

# Ossiam US Minimum Variance Index NR

Rebalancing Report - 19-Sep-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.

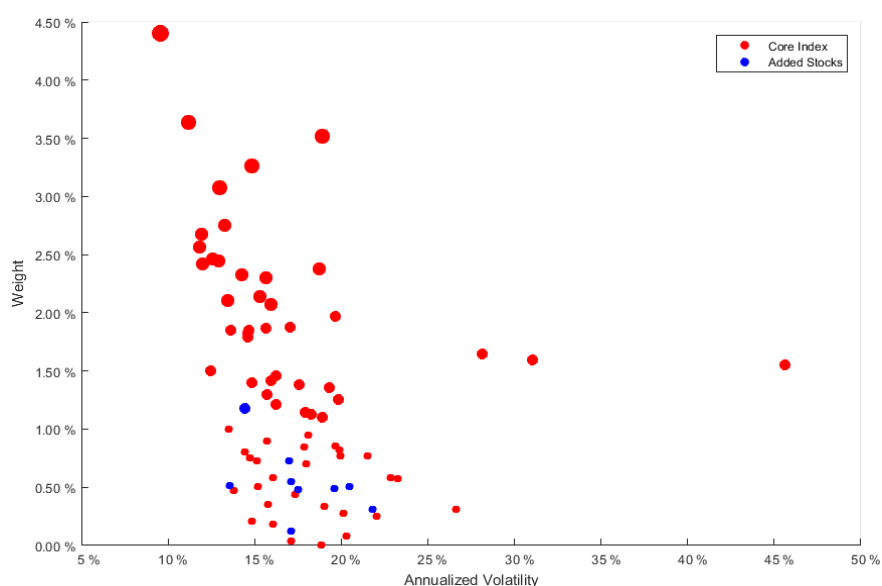
The number of constituents in the index decreased from **78** to **76**. The Turnover is **33.55%**, lower than its historical mean at **38.40%**. The weight of the Index Core Portfolio is stable.

Characteristics	19-Sep-2016
Number of Stocks	76
Added Stocks	9
Deleted Stocks	11
Core Number	67
Old weight of Core	93.40%
New weight of Core	95.11%
Turnover	33.55%
Historical Turnover	38.40%

Added and deleted stocks are relative to 19-Sep-2016. The Core is defined as the subset of stocks that belong to the current as well as the previous composition.

## Volatility/Weight profile

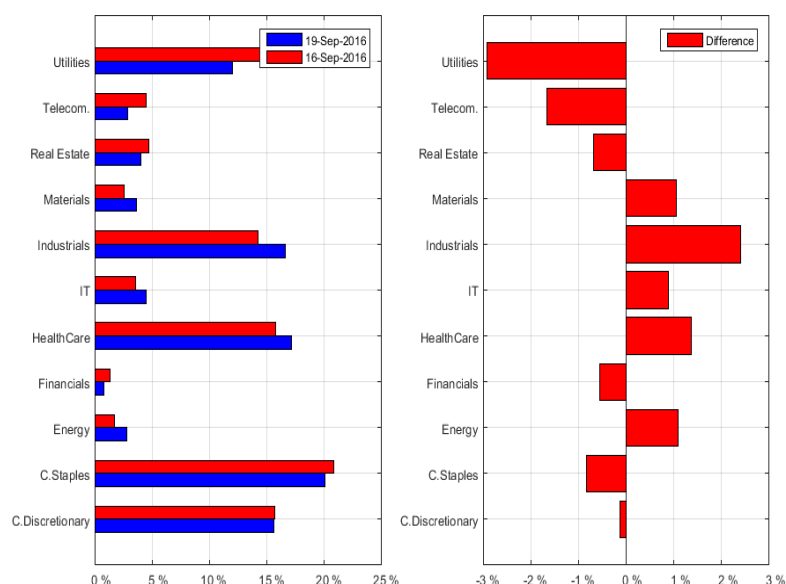
The chart on the right shows the distribution of the new Ossiam US Minimum Variance Index NR composition on 19-Sep-2016 in terms of annualized volatility (x-axis) and weight (y-axis). Volatility computed over 125 days ending on 13-Sep-2016. On the upper left corner we find low volatile stocks with big 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: **-2.92%** for Utilities, **2.40%** for Industrials, **-1.66%** for Telecom.. The biggest sector exposures are: **20.02%** for C.Staples, **17.12%** for HealthCare, **16.62%** for Industrials.

	Close	Open	Difference
C.Discretionary	15.71%	15.58%	-0.13%
C.Staples	20.86%	20.02%	-0.84%
Energy	1.72%	2.81%	1.09%
Financials	1.38%	0.82%	-0.55%
HealthCare	15.76%	17.12%	1.36%
IT	3.59%	4.48%	0.89%
Industrials	14.23%	16.62%	2.40%
Materials	2.60%	3.64%	1.05%
Real Estate	4.73%	4.05%	-0.69%
Telecom.	4.50%	2.84%	-1.66%
Utilities	14.94%	12.02%	-2.92%

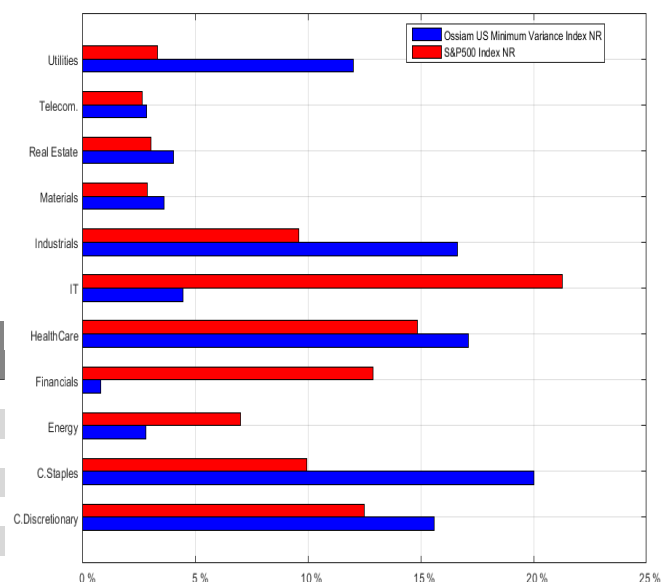


The left-hand side of the chart below shows the sector deviations at rebalancing. Differences are shown on the right-hand side. Index weights are taken as of 16-Sep-2016 (last business day before the new composition is implemented) compared to the new rebalancing weights as of 19-Sep-2016.

## Sector breakdown vs. benchmark

The Ossiam US Minimum Variance Index NR overweights C.Staples (**10.07%**) and Utilities (**8.67%**) compared to S&P500 Index NR. The Ossiam US Minimum Variance Index NR underweights IT (**-16.80%**) and Financials (**-12.07%**) compared to S&P500 Index NR.

	BE	MV	Diff.	Volatility	
				BE	MV
C.Discretionary	12.49%	15.58%	3.09%	13.61%	11.23%
C.Staples	9.95%	20.02%	10.07%	11.47%	10.63%
Energy	7.03%	2.81%	-4.22%	20.48%	15.08%
Financials	12.89%	0.82%	-12.07%	19.09%	19.87%
HealthCare	14.84%	17.12%	2.28%	14.52%	10.76%
IT	21.28%	4.48%	-16.80%	14.57%	15.04%
Industrials	9.59%	16.62%	7.03%	13.48%	9.87%
Materials	2.89%	3.64%	0.76%	16.59%	23.16%
Real Estate	3.04%	4.05%	1.01%	14.87%	12.79%
Telecom.	2.67%	2.84%	0.17%	13.36%	13.24%
Utilities	3.35%	12.02%	8.67%	14.44%	13.92%



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 13-Sep-2016

## Added Stocks

The rebalancing has added 9 new stocks. In the table below, T is the current rebalancing date (19-Sep-2016), while T-1 is the previous rebalancing date (22-Aug-2016). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 16-Aug-2016 and 13-Sep-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
CHEVRON	Energy	20.23%	17.50%	0.48%	701.10 (25)	643.94 (27)	Y	Y	Y
DOW CHEMICAL	Materials	18.57%	17.01%	0.73%	347.85 (84)	291.15 (101)	Y	Y	Y
ESTEE LAUDER COS	C.Staples	15.99%	17.13%	0.55%	130.39 (297)	147.94 (240)	Y	N	N
HONEYWELL INTL	Industrials	15.29%	13.58%	0.52%	313.55 (96)	297.68 (94)	Y	Y	Y
OCCIDENTAL PTL	Energy	21.98%	19.59%	0.49%	279.93 (107)	272.87 (108)	Y	Y	Y
SALESFORCE.COM	IT	25.64%	20.48%	0.51%	287.74 (103)	368.37 (67)	Y	Y	Y
STARBUCKS	C.Discretionary	17.78%	17.11%	0.12%	507.96 (41)	509.20 (38)	Y	Y	Y
THE KROGER	C.Staples	23.69%	21.82%	0.31%	338.38 (87)	323.67 (84)	Y	Y	Y
UNITED TECHS	Industrials	16.92%	14.46%	1.18%	371.31 (74)	312.94 (92)	Y	Y	Y

The Column B shows whenever the added stock was in the S&P500 Index NR selection as of 22-Aug-2016. The columns LF/EU show whenever the stock was selected by the liquidity filter/eligible universe as of 22-Aug-2016.

## Deleted Stocks

The rebalancing has deleted 11 new stocks. In the table below, T is the current rebalancing date (19-Sep-2016), while T-1 is the previous rebalancing date (22-Aug-2016). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 16-Aug-2016 and 13-Sep-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 TOWER	Real Estate	15.74%	16.24%	0.12%	212.37 (161)	212.07 (149)	Y	Y	Y
CONS.EDISON	Utilities	16.52%	17.63%	2.33%	155.04 (237)	135.97 (263)	Y	N	N
DOLLAR GENERAL	C.Discretionary	24.13%	31.78%	0.21%	215.36 (156)	315.95 (90)	Y	Y	Y
ICTL.EXCHANGE	Financials	20.69%	19.03%	0.12%	165.76 (222)	142.28 (251)	Y	N	N
LOWE'S COMPANIES	C.Discretionary	16.03%	18.00%	0.76%	364.74 (75)	379.69 (63)	Y	Y	Y
MARSH & MCLENNAN COS.	Financials	13.45%	14.01%	0.25%	152.73 (244)	141.52 (253)	Y	N	N
MICHAEL KORS	C.Discretionary	34.51%	34.33%	1.05%	160.84 (229)	134.11 (267)	Y	N	N
MONSTER BEVERAGE	C.Staples	27.12%	25.73%	0.18%	192.79 (183)	127.91 (281)	Y	N	N
STRYKER	HealthCare	14.86%	15.94%	0.55%	162.71 (225)	146.76 (244)	Y	Y	Y
WELLTOWER	Real Estate	20.10%	20.22%	0.53%	157.04 (235)	133.53 (271)	Y	N	N
ZIMMER BIOMET	HealthCare	17.26%	17.36%	0.50%	212.19 (162)	165.81 (214)	Y	Y	Y

The Column B shows whenever the deleted 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.

## Ranking Index Constituents - Top 25

The table shows the top 25 positions in the Ossiam US Minimum Variance Index NR as of 19-Sep-2016. The column WW indicates the weights in the Ossiam US Minimum Variance Index NR as of 19-Sep-2016. The column Vol gives the annualized volatility computed over 125 business days ending on 13-Sep-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 13-Sep-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
JOHNSON & JOHNSON	HealthCare	4.40%	9.54%	1	41.59%	206	70	YES
UNITED PARCEL SER	Industrials	3.63%	11.16%	2	40.99%	197	68	YES
KRAFT HEINZ	C.Staples	3.51%	18.90%	78	20.44%	7	53	YES
THE SOUTHERN	Utilities	3.27%	14.87%	26	20.38%	6	19	YES
RAYTHEON	Industrials	3.07%	13.01%	9	33.83%	108	42	YES
UNITEDHEALTH GROUP	HealthCare	2.75%	13.29%	10	38.65%	167	63	YES
NORTHROP GRUMMAN	Industrials	2.68%	11.95%	4	39.85%	186	65	YES
3M	Industrials	2.57%	11.81%	3	43.96%	224	78	YES
LOCKHEED MARTIN	Industrials	2.46%	12.56%	7	37.32%	153	56	YES
COMCAST	C.Discretionary	2.45%	12.91%	8	39.97%	188	69	YES
THE PROCTER & GAMBLE	C.Staples	2.42%	12.00%	5	38.51%	165	59	YES
HCA HOLDINGS	HealthCare	2.38%	18.74%	75	29.97%	57	68	YES
THE WALT DISNEY	C.Discretionary	2.32%	14.26%	17	39.06%	173	70	YES
DUKE ENERGY	Utilities	2.30%	15.63%	30	21.52%	8	22	YES
PG&E	Utilities	2.14%	15.28%	29	24.95%	20	25	YES
AT&T	Telecom.	2.11%	13.44%	11	35.50%	135	53	YES
SYSCO	C.Staples	2.07%	15.97%	39	28.51%	47	41	YES
TYSON FOODS	C.Staples	1.97%	19.65%	88	22.08%	11	61	YES
ALPHABET	IT	1.88%	17.03%	50	32.32%	91	63	YES
AUTOZONE	C.Discretionary	1.87%	15.67%	31	34.52%	120	61	YES
ALTRIA GROUP	C.Staples	1.85%	13.60%	14	31.65%	82	37	YES
EXXON MOBIL	Energy	1.85%	14.68%	22	39.17%	178	75	YES
CROWN CASTLE INTL	Real Estate	1.82%	14.58%	20	35.12%	130	57	YES
MCDONALDS	C.Discretionary	1.79%	14.60%	21	35.52%	136	60	YES
WHOLE FOODS MARKET	C.Staples	1.64%	28.13%	174	19.61%	5	116	YES

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