



## NXS INDICES

Dynamic Generation

### SRI/CLIMATE INDEX

MAY 2018

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# NXS CLIMATE OPTIMUM PROSPECTIVE INDEX

*Optimised index of climatically responsible stocks*

## CHARACTERISTICS

Bloomberg Ticker	Launch Date	Currency	Return	Geographical Area	Asset Class	Calculation/Publication Agent
NXSHCOP Index	09 Nov. 2015	EUR	Excess Return	Europe	Equity	Natixis

## INTRODUCTION

**NXS Climate Optimum Prospective Index** is a dynamic strategy index exposed to a basket of European stocks selected for the dynamism of their strategy and performance related to climate. The objective is to provide access for investors to companies that are actively engaged in reducing their greenhouse gas emissions and developing low-carbon solutions. The Index is compiled according to an optimised risk framework with the aim of outperforming traditional indices while also minimizing variance in the portfolio of stocks comprising the Index.

## OVERVIEW

The Index is composed of European stocks selected within the components of the STOXX® Europe 600 Index.

Those stocks are then filtered (ethical, climate and financial filters) aiming to constitute a selection of 50 stocks climatically responsible with a low volatility.

The weights of the stocks are determined on the basis of a mathematical model of market risk management, aiming to minimize the variance of the portfolio (stock weightings according to their volatility, correlations and geographic and sector diversification).

The weight of each stock cannot be higher than 10%.

## RATIONALE

Through its Climate Filter, the Index scored European stocks according to their carbon performance (at a given point in time, thus making the selection dynamic), their climate commitments and their ability to offer products and services compatible with a low-carbon economy.

This specific filter rewards the reduction efforts of carbon emissions, captures companies committed in the development of low carbon solutions and avoids an exclusive focus on sectors with low carbon stakes.

The portfolio's carbon footprint is currently 40% lower than that of an equity index like the STOXX® Europe 600 Index.

## COMPARISON WITH EURO STOXX 50® INDEX (SX5E)<sup>(1)</sup> (base 100)



Statistics (calculated between 03 Mar. 2009 and 11 May 2018)

	NXSHCOP Index	SX5E Index
YTD	1.40%	1.76%
Annualised Return	10.87%	7.31%
Annualised Volatility	13.15%	20.93%
Sharpe Ratio	0.83	0.35
Max Drawdown	-23.31%	-34.97%
1Y	0.00%	-1.60%
3Y	-0.13%	-0.54%

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

(1) NXSHCOP Index was launched on the 09 Nov. 2015 and past performances has been backtested from 03 Mar. 2009 to 06 Nov. 2015. The index is a calculated dividend reinvested, an annual fixed dividend of 3.50% is then removed from its performance.

Sources: Natixis, Bloomberg



## WHAT MAKES THE INDEX UNIQUE?

### Core Climate focus...

**NXS Climate Optimum Prospective Index** focuses on climate challenges whilst providing a clear strategy for investors. An organic logic: The six points that make the criteria give the climate filter a grasp of the companies committed to reduce carbon emissions.

... rewarding the reduction efforts of Scope 1 (direct emissions) and Scope 2 (indirect emissions from energy use in production) emissions...

- Companies are scored according to their carbon intensity (ex: CO<sub>2</sub> /€ CA).
- This approach is doubled with a capture of companies with carbon intensity variation to emphasise the companies that invest following an emission reduction approach.
- Quantitative data completed by quality indicators to oversee the criteria for the climate strategy (renewables, material recycling, energy mix, fluorinated gases).

... and selecting companies committed to the development of low carbon solutions...

The calculation methodology of Scope 3 (emissions from the supply chain and the use of products and services) remains insufficiently satisfying, 3 qualitative and quantitative indicators capture the quality of the climate strategy of companies.

### These 3 indicators cover:

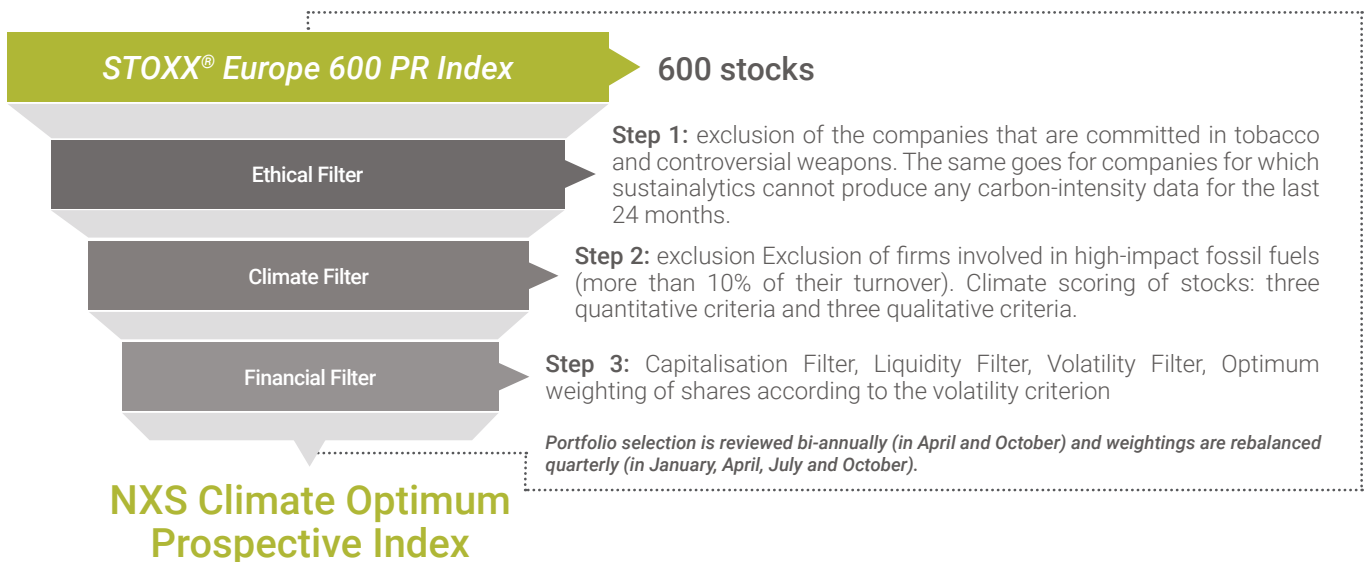
- Climate commitments and their transparency (CDP, green procurement, green logistics, etc.)
- Commitment to developing low carbon products and solutions and/or reducing the impact of their products and services.
- The R&D sales intensity is used as a proxy of the ability to develop innovative solutions that address the challenges of tomorrow.

... and avoiding an exclusive focus on sectors with low carbon stakes

Because the "Climate" challenge varies from one sector to another, the scoring follows a differentiated approach according to 4 categories of sector in order:

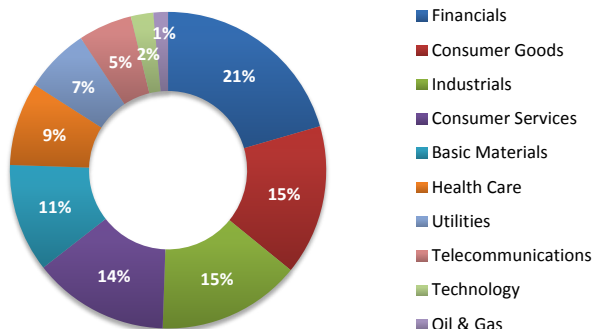
- To select companies that have intrinsically low climate challenges.
- To select companies which are the most committed to the energy transition - within sectors where it is a real stake.

## CREATION PROCESS OF THE INDEX

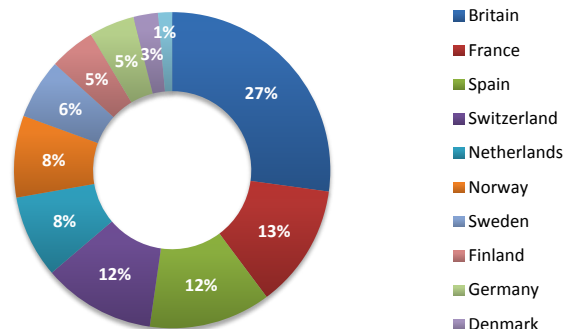


## SECTOR (ICB)<sup>(2)</sup> AND GEOGRAPHIC ALLOCATIONS<sup>(3)</sup>

### Sector Allocation



### Geographic Allocation



(2) The Industry Classification Benchmark (ICB) is a system for categorising companies worldwide on four levels: 10 industries, 19 supersectors, 41 sectors and 114 subsectors. The sector diversification of the index is applied based on the second level comprised of 19 supersectors.

(3) Last rebalancing as of 03 Apr. 2018

Sources: Natixis, Bloomberg

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