Rebalancing Report
Ossiam US Minimum Variance Index NR
18-Jul-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	18-Jul-2016
Number of Stocks	82
Added Stocks	13
Deleted Stocks	10
Core Number	69
Old weight of Core	96.30%
New weight of Core	94.84%
Turnover	29.60%
Historical Turnover	38.35%

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 increased from **79** to **82.**
The Turnover is **29.60%,** lower than its historical mean at **38.35%.**
The weight of the Index Core Portfolio decreased from **96.30%** to **94.84%.**

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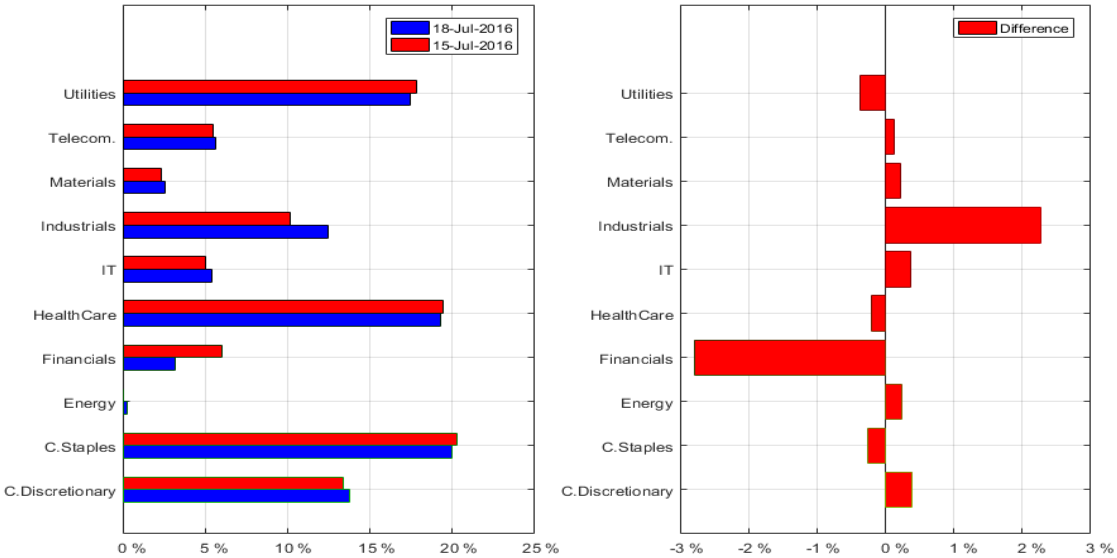
2 Sector Allocation

The most significant changes in sector exposures are: **-2.79%** for Financials, **2.27%** for Industrials.

The biggest sector exposures are: **19.99%** for C.Staples, **19.26%** for HealthCare, **17.46%** for Utilities.

	Close 15-Jul-2016	Opening 18-Jul-2016	Difference
C.Discretionary	13.37%	13.76%	0.40%
C.Staples	20.25%	19.99%	-0.26%
Energy	-	0.23%	0.23%
Financials	6.00%	3.21%	-2.79%
HealthCare	19.46%	19.26%	-0.21%
IT	5.03%	5.41%	0.38%
Industrials	10.19%	12.46%	2.27%
Materials	2.36%	2.58%	0.22%
Telecom.	5.50%	5.63%	0.13%
Utilities	17.83%	17.46%	-0.37%

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.

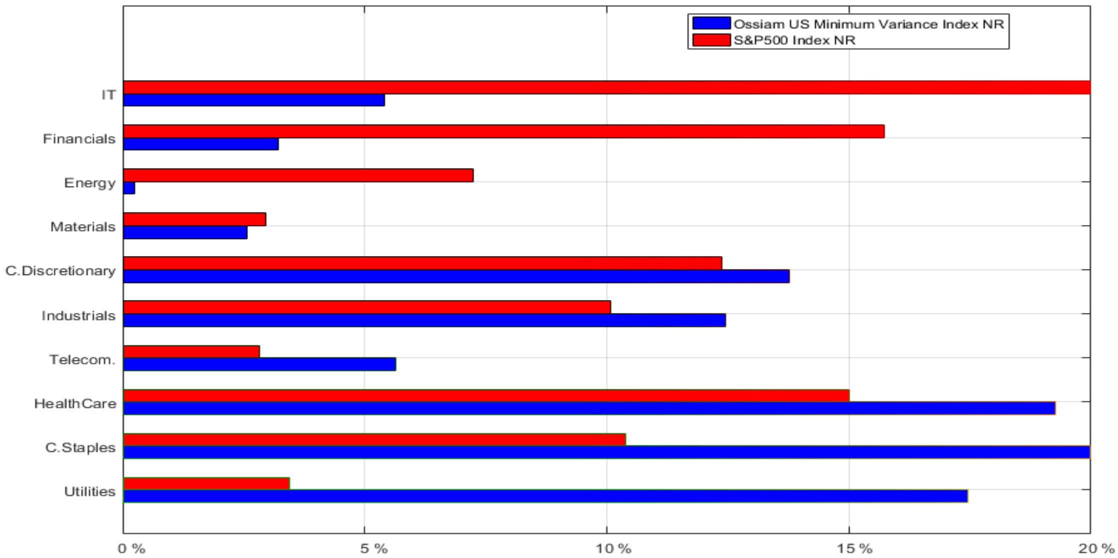


3 Sector breakdown vs. benchmark

The table below shows, for each sector, the weight in the 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 12-Jul-2016

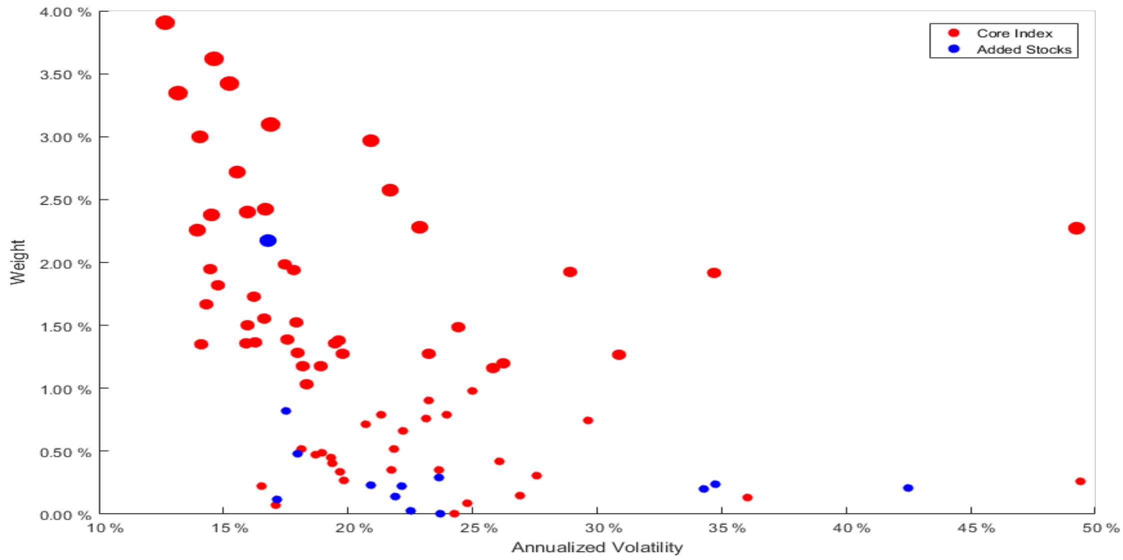
	SPTR500N Index	OUMV Index	Difference	VolMV	VolBench
C.Discretionary	12.36%	13.76%	1.40%	14.25%	17.22%
C.Staples	10.38%	19.99%	9.62%	11.63%	12.52%
Energy	7.23%	0.23%	-7.00%	20.92%	28.49%
Financials	15.72%	3.21%	-12.51%	15.72%	21.44%
HealthCare	14.99%	19.26%	4.27%	13.80%	16.87%
IT	19.98%	5.41%	-14.57%	14.33%	18.70%
Industrials	10.09%	12.46%	2.37%	12.32%	16.37%
Materials	2.94%	2.58%	-0.37%	43.89%	21.93%
Telecom.	2.84%	5.63%	2.80%	13.01%	13.85%
Utilities	3.46%	17.46%	14.00%	14.85%	15.27%

The Ossiam US Minimum Variance Index NR overweights Utilities **(14.00%)** and C.Staples (**9.62%)** compared to S&P500 Index NR.
The Ossiam US Minimum Variance Index NR underweights IT **(-14.57%)** and Financials **(-12.51%)** 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 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.



5 Added Stocks

The rebalancing has added 13 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 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
BEST BUY CO.INCO.	C.Discretionary	35.82%	34.74%	0.24%	154.20 (240)	164.66 (231)	Y	Y	Y
CVS HEALTH CORP.	C.Staples	19.70%	17.13%	0.12%	463.71 (47)	528.68 (36)	Y	Y	Y
EXXON MOBIL CORP.	Energy	22.27%	20.92%	0.23%	916.06 (12)	987.21 (12)	Y	Y	Y
KELLOGG CO.	C.Staples	16.42%	17.52%	0.82%	146.78 (257)	179.94 (211)	Y	N	N
KOHL'S CORP.	C.Discretionary	43.53%	42.51%	0.21%	145.30 (260)	158.78 (244)	Y	N	N
MACY'S INCO.	C.Discretionary	36.08%	34.31%	0.20%	235.40 (135)	264.35 (120)	Y	Y	Y
MEDTRONIC PLC.	HealthCare	18.99%	17.98%	0.48%	406.27 (58)	430.80 (59)	Y	Y	Y
O'REILLY AUTV.INCO.	C.Discretionary	23.90%	22.50%	0.03%	184.97 (201)	181.66 (208)	Y	Y	Y
PG&E CORP.	Utilities	16.86%	16.77%	2.18%	136.35 (282)	165.91 (228)	Y	N	N
ROSS STORES INCO.	C.Discretionary	24.78%	23.71%	0.00%	156.78 (237)	171.81 (220)	Y	Y	Y
TARGET CORP.	C.Discretionary	24.72%	23.68%	0.29%	466.17 (45)	498.29 (42)	Y	Y	Y
TEXAS INSTRUMENTS INCO.	IT	22.32%	21.91%	0.14%	300.49 (90)	312.60 (94)	Y	Y	Y
WAL MART STORES INCO.	C.Staples	23.35%	22.13%	0.23%	595.40 (27)	680.53 (24)	Y	Y	Y

Table 2: The Column B shows whenever the added 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.

6 Deleted Stocks

The rebalancing has deleted 10 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 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
21ST.CENTURY FOX INCO.	C.Discretionary	22.69%	25.16%	0.41%	263.46 (113)	251.32 (132)	Y	Y	Y
AFLAC INCO.	Financials	17.75%	18.11%	0.50%	151.88 (248)	147.85 (267)	Y	N	N
CME GROUP INCO.	Financials	20.98%	21.39%	1.71%	159.14 (236)	141.42 (279)	Y	N	N
FOOT LOCKER INCO.	C.Discretionary	28.27%	28.40%	0.64%	166.71 (224)	156.86 (251)	Y	N	N
ICTL.EXCHANGE INCO.	Financials	25.02%	25.50%	0.05%	195.34 (186)	217.08 (165)	Y	Y	Y
ILLINOIS TOOL WKS.INCO.	Industrials	17.76%	18.39%	0.14%	152.32 (247)	160.09 (240)	Y	Y	Y
PERRIGO COMPANY PLC.	HealthCare	41.46%	44.40%	0.03%	314.26 (84)	236.92 (145)	Y	Y	Y
QUALCOMM INCO.	IT	29.77%	30.32%	0.13%	492.94 (41)	489.03 (43)	Y	Y	Y
SOUTHWEST AIRLINES CO.	Industrials	28.56%	29.94%	0.02%	262.52 (115)	263.16 (122)	Y	Y	Y
WALGREENS BTS.ALL.INCO.	C.Staples	22.99%	23.39%	0.07%	373.14 (69)	418.22 (63)	Y	Y	Y

Table 3: The Column B shows whenever the deleted stock was in the S&P500 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.

7 Ranking Index Constituents - Top 25

The table shows the top 25 positions in the Ossiam US Minimum Variance Index NR as of 18-Jul-2016. The column WW indicates the weights in the Ossiam US 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 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.	3.90%	12.66%	1	34.72%	129	44	YES
EMC CORP.	IT	3.61%	14.62%	9	36.37%	148	56	YES
THE SOUTHERN CO.	Utilities	3.42%	15.26%	11	19.89%	9	10	YES
LOCKHEED MARTIN CORP.	Industrials	3.35%	13.17%	2	37.86%	162	56	YES
CONS.EDISON INCO.	Utilities	3.09%	16.91%	23	16.26%	2	15	YES
UNITED PARCEL SER.INCO.	Industrials	3.00%	14.05%	4	40.41%	198	69	YES
KRAFT HEINZ CO.	C.Staples	2.96%	20.92%	55	20.32%	11	40	YES
MCDONALDS CORP.	C.Discretionary	2.72%	15.57%	12	36.02%	142	56	YES
INTUITIVE SURGICAL INCO.	HealthCare	2.57%	21.70%	59	28.56%	53	56	YES
DUKE ENERGY CORP.	Utilities	2.42%	16.66%	21	21.18%	12	17	YES
DOMINION RESOURCES INCO.	Utilities	2.40%	15.95%	14	27.36%	36	21	YES
THE COCA COLA CO.	C.Staples	2.37%	14.50%	8	31.70%	90	35	YES
HCA HOLDINGS INCO.	HealthCare	2.28%	22.89%	69	29.25%	60	65	YES
NEWMONT MINING CORP.	Materials	2.27%	49.27%	224	6.28%	1	148	YES
JOHNSON & JOHNSON	HealthCare	2.26%	13.96%	3	41.95%	213	74	YES
PG&E CORP.	Utilities	2.18%	16.77%	22	24.59%	22	22	NO
RAYTHEON CO.	Industrials	1.99%	17.48%	27	33.38%	106	53	YES
ALTRIA GROUP INCO.	C.Staples	1.95%	14.45%	7	31.04%	76	30	YES

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	Sector	WW	Vol	Rank Vol	Corr	Rank Corr	Rank Blend	Core
CROWN CASTLE INTL.CORP.	Financials	1.94%	17.82%	30	33.89%	115	58	YES
WHOLE FOODS MARKET INCO.	C.Staples	1.93%	28.94%	137	20.27%	10	93	YES
CHIPOTLE MEXN.GRILL INCO	C.Discretionary	1.92%	34.68%	177	16.58%	3	117	YES
PHILIP MORRIS INTL.INCO.	C.Staples	1.82%	14.80%	10	34.23%	119	47	YES
VERIZON COMMUNICATIONS	Telecom.	1.73%	16.23%	16	36.09%	143	59	YES
THE PROCTER & GAMBLE CO.	C.Staples	1.67%	14.33%	6	37.54%	156	57	YES
NEXTERA ENERGY INCO.	Utilities	1.55%	16.64%	20	27.41%	37	25	YES

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