

## NXS INDICES

Dynamic Generation

### THEMATIC INDEX

MAY 2018

THIS DOCUMENT IS FOR PROFESSIONAL INVESTORS ONLY  
 NOT TO BE FORWARDED TO RETAIL CLIENTS

# NXS ACTIVIST EQUITY INDEX

Total return index exposed to a basket of US stocks

## CHARACTERISTICS

Bloomberg Ticker	Launch Date	Currency	Return	Geographical Area	Asset Class	Calculation/Publication Agent
NXSHACTE Index	12 Apr. 2017	USD	Total Return	America	Equity	Natixis

## INTRODUCTION

**NXS Activist Equity Index** is a dynamic strategy index with exposure to a basket of US stocks in which the top activist hedge funds have a significant stake. The index aims to allow investors to tap into the potential vigorous growth that may be offered by stocks following the announcement of activist intentions, with a view to outperforming the risk-adjusted return on the S&P 500® Total Return Index. Natixis partnered with Lutetia Capital, a leading alternative manager which has an extensive experience and a successful track record in the Event Driven & Merger Arbitrage strategies.

### LUTETIA CAPITAL

Lutetia Capital is a leading alternative manager and investment advisor specialized in arbitrage and event-driven strategies. It has received multiple awards for the quality of its performance, including the HFM Week Performance Award in the merger arbitrage (2014, 2015, 2016) and the CTA/Managed Futures categories (2017). Lutetia Capital's disciplined investment process is supported by a cutting-hedge research program, for which the firm has received the "Innovative Company (JEI)" official status from the French Ministry of Research in 2013.

## OVERVIEW

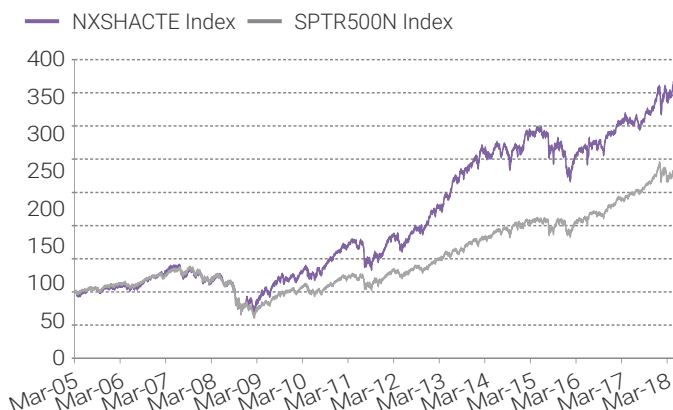
To be included in the **NXS Activist Equity Index**, a stock must: be denominated in US dollars; have a market capitalisation of over USD 1bn; show average liquidity over the preceding 6 months of over USD 10mn a day in volume and a price higher than USD 5 at the review date; be held by one of the top 10 best-performing activist hedge funds over the 3 months preceding the review date; and represent, in respect to the aggregate total assets of all the funds of the top 10 best performing activist hedge funds, more than 3% of the market capitalisation of that relevant share on the review date. From the stocks that meet these criteria, the 35 stocks that have been targeted the most recently are selected. A stop loss mechanism is used to daily monitor the position. The cash is reinvested in the S&P 500® Net Total Return Index.

## RATIONALE

A company may be targeted by activist investors if its management is not efficient or if it has profitability and cost issues. The activist investor believes that thanks to the power of decision he acquires he might bring change and make the company more valuable. This is viewed by the market as a positive signal and may lead to the outperformance of the stock in the short and the long term.

Since most of targeted companies has a market capitalization lower than USD 20bn, a disciplined systematic investment process is necessary to ensure the full replicability of the strategy.

## COMPARISON WITH S&P 500® NET TOTAL RETURN INDEX (SPTR500N)<sup>(1)</sup> (base 100)



Statistics (calculated between 28 Mar. 2005 and 25 May 2018)

	NXSHACTE Index	SPTR500N Index
YTD	7.66%	2.34%
Annualised Return	11.48%	8.17%
Annualised Volatility	21.02%	18.64%
Sharpe Ratio	0.55	0.44
Max Drawdown	-52.70%	-55.71%
1Y	17.02%	14.25%
3Y	6.31%	10.17%

Past performances and simulations of past performances are not an indicator or a guarantee of future results.

(1) NXSHACTE Index was launched on the 12 Apr. 2017 and past performances has been backtested from 28 Mar. 2005 to 11 Apr. 2017

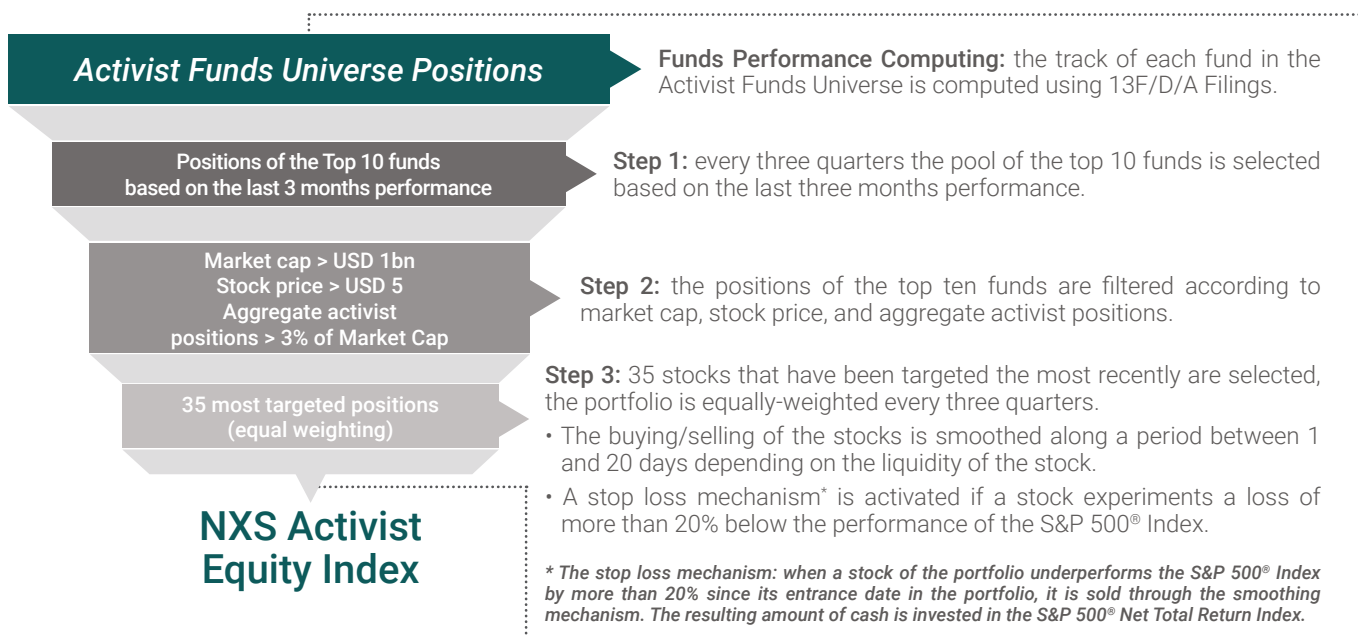
Sources: Natixis, Bloomberg



## CREATION PROCESS OF THE INDEX

The stocks are selected on the basis of objective criteria determined by Natixis equity strategists. On each review date, to be included in the index, a share needs to comply with the following criteria:

- is a common Share denominated in USD currency;
- represents, in respect to the aggregate total assets of all the funds of the top 10 best performing activist hedge funds, more than 3% of the market capitalization;
- has a market capitalisation higher than USD 1bn;
- has a price that exceeds USD 5 on the Review Date;
- has a reported value for the daily volume on the Review Date;
- is not currently a Target as it is reported on Bloomberg;
- has an average liquidity higher than USD 10bn in daily volume, over the last 120 Exchange Business Days.



## COMPONENTS OF THE INDEX<sup>(2)</sup>

Name	Bloomberg Ticker	Name	Bloomberg Ticker
Advance Auto Parts Inc	AAP US	Hamilton Lane Inc-class A	HLNE US
Alliance Data Systems Corp	ADS US	HERC Holdings Inc	HRI US
Antero Resources Corp	AR US	Cheniere Energy Inc	LNG US
Armstrong World Industries	AWI US	Michaels Cos Inc/The	MIK US
CBRE Group Inc - A	CBG US	PBF Energy Inc-class A	PBF US
Colony Northstar Inc-class A	CLNS US	Playa Hotels & Resorts Nv	PLYA US
Conduent Inc	CNDT US	Sabre Corp	SABR US
CNX Resources Corp	CNX US	Seagate Technology	STX US
Cavco Industries Inc	CVCO US	Sysco Corp	SYU US
Dillards Inc-cl A	DDS US	Taylor Morrison Home Corp-a	TMHC US
DSW Inc-class A	DSW US	TPG Specialty Lending Inc	TSLX US
ELF Beauty Inc	ELF US	Unifirst Corp/Ma	UNF US
Evolent Health Inc - A	EVH US	Voya Financial Inc	VOYA US
Twenty-first Century Fox-a	FOXA US	Viasat Inc	VSAT US
HD Supply Holdings Inc	HDS US	Wendy's Co/The	WEN US

(2) Last rebalancing as of 20 December 2017

Sources: Natixis, Bloomberg

## DISCLAIMER

**This document is for discussion and information purposes only. It is highly confidential and it is the property of Natixis. It should not be transmitted to any person other than the original addressee(s) without the prior written consent of Natixis.** This document is a marketing presentation. It does not constitute an independent investment research and has not been prepared in accordance with the legal requirements designed to promote the independence of investment research. Accordingly there are no prohibitions on dealing ahead of its dissemination. The distribution, possession or delivery of this document in, to or from certain jurisdictions may be restricted or prohibited by law. Recipients of this document are therefore required to ensure that they are aware of, and comply with, such restrictions or prohibitions. Neither Natixis, nor any of its affiliates, directors, employees, agents or advisers nor any other person accept any liability to anyone in relation to the distribution, possession or delivery of this document in, to or from any jurisdiction. This Document is only addressed to Investment Professionals as set out in Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or to persons regarded as professional investors under equivalent legislation under a jurisdiction of the European Economic Area. This document is not for distribution to retail client. This document is communicated to each recipient for information purposes only and does not constitute a personalised recommendation. It is intended for general distribution and the products or services described herein do not take into account any specific investment objective, financial situation or particular need of any recipient. It should not be construed as an offer or solicitation with respect to the purchase, sale or subscription of any interest or security or as an undertaking by Natixis to complete a transaction subject to the terms and conditions described in this document or any other terms and conditions. Any guarantee, funding, interest or currency swap, underwriting or more generally any undertaking provided for in this document should be treated as preliminary only and is subject to a formal approval and written confirmation in accordance with Natixis' current internal procedures. Natixis has neither verified nor independently analysed the information contained in this document. Accordingly, no representation, warranty or undertaking, express or implied, is made to recipients as to or in relation to the accuracy or completeness or otherwise of this document or as to the reasonableness of any assumption contained in this document. The information contained in this document does not take into account specific tax rules or accounting methods applicable to counterparties, clients or potential clients of Natixis. Therefore, Natixis shall not be liable for differences, if any, between its own valuations and those valuations provided by third parties; as such differences may arise as a result of the application and implementation of alternative accounting methods, tax rules or valuation models. Prices and margins are deemed to be indicative only and are subject to changes at any time depending on, inter alia, market conditions. Past performance and simulations of past performance are not a reliable indicator and therefore do not predict future results. The information contained in this document may include results of analyses from a quantitative model, which represent potential future events that may or may not be realised, and is not a complete analysis of every material fact representing any product. Information may be changed or withdrawn by Natixis at any time without notice. More generally, no responsibility is accepted by Natixis, nor by any of its holding companies, subsidiaries, associated undertakings or controlling persons, or any of their respective directors, officers, partners, employees, agents, representatives or advisors as to or in relation to the characteristics of this information. The statements, assumptions and opinions contained in this document may be forward-looking and are therefore subject to risks and uncertainties. Actual results and developments may differ materially from those expressed or implied, depending on a variety of factors and accordingly there can be no guarantee of the projected results, projections or developments. Natixis makes no representation or warranty, expressed or implied, as to the accomplishment of or reasonableness of, nor should any reliance be placed on any projections, targets, estimates or forecasts, or on the statements, assumptions and opinions expressed in this document. Nothing in this document should be relied on as a promise or guarantee as to the future. It should not be assumed that the information contained in this document will have been updated subsequent to the date stated on the front page of this document. In addition, the delivery of this document does not imply in any way an obligation on anyone to update the information contained herein at any time. Natixis shall not be liable for any financial loss or any decision taken on the basis of the information contained in this document and Natixis does not hold itself out as providing any advice, particularly in relation to investment services. In any event, you should request any internal and/or external advice that you consider necessary or desirable to obtain, including any financial, legal, tax or accounting advice, or any other specialist advice, in order to verify in particular that the investment(s) described in this document meets your investment objectives and constraints, and to obtain an independent valuation of such investment(s), and the risk factors and rewards. Natixis is supervised by the European Central bank (ECB). Natixis is authorised in France by the Autorité de contrôle prudentiel et de résolution (ACPR) as a Bank – Investment Services Provider and subject to its supervision. Natixis is regulated by the AMF in respect of its investment services activities. In the UK, Natixis is authorised by L'Autorité de Contrôle Prudentiel et de Résolution and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority. Details about the extent of our regulation by the Financial Conduct Authority and Prudential Regulation Authority are available from us on request. In Germany, NATIXIS is authorized by the Autorité de contrôle prudentiel et de résolution (ACPR) as a bank – investment services provider and is subject to its supervision. NATIXIS Zweigniederlassung Deutschland is subject to a limited form of regulation by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) with regards to the conduct of its business in Germany under the right of establishment there. The transfer/distribution of this document in Germany is performed by/under the responsibility of NATIXIS Zweigniederlassung Deutschland. Natixis is authorised by the ACPR and regulated by Bank of Spain and the Comisión Nacional de Mercado de Valores (CNMV) for the conduct of its business under the right of establishment in Spain. Natixis is authorised by the ACPR and regulated by Bank of Italy and the CONSOB (Commissione Nazionale per le Società e la Borsa) for the conduct of its business under the right of establishment in Italy. Natixis is authorised by the ACPR and regulated by the Dubai Financial Services Authority (DFSA) for the conduct of its business in and from the Dubai International Financial Centre (DIFC). The document is being made available to the recipient with the understanding that it meets the DFSA definition of a Professional Client; the recipient is otherwise required to inform Natixis if this is not the case and return the document. The recipient also acknowledges and understands that neither the document nor its contents have been approved, licensed by or registered with any regulatory body or governmental agency in the GCC or Lebanon. This document is not intended for distribution in the United States, or to any US person, or in Canada, Australia, the Republic of South Africa or Japan.



### Equity Solutions

Cannon Bridge House  
25 Dowgate Hill  
London EC4R 2YA  
[www.natixis.com](http://www.natixis.com)

