



NXS INDICES

Dynamic Generation

SRI/CLIMATE INDEX

MAY 2018

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NXS ETHICAL & CLIMATE EUROPE INDEX

Index of climatically and ethically responsible stocks

CHARACTERISTICS

Bloomberg Ticker	Launch Date	Currency	Return	Geographical Area	Asset Class	Calculation/Publication Agent
NXSCOPK Index	25 Nov. 2016	EUR	Excess Return	Europe	Equity	Natixis

INTRODUCTION

NXS Ethical & Climate Europe Index was launched on the 25th of November 2016 and follows a dynamic strategy. The Index was designed by internal teams of Natixis with the support of two climate and low carbon experts, Sustainalytics and Grizzly. The objective is to provide access to companies that are actively engaged in reducing their greenhouse gas emissions and developing low-carbon solutions. The Index also aims to provide access to companies that are not involved in unethical activities.

OVERVIEW

The Index is comprised of 50 European stocks, which are selected within the components of the STOXX® Europe 600 Index and then filtered (Ethical, Carbon, Liquidity, Climate Scoring and Volatility filters).

The selected stocks are well positioned with regards to climate change, that is to say both contribute to the energy transition (through climate performance and development low carbon solutions) and mitigate their impacts on climate; but also have a low level of 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% and the average carbon sales intensity of the Index must be reduced by more than 30% compared to the carbon sales intensity of the STOXX® Europe 600 Index.

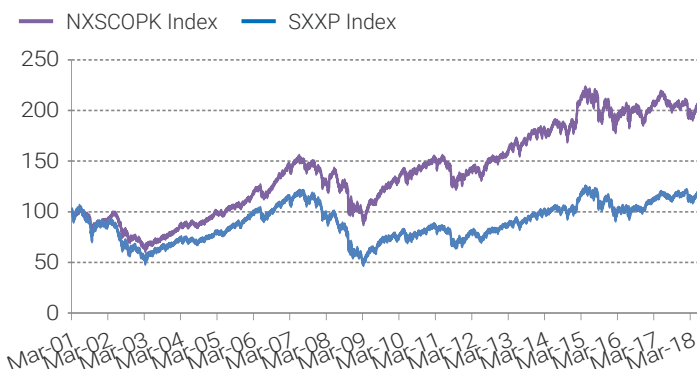
RATIONALE

The Index focuses on climate and on ethical companies, making the strategy as transparent as possible for investors.

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.

COMPARISON WITH STOXX® EUROPE 600 INDEX (SXXP)⁽¹⁾ (base 100)



Statistics (calculated between 01 Mar. 2001 and 11 May 2018)

	NXSCOPK Index	SXXP Index
YTD	-0.91%	0.83%
Annualised Return	4.27%	0.98%
Annualised Volatility	14.51%	19.34%
Sharpe Ratio	0.29	0.05
Max Drawdown	-43.39%	-60.54%
1Y	-5.67%	-0.50%
3Y	-1.72%	-0.75%

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

(1) NXSCOPK Index was launched on the 25 Nov. 2016 and past performances has been backtested from 01 Mar. 2001 to 24 Nov. 2016. The Index is a calculated net dividend reinvested, an annual fixed dividend of 3.50% is then removed from its performance on a daily basis.

Sources: Natixis, Bloomberg



WHAT MAKES THE INDEX UNIQUE?

Excluding companies that do not comply with ethical standards...

All companies which pass a maximum threshold of involvement in each of the following activities are excluded: tobacco products, controversial weapons, hazardous substances, gambling, adult entertainment, nuclear, proved or suspected animal testing, FSC, child and forced labour (e.g. Thales and Dassault Aviation are currently excluded for controversial weapons, Bayer for hazardous substances and animal testing).

Excluding companies that are generating revenue from the most carbon intensive energy sources...

Some energy sources are incompatible with maintaining global warming below 2°C and already have sufficient substitutes. All companies that generate more than 10% of their sales from high impact fossil fuels (HIFF*) are excluded.

Avoiding an exclusive focus on sectors with minor carbon challenges...

The climate challenge varies from one sector to another, the scoring method uses a different approach on four sector categories (A, B, AC, BC**) so that companies that have inherently minor climate challenges are selected as well as those that are most committed to the energy transition. At the constituents weighting level, a minimal decarbonisation is introduced at a threshold of 30% (vs STOXX® 600).

Rewarding the reduction efforts of Scope 1 and Scope 2 emissions...

- Companies are rated according to the carbon intensity (e.g. CO2/€ of sales).
- This approach is combined with the capture of progress made by companies (variation in carbon intensity) to emphasise companies that invest with an emission reduction approach.
- Quantitative data is combined with qualitative indicators that assess the climate strategy applied to the production process (renewables, material recycling, energy mix, fluorinated gases).

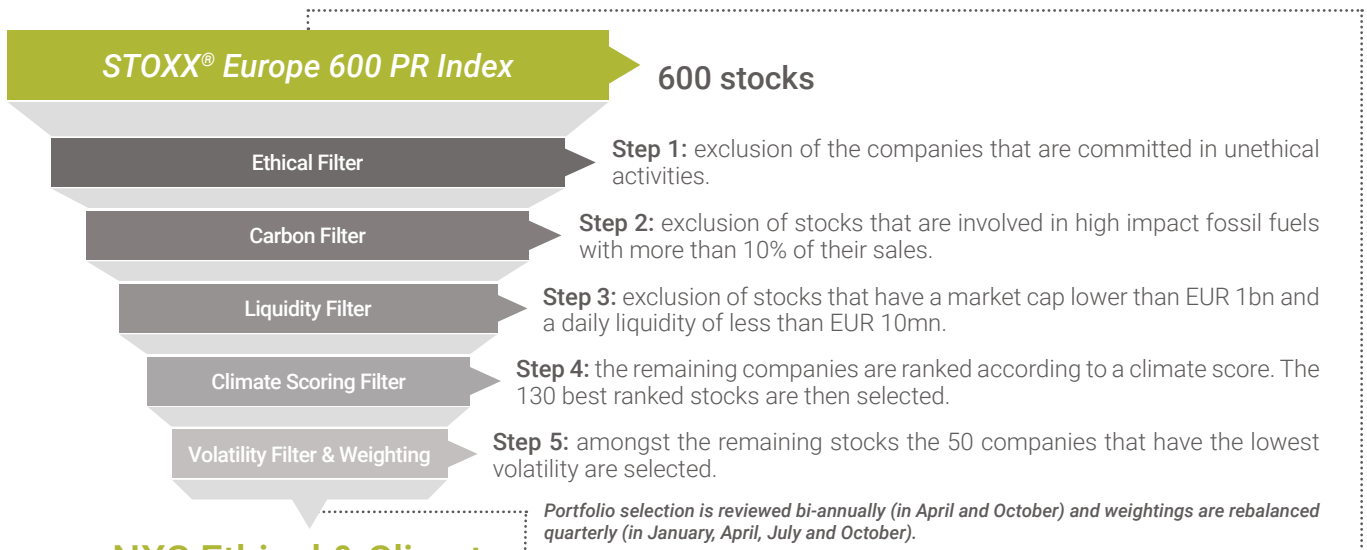
Capturing companies committed to the development of low-carbon solutions...

Three qualitative and quantitative indicators are used to capture the quality of each company's climate strategy. These three indicators cover:

- climate engagements and transparency (CDP, green procurement, green logistics, etc.).
- commitment to developing low-carbon products and solutions and/or reducing the impact of products and services.
- R&D sales intensity, which is used as a proxy to develop innovative solutions addressing the challenges of tomorrow.

* HIFF are defined as follow: Thermal coal production, Thermal coal supporting products/services, Oil Sands, Deepwater Drilling, Arctic Offshore. ** A: Low impact at production; B: High impact at production; AC: Low impact + low-carbon solutions providers; BC: High impact + Low carbon solutions providers.

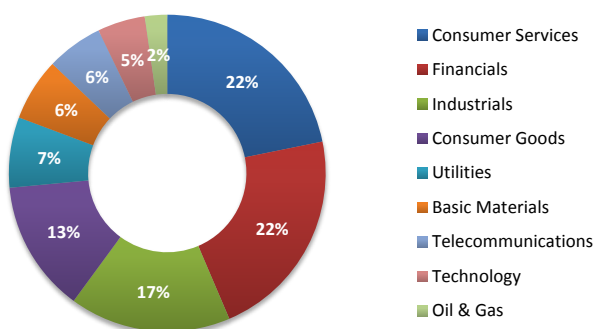
CREATION PROCESS OF THE INDEX



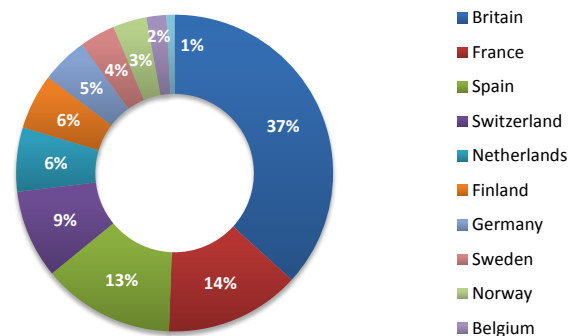
NXS Ethical & Climate Europe Index

SECTOR (ICB)⁽²⁾ AND GEOGRAPHIC ALLOCATIONS⁽³⁾

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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