

US ESG Minimum Variance Index NR

Rebalancing Report - 22-Oct-2018

Stock Statistics

The US ESG Minimum Variance Index NR rebalances each third Friday of the month. The new composition is implemented at the opening of the next business day after the third Friday - usually the next Monday. The weights are computed using closing prices four days prior to the third Friday. Both the US ESG Minimum Variance Index NR and the benchmark Solactive US Large Cap Index NR are computed in USD. The calculations in the document are performed by Ossiam using Solactive, Sustanalytics and Datastream sources.

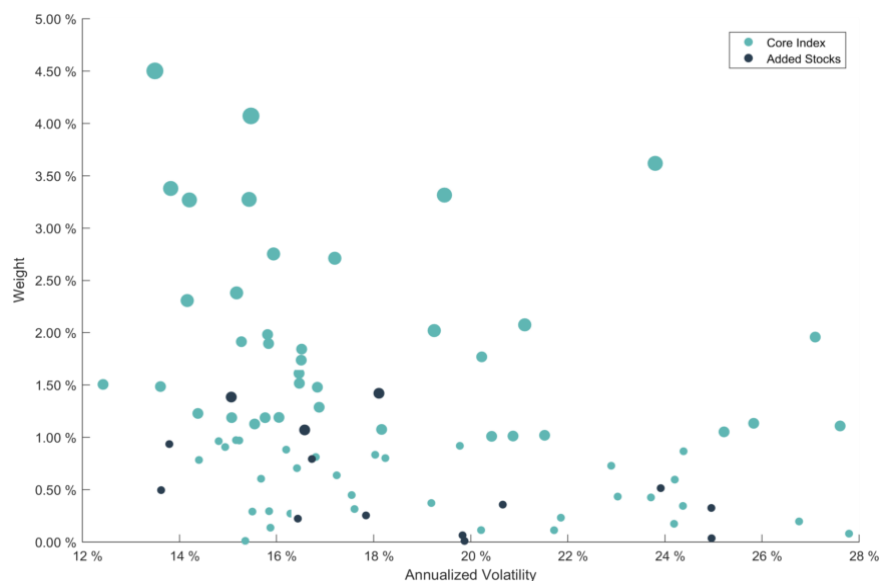
The number of constituents in the index decreased from **86** to **85**. The Turnover is **41.48%**, higher than its historical mean at **39.37%**. The weight of the Index Core Portfolio is stable.

Characteristics	22-Oct-2018
Number of Stocks	85
Added Stocks	14
Deleted Stocks	15
Core Number	71
Old weight of Core	91.11%
New weight of Core	92.13%
Turnover	41.48%
Historical Turnover	39.37%

Added and deleted stocks are relative to 22-Oct-2018. The Core is defined as the subset of stocks that belong to the current as well as the previous composition.

Volatility/Weight profile

The chart on the right shows the distribution of the new US ESG Minimum Variance Index NR composition on 22-Oct-2018 in terms of annualized volatility (x-axis) and weight (y-axis). Volatility computed over 125 days ending on 15-Oct-2018. On the upper left corner we find low volatile stocks with big weight in the index. On the lower right corner we find high volatile stocks with low weight in the index. These stocks usually enter the index for diversification purposes. We distinguish between Core index and added stocks to appreciate how these newly added stock are positioned in terms of volatility and weight.



Stock ESG Statistics

The table on the right gives an overview of the ESG characteristics of the US ESG Minimum Variance Index NR (STRAT) with respect to the Solactive US Large Cap Index NR (BENCH).

The ESG score for US ESG Minimum Variance Index NR is **61.54**, higher than the ESG score of Solactive US Large Cap Index NR at **58.11**. The ESG score for US ESG Minimum Variance Index NR on 22-Oct-2018 is also in line with the previous ESG score on 24-Sep-2018: **61.54** versus **61.46**.

	STRAT	BENCH
Current ESG Score	61.54	58.11
Previous ESG Score	61.46	57.99
Weight Controversy 5	-	2.70%
Weight Controversial Weapons	-	2.70%
Weight Non-Compliant	-	3.06%

ESG scores are computed with weights as of 22-Oct-2018. Previous ESG scores are computed with weights as of 24-Sep-2018. The ESG score is computed as the weighted sum of ESG scores. Stocks excluded for normative reasons are assigned zero score.

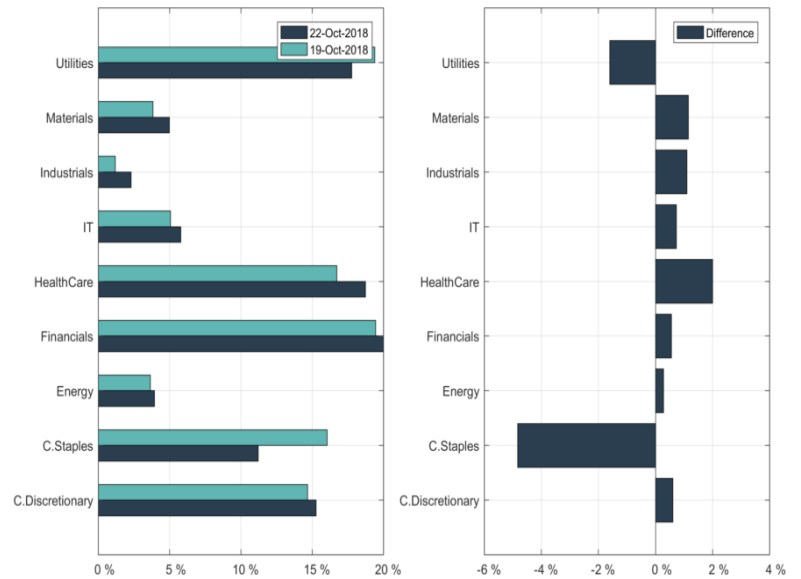
Below the list of stocks excluded for ESG criteria or Missing ESG data:

Name	Sector	WW	Vol	Comment
APERGY CORP	Energy	0.01%	42.45%	Missing ESG Data
BLACKROCK INC	Financials	0.21%	20.59%	Contr. Weapon.
BOEING CO/THE	Industrials	0.85%	23.33%	Contr. Weapon.
FREEMPORT-MCMORAN INC	Materials	0.08%	40.50%	Contr., Compl.
GARRETT MOTION INC	C.Discretionary	0.00%	29.65%	Missing ESG Data
GENERAL DYNAMICS	Industrials	0.21%	18.16%	Contr. Weapon.
HONEYWELL INTERNATIONAL INC	Industrials	0.50%	15.55%	Contr. Weapon.
JOHNSON & JOHNSON	HealthCare	1.55%	14.71%	Contr., Compl.
LOCKHEED MARTIN CORP	Industrials	0.34%	20.55%	Contr. Weapon.
NORTHROP GRUMMAN CORP	Industrials	0.23%	23.64%	Contr. Weapon.
PERSPECTA INC	IT	0.02%	29.80%	Missing ESG Data
QURATE RETAIL INC	C.Discretionary	0.04%	27.17%	Missing ESG Data
RAYTHEON B	Industrials	0.24%	19.55%	Contr. Weapon.
ROCKWELL COLLINS INC	Industrials	0.10%	9.81%	Contr. Weapon.
T ROWE PRICE GROUP INC	Financials	0.10%	21.79%	Contr. Weapon.
TEXTRON INC	Industrials	0.07%	15.86%	Contr. Weapon.
WELLS FARGO & CO	Financials	1.01%	18.31%	Contr., Compl.

Sector Allocation

The most significant changes in sector exposures are: **-4.83%** for C.Staples, **2.00%** for Health-Care, **-1.61%** for Utilities. The biggest sector exposures are: **20.00%** for Financials, **18.72%** for HealthCare, **17.77%** for Utilities.

	PREV.	CURR.	Diff.
C.Discretionary	14.67%	15.28%	0.61%
C.Staples	16.05%	11.22%	-4.83%
Energy	3.66%	3.94%	0.28%
Financials	19.44%	20.00%	0.56%
HealthCare	16.72%	18.72%	2.00%
IT	5.06%	5.79%	0.73%
Industrials	1.19%	2.30%	1.10%
Materials	3.83%	4.98%	1.15%
Utilities	19.38%	17.77%	-1.61%

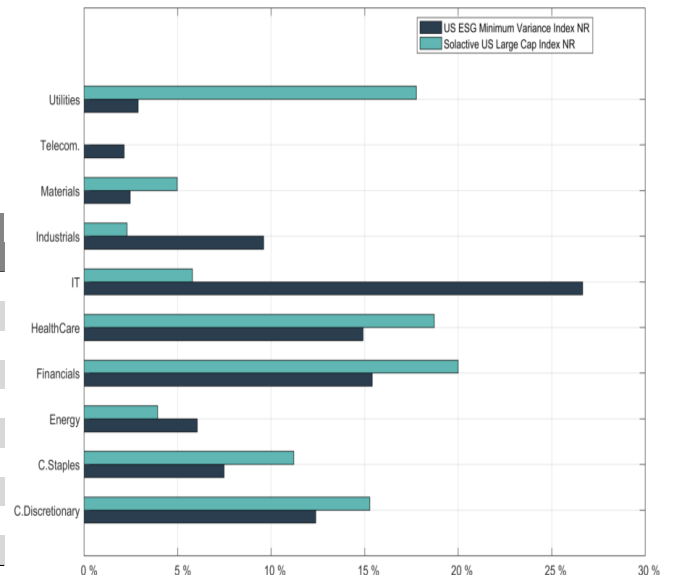


The left-hand side of the chart below shows the sector deviations at rebalancing. Differences are shown on the right-hand side. Index weights are taken as of 19-Oct-2018 (last business day before the new composition is implemented) compared to the new rebalancing weights as of 22-Oct-2018.

Sector breakdown vs. benchmark

The US ESG Minimum Variance Index NR overweights Utilities by **14.88%** and Financials by **4.60%** compared to Solactive US Large Cap Index NR. The US ESG Minimum Variance Index NR underweights IT by **-20.87%** and Industrials by **-7.30%** compared to Solactive US Large Cap Index NR.

	B		Diff.	Vol.	
	B	S		B	S
C.Discretionary	12.39%	15.28%	2.88%	12.79%	11.09%
C.Staples	7.48%	11.22%	3.74%	11.92%	11.10%
Energy	6.06%	3.94%	-2.12%	17.10%	17.01%
Financials	15.40%	20.00%	4.60%	12.82%	9.00%
HealthCare	14.92%	18.72%	3.80%	11.33%	9.50%
IT	26.66%	5.79%	-20.87%	16.38%	11.01%
Industrials	9.60%	2.30%	-7.30%	13.62%	13.26%
Materials	2.46%	4.98%	2.52%	14.38%	18.21%
Telecom.	2.14%	-	-2.14%	17.53%	-
Utilities	2.89%	17.77%	14.88%	13.37%	13.08%

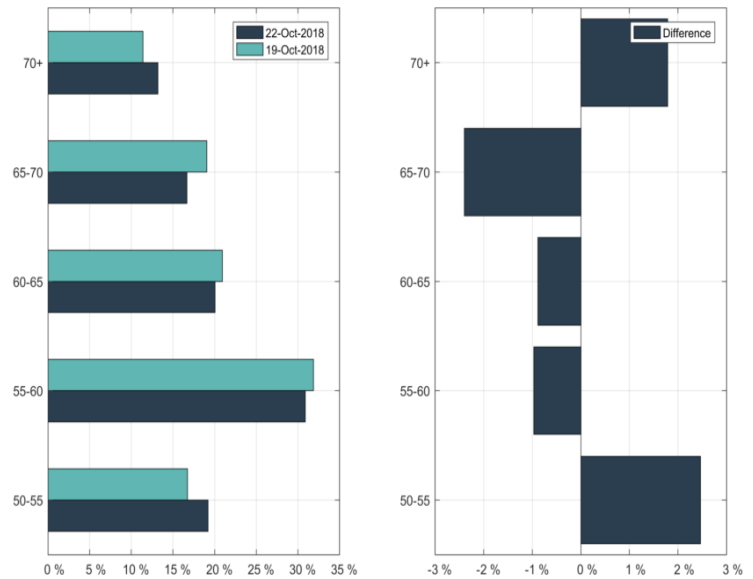


The table above shows, for each sector, the weight in the US ESG Minimum Variance Index NR (S), in the benchmark Solactive US Large Cap Index NR (B) and their difference. We also show the annualized volatility of each sector in the US ESG Minimum Variance Index NR and in the benchmark. Annualized volatilities are computed using 125 business days ending on 15-Oct-2018

ESG Allocation

The most significant changes in ESG bucket exposures are: **2.46%** for bucket **50-55**, **-2.40%** for bucket **65-70**. The biggest ESG bucket exposures are: **30.89%** for **55-60** bucket, **20.06%** for **60-65** bucket.

	PREV.	CURR.	Diff.
50-55	16.73%	19.19%	2.46%
55-60	31.86%	30.89%	-0.97%
60-65	20.94%	20.06%	-0.88%
65-70	19.08%	16.68%	-2.40%
70+	11.40%	13.19%	1.79%

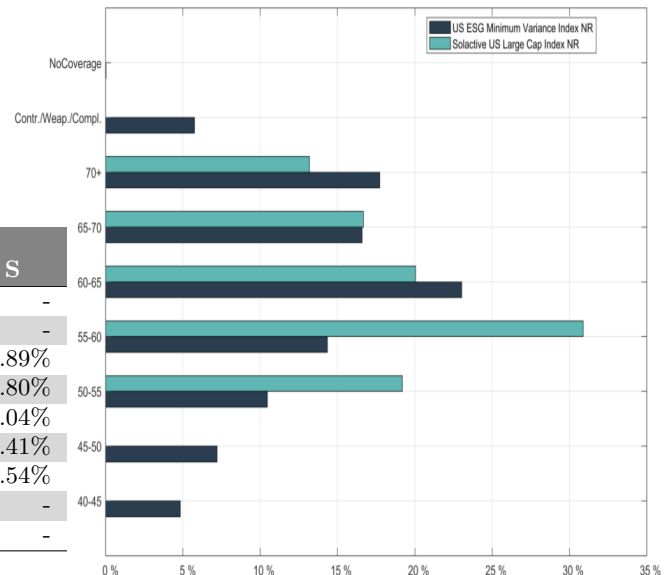


The left-hand side of the chart below shows the ESG deviations at rebalancing. Differences are shown on the right-hand side. Index weights are taken as of 19-Oct-2018 (last business day before the new composition is implemented) compared to the new rebalancing weights as of 22-Oct-2018.

ESG breakdown vs. benchmark

The US ESG Minimum Variance Index NR overweights **55-60** by **16.54%** and **50-55** by **8.73%** compared to Solactive US Large Cap Index NR. The US ESG Minimum Variance Index NR underweights **45-50** by **-7.21%** and **Contr./Weap./Compl.** by **-5.75%** compared to Solactive US Large Cap Index NR.

	B		Diff.	Vol.	
	B	S		B	S
40-45	4.83%	-	-4.83%	19.90%	-
45-50	7.21%	-	-7.21%	11.74%	-
50-55	10.46%	19.19%	8.73%	12.14%	8.89%
55-60	14.35%	30.89%	16.54%	9.97%	7.80%
60-65	23.03%	20.06%	-2.97%	11.21%	8.04%
65-70	16.59%	16.68%	0.09%	10.15%	8.41%
70+	17.74%	13.19%	-4.55%	14.06%	10.54%
Contr./Weap./Compl.	5.75%	-	-5.75%	12.63%	-
NoCoverage	0.03%	-	-0.03%	22.05%	-



The table above shows, for each ESG bucket, the weight in the US ESG Minimum Variance Index NR (S), in the benchmark Solactive US Large Cap Index NR (B) and their difference. We also show the annualized volatility of each ESG bucket in the US ESG Minimum Variance Index NR and in the benchmark. Annualized volatilities are computed using 125 business days ending on 15-Oct-2018

Added Stocks

The rebalancing has added 14 new stocks. In the table below, T is the current rebalancing date (22-Oct-2018), while T-1 is the previous rebalancing date (24-Sep-2018). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 15-Oct-2018 and 17-Sep-2018. The average daily volumes ADV(T-1) and ADV(T), expressed in mln USD, are computed over 50 business days ending on the same dates as before, with the relative ranking over the benchmark Solactive US Large Cap Index NR. WW(T) is the stock weight at the current rebalancing date. Finally, the column Reason Excl. details the reasons of exclusion at the previous rebalancing.

Name	Sector	ESG	WW(T)	Vol		ADV		Reason Exclusion
				T-1	T	T-1	T	
ALBEMARLE CORP	Materials	60-65	0.03%	27.58%	24.96%	141.06(233)	151.19(216)	Excl. Minimum Variance
EXPRESS SCRIPTS HOLDING CO	HealthCare	50-55	0.51%	25.60%	23.92%	360.61(74)	404.15(67)	Excl. Minimum Variance
GOLDMAN SACHS GROUP INC	Financials	65-70	0.79%	19.25%	16.73%	644.85(29)	613.11(37)	Excl. Minimum Variance
HERSHEY CO/THE	C.Staples	65-70	0.06%	20.96%	19.84%	114.47(268)	101.59(293)	Excl. Minimum Variance
HILTON WORLDWIDE HOLDINGS INC	C.Discretionary	65-70	1.07%	19.10%	16.58%	233.77(133)	255.30(122)	Excl. Minimum Variance
HORMEL FOODS CORP	C.Staples	60-65	0.25%	19.65%	17.85%	97.17(292)	101.52(294)	Excl. Minimum Variance
IHS MARKIT LTD	Industrials	60-65	0.22%	15.61%	16.44%	66.58(338)	81.32(323)	Excl. Liquidity
INTL BUSINESS MACHINES CORP	IT	70+	1.38%	19.72%	15.07%	588.40(37)	622.55(36)	Excl. Minimum Variance
REGIONS FINANCIAL CORP	Financials	50-55	0.36%	23.83%	20.66%	200.42(164)	196.28(173)	Excl. Minimum Variance
REPUBLIC SERVICES INC	Industrials	55-60	0.49%	14.92%	13.63%	98.23(290)	88.42(312)	Excl. Minimum Variance
SCHLUMBERGER LTD	Energy	65-70	0.01%	21.84%	19.88%	426.15(61)	468.58(57)	Excl. Minimum Variance
UNITED CONTINENTAL HOLDINGS	Industrials	50-55	0.32%	27.10%	24.96%	275.19(108)	238.61(134)	Excl. Minimum Variance
US BANCORP	Financials	55-60	0.93%	16.60%	13.80%	312.88(85)	306.38(95)	Excl. Minimum Variance
WILLIAMS COS INC	Energy	50-55	1.42%	19.65%	18.11%	-Inf(480)	407.29(66)	Excl. Best In Class

Deleted Stocks

The rebalancing has deleted 15 new stocks. In the table below, T is the current rebalancing date (22-Oct-2018), while T-1 is the previous rebalancing date (24-Sep-2018). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 15-Oct-2018 and 17-Sep-2018. The average daily volumes ADV(T-1) and ADV(T), expressed in mln USD, are computed over 50 business days ending on the same dates as before, with the relative ranking over the benchmark Solactive US Large Cap Index NR. WW(T-1) is the stock weight at the previous rebalancing date. Finally, the column Reason Excl. details the reasons of exclusion at the current rebalancing.

Name	Sector	ESG	WW(T-1)	Vol		ADV		Reason Exclusion
				T-1	T	T-1	T	
AKAMAI TECHNOLOGIES INC	IT	60-65	0.38%	25.36%	25.26%	117.49(261)	111.34(272)	Excl. Minimum Variance
CELGENE CORP	HealthCare	55-60	0.08%	25.88%	25.32%	445.59(59)	391.71(73)	Excl. Minimum Variance
COGNIZANT TECHNOLOGY SOLUTIONS	IT	60-65	0.31%	21.49%	20.68%	247.90(123)	230.49(140)	Excl. Minimum Variance
CONOCOPHILLIPS	Energy	65-70	0.22%	26.17%	26.02%	375.04(69)	409.09(65)	Excl. Minimum Variance
EDWARDS LIFESCIENCES CORP	HealthCare	65-70	0.11%	23.75%	28.00%	166.67(199)	225.09(143)	Excl. Minimum Variance
ELI LILLY & CO	HealthCare	55-60	0.55%	17.09%	17.75%	368.76(71)	420.11(63)	Excl. Minimum Variance
EVERSOURCE ENERGY	Utilities	70+	1.17%	14.28%	15.08%	86.22(305)	77.86(327)	Excl. Liquidity
KEURIG DR PEPPER INC	C.Staples	65-70	3.90%	24.56%	25.72%	111.31(275)	55.44(348)	Excl. Liquidity
KROGER CO	C.Staples	60-65	0.33%	30.03%	31.28%	269.37(113)	287.47(105)	Excl. Minimum Variance
OCCIDENTAL PETROLEUM CORP	Energy	65-70	0.12%	21.97%	21.94%	348.35(77)	370.27(78)	Excl. Minimum Variance
REGENCY CENTERS CORP	Financials	50-55	0.53%	17.36%	17.28%	85.41(307)	79.83(325)	Excl. Liquidity
STARBUCKS CORP	C.Discretionary	65-70	0.07%	22.02%	22.19%	510.97(48)	529.10(48)	Excl. Minimum Variance
TWITTER INC	IT	50-55	0.53%	55.15%	50.69%	1035.78(15)	710.16(29)	Excl. Minimum Variance
VULCAN MATERIALS CO	Materials	50-55	0.50%	24.15%	23.56%	143.91(229)	126.84(253)	Excl. Minimum Variance
WW GRAINGER INC	Industrials	70+	0.08%	28.47%	27.73%	226.23(137)	203.35(163)	Excl. Minimum Variance

Ranking Index Constituents - Top 25

The table shows the top 25 positions in the US ESG Minimum Variance Index NR as of 22-Oct-2018. The column WW indicates the weights in the US ESG Minimum Variance Index NR as of 22-Oct-2018. The column Vol gives the annualized volatility computed over 125 business days ending on 15-Oct-2018. We also provide the ranking of these volatilities (Rank Vol) relative to the Filtered Selection at the rebalancing date. The column Corr gives the average correlation of each stock relative to the rest of the filtered selection, computed over 500 business days ending on 15-Oct-2018. We also provide the ranking of these correlations (Rank Corr) relative to the Filtered Selection at the rebalancing date. The Rank Blend is computed as 66% Rank Vol + 34% Rank Corr. The lower the stock's Rank Blend, the higher the likelihood that the stock will be overweighted in the Index. Finally, the column Core shows whether the stock was in the US ESG Minimum Variance Index NR already (YES) or it entered at this rebalancing (NO).

	Sector	ESG	WW	Vol	Rank Vol	Corr	Rank Corr	Rank Blend	Core
AETNA INC	HealthCare	55-60	4.50%	13.50%	6	14.79%	88	33	YES
HUMANA INC	HealthCare	55-60	4.07%	15.48%	41	14.63%	80	54	YES
NEWMONT MINING CORP	Materials	70+	3.62%	23.80%	315	5.58%	6	209	YES
ARCHER-DANIELS-MIDLAND CO	C.Staples	55-60	3.38%	13.82%	11	16.31%	130	51	YES
BUNGE LTD	C.Staples	55-60	3.31%	19.46%	178	9.20%	15	122	YES
AMERICAN TOWER CORP	Financials	50-55	3.27%	15.44%	40	13.79%	63	47	YES
NEXTERA ENERGY INC	Utilities	65-70	3.27%	14.21%	13	9.08%	14	13	YES
TJX COMPANIES INC	C.Discretionary	60-65	2.75%	15.94%	62	16.81%	145	90	YES
FIRST REPUBLIC BANK	Financials	50-55	2.71%	17.20%	101	21.96%	289	164	YES
DUKE ENERGY CORP	Utilities	60-65	2.38%	15.18%	33	8.14%	10	25	YES
EXELON CORP	Utilities	70+	2.31%	14.16%	12	12.05%	39	21	YES
TARGET CORP	C.Discretionary	55-60	2.07%	21.12%	230	13.47%	58	171	YES
BRISTOL-MYERS SQUIBB CO	HealthCare	65-70	2.02%	19.25%	167	14.66%	83	138	YES
AMERICAN ELECTRIC POWER	Utilities	65-70	1.98%	15.82%	55	7.84%	8	39	YES
VIACOM INC-CLASS B	C.Discretionary	55-60	1.96%	27.10%	392	9.26%	17	264	YES
CITRIX SYSTEMS INC	IT	55-60	1.91%	15.28%	36	24.18%	353	143	YES
MERCK & CO. INC.	HealthCare	65-70	1.89%	15.84%	56	18.19%	178	97	YES
EDISON INTERNATIONAL	Utilities	60-65	1.84%	16.52%	80	10.59%	26	61	YES
TWENTY-FIRST CENTURY FOX INC	C.Discretionary	50-55	1.77%	20.23%	206	14.21%	72	160	YES
COLGATE-PALMOLIVE CO	C.Staples	70+	1.74%	16.51%	78	14.62%	78	78	YES
MEDTRONIC PLC	HealthCare	65-70	1.61%	16.47%	75	20.94%	257	136	YES
MOTOROLA SOLUTIONS INC	IT	70+	1.51%	16.47%	76	22.40%	305	153	YES
COCA-COLA CO/THE	C.Staples	55-60	1.50%	12.43%	3	21.45%	271	94	YES
AFLAC INC	Financials	55-60	1.48%	13.61%	7	24.57%	364	128	YES
SIMON PROPERTY GROUP INC	Financials	55-60	1.48%	16.84%	89	13.89%	65	80	YES

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