

# Ossiam US Minimum Variance Index NR

Rebalancing Report - 20-Mar-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.

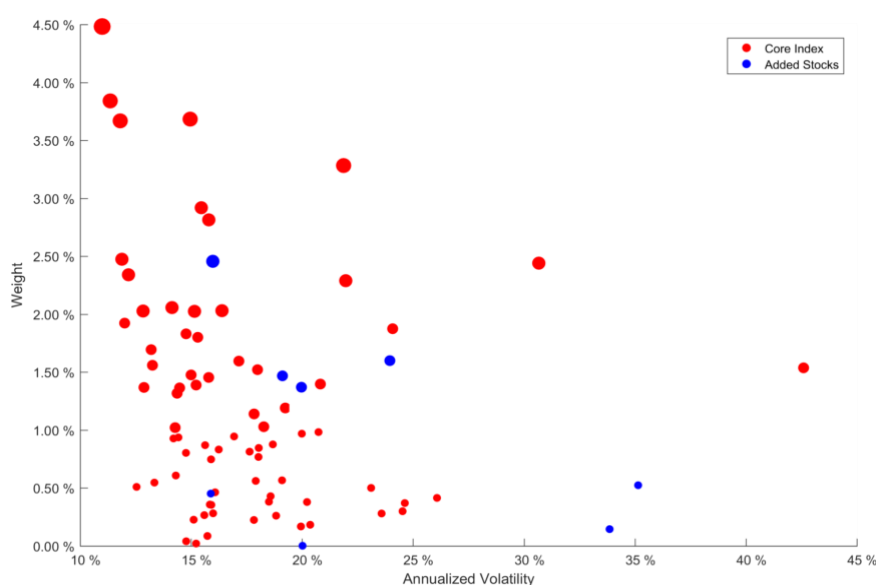
The number of constituents in the index decreased from **84** to **82**. The Turnover is **29.71%**, lower than its historical mean at **38.32%**. The weight of the Index Core Portfolio decreased from **96.33%** to **91.98%**.

Characteristics	20-Mar-2017
Number of Stocks	82
Added Stocks	8
Deleted Stocks	10
Core Number	74
Old weight of Core	96.33%
New weight of Core	91.98%
Turnover	29.71%
Historical Turnover	38.32%

Added and deleted stocks are relative to 20-Mar-2017. The Core is defined as the subset of stocks that belong to the current as well as the previous composition.

## Volatility/Weight profile

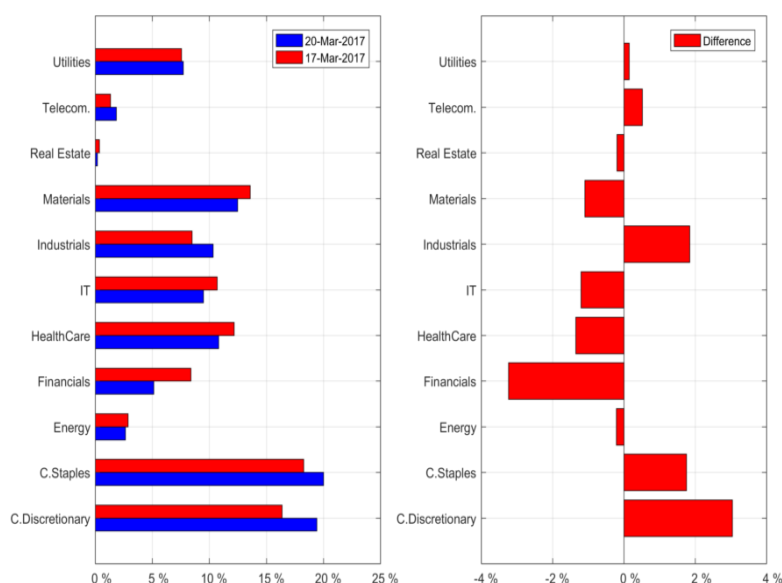
The chart on the right shows the distribution of the new Ossiam US Minimum Variance Index NR composition on 20-Mar-2017 in terms of annualized volatility (x-axis) and weight (y-axis). Volatility computed over 125 days ending on 14-Mar-2017. On the upper left corner we find low volatile stocks with big 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: **-3.24%** for Financials, **3.04%** for C.Discretionary, **1.85%** for Industrials. The biggest sector exposures are: **20.01%** for C.Staples, **19.42%** for C.Discretionary, **12.48%** for Materials.

	Close	Open	Diff.
C.Discretionary	16.38%	19.42%	3.04%
C.Staples	18.26%	20.01%	1.75%
Energy	2.86%	2.65%	-0.21%
Financials	8.37%	5.13%	-3.24%
HealthCare	12.16%	10.80%	-1.35%
IT	10.68%	9.47%	-1.21%
Industrials	8.49%	10.34%	1.85%
Materials	13.58%	12.48%	-1.10%
Real Estate	0.36%	0.17%	-0.20%
Telecom.	1.32%	1.83%	0.51%
Utilities	7.55%	7.70%	0.15%

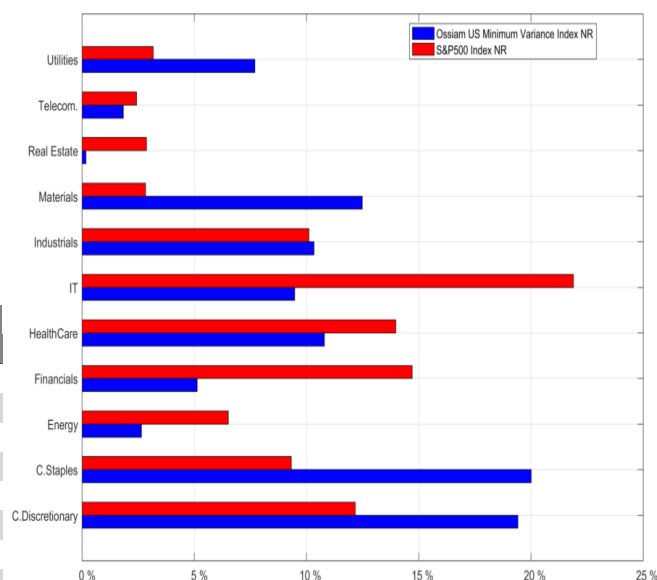


The left-hand side of the chart below shows the sector deviations at rebalancing. Differences are shown on the right-hand side. Index weights are taken as of 17-Mar-2017 (last business day before the new composition is implemented) compared to the new rebalancing weights as of 20-Mar-2017.

## Sector breakdown vs. benchmark

The Ossiam US Minimum Variance Index NR overweights C.Staples (**10.69%**) and Materials (**9.65%**) compared to S&P500 Index NR. The Ossiam US Minimum Variance Index NR underweights IT (**-12.42%**) and Financials (**-9.58%**) compared to S&P500 Index NR.

	B		Diff.	Vol.	
	B	S		B	S
C.Discretionary	12.17%	19.42%	7.24%	12.16%	10.18%
C.Staples	9.32%	20.01%	10.69%	11.43%	10.44%
Energy	6.52%	2.65%	-3.87%	18.12%	15.04%
Financials	14.71%	5.13%	-9.58%	16.69%	12.38%
HealthCare	13.97%	10.80%	-3.17%	15.06%	13.55%
IT	21.90%	9.47%	-12.42%	12.67%	11.82%
Industrials	10.11%	10.34%	0.23%	12.65%	10.83%
Materials	2.83%	12.48%	9.65%	13.73%	11.28%
Real Estate	2.87%	0.17%	-2.70%	15.56%	19.95%
Telecom.	2.43%	1.83%	-0.60%	14.35%	14.56%
Utilities	3.17%	7.70%	4.53%	15.25%	14.97%



The table below shows, for each sector, the weight in the Ossiam US Minimum Variance Index NR (S), in the benchmark S&P500 Index NR (B) 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-Mar-2017

## Added Stocks

The rebalancing has added 8 new stocks. In the table below, T is the current rebalancing date (20-Mar-2017), while T-1 is the previous rebalancing date (20-Feb-2017). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 14-Feb-2017 and 14-Mar-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	T-1	T	Vol WW(T)	T-1	ADV T	B	LF	EU
BEST BUY CO.INCO.	C.Discretionary	41.63%	33.86%	0.15%	203.92(177)	208.69(180)	Y	Y	Y
DEERE CO.	Industrials	27.73%	19.97%	1.37%	246.66(144)	262.71(134)	Y	Y	Y
DOLLAR GENERAL CORP.	C.Discretionary	34.28%	23.95%	1.60%	202.26(178)	204.44(184)	Y	Y	Y
JOHNSON CNTLS.INTL.PLC	Industrials	22.73%	20.02%	0.00%	258.64(133)	246.42(141)	Y	Y	Y
MARRIOTT INTL.INCO.	C.Discretionary	17.24%	15.89%	0.45%	208.92(172)	200.89(192)	Y	Y	Y
MOLSON COORS BREWING CO.	C.Staples	19.94%	19.11%	1.47%	150.27(264)	160.30(247)	Y	N	N
PERRIGO COMPANY PLC.	HealthCare	32.66%	35.14%	0.52%	139.00(284)	164.71(245)	Y	N	N
THE J M SMUCKER CO.	C.Staples	19.70%	15.98%	2.46%	118.53(328)	169.65(236)	Y	N	N

The Column B shows whenever the added stock was in the S&P500 Index NR selection as of 20-Feb-2017. The columns LF/EU show whenever the stock was selected by the liquidity filter/eligible universe as of 20-Feb-2017.

## Deleted Stocks

The rebalancing has deleted 10 new stocks. In the table below, T is the current rebalancing date (20-Mar-2017), while T-1 is the previous rebalancing date (20-Feb-2017). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 14-Feb-2017 and 14-Mar-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	T-1	T	Vol WW(T-1)	T-1	ADV T	B	LF	EU
AFLAC INCO.	Financials	14.74%	14.15%	0.31%	169.52(229)	154.61(260)	Y	N	N
AMERICAN INTL.GP.INCO.	Financials	15.29%	20.44%	0.67%	345.36(85)	435.61(66)	Y	Y	Y
CORNING INCO.	IT	16.44%	17.27%	0.67%	189.90(193)	185.39(210)	Y	Y	Y
GENERAL DYNAMICS CORP.	Industrials	16.05%	15.88%	0.13%	272.83(125)	252.88(138)	Y	Y	Y
KIMBERLY-CLARK CORP.	C.Staples	14.63%	15.84%	1.02%	213.66(163)	262.40(135)	Y	Y	Y
KOHL'S CORP.	C.Discretionary	43.35%	44.31%	0.10%	214.58(162)	207.56(182)	Y	Y	Y
PFIZER INCO.	HealthCare	18.74%	18.61%	0.06%	803.12(20)	843.68(20)	Y	Y	Y
TARGET CORP.	C.Discretionary	23.02%	27.68%	0.13%	399.20(67)	481.42(54)	Y	Y	Y
UNITED PARCEL SER.INCO.	Industrials	15.72%	16.05%	0.03%	344.94(86)	358.96(84)	Y	Y	Y
WW GRAINGER INCO.	Industrials	20.50%	20.85%	0.52%	163.52(236)	153.78(263)	Y	N	N

The Column B shows whenever the deleted stock was in the S&P500 Index NR selection as of 20-Mar-2017. The columns LF/EU show whenever the stock was selected by the liquidity filter/eligible universe as of 20-Mar-2017.

## Ranking Index Constituents - Top 25

The table shows the top 25 positions in the Ossiam US Minimum Variance Index NR as of 20-Mar-2017. The column WW indicates the weights in the Ossiam US Minimum Variance Index NR as of 20-Mar-2017. The column Vol gives the annualized volatility computed over 125 business days ending on 14-Mar-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-Mar-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 CO.	Materials	4.48%	10.99%	3	29.55%	187	65	YES
MCDONALDS CORP.	C.Discretionary	3.84%	11.36%	4	31.81%	248	86	YES
THE SOUTHERN CO.	Utilities	3.68%	14.96%	45	18.85%	22	37	YES
THE WALT DISNEY CO.	C.Discretionary	3.67%	11.81%	6	35.68%	351	123	YES
HUMANA INCO.	HealthCare	3.28%	21.87%	264	17.42%	12	178	YES
WAL MART STORES INCO.	C.Staples	2.92%	15.46%	61	23.26%	66	62	YES
E I DU PONT DE NEMOURS	Materials	2.81%	15.80%	72	28.77%	167	104	YES
3M CO.	Industrials	2.47%	11.88%	7	39.00%	426	149	YES
THE J M SMUCKER CO.	C.Staples	2.46%	15.98%	84	24.35%	84	84	NO
CHIPOTLE MEXN.GRILL INCO	C.Discretionary	2.44%	30.67%	426	13.14%	4	282	YES
THE COCA COLA CO.	C.Staples	2.34%	12.18%	12	33.69%	295	108	YES
CIGNA CORP.	HealthCare	2.29%	21.97%	267	21.33%	39	189	YES
ALTRIA GROUP INCO.	C.Staples	2.06%	14.14%	27	26.44%	120	58	YES
DUKE ENERGY CORP.	Utilities	2.03%	16.39%	98	21.82%	45	79	YES
JOHNSON and JOHNSON	HealthCare	2.03%	12.84%	14	35.28%	341	125	YES
ALPHABET INCO.	IT	2.03%	15.15%	55	29.62%	189	100	YES
PEPSICO INCO.	C.Staples	1.92%	12.01%	8	35.43%	345	122	YES
KRAFT HEINZ CO.	C.Staples	1.87%	24.08%	323	17.22%	11	216	YES
TJX COMPANIES INCO.	C.Discretionary	1.83%	14.77%	42	33.78%	300	129	YES
ALPHABET INCO.	IT	1.80%	15.30%	58	29.77%	194	104	YES
UNITED TECHS.CORP.	Industrials	1.69%	13.20%	18	39.38%	434	159	YES
DOLLAR GENERAL CORP.	C.Discretionary	1.60%	23.95%	319	18.52%	18	216	NO
RAYTHEON CO.	Industrials	1.60%	17.15%	111	28.60%	166	129	YES
GENERAL ELECTRIC CO.	Industrials	1.56%	13.26%	19	38.71%	415	153	YES
NEWMONT MINING CORP.	Materials	1.54%	42.59%	487	7.85%	2	322	YES

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