

US ESG Minimum Variance Index NR

Rebalancing Report - 20-Mar-2017

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.

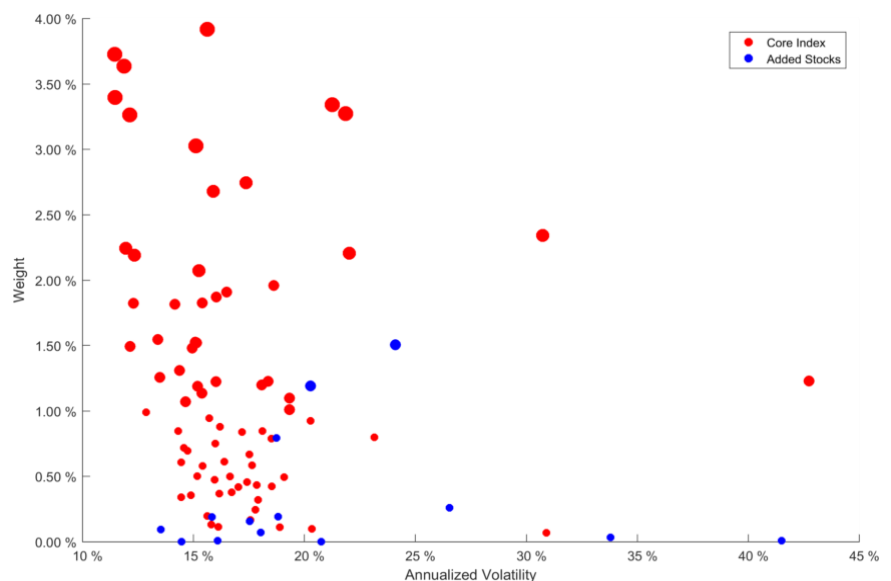
The number of constituents in the index increased from **85** to **89**. The Turnover is **31.32%**, lower than its historical mean at **38.30%**. The weight of the Index Core Portfolio is stable.

Characteristics	20-Mar-2017
Number of Stocks	89
Added Stocks	14
Deleted Stocks	10
Core Number	75
Old weight of Core	96.37%
New weight of Core	95.49%
Turnover	31.32%
Historical Turnover	38.30%

Added and deleted stocks are relative to 20-Mar-2017. 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 20-Mar-2017 in terms of annualized volatility (x-axis) and weight (y-axis). Volatility computed over 125 days ending on 13-Mar-2017. 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 (MV) with respect to the Solactive US Large Cap Index NR (BE). The ESG score for US ESG Minimum Variance Index NR is **62.87**, higher than the ESG score of Solactive US Large Cap Index NR at **57.53**. The ESG score for US ESG Minimum Variance Index NR on 20-Mar-2017 is also in line with the previous ESG score on 21-Feb-2017: **62.87** versus **62.76**.

	MV	BE
Current ESG Score	62.87	57.53
Previous ESG Score	62.76	57.53
Weight under Controversy 5	0.00%	3.88%
Weight Controversial Weapons	0.00%	2.64%
Weight Non-Compliant	0.00%	3.94%

ESG scores are computed with weights as of 20-Mar-2017. Previous ESG scores are computed with weights as of 21-Feb-2017. The ESG score is computed as the weighted sum of ESG scores. Stocks under controversy level 5, controversial weapons or not compliant are assigned zero score.

Below the list of stocks excluded for Controversy, Compliance of Controversial Weapon criteria or Missing data:

Name	Sector	WW	Vol	Comment
JOHNSON & JOHNSON	HealthCare	1.72%	12.98%	Controversy./Compl.
BIOVERATIV INCO.	HealthCare	0.03%	14.64%	No Coverage
WAL MART STORES INCO.	C.Staples	0.51%	15.41%	Controversy./Compl.
GENERAL DYNAMICS CORP.	Industrials	0.25%	15.86%	Contr. Weapon.
HONEYWELL INTL.INCO.	Industrials	0.48%	15.98%	Contr. Weapon.
HARRIS CORP.	IT	0.07%	15.99%	Contr. Weapon.
NORTHROP GRUMMAN CORP.	Industrials	0.21%	16.05%	Contr. Weapon.
THE BOEING CO.	Industrials	0.51%	16.09%	Contr. Weapon.
RAYTHEON CO.	Industrials	0.23%	17.15%	Contr. Weapon.
BLACKROCK INCO.	Financials	0.21%	17.47%	Contr. Weapon.
ROCKWELL COLLINS INCO.	Industrials	0.06%	17.98%	Contr. Weapon.
HILTON GRAND VACS.INCO.	C.Discretionary	0.01%	18.17%	No Coverage
LOCKHEED MARTIN CORP.	Industrials	0.33%	18.59%	Contr. Weapon.
VAREX IMAGING CORP.	HealthCare	0.01%	19.12%	No Coverage
PARK H&R.INCO.	Financials	0.02%	20.36%	No Coverage
STATE STREET CORP.	Financials	0.14%	21.11%	Contr. Weapon.
CONDUENT INCO.	IT	0.02%	21.33%	No Coverage
T ROWE PRICE GROUP INCO.	Financials	0.08%	21.71%	Contr. Weapon.
LAMB WESTON HDG.INCO.	C.Staples	0.03%	22.45%	No Coverage
TEXTRON INCO.	Industrials	0.06%	23.21%	Contr. Weapon./Compl.
WELLS FARGO & CO.	Financials	1.32%	23.62%	Controversy./Compl.
GENERAL MOTORS CO.	C.Discretionary	0.24%	27.33%	Controversy./Compl.
YUM CHINA HOLDINGS INCO.	C.Discretionary	0.05%	28.21%	No Coverage
ADIENT PLC	C.Discretionary	0.03%	32.55%	No Coverage
QUALITY CARE PROPS.INCO.	Financials	0.01%	40.74%	No Coverage
FREEPORT-MCMORAN INCO.	Materials	0.08%	48.92%	Controversy./Compl.

The following securities are discarded by the ESG filter on 20-03-2017 (T) but passed the ESG filter on 21-Feb-2017 (T-1)

Deleted	Sector	Bench.	MV ww		ESG		Filters T-1	
			T	T-1	T	T-1	LF	EU
MICRON TECHNOLOGY INCO.	IT	0.13%	0.00%	0.00%	62.06	62.06	Y	Y

The Column LF/EU show whenever the stock was selected by the liquidity filter/eligible universe on T-1.

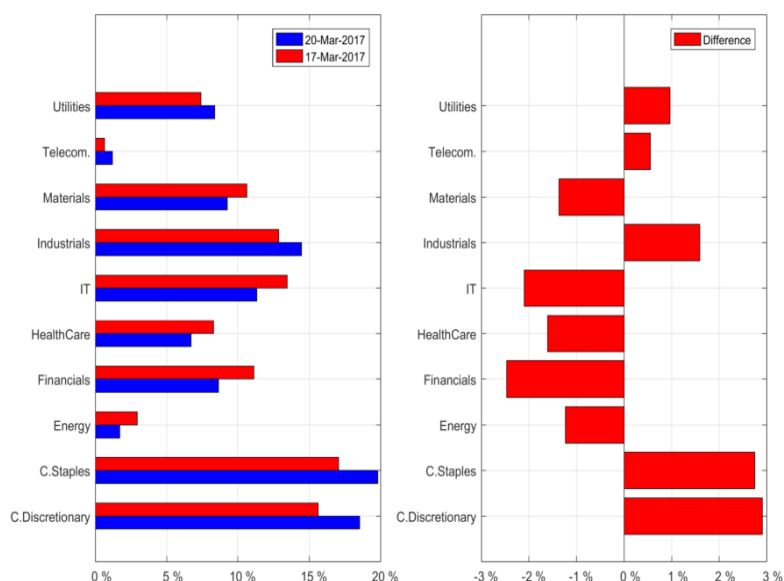
There are no new stocks from the ESG filter.

MICRON TECHNOLOGY INCO. is not selected by the ESG filter. While its ESG score did not change, it is not eligible anymore for the ESG filter because of the new ranking within its peer group. Previously on 21-02-2017 the stock was not selected by the strategy.

Sector Allocation

The most significant changes in sector exposures are: **2.91%** for C.Discretionary, **2.75%** for C.Staples, **-2.47%** for Financials. The biggest sector exposures are: **19.80%** for C.Staples, **18.52%** for C.Discretionary, **14.44%** for Industrials.

	Close	Open	Diff.
C.Discretionary	15.61%	18.52%	2.91%
C.Staples	17.05%	19.80%	2.75%
Energy	2.94%	1.71%	-1.23%
Financials	11.12%	8.65%	-2.47%
HealthCare	8.31%	6.70%	-1.60%
IT	13.43%	11.34%	-2.10%
Industrials	12.85%	14.44%	1.59%
Materials	10.63%	9.27%	-1.37%
Telecom.	0.64%	1.19%	0.55%
Utilities	7.42%	8.39%	0.96%

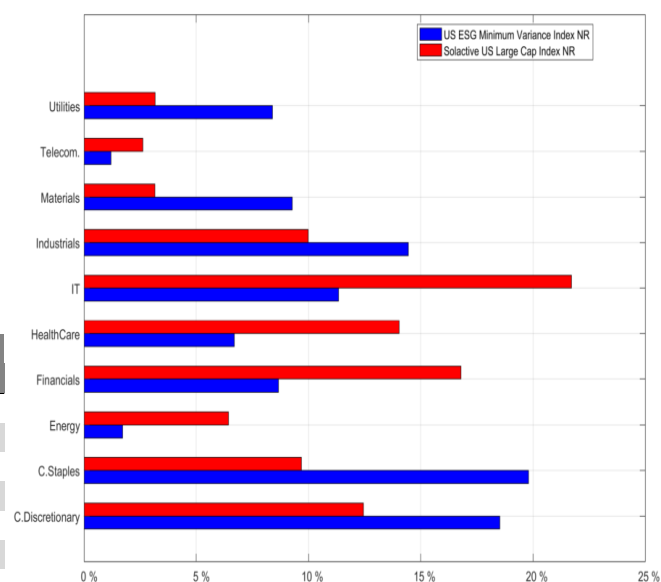


The left-hand side of the chart below shows the sector deviations at rebalancing. Differences are shown on the right-hand side. Index weights are taken as of 17-Mar-2017 (last business day before the new composition is implemented) compared to the new rebalancing weights as of 20-Mar-2017.

Sector breakdown vs. benchmark

The US ESG Minimum Variance Index NR overweights C.Staples (**10.12%**) and Materials (**6.11%**) compared to Solactive US Large Cap Index NR. The US ESG Minimum Variance Index NR underweights IT (**-10.38%**) and Financials (**-8.14%**) compared to Solactive US Large Cap Index NR.

				Vol.	
	B	S	Diff.	B	S
C.Discretionary	12.44%	18.52%	6.08%	12.08%	10.23%
C.Staples	9.68%	19.80%	10.12%	11.38%	10.43%
Energy	6.44%	1.71%	-4.73%	18.38%	15.64%
Financials	16.79%	8.65%	-8.14%	15.61%	10.74%
HealthCare	14.03%	6.70%	-7.33%	15.21%	17.18%
IT	21.71%	11.34%	-10.38%	12.65%	11.35%
Industrials	9.98%	14.44%	4.46%	12.39%	9.46%
Materials	3.16%	9.27%	6.11%	13.70%	12.54%
Telecom.	2.61%	1.19%	-1.42%	14.34%	15.20%
Utilities	3.16%	8.39%	5.23%	15.24%	15.56%

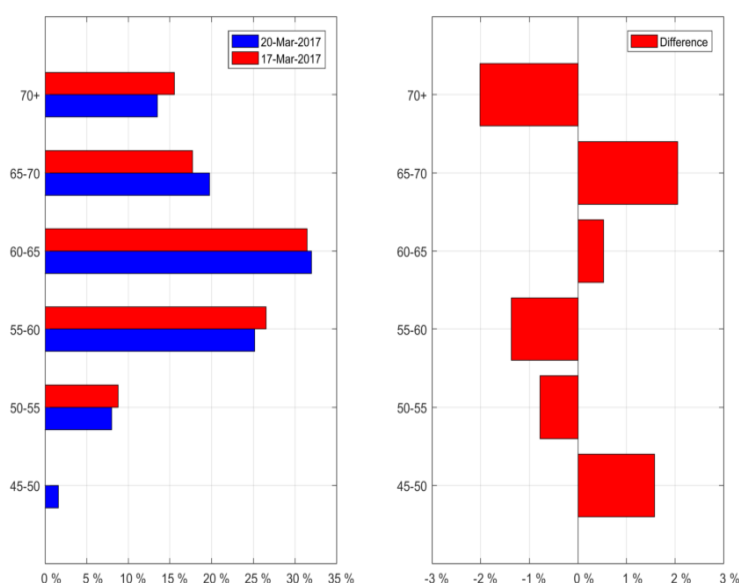


The table below shows, for each sector, the weight in the US ESG Minimum Variance Index NR (S), in the benchmark Solactive US Large Cap Index NR (B) and their difference. We also show the annualized volatility of each sector in the US ESG Minimum Variance Index NR and in the benchmark. Annualized volatilities are computed using 125 business days ending on 13-Mar-2017

ESG Allocation

The most significant changes in ESG exposures are: **2.05%** for **65-70**, **-2.01%** for **70+**. The biggest ESG exposures are: **31.99%** for **60-65**, **25.16%** for **55-60**.

	Close	Open	Diff.
45-50	0.00%	1.58%	1.58%
50-55	8.77%	7.99%	-0.78%
55-60	26.52%	25.16%	-1.37%
60-65	31.46%	31.99%	0.53%
65-70	17.71%	19.77%	2.05%
70+	15.53%	13.52%	-2.01%

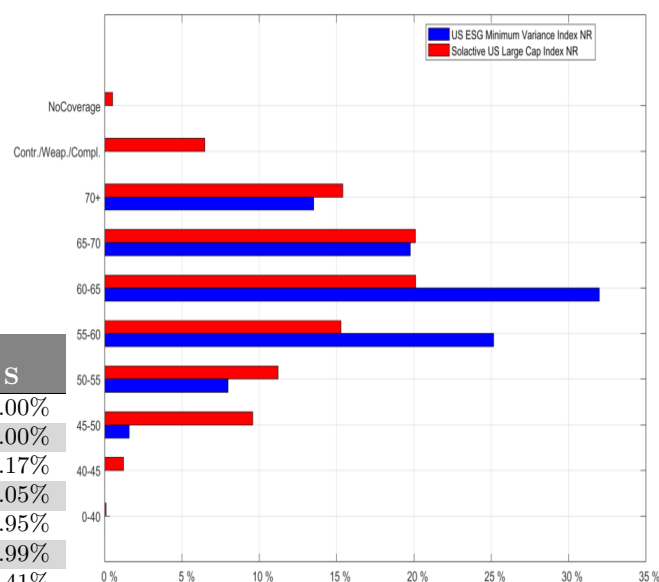


The left-hand side of the chart below shows the esg deviations at rebalancing. Differences are shown on the right-hand side. Index weights are taken as of 17-Mar-2017 (last business day before the new composition is implemented) compared to the new rebalancing weights as of 20-Mar-2017.

ESG breakdown vs. benchmark

The US ESG Minimum Variance Index NR overweights **60-65 (11.88%)** and **55-60 (9.87%)** compared to Solactive US Large Cap Index NR. The US ESG Minimum Variance Index NR underweights **45-50 (-8.00%)** and **Contr./Weap./Compl. (-6.49%)** compared to Solactive US Large Cap Index NR.

				Vol.	
	B	S	Diff.	B	S
0-40	0.10%	0.00%	-0.10%	30.19%	0.00%
40-45	1.22%	0.00%	-1.22%	16.58%	0.00%
45-50	9.58%	1.58%	-8.00%	12.92%	23.17%
50-55	11.22%	7.99%	-3.23%	12.56%	13.05%
55-60	15.29%	25.16%	9.87%	12.23%	8.95%
60-65	20.11%	31.99%	11.88%	11.14%	8.99%
65-70	20.09%	19.77%	-0.33%	11.69%	9.41%
70+	15.40%	13.52%	-1.87%	12.46%	10.53%
Contr./Weap./Compl.	6.49%	0.00%	-6.49%	13.04%	0.00%
NoCoverage	0.51%	0.00%	-0.51%	15.51%	0.00%



The table below shows, for each esg, 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 in the US ESG Minimum Variance Index NR and in the benchmark. Annualized volatilities are computed using 125 business days ending on 13-Mar-2017

Added Stocks

The rebalancing has added 14 new stocks. In the table below, T is the current rebalancing date (20-Mar-2017), while T-1 is the previous rebalancing date (21-Feb-2017). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 13-Feb-2017 and 13-Mar-2017. 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. Finally, WW(T) is the stock weight at the current rebalancing date.

	Sector	ESG	Vol		WW(T)	ADV		B	EF	LF	EU
			T-1	T		T-1	T				
AFLAC INCO.	Financials	55-60	14.77%	14.48%	0.00%	170.63(182)	154.24(200)	Y	Y	Y	Y
AMAZON.COM INCO.	C.Discretionary	45-50	21.50%	20.76%	0.00%	2945.81(2)	2793.96(2)	Y	Y	Y	Y
AVALONBAY	Financials	65-70	18.75%	17.54%	0.16%	135.31(224)	124.37(242)	Y	Y	Y	Y
BEST BUY CO.INCO.	C.Discretionary	65-70	41.47%	33.81%	0.03%	203.87(145)	209.34(135)	Y	Y	Y	Y
CBS CORP.	C.Discretionary	45-50	18.62%	18.05%	0.07%	250.78(113)	235.68(118)	Y	Y	Y	Y
DEERE & CO.	Industrials	65-70	27.71%	20.29%	1.19%	251.55(112)	263.82(102)	Y	Y	Y	Y
DOLLAR GENERAL CORP.	C.Discretionary	45-50	34.43%	24.11%	1.51%	214.67(130)	199.85(148)	Y	Y	Y	Y
ILLINOIS TOOL WKS.INCO.	Industrials	60-65	14.29%	13.55%	0.09%	160.06(191)	165.73(183)	Y	Y	Y	Y
MARRIOTT INTL.INCO.	C.Discretionary	60-65	17.23%	15.85%	0.19%	211.35(136)	199.99(147)	Y	Y	Y	Y
PHILIP MORRIS INTL.INCO.	C.Staples	60-65	17.40%	16.11%	0.01%	418.81(54)	453.13(48)	Y	Y	Y	Y
RANGE RES.CORP.	Energy	55-60	41.82%	41.51%	0.01%	147.00(211)	144.02(215)	Y	Y	Y	Y
SYSCO CORP.	C.Staples	60-65	20.61%	18.83%	0.19%	193.19(148)	188.95(156)	Y	Y	Y	Y
TRACTOR SUPPLY CO.	C.Discretionary	55-60	30.06%	18.76%	0.79%	112.64(261)	129.74(230)	Y	Y	Y	Y
VIACOM INCO.	C.Discretionary	50-55	28.46%	26.54%	0.26%	174.31(178)	180.34(163)	Y	Y	Y	Y

The Column B shows whenever the added stock was in the Solactive US Large Cap Index NR selection as of 21-Feb-2017. The columns EF/LF/EU show whenever the stock was selected by the ESG/liquidity filter/eligible universe as of 21-Feb-2017.

Deleted Stocks

The rebalancing has deleted 10 new stocks. In the table below, T is the current rebalancing date (20-Mar-2017), while T-1 is the previous rebalancing date (21-Feb-2017). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 13-Feb-2017 and 13-Mar-2017. 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. Finally, WW(T-1) is the stock weight at the previous rebalancing date.

	Sector	ESG	Vol		WW(T-1)	ADV		B	EF	LF	EU
			T-1	T		T-1	T				
AMERICAN INTL.GP.INCO.	Financials	50-55	15.22%	20.46%	0.46%	342.37(71)	433.53(53)	Y	Y	Y	Y
CORNING INCO.	IT	55-60	16.40%	16.67%	0.27%	189.18(152)	183.09(161)	Y	Y	Y	Y
DENTSPLY SIRONA INCO.	HealthCare	55-60	17.87%	17.99%	0.16%	90.40(295)	102.55(274)	Y	Y	Y	Y
INTUIT INCO.	IT	55-60	14.61%	16.13%	0.64%	118.45(250)	154.75(198)	Y	Y	Y	Y
KIMBERLY-CLARK CORP.	C.Staples	70+	14.70%	15.91%	0.53%	213.58(132)	261.59(107)	Y	Y	Y	Y
ORACLE CORP.	IT	65-70	15.52%	15.32%	0.05%	514.87(40)	470.45(44)	Y	Y	Y	Y
QUEST DIAGNOSTICS INCO.	HealthCare	55-60	17.15%	15.72%	0.40%	85.28(303)	80.13(310)	Y	N	N	Y
TARGET CORP.	C.Discretionary	60-65	22.94%	27.67%	0.20%	402.89(56)	478.91(41)	Y	Y	Y	Y
THE KROGER CO.	C.Staples	60-65	23.87%	24.63%	0.62%	250.11(115)	263.58(103)	Y	Y	Y	Y
WW GRAINGER INCO.	Industrials	65-70	20.50%	20.87%	0.29%	165.89(185)	152.37(205)	Y	Y	Y	Y

The Column B shows whenever the deleted stock was in the Solactive US Large Cap Index NR selection as of 20-Mar-2017. The columns EF/LF/EU show whenever the stock was selected by the ESG/liquidity filter/eligible universe as of 20-Mar-2017.

Ranking Index Constituents - Top 25

The table shows the top 25 positions in the US ESG Minimum Variance Index NR as of 20-Mar-2017. The column WW indicates the weights in the US ESG Minimum Variance Index NR as of 20-Mar-2017. The column Vol gives the annualized volatility computed over 125 business days ending on 13-Mar-2017. 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 13-Mar-2017. 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
IHS MARKIT LTD.	Industrials	55-60	3.92%	15.64%	67	23.40%	81	71	YES
MCDONALDS CORP.	C.Discretionary	55-60	3.73%	11.47%	5	31.49%	258	91	YES
THE WALT DISNEY CO.	C.Discretionary	60-65	3.64%	11.90%	7	34.86%	346	122	YES
WASTE MANAGEMENT INCO.	Industrials	60-65	3.40%	11.48%	6	32.47%	287	101	YES
WHOLE FOODS MARKET INCO.	C.Staples	55-60	3.34%	21.27%	257	16.95%	21	176	YES
HUMANA INCO.	HealthCare	55-60	3.27%	21.87%	274	17.09%	22	188	YES
THE ALLSTATE CORPORATION	Financials	55-60	3.26%	12.15%	10	33.45%	314	113	YES
THE HERSHEY CO.	C.Staples	65-70	3.03%	15.13%	52	21.96%	53	52	YES
CONS.EDISON INCO.	Utilities	60-65	2.75%	17.39%	120	15.38%	18	85	YES
E I DU PONT DE NEMOURS	Materials	60-65	2.68%	15.90%	77	28.00%	169	108	YES
CHIPOTLE MEXN.GRILL INCO	C.Discretionary	50-55	2.34%	30.75%	425	12.84%	15	285	YES
3M CO.	Industrials	65-70	2.24%	11.97%	8	38.14%	425	149	YES
CIGNA CORP.	HealthCare	65-70	2.21%	22.04%	280	20.99%	44	199	YES
ECOLAB INCO.	Materials	65-70	2.19%	12.36%	13	39.73%	452	162	YES
ALPHABET INCO.	IT	60-65	2.07%	15.26%	58	29.62%	211	110	YES
KLA TENCOR CORP.	IT	60-65	1.96%	18.63%	163	25.95%	122	149	YES
EDISON INTL.	Utilities	55-60	1.91%	16.51%	103	20.40%	37	80	YES
THE J M SMUCKER CO.	C.Staples	60-65	1.87%	16.04%	85	24.34%	96	88	YES
ALPHABET INCO.	IT	60-65	1.83%	15.42%	64	29.85%	220	117	YES
THE COCA COLA CO.	C.Staples	60-65	1.82%	12.32%	12	33.35%	310	113	YES
ALTRIA GROUP INCO.	C.Staples	60-65	1.82%	14.18%	29	26.67%	135	65	YES
UNITED TECHS.CORP.	Industrials	60-65	1.55%	13.41%	20	38.39%	429	159	YES
THE CLOROX CO.	C.Staples	70+	1.53%	15.09%	51	26.16%	128	77	YES
KELLOGG CO.	C.Staples	65-70	1.52%	15.15%	53	26.79%	138	81	YES
DOLLAR GENERAL CORP.	C.Discretionary	45-50	1.51%	24.11%	332	18.16%	28	228	NO

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