

Rebalancing Report

iStoxx Europe Minimum Variance Index NR

22-Feb-2016

Ossiam Research & Investment Team*

The iStoxx Europe 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 iStoxx Europe Minimum Variance Index NR and the benchmark Stoxx Europe 600 Index NR are computed in EUR. The calculations in the document are performed by Ossiam using Stoxx/Datastream source.

1 Stock Statistics

iStoxx Europe Minimum Variance Index NR	22-Feb-2016
Number of Stocks	85
Added Stocks	18
Deleted Stocks	22
Core Number	67
Old weight of Core	85.41%
New weight of Core	82.18%
Turnover	59.33%
Historical Turnover	36.09%

Table 1: Added and deleted stocks are relative to 19-Feb-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 decreased from **89** to **85**.

The Turnover is **59.33%**, higher than its historical mean at **36.09%**.

The weight of the Index Core Portfolio decreased from **85.41%** to **82.18%**.

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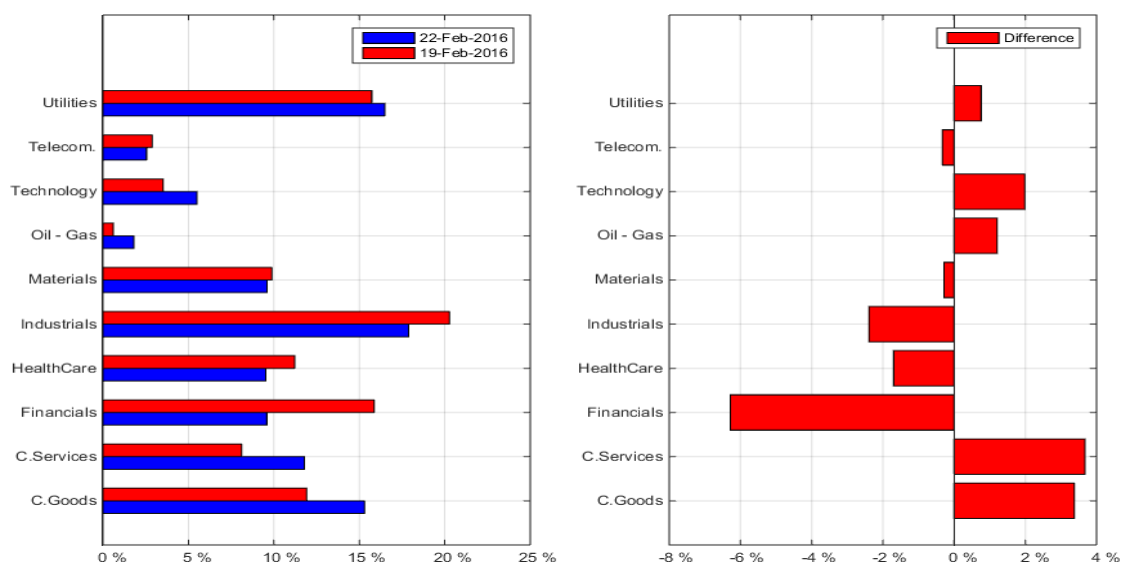
2 Sector Allocation

The most significant changes in sector exposures are: **-6.29%** for Financials, **3.67%** for C.Services, **3.38%** for C.Goods.

The biggest sector exposures are: **17.88%** for Industrials, **16.49%** for Utilities, **15.30%** for C.Goods.

	Close 19-Feb-2016	Opening 22-Feb-2016	Difference
C.Goods	11.92%	15.30%	3.38%
C.Services	8.11%	11.78%	3.67%
Financials	15.88%	9.59%	-6.29%
HealthCare	11.22%	9.52%	-1.70%
Industrials	20.27%	17.88%	-2.39%
Materials	9.89%	9.60%	-0.29%
Oil - Gas	0.60%	1.80%	1.20%
Technology	3.52%	5.50%	1.98%
Telecom.	2.88%	2.55%	-0.33%
Utilities	15.73%	16.49%	0.76%

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-Feb-2016 (last business day before the new composition is implemented) compared to the new rebalancing weights as of 22-Feb-2016.



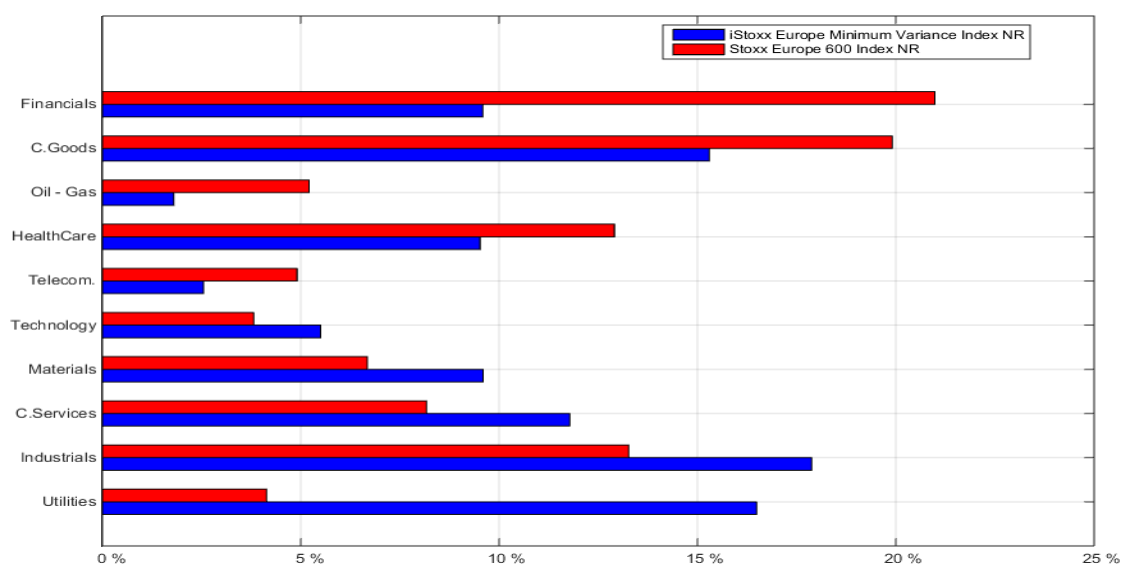
3 Sector breakdown vs. benchmark

The table below shows, for each sector, the weight in the iStoxx Europe Minimum Variance Index NR (ISEMVT Index), in the benchmark Stoxx Europe 600 Index NR (SXXR Index) and their difference. We also show the annualized volatility of each sector in the iStoxx Europe Minimum Variance Index NR (VolMV) and in the benchmark (VolBench). Annualized volatilities are computed using 125 business days ending on 16-Feb-2016

	SXXR Index	ISEMVT Index	Difference	VolMV	VolBench
C.Goods	19.91%	15.30%	-4.61%	18.80%	22.63%
C.Services	8.17%	11.78%	3.61%	21.00%	21.94%
Financials	20.99%	9.59%	-11.40%	18.59%	27.10%
HealthCare	12.91%	9.52%	-3.39%	20.10%	22.97%
Industrials	13.27%	17.88%	4.61%	16.81%	22.38%
Materials	6.68%	9.60%	2.92%	22.68%	28.12%
Oil - Gas	5.21%	1.80%	-3.41%	29.62%	35.57%
Technology	3.82%	5.50%	1.68%	23.62%	24.58%
Telecom.	4.91%	2.55%	-2.36%	23.67%	26.15%
Utilities	4.14%	16.49%	12.35%	18.02%	22.41%

The iStoxx Europe Minimum Variance Index NR overweights Utilities (**12.35%**) and Industrials (**4.61%**) compared to Stoxx Europe 600 Index NR.

The iStoxx Europe Minimum Variance Index NR underweights Financials (**-11.40%**) and C.Goods (**-4.61%**) compared to Stoxx Europe 600 Index NR.



4 Country Allocation

The most significant changes in country exposures are: **-4.55%** for DENMARK, **-4.12%** for UK, **3.64%** for FRANCE.

The biggest country exposures are: **26.43%** for SWITZERLAND, **14.71%** for SPAIN, **12.34%** for FRANCE.

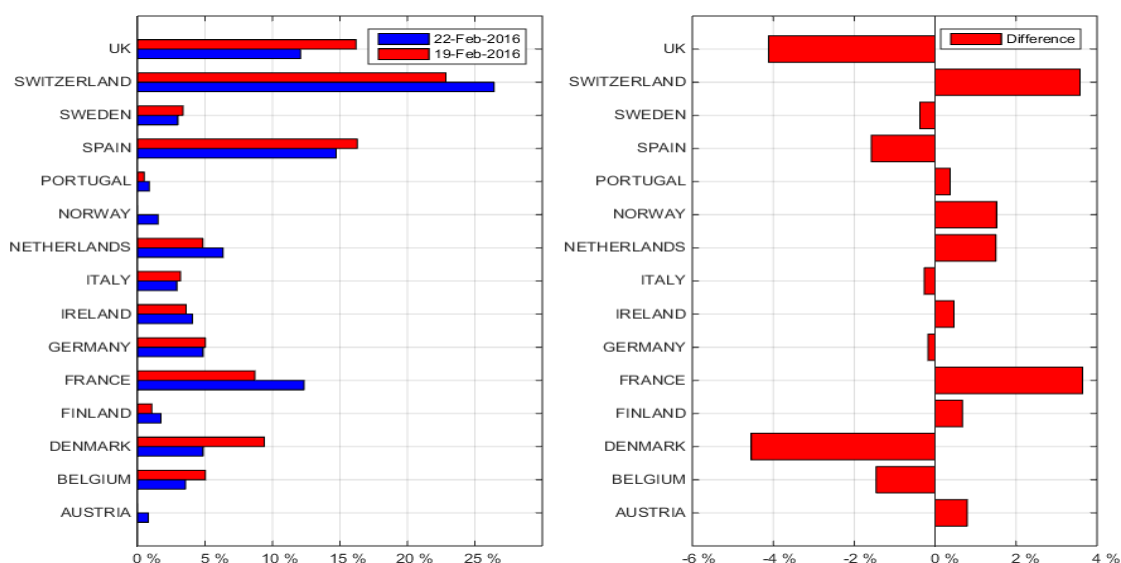
	Close 19-Feb-2016	Opening 22-Feb-2016	Difference
AUSTRIA	-	0.79%	0.79%
BELGIUM	5.02%	3.56%	-1.46%
DENMARK	9.40%	4.85%	-4.55%
FINLAND	1.04%	1.72%	0.68%
FRANCE	8.70%	12.34%	3.64%
GERMANY	5.03%	4.85%	-0.18%
IRELAND	3.59%	4.06%	0.47%
ITALY	3.18%	2.91%	-0.27%
NETHERLANDS	4.84%	6.34%	1.50%
NORWAY	-	1.52%	1.52%
PORTUGAL	0.50%	0.87%	0.37%
SPAIN	16.29%	14.71%	-1.58%
SWEDEN	3.36%	2.98%	-0.38%
SWITZERLAND	22.85%	26.43%	3.58%
UK	16.20%	12.08%	-4.12%

The left-hand side of the chart below shows the country deviations at rebalancing. Differences are shown on the right-hand side. Index weights are taken as of 19-Feb-2016 (last business day before the new composition is implemented) compared to the new rebalancing weights as of 22-Feb-2016.

5 Country breakdown vs. benchmark

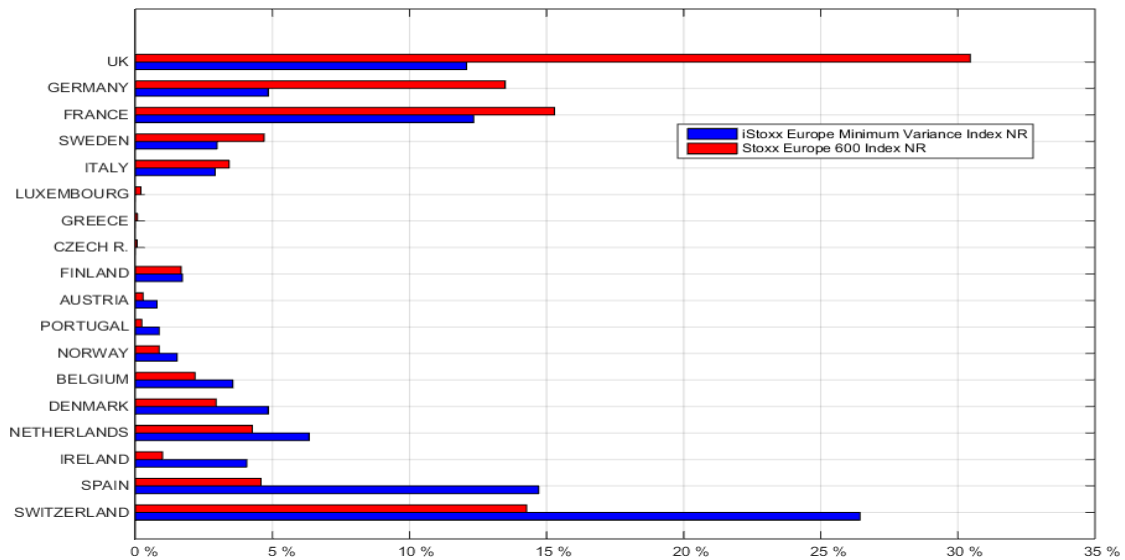
The table below shows, for each country, the weight in the iStoxx Europe Minimum Variance Index NR (ISEMVT Index), in the benchmark Stoxx Europe 600 Index NR (SXXR Index) and their difference. We also show the annualized volatility of each country in the iStoxx Europe Minimum Variance Index NR (VolMV) and in the benchmark (VolBench). Annualized volatilities are computed using 125 business days ending on 16-Feb-2016

The iStoxx Europe Minimum Variance Index NR overweights SWITZERLAND (**12.16%**) and SPAIN (**10.12%**) compared to Stoxx Europe 600 Index NR.



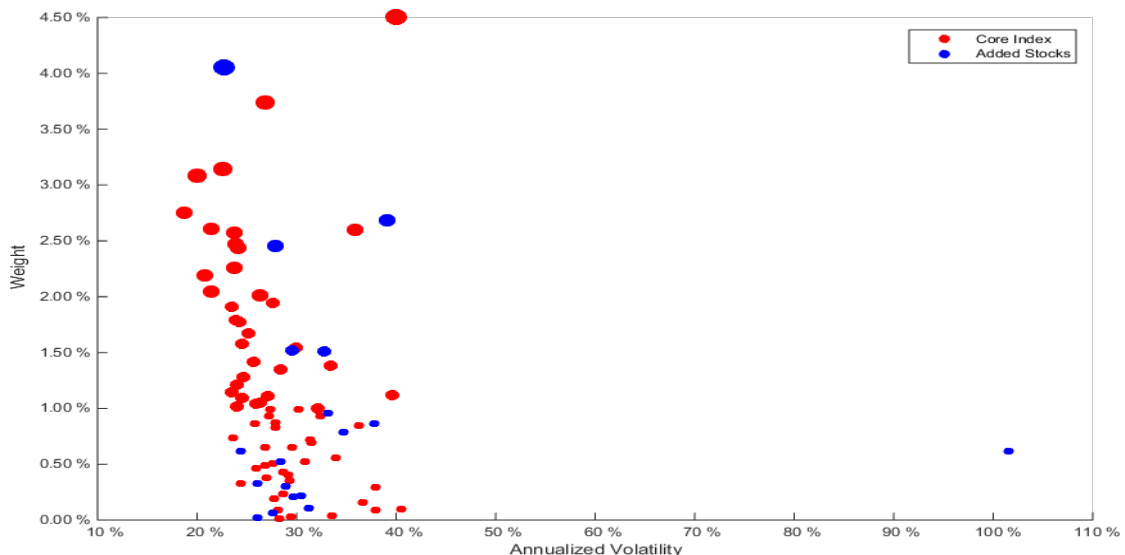
	SXXR Index	ISEMV Index	Difference	VolMV	VolBench
AUSTRIA	0.29%	0.79%	0.50%	34.66%	27.22%
BELGIUM	2.18%	3.56%	1.38%	21.83%	23.66%
CZECH R.	0.07%	-	-0.07%	-	22.49%
DENMARK	2.95%	4.85%	1.90%	22.44%	25.38%
FINLAND	1.67%	1.72%	0.05%	30.22%	24.37%
FRANCE	15.29%	12.34%	-2.95%	19.00%	24.40%
GERMANY	13.49%	4.85%	-8.64%	20.36%	25.33%
GREECE	0.08%	-	-0.08%	-	85.56%
IRELAND	1.00%	4.06%	3.06%	31.00%	22.84%
ITALY	3.42%	2.91%	-0.51%	23.06%	31.36%
LUXEMBOURG	0.20%	-	-0.20%	-	27.69%
NETHERLANDS	4.26%	6.34%	2.08%	22.31%	23.37%
NORWAY	0.87%	1.52%	0.65%	29.56%	31.96%
PORTUGAL	0.24%	0.87%	0.63%	27.90%	26.68%
SPAIN	4.59%	14.71%	10.12%	17.47%	26.31%
SWEDEN	4.69%	2.98%	-1.71%	29.87%	26.88%
SWITZERLAND	14.27%	26.43%	12.16%	17.71%	20.56%
UK	30.45%	12.08%	-18.37%	20.70%	25.57%

The iStoxx Europe Minimum Variance Index NR underweights UK (-18.37%) and GERMANY (-8.64%) compared to Stoxx Europe 600 Index NR.



6 Volatility/Weight profile

The chart below shows the distribution of the new iStoxx Europe Minimum Variance Index NR composition on 22-Feb-2016 in terms of annualized volatility (x-axis) and weight (y-axis). Volatility computed over 125 days ending on 16-Feb-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.



7 Added Stocks

The rebalancing has added 18 new stocks. In the table below, T is the current rebalancing date (22-Feb-2016), while T-1 is the previous rebalancing date (18-Jan-2016). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 12-Jan-2016 and 16-Feb-2016. The average daily volumes ADV(T-1) and ADV(T), expressed in mln EUR, are computed over 50 business days ending on the same dates as before, with the relative ranking over the benchmark Stoxx Europe 600 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
AIR FRANCE-KLM	C.Services	FRANCE	34.27%	37.85%	0.86%	20.05 (309)	23.49 (284)	Y	N	N
BRITISH AMER.TOB.PLC.	C.Goods	UK	26.16%	26.02%	0.02%	108.78 (60)	130.33 (52)	Y	Y	Y
COMPASS GROUP PLC.	C.Services	UK	26.32%	27.61%	0.06%	46.69 (143)	54.12 (129)	Y	Y	Y
ERSTE GROUP BANK AG	Financials	AUSTRIA	30.84%	34.66%	0.79%	18.44 (320)	21.96 (297)	Y	N	N
HENKEL AG & CO.KGAA	C.Goods	GERMANY	28.96%	28.44%	0.52%	49.75 (130)	56.37 (123)	Y	Y	Y
ILIAD SA	Technology	FRANCE	25.34%	27.91%	2.45%	19.62 (313)	21.52 (300)	Y	N	N
KONE OYJ	Industrials	FINLAND	29.74%	29.66%	0.21%	29.23 (233)	39.10 (191)	Y	Y	Y
KONINKLIJKE KPN NV	Telecom.	NETHERLANDS	30.14%	31.23%	0.11%	39.13 (177)	45.24 (165)	Y	Y	Y
MARINE HARVEST ASA	C.Goods	NORWAY	27.47%	29.56%	1.52%	17.73 (328)	22.01 (295)	Y	N	N
MARKS & SPENCER	C.Services	UK	28.36%	28.95%	0.30%	37.82 (182)	34.55 (213)	Y	Y	Y
MEDA AB	HealthCare	SWEDEN	35.76%	101.55%	0.62%	15.39 (368)	26.36 (262)	Y	N	N
NESTE	Oil - Gas	FINLAND	33.27%	32.73%	1.51%	20.67 (301)	28.59 (241)	Y	N	N
NOVOZYMES A/S	HealthCare	DENMARK	34.32%	33.20%	0.96%	19.95 (310)	24.48 (273)	Y	N	N
PADDY POWER	C.Services	IRELAND	34.47%	39.12%	2.68%	17.29 (333)	48.29 (152)	Y	N	N
SIKA AG	Industrials	SWITZERLAND	22.43%	22.73%	4.05%	18.38 (322)	21.97 (296)	Y	N	N
THE SAGE GROUP PLC.	Technology	UK	27.59%	30.43%	0.22%	18.42 (321)	23.88 (279)	Y	N	N
VINCI SA	Industrials	FRANCE	24.24%	26.06%	0.33%	94.55 (73)	112.86 (65)	Y	Y	Y
WOLTERS KLUWER NV	C.Services	NETHERLANDS	24.52%	24.43%	0.62%	30.80 (223)	30.50 (230)	Y	Y	Y

Table 2: The Column B shows whenever the added stock was in the Stoxx Europe 600 Index NR selection as of 18-Jan-2016. The columns LF/EU show whenever the stock was selected by the liquidity filter/eligible universe as of 18-Jan-2016.

8 Deleted Stocks

The rebalancing has deleted 22 new stocks. In the table below, T is the current rebalancing date (22-Feb-2016), while T-1 is the previous rebalancing date (18-Jan-2016).

Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 12-Jan-2016 and 16-Feb-2016.

The average daily volumes ADV(T-1) and ADV(T), expressed in mln EUR, are computed over 50 business days ending on the same dates as before, with the relative ranking over the benchmark Stoxx Europe 600 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
MONTE DEI PASCHI	Financials	ITALY	46.89%	95.14%	0.03%	66.87 (107)	75.32 (101)	Y	Y	Y
BANCA POP. DI MILANO	Financials	ITALY	33.02%	51.13%	0.31%	32.68 (211)	46.87 (156)	Y	Y	Y
BANCO PO. ESPANOL SA	Financials	SPAIN	30.93%	41.54%	0.49%	33.43 (204)	38.90 (192)	Y	Y	Y
BANK OF IRELAND	Financials	IRELAND	28.59%	35.81%	1.46%	22.52 (281)	18.84 (328)	Y	N	N
BANKIA SA	Financials	SPAIN	31.33%	38.28%	0.71%	23.70 (268)	24.93 (269)	Y	Y	Y
BERKELEY GROUP	C.Goods	UK	31.84%	37.72%	0.04%	24.47 (264)	30.59 (228)	Y	Y	Y
CAIXABANK SA	Financials	SPAIN	29.42%	39.27%	0.65%	46.91 (140)	50.73 (143)	Y	Y	Y
CHR HANSEN HOLDING AS	HealthCare	DENMARK	27.38%	29.92%	1.82%	25.63 (255)	17.49 (342)	Y	N	N
DANSKE BANK A/S	Financials	DENMARK	26.32%	33.67%	0.11%	44.73 (149)	51.77 (140)	Y	Y	Y
DSV A/S	Industrials	DENMARK	25.19%	31.63%	1.49%	22.72 (279)	22.98 (287)	Y	Y	Y
FINGERPRINT CARDS AB	Industrials	SWEDEN	117.81%	117.14%	0.11%	192.37 (20)	172.50 (33)	Y	Y	Y
FORTUM OYJ	Utilities	FINLAND	26.33%	36.13%	1.04%	33.76 (201)	40.76 (184)	Y	Y	Y
H&M	C.Services	SWEDEN	25.21%	29.51%	0.52%	85.07 (83)	100.53 (76)	Y	Y	Y
KBC GROEP NV	Financials	BELGIUM	27.82%	33.15%	0.06%	41.05 (169)	43.57 (172)	Y	Y	Y
KLEPIERRE	Financials	FRANCE	26.41%	29.10%	0.11%	35.63 (194)	31.92 (224)	Y	Y	Y
NOVO NORDISK A/S	HealthCare	DENMARK	28.92%	34.68%	0.12%	120.36 (54)	140.25 (46)	Y	Y	Y
PERNOD-RICARD	C.Goods	FRANCE	25.82%	28.70%	0.13%	39.27 (174)	54.14 (128)	Y	Y	Y
RELX NV	C.Services	NETHERLANDS	23.31%	26.19%	0.05%	34.38 (198)	38.35 (193)	Y	Y	Y
ROYAL MAIL PLC.	Industrials	UK	24.97%	28.85%	3.90%	21.20 (295)	21.16 (302)	Y	N	N
SAIPEM	Oil - Gas	ITALY	44.09%	75.38%	0.05%	29.03 (235)	27.52 (249)	Y	Y	Y

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	Sector	Country	Vol(T-1)	Vol(T)	WW(T-1)	ADV(T-1)	ADV(T)	B	LF	EU
UCB SA	HealthCare	BELGIUM	28.26%	30.70%	0.95%	21.66 (289)	20.67 (310)	Y	N	N
ZURICH INSURANCE GP.AG	Financials	SWITZERLAND	23.44%	29.81%	0.45%	140.83 (39)	172.61 (32)	Y	Y	Y

Table 3: The Column B shows whenever the deleted stock was in the Stoxx Europe 600 Index NR selection as of 22-Feb-2016. The columns LF/EU show whenever the stock was selected by the liquidity filter/eligible universe as of 22-Feb-2016.

9 Ranking Index Constituents - Top 25

The table shows the top 25 positions in the iStoxx Europe Minimum Variance Index NR as of 22-Feb-2016. The column WW indicates the weights in the iStoxx Europe Minimum Variance Index NR as of 22-Feb-2016. The column Vol gives the annualized volatility computed over 125 business days ending on 16-Feb-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 16-Feb-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 iStoxx Europe 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
RANDGOLD RES.	Materials	UK	4.50%	40.03%	226	3.33%	1	149	YES
SIKA AG	Industrials	SWITZERLAND	4.05%	22.73%	7	30.64%	14	9	NO
ALSTOM SA	Industrials	FRANCE	3.74%	26.85%	40	28.94%	10	29	YES
ENDESA SA	Utilities	SPAIN	3.14%	22.55%	6	38.31%	52	21	YES
RED ELECTRICA	Utilities	SPAIN	3.08%	20.03%	2	44.12%	119	41	YES
IBERDROLA SA	Utilities	SPAIN	2.75%	18.70%	1	50.83%	241	82	YES
PADDY POWER	C.Services	IRELAND	2.68%	39.12%	218	20.44%	5	145	NO
ENAGAS SA	Utilities	SPAIN	2.61%	21.43%	5	43.30%	106	39	YES
GEMALTO	Technology	NETHERLANDS	2.60%	35.87%	177	25.59%	7	119	YES
AGEAS (EX-FORTIS) NV	Financials	BELGIUM	2.57%	23.68%	11	42.09%	88	37	YES
SONOVA HOLDING AG	HealthCare	SWITZERLAND	2.47%	23.93%	13	40.13%	69	32	YES
ILIAD SA	Technology	FRANCE	2.45%	27.91%	55	33.30%	23	44	NO
SWISSCOM	Telecom.	SWITZERLAND	2.44%	24.12%	17	39.52%	66	33	YES
SWEDISH MATCH AB	C.Goods	SWEDEN	2.26%	23.69%	12	40.54%	73	32	YES
MUNCHENER RUCK.	Financials	GERMANY	2.19%	20.83%	3	51.36%	251	87	YES
NESTLE AG	C.Goods	SWITZERLAND	2.05%	21.40%	4	47.19%	173	61	YES
BOUYGUES SA	Industrials	FRANCE	2.01%	26.38%	36	39.26%	64	45	YES
CARLSBERG AS	C.Goods	DENMARK	1.94%	27.59%	49	38.68%	58	52	YES

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	Sector	Country	WW	Vol	Rank Vol	Corr	Rank Corr	Rank Blend	Core
GIVAUDAN SA	Materials	SWITZERLAND	1.91%	23.48%	8	43.67%	113	43	YES
SGS SA	Industrials	SWITZERLAND	1.79%	23.93%	14	44.29%	123	51	YES
SNAM SPA	Utilities	ITALY	1.77%	24.24%	18	44.63%	130	56	YES
GRIFOLS SA	HealthCare	SPAIN	1.67%	25.12%	24	41.89%	86	45	YES
DIRECT LINE IN.GP.PLC.	Financials	UK	1.58%	24.49%	21	45.35%	140	61	YES
ADIDAS AG	C.Goods	GERMANY	1.54%	29.92%	94	36.18%	34	73	YES
MARINE HARVEST ASA	C.Goods	NORWAY	1.52%	29.56%	86	36.57%	38	69	NO

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