

Rebalancing Report

iStoxx Europe Minimum Variance Index NR

18-Jul-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	18-Jul-2016
Number of Stocks	85
Added Stocks	15
Deleted Stocks	19
Core Number	70
Old weight of Core	89.88%
New weight of Core	91.91%
Turnover	44.46%
Historical Turnover	36.10%

Table 1: Added and deleted stocks are relative to 15-Jul-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 **89** to **85**.

The Turnover is **44.46%**, higher than its historical mean at **36.10%**.

The weight of the Index Core Portfolio is stable.

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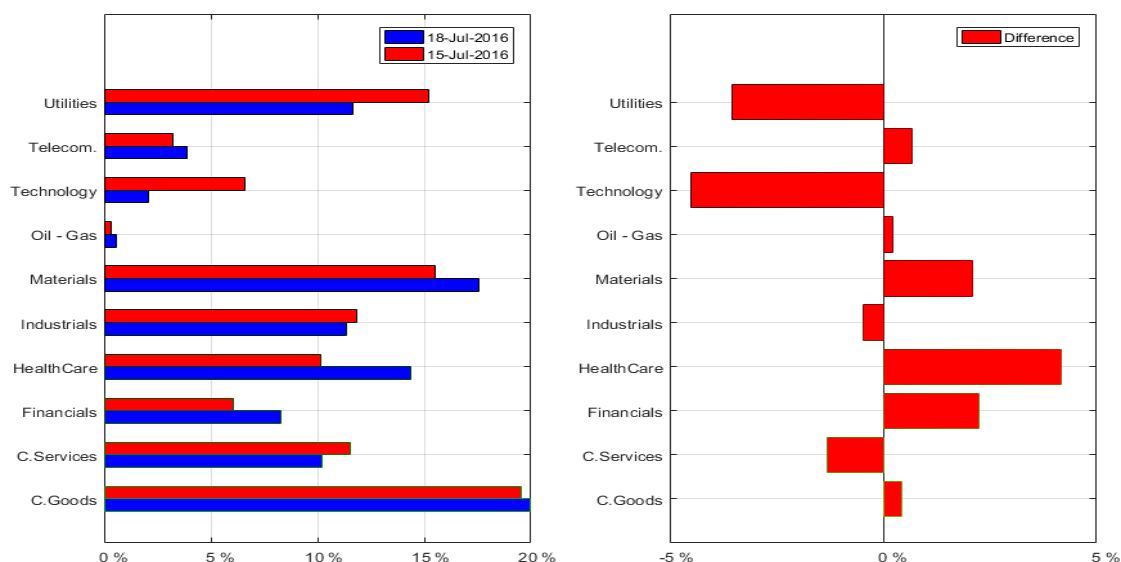
2 Sector Allocation

The most significant changes in sector exposures are: **-4.50%** for Technology, **4.16%** for HealthCare, **-3.55%** for Utilities.

The biggest sector exposures are: **19.95%** for C.Goods, **17.59%** for Materials, **14.34%** for HealthCare.

	Close 15-Jul-2016	Opening 18-Jul-2016	Difference
C.Goods	19.52%	19.95%	0.43%
C.Services	11.55%	10.23%	-1.31%
Financials	6.07%	8.30%	2.23%
HealthCare	10.17%	14.34%	4.16%
Industrials	11.82%	11.36%	-0.46%
Materials	15.49%	17.59%	2.10%
Oil - Gas	0.36%	0.59%	0.24%
Technology	6.57%	2.07%	-4.50%
Telecom.	3.25%	3.91%	0.66%
Utilities	15.20%	11.65%	-3.55%

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



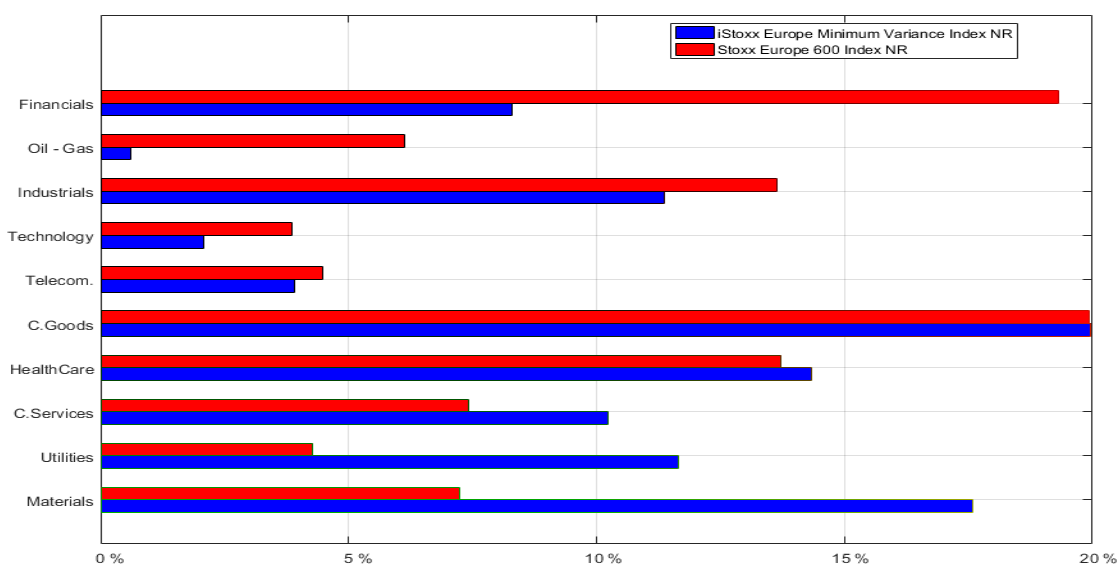
3 Sector breakdown vs. benchmark

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 12-Jul-2016

	SXXR Index	ISEMVT Index	Difference	VolMV	VolBench
C.Goods	19.93%	19.95%	0.02%	15.25%	19.51%
C.Services	7.41%	10.23%	2.83%	18.43%	24.15%
Financials	19.30%	8.30%	-11.01%	18.78%	34.90%
HealthCare	13.72%	14.34%	0.61%	17.96%	20.06%
Industrials	13.64%	11.36%	-2.27%	18.75%	24.31%
Materials	7.23%	17.59%	10.36%	18.87%	28.28%
Oil - Gas	6.14%	0.59%	-5.54%	35.27%	32.76%
Technology	3.87%	2.07%	-1.80%	22.30%	23.16%
Telecom.	4.48%	3.91%	-0.56%	19.39%	26.66%
Utilities	4.28%	11.65%	7.37%	18.81%	23.38%

The iStoxx Europe Minimum Variance Index NR overweights Materials (**10.36%**) and Utilities (**7.37%**) compared to Stoxx Europe 600 Index NR.

The iStoxx Europe Minimum Variance Index NR underweights Financials (**-11.01%**) and Oil - Gas (**-5.54%**) compared to Stoxx Europe 600 Index NR.



4 Country Allocation

The most significant changes in country exposures are: **8.20%** for SWITZERLAND, **-4.80%** for UK, **3.76%** for GERMANY.

The biggest country exposures are: **33.32%** for SWITZERLAND, **16.43%** for UK, **9.76%** for SPAIN.

	Close 15-Jul-2016	Opening 18-Jul-2016	Difference
BELGIUM	3.70%	3.11%	-0.59%
DENMARK	4.41%	4.11%	-0.30%
FINLAND	0.17%	0.04%	-0.13%
FRANCE	9.71%	8.13%	-1.57%
GERMANY	5.73%	9.49%	3.76%
IRELAND	1.09%	-	-1.09%
ITALY	3.03%	1.84%	-1.19%
LUXEMBOURG	0.71%	0.98%	0.27%
NETHERLANDS	9.51%	9.41%	-0.11%
NORWAY	0.41%	0.45%	0.04%
SPAIN	11.81%	9.76%	-2.06%
SWEDEN	3.35%	2.93%	-0.42%
SWITZERLAND	25.12%	33.32%	8.20%
UK	21.23%	16.43%	-4.80%

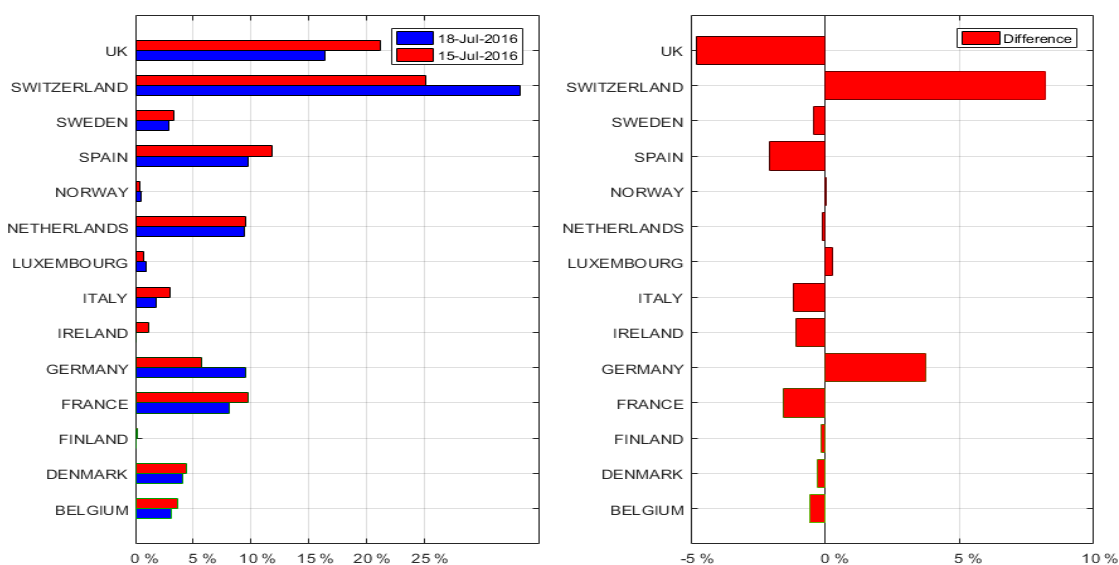
The left-hand side of the chart below shows the country deviations at rebalancing. Differences are shown on the right-hand side. Index weights are taken as of 15-Jul-2016 (last business day before the new composition is implemented) compared to the new rebalancing weights as of 18-Jul-2016.

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 12-Jul-2016

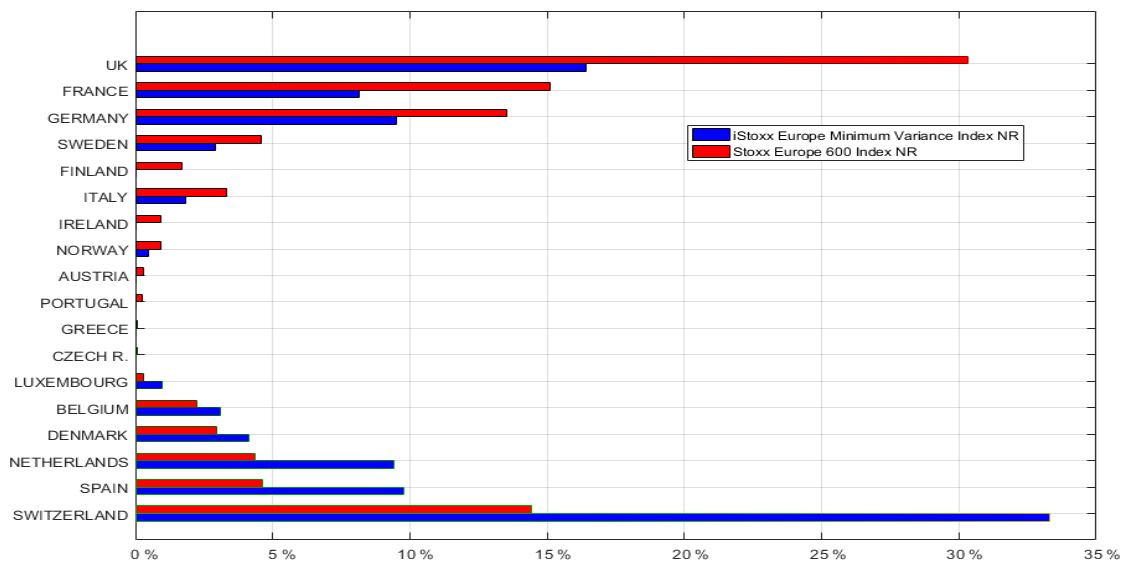
The iStoxx Europe Minimum Variance Index NR overweights SWITZERLAND (**18.87%**) and SPAIN (**5.11%**) compared to Stoxx Europe 600 Index NR.

The iStoxx Europe Minimum Variance Index NR underweights UK (**-13.91%**) and



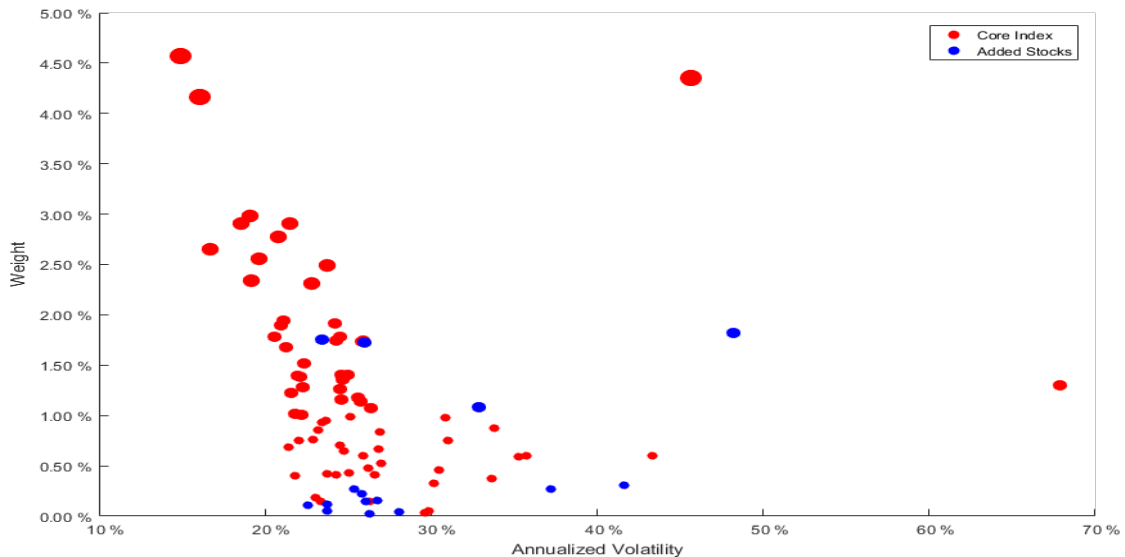
	SXXR Index	ISEMVT Index	Difference	VolMV	VolBench
AUSTRIA	0.30%	-	-0.30%	-	29.37%
BELGIUM	2.22%	3.11%	0.90%	21.45%	21.34%
CZECH R.	0.07%	-	-0.07%	-	23.55%
DENMARK	2.95%	4.11%	1.16%	20.64%	24.52%
FINLAND	1.69%	0.04%	-1.65%	28.10%	24.24%
FRANCE	15.09%	8.13%	-6.96%	19.22%	24.64%
GERMANY	13.52%	9.49%	-4.03%	18.40%	24.13%
GREECE	0.08%	-	-0.08%	-	78.22%
IRELAND	0.92%	-	-0.92%	-	26.94%
ITALY	3.34%	1.84%	-1.50%	24.04%	36.27%
LUXEMBOURG	0.28%	0.98%	0.70%	30.88%	44.00%
NETHERLANDS	4.34%	9.41%	5.06%	17.85%	22.28%
NORWAY	0.91%	0.45%	-0.46%	30.47%	31.20%
PORTUGAL	0.25%	-	-0.25%	-	26.41%
SPAIN	4.64%	9.76%	5.11%	18.59%	32.13%
SWEDEN	4.60%	2.93%	-1.67%	34.73%	26.63%
SWITZERLAND	14.45%	33.32%	18.87%	15.04%	18.21%
UK	30.34%	16.43%	-13.91%	20.45%	27.85%

FRANCE (-6.96%) 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 18-Jul-2016 in terms of annualized volatility (x-axis) and weight (y-axis). Volatility computed over 125 days ending on 12-Jul-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 15 new stocks. In the table below, T is the current rebalancing date (18-Jul-2016), while T-1 is the previous rebalancing date (20-Jun-2016). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 14-Jun-2016 and 12-Jul-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
AIR FRANCE-KLM	C.Services	FRANCE	36.53%	41.66%	0.31%	19.41 (307)	21.38 (294)	Y	N	N
DEUTSCHE WOHNEN AG	Financials	GERMANY	24.04%	23.44%	1.75%	19.53 (306)	22.91 (274)	Y	N	N
ESSILOR INTERNATIONAL	HealthCare	FRANCE	23.86%	23.73%	0.05%	51.13 (118)	55.59 (123)	Y	Y	Y
FRESENIUS	HealthCare	GERMANY	28.19%	26.75%	0.16%	64.14 (99)	74.47 (89)	Y	Y	Y
FRESNILLO PLC.	Materials	UK	42.89%	48.23%	1.82%	17.45 (327)	24.86 (255)	Y	N	N
GALENICA AG	C.Services	SWITZERLAND	39.13%	37.22%	0.26%	22.48 (270)	24.17 (261)	Y	Y	Y
HIKMA PHARMS.PLC.	HealthCare	UK	33.15%	32.90%	1.08%	19.27 (308)	20.91 (296)	Y	N	N
KONE OYJ	Industrials	FINLAND	26.88%	28.10%	0.04%	31.41 (203)	29.20 (230)	Y	Y	Y
L'OREAL	C.Goods	FRANCE	22.65%	22.55%	0.11%	91.09 (66)	99.55 (65)	Y	Y	Y
MERCK KGAA	HealthCare	GERMANY	26.87%	26.04%	0.15%	44.48 (143)	43.26 (162)	Y	Y	Y
PARTNERS GROUP HOLDING	Financials	SWITZERLAND	25.02%	26.02%	1.72%	17.85 (324)	20.59 (300)	Y	N	N
RELX NV	C.Services	NETHERLANDS	22.94%	23.78%	0.12%	32.31 (197)	40.27 (172)	Y	Y	Y
SANOFI	HealthCare	FRANCE	25.68%	25.84%	0.22%	177.69 (17)	195.95 (19)	Y	Y	Y
SMITH & NEPHEW PLC.	HealthCare	UK	25.65%	25.33%	0.27%	30.95 (205)	34.57 (204)	Y	Y	Y
UNITED UTILITIES GP.PLC.	Utilities	UK	21.68%	26.26%	0.02%	18.05 (321)	22.11 (284)	Y	N	N

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

8 Deleted Stocks

The rebalancing has deleted 19 new stocks. In the table below, T is the current rebalancing date (18-Jul-2016), while T-1 is the previous rebalancing date (20-Jun-2016). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 14-Jun-2016 and 12-Jul-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
ATLANTIA	Industrials	ITALY	24.12%	29.03%	0.19%	39.77 (159)	43.37 (160)	Y	Y	Y
BAE SYSTEMS PLC.	Industrials	UK	22.93%	29.82%	0.44%	38.82 (162)	47.35 (145)	Y	Y	Y
DCC PLC.	Industrials	UK	26.76%	33.18%	0.59%	29.45 (214)	31.05 (217)	Y	Y	Y
DEUTSCHE LUFTHANSA AG	C.Services	GERMANY	30.58%	36.64%	0.52%	55.72 (112)	60.91 (111)	Y	Y	Y
EASYJET PLC.	C.Services	UK	31.79%	56.59%	0.10%	31.57 (201)	39.17 (179)	Y	Y	Y
FERROVIAL SA	Industrials	SPAIN	24.03%	31.34%	0.14%	37.83 (169)	39.31 (177)	Y	Y	Y
GEMALTO	Technology	NETHERLANDS	35.33%	34.12%	1.84%	20.66 (293)	19.63 (312)	Y	N	N
ILIAD SA	Technology	FRANCE	31.02%	33.57%	0.79%	20.23 (298)	17.19 (341)	Y	N	N
KINGFISHER PLC.	C.Services	UK	28.23%	37.98%	0.24%	33.37 (193)	40.02 (174)	Y	Y	Y
MUNCHENER RUCK.GESELL.AG	Financials	GERMANY	23.38%	26.72%	0.33%	114.52 (49)	119.09 (50)	Y	Y	Y
PANDORA A/S	C.Goods	DENMARK	36.56%	37.63%	0.10%	57.31 (109)	67.43 (100)	Y	Y	Y
RECKITT BENCKISER GP.PLC	C.Goods	UK	22.61%	24.27%	0.11%	102.93 (57)	114.88 (56)	Y	Y	Y
RYANAIR HOLDINGS PLC.	C.Services	IRELAND	30.51%	41.36%	1.09%	21.57 (285)	30.98 (218)	Y	Y	Y
SAGA PLC.	C.Services	UK	24.01%	37.64%	2.48%	46.96 (137)	8.89 (472)	Y	N	N
SAMPO OYJ	Financials	FINLAND	22.32%	26.75%	0.17%	28.88 (218)	30.94 (219)	Y	Y	Y
SSE PLC.	Utilities	UK	24.01%	34.29%	0.33%	47.84 (133)	60.58 (113)	Y	Y	Y
THE SAGE GROUP PLC.	Technology	UK	26.35%	33.49%	0.10%	21.29 (287)	22.77 (275)	Y	Y	Y
UNIBAIL-RODAMCO	Financials	FRANCE	22.51%	25.14%	0.21%	64.09 (100)	79.72 (88)	Y	Y	Y
VIVENDI	C.Services	FRANCE	24.61%	28.37%	0.35%	80.95 (79)	94.17 (74)	Y	Y	Y

Table 3: The Column B shows whenever the deleted stock was in the Stoxx Europe 600 Index NR selection as of 18-Jul-2016. The columns LF/EU show whenever the stock was selected by the liquidity filter/eligible universe as of 18-Jul-2016.

9 Ranking Index Constituents - Top 25

The table shows the top 25 positions in the iStoxx Europe Minimum Variance Index NR as of 18-Jul-2016. The column WW indicates the weights in the iStoxx Europe Minimum Variance Index NR as of 18-Jul-2016. The column Vol gives the annualized volatility computed over 125 business days ending on 12-Jul-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-Jul-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
SYNGENTA AG	Materials	SWITZERLAND	4.57%	14.91%	1	28.40%	6	2	YES
RANDGOLD RESOURCES LTD.	Materials	UK	4.35%	45.63%	217	-1.74%	1	143	YES
SABMILLER PLC.	C.Goods	UK	4.17%	16.05%	2	39.49%	33	12	YES
RED ELECTRICA CORPN.SA	Utilities	SPAIN	2.98%	19.08%	5	45.79%	90	33	YES
SONOVA HOLDING AG	HealthCare	SWITZERLAND	2.91%	21.50%	14	39.46%	32	20	YES
SGS SA	Industrials	SWITZERLAND	2.91%	18.53%	4	45.76%	89	32	YES
SWISSCOM	Telecom.	SWITZERLAND	2.77%	20.78%	9	41.67%	47	21	YES
NESTLE AG	C.Goods	SWITZERLAND	2.65%	16.71%	3	48.44%	130	46	YES
GIVAUDAN SA	Materials	SWITZERLAND	2.55%	19.61%	7	44.04%	68	27	YES
ENDESA SA	Utilities	SPAIN	2.49%	23.73%	37	39.80%	34	35	YES
HEINEKEN NV	C.Goods	NETHERLANDS	2.34%	19.17%	6	45.39%	84	32	YES
DELHAIZE GROUP	C.Services	BELGIUM	2.31%	22.80%	27	39.90%	35	29	YES
ENAGAS SA	Utilities	SPAIN	1.95%	21.09%	11	47.52%	113	45	YES
LONZA GROUP AG	HealthCare	SWITZERLAND	1.91%	24.20%	39	41.02%	43	40	YES
HENKEL AG & CO.KGAA	C.Goods	GERMANY	1.90%	20.93%	10	44.98%	79	33	YES
FRESNILLO PLC.	Materials	UK	1.82%	48.23%	229	12.23%	2	151	NO
CARLSBERG AS	C.Goods	DENMARK	1.78%	24.49%	44	40.88%	41	42	YES
BALOISE-HOLDING AG	Financials	SWITZERLAND	1.78%	20.55%	8	53.23%	212	77	YES

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	Sector	Country	WW	Vol	Rank Vol	Corr	Rank Corr	Rank Blend	Core
DEUTSCHE WOHNEN AG	Financials	GERMANY	1.75%	23.44%	33	43.56%	65	43	NO
CLARIANT AG	Materials	SWITZERLAND	1.74%	24.28%	42	43.47%	63	49	YES
COLOPLAST A/S	HealthCare	DENMARK	1.74%	25.90%	62	41.00%	42	55	YES
ADIDAS AG	C.Goods	GERMANY	1.74%	25.87%	61	37.69%	22	47	YES
PARTNERS GROUP HOLDING	Financials	SWITZERLAND	1.72%	26.02%	64	41.27%	44	57	NO
ROCHE HOLDING AG	HealthCare	SWITZERLAND	1.68%	21.28%	12	47.05%	104	43	YES
KONINKLIJKE AHOLD NV	C.Services	NETHERLANDS	1.52%	22.35%	24	46.43%	95	48	YES

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