

Rebalancing Report

Ossiam US Minimum Variance Index NR

20-Jun-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	20-Jun-2016
Number of Stocks	79
Added Stocks	15
Deleted Stocks	14
Core Number	64
Old weight of Core	95.15%
New weight of Core	92.13%
Turnover	26.99%
Historical Turnover	38.39%

Table 1: Added and deleted stocks are relative to 17-Jun-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 **78** to **79**.

The Turnover is **26.99%**, lower than its historical mean at **38.39%**.

The weight of the Index Core Portfolio decreased from **95.15%** to **92.13%**.

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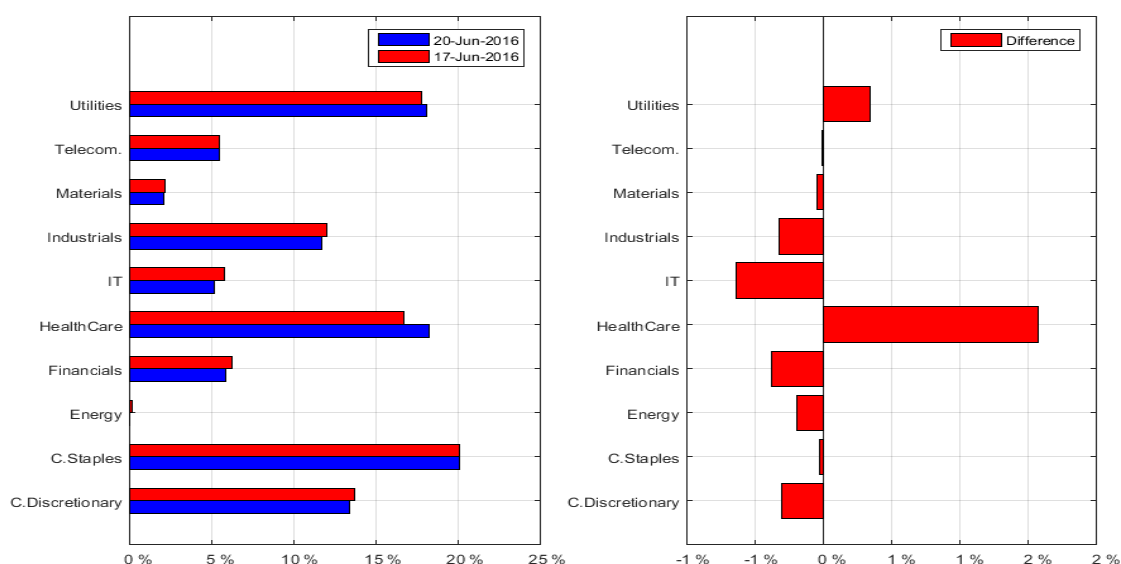
2 Sector Allocation

The most significant changes in sector exposures are: **1.57%** for HealthCare.

The biggest sector exposures are: **20.05%** for C.Staples, **18.22%** for HealthCare, **18.06%** for Utilities.

	Close 17-Jun-2016	Opening 20-Jun-2016	Difference
C.Discretionary	13.69%	13.39%	-0.31%
C.Staples	20.07%	20.05%	-0.03%
Energy	0.19%	-	-0.19%
Financials	6.22%	5.84%	-0.38%
HealthCare	16.64%	18.22%	1.57%
IT	5.78%	5.15%	-0.63%
Industrials	12.04%	11.71%	-0.32%
Materials	2.18%	2.14%	-0.05%
Telecom.	5.46%	5.45%	-0.01%
Utilities	17.72%	18.06%	0.34%

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



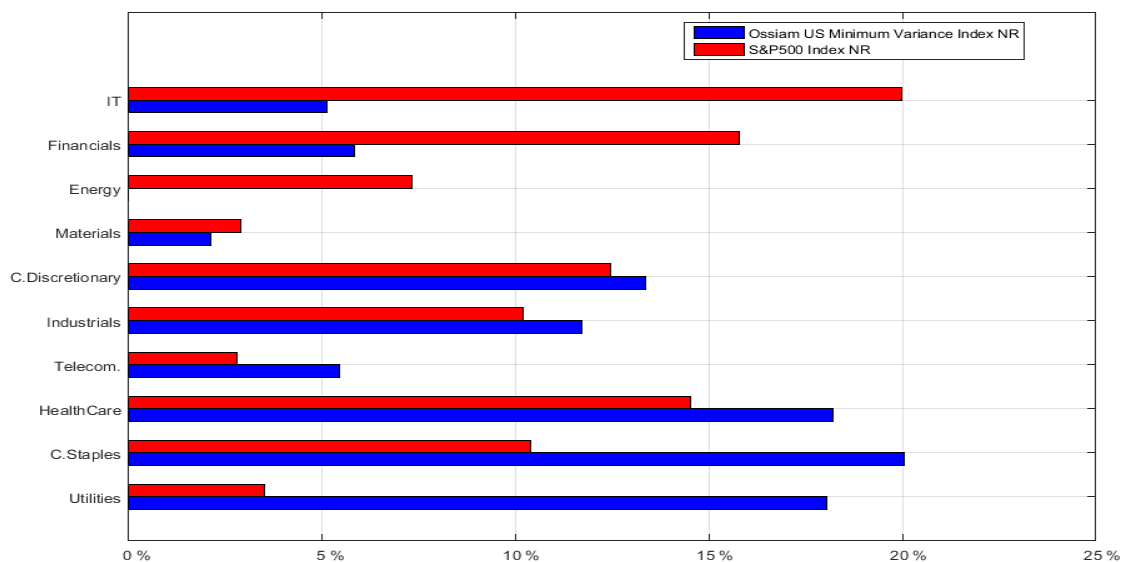
3 Sector breakdown vs. benchmark

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 14-Jun-2016

	SPTR500N Index	OUMV Index	Difference	VolMV	VolBench
C.Discretionary	12.47%	13.39%	0.92%	14.20%	16.90%
C.Staples	10.40%	20.05%	9.65%	11.87%	12.72%
Energy	7.32%	-	-7.32%	-	29.43%
Financials	15.81%	5.84%	-9.97%	14.69%	20.17%
HealthCare	14.53%	18.22%	3.69%	14.09%	16.99%
IT	19.99%	5.15%	-14.85%	14.50%	18.28%
Industrials	10.21%	11.71%	1.51%	12.83%	16.00%
Materials	2.92%	2.14%	-0.78%	47.74%	21.35%
Telecom.	2.82%	5.45%	2.64%	13.27%	14.15%
Utilities	3.54%	18.06%	14.52%	14.73%	15.03%

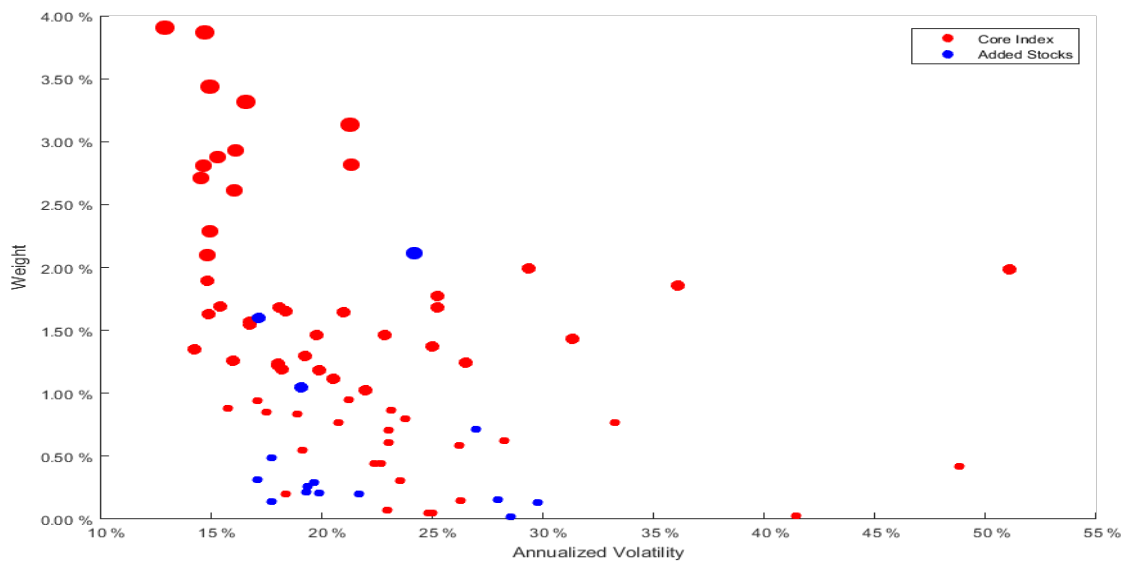
The Ossiam US Minimum Variance Index NR overweights Utilities (**14.52%**) and C.Staples (**9.65%**) compared to S&P500 Index NR.

The Ossiam US Minimum Variance Index NR underweights IT (**-14.85%**) and Financials (**-9.97%**) 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 20-Jun-2016 in terms of annualized volatility (x-axis) and weight (y-axis). Volatility computed over 125 days ending on 14-Jun-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 15 new stocks. In the table below, T is the current rebalancing date (20-Jun-2016), while T-1 is the previous rebalancing date (23-May-2016). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 17-May-2016 and 14-Jun-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
ADV.AUTO PARTS INCO.	C.Discretionary	26.83%	26.98%	0.71%	111.36 (340)	159.47 (235)	Y	N	N
AFLAC INCO.	Financials	19.14%	17.75%	0.49%	148.72 (262)	151.88 (248)	Y	N	N
COMCAST CORP.	C.Discretionary	21.10%	19.65%	0.29%	585.24 (32)	580.53 (29)	Y	Y	Y
COSTCO WHOLESALE CORP.	C.Staples	20.53%	19.40%	0.26%	341.35 (81)	404.14 (61)	Y	Y	Y
E I DU PONT DE NEMOURS	Materials	33.23%	27.98%	0.15%	182.93 (207)	197.66 (182)	Y	Y	Y
HUMANA INCO.	HealthCare	23.71%	24.21%	2.11%	149.81 (259)	181.14 (206)	Y	N	N
ILLINOIS TOOL WKS.INCO.	Industrials	18.39%	17.76%	0.14%	152.61 (251)	152.32 (247)	Y	N	N
KIMBERLY-CLARK CORP.	C.Staples	18.30%	17.14%	0.31%	249.15 (131)	237.39 (134)	Y	Y	Y
PPL CORP.	Utilities	17.87%	17.17%	1.60%	142.74 (274)	154.05 (242)	Y	N	N
QUALCOMM INCO.	IT	34.33%	29.77%	0.13%	504.77 (42)	492.94 (41)	Y	Y	Y
SIMON PROPERTY GP.INCO.	Financials	20.82%	19.33%	0.21%	269.31 (116)	279.32 (104)	Y	Y	Y
SOUTHWEST AIRLINES CO.	Industrials	30.95%	28.56%	0.02%	276.05 (113)	262.52 (115)	Y	Y	Y
THE WALT DISNEY CO.	C.Discretionary	23.14%	21.70%	0.20%	759.37 (20)	767.01 (18)	Y	Y	Y
UNITEDHEALTH GROUP INCO.	HealthCare	22.66%	19.89%	0.20%	415.73 (58)	409.80 (57)	Y	Y	Y
ZIMMER BIOMET HDG.INCO.	HealthCare	19.49%	19.08%	1.05%	147.53 (265)	178.01 (207)	Y	N	N

Table 2: The Column B shows whenever the added 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.

6 Deleted Stocks

The rebalancing has deleted 14 new stocks. In the table below, T is the current rebalancing date (20-Jun-2016), while T-1 is the previous rebalancing date (23-May-2016). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 17-May-2016 and 14-Jun-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
AMERICAN EXPRESS CO.	Financials	25.38%	26.31%	0.56%	308.36 (96)	302.66 (86)	Y	Y	Y
EBAY INCO.	IT	30.34%	30.17%	0.09%	299.78 (102)	252.34 (124)	Y	Y	Y
GILEAD SCIENCES INCO.	HealthCare	29.76%	29.11%	0.03%	981.81 (11)	878.98 (15)	Y	Y	Y
INTEL CORP.	IT	25.28%	24.41%	0.04%	706.85 (22)	680.04 (21)	Y	Y	Y
INTL.BUS.MCHS.CORP.	IT	22.70%	22.67%	0.21%	652.95 (27)	569.13 (30)	Y	Y	Y
MACY'S INCO.	C.Discretionary	35.61%	36.08%	0.20%	192.05 (195)	235.40 (135)	Y	Y	Y
MEDTRONIC PLC.	HealthCare	19.10%	18.99%	0.54%	385.82 (67)	406.27 (58)	Y	Y	Y
SCHLUMBERGER LTD.	Energy	29.89%	30.04%	0.19%	600.49 (30)	550.02 (35)	Y	Y	Y
STRYKER CORP.	HealthCare	18.01%	16.55%	0.75%	156.27 (244)	150.42 (251)	Y	N	N
SYMANTEC CORP.	IT	24.62%	25.77%	0.09%	155.64 (247)	151.64 (249)	Y	Y	Y
TARGET CORP.	C.Discretionary	23.16%	24.72%	0.62%	382.56 (69)	466.17 (45)	Y	Y	Y
TEXAS INSTRUMENTS INCO.	IT	22.40%	22.32%	0.30%	272.17 (114)	300.49 (90)	Y	Y	Y
VENTAS INCO.	Financials	26.06%	25.41%	0.15%	162.82 (234)	129.09 (299)	Y	N	N
WAL MART STORES INCO.	C.Staples	19.97%	23.35%	1.07%	542.52 (36)	595.40 (27)	Y	Y	Y

Table 3: The Column B shows whenever the deleted stock was in the S&P500 Index NR selection as of 20-Jun-2016. The columns LF/EU show whenever the stock was selected by the liquidity filter/eligible universe as of 20-Jun-2016.

7 Ranking Index Constituents - Top 25

The table shows the top 25 positions in the Ossiam US Minimum Variance Index NR as of 20-Jun-2016. The column WW indicates the weights in the Ossiam US Minimum Variance Index NR as of 20-Jun-2016. The column Vol gives the annualized volatility computed over 125 business days ending on 14-Jun-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 14-Jun-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
AT&T INCO.	Telecom.	3.91%	12.94%	1	34.59%	141	48	YES
THE SOUTHERN CO.	Utilities	3.87%	14.73%	5	19.92%	9	6	YES
EMC CORP.	IT	3.44%	14.98%	9	35.96%	159	60	YES
CONS.EDISON INCO.	Utilities	3.32%	16.59%	18	17.57%	6	13	YES
KRAFT HEINZ CO.	C.Staples	3.13%	21.30%	56	19.55%	8	39	YES
DUKE ENERGY CORP.	Utilities	2.93%	16.13%	16	21.38%	15	15	YES
MCDONALDS CORP.	C.Discretionary	2.88%	15.34%	11	35.09%	146	56	YES
INTUITIVE SURGICAL INCO.	HealthCare	2.82%	21.35%	57	27.08%	47	53	YES
UNITED PARCEL SER.INCO.	Industrials	2.81%	14.66%	4	39.31%	197	69	YES
LOCKHEED MARTIN CORP.	Industrials	2.71%	14.58%	3	37.46%	176	61	YES
DOMINION RESOURCES INCO.	Utilities	2.61%	16.04%	15	26.61%	40	23	YES
THE COCA COLA CO.	C.Staples	2.29%	14.98%	10	30.10%	80	33	YES
HUMANA INCO.	HealthCare	2.11%	24.21%	90	24.81%	25	67	NO
PHILIP MORRIS INTL.INCO.	C.Staples	2.10%	14.83%	6	32.46%	113	42	YES
WHOLE FOODS MARKET INCO.	C.Staples	1.99%	29.34%	146	20.62%	10	99	YES
NEWMONT MINING CORP.	Materials	1.98%	51.10%	226	7.32%	1	149	YES
JOHNSON & JOHNSON	HealthCare	1.89%	14.85%	7	41.30%	215	77	YES
CHIPOTLE MEXN.GRILL INCO	C.Discretionary	1.86%	36.12%	189	15.46%	2	125	YES

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	Sector	WW	Vol	Rank Vol	Corr	Rank Corr	Rank Blend	Core
TIME WARNER INCO.	C.Discretionary	1.77%	25.24%	104	26.31%	37	81	YES
DANAHER CORP.	Industrials	1.69%	15.43%	12	45.81%	239	89	YES
HCA HOLDINGS INCO.	HealthCare	1.69%	25.24%	105	27.16%	48	85	YES
RAYTHEON CO.	Industrials	1.68%	18.10%	31	34.26%	138	67	YES
CROWN CASTLE INTL.CORP.	Financials	1.65%	18.37%	34	34.36%	139	69	YES
CME GROUP INCO.	Financials	1.64%	20.98%	54	32.18%	106	71	YES
THE PROCTER & GAMBLE CO.	C.Staples	1.63%	14.88%	8	35.94%	158	59	YES

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