

NXS Indices

Dynamic Generation

SRI/CLIMATE

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JANUARY 2017

NXS FEDERAL OBJECTIF CLIMAT INDEX

Optimized index of climatically responsible stocks

INTRODUCTION

The NXS Federal Objectif Climat 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, in an optimised risk framework. 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 optimized risk framework with the aim of outperforming traditional indices while also minimizing variance in the portfolio of stocks comprising the index.

OVERVIEW

The NXS Federal Objectif Climat 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.

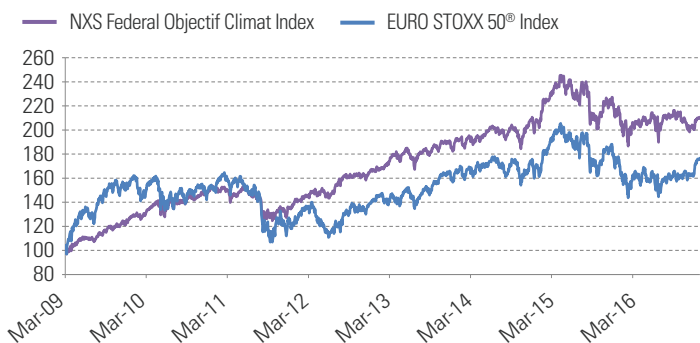
This specific filter rewards the reduction efforts of carbon emissions, captures companies committed in the development of low carbon solutions and avoids an exclusive focus on sectors with low carbon stakes.

The portfolio's carbon footprint is currently 50% lower than that of an equity index like the STOXX® Europe 600 Index.

CHARACTERISTICS

Currency	EUR	Calculation/Publication Agent	Natixis
Launch Date	03 Mar. 2016	Bloomberg Ticker	NXSHCOP2 Index

COMPARISON BETWEEN NXS FEDERAL OBJECTIF CLIMAT INDEX⁽¹⁾ AND EURO STOXX 50® INDEX⁽²⁾



Statistics (calculated between 03 Mar. 2009 and 30 Dec. 2016)

Performance	NXS Federal Objectif Climat Index	EURO STOXX 50® Index
Annualised Return	9.98%	7.53%
Annualised Volatility	13.69%	22.20%
Sharpe Ratio	0.73	0.34
Max Drawdown	-23.91%	-34.97%
2014	7.36%	1.20%
2015	4.69%	3.85%
2016	-2.91%	0.70%

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

(1) NXS Federal Objectif Climat Index has been backtested from 03 Mar. 2009 to 02 Mar. 2016. The index is a calculated dividend reinvested, an annual fixed dividend of 5% is then removed from its performance.

(2) Bloomberg ticker: SX5E Index

Sources: Bloomberg & Natixis

GLOBAL MARKETS

Natixis SRI team partnered with the Sustainalytics and Grizzly Responsible Investment, which provided Natixis with a selection of stocks that composed the NXS Federal Objectif Climat Index.



Set up in March 2008, Natixis SRI team has a recognised expertise in Europe on the integration of ESG stakes to the fundamental analysis of corporates and issuers.



Sustainalytics is a global leader in social, environmental and governance (ESG) research and analysis, linked to Social Responsible Investment (SRI).



Grizzly Responsible Investment is a services and research company in sustainable development, corporate social responsibility and responsible investment.

WHAT MAKES THE NXS FEDERAL OBJECTIF CLIMAT INDEX DIFFERENT?

Core Climate focus...

The NXS Federal Objectif Climat 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: CO2 /€ 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.

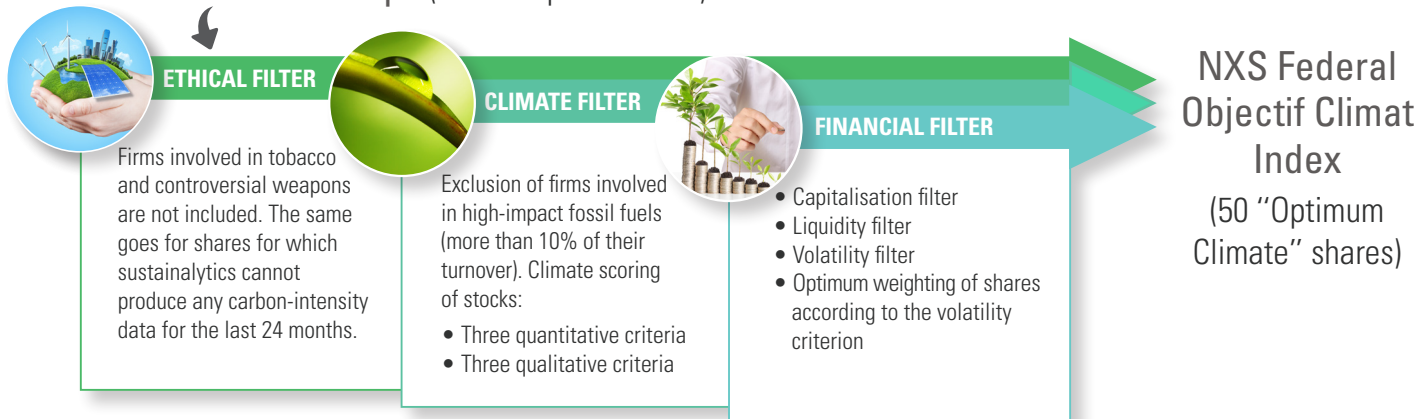
... and avoiding an exclusive focus on sectors with low carbon stakes

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

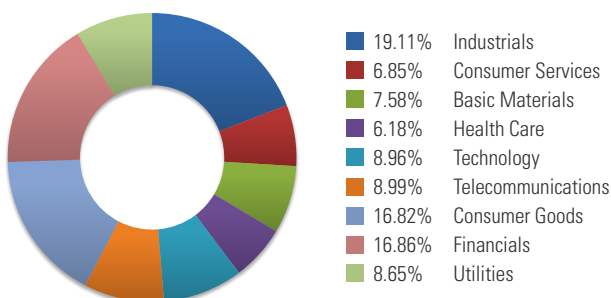
- To select companies that have intrinsically low climate challenges.
- To select companies which are the most committed to the energy transition - within sectors where it is a real stake.

A PROCESS IN 3 STEPS

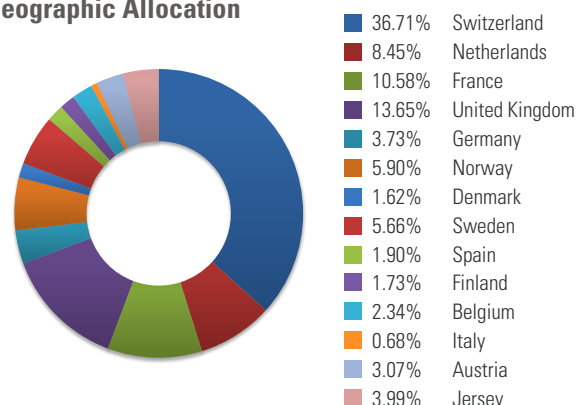
STOXX® 600 Europe (600 European shares)



Sector Allocation



Geographic Allocation



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