

Ossiam US Minimum Variance Index NR

Rebalancing Report - 21-Feb-2017

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.

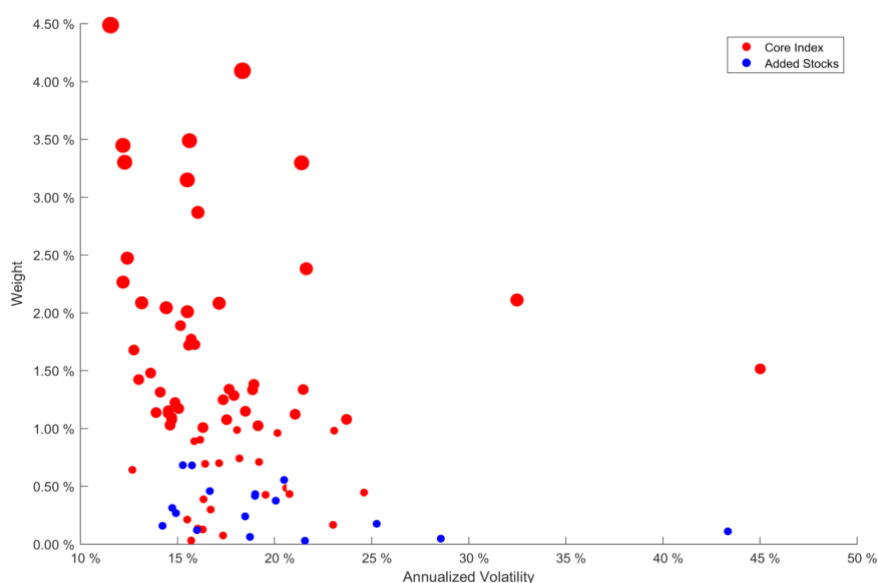
The number of constituents in the index increased from **79** to **84**. The Turnover is **45.22%**, higher than its historical mean at **38.36%**. The weight of the Index Core Portfolio is stable.

Characteristics	21-Feb-2017
Number of Stocks	84
Added Stocks	17
Deleted Stocks	12
Core Number	67
Old weight of Core	88.87%
New weight of Core	94.88%
Turnover	45.22%
Historical Turnover	38.36%

Added and deleted stocks are relative to 21-Feb-2017. The Core is defined as the subset of stocks that belong to the current as well as the previous composition.

Volatility/Weight profile

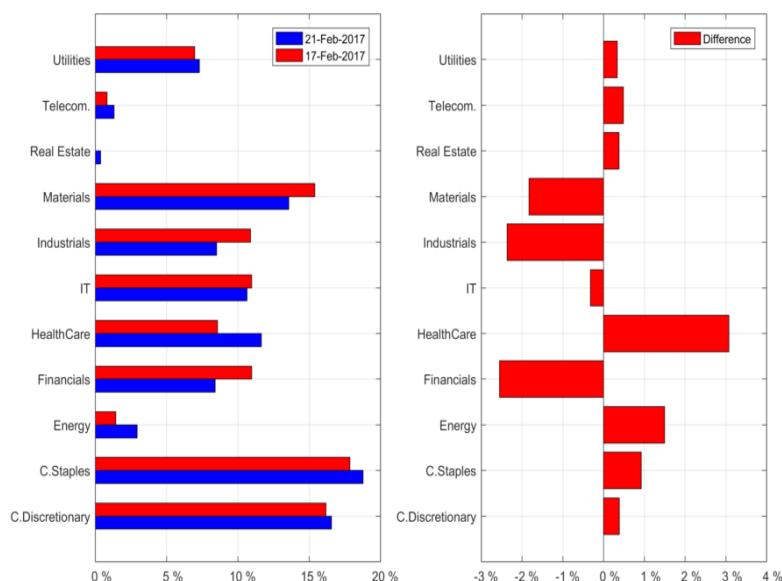
The chart on the right shows the distribution of the new Ossiam US Minimum Variance Index NR composition on 21-Feb-2017 in terms of annualized volatility (x-axis) and weight (y-axis). Volatility computed over 125 days ending on 14-Feb-2017. On the upper left corner we find low volatile stocks with big 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: **3.08%** for HealthCare, **-2.55%** for Financials, **-2.37%** for Industrials. The biggest sector exposures are: **18.78%** for C.Staples, **16.55%** for C.Discretionary, **13.57%** for Materials.

	Close	Open	Difference
C.Discretionary	16.17%	16.55%	0.38%
C.Staples	17.85%	18.78%	0.92%
Energy	1.44%	2.94%	1.50%
Financials	10.95%	8.40%	-2.55%
HealthCare	8.57%	11.65%	3.08%
IT	10.96%	10.63%	-0.33%
Industrials	10.88%	8.51%	-2.37%
Materials	15.40%	13.57%	-1.83%
Real Estate	0.00%	0.37%	0.37%
Telecom.	0.82%	1.31%	0.48%
Utilities	6.97%	7.30%	0.33%

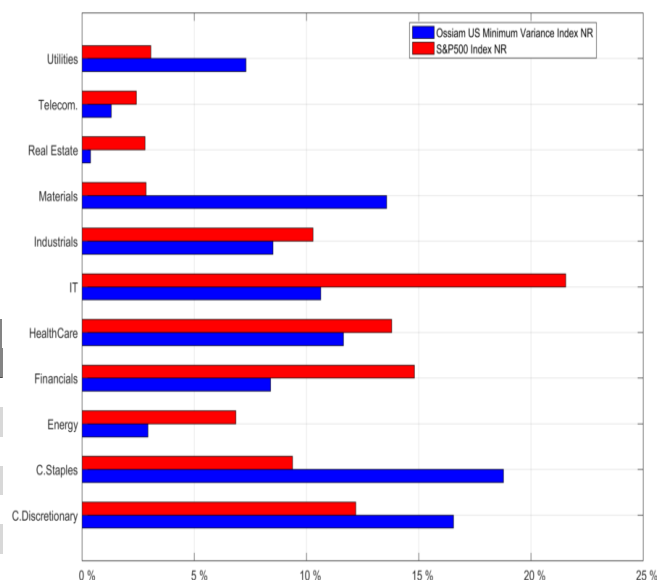


The left-hand side of the chart below shows the sector deviations at rebalancing. Differences are shown on the right-hand side. Index weights are taken as of 17-Feb-2017 (last business day before the new composition is implemented) compared to the new rebalancing weights as of 21-Feb-2017.

Sector breakdown vs. benchmark

The Ossiam US Minimum Variance Index NR overweights Materials (**10.72%**) and C.Staples (**9.40%**) compared to S&P500 Index NR. The Ossiam US Minimum Variance Index NR underweights IT (**-10.92%**) and Financials (**-6.41%**) compared to S&P500 Index NR.

	BE	MV	Diff.	Volatility	
				BE	MV
C.Discretionary	12.19%	16.55%	4.36%	12.66%	10.63%
C.Staples	9.38%	18.78%	9.40%	11.89%	10.79%
Energy	6.85%	2.94%	-3.91%	18.69%	15.30%
Financials	14.81%	8.40%	-6.41%	16.51%	12.29%
HealthCare	13.80%	11.65%	-2.15%	15.28%	13.13%
IT	21.55%	10.63%	-10.92%	12.97%	11.95%
Industrials	10.29%	8.51%	-1.78%	13.08%	11.36%
Materials	2.85%	13.57%	10.72%	14.12%	11.47%
Real Estate	2.80%	0.37%	-2.43%	16.31%	20.07%
Telecom.	2.42%	1.31%	-1.11%	15.38%	15.71%
Utilities	3.07%	7.30%	4.23%	16.33%	15.78%



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 14-Feb-2017

Added Stocks

The rebalancing has added 17 new stocks. In the table below, T is the current rebalancing date (21-Feb-2017), while T-1 is the previous rebalancing date (23-Jan-2017). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 17-Jan-2017 and 14-Feb-2017. 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
AFLAC	Financials	13.19%	14.74%	0.31%	154.85 (259)	169.52 (229)	Y	N	N
AMERICAN INTL.GP	Financials	18.38%	15.29%	0.68%	397.86 (75)	345.36 (85)	Y	Y	Y
CBS	C.Discretionary	19.20%	18.50%	0.24%	276.25 (132)	250.03 (139)	Y	Y	Y
EXPEDIA	C.Discretionary	22.24%	21.57%	0.03%	251.83 (152)	247.05 (142)	Y	Y	Y
HOME DEPOT	C.Discretionary	15.88%	16.02%	0.12%	689.78 (30)	566.52 (39)	Y	Y	Y
ILLINOIS TOOL WKS	Industrials	14.31%	14.24%	0.16%	164.92 (242)	156.43 (250)	Y	Y	Y
KOHL'S	C.Discretionary	49.89%	43.35%	0.11%	248.92 (156)	214.58 (162)	Y	Y	Y
LOCKHEED MARTIN	Industrials	19.55%	19.00%	0.42%	401.03 (73)	380.38 (73)	Y	Y	Y
MICROSOFT	IT	16.86%	15.76%	0.68%	1575.10 (6)	1555.89 (6)	Y	Y	Y
NIKE	C.Discretionary	19.11%	19.01%	0.43%	468.59 (57)	504.10 (50)	Y	Y	Y
PFIZER	HealthCare	19.13%	18.74%	0.06%	901.05 (16)	803.12 (20)	Y	Y	Y
PUBLIC STORAGE	Real Estate	20.56%	20.07%	0.37%	203.14 (189)	176.00 (221)	Y	Y	Y
REYNOLDS AMERICAN	C.Staples	26.17%	25.27%	0.18%	371.56 (83)	453.71 (55)	Y	Y	Y
TEXAS INSTRUMENTS	IT	19.26%	16.68%	0.46%	362.57 (87)	405.09 (66)	Y	Y	Y
THE TRAVELERS COS	Financials	14.95%	14.93%	0.27%	208.19 (182)	185.92 (202)	Y	Y	Y
VIACOM	C.Discretionary	27.95%	28.57%	0.05%	141.11 (287)	176.98 (218)	Y	N	N
WW GRAINGER	Industrials	21.16%	20.50%	0.55%	157.64 (253)	163.52 (236)	Y	N	N

The Column B shows whenever the added stock was in the S&P500 Index NR selection as of 23-Jan-2017. The columns LF/EU show whenever the stock was selected by the liquidity filter/eligible universe as of 23-Jan-2017.

Deleted Stocks

The rebalancing has deleted 12 new stocks. In the table below, T is the current rebalancing date (21-Feb-2017), while T-1 is the previous rebalancing date (23-Jan-2017). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 17-Jan-2017 and 14-Feb-2017. 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
AETNA	HealthCare	19.77%	20.57%	0.13%	371.90 (82)	390.97 (71)	Y	Y	Y
AMAZON.COM	C.Discretionary	20.91%	21.48%	0.72%	3258.32 (2)	2923.12 (2)	Y	Y	Y
AMER.ELEC.PWR.CO	Utilities	17.79%	17.84%	0.80%	164.87 (243)	143.03 (279)	Y	N	N
BAXTER INTL	HealthCare	19.47%	18.95%	0.16%	168.59 (236)	136.82 (290)	Y	N	N
COLGATE-PALM.CO.	C.Staples	14.17%	16.31%	0.29%	236.86 (163)	261.26 (130)	Y	Y	Y
DANAHER	HealthCare	14.19%	15.70%	0.37%	264.68 (146)	231.28 (151)	Y	Y	Y
ESTEE LAUDER COS	C.Staples	17.18%	18.18%	0.23%	165.59 (239)	171.21 (228)	Y	Y	Y
ROSS STORES	C.Discretionary	16.98%	16.48%	1.30%	199.76 (194)	156.34 (251)	Y	N	N
THE ALLSTATEORATION	Financials	11.59%	12.33%	3.65%	169.71 (235)	135.97 (294)	Y	N	N
THE BOEING	Industrials	15.51%	16.78%	0.57%	486.51 (52)	533.88 (45)	Y	Y	Y
TRANSDIGM GROUP	Industrials	19.56%	26.02%	0.73%	163.11 (248)	262.39 (129)	Y	Y	Y
YUM! BRANDS	C.Discretionary	15.21%	14.92%	2.17%	183.98 (221)	144.52 (274)	Y	N	N

The Column B shows whenever the deleted stock was in the S&P500 Index NR selection as of 21-Feb-2017. The columns LF/EU show whenever the stock was selected by the liquidity filter/eligible universe as of 21-Feb-2017.

Ranking Index Constituents - Top 25

The table shows the top 25 positions in the Ossiam US Minimum Variance Index NR as of 21-Feb-2017. The column WW indicates the weights in the Ossiam US Minimum Variance Index NR as of 21-Feb-2017. The column Vol gives the annualized volatility computed over 125 business days ending on 14-Feb-2017. 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 14-Feb-2017. 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
MONSANTO	Materials	4.49%	11.57%	1	30.73%	94	32	YES
KRAFT HEINZ	C.Staples	4.09%	18.36%	72	18.04%	6	49	YES
THE SOUTHERN	Utilities	3.49%	15.63%	30	17.02%	5	21	YES
MCDONALDS	C.Discretionary	3.45%	12.20%	2	32.19%	116	40	YES
THE WALT DISNEY	C.Discretionary	3.30%	12.29%	4	37.21%	181	64	YES
HUMANA	HealthCare	3.30%	21.40%	115	18.72%	8	78	YES
E I DU PONT DE NEMOURS	Materials	3.15%	15.52%	27	29.62%	72	42	YES
WAL MART STORES	C.Staples	2.87%	16.06%	41	24.05%	30	37	YES
JOHNSON & JOHNSON	HealthCare	2.47%	12.43%	5	37.10%	178	63	YES
CIGNA	HealthCare	2.38%	21.64%	125	22.78%	21	89	YES
3M	Industrials	2.26%	12.21%	3	40.43%	214	74	YES
CHIPOTLE MEXN.GRILL	C.Discretionary	2.11%	32.50%	208	13.27%	2	137	YES
THE COCA COLA	C.Staples	2.09%	13.17%	9	33.21%	128	49	YES
DUKE ENERGY	Utilities	2.08%	17.16%	54	19.76%	10	39	YES
DOW CHEMICAL	Materials	2.04%	14.43%	14	36.32%	168	66	YES
ALPHABET	IT	2.01%	15.52%	28	31.58%	103	53	YES
TJX COMPANIES	C.Discretionary	1.89%	15.16%	24	33.99%	137	62	YES
ALPHABET	IT	1.77%	15.72%	33	31.70%	106	57	YES
COSTCO WHOLESALE	C.Staples	1.72%	15.91%	37	29.68%	73	49	YES
ALTRIA GROUP	C.Staples	1.72%	15.59%	29	26.07%	45	34	YES
PEPSICO	C.Staples	1.68%	12.77%	7	35.73%	162	59	YES
NEWMONT MINING	Materials	1.51%	45.02%	241	7.44%	1	159	YES
GENERAL ELECTRIC	Industrials	1.48%	13.63%	10	40.28%	208	77	YES
CHUBB	Financials	1.42%	13.02%	8	41.91%	223	81	YES
TIME WARNER	C.Discretionary	1.38%	18.95%	82	29.84%	76	79	YES

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