

Rebalancing Report

Ossiam US Minimum Variance Index NR

19-Jan-2016

Ossiam Research & Investment Team*

The Ossiam US 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 three days prior to the third Friday. Both the Ossiam US Minimum Variance Index NR and the benchmark S&P500 Index NR are computed in USD. The calculations in the document are performed by Ossiam using S&P /Datastream source.

1 Stock Statistics

Ossiam US Minimum Variance Index NR	19-Jan-2016
Number of Stocks	82
Added Stocks	8
Deleted Stocks	6
Core Number	74
Old weight of Core	97.82%
New weight of Core	94.38%
Turnover	28.04%
Historical Turnover	38.42%

Table 1: Added and deleted stocks are relative to 18-Jan-2016.

The Core is defined as the subset of stocks that belong to the current as well as the previous composition.

The number of constituents in the index increased from **80** to **82**.

The Turnover is **28.04%**, lower than its historical mean at **38.42%**.

The weight of the Index Core Portfolio decreased from **97.82%** to **94.38%**.

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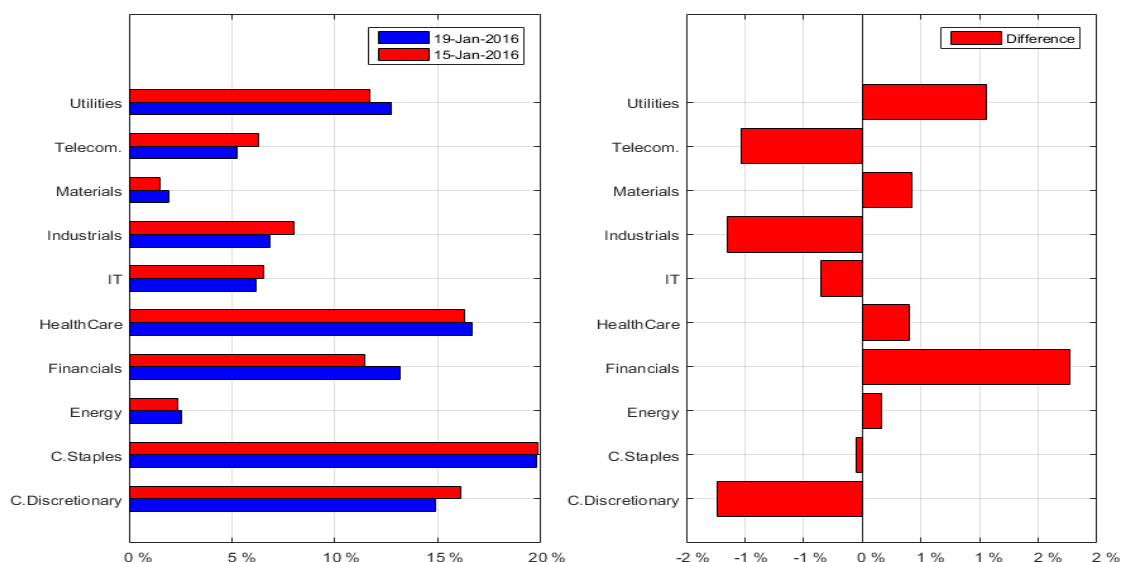
2 Sector Allocation

The most significant changes in sector exposures are: **1.76%** for Financials, **-1.23%** for C.Discretionary, **-1.15%** for Industrials.

The biggest sector exposures are: **19.80%** for C.Staples, **16.67%** for HealthCare, **14.87%** for C.Discretionary.

	Close 15-Jan-2016	Opening 19-Jan-2016	Difference
C.Discretionary	16.10%	14.87%	-1.23%
C.Staples	19.84%	19.80%	-0.05%
Energy	2.38%	2.55%	0.17%
Financials	11.41%	13.18%	1.76%
HealthCare	16.27%	16.67%	0.40%
IT	6.51%	6.16%	-0.35%
Industrials	8.02%	6.87%	-1.15%
Materials	1.50%	1.92%	0.42%
Telecom.	6.27%	5.24%	-1.03%
Utilities	11.70%	12.76%	1.06%

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 15-Jan-2016 (last business day before the new composition is implemented) compared to the new rebalancing weights as of 19-Jan-2016.



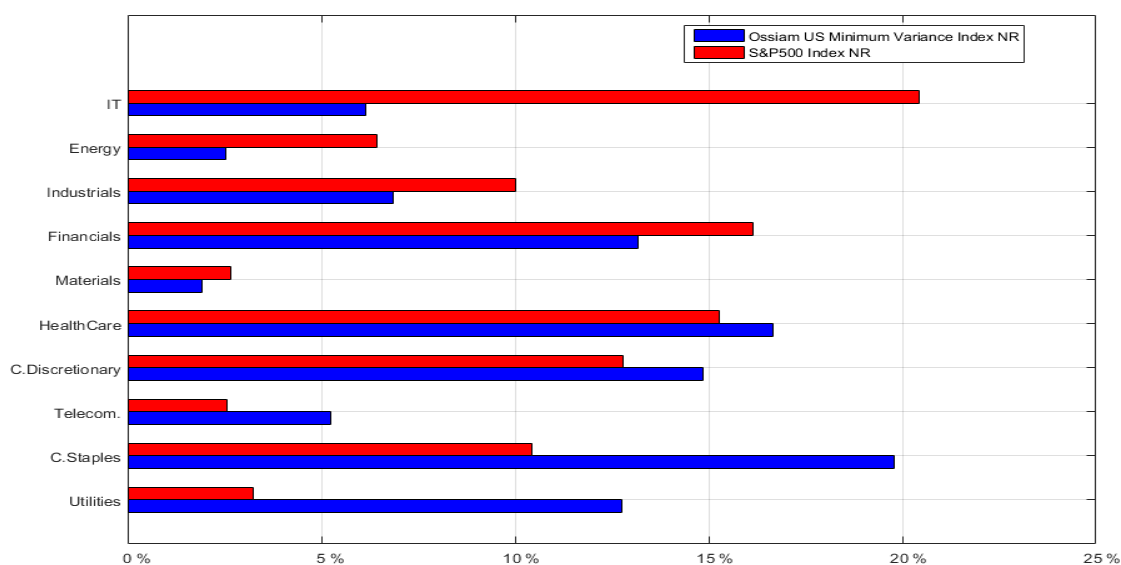
3 Sector breakdown vs. benchmark

The table below shows, for each sector, the weight in the Ossiam US Minimum Variance Index NR (OUMV Index), in the benchmark S&P500 Index NR (SPTR500N Index) and their difference. We also show the annualized volatility of each sector in the Ossiam US Minimum Variance Index NR (VolMV) and in the benchmark (VolBench). Annualized volatilities are computed using 125 business days ending on 12-Jan-2016

	SPTR500N Index	OUMV Index	Difference	VolMV	VolBench
C.Discretionary	12.79%	14.87%	2.08%	14.69%	17.68%
C.Staples	10.45%	19.80%	9.35%	13.16%	14.35%
Energy	6.45%	2.55%	-3.90%	26.32%	28.20%
Financials	16.15%	13.18%	-2.97%	15.06%	19.13%
HealthCare	15.27%	16.67%	1.39%	14.85%	19.73%
IT	20.45%	6.16%	-14.29%	18.54%	19.66%
Industrials	10.00%	6.87%	-3.13%	17.86%	17.86%
Materials	2.65%	1.92%	-0.72%	19.07%	21.64%
Telecom.	2.55%	5.24%	2.68%	15.69%	15.76%
Utilities	3.25%	12.76%	9.51%	17.36%	17.61%

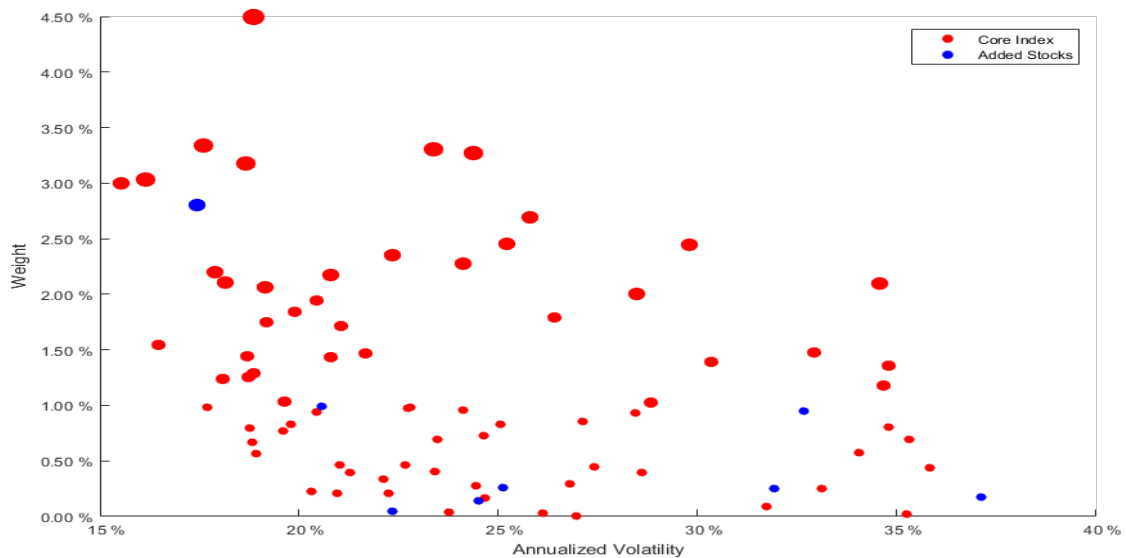
The Ossiam US Minimum Variance Index NR overweights Utilities (**9.51%**) and C.Staples (**9.35%**) compared to S&P500 Index NR.

The Ossiam US Minimum Variance Index NR underweights IT (**-14.29%**) and Energy (**-3.90%**) compared to S&P500 Index NR.



4 Volatility/Weight profile

The chart below shows the distribution of the new Ossiam US Minimum Variance Index NR composition on 19-Jan-2016 in terms of annualized volatility (x-axis) and weight (y-axis). Volatility computed over 125 days ending on 12-Jan-2016. 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.



5 Added Stocks

The rebalancing has added 8 new stocks. In the table below, T is the current rebalancing date (19-Jan-2016), while T-1 is the previous rebalancing date (21-Dec-2015). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 15-Dec-2015 and 12-Jan-2016. 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 S&P500 Index NR. Finally, WW(T) is the stock weight at the current rebalancing date.

	Sector	Country	Vol(T-1)	Vol(T)	WW(T)	ADV(T-1)	ADV(T)	B	LF	EU
BECTON DICKINSON & CO.	HealthCare	USA	19.45%	20.57%	0.99%	136.26 (296)	162.49 (237)	Y	N	N
CONSTELLATION BNS.INCO.	C.Staples	USA	20.69%	22.33%	0.05%	155.58 (259)	175.71 (213)	Y	N	N
DOMINION RESOURCES INCO.	Utilities	USA	17.19%	17.44%	2.80%	157.19 (255)	173.53 (218)	Y	N	N
L BRANDS INCO.	C.Discretionary	USA	24.22%	25.12%	0.26%	156.79 (256)	159.44 (244)	Y	N	N
SIGNET JEWELERS LTD.	C.Discretionary	USA	31.22%	32.67%	0.95%	140.42 (290)	175.82 (212)	Y	N	N
THE GAP INCO.	C.Discretionary	USA	27.40%	37.12%	0.18%	153.97 (264)	165.98 (232)	Y	N	N
TYSON FOODS INCO.	C.Staples	USA	32.43%	31.93%	0.25%	251.97 (149)	248.04 (143)	Y	Y	Y
WAL MART STORES INCO.	C.Staples	USA	23.49%	24.49%	0.14%	814.39 (21)	695.73 (29)	Y	Y	Y

Table 2: The Column B shows whenever the added stock was in the S&P500 Index NR selection as of 21-Dec-2015. The columns LF/EU show whenever the stock was selected by the liquidity filter/eligible universe as of 21-Dec-2015.

6 Deleted Stocks

The rebalancing has deleted 6 new stocks. In the table below, T is the current rebalancing date (19-Jan-2016), while T-1 is the previous rebalancing date (21-Dec-2015). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 15-Dec-2015 and 12-Jan-2016. 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 S&P500 Index NR. Finally, WW(T-1) is the stock weight at the previous rebalancing date.

	Sector	Country	Vol(T-1)	Vol(T)	WW(T-1)	ADV(T-1)	ADV(T)	B	LF	EU
ANTHEM INCO.	HealthCare	USA	27.25%	28.19%	0.03%	318.63 (110)	254.95 (141)	Y	Y	Y
BRISTOL MYERS SQUIBB CO.	HealthCare	USA	26.47%	27.29%	0.10%	382.80 (78)	369.06 (81)	Y	Y	Y
COLGATE-PALM.CO.	C.Staples	USA	18.79%	19.87%	0.02%	219.05 (171)	221.54 (164)	Y	Y	Y
EDWARDS LFSC.CORP.	HealthCare	USA	27.42%	27.40%	1.04%	166.55 (234)	126.14 (319)	Y	N	N
THE BOEING CO.	Industrials	USA	22.53%	24.47%	0.21%	511.77 (51)	494.06 (54)	Y	Y	Y
WW GRAINGER INCO.	Industrials	USA	23.86%	24.45%	0.78%	175.23 (220)	146.61 (265)	Y	N	N

Table 3: The Column B shows whenever the deleted stock was in the S&P500 Index NR selection as of 19-Jan-2016. The columns LF/EU show whenever the stock was selected by the liquidity filter/eligible universe as of 19-Jan-2016.

7 Ranking Index Constituents - Top 25

The table shows the top 25 positions in the Ossiam US Minimum Variance Index NR as of 19-Jan-2016. The column WW indicates the weights in the Ossiam US Minimum Variance Index NR as of 19-Jan-2016. The column Vol gives the annualized volatility computed over 125 business days ending on 12-Jan-2016. 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 12-Jan-2016. 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 Ossiam US Minimum Variance Index NR already (YES) or it entered at this rebalancing (NO).

	Sector	Country	WW	Vol	Rank Vol	Corr	Rank Corr	Rank Blend	Core
ACE LIMITED	Financials	USA	4.50%	18.87%	16	45.16%	231	89	YES
THE SOUTHERN CO.	Utilities	USA	3.34%	17.60%	5	21.60%	10	6	YES
HUMANA INCO.	HealthCare	USA	3.30%	23.37%	51	21.65%	11	37	YES
INTUITIVE SURGICAL INCO.	HealthCare	USA	3.27%	24.36%	71	22.68%	14	51	YES
TIME WARNER CABLE INCO.	C.Discretionary	USA	3.17%	18.65%	10	31.13%	74	31	YES
AT&T INCO.	Telecom.	USA	3.04%	16.16%	2	34.54%	125	43	YES
THE COCA COLA CO.	C.Staples	USA	3.00%	15.54%	1	31.37%	76	26	YES
DOMINION RESOURCES INCO.	Utilities	USA	2.80%	17.44%	4	27.12%	38	15	NO
KRAFT HEINZ CO.	C.Staples	USA	2.69%	25.81%	93	18.63%	4	62	YES
DOLLAR GENERAL CORP.	C.Discretionary	USA	2.46%	25.20%	86	24.39%	23	64	YES
PRECN.CASTPARTS CORP.	Industrials	USA	2.45%	29.77%	142	21.48%	8	96	YES
WELLTOWER INCO.	Financials	USA	2.35%	22.34%	43	20.21%	6	30	YES
BROADCOM CORP.	IT	USA	2.28%	24.11%	65	29.02%	53	60	YES
VERIZON COMMUNICATIONS	Telecom.	USA	2.20%	17.90%	7	35.01%	134	50	YES
DUKE ENERGY CORP.	Utilities	USA	2.17%	20.78%	31	21.50%	9	23	YES
SYSCO CORP.	C.Staples	USA	2.10%	18.15%	9	32.43%	95	38	YES
WHOLE FOODS MARKET INCO.	C.Staples	USA	2.10%	34.58%	187	17.11%	2	124	YES
CROWN CASTLE INTL.CORP.	Financials	USA	2.07%	19.15%	18	33.13%	108	48	YES

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	Sector	Country	WW	Vol	Rank Vol	Corr	Rank Corr	Rank Blend	Core
JUNIPER NETWORKS INCO.	IT	USA	2.01%	28.45%	122	26.10%	33	91	YES
AMERISOURCEBERGEN CORP.	HealthCare	USA	1.94%	20.42%	27	33.67%	116	57	YES
AMER.ELEC.PWR.CO.INCO.	Utilities	USA	1.84%	19.88%	25	25.84%	32	27	YES
CIGNA CORP.	HealthCare	USA	1.79%	26.40%	98	25.72%	31	75	YES
NEXTERA ENERGY INCO.	Utilities	USA	1.75%	19.18%	19	29.06%	55	31	YES
EXPRESS SCRIPTS HLDG.CO.	HealthCare	USA	1.71%	21.05%	35	32.91%	104	58	YES
PEPSICO INCO.	C.Staples	USA	1.54%	16.48%	3	38.52%	177	62	YES

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