

NXS Indices

Dynamic Generation

THEMATIC

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MARCH 2017

NXS CONVERTIBLE BONDS INVEST INDEX

European convertible bonds index

INTRODUCTION

The NXS Convertible Bonds Invest Index is a dynamic strategy index that allows investors to get exposure to the European convertible bonds market. Designed by the Natixis Engineering Team, the index is fully exposed to an equally-weighted basket of convertible bonds which coupons are reinvested into the index. The Index is particularly suitable for increasing portfolio diversification and reducing downside risks without changing the return expectations.

OVERVIEW

The Index is completely exposed to an equally-weighted basket of convertible bonds for which the coupons are reinvested into the index. The underlying selection is based on criteria also determined by the index rule. Convertible bonds are filtered according to outstanding amounts, residual maturity and premium relative to the conversion value.

RATIONALE

The NXS Convertible Bonds Invest Index offers access to a selection of liquid European convertible bonds. It provides privileged exposure to a complementary asset class to equities and bonds. Moreover, the hybrid nature of convertible bonds has benefits for investors: in falling markets, they are protected by the value of the corporate bond, and in rising markets, they benefit from the equity option.

CHARACTERISTICS

Currency	EUR	Calculation/Publication Agent	Natixis
Launch Date	25 Nov. 2016	Bloomberg Ticker	NXSBCI Index

COMPARISON BETWEEN NXS CONVERTIBLE BONDS INVEST INDEX⁽¹⁾ AND STOXX® EUROPE 600 TOTAL RETURN INDEX⁽²⁾

— NXS Convertible Bonds Invest Index
 — STOXX® Europe 600 Total Return Index⁽²⁾
— iBoxx Euro Non-Financials Overall Total Return⁽³⁾



Past performances are not an indicator nor a guarantee of future results.

(1) NXS Convertible Bonds Invest Index has been backtested from 28 Jan. 2011 to 24 Nov. 2016

(2) Bloomberg ticker: SXXP Index

(3) Bloomberg ticker: QW51 Index

Sources: Bloomberg & Natixis

Statistics (calculated between 28 Jan. 2011 and 31 Mar. 2017)

Performance	NXS Convertible Bonds Invest Index	STOXX® Europe 600 Total Return Index
Annualised Return	5.32%	5.10%
Annualised Volatility	7.23%	17.01%
1-year Return	0.80%	12.93%
Return since launch	7.28%	36.38%
Information Ratio	0.74	0.30
Max Drawdown	-14.00%	-26.68%
2012	20.42%	14.37%
2013	14.31%	17.37%
2014	1.82%	4.35%
2015	9.38%	6.79%
2016	-2.68%	-1.20%

GLOBAL MARKETS

SELECTION METHODOLOGY

The Convertible Bonds Selection is rebalanced on a bi-monthly basis. The convertible bonds are selected via objective criteria determined by the Natixis Engineering Team. To be included in the index, a convertible bond needs to comply with the following criteria at each review date:

- has an outstanding amount superior to EUR 300 million;
- has a residual maturity of at least 1 year at the inclusion date;
- has been issued from less than 3 years at the inclusion date;
- has a conversion premium between 10% and 50%;

Once these criteria met, the convertible bonds are selected on the basis of the 15 biggest outstanding amounts.

COMPOSITION OF THE SELECTION *(as of 31 Mar. 2017)*

	Name	Bloomberg Ticker	Outstanding Amount in €
1	Total 0.5% 2022	XS1327914062	1,129,440,000
2	Dassault Aviation (Airbus) 0% 2021	XS1434160971	1,077,900,000
3	Vodafone 0% 2020	XS1325649140	854,760,000
4	LVMH 0% 2021	FR0013113073	669,150,000
5	Safran 0% 2020	FR0013087186	650,000,000
6	Telefonica 0% 2021	XS1377251423	600,000,000
7	Inmarsat 3.875% 2023	XS1486508887	582,530,000
8	BASF 0.925% 2023	DE000A2BPEU0	571,080,000
9	Sainsbury 1.25% 2019	XS1139087933	563,130,000
10	National Grid NA 0.90% 2020	XS1297646439	542,880,038
11	Valéo 0% 2021	XS1433199624	508,130,000
12	Saint-Gobain (Wendel) 0% 2019	FR0013169810	500,000,000
13	MTU 0.125% 2023	DE000A2AAQB8	500,000,000
14	Evonik (RAG STIFTUNG) 0% 2023	DE000A2BPE24	500,000,000
15	Iberdrola 0% 2022	XS1321004118	500,000,000

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