

## Ossiam launches smart beta fixed-income ETF tracking Solactive Moody's Analytics IG EUR Select Credit Index

Ossiam, the leading smart beta investment management firm and affiliate of Natixis Investment Managers, has listed the Ossiam Solactive Moody's Analytics IG EUR Select Credit ETF (MOOC FP) on Euronext Paris. The new smart beta fixed-income ETF replicates the Solactive Moody's Analytics IG EUR Select Credit Index (SOLMASCR) which differentiates itself from traditional credit benchmarks in seeking to maximise the total return of a liquid and diversified selection of EUR-denominated investment grade corporate bonds, while maintaining a low credit risk profile.

Bonds are selected by applying Moody's Analytics public-firm EDF™ (Expected Default Frequency) credit measures, which are forward-looking, point-in-time default probabilities. These measures are based on information from equity markets and are combined with a detailed picture of a company's capital structure. Moody's Analytics combines EDF metrics with other inputs to produce a credit spread valuation framework, known as FVS (Fair Value Spreads). EDF and FVS metrics are used to provide investors with an exposure to the high quality corporate sector through a methodology emphasizing cost-efficiency and liquidity.

**Bruno Poulin, CEO of Ossiam**, said: *"The Ossiam investment-grade credit strategy is aimed at long-term investors prioritizing stable returns from high quality bonds issued by companies with strong business models in debt capital markets. While it is extremely difficult to make predictions of future credit market behavior, a systematic investment strategy based on companies' long-term performance, equity valuation and capital structure goes a long way towards providing investors with a rational basis for selecting high-grade corporate bonds."*

**Timo Pfeiffer, Head of Research at Solactive**, commented: *"The Solactive Moody's Analytics IG EUR Select Credit Index is a very unique index. Smart beta bond strategies have until now only represented a small share of the global demand for smart beta, which is dominated by equities. However, smart beta is becoming more and more prevalent in the fixed-income space and we are happy to contribute to this trend with this new index."*

**David Munves, Managing Director at Moody's Analytics**, said: *"Moody's Analytics is pleased to work with Ossiam and Solactive by providing key inputs for Ossiam's innovative exchange-traded fund. EDF and Fair Value Spread metrics, contained in the Moody's Analytics CreditEdge™ platform, are measures of credit risk and relative value, and are used by a large number of banks, insurance companies, fund managers and corporations. The launch of the Ossiam Solactive Moody's Analytics IG EUR Select Credit ETF represents an important advance in the use of metrics from the CreditEdge platform by corporate bond investors and other market participants."*

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**Index Selection Methodology**

The methodology selects a liquid and investable bond portfolio from the components of the Solactive Euro IG Corporate Index ("investment universe") which is first filtered to retain only the most liquid bonds. It is then further refined by a quality filter based on Moody's Analytics EDF credit measures to remove the bonds displaying the highest downside risk. The final stage of the process is to compare the remaining bonds' Option Adjusted Spread to their Moody's Analytics Fair Value Spread to select the 100 most-undervalued bonds. The Solactive Moody's Analytics IG EUR Select Credit Index is equally-weighted, re-balanced quarterly and aims to maintain the same sector and duration exposure as the investment universe. The index allows a maximum weighting of 5% per issuer. The index is calculated and published by Solactive.

The ETF is available in one accumulating (1C) share class on Euronext Paris with a Total Expense Ratio of 0.35%.



#### **About Ossiam**

Ossiam is a specialist asset management company that develops and manages investment funds, including exchange-traded funds (ETFs), based on systematic investment processes. Ossiam funds use alternatively weighted indexes – also known as alternative beta or smart beta – applied to a range of financial asset classes. Our ETFs have been listed on major European stock exchanges, including Deutsche Boerse, Borsa Italiana, London Stock Exchange, NYSE Euronext and the SIX Swiss Exchange since 2011. The team behind Ossiam has extensive experience in quantitative research and product design, fund management, trading and risk management.

Ossiam is headquartered in Paris, France, and is an affiliate of Natixis Investment Managers. The investment company is regulated by the Autorité des marchés financiers (AMF) of France.

\* First asset manager to launch an ETF based on a minimum variance strategy

\* First asset manager to launch a risk-weighted smart beta commodity ETF

[www.ossiam.com](http://www.ossiam.com)



#### **About Moody's Analytics**

Moody's Analytics helps capital markets and risk management professionals worldwide respond to an evolving marketplace with confidence. The company offers unique tools and best practices for measuring and managing risk through expertise and experience in credit analysis, economic research, and financial risk management. By providing leading-edge software, advisory services, and research, including the proprietary analysis of Moody's Investors Service, Moody's Analytics integrates and customizes its offerings to address specific business challenges. Research authored by Moody's Analytics does not reflect the opinions of Moody's Investors Service. Both entities are subsidiaries of Moody's Corporation (NYSE: MCO), but operate independently of each other. Credit Ratings and Moody's publications are not intended for use by any person as a benchmark as that term is defined for regulatory purposes and must not be

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### **About Solactive**

Solactive AG is an innovative index provider that focuses on the development, calculation and distribution of tailor-made indices across all asset classes. As at October 2017, Solactive AG served approximately 350 clients in Europe, America and Asia, with approximately USD 100 billion invested in products linked to indices calculated by the company globally, primarily via 250 exchange-traded funds from a number of well-known providers. Solactive AG was established in 2007 and is headquartered in Frankfurt. [www.solactive.com](http://www.solactive.com)



### **About Natixis Investment Managers**

Natixis Investment Managers serves financial professionals with more insightful ways to construct portfolios. Powered by the expertise of 26 specialized investment managers globally, we apply Active Thinking<sup>SM</sup> to deliver proactive solutions that help clients pursue better outcomes in all markets. Natixis ranks among the world's largest asset management firms<sup>1</sup> (\$961.1 billion AUM<sup>2</sup>).

Natixis Investment Managers includes all of the investment management and distribution entities affiliated with Natixis Distribution, L.P. and Natixis Investment Managers International S.A. Services/products are not available to all investors in all jurisdictions.

<sup>1</sup> *Cerulli Quantitative Update: Global Markets 2017 ranked Natixis Investment Managers (formerly Natixis Global Asset Management) as the 15th largest asset manager in the world based on assets under management as of December 31, 2016.*

<sup>2</sup> *Net asset value as of September 30, 2017*

For more information: [ngam.natixis.com](http://ngam.natixis.com).

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