

Rebalancing Report

Ossiam US Minimum Variance Index NR

23-May-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	23-May-2016
Number of Stocks	78
Added Stocks	11
Deleted Stocks	16
Core Number	67
Old weight of Core	88.76%
New weight of Core	90.39%
Turnover	42.72%
Historical Turnover	38.45%

Table 1: Added and deleted stocks are relative to 20-May-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 **83** to **78**.

The Turnover is **42.72%**, higher than its historical mean at **38.45%**.

The weight of the Index Core Portfolio is stable.

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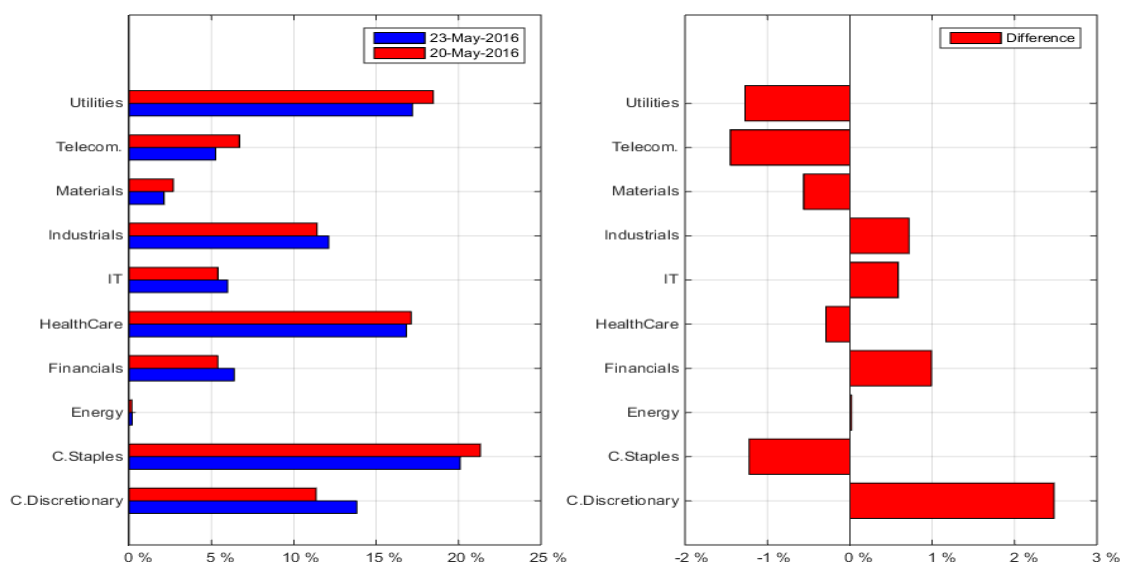
2 Sector Allocation

The most significant changes in sector exposures are: **2.48%** for C.Discretionary, **-1.45%** for Telecom., **-1.27%** for Utilities.

The biggest sector exposures are: **20.09%** for C.Staples, **17.19%** for Utilities, **16.84%** for HealthCare.

	Close 20-May-2016	Opening 23-May-2016	Difference
C.Discretionary	11.35%	13.83%	2.48%
C.Staples	21.32%	20.09%	-1.22%
Energy	0.17%	0.19%	0.02%
Financials	5.39%	6.39%	0.99%
HealthCare	17.13%	16.84%	-0.29%
IT	5.40%	5.98%	0.59%
Industrials	11.40%	12.12%	0.72%
Materials	2.68%	2.12%	-0.56%
Telecom.	6.70%	5.25%	-1.45%
Utilities	18.47%	17.19%	-1.27%

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 20-May-2016 (last business day before the new composition is implemented) compared to the new rebalancing weights as of 23-May-2016.



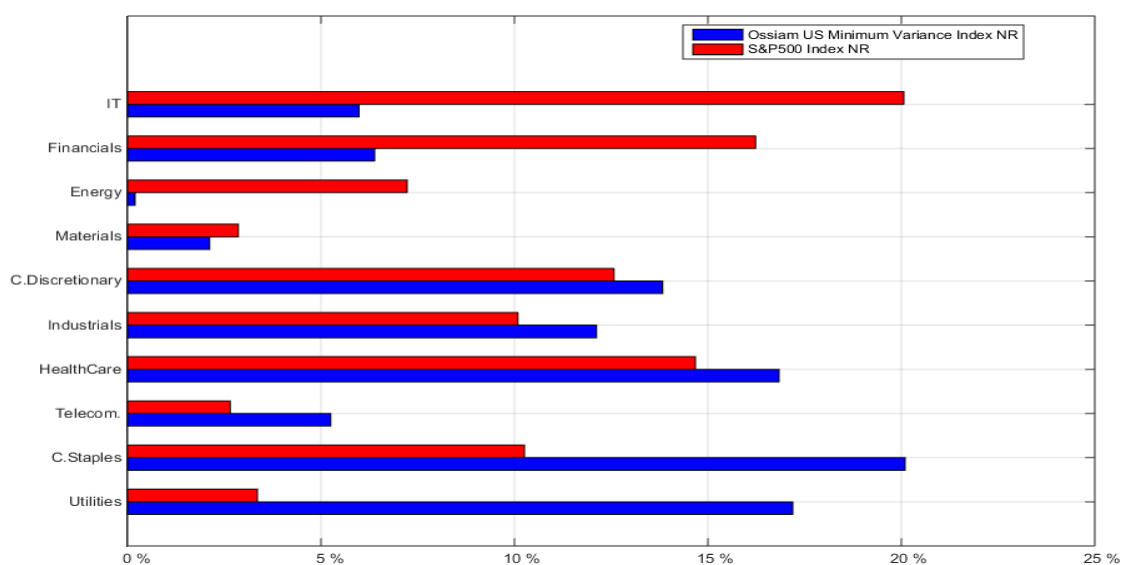
3 Sector breakdown vs. benchmark

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 17-May-2016

	SPTR500N Index	OUMV Index	Difference	VolMV	VolBench
C.Discretionary	12.57%	13.83%	1.25%	14.77%	17.45%
C.Staples	10.26%	20.09%	9.84%	12.21%	13.10%
Energy	7.23%	0.19%	-7.04%	29.89%	30.51%
Financials	16.24%	6.39%	-9.85%	15.12%	20.50%
HealthCare	14.68%	16.84%	2.16%	14.66%	17.70%
IT	20.07%	5.98%	-14.08%	14.79%	18.68%
Industrials	10.09%	12.12%	2.03%	13.43%	16.48%
Materials	2.87%	2.12%	-0.75%	52.31%	22.74%
Telecom.	2.65%	5.25%	2.60%	13.98%	14.66%
Utilities	3.35%	17.19%	13.84%	15.28%	15.65%

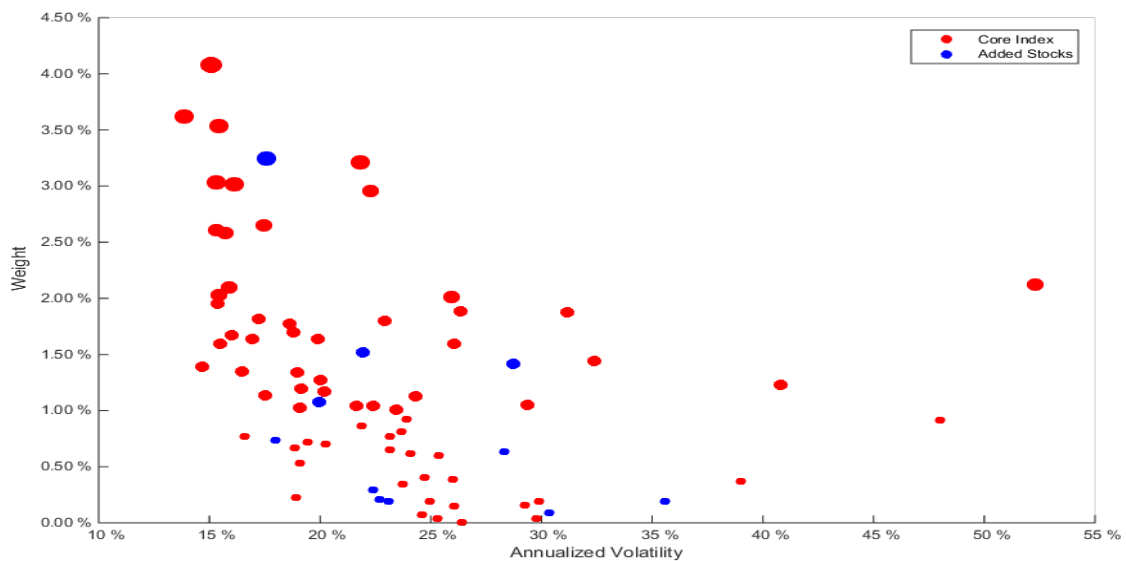
The Ossiam US Minimum Variance Index NR overweights Utilities (**13.84%**) and C.Staples (**9.84%**) compared to S&P500 Index NR.

The Ossiam US Minimum Variance Index NR underweights IT (**-14.08%**) and Financials (**-9.85%**) 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 23-May-2016 in terms of annualized volatility (x-axis) and weight (y-axis). Volatility computed over 125 days ending on 17-May-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 11 new stocks. In the table below, T is the current rebalancing date (23-May-2016), while T-1 is the previous rebalancing date (18-Apr-2016). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 12-Apr-2016 and 17-May-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	Vol(T-1)	Vol(T)	WW(T)	ADV(T-1)	ADV(T)	B	LF	EU
CONS.EDISON INCO.	Utilities	17.67%	17.55%	3.25%	147.81 (285)	153.75 (250)	Y	N	N
DIGITAL REALTY TST.INCO.	Financials	Inf%	21.94%	1.51%	-Inf (508)	166.30 (231)	N	N	N
EBAY INCO.	IT	35.53%	30.34%	0.09%	301.54 (107)	299.78 (102)	Y	Y	Y
FOOT LOCKER INCO.	C.Discretionary	31.86%	28.34%	0.64%	217.83 (188)	190.63 (197)	Y	Y	Y
INTL.BUS.MCHS.CORP.	IT	23.45%	22.70%	0.21%	665.44 (33)	652.95 (27)	Y	Y	Y
MACY'S INCO.	C.Discretionary	36.16%	35.61%	0.19%	183.65 (219)	192.05 (195)	Y	Y	Y
STRYKER CORP.	HealthCare	19.42%	18.01%	0.74%	164.17 (251)	156.27 (244)	Y	N	N
SYNCHRONY FINANCIAL	Financials	31.00%	28.71%	1.41%	230.24 (170)	183.35 (206)	Y	Y	N
TEXAS INSTRUMENTS INCO.	IT	28.41%	22.40%	0.29%	282.93 (118)	272.17 (114)	Y	Y	Y
WAL MART STORES INCO.	C.Staples	23.75%	19.97%	1.08%	694.25 (29)	542.52 (36)	Y	Y	Y
WALGREENS BTS.ALL.INCO.	C.Staples	30.03%	23.10%	0.19%	340.23 (95)	348.11 (77)	Y	Y	Y

Table 2: The Column B shows whenever the added 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.

6 Deleted Stocks

The rebalancing has deleted 16 new stocks. In the table below, T is the current rebalancing date (23-May-2016), while T-1 is the previous rebalancing date (18-Apr-2016). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 12-Apr-2016 and 17-May-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	Vol(T-1)	Vol(T)	WW(T-1)	ADV(T-1)	ADV(T)	B	LF	EU
COMCAST CORP.	C.Discretionary	21.34%	21.10%	0.03%	671.64 (32)	585.24 (32)	Y	Y	Y
COSTCO WHOLESALE CORP.	C.Staples	20.20%	20.53%	0.02%	370.28 (80)	341.35 (81)	Y	Y	Y
ELECTRONIC ARTS INCO.	IT	34.87%	39.07%	0.28%	256.50 (146)	237.68 (143)	Y	Y	Y
GENERAL DYNAMICS CORP.	Industrials	19.56%	19.56%	0.08%	229.14 (173)	204.64 (181)	Y	Y	Y
HUMANA INCO.	HealthCare	26.52%	23.71%	2.27%	166.24 (245)	149.81 (259)	Y	N	N
KIMBERLY-CLARK CORP.	C.Staples	16.91%	18.30%	0.50%	229.93 (172)	249.15 (131)	Y	Y	Y
MATTEL INCO.	C.Discretionary	34.94%	34.28%	0.20%	185.05 (215)	131.99 (289)	Y	N	N
MOLSON COORS BREWING CO.	C.Staples	24.07%	19.00%	0.93%	164.49 (249)	126.92 (305)	Y	N	N
MONSANTO CO.	Materials	26.54%	30.50%	0.16%	295.84 (109)	309.17 (95)	Y	Y	Y
PG&E CORP.	Utilities	18.74%	17.63%	2.32%	173.44 (234)	139.91 (280)	Y	N	N
PPL CORP.	Utilities	19.42%	17.87%	1.53%	172.96 (236)	142.74 (274)	Y	N	N
PUBLIC STORAGE INCO.	Financials	20.86%	23.29%	0.40%	189.88 (209)	190.29 (198)	Y	Y	Y
SIMON PROPERTY GP.INCO.	Financials	20.18%	20.82%	0.58%	240.08 (166)	269.31 (116)	Y	Y	Y
THE TRAVELERS COS.INCO.	Financials	17.83%	19.21%	0.91%	193.71 (207)	183.60 (205)	Y	Y	Y
THE WALT DISNEY CO.	C.Discretionary	22.72%	23.14%	0.31%	782.90 (23)	759.37 (20)	Y	Y	Y
UNITED CONT.HDG.INCO.	Industrials	33.90%	37.38%	0.73%	282.72 (119)	295.66 (103)	Y	Y	Y

Table 3: The Column B shows whenever the deleted stock was in the S&P500 Index NR selection as of 23-May-2016. The columns LF/EU show whenever the stock was selected by the liquidity filter/eligible universe as of 23-May-2016.

7 Ranking Index Constituents - Top 25

The table shows the top 25 positions in the Ossiam US Minimum Variance Index NR as of 23-May-2016. The column WW indicates the weights in the Ossiam US Minimum Variance Index NR as of 23-May-2016. The column Vol gives the annualized volatility computed over 125 business days ending on 17-May-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 17-May-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	WW	Vol	Rank Vol	Corr	Rank Corr	Rank Blend	Core
THE SOUTHERN CO.	Utilities	4.08%	15.09%	3	20.38%	10	5	YES
AT&T INCO.	Telecom.	3.62%	13.83%	1	35.19%	141	48	YES
EMC CORP.	IT	3.53%	15.42%	8	36.28%	154	57	YES
CONS.EDISON INCO.	Utilities	3.25%	17.55%	20	18.22%	6	15	NO
KRAFT HEINZ CO.	C.Staples	3.21%	21.80%	49	19.71%	8	35	YES
MCDONALDS CORP.	C.Discretionary	3.03%	15.30%	5	35.68%	147	53	YES
DOMINION RESOURCES INCO.	Utilities	3.02%	16.14%	13	27.15%	43	23	YES
INTUITIVE SURGICAL INCO.	HealthCare	2.96%	22.28%	55	26.70%	39	49	YES
DUKE ENERGY CORP.	Utilities	2.65%	17.46%	18	21.79%	16	17	YES
LOCKHEED MARTIN CORP.	Industrials	2.61%	15.30%	4	37.73%	170	60	YES
UNITED PARCEL SER.INCO.	Industrials	2.58%	15.70%	10	39.63%	195	72	YES
NEWMONT MINING CORP.	Materials	2.12%	52.31%	224	8.29%	1	148	YES
THE COCA COLA CO.	C.Staples	2.10%	15.92%	11	30.50%	81	34	YES
PHILIP MORRIS INTL.INCO.	C.Staples	2.03%	15.40%	7	32.89%	108	41	YES
TIME WARNER INCO.	C.Discretionary	2.01%	25.92%	95	26.24%	35	74	YES
JOHNSON & JOHNSON	HealthCare	1.95%	15.38%	6	41.53%	214	76	YES
DOLLAR GENERAL CORP.	C.Discretionary	1.89%	26.37%	103	24.08%	21	75	YES
WHOLE FOODS MARKET INCO.	C.Staples	1.87%	31.15%	151	20.27%	9	102	YES

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	Sector	WW	Vol	Rank Vol	Corr	Rank Corr	Rank Blend	Core
NEXTERA ENERGY INCO.	Utilities	1.81%	17.24%	17	28.38%	53	29	YES
AMERISOURCEBERGEN CORP.	HealthCare	1.80%	22.93%	62	29.97%	71	65	YES
RAYTHEON CO.	Industrials	1.77%	18.65%	25	34.42%	132	61	YES
CROWN CASTLE INTL.CORP.	Financials	1.70%	18.79%	26	34.61%	136	63	YES
DANAHER CORP.	Industrials	1.67%	16.04%	12	46.09%	237	88	YES
SYSCO CORP.	C.Staples	1.64%	19.90%	38	27.64%	47	41	YES
VERIZON COMMUNICATIONS	Telecom.	1.63%	16.94%	16	36.99%	161	65	YES

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