

Rebalancing Report

FTSE 100 Minimum Variance Index TR

20-Jun-2016

Ossiam Research & Investment Team*

The FTSE Minimum Variance Index NR rebalances quarterly (March, June, September and December), on the 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 wednesday before the first Friday of the quarter.

Both the FTSE 100 Minimum Variance Index TR and the benchmark FTSE 100 Index TR are computed in GBP. The calculations in the document are performed by Ossiam using FTSE /Datastream source.

1 Stock Statistics

FTSE 100 Minimum Variance Index TR	20-Jun-2016
Number of Stocks	73
Added Stocks	3
Deleted Stocks	4
Core Number	70
Old weight of Core	98.35%
New weight of Core	98.28%
Turnover	13.39%
Historical Turnover	24.29%

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 decreased from **74** to **73**.

The Turnover is **13.39%**, lower than its historical mean at **24.29%**.

The weight of the Index Core Portfolio decreased from **98.35%** to **98.28%**.

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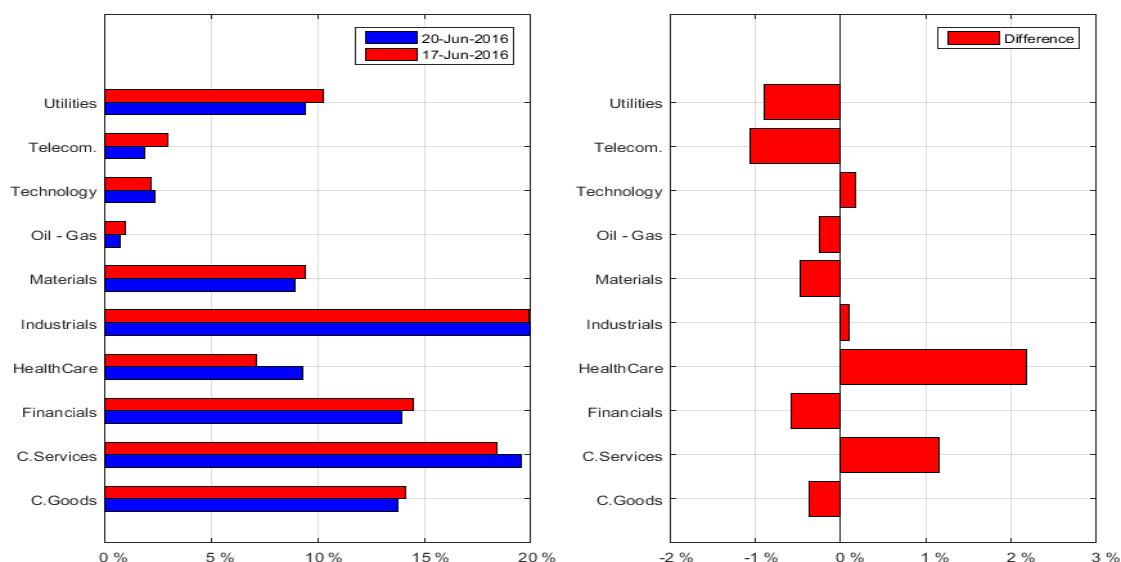
2 Sector Allocation

The most significant changes in sector exposures are: **2.18%** for HealthCare, **1.16%** for C.Services, **-1.06%** for Telecom..

The biggest sector exposures are: **19.99%** for Industrials, **19.58%** for C.Services, **13.92%** for Financials.

	Close 17-Jun-2016	Opening 20-Jun-2016	Difference
C.Goods	14.14%	13.77%	-0.37%
C.Services	18.42%	19.58%	1.16%
Financials	14.50%	13.92%	-0.58%
HealthCare	7.15%	9.32%	2.18%
Industrials	19.89%	19.99%	0.10%
Materials	9.43%	8.96%	-0.47%
Oil - Gas	0.99%	0.75%	-0.24%
Technology	2.20%	2.38%	0.18%
Telecom.	2.98%	1.93%	-1.06%
Utilities	10.30%	9.40%	-0.89%

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.



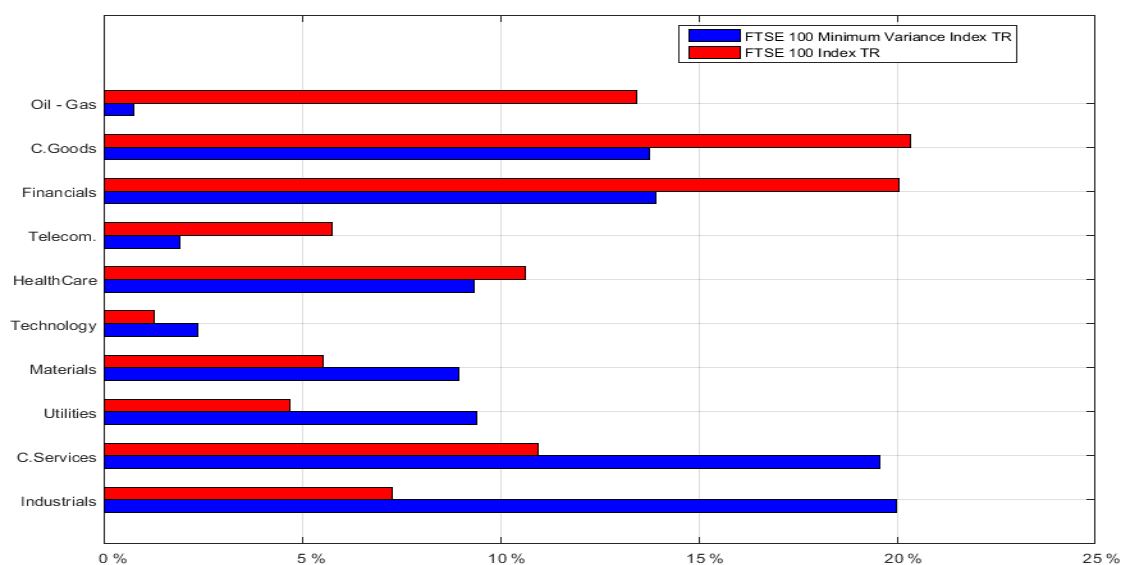
3 Sector breakdown vs. benchmark

The table below shows, for each sector, the weight in the FTSE 100 Minimum Variance Index TR (TUKXMV Index), in the benchmark FTSE 100 Index TR (TUKXG Index) and their difference. We also show the annualized volatility of each sector in the FTSE 100 Minimum Variance Index TR (VolMV) and in the benchmark (VolBench). Annualized volatilities are computed using 500 business days ending on 01-Jun-2016

	TUKXG Index	TUKXMV Index	Difference	VolMV	VolBench
C.Goods	20.35%	13.77%	-6.58%	15.70%	15.76%
C.Services	10.96%	19.58%	8.62%	14.58%	15.67%
Financials	20.05%	13.92%	-6.13%	15.42%	19.76%
HealthCare	10.64%	9.32%	-1.32%	17.10%	19.06%
Industrials	7.27%	19.99%	12.72%	13.97%	16.49%
Materials	5.53%	8.96%	3.43%	32.58%	37.43%
Oil - Gas	13.45%	0.75%	-12.70%	26.58%	26.50%
Technology	1.28%	2.38%	1.10%	20.54%	23.39%
Telecom.	5.77%	1.93%	-3.84%	19.13%	19.42%
Utilities	4.69%	9.40%	4.71%	15.49%	15.46%

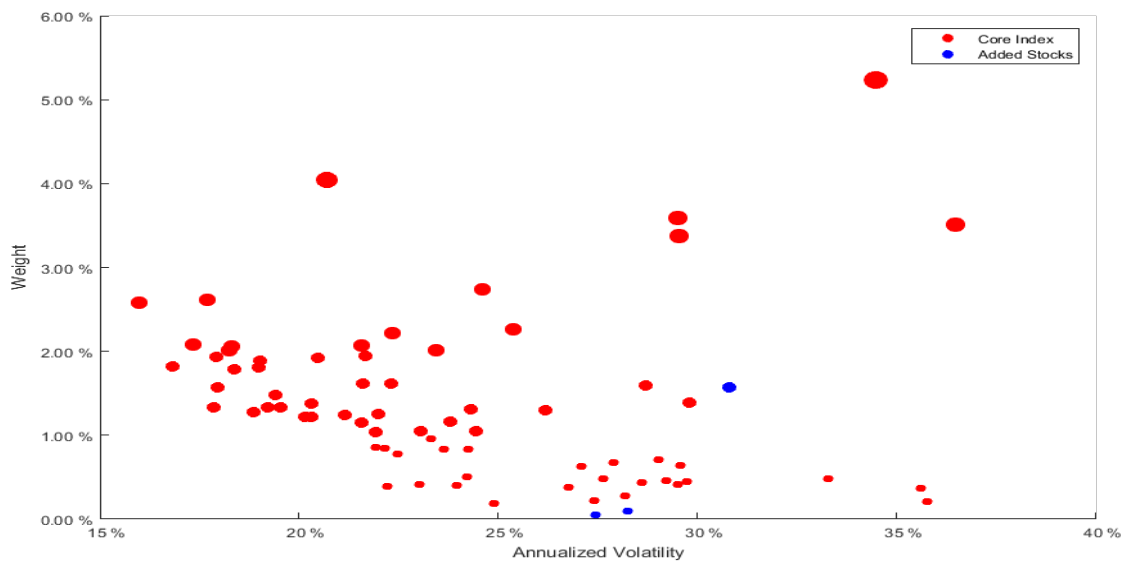
The FTSE 100 Minimum Variance Index TR overweights Industrials (**12.72%**) and C.Services (**8.62%**) compared to FTSE 100 Index TR.

The FTSE 100 Minimum Variance Index TR underweights Oil - Gas (**-12.70%**) and C.Goods (**-6.58%**) compared to FTSE 100 Index TR.



4 Volatility/Weight profile

The chart below shows the distribution of the new FTSE 100 Minimum Variance Index TR composition on 20-Jun-2016 in terms of annualized volatility (x-axis) and weight (y-axis). Volatility computed over 500 days ending on 01-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 3 new stocks. In the table below, T is the current rebalancing date (20-Jun-2016), while T-1 is the previous rebalancing date (21-Mar-2016). Vol(T-1) and Vol(T) are the annualized volatilities computed over 500 business days ending, respectively, on 07-Mar-2016 and 01-Jun-2016. The average daily volumes ADV(T-1) and ADV(T), expressed in mln GBP, are computed over 500 business days ending on the same dates as before, with the relative ranking over the benchmark FTSE 100 Index TR. 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
HIKMA PHARMS.PLC.	HealthCare	-	30.79%	1.57%	-	16.48 (71)	N	N	N
LONDON STOCK EX.GP.PLC.	Financials	27.79%	27.42%	0.05%	31.42 (40)	17.43 (68)	Y	Y	Y
TAYLOR WIMPEY PLC.	C.Goods	29.15%	28.25%	0.10%	20.39 (62)	24.38 (50)	Y	Y	Y

Table 2: The Column B shows whenever the added stock was in the FTSE 100 Index TR 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 4 new stocks. In the table below, T is the current rebalancing date (20-Jun-2016), while T-1 is the previous rebalancing date (21-Mar-2016). Vol(T-1) and Vol(T) are the annualized volatilities computed over 500 business days ending, respectively, on 07-Mar-2016 and 01-Jun-2016. The average daily volumes ADV(T-1) and ADV(T), expressed in mln GBP, are computed over 500 business days ending on the same dates as before, with the relative ranking over the benchmark FTSE 100 Index TR. 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
ANTOFAGASTA PLC.	Materials	37.61%	40.95%	0.03%	17.20 (72)	17.71 (67)	Y	Y	Y
CARNIVAL PLC.	C.Services	26.31%	26.41%	0.17%	30.23 (42)	23.30 (55)	Y	Y	Y
INMARSAT PLC.	Telecom.	23.03%	-	1.35%	12.49 (86)	-	N	N	N
TESCO PLC.	C.Services	31.97%	33.46%	0.10%	54.94 (23)	48.32 (25)	Y	Y	Y

Table 3: The Column B shows whenever the deleted stock was in the FTSE 100 Index TR 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 FTSE 100 Minimum Variance Index TR as of 20-Jun-2016. The column WW indicates the weights in the FTSE 100 Minimum Variance Index TR as of 20-Jun-2016. The column Vol gives the annualized volatility computed over 500 business days ending on 01-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 01-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 FTSE 100 Minimum Variance Index TR already (YES) or it entered at this rebalancing (NO).

	Sector	WW	Vol	Rank Vol	Corr	Rank Corr	Rank Blend	Core
RANDGOLD RESOURCES LTD.	Materials	5.23%	34.46%	86	-1.06%	1	57	YES
REXAM PLC.	Industrials	4.04%	20.70%	22	21.93%	5	16	YES
MEDICLINIC INTL.PLC.	HealthCare	3.59%	29.50%	74	14.80%	4	50	YES
FRESNILLO PLC.	Materials	3.51%	36.48%	89	10.90%	2	59	YES
PADDY POWER BETFAIR PLC.	C.Services	3.37%	29.53%	75	14.12%	3	50	YES
ROYAL MAIL PLC.	Industrials	2.73%	24.61%	49	26.01%	8	35	YES
DIRECT LINE IN.GP.PLC.	Financials	2.62%	17.70%	4	38.25%	42	16	YES
NATIONAL GRID PLC.	Utilities	2.58%	15.99%	1	39.95%	52	18	YES
SABMILLER PLC.	C.Goods	2.26%	25.39%	53	26.73%	9	38	YES
ADMIRAL GROUP PLC.	Financials	2.22%	22.34%	34	31.90%	20	29	YES
SEVERN TRENT PLC.	Utilities	2.08%	17.34%	3	41.62%	66	24	YES
NEXT PLC.	C.Services	2.07%	21.56%	24	33.16%	23	23	YES
BAE SYSTEMS PLC.	Industrials	2.06%	18.30%	9	42.15%	67	28	YES
RECKITT BENCKISER GP.PLC	C.Goods	2.01%	18.25%	8	41.36%	64	27	YES
DCC PLC.	Industrials	2.01%	23.44%	39	32.33%	21	32	YES
THE SAGE GROUP PLC.	Technology	1.94%	21.65%	27	36.09%	32	28	YES
COMPASS GROUP PLC.	C.Services	1.94%	17.92%	6	41.27%	63	25	YES
IMPERIAL BRANDS PLC.	C.Goods	1.93%	20.45%	20	36.06%	31	23	YES

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	Sector	WW	Vol	Rank Vol	Corr	Rank Corr	Rank Blend	Core
SSE PLC.	Utilities	1.88%	19.01%	13	40.36%	56	27	YES
BUNZL PLC.	Industrials	1.82%	16.83%	2	47.43%	87	30	YES
UNITED UTILITIES GP.PLC.	Utilities	1.80%	18.97%	12	40.10%	54	26	YES
DIAGEO PLC.	C.Goods	1.79%	18.36%	10	42.59%	70	30	YES
BABCOCK INTL.GP.PLC.	Industrials	1.62%	22.30%	33	38.81%	46	37	YES
CAPITA PLC.	Industrials	1.61%	21.61%	26	38.57%	45	32	YES
RSA INSURANCE GROUP PLC.	Financials	1.60%	28.69%	70	28.62%	12	50	YES

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