

Ossiam US Minimum Variance Index NR

Rebalancing Report - 24-Oct-2016

Stock Statistics

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.

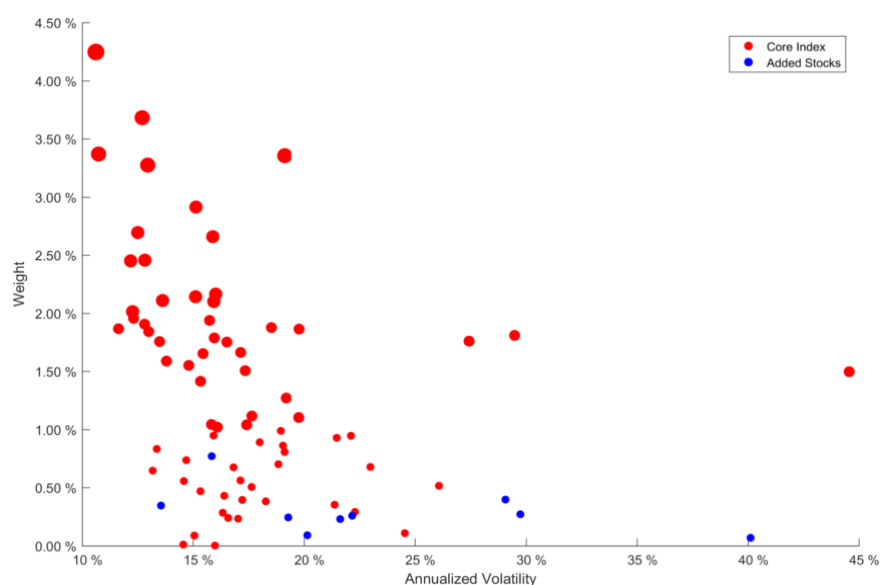
The number of constituents in the index increased from **76** to **79**. The Turnover is **36.24%**, lower than its historical mean at **38.39%**. The weight of the Index Core Portfolio decreased from **98.51%** to **97.32%**.

| Characteristics | 24-Oct-2016 |
|---------------------|-------------|
| Number of Stocks | 79 |
| Added Stocks | 9 |
| Deleted Stocks | 6 |
| Core Number | 70 |
| Old weight of Core | 98.51% |
| New weight of Core | 97.32% |
| Turnover | 36.24% |
| Historical Turnover | 38.39% |

Added and deleted stocks are relative to 24-Oct-2016. The Core is defined as the subset of stocks that belong to the current as well as the previous composition.

Volatility/Weight profile

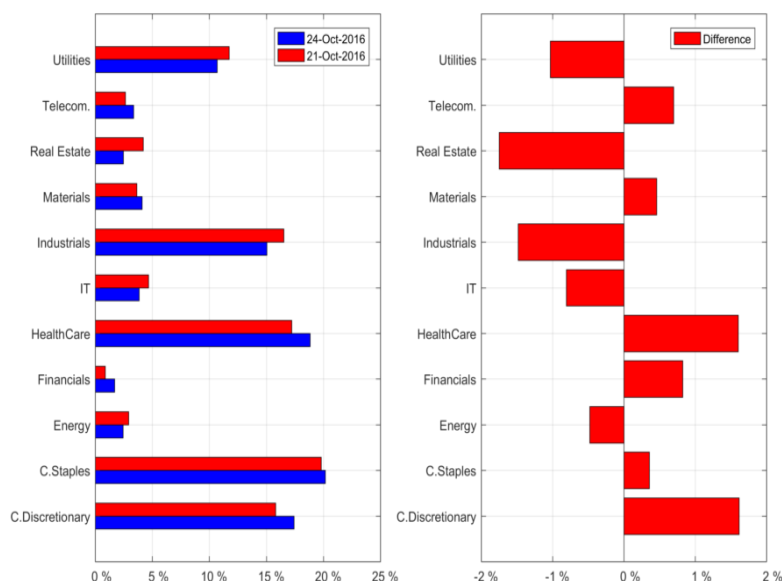
The chart on the right shows the distribution of the new Ossiam US Minimum Variance Index NR composition on 24-Oct-2016 in terms of annualized volatility (x-axis) and weight (y-axis). Volatility computed over 125 days ending on 18-Oct-2016. On the upper left corner we find low volatile stocks with big 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.



Sector Allocation

The most significant changes in sector exposures are: **-1.75%** for Real Estate, **1.61%** for C.Discretionary, **1.60%** for HealthCare. The biggest sector exposures are: **20.16%** for C.Staples, **18.83%** for HealthCare, **17.41%** for C.Discretionary.

| | Close | Open | Difference |
|-----------------|--------|--------|------------|
| C.Discretionary | 15.80% | 17.41% | 1.61% |
| C.Staples | 19.80% | 20.16% | 0.36% |
| Energy | 2.92% | 2.44% | -0.48% |
| Financials | 0.87% | 1.69% | 0.82% |
| HealthCare | 17.23% | 18.83% | 1.60% |
| IT | 4.66% | 3.85% | -0.81% |
| Industrials | 16.52% | 15.04% | -1.48% |
| Materials | 3.64% | 4.10% | 0.46% |
| Real Estate | 4.20% | 2.45% | -1.75% |
| Telecom. | 2.65% | 3.35% | 0.70% |
| Utilities | 11.72% | 10.69% | -1.03% |

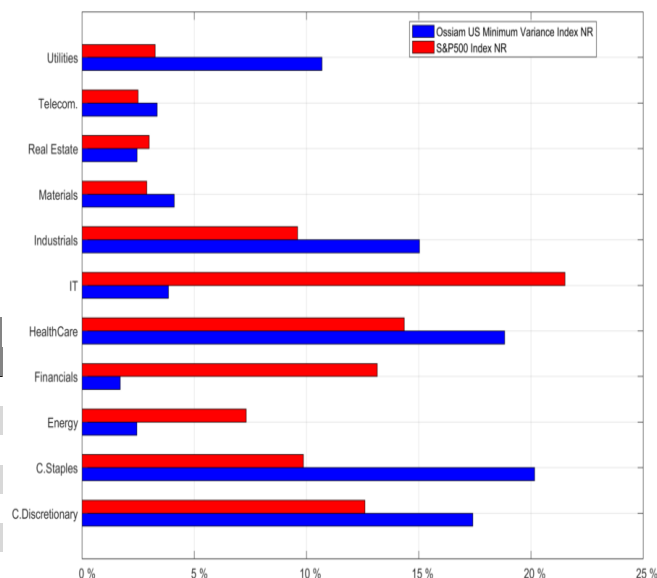


The left-hand side of the chart below shows the sector deviations at rebalancing. Differences are shown on the right-hand side. Index weights are taken as of 21-Oct-2016 (last business day before the new composition is implemented) compared to the new rebalancing weights as of 24-Oct-2016.

Sector breakdown vs. benchmark

The Ossiam US Minimum Variance Index NR overweights C.Staples (**10.30%**) and Utilities (**7.43%**) compared to S&P500 Index NR. The Ossiam US Minimum Variance Index NR underweights IT (**-17.66%**) and Financials (**-11.46%**) compared to S&P500 Index NR.

| | BE | MV | Diff. | Volatility | |
|-----------------|--------|--------|---------|------------|--------|
| | | | | BE | MV |
| C.Discretionary | 12.60% | 17.41% | 4.81% | 13.28% | 10.79% |
| C.Staples | 9.85% | 20.16% | 10.30% | 11.07% | 10.36% |
| Energy | 7.31% | 2.44% | -4.88% | 20.30% | 16.28% |
| Financials | 13.15% | 1.69% | -11.46% | 18.51% | 15.55% |
| HealthCare | 14.35% | 18.83% | 4.48% | 13.88% | 10.94% |
| IT | 21.51% | 3.85% | -17.66% | 14.40% | 15.36% |
| Industrials | 9.60% | 15.04% | 5.44% | 13.27% | 9.67% |
| Materials | 2.88% | 4.10% | 1.22% | 16.26% | 20.45% |
| Real Estate | 2.99% | 2.45% | -0.54% | 14.93% | 13.87% |
| Telecom. | 2.49% | 3.35% | 0.86% | 12.84% | 12.87% |
| Utilities | 3.26% | 10.69% | 7.43% | 14.61% | 14.02% |



The table below shows, for each sector, the weight in the Ossiam US Minimum Variance Index NR (MV), in the benchmark S&P500 Index NR (BE) and their difference. We also show the annualized volatility of each sector in the Ossiam US Minimum Variance Index NR and in the benchmark. Annualized volatilities are computed using 125 business days ending on 18-Oct-2016

Added Stocks

The rebalancing has added 9 new stocks. In the table below, T is the current rebalancing date (24-Oct-2016), while T-1 is the previous rebalancing date (19-Sep-2016). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 13-Sep-2016 and 18-Oct-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 |
|-------------------|-----------------|----------|--------|-------|--------------|--------------|---|----|----|
| COTY | C.Staples | Inf% | 29.07% | 0.40% | -Inf (506) | 320.63 (85) | N | N | N |
| HUMANA | HealthCare | 30.16% | 29.75% | 0.27% | 320.33 (87) | 158.40 (217) | Y | Y | Y |
| ICTL.EXCHANGE | Financials | 19.03% | 19.29% | 0.24% | 142.28 (251) | 143.40 (249) | Y | N | N |
| KLA TENCOR | IT | 21.62% | 22.17% | 0.26% | 94.35 (368) | 159.03 (214) | Y | N | N |
| KOHL'S | C.Discretionary | 40.01% | 40.12% | 0.07% | 172.50 (200) | 178.47 (190) | Y | Y | Y |
| PRAXAIR | Materials | 16.60% | 15.84% | 0.77% | 140.14 (257) | 154.25 (227) | Y | N | N |
| SCHLUMBERGER | Energy | 22.77% | 21.63% | 0.23% | 462.55 (44) | 436.43 (48) | Y | Y | Y |
| THE TRAVELERS COS | Financials | 15.69% | 13.55% | 0.35% | 158.18 (226) | 154.64 (226) | Y | Y | Y |
| WELLTOWER | Real Estate | 20.22% | 20.15% | 0.09% | 133.53 (271) | 147.69 (239) | Y | N | N |

The Column B shows whenever the added stock was in the S&P500 Index NR selection as of 19-Sep-2016. The columns LF/EU show whenever the stock was selected by the liquidity filter/eligible universe as of 19-Sep-2016.

Deleted Stocks

The rebalancing has deleted 6 new stocks. In the table below, T is the current rebalancing date (24-Oct-2016), while T-1 is the previous rebalancing date (19-Sep-2016). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 13-Sep-2016 and 18-Oct-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 |
|--------------------|-------------|----------|--------|---------|--------------|--------------|---|----|----|
| BAXTER INTL | HealthCare | 18.85% | 19.62% | 0.00% | 170.81 (203) | 180.24 (187) | Y | Y | Y |
| CISCO SYSTEMS | IT | 17.11% | 16.78% | 0.04% | 689.57 (23) | 672.11 (24) | Y | Y | Y |
| HONEYWELL INTL | Industrials | 13.58% | 17.40% | 0.50% | 297.68 (94) | 380.89 (62) | Y | Y | Y |
| PHILIP MORRIS INTL | C.Staples | 16.07% | 15.69% | 0.18% | 410.03 (56) | 384.99 (61) | Y | Y | Y |
| SALESFORCE.COM | IT | 20.48% | 26.93% | 0.51% | 368.37 (67) | 646.05 (26) | Y | Y | Y |
| WAL MART STORES | C.Staples | 20.13% | 20.61% | 0.26% | 614.89 (30) | 662.82 (25) | Y | Y | Y |

The Column B shows whenever the deleted stock was in the S&P500 Index NR selection as of 24-Oct-2016. The columns LF/EU show whenever the stock was selected by the liquidity filter/eligible universe as of 24-Oct-2016.

Ranking Index Constituents - Top 25

The table shows the top 25 positions in the Ossiam US Minimum Variance Index NR as of 24-Oct-2016. The column WW indicates the weights in the Ossiam US Minimum Variance Index NR as of 24-Oct-2016. The column Vol gives the annualized volatility computed over 125 business days ending on 18-Oct-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 18-Oct-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 |
|----------------------|-----------------|-------|--------|----------|--------|-----------|------------|------|
| UNITED PARCEL SER | Industrials | 4.25% | 10.62% | 1 | 39.12% | 191 | 65 | YES |
| THE WALT DISNEY | C.Discretionary | 3.68% | 12.70% | 8 | 37.11% | 167 | 62 | YES |
| JOHNSON & JOHNSON | HealthCare | 3.37% | 10.74% | 2 | 39.80% | 200 | 69 | YES |
| KRAFT HEINZ | C.Staples | 3.36% | 19.13% | 88 | 19.66% | 9 | 61 | YES |
| RAYTHEON | Industrials | 3.27% | 12.95% | 11 | 32.11% | 108 | 43 | YES |
| THE SOUTHERN | Utilities | 2.91% | 15.13% | 26 | 20.62% | 12 | 21 | YES |
| COMCAST | C.Discretionary | 2.69% | 12.51% | 7 | 38.52% | 186 | 67 | YES |
| INTUITIVE SURGICAL | HealthCare | 2.66% | 15.88% | 36 | 31.89% | 100 | 57 | YES |
| ALTRIA GROUP | C.Staples | 2.46% | 12.83% | 10 | 30.14% | 75 | 32 | YES |
| NORTHROP GRUMMAN | Industrials | 2.45% | 12.19% | 4 | 38.10% | 180 | 63 | YES |
| SYSCO | C.Staples | 2.17% | 16.02% | 41 | 26.43% | 43 | 41 | YES |
| PG&E | Utilities | 2.14% | 15.11% | 25 | 24.47% | 27 | 25 | YES |
| PFIZER | HealthCare | 2.11% | 13.62% | 17 | 37.12% | 168 | 68 | YES |
| ELI LILLY | HealthCare | 2.10% | 15.93% | 38 | 30.03% | 73 | 49 | YES |
| 3M | Industrials | 2.01% | 12.27% | 5 | 42.59% | 223 | 79 | YES |
| THE PROCTER & GAMBLE | C.Staples | 1.96% | 12.32% | 6 | 37.61% | 174 | 63 | YES |
| DUKE ENERGY | Utilities | 1.94% | 15.74% | 33 | 21.94% | 19 | 28 | YES |
| THE COCA COLA | C.Staples | 1.91% | 12.81% | 9 | 36.04% | 154 | 58 | YES |
| ABBVIE | HealthCare | 1.88% | 18.53% | 80 | 28.94% | 64 | 74 | YES |
| PEPSICO | C.Staples | 1.87% | 11.64% | 3 | 39.65% | 198 | 69 | YES |
| HCA HOLDINGS | HealthCare | 1.86% | 19.77% | 99 | 28.22% | 57 | 84 | YES |
| LOCKHEED MARTIN | Industrials | 1.84% | 13.00% | 12 | 36.79% | 163 | 63 | YES |
| CHIPOTLE MEXN.GRILL | C.Discretionary | 1.81% | 29.49% | 185 | 16.45% | 3 | 123 | YES |
| AUTOZONE | C.Discretionary | 1.79% | 15.95% | 39 | 32.55% | 113 | 64 | YES |
| WHOLE FOODS MARKET | C.Staples | 1.76% | 27.43% | 177 | 18.34% | 6 | 118 | YES |

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