

# Rebalancing Report

## iStoxx Europe Minimum Variance Index NR

### 23-May-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	23-May-2016
Number of Stocks	87
Added Stocks	11
Deleted Stocks	14
Core Number	76
Old weight of Core	93.50%
New weight of Core	88.26%
Turnover	36.69%
Historical Turnover	36.05%

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 **90** to **87**.

The Turnover is **36.69%**, in line with its historical mean at **36.05%**.

The weight of the Index Core Portfolio decreased from **93.50%** to **88.26%**.

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\*Email:trading@ossiam.com

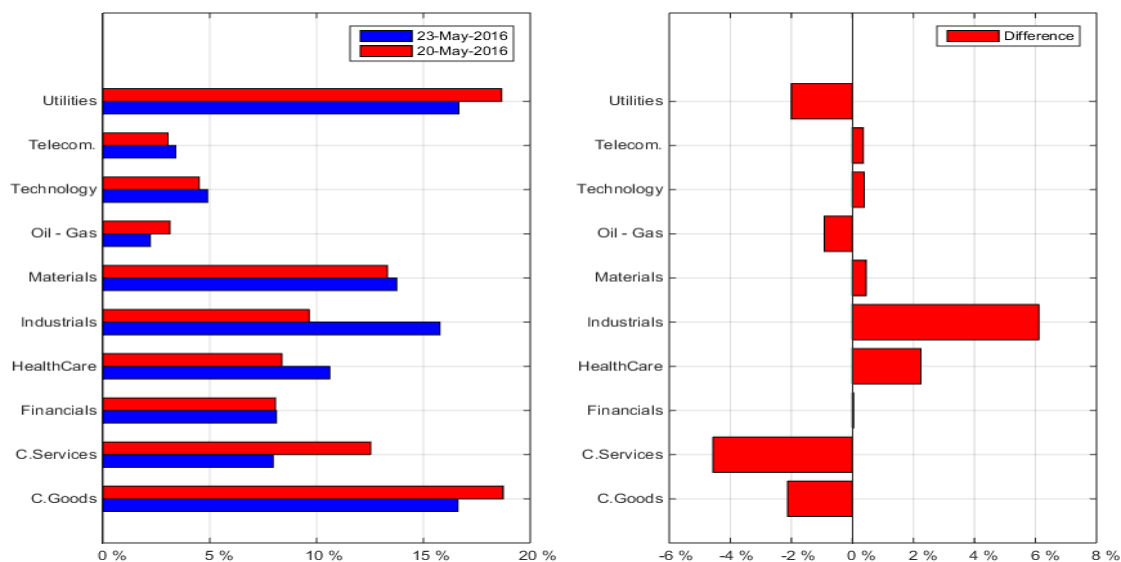
## 2 Sector Allocation

The most significant changes in sector exposures are: **6.12%** for Industrials, **-4.57%** for C.Services, **2.25%** for HealthCare.

The biggest sector exposures are: **16.66%** for Utilities, **16.61%** for C.Goods, **15.77%** for Industrials.

	Close 20-May-2016	Opening 23-May-2016	Difference
C.Goods	18.73%	16.61%	-2.12%
C.Services	12.53%	7.96%	-4.57%
Financials	8.07%	8.11%	0.04%
HealthCare	8.37%	10.61%	2.25%
Industrials	9.66%	15.77%	6.12%
Materials	13.31%	13.76%	0.45%
Oil - Gas	3.13%	2.21%	-0.92%
Technology	4.51%	4.90%	0.39%
Telecom.	3.04%	3.40%	0.36%
Utilities	18.66%	16.66%	-2.00%

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.



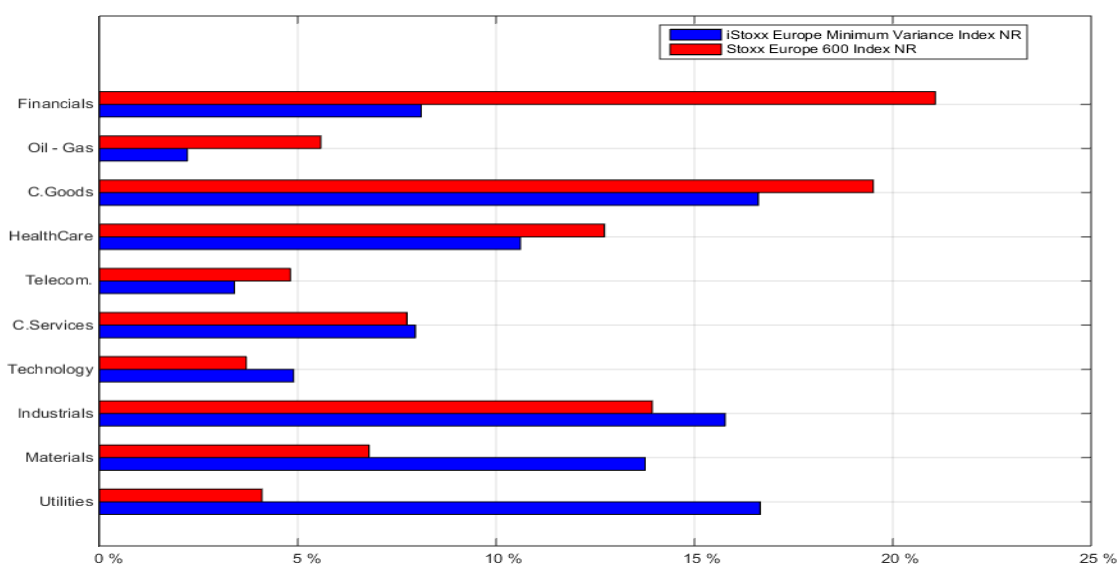
### 3 Sector breakdown vs. benchmark

The table below shows, for each sector, the weight in the 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 17-May-2016

	SXXR Index	ISEMVT Index	Difference	VolMV	VolBench
C.Goods	19.51%	16.61%	-2.90%	14.47%	19.15%
C.Services	7.75%	7.96%	0.21%	18.50%	20.17%
Financials	21.07%	8.11%	-12.96%	17.99%	27.47%
HealthCare	12.73%	10.61%	-2.12%	17.17%	20.16%
Industrials	13.93%	15.77%	1.84%	15.84%	20.79%
Materials	6.79%	13.76%	6.96%	18.32%	27.11%
Oil - Gas	5.58%	2.21%	-3.37%	25.50%	33.12%
Technology	3.70%	4.90%	1.19%	21.73%	21.65%
Telecom.	4.82%	3.40%	-1.42%	19.04%	23.23%
Utilities	4.10%	16.66%	12.56%	15.81%	19.55%

The iStoxx Europe Minimum Variance Index NR overweights Utilities (**12.56%**) and Materials ( **6.96%**) compared to Stoxx Europe 600 Index NR.

The iStoxx Europe Minimum Variance Index NR underweights Financials (**-12.96%**) and Oil - Gas (**-3.37%**) compared to Stoxx Europe 600 Index NR.



## 4 Country Allocation

The most significant changes in country exposures are: **4.28%** for DENMARK, **-3.87%** for IRELAND, **2.29%** for FRANCE.

The biggest country exposures are: **25.58%** for SWITZERLAND, **16.39%** for UK, **12.65%** for SPAIN.

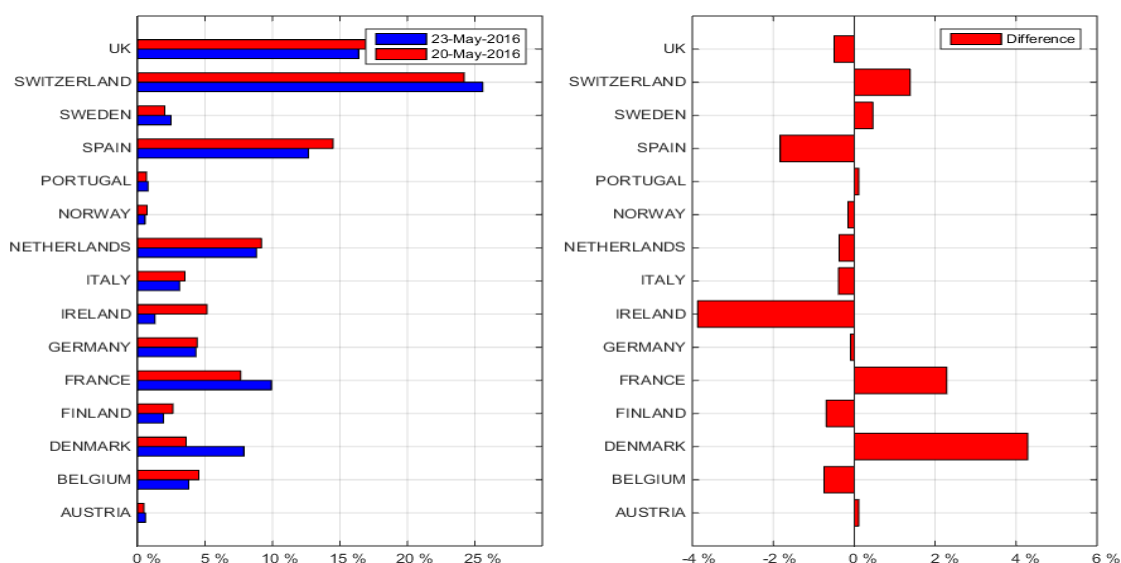
	Close 20-May-2016	Opening 23-May-2016	Difference
AUSTRIA	0.46%	0.58%	0.11%
BELGIUM	4.53%	3.78%	-0.75%
DENMARK	3.60%	7.88%	4.28%
FINLAND	2.61%	1.92%	-0.69%
FRANCE	7.63%	9.92%	2.29%
GERMANY	4.41%	4.32%	-0.09%
IRELAND	5.14%	1.28%	-3.87%
ITALY	3.50%	3.11%	-0.39%
NETHERLANDS	9.18%	8.80%	-0.37%
NORWAY	0.70%	0.55%	-0.16%
PORTUGAL	0.65%	0.76%	0.11%
SPAIN	14.49%	12.65%	-1.83%
SWEDEN	2.00%	2.47%	0.46%
SWITZERLAND	24.20%	25.58%	1.38%
UK	16.89%	16.39%	-0.50%

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

## 5 Country breakdown vs. benchmark

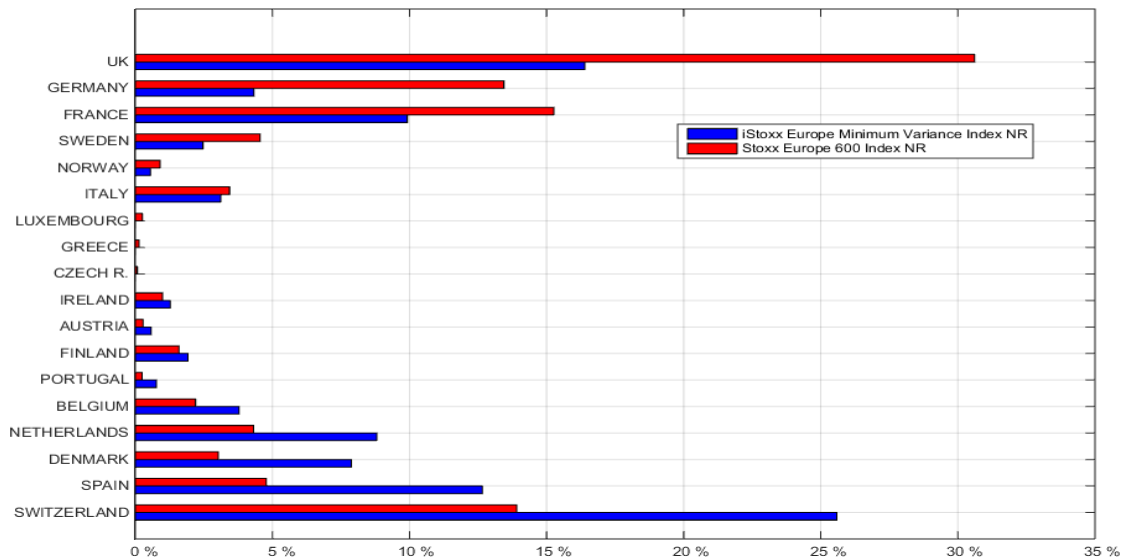
The table below shows, for each country, the weight in the iStoxx Europe Minimum Variance Index NR (ISEMVT Index), in the benchmark Stoxx Europe 600 Index NR (SXXR Index) and their difference. We also show the annualized volatility of each country in the iStoxx Europe Minimum Variance Index NR (VolMV) and in the benchmark (VolBench). Annualized volatilities are computed using 125 business days ending on 17-May-2016

The iStoxx Europe Minimum Variance Index NR overweights SWITZERLAND (**11.67%**) and SPAIN ( **7.88%**) compared to Stoxx Europe 600 Index NR.



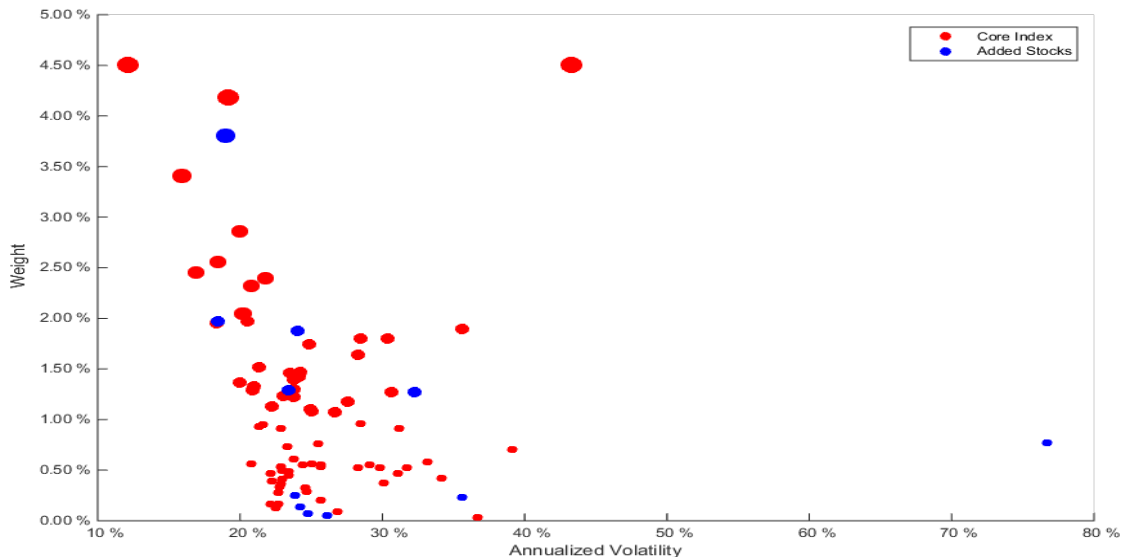
	SXXR Index	ISEMT Index	Difference	VolMV	VolBench
AUSTRIA	0.28%	0.58%	0.30%	33.16%	26.10%
BELGIUM	2.20%	3.78%	1.58%	19.23%	20.69%
CZECH R.	0.07%	-	-0.07%	-	22.10%
DENMARK	3.03%	7.88%	4.86%	16.67%	23.28%
FINLAND	1.59%	1.92%	0.33%	27.33%	21.78%
FRANCE	15.26%	9.92%	-5.34%	17.80%	22.41%
GERMANY	13.44%	4.32%	-9.12%	19.79%	23.47%
GREECE	0.14%	-	-0.14%	-	73.30%
IRELAND	0.99%	1.28%	0.28%	30.62%	20.87%
ITALY	3.44%	3.11%	-0.33%	19.78%	30.67%
LUXEMBOURG	0.26%	-	-0.26%	-	39.35%
NETHERLANDS	4.31%	8.80%	4.49%	18.06%	20.95%
NORWAY	0.90%	0.55%	-0.35%	29.10%	30.37%
PORTUGAL	0.25%	0.76%	0.52%	25.51%	24.60%
SPAIN	4.78%	12.65%	7.88%	15.55%	26.67%
SWEDEN	4.55%	2.47%	-2.08%	30.36%	24.54%
SWITZERLAND	13.91%	25.58%	11.67%	14.97%	18.13%
UK	30.61%	16.39%	-14.22%	16.92%	23.30%

The iStoxx Europe Minimum Variance Index NR underweights UK (-14.22%) and GERMANY (-9.12%) 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 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.



## 7 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 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
ATLANTIA	Industrials	ITALY	25.96%	24.21%	0.14%	49.25 (154)	42.84 (153)	Y	Y	Y
BAE SYSTEMS PLC.	Industrials	UK	25.66%	23.83%	0.25%	42.79 (175)	36.51 (188)	Y	Y	Y
BALOISE-HOLDING AG	Financials	SWITZERLAND	19.13%	18.47%	1.97%	21.36 (312)	22.14 (284)	Y	N	N
COLOPLAST A/S	HealthCare	DENMARK	28.45%	24.04%	1.88%	21.82 (306)	20.06 (298)	Y	N	N
DIRECT LINE IN.GP.PLC.	Financials	UK	26.63%	26.10%	0.05%	22.05 (302)	21.31 (292)	Y	N	N
EIFFAGE	Industrials	FRANCE	24.75%	23.44%	1.29%	22.21 (301)	20.47 (296)	Y	N	N
FINGERPRINT CARDS AB	Industrials	SWEDEN	111.15%	76.75%	0.77%	104.93 (69)	99.33 (63)	Y	Y	Y
ISS AS	Industrials	DENMARK	19.32%	18.95%	3.81%	21.47 (310)	22.70 (278)	Y	N	N
MICRO FOCUS INTL.PLC.	Technology	UK	32.68%	32.28%	1.27%	19.31 (324)	40.34 (165)	Y	N	N
PROSIEBENSAT 1 MEDIA AG	C.Services	GERMANY	26.90%	24.74%	0.07%	40.86 (183)	39.01 (176)	Y	Y	Y
SWED.ORPHAN BIOVITRUM AB	HealthCare	SWEDEN	34.46%	35.64%	0.24%	17.12 (352)	19.88 (299)	Y	N	N

Table 2: The Column B shows whenever the added stock was in the Stoxx Europe 600 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.

## 8 Deleted Stocks

The rebalancing has deleted 14 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 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
AIR FRANCE-KLM	C.Services	FRANCE	38.71%	36.60%	0.32%	25.84 (270)	19.79 (302)	Y	N	N
ASML HOLDING NV	Technology	NETHERLANDS	29.33%	29.31%	0.22%	104.83 (70)	100.15 (61)	Y	Y	Y
ASSOCIATED BRIT.FDS.PLC.	C.Goods	UK	25.97%	26.90%	0.20%	27.14 (259)	25.63 (255)	Y	Y	Y
BOUYGUES SA	Industrials	FRANCE	30.70%	30.89%	0.34%	40.13 (189)	37.18 (185)	Y	Y	Y
GAS NATURAL SDG SA	Utilities	SPAIN	24.41%	25.80%	0.57%	38.29 (198)	34.25 (197)	Y	Y	Y
JUST EAT PLC	C.Services	UK	46.19%	45.10%	0.16%	24.96 (274)	16.68 (342)	Y	N	N
KON.PHILIPS ELTN.NA	Industrials	NETHERLANDS	24.91%	25.24%	0.19%	93.89 (82)	77.59 (89)	Y	Y	Y
KONE OYJ	Industrials	FINLAND	27.60%	27.89%	0.08%	35.16 (206)	34.72 (195)	Y	Y	Y
MEDA AB	HealthCare	SWEDEN	100.10%	99.20%	0.28%	35.07 (207)	11.33 (415)	Y	N	N
PADDY POWER BETFAIR PLC.	C.Services	IRELAND	29.98%	32.15%	3.46%	50.64 (146)	16.33 (345)	Y	N	N
RECKITT BENCKISER GP.PLC	C.Goods	UK	24.39%	23.81%	0.15%	100.00 (74)	101.40 (58)	Y	Y	Y
RELX PLC.	C.Services	UK	23.02%	22.62%	0.04%	45.71 (166)	43.52 (152)	Y	Y	Y
RICHEMONT N SA	C.Goods	SWITZERLAND	26.64%	26.58%	0.14%	105.77 (68)	95.53 (69)	Y	Y	Y
THE SAGE GROUP PLC.	Technology	UK	27.51%	28.08%	0.35%	23.37 (287)	20.96 (295)	Y	Y	Y

Table 3: The Column B shows whenever the deleted stock was in the Stoxx Europe 600 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.



## 9 Ranking Index Constituents - Top 25

The table shows the top 25 positions in the iStoxx Europe Minimum Variance Index NR as of 23-May-2016. The column WW indicates the weights in the iStoxx Europe 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 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
SABMILLER PLC.	C.Goods	UK	4.50%	12.09%	1	36.58%	34	12	YES
RANDGOLD RESOURCES	Materials	UK	4.50%	43.25%	246	2.91%	1	162	YES
SYNGENTA AG	Materials	SWITZERLAND	4.19%	19.19%	8	29.35%	6	7	YES
ISS AS	Industrials	DENMARK	3.81%	18.95%	7	32.75%	16	10	NO
RED ELECTRICA	Utilities	SPAIN	3.41%	15.91%	2	45.03%	123	43	YES
SONOVA HOLDING AG	HealthCare	SWITZERLAND	2.86%	19.96%	9	39.46%	58	25	YES
ENAGAS SA	Utilities	SPAIN	2.56%	18.43%	5	43.49%	96	35	YES
IBERDROLA SA	Utilities	SPAIN	2.45%	16.94%	3	50.52%	223	77	YES
ENDESA SA	Utilities	SPAIN	2.40%	21.76%	21	38.78%	53	31	YES
SWISSCOM	Telecom.	SWITZERLAND	2.32%	20.80%	15	40.97%	71	34	YES
SNAM SPA	Utilities	ITALY	2.05%	20.30%	12	43.77%	105	43	YES
GIVAUDAN SA	Materials	SWITZERLAND	2.04%	20.12%	11	42.83%	87	36	YES
BALOISE-HOLDING AG	Financials	SWITZERLAND	1.97%	18.47%	6	50.21%	216	77	NO
SGS SA	Industrials	SWITZERLAND	1.97%	20.50%	13	44.21%	113	47	YES
NESTLE AG	C.Goods	SWITZERLAND	1.95%	18.32%	4	48.62%	182	64	YES
GEMALTO	Technology	NETHERLANDS	1.90%	35.57%	196	26.81%	3	130	YES
COLOPLAST A/S	HealthCare	DENMARK	1.88%	24.04%	51	37.44%	39	46	NO
ALSTOM SA	Industrials	FRANCE	1.80%	30.34%	138	32.19%	13	95	YES

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	Sector	Country	WW	Vol	Rank Vol	Corr	Rank Corr	Rank Blend	Core
NESTE	Oil - Gas	FINLAND	1.80%	28.50%	117	31.60%	11	80	YES
CARLSBERG AS	C.Goods	DENMARK	1.75%	24.83%	62	38.23%	46	56	YES
NN GROUP	Financials	NETHERLANDS	1.64%	28.31%	115	36.65%	35	87	YES
HEINEKEN NV	C.Goods	NETHERLANDS	1.52%	21.38%	19	43.74%	103	47	YES
LONZA GROUP AG	HealthCare	SWITZERLAND	1.47%	24.25%	54	38.79%	54	54	YES
SWEDISH MATCH AB	C.Goods	SWEDEN	1.46%	23.46%	42	40.26%	63	49	YES
DELHAIZE GROUP	C.Services	BELGIUM	1.42%	24.17%	52	39.69%	59	54	YES

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