

# Rebalancing Report

## Ossiam US Minimum Variance Index NR

### 18-Apr-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	18-Apr-2016
Number of Stocks	85
Added Stocks	9
Deleted Stocks	12
Core Number	76
Old weight of Core	94.67%
New weight of Core	93.48%
Turnover	28.21%
Historical Turnover	38.43%

Table 1: Added and deleted stocks are relative to 15-Apr-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 **88** to **85**.

The Turnover is **28.21%**, lower than its historical mean at **38.43%**.

The weight of the Index Core Portfolio decreased from **94.67%** to **93.48%**.

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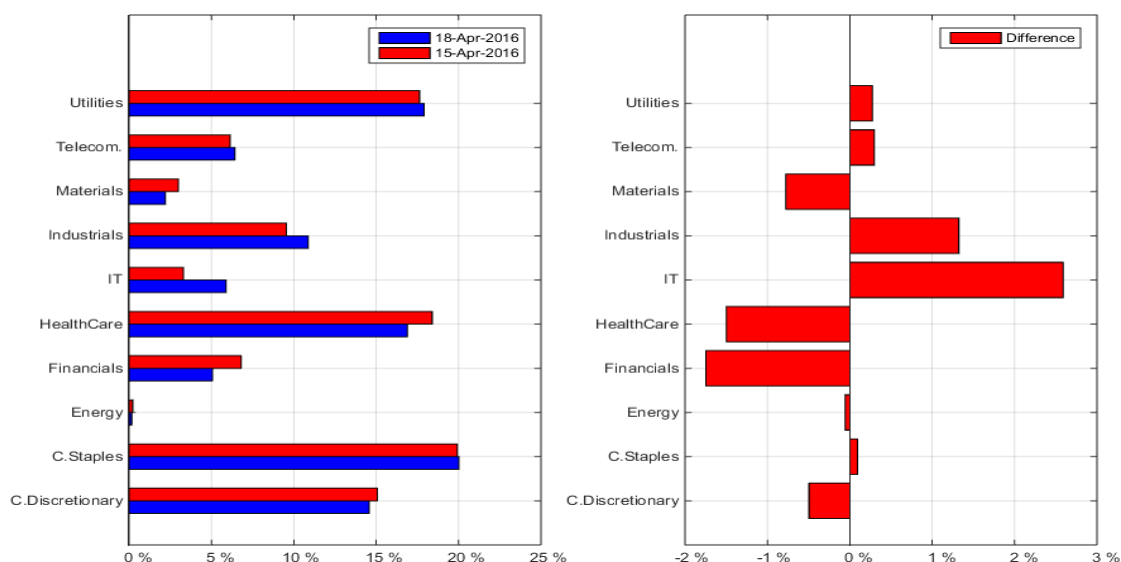
## 2 Sector Allocation

The most significant changes in sector exposures are: **2.59%** for IT, **-1.75%** for Financials, **-1.50%** for HealthCare.

The biggest sector exposures are: **20.01%** for C.Staples, **17.90%** for Utilities, **16.90%** for HealthCare.

	Close 15-Apr-2016	Opening 18-Apr-2016	Difference
C.Discretionary	15.06%	14.57%	-0.50%
C.Staples	19.92%	20.01%	0.09%
Energy	0.22%	0.16%	-0.06%
Financials	6.81%	5.07%	-1.75%
HealthCare	18.40%	16.90%	-1.50%
IT	3.29%	5.88%	2.59%
Industrials	9.55%	10.88%	1.32%
Materials	2.99%	2.21%	-0.78%
Telecom.	6.13%	6.42%	0.30%
Utilities	17.63%	17.90%	0.27%

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-Apr-2016 (last business day before the new composition is implemented) compared to the new rebalancing weights as of 18-Apr-2016.



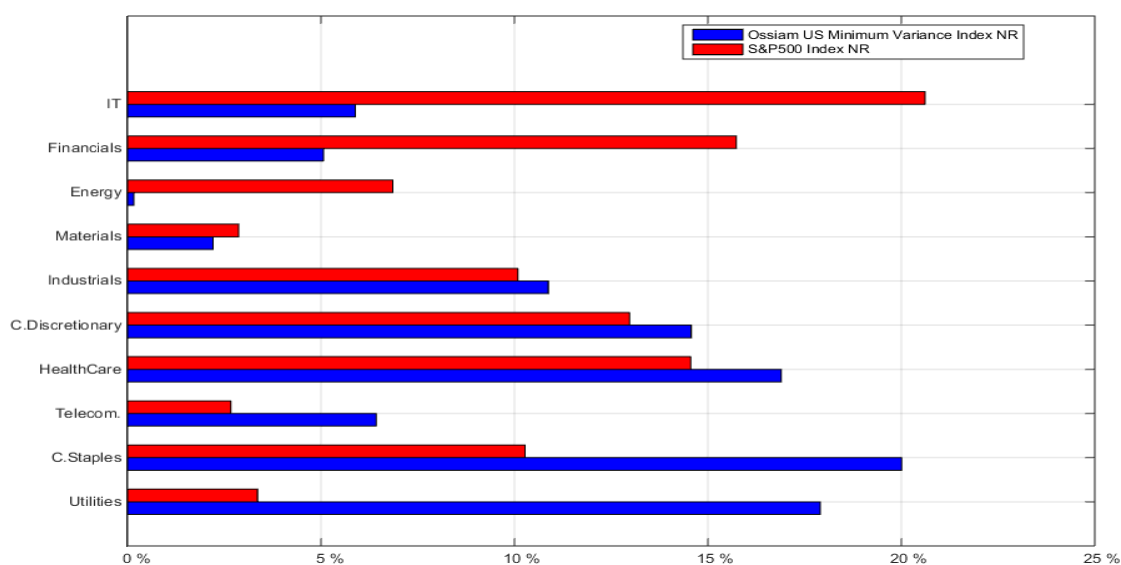
### 3 Sector breakdown vs. benchmark

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-Apr-2016

	SPTR500N Index	OUMV Index	Difference	VolMV	VolBench
C.Discretionary	12.97%	14.57%	1.60%	14.91%	17.49%
C.Staples	10.28%	20.01%	9.73%	12.00%	13.44%
Energy	6.86%	0.16%	-6.69%	29.88%	31.33%
Financials	15.73%	5.07%	-10.67%	15.18%	20.84%
HealthCare	14.55%	16.90%	2.34%	14.91%	18.57%
IT	20.62%	5.88%	-14.73%	16.21%	19.35%
Industrials	10.09%	10.88%	0.79%	14.31%	17.15%
Materials	2.87%	2.21%	-0.66%	48.36%	22.69%
Telecom.	2.67%	6.42%	3.75%	13.82%	14.38%
Utilities	3.36%	17.90%	14.54%	15.77%	16.24%

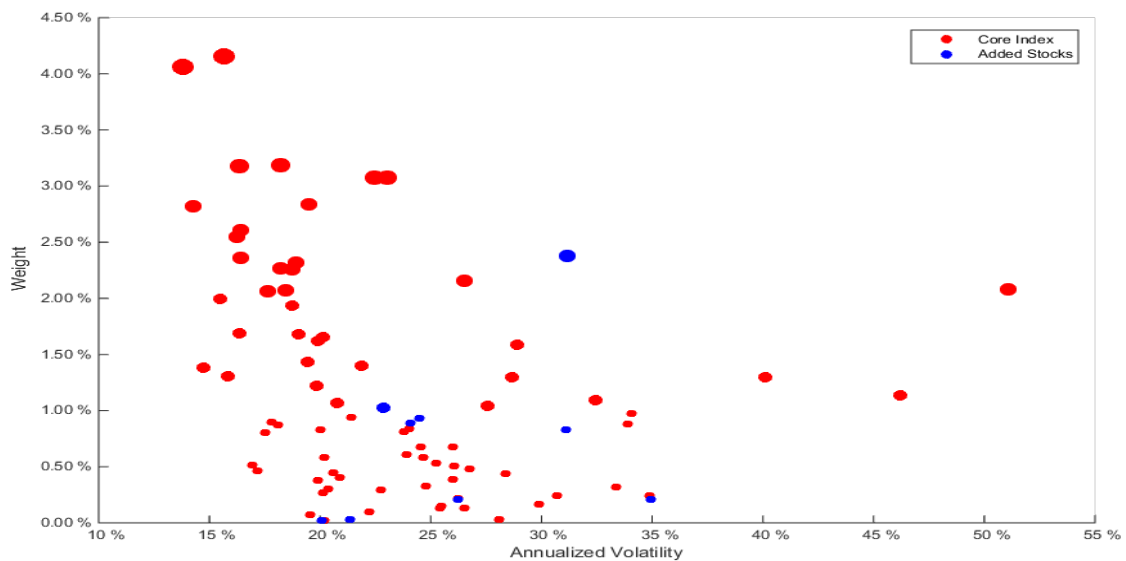
The Ossiam US Minimum Variance Index NR overweights Utilities (**14.54%**) and C.Staples (**9.73%**) compared to S&P500 Index NR.

The Ossiam US Minimum Variance Index NR underweights IT (**-14.73%**) and Financials (**-10.67%**) 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 18-Apr-2016 in terms of annualized volatility (x-axis) and weight (y-axis). Volatility computed over 125 days ending on 12-Apr-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 9 new stocks. In the table below, T is the current rebalancing date (18-Apr-2016), while T-1 is the previous rebalancing date (21-Mar-2016). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 15-Mar-2016 and 12-Apr-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
3M CO.	Industrials	USA	21.02%	20.05%	0.02%	410.52 (80)	372.27 (79)	Y	Y	Y
CME GROUP INCO.	Financials	USA	25.85%	24.51%	0.93%	177.27 (254)	176.31 (227)	Y	N	N
COMCAST CORP.	C.Discretionary	USA	22.67%	21.34%	0.03%	756.96 (33)	671.64 (32)	Y	Y	Y
MATTEL INCO.	C.Discretionary	USA	38.87%	34.94%	0.21%	191.90 (225)	185.05 (215)	Y	Y	Y
MOLSON COORS BREWING CO.	C.Staples	USA	32.24%	24.07%	0.89%	230.44 (192)	164.49 (249)	Y	Y	Y
SANDISK CORP.	IT	USA	37.79%	31.10%	0.83%	301.91 (132)	276.12 (126)	Y	Y	Y
SYMANTEC CORP.	IT	USA	24.14%	22.84%	1.03%	168.28 (272)	167.02 (243)	Y	N	N
WHOLE FOODS MARKET INCO.	C.Staples	USA	33.37%	31.16%	2.38%	178.15 (251)	174.04 (232)	Y	N	N
YUM! BRANDS INCO.	C.Discretionary	USA	39.08%	26.25%	0.21%	330.38 (113)	295.66 (110)	Y	Y	Y

Table 2: The Column B shows whenever the added stock was in the S&P500 Index NR selection as of 21-Mar-2016. The columns LF/EU show whenever the stock was selected by the liquidity filter/eligible universe as of 21-Mar-2016.

## 6 Deleted Stocks

The rebalancing has deleted 12 new stocks. In the table below, T is the current rebalancing date (18-Apr-2016), while T-1 is the previous rebalancing date (21-Mar-2016). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 15-Mar-2016 and 12-Apr-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
APPLE INCO.	IT	USA	27.84%	27.47%	0.03%	4837.50 (1)	3608.65 (1)	Y	Y	Y
BEST BUY CO.INCO.	C.Discretionary	USA	33.87%	33.79%	0.82%	185.12 (240)	157.13 (267)	Y	N	N
CHUBB LTD.	Financials	USA	19.29%	18.87%	0.04%	318.49 (121)	222.27 (180)	Y	Y	Y
INTL.BUS.MCHS.CORP.	IT	USA	23.94%	23.45%	0.27%	731.41 (35)	665.44 (33)	Y	Y	Y
KOHL'S CORP.	C.Discretionary	USA	44.77%	44.09%	0.13%	193.45 (222)	155.12 (274)	Y	N	N
L BRANDS INCO.	C.Discretionary	USA	26.75%	27.37%	0.25%	219.05 (196)	221.19 (182)	Y	Y	Y
NAT.OILWELL VARCO INCO.	Energy	USA	44.03%	43.46%	0.18%	229.88 (193)	220.90 (183)	Y	Y	Y
PRAXAIR INCO.	Materials	USA	22.61%	21.81%	0.40%	185.74 (238)	163.64 (253)	Y	N	N
STRYKER CORP.	HealthCare	USA	20.34%	19.42%	0.37%	192.50 (224)	164.17 (251)	Y	N	N
THE ALLSTATE CORPORATION	Financials	USA	19.43%	18.64%	1.84%	187.10 (234)	158.13 (262)	Y	N	N
WAL MART STORES INCO.	C.Staples	USA	23.67%	23.75%	0.18%	824.03 (28)	694.25 (29)	Y	Y	Y
WW GRAINGER INCO.	Industrials	USA	26.48%	25.50%	0.82%	178.99 (250)	159.98 (260)	Y	N	N

Table 3: The Column B shows whenever the deleted stock was in the S&P500 Index NR selection as of 18-Apr-2016. The columns LF/EU show whenever the stock was selected by the liquidity filter/eligible universe as of 18-Apr-2016.

## 7 Ranking Index Constituents - Top 25

The table shows the top 25 positions in the Ossiam US Minimum Variance Index NR as of 18-Apr-2016. The column WW indicates the weights in the Ossiam US Minimum Variance Index NR as of 18-Apr-2016. The column Vol gives the annualized volatility computed over 125 business days ending on 12-Apr-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-Apr-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
THE SOUTHERN CO.	Utilities	USA	4.16%	15.66%	5	20.33%	8	6	YES
AT&T INCO.	Telecom.	USA	4.06%	13.81%	1	34.20%	138	47	YES
TIME WARNER CABLE INCO.	C.Discretionary	USA	3.19%	18.20%	18	32.25%	106	47	YES
DOMINION RESOURCES INCO.	Utilities	USA	3.18%	16.37%	9	27.10%	45	21	YES
KRAFT HEINZ CO.	C.Staples	USA	3.08%	22.46%	51	19.46%	7	36	YES
INTUITIVE SURGICAL INCO.	HealthCare	USA	3.08%	23.02%	55	25.21%	31	46	YES
AMERISOURCEBERGEN CORP.	HealthCare	USA	2.84%	19.50%	29	31.15%	87	48	YES
THE COCA COLA CO.	C.Staples	USA	2.82%	14.27%	2	31.34%	91	32	YES
LOCKHEED MARTIN CORP.	Industrials	USA	2.60%	16.40%	10	36.52%	167	63	YES
UNITED PARCEL SER.INCO.	Industrials	USA	2.55%	16.22%	7	39.16%	199	72	YES
WHOLE FOODS MARKET INCO.	C.Staples	USA	2.38%	31.16%	150	17.89%	5	100	NO
VERIZON COMMUNICATIONS	Telecom.	USA	2.36%	16.44%	11	36.47%	166	63	YES
DUKE ENERGY CORP.	Utilities	USA	2.32%	18.89%	26	21.85%	13	21	YES
EMC CORP.	IT	USA	2.27%	18.23%	19	36.10%	162	67	YES
PG&E CORP.	Utilities	USA	2.26%	18.74%	22	24.71%	25	23	YES
HUMANA INCO.	HealthCare	USA	2.15%	26.52%	94	24.38%	23	69	YES
NEWMONT MINING CORP.	Materials	USA	2.08%	51.11%	226	8.89%	1	149	YES
SYSCO CORP.	C.Staples	USA	2.07%	18.44%	20	27.95%	54	31	YES

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	Sector	Country	WW	Vol	Rank Vol	Corr	Rank Corr	Rank Blend	Core
NEXTERA ENERGY INCO.	Utilities	USA	2.07%	17.66%	15	27.77%	49	26	YES
PHILIP MORRIS INTL.INCO.	C.Staples	USA	1.99%	15.46%	4	32.95%	117	42	YES
MCDONALDS CORP.	C.Discretionary	USA	1.93%	18.77%	23	35.35%	154	67	YES
JOHNSON & JOHNSON	HealthCare	USA	1.69%	16.35%	8	41.01%	219	79	YES
AMER.ELEC.PWR.CO.INCO.	Utilities	USA	1.68%	19.03%	27	25.69%	32	28	YES
RAYTHEON CO.	Industrials	USA	1.65%	20.12%	36	33.40%	125	66	YES
CROWN CASTLE INTL.CORP.	Financials	USA	1.62%	19.92%	33	34.28%	142	70	YES



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