

## Ossiam US Minimum Variance Index NR

Rebalancing Report - 23-Jan-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.

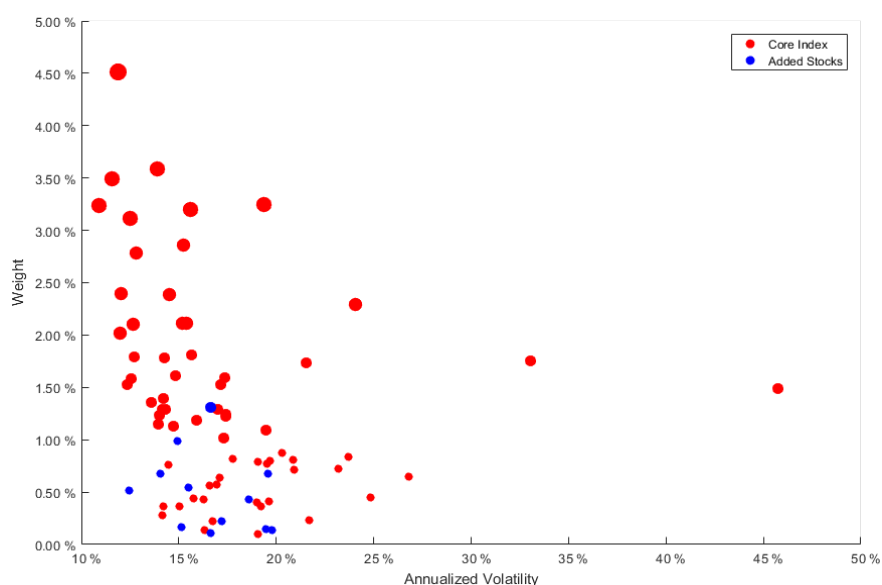
The number of constituents in the index decreased from **81** to **79**. The Turnover is **40.63%**, higher than its historical mean at **38.33%**. The weight of the Index Core Portfolio decreased from **96.33%** to **94.07%**.

Characteristics	23-Jan-2017
Number of Stocks	79
Added Stocks	12
Deleted Stocks	14
Core Number	67
Old weight of Core	96.33%
New weight of Core	94.07%
Turnover	40.63%
Historical Turnover	38.33%

Added and deleted stocks are relative to 23-Jan-2017. The Core is defined as the subset of stocks that belong to the current as well as the previous composition.

### Volatility/Weight profile

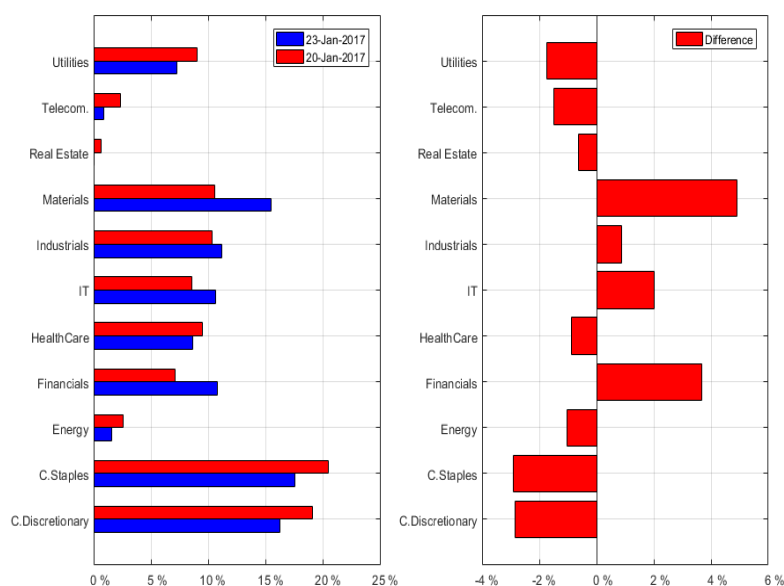
The chart on the right shows the distribution of the new Ossiam US Minimum Variance Index NR composition on 23-Jan-2017 in terms of annualized volatility (x-axis) and weight (y-axis). Volatility computed over 125 days ending on 17-Jan-2017. On the upper left corner we find low volatile stocks with big 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: **4.89%** for Materials, **3.68%** for Financials, **-2.90%** for C.Staples. The biggest sector exposures are: **17.50%** for C.Staples, **16.20%** for C.Discretionary, **15.46%** for Materials.

	Close	Open	Difference
C.Discretionary	19.05%	16.20%	-2.85%
C.Staples	20.40%	17.50%	-2.90%
Energy	2.60%	1.58%	-1.02%
Financials	7.07%	10.75%	3.68%
HealthCare	9.50%	8.61%	-0.88%
IT	8.57%	10.59%	2.02%
Industrials	10.30%	11.18%	0.88%
Materials	10.57%	15.46%	4.89%
Real Estate	0.62%	0.00%	-0.62%
Telecom.	2.36%	0.88%	-1.48%
Utilities	8.97%	7.25%	-1.73%

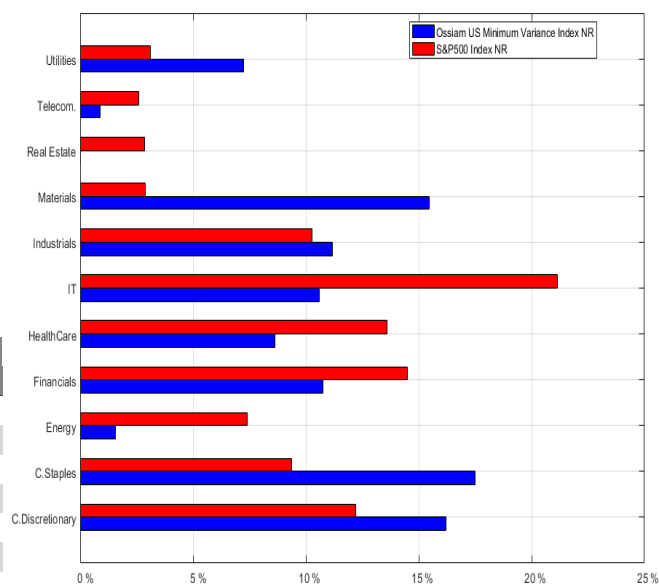


The left-hand side of the chart below shows the sector deviations at rebalancing. Differences are shown on the right-hand side. Index weights are taken as of 20-Jan-2017 (last business day before the new composition is implemented) compared to the new rebalancing weights as of 23-Jan-2017.

## Sector breakdown vs. benchmark

The Ossiam US Minimum Variance Index NR overweights Materials (**12.58%**) and C.Staples (**8.14%**) compared to S&P500 Index NR. The Ossiam US Minimum Variance Index NR underweights IT (**-10.57%**) and Energy (**-5.84%**) compared to S&P500 Index NR.

	BE	MV	Diff.	Volatility	
				BE	MV
C.Discretionary	12.22%	16.20%	3.98%	12.60%	10.68%
C.Staples	9.37%	17.50%	8.14%	11.74%	10.58%
Energy	7.41%	1.58%	-5.84%	19.41%	16.34%
Financials	14.51%	10.75%	-3.76%	16.33%	10.97%
HealthCare	13.59%	8.61%	-4.98%	15.56%	13.04%
IT	21.16%	10.59%	-10.57%	13.12%	11.48%
Industrials	10.29%	11.18%	0.89%	12.61%	10.07%
Materials	2.88%	15.46%	12.58%	13.83%	10.79%
Real Estate	2.86%	0.00%	-2.86%	16.42%	0.00%
Telecom.	2.58%	0.88%	-1.70%	15.08%	15.09%
Utilities	3.13%	7.25%	4.12%	16.38%	15.66%



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 17-Jan-2017

## Added Stocks

The rebalancing has added 12 new stocks. In the table below, T is the current rebalancing date (23-Jan-2017), while T-1 is the previous rebalancing date (19-Dec-2016). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 13-Dec-2016 and 17-Jan-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
AETNA	HealthCare	22.12%	19.77%	0.13%	360.12 (89)	371.90 (82)	Y	Y	Y
BAXTER INTL	HealthCare	22.06%	19.47%	0.15%	204.73 (195)	168.59 (236)	Y	Y	Y
BERKSHIRE HATHAWAY	Financials	14.51%	12.44%	0.51%	570.98 (42)	635.03 (33)	Y	Y	Y
ESTEE LAUDER COS	C.Staples	18.83%	17.18%	0.23%	154.99 (269)	165.59 (239)	Y	N	N
ICTL.EXCHANGE	Financials	18.08%	16.66%	1.31%	168.02 (252)	164.63 (244)	Y	N	N
ORACLE	IT	16.93%	15.13%	0.17%	468.90 (60)	525.03 (46)	Y	Y	Y
PHILIP MORRIS INTL	C.Staples	18.21%	16.64%	0.11%	478.09 (57)	474.60 (55)	Y	Y	Y
PRAXAIR	Materials	17.15%	14.93%	0.99%	137.20 (304)	164.04 (246)	Y	N	N
THE BOEING	Industrials	19.21%	15.51%	0.54%	526.57 (47)	486.51 (52)	Y	Y	Y
THE PRICELINE GP	C.Discretionary	26.28%	18.62%	0.43%	700.27 (29)	696.23 (29)	Y	Y	Y
TRANSDIGM GROUP	Industrials	20.85%	19.56%	0.68%	163.96 (254)	163.11 (248)	Y	N	N
US BANCORP	Financials	17.36%	14.07%	0.67%	378.48 (81)	379.13 (81)	Y	Y	Y

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

## Deleted Stocks

The rebalancing has deleted 14 new stocks. In the table below, T is the current rebalancing date (23-Jan-2017), while T-1 is the previous rebalancing date (19-Dec-2016). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 13-Dec-2016 and 17-Jan-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
COTY	C.Staples	31.57%	31.07%	0.58%	284.30 (131)	134.47 (304)	Y	N	N
ELI LILLY	HealthCare	23.33%	24.48%	0.25%	437.04 (69)	478.73 (54)	Y	Y	Y
GILEAD SCIENCES	HealthCare	24.68%	23.29%	0.25%	720.92 (27)	727.88 (24)	Y	Y	Y
KLA TENCOR	IT	24.53%	24.30%	0.29%	187.31 (223)	128.15 (316)	Y	N	N
KOHL'S	C.Discretionary	40.19%	49.89%	0.33%	199.76 (200)	248.92 (156)	Y	Y	Y
LOCKHEED MARTIN	Industrials	19.57%	19.55%	0.18%	400.22 (74)	401.03 (73)	Y	Y	Y
MOLSON COORS BREWING	C.Staples	24.31%	23.26%	0.14%	189.13 (220)	156.82 (255)	Y	N	N
NIKE	C.Discretionary	20.04%	19.11%	0.09%	446.80 (66)	468.59 (57)	Y	Y	Y
PFIZER	HealthCare	19.54%	19.13%	0.21%	878.88 (18)	901.05 (16)	Y	Y	Y
PUBLIC STORAGE	Real Estate	20.73%	20.56%	0.14%	196.14 (209)	203.14 (189)	Y	Y	Y
QUALCOMM	IT	26.18%	24.88%	0.00%	653.01 (36)	557.26 (40)	Y	Y	Y
SIMON PROPERTY GP	Real Estate	17.78%	18.53%	0.48%	269.48 (150)	287.29 (123)	Y	Y	Y
UNITEDHEALTH GROUP	HealthCare	18.55%	18.44%	0.35%	626.18 (38)	622.05 (35)	Y	Y	Y
YAHOO	IT	22.82%	23.95%	0.38%	375.08 (82)	401.64 (72)	Y	Y	Y

The Column B shows whenever the deleted 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.

## Ranking Index Constituents - Top 25

The table shows the top 25 positions in the Ossiam US Minimum Variance Index NR as of 23-Jan-2017. The column WW indicates the weights in the Ossiam US Minimum Variance Index NR as of 23-Jan-2017. The column Vol gives the annualized volatility computed over 125 business days ending on 17-Jan-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 17-Jan-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	4.51%	11.86%	3	30.74%	88	31	YES
E I DU PONT DE NEMOURS	Materials	3.59%	13.90%	14	30.12%	74	34	YES
THE ALLSTATEORATION	Financials	3.49%	11.59%	2	35.19%	156	54	YES
KRAFT HEINZ	C.Staples	3.25%	19.39%	92	18.19%	7	63	YES
UNITED PARCEL SER	Industrials	3.24%	10.89%	1	39.61%	201	69	YES
THE SOUTHERN	Utilities	3.20%	15.60%	38	17.50%	6	27	YES
THE WALT DISNEY	C.Discretionary	3.11%	12.52%	8	36.42%	168	62	YES
WAL MART STORES	C.Staples	2.86%	15.23%	35	24.92%	31	33	YES
DOW CHEMICAL	Materials	2.78%	12.81%	12	36.47%	169	65	YES
JOHNSON & JOHNSON	HealthCare	2.40%	12.06%	5	37.59%	185	66	YES
COSTCO WHOLESALE	C.Staples	2.38%	14.49%	26	29.98%	71	41	YES
HUMANA	HealthCare	2.29%	24.06%	151	19.72%	10	103	YES
YUM! BRANDS	C.Discretionary	2.11%	15.21%	34	31.84%	106	58	YES
ALPHABET	IT	2.11%	15.37%	36	30.68%	85	52	YES
AIR PRDS.& CHEMS	Materials	2.10%	12.67%	10	40.68%	211	78	YES
3M	Industrials	2.02%	11.96%	4	40.87%	214	75	YES
ALPHABET	IT	1.81%	15.66%	39	30.85%	92	57	YES
GENERAL ELECTRIC	Industrials	1.79%	12.71%	11	40.71%	213	79	YES
MCDONALDS	C.Discretionary	1.78%	14.25%	22	32.52%	117	54	YES
CHIPOTLE MEXN.GRILL	C.Discretionary	1.75%	33.04%	213	13.93%	2	141	YES
ELECTRONIC ARTS	IT	1.73%	21.53%	121	22.93%	22	87	YES
CORNING	IT	1.62%	14.84%	29	37.47%	184	81	YES
DUKE ENERGY	Utilities	1.59%	17.35%	65	20.00%	11	46	YES
PEPSICO	C.Staples	1.59%	12.53%	9	35.78%	163	61	YES
CME GROUP	Financials	1.52%	17.16%	61	31.20%	99	73	YES

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