GBP	391,175	0.23
INTERTEK GROUP PLC	15,372	GBP	753,211	0.44
INVESTEC	95,631	GBP	586,886	0.34
J SAINSBURY PLC	161,029	GBP	562,315	0.32
JD SPORTS FASHION PLC	106,874	GBP	204,671	0.12
KINGFISHER PLC	204,530	GBP	574,256	0.33
LEGAL & GENERAL GROUP PLC	357,673	GBP	1,036,428	0.60
LLOYDS BANKING GROUP PLC	2,385,701	GBP	1,313,505	0.76
LSE GROUP	3,709	GBP	396,945	0.23
MARKS AND SPENCER GROUP PLC	125,507	GBP	394,531	0.23
MELROSE IND - REGISTERED SHS	31,896	GBP	208,849	0.12
MONDI PLC	32,448	GBP	575,718	0.33
NATIONAL GRID PLC	78,269	GBP	955,613	0.55
NATWEST GROUP PLC	172,928	GBP	437,833	0.25
NEXT PLC	5,932	GBP	555,721	0.32
PEARSON PLC	49,429	GBP	549,991	0.32
PHOENIX GROUP HOLDINGS PLC - REG SHS	35,858	GBP	221,467	0.13
PRUDENTIAL PLC	19,600	GBP	200,671	0.12
RECKITT BENCKISER GROUP PLC	11,547	GBP	722,229	0.42
RELX PLC	15,279	GBP	547,294	0.32
RIGHTMOVE -REGISTERED SHS	30,731	GBP	204,129	0.12
SAGE GROUP	15,192	GBP	205,558	0.12
SCHRODERS PLC	77,496	GBP	384,462	0.22
SEVERN TRENT PLC	6,574	GBP	195,653	0.11
SMITH AND NEPHEW PLC	17,017	GBP	211,792	0.12
SSE PLC	17,348	GBP	371,564	0.21
TAYLOR WIMPEY PLC	345,247	GBP	585,870	0.34
THE BERKELEY GROUP HOLDINGS	10,015	GBP	541,807	0.31
UNILEVER	39,135	GBP	1,716,150	0.99
UNITE GROUP PLC	18,216	GBP	219,462	0.13
UNITED UTILITIES GROUP PLC	16,082	GBP	196,629	0.11
VODAFONE GROUP PLC	2,388,040	GBP	1,889,378	1.09
WEIR GROUP PLC	24,841	GBP	540,795	0.31
WHITBREAD	9,769	GBP	412,157	0.24
			31,644,058	18.29
United States of America				
AEGON - REGISTERED SHS	73,129	EUR	383,781	0.22
			383,781	0.22
Total Shares			172,461,253	99.66

The accompanying notes form an integral part of the financial statements.
Any differences in the percentage of Net Assets are the result of roundings.



IndexIQ Factors Sustainable Europe Equity

Investment portfolio as at December 31, 2023

Description	Quantity	Currency	Market value (in EUR)	% net assets
Total transferable securities admitted to an official stock exchange listing or dealt in another regulated market			172,461,253	99.66
Total investment portfolio			172,461,253	99.66
Acquisition cost			160,903,557	



IndexIQ Factors Sustainable Europe Equity

Geographical and economic breakdown of investments as at December 31, 2023

Geographical breakdown (in % of net assets)

Germany	18.70
United Kingdom	18.29
France	16.20
Switzerland	12.65
Netherlands	6.20
Spain	5.58
Italy	4.46
Sweden	4.03
Belgium	2.75
Finland	2.75
Denmark	2.66
Norway	1.81
Austria	1.26
Ireland	0.80
Portugal	0.74
Jersey	0.33
Luxembourg	0.24
United States of America	0.22
	99.66

Economic breakdown (in % of net assets)

Banks and other financial institutions	17.81
Pharmaceuticals	9.81
Insurance	8.89
Road vehicles	8.53
Communication	6.34
Foods and non alcoholic drinks	5.13
Utilities	4.73
Building materials	3.97
Retail trade and department stores	3.63
Transportation	3.50
Chemicals	2.70
Textiles and garments	2.66
Machine and apparatus construction	2.65
Graphic art and publishing	2.60
Electrical engineering	2.28
Paper and forest products	2.19
Miscellaneous services	2.10
Electronics and semiconductors	1.71
Internet and internet services	1.61
Miscellaneous consumer goods	1.17
Real estate	1.13
Hotels and restaurants	0.90
Coal mining and steel industry & Chemicals	0.70
Tires and rubber	0.65
Non ferrous metals	0.58
Healthcare	0.36
Various capital goods	0.34
Packaging industries	0.32
Agriculture and fishery	0.23
Banks and other financial institutions	0.12
Office supplies and computing	0.12
Biotechnology	0.11
Petroleum	0.11
	99.66

Any differences in the percentage of Net Assets are the result of roundings.



IndexIQ Factors Sustainable Japan Equity

Investment portfolio as at December 31, 2023

Description	Quantity	Currency	Market value (in EUR)	% net assets
Transferable securities admitted to an official stock exchange listing or dealt in another regulated market				
Shares				
Japan				
ADVANTEST CORP	9,200	JPY	283,384	0.25
AEON CO LTD	55,500	JPY	1,122,947	0.99
AJINOMOTO CO INC	20,700	JPY	723,081	0.64
ASAHI KASEI CORPORATION	73,000	JPY	487,031	0.43
ASTELLAS PHARMA	44,400	JPY	480,683	0.42
BANDAI NAMCO HOLDINGS INC	39,600	JPY	718,724	0.63
BAYCURR CONSULT - REGISTERED SHS	8,300	JPY	263,869	0.23
BRIDGESTONE CORP	35,000	JPY	1,312,498	1.15
BROTHER INDUSTRIES	29,300	JPY	423,413	0.37
CANON INC	53,600	JPY	1,245,923	1.10
CAPCOM CO LTD	8,000	JPY	234,041	0.21
CENTRAL JAPAN RAILWAY CO	39,500	JPY	909,040	0.80
CHUGAI PHARMACEUTICAL	21,000	JPY	720,346	0.63
DAI NIPPON PRINTING CO LTD	17,500	JPY	468,926	0.41
DAIWA HOUSE INDUSTRY CO LTD	47,600	JPY	1,305,738	1.15
DAIWA HOUSE REIT INV SHS	408	JPY	659,419	0.58
DAIWA SECURITIES GROUP INC	77,000	JPY	469,268	0.41
DENSO CORP	85,300	JPY	1,165,023	1.02
DENTSU GROUP - REG SHS	29,000	JPY	673,728	0.59
DISCO CO LTD	1,300	JPY	291,999	0.26
DON QUIJOTE HLD	11,700	JPY	252,732	0.22
EAST JAPAN RAILWAY CO	5,700	JPY	297,529	0.26
FANUC CORP SHS	9,800	JPY	260,962	0.23
FAST RETAILING CO LTD	1,900	JPY	426,889	0.38
FUJIFILM HOLDINGS CORP	16,600	JPY	903,157	0.79
FUJITSU LTD	8,000	JPY	1,092,892	0.96
GLP J-REIT	284	JPY	256,220	0.23
HAKUHODO DY HOLDINGS INC	37,200	JPY	258,099	0.23
HANKYU HANSHIN HOLDINGS INC	24,300	JPY	700,444	0.62
HIROSE ELECTRIC CO	8,800	JPY	902,131	0.79
HITACHI LTD	34,900	JPY	2,279,103	2.00
HONDA MOTOR CO LTD	381,200	JPY	3,588,431	3.15
HOSHIZAKI	8,200	JPY	271,747	0.24
HOYA CORP	2,300	JPY	260,300	0.23
HULIC CO LTD	97,000	JPY	919,651	0.81
IBIDEN	5,800	JPY	291,055	0.26
ISUZU MOTORS LTD	77,400	JPY	902,557	0.79
JAPAN METRO FUND INVESTMENT CORP	1,098	JPY	718,446	0.63
JAPAN POST BANK	107,300	JPY	989,400	0.87
JFE HOLDINGS INC	49,100	JPY	689,680	0.61
JP REAL ESTATE INVESTMENT	131	JPY	491,249	0.43
KAJIMA CORP	16,600	JPY	251,185	0.22
KAO CORP	12,600	JPY	469,263	0.41
KAWASAKI KISEN KAISHA LTD	21,800	JPY	846,895	0.74
KDDI CORP	86,600	JPY	2,494,565	2.19
KIKKOMAN CORP	8,200	JPY	454,615	0.40
KINTETSU HLDG SHS	33,900	JPY	973,463	0.86
KOBAYASHI PHARMACEUTICAL CO	11,300	JPY	492,681	0.43
KOITO MANUFACTURING	17,500	JPY	246,936	0.22
KOMATSU LTD	31,800	JPY	753,071	0.66
KYOCERA CORP	77,600	JPY	1,025,475	0.90
KYOWA KIRIN CO LTD	31,000	JPY	471,767	0.41
MATSUKIYOCOCO - REG SHS	43,100	JPY	691,057	0.61
MC DONALD'S CO (JAPAN)	17,700	JPY	694,436	0.61

The accompanying notes form an integral part of the financial statements.
Any differences in the percentage of Net Assets are the result of roundings.



IndexIQ Factors Sustainable Japan Equity

Investment portfolio as at December 31, 2023

Description	Quantity	Currency	Market value (in EUR)	% net assets
MEIJI HLDGS	32,200	JPY	692,451	0.61
MISUMI GROUP	17,800	JPY	273,115	0.24
mitsubishi chemical group corporation	149,600	JPY	829,971	0.73
MITSUBISHI ESTATE	62,700	JPY	782,273	0.69
MITSUI CHEMICALS	26,200	JPY	703,563	0.62
MITSUI FUDOSAN CO LTD	27,400	JPY	608,406	0.53
MIZUHO FINANCIAL GROUP INC	137,900	JPY	2,136,236	1.88
MS&AD INSURANCE GROUP HOLDING	31,400	JPY	1,118,220	0.98
NEC CORP	14,300	JPY	766,726	0.67
NGK INSULATORS LTD	86,000	JPY	930,776	0.82
NINTENDO CO LTD	29,000	JPY	1,370,360	1.20
NIPPON BUILDING FD	121	JPY	474,728	0.42
NIPPON SANJO HOLDINGS CORP	20,200	JPY	489,780	0.43
NIPPON TELEGRAPH AND TELEPHONE CORP	3,961,100	JPY	4,382,468	3.85
NIPPON YUSEN KK	53,800	JPY	1,510,014	1.33
NISSAN CHEMICAL CORP	14,700	JPY	519,722	0.46
NISSAN MOTOR CO LTD	400,600	JPY	1,425,592	1.25
NISSHIN FOODS	14,700	JPY	464,503	0.41
NITTO DENKO CORP	14,400	JPY	975,512	0.86
NOMURA HOLDINGS INC	91,100	JPY	373,038	0.33
NOMURA REAL ESTATE HOLDINGS INC	30,100	JPY	716,871	0.63
NOMURA REAL ESTATE MASTER FUND	662	JPY	701,390	0.62
NOMURA RESEARCH INSTITUTE	27,100	JPY	713,636	0.63
NTT DATA GROUP CORPORATION	49,400	JPY	634,100	0.56
OBAYASHI CORP	117,700	JPY	922,049	0.81
ODAKYU ELECTRIC RAILWAY CO LTD	17,900	JPY	247,236	0.22
OJI HOLDINGS	138,800	JPY	483,957	0.43
OMRON CORP	6,500	JPY	274,761	0.24
ONO PHARMACEUTICAL CO LTD	56,500	JPY	912,803	0.80
ORIX CORP	80,500	JPY	1,372,909	1.21
OSAKA SECURITIES EXCHANGE	37,700	JPY	722,125	0.63
PANASONIC HLDGS - REG SHS	133,200	JPY	1,194,436	1.05
PERSOL HOLDINGS CO LTD	338,500	JPY	526,225	0.46
PROLOGIS REIT	146	JPY	254,437	0.22
RECRUIT HOLDINGS CO LTD	14,000	JPY	536,057	0.47
RENEAS ELECTRONICS	31,100	JPY	509,035	0.45
RICOH CO LTD	66,000	JPY	458,976	0.40
ROHM CO LTD	13,200	JPY	229,064	0.20
SBI HOLDING	23,500	JPY	478,651	0.42
SCSK CORP	52,300	JPY	938,981	0.83
SECOM CO LTD	13,900	JPY	906,385	0.80
SEIKO EPSON CORP	69,300	JPY	939,153	0.83
SEKISUI CHEMICAL CO LTD	70,300	JPY	917,495	0.81
SEKISUI HOUSE LTD	50,800	JPY	1,021,653	0.90
SG HOLDINGS CO LTD	68,300	JPY	887,665	0.78
SHIMADZU CORPORATION	28,400	JPY	718,874	0.63
SHIMANO INC	4,900	JPY	687,016	0.60
SHIMIZU CORP	77,700	JPY	467,297	0.41
SHIN-ETSU CHEM. CO LTD	41,900	JPY	1,591,965	1.40
SHINOBI CO LTD	20,500	JPY	894,855	0.79
SOMPO HOLDINGS INC	22,000	JPY	974,177	0.86
SONY CORP	28,000	JPY	2,411,040	2.12
SQUARE ENIX HDLGS	14,900	JPY	484,409	0.43
SUMCO CORP	70,700	JPY	959,942	0.84
SUMITOMO ELECTRIC INDUSTRIES LTD	68,200	JPY	786,299	0.69
SUMITOMO MITSUI FINANCIAL GROUP INC	43,300	JPY	1,912,908	1.68
SUMITOMO MITSUI TRUST - SHS	31,400	JPY	545,601	0.48
SUMITOMO REALTY & DEVELOPMENT CO LTD	9,100	JPY	245,069	0.22

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IndexIQ Factors Sustainable Japan Equity

Investment portfolio as at December 31, 2023

Description	Quantity	Currency	Market value (in EUR)	% net assets
SUNTORY	31,600	JPY	943,535	0.83
SUZUKI MOTOR CORP	13,500	JPY	522,980	0.46
TAISEI	14,900	JPY	461,351	0.41
TAKEDA PHARMACEUTICAL	66,700	JPY	1,736,311	1.53
TDK CORP	6,000	JPY	258,788	0.23
TECMO KOEI HOLDINGS	83,100	JPY	858,302	0.75
TIS SHS	48,100	JPY	959,631	0.84
TOBU RAILWAY CO LTD	28,700	JPY	698,272	0.61
TOKYO ELECTRON LTD	3,000	JPY	486,504	0.43
TOKYU CORP	22,400	JPY	247,541	0.22
TOPPAN HOLDINGS INC.	19,500	JPY	492,717	0.43
TOSOH CORP	20,900	JPY	241,701	0.21
TOTO LTD	20,400	JPY	486,377	0.43
TOYOTA MOTOR CORP	465,300	JPY	7,739,883	6.80
UNI CHARM	7,900	JPY	258,610	0.23
USS	49,800	JPY	906,887	0.80
WELCIA HLDG	42,700	JPY	676,143	0.59
WEST JAPAN RAILWAY COMPANY	18,600	JPY	702,396	0.62
YAKULT HONSHA CO LTD	45,600	JPY	927,322	0.81
YAMAHA MOTOR CO LTD	87,600	JPY	708,468	0.62
YAMATAKE CORP	8,600	JPY	257,668	0.23
YAMATO HOLDINGS CO LTD	53,800	JPY	900,101	0.79
ZOZO INC	12,400	JPY	252,804	0.22
			113,308,412	99.58
Total Shares			113,308,412	99.58
Total transferable securities admitted to an official stock exchange listing or dealt in another regulated market			113,308,412	99.58
Total investment portfolio			113,308,412	99.58
Acquisition cost			107,066,819	

The accompanying notes form an integral part of the financial statements.
Any differences in the percentage of Net Assets are the result of roundings.



IndexIQ Factors Sustainable Japan Equity

Geographical and economic breakdown of investments as at December 31, 2023

Geographical breakdown (in % of net assets)

Japan	99.58
	99.58

Economic breakdown (in % of net assets)

Banks and other financial institutions	20.12
Road vehicles	15.73
Electronics and semiconductors	14.63
Transportation	6.43
Communication	6.04
Real estate	5.37
Building materials	5.13
Pharmaceuticals	5.02
Chemicals	4.82
Foods and non alcoholic drinks	2.89
Internet and internet services	2.22
Graphic art and publishing	1.91
Retail trade and department stores	1.81
Machine and apparatus construction	1.72
Office supplies and computing	1.63
Electrical engineering	1.29
Tires and rubber	1.15
Miscellaneous services	1.03
Paper and forest products	0.43
Miscellaneous consumer goods	0.23
	99.58



IndexIQ Factors Sustainable Sovereign Euro Bond

Investment portfolio as at December 31, 2023

Description	Quantity	Currency	Market value (in EUR)	% net assets
Transferable securities admitted to an official stock exchange listing or dealt in another regulated market				
Bonds				
Austria				
AUSTRIA 0.9 22-32 20/02A	200,000	EUR	175,874	0.09
AUSTRIA 0.00 21-31 20/02U	100,000	EUR	83,991	0.04
AUSTRIA 0.00 22-28 20/10U	200,000	EUR	178,930	0.09
AUSTRIA 0.25 21-36 20/10A	200,000	EUR	146,580	0.07
AUSTRIA 0.50 17-27 20/04A	100,000	EUR	94,276	0.05
AUSTRIA 0.75 16-26 20/10A	260,000	EUR	248,671	0.12
AUSTRIA 1.20 15-25 20/10A	50,000	EUR	48,862	0.02
AUSTRIA 1.50 16-86 02/11A	150,000	EUR	93,779	0.05
AUSTRIA 3.15 12-44 20/06A	150,000	EUR	156,150	0.08
			1,227,113	0.60
Belgium				
BELGIUM 0.0000 20-27 22/10U	250,000	EUR	229,893	0.11
BELGIUM 0.1000 20-30 22/06A	150,000	EUR	130,051	0.06
BELGIUM 0.35 22-32 22/06A	50,000	EUR	41,817	0.02
BELGIUM 0.4000 20-40 22/06A	200,000	EUR	133,283	0.07
BELGIUM 0.80 15-25 22/06A	200,000	EUR	194,589	0.10
BELGIUM 0.80 17-27 22/06A	220,000	EUR	209,515	0.10
BELGIUM 1.25 18-33 22/04A	70,000	EUR	62,652	0.03
BELGIUM 1.7 19-50 22/06A	300,000	EUR	223,442	0.11
BELGIUM 2.15 16-66 22/06A	350,000	EUR	276,525	0.14
BELGIUM 3 23-33 22/06A	150,000	EUR	154,969	0.08
BELGIUM 3.00 14-34 22/06A	350,000	EUR	360,190	0.18
BELGIUM 4.00 12-32 28/03A	350,000	EUR	389,384	0.19
			2,406,310	1.18
Bulgaria				
BULGARIA 0.375 20-30 23/09A	1,000,000	EUR	807,500	0.40
BULGARIA 1.375 20-50 23/09A	1,250,000	EUR	757,813	0.37
BULGARIA 2.625 15-27 26/03A	800,000	EUR	786,563	0.39
BULGARIA 4.125 22-29 23/09A	1,000,000	EUR	1,027,600	0.50
BULGARIA 4.5 23-33 27/01A	1,000,000	EUR	1,048,750	0.52
			4,428,226	2.18
Croatia				
CROATIA 1.125 19-29 19/06A	1,000,000	EUR	906,250	0.45
CROATIA 1.125 21-33 04/03A	350,000	EUR	293,510	0.14
CROATIA 1.50 20-31 17/06A	500,000	EUR	446,875	0.22
CROATIA 1.75 21-41 04/03A	400,000	EUR	302,680	0.15
CROATIA 2.75 17-30 27/01A	1,000,000	EUR	987,500	0.49
CROATIA 2.8750 22-32 22/04A	500,000	EUR	488,305	0.24
CROATIA 3.00 15-25 11/03A	1,700,000	EUR	1,689,902	0.83
CROATIA 3.00 17-27 20/03A	1,500,000	EUR	1,498,137	0.74
CROATIA 4.0 23-35 14/06A	400,000	EUR	425,500	0.21
			7,038,659	3.46
Cyprus				
CYPRUS 0.625 19-24 03/12A	500,000	EUR	486,521	0.24
CYPRUS 0.6250 20-30 21/01A	600,000	EUR	527,028	0.26
CYPRUS 0.95 22-32 20/01A	400,000	EUR	343,040	0.17
CYPRUS 1.5 20-27 16/04A	1,000,000	EUR	959,600	0.47
CYPRUS 19-34 26/02U	1,550,000	EUR	1,455,264	0.72
CYPRUS 2.375 18-28 25/09A	600,000	EUR	587,302	0.29
CYPRUS 2.75 19-49 03/05A	500,000	EUR	414,428	0.20
CYPRUS 4.125 23-33 13/04A	500,000	EUR	540,450	0.27
			5,313,633	2.61
Denmark				
DENMARK 2.5 22-24 18/11A	1,900,000	EUR	1,886,662	0.93
			1,886,662	0.93

The accompanying notes form an integral part of the financial statements.
Any differences in the percentage of Net Assets are the result of roundings.



IndexIQ Factors Sustainable Sovereign Euro Bond

Investment portfolio as at December 31, 2023

Description	Quantity	Currency	Market value (in EUR)	% net assets
Estonia				
ESTONIA 0.125 20-30 10/06A	460,000	EUR	381,225	0.19
REPUBLIC OF EST 4.0000 22-32 12/10A	150,000	EUR	160,538	0.08
			541,763	0.27
France				
FRANCE 0.00 19-29 25/11U	1,000,000	EUR	877,116	0.43
FRANCE 0.00 20-26 25/02U	1,200,000	EUR	1,140,953	0.56
FRANCE 0.00 21-27 25/02U	600,000	EUR	559,343	0.27
FRANCE 0.00 21-31 25/11U	1,100,000	EUR	913,796	0.45
FRANCE 0.00 22-32 25/05U	1,000,000	EUR	818,440	0.40
FRANCE 0.0000 20-30 25/11U	600,000	EUR	512,880	0.25
FRANCE 0.25 15-26 25/11A	1,500,000	EUR	1,416,150	0.70
FRANCE 0.5 18-29 25/05A	750,000	EUR	684,393	0.34
FRANCE 0.5 20-44 25/06A	350,000	EUR	219,203	0.11
FRANCE 0.5 20-72 25/05A	900,000	EUR	376,390	0.18
FRANCE 0.50 15-26 25/05A	1,400,000	EUR	1,340,385	0.66
FRANCE 0.50 20-40 25/05A	100,000	EUR	69,251	0.03
FRANCE 0.75 17-28 25/05A	1,000,000	EUR	939,026	0.46
FRANCE 0.75 17-28 25/11A	500,000	EUR	466,230	0.23
FRANCE 0.75 19-52 25/05A	500,000	EUR	286,543	0.14
FRANCE 0.75 21-53 25/05A	800,000	EUR	449,346	0.22
FRANCE 0.7500 22-28 25/02A	1,100,000	EUR	1,036,440	0.51
FRANCE 1.00 16-27 25/05A	800,000	EUR	767,597	0.38
FRANCE 1.25 15-36 25/05A	500,000	EUR	423,031	0.21
FRANCE 1.25 17-34 25/04A	700,000	EUR	614,949	0.30
FRANCE 1.25 21-38 25/05A	550,000	EUR	447,879	0.22
FRANCE 1.50 15-31 25/05A	700,000	EUR	660,813	0.32
FRANCE 1.50 18-50 25/05A	550,000	EUR	399,497	0.20
FRANCE 1.75 15-66 25/05A	500,000	EUR	356,585	0.18
FRANCE 1.75 16-39 25/06A	500,000	EUR	434,667	0.21
FRANCE 2 21-32 25/11A	1,500,000	EUR	1,446,396	0.71
FRANCE 2.00 17-48 25/05A	400,000	EUR	330,758	0.16
FRANCE 2.5 22-43 25/05A	1,000,000	EUR	930,242	0.46
FRANCE 2.50 13-30 25/05A	1,100,000	EUR	1,114,621	0.55
FRANCE 2.75 11-27 25/10A	1,100,000	EUR	1,120,185	0.55
FRANCE 2.75 23-29 25/02A	500,000	EUR	511,858	0.25
FRANCE 3 22-54 25/05A	700,000	EUR	687,478	0.34
FRANCE 3.25 12-45 25/05A	450,000	EUR	469,395	0.23
FRANCE 3.50 10-26 25/04A	2,000,000	EUR	2,049,864	1.01
FRANCE 4 05-38 25/10A	400,000	EUR	457,416	0.22
FRANCE 4.00 04-55 25/04A	500,000	EUR	589,628	0.29
FRANCE 4.00 09-60 25/04A	400,000	EUR	477,983	0.23
FRANCE 4.50 09-41 25/04A	500,000	EUR	609,410	0.30
FRANCE 4.75 03-35 25/04A	300,000	EUR	360,966	0.18
FRANCE 5.5 97-29 25/04A	800,000	EUR	927,123	0.46
FRANCE 5.75 00-32 25/10A	500,000	EUR	628,136	0.31
			28,922,362	14.21
Germany				
BUNDESREPUBLIK DEUTS 2.30 23-33 15/02A	900,000	EUR	923,020	0.45
GERMANY 0.00 19-29 15/08U	1,200,000	EUR	1,080,914	0.53
GERMANY 0.00 19-50 15/08U	1,450,000	EUR	807,612	0.40
GERMANY 0.00 20-25 10/10U	2,500,000	EUR	2,402,144	1.18
GERMANY 0.00 20-25 11/04U	2,000,000	EUR	1,931,384	0.95
GERMANY 0.00 20-30 15/02U	600,000	EUR	535,394	0.26
GERMANY 0.00 20-30 15/08U	800,000	EUR	706,995	0.35
GERMANY 0.00 20-35 15/05U	800,000	EUR	630,042	0.31
GERMANY 0.00 21-26 09/10U	1,000,000	EUR	943,400	0.46
GERMANY 0.00 21-28 15/11U	700,000	EUR	638,669	0.31
GERMANY 0.00 21-31 15/02U	800,000	EUR	699,701	0.34

The accompanying notes form an integral part of the financial statements.
Any differences in the percentage of Net Assets are the result of roundings.



IndexIQ Factors Sustainable Sovereign Euro Bond

Investment portfolio as at December 31, 2023

Description	Quantity	Currency	Market value (in EUR)	% net assets
GERMANY 0.00 21-31 15/08U	650,000	EUR	562,743	0.28
GERMANY 0.00 21-31 15/08U	800,000	EUR	692,554	0.34
GERMANY 0.00 21-36 15/05U	900,000	EUR	690,037	0.34
GERMANY 0.00 21-50 15/08U	1,000,000	EUR	559,360	0.27
GERMANY 0.00 21-52 15/08U	1,100,000	EUR	586,093	0.29
GERMANY 0.00 22-27 16/04U	243,000	EUR	227,533	0.11
GERMANY 0.00 22-32 15/02U	1,000,000	EUR	855,388	0.42
GERMANY 0.0000 20-30 15/08U	550,000	EUR	486,274	0.24
GERMANY 0.25 17-27 15/02A	1,100,000	EUR	1,041,238	0.51
GERMANY 0.25 18-28 15/08A	600,000	EUR	556,745	0.27
GERMANY 0.25 19-29 15/02A	1,000,000	EUR	921,340	0.45
GERMANY 0.5 18-28 15/02A	1,500,000	EUR	1,416,128	0.70
GERMANY 0.50 16-26 15/02A	3,000,000	EUR	2,889,677	1.42
GERMANY 0.50 17-27 15/08A	1,300,000	EUR	1,233,773	0.61
GERMANY 1 22-38 15/05A	750,000	EUR	637,575	0.31
GERMANY 1.25 17-48 15/08A	1,200,000	EUR	974,710	0.48
GERMANY 1.30 22-27 15/10A	600,000	EUR	585,584	0.29
GERMANY 1.70 22-32 15/08A	500,000	EUR	489,576	0.24
GERMANY 1.8 22-53 15/08A	1,000,000	EUR	901,850	0.44
GERMANY 1.8 23-53 15/08A	800,000	EUR	723,120	0.36
GERMANY 2.1 22-29 15/11A	700,000	EUR	706,930	0.35
GERMANY 2.20 23-28 13/04A	800,000	EUR	807,480	0.40
GERMANY 2.3 23-33 15/02A	700,000	EUR	717,870	0.35
GERMANY 2.50 12-44 04/07A	1,000,000	EUR	1,032,820	0.51
GERMANY 2.50 14-46 15/08A	1,200,000	EUR	1,245,917	0.61
GERMANY 2.6 23-33 15/08A	500,000	EUR	524,974	0.26
GERMANY 3.25 10-42 04/07A	500,000	EUR	570,998	0.28
GERMANY 4.00 05-37 04/01A	600,000	EUR	721,928	0.35
GERMANY 4.25 07-39 04/07A	750,000	EUR	943,796	0.46
GERMANY 4.75 03-34 04/07A	500,000	EUR	625,437	0.31
GERMANY 4.75 08-40 04/07A	650,000	EUR	869,512	0.43
GERMANY 4.75 98-28 04/07A	800,000	EUR	895,083	0.44
GERMANY 5.50 00-31 04/01A	900,000	EUR	1,107,599	0.54
GERMANY 5.625 98-28 04/01A	900,000	EUR	1,024,623	0.50
GERMANY 6.25 00-30 04/01A	900,000	EUR	1,117,652	0.55
GERMANY 6.5 97-27 04/07A	1,050,000	EUR	1,205,308	0.59
			42,448,500	20.86
Hungary				
HUNGARY 0.125 21-28 21/09A	600,000	EUR	500,400	0.25
HUNGARY 0.50 20-30 18/11A	800,000	EUR	626,170	0.31
HUNGARY 1.1250 20-26 28/04A	200,000	EUR	187,714	0.09
HUNGARY 1.25 18-25 22/10A	500,000	EUR	479,895	0.24
HUNGARY 1.50 20-50 17/11A	1,200,000	EUR	700,402	0.34
HUNGARY 1.6250 20-32 28/04A	800,000	EUR	648,865	0.32
HUNGARY 1.75 17-27 10/10A	700,000	EUR	654,500	0.32
HUNGARY 1.75 20-35 05/06A	1,300,000	EUR	994,895	0.49
HUNGARY 5.0000 22-27 22/02A	550,000	EUR	572,754	0.28
			5,365,595	2.64
Ireland				
IRELAND 0.00 21-31 18/10U	300,000	EUR	250,986	0.12
IRELAND 0.40 20-35 15/05A	200,000	EUR	158,291	0.08
IRELAND 0.55 21-41 22/04A	150,000	EUR	104,914	0.05
IRELAND 0.9 18-28 15/02A	200,000	EUR	189,524	0.09
IRELAND 1.00 16-26 15/05A	200,000	EUR	193,953	0.10
IRELAND 1.1 19-29 15/05A	400,000	EUR	377,422	0.19
IRELAND 1.30 18-33 15/05A	300,000	EUR	272,100	0.13
IRELAND 1.35 18-31 18/03A	600,000	EUR	564,482	0.28
IRELAND 1.50 19-50 15/05A	500,000	EUR	375,098	0.18
IRELAND 1.70 17-37 15/05A	150,000	EUR	133,653	0.07

The accompanying notes form an integral part of the financial statements.
Any differences in the percentage of Net Assets are the result of roundings.



IndexIQ Factors Sustainable Sovereign Euro Bond

Investment portfolio as at December 31, 2023

Description	Quantity	Currency	Market value (in EUR)	% net assets
IRELAND 2.00 15-45 18/02A	400,000	EUR	344,878	0.17
IRELAND 2.40 14-30 15/05A	300,000	EUR	302,504	0.15
IRELAND 3 23-43 18/10A	300,000	EUR	311,172	0.15
IRELAND 5.40 09-25 13/03A	1,000,000	EUR	1,026,534	0.50
			4,605,511	2.26
Italy				
BUONI POLIENNAL 2.45 20-50 01/09S	800,000	EUR	584,333	0.29
ITALY 0.25 21-28 15/03S	1,000,000	EUR	896,300	0.44
ITALY 0.45 21-29 15/02S	1,000,000	EUR	878,860	0.43
ITALY 0.85 19-27 15/01S	1,000,000	EUR	944,360	0.46
ITALY 0.95 21-37 01/03S	1,000,000	EUR	700,512	0.34
ITALY 1.35 19-30 01/04S	1,200,000	EUR	1,075,661	0.53
ITALY 1.45 20-36 01/03S	100,000	EUR	76,956	0.04
ITALY 1.50 15-25 01/06S	1,100,000	EUR	1,076,636	0.53
ITALY 1.65 15-32 01/03S	1,400,000	EUR	1,224,213	0.60
ITALY 1.80 20-41 01/03S	100,000	EUR	72,100	0.04
ITALY 2.05 17-27 01/08S	1,400,000	EUR	1,363,600	0.67
ITALY 2.15 22-52 01/09S	1,100,000	EUR	731,023	0.36
ITALY 2.20 17-27 01/06S	900,000	EUR	882,477	0.43
ITALY 2.5 18-25 15/11S	3,000,000	EUR	2,980,589	1.46
ITALY 2.80 16-67 01/03S	700,000	EUR	513,681	0.25
ITALY 3.00 19-29 01/02S	1,350,000	EUR	1,344,897	0.66
ITALY 3.25 14-46 01/09S	800,000	EUR	694,536	0.34
ITALY 3.45 17-48 01/03S	650,000	EUR	581,295	0.29
ITALY 3.50 14-30 01/03S	800,000	EUR	815,005	0.40
ITALY 4 22-35 30/04S	1,000,000	EUR	1,021,050	0.50
ITALY 4.00 05-37 01/02S	450,000	EUR	455,405	0.22
ITALY 4.75 13-28 01/09S	500,000	EUR	538,350	0.26
ITALY 5 07-39 01/08S	600,000	EUR	662,755	0.33
ITALY 5.00 03-34 01/08S	1,000,000	EUR	1,113,314	0.55
ITALY 5.00 09-40 01/09S	1,100,000	EUR	1,215,148	0.60
ITALY 5.75 02-33 01/02S	2,000,000	EUR	2,334,819	1.15
ITALY 6 99-31 01/05S	1,300,000	EUR	1,529,070	0.75
ITALY BTP 6.50 97-27 01/11S	1,000,000	EUR	1,131,116	0.56
ITALY BUONI POLIENNALI 3.80 23-26 15/04S	2,000,000	EUR	2,043,399	1.00
			29,481,460	14.49
Latvia				
LATVIA 0.00 21-31 17/03U	300,000	EUR	238,860	0.12
LATVIA 0.375 16-26 07/10A	200,000	EUR	185,560	0.09
LATVIA 2.25 17-47 15/02A	150,000	EUR	116,664	0.06
			541,084	0.27
Netherlands				
NETHERLANDS 0 22-26 15/01A	500,000	EUR	476,183	0.23
NETHERLANDS 0.00 20-27 15/01U	500,000	EUR	468,100	0.23
NETHERLANDS 0.00 20-30 15/07U	400,000	EUR	347,937	0.17
NETHERLANDS 0.00 20-52 15/01U	500,000	EUR	256,520	0.13
NETHERLANDS 0.00 21-31 15/07U	1,000,000	EUR	848,790	0.42
NETHERLANDS 0.25 15-25 15/07A	500,000	EUR	482,692	0.24
NETHERLANDS 0.25 19-29 15/07A	900,000	EUR	812,622	0.40
NETHERLANDS 0.75 18-28 15/07A	700,000	EUR	658,595	0.32
NETHERLANDS 2 22-54 15/01A	600,000	EUR	540,498	0.27
NETHERLANDS 2.5 23-33 15/07A	450,000	EUR	456,571	0.22
NETHERLANDS 2.75 14-47 15/01A	550,000	EUR	575,286	0.28
NETHERLANDS 3.75 10-42 15/01A	800,000	EUR	942,611	0.46
NETHERLANDS 4.00 05-37 15/01A	700,000	EUR	816,626	0.40
NETHERLANDS 5.50 98-28 15/01A	1,000,000	EUR	1,127,122	0.55
			8,810,153	4.33
Poland				
POLAND 0.00 20-25 10/02U	2,000,000	EUR	1,929,600	0.95

The accompanying notes form an integral part of the financial statements.
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IndexIQ Factors Sustainable Sovereign Euro Bond

Investment portfolio as at December 31, 2023

Description	Quantity	Currency	Market value (in EUR)	% net assets
POLAND 0.875 15-27 10/05A	1,000,000	EUR	941,100	0.46
POLAND 1.00 19-29 07/03A	2,000,000	EUR	1,839,728	0.90
POLAND 1.125 18-26 07/08A	1,000,000	EUR	949,312	0.47
POLAND 1.375 17-27 22/10A	1,600,000	EUR	1,517,539	0.75
POLAND 1.5 16-26 19/01A	1,000,000	EUR	970,396	0.48
POLAND 1.50 15-25 09/09A	1,200,000	EUR	1,167,432	0.57
POLAND 2.375 16-36 18/01A	1,100,000	EUR	961,616	0.47
POLAND 2.75 22-32 25/05A	1,700,000	EUR	1,640,500	0.81
POLAND 3.875 23-33 14/02A	2,800,000	EUR	2,910,599	1.43
POLAND 4.25 23-43 14/02A	1,500,000	EUR	1,577,070	0.78
POLAND 5.25 10-25 20/01A	1,700,000	EUR	1,729,162	0.85
			18,134,054	8.91
Portugal				
OBRIGACOES DO T 1.1500 22-42 11/04A	650,000	EUR	468,541	0.23
PORTUGAL 0.30 21-31 17/10A	500,000	EUR	420,774	0.21
PORTUGAL 0.70 20-27 15/10A	200,000	EUR	188,763	0.09
PORTUGAL 1.00 21-52 12/04A	350,000	EUR	201,901	0.10
PORTUGAL 1.65 22-32 16/07A	500,000	EUR	462,000	0.23
PORTUGAL 1.95 19-29 15/06A	1,000,000	EUR	980,370	0.48
PORTUGAL 2.125 18-28 17/10A	250,000	EUR	248,220	0.12
PORTUGAL 2.25 18-34 18/04A	200,000	EUR	190,612	0.09
PORTUGAL 2.875 15-25 15/10A	600,000	EUR	603,406	0.30
PORTUGAL 2.875 16-26 21/07A	1,000,000	EUR	1,016,756	0.50
PORTUGAL 3.875 14-30 15/02A	500,000	EUR	541,086	0.27
PORTUGAL 4.10 06-37 15/04A	500,000	EUR	556,761	0.27
PORTUGAL 4.10 15-45 15/02A	200,000	EUR	226,624	0.11
PORTUGAL 4.125 17-27 14/04A	500,000	EUR	528,760	0.26
			6,634,574	3.26
Romania				
ROMANIA 1.3750 20-29 02/12A	800,000	EUR	658,102	0.32
ROMANIA 2.0 19-26 08/12A	600,000	EUR	563,130	0.28
ROMANIA 2.0 21-33 14/04A	400,000	EUR	298,512	0.15
ROMANIA 2.00 20-32 28/01A	1,100,000	EUR	849,596	0.42
ROMANIA 2.124 19-31 16/07A	400,000	EUR	318,026	0.16
ROMANIA 2.125 22-28 07/03A	400,000	EUR	362,500	0.18
ROMANIA 2.375 17-27 19/04A	500,000	EUR	470,992	0.23
ROMANIA 2.6250 20-40 02/12A	800,000	EUR	535,986	0.26
ROMANIA 2.75 15-25 29/10A	1,000,000	EUR	977,076	0.48
ROMANIA 2.875 16-28 26/05A	1,000,000	EUR	933,628	0.46
ROMANIA 2.875 18-29 11/03A	800,000	EUR	723,376	0.36
ROMANIA 2.875 21-42 13/04A	900,000	EUR	605,790	0.30
ROMANIA 3.375 18-38 08/02A	800,000	EUR	624,928	0.31
ROMANIA 3.6240 20-30 26/05A	1,000,000	EUR	917,635	0.45
ROMANIA 3.875 15-35 29/10A	1,000,000	EUR	850,860	0.42
ROMANIA 4.625 19-49 03/04A	1,300,000	EUR	1,088,750	0.54
ROMANIA 5 22-26 27/09A	500,000	EUR	512,712	0.25
			11,291,599	5.55
Slovakia				
SLOVAKIA 0.375 21-36 21/04A	500,000	EUR	344,955	0.17
SLOVAKIA 2.00 17-47 17/10A	250,000	EUR	184,296	0.09
SLOVAKIA 3.625 14-29 16/01A	700,000	EUR	723,695	0.36
SLOVAKIA 3.875 13-33 08/02A	600,000	EUR	633,337	0.31
			1,886,283	0.93
Spain				
SPAIN 0.00 20-26 31/01U	900,000	EUR	851,378	0.42
SPAIN 0.00 21-27 31/01U	1,000,000	EUR	925,056	0.45
SPAIN 0.1 21-31 30/04A	600,000	EUR	496,067	0.24
SPAIN 1.00 20-50 31/10A	900,000	EUR	507,870	0.25
SPAIN 1.25 20-30 31/10A	1,000,000	EUR	909,728	0.45

The accompanying notes form an integral part of the financial statements.
Any differences in the percentage of Net Assets are the result of roundings.



IndexIQ Factors Sustainable Sovereign Euro Bond

Investment portfolio as at December 31, 2023

Description	Quantity	Currency	Market value (in EUR)	% net assets
SPAIN 1.40 18-28 30/07A	1,000,000	EUR	951,310	0.47
SPAIN 1.45 17-27 31/10A	1,100,000	EUR	1,057,221	0.52
SPAIN 1.45 19-29 30/04A	1,000,000	EUR	944,500	0.46
SPAIN 1.50 17-27 30/04A	1,000,000	EUR	966,926	0.48
SPAIN 1.95 15-30 30/07A	1,500,000	EUR	1,434,381	0.70
SPAIN 2.35 17-33 30/07A	1,000,000	EUR	950,258	0.47
SPAIN 2.70 18-48 31/10A	650,000	EUR	558,384	0.27
SPAIN 3.45 16-66 30/07A	500,000	EUR	466,200	0.23
SPAIN 4.20 05-37 31/01A	700,000	EUR	773,740	0.38
SPAIN 4.65 10-25 30/07A	1,100,000	EUR	1,129,082	0.55
SPAIN 4.70 09-41 30/07A	900,000	EUR	1,051,830	0.52
SPAIN 4.90 07-40 30/07A	900,000	EUR	1,065,330	0.52
SPAIN 5.15 13-44 31/10A	500,000	EUR	621,700	0.31
SPAIN 5.75 01-32 30/07A	1,150,000	EUR	1,403,359	0.69
SPAIN 5.90 11-26 30/07A	1,200,000	EUR	1,296,038	0.64
			18,360,358	9.02
Total bonds			199,323,899	97.95
Total transferable securities admitted to an official stock exchange listing or dealt in another regulated market			199,323,899	97.95
Total investment portfolio			199,323,899	97.95
Acquisition cost			204,635,395	



IndexIQ Factors Sustainable Sovereign Euro Bond

Geographical and economic breakdown of investments as at December 31, 2023

Geographical breakdown (in % of net assets)

Germany	20.86
Italy	14.49
France	14.21
Spain	9.02
Poland	8.91
Romania	5.55
Netherlands	4.33
Croatia	3.46
Portugal	3.26
Hungary	2.64
Cyprus	2.61
Ireland	2.26
Bulgaria	2.18
Belgium	1.18
Denmark	0.93
Slovakia	0.93
Austria	0.60
Estonia	0.27
Latvia	0.27
	97.95

Economic breakdown (in % of net assets)

Bonds of States, Provinces and municipalities	97.44
Investments funds	0.51
	97.95



Notes to the financial statements

Note 1 - General Information

IndexIQ (the "Company" or the "Fund") is a public limited company (société anonyme) incorporated on April 6, 2017 under the laws of Luxembourg as an investment company with variable share capital (société d'investissement à capital variable). The Fund is subject to Part I of the Luxembourg law of December 17, 2010 relating to undertakings for collective investment, as amended or supplemented from time to time and qualifies as a UCITS.

The Fund is registered with the Luxembourg Trade and Companies Register under number B-214117. The latest version of the Articles of Association was published on the Recueil électronique des sociétés et associations (RESA), the central electronic platform of the Grand-Duchy of Luxembourg on April 21, 2017.

The Fund is a single legal entity incorporated as an umbrella fund comprised of separate Sub-Funds.

In order to offer investments with different levels of risks, IndexIQ is subdivided into Sub-Funds. On December 31, 2023, five Sub-Funds are active and are detailed as follows:

<u>Sub-funds</u>	<u>Reference currency</u>
IndexIQ Factors Sustainable Corporate Euro Bond	EUR
IndexIQ Factors Sustainable EMU Equity	EUR
IndexIQ Factors Sustainable Europe Equity	EUR
IndexIQ Factors Sustainable Japan Equity	EUR
IndexIQ Factors Sustainable Sovereign Euro Bond	EUR

The Fund may issue Shares of different Share Classes in each Sub-Fund. Such Share Classes may each have specific characteristics. Certain Share Classes may be reserved to certain categories of investors: the Share Class UCITS ETF is reserved for Authorized Participants designated by the Fund and Share Class S is reserved for limited Institutional Investors designated by the Management Company.

On December 31, 2023, the Share classes available are the following:

IndexIQ Factors Sustainable Corporate Euro Bond

Share Class name	Launch Date
Class UCITS ETF Acc (EUR)	Not yet launched
Class UCITS ETF Dis (EUR)	June 28, 2017
Class S Acc (EUR)	June 28, 2017

IndexIQ Factors Sustainable Sovereign Euro Bond

Share Class name	Launch Date
Class UCITS ETF Acc (EUR)	Not yet launched
Class UCITS ETF Dis (EUR)	June 28, 2017
Class S Acc (EUR)	June 28, 2017

IndexIQ Factors Sustainable Europe Equity

Share Class name	Launch Date
Class UCITS ETF Acc (EUR)	June 28, 2017
Class UCITS ETF Dis (EUR)	Not yet launched
Class S Acc (EUR)	June 28, 2017

IndexIQ Factors Sustainable EMU Equity

Share Class name	Launch Date
Class UCITS ETF Acc (EUR)	June 28, 2017
Class UCITS ETF Dis (EUR)	Not yet launched
Class S Acc (EUR)	June 28, 2017

IndexIQ Factors Sustainable Japan Equity

Share Class name	Launch Date
Class UCITS ETF Acc (EUR)	June 29, 2017
Class UCITS ETF Dis (EUR)	Not yet launched
Class S Acc (EUR)	June 29, 2017

The Company's financial year ends on 31 December of each year.

The annual general meeting of shareholders will be held within six (6) months of the end of each financial year in Luxembourg in order to approve the financial statements of the Fund for the previous financial year. The annual general meeting of shareholders will be held at the registered office of the Fund, or at such alternative location in Luxembourg as may be specified in the convening notice of such meeting.

Audited annual reports will be made available for public inspection at the registered offices of the Company.



Notes to the financial statements

Note 1 - General Information (continued)

The annual report will be available at the registered office of the Company at least eight (8) days before the annual general meeting - cf art. 461-6 law 1915: each shareholder shall be entitled to obtain a copy of the annual report, free of charge, upon request and against evidence of his title, eight (8) days before the annual general meeting.

Unaudited semi-annual reports will be published within two (2) months after the end of the relevant period.

In the frame of the Sustainable Finance Disclosure Regulation (SFDR), information on environmental and/or social characteristics and/or sustainable investments is available in the relevant annexes under the (unaudited) Sustainable Finance Disclosure Regulation section.

Note 2 - Principal accounting policies

a) Presentation of the financial statements

The financial statements are prepared in accordance with Luxembourg legal and regulatory requirements relating to investment funds.

This annual report is prepared on the basis of the last unofficial technical net asset values, calculated for the purpose of the financial statements as at December 31, 2023.

b) Investment objective and policy

The objective of the Sub-Fund - **IndexIQ Factors Sustainable Corporate Euro Bond** is to track, before the Sub-Fund fees and expenses, the performance of Solactive Candriam Factors Sustainable Corporate Euro Bond Index.

The objective of the Sub-Fund - **IndexIQ Factors Sustainable Sovereign Euro Bond** is to track, before the Sub-Fund fees and expenses, the performance of Solactive Candriam Factors Sustainable Sovereign Euro Bond Index.

The objective of the Sub-Fund - **IndexIQ Factors Sustainable Europe Equity** is to track the performance, before the Sub-Fund fees and expenses, of Solactive Candriam Factors Sustainable Europe Equity Index.

The objective of the Sub-Fund - **IndexIQ Factors Sustainable EMU Equity** is to track the performance, before the Sub-Fund fees and expenses, of Solactive Candriam Factors Sustainable EMU Equity Index.

The objective of the Sub-Fund - **IndexIQ Factors Sustainable Japan Equity** is to track the performance, before the Sub-Fund fees and expenses, of Solactive Candriam Factors Sustainable Japan Equity Index.

There can be no assurance that the Sub-Funds will achieve their investment objective.

The Sub-Funds will seek to track the performance of the Reference Index mainly by making direct investments in Transferable Securities representing an optimized sample of the underlying components of the Reference Index.

c) Valuation of each sub-fund's portfolio

i. Equities, warrants and rights:

Equities are valued at the closing (or alternatively last available) price on the various stock exchanges on the reference date or in the absence thereof the preceding date.

ii. Exchange Traded Fund ("ETF") and UCI:

ETF and UCI are valued at the Net Asset Value (or alternatively based on the method applied for equities for quoted, listed or traded funds) representative of the markets on the reference date or in the absence thereof the preceding date.

iii. Bonds:

Bonds are valued at the closing price on the basis of contributor prices on the reference date or in the absence thereof the preceding date.

iv. Negotiable debt securities and other money market instruments:

Negotiable debt securities are valued at the closing price on the basis of contributor prices on the reference date (or in the absence thereof the preceding date) or according to the straight-line method.

v. Spot exchange rates

The spot exchange rates are valued from the market data available from specialized data providers on the reference date or in the absence thereof the preceding date.

vi. Derivatives

Other derivatives are valued based on counterparties prices, market prices or are calculated based on models validated on the reference date or in the absence thereof the preceding date.

vii. Exceptional treatment

Any asset in which there are not significant amounts of transactions or for which the price is not available or clearly not representative of the market, will be valued based on the probable realization value estimated with care and in good faith by the Management Company using any valuation method approved by the Board of Directors.

d) Foreign currency translation

The accounting and the financial statements of the sub-funds are drawn up in EUR.

Cash held with banks, the other net assets and the market value of investments denominated in currencies other than EUR are converted into EUR at the exchange rate available on December 31, 2023.



Notes to the financial statements

Note 2 - Principal accounting policies (continued)

The income and expenses denominated in currencies other than the EUR are converted into EUR at the exchange rate applicable at the date of the transaction.

The resulting currency conversion gains and losses are recorded in the statement of changes in net assets.

Exchange rates used as at December 31, 2023 are the following:

1 EUR =	0.929700	CHF	1 EUR =	0.866550	GBP	1 EUR =	11.218500	NOK	1 EUR =	1.104650	USD
1 EUR =	7.454550	DKK	1 EUR =	155.733550	JPY	1 EUR =	11.132500	SEK			

e) Combined financial statements of the SICAV

The financial statements of the SICAV are drawn up in EUR. The different items of the combined statement of the SICAV's net assets as at December 31, 2023 are equal to the sum of the corresponding items in the financial statements of each Sub-Fund.

f) Transaction costs

For the year ended December 31, 2023, the SICAV incurred transaction costs and broker's charges related to the purchase and sale of transferable securities, money market instruments, other eligible assets and derivatives instruments.

Furthermore, in accordance with the practices of the bond markets, a bid-offer spread is applied to securities purchase or sale transactions. According to this principle, the selling and buying prices applied by the broker to a given transaction are not identical and the difference between them constitutes the broker's remuneration.

g) Income

Interest income is accrued daily. Investment transactions are accounted for on a trade date basis. Dividend income is recorded on the ex-dividend date, net of withholding tax. Interest income comprises the amortization / accretion income using the effective interest yield method.

Note 3 - Investment Manager fees

Candriam, a partnership limited by shares under Luxembourg law whose registered office is located at SERENITY - Bloc B, 19-21, Route d'Arlon, L-8009 Strassen, has been appointed Management Company. An agreement to that effect was entered into for an unlimited term. Either party is entitled to terminate the agreement at any time by registered letter (with signed receipt requested) sent to the other party, subject to 90 days' notice.

Candriam is a subsidiary of Candriam Group, an entity of the New York Life Insurance Company group.

It is authorised as a Management Company of Chapter 15 of the law of December 17, 2010, concerning UCITS and is authorised to exercise the activities of collective portfolio management, investment portfolio management and to provide investment advisory services.

The Management Company is vested with the widest powers to carry out all actions relating to the management and administration of the SICAV within the scope of this purpose, in accordance with its articles of association. It is responsible for the portfolio management activities, administration activities (Administrative Agent, Transfer Agent (including the Register holding business)) and marketing activities (distribution).

The portfolio management function is performed directly by Candriam and/or by one or more of its branches : Candriam-Belgian Branch, Candriam - Succursale française, Candriam – UK Establishment.

The Management Company receives management fees as payment for its services, expressed as an annual percentage of the average net asset value. These fees are payable by the SICAV at the end of each month.

The management fees rate applicable as at December 31, 2023 are as follows:

Sub-funds	Share class	Share type	ISIN	Management fee
IndexIQ Factors Sustainable Corporate Euro Bond	S	Capitalisation	LU1603777555	0.20%
	UCITS ETF	Distribution	LU1603790731	0.15%
IndexIQ Factors Sustainable EMU Equity	S	Capitalisation	LU1603778363	0.15%
	UCITS ETF	Capitalisation	LU1603797074	0.10%
IndexIQ Factors Sustainable Europe Equity	S	Capitalisation	LU1603778108	0.15%
	UCITS ETF	Capitalisation	LU1603795458	0.10%
IndexIQ Factors Sustainable Japan Equity	S	Capitalisation	LU1603778520	0.20%
	UCITS ETF	Capitalisation	LU1603797587	0.15%
IndexIQ Factors Sustainable Sovereign Euro Bond	S	Capitalisation	LU1603777985	0.15%
	UCITS ETF	Distribution	LU1603795292	0.05%

Note 4 - Depositary fees

CACEIS Bank, Luxembourg Branch acts as the depositary of the SICAV ("Depositary") in accordance with a depositary bank agreement for an unlimited term as amended from time to time ("Depositary Bank Agreement") and with the relevant provisions of the Law and applicable regulations.



Notes to the financial statements

Note 5 - Operating and Administrative Expenses

The Fund will bear the day-to-day operational and administrative expenses incurred to cover all the overhead, variable costs, charges, fees and other expenses, as described below (the "Operational and Administrative Expenses").

The Operational and Administrative Charges cover the following costs, although this list is not exhaustive:

(a) expenses incurred directly by the Fund, including, among others, fees and charges owing to the Depositary, to the principal paying agent, commissions and fees for certified auditors, share classes hedging fees, including those charged by the Management Company, the fees paid to Directors and the reasonable costs and expenses incurred by or for the Directors;

(b) a "service fee" which includes the remaining amount of Operational and Administrative Charges after deducting the costs indicated in section (a) above, being, among others, the fees and costs of the domiciliary agent, the Administrator the costs associated with registration and for maintaining this registration in all jurisdictions (such as fees levied by the supervisory authorities concerned, translation costs and payment for representatives abroad and local paying agents), stock exchange listing and maintenance fees, share price publication costs, postal and communication costs, the costs for preparing, printing, translating and distributing prospectuses, key investor information documents, notices to the shareholders, financial reports or any other documents for shareholders, legal fees and expenses, the costs and fees associated with the subscription for any account or license or any other use of paid information or data, the fees incurred for using a trademark registered by the Fund and the fees and expenses for the Management Company and/or its delegates and/or any other agent appointed by the Fund itself and/or independent experts.

Operational and Administrative Charges are expressed as an annual percentage of the average Net Asset Value of each Sub-Fund or Share Class and are payable monthly.

At the end of a given year, if the charges and expenses were to exceed the percentage of the Operational or Administrative Charges set for share classes then the Management Company would pay the difference. Conversely if the actual charges and expenses were to be less than the percentage of the Operational and Administrative Charges set for classes of shares, then the Management Company would retain the difference.

The Management Company may instruct the Fund to settle all or part of the expenses as stated above directly on its assets. In such case, the amount of Operational and Administrative Charges will be reduced accordingly.

The total expense level including investment manager fees as per Prospectus as at December 31, 2023 were:

Sub-funds	Share class	Share type	ISIN	Maximum rate
IndexIQ Factors Sustainable Corporate Euro Bond	S	Capitalisation	LU1603777555	0.35%
	UCITS ETF	Distribution	LU1603790731	0.35%
IndexIQ Factors Sustainable EMU Equity	S	Capitalisation	LU1603778363	0.30%
	UCITS ETF	Capitalisation	LU1603797074	0.30%
IndexIQ Factors Sustainable Europe Equity	S	Capitalisation	LU1603778108	0.30%
	UCITS ETF	Capitalisation	LU1603795458	0.30%
IndexIQ Factors Sustainable Japan Equity	S	Capitalisation	LU1603778520	0.35%
	UCITS ETF	Capitalisation	LU1603797587	0.35%
IndexIQ Factors Sustainable Sovereign Euro Bond	S	Capitalisation	LU1603777985	0.30%
	UCITS ETF	Distribution	LU1603795292	0.30%

Note 6 - Subscription tax

The Fund is normally subject to a subscription tax ("taxe d'abonnement"). For the Sub-Funds whose securities are listed on a Stock Exchange and whose exclusive object is to replicate the performance of one or more indices, the Fund is exempted from the "taxe d'abonnement" pursuant to article 175 (e) of the 2010 Law as amended. Only the ETF share classes are exempted from the "taxe d'abonnement", the share classes "S" has to bear the tax since it's not quoted on a stock exchange.

The Fund is not currently subject to any other Luxembourg taxes on income or capital gains (except on dividends from asset source in Luxembourg which are normally paid to the Fund after deduction of a 15% withholding tax). Distributions paid by the Fund are not subject to any form of Luxembourg withholding tax.

Certain revenues of the Fund in terms of dividends and interest, or capital gain, from asset sources outside Luxembourg may, however, be liable to taxes at variable rates, which are generally deducted at source. Generally speaking, these taxes or deductions at source are not fully or partly recoverable. Within this context, the relief on these taxes and deductions at source provided for by the international double taxation prevention treaties entered into by the Grand Duchy of Luxembourg and the respective countries is not always applicable. Moreover, some transaction taxes or stamp duties may be applied on subscription, purchase, sale, exchange, transfer, or conversion of assets sources outside Luxembourg.

While the above tax information is accurate to the best of the Board of Directors' knowledge, it is possible that a tax authority may impose new taxes (including retroactive taxes).

Note 7 - Dividends

The Fund distributed the following dividends during the year ended December 31, 2023:

Sub-funds	Share class	Currency	Dividend	Ex-date
IndexIQ Factors Sustainable Corporate Euro Bond	UCITS ETF	EUR	0.13	27/04/2023
IndexIQ Factors Sustainable Sovereign Euro Bond	UCITS ETF	EUR	0.03	27/04/2023



Notes to the financial statements

Note 8 - Conflict of interest

The Board of Directors, the Management Company, the Investment Manager, the Depositary, the Administrator and the other service providers of the Fund, and/or their respective affiliates, members, employees or any person connected with them may be subject to various conflicts of interest in their relationships with the Fund.

As further described in the Articles of Association, any director of the Fund who has, directly or indirectly, an interest in a transaction submitted to the approval of the Board of Directors which conflicts with the Fund's interest, must inform the Board of Directors. The director may not take part in the discussions on and may not vote on the transaction. Where, by reason of a conflicting interest, the number of directors required in order to validly deliberate is not met, the board of directors may submit the decision on this specific item to the general meeting of shareholders.

The Management Company has adopted and implemented a conflicts of interest policy and has made appropriate organizational and administrative arrangements to identify and manage conflicts of interests so as to minimize the risk of the Fund's interests being prejudiced, and if they cannot be avoided, ensure that the Fund is treated fairly.

Note 9 - Global exposure

The global exposure of the Sub-Funds is calculated and monitored under the commitment approach. The global exposure of the Sub-Funds may not exceed its Net Asset Value.

Note 10 - Listing

The sub-funds contain UCITS ETF Shares. As a consequence, the UCITS ETF Shares shall be traded throughout the day on one or several Regulated Market or multilateral trading facilities with at least one Market Maker which takes action to ensure that the Stock Exchange value of the Shares does not significantly vary from its NAV.

Note 11 - Changes in portfolio composition

A list including the transactions (sales and purchases) in the investment portfolios is available free of charge at the Fund's registered office.

Note 12 - Subsequent events

There is no subsequent event.

Note 13 - Auditor's other services

During the year from January 1, 2023 to December 31, 2023, the external auditor's services delivered to the Fund included:

- Other assurance related work:
 - Preparation of the separate report in accordance with CSSF circular 21/790.



Additional unaudited information

Additional Information for Investors in the Federal Republic of Germany

Facilities referred to in Article 92(1) of Directive 2009/65/EC as amended by Directive (EU) 2019/1160

Marcard, Stein & Co AG, Ballindamm 36, D-20095 Hamburg:

- Applications for the issue, redemption and conversion of shares may be submitted to this facility.
- All payments to a shareholder, including redemption proceeds and distributions, if any, may be remitted through this facility at the request of the shareholder.
- The prospectus, Key Investor Information Documents, the SICAV's Articles of Incorporation, the latest annual and semi-annual reports – upon request in paper form – as well as other documents and information are available free of charge at this facility.
- The net asset value per share and the issue, redemption and conversion prices are available free of charge at this facility.
- This facility acts as a contact point for communicating with the Bundesanstalt für Finanzdienstleistungsaufsicht.

The website www.indexiq.eu:

- The prospectus, Key Investor Information Documents, the SICAV's Articles of Incorporation, the latest annual and semi-annual reports as well as other documents and information are published at this website and are available there free of charge.
- The net asset value per share and the issue, redemption and conversion prices are published at this website and are available there free of charge.

The registered office of the SICAV:

- The prospectus, Key Investor Information Documents, the SICAV's Articles of Incorporation, the latest annual and semi-annual reports – upon request in paper form – as well as other documents and information are available free of charge at the registered office of the SICAV.
- The net asset value per share and the issue, redemption and conversion prices are available free of charge at the registered office of the SICAV.

Any notices to shareholders are published at www.indexiq.eu and are sent to all shareholders at their address registered in the register of shareholders. In the following cases, a notice to shareholders will be published by means of a durable medium: suspension of the redemption of the shares; termination of the management of the fund or the winding-up of the fund; amendments to the fund rules which are inconsistent with existing investment principles, amendments to material investor rights to the detriment of investors, or amendments to the detriment of investors relating to remuneration or the reimbursement of expenses that may be taken out of the fund (including the reasons for the amendments and the rights of investors); the merger of the fund or a sub-fund; and the conversion of the fund or a sub-fund into a feeder fund.

Additional Information for Investors in Austria

Facility in Austria according to EU directive 2019/1160 article 92:

Erste Bank der oesterreichischen Sparkassen AG
Am Belvedere 1,
A-1100 Vienna/Austria
E-Mail: foreignfunds0540@erstebank.at

Additional information on the fund's investment strategy - European directive on shareholders' rights (SRD II)¹

In accordance with the transparency rules set out in the "Shareholders' Rights" European directive and related to annual disclosures to institutional investors, you can obtain additional information on the investment strategy implemented by Candriam and the contribution of this strategy to the medium to long-term performance of the Fund.

You may submit your request to the following address: <https://www.candriam.fr/contact/>.

¹Directive (EU) 2017/828 of the European Parliament and of the Council amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement.

Sub-Funds	Portfolio Turnover Rate (in %)
IndexIQ Factors Sustainable EMU Equity	119.92
IndexIQ Factors Sustainable Europe Equity	105.66
IndexIQ Factors Sustainable Japan Equity	107.94

* Formula used: $[(Total\ purchases + total\ sales) - (total\ subscriptions + total\ redemptions)] / Average\ of\ net\ assets\ during\ the\ year\ under\ review.$

Engagement & voting policies, use of voting rights

Candriam exercises voting rights for the considered funds.

For all engagement matters, please refer to the engagement policy and to the associated reports, all available under Candriam website

<https://www.candriam.com/en/professional/investment-solutions/sustainability-documents/#engagement-activities>



Additional unaudited information

Proxy Voting

Since January 1, 2004, Candriam Luxembourg has decided to actively exercise the voting rights attached to the shares of top-tier European companies that it manages on behalf of its clients. This decision indicates Candriam Luxembourg's determination to assume its responsibilities in the context of corporate governance, and to fully exercise its voting rights in companies in which it invests. The details of the voting are available on the web site <https://www.candriam.com/en/professional/investment-solutions/sustainability-documents/#engagement-activities>.

Non voted meetings result from operational / technical burdens defined in our voting policy (for more details please refer to Candriam voting policy) or others encountered at our third party levels and for which remediation plans have been defined.

For the present SICAV, Candriam exercised voting rights for the following sub-funds:

- IndexIQ Factors Sustainable EMU Equity
- IndexIQ Factors Sustainable Europe Equity
- IndexIQ Factors Sustainable Japan Equity

As announced above, details of the voting are available on the web site <https://www.candriam.com/en/professional/investment-solutions/sustainability-documents/#engagement-activities>.

For the AGM of SAP SE held on May 11, 2023, our voting choice under Items 8.3 and 9 was not successfully reflected in effective vote for the Fund. Rationales of the votes were adapted to reflect the concern (for more, please refer to our Voting details under <https://www.candriam.com/en/professional/investment-solutions/sustainability-documents/#engagement-activities>). Internal procedures have been adapted to avoid similar situation to occur.

For the EGM of Solvay SA, held on 8 December 2023, Candriam Proxy Voting Committee validated an exception to our voting policy for the items 20.2 and 20.6, both related to directors' election at Solvay. Given the specific challenges associated to the demerger situation, but also considering Solvay's past and current efforts on diversity, Candriam chose to abstain on these 2 items for the Fund, while our voting policy would have triggered an Against vote, as the under-represented gender (here, female) was still accounting for slightly less than 33% at board level.

All General Assembly Meetings the Management company attended or was represented at are detailed, as well as the voted resolutions, effective votes and associated rationales when votes against management were registered.

Other non voted meetings result from either the defined voting scope itself (for more details please refer to Candriam voting policy) or from delays in reception of needed powers of attorney."

Candriam Luxembourg has formulated and implemented a voting policy based on four principles of corporate governance. Voting decisions are taken in accordance with these principles:

1. Protection of all shareholders' rights in accordance with the "one share – one vote – one dividend" rule.
2. Guaranteed equality of treatment of shareholders, including minority and foreign shareholders.
3. Communication of accurate and transparent financial information.
4. Accountability and independence of the Board of Directors and the external auditors.

As part of its voting decisions, Candriam Luxembourg satisfies itself that it has obtained all the information required for the decision to be taken. Candriam Luxembourg's ESG and financial analysts examine the resolutions presented to the shareholders, taking into account the voting recommendations provided by external corporate governance advisors. Candriam Luxembourg does, however, retain total independence as regards its votes.

This voting policy is available under Candriam website (*) and notably details:

- The definition of the voting scope,
- How conflict of interest are identified and managed,
- The Role of proxy Advisers.

In addition, a Proxy Voting Committee has been established within Candriam Luxembourg, Its role is to evaluate the voting policy and make changes to it when deemed appropriate.

The Committee consists of internal representatives from the Management, Operations, Risk and ESG Research & Stewardship Teams. Representatives of the Legal department may attend meetings upon request.

There are no securities lending programs for funds which are part of the present SICAV.

(*)<https://www.candriam.com/en/professional/investment-solutions/sustainability-documents/#engagement-activities>



Additional unaudited information

Information concerning the remuneration policy

European Directive 2014/91/EU amending Directive 2009/65/EC on undertakings for collective investment in transferable securities, which is applicable to the SICAV, came into force on 18 March 2016. It is implemented in national law under the Luxembourg Act of 10 May 2016 implementing Directive 2014/91/EU. Due to these new regulations, the SICAV is required to publish information relating to the remuneration of identified employees within the meaning of the Act in the annual report.

Candriam holds a double license, first, as a management company in accordance with section 15 of the Law of December 17, 2010 on undertakings for collective investment and, second, as a manager of alternative investment funds in accordance with the Law of July 12, 2013 relating to alternative investment fund managers. The responsibilities incumbent on Candriam under these two laws are relatively similar and Candriam considers that its personnel is remunerated in the same manner for tasks relating to administration of UCITS and of alternative investment funds.

During its financial year ended on December 31, 2023, Candriam paid the following amounts to its personnel:

- Total gross amount of fixed remunerations paid (excluding payments or benefits that can be considered to be part of a general and nondiscretionary policy and to have no incentive effect on risk management): EUR 17,425,254.
- Total gross amount of variable remunerations paid: EUR 6,348,617.
- Number of beneficiaries: 146.

Aggregate amount of remunerations, broken down between senior management and the members of the personnel of the investment manager whose activities have a significant impact on the funds risk profile. The systems of Candriam do not permit such an identification for each fund under management. The numbers below also show the aggregate amount of overall remunerations at Candriam.

- Aggregate amount of the remunerations of the senior management: EUR 5,155,684.
- Aggregate amount of the remunerations of the members of the personnel of Candriam whose activities have a significant impact on the risk profile of the funds of which it is the management company (excluding senior management): EUR 2,015,066.

Remunerations paid by Candriam to the personnel of its Belgian branch (i.e. Candriam – Belgian Branch), acting as investment manager, during the financial year ended on December 31, 2023:

- Total gross amount of fixed remunerations paid (excluding payments or benefits that can be considered to be part of a general and nondiscretionary policy and to have no incentive effect on risk management): EUR 25,071,403.
- Total gross amount of variable remunerations paid: EUR 8,188,525.
- Number of beneficiaries: 245.

Aggregate amount of remunerations, broken down between senior management and the members of the personnel of the investment manager whose activities have a significant impact on the funds risk profile. The systems of the investment manager do not permit such an identification for each fund under management. The numbers below also show the aggregate amount of overall remunerations at the level of the investment manager.

- Aggregate amount of the remunerations of the senior management: EUR: 6,214,566
- Aggregate amount of the remunerations of the members of the personnel of the investment manager whose activities have a significant impact on the risk profile of the funds of which it is the investment manager (excluding senior management): EUR 4,602,623.

Remunerations paid by Candriam to the personnel of its French branch (i.e. Candriam – Succursale française), acting as investment manager(s), during the financial year ended on December 31, 2023:

- Total gross amount of fixed remunerations paid (excluding payments or benefits that can be considered to be part of a general and nondiscretionary policy and to have no incentive effect on risk management): EUR 19,094,936.
- Total gross amount of variable remunerations paid: EUR 6,255,350.
- Number of beneficiaries: 202.

Aggregate amount of remunerations, broken down between senior management and the members of the personnel of the investment manager whose activities have a significant impact on the funds risk profile. The systems of the investment manager do not permit such an identification for each fund under management. The numbers below also show the aggregate amount of overall remunerations at the level of the investment manager.

- Aggregate amount of the remunerations of the senior management: EUR 4,298,365.
- Aggregate amount of the remunerations of the members of the personnel of the investment manager whose activities have a significant impact on the risk profile of the funds of which it is the investment manager (excluding senior management): EUR 3,422,966.

The remuneration policy was last reviewed by the remuneration committee of Candriam on January 29, 2021 and was adopted by the Board of Directors of Candriam



Additional unaudited information

Index tracking portfolios as at December 31, 2023

The following disclosures are required for Index-Tracking Portfolio's based on European Securities and Market Authority ("ESMA") guidelines and other UCITS issues (ESMA/2014/937EN), issued on August 01, 2014:

Sub-Funds	Share Class	NAV Performance*	Index Tracked	Index Performance	Performance difference	Level of Expenses	Expected tracking error	Effective tracking error	Tracking error difference
IndexIQ Factors Sustainable Corporate Euro Bond	UCITS ETF Dis	6.62%	Solactive Candriam Factors Sustainable Corporate Bond Index	6.98%	-0.36%	0.35%	0.30%	0.33%	-0.03%
	S Acc	6.55%							
IndexIQ Factors Sustainable EMU Equity	UCITS ETF Acc	16.36%	Solactive Candriam Sustainable EMU Equity Index	16.23%	0.13%	0.30%	0.10%	0.22%	-0.12%
	S Acc	16.29%							
IndexIQ Factors Sustainable Europe Equity	UCITS ETF Acc	15.35%	Solactive Candriam Factors Sustainable Europe Equity Index	15.39%	-0.04%	0.30%	0.10%	0.17%	-0.07%
	S Acc	15.28%							
IndexIQ Factors Sustainable Japan Equity	UCITS ETF Acc	16.15%	Solactive Candriam Factors Sustainable Japan Equity Index	16.71%	-0.56%	0.35%	0.15%	0.25%	-0.10%
	S Acc	16.08%							
IndexIQ Factors Sustainable Sovereign Euro Bond	UCITS ETF Dis	7.08%	Solactive Candriam Factors Sustainable Euro Bond Index	7.37%	-0.29%	0.30%	0.20%	0.17%	0.03%
	S Acc	6.96%							

*The figures reflect the percentages changes of official NAV per share (cum dividends).

The anticipated tracking error for each portfolio under normal market circumstances is set out in the table above. Investors should note that the actual performance of the portfolios will not necessarily be aligned with the anticipated tracking error as detailed above. Anticipated tracking error has been calculated using historical data and therefore may not capture all factors that will impact a portfolio's actual performance against its benchmark index.

The performances are covering the period from January 1, 2023 to December 31, 2023.

Fixed Income:

IndexIQ Factors Sustainable Corporate Euro Bond:

The performance of IndexIQ Factors Sustainable Corporate Euro Bond - UCITS ETF for the year ended is 6.62%. Performances, gross of fees and distribution are in line with the benchmark as shown on table above.

The level of realised tracking error in 2023 was outside the expected range.

IndexIQ Factors Sustainable Sovereign Euro Bond

The performance of IndexIQ Factors Sustainable Sovereign Euro Bond - UCITS ETF for the year ended December 31, 2023 is 7.08%. Performances, gross of fees and distribution are in line with the benchmark as shown on table above.

The level of realised tracking error in 2023 was within the expected range, due to the effectiveness of replication techniques utilized.

Equities:

IndexIQ Factors Sustainable Europe Equity:

The performance of IndexIQ Factors Sustainable Europe Equity - UCITS ETF for the year ended December 31, 2023 is 15.35%. Performances, gross of fees are in line with the benchmark as shown on table above.

The level of realised tracking error in 2023 was outside the expected range.

IndexIQ Factors Sustainable EMU Equity:

The performance of IndexIQ Factors Sustainable EMU Equity - UCITS ETF for the year ended December 31, 2023 is 16.36 %. Performances, gross of fees are in line with the benchmark as shown on table on previous page.

The level of realised tracking error in 2023 was outside the expected range.

IndexIQ Factors Sustainable Japan Equity:

The performance of IndexIQ Factors Sustainable Japan Equity - UCITS ETF for the year ended December 31, 2023 is 16.15%. Performances, gross of fees are in line with the benchmark as shown on table above.

The level of realised tracking error in 2023 was outside the expected range.

Sources: Candriam, Bloomberg.



Additional unaudited information

Sustainable Finance Disclosure Regulation (SFDR)

All the sub-funds of the SICAV are falling under article 8 of SFDR.

Entity LEI: 549300CSCF77KOFUBB98

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

Did this financial product have a sustainable investment objective?

YES

- It made **sustainable investments with an environmental objective**: ___%
- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- It made **sustainable investments with a social objective**: ___%

NO

- It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 93.44% of sustainable investments
 - with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
 - with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
 - with a social objective
- It promoted E/S characteristics, but **did not make any sustainable investments**



To what extent were the environmental and/or social characteristics promoted by this financial product met?

The environmental and social characteristics promoted by the Sub-fund have been achieved by:

- avoiding exposure to companies that present structural risks that are both material and severe and are most seriously in breach of normative principles taking into account practices in environmental and social issues as well as compliance with standards such as the United Nations Global Compact and the OECD Guidelines for Business standards;
- avoiding exposure to companies that are significantly exposed to controversial activities such extraction, transportation or distribution of thermal coal, the manufacturing or retailing of Tobacco and production or sale of controversial weapons (anti-personnel mines, cluster bombs, chemical, biological, phosphorus weapons white and depleted uranium).
- integrating Candriam's ESG research methodology into the investment process and investing a proportion of its assets in Sustainable Investments.

● How did the sustainability indicators perform?

For the selection of sustainable investments, the portfolio manager has taken into account ESG assessments of issuers, produced by Candriam's ESG analyst team.

For companies, these assessments are based on the analysis of the company's interactions with its key stakeholders and the analysis of its business activities and their impact, positive or negative, on key sustainability challenges such as climate change and resource depletion. In addition, Candriam's ESG analysis includes exclusion filters based on compliance with international standards and involvement in controversial activities.

For sovereign issuers, these assessments are based on the analysis of the countries' management of their natural, human, social and economic capital. In addition, exclusion filters are used to screen out issuers that do not meet democratic and governance standards.

Candriam's ESG research and analysis for sustainable investments also assesses the compliance of investments with the "do no harm" principle to a sustainable investment objective and with good governance practices for the corporates.

This integration of Candriam's ESG research methodology has enabled the Fund to meet the minimum proportion of sustainable investments defined in the prospectus (minimum 33%). The proportion of sustainable investments in the Fund was therefore above this minimum threshold, as detailed in the section "What was the proportion of sustainability-related investments?"

● **... And compared to previous periods?**

The sub-fund has also been managed in line with its sustainability indicators.

The asset allocation of the financial product has evolved over the years.

Investment Category	Proportion of Investments	Proportion of Investments
	2023	2022
#1 Aligned with E/S characteristics	98.22%	97.27%
#2 Other	1.78%	2.73%
#1A Sustainable	93.44%	86.85%
#1B Other E/S characteristics	4.78%	10.42%
Taxonomy-aligned	0.00%	0.00%
Other environmental	49.75%	44.57%
Social	43.70%	42.28%

● **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objective?**

The sustainable investments which the Sub-fund intended to achieve for a portion of the portfolio were to have a positive impact on environment and social domains in the long-term.

The proportion of sustainable investments was higher than the minimum defined in the prospectus (minimum 33%). It allowed the Sub-fund to exceed the objectives initially set.

However, the Sub-fund is not able to publish a percentage of alignment with the Taxonomy since a small number of companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy.

● **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

Candriam ensured that those investments have not cause significant harm to any environmental and/or social sustainable investment objective by means of its ESG research and analysis of corporate and sovereign issuers.

Based on its proprietary ESG Ratings and Scorings, Candriam's ESG methodology sets criteria and minimum thresholds to identify those issuers that qualify as 'sustainable investment' and, in particular, have not cause significant harm to any environmental and/or social sustainable investment objective.

The 'Do not significant harm' principle, in particular, was assessed for corporates through:

- the consideration of "principal adverse impacts";
- the alignment with the OECD Guidelines for Multinational Enterprises and the UN Global Compact to ensure minimum environmental & social safeguards.

For more details, refer to the section below on the consideration of principal adverse impacts on sustainability factors.

How were the indicators for adverse impacts on sustainability factors taken into account?

The consideration of adverse impacts is central to Candriam's sustainable investment approach. Principal adverse impacts were taken into account throughout the entire ESG research and analysis process and through a wide range of methods:

1. ESG rating of corporates: the ESG research and screening methodology considers and assesses the principal adverse impact on sustainability from two distinct, but interlinked, angles:

- the company's issuers' business activities and how they impact, either positively or negatively, key sustainable challenges such as climate change and resource depletion;
- company's interactions with key stakeholders.

2. Negative screening of companies, which includes a norms-based exclusion and an exclusion of companies involved in controversial activities.

3. Engagement activities with companies, through dialogue and voting activities, which contribute to avoiding or reducing the extent of the adverse impacts. The ESG analysis framework and its results feed our engagement process, and vice versa.

The integration of the principal adverse impacts on sustainability factors has been based on the materiality or likely materiality of each indicator for each specific industry / sector to which the company belongs. The materiality is dependent on several factors, such as: type of information, data quality and breadth, applicability, relevance, and geographical coverage.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The sustainable investments of the Sub-fund have been compliant with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights.

They are subject to a norms-based controversy analysis that considers the compliance with the international social, human, environmental and anti-corruption standards, as defined by the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises. The International Labour Organisation and International Bill of Human Rights are part of the many international references integrated into our norms-based analysis and ESG model.

This analysis aimed to exclude companies that have significantly and repeatedly breached any of these principles.

The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



How did this financial product consider principal adverse impacts on sustainability factors?

At Financial Product level, the principal adverse impacts (PAI) on sustainability factors were considered through one or several means: voting, dialogue, exclusions and/or monitoring (cfr. Candriam's PAI statement: <https://www.candriam.com/en/private/sfdr/>)

ENGAGEMENT

Our engagement policy is available on Candriam website [\[https://www.candriam.com/en/professional/investment-solutions/sustainability-documents/#engagement-activities\]](https://www.candriam.com/en/professional/investment-solutions/sustainability-documents/#engagement-activities).

DIALOGUE with corporate issuers

This financial product is invested in corporate issuers. Below statistics refer to engagement activities we have performed with these corporate issuers.

Climate (PAI1 to PAI6) is obviously central in our exchanges with companies. Priorities of Climate-engagement on the corporate side are identified taking into account :

- issuers presenting a weak transition profile (proprietary risk transition model), and/or still highly carbon intensive (Scope 1-2) or with large Scope 3 emissions
- issuers from financial sectors still largely exposed to fossil fuel and with a key role in financing the transition
- relative exposure of managed portfolios to the above issuers.

Candriam has joined in November 2021 the Net Zero Asset Management Initiative [\[https://www.netzeroassetmanagers.org/signatories/candriam/\]](https://www.netzeroassetmanagers.org/signatories/candriam/). Through engagement, our objective is to encourage companies to publicly report on how they align with a 1.5D trajectory and to encourage such an alignment. We expect issuers in particular to explain how their strategy and capital expenditures plan serve their decarbonisation commitment. We usually combine individual and collaborative dialogue.

14 issuers in the financial product are actually part of the priority targets of Candriam Net Zero Engagement campaign.

In addition, we continue to actively support CDP Climate [\[https://www.cdp.net/en\]](https://www.cdp.net/en), a large transparency survey feeding our investment processes : out of the 232 financial product's issuers targeted, 95.69% have properly filled the last survey. Filled surveys give us access to updated and more accurate Scope 1-2-3 emissions' data.

Candriam also actively participate to several collaborative initiatives such as Climate Action 100+ or IIGCC & ShareAction Climate initiatives on Financials. Such initiatives targeted 39 issuer(s) of the financial product. These initiatives contribute not only to increase the level of transparency on Greenhouse gas emissions and related strategy, but also to gain fundamental leverage for supporting strategic changes. Outcomes of these engagements are detailed in our annual engagement & voting report, available on our public website (Publications | Candriam) [\[https://www.candriam.com/en/professional/insight-overview/publications/#sri-publications\]](https://www.candriam.com/en/professional/insight-overview/publications/#sri-publications).

Given the geopolitical context and observed increase in inequalities, 120 issuer(s) with presence in the financial product have also been contacted in relation to the protection of fundamental human rights at direct or indirect workforce level (supply chain due diligence) (PAI10 PAI11).

Inclusion is not to be outdone, with 151 issuers, of the portfolio having been more specifically engaged on topics related to PAI 12 (Unadjusted gender pay gap) or PAI 13 (Board gender diversity).

While above mentioned PAI are prevalent when considering engagement performed for this financial product in 2023, other PAI such as biodiversity-related ones may also have been addressed in our dialogues with issuers. For more information, please refer to Candriam Engagement Annual review under Candriam website [\[https://www.candriam.com/en/professional/investment-solutions/sustainability-documents/#engagement-activities\]](https://www.candriam.com/en/professional/investment-solutions/sustainability-documents/#engagement-activities).

EXCLUSIONS

PAI3

In addition to companies involved in the thermal coal, oil and gas activities (PAI 4), electricity-generating companies with a carbon intensity greater than 354 gCO₂/kWh (PAI 3), are considered risky for inclusion in sustainable investments, even if they are not universally controversial. Given that emissions vary according to electricity generation sources, it is important to assess the carbon footprint per kilowatt-hour (kWh) to determine how closely companies are aligned with the 2 degrees Celsius trajectory.

This is why Candriam includes the carbon intensity of energy producers in our sustainability assessment. Where carbon intensity data is not available, Candriam's ESG analysts use other indicators to assess alignment with the Paris Agreement, such as progress in the energy transition in line with Paris Agreement targets and integration of a 1.5D limit scenario, taking into account investment plans and the credibility of carbon neutrality targets. These indicators are forward-looking and evolve over time to reflect the progress made by companies in their transition.

The carbon intensity (PAI 3) threshold for the product in 2023 was established at 354 gCO₂/kWh. Over the reference period, no additional issuer(s) became ineligible for the financial product due to exceeding this threshold, in addition to those previously excluded.

PAI4

Exposure to fossil fuels (PAI 4) undergoes stringent exclusions across all Candriam sustainable funds. Thermal coal, recognized for its detrimental impact and serious financial and sustainability implications, poses systemic and reputational risks that financial benefits cannot outweigh.

Companies deriving more than 5% of their sales from coal mining, coal-fired power generation, and coal-related operations such as exploration, processing, transport, and distribution are automatically excluded.

Additionally, companies exceeding a 5% threshold of revenue from conventional oil and gas activities, including exploration, extraction, refining, and transportation, are ineligible for investment. Similarly, entities with over 5% exposure to unconventional oil and gas activities are also excluded.

Over the reference period, no additional issuer(s) became ineligible for the financial product due to exceeding the 5% threshold of exposure to thermal coal activities, supplementing the previously excluded entities.

Furthermore, no additional issuer(s) lost their eligibility due to surpassing the 5% threshold of exposure to conventional oil and gas activities, while no additional issuer(s) lost their eligibility for exceeding the 5% threshold of exposure to unconventional oil and gas activities.

PAI10

In accordance with PAI10 Candriam's normative analysis determines whether a company complies with the 10 principles of the United Nations Global Compact for each of the main categories: Human Rights (HR), Labor Rights (LR), Environment (ENV) and Anti-Corruption (AC). Our norms based analysis incorporates various international references, including the United Nations Declaration of Human Rights, ILO Fundamental Conventions, and OECD Guidelines for Multinational Enterprises, ensuring comprehensive coverage of human rights, labor standards, corruption, and discrimination.

In Candriam's "Level 3" SRI exclusion policy, companies with severe to very severe violations of the UN Global Compact principles are excluded. This list focuses on a strict interpretation of violations of the UN Global Compact, as assessed by Candriam's ESG analysts.

Over the reference period, no additional issuer(s) directly covered became ineligible for the financial product, in addition to those previously excluded, for significant and repeated breaches of international social, human, environmental and anti-corruption standards, as defined by the UN Global Compact and the OECD Guidelines for Multinational Enterprises.

PAI14

Candriam is firmly committed to excluding from all its investments companies directly involved in the development, production, testing, maintenance and sale of controversial weapons (anti-personnel landmines, cluster bombs, depleted uranium weapons and armor, chemical weapons, biological weapons and white phosphorus weapons). We consider these damaging activities to present systemic and reputational risks.

Over the reference period, no additional issuer(s) directly covered became ineligible for the financial product, in addition to those previously excluded, due to their involvement in these activities.

MONITORING: calculation and evaluation of the principal adverse impact indicators

Some of these indicators may have explicit targets and can be used to measure the attainment of the sustainable investment objective of the Financial Product. See below the results of the indicators of this Financial Product

PAI indicators	Value	Coverage (% rated / total assets)	Eligible assets (% eligible assets / total assets)
Scope 1 GHG Emissions	2,361.55	86.22%	87.88%
Scope 2 GHG Emissions	824.72	86.22%	87.88%
Total GHG Emissions	3,186.27	86.22%	87.88%
2 - Carbon Footprint	47.69	86.22%	87.88%
3 - GHG intensity of investee companies	67.46	86.50%	87.87%
4 - Exposure to companies active in fossil fuel sector	3.27%	86.30%	87.87%
10 - Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	0.00%	98.04%	98.04%
13 - Board gender diversity	37.04%	86.80%	98.02%
14 - Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	0.00%	98.04%	98.04%



What were the top investments of this financial product?

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is: 01/01/2023 - 31/12/2023.

Largest investments	Sector	% of Assets	Country
PROCTER & GAMBLE CO 4.875 07-27 11/05A	Miscellaneous consumer goods	0.84%	USA
MASTERCARD INC 1.00 22-29 22/02A	Banks and other financial institutions	0.80%	USA
SVENSKA HANDELSBANKEN 0.125 21-26 03/11A	Banks and other financial institutions	0.75%	SWE
UNITED PARCEL 1.625 15-25 15/11A	Transportation	0.75%	USA
TOYOTA MOTOR CREDIT 0.25 20-26 16/01A	Banks and other financial institutions	0.73%	USA
APPLE INC 1.375 17-29 24/05A	Office supplies and computing	0.73%	USA
A.P. MOELLER-MAERSK 1.75 18-26 16/03A	Transportation	0.65%	DNK
MEDIOBANCA FL.R 19-24 25/01A	Banks and other financial institutions	0.64%	ITA
DEUTSCHE BAHN FINANC 0.5 20-27 09/04A	Banks and other financial institutions	0.59%	DEU
SUMITOMO MITSUI FINL 0.303 20-27 28/10A	Banks and other financial institutions	0.56%	JPN
TORONTO DOMINION BK 1.952 22-30 08/04A	Banks and other financial institutions	0.51%	CAN
TOYOTA FINANCE AUSTR 2.004 20-24 21/04A	Banks and other financial institutions	0.51%	AUS
RBC TORONTO 0.125 19-24 23/07A	Banks and other financial institutions	0.50%	CAN
BANK OF IRELAND GRP FL.R 19-25 25/11A	Banks and other financial institutions	0.50%	IRL
NTT FINANCE CORP 0.01 21-25 03/03A	Banks and other financial institutions	0.49%	JPN

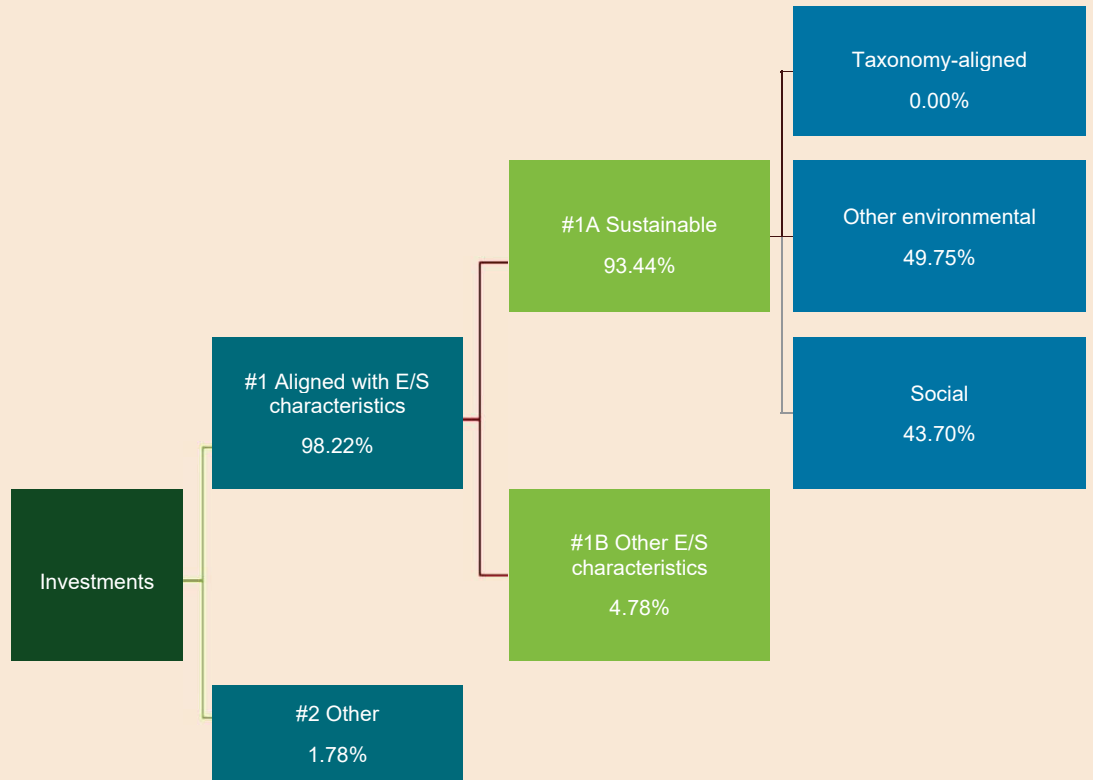
Data based on the main investments held on average during the reference period. This data is not comparable with those presented in the "Investment portfolio" section of the annual report.



What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.

● What was the asset allocation?



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

● **In which economic sectors were the investments made?**

Top sector	% of Assets
Banks and other financial institutions	54.46%
Insurance	5.98%
Transportation	4.64%
Real estate	4.31%
Communication	3.32%
Pharmaceuticals	2.61%
Road vehicles	2.58%
Internet and internet services	2.52%
Office supplies and computing	2.19%
Retail trade and department stores	2.13%
Chemicals	1.97%
Graphic art and publishing	1.94%
Miscellaneous consumer goods	1.90%
Miscellaneous services	1.46%
Utilities	1.33%

Data based on the main investments held on average during the reference period. This data is not comparable with those presented in the "Investment portfolio" section of the annual report.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting the green operational activities of investee companies.

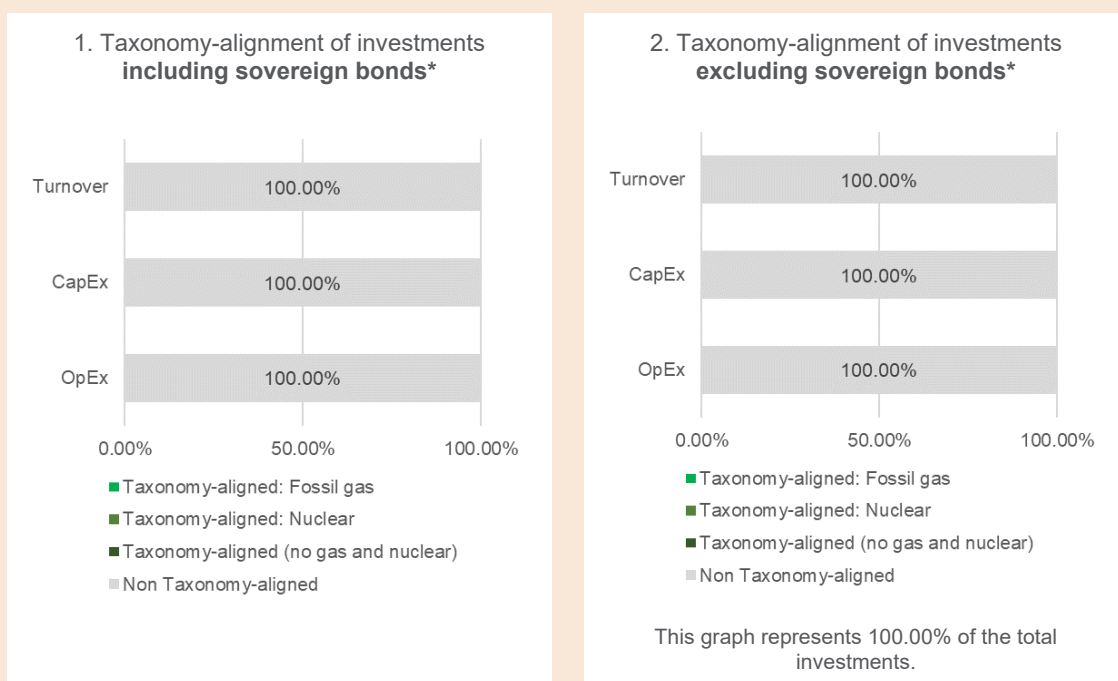


To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy?¹

- Yes
- In fossil gas In nuclear energy
- No

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

● **What was the share of investments made in transitional and enabling activities?**

The Sub-Fund is unable to publish a percentage of alignment with the Taxonomy, nor on the transitional and enabling activities, as very few companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

Year	% EU Taxonomy Aligned
2023	0.00%
2022	0.00%

● **What is the breakdown of the proportion of the investments per each of the EU Taxonomy to which those investments contributed?**

The Sub-Fund is unable to publish a percentage of alignment with the Taxonomy, as very few companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy

Therefore, this percentage is considered as nul.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

● **What was the share of sustainable investments with an environmental objective not aligned with the EU taxonomy?**

The Sub-Fund had a share of 49.75% in sustainable investments on the environmental plan not aligned with the EU taxonomy.

Indeed to date, only two of the six objectives have entered into force in 2023 and very few companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy.

● **What was the share of socially sustainable investments?**

The Sub-fund had a share of investments with a social objective of 43.7%

● **What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**

The investments included under "Other" are present in the Sub-fund for 1.78% of the total net assets.

These investments include one or more of the following assets:

- Cash: Cash at sight, cash deposit, reverse repo needed to manage the liquidity of the Sub-fund following subscriptions/redemptions ;
- Investments with issuers with E/S characteristics at the moment of the investment and are not fully aligned anymore with the Candriam investment with E/S criteria. These investments have been sold during the period or considered as other investments;
- Other investments (including single name derivatives) purchased for diversification purposes, which do not meet environmental or social characteristics or which may not be subject to an ESG screening or for which ESG data was not available. These investments have respected the good governance;
- Non single name derivatives used for exposition and hedging purposes.

➔ **What actions have been taken to meet the environmental and/or social characteristics during the reference period?**

In order to materialize other aspects of the ESG integration, some metrics are calculated.

For your information, the carbon footprint is measured. Over the reference period, the financial product emitted 47.69 Tons CO2eq per million € invested.

The financial product has favoured issuers with lower carbon footprint.

In order to materialize other aspects of the ESG integration, some metrics are calculated.

For your information, the ESG Score is measured, based on Candriam's proprietary ESG methodology. Over the reference period, the financial product displayed an ESG score of 55.52.

The financial product favoured issuers that display a stronger ESG profile. The financial product invested in 4 issuer(s) in Banks, Food & Beverage and Retail with improving ESG profiles and divested from 3 issuer(s) in Industrial Goods & Services, Personal & Household Goods and Telecommunications with deteriorating ESG profiles.



How did this financial product perform compared to the reference benchmark?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

No index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

YES

- It made **sustainable investments with an environmental objective**: ___%
- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- It made **sustainable investments with a social objective**: ___%

NO

- It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 93.74% of sustainable investments
 - with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
 - with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
 - with a social objective
- It promoted E/S characteristics, but **did not make any sustainable investments**

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not



To what extent were the environmental and/or social characteristics promoted by this financial product met?

The environmental and social characteristics promoted by the Sub-fund have been achieved by:

- avoiding exposure to companies that present structural risks that are both material and severe and are most seriously in breach of normative principles taking into account practices in environmental and social issues as well as compliance with standards such as the United Nations Global Compact and the OECD Guidelines for Business standards;
- avoiding exposure to companies that are significantly exposed to controversial activities such extraction, transportation or distribution of thermal coal, the manufacturing or retailing of Tobacco and production or sale of controversial weapons (anti-personnel mines, cluster bombs, chemical, biological, phosphorus weapons white and depleted uranium.
- integrating Candriam's ESG research methodology into the investment process and investing a proportion of its assets in Sustainable Investments.

How did the sustainability indicators perform?

For the selection of sustainable investments, the portfolio manager has taken into account ESG assessments of issuers, produced by Candriam's ESG analyst team.

For companies, these assessments are based on the analysis of the company's interactions with its key stakeholders and the analysis of its business activities and their impact, positive or negative, on key sustainability challenges such as climate change and resource depletion. In addition, Candriam's ESG analysis includes exclusion filters based on compliance with international standards and involvement in controversial activities.

Candriam's ESG research and analysis for sustainable investments also assesses the compliance of investments with the "do no harm" principle to a sustainable investment objective and with good governance practices.

This integration of Candriam's ESG research methodology has enabled the Fund to meet the minimum proportion of sustainable investments defined in the prospectus (minimum 33%). The proportion of sustainable investments in the Fund

was therefore above this minimum threshold, as detailed in the section "What was the proportion of sustainability-related investments?"

● **... And compared to previous periods?**

The sub-fund has also been managed in line with its sustainability indicators.

The asset allocation of the financial product has evolved over the years.

Investment Category	Proportion of Investments	Proportion of Investments
	2023	2022
#1 Aligned with E/S characteristics	99.01%	99.03%
#2 Other	0.99%	0.97%
#1A Sustainable	93.74%	91.46%
#1B Other E/S characteristics	5.27%	7.56%
Taxonomy-aligned	0.00%	0.00%
Other environmental	40.04%	33.43%
Social	53.69%	58.03%

● **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objective?**

The sustainable investments which the Sub-fund intended to achieve for a portion of the portfolio were to have a positive impact on environment and social domains in the long-term.

The proportion of sustainable investments was higher than the minimum defined in the prospectus (minimum 33%). It allowed the Sub-fund to exceed the objectives initially set.

However, the Sub-fund is not able to publish a percentage of alignment with the Taxonomy since a small number of companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy.

● **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

Candriam ensured that those investments have not cause significant harm to any environmental and/or social sustainable investment objective by means of its ESG research and analysis of corporate and sovereign issuers.

Based on its proprietary ESG Ratings and Scorings, Candriam's ESG methodology sets criteria and minimum thresholds to identify those issuers that qualify as 'sustainable investment' and, in particular, have not cause significant harm to any environmental and/or social sustainable investment objective.

The 'Do not significant harm' principle, in particular, was assessed for corporates through:

- the consideration of "principal adverse impacts";
- the alignment with the OECD Guidelines for Multinational Enterprises and the UN Global Compact to ensure minimum environmental & social safeguards.

For more details, refer to the section below on the consideration of principal adverse impacts on sustainability factors.

-----How were the indicators for adverse impacts on sustainability factors taken into account?

The consideration of adverse impacts is central to Candriam's sustainable investment approach. Principal adverse impacts were taken into account throughout the entire ESG research and analysis process and through a wide range of methods:

1. ESG rating of corporates: the ESG research and screening methodology considers and assesses the principal adverse impact on sustainability from two distinct, but interlinked, angles:

- the company's issuers' business activities and how they impact, either positively or negatively, key sustainable challenges such as climate change and resource depletion;
- company's interactions with key stakeholders.

2. Negative screening of companies, which includes a norms-based exclusion and an exclusion of companies involved in controversial activities.

3. Engagement activities with companies, through dialogue and voting activities, which contribute to avoiding or reducing the extent of the adverse impacts. The ESG analysis framework and its results feed our engagement process, and vice versa.

The integration of the principal adverse impacts on sustainability factors has been based on the materiality or likely materiality of each indicator for each specific industry / sector to which the company belongs. The materiality is dependent on several factors, such as: type of information, data quality and breadth, applicability, relevance, and geographical coverage.

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This analysis aimed to exclude companies that have significantly and repeatedly breached any of these principles.

The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



How did this financial product consider principal adverse impacts on sustainability factors?

At Financial Product level, the principal adverse impacts (PAI) on sustainability factors were considered through one or several means: voting, dialogue, exclusions and/or monitoring (cfr. Candriam's PAI statement: <https://www.candriam.com/en/private/sfdr/>)

ENGAGEMENT

Our engagement and voting policies are available on Candriam website [\[https://www.candriam.com/en/professional/investment-solutions/sustainability-documents/#engagement-activities\]](https://www.candriam.com/en/professional/investment-solutions/sustainability-documents/#engagement-activities).

VOTING

The Candriam's approach to Corporate Governance relies on internationally-recognized standards.

Candriam has exercised voting rights when available on positions of the portfolio. Shareholders' rights, equality of shareholders, board accountability, transparency and integrity of financial statements are core pillars of our voting policy. When exercising our votes we pay a particular attention to the respect of pay-for-performance principle and to the board's independence level, diversity (PAI13) and expertise level.

In the context of Candriam's voting policy, specific guidelines are applied for a range of environmental- (e.g. climate (PAI1 to PAI6), biodiversity (PAI7)), social- (e.g. diversity, gender pay gap (PAI12), human rights (PAI10 PAI11)) and governance- related management or shareholder resolutions.

Candriam has an active approach to voting, in line with the consideration of the principle adverse impacts. Resolutions and voting opportunities are analysed in detail. Candriam always considers the relevance, consistence and feasibility of measures sponsored by any ESG resolution before casting vote. Thus, Candriam may vote against certain resolutions if they do not correspond to the principles defined in its voting policy or to the requirements relating to principle adverse impacts.

This year, we voted at 174 meetings: for 93.1 % of them we cast at least once against management.

With respect to environmental or social related resolutions, management submitted 24 of which we supported 79.17 %.

More specifically, 9 proposals were related to climate (55.55 % support).

In addition, and for any voted director-election items (480 resolutions), we took into consideration Board Gender diversity aspects (PAI13).

In total 41 resolutions were filed by shareholders and we supported 60.98 % of them.

More specifically 1 were Human Rights, Climate or Diversity & Inclusion related: we supported 0 % of them.

For more detailed information about Candriam Voting policy evolution, votes and associated rationales, please refer to our voting dashboard [\[https://vds.issgovernance.com/vds/#/NDA0Nw==/\]](https://vds.issgovernance.com/vds/#/NDA0Nw==/)

DIALOGUE with corporate issuers

This financial product is invested in corporate issuers. Below statistics refer to engagement activities we have performed with these corporate issuers.

Climate (PAI1 to PAI6) is obviously central in our exchanges with companies. Priorities of Climate-engagement on the corporate side are identified taking into account :

- issuers presenting a weak transition profile (proprietary risk transition model), and/or still highly carbon intensive (Scope 1-2) or with large Scope 3 emissions
- issuers from financial sectors still largely exposed to fossil fuel and with a key role in financing the transition
- relative exposure of managed portfolios to the above issuers.

Candriam has joined in November 2021 the Net Zero Asset Management Initiative [\[https://www.netzeroassetmanagers.org/signatories/candriam/\]](https://www.netzeroassetmanagers.org/signatories/candriam/). Through engagement, our objective is to encourage companies to publicly report on how they align with a 1.5D trajectory and to encourage such an alignment. We expect issuers in particular to explain how their strategy and capital expenditures plan serve their decarbonisation commitment. We usually combine individual and collaborative dialogue.

20 issuers in the financial product are actually part of the priority targets of Candriam Net Zero Engagement campaign.

In addition, we continue to actively support CDP Climate [\[https://www.cdp.net/en\]](https://www.cdp.net/en), a large transparency survey feeding our investment processes : out of the 132 financial product's issuers targeted, 97.73% have properly filled the last survey. Filled surveys give us access to updated and more accurate Scope 1-2-3 emissions' data.

Candriam also actively participate to several collaborative initiatives such as Climate Action 100+ or IIGCC & ShareAction Climate initiatives on Financials. Such initiatives targeted 19 issuer(s) of the financial product. These initiatives contribute not only to increase the level of transparency on Greenhouse gas emissions and related strategy, but also to gain fundamental leverage for supporting strategic changes. Outcomes of these engagements are detailed in our annual engagement & voting report, available on our public website (Publications | Candriam) [\[https://www.candriam.com/en/professional/insight-overview/publications/#sri-publications\]](https://www.candriam.com/en/professional/insight-overview/publications/#sri-publications).

Given the geopolitical context and observed increase in inequalities, 86 issuer(s) with presence in the financial product have also been contacted in relation to the protection of fundamental human rights at direct or indirect workforce level (supply chain due diligence) (PAI10 PAI11).

Inclusion is not to be outdone, with 90 issuers, of the portfolio having been more specifically engaged on topics related to PAI 12 (Unadjusted gender pay gap) or PAI 13 (Board gender diversity).

While above mentioned PAI are prevalent when considering engagement performed for this financial product in 2023, other PAI such as biodiversity-related ones may also have been addressed in our dialogues with issuers. For more information, please refer to Candriam Engagement Annual review under Candriam website [\[https://www.candriam.com/en/professional/investment-solutions/sustainability-documents/#engagement-activities\]](https://www.candriam.com/en/professional/investment-solutions/sustainability-documents/#engagement-activities).

EXCLUSIONS

PAI3

In addition to companies involved in the thermal coal, oil and gas activities (PAI 4), electricity-generating companies with a carbon intensity greater than 354 gCO₂/kWh (PAI 3), are considered risky for inclusion in sustainable investments, even if they are not universally controversial. Given that emissions vary according to electricity generation sources, it is important to assess the carbon footprint per kilowatt-hour (kWh) to determine how closely companies are aligned with the 2 degrees Celsius trajectory.

This is why Candriam includes the carbon intensity of energy producers in our sustainability assessment. Where carbon intensity data is not available, Candriam's ESG analysts use other indicators to assess alignment with the Paris Agreement, such as progress in the energy transition in line with Paris Agreement targets and integration of a 1.5D limit scenario, taking into account investment plans and the credibility of carbon neutrality targets. These indicators are forward-looking and evolve over time to reflect the progress made by companies in their transition.

The carbon intensity (PAI 3) threshold for the product in 2023 was established at 354 gCO₂/kWh. Over the reference period, no additional issuer(s) became ineligible for the financial product due to exceeding this threshold, in addition to those previously excluded.

PAI4

Exposure to fossil fuels (PAI 4) undergoes stringent exclusions across all Candriam sustainable funds. Thermal coal, recognized for its detrimental impact and serious financial and sustainability implications, poses systemic and reputational risks that financial benefits cannot outweigh.

Companies deriving more than 5% of their sales from coal mining, coal-fired power generation, and coal-related operations such as exploration, processing, transport, and distribution are automatically excluded.

Additionally, companies exceeding a 5% threshold of revenue from conventional oil and gas activities, including exploration, extraction, refining, and transportation, are ineligible for investment. Similarly, entities with over 5% exposure to unconventional oil and gas activities are also excluded.

Over the reference period, no additional issuer(s) became ineligible for the financial product due to exceeding the 5% threshold of exposure to thermal coal activities, supplementing the previously excluded entities.

Furthermore, no additional issuer(s) lost their eligibility due to surpassing the 5% threshold of exposure to conventional oil and gas activities, while no additional issuer(s) lost their eligibility for exceeding the 5% threshold of exposure to unconventional oil and gas activities.

PAI10

In accordance with PAI10 Candriam's normative analysis determines whether a company complies with the 10 principles of the United Nations Global Compact for each of the main categories: Human Rights (HR), Labor Rights (LR), Environment (ENV) and Anti-Corruption (AC). Our norms based analysis incorporates various international references, including the United Nations Declaration of Human Rights, ILO Fundamental Conventions, and OECD Guidelines for Multinational Enterprises, ensuring comprehensive coverage of human rights, labor standards, corruption, and discrimination.

In Candriam's "Level 3" SRI exclusion policy, companies with severe to very severe violations of the UN Global Compact principles are excluded. This list focuses on a strict interpretation of violations of the UN Global Compact, as assessed by Candriam's ESG analysts.

Over the reference period, no additional issuer(s) directly covered became ineligible for the financial product, in addition to those previously excluded, for significant and repeated breaches of international social, human, environmental and anti-corruption standards, as defined by the UN Global Compact and the OECD Guidelines for Multinational Enterprises.

PAI14

Candriam is firmly committed to excluding from all its investments companies directly involved in the development, production, testing, maintenance and sale of controversial weapons (anti-personnel landmines, cluster bombs, depleted uranium weapons and armor, chemical weapons, biological weapons and white phosphorus weapons). We consider these damaging activities to present systemic and reputational risks.

Over the reference period, no additional issuer(s) directly covered became ineligible for the financial product, in addition to those previously excluded, due to their involvement in these activities.

MONITORING: calculation and evaluation of the principal adverse impact indicators

Some of these indicators may have explicit targets and can be used to measure the attainment of the sustainable investment objective of the Financial Product. See below the results of the indicators of this Financial Product

PAI indicators	Value	Coverage (% rated / total assets)	Eligible assets (% eligible assets / total assets)
Scope 1 GHG Emissions	168.42	98.70%	99.07%
Scope 2 GHG Emissions	46.71	98.70%	99.07%
Total GHG Emissions	215.13	98.70%	99.07%
2 - Carbon Footprint	79.00	98.70%	99.07%
3 - GHG intensity of investee companies	122.84	98.70%	99.07%
4 - Exposure to companies active in fossil fuel sector	4.98%	95.91%	99.18%
10 - Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	0.00%	98.91%	99.07%
13 - Board gender diversity	40.65%	96.98%	99.18%
14 - Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	0.00%	98.90%	99.07%



What were the top investments of this financial product?

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is: 01/01/2023 - 31/12/2023.

Largest investments	Sector	% of Assets	Country
VOLKSWAGEN AG VORZ.AKT	Road vehicles	4.06%	DEU
MERCEDES-BENZ GROUP	Road vehicles	2.78%	DEU
BANCO BILBAO VIZCAYA ARGENTARIA SA	Banks and other financial institutions	2.78%	ESP
BMW AG	Road vehicles	2.64%	DEU
DEUTSCHE TELEKOM AG - REG SHS	Communication	2.51%	DEU
BNP PARIBAS SA	Banks and other financial institutions	2.31%	FRA
STELLANTIS NV-BEARER REGISTERED SHS	Road vehicles	2.03%	NLD
AXA SA	Insurance	1.93%	FRA
ASSICURAZIONI GENERALI SPA	Insurance	1.71%	ITA
DEUTSCHE POST AG - REG SHS	Transportation	1.47%	DEU
LVMH MOET HENNESSY LOUIS VUITTON SE	Miscellaneous services	1.45%	FRA
TELEFONICA SA	Communication	1.39%	ESP
SIEMENS AG PREFERENTIAL SHARE	Electrical engineering	1.34%	DEU
CREDIT AGRICOLE SA	Banks and other financial institutions	1.34%	FRA
ENEL SPA	Utilities	1.30%	ITA

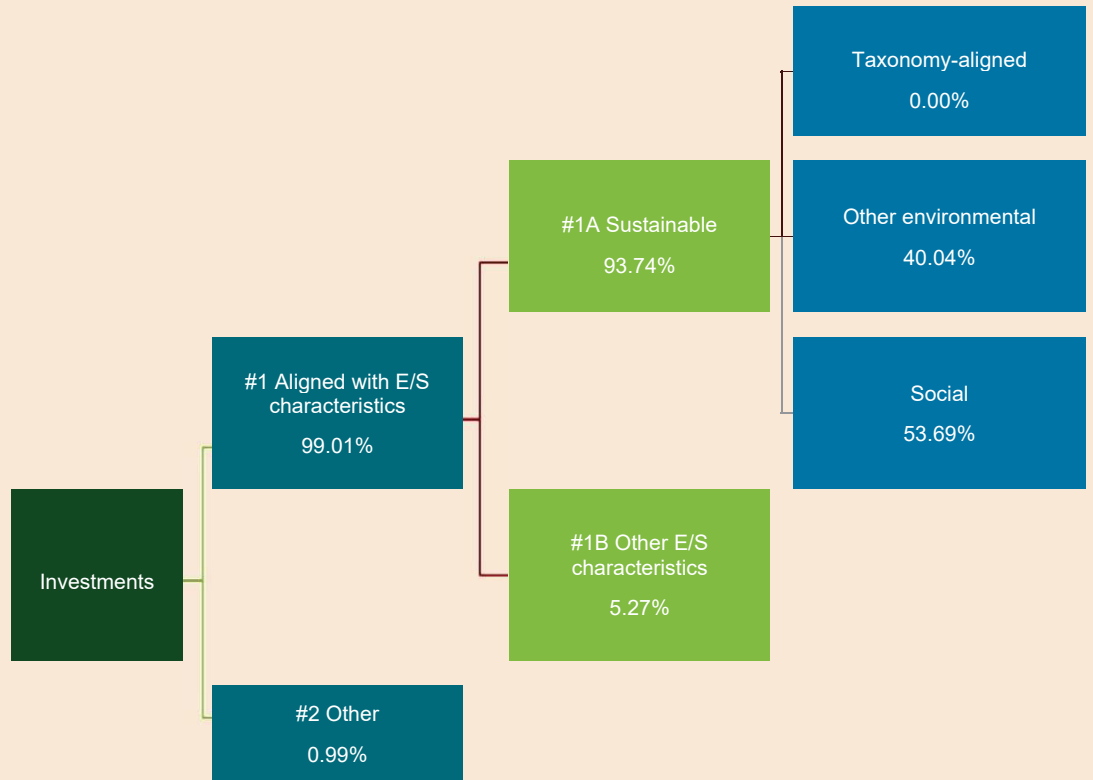
Data based on the main investments held on average during the reference period. This data is not comparable with those presented in the "Investment portfolio" section of the annual report.



What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.

● What was the asset allocation?



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

● **In which economic sectors were the investments made?**

Top sector	% of Assets
Banks and other financial institutions	16.96%
Road vehicles	11.94%
Insurance	8.84%
Pharmaceuticals	7.68%
Communication	6.65%
Utilities	5.02%
Miscellaneous services	4.96%
Chemicals	4.96%
Building materials	4.23%
Retail trade and department stores	3.67%
Transportation	3.46%
Electrical engineering	2.75%
Internet and internet services	2.41%
Foods and non alcoholic drinks	2.38%
Machine and apparatus construction	2.36%

Data based on the main investments held on average during the reference period. This data is not comparable with those presented in the "Investment portfolio" section of the annual report.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting the green operational activities of investee companies.

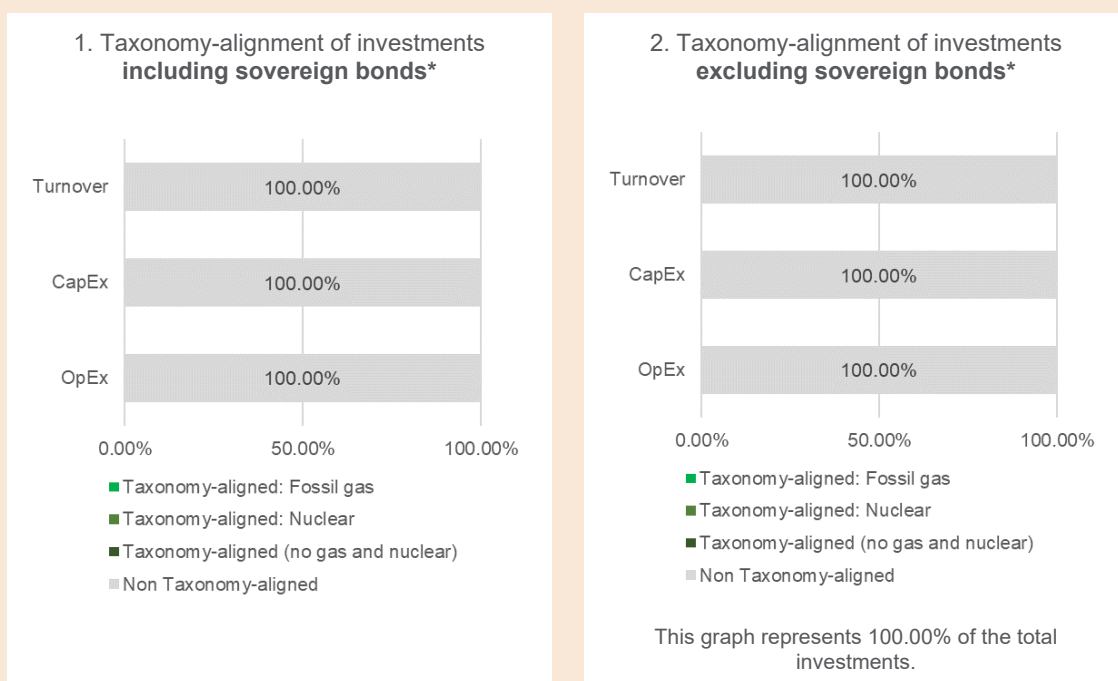


To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy?¹

- Yes
- In fossil gas In nuclear energy
- No

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

● **What was the share of investments made in transitional and enabling activities?**

The Sub-Fund is unable to publish a percentage of alignment with the Taxonomy, nor on the transitional and enabling activities, as very few companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

Year	% EU Taxonomy Aligned
2023	0.00%
2022	0.00%

● **What is the breakdown of the proportion of the investments per each of the EU Taxonomy to which those investments contributed?**

The Sub-Fund is unable to publish a percentage of alignment with the Taxonomy, as very few companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy

Therefore, this percentage is considered as nul.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

● **What was the share of sustainable investments with an environmental objective not aligned with the EU taxonomy?**

The Sub-Fund had a share of 40.04% in sustainable investments on the environmental plan not aligned with the EU taxonomy.

Indeed to date, only two of the six objectives have entered into force in 2023 and very few companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy.

● **What was the share of socially sustainable investments?**

The Sub-fund had a share of investments with a social objective of 53.69%

● **What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**

The investments included under "Other" are present in the Sub-fund for 0.99% of the total net assets.

These investments include one or more of the following assets:

- Cash: Cash at sight, cash deposit, reverse repo needed to manage the liquidity of the Sub-fund following subscriptions/redemptions ;
- Investments with issuers with E/S characteristics at the moment of the investment and are not fully aligned anymore with the Candriam investment with E/S criteria. These investments have been sold during the period or considered as other investments;
- Other investments (including single name derivatives) purchased for diversification purposes, which do not meet environmental or social characteristics or which may not be subject to an ESG screening or for which ESG data was not available. These investments have respected the good governance;
- Non single name derivatives used for exposition and hedging purposes.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

In order to materialize other aspects of the ESG integration, some metrics are calculated.

For your information, the carbon footprint is measured. Over the reference period, the financial product emitted 79 Tons CO2eq per million € invested.

The financial product has favoured issuers with lower carbon footprint.

In order to materialize other aspects of the ESG integration, some metrics are calculated.

For your information, the ESG Score is measured, based on Candriam's proprietary ESG methodology. Over the reference period, the financial product displayed an ESG score of 55.95.

The financial product has favoured issuers that display a stronger ESG profile. More precisely, the financial product divested from 3 issuer(s) in Apparel, Accessories & Luxury Goods, Integrated Telecommunication Services and Marine Transportation with deteriorating ESG score.



How did this financial product perform compared to the reference benchmark?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

No index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund

Entity LEI: 549300AR65FDXV42F471

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

Did this financial product have a sustainable investment objective?

YES

- It made **sustainable investments with an environmental objective**: ___%
- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- It made **sustainable investments with a social objective**: ___%

NO

- It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 94.43% of sustainable investments
 - with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
 - with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
 - with a social objective
- It promoted E/S characteristics, but **did not make any sustainable investments**



To what extent were the environmental and/or social characteristics promoted by this financial product met?

The environmental and social characteristics promoted by the Sub-fund have been achieved by:

- avoiding exposure to companies that present structural risks that are both material and severe and are most seriously in breach of normative principles taking into account practices in environmental and social issues as well as compliance with standards such as the United Nations Global Compact and the OECD Guidelines for Business standards;
- avoiding exposure to companies that are significantly exposed to controversial activities such extraction, transportation or distribution of thermal coal, the manufacturing or retailing of Tobacco and production or sale of controversial weapons (anti-personnel mines, cluster bombs, chemical, biological, phosphorus weapons white and depleted uranium).
- integrating Candriam's ESG research methodology into the investment process and investing a proportion of its assets in Sustainable Investments.

How did the sustainability indicators perform?

For the selection of sustainable investments, the portfolio manager has taken into account ESG assessments of issuers, produced by Candriam's ESG analyst team.

For companies, these assessments are based on the analysis of the company's interactions with its key stakeholders and the analysis of its business activities and their impact, positive or negative, on key sustainability challenges such as climate change and resource depletion. In addition, Candriam's ESG analysis includes exclusion filters based on compliance with international standards and involvement in controversial activities.

Candriam's ESG research and analysis for sustainable investments also assesses the compliance of investments with the "do no harm" principle to a sustainable investment objective and with good governance practices.

This integration of Candriam's ESG research methodology has enabled the Fund to meet the minimum proportion of sustainable investments defined in the prospectus (minimum 33%). The proportion of sustainable investments in the Fund

was therefore above this minimum threshold, as detailed in the section "What was the proportion of sustainability-related investments?"

● **... And compared to previous periods?**

The sub-fund has also been managed in line with its sustainability indicators.

The asset allocation of the financial product has evolved over the years.

Investment Category	Proportion of Investments	Proportion of Investments
	2023	2022
#1 Aligned with E/S characteristics	99.29%	99.28%
#2 Other	0.71%	0.83%
#1A Sustainable	94.43%	90.67%
#1B Other E/S characteristics	4.85%	8.60%
Taxonomy-aligned	0.00%	0.00%
Other environmental	37.97%	32.64%
Social	56.46%	58.03%

● **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objective?**

The sustainable investments which the Sub-fund intended to achieve for a portion of the portfolio were to have a positive impact on environment and social domains in the long-term.

The proportion of sustainable investments was higher than the minimum defined in the prospectus (minimum 33%). It allowed the Sub-fund to exceed the objectives initially set.

However, the Sub-fund is not able to publish a percentage of alignment with the Taxonomy since a small number of companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy.

● **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

Candriam ensured that those investments have not cause significant harm to any environmental and/or social sustainable investment objective by means of its ESG research and analysis of corporate and sovereign issuers.

Based on its proprietary ESG Ratings and Scorings, Candriam's ESG methodology sets criteria and minimum thresholds to identify those issuers that qualify as 'sustainable investment' and, in particular, have not cause significant harm to any environmental and/or social sustainable investment objective.

The 'Do not significant harm' principle, in particular, was assessed for corporates through:

- the consideration of "principal adverse impacts";
- the alignment with the OECD Guidelines for Multinational Enterprises and the UN Global Compact to ensure minimum environmental & social safeguards.

For more details, refer to the section below on the consideration of principal adverse impacts on sustainability factors.

-----How were the indicators for adverse impacts on sustainability factors taken into account?

The consideration of adverse impacts is central to Candriam's sustainable investment approach. Principal adverse impacts were taken into account throughout the entire ESG research and analysis process and through a wide range of methods:

1. ESG rating of corporates: the ESG research and screening methodology considers and assesses the principal adverse impact on sustainability from two distinct, but interlinked, angles:

- the company's issuers' business activities and how they impact, either positively or negatively, key sustainable challenges such as climate change and resource depletion;
- company's interactions with key stakeholders.

2. Negative screening of companies, which includes a norms-based exclusion and an exclusion of companies involved in controversial activities.

3. Engagement activities with companies, through dialogue and voting activities, which contribute to avoiding or reducing the extent of the adverse impacts. The ESG analysis framework and its results feed our engagement process, and vice versa.

The integration of the principal adverse impacts on sustainability factors has been based on the materiality or likely materiality of each indicator for each specific industry / sector to which the company belongs. The materiality is dependent on several factors, such as: type of information, data quality and breadth, applicability, relevance, and geographical coverage.

-----Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The sustainable investments of the Sub-fund have been compliant with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights.

They are subject to a norms-based controversy analysis that considers the compliance with the international social, human, environmental and anti-corruption standards, as defined by the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises. The International Labour Organisation and International Bill of Human Rights are part of the many international references integrated into our norms-based analysis and ESG model.

This analysis aimed to exclude companies that have significantly and repeatedly breached any of these principles.

The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



How did this financial product consider principal adverse impacts on sustainability factors?

At Financial Product level, the principal adverse impacts (PAI) on sustainability factors were considered through one or several means: voting, dialogue, exclusions and/or monitoring (cfr. Candriam's PAI statement: <https://www.candriam.com/en/private/sfdr/>)

ENGAGEMENT

Our engagement and voting policies are available on Candriam website [\[https://www.candriam.com/en/professional/investment-solutions/sustainability-documents/#engagement-activities\]](https://www.candriam.com/en/professional/investment-solutions/sustainability-documents/#engagement-activities).

VOTING

The Candriam's approach to Corporate Governance relies on internationally-recognized standards.

Candriam has exercised voting rights when available on positions of the portfolio. Shareholders' rights, equality of shareholders, board accountability, transparency and integrity of financial statements are core pillars of our voting policy. When exercising our votes we pay a particular attention to the respect of pay-for-performance principle and to the board's independence level, diversity (PAI13) and expertise level.

In the context of Candriam's voting policy, specific guidelines are applied for a range of environmental- (e.g. climate (PAI1 to PAI6), biodiversity (PAI7)), social- (e.g. diversity, gender pay gap (PAI12), human rights (PAI10 PAI11)) and governance- related management or shareholder resolutions. ,

Candriam has an active approach to voting, in line with the consideration of the principle adverse impacts. Resolutions and voting opportunities are analysed in detail. Candriam always considers the relevance, consistence and feasibility of measures sponsored by any ESG resolution before casting vote. Thus, Candriam may vote against certain resolutions if they do not correspond to the principles defined in its voting policy or to the requirements relating to principle adverse impacts.

This year, we voted at 267 meetings: for 92.88 % of them we cast at least once against management.

With respect to environmental or social related resolutions, management submitted 67 of which we supported 91.04 %.

More specifically, 12 proposals were related to climate (58.33 % support).

In addition, and for any voted director-election items (1424 resolutions), we took into consideration Board Gender diversity aspects (PAI13).

In total 57 resolutions were filed by shareholders and we supported 45.61 % of them.

More specifically 4 were Human Rights, Climate or Diversity & Inclusion related: we supported 25 % of them.

For more detailed information about Candriam Voting policy evolution, votes and associated rationales, please refer to our voting dashboard [\[https://vds.issgovernance.com/vds/#/NDA0Nw==/\]](https://vds.issgovernance.com/vds/#/NDA0Nw==/)

DIALOGUE with corporate issuers

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Climate (PAI1 to PAI6) is obviously central in our exchanges with companies. Priorities of Climate-engagement on the corporate side are identified taking into account :

- issuers presenting a weak transition profile (proprietary risk transition model), and/or still highly carbon intensive (Scope 1-2) or with large Scope 3 emissions
- issuers from financial sectors still largely exposed to fossil fuel and with a key role in financing the transition
- relative exposure of managed portfolios to the above issuers.

Candriam has joined in November 2021 the Net Zero Asset Management Initiative [\[https://www.netzeroassetmanagers.org/signatories/candriam/\]](https://www.netzeroassetmanagers.org/signatories/candriam/). Through engagement, our objective is to encourage companies to publicly report on how they align with a 1.5D trajectory and to encourage such an alignment. We expect issuers in particular to explain how their strategy and capital expenditures plan serve their decarbonisation commitment. We usually combine individual and collaborative dialogue.

24 issuers in the financial product are actually part of the priority targets of Candriam Net Zero Engagement campaign.

In addition, we continue to actively support CDP Climate [\[https://www.cdp.net/en\]](https://www.cdp.net/en), a large transparency survey feeding our investment processes : out of the 246 financial product's issuers targeted, 95.93% have properly filled the last survey. Filled surveys give us access to updated and more accurate Scope 1-2-3 emissions' data.

Candriam also actively participate to several collaborative initiatives such as Climate Action 100+ or IIGCC & ShareAction Climate initiatives on Financials. Such initiatives targeted 30 issuer(s) of the financial product. These initiatives contribute not only to increase the level of transparency on Greenhouse gas emissions and related strategy, but also to gain fundamental leverage for supporting strategic changes. Outcomes of these engagements are detailed in our annual engagement & voting report, available on our public website (Publications | Candriam) [\[https://www.candriam.com/en/professional/insight-overview/publications/#sri-publications\]](https://www.candriam.com/en/professional/insight-overview/publications/#sri-publications).

Given the geopolitical context and observed increase in inequalities, 163 issuer(s) with presence in the financial product have also been contacted in relation to the protection of fundamental human rights at direct or indirect workforce level (supply chain due diligence) (PAI10 PAI11).

Inclusion is not to be outdone, with 168 issuers, of the portfolio having been more specifically engaged on topics related to PAI 12 (Unadjusted gender pay gap) or PAI 13 (Board gender diversity).

While above mentioned PAI are prevalent when considering engagement performed for this financial product in 2023, other PAI such as biodiversity-related ones may also have been addressed in our dialogues with issuers. For more information, please refer to Candriam Engagement Annual review under Candriam website [\[https://www.candriam.com/en/professional/investment-solutions/sustainability-documents/#engagement-activities\]](https://www.candriam.com/en/professional/investment-solutions/sustainability-documents/#engagement-activities).

EXCLUSIONS

PAI3

In addition to companies involved in the thermal coal, oil and gas activities (PAI 4), electricity-generating companies with a carbon intensity greater than 354 gCO₂/kWh (PAI 3), are considered risky for inclusion in sustainable investments, even if they are not universally controversial. Given that emissions vary according to electricity generation sources, it is important to assess the carbon footprint per kilowatt-hour (kWh) to determine how closely companies are aligned with the 2 degrees Celsius trajectory.

This is why Candriam includes the carbon intensity of energy producers in our sustainability assessment. Where carbon intensity data is not available, Candriam's ESG analysts use other indicators to assess alignment with the Paris Agreement, such as progress in the energy transition in line with Paris Agreement targets and integration of a 1.5D limit scenario, taking into account investment plans and the credibility of carbon neutrality targets. These indicators are forward-looking and evolve over time to reflect the progress made by companies in their transition.

The carbon intensity (PAI 3) threshold for the product in 2023 was established at 354 gCO₂/kWh. Over the reference period, no additional issuer(s) became ineligible for the financial product due to exceeding this threshold, in addition to those previously excluded.

PAI4

Exposure to fossil fuels (PAI 4) undergoes stringent exclusions across all Candriam sustainable funds. Thermal coal, recognized for its detrimental impact and serious financial and sustainability implications, poses systemic and reputational risks that financial benefits cannot outweigh.

Companies deriving more than 5% of their sales from coal mining, coal-fired power generation, and coal-related operations such as exploration, processing, transport, and distribution are automatically excluded.

Additionally, companies exceeding a 5% threshold of revenue from conventional oil and gas activities, including exploration, extraction, refining, and transportation, are ineligible for investment. Similarly, entities with over 5% exposure to unconventional oil and gas activities are also excluded.

Over the reference period, no additional issuer(s) became ineligible for the financial product due to exceeding the 5% threshold of exposure to thermal coal activities, supplementing the previously excluded entities.

Furthermore, no additional issuer(s) lost their eligibility due to surpassing the 5% threshold of exposure to conventional oil and gas activities, while no additional issuer(s) lost their eligibility for exceeding the 5% threshold of exposure to unconventional oil and gas activities.

PAI10

In accordance with PAI10 Candriam's normative analysis determines whether a company complies with the 10 principles of the United Nations Global Compact for each of the main categories: Human Rights (HR), Labor Rights (LR), Environment (ENV) and Anti-Corruption (AC). Our norms based analysis incorporates various international references, including the United Nations Declaration of Human Rights, ILO Fundamental Conventions, and OECD Guidelines for Multinational Enterprises, ensuring comprehensive coverage of human rights, labor standards, corruption, and discrimination.

In Candriam's "Level 3" SRI exclusion policy, companies with severe to very severe violations of the UN Global Compact principles are excluded. This list focuses on a strict interpretation of violations of the UN Global Compact, as assessed by Candriam's ESG analysts.

Over the reference period, no additional issuer(s) directly covered became ineligible for the financial product, in addition to those previously excluded, for significant and repeated breaches of international social, human, environmental and anti-corruption standards, as defined by the UN Global Compact and the OECD Guidelines for Multinational Enterprises.

PAI14

Candriam is firmly committed to excluding from all its investments companies directly involved in the development, production, testing, maintenance and sale of controversial weapons (anti-personnel landmines, cluster bombs, depleted uranium weapons and armor, chemical weapons, biological weapons and white phosphorus weapons). We consider these damaging activities to present systemic and reputational risks.

Over the reference period, no additional issuer(s) directly covered became ineligible for the financial product, in addition to those previously excluded, due to their involvement in these activities.

MONITORING: calculation and evaluation of the principal adverse impact indicators

Some of these indicators may have explicit targets and can be used to measure the attainment of the sustainable investment objective of the Financial Product. See below the results of the indicators of this Financial Product

PAI indicators	Value	Coverage (% rated / total assets)	Eligible assets (% eligible assets / total assets)
Scope 1 GHG Emissions	7,674.50	98.78%	99.35%
Scope 2 GHG Emissions	1,902.06	98.78%	99.35%
Total GHG Emissions	9,576.55	98.78%	99.35%
2 - Carbon Footprint	73.98	98.78%	99.35%
3 - GHG intensity of investee companies	109.98	98.78%	99.35%
4 - Exposure to companies active in fossil fuel sector	4.57%	97.25%	99.41%
10 - Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	0.00%	99.26%	99.35%
13 - Board gender diversity	39.92%	97.28%	99.41%
14 - Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	0.00%	99.26%	99.35%



What were the top investments of this financial product?

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is: 01/01/2023 - 31/12/2023.

Largest investments	Sector	% of Assets	Country
VOLKSWAGEN AG VORZ.AKT	Road vehicles	2.71%	DEU
BANCO BILBAO VIZCAYA ARGENTARIA SA	Banks and other financial institutions	1.86%	ESP
MERCEDES-BENZ GROUP	Road vehicles	1.85%	DEU
BMW AG	Road vehicles	1.70%	DEU
DEUTSCHE TELEKOM AG - REG SHS	Communication	1.65%	DEU
BNP PARIBAS SA	Banks and other financial institutions	1.57%	FRA
ROCHE HOLDING LTD	Pharmaceuticals	1.47%	CHE
NESTLE SA PREFERENTIAL SHARE	Foods and non alcoholic drinks	1.45%	CHE
NOVARTIS AG PREFERENTIAL SHARE	Pharmaceuticals	1.41%	CHE
A.P. MOELLER-MAERSK A/S -B-	Transportation	1.33%	DNK
STELLANTIS NV-BEARER REGISTERED SHS	Road vehicles	1.31%	NLD
AXA SA	Insurance	1.24%	FRA
ASSICURAZIONI GENERALI SPA	Insurance	1.11%	ITA
VODAFONE GROUP PLC	Communication	1.04%	GBR
UNILEVER	Foods and non alcoholic drinks	0.99%	GBR

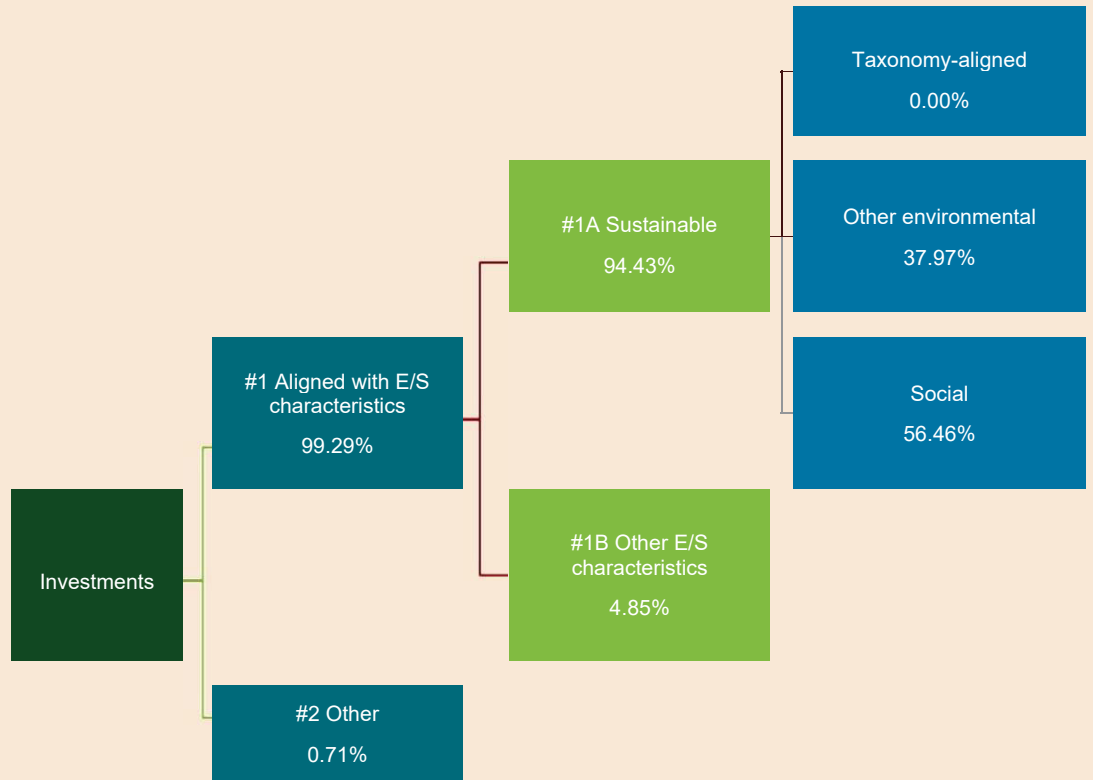
Data based on the main investments held on average during the reference period. This data is not comparable with those presented in the "Investment portfolio" section of the annual report.



What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.

● What was the asset allocation?



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

● **In which economic sectors were the investments made?**

Top sector	% of Assets
Banks and other financial institutions	16.25%
Insurance	10.01%
Pharmaceuticals	9.93%
Road vehicles	8.02%
Communication	7.03%
Foods and non alcoholic drinks	5.12%
Utilities	4.32%
Transportation	4.06%
Building materials	3.93%
Miscellaneous services	3.86%
Retail trade and department stores	3.73%
Chemicals	3.38%
Machine and apparatus construction	2.27%
Graphic art and publishing	2.24%
Paper and forest products	2.21%

Data based on the main investments held on average during the reference period. This data is not comparable with those presented in the "Investment portfolio" section of the annual report.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting the green operational activities of investee companies.

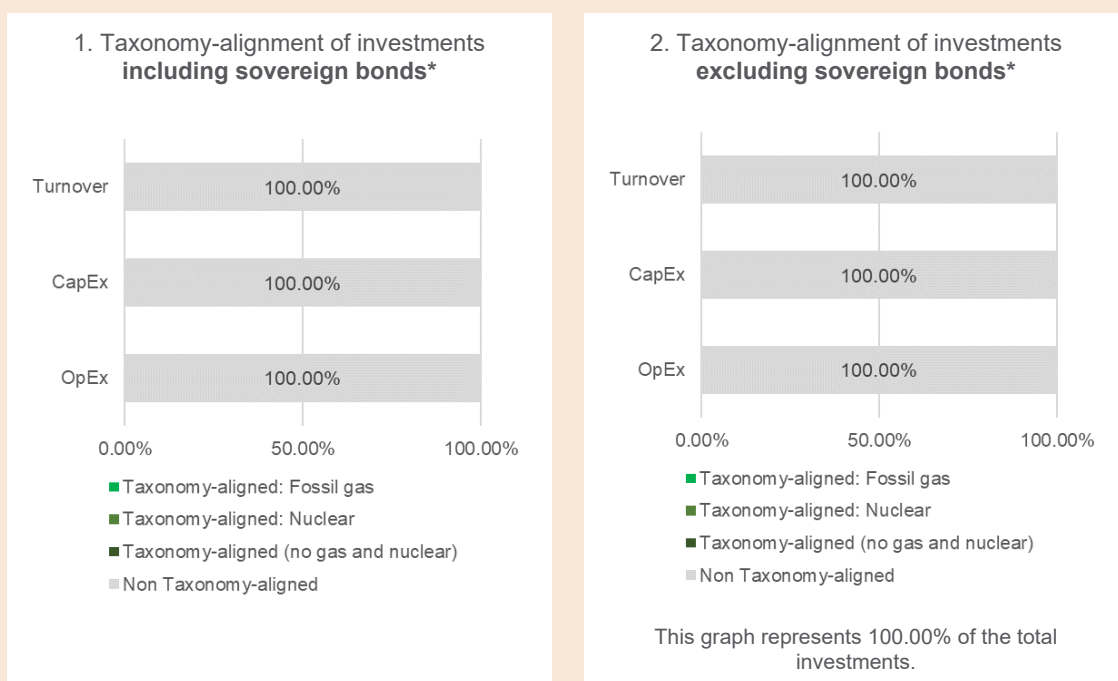


To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy?¹

- Yes
- In fossil gas In nuclear energy
- No

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

● **What was the share of investments made in transitional and enabling activities?**

The Sub-Fund is unable to publish a percentage of alignment with the Taxonomy, nor on the transitional and enabling activities, as very few companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

Year	% EU Taxonomy Aligned
2023	0.00%
2022	0.00%

● **What is the breakdown of the proportion of the investments per each of the EU Taxonomy to which those investments contributed?**

The Sub-Fund is unable to publish a percentage of alignment with the Taxonomy, as very few companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy

Therefore, this percentage is considered as nul.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

● **What was the share of sustainable investments with an environmental objective not aligned with the EU taxonomy?**

The Sub-Fund had a share of 37.97% in sustainable investments on the environmental plan not aligned with the EU taxonomy.

Indeed to date, only two of the six objectives have entered into force in 2023 and very few companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy.

● **What was the share of socially sustainable investments?**

The Sub-fund had a share of investments with a social objective of 56.46%

● **What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**

The investments included under "Other" are present in the Sub-fund for 0.71% of the total net assets.

These investments include one or more of the following assets:

- Cash: Cash at sight, cash deposit, reverse repo needed to manage the liquidity of the Sub-fund following subscriptions/redemptions ;
- Investments with issuers with E/S characteristics at the moment of the investment and are not fully aligned anymore with the Candriam investment with E/S criteria. These investments have been sold during the period or considered as other investments;
- Other investments (including single name derivatives) purchased for diversification purposes, which do not meet environmental or social characteristics or which may not be subject to an ESG screening or for which ESG data was not available. These investments have respected the good governance;
- Non single name derivatives used for exposition and hedging purposes.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

In order to materialize other aspects of the ESG integration, some metrics are calculated.

For your information, the carbon footprint is measured. Over the reference period, the financial product emitted 73.98 Tons CO2eq per million € invested.

The financial product has favoured issuers with lower carbon footprint. More precisely, the financial product invested in 1 issuer(s) in Multi-Utilities with improving carbon footprint.

In order to materialize other aspects of the ESG integration, some metrics are calculated.

For your information, the ESG Score is measured, based on Candriam's proprietary ESG methodology. Over the reference period, the financial product displayed an ESG score of 56.76.

The financial product favoured issuers that display a stronger ESG profile. The financial product invested in 2 issuer(s) in Homebuilding and Other Specialty Retail with improving ESG profiles and divested from 4 issuer(s) in Apparel, Accessories & Luxury Goods, Integrated Telecommunication Services and Marine Transportation with deteriorating ESG profiles.



How did this financial product perform compared to the reference benchmark?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

No index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund

Entity LEI: 549300YM1KCP7T070N44

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

Did this financial product have a sustainable investment objective?

YES

- It made **sustainable investments with an environmental objective**: ___%
- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- It made **sustainable investments with a social objective**: ___%

NO

- It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 82.31% of sustainable investments
 - with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
 - with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
 - with a social objective
- It promoted E/S characteristics, but **did not make any sustainable investments**



To what extent were the environmental and/or social characteristics promoted by this financial product met?

The environmental and social characteristics promoted by the Sub-fund have been achieved by:

- avoiding exposure to companies that present structural risks that are both material and severe and are most seriously in breach of normative principles taking into account practices in environmental and social issues as well as compliance with standards such as the United Nations Global Compact and the OECD Guidelines for Business standards;
- avoiding exposure to companies that are significantly exposed to controversial activities such extraction, transportation or distribution of thermal coal, the manufacturing or retailing of Tobacco and production or sale of controversial weapons (anti-personnel mines, cluster bombs, chemical, biological, phosphorus weapons white and depleted uranium.
- integrating Candriam's ESG research methodology into the investment process and investing a proportion of its assets in Sustainable Investments.

● How did the sustainability indicators perform?

For the selection of sustainable investments, the portfolio manager has taken into account ESG assessments of issuers, produced by Candriam's ESG analyst team.

For companies, these assessments are based on the analysis of the company's interactions with its key stakeholders and the analysis of its business activities and their impact, positive or negative, on key sustainability challenges such as climate change and resource depletion. In addition, Candriam's ESG analysis includes exclusion filters based on compliance with international standards and involvement in controversial activities.

Candriam's ESG research and analysis for sustainable investments also assesses the compliance of investments with the "do no harm" principle to a sustainable investment objective and with good governance practices.

This integration of Candriam's ESG research methodology has enabled the Fund to meet the minimum proportion of sustainable investments defined in the prospectus (minimum 33%). The proportion of sustainable investments in the Fund

was therefore above this minimum threshold, as detailed in the section "What was the proportion of sustainability-related investments?"

● **... And compared to previous periods?**

The sub-fund has also been managed in line with its sustainability indicators.

The asset allocation of the financial product has evolved over the years.

Investment Category	Proportion of Investments	Proportion of Investments
	2023	2022
#1 Aligned with E/S characteristics	97.80%	99.63%
#2 Other	2.20%	0.37%
#1A Sustainable	82.31%	76.10%
#1B Other E/S characteristics	15.49%	23.53%
Taxonomy-aligned	0.00%	0.00%
Other environmental	35.49%	28.83%
Social	46.82%	47.27%

● **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objective?**

The sustainable investments which the Sub-fund intended to achieve for a portion of the portfolio were to have a positive impact on environment and social domains in the long-term.

The proportion of sustainable investments was higher than the minimum defined in the prospectus (minimum 33%). It allowed the Sub-fund to exceed the objectives initially set.

However, the Sub-fund is not able to publish a percentage of alignment with the Taxonomy since a small number of companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy.

● **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

Candriam ensured that those investments have not cause significant harm to any environmental and/or social sustainable investment objective by means of its ESG research and analysis of corporate and sovereign issuers.

Based on its proprietary ESG Ratings and Scorings, Candriam's ESG methodology sets criteria and minimum thresholds to identify those issuers that qualify as 'sustainable investment' and, in particular, have not cause significant harm to any environmental and/or social sustainable investment objective.

The 'Do not significant harm' principle, in particular, was assessed for corporates through:

- the consideration of "principal adverse impacts";
- the alignment with the OECD Guidelines for Multinational Enterprises and the UN Global Compact to ensure minimum environmental & social safeguards.

For more details, refer to the section below on the consideration of principal adverse impacts on sustainability factors.

How were the indicators for adverse impacts on sustainability factors taken into account?

The consideration of adverse impacts is central to Candriam's sustainable investment approach. Principal adverse impacts were taken into account throughout the entire ESG research and analysis process and through a wide range of methods:

1. ESG rating of corporates: the ESG research and screening methodology considers and assesses the principal adverse impact on sustainability from two distinct, but interlinked, angles:

- the company's issuers' business activities and how they impact, either positively or negatively, key sustainable challenges such as climate change and resource depletion;
- company's interactions with key stakeholders.

2. Negative screening of companies, which includes a norms-based exclusion and an exclusion of companies involved in controversial activities.

3. Engagement activities with companies, through dialogue and voting activities, which contribute to avoiding or reducing the extent of the adverse impacts. The ESG analysis framework and its results feed our engagement process, and vice versa.

The integration of the principal adverse impacts on sustainability factors has been based on the materiality or likely materiality of each indicator for each specific industry / sector to which the company belongs. The materiality is dependent on several factors, such as: type of information, data quality and breadth, applicability, relevance, and geographical coverage.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The sustainable investments of the Sub-fund have been compliant with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights.

They are subject to a norms-based controversy analysis that considers the compliance with the international social, human, environmental and anti-corruption standards, as defined by the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises. The International Labour Organisation and International Bill of Human Rights are part of the many international references integrated into our norms-based analysis and ESG model.

This analysis aimed to exclude companies that have significantly and repeatedly breached any of these principles.

The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



How did this financial product consider principal adverse impacts on sustainability factors?

At Financial Product level, the principal adverse impacts (PAI) on sustainability factors were considered through one or several means: voting, dialogue, exclusions and/or monitoring (cfr. Candriam's PAI statement: <https://www.candriam.com/en/private/sfdr/>)

ENGAGEMENT

Our engagement and voting policies are available on Candriam website [\[https://www.candriam.com/en/professional/investment-solutions/sustainability-documents/#engagement-activities\]](https://www.candriam.com/en/professional/investment-solutions/sustainability-documents/#engagement-activities).

VOTING

The Candriam's approach to Corporate Governance relies on internationally-recognized standards.

Candriam has exercised voting rights when available on positions of the portfolio. Shareholders' rights, equality of shareholders, board accountability, transparency and integrity of financial statements are core pillars of our voting policy. When exercising our votes we pay a particular attention to the respect of pay-for-performance principle and to the board's independence level, diversity (PAI13) and expertise level.

In the context of Candriam's voting policy, specific guidelines are applied for a range of environmental- (e.g. climate (PAI1 to PAI6), biodiversity (PAI7)), social- (e.g. diversity, gender pay gap (PAI12), human rights (PAI10 PAI11)) and governance- related management or shareholder resolutions.

Candriam has an active approach to voting, in line with the consideration of the principle adverse impacts. Resolutions and voting opportunities are analysed in detail. Candriam always considers the relevance, consistence and feasibility of measures sponsored by any ESG resolution before casting vote. Thus, Candriam may vote against certain resolutions if they do not correspond to the principles defined in its voting policy or to the requirements relating to principle adverse impacts.

This year, we voted at 141 meetings: for 37.59 % of them we cast at least once against management.

In addition, and for any voted director-election items (1385 resolutions), we took into consideration Board Gender diversity aspects (PAI13).

In total 12 resolutions were filed by shareholders and we supported 58.33 % of them.

More specifically 5 were Human Rights, Climate or Diversity & Inclusion related: we supported 100 % of them.

For more detailed information about Candriam Voting policy evolution, votes and associated rationales, please refer to our voting dashboard [\[https://vds.issgovernance.com/vds/#/NDA0Nw==/\]](https://vds.issgovernance.com/vds/#/NDA0Nw==/)

DIALOGUE with corporate issuers

This financial product is invested in corporate issuers. Below statistics refer to engagement activities we have performed with these corporate issuers.

Climate (PAI1 to PAI6) is obviously central in our exchanges with companies. Priorities of Climate-engagement on the corporate side are identified taking into account :

- issuers presenting a weak transition profile (proprietary risk transition model), and/or still highly carbon intensive (Scope 1-2) or with large Scope 3 emissions
- issuers from financial sectors still largely exposed to fossil fuel and with a key role in financing the transition
- relative exposure of managed portfolios to the above issuers.

Candriam has joined in November 2021 the Net Zero Asset Management Initiative [\[https://www.netzeroassetmanagers.org/signatories/candriam/\]](https://www.netzeroassetmanagers.org/signatories/candriam/). Through engagement, our objective is to encourage companies to publicly report on how they align with a 1.5D trajectory and to encourage such an alignment. We expect issuers in particular to explain how their strategy and capital expenditures plan serve their decarbonisation commitment. We usually combine individual and collaborative dialogue.

In addition, we continue to actively support CDP Climate [\[https://www.cdp.net/en\]](https://www.cdp.net/en), a large transparency survey feeding our investment processes : out of the 134 financial product's issuers targeted, 96.27% have properly filled the last survey. Filled surveys give us access to updated and more accurate Scope 1-2-3 emissions' data.

Candriam also actively participate to several collaborative initiatives such as Climate Action 100+ or IIGCC & ShareAction Climate initiatives on Financials. Such initiatives targeted 8 issuer(s) of the financial product. These initiatives contribute not only to increase the level of transparency on Greenhouse gas emissions and related strategy, but also to gain fundamental leverage for supporting strategic changes. Outcomes of these engagements are detailed in our annual engagement & voting report, available on our public website (Publications | Candriam) [\[https://www.candriam.com/en/professional/insight-overview/publications/#sri-publications\]](https://www.candriam.com/en/professional/insight-overview/publications/#sri-publications).

Given the geopolitical context and observed increase in inequalities, 98 issuer(s) with presence in the financial product have also been contacted in relation to the protection of fundamental human rights at direct or indirect workforce level (supply chain due diligence) (PAI10 PAI11).

Inclusion is not to be outdone, with 21 issuers, of the portfolio having been more specifically engaged on topics related to PAI 12 (Unadjusted gender pay gap) or PAI 13 (Board gender diversity).

While above mentioned PAI are prevalent when considering engagement performed for this financial product in 2023, other PAI such as biodiversity-related ones may also have been addressed in our dialogues with issuers. For more information, please refer to Candriam Engagement Annual review under Candriam website [\[https://www.candriam.com/en/professional/investment-solutions/sustainability-documents/#engagement-activities\]](https://www.candriam.com/en/professional/investment-solutions/sustainability-documents/#engagement-activities).

EXCLUSIONS

PAI3

In addition to companies involved in the thermal coal, oil and gas activities (PAI 4), electricity-generating companies with a carbon intensity greater than 354 gCO₂/kWh (PAI 3), are considered risky for inclusion in sustainable investments, even if they are not universally controversial. Given that emissions vary according to electricity generation sources, it is important to assess the carbon footprint per kilowatt-hour (kWh) to determine how closely companies are aligned with the 2 degrees Celsius trajectory.

This is why Candriam includes the carbon intensity of energy producers in our sustainability assessment. Where carbon intensity data is not available, Candriam's ESG analysts use other indicators to assess alignment with the Paris Agreement, such as progress in the energy transition in line with Paris Agreement targets and integration of a 1.5D limit scenario, taking into account investment plans and the credibility of carbon neutrality targets. These indicators are forward-looking and evolve over time to reflect the progress made by companies in their transition.

The carbon intensity (PAI 3) threshold for the product in 2023 was established at 354 gCO₂/kWh. Over the reference period, no additional issuer(s) became ineligible for the financial product due to exceeding this threshold, in addition to those previously excluded.

PAI4

Exposure to fossil fuels (PAI 4) undergoes stringent exclusions across all Candriam sustainable funds. Thermal coal, recognized for its detrimental impact and serious financial and sustainability implications, poses systemic and reputational risks that financial benefits cannot outweigh.

Companies deriving more than 5% of their sales from coal mining, coal-fired power generation, and coal-related operations such as exploration, processing, transport, and distribution are automatically excluded.

Additionally, companies exceeding a 5% threshold of revenue from conventional oil and gas activities, including exploration, extraction, refining, and transportation, are ineligible for investment. Similarly, entities with over 5% exposure to unconventional oil and gas activities are also excluded.

Over the reference period, no additional issuer(s) became ineligible for the financial product due to exceeding the 5% threshold of exposure to thermal coal activities, supplementing the previously excluded entities.

Furthermore, no additional issuer(s) lost their eligibility due to surpassing the 5% threshold of exposure to conventional oil and gas activities, while no additional issuer(s) lost their eligibility for exceeding the 5% threshold of exposure to unconventional oil and gas activities.

PAI10

In accordance with PAI10 Candriam's normative analysis determines whether a company complies with the 10 principles of the United Nations Global Compact for each of the main categories: Human Rights (HR), Labor Rights (LR), Environment (ENV) and Anti-Corruption (AC). Our norms based analysis incorporates various international references, including the United Nations Declaration of Human Rights, ILO Fundamental Conventions, and OECD Guidelines for Multinational Enterprises, ensuring comprehensive coverage of human rights, labor standards, corruption, and discrimination.

In Candriam's "Level 3" SRI exclusion policy, companies with severe to very severe violations of the UN Global Compact principles are excluded. This list focuses on a strict interpretation of violations of the UN Global Compact, as assessed by Candriam's ESG analysts.

Over the reference period, no additional issuer(s) directly covered became ineligible for the financial product, in addition to those previously excluded, for significant and repeated breaches of international social, human, environmental and anti-corruption standards, as defined by the UN Global Compact and the OECD Guidelines for Multinational Enterprises.

PAI14

Candriam is firmly committed to excluding from all its investments companies directly involved in the development, production, testing, maintenance and sale of controversial weapons (anti-personnel landmines, cluster bombs, depleted uranium weapons and armor, chemical weapons, biological weapons and white phosphorus weapons). We consider these damaging activities to present systemic and reputational risks.

Over the reference period, no additional issuer(s) directly covered became ineligible for the financial product, in addition to those previously excluded, due to their involvement in these activities.

MONITORING: calculation and evaluation of the principal adverse impact indicators

Some of these indicators may have explicit targets and can be used to measure the attainment of the sustainable investment objective of the Financial Product. See below the results of the indicators of this Financial Product

PAI indicators	Value	Coverage (% rated / total assets)	Eligible assets (% eligible assets / total assets)
Scope 1 GHG Emissions	7,062.43	99.10%	99.10%
Scope 2 GHG Emissions	3,602.52	99.10%	99.10%
Total GHG Emissions	10,664.94	99.10%	99.10%
2 - Carbon Footprint	89.99	99.10%	99.10%
3 - GHG intensity of investee companies	103.11	99.10%	99.10%
4 - Exposure to companies active in fossil fuel sector	3.55%	97.13%	99.09%
10 - Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	0.00%	99.10%	99.10%
13 - Board gender diversity	17.50%	94.93%	99.09%
14 - Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	0.00%	99.10%	99.10%



What were the top investments of this financial product?

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is: 01/01/2023 - 31/12/2023.

Largest investments	Sector	% of Assets	Country
TOYOTA MOTOR CORP	Road vehicles	7.27%	JPN
NIPPON TELEGRAPH AND TELEPHONE CORP	Communication	3.76%	JPN
HONDA MOTOR CO LTD	Road vehicles	3.06%	JPN
KDDI CORP	Communication	2.17%	JPN
SONY CORP	Electronics and semiconductors	1.96%	JPN
HITACHI LTD	Electronics and semiconductors	1.83%	JPN
MIZUHO FINANCIAL GROUP INC	Banks and other financial institutions	1.72%	JPN
SUMITOMO MITSUI FINANCIAL GROUP INC	Banks and other financial institutions	1.70%	JPN
BRIDGESTONE CORP	Tires and rubber	1.16%	JPN
ORIX CORP	Banks and other financial institutions	1.16%	JPN
CANON INC	Electronics and semiconductors	1.12%	JPN
NINTENDO CO LTD	Electronics and semiconductors	1.12%	JPN
TAKEDA PHARMACEUTICAL	Pharmaceuticals	1.11%	JPN
SHIN-ETSU CHEM. CO LTD	Chemicals	1.11%	JPN
DAIWA HOUSE INDUSTRY CO LTD	Building materials	1.11%	JPN

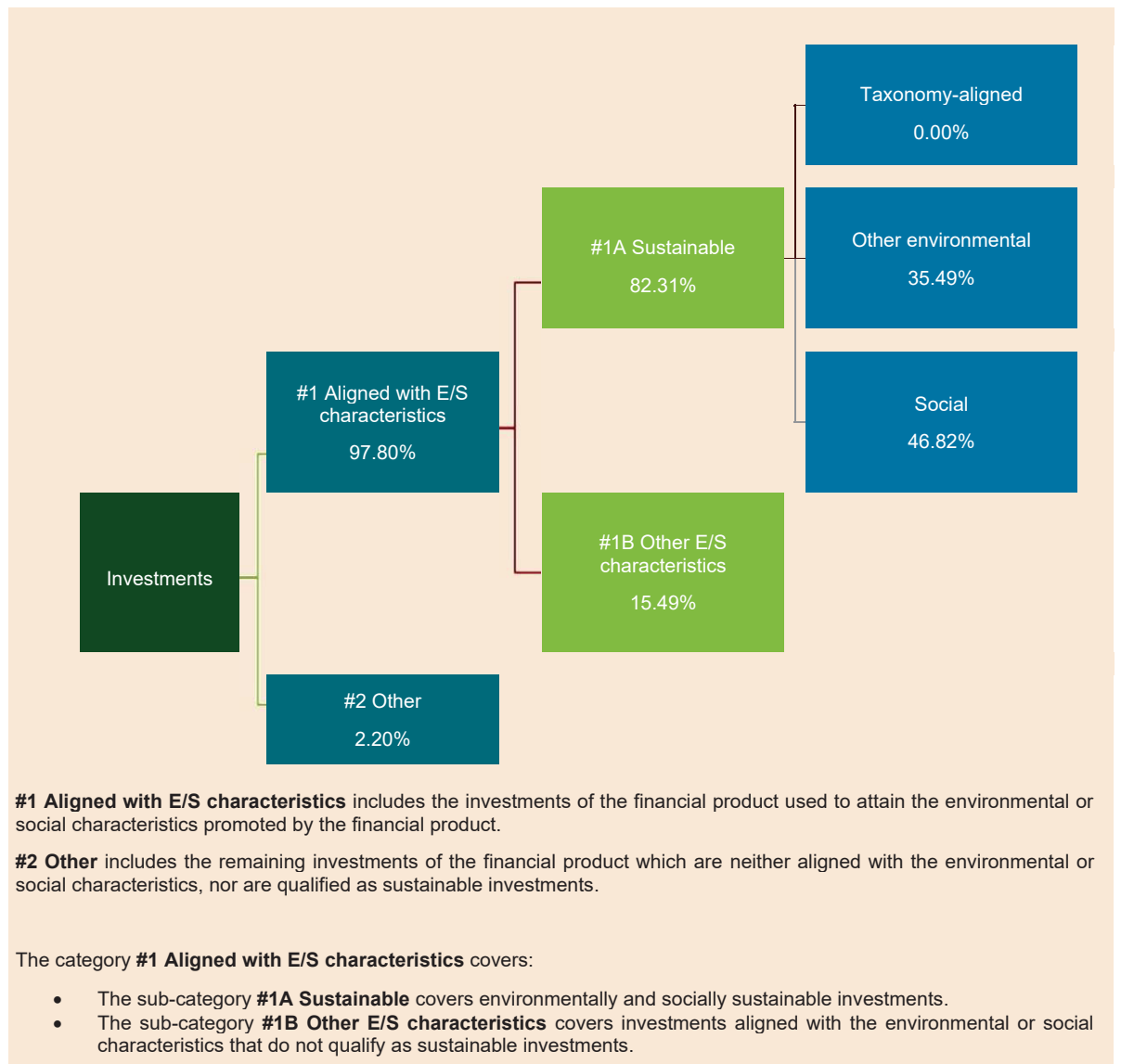
Data based on the main investments held on average during the reference period. This data is not comparable with those presented in the "Investment portfolio" section of the annual report.



What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.

● What was the asset allocation?



● **In which economic sectors were the investments made?**

Top sector	% of Assets
Banks and other financial institutions	21.03%
Road vehicles	15.19%
Electronics and semiconductors	13.32%
Communication	6.06%
Pharmaceuticals	5.72%
Transportation	5.62%
Real estate	5.33%
Building materials	4.76%
Chemicals	4.43%
Foods and non alcoholic drinks	3.34%
Internet and internet services	2.24%
Graphic art and publishing	1.99%
Retail trade and department stores	1.98%
Machine and apparatus construction	1.94%
Office supplies and computing	1.73%

Data based on the main investments held on average during the reference period. This data is not comparable with those presented in the "Investment portfolio" section of the annual report.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting the green operational activities of investee companies.

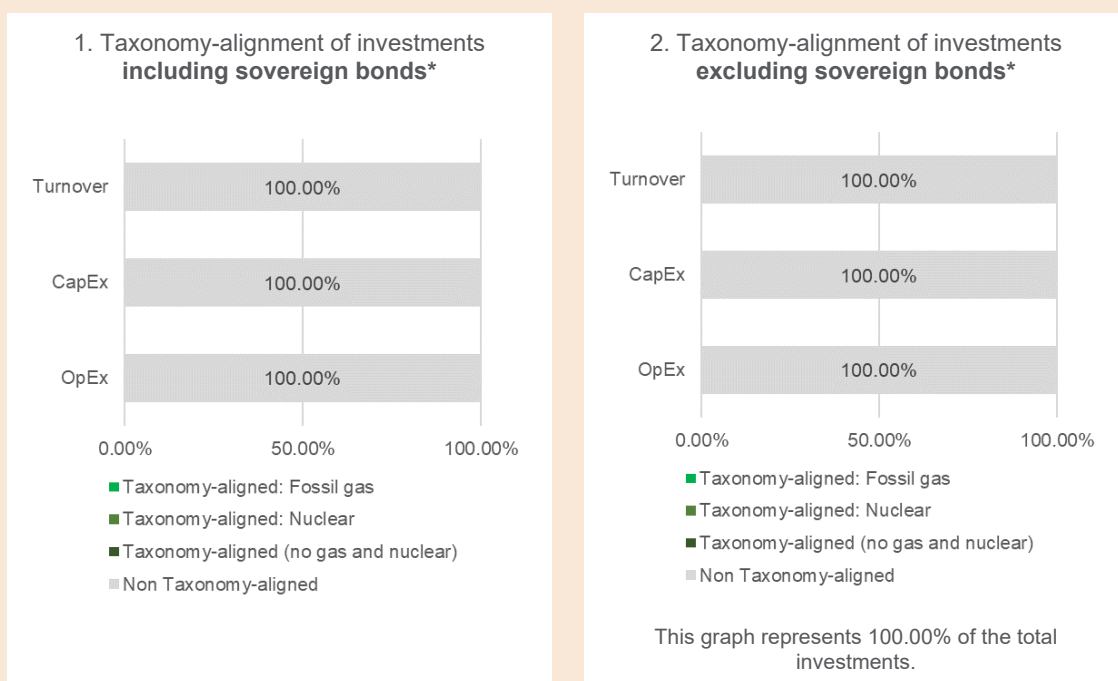


To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy?¹

- Yes
- In fossil gas In nuclear energy
- No

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

● **What was the share of investments made in transitional and enabling activities?**

The Sub-Fund is unable to publish a percentage of alignment with the Taxonomy, nor on the transitional and enabling activities, as very few companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

Year	% EU Taxonomy Aligned
2023	0.00%
2022	0.00%

● **What is the breakdown of the proportion of the investments per each of the EU Taxonomy to which those investments contributed?**

The Sub-Fund is unable to publish a percentage of alignment with the Taxonomy, as very few companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy

Therefore, this percentage is considered as nul.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

● **What was the share of sustainable investments with an environmental objective not aligned with the EU taxonomy?**

The Sub-Fund had a share of 35.49% in sustainable investments on the environmental plan not aligned with the EU taxonomy.

Indeed to date, only two of the six objectives have entered into force in 2023 and very few companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy.

● **What was the share of socially sustainable investments?**

The Sub-fund had a share of investments with a social objective of 46.82%

● **What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**

The investments included under "Other" are present in the Sub-fund for 2.2% of the total net assets.

These investments include one or more of the following assets:

- Cash: Cash at sight, cash deposit, reverse repo needed to manage the liquidity of the Sub-fund following subscriptions/redemptions ;
- Investments with issuers with E/S characteristics at the moment of the investment and are not fully aligned anymore with the Candriam investment with E/S criteria. These investments have been sold during the period or considered as other investments;
- Other investments (including single name derivatives) purchased for diversification purposes, which do not meet environmental or social characteristics or which may not be subject to an ESG screening or for which ESG data was not available. These investments have respected the good governance;
- Non single name derivatives used for exposition and hedging purposes.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

In order to materialize other aspects of the ESG integration, some metrics are calculated.

For your information, the carbon footprint is measured. Over the reference period, the financial product emitted 89.99 Tons CO2eq per million € invested.

The financial product has favoured issuers with lower carbon footprint. More precisely, the financial product divested from 2 issuer(s) in Trading Companies & Distributors with deteriorating carbon footprint.

In order to materialize other aspects of the ESG integration, some metrics are calculated.

For your information, the ESG Score is measured, based on Candriam's proprietary ESG methodology. Over the reference period, the financial product displayed an ESG score of 51.7.

The financial product favoured issuers that display a stronger ESG profile. The financial product invested in 7 issuer(s) in Automotive Parts & Equipment, Diversified Banks, Diversified Real Estate Activities, Drug Retail, Industrial REITs, Investment Banking & Brokerage and Leisure Products with improving ESG profiles and divested from 2 issuer(s) in Building Products and Homebuilding with deteriorating ESG profiles.



How did this financial product perform compared to the reference benchmark?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

No index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund

Entity LEI: 549300ZXSL7UH2NXBI78

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

Did this financial product have a sustainable investment objective?

YES

- It made **sustainable investments with an environmental objective**: ___%
- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- It made **sustainable investments with a social objective**: ___%

NO

- It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 99.45% of sustainable investments
 - with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
 - with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
 - with a social objective
- It promoted E/S characteristics, but **did not make any sustainable investments**



To what extent were the environmental and/or social characteristics promoted by this financial product met?

The environmental and social characteristics promoted by the Sub-fund have been achieved by:

- avoiding exposure to countries considered as oppressive regimes
- investing a proportion of its assets in Sustainable Investments.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

● **How did the sustainability indicators perform?**

For the selection of sustainable investments, the portfolio manager has taken into account ESG assessments of issuers, produced by Candriam's ESG analyst team.

For companies, these assessments are based on the analysis of the company's interactions with its key stakeholders and the analysis of its business activities and their impact, positive or negative, on key sustainability challenges such as climate change and resource depletion. In addition, Candriam's ESG analysis includes exclusion filters based on compliance with international standards and involvement in controversial activities.

For sovereign issuers, these assessments are based on the analysis of the countries' management of their natural, human, social and economic capital. In addition, exclusion filters are used to screen out issuers that do not meet democratic and governance standards.

Candriam's ESG research and analysis for sustainable investments also assesses the compliance of investments with the "do no harm" principle to a sustainable investment objective and with good governance practices for the corporates.

This integration of Candriam's ESG research methodology has enabled the Fund to meet the minimum proportion of sustainable investments defined in the prospectus (minimum 33%). The proportion of sustainable investments in the Fund was therefore above this minimum threshold, as detailed in the section "What was the proportion of sustainability-related investments?"

● **... And compared to previous periods?**

The sub-fund has also been managed in line with its sustainability indicators.

The asset allocation of the financial product has evolved over the years.

Investment Category	Proportion of Investments	Proportion of Investments
	2023	2022
#1 Aligned with E/S characteristics	99.45%	97.86%
#2 Other	0.55%	2.14%
#1A Sustainable	99.45%	97.86%
#1B Other E/S characteristics	0.00%	0.00%
Taxonomy-aligned	0.00%	0.00%
Other environmental	52.51%	51.13%
Social	46.93%	46.74%

● **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objective?**

The sustainable investments which the Sub-fund intended to achieve for a portion of the portfolio were to have a positive impact on environment and social domains in the long-term.

The proportion of sustainable investments was higher than the minimum defined in the prospectus (minimum 33%). It allowed the Sub-fund to exceed the objectives initially set.

However, the Sub-fund is not able to publish a percentage of alignment with the Taxonomy since a small number of companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy.

● **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

Candriam ensured that those investments have not cause significant harm to any environmental and/or social sustainable investment objective by means of its ESG research and analysis of corporate and sovereign issuers.

Based on its proprietary ESG Ratings and Scorings, Candriam's ESG methodology sets criteria and minimum thresholds to identify those issuers that qualify as 'sustainable investment' and, in particular, have not cause significant harm to any environmental and/or social sustainable investment objective.

The 'Do not significant harm' principle, in particular, was assessed for sovereign issuers through:

- the consideration of "principal adverse impacts"

For more details, refer to the section below on the consideration of principal adverse impacts on sustainability factors.

-----**How were the indicators for adverse impacts on sustainability factors taken into account?**

The consideration of adverse impacts is central to Candriam's sustainable investment approach. Principal adverse impacts were taken into account throughout the entire ESG research and analysis process and through a wide range of methods:

For the analysis of sovereign issuers, these methods included:

1. Country ESG Scores: the ESG research and screening methodology considers and assesses key negative sustainability impacts around four sustainability dimensions: Natural capital, Human capital, Social capital, and Economic capital.
2. Negative Country Screening, which includes the following:
 - Candriam's list of highly oppressive regimes

The integration of the principal adverse impacts on sustainability factors has been based on the materiality or likely materiality of each indicator for each country to ensure that a country's score adequately reflects the short, medium and long-term problems, challenges and/or opportunities that matter for that country's future development. This materiality depends on several elements, such as the type of information, quality and extent of data, applicability, relevance and geographical coverage.

-----**Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

The sustainable investments of the Sub-fund have been compliant with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights.

They are subject to a norms-based controversy analysis that considers the compliance with the international social, human, environmental and anti-corruption standards, as defined by the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises. The International Labour Organisation and International Bill of Human Rights are part of the many international references integrated into our norms-based analysis and ESG model.

This analysis aimed to exclude companies that have significantly and repeatedly breached any of these principles.

The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

How did this financial product consider principal adverse impacts on sustainability factors?

At Financial Product level, the principal adverse impacts (PAI) on sustainability factors were considered through one or several means: voting, dialogue, exclusions and/or monitoring (cfr. Candriam's PAI statement: <https://www.candriam.com/en/private/sfdr/>)

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

ENGAGEMENT

Our engagement policy is available on Candriam website [\[https://www.candriam.com/en/professional/investment-solutions/sustainability-documents/#engagement-activities\]](https://www.candriam.com/en/professional/investment-solutions/sustainability-documents/#engagement-activities).

DIALOGUE with non corporate issuers

This financial product is invested in non corporate issuers we engage with. For non-corporate issuers, such as sovereigns, agencies or supranationals, large majority of our engagement is done through collaborative dialogues and statements. Climate (PAI1 to PAI6) and biodiversity (PAI7) are the topics we predominantly engage on with them. For more information, please refer to Candriam Engagement Annual review under Candriam website [\[https://www.candriam.com/en/professional/investment-solutions/sustainability-documents/#engagement-activities\]](https://www.candriam.com/en/professional/investment-solutions/sustainability-documents/#engagement-activities).

EXCLUSIONS

PAI16

Our list of repressive regimes is made up of countries in which human rights are regularly violated, fundamental freedoms are systematically denied and personal safety is not guaranteed due to government failure and systematic ethical violations. We are also extremely vigilant with regard to totalitarian states or countries whose governments are involved in a war against their own people. To compile the list of repressive regimes, we rely on data provided by external sources, such as Freedom House's Index of Freedom in the World, the World Bank's Governance Indicators and the Economist Intelligence Unit's Democracy Index, which guide our qualitative examination of non-democratic countries.

For this list of countries, Candriam's analysts have developed processes that apply to both sovereign and corporate investments, including exclusion, mitigation and engagement processes based on our risk assessment. Candriam considers debt issued by sovereign or quasi-sovereign entities on the list of repressive regimes to be ineligible for investment.

Over the reference period, no additional sovereign issuer(s) directly covered became ineligible for the financial product, in addition to those previously excluded.

MONITORING: calculation and evaluation of the principal adverse impact indicators

Some of these indicators may have explicit targets and can be used to measure the attainment of the sustainable investment objective of the Financial Product. See below the results of the indicators of this Financial Product

PAI indicators	Value	Coverage (% rated / total assets)	Eligible assets (% eligible assets / total assets)
15 - GHG intensity	216.90	93.58%	93.87%
16 - Investee countries subject to social violations	0.00%	99.16%	99.45%



What were the top investments of this financial product?

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is: 01/01/2023 - 31/12/2023.

Largest investments	Sector	% of Assets	Country
POLAND 0 20-25 10/02U	Bonds of States, Provinces and municipalities	1.27%	POL
ITALY 2.5 18-25 15/11S	Bonds of States, Provinces and municipalities	1.26%	ITA
POLAND 5.25 10-25 20/01A	Bonds of States, Provinces and municipalities	1.21%	POL
POLAND 3.875 23-33 14/02A	Bonds of States, Provinces and municipalities	1.15%	POL
SPAIN 1.95 15-30 30/07A	Bonds of States, Provinces and municipalities	1.14%	ESP
GERMANY 5.625 98-28 04/01A	Bonds of States, Provinces and municipalities	1.06%	DEU
GERMANY 0 20-25 11/04U	Bonds of States, Provinces and municipalities	1.04%	DEU
GERMANY 0.5 16-26 15/02A	Bonds of States, Provinces and municipalities	1.03%	DEU
DENMARK 2.5 22-24 18/11A	Bonds of States, Provinces and municipalities	1.00%	DNK
GERMANY 0.00 20-25 10/10A	Bonds of States, Provinces and municipalities	0.95%	DEU
POLAND 2.75 22-32 25/05A	Bonds of States, Provinces and municipalities	0.94%	POL
SPAIN 1.45 19-29 30/04A	Bonds of States, Provinces and municipalities	0.92%	ESP
GERMANY 6.5 97-27 04/07A	Bonds of States, Provinces and municipalities	0.85%	DEU
ITALY 6 99-31 01/05S	Bonds of States, Provinces and municipalities	0.82%	ITA
FRANCE 3.50 10-26 25/04A	Bonds of States, Provinces and municipalities	0.81%	FRA

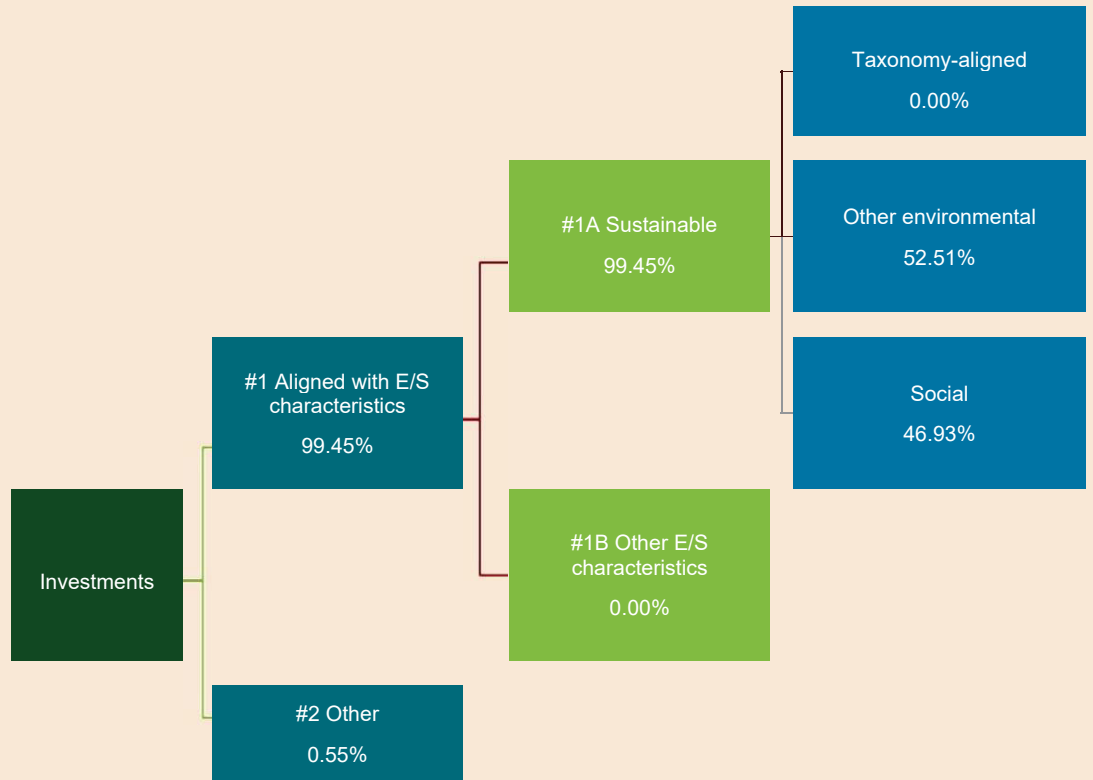
Data based on the main investments held on average during the reference period. This data is not comparable with those presented in the "Investment portfolio" section of the annual report.



What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.

● What was the asset allocation?



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

● **In which economic sectors were the investments made?**

Top sector	% of Assets
Bonds of States, Provinces and municipalities	99.28%
Banks and other financial institutions	0.51%
Investments funds	0.21%

Data based on the main investments held on average during the reference period. This data is not comparable with those presented in the "Investment portfolio" section of the annual report.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting the green operational activities of investee companies.

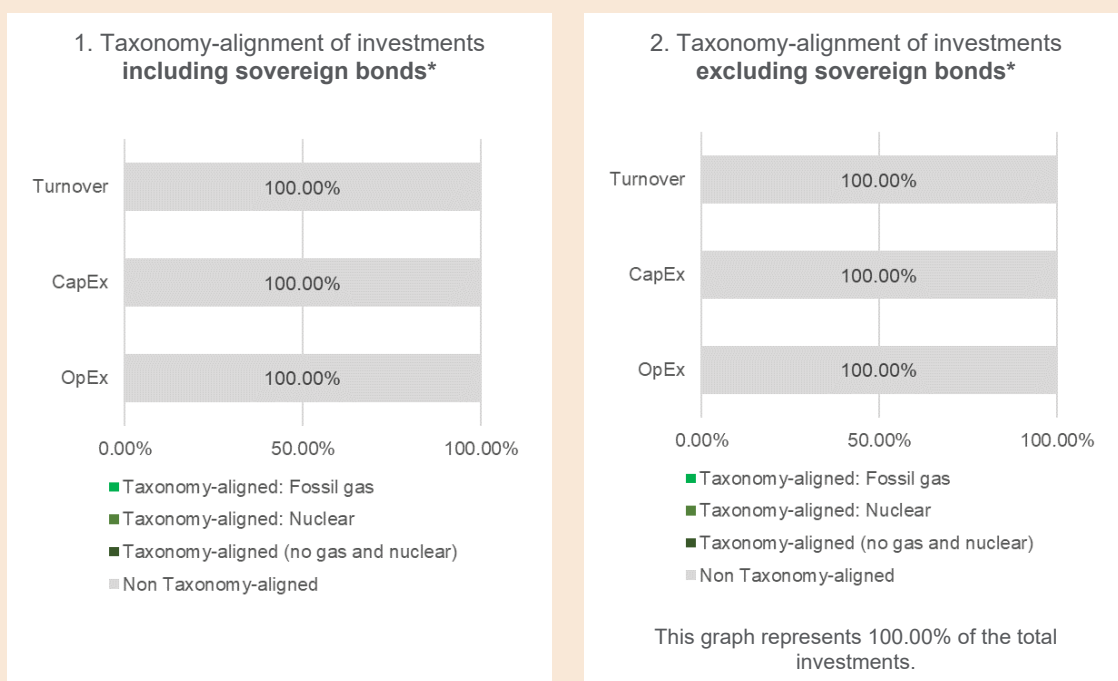


To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy?¹

- Yes
- In fossil gas In nuclear energy
- No

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

● **What was the share of investments made in transitional and enabling activities?**

The Sub-Fund is unable to publish a percentage of alignment with the Taxonomy, nor on the transitional and enabling activities, as very few companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

Year	% EU Taxonomy Aligned
2023	0.00%
2022	0.00%

● **What is the breakdown of the proportion of the investments per each of the EU Taxonomy to which those investments contributed?**

The Sub-Fund is unable to publish a percentage of alignment with the Taxonomy, as very few companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy

Therefore, this percentage is considered as nul.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

● **What was the share of sustainable investments with an environmental objective not aligned with the EU taxonomy?**

The Sub-Fund had a share of 52.51% in sustainable investments on the environmental plan not aligned with the EU taxonomy.

Indeed to date, only two of the six objectives have entered into force in 2023 and very few companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy.

● **What was the share of socially sustainable investments?**

The Sub-fund had a share of investments with a social objective of 46.93%

● **What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**

The investments included under "Other" are present in the Sub-fund for 0.55% of the total net assets.

These investments include one or more of the following assets:

- Cash: Cash at sight, cash deposit, reverse repo needed to manage the liquidity of the Sub-fund following subscriptions/redemptions ;
- Investments with issuers with E/S characteristics at the moment of the investment and are not fully aligned anymore with the Candriam investment with E/S criteria. These investments have been sold during the period or considered as other investments;
- Other investments (including single name derivatives) purchased for diversification purposes, which do not meet environmental or social characteristics or which may not be subject to an ESG screening or for which ESG data was not available. These investments have respected the good governance;
- Non single name derivatives used for exposition and hedging purposes.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

In order to respect the environmental and/or social characteristics during 2023, the IndexIQ Factors Sustainable Sovereign Euro Bond no issuers needed to be sold, based on Candriam’s independent ESG rating assessment.



How did this financial product perform compared to the reference benchmark?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

No index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund