meteor corporate strategies

Product Factsheet

Natixis FTSE 100 Phoenix Autocall Note April 2017 - Option 1

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This information is for professional investors only and should not be presented to, or relied upon by private investors

Product Features

Investment type	Phoenix Autocall Note paying a potential gross income of 1.50% per quarter, with kick-out opportunities from the end of year 2
Term	A maximum 10 year 1 week investment
Underlying asset	FTSE 100 Index (the 'Index')
Currency	GBP
Securities	Notes
Issuer	Natixis Structured Issuance SA
Counterparty	Natixis (the 'Guarantor')
Listing	Luxembourg Stock Exchange
Tax treatment	Subject to assessment for Income Tax
Capital protection	60% European Barrier
Strike Date	28 April 2017
Opening Level	Official close of business level on 28 April 2017
Quarterly Measurement Dates	The 28th day of each April, July, October and January. If the Quarterly Measurement Date falls on a non-Business Day, then the performance of the Index will be measured on the next Business Day. The first Quarterly Measurement Date will be on 28 July 2017
Final Level	28 April 2027
Maturity Date	5 May 2027
Liquidity	Daily, subject to market circumstances
ISIN	XS1468279267
Distribution fee	We will receive a distribution fee of up to 2.25% from the Issuer. We use this fee to cover our costs for the preparation of product information and marketing. This fee may also be used to cover payments to introducers, where necessary, or to provide an increased allocation for institutional investors. No part of this fee will be used to remunerate any adviser.

Investment rationale	With interest rates and yields on many investments at historical lows the requirement for income hasn't disappeared, meaning that the need for alternative options is growing. With its deeply defensive 60% contingent income barrier, the note offers the potential for a consistent income stream over a 10 year term for investors with an extremely cautious outlook on equity markets.
Return Summary	If, on any Quarterly Measurement Date, the Closing Level of the Index is at least equal to 60% of its Opening Level, the Note will pay a gross income of 1.50% for that quarter. No income will be payable for a quarter if, on the Quarterly Measurement Date, the Closing Level of the Index is below 60% of its Opening Level. Excluding the first seven Quarterly Measurement Dates, the Note will kick-out, i.e. mature early, if the Closing Level of the Index, on any Quarterly Measurement Date, is at least 5% above its Opening Level. In this event an investor would receive a full return of their money, as well as the income due for that quarter. The first Quarterly Measurement Date on which an early maturity could be triggered will be on 29 April 2019, 2 years after the Start Date. An investor will lose money if the Final Level of the Index is below 60% of its Opening Level. The amount of money that will be lost will be the percentage by which the Final Level of the Index is below its Opening Level.

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Product Analysis

As part of our product development and research process, we consider the historical and potential future performance of indices and/or shares to see how their price evolution may result in certain payoff conditions being met.

All investments, including structured products, can carry significant and varied risks. To help evaluate these risks, many techniques have been developed, all of which could produce different conclusions. The most commonly used method in the UK, as prescribed by the European Securities and Markets Authority (ESMA) for risk rating funds, is the Synthetic Risk and Reward Indicator (SRRI).

The SRRI captures how volatile an investment's value is. The more volatile the investment, the greater the uncertainty associated with the investment's returns. Effectively, it considers not only the risk to an investor's capital, but also the risk to any potential investment return.

We have calculated an SRRI equivalent for this Note, to assist you in the investment decision making process. We have also estimated how we might expect the Note to perform, both under 'expected market conditions' and 'adverse market conditions,' over the Note term. We simulated the performance of the Index under these two conditions based on its performance over the last 5 years. This sampling period is consistent with the official SRRI methodology.

Please note that the information provided here is only a guide based on our current expectations. It should not be considered as a target or guarantee and could change over time.

Expected market conditions are defined by the performance of the Index in the last 5 years. Assuming these conditions continue, compared to other investment products, we expect the Note, on average, to have very low levels of risk which are often associated with very low:

- potential investment return
- likelihood of incurring capital loss
- sensitivity to stock market changes
- level of uncertainty in the returns

Adverse market conditions, also known as stress test conditions, are defined by when our benchmark, the FTSE 100 Total Return Index, was simulated to have produced a loss. We evaluated the performance of the Note based on these simulations only. Based on these circumstances, we expect this Note, on average, to:

- have a moderate probability of protecting against capital loss
- perform better than the benchmark
- be more volatile than the benchmark

Lower risk — **Higher risk**

Potentially lower reward — Potentially higher reward

1	2	$\boxed{3}$	4	5	6	7

Based on our calculations, we expect there to be a very low level of uncertainty in the returns payable from under this Note. A very low level of risk is associated with a Risk Rating of 3.

The rating above was calculated to provide you with an indication of the potential risk level you would assume by investing in the Note. There is a significant chance, however, that this may not be a reliable indication of the future risk level of this Note.

Notes regarding Risk Rating:

- Liquidity risks are not captured by the Risk Rating.
- Counterparty risks are not captured by the Risk Rating.
- The Risk Rating is calculated by simulating potential outcomes for the underlying Index. This method may not be a reliable indicator of potential future performance.
- The Risk Rating is not a target or guarantee and may change over time depending on how market conditions change.
- The Risk Rating is not an indication of the limit of the amount of risk in the investment and has the potential to be greater.
- The lowest Risk Rating does not mean a risk-free investment.
- Classification differences are not equally weighted. Risk Rating 2 for example, does not mean twice as risky as Rating 1.

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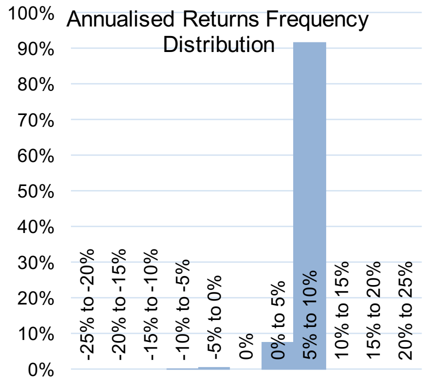
Scenario Analysis

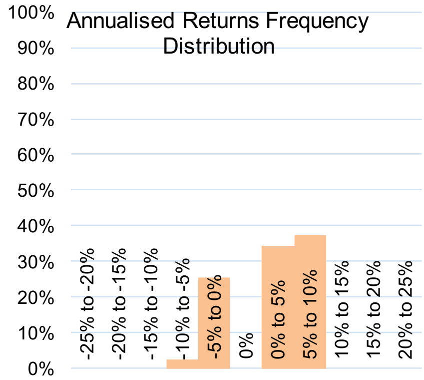
The charts below show the return distributions resulting from the outcomes of the scenarios outlined previously. The X axis is the compound annual return from the simulations and the Y axis is the percentage frequency of a particular return bracket.

Expected Market Conditions



- The most frequently simulated unique result (58.70% of simulations) was a maturity at the end of year 2 with a 12% investment return and a full return of capital. This is equivalent to a compound annual return of 5.83% pa.
- In 0.84% of simulations, the product produced a loss.

Adverse Market Conditions



- The most frequently simulated unique result (20.40% of simulations) was a maturity at the end of year 2 with a 12% investment return and a full return of capital. This is equivalent to a compound annual return of 5.83% pa.
- In 28.09% of simulations, the product produced a loss.

Historical Simulation

We have simulated the frequency of the possible maturity scenarios the structure would have produced had it been available continuously between 30 December 1983 and 2 March 2017. It should be recognised that the economic conditions that existed at the time this Note was constructed would not have existed historically. In some cases, the Note terms might have been more or less favourable depending on the economic conditions at the time. Some economic conditions may not have allowed for this Note to be available at all.

Frequency distribution:

Number of 6 year cycles tested	5872
Sampling period	30/12/1983 to 02/03/2017
Maturity scenario	**Frequency**
Incurred capital loss	0.00%
Matured in the 8th quarter	76.23%
Matured after the 8th quarter	18.68%
Frequency of number of income payments paid	
Less than 8 income payments paid	0.00%
8 income payments paid	76.23%
More than 8 income payments paid	23.77%

Sources: Meteor Research Department/Bloomberg 2 March 2017

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Counterparty Credit Ratings

Long term credit rating and outlook for Natixis

Agency	Rating	Date rating effective	Outlook	Date outlook effective
Fitch	A	17/07/2013	Stable	17/07/2013
Moody's	A2	15/06/2012	Stable	17/03/2015
Standard & Poor's	A	23/01/2012	Stable	02/12/2015

Source: Natixis and Bloomberg, 2 March 2017

Counterparty Default Risk

The Counterparty for this product is Natixis. To analyse credit risk, we use the independent default risk classification system provided by the Bloomberg Default Risk model. The classification is determined by the 1 year default risk. The prefix indicates the grading of the default probability; IG (Investment Grade), HY (High Yield) or DS (Distressed). The suffix is a further, more granular grading, numbered from 1-10 where the higher the number, the higher the probability of default.

Bloomberg Default Risk classification	Bloomberg 1 year Default Probability	Bloomberg 5 year Default Probability
IG9 Investment Grade	0.2826%	2.2257%

Sources: Meteor Research Department/Bloomberg 2 March 2017

Important information

- This information is for professional investors only and should not be presented to, or relied upon by, private investors.
- Simulated/forecast performance is not a reliable indicator of potential future performance.
- The figures quoted in this document are for illustrative purposes only.
- They are not a reliable guide to the likelihood of making specific gains or losses in this kind of structure or any similar structure.
- In addition, these statistics do not provide a guide to the maximum gains or losses that are possible.
- Our calculations assume no default by a counterparty and do not take into account the effect of dividends.
- The information provided does not constitute investment, legal or tax advice and is provided as guidance only.
- Income payments, if applicable, are assumed to have been reinvested at 0% interest.

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